

# Newcastle Permanent Member Information Booklet

For the proposed Merger of Newcastle Permanent Building Society Limited ACN 087 651 992  
and Greater Bank Limited ACN 087 651 956

## **Vote YES to create one of Australia's leading customer-owned financial institutions**

Your vote is essential. The Board of Newcastle Permanent unanimously recommends that all members vote in favour of the Resolutions.\*

The following documents accompany this Member Information Booklet:

- Key Dates and How to Vote Information, which forms part of this Member Information Booklet; and
- Notice of the Newcastle Permanent Special General Meeting.

**For further information, or if you have any questions  
in relation to the Merger, please call the dedicated  
Merger Information Line on 1300 255 218  
Monday to Friday from 8am – 6pm  
or Saturday from 9am – 2pm.**



Disclaimer: This Member Information Booklet is dated 27 September 2022. It has been issued under an approval by APRA under Clause 9 of the Transfer Rules. In deciding whether to approve this Member Information Booklet, APRA has consulted with ASIC. Neither APRA nor ASIC nor any of its officers take any responsibility for the contents of this Member Information Booklet.

\*Subject to there being no Superior Proposal.

## Important notices

This document contains important information for Newcastle Permanent Members about the proposed Merger with Greater Bank, to assist Newcastle Permanent Members in deciding how to vote on the Resolutions at the Newcastle Permanent Special General Meeting. It comprises the information document which is legally required to be provided to Newcastle Permanent Members under the Transfer Act and the Transfer Rules, subject to any waivers received from APRA as part of its approval of this Member Information Booklet.

Newcastle Permanent Members should read this document carefully before making a decision as to how to vote on the Resolutions.

### Responsibility statement

Except as outlined below, the information contained in this document has been provided by Newcastle Permanent and is the responsibility of Newcastle Permanent.

The Greater Bank Information has been provided by Greater Bank and is its responsibility. Newcastle Permanent has not verified the Greater Bank Information and neither Newcastle Permanent nor its officers, employees or advisers assume any responsibility for the accuracy or completeness of the Greater Bank Information.

### No investment advice

The information contained in this document does not constitute financial product advice and has been prepared without reference to your own particular objectives, financial situation, or needs. Before making any decision in relation to the Merger, including any decision to vote in favour or against the Resolutions at the Newcastle Permanent Special General Meeting, you should consider whether that decision is appropriate in light of your particular needs, objectives and circumstances. If you are in any doubt about what you should do in relation to your own financial position, please consult your financial or legal adviser.

### Disclaimer as to forward-looking statements

Certain statements in this document relate to the future. These forward-looking statements reflect the views held only at the date of this document, are not indications, guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Newcastle Permanent or Greater Bank to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, interest rates, the regulatory environment, competitive pressures, market demand and COVID-19. Other than as required by law, neither Newcastle Permanent nor Greater Bank nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Newcastle Permanent Members should also note that past performance information is illustrative and is not, and should not be, relied upon as an indication of future performance.

Subject to any continuing obligations under law, Newcastle Permanent and Greater Bank and their respective Directors and officers disclaim any obligation or undertaking to disseminate after the date of this document any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

### Defined terms

Capitalised terms and certain abbreviations used in this document have the defined meanings set out in section 15 (Defined terms).

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculations may differ from the calculations set out in this document.

Unless otherwise specified, all references to '\$', 'A\$', 'dollar' and 'cent' are references to Australian currency.

### Privacy and personal information

Newcastle Permanent, Greater Bank and their respective registries may collect personal information in the process of conducting the Newcastle Permanent Special General Meeting and implementing the Merger. The personal information they may collect about you includes your name, contact details and details of your Newcastle Permanent membership, and the names of individuals appointed by you to act as a proxy, corporate representative or attorney at the Newcastle Permanent Special General Meeting. The collection of some of this information is required or authorised by the Corporations Act.

Newcastle Permanent Members who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Newcastle Permanent by calling 13 19 87, emailing [enquiries@npbs.com.au](mailto:enquiries@npbs.com.au) or visiting a branch if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting Newcastle Permanent and Greater Bank to conduct the Newcastle Permanent Special General Meeting and implement the Merger. The personal information may be disclosed to Greater Bank and to Newcastle Permanent's and Greater Bank's registries/transfer agents and advisers and to print and mail service providers.

The main consequence of not collecting the personal information outlined above would be that Newcastle Permanent may be hindered in, or prevented from, conducting the Newcastle Permanent Special General Meeting and implementing the Merger.

Newcastle Permanent Members who appoint an individual as their proxy, corporate representative or attorney to vote at the Newcastle Permanent Special General Meeting should inform such an individual of the matters outlined above.

### No internet site is part of this document

Newcastle Permanent and Greater Bank maintain internet websites. Any references in this document to a website is a textual reference for information only and the website does not form part of this document.

### References to time

Unless otherwise indicated, all references to time in this document are to New South Wales time.

**This Member Information Booklet has been authorised for release by the Newcastle Permanent Board.**

The Directors of Newcastle Permanent unanimously recommend that you vote in favour of the Merger Resolution, Corporate Entity Name Resolution and Constitution Amendment Resolution and each Director intends to vote in favour of the three Resolutions.\*

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## Acknowledgement of Country

Newcastle Permanent acknowledges the traditional owners and custodians of country throughout Australia and acknowledges their continuing connection to land, waters and community. We pay our respects to the people, the cultures and the elders past, present and emerging.

*Authenticity* was commissioned by Newcastle Permanent, the artwork was created by Wiradjuri woman and artist, Maree Bisby.



**JEFF EATHER**  
Chair  
Newcastle Permanent

The Board of Newcastle Permanent unanimously recommends that all members vote in favour of the Resolutions.\*

## 1. CHAIR'S LETTER TO NEWCASTLE PERMANENT MEMBERS

Dear Newcastle Permanent Member,

It is my pleasure to provide you with this Member Information Booklet, which contains detailed information for you to consider regarding the Merger between Newcastle Permanent and Greater Bank.

The Newcastle Permanent Board of Directors unanimously supports the Merger and recommends you, our Members, also support the Merger.\* Both Newcastle Permanent and Greater Bank are proud mutual, customer-owned financial institutions with no shareholders to consider, and this will not change as a result of the Merger. We believe that bringing our two iconic Hunter-based organisations together will create a financial powerhouse for the region, now and into the future.

### Our commitment to you

In merging, this is our commitment to you:

- We will remain 100% customer-owned and, with no shareholders to consider, will continue to invest profits for the benefit of our customers and local communities.
- We will keep both iconic brands, Newcastle Permanent and Greater Bank, meaning there'll be no change to your bank accounts or banking details.
- You'll be able to use your Newcastle Permanent card to access Greater Bank's ATM network for free, and vice versa, giving you access to a larger network of ATMs.
- The current combined number of branches will be retained for at least two years.
- Our workforces will come together and there will be no forced redundancies as a result of the Merger for at least two years.
- Our customer contact centres and headquarters will continue to be based in the Hunter, as they always have.
- We will continue to support our local communities by at least maintaining the \$4.5 million invested each year by Newcastle Permanent, Greater Bank and our respective charitable foundations.

### Why merge?

In short, because we want to thrive, not just survive.

While both Newcastle Permanent and Greater Bank are financially strong and well positioned in the market, banking has changed significantly in the past decade. Today, there is more complexity and focus on new banking regulations and compliance, alongside increasing consumer demands for enhanced digital options and security.

These developments are important to ensure your money and interests continue to be protected, and that our products and services remain competitive and convenient, but they come at considerable cost and stretch the resources of smaller organisations like ours.

Through joining forces, our Merged Entity will be a more resilient force in the market and put us in the best position we can to continue to deliver the highest value and service to you, our customers. As a customer-owned organisation, you are always our priority.

But this Merger is about more than two organisations coming together. It's about the role that we play – and could play – in our region's success and prosperity. Through merging and becoming a larger organisation, we can drive growth and a greater contribution to our regional economy. We can ensure skills and expertise stay here. We can ensure jobs stay here. We can ensure investment stays here.

Given the changes in the financial services industry and customer preferences, the Board believes that merging is likely to be the only way forward in the long term, and if not now with Greater Bank, then with another organisation in the near future. This is because each and every day we're competing against the big four banks and to do so successfully requires continuous adaptation of our business model.

And we're not alone in this thinking.

Consolidation within the Australian banking industry over the past decade has seen the number of mutuals almost halved, and the financial regulator, APRA, has indicated its support for further industry consolidation.

Should this Merger with Greater Bank not proceed, we will need to look at options for other merger partners and, in doing so, may not be able to deliver outcomes as attractive or beneficial to Newcastle Permanent Members and our local communities. A different partner would likely be headquartered elsewhere in Australia, leading to the possibility that local jobs will move outside the region and the combined local community investment of \$4.5 million annually could be spread more broadly across other Australian regions.

### Directors' recommendation

The Newcastle Permanent Board has determined through a comprehensive due diligence process and assessment of the current and future financial services environment that merging with Greater Bank is in the best interests of Newcastle Permanent Members as a whole.

The factors taken into account by the Board in making its recommendation are outlined above and in the remainder of this booklet for your consideration. They include both the advantages and also the disadvantages and risks associated with the Merger.

Each Newcastle Permanent Director intends to vote, and recommends that Newcastle Permanent Members also vote, in favour of the Resolutions.\*

\*Subject to there being no Superior Proposal.

## Our shared vision

For more than 75 years our two mutuals – Newcastle Permanent and Greater Bank – have operated side-by-side and, while competing for customers, have always shared a common purpose of supporting the people and communities that support us.

Combined, we:

- would become one of Australia’s leading customer-owned banks;
- would be one of the biggest local employers, creating opportunities for our people and enabling them to forge rewarding and diverse careers right here in the region;
- will continue to focus on delivering retail banking services for consumers and small- to medium-sized businesses;
- will have access to Greater Bank’s recent investment in banking technology;
- through growing bigger, will have the size and resources to continue to challenge the big banks and to ensure we remain competitive; and
- can continue, and be positioned to grow, our community commitment.

And, we can do all of this on our terms and for our future generations.

## Your role

Many times during our almost 120-year history, our leaders have taken important steps to change the shape and structure of our organisation, to ensure its future relevance and success. This is another pivotal moment requiring strong leadership and the support of our Members.

The Merger between Newcastle Permanent and Greater Bank has the unanimous support of your Board of Directors.

I encourage you to exercise your right to vote in favour of the Resolutions at or before the Special General Meeting. There are many different ways you can vote, including online, which you can read more about in the Key Dates and How to Vote Information.

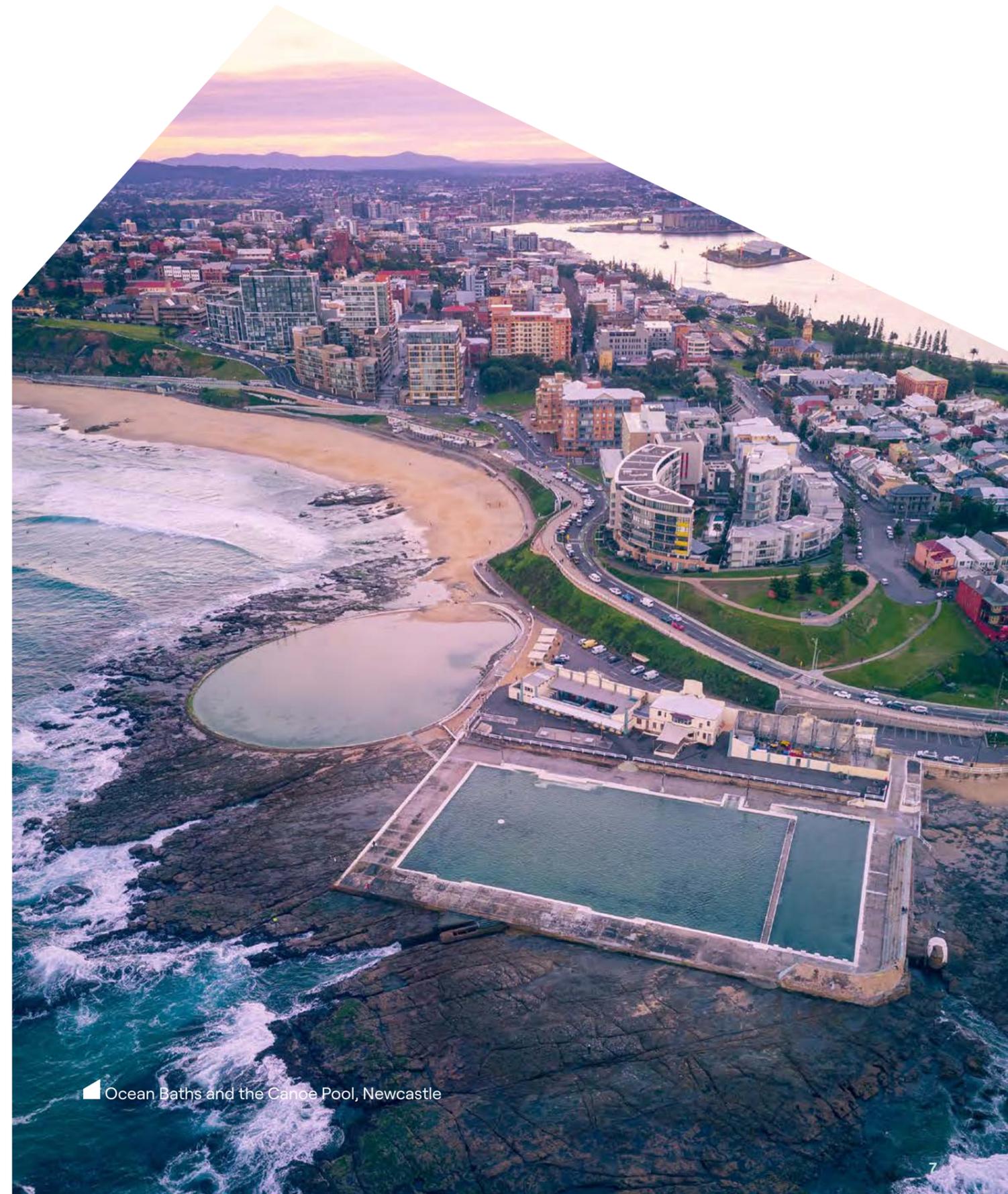
On behalf of the Newcastle Permanent Board, I would like to thank you for your ongoing support of Newcastle Permanent. Both our organisations, Newcastle Permanent and Greater Bank, have earned reputations for delivering competitive customer-owned banking for our local communities. Great value with a human touch. This Merger puts us in the best position to keep doing that for generations to come, and I hope you’ll join me in voting in favour of this opportunity.

Yours sincerely



**Jeff Eather**

Chair  
Newcastle Permanent



▲ Ocean Baths and the Canoe Pool, Newcastle

## 2. SUMMARY OF REASONS TO VOTE FOR AND AGAINST THE MERGER

### For the Merger

- + The Board unanimously recommends that you vote in favour of the Resolutions\*
- + We will continue to be 100% customer-owned (mutual).
- + Both Newcastle Permanent and Greater Bank brands will continue to operate under the Merged Entity and customers will be able to continue banking, as you do today, with one or both brands after the Merger.
- + We'll be larger but you'll still get the same great personal service, and there'll be no change to your current banking details. You'll be able to bank with us just as you always have – be that in branch, online or through our app.
- + Branches remain a critical part of our future and we'll retain the current combined number of branches across both brands for at least two years.
- + You'll still be able to go to a Newcastle Permanent branch and be served by our friendly and helpful team.
- + You'll be able to use your Newcastle Permanent card to access Greater Bank's ATM network for free.
- + We'll have access to the benefits of Greater Bank's recent investment in banking technology.
- + Our headquarters and customer contact centres will continue to be based in the Hunter region.
- + We'll maintain our current combined support and investment in local communities through our sponsorships, community partnerships and charitable foundation grants.
- + There will be no forced redundancies as a result of the Merger for at least two years, continuing to provide and support local jobs.
- + Combining resources with Greater Bank will make us stronger together, enabling us to share and invest in technology and digital banking, better absorb increasing regulation costs, and provide even better banking services for customers.
- + If this Merger with Greater Bank doesn't proceed, we'll need to look at other merger partners which may result in outcomes not as attractive to Newcastle Permanent Members and our local communities.

### Against the Merger

- You may disagree with the recommendation of the Newcastle Permanent Board.
- You may think Newcastle Permanent doesn't need to get bigger, or worry that we'll become 'another big bank' and lose our personal approach.
- You may have reservations about Greater Bank being the right merger partner for Newcastle Permanent.
- Integrating the two organisations may not be achieved within the anticipated timeframe and cost.
- Greater Bank's digital transformation may not be achieved within the anticipated timeframe and cost.
- The Merged Entity will be governed by a new Board for the combined member base.
- Newcastle Permanent's capital will be combined with Greater Bank.
- If your combined deposits across both brands are more than \$250,000, the government guarantee of deposits will only apply up to a single cap of \$250,000.





### 3. REASONS WHY YOU SHOULD VOTE IN FAVOUR OF THE MERGER

**a. The Board unanimously recommends that you vote in favour of the Resolutions\***

A thorough due diligence process and an assessment of the current and future financial services environment have been undertaken. The Newcastle Permanent Directors unanimously consider that, for the reasons outlined in this document, merging with Greater Bank is in the best interests of current and future Newcastle Permanent Members.

Each Newcastle Permanent Director intends to vote, and recommends that Newcastle Permanent Members also vote, in favour of the Resolutions.\*

**b. We will continue to be 100% customer-owned (mutual)**

Both Newcastle Permanent and Greater Bank are 100% customer-owned, mutual financial institutions. Greater Bank is a mutual bank which means it has no shareholders and is bound by the same principles of mutuality as us.

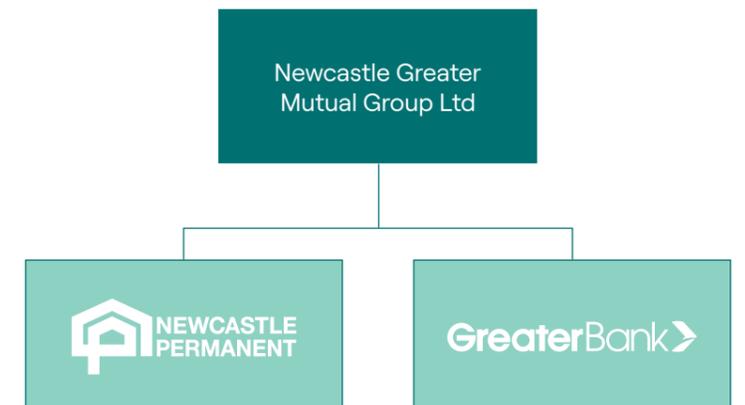
The Merged Entity will remain a customer-owned mutual committed to serving our Members and their communities, and the Newcastle Permanent and Greater Bank brands will continue to operate under the parent Merged Entity.

**c. Both Newcastle Permanent and Greater Bank brands will continue to operate under the Merged Entity and customers will be able to continue banking, as you do today, with one or both brands after the Merger**

For more than 75 years, Newcastle Permanent and Greater Bank have operated side-by-side in our local communities. Both organisations have proven their ability to adapt and evolve over time to remain relevant for their customers and communities – this Merger will continue this heritage.

The Merger will bring together Newcastle Permanent’s and Greater Bank’s businesses under a single Merged Entity, with combined assets of approximately \$20 billion. Both Newcastle Permanent and Greater Bank brands will continue to operate under the Merged Entity. The Merged Entity will have the resources to make both brands more competitive and innovative, and will be positioned to provide even better services for Members into the future.

We know the Newcastle Permanent and Greater Bank brands are much-loved by our customers and both brands will remain and customers will be able to continue banking with one or both brands after the Merger.



**d. We'll be larger but you'll still get the same great personal service, and there'll be no change to your current banking details. You'll be able to bank with us just as you always have – be that in branch, online, or through our app**

At completion of the Merger, there'll be no change to your current banking details including:

- account numbers;
- cards and card numbers;
- using your existing passbook;
- digital banking access and existing payment arrangements; and
- the great customer service you receive from us today.

Your products and services (for example, your accounts, deposits and loans) won't change as a result of the Merger. Plus, the fee to access Greater Bank's ATMs will be removed. Just as we operate today, from time to time there may be changes to product terms and conditions, fees or interest rates. If this occurs, you will be notified of such changes in accordance with the terms and conditions applicable to the relevant product or service.

You can view Newcastle Permanent's current products, services, interest rates and fees at [newcastlepermanent.com.au/personal](https://newcastlepermanent.com.au/personal) for personal customers and [newcastlepermanent.com.au/business](https://newcastlepermanent.com.au/business) for business customers. You can view Greater Bank's current products, services, interest rates and fees at [greater.com.au/personal](https://greater.com.au/personal) for personal customers and [greater.com.au/business](https://greater.com.au/business) for business customers.

**e. Branches remain a critical part of our future and we'll retain the current combined number of branches for at least two years. You'll still be able to go to a Newcastle Permanent branch and be served by our friendly and helpful team**

We're committed to delivering great banking products and services, including digital banking, with the human touch we're renowned for. If the Merger proceeds, we're committed to retaining the current combined number of branches for at least two years. This means you'll still be able to go to a Newcastle Permanent branch and be served by our helpful and friendly team.

**f. You'll be able to use your Newcastle Permanent card to access Greater Bank's ATM network for free**

After the Merger, Newcastle Permanent Members won't pay cash withdrawal or balance enquiry fees when you use your Newcastle Permanent card at Greater Bank ATMs. Greater Bank Members will enjoy the same benefit at Newcastle Permanent ATMs.

**g. We'll have access to the benefits of Greater Bank's recent investment in banking technology**

Greater Bank is currently implementing a new core banking platform which modernises their technology and will enable new banking services to be delivered faster. The Merger provides us the opportunity to leverage this investment.

If the Merger does not proceed, Newcastle Permanent will need to invest significantly in a core banking modernisation program – we would not be able to share the costs and this is likely to take longer than if we partner with Greater Bank. See section 9 for more detail on Greater Bank's digital transformation program.

**h. Our headquarters and customer contact centres will continue to be based in the Hunter region**

On merging, our headquarters and customer contact centres will stay locally-based in the Hunter, continuing to support local jobs, the local economy, and our local communities, just as we've done for almost 120 years.

**i. We'll maintain our current combined support and investment in local communities through sponsorships, community partnerships, and charitable foundation grants**

We have a proud heritage of supporting the communities that support us, and customer-owned Greater Bank shares this commitment.

Newcastle Permanent, Greater Bank and our respective charitable foundations currently give more than \$4.5 million to our local communities every year. We're committed to maintaining or increasing our combined community investment.

**j. There will be no forced redundancies as a result of the Merger for at least two years, continuing to provide and support local jobs**

Combined we will be one of the region's largest employers and together, our vision is to be an employer of choice in the Hunter. On merging, our employees will continue to be employed on their current terms, with the commitment of no forced redundancies as a result of the Merger for at least two years after the Merger Date.

Working for a Merged Entity will create opportunities for our people enabling them to forge rewarding and diverse careers in a larger organisation.

**k. Combining resources with Greater Bank will make us stronger together, enabling us to share and invest in technology and digital banking, better absorb increasing regulation costs and provide even better banking services for customers**

Banking has changed significantly in the past decade. Today there is more complexity and focus on new banking regulations and compliance, alongside consumer demands for enhanced digital offerings and security.

Across the sector, the past decade has seen the number of mutuals almost halve as customer-owned financial institutions are consolidating to remain competitive and sustainable.

As a Merged Entity, we will have total assets of approximately \$20 billion and approximately 600,000 customers across the two brands, almost double the size of Newcastle Permanent today. By pooling resources, the Merged Entity will have the size and capabilities to:

- increase its investment in new technology, fraud and cyber security management, and access a modern banking platform that Greater Bank is building to deliver the banking services you need today and will want in the future;
- better manage and meet the significant cost and increasing complexity of regulatory requirements that apply to all financial institutions; and
- continue our customer-owned, community-focussed banking model, for the benefit of more customers today and into the future.

**l. If this Merger with Greater Bank doesn't proceed, we'll need to look at other merger partners which may result in outcomes not as attractive to Newcastle Permanent Members and our local communities**

The Newcastle Permanent Board has reviewed a range of strategic options, including continuing to stand-alone or merging with other partners, and has assessed that merging with Greater Bank, another like-minded customer-owned banking organisation, is in the best interests of Newcastle Permanent Members.

A different partner would likely be headquartered elsewhere in Australia, leading to the possibility that local jobs may move outside the region and the current combined local community investment of \$4.5 million annually could be spread more broadly across other Australian regions.

**The Newcastle Permanent Board believes this Merger with Greater Bank is a better pathway to maintaining the competitiveness of our products and services for customers when compared with other alternatives (such as being acquired by a listed ADI). This Merger also allows us to keep our long-term commitment to remaining a customer-owned banking organisation.**



## 4. POSSIBLE REASONS NOT TO VOTE IN FAVOUR OF THE MERGER

The following are some of the possible reasons not to vote in favour:

**a. You may disagree with the recommendation of the Newcastle Permanent Directors**

You may hold a different view to the Newcastle Permanent Directors and believe that the benefits of the Merger, including the opportunity to create an organisation that is financially stronger, more sustainable and better placed to deliver good customer outcomes for the future, are inadequate and do not outweigh any disadvantages.

**b. You may think Newcastle Permanent doesn't need to get bigger or worry that we'll become 'too big' and lose our personal approach**

Despite the commitments to Newcastle Permanent Members set out in the Chair's letter (section 1), you may be concerned that creating a larger organisation will negatively impact our service and brand.

**c. You may have reservations about Greater Bank being the right partner for Newcastle Permanent**

You may be unsure about who the right merger partner is for us. Prior to entering this Merger process, Newcastle Permanent Directors undertook a market review and diligently investigated a number of other options, before determining that Greater Bank was the right partner to move forward.

The Board has determined that Greater Bank's vision, purpose, values and strategic objectives are aligned to ours, and the proposed Merger is in the best interests of Newcastle Permanent Members. The Board believes Greater Bank is the right partner for us.

**d. Integrating the two organisations may not be achieved in the anticipated timeframe and cost**

Successful mergers across the industry are commonplace, however, they are complex and require management effort and planning to deliver.

There is a possibility that unforeseen risks and challenges impact the integration of the two organisations, which could prevent or delay the delivery of expected Merger benefits. The comprehensive planning and preparation efforts undertaken by both organisations since the announcement of the proposed Merger in August 2021 will help facilitate the integration process. The proposed changes and timeline are consistent with other well-executed mergers similar to this one, however Members should be aware that delays or other setbacks could occur.

**e. Greater Bank's digital transformation may not be achieved in the anticipated timeframe and cost**

Greater Bank's digital transformation program is a large and complex project and, despite extensive planning, there is a risk that delays and challenges could impact the delivery and cost of the digital transformation and its expected benefits.

**f. The Merged Entity will be governed by a new Board for the combined member base**

As a 'merger of equals', the Merged Entity Board will comprise four current Directors of Newcastle Permanent and four current Directors of Greater Bank and you may not agree with this. The Merged Entity Board will make decisions in the interests of all members of both Newcastle Permanent and Greater Bank combined.

The following Newcastle Permanent Directors will remain as Directors on the Merged Entity Board:

- Jeff Eather, as Deputy Chair;
- Samantha Martin-Williams, Director;
- Nicola Page, Director; and
- Ross Griffiths, Director.

The full Board for the Merged Entity is detailed in section 12.5.

**g. Newcastle Permanent's capital will be combined with Greater Bank**

Newcastle Permanent and Greater Bank will combine and share capital and assets for the benefit of both membership bases to deliver a financially stronger and more resilient organisation.

This means in the short term, on a per member basis, the amount of capital will reduce. However, this would only be relevant to Newcastle Permanent Members if the Merged Entity was wound up, which is not intended. The Merged Entity will continue to have capital well in excess of regulatory requirements.

No monetary payments will be made by Newcastle Permanent to Greater Bank Members in relation to the Merger and the Newcastle Permanent Board has assessed that the Merger is in the best interests of Newcastle Permanent Members.

**h. If your combined deposits across both brands are more than \$250,000, the government guarantee will only apply up to a single cap of \$250,000**

The Merged Entity will be a single ADI for the purposes of the government's Financial Claims Scheme, which offers customers a guarantee on deposits up to \$250,000 per account holder per ADI. The guarantee currently applies to both Newcastle Permanent and Greater Bank separately. From the Merger Date, if a customer has deposits with both Greater Bank and Newcastle Permanent which total more than \$250,000, a single government guarantee will apply and so the customer's total deposit guarantee will be \$250,000. This will be relevant for only a small number of Newcastle Permanent Members.

**The Newcastle Permanent Board has considered the Merger in its entirety and believes that the advantages significantly outweigh any disadvantages for Newcastle Permanent Members.**





## 5. KEY DATES AND TIMES

**Separate Key Dates and How to Vote Information accompanies and forms part of this Member Information Booklet.**

Both Newcastle Permanent and Greater Bank will conduct separate Special General Meetings so that their eligible Members can vote on the Merger. The date, time and location of the Newcastle Permanent Special General Meeting are set out in the Key Dates and How to Vote Information.

Event	Date
Direct votes and proxy appointments must be received by Newcastle Permanent	48 hours before the time of the Newcastle Permanent Special General Meeting
Newcastle Permanent Annual General Meeting and Special General Meeting <sup>^</sup>	Refer to the Key Dates and How to Vote Information
Greater Bank Special General Meeting <sup>^</sup>	Refer to the Key Dates and How to Vote Information
Final request for APRA approval to be lodged	One day after the Newcastle Permanent Special General Meeting and Greater Bank Special General Meeting, if the Newcastle Permanent Merger Resolution and Greater Bank Merger Resolution are both passed
APRA approval expected by	Eight days after the Newcastle Permanent Special General Meeting and Greater Bank Special General Meeting
Merger Date	1 March 2023

<sup>^</sup> Note – respective eligible Members will have the opportunity to vote.

The timetable outlined above and in the separate Key Dates and How to Vote Information is indicative only and subject to change. The actual timetable will depend upon the time at which the conditions for the Merger are satisfied or, if applicable, waived. The key conditions are summarised in section 11 of this Member Information Booklet. Newcastle Permanent has the right to vary any or all of the dates and times outlined above and in the Key Dates and How to Vote Information. Members will be notified of any variation to the timetable.



## 6. WHAT TO DO AND HOW TO VOTE

Separate Key Dates and How to Vote Information accompanies and forms part of this Member Information Booklet.

### 6.1 Newcastle Permanent Special General Meeting

The date, time and location of the Newcastle Permanent Special General Meeting are set out in the Key Dates and How to Vote Information.

### 6.2 Special resolutions

The Newcastle Permanent Special General Meeting will consider the following special resolutions:

- Merger Resolution (see section 10.1);
- Corporate Entity Name Resolution (see section 12.4); and
- Constitution Amendment Resolution (see section 12.3).

The Newcastle Permanent Board unanimously recommends that Newcastle Permanent Members vote in favour of the Resolutions. Each Newcastle Permanent Director intends to vote in favour of the Resolutions.\*

### 6.3 For the Newcastle Permanent Resolutions to be passed

For each of the Resolutions, including the Merger Resolution, to be passed by Newcastle Permanent Members, at least 75% of eligible votes cast on each Resolution must be in favour.

For the Constitution Amendment Resolution, there is an additional requirement that 5% or more of the Newcastle Permanent Members who are eligible to vote on the resolution must actually vote on the resolution (whether for or against).

Greater Bank Members will also need to approve the Greater Bank Merger Resolution by the same majority at the Greater Bank Special General Meeting in order for the Merger to proceed.

The Merger is not conditional on either the Corporate Entity Name Resolution or the Constitution Amendment Resolution being passed. This means the Merger can proceed even if the Corporate Entity Name Resolution or Constitution Amendment Resolution are not approved by Newcastle Permanent Members. For information on voting eligibility see section 6.5.

\*Subject to there being no Superior Proposal.

### 6.4 When and how to vote

Eligible Newcastle Permanent Members can vote on the Resolutions by doing any of the following:

How	When	Where
Lodge your direct vote or appoint a proxy	Must be received no later than 48 hours before the time of the Newcastle Permanent Special General Meeting	If you received an email, using the link provided in the email <b>OR</b> If you received a letter, you can either: <ul style="list-style-type: none"> <li>– complete and return the Voting Form; or</li> <li>– use the QR code in the Voting Form to lodge your vote online</li> </ul> <b>OR</b> Through the voting link on Newcastle Permanent’s website <a href="http://newcastlepermanent.com.au">newcastlepermanent.com.au</a>
Attend and vote at the Newcastle Permanent Special General Meeting	Refer to the Key Dates and How to Vote Information	Newcastle Permanent Members can attend the Special General Meeting: <ul style="list-style-type: none"> <li>– online at <a href="http://www.meetnow.global/M57KLWY">www.meetnow.global/M57KLWY</a>; or</li> <li>– in person at the date, time and location specified in the Key Dates and How to Vote Information</li> </ul> Members who are eligible to vote will be provided with voting instructions during the meeting

A Notice of Special General Meeting accompanies this Member Information Booklet, and can also be accessed on Newcastle Permanent’s website at [newcastlepermanent.com.au](http://newcastlepermanent.com.au). The Notice sets out more details on voting and attending the Newcastle Permanent Special General Meeting.

Newcastle Permanent Members who participate in the Newcastle Permanent Special General Meeting will be able to:

- watch and hear the proceedings of the meeting and view meeting slides;
- submit questions at the appropriate time whilst the meeting is in progress;
- if preferred, ask a question verbally using the audio option; and
- vote during the meeting.

### 6.5 Voting eligibility

In accordance with the Newcastle Permanent Constitution, Members who are 18 years or over and who had a minimum of \$500 on deposit with Newcastle Permanent for a continuous period of at least 90 days immediately preceding 30 June 2022 are entitled to vote. Newcastle Permanent considers both deposit accounts and positive balances held by Members in loan accounts when determining whether a Member satisfies the voting qualification requirement.

Each Member entitled to vote has one vote.



## 7. WHAT IF THE MERGER DOESN'T PROCEED?

If either the Newcastle Permanent Merger Resolution or Greater Bank Merger Resolution are not passed then the Merger will not proceed.

If the Merger does not proceed, in the short term Newcastle Permanent will continue to operate as it does today, however it is likely that Newcastle Permanent will seek another merger partner. This is because the Newcastle Permanent Board expects market and regulatory pressures in the banking sector to intensify in the years ahead. The Board considers that this, combined with industry consolidation, means merging with another banking organisation is likely to be inevitable. If we don't merge now with Greater Bank, the Newcastle Permanent Board is of the view that the benefits and outcomes of another merger partner may not be as compelling for our members and community.

The Newcastle Permanent Board has a responsibility to ensure the long term viability of the organisation through increased financial strength, which can best be achieved through a merger.

Without this Merger, Newcastle Permanent will require significant investment in its technology and core banking system, which will take time and will be costly. This investment can most efficiently be achieved through a merger – and Greater Bank has already invested substantially towards both these and is well advanced on its path to digital transformation.

Failing to proactively secure this Merger now will likely lead to a future merger with a different partner, resulting in outcomes that may not be as attractive to Newcastle Permanent Members and its local communities.

It would be likely that a different partner would be headquartered elsewhere in Australia, leading to a possibility that local jobs could move outside the Hunter and the current combined local community investment, of \$4.5 million annually, could be spread more broadly across other Australian regions.

The Newcastle Permanent Board has reviewed a range of strategic options and believes that merging with another like-minded banking organisation, such as Greater Bank, is the best pathway to maintain the competitiveness of our products and services for our customers, and to remain a sustainable organisation into the future.

For the reasons explained above in section 3, the Newcastle Permanent Board believes that it is in the best interests of Newcastle Permanent Members for the Merger with Greater Bank to proceed.



The one thing that hasn't changed in our almost 120-year history is that we're owned by you, our members. This won't change.

We are Newcastle Permanent: trusted banking that's here for you, here for good.

## 8. ABOUT NEWCASTLE PERMANENT

Newcastle Permanent's vision is to be Australia's favourite banking experience. We're proudly customer-owned and take pride in helping our customers achieve financial success and in contributing to the wellbeing and vibrancy of our local communities.

We began almost 120 years ago and during this time, our leaders have taken important steps to change the shape and structure of our organisation, to ensure its future relevance and success. Today we are a positive alternative to the major banks and a better way for our customers to achieve home ownership — offering competitive rates, award-winning service, and a real commitment to supporting and giving back to our local communities.

Today our more than 330,000 customers are served by our workforce of more than 900 people. We offer a wide range of retail financial products and services including home loans, personal loans, term deposits, savings accounts, everyday banking accounts, credit cards, financial planning and insurance.

Our branch network spans the Hunter, Central Coast, Mid North Coast, Central West, Northern Rivers and Northern Tablelands regions of NSW. We offer our customers the choice to bank in person and digitally through our online banking and mobile banking app. Our Customer Contact Centre and our headquarters are proudly Hunter-based.

Newcastle Permanent is an ADI regulated under the Banking Act and by government agencies such as APRA, ASIC and AUSTRAC. Our organisation is governed by a Board of Member-elected Directors, and the management team is led by our CEO, Bernadette Inglis.

Ours is a story of constant innovation, with the success and wellbeing of our customers, our people, and our community as our driving purpose. We will keep working and adapting to achieve our vision, today and for future generations.

The one thing that hasn't changed in all this time is we're owned by you, our members. And, this won't change. We are Newcastle Permanent: trusted banking that's here for you, here for good.

### Awards and accolades

Newcastle Permanent takes enormous pride in offering award-winning products and services that help our members achieve their financial goals. For the past three years, we were recognised by Forbes as one of Australia's Best Banks and in 2020, 2021 and 2022 we were awarded the Roy Morgan Customer Satisfaction Award (Building Society/Credit Union) for the prior year.

In 2022, we've been awarded and recognised for a range of awards including:

- Most Recommended Home Loan – DBM Australian Financial Awards
- Excellent Customer Service – Mozo People's Choice Awards
- Non-Bank Money Minder of the Year – Money Magazine
- Innovation in Technology Management, Planning and Implementation – Financial Services (collaboration with DataRobot) – Stevie Awards Asia Pacific
- Most Recommended Bank, Finalist – DBM Australian Financial Awards

- Silver Award (for mobile banking app) – DrivenXDesign Brisbane Design Awards
- Most Innovative Companies, Finalist – Australian Financial Review

### Environment, Social and Governance (ESG)

In 2021 we formalised our reporting on our ESG commitments with the creation of the Newcastle Permanent Environmental, Social and Governance Framework.

This Framework is underpinned by the following values:

- We are here for our customers.
- We strive to act responsibly and ethically.
- We strive to be a sustainably responsible organisation.
- We are focussed on operating in an ethical manner that builds trusted relationships.
- We work to support our customers and local communities in building towards the future.

Our approach to ESG will evolve to ensure it continues to align with expectations from our people, our customers, the community, and relevant regulatory requirements and practices.

### Multi-million dollar community investment and support each year

We proudly support our communities and each year invest almost \$1.5 million in our sponsorship program to help our local communities thrive. This past year we celebrated some key milestone anniversaries with our long-term partners:

- We celebrated 40 years of partnership with Surf Life Saving, helping make our beaches safer and nurture the lifesavers of tomorrow.
- We're now in our 15th year of partnership with Northern NSW Football, making Australia's favourite game more accessible to families and communities.
- Our Newcastle Permanent Primary School Mathematics Competition has now had more than half a million students participate in the past four decades.
- We look forward to bringing our signature event, Cinema Under the Stars, back in 2022 helping families celebrate summer across regional NSW.

In addition, our CommunityAssist program was created more than 20 years ago because our people wanted to support their local communities through their own fundraising and efforts. Each year our people generously donate to local charities, giving on average approximately \$75,000 each year. Additionally, each year every team member has access to two paid community leave days to volunteer with a local charity they're passionate about.

Finally, the Newcastle Permanent Charitable Foundation provides a further \$1.5 million annually in funding grants to support local charities and community groups as they help people in our regions who are facing disadvantage and isolation. Since 2003, the Charitable Foundation has granted more than \$24 million to more than 500 projects.



## 9. ABOUT GREATER BANK

### **Vision: to be the customer empowered bank**

Greater Bank is a customer-owned and focussed mutual bank that has served the people of the Hunter for more than 75 years. Today the organisation delivers banking solutions that genuinely help its 270,000 customers throughout NSW and south-east Queensland.

Established on the principles of mutuality, Greater Bank remains customer-owned. It does not have shareholders, which allows it to align the long-term interests with customer needs and the communities in which it operates.

Since it was first established, Greater Bank has continued to evolve. Beginning as an alternative to the big banks for customers to achieve home ownership, the core values of mutuality have remained cooperation. In 1945 The Greater Newcastle Cooperative Permanent Building and Investment Society Limited began with the first branch opening in Hamilton. In 2016, keeping the mutual ownership structure, the society changed its name to Greater Bank Limited.

Today, the mutual bank is Australia's seventh-largest customer-owned banking institution and has approximately \$8 billion in total assets. It employs approximately 800 people across its Hunter-based head office and customer contact centre and its branch network.

### **Digital transformation**

In 2019 and as part of its strategic plan, Greater Bank commenced a digital transformation program. This program of work will deliver more than 40 new technology improvements including a new core banking platform. Greater Bank has significantly invested in a Digital Transformation Program, to better position the organisation to respond and adapt to the emerging and future developments in the financial services industry.

Newcastle Permanent and Greater Bank currently use different banking systems and over time, it is anticipated that Newcastle Permanent will transition to Greater Bank's new core banking platform to more efficiently deliver, support, and enhance customers' banking services.

Digital transformation will require ongoing investment to continue to improve our capabilities and competencies into the future. Merging with Newcastle Permanent will provide greater scale and opportunity for this to be achieved.

### **Awards and accolades**

Greater Bank provides high quality products and services to its members, recognised in recent years by being presented:

- Money Magazine – Best Customer-Owned Institution, 2020, 2021 and 2022
- Mozo Expert's Choice – Home Lender of the Year, 2022
- Mozo People's Choice – Outstanding Customer Satisfaction, 2021
- DBM Australian Financial Awards – Most Recommended Customer Owned Bank, 2019
- Money Magazine – Home Lender of the Year, 2018 and 2019

### **Community investment and support**

As a customer-owned bank, supporting local communities is an important pillar of Greater Bank's business strategy. The Community Engagement Program formalises Greater Bank's community support through ongoing sponsorship of and engagement with a range of groups, activities and events across sport, education, arts and culture, health and the environment.

- Sport: supporting a range of sporting groups from elite and professional organisations to grassroots participation.
- Education: partnering with the University of Newcastle to deliver a program dedicated to building financial literacy across the region.
- Arts and culture: holding a long history of supporting arts and culture across the operational footprint.
- Environment: during the 75 year anniversary celebrations made a positive impact on the environment by planting 75,000 trees across regional NSW.
- Community Funding Program: a monthly program where the community votes on which charities and community groups receive small grants.

Established in 2011, Greater Charitable Foundation provides approximately \$1 million annually in funding grants to programs designed to improve the financial wellbeing of their beneficiaries.

## 10. MERGER OVERVIEW

### 10.1 What is the Merger?

The Merger will bring together Newcastle Permanent and Greater Bank's businesses under a single Merged Entity, with combined assets of approximately \$20 billion. Both Newcastle Permanent and Greater Bank brands will continue to operate under the Merged Entity. The Merged Entity will have the resources to make both brands more competitive and innovative, and will be positioned to provide even better services for members into the future.

The members of each organisation will be asked to vote on a special resolution approving the Merger at their respective special general meetings. If the Merger is approved by both the Newcastle Permanent Members and the Greater Bank Members, APRA gives the necessary regulatory approvals and the other conditions precedent are satisfied or waived, it is proposed the Merger will be implemented on 1 March 2023 (or such other date as APRA determines).

The Merger will involve a voluntary total transfer of the business, assets and members of Greater Bank to Newcastle Permanent under the Transfer Act and the Transfer Rules, and Newcastle Permanent will become the Merged Entity. On the Merger Date:

- i. all of the assets and liabilities of Greater Bank will become assets and liabilities of Newcastle Permanent (including all deposits and loans held by Greater Bank Members). Greater Bank's subsidiary companies, including Greater Investment Services Pty Ltd and Greater Charitable Foundation Pty Ltd, will become subsidiaries of the Merged Entity;
- ii. the duties, obligations, immunities, rights and privileges that currently apply to Greater Bank will transfer to Newcastle Permanent;
- iii. all existing Newcastle Permanent Members will continue to be members of the Merged Entity;
- iv. all Greater Bank Members will cease to be members of Greater Bank (except Newcastle Permanent which will be the sole member of Greater Bank until Greater Bank is deregistered as a company);
- v. all Greater Bank Members (other than Newcastle Permanent and any Greater Bank Members that are already Newcastle Permanent Members as described below) will become members of the Merged Entity;
- vi. all Greater Bank Members, excluding Newcastle Permanent and any members set out in paragraph (vii) below, will become members of the Merged Entity. Greater Bank Members who become members of the Merged Entity

in a particular capacity will be deemed to have become members of the Merged Entity in that capacity on the earliest date when they became members of Greater Bank in that capacity (being a membership held continuously up to the time of the Merger); and

- vii. if a Greater Bank Member is already a Newcastle Permanent Member (i.e. is a member of both companies) in a particular capacity, that membership will continue and the Greater Bank Member will not be deemed to hold an additional membership in the Merged Entity in that capacity. The Merged Entity will recognise the member's length of membership in either Greater Bank or Newcastle Permanent in that capacity, whichever is the longest.

The merger process is different from a merger where shares in the target company would be acquired and target company shareholders would receive a financial benefit (for example, in the form of shares in the acquiring company and/or cash). As both Newcastle Permanent and Greater Bank are committed to remaining customer-owned, it is not feasible to put a value on the ownership interest of each member, nor to release that value. The Board believes this Merger is a better pathway to maintaining the competitiveness of our products and services for customers when compared with other alternatives (such as being acquired by a listed ADI). This Merger also allows us to keep our long-term commitment to remaining a customer-owned banking organisation.

In this Merger, Newcastle Permanent and Greater Bank, two customer-owned organisations (without shareholders), are coming together to form a single Merged Entity with their existing businesses and members, and Greater Bank's entire business and memberships are being transferred under the statutory mechanism in the Transfer Act and the Transfer Rules, which is designed to facilitate mergers of ADIs.

Following the Merger, the Greater Bank entity will become a subsidiary of Newcastle Permanent (i.e. Newcastle Permanent will become the sole member of the Greater Bank entity for an interim period) but as a result of the transfer it will not have any assets or liabilities. Greater Bank's AFSL, ACL and banking authority under the Banking Act will be cancelled and Greater Bank will be deregistered as a company.

Newcastle Permanent is not making any monetary payments to Greater Bank or Greater Bank Members for the transfer of the Greater Bank business and there will be no surplus funds distributed to Greater Bank Members.

### 10.2 Mutuality

Both Newcastle Permanent and Greater Bank are proud mutual, customer-owned financial institutions, and this model will not change because of the Merger. Even though Greater Bank uses the term 'bank' in its name, it is a mutual bank which means it is customer-owned and has no shareholders, the same as Newcastle Permanent. The Merged Entity will continue to be 100% owned by its customers following the Merger and is committed to the mutual, customer-owned banking model as a compelling alternative to the major banks.

Under the Newcastle Permanent Constitution, Newcastle Permanent has, and the Merged Entity will have, the ability to issue shares, including mutual capital instruments. However, except for the issue of mutual capital instruments, shares are not permitted to be issued without the approval of members. There is no intention for the Merged Entity to issue shares (including mutual capital instruments) at implementation of the Merger or in the near future.

The Merger will not trigger a demutualisation under Part 5 of Schedule 4 of the Corporations Act, for either Newcastle Permanent or Greater Bank. The Merged Entity will continue to be 100% owned by its members and each member will continue to only have one vote.

### 10.3 Merger Date

The Merger is subject to the satisfaction or waiver of various conditions, as summarised in section 11.

If those conditions are satisfied or waived, the Merger is expected to take place on 1 March 2023 or such later date approved by APRA.

### 10.4 Newcastle Permanent's Directors' recommendation

**The Newcastle Permanent Directors unanimously recommend that Newcastle Permanent Members vote in favour of the Resolutions and each Newcastle Permanent Director intends to vote in favour of Resolutions.\***

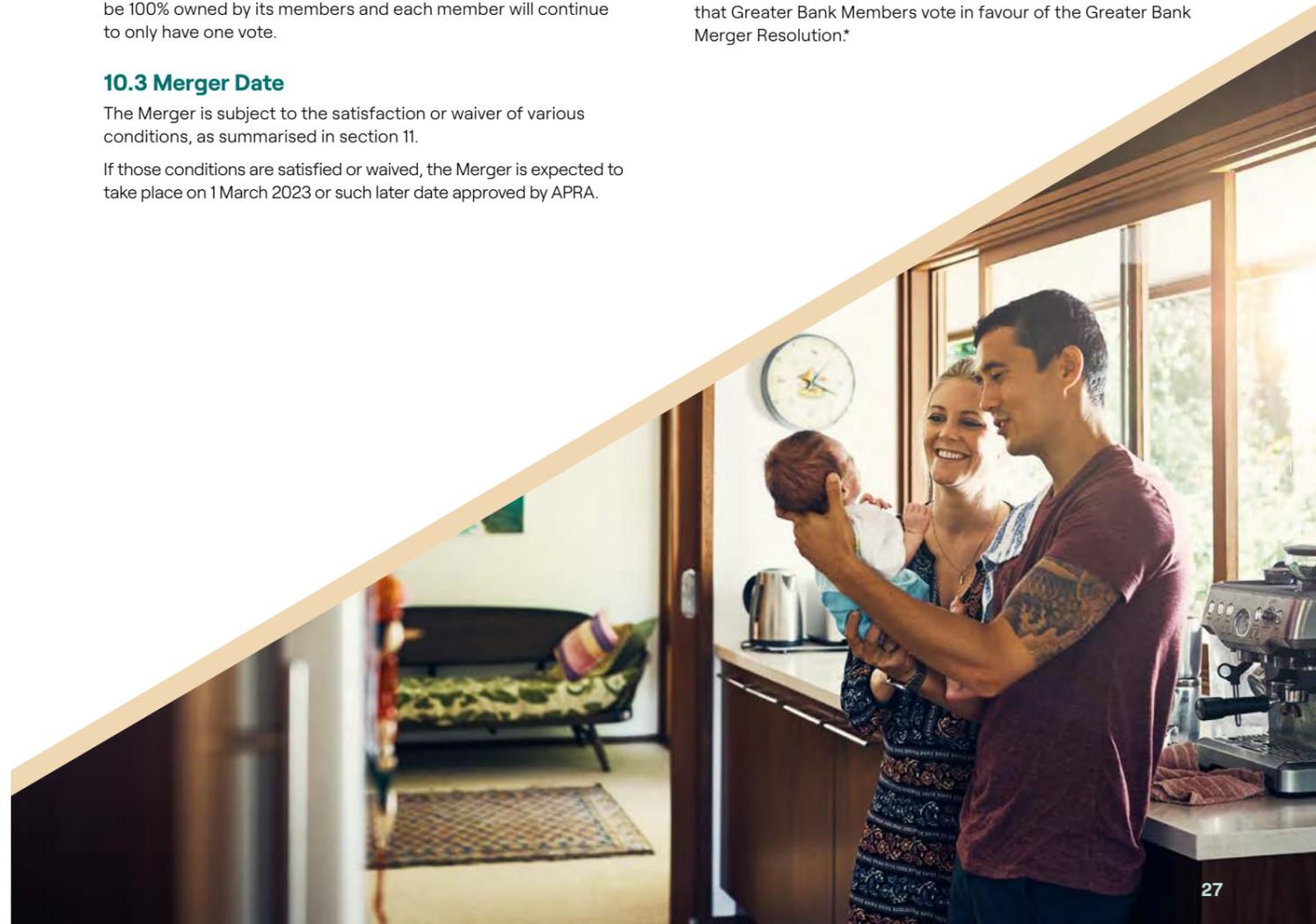
The Newcastle Permanent Directors unanimously consider that, for the reasons set out in this Member Information Booklet, the Merger is in the best interests of Newcastle Permanent Members as a whole.

Since the Merger was first announced on 3 August 2021, no Superior Proposal has emerged. Newcastle Permanent and Greater Bank have also agreed to certain exclusivity and Break Fee provisions which are summarised in Schedule 2.

In considering whether to vote in favour of the Merger, the Newcastle Permanent Directors encourage you to read this Member Information Booklet carefully and in its entirety.

### 10.5 Greater Bank's Directors' recommendation

The Greater Bank Directors have unanimously recommended that Greater Bank Members vote in favour of the Greater Bank Merger Resolution.\*



## 11. ADDITIONAL INFORMATION

### 11.1 APRA approval

Under the Transfer Act, the Prudential Regulator, APRA must provide final approval for the Merger to proceed and we've been engaging extensively with them since the Memorandum of Understanding was announced in August 2021. If the Newcastle Permanent Merger Resolution and Greater Bank Merger Resolution are both passed and the other conditions to the Merger are satisfied or waived, Newcastle Permanent and Greater Bank will apply to APRA promptly following their respective Special General Meetings for final approval of the Merger.

Newcastle Permanent and Greater Bank have provided to APRA a Section 20 Statement (in accordance with the Transfer Act), which sets out how certain things will happen, be determined, or be taken to be the case in order to implement the Merger. This includes:

- i. confirming the treatment of the Greater Bank memberships as set out in section 10.1;
- ii. appointment of Directors to the Merged Entity Board and timing of the rotation and retirement of the Directors after the Merger as set out in section 12.5;
- iii. confirming that employees of Greater Bank will become employees of Newcastle Permanent (as the Merged Entity) on the same terms and conditions (including any accrued entitlement to employee benefits and length of service) on which they were employed by Greater Bank immediately before the Merger Date; and
- iv. permitting Newcastle Permanent to be able to use the name 'Greater Bank', any branding, business names and/or other intellectual property rights of Greater Bank following the Merger.

APRA's approval may impose Regulatory Conditions to be complied with before or after the Merger takes effect.

### 11.2 ACCC approval

Following a written joint submission by Newcastle Permanent and Greater Bank to the ACCC, the ACCC advised in a letter dated 1 November 2021 that it does not intend to conduct a public review of the Merger pursuant to section 50 of the *Competition and Consumer Act 2020* (Cth).

As at the date of this Member Information Booklet, no new information has arisen which, in the view of the Newcastle Permanent Directors or the Greater Bank Directors, would cause the ACCC to reconsider its decision.

### 11.3 Continued use of Greater Bank brand by the Merged Entity

As set out in section 3 above, Newcastle Permanent intends to retain the Greater Bank brand following the Merger.

The Section 20 Statement provided to APRA provides that Newcastle Permanent will lawfully be able to use the name 'Greater Bank', any branding, business names and/or other intellectual property rights of Greater Bank and/or any variations or combinations of any of the foregoing (whether they existed and/or were in use by Greater Bank prior to the Merger Date or not) following the Merger.

### 11.4 Benefits to officers

No officer of Newcastle Permanent or Greater Bank, whether current or retiring, has any interest (financial or otherwise) in the proposed Merger, other than as disclosed below.

The Board of the Merged Entity will comprise eight Directors, including four current Newcastle Permanent Directors and four current Greater Bank Directors who will be appointed to the Board and entitled to director fees on the same terms as the current Newcastle Permanent Directors. It is a requirement that all Directors must be a member of Newcastle Permanent – this requirement will also apply to the Merged Entity. The aggregate remuneration paid to the Directors that serve on either the Newcastle Permanent Board or the Merged Entity Board in the 2023 financial year will not exceed the current aggregate amount for the directors' fees that was approved by the annual general meeting of Newcastle Permanent in 2018.

The current Chair of Greater Bank, Wayne Russell, will become the Merged Entity Chair and the current Chair of Newcastle Permanent, Jeffrey Eather, will become the Merged Entity Deputy Chair. The remuneration of the Merged Entity Chair and Merged Entity Deputy Chair will be included in the director remuneration amount.

All staff and officers are also Newcastle Permanent Members and, after the Merger Date, their remuneration will be paid by the Merged Entity.

As part of managing key person risk, both Newcastle Permanent and Greater Bank may have retention arrangements in place from time to time. These incentives are not linked to the proposed Merger.

Other than as described above or elsewhere in this Member Information Booklet:

- no director or officer of Newcastle Permanent has any interest (financial or otherwise) in the proposed Merger;
- no director, officer, member or depositor of Newcastle Permanent will receive any compensation, consideration, incentive or benefit as a direct result of the Merger transaction (however, as set out in section 3 under 'Reasons why you should vote in favour of the Merger', it is anticipated that members will benefit from the Merger over time); and
- no director, officer, member or depositor of Newcastle Permanent has any agreement that is conditional upon the proposed Merger.

### 11.5 Third party advice

In addition to its internal resources, Newcastle Permanent used the services of EY, Clayton Utz and Mirin Digital to conduct a due diligence review of Greater Bank. Based on the due diligence process, the Newcastle Permanent Directors decided unanimously to recommend the Merger to Newcastle Permanent Members. Newcastle Permanent also used the services of Clayton Utz to advise on legal matters relating to the Merger.

In addition to its internal resources, Greater Bank used the services of KPMG and King & Wood Mallesons to perform a due diligence review on Newcastle Permanent. Based on the due diligence process, the Greater Bank Directors decided unanimously to recommend the Merger to Greater Bank Members. Greater Bank also used the services of King & Wood Mallesons to advise on legal matters relating to the Merger.

### 11.6 Deregistration of Greater Bank

After the Merger, Greater Bank as a corporate entity will be a 'shell' company without any assets or liabilities, and with three current Greater Bank Directors (Wayne Russell, Catherine Robson and Donna-Maree Vinci) as its directors, and Newcastle Permanent as its only member. Greater Bank's AFSL, ACL and banking authority under the Banking Act will no longer be required and will be cancelled. The corporate entity, Greater Bank Limited, will be deregistered as a company after it lodges its final financial statements, tax and other regulatory returns.

Newcastle Permanent is not making any monetary payments to Greater Bank or the Greater Bank Members for the transfer of the Greater Bank business, and there will be no surplus funds distributed to Greater Bank Members.

The Greater Bank Board has given assurances to APRA that, if the Merger proceeds, it will ensure that Greater Bank is deregistered, all Greater Bank funds are transferred to Newcastle Permanent and that it will prepare, sign-off and lodge (where required by law) financial statements for Greater Bank.

Newcastle Permanent must pay all ASIC lodgement costs and other costs, charges and expenses associated with the deregistration of Greater Bank as a company, including any costs, charges and expenses associated with the preparation of final financial accounts and taxation returns.

### 11.7 Further information

Except as set out in this Member Information Booklet, so far as the Newcastle Permanent Directors are aware, there is no other information that is material to the making of a decision by a Newcastle Permanent Member whether or not to approve the Merger, being information that is within the knowledge of the Newcastle Permanent Directors and has not previously been disclosed to Newcastle Permanent Members.

If you have any further questions concerning the Merger, please refer to the FAQs at section 13, consult your financial, legal, or other professional adviser, or call the Merger Information Line on 1300 255 218 Monday to Friday from 8am – 6pm, or Saturday from 9am – 2pm.

## 12. POST-MERGER

### 12.1 Transfer of Greater Bank Members

When the Merger takes effect:

- i. All Newcastle Permanent Members will continue to be members of Newcastle Permanent, as the Merged Entity.
- ii. All Greater Bank Members will cease to be members of Greater Bank (except Newcastle Permanent which will be the sole member of Greater Bank until Greater Bank is deregistered as a company).
- iii. All Greater Bank Members (other than Newcastle Permanent and any Greater Bank Members that are already Newcastle Permanent Members as described below) will become members of the Merged Entity.
- iv. All Greater Bank Members, excluding any members set out in paragraph (v) below, will become members of the Merged Entity. Greater Bank Members who become members of the Merged Entity in a particular capacity will be deemed to have become members of the Merged Entity in that capacity on the earliest date they became members of Greater Bank in that capacity (being a membership held continuously up to the time of the Merger).
- v. If a Greater Bank Member is already a Newcastle Permanent Member (i.e. is a member of both companies) in a particular capacity, that membership will continue and the Greater Bank Member will not be deemed to hold an additional membership in the Merged Entity in that capacity. The Merged Entity will recognise the member's length of membership in either Greater Bank or Newcastle Permanent in that capacity, whichever is the longest.

### 12.2 Impact on the rights and liabilities of Members

The Merger will not change the rights or liabilities of Newcastle Permanent Members. Newcastle Permanent proposes to amend its constitution to ensure it is appropriate for the Merged Entity (see section 12.3). The Merger is not conditional upon this resolution being passed.

The rights and liabilities of Newcastle Permanent Members under the current Newcastle Permanent Constitution are similar to the rights and liabilities of Greater Bank Members under the Greater Bank Constitution.

A comparison of the material differences of the rights and liabilities of Greater Bank Members before (as a Greater Bank Member) and after (as a Newcastle Permanent Member) the implementation of the Merger is set out in the Greater Bank Member Information Booklet.

Members can obtain a copy of the existing constitutions from the respective websites of Newcastle Permanent and Greater Bank.

### 12.3 Merged Entity Constitution

When the Merger takes effect, all Newcastle Permanent Members and Greater Bank Members will be subject to the Newcastle Permanent Constitution, as members of the Merged Entity.

To ensure the Newcastle Permanent Constitution is appropriate for the larger Merged Entity, it is proposed that amendments will be made to the Newcastle Permanent Constitution which, if approved, will take effect at the conclusion of the Special General Meeting.

The proposed changes will need to be approved by the Constitution Amendment Resolution, which is a special resolution where 5% or more of eligible Newcastle Permanent Members cast a vote, and at least 75% of eligible votes cast are in favour of the resolution.

However, this resolution is separate from the Newcastle Permanent Merger Resolution and is not a condition of the Merger. That is, the Merger can proceed even if the Constitution Amendment Resolution is not passed (and vice versa).

Further information about the proposed Newcastle Permanent Constitution changes can be found in the Notice of Special General Meeting.

**Each Newcastle Permanent Director intends to vote, and recommends that Newcastle Permanent Members also vote, in favour of the Constitution Amendment Resolution.\***

### 12.4 Merged Entity corporate name

On the Merger Date, the Merged Entity will continue to operate Newcastle Permanent and Greater Bank as two separate brands, for the benefit of all members.

To recognise the legacy and future of both Newcastle Permanent and Greater Bank under this multi-brand model, it is proposed that the corporate name of Newcastle Permanent Building Society Ltd as the Merged Entity will be changed to Newcastle Greater Mutual Group Ltd. The Boards of Newcastle Permanent and Greater Bank have chosen this name to reflect:

- the coming together of our organisations, while maintaining our valued brands; and
- our commitment to mutuality and our Hunter heartland.

The proposed corporate name change will need to be approved by the Corporate Entity Name Resolution, which is a special resolution of the Newcastle Permanent Members. For the Corporate Entity Name Resolution to be passed at least 75% of eligible votes cast must be in favour of the resolution.

The Merger is not conditional on the Corporate Entity Name Resolution being passed. This means the Merger can proceed if the Corporate Entity Name Resolution is not passed.

**Each Newcastle Permanent Director intends to vote, and recommends that Newcastle Permanent Members also vote, in favour of the Corporate Entity Name Resolution.\***

### 12.5 Merged Entity Board

#### Current Boards

The current Directors of the respective Newcastle Permanent and Greater Bank Boards are detailed below.

Newcastle Permanent	Greater Bank
Jeffrey Eather	Wayne Russell
Ross Griffiths	Jayne Drinkwater
Karina Kwan	Roger Cracknell
Jennifer Leslie	Donna-Maree Vinci
Samantha Martin-Williams	Catherine Robson
Nicola Page	

#### Proposed Board composition

If the Merger proceeds, the Board of the Merged Entity will comprise the following eight Directors, being four Directors from the existing Newcastle Permanent Board and four Directors from the existing Greater Bank Board.

Director	Board	Latest permanent retirement date
Wayne Russell (Chair)	Greater Bank	28 February 2026*
Jeffrey Eather (Deputy Chair)	Newcastle Permanent	28 February 2026*
Jayne Drinkwater	Greater Bank	28 February 2026*
Samantha Martin-Williams	Newcastle Permanent	28 February 2026*
Ross Griffiths	Newcastle Permanent	31 December 2026
Nicola Page	Newcastle Permanent	10 March 2029
Catherine Robson	Greater Bank	30 June 2029
Donna-Maree Vinci	Greater Bank	30 June 2029

\*Assumes a Merger Date of 1 March 2023. The latest permanent retirement date for these Directors will be 3 years after the Merger Date.



Each of the Directors will be due to permanently retire from the Board of the Merged Entity by no later than the date set out in the above table. A key focus of the Board in the initial years of the Merged Entity will be director succession planning and renewal to ensure fresh perspectives and to maintain an appropriate mix of skills and capabilities as the existing Directors reach their permanent retirement dates.

In order to support the Merger transition process the following continuity arrangements will apply for the Merged Entity for an interim period instead of the applicable Constitution provisions:

- The Chair, Wayne Russell, and Deputy Chair, Jeffrey Eather, will maintain those appointments for 24 months after the Merger Date.
- Retirement by rotation of Directors will commence at the 2024 annual general meeting.
- Subject to the above, the Directors of the Merged Entity will retire by rotation at each annual general meeting of the Merged Entity as follows:
  - at the 2024 and 2025 annual general meeting of the Merged Entity, one Director who was a Director of Newcastle Permanent and one Director who was a Director of Greater Bank immediately before the Merger Date determined by ballot, unless they otherwise agree amongst themselves; and
  - thereafter, determined in accordance with the Constitution of the Merged Entity.

The current Newcastle Permanent Directors and Greater Bank Directors who will not be Directors of the Merged Entity are:

Name of Director who will not be on the Merged Entity Board	Existing Director of:
Roger Cracknell	Greater Bank
Jennifer Leslie	Newcastle Permanent
Karina Kwan	Newcastle Permanent

### Board Committees

The Merged Entity Board will establish Board Committees to assist in discharging its responsibilities and oversight of the Merged Entity's business. The intended Board Committee structure at the Merger Date is outlined below:

- Audit Committee (Standing Committee);
- Risk Committee (Standing Committee);
- Governance & Nomination Committee (Standing Committee);
- People, Culture & Remuneration Committee (Standing Committee);
- Transformation Committee (Special Purpose Committee); and
- Merger Integration Committee (Special Purpose Committee).

The composition and delegated responsibilities of each Board Committee will be determined by the Merged Entity Board provided that initially each of Newcastle Permanent and Greater Bank will be entitled to nominate an equal number of chairs for the Board Committees, and no Director will chair more than one Board Committee.

### 12.6 Management structure

Newcastle Permanent CEO, Bernadette Inglis, will be CEO of the Merged Entity and Scott Morgan, currently CEO of Greater Bank, will be the Merged Entity's Deputy CEO. It has been agreed that Mr Morgan will take a 12 month period of personal leave due to family reasons from March 2023.

The CEO will have responsibility and authority to ensure the Merged Entity's strategic objectives are met and to conduct day-to-day leadership and management of the business activities, supported by the Deputy CEO and an executive management team.

The executive management team will be announced following APRA final approval.

### 12.7 Staff

All employees of Newcastle Permanent at the Merger Date will continue to be employed by the Merged Entity, on the same terms and conditions (including any accrued entitlement to employee benefits and length of service) on which they were employed by Newcastle Permanent immediately before the Merger.

At the Merger Date, all employees of Greater Bank will become employees of the Merged Entity on the same terms and conditions (including any accrued entitlement to employee benefits and length of service) on which they were employed by Greater Bank immediately before the Merger.

There will be no forced redundancies as a result of the Merger for at least two years after the Merger Date.

### 12.8 Corporate offices

After the Merger Date, the headquarters of the Merged Entity will remain in Newcastle. The Merged Entity will initially utilise the existing corporate offices of Newcastle Permanent at 307 King Street, Newcastle West, NSW and Greater Bank at 103 Tudor Street, Hamilton, NSW as corporate offices.

### 12.9 Branches

We know that many of our customers prefer to bank in-branch, and that's why the current combined number of branches will be maintained for at least two years after the Merger Date. The location of branches in the combined network may be reviewed in line with customer, strategic and business requirements.

### 12.10 Products and services

There will be no change to your banking details with Newcastle Permanent (such as account numbers and payment arrangements) at completion of the Merger. See section 12.15 for details and implications of the proposed new core banking platform. As is currently the case, there may be changes to your product features, terms and conditions, interest rates or fees from time to time, for example as a result of changes in laws, general market conditions or interest rate changes by the Reserve Bank of Australia. If this occurs, you will be notified in accordance with the product terms and conditions.

As a benefit of the Merger, from the Merger Date, Newcastle Permanent customers will be able to use their card to access the Greater Bank ATM network for free (and vice versa).

Schedule 1 contains a comparison of the products and services that Newcastle Permanent and Greater Bank currently provide.

## 13. FAQs

### The Merger at a glance

#### 12.11 Capital management

Minimum levels of capital are a core component of APRA's requirements that must be met by all ADIs. The purpose of capital is to absorb losses from loans, investments and general operations. Capital also functions as a cushion against credit risk, liquidity risk, interest rate risk, operational risk and other risks.

Both Newcastle Permanent and Greater Bank have strong capital positions compared to other mutual ADIs, and this will contribute to the financial strength of the Merged Entity. The Merger will result in Newcastle Permanent and Greater Bank having total net assets of approximately \$1.7 billion. While the Merger will result in a reduction of Newcastle Permanent's capital adequacy ratio, from 20.5% to 18.7%, this new capital adequacy ratio remains superior to other significant ADIs and large customer-owned financial institutions, and in excess of the regulatory requirements. In return, Newcastle Permanent will have access to the benefit from Greater Bank's substantial investment in digital transformation and technology.

A capital management plan will be developed as part of the Merged Entity's risk management framework, to ensure the Merged Entity maintains an appropriate level of capital for its size and business activities.

#### 12.12 Taxation implications for Newcastle Permanent Members

Members should not have any adverse income tax implications arising as a result of the Merger.

Newcastle Permanent Members and Greater Bank Members should seek their own independent advice about their specific circumstances.

#### 12.13 Taxation implications for Newcastle Permanent and Greater Bank

Newcastle Permanent and Greater Bank have each obtained an ATO Comfort Letter which, although not legally binding, provides that the ATO intends to administer the law to provide for an income tax neutral outcome for Newcastle Permanent and Greater Bank with respect to the Merger. This approach is consistent with the ATO approach in similar mergers of mutual ADIs. There may be some GST or stamp duty impacts on the Merged Entity, however they are not expected to be material.

#### 12.14 Financial Claims Scheme

All Australian banking depositors have the benefit of the Australian Government deposit guarantee under the Financial Claims Scheme, to protect the depositor's funds in the unlikely event that the banking institution fails. This government guarantee is capped at \$250,000 per account holder per ADI.

The Merged Entity will be a single ADI for the purposes of the Financial Claims Scheme. This means if a customer currently has deposits with both Greater Bank and Newcastle Permanent which are respectively less than \$250,000 but in aggregate total more than \$250,000, their rights under the Financial Claims Scheme will be reduced as a single government guarantee will now apply up to \$250,000. This will likely be relevant for only a small number of Newcastle Permanent Members.

#### 12.15 Future direction

For more than 75 years Newcastle Permanent and Greater Bank have operated side-by-side and, while competing for customers, have always shared a common purpose of supporting the people and communities that support us.

In the world of big banks, we've always punched above our weight and through our fierce commitment to being customer-owned, have built loyal customer bases that span generations.

By coming together, Newcastle Permanent and Greater Bank can keep pace with increasing regulation and rapid advancements in technology and deliver even better value for you. Joining forces will enable us to thrive and build a strong future for customer-owned banking.

From the Merger Date:

- the current brands of each of Newcastle Permanent and Greater Bank will be retained; and
- Newcastle Permanent and Greater Bank will develop principles for:
  - attracting new customers to the Merged Entity to continue to provide market-leading service across physical and digital channels; and
  - determining how each brand will be used for designated distribution channels, markets and geographies.

It is anticipated that the integration and rationalisation of operational policies, functions and systems will occur progressively following the Merger, and this will continue to be guided by our commitment to enhancing customer value and experience.

Newcastle Permanent and Greater Bank currently use different banking systems, and Greater Bank is in the process of implementing a new core banking system. Over time, it is anticipated that Newcastle Permanent will transition to this system to more efficiently deliver, support and enhance our customers' banking services. We are committed to avoiding any changes to customers' banking details as a result of the transition. If in the longer term there are some changes that cannot be avoided, detailed advice and support will be provided for customers before the changeover occurs.

#### What is the Merger?

The Merger will bring together Newcastle Permanent and Greater Bank's customer-owned businesses under a single Merged Entity, with combined assets of more than \$20 billion.

Our two iconic Hunter-based brands – Newcastle Permanent and Greater Bank – will both continue to operate under the Merged Entity.

The Merger will involve a voluntary total transfer of the business, assets, liabilities and members of Greater Bank to Newcastle Permanent under the Transfer Act and Transfer Rules, and Newcastle Permanent will become the Merged Entity.

Further information **section 10.1**

#### About Greater Bank

Greater Bank is a customer-owned and focussed mutual bank that has served the people of the Hunter for more than 75 years. Greater Bank's vision is to be the customer empowered bank. Some general background information about Greater Bank is provided in section 9. Financial information about Greater Bank is included in section 14.

Further information about Greater Bank is also available on its website [greater.com.au](https://greater.com.au)

Further information **sections 9 and 14**

#### What are the reasons for the Merger?

Through joining forces, our Merged Entity will be a more resilient force in the market and put us in the best position we can to continue to deliver the highest value and service to you, our customers.

Banking has changed significantly in the past decade, there is more complexity and focus on new banking regulations and compliance, alongside increasing consumer demands for enhanced digital options and security. These come at considerable cost and stretch the resources of smaller organisations like ours.

The Newcastle Permanent Board believes that merging with Greater Bank, a strong and secure, like-minded customer-owned mutual organisation, now, is the best option to help us meet these challenges into the future.

Further information **Chair's letter (section 1) and sections 2 and 3**

#### What do Newcastle Permanent Directors recommend?

**The Directors of Newcastle Permanent unanimously recommend that you vote in favour of the Resolutions and each Director intends to vote in favour of each Resolution.\***

The Merger is important to all Newcastle Permanent Members and the Newcastle Permanent Directors urge you to vote on the Resolutions.

Further information **Chair's letter (section 1) and section 10.4**

#### What are the reasons to vote in favour of the Merger?

The Newcastle Permanent Directors have concluded that the Merger is likely to achieve the following objectives:

- We will continue to be 100% customer-owned (mutual).
- Combining resources with Greater Bank will make us stronger, enabling us to share and invest in technology and digital banking, better absorb increasing regulation costs, and provide even better banking services for customers.
- Both Newcastle Permanent and Greater Bank brands will continue to operate under the Merged Entity and customers will be able to continue banking, as you do today, with one or both brands after the Merger.
- We'll be larger but you'll still get the same great personal service, and at Merger implementation there'll be no change to your current banking details. You'll be able to bank with us just as you always have – be that in branch, online or through our app.
- Branches remain a critical part of our future and we'll retain the current combined number of branches across both brands for at least two years. You'll still be able to go to a Newcastle Permanent branch and be served by our friendly and helpful team.
- You'll be able to use your Newcastle Permanent card to access Greater Bank ATMs for free.
- We'll have access to the benefits of Greater Bank's recent investment in banking technology.
- Our headquarters and customer contact centres will continue to be based in the Hunter region.
- We'll maintain our current combined support and investment in local communities through our sponsorships, community partnerships and charitable foundation grants.
- There will be no forced redundancies as a result of the Merger for at least two years, continuing to provide and support local jobs.
- If this Merger with Greater Bank doesn't proceed, we will need to look at other merger partners which may result in outcomes not as attractive or beneficial to Newcastle Permanent Members and our local communities.

**The Newcastle Permanent Board has considered the Merger in its entirety and believes that the advantages significantly outweigh any disadvantages for Newcastle Permanent Members.**

Further information **section 3**

## FAQS: The Merger at a glance

### What are the possible reasons not to vote in favour of the Merger?

The possible reasons not to vote in favour of the Merger include:

- You may disagree with the recommendation of the Newcastle Permanent Board of Directors.
- You may think Newcastle Permanent doesn't need to get bigger, or worry that we'll become 'another big bank' and lose our personal approach.
- You may have reservations about Greater Bank being the right merger partner for Newcastle Permanent.
- Integrating the two organisations may not proceed within the anticipated timeframe and cost.
- Greater Bank's digital transformation may not proceed within the anticipated timeframe and cost.
- The Merged Entity will be governed by a new Board for the combined member base.
- Newcastle Permanent's capital will be combined with Greater Bank.
- If your combined deposits across both brands are more than \$250,000, the government guarantee of deposits will only apply up to a single cap of \$250,000.

**The Newcastle Permanent Board has considered the Merger in its entirety and believes that the advantages significantly outweigh any disadvantages for Newcastle Permanent Members.**

Further information **section 4**

### What are the key conditions to the Merger?

The Merger will only proceed if:

- Newcastle Permanent Members pass the Newcastle Permanent Merger Resolution;
- Greater Bank Members pass the Greater Bank Merger Resolution;
- the Regulatory Approvals are received on terms acceptable to Newcastle Permanent and Greater Bank;
- any Regulatory Conditions imposed by APRA, the Commonwealth Treasurer, the ATO or any other regulatory authority that are required to be met prior to implementing the Merger are met; and
- certain other conditions are met (or waived, where permitted).

Further information **sections 6.3, 11.1 and 11.2**

### In what circumstances will the Merger not proceed to a Member vote?

The Merger will not proceed to a Member vote if:

- the conditions in the Merger Implementation Agreement are not met or waived, where permitted; or
- the Merger Implementation Agreement is terminated.

Depending on the circumstances, a Break Fee may be payable by either Newcastle Permanent or Greater Bank if the Merger does not proceed.

Further information **Schedule 2**

### What are the prospects of receiving a Superior Proposal?

Newcastle Permanent Directors undertook a market review and diligently investigated a number of other options, before determining that Greater Bank was the right partner to move forward with.

Since the Merger with Greater Bank was first announced on 3 August 2021, no Superior Proposal has emerged.

Further information **section 10.4**

### What should I do?

The Merger is important for all Newcastle Permanent Members and the Newcastle Permanent Board urge Newcastle Permanent Members eligible to do so to vote on the Resolutions.

Further information **Chair's letter (section 1) and section 10.4**

## FAQS: Impact of the Merger on you

### After the Merger, will my account details change?

You will still be a customer of Newcastle Permanent.

On completion of the Merger, there'll be no change to your current banking details including:

- account numbers;
- cards and card numbers;
- using your existing passbook;
- digital banking access and existing payment arrangements; and
- the great customer service you receive from us today.

As a benefit of the Merger, from the Merger Date, Newcastle Permanent Members won't pay cash withdrawal or balance enquiry fees when you use your Newcastle Permanent card at Greater Bank ATMs. Greater Bank Members will enjoy the same benefit at Newcastle Permanent ATMs.

As with how we operate today, your terms and conditions, rates and fees may be updated from time to time, for example due to changes in laws. If any changes occur, we will notify you in accordance with the terms and conditions.

Further information **section 3**

### Will I be able to do my Newcastle Permanent banking in a Greater Bank branch?

No. Immediately after the Merger Date, the two brands will remain separate and there are no immediate plans to change the ways customers use their branches.

However, as a benefit of the Merger, from the Merger Date, Newcastle Permanent Members won't pay cash withdrawal or balance enquiry fees when you use your Newcastle Permanent card at Greater Bank ATMs. Greater Bank Members will enjoy the same benefit at Newcastle Permanent ATMs.

Further information **section 12.15**

### Can I continue to be a Newcastle Permanent Member if the Merger proceeds?

Yes. The Merger will not change the rights or liabilities of Newcastle Permanent Members. Newcastle Permanent does propose to amend its constitution, which would become the constitution of the Merged Entity, to ensure it is appropriate for the Merged Entity. The Merger is not conditional on the Constitution Amendment Resolution being passed.

Further information **section 10.1**

### How will my personal information be shared with Greater Bank, and how do I know my information is safe?

If the Merger proceeds, we will continue to store and use your personal information in accordance with our privacy policy, which is regularly updated and available at [newcastlepermanent.com.au/privacy-policy](https://newcastlepermanent.com.au/privacy-policy).

After the Merger is approved by Members of Newcastle Permanent and Greater Bank, we may share personal information with Greater Bank for the purpose of preparing for and implementing the Merger, including to test the systems that will be used following the Merger. The information that may be shared with Greater Bank includes your name and details of your Newcastle Permanent membership and customer relationship, such as your account balance. Greater Bank's privacy policy is available at [greater.com.au/help/legal/privacy-policy](https://greater.com.au/help/legal/privacy-policy). It includes information about how you can contact Greater Bank, including to request access to information held by Greater Bank or to complain about its handling of your personal information.

Both Newcastle Permanent and Greater Bank are required to comply with the *Privacy Act 1988* (Cth), which includes the requirement to protect your personal information against unauthorised disclosure or use. In addition, both Newcastle Permanent and Greater Bank are required to comply with APRA's prudential requirements on information security, including having sufficient information security controls in place.

Further information

**Please view the links to the privacy policies provided**

### What are the taxation implications of the Merger for me?

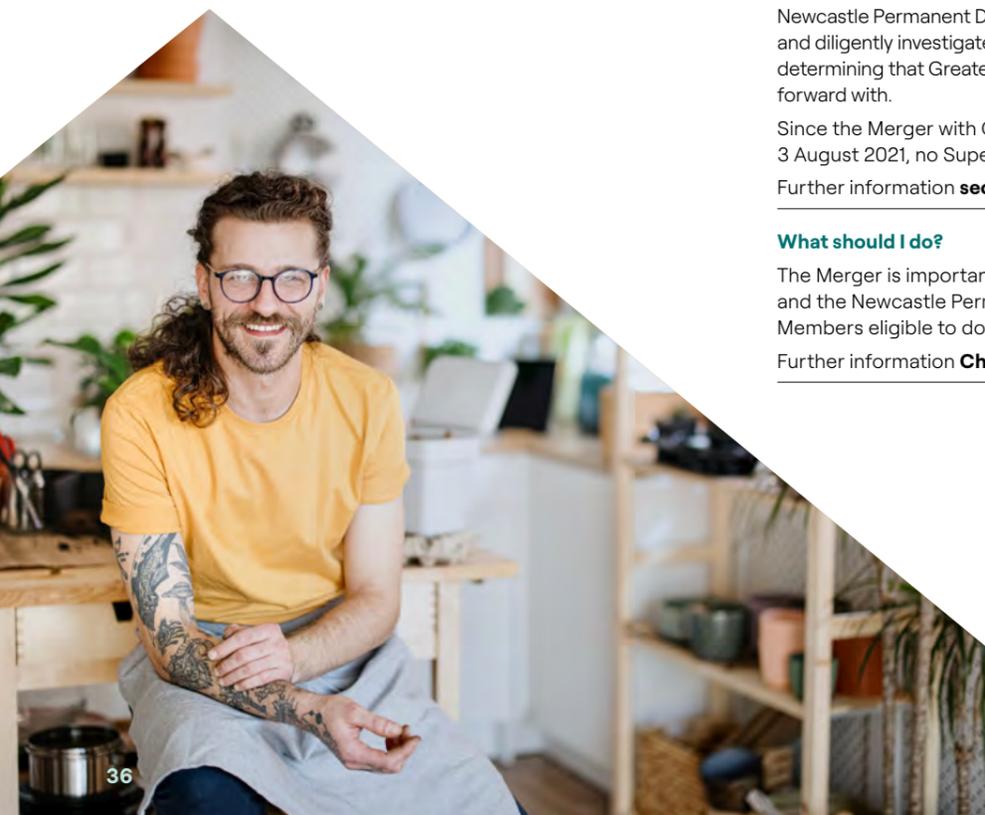
You should not have any adverse income tax implications as a result of the Merger. If you have any tax queries, you should seek your own independent advice about your specific circumstances.

Further information **section 12.12**

### What if I want to provide feedback or make a complaint about my banking before or after the Merger?

At Newcastle Permanent we strive to provide excellent customer support and service. Our team is highly motivated and we love to hear your feedback. If you've had a great experience and would like to share it, please let us know so we can pass it on. If you are unhappy with a product or service, or if we do not meet your expectations, we want to know. Concerns or complaints raised provide Newcastle Permanent with information to enable us to improve on our commitment to our customers and the community.

After the Merger, existing or new complaints from Newcastle Permanent Members and Greater Bank Members will be addressed through our dispute resolution process. For more information please see our Feedback Guide at [newcastlepermanent.com.au](https://newcastlepermanent.com.au), phone 13 19 87 or visit your local branch.



## FAQS: Voting to approve the Merger

### When and where will the Newcastle Permanent Special General Meeting be held?

The Newcastle Permanent Special General Meeting will be held in person and online at [www.meetnow.global/M57KLWY](http://www.meetnow.global/M57KLWY). The date, time and location of the Newcastle Permanent Special General Meeting are set out in the Key Dates and How to Vote Information accompanying this Member Information Booklet. Registration will commence two hours before the meeting.

If you are unable to attend, there are options to lodge your vote prior to the meeting.

Further information [section 5 and the Key Dates and How to Vote Information](#)

### Who is eligible to vote?

In accordance with the Newcastle Permanent Constitution, members who are 18 years or over and who had a minimum of \$500 on deposit with Newcastle Permanent for a continuous period of at least 90 days immediately preceding 30 June 2022 are entitled to vote. Newcastle Permanent considers both deposit accounts and positive balances held by Members in loan accounts when determining whether a Member satisfies the voting qualification requirement.

Further information [section 6.5](#)

### What majority is required to pass the Merger Resolution?

For the Merger Resolution to be passed by Newcastle Permanent Members, at least 75% of eligible votes cast must be in favour of the Merger Resolution.

Greater Bank Members will also need to approve the Greater Bank Merger Resolution at the Greater Bank Special General Meeting, with at least 75% of eligible votes cast being in favour of the Greater Bank Merger Resolution, in order for the Merger to proceed.

Further information [section 6.3](#)

### What majority is required to pass the Corporate Entity Name Resolution?

For the Corporate Entity Name Resolution to be passed by Newcastle Permanent Members, at least 75% of eligible votes cast must be in favour of the Resolution.

The Merger is not conditional on this Resolution being passed.

Further information [sections 6.3 and 12.4](#)

### What vote is required to pass the Constitution Amendment Resolution?

For the Constitution Amendment Resolution to be passed by Newcastle Permanent Members, 5% of eligible voters must cast a vote and at least 75% of those must vote in favour of the Resolution.

The Merger is not conditional on this Resolution being passed.

Further information [sections 6.3 and 12.3](#)

### Should I vote?

Voting is not compulsory. However, the Merger is important for all Newcastle Permanent Members and the Board of Directors urge Newcastle Permanent Members eligible to vote, to vote in favour of the Resolutions.

**The Newcastle Permanent Board unanimously recommends that you vote in favour of the Resolutions and each Newcastle Permanent Director intends to vote in favour of the Resolutions.\***

Further information [section 10.4](#)

### How do I vote?

Newcastle Permanent Members eligible to vote can vote by:

- submitting a direct vote before the meeting (by the time and in the manner specified in the Voting Form);
- appointing a proxy to attend the Newcastle Permanent Special General Meeting and vote on your behalf; or
- attending the Newcastle Permanent Special General Meeting in person or online and voting.

Further information [section 6.4 and the Key Dates and How to Vote Information](#)

### Can I change my proxy vote?

Yes. If you lodge a proxy vote and later change your mind about how you wish to vote, you can lodge a replacement Voting Form and, provided it is duly completed and received no later than 48 hours before the time of the Newcastle Permanent Special General Meeting:

- the latest valid proxy vote received by Newcastle Permanent will be counted; and
- any earlier proxy vote (or votes) will be disregarded.

Additionally, if you appoint a proxy by completing and returning a Voting Form, you may still attend the Newcastle Permanent Special General Meeting in person, which suspends the proxy, and vote at the meeting. If you complete and return a direct vote in a Voting Form and you choose to attend the meeting in person, your direct vote will still be counted, unless you tell us otherwise.

However, if you lodge a direct vote (as opposed to a proxy) and you subsequently appoint a proxy, attorney or corporate representative to vote on your behalf, Newcastle Permanent may regard the direct vote as effective and disregard any vote cast by the proxy, attorney or corporate representative on the resolution at the meeting.

Further information [section 6.4 and the Key Dates and How to Vote Information](#)

### What happens if I do not vote, or I vote against the Merger Resolution?

Irrespective of whether you vote, or if you vote against the Merger Resolution:

- if the Member Approval Majority **is met**, and the other relevant conditions to the Merger are also met (or waived, where permitted), then the Merger will proceed; or
- if the Member Approval Majority is **not met**, then the Merger will not proceed.

Further information [section 7](#)

### What happens if the Merger Resolution is not approved at the Newcastle Permanent Special General Meeting?

If the Member Approval Majority is not met then the Merger will not proceed. Newcastle Permanent will continue to operate as it has in the past.

Should this Merger with Greater Bank not proceed, the Board of Newcastle Permanent will need to look at options for other merger partners, and in doing so, may not be able to deliver outcomes as attractive or beneficial to Newcastle Permanent Members and local communities.

Further information [section 7](#)



## FAQS: Merger process

### What will happen to Newcastle Permanent if the Merger proceeds?

Newcastle Permanent will be the continuing entity.

On the Merger Date:

- all Greater Bank's assets and liabilities (including all deposits of Greater Bank Members and loans provided to Greater Bank Members) will transfer to the Merged Entity;
- all Greater Bank Members will become members of the Merged Entity; and
- the Merged Entity will become the sole member of Greater Bank on an interim basis until that entity is deregistered.

The Merged Entity will continue to operate both the existing Newcastle Permanent and Greater Bank brands for the benefit of all members.

Further information [sections 10 and 12](#)

### What is the impact of the Merger on Newcastle Permanent employees?

On merging, all Newcastle Permanent employees continue their role as part of the Merged Entity on their existing terms of employment. There will be no forced redundancies of employees as a result of the Merger for at least two years following the Merger Date.

Combined, the Merged Entity would be one of the region's largest employers and working for a Merged Entity will create opportunities for our employees, enabling them to forge rewarding and diverse careers in a larger organisation.

Further information [section 12.7](#)

### What will happen to Greater Bank if the Merger proceeds?

Newcastle Permanent will be the continuing entity. This means Greater Bank's assets, liabilities and members will be voluntarily transferred under the Transfer Act, which is specifically designed to facilitate mergers of ADIs.

The Greater Bank brand will continue to operate under the Merged Entity.

Further information [sections 10, 11 and 12](#)

### Is this a demutualisation of Newcastle Permanent?

No. The proposed Merger will not trigger a demutualisation under Part 5 of Schedule 4 of the Corporations Act or under the Newcastle Permanent Constitution.

The Merged Entity will continue to be 100% owned by its members and each member will continue to have one vote.

Further information [section 10.2](#)

### What is the Board and management structure of the Merged Entity?

One half of the Merged Entity Board will comprise current Newcastle Permanent Directors. The other half will comprise current Greater Bank Directors.

The CEO of Newcastle Permanent – Bernadette Inglis – will be CEO of the Merged Entity. The Deputy CEO of the Merged Entity will be Scott Morgan (current CEO of Greater Bank). It has been agreed that Mr Morgan will take a 12 month period of personal leave due to family reasons from March 2023.

Further information [sections 12.5 and 12.6](#)

## 14. FINANCIAL INFORMATION

The tables below show the key audited financial information of both Newcastle Permanent and Greater Bank as at 30 June 2021 and 30 June 2022.

Amounts are presented on a consolidated entity basis. The amounts for the Merged Entity are unaudited and combine on a pro forma basis the financial information of Greater Bank and Newcastle Permanent based on audited financial information for each organisation as at 30 June 2021 and 30 June 2022. This information is provided for illustrative purposes only to show the pro forma financial position of the Merged Entity post-Merger (assuming the Merger had been implemented on each of those dates).

Income Statement	30 June 2021 (Audited)		30 June 2022 (Audited)	
	Newcastle Permanent (\$'000)	Greater Bank (\$'000)	Newcastle Permanent (\$'000)	Greater Bank (\$'000)
Interest revenue	274,296	217,108	252,328	192,531
Interest expense	(65,469)	(54,318)	(36,792)	(29,303)
<b>Net interest income</b>	<b>208,827</b>	<b>162,790</b>	<b>215,536</b>	<b>163,228</b>
Non-interest income	18,397	17,690	12,609	22,506
Impairment write-back	233	499	1,321	794
Other operating expenses	(167,486)	(148,244)	(182,651)	(177,439)
<b>Profit before income tax</b>	<b>59,971</b>	<b>32,735</b>	<b>46,815</b>	<b>9,089</b>
Income tax expense	(17,314)	(9,768)	(14,791)	(2,948)
<b>Net profit after income tax</b>	<b>42,657</b>	<b>22,967</b>	<b>32,024</b>	<b>6,141</b>
Attributable to:				
Non-controlling interests	1,194	–	(3,871)	–
Members	41,463	22,967	35,895	6,141

### What if I have other questions?

If you have any further questions concerning the Merger, please consult your financial, legal, or other professional adviser or call the dedicated Merger Information Line on 1300 255 218.

Further information [section 11.7](#)

Balance Sheet	30 June 2021 (Audited)		30 June 2022 (Audited)	
	Newcastle Permanent (\$'000)	Greater Bank (\$'000)	Newcastle Permanent (\$'000)	Greater Bank (\$'000)
<b>Assets</b>				
Cash and cash equivalents	803,060	222,683	494,517	297,364
Prepayments and other receivables	13,673	3,972	16,528	4,510
Derivative financial instruments	2,068	2,142	30,494	18
Financial assets at amortised cost	1,616,411	823,563	1,744,431	664,146
Financial assets at fair value	27,649	1,509,150	23,966	1,920,177
Loans and advances	9,159,845	5,453,282	9,771,568	5,420,668
Current tax assets	-	306	-	1,002
Net deferred tax assets	6,215	351	972	14,223
Intangible assets	12,349	11,394	3,719	15,365
Property, plant and equipment	60,887	45,660	59,960	48,521
Investment properties	1,524	484	1,491	548
<b>Total Assets</b>	<b>11,703,681</b>	<b>8,072,987</b>	<b>12,147,646</b>	<b>8,386,542</b>
<b>Liabilities</b>				
Payables and deferred revenue	24,828	23,018	34,860	29,138
Derivative financial instruments	9	165	5,304	3,517
Deposits	9,141,950	6,728,227	9,579,677	7,102,602
Borrowings	1,435,449	697,188	1,379,251	652,192
Lease liability	20,072	16,367	22,517	14,111
Current tax liabilities	5,738	-	1,717	-
Provisions	13,360	7,855	13,643	10,006
<b>Total Liabilities</b>	<b>10,641,406</b>	<b>7,472,820</b>	<b>11,036,969</b>	<b>7,811,566</b>
<b>Net Assets</b>	<b>1,062,275</b>	<b>600,167</b>	<b>1,110,677</b>	<b>574,976</b>
<b>Member Funds</b>				
Reserves	37,293	29,656	29,810	(2,354)
Retained profits	996,360	570,511	1,056,116	577,330
Non-controlling interests	28,622	-	24,751	-
<b>Total Member Funds</b>	<b>1,062,275</b>	<b>600,167</b>	<b>1,110,677</b>	<b>574,976</b>

Key Ratios	30 June 2021		30 June 2022	
	Newcastle Permanent (%)	Greater Bank (%)	Newcastle Permanent (%)	Greater Bank (%)
<b>Capital</b>				
Total capital ratio	20.71	17.69	20.48	16.16
<b>Liquidity</b>				
High quality liquid assets ratio	18.39	20.29	17.50	23.70
<b>Asset Quality</b>				
Delinquent loans / Total loans	0.08	0.15	0.07	0.09
Specific provision / Total loans	0.00	0.01	0.00	0.01
<b>Operating Ratios</b>				
Margin (Net interest income / Average assets)	1.83	2.09	1.81	1.98
Return on average assets after tax	0.37	0.29	0.27	0.07



## Financial information about the Merged Entity

Income Statement	30 June 2021			30 June 2022		
	Newcastle Permanent (Audited) (\$'000)	Greater Bank (Audited) (\$'000)	Merged Entity (\$'000)	Newcastle Permanent (Audited) (\$'000)	Greater Bank (Audited) (\$'000)	Merged Entity (\$'000)
Interest revenue	274,296	217,108	491,404	252,328	192,531	444,859
Interest expense	(65,469)	(54,318)	(119,787)	(36,792)	(29,303)	(66,095)
<b>Net interest income</b>	<b>208,827</b>	<b>162,790</b>	<b>371,617</b>	<b>215,536</b>	<b>163,228</b>	<b>378,764</b>
Non-interest income	18,397	17,690	36,087	12,609	22,506	35,115
Impairment write-back	233	499	732	1,321	794	2,115
Other operating expenses	(167,486)	(148,244)	(315,730)	(182,651)	(177,439)	(360,090)
<b>Profit before income tax</b>	<b>59,971</b>	<b>32,735</b>	<b>92,706</b>	<b>46,815</b>	<b>9,089</b>	<b>55,904</b>
Income tax expense	(17,314)	(9,768)	(27,082)	(14,791)	(2,948)	(17,739)
<b>Net profit after income tax</b>	<b>42,657</b>	<b>22,967</b>	<b>65,624</b>	<b>32,024</b>	<b>6,141</b>	<b>38,165</b>
Attributable to:						
Non-controlling interests	1,194	-	1,194	(3,871)	-	(3,871)
Members	41,463	22,967	64,430	35,895	6,141	42,036

Balance Sheet	30 June 2021			30 June 2022		
	Newcastle Permanent (Audited) (\$'000)	Greater Bank (Audited) (\$'000)	Merged Entity (\$'000)	Newcastle Permanent (Audited) (\$'000)	Greater Bank (Audited) (\$'000)	Merged Entity (\$'000)
<b>Assets</b>						
Cash and cash equivalents	803,060	222,683	1,025,743	494,517	297,364	791,881
Prepayments and other receivables	13,673	3,972	17,645	16,528	4,510	21,038
Derivative financial instruments	2,068	2,142	4,210	30,494	18	30,512
Financial assets at amortised cost	1,616,411	823,563	2,439,974	1,744,431	664,146	2,408,577
Financial assets at fair value	27,649	1,509,150	1,536,799	23,966	1,920,177	1,944,143
Loans and advances	9,159,845	5,453,282	14,613,127	9,771,568	5,420,668	15,192,236
Current tax assets	-	306	306	-	1,002	1,002
Net deferred tax assets	6,215	351	6,566	972	14,223	15,195
Intangible assets	12,349	11,394	23,743	3,719	15,365	19,084
Property, plant and equipment	60,887	45,660	106,547	59,960	48,521	108,481
Investment properties	1,524	484	2,008	1,491	548	2,039
<b>Total Assets</b>	<b>11,703,681</b>	<b>8,072,987</b>	<b>19,776,668</b>	<b>12,147,646</b>	<b>8,386,542</b>	<b>20,534,188</b>
<b>Liabilities</b>						
Payables and deferred revenue	24,828	23,018	47,846	34,860	29,138	63,998
Derivative financial instruments	9	165	174	5,304	3,517	8,821
Deposits	9,141,950	6,728,227	15,870,177	9,579,677	7,102,602	16,682,279
Borrowings	1,435,449	697,188	2,132,637	1,379,251	652,192	2,031,443
Lease liability	20,072	16,367	36,439	22,517	14,111	36,628
Current tax liabilities	5,738	-	5,738	1,717	-	1,717
Provisions	13,360	7,855	21,215	13,643	10,006	23,649
<b>Total Liabilities</b>	<b>10,641,406</b>	<b>7,472,820</b>	<b>18,114,226</b>	<b>11,036,969</b>	<b>7,811,566</b>	<b>18,848,535</b>
<b>Net Assets</b>	<b>1,062,275</b>	<b>600,167</b>	<b>1,662,442</b>	<b>1,110,677</b>	<b>574,976</b>	<b>1,685,653</b>
<b>Member Funds</b>						
Reserves	37,293	29,656	66,949	29,810	(2,354)	27,456
Retained profits	996,360	570,511	1,566,871	1,056,116	577,330	1,633,446
Non-controlling interests	28,622	-	28,622	24,751	-	24,751
<b>Total Member Funds</b>	<b>1,062,275</b>	<b>600,167</b>	<b>1,662,442</b>	<b>1,110,677</b>	<b>574,976</b>	<b>1,685,653</b>

At the time of printing, there have been no material changes to either party's financial positions since 30 June 2022. Should any material changes occur between the date of printing and the members' resolutions at the Special General Meetings, members will be advised of these changes.





## 15. DEFINED TERMS

DEFINED TERM	MEANING
<b>ACCC</b>	Australian Competition and Consumer Commission
<b>ACL</b>	means Australian Credit Licence
<b>ADI</b>	means authorised deposit-taking institution, being an entity that is authorised by APRA to carry on banking business in Australia, pursuant to the Banking Act
<b>AFSL</b>	means Australian Financial Services Licence
<b>APRA</b>	means the Australian Prudential Regulation Authority
<b>ASIC</b>	means the Australian Securities and Investments Commission
<b>ATO</b>	means the Australian Taxation Office
<b>ATO Comfort Letter</b>	means each of the letter from the ATO to Newcastle Permanent dated 21 March 2022 and the letter from the ATO to Greater Bank dated 16 February 2022, each titled 'Tax consequences of voluntary total transfer of business from Greater Bank Limited to Newcastle Permanent Building Society Limited'
<b>AUSTRAC</b>	means the Australian Transaction Reports and Analysis Centre
<b>Banking Act</b>	means the <i>Banking Act 1959</i> (Cth)
<b>Board</b>	means the board of directors of Newcastle Permanent
<b>Business Day</b>	means a day that is not a Saturday, Sunday, bank holiday or public holiday in Newcastle, New South Wales
<b>CEO</b>	means Chief Executive Officer
<b>Certificate of Transfer</b>	means the certificate to be issued by APRA under section 18 of the Transfer Act which states that the Merger is to take effect
<b>Competing Proposal</b>	means a proposed transaction or arrangement which, if implemented substantially in accordance with its terms, would: <ul style="list-style-type: none"> <li>a. result in a third party (whether alone or together with its associates and either directly or indirectly) acquiring control of either Greater Bank or Newcastle Permanent (as the case may be); or</li> <li>b. involve a merger by either Greater Bank or Newcastle Permanent (as the case may be) with a third party (whether alone or together with its associates), including a 'total transfer' or 'partial transfer' (as those terms are defined in the Transfer Act) under the Transfer Act; or</li> <li>c. result in a third party (whether alone or together with its associates and either directly or indirectly) acquiring, or obtaining the right to acquire, or otherwise obtain an economic interest in all or a material part of the assets of or the business and operations conducted by either Greater Bank or Newcastle Permanent (as the case may be); or</li> <li>d. mean that the Merger would not proceed, but does not include the Merger</li> </ul>

DEFINED TERM	MEANING
<b>Constitution Amendment Resolution</b>	means the special resolution to be put to Newcastle Permanent Members to approve the proposed changes to the Newcastle Permanent Constitution
<b>Corporate Entity Name Resolution</b>	means the special resolution to be put to Newcastle Permanent Members to approve the change of the name of the Merged Entity to Newcastle Greater Mutual Group Ltd
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth)
<b>Greater Bank</b>	means Greater Bank Limited ACN 087 651 956
<b>Greater Bank Information</b>	means the information contained in section 9 (About Greater Bank), section 14 (Financial information) as it relates to Greater Bank, Schedule 1 (Comparison of products and services) as it relates to Greater Bank, and the relevant parts of section 13 (FAQs) which cross-refer to these sections
<b>Greater Bank Member</b>	means a person who is registered in the register of members of Greater Bank in accordance with the constitution of Greater Bank and section 169 of the Corporations Act
<b>Greater Bank Merger Resolution</b>	means the special resolution to be put to Greater Bank Members to approve the Merger
<b>Greater Bank Special General Meeting</b>	means the general meeting of Greater Bank Members to be convened by Greater Bank to approve the Merger
<b>Key Dates and How to Vote Information</b>	refers to the separate document titled 'Key Dates and How to Vote', which accompanies and forms part of this Member Information Booklet
<b>Member Approval Majority</b>	for each of Newcastle Permanent and Greater Bank, 75% of eligible member votes cast must be in favour of a special resolution in order for it to be passed
<b>Merged Entity</b>	refers to the corporate entity which will operate the businesses of Newcastle Permanent and Greater Bank from the Merger Date. This will be the existing corporate entity of Newcastle Permanent under the new name of Newcastle Greater Mutual Group Ltd (subject to passing of the Corporate Entity Name Resolution)
<b>Merger</b>	means the voluntary 'total transfer' (as that term is defined in the Transfer Act) of Greater Bank's 'business' (as that term is defined in the Transfer Act) to Newcastle Permanent in accordance with the Transfer Act
<b>Merger Date</b>	means the time and date on which the Certificate of Transfer comes into force to give legal effect to the Merger
<b>Merger Implementation Agreement or MIA</b>	means the Merger Implementation Agreement entered into between Newcastle Permanent and Greater Bank dated 1 March 2022
<b>Merger Resolution or Newcastle Permanent Merger Resolution</b>	means the special resolution put to Newcastle Permanent Members to approve the Merger
<b>Newcastle Permanent</b>	means Newcastle Permanent Building Society Limited ACN 087 651 992
<b>Newcastle Permanent Board</b>	means the board of directors of Newcastle Permanent
<b>Newcastle Permanent Constitution</b>	means the constitution of Newcastle Permanent
<b>Newcastle Permanent Directors</b>	means each Director of Newcastle Permanent at the date of this document

DEFINED TERM	MEANING
<b>Newcastle Permanent Member</b>	means a person who is registered in the register of members of Newcastle Permanent in accordance with the Newcastle Permanent Constitution and section 169 of the Corporations Act
<b>Newcastle Permanent Special General Meeting</b>	means the general meeting of Newcastle Permanent Members to be convened by Newcastle Permanent to approve the Merger
<b>Post-Meeting Regulatory Approvals</b>	means: <ul style="list-style-type: none"> <li>a. approval by APRA of any Section 20 Statement;</li> <li>b. approval of the Merger by APRA under section 11 of the Transfer Act; and</li> <li>c. the issue by APRA of the Certificate of Transfer</li> </ul>
<b>Pre-Meeting Regulatory Approvals</b>	means consent of the Commonwealth Treasurer (or APRA if the giving of such consent has been delegated to APRA) under: <ul style="list-style-type: none"> <li>a. section 63(1) of the Banking Act in connection with the Merger; and</li> <li>b. section 14 of the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth) in connection with the Merger</li> </ul>
<b>Regulatory Approvals</b>	means the Pre-Meeting Regulatory Approvals and the Post-Meeting Regulatory Approvals
<b>Regulatory Conditions</b>	any conditions imposed by APRA, the Commonwealth Treasurer, the ATO or any other regulatory authority in relation to the Merger
<b>Resolutions</b>	means the following special resolutions: <ul style="list-style-type: none"> <li>a. the Merger Resolution;</li> <li>b. the Corporate Entity Name Resolution; and</li> <li>c. the Constitution Amendment Resolution</li> </ul>
<b>Section 20 Statement</b>	means a written statement prepared by Newcastle Permanent and Greater Bank and approved by APRA under section 20 of the Transfer Act which specifies, or specifies a mechanism for determining, things that are to happen, or that are taken to be the case, in relation to assets and liabilities that are to be transferred, or the transfer of the business that is to be effected in implementing the Merger
<b>Superior Proposal</b>	a bona fide Competing Proposal which: <ul style="list-style-type: none"> <li>a. in the case of a Competing Proposal for Newcastle Permanent, in the determination of the Newcastle Permanent Board; and</li> <li>b. in the case of a Competing Proposal for Greater Bank, in the determination of the Greater Bank Board,</li> </ul> acting in good faith, and in accordance with what they consider to be their statutory and fiduciary duties (after receiving advice from its financial adviser (if any) and written advice from its legal adviser), determines: <ul style="list-style-type: none"> <li>c. is reasonably capable of being completed or implemented (as applicable) on a reasonable timeline in accordance with its terms;</li> <li>d. and would, if it is completed or implemented (as applicable), be more favourable to its members (as a whole) than the Merger,</li> </ul> in each case taking into account all aspects of the Competing Proposal (including its conditions, the identity, reputation and financial condition of the person making the proposal and all relevant legal, regulatory and financial matters)
<b>Transfer Act</b>	means the <i>Financial Sector (Transfer and Restructure) Act 1999</i> (Cth), and includes the Transfer Rules
<b>Transfer Rules</b>	means the <i>Transfer Rules 2017 – Voluntary Transfers</i> made under <i>Financial Sector (Business Transfer and Group Restructure) Determination No. 2 of 2017</i> (Cth)

# SCHEDULE 1: COMPARISON OF PRODUCTS AND SERVICES

You can view Newcastle Permanent's current products and services at [newcastlepermanent.com.au/personal](https://newcastlepermanent.com.au/personal) for personal customers and at [newcastlepermanent.com.au/business](https://newcastlepermanent.com.au/business) for business customers.

You can view Greater Bank's current products and services at [greater.com.au/personal](https://greater.com.au/personal) for personal customers and at [greater.com.au/business](https://greater.com.au/business) for business customers

Products and services	Newcastle Permanent	Greater Bank
Savings Accounts	✓	✓
Retirement Savings Accounts	✓	✓
Term Deposits	✓	✓
Loan Accounts	✓	✓
Reverse Mortgages	✗	✓ via referral to Heartland Reverse Mortgages
Credit Cards	✓	✓
Statements	Paper and electronic	Paper and electronic
Online Banking	✓	✓
Mobile App	✓	✓
Phone Banking	✓	✗
ATM	✓	✓
EFTPOS <sup>2</sup>	✓	✓
BPAY <sup>3</sup>	✓	✓
OSKO <sup>4</sup>	✓	✓
Future Payments	✓	✓
Direct Debits / Direct Credits	✓	✓
EFTPOS Card	✓	✗
Visa Debit Card	✓	✓
Passbook	Grandfathered for existing passbook holders	✗
Cheque Books		
- Business Accounts	✓	✓
- Individual Accounts	✓	✗
Bank/Financial Institution Cheques	✓	✓
Foreign Currency (Cash)	✓ via Travelex <sup>5</sup>	✓ via Travelex <sup>5</sup>
Foreign Currency (Remittances)	✓ via Western Union <sup>6</sup>	✓ via AMEX <sup>7</sup>
Apple Pay <sup>8</sup>	✓	✓
Google Pay <sup>9</sup>	✓	✓
Bank Feeds	Banklink <sup>10</sup>	Banklink <sup>10</sup> and Xero <sup>11</sup>
Insurance services		
- General Insurance	✓ via distribution arrangement with Allianz <sup>12</sup>	✓ via distribution arrangement with Allianz <sup>12</sup>
- Consumer Credit Insurance	✗	✗
- Lenders Mortgage Insurance	✓	✓
- Mortgage Loan Protection Insurance	✗	✗
Financial Planning Services	✓	✗



<sup>2</sup>Registered to Eftpos Payments Australia Limited ABN 37 136 180 366. <sup>3</sup>Registered to Bpay Pty Ltd ABN 69 079 137 518. <sup>4</sup>Registered to Bpay Pty Ltd ABN 69 079 137 518. <sup>5</sup>Registered to Travellers Exchange Corporation Limited, Company Number 03642637. <sup>6</sup>Registered to Western Union Holdings, Inc, Company Number 19981101818. <sup>7</sup>Registered to American Express Marketing & Development Corporation Company File Number 3993547. <sup>8</sup>Registered to Apple Inc, Company Number C0806592. <sup>9</sup>Registered to Google LLC, Company Number 201727810678. <sup>10</sup>Registered to MYOB Technology Pty Ltd ABN 30 086 760 269. <sup>11</sup>Registered to Xero Limited NZBN 9429034042984. <sup>12</sup>Registered to Allianz SE HRB 164232.

# SCHEDULE 2 : MERGER IMPLEMENTATION AGREEMENT SUMMARY

Newcastle Permanent and Greater Bank have entered into a Merger Implementation Agreement setting out the terms on which Newcastle Permanent and Greater Bank will seek approval for, and implement, the Merger.

Some of the key terms of the Merger Implementation Agreement are summarised below.

## Conditions

The Merger is conditional on a number of 'positive' and 'negative' conditions being met or waived.

The key positive conditions which must be satisfied or waived (where permitted) in order for the Merger to proceed are:

- i. the Newcastle Permanent Merger Resolution must be approved by special resolution of Newcastle Permanent Members;
- ii. the Greater Bank Merger Resolution must be approved by special resolution of Greater Bank Members;
- iii. all Regulatory Approvals must be received on terms (including as to any Regulatory Conditions) acceptable to Newcastle Permanent and Greater Bank (each acting reasonably); and
- iv. any Regulatory Conditions imposed by APRA or the Commonwealth Treasurer that are required to be satisfied prior to implementing the Merger are met.

In addition to these positive conditions, the Merger Implementation Agreement provides that the Merger is also conditional on certain negative conditions. These require, between the date of the Merger Implementation Agreement and:

- v. the time of each of Greater Bank and Newcastle Permanent convening the Greater Bank General Meeting and the Newcastle Permanent General Meeting, respectively, certain letters setting out the tax consequences of the Merger which have been obtained by Newcastle Permanent and Greater Bank from the ATO not being withdrawn or materially amended in a manner which will, or is reasonably likely to, have a material and adverse effect on the financial condition or operations of the Merged Entity after implementation of the Merger (taken as a whole);
- vi. 5.00pm on the day before the first to occur of the Newcastle Permanent Special General Meeting and the Greater Bank Special General Meeting:
  - a. certain 'Prescribed Occurrences' (see below) must not occur in respect of either Newcastle Permanent or Greater Bank; and
  - b. the warranties and representations provided by Newcastle Permanent and Greater Bank (including that no insolvency event has occurred) must remain true and correct in all material respects as at the dates they are given.

If a condition fails, or the Merger is not or becomes incapable of being effective by 30 June 2023 or such other date agreed in writing between Newcastle Permanent and Greater Bank, the parties must consult on whether to do one or more of proceeding by way of alternative means to effect the Merger, extending the time for satisfaction of a condition, extending the 30 June 2023 date, or resolving the issues by any other agreed means.

If agreement cannot be reached within 10 Business Days:

- i. if the condition is for the benefit of both parties, either party may terminate the Merger Implementation Agreement; or
- ii. the party with the benefit of the condition may elect to waive the condition or terminate the Merger Implementation Agreement.

However, a party is not entitled to terminate the Merger Implementation Agreement if:

- iii. the relevant condition has not been satisfied or agreement cannot be reached as a result of:
  - a. a breach of the Merger Implementation Agreement by that party;
  - b. a deliberate act or omission of that party; or
- iv. that party is otherwise in breach of the Merger Implementation Agreement.

## Prescribed occurrences

As noted above, it is a condition of implementing the Merger that certain 'Prescribed Occurrences' do not occur in relation to each party. Prescribed Occurrences are agreed events which may have a material effect on the relevant party or on the Merger, and include for each party (with certain exceptions):

- i. making material changes to the way it does business;
- ii. entering into or varying certain joint ventures or partnership arrangements or material contracts, or those arrangements or contracts terminating;
- iii. divesting or securitising assets, incurring liabilities, or committing to new borrowings or debt reductions of more than \$10 million in aggregate;
- iv. terminating the employment of, or standing down or suspending its chief executive officer or any member of the executive committee, other than for cause;
- v. entering into or varying certain arrangements with its directors;
- vi. entering into any compromises or other like arrangements with debtors except in the ordinary course of its business;
- vii. creating any encumbrance over any of its assets;

- viii. changing its constitution (except as contemplated by the Constitution Amendment Resolution);
- ix. making any dividend or distribution to members;
- x. changing its capital or membership structure, including by way of a buyback, a capital reduction, the conversion of shares of one class into shares of another class, or the conversion of shares into a larger or smaller number of shares;
- xi. issuing shares (including mutual capital instruments), or granting an option over its shares or agreeing to make such an issue or grant such an option;
- xii. issuing, or agreeing to issue, convertible notes or any other security convertible into shares;
- xiii. becoming reasonably likely to incur remediation costs or fines in relation to its business in excess of \$10 million;
- xiv. suffering certain material cyber events;
- xv. materially breaching anti-money laundering and counter terrorism financing laws; or
- xvi. breaching a law, regulation or licence which breach is a significant breach which requires notification to ASIC and which is reasonably likely to involve remediation costs in excess of \$10 million.

A Prescribed Occurrence does not occur if the other party consents to the occurrence, or if it was disclosed as part of the due diligence investigations, and in certain other circumstances.

## Exclusivity

Newcastle Permanent and Greater Bank have each agreed to comply with certain restrictions in relation to soliciting, talking or providing due diligence in relation to alternative proposals or competing transactions with third parties, and responding to approaches by third parties.

These restrictions continue to apply until the earliest of the Merger Date, termination of the Merger Implementation Agreement, or 30 June 2023 (or such other date as is agreed in writing by the parties).

However, in line with the fiduciary and statutory duties of the directors of both organisations, the Merger Implementation Agreement allows the boards of both organisations to consider a Competing Proposal that could reasonably become a Superior Proposal. As at the date of this Member Information Booklet, there is no such proposal within the knowledge of the Newcastle Permanent Board.

## Break fee

Newcastle Permanent or Greater Bank will be obliged to pay a break fee to the other party if:

- i. before 30 June 2023 (or such other date agreed by the parties), any member of the party's board:
  - a. fails to recommend that their members vote in favour of the relevant merger resolution, or fails to state that they intend to vote in favour of the resolution; or
  - b. makes a public statement withdrawing, adversely changing or adversely qualifying their support for the Merger or those recommendations or intentions or indicating that they no longer support the Merger, other than in circumstances where:
    - c. the failure, withdrawal, change or qualification occurs because of a requirement by a court or regulatory authority; or
    - d. the party is entitled to terminate the Merger Implementation Agreement for breach; or
- ii. a majority of the board of the party supports or recommends a Superior Proposal for that party; or
- iii. the other party validly terminates the Merger Implementation Agreement for breach (see below).

This is designed to compensate the other party for its costs associated with pursuing the Merger. The break fee is \$10 million.

The break fee is not payable by either Newcastle Permanent or Greater Bank if the Merger does not proceed because their members do not vote in favour of approving the Merger, or if the Merger is implemented.

## Co-operation and information

Under the Merger Implementation Agreement, Greater Bank and Newcastle Permanent must use 'reasonable endeavours' to perform their obligations under the Merger Implementation Agreement, including satisfying relevant conditions for which they are responsible and meeting certain key milestones by agreed dates, with the aim of implementing the Merger on 1 March 2023.

The parties have also agreed to cooperate to implement the Merger and provide certain access to each other's people and information, and to provide each other with various notifications and reporting in relation to aspects of their business in the period up to completion of the Merger. The parties have agreed protocols that reflect competition law requirements.

## Profile of the Merged Entity

Newcastle Permanent and Greater Bank have agreed certain key features of the business of the Merged Entity, including that:

- i. the business will continue to focus on providing financial services to retail consumers and small to medium-sized enterprises;
- ii. Newcastle Permanent will put a resolution to Newcastle Permanent Members at the Newcastle Permanent General Meeting to change its name to a name agreed between Greater Bank and Newcastle Permanent (more details set out in section 12.4);
- iii. the current brands of each of Newcastle Permanent and Greater Bank will be retained;
- iv. the Merged Entity will maintain the total number of branches, for two years after implementation of the Merger, at a level consistent with both organisations' branches as at 27 July 2021 (being the date that the parties entered into a Memorandum of Understanding in respect to the proposed Merger);
- v. all employees of Greater Bank will become employees of the Merged Entity on the same terms and conditions (including any accrued entitlement to employee benefits and length of service) on which they were employed by Greater Bank immediately before the Merger; and there will be no forced redundancies as a result of the Merger for at least two years after the Merger Date;
- vi. the aggregate amount of community support provided by Newcastle Permanent and Greater Bank through their sponsorship programs and charitable foundations will be at least maintained by the Merged Entity after the Merger Date;
- vii. Newcastle Permanent will migrate to Greater Bank's core banking platform at an appropriate time after the Merger Date; and
- viii. the board of the Merged Entity will comprise eight directors in total, four from each of Newcastle Permanent and Greater Bank (more details are set out in section 12.5).

## Termination

Either party may terminate the Merger Implementation Agreement if:

- i. the conditions are not satisfied or waived, as outlined above; or
- ii. certain key milestones in the Merger process are not met by the agreed due date and either the parties cannot agree steps to be taken in relation to the key milestone or the revised date for meeting it, or any revised date is not met.

Newcastle Permanent or Greater Bank (as applicable) may terminate the Merger Implementation Agreement if:

- i. at any time before 5.00pm on the day before the first to occur of the Newcastle Permanent Special General Meeting and the Greater Bank Special General Meeting the other party is in material breach of the Merger Implementation Agreement (including the warranties and representations) and, after notice from the first party, the relevant circumstances are not remedied within the shorter of 10 business days and 4.00pm on the day before the first meeting; or
- ii. at any time before both the Newcastle Permanent Merger Resolution and the Greater Bank Merger Resolution are passed:
  - a. there is a change of the board recommendation or voting intention of the other party as noted above; or
  - b. a majority of the board of the other party supports or recommends a superior proposal for that party.

If the Merger Implementation Agreement is terminated, the obligation to implement the Merger comes to an end and only limited obligations, such as those in relation to confidentiality or the payment of the break fee (if applicable), will continue.





▀ Nobbys Headland,  
Newcastle



**NEWCASTLE  
PERMANENT**

Here for good.

**Newcastle Permanent Building Society Limited**  
Australian Credit Licence/Australian Financial Services Licence 238273

Head Office: 307 King Street, Newcastle West  
PO Box 5001 Hunter Region Mail Centre NSW 2310

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