

Thursday, 10 October 2019

## Newcastle Permanent posts balanced results for 2018/19

Newcastle Permanent has published its annual results for 2018-2019 overnight. Despite challenging economic, regulatory and competitive conditions throughout the year, the organisation achieved a well-balanced performance, recording a Net Profit after Tax of \$35.1 million.

The financial year marked the turn of a new era for Newcastle Permanent with the departure of former CEO Terry Millett, through to the appointment, and subsequent arrival of new CEO, Bernadette Inglis, who began on July 1, 2019.

Chair of Newcastle Permanent's Board of Directors, Jeff Eather, said, "In recognition of the difficult trading conditions and consistent with our strategy, we have maintained our focus on delivering sustainable business growth this year."

"With a future-focussed Strategic Direction and Bernadette at the helm, we look ahead with every confidence in Newcastle Permanent's ongoing success as we transform into a leading provider of banking services in the digital era, with a clear focus on our customers."

"A key measure of financial strength, our capital adequacy ratio is 20.1% which affords us the opportunity to continue to invest in the future, deliver sustainable customer value over time and navigate challenging conditions with the long-term in mind rather than putting short-term profits before customers.

"Our Net Profit After Tax is a reduction on the prior year, reflecting the impact of subdued housing growth, the low interest rate environment, and intense competition. The result also included increased investment in strategic projects to deliver digital transformation for the benefit of customers, one-off costs associated with customer remediation work and restructuring of parts of the business to support future customer value," he said.

CEO Bernadette Inglis highlighted the balance of financial results with customer and community outcomes achieved throughout the year.

"We constantly aspire to deliver exceptional customer service, and our customer metrics remain market-leading. We remain committed to a significant digital transformation program to strengthen and future-proof our services to help customers do their everyday banking more easily and ultimately, to reach their financial goals as a critical commitment to our customer service," she said.

"We have a long and proud history of supporting our local communities, which is core to our purpose as a customer-owned organisation. Every year we invest more than \$2 million supporting the communities that support us through our local sponsorships, staff donations, volunteering and fundraising activities with a focus on young families."

In addition, the Newcastle Permanent Charitable Foundation invested more than \$1.5 million again last year, to help rewrite the future for disadvantaged and marginalised members of our communities throughout regional NSW.

Ms Inglis reinforced her focus on giving customers new ways of banking with a human touch.

"Throughout the year, our team continued to deliver on our digital transformation initiatives, introducing new customer services including webchat, enhancing our online account opening service, expansion of our social media channels and launching a number of self-service features on our banking app," she added.

"I'm excited about the future of our organisation and its potential to grow – we are one of Australia's financially strongest customer owned banking organisations and we aim to provide Australia's favourite banking experience."

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## Newcastle Permanent 2018-2019 results in numbers:

- Capital Adequacy Ratio at **20.1%**, significantly above all major competitors.
- Customer deposits increased to **\$8.2 billion**, up 0.9% for the year.
- Home loan portfolio **\$9.1 billion**, up 0.6% for the year.
- Net Profit After Tax of **\$35.1 million**, down from the year prior.

## Customer Owned & Customer Focused

- Our Net Promoter Score finished strong for the year at +50 which is one of the highest across the financial services sector. By way of comparison, the major four Australian banks ranged from -38 to -16. A Net Promoter Score is widely accepted measure of how likely our customers are to recommend us to friends and colleagues.
- Our award-winning home loans continued to receive numerous awards, including:
  - Mozo: Experts Choice Home Loans 2019 – First Home Buyer Loan
  - Mozo: Experts Choice Home Loans 2019 – Investor Home Loan
  - Mozo: Experts Choice Home Loans 2019 – Fixed Rate Home Loan
  - Mozo: Experts Choice Home Loans 2019 – Investor Fixed Rate Home Loan
  - Money magazine: Investment Lender of the Year 2019
  - Money magazine: Best of the Best 2019 – Cheapest Five-Year Fixed Investment Loan (Non-Bank)
  - Canstar 5 Star Rating: Home Lender – Outstanding Value.

## Supporting Our Community

- In 2018-2019, we invested more than \$2 million supporting communities that support us through:
- Our support partnerships, which began decades ago, this year helped 16,158 junior or volunteer surf life savers keep beaches across NSW safe with Surf Life Saving.
- We also encouraged healthy participation for more than 65,000 players with Northern NSW Football.
- Almost 20,000 students from 315 schools took part in the Newcastle Permanent Primary Schools Maths Competition.
- We continued our support for Australia's largest free regional outdoor cinema program, Cinema under the Stars with events across regional NSW.
- Our staff donated more than \$65,000 through payroll giving and volunteered to support local charities around NSW.
- Since it began 16 years ago, the Newcastle Permanent Charitable Foundation has distributed nearly \$20 million in grants to local charities and not-for-profit organisations.

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