

15 March 2022

## **NEWCASTLE PERMANENT & GREATER BANK BOARDS ENDORSE MERGER PROPOSAL**

*Merging the two Hunter-based organisations will create a sustainable  
regional financial powerhouse*

The Board of Directors of Greater Bank and Newcastle Permanent have unanimously endorsed the proposal to merge, recommending their respective members vote in favour of joining the two iconic Hunter-based mutuals.

After announcing a Memorandum of Understanding last August to explore merging, Chair of Greater Bank, Wayne Russell, and Chair of Newcastle Permanent, Jeff Eather, have formalised the Boards' support by signing a Merger Implementation Agreement (MIA).

The merger proposal will now be submitted to the Australian Prudential Regulation Authority for review, before being put to members of both organisations at meetings likely to take place later this year.

Chair of Greater Bank, Wayne Russell, said both organisations have conducted extensive due diligence over the past five months and unanimously agreed the proposed merger is in the best interests of their respective member bases.

"The due diligence process has confirmed our initial view that this is the right time to bring together our two organisations, which in their own right offer exceptional financial strength built on years of solid performance," said Mr Russell.

"Combining our resources and financial strengths provides an unparalleled opportunity to grow and innovate, to deliver even better value for Greater Bank and Newcastle Permanent customers. This has been, and remains, the foundation for entering into such an arrangement.

"Merging will also enable us to keep pace with increasing regulation and reporting, and the rapid advancements in banking technology, both of which require significant investment," he said.

Under the proposal endorsed by the respective Boards, the merged organisation would:

- Become one of Australia's leading customer-owned financial institutions;
- Keep both iconic brands - Greater Bank and Newcastle Permanent;
- Serve a combined customer base of almost 600,000;
- Bring together both organisations' workforces with no forced redundancies as a result of the merger for at least two years;
- Maintain the Hunter-based customer contact centres and headquarters; and
- Retain the current number of combined branches for at least two years.

Chair of Newcastle Permanent, Jeff Eather, said merging the two locally-grown mutuals would ensure long-term sustainability, without compromising either's values.

"This is a highly compelling opportunity to grow and compete on our terms. Importantly, we remain fiercely committed to being customer-owned and continuing to invest profits for the benefit of our customers and the communities we serve," said Mr Eather.

"Combined, Greater Bank and Newcastle Permanent have \$19.8 billion in total assets and a customer base of approximately 600,000, and, in merging, will create one of Australia's largest customer-owned financial institutions.

"That puts us in an incredible position to be a real challenger and remain a significant competitor in the banking sector," he said.

Consolidation within the Australian banking industry over the past decade has seen the number of mutuals almost halved. Today there are fewer than 70<sup>1</sup>, as other smaller financial institutions have united to remain competitive and sustainable.

Professional services consultancy KPMG suggests<sup>2</sup> this trend is set to continue with a quarter of Australian customer-owned banking organisations anticipating being involved in merger activity this year, and a further 20% considering the possibility.

Members' eligibility to vote on the merger proposal is determined in accordance with each organisation's constitution and is the same criteria used to determine voting eligibility at an Annual General Meeting. Further information is available on the [Greater Bank](#) and [Newcastle Permanent](#) websites.

If the merger proceeds, it is proposed Wayne Russell will chair the merged entity and Jeff Eather, will assume the role of Deputy Chair. Newcastle Permanent Chief Executive Officer, Bernadette Inglis, will be Chief Executive Officer and Scott Morgan, currently Chief Executive Officer of Greater Bank, would be the entity's Deputy CEO.

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#### Notes to Editors:

- Greater Bank 2021 Annual Report: <https://www.greater.com.au/globalassets/calculators-rate-and-support/documents/regulatory-disclosures/annual-reports/2020-21-annual-report---greater-bank-ltd.pdf>
- Newcastle Permanent 2021 Annual Report: <https://www.newcastlepermanent.com.au/about-us/financial-performance>

<sup>1</sup> The Advisor, People Power: the changing face of customer-owned lenders, 3 August 2021

<sup>2</sup> KPMG Mutuals Industry Review 2021: Purposeful growth in mutual banking, 2021