

**Media Release
16 September 2016**



Lending growth drives strong financials for banking business

P&N Bank finished the year as the fastest growing customer-owned banking institution in Australia.

CEO, Andrew Hadley said P&N Bank had experienced lending growth in excess of 20 per cent over the financial year despite challenging economic conditions in Western Australia.

P&N Bank's net profit after tax was \$10.57 million up 3.7% from the previous year.

"Our lending growth, together with our continuing high customer satisfaction scores indicate that we have made substantial progress in the realisation of our five year strategic plan.

"The first year of our strategic plan was deliberately focussed inward; on our systems, processes and our people. After making significant improvements, we reviewed and delivered an improved Member Value Proposition (MVP).

"In October last year, we launched our refreshed MVP to the marketplace under a platform called "The Power of &".

"The Power of & speaks to the power of people working together as a collective for the benefit of individuals and includes a new product philosophy, community platform and public website that are clearly resonating with new and existing members.

"Within the first six months of launching this platform, we saw an upswing in member growth, retention, lending and deposit balances, reflected in our outstanding Net Promoter Score, some 30 points above industry average."

Digital banking

"In the digital space, global banking trends are changing at a rapid rate, in particular the wider use of smart phone and mobile banking services and we need to keep pace so that we are able to offer our members the services they expect.

"As well as partnering with several organisations to deliver new digital banking platforms such as our website, internet banking and mobile app, we're also investigating Apple Pay and Android Pay platforms that will allow our members to pay for goods with their phone or mobile device, providing a more convenient option to make purchases."

Financial results

Mr Hadley said he was pleased with how the organisation had performed given the backdrop of tough trading conditions in the WA economy.

"Given slightly higher unemployment, weaker levels of consumer confidence and depressed property prices, I think our business has performed well," he said.

"Clearly though, the historically low interest rate environment is taking a toll on savers, especially those dependent on deposits to fund their retirement.

"As a customer-owned bank without the tension of third party shareholders, we are very conscious to balance the needs of both our borrowers and depositors."

Summary of Financial Results 15/16

- P&N Bank's net profit after tax was \$10.57 million, up 3.7% from the previous year's \$10.19 million.
- The Bank's capital adequacy level decreased 1.48% to 14.55% over the year as a result of strong business growth but remains materially higher than the minimum required by the regulator.
- Total Bank assets increased by \$733.8 million (24.4%) to \$3.74 billion, largely driven by a \$547.9 million (20.9%) increase in loans and advances.
- Member deposits increased by \$313.6 million (13.1%) to \$2.70 billion, as a result of targeting new and existing members with competitive products offerings.
- Group Profit before tax increased by 6% from \$11.9m to \$12.6m.
- Group Profit after tax decreased 9% from \$9.3m to \$8.5m. This was due to the normalising of the effective tax rate to 32% from 21% in 2015 and property asset revaluations.
- Group net interest income increased by \$5.1 million (8.1%).
- Total Group assets increased by \$696.7 million (22.7%) to \$3.76 billion.
- Total Member Funds, including retained earnings, increased by \$9.1 million (3.6%) to \$260.5 million.
- Number of active members grew by 2% to 91,197.

For more information please visit pnbank.com.au

Ends

Media Contact:

John Le Cras
T: 08-6555-1901
M: 0413-451-168

Kerrie Nayler (P&N Bank)
T: 08-9265-7737
M: 0409-309-453

P&N Bank

- the largest locally owned and operated bank in Western Australia.
- was ranked "Bank of the Month" in the Nov, Dec 2015 and Jan, Mar, April and May 2016 Roy Morgan Customer Satisfaction Awards. (Highest customer satisfaction of all banks in Australia)
- is an Approved Deposit Taking Institution (ADI) regulated to the same high standards of security as other banks, by such government agencies as APRA, ASIC, the Reserve Bank of Australia, AUSTRAC and the ACCC.

- is run on a customer-owned banking model. Profits are reinvested into the organisation as capital for the benefit of those who bank with P&N, its members.
- has 15 branches in WA and offers a wide range of financial products and services, including home loans, personal loans, term deposits, credit cards, financial planning, insurance and foreign exchange.
- is part of the rediATM / NAB ATM network – one of Australia’s largest ATM networks.
- is a member of COBA (Customer Owned Banking Association) and the Business Council of Co-operatives and Mutuals (BCCM).