

News Release

15 March 2010

Credit union thrives as merger takes shape

Australia's second largest credit union, Australian Central, has powered out of the global economic downturn to record a 55 per cent increase in half-yearly profit.

The credit union, which merged with Savings & Loans in December, recorded a \$6.3 million profit after tax for the first half of 2009-10.

The result reflects six months of Australian Central's accounts and one month of Savings & Loans' figures and includes merger expenses.

Australian Central's Managing Director, Peter Evers, said the result puts the credit union in a strong position to take advantage of the positive economic conditions that are emerging.

"Australian Central is in a fantastic position to take advantage of the upswing after the global financial crisis," said Mr Evers.

"Our profit increase of 55 per cent is an extremely pleasing result given the unpredictable economic conditions in which we've been operating.

"Total member retail deposits increased by more than 120 per cent, while assets under management and advice rose by 107 per cent to top \$6.4 billion, both largely due to the merger.

"We're already starting to see the benefits of our merger with Savings & Loans which will continue as we integrate the two credit unions.

"Already, our members have shown their support for the merger with strong results coming from our membership base since the merger was announced.

"The increase in size and strength brought about by the merger will position us to provide a viable, member-owned alternative to the big banks; an alternative that will focus on its members rather than making money for shareholders."

Australian Central's merger with Savings & Loans is continuing on schedule with much of the integration expected to be complete by the end of 2010. The name of the new credit union has not yet been decided and will be announced later in the year following approval by members.

"We're taking a very planned and deliberate approach to the merger to ensure that we make the most of the possibilities available to us," said Mr Evers.

"As the year progresses, we'll roll out a new name, brand and strategy for the future of our credit union. While the integration continues, our retail arms will operate separately for the time being as we bring our products and computer systems together.

"While there will be initial costs attributed to the merger, over the next 12-18 months we will begin to see real benefits as a result of the union, both in terms of financial strength and increased value and services for members."

2009-10 Australian Central half year results snapshot*

	31 December 09	31 December 08	% Change
Profit after tax	\$6.303m	\$4.045m	+ 55.8%
Total revenue	\$121.241m	\$125.315m	- 3.3%
Total assets under management**	\$6,436.912m	\$3,106.385m	+ 107.2%
Loan settlements & increases in revolving credit limits	\$332.625m	\$207.228m	+ 60.5%
• On balance sheet	\$251.199m	\$156.162m	
• Off balance sheet	\$ 81.426m	\$ 51.066m	
Total member loans & advances	\$5,584.414m	\$2,620.197m	+ 113.1%
• On balance sheet	\$4,942.272m	\$2,261.716m	
• Off balance sheet	\$642.142m	\$358.481m	
Total member retail deposits	\$3,328.306m	\$1,481.064m	+ 124.7%

*All results reflect six months of Australian Central's accounts, including one month of operations following the merger with Savings & Loans. Results include merger expenses.

**Includes loan portfolios under advice

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