

Sale of NRMA Building Society Limited

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NRMA Insurance Group Limited (NIGL) Acting Chief Executive Officer, Mr Ian Brown today announced that NIGL has agreed to sell its Building Society to HSBC Bank Australia Limited for around \$138 million, depending on closing accounts.

The HSBC Group is one of the world's largest banking and financial services organisations with assets of US\$692 billion, (A\$1,368 billion) as at 30 June 2001.

The sale price represents a premium to net assets (approximately \$88 million as at June 30 2001) and a \$50 million accounting profit, Mr Brown said.

He said all proceeds from the sale of the Building Society would be used to retire short-term debt.

"This is a big win for the shareholders and customers of NIGL," Mr Brown said.

"HSBC has managed to gain an immediate high quality retail mortgage book which will drive their growth in this market. Building Society customers will have access to a broader range of balancing and investment products through a world leader in the financial sector.

"HSBC has demonstrated a strong commitment to its retail business in Australia. This is good news for Building Society staff who will be able to participate in the continued rapid expansion of this business."

"The sale of the Building Society is part of NIGL's strategy to focus on general insurance while retaining and growing its Retirement Services business."

Mr Brown said as part of the transaction HSBC had agreed to provide cash management and term deposit products for distribution by NIGL on a commission basis.

"This is another positive from the deal for our customers and the growth of our retirement services business," Mr Brown said.

Mr Chris Crook, Chief Executive Officer of HSBC in Australia, said the acquisition of the Building Society would give an immediate boost to HSBC's retail business.

"This acquisition is a logical step during our current phase of expansion in Australia," Mr Crook said. "We look forward to continuing to grow this business under the HSBC brand."

Mr Brown said that NIGL would work closely with HSBC to complete the sale and hand over ownership of the Building Society by October 31. The sale is subject to approvals by FIRB and APRA.

UBS Warburg advised NIGL on the divestment of the Building Society and KPMG Corporate Finance advised HSBC on the acquisition.