

NRMA Financial Services, which is comprised of NRMA Financial Management Limited, NRMA Life Limited, NRMA Life Nominees Pty Limited, NRMA Finance Limited and NRMA Building Society Limited, recorded a net profit before tax* of \$7.8 million during the 1999/2000 year, compared to a profit of \$9.7** million for the 1998/1999 financial year. This year's profit included the cost of NRMA Building Society's development and launch associated with the NRMA Visa Credit Card.

Increased penetration of NRMA Financial Services products into the total existing NRMA Insurance Group customer base is a key component of the corporate strategy. This penetration rate increased to around 13% during the 1999/2000 year. The NRMA Insurance Group's objective of being a provider of personal insurance and financial services needs continued to gain momentum, as new products such as the NRMA Visa Credit Card were launched and NRMA Financial Services products were rolled out into the South Australian market through SGIC.

**This included the Life Insurance business result after life statutory funds' tax expense.*

***This included full year results of NRMA Life Limited and NRMA Finance Limited. Their results were partially consolidated in NRMA Insurance Group from when the control of these companies occurred in 1998/1999.*

Lending

Since its launch in August 1999, the NRMA Visa Credit Card has achieved a net receivable growth of \$60.2 million, with over 26,000 cards on issue. The NRMA Building Society has become the largest issuer of Visa Credit Cards amongst building societies in Australia.

The NRMA Visa Credit Card offers customers lower interest rates as the debit balance gets higher and pays interest on positive balances. In January 2000, NRMA Visa Credit Cards added Ansett Global Rewards to its own Reward Program, which already included rebates on NRMA Insurance Group products.

The NRMA Building Society continued its impressive market growth with the home loan portfolio growing by 14.3% over the year to just below \$2 billion.

During the year, the NRMA Building Society expanded its securitisation activities with the establishment of a securitisation Master Trust structure. This structure increases the diversity of funding opportunities and is intended to facilitate the securitisation of mortgages, personal loan and credit card receivables. The NRMA Building Society has now securitised \$838 million and has the largest loans under management of any building society in Australia.

Deposits

Total new sales for the NRMA Building Society's retail deposits were \$481 million for the year, increasing year on year balances by \$85 million to \$704 million. This saw balance growth of over four times the rate of the rest of the market. The NRMA Building Society's Term Deposits allow customers to withdraw up to 20% of their money, providing balances stay above the minimum deposit level of \$2,000.

Risk

NRMA Financial Services advanced its life business over the 1999/2000 financial year with the launch of six new products during the year, including Lifecover, Lifecover Plus, Accidental Death, EasyLife, Term Life and Income Protection.

These initiatives helped raise new premium income to \$1.8 million, the highest level since NRMA Life Limited first launched risk products in 1977. NRMA Life continues to have one of the highest customer retention rates in the Australian market place. NRMA Life Limited has a total inforce premium of \$18 million.

Managed Investments/Superannuation & Retirement

NRMA Financial Services reported a 23.1% increase in funds under management from last financial year, ending the 1999/2000 year at \$1.144 billion.

An addition to the Superannuation and Retirement suite of products was launched with the Internet based Superannuation Business solution – Business Choice. This product allows small to medium sized enterprises to streamline their employee superannuation arrangements.

Research house Morningstar rated the performance of NRMA Allocated Pensions in the Morningstar Index with a pleasing result. NRMA Allocated Pensions exceeded the median in all categories except one, where the performance was in line with the index.

