OPTIMISTIC: BankSA managing director Rob Chapman

Bank surfs boom's wave

MEREDITH BOOTH

THE booming state economy is tipped to push up BankSA's profit by at least 10 per cent this year, after its annual profit climbed 12.6 per cent to a record $241 million last year.

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“We’re expecting more of the same providing the economy stays positive

BankSA surfing the boom’s wave

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BankSA managing director Rob Chapman said yesterday the bank’s annual profit had risen by at least 10 per cent every year since 2000 and revenues had achieved a six-year run of double-digit growth.

The bank was “well-positioned to take advantage of the economic prospects benefiting the state” driven by resources and defence sectors, he said.

It would open a new branch at Roxby Downs next year and expand its 167-machine ATM network by another 19 next month through metropolitan BP service stations.

Despite regional customers facing drought challenges, business banking had increased its revenue by 10 per cent to $424 million in the year to September 30.

The bank’s earnings formed 21 per cent of parent St George Bank’s $1.16 billion profit, up 11 per cent on the previous year.

St George acting chief executive Paul Fegan said the Sydney-based bank would target earnings growth of 10 per cent this year in line with a recovery in the New South Wales economy.

Mr Chapman said SA’s solid result was based on an increase in retail deposits, up 11 per cent, and strong business banking.

“A solid housing market, low unemployment, good population growth and steady business investment will continue to support opportunities for commercial and retail banking growth,” he said.

“If you’re growing the business that’s good and we’ve delivered double digit revenue growth since I’ve been here.”

“We’re expecting more of the same providing the economy stays positive, notwithstanding the challenges of the drought,” he said.

“By luck or by design, given the strength of the economy, on forecasts we’re well-positioned.”

Meanwhile, the bank had maintained good credit quality despite concerns about Australian credit markets, driven by a troubled U.S. subprime lending sector.

“The fact is that we’re big, we’re strong and we’re delivering profits and have a good capital management plan,” Mr Chapman said.