

## BankWest sure of \$300m pharmacy deal

By Anthony Hughes  
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The timing wasn't perfect given the current chaos in Australia's drug industry but regional bank BankWest yesterday was confident its deal to take over a \$300 million book of lending to pharmacists was sound.

BankWest has acquired the finance subsidiary of pharmaceutical wholesaler Australian Pharmaceutical Industries, which has decided to sell the book to release about \$135 million capital and focus on its core businesses.

Under the deal, BankWest becomes the preferred supplier of loans and other financial services products to API pharmacy customers, which include a network of pharmacists around the country.

API yesterday added the recall of products manufactured by Pan Pharmaceuticals would have a limited impact and would be of no financial consequence, even though Pan manufactured or provided ingredients for 40 of API's 500 products.

BankWest's business solutions chief executive, Peter Jackson, said the pharmacist client base of API Finance consisted primarily of high-net worth individuals who historically had a low probability of default.

He said around three-quarters of most pharmacists' revenues were from prescription drugs designated under the Pharmaceutical Benefits Scheme. Therefore they would be insulated from the fallout from the Pan controversy.

BankWest's expansion in the healthcare sector is part of a plan to identify growth segments of the economy to lend to.

"For BankWest, the acquisition is expected to deliver a revenue uplift in 2003 with strong growth potential in subsequent years," Mr Jackson said.

Mr Jackson said BankWest's commercial lending book was about \$9 billion of which around 50 per cent was in Western Australia and the balance national and about \$1 billion was allocated to the healthcare sector.

BankWest, half-owned by British bank HBOS, has separately been trying to build an eastern seaboard presence in small business lending.

BankWest's shares rose 1c to \$3.61, having jumped from \$3.20 in March along with the general rebound in the banking sector since then.

But the bank has been under pressure to lift its performance after a disappointing result for the full year to December 31, when net profit after tax fell 7 per cent on a pro-forma basis to \$156 million.

Managing director Terry Budge last month flagged an efficiency drive by indicating 200 staff would be made redundant in the first half.

The shares have also been constrained by persistent talk that HBOS is a seller of its half-share, even though it has failed on several previous occasions to sell the stake.



Growth push ... the bank is keen on healthcare opportunities.