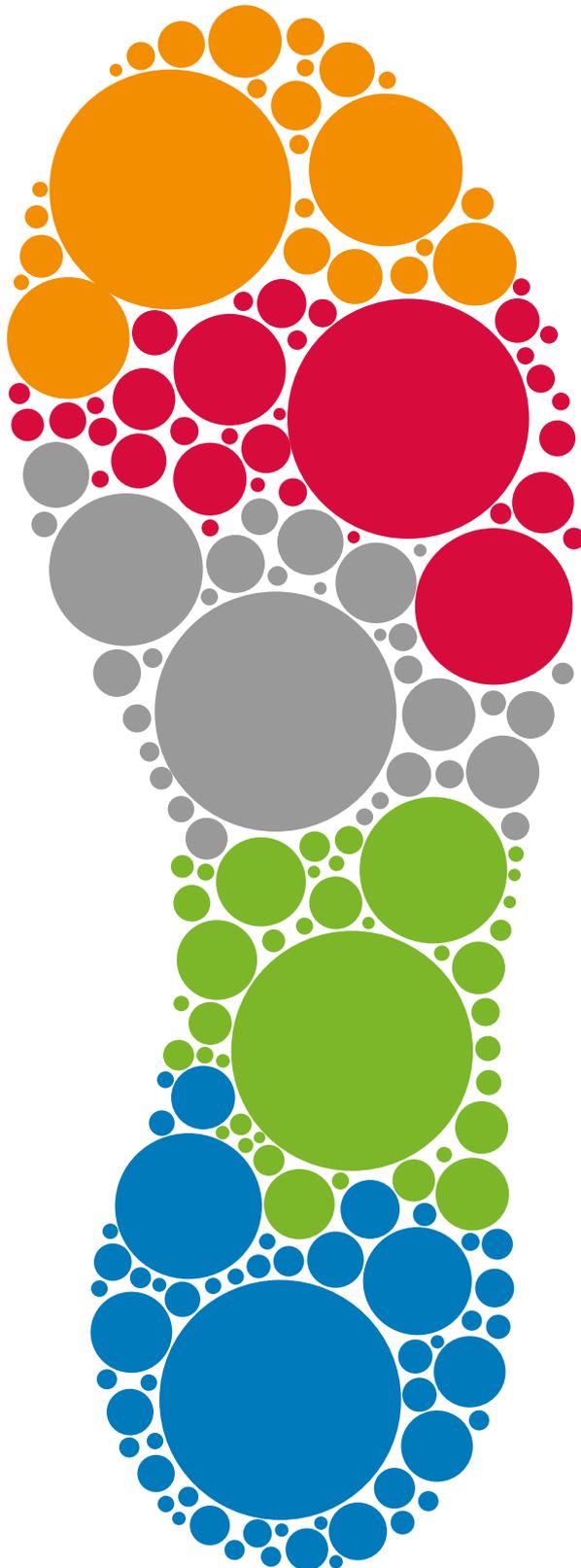


100%  
customer  
owned

bankmecu  
responsible banking™



# OUR CORPORATE FOOTPRINT

2014  
CORPORATE  
REPORT  
OVERVIEW

# OUR 2014 CORPORATE REPORT OVERVIEW

As a customer owned bank, **bankmecu** is responsible and accountable to its customers.

Our 2014 Corporate Report overview summarises the year's performance against our Strategic Plan. It measures and reports the financial, social and environmental value we create for our customers.

## A message from the Chair

On behalf of the Board I am pleased to present **bankmecu's** 2014 Corporate Report, which covers the financial, social and environmental value we've created this year on behalf of our customers who own the Bank.

### Financial value

In a challenging low interest rate environment, the Bank delivered an after-tax profit of \$25.5 million. This profit allowed us to grow customer owned reserves to \$377.2 million.

Profits are reinvested into the Bank to provide competitive interest rates and fees, and quality products and service. In 2014 customers were collectively \$22.7 million better off than they would have been banking on average with Australia's four major banks<sup>1</sup>.

The Bank's assets grew by 6.1% to \$3.2 billion in 2014, which fell just short of average domestic banking industry growth at 6.7%.

Customers recognised our focus on service, giving us an overall satisfaction rating of 90%. We know some customers with deposits were not satisfied with the current low interest rate environment and this contributed to a 3% dip in the rating from last year. However, our Net Promoter Score, which is a measure of customers who are likely to recommend the Bank, increased to +38% from +16% last year. This is a strong result given the average score for Australia's major banks was -15.5%<sup>2</sup>.

Delivering this level of service requires a team of dedicated and professional people and this year staff satisfaction increased from 84% last year to 86%. Their level of commitment to the Bank also rose (up 1 percentage point to 87%).

### Social and environmental value

In March 2014 the Bank proudly hosted the Global Alliance for Banking on Values Annual Conference in Melbourne. It brought CEOs and Directors from the world's leading values based banks together for a series of private and public discussions about how banking can contribute to ameliorating the world's intractable social and environmental problems.

We also invested \$918,070 (3.6%) of our after-tax profits to support the work of our community sector customers across education, disability, financial inclusion, Aboriginal and Torres Strait Islander community development, conservation, sustainability, and affordable housing.

We continued to develop the Conservation Landbank, our private nature reserve, and ensured our operations remained carbon neutral in 2014.

### Customer ownership and recognition

In 2014 we sought new ways to involve customers in the Bank's decision making. A series of forums on the OurSay.org platform and the **bankmecu** Central website allowed customers to contribute their thoughts and ideas – and most importantly interact with each other on topics of mutual interest.

We also welcomed members of Swan Hill Credit Union as customers following a merger on 1 June 2014. This merger provides the Bank with a new presence in regional Victoria and an opportunity to engage more closely with the Swan Hill community.

During the year our 2013 Corporate Report won the Australasian Reporting Awards Special Award for Online Reporting – Private; and we won a Cannex Canstar Award for Best Online Banking – Customer Owned Banks.





- Our winning aspiration
- Where we do business
- How we create value
- Capabilities we must have
- Management systems we need

#### The year ahead

We are looking to the year ahead with great optimism, while recognising the continuing low interest rate environment will again place pressure on interest margins.

This year we renewed our Strategic Plan to give the Bank clarity of purpose for the coming years. We set ourselves a more ambitious growth target and will focus on attracting a group of diverse, socially aware consumers while continuing to respond to the needs of existing customers.

We will continue to invest in the business, our technology platforms and our ability to create a simple and personal customer experience that is seamless across our digital and physical touch points. Work is also progressing on bolstering our risk management framework, which is core to fulfilling our responsibilities as the stewards of customers' funds.

Growth is important because it provides the Bank with scale, which brings efficiencies as well as opportunities for staff and customers. It also allows us to have a greater positive social and environmental impact across the communities where we operate.

I would like to thank all customers, Directors, management and staff for their contribution and support of **bankmecu** over the past 12 months.

**Judith Downes**  
Chairman



**Judith Downes**  
Chairman

Our vision is responsible banking that generates shared value for our customers.

## OUR WINNING ASPIRATION

To be regarded as Australia's leading responsible bank and have the predominant market share of the socially aware customer segment.

We worked hard to satisfy our customers and to earn their loyalty. The Net Promoter Score measures how likely customers are to recommend the Bank to others.

### Customer satisfaction

- 2014: 90%
- 2013: 93%

### Net Promoter Score (measure of loyalty)

- 2014: +38%
- 2013: +16%

## WHERE WE DO BUSINESS

The Bank aims to attract customers from across Australia, particularly professionals and socially aware people, as well as community and public sector organisations and small businesses.

### New customers

- 2014: 5,461
- 2013: 3,830

### Socially aware customers (percentage of total)

- 2014: 16.5%
- 2013: new figure in 2014

### Socially aware customers (percentage of new customers)

- 2014: 18.6%
- 2013: new figure in 2014

## HOW WE CREATE VALUE

The Bank aims to be different: we offer a compelling value proposition underpinned by efficient, low cost operations.

Our customers received competitive interest rates and fees; we remained carbon neutral; and we supported activities with positive social, economic and environmental impacts.

### Net profit after tax

- 2014: \$25.5 million
- 2013: \$26.3 million

### Increase in assets

- 2014: +6.1%
- 2013: +7.3%

### Customer benefit (from interest rates and fees)

- 2014: \$22.7 million
- 2013: \$25.0 million

### Community investment spend

- 2014: \$0.9 million
- 2013: \$1.0 million

### Carbon neutral offsets

- 2014: 1,793 tonnes
- 2013: 1,884 tonnes

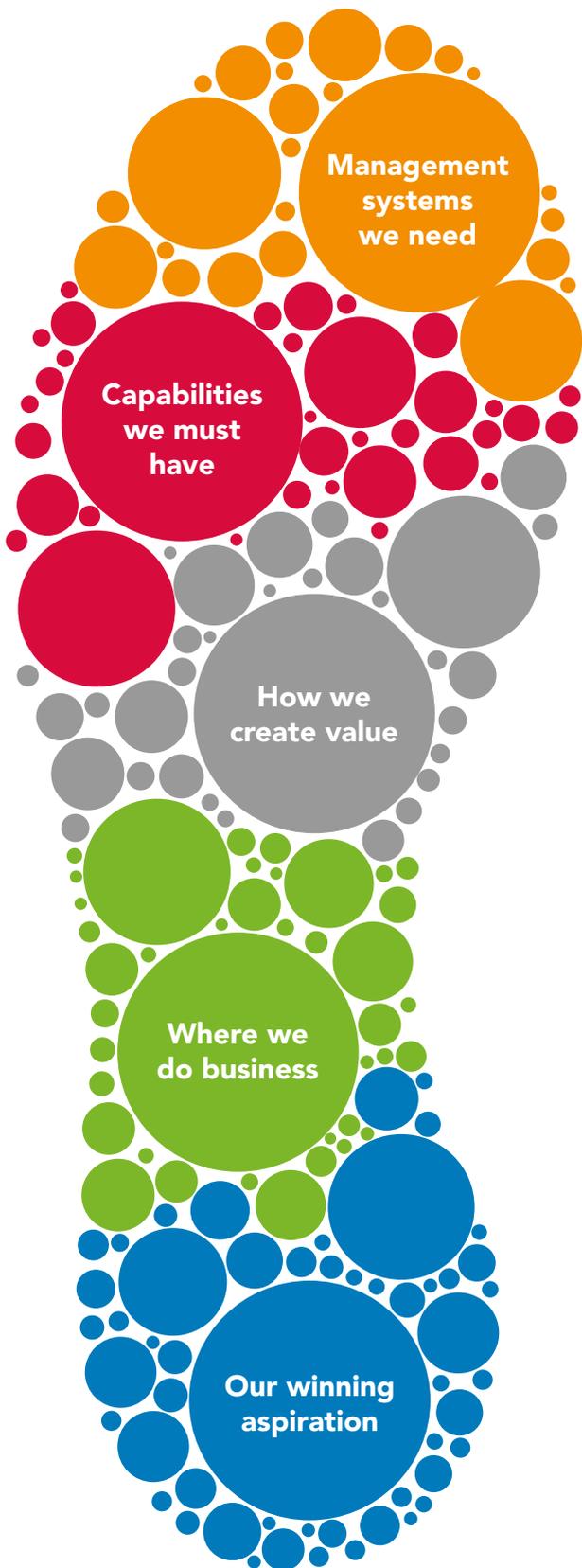
### Credit quality (level of impaired loans)

- 2014: 0.3%
- 2013: 0.3%

### Cost to income ratio (cost of operations)

- 2014: 59.7%
- 2013: 58.3%

# OUR PERFORMANCE HIGHLIGHTS



## CAPABILITIES WE MUST HAVE

The Bank recruits capable people who support our vision and who provide excellent customer service.

We listen and learn so we can develop products and services that meet our customers' needs and reflect their values.

### Staff commitment

- 2014: 87%
- 2013: 86%

### Average customer value

- 2014: \$44,323
- 2013: \$42,479

### Ease of doing business (excellent or very good)

- 2014: 83%
- 2013: new figure in 2014

### Assets benefiting People, Planet & Prosperity

- 2014: 12%
- 2013: new figure in 2014

### Car loan carbon offsets

- 2014: 8,836 tonnes
- 2013: 7,700 tonnes

### New home construction biodiversity offsets

- 2014: 86,907m<sup>2</sup>
- 2013: 85,740m<sup>2</sup>

### Complaints

- 2014: 268
- 2013: 266

### Compliments

- 2014: 224
- 2013: 106

## MANAGEMENT SYSTEMS WE NEED

The Bank minimises and manages risks to customers and staff via business wide controls, training and ongoing communication.

We are governed by a Board of Directors and managed by the Managing Director and senior executives.

### Incidents of non-compliance

- 2014: 1
- 2013: 0

### Customer privacy incidents

- 2014: 2
- 2013: 2

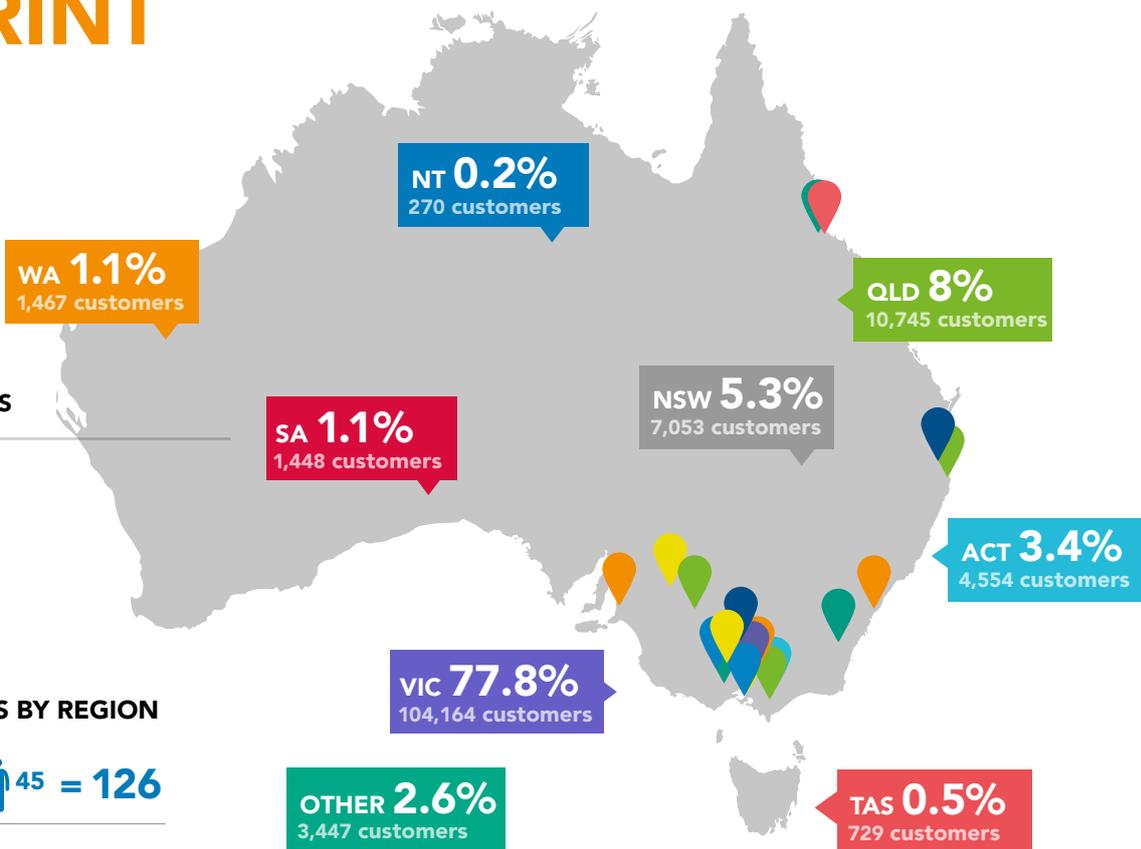
### Fraud loss as a % of after tax profit

- 2014: 0.8%
- 2013: new figure in 2014

# OUR AUSTRALIAN FOOTPRINT

2014 TOTAL  
**133,877** CUSTOMERS

 SERVICE CENTRE LOCATIONS



## NUMBER OF EMPLOYEES BY REGION

Metropolitan Victoria  81 +  45 = **126**

Regional Victoria – Gippsland  88 +  22 = **110**

Regional Victoria – Western  56 +  21 = **77**

ACT, NSW and QLD  26 +  14 = **40**

TOTAL ASSETS  
**\$3.2 BILLION**

## More information

This report is supported by more comprehensive data available from the **bankmecu** website located at [bankmecu2014corporatereport.com.au](http://bankmecu2014corporatereport.com.au). It includes detailed performance reporting against **bankmecu**'s Strategic Plan in line with the International Integrated Reporting Framework, Global Reporting Initiative (GRI) data and the **bankmecu** Statutory Financial Accounts – a copy of which can also be made upon request.

Assurance and Audit Reports are also available online.

## Feedback

To provide feedback or ask questions about the content of the Corporate Report, email [mail@bankmecu.com.au](mailto:mail@bankmecu.com.au) or phone **132 888**.

## Contact

222 High Street, Kew, Victoria 3101

 Call us on **132 888**

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ALLIANCE  
FOR BANKING  
ON VALUES**

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<sup>1</sup> Source: **bankmecu**'s Cannex Valuation Report June 2014

<sup>2</sup> Source: Roberts, Chris (September 18, 2014) Australian Banking NPS Results