

**Head Office**

117 Camberwell Road  
Hawthorn East VIC 3123  
PO Box 338  
Camberwell VIC 3124

**Branch Office**

687 Mt Alexander Road  
Moonee Ponds VIC 3039  
PO Box 210  
Moonee Ponds VIC 3039

**victeach.com.au**  
**1300 654 822**

Victoria Teachers Limited  
ABN 44 087 651 769  
AFSL/Australian Credit Licence Number 240 960



*Invested in you*

Every day educators invest in others to  
help them reach their potential.

We're here to help you reach yours.

**Annual  
Review  
2015**



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## About Victoria Teachers Mutual Bank

Victoria Teachers Mutual Bank was started in 1972 by a group of 48 educators who each contributed \$10 in start-up capital. Today we have more than 100,000 customers and over \$2 billion in assets.

The founding customers of Victoria Teachers Mutual Bank wanted to create a better economic life for people working in education, as well as their families. Today, we're known for providing customers with value, an outstanding customer experience and our understanding of people working in the education community, from early childhood through to the tertiary sector.

Over four decades the Mutual Bank has never strayed from our commitment to provide value to customers and the education community. Victoria Teachers Mutual Bank is the only financial institution in Victoria focusing on people working in education and their families and maintains Directors on the Board with experience in education, including tertiary.

Victoria Teachers Mutual Bank is also one of Australia's most awarded financial institutions, having received numerous banking awards over the years through:

- Australian Banking & Finance Awards.
- *Smart Investor* Blue Ribbon Awards.
- Mozo People's Choice Awards.
- Roy Morgan Customer Satisfaction Awards.
- *Money Magazine* Awards.
- Canstar Awards.

These awards are based on key criteria such as competitive interest rates on loans and savings accounts, lower fees and outstanding customer service.

Victoria Teachers Mutual Bank differs from other banks as we're owned by customers, not external shareholders. Each customer owns an equal share of the organisation and profits are reinvested to add to our strength and security rather than to pay external shareholders. This allows the Mutual Bank to provide continuing value to customers through highly competitive interest rates, low fees and a broad range of products and services. It also means that the Mutual Bank is in business to benefit customers, which has culminated in us having one of the highest satisfaction ratings of any bank, building society or credit union in Australia.

As a customer owned bank, we're an Authorised Deposit-taking Institution (ADI) and regulated by the same authorities as all other banks. Furthermore, the Mutual Bank has all the same safeguards as other banks, namely the Commonwealth Government's bank deposit guarantee.

# 2014/15

## Financial Year Snapshot



**Net Profit \$14.5M**

**Assets \$2.02B**

**Return on average assets 0.73%**



**Most see a troublemaker.  
Some see an Aircraft Designer.**



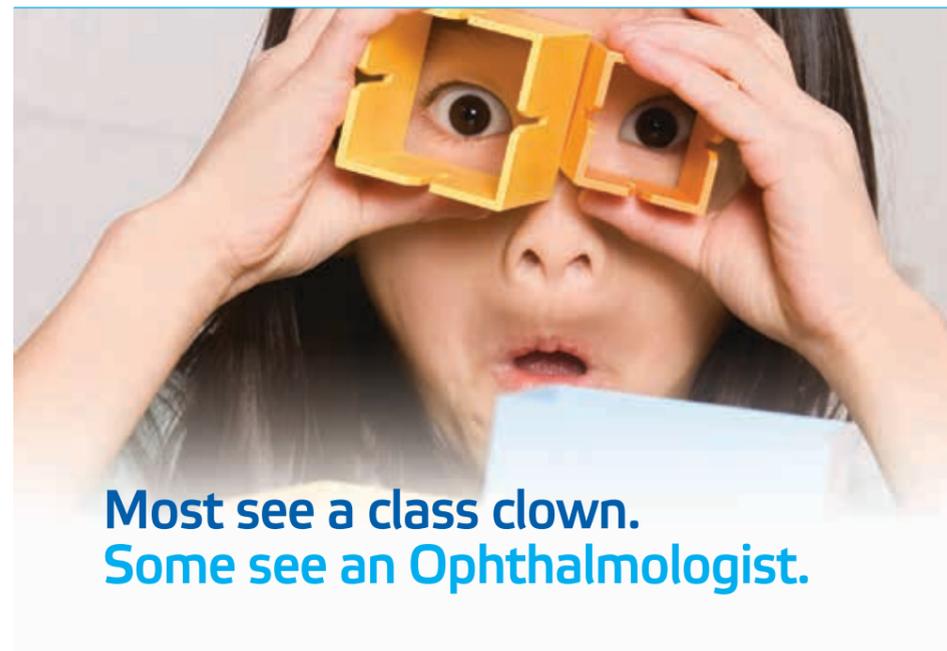
**Deposit portfolio \$1.8B**

**Deposit growth 5.1%**

**Customer base 107,053**



**Most see a daydreamer.  
Some see a Philosopher.**



**Most see a class clown.  
Some see an Ophthalmologist.**



**Loan portfolio \$1.5B**

**Loan growth 3.9%**

Because you see the best in young people, we want the best for you. Every day you inspire and help people grow so they can recognise their full potential. That's why we're committed to working closely alongside our customers, to help you build your own healthy and prosperous future.

As a mutual bank our profits mean real benefits directly back to you. So, no matter what, you can bank on us to be there for you.



**95% customer satisfaction rating**

**+61 Net Promoter Score**

**2015 Money Magazine  
Best of the Best Awards Winner:**

- Cheapest Personal Loan (Bank).
- Best Term Deposit - Long Term (Bank).

# Chair's Report

## Bernie Lloyd



**Board of Directors**  
Left - Right  
Bernie Lloyd (Chair), Jo Dawson, Michael Monester, Karen Starr, David Temple, Graeme Willis.

The expression ... the more things change, the more they stay the same ... is especially relevant for the current circumstances in which Victoria Teachers Mutual Bank finds itself. Yes, we live in a world where significant change has become the norm, but your Mutual Bank's values and mission keep it firmly grounded in its first principle: to provide value to our customers and the education community. We are very proud of the fact we are the only financial institution in Victoria focusing on people working in education and their families.

The Board, management and staff are pleased with the achievement of the much anticipated milestone of assets in excess of \$2 billion for the 2014/15 year. This milestone is testimony to our focus since inception on the education sector in Victoria and the strength of those relationships. Other results as outlined in this Annual Review reflect the Mutual Bank's solid financial performance as it continues to provide excellent service to all of its customers, especially those staff in schools, tertiary organisations and preschools who enable our young people to face their futures with confidence, and their families and other supporters of the education community.

In providing oversight of the growth in assets (Growth of 5.26%, Return on Average Assets of 0.73%) and to ensure sound, contemporary and prudent management practices, the Board takes its governance responsibilities very seriously. It's imperative that your Board be comprised of a diversity of directors who, together with management, ensure a continuous review of the Mutual Bank's competitive strategies in light of the external and internal environment, to enable ongoing success. Individual director performance has been a focus within the broader emphasis on whole of Board efficacy. We used self and peer evaluation protocols, as well as engaging the services of external providers, to ensure that evaluation and review facilitates cycles of improvement. It is critical that, as well as possessing the desired skill set, your Board engages in ongoing activities including training to keep us at the cutting edge of thinking and practice that informs this sector.

In this dynamic environment succession planning is crucial. This year Jonathan Hutchins left our Board to take up an executive position and his farewell was marked by endorsements regarding his commitment and dedication to the Mutual Bank, his warm and inclusive leadership style and his business insight. On your behalf, I would like to thank him for his contribution once again. A new Board appointed director will fill the vacancy to ensure a complementary match with existing Board competencies and expertise.

The Board is responsible for the oversight and monitoring of the Mutual Bank's compliance with laws, rules and prudential standards, as well as being responsible for setting and monitoring its financial performance including adherence to regulatory financial limits. The Mutual Bank operates within a highly complex regulatory regime which calls for comprehensive and detailed risk management protocols. Constant reviews of systems, policies, processes and codes of practice are undertaken and through the use of Board Committees the responsibilities of the Board can be effectively met.

The end of the financial year is always a time of satisfaction for a successful organisation as one can review and reflect on the whole year's achievements. Much Board and management time and energy goes into strategic planning and preparation of plans, projects and budgets which is followed by the implementation and evaluation phases. Successful initiatives from this year include:

- A major upgrade of our core banking software.
- Our website refresh.
- We launched our new positioning statement 'Invested In you'.
- Our digital capability initiatives are being progressed.
- A major business continuity test which was successful.
- Moodys upgraded our long term issuer credit rating from Baa1 to A3 in October 2014.

We have also participated together with our sector advocate, the Customer Owned Banking Association, in the National Financial System Inquiry and collaborated with fellow mutuals on a number of initiatives to enhance and strengthen the mutual sector. All this activity is around consolidating our position as one of Australia's top mutual banks.

To William Wolke and his staff, as well as to my fellow Board members, I extend heartfelt thanks for your energy and enthusiasm as you direct your significant talents to ensuring Victoria Teachers Mutual Bank continues to be a highly regarded and successful financial institution.

Forty-three years into its history I can assure you that your Mutual Bank is in excellent health and continues to pride itself on its services to you – our customers. Now, more than ever, we are invested in you.

# CEO's Report

## William Wolke



### Executive Management Team

Left - Right  
Glenn Borg - People & Culture, Justine Ward - Sales & Service, Adam Alsbury - Strategy & Marketing,  
William Wolke - CEO, Mark Thomson - Technology, Elsbeth Torelli - Risk & Governance, David Percival -  
Finance.

Almost everywhere we turn we are faced with opportunities and challenges of the new reality of living in a digital world. Digital disruption is an apt term for how it is affecting many aspects of our lives.

Banking is no different. Therefore your Mutual Bank has embraced the opportunities and is digitally disrupting itself in a controlled manner to ensure that our customers can interact with us by whatever method or device they choose, with particular emphasis on providing a richer experience through mobile applications.

Mutuals were the original peer to peer lenders – in our case teachers lending to teachers - so we have a heritage and value system to draw upon. Your Mutual Bank is well placed having served customers without an extensive branch network therefore developing a particular competence as we progressed from postal mail, phone, internet to mobile. We regard our model as a competitive advantage for operating in the highly dynamic world of digital, 'big data' and informed consumer choice.

We work closely with our technology partners to create a rich digital experience and our relaunched responsive website is a recent example of design that adapts to the device, be it laptop, desktop, tablet or smartphone.

Our financial outcomes have continued to be solid with quality of lending being maintained by exceptionally low loan book arrears and ensuring a caring and prudent approach to loan affordability and serviceability, particularly in this time of high housing price growth. Value is being returned to customers through competitive pricing, fees and exceptional service levels. Over a rolling five year period customers tend to be approximately \$774 better off banking with us compared to the majors, as reported by Canstar research.

Strong financial foundations support the investment profile required to continually improve your Mutual Bank ensuring it remains relevant and competitive in the products and services offered to our customers and the education community.

This philosophy sits well with our new positioning 'Invested in you' which appears to have been well received by all stakeholders.

Teachers and other people working in the education community invest in people every day. Our positioning delivers commitment and conveys to our customers that we are 'Invested in you':

- As part of the education community.
- As an educator – by providing support to the education community.
- As a customer – focused on your needs, not those of external shareholders.
- As a mutual – reinvesting profit for customers' benefit.
- By assisting customers – managing their finances.
- By being socially responsible – ethical investments.

2015 has again been a very competitive year and I thank customers, new and old, for their support and advocacy. Word of mouth referrals play a significant part in attracting new customers and meeting the needs of all our customers. Your Mutual Bank encourages you to advocate to others about the great customer experience they are missing in their financial interactions.

Of course we cannot achieve all these things without our dedicated staff who are the fabric of our culture and values, which translate into exceptional customer satisfaction ratings and third party awards. We continue to strive to provide a flexible, supportive workplace. Investment in our people continues through up-skilling opportunities, training and tertiary education support.

Your Mutual Bank remains engaged with many aspects of the Customer Owned Banking sector in Australia and works collaboratively with many bodies and groups in the sector. This includes the Boards of the Customer Owned Banking Association (our peak body) and the Australasian Mutuals Institute.

Victoria Teachers Mutual Bank is proud to be a caring, resilient, financially performing customer owned organisation and is a credit to the forty eight founding customers who started it forty three years ago.

I thank and congratulate customers, our staff, directors and management for the results and achievements this year and the sustained track record of all these years without losing focus on our reason for being – to benefit customers.

# Financial Performance

Regulated by the same government legislation that applies to all banks and Authorised Deposit-taking Institutions.

Consistent low record of bad debt write-offs due to responsible lending practices.

Members were \$174 per annum better off banking with us, during the financial year, rather than the major banks as reported by Canstar.



The Mutual Bank continued to deliver value to customers throughout the year with very competitive rates being offered on both deposits and loans. We have seen strong support for our Online and Bonus Saver Accounts in addition to Term Deposits in a competitive market which has resulted in deposit growth of \$89m to \$1.83b (5.1% growth).

The residential loan market has been relatively strong over the last year, with a stable housing market and historically low home loan interest rates on offer. Our loan growth of \$58m to \$1.55b (3.9% growth) has predominantly been in secured Home Loans. The quality of our loan portfolio is reflected by market indicators such as total loans in arrears, bad debts written off and loan provisions where our results are low when compared to our peers in the financial services industry.

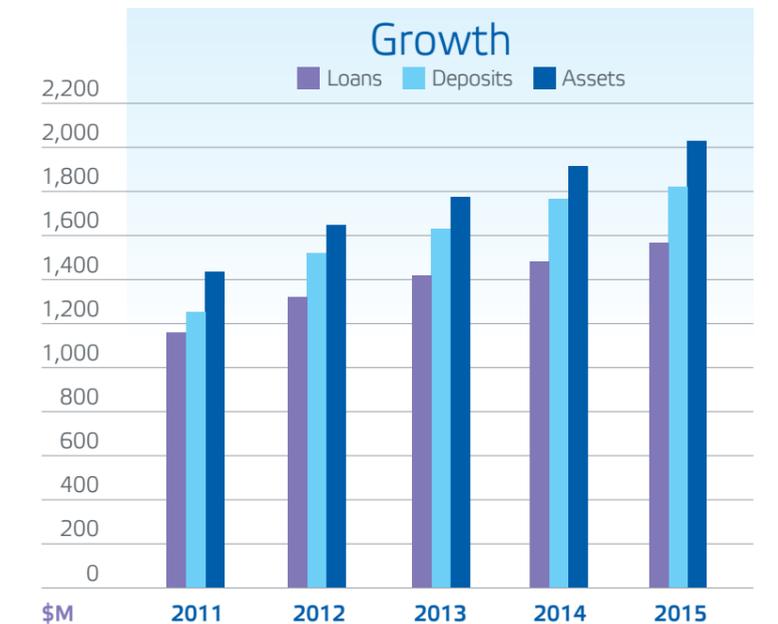
Total assets increased \$101m to \$2.02b (5.26% growth) and total equity increased by \$14.4m to \$166.7m (9.4% growth). This growth enables the Mutual Bank to invest in new and improved technology, products and services for the continued benefit of our customers.

The Mutual Bank has continued to strengthen its capital base, with our Capital Adequacy ratio of 15.57%, providing a sound balance sheet to support the growth of the business.

## Statement of Financial Position

(As at 30 June 2015)

	2015 \$000's	2014 \$000's
<b>Assets</b>		
Cash and cash equivalents	21,918	54,615
Trade and other receivables	3,723	4,035
Investment - held to maturity	409,074	335,862
Loans and advances	1,546,178	1,487,819
Property, plant and equipment	36,312	34,807
Other assets	5,777	4,677
<b>Total Assets</b>	<b>2,022,982</b>	<b>1,921,815</b>
<b>Liabilities</b>		
Deposits	1,833,916	1,744,443
Trade and other payables	16,527	19,446
Subordinated debt	2,000	2,000
Provisions	3,862	3,607
<b>Total Liabilities</b>	<b>1,856,305</b>	<b>1,769,496</b>
<b>Net Assets</b>	<b>166,677</b>	<b>152,319</b>
<b>Equity</b>		
Redeemable Preference Shares	2,902	2,902
Reserves	163,775	149,417
<b>Total Equity</b>	<b>166,677</b>	<b>152,319</b>



# Financial Performance



The Mutual Bank has delivered a net profit result of \$14.5m for the year, which equates to a return on average assets of 0.73%. The result is an increase on the prior year and includes a revaluation gain of \$1.3m for the Head Office property. The profit increase was built on disciplined management of our balance sheet, interest margin and expenditure. The Mutual Bank has continued to invest in new services for our customers and achieved good results from our insurance and financial planning operations.

The consolidation of operations into the Head Office property at 117 Camberwell Road, Hawthorn East, has continued to see significant benefits for the organisation. The modern facilities provide for an efficient workplace for staff and will continue to deliver efficiencies and cost savings in future years.

## Income Statement

(For the year ended 30 June 2015)

	2015 \$000's	2014 \$000's
Interest revenue	93,836	92,563
Interest expense	48,725	50,361
<b>Net interest income</b>	<b>45,111</b>	<b>42,202</b>
Other operating income	11,798	11,749
<b>Net operating income before expenses</b>	<b>56,909</b>	<b>53,951</b>
Total operating expenses	36,967	34,886
Revaluation property, plant & equipment	1,298	-
<b>Profit before income tax</b>	<b>21,240</b>	<b>19,065</b>
Income tax expense	6,344	5,526
<b>Profit after income tax</b>	<b>14,896</b>	<b>13,539</b>
Other comprehensive income	(421)	(317)
<b>Total comprehensive income</b>	<b>14,475</b>	<b>13,222</b>

## Return on Average Assets



# Customers

We're invested in you, to help you be more, do more and achieve more.

We're focused on the needs of educationalists and support/professional staff and their families.

More than 100,000 customers bank with Victoria Teachers Mutual Bank.

## What do our customers say?

### Ryan Bowler, graduate teacher and new customer in 2015.

As a new teacher, Ryan came to know more about the Mutual Bank during a financial literacy session at a Victorian Institute of Teaching (VIT) event. He liked the idea of providing direct benefits to customers, rather than shareholders, through personalised service and low cost banking.

*"Not only am I saving on my banking, I am also receiving honest and relevant advice. I am so impressed with the service and have never felt pressured to apply or take up a product".*

Ryan is already recommending his Mutual Bank to others working in education.

*"It's nice to be part of a bank that understands education and is invested in you as a customer".*

## Providing value and advice based relationships

As a mutual, we consistently offer competitive financial solutions across our range through our competitive loan and deposit interest rates, and a lower fee structure. We also pride ourselves on our customer service which, we are renowned for, and our in-depth understanding of the education community. During the financial year, our customers were \$174 better off on average banking with us than the major banks, as reported by Canstar.

Our customers' financial wellbeing comes first. As a mutual we aim to provide a better deal than the majors. Being accountable to our customers is how we conduct business responsibly. Our financial solutions are based on the individual needs of our customers, as we value long term relationships and want to help customers build a prosperous future.

## Invested in you

Our positioning, Invested in you, defines the essence of our brand which is at the heart of everything the Mutual Bank does, so our customers understand who the organisation is and what we stand for.

We're a leading Australian Bank, recognised for putting educationalists first. We want teachers and people working in the wider education community to know they can trust and rely on us to help them be more, do more and achieve more.

## Customer services

- New website – our new look website was launched through the year, providing more financial information, easier navigation and to ensure it was mobile responsive if accessed from any mobile device.
- Upgraded banking system – to serve our customers more efficiently, we updated our banking system aligned to technological enhancements over time.

- Customer Relations Team – to assist with organisational growth, a new team was established to assist new and existing customers with switching their banking to the Mutual Bank and providing customer needs reviews to ensure we are meeting individual financial needs.
- Mobile Bankers – we conducted over 2,000 visits to government, Catholic and independent schools state-wide to assist new and existing customers with their banking.
- Mobile Lending – our Mobile Lending team is in huge demand visiting customers and potential customers state-wide to assist with home loan needs, with over 800 visits conducted.
- Our Contact Centre is routed to provide efficient service and conduct customer needs reviews, with over 170,000 calls received.
- Website – now our biggest channel for information and product applications, it received over 4 million visits.
- Internet Banking – our virtual branch experienced usage growth with over 4 million visits.
- Mobile Banking App – over 3 million log-ins in the financial year.

## Customer satisfaction

Our customer satisfaction ratings remain high at 95%. A consistently high Net Promoter Score of +61, which is one of the highest in the financial services industry, is testimony we are performing to the expectations of our customers.

# Education Community

\$500,000 invested back into the education community.

Our partnerships with key stakeholders highlights our investment in the Victorian education community.

We sponsored events involving over 35,000 participants from schools, preschools, educational associations and tertiary institutions.



## We're for education

We're committed to our customers and the larger education community, from preschool to tertiary, in a range of ways to enhance financial and social wellbeing.

## Education related charities

Our continued support of our chosen charities is helping to build social capacity in education:

- **State Schools' Relief (SSR)** – each year the number of students requiring assistance continues to grow. Our annual donation assists this organisation in maintaining basic services to Victorian government school communities in need.
- **Better Buddies** – an initiative designed to create friendly and caring primary school communities where bullying is reduced.
- **Early Childhood Education Foundation** – providing opportunities in our community to help families who cannot afford preschool education.

## Supporting schools, preschools and educational associations

Many schools, preschools and educational associations have selected us as their bank of choice, using our specially designed term deposits that provide secure earnings, making every dollar count. We complement our support to schools with our on-site banker service, as we value the importance of building mutually beneficial relationships.

Our staff also provide in-kind support to the education community, volunteering in schools and preschools in meaningful ways, such as classroom support, working bees or positions on committees.

## Sponsorship

Sponsorship of the education community is important to us – without our support many events/professional development forums could not be conducted, as we help subsidise the cost of participation for attendees. The events we sponsor vary from local clusters/networks through to major conferences and forums. Our support is extended across the government, Catholic and independent school sectors, assisting principals, assistant/deputy principals, teachers, education support staff, and academics and professional staff in the tertiary sector. We regard sponsorship as an investment in the education community.

## Teaching Initiatives Program

Our Teaching Initiatives Program is growing in popularity and continues to provide grants to schools and preschools. Funding is provided for a range of projects in areas such as sustainability, indigenous culture, Asian studies and general curriculum– these categories are aligned to the cross curriculum priorities of AusVELS. This program has contributed in excess of \$530,000 to schools and preschools since its inception.

## Building partnerships in education

Shaping futures is in the DNA of educators and educational organisations, so we work together to produce better outcomes for students, teachers, academics and education support/professional staff.

Some of our longer term partners include:

- Victorian Institute of Teaching.
- Department of Education and Training.
- Principals' Association of Specialist Schools.
- Victorian Principals' Association.
- Australian Education Union.
- Independent Education Union.
- Education Faculties across Victoria.

The Mutual Bank also recognises the significant role that smaller stakeholders play and supports a range of grass roots organisations, networks and subject associations that involve tertiary staff, principal class, teachers and education support staff.

## Pre-service teachers

As an organisation dedicated to the education community, we recognise the importance of our future teachers. We continue to develop our relationships with education faculties across Victoria, providing financial advice, special banking offers and a range of resources to help pre-service teachers. The Mutual Bank provides numerous awards providing financial assistance to recognise academic achievement, assisting with financial hardship, encouraging regional placements, as well as majoring in special education. Our aim is to help pre-service teachers build a healthy and prosperous future so they can concentrate on doing the same with their future students.

# Corporate Citizenship

Invested in financial literacy – education is at the core of what we do.

Bound by ethical investment policies and environmental sustainability.

Responsible and transparent business practices in the interests of our customers.

## What do our customers say?

**Charles Branciforte, principal and customer for over 25 years.**

*“A bank for teachers, owned by teachers and run by professionals who understand the education industry” was appealing to Charles who first joined the Mutual Bank as a graduate teacher.*

Throughout his life, as his financial circumstances changed and he had to educate himself and adapt, Charles always felt supported by his bank.

*“There is confidence that comes with decision making when your bank takes every opportunity to assist you and affirm your financial position. As I put more emphasis on my financial future and expect more from my bank, they deliver every time. Take advantage of the services offered by Victoria Teachers Mutual Bank, after all it’s teachers looking out for teachers, backed by honest and relevant financial advice”.*



## Invested in financial literacy

We exist for the financial benefit of everyone who banks with us by offering knowledge and support to help customers build a solid financial future:

- **Educational articles** – every month our newsletter contains educational articles, with relevant content based on life stage.
- **Lending seminars** – customers, family members and people working in the education community are invited to attend our free First Home Buyer Seminars throughout the year to gain a better understanding of lender requirements and the buying process.
- **Financial Planning seminars** – numerous topics are covered at our free seminars ranging from wealth management to retirement planning, with attendees having the option to speak to our fully qualified Financial Planners after each seminar.
- **Financial literacy resources** – we have a dedicated section on our website containing information regarding life events, general tips, tools and teacher resources.
- **Financial management workshops** – in conjunction with our partner, the Victorian Institute of Teaching, we present financial management workshops to assist graduates with the financial transition from university to work.
- **Study resources** – we provide a range of online and on campus resources and advice, to help our future teachers manage their money whilst studying.

## Ethical investment policy

As a Bank we adopt an ethical approach to our investments and as such, we do not invest in fossil fuels and have no plans to do so.

## Responsible lending

To facilitate financial wellbeing, we ensure we don’t lend money if it means it may cause financial hardship, now or in the future. Our high quality loans portfolio shows our customer base is in a strong position where debts are fully repaid/ repayments are being met. Our delinquency rate remains very low (well beneath industry levels), reflecting our responsible lending practices.

## Promise to customers

The Mutual Banking Code of Practice outlines 10 key promises to customers:

- Be fair and ethical in our dealings.
- Focus on customers.
- Provide clear information about products and services.
- Be responsible lenders.
- Deliver high customer service standards.
- Deal fairly with complaints.
- Recognise customer rights as owners.

- Comply with our legal and industry obligations.
- Recognise the impact on the wider community.
- Support and promote the Mutual Banking Code of Practice.

## Sustainability

The Mutual Bank plays its part in reducing our impact on the environment and continues to implement various environmentally friendly initiatives and practices.

We value the fact that we have customers who are responsible consumers. Digital technology allows us to communicate in a fast and efficient manner, reducing the amount of paper we use. The majority of customers have elected to receive our newsletter, statements, communications and promotional information electronically. We now produce far fewer paper based materials, and when we do, printed materials and merchandise are printed on recycled or carbon neutral stock. Where possible we also procure carbon offsets.

We endeavour to use suppliers that are also environmentally conscious, who implement initiatives to reduce their carbon footprint. The Mutual Bank chooses to procure locally where possible, to support our economy.

Some of our internal environmental practices across our branch/head office sites include:

- Utilisation of rainwater tanks, connected to our staff bathroom facilities.
- Automated lighting and efficient use of air conditioning systems.
- Selective printing options to reduce usage.
- Waste management initiatives to divert from landfill such as organic, paper, cardboard, general recyclables, printer cartridges and general waste.
- Encouraging staff to cycle and use public transport by providing appropriate facilities/subsidies.

Our product range includes environmentally friendly options for our socially conscious customers. We have a highly competitive Green Car Loan, providing a discounted rate for cars with a green rating of 5, as determined by the Australian Government Green Vehicle Guide. Our Green Personal Loan also offers a discounted rate for green home improvements to reduce environmental impact and costs on heating, cooling and water.

The Mutual Bank also encourages sustainability education in our schools and preschools by supporting a number of awards and grants. We have partnered with the Department of Sustainability for a number of years to sponsor the ResourceSmart Education Awards, which reward and recognise a huge range of imaginative and inspiring activities that have led to great sustainability outcomes in Victoria’s primary and secondary schools, as well as early childhood services.

# Customer Owned Banking Sector

Emphasis on social responsibility not solely profits.

Committed to a competitive Australian financial services industry.

As a collective, the customer owned banking sector is the 'fifth pillar' of the banking industry.



## More competition and better outcomes for customers

The mutual sector is not driven solely by corporate profits; it's more about social responsibility and being dedicated to the benefit of customers. For customer owned organisations, it's about being economically, socially and environmentally sustainable. Being a mutual bank means our organisation has reciprocal relationships with customers, their families, the education community and the wider customer owned banking sector in which we operate.

The Customer Owned Banking Association, our sector's advocacy body, is continuously campaigning to improve overall competition in the Australian financial services industry and educating consumers on the likes of credit cards, home ownership and deposit taxes.

A snapshot of the size and strength of the customer owned banking sector reveals:

- \$92.3 billion in assets.
- Serving more than 4 million customers.
- Fifth largest retail deposit holders collectively.
- High customer satisfaction.
- No conflict of interest between customers and shareholders.
- Strong community focus.
- Same prudential regulation as banks.

## Village Entrepreneur Program

The Village Entrepreneur Program is an initiative of CUFA (Credit Union Foundation Australia) and was established in developing countries to help people help themselves to achieve a better life. The program supports villagers in developing countries to change their life and step out of poverty. Over a 2-3 year period individual Village entrepreneurs are given training, start up materials and financial support to start a local micro-business and assistance is provided to plan, design and be sustainable over the long term. The success rate of the program is 99.8% and we are pleased to support the work of the mutual sector.

## Teachers making a difference in Myanmar

Since 2013, Victoria Teachers Mutual Bank, in collaboration with QT Mutual Bank, Teachers Mutual Bank (NSW) and CUFA (Credit Union Foundation Australia) have been supporting the Myanmar Teachers' Project.

The project aims to help teachers working and living in disadvantaged communities in the Shan State and in Taik Kyi township in the Yangon region of Myanmar, by financially empowering the community as a whole. Providing funds to community owned financial institutions, CUFA works with them to generate interest and grow their loan pools. This interest is then used to supplement the salaries of teachers who, before the project, often struggled to survive on less than \$2 a day.

The project has produced the following outcomes to date:

- Generated a cumulative total of over \$16,000 USD of interest from loans issued from the participating institutions.
- Created loan opportunities and encouraged savings for more than 3,800 community owned financial institution members.
- Provided free education for more than 4,000 students from 32 schools in rural communities.
- Supplemented the salaries of 153 teachers.

Further updates can be found on our website throughout the year.

## Industry collaboration

We work closely with other mutual organisations to share knowledge, best practice and collaborate on projects to provide efficiencies within the customer owned banking sector, as well as creating awareness through advocacy initiatives. Our representation extends to industry bodies relevant to the customer owned banking sector, such as the Customer Owned Banking Association (COBA) and the Australian Mutuals' Institute.

# Organisation

Our profits mean real benefits directly back to our customers.

Owned by customers who bank with us, not external shareholders.

Invested in our people and systems to deliver quality, competitive financial services.



## Regulatory compliance

An extensive review of our Credit Policy was undertaken to provide greater clarity and increased alignment with changes reflected in the Australian Prudential Regulation Authority (APRA) Prudential Practice Guide – Residential Mortgage Lending, addressing regulatory concerns and increased scrutiny in relation to housing lending across the banking industry.

Our Business Continuity Management strategy, which is a regulator requirement, was again reviewed and tested to ensure our primary data network infrastructure, critical software applications, and core banking data including online channels, function in the event of an unforeseen interruption/disaster.

Components of our Risk Management Framework were further developed to achieve compliance with the APRA Prudential Standard and enhance our risk management oversight and capability, as part of our corporate governance responsibilities.

## Information technology

Our annual internal and external network threat testing was performed during the year. The scope of the tests were expanded from previous years' testing to better evaluate the resiliency of the Mutual Bank's systems and network to various attacks launched from the internet and unauthenticated risks. New network firewall and network monitoring systems were introduced to enhance data security and to protect the Mutual Bank from threats and vulnerabilities.

## Workplace equality

In accordance with the requirements of the Workplace Gender Equality Act 2012, the Mutual Bank lodged its annual compliance report with the Workplace Gender Equality Agency. We have formal policies and strategies in place that specifically support equality and HR initiatives to improve gender equality in the workplace.

The Mutual Bank is committed to diversity and has many policies in place such as recruitment, return to work and also supplements the Government's paid parental leave scheme.

Following an assessment of the report, we have received advice that the Mutual Bank is compliant.

## Developing our people

The Mutual Bank invests in its people through a range of learning and development opportunities to ensure staff have the skills and competencies required to provide financial solutions to customers, whilst complying with all mandated legislative requirements. Ongoing training and development is key to the success of our organisation, to help staff progress career opportunities.

Staff are encouraged to undertake study and professional development relevant to their role, so they can apply their learning, to help facilitate an engaged culture. Maintaining and developing a highly skilled workforce continues to be a focus for the organisation.

Our staff engagement survey has revealed good overall results, with over 93% of staff participating. This year the survey introduced a new tool that specifically examined engagement and organisational effectiveness, measuring the intellectual and emotional commitment our people have towards the organisation. Our results highlighted engaged staff that are emotionally committed to the purpose of their work and that of the organisation.

## Leadership development

A strong focus on leadership has seen the Leadership Assessment (360) Feedback Program, Peer Coaching and partnering initiatives implemented to grow our leaders, from supervisory roles to senior management. The Mutual Bank is committed to development so we continue to maintain competent, well qualified leadership throughout the organisation.