

REVIEW

OUR YEAR IN REVIEW | 2019 - 2020



150 YEARS TOGETHER
1870 - 2020



bankofus.com.au | 1300 306 716



Celebrating
150yrs together.



We're not the new kid on the block. We were established in 1870 as a Building Society, with a sole purpose of providing housing finance to Tasmanians. 150 years later, we are the only Tasmanian customer owned bank, and we are still providing great value, competitive banking products and services – designed by Tasmanians for Tasmanians.

150 YEARS TOGETHER
1870 - 2020

Our history

LAUNCESTON EQUITABLE BUILDING & INVESTMENT SOCIETY LAUNCHES

Our story began when a group of public-spirited citizens saw the need to provide housing finance by way of a co-operative venture and launched the Launceston Equitable Building and Investment Society in January 1870.

The cash taken at the first meeting totalled only \$235 but the nine directors, chaired by the then Superintendent of Police, James Coulter, were delighted even though it would be 10 years before any of them received any remuneration.

The first loan for \$400 was issued to James Brickhill for land in Brisbane Street between Margaret and Bourke Street and the second was a more substantial loan of \$1000 to Gustavus Gabriel for a Wellington Street shop and house.

Along with helping people to own their own homes at a time when there was no public housing in Tasmania, the Society's goal was to encourage thrift in a town where there were more pubs than churches. To reinforce these goals, staff were personally told in 1890 they should not indulge in the widespread practice of gambling and betting and a society advertisement in the 1943 Launceston Competition Program read "Houses are proof of the industry of man; ownership the proof of his thrift and enterprise".



BANKING SERVICES

The then Equitable Building Society (EBS) provides banking services in southern Tasmania through agencies.



BASS BUILDING SOCIETY INCORPORATES IN DEVONPORT.

In May 1968, a group of eight north west coast businessmen met and decided the 'Coast' should have its own building society providing "coastal money for coastal homes".

On 17 July 1968, the Society was incorporated at the first meeting of the Board and its registered office was set up in one small office in Devonport.

Des Day was appointed as the Society's first Chairman and the first public investment was accepted on 26 September 1968.

For the first four years, the directors did not receive any remuneration for their time and it was four years before the Society was in a position to pay its secretary – and then only \$10 a week.

BASS BUILDING SOCIETY AND EQUITABLE BUILDING SOCIETY MERGE FORMING – BASS & EQUITABLE BUILDING SOCIETY

By the late 1980s de-regulation of the financial sector was encouraging bigger institutions and on November 1, Equitable Building Society and Bass Building Society merged to enable them to compete effectively and to provide a state-wide network of branches.

The amalgamation of the State's oldest building society (Equitable) with the youngest and largest (Bass) to become the Bass and Equitable Building Society created the State's largest non-bank financial institution with assets of more than \$90 million.



B&E BECOMES BANK OF US

On 1 November 2017, B&E became Bank of us. Bank of us is a different kind of bank – a customer owned bank.

The new name isn't 'Bank of you' or 'Bank of me', it's Bank of us. The 'us' implies being part of something bigger. As the only Tasmanian customer owned bank, Bank of us is placing people at the heart of banking and the circular layers of the logo represent Tasmania, the community, customers and the bank.

At Bank of us, profits will continue to benefit customers, through better products and services and, not profit for external stakeholders.

It may not be what people expect from a bank, but then Bank of us is not like any other bank.



1870

1877

1888

1968

1976

1981

1986

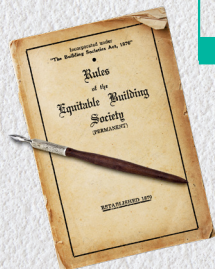
1988

2001

2017

RENAMED: LAUNCESTON EQUITABLE BUILDING SOCIETY

The biggest growth period for the society, which changed its name to the Launceston Equitable Building Society in May 1877, came after World War II when it, and other Launceston Societies, lent almost \$10 million and financed more than 7000 homes in 10 years.



NEW HEAD OFFICE OPENS

1981 New Bass Building Society Head office
1982 EBS moves to current Bank of us head office location

MOONAH AND HOBART EBS BRANCHES OPEN

NEW BRANCHES OPEN

1976 Ulverstone Bass branch opens
1977 Wynyard Bass branch opens
1979 Burnie Bass branch opens
1981 EBS Rosny branch opens



BASS & EQUITABLE IS RENAMED B&E

In November 2001, Bass & Equitable, changed its name to B&E to mark a fresh image and marketing strategy for the Society. In part, the name change was a push for more of the youth and personal loan market, but the goal was also to drop the "building society" reference for the first time in the organisation's long history to reflect the new broader focus of the company which by now offered a wide range of financial services including home and personal loans, business overdrafts, commercial loans, credit and debit cards, deposit and cheque accounts and BPAY.



FROM THE CHAIRMAN & CEO

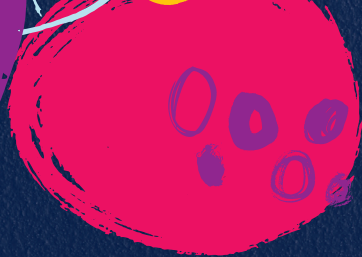
Welcome to the Bank of us 2020 Year in Review.

It's safe to say 2020 is a year that will be marked in history. For Bank of us, it is historic as it marks our 150th anniversary and for us reaching a significant financial milestone when our total assets grew to exceed \$1BN.

It is, of course, also notable for arrival of the COVID-19 pandemic in Australia in February 2020 and the huge impact it has had, and continues to have, on every part of our society.

At Bank of us, we are proud of the way our employees responded to the pandemic and the disruption it has caused. They have continued to place our customers at the heart of banking and as a result, we have ensured a strong operational resilience.

Throughout the financial year, the trend of younger Tasmanians shifting their banking to us has also continued – which we believe is recognition that as Tasmania's only customer owned bank we are here for Tasmania, the community and our customers.



What's inside...

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The highlights

- Our total assets grew by 16% to end the year at \$1.149BN.
- We maintained the record growth in new customers from 2019 in 2020, with a much younger customer demographic joining us. Our active customers increased by over 1,000 in 2020.
- We wrote \$265M in loan approvals. While this was slightly down from our previous record in 2019 (\$279M), it was an excellent result assisted by market share growth of 15%.
- We funded \$248M of loans which along with excellent retention enabled us to grow our loan book by \$79M or a healthy 9.2% to \$927M.
- After-tax profit increased by 21% to \$2.8M. This result includes a provision of \$827K for potential doubtful debts arising from the COVID-19 pandemic.

Our most recent brand measurement showed another uplift in brand preference. Our brand recognition is now close to the major banks -

a remarkable achievement when you consider the Bank of us brand was only launched 2 ½ years ago.

We continue to build our capability as a customer owned bank to ensure that we can deliver on our brand value proposition. This year we implemented the latest version of the Ultracore banking platform which will enable us to deliver new innovative products and services. We also introduced online identification to improve the onboarding of new customers and we enhanced the capability of our Visa payments systems to reduce fraud risk related to online purchases.

Our organisational culture program, established in recent years to support our objective of being a high performing organisation, has seen exceptional results and we can confidently say that we have a very engaged, aligned and capable team at Bank of us.

Bank of us Directors



Stephen Brown

Chairman
(MBA BBus FCA
FAICD)

Helen Galloway
Director
(CPA GAICD)



Community support

We launched our new community initiative, the Bank of useful ideas during the year. This initiative is based on a community building model, where we hold a workshop with a community to identify their needs, collect ideas to support those needs and we then help bring ideas to life through financial and in-kind. While the next phase of the initiative has been delayed due to the COVID-19 pandemic, we are keen to recommence the initiative as soon as possible.



Industry environment

The FY19 trend of weaker activity in housing finance in Tasmania continued in FY20 with a 14% decrease. This decline accelerated in the last quarter due to the impact of COVID-19 and we are now back at the activity levels of 2016.

Pleasingly, we have offset this decline in market activity with an increase in our market share of 150% since 2015.

Looking ahead, it is uncertain as to how the Tasmanian economy will perform in the short to medium term given the impact of COVID-19. While we expect that the economy will take considerable time to return to pre-COVID levels, we are optimistic about the opportunities in the Tasmanian market for us to continue to grow our market share. Our recent partnership with Master Builders Tasmania is an example of a mutually beneficial partnership between two



**Mark
Nugent**
Director
(BCom CPA
AICD)



**Keryn
Nylander**
Director
(BA FAICD)



**Scott
Newton**
Director
(BBus, L.Ec, FAPI
CPV GAICD)



**Robert
King**
Director
(BSc MBA MAICD)



Tasmanian organisations that will provide future growth.

There is no doubt that the cost of participating in the banking sector is increasing at a rapid rate. This is in part due to the continued growth in the extent and complexity of regulation, and due to the ongoing investment required in technology and payment services to meet customer expectations and reduce the risk associated with fraud and cyber-security.

This trend of increasing participation costs is likely to continue in the foreseeable future and as such our sustainability is dependent on growing the business and making sure we have a reason to exist.

As Tasmania's only customer owned bank and with a history of 150 years, we believe that there is reason for us to exist provided we can continue to build value for our customers, who are also our owners.

COVID-19 pandemic

When COVID-19 began to impact the Tasmanian Community, our focus was to keep our employees safe and productive, respond to the needs of our customers and closely monitor and respond to any emerging market risks.

We had to move quickly to implement preventative health measures and revised Store arrangements, a remote work model for our non-customer facing employees, while assisting vulnerable customers with debit card access and offering loan repayment deferrals for borrowers.

The crisis has made it clear that the investment into our organisational culture over the past few years has been worthwhile as our employees have been highly engaged and supportive of the changes that we have needed to make.

To date, we have assisted 800 vulnerable customers by providing debit card access and 170 borrowers with loan repayment deferrals. Half of these borrowers have returned to normal repayments after 3 months and most of the others expect to do so at the end of the 6-month deferral period.

This year all banks have had to consider the collectability of loans from borrowers who have had their income impacted by COVID-19. We have undertaken modelling of our loan portfolio and we have decided to make an additional provision of \$827K in the FY20 statutory accounts for the impact of COVID-19 on doubtful debts. We consider this to be a prudent and conservative position based on the information we have available.

As an extension of our community support program, we joined forces with two other well-known Tasmanian organisations, St.LukesHealth and Tasplan to form the Pulse of Tasmania with the aim of making a real difference to our communities as we come out the other side of COVID-19. Between us we have committed \$100,000 to support initiatives that will help Tasmanian's financial, physical and mental wellbeing. We have received a strong response to this initiative, and we will be announcing the successful initiatives during October.

Conclusion

We acknowledge the continued commitment and effort of all our people in delivering a high level of service and remaining focused on what is important and necessary to make Bank of us successful during a period of significant change. A key strength for us is our capacity to develop strong relationships with our customers and stakeholders and this is of course dependent on our people.

Bank of us exists for the benefit of our customers who are also our owners and we thank them for their ongoing and loyal support.

Stephen Brown
Chairman

Paul Ranson
CEO

PS From the Chairman



I will not be seeking re-election as Chairman of Bank of us following six wonderful years in the role. There has been such unprecedented growth and development in the Bank in recent years and I want to pass on my sincere thanks for the tremendous support, flexibility and wise counsel provided by my fellow Directors during this time. It truly has been a great privilege to be Chairman and I'm deeply appreciative of Paul and his Executive Team for the outstanding performance in their roles during this time.



1 Paul Ranson
Chief Executive
Officer

2 Jill Jetson-Shumbusho
Chief Customer
& People Officer

3 Gerald White
Chief Financial
Officer

4 Natasha Whish-Wilson
Chief Risk Officer

5 Susie Russell
Chief Projects
Officer



FINANCIAL PERFORMANCE

For the year end 30 June 2020



Financially, Bank of us continues to perform strongly with high loan portfolio and deposit growth.



After tax profit was up by 21%

\$2.8M

(2019 \$2.3M)

A sound result in an unprecedented low interest rate environment. The profit result included a conservative loan impairment provision of \$0.8M associated with the impact of COVID-19.



Total assets grew by
\$156M
or 16% to \$1.149Bn

This was due to a result of strong growth in deposits and a decision to carry higher liquidity during the COVID-19 pandemic.



Our net loan portfolio grew by
\$79M
or 9.2% to \$927M

This is a significant achievement in a highly competitive and challenging environment. The loan book has grown each month for the past 5 years and continues to be underpinned by excellent loan retention.



Loan approvals for the year were
\$265M

Approvals slowed during the second half of the year due to COVID-19 finishing at \$265M. This was a small decrease of \$14M against our previous record last year. The growth has been supported by a 15% increase in our market share of owner-occupied lending in Tasmania.



Net assets increased by
\$2.7M
to \$75.3M (2019 \$72.5M)

Capital adequacy on a risk-weighted basis decreased from 15.9% to 14.6%. This decrease was mainly as a result of strong loan portfolio growth and increases in liquidity. Capital adequacy remains comfortably above APRA's prudential requirements and the Board's preferred minimum holding level.



Total deposits increased
\$134M
to \$1.046Bn

We ended the year with a very strong liquidity position. Total deposits increased by \$134M to finish the year end at \$1.046Bn with total liquidity at 30 June of 17.2% (2019 12.8%).



The quality of the loan book is excellent in composition and performs extremely well with very a low level of delinquency of 0.18% (2019 0.33%) at 30 June. During the second half of the year, loan repayment deferrals were offered to borrowers suffering hardship as a result of COVID-19. Deferrals reached a peak of 4.5% of our loan book but had reduced to 3.1% by 30 June with indications that most borrowers will resume normal repayments by 30 September.

Bank of useful ideas

We launched the Bank of useful ideas in Burnie in July 2019, to help Tasmanians bring their ideas to life and to help build vibrant, productive and self-sustaining communities.

The Burnie community attended a 2-day workshop to come up with five key areas of opportunity for the region and were then asked to submit ideas fitting within one or more of these opportunities.

The high level of engagement at the workshop and the quality of the ideas received showed that the Burnie people are very passionate about their community.

We received some amazing ideas, which made it difficult to narrow it down to the final four inaugural recipients of the Bank of useful ideas:



The recipients, together with Bank of us CEO Paul Ranson, at the inaugural Bank of useful ideas funding announcement in December 2019.

Kathleen Priestly (Burnie Reads), Tracy Edington-Mackay, Shandel Pile & Kylie Mulcahy (Yellow Brick Road), Paul Ranson (CEO Bank of us), Lyndal Thorne (Take Off! Paper Plane Festival) Kristin Mathiasen (Cafe Ahimsa)

- Take off – Place of paper;
- Café Ahimsa;
- Yellow brick road; and
- Burnie reads.

Since the announcement of the recipients in December 2019, we have all been impacted by the Coronavirus pandemic and as such, all four projects have been put on hold.

There are plans for another round of the Bank of useful ideas in 2021.

5 ways to protect your personal info

It's not uncommon these days to hear in the news, reports of major data breaches or terrible tales from victims of the latest scam.

It seems like it's getting harder to protect our personal information from these types of attacks, especially when we're online more and more and scammers are coming up with new ways to take advantage of the most vulnerable.

So, what should you do? It might seem pointless but there are things you can do, from being aware of the risks to doing some simple things to protect yourself.

One for all

We launched our new community account, One for All, in Launceston in August 2019.

The account is part of our strategy to deliver on our brand promise to be the Bank of the community.

We care about the community we do business in, and over the year's we've been able to support many of Tasmania's leading events, and contribute to local community groups, sporting clubs and charity organisations.

When we launched Bank of us in 2017, we took the opportunity to take stock of our overall sponsorship activity investment. We wanted to make sure that our community financial contributions were going to the causes that our customers are passionate about. And that's why we developed the One for All account.

When a customer opens a One for All account, they nominate to support one of the Recipient



Community Organisations registered with Bank of us.

At the end of each financial year, Bank of us donates 1% of the average daily balance of each One for All account linked to the Recipient Community Organisation.

- 1 Don't share your personal info online. Sounds pretty obvious but you shouldn't have any expectations of privacy when it comes to posting content and information stored on social media or on other online forums. Even if you think your information is private by setting your security settings to the highest level, it may unintentionally be seen by anyone.
 - 2 Keep your login details safe. Don't share usernames and passwords with friends or family. They may not deliberately share this info with anyone else but the less people who know your personal logins the better.
 - 3 Let's talk cold callers. Firstly, if someone is ringing you from a number you don't recognise you don't have to answer it. If you must answer a cold call, don't give any personal details over the phone. If you think the call might be from a reputable organisation, you can always ring back on a number you find on their official website.
 - 4 When was the last time you updated your antivirus software? Hopefully it wasn't back in 2010. You may have to fork out a few dollars for software, but it will give you peace of mind and possibly save you heartache in the long run.
 - 5 Have you ever received a call from someone wanting to remote access your PC? No, well it's an actual thing and unless it's someone you know then DO NOT let it happen. Again, if you think it's a real person from a real and reputable organisation, hang up and ring back on an officially listed number.
- So, there you have it, some simple ways you can take back some of the control of your personal information. You can find some more helpful tips for keeping your personal info safe on our website bankofus.com.au/safe-banking. And remember the golden rule when it comes to giving out your personal information ... trust your instincts. If it sounds too good to be true, it usually is.

Our commitment to our community

We were established as a Building Society in 1870, with the sole purpose of providing housing finance to Tasmanians so they could build their own homes.

Fast-forward to today, and Bank of us is the only Tasmanian customer owned bank, with eight Retail Stores state wide and over 30,000 customers and \$1 billion in assets.

We keep things local - from reinvesting our profits to benefit our customers and the community to having our very own Contact Centre based in Devonport and our head office in Launceston.

We are in an enviable place to be able to hold true to our original purpose of helping Tasmanians achieve their dream of owning their own home, and provide competitive banking products and services that have been designed by Tasmanians for Tasmanians.

The way Tasmanians bank has changed significantly over our 150 year history but one thing has remained the same at Bank of us, and that is our commitment to our customers and the Tasmanian community.

At a time when the trend is to close bank branches, we're committed to providing Tasmanians a better banking experience making sure they have a choice as to how and when they do their banking with us.

Part of that commitment is having modern and contemporary Retail Stores that our customers feel comfortable in and that make their banking easier.

We believe that Tasmanians deserve the opportunity to bank with a strong locally owned and operated customer owned bank.

We would like to thank all our customers for their ongoing support and welcome all Tasmanians to consider making us their bank of choice.

Pulse of Tasmania

We joined forces with St.LukesHealth and Tasplan to do something that will make a real difference to our communities as we come out the other side of COVID-19.



We committed \$100,000 to help support the financial, physical and mental health & wellbeing of Tasmanians.

To help us direct our support to initiatives that will help make Tasmanians healthier and more prosperous, we asked Tasmanians to tell us what does it mean to be Tasmanian right now and what do Tasmanians need most to get back on their feet?

We heard from individuals, families, organisations, sporting clubs, those with a lot of experience, and those starting out on their journey as Tasmanians.

We will be announcing our first round of support in October.



Visit pulseoftasmania.com.au

Bank of us is a trading name of B&E Ltd ABN 32 087 652 088 | St.LukesHealth ABN 81 009 479 618 | The trustee of Tasplan Super (ABN 14 602 032 302) is Tasplan Pty Ltd (ABN 13 009 563 062)

From the beginning

We've always been about helping Tasmanians

Over 30,000 Tasmanians trust their savings and investments or their dream of home or business ownership with Bank of us.

St.LukesHealth helps more than 61,000 Tasmanians live a life of health and wellbeing.

126,000 members trust Tasplan to help them achieve their best possible financial future.

We've supported Tasmanians through good times

St.LukesHealth supports Tasmanians through the best moments – from pregnancy through to your footy comeback, time with the grandchildren or running a marathon.

Doing the right thing stretches out to our communities. Tasplan has a strong focus on developing regional areas, understanding local investment opportunities and increasing prospects for all its members.

Bank of us has been helping Tasmanians achieve their financial goals for over 150 years.

and tough times

Tasplan has provided comprehensive information to members about how to apply for the early release of their super. To date, Tasplan has released over \$80 million to more than 10,000 members giving peace of mind and security to those who would otherwise be struggling financially.

Bank of us is supporting over 200 Tasmanian families through financial hardship brought on by COVID-19.

St.LukesHealth has got you covered throughout COVID-19 with a range of telehealth consultations, access to hospital treatment and extended mental health support.

Tasmanians have made us who we are



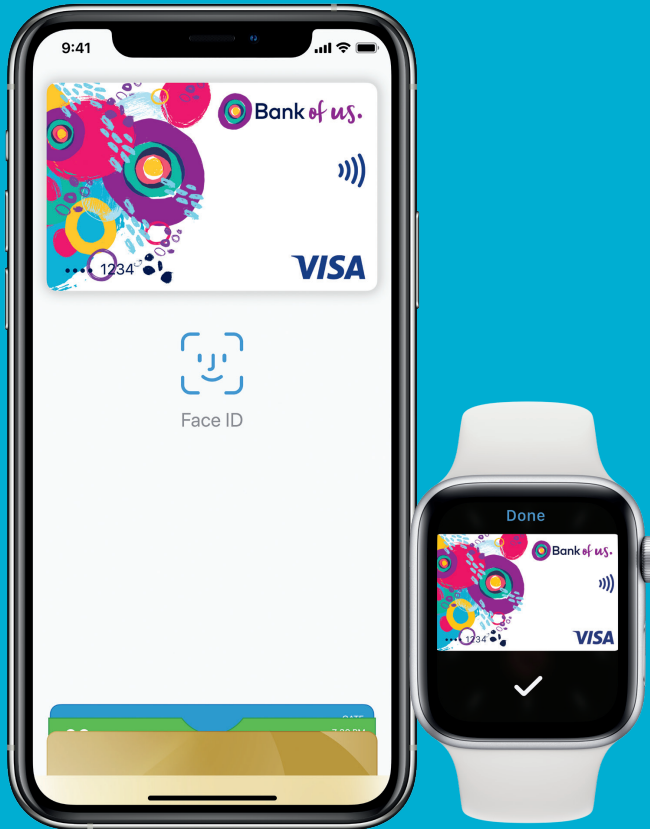
Our people

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We acknowledge the continued commitment and effort of all our people in delivering a high level of service and remaining focused on what is important and necessary to make Bank of us successful during a period of significant change. A key strength for us is our capacity to develop strong relationships with our customers and stakeholders and this is of course dependent on our people.

Apple Pay now available with Bank of us



Pay easily and securely with your Bank of us
debit or credit card using Apple Pay.



For a list of compatible Apple Pay devices, see support.apple.com/en-au/km207105. Apple, the Apple logo, Apple Pay, Apple Watch, Face ID, iPad, iPhone, iTunes, Mac, MacBook Pro, Safari, and Touch ID are trademarks of Apple Inc., registered in the U.S. and other countries. This information is general information and does not take into account your personal circumstances. Before acquiring any financial product or payment facility, you should consider if the product or payment facility is appropriate for you. We recommend that you read the relevant Conditions of Use which is available at any Bank of us Retail Store, by calling 1300 306 716 or from our website www.bankofus.com.au, prior to applying.

