



Year in Review



2021/22



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1300 306 716

Us is a
plus



Bank of us.
Tasmania | Community | Customer

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The highlights

- Our total assets grew by 9.7% to end the year at \$1.36Bn.
- Our active customers increased to 32,400, and we maintained strong new customer growth, with a trend of attracting our younger target demographic.
- We wrote a record \$363M in new loans, nearly 10% above our previous record from last year. This was an excellent result that speaks to our increased market share.
- We funded \$341M of loans, which, along with good retention, enabled us to grow our loan book by \$114M; a robust increase of 11% to \$1.11Bn.

FY22 saw a lower after-tax profit of \$5.1M, due to a declining net-interest margin arising from market competition, significant costs incurred in building capability, and compliance driven operational projects. For the year ahead we project a similar profit outcome, with the net interest margin expected to improve from rising interest rates, but we also expect higher costs due to a tight labour market and meeting an ever-expanding agenda of new compliance obligations.

Delivering for our customers is of course highly dependent on our people and our culture. We continue to work hard at building a high-performance culture, and our most recent Employee Culture Survey results reflect this.



Welcome

to our
**Bank of us 2022
Year in review**

From the Chairman & CEO

We're pleased to report another strong year of excellent outcomes with our loan book growing by double digits again, a solid profit result, and a high standard of service being maintained while we continue to navigate through the ups and downs of a global pandemic.

These excellent outcomes reflect the strong performance of the Tasmanian economy relative to other states in Australia. They also speak to our high-performance culture, which enabled us to find opportunities to write another record in loans, despite navigating resourcing challenges to ensure our retail stores could continue to open.

At the time of writing this report, we remain hopeful that we're approaching the end of the pandemic, however the virus continues to evolve, as we are now experiencing a third wave of infections. The operational environment has also been relatively stable, but we remain ready to respond to any emerging issues.

Community

This year we were appointed as the lender for the revamped Tasmanian Government MyHome Program. This shared equity program will support more Tasmanians to purchase their own home - an important initiative tackling housing access challenges in our state. Our participation is a fantastic achievement and recognition of the value that we can bring to the program as Tasmania's only customer owned bank, and we look forward to assisting the Tasmanian Government in making the program a success.

During the year, a number of Bank of useful ideas funded projects across the state reached milestones, including the Rosny Library StoryWalk, Bayview Secondary College Sustainability Hub, Bog Beautiful Paint-by-numbers Mural, Burnie Community House and Neighbourhood Centre Yellow Brick Road, and Burnie Library's Burnie Reads.

Bank of useful ideas and our community financial support will be reviewed as part of our new 5-year strategic plan.



Significant initiatives

We achieved the following key initiatives in FY22:



We refreshed our brand and launched our 'Us is a Plus' campaign. This was well received in market.



We replaced the Core Banking Host. This major technology project was completed in May with a smooth transition from the old host to the new host.



We successfully tendered for the enhanced Tasmanian Government MyHome Program and launched this on 1 July.

Industry environment

FY22 saw a softening in housing finance demand in Tasmania, with a decrease of 4.8% over FY21, which can be attributed to the winding back of incentives for first homeowners by the Government, and the impact of rising borrowing rates. Pleasingly, we were able to grow market share during the year, supported by two excellent marketing campaigns.

As interest rates are predicted to increase to a long run average over the next 12 months to combat rising inflation, we expect to see a further softening in housing finance demand in FY23. The extent to which rising rates will impact property prices is unknown, noting that historically Tasmania hasn't seen significant declines in property values during slower economic growth. While unemployment is at an all-time low, we've been through an unprecedented period of price growth, so that may see a different outcome in the short to medium term.

The trend of increasing participation costs is continuing to significantly impact the banking sector.

For example, this year we implemented the Australian Government mandated consumer data rights functionality, an extremely complex and time-consuming project that provides customers with the capacity to share their banking data with third parties. To date, customers have not taken advantage of this service, yet we are burdened with not only the implementation costs, but also significant ongoing enhancement costs.

Future strategy

This year we undertook a major review of our strategic direction, as it's been nearly five years since our successful launch as Bank of us.

The key focus for the new 5-year strategy is to build on our success of recent years of placing people at the heart of banking.

The Board sees significant opportunity for us to build on our success within Tasmania, and we aim to continue to build our market share and demonstrate our Tasmanian-ness by delivering value for Tasmanians.



Photo credit: Flying Colours Group



Conclusion

We acknowledge the continued commitment and effort of our people in delivering a high level of service and remaining focused on what is important and necessary to make Bank of us successful. Our customer metrics continue to be outstanding, a key point of difference for us in the market.

We exist for the benefit of our customers, who are also our owners, and we thank them for their ongoing and loyal support.

Scott Newton
Chairman

Paul Ranson
CEO



Financial performance

For the year ended 30 June 2022



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



After tax profit was down by 15%
\$5.1M
(2021 \$6.1M)

While lower than last year due to increases in operational costs, it was a continuation of strong results driven by high loan book growth, lower than anticipated funding costs and lower than anticipated operating costs including a favourable movement in respect to the provision for Expected Credit Losses of \$0.3M (2021 \$0.4M).



Total assets grew by \$122M or 10% to
\$1.362Bn
(2021 \$1.240Bn)

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



Net loan portfolio grew by \$112M or 10% to
\$1.13Bn
(2021 \$1.017Bn)

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
\$363M
(2021 \$328M)

Loan Approvals were a record and an increase of \$35M against last year's record. Our Tasmanian market share has now consolidated and is at a level which bodes well for FY23.



Net assets increased by \$5.2M to
\$86.6M
(2021 \$81.4M)

Capital adequacy on a risk-weighted basis increased from 14.4% to 15.5%. This increase was mainly as a result of our issuance of \$5M in subordinated debt during the year offset by strong loan portfolio growth and increases in liquidity. Capital adequacy remains well above APRA's prudential requirements and the Board's preferred minimum holding level.



Funding increased by \$118M to
\$1.264Bn
(2021 \$1.146Bn)

We ended the year with a very strong liquidity position. Total funding consisting of retail deposits, wholesale deposits and the RBA term funding facility increased by \$118M to finish the year end at \$1.264Bn with total liquidity at 30 June of 15.0% (2021 15.7%).



Excellent quality
Loan book

The quality of the loan book is excellent in composition and continues to perform extremely well with a very low level of delinquency of 0.15% (2021 0.25%). As at 30 June 2022, none of the loans under hardship arrangements related to Bank of us borrowers under COVID-19 hardship arrangements.



Our people



Executive Team

- 1 Paul Ranson**
Chief Executive Officer
- 2 Gerald White**
Chief Financial Officer
- 3 Jill Jetson-Shumbusho**
Chief Customer and People Officer

- 4 Nick Bird**
Chief Information Officer
- 5 Natasha Whish-Wilson**
Chief Risk Officer

Directors

- 1 Scott Newton**
Chairman (BBus, L.Ec, FAPI CPV GAICD)
- 2 Helen Galloway**
Director (CPA GAICD)
- 3 Stephen Brown**
Director (MBA BBus FCA FAICD)
- 4 Kathryn McCann**
Director (BCom BA)
- 5 Robert King**
Director (BSc MBA GAICD)
- 6 Mark Nugent**
Director (BCom CPA AICD)

Saying hello...



Kathryn McCann

Kathryn McCann was appointed at the bank's Annual General Meeting in November 2021.

"Kathryn brings to Bank of us her extensive experience across the public, private and not-for-profit sectors," said Bank of us Chair Scott Newton.

"Kathryn's valuable set of leadership, strategy and marketing skills and her insights and expertise will help us shape the future strategic direction of the Bank."

Ms McCann is the Chief Operating Officer at Beacon Foundation. She grew up and was educated in Tasmania, with a UTAS Arts and Commerce degree with majors in Psychology and Marketing.

Mr Newton said Ms McCann has held and continues to hold a range of Board positions, providing strategic advice to government about key industry and economic growth matters.

Saying goodbye...



Keryn Nylander

Bank of us is grateful for the outstanding contributions made to the Bank by departing Director, Keryn Nylander, who retired after 16 years' service.

Appointed by the Board in December, 2004, Ms Nylander established a highly regarded reputation for insightful contributions, her knowledge of the Tasmanian community and her marketing and communications expertise.

Ms Nylander was also Chair of the Bank from November, 2008, to November, 2011. In that time Keryn led the Board through key events such as the Global Financial Crisis, the launch of mobile phone banking and the introduction of the National Credit Act.

Keryn was an active, highly engaged member of the Board. Her contributions to the Board over the years have ensured that Bank of us has remained relevant and sustainable in the competitive banking industry.

Nick Bird

Nick Bird commenced in the newly created position of Chief Information Officer (CIO) in January. This executive role provides strategic leadership in the core IT functions that support the businesses strategic objectives.

Nick brings over 20 years of banking experience to Bank of us, holding numerous senior management roles.

"The evolution of technology leadership at Bank of us forms part of our customer value proposition to deliver a hi-tech, hi-touch experience for our customers," said Bank of us CEO Paul Ranson.

"Nick's leadership will be key to us delivering our priority focuses over the next few years including the upgrading of our core banking infrastructure, building our IT delivery capability, and developing a data analytics strategy and function."



Susie Russell

Long-term employee, Susie Russell, headed off to a very well-deserved retirement on 30 June 2022 after 39 years of service.

Susie began working in the Devonport Office and worked her way up to the Executive team, most recently in a position as Chief Project Officer. Susie served as an Executive for 28 years.

Anyone who worked with Susie would speak of her hard work and dedication, and all at Bank of us will miss Susie dearly.

"Susie has been a significant contributor to the Executive Team for over 20 years," said Bank of us CEO Paul Ranson. "She has helped lead our growth as an organisation in size and capability and played a pivotal role in delivering new systems, implementing new payment initiatives, and operationalising many of the system changes to support our business strategy."



The big refresh

In November 2021 we launched our new brand positioning: Us is a plus.

We'd launched Bank of us as a customer owned bank in 2017, and after 4 years we knew it was time to shake things up with a refreshed look and feel – particularly one that would resonate with our local Tasmanian communities.

And so, with the help of Hobart based agency The20, the 'Us is a plus' campaign was born.

Us is a plus

An important question for us was: what does 'Us is a plus' sound and read like?

Well, it rhymes. We showed just how much 'us' there is in everything and everyone related to Bank of us. All the virtues of why the people at Bank of us make banking better for everyone: showing that 'us' can be staff and it can be customers, and that 'us' is a huge 'plus' for Tasmania.

The 'Brady Bunch'-esque tapestry featured our actual staff. All areas of the business, from Retail to People & Culture, were represented, because there is not a single person in 'us' that isn't woven into the fabric of our culture, impact and commitment to better banking in Tasmania.



The brand rationale

'Us is a plus' is a clear statement that people are the strength of this bank. While it's becoming a trend for banks to remove staff and branches and replace them with screens and call centres, at Bank of us our 'plus' is 'us' – our people. We know people make banking better.



View our brand ad via the QR code



The three words that sit proudly under our name are an important expression of who we exist for, each one sequentially narrowing our focus; from the entire state, to the communities we live and work in, to the most important of all – our customer.



Store refurb

Bank of us CEO Paul Ranson said these upgrades are not only an investment into the business, but it is also another example of Bank of us investing in Tasmania.

"This is part of our commitment to offering better hi-touch, hi-tech experience for customers who still enjoy the option of a personal face-to-face experience with their local customer owned bank.

"The new Ulverstone layout is consistent with our other retail stores, which have all been designed with the customer in mind. Now Bank of us customers can walk into any of our seven stores across Tasmania and have the same positive experience."

Bank of us has a strong connection with Tasmanian communities, with retail stores in Launceston, Hobart, Rosny, Devonport, Ulverstone, Burnie and Wynyard.

"The way Tasmanians bank has changed significantly over the last 46 years, since the opening of our Ulverstone Store but one thing has stayed the same and that is our commitment to our customers and our community," said Mr Ranson.

"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."

Following the launch of the 'Us is a plus' brand refresh, our other 6 retail stores across the state also got a mini makeover.

"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 they do their banking with us," said Mr Ranson.

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

Most recently, Bank of us celebrated its new-look Ulverstone store after a recent \$100,000 refurbishment project.





MyHome

In May 2022 we were announced as the successful provider of the Tasmanian Government's improved home ownership program: MyHome.

Bank of us CEO Paul Ranson said the partnership with the Tasmanian Government is part of Bank of us' strategy to deliver on its brand promise to be the Bank of the community and to help more Tasmanians to achieve home ownership.

"As a customer owned bank, we reinvest our profits to benefit our customers and the community. The program provides us with another opportunity to give back to our community by helping more Tasmanians get into their own home," said Mr Ranson.

"We were established in 1870, with a sole purpose of providing housing finance to Tasmanians and now, 152 years later, we are in the enviable place of being able to hold true to our original purpose - providing housing finance to Tasmanians through competitive market rates, and innovative partnerships."

"We recognised the issues facing Tasmanians in relation to housing affordability and housing

shortages and over the years, we have partnered with Tasmanian builders and developers to provide innovative funding concepts so that more Tasmanians could own their home."

"With this shared equity program, Tasmanians, whether they are a first home buyer or not, and who have been struggling to save a deposit to buy a home will also have the chance to achieve their home ownership dreams," said Mr Ranson.

The program makes it easier for Tasmanians to save for a deposit and reduces the ongoing costs of owning a home because the costs are shared with the Director of Housing.

Tell me more about MyHome*

MyHome is a Tasmanian Government initiative aimed at assisting eligible home buyers to build or purchase a home to live in. Under MyHome, an eligible home buyer's home will be jointly purchased with the support of Housing Tasmania via the Director of Housing, enabling owner occupier home buyers to enter into their own home sooner.

See how MyHome can get you into your home.

GOVERNMENT EQUITY CONTRIBUTION UP TO

40%*

WITH AS LITTLE AS

2%*

DEPOSIT*

Whether it's escaping the squeeze of paying rent or being able to bang a nail into any wall you want, owning your home has benefits, big and small. But if buying or building a home seems out of your reach, MyHome can help. MyHome shares the upfront costs of buying or building your home, which reduces the deposit you need and your mortgage repayments.

For more information and eligibility criteria, go to www.bankofus.com.au/my-home or call Bank of us on 1300 306 716 to apply.

*MyHome eligibility criteria and terms and conditions apply. Bank of us lending criteria, terms and conditions, including fees and charges, also apply. Full details available on application. Bank of us is a trading name of B&E Ltd ABN 32 087 652 088 AFSL & Australian Credit Licence 236870.

bankofus.com.au/my-home

Our commitment to community

As the only Tasmanian customer owned bank, we're all about our customers, our community and Tasmania. We all live, work, and play here... and we want to help build vibrant, productive and self-sustaining communities in Tasmania.

THE Bank of *useful* ideas

This year we did this in a variety of ways, including:

- Being appointed as the lender for the Tasmanian Government's enhanced shared equity program, MyHome
- Supporting the launch of four successful Bank of useful ideas initiatives in Rosny
- Published the third edition of Pulse Magazine, a digital magazine focused on the health and wellbeing of Tasmanians, and
- Investing in our retail stores to ensure banking options were still available for members of our communities.



Bog Beautiful Paint-by-numbers Mural - Rosny, Hobart



Burnie Community House and Neighbourhood Centre Yellow Brick Road - Burnie



Bayview Secondary College Sustainability Hub - Rokeby, Hobart





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* Bank of us lending criteria, terms and conditions including fees and charges apply. Full details are available on application. Bank of us is a trading name of B&E Ltd ABN 32 087 652 088 AFSL & Australian Credit Licence 236870 BSB 632 001