

A message from the Chair

Responsible banking is our core business and our competitive advantage at **bankmecu**.

On 1 September 2011, **bankmecu** became Australia's first customer owned bank. We took the decision to apply to the Australian Prudential Regulation Authority to adopt the restricted term 'bank' on the basis of research that told us our customers considered us to be 'their bank'. They supported a change of name as long as **bankmecu** remained firmly committed to its cooperative philosophy and values.

Over the past year **bankmecu** has continued its long-standing record of strong financial performance. **bankmecu's** net profit after tax of \$27.02 million represents a return on assets of 0.99%. Collectively owned by our customers, this profit is reinvested into the bank for the benefit of all customers.

In addition to our operating profit, **bankmecu** returned a total of \$20.1 million (as independently measured by Canstar Cannex) to customers in the form of more competitive interest rates on deposits and loans and lower fees when compared to Australia's four major banks.

These results are particularly pleasing considering the challenging market conditions of the past year. Intense competition from all banks, credit unions and building societies for retail deposits has seen an increase in our cost of funds while at the same time demand for credit has slowed and consumer confidence has weakened.

In March 2012 the Board reviewed and renewed **bankmecu's** 5-year strategic plan. It positions **bankmecu** within the social economy, comprising people and organisations that recognise the interdependence of economic, social, cultural, and environmental performance.

Following the financial collapse of 2008, there is renewed interest in both cooperation and a more responsible approach to capitalism. While the world is still recovering from the Global Financial Crisis there has never been a more important time for companies like **bankmecu** to demonstrate leadership.

In this, the International Year of Cooperatives, **bankmecu** is actively working to define and develop a 21st century approach to banking.

This year, **bankmecu** became the first Australian member of The Global Alliance for Banking on Values, an international network of banks using finance to deliver sustainable development for people, communities and the environment.

The **bankmecu** Board is strongly committed to renewal and ensuring that Directors have the diversity of skills and experience necessary to govern a modern bank. This year two Directors, Peter Crocker (former Chair) and Geoff Russell, retired from the Board. I thank them both for their commitment to **bankmecu** and its customers. I also

welcome Judith Downes and Greg Camm who both bring a wealth of experience in banking and finance to the Board as externally appointed Directors.

This year also saw Damien Walsh take up the position of Managing Director replacing former Chief Executive Officer, Phylip Doughty who retired in September 2011 after a distinguished career.

I would like to thank all Directors, management and staff for their significant contribution to the bank over the past 12 months.

Of course **bankmecu's** customers are integral to the future success of our customer owned bank. Thank you for your continuing support of **bankmecu** and for the trust you place in the Board, management and staff.



John Baistow, Chair

