

# Sustainable growth – Creating customer value

## Scale

**bankmecu** grew its assets by 8.07 per cent during 2011/12. This growth came mainly from strong growth in deposits. Loan growth of 4.49 per cent was less than the forecast 5.89 per cent and reflects a falling demand for credit across the Australian marketplace.

## Capital growth

In 2011/12 **bankmecu** exceeded its asset growth target and generated \$27.02 million in net profit after tax, being a return on equity of 9.08 per cent.

Customer owned capital increased in 2011/12 from \$287.8 million to \$311.6 million, or \$2,406.14 per customer-owner.

**bankmecu's** capital consists solely of customer owned reserves. The bank does not pay shareholder dividends. As a customer owned bank, **bankmecu** provides a customer benefit through competitive products and services which is delivered in addition to the bank's return-on-equity. Bank profits build wealth on behalf of its customers by building prudential capital to support future growth.

Capital reserves belong to all customers. They underwrite the business and are reinvested into the business for the benefit of all customers.

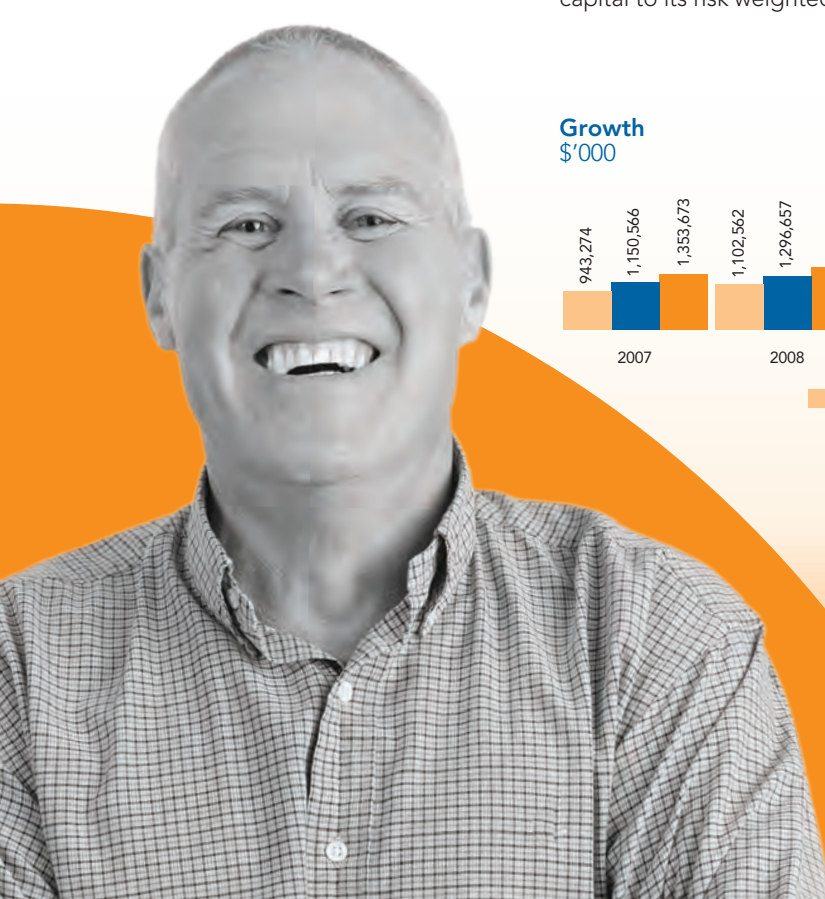
**bankmecu's** capital adequacy ratio – a measure of the percentage of a bank's capital to its risk weighted assets –

remained strong at 18.5 per cent as at 30 June 2012 and well above the prudential minimum of 8 per cent.

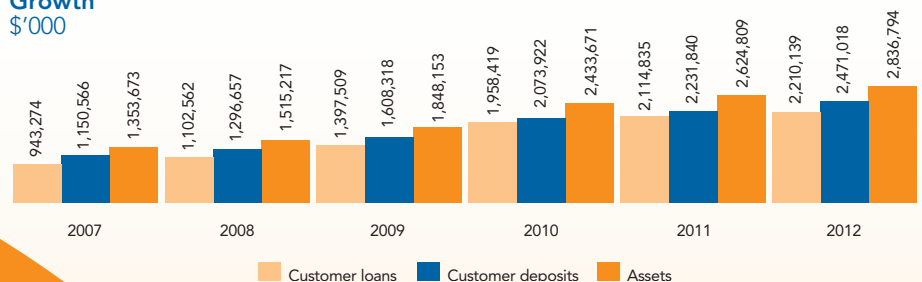
Annual tax paid contributes towards government activity and citizen wellbeing.

## Sector consolidation

Whilst **bankmecu** seeks to capitalise on the opportunities for organic growth provided by its new bank designation, it continues to investigate and pursue strategic merger opportunities where these are consistent with its strategic objectives. No new merger opportunities emerged during 2011/12, while past merger synergies were consolidated further.



Growth  
\$'000



‘Collectively owned by our customers,  
profit is reinvested into the bank for  
the benefit of all customers.’



Did you know bankmecu offset the  
GHG emissions from its operations  
in 2011/12

## Balance sheet

	2012 \$'000	2011 \$'000
<b>What we own</b>		
Property, plant and equipment	18,682	19,871
Cash and investments	566,271	449,483
Loans to customers (net of provision)	2,210,139	2,114,835
Other assets	41,702	40,620
<b>Total assets</b>	<b>2,836,794</b>	<b>2,624,809</b>
<b>What we owe</b>		
Customers' deposits	2,471,018	2,231,840
Amounts payable and provisions	54,208	105,153
<b>Total liabilities</b>	<b>2,525,226</b>	<b>2,336,993</b>
<b>Leaving customer owners' funds</b>		
General reserves	307,520	282,424
Asset revaluation reserve	4,048	5,392
	311,568	287,816

## Tax

Year	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	Difference between 10/11 & 11/12
Income tax	\$10.0m	\$10.4m	\$7.5m	\$7.2m	\$7.4m	\$7.0m	\$6.9m	-0.40%
Fringe benefits tax	\$0.12m	\$0.10m	\$0.11m	\$0.07m	\$0.04m	\$0.04m	\$0.08m	0.02%
Goods and services tax	\$1.00m	\$1.01m	\$1.1m	\$0.91m	\$0.92m	\$0.94m	\$0.95m	-0.01%
Payroll tax	\$1.25m	\$1.14m	\$1.17m	\$0.71m	\$0.56m	\$0.53m	\$0.52m	0.11%