

# Annual Review

## 2013-2014



## Chairperson's Report from John Kouimanos

For 48 years, Teachers Mutual Bank has been putting you first. This financial year was no different. We've continued to provide great value products and services to help build a brighter financial future for our members.

Teachers Mutual Bank operates in one of the most highly regulated and competitive industries in Australia. Thanks to a history of good management, the strength and stability of our organisation continues.

As of 30 June 2014, our capital adequacy ratio remained strong at 15.72%, well beyond prudential requirements. Our capital reserves continued their year on year increase to stand at \$365 million.

Our strong financial position gives us the foundation for future growth. Our asset base grew by 7.48% to \$4.4 billion, a robust result in a financial year characterised by cautious optimism in both domestic and international economies.

The growth in our home loan portfolio of 12.06% significantly outperformed the banking industry average. Our entry to the broker home loan channel has contributed to this. Fifty per cent of Australian home loans are now facilitated by brokers, and Teachers Mutual Bank is pleased to now be able to serve members via this channel.

We invested in new and competitive products for members and abolished some of our transaction fees, with members also opting for a range of lower fee alternatives. These factors, together with ongoing IT investment, meant that our surplus for the year was \$25.8 million, down 8.16% from \$28.1 million in 2013.

In 2015, we'll be continuing our journey of strong growth, product development, prudent lending and exceptional loan quality.

We were also honoured this year to be recognised at an international level by the Ethisphere Institute as one of the World's Most Ethical Companies. Ethical business practices and sustainability are at our very heart. To be standing tall on the world stage is a testament to the cultural values of mutuality held by Teachers Mutual Bank, our members and our staff.

This year we improved member services by continuing to provide easy and accessible financial services. We continued to invest in lending products, meeting the changing needs of our members. And as always, we continued investing in our people, our infrastructure and sustainability.

We engaged and supported new and future teachers as well as assisting those undertaking education studies at university. As you read through this report you'll find out more about all of the significant steps we've taken in 2014.

The success of Teachers Mutual Bank is yours, too. We're continuing to strive to live up to being an ethical and sustainable business for the good of our members. The financial interests of our members is at the heart of everything we do.

**John Kouimanos**  
Chairperson



## We were named one of the World's Most Ethical Companies<sup>1</sup>.

Globally,  
we are **one  
of only three**  
Australian  
organisations  
to be named.



# Our members

**At Teachers Mutual Bank we believe that teachers do one of the most important jobs in the world. Everything we do has this belief at its core.**

This year we produced a short video that encapsulates our belief – presenting teachers as role models, educators and pillars of our community.

The video highlights our commitment to sustainability and belief in profit having a purpose. We're a mutual bank, which means our members are our shareholders. And this means it's you we're working for. We're 100% committed to building a brighter future for all of us - the environment included. To view the video go to [tmbank.com.au/tfm](http://tmbank.com.au/tfm)

## What sets us apart?

### Our passion for our members

#### Putting members first

We continually achieve high member satisfaction rates and have again received a 90% member satisfaction rating in a poll conducted by GALKAL<sup>2</sup>. Our belief in putting members first is reflected in our members' happiness. We were also named 'Bank of the Month' in the Roy Morgan Customer Satisfaction Awards<sup>3</sup> in May – for the fifth month in a row. What sets us apart? Our passion for our members.

#### Awards

Each year, Money<sup>4</sup> magazine partners with the country's top research companies to identify the best products and services. We are pleased to have been awarded first place for Cheapest Credit Card (Bank) and Best Transactor Credit Card (Bank).



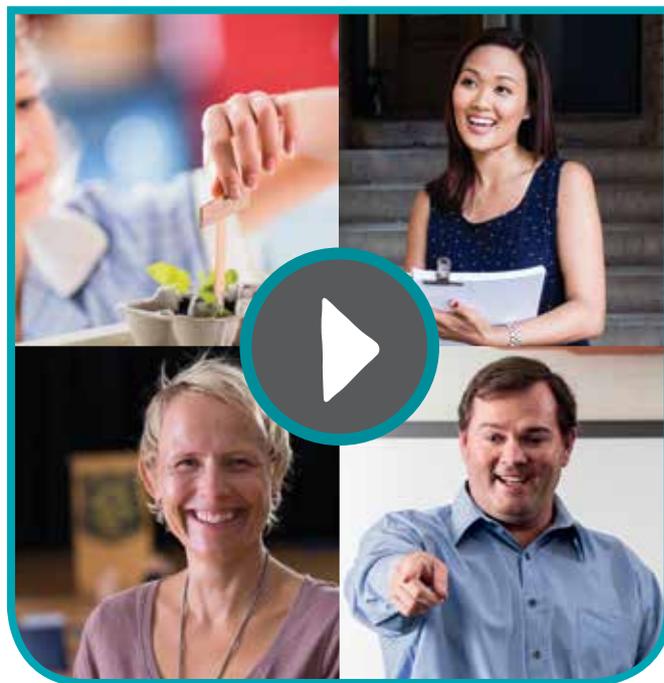
#### Making it easier for members

We're committed to delivering innovative banking solutions. As part of this commitment, in April 2014 we launched a mortgage-offset facility, which helps our members save on interest and potentially reduce the term of their loans. As a 100% offset facility, it is one of the best in the market as it offsets both fixed and variable rate home loans.

Mobile technology is continually evolving. Last year we upgraded our mobile banking app to make it even easier to do your banking on the go. We're also one of the first banks to offer a location-based ATM finder for a smartphone.

Simple things can make a big difference. We've made it easier for members to apply online for a home loan by creating a shorter home loan application form. We've also made various improvements including on-the-phone authorisations and transactions. Requests such as registering for SMS or internet banking, changing your daily limit for internet banking and more can now be done over the phone.

And last but not least, we're now offering free wi-fi in all of our offices.



#### Broker channel

Late last year we began working with a select group of home loan brokers which has been very successful. In the first four months, over \$91 million in home loans has been settled through the broker channel. This new channel has provided teachers who prefer this channel with the option of our products. It has also allowed us to attract new members and grow our home loan portfolio.

#### New members

We are committed to building new memberships and have attracted new members from the education community and through the referrals of family and colleagues during our member acquisition campaign. Through members' support and approval at the AGM we were also able to make changes to the Employment and Family membership categories which will now allow us adequate scope for growth for years to come.

We're also continuing to attract student teachers and new teachers through our New Teachers' Programme. We collaborated with the University of Western Sydney to produce a Guide for Beginning Teachers, helping smooth the transition from university to working life.

The appointment of a relationship manager is helping us to build stronger connections and support the unique needs of education students and new teachers. Our intention is to help the next generation – and become an invaluable asset as they begin their professional life.

We're also focusing on growing our younger membership. All under 24s enjoy no monthly fees on their everyday account, easing the transition to further study or work.

#### LinkedIn

LinkedIn is a networking site, an information portal and a place to share information. We're excited to set up this dynamic new way to connect to teachers and the education community. [Check out our page](#)



# Being a responsible business

We are a purpose-driven bank, ensuring that our profits do good in the world. To this end, we invest in social and environmental programs that help create positive change.

Sustainability isn't just part of our business, it's how we do business. We believe sustainability should influence every aspect of our planning, programming and implementation. We are committed to creating a better world for our members, the teaching community, the planet and the people on it.

Earlier this year we were named one of the World's Most Ethical Companies<sup>1</sup>. Globally, we are one of only three Australian organisations to be named and one of only five banks. We are honoured to be recognised at such a level, and proud to raise the bar on ethical leadership and corporate behaviour.

This award follows considerable achievements in sustainable business practices over the past 12 months, including:

- Being recognised as a global leader in community investment for the second year running in the London Benchmarking Group's<sup>5</sup> (LBG's) - Australia & New Zealand 2013 for investing 4.1% of net profits into the community.
- Winning the United Nations Association of Australia Sustainability Leadership Award<sup>6</sup>. This award is a reflection of our deep commitment to the environment and to our community.



2014 | **WORLD'S MOST ETHICAL COMPANIES**™

[WWW.ETHISPHERE.COM](http://WWW.ETHISPHERE.COM)

- We scored 91% in the prestigious annual Corporate Responsibility Index<sup>7</sup> (CRI) in 2014. We improved our results despite the CRI criteria being tougher and more challenging than ever.

## Giving from the heart

Teachers are at the heart of our business and our communities. We are continually looking for ways to support and recognise them and help them to flourish.

We are proud to collaborate with a wide range of education community partners and provide support through partnerships, grants, scholarships and donations, including:

- Support to 153 teacher development conferences and events
- Arts Unit initiatives including Schools Spectacular NSW
- NSW School Sport
- WA Education Awards
- NSW Premier's Teacher Scholarship (for new and emerging technologies)
- The Public Education Foundation

## Supporting teachers who need us

The Future Teachers Scholarship was set up in 2009 and since then it's been awarded to 35 teachers from around Australia, to the value of \$175,000. It allows us to help future teachers who may be facing a particular financial challenge on their journey. This year we provided seven Australian university students with \$5,000 each in financial assistance in addition to awarding 10 runners up with \$250 each.

## Eco-projects in schools and colleges

Our Teachers' Environment Fund was launched in March 2008 to provide leadership and funding for sustainable programs in public schools, TAFEs and CITs. This year we have given \$56,783 to 36 schools, assisting 18,819 students and 1,807 teachers.

Since 2009 we have awarded Future Teacher Scholarships of \$5,000 each to



Teachers Environment Fund winners – Blaxland Public School



## Our people

We believe our employees are our most valuable resource and strive to create an engaged workforce by having fair and equitable policies in place that enhance the working environment.

### Happy employees

In 2014, we achieved a rating of 84% for both our employee satisfaction and engagement scores<sup>8</sup>. This result is above the global best practice average of 79%<sup>9</sup>. With over 450 staff, our retention rate is over 91% which is one of the highest in the banking, insurance and financial services sector.



Check out our employee video to see what our staff have to say about working for Teachers Mutual Bank

### Mature Age Worker Program

As part of the Federal Government's Corporate Champions Program, we've implemented a Mature Age Worker Program to assist employee's transition to retirement. Through a combination of in-house seminars and practical advice, the program is designed to assist employees in successfully transitioning to retirement, reducing the stress associated with this life changing decision and ensuring that they are aware of all the options available to them.



Staff over 50 years of age

### Development Education Conference

Since 1984, the international Development Education Conferences have encouraged and fostered the principles of the co-operative movement. In 2013, two employees proudly represented Teachers Mutual Bank at this annual event in Auckland, New Zealand. Since returning, they've been working together to promote the value of the co-operative movement, assisting with volunteer network development and expanding our involvement in the activities of the Credit Union Foundation of Australia (CUFA).

### Australian HR Director of the Year Finalist

Our Chief Human Resources Officer, Helen O'Reilly, was a finalist in the Australian HR Director of the Year Awards in 2013. Her recognition and success is an indication of the level of care and commitment she has shown to the employees of Teachers Mutual Bank since joining us in 1990.

### Emerging Leader Tertiary/Vocational Education Scholarship Awards

In 2013, Jazmin from our WA Office and Danielle from Human Resources were each awarded an Emerging Leader Tertiary/Vocational Education Scholarship. This award continues a proud tradition of recognising talent within the mutual sector. Both received scholarships to undertake further vocational or tertiary study, and to help make mutual banking home to the Nation's best and brightest.

### Institute of Financial Services Top Student Award

We'd like to congratulate Deborah from our Credit Department who won the Institute of Financial Services Top Student Award for 2013 for her outstanding results in completing the Certificate IV in Financial Services.

# 84%

for both employee satisfaction and engagement<sup>8</sup>



## Your Members Committee

The Members Committee is a group of elected members who meet monthly to review any issues referred to it by the Board of Directors.

Throughout the year, we're involved in all kinds of activities, including attending Marketing and Member Relations Strategy Committee and Development & Education Committee meetings, member functions and representation at Mobile Offices.

We'd like to take this opportunity to thank the enthusiastic and very committed staff and management of Teachers Mutual Bank, particularly Steve James, and to the Board for its continued support.

**Graeme Green**  
Chairperson – Members Committee



# Looking ahead

**As we approach 2015, we're excited about all that the future holds.**

These last years have been filled with new challenges and great success. It is humbling to see what we have achieved. In the coming year we'll be developing new programs and refining existing ones. We'll be focusing on improving our services and growing our membership, while working with our education community to deliver all we can.

Our distribution agreements with brokers will help us service more teachers and their families than ever.

Our collaboration with schools principals will help us provide teachers and staff with the best financial support.

This year we will launch our new website and improve our internet banking service. Banking on the go will get easier too, as we offer more mobile payment options and mobile phone apps. Our online life will expand exponentially as we engage social media networks such as LinkedIn, Facebook, Twitter and Youtube to create a seamless dialogue between us and our members.

We're constantly looking for new ways to help. We'll be working with our teacher community partners and employers to design better product features and benefits, as well as ensuring our members are aware of the services our partners provide.

Looking further to our strategies for growth, we'll be diversifying our sources of capital to improve our flexibility, growth and cost effectiveness. We'll also be investing in better business processes to provide members with easier ways to manage their accounts, apply for products and services, and wherever possible, work paper-free!

We shall improve our efforts to be a responsible business, as we believe it's the way a business should be run. We'll be refining and improving our wealth management products and services. Next year sees the introduction of products, policies and services designed specifically to support first-home buyers.

And we'll be working on ways to provide casual and temporary teachers with access to a wide range of financial products and services. Helping teachers achieve a brighter financial future is our goal. It drives us and inspires us.

**membership growth**

**improving services**

**social media**

**home loan brokers**

**brand new website**

## A big thank you to everyone

My thanks are extended to our business partners Allianz, Zurich, Bridges Financial Services, Teachers Car Buying Service, the departments of education in each state and territory, the teacher unions including NSW Teachers Federation and Teachers Health for their support and co-operation.

I'd like to thank and congratulate my Board of Directors for their support, dedication and expertise in guiding our mutual bank fortunes in 2013-14. The Board sets the strategic direction and it is the executive and staff who are responsible for its successful implementation.

My thanks to Steve James and the Executive team and to the staff for driving our commitment of service and financial stability and sustainability. Their dedication, premier knowledge and training have resulted in the achievements noted in this report for 2013-14.

My thanks also go to the Members Committee whose enthusiasm and commitment is greatly appreciated. Their understanding and support of the decisions taken by the Board are also acknowledged.

Most importantly, I want to thank you - our members. Your support and continued loyalty keeps us growing. It allows us to continue supporting teachers and the education community. It allows us to keep doing what we do best.

Our commitment to providing exceptional products and services is as strong as ever and we will continue to respect and honour our commitment to put you, our members, first.



**John Kouimanos**  
Chairperson

**161,898**  
**members**

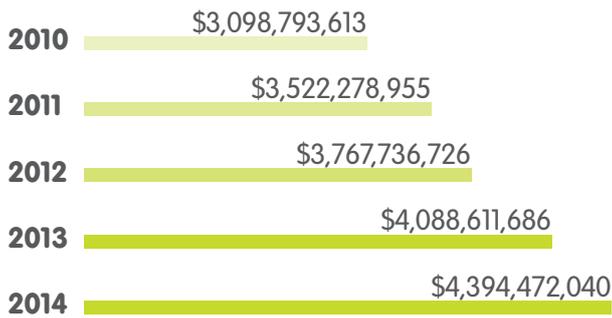


**thank you to our members**

**Your support and continued loyalty keeps us growing.**

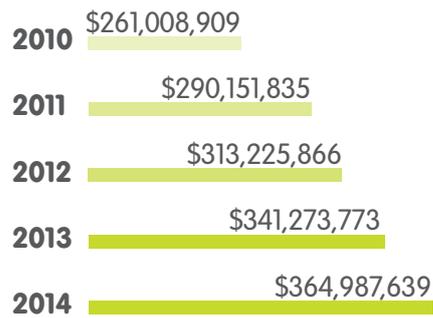
## Assets

5-year progress



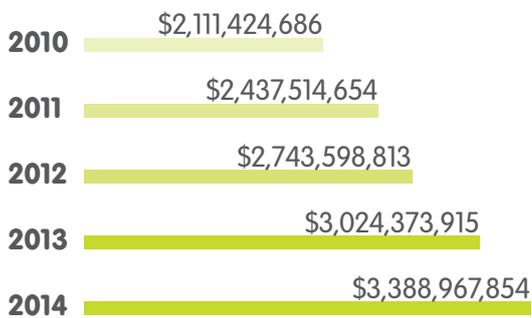
## Reserves

5-year progress



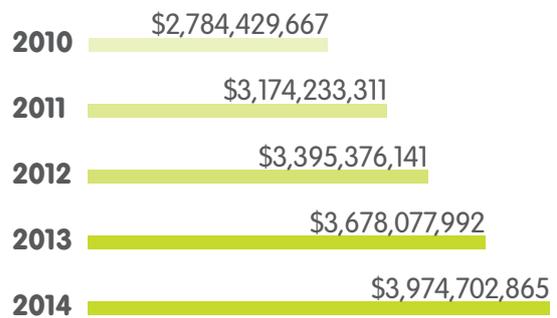
## Home loans

5-year progress



## Deposits

5-year progress



Home loans growth is expressed as growth in balances over the financial year. Home loans is the money owed to us by our members.

## 2013/2014 Financial Year



**161,898**  
members



**86,365** active  
internet banking users



**33,473** active  
mobile banking users



**\$35,000**

awarded to 7 Future Teachers  
Scholarship recipients



**\$50,387,226**  
in member car loans



**39,947**  
member credit cards

**113,086**  
member visa debit cards



**2,102** school visits to meet some  
of our **3,490** school contacts



**42,444** risks insured by Allianz  
through Teachers Mutual Bank

The numbers quoted in this publication are unaudited. 1. The World's Most Ethical Companies award recognises companies that not only promote ethical business standards and practices internally, but also exceed legal compliance minimums and shape future industry standards by introducing best practices today. 2. GALKAL (Galileo Kaleidoscope) is an independent Australian strategy and research company with over 15 years' experience. 3. Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers. Their customer satisfaction ratings are collected from Roy Morgan's Single Source survey of approximately 50,000 Australians annually and Business Single Source survey of 22,000 business decision makers annually - the world's largest ongoing single source survey. 4. Money, Australia's leading personal finance magazine, works with leading independent financial research group Canstar, to judge the awards. 5. London Benchmarking Group is the internationally recognised standard for measuring and evaluating a corporation's community investment. 6. The Teachers Mutual Bank award is for Sustainability Leadership - large organisations, sponsored by the NSW Office of Environment and Heritage. It is designed to reward those organisations that demonstrate outstanding leadership in adopting practices that position environmental and social performance as priority areas of corporate responsibility and performance, alongside financial results. It acknowledges those organisations that understand their broader societal responsibilities and their potential influence within the community to foster sustainability, as well as within their own supply chains. 7. Business in the Community's CR Index is one of the world's leading voluntary benchmarks of corporate responsibility. For over a decade, the CR Index has inspired and challenged over 360 companies to continuously improve their impact on society and the environment. www.bitc.org.uk 8. Staff engagement and satisfaction scores were taken from Teachers Mutual Bank's annual staff survey results, which were conducted externally by Quantum Management Consultants. 9. Global Best Employers average as measured by AON HEWITT in their latest report for 2013. Teachers Mutual Bank Limited ABN 30 087 650 459 AFSL/Australian Credit Licence 238981 | 00464S-COR-0814i