

# Annual Review

2021



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## Chair's Report Bernie Lloyd

I am very pleased to present my annual Board perspective for the Annual Review. It's been yet again another successful year for Bank First despite the deepening shadow of the Covid pandemic. You'll discover the financial metrics that demonstrate this progress as you read through these documents and I encourage you to do so.

We met all of our targets despite significant headwinds such as continuing record low interest rates and fierce competition from bigger banks. For many days our beautiful main branch in Camberwell was almost deserted except for the contact centre. That challenge we also rose to — to successfully run our bank from the actual homes of staff points to the options for future ways of working that will emanate from this experience.

Experience only brings value when we reflect on it and learn from it. What have we learnt this year? It's been affirmed for us that our stated purpose to help our people realise their financial dreams is still a guiding star. We've learnt to give up old ways of working without losing our focus on Member service and creating benefits for our Members. In fact, we've agreed as an organisation that we will create increased value for Members through both service and product. We need each other; *invested in you* has never seemed more resonant as a cut through message.

What has prevailed, and this is so heartening, is your satisfaction with us. Formal surveys as well as anecdotal evidence show you have faith in us as your preferred bank. It's very important to us that we are a constant and reliable presence in the lives of many of you and we want to strengthen those relationships. Rudyard Kipling wrote: *The strength of the wolf is in the pack and the strength of the pack is in the wolf.* The uncertainty of our society as illuminated by a world-wide pandemic reminds us of the need for social and business relationships where the players are governed by respect and compassion. Caring is what we are about but, of course, to be competitive in the financial arena we must also be efficient, agile and smart.

You'll remember that we farewelled William Wolke as CEO in October last year and welcomed Michelle Bagnall. Michelle has already proven to be an excellent cultural match for us and has led us through a stringent process of reflection, evaluation and strategy readjustment as part of a revamped operating model. The Board as well as staff and third parties has participated in this program and your Directors have relished opportunities to celebrate our legacy and co-imagine our future.

Bank First is unashamedly true to its values and we have unwavering belief in our people, in our Members — many of whom are involved in the education and health sectors — who help build community and who have stood tall to face those significant challenges already mentioned. Our Relationship Officers have missed their face to face contact with schools and health centres but willingly retrained when their services were needed for other business units. Directors missed the chances to present funds to innovative school personnel who won awards through our Teaching Initiatives Program. We've all missed something but Bank First has remained steadfast. We are proud of our dedication and determination to serve you and I thank all staff and Directors who make this possible.

### Board of Directors



Judy Crowe



Jo Dawson



Mark Devadason



Michael Monester



Simon Terry



Graeme Willis



Emily McGrath  
Company Secretary



## CEO's Report Michelle Bagnall

Bank First is a bank built by our Members, for our Members. As we close out this past financial year, we are proud of the way in which our bank responded to the challenges of the past year with a strong focus on our Members and our people.

We exist to serve essential workers in vocations such as education, nursing and allied health, those working to create a more resilient and strong community, in caring for others. Our purpose is 'financially empowering people who build community realise their dreams'. That means that as you work to make our community more resilient, we are working to help you create greater financial resilience in your own lives.

Over the past year, under very unusual circumstances, this has meant being there when our Members needed us most — in times when they're facing into hardship.

The impacts of the pandemic have shone a light on our resilience as a community. That's true also of our people here at Bank First. We have taken extra actions this past year to take care of our people through a series of wellness initiatives, including supporting them with time away from the business for their vaccinations.

Not only have we withstood these unusual conditions, but the strength of our business means we have continued to meet the needs of our Members, to grow and to care for our Bank First people who serve you.

This is my first annual review to our Members as your new CEO, having joined the business in February of this year. My first impressions of this place is that of uncommon humanity and a genuine care for our Members. I wish to extend my thanks to our past CEO, William Wolke, whose 18 years of service at Bank First laid a foundation for the future of stability and safety. I also wish to acknowledge the hard work and dedication of our Board members, under the leadership of our Chair Bernie Lloyd.

This past year we have continued to invest in our business so that we continue to be safe and strong, meeting all our regulatory requirements. Our lending growth

has been the highest in the Bank's history and our focus on responsible practices ensures that we are keeping both our bank and our Members safe. We are committed to continuing our investment in the operations of our bank so that we can simplify and streamline the way we work. This makes it easier for our people to get things done, and in turn will make it easier, faster and simpler for our Members.

As we invest in the bank of today, we are always thinking about our future strategy with an emphasis on building a better banking experience that is even more meaningful for our Members. We will be investing in ways to improve our Member experience, including enhancing our digital experience, making it simpler and easier to do your banking with us. We have heard our Members' feedback that there are things that we need to do better, and we will be working actively to make these improvements. At the heart of our experience, however, is our people and we will be working even harder to ensure we never lose our 'human touch'. We know it's the people of Bank First that truly differentiate us from being just another bank.

2022 will mark our 50 years of service to our Members. As we head into our 50th year, we are actively thinking about our foundational Members, who set out to help each other, and their fellow educators. These founding principles of giving our Members access to something that they couldn't get from any other bank are a guiding light as we map out our future.

As we close out the last financial year and look forward to an even stronger, brighter future, I want to thank you on behalf of the whole team for being a Member of Bank First. Thank you for the work that you have done, and continue to do in creating a more resilient and stronger community.

### Executive Management Team



Glenn Borg  
Chief People & Culture Officer



Mark Di Donato  
Chief Technology Officer (Acting)



Alison Hill  
Chief Risk Officer



Ashley Hood  
Chief Operations Officer



David Percival  
Chief Financial Officer



Matthew Ricker  
Chief Distribution Officer



Simone Van Veen  
Chief Member Officer







# Our purpose and key highlights

Our Members build better communities, and we're proud to be the bank that puts them first. For over four decades we've helped our Members with their banking needs; from managing their money and saving for a rainy day, right through to purchasing their first home and planning for retirement.

As a customer-owned bank, we're driven by a clear purpose – to provide a better banking experience for our Members.

Over the last year we've provided support during times of need, driven by our founding value, care. At the same time we've continued to grow and look to the future, as we build on our strong foundations to position the Bank for long-term success – led by our new Chief Executive Officer, Michelle Bagnall.

With a clear purpose and strong understanding of our Members, we set priorities and focused resources to provide better products and services for you, with the following four strategic principles laying the foundation for our future:

- Championing a Better Banking Experience.
- Improving our Operating Model.
- Investing in our People.
- Reinforcing our Risk & Compliance foundations.

<b>107,662</b> customers			
 <b>\$395m</b> FUM	 <b>+73 Advocacy</b> (NPS)	<b>Served 166,859</b>  Member enquiries over phone, email or chat	
<b>\$29,000</b> to support teaching initiatives			
Supported the education and healthcare communities through the Bank First Community Fund		<b>685</b> Financial Planning appointments 	 Home loan settlements <b>\$629m</b>





Despite being a year of change and uncertainty, Bank First achieved strong financial results, including high loan growth, while continuing to ensure the loans are in the best interest of our Members, placing the bank in a great position to continue to support its Members in the future.

**A year of record results**

As a customer-owned bank, we exist to financially empower our Members. It is this purpose that directs our sound financial management and ensures that the needs of both borrowers and depositors are taken into account when developing our pricing model.

Growth has continued to be strong, with total assets increasing by

**11.55%**

and total equity by

**5.57%**







Bank First is well positioned for continued growth with a capital adequacy ratio of 15.72%.

Profit after income tax of \$11.9m was achieved and reinvested back into the organisation to enable us to continue to create value for our Members and the wider education and healthcare community.

Despite uncertain socioeconomic conditions, the quality of our lending book continued to be sound. 2020-21 was also a record-breaking year with extremely high loan growth (8.4%) and the highest Funds Under Advice (\$395m) since the bank was founded in 1972.

Our steadfast financial approach and strong results continue to put Bank First in a great position to provide real value to our Members.

**2020-21 Financial Results**

	<b>Loans</b> <b>\$2.42b</b> (+8.40%)
	<b>Deposits</b> <b>\$2.92b</b> (+11.97%)
	<b>Profit after income tax</b> <b>\$11.9m</b>
	<b>Assets</b> <b>\$3.19b</b> (+11.55%)
	<b>Return on Average Assets</b> <b>0.39%</b>
	<b>Funds Under Advice</b> <b>\$395m</b>









In the midst of the COVID-19 pandemic, 2020-21 was a year with many challenges. Our healthcare workers fought tirelessly to keep us safe and our educators went above and beyond to make remote learning effective and engaging for our future generation. Bank First is proud to support our Members and the people who care with their finances and assist them in times of need.

### Standing together

Understanding the uncertainty Members were experiencing, Bank First shifted the focus to providing Members with frequent information and support during the challenges faced by COVID-19 and natural disasters including the Victorian and NSW storms and floods.

Financial support packages were available for Members in need, including interest free loans.

Our Member Engagement model and physical environment was adapted so that we could safely continue to provide caring, personal service during the pandemic.

### Personal service

Easy, personal and caring service is our mantra and the key ingredients to the better banking experience at Bank First. Our Member Engagement team do not have time limits on their calls, as our Members' needs are at the heart of all their interactions. Our Relationship Officers continue to build strong relationships with our Members and the education and healthcare communities, to provide a highly personalised, mobile banking experience.

Our Financial Planners pride themselves on understanding our Member's needs and always applying trust and transparency to their approach. Online consultations were available during lockdown with the aim of supporting our Members wherever possible. An advocacy score of 100% was achieved and is testament to their dedication and passion for helping our Members.

### Supporting home buyers

Bank First continues to support our Members in pursuit of the 'great Australian dream' of owning their own home, including helping first home buyers through the First Home Loan Deposit Scheme.

### Member experience enhancements



Personalisation of our website content to better meet our visitor's needs.



A review of the bank's fees to ensure they are as fair and equitable as possible. This included introducing fee-free transactional banking for all Members.



In peak times our team members were redeployed to Member Engagement teams to respond to the large increase in enquiries, while our App and Internet Banking assisted with urgent banking needs.



Launched Comprehensive Credit Reporting which enables Bank First to make better informed credit decisions and shortens turnaround times for Members requesting credit.



A range of '1%'ers were improved by the Bank First 'Pain Points Group' including, transforming the PDF forms on our website so that they are interactive and easier to complete online.





“ The partnership between Bank First and the Victorian Association of State Secondary Principals (VASSP) is based on shared values and has perhaps never been more important, or more appreciated. In a time of unprecedented challenge for principals and their school communities, Bank First has stood steadfast in support of all educators. ”

Vicki Forbes  
Executive Officer  
VASSP



Sale Specialist School's Outdoor Learning Garden which was funded by a TIP grant in 2020.



Pinchapoo and Mercy Health



Thanking our nurses

The Bank First Community Fund was established to imbue support and care when partnering with strategic organisations that build the healthcare and education communities. Bank First is proud to support those who are not only the cornerstones of our community, but are supporting everyone with their hard work and dedication as we continue to navigate through the COVID-19 pandemic. Through the Bank First Community Fund, financial support is provided to education and healthcare communities, including a range of initiatives, partnerships and sponsorships.

#### Teaching Initiatives Program

Bank First's Teaching Initiatives Program (TIP) has been supporting new and innovative teaching ideas at the grassroots of education since 1993. Seventeen grants were awarded to schools and preschools in 2021 for a range of initiatives including a wetlands discovery and sustainability project, a garden kitchen and creation of a 'de-stress' zone to foster improved student learning.

#### iPads for non-verbal children

Partnering with State Schools' Relief and Gandel Philanthropy, Bank First helped provide 350 iPads for non-verbal children across Victoria to assist with their learning and development.

#### Key events and sponsorships

- Mercy Health Breastmilk Bank 10 year anniversary.
- Principals' Association of Specialist Schools Virtual Annual Awards.
- Monash University Scholarship and Awards.
- Australian College of Nursing Practitioners National Conference.
- Victorian Association of State Secondary Principals State Leadership Seminar & AGM.
- Aged & Community Services Australia Virtual Conference.
- Teacher's Learning Network Conference.
- Education Summit – Additional Needs Virtual Symposium + Leadership for Focussed Schools.
- Business Managers Victoria Leadership Conference.

#### Pinchapoo

We proudly partnered with Pinchapoo, a charity fighting hygiene poverty. With Bank First's support, over 8500 hygiene packs were developed as part of Pinchapoo's Emergency Department Hospital program, providing culturally appropriate and gender inclusive products for patients in need. Our people were also very happy to be given the opportunity to volunteer their time and help build hygiene packs at the Pinchapoo warehouse.

#### Thanking our nurses

A delivery of 40 fresh fruit and veg boxes were delivered to hardworking nurses at Mercy Hospital for Women and Werribee Mercy Hospital to celebrate International Nurses Day.

\$10 from each box was also donated to The One Box, a charity partner of Bank First, who provide Australian families in need with a free weekly box of fresh fruit, vegetables, milk and bread over the full school year.

#### Supporting our environment

As a socially responsible organisation, Bank First acts with the environment and sustainability in mind. Discounted interest rates are offered for environmentally friendly car loans and personal loans and our office and branches are fitted with environmentally friendly products.

Across the year, new initiatives were implemented including providing eStatements to anyone over the age of 12 and moving communications online wherever possible, resulting in less paper usage.











Our people continue to lead the way when it comes to embodying Bank First's culture and values. Their genuine connection with our Members, appreciation of our educators and healthcare workers and support of each other as a team shines through every day.

**Our people and culture**

Supporting our people during the COVID-19 pandemic was a top priority, with initiatives to build ongoing connections, support mental health and foster wellbeing implemented. A hybrid/balanced approach to our working model has continued to provide ongoing flexibility for our people.

A culture of open communication, understanding and flexibility continued to grow as our people banded together to support each other and our Members. To help our people show their support of our communities, one day of paid community service leave can be taken each year as part of our Employee Benefits package.

**Building connections**

With many of the Bank First team working from home, team building and wellness practices became a virtual affair. 'Open Air' sessions ran fortnightly, providing an opportunity for the entire Bank First team to connect online, ask questions and have a laugh. Healthy competition across teams was evident with online 'beat the boss' trivia games and 'step challenges' to encourage physical and mental wellbeing.

**Development and capability**

Ongoing professional and personal development was championed across the bank, through both formal training and informal opportunities such as our Leader Network Hubs.

A new performance management system was introduced and integrated with our culture and engagement surveys.

Bank First's LEAP (Learning, Emerging and Progressing) program provided development and mentoring opportunities. A favourite program amongst our people, LEAP covers topics such as the Enneagram, resilience and developing your leadership brand while fostering relationships across the bank.

**Looking to the future**

The future way of work at Bank First is being co-designed by our people, taking into account their views on improving the physical office environment, encouraging greater teamwork across the bank and supporting the hybrid working model.

Engagement with our people regarding how Bank First can support their needs during the pandemic and beyond has been an ongoing conversation.

**Our Values**



**We Care**

We listen to our customers and do all we can to meet their needs. We support our people to be their best.



**We Learn and Grow**

We are passionate about building our collective knowledge. We actively seek to be agile and great.



**We Empower**

We enable our people and customers to achieve the best outcomes by being consistent and present.



**We Do it For the Customer**

We stand out by being authentic and honest. We are proud to do the right thing for our customers.