

Keeping
members at
our heart

Personalising
service you
can trust

cua

BANKING | INSURANCE

ANNUAL
REPORT
2018





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Annual Highlights



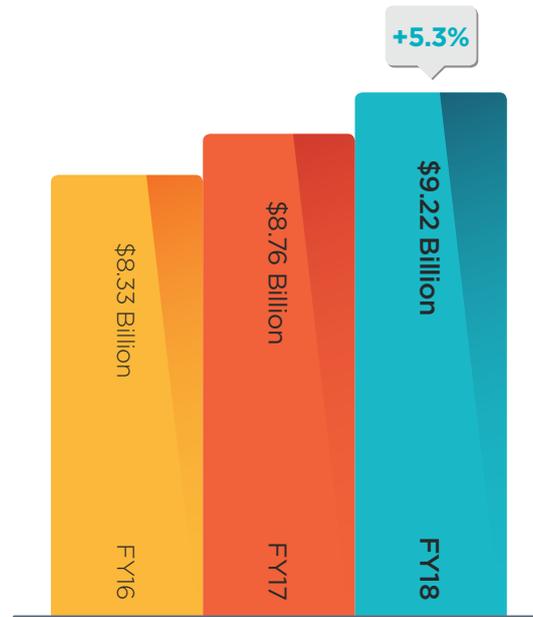
Number of Australians with CUA Products



Reportable Net Profit after Tax (NPAT)



Consolidated Assets



Deposits

A Message from our **Chairman & CEO**

The past financial year has been quite tumultuous for the financial services industry, both in terms of the challenging economic conditions and the revelations through the banking Royal Commission.

Much of the behaviour highlighted through the Royal Commission has been described as the result of a culture where the interests of shareholders are put ahead of the interests of consumers and the community.

As a member of CUA, you are both our customer and our owner, so we don't have the conflict of balancing competing interests. Rather, our culture is centered around using our profits to improve services for members and ensuring we can offer competitive prices.

Given this context, there is much to be proud of as we reflect on what CUA has achieved over the past year.

This year, we have continued to evolve our offering to members and invest in the innovations that will significantly improve the way you, our members, engage with CUA and manage your banking and health, motor and home insurance.

These are investments that will help future-proof CUA:

- In the past year, we rolled out our new CUA Mobile Banking app and gave our members the ability to use the New Payments Platform (NPP) to send and receive real-time payments via CUA Online Banking, ahead of many of our major competitors.
- In the year ahead, key initiatives will include transitioning our iM CUA app from a pilot to a full-scale rollout for Apple and Android devices. iM CUA provides the convenience of personalised digital banking with your own dedicated advisor - an Australian first - in the palm of your hand.

If there's one thing the Royal Commission has highlighted the importance of, it's the culture of an organisation. We've been working very hard on culture at CUA - or how we do things around here. We know that being credible and authentic in how we interact with members, and earning your trust, starts closer to home, with our team members. That's why we've worked with team members at all levels of CUA

to define six Key Cultural Attributes that will underpin how we behave and how we service you as members. We've made a lot of progress in culture already this year, with an improvement in our employee culture and engagement score. We've achieved that uplift at a time when sector-wide, declining culture and engagement scores have been the norm. You can read more about our culture in the section about 'An Adaptable Organisation' (pg. 22).

Our investment in better offerings to members and our culture is already showing results. In the past year, we've seen a significant improvement in our member advocacy measure (Net Promoter Score), which is independently tracked by surveying a sample of CUA members each month on their likelihood to recommend CUA to others. CUA now sits third overall in the industry on this measure, a tremendous achievement and one which keeps us accountable to members. We will continue to learn from your valuable feedback and strive to incorporate this into the experiences we offer.

The 2018 financial year has been a period of both growth and renewal for CUA. We are now contributing to the financial wellbeing of 515,577 Australians through our banking and health insurance products, with an increase of more than 20,000 banking members for the year. We are doing more to reward member loyalty with a 4 per cent health insurance discount for those who combine their banking and health insurance with CUA.



< **Rob Goudswaard**
CEO

Nigel Ampherlaw >
CUA Chairman

We've upheld our commitment to deliver 3 per cent of CUA Group's pre-tax profits into community initiatives, directly investing \$2.43 million into community this year. And our team members rolled up their sleeves to devote over 1,000 days of company time to volunteering for charities and community groups.

On to our **financial performance** - our consolidated assets ended the financial year higher at \$14.32 billion. We issued \$3.35 billion in new loans, 19.2 per cent higher than in the previous year, taking our loan book past \$12 billion for the first time in CUA's history. The Group also reached \$1 billion in members' funds for the first time, an increase of \$56.80 million for the year. However, record-low interest rates have continued, and competition for lending, particularly in the owner-occupied market, has been fierce. This has placed pressure on our margins, impacting our Net Interest Income and flowing through to profitability.

Notwithstanding these challenges, the Group recorded only a slight reduction in Net Profit after Tax (NPAT) to \$54.79 million, down 1.9 per cent, which largely reflects our additional investment in digital innovation. These investments in technology, including joining international banking collaboration Pivotal Inc. and rolling out the pilot of our iM CUA messaging app, will help establish a point of difference for CUA. This forward focus is increasingly important, as disruption and change in financial services continues to gather pace.

Looking forward, we've also evolved our five-year strategy to reflect the changing dynamics of both the external landscape and member expectations, and our direction as a business. Our strategy has been refined to focus our activity around four strategic pillars - Great Experiences, More Members, Adaptable and Scalable. This is not a new strategy, but rather a sharpening of our focus to reflect the changes we've seen in the past year. You can read more on what we've achieved this year under each of those sections in the Annual Report.

To put this into context, our focus will be on delivering simple, competitive and effortless products and services, while maintaining the personalised service and care you've come to know and trust. This will ensure CUA continues to provide members with an authentic and genuine alternative in banking and insurance. Getting this right is no trivial exercise. Initially, we are working on delivering a seamless, streamlined end-to-end deposit process, which will be followed by simplification of our home loan process.

We're expanding our digital platforms and have every confidence that the iM CUA app will significantly improve member experience and satisfaction, based on the outcomes we've already seen from the trial. Furthermore, following this year's successful rollout of the NPP and PayID via CUA Online Banking, we will expand this capability to our Mobile Banking app. And of course, we'll be investing time into supporting and educating our new and existing members to help them benefit from our digital offerings.

We will continue our support of the Queensland Cricket Association, including as the Principal Partner of the Brisbane Heat Big Bash League (BBL) team. This was a huge success and delivered an uplift in CUA's brand awareness during the 2017-18 summer season, helping CUA to reach a broader audience. Off the back of this success, we will be stepping up our support of the Brisbane Heat women's team as their Principal Partner for this year, which will elevate our CUA logo to the front of the women's team shirts. And we've embarked on a new relationship as a Platinum Partner of the AFL's Carlton Football Club, as part of our focus on raising our profile and growing our business in Victoria.

We encourage you to read this year's **Annual Report**, which reflects two important themes for CUA. The first is a nod to our 72-year heritage and mutuality, and our absolute commitment to keeping members at the heart of our decision-making through our ethical, values-led and member-centric approach to how we do things. The second is a look ahead to the future and delivering even more personalised service and experience, building members' faith and trust in CUA as your banking, health and insurance provider, in a climate where we have seen too many headlines about the erosion of trust in the banking sector.

You'll also notice a shift in this year's Annual Report to more digital content and more opportunities to hear from our members via videos and case studies, as we start the transition to a fully digital report.

On the people side, we have welcomed new experience to both our Board and our executive team, in Nigel Ampherlaw's first year as CUA Chairman. Two new Board members – experienced consumer goods executive Andrew Reeves, who joined the CUA Board in September 2017, and former NRMA Chairman Kyle Loades, who joined in December 2017 - have brought new perspectives and expertise to the CUA Board, replacing outgoing directors Alan Beanland (the former Chairman) and Michael Pratt. On the executive team, Paul Lewis joined as our Chief Sales Officer in February 2018, Steven Willson has joined in FY19 as our Chief Technology Officer and we've created a new role for a Chief Marketing Officer.

We've achieved a lot during the past year and we have high expectations for the year ahead. This result is a credit to our 900+ CUA team members, from our frontline team members in branches to those in support and back-office roles in Brisbane, Sydney and Melbourne, as well as the tireless work of our executives and Board. We look forward to continuing to support our members in the year ahead.



Nigel Ampherlaw
CUA Chairman



Rob Goudswaard
CEO

Chapter 1 | Scalable Solutions

CUA has placed a significant focus on investing in innovation and seeking out collaboration and partnering opportunities in the past year.

Improving our digital capabilities and tapping into external expertise are both key to achieving the first of our refreshed strategic priorities – namely to deliver scalable solutions. This will allow CUA to grow our business by attracting new members and to respond to the changing preferences and expectations of our existing members in ways that are sustainable into the future.

Pivotus Inc. and iM CUA:

This year, we've put in place many of the foundations that will allow us to build deeper and more personalised relationships with our CUA members by bringing a human, interactive approach to digital banking, anywhere and anytime.

FY18 marked CUA's first year of being part of global banking collaboration Pivotus Inc. Through Pivotus Inc., CUA has tapped into the international banking and technology expertise of our partners including US West Coast bank Umpqua and Dutch banking giant de Volksbank. In November, CUA began trialling the Australian first messaging app iM CUA – the first innovation to come out of Pivotus Inc. The app has been well received by members and is now being made available more broadly to CUA members.

CUA also continued to partner with Australian innovation hubs and support the start-up community through River City Labs in Brisbane and Stone & Chalk in Sydney.

Artificial intelligence:

At the beginning of 2018, CUA and Sydney based artificial intelligence fintech Flamingo AI announced a new collaboration. The agreement will see CUA Health Insurance pilot the Flamingo 'chatbot' – or cognitive virtual assistant – on our website this year. The chatbot, named "SAM", won't be replacing our human sales or service team, but will complement it, assisting online visitors with general enquiries and quotes. New members can still choose to chat with a human when they want to, while delivering an easier and quicker way to purchase health insurance.

Australia Post and Digital iD:

CUA was the first Australian banking provider to sign up to trial Australia Post's new online identity verification service Digital iD™ in August 2017. Digital iD has been successfully rolled out to verify the identity of new applicants opening an eSaver Reward or eSaver Boost account online, with ID verification

rates of around 88 per cent. In FY19, CUA will be exploring opportunities to expand Digital iD to other account types.

Faster, simpler, smarter payments:

CUA continued to be an early adopter of payments technologies this year, delivering CUA members the benefits of a faster, simpler and smarter way to send and receive money using PayID and real time payments with the New Payments Platform (NPP). Through the support of our payments partner Cuscal, CUA was one of the first financial institutions in Australia to adopt the NPP, rolling it out to members in February 2018. More than 16,500 members registered a PayID within the first few months. CUA's digital wallet offering also continued to gain traction this year and by the end of June 2018, almost 26,000 CUA members had activated either Google Pay, Apple Pay or Samsung Pay.

New mortgage channels:

CUA expanded its choice of channels for home loan borrowers through two new partners, joining the uno Home Loans panel and online mortgage finance platform LoanDolphin in November 2017. Both channels will help expand CUA's digital reach and attract new members, complementing our existing branch network and mortgage broker relationships.





Case Study

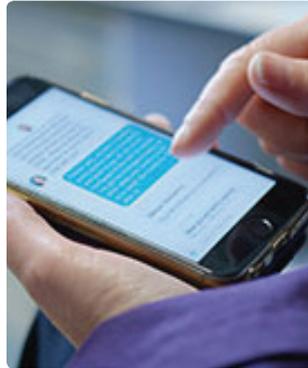
Professor Dianne Jolley

CUA takes personalised
banking to Antarctica

As a researcher with the Australian Antarctic Science Program, Dianne Jolley's work takes her literally to the far reaches of the planet.

So, when it comes to managing her banking, speaking to a service consultant in an Australian call centre has its challenges.

Earlier this year, while on an expedition in Antarctica, the University of Wollongong scientist and CUA member was introduced to the iM CUA app. Dianne downloaded the app on her iPhone and selected her own dedicated advisor. Dianne could quickly verify her identity within the app and then engage directly with her new advisor via an SMS-style chat.



“On a recent expedition down to Casey Station in the Antarctic, I needed help with my personal banking,” Dianne says.

“I reached out through the iM CUA app and received a response through my personal banker who managed to solve my problem very quickly. It’s really great to be able to combine that personalised service with new technology.”

The iM CUA app is the first member initiative to come out of CUA’s international collaboration with Pivotus Inc., which focuses on innovations that bring a personalised, human touch to digital banking.

Dianne is one of around 2,000 CUA members participating in an iM CUA pilot that began in November 2017.

“I’ve been a member of CUA for almost 20 years and over that time with the changes in technology I’ve been delighted that I can still receive that personalised service. I can do my banking anywhere in the world via the iM CUA app,” Dianne says.

Chapter 2 | Great Experiences

Delivering new products, services and improved digital experiences has been a strong focus again for CUA over the past year.

These initiatives have been aimed at one thing – finding new and improved ways to service you, our members, to provide a consistent and positive experience across all our member touch points.

Streamlined account opening:

Following the success of our 'Digi Deposits' online account opening form, the same digital experience was rolled out across our branch network in June 2018, enabling eligible applicants to join CUA in-branch in as little as five minutes. This year, in excess of 6,300 new members have joined CUA online via 'Digi Deposits' and in only its first month, almost 500 new members enjoyed the paperless and more seamless sign-up experience in-branch. We've also made it easier to switch to another CUA loan for members who are about to roll off their CUA fixed rate home loan. The Home Loan Switch Online tool received global recognition this year, with an award for process improvement at the 2018 Pex Network Awards in the USA.

Competitive new products:

CUA continued to evolve and refresh our product suite across banking and health insurance during the year. In August 2017,

we launched our Advance Variable Home Loan, a variable rate home loan for owner-occupier borrowers available for a limited time, delivering a competitive rate, coupled with several features often only available on products with higher interest rates. This popular loan offer, and CUA's 'Good Move' home loan marketing campaign in Spring 2017, helped to drive an uplift in home lending for CUA in what was a highly competitive market and CUA ended the year to 30 June 2018 with \$3.10 billion in new home loans, up 23 per cent on the previous year.

We also made improvements to our CUA Health product suite during the year. In November 2017, we launched three new hospital cover products to expand our range of low-cost covers. For the first time ever, we launched a hospital and extras package aimed especially at first time buyers and young people, which includes a bonus feature that tops up any gap on the first few claims every year.

Upgrading our CUA mobile apps:

CUA launched our new Mobile Banking app in April 2018, delivering a new and improved mobile banking experience with extra features to help make it easier for you to manage



your money on the go. As well as a brand new look and feel, the new app includes fingerprint login, easy payments, plus the ability to search and filter payees, billers, transactions and payments, with more than 100,000 active users already enjoying this range of features. We also launched our new CUA Health app during the year, making it easier for members to lodge claims and manage their policy on the go.

Voice of Member feedback program:

Voice of the Member feedback surveys were launched in our CUA Direct Call Centre in early 2017 to proactively seek member feedback on their interaction with CUA team members, both to measure satisfaction and identify improvement opportunities. As a member-based organisation, we're continually looking for ways to better understand what is working for our members and what needs to be improved. The program has been a huge success in identifying and resolving member issues and recognising outstanding service, and has since been rolled out across our branch network in March 2018.

Transforming our branches:

CUA's first community hub branch in Toowoomba celebrated its first birthday in June 2018 with some impressive results. The branch hosted almost 300 events in its first year and has had more than 48,000 people through the door, enabling CUA to build strong relationships with members and community groups in the local area. The success of this unique shared space for banking and community use is now being used to inspire the design of CUA's future branches.

Rewarding member loyalty:

We rolled out a new loyalty discount in February 2018 to reward members who have both banking and health insurance with CUA. The 4 per cent health insurance discount is available to any CUA Health policy holder who pays their insurance premium by direct debit from a CUA transaction account. Over 19,500 CUA members are already benefitting from this discount in its first year.



Case Study

Dr Neville Buch

Earning member trust
through the tough times

In 14 years of being a CUA member, Brisbane history consultant Dr Neville Buch has been through his share of highs and lows.

Over the years, Neville and his wife Ruth bought and sold three different homes, moving interstate for work to Victoria and later returning to Queensland to follow their careers and be closer to their families.

But it was in his darkest weeks and months, following the sudden loss of his wife Ruth, 55, to a terminal illness, that Neville and his teenage daughter really needed the support of CUA.

“Ruth always managed our finances and then that all changed,” he says.

“CUA has always been there through the most stressful times of our lives, with buying and selling houses, each with their own set of challenges, and then when Ruth lost her long battle with illness, CUA made the transfer of names from the mortgage and accounts very easy.

“When I started finding myself in financial difficulty, CUA helped get things back on track for me, by helping me better organise my finances to manage the bills, the direct debits and my bank accounts. That has helped free me up to focus more on my business and make it more sustainable moving forward.

“I think that’s the real value for me as a member of CUA,



that there’s been a wonderful discovery that they were there standing with me helping me through the financially difficult times, the tragic times in my life and doing what banks should be doing, that is investing in their members.”

Dr Buch says he was “deeply grateful” and couldn’t speak highly enough of the personalised and caring service he’d received from team members at CUA’s Garden City and Brisbane CBD branches during difficult financial times over the past 18 months.

“It is a credit to CUA, and CUA is a credit to the banking industry,” he says.

Dr Buch says that at a time when the broader banking sector’s reputation had been damaged by dishonesty and allegations of misconduct, it was particularly comforting to know that CUA was a “place where trust for banking is highly valued”.

Chapter 3 | Reaching More Members

CUA has enjoyed continued member growth during the past year, despite strong competition in the financial services landscape.

By 30 June 2018, CUA had expanded our reach and we are now contributing to the financial wellbeing of 515,577 Australians through our banking and insurance products and services. This includes 473,130 banking members – an increase of more than 20,000 over the past year. CUA adopted a number of initiatives this year that have helped us reach even more new and potential members by positioning CUA as a leader in banking innovation, increasing the visibility of our brand through sporting sponsorships and making a difference through our involvement in local communities.

Innovation and digital banking:

CUA's investments into technology and innovation have continued to help us attract new members. In particular, CUA was one of the first financial institutions in the country to be active on all three digital wallet platforms (Apple Pay, Google Pay, Samsung Pay), a point of difference that has already attracted a number of new members. Our early adoption of real time payments via the New Payments Platform (NPP) and the convenience of PayID, as well as our pilot of the iM CUA messaging app, are

also helping to position CUA to continue attracting members looking for convenient digital banking features alongside personalised service. There's more on these initiatives in the section on Scalable Solutions (pg. 8).

Queensland Cricket Association:

CUA's second year of partnering with the Queensland Cricket Association from grassroots to the Gabba has taken the CUA brand to even more potential members. A cumulative audience of more than 13.50 million people tuned in to watch Brisbane Heat Big Bash League (BBL) and Women's BBL (WBBL) games during season seven, an increase on the previous year's average broadcast reach of 1.13 million people per game.

CUA also expanded our support of charity The Ponting Foundation, pledging \$500 for every 'six' hit by the BBL and WBBL players across all 24 games played during the 2017/18 regular season. In total, almost 200 sixes cleared the fence, contributing to a donation tally of \$87,000, up from the \$57,000 pledged in 2017, providing much needed support for the families of children with cancer.





Our support of Queensland Cricket has also extended to local clubs. We continued our CUA Community Champions program for a second year, offering funding support to local clubs, while also providing savings on CUA financial products for their members. To date, we have given more than \$22,000 back to local clubs, helping to fund projects such as renovating practice net facilities, while the program has also generated in excess of \$9 million in new business for CUA.

Carlton Football Club:

The success of our partnership with Queensland Cricket paved the way for new opportunities to build our brand in other markets and in March 2018, we announced a new sponsorship with the AFL's Carlton Football Club. The sponsorship demonstrates CUA's commitment to raising our profile and growing our business in Victoria. While the sponsorship is still in its infancy, CUA is already seeing commercial returns. The entire Carlton playing squad is switching their health insurance to CUA Health and close to \$10 million in new business has been generated via the club's networks and 50,000 strong Carlton member base.

Mutual Good Community Grants:

CUA's significant investment in the community continued this year, as we brought our purpose to life through philanthropy, partnering with community organisations and developing shared value initiatives. Our commitment to invest 3 per cent of our Net Profit before Tax into community initiatives places us well ahead of the Australian



financial services industry average of 0.3 per cent (as reported by the London Benchmarking Group).

One of the ways we invested into community was through expanding our Mutual Good Community Grants program to benefit 19 regions across Australia. Local, grassroots not-for-profit organisations with big ideas for improving the quality of life of Australians were invited to apply for a share in almost \$200,000 in grants. Across the two years of the Mutual Good Community Grants program, CUA has contributed around \$260,000 to 26 grassroots organisations, with 300,000 members of the community directly impacted by the grants.

Grant recipients during 2018 have included A Brave Life, a peer support program for teenage mothers in Brisbane's north that is helping them to complete their high school education; The Shepherd Centre's ClassMate program, an initiative teaching young children living with hearing loss how to communicate with their peers in the mainstream schooling system in the Illawarra region of NSW; and OzHarvest WA's food rescue program, providing an additional 20,000 meals to people in need across the Perth metropolitan area.

Our community partners:

We continued to expand CUA's reach nationally through our community partners. In our 10th and final year of support for the School Fun Run, we helped empower schools across Australia to raise millions of dollars for important projects, while fostering an even deeper relationship within our local



community networks. Similarly, we were proud to continue our support of Red Nose as the organisation's official Mission Partner, enthusiastically engaging in Red Nose Day via our branch network and promoting our Hatch financial solutions for new parents at a series of baby expos. CUA also continued to support the Indigenous financial literacy organisation First Nations Foundation, which has delivered more than 200 training sessions over the past year around Australia and reunited Indigenous people with \$3.70 million in lost superannuation.

Shared value initiatives:

Adapting our core products and services to help address social issues that prevent people from accessing safe and affordable banking has been a key focus this year. We've continued to support women to safely gain control over their finances in order to leave domestic and family violence situations through our CUAngels silent membership, in collaboration with Micah Projects in Brisbane. We've recently expanded the program, signing a new partner in Melbourne, McAuley Community Services for Women. We are also actively exploring opportunities to join a shared equity affordable housing program in the coming year.





Case Study

Tom Davis

A passion for purpose
drives Tom to switch

After more than 20 years banking with the same financial institution he'd been with since his childhood, Melbourne teacher Tom Davis had finally had enough.

"A growing frustration with the 'Big 4' and a better understanding of how my money had been invested were the big drivers for me to start looking for alternatives," he says.

"I started some research to identify an alternative that provided a more sustainable future and held an ethically similar purpose to myself and that's what led me to CUA."



Tom says as a teacher he's been involved in countless 'people first' initiatives and that desire to help others saw him naturally gravitate towards a banking organisation with values closely aligned to his own.

"Giving back is important. It shows a real human connection to what my investment in CUA is doing, and therefore, CUA is investing in the community on my

behalf to help change or better the lives of others."

As a millennial, technology also plays a critical role in Tom's day-to-day life and CUA's position as one of the first banking providers in Australia to offer the full digital wallet – Apple Pay, Google Pay and Samsung Pay – was another key factor in his decision to switch.

"I love my technology and I think it's obvious that online and digital is the way of the future, so making things simple, easy and accessible is really important to me as a member. I think it's a great thing my bank is a leader in this space."

Tom describes his first 18 months as a CUA member as "effortless" and encourages others to consider making the switch just like he has.

"The interactions I've had since I first joined have been so straightforward and I've felt a real personal connection which I haven't experienced in the past with my banking," he says.

"Don't be afraid of what you don't know. At the end of the day, credit unions like CUA were established for a reason. They're here to help you and have a genuine moral purpose to help others."

Chapter 4 | An Adaptable Organisation

Building an adaptable organisation is a key priority for CUA under our refreshed five year strategy.

Being much more agile as a team will equip us to respond to change more effectively, so we can focus on supporting and servicing members and remaining competitive in a changing market.

Creating an even stronger, more member-centric culture is one of the ways we are building this adaptable organisation. This year, we've engaged team members at all levels of CUA in designing and embedding six Key Cultural Attributes which will help our team to deliver even better and more consistent outcomes for you, our CUA members:

- **Members** - they are at the heart of everything we do
- **Growth** - CUA team members work proactively with others to innovate, adapt and grow
- **Deliver** - CUA team members deliver outcomes and impact
- **Challenge** - CUA team members constructively challenge themselves and their colleagues
- **Genuine** - CUA team members are genuine and inclusive
- **Action** - CUA team members are accountable for results and empowered to take action



Some of the other ways we've supported our team members this year include:

CUA Lending Academy:

More than 350 CUA team members have participated in the CUA Lending Academy this year. This program is upskilling our frontline sales teams, particularly around lending capability, managing risk, providing a better member experience and improving member outcomes.



Developing an innovation culture and Agile leaders:

This year, we've invested in training our team members in areas like design thinking, visual story-telling, lean start-up, pitching and Agile ways of working. We've promoted this innovation culture through our 'PowerUp' series of masterclasses and innovation challenges for team members. Around 20 senior leaders across CUA have also completed Agile leadership training, empowering them to lead others and ultimately, to positively impact member experience.



Diversity and inclusion:

CUA's continued focus on diversity and inclusion has continued throughout the year and was recognised in February 2018 when CUA received the Workplace Gender Equality Agency (WGEA) citation as an Employer of Choice for Gender Equality. This is the fourth year in a row that CUA has received this citation, recognising our commitment to best practice in this area.

Volunteering in the community:

CUA team members devoted 1,055 days to volunteering with a variety of community organisations in the 12 months to June 2018. CUA team members are encouraged to take up to three days of community leave each year and this year's contribution was almost twice as many days as the previous year. In particular, our team rolled up their sleeves to support our childhood health charity Red Nose, devoted around 450 hours to the Leukaemia Foundation and raised more than \$400,000 for the Royal Flying Doctor Service.



Case Study
Virend Singh

Rewarding a history of
exceptional service

Virend Singh certainly doesn't come to work for awards, but he admits to being humbled by the acknowledgement he's received this year.

As a Member Services Advisor in the CUA Direct Call Centre in Melbourne, Virend's ability to consistently deliver personalised service that is trusted by members was recognised with the 2018 Jack Harvey Annual Values Award, the highest honour bestowed upon a CUA team member each year.

Virend says it's an honour to have won an award named after CUA's founder, especially after being nominated by his colleagues.

"Wherever I have worked, I've always strived to do my best and be the best and that's what I've done with CUA now," he says.

"It's particularly special to know that my colleagues and management were responsible for this and that they recognise my input to the organisation."

With a reputation as one of the top performers in CUA Direct, Virend says there's no secret to his approach - it's simply about understanding where the member is coming from.

"I try to put myself in their shoes and understand the member first before I answer any questions.

"I take a personal approach to every call I receive and do my level best to get to the bottom of each member's challenges or needs in order to ensure we get the best possible outcome and address all of their concerns."

Virend has an impressive CV with a career in the banking industry spanning nearly four decades, working for four different banking organisations across three countries.

When it comes to what makes his role at CUA stand out though, he couldn't be clearer.

"The most rewarding thing about my job is the culture we have here at CUA, you can't compare it to anywhere else I've worked.

"It's our people that make all the difference. From the top down, they are experienced and genuine and we can always talk, be it about business or anything else. The relationships I've built here are one of the reasons I'm in the office early every day."

CUA Board of Directors

As at 30 June 2018 (Image from left to right)

Wayne Stevenson | B. Com., CA, FAICD

Independent Non-Executive Director

Wayne joined the Board in February 2014. He is Chairman of the Board Audit Committee and a member of the Board Risk Committee.

Louise McCann | MM MGSM, FAICD, FAIM, FRSA

Independent Non-Executive Director

Louise joined the Board in November 2015 and is Chairman of the Board Strategy & Innovation Committee and a member of the Board Remuneration Committee.

Paul Bedbrook | B.Sc., FSIA, F Fin

Independent Non-Executive Director

Paul joined the Board in July 2011. He is Chairman of the Board Remuneration Committee, Chairman of CUA Health Ltd and a member of the CUA Health Board Audit and Risk Committees. He is also Chairman of Credicorp Insurance Pty Ltd and a member of the Credicorp Insurance Board Audit and Board Risk Committees.

Nigel Ampherlaw | B.Com., FCA, MAICD

Chairman and Independent Non-Executive Director

Nigel joined the Board in March 2011 and has been Chairman since 15 November 2017. He is a member of the Board Remuneration and Board Strategy & Innovation Committees.

Kyle Loades¹ | MBA, FAICD

Independent Non-Executive Director

Kyle joined the CUA Board on 1 December 2017. He is a member of the Board Risk Committee, a Director of CUA Health Limited and a member of the CUA Health Board Audit and Risk Committees. He is also a Director of Credicorp Insurance Pty Ltd and a member of the Credicorp Insurance Board Audit and Board Risk Committees.

Deborah O'Toole | LLB, MAICD

Independent Non-Executive Director

Deb joined the Board in March 2014. She is Chairman of the Board Risk Committee and a member of the Board Audit Committee.

Andrew Reeves² | BA (Economics), AMP

Independent Non-Executive Director

Andrew joined the CUA Board on 1 September 2017 and is a member of the Board Audit and Board Risk Committees.

For biographies of CUA's Board of Directors, visit www.cua.com.au/Board

¹ Replaces Alan Beanland, who retired at the 2017 Annual General Meeting on 14 November 2017

² Replaces Michael Pratt, who resigned 31 August 2017





CUA Executive Committee

As at 30 June 2018

Rob Goudswaard | B.Ec, GradDip CorpFin, FFIN, FAICD
Chief Executive Officer

Steve Chugg | MBA, B.Bus, GAICD
Chief Financial Officer

Henk Dijkstra¹
Acting Chief Technology Officer

Philip Fraser | B.Acc, CIMA, CPA, GAICD
Chief of Innovation & Strategic Partnerships;
CEO of CUA Health & Credicorp Insurance

Tracey Lake | B.Bus (HRM), Grad Cert (Employee Relations), MAHRI
Chief People Officer

Brigid Leishman | MBA (Dist.), GAICD
Chief Operating Officer

Paul Lewis² | BA, MBA
Chief Sales Officer

Megan Readdy | LLB, B.Ec, GAICD
Chief Risk Officer

Allison White³
Acting Chief Marketing Officer



For biographies of CUA's current executive team, visit www.cua.com.au/executive-team

¹ Replaces Sue Coulter, who held the position of Chief Digital Officer until January 2018

² Replaces Andy Rigg, who held the position of Chief Sales Officer until December 2017

³ Replaces Jo Kearney, who held the position of Chief of Corporate Affairs & Community until March 2018

CUA Awards

We are proud to have won several prestigious awards from various respected industry organisations and we thank all our members for their support.

Mozo experts choice - 2018

- Australia's Best Credit Union
- Excellent Customer Service
- Staff Friendliness
- Highly Trusted

Mozo experts choice - 2017

- Customer Satisfaction - Everyday Banking
- Staff Friendliness
- Highly Trusted

Workplace Gender Equality Agency - February 2018

- Employer of Choice for Gender Equality citation

Money Magazine Awards - 2017/18

- Credit Union of the Year
- Best Everyday Account (Non-Bank)
- Best DIY Super Savings Account (Non-Bank)

CANSTAR Awards

- Fresh Start Basic Variable Home Loan Outstanding Value - Construction Loan
- Fresh Start Basic Variable Home Loan Outstanding Value - Variable Home Loan - Owner Occupier
- Fixed Home Loan Owner Occupier Outstanding Value - Fixed Home Loan - Construction
- Fixed Home Loan Owner Occupier Outstanding Value - Premium Fixed Home Loan - Construction
- Fixed Home Loan Owner Occupier Outstanding Value - Fixed Home Loan
- Fixed Home Loan Owner Occupier Outstanding Value - Premium Fixed Home Loan



Corporate Governance

CUA is a member-owned organisation. In the interests of good governance, CUA adopts the ASX Corporate Governance Principles and Guidelines, meaning our members can have full confidence in the governance of their credit union.



Key areas of focus for the Board and its committees include:



Lay solid foundations for management, oversight and guidance to leaders of the organisation



Structure the Board to add value



Act ethically and responsibly



Respect the rights of members



Safeguard integrity in corporate reporting and make timely and balanced disclosures



Recognise and manage risk



Remunerate fairly and responsibly

Board Audit Committee

- Review effectiveness of financial reporting and professional accounting requirements
- Review and endorse for Board approval the annual financial statements of CUA
- Oversee the internal and external audit functions
- Monitor compliance with statutory reporting, other legislative requirements (including APRA & ASIC) and internal company policy

Board Risk Committee

- Advise on current and future risk appetite and risk management strategy
- Oversee and align current and future risks relative to risk appetite and capital management
- Ensure prudential and statutory requirements for risk are met
- Ensure an objective view on the internal control environment of the CUA Group
- Oversee the appointment, removal, performance and objectives of the Chief Risk Officer (CRO)

CUA Board

Board Remuneration Committee

- Assist the Board in discharging its responsibilities in relation to remuneration matters
- Advise on CUA's Remuneration Framework for non-executive directors
- Advise on CUA's Remuneration Policy and performance-based incentive framework
- Advise on strategic human resources and workplace health and safety policies
- Advise on succession planning
- Assess all persons as to their fitness and propriety in line with the CUA Constitution and the relevant Policy

Board Strategy & Innovation Committee

- Monitor and provide guidance to management on major strategic issues, opportunities and initiatives
- Evaluate and provide recommendations to the Board on major strategic issues or proposals
- Guide management on transformation, innovation or technologically-related strategies and major projects

Summary Financial Information

For the year ended 30 June 2018

The summary financial information is not presented in accordance with the Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The summary financial information summarises information contained in the directors' report and audited group financial statements, all of which is available to members on the internet at www.cua.com.au. The auditors' report in relation to the full financial statements was not qualified in any respect. The full financial statements were approved by the board of directors for issue on 22 August 2018.

Summary statement of comprehensive income (unaudited)	Group	
	2018 \$'000	2017 \$'000
Net operating income	287,470	276,732
Operating expenses	(201,726)	(193,196)
Impairment of loans and advances	(8,849)	(5,596)
Profit before income tax	76,895	77,940
Income tax expense	(22,104)	(22,066)
Profit for the year	54,791	55,874

*To be read in conjunction with the full financial statements all of which will be available on the internet at www.cua.com.au

Summary balance sheet (unaudited)	Group	
	2018 \$'000	2017 \$'000
Assets		
Cash and cash equivalents	307,833	247,063
Financial assets	1,609,729	1,868,601
Loans and advances	12,300,234	11,530,359
Non-financial assets	105,421	104,929
Total assets	14,323,217	13,750,952
Liabilities		
Deposits	9,219,824	8,760,111
Financial liabilities	902	4,437
Borrowings	3,972,060	3,900,522
Non-financial liabilities	93,302	105,529
Total liabilities	13,286,088	12,770,599
Net assets	1,037,129	980,353
Members' funds		
Reserves	46,097	44,026
Retained earnings	991,032	936,327
Total members' funds	1,037,129	980,353

*To be read in conjunction with the full financial statements all of which will be available on the internet at www.cua.com.au



The Credit Union maintains sufficient capital resources to support the Group's business activities and operational requirements and to ensure continuous compliance with externally imposed capital ratios.

Risk weighted capital ratios	Banking Group*	
	As at 30 June 2018 \$'000	As at 30 June 2017 \$'000
Tier 1	13.87%	13.90%
Tier 2	0.38%	0.38%
Total capital ratio	14.25%	14.28%

* The regulatory capital requirements are measured for the Credit Union and all of its banking subsidiaries (known as the Banking Group).





cua

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Keeping members at our heart. Personalising service you can trust

CUA ANNUAL REPORT 2018

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