



**Hunter United**  
Customer Owned Banking

## Chairman's Report

The past year has seen a spotlight focussed on financial services and particularly on the banking sector. Like you, we have been appalled by some of the behaviour at the major banks that has been exposed by the Royal Commission, and the manner in which those banks treat their customers. It is clear that once delivering ever increasing profits for shareholders is given priority and encouraged by financial rewards for employees, customer service suffers.

At Hunter United, our members are our shareholders and our customers. The surplus we make is invested back into the business to provide services that you need, at competitive prices. Our focus is on delivering value to our members and on providing you with a more personalised, friendly service.

This approach has clearly paid off, with Hunter United posting solid results for the past financial year, despite challenging conditions. Lending and deposits are up again due to locals switching from the big banks. In the last financial year, total lending assets rose by 8 per cent while deposits grew by 9 per cent. Total assets also grew by 9 per cent to almost \$330m, delivering a 27 per cent increase in net profit to \$536,000. Capital adequacy is above 16 per cent, demonstrating that the credit union remains very safe and secure.

The surpluses we make are reinvested in the business with the focus in the past year being on new technology and upgrading branches.

After more than a year of planning, Hunter United introduced the New Payments Platform (NPP) during the year, enabling it to offer real time payments to its members via Osko and PayID. This puts Hunter United ahead of some larger financial institutions, which are still struggling to bring NPP to their customers.

Last financial year's reinvestment also saw the introduction of a new branch format for Hunter United in the Stockland Green Hills Shopping Centre, near Maitland. This branch has a more welcoming modern look and feel and includes a self-serve teller infinity machine, the first of its kind in the region. Word has spread regarding this new look branch and we have seen staff from other banking institutions checking it out. We don't want to be like the other banks, and this new branch makes that point. I recommend you pop your head into that branch, if you are at Green Hills Shopping Centre.

Hunter United has continued to attract new members via online loan enquiries and social media engagement. 30 per cent of members now interact with us on social media, a figure well above the big banks and other local financial institutions. Our quirky marketing campaigns have continued to attract significant attention, and with that, new members.

Hunter United remains committed to the Hunter region, with the proportion of Hunter-based customers rising again this year, and now accounting for more than 90 per cent of members. The staff of Hunter United play a significant role in this success, through their daily interactions with members. Recognising the importance of our staff, last year we invested more into staff development with a third of all staff involved in externally recognised training programs.

Looking ahead, further digital improvements will be rolled out including a website upgrade and a new online portal for members to manage account activity, as well as upgrades to branches to reflect the changing requirements of our members.

With the big banks providing fee free ATM access to our members, the phase out of our own ATMs will continue except for our unique drive thru ATM at Broadmeadow.



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In the coming year, the Board will continue to look for merger opportunities in order to broaden the range of benefits offered to our members. Merger partners will continue to be assessed on the basis of the benefits and value they offer to our members.

There will no doubt be many findings, recommendations and requirements issued by the Banking Royal Commission in the forthcoming year to deal with poor outcomes suffered by banking customers. While there is likely to be a big effect on the large banks, we are not anticipating any significant impact on Hunter United, as our culture is member focused. We have always adopted a conservative approach to lending and made decisions with the best interests of our customers in mind. We are however, likely to see increased competition from the big banks for our traditional market of residential home and personal loans.

Hunter United has continued its involvement in the local community through support of Newcastle Industrial Heritage Association, Lambton Christmas carols, Hunter Breast Cancer Foundation, Newcastle Pink Ribbon Ride, Cystic Fibrosis, Jeans for Genes, Australia's Biggest Morning Tea and the Cancer Council.

I indicated last year that we were operating in an unprecedented environment of low interest rates and low wage growth. That has continued unabated this year, with Hunter United staff meeting the challenges this environment has posed. I would like to acknowledge the efforts of the staff and management during 2017/18 in achieving our results.

I thank my fellow directors for the support they have provided both to me and to the organisation throughout this year.

I also thank you, the members, for your support of Hunter United, which has seen us clock up 55 years of service to you and your community this year.

It has been a pleasure to serve as your Chair again this year, and, with your continued support, I look forward to another successful year for Hunter United.