

18 April 2016

QT Mutual Bank merger with RACQ to create new force in banking

RACQ and QT Mutual Bank today announced plans to create a new customer-owned force in banking, leveraging the considerable assets and capabilities of Queensland's largest club.

The proposed merger with QT Mutual Bank will establish a banking subsidiary within the RACQ Group, alongside its assistance, insurance and lifestyle operations which service more than 1.5 million members across Queensland.

RACQ Group CEO Ian Gillespie and QT Mutual Bank CEO Steve Targett said the vision was to use the strong RACQ brand and resources along with the banking expertise and products of QT Mutual Bank to establish a highly scale-able, customer-owned banking platform which could achieve significant growth and expansion.

"We want to be a trusted alternative to the shareholder-owned, profit-driven banks," Mr Gillespie said.

"The merger will offer greater benefits to members of both organisations, with a highly compatible suite of premium products and services and a common focus on delivering exceptional service and value."

If successful, the formal merger of the two organisations is expected to be completed by the third quarter of 2016.

"RACQ wants to diversify into banking while QT Mutual Bank wants scale and investment in technology to achieve growth, that's why this deal makes sense," Mr Gillespie said. "Together we can achieve things for our members that we can't do on our own."

Mr Gillespie said the time was right to invest in building a larger scale alternative to the traditional banks utilising the mutual banking business model with its focus on returning value to members rather than maximising profits for shareholders, and the inherent trust and confidence this brings.

"We'll be committed to offering members honest, easy and great value banking products and services, without any hidden fees or excessive charges," Mr Gillespie said.

"By adding banking to our already strong insurance and assistance offers, our combined membership will benefit from great service, better value and a deeper relationship overall."

QT Mutual Bank CEO Steve Targett said the proposed merger supported QT Mutual Bank's long-term growth strategy to bring products and services to a far wider customer base.

"We believe the trusted RACQ brand, resources and existing member base, combined with QT Mutual Bank's banking knowledge, experience and personalised service will provide Queenslanders with a real choice in the competitive financial services market," Mr Targett said.

"Importantly, we're culturally aligned with shared values and a focus on education and the community. That community focus and advocacy fits very well with what our members expect from a merger partner.

"For QT Mutual Bank members, many of whom are also RACQ members, this merger will deliver an enhanced banking experience through an expanded product offering, investment in technology and new digital capabilities, and a wider service network with 24-hour contact centre.

"This really is a case of one plus one equals three, and a far better option than an in-sector merger with another bank or credit union.

"The proposal is expected to be put to QT Mutual Bank members for a vote in mid-2016. We need QT Mutual Bank members to actively support this merger and vote for a stronger future for QT Mutual Bank."

Media inquiries: RACQ Renee Smith 0409 573 193; QT Mutual Bank Melanie Edgar 0407 159 141.

Key facts of proposed merger between RACQ and QT Mutual Bank

1. QT Mutual Bank requires a vote involving at least 25 percent of members, with 75 percent of those members in favour
2. The proposed merger is subject to regulatory and QT Mutual Bank member approval
3. Combined membership of the merged entity will be 1.6 million members
4. Combined assets of the merged entity will be approximately \$3.9 billion
5. The entity will initially retain the QT Mutual Bank brand, and then transition into the RACQ Group
6. QT Mutual Bank CEO Steve Targett will remain CEO of the bank and report to RACQ Group CEO Ian Gillespie
7. The current QT Mutual Bank Board Directors will remain in place, with the addition of RACQ Directors
8. The entity will retain its headquarters in Queensland
9. There will be no forced redundancies of staff from either organisation as a result of the merger
10. The newly-merged entity will have a larger branch network than the current individual QT Mutual Bank or RACQ networks
11. RACQ will invest in a strong digital offering, including new mobile app, greater internet banking functionality and enhanced online platforms
12. Proposed new products/services in one, easy, convenient place including improved customer service channels, low fees and charges, enhanced credit card suite and loyalty discounts.

QT Mutual Bank

QT Mutual Bank is a member owned mutual bank, offering a full range of banking products and services to the education community, their families and increasingly the wider community. Established in 1965, it has more than 60,000 members and more than \$1.37 billion in assets. CANSTAR recently awarded QT Mutual Bank's owner occupied Fixed Rate Home Loan a 5 Star Rating, and awarded the Mortgage Saver low fee variable home loan a Rising Star.

RACQ

RACQ was founded in 1905 and is Queensland's largest club and peak motoring body, offering a diverse range of products and services to its 1.5 million members across Queensland. RACQ is a mutual company, owned by its members and operated for their benefit and the wellbeing of the Queensland community. RACQ members can be found in more than 61 percent of Queensland households. Key services include provision of assistance, insurance, travel and lifestyle products and benefits.

RACQ is Queensland's largest motor insurer and second largest home insurer brand, and also provides extensive community support through the activities of the RACQ Foundation, road safety education programs, consumer and motoring advice, and its long-term sponsorship of a Rescue Helicopter network across Queensland.