

PEOPLE'S CHOICE CREDIT UNION
2021 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS



Good afternoon Ladies and Gentlemen. Welcome to the Annual General Meeting of People's Choice Credit Union. My name is Michael Cameron, and I am the Chairman of the Board of Directors.



As a quorum is present, I declare the meeting open.

I acknowledge the Traditional Custodians of the land on which we meet today, and pay my respects to their elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples joining us today.

I extend that welcome to everyone today, especially our members.

Directors



Michael Cameron
Chairman



Georgina Williams
Board-appointed Director



Steve Laidlaw
Managing Director and
Chief Executive Officer



Virginia Hickey
Member-elected Director



Wendy Thorpe
Board-appointed Director



John Patton
Member-elected Director



Amanda Heyworth
Member-elected Director



Your Board of Directors, who are also members and are all present today, are:

- Amanda Heyworth
- Virginia Hickey
- John Patton
- Wendy Thorpe
- Georgina Williams

Welcome also to Steve Laidlaw, who is the Chief Executive Officer and Managing Director of People's Choice.


We also have present at today's meeting:


- Taryn Shearn, the Chief Legal Officer & Company Secretary;
- Jake van der Hoek, the Returning Officer, from Computershare Investor Services;
- Paul Cenko from our auditors, KPMG; and
- James Dickson from our legal advisers, Piper Alderman.


Today's meeting is being held online. This allows members, proxies, and guests to attend the meeting virtually and watch a live webcast of the meeting. In addition, members and proxies have the ability to ask questions – either in writing or verbally.

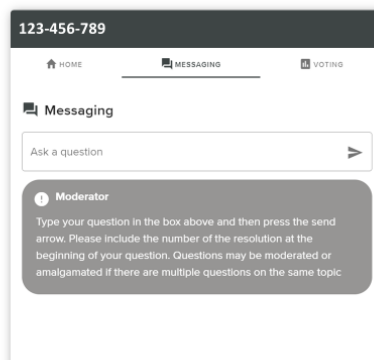
ONLINE ATTENDEES – TEXT QUESTION PROCESS



When the question function is available, the messaging tab will appear at the top of the screen 

To submit a question, type your question in the "Ask a question" box and press the send arrow 


Your question will be sent immediately for review 

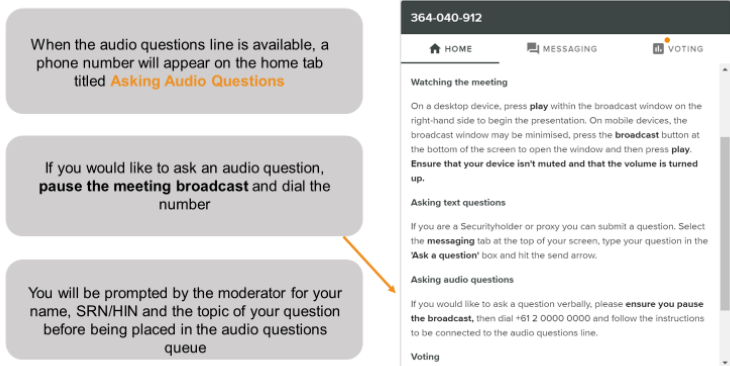


To submit a written question, select the messaging tab at the top of the Lumi platform. At the top of that page there is a section for you to type your question. Once you have finished

typing, simply hit the arrow symbol to send.

Please note that while you can submit questions starting from now, I will not address them until the relevant time in the meeting. Please also note that your questions may be moderated, or if we receive multiple questions on one topic, amalgamated with others.

ONLINE ATTENDEES – AUDIO QUESTION PROCESS 



When the audio questions line is available, a phone number will appear on the home tab titled **Asking Audio Questions**

If you would like to ask an audio question, **pause the meeting broadcast** and dial the number

You will be prompted by the moderator for your name, SRN/HIN and the topic of your question before being placed in the audio questions queue

364-040-912

HOME MESSAGING VOTING

Watching the meeting

On a desktop device, press **play** within the broadcast window on the right-hand side to begin the presentation. On mobile devices, the broadcast window may be minimised, press the **broadcast** button at the bottom of the screen to open the window and then press **play**. **Ensure that your device isn't muted and that the volume is turned up.**

Asking text questions

If you are a Securityholder or proxy you can submit a question. Select the **messaging** tab at the top of your screen, type your question in the **'Ask a question'** box and hit the send arrow.

Asking audio questions

If you would like to ask a question verbally, please **ensure you pause the broadcast**, then dial +61 2 0000 0000 and follow the instructions to be connected to the audio questions line.

Voting

If you wish to ask a verbal question, please pause the broadcast on the Lumi platform and then click on the link under “Asking audio questions”. A new page will open where you will be prompted to enter your name and the topic of your question before being connected. You will be able to listen to the meeting while waiting to ask your question. If you have any issues using this system, please return to the Lumi platform.

The platform does allow voting, however, there are no items needing a member vote on today's agenda.

The format for today's meeting is to start with the Chairman's and Managing Director's presentations, followed by the general business of the meeting.

All members will have received the Notice of Meeting and the Directors' Explanatory Statement that accompanied the Notice of Meeting.

I propose to take the Notice of Meeting as read.

Before moving to the Financial Report, I will present the highlights of the 2021 year, and then hand over to our Managing Director, Steve Laidlaw, to present an overview of our performance, and the results for the year.

There will also be an update on the previously announced potential merger with Heritage Bank.

Chairman's 2020/2021 Report



As families and businesses continued to deal with the uncertainties of COVID-19 during the year, People's Choice maintained a clear focus on supporting members to achieve their financial goals.

Being a mutual, we have an absolute focus on members. This is fundamental to People's Choice and sets us apart from the major banks.

This has underpinned our performance over the past year, and helped us remain one of Australia's most trusted financial institutions.

We grew our lending and retail deposits books, and ended the year in a strong position to continue our investment in improving our products, services, and technology for the benefit of members.



We welcomed 14,600 new members during the year, taking our total membership to more than 390,000.


Our net promotor score – the measure of members' trust and loyalty – was positive 31 over the course of the year, 23 points above the market average for the financial institutions surveyed.

For the first time, total member loans and advances surpassed \$8 billion, increasing by 2.6% over the reporting period. The final quarter saw total loan portfolio growth of \$147 million, the

largest quarterly improvement for seven years, setting us up for a strong start to the new financial year.

A key contributor was the decision to expand our presence in Victoria, by offering loans through the independent broker network.

This strategy has been successful, similar to our previous experience in the Northern Territory, delivering better-than-expected results almost immediately, and increasing our broker portfolio to \$1 billion. Extensive work was done by our team to ensure our loan products would be competitive by establishing a market-leading value proposition.

Chairman's Report Michael Cameron Chairman 

Maintaining our clear focus on members




World's Best Banks



First Home Buyer Loans



Investor Home Loans

National recognition 

Our products and services were once again recognised by global business magazine, Forbes, which – for the second year in a row – listed People’s Choice among the World’s Best Banks.

Australia’s leading financial comparison websites, Canstar and Mozo, found us to be highly competitive with multiple awards for our first home buyer, owner-occupier, and investor loan packages.

Chairman's Report Michael Cameron Chairman 

Financial strength to support members

-  Deposit portfolio grew by 5.2% to \$7.0 billion
-  Total assets of \$9.7 billion, up 2.4%
-  Statutory net profit within budget at \$29.7 million



Our retail deposit portfolio also grew during the year, increasing by over 5% to \$7.0 billion.

We ended the financial year with total assets of \$9.7 billion, an increase of 2.4%, and a statutory net profit of \$29.7 million before tax. While this was a slight reduction from the previous financial year, it achieved budgeted expectations.

In contrast to the major banks, we don’t have to manage the conflict between benefits to

customers and shareholder profits. We continue to support our members by investing in better products, services and technology in order to meet their evolving needs.

Chairman's Report

Michael Cameron Chairman



Merger opportunity with Heritage Bank

- Absolute commitment to remaining a mutual and member-owned
- Members to benefit significantly
- Size and scale to deliver more for members



In August 2021 we announced that we had entered into a non-binding Heads of Agreement with Queensland-based Heritage Bank – a mutual organisation very much like our own – to explore the possibility of a merger.

There are two important matters.

Firstly, we are only considering a merger because we believe members will benefit significantly.

Second, both People's Choice and Heritage are absolutely committed to maintaining the proposed merged organisation as a mutual. We will remain entirely member-owned, solely focused on member outcomes.

We believe that by bringing our two organisations together, we would have the size and scale to deliver more for our members through enhanced products, services, digital capabilities and competitive pricing

If a merger were to proceed, it would be a pairing of equals that would create Australia's leading customer-owned banking organisation – one that would remain proudly member-owned and focused on serving you, our members.

It will also allow us to provide additional support to the communities in which we operate, and our members live.



Early merger commitments

- We will remain member-owned
- Both organisations equally represented on the Board
- No branch closures or non-executive redundancies as a result of the merger
- Dual and equal head offices in Adelaide and Toowoomba



People's Choice and Heritage have already made several important early commitments, should the merger proceed:

- Both organisations will be equally represented on the Board.
- There will be no branch closures or non-executive redundancies as a result of the merger.
- We will create a dual head office structure, maintaining equal head offices in Adelaide and Toowoomba. We will not leave South Australia.
- And, as I've said before, we will absolutely remain member owned.

A detailed and thorough due diligence process is now underway.

Should both Boards agree to proceed following due diligence and regulatory consent, the proposed merger will be put to both groups of members for approval most likely next year.

We are both member-owned so our members will make the final decision.

Further detail outlining additional details of the merger and, most importantly, the benefits to members will be provided well before the vote to enable you to make an informed decision.



Resilience through unparalleled change

- A further \$12 million invested in our multi-year transformation to improve member experience
- Significant internal reorganisation
- Refreshed brand, advertising and website



The financial services sector is still operating within a rapidly changing competitive and economic environment. We believe a merger would enable us to better compete and deliver more for our members.

Technological innovation as well as legislative and regulatory reform are driving structural and

operational change. The ongoing record low interest rate environment is also driving competition to new levels.

However, as a result of the ongoing investment into our organisation in recent years, People's Choice can look to the future with confidence.

During the year we invested a further \$12 million into our multi-year transformation program which will result in an improved member experience at every touch point.

We have undergone significant internal reorganisation to ensure we have the right structures and talent to adapt and thrive.

We have refreshed our brand, upgraded our website, and reinvigorated our advertising to remain relevant, accessible and attractive in a highly competitive environment.

We can look to the future knowing we have the agility, capacity, and expertise to support our members to achieve their financial goals.

Chairman's Report

Michael Cameron Chairman



Governance



Georgina Williams



Anne Skipper AM



Member-elected Directors Amanda Heyworth and Virginia Hickey were reappointed at the 2020 Annual General Meeting.

Anne Skipper retired from our Board in June 2021, after almost 20 years of dedicated service.

I take this opportunity to thank Anne for her outstanding contribution, her hard work and her powerful commitment to customer-owned banking. We wish Anne all the very best for the future.

We also welcomed Georgina Williams who was appointed to the Board vacancy in June 2021.

With more than 25 years' experience in banking and superannuation, including previous executive roles at Australian Super and the Bank of Melbourne, Georgie is well qualified to help guide People's Choice in the future.



I recognise that this year has been a demanding one for everyone at People's Choice, as we drive necessary improvements, navigate internal and external change, and manage the ongoing challenges of COVID-19.

Thank you to our employees, the Executive team and my Board colleagues for your commitment and hard work over the past 12 months, and your dedication to supporting our members.

And to you, our members – I understand that COVID-19 has also been an especially difficult period for many, and I thank you for your continuing membership.

We are member-owned, and that will not change. Our focus is to help you achieve your financial goals, especially during these uncertain times.

I will now hand over to our Managing Director, Steve Laidlaw, to provide an overview of our results for the year.