

PEOPLE'S CHOICE CREDIT UNION

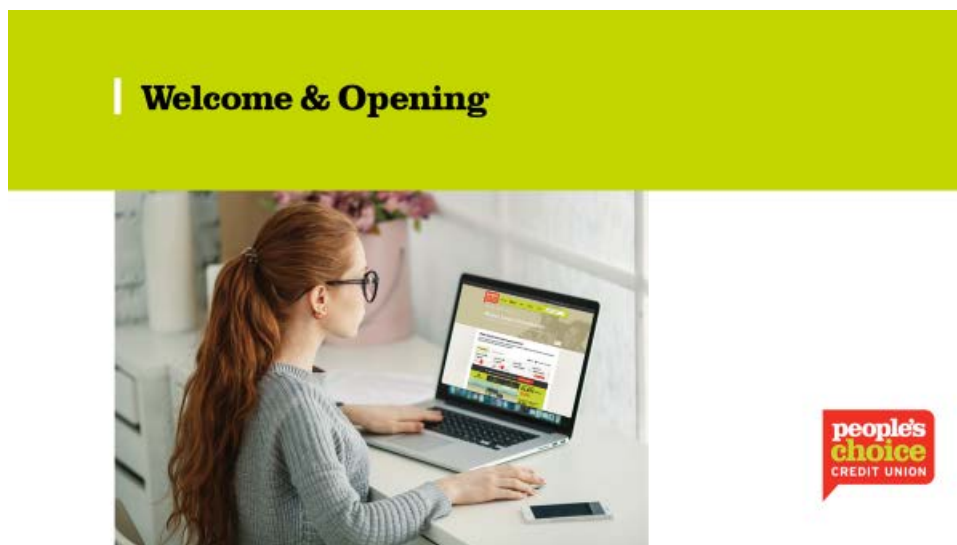
2020 ANNUAL GENERAL MEETING

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 and Chairman of the meeting today.

As the time is now 3:00pm, and as a quorum is present, I declare the meeting open.



I would like to begin by acknowledging 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 want to thank you for joining our first virtual Annual General Meeting. Today's meeting is being held online in the interests of the health and safety of our members and staff given the complexities presented by the COVID-19 pandemic.

The webcast will enable members to listen to the meeting, view the slides and submit questions online that relate to the business of the meeting.

Directors



Michael Cameron
Chairman



John Patton
Member-elected Director



Steve Laidlaw
Managing Director and
Chief Executive Officer



Anne Skipper AM
Member-elected Director



Amanda Heyworth
Member-elected Director



Wendy Thorpe
Board-appointed Director



Virginia Hickey
Member-elected Director



I would like to welcome my fellow non-executive Directors:

- Amanda Heyworth;
- Virginia Hickey;
- John Patton;
- Anne Skipper; and
- Wendy Thorpe

I would also like to welcome 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;
- Nigel Bulling, the Returning Officer, from Computershare Investor Services;
- Paul Cenko from our auditors, KPMG; and
- James Dickson from our legal advisers, Piper Alderman.

Welcome & Opening



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

I remind everyone present that only adult shareholding members can vote on the resolution to be considered at today's meeting.

Proxy voting is an entitlement of members. Members have been able to appoint the Chairman, another member, or a non-member as their proxy to attend, ask questions and vote on their behalf.

An Appointment of Proxy form detailing the resolution to be considered at today's meeting has been made available to eligible members. Members were advised that the proxy form needed to be received by the Returning Officer by 3pm, Central Daylight Savings Time, on 27 October 2020. As we are conducting the meeting virtually, Item 3 on the Agenda will be decided by an online poll.

Prior to discussing Item 3 on the Agenda I will inform you of:

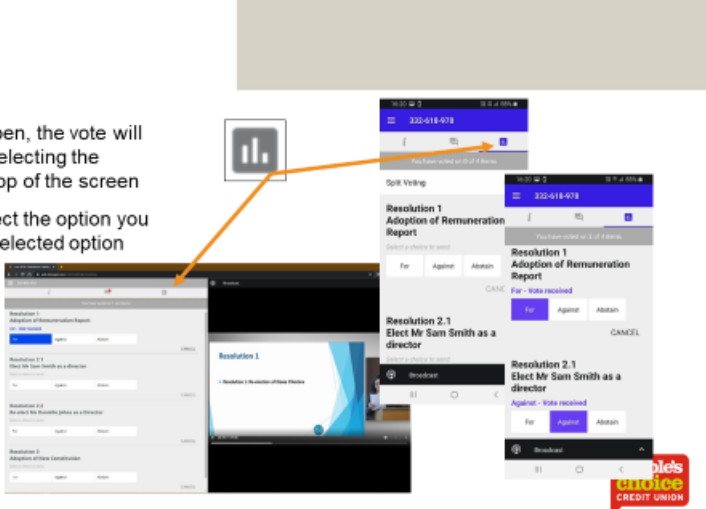
- The total number of proxy documents received;
- The number of proxy documents authorising the proxy to decide how to vote at the meeting;
- The number of proxy documents directing the proxy to vote FOR or AGAINST the resolution; and
- The number of proxy documents directing the proxy to ABSTAIN from voting on the resolution.

The Returning Officer will supervise the counting for the poll. The Chairman's and other proxy holders' votes will be included in the counting of votes.

Online voting is now open, and will remain open until I announce that voting is closed.

Voting

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen
- To vote simply select the option you wish to send, the selected option will change colour



If you are eligible to vote at this meeting, the voting icon will appear on the navigation bar on your screen. Once you click on this icon, the resolution will appear on your screen along with the For, Against and Abstain voting options.

Simply select one of these options to cast your vote. There is no need to hit a submit or enter button as the vote is automatically recorded.

You can vote, or change your vote, at any time during the proceedings until I declare the voting closed. I will provide ample notice prior to the close of voting.

When voting is closed, your final voting selection will be recorded.

Questions

- When the Question function is available, the Q&A icon will appear at the top of the app
- To send in a question, simply click in the 'Ask a question' box, type your question and the press the send arrow
- Your question will be sent immediately for review



Members also have the opportunity to ask questions; if you are attending online, you can start submitting questions now and we will address them at the relevant time in the proceedings.

All items of business will be tabled and questions received relevant to the items of business, will be addressed in the allocated question period before voting is finalised.

This is a member's meeting and only members and proxies are able to submit written questions at this meeting. Only questions relating to the business before this Annual General Meeting will be dealt with at the meeting today.

To submit a question, you will need to click on the Questions icon on your screen. This will open a new screen. Type your question in the "ask a question" box at the bottom of the screen and then select the "arrow" symbol to send. Confirmation that your message has been received will appear.

Please enter the 'item of business' number in the 'ask a question' box before proceeding with your question to assist us in providing the appropriate response.

Finally, 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 we talk about the Financial Report, I will present the highlights of the 2019/20 year, and then hand over to our Managing Director, Steve Laidlaw, to provide an overview of our performance and results for the year.



As you all know, this year has been a period of extraordinary change. We have all been part of the biggest shock to face Australia, and the world, since the end of the Second World War.

I sincerely thank everyone in our organisation for the way they have risen to the unprecedented challenges posed by COVID-19.

Importantly, People's Choice has emerged from the financial year in a strong financial and market position.

We have grown our loan and retail deposit portfolios, attracted new members, delivered a sound profit, and maintained the trust of those we work for – our members.

And, we have been able to do that while upholding our values as a member-owned organisation.



Extraordinary times underscore member focus

- Supported members financially impacted by COVID-19
- Welcomed almost 17,000 new members – a net increase of 5,700
- One of Australia's most trusted financial institutions



During a period which has impacted the financial security of many people, we have provided hardship assistance through our COVID-19 support package to more than 2,800 members.

We reallocated employees into our National Contact Centre to ensure we were immediately able to respond to member enquiries which doubled in the early days of the pandemic.

Our financial planners also worked long hours to support clients, and our branch and mobile employees maintained, as much as possible, essential face-to-face banking services.

The fact that we were able to gain almost 17,000 new members during this difficult period – a net increase of 5,700 – demonstrates the strength of the People's Choice brand and what it represents.

This is reinforced by our net promoter score – a key measure of members' trust and loyalty – which was positive 39 over the course of the year, 37 points above the average for the financial institutions surveyed.

This clearly makes People's Choice, once again, one of Australia's most trusted financial institutions.



Recognition from our members



In the same light, Australia's largest financial comparison website, Canstar, recognised People's Choice for having the most satisfied home lending customers in 2020.

The Mozo comparison website awarded us for 'Most Recommended and Outstanding Customer Satisfaction'.

The Australian Financial Awards crowned People's Choice as the Most Reputable Credit Union in Australia, and global business magazine, Forbes, listed us among the World's Best Banks.

Chairman's Report

Michael Cameron



A strong financial and market position



Residential lending portfolio grew 4% to \$7.4 billion – 1.5 times industry average



Total member deposit portfolio grew 6% to \$6.6 billion



Total assets grew 7% to \$9.5 billion



During the reporting period, People's Choice recorded a rise in residential lending to \$7.4 billion, an increase 4%.

This represents home loan growth that is 1.5 times the industry average at a time of intense competition and record low interest rates. This reflects our strength in offering a range of products to suit the different needs of borrowers, and our ability to support them through the home-buying experience.

At the same time, we increased our total member deposits by 6% to \$6.6 billion and the organisation's total assets increased to \$9.5 billion, up 7%.

Our commitment to supporting first homebuyers was acknowledged by being approved as a lender for the Australian Government's First Home Loan Deposit Scheme, and once again being named by Canstar as the best customer-owned institution for first homebuyers in our three core markets of South Australia, Victoria and the Northern Territory.

Recognising the very real impacts of the COVID-19 restrictions, we provided payment deferrals to 3,500 mortgage holders during the year. I'm pleased to report almost half of these borrowers are continuing to make full or partial repayments. For those who continue to experience hardship, we will endeavour to support members whenever we can by appropriately restructuring their loan facilities, or other supporting arrangements.



A strong financial and market position



Comparative profit grew by 12% to \$53.98 million



Significant investment in transforming our technology and operating model to offer a world-class banking experience



Strong Victorian growth, with total loans and advances increasing over 6% to \$927 million



People's Choice finished the year with a comparative net profit before tax growing by 12% to \$53.98 million, principally due to an improvement in net interest margin, on the back of solid loan growth.

Our statutory net profit rose over 5% to \$22.2 million.

This was achieved despite the organisation incurring costs of \$7.2 million due to the COVID-19 pandemic – comprising \$5.1 million in increased loan provisions, and \$2.1 million in staff and regulatory costs.

We also maintained our commitment to transforming our technology and operating model by investing \$43 million during the year.

We believe this investment is vital to ensuring our ability to offer a world-class banking experience to members. It will also enable us to respond to future developments as the market continues to undergo rapid change.

Our significant investment in technology and business transformation in recent years means we will be well positioned to attract new members who expect to be able to do all their banking via digital channels.

Across the country, our growth strategy remains on track.

In Victoria, our drive for market share continues to return positive results, with total loans and advances increasing over 6% to \$927 million.

Growth in our other two major markets, South Australia and the Northern Territory, was 2.6% and 2.3% respectively.

All this means People's Choice can be confident about the future.



Well positioned for long-term sustainability

- Transformation investment to ensure People's Choice remains relevant, sustainable and successful
- Culture, financial strength and agility
- Strong Board and Executive Team



In recent years, Australia's financial services sector has been impacted by significant events including the banking royal commission, regulatory and legislative reforms, the impacts of bushfires and most recently COVID-19.

There has also been increased competition among financial institutions, the introduction of new players such as neo-banks and non-bank lenders, and record low interest rates which continue to pressure margins for all involved.

We expect interest rates to remain at historically low levels for several years. We expect to see the introduction of further reforms, and the impact of COVID-19 on Australia's economy remains uncertain.

Despite this, People's Choice is well prepared for the journey ahead.

As I mentioned earlier, our investment in our transformation program will help us to remain relevant, resilient and sustainable for our members, long into the future.

The member-owned banking sector in Australia is strong and will continue to grow as more people want to engage with institutions they can trust. We will continue to work closely with our industry associations to help promote and protect our sector.

We will also continue to create new and better services. These will include traditional as well as non-traditional services, such as our unique reports which identify the most affordable and liveable suburbs in Adelaide and Melbourne.

We also have excellent people – right throughout our organisation.

As the new Chairman, I feel very privileged to work with a strong and dedicated Board, which was strengthened with the appointment last year of a new non-executive Director, Wendy Thorpe.

More recently, we also welcomed two new appointments to our Executive team: Maria-Ann Camilleri and Sam Bradley.

They have brought extensive experience and leadership skills to our organisation which will be of enormous benefit.

Chairman's Report



**Michael
Cameron**



Over the past 12 months People's Choice has delivered an outstanding performance.

We have continued to serve our members during difficult and uncertain times.

We have maintained our growth, and our strong financial position.

We have also protected our staff and enhanced our reputation as an organisation that genuinely cares for its members and people.

As we look forward to the year ahead, I'm pleased to report People's Choice has the culture, financial strength, and agility to deliver on our Vision of being the most trusted financial services provider in Australia.

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