

People's Choice and Heritage Bank explore merger opportunity



A unique pairing of equals

People's Choice has announced that it is exploring a merger opportunity with Heritage Bank, a similar-sized customer-owned banking organisation based in Queensland.

Both People's Choice and Heritage Bank are absolutely committed to maintaining the proposed merged organisation as a mutual. That is to say that we will remain entirely member-owned and solely focused on member outcomes, rather than dividends to shareholders.

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 create Australia's leading customer-owned banking organisation – one that would remain proudly member-owned and focused on serving you, our members.

People's Choice and Heritage Bank have already made an early commitment that 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. Furthermore, we will create a dual head office structure, maintaining our head offices in Adelaide and Toowoomba.

A detailed and thorough due diligence process is now being undertaken to assess the benefits to members. Our members' interests will be the most important consideration in this process, and you will have the final say through a member vote in the first half of 2022 should we decide to proceed.

This document outlines further information about the proposed merger, what it means for you, and what the next steps are.

You can also visit our website at peopleschoice.com.au/merger to find out more or speak with your local branch manager.

What has been announced

Why is People's Choice exploring a merger?

- We're exploring this opportunity because we believe it is a unique opportunity to merge as two equals to create an organisation that will deliver more for our members.
- No other merger partner offers the level of cultural and strategic alignment that Heritage Bank does.
- The organisations have complementary capabilities and geographic footprints and we're both strong values-driven organisations that are committed to mutuality, our members and employees, as well as maintaining a strong presence in our local communities.
- The Boards of People's Choice and Heritage Bank believe that a merger would be in the interests of members. 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.
- At this early stage we believe the complementary capability of the two entities would provide members with access to a broader, more diversified distribution network across branches and brokers as well as greater access to additional products and payment capabilities.

Who is Heritage Bank?

- Heritage Bank is one of Australia's largest and most successful customer-owned banks. Founded in Toowoomba in 1875, Heritage Bank is now a national force in banking, with \$11.7 billion in assets, 320,000 members, 800 employees, 60 branches and mini-branches across Queensland and in Sydney, and a national network of broker partners. It regularly ranks among top Australian financial institutions for customer satisfaction, trust and advocacy.

If the merger goes ahead, will we keep our mutual status?

- Yes. Being a mutual is fundamental to who we are. This merger is being driven by our commitment to mutuality and retaining a committed member focus. If the merger is successful, it would create one of Australia's largest customer-owned banking organisations.

Is this a takeover?

- No. People's Choice is not taking over Heritage Bank, nor is Heritage Bank taking over People's Choice. It will be a true merger of equals. This is reflected in the fact that dual head offices will be retained in Adelaide and Toowoomba and that the new merged organisation will comprise an equal number of directors from Heritage and People's Choice.

Who will be the CEO and Chair?

- The decision regarding the Chair and CEO of the merged organisation will be made over the coming months and following the due diligence process. It is intended that these proposed appointments will be advised to employees and members well before the member vote on the merger next year.

What will be the name of the new merged organisation?

- We will continue to trade under our existing brands of People's Choice and Heritage for a brief transition period, but our intention is to develop a single new brand for the merged organisation

What happens next?

- A due diligence process is now underway.
- Should both Boards agree to proceed, the proposed merger will be put to both groups of members for approval in the first half of 2022.
- Further detail with regards to the timing and process will be provided to members by email and traditional mail in due course.
- We will provide regular updates via our branches, social media channels, and website.

What does the merger mean for members?

- Our members' interests will be the most important consideration in this process.
- 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.
- A detailed and thorough due diligence process is now underway.
- Should we decide to proceed, members will receive detailed information on the anticipated benefits. Ultimately it will be up to members to decide whether we proceed with a merger or not.

What does it mean for current product features and services?

- There will be no immediate change to current product features and services to members.
- Should the due diligence process indicate the merger to be in the best interest of members, we expect the best features of the respective brands' products and services will become available to the broader member base.

Do members get to vote on the merger?

- Should the due diligence process indicate the merger to be in the best interest of members and we decide to proceed, both People's Choice and Heritage Bank members will have the opportunity to vote on the proposed merger which would be expected to occur in the first half of 2022.

Will the merger result in branch closures?

- Both People's Choice and Heritage Bank operate in different geographies so there is no overlap of branch operations. Therefore, there are no branch closures as a result of the merger.

Our community and people

What does this mean for the community sponsorships we have in place?

- All sponsorships will continue and there will be additional capacity to support new ones, too.
- We will of course remain deeply committed to supporting our members and our local communities, including through our community sponsorships and corporate social responsibility programs.

Will there be any job losses or redundancies?

- Our people are our strength. Their skills, dedication and commitment to our members are critical to our ongoing success.
- Both organisations have committed no non-executive redundancies as a result of the merger.

Will our headquarters move?

- The organisations will operate dual head offices in Adelaide and Toowoomba with a distribution of member-facing, member support and corporate functions across the companies' other office locations.

The information contained in this FAQ is current as at 5 October 2021. For updates, please refer to our website at **www.peopleschoice.com.au/merger**

People's Choice Credit Union, a trading name of Australian Central Credit Union Ltd ABN 11 087 651 125, Australian Financial Services Licence 244310 and Australian Credit Licence 244310. In this document, People's Choice Credit Union is referred to as People's Choice.