

People's Choice Credit Union Annual General Meeting 2015

Address by Darlene Mattiske-Wood, Acting Chief Executive Officer



Thank you, John, and good morning everyone.

Today I'm going to provide some further detail on our performance during 2014 /15, and outline how we're investing to strengthen your credit union, improve our access and service to members, develop our people and support the community.



2014/15 sales: growth amid adversity

- Residential lending sales increased by 6%
- Member retail deposit sales increased by 56%
- Risk insurance sales increased by 14%
- Financial planning sales increased by 24%.
- Personal lending sales decreased by 12%
- General insurance sales decreased by 1%

People's Choice's performance in 2014 / 15 was strong, despite another year of challenging economic conditions, low consumer confidence and intense industry competition. Year on year, residential lending sales increased by 6%, member retail deposit sales were up 56%, risk insurance sales grew by 14% and our financial planning sales were up 24%.

Personal lending sales were down by 12% and general insurance sales decreased by 1% but overall, People's Choice exceeded its profit before tax budget by 13%, up 3.4% on last financial year, demonstrating our strength in a difficult climate.

Our ongoing focus is to engage with you, our members, and to identify your needs throughout all stages and changes in your life. We want to ensure we provide strong, proactive advice to protect and help you be more confident about your and your family's security and future. And we are doing just that. In 2014 / 15, we protected more than 26,000 members with our general insurance, we helped more than 8,400 members buy a home and 14-and-a-half-thousand members took out a personal loan with People's Choice – not to mention the support we've offered across all our other products and services. That's what it really means to be run by members, for members – it's about what we can do for each of you to secure your financial future.

Acting Chief Executive's report



Good progress in delivering on our strategy



We made good progress during 2014/15 in delivering our strategy to be the preferred banking alternative, grow our membership, build a stronger credit union and make a difference in the community.

Acting Chief Executive's report



Be the preferred banking alternative

- Home loan strategy refined to remove panel of lenders due to success of our own range of products
- We continue to lead the industry with contactless payment technology, including redi2PAY, Pay Tag and Pay Easy



Over the past year we have supported the future of our members by finding new ways to provide better products, services and advice.

In June 2015, due to the success of our competitive range of products we streamlined our home loan strategy to no longer offer products from a panel of lenders, giving greater focus to the offer of our products to the benefit of our members. We continued to lead our sector in the new frontier of contactless payments, with a number of technologies introduced to our members during the year to make fast and safe payments with your card or phone without a pin or signature. Taking Visa's Pay Wave technology beyond cards, we introduced the redi2PAY app for Android users, and Pay Tag for Apple and other mobile users, as well as Pay Easy, which allows the transfer of funds via an email address or phone number.

Our objective is to make it easy for our members to do business with us anytime and anywhere, through a seamless experience across whichever channel suits them at that time – be that a branch, over the telephone, online or via a mobile device.

Acting Chief Executive's report



Grow our membership

- 21,524 new members joined in 2013/14, nearly half under the age of 30
- Maintained high brand salience in SA and NT
- TIO acquisition and integration a success
- Digital Branch, new internet banking and new smartphone banking apps launched



Our member growth is among the best in the mutual sector, with 21,524 new members joining People's Choice during the year. This demonstrates our competitive market proposition and the growing strength of our brand.

We continue to be successful in our strategy to produce fun and likeable advertising, innovative and inviting branches, and an overall youthful brand personality that attracts younger members; with nearly half our new members now under 30 years of age.

We remain committed to investing in our brand to ensure we are well known and 'on the shopping list' whenever people are looking for financial services or advice. We have strong brand recognition in our core markets of South Australia and the Northern Territory, and remain committed to investing in Victoria to achieve our long-term sustainable success.

In November 2014, the Northern Territory Government announced the sale of TIO, with People's Choice successful in our bid to acquire the banking operations. On 1 January 2015, the transfer of TIO banking to People's Choice was completed and we were proud to welcome TIO's 10,000 banking customers to People's Choice further strengthening our position within the Northern Territory. Digital is fast becoming our members' dominant transaction channel. Almost half of our members are regular online banking users, with equal adoption of our internet banking and mobile banking. A leader in our sector in digital banking services, People's Choice continued our significant investment in these channels in 2014 / 15.

Following the launch of our website, which we call our Digital Branch in September 2014, new Internet Banking was introduced for members to trial in March, featuring updated responsive designs and enhanced functionality – like the ability to order and personalise the order of accounts and favourite payees, and one-click access to a secure mailbox for alerts and emails about products and services.

Our new smartphone apps for Apple and Android devices were also launched in July 2015, providing the consistent, seamless online experience that is at the heart of our digital strategy. At the end of the financial year, People's Choice recorded more than 118,000 downloads across our suite of mobile applications, with more than one third of our members now banking with a mobile device.

Acting Chief Executive's report

Build a stronger credit union

- BBB+ / Stable / A2 credit rating – highest rank achieved by a mutual
- New HQ on track for the end of 2015
- 85% employee engagement
- Invested in 29,000 hours of training and development, with a further 168 staff gaining formal leadership qualifications



We retained the equal highest credit rating achievable by a mutual banking organisation in 2014/15. This externally reviewed and consistently strong credit rating, confirms our position as a sector-leading financial institution, and instils in us and our members confidence of the sustainability of People's Choice into the future.

People's Choice's branch refurbishment program continued through the year, with South Australian branches at Marion, Glenelg and Hollywood Plaza in Salisbury receiving re-fits. We will continue to invest in our branches in the year ahead, including the opening of the flagship branch at our new head office in Flinders Street, Adelaide.

Our new head office is on track to be fully operational by December 2015, and is a shining example of innovative workplace design. As we near the relocation of our Light Square office and National Contact Centre staff to our Flinders Street head office, a significant cultural shift to a flexible working environment is well underway.

The base building is classified as a 5-star 'Green' office due to its design and energy rating, and to further support our commitment to environmentally-friendly work practices, People's Choice's 'Paper Light' project has educated and encouraged staff to review the amount of paper they use and store. The 'Paper light' project has resulted in a 60% reduction in team storage requirements over the past 18 months and, importantly, it has helped employees get ready for flexible working in the new 'green' building.

The sustained engagement of our staff is demonstrated by the results of our Values & Engagement Survey which place us among the top employers, with 85% staff engagement and 88% of our people agreeing we are living up to our values. These results, which outperform industry benchmarks, demonstrate continued efforts across our business to build a strong values-based culture.

This investment in the future of our organisation has resulted in a further 168 employees graduating with formal qualifications throughout the year. This ensures we continue to develop a qualified, talented and experienced workforce to support our members now and into the future.

Acting Chief Executive's report

Make a difference in the community

- We generated \$3.5 million for the community
- 2015 Community Lottery
 - Record \$1.6 million and 1,100 groups
- People's Choice Undies Run for Bowel Cancer
 - \$440,000 raised over 3 years



At People's Choice we believe building strong communities benefits us all. So we're proud to support the economic and social wellbeing of our members and the communities where we live and work.

People's Choice contributed 4.6% of pre-tax profit to corporate community investment during 2014 / 15. This is nine times the 0.49% average contribution made by major Australian and New Zealand companies.

Including funds raised through the Community Lottery and other programs, we generated \$3.5 million for the community during the year and made a difference to close to one million Australians.

The 2015 People's Choice Community Lottery has once again rewritten the record books, helping 1,100 charities, sporting clubs, schools and community groups across Australia, and returning a record \$1.6 million to the community.

In January 2015, 1,384 people took part in the 2015 People's Choice Undies Run for Bowel Cancer, running, jogging and walking through Adelaide's East End in their underwear to raise \$166,000 in the fight against bowel cancer – a new record for the event. The event has now raised \$440,000 for Cancer Council SA since the first Undies Run in 2013.

Acting Chief Executive's report



Make a difference in the community

- The Big Issue's Women's Subscription Enterprise
 - 400 subscriptions fund the employment of four women
- Riding for the Disabled
 - Contributed \$150,000 to support people with disabilities
- Life Without Barriers
 - Innovative 'New Horizons' partnership



People's Choice is one of the largest supporters nationally of The Big Issue's 'Women's Subscription Enterprise', funding the safe employment of two disadvantaged women in Victoria and two in South Australia through our 400 monthly subscriptions to the publication.

Our partnership with Riding for the Disabled continued in 2014 / 15, with almost 1,400 Pony Banks sold in our branches during the year, and good progress made towards the opening of the People's Choice Riding Arena at O'Halloran Hill in Adelaide's south.

Our partnership with 'Life Without Barriers' to help young South Australians in foster care transition into adulthood is achieving life-changing results. Of the 16 young people initially invited to participate in the New Horizons program, two have moved into independent living, nine are now actively engaged in the program, and all are displaying an increase in independent living skills, with most demonstrating increased social and community connection.

Acting Chief Executive's report



Make a difference in the community

- Staff raised \$48,366 through workplace programs and contributed 1,220 hours of volunteering



Our staff's contribution to our community was also significant in 2014/15, with 234 volunteers contributing 1,220 hours through 44 activities for 20 charities. In addition, our people donated more than \$48,000 through staff fundraising activities throughout the year including our Workplace Giving Program, monthly casual days and charity auctions.

Our brand recognition remained high in 2014 / 15, with respondents in South Australia and the Northern Territory associating People's Choice with community-mindedness. This is due in a large part to our continued support of major community events throughout Australia, including the Credit Union Christmas Pageant, the People's Choice Classic at the Santos Tour Down Under, and the People's Choice BASSINTHEGRASS concert.

Acting Chief Executive's report

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Turning now to current business conditions, I am pleased to report that People's Choice has had a good start to the 2015/16 financial year, with a strong first quarter sales performance.

At the end of the first quarter, Deposit Growth and Residential Lending are both ahead of budget for the year, and other products are close to budget for the year to date.

This is a strong start to the financial year and will help build the momentum for the rest of the year. Sales performance in our growth regions of Victoria and ACT has been a highlight, with both regions achieving growth compared to the first quarter last financial year.

Mortgage Repayment Protection has seen particularly strong uptake from members, achieving 40% sales growth compared to the first quarter last financial year, demonstrating our success in ensuring our members are well protected.

We look forward to consumer confidence continuing to improve and we will take every opportunity to attract new members and strengthen our relationship with existing members. It's an exciting time for People's Choice as we look to the future with a positive outlook.

I would like to pay tribute to our Board of Directors, our staff and loyal members who contribute to the success of the credit union each year.

Thank you.