



Thank you, John, and good morning everyone.

I will spend some time this morning providing more information on the delivery of our five-year strategic plan and how we are providing value to members.



In 2016/17, People's Choice was proud to help 8,303 members buy their own home and 12,099 members to buy a car, renovate their house or go on a holiday. People's Choice protected 30,433 members with general and commercial insurance, mortgage repayment protection and Mutual Aid, and provided 1,177 members with new financial advice.

A central body of work over the past year has been the development of our Member Experience Strategy and Member Centric Operating Model. This is a profound change to the way the credit union conducts its business. It is a long-term approach to improving the many interactions members have with People's Choice, based on detailed member consultation.

The entire business is aligning behind this concept, from the M-Power program where staff identify opportunities to improve and simplify processes based on interactions with members, to the development of an in-house member design function.

Major initiatives are underway, such as simplifying and speeding up lending approvals and giving members more flexibility and control over their banking through self-service.

These changes are designed to deliver the best experience to help attract, retain and deepen member relationships.

This focus on better understanding members is supported by an increasingly sophisticated approach to data analytics. This is helping People's Choice to deepen relationships with members, which in turn is contributing significantly to net member growth.



During 2016/17, People's Choice continued to review and evolve its distribution strategy and footprint, refurbishing the Gungahlin (ACT), Norwood, Berri and Port Pirie (SA) branches. The credit union established its first Home Loan Centre in the southeast Melbourne suburb of Cranbourne, recruited a suite of new mobile lenders and commenced an exciting new sponsorship of the Western Bulldogs AFL team to support the Melbourne growth strategy.

Since our AGM last year, we have advised members of our decision to close branches at Pulteney Street and Kilkenny in Adelaide, and Lonsdale Street, The Glen and Southland in Melbourne. These are very difficult decisions, and I understand they can be an unwelcome change for those members who regularly use these branches.

It is essential that we invest our members' funds into our credit union for the greater benefit of all our members, including those who prefer to bank online and those who prefer to bank in much higher numbers at other branches. Transactions across these locations have been reducing for some time, indicating more members are using

other channels to bank with us, so the need for a physical location has become less necessary.

I can assure affected members that they will continue to be supported through our alternative branch locations, our internet and phone banking, our apps, our mobile lenders, the extensive rediATM network and through bank@post at Australia Post outlets. We have dedicated staff to help members learn more about these options and to respond to individual needs.

Through our continued investment in our digital platforms, we are able to welcome and support members throughout Australia – from Perth to Cairns – regardless of their proximity to a branch.

People's Choice introduced Android Pay, Apple Pay and Samsung Pay during the year, keeping the credit union at the forefront of mobile payments innovation. Numerous improvements were also made to People's Choice's banking apps and internet banking.

The advanced online security solution, People's Choice Secure Code, was launched during the year. Considerable focus has been given to helping members transition to this much more secure verification which lays the foundation for further self-service improvements in the future, such as the ability to turn paywave on or off within our banking app.

Where possible, we have also been supporting members to move from paper to electronic statements as a faster, more secure alternative to posted statements.

People's Choice committed to be among Australia's first banking organisations to adopt the New Payments Platform, which will provide members with real-time payments and funds transfers to other participating financial institutions, and began engagement and planning of this major project.

The quality of People's Choice's products and services has been recognised with the Mozo Experts' Choice award for Discounted Car Loan and three Canstar First Home Buyer Customer Owned Institution of the Year awards for South Australia, Northern Territory and Victoria.

We enabled deposit-taking technology at 31 rediATMs in South Australia, Victoria and the Northern Territory, allowing accounts linked to the member's card to be

credited in real time, and have recently launched a similar function for cheque deposits.

While members have never paid fees when using the country's largest and most extensive network of rediATMs, we have recently taken the opportunity to review our ATM fees. As a result, we have cut the 25 cent fee charged to members when using a non-rediATM and cut the \$2.50 fee for non-members when they use a People's Choice ATMs within the redi network.

We believe our overall fee structure is fair when compared to competitors.

People's Choice established Mutual Marketplace during 2016/17, a joint venture with Credit Union Australia (CUA) for procurement and accounts payable services. Mutual Marketplace commenced operations in April 2017, allowing both credit unions to streamline operations and achieve benefits of scale.

We also developed a Workforce Plan to support the business to grow and change with increased skills and capability into the future, and trained the leadership team in the foundations of change management.

Particular attention has been given to developing the Program Management Office, which has evolved to be more flexible and agile to effectively deliver projects that support our Strategic Plan.



People's Choice was the first financial institution in Australia to be accredited as a White Ribbon Workplace, joining the world's largest male-led movement to end men's violence against women. People's Choice has also taken a leadership role in raising awareness of economic abuse as one of the lesser known but highly prevalent forms of domestic abuse through a widespread media campaign. In this regard, I was appointed as a White Ribbon Ambassador.

The 2017 Values and Engagement Survey achieved a record 85% response rate and the results place People's Choice among the top employers, with 86% staff engagement and 89% of staff agreeing the credit union is living up to its values. These results, which outperform industry and corporate benchmarks, demonstrate continued efforts across the business to build a strong values-based culture that is focused on supporting members.

People's Choice provided 30,000 hours of training and development during 2016/17, which included 1,600 hours of leadership development programs.

The credit union set a new strategic direction for risk management and delivered a number of significant improvements. The Risk Division was restructured and its strategic and operational capability enhanced with the appointment of experienced risk professionals. The internal audit function was outsourced to enhance the depth of expertise in third line risk assurance and to enable People's Choice to leverage broader industry benchmarking.

The first Risk Culture Survey was undertaken with strong staff participation, and a new Risk Appetite Statement and Risk Management Strategy have been rolled out.



People's Choice continued to make a substantial contribution to the economic and social wellbeing of the community. The credit union contributed 2.9% of pre-tax profit to corporate community investment during 2016/17, five times the 0.56% average contribution made by major Australian and New Zealand companies.

Including funds raised through the Community Lottery and other programs, People's Choice generated \$3.1 million for the community during the year and made a difference to close to one million Australians.

The 2016 People's Choice Community Lottery raised \$1.58 million for 1,130

community groups and the 2017 Community Lottery has recently generated \$1.56 million with a new record for online ticket sales.

Since its inception, the People's Choice Undies Run for Bowel Cancer has raised \$730,000 for Cancer Council SA, with 1,120 runners raising \$120,000 at the 2017 event.

More than 430 staff volunteered over 2,100 hours through the People's Choice volunteering program in 2016/2017. The Senior Leadership Group raised more than \$10,000 for HeartKids on SuperBoss Day to support children with paediatric heart conditions and their families. Staff donated \$17,000 to 42 charities through workplace giving and raised \$13,000 through monthly casual Positive Impact Days.

People's Choice was proud to continue its long-term sponsorships of the People's Choice BASSINTHEGRASS music festival in Darwin and the People's Choice Classic as part of the Santos Tour Down Under UCI World Tour cycling event in Adelaide.



John noted that the Board and Executive team have developed a Strategic Plan for 2017 to 2022 to position People's Choice for future success.

We are a national entity of more than 1000 employees. It is therefore vital that every employee – whether supporting members directly or indirectly, and whether in South Australia, Victoria, the Northern Territory or other states – understands how our plan will allow us to become Australia's most trusted financial institution.

In a moment we will share a video that is part of our discussion with our staff. It explains the strategic objectives we believe are essential for the future direction of People's Choice and our need to retain our ultimate focus on you, our members.

Managing Director's Report 2017 Annual General Meeting



I would like to thank our Board of Directors, our staff and our loyal members, all of whom have contributed to our growth and success this year. It points to a very promising future together.

Thank you very much.