



**MINUTES OF THE ANNUAL GENERAL MEETING
OF CREDIT UNION AUSTRALIA LIMITED
HELD ON WEDNESDAY, 13 NOVEMBER 2019, AT 2.30 PM
AT LEVEL 23, 145 ANN STREET, BRISBANE, QLD, 4000**

PRESENT

Nigel Ampherlaw (Chairman)
Paul Bedbrook (Director)
Louise McCann (Director)
Deborah O’Toole (Director) (by telephone)
Wayne Stevenson (Director)
Andrew Reeves (Director)
Kyle Loades (Director)
Paul Lewis (Chief Executive Officer)
Matthew Wedmaier (Chief Financial Officer)
Alex Ong (Company Secretary)

and

other registered members as outlined on the Members’ Attendance Register¹

ATTENDEES

Proxies and Guests as outlined in the Proxy and Guest Registers.

1. OPENING

The Chairman opened the meeting. The Chairman advised that Deborah O’Toole is joining the meeting via teleconference. The Chairman confirmed a quorum was present and provided a general overview of the format of proceedings for the meeting.

The Chairman introduced the CUA Board, CEO, CFO, and the Company Secretary. The Chairman introduced the External Auditor, Mr Martin Wardle from KPMG.

2. AGENDA ITEM 1 – CHAIRMAN & CEO PRESENTATIONS

The Chairman spoke to his presentation, and highlighted the following items:

- Delivering for Members in a Challenging Environment
- Financial & Performance Highlights for FY19
- Commitment to Mutuality and the Future
- The proposed special resolution regarding a change to CUA’s Constitution to accommodate Mutual Capital Instruments

The Chairman invited the CEO to make a presentation. The CEO spoke to the following areas:

- Returning Value to Our Banking Members
- Investing in Member Channels and Community
- Looking Forward to the future

Members were invited to ask questions regarding the Chairman and CEO presentations under Agenda item 2.

¹ There were 97 members present at the meeting for quorum purposes (including CUA directors, CEO, CFO, and Company Secretary).

3. **AGENDA ITEM 2 - FINANCIAL STATEMENTS AND REPORTS**

The Chairman formally tabled the CUA Group Financial Report which included the Financial Statements, Directors' Report, Directors' Declaration and Auditors' Report for the year ended 30 June 2019.

The Chairman advised that questions and answers received before the meeting will be made available on CUA's website following the AGM along with the poll results.

Questions were invited from the floor. The discussion included:

1. The progress of CUA's remediation process in relation to CUA Financial Planning.

4. **AGENDA ITEM 3 – APPOINTMENT OF DIRECTORS**

The Chairman handed the chair to Mr Paul Bedbrook for this item (as chair of the Nominations Committee) due to the Chairman being one of the three candidates offering themselves for reappointment to the Board.

Mr Bedbrook confirmed the declaration for this agenda item as:

"To appoint Mr Nigel Ampherlaw as director of the Company."

"To appoint Ms Louise McCann as director of the Company."

"To appoint Mr Andrew Reeves as director of the Company."

Mr Bedbrook confirmed that in accordance with Rule 13.2 of the CUA's Constitution, the Board had assessed all three Directors for fitness and propriety and reported that they are all fit and proper with the appropriate set of skills, experience and knowledge to be and act as CUA directors.

Mr Bedbrook declared Nigel Ampherlaw, Louise McCann and Andrew Reeves be appointed to the Board of CUA Ltd in accordance with Rule A3-3(1) of the Constitution.

Mr Bedbrook handed the chair back to the Chairman.

5. **AGENDA ITEM 4 – AMENDMENT TO CUA'S CONSTITUTION**

The Chairman formally tabled CUA's Constitution and the proposed amendments to enable future issuance of Mutual Capital Instruments (MCIs).

Questions were invited from the floor and the ensuing discussion included:

1. The targeted markets for MCIs
2. The timing of any MCI issuance
3. The voting structure of MCIs

During question time the votes from the floor were collected by Link Market Services.

6. **GENERAL**

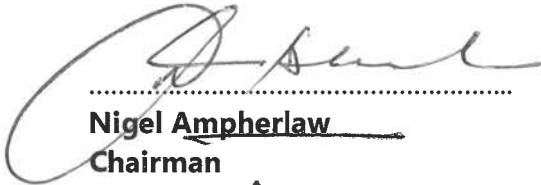
General questions were then invited from the floor and the ensuing discussion included:

1. The role of the Board Risk Committee
2. The role of the Board Remuneration Committee
3. The net growth of new members
4. The audit services provided by KPMG
5. The initiatives by CUA in relation to indigenous groups

6. The cyber security preparedness of CUA

The Chairman declared the meeting closed at 2.33 pm.

I confirm these minutes as a true record of the Annual General Meeting of Credit Union Australia Limited held on 13 November 2019.



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Nigel Ampherlaw
Chairman
Date: 11/12/19

Members Questions received via the CUA Voting Portal

No.	Question	Answer
1	<p>Why rate changes on Bonus interest not notified to members?</p>	<p>Thanks for submitting a question via the AGM voting portal, about how bonus interest changes are notified to members.</p> <p>CUA updates the published interest rates on our website and we publish the new rates in national newspapers whenever there is a change to your deposit account interest rate or bonus interest rate. We also show the updated interest rate on your next account statement.</p> <p>The way we notify members is standard practice across the industry and in line with our terms and conditions.</p> <p>While we appreciate some members would like to be notified of the rate changes via other channels, we have over 800,000 deposit accounts across CUA. This means a notification letter or email to members each time there is a change to savings interest rates would be quite expensive to distribute and would be quite resource intensive. We believe those funds are better used to support our members by investing in a better everyday member experience.</p> <p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
2	<p>Why am I receiving higher and higher fees? I have been with you for 35 to 40 years, I have all my money with you.</p> <p>Your fees will make me remove my money from you. as you have gone from an organisation I trust to one I have no trust in.</p>	<p>Thanks for submitting a question via the AGM voting portal about fees charged on your accounts.</p> <p>CUA prides ourselves on keeping fees to a minimum on our accounts. However, it is important that CUA is able to recover the cost of performing various processes on our members' accounts, whether that is maintaining members' account or overdraft facilities, switching a loan to a new product, or paying out and closing a loan.</p> <p>Reviews of CUA fees over the past 12-18 months have indicated that on some products, fees had not been increased for many years and in some cases, they were not covering</p>

No.	Question	Answer
		<p>the cost of performing transactions or member requests. On some products, there was inconsistency in the fees being charged, meaning some members were unfairly subsidising other members.</p> <p>We are sorry you that the fees we charge are causing you to question the trust you have in CUA.</p> <p>It is a priority for CUA to be able deliver the best possible value to our members across our products and services. We can assure you that our banking products offer some of the best value available in the market, with our lending and savings rates consistently among the best in the market.</p> <p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
3	<p>CUA has always prided itself on being there for its members. Why is it that the Gold Coast, Australia's 6th largest city, now has only one branch, situated at Robina on the southern end of the Coast?</p> <p>As a former director of CUA, I am dismayed that this is the case, especially now as we also do not have our own ATM network, and using a former CUA ATM now incurs a fee.</p>	<p>Thanks for submitting a question via the AGM voting portal, about changes to our branch network and ATM access.</p> <p>The Helensvale Kiosk was set up on a trial basis for our members when the Harbour Town branch closed in 2017. Unfortunately, due to a steady decline in member foot traffic over the past few years and changes to the way our members do their banking, it was no longer viable to retain the kiosk and it closed at the end of August 2019. As the kiosk did not perform cash transactions, members wanting to perform cash transactions continue to have access to other services including ATMs and Bank@Post services located within Westfield Helensvale.</p> <p>We continue to offer the complete range of services at our branch in Robina. While we understand your frustration about CUA's branch presence on the Gold Coast, it is important that CUA continually reviews and transforms our branch network to ensure it meets changing needs and demographics of the broader member base.</p> <p>With respect to ATMs, CUA members have free access to around 10,000 ATMs offered by the major banks.</p>

No.	Question	Answer
		<p>CUA ceased being part of the rediATM network in 2018 - while some members believed this was CUA's own ATM network, that was not the case. CUA paid a fee to be part of the rediATM network. After the major banks removed foreign card fees on ATMs in 2017, we saw an increase in the number of members using the expanded free ATM network.</p> <p>Exiting the rediATM network delivered a significant cost saving to CUA enabling these funds to be reinvested into other member improvements. The fee you now pay to use rediATMs is charged by the ATM operator, not by CUA. We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
4	<p>What is the trend and percentage of Delinquent or Mortgages in arrears of our Total loan book ??</p> <p>What is CUA doing to lower the CUA carbon footprint and one-use plastics ??</p>	<p>Thanks for submitting a question via the AGM voting portal about mortgage arrears levels.</p> <p>CUA's home loan arrears are consistently below 50% of the industry average levels. 30+ days mortgage arrears were at 0.41% of our total home loans portfolio at the end of FY19 - down compared to December 2018.</p> <p>On your second question about CUA's carbon footprint, CUA takes our responsibility to look after the environment seriously and our team members adopt a range of ways to reduce waste.</p> <p>One of the greatest ways we can reduce our impact on the planet is reducing waste and we are actively working to reduce our use of paper. CUA encourages members to opt for e-statements that can be accessed via Online Banking, rather than printed statements. We've also been reducing the size of our Annual report and the number of printed copies, instead encouraging members to access the interactive content via a dedicated web page at cua.com.au/2019</p> <p>CUA doesn't have a specific policy around single-use plastics, as they don't form a major part of our business. However we do make sure we offer team members access to cutlery and crockery in their offices and wherever possible, we avoid single-use plastics for functions and events.</p>

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		<p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
5	<p>What exactly is the definition of an "MCI" under the Corporations Act?</p>	<p>Thanks for submitting a question via the AGM voting portal about the definition of a Mutual Capital Instrument, or MCI.</p> <p>The Treasury Laws Amendment (Mutual Reforms) Act introduced Mutual Capital Instruments (MCIs) in April 2019, as a new type of share in a mutual entity. Under the legislation, to be able to issue an MCI, the organisation must meet the definition of an MCI mutual entity, the share can be varied or cancelled only by special resolution of the company and relevant provisions must be included in the mutual's Constitution.</p> <p>The full definition is contained in the legislation, available to view at: https://www.legislation.gov.au/Details/C2019A00037</p> <p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
6	<p>Can CUA lending be similar to Bank Australia More socially aware and more environmentally friendly?</p>	<p>Thanks for submitting a question via the AGM voting portal about CUA's stance on the environment and social issues.</p> <p>CUA is committed to our purpose and our credit union roots, which is why we devote 3% of our pre-tax profits to community initiatives each year. This equated to \$2.2 million in the year to 30 June 2019. Some of the initiatives we are supporting include domestic and family violence services, a shared equity housing initiative to help key workers get on to the property ladder and the many organisations we helped with the 1200 days of volunteering our CUA team members undertook during the year.</p>

No.	Question	Answer
		<p>Our 2019 Annual Report contains a great summary of some of our community initiatives at cua.com.au/2019</p> <p>CUA also takes our responsibility to look after the environment seriously and while environmental causes are not the key focus of our community activities, this is an issue we take seriously.</p> <p>With respect to ethical lending, and whether we lend to fossil fuel and energy companies, CUA's business is predominantly a home lending business and we are not involved in business lending.</p> <p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
7	<p>Why do you expend money on sponsorship of a number of sporting teams?</p> <p>Do you have mechanisms in place to measure new clients from this marketing?</p> <p>If not now when do you envisage showing us that the costs are effective?</p>	<p>Thanks for submitting a question via the AGM voting portal about CUA's sporting sponsorships.</p> <p>The Brisbane Heat BBL and WBBL teams (Queensland Cricket) and Carlton Football Club (AFL) are amongst the most recognisable sporting brands in the country. They are also organisations who share our values.</p> <p>As a credit union, one of the biggest challenges we face is around brand awareness and helping to introduce people to CUA. Our organisation accounts for less than 1% share of the home loan market in Australia. This is why these sponsorships have been very deliberate in their goal of building awareness and consideration of our brand beyond our existing member base.</p> <p>To date we've seen fantastic results. For example, one in four cricket fans who are aware of our sponsorship of the Brisbane Heat now say they would consider banking with CUA, which is up from one in 10 before the partnership began.</p> <p>We do measure the sales that are a direct result of these sponsorships and in both cases, we can attribute millions of dollars in new lending to fans and members of the new clubs,</p>

No.	Question	Answer
		<p>as well as hundreds of new members. But in addition to this, the sponsorships are raising our brand awareness with tens of thousands of Australians who will now consider CUA for their banking and insurance in the future.</p> <p>We are confident that both sponsorships are reaping benefits and financial returns for CUA - both directly and through their indirect contribution to our brand. We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>
8	<p>I have a question for the Chairman regarding resolution 4: the amendment to CUA's Constitution.</p> <p>1. Can you please explain what a Mutual capital instrument (MCI) is? Is it a type of FPO share, Bond or capital note?</p> <p>2. Will there be a capital raising where a share purchase plan offered for the exiting members of CUA that give them preferential treatment over non-members such as a discounted price of the MCI or in the event there is an oversubscription for the capital raising will existing members of CUA be given preference over non-members.</p>	<p>Thanks for submitting a question via the AGM voting portal about the definition of a Mutual Capital Instrument, or MCI.</p> <p>Mutual Capital Instruments, or MCIs, are a new type of share, which can only be issued by mutual entities. Under the new Mutual Reforms legislation, an MCI is a fully paid share with non-cumulative dividends.</p> <p>MCIs are not the same as additional shares. For example, MCIs may carry voting rights (no more than one vote per MCI holder, regardless of the number of MCIs they hold); there is no obligation on CUA to pay dividends (any dividends will be non-cumulative); and the Board can decide to include more restrictive conditions in the terms of issue for any MCI (for example, they might decide in some circumstances that MCI holders will not have any voting rights).</p> <p>When the Board decides to issue an MCI, the terms of issue will be decided by the Board at that time. While it is too early to confirm what opportunities would be given to existing CUA members, we would like to offer members an opportunity to participate in the MCI issuance, if possible.</p> <p>We hope this addresses your query.</p> <p>We'd also like to thank you for your interest in the AGM and the special resolution. The resolution to amend our Constitution was successfully passed by members at the AGM and you can see the results at: www.cua.com.au/agm</p>