



South West Slopes Credit Union

Notice of Annual General Meeting
South West Slopes Credit Union Ltd (ACN 087 650 673)

Notice is hereby given that the 2022 Annual General Meeting of
South West Slopes Credit Union Ltd
Will be held at:

SWSCU's Head Office 89 Boorowa St, Young NSW 2594
On Thursday 10th November 2022 at 6:00pm

BUSINESS

1. Welcome to members and guests
2. Apologies
3. Minutes of the 2021 Annual General Meeting
4. Result of Election of Directors
5. Chair's Address
6. Chief Executive Officer's Address
7. Annual Financial Report
8. Amendments to Constitution – Remove Common Bond
9. Director Remuneration
10. General Business
11. Close

By Order of the Board

Andrew Jones

Company Secretary

9th September 2022

NOTES

Appointment of Proxy

Members can vote on a resolution by proxy. An Appointment of Proxy form together with instructions on how to vote using the proxy form is available on request from any SWSCU Branch or by email request to:

Compliance@swscu.com.au

If you intend to vote on a resolution by proxy, please note that for your proxy to be valid, your Appointment of Proxy form must reach South West Slopes Credit Union Ltd by 12:00pm Eastern Daylight Saving Time, Wednesday 9th November 2022. You can lodge your proxy by post to PO Box 84, Young NSW 2594 or by returning to any SWSCU branch.

AGENDA ITEM 3: Minutes of the 2021 Annual General Meeting

South West Slopes Credit Union Ltd
ABN: 80 087 650 673

MINUTES OF THE 2021 ANNUAL GENERAL MEETING
Held at Head Office, 89 Boorowa Street Young NSW, 2594
Thursday 11th November 2021

1. Welcome to members and guests:

The Chair, Mr. Adrian Hanrahan opened the meeting at 6:04pm noting that a quorum was present and welcomed members to the 2021 AGM.

2. Apologies:

Apologies were received from Fay Anderson, Colin Anderson, Kim Cloake, Melva Cloake, Allyce Curry, Tom Douch, Lynne Kelly, Sarah Flack, Rebecca Steele, Jessica Leabeater, Tracey Lewis, Wendy Reardon, Clarissa Robertson, Roseanne Stuart, Kathy Peek, Shania Williams, Nicole Hall, Daniel Woods, Garry Trudgett, Catherine Sheather and Narelle White.

3. Minutes of the 2020 AGM:

Chair Hanrahan advised the meeting that the minutes of the 2020 AGM were received, endorsed as correct and filed in the minutes register, at the November 2020 meeting of the Board.

It was moved by S Sullivan and Seconded by K Cloake that the 2020 AGM Minutes be noted. Passed.

There was no business arising from the 2020 minutes.

4. Director Elections:

Results of the Election of Directors

Chair Hanrahan advised members that in accordance with the constitution Directors Keith Carmody and Lauren Peek retired by rotation and, being eligible, offered themselves for re-election.

A further nomination for the position of Director was received from Louise Manwaring.

In accordance with the constitution an election by ballot was held. The following people were elected as directors:

- Keith Carmody
- Lauren Peek

Chair Hanrahan advised members that as the election of Directors was the result of a direct vote by members no Resolutions are required.

Chair Hanrahan congratulated Keith and Lauren on their election and noted there were 840 member votes this year so the election process was very well supported.

Chair Hanrahan thanked all candidates for their interest in nominating for the positions and noted the quality of the unsuccessful candidate, hoping that the result of the ballot does not discourage the candidate from future nomination.

5. Chair's Address

Chair Hanrahan stated that:

With another challenging year behind us, I'm sure that everyone has read my statement in the Annual Report and would agree that we seem to be faced with a different challenge each year, whether it be Covid or Regulatory.

With only around 30 staff, I didn't realise the large range of duties that each staff member performs. The loyalty and dedication from our staff and management have helped contribute to what has been another successful year and continue to show outstanding results in regards to our profit as also shown in previous reports. SWSCU has a solid future with the reasons being that we always punch above our weight, employ local staff that complements our very loyal members, who are in turn, always nurtured.

The Big Banks are changing the way they deliver banking services, with the reduction of banking hours and pulling out of regional areas. This has been a great advantage for South West Slopes Credit Union which continues to increase our membership base. Our business ethic of face-to-face customer service is and will continue to fill the vacuum being created by the withdrawal of such services by the big four banks and our flexibility will enable us to maintain a strong financial position.

I would like to thank my fellow Directors for their input and dedication during the year and once again, thank Management and Staff for their commitment and expertise in enabling the Credit Union to maintain its strong financial position and professionally meet the needs of our members. I look forward to another healthy and prosperous 12 months.

6. Chief Executive Officer's Address

CEO Jones acknowledged the presence via telephone of Mr. Richard Drinnan representing SWSCU's External Auditors (KPMG) if required.

Usually I would include a financial performance brief, I will leave this to our CFO. SWSCU has enjoyed a good year and to paraphrase Mr Dickens; 'It was the best of times it was the worst of times', which in many respects sums up the previous financial year. We all struggled to come to terms with Covid-19 and the affect it has had on families as parts of society are experiencing mortgage stress whilst the housing market has gone crazy.

We have been insulated in the regional areas with Covid not having affected us and our performance certainly reflects this. I'm proud of our staff who are crucial to our success. They've stood up and taken ownership and held themselves accountable for looking out for each other and maintaining the safety of our members.

SWSCU holds close ties with our community and this was proved with us being the only bank open at one stage. The four big banks were closing but we were keeping our doors open to service the community. In saying that, I would like to congratulate the staff and give them all a round of applause as everyone stood up and didn't complain even whilst half the staff were working from home. All our staff were kept busy educating our members in regards to non-cash transactions, how to use internet banking and the digital platform. Having local lenders and face to face interaction is a big part of an organisation with 12,000 members although our digital platform did exceed 6 million interactions at the end of the calendar year.

Our big focus looking forward is to embrace and take forward our future strategy. We have recently become active with Open Banking which will allow a member to share their banking information with a third party supplier with no personal interaction. This may be seen as a challenge to SWSCU going forward and will change our interactions which we need to be aware of.

Thank you to the Board, Executive Team and staff.

Chair Hanrahan asked for questions. No questions were asked.

7. Annual Financial Report

CFO Sullivan, thanked members for attending the AGM and gave a short presentation which covered the 2021 Financial Year Highlights.

Andrew has painted a picture of how our people have been an essential support to the Credit Union, during another unusual year in the management of the pandemic. I would like to share with you how this support has helped with our financial stability and the business.

SWSCU assets have grown from \$157m to \$223.9m over the last 5 years with 17% growth from the end of 2020 to the end of 2021. With the big banks continued withdrawal of services in our region, the importance of SWSCU is reflected by the strong growth in our asset book through deposits. Both the growth in member deposits and loans shows the close relationship SWSCU has with its membership who trust us to do the right thing in uncertain times. This is further highlighted with the reduction in branch hours and branch closures that the big banks have implemented in our regions, while SWSCU has continued to support its membership by maintaining branch hours and service.

As mentioned earlier, we have noticed that in times of uncertainty, our members tend to show trust in the Credit Union, which is reflected by the growth in deposits in the last 2 years of the pandemic (11% followed by a 17% increase in member deposits). This is in comparison to a 6% average increase of the previous 3 years prior to the pandemic. Both our assets and deposit growth were extraordinary numbers. It was an interesting year as actual deposit rates are close to zero but our members continue to trust that we will keep their money safe.

You would think that the other side of the balance sheet, which are member loans would have slowed in the last 12 months, instead the Credit Union has written \$50m of loans, the highest in history. This was primarily in the second half of the year, whereas most would know, real estate had taken off, particularly in regional areas. This was an increase of 5% from the previous year, with the loans book reaching just under \$135m. We remember how excited we were when our loans portfolio passed \$100m only 5 years ago.

Profit before tax was \$708k versus \$622k last year, a pleasing increase of \$86k given that we were in the middle of a pandemic. Part of the profit for the year related to a decrease in take up of provisioning for COVID-19 loan pauses because of the great response from members. Operating income was lower compared to the previous year, because of the low interest rate environment that we continue to operate in. The lower interest

rates also correspond to reduced operating expenses. The key number is that gross profit overall at \$708k shows that our Credit Union's underlying business is very sound.

Chair Hanrahan asked for questions.

A Stuart queried the doubtful debt provisioning write back of \$90,000.

CFO Sullivan explained that due to Covid 19 loan pauses that the Credit Union had in the previous financial year, allocated an additional \$200,000 to the provision and that due to the reduction in the number of loans still on pause to nil at the 30th June, we were able to partially write back some of the additional provision.

There being no further questions from the members present at the meeting, presentation of these reports were noted.

8. Amendments to Constitution – Payment for Member Shares

To consider and, if thought fit, to pass the following resolution as a special resolution to amend the Constitution:

That the Credit Union's Constitution be amended to:

- remove the requirement for members to pay the \$10 subscription price for a member share prior to issue;
- require the Credit Union to only issue member shares with the subscription price wholly unpaid, but subject to terms setting out when the subscription price must be paid;
- set out as terms of the member shares a requirement for new members to pay any unpaid subscription price in cash only as and when required by the Corporations Act.

Chair Hanrahan spoke to this special resolution and advised members that it will require approval of at least 75% of the votes cast to be passed.

Chair Hanrahan called for discussion and or questions from members.

Member Pickard asked whether the value of the share would be maintained under the new rule. Chair Hanrahan explained the share was still valued at \$10 but that the \$10 would only be payable on the winding up of the Credit Union as per the Corporations Act.

Chair Hanrahan declared to the meeting that he was holding 1 proxy in favour of the motion below.

Chair Hanrahan then put the motion to the meeting:

It was moved A Hanrahan and Seconded E Cleverdon that the Credit Union's Constitution be amended to remove the requirement for members to pay the \$10 subscription price for a member share by making the amendments marked-up in the copy of the Constitution which is tabled at the Meeting and signed by the Chair of the Meeting for the purposes of identification.

The Chair asked for those in favour to raise their hand - 21 in attendance plus 1 proxy

The Chair declared the special resolution carried.

9. Director Remuneration

Submission by the Directors of Board for noting:

The Board of Directors in accordance with clause 17.1(2) of SWSCU's Constitution have resolved that Directors remuneration for the 2021/2022 financial year be increased by 2.5%.

As this increase is within the 10% allowed by the Constitution, a member vote is not required.

E Cleverdon noted that there was no increase the previous year.

Member Pickard questioned whether the board receives payment each time they attend a meeting. Chair Hanrahan responded saying they do not receive a payment for each meeting.

11. General Business

Chair Hanrahan asked members if they had any questions or issues they wished to raise in General Business.

Member Pickard questioned whether or when SWSCU would return a thank you to those who choose to invest such as a dividend or higher interest for loyal members.

CEO Jones mentions that SWSCU gives back to the community through local sponsorships and noted that our term deposit interest rates are very competitive with the big banks and SWSCU choose to keep them low for our members.

CFO Sullivan also noted that we try to help our entire membership base and try to balance both sides being depositors and borrowers.

12. Close

There being no further business, Chair Hanrahan thanked members for their attendance and closed the meeting at 6:33pm.

AGENDA ITEM 4: Result of Election of Directors

In accordance with the constitution Directors Adrian Hanrahan and Elke Cleverdon retired by rotation and, being eligible, Elke Cleverdon offered herself for re-election.

A nomination for the position of Director was received from Kevin Cloake.

No further nominations for a Director position were received, therefore no election is required.

Under rule A5-3(1) of SWSCU's Constitution, if the number of candidates is equal to or less than the number of position to be filled, as is the case with this election, each candidate will need to be elected by separate ordinary resolution at the Annual General Meeting.

Resolution 1:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Pursuant to clause A5-3(1) of SWSCU's Constitution, to elect Elke Cleverdon as a Director of SWSCU."

Resolution 2:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Pursuant to clause A5-3(1) of SWSCU's Constitution, to elect Kevin Cloake as a Director of SWSCU."

AGENDA ITEM 8 - Amendments to Constitution – Remove Common Bond

To consider and, if thought fit, to pass the following resolution as a special resolution to amend the Constitution:

That the Credit Union's Constitution be amended to remove the Common Bond by making the amendments set out in the document headed "Constitutional Amendments" which is tabled at the Meeting and signed by the Chair of the Meeting for the purposes of identification.

Note: The proposed amendments to the Credit Union's Constitution are described in the Explanatory Notes to this Notice. A copy of the Constitution marked-up with the proposed amendments is available on our website at www.swscu.com.au. Alternatively, members can request a copy by contacting the Credit Union on 02 6384 1111. A copy will also be available to view at the Annual General Meeting.

Explanatory Notes

Agenda Item 8. Amending Constitution – Remove Common Bond

This special resolution will amend the SWSCU's Constitution to remove the Common Bond and all references to it.

Currently, to become a Member of SWSCU a person must be eligible under one of the Common Bond categories in Appendix 2 of SWSCU's Constitution. The Common Bond currently reflects the history of SWSCU as a mutual banking organisation for individuals who are employers, employees and residents within the New South Wales regions of Central West, Riverina, Murray/Lower Darling, South East NSW, or Southern Highlands and Tablelands, as reasonably determined by SWSCU from time to time, or the Australian Capital Territory.

However, mutual banks and credit unions are no longer required to have common bonds. In order to survive, prosper and grow, nearly all have had to expand their customer base to include persons outside their historic common bond. In SWSCU's case, its common bond remains restrictive and limits who it can accept as members which significantly limits its ability to grow and remain sustainable.

While SWSCU remains proud of its historical roots, the current Common Bond limits SWSCU's ability to expand its customer base. This amendment will remove this limitation and allow SWSCU to offer membership to a wider population who wish to join SWSCU.

To be passed this special resolution requires the approval of at least 75% of the votes cast by members.

Your directors unanimously support this special resolution and recommend that you vote **FOR** it.