

2018 Annual General Meeting

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Police Credit Union Ltd

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Notice of Annual General Meeting

Notice is given that the 48th Annual General Meeting (AGM) of Police Credit Union Ltd will be held on Friday 23rd November 2018 at 4.00pm in the Board Room of Police Credit Union Ltd at 17 - 23 Carrington Street, Adelaide SA.

AGENDA

Ordinary Business

1. Minutes

To confirm the Minutes of the 47th Annual General Meeting held on 24th November 2017.

2. Financial Reports

To receive and consider the Credit Union's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30th June 2018.

3. Remuneration of Directors (Resolution 1)

To determine the remuneration of Directors. The following resolution will be put:

'That the aggregate remuneration for Directors for the 2018/2019 financial year be fixed at \$512,224 plus 9.5% Superannuation Guarantee Levy.'

(See Explanatory Note 1 on page 3)

4. Results of the Director Election Poll

To declare the results of the Director Election Poll

The following nominations for election to the Board have been received, with TWO candidates to be elected:

Michael John Edwin Standing*
Allan Maxwell Cannon
Peter John Alexander*

*denotes a current Director standing for re-election

SPECIAL BUSINESS

5. Constitutional amendments (Resolution 2)

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

'That the Constitution of Police Credit Union Ltd be, and the same is hereby, amended, with effect immediately after the end of the 2018 AGM of Police Credit Union Ltd, in the manner described in the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to:

- remove the requirement for the subscription price for a member share to be paid in cash; and
- insert a new Appendix 6 in substitution for the existing Appendix 6 (which will cease to have effect at the end of the AGM).'

See Explanatory Note 2 on page 3. The Schedule of Proposed Constitutional Amendments to be tabled at the meeting can be obtained from your nearest PCU branch or by telephoning 1300 131 844. It is also available on PCU's website (www.policecu.com.au)

VOTING ON A SPECIAL RESOLUTION

To be carried, a proposed special resolution listed in this notice must be passed by at least 75% of the votes cast by Members entitled to vote on the resolution at the meeting.

PROXIES

A Member who is entitled to attend the Annual General Meeting and vote is entitled to appoint a proxy. A proxy need not be a Member. A Member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. To be effective the appointment of a proxy must be received by the Credit Union at least 48 hours prior to the meeting either at its registered office at 17 – 23 Carrington Street, Adelaide SA 5000 or via email on pcuagm@policecu.com.au or fax on 08 8208 5707. A Proxy Form is included with this notice.

Dated 2nd November 2018.



By Order of the Board
Mr Costa Anastasiou
Company Secretary

EXPLANATORY NOTES

These Explanatory Notes have been prepared to assist Members in considering the proposed resolutions referred to in this Notice of Annual General Meeting.

Explanatory Note 1: Remuneration of Directors (Agenda Item 3)

The aggregate Directors Remuneration quantum proposed of \$512,224 plus 9.5% Superannuation Guarantee Levy is to be divided amongst the nine Directors. Director Remuneration is formulated objectively on the basis of independent research as established in the 2018 Mutual Financial Board Remuneration Survey. The survey provides industry based guidance, linked to bands of total income, total assets, number of Members and geographic region, and has been matched against the relevant Police Credit Union attributes. The amount proposed is determined based on the adjusted 75% to 90% quartiles of the survey, reflecting the long term strategic performance of Police Credit Union. The amount proposed represents a 6.16% increase on the amount fixed for the 2017/2018 financial period. The increase reflects the substantial demands and increasing duties and responsibilities of Directors of highly regulated Authorised Deposit Taking Institutions.

Explanatory Note 2: Constitutional amendments (Agenda Item 5)

Removal of the requirement for the subscription price for a member share to be paid in cash

The Constitution of Police Credit Union (PCU) requires that a person who is applying for a membership must pay the subscription price for their member share in cash. The requirement that the payment be made in cash creates practical difficulties in some situations – e.g. where PCU is dealing with a person who is in a remote location, or with a person who wishes to pay the subscription price electronically. It's therefore proposed to remove the requirement that payment be in cash, which will facilitate payment being made in other ways.

Insertion of new Appendix 6

Appendix 6 of PCU's Constitution provides for special procedures to be followed if a Demutualisation Resolution is proposed. A Demutualisation Resolution is a resolution which, if passed, would have the effect that PCU would cease to be a mutual. Demutualisation would have a very significant effect upon PCU and upon members' rights. Appendix 6 exists to ensure that members are given adequate information in relation to any proposed Demutualisation Resolution and that a substantial number of members are in favour of such a resolution before it can be passed. Clause A6-7 provides that Appendix 6 will cease to have effect at

the end of the 2018 AGM. The Board proposes that the effect of Appendix 6 be extended to the end of the 2021 AGM to ensure that this important protection remains in place for at least the next 3 years. However, since Appendix 6 was included in the Constitution there have been regulatory changes which mean that mutual financial institutions, such as PCU, can now assume or use expressions to describe themselves other than just those referred to in paragraphs (a) and (b) of the definition of 'Demutualisation Resolution' in clause A 6-1 of Appendix 6 (i.e. in addition to expressions like 'credit union'). This means that the application of Appendix 6 could now potentially be triggered by events that would not actually result in demutualisation and which were never intended to trigger the application of Appendix 6. It's therefore proposed to change those parts of the definition to avoid that potential consequence arising, but because any proposed modification of the existing Appendix 6 would itself trigger its application (because of the effect of paragraph (d) of the definition of 'Demutualisation Resolution') the way in which it is proposed to give effect to this change is to allow the existing Appendix 6 to cease to have effect at the end of the AGM and to adopt a new Appendix 6, which will take effect immediately after the end of the AGM, to replace it. The only differences between the existing Appendix 6 and the proposed new Appendix 6 are that the expiry date will change, and slight modifications will be made to paragraphs (a)(i) and (ii) and (b) of the definition of 'Demutualisation Resolution' so as to refer to mutual financial institutions in a more general way.

How to complete this Proxy Form and Important Information

APPOINTMENT OF A PROXY

If you wish to appoint the Chair of the meeting as your proxy, mark ☒ the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the meeting will be your proxy. A proxy need not be a member of the Credit Union.

VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by placing a mark ☒ in one of the boxes below each listed resolution. If you do not mark any of the boxes on a listed resolution, your proxy may vote on that resolution as he or she chooses. **If you mark more than one box on a listed resolution, your vote on that listed resolution will be invalid.**

SIGNING INSTRUCTIONS

Individual Member: Where the member share is held in one name, the member must sign.

Attorney for Member: To sign under Power of Attorney, the Power of Attorney must be lodged with Police Credit Union Ltd. If you have not previously lodged it for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Company Member: Where the company has a sole Director who is also the sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

LODGEMENT OF PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the registered office of Police Credit Union Ltd at 17 – 23 Carrington Street, Adelaide SA 5000 or via email on pcuagm@policecu.com.au or fax on 08 8208 5707 no later than 48 hours before the commencement of the meeting – i.e. **by 4.00pm on Wednesday 21st November 2018**. Any Proxy Form received after that time will not be valid for the meeting.

Proxy Form over page ►

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Proxy Form

POLICE CREDIT UNION LTD 2018 ANNUAL GENERAL MEETING

MEMBERSHIP DETAILS

Name:

Member number:

Address:

Contact number:

APPOINTMENT OF PROXY

I / We, being a member of Police Credit Union Ltd and entitled to attend and vote at the Annual General Meeting to be held on Friday 23rd November 2018 commencing at 4.00pm, hereby appoint (please mark ☒ to indicate your appointment):

☐

The Chair of the meeting; **OR**

☐

(Full name or office of person appointed)

or, failing the attendance of the person named or if no person is named, the Chair of the meeting, as my/our proxy to attend and act generally at the meeting (and at any adjournment thereof) on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit). My proxy may vote on any resolutions not listed in this Proxy Form, including any resolution to amend a listed resolution, as my proxy sees fit. If I have appointed the Chair, I expressly authorise the Chair to exercise the proxy even if a resolution is directly or indirectly connected with the remuneration of a member of the key management personnel for the Credit Union.

Important information

If you wish to direct your proxy how to vote on a listed resolution set out on the following page, you should place a mark ☒ in either the "For", "Against" or "Abstain" box for that resolution. If you do not direct your proxy how to vote on a listed resolution, your proxy may vote on that resolution as your proxy sees fit. If you appoint the Chair as your proxy, and do not give a specific direction in relation to a listed resolution, the Chair intends to exercise your proxy vote in favour of that resolution.

Proxy Form continues over page ►

VOTING DIRECTIONS TO YOUR PROXY

– if you wish to give directions please mark ☒ to indicate your directions.

Resolution 1 That the aggregate remuneration for Directors for the 2018/2019 financial year be fixed at \$512,224 plus 9.5% Superannuation Guarantee Levy.

☐ For ☐ Against ☐ Abstain*

Resolution 2 That the Constitution of Police Credit Union Ltd be, and the same is hereby, amended, with effect immediately after the end of the 2018 AGM of Police Credit Union Ltd, in the manner described in the Schedule of Proposed Constitutional, so as to:

- remove the requirement for the subscription price for a member share to be paid in cash; and
- insert a new Appendix 6 in substitution for the existing Appendix 6 (which will cease to have effect at the end of the AGM).

☐ For ☐ Against ☐ Abstain*

** If you mark the Abstain box, you are directing your proxy not to vote on the resolution and your vote will not be counted when calculating whether the required percentage of members has passed the resolution.*

PLEASE SIGN HERE

This section **must be signed** in accordance with the preceding signing instructions.

Member;	OR Sole Director;
<div></div>	<div></div>

OR Director	and Company Secretary
<div></div>	<div></div>

Date

/ / 2018

2018 Election of Directors

AS THE NUMBER OF CANDIDATES EXCEEDS THE NUMBER OF VACANT POSITIONS ON POLICE CREDIT UNION'S BOARD OF DIRECTORS IT WILL BE NECESSARY TO HOLD A BALLOT TO DETERMINE THE SUCCESSFUL CANDIDATES.

Shareholding Members aged 18 years and over, who were recorded on the membership register at the close of business on 26 July 2018 being the day before nominations closed are entitled to vote. Voting is available via the attached ballot paper and the return envelopes with each eligible member entitled to one vote. Members that are a body corporate may appoint a representative to exercise their right to vote in the Election of Directors.

Instructions for completing and returning the ballot paper are detailed inside the back cover of this information booklet.

NOMINATIONS PANEL

The Board has, in accordance with Police Credit Union's Constitution established a Nominations Panel for the purpose of assessing each candidate. The assessment is undertaken with reference to Board approved 'Model Criteria', to determine whether that person has demonstrated an ability to be a Director and is 'fit and proper'. The Nominations Panel consists of four members, two Directors and two independent persons who possess an overall suitable mix of character, skills, knowledge and experience to enable an effective assessment of candidates.

Following a detailed assessment, the Nominations Panel is satisfied that each candidate has demonstrated an ability to be a Director as assessed against the Credit Union's Model Criteria and is fit and proper to be, and act, as a Director by reference to the Credit Union's Fit and Proper Policy.

CANDIDATE INFORMATION

At the close of nominations, three members had nominated for the two vacancies on Police Credit Union's Board of Directors. Information about candidates has been provided by each candidate in accordance with section A5-6 of Police Credit Union's Constitution, and is provided unaltered under the heading of Candidate Statement.

The order of candidates in the ballot has been determined by lot in accordance with Police Credit Union's Constitution. This means, that there is no inference of preference in the order of candidates.

Candidate Statement



MICHAEL JOHN EDWIN STANDING*

I have been a member of Police Credit Union (PCU) for over 45 years and a Director for the past 12 years.

PCU is a very successful business providing its members with service and products second to none. PCU's success can be seen in that this year we passed the one-billion-dollar asset mark. We have achieved this despite the very competitive and tough financial market we operate in. Our continued success has been achieved through sound governance policy, responsible fiscal policy, risk and audit policy. None of our success could have been achieved without the hard work & loyal support of our management team, staff & Directors, who are all dedicated to their fiduciary duties. The loyalty of you, our members, in using PCU for your financial requirements makes our success possible.

I ask for your ongoing support in the forthcoming election.

****denotes current Director standing for re-election***

Candidate Statement



ALLAN MAXWELL CANNON

Allan has the critical experience necessary to fulfil the role of Police Credit Union (PCU) director.

He has served as a board member of not only Police Association South Australia since 2005 but also SA Police Legacy for seven years to 2017.

As PASA vice-president, he was re-elected unopposed in 2017.

"I've been a PCU member since I joined SAPOL in 1982," he says. "So I'm driven to help ensure the PCU's present and long-term success as a director."

"My specialist skills – attained with PASA and Police Legacy – include the conception and implementation of strategic visions, corporate governance, and the direction, planning and ongoing oversight of financial management."

Allan sits on the PASA remuneration committee, which makes board-approved recommendations based on external business standards.

With his high standards, integrity and focus, Allan is ideally suited to the role of PCU director.

Voting for him serves your interests.

Candidate Statement



PETER JOHN ALEXANDER*

I have been a Director of Police Credit Union since 2008 and I am now seeking your support for re-election.

I have maintained my membership of PCU throughout my police career and beyond.

As a Director I have been part of a team comprising of Board, Management and Staff that have delivered continual growth and success.

I believe that I have the experience and qualifications to enable me to represent you appropriately at Board level.

That experience includes my ongoing work as a practising lawyer.

If given the opportunity to continue to serve as a Director I will work to ensure that the best interests of the membership remain paramount with complete and total commitment to the role.

****denotes current Director standing for re-election***

2018 Director Election

VOTING INSTRUCTIONS

Only shareholding members aged 18 years and over, who are recorded on the membership register at the close of business on 26 July 2018 are eligible to vote.

- There are 3 candidates for 2 vacancies.
- Voting shall be by Postal Ballot. The candidates with the highest number of votes in accordance with the number of vacancies will be elected.
- You **must vote for at least 1 candidate and not more than 2 candidates.**
- Cast your vote by putting a mark ☒ in the box next to the name of the candidate/s of your choice on the Ballot Paper.
- **If you vote for more than 2 candidates your vote will be invalid and not counted.**
- After marking your vote/s, place the Ballot Paper in the envelope marked '**Ballot Paper Only**' and seal the envelope. **Do not include any other documents in this envelope.**
- Sign and complete the slip attached to the Ballot Paper envelope. This is used for checking purposes only and is removed prior to opening the Ballot Paper envelope. **PLEASE DO NOT REMOVE THE SLIP.** Removal of the slip will render your vote invalid and will not be counted.
- Place the sealed Ballot Paper envelope inside the envelope addressed to "The Returning Officer".
- The Returning Officer must receive this envelope **no later than 5.00pm on Friday 16th November 2018.**

2018 Director Election Ballot paper

THE ORDER OF CANDIDATES HAS BEEN
DETERMINED BY LOT.

Mark the box ☒ to vote for at least 1 candidate and not
more than 2 candidates.

- ☐ Michael John Edwin **Standing***
- ☐ Allan Maxwell **Cannon**
- ☐ Peter John **Alexander***

Candidate statements are on pages 10-12

**denotes current Director standing for re-election*

Please refer to the reverse of this Ballot Paper for detailed voting
instructions.

Your Ballot Paper must be received by the Returning Officer as
per instruction on previous page, by **5:00pm on Friday 16th
November 2018.**