

## Chair's Address

Whilst the Covid-19 pandemic continues to have an impact on the financial services industry and the world, we have had some great achievements across the 2020 to 21 year.

Overall, the South Australian economy shows signs of recovering strongly from the global pandemic as we head into the new calendar year. We have been largely spared from large scale lockdowns in South Australia, particularly in comparison to the Eastern states. The housing market remains buoyant being driven by low interest rates and how wonderful it is to live in South Australia.

After the challenges of 2020, we moved into a more optimistic outlook for 2021 but of course with a level of caution.

### **Our Community**

Our community of members, staff and the wider public of South Australia continues to be our priority and we have supported those in hardship to get back on their feet. As one of the few financial organisations with its head office in South Australia we are striving to build an organisation that contributes meaningfully through our community support, employment opportunities and helping our members meet their financial goals.

We're excited to continue our partnerships across the South Australian community, as sponsor of the SALA Festival, St John's Youth Services, Feast Festival and the Zahra Foundation. We're proud to support organisations that empower and connect people, celebrate diversity and help others.

We are also strong supporters of the Education community – it is part of our heritage – and were pleased to continue our support across the major Educational organisations and as sponsor of the Public Education Awards.

Our innovative School Community Rewards program continues to create partnerships between our members and their school communities, raising much needed funds. Antonio School at Morphett Vale recently opened their Nature Play space and Highbury School put almost \$16,000 in fundraising towards a community garden and green play area.

This is a great program and a meaningful way in which we can contribute to the education community and do more for our members.

### **Our Member Experience**

We have spent a lot of time this past year ensuring that your experience with us is consistently excellent regardless of how you choose to interact with us. We understand that as your needs and expectations change, we need to adjust to meet those needs and exceed your expectations. We want to know you personally so that we can provide interactions that add value to you. We aim to grow our community and improve connections so that your membership with us is an opportunity for you to “give back” without penalty. And finally, we want to give you the confidence that we will look after you and your finances by staying knowledgeable, relevant and competitive.

We receive feedback from our members and we use that to continue to improve – by simplifying our processes and continuing to build on the things we do well. Every day we want to help our members thrive and we do this by providing the best possible experience.

This focus on our member experience has delivered more across the 20 to 21 Year:

- Over 3,000 new members joined us during the financial year.
- Overwhelmingly, our members are choosing digital methods to join and interact with us. Last year 58% of members joined online, this year it was over 70%. Ensuring an efficient and easy digital experience remains high on our priorities. Over 35% of our new members were in one of our target sectors – 18 to 35 year olds.

We assisted members with 988 new home loans and 780 new personal and car loans during the year.

Our Member Experience Centre continues to help our members in whatever way is most convenient to you. We had over 150,000 engagements with members during the year and our member experience centre is open when you need us.

### **Security and Protection**

One of the ongoing priorities for Credit Union SA is to ensure we are identifying and managing risk in our organisation. We continue to play our role in identifying and disrupting criminal activity through our anti-money laundering and counter-terrorism finance program.

Unfortunately, the sophistication of cyber attacks is increasing and such attacks are becoming more frequent. An example of this is the Flubot SMS scam which we wrote to members about last month. Our team is incredibly vigilant in identifying these risks and communicating with you to protect you and your money.

### **Governance**

At this point, I'd like to thank my fellow Directors for their efforts this year. It's been a challenging period in financial services and I'm proud of the way the Board has responded to the challenges before us. We continue to seek diversity, skills and knowledge around the Board table as demonstrated by our recent appointment of Director Louise Small, who brings a wealth of experience to our Board.

The Board currently comprises 4 member-elected directors and 3 board appointed directors. Board appointed directors are appointed to meet skill gaps and provide the experience required by the Board to ensure that we are able to take the Credit Union forward and achieve its goals.

Our three board appointed directors are:

- Director Cooper and Director Dewsnap – who were appointed in February 2019, and
- Director Small – who was appointed in October 2021

Our Board undertakes annual performance reviews, providing the opportunity for Directors and Executives to provide honest and open feedback on the performance of the Board as a whole as well as individual Directors. This year, we engaged an external consultant to undertake the performance review which addressed:

- Board performance (including relations with management, governance and committees);
- Board competencies;
- the Board's management of the COVID-19 pandemic;
- the Credit Union's implementation of the Banking Executive Accountability Regime; and
- Board strategic practices.

The conclusions in the report validated the effectiveness of this Board in steering the Credit Union.

## 2020/2021 Annual General Meeting

17 November 2021



Of course, Board succession planning remains an ongoing focus for our Governance Committee and the Board, with Director Cannon having recently retired and other Directors nearing the end of their tenure as set out in Board policy. When appointing Board-appointed Directors or presenting candidates for election by members, the Board always considers the mix of skills, industry experience and the diversity of existing and potential Board members.

### **Financial Results**

If you remember back to last year, it was difficult to budget in the midst of the pandemic. I'm pleased to note that we have out-performed initial expectations, largely driven by balance sheet growth and strong management of margin.

I'm pleased to announce our net profit after tax was \$2.245m, slightly lower than the previous year but above expectations and an incredibly strong result considering the current competitive, low interest rate environment.

New Member and Asset growth exceeded expectations in a highly competitive market with growth in both total and net asset positions, driven largely by favourable housing settlement volumes.

In closing I would like to take this opportunity to acknowledge the commitment of the Board, CEO, executive management and staff and thank them for their hard work and laser focus on you, our members.

## **Chief Executive Officer's Address**

I would also like to recognise the efforts of the Chair and thank the Board for their support over the past 12 months. This is a great organisation to be part of and we are on an ambitious journey for the benefit of our members. We have built a strong base and I'd like to take you through some of the exciting initiatives we have planned for the year ahead.

One of the great things about this organisation is the ability to contribute to our local community and be part of the life journey of our members. We have done a big piece of work in the past 6 months about really defining why we exist and what benefits we bring to our members and the wider community.

We have a strong community-based heritage, having delivered accessible and innovative financial services products to meet our members' needs for over 60 years. Our focus has not changed and today, our purpose remains strong – we exist to help South Australians thrive.

That can be in a range of ways – it might be helping a member buy their first home, supporting a community organisation that in turn makes people's lives better, providing financial services that contribute to the staff of a thriving South Australian business and providing employment opportunities to South Australians in our head office here in Adelaide.

Our values to "put people first", "strive to achieve" and "be our best" reflect our beliefs and principles – they are at the heart of what we do and who we are; and why we exist for our members. And hopefully you've already experienced this in your interactions with us.

We know that to thrive we need to continue to look at ways to grow and through the work we have done on our strategy, we continue to have strong ambitions for ourselves and what we can deliver for our members.

Our strategic themes are our key focus for the upcoming year:

- Grow Membership so that we can be sustainable and offer more value back to you - our members.
- Enhance your digital experience, which is where the majority of our interactions with members now take place
- Continue to invest in our People and Culture to drive our engagement and experience with members
- Strengthen the Organisation to continue to increase our risk management and use data to focus on what really matters.

- Bring our Purpose to Life – we want to live our purpose every day to help South Australians thrive.

And I'm pleased that the Chair talked you through our Member Experience Vision because this will underpin all of the other activity and ensure we are helping our members thrive.

### **Growing through Partnerships**

To achieve our ambitions, we can't do it alone and we have been focussed on setting up some great partnerships in order to innovate.

We recently partnered with the University of South Australia to appoint a Credit Union SA Chair in Economics. As many of you would be aware, when economic commentary is provided on South Australia, it often comes from the eastern seaboard. There are few local economists in SA that talk to what is happening in our great state and we think this role can contribute greatly to our members by providing local leadership on the South Australian economic environment. We look forward to announcing this appointment soon.

We are also proud to partner with Stone and Chalk who are located at Lot Fourteen, to identify opportunities within Adelaide's growing start-up community. We want to support this promising industry of people who are thinking outside the box and creating new solutions. Our partnership is in its infancy but we're excited about what opportunities may arise.

We've also recently launched Open Banking which means our members can now share their data using the Consumer Data Right. This is a purely opt-in service which gives you greater visibility and control over your banking data. We are confident that this will be a benefit for our members, over time and help introduce new members to Credit Union SA. There is a lot more information about this on our website or you're welcome to visit the branch or call one of our team who can talk you through it.

Last financial year we also designed and built a new digital home loan application which has assisted in speeding up our lending application process, using the power of digital. These are just some of the initiatives the Credit Union is deploying to make it easy to bank with us.

Shortly we will be launching our new website. There has been a mountain of work done to make it easier for our members to find the information they need and interact with us, as well as providing an exciting new look.

We're committed to continuous improvement and have put resources towards reviewing our processes and looking for ways we can deliver a better outcome for you.

### **Innovation through Products**

Recently we were recognised by Infochoice as “Car Loan Lender of the Year 2021”. We’ve also been recognised by both Mozo and CANSTAR as providing outstanding value on our home loan and personal loan offers, and last month we were awarded “Lender of the Year” by Keylend. Whilst we don’t develop products with the intention to win awards, it’s wonderful to be recognised externally for the focus we put on supporting our members.

### **Forward Forecast**

For the year ahead we set some ambitious targets to continue to grow our membership. With the positivity in the housing market, we are on track to achieve our goals to provide members with the opportunity to take advantage of this market.

Market conditions are optimistic. Housing prices are high but delays in new construction are having some impact. The South Australian economy has been protected from large scale lockdowns which has put us in a good position as we return to a bit more normality once vaccination rates rise.

We continue to drive our digital roadmap through our valued partners and by looking closely at process efficiency and providing members with a seamless digital experience.

Whilst growth is important to us, it’s not at the expense of member experience and we want to continue to be your trusted financial partner of choice.

We will continue to focus on strengthening the organisation by taking a risk-focused approach to compliance to provide the protection that our members, staff and community demand.

We will continue to improve our products and services and engage with our local community through both schools and workplaces. There are some exciting initiatives ahead in that area.

We have a big year ahead of us and we’re really proud to be there for the important moments that matter in our current and future members’ lives – buying a new car, buying a new home or moving into retirement. We understand the trust and loyalty you show us and we want to continue to work with you to help you strive for success.

I’d like to specifically call out our staff who work incredibly hard day in and day out to get the best possible outcomes for our members. I would equally like to thank the Board for their support and guidance in the past year and I look forward to working with them for the year ahead.