

## Unity Bank Limited Annual General Meeting 2022

*Minutes of the Annual General Meeting of Members held at MUA Training Rooms,  
365 Sussex St Sydney at 3.00pm on Wednesday 30 November 2022.*

**Attendance** There were 37 members present. A further 35 members listened into the livestream but were not included in the quorum.

**Welcome** The Chair Mr Mick Doleman presided and declared the meeting open. He welcomed the members present along with special guests, Jim Donovan, Julie Fung, Nicolas Sanders, Oscar Sobalirov and Neil Swanson. George Zorbas, Ben Cope and Michelle Fewings from the MUA were thanked for their fantastic technical support in preparing our first ever AGM live stream.

Directors Garry Keane, Mark Watson, Darren Gossling, Grahame Kelly, Sharon Sewell and Joanne Masters were introduced.

Danny Pavisic (CEO) was introduced.

Apologies were accepted from Director Mich-Elle Myers, Paddy Crumlin, Craig Kennedy, Tony Maher, Peter Robertson, Mike Lawrence and Darren Scammell.

The apologies were received and accepted.

### **Previous Minutes**

The Chair advised the meeting that the Board has previously adopted the Minutes of the 2021 AGM and invited questions from members.

There were no questions.

### **Chair's Address & Director's Report**

The Chair, on behalf of the Board of Directors, presented the Directors' Report to the Meeting:

It has been a very difficult year for a number of reasons including further Covid-19 lock downs, illness, the general shortage of skilled workers in Australia and natural disasters. Our staff rose to the monumental task of maintaining our very high member service standards and did a magnificent job. Our Covid relief package was yet again available to any member who required assistance but there were fewer requests than in previous years. Conversely we had

increased requests from members and communities needing assistance after natural disasters and we formalised this assistance with our Community Support package - helping members with loan relief, emergency funds and tailored solutions to help them get back on their feet as quickly as possible.

During the year we invested in advanced fraud detection systems and additional fraud management staff to provide members with better fraud protection.

In addition the challenges facing young people, single parent families and others who are trying to break into the home ownership market has been a focus with Unity Bank releasing a special first home owners package. We were also selected as one of only 5 lenders added to the authorised lending panel for the Federal Government's First Home Guarantee and Family Home Guarantee (for single parent families) schemes.

During the year, our staff helped us define and express our Values as outlined in the Annual Report. Our Values are what we stand for and define the way we deliver better outcomes for our members. We are guided by them in everything we do and every decision we make.

Recently our CEO Danny and myself took part in the Hike the Hill group coordinated by the Customer Owned Banking Association. It is an opportunity for us to lobby a full range of politicians and to raise issues, to improve understanding of what mutuals stand for and to impact decisions on new draft legislation. We reinforced that mutuals exist to service our members and their communities and this was pleasingly very well received by all sides of politics. We are also keen to support new government initiatives with regards to domestic and family violence.

Once again we would like to extend our thanks to our fellow travellers - the Unions including the MUA, Mining and Energy union, ETU and the Meatworkers. We are also fostering a great working alliance with the Victoria Trades Hall Council. These key partnerships give us immeasurable and invaluable support and we are proud to be able to continue to work with them and to support their members and communities.

Our Board who are a highly skilled and motivated team are facing increasing pressures from our regulators with regards to requirements around competency, skills and workload. Oversight by APRA has increased substantially this year and we will need to review the pool of money for Director remuneration in 2023 in order to fairly compensate them for their efforts. We will be assessing the situation further with a probability that we will be asking members to approve an increase in the pool of funds at the 2023 AGM. As always I can assure you that the pool of funds will continue to be used very frugally.

In closing, I would like to express my sincere thank you to our staff who in my view are the best anywhere. They consistently go the extra mile to assist members and they truly understand what our bank stands for. The staff EBA is up for review next year and we will look carefully at how best to reward and recognize their service and ongoing dedication to the Bank and its members.

## **Chief Executive Officer's Address, Financial Statements & Auditors Report**

CEO, Mr Danny Pavisic, addressed the AGM noting that it had been a very successful year with a record surplus and business growing strongly with an excess of \$376m in new loans. This highlights that something is resonating with our members – that they recognise that we build relationships and stand by people when they need us most. We are the best bank to achieve this and there is strong demand and lots of word of mouth referrals from our existing members.

Last year saw Unity Bank complete some key projects:

- We restructured transaction fees to make them more affordable and to remove pressure points for our members
- We introduced a new banking app which has more functionality and is more user friendly
- We were one of only five banks that were added to the First Home Guarantee and Family Home Guarantee scheme and the Federal government review panel advised us that our application was the best that was submitted.
- We have implemented a new digital loans system that enables quicker processing of loans and consistent decisioning.
- We also invested in the back end – investing hundreds of thousands into cyber security initiatives such as SMS text messages alerts to members regarding possible suspicious transactions, more fraud staff and member fraud prevention education.

Twelve years of a stable interest rate environment changed in February 2022 when rates started to rise. Many of our members have never experienced rate rises but given that we have a conservative lending policy we have not seen any signs of credit stress to date. We will, as always, be there to support and work with our members to assist them. The current financial report credit losses are negligible but we are mindful that this will increase slightly in the current environment, however it is not of concern. The cost to income ratio will be a focus in the future. We will also be looking at where we can add more value to our members. For example, we will be abolishing the Bank@Post fee in the new year.

As the Chair mentioned already today, the Unity Bank team has been fantastic – branches, back office and all staff. They have worked through particularly challenging circumstances this year with significantly increased levels of sick leave and staff turnover. Despite these challenges projects have been delivered on time and our dedication to exemplary member service has not wavered. The Executive team has provided exceptional guidance and have partnered with our Directors to ensure that we are well positioned for another successful 52 years.

Question without notice from member T Papas: *Has Unity Bank completed modelling to determine the impact on raising interest rates on profitability?*

The CEO advised that the Bank completed ongoing reviews and analysis including the percentage of members that are in advance. Home loan losses are often driven from an extreme lifetime event such as a loss of employment and in circumstances such as these we have a flexible approach to financial distress and work with members to tailor a solution specifically for them. We are also very conservative in our capital provisioning so that we can absorb credit losses.

Mr Kyriakos Karagiannis, CFO, advised that the Bank has continued to maintain the original Covid-19 Expected Credit Loss provision (ECL) as the CEO mentioned following recent increases in interest rates and any potential impact to credit quality. We maintain approximately 0.32% of the loan book for this provision against the major banks that run at approximately 0.20% to 0.25%. The Bank has also undertaken modelling on interest rates and has passed on increases to loan interest rates as well as passing on a number of interest rate increases to deposit holders as a segment of our members rely on this interest income. We are always looking to ensure the rate changes are fair for both borrowers as well as deposit holders with a broad view to ensure a strong financial surplus for the Bank.

### **Auditor's Address**

Julie Fung, from our External Auditors Grant Thornton, presented the 2021/22 Financial Statement and Audit Report, advising that the audit was conducted in accordance with the Auditing Standards with key focus around the loan book, member deposits and credit loss provisions. It is an unqualified audit opinion and is a true and fair view of the Bank's financial position. Julie thanked Unity Bank and its Finance team for their ongoing assistance throughout the year.

***It was unanimously RESOLVED to adopt the Financial Statements and Auditors Report for the 2021/2022 Financial Year.***

**Item 3a- Re-appointment of Director – Mark Watson**

The item to consider, and if thought fit to pass, is that Mark Watson be re-appointed as Director until the end of the 2025 AGM.

	<i>Proxies</i>	<i>Meeting</i>	<i>Total</i>
For	130	21	151
Against	3	0	3
Abstain	2	0	2
Chair Discretion	21		21
<b>Total</b>	<b>156</b>	<b>21</b>	<b>177</b>

%

Total For	172	98
Total Against	3	2
<b>Total</b>	<b>175</b>	<b>100</b>

***It was RESOLVED that Mark Watson be re-appointed as Director until the end of the 2025 AGM.***

**General Business**

Question without notice from member W Waite: *I live in Blackheath and there is no bank branch nearby for me to withdraw cash or to get an account balance except for Australia Post which charges a \$2.50 fee.*

D Pavisic advised that the Australia Post Bank@Post fee will be removed from 1/12/22 and Australia Post is available Monday – Saturday. Cash can also be taken out free of charge when you purchase groceries from a major supermarket such as Coles and Woolworths. Our banking app and internet banking are also available and our friendly staff are trained to assist members in setting these up. We can arrange for someone to contact you if you wish to discuss what works best for you.

M Doleman also noted that a discussion group is to meet with veterans in the coming months to identify these kinds of issues and to find solutions.

Being no further general business, the Chair thanked everyone for attending and officially closed the meeting at 3.40pm.



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Chair