

## Notice of Annual General Meeting

**You are invited to the Annual General Meeting (AGM) of Credit Union Baywide (CUB)  
Wednesday 27 October 2021, commencing at 4pm  
Virtual Meeting, with electronic voting on resolutions.**

The 2021 AGM will be held exclusively using Zoom ([www.zoom.us](http://www.zoom.us)), with no attendance in person.

**To receive the Zoom details for the meeting, you must register online at [nzcubaywide.co.nz](http://nzcubaywide.co.nz)**

Zoom details will be emailed to those who register by 4pm on Tuesday 26 October 2021.

### **Business of the evening will include:**

- Confirmation of the minutes of the previous AGM
- Report from the Board
- Presentation of Financial Statements
- Appointment of Auditors
- Special Resolution Outcomes:
  - o Trust Deed Amendment – Associates
  - o Trust Deed Amendment – Other Investments Ratio
  - o Trust Deed Amendment – Member Proposals
- Ordinary Resolution Outcomes:
  - o Name of Credit Union
  - o Rules Amendment – Method of Contracting
  - o Rules Amendment – Credit Union Securities
  - o Other Rule Amendments
  - o Directors Remuneration
- General business

**The above resolutions will be voted on before the AGM via electronic voting using [electionz.com](http://electionz.com) Ltd. Please note, no voting on the above resolutions will be conducted during the meeting.**

Further details of the meeting can be found either on our website [nzcubaywide.co.nz](http://nzcubaywide.co.nz), by contacting your local branch or by calling 0800 229 943.

If you have questions regarding the resolutions or any other matter relevant to the AGM, please email [agm@nzcubaywide.co.nz](mailto:agm@nzcubaywide.co.nz) and we will answer these questions directly and cover any broad themes at the AGM.

All members are welcome to attend CUB's AGM via Zoom. A virtual meeting allows for our membership throughout New Zealand to attend and participate in the AGM.

## Special Resolutions

The following resolutions are special resolutions under CUB's Trust Deed. A special resolution will pass where it has been approved by no less than 75% of members who are entitled to vote and who vote on the matter.

The CUB Board of Directors (the Board) recommends member voting (via electronic voting) on the following resolutions:

### 1. Associates

To approve the changes to the Trust Deed that would recognise a new type of entity (an Associate) that is appropriately covered by the Trust Deed requirements.

### 2. Other Investments Ratio

To approve a change to clause 7.4(e)(ii) of the Trust Deed that would increase the amount of Other Investments that CUB is able to make, from 3% of Total Tangible Assets, to 5% of Total Tangible Assets.

### 3. Member Proposals

To approve the removal of Section 12 (Member Proposals) from Schedule 1 of the Trust Deed.

## Ordinary Resolutions

The following resolutions are ordinary resolutions under the CUB Rules. An ordinary resolution will pass where it has been approved by a simple majority of members entitled to vote and voting on the matter.

The Board recommends member voting (via electronic voting) on the following resolutions:

### 4. Name of Credit Union

To approve the change in name of Credit Union Baywide to 'Unity Credit Union' on or before 28 February 2022.

### 5. Method of Contracting – Rules Amendment

To approve an amendment to Rule 22.1 to allow certain persons authorised by the Board to enter into deeds on behalf of CUB.

### 6. Credit Union Securities – Rules Amendment

To approve new Rules 6.7 to 6.10 that allow CUB to acquire its own Credit Union Securities.

### 7. Other Rule Amendments

To approve all other changes to the Rules as shown in the amended Rules and outlined in the Supplementary Information section of the Notice.

### 8. Director Remuneration

To reduce the total pool of director remuneration from \$330,000 to a maximum of \$317,000 for the 2021-2022 year.

For further details, see enclosed report from the Directors Nominating Committee and other supplementary information.

## Voting

The Board have approved electronic voting to be used for the above resolutions. Voting will only be conducted during the AGM for confirmation of the 2020 AGM minutes, acceptance of any apologies and motions to accept the financial statements and reports presented on the night.

The current Rules provide:

- for joint accounts, only the first named person on the account may vote;
- postal votes cannot be accepted; and
- only valid members aged 16 or older at the closing date for voting (as set out below) may vote.

The Rules of CUB also provide that for each resolution, each member who is eligible to vote may only **vote once**.

Voting credentials for eligible members are included with this notice of meeting. If you are unable to access the electronic voting system, you can visit your branch for assistance or contact us on 0800 229 943.

An electronic vote must be submitted and received by the Returning Officer (electionz.com Ltd) by **4pm on Tuesday, 26 October 2021**. No voting on proposed resolutions will be conducted on the night.

The Board Chair shall advise members of the voting results during the meeting, and subsequently on our website.

## Where can I find further information?

Further details of the meeting can be found either on our website [nzcubaywide.co.nz](http://nzcubaywide.co.nz), by contacting your local branch or by calling 0800 229 943. This includes the following information which is deemed to be part of this notice of meeting:

- a copy of the proposed Rule amendments; and
- a copy of the proposed Trust Deed amendments.

## Supplementary Information

### Resolution 1: Associates

In early 2021 CUB acquired the business and assets of the New Zealand Association of Credit Unions (NZACU) to ensure CUB has control of certain critical assets essential for continuity of services to members. As part of the acquisition, NZACU was restructured into the Banzpay business. Following this restructure, CUB sold 50% of its shareholding in the Banzpay business to a third party investor. This transaction (**Investment Transaction**) was finalised on 30 September 2021. The Investment Transaction results in CUB retaining a 50% shareholding in the Banzpay business, but it will no longer be a Subsidiary (as defined in the Trust Deed) of CUB, instead it will be an Associate subject to this Resolution being approved.

A new definition of "Associate" has been included in the Trust Deed to account for this new ownership structure. Related changes have also been made to other parts of the Trust Deed as follows: amendments to the definitions of Liquid Assets and Related Person; the negative covenants in clause 7.2; the financial ratios in clause 7.4(a); the entities that CUB may be able to maintain exposures to in excess of the Other Investment ratio, subject to Supervisor consent, in clause 7.4(e)(ii); and CUB's notification obligations in clauses 8.1(j) and 8.2(e).

The Board recommends members approve the changes to the Trust Deed that would recognise a new type of entity (an Associate) that is appropriately covered by the Trust Deed requirements.

### Resolution 2: Other Investments Ratio

The Trust Deed limits the amount of Other Investments that may be included in CUB's overall investment portfolio. Other Investments encompasses a wide range of potential investment possibilities. Some of these investment choices can be riskier in nature due to factors such as the type of investment involved, the type of counterparty CUB chooses to invest with, and the level of market regulation applying to the investment. In order for the Investment Transaction explained under Resolution 1, above, to take place the Supervisor has consented to the Other Investments ratio increasing to 5% for the period to 31 December 2022.

Alongside the Supervisor consent to temporarily increase the "Other Investment" ratio, member approval is sought to increase the Other Investment ratio limit in the Trust Deed, from 3% to 5%. Whilst this has the potential to increase the risk associated with investments made by CUB (as a greater proportion of investments could fall with higher risk, higher return investments), the amendment is required to allow for the maintenance of existing investments with third parties, continued investment in the Banzpay business (as an Associate rather than a subsidiary) and the maintenance of critical services the Banzpay business provides to CUB. The Board considers that 5% of CUB's Total Tangible Assets remains a conservative and appropriate ratio in the context of CUB's Total Tangible Assets. As at 31 August 2021, CUB's Total Tangible Assets were approximately \$462m, with 5% of this being \$23m.

The Board recommends members approve a change to clause 7.4(e)(ii) of the Trust Deed that would increase the amount of Other Investments that CUB is able to make, from 3% of Total Tangible Assets, to 5% of Total Tangible Assets.

### Resolution 3: Member Proposals

Currently, clause 12 of Schedule 1 to the Trust Deed allows a member to give written notice to CUB of a matter that the member proposes to raise for discussion or resolution at the next meeting of members under the Trust Deed (**Member Proposals**).

Clause 13.1 of Schedule 11 to the Financial Markets Conduct Regulations 2014 (**FMC Regulations**) states that a Member Proposals clause is only required as part of meeting procedures if the FMC Regulations or the Trust Deed provides for annual meetings of members or meetings of members held at regular intervals. Neither the Trust Deed nor the FMC Regulations provide for annual or regular meetings of members and therefore the proposal by the Board is to remove the Member Proposals clause from the Trust Deed. Regardless of the change, CUB will continue to maintain access to channels for members to communicate directly with senior management of CUB and members will still have the ability to attend and be heard at an AGM.

The Board recommends members approve the removal of Clause 12 (Member Proposals) from Schedule 1 of the Trust Deed.

## Resolution 4: Name of Credit Union

Following the Transfers of Engagements of Credit Union Central, Credit Union South and Aotearoa Credit Union to Credit Union Baywide, the Board determined that the current legal name does not adequately represent the wider geographic representation of the merged entity and a new identity was needed, one that reflected the merged credit union of 60,000 members and encompassed our mission of 'helping everyday Kiwis achieve a better tomorrow'.

A project is currently underway to rebrand all aspects of our credit union, replacing the current trading names of NZCU Baywide, NZCU South, NZCU Central and ACU with 'Unity.' Together the rebranding, change in trading name and change in legal name will work towards creating one identity for all branches and members across the country, and reflect our point of difference. It is expected that this will be launched in November 2021.

We set out to create a name that would bring our essence to life, better reflect our purpose and what we stand for, symbolise a contemporary move forward, whilst remaining relevant to our generational members. A name that unites our team through a shared identity, 'Unity' represents a community investing in each other and uniting our team at the core of this community.

Therefore to align with the new brand name 'Unity' the Board recommends the legal name of Credit Union Baywide is changed to **'Unity Credit Union.'**

Under section 147(1) of the Friendly Societies and Credit Unions Act 1982 (**FSCU Act**), a credit union may change its legal name with the approval of the Registrar if the members of the credit union approve the name change by an ordinary resolution. The Registrar has approved the change in legal name of the credit union to Unity Credit Union subject to obtaining member approval for this change. Members are now asked to approve a change in legal name of the credit union from Credit Union Baywide to Unity Credit Union.

The Board recommends members approve the change in name of Credit Union Baywide to 'Unity Credit Union' on or before 28 February 2022.

## Resolution 5: Method of Contracting – Rules Amendment

CUB needs to have the appropriate authorities in place to allow business as usual activities, such as entering into written agreements and/or deeds, to be completed in as flexible a manner as possible. With our directors located across a wider geographic area, and with the increased activities that arise from our involvement in the Banzpay Group, the Board believe it is appropriate to permit some increased delegations in relation to the signing of deeds.

Under section 133A of the FSCU Act, a deed may be entered into on behalf of the credit union in writing, signed under the name of the credit union by:

- (i) 2 or more officers of the credit union; or
- (ii) if the credit union's rules so provide, an officer, or other person or class of persons, whose signature or signatures must be witnessed; or
- (iii) 1 or more attorneys appointed by the credit union

The proposed amendment to the Rules would allow the Board to authorise a person or class of persons to enter into deeds in the name of the credit union (see amended Rule 22.1.1(b)). The details of the authorisation would be documented in internal policy, allowing for the Board to amend the delegation if appropriate.

The Board recommends members approve an amendment to Rule 22.1 to allow certain persons authorised by the Board to enter into deeds on behalf of CUB.

## Resolution 6: Credit Union Securities – Rules Amendment

Under the current CUB Rules (see Rule 6.6), CUB may issue Credit Union Securities to members. The terms of a Credit Union Security are determined by CUB (in accordance with applicable law) and may carry the ability to earn a return. To date, CUB has not issued any Credit Union Securities, however, as CUB grows and invests in further upgrades in technology and products, it is anticipated that Credit Union Securities may be offered in a limited market to provide CUB with additional capital.

Currently, the Rules do not provide for CUB to acquire Credit Union Securities, that is, to buy-back any Credit Union Securities it previously issued to members. New Rules 6.7 to 6.10 allow CUB to acquire its own Credit Union Securities in the same manner as a company may acquire its own shares under the Companies Act 1993.

The Board recommends members approve new Rules 6.7 to 6.10 that allow CUB to acquire its own Credit Union Securities.

## Resolution 7: Other Rule Amendments

Some minor changes to the Rules are proposed to ensure consistency between legislation, the Trust Deed and the Rules. There have also been minor changes for clarity and ease of reading. The changes are summarised below:

- Removed references to the Association throughout the Rules, as this previously accounted for the NZACU which no longer exists.
- Additional definitions added for Substantial Interest and Companies Act (see Rule 1.1)
- Amended how shares can be withdrawn to account for disestablishment of Cheques and TXT Banking (See Rule 6.3.1)
- Various amendments to include a new definition of Associate (see Rules 1.1, 7.2, 7.4, 8.2, 9.1.2, 9.5 and 9.6.1)
- Amended 'Method of holding meeting' and 'Information to members' sections of the Rules to align with legislation (see Rules 12.10.2 and 23.3).
- Removed reference to reduction of directors at the 2021 AGM as no longer applicable (see Rules 14.1.1)

The Board recommends members approve all other changes to the Rules as shown in the amended Rules and outlined in the Supplementary Information section of this Notice.

The proposed Rules and Trust Deed are available on our website at [nzcubaywide.co.nz](http://nzcubaywide.co.nz) or from your local branch.

## Resolution 8: Director Remuneration

The Board annually review director remuneration, considering CPI and/or benchmarked Institute of Directors (IoD) assessments in making its proposals for member approval.

In 2020 no increase in director remuneration was proposed to members due to the adverse effects of Covid-19 on the New Zealand economy, the credit union and on some members. At that time the director remuneration pool was set at a maximum of \$330,000.

The proposed director remuneration pool for the upcoming year has been reduced as a result of director retirements. In the future there will be a maximum of seven directors on the Board, resulting in the proposed decrease in the director remuneration pool but an increase in individual director fees.

### Review of Director Remuneration

It was advised at the AGM last year that director remuneration would be benchmarked this year to ensure remuneration for directors was at an appropriate level. The IoD was engaged by CUB to undertake an independent review of CUB director remuneration compared to similar organisations.

As a result of the review the IoD recommends base director fees are increased, and noted that the organisation's size and complexity results in it being at the high end of the lower quartile of comparable organisations. Despite this recommendation, the Board have agreed that a mid-point in the lower quartile is appropriate.

The IoD's opinion is that director remuneration should reflect the significant duties, risk, compliance obligations and time commitments. With the increasing compliance work and complexities in the financial services industry as well as CUB's governance of newly acquired subsidiaries and investments, CUB director roles have evolved to taking on additional responsibilities.

Further, the financial stability of CUB has improved with a profit for the year to 30 June 2021 and projected future profits noting that the attraction and retention of high calibre Board members is important to the future success of CUB.

It is recommended members approve the director remuneration pool be reduced to \$317,000 per annum being an increase in the base level of individual directors from \$30,059 to \$37,500.

The pool at this level remains lower than the IoD recommendation of director fees for an organisation of the size and complexity of CUB.

In October 2021, two of your directors come to the end of their term, resulting in one vacancy for the Board of Directors. CUB sought and received nominations for this vacancy which resulted in one candidate who has met the regulatory requirements outlined in legislation, CUB Rules and the CUB Corporate Governance Policy (including the Fit and Proper Person Policy).

Janice Fredric was previously the Board Chair of Credit Union South and was transferred onto the CUB Board as part of the Transfer of Engagements in 2019.

As Janice is a current member of the Board and there are no other candidates for the vacancy, her reappointment does not require a resolution from members. Janice will be reappointed for a 3 year term at the October AGM.

Director appointments are subject to candidates meeting the ongoing requirements of the Fit and Proper Person Policy, including the Reserve Bank of New Zealand Suitability Notice requirements. The recommended candidate has met these requirements.

Information regarding the current Board of Directors is available on our website at [nzcubaywide.co.nz/info/governance/](http://nzcubaywide.co.nz/info/governance/)

*Chris Lord*

Chris Lord

Chair of the Directors Nominating Committee