

CHAIR'S SPEECH

BEYOND BANK AUSTRALIA ANNUAL GENERAL MEETING – 26 NOVEMBER 2013

Agenda Item 1 – Welcome

Good evening ladies and gentlemen. I'm Chris Doogan, Chairman of the Beyond Bank Australia Board. Welcome to the 2013 Annual General Meeting.

This is the first annual general meeting of Community CPS Australia Limited since it obtained bank designation earlier this year and commenced trading under the registered business name Beyond Bank Australia on the 1st of August this year.

I declare the meeting open and I call upon the Company Secretary, Mr Gianni Milani, to advise whether the meeting is properly constituted.

Thank you Mr Milani. Please advise the meeting of any apologies that have been received.

I now introduce the other Directors who are present. With me at the table is the Deputy Chair of the Board, Anne O'Donnell, and the Chair of the Board Audit Committee, Debbie Goodin.

Seated in the front row are:

- Steve Arndt;
- Geoff Knuckey;
- Jodie Leonard;
- Steve Nolis; and
- Heather Webster.

Also seated at the table are the Chief Executive Officer, Robert Keogh, the Deputy Chief Executive Officer, Wayne Matters – who is also our Chief Financial Officer, and the Company Secretary, Gianni Milani.

Seated with the Directors at the front of the room are our senior executives:

- John Lipkiewicz – General Manager Professional Services;
- Ray O'Brien – General Manager Distribution;
- Stuart Warwick – General Manager Digital Services;
- Peter Rutter – General Manager Community Development; and
- Katherine Stocco – General Manager Human Resources.

Our in-house legal counsel, Andrew Lee, is also present.

I welcome our auditors - Darren Ball and Neil Ediriweera from our external audit firm – KPMG.

Before proceeding further, as a matter of meeting formality, I call upon the Company Secretary to advise the meeting as to voting rights.

A copy of the agenda for this evening's meeting was made available on entry to the meeting and is identical to that contained in the notice of annual general meeting that was mailed to you in early October.

The minutes of the previous annual general meeting held on 27 November 2012 were approved by the Board and signed by me as the Chairman of that general meeting in accordance with the provisions of section 251A of the Corporations Act.

If anyone does not have a copy of the agenda or the minutes of the 2012 annual general meeting and would like to have a copy, please raise your hand and one of our attending staff will provide you with a copy.

Agenda Item 2 – Reports

The Corporations Act does not require the annual general meeting to vote to approve nor to adopt the financial report, nor the directors' report nor the auditor's report. The Act only requires that they be laid before the annual general meeting.

Ladies and gentlemen, we have a lot to get through tonight and there will be an opportunity for a question and answer session in Other Business at the end of the meeting. I ask, therefore, that you hold any questions you may have that arise from the address that I am about to give – and from the Directors Report – until then.

I will now briefly comment on some of the Company's highlights for 2012/13.

2012/13 has been a big year for all of us and by "us" I mean you the members here present tonight and every other member across the length and breadth of Australia as well as those who live and work overseas.

Since 1 July 2012 we have:

- changed our status from a credit union to a bank;
- obtained a Standard and Poor's international credit rating;
- negotiated another successful merger;
- introduced a new product – motor vehicle leasing;
- adopted a new trading name – Beyond Bank Australia;
- reduced our operating costs as a percentage of our income;
- reduced fees for services provided to members; and
- we have continued to grow and achieved a before tax profit of \$32.2 million and an after tax profit of \$23.2 million in a time where there is still a degree of global uncertainty, a lingering lack of confidence and consequentially a conservative approach is being taken in relation to both personal and business financial affairs by a majority of people.

BANK

A number of members have asked me why, after 50 years we decided to change from being a credit union to being a bank.

The first thing I have said is that the decision to change to a bank was not taken lightly: it was done after a great deal of market research; after consultation with our regulator, the Australian Prudential Regulation Authority (APRA); after careful analysis of the trends in lending as between the big four major banks and the mutual sector made up of credit unions,

building societies, friendly societies and mutual banks; and, most importantly, after member research and consultation across the country using independent specialist firms.

With the full support of the CEO, the senior executive team and staff, the Board made the unanimous decision to change to a bank principally for the following four reasons:

1. to achieve broader market appeal by acknowledging that banks are seen to be safer and more secure.

This is wrong. In fact banks, credit unions, building societies and the like are all subject to the same legislation, the same rules and the same government guarantees – but the perception of banks as stronger and safer than credit unions has proved almost impossible to shift after trying for many years.

2. to maintain awareness and relevance and especially to ensure generational shifts having regard to credit union demographics.

By this I am referring to the fact that the membership profile is skewed towards older members who will ultimately no longer be members. To survive, we need to have a growing pool of new, younger members. The research clearly demonstrates that the Gen X and Gen Y - and presumably the coming Gen Z - members of the community simply do not know much – if anything – about credit unions but they fully understand banks.

3. to achieve the best of both worlds

by keeping what credit unions are known for – low fees, using profits exclusively for the benefit of members, excellent customer care and, community service – and adding the community perception of banks in terms of strength, security and financial expertise.

4. to make mutuality a competitive advantage for us in the banking world.

We believe that our co-operative model in which all the member-customers own the bank will give us that advantage; and we are supported in this view by the fact that member research in all the markets we operate in across the country resulted in an average 81% approval for what we have done.

The vast majority of feedback we have received from members has been very positive. You can literally count on the fingers of one hand the number of members who told us they were opposed to becoming bank - and the reason given was mainly a view that it was an excuse to increase directors' fees and the CEO's salary. There is absolutely no truth in this cynical view – as will become apparent later in the address.

INTERNATIONAL CREDIT RATING

Concurrent with changing to a bank we freely opened our books and records to Standard and Poor's in order to gain an international credit rating. We gained a rating of BBB + which is the highest rating a bank of our size could obtain. To put this in perspective, this is relatively close to the big four banks and there is no mutually owned bank in Australia with a higher credit rating. Why did we do it? Two reasons: first, it is another measure of our stability, safety and security; and, secondly, it opens up new avenues of business. Most governments - federal, state and local – as well as many of the major charities and not-for-profit organizations are prevented by either legislation, their constitution or internal policy from investing in or doing business with financial institutions that do not have a formal credit

rating. This impediment is now removed so far as Beyond Bank Australia – or BBA as I expect it will become known over time – is concerned.

MERGER

I turn now to the issue of mergers. As I have mentioned in previous years, the bank's strategy is to build a diversified business through geographic spread and the provision of a variety of financial services.

On 1 July this year Alliance One Credit Union - based in Whyalla, South Australia - merged with Beyond Bank Australia. That merger has contributed a further \$233 million to our balance sheet and has increased our members by 16,000, our staff by 53 and our branch network to just on 50 across Australia, enabling us to better compete in a challenging financial market for the benefit of all members.

NEW PRODUCT

In response to assessed market demand and research among members, we have been working for some time now on the introduction of leasing to the range of competitive products we offer. We have begun with motor vehicle leasing – specifically novated motor vehicle leasing - which is important for our tens of thousands of public sector members across the country. In due course, we hope to expand into other forms of equipment leasing such as mining equipment given our large membership in mining regions and local council equipment – road graders, garbage and recycle trucks and the like – now that we have a formal credit rating and consequently access to government bodies previously denied to us.

NEW TRADING NAME

Effective from 1 August 2013, Community CPS Australia commenced trading as Beyond Bank Australia. There has been no shortage of questions asking how we came up with the name. The short answer is market research. The longer answer can be summarized by saying that over nearly twelve months many names were suggested and most fell by the wayside for one of two reasons: either they were held unused by other organizations who refused to allow their use or they were available but somewhere around the world they had been used and were associated, directly or indirectly, with a failed financial institution and thus had too much “baggage”. In the end, the Board and the executive team relied on advice from external marketing experts. And importantly, the staff liked the new name!

FEES

I mentioned in my address last year that an extensive review of our fees and charges had been undertaken and that a new fee regime would be launched in 2013.

We want our members to enjoy the best in banking products and services without incurring any unnecessary costs

The new fees and charges structure was implemented on 1 January this year to make them simpler, easier to understand and to assist our members to bank “fee free”.

Our fees & charges review will deliver savings to members in the order of \$1.8 million per year.

COMMUNITY

I turn now to Community activities.

Our community pillars are based on protecting the environment, supporting education and helping to improve and create a healthy society for our members and staff. Since our community program commenced in 2007 with the establishment of our Foundation, we have provided more than \$8m in funding to communities throughout Australia. Strong communities are critical to our future success and we will continue to play our part.

Each year we distribute 2.5% of our net profit after tax into the Foundation to facilitate the distribution of funds to worthwhile causes in the communities in which we operate. In 2012/13 we provided the best part of \$2 million to local communities through the Foundation, sponsorships, fundraising events and donations.

Over the last twelve months the Community Reward Account has provided funds to 290 not-for-profit organizations across Australia.

The Annual Report at pages 76 – 87 has an extensive analysis of the work we do in strengthening our communities.

GOVERNANCE

The Board and the senior executive team work hard to instil a values-based approach so that our business will prosper; and in order to create and return value to members.

To be one of the best performing mutual banks in the country does not happen by chance. It happens through the loyalty, dedication, hard work and professionalism of the Executive Team together with every member of our staff in nearly 50 branches in New South Wales, South Australia, Western Australia and the Australian Capital Territory.

We are very fortunate to have an Executive Team comprised of highly capable, well-qualified and experienced executives. For those of you who have not yet read their abbreviated biographies at pages 14 and 15 of the Annual Report, I encourage you do so. You will see that we have an enviable line-up of talented people looking after your financial affairs.

And to our almost 600 members of staff I say on behalf of the Board, the CEO, the executive team and all the Managers:

“thank you all for a job well done, for the mighty effort you put in day after day for the benefit of our members and for the great job you have done this year in taking us into the new era as a bank and a real alternative to the big four major banks”.

The 2012/13 financial year has been a very successful one. This is due in no small measure to the constant and expert attention to the business by our CEO, Robert Keogh and I take the opportunity to repeat what I said last year about Robert because it bears repeating. He is highly regarded by staff and peers alike; and is widely known in the mutual sector for his expertise, hard work and commitment, not just for the benefit of our organisation but also for the benefit of the mutual sector and the wider community – not least by quietly lending a helping hand to smaller mutuals when they ask for help.

As Chairman of the Board, it has always been a pleasure to work with Robert due in large measure to our mutual respect and the fact that we are both always able to have full and

frank business exchanges in a calm and professional manner. The bank is fortunate to have him as CEO.

Financial Performance

I turn now to the bank’s financial performance. The Chair of the Board Audit Committee, Debbie Goodin, will take you through our financial results in detail shortly in the Financial Report and Auditors Report.

For the moment I will simply mention some of the highlights for 2012/13.

Beyond Bank Australia is one of the largest, most respected and best performing mutual banks in Australia. In round figures, it has 200,000 members, 600 employees, assets under management of \$4 billion and 50 branches spread across the country.

As I mentioned earlier, I am pleased to report that Beyond Bank Australia posted a very strong result for the financial year 2012/13 – a pre-tax profit of \$32.2 million and an after tax profit of \$23.2 million.

Each year the Board sets specific financial performance objectives having regard to the prevailing business climate and having regard to what is realistically possible. Again this year, we have not only met but exceeded our financial objectives.

Recently, when reflecting on the change from a South Australian based credit union to a nationally based mutual bank, I thought members would find it interesting to compare a few of the basics then and now, that is, at 30 June 2005 before the first of the major mergers and at 30 June 2013 after a series of mergers:

	30/06/2005	30/06/2013
Total income	\$78.3 million	\$245.2 million
Total Assets	\$895 million	\$3.8 billion
Total Deposits	\$786 million	\$3.05 billion
Total Loans	\$797 million	\$3.3 billion
Total Reserves	\$65.2 million	\$315.2 million
Net profit before tax	\$9.6 million	\$32.2 million
Net profit after tax	\$6.6 million	\$23.2 million
Capital Adequacy	12.2%	16.3%
Cost/Income	75.73%	70.63%

So ladies and gentlemen, the figures on the slide speak for themselves. The path we have followed without deviation has been one of inherent generic growth combined with strategic mergers along the way that add to the strength and security of what is now our bank – the most recent merger being the one to which I earlier referred, the merger with Alliance One Credit Union which since 1 July has added to the figures on the slide – most notably a further \$233 million has been added to our balance sheet.

Our growth continues to be driven by an intense commitment to deliver tangible value back to our members and our focus continues always to be on finding the best solutions and services for those who entrust us with their financial affairs.

For example, we have maintained our interest rates at very competitive levels. By way of illustration, the standard variable interest rate on our housing loan has been maintained at a level lower than the major banks throughout the year and our deposit rates have been competitive.

Our research using Cannex and other independent research organisations has indicated that members of Beyond Bank Australia are better off compared to the major banks to the tune of \$26 million or \$142 per member.

The Year Ahead

So, with another very successful and busy year behind us, what lies ahead over the next year?

Essentially the Board and the executive team will be concentrating on four inter-related themes over the next twelve months.

First, further refinement and modernization of our business. This means continuing our investment in new technologies, digital banking services and new branch design together with a full review of products and services on offer and additional member benefits.

Second, continuing to increase the awareness and benefits of the new Beyond Bank Australia brand.

Third, looking for expansion opportunities in other growing markets to further diversify our business. This will be particularly relevant along the eastern seaboard.

And fourth, continued staff development to better equip them to serve our members in the digital and knowledge age.

We expect that the prevailing economic and competitive conditions will create further opportunities for mergers and acquisitions in the banking and wealth management arms of our business.

On a local level, for Adelaide members here tonight you will be interested to know that we are working on establishment of a new branch in Norwood. There will be more to come on this at a later date. For those of you who would like a view of what the future branch will look like, I invite you to visit our refurbished branch at West Lakes – you will be surprised.

I now move to the Directors' Report that is covered on pages 22 and 23 of the Annual Report.

At this time, I mention that I will be voluntarily retiring today from the Board at the end of this AGM. I do so in the knowledge that there is a highly professional Board in place to continue the excellent work that has led to today's banking status; and also with the knowledge that my replacement as Chair of the Board has exceptional credentials to seamlessly take over as Chair following a unanimous decision of the Board in her favour.

I speak of the current Deputy Chair, Anne O'Donnell. Anne has had a stellar career in banking, finance and investment, including having been the CEO of an ASX listed company, a public company director on several Boards, the ACT President of the Australian Institute of Company Directors and a member of the AICD national Board along with a host of other achievements. Our research indicates that Anne will be the first woman to Chair a bank Board other than in an advisory capacity. I look forward to watching the next phase of

Beyond Bank's development with great interest under Anne's very capable and professional leadership.

When considering the vacancy of Deputy Chair arising from Ms O'Donnell's elevation, the Board unanimously appointed Mr Steven Nolis to the position. Steve is well qualified to take on the role. He is currently the Chair of the Board's Governance and Remuneration Committee, is an experienced director, has an excellent banking background – including 14 years at the Reserve Bank – and is the General Manager of a prominent law firm headquartered here in Adelaide.

After public advertisement and a merits-based selection process, the director vacancy created by my retirement will be filled by the appointment of Ms Sam Andersen who will take up her role at the end of this meeting. Sam is with us today sitting at the front of the room with other Board members.

Sam is a highly experienced company director with dual qualifications in law and accounting, a broad business background as in-house legal counsel, as an accountant, as a senior banking executive and as a CEO. She will be an asset to the Beyond Bank Board.

As an observation, and with the benefit of hindsight after 27 years as a company director – including as Chair of several company Boards – the Community CPS, now Beyond Bank, Board is the best performing Board of which I have ever been a member.

This is due in no small measure to the fact that it is a skills-based Board and that the individual directors measure up to the four "Cs" – they are each collaborative, collegiate, co-operative and cohesive. This all adds up to a high performing Board.

Before handing over to Director Goodin, there just three more things I wish to mention.

First, there has been much discussion in the press and elsewhere of late about the need for gender equity on company Boards and the possibility of imposing quotas to achieve it. Some eight years when the major merger of CPS SA and CPS ACT took place, the inaugural Board was made up of 50% women, 50% men. It remains the same today.

From tomorrow the Board will have a majority of women as directors – perhaps the first public company Board in Australia to have such a composition. This has not resulted from any quota consideration. Rather it has arisen from adopting a skills-based and merit-based approach to public recruitment with the best candidates being chosen – the last three respectively being Debbie Goodin, Jodie Leonard and Sam Andersen.

Second, I mentioned earlier that a few cynical members have opined that the main reason for conversion to a bank was to increase the CEO salary and the directors' fees. There is absolutely no truth in this whatsoever. As indicated at page 21 of the Annual Report, the directors' fees are independently reviewed externally on an annual basis – by the Hay Group who are specialists in this field and who also review the salaries of the CEO, the senior executive team and all of the staff. With effect from 1 July 2013, the Hay Group recommendation was that a 4% increase would bring everyone – directors, CEO, executives and staff – up to the industry level. This recommendation was accepted with the result that the base level director' fee is \$58,334 with a loading for additional workload such as Chairing a Board Committee. By any reasonable comparison, this amount cannot be said to be excessive.

Thirdly and lastly, I take this opportunity to publicly thank my colleagues around the Board table for their wonderful camaraderie, their expert assistance, their loyalty and their cabinet solidarity.

I make special mention of our Company Secretary and Head of Governance & Assurance, Gianni Milani, who through his specialist knowledge and experience keeps the Board on the straight and narrow - ensuring that we never waver from the required APRA Prudential Standards, rules and policies. His expertise has made it a pleasure for me to work with him over the last 7 years. I shall miss his “quiet achiever” approach to his work and life in general, his always-friendly demeanour and his good humour.

In her capacity as Chair of the Board Audit Committee, I now invite Director Goodin to present the Financial Report and Auditor’s Report.

Thank you Chris. It is my pleasure to present in further detail the financial results for Beyond Bank Australia for the financial year ended 30 June 2013

Beyond Bank Net Profit after Tax

- Net profit after tax was down 17.8% on the previous year to \$23.184m. This reduced profit is due largely to:
 - reduced member fees and charges for the six months of the financial year from 1 January 2013; and
 - The expenditure incurred in our investment in strategic projects so that BBA operates more efficiently in the future and provides comprehensive and contemporary banking services to its members. An example of these projects includes our new website and the rebranding to BBA.
- Underlying profit result, by excluding one-off abnormal items improved the marginally to \$23.175m which is a decrease of 12.3% from the previous year. An example of abnormal items include special dividend income and impairment adjustments for goodwill, land and buildings.
- For every 0.25% reduction in interest rates, the negative impact on BBA’s profit is in the order of \$900,000 over 12 months.

Beyond Bank Profit Reconciliation

- As advised in the last slide underlying net profit after tax of BBA was \$23.175m which is down 12.3% from \$26.597m in the previous year.
- We thought it would be useful to illustrate the reduction in the net profit after tax for underlying net profit of approximately \$3m in this slide.
- It is important to note that in 2012, the reported profit was inflated by a profit on sale of our ATM fleet by \$1.6m.
- In addition in 2013, our non-interest income was \$1.5m lower, substantially due to the reduction in our member fees and charges from January 2013 where we’ve returned additional value to members.
- Also in 2013 expenses were \$3.0m higher than 2012; of this, \$2.4m is attributable to general inflationary increases and \$0.4m on development to year end of our new website.
- Net interest income grew only 1.9% due to falling interest rates and subdued loan demand.

Beyond Bank Capital Adequacy

- Capital adequacy ratio is key measure used by the Australian Prudential Regulation Authority (or better known as APRA) to measure and monitor the prudential strength of BBA and other banks and represents total capital over risk-adjusted assets.
- In 2013 BBA’s capital adequacy increased slightly from the previous year to 16.18%

- It is important to note that BBA's capital adequacy is more than double the minimum 8% regulatory requirement of APRA.
- This should give members further assurance over the prudential strength of BBA.

Beyond Advice Profit

- This slide shows the financial performance of Beyond Advice which until recently has been called the Eastwoods Group.
- Eastwoods is fully owned businesses of BBA that provide wealth management, accounting and taxation services.
- You will see from the slide that net profit after tax (i.e. the purple column) reports a loss of \$154,000 in the financial year. This loss was predominately caused by a write down of goodwill in the company's balance sheet of \$400,000. This goodwill related to the historical acquisition of the Eastwoods tax and accounting businesses.
- Had the write-down of goodwill not have occurred the underlying profit for Beyond Advice was \$293,000, up 6.5% on 2012.

Beyond Bank Operating Expenses / Net Operating Income

- This slide reflects the total costs of operating BBA as a percentage of total income generated - and so lower is better.
- You will see that our efficiency ratio is higher at 71% than previous year. These higher costs are due to our investment in strategic projects during 2013 as reported earlier.
- Importantly, the Beyond Bank ratio, at 71% compares very favourably against the credit union industry average of around 77%.
- Our medium term goal is to see this ratio reduce towards 60% over the coming 2-3 years when the business benefits from the investment in strategic projects are being realized.

Beyond Bank Loans Under Management

- Loans under management increased by 4.4% from the previous year to \$3.312bn.
- These growth rates are pleasing when taking into consideration the current low growth credit environment.
- The growth has been driven by new lending of \$640m and strong portfolio retention.
- It is pleasing to note that BBA's standard variable interest rate during the year was lower than the standard variable interest rate of the big 4 banks.

Beyond Bank Credit Risk – Loan Arrears Ratio

- This credit risk loan arrears ratio represents loans in arrears greater than 30 days as a portion of the total loan portfolio – that is an indication of our loan portfolio collection risk.
- After a spike in 2011 in mortgage loan arrears, we are pleased to report that the credit quality of our loan book has stabilised at more “normal” levels of around 0.5% consistent with the previous year.
- It is important to note that the average 30 day arrears level for Australian lenders is nearly 3 times higher than Beyond Bank.

Beyond Bank – Deposits

- BBA's Deposit portfolio grew 3.3% to \$3.053bn over 2012/13.
- The growth in the deposit portfolio is a reflection of cautious consumers continue preferring deposits over share and property investments.

- There has been strong competition for deposits, especially from the big banks which has kept deposit interest rates relatively high despite Reserve Bank cuts to the official rate.

Beyond Bank Profit Expectations

- BBA is forecasting an increase in the 2013/14 net profit after tax expected.
- We will continue to invest in our strategic plans so as to ensure that BBA provides an efficient and contemporary service to members thereby improving members experiences over coming years'

[End of Director Goodin's presentation]

During the financial year we had two Directors retire from office – one in March 2013 and one in June 2013.

On 22 March of this year Cathy Nance retired as a Director. She was formerly a Director of United Credit Union Limited in Western Australia prior to its merger with Community CPS Australia Limited in 2008.

Cathy, an Actuary by profession, also served at various times as a:

- Director of the corporate Trustee of our Foundation, Community CPS Foundation Limited (now Beyond Bank Australia Foundation Limited) before her retirement; and
- as a member of the Board Audit Committee.

On 30 June of this year Peter Gogarty retired as a Director. He was formerly the Chair of Companion Credit Union Limited in the New South Wales Hunter Valley and helped to facilitate the successful merger with Community CPS Australia in January 2010.

Peter also served at various times as a:

- Director and Chair of the corporate Trustee of our Foundation, Community CPS Foundation Limited;
- as a member of the Board Risk Committee; and
- as a member of the Board Remuneration and Governance Committee.

I take this opportunity to publicly thank Cathy and Peter for their years of dedicated service to the Company and for the considerable valued skills they brought to Board for the benefit of all members.

Following a competitive, merit and skill-based public selection process, The Board appointed Ms Jodie Leonard to fill the vacancy arising from Cathy Nance's retirement. Jodie has substantial experience in senior marketing and strategy roles across multiple industries including, finance, media, travel, and telecommunications and packaged goods working across Australia, New York the United States, Asia and the UK. She brings a wealth of relevant marketing knowledge and experience to the Board at a time when the organization is rapidly moving into the digital age. Ms Leonard took up her appointment in April 2013.

The vacancy created by Peter Gogarty's resignation from the Board was filled with effect from 1 July 2013 by Stephen Arndt, the Chairman of the Board of our merger partner Alliance One Credit Union. Apart from his experience as a director and Chairman of Alliance One, Mr Arndt has valuable experience in the mining sector, has been a university lecturer in business and the CEO of the Whyalla Economic Development Board. I will mention more about Mr Arndt later in the meeting as he is the subject of Agenda item 4.

This year there were 6 candidates for the three vacancies on the Beyond Bank Australia Board. It was therefore necessary to hold a ballot.

The 6 candidates were comprised of three serving directors – Geoff Knuckey, Steve Nolis, and Heather Webster – and 3 other members, Margaret Patrick (Carmody), Christina Ryan and Geoffrey Parnell.

Following the process set out in the Constitution, all 6 of the candidates were determined to be “fit and proper” within the meaning of the applicable Australian Prudential Regulation Authority Prudential Standard 520, the Beyond Bank Australia Constitution and the related Beyond Bank Australia policy and criteria.

As provided for in the Constitution, the Board determined that the ballot be conducted electronically and via postal ballot. Computershare was appointed to independently conduct the electronic and postal ballot. Computershare is a share registry company and an independent and impartial voting management service provider. Beyond Bank Australia personnel did not have any access to voting details during the conduct of the ballot.

In accordance with the requirements of the Beyond Bank Australia Constitution I now call on the Company Secretary to announce the results of the ballot.

Mr Chairman, as you mentioned, it is a requirement of the Community CPS Constitution that the Secretary must announce the results of the ballot at the next AGM.

Votes cast for each candidate

The number of votes cast for each candidate is as follows (ballot paper order):

- 1. Geoffrey Knuckey: 3,268
- 2. Margaret Patrick (Carmody): 2,608
- 3. Heather Webster: 3,519
- 4. Steve Nolis: 3,548
- 5. Christina Ryan: 2,340
- 6. Geoffrey Parnell: 1,315

This means that the 3 successful candidates were:

- 1. Steve Nolis;
- 2. Heather Webster; and
- 3. Geoffrey Knuckey.

Ladies and Gentlemen, I congratulate Heather Webster, Steve Nolis, and Geoff Knuckey on their re-appointment to the Beyond Bank Australia Board.

In relation to the resolutions to be put to the vote at this meeting I hereby demand that a poll be conducted rather than they be decided on a show of hands. This will permit the proxies to vote on the resolutions because as the Company Secretary previously stated, proxies do not have a right to vote on a show of hands.

Before the meeting votes on the resolutions contained in the notice of the AGM, the Company’s Constitution requires me to inform the meeting of certain information about the proxy documents which the Company has received in relation to this meeting.

I ask the Company Secretary, Mr Milani to provide that information and to provide instructions on the voting process.

Mr Chairman, it is a requirement of the Beyond Bank Constitution that the meeting be informed of certain proxy information before the meeting votes on the resolutions.

I inform the meeting that Beyond Bank has received **1,066** proxy documents that validly appoint a person present at this meeting as a proxy.

Resolution 1: Appointment of a Director

854 of those proxy documents direct the proxy how to vote on the resolutions. Of these:

- **797 (76.4%)** direct the proxy to vote for the resolution;
- **57** direct the proxy to vote against the resolution.

189 of those proxy documents were undirected. **185** of these proxy documents appointed the Chair of this meeting as their proxy.

There were **23** abstentions.

Resolution 2: Proposed amendments to the Constitution due to bank designation

856 of those proxy documents direct the proxy how to vote on the resolutions. Of these:

- **823 (78.2%)** direct the proxy to vote for the resolution;
- **33** direct the proxy to vote against the resolution.

197 of those proxy documents were undirected. **193** of these proxy documents appointed the Chair of this meeting as their proxy.

There were **13** abstentions.

Resolution 3: Other proposed amendments to the Constitution

853 of those proxy documents direct the proxy how to vote on the resolutions. Of these:

- **795 (75.7%)** direct the proxy to vote for the resolution;
- **58** direct the proxy to vote against the resolution.

197 of those proxy documents were undirected. **192** of these proxy documents appointed the Chair of this meeting as their proxy.

There were **16** abstentions.

Chair of this meeting appointed as proxy

Members were clearly advised on the proxy form that if they appointed the Chair of this meeting as their proxy, and did not give a specific direction in relation to the resolution, the Chair intended to exercise their proxy vote in favour of the resolution.

Agenda Item 4 – Appointment of a Director: Resolution 1

As I mentioned earlier, Director Steven Arndt was the Chairman of Alliance One immediately prior to its merger with Beyond Bank Australia. The certificate of transfer in relation to the merger of Alliance One and Beyond Bank Australia came into force on 1 July 2013. When that occurred Steven Arndt was deemed to be an elected Director of Beyond Bank Australia whose term of office started from that time and ends at the end of the 2015 Beyond Bank Australia AGM. However in accordance with the certificate of transfer, Steven Arndt will cease to be an elected Director at the end of this AGM unless his appointment as an elected Director for the further 2 years is ratified by a separate ordinary resolution of members at this AGM.

I invite Director O'Donnell to put the resolution in relation to the ratification of Steven Arndt's appointment as an elected Director from the end of the 2013 AGM until the end of the 2015 AGM.

Resolution to be put:

“That Steven Arndt's appointment as an elected Director of Beyond Bank Australia from the end of the 2013 AGM until the end of the 2015 AGM be ratified.”

I invite questions on the resolution that has been put.

I now ask you to mark your poll paper in relation to the resolution that has been put to the meeting.

Under the Corporations Act a special resolution is required to amend the Constitution. Accordingly I remind you that to be passed, at least 75% of the votes cast by members, either in person or by proxy, entitled to vote on the resolution at this meeting must be in favour.

Agenda Item 5 – Proposed amendments to the Constitution: Resolution 2 (Chair)

Community CPS Australia ('Community CPS') has for many years been an unlisted public company.

Earlier this year the Australian Prudential Regulation Authority ('APRA') gave approval to Community CPS to use the word 'bank' in its name. Effective 1 August 2013 Community CPS commenced trading as Beyond Bank Australia.

A consequence of APRA's approval for Community CPS to use the word 'bank' in its name is that the term 'credit union' can no longer be used. Accordingly we must replace references to 'credit union' in the Company's Constitution with the more generic references to 'company'.

I invite Director Nolis to put the resolution in relation to this proposed amendment to the Constitution of Beyond Bank Australia.

Resolution to be put:

“That the Constitution of Beyond Bank Australia be hereby amended as set out in Explanatory Note 2 on the Item of Business section of the Notice convening the meeting.”

I invite questions on the resolution that has been put.

I now ask you to mark your poll paper in relation to the resolution that has been put to the meeting.

Agenda Item 6 – Other proposed amendments to the Constitution; Resolution 3 (Chair)

It is proposed that the Beyond Bank Australia Constitution be amended as outlined in points 1 to 18 of Explanatory Note 3 of the Notice of AGM. The reason/s for the proposed amendments were summarised under each proposed amendment and I take them as read.

I invite Director Nolis to put the resolution in relation to these proposed amendments to the Constitution of Beyond Bank Australia.

Resolution to be put:
“That the Constitution of Beyond Bank Australia be hereby amended as set out in Explanatory Note 3 on the Item of Business section of the Notice convening the meeting.”

I invite questions on the resolution that has been put.

I now ask you to mark your poll paper in relation to the resolution that has been put to the meeting.

When you have all voted staff will collect the poll papers for the counting of your votes.

Does anyone have any questions that are relevant to the AGM?

The counting of votes cast has been completed and I reconvene the meeting.

The results of the voting for the resolutions are as follows:

Resolution # 1

“That Steven Arndt’s appointment as an elected director of Beyond Bank Australia from the end of the 2013 AGM until the end of the 2015 AGM be ratified.”

Votes ‘For’: 1,040
Votes ‘Against’: 49

This means that 95% of the votes were ‘For’ the resolution and hence the resolution is passed.

Resolution # 2

“That the Constitution of Beyond Bank Australia be hereby amended as set out in Explanatory Note 2 on the Item of Business section of the Notice convening the meeting.”

Votes ‘For’: 1,070
Votes ‘Against’: 72

This means that 94% of the votes were 'For' the resolution and hence the resolution is passed.

Resolution # 3

"That the Constitution of Beyond Bank Australia be hereby amended as set out in Explanatory Note 3 on the Item of Business section of the Notice convening the meeting.

Votes 'For': 1,037
Votes 'Against': 67

This means that 94% of the votes were 'For' the resolution and hence the resolution is passed.

Before I draw the meeting to a close are there any other questions that members would like to raise arising from my earlier Chairman's Address and Directors Report?

As that concludes the business of the meeting I declare the 2013 Annual General Meeting closed.

Thank you for your attendance.

Please join the Directors and staff for some light refreshments.