



Credit unions look to unite

Dear **Member**,

The Board of NZCU Steelsands has been in discussions to join forces with four other New Zealand owned credit unions to merge into one single credit union. The Board now recommends members support the unification via Transfer of Engagements of NZCU Steelsands, NZCU South, NZCU Central and Aotearoa Credit Union to NZCU Baywide. This proposed merger will create scale efficiencies allowing us to better serve you, our member-owners. As a result, your credit union will have approximately \$600m in assets, serving around 70,000 New Zealanders with close to 280 staff.

Our goal has always been to help everyday Kiwis achieve their financial goals. This united approach will position us as a more competitive banking alternative that is 100% customer and Kiwi owned. It allows your credit union to provide improved solutions to assist even more New Zealanders to achieve their goals. Credit unions have been an important part of the New Zealand financial sector for over 50 years. This merger is a commitment to preserving the co-operative principles at the core of the credit union movement.

As owners of NZCU Steelsands, we encourage you to be involved in this process and carefully read the enclosed information. We urge you to make an informed decision as to whether you believe in and support our vision of creating New Zealand's largest credit union that will ensure a stronger, more sustainable organisation for the future.

All member-owners are invited to attend our upcoming Special Meeting in March, where we will discuss the detail of the proposed transfer of engagements followed by a member vote. This will allow you an opportunity to interact with your Board, management team and staff.

We truly value your business, ongoing support and loyalty as a member-owner of NZCU Steelsands. Please feel free to contact us directly at any time if you have a question regarding any aspect of the proposed transfer of engagements, you're also welcome to send Bruce a private email to NZSAKL.CreditUnion@bluescopesteel.com

Kind regards

Slavica Marsic
Board Chair

Bruce Ross
General Manager

Talk to us **09 375 8868**

NZCU Steelsands is proud to be a credit union and not a registered bank.



Proposal to Transfer Engagements to NZCU Baywide

Introduction

The Board of Directors of each of NZCU South, NZCU Central, NZCU Steelsands, Aotearoa Credit Union and NZCU Baywide recommend the merger of five credit unions to create one single credit union. The members of each credit union are being asked to approve the Transfers of Engagements to create one merged entity.

Our recommendation

The Board of NZCU Steelsands recommends that the members of NZCU Steelsands approve the Transfer of Engagements to NZCU Baywide, subject to the approval of NZCU Baywide members and Board of Directors. Please refer to the enclosed Notice of Special Meeting and Proxy Form for more important information.

What does this mean for you?

- This is a positive and exciting move for our organisation and our member-owners
- It will result in a stronger merged credit union that will benefit all member-owners
- Potential for better savings, investment and lending rates and fees
- Scale (size) efficiencies allowing us to better serve you, our member-owners
- Board appointments will be made that include representation from each merging credit union

What do we need from you?

Vote yes.

We ask you to believe in and support our vision of creating New Zealand's largest credit union that will ensure a stronger, more sustainable organisation for the future. As a member-owner we need your vote to support this exciting initiative and to proceed. We invite you to attend the upcoming Special Meeting or provide your vote by way of Proxy or Postal Voting (see enclosed Notice of Special Meeting attached forms).

Why are we doing it?

The formation of a larger, more resilient credit union into the future, will create increased opportunities to deliver improved products and services, and ensure credit unions remain as a sustainable and viable alternative within the New Zealand financial services market. All five credit unions have a collective vision to continue to develop a strong, competitive and sustainable sector that delivers on its purpose of 'people helping people' across New Zealand.

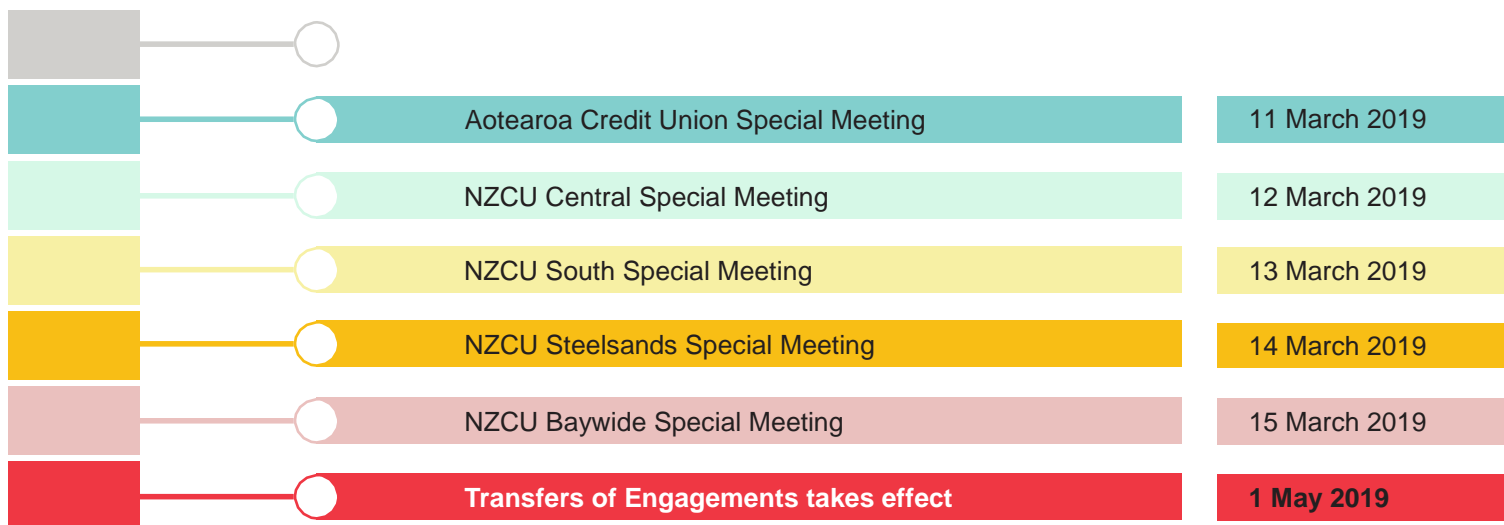
What are the benefits?

- Scale to deliver efficiencies, better pricing for savings, lending rates and competitive fees
- Leveraging strength and capabilities of all merging credit unions
- Access to resources for delivering better member-owner experiences
- Wider geographic reach and presence providing easy access across New Zealand for members
- Greater opportunities to invest in and leverage technology and increase our digital presence, whilst improving member access and experience
- One-off change management costs are projected to be offset by future financial efficiencies
- Cost savings and subsequent financial benefits are projected for members of the combined entity in future years
- Regulatory compliance costs will be minimalised and risks mitigated through the single larger entity

If approved, how will the transfers and changes occur?

- All assets, liabilities and undertakings will be transferred from the four transferring credit unions to NZCU Baywide
- Refer to enclosed Notice of Special Meeting for more information

Proposed process and timeline



Additional Information

1. Why are you proposing to merge all five credit unions?

All five credit unions have a collective vision to continue to develop a strong, competitive and sustainable sector that delivers on its core purpose of 'people helping people' across New Zealand.

The scale of a larger, stronger credit union is intended to create efficiencies to deliver better pricing for savings and lending rates, competitive fees and enable us to invest in technology to improve services and provide wider access to capital for the benefit of our member-owners.

In an increasingly competitive sector, we believe our united approach will provide a competitive banking alternative that is 100% customer and Kiwi owned.

The merged credit union will become the largest New Zealand credit union and approximately the 8th largest Non-Bank Deposit Taker in New Zealand.

2. As member-owners do we have a choice?

Yes, you can vote on this at the Special Meeting.

To proceed with the merger we require for at least 75% of the votes, cast in person or by proxy at the Special Meeting, to be in favour of the Transfers of Engagements.

3. What happens if we vote against the Transfers of Engagements?

To proceed with the merger we require at least 75% of the votes, cast in person or by proxy at the Special Meeting, to be in favour of the Transfers of Engagements. If less than 75% of the votes are in favour of the merger then the transfer will not proceed.

Small financial entities find it difficult to compete due to relatively higher costs to meet and deliver services and in recent years the increased cost of compliance. This is shown by the number of credit unions in New Zealand reducing from seventy 20 years ago, to thirty 10 years ago and just twelve remaining today.

The Board and management agree and support that merging the five credit unions will provide a stronger more sustainable credit union and sector within the New Zealand market.

For more information and a full list of FAQs please visit <https://nzcusteelsands.co.nz/>

Additional Information

4. What happens if members vote in favour of the Transfers of Engagements?

If the members vote in favour, the Board of NZCU Baywide will consider the resolutions from each of the transferring credit unions, in accordance with the regulations. There are further legal procedures to be undertaken including approval to be sought from the NZCU Baywide Board, the Supervisor and the Registrar of Friendly Societies and Credit Unions.

Following the approval of transfers by members and the NZCU Baywide Board, a mandatory six week period to allow for objections is required under the Friendly Societies and Credit Unions Act 1982.

5. What resolutions are required to be approved by members to enable the Transfers of Engagements to proceed?

To enable the transfers to proceed, the Board is seeking member approval for the transfer of engagements to Credit Union Baywide.

Refer to the Notice of Special Meeting and Proxy Form for further important information.

6. What happens if the other credit union's members vote against the transfer?

If any of the transferring credit unions withdraw from the transfer, due to their members voting against the transfer or otherwise, the remaining transferring credit unions may still proceed to transfer their engagements to NZCU Baywide.

Therefore it is possible that NZCU Baywide may accept the Transfer of Engagements from only some of the transferring credit unions.

7. Will there be changes to how I bank with you?

No, there will be no immediate changes with your day-to-day dealings with us and our products and services. Your loans and investments will continue to be managed the same way. As we complete our review of products and services to enhance our offering, you may be notified of some changes in the future.

For more information and a full list of FAQs please visit <https://nzcusteelsands.co.nz>

Please feel free to contact us if you have any questions. You can visit our website for more details, pop into your local branch, call our friendly team or send us an email. We're here to keep you informed and updated all the way.

Call **09 375 8868**

Email **NZSAKL.CreditUnion@bluescopesteel.com**

Visit **<https://nzcusteelsands.co.nz>**

Thank you for your continued loyalty and support!