



We're better together

What benefits can Macquarie Credit Union members expect from the proposed merger with Regional Australia Bank?



We're Proudly Regional

Regional Australia Bank is proud to call regional Australia our home, and particularly proud of our commitment to the central western region of New South Wales. We're committed to Face-to-Face Banking. Both organisations are people focused and share a commitment to maintaining and evolving our face-to-face services.



We're Here

We keep our offices and call centres local. We have a number of offices and call centres, all based in regional NSW. With head offices in Armidale and Port Macquarie, and multiple regional call centre reaching Coffs Harbour, Tamworth, Newcastle and Dubbo, as well as our branch network, we've proudly created more than 250 jobs for people from regional NSW.



We're Supporting Our Community

A community focus is one of our shared strengths. In addition to continuing traditional event sponsorships, Regional Australia Bank committed over \$3.75m to not for profit organisations in regional Australia last financial year.

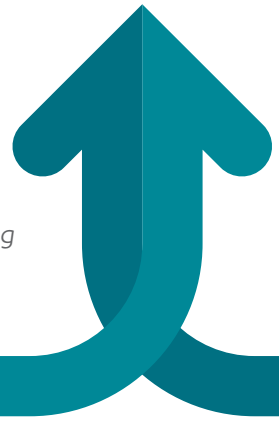


Stronger Capital, Stronger Future

Together we're better equipped to support the growing demand for our lending into the future, empowering more regional Australians through our customer owned banking services.

Your questions answered

The below provides members and stakeholders of Macquarie Credit Union an understanding of why a merger with Regional Australia Bank is in the interest of members.



? Why Merge?

The Australian financial services industry has become increasingly consolidated over the past decade. This has been driven by intense market competition and an increase in funding and capital costs. All Authorised Deposit-Taking Institutions (ADIs) and licensed providers of financial advice, from the 'Big Four' to smaller institutions like ours, are subject to the same demanding regulatory and compliance obligations. This necessitates significant and ongoing investments in new technologies, specialist employees and the maintenance of 'best practice' risk management frameworks and corporate governance structures. Smaller institutions are particularly exposed to these market and regulatory challenges and its associated cost pressures. This is why we have seen escalating voluntary merger activity throughout the mutual sector. The benefits of enhanced scale and operational efficiency have been one of the driving forces behind such mergers. People will also be aware that the financial industry is constantly changing especially in the digital area. Who would have thought 10 years ago that you could do all your banking on a phone, so what the next 10 years will bring will be quite amazing. Keeping up with these changes does not come cheap and combining our resources through a merger provides the continued ability to capitalise on these changes in the industry. Together, our organisations are much stronger than if we remain apart, being far better placed to navigate the current regulatory and competitive environment. This strength is a key element in being able to provide more benefits to our members and to realise our strategic objectives.

? Why Now?

It was determined by both Regional Australia Bank and Macquarie Credit Union Boards that while both organisations are performing well in their respective adjoining markets, a merger would deliver tangible and immediate financial and non-financial benefits to members of both organisations. Additionally, it will also help preserve a strong and sustainable mutual financial institution in regional Australia.

The alignment of both organisation's strategic focus and absolute commitment to enhance our members' financial and social wellbeing, while at the same time build better regional communities through the mutual model was also a driving factor in the recommendation to merge. We can say enthusiastically that a common set of values and vision exist between both organisations.

? What are the future opportunities for the combined organisation?

Together, the combined entity will have significantly more resources, both human and financial, to deploy and to deliver member value than either party can achieve on their own. The benefits can be summarised as follows:

- A stronger financial position which will allow the delivery of more value
- Continuing to build upon a successful Community Partnership Program with the combined entity providing over \$3.75m pa in support of our local clubs, charities and community groups

- A strong governance focus with the combined Board
- Greater asset scale on the path to long term sustainability

? Will you still be member owned?

Yes, we will be trading as a mutual bank. The ownership structure of both organisations remains the same. This means that the combined organisation will continue to be owned by its members, just as it is today. Regional Australia Bank, like Macquarie Credit Union, is a customer owned bank which is different to that of an 'investor' based bank such as a Big Four bank. A customer owned bank operates in the interest of its customers (a people focused bank) whereas the investor based banks tend to operate more in the interest of the shareholders (a profit focused bank). Our combined organisation will continue to put people before profits.

? Will merging with a 'mutual bank' mean interest rates and fees will increase and service levels decrease?

No. Interest rates and fees will continue to be determined through our current processes.