

PRESS RELEASE

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Big Sky members to vote on merger with Australian Unity

Directors of Big Sky Credit Union have unanimously decided to recommend a merger with Australian Unity to its members and will call a general meeting of members later this year to vote on the proposal. The recommendation follows the announcement in June that the two mutuals were evaluating a potential merger.

The Australian Unity Limited board has also given its approval to the merger proposal. An Australian Unity member vote is not required. The proposal to merge is also subject to regulatory approvals.

If the proposal is approved, Big Sky members will become members of Australian Unity, retaining all existing product benefits as well as becoming part of an organisation with a broader range of products and services. It is intended that the products and services currently offered by Big Sky will be continued by the merged entity.

Mr Tony Ryan, chief executive officer of Big Sky, said that the merger evaluation committee saw clear member benefits from a merger for both Big Sky and Australian Unity members.

“We believe that Big Sky members have a great deal to gain through the coming together of two strong mutual organisations.

“Should the merger proceed, Big Sky’s members will benefit from a range of pricing benefits and additional services. For example, the merger will help to accelerate our growth plans starting with the expansion of our service centre network.

“Big Sky continues to perform strongly even with the recent economic uncertainty, however a merged organisation will help us to develop a broader business base nationally, giving us the ability to expand our presence immediately.

“A merger will also create a more competitive mutual organisation that has the resources to expand all member benefits. The combination of Big Sky’s presence in the banking sector and Australian Unity’s diverse interests in financial services, healthcare and retirement living will offer our members significant benefits,” Mr Ryan said.

Mr Rohan Mead, group managing director of Australian Unity, said that the two organisations share similar philosophies including a shared belief in the strength of mutual organisations, a commitment to provide superior financial services, and a desire to develop a meaningful alternative to the major banks.

Should the merger proceed, Big Sky would combine with the Lifeplan Australia Building Society which became part of Australian Unity following the merger between Lifeplan Australia Friendly Society and Australian Unity in 2009.

Big Sky Credit Union would be a wholly owned subsidiary of Australian Unity, its customer base would grow from approximately 31,000 to 34,000 and total assets would increase from \$560 million to \$650 million.

Mr David Bryant, CEO of Australian Unity Investments, said that a merger would significantly enhance the financial and investment services each organisation can offer.

“In particular, Big Sky’s interest bearing deposits offer an attractive option in wealth accumulation strategies, which is an area that, as a business, we have been interested in developing for some time as banking and investment needs continue to converge,” he said.

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Backgrounders

Big Sky

Big Sky is a credit union that is regulated under the same rigorous legislation as all financial institutions and is run on cooperative principles for the benefit of its members. Profits are used to benefit members in many forms including lower interest rates on loans, a low cost fee structure, higher rates on deposits and personalised service.

Big Sky has more than 30,000 members and \$560 million in gross assets. Having grown from the employee credit union of BHP initially and then BP, its communities tend to be predominantly at employer locations or in rural and mining regions, where it forms the community 'bank'.

Its more recent acquisitions of the employee credit unions of Holden and RACV provide Big Sky with growth opportunities with a more diversified and growing customer base.

Australian Unity

Australian Unity is a national healthcare, financial services and retirement living organisation providing services to more than 560,000 Australians, currently including some 285,000 members nationwide, 10,000 of whom have been members for more than 50 years.

In the financial year ended 30 June 2011, Australian Unity's revenue was more than \$1 billion. It employs around 1,500 staff nationally.

Australian Unity's history as a trusted mutual organisation dates back more than 170 years. It has grown organically—by continually evolving and providing the services and products needed by the communities it serves—as well as through successful strategic mergers and diversification into new business activities.

In 2011, this social purpose guides strategic planning as the company—together with customers, members and the broader community—responds to the challenges of an ageing population, the rise of chronic disease and growing economic uncertainty.