



**Banking for life**

**Final Term Sheet**

**Australian Central Credit Union Ltd (trading as People's Choice Credit Union)**

**A\$75,000,000 Floating Rate Subordinated Notes**

**Due 16 September 2031 (“Notes”)**

*This document summarises certain indicative terms for the proposed transaction. Investors should, among other things, consider the terms of the Information Memorandum dated 27 April 2021 (“**Information Memorandum**”) describing and containing the terms and conditions of the Notes, as supplemented by the applicable Pricing Supplement, including all selling and transfer restrictions before making any investment decision.*

*Defined terms used but not otherwise defined in this Term Sheet have the meaning given to them in the Information Memorandum.*

Issuer:	Australian Central Credit Union Ltd (trading as People’s Choice Credit Union) (ACN 087 651 125)
Programme:	Medium Term Note Programme dated 27 April 2021
Issue:	A\$ Floating Rate Subordinated Notes (“ <b>Notes</b> ”)
Issuer Rating:	Moody’s: Baa1 (Stable) S&P: BBB (Positive)
Expected Issue Rating:	Moody’s: Baa3
Lead Manager and Book Runner:	National Australia Bank Limited (ABN 12 004 044 937)
Ranking:	<p>The Notes constitute direct, subordinated and unsecured obligations of the Issuer, ranking:</p> <ul style="list-style-type: none"><li>a) ahead of the claims of all members of the Issuer other than in their capacity as depositors;</li><li>b) ahead of all Relevant Tier 1 Capital Instruments;</li><li>c) equally among themselves;</li><li>d) equally with all other Relevant Tier 2 Capital Instruments; and</li><li>e) behind the claims of Senior Creditors and all liabilities mandatorily preferred by law.</li></ul> <p>It is a requirement under APRA’s prudential standards, which came into effect on 1 January 2013, that any term subordinated debt, in order to be eligible for inclusion as regulatory capital, contain provisions for conversion or write-off in the event of non-viability.</p>

	<p>If a Non-Viability Trigger Event occurs, the Notes will be subject to Write-off. If the Notes have been Written-off on account of a Non-Viability Trigger Event, the Issuer's accrued and future obligations to make payments will cease and Noteholders shall have no right or claim against the Issuer in respect of the principal of, interest on or Additional Amounts relating to their Notes.</p> <p>There is no provision for conversion.</p>
No Deposits or Protected Accounts:	<p>The Notes are not:</p> <ol style="list-style-type: none"> <li>deposits with, nor deposit liabilities of, the Issuer or any other member of the Group for the purposes of the Banking Act;</li> <li>protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act; nor</li> <li>guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.</li> </ol>
Aggregate Principal Amount:	A\$75,000,000
Denominations:	Denominations of A\$10,000, provided that the aggregate consideration payable in Australia must be at least A\$500,000 (or its equivalent in an alternative currency, in each case, disregarding moneys lent by the transferor or its associates) or the offer otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act.
Pricing Date:	7 September 2021
Settlement Date:	16 September 2021
Maturity Date:	16 September 2031
Interest Rate:	3 month BBSW + 240bps paid quarterly in arrears
Interest Payment Dates:	Quarterly on each 16 December, 16 March, 16 June and 16 September until (and including) the Maturity Date (or earlier redemption date) unless Written-Off prior to that date. The first Interest Payment Date will be 16 December 2021
Re-offer Price:	100%
Day Count Fraction:	Actual/365 (Fixed)
Business Day Convention:	Modified Following
Business Days:	Sydney, Melbourne and Adelaide
Call Date – Issuer Call Option:	Subject to obtaining prior written approval from APRA, the Issuer may redeem the Notes on 16 September 2026 or any Interest Payment Date thereafter.
Redemption in Other Circumstances:	<p>The Issuer may redeem Notes before the Maturity Date on the occurrence of a Tax Change or Regulatory Change.</p> <p>Noteholders have no right to request redemption before the Maturity Date.</p>
Conditions to Early Redemption:	Any early redemption is subject to a number of conditions which are set out in Condition 6 of the Information Memorandum, including APRA's prior written approval. The Solvency Condition would also need to be satisfied (see below).

	<p>Noteholders should note that any approval is at APRA's discretion and may not be given.</p> <p>The Issuer will not be permitted to redeem the Notes prior to the Maturity Date unless before or concurrently with redemption:</p> <ol style="list-style-type: none"> <li>a) the Issuer replaces the Notes with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards) than the Notes and the replacement of the Notes is done under conditions that are sustainable for the income capacity of the Issuer and the Group; or</li> <li>b) the Issuer obtains confirmation from APRA that APRA is satisfied, having regard to the Level 1 and Level 2 capital position of the Issuer, that the Issuer does not have to replace the Notes.</li> </ol>
Payment subject to Solvency Condition:	<p>Payment by the Issuer of interest, principal or any other amount owing to a Noteholder in connection with a Subordinated Note is conditional upon the Issuer being Solvent at the time the payment is due and the Issuer must not pay an amount owing to a Noteholder in connection with a Subordinated Note except to the extent that the Issuer may pay that amount and still be Solvent immediately after paying that amount.</p>
Cumulative Amounts:	<p>Unpaid amounts will accrue interest until paid and will be payable on the first date on which the Issuer meets the Solvency Condition.</p> <p>However, if Notes have been Written-off on account of a Non-Viability Trigger Event, the Issuer's accrued and future obligations to make payments will cease and holders of Notes will have no rights to recover any unpaid amounts.</p>
Non-Viability Trigger Event:	<p>A Non-Viability Trigger Event will occur when APRA notifies the Issuer in writing that it believes:</p> <ol style="list-style-type: none"> <li>1 Write-off of all or some Notes or conversion or write-off of all or some of the Relevant Capital Instruments of the Issuers is necessary because, without it, the Issuer would become non-viable; or</li> <li>2 a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.</li> </ol> <p>Potential investors should refer to Conditions of the Notes section 7 (Subordination and Write-Off of Subordinated Notes) within the Information Memorandum where the non-viability provisions are set out. Investors should consult with their own financial, legal, tax and/or other professional advisors concerning the implications of investing and holding Notes which are subject to Write-off on the occurrence of a Non-Viability Trigger Event.</p> <p>There is only one method of loss absorption for the Notes – Write-off.</p>
Write-Off following a Non-Viability Trigger Event:	<p>The method of loss absorption for the Notes is Write-Off. If a Non-Viability Trigger Event occurs, and the Notes are required to be Written-Off (refer below), the Notes (including the right to payments of accrued but unpaid interest or future interest and repayment of the Outstanding Principal Amount) will be immediately and irrevocably written-off and terminated. Noteholders' investment will be lost and no compensation paid to them.</p>
Priority in Loss Absorption:	<p>If a Non-Viability Trigger Event occurs under item 1 of the description of a Non-Viability Trigger Event, and only an amount (not all) of the Issuer's Relevant Capital Instruments is required to be converted or written-off, the amount of Relevant Capital Instruments which will be converted or written-off will be determined as follows:</p> <ol style="list-style-type: none"> <li>1 first, all Relevant Tier 1 Capital Instruments will be converted or written-off before the Notes are Written-Off to any extent (if the Issuer has any outstanding Relevant Tier 1 Capital Instruments at that time);</li> </ol>

	<p>2 second, if the conversion or write-off of Relevant Tier 1 Capital Instruments is less than the amount sufficient to satisfy APRA that the Issuer would not become non-viable, Notes will be Written-Off and other Relevant Tier 2 Capital Instruments (if any) will be converted or written-off, on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, in an aggregate amount which, when added to the amount of Relevant Tier 1 Capital Instruments converted or written-off will satisfy APRA that the Issuer would not become non-viable.</p> <p>As at the date of this Term Sheet, the Issuer does not have any Relevant Tier 1 Capital Instruments on issue.</p>
Negative Pledge:	The Notes are not subject to a negative pledge provision.
Events of Default:	<p>An Event of Default occurs if:</p> <p>a) the Issuer fails to pay any interest or principal due in respect of the Notes and such default continues for a period of 5 Business Days; or</p> <p>b) a Winding-Up in Australia occurs.</p> <p>For the avoidance of doubt, non-payment of any amount due to the application of the Solvency Condition does not constitute an Event of Default.</p>
Consequences of an Event of Default:	<p>If the Event of Default in paragraph (a) above occurs, a Noteholder may institute proceedings:</p> <p>a) to recover any amount then due and payable but unpaid on the Notes (subject to the Solvency Condition);</p> <p>b) to obtain an order for specific performance of any other obligation under its Note; or</p> <p>c) unless the issuer is already in Winding Up, for a Winding Up of the Issuer.</p> <p>If the Event of Default in paragraph (c) above occurs, the Notes will, without further action, become immediately due and payable and a Noteholder may, subject to the Winding-Up provisions, prove or claim in the Winding-Up of the Issuer in Australia for any amount then due and payable.</p>
Further Issues:	The Issuer may create and issue further Notes without the consent of any existing Noteholder.
Time Limit for Claims:	A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.
Form:	Registered, uncertificated
Transfer Procedure:	<p>Notes may only be transferred in whole and in accordance with all applicable laws, regulations and directives of each relevant jurisdiction where the transfer takes place.</p> <p>In the case of Notes to be transferred in, or into, Australia, the aggregate consideration payable must be at least A\$500,000 (or its equivalent in an alternative currency, in each case, disregarding moneys lent by the transferor or its associates), unless the transfer is effected in another way that does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act and the transfer does not constitute an offer to a “retail client” for the purposes of section 761G of the Corporations Act.</p>
Settlement:	Austraclear / Euroclear / Clearstream

Registrar and Paying Agent:	Austraclear
Calculation Agent:	Austraclear
Listing:	Unlisted
Governing Law:	The Notes and all related documents will be governed by the laws of the State of New South Wales.
Withholding Tax:	It is intended that the Notes will be offered and issued in a manner which satisfies the requirements of section 128F of the <i>Income Tax Assessment Act 1936</i> (Cth) so that payments of interest will not be subject to Australian withholding tax.  See Information Memorandum for further information on Australian withholding tax.
Selling Restrictions:	Australia, United Kingdom, United States of America (Reg S), Hong Kong, Japan, Singapore, New Zealand and general selling restrictions apply and a prohibition of sales to European Economic Area and United Kingdom retail investors. See Information Memorandum for further information on the selling restrictions.
ISIN:	AU3FN0062915
Common Code:	238589762
Section 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) Notification:	The Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Disclaimer:**

**National Australia Bank Limited**

This Term Sheet and the information in it has been prepared by National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686, "NAB") based on information provided to it solely for informational purposes and is not to be construed as a solicitation, recommendation or an offer to buy or sell the securities described in this Term Sheet ("Notes") by NAB and should not be treated as providing investment advice. By receiving this Term Sheet the recipient acknowledges and agrees to the matters set out in this disclaimer. This Term Sheet and the information contained in this Term Sheet must be treated as strictly confidential by the recipient and must not be copied, altered, forwarded or distributed in any way to any other person.

This Term Sheet does not constitute a prospectus or any offering circular (in whole or in part) and the information in it has been prepared based on information provided to NAB solely for informational purposes and is not intended, in any jurisdiction, to be a recommendation, invitation, offer or solicitation or inducement to buy or sell any financial instrument or product, or to engage in or refrain from engaging in any transaction. This Term Sheet is not intended to be a complete summary or statement of the Notes or the relevant transaction in connection with the Notes. This Term Sheet is subject to and must be read in conjunction with the terms and conditions of the Notes and the offering documents (including any pricing supplement, final terms or similar document relating to the Notes) (the "Offer Documents"). NAB does not make any representation or warranty, express or implied as to, nor assumes any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained in this Term Sheet or in any accompanying Offer Documents or previous or subsequent material. The Note programme documentation prevails where there is any inconsistency. The information in this Term Sheet is indicative and is subject to change without notice.

This Term Sheet is intended only for use by authorised recipients who are professional investors who are not "retail clients" within the meaning of section 761G of the Corporations Act 2001 (Cth) (the "Corporations Act") ("Retail Clients") and whose ordinary business includes the buying or selling of securities such as the Notes. This Term Sheet should not be distributed to, and is not intended for, any other person. NAB specifically prohibits the redistribution of this Term Sheet and accepts no liability whatsoever for the actions of third parties in this respect. This Term Sheet, any Offer Documents, advertisement or other offering material may only be issued or distributed or published in any country or jurisdiction in circumstances that will result in compliance with all applicable laws and regulations. In Australia, this Term Sheet and the information in it relating to the Notes may only be distributed or published in a manner that does not require disclosure to investors in accordance with Parts 6D.2 or Chapter 7 of the Corporations Act. This Term Sheet and the Notes are:

- (a) not intended to be distributed, offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, (A) a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended "MiFID II"); or (ii) a customer within the meaning of Directive EU2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 and (B) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes;
- (b) not intended to be distributed, offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (c) intended to be distributed, offered and sold outside the United States to non-US persons in reliance on Regulation S under the U.S. Securities Act of 1933.

NAB and its affiliates, related companies, employees or clients may have an interest in financial instruments of the type described in this Term Sheet or in related financial instruments or other securities or derivatives. Such interest may include dealing, trading, holding or acting as market-makers in such instruments and may include providing commercial or investment banking, credit and other financial services to any company or issuer of securities or financial instruments referred to in this Term Sheet. These interests and dealings could adversely affect the price or value of the Notes. NAB may also receive fees, brokerage and commissions or other benefits in relation to the Notes. In addition, NAB or its related entities, employees directors and officers could have or come into possession of information not contained in this Term Sheet or the Offer Documents relating to the Notes that may be relevant to any decision by a prospective investor to acquire the Notes and which may or may not be publicly available to prospective investors. NAB is under no obligation to disclose such information nor account for any revenue or profits obtained in connection with the interests and activities described above.

The Notes do not represent protected accounts, deposits or other liabilities of NAB or any of its related bodies corporate (as defined in the Corporations Act) or affiliates. The holding of the Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of NAB or any of its related bodies corporate (as defined in the Corporations Act) or affiliates:

- (a) stands behind the capital value or performance of the Notes; or
- (b) guarantees the payment of interest or the repayment of principal due on the Notes; or
- (c) guarantees in any way the performance of any obligations of any other party.

Neither NAB nor its related bodies corporate, and/or their directors, officers, employees or clients:

- (a) acts as the adviser of or owes any fiduciary or other duties to any recipient of this Term Sheet in connection with this and/or any related transaction;
- (b) has any responsibility to or liability for and does not owe any duty to any person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of the preparation and due execution of the transaction documents and the power, capacity or due authorisation of any other party to enter into and execute the transaction documents; or
- (c) has any responsibility or liability to any person for any damages, claims, costs or losses (whether direct, indirect, consequential or otherwise) resulting from the use of or purported reliance on the Offer Documents or any of the information contained in them.

No reliance may be placed on NAB for financial, legal, taxation, accounting or investment advice or recommendations of any sort. Persons contemplating purchasing the Notes should make their own decision as to the sufficiency and relevance for their purpose of the information contained in this Term Sheet and any Offer Documents in respect of the Notes, undertake their own independent investigation of the appropriateness of Notes for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary. Any investment decision should rely on that investigation and appraisal and not on this Term Sheet.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Credit ratings are for distribution only to a person: (a) who is not a Retail Client and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act; and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Term Sheet and anyone who receives this Term Sheet or any Offer Documents must not distribute it to any person who is not entitled to receive it. THE INFORMATION CONTAINED IN THIS TERM SHEET SUPERSEDES ANY PREVIOUS SUCH INFORMATION DELIVERED TO ANY PROSPECTIVE INVESTOR.