

QUDOS MUTUAL LIMITED

Minutes of 62nd Annual General Meeting,
held on Thursday, 25 November 2021 as a virtual AGM,
broadcast from the Novotel Sydney Brighton Beach Hotel
Cnr Grand Pde and, Princess St Brighton Le Sands, NSW 2216,
commencing at 5.00 p.m.

<u>Minute No.</u>	<u>Particulars</u>
2801	Chair of the Board, Barry Jackson, opened the 62 nd Annual General Meeting at 5.00 p.m. and welcomed all Members and guests to the meeting.
2802	Chair advised that to support social distancing measures and maintain the health and safety of our Members and employees the AGM would be broadcast online on a platform allowing Members to participate and ask questions in the virtual meeting.
2803	Chair showed respect to and acknowledged the traditional custodians of the land on which the meeting took place (the Gadigal people of the Eora Nation), of the various lands from which participants joined the meeting and the Aboriginal and Torres Strait Islander people participating in the meeting. He paid respect to Elders past, present and emerging and celebrated the diversity of Aboriginal people and their ongoing cultures and connections to land and water of Australia.
2804	Chair outlined procedural matters, explained how Members could participate and ask questions in the meeting and noted that guests could view the meeting but not participate.
2805	Chair explained how to ask questions (including verbal questions) and noted that questions may be moderated or amalgamated and that due to time constraints if all questions could not be answered during the meeting responses would be posted on Qudos' website.
2806	Chair provided a contact telephone number if Members required technical assistance.
2807	Chair advised that in accordance with usual custom the meeting would be recorded to ensure the accuracy of the minutes.
2808	Chair thanked Qudos Bank management and employees for their attendance and assistance organising the meeting.
2809	Chair welcomed the Company's external auditors, Martin McGrath and Graeme Scott from KPMG.
2810	<u>MINUTES OF THE 61st ANNUAL GENERAL MEETING</u> Chair reported that the Minutes of the 61 st Annual General Meeting had been accepted by the Board as an accurate record of the meeting and had been signed by him. He noted that a copy of the minutes was available on Qudos' website.
2811	Chair reported that there were nil matters arising from the minutes.
2812	<u>ANNUAL REPORT</u> Receipt and consideration of the Annual Report 2021.

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- 2813 Chair reflected on the tough realities of 2020/2021 and their effects on Qudos Bank's customers and the travel and aviation industries. He noted that about a third of Qudos Bank's customers have either a current or historical attachment to that community and extended support and good wishes to those most impacted.
- 2814 Chair outlined some of the actions taken by Qudos Bank to assist customers impacted by the COVID-19 pandemic and encouraged those who have been struggling financially to seek support.
- 2815 Chair noted that the banking market is highly competitive and that Qudos Bank must generate profit to be a sustainable business and have sufficient reserves to continue to grow and innovate; however the aim is to return as much profit to customers as possible in the form of better products, outstanding service and fairer fees.
- 2816 Chair advised that Qudos Bank must balance returns to customers between borrowers and depositors, while being financially prudent; that the COVID-19 pandemic saw a substantial increase in deposits levels at a ratio unsustainable in the long term; and that as a consequence the Bank had to make a series of adjustments to deposit rates throughout the year, while remaining competitive.
- 2817 Chair recognised and listed some of the many contributions of former Directors Mark Boesen and Gary Halliday, who retired from the Board in 2021. He welcomed new Directors Rodney Watson and Sally-Ann Williams, who were appointed in 2021.
- 2818 Chair thanked the CEO, management and employees for how they have handled what would be described as an unprecedented set of circumstances not seen in our lifetimes and hopefully not to be seen again.
- 2819 Chair introduced CEO, Michael Anastasi, to present key financial and operational highlights of the year.
- 2820 CEO expressed his appreciation to the Chair and the Board for their support and counsel during the year.
- 2821 CEO thanked Qudos Bank's employees for their incredible job over the last 12 months adapting to new ways of working to meet the needs of customers. He noted examples of the employees' achievements, dedication and resilience; acknowledged the challenges that employees had faced; and outlined some of the initiatives to support and develop employees, including the Resilience Project focused on gratitude, empathy and mindfulness.
- 2822 CEO reported that Qudos Bank withstood the brunt of unsettled economic conditions and achieved solid financial performance in the face of a global pandemic.
- 2823 CEO advised that:
- the loan portfolio grew 2.7%, from \$3.47 billion to \$3.57 billion
 - the deposit portfolio grew 11.7%, from \$3.99 billion to \$4.46
 - assets grew to \$5.01 billion
 - year end profit was slightly down from the previous year, from \$21.99 million to \$20.82 million
 - membership grew to 100,303 customers as at 30 June

- 2824 CEO outlined some of the achievements in technology, including:
- launching a new website
 - launching a new customer relationship management system and campaign management system
 - evolving the features of the Qudos Bank Mobile App
- 2825 CEO advised that the mobile payments range would be extended to include the ability to make payments using wearable devices from Samsung, Fitbit and Garmin.
- 2826 CEO noted that Qudos Bank practices environmental social governance by contributing to charitable and community initiatives, while maintaining ethical and environmentally sustainable business practices. He reported charitable donations to ReForest Now and Foodbank.
- 2827 CEO advised that the second year running, Qudos Bank was awarded Canstar's Customer Owned Bank of the Year and Mozo Australia's Best Large Mutual Bank.
- 2828 CEO noted that Qudos Bank's vision is to be the bank customers value most, by offering great retail products through a digital experience that is secure and empowering. He advised that over the course of the next decade, customers can expect increased self-service functionality based on rich customer experiences, while maintaining commitment to friendly and efficient customer service and continuing to offer great value products and services.
- 2829 CEO acknowledged and thanked Qudos Bank's employees, management and Board.
- 2830 CEO thanked Members for their ongoing support, patience and for valuing the Bank's commitment to them. He wished everyone a happy and safe Christmas and welcomed a better and brighter 2022.
- 2831 Chair thanked Members for their continued support and loyalty. He also thanked Directors for their contributions and recognised the achievements of the management team and employees, lead by the CEO.

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DIRECTORS

Election of Directors

The Chairman announced the results of the Director Election provided to the Board by the Returning Officer

Candidates

David Hassan (new candidate)

Rodney Watson (Director standing for re-appointment)

Sally-Ann Williams (Director standing for re-appointment)

Elected Candidates:

Rodney Watson

Sally-Ann Williams

Chairman congratulated Rodney Watson and Sally-Ann Williams on their re-election and thanked David Hassan for standing for election.

- 2833 Chair reported that there are no special business items for discussion this year and took the opportunity to further recognise the contributions and role of the Board in overseeing the performance of Qudos Bank, ensuring the strength and security of customers.
- 2834 A meet the Board video was played.
- 2835 Chair noted that Directors are not only responsible for the performance of the Bank but are also personally liable in the event that something goes wrong. He advised that the Board last received a remuneration increase in 2016 and gave examples of how since that time the workload and expectations of Australian Boards have increased significantly, especially in banking.
- 2836 Chair advised that the Bank needs to attract and retain the types of Directors expected by our customers and our regulators, and to appropriately and fairly remunerate them for the important work that they undertake.
- 2837 Chair reported that compared to customer-owned banks that subscribed to the Mutual Financial Board Remuneration Survey 2021, the Qudos Bank Chair role is compensated 33% less, the Deputy Chair 21% less, and the Director role is 40% less.
- 2838 Chair also reported that compared to customer-owned banks of similar size and revenue that subscribed to the survey, the Qudos Bank Chair role is compensated 32% less, the Deputy Chair 21% less, and most significantly the Director role 57% less.
- 2839 Chair advised that the personal liabilities held by Directors are significant and Directors must balance the risk of such liabilities against reward of directorship. He reported that while the Board had resolved that seeking an adjustment to remuneration was not appropriate this year, given the financial difficulties experienced across the Australian economy and by some sectors significantly among the Bank's customers, this issue will need to be addressed at the 2022 AGM.
- 2840 Chair encouraged any Members who had questions relating to their accounts, or account operations, to contact Qudos Bank via Qudos' website, or by speaking with a service team member in the Contact Centre and called for questions from the online platform.
- 2841 Chair advised that questions had been submitted prior to the meeting.
- 2842 Chair read the following question:
'APRA generally requires Chairs of an ADI to be appropriately qualified to lead a regulated deposit taking entity as per other ADI's. What discussions have been held with Qudos on this issue and how is Board succession planning proposing to address this in the future?'
- 2843 Chair outlined the Board skill requirements under APRA standard CPS510 Governance and advised that the Bank regularly reviews the need for various skills and experience against the current skill and experience represented on the Board to maintain the appropriate mix of skills, experience, expertise and diversity. He noted that the Board considers Board succession at least annually, reviews Chair and Deputy Chair appointments at the first Board meeting each year and the Bank regularly liaises with APRA on prudential matters.

- 2844 Chair read the following question:
'What is the Qudos Board doing to address gender imbalance on the board?'
- 2845 Chair advised that the Board have set gender diversity objectives to have at least 30% female representation by the 2022 AGM and at least 40% female representation by 2025 AGM. He reported that the 30% target has been achieved and noted that between 2018 and 2021, of seven Director appointments, four were women and three were men.
- 2846 Chair read the following question:
'What work is being undertaken to benchmark customer experience against best in class and what are the plans to address the customer experience shortfalls?'
- 2847 Chair referred to Qudos Bank's project roadmap focussed on improving and enhancing customers' banking experience, including market review, testing, planning and reviewing partner arrangements. He advised that the Bank runs regular customer satisfaction surveys, with results shared with the Board, and referred to the 2020 Productreview.com.au award for consistent customer ratings.
- 2848 Chair read the following question:
'What investment will be made over the next 18 months or so to address these shortfalls?'
- 2849 Chair outlined various recent and future investments in products and services, including a new contact centre system, updates to Online Banking and Mobile App, a new CRM, a new public website, a new campaign management system, fraud monitoring technology enhancements, real-time payments, a new loan origination system, CRM and campaign management integration, a knowledge management system, digital services and card controls. Chair reported that the Bank have a dedicated working group addressing process improvement for customers and employees.
- 2850 Chair asked if any other questions from Members had been submitted and noted that no other questions had been submitted.
- 2851 **Closure**
Chair thanked all Members and guests for attending the meeting and wished them and their families a very merry Christmas and a happy New Year.
- 2852 Chair declared the meeting closed at 5.35p.m.

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