

Notice of Annual General Meeting

Notice is hereby given that the Sixty Third Annual General Meeting of Members of Qudos Mutual Limited (Company) will be held at 5pm on Thursday 24 November 2022 as a hybrid annual general meeting (AGM). Members can participate, vote and ask questions in the meeting by attending in person at the Pullman Sydney Airport Hotel, 191 O’Riordan Street Mascot, New South Wales or by registering at <https://web.lumiagm.com/322155179> (Lumi platform). Members can submit questions prior to the meeting by emailing sydreturningofficer@computershare.com.au or during the meeting by selecting the messaging tab at the top of the Lumi platform or pausing the broadcast on the Lumi platform and then clicking on the link under “Asking audio questions”.

Agenda

1. Opening and Apologies

2. Minutes of the 2021 Annual General Meeting and 2022 Special General Meeting

To note the Minutes of the sixty second Annual General Meeting held on Thursday 25 November 2021 and the Minutes of the Special General Meeting held on 28 July 2022.

3. Reports

Receipt and consideration of the Annual Report 2022 including:

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| a. Chairman’s Report to Members | g. Independent Audit Report |
| b. Chief Executive Officer’s Report to Members | h. Statement of Profit or Loss & Other Comprehensive Income |
| c. Directors’ Report | i. Statement of Changes in Equity |
| d. Lead Auditor’s Independence Declaration | j. Statement of Financial Position |
| e. Corporate Governance Statement | k. Statement of Cash Flows |
| f. Directors’ Declaration | l. Notes to the Financial Statements |

4. Directors

To consider, and if thought fit, pass the following ordinary resolution:

THAT Jennifer Dalitz, a Director retiring in accordance with article 12.3 of the Constitution, and being eligible, is re-elected as a Director of the Company.

5. Directors’ Remuneration

To consider, and if thought fit, pass the following ordinary resolution:

THAT with effect from 1 October 2022, an amount of \$688,797 (per annum) inclusive of superannuation be fixed for the Directors’ combined remuneration, for the period commencing 1 October 2022 until 30 September 2023 and that with effect from 1 October 2023, an amount of \$724,859 (per annum) inclusive of superannuation be fixed for the Directors’ combined remuneration, for the period commencing 1 October 2023 until such time as a different amount is approved by members. The amount is to be divided amongst the Directors in line with market practice and in such a manner as they determine.

6. General Business

7. Closure

Explanatory Statement

Members are referred to the Explanatory Statement accompanying and forming part of this notice.

By Order of the Board
Cindy Hansen
Company Secretary

Dated: 15 September 2022



Information for Members on how to vote

This year, Members are being given the opportunity to attend the AGM in person or virtually. There is a possibility that the AGM may be required to be held fully virtually due to the ongoing COVID-19 situation. If this occurs, Qudos Bank will ensure Members are notified.

Members can vote before or during the AGM, as follows:

#	Option	Details	Instructions
1	Cast your vote before the AGM	<p>You can vote before the AGM online or by completing and submitting the Voting Form provided with paper notices or available by calling 1300 747 747 or on our website qudosbank.com.au.</p> <p>If you wish to vote before the AGM, you are encouraged to do so online.</p> <p>If you wish to vote before the AGM using the Voting Form, please be aware of current postal time frames.</p>	<p>Online: You can cast your vote directly by using a unique link that will be sent to you via email prior to the meeting, or by entering your Member number and postcode at www.investorvote.com.au/qudos and following the instructions online.</p> <p>Voting Form: You can lodge your completed Voting Form:</p> <ul style="list-style-type: none"> » By email to the Returning Officer at sydreturningofficer@computershare.com.au or » By mail to the Returning Officer at Reply Paid 2062 Melbourne VIC 8060 or » By mail or delivery to the registered office at Level 8, 191 O’Riordan Street, Mascot NSW 2020 <p>Your vote must be submitted online by 5pm on Tuesday 22 November 2022.</p>
2	Appoint a proxy before the AGM	<p>You may appoint a proxy to attend the AGM and vote on your behalf.</p> <p>A proxy may be an individual or a body corporate and need not be a Member of the Company.</p> <p>If you have specified how your proxy is to vote on an item of business, and your proxy votes on that item of business, your proxy must vote as you have directed.</p> <p>If you have specified how your proxy is to vote on an item of business and a poll has been called, but your proxy:</p> <ul style="list-style-type: none"> » does not attend the AGM; or » does not vote on that item, <p>then your proxy will default to the Chair and the Chair will vote as you have directed.</p> <p>If the Chair is appointed as a proxy or becomes a proxy by default, the Chair is expressly authorised to vote undirected proxies as he see fit. The Chair intends to vote all undirected proxies in favour of all resolutions.</p> <p>If you wish to appoint a proxy using the Voting Form, please be aware of current postal time frames.</p>	<p>Voting Form: To appoint a proxy using the Voting Form, please complete the form by following the instructions on the form.</p> <p>You can lodge your completed Voting Form:</p> <ul style="list-style-type: none"> » By email to the Returning Officer at sydreturningofficer@computershare.com.au or » By mail to the Returning Officer at Reply Paid 2062 Melbourne VIC 8060 or » By mail or delivery to the registered office at Level 8, 191 O’Riordan Street, Mascot NSW 2020. <p>For your proxy appointment to be valid, it must be submitted online, or your completed Voting Form must be received by the Company, at least 48 hours prior to the Meeting, ie. by 5pm on Tuesday 22 November 2022.</p> <p>The Voting Form is available by calling 1300 747 747 or on our website qudosbank.com.au</p> <p>Any enquiries regarding appointment of proxies should be directed to the Returning Officer, email sydreturningofficer@computershare.com.au.</p>

#	Option	Details	Instructions
3	Vote online during the AGM	<p>If you attend the AGM virtually by logging into the online portal at web.lumiagm.com/322155179 you will be able to vote directly during the AGM.</p> <p>Voting on each item of business will be by poll. The Chairman will open the poll shortly after the AGM commences and you will be able to vote at any time during the AGM until the Chair closes the poll. The Chair will prompt members to vote before closing the poll.</p> <p>If you have lodged a direct vote before the AGM and then vote online during the AGM, your direct vote lodged before the AGM will be cancelled.</p>	<p>When you log into the online portal, you will be required to register as a Member or proxy holder and will be able to vote your shares or the shares you represent as proxy.</p> <p>If you are a Member, you will need to provide your Member number and the postcode for your membership to register to vote once you have logged in.</p> <p>If you are a proxy, you will need to contact the Returning Officer Computershare on +61 3 9415 4024 at least one hour prior to the meeting to obtain login details to participate online during the AGM.</p> <p>More detailed information on how to vote during the Meeting is provided in the 'Virtual Meeting Online Guide' available on our website quodosbank.com.au.</p>
4	Vote in person during the AGM	<p>If you attend the AGM in person you will be provided with a voting form when you register at the venue.</p> <p>Voting on each item of business will be by poll. The Chairman will open the poll shortly after the AGM commences and you will be able to vote at any time during the AGM until the Chair closes the poll. The Chair will prompt members to vote before closing the poll.</p> <p>If you have lodged a direct vote before the AGM and then vote in person during the AGM, your direct vote lodged before the AGM will be cancelled.</p>	<p>If you plan to attend the AGM in person, we ask that you:</p> <ul style="list-style-type: none"> » rsvp to hjames@quodosbank.com.au for planning purposes » arrive at the meeting venue at least 30 minutes prior to the time designated for the meeting so that we may check your name against our Register of Members, consider your entitlement to vote and note your attendance.

Explanatory Statement

Agenda Item 3

Reports

As required by the Corporations Act, the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2022 will be laid before the meeting. Copies of the Reports are available on the Qudos Bank website at <https://www.qudosbank.com.au/about-us/corporate-information/> or by calling 1300 747 747.

Agenda Item 4

Directors

Jennifer Dalitz retires as a Director by rotation and, meeting the eligibility criteria set out in article 12.8 of the Constitution, stands for re-election as a Director under article 12.6 of the Constitution.

As the number of eligible candidates is equal to the number of positions to be filled, in accordance with Schedule 2 of the Constitution, the Director shall be elected by resolution at the annual general meeting.

Directors unanimously support this resolution and recommend that you vote FOR the resolution. The Chair intends to vote all undirected proxies in favour of the resolution.

A profile for the candidate is set out below.



JENNIFER DALITZ

F CPA MBA(Exec) BA (Accountancy) GAICD

Jen was appointed as a Director of Qudos Bank in June 2019 and was re-elected at the 2019 AGM.

Jennifer Dalitz is a CPA qualified finance professional. She brings strategic and operational expertise in line roles and as a management consultant within top tier firms, working predominantly across banking and financial services and membership associations. With a focus on delivering sustainable change, Jen has led major strategic transformations through to governance and remediation programs, involving multiple stakeholder groups and geographies.

Jen's expertise in financial services spans retail banking, business banking, wealth management, margin lending and insurance; and she has led major customer strategy and change programs, complex business units, and diverse boards and management teams through periods of change.

An internationally recognised champion of inclusion and diversity, Jen was until recently CEO of industry association Women in Banking and Finance Inc. Outside of her corporate experience, Jen founded three businesses in the online, consulting and agricultural sectors and, with this, brings an ownership mindset to the organisations she works with.

Media and PR savvy, Jen has been the spokesperson for various public campaigns and has built a respected profile and presence in both traditional and social media channels.

Agenda Item 5

Directors' Remuneration

With this resolution the Board is seeking member approval to increase the combined amount paid to directors to \$724,859 (per annum) inclusive of superannuation to be implemented over 2 years.

Directors unanimously support this resolution and recommend that you vote FOR the resolution. The Chair intends to vote all undirected proxies in favour of the resolution.

Background

Members may recollect that the Chair flagged at the 2021 AGM that the Qudos Bank Board last received an increase in remuneration in 2016 and that this long overdue matter would need to be addressed at the 2022 AGM.

The Board resolved last year that seeking an adjustment to remuneration was not appropriate at that time, even though the Mutual Financial Board Remuneration Survey 2021 revealed that all Qudos Bank Directors were significantly underpaid relative to their peers at that time; in some cases up to 57% less. This decision was made given the financial difficulties then being experienced across the Australian economy, and by some sectors significant among the Bank's customers, as a result of the COVID-19 pandemic.

As set out in the 2022 Annual Report, the Board is pleased that the Bank's financial performance remains strong despite the challenging conditions our economy has presented. In the last year the Bank's loan portfolio grew by 10.7%, deposits grew 4.7% and assets grew to \$5.2 billion. The Bank's year end profit also increased by 7.97% from the previous year.

The Board is committed to balancing the need to adequately remunerate Directors with the Bank's principles of mutuality; to attract and maintain appropriately experienced Directors, encourage enhanced performance by the Bank and offer the highest level of service to Members. The Bank's aim is to remunerate Directors at the mid-point of comparable financial institutions in keeping with those principles. Independent reviews have confirmed that for many years Director remuneration has consistently lagged this benchmark by a significant amount, which has been exacerbated by there being no increase since 2016.

In 2022 the Board commissioned an independent remuneration consultant (Reward Results) to undertake an objective remuneration assessment against the most recent Non-Executive Directors Survey conducted by the Financial Institutions Remuneration Group (FIRG), published in March 2022.

That assessment concluded that the Bank's Director remuneration sits in the bottom 25% of the Not for Profit/Profit for Member Group (peer group) and well below the mid-point. The Board considered this assessment and decided that it was appropriate to move to the mid-point of the peer group over a 2-year period to spread out the increase.

Directors are currently paid \$45,000 per annum, plus \$500 per Committee meeting attended and superannuation. In addition, the Chair receives an allowance of 90% and the Deputy Chair, Chair of the Audit Committee and the Chair of the Risk Committee each receive an allowance of 25%. This equated to total Directors fees paid in the 2021/2022 financial year of \$616,674 for 9 Directors. Note: the number of Directors will reduce from 9 to 7 from the end of the AGM following Member approval to change the Constitution at the special general meeting held on 28 July 2022.

The mid-point for the peer group is \$84,201 per annum for a Non-Executive Director, \$170,033 for the Chair and \$100,741 for the Deputy Chair, all inclusive of superannuation and committee fees. In keeping with the Bank's practice, the mid-point for the Chairs of the Audit and Risk Committees has been set in line with the Deputy Chair to reflect their additional responsibilities and the time required for those positions.

This resolution seeks an increase in total Director remuneration (including superannuation) by \$72,123 to \$688,797 per annum from 1 October 2022 and then by \$36,062 to \$724,859 per annum from 1 October 2023, after six years without a change to Director remuneration. The total pool would be divided amongst the Directors in line with market practice and in such a manner as they determine.

Role of the Board

The Qudos Bank Board has the final responsibility for the successful operations of the Bank, ensuring its strength and security for Members now and in the future. It is responsible for the governance, strategic direction and effective oversight of management of the Bank and is accountable to Members for the Bank's performance.

The Board is also responsible for establishing and maintaining a sound risk management culture throughout the Bank. It ensures that the Bank has in place an appropriate risk management framework (for both financial and non-financial risk) and sets the risk appetite within which the Board expects management to operate.

The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with the utmost integrity and objectivity. As such, the Board actively pursues best practice governance processes in keeping with community expectations and our regulator, the Australian Prudential Regulation Authority (APRA).

The personal liabilities held by Directors are significant, including the accountability obligations established by the Banking Executive Accountability Regime overseen by APRA.

Since 2016, the workload, complexity and expectations faced by Australian Boards has increased significantly, especially in the world of banking. The sector has been the subject of a Royal Commission, increasing regulation, increasing instances and severity of cybercrime and fraud, and a once-in-century pandemic.

To remain sustainable and competitive the Bank needs to attract and retain Directors with the skills, capability and commitment to navigate and oversee the increasing variety and number of challenges faced by the Bank and to pursue the sustainable creation, protection and return of value to Members.

