

QUDOS MUTUAL LIMITED

Minutes of 63rd Annual General Meeting,
held on Thursday, 24 November 2022 as a hybrid AGM,
at the Pullman Sydney Airport
191 O'Riordan Street Mascot NSW 2020,
commencing at 5.00 p.m.

<u>Minute No.</u>	<u>Particulars</u>
2871	Chair of the Board, Barry Jackson, opened the 63 rd Annual General Meeting at 5.00 p.m. and welcomed all Members and guests to the meeting.
2872	Chair advised that he was pleased to be back in a hybrid setting where Members could attend in person or virtually.
2873	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.
2874	Chair advised that in accordance with usual custom the meeting would be recorded to ensure the accuracy of the minutes.
2875	Chair outlined procedural matters, advised that online voting was open and explained how Members could vote, participate and ask questions (including verbal questions) in the meeting, both online and in person.
2876	Chair advised that due to live online voting options, the results for the two motions on notice will be tabulated by the Returning Officer, ComputerShare, after the close of the meeting and announced on Qudos Bank's website the next day.
2877	Chair 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.
2878	Chair provided a contact telephone number if Members required technical assistance.
2879	Chair thanked Qudos Bank management and employees for their attendance and assistance organising the meeting.
2880	Chair welcomed the Company's external auditor, Graeme Scott from KPMG.
2881	<u>MINUTES OF THE 62nd ANNUAL GENERAL MEETING AND 2022 SPECIAL GENERAL MEETING</u> Chair reported that the Minutes of the 62 nd Annual General Meeting and the Special General Meeting held on 28 July 2022 had been accepted by the Board as accurate records of those meetings and had been signed by him. He noted that a copy of the minutes was available on Qudos' website.
2882	Chair reported that there were nil matters arising from the minutes.
2883	<u>ANNUAL REPORT</u> Receipt and consideration of the Annual Report 2022.

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- 2884 Chair noted that while the 2021/2022 financial year continued to present a variety of challenges the bank exceeded budgeted targets and committed to continue to work hard to make Members proud of being a customer of Qudos Bank.
- 2885 Chair reported that Qudos Bank had been awarded Mozo's Best Large Mutual Award three years in a row.
- 2886 Chair reflected that the impact of the COVID-19 Pandemic had subsided but noted the ongoing challenges of the economic climate and the need to strike a balance between competitive prices and generating profit to be a sustainable business.
- 2887 Chair outlined some of the ways that Qudos Bank has assisted customers in difficult times, due to the pandemic, tragic weather events or personal circumstances.
- 2888 Chair advised that following approval at the 2022 AGM, the number of Directors will reduce from a maximum of 12 to 7 effective from the end of the meeting.
- 2889 Chair recognised, thanked and listed some of the many contributions of Directors Colin Adams and Dawson Petie, who retire from the Board at the end of the meeting.
- 2890 Chair thanked the CEO, management and employees, who continue to deliver to best support our customers, no matter the situation, and advised that Qudos has embarked on a 5-year plan to embrace a digital transformation that will set the bank up for the challenges of a dynamic future with an emphasis on maintaining our culture of caring for our customers.
- 2891 Chair introduced CEO, Michael Anastasi, to present key financial and operational highlights of the year.
- 2892 CEO expressed his appreciation to the Chair and the Board for their support and counsel during the year.
- 2893 CEO reported that the 2022 financial year saw Qudos Bank achieve strong financial results and deliver on key projects to improve customer services, being a testament to the strong loyalty shown by our customers and the hard work and dedication of our people.
- 2894 CEO advised that:
- the loan portfolio grew 10.7%, from \$3.55 billion to \$3.93 billion
 - the deposit portfolio grew 4.7%, from \$4.46 billion to \$4.47
 - assets grew to \$5.2 billion
 - year end profit grew 7.07%, from \$20.82 million to \$22.48 million, further strengthening the capital base
- 2895 CEO noted that in being awarded Australia's Best Large Mutual Bank for the third year in a row, financial comparison site Mozo highlighted that Qudos Bank looks after customers, no matter what their needs, while offering a broad range of competitive products and services.
- 2896 CEO recognised that these awards would not be possible without the commitment to outstanding customer service demonstrated by our people, especially those working in our frontline teams and thanked them for their passion and dedication.

- 2897 CEO acknowledged and sympathised with customers, their family and friends who experienced the brunt of major floods across NSW and QLD during 2022 and highlighted relief packages offered by the bank.
- 2898 CEO referred to the rise of fraud and scams and Qudos Bank's investments in technology and our people around fraud and cybersecurity to protect customers and provide resources to help educate customers.
- 2899 CEO announced that Qudos Bank was awarded Voice Project's Best Workplace Award for 2022, which recognises great places to work, with excellent management practices and a highly engaged workforce. He advised that employee satisfaction was 83.3%, which is 9.2% above the industry benchmark and is testament to the achievements of our people and our culture; The Qudos Way.
- 2900 CEO outlined some of the initiatives that contributed to this result, including the Accelerate career development program and mental health programs in partnership with Black Dog, and thanked the bank's Human Resources team for their efforts.
- 2901 CEO provided an update on a project to develop a faster, more efficient loan application and approval process for our customers and improvements to the bank's digital bank offering.
- 2902 CEO advised that the Board and Executive Management team have, over the course of the financial year, been reviewing key elements of the bank's strategy to ensure a bright and prosperous future, with a focus on our purpose and identity and bringing that to life. He thanked customers and employees who have been part of the research underpinning this work.
- 2903 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

Motion on Notice

Chair advised that as there were no new nominations submitted as part of the 2022 call for Directors, there was no Director Election this year and retiring Director Jennifer Dalitz stood for re-election by ordinary resolution in accordance with the Constitution.

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Chair asked if there was any discussion before he put the motion to a vote.

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There being no questions, Chair read the motion on notice:

'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.'

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Chair reminded Members that they had until he closed the voting at the end of item 5 (Director Remuneration) to vote on both resolutions.

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DIRECTOR REMUNERATION

Motion on Notice

Chair noted that the Qudos Bank Board has not received a remuneration increase since 2016 and that since then, there has been growing expectations and increased workload across Australian Boards, especially in the banking industry.

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- 2909 Chair advised that in 2022 the Board engaged Reward Results to conduct a benchmarking exercise of the Bank's Director remuneration against not for profit / profit for member organisations, which review revealed that Director remuneration at Qudos Bank is in the bottom 25% of comparable organisations.
- 2910 Chair highlighted the importance of appropriately remunerating directors so that they can deliver the expectations and workload to meet quality outcomes, which will help the bank attract and retain directors with the expertise to move the business forward, and that in keeping with best industry practice and recent reductions to the size of the Board, the total remuneration pool would be divided amongst the Directors in such a manner as Directors determine.
- 2911 Chair asked if there was any discussion before he put the motion to a vote.
- 2912 Chair advised that questions had been submitted prior to the meeting.
- 2913 Chair read the following question:

"Why do the directors describe Rewards Results as an independent reviewer, when they are appointed and paid by the QUDOS Directors? Why does the Explanatory Statement use the term "independent"?"
- 2914 Chair advised that Reward Results is the firm accredited by The Financial Institutions Remuneration Group Inc to provide analysis of their remuneration survey data. There is no related party or personal relationship between Reward Results and Qudos Bank nor any Director or Employee of Qudos Bank. They are not a material supplier to Qudos Bank nor is Qudos Bank a significant source of remuneration for Reward Results. Applying similar tests of independence as those used by regulators such as APRA for Directors and Auditors, Reward Results is independent.
- 2915 Chair read the following question:

'Justification of the proposed increase does not include any comparison of relative director annual workload compared to peers - has this been omitted in another lack of transparency - or honesty?'
- 2916 Chair advised that the report from Reward Results did note that Qudos Bank had slightly more Board meetings than average (10 compared to 9 for all respondents and 8 for Not for Profit/Profit for Member), but it was considered that the difference was not significant and was not necessarily an accurate measure of workload as some Boards may meet less frequently but for longer or more frequently but for a shorter amount of time. It also did not include numbers of Committee meetings.
- 2917 Chair explained that the Explanatory Statement outlines some of the issues and requirements impacting workload for all Australian Boards and especially banks, which includes Qudos Bank. These issues and requirements apply equally to all banks and therefore the workload is essentially the same, which is one of the reasons why the Board is targeting the midpoint for our peers.
- 2918 Chair noted that each year our Annual Report includes information about the number of Board and Committee meetings held and attended by each Director. Our Annual Reports can be accessed online at qudosbank.com.au.

2919 Chair read the following question:

'Some justification is mentioned - at rates of increased business activities of 10.7%, 4.7% and 7.97%. Those increases surely relate more to staff workload, not director workloads - so why not use measurands more suited to directors' activity?'

2920 Chair advised that various reasons for seeking the increase are outlined in the Explanatory Statement, including the benchmarking results and increased workload and complexity, already touched upon. The results referred to are not meant to be an indicator of the workload of the Board, but rather a measure of Qudos Bank's strong performance.

2921 Chair explained that everyone at Qudos Bank has a role to play in the success and strength of the bank. The very important role of the Board, as noted in the Explanatory Statement, includes governance, strategic direction and effective oversight of management of the Bank, as well as being accountable to Members for the Bank's performance. The results in the Annual Report demonstrate that the Board along with Management and employees are all playing their part in the strong performance of the bank.

2922 Chair read the following question:

'It is noted that the increase is mentioned in total remuneration for the whole board. Not explained is the average rate, which while not a good comparison for workloads, gives the shareholders a better feel for the real amount of increase. Currently, 9 directors receive \$616K total, and in future 7 directors will receive \$725K total, or an "average" of \$68.5K per director to a new "average" of \$103.5K. That's an "increase" of 51% per director. I know that's not fully correct, but it does show that some will be increasing remuneration by over 51% and some less than that. That is quite a different look to the advertised (by the directors) increase in Agenda Item 5 Explanatory Statement of ($\$724859 / \$616674 =$) only 17.5%, or about one third of the real increase. Question - why did the directors decide not to provide transparent figures?'

2923 Chair advised that the Explanatory Statement does include detailed information about the proposed increase, including how the proposed new total pool was calculated using the midpoint of our peers - 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 was set in line with the Deputy Chair to reflect their additional responsibilities and the time required for those positions.

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- 2924 There being no other questions, Chair read the motion on notice:
- 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.*
- 2925 Chair noted that the Returning Officer had advised that 40 Members provided an open proxy in favour of the Chair for the first resolution (Director Election) and 41 for the second resolution (Director Remuneration). Chair advised that he intended to vote in favour of both resolutions.
- 2926 Chair advised that any other attendees who hold open proxies were provided with additional voting cards and asked that they complete a voting card for each personal vote and proxy that they hold.
- 2927 Chair paused for Members online and in person to vote if they had not already done so.
- 2928 Chair closed the voting on both resolutions and advised that the results will be tabulated by the Returning Officer, ComputerShare, after the close of the meeting and announced on Qudos Bank's website the next day.
- 2929 Chair observed that based on the direct voting submitted prior to the AGM, it is unlikely that the resolution would be passed. He reflected that if that is the case, the Board needs to understand why and is committed to better engage with Members and the broader community.
- 2930 Chair advised that he believes that a review of Director remuneration is not just warranted but is necessary and that he is passionate about growing the business while still retaining what makes us successful which is our employees and your interactions with them.
- 2931 Chair advised that the Board is working with the CEO and his team on a new strategy that will ensure the organisation remains strong into the future, ensuring that Members get great value as a customer.
- 2932 Chair stated that the Board's intention is to attract top quality Directors that will need top level backgrounds relevant to Banking and Transformation and that the Board will work to ensure effective and resilient governance of Qudos Bank.
- 2933 Chair noted the recent drastic increase in Cyber Crime and the bank's investment in this area, which is top of mind among Directors.
- 2934 Chair advised that the Board appreciates Members' support and loyalty and intends to repay that loyalty with an exciting future for this organisation.

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2935 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 or the floor.

2936 Chair asked if Members had any questions.

2937 Chair noted that there were no questions and thanked our Directors, Management, and employees in attendance.

2938 **Closure**

Chair thanked all Members and guests for attending the meeting and for their ongoing interest and support. On behalf of the Board, he wished them and their families a very merry Christmas and a happy New Year.

2939 Chair declared the meeting closed at 5.34p.m. and directed Members to Qudos Bank's website for the final results.

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