

# NOTICE OF 2021 ANNUAL GENERAL MEETING

AUSTRALIAN MUTUAL BANK LTD ABN 93 087 650 726

The 2021 Annual General Meeting (AGM) of Australian Mutual Bank Ltd (AMBL) will be held on Wednesday, 24 November 2021 at 3.00pm as a virtual meeting online at <https://amb.verovoting.com.au>. Online registration will commence from 2.30pm on the day.

Due to the public health concerns and restrictions relating to the spread of COVID-19, the AGM will be held as a virtual online meeting by electronic means. There will not be a physical meeting where members can attend. Members are invited to participate in the AGM online using the Vero Voting link above. Members may do this electronically by using a compatible web browser on a desktop or mobile device.

## ITEMS OF BUSINESS

### Ordinary Business

#### ITEM 1: Welcome and Apologies

Welcome and opening by the Chair of the Board.

#### ITEM 2: Minutes

To receive the Minutes of the Annual General Meeting held on Wednesday, 25 November 2020.

#### ITEM 3: Reports

To receive and consider the AMBL Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2021.

#### ITEM 4: Election of Directors (see Explanatory Note 1)

To announce the elected Directors from the 2021 Director election. The election was performed by direct and postal voting which closed prior to the AGM.

#### ITEM 5: Remuneration of Directors Resolution 1 (see Explanatory Note 2)

To determine the remuneration of Directors by considering, and if thought fit, pass the following as an Ordinary Resolution:

*"That Remuneration to be paid to Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting be a lump sum of up to \$380,000 with payments to individuals from that lump sum to be at the discretion of the Board and such amounts to incorporate all FBT and Superannuation commitments payable."*

### Special Business

#### ITEM 6: Constitutional Amendments Part A – Mutual Capital Instrument (MCI) Resolution 2 (see Explanatory Note 3)

To consider, and if thought fit, pass the following resolution as a Special Resolution:

*"That the Constitution of Australian Mutual Bank Ltd be amended to allow for the issuance of Mutual Capital Instruments as set out in the copy of the Constitution marked "A" tabled at the meeting and, for the purposes of identification, signed by the Chair."*

#### ITEM 7: Constitutional Amendments Part B – Other amendments Resolution 3 (see Explanatory Note 4)

To consider, and if thought fit, pass the following resolution as a Special Resolution:

*"That the Constitution of Australian Mutual Bank Ltd be amended as set out in the copy of the Constitution marked "B" tabled at the meeting and, for the purposes of identification, signed by the Chair."*

#### Special Business Note: Why so many special resolutions?

The provisions in the Corporations Act that allow mutual banks and credit unions to introduce the mutual capital instruments (MCI) provisions into their Constitution prohibits other amendments from also being considered at the same time. The MCI changes must be dealt with on their own. As a consequence the other proposed amendments have to be considered separately.

Copies of the Constitutions marked up to show the changes being proposed are available on the AMBL website at [www.australianmutual.bank/agm](http://www.australianmutual.bank/agm).

#### By Order of the Board of Directors

Simon Brasier  
Company Secretary  
29 September 2021

# INFORMATION FOR MEMBERS

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## Attending the AGM via the Vero Voting online platform

Members will participate in the AGM online at <https://amb.verovoting.com.au>. You will be able to attend the AGM online, cast an online vote during the AGM, and ask questions online. It is recommended that members log in to the online platform at least 15 minutes prior to the scheduled start time for the AGM using the instructions below:

- Enter the AMBL AGM link <https://amb.verovoting.com.au> into a compatible web browser on a desktop or mobile device;
- Login using your Member Number and unique PIN code provided by Vero Voting.

Online voting at the meeting will be open between the commencement of the AGM and the time at which the Chair announces the closure of voting. More information about online participation in the AGM is available in the Vero Voting AGM Online Guide at [www.australianmutual.bank/agm](http://www.australianmutual.bank/agm).

All votes taken at the meeting will be on a poll, and not on a show of hands.

## Direct Online Voting in advance of the meeting for the Election of Directors and other resolutions.

A Member who is entitled to vote but unable to attend the meeting can vote for the Election of Directors and other resolutions by the Direct Online Voting process prior to the meeting. All eligible members are encouraged to vote by this method before the meeting. Voting for the Election of Directors closes at noon on 17 November 2021. Voting for other resolutions will conclude when voting closes at the meeting.

## Election of Directors

In accordance with the Constitution voting for the election of directors can be performed electronically by following the Vero Voting AGM Online Guide instructions. All eligible members are encouraged to vote in this manner. Those members without internet access via their phone, mobile device or computer may vote using the postal ballot form provided with the AGM pack or available on request by phoning our contact centre staff on 13 61 91. Please note that voting for the election of directors closes at noon on Wednesday 17 November 2021.

## Proxies

A member who is entitled to vote but unable to attend the meeting may appoint the Chair or another adult person as their proxy via the Vero Voting platform. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Proxy appointments in favour of the Chair of the meeting which do not contain a voting direction will be voted in support of resolutions.

Please note that if the person you appoint as your proxy does not attend the virtual meeting online or is absent when a vote is taken, your proxy vote will not be counted. Therefore, if you appoint someone other than the Chair, you should make sure that they are going to attend the Annual General Meeting.

More information about proxy nomination using the online platform is available in the Vero Voting AGM Online Guide.

A manual Appointment of Proxy form is available at any Australian Mutual Bank office, by request from the Contact Centre on 13 61 91 or can be downloaded directly from the Australian Mutual Bank website at [www.australianmutual.bank/agm](http://www.australianmutual.bank/agm). For the appointment to be valid, the Appointment of Proxy form must reach the Returning Officer, PO Box 881, Haymarket NSW 1240, no later than 3.00pm (Sydney time) Monday, 22 November 2021.

# EXPLANATORY NOTES

## Explanatory Note 1

### Item 4 - Election of Directors

Kerrie Daynes, Mark Sawyer and Kristen Watts retire in accordance with the Constitution and are eligible for re-election. Candidates for this election are Moray Vincent, Kristen Watts, Kerrie Daynes, Michael Cairns and Mark Sawyer. Each of these candidates has been assessed by the Director Nominations Committee and the Board. The candidate assessment has determined that each meets the requirements of the Fit and Proper Policy and possess the necessary skills to make an effective contribution to board deliberations and processes.

As there are five candidates for the three vacancies to be filled, a ballot for election of Directors will take place. The ballot will close on Wednesday 17 November 2021 at noon. Members are encouraged to vote for the Election of Directors using the Vero Voting electronic direct voting system via the link provided. Where this is not possible a paper postal ballot may be cast using the ballot paper and envelope provided or sent on request. Valid postal ballots must be received by the Returning Officer by the ballot closing time.

## Explanatory Note 2

### Item 5 - Remuneration of Directors

Member approval is sought to maintain the previously approved total annual remuneration pool paid to all elected Directors of \$380,000. No increase is being sought on this occasion due to the prevailing economic conditions. Payments to individual directors from that lump sum will be at the discretion of the Board and such amounts will incorporate all FBT and Superannuation commitments payable.

## Explanatory Note 3

### Item 6 - Constitutional Amendments

#### Part A – Mutual Capital Instrument (MCI)

1. Australian Mutual Bank is required to hold minimum levels of capital to support our banking operations. For listed banks, such as the big 4, the majority of that capital is derived from the ordinary share capital issued to investors as well as retained profits. Over many years the challenge for mutual banks has been to find a form of instrument, like the ordinary share, that could be counted as capital without changing our mutual structure. Unsuccessful attempts have been made leaving the mutual banking sector to rely almost entirely on retained profits to meet the highest minimum capital requirements and to fund growth. Due to a member share being redeemable when a member leaves, the member share cannot be counted towards that capital.

2. In 2019 the Commonwealth Parliament enacted changes to the Corporations Act 2001 to allow “mutual entities” to issue a form of permanent share capital (Mutual Capital Instrument or MCI). A “mutual entity” is a company:

- (a) in which each person has no more than one vote at a general meeting, for each capacity in which the person is a member;
- (b) permitted to issue permanent mutual equity capital without risking their mutual structure or status; and

3. While there is no immediate intention to issue MCI shares, the window of opportunity to amend the Constitution to allow us to do so will close on 6 April 2022. The special procedure under the

Corporations Act allows the current demutualisation safeguards to be changed to recognise MCI shares without triggering the extensive procedures entailed with making such a change. That procedure requires the passage of a special resolution, with 75% of those present in person or by proxy at the AGM voting in favour, and also that the resolution must be solely for the purpose of making the MCI amendments.

4. The objective is to take advantage of this opportunity to have the ability to raise capital should it be required and allow us to remain a mutual. Such capital could be used to invest in technology and systems to improve our products and services.

5. In summary MCI shareholders:

- (a) can attend general meetings but only have one vote, but only if the Board gives them the right to vote under the terms of issue;
- (b) will not count towards the quorum of a general meeting;
- (c) still have only one vote (like all member shareholders) if they also hold a member share;
- (d) cannot nominate a candidate for election as a Director (unless they are also a member shareholder);
- (e) do not qualify to be an elected Director (unless they are also a member shareholder);
- (f) can only vote on the appointment of a chairperson of a general meeting if the Board gives them the right to vote under the terms of issue. The Board may in its sole discretion determine the voting rights attaching to MCI shares in the terms of issue, subject to the requirements of the Constitution and the Corporations Act. If MCI shareholders are given voting rights, they would be entitled to only one vote at general meetings, regardless of the number of MCI shares they hold.

## Explanatory Note 4

### Item 7 - Constitutional Amendments

#### Part B – Other Amendments

#### Corporation Purpose and Stakeholder considerations Amendment to Appendix 1 and insert new S10.5

AMBL is progressing an application for B Corporation certification. Certified B Corporations meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. The adoption of the proposed “Purpose” and “Stakeholder” amendments will support the B Corporation application and position AMBL as a mutual which will uphold the highest operating standards.

#### Electronic Meeting and Voting Systems Amendment to S8.7(3-6), A5-8 and A5-13

Amendments to reflect actual practice undertaken for electronic meeting and/or voting systems and enhance the efficiency of the paper-based ballot process.

#### Board Appointed Directors, Casual Vacancies of Member Elected Directors and Director Eligibility. Amendment to S9.4(1), S9.5(1) and S9.2(f)

Amendment to S9.4(1) and S9.5(1) removes the requirement to meet S9.2(f) - continuous membership of 3 years for Director appointments by the Board. Amend S9.2(f) to reflect application from its adoption on 22 November 2020.