

**1. Opening.**

The Chair, Fran Raymond, opened the meeting at 1000hrs with an acknowledgement of country and all the traditional owners of the lands we were all meeting on. It was noted due to the current global pandemic, that the meeting was being held virtually to ensure the safety of all participants.

The Chair noted that a quorum was present and welcomed all people in attendance.

**2. Present.**

Details of those in attendance are shown in the Attendance Register.

**3. Welcome.**

The Chair thanked members for attending the meeting.

She introduced herself, members of the Board of Directors, CEO (David Marshall), Executive Managers and employees thanked them for their leadership and management of the Bank.

The Chair welcomed the following guests:

MAJGEN Peter Haddad AO (Ret'd), Trustee, Defence Bank Foundation.

AVM Christopher Spence AO (Ret'd), Trustee, Defence Bank Foundation.

Mr Christopher Hill, Senior Analyst, APRA.

Mr Kunen Satkunasingham, Partner, PwC.

Mr Saurabh Kamtika, Director, PwC.

Mr Richard Williams, Partner Principal and Mr Tony Raunic, CEO, from Hunt & Hunt.

Ms Nicola Burgess, CEO and Mr Andrew McCleave, GM Growth & Customer Experience from Data Action.

Mr Joel Owens, Manager Partner Relationships; Ms Jenny Ayres (Adviser, Sales Development), Mr Roland Moloney (Specialist) and Ms Laura Neil (Sales Development Consultant) at IAG.

Mr Scott Dargan, Principal, Natural Mind Concepts.

Mr Tim Wildash CEO, and Ms Cassie Willetts (Human Resource Manager) at Next Payments.

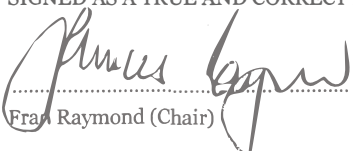
The Chair noted the dispatch of the Notice of Meeting late October 2020 and confirmed that the meeting is being held in line with the Treasurer's Determination.

**4. How to ask questions.**

The Chair provided members with details on how to electronically submit questions during the meeting.

Annual General Meeting held on 23 November 2020.

SIGNED AS A TRUE AND CORRECT RECORD:

 8.2.21  
Fran Raymond (Chair)

**Defence Bank Limited.**

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**5. How to vote?**

The Chair provided members with details on how to electronically vote on each of the resolutions.

**6. Item 1: Notation of Minutes of the 2019 Annual General Meeting.**

The minutes of the Defence Bank meeting of members held on 25 November 2019, having been previously adopted by the Board, and made electronically available during the meeting, were noted by members.

**7. Item 2: Receive the (a) Directors report, (b) Financial statements, and (c) External Auditors' report.**

The 2019 Annual Report, which included the Directors' Report, Financial Statements, and the External Auditor's Report was available electronically via the online meeting platform.

As there were no questions, the Chairman noted the meeting's receipt of the Directors' Report, Financial Statements, and the External Auditor's report for the year ended 30 June 2019.

The Chair then presented a report on the progress and achievements of Defence Bank during the 2019/2020 financial year.

The Chair stated that, it's been a big year.

It's been interesting and challenging.

It's been another year of great results.

And our credit ratings are strong.

Our regulators continue oversight and

We continue to support the Defence Bank Foundation.

It has certainly been an interesting and challenging year. We have had the normal business headwinds with compressed margins, increased regulatory focus, and then droughts, bushfires, floods and a pandemic. It has been a big business, economic, environmental and community year, too - who could have anticipated all this would have happened at the same time.

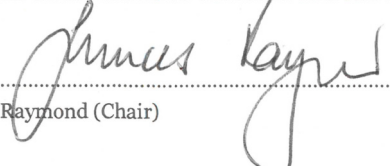
The majority of our people who normally work at support office in Melbourne have been working from home, a minority have continued to work from support office and the remainder of our team have worked from our branches, right across Australia. It hasn't been easy from a lot of perspectives, but that didn't slow us down.

The Board wishes to recognise the sheer hard work of the CEO, the Executive, the whole team. No matter their role, they have demonstrated an eagerness to serve those who protect us. I am proud of our team's resilience and determination to put Defence Bank at the heart of everything Australians care for, value and love.

It is great to be able to report that Defence Bank, from its Executive down has stepped up and delivered.

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Fran Raymond (Chair)

## Meeting of Annual General Meeting – 23 November 2020.

Defence Bank has had a strong year with our profitability up 0.14%. The bank recorded 10% asset growth and a growth in deposits of 5.37%. And, our net interest income has increased by 4.45% which supports our profitability. Being a member-owned bank, this enables us to reinvest back into our business to deliver products and services that are relevant to our members.

These results underpin the maintenance of our Standard and Poors Credit Rating which sits at BBB / Stable / A2 and the new Credit Rate provided by Moody's in November 2020 of Baa1 / Stable / P-2.

The Chair stated that the Board continued to our business strategy to ensure we continue to grow and experience great results. We will continue with our digital transformation, and we will continue with the work required to remain strong - for whatever is needed, for whatever's ahead.

The bank's strategic priorities have remained a focus as has the rollout of initiatives to support these.

The Chair then outlined her view that regulatory agencies will continue to play a critical role in Australia's economy, with the ongoing impact from the Hayne Banking Royal Commission has meant continued oversight by regulatory agencies on Australia's financial sector.

She outlined that Defence Bank supports and adheres to regulatory obligations and takes a considered approach in response to ensuring that our implementation of regulatory change is appropriate to our bank.

Board and Management work together to ensure our governance matures and responds to both regulator and member standards.

She noted to ensure we continue to be a robust organisation, it's important for the Bank to have a strong relationship with the regulators - not only to meet all our compliance requirements but also be an effective and strong organisation - for our members, for Australia.

The Chair wished made particular mention of our support of the Defence Community.

We continued our support of various Defence Community activities by providing sponsorship, donations and promotions totalling over \$438,958 in the last financial year.

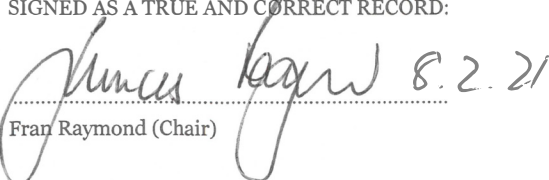
The Chair outlined the Defence Bank Foundation in 2013 to provide a greater level of support to the Defence Community. The Foundation does this by funding programs that help serving and ex-serving ADF members who suffer injuries and illnesses such as post-traumatic stress disorder.

Defence Bank provides The Foundation with personnel and administrative support so that all funds raised by the Foundation can be used for charitable purposes.

Over the past five years, The Foundation has been fulfilling this goal by funding programs which includes the training of rescue dogs to become PTSD Service Dogs for serving and ex-serving members of the ADF.

Annual General Meeting held on 23 November 2020.

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## Meeting of Annual General Meeting – 23 November 2020.

This program changes lives. Recipients of dogs have reported:

Incredible improvements in their PTSD symptoms;  
Their need for medication has greatly reduced;  
A reduction in night terrors; and  
More than ten reported that their dog prevented them from taking their own life.

She said we are extremely proud of the Defence Community Dogs program and The Foundation remains committed to supporting it.

The Chair outlined this program has been recognised both inside and out of Defence this year, being named a finalist in two awards. The first - Defence Connect Australian Defence Industry Awards sets the new benchmark for excellence in defence, recognising the outstanding achievements made by both individuals and firms working in Australian defence industry.

The second, the Australian Companion Animal Rescue Awards - Innovation in Rescue recognises organisations and individuals who are doing things differently to reduce surrender and help companion animals find a loving home. Remarkably, in times that saw the Program significantly adapt its training to work within lockdown conditions, the program successfully graduated seven dogs.

Defence Bank actively supports our community with paid leave available for employees participating in fundraising activities for our chosen charity, the Defence Bank Foundation. During the year, employees and Directors raised \$70,000 this year which was a terrific effort given the limitations of COVID-19.

Member events and personal donations (thank you) increased funds raised even further.

The Chair acknowledged the generosity of the Defence Bank employees and my fellow directors who have donated hours of their time to raise money to support their local communities and would like to thank them all for their ongoing efforts and commitment.

The Chair invited questions about her report.

No questions were raised.

The Chair then introduced David Marshall, our CEO, to present his report.

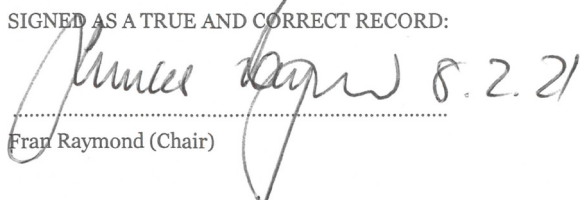
The CEO opened by thanking Members for their loyalty and commitment to their bank – noting the bank is owned by its Members and exists exclusively for them.

He acknowledged and thanked all staff, including the Board, for their ongoing dedication and support with particular recognition to Craig Madden, who is retiring at the close of this meeting.

The CEO addressed the current unprecedented health and economic crisis and its national and international effect. The Bank's response to this environment was to embrace it and not be a victim to its impacts, but more see it as an opportunity to expedite a number of its key priorities.

Annual General Meeting held on 23 November 2020.

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Fran Raymond (Chair)

## Meeting of Annual General Meeting – 23 November 2020.

He touched on a number of key highlights from the Annual Report, including;

NPAT of \$10.1m up \$0.10m on the prior corresponding period.

Total Assets \$2.751m up \$251m on the prior corresponding period.

Capital \$189m up \$10m on the prior corresponding period.

NPS 49 up 18 on the prior corresponding period.

MES 86 up 6 on the prior corresponding period.

Employee engagement 80 % up 9% on the prior corresponding period and within the top decile of the comparator base.

Gender diversity and inclusion 63/37 % female to male.

Most importantly, the Bank has invested at record levels on products and services for its members.

The CEO reiterated the Bank's focus, to serve those who protect us, with a very clear, tight set of 5 strategic priorities in the Bank's beyond base camp strategic plan being:

1. Build relevance across life stage of our members.
2. Broadening our member base
3. Aligning channels to member needs to enhance personalisation
4. Operational efficiency – your bank must be efficient – better, faster, cheaper.
5. Grow employee capability.

This is a people led & technology enabled game plan – no fancy multi year, technology transformations that certain other organisations spin regularly that they are achieving outcomes and never do.

He then thanked members for their support and invited questions.

No questions were raised.

### **8. Item 3: Appointment of two (2) directors.**

The Chair advised that Craig Madden has mandatory retirement from the Board at the conclusion of this AGM. The bank's constitutional requirements for seven Directors, has appointed two new directors via direct appointment, Group Captain Jeffrey Howard and Pam Rebecca.

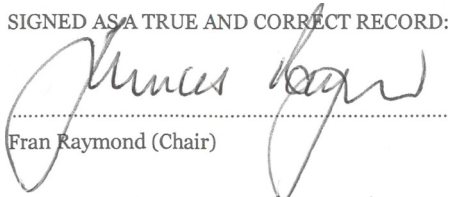
Pursuant to section 13.4 of the Constitution, the Board has resolved to appoint both Group Captain Jeffrey Howard and Pam Rebecca for a three year term, after which they will be required to stand for re-election via the Member Election process.

The Chair, on behalf of the Board, welcomed Jeffrey and Pam and look forward to their valuable contribution to Defence Bank.

The Chair invited questions about her report.

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No questions were raised with respect to the item, however there was a question regarding the CEO/Chairs report relating to member growth. The CEO confirmed that over the last financial year, the member base had growth by approximately 5,000 members and that the figure is expected to be 7,000 by the end of the calendar year.

**9. Item 4: Re-appointment of Fran Raymond.**

The Chair handed this item over to Director Joan Fitzpatrick.

As a result of the Nominations process, and in accordance with Defence Bank's Constitution, as only a single candidate was nominated for a single director position, an election was not required to be held. The Nominations Committee received guidance from the Board to consider skills, competency and experience in addition to fit and proper requirements. On this basis, the Nominations Committee recommended Fran Raymond as an appropriate candidate to the Board.

As a result, the Board (excluding Fran Raymond), having received the recommendation from the Nominations Committee, determined that Fran Raymond should be put to members for re-appointment.

In total, nine proxies were received. 0 members appointed me to vote at my discretion, 7 directed me to vote 'For' the resolution, 2 directed me to vote 'Against' the resolution and none directed me to abstain.

Director Fitzpatrick invited questions.

No questions were raised.

The floor was returned to the Chair.

**10. Item 5: Constitutional enhancements – Mutual capital instruments (or MCIs).**

The Notice of Meeting outlined the key details with respect to the proposed changes to the Constitution, which enable the Bank the mechanism to issue Mutual Capital Instruments if it is ever required.

As an Authorised Deposit-taking Institution, the Bank must meet the minimum capital requirements set by the Australian Prudential Regulation Authority, which exist to ensure that depositors' funds are secure at all times.

The bank does not have any current need for additional resources and does not plan to issue any MCIs in the foreseeable future, however these constitutional changes allow for this funding mechanism in the event it is ever required.

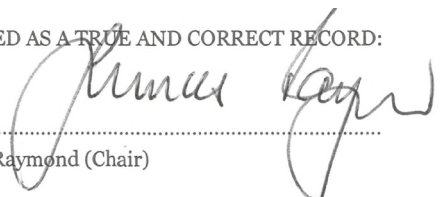
The Board and management of the bank recommend that these changes be made so that the bank will have the flexibility to issue MCIs if that becomes necessary in the future.

The Chair asked members to consider, if thought fit, pass via special resolution.

Annual General Meeting held on 23 November 2020.

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In total, 9 proxies were received. 0 members appointed me to vote at my discretion. 6 directed me to vote “*For*” the resolution, 2 directed me to vote ‘*Against*’ the resolution and 1 directed me to abstain.

**11. Item 6: Constitutional enhancements – Simplification of procedures.**

The Chair noted that this item relates to the approval of constitutional enhancements with respect to the simplification of procedures.

The Notice of Meeting outlines the key details with respect to the proposed changes to the Constitution, which provide the Bank with a number of efficiencies which in turn will allow us to provide greater service to our members in a more efficient way.

The Chair recommend that these changes be made to promote efficiency.

It was confirmed that, in total, 9 proxies were received.

0 members appointed me to vote at my discretion, 7 directed me to vote ‘*For*’ the resolution, 2 directed me to vote ‘*Against*’ the resolution and none directed me to abstain.

**12. Item 7: Directors’ remuneration.**

It was proposed that the aggregate remuneration of all non-executive Directors be increased this year.

**Resolution:** “ That Directors’ fees increase to an aggregate remuneration of all non-executive Directors of no more than \$737,225 (including superannuation in accordance with the Superannuation Guarantee Contribution legislation) for the period commencing at the 2020 Annual General Meeting and applicable until the General Meeting next determines Directors’ remuneration. This aggregate amount is to be apportioned among the Directors in accordance with Defence Bank’s Remuneration Policy.”

This aggregate amount is to be apportioned among the Directors in accordance with Defence Bank’s Remuneration Policy. The sum represents an increase of \$14,455 in aggregate or 2.0%.

It was confirmed that, in total, 9 proxies were received.

0 members appointed me to vote at my discretion. 6 directed me to vote “*For*” the resolution, 2 directed me to vote ‘*Against*’ the resolution and 1 directed me to abstain.

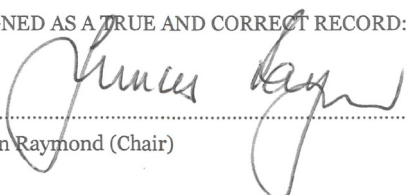
**13. Item 8: General business.**

**13.1. Finalisation of Poll.**

The Chair started the process of closing the poll. It was noted that members had one minute to finalise any of their votes to be considered in the final numbers and that Link Market Services will validate the results, which will be announced at the end of the meeting.

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## Meeting of Annual General Meeting – 23 November 2020.

The Chair invited members to raise any comments and or questions regarding general business.

No other comments or questions were raised.

### **13.2. Employee service recognition.**

The Chair thanked all the Defence Bank employees for their ongoing outstanding contribution and dedication to the Bank.

Significant employee milestones achieved this financial year:

- Annette Pelz, achieved 30 years of service.
- Gerry Elgar and Kym Bowles achieved 25 years.
- Fiona Coffey, Julie Tierney and Sue Thomas achieved 20 years.
- Cameron Gregory, Craig Madden, Dudley Wootton, Mike Smith and Nicole Weeks achieved 15 years.
- Allison McInroy, David Weeks, Irene Bell, Michelle Hansford, Sue Hilger and Patricia Muleta all achieved 10 years of service.

A number of employees were congratulated for their five years of service.

The Chair stated we are enormously privileged to serve our ADF members. The ADF has contributed significantly to the community in a range of areas across the country and around the world. At the bank, we are very aware of how such events have impacted on our members, their families and their colleagues - indeed, right across the Defence community. We thank them for their service.

We also thank all our members for putting their trust in the Bank to support their financial goals.

### **13.3. Announcement of results of Poll.**

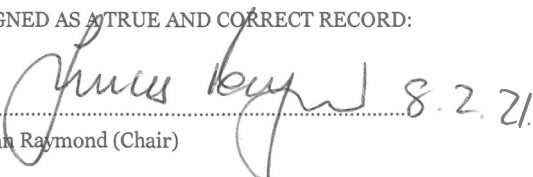
Having received the results from Link Market Services, the Company Secretary advised that all resolutions had met their required thresholds and had therefore been carried. The results of the poll are annexed to these minutes.

## **14. Meeting closure.**

The meeting was closed at 1055hrs.

Annual General Meeting held on 23 November 2020.

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