

DEFENCE BANK LIMITED
Minutes of the 40th Annual General Meeting
Held at CQ
113 Queen Street Melbourne
On 23 November 2015 at 1230 hours

Opening

1. The Chairman, Paul Mulraney, opened the meeting at 1230 hours. He noted that a quorum was present and welcomed all people in attendance.

Present

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

Apologies

3. No apologies.

Welcome

4. The Chairman thanked members for attending the meeting. He then introduced himself, members of the Board of Directors, the Chief Executive Officer and the Company Secretary.

He welcomed guests:

Bill Velos, Velos Lawyers, Returning Officer

Lex Hopkins, APRA

Mark Stretton and Malvin Prasad from, Deloitte's, External Auditors

Graham Henry, CGU and

John Kilgore, Hardwire

The Chairman noted that at registration, eligible voting members were given an Annual Review and a green and blue voting card. The Chairman noted that each attendee would have received a copy of the 2015 AGM Agenda.

Item 1: Notation of Minutes of the 2014 Annual General Meeting

5. The minutes of the Defence Bank meeting of members held on 24 November 2014, sent to Members with the AGM Agenda, were noted.

Item 2: Receive the (a) Directors Report, (b) Financial Statements, and (c) External Auditor's Report

6. The Chairman made a presentation on the achievements of Defence Bank in financial year 2014 - 2015.

The presentation highlighted the financial results including asset growth, reserves, member loans and profits. The Chairman acknowledged the maintenance of our Standard and Poor's rating of BBB+, with a stable outlook. The continued commitment to innovative service delivery was affirmed through the new Branch concept at Willows in Far North Queensland and East Sale in Victoria. The product range has been expanded with the

launch of more competitive Home Loan packages, launching both the Ultimate Home Loans Package & the Essentials Home Loan. Responding to the needs of our members we are the first bank in Australia to provide a face-to-face banking online experience regardless of location via our Video Call App. In the past year we have established a social media presence through both Facebook and twitter, providing us with a new way to update, communicate and engage with our members. For a fourth year in a row we achieved a member satisfaction of over 80%, when we asked members about the quality of our service through our annual member survey. This demonstrates our continued focus on delivering service excellence across all our channels – Branch, Contact Centre, Online Banking and Mobile Banking.

The Chairman noted Defence Bank's active sponsorship and support to Defence related charities with sponsorship, donations and promotions totalling over \$600,000 for the year, and many of our staff have donated many hours of their time to support their local communities. The Chairman noted the expansion of the Defence Bank Foundation and our commitment as a major sponsor of the Young Diggers Dog Squad Program.

The Chairman invited questions about the Director's report. No questions were raised.

Item 3: Announcement of the Appointment of two Directors

7. The Chairman announced the retirement of two valued and long serving directors from the Board, Callum Brown and David Payne and thanked them for their contribution as directors. As part of Defence Bank's commitment to best practice in corporate governance the Board conducted a Director recruitment process, which identified two new directors with strong financial services experience for appointment to the Board. The Chairman introduced Joan Fitzpatrick and Anne Myers to the members, and welcomed both directors to the Board.

Item 4: Special Resolution: Modification of the Defence Bank Constitution

8. The Chairman referred members to a marked up document headed "Modification of Constitution" attached to the back of the Agenda, and outlined the proposed changes in response to the changing needs of our members and the bank.

The Chairman, in accordance with the requirements of Defence Bank's Constitution, declared that twelve (12) proxy forms had been received with respect to the issue of Modification to the Constitution;

- 11 directed to the chair to vote for
- 1 directed to the chair to vote against

The motion was moved by Fran Raymond and seconded by Bruce Murphy.

A vote was called and members voted, using the Blue voting slip with a clear majority in favour. The Chairman confirmed the motion is passed into resolution.

Item 5: Directors' Remuneration

9. The Chairman introduced a motion proposing Directors' remuneration.

The motion was:

That the aggregate remuneration of all non-executive Directors be no more than \$594,500 (including superannuation in accordance with the Superannuation Guarantee Contribution legislation) for the period commencing today and applicable until the Annual General

Meeting next determines Director's remuneration. This aggregate amount is to be appointed among the Directors in accordance with Defence Bank's Remuneration Policy.

The motion was moved by Craig Madden and seconded by Callum Brown.

The Chairman opened up the floor for discussion. No questions or comments were made.

The Chairman, in accordance with the requirements of Defence Bank's Constitution, declared that eleven (11) proxy forms had been received with respect to the issue of Modification to the Constitution;

- 9 directed to the chair to vote for
- 1 directed the chair to abstain
- 1 directed to the chair to vote against

A vote was called and members voted, using the Green voting slip with a clear majority in favour. The Chairman confirmed the motion is passed into resolution.

Item 6: General Business

Comments and Questions from Members

10. No questions were raised.

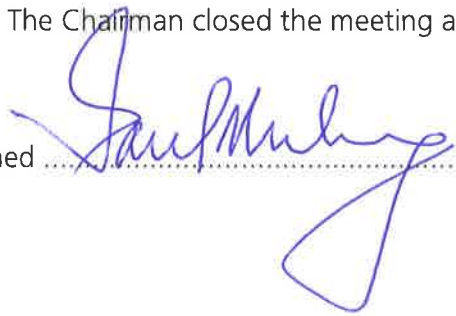
Comments by the Chairman

11. The Chairman thanked everyone for their attendance and invited the meeting to join him for a casual lunch in the foyer.

MEETING CLOSURE

12. The Chairman closed the meeting at 1252 hours.

Signed



Date

05 Feb 16