

MINUTES OF THE ANNUAL GENERAL MEETING OF HUME BANK LIMITED HELD AT 492 OLIVE STREET, ALBURY, AND VIRTUALLY VIA VERO ON THURSDAY 19 NOVEMBER 2020 COMMENCING AT 5:32 PM

PRESENT: T Whiting (Chair), M Gobel (Deputy Chair), K Thawley, P McGill, K Griffin, S Capello (CEO), A Prentice (Company Secretary) and Alison Flakemore and Leanne Brodie (Auditors), C Hill (APRA), L Cassidy (minutes) together with twenty-two (22) other members whose names appear in the attendance register for the meeting.

APOLOGIES: No formal apologies were received.

OPENING ADDRESS: The Chair welcomed attendees to the 2020 Annual General Meeting of Hume Bank Limited.

Alison Flakemore and Leanne Brodie were welcomed to the meeting, representing Hume Bank's external auditors, Crowe and Chris Hill from APRA.

The Chair noted that the Company Secretary had advised that Notice had been given in accordance with article 12.23 of the Hume Bank Constitution, and confirmed that a quorum was present.

Members were reminded of the voting eligibility criteria and that all votes would be made via Vero Voting (issued upon registering attendance) unless a poll was properly demanded. Members were provided with an opportunity to register their attendance and vote online if they had not already done so.

The Chair advised that no proxy votes had been received.

CHAIRMANS ADDRESS:

Members, we, like everyone in the community continue to experience an extraordinary year. The personal stresses and strains on members and staff of drought, extreme heat, fires and Covid-19 are well documented, especially here on the border. Add the potential of significant financial disruption and now next to zero interest rates and every fibre of our individual and collective capacity is being tested.

However, these challenges are creating opportunities for Hume to adapt and develop a more purposeful operating model to enhance the experience of members. We recognise that the community expectations of us have changed and however loyal our customers are they still expect a competitive but supportive and understanding banking experience.

So, we have endeavoured to meet the demand of border lockdowns and the need for customer and staff to have both physical and financial security. This has required significant agility to match imposed operating restraints with customer and staffing requirements ensuring our front-end service has not been conflicted. I applaud all our customers and especially our staff for their ability to adapt in this unusual environment.

Specifically, Hume has been cognisant of the financial impact of lockdowns and other economic disruptors amongst our member base. We have offered special assistance to those borrowers who have requested help as well as designing products to further support the local economy. However, this unequivocal support comes with a cost to Hume's profitability.

In fact, at the end of this reporting year, 2019-2020 profit for the year was \$3.9 million, down from last year by 22%. The major impact on profit was the impact on revenue of flat net interest income and the significant and conservative increase in our provision for loan impairment. Operating expenses, despite the lockdown disruption, were down year on year by 2.9%.

From a Balance Sheet perspective, the Bank continued to strengthen. As at June 30 we were holding \$1.24 billion of Depositor funds, up on last year by 11.5%, allowing us to extend Loans and Advances of \$951 million into the many communities we serve. Total assets of Hume Bank reached \$1.342 billion and a further measure of our strength, total members funds from the Bank's profit, rose by 5.3% to \$85.1 million.

This financial strength is of vital importance as it creates both security and trust within our customer base and reinforces our key role in supporting our communities financial and social wellbeing.

We are confident that our competitiveness, our knowledge of the marketplace and our connection with our customers, will provide us the necessary market momentum to grow our business. However, with what is looking to be a sustained period of very low interest rates, this growth prospect is conditional on there being no further significant deterioration of the economic environment.

I would like to take this opportunity to thank our members for their confidence and loyalty in Hume, their bank. Particularly as we all step through the unknowns of this current period. I especially would like to thank Stephen Capello for his leadership and understanding of Hume Bank, its markets and its people and, for developing a strong and deliverable strategic plan. Stephen is supported in this process and in the day to day operations of the bank by an exceptional

Leadership group and by all Hume employees, so thank you all for your great contribution and for maintaining that great Hume tradition of service with a smile, even if it has been temporarily hidden behind a mask, a screen or a phone.

I also wish to thank my fellow Directors for their knowledge and passion as Hume navigates the economic, statutory, governance and competitive challenges continually being tossed in our direction. The diversity of opinion and experience at the board table, or now the Zoom screen, is a great attribute and a significant factor in Hume's continued success.

In March this year our longest serving Director, Henri Cruddas stepped down from the Board to concentrate on her international executive role based in Luxembourg. Henri had been a Director since 2011 and Hume's Legal and Compliance executive from 2002 to 2004. On behalf of the Directors and members I thank Henri for her valuable service to Hume and I wish her well in her new endeavours. The Board have not yet replaced Henri as we continue to prudently analyse the impact of both the pandemic and low rates on our business.

Also, as is the protocol at Hume, my four-year term as Chair ends next month. It has been an honour and a privilege to serve Hume's members in this capacity and I am looking forward to being of service to the Board under the very capable leadership of Chair-elect Michael Gobel.

This region, despite border barriers and differing State approaches to the pandemic, seems to be holding up well. There is no doubt there is some hardship due to business disruption but the housing market, which is our bread and butter, is rolling on with momentum. Interestingly, there does seem to be some demand from young families escaping the cities, taking advantage of local housing prices, low rates and the capacity to maintain a career using the now available technology. This movement of potential customers into the region is positive, however it creates a competitive challenge for Hume to develop an exceptional banking experience for those new customers who have no understanding or loyalty to Hume.

I believe we are up to the challenge and by completely understanding our capability, keeping our business model simple and efficient and delivering a level of product and service that lifts our customers wellbeing we have much to offer current and future members.

Thank you.

CEO'S ADDRESS:

Thank you Chair and welcome again to the first Hume Bank Virtual AGM.

Whilst this year may have been one of the most challenging to the bank, customers and community alike, it is one where Hume has stood tall in our role in the community, the responsibility we have and our ability to generate a better life for all.

It is during difficult times, the unprecedented times we are facing, where our purpose in the community has never been so important. It is this purpose that we aim to demonstrate each and every day and 2020 saw this more than any year in recent history.

When we think of community, nothing is more prominent than being 'unified by a common interest'. In 2020 this was solidified more than ever with our community coming together to support each other during the Covid 19 pandemic.

We responded to the call of our community the best way we could, by keeping our branches open, enabling customers to interact with the digital and telephony channels, we offered support to small business and provided nearly \$70m in customer lending relief. Our staff have been dedicated, committed and above all lived our purpose every day as we supported them during this challenging time for all.

We launched our biggest community support initiative to stimulate the local economy with a \$50m pledge at the country's lowest 3 year fixed rate product aiming to put people into new local homes, built by local builders, employing local tradies. We partnered with local builders to bring awareness to the industry where 10% of local employment is generated. These partnerships were a first and proud moment for Hume

The ability to put our customers and community first is at the heart of everything we do and a significant point of differentiation in our business model which allows them to be owners as well. This removes any conflict in decisions as we don't have shareholder profits to maximise.

Whilst Hume assists in traditional home ownership, savings and movement of capital or payments, it's the hidden community impacts that we are also proud of. For example, the \$3m in value we spend with local vendors to the 504,000 transactions we process via our 15 community branches which is the largest investment in face to face banking of any banks locally.

The bushfires disaster saw parts of our community devastated and we responded by providing customer relief packages, visiting our communities that were greatly impacted and partnering with the Border Trust to raise \$112,000, thanks to the generosity of our customers in branch and the broader community to go towards the regeneration of our communities.

We provide support each year to 75 smaller community groups via sponsorships and donations. These community groups bring life and connectivity to our community which Hume is proud to support.

To our People. There is no greater example of what makes Hume different. Our people live our purpose every day and an investment in them is core to any good business. Hume is very proud to be a major employer in the region and we recognise the benefits this provides our community in many ways. In 2020 we launched Bright Careers, Brighter Wellbeing and Be Bright as we continued to invest in our people to make a stronger / connected Hume Bank. An importantly during the Covid 19 pandemic we were able to keep our staff 100% safe and part of the Hume family.

Our traditional lending role saw us lend over \$240m last year, and our customers benefited from every dollar. This benefit also extends into the community through the flow on effect of utilisation. Importantly provided \$200m for people to own their own homes as was our original purpose back in 1965. We also assisted 163 customers to bring their mortgages to Hume where they will save thousands over the life of their loan and achieve home ownership quicker.

Hume is a local bank with local lenders. It is this that makes a huge impact to our customers. Customers from Wodonga to Wagga that experienced the benefit of banking with Hume where they could not get the support they needed from other banks.

Our support for Businesses often goes unnoticed but last year, Hume supported local Businesses to the value of just under \$22m which has gone towards business development, property ownership and construction and equipment financing. If we put this amount into jobs this would equate to a significant number. Importantly we provide support where support is needed with our banking partnering those industries that are supporting our local economy. With the impact clear to see from our great partners in Aspire who with Hume's support have grown to 200 employees supporting over 700 facilities in assisted care. To Upper Murray Family care who have been a Hume customer for over 20 years and trusted Hume to fund the construction of their new head office.

Whilst lending may be what we are known for our positive impact in the community can be felt in many other areas where giving back to our community is embedded in the DNA of Hume.

Our Pensioners -- represent 17% of Albury- Wodonga and 17% of our customer base. Our branch network is crucial in providing the personal interactions they seek. Our staff know many of our elderly customers by first name giving them the comfort of familiarity and the confidence to seek help when needed.

Our pensioner customers not only benefit from \$118m in pension payments we process through our systems but many of them utilise our services to pay over 43,000 bills in branch, something that is very unique to Hume Bank. It is these customers any many more that also benefit from our higher interest rates on term deposits and retirement accounts. We consistently pay interest above the big 4 banks providing much needed income for this customer segment.

Our impact on the local economy – can be felt by our role in moving capital through our economy. Hume processed over 17.8m transactions. With 95% of our customer's resident in our home communities this impact is significant. However, one downside with the movement of cash is opportunity. Opportunity for fraud, which is where our fraud monitoring service runs 24/7 and has protected many of our customers from financial losses. Last year alone we stopped over \$5.2m in potential fraud. If this service was not provided the impact to our customers and community would be significant.

Reflecting on our community impact last year we believe we can do better and our commitment is stronger than ever. Our role in making our community stronger and more prosperous is not a question of compromise but 'and' as we must ensure there is connectivity across all aspects of the banks business. So in conclusion, to our customers, staff and community, thank you for a great year, keep a supporting each other, because together we are stronger than alone.

Thank you and I would like to hand back to our Chair Tony Whiting.

MINUTES:

The Chair referred to the minutes of the previous Annual General Meeting held on Thursday 17 October 2019 which had been made available to all attendees via the Vero Portal.

The Chair noted that no questions were received via the Vero Portal.

IT WAS RESOLVED that the meeting adopt the Minutes of the Annual General Meeting held on 17 October 2019 and that the Chair sign them as an accurate record of that meeting.

**FINANCIAL
STATEMENTS
AND AUDITOR'S
REPORT:**

The Chair confirmed that there had been no questions from Members posed to the Auditors.

The Chair advised that no proxy votes had been received regarding the Financial Statements and Auditor's Report.

The Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows, together with the accompanying Notes, Directors' Report, Directors' Declaration and Independent Audit Report for the twelve months ended 30 June 2020 as presented are NOTED.

**REMUNERATION
OF DIRECTORS:**

The Chair recommended the agenda item to members as per the Explanatory Notes, noting the proposal represents a 0% increase to Directors' fees and a cost saving of 8.5% on last year's approved remuneration.

The Chair advised that no proxy votes had been received in relation to the remuneration of Directors.

IT WAS RESOLVED that, in accordance with Article 13.6 of Hume Bank's Constitution, the remuneration payable for Directors for their services for the year ending 30 June 2021 be Directors fees of \$46,562.06 per Director, Committee fees of \$7,989.23 per Director, Board Chair allowance of 75% of Directors fees and Committee Chair allowance of 100% of Committee fees plus superannuation contributions on all amounts at 9.5%.

**CONFIRMATION OF
DIRECTORS:**

The Chair noted the requirement of Hume's Constitution s13.3(a) that Directors retire no later than the third anniversary of their appointment.

It was confirmed there were no proxies received in relation to the proposed Director appointments.

The Chair advised that Kerry Grigg was due to retire as a Director in accordance with Hume's Constitution and has nominated for re-election.

IT WAS RESOLVED that Kerry Grigg be re-elected as a Director of Hume Bank Limited.

The Chair advised that Kent Griffin was due to retire as a Director in accordance with Hume's Constitution and has nominated for re-election.

IT WAS RESOLVED that Kent Griffin be re-elected as a Director of Hume Bank Limited.

**PROPOSED MCI
AMENDMENTS TO
HUME'S CONSTITUTION:**

The Chair advised members that a special resolution is being proposed to amend Hume Bank's Constitution to enable the bank to issue mutual capital instruments. Hume Bank has not made a decision to issue MCIs, but the ability to do so by amending the Constitution will provide Hume Bank with more options for capital raising, which will improve Hume's ability to innovate, compete and grow.

The Chair confirmed there were no questions received in relation to the proposed MCI amendments.

It was confirmed there were no proxies received in relation to Proposed MCI Amendments to Hume's Constitution.

IT WAS RESOLVED that, in accordance with section 167AJ of the Corporations Act 2001, Hume Bank's Constitution be modified by making the amendments contemplated in section 167AI of the Corporations Act 2001 and contained in the document tabled at the Annual General Meeting and signed by the Chair for the purposes of identification.

**PROPOSED GENERAL
AMENDMENTS TO
HUME'S CONSTITUTION:**

The Chair advised members that a special resolution is being proposed to amend Hume Bank's Constitution. These changes are aimed at modernising the Constitution to reflect

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accepted market practice, law and governance practices of Hume Bank and improve readability.

The Chair confirmed there were no questions received in relation to the proposed general amendments to Hume's constitution.

It was confirmed there were no proxies received in relation to proposed general amendments to Hume's Constitution.

IT WAS RESOLVED that, in accordance with section 136(2) of the Corporations Act 2001, Hume Bank's Constitution be modified by making the amendments, other than the amendments noted in item 4, contained in the document tabled at the Annual General meeting and signed by the Chair for the purposes of identification.

GENERAL BUSINESS: The Chair informed the meeting that there was no other business brought forward to Hume or its Auditors in accordance with the Constitution, however he asked whether there were any further questions.

No further business was forthcoming.

No questions were received.

CLOSE: The Chair thanked Members for their attendance and declared the meeting closed at 6:00pm.