



Main Proposed Changes to the Constitution

This special resolution, if approved by at least 75% of the votes cast by Members entitled to vote, will replace the Company's existing Constitution with a new Constitution.

Although it has been amended from time to time, the current Constitution is now more than 25 years old. The proposed new Constitution has been prepared to provide Hume Bank with a simpler, more modern governance framework that is easier to understand, better reflects how the Bank operates today, and is fit for the future.

The main changes made to the Constitution are:

A. Making Member participation more equitable

We are a Member-owned bank, and want to make our Constitution as transparent and user-friendly as possible. The proposed updates will promote:

- Increasing voting access for Members who cannot attend in person by making electronic voting the standard instead of a show of hands in the meeting room. If a person is not able to use electronic voting, they can still vote with a paper form.
- Reducing the period a Member must hold an account (from six months to three) before they are eligible to vote.
- Clarifying the definition of Member to ensure "one Member, one vote" applies regardless of the number of accounts or trusts a person holds. Similarly, each account should confer no more than one Membership and one vote.
- Reducing any risk of double vote-counting by stipulating that where a valid proxy has already been received prior to a meeting, the Member is taken to have exercised their voting right for that resolution and is not entitled to cast a further vote on that resolution at the meeting.

B. Making the Board easier to operate

From time to time, our Board needs the flexibility to make decisions that serve Members best. The following updates allow this to happen, while still operating within a strong governance framework.

- The Constitution introduces a new category of “Board-appointed Term” Directors who can be appointed for up to 12 months to fill a temporary gap, or where the Board considers that the person has skills, experience or expertise not otherwise available on the Board. If their term is to be extended beyond 12 months, they must go to the next AGM for traditional election by Members. Board-appointed Term Directors must always constitute less than 50% of the Board and never be more than three Directors.
- The new Constitution states that no Director can remain on the Board for longer than nine years (or extended to ten if approved by the remaining Directors). This is considered best practice for modern boards, to maintain Board renewal and independence.
- Any Director standing for Member election must meet Board skills criteria. This helps maintain a competent, skills-based Board, and protects Members’ interests.
- Reducing the minimum number of Directors from six to five.
- Maintaining the maximum number of Directors at eight, but allowing for a temporary increase above eight to support acquisitions or restructuring.
- Clarifying that a Director approved at AGM is elected for three years, whether they are an addition to the Board’s number or filling a casual vacancy.
- Clarifying how tied Director election votes are resolved, including by a further Member vote at the meeting or, if results are only available after the meeting, by Board resolution.

C. Making the document simpler and fit for purpose

Times have changed since our Constitution was drafted. As a modern bank, we need to ensure our Constitution is not only future-proofed, but allows our people to get on with the job of running a successful bank every day.

- Moving the sections on shareholder members and MCI members to the back of the document as the Company does not currently have these types of members; and removing detailed provisions about partly paid shares, calls, liens and the forfeiture regime for Member shares, since there are no shares on issue.
- Removing the section on when Members can call for a poll because every vote will be decided on a poll.
- Removing dispute resolution processes that are already provided by regulators.
- Removing old references to signing documents with a seal.
- Clearer rules for inactive or dormant accounts to make it easier to keep records up-to-date.
- Reflecting current law and common business practice by updating practical rules about indemnities and insurance.
- Protecting the Bank’s mutual status by limiting transfer of shares (if any were to be issued) and severing any change which may have the effect of triggering de-mutualisation.