

Dear Bank Australia member,

As a mutual bank focused on empowering our customers to use their money to create a world where people and the planet thrive, we've made great progress. Together, we've helped our customers achieve their financial goals, and we've collectively helped create positive impact for our shared communities and planet since 1957. By merging with Qudos Bank, we're excited about the opportunity to do even more. More for our customers, more for our communities and more for our planet.

With shared values and aligned commitments to customer benefit and positive impact, we believe Bank Australia and Qudos Bank coming together will see us create a better, stronger and more resilient bank.

That's why the Bank Australia Board unanimously recommends that customers vote in favour to support the opportunity in front of us.

Why merge and why Qudos Bank?

Bank Australia is a strong, sustainable and successful bank, but we operate in an increasingly competitive market. As a smaller institution competing against the major banks, we are seeing increasing pressures from growing regulatory requirements and costs, the need for greater investment in technology, and the cost of funding continued improvements in customer experience.

Merging with Qudos Bank will help us meet these challenges and position the Merged Bank strongly for the future. Qudos Bank is an ideal merger partner as a proudly customer owned bank, with aligned values and a commitment to purpose and positive impact. Through our shared histories as credit unions supporting key industry sectors and communities since the 1950s, to our current status as two of the leading customer owned banks, Bank Australia and Qudos Bank make excellent merger partners.

Importantly, we are approaching this opportunity as a true merger of equals. We have clearly articulated how we will bring our two banks together and identified the purpose, objectives and key commitments for the Merged Bank which you can learn more about in the enclosed Member Information Booklet. In summary, here are some of the key things for you to know about the merger:

- 1. A strategic choice:** The proposed merger is a proactive strategic choice by the Board to ensure the history and service ethos of Bank Australia can be maintained and enhanced well into the future. It is about building a better bank that can deliver greater member benefit and impact at increased scale.
- 2. Merger of equals:** The merger with Qudos Bank is a true partnership. The Board will have equal representation from each bank. Jennifer Dalitz, current chair at Qudos Bank, will become the new Chair of the Merged Bank. Damien Walsh, the current Managing Director of Bank Australia, will lead the new organisation. Importantly there will be no job losses or forced redundancies for employees below executive level across both banks and they will have an important role to play in successfully bringing the two banks together.

- 3. Commitment to impact:** The Merged Bank will continue to focus on creating positive impact for people and the planet, and Bank Australia's existing public commitments will be maintained.
- 4. Shared values and focus:** Qudos Bank shares our commitment to deliver benefits for its customers and communities. Choosing a values aligned merger partner was essential and the Board is confident that in Qudos Bank we have an ideal partner committed to cooperative principles and customer ownership.
- 5. Improved customer and digital experience:** The Merged Bank will benefit customers with more support, and greater ability to invest in enhanced products, services and technology. You can expect access to better digital technology, and even better customer service through more branches and a combined contact centre. Customers will be better off from day 1 with reduced fees across our product range.
- 6. Greater financial and operational capacity:** The merger will bring together two financially strong customer owned banks to enhance our ability to drive positive impact. Together, we'll create a national organisation with 300,000 members, 900 employees, and approximately \$17.5 billion in assets.
- 7. A stronger customer-owned bank:** While Bank Australia has a strong track record of success, this merger allows us to ensure the long-term resilience and sustainability of your bank. We'll remain customer owned and continue to put your needs at the centre of everything we do.
- 8. Unanimous Board support:** After thorough assessment, the Bank Australia Board unanimously recommends proceeding with the merger and that customers vote in favour.

Your voting pack

Along with this letter, your voting pack includes:

- a Notice of Meeting for the Special General Meeting where members will consider a special merger resolution regarding the proposed merger;
- a Member Information Booklet that contains all of the important information you need to know about the proposed merger with Qudos Bank; and
- a voting form and instructions on how to cast your vote.

Vote in favour to create a better, stronger and more resilient bank

We are asking members to support this merger to help us create a better, stronger bank that will be big enough to compete against the major banks, while still being small enough to remain absolutely committed to you, our customer.

This is an important decision about the future of your bank, and we're confident that the answer is clear. Voting in favour of the merger will benefit you as a customer, as well as our employees and our communities.

Thank you for your continued support as a Bank Australia member.



Steve Ferguson
Chair



Damien Walsh
CEO and Managing Director

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