

Coming together with purpose to do more for you.

Vote in favour to create a better, stronger
and more resilient customer-owned bank.

Member information booklet for the proposed
merger of Bank Australia and Qudos Bank

Disclaimer: The Australian Prudential Regulation Authority (APRA) has approved this Member Information Booklet pursuant to Rule 9 of the Financial Sector (Business Transfer and Group Restructure) determination No. 2 of 2017, for the purposes of the Financial Sector (Transfer and Restructure) Act 1999 (Cth). In deciding whether to approve this Member Information Booklet, APRA has consulted with the Australian Securities and Investments Commission (ASIC). Neither APRA nor ASIC accept any responsibility for the accuracy or otherwise of any matter contained in, attached to, or accompanying this Member Information Booklet.





Acknowledgement of Country

At Bank Australia we respectfully acknowledge the Traditional Owners of all the lands on which we live and work, and we pay our respects to elders past and present. We recognise their continued connection to the land, waters and culture and we acknowledge their sovereignty has never been ceded. Our head office is located on the land of the Wurundjeri people of the Kulin Nation.

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Important notices

Purpose

This booklet contains important information for members relating to the proposed merger of Bank Australia and Qudos Bank, and will assist members in deciding how to vote on the merger resolution at a Special General Meeting (SGM) to be held on the date and time specified in the Notice of Meeting sent to members, together with this Member Information Booklet. The booklet contains information which is legally required to be provided to our members under the Transfer Act and the Transfer Rules. Members should read this booklet carefully before making a decision as to how to vote on the merger resolution.

Defined terms

Capitalised terms and certain abbreviations used in this booklet have the meanings set out in the 'Glossary' section on page 82.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculations may differ from the calculations set out in this document.

Unless otherwise specified, all references to '\$', 'A\$', 'dollar' and 'cent' are references to Australian currency.

References to time

Unless otherwise indicated, all references to time in this booklet are to Australian Eastern Standard Time.

Disclaimer as to forward-looking statements

Certain statements in this booklet relate to the future. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Bank Australia or the Merged Bank to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, interest rates, the regulatory environment, competitive pressures and market demand.

The forward-looking statements in this booklet reflect views held only at the date the Notice of Special General Meeting was sent to Members, together with this booklet. Other than as required by law, neither Bank Australia nor Qudos Bank nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this booklet will actually occur.

No investment advice

The information contained in this booklet does not constitute financial product advice and has been prepared without reference to your own particular objectives, financial situation, or needs. Before making any decision in relation to the merger, including any decision to vote in favour or against the Resolutions at the Bank Australia SGM, you should consider whether that decision is appropriate in light of your particular needs, objectives and circumstances. If you are in any doubt about what you should do in relation to your own financial position, please consult your financial or legal adviser.

Privacy and personal information

Bank Australia, Qudos Bank and their respective registries may collect personal information in the process of conducting the Bank Australia SGM and implementing the merger. The personal information they may collect about you includes your name, contact details and details of your Bank Australia membership, and the names of individuals appointed by you to act as a proxy. The collection of some of this information is required or authorised by the Corporations Act.

Bank Australia members who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Bank Australia by calling 132 888, emailing SGM@bankaust.com.au or visiting a branch if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting Bank Australia and Qudos Bank to conduct the Bank Australia SGM and implement the merger. The personal information may be disclosed to Bank Australia and to Qudos Bank's registries/transfer agents and advisers and to print and mail service providers.

The main consequence of not collecting the personal information outlined above would be that Bank Australia may be hindered in, or prevented from, conducting the Bank Australia SGM and implementing the merger. Bank Australia members who appoint an individual as their proxy to vote at the Bank Australia SGM should inform such an individual of the matters outlined above.

Dispute resolution

Members will continue to have access to Bank Australia's internal and external dispute resolution processes, both before and after the SGM, and regardless of whether the merger proceeds. For detailed information about those processes, please refer to the Complaints and Disputes section of the [Bank Australia website](#).

No internet site is part of this document

Bank Australia and Qudos Bank maintain internet websites. Any references in this booklet to a website is a textual reference for information only and the website does not form part of this booklet.

Board recommendation

The Board of Bank Australia unanimously recommend that you vote in favour of the proposed merger.

Board authorisation

This Member Information Booklet has been authorised for release by the Bank Australia Board. The Chair of the SGM and any other Directors who have been appointed as proxies intend to vote all available proxies in favour of the Merger Resolution.

Any questions?

If, after reading this booklet, you have any questions about the merger or any action you are asked to take, please call us on 132 888 between 8am – 8pm Monday to Friday and 9.00am – 2.00pm Saturday, visit a branch or send us a message via SGM@bankaust.com.au. Information about the merger is also available on the merger page of the Bank Australia website www.bankaust.com.au/merger.



**The Board of Bank Australia
unanimously recommends that
you vote in favour of the merger.**

Coming together with purpose to do more for you

As a Bank Australia customer, you have the power to create a better, stronger and more resilient customer-owned bank, and one that can create even greater positive impact for our communities and planet.

By voting in favour of the merger with Qudos Bank, you will benefit from the collective strength of an organisation that exists to benefit its customers and be a force for good on their behalf.

We will build on the strong foundations of our history and continue to be guided by our shared values, while combining the best of our organisations to improve benefits to you and grow the impact we create on your behalf.

Chair and Managing Director's letter



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 of the merger 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 this 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 a crucial 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 of the Merged Bank with reduced fees as we take a 'best of both banks' approach across our combined product range (see page 84 for more details).
- 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. We encourage you to read this booklet for more details on the benefits of the merger, and instructions on how to cast your vote.

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 customer.

Steve Ferguson,
Chair

Damien Walsh,
CEO and
Managing Director

Why vote in favour of the merger



With shared values and aligned commitments to customer benefit and positive impact, Bank Australia and Qudos Bank merging together will create a better, stronger, and more resilient bank. We'll remain 100% customer owned, keeping you at the centre of everything we do.



The merger between Bank Australia and Qudos Bank will ensure that you continue to benefit from competitive financial products and excellent customer service, enable larger investments in better, more secure banking technology, and allow us to create greater positive impact on your behalf. What won't change is our commitment to being a force for good as we continue to put sustainability and positive impact at the heart of our strategy and operations.



We will build on our strong foundations and continue to be guided by our shared values, while combining the best of our organisations to improve benefits to you and grow the impact we create on your behalf. Through the merger, we're excited about the opportunity to do even more. More for our customers, more for our communities and more for our planet.

How the merger will benefit you



Access to expanded Bank@Post services for Bank Australia customers.



Increased capacity for larger investment in improved customer experience, with contact centre and lending teams across Sydney, Melbourne, Brisbane, Canberra and the Latrobe Valley.



15 branches across Victoria, New South Wales, Queensland and the Australian Capital Territory with customer service support for customers of both banks from the first day of combined operations.



Increased capacity to invest in impact for people and the planet as Australia's leading purpose driven bank.



No branch closures as a result of the proposed merger.



A wider range of products and services, with savings from reduced fees and charges from day 1 of the Merged Bank.



Up to 4% of annual after-tax profit committed to the impact fund to support communities and the planet.



Greater investment in digital experience, customer service, cybersecurity and fraud/scam prevention.



Commitment to explore opportunities to improve business banking products and services for small and medium enterprises.



No executive or employee bonuses, ensuring we act in your best interest.

How the merger will benefit our employees



Increased career growth and learning and development opportunities.



The Merged Bank to be the employer of choice for more than 900 people.



Competitive salaries and benefits including generous superannuation contributions and leave entitlements.



A commitment to no job losses or forced redundancies for non-executive employees as a result of the merger.



Flexible hybrid work practices, generous leave entitlements and supportive workplace policies for all life stages.



Dual head offices in Melbourne and Sydney and a continuing commitment to 100% Australia-based employment and operations.



Investment in modern technology for improved employee experience.

Consolidation in the customer-owned banking sector

The number of customer-owned banks in Australia has decreased from around 185 in 2004 to approximately 50 at the end of 2024. Over the past 5 years, the Australian mutual banking sector has experienced significant consolidation and merger activity. This consolidation has been driven by a number of factors, including the need for technological transformation, increased cyber security demands, increased regulation and compliance costs, and rising operational costs.

The customer-owned banking sector has shown great resilience with mutual banks continuing to experience growth in net assets and operating profits, with lending and deposits also increasing in recent years. However, at the same time costs have continued to rise while interest margins have been under pressure from increased competition, highlighting the ongoing financial pressures for smaller banks.

The need for greater scale to remain competitive in the Australian banking market is a significant driver of this consolidation. A recent report from Standard & Poors suggests that \$20 billion in total assets is emerging as the new benchmark for competitiveness. This push for scale is also influenced by the need to invest in technology to meet customer expectations for digital banking, enhanced cyber security and fraud and scam prevention.

Recent or active mergers

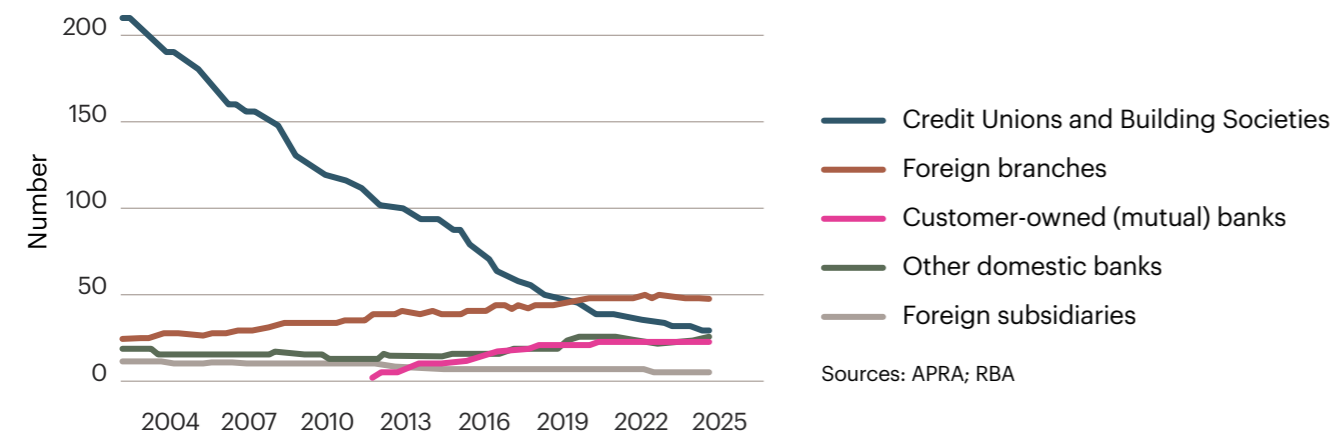
P&N Bank and Banana Coast Credit Union (2019)
Heritage Bank and People's Choice = People First Bank (2022)
Newcastle Permanent and Greater Bank = NGM Group (2022)
Beyond Bank and AWA Alliance Bank + First Choice Credit Union (2023)
Bank Australia and Qudos Bank (proposed)
Teachers Mutual Bank and Australian Mutual Bank (proposed)
G&C Mutual Bank and Unity Bank (proposed)
Regional Australian Bank and Summerland Bank (proposed)



Why we have chosen Qudos Bank as merger partner

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.

Number of banks in Australia



Established as the credit union for Qantas employees in 1959, Qudos Bank traces its legacy through its support of people working in the aviation industry to today where it supports the banking needs of a diverse customer base across Australia. This industrial heritage mirrors Bank Australia's origins supporting employee credit unions in diverse sectors like science and technology, education, energy, media and aviation among many others. The Bank Australia of today carries the legacy of 73 credit unions and a successful merger will see us build on this legacy.

As two of Australia's leading customer-owned banks, we share a common purpose and aligned values. Bank Australia and Qudos Bank both have a fundamental commitment to the principles of customer ownership and putting the needs and interests of customers at the heart of their operations. And like Bank Australia, Qudos Bank reinvests profits back into the business to provide fair rates and fees for customers and contributes to a range of initiatives that create positive community and environmental impact.

Qudos Bank is a financially strong and well managed customer-owned bank. Like Bank Australia, Qudos Bank has performed well over the past 5 years, experiencing sustainable growth and improving customer experience while effectively managing its costs. You can learn more about Qudos Bank's financial performance on page 73.

Qudos Bank operates a network of 5 branches, which will bring the Merged Bank's total branch footprint to 15 branches across Victoria, New South Wales, Queensland and the ACT. Importantly, all current branches will be retained in the merger, and reviewed in future by the Merged Bank to support future customer service requirements. With Qudos Bank's larger presence in New South Wales, and Bank Australia's larger presence in Victoria, the Merged Bank will have a more evenly distributed customer base that will have access to a wider network of branches and customer service channels.

Increasing our ability to deliver positive impact

Bank Australia has clear impact focus areas of climate action, nature and biodiversity, First Nations Recognition and Respect, and affordable and accessible housing. These impact priorities have been informed by research and engagement with customers over many years. We've been working to develop impact strategies for each of these priority areas and to date have published our [Climate Action Strategy](#), [Nature & Biodiversity Strategy](#) and [First Nations Recognition and Respect Strategy](#).

Through our impact lending activity, we continue to support affordable, accessible, and sustainable housing including community housing developments, Specialist Disability Accommodation and a number of Government supported affordable home buying schemes.

Qudos Bank's impact focus areas of action on the environment, housing security, financial wellbeing, and education align closely to Bank Australia's. The Merged Bank will build on these aligned priorities, and work with customers to continue to refine our shared impact priorities.



Public impact commitments

The Merged Bank will expand its positive impact on our communities and the planet, fostering deeper connections with customers and employees via a broader, longer-term platform for sustainable value creation and growth. We will engage closely with our larger customer base on the social and environmental issues that are important to them.

To support our public impact commitments, we will continue to develop our leadership position, with products that meet customer needs and are differentiated according to their brand and focus on impact.

Bank Australia recently piloted a new Impact Term Deposit which directly matched customers' funds to an equal value of impact lending assets. These customer deposits financed a range of social and environmental lending assets, including Clean Energy Home Loans (home loans for green homes) and loans to the community housing and Specialist Disability Accommodation sectors.

The Merged Bank will adopt a range of public commitments governing how we will operate, including a 2035 net zero emissions target and a responsible banking policy. You can read the full list of public commitments in Attachment B of this document.



The Merged Bank will expand its positive impact on our communities and the planet, fostering deeper connections with customers and employees via a broader, longer-term platform for sustainable value creation and growth.

Our shared vision for the Merged Bank



Our strategic vision for the Merged Bank is to build on the strengths and success of our two banks to create a better, stronger and more resilient bank. In planning for this merger, we have worked together with Qudos Bank to develop a new strategy for the Merged Bank that aligns us behind a refreshed purpose and aspiration.

Purpose:

As a customer-owned bank, we believe banking can be a force for good and together we can have a positive impact on our customers, their communities and the planet.

Aspiration:

To leverage our position as Australia's leading purpose-driven bank and champion banking as a force for good.



We need to be of sufficient size and scale to make a difference.

We are Australia's leading purpose-driven bank and aim to remain within the top 5 customer-owned banks by size.

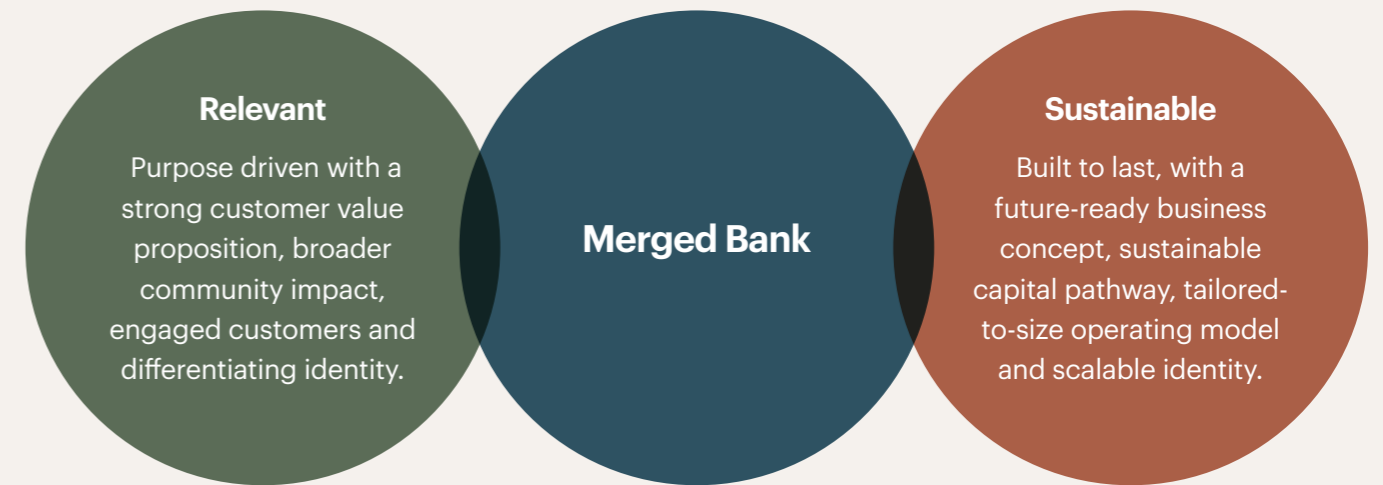
We will continue to focus on growth and scale as a key strategic lens, as increasing our scale will not only allow us to invest further into our business, but also increase our ability to create positive impact and positioning us well for potential merger opportunities.



We will continue to focus on creating positive impact for people, our communities and the planet.

As a purpose-driven bank, we have the capacity to influence social and environmental issues, and we are committed to advocating for positive change for our customers and communities.

This includes continuing our work across our priority impact areas, in addition to growing our impact lending business.



Relevant

Purpose driven with a strong customer value proposition, broader community impact, engaged customers and differentiating identity.

Merged Bank

Sustainable

Built to last, with a future-ready business concept, sustainable capital pathway, tailored-to-size operating model and scalable identity.

The Merged Bank will prioritise four key, interconnected themes at the core of its strategy:



Customer centricity:

Our customers are at the core of everything we do, and we exist to serve them. As a customer-owned bank, we must ensure that all our decisions are made with our customers in mind. We will focus on ensuring we continue to deliver an exceptional customer experience.



Enabling technology:

As we integrate our businesses, we will ensure that we make decisions across our technology, tools and banking systems to allow for continued evolution and modernisation. We seek to have contemporary technology that supports both our customers and employees.



Resilience:

To be able to deliver on our purpose requires strong commercial foundations and organisational resilience. We operate in an increasingly complex and rapidly evolving environment and must ensure we are able to grow and thrive. We cannot deliver on our purpose or winning aspiration without ensuring that we continue to be commercially sustainable and resilient.



Impact:

We seek to have a positive impact on communities and the planet to form a deeper connection with our customers and employees. We do this through engaging with our customers about the issues that are important to them and how the bank can act on these. We also have a range of public commitments on how we will deliver these, such as our net zero targets and our responsible banking policy.

Why we're better together



Bank Australia and Qudos Bank exist to benefit customers, support their financial wellbeing and create positive impact on their behalf.

By combining the best of both organisations, we'll bring our individual strengths and what makes us unique, while using the power of a larger organisation to improve benefits and services for you. Through the merger, customers of both banks will have access to more branches, lower fees and charges, better support through our contact centre and digital service channels, and a wider range of products and services with lower fees and charges, while continuing to receive our high levels of customer service.

The Merged Bank will be one of Australia's leading customer-owned banks with approximately 300,000 customers, 900 employees and approximately \$17.5 billion in total assets. This means that we'll be able to better compete with the bigger banks, while remaining true to our customer owned origins by passing on the benefits of being a larger combined bank to our members.

Together, we will be large enough to offer more for customers than we can do alone, while still being small enough to retain the personal touch – all achieved at a fraction of the size of Australia's major banks. We know bigger isn't always better. But in banking, size and scale does matter as it ensures we can continue to provide the products and services you need, and invest more in secure, modern digital technology that our future customers will expect.

	Bank Australia	Qudos Bank	Merged Bank
Purpose / mission	To inspire and empower our customers to use their money to create a world where people and the planet thrive.	We help people realise their full potential	As a customer-owned bank, we believe banking can be a force for good and together we can have a positive impact on our customers, their communities and the planet.
Aspiration / vision	To be Australia's most trusted bank and leading purpose-driven business.	Like family, we'll always champion people to achieve more for themselves, their community and the planet.	To leverage our position as Australia's leading purpose-driven bank and champion banking as a force for good.
Values	<ul style="list-style-type: none"> • Honesty and integrity • Care and empathy • Belonging and community • Future and generational thinking • Authenticity and transparency 	<ul style="list-style-type: none"> • Customer first • Authentic • Empowering • Passionate • One team 	A refreshed set of values to be developed for the Merged Bank in partnership with both our customers and our employees.
Origins	Credit union founded in 1957	Credit union founded in 1959	
Head office	Melbourne	Sydney	Melbourne and Sydney
Locations	VIC, NSW, ACT, QLD	NSW, QLD, VIC	VIC, NSW, ACT, QLD
Members	192,000	100,000	~300,000
Branches	10	5	15
Employees	613	245	~900
Assets	\$11.7 billion	\$5.8 billion	~\$17.5 billion
Community contribution	Up to 4% of after-tax profit	3% of after-tax profit invested in environmental, social and governance initiatives	Up to 4% of after-tax profit

Our commitments to customers

From the earliest stages of exploring a possible merger with Qudos Bank, it quickly became clear that both banks shared a common vision for the future and how the Merged Bank would operate to benefit customers and drive positive impact. This has been embodied in a number of absolute commitments that honour the history, strengths and commitments of each bank, while combining the best of both to create a better outcome for customers.

✓
The Merged Bank will remain 100% customer owned.

✓
We will remain committed to responsible banking with the Merged Bank adopting Bank Australia's responsible banking policy positions and public commitments.

✓
The Board of the Merged Bank will have equal representation from Bank Australia and Qudos Bank Directors ensuring that our customers are equally and appropriately represented. Refer to page 67 for more information about the Merged Bank Board.

✓
The Executive team will comprise members from both banks, ensuring stability and continuing corporate knowledge, and reflecting that this is a true merger of equals. Refer to page 68 for more information about the Merged Bank Executive team.

✓
There will be no branch closures as a result of the merger.

✓
The Merged Bank will provide access to a larger national branch network for customers, including customer service support at all 15 branches for customers of both banks from the first day of combined operations.

✓
The Bank Australia and Qudos Bank names will both continue following the merger. Any future review of the names used by the Merged Bank will involve engagement with customers.

✓
We will continue to seek customer input on the Merged Bank's impact priorities through the regular customer values survey, and through regular opportunities for customer feedback and input.

✓
We are adopting a 'best of both' approach to fees and charges on products and services, offering great outcomes for customers and resulting in benefits from day 1. We have developed a detailed integration plan to combine our two banks into a single organisation. While full integration will take some time after the official merger date, as integration is achieved customers will see benefits across our services, products and technology.

Our commitments to employees

✓
There will be opportunities for all current non-executive employees to continue working with the Merged Bank and there will be no forced redundancies as a result of the merger. We need our people more than ever, and everyone has a role to play now and in the Merged Bank.

✓
Our people will benefit from enhanced career development and growth opportunities as a part of a larger customer-owned bank.

✓
The Merged Bank will be based on an inclusive, diverse and supportive culture where we value empathy, belonging and authenticity in our people, and use this to spark great ideas and outcomes for our customers.

✓
We will split head office operations across Melbourne and Sydney, and no one will be required to relocate interstate.

✓
With a larger geographic footprint, the Merged Bank will become an even more attractive employer of choice for potential employees.

✓
We will invest in modern technology to improve employee experience and enable them to provide even better customer service.

Our commitments to people and the planet

✓
We will continue to work towards achieving net zero carbon emissions by 2035 across our lending portfolio and operations.

✓
We will expand our range of impact focused products including our green home loans, electric vehicle loans and impact term deposits.

✓
We will continue to grow our commercial impact lending business to fund more affordable, accessible and sustainable housing, clean energy transition, and purpose driven businesses.

✓
We will maintain B Corp certification, an independent designation of high standards of verified social and environmental performance, accountability and transparency.

✓
We will maintain our nature conservation reserve and deliver better outcomes for nature through implementing our nature and biodiversity impact strategy.

What will your banking experience look like on day 1 of the Merged Bank?

If customers vote in favour of the merger there will be some changes that benefit you, but the way you access your banking will stay the same on day 1 of the Merged Bank.

What will change



Reduced fees and charges on transaction and savings accounts, credit cards and loans from day 1 (see p 84).



Access to more branches – the Merged Bank will have 15 branches across Victoria, New South Wales, Queensland and the ACT.



Access to a wider range of products and services across the two brands. Access to expanded Bank@Post services including cash withdrawals.



Access to a wider range of mortgage brokers.

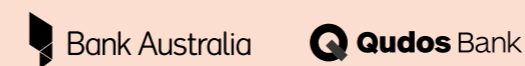
What will stay the same

The way you conduct your banking including:

- No change to your customer number, account numbers or BSB
- Using the same internet banking, mobile app and contact centre number
- The same access to Osko fast payments, Apple Pay, Google Pay and Samsung Pay
- Using your existing debit, credit cards and digital wallets



Interest rates on your savings, term deposits and loans* will stay the same.



The brand name of your current bank will continue after the merger. Any future review of the names used by the Merged Bank will involve engagement with customers.



We'll remain 100% customer owned.



All current branches will remain open.



Our contact centre will remain 100% Australia-based.

* Variable rates are subject to ongoing change in line with the official cash rate and market conditions. Term rates will continue to apply until the end of the applicable term.

What to do and how to vote

Customers are encouraged to have their say on the future direction of Bank Australia by voting. The Boards of both Bank Australia and Qudos Bank unanimously recommend customers vote in favour of the merger. The Australian Prudential Regulation Authority (APRA) has approved the merger progressing to a customer vote, and customers are now asked to vote to approve the merger at a Special General Meeting (SGM) to be held on the date and time specified in the Notice of Meeting sent to customers together with this Member Information Booklet.

Date	Event
At least 21 days before the SGM	SGM materials Member Information Booklet and Notice of Special General Meeting will be made available to Bank Australia Members
From receipt of the Notice of Meeting until 48 hours before the SGM	Member voting period Direct voting online and the lodgement of Proxy Forms for the SGM may occur until 48 hours before the SGM*.
48 hours before the SGM	Bank Australia SGM direct online voting and proxies Online voting must be submitted, and proxy forms must be received no later than 48 hours before the start of the SGM*.
Day of the SGM	Bank Australia SGM Bank Australia members to consider and may vote on the Merger Resolution online during the SGM or by attending the SGM and voting in person*.
01/07/2025 or on such date as APRA determines	Merger date The date on which the merger will officially take effect (if the Merger Resolution is passed by members of both organisations).

* The date and time of the SGM is specified in the Notice of Meeting sent to members together with this Member Information Booklet.



Our Merger Resolution

Members of Bank Australia and Qudos Bank will be asked to vote at their respective Special General Meetings on whether they believe the merger should proceed. The merger will only happen if the members of both organisations vote in favour of it.

The Merger Resolution will be:

“That the members of Bank Australia Limited approve the total transfer of the business of Qudos Mutual Ltd to Bank Australia Limited, to take effect on 1 July 2025 or on such other date as the Australian Prudential Regulation Authority (APRA) determines.”

What is required to approve this resolution?

To approve the Merger Resolution, a special resolution is required, which must be approved by 75% of those members voting (whether in person or by proxy).

Who can vote?

Customers issued with a member share and over the age of 18 have a right to vote on the Merger Resolution.

How to vote

A Notice of Special General Meeting has been mailed and emailed to members and can also be found on the Merger and Special General Meeting pages of the Bank Australia website. The Notice sets out details of how to vote in person, by mail, direct voting online or by appointing a proxy.

To ensure that the votes of members who attend the SGM by proxy are included, voting on the Merger Resolution will be by poll.

If you are a member entitled to vote, then your vote will count towards the 75% threshold required by the Transfer Rules.

What if I have questions about the merger?

We want to ensure that you have all the information you need before voting. You are encouraged to read this booklet carefully. Information about the merger is also available on the merger page of the Bank Australia website.

If you have any questions about the merger which are not addressed in the “Frequently Asked Questions” section of this booklet on page 78, then we encourage members to raise questions prior to the Special General Meeting via email to SGM@bankaust.com.au or write to the Company Secretary at Locked Bag 2035, Collingwood, Victoria, 3066.

Members will also be able to ask questions in person or virtually during the meeting.

A telephone facility will also be available for members (or their proxy, attorney or corporate representative) who are online but prefer to ask questions verbally. To ask questions during the meeting using the teleconference facility, you can phone 1800 497 144 (within Australia), or +61 2 9189 1125 (Outside Australia) and use your unique personal identification number (PIN). Your unique PIN is required for verification purposes, and may be obtained by contacting Link Market Services Limited on 1800 990 363, OR +61 1800 990 363 (Outside Australia) by 5:00pm on the day of the SGM.



Summary of merger benefits and risks



Why vote in favour – summary



Continued commitment to customer ownership.



Increased capacity to invest in improved customer experience, with contact centre and lending teams across Sydney, Melbourne, Brisbane, Canberra and the Latrobe Valley.



No branch closures as a direct result of the proposed merger.



The Merged Bank will provide access to a larger national branch network for customers, including customer service support at all 15 branches for customers of both banks from the first day of combined operations.



Access to a wider range of products and services for customers including expanded Bank@Post services.



On balance, a 'best of both' approach to reducing product fees and charges to provide benefits to members from day 1.



Commitment to enhanced digital experience, including increased investment in cybersecurity and fraud/scam prevention.



Increased capacity to invest in positive impact for people and the planet as Australia's leading purpose driven bank.



Up to 4% of annual after-tax profit committed to the impact fund.



Commitment to explore opportunities to improve business banking products and services for small and medium enterprises.



The Merged Bank to be the employer of choice for more than 900 people.



All employees below executive level will have the opportunity to remain with the Merged Bank and there will be no forced redundancies.



Dual head offices in Melbourne and Sydney and continuing commitment to 100% Australia-based employment and operations.



Increased career growth and learning and development opportunities for employees.



Competitive salaries and benefits for employees including generous superannuation contributions and leave entitlements.

For more detailed information, see the section 'Reasons to vote in favour of the merger' on page 34.



Why vote against – summary



Bank Australia could continue as standalone bank, but with reduced ability to invest in products, services, and technology for customers when compared to the Merged Bank.



Bank Australia could merge with a different customer-owned bank or non-financial organisation, however the Board considers that Qudos Bank is the most strongly aligned partner seeking a merger.



Bank Australia could pursue a strategy to demutualise (cease to be customer owned) and sell or undertake an Initial Public Offering, however such a proposal is not supported by the Board.



If you have amounts on deposit with both Bank Australia and Qudos Bank which are greater than \$250,000 in total, then when the merger takes effect, you will lose the benefit of having two separate \$250,000 deposit guarantees (that is, one which applies to deposits in Bank Australia and one which applies to deposits in Qudos Bank). This is because the \$250,000 deposit guarantee of the Australian Government's Financial Claims Scheme will apply to your combined deposits in the Merged Bank.

Key Risks

Taxation Implications

Bank Australia and Qudos Bank have obtained written confirmation from the Australian Taxation Office (ATO) that the ATO will administer the law in a way that should result in an income tax neutral outcome for both Bank Australia and Qudos Bank, including income tax attributes associated with the transfer, such as liabilities and franking credits. This confirmation is subject to the applicable laws not being amended in a way that impacts the income tax outcomes set out in the written confirmation from the ATO. This approach is consistent with the ATO's approach in similar mergers of customer-owned banks.

There may be Goods and Services Tax (GST) and Stamp Duty impacts on the Merged Bank, however they are not expected to be material.

Reasons to vote in favour of the merger

Why Bank Australia's Board recommends voting in favour of the merger

The Board of Bank Australia unanimously recommend that you vote in favour of the merger for the reasons described below.

Benefits to customers

Commitment to customer ownership

By voting in favour of the merger with Qudos Bank, you will benefit from the collective strength of an organisation that exists to benefit its customers and is committed to using banking as a force for good. You will be a member of one of Australia's leading customer-owned banks, with a commitment to remaining proudly 100% customer owned.

The merger will provide the increased scale and resources required to ensure you continue to benefit from competitive financial products, excellent customer service and contemporary, secure digital banking technology – all while keeping you, our customer, at the centre of everything we do.

Increased customer service capacity from our 100% Australia-based team

Both Bank Australia and Qudos Bank proudly operate 100% Australia-based contact centres across multiple regions, providing local employment and local knowledge to our customers.

The Merged Bank will have increased capacity to invest in improved customer experience, with contact centre and lending teams across Sydney, Melbourne, Brisbane, Canberra and the Latrobe Valley.

The merger will allow us to continue to improve our contact centre support to customers and ensure we continue to provide a high level of local service to our members.

Access to more branches

Customers will gain access to more branches with 15 locations across Victoria, New South Wales, Queensland and ACT, including customer service support at all branches for customers of both banks from the first day of combined operations. Importantly there will be no branch closures as a result of the merger. This means Bank Australia customers will have access to additional branches in New South Wales (Miranda, Mascot), Victoria (Niddrie) and Queensland (Ascot).

Reduced fees and access to a wider range of products and services

Customers will benefit from the Merged Bank's approach to product and service integration, including taking a 'best of both' approach to offer reduced fees and charges ensuring members are better off overall from day 1. The full list of fees changes proposed for day 1 can be found in Attachment A.

Bank Australia customers will also have access to expanded Bank@Post services including cash withdrawals through Australia Post outlets from day 1.

Over time as our systems are integrated, customers will gain access to a wider range of award-winning, feature-rich and competitively priced products and services as a result of the merger.

Attachment A on page 84 of this document compares the various products and services currently offered by Bank Australia and Qudos Bank.

Ability to increase investment in better digital banking, security and fraud prevention technology

The merger will provide the scale needed to provide members with contemporary, secure digital banking, backed by the ongoing investment required to meet customers' evolving needs.

More than 120,000 customers use digital banking regularly, and customers' use of Osko fast payments, Apple Pay, Google Pay and Samsung Pay has rapidly increased. The merger will provide greater capacity to make the necessary continuing investment in these technologies and security to meet customers' increasing use and expectations.

The merger will also enable greater investment in continually improving security for customers and advanced fraud prevention technology.

Cultural and purpose alignment with a shared commitment to customers

Bank Australia and Qudos Bank have a closely aligned similar purpose and set of values – including an absolute commitment to our customers' wellbeing, remaining customer owned and creating positive impact for people and the planet.

Benefits to employees

Employee job security and career growth opportunities

Our people will benefit from enhanced career development and growth opportunities as a part of a larger customer-owned bank. All non-executive employees will be offered or have the opportunity to apply for roles within the Merged Bank including redeployment opportunities where appropriate. There will be no forced redundancies as a result of the merger.

A larger, more dynamic business will naturally create more internal development opportunities and strengthen career pathways for our employees.

Commitment to dual head offices

The Merged Bank will split head office operations across Melbourne and Sydney, and no one will be required to relocate interstate.

Employee benefits and employer of choice

With a larger geographic footprint and increased profile, the Merged Bank will be well positioned as an employer of choice to attract the best people to serve our customers. Bank Australia has been recognised as an Employer of Choice by the Australian Business Awards for the past 7 years and the Merged Bank will aim to continue this recognition.

The Merged Bank will be based on an inclusive, diverse and supportive culture where we value empathy, belonging and authenticity in our people, and use this to spark great ideas and outcomes for our customers.

Our employees will experience a range of benefits including competitive salaries, generous superannuation contributions, flexible hybrid work practices and an additional week of bonus annual leave, along with supportive workplace policies for all life stages including parents and carers.



Benefits to community

Shared commitment to people and planet

The Merged Bank will seek to extend its positive impact on our communities and the planet by adopting all of Bank Australia's existing public commitments. This will include:

- continuing to work towards achieving net zero carbon emissions by 2035 across our lending portfolio and operations
- maintaining B Corp certification
- maintaining our nature conservation reserve and deliver better outcomes for nature through implementing our nature and biodiversity impact strategy.

A full list of the Merged Bank's public commitments can be found in Attachment B on page 94 of this document.

Increased capacity to create positive impact through investments for people and the planet

We will have greater capacity to expand the range of impact focused products we offer customers including green home loans, electric vehicle loans and impact term deposits. The Merged Bank will continue to grow our commercial impact lending business to fund more affordable, accessible and sustainable housing, clean energy transition, and purpose driven businesses.

The impact fund will benefit from a larger profit

The Merged Bank will maintain the commitment to direct up to 4% of net profit after tax to the impact fund to be used to fund action on priority impact areas and supporting community customer organisations through grants. As a larger bank, the Merged Bank will have the ability to generate a larger annual profit due to its increased size and revenue. This means that the amount of money allocated to the impact fund will increase in line with the expected increase in profit.

Benefits to Bank Australia

While Bank Australia is a strong, successful bank, smaller financial institutions like us are facing increasing pressures. These include rising competition, the growing need to invest in technology to meet customers' expectations and to attract new members, and greater regulatory requirements and costs.

While Bank Australia has grown significantly over the past decade, accelerated growth through this merger will help on every front. By combining the best of both banks, we'll keep our individual strengths and what makes us unique, while using the power of increased scale to improve benefits for you and increased impact on your behalf.

Increased scale to offer more for customers

We're focused on building a better bank. We know bigger isn't always better, but in banking, scale does matter as it ensures we can continue to provide the products and services you need, and invest more in secure, modern digital technology that our future customers will expect. Together, we will be large enough to offer more for customers, while still being small enough to retain the personal touch – all achieved at a fraction of the size of Australia's major banks.

If the merger proceeds, the Merged Bank will become one of Australia's largest customer owned banks, with more than 300,000 members and combined assets of approximately \$17.5 billion. This means that we'll be able to better compete with the bigger banks, while remaining true to our customer owned origins.

The merger will provide the increased scale and resources required to ensure you continue to benefit from competitive financial products, excellent customer service and contemporary, secure digital banking technology – all while keeping you, our customer, at the centre of everything we do.

More efficient investment to provide better customer services

Both Bank Australia and Qudos Bank believe we can provide better customer service by merging together to create a better, stronger bank.

We would expect to see considerable cost savings over time by integrating the fixed costs that would otherwise be duplicated across two banks into the single Merged Bank.

We estimate the merger will generate cost savings from the combined operating expenses of Bank Australia and Qudos Bank throughout the proposed integration period in the 2028 financial year.

These savings will come from having:

- a single integrated technology system, rather than having to invest in maintaining two separate systems
- a single core banking system, and modern digital banking app platform
- a single regulatory compliance framework, which will reduce the compliance costs otherwise incurred by two separate organisations
- a single Executive team and Board of Directors
- common processes and policies.

These savings will be used to deliver more for you through enhanced products, services, digital capabilities and competitive pricing. Reductions in fees and charges associated with products and services from day 1 of the Merged Bank will deliver immediate benefit to customers (see Attachment A page 84). The Merged Bank's increased capacity to fund the necessary investment in digital banking technology will also help grow its membership across Australia.

The Merged Bank will have increased capacity to invest in improving and expanding business banking products and services for small and medium sized business customers.

The merger will also allow us to invest more in creating positive impact on behalf of customers across our priority areas of climate action, nature and biodiversity, First Nations Recognition and Respect, and affordable and accessible housing.

Our employees are critical to our success and the merger will increase the career development opportunities available to our people.

One-off costs will be incurred by the Merged Bank over two to three years to implement the merger. However, this compares favourably with the cost savings expected over time.



Aligned operating and governance model

The Merged Bank operating model will leverage the combined strengths of Bank Australia and Qudos Bank, and a detailed integration plan has been developed to ensure minimal interruption occurs for customers or employees as result of the merger.

A robust governance structure to oversee the management and strategic direction of the Merged Bank has been agreed, with the following commitments:

- The Merged Bank will remain 100% customer owned and focused on customer outcomes, rather than dividends to external investors.
- The Merged Bank Board will have equal representation from Bank Australia and Qudos Bank ensuring our customer base as a whole is appropriately represented.
- The Executive team will comprise Executives from both banks, ensuring stability and continuing corporate knowledge, and reflecting that this is a true merger of equals.
- We have developed a detailed integration plan to combine our two banks into a single organisation. While full integration will take some time after the

official merger date, as integration is achieved customers will see benefits across our services, products and technology.

- There will be no branch closures as a direct result of the merger, and customers will have access to 15 branches across Australia as a result of the merger.
- The Bank Australia and Qudos Bank names will both continue following the merger. Any future review of the names used by the Merged Bank will involve engagement with customers.
- We will continue to seek customer input on the Merged Bank's impact priorities through the regular customer values survey, and through regular opportunities for customer feedback and input.

Possible reasons to vote against the merger

Continue as a standalone bank

Bank Australia could continue as standalone bank, but with reduced ability to invest in products, services, and technology for customers when compared to the Merged Bank.

A strategic decision to not pursue the merger with Qudos Bank would result in Bank Australia continuing to deliver on its current strategy, including its existing transformation program. This may provide greater execution certainty by removing the complexity associated with completing a merger. However, the following matters would require careful consideration against the benefits of the merger:

- The impact on Bank Australia's ability to respond to industry developments given more limited scale
- The impact of limited capital and resources of Bank Australia on a standalone basis on the time it will take to deliver customer benefits
- The implications of funding and executing on the required technology investment on a standalone basis without scale benefits
- The likelihood that Bank Australia's competitive market position and relevance in the sector will be put at risk by other mergers in the mutual banking sector.

Merge with a different customer-owned bank or non-financial institution

Bank Australia could merge with a different customer-owned bank or non-financial organisation, however the Board considers that Qudos Bank is the most strongly aligned partner seeking a merger at this time.

The identified strengths of Qudos Bank as a merger partner to Bank Australia include:

- strategically aligned purpose and values with a shared commitment to customers and impact
- commitment to the customer ownership model
- highly complementary strengths which will benefit members, employees and communities
- complementary size, sound financial metrics and strong performance
- commitment to genuine merger of equals
- aligned technology and digital investment roadmaps
- complementary geographic footprints.

If the vote to merge with Qudos Bank is unsuccessful at the first attempt, Bank Australia will seek to understand and address the reasons contributing to that result. Bank Australia's Board is committed to Qudos Bank as its preferred merger partner and will ask members to vote a second time to support the proposed merger. The Bank Australia Board has a responsibility to ensure the long-term sustainability, viability and success of the organisation, and anticipates that a merger is inevitable to achieve this.

Customer-owned banks face common challenges around economies of scale, legacy technologies, exposure to cybersecurity and operational risks and front-end and back-stage business capabilities. Access to affordable capital, new markets and customer segments, emerging commercial and partner ecosystems have become a common bottleneck for all mutual banks, which is resulting in the continued consolidation of the sector.

The Bank Australia Board has reviewed a range of strategic options and believes that merging with Qudos Bank is the best pathway to maintain our position as Australia's leading purpose-driven bank.

Demutualisation or sale

A demutualisation and sale of Bank Australia to a shareholder-based entity (listed or private) might crystallise a monetary value for a member's ownership stake. However, this outcome would only be possible if the Board decided to propose a demutualisation or similar transaction to members for consideration.

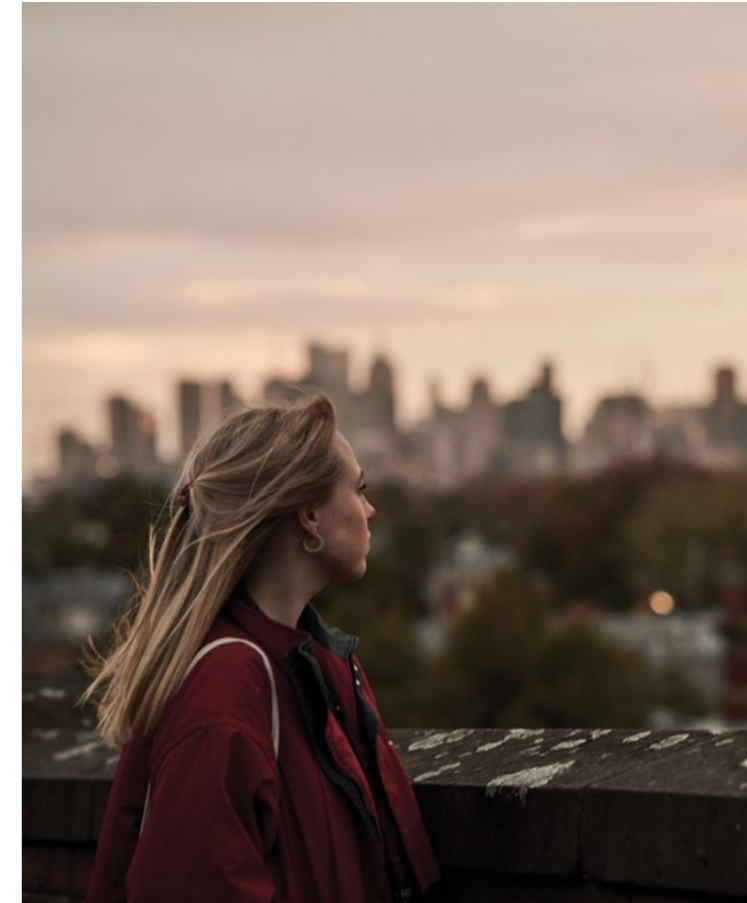
The Board has not contemplated this option given its commitment to mutuality, and no proposal has been received from any shareholder-based entity.

Demutualisation and Initial Public Offering

A demutualisation and Initial Public Offering would not require another entity to make an offer, but it would require the Board to make the decision to put such a proposal to members. The same considerations would apply as in the demutualisation and sale scenario described above except that:

- customers would become shareholders in a listed entity and would potentially be entitled to receive dividends
- there would not be an immediate cash payment unless members sold their shares
- shares would trade on a portfolio basis (i.e. trading prices would not incorporate a premium for control), which would be expected to be below the control value realised in a 100% sale.

Demutualisation is not consistent with the Board's commitment to customer ownership.



Information about each merger partner

About Qudos Bank

Who is Qudos Bank?

Since 1959, Qudos Bank has focused on perfecting the art of championing people to dream bigger, build stronger foundations, and face challenges with confidence. Through real relationships and unwavering support – they simplify the complex for customers.

Qudos Bank is and has always been 100% customer owned. Qudos Bank has made it their mission to help customers achieve their potential – now and into the future – by providing outstanding value through their products and services. As a result, Qudos Bank was named Customer Owned Bank of the Year in 2023 by both Canstar and Mozo's Experts Choice Awards.

Qudos Bank is proud to do things differently and they put the voice of their members front and centre.

Qudos Bank history

Since their earliest days when 14 Qantas employees met in the Qantas Theatre to form the Qantas Staff Co-operative Credit Union Ltd, Qudos Bank has grown to support 100,000 members from all over Australia and all walks of life.

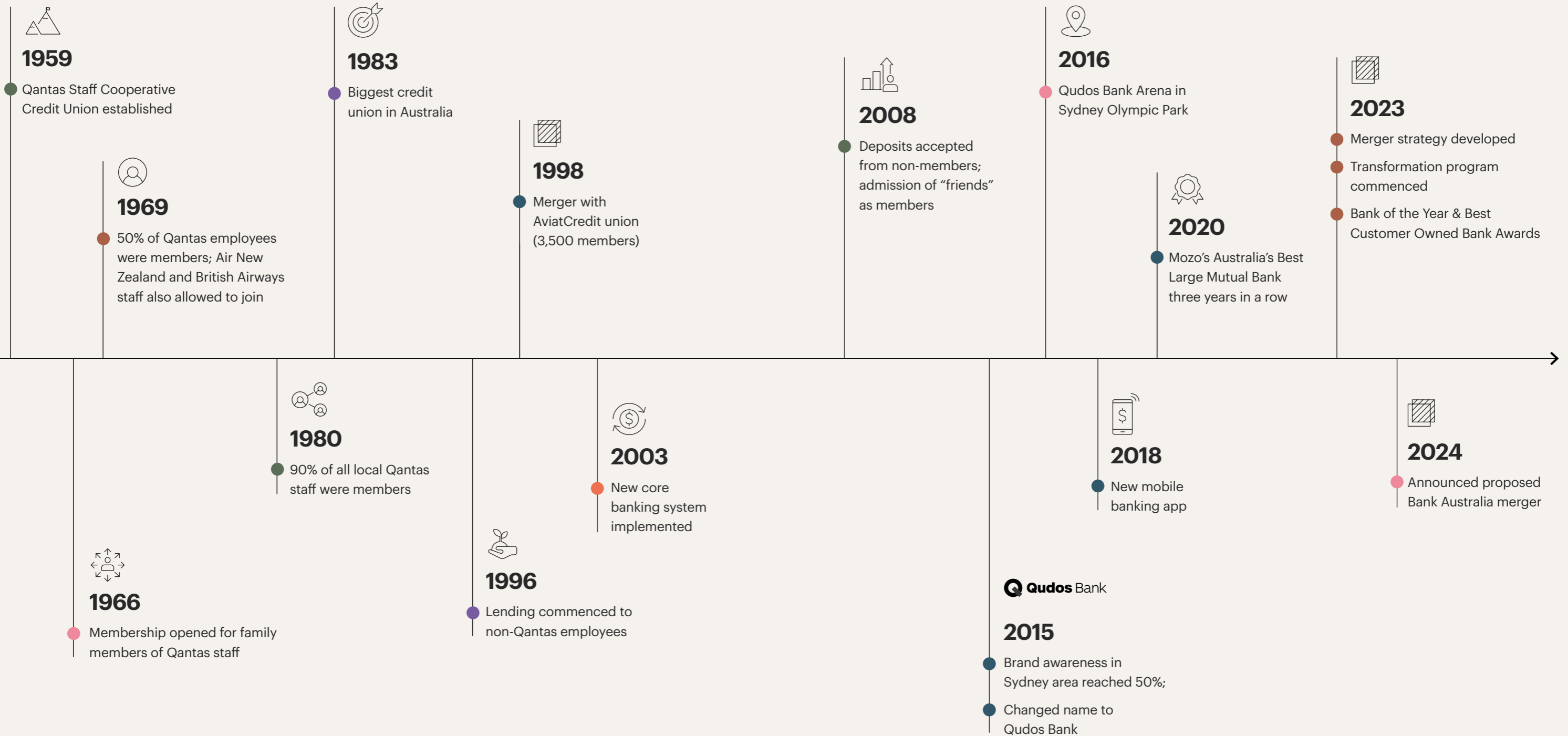
Over the past 65 years Qudos Bank has achieved many milestones as it grew to become one of the largest customer-owned banks in the country. By 1983 the Qantas Staff Credit Union had become Australia's largest credit union and the first to grow total assets to \$100 million. Throughout the 1990s and 2000s they continued to innovate through their products and services, including beginning lending to non-Qantas employees, upgrading telephone banking, and launching their website and internet banking.



In 2015 they asked members to support a change to their name to Qudos Mutual Ltd, and in 2016 rebranded their trading name to Qudos Bank to help bring their approach to banking to a wider audience. By 2024 Qudos Bank had expanded to serve 100,000 members as custodians of more than \$5.8 billion in assets.

Qudos Bank may go by a different name compared to when it began in 1959, but there is one thing that has never changed – their commitment to customer ownership. As a customer-owned bank, Qudos Bank's customers are at the heart of everything they do. Qudos Bank lives and breathes its values, and these values are the foundations of how it operates, how its employees perform their roles and interact with each other and their customers. This is what they call the "Qudos Way".

Qudos Bank – From Qantas Credit Union to the Customer Owned Bank of the Year



Corporate social responsibility

Qudos Bank customers and their communities are at the heart of everything it does. That's why Qudos Bank ensures it practices corporate social responsibility by contributing to charity, the community, and maintaining ethical and environmentally sustainable business practices.

As a customer-owned bank, the environment and the community are vitally important and by banking with Qudos Bank customers can be confident that their deposits are invested ethically. Qudos Bank doesn't directly invest in or lend to businesses whose primary purpose harms people, animals, society, or the environment, such as fossil fuels, uranium, weapons, gambling, tobacco, alcohol, pornography, deforestation, or live export.

Qudos Bank specifically focuses its corporate social responsibility action on financial wellbeing, education and skilling, housing security, and environmental sustainability.

Here for the community

- 20+ years sponsorship of Qantas Pathfinders Revue
- 10+ years sponsorship of Australian & International Pilots Association Retiree dinner
- Supporting causes employees and customers care about, such as Black Dog, FoodBank and Jeans for Genes

Here to protect customers

- Fraud and security measures and features to help protect personal information and transactions
- Fraud and scam education and awareness education, tools and tips

Here for the planet

- Climate Active Accredited for Australian operations
- Head Office 100% renewable electricity
- Net Zero Strategy – 2035 net zero commitment for operational carbon emissions
- Lending Portfolio Climate Risk Impact Assessed
- 15 year+ partnership with Greenfleet to offset carbon emissions for one motor vehicle for each employee and Director
- 4 year+ partnership with ReForest Now for rainforest reforestation
- Various recycling and paper reduction initiatives

Here for our people

- Employee Assistance Program
- Learning and development programs, traineeships and ongoing training and development
- Wellness and resilience programs
- Employee community and volunteering initiatives



Qudos Bank's business operations and strategy

How they operate

- They are governed by an Australia-based Board of Directors
- Their day-to-day operations are led by the Executive team, and their 245 staff are 100% Australia-based
- They represent 100,000 customers and are custodians of \$5.8 billion in assets
- They are primarily a retail bank helping members to achieve their full potential and supporting their financial goals of home ownership, increasing their savings or planning for retirement
- Qudos Bank's head office is located in Sydney.

What they do

- They accept deposits from savers, lend money to borrowers to help them achieve their goals and provide transactional banking services to their customers
- They offer competitive interest rates to savers and borrowers, and they ensure they charge fair fees for the services they provide

- They offer a full range of products that reward customers with Qantas Frequent Flyer points
- They lend borrowers money to buy homes, cars, undertake renovations and upgrades, and for a range of other purposes. They currently have \$4.7 billion in home loans that help many thousands of customers buy their own homes or investment properties.

Distribution model

Qudos Bank's distribution system includes:

- a network of 5 branches, 3 of which are in NSW, 1 in Melbourne, and 1 in Brisbane
- a contact centre open 7am – 7pm Monday to Friday (AEST) and Saturday 9am – 5pm (AEST)
- 24/7 access to digital banking platforms including internet banking, smartphone banking app, and Apple Pay, Google Pay, Samsung Pay and Garmin Pay
- free access to Qudos Bank ATMs as well as participating ATMs operated by the 4 major banks (CBA, ANZ, NAB, Westpac)
- deposits and withdrawals services via Australia Post's Bank@Post service at 3,400 locations across Australia
- third-party distribution of our home loans through a network of over 5,700 active mortgage brokers.

Awards

Moza

Customer Owned Bank of the Year	2023
Moza Experts Choice – Best Large Mutual Bank	2022
Moza Experts Choice – Best Large Mutual Bank	2021
Moza Experts Choice – Best Large Mutual Bank	2020

Rate City

Rate City Gold Award – Best offset home loan	2023
Rate City Gold Award – Best refinance home loan	2022
Rate City Gold Award – Best home loan over \$1m	2021

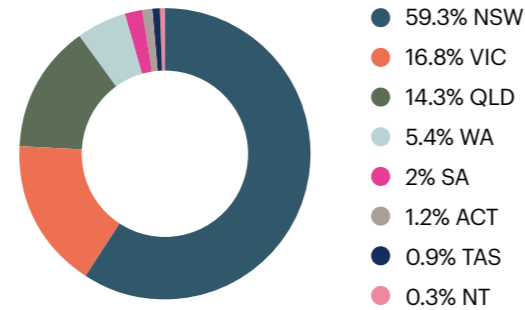
Canstar

Outstanding Value Home Lender	2023
Outstanding Value Fixed Home Lender	2024
Customer Owned Bank of the Year	2023

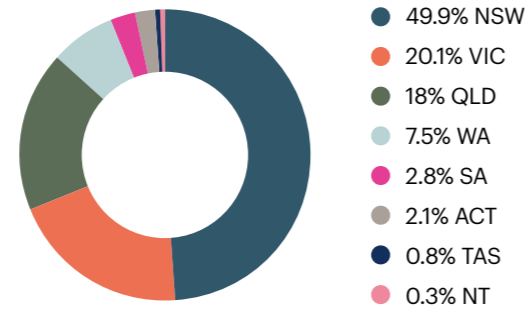
Money Magazine

Best Value Term Deposit – Long Term	2025
Best Value SMSF Savings Account	2025

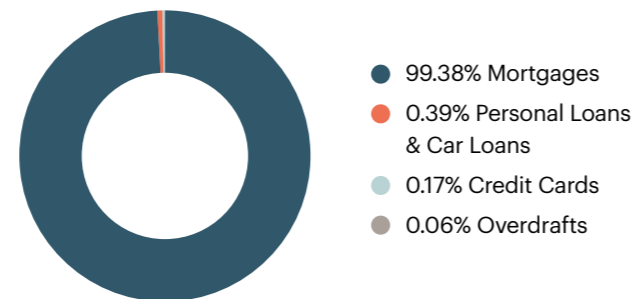
Qudos Bank customers by geography



Qudos Bank residential loans by geography



Qudos Bank loans by type



Memberships and certifications



Customer Owned Banking Association

Qudos Bank is a proud and committed member of Customer Owned Banking Association (COBA) and an active member in banking and mutual industry forums.

Climate Active Accreditation

Qudos Bank is proud to have achieved Climate Active certification for their business operations, having proven that they are measuring, reducing and offsetting emissions, with a net result of carbon neutrality.



Australian Finance Industry Association

Qudos Bank is a proud member of the Australian Finance Industry Association (AFIA), which is the only peak body representing the entire finance industry in Australia.

Financial Crimes Forums

A member of a number of forums and working groups aimed at protecting their customers from financial crimes, including:

- FraudNet – a partnership between the Customer Owned Banking Association and the Australian Financial Crimes Exchange
- Interbank Fraud Forum
- Fraud Reporting Exchange.



About Bank Australia

Who we are

Bank Australia started in 1957 as the CSIRO Co-operative Credit Society (later Sirocredit) and has grown and evolved since then by joining together with 72 other credit unions and co-operatives to become the bank we are today. We became Australia's first customer-owned bank in 2011, and we changed our name to Bank Australia in 2015. Today we are the 5th largest customer-owned bank in Australia.

Our purpose is to inspire and empower our customers to use their money to create a world where people and the planet thrive. Our aspiration is to be Australia's most trusted bank and leading purpose driven business.

We are, and have always been 100% customer owned, which means we don't answer to external investors. That means our profits stay within the bank to improve services for customers and support our aim to bring purpose driven banking to more Australians. We use our lending and investments to create positive social and environmental change.

We promise our customers that their money will never be loaned to industries that do harm, like fossil fuels or live animal exports, and all of our loans are subject to our responsible banking policy. Instead, we seek to lend to those having a positive impact, such as individual customers, clean energy transition, and affordable and accessible housing.

Our history

Bank Australia is the custodian of a long and proud legacy of supporting communities and industries through its credit union predecessors. This includes through industrial credit unions in sectors like science, education, aviation, energy, media and technology, along with many regional community credit unions in the Latrobe Valley and Central Western Victoria.

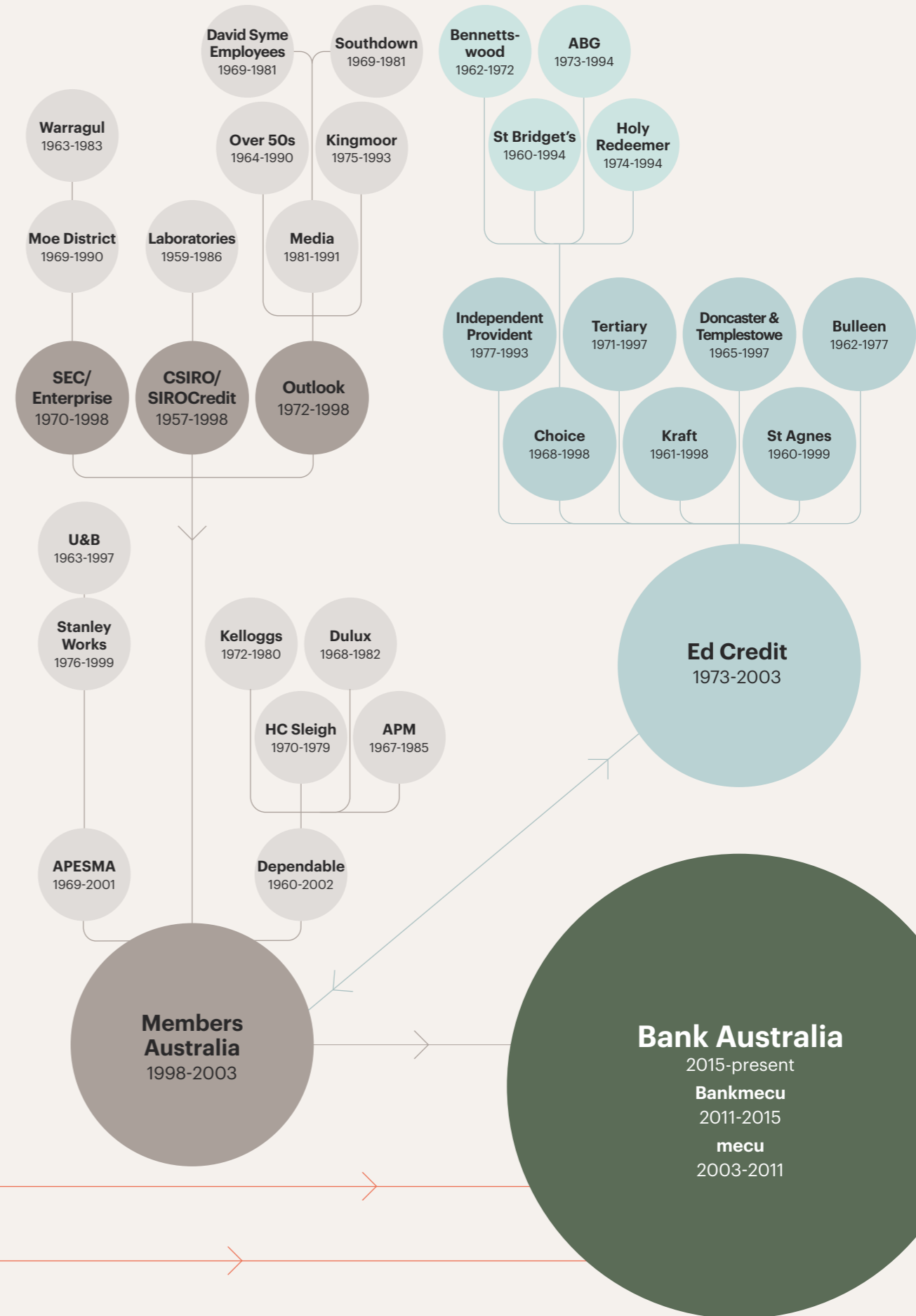
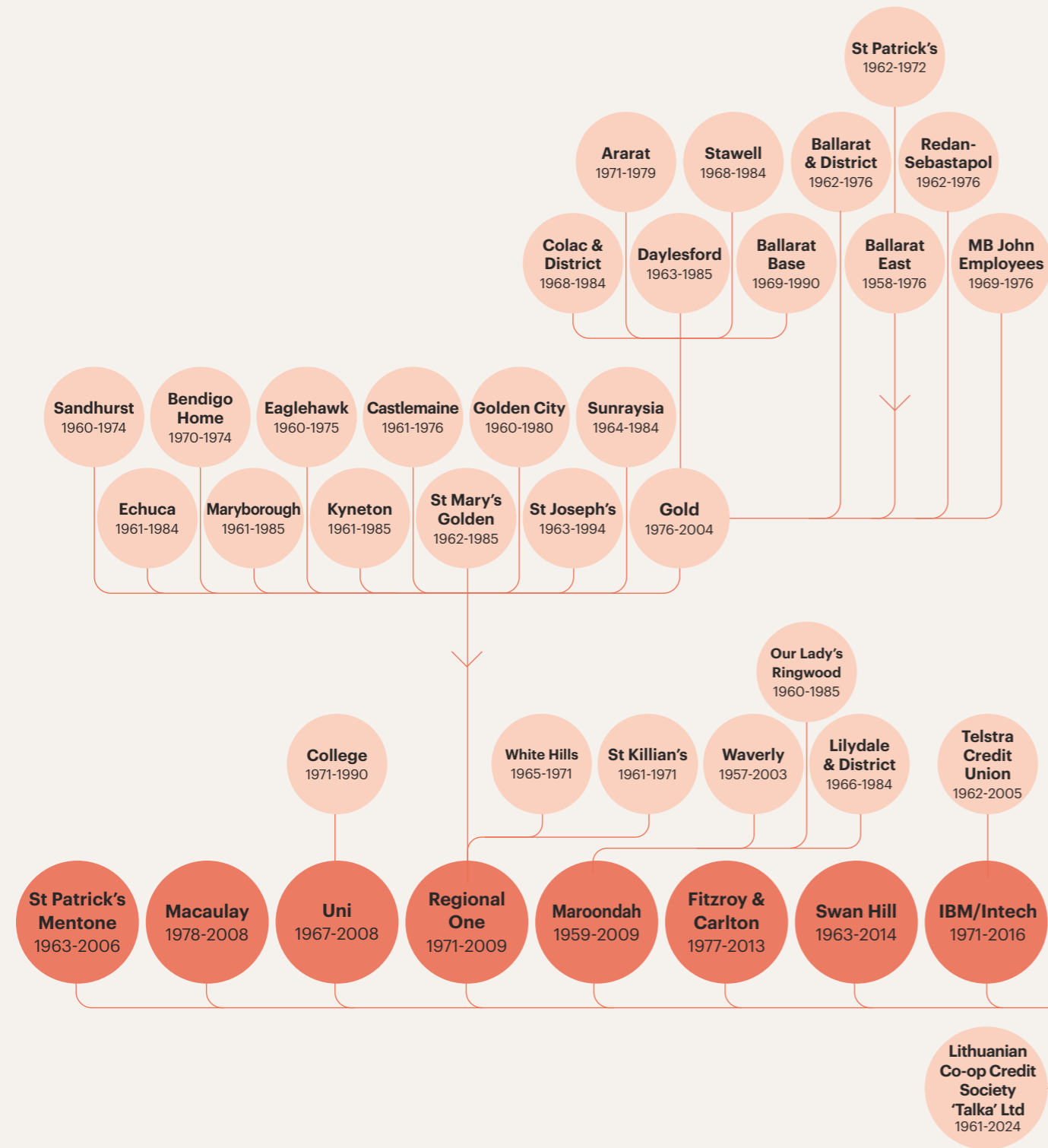
Bank Australia emerged from some larger credit union mergers in the 1990s and early 2000s. In 1998 Sirocredit merged with Outlook Credit Union and Enterprise Credit Union to become Members Australia. In 2003 Members Australia merged with Education Credit Union to become Members and Education Credit Union (known as mecu). This entity would become Australia's first customer-owned bank in 2011 as bankmecu, then changing its name to Bank Australia in 2015.

Like Qudos Bank which traces its legacy back to its founding as the Qantas Staff Co-operative Credit Union in 1959, Bank Australia also includes the aviation industry as part of its history. This is through its predecessor, Outlook Credit Union, which was the credit union founded by and supporting Ansett Airlines employees. This shared legacy is another example of alignment between Bank Australia and Qudos Bank.

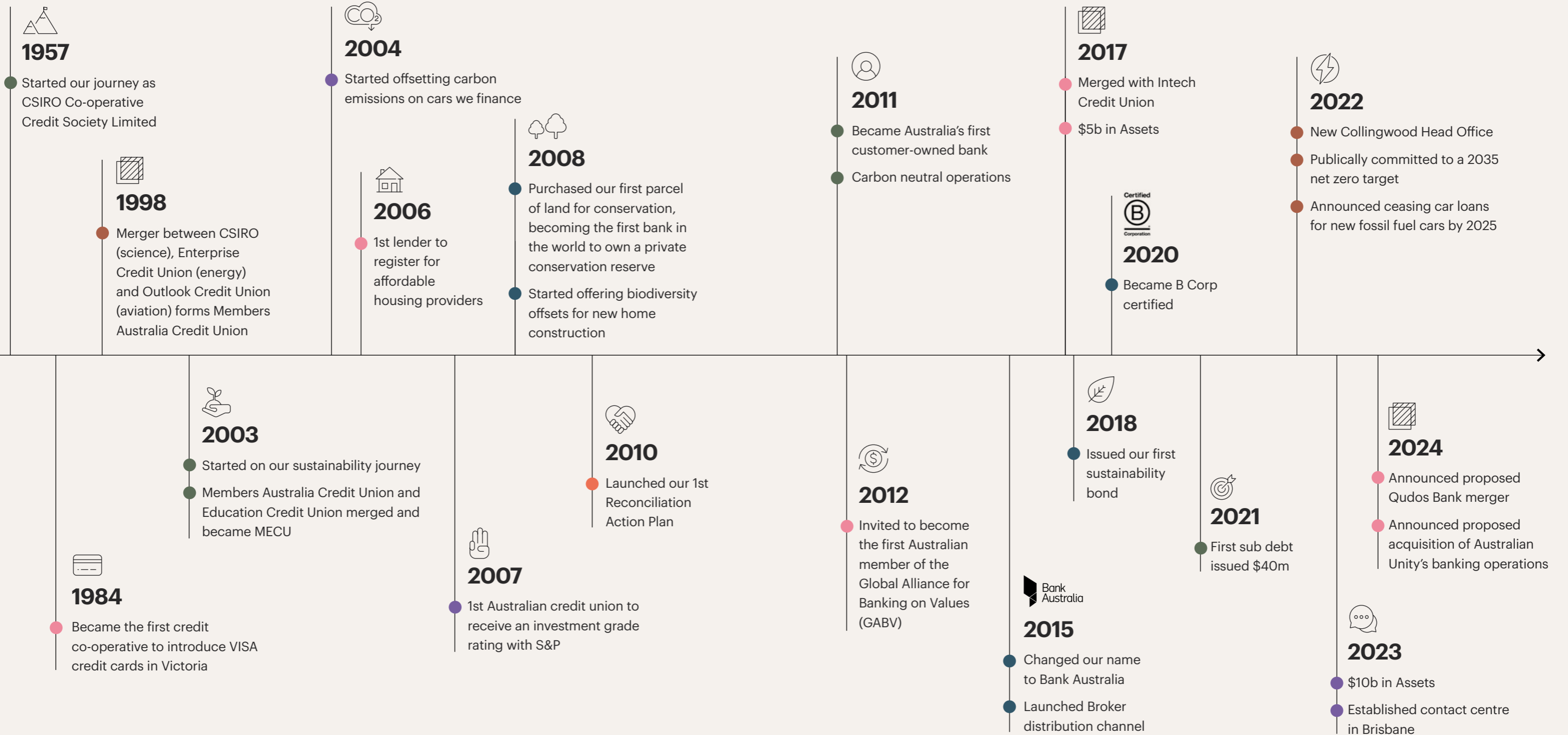
Through Enterprise Credit Union we have a long and continuing presence in Victoria's Latrobe Valley. Enterprise Credit Union began as the credit union for employees of the State Electricity Commission of Victoria working in the power stations and coal mines in the region. Over time, through growth and mergers with other local credit unions, Enterprise expanded its customer base across the Latrobe Valley community.

Today more than 25,000 Bank Australia customers live in the Latrobe Valley, while 28% of our employees work in the region, including the majority of our contact centre operations which are located in Traralgon, and our lending and credit assessment teams based in Moe. An important part of Bank Australia's climate action strategy is supporting the region from a climate justice perspective as the Latrobe Valley transitions away from fossil fuel power generation as its primary industry. As a large employer in the region, we remain committed to providing stable, secure and well-paid jobs for local people including creating employment pathways for young people through our traineeship program.

Bank Australia Family Tree



Important milestones in our history





Our impact focus areas

As a values based responsible bank, we have the capacity to influence social and environmental issues, and we are committed to advocating for positive change. We also know the business of banking can be a force for good and we demonstrate this through our actions, including our impact lending and our impact fund.

In 2022, we identified 4 key areas to focus our impact based on our customers top areas of concern and our capacity to have a meaningful impact. The 4 impact priorities are:

- climate action
- nature and biodiversity
- First Nations Recognition and Respect
- affordable and accessible housing

Through the Bank Australia impact fund, we have also provided over \$2 million in grants since 2016 to more than 149 impact projects run by community organisations and social enterprises that bank with us.

Bank Australia's business operations and strategy

How we operate

- We are governed by an Australia-based Board of Directors.
- Our day-to-day operations are led by the Executive team, and our 600+ staff are 100% Australia-based.
- We represent more than 192,000 customers, and we're custodians of \$11.7 billion in assets.
- We are primarily a retail bank, with a small commercial and growing impact lending portfolio.
- Bank Australia's head office is located in Melbourne.

What we do

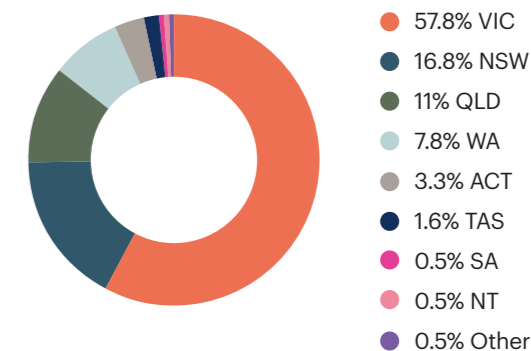
- We accept deposits from savers, lend money to borrowers to help them achieve their goals and provide transactional banking services to our customers.
- We offer savers fair and competitive interest rates on their savings, and we promise to only lend their money to borrowers in ways that avoid harm to people or the planet.
- We lend borrowers money to buy homes, cars, undertake renovations and upgrades, and for a range of other purposes. We currently have \$8.9 billion in home loans that help many thousands of customers buy their own homes or investment properties.
- Our impact finance portfolio includes \$2.2 billion in loans and other assets that create positive impact for people and the planet.

Distribution model

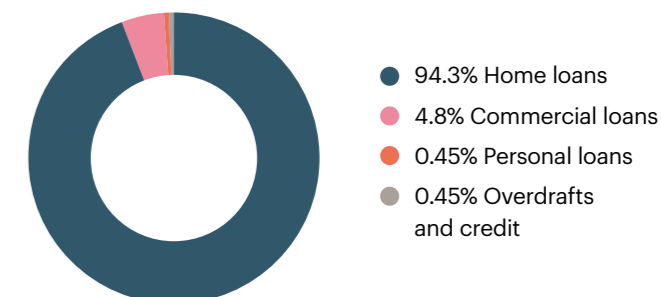
Bank Australia's distribution system includes:

- a network of 10 branches, 7 of which are in Victoria and 1 in each NSW, ACT and QLD
- a contact centre open 8am – 8pm Monday to Friday (AEST) and Saturday 9am – 2pm (AEST)
- 24/7 access to digital banking platforms including internet banking, smartphone banking app, and Apple Pay, Google Pay, Samsung Pay and Garmin Pay
- free access to Bank Australia ATMs as well as participating ATMs operated by the 4 major banks (CBA, ANZ, NAB, Westpac)
- access to Australia Post's Bank@Post services at 3400 locations across Australia
- third-party distribution of our home loans through a network of over 2300 active mortgage brokers.

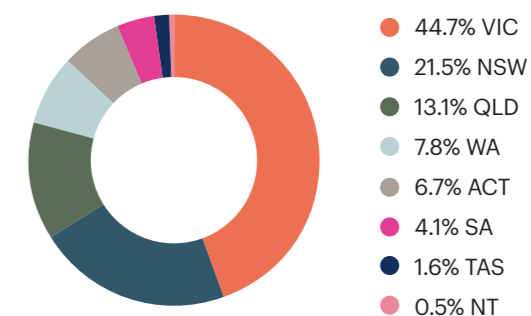
Bank Australia customers by geography



Bank Australia loans by type



Bank Australia residential loans by geography



Awards

Mozo	
Term Deposit	2024
Small Business Term Deposit	2024
No Annual Fee Credit Card	2023
Green Home Loan	2023
Fixed Rate Home Loan	2023
Investor Fixed Home Loan	2023
Fixed Rate Home Loan	2023
Investor Fixed Home Loan	2023
Highly Trusted	2023
Most Recommended	2023
Excellent Customer Service	2023
Outstanding Customer Satisfaction	2023

Money Magazine	
Customer Owned Bank of the Year	2024
Bank of the Year – Product	2023

Forbes	
World's Best Banks – Australia	2024
World's Best Banks – Australia	2020

Finder	
Green Bank of the Year	2024
Green Bank of the Year	2023
Green Bank of the Year	2021
Green Bank of the Year	2020

Canstar	
Most Satisfied Customers – Credit Card Provider	2024
Outstanding Value Junior & Youth Banking	2024
Most Satisfied Customers – Credit Card Provider	2023
Most Satisfied Customers – Credit Card Provider	2022

Financial Times	
Asia-Pacific Climate Leader	2024
Asia-Pacific Climate Leader	2023
Asia-Pacific Climate Leader	2022

Memberships and certifications



Customer Owned Banking Association

We're a proud and committed member of Customer Owned Banking Association (COBA) and an active member in banking and mutual industry forums.



Australian Banking Association

We joined the Australian Banking Association (ABA) in 2013 and remain the only mutual bank member. Membership provides us with important insights and relationships but also allows us to ensure the voice of mutual banking sector is well considered.



Global Alliance for Banking on Values

We're a proud member of the Global Alliance for Banking on Values (GABV). This is a network of over 70 values-based banks from around the world committed to advancing positive change in the banking sector. GABV member banks support more than 60 million customers and employ more than 80,000 people across 45 countries.



B Corp

We're proud to be a certified B Corp. We're committed to embedding purpose in all aspects of our business to continue using banking as a force for good. We were re-certified in 2024 with a B Impact Score of 116.4.



Science Based Targets Initiative

The Science Based Targets Initiative (SBTi) is a global body enabling businesses to set ambitious targets based on the latest climate science. In 2023 we were the first Australian bank to set a validated science-based target for 2030. We used the leading global standard for setting near-term emissions reduction targets from the SBTi to work out where we need to get to by 2030 to be aligned with a 1.5 degree scenario.



RE 100

We are a part of RE100, a global business initiative on 100% renewable power led by The Climate Group. We were the first Australian bank to achieve its commitment to use 100% renewable electricity.

Bank Australia's proposed acquisition of Australian Unity's banking business

Bank Australia announced in November 2024 that it has agreed to purchase the loan, deposit and customer book of Australian Unity Bank.

Bank Australia will acquire Australian Unity banking customers and their existing loans, credit cards and deposit accounts, which at 30 June 2024 sat at approximately 25,000 customers, \$1.4b in loans and credit, and \$1.6b in deposits. A small number of Australian Unity employees will also be offered opportunities to join Bank Australia to support the customer migration and ongoing servicing.

The purchase is scheduled to be finalised in December 2025 when Australian Unity banking customers, loans and deposits will be transferred to Bank Australia.

The evolving banking market is becoming increasingly difficult for smaller credit unions and mutual banks, like Australian Unity Bank, to operate and remain competitive, with increased investment required, particularly on digital technology. Australian Unity sought opportunities to enhance the long-term sustainability for their banking customers. Bank Australia's size, aligned values and financial strength will allow Australian Unity's banking customers to continue to enjoy the benefits of being part of a customer-owned bank in the longer term.

About Australian Unity Bank

Australian Unity Bank is a customer-owned bank and part of the wider Australian Unity company which was established in 1840. Australian Unity was established as one of Australia's first wellbeing companies delivering health, wealth and care services for its members and the community.

Australian Unity Bank was formed when Big Sky Credit Union merged with Lifeplan Australian Building Society Ltd (Australian Unity) in 2012. Big Sky changed its name to Australian Unity Bank in 2018.

Like Bank Australia and Qudos Bank, Australian Unity Bank began as an industry-based credit union. It was founded as the BHP Employee's Credit Co-operative in 1971. It later became Big Sky Credit Union and merged with the BP Employees Credit Union and the RACV Credit Union in the early 2000s.

What does this mean for the proposed merger with Qudos Bank

The acquisition of Australian Unity's banking business is a separate transaction to the proposed merger between Bank Australia and Qudos Bank.

The Australian Unity Bank acquisition is subject to regulatory approval by APRA. As the assets being acquired from Australian Unity Bank represent less than 10% of the merged assets of Bank Australia and Qudos Bank, the purchase can be finalised by Board resolution. This means that members do not need to vote on this acquisition.



Information about the merger

The merger process

The merger will involve a total transfer of the business of Qudos Bank to Bank Australia under the Transfer Act. This means that if the merger proceeds:

- All of the assets and liabilities of Qudos Bank will become the assets and liabilities of Bank Australia (including all deposits and loans held by Qudos Bank members)
- The duties, obligations, rights and privileges that currently apply to Qudos Bank will transfer to Bank Australia

- Bank Australia members will remain as members of the Merged Bank and will therefore not need to be issued any new shares
- Qudos Bank members will cease to be Qudos Bank members and will automatically become members of Bank Australia and will be issued a new share.

Practical effect of the transfer if members vote in favour of the merger

Name change

The company name of the Merged Bank will be Bank Australia Limited.

Brand/trading names

While the company name will be Bank Australia Limited, both brand names (Bank Australia and Qudos Bank) will continue following the merger. Any future review of the brand names used by the Merged Bank will involve engagement with customers.

Constitution

The amended Bank Australia Constitution will be adopted as the Constitution of the Merged Bank. A summary of the proposed amendments can be found in Attachment C on page 98 of this booklet.

When will the merger take effect if approved?

If the merger is approved by the members of both Bank Australia and Qudos Bank, and by APRA, it is proposed the merger will take effect on 1 July 2025 or on such other date as APRA determines.

No demutualisation

The merger will not trigger a demutualisation under Part 5 of Schedule 4 of the Corporations Act because the Merged Bank will remain a mutual entity.

Director remuneration

Annual aggregate remuneration of the Merged Bank Directors will be \$1,626,750 per annum (see Benefits to Directors and Officers for more detail on p65).



What if the merger does not proceed?

If the members of either Bank Australia or Qudos Bank do not approve the merger, or APRA does not approve the merger, then the merger will not proceed. If the merger does not proceed, no transfer will occur and the operations of Bank Australia and Qudos Bank will continue to operate as independent businesses, as they do today.

If the vote to merge with Qudos Bank is unsuccessful at the first attempt, Bank Australia will seek to understand and address the reasons contributing to that result. Bank Australia's Board is committed to Qudos Bank as its preferred merger partner and will ask members to vote a second time to support the proposed merger. The Bank Australia Board has a responsibility to ensure the long-term sustainability, viability and success of the organisation, and anticipates that a merger is inevitable to achieve this.

Customer-owned banks face common challenges around economies of scale, legacy technologies, exposure to cybersecurity and operational risks and front-end and back-stage business capabilities. Access to affordable capital, new markets and customer segments, emerging commercial and partner ecosystems have become a common bottleneck for all mutual banks, which is resulting in the continued consolidation of the sector.

The Bank Australia Board has reviewed a range of strategic options and believes that merging with Qudos Bank, is the best pathway to maintain our position as Australia's leading purpose driven bank.

Directors' recommendation

The Directors of Bank Australia unanimously recommend that you vote in favour of the Merger Resolution.

For the reasons set out in this booklet, the Bank Australia Board believes that the merger is in the best interests of members. Each Director of Bank Australia who is entitled to vote on the Merger Resolution intends to vote in favour of the Merger Resolution.

In making their recommendation and determining how to vote on the merger, the Directors have considered both the advantages and disadvantages of the merger.

The Directors strongly encourage you to read this booklet carefully and in its entirety.

Benefits to Directors and Officers

The Merged Bank will increase significantly in size and will be one of Australia's largest customer-owned banks. It will become what APRA calls a Significant Financial Institution, which will result in it being subject to greater regulatory oversight.

The responsibilities of Directors and the demands placed on them will increase. It is important that Director remuneration reflects the increased workload, and the increased size and complexity of the Merged Bank.

The proposed remuneration has been benchmarked against similar sized entities and is appropriate to ensure the Merged Bank can retain and attract Directors with the appropriate qualifications, skills and experience to govern a large, complex and heavily regulated financial institution. It also enables an increase in the number of Directors to ensure that, at a governance level, there is equal representation from each entity, no loss of corporate knowledge and experience over a reasonable period after the merger, and to maintain stability.

Bank Australia's current Director remuneration pool available for the 6 Directors is \$895,698 including superannuation. Qudos Bank has a different model for Director remuneration, whereby Directors are paid fees based on whether they Chair the Board or a Committee and the number of Committee meetings they attend. In financial year 2025 the Director fees for the 5 Qudos Bank Directors are estimated to be \$662,403 including superannuation.

The total remuneration pool for Directors of the Merged Bank at \$1,626,750 is a modest increase of \$68,649 or 4.41% on the existing combined amount of \$1,558,101 million. These amounts are inclusive of the superannuation guarantee. It is proposed that the Chair, Deputy Chair and Committee Chairs receive an additional loading to the base Non-Executive Director remuneration in recognition of the additional workload and responsibilities of those positions.

The Merged Bank will undertake a process of Board renewal over time, based on the Board composition and skills required for a Significant Financial Institution. This process of renewal may overtime result in a reduction in the size of the Board. The Board at those moments in time will consider the allocation of remuneration within the approved pool based on industry benchmarking relative to the size and complexity of the Merged Bank and Director workload resulting from a reduced Board, rather than seeking an increase at the following Annual General Meeting.

Merged Bank Non-Executive Director proposed remuneration

	#	\$	Total pool \$
Non-Executive Director	4	135,000	540,000
Committee Chair	4	168,750	675,000
Deputy Chair	1	168,750	168,750
Chair	1	243,000	243,000
Total remuneration pool	10		1,626,750

The Merged Bank and the effect of the merger

Governance – Board and Senior Executives

Board

The current Board of Bank Australia is comprised of 6 Non-Executive Directors: Steve Ferguson (Chair), Anthony Healy, Anne-Marie O’Loughlin AM, Dr Marcus Thompson AM, Helen Gluer and Simon O’Connor; and 1 Executive Director: Damien Walsh (Managing Director)

The current Board of Qudos Bank is comprised of 5 Non-Executive Directors: Jennifer Dalitz (Chair), Joe Dicks, Barry Jackson, Clare Mazzetti and Sally-Ann Williams.

The initial Board of the Merged Bank will be comprised of 10 Non-Executive Directors from Bank Australia and Qudos Bank and 1 Executive Director. This will see all current Qudos Bank Directors continue as Directors of the Merged Bank, and all Bank Australia Directors, with the exception of Helen Gluer, who will be retiring from the position effective of the Merger Date.

Jennifer Dalitz, the current Chair of Qudos Bank, will be the Chair of the Merged Bank and Steve Ferguson, the current Chair of Bank Australia, will be the Deputy Chair.

This arrangement is intended to facilitate the effective integration of the two entities by ensuring that, at a governance level, there is equal representation

from each entity, no loss of corporate knowledge and experience over a reasonable period after the merger, and to maintain stability. The Merged Bank will undertake a process of Board renewal over time, based on the Board composition and skills required for a Significant Financial Institution. This renewal process may result in a lower number of Directors over time. The Board at those moments in time will consider the allocation of remuneration within the approved pool based on industry benchmarking relative to the size and complexity of the Merged Bank and Director workload resulting from a reduced Board, rather than seeking an increase at the following Annual General Meeting.

Legacy tenure arrangements will be maintained for all existing Directors of the Merged Bank, whereby a 12-year tenure will apply from the date that each Director was first appointed or elected at either Bank Australia or Qudos Bank. This is to ensure that continuity is maintained throughout the merger integration period.

For any new Directors that are either appointed or elected to the Merged Bank from the Merger Date, a new tenure arrangement of a maximum 9-year term will apply.

Director terms and elections

The below table outlines the current tenure for each Director for the Merged Bank.

Director	Appointment date	Appointment type	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Anne-Marie O’Loughlin AM	2015	M	●			●									
Steve Ferguson	2020	M			●			●			●				
Anthony Healy	2022	B		●			●			●			●		
Dr Marcus Thompson AM	2023	B		●			●			●			●	●	
Simon O’Connor	2024	M	●			●			●			●			●
Barry Jackson	2015	M	●			●									
Jennifer Dalitz (Chair)	2019	M		●			●				●				
Joe Dicks	2020	M			●			●			●				
Clare Mazzetti	2020	B			●			●			●				
Sally-Ann Williams	2021	M	●			●			●			●			

M – Member elected B – Board appointed

● Retirement having served for a maximum 12 years in office ● Member election or board re-appointment

Equal representation on the merged bank Board



Senior Executives

Damien Walsh, the current Managing Director of Bank Australia, will serve as Managing Director of the Merged Bank. From the Merger Date the role of CEO of Qudos Bank will no longer exist. Brendan Wright remains as CEO of Qudos Bank in the interim and to support the merger process. He has elected not to take on an executive role with the Merged Bank.

Executive appointments have been subject to the Merged Bank's obligations under applicable prudential standards and its fit and proper policy. In line with our 'merger of equals' approach, the executive recruitment process was conducted with the help of an external executive search firm to ensure an unbiased process for all candidates. The Executive structure for the Merged Bank is shown below.

Executive structure for the Merged Bank



Profiles of the Executives from each entity can be accessed at bankaust.com.au and qudosbank.com.au.

Effect of the merger on membership and member rights

Membership

When the merger takes effect:

- (a) All members of Bank Australia will continue to be members of the Merged Bank and will continue to hold one member share in the Merged Bank.
- (b) All members of Qudos Bank, except for the Directors, will cease to be members of Qudos Bank. Qudos Bank Directors will maintain membership for the purpose of deregistering and winding down the Qudos Bank entity.
- (c) Within 30 days, each Qudos Bank member who has paid for their shares in Qudos Bank will be refunded (by direct credit to their account) an amount of \$10.00, reflecting the subscription price of their Qudos Bank member shares.
- (d) Subject to subparagraphs (e), (f) and (g) below, all members of Qudos Bank will become members of the Merged Bank, and will be taken to hold one member share in the Merged Bank.
- (e) Members of Qudos Bank will be deemed to have been admitted as members of the Merged Bank on the date when they first became members of Qudos Bank.
- (f) If a member of Qudos Bank is also a member of Bank Australia, they won't become a member of the Merged Bank twice (because a person can only hold one membership). Instead, they will be deemed to have been admitted as a member of the Merged Bank on the date on which they became a member of Bank Australia.
- (g) If a person holds more than one membership in Qudos Bank (in any capacity) then the member will be taken to hold only one member share in the Merged Bank. This is intended to deal with any members who have been admitted as members of Qudos Bank more than once.
- (h) Each person who constitutes a joint member of Qudos Bank will become a separate member of the Merged Bank and will be taken to hold one member share in the Merged Bank, unless that person is also a member of Qudos Bank as an individual and so becomes a member of, and is taken to hold a member share in, the Merged Bank, as an individual. This is because Bank Australia no longer opens joint memberships.
- (i) No amount will be payable by the Merged Bank on redemption of a member share in the Merged Bank that a member of Qudos Bank is taken to hold, unless the Merged Bank has demanded, and received from the member, payment of the subscription price. This will ensure that former Qudos Bank members are in the same position as Bank Australia members.
- (j) The merger may impact the rights of the very small number of Bank Australia members who are also existing Qudos Bank members. When the merger takes effect, all deposits held by Bank Australia and Qudos Bank will be held by the Merged Bank and the \$250,000 deposit guarantee of the Federal Government's Financial Claims Scheme will apply to combined deposits held by the Merged Bank. If you do not have amounts on deposit with both Bank Australia and Qudos Bank, or if you do have amounts on deposit with both Bank Australia and Qudos Bank which are \$250,000 or less in total, then the merger will not impact your rights under the Federal Government's Financial Claims Scheme. If, however, you do have amounts on deposit with both Bank Australia and Qudos Bank which are greater than \$250,000 in total, then when the merger takes effect, you will lose the benefit of having two separate \$250,000 guarantees (that is, one which applies to deposits in Bank Australia and one which applies to deposits in Qudos Bank) because the \$250,000 deposit guarantee of the Federal Government's Financial Claims Scheme will apply to your combined deposits in the Merged Bank.



Constitution and member rights

The existing Bank Australia Constitution will be amended at the time when the Merger takes effect and that Constitution, as amended, will become the Constitution of the Merged Bank. The amended Constitution differs to the existing Constitution of Bank Australia to only limited extent. The amendments to be made at the time when the Merger takes effect are intended firstly, to ensure that existing Qudos Bank members can be admitted as members of Bank Australia, secondly, to permit the directors of Qudos Bank at that time to become directors of Bank Australia without having been a member of Bank Australia for at least 24 months and thirdly, to reduce the maximum term of office of directors of Bank Australia from 12 years to 9 years except in the case of those persons who are directors immediately after the Merger takes effect whose maximum term will continue to be 12 years. These changes are an integral part of the transfer of the business of Qudos Bank to occur when the Merger takes effect and in the case of the maximum term of directors, provide continuity and ensure effective oversight of the Merger, having regard to the increased complexity of the business. These amendments are required at the time when the Merger takes effect for these reasons rather than being adopted by resolution of the members at the next annual general meeting of Bank Australia in late 2025. A summary of the proposed amendments to the Constitution can be found in Attachment C of this booklet on page 98.

Under the amended Constitution, as under the existing Constitution of Bank Australia, the only classes of shares that will be able to be issued are:

- Member Shares, which are issued to members when they become members and are redeemed when they cease to be members; and
- Mutual Capital Instruments (MCIs).

Bank Australia has not issued any MCIs to date, and while the Merged Bank will have the ability to issue MCIs in the future, there is currently no intention that it will do so.

Financial implications



Financial performance

Audited financial reports for year ending 30 June 2024 (FY24) and prior years are available from:

- bankaust.com.au/support/corporate-reports
- qudosbank.com.au/about-us/corporate-information

The historical financial performance of Bank Australia and Qudos Bank for the financial years ended 30 June 2023 and 30 June 2024 is summarised in the table below. The Merged Bank column combines the financial performance of each bank at 30 June 2023 and 30 June 2024 and is not indicative of future financial performance, nor does it necessarily represent the financial results which would have been achieved for the Merged Bank had the merger occurred prior to FY23 and FY24.

	Bank Australia		Qudos Bank		Merged Bank	
	FY23	FY24	FY23	FY24	FY23	FY24
Historical financial performance						
Net interest income	204.6	181.1	85.3	89.4	289.9	270.5
Non-interest income	17.1	22.4	8.8	8.8	25.9	31.2
Net operating income	221.7	203.5	94.1	98.2	315.8	301.7
Total operating expenses	146.8	167.1	69.3	77.0	216.1	244.1
Loan impairment expense	-	(1.0)	(1.4)	(0.3)	(1.4)	(1.3)
Statutory Profit Before Tax	74.9	37.4	26.2	21.5	101.1	58.9
Tax	(22.6)	(10.6)	(7.8)	(6.4)	(30.4)	(17.0)
Statutory Net Profit After Tax	52.3	26.8	18.4	15.1	70.7	41.9
Merger related costs (post-tax)	0.0	0.6	0.1	1.9	0.1	2.4
Underlying Net Profit After Tax	52.3	27.4	18.5	17.0	70.8	44.3

Note: Net Profit After Tax includes both continuing and discontinued operations. The Underlying Net Profit After Tax adjusts for costs relating to the merger.

	Bank Australia		Qudos Bank		Merged Bank	
	FY23	FY24	FY23	FY24	FY23	FY24
Key metrics						
Net interest margin (% avg. loans & advances)	2.02%	1.62%	1.60%	1.59%	1.88%	1.61%
Cost to income ratio	66.2%	82.1%	73.6%	78.4%	68.4%	80.9%
Return on equity	7.6%	3.8%	5.6%	4.4%	7.0%	4.0%
Return on assets	0.52%	0.24%	0.35%	0.27%	0.46%	0.25%

Bank Australia has experienced sustained growth in both lending and retail deposits, over the past five years. Underlying Net Profit After Tax has remained relatively steady during this time.

Financial position

The financial position of Bank Australia at 30 June 2023 and 30 June 2024 is summarised below. The Merged bank column combines the financial position of each bank at 30 June 2023 and 30 June 2024 and is not indicative of future financial position, nor does it necessarily represent the financial position which would have existed for the Merged Bank had the merger occurred prior to FY23 and FY24.

	Bank Australia		Qudos Bank		Merged Bank	
	FY23	FY24	FY23	FY24	FY23	FY24
Financial position						
Cash and liquid assets	240.3	170.8	151.3	141.6	391.6	312.4
Investment securities	1,901.6	2,020.0	1,052.8	897.7	2,954.4	2,917.7
Net loans and advances	8,108.6	9,321.1	4,207.0	4,694.0	12,315.6	14,015.1
Other assets	271.0	223.1	56.2	39.1	327.2	262.2
Total assets	10,521.5	11,735.0	5,467.3	5,772.4	15,988.8	17,507.4
Customer deposits	7,749.6	8,405.2	4,734.2	5,192.3	12,483.8	13,597.5
Borrowings	1,844.5	2,398.4	358.6	178.1	2,203.1	2,576.5
Other liabilities	225.5	219.2	33.7	51.8	259.2	271.0
Total liabilities	9,819.6	11,022.8	5,126.5	5,422.2	14,946.1	16,445.0
Net assets	701.9	712.2	340.8	350.2	1,042.7	1,062.4
Key metrics						
Growth in net loans and advances	9.6%	14.9%	7.0%	11.6%	8.71%	13.8%
Growth in total assets	8.8%	11.5%	5.3%	5.6%	7.6%	9.5%
Growth in deposits	4.7%	8.5%	1.4%	9.7%	3.4%	8.9%
Loan to deposit ratio	105%	111%	89%	90%	99%	103%
Growth in net assets	5.2%	1.5%	6.4%	2.8%	5.6%	1.9%
CET1 ratio	16.5%	15.3%	15.3%	16.0%	16.1%	15.6%
Total Capital Ratio	17.7%	16.3%	15.9%	16.6%	17.1%	16.4%

Tax implications for Bank Australia and Qudos Bank

Bank Australia and Qudos Bank have obtained written confirmation from the ATO that it will administer the law in a way that should result in an income tax neutral outcome for both Bank Australia and Qudos Bank, including income tax attributes associated with the transfer, such as liabilities and franking credits. This confirmation is subject to the applicable laws not being amended in a way that impacts the income tax outcomes set out in the written confirmation from the ATO. This approach is consistent with the ATO's approach in similar mergers of customer-owned banks.

There may be GST and Stamp Duty impacts on the Merged Bank, however they are not expected to be material.



Additional information



APRA approval

In accordance with the Transfer Act, the merger must be approved by APRA in order to become effective. APRA's approval may impose conditions which need to be complied with before or after the merger takes effect. If the merger is approved by the members of both Bank Australia and Qudos Bank, and any conditions imposed by APRA are satisfied, APRA will then determine whether the merger will be approved.

ACCC authorisation

Given the scale of the businesses of Bank Australia and Qudos Bank and the nature of the market for financial services, it has been determined that the proposed transfer will not have the effect of substantially lessening competition the market for financial services. Therefore, ACCC authorisation is not required, however the ACCC will be notified of the intended merger.

Independent advice

Bank Australia used the services of external advisors to assist in completing due diligence reviews of Qudos Bank. Having undertaken due diligence, the Board of Bank Australia concluded the merger is in the best interest of its members. Bank Australia has also used the services of external advisors to assist in taking the necessary steps to obtain regulatory approval and seek approval of the merger by members.

Material changes in the financial position of each bank

There have been no material changes since FY ended 30 June 2024. Audited financial statements for the financial years ending 30 June 2023 and 30 June 2024 are available on the Bank Australia website at www.bankaustralia.com.au/support/corporate-reports

Deregistration of Qudos Bank

After the merger, Qudos Bank as a corporate entity will no longer have any assets or liabilities. Qudos Banks' ASFL, ACL and banking authority under the Banking Act will no longer be required and will be cancelled. The corporate entity, Qudos Mutual Bank, will be deregistered as a company after it lodges its final financial statements, tax and other regulatory returns.

Bank Australia is not making any monetary payments to Qudos Bank or Qudos Bank members for the transfer of the Qudos Bank, and there will be no surplus funds distributed to Qudos Bank members.

The Qudos Bank Board has given assurances to APRA that, if the merger proceeds, it will ensure that Qudos Bank is deregistered, all Qudos Bank funds are transferred to Bank Australia Limited and that it will prepare, sign-off and lodge (where required by law) financial statements for Qudos Bank.

Bank Australia must pay all ASIC lodgement costs and other costs, charges and expenses associated with the deregistration of Qudos Bank as a company, including any costs, charges and expenses associated with the preparation of final financial accounts and taxation returns.

Other information material to the making of a decision in relation to the merger

Except as set out in this booklet, so far as the Directors are aware, there exists no other information that is material to the making of a decision by a member whether or not to approve the merger, being information that is within the knowledge of Directors and has not previously been disclosed to members.

Frequently asked questions (FAQs)

About the merger

Why is Bank Australia seeking to merge with Qudos Bank?

- Bank Australia is a strong, sustainable and successful bank, but we operate in an increasingly competitive market.
- 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 customer benefit and impact at increased scale.
- 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.

What does the Board recommend?

- The Board of Bank Australia unanimously supports the proposed merger and recommends customers vote in favour.

Who will be Chair and Managing Director?

- The proposed Board composition with Jennifer Dalitz (Qudos Bank) as inaugural Chair and Steve Ferguson (Bank Australia) as inaugural Deputy Chair.
- Damien Walsh will be Chief Executive Officer and Managing Director.

How many Board members will there be?

- The Merged Bank will have 10 Non-Executive Directors with equal representation from Bank Australia and Qudos Bank Directors, and 1 Executive Director (the Managing Director)

What will happen to the existing bank brands?

- While the Merged Bank's legal name will be Bank Australia Limited, both the Bank Australia and Qudos Bank brand names will continue following the merger. Any future review of the brand names used by the Merged Bank will involve engagement with customers.

What if the customer vote fails to support the merger?

- The Bank Australia Board has a responsibility to ensure the long-term sustainability, viability and success of the organisation, and anticipates that a merger is inevitable to achieve this. If the vote to merge with Qudos Bank is unsuccessful at the first attempt, we will seek to understand and address the reasons contributing to that result.
- Bank Australia's Board is committed to Qudos Bank as its preferred merger partner and will ask members to vote a second time to support the proposed merger.

What this means for customers

Will the merger affect the customer ownership structure?

- No, the Merged Bank will continue to be 100% customer owned.

Will my account details change?

- As a Bank Australia customer your customer number and account details will not change. You'll continue to access your accounts through the same internet banking, app, and contact centre channels following the merger.
- The Merged Bank will integrate the separate customer databases from Qudos Bank and Bank Australia into a single customer database at a future point in time (to be confirmed). This may result in changes to your member and account information, however this will be communicated to you at the appropriate time.

Will my interest rates change as a result of the merger?

- Interest rates on deposit and loan products will stay the same on day 1 of the Merged Bank. Competition laws prevent us from discussing interest rate pricing prior to a successful customer vote.
- Should the proposed merger be approved by members, variable rate products will be harmonised in due course and fixed rate products will be harmonised post-maturity.

Will there be branch closures?

- There will be no branch closures as a direct result of the merger.

Will I be able to access Qudos Bank branches?

- Yes, from day 1 of the Merged Bank, Bank Australia customers will be able to access 5 Qudos Bank branches across Melbourne, Sydney and Brisbane (see page 35).

What will happen to my membership?

- The merger does not affect Bank Australia member shares. Qudos Bank members will be issued Bank Australia shares on the date of the merger (see page 63). Members should seek their own independent advice about their specific circumstances.

What does it mean for my current products and services?

- Customers will benefit from reduced fees and charges from day 1 of the merger as the merged bank adopts a 'best of both' approach across most products and services (see page 84).

What are the taxation implications for Bank Australia members?

- The merger does not affect Bank Australia member shares. As a result, the merger does not give rise to a capital gains tax event or any other income tax implications for Bank Australia members. Members should seek their own independent advice about their specific circumstances.

What this means for employees?

Will employees keep their job?

- Below executive level there will be no job losses or forced redundancies due to the merger. We need our people more than ever, and everyone has a role to play now and in the merged bank. The merger will create more opportunities for our people to develop their skills and grow their careers.
- The proposed merger is about building a stronger purpose driven bank. The aim is to create opportunities to improve customer experience and increase our impact, not to cut costs.
- The merger is an exciting opportunity for Bank Australia employees, and customers can be reassured that doing the right thing by our people is a top priority throughout this process.
- The Merged Bank will need our people more than ever, and everyone has a role to play in a successful merger.



Are there any financial incentives or bonuses for executives or Directors through the merger?

- There are no financial incentives or bonuses for executives or Directors related to the merger.

What this means for our community

What does it mean for impact fund partnerships?

- The Merged Bank will continue to commit up to 4% of annual after-tax profit to an impact fund to support community impact partnerships and grants aligned to the identified impact focus areas.
- Existing impact fund partnerships will continue through to the end of their current agreements and have impact assessments completed. Future partnerships and grants will be identified in line with the impact priorities of the Merged Bank.

What will the Merged Bank's impact priorities be?

- The Merged Bank will adopt the existing public impact commitments of Bank Australia and Qudos Bank. The full list of public impact commitments can be found at Attachment B on page 94.
- The Merged Bank will adopt an approach to future impact strategy setting that is reflective of the merged customer base.

Glossary

Term	Definition
ACL	Australian Credit Licence
ADI	Authorised Deposit-Taking Institution
AFSL	Australian Financial Services Licence
AGM	Annual General Meeting
APRA	Australian Prudential Regulation Authority
Bank Australia	Bank Australia Limited (ACN 087 651 607)
CEO	Chief Executive Officer
Customer	Any person with at least one product or service with Bank Australia
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Day 1	The first day of operation of the merged bank
Member	Any customer that holds a membership share with Bank Australia
Merged Bank	The corporate entity which will operate the businesses of Bank Australia and Qudos Bank from the Merger Date
Merger	The merger of Bank Australia and Qudos Bank
Merger Date	The date which the Merged Bank will become effective and begin operations
Merger Resolution	The special resolution put to Bank Australia members to approve the merger
Qudos Bank	Qudos Mutual Limited (ACN 087 650 557)
Significant Financial Institution	An ADI that is either: <ul style="list-style-type: none">• not a foreign ADI and has total assets in excess of AUD \$20 billion; or• determined as such by APRA, having regard to matters such as complexity in its operations or its membership of a group
Transfer Act	<i>Financial Sector (Transfer and Restructure) Act 1999 (Cth)</i>
Transfer Rule	<i>Financial Sector (Business Transfer and Group Restructure) determination No. 2 of 2017 (Cth)</i>

Attachment A – Product, services and fee comparison

Schedule 1 – Comparison of current products

The information provided is accurate as at the date the Notice of Special General Meeting was sent to Members, together with this booklet. There will be no changes to products offered to existing Bank Australia or Qudos Bank customers immediately following completion of the merger.

Product alignment will occur over time as the Merged Bank seeks to provide access to new products, integrate technology systems and improve the experience for customers. We will provide you with the required notice if any changes are made to your products as a part of the product alignment process.

The products, their key features and any fees, rates or charges are provided to assist members in understanding the product and service types that Bank Australia and Qudos Bank offer. Detailed product information including current features, terms, conditions, interest rates, fees and charges can be found at:

- Bank Australia: bankaust.com.au
- Qudos Bank: qudosbank.com.au

Bank Account Types

	Bank Australia	Qudos Bank
Transaction Accounts	✓	✓
Retail Transaction Accounts	✓	✓
Business Transaction Accounts	✓	✗
Specialised Transaction Accounts for Not-for-Profits and Pensioners	✓	✗
Savings Accounts	✓	✓
Bonus interest product	✓	✓
Children's Savings product	✓	✓
Online Savings account product	✓	✓
Specialised savings account for super and retirees	✗	✓
Specialised savings account with Qantas Points	✗	✓
Term Deposits	✓	✓
Terms up to 3 years	✓	✓
Offset Accounts	✓	✓
100% interest offset on eligible variable rate loans	✓	✓

For both Bank Australia and Qudos Bank, deposits made into eligible accounts are guaranteed by the Federal Government's Financial Claims Scheme with a Government Deposit Guarantee of up to \$250,000.

Credit Cards

	Bank Australia	Qudos Bank
Credit Cards	✓	✓
Low Rate	✓ Low Rate Visa	✓ Visa Lifestyle
Classic	✓ Visa Credit	✓ Visa Lifestyle Plus
Platinum	✓ Platinum Rewards Visa*	✓ Visa Platinum*

* Earns Qantas points

Home and Investment Loans

	Bank Australia	Qudos Bank
Variable Home and Investment Loans	✓	✓
Low Rate Variable Home and Investment Loans	✓ Basic Home Loan	✓ Low Cost Home Loan & No Frills Loan
Standard Variable Home and Investment Loan	✓ Offset Home Loan	✓ Variable Rate Home Loan
Fixed Home and Investment Loans	✓	✓
Fixed Home and Investment Loans	✓ Basic Home Loan and Offset Home Loan Fixed terms 1, 2, 3, and 5 years	✓ Fixed Rate Home Loan Fixed terms 1, 2, 3, 4 and 5 years
Other Home and Investment Loans	✓	✓
Package Home and Investment Loans	✓ Offset Home Loan Clean Energy Home Loans* 100% offset facility on variable loans	✓ Low Cost Value Package Qantas Points Home Loan* 100% offset facility on variable loans
Bridging Loan	✓	✓
Construction Loan	✓	✓

* Bank Australia has a Clean Energy Home Loan with a reduced rate for home energy efficiency upgrades & new builds.

Qudos has a Qantas Points Home Loan that earns Qantas Points on the loan balance.



Car and Personal Loans

	Bank Australia	Qudos Bank
Car Loans	✓	✓
Secured Car Loans	✓	✓#
Personal Loans	✓	✓
Unsecured Personal Loans	✓	✓
Other Loans	×	✓
Unsecured Personal Overdrafts	×	✓

Qudos has a Qantas Points Car Loan that earns Qantas Points on the loan balance.

Account Access Facilities

	Bank Australia	Qudos Bank
Account Access Facilities	✓	✓
Paper Statements	✓	✓
Online Statements	✓	✓
Branch Network	✓	✓
Internet Banking	✓	✓
Mobile Banking App	✓	✓
Bank@Post Deposits	✓	✓
Bank@Post Withdrawals	✗	✓
BPAY	✓	✓
Visa Debit Card	✓	✓
ATM/EFTPOS	✓	✓
Periodic Payments	✓	✓
Deposit/Credit Transfers	✓	✓
Direct Debits	✓	✓
Direct Credits	✓	✓
Australia Post deposit book	✗	✓
Digital Pays	✓	✓
	Apple Pay, Samsung Pay, Google Pay, Garmin Pay	Apple Pay, Samsung Pay, Google Pay, Garmin Pay
Payment scheduling	✓	✓
New Payments Platform/Osko	✓	✓
PayTo Payments	✓	✓
Round Up debits	✓	✗
Round Up credits	✓	✗
SMS alerts	✓	✓
SMS One Time Password	✓	✓

Other products and services

	Bank Australia	Qudos Bank
Superannuation products	✗	✓
Retirement Savings Accounts	✗	✓
Superannuation Savings Accounts	✗	✓
Other products and services	✓	✓
International bank transfer & payments*	✓	✓
Home & contents insurance*	✓	✓
Motor insurance*	✓	✓
Caravan & trailer insurance*	✗	✓
Landlord's insurance*	✓	✓
Renter's insurance*	✓	✓
Flexicover life insurance*	✗	✓

* Service offered through a third party.

Schedule 2 – Comparison of fees

Both banks have already reduced fees, including monthly account fees. From day 1 of the Merged Bank a 'best of both' approach will be implemented, adopting the lowest fee across both brands. The information provided in this table is accurate as at the date the Notice of Special General Meeting was sent to Members, together with this booklet.

Bank Account Types

Fee Type	Bank Australia	Qudos Bank	Merged Bank
Account fees			
Exceeding available funds fee	\$10	\$0	\$0
Electronic debit rejection fee	\$0	\$15	\$0
Domestic ("press credit") cash withdrawal fee	\$3.50	\$0	\$0
Visa foreign cash withdrawal fee	\$3.50 plus the International Transaction Fee	\$0	\$0
International Transaction Fee (ITF)	3% of the transaction value	3.65% of the transaction value	3% of the transaction value
Staff assisted withdrawal fee	\$2.50 for Savings Accounts	\$0	\$0
Term Deposit early withdrawal admin fee	\$15 per early withdrawal and interest paid penalty	\$0 fee and interest paid penalty	\$0 fee and interest paid penalty
Payment channel service fees			
Same day funds transfers within Australia (RTGS)	\$30 per transfer	\$20 per transfer	\$20 per transfer
Making international payments			
Staff Assisted International Payment in AUD	\$30 per transfer	\$50 per transfer	\$30 per transfer
Staff Assisted International Payment in Foreign Currency	N/A	\$30 per transfer	\$30 per transfer
Online International Payment in Foreign Currency	\$10 per transfer	\$20 per transfer	\$10 per transfer
Telegraphic Transfer Investigation	\$0	\$25	\$0

Fee Type	Bank Australia	Qudos Bank	Merged Bank
Service fees			
Certificates supplied by the bank	\$60 per hour with a minimum \$30 per certificate	\$5 per page and \$25 per hour	\$5 per page and \$25 per hour
Duplicate statement fee	\$5 per statement	\$5 per statement (for period more than 3 months before request)	\$5 per statement (for period more than 3 months before request)
Dormant accounts	\$12 per quarter	\$10 per year	\$10 per year
Visa emergency card fee	\$US175	\$US200	\$US175
Foreign cheque deposits	N/A	<ul style="list-style-type: none"> \$20 for deposit amounts less than \$5000 \$50 for deposit amounts equal to or greater than \$5000 	<ul style="list-style-type: none"> \$20 for deposit amounts less than \$5000 \$50 for deposit amounts equal to or greater than \$5000
Home loan establishment fees			
New mortgage (bridging, construction)	\$595	\$600	\$595
New mortgage (basic/no frills & Low Cost)	\$595	\$0	\$0
Home loan package fee	\$350 per annum	\$199 per annum	\$199 per annum
Existing mortgage	\$295	\$0	\$0
Other home loan fees			
Home loan discharge fee	\$350	\$275	\$275
Valuation administration fee	\$250	As per*	\$0
Loan variation fee	\$150	\$0	\$0
Portability fee – new mortgage	\$500	At cost	\$500
Portability fee – existing mortgage	\$150	\$0	\$0
Fixed rate lock fee	0.10% of approved loan amount (minimum fee \$50)	\$649	0.10% of approved loan amount (minimum fee \$50)
Break fee on fixed rate loans	Cost of funds calculation	Cost of funds calculation	Cost of funds calculation
Copies of documents other than statements	Not applicable	\$5 per page and \$25 per hour	\$0
Personal loans			
Car loan establishment fee	\$150	\$150	\$150
Personal loan establishment fee	\$150	\$150	\$150

* 1 free Valuation up to the cost of \$300 for loans under \$1.0m. All other valuations are charged at cost. 1 free Valuation up to the cost of \$600 for loans over \$1.0m and up. All other valuations are charged at cost.

Credit Cards

Fee Type	Bank Australia	Qudos Bank	Merged Bank
Platinum Rewards Visa/Visa Platinum			
Annual fee	\$189 (unless waived)	\$195	\$189
Additional card holder fee	\$59 p.a.	\$0	\$0
Cash advance fee – domestic	\$5	\$5	\$5
Cash advance fee – overseas	\$5 plus International Transaction Fee	\$5 plus International Transaction Fee	\$5 plus International Transaction Fee
International Transaction Fee (ITF)	3% of transaction value	3.65% of transaction value	3% of transaction value
Card replacement fee after 2 replacements	\$0	\$10	\$0
Visa/Lifestyle Plus			
Annual fee	\$0	\$0	\$0
Additional card holder fee	\$0	\$0	\$0
Cash advance fee – domestic	\$3.50	\$5	\$3.50
Cash advance fee – overseas	\$3.50 plus International Transaction Fee	\$5 plus International Transaction Fee	\$3.50 plus International Transaction Fee
International Transaction Fee (ITF)	3% of transaction value	\$3.65% of transaction value	3% of transaction value
Card replacement fee after 2 replacements	\$0	\$10	\$0
Low Rate Visa/Visa Lifestyle			
Annual fee	\$59 p.a.	\$0	\$0
Additional card holder fee	\$0	\$0	\$0
Cash advance fee – domestic	\$3.50	\$5	\$3.50
Cash advance fee – overseas	\$3.50 plus International Transaction Fee	\$5 plus International Transaction Fee	\$3.50 plus International Transaction Fee
International Transaction Fee (ITF)	3% of transaction value	3.65% of transaction value	3% of transaction value
Card replacement fee after 2 replacements	\$0	\$10	\$0



Attachment B – Public impact commitments

Public impact commitments

Commitment	Commitment description	Notes
Climate action		
Decarbonisation	We will achieve net zero operations and portfolio by 2035	The Merged Bank will have the target of reaching net zero operations and portfolio by 2035. Bank Australia has a net zero roadmap – the Merged Bank can use this as a basis for its net zero planning.
	We will have a validated 2030 science based target	To support its path to net zero, Bank Australia currently has an interim target for 2030, which is validated by the Science Based Targets initiative. This target will need to be reviewed and reset after merger – a big event like a merger means we have to reset our baselines and calculate new 1.5 degree-aligned target pathways.
	We will explore directly investing in projects that draw down emissions	Bank Australia has sought external advice on the tax and accounting implications of directly investing in projects to draw down emissions. We have paused further work on this given budget constraints for pursuing a project.
Customer action	We offer support and products to assist our customers to better understand and reduce their emissions	Bank Australia is continuing to support customers via our Electrify Your Home hub on our website and products like our Clean Energy Home Loan.
Regenerative products and services	We will be financing \$1.5b of clean energy transition and conservation by 2025	This target date will have passed by the planned merger date, and the Merged Bank will work to set new impact asset targets. Bank Australia is making progress towards its 2025 target (over \$1b as at 30 June 2024), but may not meet the full \$1.5b by 30 June 2025.
Protection of nature	We are a leading voice on corporate conservation to draw down carbon from the atmosphere, while protecting and preparing our conservation reserve for a warmer climate	In 2024, Bank Australia launched its nature and biodiversity strategy, which covers our conservation reserve and our plans across awareness and engagement, leadership and nature positive products and services (described below).
Climate justice	We are actively supporting the economy in the Latrobe Valley as it transitions from fossil fuels	The Merged Bank plans to have a continued presence in the Latrobe Valley.
	We are seeking guidance and leadership from First Nations voices on climate action	In 2024, Bank Australia launched its First Nations Recognition and Respect strategy, which sets out its commitment to walking together towards First Nations justice, reconciliation and self-determination (described below).
Climate risk	We will assess, disclose and manage the risk posed to our business from a changing climate	The Merged Bank will continue to the commitment to assess, disclose and manage risks posed by a changing climate.
Car loans	We will cease funding car loans for new fossil fuel cars from 2025	The Merged Bank will not fund car loans for new fossil fuel cars. It will continue to fund car loans for second hand fossil fuel cars while the secondary market for electric vehicles matures.
Carbon neutrality	We calculate and offset the carbon emissions generated through the operations of the bank	Both entities are currently Climate Active certified for carbon neutrality. The Merged Bank will monitor the current government review of the Climate Active program.
RE100	We will continue running on 100% renewable electricity	The Merged Bank will run on 100% renewable electricity.

Commitment	Commitment description	Notes
Nature and biodiversity		
Nature and biodiversity strategy	<p>Increase % of our people and customers connected with nature.</p> <p>Increase influence on positive attitudes and behaviours for nature.</p> <p>Increase condition and extent of nature and biodiversity.</p> <p>Increase nature positive assets out of total assets.</p> <p>Pilot the Taskforce on Nature-related Financial Disclosures.</p>	The Merged Bank is committed to continuing to implement the nature and biodiversity strategy.
Conservation reserve 10-year vision	Selection of targets as per the 10-year vision document (2017-2027)	The Merged Bank is committed to caring for the conservation reserve in line with the current 10-year vision and beyond.
First Nations Recognition and Respect		
First Nations Recognition and Respect strategy	<p>Increase partnerships with First Nations organisations.</p> <p>Increase First Nations impact lending portfolio.</p> <p>Increase spend on First Nations businesses.</p> <p>Support for Uluru Statement from the Heart – Voice, Treaty, Truth.</p> <p>Establish a First Nations Leadership Group.</p>	The Merged Bank is committed to continuing to implement the First Nations Recognition and Respect strategy.
Other commitments		
Impact asset target	To reach 20% of total assets as impact assets by 2025.	<p>This target date will have passed by the planned merger date, and the Merged Bank will be able to work to set new impact asset targets.</p> <p>Bank Australia is tracking well against this 2025 target (19.1% as at 30 June 2024) and is likely to meet it at 30 June 2025.</p>
Bank Australia impact fund	To invest up to 4% of annual after-tax profits into projects that create positive social and environmental change.	The Merged Bank will contribute up to 4% of annual after-tax profits to the impact fund. This will support the existing philanthropic activity of Bank Australia and Qudos Bank, as well as new projects that the Merged Bank identifies to support social and environmental change.
B Corp	To remain certified as a B Corporation.	The Merged Bank will remain a certified B Corporation.
Global Alliance for Banking on Values	To operate in alignment with the GABV's agreed principles of values based banking.	The Merged Bank will remain a member of the GABV.
Responsible banking policy	To follow the screening guidelines for what we do and don't fund as per our responsible banking policy.	The Merged Bank will retain Bank Australia's responsible banking policy, and will review alignment with Qudos Bank's responsible investing policy.

Commitment	Commitment description	Notes
Create and keep jobs in Australia	To create and keep all employment with Bank Australia in Australia, with a focus on generating employment in regional Australia.	The Merged Bank will continue to have all its operations in Australia.
No executive bonuses	We don't pay bonuses or sales-based commissions to any of our employees, including executives.	The Merged Bank will not pay executive bonuses.



Attachment C – Summary of Proposed Constitutional changes

Summary of Proposed Constitutional changes

Division 3. Membership

3.4 Membership for existing Customers	The rule has been updated to allow the Company to admit as a member without application an existing customer of the Company who is not a member as at the proposed merger date, 1 July 2025. The rule has been updated in order to ensure that customers of both Qudos Bank and Bank Australia are treated fairly and equitably.
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Division 10. Directors – Appointment & Vacation of Office

10.3 Appointment by Members	<p>Rule 10.3(1) has been changed to remove the eligibility requirement that a member elected Director must have been a member continuously for at least 24 months at the date of their nomination to be a Director. The requirement has been removed to facilitate the Company attracting Directors with required skills, capabilities and experience.</p> <p>Rule 10.3(3) has been updated to reduce the maximum tenure of office for a Director from twelve years to nine years to better align with current corporate practices, with a transitional provision to allow Directors from Qudos Bank and Bank Australia who are in office at the time of the Merger to serve for a maximum of twelve years.</p>
10.4 Appointment by Board	Consistent with Rule 10.3(3), Rule 10.4(4) has been updated to reduce the maximum tenure of office from twelve years to nine years, with the exception of any Director who is an executive officer.
10.5 Term of Office	Rule 10.5(3) and Rule 10.5(4) have been removed and the term of office for Directors has been simplified to three years.
10.6 Term of Office for all Directors	Rule 10.6 has been removed as the maximum tenure of Directors is now dealt with in Rules 10.3(3) and 10.4.
10.7 Automatic Vacation of Office	What was Rule 10.6(i) has been updated to reflect the maximum term of office of Directors being nine years, and the numbering of what was Rule 10.7 has changed to Rule 10.6.
10.8 Resignation	The numbering of this Rule has changed from 10.7 to 10.8.



