QT MUTUAL BANK LIMITED

ABN 83 087 651 054

Constitution

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Preamble

The mutual bank is a financial co-operative, which has open and voluntary membership within a common bond, democratic control by members and is non-discriminatory in all its undertakings.

The mutual bank is a public company limited by shares organised on the basis of the following Principles of Mutuality:

Principles of Mutuality

Customers Must be Members

1. Subject to the exceptions in Principles 2 and 3, a credit union may not accept a deposit from, or grant financial accommodation to, a person who is not a member.
2. A credit union may accept deposits from, or grant financial accommodation to, a body that does not have the power to acquire, or that the law prohibits from acquiring, the credit union's shares.
3. A credit union may accept deposits from, or grant financial accommodation to, another Approved Deposit Taking Institution.

Membership and Member Shares

How to become a member

4. A person can only become a member by subscribing for a member share.

How many member shares a credit union may issue a person

5. Subject to the exception in Principle 6, a credit union may issue only 1 member share to any person.
6. A trustee for an unincorporated association may be issued 1 member share in the trustee's own right, and 1 member share as trustee for the unincorporated association.

Consideration paid for membership shares

7. A credit union may issue a member share as wholly paid or partly paid.
8. A credit union may only issue a member share to a person in return for valuable consideration.
9. The person must provide consideration in cash or wholly in the form of an obligation to pay cash.

Voting

10. A member share may confer the right to 1 vote, and only 1 vote, at meetings of the credit union's members.

Dividends and Surplus

11. A member share may confer a right to participate in the credit union's profits through payment of dividends.
12. A member share must confer a right to participate in surplus when the credit union is wound up.
13. Any participation in profit or surplus must be on equitable terms.

Redemption and Transfer

14. A member share must confer on the member a right to redeem the member share on request, subject only to:
    (a) compliance with prudential standards or prudential regulations; and
    (b) any period of notice set out in the credit union's constitution.
15. Subject to the exceptions in Principle 16, a member share may not be transferred.
16. A trustee for an unincorporated association may transfer the member share that the trustee holds on trust for the unincorporated association.

Additional Shares

Definition

17. All shares issued by a credit union other than member shares are additional shares.

Issue of additional shares only to members

18. A credit union may only issue additional shares to a person who has been a member of the credit union continuously for the past 6 months.

Voting

19. Subject to the exceptions in Principle 20, an additional share must not confer the right to vote.
20. Additional shares may confer the right to vote, at meetings of the holders of additional shares, only on questions affecting the continuing existence of the credit union.

Dividends and Surplus

21. An additional share may confer the right to participate in the credit union's profits through payment of dividends.
22. An additional share may confer a right to participate in surplus when the credit union is wound up but only to the extent of:
    (a) repayment of capital paid on the additional shares; and
    (b) payment of arrears of cumulative dividends.
23. The right to participate in profits and surplus conferred by additional shares may be preferred, equal or deferred to the rights conferred by the member shares.

Redemption and Transfer

24. An additional share may confer on the holder of the additional share a right to redeem or, subject to Principle 25, to transfer the additional share.
25. The holder of additional shares may only transfer additional shares to a person who has been a member of the credit union continuously for the past 6 months.

Accumulation of Securities

26. Accumulation of securities issued by a credit union must be restricted so that no person, or group of associated persons, may exercise a significant degree of influence over the affairs of the credit union.

Directors

27. Only a member of the credit union may be a Director of the credit union.

These Principles of Mutuality are not binding, except to the extent that the Constitution expressly provides otherwise.

Constitution

Division 1. — Introductory Matters

1.1 Definitions

In this Constitution, unless the context requires otherwise:

ADI (Approved Deposit Taking Institution) means a body corporate that APRA has authorised to conduct banking business in Australia under the *Banking Act* 1959 (Cth)

adult means a person who has reached the age of eighteen (18)

APRA means the Australian Prudential Regulation Authority

ballot paper/s includes both paper and electronic versions provided the board has authorised the introduction of electronic ballot papers

board means the board of directors

common bond refers to the common bond of membership

credit union means the company described in this Constitution formerly called Queensland Teachers' Credit Union Limited and now called QT Mutual Bank Limited

deposit means the placement of money in an account that the mutual bank conducts in the ordinary course of its banking business

director means a Director for the time being of the mutual bank

financial accommodation means:

(a) an advance;

(b) money paid for, on behalf of or at the request of a person (other than by drawing on the person's deposit account with the mutual bank);

(c) a forbearance to require payment of money owing on any account; and

(d) a transaction that, in substance, effects a loan or is regarded by the parties to the transaction as a loan,

that the mutual bank provides or enters in the ordinary course of its banking business

general meeting means a general meeting of the members

material personal interest has the same meaning as in *Corporations Act*

member means a person whose name the mutual bank has entered for the time being in the Register of Members it keeps under the *Corporations Act*

member share means a share as described in Appendix 2.

minor means a person who has not yet reached the age of eighteen (18).

Nominations Committee means the Committee appointed by the Board in accordance with Appendix 6.

prudential standard means:

(a) any prudential standard that APRA determines under the *Banking Act* 1959 (Cth);

(b) any prudential regulation made under *Banking Act* 1959 (Cth); and

(c) any APRA transitional prudential standard applying to the mutual bank under the *Financial Sector Reform (Amendments and Transitional Provisions) Regulations* 1999 (Cth).

secretary means a Secretary for the time being of the mutual bank

subscription price means the amount payable by a person on subscription for a member share

1.2 Interpretation

(1) In this Constitution, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) where an expression is defined in this Constitution, any other grammatical form of the expression has a corresponding meaning;

(c) unless the context requires otherwise, terms that are not expressly defined in the Constitution, but that are defined in the Corporations Act from time to time, have the same meaning as in the Corporations Act.

(d) headings are for purposes of convenience only and do not affect the interpretation of this Constitution;

(e) a reference to a statute or regulation includes all amendments, consolidations or replacements of the statute or regulation;

(f) a reference to this Constitution or another instrument includes all amendments or replacements of the Constitution or the other instrument; and

(g) a reference to a statutory or other body that ceases to exist or the powers and functions of which are transferred to another body includes a reference to the body:

(i) that replaces it; or

(ii) to which substantially all the powers and functions relevant to this Constitution are transferred.

(2) The notes to this Constitution are for purposes of convenience only and do not affect the interpretation of this Constitution. The notes do not form part of this Constitution and may be removed or modified without the mutual bank complying with the *Corporations Act* requirements that apply to removal or modification of constitutional provisions.

1.3 Time

Unless expressly provided otherwise, when this Constitution, or any notice given under this Constitution, states a time or a period of time, the time stated is, or the period of time is calculated by reference to, Eastern Standard Time or Summer Time, as the case may be, at the mutual bank's registered office.

1.4 Replaceable Rules do not Apply

The replaceable rules in the *Corporations Act* do not apply.

1.5 Notices

(1) This Rule applies to all notices and documents that the *Corporations Act* or this Constitution requires a party to this Constitution to send to another party to this Constitution.

(2) In this Rule, business day means a day that is not:

(a) a Saturday or Sunday; or

(b) a public holiday or bank holiday in the place where the notice is received.

(3) A person sending a notice must do so in writing and must address it to the recipient at the following respective addresses:

(a) if to the mutual bank — at its registered office or such other address as the mutual bank specifies to members from time-to-time; and

(b) if to a member — at the member's postal address or electronic address appearing on the Register of Members from time-to-time.

Note: Sub-Rule 3.3(3) deals with sending notices to joint members.

(4) A person may send a notice or other document to another person in any of the ways set out in column 2 of the table. The other person receives the notice at the time set out in column 3:

	Delivery Method	*Time Person Receives Notice*
1	Hand delivering the notice personally	The other person receives the notice: (i) if hand delivered before 4:00pm on a business day — on that business day (ii) if hand delivered after 4:00pm on a business day — on the next business day (iii) if hand delivered on a day other than a business day — on the next business day.
2	Sending the notice by pre-paid post	The other person receives the notice on the third business day after posting unless it is actually delivered earlier.

3	Sending the notice by facsimile transmission	The other person receives the notice: (i) if sent before 5:00pm on a business day — on that business day (ii) if sent after 5:00pm on a business day — on the next business day (iii) if sent on a day other than a business day — on the next business day. This rule does not apply where the person sending the facsimile has evidence that the transmission was unsuccessful.
4	Sending the notice by electronic means	The other person receives the notice: (i) if sent before 5:00pm on a business day — on that business day (ii) if sent after 5:00pm on a business day — on the next business day (iii) if sent on a day other than a business day — on the next business day. This rule does not apply where the person sending the notice by electronic means has evidence that the notice did not reach the other person's electronic address.

(5) If a person sends a member a notice in accordance with this Rule, any person to whom that member transfers or transmits a share is taken to receive the notice when the first person sent the member the notice.

1.6 Altering the Constitution

The Mutual bank may modify or repeal this Constitution, or a provision of this Constitution, by Special Resolution.

Division 2. — Objects & Limit on Powers

2.1 Objects

The mutual bank has the following objects:-

(a) to raise funds by subscription, deposit or otherwise, as authorised by *CorporationsAct*;

(b) to encourage savings amongst its members;

(c) to promote co-operative enterprise;

(d) to provide programs and services to its members to assist them to meet their financial, economic and social needs;

(e) to promote, encourage and bring about human and social development among individual members and within the larger community within which members work and reside; and

(f) to further the interests of members and the communities within which they work and live through co-operation with Credit Unions and Associations of Credit Unions, locally and internationally.

2.2 Customers Must be Members

(1) The Mutual bank may only provide financial accommodation to members, ADIs or bodies that do not have the power to acquire, or that the law prohibits from acquiring, the Mutual bank's shares but may accept deposits from both members and non-members.

(2) This Rule does not limit the powers of the mutual bank to invest funds otherwise than by way of financial accommodation to its members.

Division 3. — Membership

3.1 Admission to Membership

(1) Subject to any other Rule allowing admission of members, the mutual bank may admit a person as a member only if:

(a) the person makes a written application in a form the mutual bank requires; and

(b) the person provides evidence, satisfactory to the mutual bank, that the person is eligible to be a member under the common bond; and

(c) the person applies for a member share.

(d) the person pays in cash, or wholly in the form of an obligation to pay cash, the subscription price for the member share.

(2) The mutual bank may also admit a person as a member by registering a transfer or transmission of a member share to the person.

(3) The board has an absolute discretion in exercising the mutual bank's power to admit members without any obligation to give a reason for not admitting a person as a member.

4) When the mutual bank admits a person as a member, the mutual bank must:

(a) issue the member share to the person;

(b) enter the person's particulars in the Register of Members as required by the *Corporations Act*; and

(c) give the person notice that it has admitted the person as a member.

3.2 Delegation of Power to Admit Members

The board may, by resolution, delegate its power to admit members to officers of the mutual bank.

3.3 Joint Members

(1) The mutual bank may admit 2 or more persons eligible for admission under Sub-Rule 3.1(1) as a joint member of the mutual bank.

(2) The persons constituting the joint member may determine the order in which their names appear in the Register of Members. If the persons constituting the joint member do not do so, the mutual bank may determine the order in which their names appear in the Register of Members.

(3) The person named first in the Register of Members is the primary joint member. The mutual bank may duly send any notice, certificate or other document to the joint member by sending it to the primary joint member. Only the primary joint member is entitled to vote on behalf of the joint member, provided the primary joint member is not already entitled to a vote in accordance with this Constitution.

(4) At any time, the joint member may give the mutual bank a notice requiring the mutual bank to change the primary joint member or otherwise change the order in which their names appear in the Register of Members. Each person constituting the joint member must sign the notice. The mutual bank must change the Register of Members as soon as practicable after receiving the notice.

(5) Any person constituting a joint member may give an effective receipt for any dividend, distribution on winding-up or return of capital in relation to the joint member's shares.

(6) The mutual bank may accept deposits from, or provide financial accommodation to, the joint member or to any person constituting the joint member.

(7) The persons constituting a joint member are jointly and individually liable for any liability that the joint member may have in relation to the joint member's shares.

(8) In this Constitution, the joint member is taken to be a person separate from the persons constituting the joint member.

3.4 Members Who are Minors

(1) The board may admit a minor who is eligible to membership of the mutual bank.

(2) Each member who is a minor must not exercise any voting rights of membership until he or she becomes an adult.

Division 4. — Termination of Membership

4.1 Removal of the Member's Name from the Register of Members

The mutual bank can remove the member's name from the Register of Members if:

(a) the mutual bank redeems the member's member share under Rule 4.2, Rule 4.3 or Rule 4.4; or

(b) the mutual bank exercises its right of forfeiture of the member's member share under Sub-Rule 6.3(2); or

(c) the member surrenders the member's member share under Sub-Rule 6.3(5); or

(d) the member is an individual and the member:

(i) dies; or

(ii) becomes a bankrupt and the mutual bank registers the member's trustee in bankruptcy as the holder of the member's member share under Rule 10.3; or

(iii) becomes mentally incapable and the mutual bank registers the member's trustee or guardian as the holder of the member's member share under Rule 10.4; or

(e) the member is a body corporate and the member is deregistered or dissolved; or

(f) the member is a trustee for an unincorporated association and the mutual bank registers the transfer of the member's member share to another person who is to act as trustee for the unincorporated association.

4.2 Member's Request for Termination

(1) The mutual bank must repay the amount paid up in respect of a member share if:

(i) the member requests it; and

(ii) the member has repaid all outstanding financial accommodation; and

(iii) the member has discharged all other obligations to the mutual bank.

(2) If a member makes a request under Sub-Rule (1), the mutual bank must redeem the member's member share as soon as practicable after receiving the request. However, the mutual bank may defer redeeming the member's member share until the board is satisfied that:

(a) the member has discharged all obligations to the mutual bank; and

(b) the mutual bank has sufficient profits available to pay the amount payable on redemption of the member share.

4.3 Termination by the Board

(1) The mutual bank may redeem a member's member share by board resolution if:

(a) the member fails to discharge the member's obligations to the mutual bank; or

(b) the member is guilty of conduct that the board reasonably considers to be detrimental to the mutual bank; or

(c) the member obtains membership by misrepresentation or mistake.

(2) The mutual bank must give notice of the proposed resolution under Sub-Rule (1) to the member at least fourteen (14) days before considering the proposed resolution.

(3) At the time the board considers the proposed resolution, the member is entitled:

(a) to be present with or without the member's legal representative; and

(b) to be heard, either in person or through the member's legal representative.

(4) On redeeming the member share, the mutual bank may pay the amount payable on redemption of the member share to the member by either:

(a) sending a cheque to the member's address as set out in the Register of Members; or

(b) crediting any of the member's deposit accounts with the mutual bank

at the time the member share is redeemed.

4.4 Termination Where Accounts Dormant

(1) This Rule does not apply to a retirement savings account to the extent that the *Retirement Savings Account Act* 1997 (Cth) provides otherwise.

(2) The mutual bank may:

(a) determine that the member's deposit accounts are dormant; and

(b) redeem the member's member share

by board resolution if the member has not initiated any transactions in relation to any deposit account in the twelve (12) months period before the date of the resolution.

(3) The mutual bank must send notice of the proposed resolution under Sub-Rule (2) to the member at the member's last known address as shown in the Register of Members at least twenty-eight (28) days before considering the proposed resolution.

(4) On redemption of the member share, the mutual bank must pay the amount payable on redemption of the member share into the member's account.

(5) If the mutual bank redeems a person's member share under this Rule, the person may require the mutual bank to reinstate the person's deposit accounts at any time before the mutual bank pays the money in the deposit account in accordance with the relevant unclaimed money legislation. If the person requires the mutual bank to reinstate the person's deposit accounts:

(a) the mutual bank must reinstate the person's deposit accounts as soon as practicable; and

(b) if the mutual bank has redeemed the member's member share — the mutual bank must issue a member share to the person and may debit the member's deposit account for the subscription amount.

Division 5. — Issue of Shares

5.1 Classes of Shares

The mutual bank may only issue member shares.

5.2 Board Power to Issue Shares

(i) The board may exercise the mutual bank's power to issue member shares on an on-going basis.

(ii) The board has the power to issue additional classes of shares from time to time with the approval of the members.

5.3 Restrictions on Issue of Member Shares

(1) The mutual bank must not issue:

(a) options to subscribe for member shares; or

(b) securities that may be converted to member shares; or

(c) securities with pre-emptive rights to member shares.

(2) The mutual bank may only issue a member share on the basis that the person pays the full subscription price in cash on issue.

(3) The mutual bank may only issue member shares in accordance with Subrule 3.1(4).

(4) A member may hold 1 member share in the following capacities:

(a) as an individual; or

(b) as a person who constitutes a joint membership; or

(c) as a trustee for an unincorporated association, family trust or incorporated body

but in any event the member shall only be entitled to 1 vote regardless of the number of memberships at any meeting of members.

Note: The mutual bank can issue a member share to a person who already constitutes a joint member. See Rule 3.3.

Division 6. — Calls, Forfeiture and Liens

6.1 Payment of Calls on Shares

(1) This Rule applies if some or all of the subscription price for a share is payable on the mutual bank calling up payment of some or all of the unpaid subscription price. This Rule applies in relation to a share subject to:

(a) any restrictions in the terms of issue for the share; and

(b) any special resolution providing that the mutual bank can only call up some or all of the subscription price for shares if the mutual bank becomes an externally-administered body corporate.

(2) The mutual bank may call for payment of any amount of the unpaid subscription price for a share by board resolution. The mutual bank must give a member holding a share on which the mutual bank has made a call a notice setting out how much, when and how the member must make the payment. The mutual bank must give the notice at least fourteen (14) days before the time the member must pay the call.

(3) The mutual bank may revoke or postpone a call on a share by board resolution. The mutual bank must give each member holding a share for which the mutual bank has revoked or postponed a call notice as soon as practicable after the board resolution.

(4) In any proceeding to recover unpaid instalments, a member is conclusively presumed to be liable for a call if:

(a) the mutual bank's minutes record the board resolution calling for payment of the amount of the call;

(b) the member's name appeared in the Register of Members as holder of the share on the date of the board resolution; and

(c) the mutual bank gave the member a notice in accordance with Sub-Rule (2).

(5) At any time, the mutual bank may accept from a member prepayment of any amount of the unpaid subscription price on a share.

6.2 Effect of Failure to Pay Unpaid Amounts

(1) This Rule applies if a member does not pay any amount of the unpaid subscription price for a share at the time the amount becomes due. This Rule does not limit any other remedies that the mutual bank may have against the member.

(2) The member must pay:

(a) the amount due on the share; and

(b) all costs and expenses that the mutual bank incurs (including, without limitation, legal expenses on a solicitor and own client basis or full indemnity basis, whichever is the higher) because the member did not pay the amount when it became due.

The mutual bank may waive all or part of the expenses payable under this Sub-Rule by board resolution.

(3) At any time while the amount payable under Sub-Rule (2) remains unpaid in respect of a share, the mutual bank may give the member a default notice:

(a) setting out:

(i) how much is due; and

(ii) when the member must pay the amount due; and

(b) stating that, if the member does not pay the amount due by that date, the member will forfeit the share.

The date for payment must be at least fourteen (14) days after the date on which the mutual bank gives the member the default notice. In the absence of any manifest error, the default notice is conclusive evidence of the amount that the member must pay the mutual bank as at the date the mutual bank issues the default notice.

6.3 Forfeiture and Surrender

(1) If a member does not comply with the default notice issued under Rule 6.2(3), the mutual bank may exercise its right of forfeiture of any share to which the default notice relates by board resolution. However, the member may always comply with the default notice at any time before forfeiture occurs.

(2) The mutual bank may give the member a notice of forfeiture. In the absence of a manifest error, the notice is conclusive evidence of the facts stated in the notice against all persons claiming to be entitled to the share.

(3) The forfeited shares become the mutual bank's property. The mutual bank may redeem, sell or otherwise dispose of the forfeited shares on the terms and in the manner that the board determines.

(4) The transferee's title is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the shares. The transferee is not required to see the application of the purchase money.

(5) A member may surrender any share to which a default notice relates. The mutual bank may deal with surrendered shares in the same way as it deals with forfeited shares.

(6) A member whose shares have been forfeited remains liable to pay the mutual bank the amounts due:

(a) less any amount that the mutual bank must pay the member on redemption of the shares; and

(b) less any amount that the mutual bank receives on sale or disposal of the forfeited shares.

6.4 Liens

(1) The mutual bank may at any time exempt a share wholly or in part from this Rule by board resolution.

(2) The mutual bank has a first and paramount lien on:

(a) every partly-paid share that a member holds; and

(b) the proceeds of sale of every partly paid share that the member holds; and

(c) dividends payable on every partly-paid share that the member holds,
for all amounts, whether presently due or not:

(d) payable in relation to the share; or

(e) that the member or the member's estate otherwise owes to the mutual bank.

(3) If an amount secured by a lien in Sub-Rule (2) is presently due, the mutual bank may give the holder of the share a sale notice:

(a) setting out:

(i) how much is due; and

(ii) when the member must pay the amount due; and

(b) stating that, if the member does not pay this amount by that date, the mutual bank may sell the share.

The date for payment must be at least fourteen (14) days after the date on which the mutual bank gives the member the sale notice. In the absence of any manifest error, the sale notice is conclusive evidence of the amount that the member must pay the mutual bank as at the date the mutual bank issues the sale notice.

(4) If a member does not pay the amount due by the date stated in the sale notice under Sub-Rule (3), the mutual bank may sell the shares on the terms and in the manner that the board determines. The mutual bank may:

(a) execute a share transfer to give effect to a sale of the shares; and

(b) register the transferee as the holder of the shares.

The transferee's title is not affected by any irregularity or invalidity in connection with the sale of the shares. The transferee is not required to see the application of the purchase consideration.

(5) A member whose shares have been sold remains liable to pay the mutual bank all amounts that the member or the member's estate owes to the mutual bank, whether or not presently due, less any consideration that the mutual bank receives on sale of the shares.

Division 7. — Dividends

7.1 Payment of Dividends

(1) The board may determine that the mutual bank pay a dividend on shares to which a right to participate in dividends attaches and may determine:

(a) the amount of the dividend; and

(b) the time for payment of the dividend; and

(c) the method of payment of the dividend.

The method of payment may include the payment of cash, the issue of securities and the transfer of assets. Where the mutual bank pays the dividend other than in cash, the board may fix the value of any securities issued or assets transferred.

(2) If the terms of issue for a share require the General Meeting's approval of any payment of a dividend on the share, the board's determination under Sub-Rule (1) is effective only if the General Meeting approves the dividend before the time for payment of the dividend arrives. The General Meeting may not vary the board's determination.

7.2 Differential Dividends

Subject to the terms on which shares in a class are issued, the board may determine dividends to different members in a class that differ:

(a) in amount; and

(b) in the method of payment (whether cash, securities, assets or any combination of them).

7.3 Interest on Dividends

Interest is not payable on a dividend.

Division 8. — Share Certificates

8.1 Share Certificates

Except in relation to a member share a member may require the mutual bank to issue to the member, without charge, 1 certificate for each other class of shares in the mutual bank that the member holds.

Division 9. — Transfer of Shares (other than Member Shares)

9.1 Form of Share Transfer

A member wishing to transfer the member's shares must use a share transfer that complies with the following requirements:

(a) the share transfer relates to 1 class of shares only;

(b) the share transfer is in writing; and

(c) the share transfer is:

(i) in a form that the board approves; or

(ii) in any other usual or common form.

Note: Sub-Rule 9.3(1) prevents the mutual bank registering share transfers in some situations, even though the share transfer complies with the requirements set out in this Rule.

9.2 Ownership of Share Transfer

On receiving a share transfer (or a document that appears to be a share transfer), the mutual bank becomes the owner of the share transfer and has a right to exclusive possession of the share transfer.

9.3 Registration of Share Transfer

(1) The mutual bank must not register a share transfer if:

(a) the terms of issue for the shares prohibit the transfer of the shares to the transferee;

(b) the share transfer is not in the form set out in Rule 9.1: or

(c) the transfer of shares is dutiable and the share transfer is not duly stamped.

(2) The mutual bank may refuse to register a share transfer unless:

(a) the shares are fully-paid;

(b) the mutual bank does not have a lien on the shares;

(c) the transferor has executed the share transfer;

(d) the transferee has executed the share transfer;

(e) a certificate for the shares accompanies the share transfer;

(f) the board has all information that it reasonably requires to establish the right of the transferor to transfer the shares; and

(g) the board has all information that it reasonably requires to establish that the transferee agrees to be a member of the mutual bank.

(3) The transferor of shares remains the holder of those shares until the mutual bank enters the transferee's name as holder of those shares in the Register of Members.

9.4 Powers of Attorney

(1) The mutual bank may assume that a power of attorney authorising the attorney to transfer some or all of the member's shares that a member appears to have granted:

(a) is a valid and effective grant of the power it appears to grant; and

(b) continues in full force and effect.

(2) The mutual bank may rely on the power of attorney until it receives a notice informing it that:

(a) the power of attorney has been revoked; or

(b) the member has died.

9.5 Suspension of Registration

The board may suspend the registration of share transfers at the times and for the periods it determines. The periods of suspension must not exceed thirty (30) days in any 1 calendar year.

Division 10. — Transmission of Shares

10.1 Transmission and the Common Bond

The mutual bank may register a person as holder of a member's shares under this Division even though the person is not eligible to be a member under the common bond.

10.2 Transmission of Shares on Death

(1) On the death of a member, the mutual bank may recognise either the personal representative of the deceased member or another person who appears to the board to be entitled to the deceased member's estate as being entitled to the deceased member's interest in the shares.

(2) If the personal representative gives the board the information it reasonably requires to establish an entitlement to be registered as holder of the member's shares, the personal representative may elect to:

(a) be registered as the holder of the shares; or

(b) apply to terminate the membership.

10.3 Transmission of Shares on Bankruptcy

If the trustee of a bankrupt member's estate gives the board the information it reasonably requires to establish the trustee's entitlement to be registered as holder of the member's shares, the trustee may require the mutual bank to register the trustee as holder of the member's shares.

10.4 Transmission of Shares on Mental Incapacity

If a person, entitled to shares because of a member's mental incapacity, gives the board the information it reasonably requires to establish the person's entitlement to be registered as a holder of the member's shares:

(a) the person may require the mutual bank to register the person as holder of the member's shares; and

(b) whether or not registered as the holder of the shares, the person has the same rights, obligations and restrictions as the member.

Division 11. — Holding Members' Meetings

11.1 Calling Meetings of Members

(1) The board must cause a General Meeting to be called the "Annual General Meeting" to be held within 5 months after the close of the mutual bank's financial year.

(2) All other General Meetings of the mutual bank are Special General Meetings which are convened:

(i) by the Secretary upon the direction of the board; or

(ii) if the required number of members as per Corporations Act requisition such a meeting.

(3) The business of the Annual General Meeting is:

(i) Ordinary business

(a) to confirm the minutes of the last preceding Annual General Meeting and of any General Meetings held since that meeting;

(b) to receive from the board, auditors or any officers of the mutual bank reports upon the transactions of the mutual bank during the financial year, including balance sheets and profit and loss accounts;

(c) to announce the results of postal ballot for the election of directors;

(d) to determine the remuneration of directors;

(e) to approve the rate of dividend as per Rules 7.1 and 7.2; and

(f) to confirm the rebate or bonus where the board has determined that a rebate be paid to members in respect of interest paid on financial accommodation and/or a bonus be paid in respect of interest paid to depositors.

(ii) Special Business

Business other than such business of the Annual General Meeting as is by this Rule termed ordinary business.

(4) A General Meeting may transact special business of which notice is given in accordance with Notice of General Meetings.

(5) In the case of a meeting convened in accordance with Rule 11.1.2(ii) the requisitionists

(i) must state the objects of the meeting in the requisition; and

(ii) are entitled to be paid by the mutual bank reasonable expenses incurred in convening a meeting should the board fail to call a General Meeting within twenty-one (21) days after receipt of their requisition.

(6) The business of a requisitionists' meeting may, in addition to the objects of the meeting set out in the requisition, set down other business to be dealt with at such meeting and the board shall have sole control of the agenda for such meeting.

11.2 Adjourning Meetings of Members

(1) A duly constituted meeting may consent, or direct the Chairman, to adjourn the meeting in which case no business is to be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) Except when a meeting is adjourned for more than twenty-one (21) days, it is not necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(3) A notice of an adjournment for a meeting adjourned for more than twenty-one (21) days is to be given to members at least fourteen (14) days before the date of the adjourned meeting and must specify the place, the date and the hour of the meeting, and state the general nature of the business left unfinished at the meeting from which the adjournment took place.

11.3 Proceedings at Meetings of Members

(1) A General Meeting must not deal with an item of business unless a quorum is present.

(2) A quorum is constituted by thirty (30) members personally present at the meeting, or in the case of a meeting of a class of members where the only members eligible to attend the meeting are members of the relevant class, then a quorum, where the number of eligible members is less than fifty (50) members of the class, is constituted by fifty (50) percent of the members of that class eligible to attend and vote at the members' meeting.

(3) If a quorum is not present within thirty (30) minutes of the time appointed for the meeting:

(a) the meeting stands adjourned either to the same day in the next week at the same time and place: or

(b) the meeting stands adjourned to such other day or place as the board determines and so notifies members; or

c) the meeting lapses if it has been a meeting convened by a requisition of members.

(4) If at the adjourned meeting a quorum is not present within thirty (30) minutes of the time appointed for the meeting the adjourned meeting lapses.

(5) Where a General Meeting's attention is drawn to the absence of a quorum and a quorum is not present within ten (10) minutes, then:

(a) in the case of ordinary business, the meeting stands adjourned to either the same day in the next week at the same time and place or to such other day or place as the board determines and so notifies members; or

(b) in the case of special business, the item lapses.

(6) (a) The Chairman of the board presides as Chairman at every General Meeting or where the Chairman is not present or is unwilling to act, the Deputy Chairman presides as Chairman at that General Meeting; or

(b) If the Chairman or the Deputy Chairman is not present within thirty (30) minutes after the time appointed for the meeting or is unwilling to act, the members present are to elect one of their members to be Chairman of that meeting.

(7) The Standing Orders for General Meetings in Appendix 3 apply to the conduct of debate at members' meetings.

Division 12. — Voting at Members' Meetings

12.1 Voting

Each member is entitled to 1 vote only, notwithstanding the number of shares in which they have an interest.

(1) All voting is by a show of hands unless a poll is demanded in accordance with the provisions of this Constitution.

(2) An ordinary resolution is passed by a simple majority of votes.

(3) A special resolution is passed by a majority of not less than seventy-five (75) percent.

(4) Before a member's meeting votes on a resolution, the Chairman must inform the meeting:

(a) how many proxy documents the mutual bank has received that validly appoint a person present at the meeting as proxy;

(b) how many of these proxy documents direct the proxies how to vote on the resolution; and

(c) how the proxies are directed to vote on the resolution.

(5) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded does not have a casting vote in addition to his or her deliberative vote. In this case, the motion is "not carried".

12.2 A Poll

(1) At any General Meeting a resolution put to the vote of the meeting is decided on a show of hands or by such other means as the meeting may decide unless, before or on the declaration of the result of the show of hands, a poll is demanded:

(a) by the Chairman; or

(b) by 5 members present and entitled to vote.

(2) Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the book containing the minutes of the proceedings of the meeting is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(3) The demand for a poll may be withdrawn.

(4) If a poll is duly demanded it may be taken in the way in which the Chairman directs, but a poll demanded on the election of a Chairman or on a question of adjournment must be taken forthwith.

(5) The result of the poll shall be the resolution of the meeting at which the poll was demanded.

12.3 Body Corporate Representatives

(1) A member that appoints a body corporate representative must give the mutual bank:

(a) a certified copy of the board resolution appointing the representative; or

(b) a copy of the instrument appointing the representative

as soon as practicable after appointing the representative, and in any event before any members' meeting at which the representative may exercise the member's rights.

(2) In addition to the rights and powers a member's representative may exercise under the *Corporations Act,* the representative may exercise the member's right to vote in a ballot to appoint directors by election.

12.4 Proxies

(1) Appointment

(i) A member of the company who is entitled to cast a vote at a meeting of the company's members may appoint an adult person as the member's proxy to attend and vote for the member at the meeting.

(ii) The board may determine the form of the proxy document from time to time including , at its discretion, an electronic version

(iii) An appointment of a proxy is valid if it is signed by the member of the company making the appointment and contains the following information:

(a) the member's name and address; and

(b) the company's name; and

(c) the proxy's name or the name of the office held by the proxy; and

(d) the meetings at which the appointment may be used.

(iv) An appointment may be a standing one.

(v) The appointment will not be valid if it does not contain all of the information specified in Sub-Rule 12.4(1)(iii).

(vi) An undated appointment is taken to have been dated on the day it is given to the company.

(vii) An appointment does not have to be witnessed.

(viii) A later appointment revokes an earlier one if both appointments could not be validly exercised at the meeting.

(2) Voting

(i) Proxy votes are only exercised during a vote by poll.

(ii) If the instrument of appointment specifies the way the proxy is to vote on a particular resolution then:

(a) if the proxy is the Chairman;

(I) the Chairman must demand a poll on the resolution; and

(ii) the proxy must vote and must vote in accordance with the instructions; or

(b) (i) if the proxy is not the Chairman, the proxy need not vote, but if the proxy does vote, it must be in accordance with instructions; and

(ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must vote in accordance with instructions.

(iii) The proxy must not vote on a show of hands.

(iv) If a proxy is also a member, Sub-Rule (2)(ii) does not affect the way that the person can cast any votes they hold as a member.

(v) A person who contravenes Rule 12.4(2)(ii) is guilty of an offence, but only if their appointment as proxy resulted from the company sending to members:

(a) a list of persons willing to act as proxies; or

(b) a proxy appointment form holding the person out as being willing to act as proxy.

(3) Proxy Documents

(1) For an appointment of proxy for a meeting of the company's members to be effective, the following documents must be received by the company at least forty-eight (48) hours before the meeting:

(a) the proxy's appointment; and

(b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed or a certified copy of the authority.

2) If a meeting of the company's members has been adjourned, an appointment and any authority received by the company at least forty-eight (48) hours before the resumption of the meeting are effective for the resumed part of the meeting.

(3) The company receives an appointment authority when it is received at any of the following:

(a) the company's registered office; or

(b) a fax number at the company's registered office; or

(c) a place, fax number or electronic address specified for the purpose in the notice of meeting.

(4) An appointment of a proxy is ineffective if:

(a) the company receives either or both the appointment or the authority at a fax number or electronic address; and

(b) a requirement (if any) in the notice of meeting that:-

(i) the transmission be verified in a way specified in the notice; or

(ii) the proxy produce the appointment and authority (if any) at the meeting;

is not complied with.

(5) The notice of meeting may reduce the period of forty-eight (48) hours referred to in Rules 12.4.3(1) and 12.4.3(2).

(4) Rights of Proxies

A proxy appointed to attend and vote for a member has the same rights as the member:

(a) to speak at the meeting provided the member for whom the proxy is held is not present at the meeting; and

(b) to vote (but only to the extent allowed by the appointment); and

(c) to join in a demand for a poll.

(5) Proxy Vote Valid even if member dies, revokes appointment etc.

(1) A proxy who is not entitled to vote on a resolution as a member may vote as a proxy for another member who can vote if their appointment specifies the way they are to vote on the resolution and they vote in accordance with instructions.

(2) Unless the company has received written notice of the matter before the start or resumption of the meeting at which a proxy votes, a vote cast by the proxy will be valid even if, before the proxy votes:

(a) the appointing member dies; or

(b) the appointing member is mentally incapacitated; or

(c) the member revokes the proxy's appointment; or

(d) the member revokes the authority under which the proxy was appointed by a third party; or

(e) the member transfers the share in respect of which the proxy was given; and

(f) the proxy's authority to vote is suspended while the member is present at the meeting.

12.5 Objections

(1) An objection to the qualification of a voter at a meeting of the company's members:

(a) may only be made at the meeting at which the vote objected to is cast; and

(b) must be determined by the Chairman, whose decision is final.

Division 13. — Directors — Appointment & Vacation of Office

13.1 Number of Directors

(1) The board shall comprise a minimum of seven (7) and a maximum of nine (9) Directors including any casual vacancies of elected Directors that may occur from time to time.

13.2 Composition of the Board

(1) Subject to 13.1(1) and section 203E of the *Corporations Act*, the Directors may determine the number of Directors that comprise the board from time to time.

(2) At least seven (7) Directors must be either elected under clause 13.4(1) or appointed to fill a casual vacancy of an elected Director under clause 13.4(3).

(3) Where a vacancy occurs on the board in relation to an elected Director, the board at its discretion:

(a) may select and appoint a replacement Director to fill the casual vacancy under clause 13.4(3); or

(b) if it is determined by the board that special circumstances exist, may allow the vacancy to continue until the AGM immediately following the occurrence of the vacancy, where the vacancy will be filled pursuant to clause 13.4(1).

(4) Where a vacancy occurs on the board in relation to an appointed Director, the board at its discretion:

(a) may select and appoint a replacement Director pursuant to clause 13.4.(2); or

(b) may resolve not to fill the vacancy

13.3 Eligibility to be a Director

(1) An individual is eligible to be a Director if the person:

(a) is a member; and

(b) has not had a personal representative or trustee appointed to administer the person's estate or property because of their mental incapacity; and

(c) has not, , reached the age of 75 years; and

(d) has not, unless clause 13.3(2) applies, served as a Director elected by members for five full terms cumulatively, as defined in clause 13.5(1), excluding any service through filling a casual vacancy in accordance with clause 13.5(2); and

(e) has not at any time during the three (3) years prior to the date of appointment or date of nomination as a Director been employed by the mutual bank in any executive or managerial capacity; and

(f) is not an employee of the mutual bank; and

(g) is not at the date of appointment or date of nomination as a director, either:

(i) an employee in an executive or managerial capacity of another ADI operating in Queensland; or

(ii) a director of another ADI operating in Queensland; and

(h) is not otherwise disqualified under the *Corporations Act*; and

(i) has been, before the date of appointment or date of despatch of ballot papers under Rule A4-8(1), assessed by the Nominations Committee as being fit and proper to be and act as a Director by reference to the Board's Fit and Proper Policy.

(2) A Director in office as at 1 July 2012 (whether that Director is elected by members, filling a casual vacancy or is appointed by the Board) is exempt from the operation of clauses 13.3(1)(d) and is eligible to be a Director if the person has not served as a Director elected by members for six full terms cumulatively, as defined in clause 13.5(1), excluding any service through filling a casual vacancy in accordance with clause 13.5(2) or appointment under clause 13.4(2).

13.4 Appointment of Directors

(1) Election by members

(a) The members may elect a person to be a Director under the provisions of Appendix 4.

(b) At least two Directors must be elected annually by members under clause 13.4(1)(a) provided that, if a greater or lesser number of directorships are available to be filled by election by the members, then all such directorships must be filled pursuant to clause 13.4(1)(a).

(2) Appointment by board – Appointed Directors

(a) Subject to clause 13.1(1) and 13.2(2) the board may at any time appoint a person to be a Director.

(b) The appointment will be on such terms and conditions as are determined by the board.

(c) The appointment must specify the term of office of the appointed Director which must be for a period not greater than three (3) years.

(d) Any re-appointment also must be for a period not greater than three (3) years.

(e) A person may serve as an appointed Director for a total period not greater than six (6) years.

(f) The board may only appoint a person who is eligible under clause 13.3(1).

(3) Appointment by board – Casual Vacancies

(a) The board may appoint a person to be a Director if:

(i) an elected Director's office becomes vacant other than because the Director's term of office has ended; or

(ii) for any other reason, the number of elected Directors is less than the number provided for under clause 13.2(2).

(b) The board may only appoint a person to fill a casual vacancy who is eligible under clause 13.3(1).

13.5 Term of Office

(1) Subject to the *Corporations Act* and the remaining provisions of this clause 13.5, an elected Director's term of office:

(a) starts at the conclusion of the AGM at which the Director's election is declared; and

(b) ends at the conclusion of the third AGM after the AGM at which the Director's election is declared.

(2) Casual Vacancies – Elected Directors:

(a) Subsequent to the appointment of a Director to fill a casual vacancy, the members at the next Annual General Meeting after the Director's appointment must consider a motion to confirm the appointment.

(b) If a Director's appointment is confirmed by ordinary resolution under clause 13.5(2)(a), the term of office for that Director ends at the conclusion of the term of office of the Director whose office had become vacant.

(c) If a Director's appointment is not confirmed by ordinary resolution under clause 13.5(2)(a), the term of office of that Director ends at the conclusion of the Annual General Meeting at which the decision not to approve the appointment was made.

13.6 Vacation of Office

(1) The office of a Director automatically becomes vacant if the Director:

(a) dies; or

(b) becomes an employee of the mutual bank; or

(c) is absent from 3 consecutive ordinary meetings of the board without leave; or

(d) ceases to be a member of the mutual bank; or

(e) has not repaid moneys due to the mutual bank according to terms and the mutual bank has taken legal action in the courts to recover these moneys; or

(f) becomes bankrupt, enters a Part X(A) agreement, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors, makes an assignment of his or her remuneration for their benefit, is a person whose estate or property has had a personal representative or trustee appointed to administer it; or

(g) can no longer fulfil the Director's duties as a Director pursuant to the *Corporations Act* because of mental or other physical infirmity; or

(h) is prohibited from being a Director for any other reason provided by law; or

(i) is convicted:

(i) of an indictable offence in relation to the promotion, formation or management of a body corporate; or

(ii) of an offence involving fraud or dishonesty; or

(iii) of any offence prescribed under *Corporations Act*; or

(j) completes a term of office and is not re-appointed or re-elected; or

(k) becomes either:

(i) an employee in an executive or managerial capacity of another ADI operating in Queensland; or

(ii) a director of another ADI operating in Queensland,

(l) is the subject of an assessment under the Board's Fit and Proper Policy which determines that he or she is not a fit and proper person to hold office as a Director.

(2) The office of a Director who attains the age of 75 years becomes vacant at the conclusion of the AGM next following the Director's 75th birthday.

(3) The office of a Director who ceases being eligible under clause 13.3(1)(d) becomes vacant at the conclusion of the AGM next following the date of cessation of eligibility.

(4) (a) A Director may be removed from office by ordinary resolution at a General Meeting of members.

(b) The resolution may be passed only if the mutual bank has given notice to the members specifying the proposed resolution and the day and time of the meeting when the proposed resolution will be put.

(c) The mutual bank may fulfil its obligations under the previous Sub-Rule if the notice of the proposed resolution is given as if it were a notice of a Special General Meeting.

(5) Neither the board nor the General Meeting may waive the operation of this Rule.

13.7 Resignation

(1) A Director may resign by giving the mutual bank written notice.

(2) The Director's office becomes vacant:

(a) on the resignation date specified in the written notice; or

(b) in the absence of a specified resignation date, on the date the written notice is received by the mutual bank.

13.8 Nominations Committee

The board must establish a Nominations Committee in accordance with Appendix 6. The role and the powers of the Nominations Committee are as set out in Appendix 6.

Division 14. — Directors' Powers

14.1 Powers and Duties of the Board

The board:

(a) manages the mutual bank's business; and

(b) may exercise all the powers of the mutual bank except any powers that the *CorporationsAct* or this Constitution expressly allocates to the General Meeting.

14.2 Negotiable Instruments

The board may authorise a person or persons to sign, draw, accept, endorse or otherwise execute negotiable instruments for the mutual bank. The board may authorise the application of signatures to negotiable instruments by machine or other facsimile method.

14.3 Delegation

(1) The board may delegate any of its powers to any committee or any other person or persons. The board may permit the delegate to sub-delegate any powers delegated to them.

(2) The board must establish policies for the guidance of delegates in the exercise of any powers so delegated.

(3) Without limiting its powers, the board may appoint a person to be the mutual bank's attorney for purposes, with powers (being the board's powers), for the period and on terms the board determines. In particular, the power of attorney may:

(a) include terms protecting persons dealing with the attorney, as the board determines; and

(b) authorise the attorney to delegate any or all of the attorney's powers.

Division 15. — Directors' Meetings

15.1 Calling and Conduct of Board Meetings

(1) The board may meet, adjourn and otherwise regulate its meetings as it thinks fit but the board must meet at least twelve occasions annually.

(2) A meeting of the board may be convened:

(a) by the Chairman; or

(b) by any 2 Directors; or

(c) by the Secretary upon the authority of 2 Directors.

(3) Forty-eight (48) hours notice must be given of all meetings, except where:

(a) the Chairman determines there are exceptional circumstances; or

(b) a majority of directors authorise the Secretary to convene a meeting on shorter notice.

(4) If the board decides, a meeting of the board may be conducted by radio, telephone, closed circuit television or other electronic means.

(5) A resolution passed by such a meeting is taken to have been passed at a meeting of the board held on the day on which and at the time at which the meeting was held and at the place where the Chairman of directors of such meeting was present notwithstanding the directors are not present together in one place at the time of the meeting.

(6) The provisions of these Rules relating to proceedings of directors apply so far as they are capable of application to such meetings under Sub-Rule15.1 (4), the necessary changes having been made.

15.2 Quorum of Board

(1) The number of directors whose presence is necessary to constitute a quorum is 5 or a number not less than half the total number of directors.

(2) If, within thirty (30) minutes of the time appointed for a meeting of the board, a quorum is not present the meeting shall stand adjourned to the same day in the next week, at the same time and place.

(3) If at any time the number of directors is less than the quorum, the board may act only for the purpose of filling any casual vacancies or for calling a General Meeting of the mutual bank.

15.3 Chairman of Board

(1) The directors shall elect one of their number as Chairman of their meetings and one other of their number as Deputy Chairman and may determine the periods for which they are to hold office.

(2) Where the Chairman is not available to act as required by the Rules the Deputy Chairman may act in his or her place.

(3) If neither the Chairman nor Deputy Chairman is present within ten (10) minutes of the time appointed for a meeting or neither is willing to act, the directors present must elect one of their number to chair that meeting only.

(4) The Chairman may be removed from the position of Chairman by resolution of the majority of the board, present and voting.

15.4 Passing of Directors' Resolutions

(1) Questions arising at a meeting of the board are decided by a majority of votes of directors present and voting.

(2) In the case of an equality of votes, the Chairman of the meeting has a casting vote in addition to his or her deliberative vote.

15.5 Circulating Resolutions

(1) A document becomes a resolution of the board without any need for a meeting of the board when:

(a) the document sets out the terms of the resolution and the signatories state they are in favour or against the resolution; and

(b) all directors who are entitled to vote on the resolution, receive the document.

(2) The document can be in separate parts, all identical, and signed by one or more directors.

(3) The date the resolution is made is the date on which the simple majority is received by the mutual bank.

15.6 Committees of Directors

(1) The board may establish one or more committees and appoint the Chairman and may delegate any of their powers to a committee or committees consisting of such of their number as they think fit.

(2) A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the board and a power so exercised is taken to have been exercised by the board.

(3) Subject to any restrictions that the board imposes, a committee may meet, adjourn and otherwise regulate its meetings as it thinks fit.

(4) Questions arising at a meeting of a committee are to be determined by a majority of votes of those present and voting.

(5) The Chairman does not have a casting vote in addition to his or her deliberative vote.

Division 16. — Conflicts of Interest

16.1 Voting on Matters relating to a Material Personal Interest

A Director who has a material personal interest in a matter that is being considered at a board meeting that must be disclosed to the directors must not:

(a) be present when the matter is being considered at the meeting; or

(b) vote on the matter

unless the board passes a resolution:

(i) identifying the Director, the nature and extent of the Director's interest in the matter and its relation to the affairs of the mutual bank; and

(ii) stating that the directors are satisfied that the interest should not disqualify the Director from being present or voting.

If a Director has a material personal interest in any instrument to be executed by the mutual bank, this does not prevent the Director from executing that instrument on behalf of the mutual bank.

Division 17. — Remuneration, Insurance and Indemnity

17.1 Remuneration of Directors

(1) The mutual bank in General Meeting must determine any remuneration of directors.

(2) In the absence of apportionment determined by the Meeting, the directors may determine how the fixed sum for their remuneration is to be apportioned among them and how and when it is to be paid.

(3) In addition to remuneration, the directors may be paid all reasonable travelling, accommodation, education and other expenses incurred by them in connection with the business of the mutual bank.

17.2 Insurance

Subject to the *Corporations Act*, the mutual bank may pay the insurance premium for a contract that insures the directors against liabilities that the directors incur as officers of the mutual bank.

17.3 Indemnities for Officers and Former Officers

Every officer and former officer, auditor or agent of the company (as defined in the Act) or wholly owned subsidiary of the company shall be indemnified out of the property of the company against any liability incurred by him or her in his or her capacity as officer, auditor or agent of the company in defending any proceedings, whether civil or criminal, in which he or she is acquitted or in connection with any application in which relief is under the law granted to him or her by the court.

Division 18. — Administration

18.1 Seal

(1) If the board determines there is to be a seal: -

(a) the seal is to be in such form as the board determines and is to be used only by the authority of the board; and

(b) the board may authorise officers to witness the affixing of the seal on a document of a class specified in the resolution and the manner of attestation of the affixing of the seal; and

(c) where the seal is affixed pursuant to the authority of the board under the preceding Sub-Rule, a register must be kept giving particulars of each occasion upon which the seal was used.

(d) The board must provide for the safe custody of the seal.

(2) Nothing in this Rule shall prevent the mutual bank from granting a Power of Attorney to such of its officers as it may decide from time to time upon such terms and conditions as may be stipulated by the board from time to time.

18.2 Secretary

18.3 Appointment and Term of Office of Secretary determined by Directors.

(1) The board must appoint a person to be Secretary who will hold office on the terms and conditions that the Directors determine.

(2) The Secretary must consent, in writing, to act in this capacity.

Division 19. — Procedure Upon Approach to Demutualise

19.1 Procedure Upon Approach to Demutualise

The procedure set out in Appendix 5 will apply if a proposed transaction (as defined in Appendix 5) occurs.

Appendix 1 — Common Bond

A1–1 Common Bond — Natural Person

A person, other than a body corporate, is eligible for membership under any one of the following categories:

(1) Employment

An employee of:

(a) An educational institution or authority operating within the meaning of one of the several State Education Acts;

(b) The Creche and Kindergarten Association and its associated Kindergartens;

(c) Queensland Teachers' Credit Union Limited;

(d) Queensland Teachers' Union Health Fund Limited;

(e) Queensland Independent Education Union;

(f) The Queensland Teachers' Union.

(2) Professional Association

A person registered with the Board of Teacher Registration.

(3) Community

Any person, who, in the opinion of the board of directors, has a definite interest in the advancement of education in the State of Queensland.

(4) Family

The spouse, child, parent, brother or sister of a person admitted to membership whether or not such person has ceased to be a member.

(5) Depositors

Any person who was a depositor without being a member of the mutual bank as at the 30th June 1994.

(6) Approved Persons

A person approved by the board who has an affinity with the mutual bank as described in the Credit Union Policy Statement.

(7) Continuing Membership

A person who is a member but has ceased to be eligible for membership in accordance with the categories of membership.

A1-2 Membership – Common Bond after Transfer of Engagements

Upon the issue of a certificate confirming the transfer of engagements from another mutual bank or building society, classes of persons who are eligible for membership of the transferring mutual bank or building society are eligible for membership of the mutual bank.

A1-3 Common Bond – Body Corporate

(1) A body corporate is eligible for membership where the body corporate:

(a) has a Director who is a member of the mutual bank;

(b) has an employee who is a member of the mutual bank;

(c) acts as a trustee of a trust in which a member is a beneficiary;

(d) has an affinity with the mutual bank and is approved by name by the board; or

(e) has elected office bearers, any of whom would be eligible for membership.

(2) A body corporate does not cease to be a member because the body corporate does not retain, subsequently, eligibility for membership under this Rule.

Appendix 2 — Shares

Division 1 - Member Shares

A2–DI-1 Subscription Price

The subscription price for a member share is $10.00.

A2–D1-2 Rights, Obligations and Restrictions Attaching to Member Shares

(1) The following rights attach to each member share:

(a) the right to vote on the terms set out in Rule A2-D1-3;

(b) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in Rule A2-D1-6; and

(c) the right to redeem the member shares on the terms set out in Rule A2-D1-7.

(2) The restriction on transfer of member shares in Rule A2-D1-8 attaches to each member share.

(3) The mutual bank may issue more member shares at any time. The issue of more member shares does not vary the rights attached to member shares that the mutual bank has already issued.

Note: For the holder of a member share's entitlement to make deposits with, and receive financial accommodation from, the mutual bank, see Rule 2.2 and Sub-Rule 3.1(4).

A2–D1-3 Voting Rights

(1) Subject to the provisions of Rule 3.4(2) and Rule 12.1 holders of member shares may participate and vote:

(a) at a members' meeting;

(b) at a meeting of the class of holders of member shares; and

(c) in a ballot to appoint directors by election.

(2) At a members' meeting or a meeting of the class of holders of member shares:

(a) on a show of hands — each member other than a minor has 1 vote regardless of the number of member shares held; and

(b) on a poll — each member other than a minor has 1 vote regardless of the number of member shares held.

A member who is a minor has no vote.

A2-D1-4 Suspension of Voting Rights

A member's entitlement to vote may not be exercised and the member's entitlement to receive notices of General Meetings will be suspended if that member did not hold a fully paid member share as per clause 3.1(1):

(a) in relation to an election of Directors – on the day before nominations for the election of Directors close; and

(b) in relation to a General Meeting – at least 7 days before notice of the General Meeting is given.

A2–D1-5 Dividend Entitlements

No dividend is payable in respect of any member share.

A2–D1-6 Distribution on Winding-Up

(1) On a winding-up of the mutual bank the holder of a member share is entitled:

(a) to payment of the subscription price for the member share when the member subscribed for the member share; and

(b) if any assets remain after the payments in Sub-Rule (1)(a), to any surplus assets of the mutual bank.

(2) On a winding up members are entitled to participate in any surplus equally and without regard to the number of shares held by any member.

(3) The mutual bank may offset against the amount payable under this clause:

(a) any amount unpaid on the member share; and

(b) any other amount payable by the member to the mutual bank.

(4) The entitlements of holders of member shares to payment on winding-up are subject to any preferred entitlements to payment on winding-up that holders of any other class of shares may have.

A2–D1-7 Redemption of Member Shares

(1) The mutual bank may redeem a member share only if the following conditions are satisfied:

(a) either

(i) the member has given the mutual bank notice requesting termination of the member's membership of the mutual bank under Rule 4.2; or

(ii) the board has resolved to terminate the member's membership of the mutual bank under Rule 4.3; or

(III) the board has determined that the member's deposit accounts with the mutual bank are dormant under Rule 4.4; and

(b) the mutual bank can redeem the member share out of the profits of the mutual bank.

(2) On redemption, the mutual bank must pay the member an amount equal to the subscription price for the member share when the member subscribed for the member share less any amount unpaid on the member share.

(3) On redemption, the member shares are cancelled.

(4) This Rule does not affect the terms on which member shares may be cancelled under a reduction of capital or a share buy-back under *Corporations Act* Part 2J.1

A2–D1-8 Transfer of Member Shares

(1) Subject to Sub-Rule (2), a member may not transfer their member share.

(2) A trustee for an unincorporated association may transfer the member share that they hold as trustee for the unincorporated association to another person who is to act as trustee for the unincorporated association.

Appendix 2 — Shares

Division 2 - Reserves

A2-D2-1 Commencement Date

This Division 2 of Appendix 2 takes effect on 29 October 2003.

A2-D2-2 Definitions

In this Division 2:

(1) *associate* means in relation to a primary person:

(a) a spouse or defacto spouse of the primary person;

(b) a parent, son or daughter of the primary person, spouse or defacto spouse;

(c) a person who is a partner of the primary person;

(d) a person who is a director of a body of which the primary person is a director;

(e) a person who is a trustee of a trust in relation to which a person or entity of a kind referred to in paragraphs (a), (b), (c), (d), (f) of (g) benefits or is capable of benefiting;

(f) an entity over which:

(i) a person of a kind referred to in paragraphs (a), (b), (c), (d) or (e) has control;

(i) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (e) together have control;

(g) any entity in which:

(i) a person of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) is beneficially entitled to more than 20% of any class of securities;

(iii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) together are beneficially entitled to more than 20% of any class of securities.

(2) *control* means the ability or power of an entity:

(a) whether direct or indirect;

(b) whether or not enforceable; and

(c) whether presently exercisable by means of, in breach of or by revocation of any combination of the following:

(i) trusts;

(ii) relevant agreement; and

(ii) practices,

to dominate decision making, directly or indirectly, in relation to the financial and operating policies of any other entity so as to enable that other entity to operate with it in pursuing those objectives of the controlling entity.

(3) *entity* means any:

(a) incorporated or unincorporated body;

(b) trust or partnership; or

(c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

(4) *qualifying member* means:

(a) a person who has been admitted to membership of the mutual bank under Division 3 of this Constitution on the date that this Division 2 of Appendix 2 takes effect under the *Corporations Act*; or

(b) a person admitted to membership of the mutual bank under Division 3 of this Constitution after the date on which this Division 2 of Appendix 2 takes effect under the *Corporations Act* who has been a member for not less than one year.

(5) *securities* has the same meaning as in the *Corporations Act* from time to time, but also includes exchange traded options.

(6) Terms that are not expressed in this Constitution or this Division 2 of Appendix 2 but that are defined in the *Corporations Act* from time to time, have the same meaning as in the *Corporations Act*.

A2-D2-3 Entitlement to Reserves

Only a qualifying member is entitled to participate in the surplus and profits of the mutual bank when the mutual bank (whether acting through its board, its members or otherwise) conducts a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business or any other form of corporate restructure where after completion of the restructure:

(a) the mutual bank is not entitled to use the words "Mutual Bank" or "Credit Society" in its name;

(b) one person, other than a person entitled to use either the words "Mutual Bank" or "Credit Society" in their name, holds more than 90% of the shares in the mutual bank;

(c) a group of associates, other than a group of all the members which are entitled to use either the words "Mutual Bank" of "Credit Society" in their name, between them hold more than 90% of the shares in the mutual bank;

(d) a person not entitled to use either the words "Mutual Bank" or "Credit Society" in their name has a legal or equitable interest in more than 20% of the mutual bank's gross assets, based on the latest report that the mutual bank has given the Australian Prudential Regulation Authority as at the time of the transfer;

(e) a group of associates other than a group all the members of which are entitled to use either the words "Mutual Bank" or "Credit Society" in their name, between them have a legal or equitable interest in more than 20% of the mutual bank's gross assets, based on the latest report that the mutual bank has given the Australian Prudential Regulation Authority as at the time of the transfer; or

(f) the successor to the mutual bank's business is not entitled to use either the words "Mutual Bank" or "Credit Society" in its name.

A2-D2-4 Special Consent Required for Modification or Repeal of Division 2 of Appendix 2

(1) A special resolution does not have any effect in relation to:

(a) a modification or repeal of any clause in this Division 2 of Appendix 2; or

(b) a modification or repeal of the Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the Clauses in this Division 2 of Appendix 2,

unless the written consent of 5% of qualifying members (by number) is obtained either before or within 3 months after the special resolution is passed.

(2) The number of qualifying members whose written consent is required is to be determined as at midnight before the special resolution.

Appendix 3 — Standing Orders for General Meetings

A3–1 Time Limits for Speakers

(1) The mover of a motion may speak for no more than 7 minutes.

(2) Subsequent speakers may speak for no more than 3 minutes.

(3) The mover of the motion may reply for no more than 3 minutes.

(4) An officer of the mutual bank presenting a report may speak for up to 15 minutes.

(5) The meeting, by simple majority, is free to extend the time a speaker may speak.

A3–2 Amendment

(1) On an amendment being proposed to an original motion, no second amendment may be considered until the first amendment has been dealt with.

(2) An amendment, when carried, displaces the original motion and becomes the motion to which any further amendment may be moved.

(3) If the amendment is not carried, then further amendments to the original motion may be considered.

A3–3 Speakers

(1) The mover of an original motion has a right of reply.

(2) The mover of an amendment does not have a right of reply.

(3) Otherwise, a member may speak only once on the same question except to raise a point of order or, with the consent of the Chairman of the meeting, to give an explanation.

A3–4 Motions to be in Writing

Every motion and every amendment to a motion must be submitted in writing as and when the Chairman of the meeting requests.

A3–5 Closure of Debate

(1) Debate on a motion or an amendment may be brought to a close by a resolution ‘that the question be now put’.

(2) The motion ‘that the question be now put’ must be put to the meeting without debate.

A3-6 Dissent from Chairman's Ruling:

Any member dissatisfied with the Chairman's ruling may move a motion of dissent in the following terms:

"That the Chairman's ruling be dissented from".

In such cases the mover shall be permitted to speak and the Chairman shall then state his reasons for the ruling given. The motion shall thereupon be put to the meeting by the Deputy Chairman without further discussion in the following form:

"The motion is that the Chairman's ruling be dissented from".

The decision of the meeting shall be final.

Appendix 4 — Election of Directors

Postal Ballot

A4-1 Election

(1) An election of directors is held by secret ballot to which the provisions of this Appendix apply.

(2) The following table sets out the timetable for election of Directors by members:

Steps in Election Procedure	Time
Call for nominations (see Rule A4-3(1))	Not less than 70 days before AGM
Nominations close (see Rule A4-3)	49 days before AGM
Returning officer must send ballot papers to members (see Rule A4-8(1)0	Not less than 21 days before AGM
Closure of Postal Ballot	At least 7 days before AGM
Announcement of Directors by the Company Secretary	At AGM

A4-2 Notice of Meeting.

Subject to the provision of the *Corporations Act* relating to special resolutions, special notice and agreements for special notice, twenty-one (21) days at least (exclusive of the date on which the notice is served or deemed to be served but inclusive of the day for which notice is given) shall be given for every General Meeting including the Annual General Meeting to such persons who are entitled to receive such notices pursuant to this Constitution.

Such notice shall specify the place, the date, the hour of meeting and the general nature of the business to be transacted at the meeting.

A4-3 Nominations

(1) The board must give members a notice calling for members to nominate candidates not less than seventy (70) days before the AGM. The board may give this notice, in addition to any of the methods allowed in Subrule 1.5, by advertisement:

(a) at the mutual bank's offices; or

(b) in newspapers.

(2) Nominations close forty-nine (49) days before the AGM.

(3) 6 members together have the right to nominate a candidate. To nominate a candidate, the 6 members must give the mutual bank a notice of nomination before nominations close. The notice of nomination must:

(a) declare that the candidate is eligible to be a Director;

(b) state the candidate's age;

(c) be signed by the nominating members and the candidate; and

(d) be accompanied by background notes submitted by the candidate of up to two hundred (200) words. The background notes must not:

(i) contain any matter or thing that may mislead or deceive a voter; and

(ii) include a false or defamatory statement.

(4) In order to be nominated, a candidate must:

(a) be eligible under clause 13.3(1)(a)-(h);

(b) be nominated by 6 members;

(c) consent in writing to the nomination and to an assessment under the Board's Fit and Proper Policy by the Nominations Committee. Such consent will include acknowledgement by the candidate that the decision of the Nominations Committee will be final and binding and no appeal will be available from that decision; and

(d) agree to act, if elected.

(5) The Returning Officer must scrutinise nominations upon receipt and reject a nomination where:

(a) it appears to the Returning Officer that the nominee is not eligible under Clauses 13.3(1) (a) – (h) or the nominee has failed to provide the Returning Officer with the documents under clauses A4-3(3) and (4) or otherwise fails to fulfil a requirement under clauses A4-3(3) and (4);

(b) the Nominations Committee reports that it was unable to carry out an assessment of the candidate's fitness and propriety because of some act or omission of the candidate;

(c) the Nominations Committee reports that the candidate was assessed as not being fit and proper.

(6) Upon rejecting a nomination, the Returning Officer is to notify the candidate and the Board immediately.

A4-4 Proceeding with Election

(1) If the number of candidates is more than the number of positions to be filled the Secretary must prepare and give the Returning Officer a roll of members, made up to the day before nominations for the elections close, in preparation for a ballot to be held.

(2) If the number of candidates is equal to or less than the number of positions to be filled:

(a) the General Meeting may appoint each candidate as a Director by passing a separate resolution at the AGM;

(b) the election process otherwise set out in this Appendix is discontinued; and

A4-5 Appointment of Returning Officers

The board must appoint a Returning Officer who may appoint Assistant Returning Officers, none of whom can be a Director of the mutual bank or a person who intends to accept a nomination for the office of Director.

A4-6 Appointment of Scrutineer

(1) A candidate may appoint a scrutineer by nomination in writing to the Returning Officer.

(2) The duties and responsibilities of scrutineers are:

(a) to observe the sorting, counting and recording of ballot papers;

(b) to ensure that the votes on unrejected ballot papers are correctly credited to the appropriate candidates; and

(c) to raise any query with the Returning Officer regarding any of the ballot papers.

(3) The board may appoint a maximum of 3 Scrutineers each of whom must be nominated in writing to the Returning Officer.

A4-7 Ballot Papers

(1) After nominations have closed, the Returning Officer must prepare ballot papers for the election.

(2) The order in which the candidates appear on the ballot paper is to be determined by the Returning Officer in strict surname alphabetical order.

(3) The Returning Officer must ensure some authenticating mark appears on each ballot paper before sending them to the members.

(4) When required, the Returning Officer will ensure that an interactive facsimile of the ballot paper is posted on the mutual bank internet site, in the secure online banking section, to facilitate electronic voting.

(5) The ballot paper must specifically:

(a) state that each candidate has been assessed by the Nominations Committee as being fit and proper to be and act as a Director by reference to the Board's Fit and Proper Policy; and

(b) identify a retiring Director standing for re-election.

A4-8 Postal Vote

(1) The Returning Officer must send to each member who is eligible to vote on an election of Directors not less than twenty-one (21) days before the Annual General Meeting:

(a) a ballot paper; and

(b) the requisite envelope/s; and

(c) instructions on completing the ballot paper; and/or

(d) all information reasonably necessary to facilitate electronic voting under sub-Rule A4-9.

(2) The ballot paper may be delivered personally or posted to members at their addresses shown in the Register of Members.

(3) Any member exercising a right to vote must complete and return the ballot paper in accordance with the instructions of the Returning Officer.

(4) A member must ensure that his or her ballot paper is received by the Returning Officer by 4.00p.m. on the day fixed for the closing of the ballot.

(5) For electronic voting, the Returning Officer is not liable for an electronic ballot paper not received as a result of any failure in the electronic information or computer system of the Mutual bank, of the member or of any third party provider.

(6) The Returning Officer shall be responsible for security and safekeeping of all ballot papers until they are destroyed.

(7) Any ballot paper not received by the Returning Officer prior to the closure of the ballot will be excluded from the count.

(8) A member who has not received a ballot paper or has spoiled it may send to the Returning Officer a declaration to that effect and the Returning Officer must:

(a) send a duplicate ballot paper to that member;

(b) mark the envelope addressed “Returning Officer” with “Duplicate”; and

(c) keep a record of all duplicate ballot papers issued.

A4-9 Electronic Vote

Any member exercising a right to vote electronically must:

(a) complete the electronic ballot paper in accordance with the Constitution and any instructions for electronic lodgment; and

(b) ensure that the electronic ballot paper is submitted to the Returning Officer in accordance with the instructions accompanying the ballot paper.

A4-10 Closure of the Ballot

The ballot closes at least 7 days before the Annual General Meeting.

A4-11 Procedures after Close of the Ballot

(1) As soon as practicable after the close of the ballot and in front of any scrutineers the Returning Officer must deal with the ballot papers as follows:

(a) open all envelopes and extract envelopes marked “Returning Officer”;

(b) (i) for each envelope marked “Returning Officer”, mark the member’s name as shown on the envelope off the electoral roll; or

(ii) refer (h) for ballot conducted electronically;

(c) where a duplicate ballot paper has been issued and the original envelope marked “Returning Officer” received, mark the original envelope “rejected”;

(d) if the envelope marked “Returning Officer” has not been signed, or the signature is identified as not being the member’s or there are insufficient details to identify the member, mark the envelope “rejected”;

(e) extract the envelopes marked “Ballot Paper” from all unrejected envelopes marked “Returning Officer”, ensuring that no envelope marked “Ballot Paper” could subsequently be identified with any particular member;

(f) when all the envelopes marked “Returning Officer” have been so dealt with, cause all the envelopes marked “Ballot Paper” to be opened and the ballot paper to be taken out;

(g) cause the ballot paper to be scrutinised under his or her supervision and reject such ballot papers as he or she finds to be informal;

(h) using electronic means:

(i) check validity of the ballot paper; and

(ii) record receipt of the ballot paper;

(i) In respect of electronic ballot papers:

(i) ensure that an electronic electoral database system ('the electoral database system') will mark the member's name off the electoral roll when an electronic ballot paper is submitted;

(ii) ensure the electoral database system will recognise the electronic signature of the member and authenticate or reject signatures as appropriate;

(iii) cause a list of rejected electronic ballot papers to be produced; and

(iv) cause the unrejected electronic ballot papers to be recorded in such a way that they cannot be identified with any particular member.

(i) count the votes;

(j) prepare and sign a declaration of the ballot as to:

(i) the number of ballot papers lodged;

(ii) the number of formal votes;

(iii) the number of informal votes;

(iv) the number of votes cast for each candidate;

(v) the names of those persons elected; and

(k) deliver the statement to the mutual bank's Secretary.

(2) A ballot paper is informal if:

(a) it is not authenticated by the authenticating mark of the Returning Officer or by the electoral database system;

(b) it has no vote indicated on it;

(c) it does not comply with the instructions of the Returning Officer;

(d) the identity of the voter can be established;

(e) more than the required number of squares have been marked; or

(f) it does not in some way indicate the candidate/s for whom the member wishes to vote.

(3) If a member lodges both an electronic ballot paper and a postal ballot paper, then the Returning Officer will:

(a) if one of the ballot papers is informal, accept the formal ballot paper; or

(b) if both ballot papers are formal, accept the ballot paper marked off first,

unless the member has requested a duplicate ballot paper after an electronic ballot paper is submitted, in which case the Returning Officer must accept the duplicate ballot paper to the exclusion of the electronic ballot paper, even if the duplicate ballot paper is subsequently ruled informal.

(4) Once the member has voted and the ballot paper has been marked off, then any subsequent ballot paper will be deemed informal and will be rejected.

(5) The Secretary must announce the results of the ballot at the next AGM.

(6) If a member gives the mutual bank a written request, the mutual bank must make available to any member a copy of the Returning Officer's declaration of the ballot.

(7) The Returning Officer must preserve the ballot papers for a period of a least 3 months after the declaration of the ballot, and then destroy them.

(8) No election shall be voided on account of any error or omission of the Returning Officer which did not affect the results of the election.

A4-11 Voting System

(1) The voting system used by the mutual bank is first past the post.

(2) On any ballot, the persons receiving the highest number of votes in accordance with the number of vacancies to be filled are elected directors, except that a person aged seventy-two (72) or more must have their appointment confirmed by special resolution at the ensuing General Meeting.

(3) In the case of an equality of votes, the person to be elected must be decided by the Returning Officer by lot.

A4-12 Irregularity in the Conduct of an Election

(1) The candidates that the Returning Officer declares to have been appointed are appointed unless the Secretary receives an objection to the ballot within 7 days of the AGM.

(2) If the board is of the opinion that the objection is reasonable, it may resolve to declare the Returning Officer's declaration void.

(3) The Returning Officer must then conduct, in accordance with the Constitution, a further scrutiny, the results of which prevail unless the board resolves to call a new poll by a unanimous resolution of all directors other than those appointed as a result of the ballot to which the objection relates.

Appendix 5 — Procedure Upon Approach to Demutualise

Division 1 — Introduction

A5–1 When the Procedure Upon Approval to Demutualise Applies

(1) This Appendix applies in the following situations:

(1)	Modification or Repeal of Constitution	the credit union proposes to modify or repeal this Constitution where the effect of the modification or repeal is: (a) to vary any of: (i) the terms on which it issues shares; or (ii) the rights and restrictions attaching to its shares, so that they are inconsistent with those set out in the Principles of Mutuality; (b) to enable the credit union to issue shares where: (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the Principles of Mutuality (whether or not any shares are so issued); (c) to vary any of the rights, obligations or restrictions attaching to membership so that they are inconsistent with those set out in the Principles of Mutuality; (d) to enable the credit union to admit members where the rights, obligations or restrictions attaching to membership are inconsistent with those set out in the Principles of Mutuality (whether or not any members are so admitted) (e) that the credit union's Constitution is otherwise inconsistent with the Principles of Mutuality.
(2)	Issue of Shares or Admission of Members	the credit union (whether acting through its board, its members or otherwise) proposes: (a) to issue shares where: (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the Principles of Mutuality; (b) to issue securities which confer the right or obligation to subscribe for shares (whether on conversion of the securities or exercise of any option) where: (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the Principles of Mutuality; or (c) to admit members with rights, obligations or restrictions attaching to membership inconsistent with those set out in the Principles of Mutuality.
(3)	Restructure	the credit union (whether acting through its board, its members or otherwise) proposes to conduct a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business, or any other form of corporate restructure, where after completion of the restructure: (a) the credit union no longer complies with the Principles of Mutuality;

		(b) one person, other than a person entitled to use either the words 'credit union', or 'credit society' or 'credit co-operative' in their name, holds more than 90% of the shares in the credit union other than shares fitting the description of 'additional shares' in the Principles of Mutuality; (c) a group of associates, other than a group all of the members of which are entitled to use either the words 'credit union', or 'credit society' or 'credit co-operative' in their name, between them hold more than 90% of the shares in the credit union other than shares fitting the description of 'additional shares' in the Principles of Mutuality; (d) a person not entitled to use either the words 'credit union', or 'credit society' or 'credit co-operative' in their name has a legal or equitable interest in more than 20% of the credit union's gross assets, based on the latest report that the credit union has given the Australian Prudential Regulation authority as at the time of the transfer; (e) a group of associates, other than a group all of the members of which are entitled to use either the words 'credit union', or 'credit society' or 'credit co-operative' in their name, between them have a legal or equitable interest in more than 20% of the credit union's gross assets, based on the latest report that the credit union has given the Australian Prudential Regulation authority as at the time of the transfer; or (f) the successor to the credit union's business is not entitled to use either the words 'credit union', or 'credit society' or 'credit co-operative' in its name.
(4)	Modification or Repeal of this Appendix	the credit union proposes to modify or repeal: (a) any of the Clauses in this Appendix; (b) any of the Principles of Mutuality; or (c) this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the Clauses in this Appendix.

(2) This Appendix does not apply to proposed modifications or repeals set out in item (4) of the Table in Subclause A5–1(1) that:

(a) increase the range of proposed transactions (including any changes to this Appendix so that it applies to the increased range of proposed transactions);

(b) impose, modify or repeal additional restrictions on the conduct of proposed transactions other than those set out in this Appendix;

(c) impose, modify or repeal additional obligations that must be complied with in relation to proposed transactions other than those set out in this Appendix;

(d) require disclosure of additional types of information other than those set out in Clause A5–5 to Clause A5–8; or

(e) modify or repeal any requirement specified in this Constitution, apart from this Appendix or the Principles of Mutuality, in relation to a proposed transaction.

However, this Appendix does apply to:

(f) a proposed modification or repeal that makes more than one change, and one or more of the changes is within the scope of item (4) of the Table in Subclause A5–1(1) but not excluded by this Clause; or

(g) a proposed modification or repeal where some other Rule in this Constitution applies this Appendix to the modification or repeal.

(3) This Appendix, other than Subclause A5–1(4), ceases to have effect immediately upon the following conditions both being met:

(a) the Australian Securities and Investments Commission publishes a written notice that this Appendix ceases to have effect in relation to the credit union; and

(b) the Australian Securities and Investments Commission delivers a copy of the written notice to the credit union.

This Subclause is subject to any terms and conditions in the written notice.

(4) If this Appendix ceases to have effect by reason of Subclause A5–1(3), it will again come into effect by board resolution upon the Australian Securities and Investments Commission doing any of the following:

(a) withdrawing the written notice referred to in Subclause A5–1(3)(a);
(b) making an order or exemption that permits the credit union to adopt or recommence the operation of this Appendix or provisions to the effect of this Appendix; or
(c) otherwise permitting the credit union to recommence the operation of this Appendix.

A5–2 Definitions

(1) In this Appendix:

associate means, in relation to a primary person:
(a) a spouse or de facto spouse of the primary person;
(b) a parent, son or daughter of the primary person, spouse or de facto spouse;
(c) a person who is a partner of the primary person;
(d) a person who is a director of a body of which the primary person is a director;
(e) a person who is a trustee of a trust in relation to which a person or entity of a kind referred to in paragraphs (a), (b), (c), (d), (f) or (g) benefits or is capable of benefiting;
(f) any entity, other than the credit union, over which:
  (i) a person of a kind referred to in paragraphs (a), (b), (c), (d) or (e) has control;
  (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (e) together have control;
(g) any entity, other than the credit union, in which:
  (i) a person of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) is beneficially entitled to more than 20% of any class of securities;
  (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (f) together are beneficially entitled to more than 20% of any class of securities

control means the ability or power of an entity:
(a) whether direct or indirect;
(b) whether or not enforceable; and
(c) whether presently exercisable by means of, in breach of or by revocation of any combination of the following:
  (i) trusts;
  (ii) relevant agreements; and
  (iii) practices,
to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of any other entity so as to enable that other entity to operate with it in pursuing those objectives of the controlling entity

entity means any:
(a) incorporated or unincorporated body;
(b) trust or partnership; or
(c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives

independent expert means an expert who is not an officer of the credit union or an associate of an officer of the credit union

Principles of Mutuality refers to Principles 4 to 25 and 27 of the Principles of Mutuality in the Preamble to this Constitution to the extent that any of those Principles are not inconsistent with ASIC Policy Statement 147: Mutuality – Financial Institutions

proposed transaction means any of the modifications, repeals, issues, admissions, restructures or other transactions referred to in Subclause A5–1(1)

securities has the same meaning as in the Corporations Act from time to time, but also includes options

A5–3 Approach to Demutualise Approval Procedure

(1) If this Appendix applies, the credit union must comply with the procedure set out in Divisions 2 and 3 before:
- (a) convening a meeting of members to vote on the proposed modification or repeal of the Constitution set out in items (1) and (4) of the Table in Subclause A5–1(1);
- (b) issuing the securities or admitting the members as set out in item (2) of the Table in Subclause A5–1(1); or
- (c) either convening, or, where relevant, applying for a court or other order to convene, one (1) or more meetings (whichever is the earlier) to vote on the proposed restructuring or to appoint an administrator as set out in item (3) of the Table in Subclause A5–1(1).

(2) If a meeting of members approves a proposed modification of the Constitution set out in items (1) and (4) of the Table in Subclause A5–1(1):
- (a) the resolution is of no effect until the procedure set out in Divisions 2 and 3 is complied with; and
- (b) the credit union must send each member a notice that the resolution has been passed in breach of this Appendix, together with the other documents required to be sent in Clause A5–5.

(3) The procedures in this Appendix apply in addition to any requirements specified in the Corporations Act or this Constitution in relation to the proposed transaction.

(4) If the proposed transaction is proposed by:
- (a) the board — the credit union bears all costs associated with disclosure and conduct of the postal ballot;
- (b) a member or a group of members — the member or group of members must pay all costs associated with disclosure, including printing and postage.

The board is not required to assist any member or group of members proposing the proposed transaction unless they give the credit union an indemnity in a form satisfactory to the board.

(5) If Subclause A5-3(4)(b) applies, members in general meeting may resolve that:
- (a) the credit union pay all costs associated with disclosure and conduct of the postal ballot;
- (b) the credit union reimburse the members proposing the proposed transaction for the costs associated with disclosure and conduct of the postal ballot they incur.

A5–4 Approval of Proposed Transaction

(1) If this Appendix applies, the credit union may only act upon the proposed transaction if:
- (a) it has complied with the procedure set out in Divisions 2 and 3; and
- (b) if the credit union has only one class of members:
  - (i) not less than 25% of the members have voted at the postal ballot conducted under Division 3; and
  - (ii) not less than 75% of the members who have voted approved of the proposed transaction;
- (c) if the credit union has more than one class of members:
  - (i) not less than 25% of the members in each class have voted at the postal ballot conducted under Division 3; and
  - (ii) not less than 75% of the members who have voted in each class approved of the proposed transaction.

(2) For purposes of this Clause, members entitled to repayment of different amounts on redemption of their member shares are to be treated as in different classes.

Division 2 — Disclosure

A5–5 Disclosure Documents Sent With Ballot Paper

The credit union must send the following documents with the ballot paper that it must send each member under Clause A5–14:

(a) a disclosure statement as described in Clause A5–6;
(b) a director's statement from each director as described in Clause A5–7; and
(c) an independent expert's report, commissioned by the credit union, as described in Clause A5–8.

A5–6 Disclosure Statement

(1) The disclosure statement must adequately set out or explain the following (if relevant):

(a) the procedural steps required in relation to the proposed transaction;
(b) how members' rights will change as a result of the proposed transaction and the consequences of the proposed transaction for members, including any:
  (i) loss of rights;
  (ii) change as to voting rights and rights to participate in the reserves and profits of the credit union;
(c) what benefits (if any) will be offered to members if the proposed transaction occurs, and why the benefits are considered appropriate, taking into account, among other things, the extent to which the benefits compensate the members for loss of rights;
(d) the basis upon which members' entitlement to the benefits will be determined, including:
  (i) any minimum period of membership that a member must satisfy to receive benefits;
  (ii) whether members must pay any amount or provide other value to receive benefits;
(e) any preferential allocation of benefits to members, or a class of members, and how that allocation is to be determined;
(f) any benefits that officers of the credit union (including retiring officers) or any associates of any officers may receive (whether directly or indirectly) in connection with the proposed transaction, other than in their capacity as a member on the same terms as are available to other members, including without limitation:
  (i) any money or goods;
  (ii) any preferential allocation of securities;
  (iii) any retirement or superannuation benefits;
  (iv) any compensation for loss of office;
  (v) any concessional loans or other favourable or non-arms length transactions;
(g) the implications of the proposed transaction in relation to:
  (i) the continuation of the credit union's business;
  (ii) any major changes to be made to the credit union's business; and
  (iii) changes to benefits, products and services;
  (iv) the future employment of the present employees of the credit union;
(h) whether the credit union's financial position has changed materially since the last balance sheet put before members at the last AGM;
(i) the availability and consequences of other alternatives; and
(j) any other information that the members and their professional advisers would reasonably require to make an informed assessment whether to approve the proposed transaction.

(2) If the proposed transaction involves the allocation of securities (whether by the credit union or some other entity) the disclosure statement must adequately set out or explain the following (if relevant):

(a) who will and will not be allocated securities;
(b) the rights and obligations attaching to the securities being allocated, including voting rights and rights to participate in the reserves and profits;
(c) the class and approximate number of securities being allocated;
(d) the allocation formula for the securities (including the implications of any undersubscription or oversubscription of securities offered), including, without limitation:
  (i) the manner in which the allocation formula will apply as between members; and

(ii) the basis on which the allocation formula has been determined;

(e) if rights to securities are allocated — whether the rights are renounceable or non-renounceable;

(f) the consideration payable for the securities, including, if the securities are partly paid, any call dates and amounts payable on calls;

(g) if the allocation of securities is underwritten:

(i) the name of the underwriters;

(ii) the amount of the underwriting fee or commission payable;

(iii) details of clauses in the underwriting agreement that may affect the underwriter's rights and obligations under the underwriting agreement;

(h) whether the securities will be listed on a securities exchange or exempt market; and

(i) the implications of allocation of securities for the structure of the credit union.

(3) If the proposed transaction involves the modification or repeal, as set out in item (4) of the Table in Subclause A5–1, and the person proposing the modification or repeal is aware of any proposal to conduct any of the transactions set out in items (1) to (3) of the Table in Subclause A5–1(1), then the disclosure statement must disclose the matters set out in Subclause A5–6(1) and Subclause A5–6(2) in relation to:

(a) the proposed modification or repeal; and

(b) each proposed transaction set out in items (1) to (3) of the Table in Subclause A5–1(1) of which the person is aware (to the extent that the person is aware of the matters relating to those transactions).

A5–7 Director's Statement

The director's statement must contain:

(a) a statement:

(i) recommending that the proposed transaction be approved or not approved, and giving reasons for the recommendation; or

(ii) giving reasons why a recommendation is not made;

(b) a statement whether the director proposes to approve or not approve the proposed transaction;

(c) a statement confirming that neither the director nor any associate of the director will receive any pay, other valuable consideration or any other benefit in connection with the proposed transaction other than as disclosed in the disclosure statement; and

(d) particulars of any agreement between the director and any other person in connection with, or conditional upon, the outcome of the proposed transaction.

A5–8 Independent Expert's Report

(1) The independent expert's report must adequately set out or explain the following (if relevant):

(a) whether, in the independent expert's opinion, the proposed transaction is in the best interests of the members, and giving reasons for that opinion;

(b) whether, in the independent expert's opinion, the benefits being provided to the members are fair and reasonable, having regard to any:

(i) loss of rights; and

(ii) change as to voting rights and rights to participate in the reserves and profits of the credit union;

and giving reasons for that opinion; and

(c) details of:

(i) any relationship between the independent expert and the credit union, including any circumstances in which the independent expert gives it advice or acts on its behalf, in the proper performance of the functions attaching to the independent expert's professional capacity or business relationship with the credit union;

(ii) any financial or other interest of the independent expert that could reasonably be regarded as being capable of affecting the independent expert's ability to give an unbiased opinion; and

(iii) any benefit that the independent expert or any associate of the independent expert may receive (whether directly or indirectly) in connection with making the report or in connection with the proposed transaction.

(2) If the credit union commissions more than one independent expert's report, all of the reports must be sent to each member.

Division 3 — Postal Ballot

A5–9 Appointment of Returning Officer

(1) The board must appoint as returning officer for the ballot a person having the qualifications, experience or standing appropriate for appointment.

(2) The returning officer may, if necessary, appoint one or more persons to act as assistant returning officers or clerical assistants.

(3) A member is not eligible to be appointed as a returning officer or assistant returning officer.

(4) The returning officer may delegate any of the returning officer's functions in this Division to an assistant returning officer having the qualifications, experience or standing to exercise those functions.

(5) A person ceases to hold office as a returning officer or assistant returning officer if the person:
(a) dies; or
(b) resigns by notice of resignation delivered to the credit union; or
(c) is removed from office by the members.

A5–10 Roll

As soon as practicable after the board appoints the returning officer for the postal ballot, the secretary must give the returning officer a roll showing, as at the time the roll is given:
(a) the members and the number of shares each member holds; and
(b) if the shares are divided into different classes — the members who hold shares in each class and the number of shares of each class each member holds.

A5–11 Notice of Proposed Postal Ballot

(1) As soon as practicable after being appointed as returning officer for a postal ballot, the returning officer must cause notice of the proposed ballot to be:
(a) sent to each member entitled to vote; or
(b) published in a newspaper circulating generally throughout all jurisdictions in which the credit union has members.

(2) The notice must:
(a) state that a postal ballot is to be held;
(b) state the proposed transaction that is to be put to voters at the ballot; and
(c) state the closing date for the ballot.

A5–12 Postponement of Closing Date

(1) The returning officer may postpone (for not more than seven days on any one occasion) the date for the close of the ballot by notice published in a newspaper circulating generally throughout all jurisdictions in which the credit union has members.

(2) The returning officer may exercise the power conferred by this Clause more than once in respect of a ballot.

A5–13 Printing of Ballot Papers

The returning officer must ensure that a sufficient number of ballot papers is printed for the purposes of the ballot.

A5-14 Postal Voting Procedures

(1) Postal voting will be conducted according to procedure specified by the returning officer as approved by the board.

(2) In approving postal voting procedures the board must have regard to these matters:
- (6) the extent to which the procedures are efficient in enabling the returning officer to detect any fraud or impropriety in the voting process;
- (7) the extent to which the procedures protect the anonymity of the voter;
- (8) instructions for voting are legible and clearly expressed so as to accurately Inform members how to complete and lodge a ballot paper;
- (9) provisions for issuing a duplicate ballot paper when the original has been lost or spoiled;
- (10) the extent to which procedures for receiving, checking, scrutinising and counting ballot papers are efficient; and
- (11) the conduct and functions of scrutineers appointed by candidates.

(3) The board must cause the postal voting procedures, as approved, to be displayed at the credit union's registered office and every branch office from the day before ballot papers are sent to members until the day after closure of the ballot.

(4) A member is entitled to a copy of the postal voting procedures, on request

A5–15 Distribution of Ballot Papers

Not less than twenty eight (28) days before the closing date for the ballot, the returning officer must cause to be sent to each member on the roll, at the address specified in respect of the member in the roll:
- (a) a ballot paper that bears the initials of the returning officer or a deputy returning officer;
- (b) any other documents as required by the postal voting procedure.

A5–16 Replacement of Ballot Papers

(1) If any member to whom a ballot paper has been sent satisfies the returning officer that the ballot paper has been spoilt, lost or destroyed, the returning officer must issue the member with a replacement ballot paper.

(2) The returning officer must keep a record of all replacement ballot papers so issued.

A5–17 Voting

(1) A member who wishes to vote in a postal ballot must:
- (a) complete the ballot papers in accordance with the postal voting procedures; and
- (b) subsequently deal with the ballot paper in accordance with the postal voting procedures.

(2) A member's vote in the postal ballot may be counted only if:
- (a) the member has voted in the way required by this Clause; and
- (b) the returning officer receives the ballot paper in accordance with the postal voting procedures on or before the date for the close of the postal ballot.

A5–18 Appointment of Scrutineers

(1) The board may appoint a scrutineer to monitor the scrutiny and the counting of postal votes.

(2) Any other interested person, with the consent of the returning officer, may appoint a scrutineer to monitor the scrutiny and counting of the postal votes.

(3) A scrutineer is entitled to be present at the scrutiny and counting of postal votes.

A5–19 Scrutiny

(1) As soon as practicable after the ballot closes, the returning officer must check, scrutinise and deal with the ballots in accordance with the postal voting procedures.

(2) A ballot paper is informal if:
- (a) it is not authenticated as required by the postal voting procedures;
- (b) it has not been completed so as to show a vote.

A5–20 Counting of Votes

(1) The returning officer must then proceed to count the votes.

(2) The returning officer may make use of electronic data processing equipment in the counting of votes.

(3) On completing the count, the returning officer must make out a return to the credit union certifying:
- (a) if the credit union has only one class of members:
  - (i) the number and percentage of members who voted in the postal ballot; and
  - (ii) the number and percentage of votes in favour of the proposed transaction; and
- (b) if the credit union has more than one class of members:
  - (i) the number and percentage of members in each class who voted in the postal ballot; and
  - (ii) the number and percentage of votes in each class in favour of the proposed transaction.

(4) For purposes of this Clause, members entitled to repayment of different amounts on redemption of their member shares are to be treated as in different classes.

Appendix 6 — Nominations Committee

A6-1 Establishment of Nominations Committee

(1) The board must establish and maintain a Nominations Committee.

(2) The function of the Nominations Committee is to assess whether a person, including an existing director, is fit and proper by reference to the terms of the board's Fit and Proper Policy to be appointed or elected as a director.

(3) The Nominations Committee must:

(a) consist of no less than 3 persons, with no more than half of its members at any time being directors;

(b) only have members who are not employees of the mutual bank (other than Directors);

(c) only have Director members who are not nominated as candidates for re-appointment or re- election; and

(d) be chaired by a Director appointed by the Board.

(4) All persons (including existing directors) who seek appointment or election as a director of the mutual bank must comply with the requirements of the Nominations Committee to enable it to make an assessment of whether that person is fit and proper by reference to the terms of the board's Fit and Proper Policy to be appointed or elected as a director.

A6-2 Role of Nominations Committee

(1) The Nominations Committee must assess all persons, including existing directors, prior to appointment or election as director under Appendix 4 as to their fitness and propriety to be and act as a director by reference to the board's Fit and Proper Policy ('Assessment');

(2) The Nominations Committee must provide the Board, and, where the Assessment relates to an election, the Returning Officer, with a written report, within three business days of the Committee's sitting, setting out the name of any candidate who has been the subject of an Assessment and, by reference to the criteria set out in the Board's Fit and Proper Policy, the Committee's view that the candidate has:

(a) met the criteria; or

(b) not met the criteria.

(3) If a person does not comply with the requirements of the Nominations Committee to enable it to make an Assessment of that person, the Nominations Committee must provide the Board, and, where the Assessment relates to an election, the Returning Officer, with a written report within three business days of the date the Committee becomes aware of the non-compliance, stating that the candidate did not comply with the requirements of the Nominations Committee to enable it to conduct an Assessment.

(4) The decision of the Nominations Committee is final and binding and no appeal from that decision may be made.

A6-3 Duty of Confidentiality

Each member of the Nominations Committee must keep confidential:

(a) the proceedings of the Nominations Committee; and

(b) any information provided to the Committee to enable it to make a determination about any Director or person seeking appointment as Director,

during and after their term of office on the Nominations Committee, except to the extent where disclosure is required by law.