

Police Financial Services Limited

ACN 087 651 661

('Company' or 'BankVic')

Notice of Hybrid Annual General Meeting and Explanatory Statement

Notice is given that that the 2022 BankVic Annual General Meeting (**AGM**) will be held in a hybrid format at **5pm on Tuesday 15 November 2022 (Notice)**.

An invitation is extended to all members of BankVic to attend the 2022 AGM.

Members will be able to attend the meeting in person or online.

How members can participate:

1. Attend and vote in person.
2. View the meeting and vote live, via webcast instead of attending in person.
3. Vote online prior to the meeting here: bankvic.com.au/our-story/news/bankvic-agm-2022.
4. Submit a proxy vote prior to the AGM. You may appoint the Chair of the meeting or another person as their proxy. You can complete the Proxy Form to provide specific instructions on how your vote is to be exercised on each resolution and the Chair of the meeting must follow your instructions.
5. Submit any questions prior to the AGM by emailing questions to **cosec@bankvic.com.au**.
6. Ask questions during the meeting in person or via phone (instructions can be found at bankvic.com.au/our-story/news/bankvic-agm-2022).

The online platform can be accessed at: bankvic.com.au/our-story/news/bankvic-agm-2022.

To assist with the efficient conduct of this hybrid meeting, we would appreciate if members not attending the AGM in person, could login to the meeting after 4.30pm and before 5:00pm on Tuesday 15 November 2022.

Business of the Meeting

1. Address by the Chair and CEO of the Company

Lucinda Nolan (Chair) and Anthony De Fazio (CEO) of BankVic will provide Members with an update on BankVic's performance and prospects.

2. Consideration of Financial Statements and Reports

The Company will table the Financial Report, Directors' Report and Auditors' Report of the Company for the financial year ended 30 June 2022 (as set out in the BankVic 2022 Annual Report) and will provide members with the opportunity to raise any issues or ask questions generally concerning those reports.

3. Directors' Election 2022 and Appointment of New Director

The Company Secretary will provide members with the results of the Directors' Election 2022.

4. Resolutions

Resolution 1: Increase to Directors' remuneration pool

To consider and, if thought fit, pass the following ordinary resolution:

'That pursuant to Rule 13.11(b) of the Constitution, the maximum aggregate remuneration payable to Directors (inclusive of any required compulsory superannuation contribution) be increased from \$618,694.22 per annum to \$800,000 per annum.'

Resolution 2 - Modification of Company Constitution

To consider and if thought fit to pass the following resolution as a special resolution:

'That in accordance with section 136(2) of the Corporations Act 2001 (Cth) and clause 25 of the Company Constitution, members approve the modification of the Company Constitution tabled at the meeting and signed by the Chair for the purposes of identification.'

Please refer to the attached **Explanatory Statement** below which sets out the basis for the proposed resolutions and provides all additional information.

ANNUAL REPORT – AVAILABLE ONLINE

A copy of the Annual Report can be downloaded from our website bankvic.com.au/our-story/news/bankvic-agm-2022.

If you would like a hard copy, please request a copy from the Company Secretary at cosec@bankvic.com.au or by phoning 0455 020 585.

HOW TO VOTE

You will be able to vote online either before or during the meeting.

You will need your member number and postcode to join the virtual meeting and cast your vote. Instructions on how to join the virtual meeting and vote during the meeting are located on this webpage: www.bankvic.com.au/our-story/news/bankvic-agm-2022.

You may also vote in person at the meeting.

Voting by proxy

If you wish to submit a proxy, the proxy form and instructions are enclosed and can also be located via www.bankvic.com.au/our-story/news/bankvic-agm-2022.

Questions

Members may ask questions during the meeting, or may submit questions in advance of the meeting as part of completing the RSVP Form or email to cosec@bankvic.com.au by 5.00pm on Friday 4 November 2022.

DATED 4 October 2022.

By order of the Board.

**Penny Maroulis
Company Secretary**

EXPLANATORY STATEMENT

INTRODUCTION

The purpose of this Explanatory Statement is to provide members with an explanation of the business of the meeting and the resolutions proposed to be considered at the meeting of the Company on 15 November 2022.

This Explanatory Statement should be read in conjunction with the notice and forms part of the notice.

RESOLUTION 1 – INCREASE TO DIRECTOR'S REMUNERATION POOL

Resolution 1 seeks member approval to increase the Directors' remuneration pool from \$618,694.22 per annum to \$800,000.00 per annum.

The Director remuneration pool represents the total amount of remuneration which may be paid to all Directors in total every year, it is not the amount paid to individual Directors.

Further, the Board will not allocate the full amount of the revised remuneration pool immediately – rather, it is proposed that reasonable percentage increases will be made, all within the member agreed pool, and in line with Director remuneration benchmarking data.

This approach enhances flexibility for the Board in timing and administration and is in line with practice across many mutual and corporate entities in managing Director remuneration.

BankVic must continue to attract and retain high quality Directors with appropriate experience, diversity and expertise reflecting:

- the regulatory landscape in which BankVic operates and BankVic's strategic objectives in the current economic environment;
- the responsibilities undertaken by each Director at the Board and Board Committee levels;¹
- fees paid by peer financial services industry companies of similar size and complexity (including independent benchmarking data and peer analysis), and
- the need to enhance flexibility around timing and administration.

To maintain member transparency, we will continue to report on Director remuneration every year including any increases within the member agreed cap both in our Annual Report and at our Annual General Meeting.

In FY23, the Board is proposing to increase the total Director remuneration from \$618,694.22 to \$653,000.00.

¹ Currently the Board Committees comprise the Audit Committee, Risk Committee, Corporate Governance Committee, Remuneration, People & Culture Committee, Digital Transformation & Cyber Committee, and the Nominations Committee.

We note also that in 2020 and 2021, there was no increase to Directors' remuneration due to the uncertain operating environment associated with the COVID-19 pandemic.

As such Director remuneration has been maintained at the amount approved by members in 2019, except for the incremental increases in superannuation payments approved at the 2021 Annual General Meeting.

Directors' Recommendation on Resolution 1

The Directors abstain from making a recommendation given their interest in the outcome of this resolution.

RESOLUTION 2 - MODIFICATION OF COMPANY CONSTITUTION

Resolution 2 seeks member approval for the modification of clause 12.7 of the Company Constitution as set out below:

12.7 Restriction on voting rights

- (a) A Member is not entitled to attend or vote at a general meeting unless all calls (if any) and other sums presently payable by the Member in respect of its Shares have been paid.
- (b) A Member is not entitled to vote at a general meeting unless that Member has held their Shares:
 - (i) in relation to an annual general meeting, for at least 12 months before the day that precedes the close of nominations for election of Directors; and
 - (ii) in relation to all other general meetings, for at least 12 months before the day on which notice of the general meeting is given.
- (c) A Member is not entitled to vote at a general meeting if that Member is a Minor.

These proposed changes arise out of the redraft of the Company's Constitution in 2021.

Historically, the Company placed restrictions on voting rights for members under 18 and for members who had not held their shares for a requisite 12-month period.

These restrictions were not included in the redraft of the Company's Constitution in 2021, however the directors now consider that these voting restrictions are necessary for inclusion to maintain the integrity of the Company's voting processes.

The Company proposes to include new clauses 12.7(b) and (c) to reflect clauses 9.1 and 9.3 from the Company's former constitution.

Directors' Recommendation on Resolution 2

The Directors recommend that the members approve this resolution.

Queries

If you have any queries about the meeting, the resolutions to be put to the meeting or the proposals being considered, please contact:

Penny Maroulis
Company Secretary

Telephone: 0455 020 585
E-mail: cosec@bankvic.com.au