

Notice of Annual General Meeting

G&C Mutual Bank Limited ACN 087 650 637

Notice is given that the 57th Annual General Meeting (AGM) of the company will be held on Tuesday, 22 November 2016 at Level 25, 201 Elizabeth Street, Sydney, commencing at 5.30pm.

AGENDA

1. Apologies
2. To receive G&C Mutual Bank's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2016.
3. To consider and, if thought fit, to approve the following special resolution submitted by the Board of Directors:

THAT the members of G&C Mutual Bank Limited approve the Company buying back 100% of its issued Tier 1 Shares on the terms and conditions set out in the Explanatory Statement.

By Order of the Board

Rosanna Argall
Company Secretary
20 September 2016

Special Resolutions

To be passed, the Special Resolution at Agenda Item 3 requires the approval of at least 75% of the votes cast by members at the AGM, in person or by proxy.

Explanatory Notes

Please refer to ANNEXURE A which contains Explanatory Notes in relation to Agenda Item 3.

The company's Board of Directors unanimously supports the resolution at Agenda Item 3 and recommends that you vote FOR it.

Proxy Voting

You can appoint a proxy to attend and vote at the AGM on your behalf. The proxy does not have to be a member of G&C Mutual Bank. An Appointment of Proxy form may be obtained by calling (02) 9307 5409. To be valid, your Appointment of Proxy form must reach G&C Mutual Bank no later than 5pm Friday 18 November 2016.

If you have any further inquiries regarding proxy voting or the AGM notice please contact G&C Mutual Bank's Company Secretary, Rosanna Argall, on (02) 9307 5409 during office hours.

ANNEXURE A

Explanatory Notes

The purpose of this Special Resolution is to obtain member approval for the Company to buy-back all its issued Tier 1 Shares in accordance with the share terms of issue.

Summary of buy-back terms

- Class of Share: Tier 1 Shares
- Number of shares on issue: 20,000
- Percentage of shares to be bought back: 100%
- Share holder and Trustee: Valuestream Investment Manager Limited [ACN 094 107 034]
- Buy-back price: \$100 per share
- Proposed date of buy-back: 31 December 2016

Background and Reasons for Share Buy-Back

For prudential capital raising purposes, on 21 June 2006 the Company issued 20,000 Tier 1 Shares at an issue price of \$100 per share to a unit trust (the Trustee). A number of other mutual financial institutions also issued equivalent shares to the Trustee. The Trustee remains the sole holder of the Tier 1 Shares.

After the 10th anniversary of issue of the Tier 1 Shares on 21 June 2016:

- for prudential purposes the Tier 1 Shares ceased to count towards regulatory capital;
- the margin used in calculating dividends payable on the Tier 1 Shares was increased by 1.00% p.a.

As the Tier 1 Shares cease to serve any practical purpose for the Company after the 10th anniversary of issue, it is in the interests of the Company to cancel all these Tier 1 Shares as soon as practicable.

Under the Tier 1 Share terms of issue, the Company may redeem the Shares on or after the 10th anniversary of issue for a redemption price of \$100 per share, subject to the prior written approval of the Australian Prudential Regulation Authority (APRA). The Company has obtained APRA's approval for this redemption.

The parties intend that the Company will redeem the Tier 1 Shares via a share buy-back, subject to member approval. The terms of issue prevent the Company from redeeming the Tier 1 Shares by a traditional redemption (which would not require member approval).

Board determination

The Board has determined that:

- after the 10th anniversary of issue, the Tier 1 Shares no longer count as prudential capital which the Company, as an authorised deposit-taking institution (ADI), is required to maintain under the Banking Act
- it is in the best interests of the Company to exercise its right under the Tier 1 Share terms of issue to 'redeem' all the Shares as soon as practicable after the 10th anniversary of issue;
- under the terms of issue the Company cannot carry out a traditional redemption;
- the proposed share buy-back will not affect the rights or interests of its member shareholders;
- the financial effect of the buy-back is that the Company's cash reserves will reduce by \$2,000,000 which will not have any material effect on the Company's ability to continue to carry on its business or pay its creditors;
- it is in the best interests of the Company and its members as a whole for the Company to buy back all the Tier 1 Shares as soon as practicable after the 10th anniversary of issue in accordance with the terms of issue;
- there are no benefits to the Company in retaining the Tier 1 Shares;
- there are no disadvantages to the Company in proceeding with the redemption by share buy back.

Buy-back process and effect

Under the Corporations Act:

- the buy-back is a selective buy-back
- the Company must have the approval of its members by special resolution to the terms of the share buy-back before it can buy back the shares.

ANNEXURE A

Explanatory Notes

If members approve the share buy-back then the Company intends to enter into a share buy-back agreement with the Trustee on the terms described in this Explanatory Statement and buy-back all the Tier 1 Shares on 31 December 2016.

None of the Directors of the Company have any material personal interest in the Tier 1 Shares or will receive any benefit in relation to the proposed share buy-back.

Terms of the buy-back

The terms on which the Company will buy back the Tier 1 Shares are:

- the Company will pay the Trustee \$100 per Tier 1 Share (a total of 20,000) plus final dividends payable under the terms of issue;
- the Company will fund the buy-back from its cash reserves;
- on registration of the transfer of the Tier 1 Shares to the Company the Shares will immediately be cancelled.

Consequences of the Company not buying back the Tier 1 Shares

If members do not approve the buy-back:

- the Company will not be able to buy-back the shares
- the Tier 1 Shares will continue to remain on issue
- the Company will continue to pay dividends to the Trustee under the terms of issue, with an increased margin after the 10th anniversary of issue;
- as the Tier 1 Shares will no longer provide any prudential benefit to the Company but continue to cost it dividends it will be in the interests of the Company to re-attempt to obtain member approval of a share buy-back at a later date.