

Remuneration Disclosures

Year ended 30 June 2025

19 September 2025

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1. Introduction

This document has been prepared to comply with the disclosure requirements of APRA's Prudential Standard CPS 511 *Remuneration* for non-significant financial institutions and will be published on the Bank's website.

2. People and Culture Committee

The Mutual Bank's Board People and Culture Committee responsibilities with respect to remuneration and performance include:

- Oversight the design, operation and monitoring of The Mutual Bank's Remuneration Framework, noting that the Board is ultimately responsible for the Framework and its effective application.
- Conduct regular (minimum annual) reviews of, and make recommendations to the Board on, the Bank's *Remuneration Policy*, including an assessment of the Policy's application, effectiveness and compliance with APRA's Prudential Standards CPS 510 *Governance* and CPS 511 *Remuneration*.
- In relation to the *Remuneration Policy*, report any non-compliances, material deviations from the Policy's intent, or any undesirable outcomes that flow from existing arrangements to the Board and make recommendations for amendment.
- Make annual recommendations to the Board on the remuneration of the CEO.
- Review and challenge the CEO's annual performance assessments and remuneration recommendations for the Executives and other persons who the Committee considers may affect the financial soundness of the institution or specified by APRA before making recommendations to the Board on the remuneration outcomes for these groups.
- Consult with the Board Risk Committee and Chief Risk Officer to enable risk outcomes to be appropriately reflected in remuneration outcomes for Executives. This consultation must follow a documented process.
- Conduct triennial market remuneration benchmarking reviews and make recommendations to the Board on remuneration arrangements for the Executives, taking into account the Bank's strategy, objectives, risk profile, regulatory requirements and market developments.
- Identify future unreasonable or undesirable remuneration outcomes that could flow from existing arrangements and advise the Board in this regard.
- Review and make recommendations to the Board on:
 - the structure of any financial incentive schemes, financial reward schemes and any payments made in this regard;
 - any proposed changes to superannuation arrangements over and above statutory requirements;
 - the remuneration of non-executive Directors; and
 - the Remuneration Framework for Directors.

During the year ended 30 June 2025, the People and Culture Committee met three times.

3. Remuneration Framework

The Mutual Bank's *Remuneration Framework* was redesigned in 2023 and supports the implementation of the Strategic Plan and three-year budget and Funding Strategy. The components of the *Remuneration Framework* are outlined in the Figure 1.

The Mutual Bank's *Remuneration Framework* is designed to operate in close alignment with the *Risk Management Framework*. This alignment ensures that remuneration practices reinforce prudent risk-taking, support the Bank's strategic objectives, and promote long-term financial soundness. Risk metrics embedded in Executive Scorecards

are derived from the *Risk Management Framework* and include indicators such as **compliance breaches, audit findings, and risk culture assessments**. The Chief Risk Officer provides annual input into remuneration decisions for Executives, ensuring that risk outcomes are appropriately reflected. This integrated approach supports a culture of accountability and risk-aware performance across all levels of the organisation.

An example of the effectiveness of the components of the Remuneration Framework in practice is the approach to prudent conduct risk management at the Executive level:

- the Executive Scorecard includes risk and conduct expectations;
- the *Performance and Misconduct Policy* outlines the consequences applied when expectations are not met; and
- the *Remuneration Policy* outlines the approach and Board oversight remuneration implications as a result of the conduct concerns.

Figure 1: Components of Remuneration Framework



4. Remuneration Policy

The Mutual Bank has a Board-approved *Remuneration Policy* aligned to APRA's Prudential Standard CPS 511 *Remuneration*, which is subject to an annual effectiveness and compliance review.

4.1. Policy coverage

The Mutual Bank has the following groups:

- Non-executive Directors;
- Executives;
- Employees whose primary role is risk and financial control (including risk management, compliance, internal audit and financial control roles);
- All other employees, including those on fixed term contracts; and
- Third-party providers who have entered into compensation arrangements with The Mutual Bank.

4.2. Policy objectives

The objectives of the *Remuneration Policy* are to:

- comply with CPS 510 *Governance* and CPS 511 *Remuneration*;
- encourage behaviour that supports The Mutual Bank's business plan, strategic objectives and Risk Management Framework;
- promote the effective management of both financial and non-financial risks, sustainable performance and The Mutual Bank's long term financial soundness;
- support the making of fair, consistent and transparent remuneration decisions;
- support the prevention and mitigation of conduct risk;
- ensure that the structure for the remuneration of risk and financial control personnel, including performance-based components if any, does not compromise the independence of these personnel in carrying out their functions;
- provide competitive and reasonable remuneration to attract and retain high calibre employees; and
- ensure employee remuneration kept at a sustainable level based on the combination of the employee's performance, market pay considerations and The Mutual Bank's ability to sustain an appropriate cost profile.

4.3. Variable remuneration

Currently, The Mutual Bank has a variable remuneration scheme established for the Chief Executive Officer only by way of a short-term incentive with deferral requirements. The scheme was established to comply with CPS 511 and better practice, and the application is overseen by the Board People and Culture Committee. which make recommendations to the Board of Directors.

The table below outlines the approach to performance assessment and consequence management to best support prudent risk management.

Table 1: Ensuring risk management outcomes assessed and consequence management

Role	Approach to risk management and consequence management
Chief Executive Officer	Performance scorecard with financial and non-financial metrics with a values/risk gateway. Variable remuneration is included and is determined by the Board following the performance review against the scorecard and gateway. Deferral has been implemented, and clawback and malus provisions are included in the employment contract.
Executives	Performance scorecard with financial and non-financial metrics with a values/ risk gateway.
All employees	Behavioural expectations to support risk management outcomes explicitly outlined in Code of Conduct. Performance and Misconduct Policy includes a consequence management table where breaches are identified. The consequences range from formal counselling, formal warning and termination of employment dependent on the severity of the breach/ misconduct.

4.1. Disclosure of Policy exception

During the end of year performance and remuneration process, the Board approved a short-term incentive outcome outside the remuneration framework for the Chief Executive Officer. This exception was to enact a deferral arrangement for the short-term incentive less than the minimum deferral amount threshold being met and was assessed as consistent with the ADI's long-term interests and disclosed in accordance with CPS 511.

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