CPS 511 Remuneration Disclosure as at 30 June 2026

Overview

APRA Prudential Standard CPS 511 - Remuneration requires Authorised Deposit-Taking Institutions (ADI's) to make an annual disclosure regarding their remuneration practices. The Capricornian Bank ("the Bank") is required to make clear, comprehensive, meaningful, consistent and comparable public disclosure of information of its remuneration framework and practices.

In its capacity as a non-significant financial institution (non-SFI), The Bank is required to make remuneration disclosures in accordance with Prudential Standard CPS 511 – Remuneration. These disclosures must be published on its website as soon as practicable after lodging its annual financial statements with ASIC, and in any event no later than six months following the end of the financial year to which they relate.

Governance of the Remuneration Framework

The Bank's Governance and Remuneration Committee is charged with the responsibility of overseeing remuneration for our organisation primarily ensuring that the Bank's Remuneration Policy and practices appropriately aligns remuneration and risk management in compliance with Prudential Standards CPS 510: Governance and CPS 511: Remuneration.

The secondary role of the committee is to advise the Bank's Board in relation to the remuneration of non-executive directors. The composition of the Remuneration Committee is that it must consist of at least three (3) members; all members must be non-executive directors; a majority of the members must be independent and the Chair must be an independent director.

The Governance and Remuneration Committee met three times during the year to 30 June 2026.

Remuneration Policy

Objectives of the Bank's Remuneration Policy are:

- To ensure that the Bank's remuneration arrangements align with its circumstances and advance the Bank's mission of serving its members.
- To ensure that the Bank complies with The Prudential Standard in relation to its remuneration arrangements and, in particular, that performance based components of remuneration:
  1. encourage behaviour that supports the Bank's long-term financial soundness and its risk management framework.
  2. align with prudent risk-taking and incorporate adjustments to reflect:
     - the outcomes of business activities;
     - the risks of business activities including, where relevant, the cost of the associated capital; and
     - the time necessary for the outcomes of business activities to be reliably measured.
  3. do not compromise the independence of Risk and Financial Control personnel.

- To ensure that the Bank complies with the Financial Accountability Regime (FAR) in relation to its deferred remuneration obligations (where applicable), particularly; if an accountable person has failed to comply with his or her accountability obligations, the persons variable remuneration is to be reduced by an amount that is proportionate to the failure.

- To ensure that the Bank's remuneration arrangements align with and promote the successful completion of the goals identified within its Strategic Plan. In particular that performance based components of remuneration encourage:
  1. Increase in Member Value;
  2. Maintenance of financial position to ensure sustainability;
  3. Maintenance of required capital levels;
  4. Development of the culture to achieve market differentiation;
  5. Development and implementation of an appropriate corporate social responsibility program.

The Bank's Remuneration Policy reviewed by the Governance and Remuneration Committee every 12 months to ensure that it operates in a manner consistent with the Board's requirements. The Remuneration Policy was last reviewed in June 2026 resulting in no significant changes being made. The Bank's compliance with the Remuneration Policy is audited annually by the Bank's external auditor BDO Audit Pty Ltd.

Executive staff are considered as material risk takers according to the Credit Union's Remuneration Policy. Such staff include the Chief Executive Officer (CEO), persons who directly report to the CEO (excluding administrative staff reports), other persons whose activities may in the Governance and Remuneration Committee's opinion affect the financial soundness of the Bank, and any other person specified by APRA.

The design and structure of the Bank's Remuneration Policy is relatively simple with most of the Bank's employees being paid a wage for time worked in accordance with the Banking, Finance and Insurance Award 2020 ("the Award"). The Bank may choose to offer performance based remuneration to employees covered by the Award in certain circumstances, however in any situation the payments of any such performance based remuneration is at the discretion of the Bank depending on the circumstances at the time.

The Bank recognises the special position of its risk and financial control personnel in carrying out their functions particularly in implementing and monitoring the Bank's Risk Management System. To avoid the independence of these personnel in carrying out their functions being compromised it is the policy of the Bank that performance based remuneration is not paid to executive, finance or compliance and risk management staff with the exception of the Chief Executive Officer who is not paid significant performance based remuneration. Remunerations are independently reviewed and recommendations are forwarded to the Remuneration Committee for endorsement.

Remuneration progression at the Bank is assessed in accordance with the Banking, Finance and Insurance Award 2020 and linked to individual key performance indicators for staff members including top-level business lines and departments as set by the relevant Executive Manager for staff and the Governance and Remuneration Committee for key staff.

The Bank's remuneration process considers the McGuirk Mutual Remuneration Survey as an industry benchmark when determining salary ranges for remuneration payments. The Bank does not offer variable or deferred remuneration. All remuneration is cash based remuneration, including superannuation payments.