

AUSTRALIAN MUTUAL BANK CPS 511 DISCLOSURE STATEMENT

This disclosure statement outlines Australian Mutual Bank's remuneration practices as required under Prudential Standard CPS 511 - Remuneration for the financial year ending 30 June 2025, published in compliance with the requirements of the Australian Prudential Regulatory Authority (APRA).

Introduction

As a customer-owned bank, Australian Mutual Bank Ltd (AMBL) is committed to supporting the financial wellbeing of our members and the communities we operate. Guided by the principles of the Customer Owned Banking Code of Practice, AMBL places members at the centre of our decision making and provides the foundation for AMBL to meet the requirements of CPS 511.

AMBL is categorised as a Non-Significant Financial Institution and is required to make qualitative disclosures as outlined in CPS 511. CPS 511 requires *'APRA-regulated entities maintain remuneration arrangements which appropriately incentivise individuals to prudently manage the risks they are responsible for and apply consequences for poor risk outcomes.'*

Governance

AMBL configures its corporate governance arrangements in a way that is appropriate to its size, complexity and risk profile, considering the principles and other guidelines as set out in:

- a) APG 510 - Governance Practice Guide;
- b) CPG 511 - Remuneration; and
- c) the corporate governance principles and recommendations ("ASX Principles") in so far as they are appropriate to the circumstances of AMBL.

The Board Governance and Remuneration Committee (BGRC) oversees remuneration as per the remuneration policy approved by the Board and in compliance with CPS 511. In its oversight and assessment, the BGRC considers a combination of factors, such as financial performance in the economic environment, compliance with regulatory requirements, commitment to the organisation's risk culture, achievement of key result areas to the position, an external consultant and applicable surveys of similar positions in the industry in assessing the performance of the CEO and other senior managers.

The BGRC conducts regular reviews of the remuneration policy and makes recommendations to the Board in consultation with the Board Risk Committee (BRC) and Chief Risk Officer (CRO) on remuneration policy effectiveness and compliance with CPS 511. The review takes into consideration any material deviations of remuneration outcomes from the intent of the policy, and unreasonable or undesirable outcomes that flow from existing arrangements.

The BGRC comprises the Chair of the Board, Deputy Chair, Audit Committee Chair and Risk Committee Chair. During the reporting period 1 July 2024 – 30 June 2025 the BGRC held 6 meetings.

Remuneration Framework

The AMBL Board maintains overarching oversight and control of the remuneration framework, ensuring that it:

- a) aligns with the business plan, strategic objectives and risk management framework;
- b) promotes effective management of both financial and non-financial risks, sustainable performance and long-term soundness; and

- c) supports the prevention and mitigation of conduct risk.

The BGRC is responsible for reviewing annual performance assessments undertaken against pre-determined criteria and making recommendations to the AMBL Board for any changes to remuneration and payment of variable remuneration subject to malus. To facilitate a robust and independent framework the BGRC is afforded free and unfettered access to other Board committees, risk and financial control personnel including the CRO, and other relevant parties including advice from independent external experts. The Board has overarching authority to approve any changes to remuneration, including reducing any short-term variable remuneration payments or fixed remuneration increases to nil.

Remuneration Policy

The remuneration policy deals with the remuneration of the Chief Executive Officer (CEO), direct reports of the CEO, and other persons whose activities may put AMBL's financial soundness at risk, and any other person specified by APRA.

AMBL remunerates fairly, responsibly and without gender bias through a remuneration policy that balances attraction and retention of high-quality key personnel, and incentives that encourage organisational growth and success without taking undue risks. Employees owe a duty of fidelity whereby they must serve faithfully and avoid situations of conflict between their own interests and those of AMBL. As such, they are required to disclose conflicts of interest to AMBL.

Remuneration Components

Remuneration may include:

- Fixed annual remuneration comprising base salary, superannuation and salary sacrifice; and
- Short-term variable (discretionary) remuneration.

Variable remuneration is defined as the amount of a person's total remuneration that is conditional on objectives, which include performance criteria, service requirements or the passage of time. It excludes payment of small amounts of less than \$300 which qualify as a minor benefit exemption under FBT which AMBL assesses as not being material to realising the objectives of this policy.

As a relatively small member owned mutual bank, AMBL will not pay deferred variable remuneration (long-term incentives).

Conduct Risk

AMBL mitigates the risk of remuneration that may conflict with sound governance by:

- a) not making any long-term incentive payments to employees;
- b) limiting the performance component of an individual's remuneration captured by CPS 511 to 10% of fixed remuneration or \$49,999 whichever is the lesser;
- c) not considering the payment of short-term variable (discretionary) remuneration until the end of the relevant financial year; and
- d) making the payment of any performance-based component of remuneration entirely discretionary.

In determining performance based short-term variable remuneration both financial and non-financial risk factors are taken into consideration with material weighting given to non-financial measures.

Critical high-risk factors that may conflict with sound governance and affect fixed remuneration increases and payment of any short-term variable remuneration include any form of misconduct, failure of financial or non-financial risk management, significant breach, significant adverse outcomes for members, or significant adverse performance that may impact the long-term soundness of the organisation.

Specified Positions

Specified positions captured under CPS 511 and the AMBL Remuneration Policy include senior managers, material risk takers and risk and financial control personnel. The specific positions for the remuneration review period 1 July 2024 – 30 June 2025 include:

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Brand Officer
- Chief Risk Officer
- Chief Member Experience Officer
- Chief People Culture & Change Officer
- Treasury Executive
- Senior Compliance Manager
- Internal Auditor

The service contractors captured under CPS 511 and the AMBL remuneration policy for the remuneration review period 1 July 2024 – 30 June 2025 include:

Name of counterparty and outline of services	Structure of remuneration	Specific risk mitigation measures
Daniels Bengtsson – Legal General Retainer Service	Fixed quarterly fee	Reviewed annually
Protecht – Compliance and Risk Management System	Fixed quarterly licence fee	Reviewed annually

Other Consequences

AMBL has a Performance Management Procedure that applies to all employees. If performance or conduct concerns are present including accountability failures, the appropriate form of disciplinary action will be determined and applied.

Forms of disciplinary action may include:

- a reprimand or verbal warning (confirmed in writing to the employee);
- a written warning;
- a first and final written warning;
- a performance management/improvement plan (which may also be issued in conjunction with a written warning);
- demotion;
- termination with notice; or
- summary dismissal (without notice).

Compliance

This disclosure is published on the AMBL internet site in compliance with CPS 511 and is prepared on a financial year basis for the period 1 July 2024 – 30 June 2025.

AMBL remains committed to maintaining a remuneration framework that supports its strategic objectives, promotes sound risk management and upholds the highest standards of conduct and accountability.