

APRA CPS 511 - Remuneration Disclosure

Financial year ending 30 June 2025

Pursuant to its obligations under the Australian Prudential Regulation Authority ('APRA') Prudential Standard CPS 511 Remuneration ('CPS 511'), Australian Military Bank Ltd ('the Bank') makes the following remuneration disclosures.

Under CPS 511, the Bank is defined as a Non-Significant Financial Institution ('non-SFI').

1. Governance of the Remuneration Framework

The Board of the Bank has appointed the Environmental, Social, Governance and Remuneration ('ESGR') Committee ('the Committee') to be responsible for overseeing remuneration in the Bank. The Committee's responsibilities are defined in the ESGR Committee Charter with key remuneration responsibilities highlighted as follows:

- ▶ Reviewing and recommending to the Board the Bank's remuneration principles and strategic objectives ('Remuneration Principles and Objectives') and annually reviewing the remuneration policy ('Remuneration Policy') for the Bank's remuneration framework ('Remuneration Framework'), having regard to the Bank's long-term financial soundness and risk management framework, and market practice and trends;
- ▶ Reviewing and recommending to the Board the remuneration and benefits for non-executive directors, including the Directors' Remuneration Policy and Directors' Work Entitlements Policy; and
- ▶ Making recommendations to the Board on remuneration of the Chief Executive Officer ('CEO'), direct reports of the CEO, and other persons whose activities may in the Committee's opinion affect the financial soundness of the Bank and other persons specified by APRA.

The Committee operates in accordance with the ESGR Committee Charter and comprises three non-executive directors appointed by the Board. In addition, the meetings are attended by the CEO and the Chief People & Operations Officer ('CPOO'). The Committee members are appointed on an annual basis and meet at least quarterly (or more frequently as required).

During the financial year ending 30 June 2025, the Committee held four meetings.

The Committee, in performing its role in relation to the Bank's Remuneration Framework, seeks to ensure that the principles, policies and processes of the Bank fairly and responsibly reward individuals, having regard to their performance, and reflect the Bank's risk management framework, the law and the highest standards of governance.

Senior managers, for the purpose of this disclosure, include the key personnel per the Bank's remuneration policy ('Remuneration Policy'), being the CEO, other executives and key risk and financial control managers. For the purposes of this disclosure, there are no employees outside of these key personnel that the Committee considers as 'senior managers'.

2. Board Discretion

The Board retains full discretion over remuneration outcomes.



At the Board meeting following a Committee meeting, the Committee chair will report on matters for the Board to note and for decision making in session.

The Board is ultimately responsible for the Bank's remuneration framework and its effective application. This includes approval of any amendments to the remuneration structure, the Remuneration Policy, remuneration for the CEO, executives, those in 'specified roles', and any payments made under the Bank's executive short-term incentive ('STI') scheme ('STI Scheme').

In making decisions, the Board will consider recommendations from the Bank's management and the Committee, performance and risk matters, along with any remuneration data supplied by our third party partners, and will consult with other Board committees and the Chief Risk Officer, as required.

3. Remuneration Framework

Remuneration Principles

The Bank's Remuneration Principles and Objectives, as set out below, support the approach to pay fairly in accordance with the employees' capability, market evaluation and industry standards while responsibly balancing risk and remuneration in accordance with CPS 511 and within the Bank's financial capacity to pay.

The Bank's Remuneration Principles and Objectives are to be:

- ▶ Market competitive to support retention and attraction of appropriately skilled and qualified leaders and employees;
- ▶ Aligned to stakeholder expectations with a clear risk focus;
- ▶ Flexible to take into consideration external and internal changes in market practice to reflect a contemporary employee value proposition;
- ▶ Transparent to provide a clear line of sight for individual contribution; and
- ▶ Balanced to ensure that behaviour and decision-making supports sustainability of the Bank and does not compromise what is in the best interests of members.

The Bank's remuneration framework:

- ▶ Aligns to the Bank's business plan, strategic objectives and risk management framework by embedding remuneration practices that link individual and corporate performance goals to the Bank's strategic pillars and risk appetite. This includes annual market benchmarking, performance development discussions, and a balanced scorecard approach for incentives, ensuring remuneration decisions support long-term financial soundness and compliance with CPS 511 requirements;
- ▶ Promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness, by incorporating mandatory risk and compliance gateways into all incentive schemes, applying consequence management for breaches, and using performance evaluations that weight financial and non-financial KPIs. The Committee oversees these incentive arrangements to ensure remuneration outcomes reflect prudent risk-taking and sustainability; and
- ▶ Supports the prevention and mitigation of conduct risk by enforcing behavioural standards and compliance gateways as eligibility criteria for salary increases and incentives, maintaining



transparent performance objectives, and applying Board discretion to adjust or withhold variable pay for specified persons where conduct or risk issues arise. These measures are complemented by regular reviews and governance oversight under the Committee Charter.

Remuneration Policy

The Remuneration Policy guides the management of remuneration within the Bank. It is an overarching policy that applies to all employees. It also applies, where appropriate, to contractors who act for or on behalf of the Bank.

The Bank is committed to building a culture of engaged and motivated employees. The Remuneration Policy ensures consideration of the links between the Bank's business plan, remuneration, aligned member culture and attracting and retaining employees who have the skills and capability to deliver the strategic objectives and operational responsibilities of the Bank.

The CPOO, in consultation with the CEO, will engage annually with an appropriately qualified external remuneration agency to provide appropriate benchmark data for remuneration for all employees, and recommend any changes to the bandwidths of remuneration and remuneration structures to the Board.

External data and recommendations for the CEO review will be provided by the CPOO directly to the Chair of the Board for consideration.

Fixed Remuneration

Remuneration structures for specified persons will be base salary plus superannuation plus allowances (Fixed Annual Remuneration) and any approved and eligible STI Scheme.

External data and recommendations for specified persons will be provided to the Committee by the CEO and approved by Board on an annual basis.

Variable Remuneration

The Bank offers the STI Scheme to the CEO and all executives who are employed on a permanent basis.

The STI Scheme is designed on a balanced scorecard approach which includes appropriate weighting of both non-financial and financial measures and is linked to the Bank's strategic plans.

The STI Scheme is described in, and governed by, the Executive Short-Term Incentive Scheme document, which, on an annual basis, is managed by the CPOO, reviewed by the Committee, and approved by the Board.

The STI Scheme sets standards for and recognises both an individual's performance (through individual Key Performance Indicators ('KPIs')) and the executive team as a collective (through the Corporate Scorecard). The scorecard includes non-financial and financial KPIs under each of our key strategic pillars:

- ▶ Members
- ▶ Community
- ▶ Culture
- ▶ Business (including financial performance)
- ▶ Risk (including risk culture and conduct risks)



The STI will only become payable once:

- ▶ Specified individual and corporate gateways have been met; and
- ▶ Individual and corporate KPIs have been achieved at specified levels.

The Bank does not have any long-term incentives ('LTI') in place.

The total STI payable per individual is a percentage of Fixed Annual Remuneration, with the maximum STI dollar amount per individual capped. The STI Scheme does not have LTI or vesting components. As part of consequence management, deferral and adjustments to variable remuneration may be made.

Specified roles

The disclosures of remuneration in this document relate to the following specified roles which are set out in the Remuneration Policy:

- ▶ Senior manager: CEO, CPOO, Chief Finance Officer, Chief Information Officer, Chief Member Experience Distribution Officer, Chief Product and Marketing Officer, Chief Risk Officer and Company Secretary;
- ▶ Material risk-taker: none applicable;
- ▶ Risk and financial control personnel: Deputy Chief Finance Officer, Financial Controller, Treasury Manager, Head of Cyber Resilience and Data Governance, Head of Risk and Compliance; and
- ▶ Executive directors: None applicable.

4. Consequence Management

The Bank operates under a strong risk culture which includes the required training for employees to fulfil the inherent requirements of their role under a clear risk framework. Employees' performance and behaviour are evaluated using individual performance with set KPIs within the performance management framework. Behavioural, risk and compliance gateways are in place as mandatory expectations. Failure to meet and maintain gateways may result in disciplinary action, including withholding of incentive payments where these would otherwise be payable.

Australian Military Bank is dedicated to a remuneration framework that aligns with its strategic goals, fosters robust risk management, and ensures the highest levels of accountability and ethical conduct.

