

# PRUDENTIAL STANDARD CPS 511- REMUNERATION REMUNERATION DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2025

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## 1. INTRODUCTION

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This remuneration disclosure has been prepared in accordance with the requirements of the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 511 – Remuneration (CPS 511). Teachers Mutual Bank Limited (TMBL or the Bank) is categorised as a Non-Significant Financial Institution under CPS 511. All information presented in this disclosure was effective as at 30 June 2025.

## 2. QUALITATIVE DISCLOSURES

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### 2.1 REMUNERATION GOVERNANCE FRAMEWORK

The key governing bodies that oversee remuneration at TMBL are as follows:

#### TMBL Board

The Board is responsible for reviewing and approving the remuneration framework, overseeing reporting against the framework and ensuring implementation by setting “tone at the top” as part of strategic decision making. The Board is ultimately responsible for the remuneration framework and its effective application, including approving variable remuneration outcomes for specified roles and discretion to make adjustments. The Board is also responsible for reviewing and approving the TMBL's Remuneration Policy (Policy) on an annual basis.

The Board had 8 meetings in the financial year ending 30 June 2025.

#### Board People and Remuneration Committee

The primary purpose of the People and Remuneration Committee is to assist the Board in discharging its responsibilities in relation to effective oversight of TMBL's people, culture and remuneration-related strategies, frameworks, policies and practices (including TMBL's remuneration, performance and consequence management frameworks) and their application.

The People and Remuneration Committee annually reviews the Policy and makes recommendations to the Board regarding the Policy and the variable remuneration outcomes for the Chief Executive Officer (CEO) and Senior Managers including malus and clawback arrangements and adjustments (including downward-adjustments where appropriate).

The People and Remuneration Committee had 4 meetings in the financial year ending 30 June 2025.

#### Input from Chief Risk Officer & other Committees

For the financial year ended 30 June 2025, the Chief Risk Officer independently assessed the risk related performance of the CEO and other Senior Managers (as detailed below) to determine if a risk adjustment to variable remuneration was to be applied. A Committee that consists of the Chief Risk Officer, Chief People & Culture Officer and Chief Legal Officer at the end of the financial year assessed

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the Risk Gateway for the FY25 Variable Remuneration Plan and made recommendations to the CEO that there were no material conduct breaches that would warrant adjustments to performance or variable remuneration outcomes. The Chairs of the Board Audit Committee and Board Risk & Compliance Committee were also consulted to provide respective feedback to the CEO on the performance of the Chief Financial Officer and Chief Risk Officer. The CEO factored all of the above into his VR recommendations that were reviewed and approved by the Board.

## 2.2 REMUNERATION FRAMEWORK

TMBL has a Remuneration Framework that:

- outlines remuneration arrangements for all employees of TMBL;
- aims to provide transparency and fairness in how the Bank remunerates employees, with consideration relating to being competitive in the marketplace;
- aims to ensure the effective management of financial and non-financial risks and ensure that remuneration outcomes are commensurate with both performance and risk outcomes;
- aligns with TMBL's risk appetite with consideration to a balance of individual, team and organisational performance to effectively remunerate employees in a market-competitive way;
- aligns with TMBL's Strategic Plan; and
- links remuneration outcomes to TMBL's Performance Policy and the Consequence Management Policy.

The following remuneration elements typically apply at TMBL:

- Fixed Remuneration: Comprises of base salary and superannuation.
- Performance Payments: Annual discretionary payments - based on an assessment of overall employee performance, as opposed to any specified objectives.
- Variable Remuneration (VR): Annual bonus payments based on agreed financial and non-financial objectives for the relevant financial year that are moderated based on risk and conduct.

### Performance Framework

TMBL has a formal, annual, performance cycle which ensures clear expectations are set for employees that are aligned to TMBL's strategic plan. Employee performance is assessed annually using a rating scale reflecting performance, conduct, and risk outcomes. TMBL's Performance Framework is the primary mechanism for determining performance-related remuneration adjustments for employees.

### Conduct and Consequence

TMBL has a Consequence Management Policy that applies to all employees, as well as malus provisions in employment contracts for salaried employees. Where determined, the employee can, for serious misconduct, significant breaches or failures, or material accountability failures have one or more of the following applied depending on the severity of the conduct:

- have any future pay increases withheld;
- have a role adjustment that could reduce, suspend or remove responsibility, accountability and authority resulting in a reduction in remuneration;
- be issued with a formal warning;
- be placed on a performance or compliance action plan;
- be suspended from duties;
- be reported to regulatory bodies and/or to the Police;
- have a civil case brought against them by TMBL; and/or
- have their employment terminated with or without notice.

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## 2.3 REMUNERATION POLICY

TMBL’s Remuneration Policy operates within the guidelines set out in the Remuneration Framework.

### Variable Remuneration Plans

TMBL operates only one variable remuneration plan. In the financial year ending 30 June 2025 only Senior Managers (the CEO and other members of the Executive Management Team) were eligible to participate in the variable remuneration plan.

### Specified roles

Specified roles in scope for this disclosure are described below:

The following specified roles are identified as **Senior Managers and material risk takers** in accordance with CPS 511. These include:

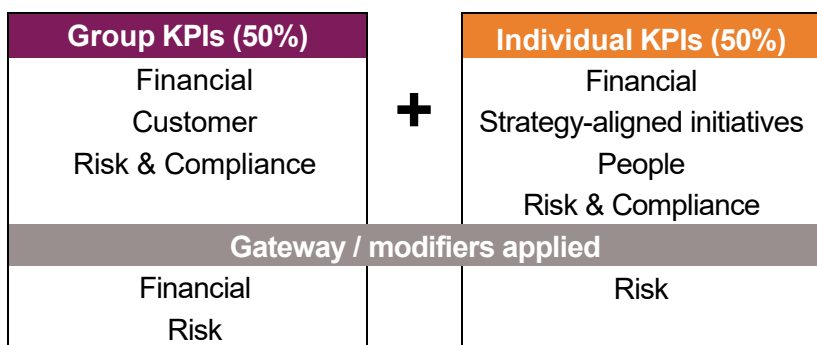
- Chief Executive Officer
- Chief Customer Officer
- Chief Financial Officer
- Chief Information Officer
- Chief Legal Officer and Company Secretary
- Chief Operations Officer
- Chief People and Culture Officer
- Chief Risk Officer
- Chief Sales and Marketing Officer

**Risk and Financial Control Personnel** - means persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control These types of positions at TMBL include the Head of Finance and the Head of Operational and Financial Risk.

### Alignment between variable remuneration outcomes and performance

The actual VR outcome depends on TMBL's performance and individual performance against the Key Performance Indicators (**KPIs**) set in the Board approved scorecards.

VR components are weighted as follows ensuring business alignment and balancing both financial and non-financial measures:



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## Application of Consequence and Risk Management

For any VR payment to be made, there are hurdles to be met outside of the KPI's outlined in the scorecard:

- 60% of all KPI's must achieve an outcome greater than "Threshold" for a payment to be made. This is to ensure that the appropriate application of both financial and non-financial outcomes are applied.
- Financial and Risk gateways in the scorecard must also be met. If one or more of the gateways have not been met, the Board can adjust any eligible payment downward and to zero.
- A Senior Manager may have some or all of their VR (including deferred amounts) withdrawn or reduced depending on the severity of the substantiated conduct.

## Deferred and adjusted variable remuneration

VR outcomes are subject to deferral as described in the table:

VR Outcome	Deferral applies	Amount to be deferred	Deferral Period
\$125,000 or greater	Yes	40% of the total outcome	Minimum 4 years
Less than \$125,000	No	N/A	N/A

Downward adjustments of variable remuneration outcomes (including in-period adjustment, malus and possible clawback) are overseen by the Board, and can be applied in each of the circumstances set out below:

- where an Accountable Person fails to comply with one or more of their accountability obligations;
- material misstatement or management;
- a significant failure of financial or breach of accountability, fitness and propriety or compliance obligations;
- a significant failure of financial or non-financial risk management;
- a significant error or a significant misstatement of criteria on or which the VR determination is based;
- significant adverse outcome for customers, beneficiaries, or counterparts;
- gross misconduct; and/or
- unacceptable performance outcome

Any downward adjustment to VR will be proportionate to the severity of the risk and conduct outcome.