

G&C MUTUAL BANK REMUNERATION DISCLOSURES: 2019 (REFER ATTACHMENT G – APS 330)

QUALITATIVE DISCLOSURES: 2019

1. Overview

The G&C Mutual Bank Board is responsible for overseeing employee remuneration in accordance with the Remuneration Policy following advice and recommendations from the Remuneration Committee. The Remuneration Committee acts in accordance with the responsibilities and functions set out in the Remuneration Committee Charter.

The main responsibilities of the Remuneration Committee are:

- To provide advice and recommendations to the Board, in accordance with the objectives, principles and approval procedures set out in the Committee's Charter and the Remuneration Policy, including with respect to the individual employees and designated categories of employees as set out in section 2 below;
- To make recommendations to the Board (prior to the submission of any 'Board Remuneration' resolution to an Annual General Meeting) on the aggregate annual amount of Board remuneration to be payable to G&C Mutual Bank's Non-Executive "Elected Directors";
- To conduct regular reviews of, and make recommendations to the Board regarding, any proposed changes to the Remuneration Policy or the Remuneration Committee Charter; and
- To periodically review and assess the effectiveness of the Remuneration Committee Charter and the Remuneration Policy and to recommend to the Board any desired changes to those documents.

During the year ended 30 June 2019, the Governance, Nominations and Remuneration Committee held 4 meetings.

2. Scope of Remuneration Committee Charter

The scope of the Remuneration Committee Charter provides for the Committee to assess and make recommendations on the remuneration arrangements for the following categories of employees;

- (a) The Chief Executive Officer (CEO);
- (b) Employees who report directly to the CEO excluding any administrative support staff;
- (c) Any holders of "Accountable Person" positions (as defined in the BEAR requirements) and any designated 'Responsible Person' (as defined under G&C Mutual Bank's Fit & Proper Policy but excluding the External Auditor) who is not otherwise captured under (a) or (b) above;
- (d) Any employee who is primarily involved in a senior management capacity in G&C Mutual Bank's Group Risk, Compliance, Internal Audit or Financial Control functions, and who is not otherwise captured under (b) or (c) above;
- (e) Any employee who is not otherwise captured under (a) – (d) above and who receives (or has the potential to receive) a significant proportion (more than 50%) of their total annual remuneration in the form of variable remuneration components;
- (f) Any external (i.e. non-employee) individual or organisation that is contracted to G&C Mutual Bank on terms which may entitle the person or organisation to receive variable remuneration **and** who provides services of a kind which, in the opinion of the Remuneration Committee, could have the potential to adversely affect the long-term financial soundness of G&C Mutual Bank; and

- (g) Any external (i.e. non-employee) individual or organisation that is contracted to G&C Mutual Bank for the primary purpose of providing services relating to risk management, compliance, internal audit or financial control, and in relation to which the total cost of the services to be provided in any financial year exceeds or is expected to exceed \$100,000, but excluding any such contractual arrangement that has been separately and explicitly approved by the Board or/or the Board Risk Committee.

During the year ended 30 June 2019, there were no G&C Mutual Bank employees or external parties who were captured under categories (e) - (g) above. With the exception of the individual employees and designated categories of employees in (a) – (g) above, the Board has delegated to the CEO the responsibility for determining the remuneration arrangements for G&C Mutual Bank employees (including **all** employees who are subject to the terms of the current Enterprise Agreement 2017 – 2020).

3. Responsible Persons & Material Risk-takers

As at 30 June 2019, the following G&C Mutual Bank employees were classified as ‘Responsible Persons’ under G&C Mutual Bank’s Fit and Proper Policy:

- (a) Chief Executive Officer;
- (b) Deputy Chief Executive Officer;
- (c) Chief Financial Officer;
- (d) Chief Information Officer
- (e) Chief Risk Officer; and
- (f) Head of Internal Audit.

4. Objectives of Remuneration Policy

The Remuneration Policy is designed to support G&C Mutual Bank’s strategic and commercial objectives while at all times ensuring compliance with the Corporations Act and applicable APRA prudential standards.

The main objectives of G&C Mutual Bank’s remuneration framework are:

- To attract and retain suitably skilled and experienced employees;
- To minimise the risk of G&C Mutual Bank being exposed to the sudden or unexpected departure of key management personnel;
- To ensure that the structure of employee remuneration supports G&C Mutual Bank’s long-term financial soundness; and
- To ensure that any components of variable employee remuneration are consistent with the BEAR requirements and are appropriately structured such that they provide **no incentive** for any employee (either acting alone or collectively with others) to engage in imprudent risk taking.

The Remuneration Policy is reviewed annually and was last reviewed by the Remuneration Committee and the Board in June 2019.

5. Variable Remuneration Components: Principles and Approval Procedures

In accordance with the Remuneration Policy and the applicable Employment Contracts, the remuneration arrangements for employees holding the positions described in 3 (a) – (g) above may

include a mix of fixed annual remuneration, as well as variable (short or long term) variable remuneration components. The employees holding the positions described in 3 (a) – (g) will be subject to an annual review of performance and, following those reviews, recommendations may be made to the Board Chair and the Remuneration Committee regarding any proposed increase in total annual remuneration, or any proposed payment of a short or long term variable remuneration component, including payment of any discretionary performance bonus.

The remuneration arrangements for the employees in 3 (a) – (g) above may also incorporate, at the total discretion of the Board following a supporting recommendation from the Remuneration Committee, a long term variable remuneration component, but only on condition that:

- (a) The long term remuneration component is specifically designed to promote employee retention over a desired timeframe and to mitigate the risk of the relevant employees departing unexpectedly before that date; and
- (b) The applicable amount is only payable subject to the Board being satisfied that making of the payment will not have an adverse affect on the financial soundness of G&C Mutual Bank.

1. Quantitative Remuneration Disclosures: Decision-making Body

During the 2018/19 financial year, the Board held 7 meetings and the Governance, Nominations and Remuneration Committee held 4 meetings. The Board is the main body responsible for overseeing remuneration matters in accordance with the Remuneration Policy. The Remuneration Committee is responsible for making recommendations to the Board in accordance with the parameters and procedures set out in its Charter and the Remuneration Policy. The total aggregate remuneration paid to Board members in the 2018/19 financial year is set out in Table 1 below.

Table 1: Aggregate Board Remuneration	2019 \$
Total remuneration of all Board members	439,509.23

2. Quantitative Disclosures: Remuneration of ‘Senior Managers’ and other ‘Material Risk Takers’

Tables 2 and 3 below include, with respect to all employees who are classified as ‘Senior Managers’* under the Remuneration Policy, the information that is required to be disclosed under APS 330 Attachment G Clause 3 (h) – (k).

**[Note: The category of ‘Senior Managers’ includes all employees who are defined as ‘Responsible Persons’ under the Remuneration Policy and APRA Standard CPS 520 Fit & Proper.]*

Tables 4 and 5 include, with respect to all employees other than Senior Managers who are classified as ‘Material Risk Takers’**, the information that is required to be disclosed under APS 330 Attachment G Clause 3 (h) – (k).

***[Note: The category of ‘Material Risk Takers’ includes all employees other than ‘Senior Managers’ whose activities may potentially affect the financial soundness of the organisation **and** whose total remuneration includes a significant proportion of variable remuneration components.]*

Table 2: All Senior Managers – Components of Variable Remuneration	2019	
	No. of Employees	Total (\$)
Number of Senior Managers	6	N/A
Number & Value of Discretionary Bonuses	5	183,231.88
Number & Value of Guaranteed Bonuses	NIL	NIL
Number & Value of Sign-on Payments	NIL	NIL
Number & Value of Termination Payments	2	389,848.94
Value of Deferred Remuneration Paid in Year	0	NIL
Value of Outstanding Deferred Remuneration	NIL	NIL

Table 3: All Senior Managers – Breakdown of Total Remuneration	2019		
	Unrestricted \$	Deferred \$	Total \$
Fixed Remuneration			
▪ Cash-based	2,291,377.87	NIL	2,291,377.81
▪ Shares and share-linked instruments	NIL	NIL	NIL
▪ Other	NIL	NIL	NIL

Total Fixed	2,291,377.81	NIL	2,291,377.81
Variable Remuneration			
▪ Cash-based	183,231.88	NIL	183,231.88
▪ Shares and share-linked instruments	NIL	NIL	NIL
▪ Other	NIL	NIL	NIL
Total Variable	183,231.88	NIL	183,231.88
Total Remuneration	2,474,609.69	NIL	2,474,609.69

Table 4: Material Risk Takers – Components of Variable Remuneration	2019	
	No. of employees	Total (\$)
Number of Material Risk Takers	NIL	N/A
Number & Value of Discretionary Bonuses	NIL	NIL
Number & Value of Guaranteed Bonuses	NIL	NIL
Number & Value of Sign-on Payments	NIL	NIL
Number & Value of Termination Payments	NIL	NIL
Value of Deferred Remuneration Paid in Year	NIL	NIL
Value of Outstanding Deferred Remuneration	NIL	NIL

Table 5: Material Risk Takers – Breakdown of Total Remuneration	2019		
	Unrestricted \$	Deferred \$	Total \$
Fixed Remuneration			
▪ Cash-based	NIL	NIL	NIL
▪ Shares and share-linked instruments	NIL	NIL	NIL
▪ Other	NIL	NIL	NIL
Total Fixed	NIL	NIL	NIL
Variable Remuneration			
▪ Cash-based	NIL	NIL	NIL
▪ Shares and share-linked instruments	NIL	NIL	NIL
▪ Other	NIL	NIL	NIL
Total Variable	NIL	NIL	NIL
Total Remuneration	NIL	NIL	NIL