

## GEELONG BANK - APS 330 Prudential Disclosure - Remuneration

(a) In accordance with the Bank's constitution the aggregate remuneration of the Board of Directors must be approved by members at the Annual General Meeting.

The remuneration of the CEO is determined by the Board on the recommendation of the Board's Governance Committee. The Board and Governance Committee also review the remuneration of direct reports to the CEO and risk management employees on the recommendation of the CEO. The CEO has responsibility for the remuneration of all other employees, in consultation with the relevant supervisory employees.

The members of the Governance Committee during the year were:

- Dominic Raimondo - (Chairperson) Independent non-executive director (resigned 30/01/20)
- Tim Boyd - (Vice Chairperson) Independent non-executive director (Chairperson eff 30/01/20)
- Michael Carroll - Independent non-executive director (Vice Chairperson eff 30/01/20)
- Peter Bone - Independent non-executive director

The Bank's remuneration policy is contained in its Corporate Governance Management System. The remuneration policy applies to Directors, the CEO, direct reports to the CEO and any other employee whose primary role is risk management.

While the remuneration policy has a broad coverage the minimum applicability of a policy under the prudential standard CPS 510 Governance is to employees classified as 'Senior Managers', of which Geelong Bank has 5 and 'Material Risk Takers', of which Geelong Bank has none, as follows:

Tye of Employee	Number
Senior Managers Managers including functions of operational, finance, compliance, marketing, member services and lending.	4

Remuneration disclosure in this report relates to these 4 employees.

(b) The remuneration policy was established to define the remuneration structure, policy and processes for the Board, senior employees and risk management employees of the Bank. The objective is to ensure comparability with similar organisations and compliance with generally accepted governance standards, including prudential standard CPS 510 Governance. The policy is reviewed annually.

Senior employees and risk management employees are all are on fixed remuneration packages which are evaluated by the Governance Committee to ensure that risk management is not compromised by financial incentives.

The policy also seeks to ensure that quality employees are recruited and retained by remunerating them in accordance with their responsibilities, experience and industry standards.

(c) Information from applicable remuneration surveys is used by the Governance Committee to assist it in the determination of appropriate remuneration for senior employees and risk management employees.

The committee assesses the relevant remuneration on a case by case basis to ensure that remuneration reflects the skill and experience of the relevant employee to meet the Board's expectations and to respond to changes in the business as proposed in the Bank's strategic plan.

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(d)	<p>The performance of the Bank is impacted by the market conditions at the time and by the level of adherence to policies and plans of the Bank, within the risk appetite of the Board.</p> <p>The Board does not establish a direct link between the Bank's performance and the remuneration of senior employees and risk management employees. In setting the fixed remuneration of these employees the committee takes account several factors, including market levels of remuneration for similar roles, recent achievement of pre-established corporate and individual goals, compliance with regulatory requirements and the results of member satisfaction assessment.</p>
(e)	<p>There are no specific measures taken to reward longer term performance. There is no deferred remuneration arranged with the employees other than employee statutory and award entitlements.</p> <p>Where a redundancy or termination payment becomes applicable a payment will be negotiated with each employee as required by the award conditions and in accordance with policy determined by the Board of Directors. This applies to all employees.</p>
(f)	<p>There are no elements of variable remuneration at the Bank that are pre-determined. Any performance bonus arrangement for senior employees or risk management employees would be considered and approved by the Board to reward exceptional performance where applicable.</p> <p>In the past year bonus payments made to senior employees or risk management employees were \$ nil.</p>
(g)	<p>The Governance committee held 4 meetings during the 2019/20 financial year with one meeting being held to specifically consider salary increases for the coming financial year. Total remuneration for the 2019/20 financial year paid to the Committee was \$ nil.</p>
(h)	<p>Geelong Bank policy does not provide for variable remuneration or bonuses for Senior Managers. There have been no discretionary bonuses, guarantee bonuses, sign-on awards or severance payments made to this group during the financial year.</p>
(i)	<p>Geelong Bank policy does not provide for deferred remuneration for Senior Managers.</p>
(j)	<p>The total 2019/20 remuneration of Senior Managers was: \$ 387,396 inclusive of Superannuation Guarantee contributions. The total remuneration is fixed and cash based.</p>
(k)	<p>There are no deferred or retained remuneration exposures for employees.</p>