

## **First Option Bank Remuneration Governance and Framework Disclosure**

This statement is provided to comply with APRA Prudential Standard CPS 511: Remuneration.

First Option Bank's remuneration framework is overseen by the Board and the Remuneration Committee, which meets at least annually to review and approve remuneration matters. In the financial year ending 30<sup>th</sup> June 2025, the committee met three times.

Variable remuneration is limited at First Option Bank. With the exception of specified roles (such as the CEO), employees do not receive performance-based variable remuneration. For the CEO, remuneration includes fixed pay and a minimal performance-based bonus, determined by the Board in line with strategic objectives and risk management. The Board retains discretion over variable remuneration, which may be deferred or adjusted based on financial and non-financial risk outcomes, conduct, and performance. Exceptional individual performance may be recognised with a one-off bonus, subject to Board approval.

Remuneration policies are designed to support the Bank's business plan, strategic objectives, and risk management framework. The framework promotes effective management of financial and non-financial risks, sustainable performance, and long-term soundness. Risk considerations, conduct standards, and compliance obligations are embedded in remuneration reviews.

Processes are in place to manage material breaches of policy and misconduct. Consequences may include adjustments to remuneration, disciplinary action, and other accountability measures. Third-party service providers whose work touches on financial and non-financial risks are paid fixed fees or hourly rates, with no variable remuneration.

First Option Bank's remuneration arrangements reflect its mutual structure, prioritising member value and long-term stability over short-term profit. The Bank's activities are "small, simple and low risk" within the Australian financial services market. Remuneration arrangements are regularly reviewed to ensure compliance with CPS 511 and the Financial Accountability Regime (FAR).