

CPS 511

Remuneration Disclosure

For the financial year ended 30 June 2026

Entity	Community First Credit Union Limited trading as Community First Bank
APRA classification	Non-significant financial institution (non-SFI)
Disclosure	Qualitative remuneration disclosure under CPS 511

1. About this disclosure

This disclosure describes the remuneration governance, framework and practices of Community First Credit Union Limited trading as Community First Bank (CFB or the Bank) for the financial year ended 30 June 2026. It has been prepared to meet the qualitative disclosure requirements of Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 Remuneration.

CFB is a customer-owned authorised deposit-taking institution and is classified as a non-significant financial institution (non-SFI) for CPS 511 purposes. Accordingly, CFB is required to make qualitative disclosures about its remuneration framework and practices. The quantitative disclosure tables applying to significant financial institutions are not required unless APRA determines otherwise.

CFB's remuneration framework is designed in a manner proportionate to the Bank's size, business mix, complexity, mutual ownership model and risk profile. It supports the Bank's purpose of serving members and communities, while reinforcing sustainable performance, prudent risk management and accountability.

2. Governance of remuneration

Board oversight

The Board is ultimately responsible for CFB's remuneration framework and its effective application. It approves the Remuneration Policy, oversees alignment with the Bank's strategy and Risk Management Framework, and approves remuneration outcomes where required by CFB's policies and CPS 511. This includes individual variable remuneration outcomes for senior managers and executive directors, and cohort outcomes for other specified roles. The Board retains overriding discretion at each decision point to adjust variable remuneration outcomes downwards, including to nil, where performance, risk, conduct or accountability outcomes warrant it.

Board Corporate Governance and Remuneration Committee

The Board Corporate Governance and Remuneration Committee (CGRC) performs CFB's remuneration committee function. The CGRC reviews remuneration policy and practices and makes recommendations to the Board for the Chief Executive Officer, the CEO's direct reports and employees whose primary responsibilities relate to risk, compliance, internal audit or financial control. The CGRC has no executive powers; its findings and recommendations are reported to the Board.

The Chief Executive Officer provides information and recommendations to support the review process. Decisions about the CEO's own remuneration are made without the CEO participating in the decision.

Risk input and challenge

Risk is incorporated into remuneration decisions through input from the Board risk committee and the Chief Risk Officer. Each year, the chairs of the CGRC and the Board risk committee meet with the Chief Executive Officer, Chief Financial Officer and Chief Risk Officer to consider the financial and non-financial risk measures relevant to variable remuneration. The Board then considers whether any material risk matter should affect an outcome before approving the annual remuneration report. This process occurred when the FY2025/26 remuneration outcomes were considered.

Meetings during FY2025/26

Oversight body	Meetings held
Board Corporate Governance and Remuneration Committee	4

External advice and market information

CFB used external market information, including the McGuirk 2025/26 Financial Services Remuneration Survey, Mercer Australia Remuneration Trends 2025/26 and Mercer 2026 Australian Salary Outlook, as benchmarking inputs. Market information informed, but did not determine, remuneration decisions

3. Remuneration framework

During FY2025/26, CFB's remuneration framework comprised BP20 Remuneration Policy, the annual performance and remuneration review, risk input and the Board approval process. BP20 applies to employees and to third party service providers whose work touches on the management of CFB's financial and non-financial risks.

During FY2025/26, the framework was intended to:

- attract, develop and retain the appropriate level of capability for CFB to achieve its objectives;
- align remuneration with the business plan, strategic objectives and Risk Management Framework;
- link remuneration outcomes with organisational and individual performance;
- promote effective management of financial and non-financial risks, sustainable performance and the Bank's long-term soundness;
- support the prevention and mitigation of conduct risk; and
- support remuneration decisions that are consistent with CFB's mutual model and the interests of its members.

4. Structure of remuneration

Fixed remuneration

Fixed remuneration is the principal component of reward at CFB. It reflects the requirements and accountabilities of the role, individual capability and experience, sustained performance, internal equity and relevant market conditions. Employees receive cash-based remuneration under an enterprise agreement or individual employment contract. CFB is not listed and does not offer equity-based remuneration.

Variable remuneration

CFB offers cash-based short-term incentive arrangements to eligible executives and selected senior leaders. Outcomes are determined after the end of the performance period, having regard to Bank and individual performance, risk, conduct and accountability. Outcomes may be reduced or withheld, including reduced to

nil. FY2025/26 outcomes were subject to the applicable governance and approval requirements. No FY2025/26 STI awards were subject to mandatory deferral under FAR.

No long-term incentive or equity-based variable remuneration was offered. Variable remuneration remained a minority component of total remuneration and was designed to complement, rather than displace, fixed remuneration. CFB uses a modest, annual cash STI because, as a customer-owned institution, it cannot offer equity. The STI is paid only after performance, risk and conduct outcomes for the year have been assessed, and CFB considers this timing, together with the limited size of the STI, commensurate with the range and time horizon of the risks involved.

5. Alignment with performance and risk

Performance is assessed using a combination of Bank-wide outcomes and individual contribution. FY2025/26 organisational assessment considered financial performance, controlled growth, member outcomes, employee outcomes, delivery of strategic priorities and prudential and audit outcomes. Individual assessment considered agreed portfolio objectives, leadership, strategic contribution, collaboration and demonstration of CFB's values.

Financial performance is not sufficient on its own to determine an STI outcome. Risk and conduct considerations are integrated into the assessment and approval process. Relevant matters include performance against risk appetite, the effectiveness of controls, material incidents and breaches, regulatory and compliance outcomes, internal and external audit findings, remediation, risk culture, member outcomes and accountability obligations, including obligations under the Financial Accountability Regime.

The Chief Risk Officer participates in the executive STI framework, but their performance measures are designed to preserve the independence and authority of the risk function. Assessment focuses on the effectiveness of risk management, governance, compliance and control activities, risk culture, risk appetite oversight, management of material risk events, delivery of risk framework improvements, and the quality of independent advice and challenge. The Chief Risk Officer's outcome is not unduly influenced by the performance of the business activities they oversee.

6. Specified roles

For CPS 511 purposes, specified roles include senior managers, executive directors, material risk-takers (including any highly paid material risk-takers) and risk and financial control personnel. At CFB, these categories include the Chief Executive Officer and other accountable senior executives, any employee whose activities are assessed as having a material potential impact on the Bank's risk profile, performance or long-term soundness, and relevant personnel whose primary roles are in risk management, compliance, internal audit or financial control.

The Board approves variable remuneration outcomes individually for senior managers and executive directors and on a cohort basis for other specified role cohorts, where applicable.

7. Consequence management and adjustments

Before an STI is paid, CFB considers the achievement of the relevant goals and any performance, risk, conduct, compliance or accountability matter that could affect the outcome. A proposed STI may be reduced, withheld or reduced to nil before payment where the circumstances do not support the proposed outcome.

Relevant matters may include:

- misconduct leading to significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or misstatement in the criteria on which a remuneration decision was based; and

- significant adverse outcomes for members, customers or counterparties.

If a relevant matter is unresolved when remuneration outcomes are considered, the associated STI is held until the matter has been resolved and the appropriate treatment has been approved. Adjustments are intended to be proportionate to the matter and may apply to an individual, a cohort or the overall STI outcome.

CFB's STI is cash based and is assessed after the performance period. BP20 states that variable remuneration is paid only after the successful achievement of a goal or initiative. CFB does not operate a separate post-award deferral or vesting schedule and, under BP20, no clawback arrangement applies. Consequence management therefore operates through assessment and adjustment before payment. The adjustment tools available are overriding Board discretion, in-period adjustment and malus. Malus applies to any STI outcome that has been determined but not yet paid, and to any amount deferred under the Financial Accountability Regime. These amounts may be reduced, including to nil, before payment.

Under the Financial Accountability Regime Act 2023 (Cth), where an accountable person's variable remuneration meets the prescribed threshold, CFB must defer at least 40 per cent of it for at least four years. No FY2025/26 STI award to an accountable person met that threshold.

8. Review of the framework

The Board reviewed and approved the Remuneration Policy during FY2025/26. The review did not result in material changes to the policy during the financial year.

After FY2025/26, the Board approved updated remuneration objectives and principles for the FY2026/27 performance year. They are prospective and do not describe the framework that applied to FY2025/26. The updated approach is intended to strengthen alignment with strategy, performance, prudent risk management, accountability, transparency and member interests.

9. Third party service providers

The Remuneration Policy applies to third party service providers whose work touches on the management of CFB's financial and non-financial risks. For these providers, CFB's policy is to specify remuneration in written agreements and use fixed or time based fees rather than variable remuneration. Contracts may be reviewed periodically, and relevant providers are required to avoid misconduct and disclose conflicts of interest.

10. Publication

This disclosure is made on a financial year basis for the year ended 30 June 2026 and is published as a standalone document on CFB's website in accordance with CPS 511, as soon as possible after CFB lodges its annual financial statements with ASIC and no later than 31 December 2026.