

## APS 330 Remuneration Disclosure

### For the Year Ended 30 June 2019

Qualitative Disclosures	
(a)	<p>The Remuneration Committee assists the Board in developing and implementing Coastline Credit Union's Remuneration Policy. The Committee has the following responsibilities:</p> <ul style="list-style-type: none"> <li>• To review the Remuneration policy and recommend changes as necessary;</li> <li>• To review the effectiveness and compliance of the Remuneration policy with Prudential Standard CPS 510;</li> <li>• Making annual recommendations to the Board in the remuneration of the General Manager, Directors, Senior Management Team and any other person in the Remuneration Committees' opinion whose activities may affect the soundness of the regulated institution and any person whose remuneration is designated by APRA.</li> </ul> <p>The Board shall annually confirm the membership of the Remuneration Committee, which will be comprised of at least three directors, each of whom will be non-executive directors and a majority being independent directors. The Chairman of the Committee will be elected at the first Committee meeting and must be an independent Director.</p> <p>The members of the Remuneration Committee during the year ended 30 June 2019 were:</p> <ul style="list-style-type: none"> <li>• J Pike (Chair) – Independent Non-Executive</li> <li>• T Ferris - Independent Non-Executive</li> <li>• M Ryan - Independent Non-Executive</li> </ul> <p>The Committee meets as often as it deems necessary or appropriate. The majority of the members of the Committee constitute a quorum.</p> <p>The Committee has currently chosen to utilise the latest available "Non-Bank Financial Institutions – Remuneration Surveys" provided by McGuirk Management Consultants Pty Ltd as a basis for determining proposed Director and Management remuneration levels. The Committee retains the discretion to engage alternate and/or additional resources or consultants to research any potential market relativity movements.</p> <p>Coastline Credit Union's Remuneration Policy was approved by the Board on 25 March 2010 and applies to Directors, General Manager, Senior Management and Service contracts.</p> <p>In accordance with CPS510, five employees are considered to meet the definition of Senior Managers and include the General Manager (1), Head of People and Culture (1), Lending Manager (1), Chief Risk Officer (CRO) and Financial Controller (1). There are no material risk takers.</p>
(b)	<p>The objective of Coastline Credit Union Ltd's Remuneration Policy is to ensure that remuneration practises promote and support an organisational culture of performance within a framework of prudent risk management practises applied across all parts of the organisation's business activities.</p> <p>Promoting a culture of risk prudence imposes a duty of care on all Directors and Officers of Coastline. The risks associated with business and all new initiatives must be understood and managed in the context of what volatility it introduces and the degree to which that volatility has the potential to destabilize Coastline and undermine the integrity and confidence that our members, staff and the community places in the organisation.</p>

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## For the Year Ended 30 June 2019

### Qualitative Disclosures

The remuneration policy was last reviewed April 2019 resulting in no significant changes being made.

The Credit Union recognises the special position of its risk and financial control personnel in carrying out their functions; particularly in implementing and monitoring the Credit Union's risk management system.

Within the Management Team, the Head of People and Culture and Lending Manager's positions are recognised as being worthy of special consideration in determining the appropriate level of "at risk" income. In particular, these positions play an important role in ensuring the compliance of the Credit Union and in performing the critical oversight function that forms part of the Credit Union's risk management framework.

To ensure these positions remain independent and are not unduly influenced in the execution of their duties by the potential portion of their "at risk" income that is linked to the overall company performance, special remuneration practises have been put in place to safeguard against this. For these positions, KPI's are linked to specific growth or cost saving targets.

#### *Remuneration Structure*

As detailed in the Remuneration Policy, the structure of the remuneration arrangements for Senior Management comprise the following components:

- Fixed component
- Variable component

#### *Fixed Component*

Fixed Annual Reward (FAR) compensation consists of salary, any FBT charges related to employee benefits including motor vehicles, leave entitlements and employer contributions to superannuation funds.

#### *Variable Component*

A short-term incentive, which means an annual "at risk" component as a percentage of FAR. There are no Deferred long-term incentive arrangements. Discretionary variable pay is dependent upon the achievement of role specific annually set financial and non-financial objectives approved by the Board. Compensation levels are reviewed annually by the Board Remuneration Committee through a process that considers individual, business unit, overall ADI performance and the markets in which it operates.

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### For the Year Ended 30 June 2019

#### Qualitative Disclosures

(c)	<p>The Credit Union's policy is to mitigate the risk that the remuneration of employees may conflict with the objectives of the Remuneration Policy by:</p> <ul style="list-style-type: none"> <li>• The remuneration structure of the General Manager is entirely comprised of FAR and there are no other variables to consider when assessing remuneration risks;</li> <li>• Limiting the performance component of Senior Managers' to a maximum total remuneration of 10% of their gross annual salary amount;</li> <li>• Making the payment of any performance-based component of remuneration entirely discretionary by the Credit Union;</li> <li>• Any discretionary remuneration payments are to be authorised by the Board. Prior to authorising and making any discretionary remuneration payments, the Company must be in a position where it can reasonably afford the payments;</li> <li>• Regular review of employment contracts against the objectives of this policy with a view to renegotiating them in the interests of enhanced goal congruence.</li> </ul> <p>Coastline has developed a risk management framework which describes the types of risks the organisation is prepared to take in executing its strategy and has a significant influence on the variable component of employee remuneration.</p> <p>The following are key risks that Coastline takes into account when implementing remuneration measures:</p> <ul style="list-style-type: none"> <li>• Financial risks</li> <li>• Operational risks, and</li> <li>• Compliance risks</li> </ul> <p>The risk management framework sets out the nature and type of the key measures used to take account of these risks as follows:</p> <table border="1" data-bbox="277 1375 1402 1845"> <thead> <tr> <th>Key Risks</th><th>Key Measures</th></tr> </thead> <tbody> <tr> <td>Financial Risks (credit risk, market risk, liquidity risk)</td><td> <ul style="list-style-type: none"> <li>• % of non-performing loans</li> <li>• % of loans written off</li> <li>• % asset growth &amp; profitability</li> <li>• Meeting core liquidity ratios</li> </ul> </td></tr> <tr> <td>Operational Risks</td><td> <ul style="list-style-type: none"> <li>• Number of fraud events</li> <li>• Customer complaints</li> <li>• System failures and errors</li> </ul> </td></tr> <tr> <td>Compliance Risks</td><td> <ul style="list-style-type: none"> <li>• Number of internal/external audit findings</li> <li>• Compliance with APRA prudential requirements</li> </ul> </td></tr> </tbody> </table>	Key Risks	Key Measures	Financial Risks (credit risk, market risk, liquidity risk)	<ul style="list-style-type: none"> <li>• % of non-performing loans</li> <li>• % of loans written off</li> <li>• % asset growth &amp; profitability</li> <li>• Meeting core liquidity ratios</li> </ul>	Operational Risks	<ul style="list-style-type: none"> <li>• Number of fraud events</li> <li>• Customer complaints</li> <li>• System failures and errors</li> </ul>	Compliance Risks	<ul style="list-style-type: none"> <li>• Number of internal/external audit findings</li> <li>• Compliance with APRA prudential requirements</li> </ul>
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(d)	Performance measures used during the assessment period include, but are not limited to Customer Satisfaction, Return on assets, Growth indicators, Delinquency statistics, Prudential ratios and Profitability.								
(e)	There is no deferral or vesting of variable remuneration for Senior Managers.								

# APS 330 Remuneration Disclosure

## For the Year Ended 30 June 2019

Qualitative Disclosures			
(f)	Cash based bonuses are the only form of variable remuneration that the Credit Union pays to a maximum of 10% of gross package.		
(g)	During the year, the Remuneration Committee met 3 times.		
	Directors do not receive any payment in addition to their remuneration as a director of Coastline Credit Union for their services to the Remuneration Committee.		
	<b>Number of Directors</b>	3	
	<b>Total value of remuneration awards for the current financial year</b>	<b>Unrestricted</b>	<b>Deferred</b>
	Fixed remuneration		
	Cash based	\$96,534	\$25,619
(h)			
	<b>Number of Senior Managers</b>	4	
	The Number of persons having received a variable remuneration award during the financial year	4	
	Number and total amount of guaranteed bonuses awarded during the financial year	Nil	
	Number of total amount of sign-on awards made during the financial year	Nil	
	Number and total amount of termination payments made during the financial year	Nil	
(i)	Coastline Credit Union does not provide for deferred remuneration of Senior Managers.		
(j)	<b>Table 18A: Total value of remuneration for Senior Managers</b>		
	<b>Total value of remuneration for the current financial year</b>	<b>Unrestricted</b>	<b>Deferred</b>
	<b>Fixed remuneration</b>		
	Cash based	\$1,030,385	Nil
	Shares and share-linked instruments	Nil	Nil
	Other	Nil	Nil
	<b>Variable remuneration</b>		
	Cash based	\$52,294	Nil
	Shares and share-linked instruments	Nil	Nil
	Other	Nil	Nil
(k)	There are no deferred or retained remuneration exposures for employees.		