

Disclosure of Prudential Information - Remuneration Disclosure

This disclosure on the remuneration refers to Family First Credit Union Limited (ABN 39 087 650 057).

QUALITATIVE DISCLOSURES

The Credit Union has a Remuneration & Renewal Committee to oversee the remuneration of the Chief Executive Officer and senior managers. The remuneration of the Board must be approved by the members at the Annual General Meeting before becoming effective.

The Remuneration & Renewal Committee is comprised of four members, being the Chair of the Board, the Deputy Chair of the Board and two other Directors. All members of the Committee are non-executive Directors and are all independent Directors.

In determining remuneration for the Chief Executive Officer and senior management, the Remuneration & Renewal Committee reviews the Mutual Industry Salary Survey produced by McGuirk Management Consultants which provides information on current market salaries for like positions within mutual organisations.

The Credit Union has a remuneration policy contained in the Corporate Governance Policy which outlines the structure of remuneration arrangements, for the Board and senior management team.

The senior management team, effective as at 30 June 2019, is divided into the following categories:

Table A

| Position | Title | Number |
|------------------------------------|--|--------|
| Senior managers | Chief Executive Officer, Head of Sales & Operations, Head of Lending | 3 |
| Risk and finance control personnel | Chief Risk Officer | Nil |
| Material risk - taker | Persons subject to bonus or performance based remuneration | Nil |

Senior managers and risk and financial control personnel are remunerated with a fixed salary along with incentives which is evaluated by the Remuneration & Renewal Committee.

The policy seeks to ensure that quality employees are employed, and retained and are remunerated in accordance with their responsibilities and experience.

The Remuneration & Renewal Committee seeks the input from external remuneration consultants and applicable surveys where appropriate to guide the committee on the appropriate remuneration for the senior management team.

The Remuneration & renewal Committee assess the relevant remuneration on a case by case basis to ensure the remuneration reflects the skill and experience of the managers to meet the Board expectations and changes in the business proposed by the strategic plan.

The performance of the Credit Union is impacted by the market conditions at the time and by the level of adherence to policies of the Credit Union, so as to remain with the risk appetite of the Board.

The Credit Union rewards Senior Management with performance based incentives in addition to fixed levels of remuneration. The Remuneration & Renewal Committee takes into account a combination of factors, such as financial performance in the economic environment, compliance with regulatory requirements and the results of member satisfaction feedback, in assessing the performance of the Chief Executive Officer and other senior managers of the Credit Union.

There are no specific measures taken to reward longer term performance. Remuneration is based on the salary agreed in consultation with the senior manager. There is no deferred remuneration arranged with the managers other than the employee statutory entitlements and award conditions as amended.

Any redundancy or termination payment will be negotiated with each employee as required by the Award conditions and in consultation with the Board of Directors.

Any performance incentive arrangements are discussed with the senior manager at the time the employment contract is either entered into or renegotiated. Any performance incentive eligible for payment must be authorised by the Board upon recommendation by the Remuneration & Renewal Committee prior to payment. In the year ended 30 June 2019, the total amount of incentive payments paid to senior managers amounted to \$22,645.

QUANTITATIVE DISCLOSURES

Table B

| | Number | Amount |
|--|---------------|---------------|
| Number of meetings held by the Remuneration & Renewal Committee during the financial year and amount of remuneration paid to committee members | 4 | \$102,164 |
| The number of employees having received a variable remuneration award during the financial year. | | |
| Incentive payments awarded during the financial year | 4 | \$22,645 |
| Sign-on awards made during the financial year | - | - |
| Severance payments made during the financial year | - | - |
| Total amount of outstanding deferred remuneration | - | - |
| Total amount of deferred remuneration paid out in the financial year | - | - |

Table C

The remuneration disclosures in Table C below are to be completed for the following groups:

- (a) Senior managers and risk and financial control personnel
- (b) Material risk-takers

| Senior managers and risk and financial control personnel | | |
|--|--------------|----------|
| Number of senior managers | 4 | - |
| Total value of remuneration | Unrestricted | Deferred |
| <u>Fixed Remuneration</u> | | |
| Cash based | 485,967 | - |
| Shares and share linked instruments | - | - |
| Superannuation (SGC) | 60,192 | - |
| Other (Fringe Benefits) | - | - |
| <u>Variable Remuneration</u> | | |
| Cash based | 22,645 | - |
| Shares and share linked instruments | - | - |
| Superannuation (SGC) | - | - |
| Other | - | - |
| <u>Termination or redundancy benefits</u> | 10,289 | - |
| Material risk - takers | | |
| There are no managers, employees or consultants that are substantially remunerated on a commission or incentive basis. | | |