

Remuneration Disclosure

FY 2024

May 2025

FIRST COMMERCIAL BANK, LTD. (ABN 15 126 292 608; AFSL 332389)

This remuneration disclosure has been prepared in accordance with the Australian Prudential Regulatory Authority's ("APRA") Prudential Standard CPS 511 *Remuneration* ("CPS 511") and provides an overview of First Commercial Bank, Ltd. ("FCB") Brisbane Branch's ("The Branch") remuneration policy practices and governance.

1. Overview

CPS 511 requires a non-significant financial institution ("non-SFI") to make clear, comprehensive, meaningful, consistent and comparable public disclosure of information on its remuneration framework and practices.

The Branch, as a non-SFI, has prepared the following disclosures in accordance with this requirement. This disclosure commences from the first financial year following 1 January 2024, with annual disclosure required within 6 months of the Branch's financial year-end.

2. Governance of the remuneration framework

Senior Officer Outside of Australia ("SOOA") is ultimately responsible for the Branch's remuneration governance.

The Branch's remuneration framework, which includes the Branch's *Remuneration Policy* and *Employee Entitlements Policy*, is reviewed at least annually by the Branch's HR Department, in collaboration with the Compliance and Risk Department. This review ensures the current remuneration framework aligns with local regulatory requirements, the relevant policies of FCB Head Office, and the Branch's business plan, strategic objectives and risk management framework.

Any changes from the review, along with the justifications for these changes are provided to the next level reviewers (including SOOA) with sufficient information for facilitate a more efficient review process and support them in exercising their delegated responsibilities effectively.

The revised documents, together with the Change Table, are then reviewed and approved by the Branch's General Manager ("GM"). Once the GM approves, these documents are submitted for SOOA's review and final approval.

In addition to overseeing the Branch's remuneration framework, SOOA is responsible for evaluating Branch's remuneration outcomes. These outcomes are directly aligned with market appraisals and the annual performance reviews of the "specified roles" (defined in section 4 below).

The Branch GM is responsible for recommending variable remuneration outcomes for each specified role (except their own) to the SOOA, based on the results of the annual performance reviews. Each specified role's performance review is based on relevant Key Performance Indicators ("KPIs") which vary from position to position. SOOA is responsible for approving the variable remuneration outcomes, and can exercise their discretion based

on a combination of the Branch performance, internal control compliance, and individual's specific achievements or failures, for each specified role.

The Branch holds quarterly Senior Management Committee meetings with SOOA to discuss the Branch's business performance, regulatory compliance, risk and conduct matters, and other significant issues. Key changes to the Branch's remuneration framework, as well as the performance review outcomes, are also discussed during these meetings.

3. Remuneration Policy Overview

The Branch's *Remuneration Policy* is designed to align with the Branch's business plan, strategic objectives, and risk management framework. To achieve this, the Branch's remuneration structure combines fixed elements, such as salary, leave entitlements and certain monthly allowances, with variable forms of remuneration such as discretionary bonuses. This approach ensures that every employee is incentivized to achieve both short-term and long-term goals aligned with the Branch's overall strategy, while also effectively managing financial and non-financial risks.

The Branch's remuneration structure encourages sustainable performance and long-term stability by incorporating risk-adjusted performance metrics. These metrics take into account both financial outcomes and non-financial factors, such as compliance, behaviour, and risk management.

At the beginning of each financial year, these performance metrics are agreed upon with each employee, and are then used to assess each employee's performance throughout the year. At year-end, each employee's performance is evaluated against these metrics by their direct manager, determining whether the employee has achieved satisfactory performance.

If performance does not meet expectations, appropriate adjustments to remuneration (including variable remuneration, if applicable) may be made, or a portion of variable remuneration is deferred or reduced to further align incentives with the Branch's long-term goals and risk profile.

The Branch maintains a *Code of Conduct* which all the employees (including those in specified roles) are required to follow. The consequences are strictly monitored and managed if there is any material breach or misconduct.

To mitigate any conduct risks, we have incorporated safeguards into our remuneration framework. This includes linking performance-based incentives to ethical conduct and compliance with the Branch's values and regulatory requirements. Additionally, we have clawback and malus provisions in place to recover remuneration in the event of misconduct or failure to meet conduct standards, ensuring accountability and responsible decision-making.

The Branch manages consequences from the following perspectives:

- (1) The Branch assesses the risk implications of employee actions, adjusting remuneration or implementing proportionate disciplinary measures where necessary to reflect behaviour that does not align with the Branch's risk appetite or values.
- (2) If an employee's actions result in financial or reputational harm, such as recklessness, dishonesty or failure to take reasonable care, the Branch reserves the right to claw back or forfeit variable remuneration (if any) in line with the Branch's *Remuneration Policy*.
- (3) The senior management of the Branch monitors the implementation of consequence management, ensuring decisions are fair and reasonable.

4. Specified roles

When determining the "specified roles" per CPS 511 requirement, the Branch's *Remuneration Policy* has considered the Branch GM and employees of the Branch who are responsible for departments or functions as material risk-takers ("MRTs").

These MRTs may be registered as "Responsible Managers" with ASIC in accordance with ASIC Regulatory Guide 105 *Licensing: Organisational Competence* and/or registered as "Responsible Persons" with APRA in accordance with APRA Prudential Standard CPS 520 *Fit and Proper* and/or registered as an "Accountable Person" with APRA and ASIC in accordance with the *Financial Accountability Regime*.

These MRTs have also been considered under CPS 510 *Governance* who have or exercise any of the senior management responsibilities that are involved with the Branch's day-to-day management.

During the financial year 2024, the following roles of the Branch were recognised as in a position of specified roles. They are:

- Branch General Manager
- Manager – Treasury
- Manager – Credit
- Manager – Deposits and Operations
- Manager – Accounting
- Manager – Risk and Compliance
- Manager – IT

5. Variable remuneration

Based on the Branch's *Remuneration Policy*, the Branch has considered performance-related bonuses as the option for variable remunerations.

The performance-related bonus offered to specified roles is designed to encourage behaviour that supports the Branch's long-term financial soundness and profitability, consistent with the Branch's and FCB's risk management frameworks.

FCB Head Office is able to adjust or defer the variable remuneration to take account of longer-term performance, including risk performance by the following ways:

- Adjustment to the amount of discretionary bonus.
- Recovery of some or all variable remuneration already paid (clawback).
- Reduction in the amount of any deferred variable remuneration to be paid (malus).

6. Other remuneration disclosures

The following quantitative disclosures have been prepared for the purpose of providing greater transparency. The table below presents the total value of remuneration awards for specified roles / MRTs for the financial year 2024.

Remuneration for specified roles	Unrestricted (\$'000)	Deferred (\$'000)
Fixed Remuneration		
Cash based	1,349	-
Shares and share-linked instruments	-	-
Other	-	-
Variable Remuneration		
Cash based	100	-
Shares and share-linked instruments	-	-
Other	-	-