

BASEL III PILLAR 3 DISCLOSURE

AS AT 30 JUNE 2024
APS 330: PUBLIC DISCLOSURE

SUNCORP BANK
(NORFINA LIMITED)

ABN 66 010 831 722

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1. Introduction

This Remuneration Disclosure has been prepared in accordance with the Australian Prudential Regulation Authority's (**APRA**) Prudential Standard APS 330 Public Disclosure (**APS 330**).

Suncorp Bank was part of Suncorp Group Limited (**Suncorp**) until the sale of Suncorp Bank to Australia and New Zealand Banking Group Limited (**ANZ**) was completed on 31 July 2024. Given this, this disclosure explains the Suncorp Remuneration Policy and structure, which have been endorsed by the Suncorp Board People and Remuneration Committee (**People and Remuneration Committee**) and approved by the Suncorp Group Limited Board (**Board**).

Suncorp's remuneration framework and associated remuneration governance applies to all employees of Suncorp Bank. Suncorp Bank is represented by the legal entity Suncorp-Metway Limited (**SML**) and its subsidiaries. SML is an authorised deposit-taking institution and a wholly owned subsidiary of Suncorp. Accordingly, this Remuneration Disclosure is completed on a Level 2 basis¹.

For the purposes of this disclosure:

- Senior Managers are defined as Responsible Persons included in Suncorp's Fit and Proper Policy. This includes:
 - Key Management Personnel (**KMP**) for Suncorp that are also KMP for SML and its subsidiaries (where KMP refers to the Group CEO and Group Executives); and
 - Other Senior Managers. These include select Executive General Managers (**EGMs**) and employees below EGM level who are Responsible Persons for SML.
- Material Risk Takers (**MRT**) are select employees below EGM level that are not Responsible Persons who may be able to individually or collectively affect the financial standing, risk profile, performance and / or long-term soundness of the business where the incumbent has a performance-based incentive target of a significant portion of total remuneration (being more than 50% of fixed pay).

The aggregated remuneration data is for KMP, Other Senior Managers, and MRTs relating to Suncorp Bank during the financial year ended 30 June 2024 (**FY24**).

¹ Under Application Paragraph 3, 'where a locally-incorporated ADI is a subsidiary of an authorised NOHC, the authorised NOHC must ensure the requirements in this Prudential Standard are met on a Level 2 basis.' (APS 330, February 2023).

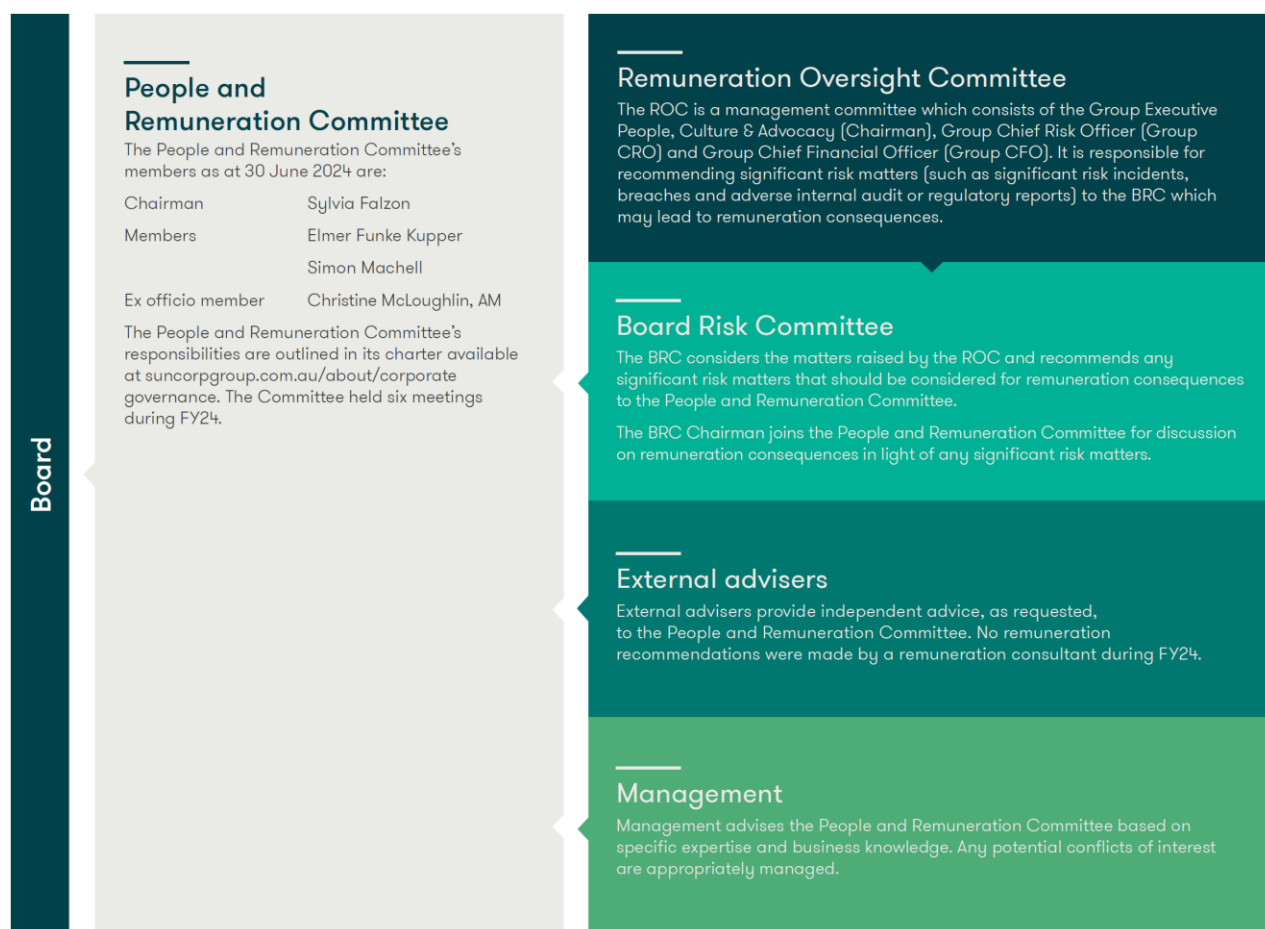
2. Qualitative disclosures

2.1. Remuneration governance framework

The People and Remuneration Committee endorses Suncorp’s people and remuneration frameworks and practices to the Board for approval. It assists the Board in fulfilling its responsibilities by ensuring that frameworks are in place that enable Suncorp to attract, motivate and retain talent and support the achievement of Suncorp’s strategic objectives and cultural aspirations.

Remuneration outcomes for the Group CEO are recommended by the Chairman of the Board, endorsed by the People and Remuneration Committee, and approved by the Board. For Senior Executives, these are recommended by the Group CEO, endorsed by the People and Remuneration Committee, and approved by the Board.

The People and Remuneration Committee receives input from the Remuneration Oversight Committee (ROC), Board Risk Committee (BRC), external advisers and management as illustrated below.

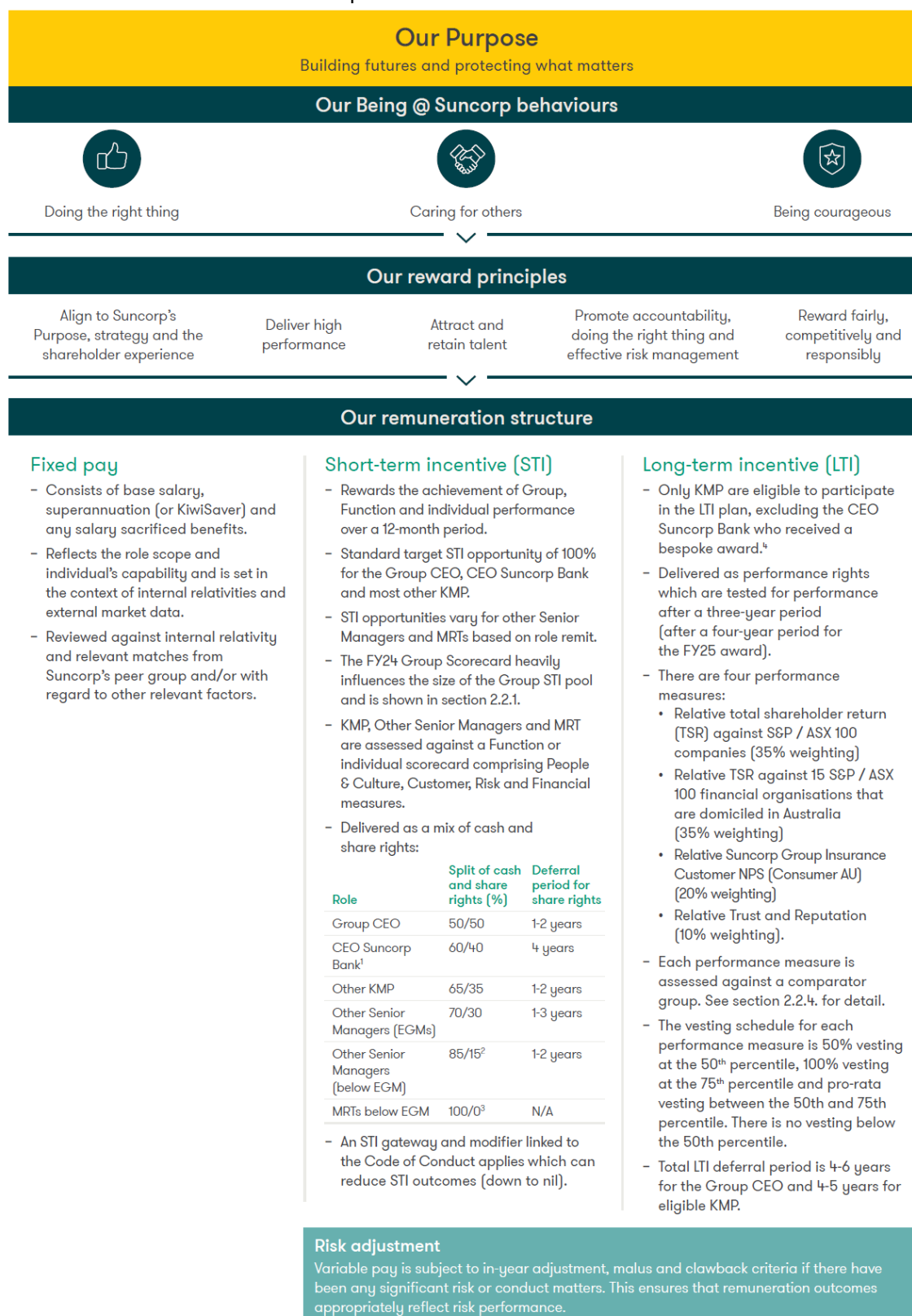


The FY24 fee for the People and Remuneration Committee Chairman was \$66,600 and Member fees were \$33,300 (including superannuation). There were no fee increases in FY24.

All remuneration arrangements for Senior Managers and MRT roles require approval by the Board. Within pre-defined parameters, delegated authority has been granted by the Board to the Group CEO to approve remuneration for Other Senior Managers and MRT roles that are EGM level or below. The Board has oversight and reviews the remuneration arrangements and remuneration outcomes of all KMP, Other Senior Managers and MRT roles on an annual basis.

2.2. Remuneration policy and framework

The below table summarises Suncorp’s FY24 remuneration framework.



1. As the CEO Suncorp Bank was not eligible to receive a standard LTI award, his STI award was delivered in a different way to the Other KMP. This ensured compliance with APRA’s Remuneration Prudential Standard (CPS 511) and the Financial Accountability Regime.

2. Subject to a minimum deferral threshold.

3. Unless the deferral threshold is exceeded. If this is the case, a portion is deferred for one year and paid in cash.

4. The CEO Suncorp Bank received a bespoke LTI award of \$250,000. This award was subject to the CEO Suncorp Bank meeting the required performance standards of his role, demonstrating the Being @ Suncorp behaviours, and continued service up to the separation date of Suncorp Bank. As these conditions were satisfied, the award vested on 31 July 2024 and 60% of the award was paid at this time, with the remaining 40% payable in two equal tranches after 4 and 5 years from the award date.

The Suncorp Remuneration Policy provides a governance framework for the structure and operation of remuneration plans within the context of Suncorp's strategy, long-term financial soundness and risk management framework.

The Board has sought to ensure the remuneration framework is aligned to prudent risk management, material risk matters are considered in remuneration outcomes, and the framework incentivises desired conduct and behaviours.

2.2.1. Suncorp Group Scorecard

The FY24 Suncorp Group Scorecard is outlined below.

Scorecard Category	Scorecard measure	Weighting
People & Culture	<ul style="list-style-type: none"> Workforce of the Future Gender Pay Gap 	15%
Customer	<ul style="list-style-type: none"> Suncorp Group Insurance Customer Net Promoter Score (NPS) (Consumer AU) AU Claims NPS (Home and Motor) Suncorp New Zealand GI Claims NPS Relative Suncorp Bank Main Financial Institution (MFI) NPS (Consumer) 	20%
Risk	<ul style="list-style-type: none"> Building a moderate risk environment Enhancement of controls Operating within risk appetite 	15%
Financial	<ul style="list-style-type: none"> Adjusted Net Profit After Tax (Adjusted NPAT) Cash Return on Tangible Equity 	50%

2.2.2. Suncorp Bank Scorecard

The FY24 Suncorp Bank Scorecard is outlined below. The measures are assessed at the Suncorp Bank level unless otherwise indicated.

Scorecard Category	Scorecard measure	Weighting
People & Culture	<ul style="list-style-type: none"> Employee engagement Gender Pay Gap and Women in Senior Leadership Bank Transition (People) 	20%
Customer	<ul style="list-style-type: none"> NPS - Suncorp Bank MFI (Consumer) NPS - Business Bank Customer NPS - Home Loan Broker Digitally active % of total Bank customers 	25%
Risk	<ul style="list-style-type: none"> Building a moderate risk environment Enhancement of controls Operating within risk appetite Liquidity Coverage Ratio Bank Transition (Risk): Effective management of risks associated with the transition within risk appetite 	15%
Financial	<ul style="list-style-type: none"> Adjusted NPAT (Bank) Budgeted costs and benefits Bank Cost To Income % Home Lending Market Share Growth 	40%

The Suncorp Bank Scorecard is cascaded as appropriate to the Suncorp Bank Leadership Team and to employees within Suncorp Bank.

2.2.3. Successful execution of the Bank Transition Program

To provide an additional incentive for the Group CEO and KMP to achieve performance measures related to the successful execution of the Bank Transition Program, the target STI opportunity for these roles was increased by 20% in FY23. As the completion of the Bank sale did not complete in FY23, this additional incentive opportunity was rolled into FY24 to enable the Board to appropriately assess performance.

Inclusive of the additional one-off 20% STI opportunity, the FY24 Group CEO STI target and maximum opportunities were 120% of fixed pay. The target STI opportunity for most Senior Executives was 120% of fixed pay, excluding the Group Executive Completion & Transition and the Group CRO where the target STI opportunity was 90% and 60% of fixed pay respectively. There was no change in the maximum STI opportunity for the Senior Executives.

The performance measures are outlined below:

Scorecard category	Scorecard measure	Weighting
Successful execution of the Bank Transition Program	Successful separation of Suncorp Bank <ul style="list-style-type: none"> Obtaining relevant regulatory approvals Maintenance of Bank employee engagement Appropriate management of separation costs Effective management of risks associated with the transition within risk appetite Smooth transition process and planning leading up to separation Value of Suncorp prior to, and post, completion 	20%
	Setting the post-Bank sale Group up for success <ul style="list-style-type: none"> Development of post-Bank sale 3-year plan Progress towards resolution of stranded costs 	

2.2.4. Long-term incentive measures and comparator groups

In line with the requirements in APRA's Remuneration Prudential Standard (CPS 511), two non-financial measures were introduced into the LTI plan in FY24. These were Relative Suncorp Group Customer NPS (Consumer) and Relative Trust and Reputation which were collectively weighted at 30%. The two existing Relative TSR measures remained, collectively now weighted at 70%. Further detail on the measures and the comparator groups is below.

LTI performance measure	Composition of comparator group and rationale	Weighting
S&P / ASX 100 companies	<ul style="list-style-type: none"> Companies in the S&P / ASX 100 index at the start of the performance period These are companies of a similar size and investment profile to Suncorp 	35%
Relative TSR against 15 S&P / ASX 100 financial organisations that are domiciled in Australia	<ul style="list-style-type: none"> AMP Limited, ASX Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Challenger Limited, Commonwealth Bank of Australia, Insurance Australia Group, Macquarie Group Limited, Medibank Private Limited, National Australia Bank Limited, NIB Holdings Limited, QBE Insurance Group Limited, Steadfast Group Limited and Westpac Banking Corporation These are large companies in the same industry that are exposed to similar external factors 	35%

LTI performance measure	Composition of comparator group and rationale	Weighting
Relative Suncorp Group Insurance Customer NPS (Consumer AU)	<ul style="list-style-type: none"> Allianz Australia, Budget Direct, Coles Insurance, NRMA, RACQ, RACV, Woolworths Insurance and Youi These are the 'autoclub' and 'price challenger' general insurers with the addition of Allianz Australia 	20%
Relative Trust and Reputation	<ul style="list-style-type: none"> Allianz Australia, Budget Direct, Bupa, HCF, Insurance Australia Group, Medibank Private, NIB Holdings Limited, QBE Insurance Group Limited, Youi and Zurich These are selected Group level or subsidiary companies in the insurance sector that are facing similar external factors, regulatory requirements and / or customer and community expectations 	10%

2.3. Alignment of remuneration with risk outcomes

Suncorp is committed to effective risk management, with risk management considering both financial and non-financial risks.

Key elements of how risk and conduct are incorporated into the remuneration framework are outlined below:

- **The Board approves the Remuneration Policy and is responsible for the effectiveness of the remuneration framework.** The Remuneration Policy is underpinned by a number of Remuneration Standards. The remuneration framework is subject to an annual compliance review and a triennial effectiveness review.
- **The Board has overall discretion over remuneration outcomes.** Board discretion is an important part of the remuneration framework as it ensures that remuneration outcomes reflect the Board's holistic assessment of performance as opposed to a purely formulaic outcome.
- **The Enterprise Risk Management Framework (ERMF) lays the foundation for all Suncorp's risk management processes.** The ERMF seeks to ensure the integration of risk management in the Group's decisions and business processes. Employees are educated on the importance of managing risk and the link between risk management and the outcomes for Suncorp's shareholders, customers and people. Any breaches of risk management processes, including the Code of Conduct, can lead to remuneration consequences.
- **There is a Board approved risk culture target state** which sets out the individual and collective attitudes and behaviours towards risk that Suncorp wishes to foster amongst its people. The remuneration framework is designed to incentivise the desired risk culture which enables Suncorp to deliver better business and customer outcomes.
- **A Consequence Management Guideline ensures that remuneration consequences are determined in a fair and consistent way across Suncorp.** Remuneration consequences are determined in relation to the below hierarchy:

Nature of risk adjustment tool	Description	Application
In-year STI adjustment	This refers to the Board's ability to scale down STI awards (to nil) before they are paid as a result of a significant risk or conduct matter.	All employees
Malus	This refers to the Board's ability to scale down any unvested equity (to nil) as a result of a significant risk or conduct matter.	Group CEO, KMP, and senior employees who receive deferred incentives
Clawback	This refers to the Board's ability to recover in part or in whole variable remuneration that has already been paid or vested for up to two years from the date of payment or vesting. This risk adjustment tool would only be used in exceptional circumstances after the ability to apply an in-year STI adjustment or malus has been exhausted.	Group CEO, KMP, and a small number of other senior employees

- **There is a hedging prohibition.** Suncorp Group's Securities Trading Policy regulates dealing by directors, employees and contractors in Suncorp securities and prohibits hedging transactions to limit the economic risk of a holding in the Company's securities including unvested rights. Any subsequent dealing in those shares is subject to the terms of the Securities Trading Policy. Further detail can be found in the 2024 Corporate Governance Statement at suncorpgroup.com.au/about/corporate-governance.

2.3.1. Risk and Financial Control Personnel

Separate remuneration review processes govern remuneration decisions concerning identified employees working in the areas of Risk and Financial Control (**R&FC Personnel**).

To assist in managing potential conflicts of interest, all R&FC Personnel have a Function Leader in addition to their Direct Leader. All short-term incentive outcomes, having regard to the agreed performance measures, are approved by both the Direct Leader and Function Leader. The Function Leader is the Group CRO for Risk Personnel and the Group CFO for Financial Control Personnel. The Board acts as the Function Leader of the EGM Internal Audit, Group CRO and Group CFO.

In addition, R&FC Personnel typically have a comparatively higher percentage of risk-based measures in their scorecard.

3. Quantitative disclosures

	FY24		
	Senior Managers (KMP)	Other Senior Managers	MRT
Number of Individuals ¹	12	19	2
Number of Roles	13	17	2

1. The number of individuals is based on headcount. Where the individual held the disclosed role for a portion of the financial year their remuneration is pro-rated to reflect this.

The table below contains aggregated remuneration details for Senior Managers and MRTs as calculated in accordance with Australian Accounting Standards:

\$000	FY24						FY23					
	Senior Managers (KMP)		Other Senior Managers		MRT		Senior Managers (KMP)		Other Senior Managers		MRT	
	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
Fixed pay												
Cash-based ¹	9,592	-	6,433	-	560	-	9,612	-	6,088	-	536	-
Other ²	579	-	599	-	98	-	532	-	443	-	76	-
Variable pay												
Cash-based ³	5,092	-	2,062	1,336	234	101	4,558	500	2,310	109	225	29
Share linked instruments ⁴	-	11,529	-	1,288	-	44	-	4,655	1	1,101	1	24

1. Represents actual fixed pay received, including salary sacrificed benefits.

2. Represents employer superannuation, non-monetary benefits (including costs met by the Suncorp Group for rebates on insurance premiums and tax advice for executives based overseas), and the net annual leave and long service leave accrual for the financial year.

3. Represents cash incentives earned during the financial year. For Other Senior Managers and MRT below EGM level, the deferred cash portion awarded includes interest accrued on prior year deferred STIs.

4. STI deferred into share rights is expensed to the profit & loss from the start of the performance period to the end of the deferral period and the fair value is amortised from the start of the performance period to the end of the deferral period. Grants made under the LTI plan and Share Rights Plan are expensed to the profit & loss based on the fair value at grant date over the period from grant date to vesting date. FY23 amounts have been restated to reflect the true up total of actual amortisation of the Deferred STI.

During FY24, 12 Senior Managers (KMP), 19 Other Senior Managers and 2 MRTs received a variable remuneration award. In FY23, 10 Senior Managers (KMP), 14 Other Senior Managers and 2 MRTs received a variable remuneration award. No guaranteed bonuses were made to any Senior Managers and MRTs during FY24 and FY23.

The table below summarises the special incentive awards and termination payments made or granted to Senior Managers and MRTs.

	FY24						FY23					
	Senior Managers (KMP)		Other Senior Managers		MRT		Senior Managers (KMP)		Other Senior Managers		MRT	
	No. of individuals	Total Amount \$000	No. of individuals	Total Amount \$000	No. of individuals	Total Amount \$000	No. of individuals	Total Amount \$000	No. of individuals	Total Amount \$000	No. of individuals	Total Amount \$000
Special incentive awards	-	-	1	50	-	-	-	-	-	-	-	-
Termination payments ¹	-	-	1	182	-	-	-	-	-	-	-	-

1. Termination payments were paid in accordance with contractual commitments.

The table below summarises information on deferred remuneration for Senior Managers and MRTs.

\$000	FY24			FY23		
	Senior Managers (KMP)	Other Senior Managers	MRT	Senior Managers (KMP)	Other Senior Managers	MRT
Total outstanding deferred remuneration¹	20,016	3,493	84	13,208	3,493	262
Cash-based ²	250	1,080	50	-	1,472	223
Shares and share-linked instruments ³	19,766	2,413	34	13,208	2,021	39
Total paid during the year⁴	6,338	1,173	34	3,211	969	18
Total reductions due to explicit adjustments⁵	(2,150)	(215)	-	(6,598)	-	-
Total reductions due to implicit adjustments⁶	-	-	-	-	-	-

- Includes the total outstanding deferred cash and equity awards as at 30 June. Outstanding deferred remuneration is subject to malus and clawback criteria. All deferred remuneration outstanding for Senior Managers and MRTs at 30 June has been included, even where that award was earned in a different capacity within the Group. The deferred balance has been excluded where the Senior Manager and MRT is no longer employed in that capacity at 30 June.
- Deferred cash-based remuneration for FY24 represents the deferred portion of short-term incentives awarded in FY23 and/or FY22, for all Senior Managers and MRTs employed within that capacity as at 30 June. Deferred cash incentive may have been accrued whilst employed in a different capacity within the Group. The FY23 cash based outstanding deferred remuneration incentive includes outstanding accrued interest for other Senior Managers and MRT.
- Deferred equity represents the market value as at 30 June, calculated by the number of performance rights or share rights granted multiplied by the closing share price as traded on the ASX on 30 June. The balance consists of all offers up to and including 30 June that are still to vest for Senior Managers and MRTs employed in that capacity as at 30 June.
- Consists of all deferred cash incentives from prior years (and associated interest) paid and deferred equity vested during the financial year, received whilst employed in the capacity of a Senior Manager or MRT.
- Represents the market value at grant date of performance rights, share rights or restricted shares forfeited during the financial year.
- Represents any reduction in the market value at grant date compared to the market value at 30 June for performance rights or share rights yet to vest, or reduction in the market value at grant date compared to the market value at vesting date during the period. Note that increases may have occurred during the period, however only reductions have been disclosed in accordance with the requirements of APS 330.

4. Key terms

Term	Definition
ADI	Authorised Deposit-taking Institution
Executive General Manager (EGM)	Direct reports of the Group Executives
Group CEO	Group Chief Executive Officer and Managing Director
Group Executive	Senior direct reports to the Group CEO
Key Management Personnel (KMP)	People who have the authority and responsibility for planning, directing and controlling the activities of the Suncorp Group, including the Non-Executive Directors
Long-Term Incentive (LTI)	An incentive to provide executive reward outcomes which align to the creation of long-term sustainable shareholder value
Responsible Person	Responsible Persons include all Directors, Senior Managers, APRA prescribed roles, and executives that have the authority to take action, that could materially impact the whole or a substantial part of Suncorp's business or financial standing.
Risk and Financial Control Personnel (R&FC Personnel)	R&FC Personnel are those individuals in roles that have the primary responsibility for risk management or financial control and who have significant management responsibility for one or more of the following activities: <ul style="list-style-type: none"> • Creation / maintenance of risk governance frameworks • Assessment / review / reporting of compliance with the risk governance frameworks • Non-conflicted assessment and reporting of risks within one or more businesses • Collation / review / reporting on financial performance
Short-Term Incentive (STI)	An incentive that rewards the achievement of stretching performance measures aligned with Group, Function and individual performance over a 12-month period.
Total Shareholder Return (TSR)	TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. TSR measures the growth in the Company's share price, together with the value of dividends during the performance period, assuming that all those dividends are reinvested into new shares.