

Qualitative Disclosures

<p>96</p> <p>An APRA-regulated entity must disclose information on the governance of the remuneration framework. This must include:</p>	<p>(a) information on the main bodies that oversee remuneration and the number of meetings held by those bodies during the financial year; and</p>	<p>Regional Australia Bank (RAB) ensures that its remuneration practices and frameworks have regard to performance and financial soundness, appropriate governance, legal and regulatory requirements, encourages behaviours that mitigate against all risks and does not reward conduct that is contrary to the bank's values, culture or risk appetite.</p> <p>The Board recognises that to achieve the bank's strategic objectives, it must attract, motivate and retain exceptional people with the relevant industry and specialist experience. The Board, through the oversight of the Board Governance, People & Culture Committee (GP&CC), is responsible for remuneration practices that assist in attracting and retaining Executive Management and other individuals who are critical to Regional Australia Bank's success.</p> <p>It is Regional Australia Bank's objective to provide maximum member benefit from the retention of a high-quality Board and leadership team by remunerating fairly and responsibly and by reference to prevailing market benchmarks and performance. The Board regularly undertakes an independent review of remuneration to ensure that remuneration practices are prudent and consistent with competitive market practices which was completed in FY24/25.</p> <p>In accordance with the requirements of APRA's Prudential Standard CPS 510 on Governance, Regional Australia Bank has a structure for managing approval of remuneration for Board, the CEO, and Executive Management. The CEO has designed the Executive Management remuneration to provide the necessary motivation to grow the business over the medium to long term.</p> <p>The GP&CC is the governing body for developing, monitoring and assessing the remuneration approach on behalf of the Board, ensuring that it is appropriate and effective. The GP&CC held four (4) meetings during FY24/25 with the following members (as at 30 June 2025) Graham Olrich (Chair), Michael Fenech (ex officio), Sally McKenzie and David Roots. Previous Committee members, being Alison Sheridan, retired as Director in November 2024. The role of the Committee, in relation to remuneration of directors, the Chief Executive Officer (CEO) and Executive leadership team, is to review, challenge, assess and, as appropriate, endorse such recommendations and submit those to the Board for approval.</p> <p>The objectives of this committee are:</p> <ul style="list-style-type: none"> • To ensure remuneration arrangements are, and remain, compliant with corporate governance requirements, including requirements under APRA Prudential Standard CPS511;
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	(b) information on how the Board exercises its discretion in determining remuneration outcomes;	<p>The Board determines and approves the remuneration arrangements for those individuals whose actions could put RAB's financial soundness at risk. This includes those responsible persons as defined in APRA's Prudential Standard CPS520. In the FY 2024/2025 the positions the Board reviewed included the CEO, and the executive team. The Board reviews, challenges, applies judgement and, as appropriate, approves the GP&CC recommendations regarding remuneration. Twice yearly, the Board reviews the performance of the CEO and provides feedback.</p> <p>Regional Australia Bank takes into consideration the key risks assessed and articulated in its organisational risk profile, Strategic Plan and Risk Appetite Statement when setting performance targets for the Organisational Scorecard against which the CEO and Executive are measured and remunerated. The Board receive a monthly report which shows progress against the scorecard and any 'at risk activities', allowing the Board to raise concerns and questions to the Chair and to the CEO and Executive team.</p>

	(c) a description of how the Board oversees remuneration policies and the input provided by the Board Risk Committee, other Board committees, or the risk function, including the Chief Risk Officer.	Each of the Board Committees being, the GP&CC , Risk Committee and Audit Committee provide an update to the Board of matters discussed and arising from Committee meetings held during the period. In addition, each Board meeting makes available an in-camera session where matters relating to the banks performance, variable remuneration and the balance of risk is discussed. As part of the performance and risk review, and to support the determination of remuneration outcomes for the CEO and Executive Management, the GP&CC provides the Board with an update of matters discussed and their recommendations. Given the updates from each of the Committees, it allows the Board in the in-camera sessions to review and discuss relevant risk and audit matters that may warrant consideration in the determination of remuneration outcomes, including any malus adjustments or clawback for the CEO and Executives (including former Executives). Information provided to the GP&CC and the Board supports the determination of collective and individual remuneration impacts and includes details of material risk matters, outcomes of strategic Objectives and Key Results (OKRs) and business results, and consideration of the quality of the banks financial results.
97 An APRA-regulated entity must disclose information on the design and structure of its remuneration framework. This must include a description of how it:	(a) aligns to the entity's business plan, strategic objectives and risk management framework;	<p>The principal objective of the RAB Remuneration Policy is to support appropriate levels of remuneration necessary to attract, retain and motivate high quality people required to lead and manage the organisation, while adhering to sound risk management and governance principles.</p> <p>RAB's Remuneration framework and practices are guided by and designed to:</p> <ul style="list-style-type: none"> • reflect RAB's strategy, values and member interests; • recognise the importance of behaviours and positive risk outcomes; • recognise the role of financial and non-financial drivers for long-term success; • support the risk management framework, an appropriate risk culture and employee conduct by: <ul style="list-style-type: none"> ○ driving organisational performance in line with the strategy and business objectives; ○ rewarding positive and appropriate behaviour; ○ be simple, transparent, and fair; and ○ reflect legislative and regulatory requirements. <p>RAB's strategic objectives are articulated on the organisational performance scorecard across strategic pillars in addition to the financial measures for the bank. The risk appetite statement underpins the strategic objectives and is reviewed annually.</p>

	(b) promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness;	<p>Regional Australia Bank aligns remuneration with performance and risk management and incorporates these aspects into the design of its remuneration practice. Variable Remuneration (VR) is discretionary and informed by performance outcomes that include RAB's values, risk expectations and a balanced scorecard to assess short-term organisational performance against specific Key Performance Indicators (KPIs). Variable Remuneration was available to the CEO and Executive team in the FY 24/25 and incorporated:</p> <ul style="list-style-type: none"> i. financial metrics; ii. non-financial metrics; iii. a view to sustainable performance and long-term soundness; iv. the prevention and mitigation of conduct risk; v. payout and vesting schedules (time based); and vi. adjustment and claw back methods. <p>Individual performance outcomes against the scorecard inclusive of individual KPIs inform the payment range available for VR recommendations to the Board. Scorecard weightings vary by role across the various parameters with financial and non-financial measures linked to organisational, business unit and individual targets. Performance that does not fully meet the expectations for the scorecard performance metrics has an impact on the VR outcome, including the reduction of any VR award to zero if appropriate. Non-financial measures have a material weighting in balanced scorecards.</p>
	(c) supports the prevention and mitigation of conduct risk; and	<p>Risk behaviours are guided by the RAB's values and Code of Conduct. RAB's Risk Appetite Statement seeks to establish management of risk that enables RAB to deliver long-term value for its members and employees. The Risk Appetite Statement is set at a level at which the Board expects management to operate within to achieve the desired business outcomes. RAB's risk assessment processes and remuneration framework has Board oversight which provides 'good governance practices' and reinforces the Board's expectations for managing risks in support of a positive risk culture.</p>
	(d) for an RSE licensee, promotes the RSE licensee performing its duties and exercising powers in the best financial	NA

	interests of beneficiaries.	
98 An APRA-regulated entity must disclose information on its remuneration policy, including:	(a) how the entity aligns variable remuneration outcomes with performance, where relevant;	<p>RAB's organisational performance was assessed by reference to objectives set as part of the strategic plan and business objectives, which were incorporated into the bank's performance scorecard as qualitative and quantitative measures.</p> <p>The Board approves a Variable Remuneration Payment to an Executive Employee based on the Performance Hurdles, as set out in the agreed Variable Remuneration Plan. In FY2024/2025 the CEO assessed the organisation's performance against the balanced scorecard which incorporate the Performance Hurdles and provided a report to the Board for their assessment, who then determined the amount of the variable remuneration payment that would be made available. If organisational objectives are not met, the Board has the discretion to reduce the amount available for variable remuneration.</p> <p>Individual VR amounts paid out are determined by reference to a matrix which considers RAB's performance and individual performance outcomes (against the performance scorecard) as well as being measured through the annual performance review process and calculated as a percentage of base salary.</p>
	(b) a description of the types of positions included in specified roles, as defined in paragraph 20(v) of this Prudential Standard;	<p>For this disclosure, positions have been identified as per the APRA Prudential Standard Governance (CPS520) classification. During the 2024/25 financial year there were nine roles which include:</p> <ul style="list-style-type: none"> • The Chief Executive Officer • Deputy Chief Executive Officer • Chief Financial Officer • Chief Risk Officer • Chief Operating Officer • Chief Information Officer • Chief Product Officer • Chief People and Culture Officer • Chief Governance and Legal Officer <p>There are no other material risk takers other than those listed above.</p>
	(c) how consequence management is	<p>The CEO and/or the Board retain the discretion to adjust variable remuneration downwards, including to zero, if such adjustments are necessary in certain situations including but not limited where an adjustment was required to:</p> <ul style="list-style-type: none"> • protect the financial soundness of the Bank;

	<p>applied in the event of a material breach or misconduct;</p>	<ul style="list-style-type: none"> • take into account any risk or compliance events or outcomes such as material breaches; or • respond to significant unexpected or unintended consequences that were not foreseen. <p>Malus (the ability to lapse/forfeit or reduce unvested deferred variable remuneration) and clawback (the repayment of variable remuneration that has been paid or vested) are part of Regional Australia Bank's remuneration framework. Malus may be applied to unvested deferred variable remuneration in relation to poor risk outcomes and/or misconduct. No malus was applied during the 2024/2025 financial year. Where malus adjustments are insufficient to satisfy remuneration consequences determined by the Board, clawback may be applied to the variable remuneration awarded to the CEO and Executive management in line with prudential requirements. The time horizon for the application of clawback has also been aligned to the requirements under APRA's CPS 511 and the Financial Accountability Regime.</p>
	<p>(d) a description of the different forms of variable remuneration offered to employees in specified roles and the rationale for using these different forms (if offered);</p>	<p>In the 2024/2025 financial year, variable remuneration was only applicable to the CEO and Executive team.</p> <p>A trial for Variable remuneration was undertaken in 2024/2025 for a small number of business banking lenders. The trial was undertaken to provide an incentive scheme for discretionary effort in reaching growth beyond our growth targets. The trial had input from both a financial risk and non-financial risk perspective of the bank when setting the performance scorecard for the trial. The variable remuneration policy applied to the trial which included clawback and malus.</p>
	<p>(e) where no variable remuneration is offered (excluding one-off payments), a description of the method used to ensure risk management outcomes are</p>	<p>Risk behaviours are guided by RAB's values and Code of Conduct. RAB's Risk Appetite Statement (RAS) seeks to establish management of risk that enables RAB to deliver long-term value for its members and employees. The Risk Appetite is set at a level at which the Board expects management to operate within to achieve the desired business outcomes. RAB's risk assessment processes through guidance, procedures and governance continues to operate as designed, including reinforcing the Board's expectations for managing risks in support of a positive risk culture. Where behaviours are not aligned to RAB's Code of Conduct, values or RAS, the bank follows appropriate procedures including misconduct procedures, to take appropriate action.</p>

	assessed and consequence management applied in the event of a material breach or misconduct; and	
	(f) a description of the ways in which the APRA-regulated entity defers and adjusts variable remuneration to take account of longer-term performance, including risk performance.	Deferral of variable remuneration is in accordance with CPS511 and the Remuneration Policy deferring payment above specified thresholds. Regarding adjustments for risk performance please see part C) above.