



E.SUN Commercial Bank, Ltd.

APRA CPS 511 Remuneration Disclosure

Governance of the remuneration framework

E.SUN Commercial Bank Ltd (E.SUN Bank) Remuneration Committee (Remuneration Committee), comprising of five (5) Board of Director members is responsible for the oversight of staff performance and remuneration reviews. The Remuneration Committee has delegated this function operationally to the Human Resources Division of E.SUN Bank for employees below vice president / executive levels. The Remuneration Committee retains its oversight function to review the remuneration policies, standards, performance results, and remuneration decisions and will make recommendations to the Board of Directors for approval. The Remuneration Committee met formally three(3) times during the 2024 financial year.

E.SUN Bank Australian Branches (AU Branches) is operationally governed by E.SUN Bank Head Office through the Senior Officer Outside of Australia (SOOA) in accordance with APRA's CPS 510 - Governance. The SOOA is the representative of the E.SUN Bank Head Office Board (the Board) and is a senior executive member of E.SUN Bank Head Office. The SOOA is ultimately responsible for AU Branches remuneration framework and its effective operation and is the approval authority for the Remuneration Policy.

The SOOA will make recommendations to the Remuneration Committee in relation to the remuneration arrangements of AU Branches specified roles and the Remuneration Committee will ratify the remuneration outcome. Also, in relation to variable remuneration of specified roles, the SOOA will make recommendations for approval to the Remuneration Committee in relation to the variable remuneration of the Country Head of Australia/Branch General Manager(s) (i.e. senior managers) on an individual basis, and the Branch CRO (i.e. risk management personnel) on a cohort basis.

E.SUN Commercial Bank, Ltd. (E.SUN Bank) Remuneration Committee shall review the remuneration framework annually and submit to the Board of Directors for approval. There were no major changes to E.SUN Bank's remuneration framework in 2024 financial year. During the 2024 financial year, E.SUN Bank and its AU Branches did not engage external consultants to advise on its remuneration framework.

Moreover in relation to AU Branches, APRA has implemented prudential standard on remuneration, CPS 511 – Remuneration, effective for significant financial institutions (SFIs) from January 2023 and for non-significant financial institutions (non-SFIs) including foreign ADIs such as E.SUN Bank Australian Branches from January 2024. Accordingly, AU Branches Remuneration Policy is designed to comply with the requirements of CPS 511 with respect to non-SFIs.

AU Branches Remuneration Policy is reviewed annually or earlier if required by a change in circumstances by the AU Branches Chief Risk Officer and changes approved by the Branch Risk



Management Committee (RMC). The review will ensure continuing compliance with applicable laws and CPS 511- Remuneration.

E.SUN Commercial Bank, Ltd. (E.SUN Bank) Remuneration Committee (Remuneration Committee) shall consider and deliberate the performance review results of the Bank's senior managers with respect to the Remuneration policy, system, criteria, and structure with regard to their remuneration, and then make request for approval by the Board of Directors. Of note, variable remuneration outcomes for managers are bound to be adversely affected in the event of any major risk event that threatens to undermine the Bank's reputation, management performance, and risk and compliance deficiencies, etc. Variable remuneration outcomes may be adjusted downward or suspended.

Remuneration Framework

E.SUN Bank Australian Branches (AU Branches) remuneration framework overall objective is to remunerate employees consistent with E.SUN Bank's overall strategic objectives, business plan, and risk management framework for both financial and non-financial risks.

AU Branches Remuneration Policy is tailored to encourage and motivate achieving increase business performance whilst sustaining long term and stable operations and soundness. In addition, staff remuneration arrangements should appropriately incentivise employees to prudently manage the risks they are responsible for, and that there are appropriate consequences for poor risk outcomes.

AU Branches Remuneration Policy covers the remuneration objectives and structure of remuneration arrangements of all employees directly employed at E.SUN Bank in Australia.

E.SUN Bank is a foreign ADI and the Remuneration Policy also applies to the Senior Officer Outside Australia (SOOA). Note E.SUN Bank AU Branches does not retain directly any employees under contract and does not have any employees employed by related bodies or connected entities to E.SUN Bank.

Pursuant with CPS 511 paragraph 20(v), a specified role means a person who is a senior manager, executive director, material risk-taker (including highly-paid material risk-takers) and risk and financial control personnel.

At AU Branches, specified roles relate to the Country Head of Australia/Branch General Manager(s) (i.e. senior managers) and the Branch CRO (i.e. risk management personnel).

AU Branches remuneration packages are comprised of the following components:

- (a) fixed base salary ("fixed remuneration");
- (b) superannuation;
- (c) variable pay (derived based on the employer's overall performance); and other bonuses, incentives or gratuities ("variable remuneration").



The fixed base salary will be determined by the E.SUN Bank's Human Resources Division following a comprehensive assessment of the employees:

- (a) professional competency;
- (b) level of technical skills;
- (c) past performance;
- (d) years of service;
- (e) other relevant factors; and
- (f) the market / industry salary standards.

The variable pay will be based on the overall operating results of E.SUN Bank, taking into account the performance of each department and individual performance or contributions

E.SUN Bank uses its eHR system to conduct regular remuneration and performance reviews as determined from time to time to discuss an employee's performance. Reviews and assessments will be conducted at least annually. Remuneration and performance review results also take into account conduct, behaviour, and effectiveness and may correlate to remuneration adjustments (downward) and other consequences.

In relation to the variable remuneration of AU Branches risk and financial control personnel, employees in these departments would follow the overall variable remuneration arrangements applicable for AU Branches. No special payments are made to such staff.

Design of variable remuneration plans

In relation variable remuneration of specified roles for E.SUN Bank Australian Branches, the SOOA will make recommendations for approval to the Remuneration Committee in relation to the variable remuneration of the Country Head of Australia/Branch General Manager(s) (i.e. senior managers) and the Branch CRO (i.e. risk management personnel).

Remuneration of specified roles comprise of the following components:

- (a) fixed base salary ("fixed remuneration");
- (b) superannuation;
- (c) variable pay (derived based on the employer's overall performance); and other bonuses, incentives or gratuities ("variable remuneration").

The variable pay will be based on the overall operating results of E.SUN Bank, taking into account the performance of each department and individual performance or contributions as follows:



Category	Formula for determining amount
Annual Bonus	Number of bonus months x [(department performance points) x (appraisal points) x (position weighting)] + exceptional performance adjustment

Note:

- (i) Number of bonus months: determined in accordance with E.SUN Bank's profit and with reference to the market / industry standard.
- (ii) Department performance points: determined with reference to the department's contribution to the overall profit of E.SUN Bank.
- (iii) Appraisal points: determined through performance across regions.
- (iv) Position weighting: determined by nature of the employee's position and the difficulties to train a person of similar tenure and standard.
- (v) Exceptional performance adjustments: determined through presence of exceptional circumstances (could be positive or negative).

Deferrals and adjustments

E.SUN Bank Australian Branches variable remuneration is based on the overall operating results of E.SUN Bank, taking into account the performance of each department and individual performance or contribution. Variable remuneration is also determined having regard to the risk management framework of E.SUN Bank. The key risk measures / triggers taken into account when determining variable remuneration may include the following:

- (a) non-performing loan balance and ratio;
- (b) securities investment ratio and treasury portfolio limits;
- (c) compliance with applicable market risk, foreign exchange exposure, interest rate risk and liquidity limits;
- (d) compliance with internal control and operational risk management limits;
- (e) compliance with legal and regulatory requirements;
- (f) capital adequacy and Risk-Adjusted Return on Capital (RAROC); and
- (g) impacts on reputational risk.

In addition, variable remuneration may be adjusted taking into account the following:

- (a) misconduct leading to significant adverse outcomes;
- (b) a significant failure of financial or non-financial risk management;
- (c) a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- (d) a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and
- (e) significant adverse outcomes for customers, beneficiaries or counterparties.

Where applicable, variable remuneration may be adjusted downwards due to certain factors (remuneration tools, triggers, Head Office decisions, Bank or Branch (under) performance, etc). In these instances, deferred variable remuneration is subject to malus review before vesting. All variable remuneration for specified roles is also subject to clawback.