

Mega International Commercial Bank Co., Ltd Australia Branch ABN 27 079 372 688

APRA Prudential Standard CPS 511 Public Disclosure: Remuneration Disclosures FY 2024 ending 31 December 2024

CPS 511 requires Mega ICBC to publish on its website information on its remuneration framework and practices for each full financial year.

Qualitative Disclosures

Standard Reference	Standard	Mega International Commercial Bank Co., Ltd Response
<p>CPS 511.96</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</p>	<p>Mega International Commercial Bank Co., Ltd Australia Branch (Mega ICBC) ensures that its arrangements appropriately incentivise individuals to prudently manage the risks they are responsible for, and that there are appropriate consequences for poor risk outcomes.</p> <p>The Mega ICBC Remuneration Policy details how remuneration arrangements will be managed for the specified roles. The Policy is reviewed at least annually or as often as needed to take into account changes in legal and regulatory requirements and changes in the Branch’s operation risk profiles. The annual review of this policy will also assess the remuneration framework to ensure compliance with CPS511 and to support the Branch’s talent attraction and retention strategy.</p> <p>The qualitative disclosure requirements in CPS 511 apply to all persons who are a senior manager, executive director, material risk-taker (including highly-paid material risk-takers) and risk and financial control personnel. For the 2024 financial year, the disclosures applied to the following roles:</p> <ul style="list-style-type: none"> • The Senior Officer Outside Australia. • The General Manager and Country Head of Sydney Branch. • The Head of Risk and Compliance . • The Regulatory Reporting Manager and Head of Accounting. <p>The functions of performance review and the remuneration of Executives is delegated by the Board to the Senior Officer Outside Australia (SOOA).</p>

	<p>(b) information on how the Senior Officer Outside Australia (SOOA) exercises their discretion in determining remuneration outcomes</p>	<p>For the Base Salary: The HR Manager will make recommendations to the SOOA in relation to the remuneration of the General Managers and SOOA will determine the remuneration of the General Managers on an annual basis. The General Managers will make recommendations to the SOOA in relation to the remuneration of the Executives and the SOOA will determine the remuneration of the Executives on an annual basis.</p> <p>The method by which performance-based remuneration is determined is outcomes based and reflects:</p> <ol style="list-style-type: none"> I. whether the Branch has satisfactorily executed its business plan and achieved its strategic and performance objectives, risk management outcomes, and II. financial soundness. <p>The Country Head recommends to SOOA the remuneration of Executives based on established criteria such as years of experience, years employed by the Branch and other variables which HR determines relevant such as demonstrated performance, leadership, guidance and initiative of the Executive.</p>
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	<p>(c) a description of how the Senior Officer Outside Australia (SOOA) oversees remuneration policies and the input provided by the Australian Management Committee, other committees, or the risk function, including the Chief Risk Officer (Head of Risk and Compliance)</p>	<p>The SOOA will conduct the annual performance review of the General Managers having consideration to the set objectives and responsibilities from the previous year.</p> <p>The General Managers will conduct the annual performance review for each Executive, having consideration to the Executive's set objectives and responsibilities from the previous year. Other feedback can be considered from the Australian Management Committee, other committees, or the risk function, including the Chief Risk Officer (Head of Risk and Compliance.) The HR Managers of each Branch will collect the Performance Reviews of all staff.</p> <p>The only exception is the General Manager of the Sydney Branch whose performance review is conducted by the Overseas Business Management Department and approved by SOOA. The General Managers will consider the contribution each Executive has made to the management, leadership and ongoing success of the Branch and will recommend to the SOOA, the Executive's remuneration for the following year.</p>
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<p>CPS511.97</p> <p>An APRA-regulated entity must disclose information on the design and structure of its remuneration framework. This must include a description of how it:</p>	<p>(a) aligns to the entity's business plan, strategic objectives and risk management framework</p>	<p>The performance-based remuneration of Executives is based on the Branch achieving its:</p> <ul style="list-style-type: none"> • Set performance standards and targets, such as any financial milestones which have been determined and allocated to the Branch by the Bank; • Budget as determined by the Bank annually; • Outcome of the Branch's business activities; • Risks related to the Branch's business activities taking account of the costs of the associated capital; • Time which is necessary for the outcomes of those business activities to be reliably measured; and • Align the risk performance measure as part of the key performance indicator, including but not limit to promoting adherence to risk management, timely reporting of incident and remediation of issue identified, if any. This indicator should also form part of the performance metrics throughout the Branch. <p>If there are events that have occurred or pose potential risks, and involves the performance of executives, the HRC can report directly to the SOOA/ Country Head (and when necessary, document) any concerns they have with the performance of Executive.</p>
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<p>(b) promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness</p>	<p>Payment of performance-based remuneration is contingent upon the achievement of agreed performance standards or financial benchmarks. The SOOA is required to make a decision on the funds to be allocated to the Branch from the Bank’s budgeted bonus pool. The SOOA may decide to reduce all performance-based remuneration downwards (including zero) if it is necessary to protect the Branch’s financial soundness or in response to unexpected or unintended circumstances.</p> <p>Subject to the Branch being allocated funds from the Bank’s budgeted bonus pool, the SOOA will approve the performance-based remuneration of the General Managers on an annual basis.</p> <p>Subject to the Branch being allocated funds from the Bank’s budgeted bonus pool, the SOOA will determine how to allocate the budgeted bonus pool to each Executive with respect to the Branch and HR will determine the performance-based remuneration of the Executives on an annual basis.</p> <p>Executives will not receive any equity or equity-linked deferred remuneration.</p> <p>Unless otherwise agreed by HR with respect to all Executive employment contracts, it is not permissible to include any provisions for an up-front payment for incoming Executives or an early termination payment for Executives who have been terminated from employment.</p>
<p>(c) supports the prevention and mitigation of conduct risk.</p>	<p>Risk behaviours are guided by Mega ICBC’s values and Code of Conduct. MEGA ICBC’s Risk Appetite Statement seeks to establish management of risk that enables Mega ICBC to deliver long-term value for its shareholders 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. Mega ICBC’s risk assessment processes and remuneration framework set out procedures which reinforce the Board’s expectations for managing risks in support of a positive risk culture.</p>

<p>CPS 511.98</p> <p>An APRA-regulated entity must disclose information on its remuneration policy, including:</p>	<p>(a) how the Branch aligns variable remuneration outcomes with performance, where relevant</p>	<p>In accordance with the Financial Accountability Regime, the Branch will defer a portion of an accountable persons' variable remuneration as required (the deferred remuneration). The deferred remuneration will be reduced by the branch in the event of any proven failure of that accountable person's responsibilities (as identified in that accountable person's accountability statement).</p> <p>The holder of the following positions are accountable persons for the purpose of this clause: the Senior Officer Outside Australia (SOOA); and the Country Head and General Manager of Sydney Branch .</p>
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	<p>(b) a description of the types of positions included in specified roles, as defined in paragraph 20(v) of the Prudential Standard</p>	<p>Positions</p> <p>The Senior Officer Outside Australia who is responsible for all of the Australian Operations</p> <p>The Country Head and General Manager of Sydney Branch is responsible for the day-to-day conduct of all the activities of the Branch.</p> <p>The Head of Risk and Compliance is responsible for monitoring and reporting on the risks of the Bank in Australia</p> <p>The Regulatory Reporting Manager and Head of Accounting is responsible for the financial control of the Bank in Australia</p>
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<p>(c) how consequence management is applied in the event of a material breach or misconduct</p>	<p>In the event an accountable person fails to comply with his or her accountability obligations that causes a significant failure of financial or non-financial risk management or a significant failure or breach of fitness and propriety, or compliance obligations stipulated in the accountability statement, the branch shall reduce the accountable person's entitlement to the variable remuneration by an amount commensurate to that failure, taking into account:</p> <ol style="list-style-type: none"> a) the circumstances of the failure; b) the severity of the failure; c) the steps required to be taken to rectify that failure; d) the effect on customers and remedial action required; e) the impact on the branch's legal and compliance risk; and f) any other matters as the branch sees fit. <p>In determining the amount of reduction:</p> <ol style="list-style-type: none"> A. the SOOA shall be responsible for making the determination for the reduction in relation to failures of the General Manager and Country Head of Sydney Branch; and B. the Board of the Bank shall be responsible for making the determination for the reduction in relation to failures of the SOOA. C. The total downward-adjustment to variable remuneration must be proportionate to the severity of the risk and conduct outcome. <ul style="list-style-type: none"> • A significant error or a significant misstatement of criteria on which the variable remuneration determination was based. • Significant adverse outcomes for customers, beneficiaries or counterparties • In circumstances where a person is being investigated for the criteria specified above, variable remuneration will not vest until the investigation is closed. This applies to all persons covered by this Policy. • All variable remuneration arrangements are subject to malus.
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<p>(e) where no variable remuneration is offered (excluding one-off payments), a description of the method used to ensure risk management outcomes are assessed and consequence management applied in the event of a material breach or misconduct</p>	<p>The Head of Risk and Compliance is responsible for monitoring all aspects of risk and compliance management and internal control including compliance activity and periodic review and renewal of all risk and compliance policies.</p> <p>Risk behaviours are guided by MEGA ICBC's values and Code of Conduct. MEGA ICBC's Risk Appetite Statement (RAS) seeks to establish management of risk that enables MEGA ICBC 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. MEGA ICBC'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.</p> <p>Where behaviours are not aligned to MEGA ICBC's Code of Conduct, values or RAS, the bank follows appropriate procedures including misconduct procedures, to take appropriate action.</p>
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<p>(f) a description of the ways in which the Branch defers and adjusts variable remuneration to take account of longer-term performance, including risk performance.</p>	<p>For employees other than executives, the General Managers will make recommendations to the SOOA in relation to the remuneration of all Staff and the SOOA will determine the remuneration of employees other than executives on an annual basis. The risk performance measure is part of the key performance indicator, including but not limit to promoting adherence to risk management, timely reporting of incident and remediation of issue identified, if any.</p>
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