

Financial Year 1 January 2024 - 31 December 2024

The following disclosure relates to ING Australia Bank Limited (IBAL), which is classified as a Significant Financial Institution (SFI) under CPS 511.

Table 1 Remuneration framework

Governance of the remuneration framework

1) Name, composition and mandate of the main bodies overseeing remuneration.

ING Bank Australia Limited (IBAL) Board composition as at 31 December 2024:

- John Laker – Chairman
- Darryl Newton – Non-Executive Director
- Lisa Gray – Non-Executive Director
- Vicki Allen – Non-Executive Director
- Richard Kimber – Non-Executive Director
- Melanie Evans – Executive Director and Chief Executive Officer

Mandate:

- overseeing the Bank's remuneration framework and its effective application;
- reviewing and approving the Bank's remuneration framework and remuneration policies in accordance with applicable laws and regulations, ensuring the design of the framework is appropriate, contains measurable targets and assessments, and aligns with the Risk Management Framework;
- monitoring application of IBAL's remuneration framework through relevant and comprehensive reporting, to ensure remuneration arrangements for the Chief Executive Officer (CEO), Senior Managers, applicable employees and third parties, promote behaviours which are aligned to the Risk Management Framework, and designed to support the long-term sustainability of IBAL; and
- approving the remuneration arrangements and variable remuneration outcomes in respect of the individuals and groups as specified within the Board People Remuneration and Nomination Committee Charter.

IBAL Board People, Remuneration and Nomination Committee (BPRNC) composition as at 31 December 2024:

- John Laker – Chair
- Darryl Newton – Member
- Vicki Allen – Member

Mandate:

- review and make recommendations to the Board on:
 - the Bank's remuneration policies, including their effectiveness and compliance with APRA requirements and the law;
 - the remuneration of the CEO, the direct reports of the CEO, senior managers in specified roles, highly and other material risk takers and other personnel who, in the Committee's opinion, affect the financial soundness of the Bank, and those persons covered by the Bank's remuneration policies;
 - the remuneration of any other personnel whom the Board is required to have oversight of and approve according to APRA regulations and other regulatory or Group Policy requirements.

- review and recommend to the Board for approval IBAL's remuneration framework and remuneration policies, which must comply with APRA and Australian laws and regulations. In making its recommendation, the Committee will consider the application of the global remuneration framework and remuneration policies issued by ING Group and consider whether those policies have appropriate regard to IBAL's business and its specific requirements in accordance with APRA and local Australian laws and regulations. In particular, the Committee will review and make recommendation as to whether the remuneration framework and remuneration policies:
 - demonstrate a clear relationship between individual performance (including risk outcomes) and remuneration;
 - incorporate the remuneration requirements of the ING Group (to the extent they are not inconsistent with local laws and regulations);
 - encourage an appropriate balance between fixed and variable remuneration, reflecting the short- and long-term performance
 - objectives appropriate to the IBAL's circumstances and goals; and result in fair and equitable remuneration outcomes.
- oversee the design, operation and monitoring of IBAL's remuneration framework and remuneration policies;
- review annually IBAL's remuneration incentives, arrangements, structures, objectives and strategy, including compliance with APRA and other regulatory requirements, and consider the alignment with the Group's plan and Orange Behaviours;
- oversee the annual compliance review of IBAL's remuneration framework against the requirements of APRA's Prudential Standard CPS 511 Remuneration (CPS 511);
- oversee the comprehensive review of the effectiveness of IBAL's remuneration framework by operationally independent, appropriately experienced and competent persons, to be conducted at least every three years, as required by CPS 511; and
- review the findings of the annual compliance review and triennial comprehensive review of IBAL's remuneration framework and take appropriate and timely action to ensure the findings of the reviews are adequately considered and addressed, as required by CPS 511.

2) Number of meetings held by the main bodies overseeing remuneration during the financial year.

In the financial year 2024 (FY24), there were 8 IBAL Board meetings and 6 BPRNC meetings.

3) An overview of reviews of the remuneration framework performed during the financial year, including any consequential changes, the reasons for those changes and the intended impact on remuneration outcomes.

The IBAL Remuneration Policy is reviewed annually during the fourth quarter of the performance year. The PY24 review was undertaken on the 12th of December 2024. The changes were approved by the IBAL BPRNC and IBAL Board.

The key change to the Policy was the update to the IBAL Consequence Management Framework (CMF). The purpose of the CMF is to clearly set out the possible financial consequences that can be imposed on employees in the event of findings of misconduct, adverse risk events and/or ongoing poor performance. The CMF applies to all employees across IBAL. In PY24 the CMF was refined to provide greater clarity and define categories - more specifically to clearly differentiate level of severity and to further support consistent application of financial consequences for each category.

Additionally, the ING Remuneration Regulations Framework (IRRF), which is the ING Group's Remuneration Policy, is reviewed annually during the fourth quarter of the performance year by the ING Supervisory Board. Key changes included the expansion of eligibility for buyout awards, specifically removing the restriction on buyouts for employees who have come to ING from other financial institutions, and an update to governance requirements relating to remuneration approvals of individuals who are classified as High earners.



4) A description of how the Board:

- (i) oversees remuneration policies:

On an annual basis, the IBAL BPRNC reviews and recommends to the Board all proposed changes to the IBAL Remuneration Policy. The Board's role is outlined in the Board Charter (as detailed in row 1). The BPRNC and Board considers that the policy is fit for purpose and compliant with Australian laws and regulations.

- (ii) oversees the input provided by:

- the Board Risk Committee or other Board committees; and
- the risk function, including the Chief Risk Officer.

The role of the Board Risk Committee (BRC) is to support the Board in fulfilling its responsibilities by providing objective non-executive oversight of the implementation and operation of IBAL's risk appetite, risk profile relative to the risk appetite, risk management framework and risk culture. The BRC and the Chief Risk Officer are responsible for making recommendations to the Board for oversight of senior management's implementation of the risk management strategy, and constructive challenge of senior management's proposals and decisions on all aspects of risk management arising from IBAL's activities concerning particular risks and risk management practices. In addition, the BRC and CRO have an independent process whereby they advise the BPRNC and Board of any downward modifiers to individuals' variable remuneration, including individuals in Specified Roles, due to poor risk outcomes and/or their performance against agreed risk targets.

- (iii) exercises its discretion in determining remuneration outcomes, including remuneration outcomes for variable remuneration awarded in prior financial years:

The BPRNC and Board on an annual basis receive the proposed VR outcomes for individuals in Specified Roles and individuals classified as Identified Staff (IDS). The Board reviews and approves the outcomes for all individuals who meet the classifications.

When an individual who is classified as IDS or Specified Role has a misconduct case which is substantiated and has been classified under a category in the IBAL Consequence Management Framework, the Board is required to review the appropriateness of the non-financial and financial consequences and approve. The Board is required to review and approve financial and non-financial consequences, including adjustments to variable remuneration (see section 13 of this disclosure for more detail on adjustment mechanisms). Where an employee is also classified as IDS, the IBAL Board will liaise with the ING Employee Significant Incident Events Council (ESIEC) to ensure alignment on the final outcome.

5) A description of external consultants whose advice has been sought on remuneration, the body by which they were commissioned and in what areas of the remuneration framework.

No external consultants were commissioned for advice on the remuneration framework in FY24.

Remuneration Framework

6) An overview of the key features and objectives of the remuneration framework, including how it:

- (i) aligns to the APRA-regulated entity's business plan, strategic objectives and risk management framework:

The remuneration framework supports the sustainable attraction, motivation and retention of talented staff, whilst also promoting responsible and risk appropriate reward programs that are compliant with remuneration regulations, enforcing appropriate conduct and enabling IBAL to reach its desired performance culture, while supporting both the ING Group and IBAL's strategy and long-term interests.

- (ii) promotes effective management of both financial and non-financial risks, sustainable performance and long-term soundness:

The Remuneration Framework sets out principles that ensure performance management and remuneration are aligned with IBAL's overall risk appetite, support a strong focus on risk control and protection of a sound capital base, promote robust and effective risk management, taking into account all risks including reputational risks and risks resulting from the mis-selling of products, and do not promote risk-taking behaviour that is outside the risk tolerance of IBAL.



- (iii) supports the prevention and mitigation of conduct risk:

Employee Financial targets do not exceed 50% of all targets. Employees are also required to include non-financial targets, including those relating to customer, strategic initiatives and ESG. Employees must have at least one relevant risk target included in their targets to drive the appropriate risk culture.

Downward adjustments are possible through the annual performance and remuneration review process, via an independent review by the CRO (as detailed in row 4) or via the CMF. The CMF provides guidance on the prevention and mitigation of conduct risk in IBAL. Substantiated outcomes link directly to performance outcomes, specifically outcomes related to behaviour, and this results in a downward adjustment to variable remuneration.

- (iv) for an RSE licensee, promotes the RSE licensee performing its duties and exercising powers in the best financial interests of beneficiaries.

Not applicable for IBAL.

7) A description of the scope of the APRA-regulated entity's remuneration policy (such as by regions or business lines), including the extent to which it is applied to foreign subsidiaries and branches (if applicable).

The IRRF sets the principles and rules for remuneration and for remuneration policies of ING Bank entities globally. The IBAL Remuneration Policy summarises additional terms and provisions required to meet Australian legislation and regulations. The IBAL Remuneration Policy should be read alongside the IRRF. It is applicable for all IBAL business lines.

8) A description of the types of positions included in specified roles as defined in paragraph 20(v) of this Prudential Standard.

The below details the types of roles classified under each Specified Role categories:

Senior Managers:

- Accountable Persons (APs) under the Financial Accountability Regime; and
- Executive Committee members (ExCo)

Material Risk Takers (MRT):

- Direct reports to the IBAL Head of Wholesale Banking (revenue generating roles only);
- Tribe Leads (Product Owner) roles in Retail and Business Banking; and
- All IBAL individuals classified as Identified Staff (IDS) roles. The IRRF defines IDS staff whose professional activities have a material impact on the risk profile of ING and its material business units. IDS are determined in line with the IDS criteria detailed in the IRRF which complies with Regulatory Technical Standards from the European Banking Authority.

Risk and Financial Control Personnel (RFCP):

- All roles within the Risk, Finance and Corporate Audit Services function; and
- Leadership roles in the Chief Operations Office which have oversight of Fraud and Know Your Customer functions.

Note: the individuals included in tables 2,3 and 4 include individuals who were in a Specified Role for the full FY24 and part of FY24 i.e. moved internally or exited throughout the year.

9) A description of how the APRA-regulated entity aligns remuneration outcomes with performance. This must include:

- (i) an overview of the main financial and non-financial performance measures for the entity, key business lines, the CEO and other specified roles on a cohort basis:

IBAL's performance framework has two performance dimensions, Job and Orange Behaviours. The Job dimension refers to delivery against targets related to the delivery of an individual's role responsibilities and has weighting of 60%. The Orange Behaviours dimension refers to an employee's behaviours, more specifically how they uphold ING's values. The Orange Behaviour dimension has a 40% weighting. Within Job, at least 50% of the targets that are used to assess the Job dimension are required to be non-financial, therefore having a weighting of minimum 30%. For employees in control functions, i.e. including employees classified as Risk and Financial Control Personnel under CPS 511, individual financial targets are not permitted.



- (ii) a description of how material weight is applied to non-financial measures in the determination of performance related variable remuneration, including the proportion (level or range) of variable remuneration that would be impacted by non-financial measures, where this is possible to define:

The Job and Orange Behaviour outcomes are assessed against a 5-point rating scale at the middle and end of a performance year. The rating at the end of the year inputs into a variable remuneration matrix that provides people leaders with guidance on variable remuneration.

- (iii) a discussion of how a person's remuneration is linked to entity-wide and individual performance:

Discretionary Variable Remuneration pools are determined based on the Variable Remuneration Accrual Model (VRAM), which determines variable remuneration pools that individuals will be allocated to ING entities, including IBAL. The VRAM promotes sound and effective risk management by taking into consideration risk, capital, liquidity, ESG and the likelihood and timing of earnings in the determinations of VR pools for ING at a Group and business/function level.

Individuals who are rated higher on Job and/or Orange Behaviours receive higher variable remuneration outcomes and that individuals who are rated lower on Job and/or Orange Behaviours receive lower than at target outcomes and in some circumstances, no variable remuneration.

10) 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.

The majority of IBAL employees are eligible for variable remuneration. For the minority who aren't, i.e. employees hired on a fixed term employment arrangement or some employees who are on assignment from other ING entities who do not offer variable remuneration, the CMF details consequences that may still apply. These include adjustments (of up to 100%) to proposed fixed remuneration increases and non-financial consequences, including but not limited to, coaching, remedial training, downgrades to role accountabilities and suspension.

11) A description of variable remuneration of risk and financial control personnel for the financial year covering:

- (i) remuneration arrangements, including how variable remuneration arrangements reflect their independence, authority and the purpose of their functions, and are not unduly influenced by the performance of the business activities they control:

Employees classified as RFCP have a role as independent advisers to the business. To reinforce this independence, the performance review and variable remuneration should not be influenced by the judgements made and/or advice given to the business by the function and individual.

- (ii) the remuneration outcomes, including variable remuneration outcomes as a proportion (level or range) of fixed remuneration and the nature and proportion of any adjustments made to reflect risk performance:

Variable remuneration for RFCP is determined separately, via different variable remuneration pools and approvals, from the business units they control, including performance which results from business decisions (e.g. new product approvals) where RFCP may be involved. As detailed in previous sections, in most circumstances, variable remuneration is not linked to financial performance targets.

- (iii) any special payments made.

No special payments were made to RFCP in PY24.



Design of variable remuneration plans

12) For the variable remuneration plans applicable to specified roles, a description of the plan design, including:

- (i) forms of remuneration offered:

Fixed Remuneration and short-term variable remuneration are offered to individuals in Specified Roles. Where an employee is employed on a fixed term arrangement, they are ineligible for short-term variable remuneration.
- (ii) the persons eligible to participate in the plan, as a percentage of their respective cohort of specified role:

For the Senior Manager and MRT categories, eligibility to participate in the variable remuneration plan is 100% eligibility. Whereas the RFCP category it is lower given the scale of the cohort which has more individuals on fixed term employment arrangements who are ineligible for variable remuneration.
- (iii) how it is aligned with the business strategy and effective risk management:

Job targets, which drive variable remuneration outcomes, include targets relating to business strategy. For the CEO and Executives, targets that support the business strategy are included in individual scorecards. In addition, as detailed in various sections of this disclosure, items including risk targets and risk adjustment processes will directly impact variable remuneration. This direct impact encourages sound risk behaviours:
- (iv) how cohort and individual outcomes are determined, including how material weight is given to non-financial measures:

The Risk function determines and allocates individual risk requirements that apply to IDS staff who are considered risk takers and also individuals in Specified Roles (noting individuals may be classified as both). The risk requirements focus on the long-term sustainability of ING and on strengthening the relationship between minimum standards in the area of risk management and individual remuneration. The risk function independently reviews and assesses individual performance against the risk requirements and, where appropriate, will recommend a risk modifier to the proposed variable remuneration for an individual.
- (v) if the mix of variable remuneration differs across persons within a specified role cohort, a description of the factors that determine the mix and their relative importance:

The at target and maximum percentage of variable remuneration an individual may be eligible to receive increases as an individual's job level increases. Variable remuneration makes up a higher portion of total compensation for the CEO and Executives. This arrangement ensures that more of the pay mix is at risk in the event of poor performance and allows IBAL to leverage mechanisms such as holdback and clawback if required.
- (vi) how the variable remuneration pool (if any) is determined, including performance and risk measures used:

Discretionary Variable Remuneration pools are determined based on the Variable Remuneration Accrual Model (VRAM), which determines Variable Remuneration (VR) pools that will be allocated to ING entities, such as IBAL. The VRAM promotes sound and effective risk management by taking into consideration risk, capital, liquidity, ESG and the likelihood and timing of earnings in the determinations of VR pools for ING at a Group and business/function level. More information on the VRAM is detailed in row 9.
- (vii) deferral periods and vesting schedules:

For Senior Managers (who have deferred variable remuneration above AUD \$50,000) and Highly Paid Material Risk Takers, deferral periods and vesting schedules are aligned to those detailed in the CPS 511 standard. Material Risk Takers and Risk and Financial Control Personnel are subject to deferral if they are classified as IDS or if they are awarded above a minimum threshold (as detailed in the IRRF).
- (viii) any adjustment measures that may differ from Table 1, row 13.

None.

Deferrals and adjustments

13) 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. This must include:

- (i) an overview of the processes and tools for adjusting variable remuneration, including criteria and triggers for each tool:



There are three ex post risk adjustment mechanisms to leverage should an adjustment be required. These are:

1. In-year variable remuneration reduction: up to 100% of awarded non-deferred variable remuneration before it's paid out; and/or
2. Holdback: up to 100% of awarded but unvested deferred variable remuneration; and/or
3. Clawback: up to 100% of paid and/or vested variable remuneration and can be applied indefinitely, subject to the applicable statute of limitation.

Triggers to apply in year variable remuneration reductions include a directive from the CRO, through formal processes such as the independent risk review (as described in row 12) which is undertaken on Specified Roles and IDS staff on an annual basis, whereby the CRO may apply risk modifiers to proposed VR outcomes.

In addition, in year adjustments may be made in line with the CMF. The CMF details potential consequences for each category within the framework, such consequences include adjustments to unpaid or paid variable remuneration.

The IRRF details four main criteria used for ex post risk adjustments. The policy includes sub criteria and non-exhaustive examples for each criterion. The criteria are detailed below:

1. The staff member failed to meet appropriate standards of fitness and propriety.
2. The staff member participated in or was responsible for conduct which resulted in significant losses to ING or any of the legal entities in its group.
3. Payment of the variable remuneration award would be unacceptable according to the principles of reasonableness and fairness.
4. The variable remuneration payment was made on the basis of incorrect information relating to the achievement of targets underlying the variable remuneration award or circumstances that the variable remuneration award depended on.

For IBAL, in addition to the above criteria, the CMF provides further examples of when categories within the framework, and the relevant financial reduction to variable remuneration, may be applicable.

ii) an overview of the policy for deferral and vesting of variable remuneration:

Details of how variable remuneration is deferred, and the relevant vesting schedules are detailed in the IBAL Remuneration Policy and the IRRF.

The IBAL Remuneration Policy details the deferral and vesting requirements that are specific to Australian employees, or employees who are captured under Australian regulations and legislation such as CPS 511 and The Financial Accountability Regime.

The IRRF details deferral and vesting requirements for IDS classified staff and general staff who are awarded variable remuneration above a threshold.



Table 2 Remuneration framework

	A\$	CEO	Other Senior Managers	Highly paid material risk-takers	Other material risk-takers
	Fixed remuneration				
1	Number of employees paid fixed remuneration	1	12	0	25
2	Total fixed remuneration	954,837.94	4,759,465.89		7,691,407.15
3	of which: cash-based	913,409.42	4,519,986.79		6,906,939.15
4	of which: share-based awards				
5	of which: other	41,428.52	239,479.11		784,468.00
6	Average percentage increase in total fixed remuneration (row 2) on previous financial year	2.38%	4%		3%
	Variable remuneration				
7	Number of employees eligible for variable remuneration	1	12		18
8	Number of employees who received variable remuneration	1	10		18
9	Total variable remuneration	408,679	2,486,109		2,302,945
10	of which: cash-based	204,273	1,460,431		1,787,345
11	of which: share-based awards	204,406	1,025,678		515,600
12	of which: other				
13	Total variable remuneration (row 9) which has been deferred				
14	of which: cash-based	122,633	397,538		144,156
15	of which: share-based awards	204,406	1,025,678		515,600
16	of which: other				
17	Average percentage increase in total variable remuneration (row 9) on previous financial year	8.49%	3%		17%
18	Total remuneration (sum of rows 2 + 9)	1,363,517	7,245,575		9,994,352

Table 3 Special Payments

	A\$	CEO	Other Senior Managers	Highly paid material risk-takers	Other material risk-takers
1	Number of employees paid a guaranteed bonus	-	-	-	-
2	Total guaranteed bonuses	-	-	-	-
3	Number of employees paid a sign-on award	-	-		1
4	Total sign-on awards	-	-		50,000
5	Number of employees paid a severance payment	-	2		-
6	Total severance payments	-	467,214		-



Table 4 Deferred and adjusted variable remuneration

A\$		A Total amount of outstanding deferred variable remuneration post adjustment	B Total amount of variable remuneration not deferred post adjustment	C Total amount of downward adjustments to variable remuneration reported in columns A and B
CEO				
1	Total CEO	1,271,336	93,223	16,328
2	of which: cash	533,788	-	3,266
3	of which: share-based awards	737,548	93,223	13,062
4	of which: other			
Other Senior Managers				
5	Total other senior managers	3,104,777	1,241,605	71,125
6	of which: cash	1,087,067	129,413	21,337
7	of which: share-based awards	2,017,710	1,112,191	49,787
8	of which: other			
Highly paid material-risk takers				
9	Total other highly paid material risk-takers			
10	of which: cash			
11	of which: share-based awards			
12	of which: other			
Other material risk-takers				
13	Total other material risk-takers	1,539,353	181,903	0
14	of which: cash	484,569	88,680	0
15	of which: share-based awards	1,054,784	93,223	0
16	of which: other			
17	Total (sum of rows 1 + 5 + 9 + 13)	5,915,466	1,516,731	87,453

*ING applied a modifier in line with the VRAM that led to a downward adjustment.

