

Summerland Financial Services Limited (Summerland Bank)
CPS 511 Remuneration Disclosure 2024/25



Summerland Bank has established a comprehensive remuneration framework (“**the remuneration framework**”) that integrates robust systems, structures, policies, and processes to proactively identify, assess, monitor, and manage both internal and external risks associated with remuneration. The remuneration framework defines the organisation’s key procedures and the structure of remuneration arrangements, ensuring that all practices are consistently aligned with Summerland’s business plan, strategic objectives, and risk management framework.

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
96. An APRA -regulated entity must disclose information on the governance of the remuneration framework. This must include:	(a) information on the main bodies that oversee remuneration and the number of meetings held by those bodies during the financial year; and	The Board of Directors (the Board) has ultimate responsibility for the remuneration framework. The Board meets eight times annually. Oversight of the remuneration framework is delegated to the Board Governance and Culture Committee (BGCC), which meets three times per year. The Board reviews and approves all remuneration decisions, with the BGCC providing recommendations and ensuring compliance with CPS 511 Remuneration. All remuneration decisions are documented.
	(b) information on how the Board exercises its discretion in determining remuneration outcomes;	The Board may adjust remuneration based on risk, conduct, and business impact, acting proactively when necessary. All adjustments are documented.
	(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.	<p>The Board has appointed the BGCC to assist the Board to oversee, implement and review the CPS 511 Remuneration Policy and other elements of the remuneration framework.</p> <p>The BGCC assists the Board by:</p> <ul style="list-style-type: none"> • Reviewing and recommending the CPS 511 Remuneration Policy • Overseeing executive performance assessments • Recommending remuneration for Directors, CEO, and senior management • Ensuring alignment with risk and compliance requirements

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
<p>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:</p>	<p>(a) aligns to the entity's business plan, strategic objectives and risk management framework;</p>	<p>Summerland Bank ensures its remuneration framework aligns with its business plan, strategic objectives, and risk management framework through a combination of policy design, rigorous oversight, performance-linked pay, and by making key remuneration decisions that align with Summerland values. This ensures that remuneration supports sustainable growth, prudent risk-taking, and the long-term interests of the organisation and its stakeholders.</p> <p>Policy Design and Integration</p> <ul style="list-style-type: none"> • Remuneration decisions are explicitly linked to both financial and non-financial performance metrics. These include business growth, cost management, compliance, people leadership, and customer experience. • The framework is designed to promote sustainable performance and the long-term soundness of the organisation, not just short-term results. <p>Risk Management Integration</p> <ul style="list-style-type: none"> • Variable remuneration is only paid when staff meet risk and compliance responsibilities. Staff under performance management or improvement processes are ineligible for variable pay. • The policy incorporates risk management into the design of variable remuneration, ensuring that risk and compliance outcomes directly affect pay. <p>Board and Committee Oversight</p> <ul style="list-style-type: none"> • The Board and the BGCC are actively involved in reviewing and approving remuneration policies and outcomes.

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
		<ul style="list-style-type: none"> • The BGCC reviews staff performance against risk and compliance “gate openers” before any variable remuneration is awarded. • The Board retains discretion to adjust remuneration outcomes, especially in response to risk or conduct issues. <p>Clear Procedures and Controls</p> <ul style="list-style-type: none"> • Employment contracts, staff communications, and internal procedures are all required to be consistent with the Remuneration Policy. • There are documented procedures for performance management, consequence management, and reporting, ensuring that remuneration practices remain aligned with policy and strategy. <p>Regular Review and Disclosure</p> <ul style="list-style-type: none"> • The CPS 511 Remuneration Policy and its effectiveness are reviewed at least every two years, or sooner if there are changes in law, risks, or strategy. • Public disclosures are made in line with regulatory requirements, ensuring transparency and accountability. <p>Prevention of Conflicts of Interest</p> <ul style="list-style-type: none"> • The design of remuneration arrangements includes steps to assess and mitigate conflicts of interest, including those that may arise from service contracts or third-party suppliers.
	(b) promotes the effective management of both financial and non-financial risks, sustainable	Summerland Bank ensures its remuneration framework promotes the effective management of both financial and non-financial risks, sustainable

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
	performance and long-term soundness	<p>performance, and long-term soundness through a combination of policy design, governance, and practical controls.</p> <p>Integration of Risk Management into Remuneration</p> <ul style="list-style-type: none"> • Variable remuneration is only awarded when staff and executives meet both financial and non-financial risk and compliance requirements. Staff under performance management or improvement processes are ineligible for variable pay. Executives must demonstrate appropriate performance against risk and compliance responsibilities. • Performance metrics include both financial (e.g., loan growth, cost-to-income ratio) and non-financial (e.g., compliance, leadership, customer experience) measures. <p>Consequence Management</p> <ul style="list-style-type: none"> • The framework includes clear procedures for consequence management. Misconduct, risk management failures, or compliance breaches can result in the reduction or forfeiture of variable remuneration. <p>Board and Committee Oversight</p> <ul style="list-style-type: none"> • The Board and the Board Governance and Culture Committee (BGCC) are actively involved in reviewing and approving remuneration outcomes. <p>Alignment with Long-Term Soundness</p> <ul style="list-style-type: none"> • The remuneration framework is designed to support sustainable performance and the long-term soundness of the organisation, not just short-term results. The Board can act pre-emptively to reduce variable remuneration during periods of financial stress or when risk issues are identified, rather than waiting for losses to be realised.

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
	(c) supports the prevention and mitigation of conduct risk; and	<p>Summerland Bank’s remuneration framework supports the prevention and mitigation of conduct risk by making variable pay contingent on both financial and non-financial performance, with a strong emphasis on conduct, compliance, and risk management.</p> <p>This approach embeds ethical behaviour and accountability into the reward system, helping to foster a culture where conduct risk is actively managed and mitigated.</p>
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>Summerland has designed its variable remuneration arrangements to:</p> <ul style="list-style-type: none"> • align with Summerland's business plan, strategic objectives and risk management framework; • promote effective management of risks (including financial and non-financial risks) that could materially impact the entity’s risk profile, sustainable performance and long-term soundness; • support the prevention and mitigation of conduct risk and • Appropriately incentivise, attract and retain staff. <p>Variable remuneration is only awarded when staff and executives meet both financial and non-financial risk and compliance requirements.</p> <p>Staff that are subject to performance management or improvement processes are ineligible for variable pay.</p> <p>Executives must demonstrate appropriate performance against risk and compliance responsibilities.</p>

Summerland Financial Services Limited (Summerland Bank)
CPS 511 Remuneration Disclosure 2024/25



CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
		Performance metrics include both financial (e.g., loan growth, cost-to-income ratio) and non-financial (e.g., compliance, leadership, customer experience) measures.
	(b) a description of the types of positions included in specified roles, as defined in paragraph 20(v) of Prudential Standard CPS 511 Remuneration;	<p>Specified roles under CPS 511 are:</p> <ul style="list-style-type: none"> • Chief Executive Officer. • Deputy CEO and Chief Transformation Officer; • Chief Financial Officer; • Chief Customer Officer; • Chief Operating Officer; • Chief Risk Officer. <p>There are no Executive Directors on the Summerland Bank Board of Directors.</p>
	(c) how consequence management is applied in the event of a material breach or misconduct;	<p>Summerland applies downward adjustments to variable remuneration in cases of:</p> <ul style="list-style-type: none"> • Misconduct leading to adverse outcomes. • Failures in risk management or compliance. • Errors or misstatements in performance criteria. • Adverse customer or counterparty outcomes. <p>Adjustment tools include:</p> <ul style="list-style-type: none"> • Board discretion, • In-period adjustments, • Malus and clawback provisions.

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
		<p>The severity of the adjustment is proportionate to the seriousness of the breach. For the most serious cases—such as significant misconduct, major compliance failures, or actions causing substantial harm—up to 100% of variable remuneration can be withheld or clawed back, even after it has been paid.</p> <p>Variable remuneration does not vest during investigations and will be adjusted based on severity of outcomes.</p> <p>The process involves a thorough review by the BGCC, which assesses the circumstances, the individual’s contribution to the breach, and the impact on the organisation and its customers. Recommendations are then made to the Board, which retains ultimate discretion over the outcome. All actions are documented, ensuring transparency and accountability, and reinforcing a culture where ethical conduct and compliance are paramount.</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>The same variable remuneration program is applied to all staff. This is a short-term incentive (STI) based on the achievement of financial, non-financial and behavioural requirements of the employee’s role.</p> <p>An employee can be paid a percentage of the employee’s base salary to a maximum of 10% for employees and 20% for Executive staff.</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; and	<p>Not applicable. Summerland offered variable remuneration during the 2024-25 Financial year.</p>

CPS 511 Requirement	CPS 511 sub sections	Summerland Bank Disclosure
	(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	<p>Summerland’s approach to deferring variable remuneration applies only to accountable persons as defined under the Financial Accountability Regime Act 2023 (FAR). Where an accountable person’s variable remuneration for a financial year is \$50,000 or more, 40% of that amount must be deferred for the minimum period specified by the FAR.</p> <p>The minimum deferral period is determined in accordance with section 28 of the FAR. Typically, this period:</p> <ul style="list-style-type: none"> • Begins on the later of: (a) the day after the decision is made to make remuneration conditional on achieving certain objectives, or (b) the start of the period over which those objectives are measured; and • Ends four years after the start of the deferral period, unless Summerland determines, on that date, that the accountable person may have failed to meet their accountability obligations under section 21 of the FAR Act. In such cases, the deferral period is extended until a determination is made. <p>The start and end dates of the deferral period are subject to any relevant determinations or rules prescribed by the Regulator, which must be checked before finalising the deferral period. If an accountable person ceases to hold that status due to death, serious incapacity, disability, or illness, section 28 of the FAR Act will apply.</p>