

20 December 2024

APS 330 REMUNERATION DISCLOSURES

Period ended 31 August 2024.



1 Introduction.

These remuneration disclosures have been prepared in line with APRA Prudential Standard APS 330 Public Disclosure (**APS 330**). APS 330 requires that all Authorised Deposit-taking Institutions (**ADIs**) meet the minimum requirements for public disclosure of qualitative and quantitative information concerning their remuneration practices.

The quantitative information disclosed relates to Senior Managers and Material Risk Takers (**MRT**) of Bank of Queensland Limited (**BOQ**) ADI for the financial year ended 31 August 2024 (**FY24**).

This prudential disclosure is separate from the FY24 Remuneration Report. For the purposes of this disclosure, BOQ has followed the definitions outlined in paragraph 22 of APS 330.

The following roles were considered to be Senior Managers:

- The Managing Director & Chief Executive Officer (**MD&CEO**);
- Members of the Executive Committee, including Group Executives; and
- Other Responsible Persons (**RP**) of BOQ as defined in paragraph 20(a) of APRA Prudential Standard CPS 520 Fit and Proper (**CPS 520**) and in BOQ's Fit and Proper Policy.

During FY24 there were 11 employees in this group, including 4 who were considered Senior Managers for part of the year.

There were no MRT who are not also Senior Managers for the reporting period. Therefore, all MRT are included in the Senior Manager category and are not separately disclosed.

2 Qualitative disclosures.

The qualitative disclosures are made in accordance with Table 22 of APS 330, Attachment G.

2.1 Remuneration governance.

2.1.1 People, Culture & Remuneration Committee.

The Board is ultimately responsible for remuneration governance and has established the People, Culture & Remuneration Committee (the **PCRC**) which oversees the alignment of BOQ's Remuneration Policy with BOQ's values, strategic objectives and risk appetite.

The PCRC's purpose is to assist the Board to set the values and manage the culture, conduct and capability of personnel within BOQ and its subsidiaries (**BOQ Group**) and effectively discharge its responsibilities to oversee the remuneration policies and practices of BOQ Group.

The PCRC:

- ordinarily meets a minimum of five times per financial year;
- comprises all Non-executive Directors (**NEDs**) with a minimum of three independent Non-executive Directors (**NEDs**);
- operates in accordance with its Charter, which is reviewed at least every two years and is available on the BOQ web site;
- seeks to ensure that BOQ's remuneration policies and frameworks continue to support BOQ Group's overall risk management strategy (**RMS**); and
- reviews the Group Remuneration Policy on at least an annual basis and more frequently as required, to respond to evolving regulatory, business and legislative conditions.

2.1.2 Use of remuneration consultants.

During FY24, the Board engaged EY to provide an assessment of proposed changes to the Executive Remuneration Framework for FY25. The advice provided did not constitute a remuneration recommendation.

2.1.3 Group Remuneration Policy.

The BOQ Group Remuneration Policy is applied to all employees of the Group. The Policy specifically considers remuneration arrangements for specified categories of roles and employees as set out in the revised prudential standard on remuneration, CPS 511 Remuneration (**CPS511**), including Senior Managers and MRT as reported in this disclosure.

The Policy was reviewed by the Board in December 2023 and approved under delegation in January 2024. Key changes made to the Policy during FY24 were to reflect regulatory and legislative changes by incorporating the requirements of CPS 511 into BOQ Group's Senior Executive Remuneration Framework.

2.1.4 Risk and financial control personnel.

Remuneration structures for risk and financial control personnel (as defined in paragraph 20 (s) of CPS 511) are designed to ensure that their independence is not compromised.

Performance objectives for risk and financial control personnel are not linked to the financial performance of the business unit(s) they oversee. The Board Risk Committee has input into the performance measures for the Chief Risk Officer and the Board Audit Committee has input into the performance measures for the Chief Audit Executive. Remuneration outcomes for risk and financial control personnel are approved by the Board.

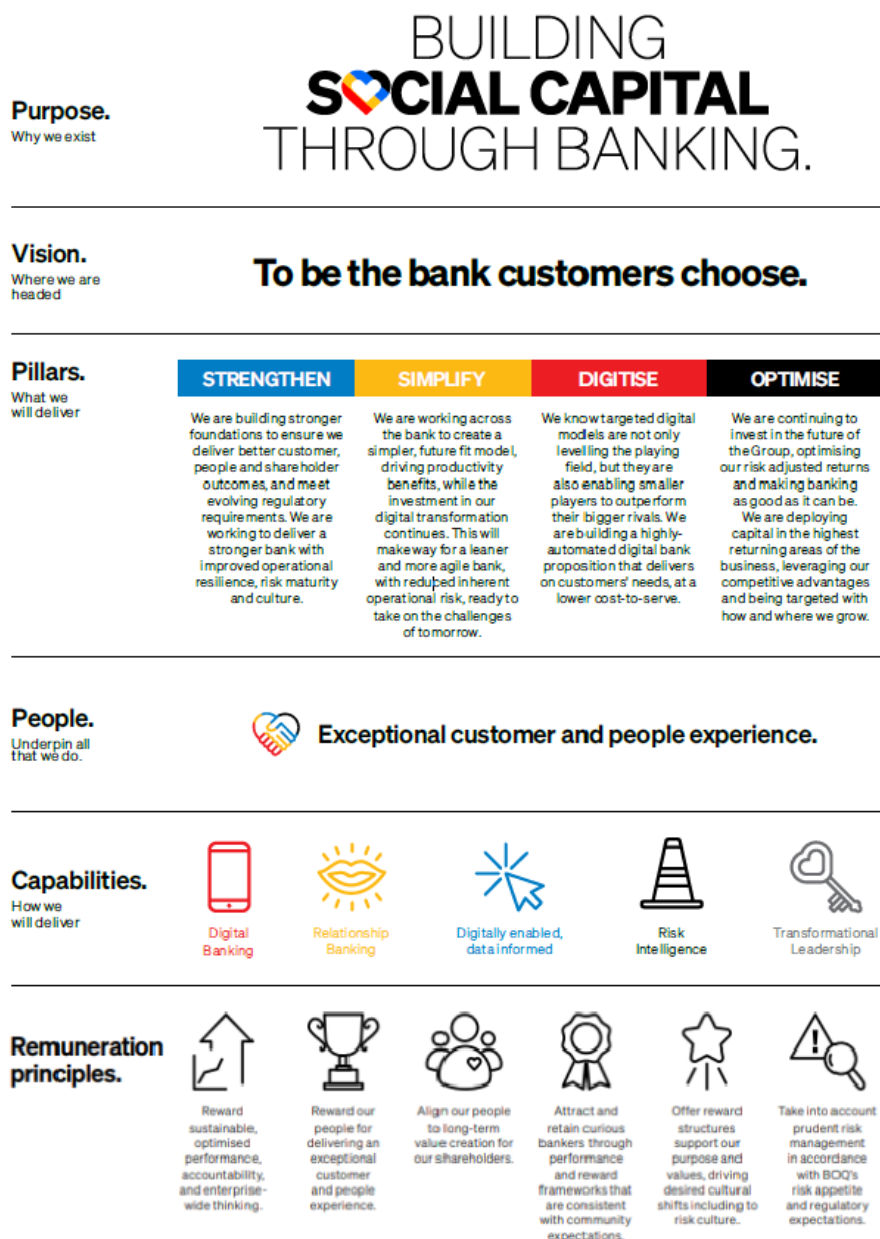
2.2 Remuneration framework.

2.2.1 Remuneration framework.

Remuneration at BOQ Group is structured in a way that ensures:

- Alignment to the BOQ's business plan, strategic objectives and risk management framework;
- Effective management of both financial and non-financial risks, sustainable performance and the entity's long-term financial soundness;
- It supports the prevention and mitigation of conduct risk; and
- Alignment to regulatory and legislative requirements, including the minimum deferral arrangements for Accountable Person(s) (AP) as set out in the Financial Accountability Regime (**FAR**) Act 2023.
- Supports the achievement of BOQ's vision, purpose, values, and strategy in accordance with the Group's remuneration principles as set out in Figure 1.

Figure 1. Remuneration snapshot



The remuneration structure in place for all employees is consistent with the Group Remuneration Policy and is based on a total reward approach comprising an appropriate mix of fixed reward in the form of salary, superannuation and benefits, and variable reward which includes short-term variable reward (**STVR**) delivered in cash and/or equity, and long-term variable reward (**LTVR**) delivered in equity. Equity is delivered over time and subject to continued tenure of the participant and any other performance conditions attached to the particular grant. Equity awards are subject to malus and clawback, as further detailed in section 2.4.7.

The total reward opportunity for all employees is reviewed on an annual basis, and the remuneration mix depends on the level of role within the organisation and an individual's performance.

Performance-based incentive arrangements are designed to encourage behaviour that supports:

- BOQ’s long term financial soundness;
- BOQ’s RMS; and
- alignment with customer and community expectations.

2.2.2 Performance measures

All employees of BOQ are required to have performance goals that are aligned to the Group’s strategy and contain an appropriate degree of stretch and are expected to adhere to minimum standards of conduct and behaviour. For FY24:

- Group Executives other than the MD&CEO and the Chief Risk Officer were assessed based on their individual objectives (50%) and the Group Scorecard results (50%).
- The MD & CEO was assessed based entirely on Group Scorecard results.
- The Chief Risk Officer and Chief Audit Executive were assessed based entirely on individual objectives.

A summary of the FY24 Group scorecard measures is provided in Table 1.

Table 1. FY24 Group scorecard measures

Strategic priority	Weighting	Measures
Customer & People Experience	15%	Net Promoter Scores, avoidable high priority outages, digital self-serve enhancements, employee engagement, and senior women in leadership
Strengthen	25%	Program rQ health, AML First health, CET1(spot), and LCR (12-month average)
Simplify	15%	Key processes automated, and technology assets decommissioned
Digitise	15%	Customers on digital platform, digital mortgage (HLX), ME migration (customer and deposits) commenced
Optimise	30%	Group expense target, cash NPAT, maintain carbon neutral status, and Meet operational emissions reduction targets – Scope 1& Scope 2

2.3 Remuneration structure.

BOQ's remuneration structures comprise fixed reward and variable reward. For members of the executive team and other Senior Managers, variable reward generally included short-term variable reward (**STVR**) and long-term variable reward (**LTVR**), as detailed in Table 2.

Table 2. Remuneration structure

Fixed reward (all Senior Managers)		
Delivery	Cash	
Performance criteria	Satisfactory performance, compliance with the terms and conditions of employment including the Code of Conduct and, where relevant, fulfilment of accountabilities under the FAR Legislation.	
Risk	Effective management of risk, contribution to improving the Group's risk maturity and risk culture.	
Variable reward (all Senior Managers)		
	Short-term variable reward	Long-term variable reward
Purpose	To focus the Senior Managers on delivering against the Group's strategy, individually and collectively.	To align Senior Managers' interests with the interests of shareholders to achieve strategic financial and non-financial outcomes
Delivery	<ul style="list-style-type: none"> 50% Cash 50% Restricted Shares 	Performance Rights with a four-year performance period
Performance criteria	Over the one-year performance period: <ul style="list-style-type: none"> MD&CEO: Group Scorecard. CRO and Chief Audit Executive: Individual objectives. Other Executives and Senior Managers (who may also be Highly Paid Material Risk Takers): 50% Group Scorecard, 50% individual objectives. 	<ul style="list-style-type: none"> Customer tranche: 20% Strengthen tranche: 30% Optimise tranche: 50% In addition to the performance hurdles set for each tranche of the award, the Board will undertake a pre-vesting and pre-release assessment.
Risk	The Board will undertake a pre-release assessment prior to lifting the dealing restrictions from each tranche. Restricted awards are subject to malus. A clawback period of two years applies to each tranche, from the date restrictions are lifted from Restricted Shares, and from the date of payment for the cash component.	Risk assessment prior to vesting and release of dealing restrictions. Unvested awards are subject to malus. Post-vesting, dealing restrictions in satisfaction of CPS 511 deferral requirements. A clawback period of two years from the vesting date applies to each tranche.
Vesting and restriction periods	Cash: paid on completion of the one-year performance period. Restrictions are lifted from Restricted Shares as follows: <ul style="list-style-type: none"> MD&CEO: 20% in December 2025; 20% in December 2026; 30% in December 2027; 30% in December 2028 (i.e., on completion of years two, three, four and five). Other Executives and Senior Managers: 50% in December 2025; 50% in December 2026 (i.e., on completion of years two and three). 	Performance criteria testing on completion of the four-year performance period determines vesting. Dealing Restrictions apply and are released as follows: <ul style="list-style-type: none"> MD&CEO: 33% in December 2027; 33% in December 2028; 34% in December 2029 (i.e., on completion of years four, five and six). Other Executives and Senior Managers: 50% in December 2027; 50% in December 2028 (i.e., on completion of years four and five).

2.4 Aligning remuneration with risk management.

2.4.1 Assessment.

Risk forms a key part of the remuneration structure at BOQ and is embedded in the assessment of variable reward. Risk management practices are governed by an integrated framework of policies (including risk appetite statements and the Group Remuneration Policy).

In assessing performance, the MD&CEO makes recommendations to the People, Culture and Remuneration Committee concerning risk behaviours and outcomes based on a report prepared by the Chief Risk Officer every 6 months. The Board Risk Committee oversees the risk assessment and will provide feedback to People, Culture and Remuneration Committee on risk outcomes. After any requirements of procedural fairness have been met, it is the responsibility of the People, Culture and Remuneration Committee and the Board to determine any performance and/or reward impact.

Risk management is both a specific performance category for the MD&CEO and Group Executives, and a modifier used by the Board when determining STVR funding and individual remuneration outcomes for all employees.

2.4.2 Short-term incentive funding.

STVR for Senior Managers are funded by the Group STVR Pool, which is created at the ultimate discretion of the Board having regard for business performance, risk management and affordability. When determining the size of the Group STVR Pool the Board considers BOQ's performance against the agreed performance measures; affordability and capacity to pay; an assessment of risk incidents, including as reported by the Chief Risk Officer and recommended to the Board by the PCRC, with input from the Chair of the Board Risk Committee; and any other factors it considers relevant.

2.4.3 Risk measures.

Table 3 provides the key risks and measures for FY24. Risks and measures are updated periodically to ensure compliance with the legislative standards and alignment with BOQ's risk appetite. Activity and outcomes for each of the Risk categories are reported to the relevant Committee and the Board. These risks may be considered at Group, cohort or individual levels. For example, they are considered by the Board in relation to its assessment of overall Group performance as it determines the size of variable reward pools (cash and equity) that will be made available, by leaders as part of individuals' overall performance assessments (including eligibility for variable reward), and by the Board to determining equity vesting and/or release of restrictions (or otherwise).

Table 3. Key risk measures for FY24

Risk	Measures	Review of measures
Non-financial risks (operational risk and compliance risk)	<ul style="list-style-type: none">Operational risk assessmentsIncident reporting and analysisRegulatory compliance breaches and impact assessmentsBranch scorecard performance and auditsInternal and external audit findingsCompletion of mandatory compliance trainingMonitoring and supervision activitiesMonitoring conflicts of interestAttestationsMonitoring regulatory changeSustainability scorecard	Measures across non-financial risks are produced, reviewed and monitored on either a monthly, quarterly, half-yearly and/or annual basis (as applicable).

Risk	Measures	Review of measures
	<ul style="list-style-type: none"> Risk culture / “I feel safe to speak up” 	
Financial risks (credit risk and market risk)	Metrics embedded within individual objectives include compliance with Board-delegated trigger limits for key credit, liquidity, funding, capital, and market and strategic financial risks.	<p>Market risk, liquidity and funding composition are monitored daily.</p> <p>Other financial risks are monitored at least monthly.</p> <p>All financial risk measures are reviewed at least annually or as required.</p>

2.4.4 Risk management framework and expected behaviours.

Employees are expected to demonstrate behaviours that reflect the values and objectives of BOQ as approved by the Board, including adherence to BOQ’s overall RMS.

Variable reward plans (both cash and equity) include specific risk considerations that are designed to ensure that quantifiable results are achieved within appropriate risk management parameters. The RMS includes risk measures at BOQ.

Failure to meet risk measures may result in modification, suspension or withdrawal of variable reward.

2.4.5 Deferral.

BOQ has in place a STVR deferral framework which mandates the deferral of a portion of all STVR outcomes subject to the thresholds approved by the Board, as detailed in Table 4.

Table 4. Deferral Framework for FY24

STVR award	Deferral treatment	Deferral period
Senior Managers		
MD&CEO	50% of the total STVR award is deferred into Restricted Shares	20% for one year 20% for two years 30% for three years 30% for four years
All others	50% of the total STVR award is deferred into Restricted Shares	50% for one year 50% for two years

2.4.6 Risk adjusted reward framework

The Group’s risk adjusted reward framework sets out the criteria for applying risk-based adjustments where, in the opinion of Management and/or the PCRC and/or the Board, the conduct, behaviour and action (or lack thereof) of an individual or group of individuals has contributed to or resulted in:

- significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable reward determination was based; and

- significant adverse outcomes for customers, beneficiaries or counterparties.

Matters and instances which may be referred for consideration under the risk adjusted reward framework include where an individual or group of individuals:

- engaged in serious misconduct or a breach of their employment obligations (including fraud, dishonesty, gross negligence, recklessness or wilful indifference);
- failed to meet BOQ Group's conduct and behavioural standards, including a determination that a former employee engaged in conduct that would be considered failure of the conduct and behavioural standards if still employed;
- contributed to a material misstatement in, or omission from, BOQ's financial statements, or a misstatement of a performance condition applicable to a variable reward plan;
- acted, or failed to act, in a way that contributed to material reputational damage to BOQ; and/or
- received a variable reward where all or part of the initial award was not justified having regard to the circumstances or information which has come to light after an award was made under a variable reward plan.

The risk adjusted reward framework works in conjunction with other consequence management mechanisms and provides guiding principles for leaders, the PCRC and the Board to make decisions regarding appropriate and proportionate actions in response to risk events across the organisation.

2.4.7 Risk adjustment tools

Management, the PCRC and Board have at their disposal three avenues for making risk adjustments to remuneration. These are:

- in-period adjustment, where all, or a portion, of potential variable reward may be reduced, including to zero;
- malus, where the Board may determine that all, or a portion of any unvested award will be lapsed or forfeited; and
- clawback, where the Board may determine to recover paid or vested variable reward that, as the result of a risk, compliance or conduct incident would not have otherwise been paid vested, subject to any legal limitations. Clawback may be applied whether or not the employment or engagement of the person has ceased.

3 Quantitative disclosures.

The tables in this section have been prepared in accordance with the quantitative disclosure requirements outlined in Table 22 of APS 330, Attachment G.

3.1 People, Culture & Remuneration Committee

This section summarises the requirements under paragraph (g).

All NEDs serve on the Board Audit; Nomination & Governance; People, Culture & Remuneration; Risk; and Transformation & Technology Committees.

Other than the Board Chair who receives no additional remuneration for involvement with Committees, NEDs are remunerated for all five committees using a flat fee structure, inclusive of superannuation, as set out in Table 5.

The PCRC met eight times in FY24 (eight times in FY23). The total number of meetings across the five committees was 37 in FY24 (35 in FY23). Further details on Non-Executive Director Remuneration can be found on page 112 of the FY24 Annual Report.

Table 5. NED Fee Structure – FY24 & FY23

	FY24		FY23	
	Chair / Committee Chair (\$'000)	Directors / Committee members (\$'000)	Chair / Committee Chair (\$'000)	Directors / Committee members (\$'000)
Base fees	\$500 ¹	\$185 ²	\$500	\$185
Committee fees	\$50	\$80	\$50	\$80

¹ For the duration of FY24 Warwick Negus' fee was reduced by 20 percent of his FY23 actual base fees. The reduction was reflective of the risk outcome of the organisation and consistent to the approach applied to the rest of the Non-Executive Directors. The quantum of reduction was determined using a pro-rata calculation of his director's base fee for the period 1 September 2022 to 26 March 2023 and Chair's fee for the period 27 March to 31 August 2023.

² For the duration of FY24, other NED's fees, with the exception of Andrew Fraser who commenced on 8 February 2024, were reduced by 20 percent of their FY23 actual base fees.

3.2 Remuneration awarded to Senior Managers

Table 6 summarises the requirements under paragraph (h), providing a breakdown of the various payments made to Senior Managers¹ during the reporting periods. As noted in the introduction, at BOQ all MRT are included in the Senior Manager category and therefore not disclosed separately.

Table 6. Remuneration awarded to Senior Managers

	FY24 (\$'000)	FY23 (\$'000)
Number of Senior Managers who received variable reward	11	16
Number of guaranteed bonuses awarded	0	0
Value of guaranteed bonuses awarded	\$0	\$0
Number of sign-on awards	1	0
Value of sign-on awards	\$377	\$0
Number of termination payments	1	5
Value of termination payments ¹	\$416	\$3,081

¹ Includes contractual and statutory entitlements and, where relevant, pay in lieu of notice and/or periods of gardening leave.

3.3 Outstanding deferred remuneration for Senior Managers

This table provides a summary of outstanding deferred cash and equity-based remuneration for Senior Managers during the reporting periods including the total value of outstanding awards, deferred awards paid out during the reporting period and any reductions due to ex-post explicit and implicit adjustments. It summarises the requirements under paragraphs (i) and (k).

Table 7. Outstanding deferred remuneration for Senior Managers

	FY24 (\$'000)	FY23 (\$'000)
Number of incumbents (including part-year)	11	16
Cash based awards	\$0	\$0
Shares and share-linked instruments ¹	\$11,644	\$9,964
Total outstanding deferred remuneration	\$11,644	\$9,964
Total outstanding deferred remuneration paid out during the financial year ^{2, 3}	\$1,173	\$1,472
Total amount of reductions during the financial year due to explicit adjustments ⁴	\$2,366	\$6,390
Total amount of reductions during the financial year due to implicit adjustments ⁵	\$0	\$2,521

¹ Shares and share-linked instruments are expressed using the closing share price at 31 August 2024 (for FY24) and 31 August 2023 (for FY23). The approach for valuing Premium Priced Options is the difference between the closing share price and the exercise price, however, as the closing share price was lower than the exercise price for both reporting periods, the Options value is reported as nil.

² Includes all shares or rights for employees who were Senior Managers at any point during the financial year and where restrictions have not lifted as the end of the year (31 August 2024 for FY24 and 31 August 2023 for FY23). The share price at 31 August 2024 was lower than the exercise price, the value of the options have been reported as nil.

³ Paid out means that the restrictions on the shares or rights have lifted.

⁴ Includes reductions to awards paid out during the reporting periods due to downward adjustments to outcomes and/or forfeitures due to non-vesting/lapsing or employees exiting, calculated using the closing share price at 31 August 2024 (for FY24) and 31 August 2023 (for FY23). FY22 and FY23 Performance Shares that lapsed are disclosed in FY24.

⁵ Includes reductions to awards (outstanding and paid out) during the reporting periods due to revaluation of awards and/or share price fluctuations using the closing share price at 31 August 2024 (for FY24) and 31 August 2023 (FY23). Amount is shown as nil as the closing share price in FY24 is higher than the closing share price in FY23.

Table 8. Breakdown of the remuneration awarded to Senior Managers

This table summarises the requirements under paragraph (j) and provides a breakdown of the value of fixed and variable reward awarded to Senior Managers during the reporting periods.

	FY24 (\$'000)	FY23 (\$'000)
Number of incumbents (including part-year)	11	16
Fixed reward (non-deferred)		
Cash based ¹	\$6,990	\$8,777
Shares and share-linked instruments	\$0	\$0
Other ²	\$377	\$493
Variable reward		
Cash-based (non-deferred) ³	\$2,039	\$113
Cash based (deferred)	\$0	\$0
Share-linked instruments (deferred) ⁴	\$8,628	\$11,004
Other	\$0	\$0

¹ Includes salary (including any salary sacrificed benefits), paid leave and allowances paid in cash.

² Includes compulsory superannuation contributions, the value of contractual car parking and any other non-cash benefits

³ Cash incentives earned in respect of the financial year (not necessarily paid in the same financial year).

⁴ Face value of awards granted in respect of the financial year including Executive performance Rights (EPRs) and Restricted Shares awarded in respect of deferred STVR.