

Arab Bank Australia Limited

Remuneration Disclosure

For the year ended 31 December 2025

This remuneration disclosure has been prepared in accordance with the Australian prudential regulation authority (APRA) Prudential Standard CPS 511, to meet regulatory disclosure obligations.

Remuneration framework

ABAL's remuneration framework is designed to align with sound governance principles, ethical practices, and prudent risk management, forming the bedrock for its compensation approach. This comprehensive framework, which dictates the structure and terms of remuneration arrangements and operational systems, aims to encourage and reward actions that generate value for ABAL's people, customers, and shareholders, while fostering accountability for performance and desired behaviors. It integrates ABAL's core values, remuneration governance, a well-defined risk management framework and strategy, and encompasses all relevant policies, procedures, and systems.

Remuneration policy

The objective of the Remuneration Policy is to encourage behaviors that support the Bank's long-term financial soundness and the prudent risk management of the Bank.

To this extent, the Bank is committed to maintaining a remuneration framework that:

- Aligns with the Bank's strategic objectives, business plan and the Risk Management Framework;
- Promotes effective management of both financial and non-financial risks, sustainable performance and the Bank's long-term financial soundness; and
- Supports the prevention and mitigation of conduct risk.

The Bank's Policy embodies the following principles:

- Appropriately compensate Employees and Directors for the services they provide to the Bank.
- Be consistent and appropriate having regard to the performance of the Bank and the relevant Employees and Directors.
- Motivate Employees and Directors to perform in the best interests of the Bank and its shareholder.
- Motivate Employees and Directors to pursue long-term growth and success of the Bank within the Board approved Risk Management Framework.
- Manage the risks associated with remuneration in a manner that supports the Bank's Risk Management Framework by applying an appropriate balance between fixed and variable remuneration, reflecting short-and long-term performance objectives to the Bank's circumstances and goals.
- Apply key short-term and long-term Key Performance Indicators (KPIs), including financial and non-financial measures of performance, to eligible Employees and Directors
- Demonstrate a clear relationship between individual performance and reward
- Comply with all regulatory and legal requirements
- Provide an appropriate level of transparency
- Set out clear remuneration requirements under the Financial Accountability Regime (FAR) for the Bank's Accountable Persons.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director of the entity. Key management personnel of Arab Bank Australia Limited and its controlled entities are:

Name	Role
Mr Geoffrey C E Wild AM	Chairman and Non Executive Independent Director. Member of the Board Remuneration Committee, Board Nomination Committee, Board Audit Committee, and Board Risk Committee.
Mr Ian G MacDonald	Non Executive Independent Director. Chair of the Board Remuneration Committee and Board Audit Committee and member of the Board Nomination Committee and Board Risk Committee.
Mr Andrew N Williamson	Non Executive Independent Director Chair of the Board Nomination Committee and Board Risk Committee and member of the Board Audit Committee.
Mr Mohammed A K Masri	Non Executive Director Member of the Board Remuneration Committee.
Mr Saleem J S Shadeed	Non Executive Director Member of the Board Audit Committee and Board Risk Committee.
Ms Therese A S Batshon	Non Executive Director Member of the Board Audit Committee and Board Risk Committee.
Mr Joseph Rizk AM	Managing Director and Chief Executive Officer
Ms Katherine Bayliss	Chief Financial Officer and Company Secretary
Ms Helen Michael	Chief Operating Officer
Mr James Gow	Chief Risk Officer

Board Governance

The Board is ultimately responsible for the Bank's remuneration framework and its effective application. To this extent the Bank's Board ensures that remuneration arrangements are supported by establishing:

- a) The right tone from the top about risk management
- b) Appropriate frameworks and policies that influence behaviors beyond financial rewards.
- c) Clear accountabilities and expectations for risk management across the Bank; and
- d) Effective consequence management arrangements for employees and other stakeholders subject to the Remuneration Policy.

The Board is also engaged in ongoing oversight of the remuneration framework to ensure that it is designed and implemented effectively and meets four times per year.

Board Remuneration Committee

Primary oversight of this framework rests with ABAL's Board Remuneration Committee (BRemC). The purpose of the BRemC is to assist the Board in fulfilling its responsibilities relating to remuneration and people matters, and compliance with related employment laws and regulations. It does this by ensuring that the Company has appropriate remuneration and people systems in place by monitoring their effectiveness.

The policy of the Board is that the BRemC will consist of at least three directors. The directors must be entirely non-executive directors. The Managing Director attends meetings by invitation except when matters affect him personally. The Committee meets three times per year.

The BRemC reviews input provided by the Managing Director and Chief Executive Officer, Chief Risk Officer and Executive Manager Internal Audit and recommends to the Board:

- Changes in Remuneration Policy, including Superannuation, other benefits and remuneration structure likely to have a material impact on the Bank.
- Remuneration for Independent Directors, the Managing Director and Chief Executive Officer (MD & CEO) and other Executives reporting to the MD & CEO.
- Individual Executive Short Term Incentives for the MD & CEO and his direct reports.
- The aggregate remuneration increases and bonus pool for all staff.

The BRemC also oversees the structure of remuneration for risk and financial control personnel in carrying out their functions.

Non-Executive Director Remuneration

Non-Executive Independent Directors' fees are reviewed annually by the Board following recommendations from the Remuneration Committee. The Remuneration Committee may engage the services of an independent remuneration and benefits specialist to ensure the directors' remuneration packages appropriately compensate Non-Executive Independent Directors for the services they provide to the Bank. Non-Executive Independent Directors do not receive bonuses or incentive payments. No retirement benefits, other than superannuation, accrue to existing or new Directors.

Executive Remuneration

Executive Remuneration packages contains:

- Fixed remuneration includes base salary, benefits and superannuation. Base salaries are determined to attract and retain employees with skills required to effectively manage the operations and growth of the business to reflect best market practice for the specific circumstances of the Bank.
- Variable remuneration is the amount of a person's total remuneration that is conditional on objectives, which include performance criteria, service requirements and passage of time. Further the design of the variable remuneration at the Bank considers both financial and non financial risks that can impact the performance of the Bank in determining variable remuneration. The Bank complies as required with deferral requirements as per CPS511.
- Incentive payments may also made to certain key executives by the parent company, Arab Bank plc.

- Severance payments on termination are limited to pre-established contractual arrangements that comply with statutory requirements and do not commit the Bank to making unjustified payments in the even of non-performance including inappropriate conduct.

Remuneration Adjustment

The Bank has appropriate variable remuneration adjustment measures that includes but are not limited to overriding Board discretion at critical development points, in period adjustments, malus and where appropriate clawback, which are supported by a downward-adjustment process. The total downward-adjustment must be proportionate to the severity of the risk and conduct outcome.

Conflicts of Interest

The Bank takes reasonable steps to identify which service providers may give rise to material conflicts and risks. This includes developing a definition of a conflict of interest that has been approved by the Board. Further through ongoing monitoring of arrangements the Bank is able to identify material conflicts of interest and risks.

Performance assessment

In evaluating the executive's performance, they all must undergo an annual performance appraisal covering various factors. The CEO then completes and appraise the executive's performance for the year base of their achievements and KPI. Annually, the CEO recommends executive remuneration to the Board Remuneration Committee and the Board evaluates the CEO and other executives against their KPIs, incorporating both company and individual risk assessments. The Chief Risk Officer and Executive Manager Internal Audit provide input into the process by identifying any concerns around the conduct of individuals which is considered by the Board Remuneration Committee in the annual review process. The Board retains full discretion over STI payments, including the right to reduce or forfeit awards.

Impact of Business Performance on STI rewards

The Board retains complete discretion over STI payments, including the right to reduce or forfeit payments to protect the financial soundness of the Bank.

The STI pool is recommended from the Board Remuneration Committee to the Board and considers the financial performance of the Bank.