APS 330 Public Disclosure - Remuneration for 2017-2018 Financial Year

Qualitative Disclosures

a. The Board of **Bank Australia** has delegated the Board Governance Committee to fulfil the responsibilities of the Board Remuneration Committee as required by Prudential Standard CPS 510 Governance.

The Governance Committee is made up of three non-executive directors and the Managing Director. The Managing Director is not present at any discussions pertaining to their own remuneration.

The Governance Committee undertakes to review, report and recommend to the Board the remuneration of key management personnel of **Bank Australia**. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the bank and comprise the Managing Director and senior managers.

Together with the Managing Director, senior managers of the bank as at 30 June 2018 were:

- Chief Finance Officer
- Chief Operating Officer
- Chief Strategy Officer
- Deputy Chief Executive Officer
- Chief Risk Officer

There are no other positions (employees and directly retained contractors) who are considered material risk takers and whose activities, individually or collectively, may affect the financial soundness of the bank.

The Governance Committee may refer to market comparisons and industry benchmarks for compensation and enlist the guidance of independent external consultants in determining remuneration. In the 2017-2018 financial year the Governance Committee received information from Mercer and McGuirk Management Consultants.

b. The Remuneration Policy provides a framework to guide remuneration determination for directors, the Managing Director and senior management. The Governance Committee reviews the Remuneration Policy every second year and it was last reviewed in December 2017. In the 2017-2018 financial year no material changes were made.

The objective of the bank's remuneration arrangements is to ensure compliance with corporate governance requirements whilst attracting and retaining capable, motivated directors and senior managers with the strategic vision to drive and sustain responsible profitable growth, maintain stability and financial soundness and support the risk management framework.

Note that while the Remuneration Policy allows for incentives and variable/performance-based components of compensation, no such components were negotiated or paid during the 2017-2018 financial year for any employees.

The bank is committed to ensuring that it determines the conditions of employment for its staff consistently and equitably, and that staff are paid according to the work value of the functions of the positions they are required to perform. To ensure equity and justice in pay, the Mercer CED position evaluation system is applied to all positions below Managing Director in order to measure the work value of all positions in a consistent manner and establish a fixed relationship between the outcome of the work value measurement and remuneration.

Senior managers responsible for risk and/or financial control do not have any component of remuneration based on performance.

Bank Australia has developed a remuneration framework of salary ranges within a grade structure. Based on the evaluation of the position and individual competence and experience, employees are paid a fixed total remuneration.

c. The Remuneration Policy and the Governance Committee form part of the risk management framework of the bank.

Compliance and risk management objectives and accountabilities are incorporated in all position descriptions with requisite responsibilities and are considered as part of regular performance appraisals.

In determining remuneration recommendations to the Board, the Governance Committee seeks to align the objective of attracting and retaining capable and motivated directors and senior managers with the practice of prudent risk-taking and the consideration and impact of business risks and the ongoing financial viability of the bank.

d. The bank has established a framework to assess individual performance via annual performance evaluations designed to support the professional development of employees, and to deploy that capability to best meet the bank's business needs.

e. There is no policy or arrangements in place to adjust remuneration for longer term performance.

f. No arrangements for variable remuneration were made during the 2017-2018 financial year.

Quantitative Disclosures

g. The Governance Committee met four times during the 2017-2018 financial year.

Members of the Governance Committee do not receive any additional payment for attendance and participation at meetings.

h. No variable remuneration awards, guaranteed bonuses, sign-on awards or termination payments were made to key management personnel during the 2017-2018 financial year.

i. No deferred remuneration payments were made to key management personnel in the 2017-2018 financial year.

j.

Total value of remuneration awards for the 2017-2018 financial year	Unrestricted	Deferred
Fixed Remuneration	**$2,818,295**	**n/a**
Cash-based	**$2,668,297**	**n/a**
Shares and share-linked instruments	**n/a**	**n/a**
Other	**$149,999**	**n/a**
Variable remuneration	**n/a**	**n/a**
Cash-based	**n/a**	**n/a**
Shares and share-linked instruments	**n/a**	**n/a**
Other	**n/a**	**n/a**

k. There were no implicit or explicit exposures to fluctuations or adjustments of deferred and retained remuneration.