

## Remuneration Disclosures

To comply with APS 330, Police Bank is required to make the remuneration disclosures set out below.

For the purposes of the remuneration disclosures,:

A) a 'Senior Manager' includes any person (other than a Director) who:

- a. Makes, or participates in making decisions that affect the whole, or a substantial part of the business of Police Bank
- b. Has the capacity to affect significantly Police Bank's financial standing
- c. May materially affect the whole, or a substantial part of the business of Police Bank or its financial standing through their responsibility for:
  - i. Enforcing policies and implementing strategies approved by the Board
  - ii. The development and implementation of systems used to identify, assess, manage or monitor risks
  - iii. Monitoring the appropriateness, adequacy and effectiveness of risk management systems
- d. A person who performs activities for a subsidiary of Police Bank where those activities could materially affect the whole, or a substantial part, of the business or its financial standing, either directly or indirectly (but not for a subsidiary that holds a RSE license under the Superannuation Industry (Supervision) Act 1993)

B) a 'Material Risk Taker' includes other persons for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of Police Bank.

A person must be considered to be either a Senior Manager or Material Risk Taker if that person is:

1. Employed directly by Police Bank
2. Retained directly by Police Bank under contract
3. Employed by, or a contractor of, a body corporate (including a service company) that is a related body corporate of Police Bank

The required remuneration disclosures must be published with the same frequency and concurrently with the lodgment of its financial statements under Corporations Act (unless otherwise agreed with APRA) within three months of lodgment of the Bank's annual financial report.

## Qualitative Disclosures

Police Bank has a Corporate Governance Committee to:

1. Ensure that Police Bank practices good corporate governance primarily by fulfilling its obligations as set out by the Australian Prudential Regulation Authority
2. Assess the appropriateness of Director remuneration

3. Ensure that the remuneration policy's performance based arrangements encourage behaviour that supports:
  - a. The long term financial soundness of Police Bank
  - b. The risk management framework
4. Assess the appropriateness of executive remuneration on an annual basis by reference to the principles of the remuneration policy, overall market conditions and with the benefit of independent advice on market remuneration and practices

The Corporate Governance Committee is appointed by the Board from among the non-executive Directors of Police Bank and shall consist of not less than three members with the majority being independent Directors.

The remuneration policy covers the entire organisation. In terms of the above classifications , the Police Bank management team is divided into these categories as shown below:

	Description	Number
<b>Senior Managers</b>	Chief Executive Officer Chief Financial Officer General Manager Distribution General Manager Human Resources Chief Information Officer, General Manager Product, Marketing & Digital General Manager Financial Planning General Manager Strategy & Growth General Manager Heritage Isle	9
<b>Risk and Management Personnel</b>	General Manager Compliance & Secretariat Chief Risk Officer Head of Internal Audit	3
<b>Material Risk Takers</b>	No roles	Nil

The remuneration policy is established to oversee the remuneration of the Senior Managers, Risk and Management Personnel of Police Bank.

The remuneration policy is reviewed annually and was last reviewed on 28<sup>th</sup> February 2019. Changes to the policy is to meet the objectives and structure of the remuneration arrangements and the measure of performance.

Employees whose primary role is risk management are remunerated with fixed remuneration which is evaluated by the Corporate Governance Committee to ensure that the reporting obligations are not compromised by financial incentives.

The remuneration policy seeks to ensure that quality employees are employed, retained and remunerated in accordance with their responsibilities and experience.

The Corporate Governance Committee seeks input from external remuneration consultants and applicable surveys on the appropriate remuneration for Senior Managers, Risk and Management Personnel.

The Corporate Governance committee assesses the relevant remuneration on a case-by-case basis to ensure the remuneration reflects the skill and experience of the employees to meet the Board expectations and changes in the business proposed by the strategic plan.

The performance of Police Bank is impacted by the market conditions at the time and by the level of adherence to policies of the bank, so as to remain within the risk appetite of the Board.

The Corporate Governance committee takes into account a number of factors such as the financial performance in the economic environment and compliance with regulatory requirements in assessing the performance of the Chief Executive Officer and other Senior Managers at Police Bank.

There are no specific measures taken to reward longer term performance.

A redundancy or termination payment will be negotiated with each employee as required by the employment agreement.

There are no elements of variable remuneration at Police Bank that are pre-determined. Any performance bonus arrangements are discussed at the Board level and structured to encourage behaviour that supports:

1. The long-term financial soundness of Police Bank
2. The risk management framework

In this Financial Year ending 30 June 2018, bonus payments paid to Senior Managers was \$399,924

### Quantitative Disclosures

Number of meetings held by the Corporate Governance committee during the financial year	4
Remuneration paid to Corporate Governance committee members	\$269,658
Number of employees having received a variable remuneration award during the financial year	4
Number and total amount of guaranteed bonuses awarded during the financial year	Nil
Number and total amount of sign-on awards made during the financial year	Nil
Number of severance payments made during the financial year	2
Amount of severance payments made during the financial year	\$290,568
Total amount of outstanding deferred remuneration	Nil
Total amount of deferred remuneration paid out in the year	Nil

**Senior Managers**

Total value of remuneration awards for current financial year	Unrestricted	Deferred
<b>Fixed Remuneration</b>		
• Cash based	2,699,713	Nil
• Shares and share linked instruments	Nil	Nil
• Other		Nil
<b>Variable Remuneration</b>		
• Cash based	\$399,924	Nil
• Shares and share linked instruments	Nil	Nil
• Other	Nil	Nil

**Risk and Management Personnel**

Total value of remuneration awards for current financial year	Unrestricted	Deferred
<b>Fixed Remuneration</b>		
• Cash based	\$547,527	Nil
• Shares and share linked instruments	Nil	Nil
• Other		Nil
<b>Variable Remuneration</b>		
• Cash based	\$31,423	Nil
• Shares and share linked instruments	Nil	Nil
• Other	Nil	Nil

**Material Risk Takers**

There are no managers, employees or consultants that are substantially remunerated on a commission or incentive basis.

Total value of remuneration awards for current financial year	Unrestricted	Deferred
<b>Fixed Remuneration</b>		
• Cash based	Nil	Nil
• Shares and share linked instruments	Nil	Nil
• Other	Nil	Nil
<b>Variable Remuneration</b>		
• Cash based	Nil	Nil
• Shares and share linked instruments	Nil	Nil
• Other	Nil	Nil

**Quantitative information about employees' exposure to implicit and explicit adjustments to incentives or performance based remuneration**

	Deferred	Retained
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	Nil	Nil
Total amount of reductions during the financial year due to ex post explicit adjustments	Nil	Nil
Total amount of reductions during the financial year due to ex post implicit adjustments	Nil	Nil