

## Remuneration Committee

Australian Military Bank (the Bank) has established a Remuneration Committee responsible for overseeing the following:

- Establishment and regular review of the Bank's Remuneration Policy, including the effectiveness of the policy and recommending changes to the policy where appropriate;
- Directors' remuneration and Directors' work entitlements; and
- Making recommendations to the Board on remuneration of the CEO, direct reports of the CEO, other persons whose activities may in the Remuneration Committee's opinion affect the financial soundness of the Bank and other persons specified by APRA.

The Remuneration Committee operates in accordance with a written charter and comprises three non executive Directors elected by the Board. The committee members are elected on an annual basis. The current members of the committee include the Board Chairman and two other non executive directors.

The Remuneration Committee may engage third party experts on matters affecting remuneration. The committee participates in a Remuneration Survey published by McGuirk Management Consultants and AON Hewitt that provides key market data and benchmarking to assist with determining remuneration.

Senior managers for the purpose of this disclosure include the key personnel per the Bank's remuneration policy being the CEO, other executives and regional managers. For the purposes of this disclosure, there are no employees outside of these key personnel that the Remuneration Committee considers to be material risk takers as defined in paragraph 17 of APS 330.

## Remuneration Policy

The remuneration policy was established to provide the framework to manage remuneration of key personnel with the objective to ensure it is comparable to like organisations. The policy is reviewed annually. There were no material changes to the policy in the past year.

The remuneration structure for senior managers and risk and financial control employees comprised a fixed salary and superannuation. Short term incentives were offered to senior managers involved in the Bank Transformation Project during the year ended 30 June 2018, with some of these incentives paid in the following financial year as and when milestones were confirmed.

The performance and remuneration of risk and financial control employees is assessed according to objectives specific to the roles they undertake, which are independent of the business they oversee. Risk and financial control employees are remunerated based on a fixed salary and superannuation which is evaluated by the remuneration committee to ensure that the reporting obligations are not compromised by financial incentives.

## Remuneration Process

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

The remuneration committee seeks the input from external remuneration consultants and applicable surveys to guide the committee on the appropriate remuneration for staff.

The remuneration committee assess the relevant remuneration on a case by case basis to ensure the remuneration reflects the skill and experience of the staff member to meet the Board expectations and changes in the business proposed by the strategic plan.

## Performance Based Remuneration

The Bank does not only have a direct link between the performance and remuneration. The remuneration committee also takes into account a combination of factors in assessing the performance of employees including achievement of the objectives of the Bank, financial performance, compliance with regulatory requirements, management of risk, results of members satisfaction feedback, achievement of the objectives specific to the role, changes in the consumer price index and remuneration being offered in similar positions within the industry.

There are no specific measures taken to reward longer term performance. There is no deferred remuneration arrangements with any staff other than the employee statutory entitlements and award conditions and some 2018 Bank Transformation Project bonuses paid in the 2019 financial year.

A redundancy or termination payment will be negotiated with each employee as required by the Award conditions and in consultation with the Board of Directors.

**Quantitative Disclosures**

	Number	\$
Number of meetings of the Remuneration Committee	1	
Number of variable remuneration awards	0	\$0
Number and total guaranteed bonuses award during the financial year	4	\$121,385
Number and total sign-on awards made during the financial year	0	\$0
Number and total termination payments made during the financial year	1	\$56,484
Total amount of outstanding deferred remuneration	0	\$0
Total amount of deferred remuneration paid during the financial year	0	\$0

**Total Value of Remuneration for Senior Managers and Material Risk Takers**

Total value of remuneration (unrestricted ) awards for the financial year		
	Senior Managers	Material Risk Takers
<b>Fixed remuneration</b>		
Cash-based	\$2,246,058	-
Shares and share linked instruments	-	-
Other	\$189,626	-
<b>Variable remuneration</b>		
Cash-based	\$121,385	-
Shares and share linked instruments	-	-
Other	\$2,800	-