

APS 330 Remuneration disclosures as at 30 June 2019

For the purposes of the remuneration disclosures, a **‘senior manager’** includes:

- a. an **executive director**;
- b. a **senior manager**, being a person (other than a director) who:
 - i. makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the ADI;
 - ii. **has the capacity to affect significantly the ADI’s financial standing**;
 - iii. **may materially affect the whole, or a substantial part, of the business of the ADI** or its financial standing through their responsibility for:
 - enforcing policies and implementing strategies approved by the Board of the regulated institution;
 - the development and implementation of systems used to identify, assess, manage or monitor risks in relation to the business of the regulated institution; or
 - monitoring the appropriateness, adequacy and effectiveness of risk management systems; or
 - iv. **a person who performs activities for a subsidiary of the regulated institution** where those activities could materially affect the whole, or a substantial part, of the business of the regulated institution or its financial standing, either directly or indirectly (but not for a subsidiary that holds an RSE licence under the *Superannuation Industry (Supervision) Act 1993*).

For the purposes of the remuneration disclosures, ‘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 the ADI.**

For the purposes of the remuneration disclosures, a person must be considered to be either a senior manager or material risk-taker if that person is:

- a. employed directly by the ADI;
- b. retained directly by the ADI under contract; or
- c. employed by, or a contractor of, a body corporate (including a service company) that is a **related body corporate** of the ADI.

The remuneration disclosures are published with the same frequency as, and concurrent with the lodgement of its financial statements under Corporations Act, unless otherwise agreed with APRA – 31 October 2019.

Table A: Qualitative disclosures

<p>a. Information relating to the bodies that oversee remuneration.</p>	<p>NICU has a Board Remuneration and Executive Committee to oversee the remuneration of the CEO and receive recommendations on salaries for other senior staff. The role and scope of the Committee is contained in the Board-authorized Terms of Reference.</p> <p>The CEO has the responsibility for the remuneration of employees up to the level of Branch Manager. The Board and the Committee has responsibility for employees at the level of Branch Manager and above, and in particular the assessment of performance and remuneration of the CEO, the Deputy CEO, the Company Secretary, and the Executive Manager Lending & Credit Risk.</p> <p>The Board’s remuneration is approved by the Members in general meeting before being effective. In determining the CEO remuneration the Committee had regard to industry surveys. The Board-authorized policy on Remuneration covers all of NICU. Material risk takers may be defined as persons who are subject to bonus or performance based remuneration. NICU has no such employees.</p>
<p>b. Information relating to the design and structure of remuneration processes.</p>	<p>The Board-authorized Remuneration Policy addresses matters considered when determining remuneration and is reviewed at least annually. The current version is effective as at 7 August 2018. In 2017 NICU retained a dedicated Chief Risk Officer.</p> <p>NICU continues to maintain a Risk Management Committee whose membership comprises of Heads of Department and Senior Staff. All such staff are on a fixed salary which is evaluated by the Board Remuneration & Executive Committee to ensure reporting obligations are not compromised by financial incentives.</p>
<p>c. Description of how current and future risks are taken into account in the remuneration processes.</p>	<p>The Remuneration Policy seeks to ensure that quality employees are employed, and retained and are remunerated in accordance with their responsibilities and experience. The Board Remuneration & Executive Committee is able to seek the input from external remuneration consultants and applicable surveys to guide the committee on the appropriate remuneration for the senior management team. The Committee assesses the relevant remuneration on a case by case basis to ensure the remuneration reflects the skill and experience of the managers to meet the board expectations and changes in the business proposed by the strategic plan.</p>
<p>d. Description of how NICU seeks to link performance with levels of</p>	<p>NICU’s performance is impacted by the market conditions at the time and by the level of adherence to NICU policies, so as to remain with the risk appetite of the board. NICU does not have a direct link between the performance and remuneration. The Board Remuneration & Executive Committee takes into account a combination of factors, such as financial performance in the economic environment and compliance with regulatory requirements in assessing the performance of the CEO and other</p>

remuneration.	senior managers.
e. Description of how NICU seeks to adjust remuneration to take account of longer-term performance.	There are no specific measures taken to reward longer term performance. Remuneration is based on the salary agreed in consultation with the senior manager. There is no deferred remuneration arranged with the managers other than the employee statutory entitlements and award conditions as amended. A redundancy or termination payment is negotiated with each employee as required by the Award conditions and in consultation with the board of directors. The CEO, Deputy CEO, Company Secretary, and Executive Manager Lending & Credit Risk hold Australian Workplace Agreements that entitle them to a redundancy or termination payment contingent on years of service.
f. Description of different forms of variable NICU utilises	There are no elements of variable remuneration that are pre-determined. Any performance bonus arrangements are discussed at the board level to reward exceptional performance where applicable. In past years bonus payments paid to senior managers was \$Nil.

QUANTITATIVE DISCLOSURES: Table B

Meetings held by Board Remuneration & Executive Committee during the financial year and the remuneration paid to its members.	
<ul style="list-style-type: none"> • The number of employees having received a variable remuneration award during the financial year. • Number and total amount of guaranteed bonuses awarded during the financial year. • Number and total amount of sign-on awards made during the financial year. • Number and total amount of severance payments made during the financial year. 	<ul style="list-style-type: none"> Nil Nil Nil Nil
<ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration (split into cash, shares and share-linked instruments and other forms.) • Total amount of deferred remuneration paid out in the year 	<ul style="list-style-type: none"> Nil Nil

REMUNERATION: APS330 states 'Under CPS 510, an ADI's remuneration policy is broader in scope and encompasses senior managers, material risk-takers and risk and management personnel. The remuneration disclosure requirements reflect this, with the exception that the **aggregate quantitative disclosures apply only to the first two categories**'. To identify the categories referred to we noted the following dissection in draft CPS 510.57. CPS 510 .57 states the remuneration policy covers

- Senior managers - each responsible person, as that term is defined in *Prudential Standard CPS 520 Fit and Proper* (CPS 520), excluding: (i) non-executive directors; (ii) appointed auditors;
- persons whose primary role is **risk management, compliance, internal audit, financial control** or actuarial control (**collectively 'risk and financial control personnel'**); and
- all 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 the regulated institution or group.

This would mean that, at a minimum, an ADI's quantitative disclosures should cover

- aggregated details for (a) and (b) above
- individual data for persons identified in (c.) above

Remuneration should coincide with the Accounting standard disclosures for cash and benefits.

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave)
- profit-sharing and bonuses payable within twelve months after the end of the period in which the employees render the related service; and
- non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

The remuneration disclosures in Table C - E below are to be completed separately for the following groups:

- Senior managers (CEO, Deputy CEO, Company Secretary, Executive Manager Lending & Credit Risk)
- Risk and Compliance personnel (as above being members of the Risk Management Committee)
- Material risk-takers (remuneration based on performance – commissions, incentives etc.).

Table C: Senior managers:

Number of managers	5	Nil
Total value of remuneration awards for the current financial year	Unrestricted	Deferred
Fixed remuneration	Salary plus Super x Heads of Department as above	
• Cash-based - (a) (b) (c) below	\$1,023,216	NIL – termination or redundancy benefits in contracts
• Shares and share-linked instruments	Nil	Nil

• Other (Fringe benefits) (d) below	Nil	Nil
Variable remuneration	Nil	Nil
• Cash-based	Nil	Nil
• Shares and share-linked instruments	Nil	Nil
• Other	Nil	Nil

Table D Risk and compliance managers:

Number of Managers	5	Nil
Total value of remuneration awards for the current financial year	Unrestricted	Deferred
Fixed remuneration	Salary plus Super x Heads of Department as above	
• Cash-based	\$1,023,216	Nil
• Shares and share-linked instruments	Nil	Nil
• Other	Nil	Nil
Variable remuneration	Nil	Nil
• Cash-based	Nil	Nil
• Shares and share-linked instruments	Nil	Nil
• Other	Nil	Nil

Table E Material risk-takers: There are no managers, employees or consultants that are substantially remunerated on commission nor incentive basis

Names (individually)	-		-	
Total value of remuneration awards for the current financial year	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
• Cash-based - (a) (b) (c) below	NIL	NIL	NIL	NIL
• Shares and share-linked instruments	NIL	NIL	NIL	NIL
• Other (Fringe benefits) (d) below	NIL	NIL	NIL	NIL
Variable remuneration				
• Cash-based	NIL	NIL	NIL	NIL
• Shares and share-linked instruments	NIL	NIL	NIL	NIL
• Other	NIL	NIL	NIL	NIL

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

	Deferred remuneration	Retained remuneration
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