

## Prudential Remuneration Disclosures

The purpose of this report is to make available to the general public quantitative and qualitative information about remuneration practices for “senior management” as required under the Australian Prudential Regulation Authority (APRA) prudential standard APS 330 Public Disclosure.

This has been completed in accordance with the Remuneration and Reward Policy of Hume Bank Limited (Hume). The period reported refers to the financial year 30 June 2019.

For the purpose of this disclosure only, the Senior Managers and Material risk takers include:

- Senior Managers being the Executive Management Team (7);
  - Chief Executive Officer
  - Chief Sales Officer
  - Chief Risk Officer
  - Chief Design & Marketing Officer
  - Chief Financial Officer
  - Chief Technology Officer
  - Chief People & Change Officer
  
- Material Risk Takers (persons subject to bonus or performance based remuneration)
  - n/a

The APS 330 Remuneration Qualitative and Quantitative Disclosures are prepared on an annual basis and enclosed herewith.

### Hume Bank

## Qualitative Disclosures

### **Hume Bank**

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## Remuneration and Succession Committee

The Board established Hume's Remuneration and Succession Committee (the Committee) to oversee Hume's remuneration process.

The Remuneration and Succession Committee Charter (the Charter) is reviewed annually and was last approved by the Board in February 2019. The Charter outlines the purpose, responsibilities, membership, and meeting requirements of the Committee. The Charter requires the committee to meet as required, but at least quarterly.

The Committee must comprise of four non-executive directors, the majority of members must be independent non-executive directors. The Board may also appoint outside experts to the Committee if it believes it is desirable to do so.

The members of the Committee during the year were:

Kerry Grigg (Chair) - Independent, Non-Executive Director  
Kay Thawley - Independent, Non-Executive Director  
Paul McGill - Independent, Non-Executive Director  
Anthony Whiting - Independent, Non-Executive Director

The purpose of the Committee is to assist the Board by:

- Making recommendations on the suitability of candidates for Director and CEO vacancies;
- Conducting annual review of fit and proper and independence; and,
- Reviewing remuneration and making recommendations to the Board.

## Design and Structure of Remuneration Processes

Hume's Remuneration and Rewards Policy (the Policy) provides for a fair and equitable approach to remuneration and reward in accordance with the contribution and responsibility of Hume's staff.

The objectives of the Policy are to:

- Adopt remuneration practices that strike a balance between sustaining business profitability and managing in a competitive employment market;
- Attract, retain and motivate high performing employees to achieve strategic objectives;
- Differentiate reward according to performance;
- Actively encourage behaviours that demonstrate the corporate values and are aligned to the organisational risk appetite; and
- Ensure compliance with corporate governance requirements.

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## Remuneration Structure

Remuneration to Hume staff is comprised of:

- *Base Salary*: Annual salary excluding allowances or additional payments;
- *Superannuation*: superannuation contribution amount aligned with the applicable statutory superannuation guarantee contribution amount;
- *Total Fixed Remuneration (TFR)*: Base salary plus the value of all cash (e.g. superannuation, allowances) and non-cash benefits (e.g. motor vehicles) plus the cost of Fringe Benefits Tax (FBT);
- *Annual Staff Bonus & Short-Term Incentives*: Variable reward opportunities available are designed to recognise achievements measured over a specific performance period (e.g. 12 months); and
- *Total Remuneration*: TFR plus actual short-term incentives.

### CEO Remuneration

Remuneration of the CEO is reviewed annually. The Remuneration and Succession Committee will gather and review relevant information, comparative remuneration, individual performance, and if required, obtain external advice.

The Committee will provide this information together with a recommendation to the Board for consideration each year. The CEO's remuneration includes a fixed component and a variable component.

### Executive Managers Remuneration

The Remuneration and Succession Committee, together with the CEO, reviews initially and annually, the appropriate level and structure of remuneration for the CEOs direct reports.

The Committee's review will consider individual performance, comparative remuneration in the market and where appropriate, external advice as provided by the CEO. Remuneration for Executive Managers includes a fixed component and a variable component.

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## Performance Measurement

The objective of the Annual Staff Bonus & Short Term Incentive Plan is to recognise and reward employees who contribute to the successful outcomes of Hume, and to support differentiation based on performance. The annual performance review process informs the bonus or incentive outcomes for employees.

Following the completion of performance reviews for all employees for the financial year ended 30 June 2019, a calibration session was facilitated in order to ensure consistency in performance ratings and bonus or incentive allocation for employees.

The maximum value of any bonus or incentive is adjusted annually based on Hume's performance against corporate Key Performance Indicators (KPIs) and individual performance ratings.

Following finalisation and external auditor sign-off on the financial year accounts, the outcomes achieved against the KPIs, with any bonus or incentives awarded are determined by the Remuneration and Succession Committee and approved by the Board.

The Board has the discretion to remove or suspend payment of a bonus or incentive in the event it would be contradictory to the operating results of the company.

The Chairman of the Audit Committee reviews the remuneration for the internal auditor.

## Quantitative Disclosures

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Qualitative Disclosures				
(g)	During the year, the Remuneration and Succession Committee met five times. The remuneration paid to its members was as follows:			
	<b>Remuneration to the Remunerations and Succession Committee Members</b>		<b>\$</b>	
	Total Remuneration and Succession Committee fees		42,884	
	Other remuneration		259,620	
	Total remuneration		302,504	
(h)	<b>Senior Managers</b>		<b>No.</b>	<b>\$</b>
	Variable remuneration paid - annual bonus		6	47,646
	Guarantee bonuses		-	-
	Sign-on award		-	-
	Severance payment		-	-
(i)	<b>Senior Managers</b>		<b>\$</b>	
	Deferred remuneration outstanding		-	
	Deferred remuneration paid		-	
(j)	<b>Senior Managers - Total Value of Remuneration Awards for the Current Financial Year</b>		<b>Unrestricted (\$)</b>	<b>Deferred (\$)</b>
	<b>Fixed Remuneration</b>			
	Cash based		1,976,006	-
	Shares		-	-
	Other		36,223	-
	<b>Variable Remuneration</b>			
	Cash based		47,646	-
	Shares		-	-
	Other		4,526	-
	Total		2,064,401	-
	(k)	<b>Senior Managers</b>		<b>\$</b>
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.		-		
Total amount of reductions during the financial year due to ex post explicit adjustments.		-		
Total amount of reductions during the financial year due to ex post implicit adjustments.		-		

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