

Volt Bank Limited

APS 330 Remuneration Disclosures

31 March 2019

Contents

Introduction 3

1. Remuneration Governance 3

2. Remuneration Framework..... 5

3. Remuneration and Risk Management 5

Quantitative Disclosures 7

Introduction

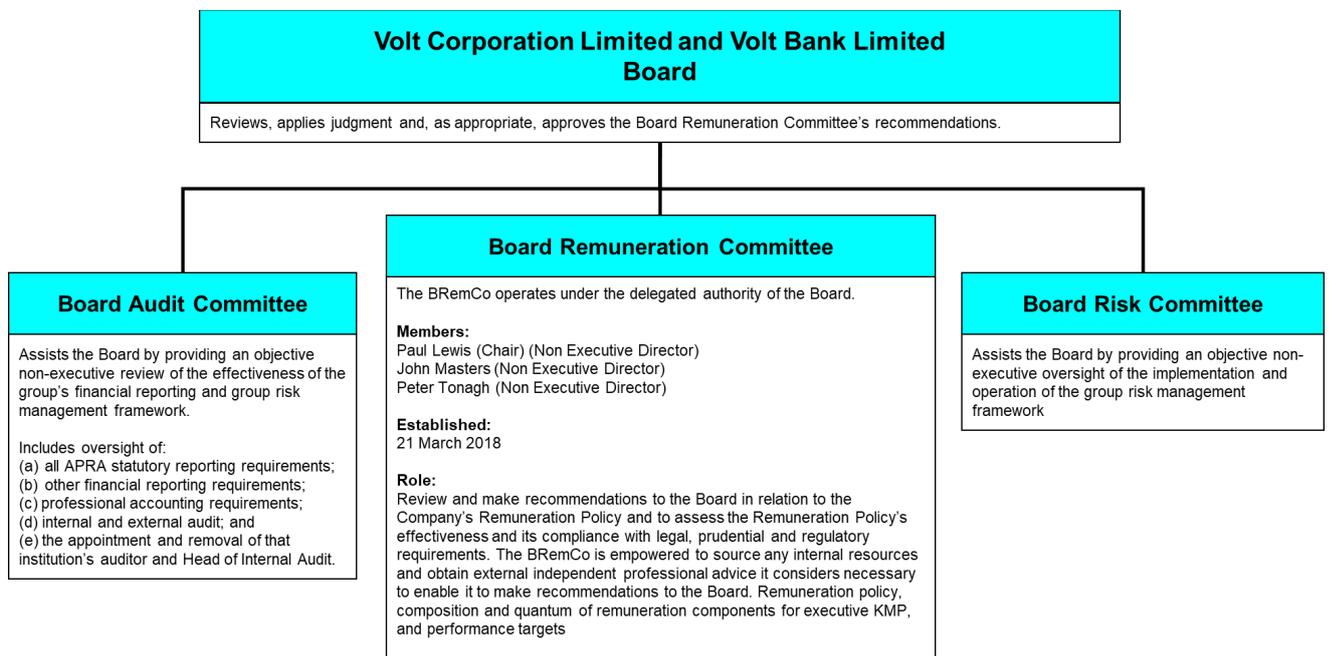
The following remuneration disclosures have been provided by Volt Bank Limited (**Volt**) in accordance with its obligations under the Australian Prudential Regulation Authority (**APRA**) Prudential Standard *APS 330: Public Disclosure* and Volt Bank Limited’s Board approved Remuneration Policy.

The qualitative remuneration disclosures address the remuneration framework that is aligned with Volt Corporation Limited (**NOHC**) and Volt Bank Limited (**ADI**) (‘the **Group**’) Remuneration Policy. The quantitative information relates to Senior Managers and Material Risk Takers for the financial year ending 31 March 2019 (the reporting period).

1. Remuneration Governance

1.1 Remuneration Governance Structure

The diagram below provides an overview of Volt’s remuneration governance as at 31 March 2019.



1.2 Remuneration Policy

The Board Remuneration Committee reviewed and approved the first version of the Remuneration Policy on 20 April 2018 which was applicable for the reporting period. There were no external consultants engaged during the reporting period to advise on the remuneration process.

The Group’s Remuneration Policy applies to all entities in the Group and is applicable to the following:

- employees (including executives, managers, responsible persons under CPS 520 Fit and Proper, Accountable Persons under the Banking Executive Accountability Regime (BEAR)), licensees (and their authorised representatives or credit representatives and the employees of those representatives);
- executive directors (for non-executive directors a ‘Non-Executive Director Remuneration Policy’ was approved and adopted by the Group on 20 December 2018);
- contractors; and
- in certain circumstances, arrangements with third party suppliers with whom a Group entity deals.

1.3 Remuneration Committee Overview

The Board Remuneration Committee was established on 21 March 2018 and was the main body overseeing remuneration during the reporting period. The Group has disclosed the remuneration of the members of the Board Remuneration Committee inclusive of all their board duties and the value of any shares and share-linked instruments where applicable.

| Financial Year | 2019 |
|--|-----------|
| Board Remuneration Committee Meetings | 3 |
| Total remuneration of all Board Remuneration Committee members | \$342,058 |

1.4 Senior Managers and Material Risk-Takers

The Group's definition of Senior Managers and Material Risk-Takers is defined below:

Senior Managers: Persons who:

- make or participate in making decisions that affect the whole or a substantial part of the business of the institution; or
- have the capacity to affect significantly the institutions financial standing; or
- may materially affect the whole or a substantial part of the business of the institution or its financial standing.

During the reporting period, there were 7 individuals identified as Senior Managers.

Material Risk Takers: Persons other than Senior Managers and Risk and Financial Control Personnel (as defined in Section 2.2 below), for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may have a material impact on the institution's risk profile or affect the financial soundness of the institution.

During the reporting period, there were no individuals identified as Material Risk Takers.

2. Remuneration Framework

2.1 Remuneration Strategy

Objectives

As a start-up entity, the Group has established a Remuneration Strategy that aims to balance the requirements to:

- attract and retain staff;
- reduce expenditure, particularly ahead of revenue generation; and
- align staff motivation with the long-term viability of the Group.

Features

The remuneration structure adopted across the Group is characterised by:

- fixed remuneration which is at the lower end of the market; and
- equity participation through the Employee Share Option Plan (ESOP) typically vests over a minimum three-year period, and with an extended holding period (e.g. 5 years).

Volt did not offer any short-term variable remuneration during the reporting period.

2.2 Remuneration of Risk and Financial Control Personnel

Risk and Financial Control Personnel are persons whose primary role is risk management, compliance, internal audit or financial control.

The Group's Risk and Financial Control Personnel are the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Company Secretary & General Counsel, Head of Internal Audit and all their reports. The CFO, CRO and Company Secretary & General Counsel report directly to the CEO. The Head of Internal Audit reports directly to the Chair of the Board Audit Committee.

Risk and Financial Control Personnel are remunerated with a fixed annual salary independent of the business that they oversee and to not compromise their independence. They can also participate in the ESOP as a retention strategy (not linked to financial performance). Remuneration for these roles are determined by the CEO and the Chief HR Officer.

3. Remuneration and Risk Management

The Board takes into consideration the material risks articulated in its Risk Management Framework and Risk Appetite Statement when setting its strategic priorities, initiatives and remuneration measures. The Board assesses organisational performance and management of risks throughout the financial year.

Position descriptions and accountability statements for the CEO and each of the CEO's direct reports specifically include responsibilities for managing risk, compliance and governance obligations.

The following measures are used to take account of Volt's material risks:

- risk appetite metrics;
- the status of activities to address risk acceptances;
- the number and nature of outstanding open issues, incident and breaches; and
- the number and nature of open and outstanding internal audit items.

Volt continuously assesses the appropriateness of these measures to its risk profile and may adapt the nature and type of measures to ensure that prudent risk management is linked to remuneration outcomes.

4. Performance and Reward

Volt's strategic priority has been focused on obtaining a banking licence and building core capabilities ahead of market launch. Performance is assessed and measured by reference to the strategic priorities as set out in the Business Plan and monitored through:

- Monthly Business Reviews between the CEO and each direct report of the CEO; and
- Quarterly Strategic Updates from the CEO to the Board.

In addition to an annual fixed salary, options are allocated to employees based on business criticality, individual performance and seniority under the ESOP. The options are allocated to attract and retain talent and align employee interests to the long-term financial soundness and viability of Volt.

Under the ESOP, the options vest on a pro-rata basis each year over a three-year period. The options vest subject to satisfaction of the following conditions:

- continuous employment with Volt from the date of grant to the vesting date of the options; and
- satisfactory performance in accordance with the Group's stated values and principles.

Employee options are forfeited if employment is terminated for poor performance.

In the event that Volt introduces variable remuneration in the future, Volt's Remuneration Policy provides for setting performance-based components which must be designed to promote:

- good customer outcomes
- a culture of conducting business with integrity, accountability, honesty, fairness and prudent risk-taking; and
- compliance with specific legislative or prudential requirements (e.g. CPS 510 Governance and BEAR).

The Remuneration Policy provides for the Board to adjust performance-based components of remuneration downwards (including to zero) to protect the financial soundness of the Group or respond to significant unexpected or unintended consequences.

Quantitative Disclosures

The following quantitative disclosures are provided in accordance with Prudential Standard APS 330: Public Disclosures for Senior Managers and Material Risk Takers.

Table 1: Variable Remuneration

| Components of Variable Remuneration | 2019 | | | |
|--|------------------|------------|----------------------|------------|
| | Senior Managers | | Material Risk Takers | |
| | No. of Employees | Total (\$) | No. of Employees | Total (\$) |
| Number of Senior Managers / Material Risk Takers | 7 | N/A | NIL | NIL |
| Number & Value of Discretionary Bonuses | NIL | NIL | NIL | NIL |
| Number & Value of Guaranteed Bonuses | NIL | NIL | NIL | NIL |
| Number & Value of Sign-on Payments | NIL | NIL | NIL | NIL |
| Number & Value of Termination Payments | NIL | NIL | NIL | NIL |
| Value of Deferred Remuneration Paid in Year | NIL | NIL | NIL | NIL |
| Value of Outstanding Deferred Remuneration | NIL | NIL | NIL | NIL |

Table 2: Breakdown of Total Remuneration

| Breakdown of Total Remuneration | 2019 | | | 2019 | | |
|-------------------------------------|--------------------|-----------------|--------------------|----------------------|------------|------------|
| | Senior Managers | | | Material Risk Takers | | |
| | Unrestricted | Deferred | Total | Unrestricted | Deferred | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Fixed Remuneration | | | | | | |
| Cash-based | \$1,774,071 | NIL | \$1,774,071 | NIL | NIL | NIL |
| Shares and share-linked instruments | NIL | \$21,898 | \$21,898 | NIL | NIL | NIL |
| Other | NIL | NIL | NIL | NIL | NIL | NIL |
| Total Fixed | \$1,774,071 | \$21,898 | \$1,795,969 | NIL | NIL | NIL |
| Variable Remuneration | | | | | | |
| Cash-based | NIL | NIL | NIL | NIL | NIL | NIL |
| Shares and share-linked instruments | NIL | NIL | NIL | NIL | NIL | NIL |
| Other | NIL | NIL | NIL | NIL | NIL | NIL |
| Total Variable | NIL | NIL | NIL | NIL | NIL | NIL |
| Total Remuneration | \$1,774,071 | \$21,898 | \$1,795,969 | NIL | NIL | NIL |

Table 3: Summary of deferred remuneration

| Breakdown of Deferred Remuneration | 2019 | 2019 |
|---|-----------------|----------------------|
| | Senior Managers | Material Risk Takers |
| | Total | Total |
| Deferred Remuneration paid out during the year | | |
| Shares and share linked instruments | NIL | NIL |
| Total outstanding deferred remuneration | | |
| Cash | NIL | NIL |
| Shares and share linked instruments | \$21,898 | NIL |
| Other | NIL | NIL |
| Deferred remuneration adjustments | | |
| Total amount of reductions during the financial year due to ex post explicit adjustments | N/A | N/A |
| Total amount of increase/ (reductions) during the financial year due to ex post implicit adjustments ¹ | \$124,900 | NIL |

¹ **Implicit adjustments:** includes the variation in value of the strike price of the options from the date of issue, to the estimated value of the options as at 31 March 2019. The value of the options is estimated based on Volt's capital raising pricing.