

Volt Bank Limited

APS 330 Remuneration Disclosures

31 March 2020

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Introduction

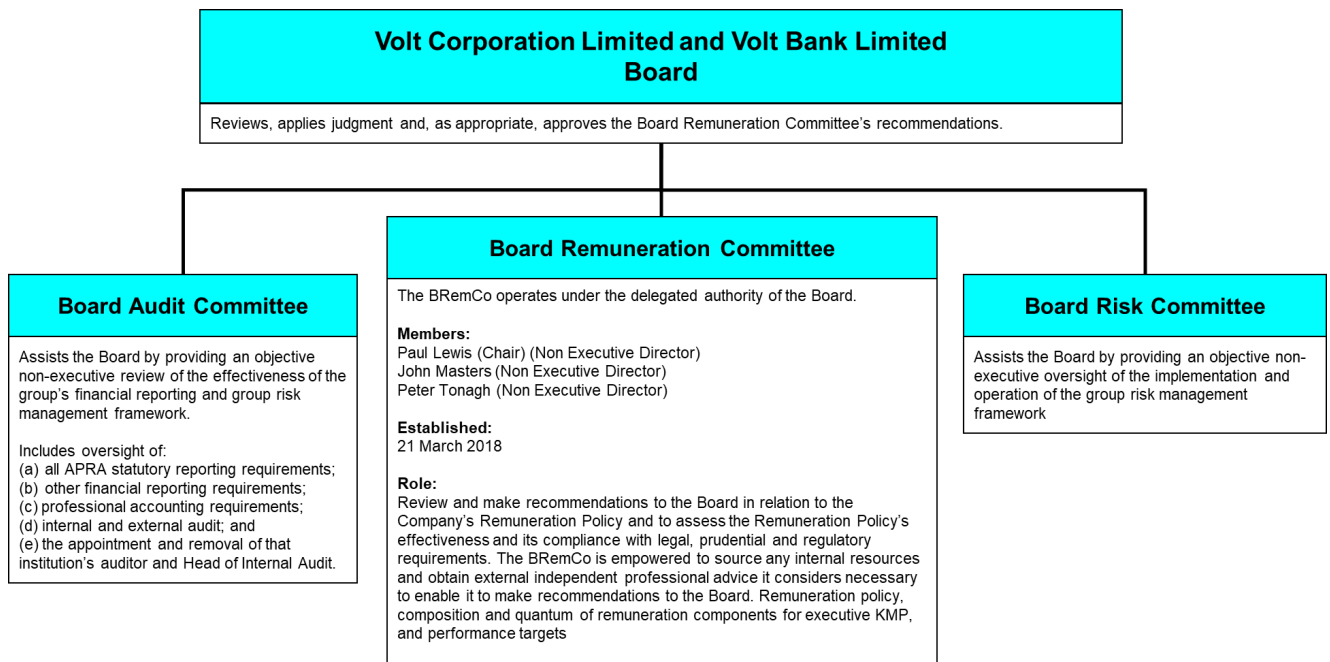
The following remuneration disclosures have been provided by Volt Bank Limited (**Volt**) in accordance with its obligations under the Australian Prudential Regulation Authority (**APRA**) Prudential Standard APS 330: *Public Disclosure* and Volt Bank Limited’s Board approved Remuneration Policy.

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 2020 (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 2020.



1.2 Remuneration Policy

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 19 December 2019);
- contractors; and
- in certain circumstances, arrangements with third party suppliers with whom a Group entity deals.

There were no external consultants engaged during the reporting period to advise on the remuneration process. There were no changes to the Remuneration Policy during the reporting period.

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	2020	2019
Board Remuneration Committee Meetings	2	3
Total remuneration of all Board Remuneration Committee members	\$476,386	\$342,058

1.4 Senior Managers and Material Risk-Takers

The Group defines Senior Managers and Material Risk-Takers in accordance with paragraph 22 of APS 330 and as described below:

Senior Managers: Responsible 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; and
- are not identified as non-executive directors or appointed auditors.

The roles identified as Senior Managers are: Chief Executive Officer and all direct reports of the Chief Executive Officer. During the reporting period, Volt updated the roles identified as Senior Managers to align with the roles identified as accountable persons under the Banking Executive Accountability Regime. Accordingly, the number of persons in the Senior Manager group increased from 7 in the year ending 31 March 2019 to 15 in this reporting period.

Material Risk Takers: Persons other than Responsible Persons 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 current and previous reporting period, there were no individuals identified as Material Risk Takers.

2. Remuneration Framework

2.1 Remuneration Strategy

Objectives

Being an early stage business, the Volt Group has established a Remuneration Strategy that aims to:

- attract and retain talent;
- manage expenditure, particularly ahead of revenue generation;
- encourage prudent risk-taking behaviour;
- implement a simple reward structure to minimise behaviours inherent in short-term cyclical bonus systems;
- align to relevant legislative, regulatory and prudential guidance regarding remuneration practices in the banking industry; and
- align the interests of staff 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 vesting 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 People & Culture 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. The Board takes into account all material risk classes within the Risk Appetite Statement, including:

- Strategic execution risk;
- Conduct risk;
- Operational risk (including third party risk, people risk and financial crime risk); and
- Compliance risk.

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 building an engaged workforce with a strong culture of achieving good customer outcomes and compliance. The main performance metrics for the Group and the top-level business lines are the milestones for product launches as set out in the Group's Business Plan.

Performance is assessed and measured by reference to the strategic priorities 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.

The Remuneration Policy provides the potential 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.

4.1 Longer term performance

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.

4.2 Forms of variable remuneration

Volt defines variable remuneration as the amount of a person's total remuneration that is conditional on that person's performance (e.g. the achievement of objectives). Volt did not offer variable remuneration during the reporting period. 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)
- vesting conditions, including pro-rata vesting, and minimum deferral periods
- clawback measures, including the criteria for the application of clawback.

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 1a: Variable Remuneration – Senior Managers

Components of Variable Remuneration	2020		2019	
	No. of Employees	Total (\$)	No. of Employees	Total (\$)
Number of Senior Managers	15	N/A	7	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	1	\$59,112	NIL	NIL
Value of Deferred Remuneration Paid in Year	NIL	NIL	NIL	NIL
Value of Outstanding Deferred Remuneration	NIL	NIL	NIL	NIL

Table 1b: Variable Remuneration – Material Risk Takers

Components of Variable Remuneration	2020		2019	
	No. of Employees	Total (\$)	No. of Employees	Total (\$)
Number of Material Risk Takers	NIL	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 2a: Breakdown of Total Remuneration – Senior Managers

Breakdown of Total Remuneration	2020			2019		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
	\$	\$	\$	\$	\$	\$
Fixed Remuneration						
Cash-based	\$2,776,177	NIL	\$2,776,177	\$1,774,071	NIL	\$1,774,071
Shares and share-linked instruments	NIL	\$314,533	\$314,533	NIL	\$21,898	\$21,898
Other	NIL	NIL	NIL	NIL	NIL	NIL
Total Fixed	\$2,776,177	\$314,533	\$3,090,709	\$1,774,071	\$21,898	\$1,795,969
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	\$2,776,177	\$314,533	\$3,090,709	\$1,774,071	\$21,898	\$1,795,969

Table 2b: Breakdown of Total Remuneration – Material Risk Takers

Breakdown of Total Remuneration	2020			2019		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
	\$	\$	\$	\$	\$	\$
Fixed 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 Fixed	NIL	NIL	NIL	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	NIL	NIL	NIL	NIL	NIL	NIL

Table 3a: Summary of deferred remuneration – Senior Managers

Breakdown of Deferred Remuneration	2020	2019
	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	\$314,533	\$21,898
Other		NIL
Deferred remuneration adjustments		
Total amount of reductions during the financial year due to ex post explicit adjustments		N/A
Total amount of increase/ (reductions) during the financial year due to ex post implicit adjustments ¹	(\$20,562)	\$124,900

Table 3b: Summary of deferred remuneration – Material Risk Takers

Breakdown of Deferred Remuneration	2020	2019
	Total	Total
Deferred Remuneration paid out during the year		
Shares and share linked instruments	N/A	N/A
Total outstanding deferred remuneration		
Cash	N/A	N/A
Shares and share linked instruments	N/A	N/A
Other	N/A	N/A
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	N/A	N/A

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 2020 (2019 comparatives as at 31 March 2019). The value of the options is estimated based on Volt's capital raising pricing.