

Colonial Mutual Superannuation Pty Ltd

2016 Remuneration of Executive Officers

The Executive Officers for the 2016 financial year are listed in the table below.

Name	Position	Term as Executive Officer
Anne Ward	Non-Executive Chairman	Full Year
Peter Hodgett	Non-Executive Director	Full Year
Penelope James	Non-Executive Director	Full Year
Elizabeth Lewin ¹	Non-Executive Director (from 27 October 2015)	Part Year
Linda Elkins	Executive Director	Full Year
Andrew Morgan	Executive Director	Full Year
Greg Ballard	General Manager, Superannuation & Investments	Full Year
Kai Yang ²	General Manager, Wealth Risk Management (from 19 February 2016)	Part Year
Rob Daly ³	General Manager, Wealth Risk Management (ceased 19 February 2016)	Part Year

⁽¹⁾ Elizabeth Lewin was appointed as a Non-Executive Director from 27 October 2015.

⁽²⁾ Kai Yang was appointed as an Executive Officer on 19 February 2016.

⁽³⁾ Rob Daly ceased as an Executive Officer on 19 February 2016 following his appointment to another role within the Group.

This report has been prepared in accordance with the disclosure requirements of Section 29QB (1) (a) of the *Superannuation Industry (Supervision) Act 1993* and Division 2.6 (section 2.37) of Part 2 of the *Superannuation Industry (Supervision) Regulations 1994*.

All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for Colonial Mutual Superannuation as a Registrable Superannuation Entity (RSE) Licensee.

The remuneration for Executive Officers of Colonial Mutual Superannuation is not paid for by any superannuation fund and is not incorporated into any fees paid by members. The remuneration of Executive Officers is paid by the Commonwealth Bank of Australia and its wholly owned subsidiaries (Group).

1. Remuneration Framework

1.1. Non-Executive Directors Remuneration

Non-Executive Directors receive fees (inclusive of superannuation) to recognise their contribution to the work of the Board and the associated committees that they serve. Non-Executive Directors do not receive any performance-related remuneration.

1.2. Executive Director and Senior Manager Remuneration

The structure of remuneration arrangements for Executive Directors and Senior Managers consists of the following components:

- Fixed remuneration; and
- Short term Incentive (STI) at risk.

The 'at risk' components are based on performance against key financial and non-financial measures.

1.2.1. Fixed Remuneration

Fixed remuneration is made up of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrifice items.

Fixed remuneration is reviewed annually, following the end of the 30 June financial year.

1.2.2. Variable Remuneration

All Executive Directors and Senior Managers are eligible to participate in variable remuneration arrangements applicable to their position. Variable remuneration includes STI awards. STI awards are discretionary and recognise annual performance over the financial year. Performance is measured and reviewed against set goals, which include financial and non-financial metrics.

Executive Directors and Senior Managers receive 2/3 of their STI award as cash and 1/3 of their STI award is deferred into rights to CBA shares (or cash equivalent) that vests in three equal tranches over three years¹.

Executive Directors and Senior Managers will generally forfeit the deferred portion of their STI if they resign or are dismissed from the Group during the deferral period.

¹ For STI awards granted prior to 1 July 2015, Executive Directors and Senior Managers received 2/3 of their STI awards as cash and 1/3 of their STI awards were deferred into rights to CBA shares (or cash equivalent) that vest after three years.

1.2.3. Retail Entitlement Offer

During the 2016 financial year, additional rights were granted to all existing rights holders as part of the Retail Entitlement Offer. Additional rights will vest only if the original performance hurdles and conditions with respect of each award are met.

2. Executive Officer Statutory Remuneration

The following statutory tables detail the accounting expense of all remuneration related items for Executive Officers. This includes remuneration costs in relation to both the previous and current financial year.

2.1. Non-Executive Directors Statutory Remuneration

The table below details individual statutory remuneration for Non-Executive Directors for the year ended 30 June 2016.

	Cash/Fees	Superannuation	Total Statutory Remuneration ⁽¹⁾
	\$	\$	\$
Anne Ward			
2016	80,675	4,543	85,218
2015	80,123	4,408	84,531
Peter Hodgett			
2016	55,438	4,154	59,592
2015	55,083	4,030	59,113
Penelope James			
2016	57,506	4,298	61,803
2015	57,138	4,169	61,307
Elizabeth Lewin ⁽²⁾			
2016	38,929	3,059	41,989

⁽¹⁾ Non-Executive Directors received a no increase in fixed fees for the year ending 30 June 2016. Total Statutory Remuneration also includes fees payable for the Colonial Mutual Superannuation Pty Ltd Board Audit & Risk Committee.

⁽²⁾ Elizabeth Lewin was appointed as a Non-Executive Director from 27 October 2015.

2.2. Executive Director and Senior Manager Statutory Remuneration

The table below details individual statutory remuneration for Executive Directors and Senior Managers for the year ended 30 June 2016. All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for Colonial Mutual Superannuation as an RSE Licensee.

		Fixed Remuneration ⁽¹⁾		Other Short-Term Benefits		Long-Term Benefits	Share Based Payments	Total Statutory Remuneration	
		Base Remuneration ⁽²⁾	Super-annuation	Non Monetary	Cash STI (at risk) ⁽³⁾	Other ⁽⁴⁾	Long-Term ⁽⁵⁾		Deferred Rights (at risk) ⁽⁶⁾
Linda Elkins ⁽⁷⁾									
	2016	10,652	500	-	9,011	1,185	426	4,207	25,981
	2015	9,583	500	-	9,027	525	488	3,494	23,617
Andrew Morgan ⁽⁷⁾									
	2016	6,196	308	-	4,489	49	208	2,275	13,525
	2015	2,431	124	-	1,860	53	56	819	5,343
Greg Ballard									
	2016	51,658	3,376	-	29,600	(2,201)	(13,864)	14,736	83,305
	2015	49,382	3,376	-	32,000	(372)	1,736	13,609	99,731
Kai Yang ⁽⁸⁾									
	2016	15,539	787	-	5,830	(398)	1,823	3,713	27,294
Rob Daly ⁽⁸⁾									
	2016	34,462	2,569	-	12,565	(1)	660	7,637	57,892
	2015	51,358	3,456	-	30,554	(177)	2,161	6,783	94,135

(1) Fixed Remuneration comprises Base Remuneration and Superannuation (post-employment benefit).

(2) Base Remuneration is the total cost of salary including cash, short term compensated absences and any salary sacrificed benefits.

(3) Reflects the cash portion of the 2016 STI for performance during 12 months to 30 June 2016 (payable September 2016). For all Executive Officers, this represents 2/3 of the 2016 STI.

(4) Other short-term benefits relate to company funded benefits (including associated fringe benefits tax where applicable). This item also includes the net change in accrued annual leave over the year.

(5) Includes long service entitlements accrued during the year, which are determined in line with Australian Accounting Standards.

(6) Includes the accounting expense of previous years' STI deferred awards. For the 2016 financial year, this includes the expense of the 2013, 2014 and 2015 deferred STI awards as applicable to each Executive Officer. It also includes the accounting expense for additional rights granted as part of the Retail Entitlement Offer.

(7) For 2015 comparative, Linda Elkins was appointed as an Executive Director on 27 January 2015 and Andrew Morgan was appointed as an Executive Director on 4 February 2015. Their remuneration reflects time in the Executive Director role.

(8) Kai Yang was appointed as an Executive Officer on 19 February 2016. Rob Daly ceased as an Executive Officer on 19 February 2016. The 2016 remuneration for these individuals has been prorated accordingly.

3. Executive Officer STI Allocations for 2016

	Maximum STI ⁽¹⁾		Cash STI ⁽²⁾		Deferred STI ⁽³⁾
	\$	%	\$	%	\$
Linda Elkins	15,900	67%	9,011	33%	4,505
Andrew Morgan	8,015	67%	4,489	33%	2,244
Greg Ballard	59,119	67%	29,600	33%	14,800
Kai Yang ⁽⁴⁾	13,917	67%	5,830	33%	2,915
Rob Daly ⁽⁴⁾	26,791	67%	12,565	33%	6,283

(1) The minimum possible STI is zero.

(2) Includes portion of the annual STI award payable as cash in recognition of performance for the year ended 30 June 2016.

(3) Represents the portion of the annual STI award that is deferred as equity. For all Executive Officers, deferred STI awards will vest in three equal tranches on 1 July 2017, 1 July 2018 and 1 July 2019. The deferred awards are subject to a risk review at the time of payment.

(4) Kai Yang was appointed as an Executive Officer on 19 February 2016. Rob Daly ceased as an Executive Officer effective on 19 February 2016. The 2016 remuneration for these individuals has been prorated accordingly.

4. Equity Awards Received as Remuneration

The table below details the value and number of equity awards that were granted or forfeited/lapsed during 2016. It also shows the number of previous year's awards that vested during the 2016 financial year.

Name	Class	Granted during 2016 ⁽¹⁾		Previous Years' Awards Vested during 2016 ⁽²⁾		Forfeited or Lapsed during 2016	
		Units	\$	Units	\$	Units	\$
Linda Elkins	Deferred Rights	60	4,531	57	-	-	-
Andrew Morgan	Deferred Rights	31	2,320	30	-	-	-
Greg Ballard	Deferred Rights	212	16,066	234	-	-	-
Kai Yang ⁽³⁾	Deferred Rights	54	4,071	50	-	-	-
Rob Daly ⁽³⁾	Deferred Rights	130	9,834	0	-	-	-

(1) This represents the maximum number of deferred rights that may vest to each Executive Officer. The value represents the fair value at grant date and includes additional rights granted as part of the Retail Entitlement Offer.

(2) Previous years' awards that vested include deferred STI equity awards.

(3) Kai Yang was appointed as an Executive Officer on 19 February 2016. Rob Daly ceased as an Executive Officer on 19 February 2016. The 2016 remuneration for these individuals has been prorated accordingly.

5. Fair Value Assumptions for Unvested Equity Awards

The table below provides a summary of the fair value of unvested equity awards for Executive Officers. The awards will vest subject to the satisfaction of performance and / or service conditions in future financial years.

Award Type	Grant Date	Fair Value⁽¹⁾	Exercise Price	Deferral Period End
		\$	\$	
Deferred Rights (STI)	1/09/2015	75.82	Nil	1/07/2018
Deferred Rights (STI) ⁽²⁾	31/08/2015	71.50	Nil	1/07/2017
Deferred Rights (STI) ⁽²⁾	31/08/2015	71.50	Nil	1/07/2016
Deferred Rights (STI)	1/09/2014	81.02	Nil	1/07/2017
Deferred Rights (STI)	1/09/2013	72.73	Nil	1/07/2016

⁽¹⁾ For STI awards deferred as rights, the fair value is the volume weighted average closing price of Commonwealth Bank ordinary shares over the five trading days prior to grant date.

⁽²⁾ Additional rights granted as part of the Retail Entitlement Offer.