

29 September 2014

APS 330: PUBLIC DISCLOSURE ASX RELEASE

Attached is the prudential information required to be disclosed in accordance with Prudential Standard APS 330.

The disclosures provided have been prepared as at 30 June 2014.

Common Disclosure Template as at 30 June 2014

		A\$m
Common Equity Tier 1 Capital: Instruments and Reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	N/A
2.0	Retained earnings	373.1
3.0	Accumulated other comprehensive income (and other reserves)	3.8
4.0	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>	N/A
5.0	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6.0	Common Equity Tier 1 capital before regulatory adjustments	376.9
Common Equity Tier 1 Capital: Regulatory Adjustments		
7.0	Prudential valuation adjustments	N/A
8.0	Goodwill (net of related tax liability)	N/A
9.0	Other intangibles other than mortgage servicing rights (net of related tax liability)	N/A
10.0	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	N/A
11.0	Cash-flow hedge reserve	1.3
12.0	Shortfall of provisions to expected losses	N/A
13.0	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	N/A
14.0	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15.0	Defined benefit superannuation fund net assets	N/A
16.0	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A
17.0	Reciprocal cross-holdings in common equity	N/A
18.0	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	0.5
19.0	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A
20.0	Mortgage service rights (amount above 10% threshold)	N/A
21.0	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A
22.0	Amount exceeding the 15% threshold	N/A
23.0	of which: significant investments in the ordinary shares of financial entities	N/A
24.0	of which: mortgage servicing rights	N/A
25.0	of which: deferred tax assets arising from temporary differences	N/A
26.0	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	21.8
26a	of which: treasury shares	N/A
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	N/A
26c	of which: deferred fee income	N/A
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	N/A

Common Disclosure Template as at 30 June 2014

26e	of which: deferred tax assets not reported in rows 10, 21 and 25	7.1
26f	of which: capitalised expenses	11.5
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	N/A
26h	of which: covered bonds in excess of asset cover in pools	N/A
26i	of which: undercapitalisation of a non-consolidated subsidiary	N/A
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	3.2
27.0	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.0
28.0	Total regulatory adjustments to Common Equity Tier 1	23.6
29.0	Common Equity Tier 1 Capital (CET1)	353.3
Additional Tier 1 Capital: Instruments		
30.0	Directly issued qualifying Additional Tier 1 instruments	N/A
31.0	of which: classified as equity under applicable accounting standards	N/A
32.0	of which: classified as liabilities under applicable accounting standards	N/A
33.0	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	N/A
34.0	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35.0	<i>of which: instruments issued by subsidiaries subject to phase out</i>	N/A
36.0	Additional Tier 1 Capital before regulatory adjustments	0.0
Additional Tier 1 Capital: Regulatory Adjustments		
37.0	Investments in own Additional Tier 1 instruments	N/A
38.0	Reciprocal cross-holdings in Additional Tier 1 instruments	N/A
39.0	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
40.0	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A
41.0	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	N/A
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	N/A
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	N/A
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	N/A
42.0	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A
43.0	Total regulatory adjustments to Additional Tier 1 capital	0.0
44.0	Additional Tier 1 capital (AT1)	0.0
45.0	Tier 1 Capital (T1=CET1+AT1)	353.3
Tier 2 Capital: Instruments and Provisions		
46.0	Directly issued qualifying Tier 2 instruments	N/A
47.0	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	40.0
48.0	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	N/A
49.0	of which: instruments issued by subsidiaries subject to phase out	N/A
50.0	Provisions	2.8
51.0	Tier 2 Capital before regulatory adjustments	42.8
Tier 2 Capital: Regulatory Adjustments		

Common Disclosure Template as at 30 June 2014

52.0	Investments in own Tier 2 instruments	N/A
53.0	Reciprocal cross-holdings in Tier 2 instruments	N/A
54.0	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
55.0	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56.0	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	N/A
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	N/A
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	N/A
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	N/A
57.0	Total regulatory adjustments to Tier 2 capital	0.0
58.0	Tier 2 capital (T2)	42.8
59.0	Total capital (TC=T1+T2)	396.1
60.0	Total risk-weighted assets based on APRA standards	2970.6
Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.89%
62	Tier 1 (as a percentage of risk-weighted assets)	11.89%
63	Total capital (as a percentage of risk-weighted assets)	13.33%
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	2.5%
65	<i>of which: capital conservation buffer requirement</i>	2.5%
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	N/A
67	<i>of which: G-SIB buffer requirement (not applicable)</i>	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	N/A
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	
71	National total capital minimum ratio (if different from Basel III minimum)	
Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	N/A
73	Significant investments in the ordinary shares of financial entities	N/A
74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2.8
77	Cap on inclusion of provisions in Tier 2 under standardised approach	31.7
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A

Common Disclosure Template as at 30 June 2014

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	N/A
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	N/A
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	N/A
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>	N/A
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	N/A
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	N/A

Common Disclosure Template Reconciliation as at 30 June 2014

	Consolidated Published Statement of Financial Position (A\$m)	Adjustment (1) (A\$m)	Level 1 Regulatory Statement of Financial Position (A\$m)	Reference to Regulatory Statement of Financial Position
Assets				
Cash and cash equivalents	188.3	0.8	189.1	Cash and liquid assets
Receivables due from other financial institutions	370.9	(168.7)	202.2	Investment securities & cash and liquid assets
Other receivables	34.7	(10.8)	23.9	Other assets
Loans and receivables	6,573.6	(1,392.1)	5,181.5	Loans and advances
Held to maturity financial assets	1,313.8	-	1,313.8	Investment securities
Available for sale financial investments	0.5	-	0.5	Other investments
Derivatives	0.6	4.4	5.0	Other assets
Property, plant and equipment	24.4	-	24.4	Fixed assets
Other assets	1.9	154.4	156.3	Other assets
Intangibles	2.3	-	2.3	Intangible assets
Deferred tax assets	7.9	(0.8)	7.1	Other assets
Total Assets	8,518.9	(1,412.8)	7,106.1	
Liabilities				
Deposits and borrowings	7,760.5	(1,439.1)	6,321.4	Deposits & bonds, notes and long-term borrowings
Accounts payable and other liabilities	309.3	33.7	343.0	Creditors and other liabilities

Common Disclosure Template Reconciliation as at 30 June 2014

Derivatives	3.0	-	3.0	Creditors and other liabilities
Current tax liabilities	4.3	(0.5)	3.8	Income tax liability
Deferred tax liabilities	1.0	0.5	1.5	Income tax liability
Provisions	15.3	-	15.3	Provisions
Retirement benefit liability	0.2	-	0.2	Creditors and other liabilities
Subordinated debt	51.7	(10.7)	41.0	Bonds, notes and long-term borrowings
Total Liabilities	8,145.3	(1,416.1)	6,729.2	
Net Assets	373.6	3.3	376.9	
Members' Funds				
Retained profits	372.9	0.2	373.1	General reserve & retained profits
Reserves	0.7	3.1	3.8	Asset revaluation reserve & cash flow hedge reserve
Total Members' Funds	373.6	3.3	376.9	

(1) Adjustment column reflects entities that are treated as non-consolidated entities and are excluded from the Level 1 Statement of Financial Position.

Expanded Regulatory Statement of Financial Position as at 30 June 2014

The following is an expanded Statement of Financial Position under the APRA Level 1 Regulatory Capital that provides details on the components of capital reported in the Common Disclosure Template.

ASSETS	(A\$m)	(A\$m)	Common Disclosure Template Reference
Cash and liquid assets		239.5	
Investment Securities		1,465.6	
Loans and receivables (net) which includes:		5,181.5	
	Gross loans and receivables	5,186.5	
	Provision for impairment - specific	(2.2)	
	Provision for impairment - collective	(2.8)	Row 50.0
		<u>5,181.5</u>	
Other Investments		0.5	
Fixed Assets		24.4	
Intangible Assets		2.3	Row 26f
Other Assets which includes:	Other Assets	176.0	
	Deferred tax asset	7.1	Row 26e
	Securitisation establishment costs	2.0	Row 26f
	Commission and agent direct costs	4.0	Row 26f
	Debt raising establishment cost	3.0	Row 26f
	Prudential capital establishment cost	0.2	Row 26f
		<u>192.3</u>	
TOTAL ASSETS		<u>7,106.1</u>	
LIABILITIES			
Deposits		5,789.9	
Current Tax Liability		3.8	
Deferred Tax Liability		1.5	
Provisions		15.3	
Bonds, notes and long-term borrowings which includes:		572.5	
	Other bonds and notes	532.5	
	Subordinated debt	40.0	Row 47.0
		<u>572.5</u>	
Creditors and other liabilities		346.2	
TOTAL LIABILITIES		<u>6,729.2</u>	
NET ASSETS		<u>376.9</u>	

Expanded Regulatory Statement of Financial Position as at 30 June 2014
MEMBERS' FUNDS

Retained profits		373.1	
which includes:			
	Current year retained earnings	35.7	
	Trust securitisation income (not yet distributed)	3.2	<i>Row 26j</i>
	General reserve excluding trust income	334.2	
		373.1	<i>Row 2</i>
Reserves			
which includes:			
	Cash flow hedge reserve	1.3	<i>Row 11.0</i>
	Asset revaluation reserve	2.5	
		3.8	<i>Row 3</i>
TOTAL MEMBERS' FUNDS		376.9	<i>Row 6.0</i>

Main Features - Heritage Notes as at 30 June 2014

Disclosure Template for Main Features of Regulatory Capital Instruments		
1	Issuer	Heritage Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ASX - HBSHA
3	Governing law(s) of the instrument	Queensland
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (ordinary shares/preference shares/subordinated notes/other)	Subordinated Notes
8	Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	\$40 million (Issue amount \$50M less \$10M Basel III Transition)
9	Par value of instrument	\$50 million (\$100 per Heritage Note)
10	Accounting classification	Liability - fair value option
11	Original date of issuance	26 October 2009
12	Perpetual or dated	Dated
13	Original maturity date	25 October 2019
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Prior to the Maturity Date, Heritage may, with the prior written approval of APRA, redeem some or all Heritage Notes on the Step-Up Date of 27 October 2014. Heritage confirms that APRA has granted approval. All Heritage Notes will be redeemed on 27 October 2014.
16	Subsequent call dates, if applicable	Not applicable, refer item 15 above
<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Fixed to Floating
18	Coupon rate and any related index	10% per Annum Fixed until 27 October 2014, refer item 15 above for redemption date.
19	Existence of a dividend stopper	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Yes
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable

Main Features - Heritage Notes as at 30 June 2014

25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of a winding-up of Heritage, the claims of Holders against Heritage in respect of Heritage Notes will be subordinated in right of payments to the claims of all Senior Creditors (including Trade Creditors)
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	If Heritage Notes are not redeemed on the Step-Up Date the initial margin will increase, refer item 18. The Notes will not be eligible for inclusion in Regulatory Capital after this date.

The full prospectus for Heritage Notes can be obtained from the About Heritage section at www.heritage.com.au

Capital Adequacy as at 30 June 2014

	Risk-Weighted Assets (A\$m)
Capital Requirements	
<i>Credit Risk</i>	
Corporate	0.0
Government	0.0
ADIs	406.0
Residential Mortgage	1,790.1
Other Retail	243.6
Other	53.0
Off Balance Sheet	42.2
	2,534.9
Securitisation	27.9
Equity Exposures	0.0
Market Risk	0.0
Operational Risk	407.8
Interest Rate Risk	0.0
	2970.6
Common Equity Tier 1	11.89%
Tier 1	11.89%
Total Capital Ratio	13.33%

Credit Risk as at 30 June 2014

	Gross Credit Exposure	Average Gross Credit Exposure for Quarter
	(A\$m)	(A\$m)
Exposure Type		
Cash and Investment Securities	1,688.3	1,512.2
Loans and Advances	5,186.4	5,254.8
Other Assets	162.4	146.7
Total on Balance Sheet Exposures	<u>7,037.1</u>	<u>6,913.7</u>
Loans Approved not yet Advanced	108.2	112.0
Other Off Balance Sheet	5.2	5.2
Total Off Balance Sheet Exposures	<u>113.4</u>	<u>117.2</u>
Total Exposures	<u>7,150.5</u>	<u>7,030.9</u>
Exposure by Portfolio		
Corporate	0.0	0.0
Government	331.1	224.9
ADIs	1,357.2	1,287.3
Residential Mortgage	5,050.3	5,126.4
Other Retail	244.3	240.4
Other	167.6	151.9
	<u>7,150.5</u>	<u>7,030.9</u>

Credit Risk as at 30 June 2014

	Impaired Loans	Past Due Loans	Specific Provision Balance	Charges for Specific Provision	Write-Offs
	(A\$m)	(A\$m)	(A\$m)	(A\$m)	(A\$m)
Exposure by Portfolio					
Corporate	0.0	0.0	0.0	0.0	0.0
Government	0.0	0.0	0.0	0.0	0.0
ADIs	0.0	0.0	0.0	0.0	0.0
Residential Mortgage	3.8	45.4	0.8	0.1	0.0
Other Retail	3.0	1.6	1.4	0.0	0.4
Other	0.0	0.0	0.0	0.0	0.0
Total	* 6.8	** 47.0	2.2	0.1	0.4
General Reserve for Credit Losses					
General Reserve for Credit Losses					2.8
Total impaired items per accounting disclosure					5.7
Additional items defined as restructured as per the prudential standard					1.1
				*	<u>6.8</u>
Total past due items per accounting disclosure					8.2
Loans under hardship arrangements classified as past due per the prudential standard					38.8
				**	<u>47.0</u>

Securitisation Exposures as at 30 June 2014

	Total Exposures Securitized (A\$m)	Recognised Gain or Loss on Sale (A\$m)
Securitisation Exposure Types		
Residential Mortgage	187.0	0.0
Total Exposures	187.0	0.0

	On Balance Sheet (A\$m)	Off Balance Sheet (A\$m)	Total Exposures (A\$m)
Securitisation Exposure Types			
Liquidity Facilities	0.0	4.9	4.9
Funding Facilities	0.0	0.0	0.0
Swaps	0.0	23.1	23.1
Holdings of Securities	25.3	0.0	25.3
	25.3	28.0	53.3

Remuneration disclosure as at 30 June 2014

Qualitative disclosures		Heritage Disclosure
(a)	Information relating to the bodies that oversee remuneration. Disclosures must include:	
	the name, composition and mandate of the main body overseeing remuneration;	The Remuneration and Governance Committee is made up of three non-executive directors. These non-executive directors include Mr Kerry Betros, Dr Dennis Campbell and Mrs Vivienne Quinn. The Remuneration and Governance Committee is appointed and authorised by Heritage's Board to assist the Board in fulfilling its regulatory obligations. Accordingly, the Remuneration and Governance Committee exercises the authority and power delegated to it by the Board.
	the name of external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process;	No external consultants have been recently engaged in connection with Heritage senior executive remuneration. However, industry benchmarks and externally available data is generally used to obtain industry comparisons.
	a description of the scope of the ADI's Remuneration Policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches; and	Heritage's Remuneration Policy provides a framework for rewarding senior executives, other staff and business partners and encourages behaviour that supports Heritage's long-term financial soundness and risk management framework. The policy applies to, among others, any person employed directly by Heritage and covers all entities within the Heritage group.
	a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 17 of this Prudential Standard, including the number of persons in each group.	Heritage's "senior managers" and "material risk takers" as defined in paragraph 17 of this Prudential Standard include those persons defined as Heritage's "senior executives". They include the Chief Executive Officer, the Company Secretary / Assistant Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Treasury and Business Strategy Officer, the General Manager, Marketing, the General Manager, People and Culture, the General Manager, Retail Services, the General Manager, Emerging Business Streams and the General Manager, Information Technology.
(b)	Information relating to the design and structure of remuneration processes. Disclosures must include:	

Remuneration disclosure as at 30 June 2014

	<p>an overview of the key features and objectives of remuneration policy;</p>	<p>A key objective of Heritage's remuneration philosophy is to enable Heritage to attract, motivate and retain high performing senior executives. Remuneration, including any performance based component, is designed to appropriately reward senior executives (and all employees) to encourage behaviour that supports Heritage's long-term financial soundness and risk management framework. In this regard, Heritage's Human Resources department has a set of policies and procedures in connection with remuneration including incentives, commissions and other benefits.</p>
	<p>whether the Remuneration Committee reviewed the ADI's Remuneration Policy during the past year, and if so, an overview of any changes that were made; and</p>	<p>The Remuneration and Governance Committee reviewed Heritage's Remuneration Policy in October 2013.</p>
	<p>a discussion of how the ADI ensures that risk and financial control personnel (as defined in paragraph 48(b) of CPS 510) are remunerated independently of the businesses they oversee.</p>	<p>Risk and financial control personnel are paid a fixed component of remuneration that reflects their core performance requirements and the expectations associated with their particular position. These personnel are eligible to be paid a yearly incentive dependent on the individual's performance throughout the year and the duties and responsibilities undertaken. Such personnel are not provided with a yearly incentive payment on the sole basis of Heritage's financial performance.</p>
(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures must include:</p>	
	<p>an overview of the key risks that the ADI takes into account when implementing remuneration measures;</p>	<p>Risk management is built into the framework for certain senior executives to ensure specific risk management outcomes and actions. Key risks may include IT system availability, fraud management, arrears rates and prudential and legislative compliance.</p>
	<p>an overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed);</p>	<p>The nature of the risk management framework associated with remuneration varies from senior executive to senior executive. Key risks may include IT system availability, fraud management, arrears rates and prudential and legislative compliance. Measurable outcomes may be developed against these risks in certain circumstances.</p>

Remuneration disclosure as at 30 June 2014

	a discussion of the ways in which these measures affect remuneration; and	For senior executives, any performance based component of remuneration is designed to align remuneration with prudent risk-taking and incorporate adjustments to reflect the outcomes of business activities, the risks related to the business activities taking account, where relevant, of the cost of the associated capital and the time necessary for the outcomes of those business activities to be reliably measured.
	a discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	The key measures relating to remuneration are seen as appropriate for the environment and business objectives and have not changed in the past twelve months.
(d)	Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:	
	an overview of the main performance metrics for the ADI, top-level business lines and individuals;	Senior executives are paid a competitive fixed component of remuneration that reflects their core performance requirements and the expectations associated with their particular position. No senior executive is provided with a yearly incentive payment on the basis of Heritage's financial performance. Senior executives may be paid a yearly incentive dependent on the individual's performance throughout the year and the duties and responsibilities undertaken. Senior executive performance is measured against four areas, namely culture, individual performance, leadership and strategy.
	a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and	The opportunity for senior executives to be granted a yearly incentive payment is designed to support Heritage's overall remuneration policy by focussing senior executives on achieving yearly personal performance goals which contribute to sustainable Heritage growth and member value. Linking short term incentive payments to individual performance ensures that senior executives establish a People first work culture that continually supports Heritage's long term financial soundness. Heritage does not offer any long term incentive benefits or any remuneration deferral mechanism to senior executives.

Remuneration disclosure as at 30 June 2014

	a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak.	The Board may adjust performance-based components of senior executive remuneration downwards, to zero if appropriate, if such adjustments are necessary to protect the financial soundness of Heritage or respond to significant unexpected or unintended consequences that were not foreseen by the Remuneration and Governance Committee.
(e)	<p>Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures must include:</p> <p>a discussion of the ADI's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across persons or groups of persons, a description of the factors that determine the fraction and their relative importance; and</p> <p>a discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements.</p>	Not applicable
(f)	<p>Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include:</p> <p>an overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms); and</p> <p>a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across persons or groups of persons), a description the factors that determine the mix and their relative importance.</p>	Not applicable
Quantitative disclosures		
(g)	Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members.	The Remuneration and Governance Committee met once during the year in October 2013. Details in connection with the remuneration paid to its members is available in Heritage's Remuneration Report published in its Financial Report.

Remuneration disclosure as at 30 June 2014

(h)	<p>The number of persons having received a variable remuneration award during the financial year.</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year.</p> <p>Number and total amount of sign-on awards made during the financial year.</p> <p>Number and total amount of termination payments made during the financial year.</p>	Not applicable
(i)	<p>Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>Total amount of deferred remuneration paid out in the financial year.</p>	Not applicable
(j)	<p>Breakdown of the amount of remuneration awards for the financial year in accordance with the table on the following page:</p> <p>fixed and variable;</p> <p>deferred and non-deferred; and</p> <p>the different forms used (cash, shares and share-linked instruments and other forms).</p>	<p>Fixed 90% / Variable 10%</p> <p>Not applicable</p> <p>Cash, Superannuation, Motor Vehicles, Long Service Leave</p>
(k)	<p>Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post implicit adjustments.</p>	Not applicable

Remuneration disclosure as at 30 June 2014
Total value of remuneration awards for senior managers/material risk-takers

Total value of remuneration awards for the financial year ended 30 June 2014	Unrestricted	Deferred
Fixed remuneration		
Cash-based	\$3,042,000	Not applicable
Shares and share-linked instruments	Not applicable	Not applicable
Other	\$600,000	Not applicable
Variable remuneration		
Cash-based	\$419,000	Not applicable
Shares and share-linked instruments	Not applicable	Not applicable
Other	Not applicable	Not applicable

Notes:

- 1 The qualitative disclosures must be completed by reference to an ADI's Remuneration Policy and any Board Remuneration Committee established under CPS 510.
- 2 The quantitative disclosures must be completed separately for senior managers and material risk-takers as defined in paragraph 17 of this Prudential Standard.