

Greater Bank Limited



**APS330
Remuneration
Disclosure**

Year Ended 30 June 2018

December 2018



APS330 Remuneration Disclosure

Year Ended 30 June 2018

Disclosure Requirements

Preparation of the following remuneration disclosure has been aligned with the Australian Prudential Regulatory Authority's (APRA) prudential standard APS330 Public Disclosure for the financial year ended 30 June 2018.

The APRA prudential disclosures require that all Authorised Deposit-taking Institutions (ADI's) meet the minimum requirements for public disclosure of qualitative and quantitative information of their remuneration practices.

Qualitative Disclosures

(a)	Information relating to the bodies that oversee remuneration, including:	
	<p>the name, composition and mandate of the main body overseeing remuneration;</p>	<p>The Greater Bank Board are responsible for remuneration governance and have established a sub-committee, the Remuneration Committee ("Committee"), primarily for the purposes of:</p> <ul style="list-style-type: none"> • Reviewing and making recommendations to the Greater Bank Board concerning remuneration of Greater Bank employees and non-executive Directors; and • Reviewing and making recommendations to the Board on Greater Bank's Remuneration Strategy and Remuneration Policy. <p>The Committee comprises four (4) independent non-executive Directors who are appointed by the Board.</p> <p>The Committee meets at least once per year and more frequently as necessary to perform its role.</p> <p>The Committee works closely with Greater Bank's Executive Committee and Human Resources Unit in fulfilling its role.</p> <p>The Committee operates in accordance with the Remuneration Committee Charter that outlines the roles and responsibilities of the Committee. The mandate and key responsibilities include:</p> <ol style="list-style-type: none"> a. conducting regular reviews of, and making recommendations to the Board concerning Greater Bank's Remuneration Strategy; b. conducting regular reviews of, and making recommendations to the Board concerning Greater Bank's Remuneration Policy (including assessment of effectiveness and compliance with APRA requirements); c. reviewing and making recommendations to the Board concerning the structure and levels of Total Remuneration (including the components of Total Remuneration) for the Chief Executive Officer; direct reports of the Chief Executive Officer; other persons covered by Greater Bank's Remuneration Policy; and any other person specified by APRA; d. reviewing recommendations from the Chief Executive Officer concerning the annual remuneration review of, and incentive

		<p>payments to, employees, and making recommendations to the Board concerning any proposed increases; and</p> <p>e. providing other advice and support to the Board concerning the risk appetite in relation to the remuneration framework, and the remuneration of Greater Bank's employees and non-executive Directors.</p>												
	<p>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;</p>	<p>External consultants have not been engaged during the period.</p>												
	<p>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</p>	<p>The Remuneration Policy applies to all employees of Greater Bank in the determination of remuneration and reward, specifically:</p> <ul style="list-style-type: none"> • Responsible Persons (excluding Non-executive Directors and external auditors); • Risk management, compliance, internal audit and financial control personnel; and • All other employees. <p>Non-executive Director remuneration and reward is detailed in the Greater Bank Constitution.</p> <p>Greater Bank does not have any foreign subsidiaries or branches, nor remunerate employees of any third parties. For the avoidance of doubt, all persons covered by the Remuneration Policy are located within Australia.</p>												
	<p>a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 22 of this Prudential Standard, including the number of persons in each group.</p>	<p>As at 30 June 2018 having reviewed Greater Bank's enterprise risks and remuneration framework, for the purpose of this disclosure only, the following positions are being considered:</p> <table border="1" data-bbox="592 1402 1378 1700"> <thead> <tr> <th>Senior Managers</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Chief Executive Officer</td> <td>1</td> </tr> <tr> <td>Executive Management Team</td> <td>6</td> </tr> <tr> <td>Other Senior Managers</td> <td>4</td> </tr> <tr> <th>Material Risk Takers</th> <th>Number</th> </tr> <tr> <td>Nil*</td> <td>-</td> </tr> </tbody> </table> <p>* Previous Remuneration Disclosure (30 June 2017) noted two Material Risk Takers. These roles have been reassessed, determining that they do not meet the definition of 'Material Risk Takers'.</p>	Senior Managers	Number	Chief Executive Officer	1	Executive Management Team	6	Other Senior Managers	4	Material Risk Takers	Number	Nil*	-
Senior Managers	Number													
Chief Executive Officer	1													
Executive Management Team	6													
Other Senior Managers	4													
Material Risk Takers	Number													
Nil*	-													
(b)	Information relating to the design and structure of remuneration processes, including:													
	<p>an overview of the key features and objectives of remuneration policy;</p>	<p>The Greater Bank Remuneration Policy is based on a total reward approach which enables an equitable, transparent and competitive approach to remuneration and reward. The Remuneration Policy establishes the Guiding Principles that reflect Greater Bank's proactive corporate governance via a remuneration framework that</p>												

		<p>reinforces corporate values, supports the achievement of strategic objectives, and aligns with enterprise risk appetite.</p> <p>The objectives of the Remuneration Policy are to:</p> <ul style="list-style-type: none"> • Define the remuneration framework to facilitate the delivery of sustainable results for Greater Bank; • Align remuneration activities with strategic objectives; • Attract, retain and motivate high performing employees through remuneration 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 consistent application of remuneration and reward. <p>The Remuneration Policy outlines the key roles and responsibilities concerning remuneration at Greater Bank. The policy also outlines principles regarding incentive plan design, details of incentive plans in operation at Greater Bank, incentive plan rules, and governance controls.</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>Management reviews the Remuneration Policy annually and makes recommendations to the Executive Committee and Board concerning proposed changes. The review and recommendations are made to the full Board directly, following endorsement by the Remuneration Committee. Only the full Board is empowered to make approval decisions.</p> <p>The Remuneration Policy review undertaken in April 2018 incorporated a broad review of current remuneration practices at Greater Bank, regulatory requirements and industry reports regarding remuneration practices. Key changes that were made to the policy included defining the governance controls that are utilised in the remuneration framework, for example Incentive Plan Risk Assessments, the roles and responsibilities regarding remuneration, and components of annual remuneration review process.</p> <p>The review details are provided post approval to the Remuneration Committee in the Annual Remuneration Report.</p>
	<p>a discussion of how the ADI ensures that risk and financial control personnel (as defined in CPS 510) are remunerated independently of the businesses they oversee.</p>	<p>Risk and financial control personnel are remunerated in accordance with the Remuneration Policy and external benchmarking, and remuneration is structured in a way that does not compromise their independence.</p> <p>As with all Greater Bank employees, risk and financial control personnel participate in the annual performance review process, which includes an assessment of performance based on the satisfaction of organisational performance gateways and achievement of individual performance goals.</p> <p>The performance review process, which informs the annual remuneration review, includes Divisional and Executive calibration of results, including remuneration increases and/or incentive outcome</p>

		recommendations, prior to endorsement by the Remuneration Committee and approval by the Board.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures must include:	
	an overview of the key risks that the ADI takes into account when implementing remuneration measures;	<p>The key risks that are taken into account by Greater Bank when implementing remuneration measures include regulatory compliance, ensuring prudent behaviours and competitiveness for the attraction and retention of talent.</p> <p>Greater Bank ensures that the Remuneration Strategy is consistent and aligned with regulatory and legislative standards that apply to the management, policy and practice of remuneration, which are reflected in the Human Resources Unit Risk Profile.</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>Greater Bank ensures that remuneration practices, including the design of incentive programs, encourage prudent behaviour and support a transparent and honest workplace culture.</p> <p>Remuneration is based on a classification structure which is benchmarked to achieve consistency and competitiveness in its application.</p> <p>Key stakeholders are consulted with to implement and revise contemporary incentive plans to ensure they promote prudent behaviour and support a transparent and honest workplace culture. A key focus is to support the short and long term financial soundness of Greater Bank, whilst ensuring that the interests of Greater Bank or its employees are not placed in direct or significant conflict to those of its customers.</p> <p>Incentive Plans are regularly reviewed, with risk assessments undertaken to ensure alignment with regulatory and legislative standards and appropriate governance measures. Incentive plans are designed to be flexible to enable adjustments to reflect business activity outcomes and associated costs, and the time necessary for those outcomes to be measured.</p> <p>The performance review process which informs the annual remuneration review, includes Divisional and Executive calibration of results, including remuneration increases and/or incentive outcome recommendations, prior to endorsement by the Remuneration Committee and approval by the Board.</p> <p>As part of individual performance goals, all employees have a mandatory Risk and Compliance goal, and values assessment. Performance measurement includes an assessment of performance based on the achievement of both organisational performance gateways and individual performance goals. Senior Managers are also measured and assessed on risk management within their units, which takes into account proactivity of identifying and reporting risk incidents and other risk management activities. This is a mandatory performance goal for Senior Managers.</p> <p>The Remuneration Committee also has the ability to request oversight or information regarding the operation of any existing</p>

		incentive plan, to ensure appropriate governance and application.
	a discussion of the ways in which these measures affect remuneration; and	<p>All individual performance goals have a weighting associated to them, with the Risk and Compliance performance goal for employees being weighted at 10% and for Senior Managers a minimum of 20%. This, combined with the values assessment, affects remuneration and incentive outcomes of the annual performance review process. If any employee does not satisfy the performance gateways, they are ineligible to participate in the applicable incentive plan.</p> <p>In addition, the Board has the discretion to defer or adjust the amount of any payment downwards, including to zero, where deemed appropriate in the context of individual or corporate goal/key performance indicator outcomes.</p>
	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.	<p>From 01 July 2017, Greater Bank introduced a new performance review process which changed the way in which employee performance is measured by linking individual performance to proposed incentive outcomes.</p> <p>This performance review process has enabled a more streamlined and objective performance assessment by managers for enhanced individual reward differentiation to those who perform and contribute to achieving Greater Bank strategic priorities and outcomes.</p> <p>In addition, the position classification structure was further embedded with the review of existing incentive plans and a number of new incentive plans aligned to classifications were implemented.</p>
(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;	<p>For all Greater Bank employees, performance is measured against individual and organisational goals, and satisfaction of performance gateways that are defined and must be met by employees to be eligible for an incentive payment.</p> <p>Three performance gateway conditions as outlined below are applicable to annual incentive plans to support the long term sustainability of Greater Bank, whilst encouraging the right behaviours and performance of employees:</p> <ol style="list-style-type: none"> 1. The organisation achieves a profit target as determined by the Board on an annual basis; 2. The employee demonstrates Greater Bank values and behaviours, through achieving a 'demonstrated' or above values rating in their performance review; and 3. No formal performance management process in relation to the employee's performance has been commenced or continued for the employee during the relevant financial year. <p>All three gateway conditions must be met in order for an employee to be eligible for an annual incentive.</p>

		<p>In addition, Sales Manager incentives are paid on a monthly and/or quarterly basis, and include their own performance gateway conditions that must be met within the applicable period for an employee to be eligible to receive a Sales Manager incentive:</p> <ol style="list-style-type: none"> 1. The employee demonstrates Greater Bank values and behaviours, through achieving a 'demonstrated' or above values rating during the applicable period; 2. No formal performance management process in relation to the employee's performance has been commenced or continued for the employee during the applicable period; and 3. No material compliance breaches by the employee during the applicable period.
	<p>a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and</p>	<p>The purpose of incentive plans are to differentiate and reward employees based on their individual performance through the achievement of individual goal outcomes and contribution to achieving outcomes for their team, section or unit and organisation, as measured in the annual performance review process.</p> <p>The Board also set corporate key performance indicators (KPIs) each financial year, which form a percentage component of the incentive payment for Senior Managers and Executive Managers.</p> <p>The available incentive (a differing % of total fixed remuneration for each applicable incentive dependent on Classification), is determined based on the assessment of individual goal achievement in the annual performance review process.</p>
	<p>a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak.</p>	<p>The maximum value of incentive award is adjusted annually based on Greater Bank's financial performance. The Board has the discretion to defer or adjust the amount of any payment downwards, including to zero, where deemed appropriate in the context of individual or corporate KPI outcomes.</p>
(e)	Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures must include:	
	<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>Greater Bank has a number of short term incentive plans covering relevant employee cohorts across the organisation. The only incentive plan that provides short term incentive with a deferral component is the Executive Incentive Plan (EIP).</p> <p>The EIP provides reward aligned with APRA guidelines for the achievement of both corporate and individual outcomes towards specific key performance indicators (KPIs).</p> <p>The Board set corporate KPIs each financial year which form a significant component of the incentive payment. Individual goals for each Executive Manager, are set based on their operational and strategic responsibilities, with individual performance measured at the end of the financial year.</p>

		<p>Under the EIP the Board may reduce or cancel payments, including deferred payments, where it becomes apparent that the financial soundness of Greater Bank has been, or is likely to be, compromised. This would include where:</p> <ul style="list-style-type: none"> • A loss has been declared, or may arise; • Prudential capital requirements have been breached; • There has been a material risk management breach; • There has been an unexpected financial loss; • Greater Bank has suffered serious reputational damage; and/or • There has been a material regulatory non-compliance. <p>Following finalisation and external auditor sign-off on the financial year accounts, the outcomes achieved against the KPIs and goals are measured with any incentive awarded under the EIP determined and approved by the Board.</p> <p>The amount of the incentive payment includes a 1/3 deferred cash payment in the second financial year after the financial year for which the incentive payment was assessed and determined.</p>
	<p>a discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements.</p>	<p>There is no clawback clause in the current Executive Incentive Plan (discussed above) which provides for deferred incentive payments.</p>
(f)	Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include:	
	<p>an overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms); and</p>	<p>Greater Bank only provides variable remuneration in the form of cash.</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>	<p>Variable remuneration offered by Greater Bank as outlined above (d) and (e) is determined in alignment with the applicable Incentive Plan.</p>

Quantitative Disclosures

(g)					
Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members.	<p>During the year the Remuneration Committee, which is a sub-committee of the Board of Greater Bank Limited, met once.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Board Remuneration Committee: Remuneration</th> <th style="text-align: center;">FY2017/2018 \$</th> </tr> </thead> <tbody> <tr> <td>Members are not remunerated specifically for their appointment to the Committee but as their appointment as directors of Greater Bank.</td> <td style="text-align: center;">512,775</td> </tr> </tbody> </table>	Board Remuneration Committee: Remuneration	FY2017/2018 \$	Members are not remunerated specifically for their appointment to the Committee but as their appointment as directors of Greater Bank.	512,775
Board Remuneration Committee: Remuneration	FY2017/2018 \$				
Members are not remunerated specifically for their appointment to the Committee but as their appointment as directors of Greater Bank.	512,775				
(h)					
The number of persons having received a variable remuneration award during the financial year.	11				
Number and total amount of guaranteed bonuses awarded during the financial year.	Nil				
Number and total amount of sign-on awards made during the financial year.					
Number and total amount of termination payments made during the financial year.					
(i)					
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	<p>Cash: \$625,312</p> <p>Shares: Nil</p> <p>Shares – Linked: Nil</p>				
Total amount of deferred remuneration paid out in the financial year.	\$111,168				
(j)					
Breakdown of the amount of remuneration awards for the financial year in accordance with Table 22A below to show:	<p>Fixed Remuneration</p> <p>Cash-based: \$3,085,636</p> <p>Other: \$182,352</p>				

APS330 Remuneration Disclosure

Year Ended 30 June 2018

	<ul style="list-style-type: none"> - fixed and variable; - deferred and non-deferred; and - the different forms used (cash, shares and share-linked instruments and other forms). 	<p><u>Total: \$3,267,988</u></p> <p>Variable Remuneration:</p> <p>Unrestricted Cash-based: \$514,485</p> <p>Deferred Cash-based: \$191,701</p> <p>Shares and share-linked instruments Unrestricted: Nil</p> <p>Shares and share-linked instruments Deferred: Nil</p> <p><u>Total: \$706,185</u></p>
(k)		
	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:	Nil adjustments
	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil
	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.	