



**APS330**  
**Remuneration Disclosure**  
**Year Ended 30 June 2020**

Greater Bank Limited ABN 88 087 651 956  
December 2020

## 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 2020.

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:

the name, composition and mandate of the main body overseeing remuneration;

The Greater Bank Board (**Board**) is comprised of 6 Non-Executive Directors (**Directors**), who have overall responsibility for remuneration and governance at Greater Bank Limited (**Greater Bank**). The Board has an established sub-committee, the Remuneration Committee (**Committee**), comprised of 4 independent Directors, primarily for the purposes of:

- Reviewing and recommending remuneration of employees, and Directors remuneration to the Board; and
- Reviewing and recommending to the Board regarding Greater Bank's Remuneration Strategy and Policy.

The Committee meets at least annually, and more frequently where necessary to fulfil its role.

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:

- i) Undertaking reviews of, and making recommendations to the Board regarding Greater Bank's Remuneration Strategy;
- ii) Undertaking regular reviews of, and making recommendations to the Board concerning Greater Bank's Remuneration Policy (including assessment of effectiveness and compliance with APRA requirements);
- iii) 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 (**CEO**), direct reports of the CEO, other persons covered by Greater Bank's Remuneration Policy, and any other person specified by APRA;
- iv) Reviewing recommendations from the CEO concerning the annual remuneration review of, and variable reward payments to, all other employees, and making recommendations to the Board regarding any proposed increases;
- v) Reviewing recommendations from the CEO, and making recommendations to the Board, in relation to application of discretion relating to variable components of remuneration, including to adjust variable remuneration downward, or to zero, if appropriate, including if the Committee determines that an adjustment should be made as a result of significant risk or compliance failures or poor customer outcomes, or where an Accountable Person has failed to comply with the accountability obligations under the Banking Executive Accountability Regime (**BEAR**);
- vi) Reviewing recommendations from the CEO, and making recommendations to the Board, in relation to any interest based bargaining discussions taking place, or that will take place in the future, concerning Greater Bank's Enterprise Agreement;
- vii) Assisting the Board in establishing an appropriate remuneration structure and levels of remuneration for Directors to be recommended to members for approval by members, at the annual general meeting;
- viii) Overseeing Greater Bank's execution of the remuneration aspects of APRA Prudential Standard APS330 Public Disclosure requirements;
- ix) 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 Directors; and
- x) Overseeing Greater Bank's implementation of the Remuneration Policy and general remuneration practices across the organisation.

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;

External consultants have not been engaged during the period.

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

The Remuneration Policy applies to all employees of Greater Bank in the determination of remuneration and reward, specifically:

- Responsible Persons (excluding Directors and external auditors);
- Risk management, compliance, internal audit and financial control personnel; and
- All other employees.

Director remuneration is detailed in the Greater Bank Constitution.

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.

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.

As at 30 June 2020, having reviewed Greater Bank's enterprise risks and remuneration framework, for the purpose of this disclosure only, the following positions/persons are being considered:

Senior Managers	Number
Chief Executive Officer	1
Executive Management Team	5
Other Senior Managers	4
Material Risk Takers	Number
Nil	-

## (b) Information relating to the design and structure of remuneration processes, including:

an overview of the key features and objectives of remuneration policy;

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 a set of Guiding Principles that reflect Greater Bank's proactive corporate governance via a remuneration framework that reinforces corporate values, supports the achievement of strategic objectives, and aligns with the enterprise risk appetite.

The objectives of the Remuneration Policy are to:

- 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 in alignment with customer interests and outcomes;
- Actively encourage behaviours that demonstrate the corporate values, support Greater Bank's long-term financial soundness and risk management framework, and which are aligned to the organisational risk appetite; and
- Ensure consistent application of remuneration and reward.

The Remuneration Policy outlines the key roles and responsibilities regarding remuneration at Greater Bank. The policy also outlines principles regarding variable reward including variable reward plan design, details of variable reward plans in operation at Greater Bank, variable reward plan rules, and governance controls.

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

Management reviews the Remuneration Policy (**Policy**) and Variable Reward Management Statement (**Management Statement**) 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.

These policies were reviewed in April 2020. The key change made to both the Policy and Management Statement were the removal of references to 'incentive' and replacement with 'variable reward' to align with contemporary guidance and encourage prudent behaviours.

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.

Risk and financial control personnel are remunerated in accordance with the Remuneration Policy, Variable Reward Management Statement and external benchmarking, and remuneration is structured in a way that does not compromise their independence.

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 including demonstration of Greater Bank values, and achievement of individual performance goals.

The performance review process, which informs the annual remuneration review includes Divisional and Executive calibration of results, including remuneration increase and/or variable reward outcome 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;

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.

Greater Bank ensures the Remuneration Strategy is consistent with and aligned to, regulatory and legislative standards that apply to the management, policy and practice of remuneration, which are reflected in the Human Resources Unit Risk Profile.

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);

Greater Bank ensures that remuneration practices, including the design of variable reward programs encourage prudent behaviour and support a transparent and honest workplace culture.

Remuneration at Greater Bank is based on a classification structure which is benchmarked to achieve consistency and competitiveness in its application across the organisation.

Key stakeholders are consulted with to implement and revise contemporary variable reward 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.

Variable reward plans are regularly reviewed, with risk assessments undertaken to ensure alignment with regulatory and legislative standards and appropriate governance measures. Variable reward 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.

The performance review process which informs the annual remuneration review, includes Divisional and Executive calibration of results, including remuneration increase and/or variable reward outcome recommendations, prior to endorsement by the Remuneration Committee and approval by the Board.

As part of individual performance goals, all employees have a mandatory Risk and Compliance performance 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 requirement of the mandatory Risk and Compliance performance goal for Senior Managers.

The Remuneration Committee has the ability to request oversight or information regarding the operation of any existing variable reward plan, to ensure appropriate governance and application.

a discussion of the ways in which these measures affect remuneration; and

All individual performance goals have an associated weighting, with the Risk and Compliance performance goal for employees being weighted at a minimum of 10%, and for Senior Managers a minimum of 20%. Performance against individual performance goals, combined with the values assessment, affects remuneration and variable reward outcomes of the annual performance review process. If any employee does not satisfy the performance gateways, they are ineligible to participate in the applicable variable reward plan.

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, or Key Performance Indicator (KPI) outcomes.

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.

As outlined above, all Greater Bank employees have an individual Risk and Compliance performance goal. Following the assessment of performance through the annual performance review process, the outcomes of the Risk and Compliance goal for Senior Managers are reviewed and calibrated by the Chief Risk Officer. This review process has continued to mature to include a more formal and robust evaluation and calibration of the Risk and Compliance performance goal and its impact to variable reward outcomes.

In FY 2019/2020, Greater Bank was required to comply with BEAR remuneration obligations, in relation to the release of annual and deferred variable rewards. As such, an assessment process and framework was designed to incorporate an evaluation of risk management effectiveness and satisfaction of Accountabilities, completed by the Chief Risk Officer of the Accountable Persons during the financial year. A further and final assessment was completed by both the CEO and the Board on the individual performance of each Accountable Person in relation to their risk management effectiveness, satisfaction of Accountabilities and Performance Goals. Then a determination was made of any failure (if any), and a proportionate reduction in Variable Remuneration in relation to that failure.

This assessment framework, that will be applied prior to the assessment and payment of any variable reward to an Accountable Person, will ensure ongoing compliance with the BEAR, and provides a mechanism to ensure appropriate consequences are applied if any failure of an Accountability occurs.

**(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;

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 any variable reward payment.

Three performance gateway conditions as outlined below are applicable to annual variable reward plans to support the long term sustainability of Greater Bank, whilst encouraging the right behaviours and performance of employees:

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.

All three gateway conditions must be met in order for an employee to be eligible for any annual variable reward.

In addition, Sales Manager variable rewards 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 variable reward:

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 have occurred during the applicable period.

a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and

The purpose of variable reward plans are to differentiate and reward employees based on their individual performance through the achievement of individual performance goal outcomes and contribution to achieving outcomes for their team, section or unit and organisation, as measured in the annual performance review process.

The Board also set corporate KPIs each financial year which form a percentage component of the variable reward outcomes for Senior and Executive Managers.

The available variable reward (a differing % of total fixed remuneration for each applicable variable reward plan dependent on position classification), is determined based on the assessment of individual performance goal achievement in the annual performance review process.

a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak.

The maximum value of variable reward 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.

## (e) Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures must include:

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

Greater Bank operates short term variable reward plans covering relevant employee cohorts across the organisation. One variable reward plan which provides short term reward with a deferral component is the Executive Variable Reward Plan (**EVRP**).

The EVRP provides reward aligned with APRA guidelines for the achievement of both corporate and individual outcomes towards specific KPIs. Executives are invited annually to participate in the EVRP. Rules for the EVRP are provided with the annual invitation and details operation of the variable reward plan.

The Board sets corporate KPIs each financial year which form a significant component of any reward. 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.

Under the EVRP 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 (but not limited to), where:

- 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.

Each of the participants on the EVRP is an Accountable Person under the BEAR and as such the Remuneration Policy requires that, if an Accountable Person has failed to comply with his or her accountability obligations, the person's variable remuneration, deferred and/or granted, is to be reduced by an amount that is proportionate to the failure.

In relation to the variable remuneration of an Accountable Person, Greater Bank will comply with the BEAR remuneration deferral requirements.

Following finalisation and external auditor sign-off on the financial year accounts, the outcomes achieved against the KPIs and goals are measured with any variable reward awarded under the EVRP determined and approved by the Board.

For Executives who do not meet the BEAR remuneration deferral threshold requirements, the variable reward payment includes a 1/3 deferred cash payment which will be paid to the individual in the second financial year after the financial year for which the variable reward payment was assessed and determined.

a discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements.

There is no clawback clause in the current EVRP (discussed above) which provides for deferred variable reward payments.

**(f) Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include:**

an overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms); and

Greater Bank only provides variable remuneration in the form of cash.

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.

Variable remuneration offered by Greater Bank as outlined above (d) and (e) is determined in alignment with the applicable variable reward plan.

## Quantitative Disclosures

**(g)**

Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members.

During the year the Remuneration Committee, which is a sub-committee of the Board of Greater Bank Limited, met twice.

<b>Board Remuneration Committee: Remuneration</b>	<b>FY2019/20 \$</b>
Members are not remunerated specifically for their appointment to the Committee, but as their appointment as directors of Greater Bank.	<b>\$514,762</b>

**(h)**

The number of persons having received a variable remuneration award during the financial year.

10

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.

Nil

Number and total amount of termination payments made during the financial year.

Nil

(i)

Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.

**Cash:** \$649,085

**Shares:** Nil

**Shares – Linked:** Nil

Total amount of deferred remuneration paid out in the financial year.

\$240,892

(j)

Breakdown of the amount of remuneration awards for the financial year in accordance with Table 22A below to show:

- fixed and variable;
- deferred and non-deferred; and
- the different forms used (cash, shares and share-linked instruments and other forms).

**Fixed Remuneration**

Cash-based: \$3,188,886

Other: \$129,582

Total: \$3,318,468

**Variable Remuneration:**

Unrestricted Cash-based: \$575,380

Deferred Cash-based: \$240,892

Shares and share-linked instruments Unrestricted: Nil

Shares and share-linked instruments Deferred: Nil

Total: \$816,271

(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 adjustments

Total amount of reductions during the financial year due to ex post explicit adjustments.

Nil adjustments

Total amount of reductions during the financial year due to ex post implicit adjustments.

Nil adjustments