

Newcastle Greater Mutual Group Ltd

Disclosure of Prudential Information

For the Year Ended 30 June 2023

APS 330 Remuneration Disclosures



Preliminary Note: Merger of Newcastle Permanent and Greater Bank

Newcastle Greater Mutual Group Ltd (**NGM Group**) (formerly known as Newcastle Permanent Building Society Limited (**Newcastle Permanent**)) completed a merger with Greater Bank Limited (**Greater Bank**) on 1 March 2023 (**Merger Date**) (**Merger**). The Merger involved a voluntary total transfer of all the business (including employees), assets, liabilities and members of Greater Bank to NGM Group on the Merger Date under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth).

On the Merger Date, the existing corporate entity of Newcastle Permanent changed its corporate name to "Newcastle Greater Mutual Group Ltd". Since the Merger Date, NGM Group has operated as a single authorised deposit-taking institution under the Newcastle Permanent and Greater Bank brands.

As a result of the Merger, where appropriate, the qualitative disclosures below are provided separately for the period from 1 July 2022 to 28 February 2023 (i.e. for the period during the financial year ended 30 June 2023 before the Merger) and for the period from 1 March 2023 to 30 June 2023 (i.e. for the period during the financial year ended 30 June 2023 after the Merger).

Qualitative disclosures

(a) Information relating to the bodies that oversee remuneration:

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

Refer to the Preliminary Note above.

Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)

For the period from 1 July 2022 to 28 February 2023 (i.e. for the period during the financial year ended 30 June 2023 before the Merger), the Remuneration and People Committee (**R&P Committee**) oversaw Newcastle Permanent's (now known as NGM Group) remuneration framework, policies and practices.

The R&P Committee was a committee of the Newcastle Permanent Board. It was a requirement of the R&P Committee's Charter that the R&P Committee consist of not less than three members who were Non-Executive Directors of Newcastle Permanent, the majority of whom (including the Chair) were independent. It was also a requirement of the Charter that at least one member of the R&P Committee was also a member of the Newcastle Permanent Board's Risk Committee.

The following were members of the R&P Committee for the period from 1 July 2022 to 28 February 2023:

- Ms S. Martin-Williams (Chair);
- Mr J. Eather; and
- Ms J. Leslie.

All of the above were, for that period, independent Non-Executive Directors of Newcastle Permanent.

The role and responsibilities of the R&P Committee were outlined in the R&P Committee Charter and included the following in relation to remuneration:

- assisting the Board in establishing appropriate remuneration levels, including reviewing and making recommendations to the Board in relation to Directors' fees and the remuneration and any proposed bonus or incentive payments for the Chief Executive Officer (**CEO**), Executives and other persons covered by the Remuneration Policy;
- obtaining and assessing advice on market levels of remuneration for Directors and Executives, and other persons as required, to ensure those persons are being rewarded commensurate with their responsibilities, and consistently with the Remuneration Policy;
- ensuring that remuneration practices are appropriately aligned to Newcastle Permanent's Remuneration Policy, the Board's Risk Management Strategy and its Risk Appetite Statement;
- ensuring that remuneration and incentive schemes are appropriately structured to encourage behaviour that supports Newcastle Permanent's risk management framework, long term financial soundness and expected risk culture; and
- reviewing the APS 330 Remuneration Disclosures.

Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)

On completion of the Merger and effective from the Merger Date, the R&P Committee was replaced by a new NGM Group People, Culture and Remuneration Committee (**PCR Committee**). Since the Merger Date, the PCR Committee has overseen NGM Group's remuneration framework, policies and practices.

The PCR Committee is a committee of the NGM Group Board. PCR Committee members must be Non-Executive Directors of NGM Group. The PCR Committee must consist of not less than three members, all of whom must be independent. At least one PCR Committee member must be a member of the Board's Risk Committee.

For the period since the Merger Date to 30 June 2023, the members of the PCR Committee were:

- Ms S. Martin-Williams (Chair);
- Mr J. Eather;
- Ms V.J. (Jayne) Drinkwater; and
- Ms D. Vinci.

The role and responsibilities of the PCR Committee are outlined in its Charter. The PCR Committee's primary role is to assist the Board by providing objective review and oversight of people and remuneration related policies, frameworks and practices so that they:

- align with NGM Group's purpose, culture and strategy;
- comply with the Corporate Group's performance and risk management framework;
- comply with legal and regulatory requirements; and
- remain appropriate to changing market conditions.

The PCR Committee also assists the Board by overseeing and reviewing succession planning for NGM Group.

Key remuneration related responsibilities of the PCR Committee include:

People

- Reviewing and monitoring people strategies designed to attract, retain, develop and motivate employees and considering their effectiveness.
- Reviewing reports on industrial relations strategy.
- Receiving reports on periodic employee engagement and culture survey results and insights, including employee engagement action plans and monitoring their effectiveness.
- Reviewing reports to enable determination of remuneration outcomes (for the CEO, other Executives, other roles specified in the Remuneration Policy, and other relevant roles).
- Reviewing reports, and developing and overseeing initiatives, on organisational culture and making recommendations to the Board on actions that the Committee considers necessary to instil, or reinforce, the desired organisational culture.

Remuneration strategy

- Defining and recommending to the Board for approval the Corporate Group's remuneration principles and strategic objectives for remuneration frameworks, ensuring they:
 - promote behaviours that support the Corporate Group's strategy and risk appetite, and sound and effective risk outcomes; and
 - are informed by market practice and trends, and legal and regulatory requirements.

Remuneration Policy

- Overseeing the operation and monitoring of the remuneration frameworks.
- Reviewing the Remuneration Policy at least annually, including in relation to Regulated Subsidiaries, and recommending to the Board, and each Regulated Subsidiary board, for approval and adoption where required.
- Reviewing and assessing the effectiveness of the Remuneration Policy and other relevant people-related policies at least once every three years, or more frequently where required, to ensure it delivers on its intent and that it complies with regulatory requirements.
- Reporting to each Regulated Subsidiary board, at least annually, on compliance with the Remuneration Policy following assurance from management.
- Reviewing and recommending to the Board for approval, at least annually, the remuneration structures for roles specified in the Remuneration Policy (**Specified Roles**).
- Reviewing NGM Group's gender pay equity position and plan of action to rectify gaps identified.

		<p><u>Remuneration arrangements and outcomes</u></p> <ul style="list-style-type: none"> • Reviewing and recommending to the Board for approval, at least every two years, changes to Board and Board Committee fee frameworks (inclusive of superannuation) for Non-Executive Directors of NGM Group. • If relevant, setting and approving fee frameworks for Non-Executive Directors of the boards of the Corporate Group. • Reviewing and recommending to the Board for approval remuneration arrangements, including performance scorecard measures and outcomes, at least annually, and termination payments, malus and clawback, as required, for the CEO and other Executives. • Reviewing and recommending to the Board for approval, at least annually, remuneration arrangements including performance measures and outcomes for Specified Roles of NGM Group. • Reviewing and recommending to each Regulated Subsidiary board, at least annually, the remuneration arrangements and outcomes for Specified Roles (if any) of that Regulated Subsidiary. • Approving the remuneration of any individual whose remuneration arrangements require Committee oversight and approval under regulations and/or the Remuneration Policy. <p><u>Performance framework, variable remuneration and benefits</u></p> <ul style="list-style-type: none"> • Reviewing and recommending to the Board for approval new or material amendments to performance frameworks, variable remuneration plans, employee superannuation arrangements and material benefits. • Reviewing and recommending to the Board for approval the annual fixed remuneration budget and discretionary short-term variable remuneration pool for NGM Group. • Reviewing and recommending to the Board for approval the long-term variable remuneration awards for eligible employees, including vesting outcomes. <p><u>Recognition</u></p> <ul style="list-style-type: none"> • Reviewing and approving new or material changes to recognition programs. • Monitoring, at least annually, the effectiveness of formal recognition programs in line with the Remuneration Policy. <p><u>Remuneration disclosures</u></p> <ul style="list-style-type: none"> • Reviewing and recommending to the Board for approval the Remuneration Report. • Reviewing and recommending to the Board for approval remuneration disclosures required under <i>APS 330 Public Disclosure</i>.
	<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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>NGM Group's CEO engaged Ernst & Young to provide independent remuneration advice on the quantum and structure of remuneration for NGM Group's Executives (excluding CEO remuneration). NGM Group's People & Culture Division also engaged Ernst & Young to provide advice on (among other things) compliance with APRA Prudential Standard CPS 511 Remuneration (CPS 511).</p> <p>The R&P Committee engaged Guerdon Associates to provide independent remuneration advice on the quantum of the remuneration of NGM Group's Executives.</p> <p>NGM Group's Legal Division engaged Minter Ellison to review certain aspects of the Remuneration Policy to better align with CPS 511.</p> <p>The R&P Committee and Board engaged Guerdon Associates to provide independent remuneration advice on the quantum and structure of remuneration for NGM Group's CEO.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>NGM Group engaged Guerdon Associates to provide independent advice on the structure and quantum, including certain market comparisons, of Directors' remuneration.</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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The Newcastle Permanent Remuneration Policy applied to remuneration arrangements for Non-Executive Directors and Executives, being Newcastle Permanent's Accountable Persons under the Banking Executive Accountability Regime (BEAR), other Responsible Persons (excluding the responsible auditor), risk management, compliance, internal audit and financial control personnel, all other employees for whom a significant proportion of their total remuneration is variable and determined by performance measures and certain third party service providers to Newcastle Permanent (such as the co-sourced internal audit services provider and mortgage brokers).</p> <p>Newcastle Permanent does not have any foreign subsidiaries or branches.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>On the Merger Date the Remuneration Policy was updated for NGM Group in accordance with CPS 511 and applies to NGM Group.</p> <p>The Remuneration Policy also applies to persons who are:</p> <ul style="list-style-type: none"> • directly employed by NGM Group; • retained directly by NGM Group under contract; or • employed by, or as a contractor of, a body corporate (including a service company) that is an APRA-regulated subsidiary of NGM Group. <p>The Remuneration Policy does not extend to Non-Executive Director remuneration, which is separately outlined in the NGM Group Constitution.</p> <p>NGM Group does not have any foreign subsidiaries or branches.</p>
<p>a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 22 of APS 330, including the number of persons in each group.</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>For the period from 1 July 2022 to 28 February 2023, Newcastle Permanent's "senior managers" and "material risk takers" as defined in paragraph 22 of APS 330 comprised the following 11 personnel:</p> <ul style="list-style-type: none"> • CEO; • Chief Customer Experience Officer; • Chief Customer & Product Officer; • Chief Financial Officer; • Chief Technology Officer; • Chief Operating Officer; • Chief People & Culture Officer; • Chief Risk Officer; • Chief Strategy & Governance Officer; • Company Secretary & General Counsel; and • Head of Internal Audit. <p>Newcastle Permanent does not consider any other employees to be "material risk takers".</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>For the period from 1 March 2023 to 30 June 2023, NGM Group's "senior managers" and "material risk takers" as defined in paragraph 22 of APS 330 comprised the following 12 personnel:</p> <ul style="list-style-type: none"> • CEO; • Chief Customer & Digital Innovation Officer; • Chief Distribution Officer, Greater Bank; • Chief Distribution Officer, Newcastle Permanent; • Chief Financial Officer; • Chief Information Officer; • Chief Operating Officer; • Chief People & Culture Officer; • Chief Risk Officer; • Chief Strategy & Merger Integration Officer; • Chief Legal & Corporate Governance Officer; and • Head of Internal Audit. <p>NGM Group does not consider any other employees to be "material risk takers".</p>

(b)	Information relating to the design and structure of remuneration processes:	
	<p>an overview of the key features and objectives of remuneration policy;</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The principle objective of Newcastle Permanent's Remuneration Policy was to support appropriate levels of remuneration while adhering to sound risk management and governance principles, through remuneration practices that are designed to:</p> <ul style="list-style-type: none"> • reflect Newcastle Permanent's strategy and values; • recognise the importance of behaviours and positive risk outcomes; • recognise the role of financial and non-financial drivers for long-term success; • support the risk management framework, an appropriate risk culture and employee conduct by rewarding positive performance and behaviours; • drive long-term organisational performance in line with the organisation's strategy and business objectives; • be simple, transparent and fair; • be market competitive to enable the attraction and retention of talent; and • reflect legislative and regulatory requirements. <p>Newcastle Permanent's remuneration framework consisted of the following components:</p> <ul style="list-style-type: none"> • base salary; • short term cash incentive based on performance; • long term cash incentive based on performance (CEO only); • from time to time, any other forms of variable remuneration such as retention payments; and • superannuation. <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>On the Merger Date, the Remuneration Policy was updated for NGM Group in accordance with CPS 511.</p> <p>The principal objective of the NGM Group Remuneration Policy is to support appropriate levels of remuneration necessary to attract, retain and motivate high quality people required to lead and manage the organisation, while adhering to sound risk management and governance principles.</p> <p>NGM Group's Remuneration framework and practices are guided by and designed to:</p> <ul style="list-style-type: none"> • reflect NGM Group's strategy, values and customer interests; • recognise the importance of behaviours and positive risk outcomes; • recognise the role of financial and non-financial drivers for long-term success; • support the risk management framework, an appropriate risk culture and employee conduct by rewarding positive performance and promoting prudent behaviours; • drive long-term organisational performance in line with the strategy and business objectives; • be simple, transparent, fair, and easy to communicate; • be market competitive to enable the attraction and retention of talent; and • reflect legislative and regulatory requirements. <p>NGM Group's remuneration framework consisted of the following components:</p> <ul style="list-style-type: none"> • base salary; • short term cash incentive based on performance; • long term cash incentive based on performance (CEO only); • from time to time, any other forms of variable remuneration such as retention payments; and • superannuation. <p>In keeping with sound remuneration practice and to support NGM Group's long-term financial soundness, the NGM Group PCR Committee and Board ensures that the payment methodology, assessment process and any performance based variable rewards are designed to align remuneration with prudent risk-taking and the outcomes of business activities.</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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The R&P Committee considered the Remuneration Policy in October 2022 and recommended some updates to the malus and clawback provisions to better align the policy with CPS 511. The recommended amendments were subsequently approved by the Newcastle Permanent Board.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>On the Merger Date, the organisation's Remuneration Policy was replaced with a new policy that was appropriate for the larger merged organisation. In the lead up to completion of the Merger, the development of the new NGM Group Remuneration Policy was initially overseen and the new policy was reviewed by the combined Merger Advisory Board, which was an advisory forum that consisted of the eight Non-Executive Directors that ultimately comprised the NGM Group Board on completion of the Merger. The new Remuneration Policy was also reviewed and formally adopted by the NGM Group Board on the Merger Date.</p> <p>The new Remuneration Policy sets out how NGM Group designs, manages and operates its remuneration and reward arrangements to support attraction, retention and motivation of its employees. The purpose of the new policy is to:</p> <ul style="list-style-type: none"> • maintain appropriate Board oversight of the remuneration arrangements; • align remuneration arrangements with the business plan, strategic objectives and risk management framework; • promote the effective management of both financial and non-financial risks, sustainable performance and NGM Group's long-term soundness; • drive employee performance in alignment with customer interests to support the prevention and mitigation of conduct risk; • establish and promote the Remuneration Principles which guide the design of NGM Group's remuneration strategy and framework to differentiate remuneration and align variable remuneration outcomes with performance and risk outcomes; and • satisfy legislative and regulatory requirements in relation to remuneration including, but not limited to, CPS 511, CPS 520 and BEAR.
<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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The key risk and financial control personnel were defined in the Newcastle Permanent Remuneration Policy as the Chief Financial Officer, Chief Risk Officer, Company Secretary & General Counsel and Head of Internal Audit.</p> <p>These personnel were entitled to participate in Newcastle Permanent's Incentive Schemes, however, their key performance indicators (KPIs) and proportion of fixed to variable remuneration were structured so as not to compromise the independence of these individuals in carrying out their roles. This independence was also supported by the involvement of the relevant Committees and the Board in setting the objectives for, and assessing the performance of, the Chief Risk Officer, Company Secretary & General Counsel and Head of Internal Audit.</p> <p>Variable remuneration for risk and financial control personnel was paid where a clear contribution to successful outcomes for Newcastle Permanent was demonstrated and the individual attained and excelled against pre-agreed KPIs (financial and non-financial) during a performance cycle.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>Under NGM Group, the risk and financial control personnel are defined in the Remuneration Policy as Employees whose primary role is in risk management, compliance, internal audit and financial control.</p> <p>These personnel were entitled to participate in legacy Newcastle Permanent or Greater Bank Incentive Schemes, however, their key performance indicators (KPIs) and proportion of fixed to variable remuneration were structured so as not to compromise the independence of these individuals in carrying out their roles. This independence was also supported by the involvement of the relevant Committees and the Board in setting the objectives for, and assessing the performance of, these personnel.</p> <p>Variable remuneration for risk and financial control personnel was paid where a clear contribution to successful outcomes for Newcastle Permanent or, where appropriate, Greater Bank, was demonstrated and the individual attained and excelled against pre-agreed KPIs (financial and non-financial) during a performance cycle.</p>

(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes:	
	<p>an overview of the key risks that the ADI takes into account when implementing remuneration measures;</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>Newcastle Permanent took into consideration the key risks assessed and articulated in its organisational risk profile, Strategic Plan and Risk Appetite Statement when setting performance targets for the Organisational Performance Scorecard (which is also the CEO Scorecard) and the Executive Performance Scorecards and, measuring and assessing organisational and individual performance during the financial year.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>There was no change to the key risks that NGM Group takes into account when implementing remuneration measures following the completion of the Merger.</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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>Effective risk management and compliance management was assessed in the Performance Scorecards of the CEO and Executives between 1 July 2022 and 28 February 2023, as a Values and Risk modifier, by reference to the following quantitative and qualitative measures and taking a 'Behaviours First' approach to the assessment of performance:</p> <ul style="list-style-type: none"> • the number and/or severity of breaches, including with respect to Newcastle Permanent's Risk Appetite Statement limits, within span of control and accountability; • proactive identification and accountability for managing risk within the relevant division, and in other areas; • accountability for remediating issues raised, including (but not limited to) audit findings, breach remediation, customer complaints and employee complaints; and • alignment with company values and an assessment of behaviours and actions. <p>Effective risk and compliance management is a gateway characteristic for a "Good" performance rating (and any associated incentive payment) for all staff across the organisation. This recognises the importance of risk and compliance management within every role, to support customer and industry expectations, long-term financial outcomes and the Risk Management Framework (including expected Risk Culture).</p> <p>Additionally, individual personnel throughout the organisation may have specific risk and compliance goals and measures incorporated in their personal KPIs as directly relevant to their area of responsibility.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>Performance of the NGM Group CEO and Executives for the period of 1 March 2023 to 30 June 2023 was measured in the same manner as outlined above.</p>
	<p>a discussion of the ways in which these measures affect remuneration; and</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>For the CEO and Executives, the above mentioned Values and Risk modifier was applied through a mix of quantitative and qualitative assessments by the R&P Committee. Based on the recommendations of the R&P Committee and the decision of the Board, the CEO and Executives may receive all, part or no incentive payment.</p> <p>The R&P Committee considered information from the Audit Committee and Risk Committee regarding audit items and risk and compliance items respectively, arising during the financial year that may be relevant to the assessment of the CEO and each Executive's performance and management of key risks.</p> <p>Employees would be excluded from participating in the Incentive Schemes or from receiving an incentive payment (as per the relevant scheme rules) where they failed to comply with risk management and compliance requirements measured by:</p> <ul style="list-style-type: none"> • a Values and Risk 'enhancer' and 'modifier' which includes a gateway characteristic for Accountable Persons; and • a Risk and Behaviours gateway for all other employees, including in the event of formal disciplinary action for cases of misconduct or unsatisfactory performance, or if they otherwise engage in conduct that is contrary to the organisation's values or risk appetite. <p>Where an individual's performance objectives also included a specific risk or compliance KPI a weighting was attributed to that objective which, combined with the risk and compliance gateway, contributed to the outcome of the annual performance assessment process and calculation of any incentive payment.</p> <p>Ultimately, the CEO and/or the Board also retained the discretion to adjust the performance-based components of remuneration downwards, including to zero if appropriate, if such adjustments were necessary in certain situations including but not limited where an adjustment was required to:</p> <ul style="list-style-type: none"> • protect the financial soundness of Newcastle Permanent; • take into account any risk or compliance events or outcomes; or • respond to significant unexpected or unintended consequences that were not foreseen.

		<p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>There was no change to the way these measures affected remuneration for NGM Group following the completion of the Merger.</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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>As discussed above, Newcastle Permanent employed a Values and Risk modifier to the performance assessment process for the CEO and Executives and a Risk and Behaviours gateway for all other employees. The Values and Risk modifier was used to modify the incentive outcomes for the CEO and Executives either upwards or downwards based on the degree to which risk objectives are met and their risk behaviours.</p> <p>The Values and Risk modifier (for CEO and Executives) and Risk and Behaviours gateway for all other staff reflected the strategic importance of risk management for Newcastle Permanent, as well as recommendations flowing from various industry and regulator reports, and were expected to encourage and incentivise positive risk behaviours and discourage poor risk behaviours through the adjustment of variable remuneration outcomes.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>There was no change to the nature and or type of measures used to account for key risks for NGM Group following the completion of the Merger.</p>
(d)	Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration:	
	an overview of the main performance metrics for the ADI, top-level business lines and individuals;	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The purpose of the Newcastle Permanent Staff Incentive Scheme and Executive Incentive Scheme (Incentive Schemes) was to reward actual achievement of an individual's Balanced Scorecard outcomes (individual performance objectives) and for materially improved organisational performance.</p> <p>Performance-based variable remuneration (defined as incentive payments, retention payments and any other performance-based remuneration) under the Incentive Schemes was paid to eligible staff, Executives and the CEO where there was a clear contribution to successful outcomes for Newcastle Permanent and where the individual attains and excels against pre-agreed individual performance objectives (both financial and non-financial) during a performance cycle (as defined in their Balanced Scorecard). The employee must also comply with the risk management and compliance requirements and disciplinary requirements and must not engage in conduct that is contrary to the organisation's values or risk appetite.</p> <p>For the 2023 Financial Year, the key KPIs cascaded through the CEO, Executive and individual performance objectives were broadly categorised into the following areas:</p> <ul style="list-style-type: none"> • Customer; • Community & Stakeholder; • People; • Strategic Roadmap; • Financial; and • Risk. <p>As discussed above, these metrics are overlaid by a Values and Risk modifier (for the CEO and Executives) and a Risk and Behaviours Gateway (for all other employees) to ensure that performance is only considered effective, and variable remuneration is only payable, where minimum risk and compliance behaviours, objectives and alignment to core values are met.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>Following the completion of the Merger, the appointed NGM Group CEO and Executives received updated scorecards for the period of 1 March 2023 to 30 June 2023 which aligned to their role post-Merger and utilised the same principles as outlined above.</p> <p>All other Incentive Schemes (i.e. below the Executive) from both legacy Newcastle Permanent and Greater Bank remained unchanged for the performance year ending 30 June 2023 from those that were in place for the legacy businesses for the prior performance year. The Greater Bank Incentive Schemes (i.e. below the Executive) are set out below in section (f).</p>

	<p>A discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>Newcastle Permanent's organisational performance was assessed by reference to objectives set as part of the Strategic Roadmap and associated strategic and operational plans, which were incorporated into the Performance Scorecard as qualitative and quantitative measures and covered the broad categories referred to above.</p> <p>The Board assessed the organisation's performance against this balanced scorecard, and on this basis, determined the maximum amount of the Incentive Scheme payment pool that would be made available. If organisational objectives are not met the Board could reduce the amount available for Incentive Scheme awards.</p> <p>Individual incentive amounts paid out of the Incentive Scheme payment pool were determined by reference to a matrix which considered Newcastle Permanent's performance and individual performance outcomes as measured through the annual performance review process and calculated as a percentage of base salary.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>There was no change to the way amounts of individual remuneration are linked to institution-wide and individual performance from the previous period (noted above) for NGM Group following completion of the Merger.</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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The Board retained discretion to adjust the performance-based components of remuneration downwards, including to zero if appropriate, if considered necessary in certain situations including but not limited to situations where an adjustment was required to:</p> <ul style="list-style-type: none"> • protect the financial soundness of Newcastle Permanent; • take into account any risk or compliance events or outcomes; or • respond to significant unexpected or unintended consequences that were not foreseen. <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>There was no change to the measures used in general to adjust remuneration in the event that performance metrics are weak for NGM Group following completion of the Merger.</p>
(e)	Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance:	
	<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>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>In accordance with BEAR requirements, for Newcastle Permanent all grants of variable remuneration to the CEO and Executives will be deferred for a minimum period of four years, subject to a \$125,000 threshold. For all Executives, the amount of variable remuneration to be deferred for the four year period will be the lesser of:</p> <ul style="list-style-type: none"> • 40% of their total variable remuneration for the relevant financial year; or • 20% of their total remuneration for the relevant financial year; <p>where the minimum dollar threshold is triggered.</p> <p>Each year the Board will determine if the Executive has:</p> <ul style="list-style-type: none"> • met the minimum behavioural expectations and accountability obligations under BEAR; • met minimum customer expectations; • made appropriate decisions having regard to available information; • maintained appropriate conduct over the deferral period that has aligned to Newcastle Permanent's values; and • met or exceeded the appropriate risk measures. <p>The R&P Committee and Board also undertook a formal and final assessment with respect of the deferred remuneration just prior to the time of its proposed payment.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>For NGM Group, the variable remuneration for the following categories of employees will be subject to deferral:</p> <ul style="list-style-type: none"> • CEO; • Senior Management; and • Material risk takers (including highly paid material risk takers).

		<p>The BEAR remuneration conditions include a minimum deferral amount (i.e. deferred variable remuneration) which is the lesser of:</p> <ul style="list-style-type: none"> • 60% of the CEO Variable Remuneration for the relevant financial year / 40% of Executive Variable Remuneration for the relevant financial year; or • 20% of their Total Remuneration for the relevant financial year.
	<p>A discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements.</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>Under the Newcastle Permanent Remuneration Policy, the Board could determine that any variable remuneration (including deferred remuneration) of the CEO or an Executive be reduced or forfeited before the end of the deferral period as well as after any payment has occurred. These circumstances are classified as "malus" or "clawback" events. Examples of malus or clawback trigger events included, but were not limited to:</p> <ul style="list-style-type: none"> • a failure to comply with accountability obligations under BEAR; • acts of fraud, dishonesty or misconduct; • events that have an adverse effect on Newcastle Permanent's long-term financial soundness, prudential standing or prudential reputation; • behaviour that brings Newcastle Permanent into disrepute; • material breaches of Newcastle Permanent's compliance and risk management frameworks; or • circumstances where information has come to light after the grant of variable remuneration that indicate all or part of the remuneration award was not justified. <p>Malus and clawback provisions are applicable to any deferred payments for eligible leavers. Employees who are determined 'ineligible leavers' will forfeit any unpaid deferred remuneration. Clawback provisions may still apply to any variable remuneration paid to the employee prior to termination.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>On the Merger Date the Remuneration Policy was updated for NGM Group in accordance with CPS 511.</p> <p>The Consequence Management Framework within the NGM Group Remuneration Policy is designed to assist NGM Group with aligning remuneration with risk and conduct matters.</p> <p>NGM Group also takes reasonable steps to ensure that, if variable remuneration may become payable to an Accountable Person of a subsidiary, the subsidiary complies with the deferred remuneration obligations as if the subsidiary were an ADI.</p> <p>Certain situations and Relevant Matters (as outlined in the Remuneration Policy and Consequence Management Framework) are considered for remuneration adjustment or clawback. Once a Relevant Matter has been identified it will be assessed and considered as to whether a remuneration variation is appropriate. NGM Group assesses Relevant Matters in terms of High, Medium and Low impact on two scales: the severity of the impact and the individual's degree of accountability/responsibility for the Relevant Matter.</p>
(f)	Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms:	
	<p>an overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms); and</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>Newcastle Permanent is not able to issue any shares or share-linked instruments. All variable remuneration is in the form of cash benefits.</p> <p><u>Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)</u></p> <p>NGM Group is not able to issue any shares or share-linked instruments. All variable remuneration is in the form of cash benefits.</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 group of persons, a description of the factors that determine the mix and their relative importance.</p>	<p>Refer to the Preliminary Note above.</p> <p><u>Period from 1 July 2022 to 28 February 2023 (i.e. the period before the Merger)</u></p> <p>The only variable forms of remuneration during the 2023 financial year were the:</p> <ul style="list-style-type: none"> • Staff Incentive Scheme, which is discussed above in (d); • Executive Incentive Scheme which is discussed above in (d); • CEO Short-term Incentive scheme; • FY23 tranche of the CEO Long-Term Incentive Plan; and • FY23 retention plans for Executives and key roles.

Period from 1 March 2023 to 30 June 2023 (i.e. the period after the Merger)

Following the completion of the Merger, the following Variable reward forms were adopted from Greater Bank, in addition to those referenced for the period 1 July 2022 to 28 February 2023:

- Greater Bank Staff Incentive Scheme;
- Greater Bank Sales Incentive Scheme;
- Retail Elite Performers Program;
- Digital Transformation Reward;
- Digital Transformation Retention Reward;
- Executive Transformation Reward; and
- Executive Strategic Retention Scheme.

Quantitative Disclosures

(g)																																								
<p>Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members.</p>	<p>During the year, the R&P/PCR Committee met four (4) times. The total remuneration paid to Directors who were members of the Committee for part or all of the financial year is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th rowspan="2" style="text-align: left;">Table 1: Remuneration of the Remuneration Committee</th> <th colspan="2" style="text-align: center;">2023</th> <th colspan="2" style="text-align: center;">2022</th> </tr> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: center;">No. of Directors</th> <th style="text-align: center;">Total (\$)*</th> <th style="text-align: center;">No. of Directors</th> <th style="text-align: center;">Total (\$)*</th> </tr> </thead> <tbody> <tr> <td>Remuneration of Directors who were members of the R&P/PCR Committee at the end of the financial year</td> <td style="text-align: center;">4</td> <td style="text-align: right;">537,200</td> <td style="text-align: center;">3</td> <td style="text-align: right;">617,620</td> </tr> <tr> <td>Remuneration of Directors who ceased to be members of the R&P/PCR Committee during the financial year</td> <td style="text-align: center;">1</td> <td style="text-align: right;">123,858</td> <td style="text-align: center;">1</td> <td style="text-align: right;">130,123</td> </tr> <tr style="font-weight: bold;"> <td>Total</td> <td></td> <td style="text-align: right;">661,058</td> <td></td> <td style="text-align: right;">747,743</td> </tr> </tbody> </table> <p>* The total remuneration amount includes each Committee member's annual Director fee and remuneration for all other roles, paid to them during the whole of the financial year. This is regardless of whether a Director was a member of the Committee for the whole or part of the financial year.</p> <p>The remuneration paid to the Committee members in the 2023 financial year included:</p> <ul style="list-style-type: none"> • the base annual Director fee paid to each Director who was a member of the Committee; • specific fees paid to those Directors with respect to their role as Chair or members of the Committee; and • specific fees paid to those Directors with respect to all other roles, including as Chair of the Board and Chair/ members of other Board Committees. 	Table 1: Remuneration of the Remuneration Committee	2023		2022		No. of Directors	Total (\$)*	No. of Directors	Total (\$)*	Remuneration of Directors who were members of the R&P/PCR Committee at the end of the financial year	4	537,200	3	617,620	Remuneration of Directors who ceased to be members of the R&P/PCR Committee during the financial year	1	123,858	1	130,123	Total		661,058		747,743															
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(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>	<p>The table below presents the number of senior managers/ material risk takers who received a variable remuneration award, guaranteed bonuses, sign-on awards or termination payments during the financial year.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th rowspan="2" style="text-align: left;">Table 2: Variable remuneration, guaranteed bonuses, sign-on awards and termination payments</th> <th colspan="2" style="text-align: center;">2023</th> <th colspan="2" style="text-align: center;">2022</th> </tr> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: center;">No. of employees</th> <th style="text-align: center;">Total (\$) ^</th> <th style="text-align: center;">No. of employees</th> <th style="text-align: center;">Total (\$) ^</th> </tr> </thead> <tbody> <tr> <td>Variable remuneration award – discretionary bonus</td> <td style="text-align: center;">9</td> <td style="text-align: right;">1,099,750</td> <td style="text-align: center;">9</td> <td style="text-align: right;">870,498</td> </tr> <tr> <td>Variable remuneration award – retention benefit</td> <td style="text-align: center;">8</td> <td style="text-align: right;">1,263,416</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Guaranteed bonuses</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Sign-on awards</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Termination payments</td> <td style="text-align: center;">1</td> <td style="text-align: right;">299,536</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr style="font-weight: bold;"> <td>Total</td> <td></td> <td style="text-align: right;">2,662,702</td> <td></td> <td style="text-align: right;">870,498</td> </tr> </tbody> </table> <p>^ Amounts in the table above are disclosed in the financial year that the payment was received, and do not include deferred amounts which are disclosed in section (j) of this report.</p>	Table 2: Variable remuneration, guaranteed bonuses, sign-on awards and termination payments	2023		2022		No. of employees	Total (\$) ^	No. of employees	Total (\$) ^	Variable remuneration award – discretionary bonus	9	1,099,750	9	870,498	Variable remuneration award – retention benefit	8	1,263,416	-	-	Guaranteed bonuses	-	-	-	-	Sign-on awards	-	-	-	-	Termination payments	1	299,536	-	-	Total		2,662,702		870,498
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(i)															
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Table 3: Outstanding Deferred remuneration					2023 (\$)					2022 (\$)				
	Cash	Shares	Share-linked	Other	Total	Cash	Shares	Share-linked	Other	Total					
	4,494,583	-	-	-	4,494,583	1,031,065	-	-	-	1,031,065					
	-	-	-	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-	-	-	-					
	4,494,583	-	-	-	4,494,583	1,031,065	-	-	-	1,031,065					
Total amount of deferred remuneration paid out in the financial year.	Table 4: Deferred remuneration paid out					2023 (\$)					2022 (\$)				
	Cash	Shares	Share-linked	Other	Total	Cash	Shares	Share-linked	Other	Total					
	-	-	-	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-	-	-	-					
(j)															
Breakdown of the amount of remuneration awards for the financial year in accordance with Table 22A of APS 330.	The table below presents the total value of remuneration awards for senior managers/material risk takers:														
	Table 22A: Total value of remuneration awards for the current financial year			2023			2022								
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
	<i>Fixed Remuneration</i>														
	Cash-based	4,884,864	-	4,884,864	4,675,915	-	4,675,915								
	Shares and share-linked instruments	-	-	-	-	-	-								
	Other	274,244	-	274,244	247,440	-	247,440								
		5,159,108	-	5,159,108	4,923,355	-	4,923,355								
	<i>Variable Remuneration</i>														
	Cash-based	2,671,166	2,332,553	5,003,719	870,498	300,065	1,170,563								
	Shares and share-linked instruments	-	-	-	-	-	-								
	Other	-	-	-	-	-	-								
		2,671,166	2,332,553	5,003,719	870,498	300,065	1,170,563								
	Total	7,830,274	2,332,553	10,162,827	5,793,853	300,065	6,093,918								

(k)		
	Quantitative information about persons' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration	NGM Group is not able to issue shares or share-linked instruments, so no payment is based on share values or implicit fluctuations.