

AMP Bank Limited

Remuneration disclosure

For the period 1 January 2021 to 31 December 2021

AMP Bank Limited

REMUNERATION DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2021

The remuneration disclosure has been prepared in accordance with Australian Prudential Regulatory Authority's (APRA's) remuneration requirements as set out in prudential standard APS 330 Public Disclosure with reference to the requirements established under CPS510 Governance and the AMP remuneration policy.

AMP Bank Limited (AMP Bank) is a wholly owned subsidiary of AMP Financial Investment Group Holdings Limited, which is a wholly owned subsidiary of AMP Limited (AMP).

The AMP Bank employees included in the remuneration disclosure are those who have been identified as:

Category	Description	Number of individuals	AMP Bank roles
Senior managers	<ul style="list-style-type: none"> Responsible persons Individuals who may impact the financial soundness of AMP Bank 	15	<ul style="list-style-type: none"> Chief Executive Officer, Australian Wealth Management Group Executive, AMP Bank Group Executive, AMP Bank direct reports¹ Key Risk, Internal Audit and Financial Control Personnel AMP Bank Executive Directors

¹ Only those direct reports that meet the definition of a senior manager in APS 330.

There were no material risk taker roles identified. Most senior managers are identified as Accountable Persons under the Banking Executive Accountability Regime (BEAR) overseen by APRA.

1 REMUNERATION GOVERNANCE

The AMP Limited Remuneration Committee (Committee) is AMP Bank's nominated board remuneration committee. The Committee assists the various boards to fulfil their remuneration obligations by developing, monitoring and assessing remuneration strategy, policies and practices across AMP, including the Board for AMP Bank.

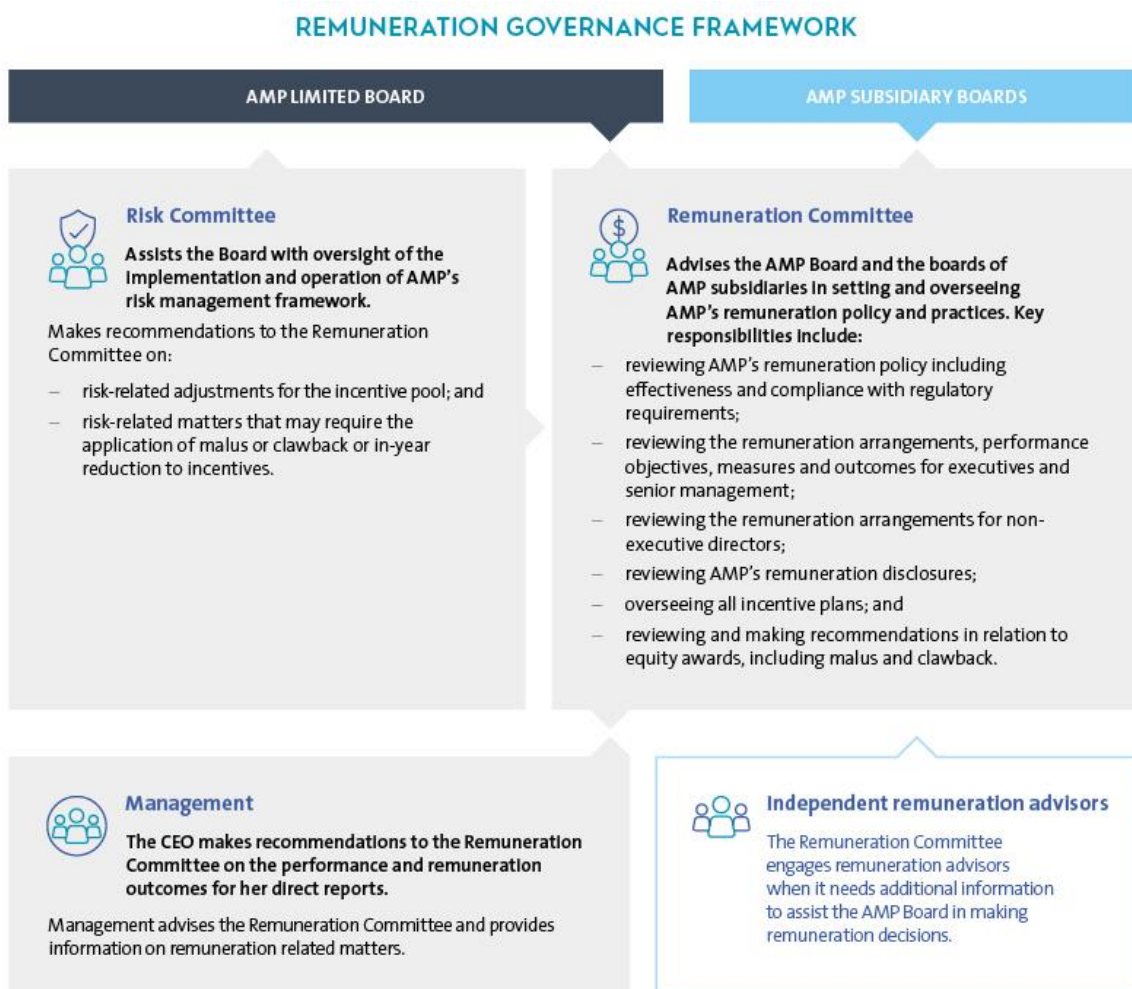
Members of the Committee are independent non-executive directors of the AMP Limited and AMP Bank Boards. As at 31 December 2021, the Committee consisted of Michael Sammells (Chair), Rahoul Chowdry, Debra Hazelton, Kathryn McKenzie, John O'Sullivan, Andrea Slattery and Michael Hirst. More information on the role of the Committee can be found in the corporate governance section of the AMP website amp.com.au.

The Committee assists the AMP Bank Board in establishing and ensuring oversight of AMP's remuneration policy, plans and practices, including compliance with prudential standards. Other key remuneration-related responsibilities of the Committee include recommending to the AMP Bank Board approval of:

- the application of the AMP remuneration policy;
- total remuneration arrangements for the senior managers of AMP Bank, based on AMP Bank’s board review of their performance; and
- annual recommendations of the remuneration structure for categories of persons covered by **CPS 510**.

The remuneration arrangements which apply to AMP Bank are the AMP group policies, frameworks and remuneration arrangements. AMP Bank has continued to review and refine its practices to maintain good governance and support Sedgwick recommendations.

The following diagram outlines AMP’s remuneration governance framework.



The AMP Limited Board and the AMP Bank Board believe that, to make prudent remuneration decisions, it needs both a robust framework and the ability to exercise judgement. Therefore, the AMP Limited Board retains final discretion to determine the appropriate remuneration outcomes.

From time to time the Committee may seek external guidance from independent remuneration advisors. Any advice provided by external advisors is used as a guide and is not a substitute for consideration of all the issues by each non-executive director of the Committee.

During the 2021 year, the Committee engaged PwC as independent remuneration advisors to provide guidance on remuneration for executives. No remuneration recommendations, as defined in the Corporations Act, were made by PwC.

The Committee members receive fees for their membership of the AMP Limited Board as well as the Committee. The Committee members attend the same number of meetings as for the AMP Limited Board but do not receive any performance-related fees or any additional fees for their membership or for chairing the AMP Bank Limited

Board. The table below outlines a breakdown of Committee membership, meetings held and fees received in 2021.

	2021	2020
Committee members ¹	7	12
Meetings held	6	6
Committee Fees (inclusive of superannuation)		
Remuneration Committee Chair ^{2, 3}	\$46,750	\$55,000
Remuneration Committee Member ^{2, 3}	\$21,590	\$25,400

¹ Includes Committee Chair and members who served for part of the year.

² No fee is payable to a member of the Committee who is also chair of the AMP Limited Board.

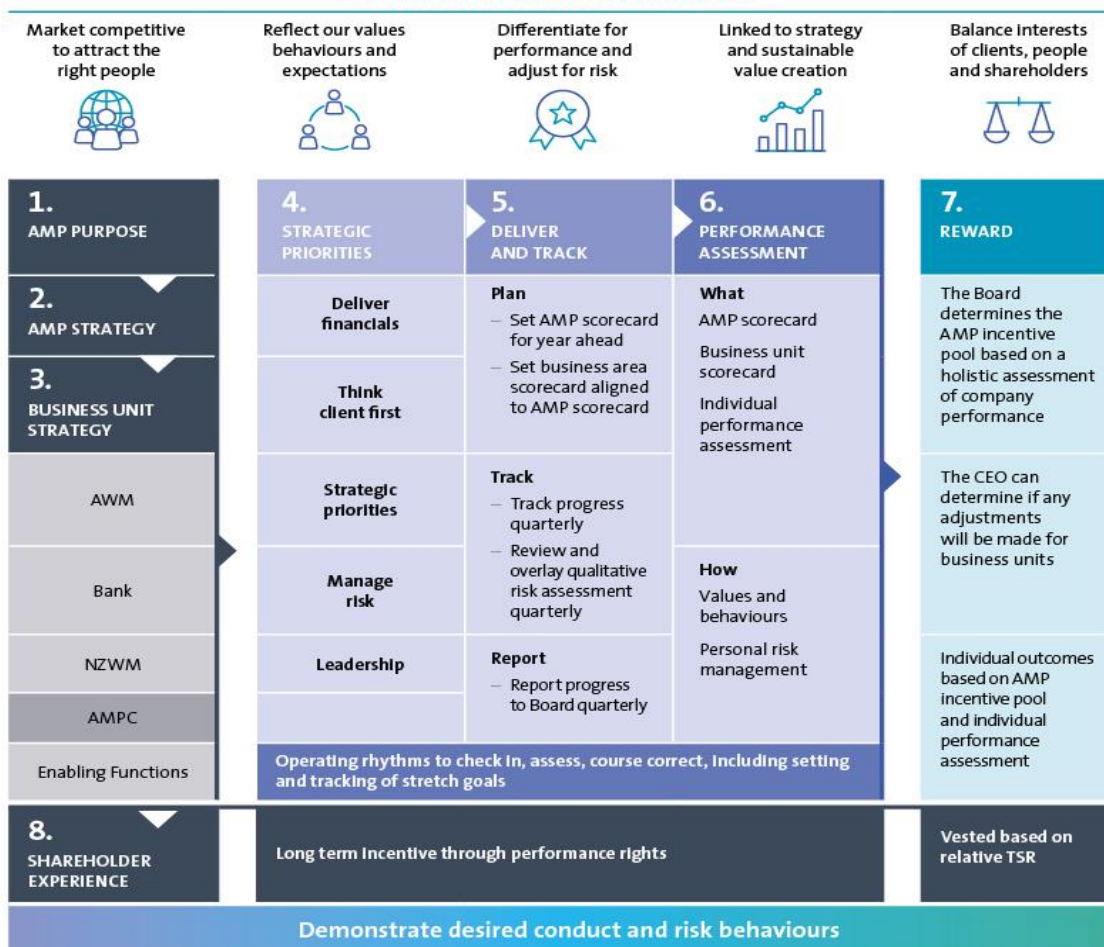
³ No additional fees are paid to Committee members for their membership or for chairing the AMP Bank Limited Board.

2 REMUNERATION STRATEGY, POLICY AND DESIGN

The AMP remuneration policy has been adopted by AMP Bank and provides the framework for the implementation, assessment and maintenance of AMP Bank’s remuneration strategy and arrangements.

The Committee reviews the ongoing compliance, appropriateness, and relevance of the AMP remuneration policy regularly. A review of the AMP remuneration policy was last undertaken in 2021 with additional changes anticipated with the application of the APRA Prudential Standard on Remuneration (**CPS 511**) and Financial Accountability Regime (**FAR**) in 2023.

OUR REMUNERATION PRINCIPLES



The goal of the AMP remuneration strategy, framework and principles, which is also adopted by AMP Bank, is to align performance, ensure prudent risk management and reward outcomes. These are reviewed on an annual basis to ensure they are fit for purpose, support the attraction, retention and reward of high-performing talent required to deliver strong client outcomes, sustained returns to shareholders and foster an environment where our employees can thrive.

At the beginning of each year the AMP Limited Board sets the scorecard for the year to support the achievement of the business strategy. The scorecard consists of five key strategic priorities and the Board determines the appropriate objectives, metrics and targets. These are then cascaded to business units (which includes AMP Bank) and achievement is assessed on overall, business unit, team and individual performance.

Outcomes awarded under the remuneration framework reflect both what the strategy seeks to deliver and how it is delivered, as performance assessment explicitly considers not only the strategic priorities delivered, but also relies on the visible demonstration of desired culture, behaviours and conduct expectations.

AMP Bank has continued to review and refine its practices to maintain good governance and support Sedgwick recommendations, through enhancements to performance management, remuneration, governance and leader communication. The assessment of performance management now specifically incorporates the demonstration of customer focused behaviour and risk management.

3 REMUNERATION ELEMENTS

AMP provides a number of remuneration elements to AMP Bank employees. The key elements of remuneration for most employees are fixed remuneration and performance-based remuneration.

The mix of remuneration elements (both fixed and variable) for AMP Bank employees varies depending on the employee's role and level, and current market practice. The remuneration mix is designed to be market competitive, while providing the appropriate performance focus for their role. The following table outlines AMP's key remuneration components.

Remuneration structure for 2021				
	Purpose and link to strategy	Coverage	Benchmark/Measures	Delivery
Fixed remuneration	Market competitive remuneration (considering role and experience) to attract and retain.	All employees.	Relevant benchmark such as ASX 100 financial organisations.	Base salary, superannuation and salary sacrifice benefits.
Short-term incentives (STI)*	Reward for achieving key financial and non-financial priorities during the financial year which align to AMP strategy.	Most employees are eligible to be considered for an STI applicable to their role.	Mix of key strategic, financial, people, risk and client goals during the financial year.	A mixture of cash and deferred equity (share rights).
Long-term incentives (LTI)	Reward for sustainable long-term growth in shareholder value.	A small number of select employees based on roles, where applicable.	Time vested subject to continued service and a conduct and risk assessment	Deferred equity (share rights).

Group Executive, AMP Bank is Key Management Personnel for AMP and participates in the AMP STI and LTI. Full details of his remuneration arrangements are disclosed in the AMP 2021 Annual Remuneration Report.

All variable remuneration is subject to Board discretion in the determination of outcomes and before vesting and as such may be subject to clawback or malus provisions.

The STI for AMP Bank is funded through AMP Group incentive pool, which is determined by AMP Limited Board taking into account AMP Group (and Bank) performance against a set of financial and non-financial measures based on a scorecard. The STI performance period is aligned to the financial year. The pool may be adjusted downwards if AMP Bank takes risks outside the agreed risk appetite.

The performance assessment for the employees of the Bank reflects achievement against agreed objectives combined with consideration of risk management, behaviour and conduct in line with the performance management process. Individual incentive opportunities and performance ratings determine the portion of the incentive pool allocated to an individual. An individual’s incentive outcome is not promised or guaranteed.

To ensure risk personnel are remunerated independently of AMP Bank, no financial business unit measures other than management of direct expenses of the Bank’s ERM team, are used in assessing the performance of risk personnel.

To ensure financial control personnel are remunerated independently of AMP Bank, no financial business unit measures are used in assessing the performance of financial control personnel other than management of direct expenses of the Bank Finance team.

For AMP Bank, all variable remuneration elements comply with relevant policies and operate subject to compliance with any applicable standards or regulations, such as APRA Prudential Standards and the Banking Executive Accountability Regime (BEAR). Further changes are anticipated in 2023 to ensure compliance with the new CPS 511 and FAR legislation.

4 REMUNERATION AND RISK MANAGEMENT

The AMP Limited Board has a range of mechanisms available to adjust remuneration and incentive outcomes to reflect behavioural, risk or compliance outcomes. The table below summarises the range of mechanisms available and their intended operation.

Risk assessment	Risk and conduct outcomes	Malus and clawback provisions	Board discretion
Enterprise and business unit (including AMP Bank) levels	All employees	All incentive plans	
The Chief Risk Officer reports the overall assessment of risk management as an input to the determination of the incentive pool.	<p>Employees’ risk management behaviour and conduct is specifically considered as part of their performance assessment and in the determination of remuneration outcomes.</p> <p>The consequence management framework ensures that behaviour which does not meet expectations is actively and consistently managed, including adjustments to remuneration.</p>	<p>Allows the Board to adjust or lapse (malus) unvested equity awards or reclaim (clawback) vested incentives in certain circumstances.</p> <p>All deferred incentives are subject to a conduct and risk review before vesting.</p> <p>This applies to current and former employees.</p>	The Board may apply its discretion to adjust vesting outcomes, subject to the equity incentive plan rules governing the plan and in compliance with the relevant policies.

AMP Bank operates under AMP’s risk management framework which is designed to ensure that AMP’s regulated entities, directors, senior management and staff can fulfil their risk management responsibilities within a transparent, aligned and formalised governance and operating structure. This structure also ensures that risks are managed effectively within the risk appetite set by AMP Bank.

The AMP Limited Board exercises ultimate discretion to apply remuneration consequences (either intended or unintended, such as material risk management breaches, unexpected financial losses, reputational damage or regulatory non-compliance) to executives and employees with overall accountability for matters arising in their business units with adverse risk, client and/or reputational impacts.

There is a standing agenda item at the Remuneration Committee meetings in July, November and January for the CRO to present any risk related information the Committee should consider when making remuneration decisions.

The operating model also ensures that the reporting line for the Bank Chief Risk Officer (**CRO**) is direct to the AMP Limited Group CRO. Objectives are set by the AMP Bank Risk Committee. Assessment of performance and remuneration decisions are made by the AMP Limited Group CRO with input from Group Executive, AMP Bank and overseen by the AMP Bank Risk Committee.

AMP Group's consequence management framework (which also applies to AMP Bank) was further strengthened in 2021. During the year there were a number of conduct matters that were substantiated and resulted in the application of formal consequences. At the time of this report, the annual remuneration review process is underway where conduct performance will be factored into any remuneration decisions.

While 2021 presented many challenges from a people perspective, conduct cases involving interpersonal behavioural issues have remained relatively low. This is a positive outcome, with the work environment risks mitigated by a significant range of mental health and other support services provided to employees during the year.

AMP's Risk Management Strategy defines the risk type categories as: strategic, operational, credit, liquidity, market, compliance, legal and regulatory (including consideration of conduct) and Trustee governance. The outcomes of these risks can be measured against the following Risk Outcomes as set out in the AMP Bank Risk Appetite Statement:

- Capital Adequacy – reflects AMP's ability to ensure solvency to enable achievement of strategic goals and provide a buffer against significant losses in tail events and regulatory breaches;
- Liquidity Sufficiency – reflects AMP's ability to maintain a sufficient level of liquidity to ensure AMP has adequate buffers above regulatory requirements, there are sufficient liquid assets and contingent funding available to navigate normal and stressed conditions and to meet AMP's obligations to policy, deposit and debt;
- Strong Earnings Profile – reflects AMP's ability to create stable, long-term earnings growth;
- Fair Client Outcomes – reflects the importance of client trust and their success in meeting their goals in achieving AMP's objectives; and
- Trusted Reputation – reflects the standing of AMP and its reputation with regulators, clients, staff and the community.

5 LINKING PERFORMANCE AND REMUNERATION

Remuneration arrangements are designed to align and contribute to AMP's key strategic objectives, business outcomes and desired performance culture. To achieve this, performance measures are explicitly linked to short-term and long-term strategic objectives and business imperatives.

For 2021, the performance of senior leaders in AMP Bank was assessed against a balanced scorecard which consisted of financial and non-financial measures, aligned to the Bank scorecard. Non-financial measures included employee engagement, customer advocacy, successful delivery of projects and initiatives, delivery to strategy and developing and embedding a risk-based culture. Risk and conduct continue to be applied where senior leaders are required to demonstrate role modelling the AMP behaviours, acting in accordance with the AMP and Banking code of conduct and understanding, managing and escalating risk.

The performance assessment reflects achievement against agreed objectives combined with consideration of risk management, and behaviour in line with the performance management process. Individual incentive opportunities and performance ratings of the senior leaders in AMP Bank determine the portion of the incentive pool allocated to an individual. Any substantiated findings under the AMP Consequence Management Framework would result in an appropriate outcome applied to the individual, which may include remuneration

adjustments (in some cases to zero). Recommended outcomes are applied in full at the completion of the remuneration review, and formally reported to the AMP Board Remuneration Committee.

6 DEFERRAL

The AMP STI deferral framework applies to Accountable Persons under the Bank Executive Accountability Regime (BEAR) and/or APRA Specified Individuals. For the applicable employees, 40% of total variable award (which is inclusive of STI, LTI and any retention incentive) is deferred as share rights that vest after four years.

The share rights have no exercise price and no exercise period, converting to AMP Limited shares at the end of the deferral period.

Vesting of equity awards is subject to continued service and risk and conduct assessment, to ensure that performance and conduct is in line with AMP Bank's expectations. The board has discretion to amend the vesting outcome (downwards to and including zero).

Under AMP's equity plan rules, the board may apply its discretion in adjusting for malus and clawback. The board may reduce or clawback awards in certain circumstances, such as:

- the participant's employment is terminated for misconduct;
- the participant acting fraudulently, dishonestly or in a manner which brings the AMP into disrepute or being in material breach of their obligations to the group;
- to protect the financial soundness or position of AMP;
- to respond to a material change in the circumstances of, or a significant unexpected or unintended consequence affecting AMP that was not foreseen by the Committee (including any misstatement of financial results); and/or
- to ensure no unfair benefit to the participant.

7 RETENTION AWARDS

One-off retention was put in place in 2020, during the portfolio review, to provide enhanced stability and continuity in AMP Bank for key critical roles. For prudentially regulated roles, 40% was delivered in share rights that may vest on 31 October 2024 in compliance with governance obligations, the remaining 60% of the award was paid in cash on 31 October 2021.

Retention was put in place in 2021 for one additional critical role and has not yet been paid.

8 REMUNERATION DISCLOSURES

The following quantitative disclosures have been prepared in accordance with **APS 330** for the financial year ended 31 December 2021.

Table 1: Remuneration awarded to senior managers

This table summarises the various payments made to senior managers during 2021.

	2021	2020
Number of senior managers who received variable remuneration	12	2
Number of guaranteed bonuses awarded	-	-
Value of guaranteed bonuses awarded	\$-	\$-
Number of sign-on awards	1	-
Value of sign-on awards	\$732,500	\$-
Number of termination payments	2	3
Value of termination payments	\$1,898,057	\$933,719

Table 2: Total value of remuneration awards

This table provides the total amount of remuneration awarded to senior managers of AMP Bank during 2021.

	2021	2020
Remuneration element	Senior managers ¹ \$'000s	Senior managers ¹ \$'000s
Fixed remuneration		
Cash-based (non-deferred) ²	8,691	7,828
Other ³	528	315
Variable remuneration		
Cash-based (non-deferred) ⁴	1,428	146
Shares and share-linked instruments (deferred) ⁵	7,948	5,498
Other ⁶	764	239

1. Remuneration has not been pro-rated for senior managers that work across multiple entities.
2. Includes base salary, superannuation contributions, any cash allowances and additional payments.
3. Includes the net change in annual and long service leave accruals, non-monetary benefits and any FBT on each item for the financial year.
4. This represents the cash portion of any incentive award made in relation to the financial year.
5. This represents any deferred STI and LTI received as equity as well as any other equity-based awards where applicable.
6. This represents the pro rata expense in relation to retention awards.

Table 3: Outstanding, vested and forfeited deferred remuneration

This table provides the total amount of outstanding, vested and forfeited deferred remuneration and any implicit and explicit adjustments made during 2021.

	2021	2020
Remuneration element	Senior managers \$'000s	Senior managers \$'000s
Total amount of outstanding deferred remuneration ¹	26,214	26,388
Shares and share-linked instruments (deferred)		
Total amount of deferred remuneration which vested ²	2,295	1,982
Total amount of reductions due to explicit adjustments ³	140	8,319
Total amount of reductions due to implicit adjustments ⁴	(4,490)	(4,490)

1. All deferred remuneration is deferred into equity and is exposed to ex post explicit and implicit adjustments. This value represents the total fair value of all unvested equity awards as at 31 December.
2. Represents the face value of equity awards which vested during the financial year.
3. Represents the face value of equity awards which were forfeited or lapsed during the financial year due to performance conditions not being met.
4. Represents the change in the value (decrease) of unvested awards due to the movement in AMP share price between grant date and 31 December.