

# AMP Bank Limited

## Remuneration disclosures

For the period 1 January 2023 to 31 December 2023

[amp.com.au](https://www.amp.com.au)

## AMP Bank Limited

### REMUNERATION DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2023

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 CPS 510 Governance (CPS 510), CPS 511 Remuneration (CPS 511) and AMP's 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"><li>Responsible persons</li><li>Individuals who may impact the financial soundness of AMP Bank</li></ul>	9	<ul style="list-style-type: none"><li>CEO, AMP Limited</li><li>CEO, AMP Limited direct reports<sup>1</sup></li><li>Group Executive, AMP Bank</li><li>Key Risk, Internal Audit and Financial Control Personnel</li><li>Executive Director, AMP Bank Limited</li></ul>

<sup>1</sup> Direct reports who are Accountable Persons under the Banking Executive Accountability Regime (BEAR) overseen by APRA.

Material Risk Takers (MRT) are additional management personnel who have a significant portion of performance-based remuneration and whose activities may, individually or collectively, affect the financial soundness of AMP. There were no MRT identified who were not also Senior Managers for the reporting period.

## 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 AMP Bank.

Members of the Committee are independent non-executive directors. As at 31 December 2023, the Committee consisted of Michael Sammells (Chair), Debra Hazelton, Mike Hirst and Andrew Best. More information on the role of the Committee can be found in the corporate governance section of AMP's website [amp.com.au](http://amp.com.au).

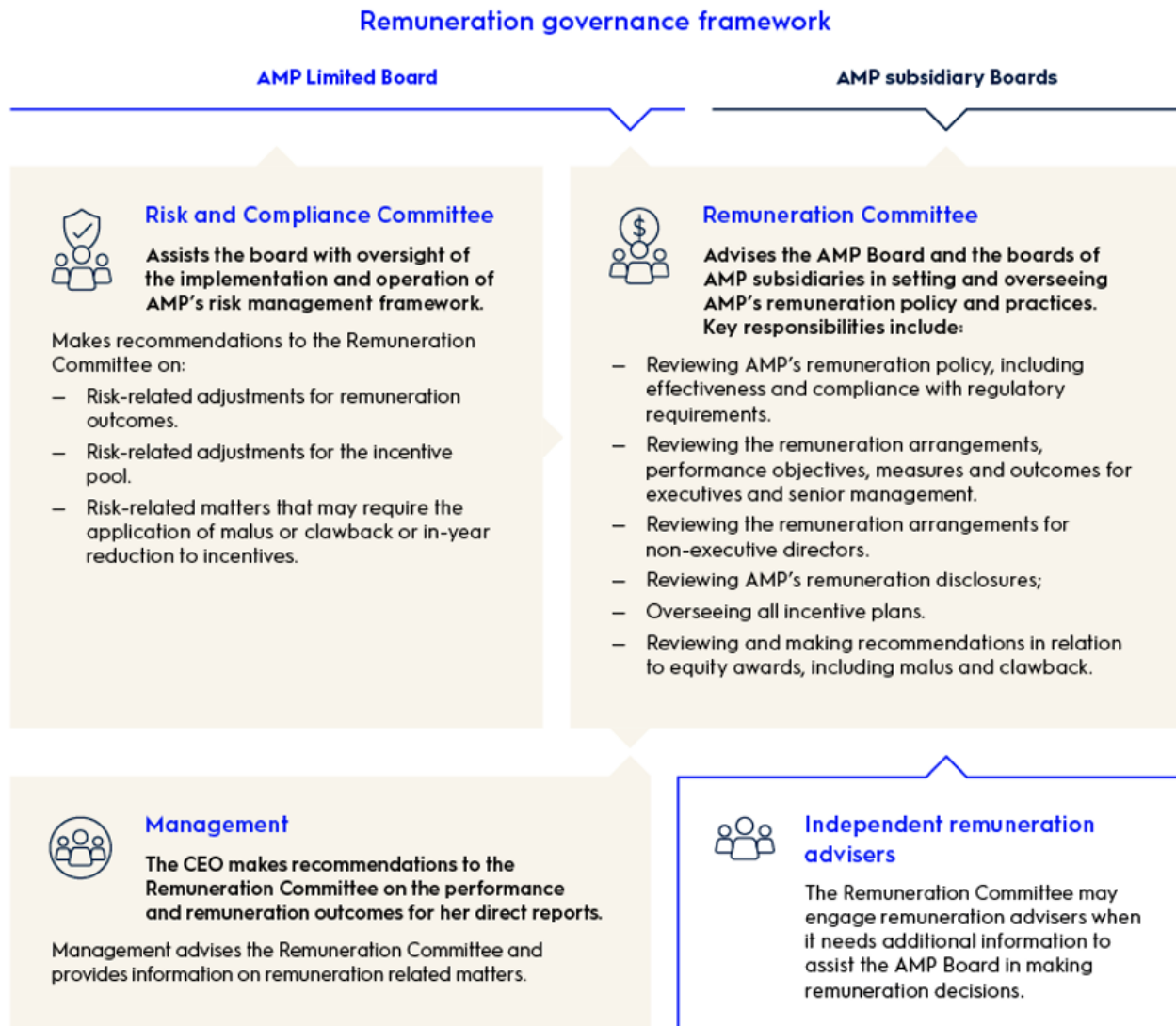
The Committee assists the AMP Bank Board in ensuring oversight of AMP's remuneration framework, policy and practices, including compliance with prudential standards. Other key remuneration-related responsibilities of the Committee include recommending to the AMP Bank Board approval of:

- the application of AMP's remuneration policy;
- total remuneration arrangements for senior managers of AMP Bank, based on the recommendation of the relevant leader's view of their performance; and
- annual recommendations of the remuneration structure for categories of persons covered by CPS 511.

From time-to-time the Committee may seek external guidance or benchmarking information from independent remuneration advisers. Any advice provided by external advisers is used as a guide and is not a substitute for consideration of all the issues by each non-executive director of the Committee. In 2023, the Committee did not engage any independent remuneration advisers to provide remuneration recommendations, as defined in the Corporations Act.

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

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, they need both a robust framework and the ability to exercise judgement. Therefore, the AMP Board and the AMP Bank Board have adopted a remuneration adjustment framework to provide guidance in exercising discretion related to past, present and future remuneration and to provide greater consistency in remuneration adjustments. The framework is considered at each remuneration decision point to identify whether there has been any material conduct or risk events that have impacted on shareholder experience, the reputation of the company or led to disciplinary action from our regulators.

This tool is intended to help the boards in making potential downward adjustments to variable remuneration. It is not intended to be used as a prescriptive or formulaic decision tree, as board adjustment will always require application according to the facts and circumstances of a particular situation. Whilst the framework is designed to deal with material risk and conduct events, the AMP Bank Board can also exercise its discretion to apply positive adjustments if appropriate.

The following chart is an example of the types of qualitative and quantitative indicators the AMP Bank Board may consider in exercising discretion in relation to material conduct and risk events.

### Considerations for adjusting remuneration

Is the remuneration outcome on an individual or cohort basis in line with the actual values and original intent?

	Qualitative indicators	Quantitative indicators
<b>Considerations</b>	 <p><b>Customer and people</b> Has there been a potential breakdown of trust with AMP's employees, customers, fund beneficiaries or members of the community or operated in a way that is contrary to our stated values?</p>	<b>RepTrak, Customer Satisfaction or Employee Satisfaction scores</b>
	 <p><b>Reputation</b> Has there been unexpected widespread media coverage about AMP that has impacted the reputation or brand?</p>	<b>Shareholder experience</b>
	 <p><b>Risk</b> Has there been a material deterioration in the risk culture or profile of the company?</p>	<b>Unacceptable level of risk appetite</b>
	 <p><b>Finance</b> Have we behaved in a way that was not fiscally responsible and there was an impact on our prudential standing or reputation?</p>	<b>Capital adequacy, credit rating</b>

### Potential adjusting event identified

<b>Enact</b>	<b>Decision making</b>				
	Remuneration Committee		Board decision		
	<b>Adjust remuneration</b>				
<b>Adjustment to be proportionate to the severity of the risk and conduct outcome</b>					
Reduction or cancellation of cash payments	Malus applied to existing equity awards on foot	Clawback of already paid/ released equity awards	Downward adjustment to in period remuneration	Pre grant adjustment to quantum of future LTI grant	

The Committee members receive fees for their membership (or for chairing) of the AMP Board and Committee. The Committee members do not receive any performance-related fees or any additional fees for their membership (or for chairing) the AMP Bank Board or Committee. The table below outlines a breakdown of Committee membership, meetings held and fees received in 2023.

	2023	2022
Remuneration Committee members <sup>1</sup>	5	8
Meetings held	6	9
<b>Remuneration Committee Fees (inclusive of superannuation)</b>		
Remuneration Committee Chair <sup>2</sup>	\$46,750	\$46,750
Remuneration Committee Member <sup>2</sup>	\$21,590	\$21,590

<sup>1</sup> Includes Committee Chair and members who served for part of the year.

<sup>2</sup> No fee is payable to a member of the Committee who is also Chair of the AMP 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 regularly reviews the ongoing compliance, appropriateness, and relevance of the AMP remuneration policy. An extensive review of the AMP remuneration policy was undertaken in 2023 with additional changes incorporated with the application of APRA's prudential standard CPS 511 Remuneration (CPS 511) and the imminent implementation of the Financial Accountability Regime (FAR).

The goal of AMP's remuneration strategy, which is adopted by AMP Bank, is to align performance, prudent risk management and reward outcomes. It is designed to support the attraction, retention and reward of high-performing talent required to deliver strong customer outcomes, sustained returns to shareholders and foster an environment where our employees can thrive.

At the beginning of each year, the AMP Board sets the scorecard for the performance year to support the achievement of the business strategy. The scorecard consists of five key strategic priorities as outlined below and the AMP Board determines the appropriate objectives, metrics and targets. Business unit scorecards (including the AMP Bank scorecard) are aligned to AMP priorities and performance is assessed on overall, business unit, team and individual goals.

Reward outcomes awarded under AMP's remuneration framework reflect both **what** our 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 our desired culture, purpose and values, and conduct expectations. Risk is considered in all elements of the remuneration framework and the decision-making process with respect to remuneration outcomes. The remuneration principles provide AMP with the flexibility to address the challenges in attracting and retaining talent, remaining competitive and differentiating for performance. These principles are reviewed on a regular basis to ensure they remain fit for purpose and will be used by the AMP Bank Board in annual assessments of the effectiveness of AMP's remuneration strategy and framework.

## Our Remuneration principles

Market competitive to attract the right people 	Reflect AMP's purpose and values 	Differentiate for performance and adjust for risk 	Linked to strategy and sustainable value creation 	Balance interests of customers, people and shareholders 
<b>1. Purpose</b>	<b>5. Key result areas</b>	<b>6. Deliver &amp; track</b>	<b>7. Performance assessment</b>	<b>8. Reward</b>
Short term incentive short term incentive				
<b>2. Strategy</b>	<b>Financials</b>	<b>Plan</b> - Set AMP Scorecard for the year ahead	<b>What</b> - AMP scorecard and other outcomes	<b>Demonstrate desired conduct and risk behaviours and outcomes</b>
<b>3. Business unit strategy</b>	<b>Strategy</b>	<b>Track</b> - Track progress quarterly	- Individual Performance Assessment	
Bank	<b>Customer</b>			
Wealth	<b>People</b>	<b>Report</b> - Report progress to board quarterly	<b>How</b> - Values and behaviours	
Platforms	<b>Risk</b>	- Review and overlay qualitative risk assessment quarterly	- Risk management	
Advice	Long term incentive			
Superannuation & Investments	<b>Relative TSR</b>	<b>Plan</b> - Set LTI targets at the start of the three year performance period	<b>What</b> - TSR performance against ASX200 Financials ex A-REITS	
<b>4. Shareholder experience</b>	<b>Relative reputation score</b>		- RepTrak performance against 15 organisations from RepTrak's benchmark 60 Index	
	<b>Absolute EPS</b>		- Adjusted EPS between 4% and 8%	
				The board determines the AMP Incentive pool based on a holistic assessment of company performance. Individual outcomes based on AMP Incentive pool, business unit performance and individual performance assessment, are recommended by the: - CEO for each Executive Committee member - the Chair of the AMP Board for the CEO
				The board determines the outcomes for each LTI performance measure and determines the number of performance rights that vest into restricted shares for up to two to three years.

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 STRUCTURE

AMP provides a number of remuneration elements to AMP Bank employees. The key elements of remuneration for most employees are fixed remuneration and variable remuneration (performance-based). The mix of remuneration elements (both fixed and variable) for AMP Bank employees varies depending on the employee's role and level. Across all remuneration elements, AMP Bank is committed to treating employees equitably and to taking active steps to identify and address inequity for like roles and performance.

The following outlines AMP’s key remuneration elements.

<b>Remuneration structure for 2023</b>				
	<b>Purpose linked to strategy</b>	<b>Coverage</b>	<b>Benchmark/Measures</b>	<b>Delivery</b>
<b>Fixed remuneration</b>	Market competitive to attract and retain talent.  Takes skill and experience into account.	All employees.	Relevant benchmark such as S&P/ASX 100 Financials ex A-REITS.	Base salary, superannuation and salary sacrificed benefits.
<b>Short-term incentives (STI)</b>	Cash: Reward for achieving key financial and non-financial priorities that progress the strategy.  Equity: Encourage retention and monitor latent risk related to the performance period.	All permanent employees are typically eligible to be considered for an STI provided they have met the required behaviour, conduct and performance standards.	Mix of key strategic, financial, people, risk, and customer goals during the financial year.	A mixture of cash and deferred equity (share rights).
<b>Long-term incentives (LTI)</b>	Align reward to shareholder success with upside for superior performance relative to market peers.	A small number of select employees based on roles, seniority, and specific contractual arrangements.	Time vested subject to continued service and a conduct and risk assessment	Deferred equity (share rights).
<b>All variable remuneration is subject to AMP Board discretion in the determination of outcomes and before vesting and as such may be subject to clawback or malus provisions.</b>				

The STI for AMP Bank is funded through the AMP incentive pool, which is determined by the AMP Board considering AMP’s (and AMP Bank) performance against a set of financial and non-financial metrics 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.

Although AMP financial metrics are considered in the scorecard to determine the overall incentive pool, the individual performance and incentive outcomes of risk and financial control personnel are not determined based on AMP Bank’s financial results but on a qualitative assessment of performance.

For all employees of AMP Bank, performance is based on an assessment of their achievement against agreed objectives combined with consideration of risk management, values and conduct in line with the performance management process. The performance rating outcome and individual incentive opportunity determines the portion of the incentive pool allocated to an individual. An individual’s incentive outcome is discretionary and not guaranteed.

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 2024 to ensure compliance with the FAR.

In addition to the robust risk features of our performance management framework, the AMP 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
<p><b>Enterprise and business unit levels</b></p> <p>The Chief Risk Officer (CRO) has a standing agenda item and reports at each of the Remuneration Committee meetings, covering the overall assessment of risk management at the conclusion of the performance year as an input to the determination of the incentive pool.</p> <p>At the conclusion of each performance year, the Chair of the Risk and Compliance Committee (who is also a member of the Remuneration Committee) provides an overview of the key issues considered by the Risk and Compliance Committee that are likely to be relevant to assessment of the remuneration outcomes for the CEO and Executive Committee members by the Remuneration Committee.</p>	<p><b>All employees</b></p> <p>Employees' risk management behaviour and conduct is specifically considered as part of individual 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 throughout the year, including adjustments to past, present and future variable remuneration, if appropriate.</p>	<p><b>All incentive plans</b></p> <p>Incentive plan terms allow the board to adjust and 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>	<p>The board may apply its absolute discretion to adjust past, present, and future variable remuneration, subject to the relevant incentive plan rules governing the plan and in compliance with the relevant policies.</p> <p>It does this in line with the remuneration adjustment framework to provide greater consistency in remuneration adjustments (refer to section 1 above).</p>

AMP Bank operates under AMP's risk management framework which is designed to ensure that AMP's regulated entities, directors, senior management, and employees 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 Board exercises ultimate discretion to apply remuneration consequences to executives and employees with overall accountability for matters arising in their business units with adverse risk, customer and/or reputational impacts. There is a standing agenda item at each Remuneration Committee for the Chief Risk Officer (CRO) to present any risk related information the Committee should consider when making remuneration decisions. This also gives the Committee an opportunity to make enquiries and have unfettered access to risk and internal audit executives. The Committee considers both the achievement of the risk metrics and a risk overview when determining the incentive pool. Before every equity vesting event, management provides a report to the Committee to highlight if there is any reason, including risk considerations, where the Committee should exercise its discretion to lapse any unvested equity award.

AMP has a Consequence Management Committee (CMC) which was established to ensure consistent management of workplace conduct matters and application of AMP's consequence management policy. The CMC membership comprises of the CEO, AMP, Chief People, Sustainability and Community Officer and CRO as standing members. Statistics and insights on all conduct cases across AMP are reported to the Risk and



Compliance Committee on a biannual basis, following review by the CMC. Under the consequence management framework, all substantiated cases of misconduct require the application of a management and/or remuneration consequence. Where there is a recommendation from People, Sustainability and Community (and as endorsed by the CMC) to apply malus or clawback to past variable remuneration as a part of the recommended remuneration consequence, submissions are made to the Committee to exercise its discretion to lapse unvested equity awards.

During the year, there was no application of the consequence management policy in relation to 2023 remuneration outcomes for any of AMP Bank's current executives.

The AMP CRO is also the accountable person for AMP Bank. The responsibility for overseeing the setting of performance objectives for the AMP CRO sits with the AMP Board Risk and Compliance Committee and AMP Bank Risk and Compliance Committee (BRCC). Assessment of performance and remuneration outcomes are made by the CEO, AMP and considered by the BRCC and then recommended to the Remuneration Committee. Decisions on remuneration matters for the AMP CRO are referred by the Remuneration Committee to the AMP Board for approval.

## 5 LINKING PERFORMANCE AND REMUNERATION

Remuneration arrangements are designed to align and contribute to AMP's 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 2023, the performance of senior leaders in AMP Bank was assessed against a balanced scorecard which consisted of financial and non-financial metrics, aligned to the Bank's scorecard. Non-financial metrics included employee engagement, customer advocacy, successful delivery of projects and initiatives, delivery to strategy and embedding a risk-based culture. Risk and conduct soft gates continue to be applied where senior leaders are required to demonstrate role modelling AMP's purpose and values, 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 performance ratings and incentive opportunities determine the portion of the incentive pool allocated to individuals in AMP Bank. Any substantiated findings under AMP's 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 Committee.

## 6 DEFERRAL

The AMP STI deferral framework applies to Accountable Persons under the Bank Executive Accountability Regime (BEAR) and/or persons in APRA specified roles. A portion of the total variable remuneration of an Accountable Person must be deferred for a minimum of four years.

Under the BEAR, AMP Bank is currently classified as a medium ADI. This means that the relevant portion of variable remuneration that needs to be deferred for each Accountable Person must be the lesser of:

- (i) 40% of variable remuneration for the 2023 financial year; or
- (ii) 20% of total remuneration (which is inclusive of STI, LTI and any sign-on or retention incentives) for the 2023 financial year.

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 AMP into disrepute or being in material breach of their obligations to the organisation;
- 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 REMUNERATION DISCLOSURES

The following quantitative disclosures have been prepared in accordance with APS 330 for the financial year ended 31 December 2023.

**Table 1: Remuneration awarded to senior managers**

This table summarises the various payments made to senior managers during 2023.

	2023	2022
Number of senior managers who received variable remuneration	9	13
Number of guaranteed bonuses awarded	–	–
Value of guaranteed bonuses awarded	\$0	\$0
Number of sign-on awards	–	–
Value of sign-on awards	\$0	\$0
Number of termination payments	2	–
Value of termination payments	\$207,538	\$0

Year on year movements reflect changes in senior managers as a result of including the Executive Committee and the Bank leadership team on a pro-rata basis from January until May 2022.

**Table 2: Total value of remuneration awards**

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

	2023	2022
Remuneration element	Senior managers <sup>1</sup> \$'000s	Senior managers <sup>1</sup> \$'000s
<b>Fixed remuneration</b>		
Cash-based (non-deferred) <sup>2</sup>	5,681	4,889
Other <sup>3</sup>	116	209
<b>Variable remuneration</b>		
Cash-based (non-deferred) <sup>4</sup>	1,869	2,256
Shares and share-linked instruments (deferred) <sup>5</sup>	3,459	2,941

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 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.

**Table 3: Outstanding deferred remuneration and deferred remuneration which vested**

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

	2023	2022
Remuneration element	Senior managers \$'000s	Senior managers \$'000s
<b>Outstanding deferred remuneration</b>		
Shares and share-linked instruments (deferred)	10,598	12,738
<b>Total amount of outstanding deferred remuneration <sup>1</sup></b>	10,598	12,738
<b>Total amount of deferred remuneration which vested <sup>2</sup></b>	691	580
<b>Total amount of reductions due to explicit adjustments <sup>3</sup></b>	6,884	–
<b>Total amount of reductions due to implicit adjustments <sup>4</sup></b>	2,328	348

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 of unvested awards due to the movement in AMP share price between grant date and 31 December.