

2020

BASEL III PILLAR 3 DISCLOSURE

AS AT 30 SEPTEMBER 2020

APS 330: REMUNERATION DISCLOSURE

Important notice

This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under:

- the Australian Prudential Regulation Authority (APRA) Authorised Deposit-taking Institutions Prudential Standard (APS) 330: Public Disclosure as applicable to ANZ; and
- the Hong Kong Monetary Authority (HKMA) Supervisory Policy Manual CG-5: Guideline on a Sound Remuneration System (HKMA Guidelines) as applicable to ANZ's Hong Kong (HK) branch.

This disclosure was prepared as at 30 September 2020. ANZ has a continuous disclosure policy, under which ANZ will immediately notify the market of any material price sensitive information concerning the Group, in accordance with legislative and regulatory disclosure requirements.

Remuneration Disclosure

Basis of Disclosure

This document presents:

- the 2020 financial year (2020) remuneration disclosures of Australia and New Zealand Banking Group Limited (ANZ), as required by the Australian Prudential Regulation Authority (APRA) Authorised Deposit-taking Institutions Prudential Standard (APS) 330: Public Disclosure; and
- the 2020 remuneration disclosures of ANZ, relating to ANZ's Hong Kong (HK) branch as required by the Hong Kong Monetary Authority (HKMA) Supervisory Policy Manual CG-5: Guideline on a Sound Remuneration System (HKMA Guidelines).

The disclosures contained in this document are based on information that is consistent with information provided to ANZ's external auditor. However, the information provided is for regulatory disclosure purposes, rather than statutory financial reporting disclosures, and may not be comparable to other information disclosed by ANZ. Additional information on ANZ's remuneration policies and structures is contained in the ANZ 2020 Annual Report.

Bodies that oversee Remuneration

The ultimate responsibility for the sound and prudent management of remuneration at ANZ rests with the ANZ Board (Board). The Board is assisted in overseeing remuneration matters, including adherence to ANZ remuneration policies and practices, by the Board Human Resources Committee (HRC).

As at 30 September 2020, the HRC consisted of six members, all of whom are independent Non-Executive Directors¹. The HRC met six times during the 2020 financial year. Committee fees for the HRC chair for the 2020 financial year were AUD 57,000 and for HRC members were AUD 29,000.

The purpose, powers and duties of the HRC are set out in the HRC Charter. The HRC pays particular attention to the remuneration of the senior executive population, the highest paid individuals, individuals who could have a material impact on ANZ's financial soundness, the remuneration structures of individuals who perform a risk and financial control role, and adherence to the Australia and New Zealand Banking Group Limited Remuneration Policy (ANZBGL Remuneration Policy).

The ANZBGL Remuneration Policy applies to all ANZ employees globally², including:

- **Senior Managers**
Senior Managers (at the ANZ level) are the Responsible Person roles as detailed in ANZBGL's Remuneration Policy. ANZ's current Responsible Persons are the CEO, Group Executive Committee (ExCo) members and other key roles identified in ANZ's Fit and Proper Policy. For 2020, ANZ had a total of 21 Senior Manager roles (no movement in individuals who hold these Senior Manager roles); 24 roles in 2019 (26 individuals due to movement in roles).
- **Material Risk Takers**
MRTs (at the ANZ level) are any other persons (not covered by the Senior Manager definition above), for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect ANZ's financial soundness as determined by the Board Risk Committee. For 2020, ANZ had a total of 32 MRT roles (34 individuals due to movement in roles); 35 roles in 2019 (no movement in individuals who hold these MRT roles).
- **HK branch**
With respect to ANZ's HK branch:
 - Senior Management and Key Personnel (relative to the HK branch) – Senior Management includes those who are responsible for oversight of firm-wide strategy or activities or those of material business lines. Key Personnel includes those whose duties or activities involve the assumption of material risk or the taking on of material exposures. For 2020, ANZ's HK branch had a total of 14 Senior Management and Key Personnel roles (16 individuals due to movement in roles); 11 roles in 2019 (14 individuals due to movement in roles).

Throughout the course of the year the HRC has made all remuneration-related decisions and recommendations to the Board independently of management. The HRC also has free and unfettered access to ANZ employees and to relevant external providers, when required.

¹ The ANZ Board Chairman is an ex-officio member of the Committee and does not receive a Committee member fee.

² Except employees within ANZ Bank New Zealand Limited and its subsidiaries, who are covered by the ANZ New Zealand (NZ) Remuneration Policy.

During 2020, the HRC and management received information from the following external providers: Aon, Ashurst, EY, Mercer Consulting (Australia) Pty Ltd and PricewaterhouseCoopers. This information related to market data, market practices, legislative requirements and the interpretation of governance and regulatory requirements.

Design and Structure of Remuneration Processes

The ANZBGL Remuneration Policy provides the HRC and management with a consistent framework for managing remuneration and remuneration-related matters. Where overseas legislative/regulatory requirements for foreign-owned financial services companies exceed the ANZBGL Remuneration Policy requirements, the ANZBGL Remuneration Policy has adopted specific country addendums or a local/country specific policy (e.g. New Zealand (NZ) who operate under the ANZ NZ Remuneration Policy) to apply the local legislative requirements to any impacted employees in the relevant jurisdiction.

ANZ's remuneration framework addresses:

- Remuneration mix and market positioning;
- Fixed and variable remuneration;
- Downward adjustment (malus) of deferred remuneration;
- Shareholding guidelines and hedging prohibitions;
- Independence of Risk and Financial Control Personnel;
- Requirements for other ANZ APRA Regulated Entities and Registered Superannuation Entity Licensees and NZ, United Kingdom (UK), HK, Indonesia and China based employees; and
- Engagement of remuneration consultants.

The objective of the ANZBGL Remuneration Policy is to shape ANZ's remuneration strategies and initiatives in line with the ANZ Reward Principles and applicable legal requirements. Our Reward Principles support the achievement of ANZ's purpose and strategy through programs that:

- Attract, motivate and keep great people;
- Reward our people for doing the right thing having regard to our customers and shareholders;
- Focus on how things are achieved (values, culture and risk) as much as what is achieved (performance); and
- Are fair and simple to understand.

Performance and remuneration outcomes for all Risk and Financial Control Personnel are determined by the appropriate reporting manager within these functions directly, and not the business that the individual supports. This ensures individuals are remunerated independently of the business they oversee.

The ANZBGL Remuneration Policy in its current form was first introduced in February 2010 to comply with APRA's Prudential Standard CPS 510: Governance (CPS 510). An effectiveness review of the ANZBGL Remuneration Policy is conducted by management on an annual basis and the outcomes are reviewed by the HRC and Board to ensure that it remains appropriate for its intended purpose, and is compliant with the APRA Prudential Standard and the specific overseas legislative/regulatory requirements for foreign-owned financial services companies where relevant. The HRC reviewed the ANZBGL Remuneration Policy in 2020 and made the following updates: changes to our performance management approach and to the ANZ Incentive Plan (ANZIP), including its variable remuneration components, deferral approach and delivery. The HRC and Board have determined that the ANZBGL Remuneration Policy and its specific country addendums remain appropriate for their intended purpose and are compliant.

Remuneration at ANZ

Individual remuneration at ANZ is comprised of fixed remuneration and variable remuneration.

Fixed remuneration

Fixed remuneration is designed to reward individuals for their skills and experience, and the accountability of their role. Fixed remuneration is reviewed annually to ensure ANZ's remuneration remains competitive in the markets in which it operates, having regard to local market practices and affordability.

Variable remuneration

ANZIP is the variable remuneration plan operating across ANZ and is designed to align performance to ANZ's strategic objectives and annual operating plan, fairly reward our people for doing the right thing having regard to our customers and shareholders, and align remuneration with prudent risk taking providing relevant employees with 'at-risk' reward component(s) designed to drive performance in both the short-term and medium to long-term. The Board decides the CEO's variable remuneration outcomes separately to help mitigate potential conflicts of interest.

ANZ's variable remuneration is designed to take into account the following:

- The outcomes of business activities;
- The risks related to the business activities taking into account, where relevant, the cost of the associated capital;
- The time necessary for the outcomes of those business activities to be reliably measured;

- Behaviours which demonstrate ANZ's Values and the delivery of outcomes that are fair and ethical and in the best interests of our customers and aligned with ANZ's purpose and Code of Conduct; and
- Applicable legal and regulatory (including prudential) requirements.

As part of the design methodology, the following components are considered:

- Measures of performance;
- The mix of forms of remuneration (such as fixed and variable components, and cash and equity-related benefits); and
- The timing of when the individual becomes eligible to receive payment.

ANZIP has two key components:

- **Group Performance Dividend (GPD):**
 - All permanent ANZ employees (excluding the CEO, ExCo and the Group General Manager Internal Audit (GGM IA)), will be eligible to receive a GPD subject to meeting minimum standards of performance and behaviour.
 - The GPD is determined and allocated based on Group performance only.
- **At Risk Pay (ARP):**
 - A small proportion of permanent ANZ employees will be eligible to receive an additional discretionary allocation of variable remuneration based on Division, business and individual performance, subject to meeting minimum standards of performance and behaviour.

Variable remuneration for the majority of employees is based on the overall performance of the Group only, replacing individual bonuses. This change addresses many of the concerns about 'bonus culture' raised in the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, and forms part of wide ranging reforms for 2020 as to how ANZ reward, recognise and manage the performance of employees.

For MRTs who are also UK MRTs, the ratios between fixed and variable remuneration do not exceed 1:1.

To determine and approve the ANZIP variable remuneration pool (which includes the GPD and ARP components), the Board considers a range of factors – it is not a formulaic outcome. Considerations include:

- the balance between financial and non-financial performance (ANZ's Group Performance Framework) and the long-term (strengthening the bank);
- the balance of stakeholder needs and impacts (e.g. shareholders, customers and the community);
- the current environment, the quality of results and our Reward Principles.

Under the 2020 Group Performance Framework, performance against expectations was evaluated using a range of objective indicators and subjective considerations including management input on work undertaken, evidence of outcomes realised and lessons learned, and with consideration given to the operating, regulatory and competitive environment. The Group Performance Framework includes the following key performance categories:

- **Risk and Reputation (modifier 0% to 110%)** – adherence is measured through a range of risk indicators such as regulatory breaches, audit issues, risk culture, customer remediation progress, community and reputation sentiment and breaches of primary metrics in the Group Risk Appetite Statement;
- **Customer (35% weight)** – includes indicators focused on enhancing the experience of our customers, such as service quality and reliability, delivery of innovative customer solutions, and measures of customer feedback and perception;
- **People and Culture (30% weight)** – includes indicators related to employee diversity, engagement, and capability, and our Accountability and Consequence framework.
- **Financial and Discipline (35% weight)** – includes strategy execution, profitability, returns, and funding and liquidity indicators.

Due to the emergence of the significant economic and social impacts of the COVID-19 pandemic, in 2020 the Board determined that while the performance objectives included in the 2020 Group Performance Framework remained directionally appropriate, the pandemic demanded a material shift in focus for the second half of 2020 resulting in a sharpened emphasis on some key objectives and a shift of focus within others.

These in-year adjustments occurred through the lens of ANZ's purpose-led approach to managing through COVID-19 to:

- **Protect** our people, customers, shareholders and ANZ, including strengthening our operational resilience;
- **Adapt** to the changing environment;
- **Engage** even more proactively with our stakeholders; and
- **Prepare** for the future.

Performance objectives within each division are strategically aligned to the Group Performance Framework. Individual performance is assessed based on both behaviours relating to ANZ's Values, ANZ's Code of Conduct and – where applicable – ANZ's leadership behaviours and the Banking Executive Accountability Regime (BEAR); and outcomes delivered against objectives. Where appropriate, adjustments will be made to an individual's performance assessment and variable remuneration outcome, to reflect conduct which doesn't meet the expected standards.

Delivery of variable remuneration

Mandatory deferral of a significant portion of variable remuneration places an increased emphasis on having a variable structure that is flexible, continues to be performance linked, has significant retention elements and aligns the interests of employees to shareholders to deliver against strategic objectives.

CEO, ExCo and GGM IA

2020 variable remuneration is delivered as follows:

Delivered as	CEO	ExCo ¹	CRO and GGM IA	Mandatory Deferral period
Cash	50% of Annual Variable Remuneration	25% of variable remuneration	33% of variable remuneration	n/a
Deferred shares or share rights	50% of Annual Variable Remuneration	25% of variable remuneration	33% of variable remuneration	Four years with staggered vesting ²
Performance rights ³ (or deferred share rights ⁴)	100% of Long Term Variable Remuneration	50% of variable remuneration ⁵	34% of variable remuneration	Four years

Other Employees

Variable remuneration is delivered in cash up to the mandatory deferral threshold. In 2020:

- If an employee's variable remuneration is below AUD100,000 (or local currency equivalent), then the variable remuneration is paid in cash.
- If an employee's variable remuneration is at or exceeds AUD100,000, then 60% mandatory deferral will apply to the entire variable remuneration award.
 - Of the variable remuneration award:
 - 40% will be paid in cash (no deferral);
 - 20% will be deferred as ANZ equity for 1 year⁶;
 - 20% will be deferred as ANZ equity for 2 years⁶; and
 - 20% will be deferred as ANZ equity for 3 years⁶.

The HRC reviews the thresholds at which mandatory deferral is applied, the quantum of variable remuneration which is subject to deferral and the time period over which deferral occurs.

¹ Excluding Chief Risk Officer (CRO)

² From the date the Board approves the variable remuneration, deferred shares or share rights will vest:

- For the CEO and ExCo (excluding CRO): 40% after one year, 30% after two years, 20% after three years and 10% after four years.

- For the CRO and GGM IA: 30% after one year, 30% after two years, 20% after three years and 20% after four years.

³ A face value methodology is used to determine the number of performance rights allocated. 2020 performance rights granted in November/December 2020 are divided into two tranches: Tranche 1 (75%) ANZ Total Shareholder Return (TSR) relative to a select financial services comparator group and Tranche 2 (25%) ANZ TSR against ANZ Compound Annual Growth Rate (CAGR) TSR target set by the Board.

⁴ The CRO and GGM IA receive deferred share rights, instead of performance rights, to preserve the independence in their respective roles.

⁵ Performance rights face value at full vesting.

⁶ Subject to the relevant conditions of grant, the deferral period from the date of grant to the vesting date may be less than the deferral period specified; however will be at least 1, 2 or 3 years from the end of the financial year that the variable remuneration award relates to.

UK MRTs

For MRTs who are also classified as UK MRTs and who do not meet the 'de minimis' rule¹, are eligible to participate in ANZ's variable remuneration plans where applicable for their role, and payments will be made in accordance with the UK's PRA Remuneration Code requirements as below (for performance years beginning on or after 1 October 2017), depending on what type of UK MRT they are:

	(a) MRT - PRA Senior Manager²	(b) MRT - Risk Manager³	(c) MRT – Not (a) or (b)
Deferred Amount	At least 60% for variable remuneration <u>equal to or greater</u> than GBP 500,000. At least 40% for variable remuneration <u>less</u> than GBP 500,000.		
Equity / Cash	The deferred and non-deferred portion will be paid at least 50% in equity with the remaining amount in cash.		
Vesting Period for deferred portion	7 years from award with no vesting until 3 years after award - vesting no faster than pro-rata at the end of each year on and after the 3 rd year.	5 years from award - vesting no faster than pro-rata at the end of each year.	3 years from award - vesting no faster than pro-rata at the end of each year.
Vesting Period for non-deferred portion	Vests immediately at grant.		
Retention Period for deferred and non-deferred portion	Equity (both deferred and non-deferred) will be subject to a Retention Period of 12 months from vesting.		
Malus	All unvested awards are subject to reduction, including to zero, using malus.		
Clawback	All vested awards will be subject to recovery using clawback.		
Clawback Period	7 years from award. Can be increased to <u>at least</u> 10 years in certain circumstances. ⁴	7 years from award.	

¹ Certain requirements of the UK's PRA Remuneration Code relating to the structure of an individual's remuneration do not apply to a UK MRT who meets the 'de minimis' rule. This is where variable remuneration is less than 33% of total remuneration and total remuneration is less than GBP 500,000.

² Senior Managers are MRTs who perform a PRA senior management function.

³ Risk Managers are MRTs who do not perform a PRA senior management function, but whose professional activities meet the qualitative criteria set out in Article 3(1) to 3(9), 3(10) (but only by virtue of being responsible for a committee referred to therein), 3(13) or 3(15) of the EU MRTs Regulation.

⁴ Circumstances are where: (a) the firm has commenced an investigation into facts or events which it considers could potentially lead to the application of clawback were it not for the expiry of the clawback period; or (b) the firm has been notified by a regulatory authority that an investigation has been commenced into facts or events which the firm considers could potentially lead to the application of clawback by the firm were it not for the expiry of the clawback period.

China MRTs

To ensure compliance with the China Banking and Insurance Regulatory Commission Supervisory Guidelines on Sound Compensation of Commercial Banks [Yin Jian Fa (2010) No.14], deferral arrangements for MRTs who are also classified as China MRTs are as followed:

For the most senior China MRT roles	<p>If the deferred percentage of variable remuneration, as calculated in accordance with ANZ's standard deferral arrangements is:</p> <ul style="list-style-type: none"> • at or exceeds 50% of variable remuneration, then ANZ's standard deferral arrangements apply; or • is less than 50% then mandatory deferral will apply as follows: <ul style="list-style-type: none"> ○ 50% will be paid in cash (no deferral); and ○ 50% will be deferred as ANZ equity evenly over 1, 2 and 3 years.
For other China MRT roles	<p>If the deferred percentage of variable remuneration, as calculated in accordance with ANZ's standard deferral arrangements is:</p> <ul style="list-style-type: none"> • at or exceeds 40% of variable remuneration, then ANZ's standard deferral arrangements apply; or • is less than 40% then mandatory deferral will apply as follows: <ul style="list-style-type: none"> ○ 60% will be paid in cash (no deferral); and ○ 40% will be deferred as ANZ equity evenly over 1, 2 and 3 years.

Downward adjustment (malus)

All deferred remuneration ANZ award to an employee remains at risk and is subject to ANZ's on-going and absolute discretion to adjust this downward (malus) (including to zero) at any time. ANZ may exercise this discretion, for example, where:

- there is a need to protect the financial soundness of ANZ or to meet regulatory requirements or there has been a material failure of risk management or controls within ANZ;
- the employee has acted fraudulently or dishonestly, failed to act with due care, skill and diligence, or failed to comply with ANZ Group policies (including the Code of Conduct), processes or directions;
- the employee is responsible or accountable, directly or indirectly, by virtue of their role or seniority for an occurrence/event which has had an adverse impact on ANZ;
- there has been misconduct and the employee was involved directly or indirectly, failed to take adequate steps, could be considered responsible due to their seniority, or the decision to award or grant the deferred remuneration was made on the basis of misinformation.

Further, if the Accountable Persons have failed to comply with their accountability obligations under the BEAR, their deferred remuneration will be reduced by an amount that is proportionate to the failure, as required by BEAR.

An employee's deferred remuneration is also subject to ANZ's on-going and absolute discretion to further defer the vesting. Where ANZ exercises this discretion, the vesting date is postponed and will not vest unless and until ANZ determines it should vest.

Before any scheduled vesting of deferred remuneration, the Board (for the CEO, ExCo and other specified roles) and/or the Consequence Review Group (for other employees) considers whether downward adjustment (malus) or further deferral should be applied.

For MRTs who are also UK or China MRTs, where remuneration has vested (and during the retention period for UK MRTs) and:

- the employee participated in or was responsible for conduct which resulted in significant losses to the firm, or failed to meet appropriate standards of fitness or propriety (or both); or
- there is reasonable evidence of employee misbehaviour or material error; or
- the firm or the relevant business unit (or both) suffers a material failure of risk management;

the Board has the on-going and absolute discretion to recover and/or request repayment of vested variable remuneration in any circumstance that it determines is reasonable.

Current and Future Risks

ANZ has a Group-wide risk management framework which provides the methodology and tools required to deal with the full range of risks managed within ANZ, both at the Group level and individual business level, and provides the means to prepare for emerging risks.

Risk appetite is set using both qualitative and quantitative measures across the major risk classes including liquidity, market, financial, credit and operational risk (including risks with compliance, conduct or technology drivers) to ensure business objectives and performance are measured and monitored on a risk-adjusted basis and within appetite.

To ensure consistent monitoring year on year, the Board considers performance against a number of factors to determine the ANZIP variable remuneration pool, including the Group Performance Framework and economic profit (a risk-adjusted financial measure). This helps to ensure that the variable remuneration pool is shaped by risk considerations. The CRO and Chief Financial Officer review and provide input to the Board/HRC on the ANZIP variable remuneration pool.

The ANZBGL Remuneration Policy ensures the design, monitoring, measurement and determination of remuneration outcomes occur with consideration against the risk management framework.

The design and operation of all variable remuneration plans are required to adhere to a set of policy principles and governance standards which require the approval of the Finance, Risk, and Talent and Culture functions.

Individual variable remuneration awards are made on the basis of a risk adjusted view of performance, including performance against any financial and non-financial elements relevant to each individual's role. However, if the assessment of performance subsequently proves to be inaccurate or incorrect, the unvested deferred awards can be adjusted downward as outlined in the Downward adjustment (malus) section.

Quantitative Disclosures for ANZ Senior Managers and Material Risk Takers

The following quantitative disclosures are provided with reference to the ANZBGL Remuneration Policy and current practices, and include individuals who met the definitions of ANZ Senior Manager or MRT at any stage during the financial year.

Table 1 (APS 330, Table 22 (h) and 22 (j)): Remuneration - fixed, variable and other remuneration (AUD)

Table 1 provides a view of how remuneration is paid or communicated to individuals, and is consistent with the Variable Remuneration Awarded and Actual Remuneration Received tables in the 2020 Remuneration Report.

Specifically, fixed remuneration relates to amounts for/paid during the financial year and variable remuneration relates to the communicated cash and equity values for the financial year.

This approach has been chosen over the Statutory Remuneration Disclosure approach (i.e. the inclusion of cash variable remuneration for the financial year and also the accounting expense of prior year variable remuneration share-based payments in the financial year) as it provides greater transparency to the value communicated to individuals for the financial year.

All Senior Manager and MRT deferred remuneration is deferred into equity except for MRTs who are also UK MRTs, who receive deferred remuneration 50% in cash and 50% in equity.

No guaranteed bonuses, sign-on awards or termination/severance payments¹ have been paid/granted in the financial year to Senior Management or MRTs, except for one role in 2020 who received an ex-gratia payment upon termination. The termination payment has not been disclosed below to ensure confidentiality.

	Financial Year 2020	
	Senior Management	MRTs
Number of people	21	34
Fixed remuneration (cash – non-deferred) AUD '000	20,048	17,840
Variable remuneration		
Number of people	19	30
Cash (non-deferred) AUD '000	7,080	9,320
Cash (deferred) AUD '000	-	392
Shares and share-linked instruments (non-deferred) AUD '000	-	588
Shares and share-linked instruments (deferred) AUD '000	12,482	13,435
	Financial Year 2019	
	Senior Management	MRTs
Number of people	26	35
Fixed remuneration (cash – non-deferred) AUD '000	18,642	8,187
Variable remuneration		
Number of people	18	33
Cash (non-deferred) AUD '000	9,179	5,792
Cash (deferred) AUD '000	-	118
Shares and share-linked instruments (non-deferred) AUD '000	-	177
Shares and share-linked instruments (deferred) AUD '000	17,244	7,036

¹ Non-contractual items.

Table 2 (APS 330, Table 22 (i) and 22 (k)): Deferred remuneration exposed to implicit and explicit adjustments (AUD)

Values have been calculated using a 1-day volume weighted average price (VWAP) of ANZ shares on vesting date (paid out)/30 September 2020 (outstanding), multiplied by the number of shares/rights (face value). Reductions are determined comparing these values to the allocation value at grant. All outstanding deferred remuneration is exposed to ex post explicit and implicit adjustments.

Explicit adjustments reflect lapses, due to performance conditions not being met and/or due to cessation of employment. Implicit adjustments reflect share price reductions in the value of equity from grant.

In 2020 and 2019, all Senior Managers and MRT deferred remuneration was deferred into equity, except three UK-based employees who receive their variable remuneration half in equity and half in cash in accordance with UK regulatory requirements.

	Financial Year 2020	
	Senior Management	MRTs
Deferred remuneration paid out		
Vested cash \$'000	-	461
Vested shares and share-linked instruments \$'000	6,555	12,518
Outstanding deferred remuneration		
Unvested cash \$'000	-	794
Unvested shares and share-linked instruments \$'000	41,567	19,215
Deferred remuneration reductions		
Total reductions due to ex post explicit adjustments \$'000	(9,248)	(1,638)
Total reductions due to ex post implicit adjustments \$'000	(21,777)	(8,415)

	Financial Year 2019	
	Senior Management	MRTs
Deferred remuneration paid out		
Vested cash \$'000	395	744
Vested shares and share-linked instruments \$'000	10,627	4,362
Outstanding deferred remuneration		
Unvested cash \$'000	192	1,295
Unvested shares and share-linked instruments \$'000	62,076	37,609
Deferred remuneration reductions		
Total reductions due to ex post explicit adjustments \$'000	(13,255)	(1,437)
Total reductions due to ex post implicit adjustments \$'000	(1,228)	(351)

Quantitative Disclosures for ANZ HK branch

The following quantitative disclosures are provided with reference to the ANZBGL Remuneration Policy and current practices, and include individuals who met the definition of Senior Management and Key Personnel for ANZ HK branch at any stage during the financial year.

Table 3 (HKMA CG-5 (k) and (m)): Remuneration – fixed, variable and other remuneration (HKD)

Table 3 provides a view of how remuneration is paid or communicated to individuals:

- Fixed remuneration relates to amounts for/paid during the financial year.
- Variable remuneration relates to the communicated cash and equity values (fair value) for the financial year.

No guaranteed bonuses, sign-on awards or termination/severance payments¹ have been paid/granted/awarded in the financial years 2020 and 2019 to Senior Management and Key Personnel for the ANZ HK branch, except for one role in 2019 who received an ex-gratia payment upon termination. The termination payment has not been disclosed below to ensure confidentiality.

	Financial Year 2020
	HK Senior Management and Key Personnel
Number of people	16
Fixed remuneration (cash – non-deferred) HKD '000	38,897
Variable remuneration	
Number of people	15
Cash (non-deferred) HKD '000	6,013
Cash (deferred) HKD '000	-
Shares and share-linked instruments (deferred) HKD '000	5,380
Total variable remuneration HKD '000	11,393
Total Remuneration HKD '000	50,290

	Financial Year 2019
	HK Senior Management and Key Personnel
Number of people	14
Fixed remuneration (cash – non-deferred) HKD '000	25,372
Variable remuneration	
Number of people	11
Cash (non-deferred) HKD '000	6,161
Cash (deferred) HKD '000	-
Shares and share-linked instruments (deferred) HKD '000	3,396
Total variable remuneration HKD '000	9,557
Total Remuneration HKD '000	34,929

¹ Non-contractual items.

Table 4 (HKMA CG-5 (h), (i), (j), (l)): Deferred remuneration (HKD)

Values have been calculated using a 1-day volume weighted average price (VWAP) of ANZ shares on vesting date (paid out)/30 September 2020 (outstanding), multiplied by the number of shares/rights (face value). Reductions are determined comparing these values to the allocation value at grant.

Performance adjustments reflect lapses, due to performance conditions not being met and/or due to cessation of employment.

	Financial Year 2020
	HK Senior Management and Key Personnel
Deferred remuneration	
Unvested outstanding deferred remuneration (Cash) HKD '000	-
Unvested outstanding deferred remuneration (Shares and share-linked instruments) HKD '000	10,186
Vested outstanding deferred remuneration (Shares and share-linked instruments) HKD '000	-
Awarded deferred remuneration HKD '000	6,873
Paid out/vested deferred remuneration HKD '000	6,121
Remuneration reductions	
Deferred remuneration reduced through performance adjustments '000	(602)
Total reductions due to ex post explicit adjustments HKD '000	(602)
Total reductions due to ex post implicit adjustments HKD'000	(3,318)
Total outstanding deferred remuneration exposed to ex post explicit and/or implicit adjustments HKD'000	10,186
Total outstanding retained remuneration exposed to ex post explicit and/or implicit adjustments HKD'000	-
	Financial Year 2019
	HK Senior Management and Key Personnel
Deferred remuneration	
Unvested outstanding deferred remuneration (Cash) HKD '000	-
Unvested outstanding deferred remuneration (Shares and share-linked instruments) HKD '000	9,476
Vested outstanding deferred remuneration (Shares and share-linked instruments) HKD '000	-
Awarded deferred remuneration HKD '000	1,987
Paid out/vested deferred remuneration HKD '000	2,269
Remuneration reductions	
Deferred remuneration reduced through performance adjustments '000	(541)
Total reductions due to ex post explicit adjustments HKD '000	(746)
Total reductions due to ex post implicit adjustments HKD'000	(85)
Total outstanding deferred remuneration exposed to ex post explicit and/or implicit adjustments HKD'000	9,476
Total outstanding retained remuneration exposed to ex post explicit and/or implicit adjustments HKD'000	-

