

# Business review

## AMP Bank

NPAT

**\$103m**

**Residential mortgage book grew**

**\$2.0b**

to

**\$23.8b**

from 2021 through organic and inorganic growth

### Full year 2022 highlights

During the year, AMP Bank has helped over 188,000 customers with their banking needs, and enabled over 9,290 Australians to purchase their own home. The bank's residential mortgage book grew at 1.8x system, while maintaining strong credit quality. This was underpinned by ongoing service improvements to drive organic growth, as well as the acquisition of Nano's residential mortgage book. The residential mortgage book grew by 9% to \$23.8 billion. Net interest margin (NIM) of 1.38% in FY 22, compared to 1.62% in FY 21, was primarily driven by mortgage margin compression and asset mix changes, and partially offset by favourable deposit margins. The second half of FY 22 saw NIM improve to 1.44% as funding demand and competition in the market normalised. AMP Bank's NPAT (underlying) of \$103 million reflects the competitive environment from a funding and lending perspective, as well as the benefit of the one-off loan impairment release in FY 21 not repeated in FY 22.

### Operational highlights

AMP Bank continued to take a disciplined approach to growing its loan book, supported by improving service and turnaround times, and competitive pricing. AMP Bank also continued its strategic investment in technology, enhancing its offering to further digitise and automate the lending experience for brokers, advisers and customers. Continued investment in home loan processing technology improved customer cycle times to unconditional approval by 33%. Partnerships with innovative fintechs position AMP Bank to reach a broader direct-to-consumer base. AMP Bank partnered with Bricklet, a shared equity home platform, to enable more Australians to get into the property market earlier in life. A partnership with fintech platform Nano enables AMP Bank to offer fully digital mortgages, with unconditional approval in as little as 10 minutes.

## AMP Indigenous designed bank card

In 2022, AMP Bank launched its redesigned Visa debit cards, featuring a series of Indigenous artworks by emerging artist, Chloe Little, that celebrate the Indigenous cultures of Australia. AMP Bank is one of the first banks in Australia to feature Indigenous artwork on its debit cards. The new designs are on the physical debit cards and available for customers to add to their digital wallet on their mobile phones. The designs have been rolled out to new and existing customers on all cards issued by AMP Bank from early 2023. The new cards are also produced using more sustainable materials.



## Australian Wealth Management

Australian Wealth Management includes three key businesses – Platforms, Master Trust and Advice. NPAT for the overall business was \$50 million (FY 21: \$89 million), reflecting strategic repricing in Platforms and Master Trust to attract and retain customers, as well as the impact of volatile investment markets partly offset by lower costs.

### Platforms

AMP's flagship platform, North, continued to generate solid inflows from both IFAs and aligned advisers, which follows strategic repricing initiatives and continued investment in the platform's functionality. NPAT (underlying) of \$66 million (FY 21: \$123 million) was impacted by market volatility including losses on the North Guarantee product and planned strategic repricing. Controllable costs of \$157 million (FY 21: \$146 million) reflect the decision to increase spending to support future business growth.

Overall Platforms AUM of \$65.5 billion (FY 21: \$71.1 billion) reflects volatile investment markets partly offset by cash inflows of \$936 million (FY 21: \$83 million). North AUM remained relatively stable at \$61.3 billion, with volatile investment markets offset by net cash inflows of \$5.7 billion.

NPAT

**\$50m**

**31%**

increase in inflows from external financial advisers to North platform

## AMP launches market-first retirement solution

In 2022, AMP launched a market-first retirement solution, MyNorth Lifetime, an innovative new option for retirees that provides the peace of mind and certainty of higher income for life. Available through MyNorth, it delivers on a key strategic priority for AMP to help more Australians achieve a better-quality life throughout retirement.

Customers and their financial advisers have complete control over investment choice and strategy, with access to North's extensive investment menu. This ensures advisers can support their customer's specific investment goals and retirement objectives, and make changes over time as circumstances change. This market-first retirement solution, MyNorth Lifetime, has won two awards at the annual Plan For Life (PFL) Longevity Cover Excellence Awards. MyNorth Lifetime won the Innovation award for longevity cover and MyNorth Deferred Lifetime Income won best Deferred Lifetime Investment Linked cover.



## Business review

### Australian Wealth Management continued

# 53%

reduction in losses  
in Advice to A\$68m

#### Master Trust

The Master Trust business continues its strategy of simplification, driving operational efficiency and reducing costs while improving investment performance, despite challenging operating conditions for this business. NPAT (underlying) of \$55 million was impacted by the simplification initiatives completed in Q3 21, lower average AUM and the decision to deliver price reductions for members in the previous year to reset Master Trust's competitive position in the market.

The focus on operational efficiency continued, with controllable costs falling to \$192 million (FY 21: \$216 million) driven by focused cost reduction activity and lower project costs, with the major simplification programs largely complete.

# 25%

reduction in  
controllable  
costs to A\$138m

#### Advice

Strong progress was made on the transformation of Advice to a sustainable, standalone business, reducing NPAT losses by \$78 million to \$68 million. Costs were carefully managed, with controllable costs reducing by 25% to \$138 million. Advice revenues of \$56 million (FY 21: \$58 million) were impacted by the sale of the employed business, and partially offset by higher licensee fees.

## AMP SignatureSuper wins awards

Our focus on delivering value to members has recently been recognised with SignatureSuper Allocated Pension winning the 2023 Money Magazine award for the best value retirement product.

This follows AMP's SignatureSuper products being awarded the highest Platinum rating by respected research house, SuperRatings in 2022. AMP SignatureSuper, AMP SignatureSuper – MySuper and AMP SignatureSuper Allocated pension all received Platinum ratings while the AMP SignatureSuper Personal Superannuation received a Gold rating.



## New Zealand Wealth Management

### Full year 2022 highlights

New Zealand Wealth Management (NZWM) provides customers with a variety of wealth management solutions, including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and general insurance. In FY 22, NPAT of \$32 million reflects volatile investment markets impacting average AUM, as well as the repricing of the KiwiSaver product. In FY 22, AUM based revenue was \$92 million, with AUM at 31 December 2022 of \$10.5 billion. NZWM continues to focus on simplifying its business, with costs controls resulting in controllable costs down 2.8% to \$35 million.

### Operational highlights

2022 was the first full year of NZWM's index-based investment philosophy with a focus on sustainable investing. This approach has enabled NZWM to reduce the carbon footprint of its funds while also reducing fees for clients. While volatility in global financial markets is likely to continue to impact average AUM balances, NZWM is well positioned in the market.

NPAT

**\$32m**

Resilient earnings despite investment market impacts

## Supporting vulnerable customers

Being a customer-led business means supporting customers who face hardship or require access to funds on compassionate grounds. This includes those impacted by cost of living pressures and financial vulnerability.

- In 2022, AMP processed 1,304 superannuation withdrawals totalling \$24.6 million for members on compassionate grounds and 1,949 withdrawals for those experiencing financial hardship for a total of \$13 million.
- AMP Bank provided financial hardship assistance to 447 home loan accounts valued at a total of \$202 million.
- AMP's aligned network of financial advisors continued to deliver educational material through a suite of webinars to clients covering topics such as retirement, budgeting, early release of super, investment market updates and estate planning.

