

Chair message

Transforming AMP Purpose led and customer focused



I am pleased to present the AMP Limited Annual report for 2022.

It has been a year of substantial progress as we transform AMP into a customer-focused and purpose-led business. The strength and reliability of AMP has proved to be important as we supported our customers and the community through another challenging period, marked by rising interest rates and cost of living, ongoing impacts of the pandemic, and damaging floods in many parts of Australia.

I'm proud of the role AMP plays during these times, reflecting our founding purpose more than 170 years ago to be a sure friend in uncertain times. Our refreshed purpose statement today – helping people create their tomorrow – continues our legacy to support and build the financial wellbeing of Australians and New Zealanders.

The transformation of AMP continues at pace, and the achievements of 2022 are reflected in the delivery of focused strategic initiatives in retirement and banking, and stable financial performance across the business. An improvement in AMP's share price, increasing 30.2 per cent in 2022, is a positive sign the actions we're taking are rebuilding and transforming AMP for the benefit of all our stakeholders.

Financial performance

In 2022, AMP delivered an underlying net profit of \$184 million supported by strong growth in AMP Bank, continued momentum in the Platforms business and a significant reduction in losses in our Advice business as we reshape it for the future.

This net profit is lower than the \$280 million of 2021, however is in line with our expectations reflecting the challenging economic environment, as well as management's long-term strategic repricing of products and services to remain competitive, helping to retain and attract customers. AMP's statutory net profit for the year was \$387 million, which includes the gain from the sale of the AMP Capital infrastructure debt platform in February 2022.

Our business units delivered resilient performances in challenging markets. AMP Bank's residential mortgage book grew by \$2.0 billion, supported by our focus on competitive rates and faster loan approval times for customers and mortgage brokers, in addition to a loan book acquisition.

The North platform has continued to win more cashflows from independent financial advisers, a key growth market, increasing 31 per cent on FY 21 to \$1.7 billion.

The Advice business has been materially reshaped, reflected in losses in the business improving by \$78 million. There is more work to do for Advice to operate as a standalone, sustainable business but the progress is pleasing.

The Master Trust and New Zealand businesses continue to perform in line with our expectations, contributing \$55 million and \$32 million, respectively, to underlying net profit.

🔍 **Further detail on performance in 2022 is included in the *Business review* section of this report.**

Return of capital and dividends

AMP remains well-capitalised and has a strong balance sheet, which enabled us in August 2022 to confirm a return of capital to shareholders of \$1.1 billion subject to completion of the AMP Capital transactions, and any required shareholder and regulatory approvals. This included the immediate commencement of a \$350 million on-market share buyback, of which \$267 million is already complete.

As part of our commitment around capital returns, AMP will return a further \$400 million via a FY 22 final dividend of 2.5 cents per share, franked at 20%, and other capital management initiatives in 2023. A further \$350 million of capital management initiatives will be announced following completion of the remaining AMP Capital transaction.

Portfolio simplification

In November 2021, shortly after the appointment of CEO Alexis George, AMP articulated a clear strategy to continue to simplify its portfolio and reposition core businesses in wealth management and retail banking to better compete, whilst also exploring longer-term opportunities for growth.

As part of the portfolio simplification, in April 2022 we announced two agreements to sell the AMP Capital infrastructure and real estate businesses rather than pursue a demerger. The Board determined that the transactions would deliver greater value and certainty for shareholders, accelerate the realisation of that value, and provide stability for AMP Capital's clients and employees.

The sale and transfer of the international infrastructure equity business to DigitalBridge completed in early February 2023. AMP continues to work on the final steps to complete the transfer of the real estate and domestic infrastructure equity business, which will mark the full divestment of the separated AMP Capital business.

Governance

The AMP Limited Board remains committed to best-practice governance as we guide AMP through the next stage of its transformation. I would like to thank all AMP board directors and management for their dedication to this important challenge.

In addition to providing oversight of strategic and risk management matters, as a board we have continued to be actively engaged in AMP's cultural transformation during 2022. I'm proud of the changes AMP has made in a relatively short space of time and I am very pleased by the energy and excitement I see across the organisation to continue fostering an inclusive and empowering culture.

Central to AMP's cultural transformation was the launch of the organisation's new purpose statement – helping people create their tomorrow – which is underpinned by five values that put the customer first and support a high performing, accountable and inclusive team. You'll see the purpose and values referenced throughout this Annual report.

As Chair, I am very conscious of the critical need for the board to have the appropriate mix of skills and experience to provide quality oversight of AMP's transformation while also retaining corporate knowledge. I'm very confident in the diverse range of experience and insights of AMP's highly committed board.

In July 2022, we welcomed Andrew Best as an independent non-executive director to the AMP Limited Board, bringing more than three decades of domestic and international investment banking and financial markets experience. Andrew will stand for election at the AGM in March 2023.

Community and sustainability

Grounded in AMP's purpose, the board is committed to creating a sustainable and more equitable future for all our stakeholders – one that has shared value for our customers and members, shareholders, employees, and the community and environment.

Our approach is articulated through AMP's sustainability framework, which is updated annually through a comprehensive consultation process to ensure we focus on the most material sustainability issues that impact our business and society. AMP's sustainability performance is detailed in the annual *Sustainability report*, which is prepared in accordance with leading disclosure frameworks.

In 2022, AMP continued to deliver strengthened performance across a range of external ESG benchmarks. This includes maintaining its 'Prime' rating by ISS ESG, which is only awarded to companies with ESG performance above sector specific thresholds. AMP is also now included in the Dow Jones Sustainability Australia Index, which represents the top 30% of the ASX 200 that lead the field in sustainability.

As part of our focus to support the financial wellbeing of Australians, through the AMP Foundation, we support a number of non-profit organisations that help disadvantaged Australians build financial security. Since its inception in 1992, the AMP Foundation has contributed more than \$110 million in the Australian community to help create positive change. The AMP Foundation continues to grow as one of Australia's largest, independently funded corporate foundations.

Looking forward

We have now made significant strides in the simplification and stabilisation of AMP. Following completion of the remaining AMP Capital sale, we will enter the next era for AMP as a simpler, customer-focused, purpose-led wealth management and retail banking business in Australia and New Zealand.

We remain committed to the continuous improvement of AMP's financial performance and to delivering enduring value to shareholders and all stakeholders. On behalf of the AMP Limited Board, thank you for your ongoing support as we continue to transform AMP.



Debra Hazelton
Chair, AMP Limited