

BUSINESS REVIEW

AMP BANK

NPAT

\$153m
↑ 38% ON 2020

RESIDENTIAL MORTGAGE BOOK

GREW ↗ \$1.6b
TO
\$21.7b
FROM 2020

Full year 2021 highlights

In 2021, AMP Bank helped more than 160,000 customers with their banking needs and provided over 10,700 new home loans to help more Australians own their own home. The bank's residential mortgage book grew at a faster pace than the industry average (1.36x system) for the year. Total deposits increased \$1.7 billion from 2020, in line with the bank's strategy to optimise its funding mix. Net interest margin (NIM) of 1.62% in 2021 was higher than 2020, driven by lower funding and deposit costs in the first half of the year. NIM compressed in the second half due to above system growth in a highly competitive market and an increasing shift to fixed rate loans. A continued focus on maintaining mortgage book quality has resulted in a reduction in interest only lending (representing 14% of the total book in 2021) and improvement in both 30+ and 90+ day arrears.

Operational highlights

In 2021 AMP Bank continued to focus on growth by modernising its core systems and enhancing its service and price propositions. The benefit of investments in technology to streamline the origination process have resulted in improved experience for both customers and brokers. The Auto Credit Decisioning (ACD) rate improved by 75%, with more than 60% of applications processed through ACD during the year, resulting in faster and more consistent approvals. Paper applications for products have ceased with straight-through processing functionality adopted and smart forms for complex entities streamlining the application process. Strong progress has also been made on the digital origination and establishment of deposit products, with more than 70% of retail deposit accounts opened digitally. The Bank also ceased issuing cheques and deposit books in 2021.



“The trust built with your leader and the conversations about your life outside of work are helpful to integrate commitments in a practical way and get the best out of you for your role. I’m so proud of the We-Flex program we’ve created.”

LAUREN ALLEN
Group Health, Safety and Wellbeing Manager

OUR PEOPLE:

Working flexibly

Enabling inclusion and diversity comes in many forms – recognising differences in the way we work is one of them. AMP's approach to flexible work gives leaders and employees the autonomy to agree how, when and where work is done, ensuring a better balance of their work and life goals. It also ensures employees can bring their best selves to work every day to deliver for our customers and shareholders.

Lauren Allen is part of the team that led the implementation of AMP's new flexible work policy, known as We-Flex, in 2021.

“Being home with my child for bath time is important to me. I ensure my team knows my schedule, as well as me knowing theirs, so we can deliver our work priorities without sacrificing personal commitments. Having flexibility means I have the option to work where, when, and how I like – giving me autonomy and empowerment to deliver.”

AUSTRALIAN WEALTH MANAGEMENT

NPAT

\$48m
↓ 64m IN 2020

↑ 18%

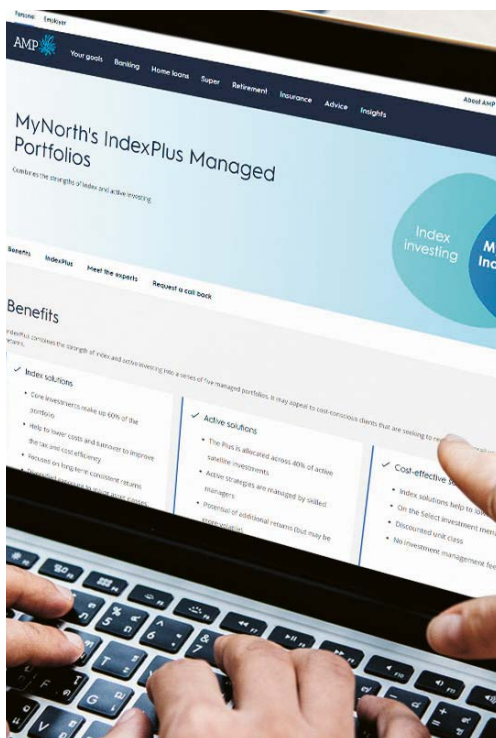
**INCREASE
IN INFLOWS**
FROM EXTERNAL
FINANCIAL ADVISERS
TO NORTH PLATFORM

Full year 2021 highlights

Australian Wealth Management (AWM) comprises three business lines providing advice, superannuation (Master Trust), and investment management platforms to customers. NPAT in 2021 was largely affected by impairments to the carrying value of Advice assets in 2021, lower revenue predominantly from repricing in Master Trust and Platforms, and the impact of the cessation of grandfathered remuneration. AUM increased 8% to \$134 billion in 2021 driven by strong investment market returns. Net cash outflows decreased from 2020 to \$5.2 billion in 2021. This was largely attributable to one-off impacts experienced in 2020, which included early release of super payments to support customers during the pandemic. 2021 net cash outflows included \$1.9 billion of regular pension payments.

Operational highlights

Notable improvements were made during the year across AWM. For customers on the North platform this involved the launch of 28 managed portfolios including 23 new equity managed portfolios from 10 leading investment managers. This has supported strong AUM growth in managed portfolios, more than doubling in the last 12 months. The Master Trust business is on a transformational pathway to simplify super and improve efficiency and member outcomes. Strong investment performance for members in the 12 months to June 2021 saw AMP's MySuper Lifecycle funds returning an average performance of 20%. In Advice, new commercial terms announced in July 2021 included an uplifted service model, the release of institutional ownership and the conclusion of buy-back (BOLR) arrangements which came into effect from 1 January 2022. The sale of the employed advice business was also completed in December 2021.



OUR CUSTOMERS:

North Platform enhancements

In 2021 AMP significantly enhanced its platform and managed portfolio offerings through its flagship platform, North. The substantial increase in the range of managed portfolios available to customers and financial advisers included the launch of equity managed portfolios in November. This has supported strong growth in managed portfolios with AUM having more than doubled to \$4.3 billion in 2021. AMP will continue to broaden North's overall investment menu to provide customers and financial advisers with more investment choices.

As part of AMP's commitment to delivering market leading offers for its customers and their advisers, AMP reduced administration fees by up to 22% on MyNorth, North and Summit platforms, benefitting more than 210,000 customers across these platforms. AMP also reduced minimum brokerage fees for customers buying shares through the North platform.

BUSINESS REVIEW

NEW ZEALAND WEALTH MANAGEMENT

NPAT

\$39m

↑ 11% ON 2020

39.6%

2021 COST TO INCOME RATIO

↓ 4.1% ON 2020

Full year 2021 highlights

NZWM provides customers with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, an investment management platform and general insurance. In 2021, AUM-based revenue in the business increased by \$1 million (1%) on 2020 primarily due to the rebound in investment markets following the impact of the COVID-19 pandemic in the first half of 2020. The business continues to simplify and transform its operating model and saw a reduction in controllable costs to \$36 million, down 5% on 2020. This was due to lower employment and IT costs and lower property costs following a reduction in office footprint.

Operational highlights

In 2021 NZWM completed its transition to a new index-based investment philosophy with a focus on sustainable investing. This new approach has enabled NZWM to reduce the carbon footprint of its funds while also reducing fees for clients. Despite the loss of the KiwiSaver default status, AMP remains a substantial participant in the overall KiwiSaver market with \$5.8 billion in AUM, reflecting growth of 14% on 2020 in the non-default KiwiSaver product.



“I volunteer because I have a strong desire to give back to the community and serve those in need. I am very proud of, and grateful for, how the AMP Foundation supports my SES unit through the Unsung Heroes program.”

HEMANT RAVAL
National Development Manager
– Platforms, AMP Australian Wealth Management

OUR COMMUNITY:

Employees supporting their community

For 12 years the AMP Foundation has supported volunteer-led charities through its Unsung Heroes program, which recognises the contributions of AMP employees who donate their time and expertise to the community. To date, the program has provided close to \$1.6 million to 200 non-profit organisations.

In 2021, the program celebrated 31 AMP Unsung Heroes for their work over the past year. Each of the organisations they volunteer for received a share of more than \$93,000 provided by the AMP Foundation.

AMP employee and 2021 Unsung Hero, Hemant Raval volunteered more than 300 hours of his time to the NSW State Emergency Service (SES) – the primary state agency for flood, storm and tsunami events.

AMP CAPITAL

NPAT

\$154m

↑ from \$131m
in 2020

↑ 45%

PERFORMANCE AND TRANSACTION FEES

Full year 2021 highlights

AMP Capital's 2021 NPAT was \$154 million, up 18% from \$131 million in 2020. AUM-based earnings reduced 3% to \$545 million, reflecting net cash outflows and fee reductions including short-term fee concessions in Core Infrastructure and Real Estate, partly offset by favourable market performance. Performance and transaction fees of \$74 million increased 45% on 2020, primarily due to the recognition of \$58 million of performance fees following favourable asset sales in closed-end infrastructure funds. 2021 seed and sponsor gains of \$18 million were up on 2020 due to partial recovery in COVID-19 devaluations of certain assets, including international airports.

Operational highlights

AMP Capital made significant progress on its separation from AMP Limited in 2021. This included the sale of GEFI and the Infrastructure Debt platform and the transfer of MAG funds to AWM. In 2021 AMP Capital also secured a record \$2.2 billion investment in AMP Capital Retail Trust from large institutional partners. The Real Estate business saw the loss of the AMP Capital Diversified Property Fund (ADPF) but maintained focus on delivering key developments, delivering close to \$1 billion in further value for real estate clients. The divestment of major stakes in ESVAGT and Angel Trains also delivered strong returns for infrastructure equity clients.



OUR ENVIRONMENT:

Green Star Designs for our future

AMP's new headquarters at Circular Quay, Quay Quarter Tower (QQT) will open in early 2022. Awarded a 6 Star Green Star – Office Design v3 rating from the Green Building Council of Australia, the building will be known for its innovative environmental features and vertical village design.

QQT will set new benchmarks for employee lifestyle and operational efficiency through its focus on flexible spaces and revolutionary environmental features.

AMP Capital Global Head of Real Estate Kylie O'Connor said: "We are proud to manage this landmark development and create a new workplace of the future that has a strong health and wellbeing focus. We see this as an important step in the revitalisation of Circular Quay and look forward to delivering long-term, sustainable outcomes for investors, customers and community".