

CEO MESSAGE



We are making progress to rebuild pride in AMP for its shareholders, employees, customers and the community.

Since joining AMP in August 2021, I've taken time to listen to shareholders, customers and employees of our iconic company. I've looked at where we sit in the market, the challenges and opportunities ahead and worked with the executive team to develop a strategy that sets us on a path to a new AMP.

In November 2021, I outlined this strategy and the changes we're making to build a simpler, customer-focused and purpose-led AMP. Purpose will be a bedrock for our strategy, guiding our decisions and providing clarity for our employees on what we stand for. We have engaged both our employees and customers in our work to develop a new purpose, as we believe it will be key to restoring trust in AMP.

We are also focused on simplifying our business and have made progress on our planned separation and demerger of AMP Capital's Private Markets business – which we have recently rebranded as Collimate Capital.

Demerger

The rationale for our demerger is simple – we have two very different businesses that are operating in different markets, with different customers and a different geographic focus.

In AMP Limited, we have a retail wealth management and banking business operating in Australia and New Zealand with about 1.5 million customers.

In Collimate Capital, we have a global manager of infrastructure and real estate investments with a growing focus on institutional clients.

The demerger, which is planned for the first half of 2022, will enable Collimate Capital and AMP Limited to focus on their respective markets and growth opportunities, as well as to simplify and improve efficiencies to deliver value to shareholders.

We have made strong progress on the operational separation of the two businesses in preparation for the demerger. A clear perimeter has been set with the agreed sale of the Global Equities and Fixed Income (GEFI) business, transfer of the Multi-Asset Group (MAG) to Australian Wealth Management and the divestment of the Infrastructure Debt (ID) platform which completed in February 2022. The GEFI and ID sales, along with the

divestment of our residual stake in Resolution Life Australasia have strengthened our balance sheet, enabling both businesses to have a solid platform to grow post demerger.

The demerger will be voted on by shareholders in the coming months, and after further legal steps, Collimate Capital will begin trading as a separately-listed company on the ASX.

2021 financial performance

On 10 February we released our 2021 full-year financial results, which showed a strong increase in our underlying profit, as well as momentum we have built in simplifying and reshaping our business.

We reported a statutory loss of \$252 million which reflects actions we took to write down the value of some assets on our balance sheet, in addition to remediation and transformation costs. While it has impacted our statutory results for 2021, our actions help ensure AMP is set up well for the future.

Our 2021 underlying net profit after tax of \$356 million increased 53 per cent on 2020. The increase was driven by AMP Bank, AMP Capital and New Zealand Wealth Management earnings as well as strong investment income from our joint venture with China Life. The improved result is a testament to the ongoing efforts and hard work of our teams.

We have also remained focused on costs – simplifying our operating model and finding efficiencies to deliver on our 2019–2022 cost-out target of \$300 million, with \$260 million delivered by the end of 2021.

As we communicated in February, we will not be paying a full year dividend in 2021. We have committed to review our approach to capital management including the payment of dividends after our demerger is complete but as we focus on delivering the demerger, continuing the transformation of both businesses, and investing for growth, we must be conservative with capital.

In AMP Bank we saw strong growth in our residential mortgage book in an increasingly competitive market. As we continue our work to grow the Bank, we're also maintaining our focus on good credit quality, with 30+ day and 90+ day arrears decreasing in 2021.

In Australian Wealth Management, the business transformation is well-progressed and we're seeing 'green shoots' within each of the sub-businesses with our Platforms business growing assets, including from external financial advisers, our Master Trust business reducing costs and the reshape of advice accelerating.

With New Zealand Wealth Management (NZWM) we continued to improve our efficiency and value to clients. During the year NZWM completed its transition to a new index-based investment philosophy with a focus on sustainable investing.

In AMP Capital, we had a significant year of change but posted an 18 per cent increase in operating earnings to \$154 million, driven by strong performance fees from the successful sale of assets held within our infrastructure equity funds. Our Real Estate business saw the loss of the AMP Capital Diversified Property Fund (ADPF) but maintained focus on delivering key developments including the expansion of Karrinyup and Marrickville Metro shopping centres, delivering close to \$1 billion in further value for our real estate clients.

After a comprehensive process undertaken in 2021, the Trustee of the AMP Capital Wholesale Office Fund (AWOF) decided it was in the best interests of AWOF investors that AMP Capital continue as manager of the fund. Our real estate investment professionals continue to focus on maintaining the strong performance of AWOF and driving further value for clients.

2022 outlook

2021 was a year of significant change, and we're continuing that momentum into 2022 as we set AMP up for a strong future.

As we work towards the demerger and listing of Collimate Capital on the ASX, our teams are focused on achieving the targets we've set as part of our new strategic direction. These include opportunities that support the momentum we're seeing in our Bank and Platforms business, maintaining a disciplined approach to costs, and accelerating our simplification. In Collimate Capital, focus is on completing the sale of GEFI ahead of demerger and scaling its existing capabilities in infrastructure equity and real estate investments for clients around the world.

The pandemic was a catalyst for all businesses to increase focus on digital interactions to best support customers and provide the services they need. Digital and data innovation has always been important for businesses, but it is now 'table stakes' to compete in the financial services market. We will continue to build and invest in digital capabilities including the use of data to enhance the services and support we provide.

Reflecting on 2021, I want to thank all of you for your continued support and investment in our company. I joined AMP because I am passionate about our industry and the important role we have in supporting Australians and New Zealanders. We've made strong progress on AMP's transformation and we're continuing to change the business. We have the right strategy in place to rebuild pride in AMP for its shareholders, employees, customers and the community and your management team will continue to work hard to ensure we deliver.

ALEXIS GEORGE
AMP Chief Executive Officer