

## AMP announces FY 21 results

### FY 21 results highlights

- Solid FY 21 underlying performance, despite challenging conditions, supported by earnings uplift in AMP Bank and AMP Capital performance fees; early momentum achieved on strategic priorities to build new AMP.
- NPAT (underlying)<sup>1</sup> up 53 per cent to A\$356 million (FY 20: A\$233 million), assisted by AMP Bank earnings and release of provisions, and strong AMP Capital performance fees in 2H 21 from closed-end infrastructure funds, delivering strong returns to clients.
- FY 21 NPAT (statutory) loss of A\$252 million (FY 20: A\$177 million profit), primarily impacted by previously announced impairment charges, mainly non-cash write-downs.
- AMP Bank NPAT increased 38 per cent to A\$153 million, driven by the release of provisions; residential mortgage book growth was at 1.36x system for FY 21, accelerating to 2.1x system in Q4 21.
- Australian Wealth Management total assets under management (AUM) increased 8 per cent to A\$134 billion, driven by improved investment markets and a reduction in net cash outflows. North Platform saw inflows from external financial advisers (EFA) up 18 per cent for the year to A\$1.3 billion.
- Disciplined focus on costs with A\$140 million in gross cost reductions achieved in FY 21 to deliver total controllable costs of A\$775 million (excluding AMP Capital). Overall cost reduction initiatives delivering to target, with A\$260 million cumulative gross savings since FY 19, and on-track to deliver A\$300 million of annual run-rate gross cost savings by FY 22.
- Remediation program: advice file reviews complete; remediation payments to customers with AMP products made; payments to customers with external products being finalised.
- AMP Limited surplus capital at 31 December 2021 was A\$383 million above target requirements to support demerger and transformation.
- In line with existing strategy to maintain conservative approach to capital management and dividend to support business transformation, no final dividend has been declared for FY 21.
- Demerger on track for 1H 22 completion: AMP Capital Private Markets (Private Markets) established as a standalone business, leadership team in place, and new brand announced – Collimate Capital.

### AMP Chief Executive Alexis George said:

*"We have set a clear strategy to drive two simpler and more efficient businesses, well placed to compete, grow and deliver value in a highly dynamic market."*

*"We've achieved a solid underlying profit result, which shows the strength of our Bank, growth of the North platform with increased inflows from external financial advisers, and the significant cost savings achieved from across the business, in line with our targets."*

<sup>1</sup> Net profit after tax (underlying) represents shareholder attributable net profit or loss after tax excluding non-recurring revenue and expenses. NPAT (underlying) is AMP's preferred measure of profitability as it best reflects the underlying performance of AMP's business units.

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*“Bank is delivering mortgage lending growth above system, benefiting from our investment in service and support, with further digitisation and automation planned.*

*“There are positive signs in our Platform business with North AUM growth from stronger market performance and higher inflows from the EFA channel, which is a key focus of our strategy and is being supported by ongoing enhancements to investment choice and functionality, and competitive pricing.*

*“In our Private Markets business we have delivered strong performance in infrastructure funds for clients, contributing to its uplift in earnings as performance fees were realised.*

*“Significant progress has been made on the demerger of Private Markets from AMP, and we’re on track for completion in the first half of this year. Operational separation is now complete, including the transfer of the multi-asset group investment team into Australian Wealth Management, and the appointment of Chairman and Deputy Chairman designates to establish an independent board. We have also entered into a binding agreement for the sale of the Infrastructure Debt platform. Private Markets has today announced its new brand – Collimate Capital – which will be rolled out globally in the first half of 2022.*

*“We have good momentum in the transformation of AMP, repositioning our core capabilities to take advantage of the opportunities ahead of us, as we progress towards and beyond demerger as a simpler and purpose-led business.”*

## Business unit results

NPAT (underlying) (A\$ million)	FY 21	FY 20 <sup>2</sup>	% change
AMP Bank	153	111	37.8
Australian Wealth Management	48	64	(25.0)
New Zealand Wealth Management	39	35	11.4
AMP Capital <sup>3</sup>	154	131	17.6
Group Office	(38)	(108)	64.8
<b>Total NPAT (underlying)<sup>4</sup></b>	<b>356</b>	<b>233</b>	<b>52.8</b>

### AMP Bank

AMP Bank delivered strong performance, with above-system mortgage growth, a double-digit percentage increase in deposits, and a strengthening of its credit quality.

The residential mortgage book grew A\$1.55 billion to A\$21.7 billion in FY 21 in a highly competitive lending environment. The growth was at 2.1x system in Q4 21 and 1.36x system for FY 21, driven by competitive pricing and broker service experience, where AMP Bank consistently ranked top five of Australian banks in 2021<sup>5</sup>.

<sup>2</sup> FY 20 NPAT underlying has been restated to reflect additional Group Office cost allocations to business units from FY 21.

<sup>3</sup> The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.

<sup>4</sup> NPAT (underlying) represents shareholder attributable net profit or loss after tax excluding non-recurring revenue and expenses.

<sup>5</sup> Ranking of banks with more than 20% of broker usage, Third-Party Lending Report, Momentum Intelligence, 2021.

Total deposits increased by 10.4 per cent to A\$17.8 billion, in line with the bank's strategy to optimise its funding mix to support growth. Deposit to loan ratio increased to 81 per cent at FY 21 (FY 20: 78 per cent).

FY 21 net interest margin (NIM) of 1.62 per cent, 3bps higher than FY 20, driven by lower funding and deposit costs in 1H 21. Downward pressure on NIM is expected throughout 2022 due to increased cost of funding and a highly competitive lending environment.

Improved economic and market conditions led to the bank releasing provisions previously taken for COVID-19 related impacts, leading to a 37.8 per cent increase in NPAT to A\$153 million. AMP Bank continues to closely monitor risks of slower growth in the housing market following heightened expectations of an official interest rate rise in 2022 off the back of strong economic recovery. The bank continues to focus on maintaining book quality with 69 per cent of customers being owner-occupied, an average loan to value (LVR) ratio of 67 per cent, dynamic LVR of 58 per cent, and credit quality improved with 90+ days arrears at 0.50 per cent, a 0.12 percentage point improvement from FY 20.

Return on capital in FY 21 was 13.4 per cent, an increase of 3.2 percentage points from FY 20, benefitting from COVID-19 related provision release.

#### **Australian Wealth Management**

Australian Wealth Management (AWM) delivered on its comprehensive simplification and transformation plans in FY 21, consolidating products, reducing fees for customers in Master Trust and Platforms, and reshaping its advice network to improve productivity.

Total AUM increased 8 per cent to A\$134 billion (FY 20: A\$124.1 billion), with improved investment markets and a reduction in net cash outflows.

Net cash outflows of A\$5.2 billion improved from outflows of A\$7.8 billion in FY 20 – with FY 20 impacted by A\$1.8 billion of early release of super payments not repeated in FY 21. Cash outflows in FY 21 included A\$1.9 billion of regular pension payments to customers in retirement.

AUM on the flagship North platform increased A\$9.8 billion to A\$61.4 billion, driven by improved investment markets and an increase in inflows from external financial advisers, up 18 per cent to A\$1.3 billion from A\$1.1 billion FY 20.

AWM NPAT was A\$48 million (FY 20: A\$64 million), with Platform and Master Trust earnings of A\$200 million, offset by losses in Advice (A\$146 million) as it continues its transformation.

A strong focus on controllable costs delivered a decrease of A\$34 million to A\$518 million.

#### **New Zealand Wealth Management**

New Zealand Wealth Management (NZWM) delivered a robust performance supported by positive markets and continued to simplify its business, including changing to an index-based investment management strategy.

NZWM NPAT increased A\$4 million (11 per cent) to A\$39 million, reflecting stronger investment markets and improved cost performance.

AUM of A\$12.2 billion, decreased by A\$0.2 billion, predominantly due to the conclusion of NZWM's term as a KiwiSaver default provider. NZWM remains a substantial participant in the non-default KiwiSaver market, with A\$5.8 billion in AUM, reflecting growth of 14 per cent on FY 20.

Controllable costs decreased 5 per cent to A\$36 million, as a result of continued simplification and localisation of the business.

NZWM has 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 by up to 40 per cent.

#### **AMP Capital<sup>6</sup>**

AMP Capital earnings were supported by strong second half performance fees, resulting from the successful sale of assets within infrastructure equity, delivering strong returns for clients.

NPAT of A\$154 million, up 18 per cent from A\$131 million in FY 20, supported by performance fees earned from the sale of infrastructure assets in closed-end funds, including the sale of Angel Trains, the largest rolling stock company in the UK and in ESVAGT, a leading offshore vessels owner and operator in the North Sea, delivering strong returns for clients.

AUM of A\$177.8 billion declined 6.3 per cent during the year (FY20: A\$189.8 billion), reflecting capital returned to clients in infrastructure, the transition of the AMP Capital Diversified Property Fund (ADPF) and the transition of the New Zealand Wealth Management mandate. This was partly offset by A\$15.6 billion in investment returns driven by favourable market performance.

External net cash outflows of A\$12.8 billion (FY 20: A\$1.7 billion outflow), were impacted by the transition of ADPF, successful asset sales resulting in positive returns for clients, and redemptions of public markets products. Net outflows were partially offset by cash inflows of A\$1.7 billion of committed capital deployed on behalf of real assets clients.

#### **Response to AMP Capital media reports**

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AMP has noted market speculation regarding potential interest in the AMP Capital business. AMP confirms it has received inbound enquiries regarding the AMP Capital business, which is not unusual at this point in a demerger preparation process.

AMP will consider any approaches in line with its obligation to act in the best interests of shareholders.

#### **Capital position and balance sheet update**

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AMP Limited surplus capital of A\$383 million above target requirements to support demerger and transformation.

In line with the existing strategy to maintain a conservative approach to capital management, and supporting business transformation, no final dividend has been declared for FY 21. AMP Limited's capital management strategy and payment of dividends will be reviewed following the completion of the demerger in 1H 22.

AMP Limited will retain a shareholding of up to 20 per cent of the Private Markets business post demerger, to provide balance sheet resources and financial flexibility. AMP will be a passive minority shareholder, supporting the independence of Private Markets.

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<sup>6</sup> AMP Capital comprises the Private Markets business (Infrastructure Debt business transitioning to Ares), the Global Equities and Fixed Income (GEFI) business, which is transitioning to Macquarie Asset Management, the Multi-Asset Group (MAG) and CLAMP, which are being transferred to AMP Limited.

## AMP Limited Board update

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AMP Limited today announced John O’Sullivan will not stand for re-election to the Board at the Annual General Meeting on 20 May 2022.

Mr. O’Sullivan, who has served as a member of the Board since June 2018, has taken the decision in order to facilitate Board succession and to dedicate more time to other external pursuits.

He will conclude his roles on both the AMP Limited and AMP Bank Boards at, or prior to, the AMP Limited AGM.

## Analyst briefing

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More detailed information on the FY 21 result is available in the FY 21 investor report and presentation, both accessible at [amp.com.au/shares](http://amp.com.au/shares).

An analyst briefing, starting at 12.30pm, can be viewed (listen-only) via webcast at [amp.com.au/webcasts](http://amp.com.au/webcasts).

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Authorised for release by the AMP Limited Board.

## Q4 21 Cashflows

### AMP Bank

Deposits and loans (A\$m)	Q3 21	Movement <sup>1</sup>	Q4 21
	End balance		End balance
Customer deposits	10,347	1,324	11,671
At call deposits	8,353	416	8,769
Term deposits	1,994	908	2,902
Platforms <sup>2</sup>	4,302	(306)	3,996
Super <sup>3</sup>	2,139	(115)	2,024
Other <sup>4</sup>	358	(266)	92
<b>Total deposits</b>	<b>17,146</b>	<b>637</b>	<b>17,783</b>
Residential Mortgages	20,930	811	21,741
Practice Finance Loans	332	(15)	317
<b>Total loans</b>	<b>21,262</b>	<b>796</b>	<b>22,058</b>
<b>Deposit to loan ratio</b>	<b>81%</b>	<b>-</b>	<b>81%</b>

1. Represents movements in AMP Bank's deposits, loan books and deposit to loan ratio.

2. At 31 Dec 2021, Platforms include North (A\$3.4b) and other platform deposits (A\$0.6b).

3. At 31 Dec 2021, Super deposits include AMP Supercash (A\$1.7b) and Super TDs (A\$0.3b).

4. Other deposits include internal and wholesale.

### Australian Wealth Management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q4 21	Q4 20 <sup>1</sup>	Q4 21	Q4 20 <sup>1</sup>	Q4 21	Q4 20 <sup>1</sup>
North <sup>2</sup>	4,276	3,955	(3,329)	(3,154)	947	801
Summit, Generations and iAccess <sup>3</sup>	87	52	(392)	(524)	(305)	(472)
Other retail investment and platforms <sup>4</sup>	-	3	(384)	(128)	(384)	(125)
External platforms <sup>5</sup>	59	62	(324)	(306)	(265)	(244)
<b>Total Platforms</b>	<b>4,422</b>	<b>4,072</b>	<b>(4,429)</b>	<b>(4,112)</b>	<b>(7)</b>	<b>(40)</b>
AMP Flexible Super <sup>6</sup>	277	284	(755)	(960)	(478)	(676)
Flexible Lifetime Super (superannuation and pension) <sup>7</sup>	318	336	(639)	(804)	(321)	(468)
<b>Total retail superannuation</b>	<b>595</b>	<b>620</b>	<b>(1,394)</b>	<b>(1,764)</b>	<b>(799)</b>	<b>(1,144)</b>
SignatureSuper and AMP Flexible Super - Employer	590	513	(712)	(1,040)	(122)	(527)
Other corporate superannuation <sup>8</sup>	220	242	(366)	(418)	(146)	(176)
<b>Total corporate superannuation</b>	<b>810</b>	<b>755</b>	<b>(1,078)</b>	<b>(1,458)</b>	<b>(268)</b>	<b>(703)</b>
<b>Total Master Trust<sup>9</sup></b>	<b>1,405</b>	<b>1,375</b>	<b>(2,472)</b>	<b>(3,222)</b>	<b>(1,067)</b>	<b>(1,847)</b>
<b>Total Australian wealth management</b>	<b>5,827</b>	<b>5,447</b>	<b>(6,901)</b>	<b>(7,334)</b>	<b>(1,074)</b>	<b>(1,887)</b>

Cash inflow composition (A\$m)	Q4 21	Q4 20 <sup>1</sup>
Member contributions	1,105	675
Employer contributions	872	850
<b>Total contributions</b>	<b>1,977</b>	<b>1,525</b>
Transfers, rollovers in and other <sup>10</sup>	3,850	3,922
<b>Total Australian wealth management</b>	<b>5,827</b>	<b>5,447</b>

1 Q4 20 inflows and outflows have been restated in Other retail investment and platforms and External platforms to reflect impact of no longer reporting certain products following changes to grandfathered legislation.

2 North is a fully functioning wrap platform which includes guaranteed and non-guaranteed options. Includes North and MyNorth platforms.

3 Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit

4 Other retail investment and platforms includes AMP Personalised Portfolio.

5 External platforms comprise AMP administered, Asgard manufactured platform products.

6 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

7 Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included

8 Other corporate superannuation comprises CustomSuper and SuperLeader.

9 The Master Trust simplification program transition to three products, under a single SignatureSuper product range, completed in Q3 2021. The three products consist of an accumulation product, an allocated pension product and a closed term allocated pension product. Beyond FY21, AWM will report total Master Trust split between retail and corporate superannuation.

10 Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pension/annuities) and external products.

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AUM (A\$m)	Q3 21	Q4 21 Net cashflows				Total net cashflows	Other movements <sup>1</sup>	Q4 21
	AUM	Super-annuation	Investment	Pension	Pension payments			AUM
North	58,627	311	353	603	(320)	947	1,833	61,407
Summit, Generations and iAccess	6,632	(119)	(56)	(97)	(33)	(305)	192	6,519
Other retail investment and platforms	449	-	(384)	-	-	(384)	1	66
External platforms	3,326	(64)	(125)	(63)	(13)	(265)	48	3,109
<b>Total Platforms</b>	<b>69,034</b>	<b>128</b>	<b>(212)</b>	<b>443</b>	<b>(366)</b>	<b>(7)</b>	<b>2,074</b>	<b>71,101</b>
AMP Flexible Super <sup>2</sup>	12,256	(205)	-	(213)	(60)	(478)	402	12,180
Flexible Lifetime Super (superannuation and pension) <sup>3</sup>	20,631	(248)	-	(51)	(22)	(321)	649	20,959
<b>Total retail superannuation</b>	<b>32,887</b>	<b>(453)</b>	<b>-</b>	<b>(264)</b>	<b>(82)</b>	<b>(799)</b>	<b>1,051</b>	<b>33,139</b>
SignatureSuper and AMP Flexible Super - Employer <sup>4</sup>	18,865	(111)	-	(3)	(8)	(122)	499	19,242
Other corporate superannuation <sup>5</sup>	10,422	(146)	-	-	-	(146)	279	10,555
<b>Total corporate superannuation</b>	<b>29,287</b>	<b>(257)</b>	<b>-</b>	<b>(3)</b>	<b>(8)</b>	<b>(268)</b>	<b>778</b>	<b>29,797</b>
<b>Total Master Trust</b>	<b>62,174</b>	<b>(710)</b>	<b>-</b>	<b>(267)</b>	<b>(90)</b>	<b>(1,067)</b>	<b>1,829</b>	<b>62,936</b>
<b>Total Australian wealth management<sup>6</sup></b>	<b>131,208</b>	<b>(582)</b>	<b>(212)</b>	<b>176</b>	<b>(456)</b>	<b>(1,074)</b>	<b>3,903</b>	<b>134,037</b>
Assets under administration - SuperConcepts <sup>7</sup>	17,059	-	-	-	-	-	376	17,435
<b>Total AUM and administration</b>	<b>148,267</b>	<b>(582)</b>	<b>(212)</b>	<b>176</b>	<b>(456)</b>	<b>(1,074)</b>	<b>4,279</b>	<b>151,472</b>

1 Other movements include fees, investment returns, distributions, taxes and foreign exchange movements.

2 AMP Flexible Super includes A\$1.1b in MySuper (Q3 21 A\$1.0b).

3 Flexible Lifetime Super (superannuation and pension) includes A\$6.1b in MySuper (Q3 21 A\$5.9b).

4 SignatureSuper and AMP Flexible Super – Employer includes A\$10.6b in MySuper (Q3 21 A\$10.3b).

5 Other corporate superannuation includes A\$5.7b in MySuper (Q3 21 A\$5.5b).

6 At Q4 21, 83% of AUM is ultimately externally managed, while 17% is internally managed.

7 SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, Moore Stephens Annual, JustSuper, Ascend and SuperConcepts platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

AUM (A\$m)	Q3 21	Q4 21
<b>AUM by product</b>	<b>AUM</b>	<b>AUM</b>
Superannuation	80,986	82,886
Pension	35,380	36,103
Investment	14,842	15,048
<b>Total</b>	<b>131,208</b>	<b>134,037</b>
<b>AUM by asset class</b>		
Cash and fixed interest	29%	27%
Australian equities	30%	28%
International equities	30%	33%
Property	6%	7%
Other	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

	Q3 21	Q4 21
<b>AUM (A\$b)</b>	<b>AUM</b>	<b>AUM</b>
Closing AUM	131.2	134.0
Average AUM	132.4	132.1

## New Zealand Wealth Management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q4 21	Q4 20	Q4 21	Q4 20	Q4 21	Q4 20
KiwiSaver	179	172	(813)	(156)	(634)	16
Other <sup>1</sup>	120	131	(205)	(211)	(85)	(80)
<b>Total New Zealand wealth management</b>	<b>299</b>	<b>303</b>	<b>(1,018)</b>	<b>(367)</b>	<b>(719)</b>	<b>(64)</b>

AUM (A\$m)	Q3 21	Q4 21 Net cashflows			Other movements <sup>2</sup>	Q4 21
	AUM	Super-annuation	Investment	Total net cashflows		AUM
KiwiSaver	6,390	(634)	-	(634)	22	5,778
Other <sup>1</sup>	6,467	(32)	(53)	(85)	14	6,396
<b>Total New Zealand wealth management</b>	<b>12,857</b>	<b>(666)</b>	<b>(53)</b>	<b>(719)</b>	<b>36</b>	<b>12,174</b>

1 Other includes superannuation, retail investment platform and legacy products.

2 Other movements include fees, investment returns, distributions, taxes, as well as foreign currency movements on New Zealand AUM.

## AMP Capital

AUM (A\$m)	Q3 21	Q4 21 Net cashflows			Other movements <sup>1</sup>	Q4 21
	AUM	Cash inflows	Cash outflows	Total net cashflows		AUM <sup>2</sup>
Australian equities	30,400	4,642	(5,644)	(1,002)	832	30,230
International equities	40,256	1,744	(3,638)	(1,894)	2,465	40,827
Fixed interest	54,612	4,575	(5,941)	(1,366)	(821)	52,425
Infrastructure	26,848	455	(1,879)	(1,424)	265	25,689
Infra debt	7,072	112	(227)	(115)	(100)	6,857
Infra equity	19,776	343	(1,652)	(1,309)	365	18,832
Real estate	24,077	2,016	(2,251)	(235)	455	24,297
Alternative assets and direct investment	4,082	52	(290)	(238)	461	4,305
<b>Total AMP Capital (closing)</b>	<b>180,275</b>	<b>13,484</b>	<b>(19,643)</b>	<b>(6,159)</b>	<b>3,657</b>	<b>177,773</b>
<b>Total AMP Capital (average)</b>	<b>182,201</b>	-	-	-	-	<b>178,475</b>
External	97,672	4,678	(8,440)	(3,762)	900	94,810
Internal	82,603	8,806	(11,203)	(2,397)	2,757	82,963

1 Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements. Includes FUM no longer consolidated upon sale of a business or fund.

2 AUM is invested capital. Committed real asset capital is excluded from AUM.