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## AMP 2022 Annual General Meeting – Chair address & CEO address

In accordance with ASX Listing Rule 3.13.3, AMP Limited attaches the Chair address and Chief Executive Officer address to be delivered at AMP's 2022 Annual General Meeting.

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## **AMP AGM 2022 Chair address**

Today is the second AMP AGM I have attended as Chair, and I am pleased that we are now able to meet in person, albeit with COVID safety precautions front and centre.

I would like to acknowledge your support as a shareholder during the past twelve months. The board is pleased to report significant progress in AMP's transformation has been made since we last met.

Indeed, AMP has delivered on a large majority of our transformation milestones and a solid underlying business performance. Moreover, with the recent announcements of the separation and sale of the Collimate Capital businesses, AMP's capital and liquidity position will further improve, and importantly, shareholders will benefit from a substantial capital return.

I will talk to these achievements in more detail later in my speech, however we believe that AMP is now well positioned for its future as a focused, customer-centred and purpose-led bank and retail wealth manager in Australia and New Zealand.

Your board has been listening to you – shareholders and all stakeholders –and is committed to addressing your concerns. We are making significant progress dealing with legacy matters, simplifying the business and setting AMP up for a better future, focusing on growth and delivering better shareholder outcomes.

We will continue to listen, and the board and management and I look forward to being able to talk to the shareholders who have been able to join us at the conclusion of today's AGM.

We acknowledge the disappointing shareholder experience – in terms of share price and a lack of dividends – reflecting a period of disruption in the financial services industry, and internally within AMP.

The current board, new CEO and management are absolutely committed to substantively improving the performance of AMP.

In order to address legacy issues and unlock value in AMP a portfolio review was undertaken last year. It became very clear that we needed to separate AMP Capital – our global investment and asset management business – from what is now our go-forward AMP Limited business.

At around the same time the board instigated an external review of AMP's workplace culture to inform a comprehensive Management Action Plan to drive prevention and improved response to misconduct in the workplace.

We also welcomed the highly respected and experienced Alexis George as our new Chief Executive of AMP. It's great to have her here today at her first AMP AGM. Alexis has already made a very positive impact on the business, and her focus on purpose and values has deeply resonated with our people. She has effectively set AMP on its new strategic path, announced in November last year.

While much has been achieved, there remains much work to do. However, based on the significant achievements to date, and the current momentum, I am confident we have the foundations in place to restore AMP's position as a trusted, iconic Australian company delivering for its customers and its shareholders.

### **Today's agenda**

As you are aware we invited shareholders to submit questions in advance of today's meeting. Among those questions, the areas of most interest were the announced sale of the AMP Capital

infrastructure and real estate businesses, the overall performance of AMP, its future focus and the plans for capital return and dividends.

I will cover each topic in detail.

### **Sale of the AMP Capital real estate and infrastructure businesses**

With regards to the recent announcements of the sales of AMP Capital infrastructure and real estate businesses (known as Collimate Capital) I would like to take you through why we decided on the sales rather than a demerger and separate listing.

One of the key findings of last year's portfolio review was that AMP was made up of two distinct businesses that would be stronger apart. As separate businesses they could better focus on growth opportunities in their respective markets and realise efficiencies - creating more value for shareholders.

As a result, we began the complex process of separation and simplification with plans to demerge Collimate Capital from AMP Limited.

As we progressed this strategy to unlock value we were approached by several parties with compelling offers for parts of Collimate Capital's business.

As a board, we considered these approaches in line with our obligation to act in the best interests of shareholders. Discussions eventually led to the sale agreements announced to the market last month.

The first transaction agreement achieved was the sale of the Collimate Capital real estate and domestic infrastructure equity business to Dexu – a leading Australian real estate investment manager – for up to \$730 million. The second transaction was the agreement to sell the international infrastructure equity business to DigitalBridge – a global infrastructure investment manager – valuing that business at up to \$699 million.

The two transactions followed the sale of our infrastructure debt platform in February this year to Ares Management, a compelling value creation opportunity for shareholders that realised \$578 million.

The sale of the public markets Global Equities and Fixed Income business (GEFI) for \$63 million to Macquarie Asset Management in March was in line with our previously announced strategic decision that this business needed greater scale to prosper.

Combined, the recent sales realise value of \$2.1 billion – and a potential of up to \$2.5 billion with earn-outs.

When considered against the demerger, the two most recent transactions were judged to deliver greater value and certainty for shareholders and accelerate the realisation of that value, while providing greater stability for Collimate Capital's clients and employees.

The transactions also significantly strengthen our capital position which enables a sizable return of capital to shareholders, likely to be by way of on-market share buyback and capital return. The board has committed to returning the majority of net cash proceeds to shareholders, after allowing for the paydown of some debt.

We expect the transactions to complete towards the end of this year. Management is currently working through the potential size and optimal structure of the capital return. We plan to share more details later this year, closer to sales completion.

With the demerger no longer proceeding, our AMP teams will focus on finalising the separation of the businesses in preparation for the transfer to their new owners.

I would like to take this opportunity to thank the Collimate Capital board designates – Patrick Snowball and Andy Fay – for their significant contributions over the past six months. Patrick and Andy will step down from their designate positions. We wish them continued success.

Following these sales, we will accelerate our strategy to grow and enhance the competitiveness of our retail banking and wealth management businesses under Alexis George's strong leadership, with the benefit of a stronger capital and liquidity position.

### **Explaining 2021 financial performance and dividend**

I would now like to explain how we intend to improve AMP's financial performance so that we can return to paying regular dividends. The board acknowledges that AMP's financial performance has been challenged and disappointing in recent years. Under-performance was in large part the result of the significant disruption throughout the industry driven by regulatory change based on findings of the Financial Services Royal Commission in 2018.

We have made good progress in the last 18 months to improve performance with AMP delivering a 53 per cent increase in underlying net profit after tax of \$356 million.

We are driving a significant reduction in costs, leveraging digital knowhow and data, and creating a performance-driven, purpose-led culture in which our employees are empowered to deliver.

As we address legacy issues and streamline the business we have had to recognise certain impairments. This resulted in the reported statutory loss in 2021 of \$252 million. It is important to note that this is not a reflection of the underlying business performance.

Throughout the transformation program we have necessarily taken a conservative approach to capital management, and while it was difficult, we took the prudent decision not to declare a dividend for 2021.

We fully understand that this was disappointing for shareholders. Today we are not in a position to resume the payment of regular dividends, however we do intend to return the majority of the proceeds from the recent Collimate sales to shareholders via share buybacks and a capital return. At the conclusion of these activities we will review our regular dividend policy. We intend to hold a strong capital position and balance sheet as we head into this period of global economic uncertainty.

### **Share consolidation**

Our announcements to sell the Collimate Capital businesses means our plan for a share consolidation will not proceed at this time. The board will consider the merits of undertaking a share consolidation following completion of the sale transactions.

I want to assure shareholders that a share consolidation process alone would not change the value of the total shares held by each shareholder. It is simply a mechanism to reduce the number of shares on issue, improving efficiency and reducing the total number of shares to something more comparable to peers. At present AMP has one of the largest share registers in Australia with 3.26 billion shares on issue.

We will communicate any future plans to undertake a share consolidation, which will be subject to shareholder approval.

### **Future focus for AMP**

A number of shareholders have asked about the strategic focus of AMP, following the exit of our life insurance and asset management businesses.

As a board, our portfolio decisions over recent years have set a clear vision for AMP as a retail-focused wealth management and banking group in the Australian and New Zealand markets. Alexis will talk to the strategy and our future focus shortly.

I would now like to speak to you about the actions that the board, specifically, is taking to transform AMP.

### **Governance**

Making AMP future-fit also requires us to ensure that we meet the highest standards of governance and stewardship, and I would like to acknowledge the board directors for their strong commitment to this end, while creating the opportunity for AMP to redefine and execute its future strategy. The delivery of strategic commitments in the past 12-18 months is clear testament to the dedication of the directors, management team and employees across AMP.

Your board is made up of individuals with deep financial sector experience and capability and palpable commitment to the successful turnaround of the company and sustainable growth for shareholders. This board has been completely refreshed since 2019, so as Chair I commit to ensure that we maintain a strong and stable board for the future.

It is hopefully clear from our Annual Report and comments already made today, your board has a strong mix of experience and skills to set strategy, meet challenges and take all opportunities to build competitive advantage, while always understanding and respecting risks, culture and sustainability. As mentioned earlier, we are well progressed in the recruitment of a new non-executive director to join our Board and we hope to share more details on this shortly.

In today's meeting, you will have the opportunity to vote on the election of Mike Hirst to the board and the re-election of Andrea Slattery. Both bring strong insight to the board drawing on extensive financial services experience. I will invite them both to say a few words during the items of business later in the meeting.

As I acknowledged earlier, non-executive director John O'Sullivan stepped down in April this year to pursue other external opportunities. John has been a valuable member of the board since June 2018 and I would like to take this opportunity, on behalf of the board, to thank him for his service and significant contribution to AMP.

As a board, we have taken decisive leadership action to further enhance governance and oversight including in key areas of culture, strategy risk and sustainability.

We have been very clear on the importance of setting the tone from the top to establish an inclusive culture to drive performance. As mentioned earlier, the board has been intensively engaged in oversight of AMP's work to strengthen the corporate culture. We have also met our commitment to share the case study of this extensive work with others in the industry to help the creation of safer, more inclusive, and respectful workplaces.

In terms of strategy, the board continues to actively collaborate with the CEO and management to set strategic direction.

The board has also been focused on its role in risk oversight by ensuring that the risk management framework is consistent with AMP's strategy and risk appetite and following up on management's implementation of risk management policies and procedures on an ongoing basis.

To AMP, sustainability is our ability to meet the needs of the present without compromising future generations. As custodians of our customers' money and future, we face complex economic, social, and environmental challenges which bring both risks and opportunities to our customers, people and community.

As can be seen in our annual Sustainability report, there have been marked improvements in the level of transparency of reporting across a range of financial and non-financial measures in line with best practice.

AMP is committed to creating a sustainable and equitable future for our stakeholders – one that has shared value for customers, shareholders, employees, the community, and the environment. The board is passionate and diligent in its oversight of delivering to this commitment.

### **Remuneration**

In designing our current remuneration framework, the board's remuneration committee consulted with shareholders, investors and proxy advisers. We have listened carefully to concerns raised and have acted on them.

We are confident we now have a remuneration framework and outcomes that deal with the difficult balance between the current shareholder experience and the fundamental need to attract, retain and motivate the right talent to continue to transform and grow our business to benefit shareholders in the longer term.

I will talk to the remuneration report in further detail during the formal items of business later in the meeting.

### **New purpose and values**

Critical to the delivery of our strategy and transformation is the establishment of a clear sense of purpose and shared values for AMP.

Alexis has driven the development of our new purpose statement, launched last month. It was informed by insights from employees and customers over the past six months including surveys, consumer and employee testing, with more than one-third of employees participating in workshops.

Our new purpose - helping people create their tomorrow - is simple, impactful and connected to our rich heritage.

Our purpose statement carries the hallmarks of AMP's foundation more than 170 years ago and recognises the important role AMP will continue to play for Australians to achieve their goals.

Our purpose drives our commitment to achieve the best outcomes for our customers and employees, which in turn will drive long-term sustainable value for our shareholders.

**Conclusion**

I will conclude by thanking you for your support and your patience. I recognise 2021 was another challenging year for shareholders, however I am sure you agree that we have accomplished significant milestones to rebuild AMP.

As a board, we are very aware that every decision we make must reflect the long-term interests of our shareholders as we focus on future growth and creating value.

The board and our talented, dedicated management team and people are determined to successfully progress AMP's transformation with the exceptional leadership of our new CEO

With that, I would like to ask Alexis to address the meeting.

## **AMP AGM 2022 CEO address**

Good morning and welcome to all of those who have made it to the Wesley Centre today to join us in person for our AGM, and to all of those joining us online.

I appreciate the opportunity to be able to meet and speak with shareholders face to face, particularly as it is my first AGM as CEO, a position I am proud to hold.

I too would like to acknowledge the Traditional Custodians of the Lands on which we are meeting today, the Gadigal people of the Eora nation, and the Traditional Custodians of the lands that you are all joining from. I would also like to acknowledge elders both past and present, and to extend that respect to all First Nations Peoples.

I am very pleased to be addressing you for the first time as the CEO of AMP. I took on this role because AMP is a company that I have respected and admired for many years, even though it has faced challenges in the more recent part of its 170-year history. I joined the company nine months ago and while that was in the middle of a lock-down, that has not slowed us in articulating a new strategy and purpose and executing on the promises we have made. I am very proud of what we have been able to achieve in this short space of time and I will outline some of those achievements shortly. With the recent announcement of the sale of our Collimate businesses, this is a new beginning for AMP – as a more focused, purpose-led bank and retail wealth manager in Australia and New Zealand.

Let me start by telling you a little about me. I've worked in the financial services industry for over thirty years, although I did start my career as a chartered accountant. I know the industry intimately, understand the importance of it for the Australian economy and community and that it is constantly undergoing change. I am also conscious of the enormous potential and responsibility that we have to make a positive impact on our customers right across Australia and New Zealand, every single day.

Since arriving at AMP, I have spoken to many of our customers, people and shareholders about the strategic challenges and opportunities that lie ahead for our business. Most want to see AMP returned to its former glory as I also do. However, we need a new AMP for today and for the future. We need an AMP that is more focused, customer centred, and embraces the new world where data and technology are critical to delivering our strategy and benefits our customers. We also need an AMP that is purpose led and where: helping people create their tomorrow is top of mind for any decision we are making.

### **The opportunity for AMP**

My vision for AMP is to restore its standing as a trusted company, helping Australians and New Zealanders to create their tomorrow and achieve their financial goals.

We will deliver this through embracing technology and becoming digital first, being more customer-centric, braver in our decision making and transparent and open with our commitments and successes and learnings. We will be more focussed as a financial services organisation, specifically providing banking, investment solutions, financial advice and superannuation to Australian and NZ customers.

We are well positioned with a small but growing technology-enabled bank. We have a comprehensive and well-established investment platform. We also have an established network of financial advisers and, we are a major provider of superannuation in both the default and advised



spaces. We also intend to be a leader in providing financial solutions for those entering retirement and we are planning to launch new offerings in the second half.

### **How we will deliver: Strategy**

I dedicated my first three months in the role to identifying opportunities to drive better performance for our shareholders and improved outcomes for all of our stakeholders. This helped form the AMP strategy that I outlined last November – which I described as the Path to a new AMP.

The strategy has three pillars to Reposition our businesses, Simplify the operating model and Explore new opportunities for growth. Repositioning AMP is all about how we drive the best performance from our existing businesses, by focussing investment where we think we have competitive advantages and efficiency where there are margin challenges.

Simplifying AMP is about executing the sales of the Collimate businesses and reshaping our operating model to be less bureaucratic, more nimble and more appropriate for the smaller business we are about to become. Exploring is where we are looking at new customer solutions and new capabilities to complement our business, better serve customers and assist to drive growth.

To execute the strategy there are a few things we need get right. Those key enablers are being purpose-led, improving Brand and reputation, having strong Environmental, Social and Governance performance and policies, leveraging digital and data, always respecting risk and ensuring we manage our capital in an efficient manner and keep our shareholder needs always at the top of mind.

The Executive team and I are aware of the challenges and opportunities ahead and will work hard every day to execute on the promises we have made.

### **Reposition**

Repositioning our businesses starts by knowing where the immediate growth opportunities and customer needs are. One of our strongest opportunities is in AMP bank. We have been growing our home loans at twice the pace of the banking system in the last two quarters in a very competitive environment. With rising interest rates and a more difficult economic environment, we need to ensure that this growth is responsible and not at the expense of increasing the risk profile of the business.

The Bank also has strong relationships with mortgage brokers and these relationships are supported by our focus on customer service and efficient loan turnaround times. We have consistently been ranked by brokers in the top five Australian banks for turnaround times and this will continue to remain a focus for us.

In wealth management, an area with strong potential is our Platforms business, which supports both our aligned advisers and independent advice practices. We are focussed on making our top investment management platform, North, a preferred platform for all financial advisers. While we have a network of aligned advisers, who know our systems well and use North, if we are to grow, we also need to engage independent financial advisers. We're doing this by constantly improving the capability of the platform, expanding the investment options available and ensuring we have the right relationship management in place.

The focus for our MasterTrust or superannuation business is on stabilising earnings. We've simplified our investment options, improved investment performance and we need to continue to reduce the costs of running that business through further automation and simplification. Similarly in New Zealand Wealth Management our focus remains on maintaining good customer outcomes and providing stable earnings.

When it comes to our Advice business, we know how important providing financial advice for Australians is, and we remain committed to improving access. However, the current regulatory settings mean it is very difficult for a licensee to be sustainable and profitable. The business has been running at a substantial loss in recent years and is projected to do so in 2022. We are accelerating the transformation of advice by implementing a contemporary services model, embracing technology and ensuring the services provided are appropriately priced.

### **Simplify**

Our strategy identified that we need to efficiently complete the separation of AMP Capital, or as it is known Collimate, from AMP and right size the business for the future direction of the company. We need to remove bureaucracy, become more agile, make brave decisions and learn from our mistakes. We also need to ensure that the portfolio is constantly reviewed and serving the new purpose and company direction.

### **Explore**

The Explore stage of our strategy, encourages new thinking and new partnerships to deliver growth. A perfect example is the partnership we launched this week with financial services technology player Nano, who are going to help us to deliver one of the first truly digital mortgages into the Australian market.

Retirement is also a key area where we believe we have the in-house expertise and heritage to be a market leader in providing innovative solutions. In the coming months we will provide further details of these new retirement products that we believe will be a key differentiator for us, and an opportunity to grow new business.

We have also been transparent that we will pursue inorganic growth opportunities for both new capabilities and scale where that makes sense. I do stress that we have committed to returning to shareholders the majority of the proceeds from the recent transactions, after allowing for the repayment of some debt.

### **How we will deliver: Culture**

In order to deliver on the strategy we need an engaged AMP team with a clear purpose and a strong culture.

We don't make tables and chairs, we are in financial services, and so we make promises. That means we need employees that are committed to our customers, and that commitment must be embedded in our everyday. Culture is a big focus for me personally, because I know how critical it is to our success - and that's why I am leading from the front.

From day one at AMP, I've seen an organisation that is working hard to simplify and improve the efficiency of our business and to return us to growth. There's no lack of energy or drive in our people, and you will see that in our recent achievements.

We have made significant progress in reinvigorating the culture. We rolled out inclusion training to all employees in 2021. We also reached our 40:40:20 gender diversity targets at board, middle management level and across the workforce generally, and we continued our commitment to employee led diversity groups such as AMProud.

We have improved our reporting systems and have put in place a clearer performance framework. Our employee satisfaction scores increased from 67 out of 100 in 2020 to be at 71 by the end of 2021. Staff engagement should get stronger as the focus of the business sharpens and the alignment to our purpose becomes clearer.

Our employees continue to embrace the change and participate in building the new AMP. Shaping our culture is top of mind for our people. I saw this first-hand with many employees actively participating in workshops to help us establish a new, enduring and authentic purpose and values for our organisation.

I am very proud that we have launched our new Purpose – helping people create their tomorrow. It is a good reflection of AMP’s commitment to all of our stakeholders. The next step is to embed this and have it reflected in everything that we do.

We have developed a set of values that are embraced by our people and encourage action. They are: Put customers first... Own it... Be brave... Play as one team ...Do the right thing.

As we look to reinvigorate our brand, it is important that we put our customers at the centre of our decision making.

I have had experience with customer-led transformations in my previous organisations, and AMP’s NPS customer score of +27 in Australia for 2021 is a strong result. Skilled labour shortages in our contact centres have begun to weigh on these scores in more recent times... not just at AMP but in many organisations - and that is an ongoing focus for the team.

I want to thank our people for their commitment to our customers. The past 12 months have continued to challenge us and we have all had to be adaptable. We’ve helped customers affected by numerous natural disasters and of course, the COVID pandemic. It has been an uncertain time for many and we can, and will continue, to play an important role in helping our customers as life returns to a new normal.

## **Achievements**

In my first nine months I have taken a number of actions to set AMP up for the future.

As I just outlined, those important steps have been:

- Establishing the AMP strategy for our post-separation business
- Launching our new AMP Purpose and Values
- Instilling a sense of urgency around execution, and last but not least
- Executing the sales of our Collimate businesses which will result in earlier return of value for our shareholders

Together with the sale of the Infrastructure debt business in February for \$578 million, this values the Collimate businesses at over \$2 billion.

As well as those three sales, since starting in the role 9 months ago we have also:

- Sold the Global Equities and Fixed income business realising approximately \$63 million in cash
- Completed the transfer of the Multi-Asset group – out of AMP Capital – and into Australian Wealth Management to create an end-to-end superannuation and investments business.
- Initiating the exit from life insurance with the sale of our remaining 19% stake to Resolution Life.

It has been a very busy start to my time at AMP, but it is of course only just the beginning of what we intend to achieve.

### **2021 Financial Performance**

Our business performance for 2021, reflects that we are a business in transition. While we recorded a statutory net loss of \$252 million, the underlying business showed a solid performance with a net profit after tax of \$356 million - up 53 per cent on the previous year.

AMP bank's net profit increased 38 per cent to \$153 million, driven partly by the mortgage book growth I talked about earlier.

Australian Wealth Management profit was down 25 per cent to \$48 million as we repositioned the portfolio to be competitive both from a price and proposition perspective. \$200 million in earnings across our superannuation and platforms businesses was offset by the losses in the Advice business which we do need to address. As I mentioned, a big focus will be on continuing to drive Platforms revenue and making our Advice business much more efficient. A number of savings in Advice have already been achieved which will flow through in this year's results.

New Zealand Wealth Management profit was up 11 per cent to \$39 million.

We are on track with reducing costs across the business, and in line to meet our promised \$300 million savings target in financial year 2022.

Today we are not in a position to resume the payment of dividends to our shareholders. However, we treat the management of shareholder capital seriously, and will be returning the majority of proceeds from the recent sales of the Collimate businesses to shareholders, allowing for the paydown of some debt, through both share buybacks and capital return. At the conclusion of these activities the dividend policy will be reviewed. However, as we are heading into more uncertain times, I want to ensure we have a robust capital management approach and a strong balance sheet.

I am committed to continuing to improve our business profitability and sustainability in the coming years, but we still have much work to do.

### **Our Purpose and community work**

I would like to finish, by sharing some of the work we do in support of the community. This is at the heart of our Purpose of Helping people create their tomorrow.

Through the AMP Foundation we support many people doing amazing things in the communities where we operate.

This year I have joined the Foundation Board along with my fellow AMP Limited Board member Andrea Slattery.

Over the last 30 years, the Foundation has contributed through social investment, direct donations, employee dollar matching, employee fundraising and volunteering.

Through our Tomorrow Makers program, the Foundation supports a range of social enterprises including Need a Tutor, which helps indigenous students with access to online tutoring in remote communities. We have also supported the Centre for Women's Economic Safety, which gives support services to women facing financial abuse.

The Foundation's work doesn't always get the recognition that it deserves, but that does not matter to those people in need, who benefit from it.

AMP has also made significant progress in our Reconciliation Action Plan (RAP), having delivered more than 60% of our commitments since its launch in 2020. It's important that we have a strong relationship with our First Nations communities and support Reconciliation more broadly in the Australian community.

### **Conclusion**

Thank you again for joining us today, I am pleased to see many of you here in person.

I am confident that AMP's strategy sets us up for success. We have taken a big step forward in separating the businesses, and executing the Collimate sales. We are able to think about capital management actions to provide value to our shareholders and strengthen the balance sheet through the paydown of debt. I am proud to be leading AMP through to its next phase and I am confident that the changes we have made, and the priorities we have identified, will position us for a strong and sustainable future. I remain committed to working tirelessly to return value to all of our stakeholders and especially our shareholders.

I'll now hand back to Debra.