

## AMP 2024 Annual General Meeting – Chair address & CEO address

In accordance with Listing Rule 3.13.3, AMP Limited attaches the Chair address and Chief Executive Officer address to be delivered at AMP's 2024 Annual General Meeting.

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All figures are in Australian dollars (A\$) unless otherwise noted.  
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## AMP AGM 2024 Chair address

As I announced in February, this will be my last Annual General Meeting as the Chair of AMP.

I have served on the AMP Board for nearly five years, with more than three years as Chair. Having overseen a significant transformation of AMP to a more streamlined business, with a clear purpose to *help people create their tomorrow*, I believe now is the right time for me to step down, and hand over to a new chair, Mike Hirst, to lead AMP in its next phase.

As you would know, this transformation has not been without challenge and complexity, and it has been achieved during an extraordinary period of volatility and difficult challenges for Australia and the global economy. We have navigated a pandemic; turbulent, negative financial markets; a demanding and changing regulatory landscape; and significantly heightened stakeholder expectations.

I'm proud of what's been achieved by AMP. We have a strong CEO and management team in place and a robust and refreshed board, with five new directors, including the CEO, appointed during my tenure. We have simplified the business portfolio, realised significant value through the divestment of the AMP Capital businesses, returned capital to shareholders and restarted dividends. We have now also embedded a strong focus on costs and efficient capital management underpinned by a robust risk management framework.

Following the AMP Capital sales, the business has been able to sharpen its focus on banking and wealth management in Australia and New Zealand resulting in improved strategic clarity and drive. It has been a privilege to steward AMP and oversee its role in building financial security for its 1.3 million customers and superannuation members. AMP is an important part of the financial services fabric of Australia, with over \$133 billion in assets under management. Last year, we paid out more than \$2.2 billion in pension payments to Australians. We supported our network of 978 advisors to guide clients towards a better financial future, and we helped more than 9,000 bank customers to secure a new home. The role that AMP plays, particularly in financial education and advice, has been more critical than ever in the face of increasing and sustained cost of living pressures.

I am also proud to say that AMP, based on its enduring purpose and its 175-year history, continues to play a strong leadership role on important economic and social issues. We continue to actively advocate for the reduction of policy complexity in the Australian retirement system, more accessible and affordable financial advice, and more focus on improving broad-based financial literacy.

The restoration of trust for AMP has been a major driver of every decision the board has made over the last few years, so it is pleasing that we have a positive and supportive customer base. There is also sound evidence that we have come a long way in rebuilding that trust and our reputation with the broader public. While we are very aware that there is still much more to do, the positive momentum we have built is critical as we focus on the future for growth.

Much of this recent progress is due to AMP's culture. We should all be proud of the corporate culture evident across AMP today. I'd like to thank, not only the current management and employees of AMP, but also those who were part of that journey over the past three plus years. Delivering on a cultural change agenda is definitely not easy, but I believe we have established a culture that is anchored to our purpose, while also embracing elements of innovative thinking and management agility. Importantly, we have also significantly enhanced AMP's risk culture in recent years, giving us a strong foundation from which to make decisions for the future of the business. This all gives me confidence that we are well positioned to take advantage of opportunities that lie ahead for AMP, and that it is the right time to hand over to the next AMP Chair.

I am very pleased to know that Mike Hirst will succeed me in this role at the conclusion of today's meeting. I have worked closely with Mike since he joined the AMP Board in 2021, and it is clear that his

deep banking and financial services expertise will be invaluable to AMP for the next chapter. I believe that Mike will say a few words at the conclusion of today's meeting.

### Key achievements

While it's important to reflect on AMP's recent history, today's meeting is, of course, focused on our 2023 financial year.

2023 built upon the achievements of the last few years to deliver some stand-out progress.

There are a few key achievements that I'd like to highlight:

1. Since announcing our \$1.1bn capital return in August 2022, we have now returned approximately \$850 million to shareholders – including the recent payment of the 2023 final dividend and the commencement of tranche 3 of the buyback. The remaining \$250 million will be delivered through further on-market buyback and/or dividends. Today we seek shareholder approval to continue to execute that buyback.
2. We completed the AMP Capital transactions. This realised significant value for our shareholders and has well positioned AMP for the future.
3. We resolved a number of substantial legacy legal matters during the year, clearing the way for AMP to work productively with our stakeholders to execute on our strategy; and
4. importantly, we delivered a resilient business performance in operating environments that were challenging for both our customers and our businesses.

Looking forward, while the operating environment remains challenging in some areas, AMP has taken proactive steps to be better positioned to address such headwinds. For example, our small business digital bank offering, to be launched in the first quarter of 2025, will help to reduce margin pressures by diversifying our funding sources and our customer base.

### Addressing shareholder feedback

Ahead of today's meeting we have received a number of questions from shareholders, and I would like to take the opportunity to address some of those questions now.

**Firstly**, a number of shareholders have asked about the AMP share price and in particular what is being done to ensure that the value of the company is better reflected in that price.

What I can say is that the Board and management drive the performance of the company, through focused and disciplined execution of our strategy. On the other hand, the share price is determined by a wide range of market factors. Ultimately, if we continue to execute successfully on our strategy and improve the underlying fundamentals of the company in the medium term, this will be reflected in the market value of the company.

AMP has a bright future – but business transformations take time. We remain absolutely committed to continue to work hard to deliver value for our shareholders.

**Secondly**, we have received questions on the buy-back, including what are the benefits and will we be buying back individual shareholdings. As I mentioned earlier, AMP has and continues to conduct an on-market share buyback which is a highly efficient way to enhance returns for shareholders. AMP is buying back shares on the market and cancelling them to reduce the number of shares on issue. We are not buying back individual shareholdings directly. By reducing the total number of shares on issue the proportion of AMP profits for remaining shareholders increases. This is clearly reflected in earnings per share this year which increased more than 19%.

**Thirdly**, a number of shareholders have submitted questions about the level of remuneration paid to the Board and executives.

This is something that our Remuneration Committee continually reviews, in light of company performance and market practice. I would highlight that total director fees from 2019 were reduced by 43%, and we continue to monitor fees and benchmark against peers. AMP operates in a complex and highly regulated environment, and this needs to be reflected in remuneration.

For executives, as part of the transition to a leaner organisational structure, during the year we further reduced the number of key management personnel, and the short-term incentive outcomes were lower in 2023 than the prior year. Also, during 2023, although several long-term incentive plans were performance tested, no payouts were made.

There are no immediate plans to change or reduce existing potential remuneration levels for the current high performing executives, however the levels will likely be re-set when considering succession planning. Of course, it is always important to balance this with the need to attract the right talent to continue to successfully execute on AMP's strategy.

### **Remuneration report**

In keeping with this topic, I will now turn to the Remuneration Report. As you will have seen, the board carefully considered feedback on AMP's 2022 Remuneration Report and has made some important changes to the remuneration framework to address that feedback, while also making sure that we are compliant with regulatory requirements.

- Notably, we increased the weighting of the "financial metrics" in the AMP scorecard to 60%, up from 40%. The scorecard is a key driver of the Short-term Incentive plan and this change clearly recognises shareholder feedback and drives greater alignment with shareholder interests.
- The Board has also committed to further transparency by retrospectively disclosing scorecard targets and outcomes.
- We also heard the feedback regarding the use of upward discretion in 2022. You will see that, in fact, we exercised downward discretion for 2023 in relation to statutory profit performance to reflect shareholder experience during the year.

We remain committed to meaningful engagement with our shareholders on remuneration. The board seeks to balance: stakeholder expectations, attracting and retaining high-performing talent, and, of course, meeting all regulatory obligations.

### **Board governance**

As mentioned earlier, board succession and renewal has been an important focus during my tenure as Chair. Particularly, when driving such a consequential business transformation, it is critical that the skills and experience on the board meet the evolving demands of the business strategy - requiring regular and rigorous consideration of the board skills matrix.

I am delighted that we were able to secure two new directors with highly relevant and complementary skills in Kathleen and Anna, who stand for election today. Both new directors bring experience in digital transformation, technology, cyber risk as well as financial services knowledge, to the board.

At the end of the year, Kate McKenzie stepped down from her role as a Non-executive director, following three years of service, as she focuses on her other board commitments. We are grateful for her contribution during this transformational period for AMP, and I would like to thank her for her commitment and passion for the business.

Importantly, the composition of the board reflects a good diversity of backgrounds, skills and experience while also satisfying AMP's 40:40:20 gender diversity target.

Solid progress in AMP's cultural transformation journey now allows us to further sharpen our focus on driving a high-performance culture while delivering on our purpose and values, and is supported by new performance and recognition programs introduced in 2023.

## Commitment to the environment and community investment

As well as the role we play as a financial services provider supporting Australians to meet their financial security and wealth goals, AMP continues its long-term commitment to helping to address broader environmental and societal challenges.

We continue to be a signatory to the Principles for Responsible Investment in Australia and New Zealand, and we stay steadfastly committed to addressing climate risks.

Meanwhile, for over 30 years, the AMP Foundation – our independently-funded philanthropic arm – has continued to support important social causes. We are very proud of the ongoing work of the Foundation and its extraordinary legacy.

## Conclusion

It really has been my privilege to serve as Chair of AMP.

Thank you to my fellow directors, the management team and employees of AMP for your dedication and hard work during my tenure. I will be watching AMP's future progress with a sense of pride in what we have achieved to date, and with optimism about where the business is headed.

And, of course, thank you to our shareholders for your support. I retire from the Board confident that AMP has been repositioned for a successful future.

## AMP AGM 2024 CEO address

### Let me give my reflections for the year of 2023.

23 was a year of significant progress, where we repositioned and simplified the AMP portfolio, delivered on our commitments to shareholders in terms of capital and cost management and set the business up for a stronger future.

As the Chair has outlined, we took important steps forward, by executing on a very clear strategy:

- We completed the sale of AMP Capital which was a highly complex transaction but, one that was critical for the future of AMP. We also divested the SuperConcepts business, and all businesses have now been successfully transferred to their new owners.
- We resolved a number of significant legacy legal matters, which has removed uncertainty for the business and cleared the way for us to strengthen the relationship with stakeholders including advisers, and
- We delivered on tranches 1 and 2 of our promised \$1.1 billion capital return, through an on-market buyback of shares and dividends. Tranche 3 is now underway, through dividends and further buyback.

The steps we have taken allow us to look positively to the future and provide a sharpened focus for our five businesses: Bank, Platforms, Advice, Superannuation & Investments and New Zealand – as well as our strategic partnerships in China.

At the group level, underlying net profit after tax for the year was \$196 million, an increase of 6.5% over 2022. Statutory net profit of \$265 million reflected the net gain of approximately \$245 million on the sale of AMP Capital and SuperConcepts, as well as costs for transformation programs that will improve efficiencies and customer experience in the future.

Looking at the performance of each of our divisions:

- **In the Bank**, net profit after tax of \$93 million reflected the challenging environment that the business is operating in, particularly around funding costs for lending. To respond to this, we took the decision to moderate the loan book growth in the near term. In the current conditions we do not anticipate a major change from this strategy. We also announced AMP Bank's new digital small business banking proposition, to be launched in early 2025, which will help address funding constraints in the medium and longer term, while also diversifying the revenue and customer base.
- **In Platforms**, net profit after tax increased to \$90 million, which is a positive movement, reflecting margin protection and some one-off adjustments. Pleasingly, flows from independent financial advisers, a real focus for us, continued to grow, being up 33% on the same time last year.
- Our **Advice** business continues to reduce costs and improve efficiency, as we make good progress to establish Advice as a sustainable, standalone and professional business. Adviser sentiment has further improved which is certainly encouraging.
- **In our Superannuation & Investments or Master Trust business** NPAT was stable at \$53 million. We've been able to simplify that business and we're driving good returns and lower fees for our members.
- **New Zealand** continued to deliver good quality returns, with NPAT of \$34 million.

The results in 2023 did reflect lower earnings from our **strategic partnerships**. These partnerships were impacted by real estate valuations in the US and a change in a regulatory condition in China. We see these as cyclical issues, with the markets to recover over the short term.

Of course delivering for stakeholders is of paramount importance.

Across our operating businesses, we've continued to focus on delivering for our customers, members, brokers and advisers. This has been reflected in the industry awards that we have received during the year. MyNorth Lifetime our retirement income solution, was recognised on a global level for its innovation. AMP Bank was awarded for digital innovation and the AMP Super Fund was awarded the Momentum Award, recognising the fund's completion of key projects to transform its service to members. These are important signals that the work we are doing is having a positive impact for our customers and the broader community... and it is strongly connected to our purpose of *helping people create their tomorrow*.

#### **Let me come to costs and capital management.**

As I commented before, we remain intently focused on reshaping our cost base to align to the size of the company we are today and to set ourselves up for the future. To achieve this, we have reviewed corporate function responsibilities with a greater focus on efficiency, reviewed and begun to execute on a simplification of our technology architecture and are adopting a motto of being more nimble and adaptable. We guided to controllable costs of between \$745 and \$755 million for 2023, and I'm pleased that we have delivered costs just under that at \$744 million. Importantly, we also have momentum behind our simplification initiatives that will further reduce costs in 2024 and 2025.

It is a sign of the Board's confidence in the performance of the business that we also declared a final dividend of 2.0 cents per share, bringing the 23 Full Year dividend to 4.5 cents per share, franked at 20%. As the Chair mentioned, we are well progressed on our commitment to returning the \$1.1 billion to shareholders, having also re-commenced the on-market share buyback, which is another important way we are realising value for shareholders.

#### **Now to the market landscape and environment.**

Currently, we are seeing many Australians doing it tough, facing extraordinary cost of living pressures, as a result of high interest rates and high inflation. We appreciate that this challenging economic environment has meant that it is a very difficult time for many of our customers and shareholders. The financial advice offered through our advice network is more important than ever in assisting people to navigate this turbulent period. For vulnerable customers we offer hardship support, while also providing free financial education for AMP super members, so they are more confident and empowered when making financial decisions.

While the current economic climate has put pressure on many households, AMP is well positioned to benefit from the long-term trends in banking and wealth in Australia and New Zealand. We still see high levels of household wealth in both countries, and with a growing retirement-age population there is an increasing need for new retirement products and services. Our superannuation system in Australia is one to be proud of, and while much has been done to focus on the savings phase, we need the same attention on supporting Australians in the post-savings phase, giving them confidence to spend in retirement what they have worked so to accumulate.

To help people navigate a complex retirement system, the need for advice is stronger than ever. We are pleased to see supportive government policy in this space, and we will continue to advocate on behalf of our members and the broader community, and seek to work with government, industry and regulators to better assist our growing number of retirees.

While the banking environment is always competitive, and currently particularly challenging, we are facing into that. To address the challenges of funding costs in the Bank, we announced in November last year that we will launch a new small business digital bank offering that will diversify our revenue stream and customer base as well as funding sources. Small business deposits in Australia are significant, with around 3.5 million new small and medium businesses expected to enter the market in the next 10 years. Looking at the scale of the market, the opportunity for AMP is material, even with only a small market share.



This is one example of how we are embracing opportunities in our markets and building on AMP's strengths.

**In summary, we have a clear strategy with three key focus areas:**

**Firstly, continuing to drive business line performance.**

**In the Bank**, we are carefully managing margins, and reducing costs where it makes sense to do so.

**In Platforms**, we are investing in technology, product and distribution, and looking to embed our market-leading retirement solutions.

We remain focused on achieving breakeven in **Advice**, and we are continuing to look at alternate structures with our adviser network.

We are refining the retirement solutions in **Superannuation & Investments**, driving sustainable performance and competitive offerings.

And in **New Zealand** we are working to maintain the current performance and continuing to diversify revenue.

**Capital and cost management** is the second pillar of the strategy.

As I said, right-sizing corporate costs remains an absolute priority. We have committed to cost out targets for 2024 and 2025, and our simplification initiatives are progressing well.

We are focused on maintaining disciplined capital management, including reducing corporate debt and, importantly, returning capital to shareholders where possible, with delivery of tranche 3 of our capital return underway.

**Thirdly, as well as focusing on our existing businesses, we also need to look to the future and create new revenue streams and innovation.**

This includes progressing digital advice opportunities, as well as our digital small business bank to launch in the first quarter of 25.

**Looking forward**, I recognise the challenges that many of our people, customers and members are facing given the current economic conditions. I'm proud of the way we are supporting customers, with an innovative retirement solution, a strategic focus on advice to give greater confidence in retirement, lowering superannuation fees, and delivering strong returns as high as 11.5% in 2023 for the majority of our MySuper members.

As we reflect on the past year and the transformation of the business over recent years – we farewell our Chair and welcome Mike Hirst to the role.

I would like to thank Debra for her leadership and valued guidance over the past three years as Chair. The business has been transformed during that period and we are now positioned to look to the future.

I welcome the opportunity to be able to work more closely with Mike and harness his deep experience in the banking sector, in particular as we navigate the challenges and opportunities ahead.

I'd like to conclude by thanking you our shareholders for your ongoing support. The transformation of AMP continues at pace, and the Executive team and I are excited about the future for our business.