



Investor Update – AMP Bank

Alexis George – CEO, Blair Vernon – CFO, Sean O'Malley – Group Executive, AMP Bank
Sam Everington – CEO, Engine by Starling

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Agenda

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3. The opportunity
4. Background to Starling
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Overview

Overview

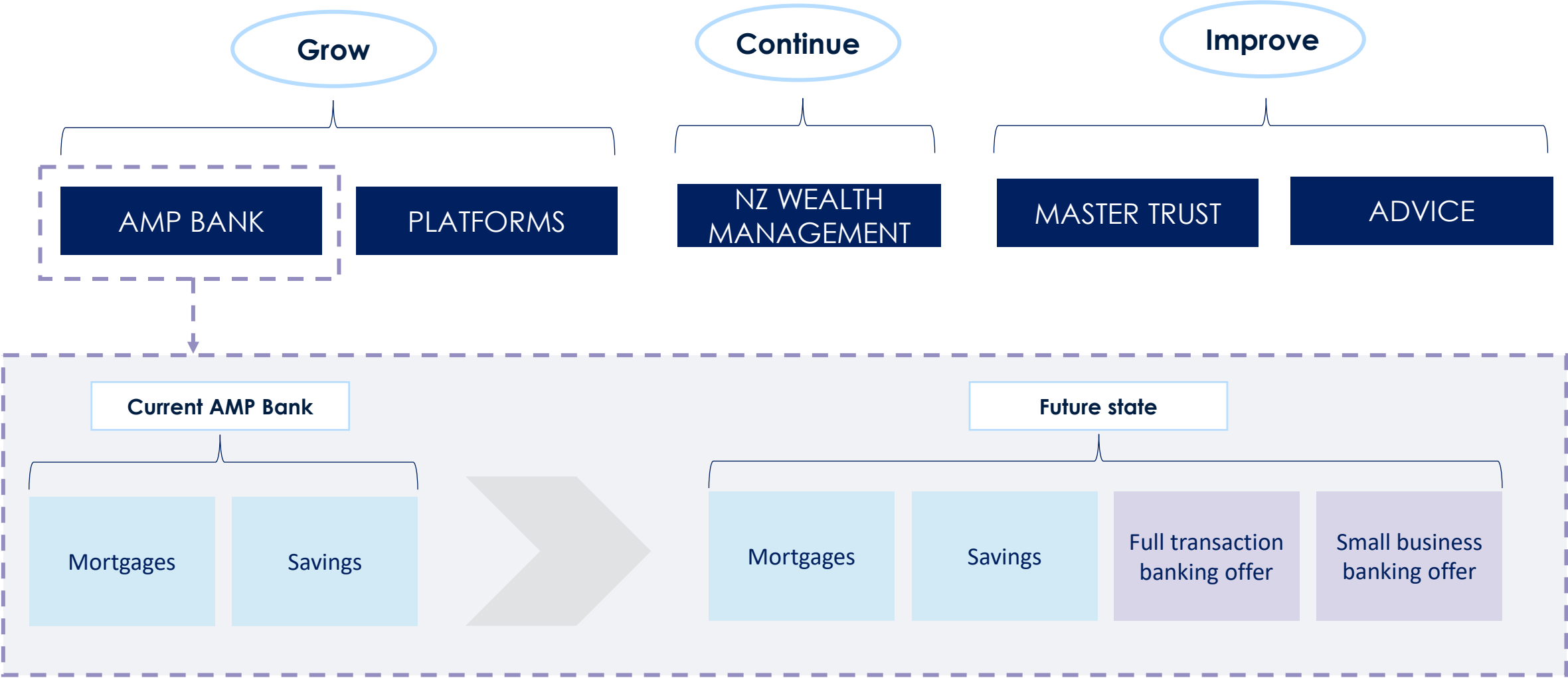
Expanding AMP Bank capability

- AMP to launch digital bank division built specifically for sole traders and small business, focused on transactions, payments and deposits
- Strategic alliance with Engine by Starling, the SaaS subsidiary of leading UK digital bank¹, Starling Bank, to leverage its technology platform and digital expertise
- Build to take place over next 12 months with offer in market in 1Q 2025
- New bank division will operate separately from (but share leadership with) current AMP Bank
- Next step in AMP Bank strategy, providing revenue diversification, profit enhancement and lessening funding risks in the medium term (~3-5yrs)
- Investment of ~\$60m across FY 24 and FY 25 (~\$40m of which will be capitalised)
- No impact on previously announced FY 24 and FY 25 controllable cost targets
- NIM pressure expected to continue into FY 24 based on current market conditions

1. Source: Starling Bank 2023 Annual Report: "The leading digital bank in the UK, holding £10.6bn in deposits, supporting over 3.6m accounts and delivering pre-tax profits of £195m"

Overview of AMP

Simplified, growth-oriented portfolio



AMP Bank proposition & direction

Overview of the new AMP Bank division

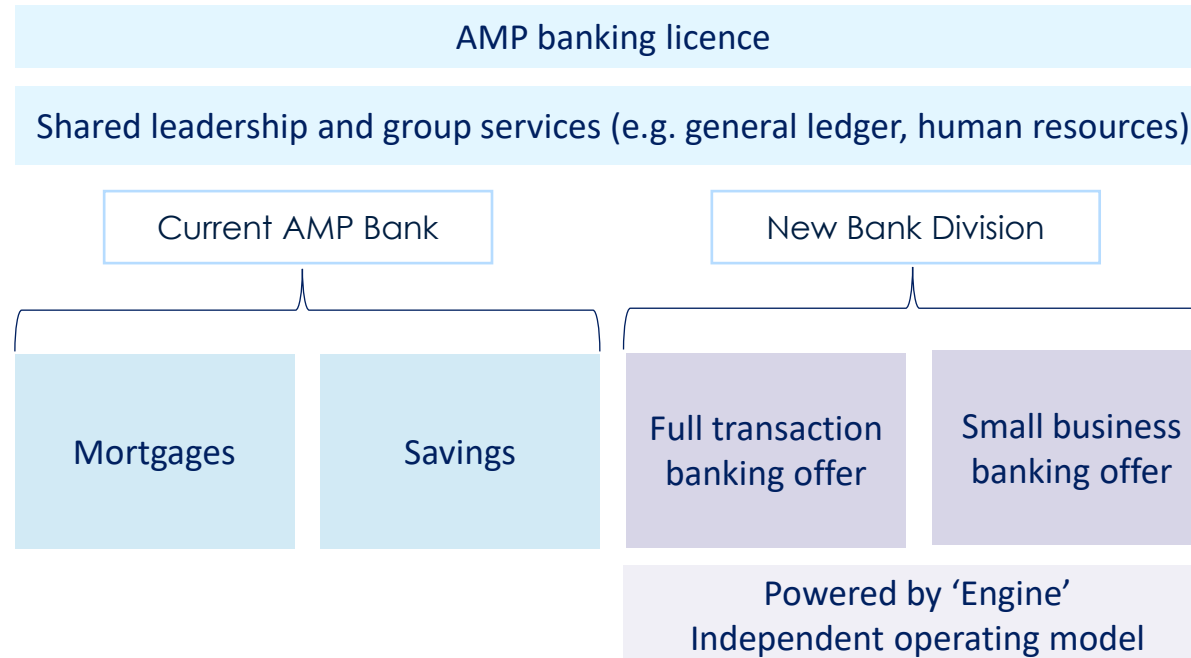
A new bank division is being developed to complement the current bank

Current AMP Bank

No changes to core platform or systems

Continue to originate and service home loans on current platform

Opportunity to help existing 'savings' customers transition to new platform



New AMP Bank Division

A digital-first small business bank and consumer bank offering

Small business products:
Transaction, term deposit and savings accounts

Consumer products:
Transaction, term deposit and savings accounts

AMP new bank division

AMP will leverage the Engine platform to launch a new small business and consumer digital bank offering

A proven market offer, delivering what's important to small businesses and consumers

- **A digital-first small business bank offering** designed to make banking faster and easier for small business owners
- **Built on the 'Engine' platform** – a SaaS platform, backed by Starling, UK. AMP will leverage Engine's technology platform and digital expertise
- **Smart tools** to help small businesses take control of day-to-day financial tasks and integrate with accounting software
- Combines **additional financial products** that help small businesses, with in-app support options
- Engine platform also delivers a **market-leading digital experience for consumers**; transactions and savings accounts
- **Accelerates growth and optimises efficiencies**: offer to be extended to existing customers



Convenience

Mobile app only

Seamless personal and business profile switching
Self-serve across channels



Financial control

Savings and bill spaces

Nearby payments
Split the bill
Card controls



Seamless support

In-app live chat

24/7 customer telephone support and help centre



More than banking

Ecosystem of best-of-breed small business services

Accounting software integrations

Priorities for FY 24 and FY 25 – roadmap to launch

Small business and consumer banking proposition to be delivered in phases

FY 24: Build phase

- Bespoke proposition

FY 25: Launch Q1 25

- Transaction accounts
 - Including sub-accounts
- Spending insights and payments
- Debit cards
- Small business ecosystem (accounting integration)

Additional features post-launch:

- Term deposits
- Savings accounts
- Overdraft (<\$5k)

FY 26: Continue to roll out enhanced features



Building on Engine's digital expertise with AMP's brand strength:

- Raise **broad awareness** of AMP Bank's offering for small business
- Target **core industry verticals** in the small business market
- Offer a '**close and switch**' strategy for existing customers, focusing on the feature-rich digital experience
- Attract new customers with **new digital everyday banking experience** (on the Engine platform)

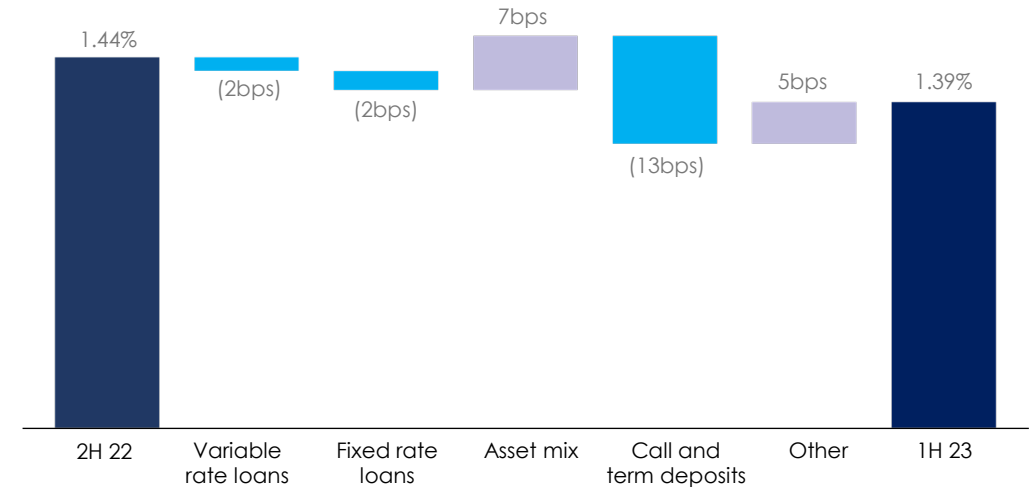
The opportunity

Current context for AMP Bank

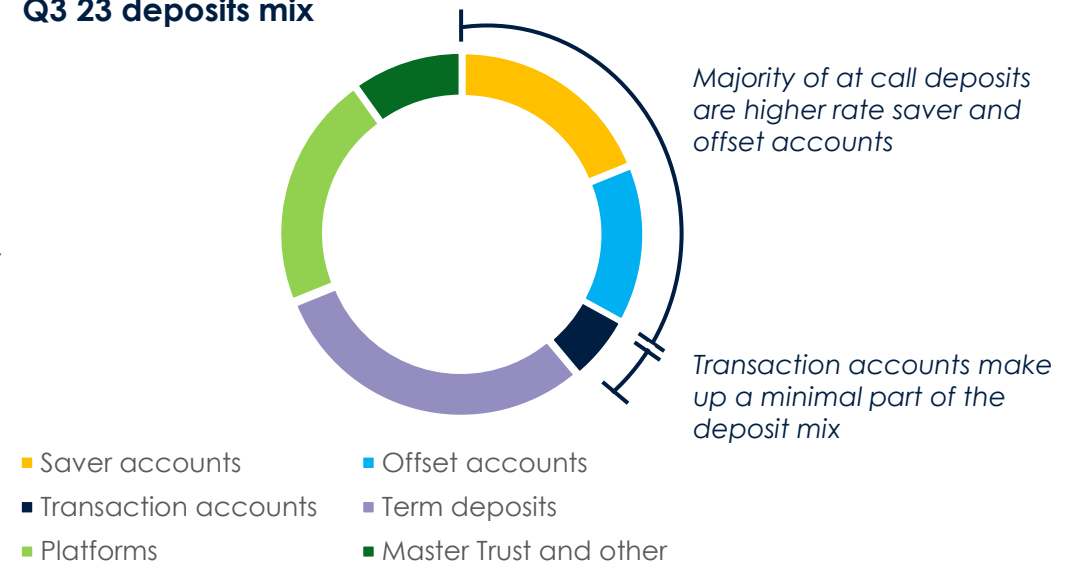
Recent developments in banking market creating headwinds

- Well established, well credentialed digital bank¹
- A relatively efficient retail bank at 43.9% cost to income
- A mortgage focused bank where near-term funding costs are driven by:
 - Increased term deposit rates
 - Relatively low at call balances in funding mix
 - Term funding facility roll-off
- Capacity for growth affected by intense mortgage market competition – managing NIM is constraining growth ambitions
- Focus on improving ROC in the medium term, lessening funding costs and diversifying AMP Bank revenue streams and customer base

1H 23 Net interest margin



Q3 23 deposits mix



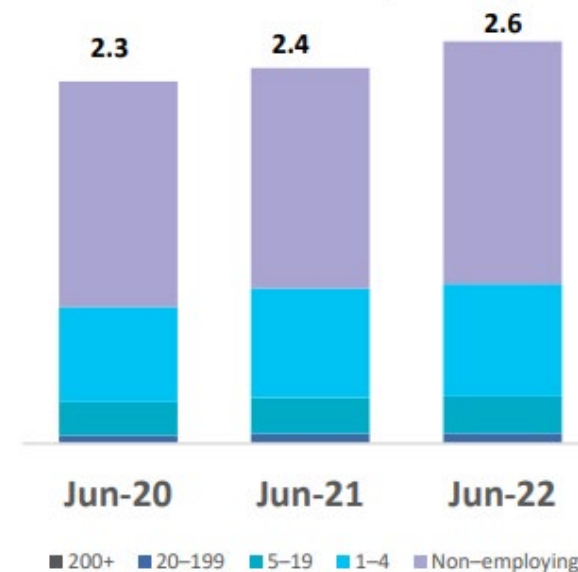
1. Best Digital Bank Pure Play for Australia, The Digital Banker's [Global Retail Banking Innovation Awards 2023](#)

The opportunity

Broaden into small business market with a compelling digital banking offer

- Market opportunity:
 - 99% of 2.6m businesses in Australia are SMEs¹
 - Expect ~3.5m new SMEs in next 10 years²
 - SME deposits in Australia ~\$389b²
- AMP focus will be on capturing deposits from sole trader, micro (1-4) and small (5-19 employees) – accounting for 2.5m businesses¹
- Current banking options for small businesses in Australia are limited and fragmented
- Industry research shows meaningful level of dissatisfaction with current market offerings:
 - Small businesses are looking for a connected, simple, digital-first experience
- Majority of new entrants are in the sole trader, micro and small business segments, providing ongoing acquisition opportunities

Number of SMEs (m)¹



**New Entrants³
Jul 21 – Jun 22**

Sole trader	25%
Micro (1-4 employees)	15%
Small (5-19 employees)	4%
Medium (20-199 employees)	3%
Large (200+ employees)	3%

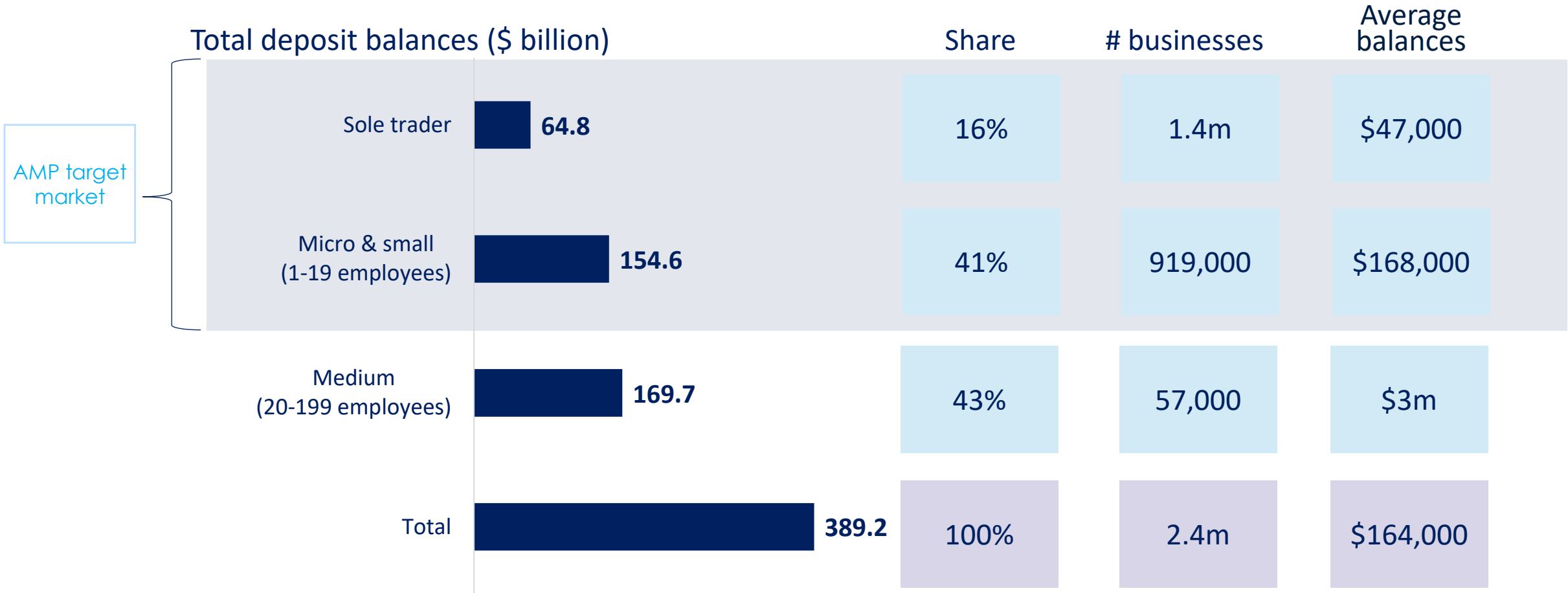
1. Source: Australian Bureau of Statistics: Counts of Australian Businesses, including Entries and Exits

2. Source: PwC as at December 2022

3. New entrants as a proportion of businesses at the start of the year. Source: Australian Bureau of Statistics: Counts of Australian Businesses, including Entries and Exits

The opportunity – small business deposits

Obtainable market – balances of sole trader, micro and small businesses nearly \$220 billion



Background to Starling: The 'Engine' platform

Introducing Starling

Starling is a **leading UK digital bank**¹

Starling is **a profitable bank**, announcing pre-tax profits of £195m in its 2023 annual report

Starling has more than 3.6 million accounts and acquired **9.4% business banking market share** in c.5 years²

Starling won **Best British Bank** 4 years in a row and **Best British Current Account** 5 years in a row³



**Banking Brand
of the Year**
2022-2023



**Recommended
Provider**
2021-2023



**Best Current
Account**
2018-2023



**Best British
Bank**
2018-2021

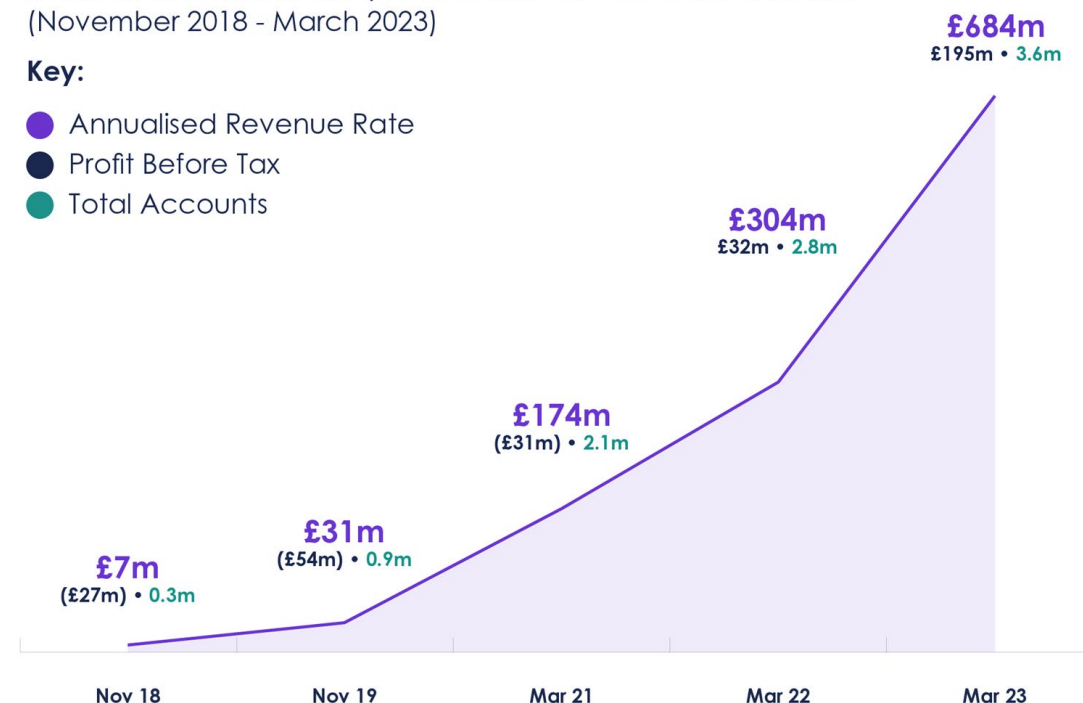


**#1 Overall Cust.
Experience**
Autumn 2023

Annualised Revenue Rate, Profit Before Tax and Total Accounts
(November 2018 - March 2023)

Key:

- Annualised Revenue Rate
- Profit Before Tax
- Total Accounts



Source: Starling Bank Annual Report 2023

1. According to Which? recommended provider Best bank accounts, "Best banks 2023"

2. Starling Bank Limited's Annual Report for the financial year ended 31 March 2023 ("Starling Bank Annual Report 2023")

3. Best British Bank 2018-2021, Smart Money People British Bank Awards. Best Current Account 2018-2022, Smart Money People British Bank Awards.

Starling's technology platform is key to its success

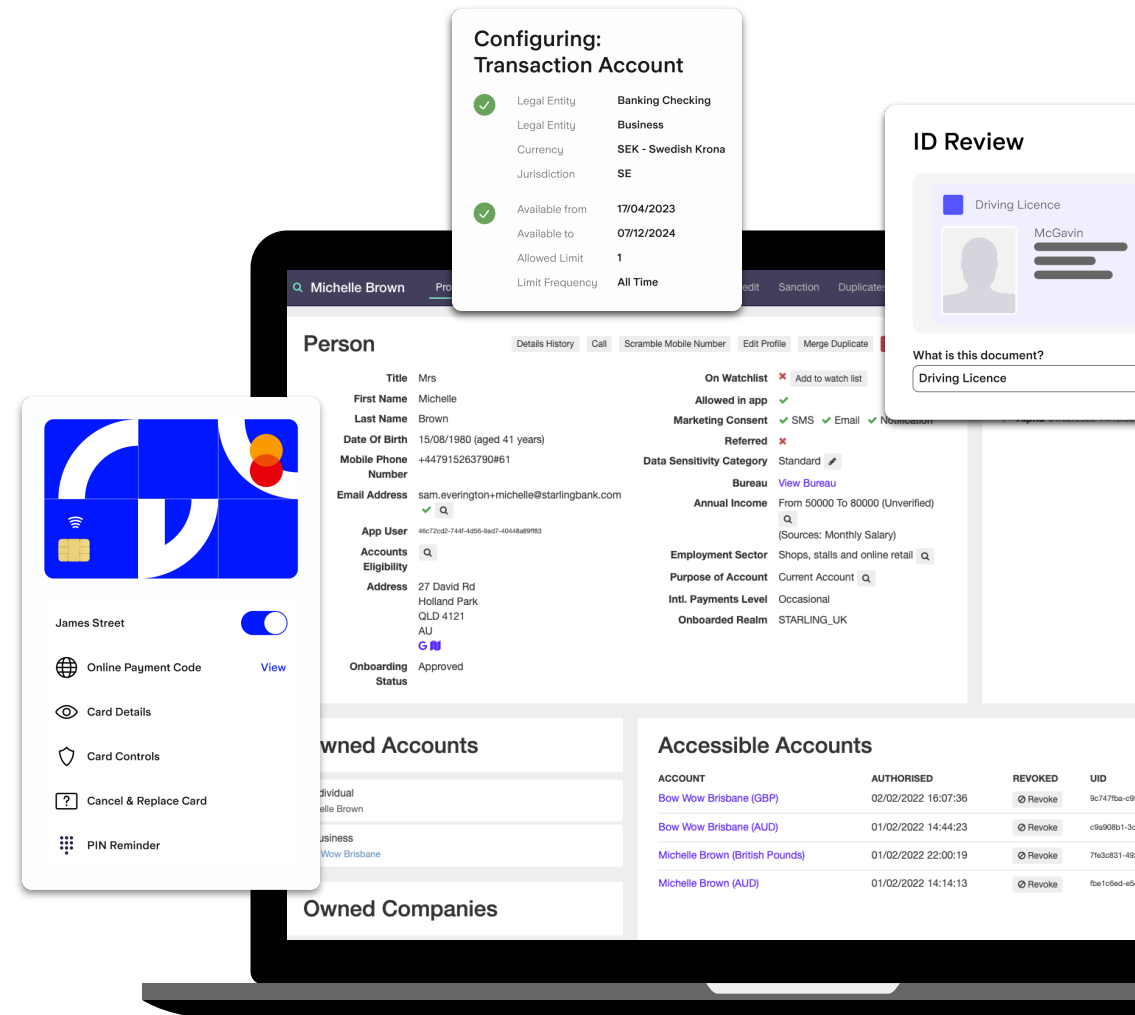
Starling is underpinned by a single, cloud-native platform

Low cost to serve

- High levels of self service
- Optimised operations processes through a single modern servicing platform
- Digital business onboarding

High satisfaction

- Award winning mobile app¹
- Feature rich, highly personalised banking
- 24/7 customer service centre
- Engaged and satisfied employees



¹ Moneyfacts Consumer Award Winner 2022, Banking App of the year. Smart Money People British Bank Awards 2021, Best Banking App.

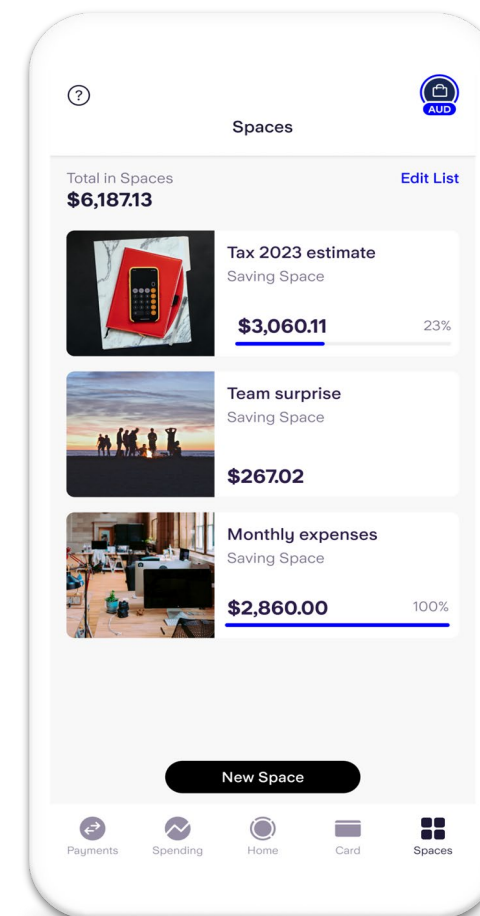
What is Engine?

Engine by Starling is a cloud-native, SaaS banking platform

Engine delivers a **functionally-rich set of capabilities** to run a highly competitive and cost-effective digital bank

Born in the cloud and delivered as a managed service, the platform is modular, API and event based and a proven technology at scale¹

Engine's **Software as a Service** platform simplifies core banking delivery by offering a set of composable digital banking features and operations capabilities that can be configured rapidly



1. Starling Bank, using this technology, operates over 3 million accounts (according to Starling Bank annual report 2023) and has had no FCA reportable major operational or security incidents in the 12 months between 1st January 2022 and 31 December 2022 (source: <https://www.starlingbank.com/current-account/service-information/>)

Why **Australia**?

Market opportunity. The small business market in Australia is poised for disruption

Proposition alignment. The Starling proposition resonates well in Australia

Regulatory alignment. Localisation of the platform is well understood, with clear country alignment

Why **AMP**?

Ambition. The attitude to make rapid, ambitious, growth-minded decisions to create a successful business

Culture. AMP is embracing an “adopt not adapt” approach, positioning this at the core of our program

Brand. AMP is a known brand in the Australian market, and won't need to establish trust from scratch

The financial implications

Financials

No impact on costs guidance, with diversification benefits in the future

Costs

Costs expected to remain **in line with current guidance**:

- FY 24 controllable costs of \$690m; FY 25 controllable costs of \$620-640m
- Investment of \$120-150m over FY 24-25 to achieve cost-out

Near-term cost outcome reflects the repurposing of existing Bank investment spend and positive impact of ongoing broader business simplification program

Go-to-market investment of **~\$60m across FY 24 and FY 25**, ~\$40m to be capitalised

Net Interest Margin

Current market conditions indicate **NIM ~125bps for FY 23**

NIM will continue to be under pressure in FY 24

NIM expected to be positively impacted over time by lower funding costs as a result of this initiative diversifying AMP Bank's funding sources

Growth

AMP Bank growth expected to be nominal in FY 24 given market conditions, as we **continue to manage ROC**

New division expected to be **AMP Bank NPAT and ROC accretive** from 2027 onwards, minimal downward impact in the short term on NPAT or ROC

Next steps

Summary

The next phase for AMP Bank

- New division is the **next step in the strategy for AMP Bank**:
 - Targeting an under-served and growing market segment
 - Helping to broaden funding sources in the medium and longer term
- **Leveraging Starling's market-leading Engine technology platform**, digital expertise and successful track record – thereby minimising execution risk
- New division will **build on AMP's strengths in the market**
- **Improving return on capital** in the current book remains our primary focus

Appendix

Starling Bank's service quality

Starling Bank ranks in the top two on overall service quality for business and personal accounts in an independent survey conducted by the UK Competition and Markets Authority¹.

Personal Current Account

Online and mobile banking services

We asked customers how likely they would be to recommend their provider's online and mobile banking services to friends and family.

Ranking



Overall service quality

We asked customers how likely they would be to recommend their personal current account provider to friends and family.

Ranking



Business Current Account

Online & mobile banking services

We asked customers how likely they would be to recommend their provider's online and mobile banking services to other SMEs.

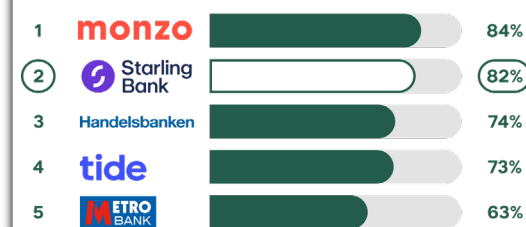
Ranking



Overall service quality

We asked customers how likely they would be to recommend their business current account provider to other SMEs.

Ranking





Starling Bank has built a strong base of engaged customers

Its active customers are entrusting Starling with more of their money over time

Starling Bank is creating lasting engagement with customers, with 77.1% currently active

Starling's Active Core Account base spent and received £143.4bn in the year to May 2023, of which £16.5bn was attributed to transactions through cards

By March 2023, Starling's deposit base had grown to £10.6bn (16.9% over the previous year)

Total Transactions
FY2022-23

FY22
£104.6bn

FY23

£143.4bn

+38.5% increase

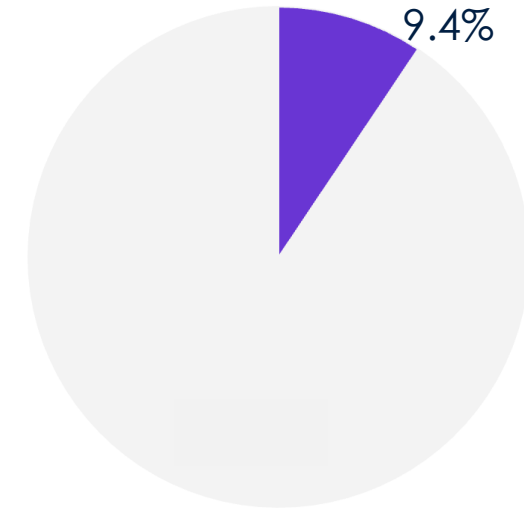
Starling Bank's market share growth

"Starling is attracting more and more users by consistently delivering what customers want. In the last 12 months alone, our customer base has grown by 28.1% with a strong product pipeline expected to drive this even further."

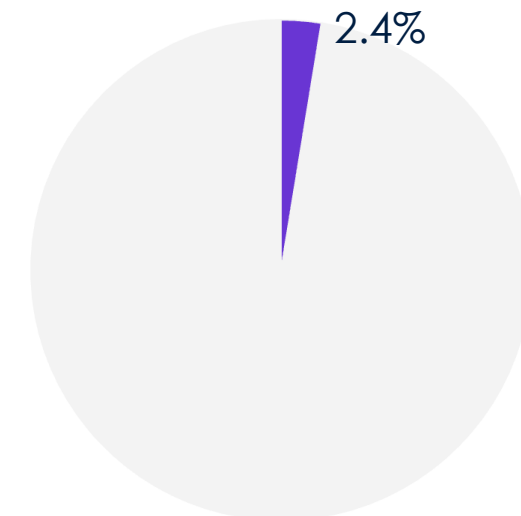
"Starling now serves 2.4% of the Retail current account market and 9.4% of the SME current account market in the UK. We have barely scratched the surface of the opportunity within the UK, with significant runway for further growth within our existing business lines and additional upside from targeted M&A. Fundamentally, our strong business model has the potential to generate unrivalled returns at scale."

Starling Bank Annual Report 2023

Starling's SME Market Share



Starling's Retail Market Share

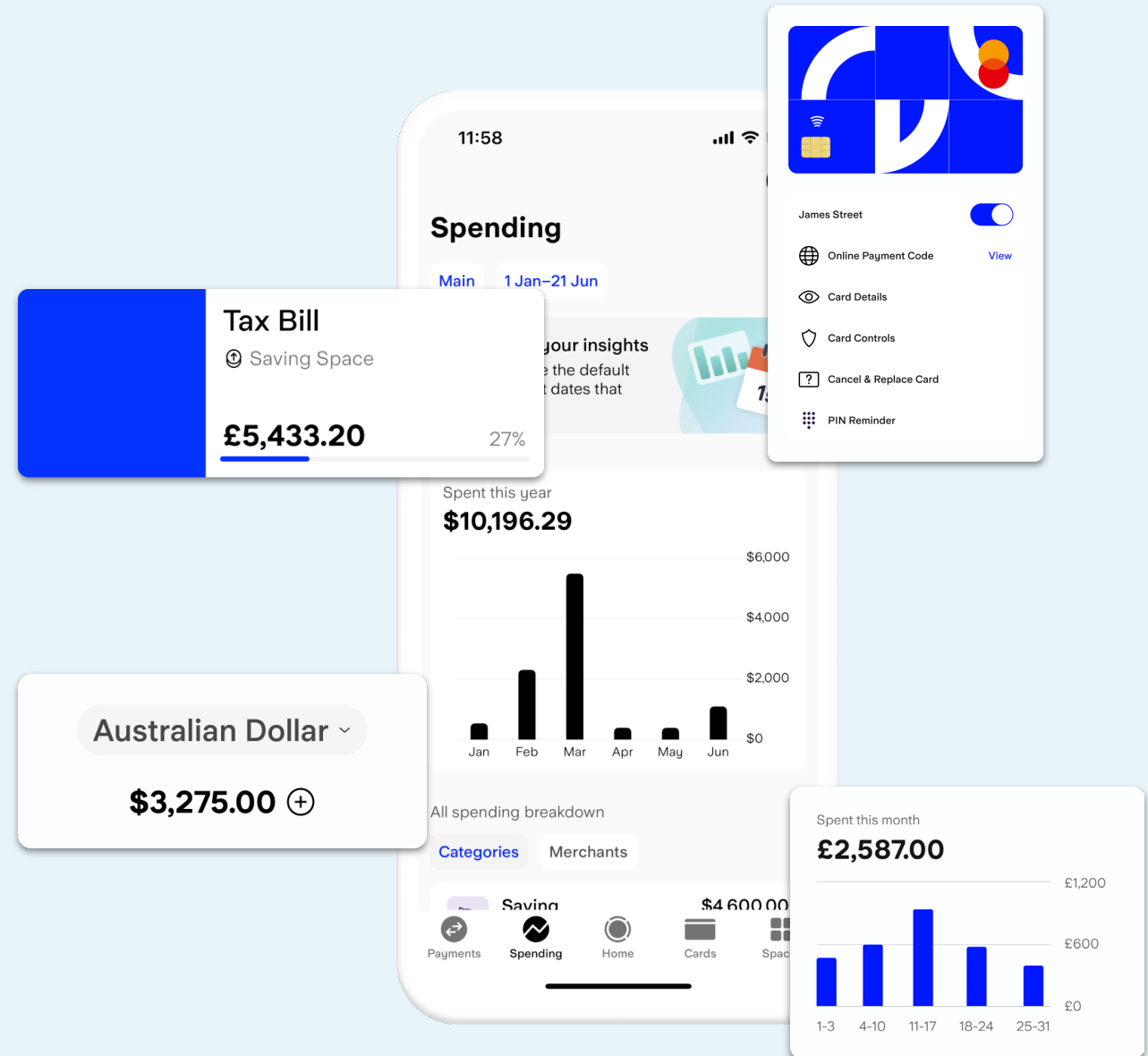


Transaction accounts

Engine will give AMP the ability to launch innovative products

Examples of features that could be implemented using the Engine technology:

- **Feature-rich.** Transaction accounts that come with helpful features like spending insights, card controls, and real-time payment notifications.
- **Business focused.** Extra features designed for small businesses – like delegated expense cards, receipt management and real-time accounting integration.
- **Enhanced control.** Self-serve features so customers can order, activate, freeze and cancel debit cards, and open new products in the app.
- **Digital onboarding.** Digital account opening, with paperless self-service onboarding.
- **Spaces.** A dedicated space within customer accounts to set aside money, to save up for a specific goal or manage spending.
- **Extra features.** Such as round up spending, auto transfers and dedicated cards to spend from separate sections of their account.



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