AMP Group Finance Services Limited

ABN 95 084 247 914

Annual Report

for the year ended

31 December 2023

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AMP Group Finance Services Limited

Directors' report

For the year ended 31 December 2023

The directors of AMP Group Finance Services Limited (the Company or AMPGFS) present their report on the company for the year ended 31 December 2023.

Directors

The directors of the Company during the year ended 31 December 2023 and up to the date of this report are shown below. The directors were in office for this entire period unless otherwise stated.

Blair Vernon (Chairman, appointed 2 June 2023)
James Georgeson (Chairman, resigned 13 January 2023)
Jason Bounassif (Director)
John O'Farrell (Director)
Peter Fredricson (Chairman, appointed 13 January 2023 and resigned 2 June 2023)

Principal activities

The principal activities of the Company during the year were to undertake financial risk management and treasury activities for the AMP Limited group (the AMP group). There have been no significant changes in the nature of these activities during the year.

Review of operations and results

The result for the year ended 31 December 2023 was a net profit after tax of $21.4m (2022: net loss after tax of $14.7m).

Dividends

No dividends were paid or declared by the Company for the financial year ended 31 December 2023 (2022: $nil).

Significant changes in the state of affairs

The immediate parent entity of the Company changed from AMP Group Services Limited to AMP Group Holdings Limited following a restructure of entities within the AMP Limited group in October 2023. There have been no other significant changes in the state of affairs of the Company during the year.

Risk

The key risk which may impact the Company's business strategies and prospects for future financial years is that the Company is unable to receive contractual income or the repayment of loans from other entities within the AMP Group. Consequently, the Company's ability to pay interest, and to service and repay its debt obligations may be materially and adversely impacted. The ability of entities in the AMP Group to repay the Company may be limited by various regulatory, contractual, legal, tax and other constraints. However, the Company has financial support arrangements with the parent entity, AMP Group Holdings Limited (AMPGH), whereby AMPGH acts as guarantor for major external debt issues by entities in the AMP Group, including those issued by the Company. Furthermore, AMPGH has entered into a Deed of Financial Support whereby AMPGH will provide financial support to the Company on the terms set out in the Deed to ensure that the Company is able to meet its financial obligations.

Events occurring after the reporting date

As at the date of this report and except as otherwise disclosed, the directors are not aware of any other matters or circumstances that have arisen since the reporting date that have significantly affected, or may significantly affect, the Company's operations; the results of those operations; or the Company's state of affairs in future periods.

Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report because disclosure of the information would likely be detrimental and result in unreasonable prejudice to the Company.

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company, unless the liability did not arise out of conduct in good faith. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2023, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to Board papers and specified records of the Company (and of certain other companies) for their period of office and for at least 10 (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary of the Company, or of another AMP group company or an AMP representative in relation to an external company; and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least 10 years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, the Company's ultimate parent company, AMP Limited, has agreed to indemnify the Company's auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising out of or relating to the audit or the audit engagement agreement, other than where the claim is determined to have resulted from any negligent, wrongful or wilful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2023.

Rounding

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' report and the accompanying Financial Report have been rounded to the nearest hundred thousand Australian dollars, unless stated otherwise.

Auditor's independence

The directors have obtained an independence declaration from the Company's auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' report for the year ended 31 December 2023.

Signed in accordance with a resolution of the directors.

……………………………………………………..

Director

Sydney, 22 March 2024

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Auditor's independence declaration to the directors of AMP Group Finance Services Limited

As lead auditor for the audit of the financial report of AMP Group Finance Services Limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
22 March 2024

AMP Group Finance Services Limited

Statement of comprehensive income

for the year ended 31 December 2023

	Note	**31 Dec 2023 $m**	31 Dec 2022 $m
Interest income	2.1	**57.4**	38.8
Interest expense	2.1	**(30.5)**	(42.1)
Net interest income/(expense)	2.1	**26.9**	(3.3)
Foreign exchange gains		**9.6**	2.9
Derivative (losses)/gains[1]		**(11.7)**	6.6
Gains/(losses) on debt securities measured at fair value through profit or loss		**15.5**	(29.2)
Impairment expense		**(7.9)**	-
Operating expenses		**(1.1)**	(0.2)
Other (expenses)/income		**(0.6)**	2.2
Profit/(loss) for the year before income tax		**30.7**	(21.0)
Income tax (expense)/benefit	2.2	**(9.3)**	6.3
Profit/(loss) for the year		**21.4**	(14.7)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
- net (losses)/gains on cash flow hedges		**(0.2)**	1.1
- tax effect on cash flow hedges losses/(gains)		**0.1**	(0.3)
Other comprehensive (loss)/income for the year		**(0.1)**	0.8
Total comprehensive income/(loss) for the year		**21.3**	(13.9)

1 Derivative (losses)/gains include fair value and foreign currency movements on interest-bearing liabilities in effective hedging relationships.

AMP Group Finance Services Limited

Statement of financial position

for the year ended 31 December 2023

	Note	31 Dec 2023 $m	31 Dec 2022 $m
Current assets			
Cash and cash equivalents	5.1	**144.3**	297.7
Financial assets measured at amortised cost			
- Negotiable certificates of deposit		**164.2**	39.9
- Promissory notes - intercompany		**250.0**	350.0
- Floating rate notes		**114.5**	-
- Receivables	3.1	**178.4**	351.9
Financial assets measured at fair value through profit or loss			
- Derivative financial assets		**49.5**	35.4
Intercompany tax receivable from head entity		**-**	6.3
Total current assets		**900.9**	1,081.2
Non-current assets			
Financial assets measured at amortised cost			
- Floating rate notes		**397.8**	203.5
- Receivables	3.1	**-**	704.1
Financial assets measured at fair value through profit or loss			
- Debt securities		**45.2**	296.2
- Derivative financial assets		**-**	65.4
Deferred tax assets	2.2	**2.6**	0.1
Total non-current assets		**445.6**	1,269.3
Total assets		**1,346.5**	2,350.5
Current liabilities			
Financial liabilities measured at amortised cost			
- Payables	3.2	**709.5**	1,147.4
- Interest-bearing liabilities	4.2	**217.7**	478.2
- Collateral deposits held		**36.3**	92.4
Financial liabilities measured at fair value through profit or loss			
- Derivative financial liabilities		**11.7**	17.1
Intercompany tax payable to head entity		**8.3**	-
Total current liabilities		**983.5**	1,735.1
Non-current liabilities			
Financial liabilities measured at amortised cost			
- Interest-bearing liabilities	4.2	**-**	252.6
Financial liabilities measured at fair value through profit or loss			
- Derivative financial liabilities		**-**	21.1
Total non-current liabilities		**-**	273.7
Total liabilities		**983.5**	2,008.8
Net assets		**363.0**	341.7
Equity			
Issued capital	4.1	**776.0**	776.0
Reserves		**0.1**	0.2
Accumulated losses		**(413.1)**	(434.5)
Total equity		**363.0**	341.7

AMP Group Finance Services Limited

Statement of changes in equity

for the year ended 31 December 2023

	Issued capital	Cash flow hedge reserve	Retained earnings (accumulated losses)	Total shareholder equity
	$m	$m	$m	$m
31 December 2023				
Balance at the beginning of the year	**776.0**	**0.2**	**(434.5)**	**341.7**
Profit	**-**	**-**	**21.4**	**21.4**
Other comprehensive loss	**-**	**(0.1)**	**-**	**(0.1)**
Total comprehensive income	**-**	**(0.1)**	**21.4**	**21.3**
Balance at the end of the year	**776.0**	**0.1**	**(413.1)**	**363.0**
31 December 2022				
Balance at the beginning of the year	1,056.0	(0.6)	(419.8)	635.6
Loss	-	-	(14.7)	(14.7)
Other comprehensive income	-	0.8	-	0.8
Total comprehensive loss	-	0.8	(14.7)	(13.9)
Capital return	(400.0)	-	-	(400.0)
Issued capital	120.0	-	-	120.0
Balance at the end of the year	776.0	0.2	(434.5)	341.7

AMP Group Finance Services Limited

Statement of cash flows

for the year ended 31 December 2023

	31 Dec 2023 $m	31 Dec 2022 $m
Cash flows from operating activities		
Interest and other items of a similar nature received	**65.9**	32.6
Interest paid and other finance costs	**(34.4)**	(43.8)
Other items	**1.1**	(3.1)
Cash flows provided by/(used in) operating activities before changes in operating assets and liabilities	**32.6**	(14.3)
Changes in operating assets and liabilities arising from cashflow movements		
Net receipts from related parties	**377.7**	609.8
Net proceeds from collateral deposits	**0.4**	23.4
Net movement in derivative financial assets and liabilities	**11.1**	(14.1)
Net movement in other payables	**(0.2)**	(1.5)
Cash flows provided by operating activities	**421.6**	603.3
Cash flows from investing activities		
Net (payments)/proceeds from sale or acquisition of:		
- negotiable certificate of deposit	**(124.4)**	10.1
- floating rate notes	**(309.4)**	(165.3)
- promissory notes	**100.0**	-
- debt securities	**266.9**	206.5
Cash flows (used in)/provided by investing activities	**(66.9)**	51.3
Cash flows from financing activities		
Net repayments of interest-bearing liabilities	**(508.1)**	(189.6)
Capital return	**-**	(400.0)
Proceeds from issue of share capital	**-**	120.0
Cash flows used in financing activities	**(508.1)**	(469.6)
Net (decrease)/increase in cash and cash equivalents	**(153.4)**	185.0
Cash and cash equivalents at the beginning of the year	**297.7**	112.7
Cash and cash equivalents at the end of the year	**144.3**	297.7

Section 1: About this report

This section outlines the structure of the AMPGFS, information useful to understanding the company's financial report and the basis on which the financial report has been prepared.

- 1.1 Understanding the AMPGFS financial report
- 1.2 Material accounting policies
- 1.3 Critical judgements and estimates

1.1 Understanding the AMPGFS financial report

AMP Group Finance Services Limited ("the Company" or "AMPGFS") is an unlisted public company limited by shares, incorporated, and domiciled in Australia. The Company conducts business in Australia. The parent entity of the Company is AMP Group Holdings Limited (previously AMP Group Services Limited). The ultimate parent entity is AMP Limited.

The Company operated wholly in one segment. The principal activities of the Company are described in the Directors' report.

The financial report:

- is a general purpose financial report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board;
- is presented in Australian dollars;
- has been rounded off to the nearest hundred thousand Australian dollars, unless stated otherwise;
- has been prepared on a going concern basis; and
- presents reclassified comparative information where required for consistency with the current year's presentation.

The financial statements of the Company for the year ended 31 December 2023 were authorised for issue on 22 March 2024 in accordance with a resolution of the directors.

Materiality
Information has only been included in the financial report to the extent that it has been considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount in question is significant because of its magnitude or nature;
- it is important for understanding the results of the AMPGFS;
- it helps explain the impact of significant changes in the AMPGFS; and/or
- it relates to an aspect of the AMPGFS operations that is important to its future performance.

1.2 Material accounting policies

The material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Cash and cash equivalents
Cash and cash equivalents comprise cash-on-hand that is available on demand, deposits that are held at call with financial institutions and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost which approximates to their fair value.

Financial assets
The Company has a portfolio of fixed rate bonds and a portfolio of derivatives which was purchased against these fixed rate bonds, however, the portfolios have not been designated in a hedge relationship. Under applicable accounting standards the derivative portfolio is required to be measured at fair value through profit or loss, which could create an accounting mismatch if the fixed rate bonds were classified as measured at amortised cost. However, an entity may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortised cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce a measurement or recognition inconsistency. The Company has elected to apply this irrevocable designation to the portfolio of debt securities and has adopted the below accounting policy.

Financial assets measured at fair value through profit or loss - debt securities
Debt securities can be irrevocably designated, at initial recognition, as measured at fair value through profit or loss, where doing so, would eliminate or significantly reduce a measurement or recognition inconsistency or otherwise results in more relevant information. Fair value on initial recognition is determined as the purchase cost of the asset, exclusive of any transaction costs. Transactions costs are expensed as incurred in profit or loss. Subsequent measurement is determined with reference to the bid price at the reporting date. Any realised and unrealised gain or losses arising from subsequent measurement at fair value are recognised in the Statement of comprehensive income in the period in which they arise.

Section 1: About this report (continued)

1.2 Material accounting policies (continued)
Financial assets measured at amortised cost – debt instruments (including loans and other receivables, negotiable certificate of deposit, promissory notes, and floating rate notes).
Debt instruments are measured at amortised cost when both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. These assets are subsequently recognised at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Recognition and derecognition of financial assets and financial liabilities
Financial assets and financial liabilities are recognised at the date the Company become a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets
Assets measured at fair value, where changes in value are reflected in the Statement of comprehensive income, are not subject to impairment testing. All other financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

An allowance for expected credit losses (ECLs) is recognised for financial assets not held at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company estimates these elements using appropriate credit risk models taking into consideration a number of factors including the internal and external credit ratings of the assets, nature and value of collaterals and forward looking macro-economic scenarios.

Derivative financial assets, derivative financial liabilities, and hedging
Derivative financial instruments
Derivative financial instruments are initially recognised at fair value exclusive of any transaction costs on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. All derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from the change in fair value of derivatives, except those that qualify as effective cash flow hedges, are immediately recognised in the Statement of comprehensive income.

Hedge accounting

Cash flow hedges
The effective portion of changes in the fair value of cash flow hedges are recognised (including related tax impacts) through Other comprehensive income and reflected in the Cash flow hedge reserve in equity. The ineffective portion is recognised immediately in profit or loss. The balance of the Cash flow hedge reserve in relation to each particular hedge is transferred to profit or loss in the period when the hedged item affects profit or loss. Hedge accounting is discontinued when a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Fair value hedges
Changes in the fair value of fair value hedges are recognised in profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If a hedge no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised on the hedged item will be amortised over the remaining life of the hedged item.

Fair value estimation
The fair value of financial instruments not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, discounted cash flow models and comparison to quoted market prices or dealer quotes for similar instruments.

Section 1: About this report (continued)

1.2 Material accounting policies (continued)

Foreign currency transactions
Functional and presentational currency
The financial report is presented in Australian dollars (the presentation currency). Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional currency of the Company is Australian dollars.

Transactions and balances
Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date, with exchange gains and losses being recognised in the Statement of comprehensive income.

Other interest expense
Other interest expense includes interest expense of derivative financial instruments, facility, and collateral fees.

Operating expenses
Operating expenses are accrued or paid as incurred.

1.3 Critical judgements and estimates

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Critical judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Critical judgements, estimates and assumptions include but are not limited to:

Fair value of investments in financial assets and financial liabilities
The Company measures investments in some financial assets and some financial liabilities at fair value through profit or loss. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs. Further detail on the determination of fair values of financial instruments is set out in note 4.6.

Impairment of financial assets – ECL
The impairment provisions (individual and collective) are outputs of ECL models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. Elements of the ECL models that are considered accounting estimates and judgements include:
- the Company's internal grading which assigns PDs to the individual grades;
- the Company's criteria for assessing if there has been a significant increase in credit risk;
- development of ECL models, including the various formulas and choice of inputs; and
- determination of associations between macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Going Concern
The Company's management has assessed its ability to continue as a going concern and is satisfied that it has access to the resources to continue in business for the foreseeable future. In reaching this determination, management has had regard to the Company's ability to pays its debts as and when they fall due.

The Company had a net current asset deficiency of $82.6m as at 31 December 2023 (2022: $653.9m). The majority of the Company's payables are due to related parties and are payable on demand. Although the Company does not expect to be required to settle these obligations in the next 12 months, it does not have the unconditional ability to defer payment beyond 12 months if repayment is demanded. Accordingly, consistent with accounting standard requirements, where the Company does not have the unconditional ability to defer payment beyond 12 months, regardless of expectation, payables are classified as current. If the Company requires liquidity to settle upcoming liabilities, the Company will utilise proceeds from the sale of non-current assets such as Debt securities or Floating rate notes.

In addition to the considerations above, the Company has entered into arrangements with AMP Group Holdings Limited (AMPGH) whereby AMPGH will provide liquidity support, as may be required, (after taking into account all assets, liabilities and cashflow requirements of the Company) to ensure the Company is able to meet its liabilities (including contingent liabilities) at the time they become due and payable.

Section 2: Results for the year

This section provides insights into how the AMPGFS has performed in the current year and provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of AMPGFS.

- 2.1 Net interest income/(expense)
- 2.2 Taxes

2.1 Net interest income/(expense)

	31 Dec 2023	31 Dec 2022
Interest income	**$m**	$m
Interest income calculated using the effective interest method		
- Related parties	**0.2**	1.0
- Floating rate notes	**17.8**	4.4
- Negotiable certificates of deposit	**10.3**	3.1
- Other	**7.7**	2.9
Other interest income		
- Debt securities interest income	**8.0**	16.6
- Derivative interest income	**13.4**	10.8
Total interest income	**57.4**	38.8
Interest expense		
Interest expense calculated using the effective interest method		
- Related parties	**(1.7)**	(0.7)
- Other	**(2.3)**	(8.1)
Other interest expense		
- Derivative interest expense and other finance costs	**(26.5)**	(33.3)
Total interest expense	**(30.5)**	(42.1)
Net interest income/(expense)	**26.9**	(3.3)

Accounting policy – recognition and measurement

Interest income and interest expense
Interest income and interest expense for all financial instruments measured at amortised cost are recognised in the Statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, cash flows are estimated based upon all contractual terms of the financial instrument but do not consider future credit losses. The calculation includes all fees and other amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derivative financial instruments
Derivative financial instruments are measured at fair value. The interest component of the fair value is recognised as other interest income/other interest expense.

Section 2: Results for the year (continued)

2.2 Taxes

(a) Relationship between income tax and accounting profit or loss	**31 Dec 2023 $m**	31 Dec 2022 $m
Profit/(loss) for the year before income tax	**30.7**	(21.0)
Prima facie tax (expense)/benefit at 30% (2022: 30%)	**(9.3)**	6.3
Income tax (expense)/benefit per Statement of comprehensive income	**(9.3)**	6.3

(b) Analysis of deferred tax assets	**31 Dec 2023 $m**	31 Dec 2022 $m
Temporary difference[1]	**2.6**	0.1
Total deferred tax assets	**2.6**	0.1

1 Temporary difference is primarily due to movement in expected credit losses for the year ended 31 December 2023 (2022: Temporary differences due to unrealised movements on derivatives and interest-bearing liabilities).

(c) Amounts recognised directly in equity	**31 Dec 2023 $m**	31 Dec 2022 $m
Deferred income tax benefit/(expense) related to items taken directly to equity during the year	**0.1**	(0.3)

Accounting policy – recognition and measurement

Tax consolidation
AMP Limited, AMP Group Finance Services Limited, and other wholly owned controlled entities of AMP Limited, which are Australian domiciled companies, are a part of a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:

- current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
- deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as a related-party receivable or payable in the Statement of financial position. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense is the tax payable on taxable income for the current period based on the income tax rate and adjusted for changes in deferred tax assets and liabilities attributable to:

- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts,
- unused tax losses, and
- the impact of changes in the amount of the deferred tax assets and liabilities arising from changes in tax rates or the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

For items recognised directly in equity, the associated tax impacts are also recognised directly in equity.

Section 2: Results for the year (continued)

2.2 Taxes (continued)

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)

All revenues, expenses and assets are recognised net of any GST paid, except where they relate to products and services, which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the particular expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

Section 3: Receivables and payables

This section highlights AMPGFS receivables and payables which mostly relate to intercompany loans.

- 3.1 Receivables
- 3.2 Payables

3.1 Receivables

	31 Dec 2023 $m	31 Dec 2022 $m
Intercompany loan receivables	**175.6**	987.1
Other receivables[1]	**2.8**	68.9
Total receivables[2]	**178.4**	1,056.0

1 Includes collateral deposits of $nil (2022: $58.7m).

2 Receivables are presented net of ECL of $8.1m (2022: $0.2m).

Accounting policy – recognition and measurement

Receivables – related
All loans are financial assets initially recognised at fair value, net of directly attributable incremental transaction costs. After initial recognition, loans are subsequently measured at amortised cost, less any allowance for expected credit losses (ECLs).

For intercompany loans, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

For other receivables measured at amortised cost, the Company has applied the AASB 9's simplified approach and has calculated ECLs based on lifetime expected credit losses.

The majority of receivables are payable on demand; accordingly, the recoverable amount approximates fair value.

3.2 Payables

	31 Dec 2023 $m	31 Dec 2022 $m
Intercompany loan payables	**708.8**	1,142.6
Other payables	**0.7**	4.8
Total payables	**709.5**	1,147.4

Accounting policy – recognition and measurement

Payables
Payables include mainly loans from related parties and interest payable on derivative financial instruments. These are measured at amortised cost. Given the short-term nature of most payables, the nominal amount approximates fair value.

Section 4: Capital structure and financial risk management

This section provides information relating to:
- AMPGFS capital management and equity and debt structure; and
- exposure to financial risks – how the risks affect financial position and performance and how the risks are managed, including the use of derivative financial instruments.

The capital structure of AMPGFS consists of equity and debt. AMPGFS determines the appropriate capital structure in order to finance the current and future activities of AMPGFS. The capital position of the entity is managed as part of the broader AMP Group's enterprise risk management framework.

- 4.1 Contributed equity
- 4.2 Interest-bearing liabilities
- 4.3 Financial risk management
- 4.4 Derivatives and hedge accounting
- 4.5 Capital management
- 4.6 Fair value information

4.1 Contributed equity

Total issued capital	**31 Dec 2023 $m**	31 Dec 2022 $m
62 (2022: 62) fully paid ordinary shares	**776.0**	776.0
Balance at the end of the year	**776.0**	776.0

Issued capital	**31 Dec 2023 $m**	31 Dec 2022 $m
Balance at the beginning of the year	**776.0**	1,056.0
Capital return	**-**	(400.0)
Nil shares issued during the year (2022: 30)	**-**	120.0
Balance at the end of the year	**776.0**	776.0

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares entitle their holder to one vote per share, either in person or by proxy, at a meeting of the Company.

Accounting policy – recognition and measurement

Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received. Incremental costs directly attributable to the issue of certain new shares are recognised in equity as a deduction, net of tax, from the proceeds.

Section 4: Capital structure and financial risk management (continued)

4.2 Interest-bearing liabilities

(a) Interest-bearing liabilities	31 Dec 2023 $m	31 Dec 2022 $m
CHF Medium Term Notes[1]	**217.7**	584.2
Repurchase Agreement	**-**	146.6
Total interest-bearing liabilities	**217.7**	730.8

1 Senior Unsecured Fixed Rate Notes of CHF 140m were issued on 18 April 2019 and were subsequently increased by CHF 100m on 3 December 2019. These Notes were fully repaid in instalments of CHF 30m on 31 August 2022 and of CHF 210m on 18 July 2023 respectively. Senior Unsecured Fixed Rate Notes of CHF 175m were issued on 3 March 2020. These Notes were partially repaid in instalments of CHF 10m on 31 August 2022 and of CHF 39m on 7 December 2023 respectively. The remaining balance matures on 3 June 2024.

(b) Changes in interest-bearing liabilities arising from financing activities

	Interest-bearing liabilities	
	31 Dec 2023 $m	31 Dec 2022 $m
Balance at the beginning of the year	**730.8**	925.9
Cash flows from repayment of medium-term notes and loan facilities	**(361.5)**	(336.2)
Cash flows from (repayment)/issuance of repurchase agreement	**(146.6)**	146.6
Foreign exchange gains on subordinated debt not in a hedging relationship	**-**	(5.2)
(Gains)/losses on hedged medium term notes	**(4.6)**	14.4
Other	**(0.4)**	(14.7)
Balance at the end of the year	**217.7**	730.8

Accounting policy – recognition and measurement

Interest-bearing liabilities
All interest-bearing liabilities are financial liabilities and are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of comprehensive income over the period of the contract using the effective interest method.

It is AMP's policy to hedge currency and interest rate risk arising on interest-bearing liabilities. When fair value hedge accounting is applied, the carrying amounts of interest-bearing liabilities are adjusted for changes in fair value related to the hedged risk for the period that the hedge relationship remains effective. Any changes in fair value for the period are recognised in the Statement of comprehensive income. In cash flow hedge relationships, the interest-bearing liabilities are not revalued.

4.3 Financial risk management

Financial risk management (FRM) within AMPGFS is managed as part of the broader AMP group enterprise risk management framework. The AMP Limited Audit and Risk Committees, supported by the Group Asset and Liability Committee (Group ALCO), are responsible for ensuring financial risks are appropriately managed.

(a) Risks and mitigation
Financial risks arising in AMPGFS include market risk (interest rate risk, foreign exchange currency risk); liquidity and refinancing risk; and credit risk. These risks are managed according to the AMP Limited board approved risk appetite statement and individual policies for each risk category. This financial risk management includes the use of derivative financial instruments such as cross-currency and interest rate swaps, forward rate agreements, futures, options, and foreign currency contracts to hedge risk exposures arising from changes in interest rates and foreign exchange rates.

Section 4: Capital structure and financial risk management (continued)

4.3 Financial risk management (continued)

(b) Market risk
Market risk is the risk that the fair value of assets and liabilities, or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include foreign exchange rates, interest rates, credit spreads and other financial market variables. Market risk in AMPGFS arises from the management of long-term interest-bearing liabilities as well as from the investment of surplus liquidity in interest bearing securities.

Sections (c) and (d) below show how the profit after tax, and equity, would have been impacted by changes in market risk variables including interest rate risk and currency risk as defined in AASB 7 *Financial Instruments: Disclosures*. AMPGFS primarily invests in cash-like assets/short term deposits or debt securities. The interest rate risk sensitivity analysis shows the direct impact on the profit after tax or equity of a reasonably possible change in factors which affect the carrying value of financial assets and financial liabilities held at the end of the reporting period.

The sensitivity is required to show the impact of a reasonably possible change in market rate (it is not intended to illustrate a remote, worst case, stress test scenario nor does it represent a forecast. In addition, it does not include the impact of any mitigating management actions) over the period to the subsequent reporting date. During the period, the categories of risks for which sensitivity modelling has been prepared has expanded to include foreign currency risks. The methods used for deriving sensitivity information have not changed from previous periods.

(c) Interest rate risk
The analysis below includes financial instruments measured at fair value through profit or loss as well as those measured at amortised cost. Interest rate risk is the risk of an impact on AMPGFS's profit after tax and equity arising from fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

Interest rate risk arises primarily in relation to long-term interest-bearing liabilities and senior medium-term notes raised through Swiss franc denominated fixed-rate facilities. Interest rate risk is managed by entering floating-to-fixed interest rate swaps, which have the effect of converting interest-bearing liabilities from floating rates to fixed rates. Under the interest rate swaps, AMPGFS agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate risk sensitivity analysis
This analysis demonstrates the impact of a 100-basis point change in Australian interest rates, with all other variables held constant, on profit after tax and equity. It is assumed that all underlying exposures are included in the sensitivity analysis, that the 100-basis point change occurs as at the reporting date and that there are concurrent movements in interest rates and parallel shifts in the yield curves.

	2023	2023	2022	2022
Change in variables	**Impact on profit and loss after tax increase/(decrease) $m**	**Impact on equity increase/(decrease) $m**	**Impact on profit and loss after tax increase/(decrease) $m**	**Impact on equity increase/(decrease) $m**
-100 basis points	**0.1**	**0.1**	-	-
+100 basis points	**(0.1)**	**(0.1)**	-	-

(d) Currency risk
AMPGFS issues senior medium-term notes in Swiss francs, the foreign currency risks associated with these issuances are managed by entering into cross currency swaps. In addition, it enters foreign currency hedging transactions for various entities throughout the Group using various derivative instruments.

Foreign currency risk sensitivity analysis
This analysis demonstrates the impact of a +/- 10% change in foreign currency rates, with all other variables held constant, on profit after tax and equity. It is assumed that all underlying exposures are included in the sensitivity analysis and that the +/- 10 % change occurs as at the reporting date.

	2023	2023	2022	2022
Change in variables	**Impact on profit and loss after tax increase/(decrease) $m**	**Impact on equity increase/(decrease) $m**	**Impact on profit and loss after tax increase/(decrease) $m**	**Impact on equity increase/(decrease) $m**
10% appreciation of AUD	**24.9**	**24.9**	60.9	60.9
10% depreciation of AUD	**(30.4)**	**(30.4)**	(96.9)	(96.9)

Section 4: Capital structure and financial risk management (continued)

4.3 Financial risk management (continued)

(e) Liquidity and refinancing risk

Liquidity risk is the risk that the AMPGFS is not able to meet its debt obligations or other cash outflows as they fall due because of an inability to liquidate assets or obtain adequate funding when required. Refinancing risk is the risk that AMPGFS is not able to refinance the full quantum of its ongoing debt requirements on appropriate terms and pricing.

To ensure that AMPGFS has sufficient funds available, in the form of cash, liquid assets, borrowing capacity and un-drawn committed funding facilities to meet its liquidity requirements, Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the liquidity risk management policy approved by the Group ALCO.

Furthermore, AMPGH has entered into a Deed of Financial Support whereby AMPGH will provide financial support to the Company on the terms set out in the Deed to ensure that the Company is able to meet its financial obligations.

The following table summarises the maturity profiles of AMPGFS undiscounted financial liabilities at the reporting date. The maturity profiles for payables, collateral deposits held, interest-bearing liabilities are based on contractual undiscounted repayment obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

31 December 2023	**Up to 1 Year or no term**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$m	**$m**	**$m**	**$m**
Financial liabilities				
Payables	**709.5**	**-**	**-**	**709.5**
Collateral deposits held	**36.3**	**-**	**-**	**36.3**
Interest-bearing liabilities	**218.6**	**-**	**-**	**218.6**
Derivative financial instruments				
Interest rate swaps	**0.1**	**-**	**-**	**0.1**
Foreign currency forward contract	**11.6**	**-**	**-**	**11.6**
Total undiscounted financial liabilities[1]	**976.1**	**-**	**-**	**976.1**

31 December 2022	**Up to 1 Year or no term**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$m	**$m**	**$m**	**$m**
Financial liabilities				
Payables	1,147.4	-	-	1,147.4
Collateral deposits held	92.4	-	-	92.4
Interest-bearing liabilities	463.4	268.3	-	731.7
Derivative financial instruments				
Options	12.4	-	-	12.4
Interest rate swaps	-	21.1	-	21.1
Foreign currency forward contract	4.7	-	-	4.7
Total undiscounted financial liabilities[1]	1,720.3	289.4	-	2,009.7

1 The balances in the above table will not agree directly to the balances in the Statement of financial position as this table incorporates all cash flows on an undiscounted basis, related to both principal and future interest payments.

Section 4: Capital structure and financial risk management (continued)

4.3 Financial risk management (continued)

(f) Credit risk
Credit risk includes both settlement credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations due to a counterparty failing to meet their contractual commitments in full and on time (obligator's non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in the value of a traded financial instrument as a result of changes in credit risk on that instrument.

The AMP Group Wholesale Counterparty Credit Risk Policy sets out the assessment and determination of what constitutes credit concentration risk. The policy sets exposure limits based on each external counterparty's credit rating (unless special considerations are defined). Compliance with this policy is monitored and exposures and breaches are reported to senior management through periodic financial risk management reports. Concentration risk from related party counterparties is monitored on an ongoing basis to ensure the Company's exposures are within its risk appetite.

Credit risk directly and indirectly impacting shareholder capital is measured and managed by Group Treasury on a group basis, by aggregating risk from credit exposures taken in business units, as detailed below.

(i) Management of credit risk concentration
Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration of credit risk is managed through both aggregate credit rating limits and individual counterparty limits, which are determined predominantly on the basis of the counterparty's credit rating.

In relation to financial assets, other than amounts receivable from related parties in the AMP Group, counterparties to non-exchange traded contracts are limited to companies with investment grade credit (BBB- or greater) at the time of entering those contracts. The credit risks associated with these counterparties are assessed under the same management policies as applied to direct investments in AMP group's portfolio.

Amounts receivable from related parties in the AMP group are managed as part of the broader AMP Group Enterprise Risk Management Framework.

(ii) Exposure to credit risk
The exposures on interest bearing securities and cash equivalents which impact AMPGFS capital position are managed by Group Treasury within limits set by the AMP Group Wholesale Counterparty Credit Risk Policy.

(g) Derivative financial instruments
Derivative financial instruments are measured at fair value in the Statement of financial position as assets and liabilities. Asset and liability values on individual transactions are only netted if the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in values of derivative financial instruments are recognised in the Statement of comprehensive income, except those that qualify as effective cash flow hedges.

A description of each of these derivatives used by the Company from time to time is given below.

- Swaps – a swap transaction obliges the two parties to the contract to exchange a series of cash flows at specified payment or settlement dates. Swap transactions undertaken by the Company include interest-rate swaps, which involve the contractual exchange of fixed and floating interest rate payments in a single currency based on a notional amount and a reference rate (For example BBSW), and cross-currency swaps which involve the exchange of interest payments based on two different currency principal balances and reference interest rates, and generally also entail exchange of principal amounts at the start and/or end of the contract.

- Forward – these are agreements between two parties establishing a contractual interest rate on a notional principal over a specified period, commencing at a future date. Forward contracts are tailor-made agreements that are transacted between counter parties in the over-the-counter market (OTC), whereas futures are standardised contracts transacted on regulated exchanges.

- Options – these are contracts which offer the holder the right, but not the obligation, to buy or sell an asset at a specified price up to or on a specified date. The underlying asset may represent bonds, equities, currencies of interest rates. Options can be either tailer-made agreements or over-the-counter (OTC) contracts which are exchange traded.

Risks relating to derivative financial instrument are managed and controlled as an integral part of the financial risk of the AMP group. The credit risk of derivatives is also managed in the context of the AMP group's overall credit risk policies.

Collateral
AMPGFS has collateral arrangements in place with some counterparties in addition to collateral deposits held with respect to derivative contracts. Collateral generally consists of cash and is exchanged between the counterparties to reduce the exposure from the net fair value of derivative assets and liabilities between the counterparties. As at 31 December 2023, there was $36.3m of collateral deposits due to other financial institutions (2022: $92.4m) and $nil of collateral pledged due from other financial institutions (2022: $58.7m)

Master netting or similar agreements
Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA master agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all such outstanding transactions under that ISDA master agreement.

Section 4: Capital structure and financial risk management (continued)

4.3 Financial risk management (continued)

(g) Derivative financial instruments (continued)

An ISDA master agreement does not meet the criteria for offsetting in the Statement of financial position as the Company does not have any currently legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as a default.

As at 31 December 2023, if these netting arrangements were applied to the derivative portfolio, the derivative assets of $49.5m would be reduced by nil to the net amount of $49.5 and derivative liabilities of $1.2m would be reduced by nil to the net amount of $1.2m (31 December 2022: derivative assets of $100.7m would be reduced by nil to the net amount of $100.7m and derivative liabilities of $38.1m would be reduced by nil to the net amount of $38.1m).

4.4 Derivatives and hedge accounting

The Company is exposed to certain risks relating to its ongoing business operations. To mitigate the risks the Company uses derivative financial instruments such as cross-currency interest rate swaps. When the Company designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting, the hedges are classified as:

- Cash flow hedges; or
- Fair value hedges

Derivative financial instruments are held for risk and asset management purposes only and not for the purpose of speculation. Not all derivatives held are designated as hedging instruments. The Company's risk management strategy and how it is applied to manage risk is explained further in note 4.3.

(a) Hedging instruments
The following table sets out the notional amount of derivative instruments designated in a hedge relationship by relationship type as well as the related carrying amounts:

		Notional amount	Fair value Assets	Fair value Liabilities
2023		**$m**	**$m**	**$m**
Hedge type	**Hedging instrument**			
Fair value and cash flow	Cross-currency interest rate swaps	**191.2**	**26.1**	**-**
Total		**191.2**	**26.1**	**-**

		Notional amount	Fair value Assets	Fair value Liabilities
2022		**$m**	**$m**	**$m**
Hedge type	**Hedging instrument**			
Fair value and cash flow	Cross-currency interest rate swaps	552.7	30.9	-
Total		552.7	30.9	-

(b) Hedged items
The following table sets out the carrying amount of hedged items in fair value and cash flow hedge relationships, and the accumulated amount of fair value hedge adjustments in these carrying amounts. The Company does not hedge its entire exposure to a class of financial instruments, therefore the carrying amounts below do not equal the total carrying amounts disclosed in other notes.

2023	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$m	**$m**	**$m**	**$m**
Medium Term Notes	**-**	**217.7**	**-**	**26.3**

2022	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$m	**$m**	**$m**	**$m**
Medium Term Notes	-	584.2	-	31.0

Section 4: Capital structure and financial risk management (continued)

4.4 Derivatives and hedge accounting (continued)

Fair value and cash flow hedge relationships result in the following changes in value used as the basis for recognising hedge ineffectiveness for the year:

	2023 $m	2022 $m
(Loss)/gain on hedging instrument	**(4.7)**	11.0
Gain/(loss) on hedged items attributable to the hedged risk	**4.6**	(14.4)
Hedge ineffectiveness recognised in the Statement of comprehensive income	**(0.1)**	(3.4)

Derivative instruments accounted for as fair value hedges
Fair value hedges are used to protect against changes in the fair value of financial assets and financial liabilities due to movements in exchange rates and interest rates.

Hedge effectiveness is assessed by comparing the overall changes in the fair value of the hedging instrument against the changes in the fair value of the hedged items attributable to the hedged risks. The main potential source of ineffectiveness on fair value hedges is currency basis spread, which is included in the valuation of the hedging instrument but excluded from the value of the hedged item.

Derivative instruments accounted for as cash flow hedges
The Company is exposed to variability in future interest cash flows on non-trading assets and liabilities which bear interest at fixed and variable rates. The Company uses interest rate swaps to manage interest rate risks and many of the swaps are cash flow hedges for accounting purposes.

Methods used to test hedge effectiveness and establish the hedge ratio include regression analysis, and for some portfolio hedge relationships, a comparison to ensure the expected interest cash flows from the portfolio exceed those of the hedging instruments. The main potential source of hedge ineffectiveness from cash flow hedges is mismatches in the terms of hedged items and hedging instruments, for example the frequency and timing of when interest rates are reset.

During the year the Company recognised $nil (2022: $nil) due to ineffectiveness on derivative instruments designated as cash flow hedges.

The following table sets out the maturity profile of derivative instruments in a hedge relationship:

2023	**0 to 3 months $m**	**3 to 12 months $m**	**1 to 5 years $m**	**Over 5 years $m**	**Total $m**
Cross-currency interest rate swaps	**-**	**191.2**	**-**	**-**	**191.2**
Total	**-**	**191.2**	**-**	**-**	**191.2**

2022	**0 to 3 months $m**	**3 to 12 months $m**	**1 to 5 years $m**	**Over 5 years $m**	**Total $m**
Cross-currency interest rate swaps	-	302.2	250.5	-	552.7
Total	-	302.2	250.5	-	552.7

Section 4: Capital structure and financial risk management (continued)

4.5 Capital management

The Company manages its capital within the broader framework of the AMP Limited Group Capital Management Strategy. The primary capital management objective is to ensure the Company will be able to continue as a going concern while minimising excess capital through capital initiatives, such as dividends and returns of capital, where appropriate.

The Company's board monitors the Company's capital position. As the Company forms part of the AMP Limited Group, the Company's capital management policies and processes are determined in line with AMP Limited Group's Capital Management Strategy.

The Company's capital comprises issued capital, reserves and retained earnings and the movements in these balances are disclosed in the Statement of changes in equity.

To ensure that the Company has sufficient funds available, Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the liquidity risk management policy approved by the AMP Limited Board.

AMPGH has entered into a Deed of Financial Support whereby AMPGH will provide financial support to the Company on the terms set out in the Deed to ensure that the Company is able to meet its financial obligations. The Company is not subject to any externally imposed capital requirements.

Section 4: Capital structure and financial risk management (continued)

4.6 Fair value information

The following table shows the carrying amount and estimated fair values of financial instruments, including the levels in the fair value hierarchy.

31 December 2023	Carrying amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Financial assets measured at fair value					
Financial assets measured at fair value through profit and loss					
Debt securities	45.2	-	45.2		45.2
Derivative financial assets	49.5	-	49.5	-	49.5
Total financial assets measured at fair value	94.7	-	94.7	-	94.7
Financial assets not measured at fair value					
Financial assets measured at amortised cost					
Negotiable certificates of deposit	164.2	-	164.3	-	164.3
Floating rate notes	512.3	-	514.2	-	514.2
Promissory notes	250.0	-	250.0	-	250.0
Receivables	178.4	-	178.4	-	178.4
Total financial assets not measured at fair value	1,104.9	-	1,106.9	-	1,106.9
Financial liabilities measured at fair value					
Financial liabilities measured at fair value through profit and loss					
Derivative financial liabilities	11.7	-	11.7	-	11.7
Total financial liabilities measured at fair value	11.7	-	11.7	-	11.7
Financial liabilities not measured at fair value					
Financial liabilities measured at amortised cost					
Interest-bearing liabilities	217.7	215.9	-	-	215.9
Collateral deposits held	36.3	-	36.3	-	36.3
Payables	709.5	-	709.5	-	709.5
Total financial liabilities not measured at fair value	963.5	215.9	745.8	-	961.7
31 December 2022					
Financial assets measured at fair value					
Financial assets measured at fair value through profit and loss					
Debt securities	296.2	-	296.2	-	296.2
Derivative financial assets	100.8	-	100.8	-	100.8
Total financial assets measured at fair value	397.0	-	397.0	-	397.0
Financial assets not measured at fair value					
Financial assets measured at amortised cost					
Negotiable certificates of deposit	39.9	-	39.9	-	39.9
Floating rate notes	203.5	-	202.8	-	202.8
Promissory notes	350.0	-	350.2	-	350.2
Receivables	1,056.1	-	1,056.1	-	1,056.1
Total financial assets not measured at fair value	1,649.5	-	1,649.0	-	1,649.0
Financial liabilities measured at fair value					
Financial liabilities measured at fair value through profit and loss					
Derivative financial liabilities	38.2	-	38.2	-	38.2
Total financial liabilities measured at fair value	38.2	-	38.2	-	38.2
Financial liabilities not measured at fair value					
Financial liabilities measured at amortised cost					
Interest-bearing liabilities	730.8	588.3	146.6	-	734.9
Collateral deposits held	92.4	-	92.4	-	92.4
Payables	1,147.4	-	1,147.4	-	1,147.4
Total financial liabilities not measured at fair value	1,970.6	588.3	1,386.4	-	1,974.7

Section 4: Capital structure and financial risk management (continued)

4.6 Fair value information (continued)

The Company's methodology and assumptions used to estimate the fair value of financial instruments are described below:

Negotiable certificates of deposit (NCD), Floating rate notes and Promissory notes	The fair value of NCDs, floating rate notes and promissory notes represents the discounted amount of estimated future cash flows expected to be received, based on the maturity profile of the respective NCDs, floating rate notes and promissory notes. The fair value is the par value plus any accrued interest.
Receivables and payables	Receivables/payables primarily represents loans to/from entities within the AMP Limited Group. For balances receivable/payable on demand, the fair value is the outstanding balance. For balances not receivable/payable on demand, fair value is estimated with reference to a discounted cash flow model using discount rates appropriate for the respective counterparties and the terms to maturity.
Derivative financial assets and liabilities	The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices (current bid price or current offer price) at the reporting date. The fair value of financial instruments not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing models, forward pricing, swap models, discounted cash flow methods and comparison to quoted market prices or dealer quotes for similar instruments. The models use a number of inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying instruments. Some derivative contracts are significantly cash collateralised, thereby minimising both counterparty risk and the Company's own non-performance risk.
Interest-bearing liabilities	Interest-bearing liabilities comprise commercial paper, drawn liquidity facilities, various floating-rate and medium-term notes, and subordinated debt. The estimated fair value of interest-bearing liabilities is determined with reference to quoted market prices at the reporting date. For interest-bearing liabilities where quoted market prices are not available, a discounted cash flow model is used, based on a current yield curve appropriate for the remaining term to maturity. For short term interest-bearing liabilities, the par value is considered a reasonable approximation of the fair value.
Debt Securities	Debt securities comprise a portfolio of government and semi-government bonds. For debit securities with a maturity of less than 12 months, par value is considered a reasonable approximation of fair value.

The financial assets and liabilities measured at fair value are categorised using the fair value hierarchy which reflects the significance of inputs into the determination of fair value as follows:
- Level 1: the fair value is valued by reference to quoted prices and active markets for identical assets or liabilities;
- Level 2: the fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no significant transfers between Level 1 and Level 2 during the 2023 financial year.

Section 5: Other disclosures (continued)

This section includes disclosures other than those covered in the previous sections, required for AMPGFS to comply with the accounting standards and pronouncements.

- 5.1 Notes to the Statement of cash flows
- 5.2 Employee disclosures
- 5.3 Transactions with related parties
- 5.4 Auditor's remuneration
- 5.5 New accounting standards
- 5.6 Events occurring after the reporting date

5.1 Notes to the Statement of cash flows

	2023 $m	2022 $m
(a) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
- Cash at bank	**72.9**	45.1
- Short term deposits	**71.4**	252.6
Balance at end of the year	**144.3**	297.7

5.2 Employee disclosures

a) Key management personnel details

The following individuals were the key management personnel who held office during the year.

Blair Vernon (Chairman, appointed 2 June 2023)
James Georgeson (Chairman, resigned 13 January 2023)
Jason Bounassif (Director)
John O'Farrell (Director)
Peter Fredricson (Chairman, appointed 13 January 2023 and resigned 2 June 2023)

b) Transactions with key management personnel

The Company has no direct employees.

No director was paid any remuneration by the Company or on behalf of the Company in exchange for services rendered to the Company.

Section 5: Other disclosures (continued)

5.3 Transactions with related parties

The Company has transactions with related parties including controlled entities and associated entities. Most of those related party activities are provision of inter-company loans to companies within the AMP group. Other related party transactions are in respect of administrative services provided by fellow controlled entities in the AMP group.

(a) Balances with related parties

	Amounts owed by related parties		Amounts owed to related parties		Derivative assets		Derivative liabilities	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Related parties of AMPGFS	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
AMP Limited	**-**	281.9	**249.9**	350.0	**-**	2.6	**10.6**	-
AMP Group Holdings Limited[1]	**-**	350.0	**119.8**	190.3	**-**	-	**-**	-
AMP Group Services Ltd	**-**	-	**9.8**	-	**-**	-	**-**	-
AMP Finance Services Limited	**-**	-	**-**	10.2	**-**	-	**-**	-
AMP Services Limited[2]	**400.8**	704.1	**-**	-	**-**	-	**-**	-
AMP Holdings Limited	**-**	-	**-**	91.0	**-**	-	**-**	-
AMP Wealth Mgt Holding Pty Ltd	**-**	-	**11.4**	257.8	**-**	-	**-**	-
AMP Heritage Holding Pty Ltd	**-**	-	**10.7**	-	**-**	-	**-**	-
AMP Financial Planning	**-**	-	**41.0**	-	**-**	-	**-**	-
AMP Planner Register	**-**	-	**12.0**	-	**-**	-	**-**	-
AMP Superannuation Limited	**-**	-	**5.3**	-	**-**	-	**-**	-
INSSA Pty Limited	**-**	-	**2.9**	2.8	**-**	-	**-**	-
AWM Services Pty Ltd	**-**	-	**10.0**	19.9	**-**	-	**-**	-
AMP Advice Holdings Pty Ltd	**-**	-	**17.3**	17.3	**-**	-	**-**	-
Collimate Capital Limited	**6.2**	-	**-**	-	**-**	-	**-**	-
NMFM (Global) Ltd	**-**	-	**0.7**	-	**-**	-	**-**	-
AMPCI International Holdings Ltd	**17.6**	-	**-**	-	**-**	-	**-**	-
AMP Capital Finance Ltd	**-**	-	**111.8**	105.0	**-**	-	**-**	-
NMFM Limited	**-**	-	**44.4**	44.6	**-**	-	**-**	-
AMP Bank Limited	**1.0**	1.0	**-**	-	**-**	-	**-**	-
Genesys Group Holdings	**-**	-	**2.8**	2.8	**-**	-	**-**	-
Genesys Group Pty Ltd	**-**	-	**2.1**	2.1	**-**	-	**-**	-
Quadrant Securities Pty Ltd	**-**	-	**-**	2.9	**-**	-	**-**	-
Associated Planners Fin Srv PL	**-**	-	**0.5**	22.6	**-**	-	**-**	-
Charter Financial Planning Ltd	**-**	-	**20.5**	-	**-**	-	**-**	-
IPAC Group Services P/L	**-**	-	**35.9**	12.6	**-**	-	**-**	-
SMSF Advice Pty Ltd	**-**	-	**-**	1.7	**-**	-	**-**	-
Pajoda	**-**	-	**-**	6.1	**-**	-	**-**	-
Wealth Vision Financial Services	**-**	-	**-**	2.8	**-**	-	**-**	-
Total	**425.6**	1,337.0	**708.8**	1,142.6	**-**	2.6	**10.6**	-

1 The amount of $350.0m as at 31 December 2022 related to Promissory Notes issued by AMPGFS to AMP Group Holdings Limited as per Statement of financial position.

2 The amount of $250.0m relates to Promissory Notes issued by AMPGFS to AMP Services as per Statement of financial position.

Section 5: Other disclosures (continued)

5.3 Transactions with related parties (continued)

(b) Income and expense transactions with related parties

	Interest income from related parties		Other income from related parties		Interest expense to related parties		Derivative (losses)/gains from related parties	
Related parties of AMPGFS	**2023 $m**	2022 $m	**2023 $m**	2022 $m	**2023 $m**	2022 $m	**2023 $m**	2022 $m
AMP Limited	**-**	0.1	**-**	-	**-**	-	**(12.0)**	2.6
AWM Services Pty Ltd	**-**	-	**-**	-	**(0.1)**	(0.2)	**-**	-
AMP Advice Holdings Pty Ltd	**-**	-	**-**	-	**-**	-	**-**	-
AMP Capital Finance Ltd	**0.2**	0.9	**1.2**	2.2	**-**	-	**-**	-
NMFM Limited	**-**	-	**-**	-	**(1.6)**	(0.5)	**-**	-
AMP Bank Limited	**-**	-	**-**	-	**-**	-	**-**	-
IPAC Asset Management Ltd	**-**	-	**-**	-	**-**	-	**-**	-
Total	**0.2**	1.0	**1.2**	2.2	**(1.7)**	(0.7)	**(12.0)**	2.6

5.4 Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2023 and 31 December 2022 was paid on behalf of AMP Group Finance Services Limited by AMP Services Limited, a related entity within the AMP group.

5.5 New accounting standards

A number of new accounting standards' amendments have been adopted effective 1 January 2023. These have not had a material effect on the financial position or performance of the Company.

5.6 Events occurring after the reporting date

As at the date of this report and except as otherwise disclosed, the directors are not aware of any other matters or circumstances that have arisen since the reporting date that have significantly affected, or may significantly affect, the Company's operations; the results of those operations; or the Company's state of affairs in future periods.

AMP Group Finance Services Limited

Directors' declaration

for the year ended 31 December 2023

In accordance with a resolution of the directors of AMP Group Finance Services Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that AMP Group Finance Services Limited will be able to pay its debts as and when they become due and payable.

(b) in the opinion of directors, the financial statements and notes of AMP Group Finance Services Limited for the financial year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements of AMP Group Finance Services Limited for the financial year ended 31 December 2023 include an explicit and unreserved statement of compliance with International Financial Reporting Standards, as set out in note 1.1 to the financial statements.

……………………………………………………….......
Director

Sydney, 22 March 2024

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Independent auditor's report to the members of AMP Group Finance Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of AMP Group Finance Services Limited (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of Derivatives

Why significant	How our audit addressed the key audit matter
As at 31 December 2023, the derivatives asset balance is $49.5m and the derivative liability balance is $11.7m. As per note 4.4 in the financial statements, the hedged cross-currency swap had a fair value of $26.1m. To manage risks such as interest rate risk and foreign currency risk, to which the Company is exposed through its ongoing business operations, the Company uses derivative financial instruments. Some of these derivatives are designated to be a part of a hedge relationship and hedge accounting is applied. As there is inherent complexity related to valuation of derivatives, we have concluded it to be a key audit matter.	Our audit procedures included the following: • In conjunction with our valuation specialists, we have performed an independent valuation for a sample of derivatives; • Assessed the Company's methodology and inputs to the valuation of derivatives; and • Assessed the adequacy of the disclosures included in the notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon,

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Building a better working world

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

Anita Kariappa

Anita Kariappa
Partner
Sydney
22nd March 2024