# AMP Group Holdings Limited

**ABN 88 079 804 676**

# Annual Report
# for the year ended
# 31 December 2023

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## for the year ended 31 December 2023

# Contents

## About the Directors' report

This directors' report provides information on the structure and progress of our business, our 2023 financial performance and our strategies and prospects for the future. It covers AMP Group Holdings Limited ("the Company" or "AMPGH") and the entities ("the AMPGH group") it controlled during the year ended 31 December 2023.

All figures are in Australian dollars ($) unless otherwise stated.

**Board of Directors**

The directors of AMPGH during the year ended 31 December 2023 and up to the date of this report are listed below. Directors were in office for this entire period except where stated otherwise:

| | |
|---|---|
| Blair Vernon | Chairman, appointed on 2 June 2023 |
| David Cullen | Director |
| James Georgeson | Chairman, resigned on 13 January 2023 |
| Jason Bounassif | Director |
| John O'Farrell | Director |
| Peter Fredricson | Chairman, appointed on 13 January 2023 and resigned on 2 June 2023 |

## Operating and financial review

### Principal activities

AMPGH is a wholly owned controlled entity of AMP Limited ("AMP") and is the holding company of the majority of the controlled entities of the AMP Limited group ("AMP group"), except AMP Bank which is wholly owned by AMP Limited.

The AMPGH group provides superannuation, retirement and financial advice services in Australia and New Zealand.

For the purposes of this report, the AMPGH group is divided into four operating business units: Platforms, Master Trust, Advice and New Zealand Wealth Management.

**AMPGH's Platforms** business is a leading provider of superannuation, retirement and investment solutions, enabling advisers and their clients to build a personalised investment portfolio on AMPGH's flagship North platform.

**AMPGH's Master Trust,** SignatureSuper, is one of the largest retail Master Trusts in Australia, providing superannuation and pension solutions to individuals and through workplace super.

**Advice** provides professional services to a network of aligned and Independent Financial Advisers (IFAs). These advisers provide financial advice and wealth solutions to their clients, including retirement planning, investments and financing. In addition to supporting this network of advisers, the Advice business partners with a number of advice practices via equity ownership to support their growth.

**New Zealand Wealth Management** provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments and general insurance. It also operates a wholly owned distribution business operating under the AdviceFirst and enable.me brands.

In addition to these operating business units, AMPGH also holds several strategic partnerships and other retained interests including:

- 14.97% of China Life AMP Asset Management Company Ltd (CLAMP), and
- 23.27% in US real estate investment manager, Pacific Coast Capital Partners LLC (PCCP).

## Completion of Sale of AMP Capital

### Domestic real estate and infrastructure equity business

Further to AMP's announcement of the first stage completion of the sale and transfer of the AMP Capital real estate and domestic infrastructure equity business to Dexus Funds Management Ltd (Dexus) in March 2023, AMP confirmed final completion of the transaction occurred on 30 November 2023 and AMP received the remaining $50.0m of the $225.0m base purchase price.

### International infrastructure equity business

On 3 February 2023, AMP announced the completion of the sale and transfer of AMP Capital's international infrastructure equity business to DigitalBridge Group, Inc. (DigitalBridge). The total consideration received was $520.0m.

The completion of the sale of the domestic real estate and domestic and international infrastructure equity businesses supports the delivery of AMP's strategic objective to simplify its portfolio and focus on its core businesses in Australia and New Zealand.

## Settlement of Financial adviser class action

### Financial adviser class action

On 23 November 2023, AMP announced that an agreement had been reached to settle the class action brought on behalf of certain advice practices authorised by AMP Financial Planning Pty Limited as of 8 August 2019. The settlement is for a total sum of $100m, inclusive of costs and interest, without admission of liability, and subject to the finalisation and execution of a deed of settlement and approval by the Federal Court of Australia (the Court). The settlement covers the class action in its entirety, including for those parts of the proceeding about which there has been no judgment. Approval by the Court is expected in 1H 24.

## Review of operations and results

The profit attributable to the shareholders of AMPGH for the full year ended 31 December 2023 was $128.0m (FY22: $114.0m).

## 2023 Business unit overview

### Platforms

NPAT (underlying) of $90.0m increased by $25.0m (38.5%) on FY22, predominantly driven by favourable North Guarantee valuations movements arising from higher equity markets and higher investment income, partly offset by higher controllable costs to support business growth.

Net cash inflows of $1,401.0m (FY22: $2,532.0m) were impacted by cyclical factors and economic conditions. This was particularly evident in the IDPS segment with cost-of-living pressures and higher interest rates impacting flows. AUM based revenue compared to average AUM of 47bps in FY23 was lower by 1bp compared to FY22, reflecting pricing changes from simplification.

The strategic focus on Independent Financial Advisers (IFAs) continues, with 31% of inflows to North now from IFAs, and with IFA inflows increasing by 33% since FY22. Average AUM of $68.1b was $1.8b higher than FY22 at $66.3b, with continued growth in managed portfolios where AUM now exceeds $13b.

### Master Trust

NPAT (underlying) of $53.0m is in line with FY22, driven by lower controllable costs, partly offset by the impact on revenue following the simplification of investment options and lower average AUM. Negative net cashflows included the impact of a $4.3b mandate loss.

AUM based revenue compared to average AUM of 64bps in FY23 was lower by 3bps compared to FY22, driven by investment simplification. Master Trust's ongoing simplification initiatives are driving a lower controllable cost base (down 11% on FY22), as well as enabling competitive pricing for members.

### Advice

The improvement of the Advice business continues, with NPAT losses (underlying) of $47.0m reduced by $21.0m (30.9%) from FY22, driven by continued focus on cost efficiency, with a $21.0m (15.2%) reduction in controllable costs. An 88.9% improvement in variable costs from FY22 was driven by factors including the restructuring of the equity portfolio.

The quality of the AMP Advice Network remains high with 51% of practices generating over $1.0m of revenue. Adviser satisfaction with licensee services also improved to 81% in the period, up from 68% at FY22.

### New Zealand Wealth Management

NPAT (underlying) of $34.0m in FY23 is $2.0m higher than FY22. Lower AUM based revenue in FY23, as a result of divesting legacy AUM revenue lines, has been offset by growth in non-AUM revenue. Net cash outflows of $160.0m are $34.0m higher than cash outflows of $126.0m in FY22, with net outflows in wealth management products (-$304.0m) being offset by improved KiwiSaver cashflows (+$144.0m), reflecting new member and contribution growth.

During the period, the acquisition of enable.me, a financial advice and coaching business, further diversified non-AUM based revenue in New Zealand.

### Strategic partnerships

Lower strategic partnerships earnings due to lower PCCP sponsor valuations impacted by US real estate.

## Capital management and dividend

**Capital Management**
Equity and reserves of the AMPGH attributable to shareholders of AMPGH was $1,669.0m as at 31 December 2023 ($2,814.1m as at 31 December 2022).

**Dividend and capital return**
AMPGH paid dividends of $635.1m (2022: $0.1m) and returned capital of $607.0m (2022: $370.0m) during the year ended 31 December 2023.

## Strategy and future prospects

AMPGH strategy was updated in February 2024 to reflect the progress made to reposition and simplify the business. The strategy focuses on three key themes:

**Drive business line profitability and positive customer experience**

– Drive performance across AMP's operating business units and refine retirement solutions in Platforms and Master Trust to solidify AMPGH's position in the retirement space.

**Efficient capital, cost and balance sheet management**

– Right size corporate costs, deliver on business simplification program, maintain disciplined capital management, reduce net debt as appropriate and return surplus capital to shareholders.

**Create new revenue sources and lasting points of differentiation**

– Expand on channel opportunities and extend retirement product innovation.

**Strategic priorities for 1H 24**

AMPGH's strategic priorities for 1H 24 align to these themes. Key focus areas include: Continuing to target reaching breakeven in Advice; refining the retirement product offer in Master Trust; continuing to deliver against controllable cost targets; investing in IFA sales and service in Platforms; and maintaining performance in New Zealand.

# Managing our key risks

AMPGH's approach to achieving its strategic objectives is to take measured risks within our risk appetite. AMPGH has a clear strategic plan to drive our business forward and an Enterprise Risk Management framework to identify, measure, control and report risks.

### Enterprise Risk Management framework

Effective risk management is fundamental to understanding and responding to changes in AMPGH's operating environment, enabling us to achieve our purpose and strategic objectives. Risk management is a responsibility of all AMPGH employees and is reflected in many of AMPGH's values – own it, be brave, do the right thing, and put customers first.

AMPGH has adopted AMP's risk management framework. AMP's risk management framework provides the foundation for how risks are managed across AMP and enables AMP to meet its legislative and regulatory requirements, codes and ethical standards, as well as internal policies and procedures. It includes the following key components:

**– Strategy and business plans covering the whole of AMP**
**– Risk management strategy**
**– Risk appetite statement**
**– Supporting policies and practices**
**– Performance management**

By establishing the principles, requirements, roles and responsibilities for management of risk across AMP, the framework ensures all employees have clarity on how risks are to be managed to fulfil the obligations to key stakeholders, including customers, shareholders and regulators.

Risk is also integrated into performance management at AMPGH, and employees are assessed twice-yearly on 'respecting risk'.

The risk appetite statement articulates the level of risk the board is willing to accept to ensure the effective delivery of AMPGH's strategic objectives. There is clear alignment between AMPGH's corporate strategy and the risk appetite of the AMPGH Board, to ensure that decisions made are consistent with the nature and level of risk the board and management are willing to accept.

### Key business challenges

AMPGH is focused on delivering on its strategy, and in doing so remains conscious of various challenges affecting the financial services industry. These include, but are not limited to, the following (listed in alphabetical order):

### Business, employee and business partner conduct

The conduct of financial institutions remains an area of significant focus for the financial services industry both globally and in Australia and New Zealand. AMPGH devotes significant effort to ensure that our business practices, management, staff or business partner behaviours adequately meet the expectations of regulators, customers and the broader community, and do not result in an adverse impact on our reputation and value proposition to customers.

Our Code of Conduct outlines how AMPGH seeks to conduct its business and how it expects people to conduct themselves. The principles that define the high standards outline the behaviour and decision-making practices, including how we treat our employees, customers, business partners and shareholders. We are committed to ensuring the right culture is embedded in our everyday practices.

AMPGH embraces a safe and respectful work environment that encourages our people to report issues or concerns in the workplace. Directors, employees (current and former), contractors, service providers or any relative or dependents of any of these people can utilise AMP's whistleblowing program to report conduct or unethical behaviours.

### Climate change

AMPGH, its customers and its external suppliers may be adversely affected by physical and transition risks associated with climate change. These effects may directly impact AMPGH and its customers on a range of physical, financial and legal risks to our business, the investments we manage on behalf of our customers and the wider community.

Initiatives to mitigate or respond to adverse impacts of climate change may in turn impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes.

AMPGH's approach to managing climate-related risks and opportunities is detailed in AMP's annual Sustainability report, informed by key pillars of the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

In 2023, AMP retained an A-Leadership Rating (second highest rating available) in the annual CDP investor disclosure program, indicating leadership in our management of climate related risks and opportunities. AMP has been carbon neutral across its operations since 2013 to address the direct impacts of our business activities.

### Competitor and customer environment

The financial services industry, as well as the community in Australia and New Zealand more broadly, have faced various challenges throughout 2023, including natural disasters and economic uncertainty. Customer expectations are evolving which is intensifying competition within wealth management. Furthermore, as economic uncertainty prevails, it is affecting the performance of assets under management across the industry. AMP continues to adapt its capabilities and operating model in order to remain competitive and relevant to customers.

In 2023, AMPGH continued to deliver on its strategy to reposition AMPGH as a simpler, purpose-led, customer-focused business in its core markets of wealth management. Notable strategic developments included completion of the sale of the AMP Capital real estate and domestic infrastructure equity business to Dexus Funds Management, the announcement AMP's first-to market retirement solution recognised globally as winner of the Pension Fund Design and Reform Award at the World Pension Summit.

### Cyber security threats, fraud and scam threats

Cyber risk, as well as fraud and scams, remain a threat in a rapidly changing technological and digital environment. AMPGH is committed to continually uplifting its response to these risks. We are uplifting cyber resilience through preventing, detecting, and responding to cyber incidents. We also continually monitor potential fraud and scams in order to identify and address them as early as possible.

AMP's Cyber Defence Centre uses industry best practices, advanced technologies and intelligence sharing arrangements with Australian Government and industry entities to uplift AMP's cyber defences, enhance situational awareness and mitigate malicious threats. The AMP Cyber Team recognises that the education and awareness of employees are critical to maintaining the security of customer data, and conducted ~40 educational seminars for employees on cyber security awareness, threats and responses.

The Cyber Team broadened its reach to include financial advisers, with a dedicated cyber policy, improved training materials, and awareness campaigns. While AMP continues to demonstrate maturity uplifts against the National Institute of Standards and Technology (NIST) Cyber Security Framework and improve its overall control effectiveness, cyber security threats remain a key risk given the evolving nature of the threat.

### Operational risk environment

Operational risk exposures for AMPGH relate to losses resulting from inadequate or failed internal processes, people and systems or from external events. These include, but are not limited to, information technology, human resources, internal and external fraud and scams, money laundering and counter-terrorism financing, bribery and corruption. This environment will be further stressed by the other key business challenges included in this section.

Employee retention and key person risk are key operational risks for AMPGH, and these are currently elevated across financial services as a whole due to low unemployment and a competitive talent market. We are committed to mitigating operational risk by reducing operational complexity and strengthening risk management, internal controls and governance. We continue reshaping the adviser network and simplifying superannuation products and investment options, and our corporate structure.

The AMPGH operational risk profile reflects these exposures and the financial statements of AMPGH contain certain provisions and contingent liability disclosures for these risks in accordance with applicable accounting standards.

### Organisational change

Changes were made throughout the year to continue to simplify the operating model of the business.

There is always a risk that business momentum is lost while organisational change is implemented. There is a risk that the extended period of change may have an adverse impact on employees causing a strain to deliver on our strategy and transformation initiatives. These risks will be mitigated by maintaining leadership and performance focus on the business.

AMPGH continues to invest in adopting new ways of working to drive efficiency and improve its practices to increase accountability and build on core strengths. We recognise that failure to execute appropriately on the implementation of these changes can increase the risks of disruption to AMPGH's business operations.

### Regulatory environment

AMPGH operates in Australia and New Zealand, with their own legislative and regulatory requirements. AMPGH continues to anticipate upcoming changes to these requirements.

AMPGH continues to respond and adjust its business processes for any changes. However, failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on the performance of its businesses and achieving its strategic objectives. AMPGH is committed to continually strengthening its risk management practices, its control environment and enhancing its compliance systems across its businesses.

AMPGH's internal policies, frameworks and procedures seek to ensure any changes in our regulatory obligations are complied with. Compliance, legal and regulatory risk that results in breaches is reported to AMPGH management committees and regulators.

This is managed in accordance with internal policies. Regulatory consultations and interactions are reported and monitored as part of AMPGH's internal risk and compliance reporting process. AMPGH actively participates in these interactions and cooperates with all regulators to resolve such matters.

## The Environment

In the normal course of its business operations, AMPGH is subject to a range of environmental regulations of which there have been no material breaches during the year. You can find a review of AMP's 2023 sustainability performance in AMP's 2023 Sustainability report at corporate.amp.com.au/about-amp/corporate-sustainability, as well as further information on AMP's environmental policy and activities.

## 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 AMPGH group's operations; the results of those operations; or the AMPGH group's state of affairs in future periods.

## 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 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 or on behalf of the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2023, AMP Limited (the Company's 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, the Company has entered into deeds of indemnity, insurance and access with current and former directors and secretaries of the Company, directors of other subsidiaries of AMP Limited and secretaries of other AMP group companies. Those deeds provide that:

- those officers will have access to board papers and specified records of any AMP group company of which they are an officer (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);
- the Company indemnifies the 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 an 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.

## Auditor's independence declaration to the directors of AMP Group Holdings Limited

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

## Rounding

In accordance with the Australian Securities and Investments Commission Corporations Instrument 2016/191, amounts in this directors' report and the accompanying financial report have been rounded off to the nearest hundred thousand Australian dollars, unless stated otherwise.

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 Holdings Limited

As lead auditor for the audit of the financial report of AMP Group Holdings 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.

This declaration is in respect of AMP Group Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Sarah Lowe
Partner
22 March 2024

# Consolidated income statement

for the year ended 31 December 2023

| | Note | 2023 $m | 2022[1] $m |
|---|---|---|---|
| Fee revenue | | **1,372.0** | 1,401.9 |
| Interest income using the effective interest method | | **33.6** | 10.6 |
| Share of profit from associates | 5.3 | **37.3** | 33.0 |
| Movement in guarantee liabilities | | **32.2** | 20.5 |
| Other income | | **121.9** | 76.7 |
| **Total revenue** | | **1,597.0** | 1,542.7 |
| Fee and commission expenses | | **(669.5)** | (674.7) |
| Staff and related expenses | | **(477.4)** | (520.1) |
| Finance costs | | **(45.1)** | (58.5) |
| Other operating expenses | 1.1 | **(487.3)** | (544.2) |
| Other investment losses | | **(20.9)** | (35.2) |
| **Total expenses** | | **(1,700.2)** | (1,832.7) |
| **Loss before tax** | | **(103.2)** | (290.0) |
| Income tax benefit | 1.2(a)(b) | **15.3** | 40.6 |
| **Loss after tax from continuing operations** | | **(87.9)** | (249.4) |
| **Profit from discontinued operations** | 5.2 | **215.9** | 363.4 |
| **Profit for the year** | | **128.0** | 114.0 |
| **Profit attributable to:** | | | |
| Shareholders of AMP Group Holdings Limited | | **128.0** | 113.9 |
| Non-controlling interests | | **-** | 0.1 |
| **Profit for the year** | | **128.0** | 114.0 |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.

# Consolidated statement of comprehensive income

for the year ended 31 December 2023

| | Note | 2023 $m | 2022[1] $m |
|---|---|---|---|
| **Loss after tax from continuing operations** | | **(87.9)** | (249.4) |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Cash flow hedges | | | |
| - net (loss)/gain on cash flow hedges | | **(0.2)** | 1.3 |
| - tax effect on cash flow hedge loss/(gain) | | **0.1** | (0.4) |
| | | **(0.1)** | 0.9 |
| Translation of foreign operations and revaluation of hedge of net investments | | | |
| - gain recognised on translation of foreign operations and revaluation of hedge of net investments | | **0.7** | 25.6 |
| | | **0.7** | 25.6 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Defined benefit plans | | | |
| - actuarial loss | 4.1(a) | **(12.5)** | (0.7) |
| - tax effect on actuarial loss | | **3.8** | 0.2 |
| | | **(8.7)** | (0.5) |
| **Other comprehensive (loss)/income for the year from continuing operations** | | **(8.1)** | 26.0 |
| **Total comprehensive loss for the year from continuing operations** | | **(96.0)** | (223.4) |
| **Profit for the year from discontinued operations** | 5.2 | **215.9** | 363.4 |
| **Other comprehensive loss for the year from discontinued operations** | 5.2 | **(7.0)** | (11.5) |
| **Total comprehensive income for the year** | | **112.9** | 128.5 |
| **Total comprehensive income attributable to shareholders of AMP Group Holdings Limited** | | **112.9** | 128.4 |
| Total comprehensive income attributable to non-controlling interests | | - | 0.1 |
| **Total comprehensive income for the year** | | **112.9** | 128.5 |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.

# Consolidated statement of financial position

as at 31 December 2023

| | Note | 2023 $m | 2022 $m |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | **628.8** | 964.5 |
| Receivables | 2.4 | **385.4** | 1,077.2 |
| Investments in other financial assets | 2.1 | **1,324.1** | 1,242.5 |
| Intercompany tax receivable | | **425.8** | 383.3 |
| Current tax assets | | **4.9** | 7.2 |
| Assets held for sale[1] | | **-** | 692.0 |
| Investments in associates | 5.3 | **316.7** | 323.5 |
| Right of use assets | 6.3(a) | **328.8** | 395.6 |
| Deferred tax assets | 1.2(c) | **279.3** | 293.3 |
| Intangibles | 2.2 | **193.6** | 186.0 |
| Other assets | 2.3 | **45.8** | 63.2 |
| Defined benefit plan asset | 4.1(a) | **-** | 12.4 |
| **Total assets** | | **3,933.2** | 5,640.7 |
| **Liabilities** | | | |
| Payables | 2.5 | **656.4** | 436.6 |
| Intercompany tax payable | | **79.5** | 106.5 |
| Current tax liabilities | | **-** | 0.5 |
| Employee benefits | | **122.7** | 161.2 |
| Other financial liabilities | 2.1 | **206.4** | 319.1 |
| Liabilities held for sale[1] | | **-** | 138.3 |
| Provisions | 6.4 | **397.0** | 296.4 |
| Interest-bearing liabilities | 3.2(a) | **217.7** | 730.8 |
| Lease liabilities | 6.3(b) | **535.6** | 568.8 |
| Deferred tax liabilities | 1.2(c) | **16.1** | 4.0 |
| Guarantee liabilities | | **32.2** | 64.4 |
| Defined benefit plan liabilities | 4.1(a) | **0.6** | - |
| **Total liabilities** | | **2,264.2** | 2,826.6 |
| **Net assets** | | **1,669.0** | 2,814.1 |
| **Equity** | | | |
| Contributed equity | 3.1 | **8,550.7** | 9,157.7 |
| Reserves | | **103.7** | 109.1 |
| Retained earnings | | **(6,985.4)** | (6,452.7) |
| **Total equity of shareholders of AMP Group Holdings Limited** | | **1,669.0** | 2,814.1 |
| Non-controlling interests | | **-** | - |
| **Total equity of shareholders of AMP Group Holdings Limited and non-controlling interests** | | **1,669.0** | 2,814.1 |

1 Assets and liabilities held for sale as at 31 December 2022 included AMP Capital's real estate and infrastructure equity businesses.

# Consolidated statement of changes in equity

for the year ended 31 December 2023

| | Equity attributable to shareholders of AMP Group Holdings Limited | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Contributed equity $m** | Demerger reserve $m | Share-based payment reserve $m | Capital profits reserve[1] $m | Cash flow hedge reserve $m | Foreign currency translation and hedge of net investments reserves $m | **Total reserves $m** | **Retained earnings $m** | **Total shareholder equity $m** | **Non-controlling interest $m** | **Total equity $m** |
| **2023** | | | | | | | | | | | |
| Balance at the beginning of the year | **9,157.7** | **-** | **81.7** | **(31.5)** | **0.2** | **58.7** | **109.1** | **(6,452.7)** | **2,814.1** | **-** | **2,814.1** |
| Retained earnings adjustments[2] | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(16.9)** | **(16.9)** | **-** | **(16.9)** |
| **Restated balance at the beginning of the year** | **9,157.7** | | **81.7** | **(31.5)** | **0.2** | **58.7** | **109.1** | **(6,469.6)** | **2,797.2** | | **2,797.2** |
| Loss from continuing operations | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(87.9)** | **(87.9)** | **-** | **(87.9)** |
| Profit from discontinued operations | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **215.9** | **215.9** | **-** | **215.9** |
| Other comprehensive (loss)/income from continuing operations | **-** | **-** | **-** | **-** | **(0.1)** | **0.7** | **0.6** | **(8.7)** | **(8.1)** | **-** | **(8.1)** |
| Other comprehensive loss from discontinued operations | **-** | **-** | **-** | **-** | **-** | **(7.0)** | **(7.0)** | **-** | **(7.0)** | **-** | **(7.0)** |
| Total comprehensive income | **-** | **-** | **-** | **-** | **(0.1)** | **(6.3)** | **(6.4)** | **119.3** | **112.9** | **-** | **112.9** |
| Share-based payment expense | **-** | **-** | **6.3** | **-** | **-** | **-** | **6.3** | **-** | **6.3** | **-** | **6.3** |
| Shares purchases | | **-** | **(3.0)** | **-** | **-** | **-** | **(3.0)** | **-** | **(3.0)** | **-** | **(3.0)** |
| Capital reduction[3] | **(607.0)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(607.0)** | **-** | **(607.0)** |
| Dividends paid | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(635.1)** | **(635.1)** | **-** | **(635.1)** |
| Sales and acquisitions of non-controlling interests | **-** | **-** | **-** | **(2.3)** | **-** | **-** | **(2.3)** | **-** | **(2.3)** | **-** | **(2.3)** |
| **Balance at the end of the year** | **8,550.7** | **-** | **85.0** | **(33.8)** | **0.1** | **52.4** | **103.7** | **(6,985.4)** | **1,669.0** | **-** | **1,669.0** |
| **2022** | | | | | | | | | | | |
| **Balance at the beginning of the year** | 9,527.7 | (2,565.5) | 96.3 | (26.7) | (0.7) | 44.6 | (2,452.0) | (4,017.2) | 3,058.5 | 3.3 | 3,061.8 |
| Loss from continuing operations[4] | - | - | - | - | - | - | - | (249.5) | (249.5) | 0.1 | (249.4) |
| Profit from discontinued operations[4] | - | - | - | - | - | - | - | 363.4 | 363.4 | - | 363.4 |
| Other comprehensive income/(loss) from continuing operations | - | - | - | - | 0.9 | 25.6 | 26.5 | (0.5) | 26.0 | - | 26.0 |
| Other comprehensive loss from discontinued operations | - | - | - | - | - | (11.5) | (11.5) | - | (11.5) | - | (11.5) |
| Total comprehensive income | - | - | - | - | 0.9 | 14.1 | 15.0 | 113.4 | 128.4 | 0.1 | 128.5 |
| Share-based payment expense | - | - | 8.8 | - | - | - | 8.8 | - | 8.8 | - | 8.8 |
| Shares purchases | | - | (6.7) | - | - | - | (6.7) | - | (6.7) | - | (6.7) |
| Transfers to retained earnings[5] | - | 2,565.5 | (16.7) | - | - | - | 2,548.8 | (2,548.8) | - | - | - |
| Capital reduction[3] | (370.0) | - | - | - | - | - | - | - | (370.0) | - | (370.0) |
| Dividends paid | - | - | - | - | - | - | - | (0.1) | (0.1) | - | (0.1) |
| Sales and acquisitions of non-controlling interests | - | - | - | (4.8) | - | - | (4.8) | - | (4.8) | (3.4) | (8.2) |
| **Balance at the end of the year** | 9,157.7 | - | 81.7 | (31.5) | 0.2 | 58.7 | 109.1 | (6,452.7) | 2,814.1 | - | 2,814.1 |

1 The capital profits reserve represents gains and losses attributable to shareholders of AMPGH on the sale or acquisition of minority interests in controlled entities to or from entities outside the AMPGH group.
2 In 2023, AMPGH aligned its accounting treatment of payroll taxes provision for AMP Advice entities with the treatment outlined in Note 6.4. The adjustment to 2023 opening retained earnings reflects the impact of these changes on prior years. Prior years' numbers have not been restated as the impact was not material.
3 In 2023, AMPGH board of directors approved a capital return of $607.0m (2022: $370.0m) with no cancellation of shares.
4 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.
5 Transfers to retained earnings primarily represents the reclassification of the demerger reserve.

# Consolidated statement of cash flows

for the year ended 31 December 2023

| | Note | 2023 $m | 2022 $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | | **2,188.9** | 1,865.4 |
| Interest received | | **33.8** | 52.7 |
| Dividends and distributions received | | **18.1** | 23.1 |
| Cash payments in the course of operations | | **(1,628.7)** | (2,611.8) |
| Finance costs | | **(76.3)** | (39.2) |
| Income tax expense paid | | **(4.9)** | (10.1) |
| **Net cash provided by/(used in) operating activities** | 6.1 | **530.9** | (719.9) |
| **Cash flows from investing activities** | | | |
| Net proceeds/(payments) from sale or acquisition of: | | | |
| - investments in financial assets[1] | | **(171.2)** | 426.2 |
| - operating and intangible assets | | **(31.3)** | (23.9) |
| - AMP Capital and SMSF businesses | | **909.5** | - |
| - Resolution Life Non-Operating Holding Company, AMP Capital's Global Equities and Fixed Income (GEFI) business and Infrastructure Debt platform | | **-** | 980.2 |
| - other operating controlled entities and investments in associates accounted for using the equity method | | **-** | (59.2) |
| **Net cash provided by investing activities** | | **707.0** | 1,323.3 |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **-** | 146.0 |
| Repayment of borrowings | | **(508.1)** | (335.1) |
| Purchase of shares relating to share-based payment arrangements | | **(3.0)** | (6.7) |
| Payments for the principal portion of lease liabilities | | **(35.4)** | (47.9) |
| Capital reduction | | **(607.0)** | (370.0) |
| Dividends paid | | **(635.1)** | (0.1) |
| **Net cash used in financing activities** | | **(1,788.6)** | (613.8) |
| **Net decrease in cash and cash equivalents** | | **(550.7)** | (10.4) |
| Cash and cash equivalents at the beginning of the year[1] | | **1,179.5** | 1,189.9 |
| **Cash and cash equivalents at the end of the year** | | **628.8** | 1,179.5 |
| Cash and cash equivalents transferred to assets held for sale | | **-** | (215.0) |
| **Cash and cash equivalents on the Consolidated statement of financial position** | | **628.8** | 964.5 |

1 Cash and cash equivalents at the beginning of the year has been restated to exclude $134.0m of debt securities as they were previously included as cash equivalents for the purposes of the Consolidated statement of cash flows.

## About this report

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

**(a) Understanding the AMPGH financial report**
The AMPGH group is comprised of AMP Group Holdings Limited, a holding company incorporated and domiciled in Australia, and the entities it controls (subsidiaries or controlled entities). The consolidated financial statements of AMP Group Holdings Limited (AMPGH) include the financial information of its controlled entities. AMPGH group comprises the majority of the controlled entities in the AMP Limited consolidated economic entity (the AMP group/AMP).

**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 with all values rounded to the nearest hundred thousand dollars, unless otherwise stated;
- has been prepared on a going concern basis generally using an historical cost basis; however where permitted under accounting standards a different basis may be used, including the fair value basis;
- presents assets and liabilities on the face of the Consolidated statement of financial position in decreasing order of liquidity and therefore does not distinguish between current and non-current items;
- presents reclassified comparative information where required for consistency with the current year's presentation within the financial report, including restated comparative information to reflect the impact of discontinued operations as detailed in note 5.2.

AMP Group Holdings Limited is a for-profit entity and is limited by shares. The consolidated financial statements for the year ended 31 December 2023 were authorised for issue on 22 March 2024 in accordance with a resolution of the directors.

**Sale of AMP Capital**

**International Infrastructure Equity business**
On 3 February 2023, AMP announced the completion of the sale of AMP Capital's international infrastructure equity business to DigitalBridge Investment Holdco, LLC which had previously been announced on 28 April 2022. Total transaction value was $582.0m, comprising $520.0m cash, $57.0m of value from retained estimated future carry and performance fees and $5.0m of gains on foreign exchange hedges of the estimated consideration between signing and completion. In addition, AMPGH remains eligible for a further cash earn-out of up to $180.0m which is contingent on future fund raisings. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2).

**Domestic Real Estate and Infrastructure Equity businesses**
On 24 March 2023, AMP announced the first stage of completion of the sale and transfer of the AMP Capital real estate and domestic infrastructure equity business to Dexus, after both parties entered into a non-binding term sheet which contemplated a revised transaction structure with a two-stage completion process. In the first stage, the revised transaction structure allowed the transfer to Dexus of most legal entities (holding the majority of the AMP Capital domestic assets and management rights) as well as employees. The total consideration received for the first stage was $335.0m.

On 30 November 2023, AMP announced the second stage of completion had occurred and the payment of the remaining $50.0m of the base purchase price which was contingent on the transfer of CLAMP had been received. The results of the Domestic Real Estate and Infrastructure Equity businesses have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2).

**Sale of SuperConcepts Self-Managed Superannuation Fund (SMSF) administration and software businesses**
On 8 June 2023, AMP announced it has entered into an agreement to sell its SMSF administration and software business, SuperConcepts, to a private management group and Pemba Capital Partners. The sale completed on 30 June 2023, and total consideration of approximately $5.0m was received. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2).

**(b) Basis of consolidation**
Entities are fully consolidated from the date of acquisition, being the date on which the AMPGH obtains control, and continue to be consolidated until the date that control ceases. Control exists where the AMPGH is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income, expenses, assets, liabilities and cash flows of controlled entities are consolidated into the AMPGH financial statements, along with those attributable to the shareholders of the parent entity. All inter-company transactions are eliminated in full, including unrealised profits arising from intra-group transactions.

The share of the net assets of controlled entities attributable to non-controlling interests is disclosed as a separate line item on the Consolidated statement of financial position.

**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 size or nature;
– it is important for understanding the results of the AMPGH group;
– it helps explain the impact of significant changes in the AMPGH group; and/or
– it relates to an aspect of the AMPGH group's operations that is important to its future performance.

**(c) Material accounting policies**
The material accounting policies adopted in the preparation of the financial report are contained in the notes to the financial statements to which they relate. All accounting policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where an accounting policy relates to more than one note or where no note is provided, the accounting policies are set out below.

***Fee revenue***
Fee revenue represents revenue from contracts with customers which arises primarily from the provision of (i) investment management and (ii) financial advisory services. Revenue is recognised when control of services is transferred to the customer at an amount that reflects the consideration which AMPGH is entitled to in exchange for the services provided. As the customer simultaneously receives and consumes the benefits as the service is provided, control is transferred over time. Accordingly, revenue is recognised over time.

Fee rebates provided to customers are recognised as a reduction in fee revenue.

*(i) Investment management and related fees*
Fees are charged to customers in connection with the provision of investment management and other related services. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised as the service is provided.

*(ii) Financial advisory fees*
Financial advisory fees consist of commissions and fee-for-service revenue and are earned for providing customers with financial advice and performing related advisory services. These performance obligations are satisfied over time. Accordingly, revenue is recognised over time.

A substantial majority of the financial advisory fees received are paid to advisers. Financial advisory fees are presented gross of the related cost which is presented in Fees and commission expenses in the Consolidated income statement.

*Interest income and interest expense, dividend and distributions income*
Interest income and interest expense on financial assets and financial liabilities measured at amortised cost are recognised in the Consolidated income statement using the effective interest method. Revenue from dividends and distributions is recognised when the AMPGH group's right to receive payment is established.

***Foreign currency transactions***
Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars (the functional currency) using the following applicable exchange rates:

| Foreign currency amount | Applicable exchange rate |
|---|---|
| Transactions | Date of transaction |
| Monetary assets and liabilities | Reporting date |
| Non-monetary assets and liabilities carried at fair value | Date fair value is determined |

Foreign exchange gains and losses resulting from translation of foreign exchange transactions are recognised in the Consolidated income statement, except for qualifying cash flow hedges and hedges of net investments in foreign operations, which are deferred to equity.

On consolidation the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

| Foreign currency amount | Applicable exchange rate |
|---|---|
| Income and expenses | Average exchange rate |
| Assets and liabilities | Reporting date |
| Equity | Historical date |
| Reserves | Reporting date |

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the Consolidated income statement on disposal of the foreign operation.

**(d) Critical judgements and estimates**
Preparation of the financial statements requires management to make judgements, estimates and assumptions about future events. Information on critical judgements and estimates considered when applying the accounting policies can be found in the following notes:

| Accounting judgements and estimates | | Note | Page |
|---|---|---|---|
| Taxes | Taxes | 1.2 | 15 |
| Financial assets and liabilities measured at fair value | Investments in other financial assets and liabilities | 2.1 | 18 |
| Goodwill and acquired intangible assets | Intangibles | 2.2 | 20 |
| Defined benefit obligations | Defined benefit plans | 4.1 | 36 |
| Discontinued operations | Discontinued operations | 5.2 | 45 |
| Right of use assets and lease liabilities | Right of use assets and lease liabilities | 6.3 | 52 |
| Provisions and contingent liabilities | Provisions and contingent liabilities | 6.4 | 54 |

# 1 Section

## Results for the year

This section provides insights into how the AMPGH group 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 the AMPGH group.



## 1.1 Other operating expenses

| | 2023 $m | 2022[1] $m |
|---|---|---|
| Impairment of intangibles | **(3.4)** | (4.5) |
| Movement in expected credit losses | **(11.3)** | (11.4) |
| Information technology and communication | **(133.5)** | (188.0) |
| Professional and consulting fees | **(79.4)** | (78.4) |
| Lease related impairments and provisions | **(21.0)** | (52.3) |
| Amortisation of intangibles | **(22.5)** | (41.9) |
| Depreciation of property, plant and equipment | **(44.0)** | (48.0) |
| Other expenses[2] | **(172.2)** | (119.7) |
| **Total other operating expenses** | **(487.3)** | (544.2) |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.
2 Includes litigation expenses of $100m relating to financial adviser class action (2022: $nil).

## 1.2 Taxes

### Our taxes

This sub-section outlines the impact of income taxes on the results and financial position of AMPGH. In particular:

- the impact of tax on the reported result;
- amounts owed to/receivable from the tax authorities; and
- deferred tax balances that arise due to differences in the tax and accounting treatment of balances recorded in the financial report.

These financial statements include the disclosures relating to tax required under accounting standards.

### (a) Income tax benefit

The following table provides a reconciliation of differences between prima facie tax calculated as 30% of the profit or loss before income tax for the year and the income tax expense or benefit recognised in the Consolidated income statement for the year.

| | 2023 $m | 2022[1] $m |
|---|---|---|
| **Loss before income tax** | **(103.2)** | (290.0) |
| Tax at the Australian tax rate of 30% (2022: 30%) | **31.0** | 87.0 |
| Non-deductible expenses | **(6.7)** | (18.4) |
| Non-taxable income | **11.3** | 0.9 |
| Other items | **(2.8)** | (4.6) |
| Under provided in previous years | **(18.9)** | (26.2) |
| Differences in overseas tax rates | **1.4** | 1.9 |
| **Income tax benefit per Consolidated income statement** | **15.3** | 40.6 |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.

## 1.2 Taxes *continued*

### (b) Analysis of income tax benefit

| | 2023 $m | 2022[1] $m |
|---|---|---|
| Current tax benefit | **64.4** | 64.5 |
| (Decrease)/increase in deferred tax assets[2] | **(44.4)** | 12.3 |
| Increase in deferred tax liabilities[3] | **(4.7)** | (36.2) |
| **Income tax benefit** | **15.3** | 40.6 |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis. Refer to note 5.2.
2 Deferred Tax Assets (DTAs) before offset adjustments decreased by $21.4m, of which $40.5m relates to continuing operations offset by $19.1m income tax benefit from discontinued operations. The $40.5m related to continuing operations is comprised of $44.4m recognised in income tax expense, offset by deferred income tax benefit of $3.9m recognised in the Consolidated statement of comprehensive income (relating to reserves and defined benefit plans).
3 Deferred Tax Liabilities (DTLs), before offset adjustments, increased by $4.7m related to continuing operations, reflecting $4.7m recognised in income tax expense.

### (c) Analysis of deferred tax balances

| | 2023 $m | 2022 $m |
|---|---|---|
| **Analysis of deferred tax assets** | | |
| Expenses deductible in the future years | **208.4** | 225.6 |
| Unrealised movements on borrowings and derivatives | **-** | (0.1) |
| Unrealised investment losses | **-** | 0.4 |
| Losses available for offset against future taxable income | **-** | 3.4 |
| Lease liabilities | **158.8** | 169.1 |
| Capitalised software expenses | **70.6** | 98.1 |
| Transferred to assets held for sale | **-** | (37.3) |
| Total deferred tax assets | **437.8** | 459.2 |
| Offset to tax | **(158.5)** | (165.9) |
| **Net deferred tax assets** | **279.3** | 293.3 |
| | | |
| **Analysis of deferred tax liabilities** | | |
| Unrealised investment gains | **14.3** | 21.6 |
| Right of use assets | **97.3** | 117.9 |
| Intangible assets | **19.7** | 22.6 |
| Unearned revenue | **30.3** | 18.0 |
| Transferred to liabilities held for sale | **-** | (13.5) |
| Other | **13.0** | 3.3 |
| Total deferred tax liabilities | **174.6** | 169.9 |
| Offset to tax | **(158.5)** | (165.9) |
| **Net deferred tax liabilities** | **16.1** | 4.0 |

### (d) Amounts recognised directly in equity

| | 2023 $m | 2022 $m |
|---|---|---|
| Deferred income tax benefit/(expense) related to items taken directly to equity during the year | **3.9** | (0.2) |

## 1.2 Taxes *continued*

**Accounting policy – recognition and measurement**

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

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

Adjustments to income tax expense 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.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

**Deferred tax**
Deferred tax assets and liabilities are recognised for temporary differences and are measured at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on tax rates that have been enacted or substantively enacted for each jurisdiction at the reporting date. Deferred tax assets and liabilities are not discounted to present value.

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.

**Tax consolidation**
AMPGH and its wholly owned Australian controlled entities are part of a tax-consolidated group, with AMP Limited being the head entity. A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group and requires entities to fully compensate the Company for current tax liabilities and to be fully compensated by the Company for any current or deferred tax assets in respect of tax losses arising from external transactions occurring after 30 June 2003, the implementation date of the tax-consolidated group.

**Critical accounting estimates and judgements**

The AMPGH group is subject to taxes in Australia and other jurisdictions where it has operations. The application of tax law to the specific circumstances and transactions of the AMPGH group 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.

Judgement is also applied by management in setting assumptions used to forecast future profitability in order to determine the extent to which the recovery of carried forward tax losses and deductible temporary differences are probable for the purpose of meeting the criteria for recognition as deferred tax assets (DTAs). Future profitability may differ from forecasts which could impact management's expectations in future periods with respect to the recoverability of DTAs and result in DTA impairments or reversals of prior DTA impairments.

## 1.3 Dividends

Dividends paid during the year are shown in the table below:

| | 2023 $m | 2022 $m |
|---|---|---|
| **Dividends paid** | | |
| Dividends paid during the year[1] | **635.1** | 0.1 |
| **Total dividends paid** | **635.1** | 0.1 |

1 Dividend per share of 6.12 cents (2022: $nil).

# 2 Section

## Investments, intangibles, working capital and fair value information

This section highlights the AMPGH group's assets and working capital used to support the AMPGH group's activities.



## 2.1 Investments in other financial assets and liabilities

| | 2023 $m | 2022 $m |
|---|---|---|
| **Financial assets measured at fair value through profit or loss** | | |
| Equity securities | **38.0** | 6.0 |
| Debt securities | **309.4** | 250.6 |
| Unlisted managed investment schemes | **159.6** | 173.1 |
| Derivative financial assets | **137.8** | 213.4 |
| **Total financial assets measured at fair value through profit or loss** | **644.8** | 643.1 |
| | | |
| **Other financial assets measured at amortised cost[1]** | | |
| Debt securities | **679.3** | 599.4 |
| **Total other financial assets measured at amortised cost** | **679.3** | 599.4 |
| | | |
| **Total other financial assets** | **1,324.1** | 1,242.5 |
| | | |
| **Other financial liabilities** | | |
| Derivative financial liabilities | **92.8** | 128.4 |
| AMP Bank indemnity[2] | **49.8** | 56.7 |
| Collateral deposits held | **63.8** | 134.0 |
| **Total other financial liabilities** | **206.4** | 319.1 |

1 Financial assets measured at amortised cost are presented net of immaterial expected credit losses.

2 On 4 February 2019, AMPGH entered into a deed of indemnity with AMP Bank under which AMPGH agreed to indemnify AMP Bank for up to $546m for credit losses in excess of those provided for as at reporting date suffered in connection with loans provided to an authorised representative of an AMP licensee. As at 31 December 2023, total loans outstanding provided to authorised representatives was $244.2m (2022: $252.3m) and expected credit losses recognised on those loans for which AMPGH has indemnified AMP Bank totalled $49.8m (2022: $56.7m).

## 2.1 Investments in other financial assets and liabilities *continued*

**Accounting policy – recognition and measurement**

**Recognition and derecognition of financial assets and liabilities**
Financial assets and financial liabilities are recognised at the date the AMPGH group becomes a party to the contractual provisions of the instrument. At initial recognition, financial assets are classified as subsequently measured at fair value through profit or loss, and amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the AMPGH group's business model for managing them.

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.

**Financial assets measured at fair value through profit or loss**
Financial assets measured on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

**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 gains or losses arising from subsequent measurement at fair value are recognised in the Consolidated income statement in the period in which they arise.

**Financial assets measured at amortised cost – debt securities**
Debt securities 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.

**Impairment of financial assets**
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 key elements in the measurement of ECLs are as follows:
- PD - The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- LGD - Loss given default is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive, including from the realisation of any collateral.

The AMPGH group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

Depending on the nature of the financial asset, the AMPGH group applies either a three-stage approach or a simplified approach to measure ECLs.

**Critical accounting estimates and judgements**

***Financial assets and liabilities measured at fair value***
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 value of financial instruments is set out in note 2.6.

## 2.2 Intangibles

| | Goodwill $m | Capitalised costs $m | Distribution networks $m | Other intangibles $m | Total $m |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Balance at the beginning of the year | **70.0** | **80.5** | **35.5** | **–** | **186.0** |
| Additions through separate acquisitions[1] | **18.0** | **–** | **13.2** | **–** | **31.2** |
| Additions through internal development | **–** | **18.9** | **–** | **–** | **18.9** |
| Reductions through disposal | **–** | **(8.6)** | **(4.5)** | **–** | **(13.1)** |
| Amortisation expense[2] | **–** | **(20.5)** | **(5.5)** | **–** | **(26.0)** |
| Impairment loss | **–** | **(3.4)** | **–** | **–** | **(3.4)** |
| **Balance at the end of the year** | **88.0** | **66.9** | **38.7** | **–** | **193.6** |
| **2022** | | | | | |
| Balance at the beginning of the year | 148.5 | 113.7 | 50.2 | 8.2 | 320.6 |
| Additions through separate acquisitions | - | - | 19.8 | - | 19.8 |
| Additions through internal development | - | 17.2 | - | - | 17.2 |
| Reductions through disposal | - | (0.1) | (23.5) | (0.7) | (24.3) |
| Transferred to other assets | - | - | (5.3) | - | (5.3) |
| Amortisation expense[2] | - | (41.3) | (5.7) | - | (47.0) |
| Impairment loss | - | (4.5) | - | - | (4.5) |
| Transferred to asset held for sale | (78.5) | (4.5) | - | (7.5) | (90.5) |
| **Balance at the end of the year** | 70.0 | 80.5 | 35.5 | - | 186.0 |

1 On 31 March 2023, AdviceFirst, a subsidiary of AMP New Zealand Holdings Limited acquired enable.me, a financial advisory and coaching business for upfront consideration of NZD 14.8m and contingent consideration of NZD 7.2m, subject to achieving certain revenue targets. This resulted in recognition of $18.0m in goodwill and $7.8m in distribution networks.
2 Includes $3.5m of amortisation expense related to discontinued operations (2022: $5.2m).

**Accounting policy – recognition and measurement**

**Goodwill**
Goodwill acquired in a business combination is recognised at cost and subsequently measured at cost less any accumulated impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets acquired and liabilities assumed.

**Capitalised costs**
Costs are capitalised when the costs relate to the creation of an asset with expected future economic benefits which are capable of reliable measurement. Capitalised costs are amortised on a straight-line basis over the estimated useful life of the asset, commencing at the time the asset is first put into use or held ready for use, whichever is the earlier.

**Distribution networks**
Distribution networks such as customer lists, financial planner client servicing rights or other distribution-related rights, either acquired separately or through a business combination, are initially measured at fair value and subsequently measured at cost less amortisation and any accumulated impairment losses.

**Amortisation**
Intangible assets with finite useful lives are amortised on a straight-line basis over the useful life of the intangible asset. The estimated useful lives are generally:

| Item | Useful life |
|---|---|
| Capitalised costs | Up to 10 years |
| Distribution networks | 2 to 15 years |

The useful life of each intangible asset is reviewed at the end of the period and, where necessary, adjusted to reflect current assessments.

## 2.2 Intangibles *continued*

**Impairment testing**
Goodwill and intangible assets that have indefinite useful lives are tested at least annually for impairment. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). An impairment loss is recognised when the goodwill carrying amount exceeds the CGU's recoverable amount. When applicable, an impairment loss is first allocated to goodwill and any remainder is then allocated to the other assets on a pro-rata basis.

**Composition of goodwill**
The goodwill of $88.0m (2022: $70.0m) relates to the NZWM CGU. The $18.0m increase in goodwill relates to NZWM's acquisition of the enable.me business during this year.

The annual impairment assessment for NZWM resulted in significant headroom and there was no reasonably possible change to a key assumption used in the assessment that would result in an impairment as at 31 December 2023.

**Critical accounting estimates and judgements:**

Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the:
- acquisition date fair value and estimated useful life of acquired intangible assets;
- allocation of goodwill to CGUs and determining the recoverable amount of the CGUs; and
- assessment of whether there are any impairment indicators for acquired intangibles and internally generated intangibles, where required, in determining the recoverable amount.

## 2.3 Other assets

| | 2023<br>$m | 2022<br>$m |
|---|---|---|
| Planner registers held for sale | **1.6** | 8.5 |
| Prepayments | **26.8** | 27.7 |
| Property, plant and equipment | **17.4** | 27.0 |
| **Total other assets** | **45.8** | 63.2 |
| *Current* | ***24.4*** | *35.4* |
| *Non-current* | ***21.4*** | *27.8* |

## 2.4 Receivables

| | 2023<br>$m | 2022<br>$m |
|---|---|---|
| Investment related receivables | **25.2** | 29.5 |
| Client register receivables | **39.5** | 52.2 |
| Collateral receivables | **1.8** | 58.7 |
| Trade debtors and other receivables | **231.8** | 876.7 |
| Sublease receivables | **87.1** | 60.1 |
| **Total receivables**[1] | **385.4** | 1,077.2 |
| *Current* | ***275.3*** | *970.4* |
| *Non-current* | ***110.1*** | *106.8* |

1 Receivables are presented net of ECL of $38.9m (2022: $40.7m).

**Accounting policy – recognition and measurement**

**Receivables**
Trade debtors, client register, sublease receivables, collateral, and other receivables are measured at amortised cost, less an allowance for ECLs. Investment related receivables are financial assets measured at fair value through profit or loss.

The AMPGH group applies a simplified approach in calculating ECLs for receivables. Therefore, the group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2.5 Payables

| | 2023 $m | 2022 $m |
|---|---|---|
| Accrued expenses | **66.6** | 95.6 |
| Trade creditors and other payables | **89.9** | 91.0 |
| Parent entity | **499.9** | 250.0 |
| **Total payables** | **656.4** | 436.6 |
| *Current* | ***656.4*** | *436.6* |
| *Non-current* | **-** | **-** |

**Accounting policy – recognition and measurement**

**Payables**
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount payable approximates fair value.

## 2.6 Fair value information

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

| 2023 | Carrying amount $m | Level 1 $m | Level 2 $m | Level 3 $m | Total fair value $m |
|---|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | | |
| Equity securities | **38.0** | **-** | **-** | **38.0** | **38.0** |
| Debt securities | **309.4** | **-** | **309.4** | **-** | **309.4** |
| Unlisted managed investment schemes | **159.6** | **-** | **41.6** | **118.0** | **159.6** |
| Derivative financial assets | **137.8** | **-** | **137.8** | **-** | **137.8** |
| **Total financial assets measured at fair value** | **644.8** | **-** | **488.8** | **156.0** | **644.8** |
| **Financial assets not measured at fair value** | | | | | |
| Debt securities | **679.3** | **-** | **682.9** | **-** | **682.9** |
| **Total financial assets not measured at fair value** | **679.3** | **-** | **682.9** | **-** | **682.9** |
| **Financial liabilities measured at fair value** | | | | | |
| Derivative financial liabilities | **92.8** | **-** | **92.8** | **-** | **92.8** |
| AMP Bank indemnity | **49.8** | **-** | **-** | **49.8** | **49.8** |
| Collateral deposits held | **63.8** | **-** | **63.8** | **-** | **63.8** |
| Guarantee liabilities | **32.2** | **-** | **-** | **32.2** | **32.2** |
| **Total financial liabilities measured at fair value** | **238.6** | **-** | **156.6** | **82.0** | **238.6** |
| **Financial liabilities not measured at fair value** | | | | | |
| Corporate borrowings | **217.7** | **215.9** | **-** | **-** | **215.9** |
| **Total financial liabilities not measured at fair value** | **217.7** | **215.9** | **-** | **-** | **215.9** |
| **2022** | | | | | |
| Financial assets measured at fair value | | | | | |
| Equity securities | 6.0 | - | - | 6.0 | 6.0 |
| Debt securities | 250.6 | - | 250.6 | - | 250.6 |
| Unlisted managed investment schemes | 173.1 | - | 40.3 | 132.8 | 173.1 |
| Derivative financial assets | 213.4 | - | 213.4 | - | 213.4 |
| Total financial assets measured at fair value | 643.1 | - | 504.3 | 138.8 | 643.1 |
| Financial assets not measured at fair value | | | | | |
| Debt securities | 599.4 | - | 599.5 | - | 599.5 |
| Total financial assets not measured at fair value | 599.4 | - | 599.5 | - | 599.5 |
| Financial liabilities measured at fair value | | | | | |
| Derivative financial liabilities | 128.4 | - | 128.4 | - | 128.4 |
| AMP Bank indemnity | 56.7 | - | - | 56.7 | 56.7 |
| Collateral deposits held | 134.0 | - | 134.0 | - | 134.0 |
| Guarantee liabilities | 64.4 | - | - | 64.4 | 64.4 |
| Total financial liabilities measured at fair value | 383.5 | - | 262.4 | 121.1 | 383.5 |
| Financial liabilities not measured at fair value | | | | | |
| Corporate borrowings | 730.8 | 588.3 | 146.6 | - | 734.9 |
| Total financial liabilities not measured at fair value | 730.8 | 588.3 | 146.6 | - | 734.9 |

## 2.6 Fair value information continued

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

| | |
|---|---|
| Equity securities | The fair value of equity securities is established using valuation techniques including the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models. |
| Debt securities | The fair value of listed debt securities reflects the bid price at the reporting date. Listed debt securities that are not frequently traded are valued by discounting estimated recoverable amounts.<br><br>The fair value of unlisted debt securities is estimated using interest rate yields obtainable on comparable listed investments. For debt securities with a maturity of less than 12 months, par value is considered a reasonable approximation of fair value. |
| Unlisted managed investment schemes | The fair value of investments in unlisted managed investment schemes is determined on the basis of redemption price, and independent external valuation of those managed investment schemes as appropriate at the reporting date. |
| 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 (eg over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing 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 derivatives contracts are significantly cash collateralised, thereby minimising both counterparty risk and the group's own non-performance risk. |
| *Corporate borrowings* | Borrowings comprise commercial paper, drawn liquidity facilities, various floating-rate and medium-term notes and subordinated debt. The estimated fair value of borrowings is determined with reference to quoted market prices. For borrowings 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 borrowings, the par value is considered a reasonable approximation of the fair value. |
| *Guarantee liabilities* | The fair value of the guarantee liabilities is determined as the net present value of future cash flows discounted using market rates. The future cash flows are determined using risk neutral stochastic projections based on assumptions such as mortality rate, lapse rate and asset class allocation/correlation. The future cash flows comprise expected guarantee claims and hedging expenses net of expected fee revenue. |

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 AMPGH group 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. Transfers to and from Level 3 are shown in the Reconciliation of Level 3 values table later in this note.

## 2.6 Fair value information *continued*

### *Level 3 fair values*

The following table shows the valuation techniques used in measuring Level 3 fair values of financial assets measured at fair value on a recurring basis, as well as the significant unobservable inputs used.

| Type | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Equity securities | Discounted cash flow approach utilising cost of equity as the discount rate | Discount rate<br>Terminal value growth rate<br>Cash flow forecasts |
| Unlisted managed investment schemes | Discounted cash flow and income approach | Discount rate<br>Terminal value growth rate<br>Cash flow forecasts |
| Guarantee liabilities | Discounted cash flow approach | Discount rate<br>Hedging costs |
| AMP Bank indemnity | Assessment of expected credit losses | Cash flow forecasts<br>Credit risk<br>Collateral value |

**Sensitivity**

The following table illustrates the impacts to profit before tax and equity resulting from reasonably possible changes in key assumptions.

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | **(+)** | **(-)** | **(+)** | **(-)** |
| | **$m** | **$m** | $m | $m |
| **Financial assets[1]** | | | | |
| Equity securities | **7.6** | **(7.6)** | 1.2 | (1.2) |
| Unlisted managed investment schemes | **23.6** | **(23.6)** | 26.6 | (26.6) |
| **Financial liabilities** | | | | |
| Guarantee liabilities[2] | **3.0** | **(9.2)** | 2.3 | (6.7) |
| AMP Bank indemnity[3] | **2.5** | **(2.5)** | 2.8 | (2.8) |

1 Reasonably possible changes in price movements of 20% (2022: 20%) have been applied in determining the impact on profit after tax and equity.
2 Reasonably possible changes in equity market movements of 20% (2022: 20%) and bond yield movements of 100bps (2022: 100 bps) have been applied in determining the impact on profit after tax and equity. The sensitivities disclosed are shown net of the offsetting impacts of derivatives held as economic hedges of the guarantee liabilities.
3 The value of the AMP Bank indemnity is derived from AMP Bank's assessment of expected credit losses on loans subject to the indemnity. The sensitivity has been determined by increasing and decreasing the expected credit loss by 5%.

# 2.6 Fair value information *continued*

**Reconciliation of Level 3 values**

The following table shows movements in the fair values of financial instruments measured at fair value on a recurring basis and categorised as Level 3 in the fair value hierarchy:

| | Balance at the beginning of the period $m | FX gains/ (losses) $m | Total gains/ (losses) $m | Purchases/ (deposits) $m | Sales/ (withdrawals)[1] $m | Net transfers in/(out)[2] $m | Balance at the end of the period $m | Total gains/ (losses) on assets and liabilities held at reporting date $m |
|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | |
| **Assets classified as Level 3** | | | | | | | | |
| Equity securities | **6.0** | **-** | **-** | **6.9** | **-** | **25.1** | **38.0** | **-** |
| Unlisted managed investment schemes | **132.8** | **1.2** | **(9.1)** | **2.8** | **(9.7)** | **-** | **118.0** | **(7.9)** |
| **Liabilities classified as Level 3** | | | | | | | | |
| Guarantee liabilities | **(64.4)** | **-** | **18.4** | **-** | **13.8** | **-** | **(32.2)** | **18.4** |
| AMP Bank indemnity | **(56.7)** | **-** | **6.0** | **-** | **0.9** | **-** | **(49.8)** | **6.0** |
| **2022** | | | | | | | | |
| **Assets classified as Level 3** | | | | | | | | |
| Equity securities | 13.8 | - | (7.8) | - | - | - | 6.0 | (7.8) |
| Unlisted managed investment schemes | 51.2 | - | 17.8 | - | - | 63.8 | 132.8 | 17.8 |
| **Liabilities classified as Level 3** | | | | | | | | |
| Guarantee liabilities | (85.0) | - | 12.9 | - | 7.7 | - | (64.4) | 12.9 |
| AMP Bank indemnity | (73.5) | - | 1.5 | - | 15.3 | - | (56.7) | 1.5 |

1 A positive value in respective of guarantee liabilities and AMP Bank indemnity represents claim payments.
2 The movement of $25.1m during 2023 related to the group's equity securities in Ironbark Investment Partners Pty Limited. Previously, the group held an investment in Invest Blue Pty Limited, recognised as an investment in associate. Following completion of a merger between Invest Blue Pty Limited and Ironbark Investment Partners Pty Limited in December 2023, the investment in Invest Blue Pty Limited was replaced by an investment in Ironbark Investment Partners Pty Limited with no significant influence. In December 2022, the net transfers in of $63.8m related to investments in AMP Capital Infrastructure Debt Fund III USD LP and AMP Capital Infrastructure Debt Fund IV USD LP which were transferred from investments in associates as AMP no longer had significant influence following the sale of the infrastructure debt platform.

3
Section

## Capital structure and financial risk management

This section provides information relating to:

- the AMPGH group's 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 the AMPGH group consists of equity and debt. AMPGH determines the appropriate capital structure in order to finance the current and future activities of the AMPGH group and satisfy the requirements of the regulator. The directors review the group's capital structure and dividend policy regularly and do so in the context of the group's ability to satisfy minimum and target capital requirements.



## 3.1 Contributed equity

| | 2023 $m | 2022 $m |
|---|---|---|
| **Issued capital** | | |
| 10,373,884,672 (2022: 10,373,884,672) ordinary shares fully paid | **8,550.7** | 9,157.7 |
| **Total contributed equity** | | |
| **10,373,884,672 (2022: 10,373,884,672) ordinary shares fully paid** | **8,550.7** | 9,157.7 |

| | | |
|---|---|---|
| **Issued capital** | | |
| Balance at the beginning of the year | **9,157.7** | 9,527.7 |
| Capital reduction[1] | **(607.0)** | (370.0) |
| **Balance at the end of the year** | **8,550.7** | 9,157.7 |

1 In 2023, AMPGH board of directors approved a capital return of $607.0m (2022: $370.0m) with no cancellation of shares.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Fully paid ordinary shares carry the right to one vote per share. Ordinary shares have no par value.

**Accounting policy – recognition and measurement**

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

# 3.2 Interest-bearing liabilities

### (a) Interest-bearing liabilities

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Current $m | Non-current $m | Total $m | Current $m | Non-current $m | Total $m |
| **Interest-bearing liabilities** | | | | | | |
| Corporate borrowings[1] | | | | | | |
| - CHF Medium Term Notes[2] | **217.7** | **-** | **217.7** | 331.6 | 252.6 | 584.2 |
| - Repurchase Agreement | **-** | **-** | **-** | 146.6 | - | 146.6 |
| **Total interest-bearing liabilities** | **217.7** | **-** | **217.7** | 478.2 | 252.6 | 730.8 |

1 The current/non-current classification of corporate entity borrowings is based on the maturity of the underlying debt instrument and related principal repayment obligations. The carrying value of corporate borrowings include interest payable of $0.3m (2022: $1.5m) which is expected to be settled within the next 12 months.
2 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 CHF10m on 31 August 2022 and of CHF 39m on 7 December 2023 respectively. The remaining balance matures on 3 June 2024.

### (b) Changes in liabilities arising from operating and financing activities

| | 2023 $m | 2022 $m |
|---|---|---|
| **Balance at the beginning of the year** | **730.8** | 922.7 |
| Cash flows | **(508.1)** | (189.1) |
| Other | **(5.0)** | (2.8) |
| **Balance at the end of the year** | **217.7** | 730.8 |

#### Accounting policy – recognition and measurement

Interest-bearing liabilities are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

It is AMPGH's policy to hedge currency and interest rate risk arising on issued bonds and subordinated debt. When fair value hedge accounting is applied, the carrying amounts of borrowings and subordinated debt 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 Consolidated income statement. In cash flow hedge relationships the borrowings are not revalued.

Finance costs include:
(i) borrowing costs:
- interest on bank overdrafts, borrowings and subordinated debt;
- amortisation of discounts or premiums related to borrowings;

(ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs; and
(iii) changes in the fair value of derivative hedges together with any change in the fair value of the hedged assets or liabilities that are designated and qualify as fair value hedges, foreign exchange gains and losses and other financing-related amounts. Changes in the fair value of derivatives in effective cash flow hedges are recognised in the cash flow hedge reserve. The accounting policy for derivatives is set out in note 3.4.

Finance costs are recognised as expenses when incurred.

## 3.3 Financial risk management

Financial risk arises from the holding of financial instruments and financial risk management (FRM) is an integral part of the AMPGH group's enterprise risk management framework. The AMPGH Board has overall responsibility for the AMP group's enterprise risk management framework, including the approval of AMPGH's strategic plan, risk management strategy and risk appetite.

This note discloses financial risk in accordance with the categories in AASB 7 Financial Instruments: Disclosures:

— market risk;
— liquidity and refinancing risk; and
— credit risk.

These risks are managed in accordance with the board-approved risk appetite statement and the individual policies for each risk category.

### (a) 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 financial markets, including interest rates, foreign exchange rates, equity prices, property prices, credit spreads, commodity prices and other financial market variables.

The following table provides information on significant market risk exposures for the AMPGH, which could lead to an impact on the AMPGH's profit after tax and shareholders' equity position, and the management of those exposures.

| Market risk | Exposures | Management of exposures and use of derivatives |
|---|---|---|
| **Interest rate risk**<br>The risk of an impact on the AMPGH'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.<br>Interest rate movements could result from changes in the absolute levels of interest rates, the shape of the yield curve, the margin between yield curves and the volatility of interest rates. | The AMPGH group's borrowings and investment held in interest-bearing securities. | The AMPGH interest rate risk is managed by entering into interest rate swaps, which have the effect of converting investments or borrowings from fixed to floating rates. |
| | The AMPGH group's defined benefit plans exposures, both through the fair value of plan assets (specifically interest-bearing assets), as well as the valuation of defined benefit obligations (through changes in the discount curve used for actuarial valuations). | The AMPGH periodically reviews exposures to interest rates arising from defined benefit plans exposures, and considers the use of derivatives in managing these exposures. No derivatives were employed to manage exposures to interest rates during the year ended 31 December 2023. |
| **Currency risk**<br>The risk of an impact on the AMPGH group's profit after tax and equity arising from fluctuations of the fair value of a financial asset, liability or commitment due to changes in foreign exchange rates. | Foreign currency denominated assets and liabilities.<br>Foreign equity accounted associates and capital invested in overseas operations.<br>Foreign exchange rate movements on specific cash flow transactions. | The AMPGH group uses swaps to hedge the foreign currency risk on foreign currency denominated borrowings. The AMPGH group utilises various hedging instruments to hedge foreign currency risk arising from certain investments denominated in a foreign currency.<br>The AMPGH group hedges material foreign currency risk originated by receipts and payments once the value and timing of the expected cash flow is known.<br>In addition, the AMPGH group will at times pre-hedge any future (but not expected) foreign currency receipts and payments, subject to market conditions. |
| | The AMPGH group's defined benefit plans exposures, through the value of unhedged exposures to plan asset denominated in foreign currencies. | AMPGH group periodically reviews exposures to foreign currencies arising from defined benefit plans exposures, and considers the use of derivatives in managing these exposures. No derivatives were employed to manage exposures to foreign currencies during the year ended 31 December 2023. |
| **Equity price risk**<br>The risk of an impact on the AMPGH group's profit after tax and equity arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in equity prices. | Exposure for shareholders includes listed and unlisted shares, guarantee liabilities and participation in equity unit trusts. | Group Treasury may, with AMP group's Asset and Liability Committee (Group ALCO) approval, use equity exposures or equity futures or options to hedge other enterprise-wide equity exposures. |
| | The AMPGH group's defined benefit plans exposures, through the value of exposures to plan asset held in equities, or equity-like exposures. | AMPGH group periodically reviews exposures to equities arising from defined benefit plans exposures, and considers the use of derivatives in managing these exposures. No derivatives were employed to manage exposures to equities during the year ended 31 December 2023. |

## 3.3 Financial risk management *continued*

#### (a) Market risk *continued*

#### Sensitivity analysis

The table below includes sensitivity analysis showing how the profit after tax and equity would have been impacted by changes in market risk variables. The analysis:

– shows the direct impact of a reasonably possible change in market rate and is not intended to illustrate a remote, worst case stress test scenario;
– assumes that all underlying exposures and related hedges are included and the change in variable occurs at the reporting date; and
– does not include the impact of any mitigating management actions over the period to the subsequent reporting date.

The categories of risks faced, and methods used for deriving sensitivity information did not change from previous periods.

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| **Sensitivity analysis** | **Change in variables** | **Impact on profit after tax Increase (decrease) $m** | **Impact on equity[1] Increase (decrease) $m** | **Impact on profit after tax Increase (decrease) $m** | **Impact on equity[1] Increase (decrease) $m** |
| **Interest rate risk** Impact of a 100 basis point (bp) change in Australian and international interest rates. | - 100bp | **2.3** | **(38.7)** | 1.0 | (24.8) |
| | +100bp | **(4.1)** | **30.8** | (5.0) | 16.8 |
| **Currency risk** Impact of a 10% movement of exchange rates against the Australian dollar on currency sensitive monetary assets and liabilities. | 10% depreciation of AUD | **9.7** | **41.8** | (49.9) | (12.7) |
| | 10% appreciation of AUD | **(8.9)** | **(36.5)** | 20.3 | (9.5) |
| **Equity price risk** Impact of a 10% movement in Australian and international equities. Any potential impact on fees from the AMPGH group's investment-linked business in is not included. | 10% increase in: | | | | |
| | Australian equities | **0.5** | **11.9** | 0.3 | 6.7 |
| | International equities | **0.5** | **13.1** | 0.6 | 8.6 |
| | 10% decrease in: | | | | |
| | Australian equities | **(1.3)** | **(12.7)** | (0.5) | (6.9) |
| | International equities | **(1.4)** | **(14.0)** | (0.5) | (8.5) |

1 Includes both the impact on profit after tax as well as the impact of amounts that would be taken directly to equity in respect of the portion of changes in the fair value of derivatives that qualify as cash flow hedges or net investment hedges for hedge accounting.

#### (b) Liquidity and refinancing risk

| Risk | Exposures | Management of exposures |
|---|---|---|
| **Liquidity risk** The risk that the AMPGH group is not able to meet its obligations as they fall due because of an inability to liquidate assets or obtain adequate funding when required. | The AMPGH group corporate debt portfolio. | Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the requirements of the AMP Group Liquidity Policy. This policy is reviewed and endorsed by Group ALCO and approved by the AMP Limited Board. |
| **Refinancing risk** The risk that the AMPGH group is not able to refinance the full quantum of its ongoing debt requirements on appropriate terms and pricing. | | |

## 3.3 Financial risk management *continued*

### (b) Liquidity and refinancing risk *continued*

#### Maturity analysis

Below is a summary of the maturity profiles of AMP's undiscounted financial liabilities and off-balance sheet items at the reporting date, based on contractual undiscounted repayment obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

| 2023 | Up to 1 year $m | 1 to 5 years $m | Over 5 years $m | Not specified $m | Total $m |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Payables | **656.4** | **-** | **-** | **-** | **656.4** |
| Borrowings | **218.6** | **-** | **-** | **-** | **218.6** |
| Lease liabilities | **69.0** | **279.0** | **368.0** | **-** | **716.0** |
| Guarantee liabilities | **-** | **-** | **-** | **32.2** | **32.2** |
| **Derivative financial instruments** | | | | | |
| Options | **4.5** | **-** | **-** | **-** | **4.5** |
| Interest rate swaps | **2.2** | **16.0** | **43.0** | **-** | **61.2** |
| Foreign currency forward contract | **12.5** | **-** | **-** | **-** | **12.5** |
| Total return swaps | **13.9** | **-** | **-** | **-** | **13.9** |
| Futures | **0.7** | **-** | **-** | **-** | **0.7** |
| **Off-balance sheet items** | | | | | |
| Investment commitments | **-** | **-** | **-** | **18.0** | **18.0** |
| **Total undiscounted financial liabilities and off-balance sheet items** | **977.8** | **295.0** | **411.0** | **50.2** | **1,734.0** |

| 2022 | Up to 1 year $m | 1 to 5 years $m | Over 5 years $m | Not specified $m | Total $m |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Payables | 436.6 | - | - | - | 436.6 |
| Borrowings | 463.4 | 268.3 | - | - | 731.7 |
| Lease liabilities | 68.0 | 277.0 | 438.0 | - | 783.0 |
| Guarantee liabilities | - | - | - | 64.4 | 64.4 |
| **Derivative financial instruments** | | | | | |
| Options | 20.4 | - | - | - | 20.4 |
| Interest rate swaps | 3.8 | 40.0 | 55.7 | - | 99.5 |
| Cross currency swaps | 3.7 | - | - | - | 3.7 |
| Foreign currency forward contract | 4.7 | - | - | - | 4.7 |
| Total return swaps | 0.1 | - | - | - | 0.1 |
| **Off-balance sheet items** | | | | | |
| Investment commitments | - | - | - | 81.0 | 81.0 |
| **Total undiscounted financial liabilities and off-balance sheet items** | 1,000.7 | 585.3 | 493.7 | 145.4 | 2,225.1 |

# 3.3 Financial risk management *continued*

### (c) Credit risk

Credit risk management is decentralised in business units within the AMPGH group, with the exception of credit risk directly and indirectly impacting shareholder capital, which is measured and managed on an aggregate basis by Group Treasury at the AMPGH group level and reported to Group ALCO.

| Risk | Exposures | Management of exposures and use of derivatives |
|---|---|---|
| Credit risk<br><br>Credit default risk is the risk of financial or reputational loss due to a counterparty failing to meet their contractual commitments in full and on time.<br><br>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. | Wholesale credit risk, arising from corporate investments held in relation to the management of liquidity. | Wholesale credit risk exposures arising from corporate investments made in relation to the management of liquidity (and related activities, including hedging financial risks) are managed by Group Treasury in accordance with the AMP Group Aggregate Risk Exposures and Intra-Group Transaction Exposure Policy. This policy is reviewed and endorsed by the AMP Group ALCO and approved by the AMP Limited Board. |

The AMP Group Large Exposures & Credit Concentration Risk Standard sets out the assessment and determination of what constitutes credit concentration risk. The policy sets exposure limits based on each counterparty's credit rating (unless special considerations are defined). Additional limits are set for the distribution of the total portfolio by credit rating bands. Compliance with this policy is monitored and exposures and breaches are reported to senior management and the AMP Board Risk Committee through periodic financial risk management reports.

Group Treasury may also enter into credit default swaps to hedge concentration risk against material exposures.

The exposures on interest-bearing securities and cash equivalents which impact AMP's capital position are managed by Group Treasury within limits set by the AMP Group Wholesale Counterparty Credit Risk Policy.

***Collateral and master netting or similar agreements***

The AMPGH group obtains collateral and utilises netting agreements to mitigate credit risk exposures from certain counterparties.

**(i) Derivative financial assets and liabilities**
The credit risk of derivatives is managed in the context of the AMPGH group's overall credit risk policies and includes the use of Credit Support Annexes to derivative agreements which facilitate the bilateral posting of collateral as well as the clearing of derivative positions on the London Clearing House.

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 agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

An ISDA agreement does not automatically meet the criteria for offsetting in the Consolidated statement of financial position. This is because the AMPGH group, in most cases, does not have any current legally enforceable right to offset recognised amounts.

If these netting arrangements were applied to the derivative portfolio, the derivative assets of $137.8m and derivative liabilities of $92.8m would not be reduced (2022: derivative assets of $213.4m and derivative liabilities of $128.4m would not be reduced).

**(ii) Other collateral**
The AMPGH group has collateral arrangements in place with some counterparties in addition to collateral deposits held with respect to repurchase agreements.

Collateral generally consists of 11am loans and deposits 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 $63.8m (2022: $134.0m) of collateral deposits (due to other counterparties) and $1.8m (2022: $58.7m) of collateral loans (due from other counterparties) relating to derivative assets and liabilities.

## 3.4 Derivatives and hedge accounting

The AMPGH group is exposed to certain risks relating to its ongoing business operations. To mitigate the risks, the AMPGH group uses derivative financial instruments, such as cross-currency swaps and interest rate swaps. When the group 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;
- fair value hedges; or
- net investment 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 AMPGH group's risk management strategy and how it is applied to manage risk is explained further in note 3.3.

### 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** | **-** |
| Net investment | Foreign currency forward contract | **631.4** | **15.3** | **-** |
| **Total** | | **822.6** | **41.4** | **-** |

| | | 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 | - |
| Net investment | Foreign currency forward contract | 634.3 | 3.2 | 6.4 |
| **Total** | | 1,187.0 | 34.1 | 6.4 |

## 3.4 Derivatives and hedge accounting *continued*

**b) Hedged items**

The following table sets out the carrying amounts of hedged items in fair value hedge relationships, and the accumulated amount of fair value hedge adjustments in these carrying amounts. The AMPGH group does not always 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 |

Fair value hedge relationships resulted in the following changes in the values used to recognise hedge ineffectiveness for the year:

| | 2023 | 2022 |
|---|---|---|
| | $m | $m |
| (Loss)/gain on hedging instrument | **(4.7)** | 11.0 |
| Gain/(loss) on hedged items attributable to the hedged risk | **4.6** | (14.4) |
| **Loss after ineffectiveness** | **(0.1)** | (3.4) |

**Derivative instruments accounted for as cash flow hedges**

The AMPGH group is exposed to variability in future interest cash flows on non-trading assets and liabilities which bear interest at fixed and variable rates. The AMPGH group 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 AMPGH group recognised $nil (2022: $nil) due to ineffectiveness on derivative instruments designated as cash flow hedges.

**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.

**Hedges of net investments in foreign operations**

The AMPGH group hedges its exposure to changes in exchange rates on the value of its foreign currency denominated strategic partnerships. Hedge effectiveness is assessed based on the overall changes in the fair value of the forward contract, primarily using the cumulative dollar offset method.

The AMPGH group recognised $nil (2022: $nil) due to the ineffective portion of hedges relating to investments in foreign operations.

## 3.4 Derivatives and hedge accounting *continued*

The following table sets out the maturity profile of the notional amount 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** |
| Foreign currency forward contract | **61.7** | **569.7** | **-** | **-** | **631.4** |
| **Total** | **61.7** | **760.9** | **-** | **-** | **822.6** |

| 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 |
| Foreign currency forward contract | 255.7 | 378.6 | - | - | 634.3 |
| Total | 255.7 | 680.8 | 250.5 | - | 1,187.0 |

**Accounting policy – recognition and measurement**

**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 Consolidated income statement.

**Hedge accounting**
AMPGH continues to apply the hedge accounting requirements under AASB 139 *Financial instruments: Recognition and Measurement*.

**Cash flow hedges**
The effective portion of changes in the fair value of cash flow hedges is recognised (including related tax impacts) through Other comprehensive income in the Cash flow hedge reserve in equity. The ineffective portion is recognised immediately in the Consolidated income statement. The balance of the Cash flow hedge reserve in relation to each particular hedge is transferred to the Consolidated income statement 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 the Consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated income statement.

**Fair value hedges**
Changes in the fair value of fair value hedges are recognised in the Consolidated income statement, 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.

**Net investment hedges**
The effective portion of changes in the fair value of net investment hedges is recognised (including related tax impacts) through Other comprehensive income in the Hedge of net investment reserve in equity. Any ineffective portion is recognised immediately in the Consolidated income statement. The cumulative gain or loss existing in equity remains in equity until the foreign investment is disposed.

## 3.5 Capital management

AMPGH holds capital to protect customers, creditors and shareholders against unexpected losses. There are a number of ways AMPGH assesses the adequacy of its capital position. Primarily, AMPGH aims to:

- maintain a sufficient level of surplus capital above minimum regulatory capital requirements (MRR) to reduce the risk of technical insolvency; and
- have sufficient access to liquid resources under a range of stress situations.

**Capital requirements**
A number of the AMPGH's operating entities are regulated and are required to meet MRR. In certain circumstances, APRA or other regulators may require subsidiaries within the AMPGH Group to hold a greater level of capital to support their business and/or restrict the amount of dividends that can be paid by them. Any such adjustments would be incorporated into the MRR and monitored as required.

The main minimum regulatory capital requirements for AMPGH's businesses are:

| **Operating entity** | **Minimum regulatory capital requirement** |
|---|---|
| N. M. Superannuation Pty Limited | Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards |
| Other ASIC regulated businesses | Capital requirements imposed under AFS Licenses. |

4
Section

## Employee disclosures

This section provides details on the various programs the AMPGH group uses to reward and recognise employees, including key management personnel.



## 4.1 Defined benefit plans

AMPGH contributes to defined benefit plans which provide benefits to employees, and their dependants, on resignation, retirement, disability or death of the employee. The benefits are based on years of service and an average salary calculation. All defined benefit plans are now closed to new members.

The characteristics and risks associated with each of the defined benefit plans are described below:

| Plan details | Australia | New Zealand |
|---|---|---|
| **Plan names** | AMP Australia Plan I and AMP Australia Plan II. | AMP New Zealand Plan I and AMP New Zealand Plan II. |
| **Entitlements of active members** | A lump sum or pension on retirement. Pensions provided are lifetime indexed pensions with a reversionary spouse pension. | A lump sum or pension on retirement. For those who elect for a pension, the plan also provides for a spouses' pension. |
| **Governance of the plans** | The plans' trustees – this includes administration of the plan, management and investment of the plan assets, and compliance with superannuation laws and other applicable regulations. | The plan's trustees - this includes administration of the plan, management, and investment of the plan assets, and looking after the interests of all beneficiaries. |
| **Valuations required** | Every year. | Every three years. |
| **Key risks** | The risk of actual outcomes being different to the actuarial assumptions used to estimate the defined benefit obligation, investment risk and legislative risk. | |
| **Date of last valuation** | 31 March 2023. | 31 December 2020. |
| **Additional recommended contributions** | No additional contributions are required until the 31 March 2024 valuation is completed. | No additional contributions are required until the 31 December 2023 valuation is completed. |

### (a) Defined benefit (liability)/asset

| | 2023 $m | 2022 $m |
|---|---|---|
| Present value of wholly-funded defined benefit obligations | **(677.0)** | (645.2) |
| Less: Fair value of plan assets | **676.4** | 657.6 |
| **Defined benefit (liability)/asset recognised in the Consolidated statement of financial position** | **(0.6)** | 12.4 |
| | | |
| **Movement in defined benefit (liability)/asset** | | |
| Defined benefit asset recognised at the beginning of the year | **12.4** | 2.7 |
| Plus: Total expenses recognised in the Consolidated income statement | **(1.5)** | (1.1) |
| Plus: Employer contributions | **-** | 10.3 |
| Plus: Foreign currency exchange rate changes | **1.0** | 1.2 |
| Plus: Actuarial losses recognised in the Consolidated statement of comprehensive income[1] | **(12.5)** | (0.7) |
| **Defined benefit (liability)/asset recognised at the end of the year** | **(0.6)** | 12.4 |

1. The cumulative net actuarial gains and losses recognised in the Statement of comprehensive income is a $185.6m gain (2022: $198.1m gain).

# 4.1 Defined benefit plans *continued*

### (b) Reconciliation of the movement in the defined benefit (liability)/asset

| | Defined benefit obligation | | Fair value of plan assets | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | $m | $m | $m | $m |
| Balance at the beginning of the year | **(645.2)** | (781.9) | **657.6** | 784.6 |
| Current service cost | **(1.4)** | (1.1) | **-** | - |
| Interest (expense)/income | **(26.5)** | (5.2) | **26.4** | 5.2 |
| Net actuarial (losses)/gains | **(56.0)** | 89.6 | **43.5** | (90.3) |
| Employer contributions | **-** | - | **-** | 10.3 |
| Contributions by plan participants | **(0.1)** | (0.2) | **-** | 0.2 |
| Foreign currency exchange rate changes | **1.0** | 3.4 | **-** | (2.2) |
| Benefits paid | **51.2** | 50.2 | **(51.1)** | (50.2) |
| **Balance at the end of the year** | **(677.0)** | (645.2) | **676.4** | 657.6 |

### (c) Analysis of defined benefit (deficit)/surplus by plan

| | Fair value of plan assets | | Present value of plan obligation | | Net recognised (deficit)/surplus | | Actuarial losses | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | $m | $m | $m | $m | $m | $m | $m | $m |
| **AMP Australia Plan I** | **247.3** | 240.5 | **(259.9)** | (247.5) | **(12.6)** | (7.0) | **(5.4)** | (0.3) |
| **AMP Australia Plan II** | **344.2** | 331.4 | **(317.7)** | (294.3) | **26.5** | 37.1 | **(11.1)** | (7.0) |
| **AMP New Zealand Plan I** | **12.9** | 13.1 | **(15.4)** | (16.0) | **(2.5)** | (2.9) | **0.8** | - |
| **AMP New Zealand Plan II** | **72.0** | 72.6 | **(84.0)** | (87.4) | **(12.0)** | (14.8) | **3.2** | 6.6 |
| **Total** | **676.4** | 657.6 | **(677.0)** | (645.2) | **(0.6)** | 12.4 | **(12.5)** | (0.7) |

### (d) Principal actuarial assumptions

The following table sets out the principal actuarial assumptions used as at the reporting date in measuring the defined benefit obligations of the Australian and New Zealand defined benefit funds:

| | AMP Plan I | | | | AMP Plan II | | | |
|---|---|---|---|---|---|---|---|---|
| | Australia | | New Zealand | | Australia | | New Zealand | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | % | % | % | % | % | % | % | % |
| Weighted average discount rate | **5.1** | 5.7 | **4.5** | 4.6 | **5.3** | 5.8 | **4.5** | 4.6 |
| Expected rate of salary increases | **n/a** | n/a | **n/a** | n/a | **2.8** | 2.8 | **3.0** | 3.0 |

### (e) Allocation of assets

The asset allocations of the defined benefit funds are shown in the following table:

| | AMP Plan I | | | | AMP Plan II | | | |
|---|---|---|---|---|---|---|---|---|
| | Australia | | New Zealand | | Australia | | New Zealand | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | % | % | % | % | % | % | % | % |
| Equity | **58** | 43 | **46** | 47 | **58** | 19 | **46** | 47 |
| Fixed interest | **20** | 37 | **40** | 38 | **20** | 51 | **40** | 38 |
| Property | **14** | 9 | **-** | - | **14** | 7 | **-** | - |
| Cash | **3** | 4 | **14** | 15 | **3** | 9 | **14** | 15 |
| Other | **5** | 7 | **-** | - | **5** | 14 | **-** | - |

# 4.1 Defined benefit plans *continued*

### (f) Sensitivity analysis

The defined benefit obligation has been recalculated for each scenario by changing only the specified assumption as outlined below, whilst retaining all other assumptions as per the base case. The table below shows the increase (decrease) for each assumption change. Where an assumption is not material to the fund it has been marked as n/a.

| | AMP Plan I | | | | AMP Plan II | | | |
|---|---|---|---|---|---|---|---|---|
| **2023** | **Australia** | | **New Zealand** | | **Australia** | | **New Zealand** | |
| | **(+)** | **(-)** | **(+)** | **(-)** | **(+)** | **(-)** | **(+)** | **(-)** |
| **Assumption** | **$m** | **$m** | **$m** | **$m** | **$m** | **$m** | **$m** | **$m** |
| Discount rate (+/- 0.5%)[1] | **(10.7)** | **12.9** | **n/a** | **0.9** | **(15.2)** | **16.6** | **n/a** | **8.4** |
| Expected salary increase rate (0.5%) | **n/a** | **n/a** | **n/a** | **n/a** | **0.1** | **n/a** | **n/a** | **n/a** |
| Pensioner indexation assumption (0.5%)[2] | **13.5** | **(11.3)** | **0.9** | **n/a** | **15.3** | **(14.1)** | **7.4** | **n/a** |
| Pensioner mortality assumption (10%) | **n/a** | **10.3** | **n/a** | **n/a** | **n/a** | **7.0** | **n/a** | **n/a** |
| Life expectancy (additional 1 year) | **n/a** | **n/a** | **0.7** | **n/a** | **n/a** | **n/a** | **2.5** | **n/a** |

| | AMP Plan I | | | | AMP Plan II | | | |
|---|---|---|---|---|---|---|---|---|
| **2022** | Australia | | New Zealand | | Australia | | New Zealand | |
| | (+) | (-) | (+) | (-) | (+) | (-) | (+) | (-) |
| Assumption | $m | $m | $m | $m | $m | $m | $m | $m |
| Discount rate (+/- 0.5%)[1] | (10.8) | 11.6 | n/a | 1.1 | (13.6) | 14.8 | n/a | 8.9 |
| Expected salary increase rate (0.5%) | n/a | n/a | n/a | n/a | 0.2 | n/a | n/a | n/a |
| Pensioner indexation assumption (0.5%)[2] | 12.2 | (11.5) | 1.0 | n/a | 13.6 | (12.6) | 7.8 | n/a |
| Pensioner mortality assumption (10%) | n/a | 8.3 | n/a | n/a | n/a | 6.0 | n/a | n/a |
| Life expectancy (additional 1 year) | n/a | n/a | 0.8 | n/a | n/a | n/a | 2.5 | n/a |

1 (+/- 1%) discount rate applied to AMP New Zealand Plan I and II.

2 1% indexation increase applied to AMP New Zealand Plan I and II.

### (g) Expected contributions and maturity profile of the defined benefit obligation

| | AMP Plan I | | AMP Plan II | |
|---|---|---|---|---|
| | **Australia** | **New Zealand** | **Australia** | **New Zealand** |
| Expected employer contributions ($m) | - | - | 0.1 | - |
| Weighted average duration of the defined benefit obligation (years) | 8.0 | 7.0 | 11.0 | 10.0 |

**Accounting policy – recognition and measurement**

**Defined benefit plans**
The AMPGH group recognises the net deficit or surplus position of each fund in the Consolidated statement of financial position. The deficit or surplus is measured as the difference between the fair value of the funds' assets and the discounted defined benefit obligations of the funds, using discount rates determined with reference to market yields on high quality corporate bonds at the end of the reporting period.

After taking into account any contributions paid into the defined benefit funds during the period, movements in the net surplus or deficit of each fund, except actuarial gains and losses, are recognised in the Consolidated income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions over the period and the returns on plan assets are recognised (net of tax) directly in retained earnings through Other comprehensive income.

Contributions paid into defined benefit funds are recognised as reductions in the deficit.

## 4.1 Defined benefit plans *continued*

**Critical accounting estimates and judgements**

**Defined benefit obligations**

The value of the AMPGH group's defined benefit obligations are outputs of actuarial models dependent on a number of underlying assumptions. Managed applies judgement in selecting the assumptions used. Key assumptions include:

- discount rate;
- expected future salary increases;
- pension indexation;
- mortality; and
- life expectancy.

## 4.2 Share-based payments

AMPGH has multiple employee share-based payment plans. Share-based payment plans help create alignment between employees participating in those plans (participants) and shareholders. Information on plans which AMPGH currently offers is provided below.

The following table shows the expense recorded for AMPGH group share-based payment plans during the year:

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Performance rights[1] | **3,141.9** | 5,697.7 |
| Share rights and restricted shares - equity settled | **3,118.4** | 2,707.5 |
| Share rights - cash settled | **-** | 380.4 |
| **Total share-based payments expense** | **6,260.3** | 8,785.7 |

1 Non-market performance rights which were forfeited or where performance conditions were not met were reversed during the year.

**Accounting policy – recognition and measurement**

**Equity-settled share-based payments**
The cost of equity-settled share-based payments is measured using their fair value at the date on which they are granted. The fair value calculation takes into consideration a number of factors, including the likelihood of achieving market-based vesting conditions such as total shareholder return (market conditions).

The cost of equity-settled share-based payments is recognised in the Consolidated income statement, together with a corresponding increase in the share-based payment reserve (SBP reserve) in equity, over the vesting period of the instrument. At each reporting date, the AMP group reviews its estimates of the number of instruments that are expected to vest and any changes to the cost are recognised in the Consolidated income statement and the SBP reserve, over the remaining vesting period.

Where the terms of an equity-settled share-based payment are modified and the expense increases as a result of the modification, the increase is recognised over the remaining vesting period. When a modification reduces the expense, there is no adjustment, and the pre-modification cost continues to be recognised.

Where an equity-settled award does not ultimately vest, expenses are not reversed; except for awards where vesting is conditional upon a non-market condition, in which case all expenses are reversed in the period in which the instrument lapses.

**Cash-settled share-based payments**

Cash-settled share-based payments are recognised when the terms of the arrangement provide AMP group with the discretion to settle in cash or by issuing equity instruments and it has a present obligation to settle the arrangement in cash. A present obligation may occur where the past practice has set a precedence for future settlements in cash.

Cash-settled share-based payments are recognised, over the vesting period of the award, in the Consolidated income statement, together with a corresponding liability. The fair value is measured on initial recognition and re-measured at each reporting date up to and including the settlement date, with any changes in fair value recognised in the Consolidated income statement. Similar to equity-settled awards, number of instruments expected to vest are reviewed at each reporting date and any changes are recognised in the Consolidated income statement and corresponding liability. The fair value is determined using appropriate valuation techniques.

# 4.2 Share-based payments *continued*

### (a) Performance rights

The Chief Executive Officer (CEO) and Executive Committee members receive their long-term incentive (LTI) award in the form of performance rights. This is intended to ensure the interests of those executives, who are able to most directly influence company performance, are appropriately aligned with the interests of shareholders.

| Plan | Long-term Incentive Awards |
|---|---|
| **Overview** | Performance rights give the participant the right to acquire one fully paid ordinary share in AMP Limited upon meeting specific performance hurdles. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. Upon vesting, the performance rights convert to restricted shares, which are subject to further restriction periods. This award may be settled through an equivalent cash payment, at the discretion of the board. |
| **Years granted** | 2021, 2022 and 2023. |
| **Vesting conditions/period** | The vesting of performance rights under the 2021 and 2022 LTI awards is subject to:<br>- Relative TSR: which measures the Compound Annual Growth Rate (CAGR) or CAGR in the Company's TSR relative to CAGR in TSR to the peer group of ASX100 financial companies (excluding A-REITs) over the relevant Performance Period.<br><br>Any performance rights that vest are subject to a further one-year restriction period.<br>The vesting of performance rights under the 2023 LTI award is subject to:<br>- Relative TSR (35% of award): measures AMP's CAGR TSR relative to a peer group of ASX 200 financial companies (excluding A-REITs) over a three year Performance Period.<br>- Adjusted Earnings Per Shares (EPS) (35% of award): measures AMP's CAGR in AMP's adjusted EPS over a three year Performance Period.<br>- Reputation (30% of award): measures AMP's RepTrak score performance relative to a comparator group which is based on a subset of 15 organisations positioned similarly to AMP in RepTrak's Benchmark 60 index, over a three year Performance Period.<br>Any performance rights that vest are subject to further restriction periods of up to three years in the case of the CEO and up to an additional two years for the other Executive Committee members. |
| **Risk and Conduct Gateway** | All equity plans are subject to a Risk and Conduct Gateway – if a participant's performance and conduct is not in line with AMP's expectations, the board has discretion to amend the number of units granted and/or the vesting outcome in line with the board's adjustment guidelines. |
| **Unvested awards** | If a participant is terminated for cause or gives notice of resignation before the vesting date, all unvested rights will lapse or be forfeited, unless the board determines otherwise.<br><br>If a participant's employment ends for any other reason, the unvested awards will remain on foot. For the CEO sign-on performance rights and the 2022 and 2023 LTI awards, a pro rata portion of rights are retained. All unreleased restricted shares allocated to the participant on vesting will remain on foot until the end of the restriction period, unless the participant is terminated for cause, in which case the awards are forfeited. |

# 4.2 Share-based payments *continued*

### (a) Performance rights continued

**Valuation of performance rights**

The values for performance rights are based on valuations prepared by an independent external consultant. The valuations are based on the 10-day volume weighted average share price over the 10-day trading period prior to the start of the award's valuation period. Assumptions regarding the dividend yield and volatility have been estimated based on AMP's dividend yield and volatility over an appropriate period.

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period; this is revisited each reporting date. The following table shows the factors and range considered in determining the value of the performance rights granted during the last two years.

**Performance rights**

| | **2023** | **2022** |
|---|---|---|
| Closing share price on grant date | **$1.05** | $1.01 |
| Contractual life (years) | **3.8-4.8** | 4.1 |
| Dividend yield (per annum) | **4%-5%** | 0%-5% |
| Expected volatility of share price | **0%-40%** | 39% |
| Risk-free interest rate (per annum) | **0%-2.9%** | 1% |
| TSR performance hurdle discount | **12%-58%** | 42% |
| **Fair value of performance rights (weighted average)** | **$0.75** | $0.59 |
| **Expected time to vesting (in years)** | **3.6** | 3.1 |

**Performance rights movements**

| **Number of performance rights** | **2023** | **2022** |
|---|---|---|
| Balance at the beginning of the year | **21,965,158** | 20,181,967 |
| Granted during the year | **3,617,253** | 5,138,553 |
| Other changes[1] | **-** | 331,791 |
| Lapsed during the year | **(17,728,843)** | (3,687,153) |
| **Balance at the end of the year** | **7,853,568** | 21,965,158 |

1 Other changes included employees who transferred between other entities within the AMP Limited group and AMP Group Holdings Limited group.

# 4.2 Share-based payments *continued*

### (b) Share rights

The Chief Executive Officer (CEO), Executive Committee members, and certain executives and employees are provided share rights as a part of their remuneration arrangements. These arrangements are summarised as follows:

| | **Share rights** | | |
|---|---|---|---|
| | **Long-term Incentive Plan** | **Short-term Incentive plan** | **Salary Sacrifice Plan** |
| **Overview** | Share rights give the participant the right to acquire one fully paid ordinary share in AMP Limited after a specified service period. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. All awards are subject to ongoing employment, compliance with AMP Limited policies and the board's discretion.<br><br>In 2021, AMP Limited offered the opportunity to salary sacrifice between $1,000–$5,000 over a 12-month period to acquire shares in AMP Limited which includes a matching contribution on a 2:5 basis. | | |
| **Vesting conditions/ period** | Long-term Variable Remuneration (LTVR) awards for certain executives (pre-2023) are subject to continued service periods of three or four years.<br><br>LTVR awards for certain executives granted from 2023 onwards, are subject to continued service periods that vest in three equal tranches over a three-year period, or a single tranche after four years.<br><br>Awards granted under the Deferred Bonus Equity Plan are split into two tranches with continued service conditions of two and three years respectively.<br><br>These awards may be settled through an equivalent cash payment, at the discretion of the board. | The Short-term Incentive (STI) awards typically have 40% to 60% of the award deferred in equity. The vesting period is between one to four years of continued service. These awards may be settled through an equivalent cash payment, at the discretion of the board. | Shares granted under the share matching component of the salary sacrifice plan are subject to continued service for two years from grant date. |
| **Unvested awards** | Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct. | | |

## 4.2 Share-based payments *continued*

**(b) Share rights continued**

**Valuation of share rights**

The fair value of share rights has been calculated as at the grant date by external consultants using a discounted cash flow methodology. If relevant to the award, fair value has been discounted for the present value of dividends expected to be paid during the vesting period to which the participant is not entitled. For the purposes of the valuation, it is assumed share rights are exercised as soon as they have vested. Assumptions regarding the dividend yield have been estimated based on AMP's dividend yield over an appropriate period.

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the vesting period. The following table shows the factors and range considered in determining the independent fair value of the share rights granted during the last two years:

**Share rights**

| | 2023 | 2022 |
|---|---|---|
| Closing share price on grant date | **$1.05** | $0.96 |
| Contractual life (years) | **0.8-3.8** | 0.9 – 3.9 |
| Dividend yield (per annum) | **4%-5%** | 0% – 5% |
| Dividend discount | **3%-16%** | 0% – 13% |
| **Fair value of performance rights (weighted average)** | **$0.94** | $0.88 |
| **Expected time to vesting (in years)** | **0.1 – 3.1** | 0.1 – 3.1 |

**Share rights movements**

| Number of share rights | 2023 | 2022 |
|---|---|---|
| Balance at the beginning of the year | **16,230,565** | 12,841,135 |
| Granted during the year | **6,062,950** | 6,348,598 |
| Exercised during the year | **(3,242,930)** | (2,884,839) |
| Other changes[1] | **-** | 1,149,289 |
| Lapsed during the year | **(841,758)** | (1,223,618) |
| **Balance at the end of the year** | **18,208,827** | 16,230,565 |

1 Other changes included employees who transferred between other entities within the AMP Limited and AMP Group Holdings Limited group.

5
Section

## Group entities

This section explains significant aspects of the AMPGH group structure, including significant investments in controlled operating entities, and investments in associates. It also provides information on business acquisitions and disposals made during the year.



## 5.1 Controlled entities

Significant investments in controlled operating entities are as follows:

| Operating entities | Country of | | % holdings | |
|---|---|---|---|---|
| Name of entity | registration | Share type | 2023 | 2022 |
| AMP Capital Funds Management Limited | Australia | Ord | - | 100 |
| AMP Capital Investors (New Zealand) Limited | New Zealand | Ord | - | 100 |
| AMP Capital Investors Limited | Australia | Ord | - | 100 |
| AMP Capital Office and Industrial Pty Limited | Australia | Ord | - | 100 |
| AMP Capital Shopping Centres Pty Limited | Australia | Ord | - | 100 |
| AMP Financial Planning Pty Limited | Australia | Ord | **100** | 100 |
| Charter Financial Planning Limited | Australia | Ord | **100** | 100 |
| AMP Group Finance Services Limited | Australia | Ord | **100** | 100 |
| AMP Services (NZ) Limited | New Zealand | Ord | **100** | 100 |
| AMP Services Limited | Australia | Ord | **100** | 100 |
| AWM Services Pty Ltd | Australia | Ord | **100** | 100 |
| ipac Asset Management Limited | Australia | Ord | **100** | 100 |
| Hillross Financial Services Limited | Australia | Ord | **100** | 100 |
| AMP Wealth Management New Zealand Limited | New Zealand | Ord | **100** | 100 |
| AdviceFirst Limited | New Zealand | Ord | **100** | 100 |
| National Mutual Funds Management Ltd | Australia | Ord | **100** | 100 |
| N.M. Superannuation Pty Ltd | Australia | Ord | **100** | 100 |
| NMMT Limited | Australia | Ord | **100** | 100 |

# 5.2 Discontinued operations

**a) Sale of AMP Capital**

During 2022, AMP announced a series of sales transactions which resulted in AMP's divestment of its AMP Capital and SMSF businesses. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5) requires the income, expenses and cash flows of these businesses to be separately disclosed as discontinued operations. For the year ended 31 December 2023, discontinued operations represents the income, expenses and cash flows of:

– AMP Capital's international infrastructure equity business from 1 January to 3 February 2023;
– AMP Capital's real estate and domestic infrastructure equity business from 1 January to 24 March 2023; and
– SuperConcepts Self-Managed Superannuation Fund administration and software business from 1 January to 30 June 2023.

In accordance with AASB 5, the comparative period results have been restated. As result, in addition to the businesses above, whose results were included for the entire comparative period, the discontinued operations for year ended 31 December 2022 also included the income, expenses and cashflows of:

– AMP Capital's infrastructure debt platform from 1 January 2022 to 11 February 2022; and
– AMP Capital's GEFI business from 1 January 2022 to 28 March 2022.

The residual assets of AMP Capital, principally its investments in CLAMP, PCCP and related sponsor investments remain a part of the AMPGH group. Accordingly, the related income, expenses and cash flows of these investments are included within continuing operations.

**b) Profit for the year from discontinued operations**

The results of AMP Capital and SMSF sold businesses included within AMPGH group's Consolidated income statement are set out below, including comparative information.

Following the sale of AMP Capital, certain service arrangements will continue between AMPGH and those businesses. Where relevant, revenue and expenses attributable to continuing operations from such arrangements have been presented within continuing operations to reflect the ongoing nature of such arrangements. The result of the discontinued operations presented below have been adjusted for these arrangements.

| | **2023** | **2022[1]** |
|---|---|---|
| | **$'000** | **$'000** |
| Total revenue of discontinued operations | **146.0** | 445.9 |
| Total expense of discontinued operations | **(147.1)** | (458.7) |
| Loss before tax from discontinued operations | **(1.1)** | (12.8) |
| Income tax benefit/(expense) | **0.3** | (9.3) |
| Loss for the year from discontinued operations before disposals | **(0.8)** | (22.1) |
| Gain on disposal of businesses sold | **197.6** | 412.2 |
| Income tax benefit/(expense) resulting from the gain on disposal of businesses sold[2] | **19.1** | (26.7) |
| Gain on disposal of businesses sold after tax | **216.7** | 385.5 |
| Profit for the year from discontinued operations | **215.9** | 363.4 |
| Other comprehensive loss for the year from discontinued operations | **(7.0)** | (11.5) |
| **Total comprehensive income for the year** | **208.9** | 351.9 |

1 Results for the year ended 31 December 2022 have been restated to be on a continuing operations basis.
2 Income tax expense is net of the utilisation of previously unrecognised capital losses.

**c) Cash flows provided by discontinued operations**

The cash flows provided by discontinued operations during the year and included within the Consolidated statement of cash flows, are set out below, including comparative information.

| | **2023** | **2022** |
|---|---|---|
| | **$'000** | **$'000** |
| Net cash used in operating activities | **(107.4)** | (95.3) |
| Net cash provided by investing activities | **360.4** | 487.9 |
| **Net cash provided by discontinued operations** | **253.0** | 392.6 |

## 5.2 Discontinued operations *continued*

**Critical accounting estimates and judgements**

**Discontinued operations**

The presentation of discontinued operations includes gains or losses recognised on the sale of AMP Capital and SMSF businesses and incorporates management's judgements in relation to:

- determining whether the relevant group of assets meet the held for sale classification, including judgements applied in estimating the likely satisfaction of key condition precedents and estimating the timeframe transactions will complete within from the balance date,
- determining the fair value of the assets and liabilities held for sale, including the related impairment considerations, and
- assumptions used to estimate purchase price adjustments, earn-outs, the allocation of goodwill, provisions for directly attributable separation costs yet to be incurred, warranties and indemnities under sale agreements and potential onerous contracts resulting from the separation.

## 5.3 Investments in associates

Investments in associates accounted for using the equity method:

| | | | Ownership interest | | Carrying amount[1] | |
|---|---|---|---|---|---|---|
| | | Place of | 2023 | 2022 | 2023 | 2022 |
| **Associate** | **Principal activity** | **business** | **%** | **%** | **$m** | **$m** |
| China Life AMP Asset Management Company Ltd[2] | Investment management | China | **14.97** | 14.97 | **88.1** | 81.0 |
| PCCP, LLC (Pacific Coast Capital Partners) | Investment management | United States | **23.27** | 23.87 | **179.5** | 170.1 |
| Other[3] | | | **n/a** | n/a | **49.1** | 72.4 |
| **Total investments in associates** | | | | | **316.7** | 323.5 |

1 The carrying amount is after recognising $37.3m (2022: $33.0m) share of current year profit or loss from the associates accounted for using the equity method.
2 The AMPGH group has significant influence through representation on the entity's board.
3 Other primarily consists of ownership interests in Advice-related businesses.

**Accounting Policy – recognition and measurement**

**Investments in associates**

Investments in entities over which the AMPGH group has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting. The investment is measured at cost plus post-acquisition changes in the AMPGH group's share of the associates' net assets, less any impairment in value. The AMPGH group's share of profit or loss of associates is included in the Consolidated income statement. Any dividend or distribution received from associates is accounted for as a reduction in carrying value of the associate.

Any impairment is recognised in the Consolidated income statement when there is objective evidence a loss has been incurred. It is measured as the amount by which the carrying amount of the investment in entities exceeds the recoverable amount.

## 5.4 Parent entity information

| | 2023 $m | 2022 $m |
|---|---|---|
| **(a) Statement of comprehensive income - AMP Group Holdings Limited entity** | | |
| Dividends and interest from controlled entities[1] | **635.1** | 80.0 |
| Service fee revenue | **-** | 0.3 |
| Other operating income | **4.8** | 65.3 |
| Operating expense | **(25.9)** | (41.8) |
| Impairment of investments in controlled entities | **(338.1)** | (364.9) |
| Income tax benefit/(expense) | **9.2** | (5.7) |
| **Profit /(loss) for the year** | **285.1** | (266.8) |
| **Total comprehensive profit/(loss) for the year** | **285.1** | (266.8) |
| **(b) Statement of financial position - AMP Group Holdings Limited entity** | | |
| **Current assets** | | |
| Cash and cash equivalents | **1.1** | 1.0 |
| Receivables | **0.1** | 162.0 |
| Loans and advances to parent | **-** | 350.0 |
| **Non-current assets** | | |
| Investments in controlled entities | **2,155.2** | 2,685.3 |
| Deferred tax assets | **49.0** | 37.1 |
| **Total assets** | **2,205.4** | 3,235.4 |
| **Current liabilities** | | |
| Payables | **314.4** | 386.5 |
| Loans from subsidiary | **360.0** | 350.0 |
| Current tax liabilities | **-** | 7.3 |
| Provisions | **11.8** | 8.7 |
| AMP Bank indemnity | **48.5** | 55.2 |
| **Total liabilities** | **734.7** | 807.7 |
| **Net assets** | **1,470.7** | 2,427.7 |
| **Equity** | | |
| Contributed equity | **8,550.7** | 9,157.7 |
| Retained earnings | **(7,080.0)** | (6,730.0) |
| **Total equity** | **1,470.7** | 2,427.7 |

1 Dividend income from controlled entities $635.1m (2022: $80.0m) is not assessable for tax purposes.

**(c) Contingent liabilities of the AMP Group Holdings Limited entity**
The AMP Group Holdings Limited entity has entered into deeds to provide capital maintenance and liquidity support to AMP Bank Limited. At the reporting date, the likelihood of any outflow in settlement of these obligations is considered to be remote.

**(d) Parent entity and ultimate parent entity of AMP Group Holdings Limited**
The parent entity and the ultimate parent entity of AMP Group Holdings Limited is AMP Limited.

**(e) Deed of Cross guarantee**
Guarantees entered by the parent entity in relation to the debts of its subsidiaries. AMP Group Holdings Limited and the members of the Closed Group have entered a Deed of Cross Guarantee as described in Note 5.6. No liability has been recognised by the parent entity or the group in relation to these guarantees.

# 5.5 Related party disclosures

## (a) Key management personnel

### Compensation of key management personnel

| | 2023 $000 | 2022 $000 |
|---|---|---|
| Short-term benefits | **3,158.2** | 2,680.7 |
| Post-employment benefits | **121.8** | 101.0 |
| Share-based payments | **1,397.7** | 2,015.1 |
| Other long-term benefits | **59.7** | (21.0) |
| **Total** | **4,737.4** | 4,775.8 |

Compensation of the AMPGH group's key management personnel includes salaries, non-cash benefits and contributions to the post-employment benefits. Executive officers also participate in share-based incentive programs (refer to note 4.2). The amounts disclosed in the table are recognised as an expense during the reporting period.

### Loans to key management personnel

Loans to key management personnel and their related parties are provided by AMP Bank and are on similar terms and conditions generally available to other employees within the AMPGH group. No guarantees are given or received in relation to these loans. Loans have currently been made to one (2021: one) key management personnel and their related parties. Details of these loans are:

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Balance as at the beginning of the year | **910.8** | 916.0 |
| Net advances/(repayments) | **1,139.0** | (5.2) |
| **Balance as at the end of the year** | **2,049.8** | 910.8 |
| Interest charged | **66.6** | 28.7 |

### Key management personnel access to AMPGH's products

From time to time, key management personnel or their related entities may have had access to certain AMPGH products and services such as investment products, personal banking and financial investment services. These products and services are offered to key management personnel on the same terms and conditions as those entered into by other group employees or customers.

## (b) Transactions with related parties

### Transactions with AMP Bank

AMP Bank provides the AMPGH transactional and general banking services on normal commercial terms. These services include receiving short term deposits from AMPGH and its related parties and paying interest at market-related rates. AMP Bank has also issued loans to advisor practices within the AMPGH group on normal commercial terms.

The Company provides AMP Bank with an unconditional and irrevocable guarantee for a fee agreed under normal commercial terms. In addition to this, a deed of indemnity with AMP Bank was entered into to cover AMP Bank for certain credit losses incurred in connection with the above loans. Refer to note 2.1 for further details.

### Transactions with other associates

The AMPGH group provides investment management services under general service level agreements with other associates as well as support to financial advice practices.

Dividends were received from associates.

### Accounting policy – recognition and measurement

Short-term benefits - Liabilities arising in respect of salaries and wages and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts.

Post-employment benefits - Defined contribution funds - The contributions paid and payable by the AMPGH group to defined contributions funds are recognised in the Consolidated income statement as an operating expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments – refer to note 4.2.

Other long-term benefits - Other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, discount rates are determined with reference to market yields at the end of the reporting period on high quality corporate bonds or, in countries where there is no deep market in such bonds, by using market yields at the end of the period on government bonds.

## 5.6 Deed of Cross Guarantee

Pursuant to ASIC Corporations (wholly owned companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the Corporations Act requirement to prepare and lodge financial reports and directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable if after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees if the Company is wound up.

The subsidiaries became a party to the Deed on 7 December 2023.

The following members of the group are parties to the deed of cross guarantee under which each company guarantees the debts of the others, and these members are referred to as the Closed Group:

| Name of entity | Country of registration |
|---|---|
| AMP Group Holdings Limited | Australia |
| **Wholly owned Subsidiaries** | |
| AMP Holdings Pty Limited | Australia |
| Collimate Capital Limited | Australia |
| National Mutual Funds Management (Global) Pty Limited | Australia |
| AMP Wealth Management Holdings Pty Ltd | Australia |
| AMP Capital Finance Limited | Australia |
| AMP Capital Investors International Holdings Limited | Australia |

**(a) Consolidated income statement**

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by AMP Group Holdings Limited, they also represent the 'extended closed group'. Set out below is a consolidated income statement for the year ended 31 December 2023 of the Closed Group.

| | 2023 $m |
|---|---|
| Fee revenue | **127.3** |
| Service fee revenue | **52.3** |
| Dividends and interest from controlled entities | **89.3** |
| Other investment gains | **3.3** |
| Other income | **161.7** |
| **Total revenue** | **433.9** |
| Fee and commission expenses | **(161.8)** |
| Staff and related expenses | **(9.5)** |
| Finance costs | **(1.2)** |
| Other operating expenses | **(16.2)** |
| **Total expenses** | **(188.7)** |
| **Profit before tax from continuing operations** | **245.2** |
| Income tax expense | **(30.3)** |
| **Profit after tax from continuing operations** | **214.9** |
| **Profit after tax from discontinued operations** | **215.9** |
| **Profit for the year** | **430.8** |

# 5.6 Deed of Cross Guarantee *continued*

**(b) Consolidated statement of financial position**

Set out below is a Consolidated statement of financial position as at 31 December 2023 of the Closed Group.

| | **2023 $m** |
|---|---|
| **Assets** | |
| Cash and cash equivalents | **15.4** |
| Receivables | **336.7** |
| Investments in other financial assets | **405.0** |
| Intercompany tax receivable | **38.5** |
| Deferred tax assets | **11.5** |
| Other assets | **0.7** |
| **Total assets** | **807.8** |
| **Liabilities** | |
| Payables | **54.0** |
| Employee benefits | **4.8** |
| Provisions | **60.9** |
| Interest-bearing liabilities | **0.3** |
| Deferred tax liabilities | **4.2** |
| **Total liabilities** | **124.2** |
| **Net assets** | **683.6** |
| **Equity** | |
| Contributed equity | **5,096.9** |
| Reserves | **(5.9)** |
| Retained earnings | **(4,407.4)** |
| **Total equity** | **683.6** |

# 6 Section

## Other Disclosures

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



## 6.1 Notes to Consolidated statement of cash flows

**Reconciliation of cash flow from operating activities**

| | 2023 $m | 2022 $m |
|---|---|---|
| Net profit after income tax | **128.0** | 114.0 |
| Depreciation of operating assets | **5.3** | 56.6 |
| Amortisation and impairment of intangibles | **29.4** | 51.5 |
| Investment gains/(losses) and share of profit/(losses) from investment in associates | **(140.8)** | (375.3) |
| Dividend and distribution income received | **17.5** | 21.8 |
| Share-based payment expense | **6.3** | 8.8 |
| Decrease in receivables, intangibles and other assets | **694.6** | 110.6 |
| Decrease in guarantee liabilities | **(32.2)** | (20.6) |
| Increase in income tax balances | **1.8** | 39.1 |
| Decrease in other payables and provisions | **(179.0)** | (726.4) |
| **Net cash provided by/(used in) operating activities** | **530.9** | (719.9) |

**Accounting policy – recognition and measurement**

**Cash and cash equivalents**
Cash and cash equivalents comprise cash-on-hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value, being the principal amount. For the purpose of the Consolidated statement of cash flows, Cash and cash equivalents also includes other highly liquid investments not subject to significant risk of change in value, with short periods to maturity, net of outstanding bank overdrafts. Bank overdrafts are shown within Interest-bearing liabilities in the Consolidated statement of financial position.

## 6.2 Commitments

### (a) Investment commitments

At 31 December 2023, AMPGH group had uncalled investment commitments of $18.0m (2022: $81.0m) in relation to certain sponsor investments. Subsequent to the reporting date, $nil of this committed capital was invested by AMPGH group into managed funds. These investment commitments will only be called when suitable investment opportunities arise, and the exact timeline remains unspecified.

## 6.3 Right of use assets and lease liabilities

Per AASB 16 *Leases* (AASB 16), the group recognises lease liabilities except for short-term leases and leases where the underlying asset is of low value, with corresponding right of use assets in the Consolidated statement of financial position.

### (a) Right of use assets

The main type of ROU asset recognised by the AMPGH group is premises. The following table details the carrying amount of the ROU assets at 31 December 2023 and the movements during the year.

| | 2023 $m | 2022 $m |
|---|---|---|
| Balance at the beginning of the year | **395.6** | 96.4 |
| Additions | **10.1** | 468.6 |
| Derecognitions and transfers to sublease receivables[1] | **(11.2)** | (89.8) |
| Impairment expense[2] | **(26.7)** | (30.1) |
| Depreciation expense | **(39.0)** | (47.3) |
| Foreign currency exchange rate movement | **-** | 0.6 |
| Transferred to assets held for sale | **-** | (2.8) |
| **Balance at the end of the year** | **328.8** | 395.6 |

1 Includes transfers to sublease receivables of $11.2m (2022: $60.1m).
2 Includes an impairment expense of $11.4m (2022: $1.0m) in relation to discontinued operations.

### (b) Lease liabilities

The following table details the carrying amount of lease liabilities at 31 December 2023 and the movements during the year.

| | 2023 $m | 2022 $m |
|---|---|---|
| Balance at the beginning of the year | **568.8** | 134.6 |
| Additions | **2.2** | 516.1 |
| Derecognitions | **-** | (40.4) |
| Interest expense | **30.8** | 25.1 |
| Payments made | **(66.2)** | (63.7) |
| Foreign currency exchange rate movement | **-** | (0.1) |
| Transferred to liabilities held for sale | **-** | (2.8) |
| **Balance at the end of the year** | **535.6** | 568.8 |

The AMPGH group paid $3.4m (2022: $8.1m) in relation to short-term leases and $nil (2022: $nil) in relation to variable lease payments. The total cash outflow for leases in 2023 was $69.6m (2022: $71.8m).

## 6.3 Right of use assets and lease liabilities continued

**Accounting policy – recognition and measurement**

At inception, the AMPGH group assesses whether a contract is, or contains a lease. Such assessment involves the application of judgement as to whether:

- the contract involves the use of an identified asset;
- the group obtains substantially all the economic benefits from the asset; and
- the group has the right to direct the use of the asset.

It is AMPGH's policy to separate non-lease components when recognising the lease liability.

AMPGH group recognises a Right of Use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured as the present value of future lease payments, plus initial direct costs and restoration costs of the underlying asset, less any lease incentives received. The ROU asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The ROU asset is tested for impairment, including any reversal, if there is an indicator, and is adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of future lease payments discounted using the group's incremental borrowing rate. Lease payments generally include fixed payments and variable payments that depend on an index, eg CPI. A lease liability is remeasured when there is a change in future lease payments from a change in an index, or if the AMGH group's assessment of whether an option will be exercised changes.

Interest expense on lease liabilities is recognised within finance costs in the Consolidated income statement.

AMPGH group has elected not to recognise ROU assets and lease liabilities for leases where the lease term is less than or equal to 12 months and where the underlying asset is of low value. Payments for such leases are recognised as an expense on a straight-line basis over the lease term.

**Critical accounting estimates and judgements**

Management applies judgement in identifying and measuring lease liabilities and assessing impairment indicators for ROU assets which includes:

- assessing whether a contract contains a lease;
- determining lease term and incremental borrowing rate;
- separating lease and non-lease components;
- assessing lease modification vis-a-vis new lease;
- assessing the usage of ROU assets and the associated benefits.

# 6.4 Provisions and contingent liabilities

| | **2023** **$m** | 2022 $m |
|---|---|---|
| **(a) Provisions** | | |
| Compliance, remediation and litigation | **151.0** | 80.9 |
| Obligations relating to corporate reorganisation | **77.6** | 91.0 |
| Other[1] | **168.4** | 124.5 |
| **Total provisions** | **397.0** | 296.4 |

1 Other provisions include provisions for onerous lease arrangements, deferred payments relating to purchase of client registers, make-good provisions relating to premises and other operational provisions.

| | **Compliance, remediation and litigation[1]** **$m** | **Obligations relating to corporate reorganisation** **$m** | **Other[1]** **$m** | **Total** **$m** |
|---|---|---|---|---|
| **(b) Movements in provisions** | | | | |
| Balance at the beginning of the year | **80.9** | **91.0** | **124.5** | **296.4** |
| Net provisions raised during the year | **139.8** | **76.0** | **89.0** | **304.8** |
| Provisions utilised during the year | **(69.7)** | **(89.4)** | **(45.1)** | **(204.2)** |
| **Balance at the end of the year** | **151.0** | **77.6** | **168.4** | **397.0** |

1 Net provisions raised during the year include provision of $100.0m in respect of financial adviser class action. The nature of this class actions has been described in AMPGH's half year financial report for the period ended 30 June 2023. During the second half of 2023 and up to the date of this report, the following developments have occurred: agreements to settle the financial adviser class action were reached subject to approval by the Federal Court of Australia, and Court approval is expected in the first half of 2024 upon which the payment will be finalised.

**Accounting policy – recognition and measurement**

**Provisions**
Provisions are recognised when:
- the AMPGH group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. For provisions other than employee entitlements, the discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is disclosed where a legal or constructive obligation is possible, but not probable or where the obligation is probable, but the financial impact of the event is unable to be reliably estimated.

From time to time, the AMPGH group may incur obligations or suffer financial loss arising from litigation or contracts entered into in the normal course of business, including guarantees issued by the parent for performance obligations of controlled entities in the AMPGH group. Legal proceedings threatened against AMPGH may also, if filed, result in AMPGH incurring obligations or suffering financial loss.

Where it is determined that the disclosure of information in relation to a contingent liability can be expected to seriously prejudice the position of the AMPGH group (or its insurers) in a dispute, accounting standards allow the AMPGH group not to disclose such information. It is the AMPGH group's policy that such information is not disclosed in this note.

## 6.4 Provisions and contingent liabilities *continued*

### Industry and regulatory compliance investigations

AMPGH is subject to review from time to time by regulators, both in Australia and offshore. In Australia, AMPGH's principal regulators are APRA, ASIC, AUSTRAC and the ATO, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to AMPGH and the outcomes of those reviews and investigations can vary and may lead to the imposition of penalties, disagreement with management's position on judgemental matters including provisions and tax positions, variations or restrictions to licences, the compensation of clients, enforceable undertakings or recommendations and directions for AMPGH to enhance its control framework, governance and systems.

AMPGH regularly undertakes internal reviews, as part of ongoing monitoring and supervision activities, to determine, amongst other things, where clients or other stakeholders, including employees, may have been disadvantaged. In some instances, compensation has been paid and where the results of our reviews have reached the point that compensation is likely and can be reliably estimated then a provision has been raised. These provisions are judgemental and the actual compensation could vary from the amounts provided.

### Addressing historical matters through regulator actions

AMP has been working through a number of historical matters raised at the Royal Commission and elsewhere, and since 2018, has been taking action to strengthen assurance and operational controls, accountability and processes, improve compliance and risk management, and remediate impacted customers. In 2021, AMP's Superannuation Trustees (AMP Superannuation Pty Limited (AMP Super) and N.M. Superannuation Proprietary Limited (NM Super)) entered into an enforceable undertaking (EU) with APRA for historical matters in the Superannuation business. APRA has acknowledged that AMP has addressed and completed remediation of several matters, and at the completion of this EU, AMP envisages that all outstanding matters referred to APRA by the Financial Services Royal Commission will be concluded.

### Litigation and claims

*Superannuation class actions*
During May and June 2019, certain subsidiaries of AMPGH, namely, NM Super, AMP Super, NMMT Limited and AMP Services Limited (AMP Services), were served with two class actions in the Federal Court of Australia (the Federal Court). The first of those class actions related to the fees charged to members of certain of AMP superannuation funds. The second of those actions related to the fees charged to members, and interest rates received and fees charged on cash-only fund options. The two proceedings were brought on behalf of certain superannuation clients and their beneficiaries. Subsequently, the Federal Court ordered that the two proceedings be consolidated into one class action. The consolidated class action is in respect of the period July 2008 to September 2019. The AMP respondents have filed defences to the proceedings. The claims are yet to be quantified and participation has not been determined. At present, the proceedings are listed for a trial of eight weeks commencing on 26 May 2025. Currently, the potential outcome and costs associated with the matter remain uncertain. The proceedings are being defended.

*Commissions for advice and insurance advice class action*
In July 2020, AMPFP and Hillross Financial Services Limited (Hillross), both subsidiaries of AMPGH, were served with a class action in the Federal Court. The class action related to advice provided by some aligned financial advisers in respect of certain life and other insurance products. Subsequently, in August 2020, AMP Limited, AMPFP, Hillross and Charter Financial Planning Limited (Charter), were served with a class action in the Federal Court. The class action primarily related to the payment of commissions to some aligned financial advisers in respect of certain life insurance and other products and in respect of allegations of charging of fees where advice services were not provided. In December 2020, the Federal Court ordered that these two class actions be consolidated. The consolidated class action is in respect of the period July 2014 to February 2021. The AMP respondents have filed a defence to the proceedings. The claim is yet to be quantified and participation has not been determined. Currently, the potential outcome and costs associated with the matter remain uncertain. The proceedings are being defended.

*Proceedings brought by Munich Re Australia*
In April 2023, AMP Limited and certain subsidiaries of AMPGH, namely, AMP Services, NM Super, AMP Super and AWM Services Pty Limited, were served with proceedings in the Supreme Court of New South Wales brought by Munich Reinsurance Company of Australasia Limited (Munich Re). The proceedings primarily relate to allegations of misleading or deceptive conduct in respect of the entry by Munich Re and Resolution Life Australasia Limited (formerly AMP Life Limited, which is also a defendant to the proceedings) (RLA) into certain reinsurance arrangements in 2016 and 2017. The AMP respondents have filed a defence in the primary proceedings. RLA has similarly filed a defence in the primary proceedings and a cross-claim against AMP Services in respect of an indemnity said to be given by AMP Services to RLA. AMP Services filed a defence to the cross-claim. The claim is yet to be quantified. Currently, the potential outcome and costs associated with the matter remain uncertain. The proceedings are being defended.

*Indemnities and warranties*
Under the terms of sale agreements of various entities transacted by AMPGH from time to time, AMP has given certain covenants, warranties and indemnities in favour of counterparties to those sales. From time to time, AMP may be notified of potential breaches of these covenants, warranties and indemnities. A breach of these covenants or warranties, or the triggering of an indemnity, may result in AMP being potentially liable for some future payments to those entities. Management reviews these notified potential breaches on an ongoing basis, and provision amounts, where applicable, are adjusted at each reporting period to reflect management's best estimate. In addition, there remain other indemnities and warranties for which no provision has been recognised as at the reporting date and a contingent liability exists should such indemnities and warranties be called upon or where actual outcomes differ from management's expectations.

**Critical accounting estimates and judgements**

AMPGH group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome. Provisions are reviewed on a regular basis and adjusted for management's best estimates, however significant judgement is required to estimate likely outcomes and future cash flows. The judgemental nature of these items means that future amounts settled may be different from those provided for.

## 6.5 Auditors' remuneration

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Audit services** | | |
| - Group | **2,238.7** | 2,426.4 |
| - Controlled entities[1] | **1,180.1** | 1,790.0 |
| **Total audit services remuneration** | **3,418.8** | 4,216.4 |
| **Audit related assurance services** | | |
| Statutory assurance services[2] | **194.5** | 524.6 |
| Other assurance services - audit related[3] | **749.3** | 1,139.9 |
| **Total audit related assurance services remuneration** | **943.8** | 1,664.5 |
| **Total audit related services remuneration** | **4,362.6** | 5,880.9 |
| **Non-audit services** | | |
| **-** Other assurance services - non-audit related[4] | **-** | 1,234.2 |
| - Taxation compliance services | **4.5** | 367.1 |
| - Other services[5] | **195.0** | 687.2 |
| **Total other non-audit services remuneration** | **199.5** | 2,288.5 |
| **Total auditors' remuneration[6]** | **4,562.1** | 8,169.4 |

1 FY22 fees have been restated to reflect the appropriate allocation of audit related fees attributable to entities within the AMPGH group.
2 Statutory assurance services relate to AFSL audits and certain APRA reporting assurance required to be performed by the statutory auditor.
3 Other assurance services – audit related primarily relate to compliance plan audits, sustainability audit, other APRA compliance reporting, derivative risk statement assurance, and internal control reviews.
4 FY22 fees related to the services associated with demerger and sale of AMP Capital businesses.
5 Other services include risk management reviews, regulatory reviews, and transaction services.
6 Total amount excludes audit related fees and non-audit fees paid or payable for Trusts and Funds not consolidated into the group. Total fees excluded are $3,391.8k (2022: $6,320.2k) of which $140.0k (2022: $226.1k) is for non-audit services.

## 6.6 New accounting standards

**a) New and amended accounting standards adopted by the AMPGH group**

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 AMPGH group.

**b) New accounting standards issued but not yet effective**

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the AMPGH in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the AMPGH group.

## 6.7 Events occurring after 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 AMPGH group's operations; the results of those operations; or the AMPGH group's state of affairs in future periods.

# Directors' declaration

for the year ended 31 December 2023

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

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

(b) in the opinion of the directors, the consolidated financial statements and notes of AMP Group Holdings 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 consolidated financial statements of AMP Group Holdings Limited for the financial year ended 31 December 2023 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards, as set out in note 1 of the consolidated financial statements.

………………………………………………………………......

Director

Sydney, 22 March 2024

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# Independent Auditor's Report to the Shareholders of AMP Group Holdings Limited

## Opinion

We have audited the financial report of AMP Group Holdings Limited (the Company) and its subsidiaries (collectively the Group or AMP), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information; and the directors' declaration.

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

a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated 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 Group 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.

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

## 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Sarah Lowe
Partner
Sydney
22 March 2024