AMP Group Holdings Limited

ABN 88 079 804 676

Directors' report and Financial report for the year ended 31 December 2021

Your directors present their report on the consolidated entity consisting of AMP Group Holdings Limited ("the Company" or "AMPGH") and the entities it controlled at the end of or during the year ended 31 December 2021.

Directors

The directors of the Company during the year ended 31 December 2021 up to the date of this report are shown below.

James Georgeson (Chairman)
Jason Bounassif
Nicola Darnell
John O'Farrell

Operating and financial review

Principal activities

AMP Group Holdings Limited (AMPGH group) is a wholly owned controlled entity of AMP Limited and is the holding company of the majority of the controlled entities of the AMP Limited group (AMP group or AMP). AMP Bank is wholly owned by AMP Limited and is not part of the AMPGH group. However, AMP Group Holdings Limited provides an unconditional and irrevocable guarantee over AMP Bank Limited (AMP Bank).

The AMPGH group is Australia and New Zealand's leading wealth management group offering clients financial advice and superannuation, retirement income and investment products across our portfolio of businesses. The AMPGH group also provide corporate superannuation products and services for workplace super and self-managed superannuation funds (SMSFs).

The AMPGH group holds several strategic partnerships including:

- 14.97% equity interest in China Life AMP Asset Management Company Ltd (CLAMP), a fund management company which offers retail and institutional investors in China access to leading investment solutions
- 24.90% equity interest in US real estate investment manager, PCCP LLC

During the year AMP agreed to sell its 19.13% equity interest in Resolution Life Australasia for $524.0 million and this transaction is expected to complete in 1H 2022 subject to regulatory approvals.

For the purpose of this report, our business is divided into three areas: Australian wealth management, New Zealand wealth management and AMP Capital.

Description of business units

Australian Wealth Management (AWM) comprises of three different business lines providing advice, superannuation, retirement income and managed investments products:

– **Platforms** includes superannuation, retirement and investment products through which managed funds, managed portfolios, listed securities, term deposits and guarantee investment options can be accessed to build a personalised investment portfolio. The flagship North platform is an award-winning online wrap platform which continues to deliver on its commitment of strengthening and broadening investment choice for our clients and providing a contemporary platform for advisers to manage their clients' funds.

– **Master Trust** offers the largest single retail superannuation product set in Australia (SignatureSuper) with around 850,000 customers. The highly rated SignatureSuper offer consists of three products across super and pension. The open investment menu caters to different risk profiles with exposure to a range of professional managers in order to meet the needs and goals of customers. The Master Trust business delivers high quality member services, with strong administration, contact centre and digital capabilities. It also has a proven pedigree in managing corporate super plans with complex and tailored benefit designs, including defined benefits.

– **Advice** provides professional services to a network of aligned and external financial advisers (EFAs). These advisers provide financial advice and wealth solutions to their clients, including retirement planning, investments and financing. In addition to supporting a network of professional advisers, the Advice business partners with a number of aligned advice businesses via equity ownership to support the growth and development of these businesses.

New Zealand Wealth Management encompasses the wealth management, financial advice and distribution business in New Zealand. It provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and distribution of general insurance.

AMP Capital is a diversified investment manager across major asset classes including infrastructure debt, infrastructure equity and real estate which make up its Private Markets business. Global Equities and Fixed Income (GEFI), and it Multi Asset Group (MAG) make up its Public Markets business.

On 23 April 2021, following the conclusion of AMP's portfolio review, AMPGH announced the intention to demerge its Private Markets business by H1 2022. Subsequently, on 24 December 2021, AMP announced the further simplification of Private Markets with the sale of its infrastructure debt business, which completed on 11 February 2022.

The Multi-Asset Group (MAG) is responsible for asset allocation on behalf of AMP's superannuation clients and will complete its transition to Australian Wealth Management prior to demerger, creating an end-to-end superannuation and investment platform business. As part of the demerger preparations, on 8 July 2021, AMP announced the sale of its Global Equities and Fixed Income business (GEFI) to Macquarie Asset Management which is expected to complete by Q1 2022.

On 10 February 2022 the Private Markets business was rebranded to Collimate Capital.

Client remediation

AMPGH has completed all file reviews for its client remediation program. The total cost of the program will be $828.0 million, of which circa $588.0 million represents payments to customers. This total program cost is 6% above original estimates made three years ago. These costs are now fully provisioned. To date $38.3 million has been paid to customers under the inappropriate advice program, with a further $1.6 million offered, but not yet paid. Customers have so far received $504.7 million in fee for no service remediation, and all payments are targeted to complete by end of Q1 2022.

Demerger update

On 23 April 2021, AMPGH announced its intention to demerge its Collimate Capital business by 1H 2022.

AMPGH continues to make strong progress on the operational separation of Collimate Capital's business, in preparation for demerger in 1H 2022. A clear perimeter has been set with the agreed sale of the GEFI business, the announcement of the sale of the infrastructure debt business and the transfer of the MAG to AMP Limited. In addition, the appointment of Shawn Johnson as CEO, AMP Capital in June 2021 and the appointments of Patrick Snowball and Andrew Fay as Chairman designate and Deputy Chairman designate further strengthen our readiness for demerger.

The demerger will be subject to final board approval, required regulatory approvals, applicable consents and approval from AMPGH's shareholders and is expected to occur in 1H 2022.

New contemporary advice service model

On 26 July 2021, AMPGH announced the introduction of a new service model with its aligned advice network marking a new era for financial advice at AMPGH. The new model, developed in collaboration with AMPGH adviser associations, will be progressively introduced with AMPGH providing services to advisers which support the delivery of quality advice, improve practice efficiency and help advisers grow their businesses.

Divestment of equity interest in Resolution Life Australasia

On 3 November 2021, AMPGH announced an agreement to divest its 19.13% equity interest in Resolution Life NOHC Pty Ltd (RLA) for consideration of $524.0 million to Resolution Life Group, less the amount of any dividends, distributions or capital returns that are paid from RLA to AMP. The sale is subject to regulatory approval and is expected to complete in 1H 2022.

Subsequent to the agreement to divest, AMPGH received dividends and capital returns from RLA of $14.6 million.

As part of the divestment agreement, AMPGH and RLA have also agreed to settle a number of post-completion adjustments and certain claims between the parties, subject to various limitations and exclusions, which results in a payment of $141.0 million from AMPGH to RLA at completion.

Divestment of Infrastructure Debt platform

On 24 December 2021, AMP announced an agreement to sell its Infrastructure Debt platform to Ares Holdings LP for consideration of up to $428.0 million. The sale completed on 11 February 2022. As completion occurred subsequent to 31 December 2021, the accounting gain on sale will be reflected in AMPGH's half-year 2022 results.

2021 performance

The loss attributable to shareholders of AMPGH for the year ended 31 December 2021 was $392.7 million (2020: $36.1 million profit).

Operating results by business area

The operating results of each business area[1] for 2021 were as follows:

Australian wealth management – NPAT (underlying) of $48.0 million in 2021 declined 25% from 2020 primarily due to impairments to the carrying value of Advice assets, lower revenue predominantly from the impact of repricing in Master Trust and Platforms, and the cessation of grandfathered remuneration, partly offset by lower variable and controllable costs from cost reduction initiatives.

New Zealand wealth management – 2021 NPAT (underlying) of $39.0 million increased by $4.0 million (11%) from 2020 primarily due to the rebound in investment markets and improved cost performance.

AMP Capital – 2021 NPAT (underlying) of $154.0 million increased 18% from $131.0 million in 2020, reflecting higher performance and transaction fees in 2021 and higher seed and sponsor investment returns due to a partial recovery of COVID-19 devaluations in certain asset classes and strong performance in some individual assets.

Capital management and dividend

Equity and reserves of the AMPGH group attributable to shareholders of AMPGH group increased to $3.1 billion at 31 December 2021 from $2.9 billion at 31 December 2020.

The board has resolved not to declare a final 2021 dividend. The board continues to maintain a conservative approach to capital management to support the transformation of the business. The capital management strategy and payment of dividends will be reviewed following the completion of the demerger in 1H 2022.

Strategy and prospects

AMPGH provided an update on its planned demerger and strategic growth plans for the two post-demerger businesses AMP Limited and Collimate Capital business on 30 November 2021.

In AMPGH, the strategy sets a clear path to create a new AMPGH by:
- Renewing AMPGH's purpose and values to put the customer at the centre, and continuing to drive cultural transformation;
- Repositioning core capabilities to drive growth in wealth platforms;
- Delivering stable earnings in the Master Trust and New Zealand Wealth Management businesses, and accelerating the transformation of Advice;
- Simplifying the business to drive efficiency and agility, including delivering on the 2019 to 2022 $300.0 million cost reduction program and committing to a further $115.0 million of cost reduction initiatives from 2022 through to 2024; and
- Exploring new opportunities, including in retirement and in direct-to-consumer solutions, as well as in new business adjacencies.

In Collimate Capital business, the strategy will focus on leveraging the significant opportunity to become a global leader in the fast-growing private markets industry through:
- Delivering autonomy through an effective separation and demerger from AMPGH;
- Simplifying the business and organisation structure and achieving a run-rate cost base of $275.0-$280.0 million by 2023;
- Growing its client base, led by a newly established global client solutions team and scaling its existing infrastructure and real estate investment strategies; and
- Diversifying its product offering to clients, including potential new investment strategies structured to meet client specific interests globally.

[1] Operating results have been re-presented to align to the FY 2021 Investor Report.

Transform Australian Wealth Management

The Australian Wealth Management business consists of the Platforms, Master Trust and Advice businesses which are transforming from a vertically integrated wealth model to a competitive, contemporary wealth model.

Grow the north platform

Our Platform growth strategy is focused on attracting inflows through the external fund adviser market onto AMP's flagship platform North by delivering enhanced digital experiences and differentiating through innovative market leading retirement solutions.

Optimise client outcomes in master trust

The Master Trust strategy continues to focus on its asset management capability to deliver strong investment performance to our customers and focusing on exploring partnership opportunities to drive scale and efficiencies.

Accelerate the transformation in advice

Over the last year our Advice model has undergone significant transformation with the announcement of our exit of the employed advice channel occurring on 3 December 2021. AMPGH's Advice strategy is to be a professional services provider, delivering valued licensee services at a competitive and sustainable price. Acceleration of the Advice business' transformation will also see significant simplification of our Advice model, with an ambition of breaking even by 2024.

Deliver stable client earnings in New Zealand Wealth Management

In 2H 2021 the business completed the transfer to a new investment approach with BlackRock along with the introduction of a new fee structure resulting in improved customer outcomes. New Zealand's wealth management strategy is focused on leveraging partnerships and broadening its distribution footprint, whilst simplifying its cost base through automation and digitalisation.

AMP Capital: Expand asset management footprint in Collimate Capital and explore partnership opportunities for public markets

Collimate capital

In 1H 2021, work commenced to demerge Collimate Capital business from AMP Limited. The business has continued to deliver strong outcomes for clients with more than 90% of capital in the Global Infrastructure Fund II committed in infrastructure assets around the world. The demerger and listing on the ASX are on track to complete in 1H 2022. Its strategy is to become a client led, globally integrated investment manager offering a diversified suite of real estate and infrastructure capabilities across risk profiles and geographies.

As a standalone business, investors will be able to gain unique exposure to the investment management sector's fastest growing asset class, through a unique investment platform, a growing distribution footprint and a globally recognised team with a proven track record.

Public markets

On 8 July 2021, AMPGH announced it entered into a binding agreement with Macquarie Asset Management to sell AMP Capital's GEFI business for a consideration of up to $185.0 million. This includes upfront cash consideration of up to $110.0 million and a cash earn-out of up to $75.0 million payable after the second anniversary of completion. The aggregate consideration is subject to meeting certain conditions, including revenue targets, with the upfront cash component now expected to be approximately $67.0 million. This transaction delivers on the previously announced strategy for the AMP Capital Public Markets business to increase the scale of GEFI through partnerships or sale and is an important step in preparing for the planned demerger. The deal is expected to complete in Q1 2022. AMP Capital is also in the process of transferring the MAG business to AMP Australian Wealth Management to create an end-to-end superannuation and investment platform business and this is on track for completion prior to the demerger.

Redefine and right size operating model for agility and efficiency

Building on the positive momentum achieved in 2021, the Company continues to progress commitments on its cost-base, capital management and culture. Disciplined cost management has reduced controllable costs by $59.0 million (7%) to $775.0 million (excluding AMP Capital) through the simplification of organisational structures, rationalising our property footprint and other efficiencies. $260.0 million of cumulative gross cost-savings have been achieved since 2019. AMP Limited's on-market share buy-back was successfully completed during 1H 2021 and AMP's surplus capital above target requirements at 31 December 2021 is $383.0 million ($524.0 million at 31 December 2020).

The path to a new AMP is enabled by cultural transformation (improving inclusion, diversity, strengthening accountability and performance), a purpose and values reset, and leadership engagement led by a new AMP Limited CEO. In 2021, we delivered the changes necessary in the transition to a simpler, purpose-led AMP. This work included:

- Improving inclusion and diversity to drive performance
    - Launched new Inclusion and Diversity Policy as a new foundation and standard for what inclusion means at AMP
    - Introduced an Inclusion Index to group and leader scorecards to measure how we are improving over time
    - Provided Inclusive Leadership training to Senior Leaders and extended Core Inclusion training to all employees
    - Implemented a new flexible work policy (WeFlex), to support an inclusive workplace
    - Implemented a new approach to gender diversity with 40:40:20 gender representation targets
    - Met 40:40:20 target for gender diversity for the Board, middle management, and the workforce generally, with more to do at the Executive management and Head of level
    - Launched new Parental Leave Policy removing parenting labels, increasing accessibility, and extending the period in which super contributions are made during unpaid parental leave

- Strengthening accountability across the company
    - Implemented a management action plan in response to a review of workplace conduct, with management delivering 55 actions
    - Uplifted governance in support of prevention and taking a person-centred response to harassment and discrimination
    - Uplifted the employee relations teams' capabilities
    - Increased transparency of reporting and refined conduct and culture metrics
    - Improved the range of channels for employees to raise concerns or seek advice
    - Continued to deliver strong compliance with Code of Conduct through training and support

- Creating a high-performance culture
    - Defined a culture change plan in support of business objectives and creating a simple, purpose-led AMP
    - Conducted extensive workforce engagement program, with more than 30% of employees participating in culture workshops and over 12,000 unique data points collected to inform our refreshed purpose and values
    - Implemented an improved performance framework strengthening link between performance and reward, including risk, leadership and conduct
    - Delivered quarterly culture dashboard to track culture change progress
    - Supported employee's mental health and wellbeing through a new EAP program, resources, support and training
    - Launching LinkedIn learning to all employees to encourage our people to upskill, reskill and explore professional interests
    - Launched the Into-Great program, to give all employees access to personalised coaching and counselling services

Key risks

Risk is inherent to our business and AMPGH group takes measured risks within our risk appetite to achieve our strategic objectives. We have 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

The Enterprise Risk Management (ERM) framework provides the foundation for how risks are managed across the AMPGH group. There are six key elements of the ERM framework including governance, risk strategy and risk appetite, risk culture and conduct risk, management information systems, risk management process (encompassing how the AMPGH identifies, measures, responds to and reports risk) and the risk ecosystem.

The guiding principles assist with effective risk management practices and enable the AMPGH group to meet its legislative and regulatory requirements, codes and ethical standards, as well as internal policies and procedures.

AMP's ERM framework includes a risk management strategy which establishes the principles, requirements, roles and responsibilities for management of risk across the AMPGH group. It enables business leaders to make informed decisions and supports the AMPGH group in achieving its business strategy. The integrated framework details how risks are to be managed to fulfil the obligations to key stakeholders, clients, shareholders, and regulators to achieve financial and non-financial outcomes.

AMP's Risk Appetite Statement articulates the nature and level of risk the AMP Limited Board and management are willing to accept in the pursuit of delivering their strategic objectives. Alignment between the AMP group's corporate strategy and the risk appetite of the AMP Limited Board seeks to ensure that decisions are consistent with the nature and level of risk the board and management are willing to accept.

Further information can be found in AMP's Enterprise Risk Management Policy, available on our website at: amp.com.au/corporategovernance.

Key business challenges

Given the nature of our business environment, COVID-19 continues to have an adverse impact on the business but AMPGH group remains focused to deliver its transformational strategy. Significant business challenges (in alphabetical order) include but are not limited to the following:

Business, employee and business partner conduct

The conduct of financial institutions continues to be an area of significant focus for the financial services industry both globally and in Australia and New Zealand. The AMPGH group 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 group 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.

The AMPGH group 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 dependants of any of these people can utilise the Whistleblowing program to report conduct or unethical behaviours.

Climate change

The AMPGH group, its clients and its external suppliers may be adversely affected by the physical and transitional risks associated with climate change. These effects may directly impact the AMPGH group and its customers on a range of physical, financial and legal risks to our business, the investments we manage on behalf of our clients 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 group approach to managing climate related risks and opportunities is outlined in AMP's Climate Position and Action Plan, available on the AMP website. It includes providing low carbon and green investment choices to customers, managing and disclosing investment risks, leveraging our influence as an investor, reducing our own operational impacts and supporting customers and communities where possible.
AMPGH provides annual performance disclosures aligned to key pillars of the Task Force on Climate-related Financial Disclosures (TCFD) framework, including through its Sustainability Report and through investor led disclosures such as

the CDP (formerly Carbon Disclosure Project). In 2021, AMP Limited retained an A- rating (second highest rating available) in the annual CDP investor disclosure program, indicating leadership in our management of climate related risks and opportunities. AMPGH group 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 continues to face challenges from the COVID-19 pandemic but AMPGH group remains focused in supporting clients and employees during these unprecedented times. We have supported clients with banking and early release of super initiatives during COVID-19.

Customer expectations are evolving which is intensifying competition within wealth management as COVID-19 causes market volatility, affecting the performance of its assets under management across the industry. There is also strong competitive tension in asset management. The AMPGH group continues to adapt its capabilities and operating model in order to remain competitive and relevant to customers, but an on-going pandemic may impact on new business and retention of existing business.

In 2021, the AMPGH group continued to deliver its strategy to reposition as a simpler, client-led, growth-oriented business. The strategy to reinvent AMPGH group as a contemporary wealth manager is to fund growth, reduce costs and fix legacy issues. The strategy builds on core strengths and market positions with whole-of-wealth solutions.

At the end of 2021, AMPGH group announced its updated strategy to manage core capabilities to drive growth in wealth platforms, delivering stable earnings in the Master Trust and New Zealand Wealth Management businesses, and accelerating the transformation of Advice. The program will also simplify the business to drive efficiency and agility, as well as explore new opportunities including in retirement and direct-to-consumer solutions, as well as in new business adjacencies.

Cyber security threats

Cyber risk continues to be a threat in a rapidly changing technological and regulatory environment as the magnitude of the costs of cybercrime vary depending on the nature of the attack. We are committed to enhancing our cyber security capability and control posture as we recognise the current environment of cybercrime activity has increased across the industry during the period.

AMPGH is investing in building a capability that is both sustainable and commensurate to the threats faced, including having recently launched a new Cyber Defence Centre and having built an enduring team to further uplift its cyber defences to mitigate malicious threats and cybercrime activities. Whilst AMPGH has demonstrated maturity uplifts against the National Institute of Standards and Technology Cyber Security Framework and our adopted industry best-practice framework, cyber risk will retain its position as a key risk as AMPGH continues to mature and evolve its cyber security operating model. This will assist in preventing, detecting and responding to cyber incidents, in order to protect AMPGH's assets and business operations.

Operational risk environment

Operational risk exposures, relevant to the industry in which AMPGH group operates, 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, money laundering and counter-terrorism financing, bribery and corruption. High operational risks are driven by a complex operating environment associated with legacy products, systems and, in some cases, manual controls. This environment will be further stressed by the key business challenges included in this section.

Staff retention and key person risk are key operational risks for AMPGH, particularly in AMP Capital's asset management business which operates in a very competitive industry where competition for talent is high. AMP Capital remains subject to threats to its funds and its people from time to time.

We are committed to containing operational risk by reducing operational complexity and strengthening risk management, internal controls and governance. We have completed all file reviews for our client remediation program with some outstanding payments to be completed by Q1 2022. We continue to reshape the Adviser network and simplify superannuation products and investment options.

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

In 2021, AMPGH concluded its portfolio review, announcing the planned demerger of the Collimate Capital business of infrastructure equity, and real estate, the sale of the infrastructure debt platform to Ares Management Corporation, the sale of the Global Equities and Fixed Income (GEFI) business to Macquarie Asset Management and the transfer of the Multi-Asset Group (MAG) to the Australian Wealth Management. This coincided with additional changes to simplify the internal operating model.

There is a risk that business momentum is lost whilst organisational change is implemented. The increase in volume of change may have an adverse impact to 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.

The AMPGH group continues to invest in adopting new ways of working to drive efficiency and improve our 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 group's business operations.

Regulatory environment

AMPGH group operates in multiple jurisdictions across the globe, including Australia and New Zealand, and each of these jurisdictions has its own legislative and regulatory requirements. The financial services industry both globally and in Australia and New Zealand continues to face further challenges as temporary regulatory changes were introduced causing disruption to the wealth industry.

AMPGH continues to respond and adjust its business processes for these 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 commitment to strengthen its risk management practices, its control environment and enhancing its compliance systems across the businesses, will address these legislative and regulatory requirements. AMP's internal policies, frameworks and procedures seek to ensure any changes in our domestic and international regulatory obligations are complied with in each jurisdiction. Compliance, legal and regulatory risk that results in breaches is reported to AMP management committees and regulators. This is managed in accordance with internal policies.

Regulatory consultations and interactions are reported and monitored as part of AMPGH group's internal risk and compliance reporting process. AMPGH actively participates in these interactions and co-operates with all regulators to resolve such matters.

More information about our approach to these challenges can be found on our website at: corporate.amp.com.au/about-amp/corporatesustainability.

The environment

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

Significant changes to the state of affairs

Apart from elsewhere disclosed in this report, there were no significant changes in the state of affairs during the year.

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 group's operations; the results of those operations; or the 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. 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 2021, 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 ten (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 of 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 ten years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, AMP Limited has agreed to indemnify AMPGH's auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or 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 2021.

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 2021.

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, 23 March 2022

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2021, 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

Ernst & Young

Andrew Price
Partner
23 March 2022

AMP GROUP HOLDINGS LIMITED
ABN 88 079 804 676
FULL YEAR FINANCIAL REPORT
31 DECEMBER 2021

TABLE OF CONTENTS

Registered office:
33 Alfred Street
Sydney NSW 2000 Australia

AMP Group Holdings Limited, a company limited by shares, is incorporated and domiciled in Australia.

Consolidated income statement

for the year ended 31 December 2021

	Note	2021 $m	2020 $m
Fee revenue		**2,208.7**	2,406.8
Interest income using the effective interest method		**2.9**	4.7
Other investment gains		**18.5**	45.8
Share of profit or loss from associates	5.2	**98.2**	48.2
Movement in Guarantee liabilities		**66.2**	(29.5)
Other income		**283.1**	273.9
Total revenue		**2,677.6**	2,749.9
Fee and commission expenses		**(752.6)**	(831.8)
Staff and related expenses		**(1,149.0)**	(1,161.3)
Finance costs		**(44.5)**	(45.6)
Other operating expenses	1.1	**(1,221.9)**	(801.2)
Total expenses		**(3,168.0)**	(2,839.9)
Loss before tax		**(490.4)**	(90.0)
Income tax credit	1.2	**95.9**	71.1
Loss after tax from continuing operations		**(394.5)**	(18.9)
Profit from discontinued operations		**-**	79.7
(Loss)/Profit for the year		**(394.5)**	60.8
(Loss)/Profit attributable to:			
Shareholders of AMP Group Holdings Limited[1]		**(392.7)**	36.1
Non-controlling interests		**(1.8)**	24.7
(Loss)/Profit for the year		**(394.5)**	60.8

1 Loss attributable to shareholders of AMP Group Holdings Limited is comprised of $392.7m (2020: $43.6m) from continuing operations and $nil (2020: $79.7m profit) from discontinued operations.

Statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 $m	2020 $m
Loss for the year from continuing operations		**(394.5)**	(18.9)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
- net gain (loss) on cash flow hedges		**3.4**	(0.6)
- tax effect on cash flow hedge (loss) gain		**(1.0)**	-
- net amount transferred to profit or loss for the period		**-**	(29.5)
- tax effect on amount transferred to profit or loss for the period		**-**	8.8
		2.4	(21.3)
Translation of foreign operations and revaluation of hedge of net investments			
- gain (loss) recognised on translation of foreign operations and revaluation of hedge of net investments		**15.4**	(35.1)
- net amount transferred to profit or loss for the period		**-**	-
		15.4	(35.1)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plans			
- actuarial gains	4.1	**101.3**	5.5
- tax effect on actuarial gains		**(30.1)**	(1.0)
		71.2	4.5
Other comprehensive income (loss) for the year from continuing operations		**89.0**	(51.9)
Total comprehensive loss for the year from continuing operations		**(305.5)**	(70.8)
Profit for the year from discontinued operations		**-**	79.7
Other comprehensive loss for the year from discontinued operations		**-**	(105.1)
Total comprehensive loss for the period		**(305.5)**	(96.2)
Total comprehensive loss attributable to shareholders of AMP Group Holdings Limited		**(303.7)**	(120.9)
Total comprehensive (loss) income attributable to non-controlling interests		**(1.8)**	24.7
Total comprehensive loss for the period		**(305.5)**	(96.2)

Consolidated statement of financial position

as at 31 December 2021

	Note	2021 $m	2020[1] $m
Assets			
Cash and cash equivalents	6.1	**1,168.8**	1,676.1
Receivables	2.4	**1,073.4**	566.9
Investments in other financial assets	2.1	**1,330.8**	2,240.9
Intercompany tax receivable		**385.1**	357.5
Current tax assets		**53.6**	11.1
Assets held for sale[2]		**575.8**	-
Investments in associates	5.2	**673.4**	1,094.2
Right of use assets	6.3	**96.4**	174.3
Deferred tax assets	1.2	**446.9**	669.2
Intangibles	2.2	**320.6**	629.0
Other assets	2.3	**146.6**	173.9
Defined benefit plan asset	4.1	**2.7**	-
Total assets		**6,274.1**	7,593.1
Liabilities			
Payables	2.5	**313.2**	825.9
Intercompany tax payable		**111.3**	65.4
Current tax liabilities		**1.5**	2.3
Employee benefits		**397.2**	348.7
Other financial liabilities	2.1	**351.7**	473.1
Liabilities held for sale[2]		**174.6**	-
Provisions	6.4	**586.8**	1,053.7
Interest-bearing liabilities	3.2	**922.7**	1,306.3
Lease liabilities	6.3	**134.6**	210.6
Deferred tax liabilities	1.2	**133.7**	180.1
Guarantee liabilities		**85.0**	150.7
Defined benefit plan liabilities		**-**	97.5
Total liabilities		**3,212.3**	4,714.3
Net assets		**3,061.8**	2,878.8
Equity			
Contributed equity	3.1	**9,527.7**	9,054.5
Reserves		**(2,452.0)**	(2,488.0)
Retained earnings		**(4,017.2)**	(3,695.7)
Total equity of shareholders of AMP Group Holdings Limited		**3,058.5**	2,870.8
Non-controlling interests		**3.3**	8.0
Total equity of shareholders of AMP Group Holdings Limited and non-controlling interests		**3,061.8**	2,878.8

1 Due to change in accounting policy, comparative information has been restated. Refer to note 2.2.

2 Assets and liabilities held for sale includes balances relating to AMP Capital's Global Equities and Fixed Income (GEFI) and Infrastructure Debt businesses as well as AMP's interest in Resolution Life NOHC.

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Equity attributable to shareholders of AMP Group Holdings Limited										
	Contributed equity $m	Demerger reserve[1] $m	Share-based payment reserve[2] $m	Capital profits reserve[3] $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**
2021											
Balance at the beginning of the year	**9,054.5**	**(2,565.5)**	**91.2**	**(39.8)**	**(3.1)**	**29.2**	**(2,488.0)**	**(3,695.7)**	**2,870.8**	**8.0**	**2,878.8**
Loss from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(392.7)**	**(392.7)**	**(1.8)**	**(394.5)**
Other comprehensive income from continuing operations	**-**	**-**	**-**	**-**	**2.4**	**15.4**	**17.8**	**71.2**	**89.0**	**-**	**89.0**
Total comprehensive income	**-**	**-**	**-**	**-**	**2.4**	**15.4**	**17.8**	**(321.5)**	**(303.7)**	**(1.8)**	**(305.5)**
Share-based payment expense	**-**	**-**	**10.6**	**-**	**-**	**-**	**10.6**	**-**	**10.6**	**-**	**10.6**
Shares purchases	**-**	**-**	**(5.5)**	**-**	**-**	**-**	**(5.5)**	**-**	**(5.5)**	**-**	**(5.5)**
Shares issued	**473.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**473.2**	**-**	**473.2**
Sales and acquisitions of non-controlling interests	**-**	**-**	**-**	**13.1**	**-**	**-**	**13.1**	**-**	**13.1**	**(2.9)**	**10.2**
Balance at the end 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**
2020											
Balance at the beginning of the year	7,941.0	(2,565.5)	84.0	320.5	18.2	169.4	(1,973.4)	(3,383.4)	2,584.2	423.0	3,007.2
Impact of changes in accounting policies[4]	-	-	-	-	-	-	-	(7.9)	(7.9)	-	(7.9)
Balance at the beginning of the year - restated	7,941.0	(2,565.5)	84.0	320.5	18.2	169.4	(1,973.4)	(3,391.3)	2,576.3	423.0	2,999.3
Loss from continuing operations	-	-	-	-	-	-	-	(43.6)	(43.6)	24.7	(18.9)
Profit from discontinued operations[5]	-	-	-	-	-	-	-	79.7	79.7	-	79.7
Other comprehensive income (loss) from continuing operations	-	-	-	-	(21.3)	(35.1)	(56.4)	4.5	(51.9)	-	(51.9)
Foreign currency translation reserve recycled[5]	-	-	-	-	-	(105.1)	(105.1)	-	(105.1)	-	(105.1)
Total comprehensive income	-	-	-	-	(21.3)	(140.2)	(161.5)	40.6	(120.9)	24.7	(96.2)
Share-based payment expense	-	-	14.2	-	-	-	14.2	-	14.2	1.7	15.9
Shares purchases	-	-	(7.0)	-	-	-	(7.0)	-	(7.0)	(1.8)	(8.8)
Shares issued	1,113.5	-	-	-	-	-	-	-	1,113.5	-	1,113.5
Disposal of WP and mature businesses	-	-	-	-	-	-	-	-	-	(305.0)	(305.0)
Dividends paid[6]	-	-	-	-	-	-	-	(345.0)	(345.0)	(24.7)	(369.7)
Sales and acquisitions of non-controlling interests	-	-	-	(360.3)	-	-	(360.3)	-	(360.3)	(109.9)	(470.2)
Balance at the end of the year	9,054.5	(2,565.5)	91.2	(39.8)	(3.1)	29.2	(2,488.0)	(3,695.7)	2,870.8	8.0	2,878.8

1 Reserve to recognise the additional loss and subsequent transfer from shareholders' retained earnings on the demerger of AMP's UK operations in December 2003. The loss was the difference between the pro-forma loss on demerger and the market-based fair value of the UK operations.
2 The Share-based payment reserve represents the cumulative expense recognised in relation to equity-settled share-based payments less the cost of shares purchased on market in respect of entitlements.
3 The Capital profits reserve represents gains and losses attributable to shareholders of AMP on the sale or acquisition of minority interests in controlled entities to or from entities outside the AMP group.
4 Relates to the change in accounting policy with respect to Software as a Service (SaaS) arrangements. Refer to note 2.2.
5 Relates to the deconsolidation of the WP and mature businesses.
6 Dividend paid include dividends paid on treasury shares. Dividends paid on treasury shares are required to be excluded from the consolidated financial statements by adjusting retained earnings.

Consolidated statement of cash flows
for the year ended 31 December 2021

	Note	2021 $m	2020[1] $m
Cash flows from operating activities[1]			
Cash receipts in the course of operations		**1,959.5**	6,481.4
Interest received		**29.6**	499.0
Dividends and distributions received[2]		**120.5**	668.2
Cash payments in the course of operations		**(3,497.1)**	(12,741.6)
Finance costs		**(25.6)**	(181.8)
Income tax received/(paid)		**194.7**	(574.1)
Net cash provided used in operating activities	6.1	**(1,218.4)**	(5,848.9)
Cash flows from investing activities[1]			
Net proceeds from sale of (payments to acquire):			
- investments in financial assets		**1,126.7**	1,487.1
- operating and intangible assets		**(44.7)**	(82.7)
- operating controlled entities and investments in associates accounted for using the equity method		**(9.4)**	236.2
- AMP Capital minority interest		**-**	(451.0)
Proceeds from sale of the WP and mature businesses		**-**	2,034.3
Net cash provided by investing activities		**1,072.6**	3,223.9
Cash flows from financing activities			
Proceeds from borrowings[1]		**-**	264.8
Repayment of borrowings[1]		**(398.4)**	(507.4)
Proceeds from issue of subordinated debt		**-**	-
Lease payments		**(60.0)**	(63.4)
Repayment of subordinated debt		**-**	(250.0)
Dividends paid[3]		**-**	(369.7)
Net cash used in financing activities		**(458.4)**	(925.7)
Net decrease in cash and cash equivalents		**(604.2)**	(3,550.7)
Cash and cash equivalents at the beginning of the year		**1,901.1**	9,352.1
Effect of exchange rate changes on cash and cash equivalents		**-**	(3.9)
Cash and cash equivalents prior to the deconsolidation of WP and mature businesses		**1,296.9**	5,797.5
Cash and cash equivalents deconsolidated[1]		**-**	(3,896.4)
Cash and cash equivalents at the end of the year	6.1	**1,296.9**	1,901.1

1 Cash flows for the year ended 31 December 2020 include amounts attributable to shareholders' interests, policyholders' interests in the WP and mature business' statutory funds and controlled entities of those statutory funds. The sale of the WP and mature businesses was completed on 30 June 2020, resulting in the deconsolidation of cash and cash equivalents held by these businesses as at 30 June 2020.

2 Dividends and distributions received in the year ended 31 December 2020 are amounts of cash received mainly from investments held by AMP life insurance entities' statutory funds and controlled entities of the statutory funds. Dividends and distributions reinvested have been treated as non-cash items.

3 Dividends paid includes dividends paid to minority interest holders.

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 annual report; and
- includes restated comparative information to reflect the impact of a change in accounting policy as detained in note 2.2.

AMP Group Holdings Limited is a for-profit entity and is limited by shares.

The financial statements for the year ended 31 December 2021 were authorised for issue on 23 March 2022 in accordance with a resolution of the directors.

Assets and liabilities held for sale

SALE OF AMP CAPITAL'S GLOBAL EQUITIES AND FIXED INCOME BUSINESS
On 8 July 2021, AMP announced an agreement to sell AMP Capital's Global Equities and Fixed Income (GEFI) business to Macquarie Asset Management for up to $185.0m. The sale is subject to customary closing conditions and is expected to complete in the first quarter of 2022.

Consideration at completion will comprise an upfront cash payment of up to $110.0m and deferred consideration of up to $75.0m. The aggregate consideration is subject to meeting certain conditions, including revenue targets, with the upfront cash component expected to be approximately $67.0m. The deferred consideration will be fair valued by AMP at completion and, together with the cash proceeds, will be treated as the accounting purchase price.

GEFI was controlled by AMP throughout the reporting period and as a result, the income and expenses, assets and liabilities and cash flows of this business are consolidated within the financial report. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5), the assets and liabilities of this business have been separately classified as held for sale in the Consolidated statement of financial position.

DIVESTMENT OF EQUITY INTEREST IN RESOLUTION LIFE AUSTRALASIA
On 3 November 2021, AMP announced an agreement to divest its 19.13% equity interest in Resolution Life NOHC Pty Ltd (RLA) for consideration of $524.0m to Resolution Life Group, less the amount of any dividends, distributions or capital returns that are paid from RLA to AMP. The sale is subject to Regulatory approval and is expected to complete in the first half of 2022.

Subsequent to the agreement to divest, AMP received dividends and capital returns from RLA of $14.6m, reducing the consideration payable at completion to $509.4m. In accordance with AASB 5, the carrying value of AMP's equity interest in RLA has been adjusted to $509.4m as at 31 December 2021 and has been separately classified as held for sale in the Consolidated statement of financial position.

As part of the divestment agreement, AMP and RLA have also agreed to settle a number of post-completion adjustments and certain claims between the parties, subject to various limitations and exclusions, which results in a payment of $141.0m from AMP to RLA at completion. This balance has been separately classified as held for sale in the Consolidated statement of financial position.

DIVESTMENT OF INFRASTRUCTURE DEBT PLATFORM
On 24 December 2021, AMP announced an agreement to sell its Infrastructure Debt platform to Ares Holdings LP for consideration of up to $428.0m. The sale completed on 11 February 2022. AMP's Infrastructure Debt platform was controlled by AMP throughout the reporting period and as a result, the income and expenses, assets and liabilities and cash flows of the platform are consolidated within the financial report. As at 31 December 2021, the assets and liabilities of this business have been separately classified as held for sale in the Consolidated statement of financial position.

As completion of this sale occurred subsequent to 31 December 2021, the accounting gain on sale will be reflected in AMPGH's results for the period ending 30 June 2022.

About this report

COVID-19 impacts
The COVID-19 pandemic has resulted in significant disruptions to the global economy during the year ended 31 December 2021 and there remains substantial uncertainty over the ultimate duration and extent of the pandemic as well as the corresponding economic impacts. These uncertainties have been incorporated into the judgements and estimates used by management in the preparation of this report, including the carrying values of the assets and liabilities.

(b) Basis of consolidation
Entities are fully consolidated from the date of acquisition, being the date on which the AMPGH group obtains control, and continue to be consolidated until the date that control ceases. Control exists where the AMPGH group 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 group 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) Significant accounting policies
The significant 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 group 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, dividends and distributions income
Interest income measured at amortised cost is 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, which are deferred to equity.

About this report

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
Tax	1.2	Taxes	12
Fair value of financial assets	2.1	Investments in other financial assets and liabilities	14
Goodwill and acquired intangible assets	2.2	Intangibles	17
Defined benefit plan	4.1	Defined benefit asset/liability	37
Right of use assets and lease liabilities	6.3	Right of use assets and lease liabilities	52
Provisions and contingent liabilities	6.4	Provisions and contingent liabilities	53

Section 1: Results for the year

1.1 Other operating expenses
- 1.2 Taxes
- 1.3 Dividends

1.1 Other operating expenses

	2021 $m	2020 $m
Impairment of intangibles	**(24.5)**	(5.8)
Movement in expected credit losses	**(24.6)**	(6.7)
Information technology and communication	**(239.5)**	(238.8)
Professional and consulting fees	**(242.3)**	(285.4)
Onerous Lease Contracts	**(117.8)**	-
Amortisation of intangibles	**(201.7)**	(121.6)
Depreciation of property, plant and equipment	**(62.3)**	(74.2)
Other expenses	**(309.2)**	(35.0)
Total other operating expenses	**(1,221.9)**	(801.2)

1.2 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. Further information on AMPGH group's tax matters can be found in the AMP Tax Report at amp.com.au/shares.

(a) Income tax credit

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 recognised in the Consolidated income statement for the year.

	2021 $m	2020 $m
Loss before income tax	**(490.4)**	(90.0)
Tax at the Australian tax rate of 30% (2020: 30%)	**147.1**	27.0
Tax concessions including research and development and offshore banking unit	**1.2**	1.2
Non-deductible expenses	**(77.6)**	(17.9)
Non-taxable income	**42.2**	7.6
Other items	**(30.2)**	33.8
Over provided in previous years	**6.0**	3.4
Differences in overseas tax rates	**7.2**	16.0
Income tax credit per Consolidated income statement	**95.9**	71.1

Section 1: Results for the year

1.2 Taxes (continued)

(b) Analysis of income tax credit

	2021 $m	2020 $m
Current tax credit	**364.6**	52.6
Decrease in deferred tax assets	**(222.3)**	(2.4)
Decrease in deferred tax liabilities	**(46.4)**	20.9
Income tax credit	**95.9**	71.1

(c) Analysis of deferred tax balances

	2021 $m	2020 $m
Analysis of deferred tax assets		
Expenses deductible in the future years	**339.7**	482.6
Unrealised movements on borrowings and derivatives	**1.4**	0.6
Unrealised investment losses	**0.4**	-
Lease liability	**28.7**	50.2
Transferred to assets held for sale	**(6.0)**	-
Capitalised software expenses	**73.9**	126.9
Other	**8.8**	8.9
Total deferred tax assets	**446.9**	669.2
Analysis of deferred tax liabilities		
Income recognisable in the future years	**34.0**	7.5
Right of use assets	**20.2**	41.4
Intangible asset	**32.0**	115.2
Unearned revenue	**28.4**	-
Transferred to liabilities held for sale	**(0.8)**	-
Other	**19.9**	16.0
Total deferred tax liabilities	**133.7**	180.1

(d) Amounts recognised directly in equity

	2021 $m	2020 $m
Deferred income tax (expense) credit related to items taken directly to equity during the current year	**(31.1)**	7.9

Section 1: Results for the year

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
AMP Limited 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 determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

1.3 Dividends

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

	2021	2020
Dividend per share (cents)		
Interim	-	3.3
Final	-	-
Cost (in $m)		
Interim	-	345.0
Final	-	-

Section 2: Investments, intangibles and working capital

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
- 2.2 Intangibles
- 2.3 Other assets
- 2.4 Receivables
- 2.5 Payables
- 2.6 Fair value information

2.1 Investments in other financial assets and liabilities

	2021 $m	2020 $m
Financial assets measured at fair value through profit or loss		
Equity securities and listed managed investment schemes	**13.8**	25.9
Debt securities	**747.7**	1,131.6
Unlisted managed investment schemes	**185.4**	148.2
Derivative financial assets	**295.9**	353.6
Total financial assets measured at fair value through profit or loss	**1,242.8**	1,659.3
Other financial assets measured at amortised cost[1]		
Debt securities	**88.0**	581.6
Total other financial assets measured at amortised cost	**88.0**	581.6
Total other financial assets	**1,330.8**	2,240.9
Other financial liabilities		
Derivative financial liabilities	**170.6**	264.6
AMP Bank indemnity[2]	**73.5**	81.4
Collateral deposits held	**107.6**	127.1
Total other financial liabilities	**351.7**	473.1

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

2 On 4 February 2019, AMP Group Holdings Limited (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 31 January 2019 suffered in connection with loans provided to an authorised representative of an AMP licensee.

Section 2: Investments, intangibles and working capital

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 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.

Section 2: Investments, intangibles and working capital

2.2 Intangibles

	Goodwill $m	Capitalised costs $m	Value of in-force business $m	Distribution networks $m	Other intangibles $m	Total $m
2021						
Balance at the beginning of the year	**156.8**	**227.3**	**114.2**	**119.3**	**11.4**	**629.0**
Additions through separate acquisitions	**-**	**-**	**-**	**48.8**	**-**	**48.8**
Additions through internal development	**-**	**42.2**	**-**	**-**	**-**	**42.2**
Reductions through disposal	**-**	**(40.0)**	**(24.2)**	**(96.2)**	**-**	**(160.4)**
Transferred to other assets	**-**	**-**	**-**	**1.6**	**-**	**1.6**
Amortisation expense	**-**	**(92.6)**	**(90.0)**	**(17.8)**	**(1.3)**	**(201.7)**
Impairment loss	**-**	**(19.0)**	**-**	**(5.5)**	**-**	**(24.5)**
Transferred to asset held for sale	**(8.3)**	**-**	**-**	**-**	**(6.1)**	**(14.4)**
Balance at the end of the year	**148.5**	**117.9**	**-**	**50.2**	**4.0**	**320.6**
2020						
Balance at the beginning of the year	172.0	223.3	341.2	126.3	13.9	876.7
Impact of changes in accounting policies[1]	-	(11.3)	-	-	-	(11.3)
Restated balance at the beginning of the year	172.0	212.0	341.2	126.3	13.9	865.4
Additions through acquisitions of controlled entities	-	-	-	8.4	-	8.4
Additions through separate acquisitions	-	-	-	83.7	-	83.7
Additions through internal development	-	92.6	-	-	-	92.6
Reductions through disposal	(15.2)	(11.7)	(177.4)	(65.5)	-	(269.8)
Transferred to inventories	-	-	-	(2.7)	-	(2.7)
Amortisation expense[2]	-	(64.2)	(49.6)	(26.5)	(2.5)	(142.8)
Impairment loss	-	(1.4)	-	(4.4)	-	(5.8)
Balance at the end of the year	156.8	227.3	114.2	119.3	11.4	629.0

1 Relates to the change of the accounting policy of Software as a Service (SaaS) arrangements.

2 Amortisation expense includes amortisation related to the WP and mature businesses of $nil (2020: $17.2m).

Section 2: Investments, intangibles and working capital

2.2 Intangibles (continued)

Change in accounting policies

Software as a Service (SaaS) arrangements

Up until the IFRIC decision published in April 2021, generally accepted accounting practice was to capitalise costs associated with establishing a SaaS platform, such as configuration and customisation costs, on the basis that the benefits associated with such costs would be realised over multiple future financial periods. Pursuant to the IFRIC decision, the group's accounting policy for SaaS Cloud Platform costs is to expense costs related to configuration and customisation of SaaS Cloud platforms in the period in which such services are received unless identifiable and distinct intangible assets controlled by the group are created.

The change in policy has been applied retrospectively through opening retained earnings and comparatives have been restated.

The impact on the group's financial statements to reflect the write-off of previously capitalised costs is shown in the table below. A positive number indicates an increase in the relevant balance and a negative amount signifies a reduction.

$m	Previously reported	Impact of change	Revised amount
Statement of financial position			
1 January 2020			
Retained earnings	(3,383.4)	(7.9)	(3,391.3)
31 December 2020			
Intangible assets	640.3	(11.3)	629.0
Total assets	7,604.4	(11.3)	7,593.1
Deferred tax liabilities	183.5	(3.4)	180.1
Total liabilities	4,717.7	(3.4)	4,714.3
Net assets	2,886.7	(7.9)	2,878.8
Retained earnings	(3,687.8)	(7.9)	(3,695.7)
Statement of comprehensive income			
For the year ended 31 December 2020			
Information technology and communication expenses	234.8	4.0	238.8
Amortisation of intangibles	125.6	(4.0)	121.6
Profit before tax, continuing operations	(90.0)	-	(90.0)
Income tax credit	(71.1)	-	(71.1)
Profit after tax, continuing operations	(18.9)	-	(18.9)

Section 2: Investments, intangibles and working capital

2.2 Intangibles (continued)

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.

Value of in-force business
The value of in-force business represents the fair value of future business arising from existing contractual arrangements of a business acquired as part of a business combination. The value of in-force business is initially measured at fair value and is subsequently measured at fair value less amortisation and any accumulated impairment losses.

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.

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 $148.7m (2020: $156.8m) arose from historical acquisitions where the AMPGH group was the acquirer. Goodwill attributable to the relevant CGUs is presented in the table below.

$m	**2021 $m**	**2020 $m**
New Zealand wealth management (NZ WM)	**70.0**	70.0
AMP Capital	**78.7**	86.8
	148.7	156.8

The annual impairment assessment for both NZ WM and AMP Capital resulted in significant headroom in both the CGUs. There was no reasonably possible change to a key assumption used in the impairment assessment that would result in an impairment at 31 December 2021.

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 CGUs; and
- assessment of whether there are any impairment indicators for acquired intangibles and, where required, in determining the recoverable amount.

Section 2: Investments, intangibles and working capital

2.3 Other assets

	2021 $m	2020 $m
Planner registers held for sale	**9.8**	28.3
Prepayments	**63.9**	55.2
Property, plant and equipment	**72.9**	90.4
Total other assets	**146.6**	173.9
Current	***67.4***	*69.4*
Non-current	***79.2***	*104.5*

2.4 Receivables

	2021 $m	2020 $m
Investment-related receivables	**7.5**	1.4
Client register receivables	**40.7**	62.0
Collateral receivables	**28.5**	91.6
Trade debtors and other receivables	**996.7**	411.9
Total receivables[1]	**1,073.4**	566.9
Current	***1,072.4***	*516.1*
Non-current	***1.0***	*50.8*

1 Receivables are presented net of ECL of $34.6m (2020: $11.2m).

Accounting policy – recognition and measurement

Receivables
Trade debtors, client register, 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

	2021 $m	2020 $m
Accrued expenses	**173.2**	176.0
Trade creditors and other payables	**61.5**	80.4
Parent entity	**78.5**	569.5
Total payables	**313.2**	825.9
Current	***313.2***	*823.3*
Non-current	**-**	*2.6*

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.

Section 2: Investments, intangibles and working capital

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.

2021	Carrying amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Financial assets measured at fair value					
Equity securities and listed managed investment schemes	**13.8**	**-**	**-**	**13.8**	**13.8**
Debt securities	**747.7**	**-**	**747.7**	**-**	**747.7**
Unlisted managed investment schemes	**185.4**	**-**	**134.2**	**51.2**	**185.4**
Derivative financial assets	**295.9**	**-**	**295.9**	**-**	**295.9**
Total financial assets measured at fair value	**1,242.8**	**-**	**1,177.8**	**65.0**	**1,242.8**
Financial assets not measured at fair value					
Debt securities	**88.0**	**-**	**88.2**	**-**	**88.2**
Total financial assets not measured at fair value	**88.0**	**-**	**88.2**	**-**	**88.2**
Financial liabilities measured at fair value					
Derivative financial liabilities	**170.6**	**-**	**170.6**	**-**	**170.6**
AMP Bank indemnity	**73.5**	**-**	**-**	**73.5**	**73.5**
Collateral deposits held	**107.6**	**-**	**107.6**	**-**	**107.6**
Guarantee liabilities	**85.0**	**-**	**-**	**85.0**	**85.0**
Total financial liabilities measured at fair value	**436.7**	**-**	**278.2**	**158.5**	**436.7**
Financial liabilities not measured at fair value					
AMP Corporate entity borrowings	**1,172.7**	**-**	**1,187.0**	**-**	**1,187.0**
Total financial liabilities not measured at fair value	**1,172.7**	**-**	**1,187.0**	**-**	**1,187.0**
2020					
Financial assets measured at fair value					
Equity securities and listed managed investment schemes	25.9	18.9	-	7.0	25.9
Debt securities	1,131.6	-	1,131.6	-	1,131.6
Unlisted managed investment schemes	148.2	-	106.9	41.3	148.2
Derivative financial assets	353.6	-	353.6	-	353.6
Total financial assets measured at fair value	1,659.3	18.9	1,592.1	48.3	1,659.3
Financial assets not measured at fair value					
Debt securities	581.6	-	581.6	-	581.6
Total financial assets not measured at fair value	581.6	-	581.6	-	581.6
Financial liabilities measured at fair value					
Derivative financial liabilities	264.6	-	264.6	-	264.6
AMP Bank indemnity	81.4	-	-	81.4	81.4
Collateral deposits held	127.1	-	127.1	-	127.1
Guarantee liabilities	150.7	-	-	150.7	150.7
Total financial liabilities measured at fair value	623.8	-	391.7	232.1	623.8
Financial liabilities not measured at fair value					
AMP Corporate entity borrowings	1,306.3	-	1,326.2	-	1,326.2
Total financial liabilities not measured at fair value	1,306.3	-	1,326.2	-	1,362.2

Section 2: Investments, intangibles and working capital

2.6 Fair value information (continued)

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

Listed equity securities and listed managed investment schemes	The fair value of listed equity securities traded in an active market and listed managed investment schemes reflects the quoted bid price at the reporting date. In the case of equity securities and listed managed investment schemes where there is no active market, fair value 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. 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
Loans	The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received, based on the maturity profile of the loans. As the loans are unlisted, the discount rates applied are based on the yield curve appropriate to the remaining term of the loans. The loans may be measured at an amount in excess of fair value due to fluctuations on fixed rate loans. As the fluctuations in fair value do not represent a permanent diminution and the carrying amounts of the loans are recorded at recoverable amounts after assessing impairment, it is not appropriate to restate their carrying amounts.
Unlisted managed investment schemes	The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes 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); and
- 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 2021 financial year. Transfers to and from Level 3 are shown in the Reconciliation of Level 3 values table later in this note.

Section 2: Investments, intangibles and working capital

2.6 Fair value information (continued)

Level 3 fair values

For financial assets measured at fair value on a recurring basis and categorised within Level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets is governed by the AMP Capital asset valuation policy. This policy outlines the asset valuation methodologies and processes applied to measure non-exchange traded assets which have no regular market price, including investment property, infrastructure, private equity, alternative assets and illiquid debt securities. All significant Level 3 assets are referred to the appropriate valuation committee who meet at least every six months, or more frequently if required.

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 and listed managed investment schemes	Discounted cash flow approach utilising cost of equity as the discount rate.	Discount rate Terminal value growth rate Cash flow forecasts
Unlisted managed investment schemes	Published redemption prices.	Judgement made in determining unit prices
Guarantee liabilities	Discounted cash flow approach	Discount rate Hedging costs
AMP Bank indemnity	Assessment of expected credit losses	Cash flow forecasts Credit risk Collateral value

Sensitivity analysis

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

	2021		2020	
	(+)	(-)	(+)	(-)
	$m	$m	$m	$m
Financial assets[1]				
Equity securities and listed managed investment schemes	**1.4**	**(1.4)**	0.6	(0.6)
Unlisted managed investment schemes	**5.1**	**(5.1)**	4.1	(4.1)
Financial liabilities[2]				
Guarantee liabilities	**(2.1)**	**(3.3)**	1.2	(2.6)
AMP Bank indemnity[3]	**3.7**	**(3.7)**	4.1	(4.1)

1 Reasonably possible changes in price movements of 10% (2020: 10%) have been applied in determining the impact on profit after tax and equity.

2 Reasonably possible changes in equity market movements of 20% (2020: 20%) and bond yield movements of 50bps (2020: 50bps) have been applied in determining the impact on profit after tax and equity.

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%.

Section 2: Investments, intangibles and working capital

2.6 Fair value information (continued)

Level 3 fair values (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:

Reconciliation of Level 3 values	Balance at the beginning of the period $m	FX gains or losses $m	Total gains/ losses $m	Purchases/ deposits $m	Sales/ withdrawals $m	Net transfers in/(out) $m	Balance at the end of the period $m	Total gains and losses on assets and liabilities held at reporting date $m
2021								
Assets classified as Level 3								
Equity securities and listed managed investment schemes	**7.0**	**-**	**(1.2)**	**8.5**	**(0.5)**	**-**	**13.8**	**(1.2)**
Unlisted managed investment schemes	**41.3**	**1.3**	**3.1**	**6.8**	**-**	**-**	**51.2**	**3.1**
Liabilities classified as Level 3								
Guarantee liabilities	**150.7**	**-**	**(33.0)**	**-**	**(32.7)**	**-**	**85.0**	**(33.0)**
AMP Bank indemnity	**81.4**	**-**	**(7.9)**	**-**	**-**	**-**	**73.5**	**(7.9)**
2020								
Assets classified as Level 3								
Equity securities and listed managed investment schemes	2,515.3	-	(11.0)	63.0	(2,567.3)	7.0	7.0	-
Debt securities	126.8	-	-	-	(126.8)	-	-	-
Unlisted managed investment schemes	2,671.2	-	2.0	158.0	(2,831.2)	41.3	41.3	3.9
Investment properties	161.1	-	3.0	-	(164.1)	-	-	-
Liabilities classified as Level 3								
Guarantee liabilities	121.3	-	34.9	3.9	(9.4)	-	150.7	34.9
Investment contract liabilities	70,065.7	(7.0)	(6,200.7)	2,008.0	(65,866.0)	-	-	-
AMP Bank indemnity	86.3	-	(4.9)	-	-	-	81.4	81.4

Section 3: 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
- 3.2 Interest-bearing liabilities
- 3.3 Financial risk management
- 3.4 Derivatives and hedge accounting
- 3.5 Capital management

3.1 Contributed equity

	2021 $m	2020 $m
Issued capital		
10,373,884,672 (2020: 10,373,884,662) ordinary shares fully paid	**9,527.7**	9,054.5
Total contributed equity		
10,373,884,672 (2020: 10,373,884,662) ordinary shares fully paid	**9,527.7**	9,054.5

Issued capital		
Balance at the beginning of the year	**9,054.5**	7,941.0
10 (2020: 10) shares issued	**473.2**	1,113.5
Balance at the end of the year	**9,527.7**	9,054.5

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.

Section 3: Capital structure and financial risk management

3.2 Interest-bearing liabilities

(a) Interest-bearing liabilities

	2021			2020		
	Current $m	**Non-current $m**	**Total $m**	**Current $m**	**Non-current $m**	**Total $m**
Interest-bearing liabilities						
Corporate entity borrowings[1] - 6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	**60.0**	**-**	**60.0**	-	62.6	62.6
- USD Medium Term Notes	**-**	**-**	**-**	397.9	-	397.9
- CHF Medium Term Notes[2]	**238.2**	**624.5**	**862.7**	-	845.8	845.8
Total interest-bearing liabilities	**298.2**	**624.5**	**922.7**	397.9	908.4	1,306.3

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 entity borrowings includes interest payable of $3.2m (2020: $8.8m which is expected to settle within the next 12 months.

2 CHF 110m Senior Unsecured Fixed Rate Bond was issued 19 June 2018 and matures 19 December 2022. This Bond was subsequently increased by CHF 50m on 19 September 2018. CHF 140m Senior Unsecured Fixed Rate Bond was issued 18 April 2019 and matures 18 July 2023. This Bond was subsequently increased by CHF 100m on 3 December 2019. CHF 175m Senior Unsecured Fixed Rate Bond was issued 3 March 2020 and matures 3 June 2024.

(b) Financing arrangements

Loan facilities and note programs
Loan facilities and note programs comprise facilities arranged through bond and note issues, as well as financing facilities provided through bank loans under normal commercial terms and conditions.

	2021 $m	**2020 $m**
Available loan facilities[1]	**1,950.0**	1,450.0
Note program capacity	**15,676.8**	14,086.8
Used[2]	**(1,824.1)**	(3,033.5)
Unused facilities and note programs at the end of the year	**15,802.7**	12,503.3

1 Available loan facilities include bilateral facilities of $450.0m which mature on 30 April 2022.

2 Financing is available under funding programs in place for the entities in the AMPGH group and another company in the AMP group. The amount of the funding programs used by the entities within AMPGH group is $866.1m (2020: $1,253.7m). The remainder of the used amount relates to the other company in the AMP group.

Section 3: Capital structure and financial risk management

3.2 Interest-bearing liabilities (continued)

(c) Changes in liabilities arising from financing activities

	2021 $m	2020 $m
1 January	**1,306.3**	1,855.0
Cash flows	**(398.4)**	(492.6)
Other	**14.8**	(56.1)
31 December	**922.7**	1,306.3

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.

Section 3: Capital structure and financial risk management

3.3 Financial risk management

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

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 and business approved by the Chief Financial Officer (CFO) under delegation from the AMP Group Asset and Liability Committee (Group ALCO).

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

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

Market risk	Exposures	Management of exposures and use of derivatives
Interest rate risk The risk of an impact on the AMPGH group's profit after tax and equity arising from fluctuations of the fair value or future cash flows of financial instruments due to changes in market interest rates. 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 long-term borrowings and subordinated debt.	Interest rate risk is managed by entering into floating-to-fixed interest rate swaps, which have the effect of converting borrowings from floating rate to fixed rate.
Currency risk 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. Foreign equity accounted associates and capital invested in overseas operations. Foreign exchange rate movements on specific cash flow transactions.	The AMPGH group uses swaps to hedge the interest rate risk and foreign currency risk on foreign currency denominated borrowings but does not hedge the capital invested in overseas operations. 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. In addition, the AMPGH group will at times pre-hedge any future (but not expected) foreign currency receipts and payments, subject to market conditions.
Equity price risk The risk of an impact on the AMPGH group's profit after tax and equity arising from fluctuations of 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 Group ALCO approval, use equity exposures or equity futures or options to hedge other enterprise-wide equity exposures.

Section 3: Capital structure and financial risk management

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.

		2021		2020	
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	**(2.7)**	**(2.7)**	(0.4)	(0.4)
	+100bp	**(4.0)**	**(4.0)**	(0.5)	(0.5)
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	**0.1**	**99.1**	0.2	86.7
	10% appreciation of AUD	**(0.5)**	**(81.5)**	(0.5)	(71.3)
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	**0.1**	**0.1**	0.6	0.6
	International equities	**0.0**	**0.0**	0.2	0.2
	10% decrease in:				
	Australian equities	**(0.7)**	**(0.7)**	(0.4)	(0.4)
	International equities	**(0.9)**	**(0.9)**	(0.9)	(0.9)

1 Included in the impact on equity 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 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. **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.	the AMPGH group corporate debt portfolio and AMP Capital through various investment funds, entities or mandates that AMPGH manages or controls within the AMPGH group.	Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the liquidity risk management policy approved by the Group ALCO.

Section 3: Capital structure and financial risk management

3.3 Financial risk management (continued)

(b) Liquidity and refinancing risk (continued)

Maturity analysis

Below is a summary of the maturity profiles of the AMPGH group's undiscounted financial liabilities 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.

2021	Up to 1 year $m	1 to 5 years $m	Over 5 years $m	Not specified $m	Total $m
Non-derivative financial liabilities					
Payables	**313.2**	**-**	**-**	**-**	**313.2**
Borrowings	**238.2**	**624.5**	**-**	**-**	**862.7**
Lease liabilities	**33.3**	**85.8**	**41.2**	**-**	**160.3**
Subordinated debt	**60.0**	**-**	**-**	**-**	**60.0**
Guarantee liabilities	**-**	**-**	**-**	**85.0**	**85.0**
Derivative financial instruments					
Interest rate and cross-currency swaps	**125.2**	**102.2**	**28.8**	**-**	**256.2**
Off-balance sheet items					
Lease commitments	**37.4**	**213.9**	**482.9**	**-**	**734.2**
Investment commitments	**-**	**-**	**-**	**452.0**	**452.0**
Total undiscounted financial liabilities and off-balance sheet items	**807.3**	**1,026.4**	**552.9**	**537.0**	**2,923.6**

2020	Up to 1 year $m	1 to 5 years $m	Over 5 years $m	Not specified $m	Total $m
Non-derivative financial liabilities					
Payables	823.3	2.6	-	-	825.9
Borrowings	412.5	853.6	-	-	1,266.1
Lease liabilities	58.4	127.4	57.6	-	243.4
Subordinated debt	4.3	66.4	-	-	70.7
Guarantee liabilities	-	-	-	150.7	150.7
Derivative financial instruments					
Interest rate and cross-currency swaps	12.6	17.8	-	-	30.4
Off-balance sheet items					
Lease commitments	-	207.6	526.9	-	734.5
Buy-back arrangement commitments	89.1	-	-	-	89.1
Investment commitments	-	-	-	125.1	125.1
Total undiscounted financial liabilities and off-balance sheet items	1,400.2	1,275.4	584.5	275.8	3,535.9

Section 3: Capital structure and financial risk management

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 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. 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, including portfolio construction, in the fixed income portfolios managed by AMP Capital.	Managed by individual investment teams. There is also a dedicated credit research team and a specific credit investment committee. The investment risk and performance team provides reports to the AMP Capital Investment Committee.

The AMP Concentration and Credit Default Risk Policy 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 portfolio managers, senior management and the AMP Board Risk Committee through periodic financial risk management reports.

Group Treasury also might enter into credit default swaps to hedge the concentration risk exposure against a specific issuer, or aggregated at the parent entity, when material exposures are over the authorised limit.

The exposures on interest-bearing securities and cash equivalents which impact the AMPGH group's capital position are managed by Group Treasury within limits set by the AMP Concentration and Credit Default 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 AMP 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 $295.9m would be reduced by $143.4m to the net amount of $152.5m and derivative liabilities of $170.6m would be reduced by $143.4m to the net amount of $27.2m (2020: derivative assets of $353.6m would be reduced by $160.0m to the net amount of $193.6m and derivative liabilities of $264.6m would be reduced by $160.0m to the net amount of $104.6m).

Section 3: Capital structure and financial risk management

3.3 Financial risk management (continued)

(c) Credit risk (continued)

(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 2021 there was $107.6m (2020:$127.1m) of collateral deposits (due to other counterparties) and $28.5m (2020: $91.6m) 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**
2021		**$m**	**$m**	**$m**
Hedge type	**Hedging instrument**			
Fair value	Cross-currency swaps	**78.0**	**-**	**16.4**
Fair value	Interest rate swaps	**61.7**	**-**	**1.0**
Fair value and cash flow	Cross-currency interest rate swaps	**828.2**	**36.0**	**-**
Net investment	Foreign currency forward contract	**-**	**-**	**-**
Total		**967.9**	**36.0**	**17.4**

		Notional amount	**Fair value Assets**	**Fair value Liabilities**
2020		**$m**	**$m**	**$m**
Hedge type	**Hedging instrument**			
Fair value	Cross-currency swaps	83.4	-	21.8
Fair value	Interest rate swaps	62.7	5.9	-
Fair value and cash flow	Cross-currency interest rate swaps	1,254.0	-	20.4
Net investment	Foreign currency forward contract	389.8	23.0	0.9
Total		1,789.9	28.9	43.1

Section 3: Capital structure and financial risk management

3.4 Derivatives and hedge accounting (continued)

b) Hedged items
The following table sets out the carrying amount 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 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.

2021	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
	$m	$m	$m	$m
6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	**-**	**60.0**	**17.4**	**-**
Medium Term Notes	**-**	**787.7**	**-**	**34.0**

2020	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
	$m	$m	$m	$m
6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	-	62.6	15.9	-
Medium Term Notes	-	1,171.7	15.6	-

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

	2021	2020
	$m	$m
Gain (loss) on hedging instrument	**52.8**	(62.1)
Loss (gain) on hedged items attributable to the hedged risk	**(48.1)**	56.1
Hedge ineffectiveness recognised in the income statement	**4.7**	(6.0)

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 (2020: $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 seed pool investments. 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 (2020: $nil) due to the ineffective portion of hedges relating to investments in seed pool foreign operations.

Section 3: Capital structure and financial risk management

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.

2021	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
Interest rate swaps	-	-	**61.7**	-	**61.7**
Cross-currency swaps	-	-	**78.0**	-	**78.0**
Cross-currency interest rate swaps	-	**218.0**	**610.2**	-	**828.2**

2020	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
Interest rate swaps	-	-	62.7	-	62.7
Cross-currency swaps	-	-	83.4	-	83.4
Cross-currency interest rate swaps	-	425.8	828.2	-	1,254.0
Foreign currency forward contract	389.8	-	-	-	389.8

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
AMP 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.

Section 3: Capital structure and financial risk management

3.5 Capital management

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

- maintain a sufficient level of surplus capital above minimum regulatory capital requirements (MRR) to reduce the risk of breaching MRR;
- hold enough liquidity to ensure that AMPGH group has sufficient access to liquid resources, even under a range of stress situations; and
- maintain the AMPGH group's credit rating within a targeted range.

These factors are considered when forming AMPGH group's risk appetite as approved by the AMP Limited Board.

Capital requirements
A number of the operating entities within the AMPGH consolidated group of companies are regulated and are required to meet minimum regulatory capital requirements (MRR). In certain circumstances, APRA or other regulators may require AMPGH group or its subsidiary entities within the AMPGH group to hold a greater level of capital to support its business and and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them. Any such adjustments would be incorporated into the minimum regulatory requirements and/or capital policies as required.

The main minimum regulatory capital requirements for entities within the AMPGH group are:

Operating entity	Minimum regulatory capital requirement
N. M. Superannuation Pty Limited	Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards
ASIC-regulated entities operating with an Australian Financial Services License (AFSL)	Capital requirements imposed under AFS Licenses.

All of the regulated entities within the AMPGH group have at all times during the current and prior financial year complied with all externally imposed capital requirements.

Section 4: 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
- 4.2 Share-based payments

4.1 Defined benefit plans

AMPGH contributed 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.	Accumulation benefits and a lump sum payment on retirement.
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 valuation	31 March 2021.	31 December 2020.
Additional contributions required	10% to 15% of member's salaries plus plan expenses.	No additional contributions are required until 31 December 2023, at which point the requirement will be reassessed.

(a) Defined benefit asset/(liability)

	2021 $m	2020 $m
Present value of wholly-funded defined benefit obligations	**(781.9)**	(882.5)
Less: Fair value of plan assets	**784.6**	785.0
Defined benefit asset/(liability) recognised in the Consolidated statement of financial position	**2.7**	(97.5)
Movement in defined benefit asset/(liability)		
Deficit at the beginning of the year	**(97.5)**	(100.7)
Plus: Total (expenses)/income recognised in the Consolidated income statement	**(2.2)**	0.8
Plus: Employer contributions	**0.6**	1.0
Plus: Foreign currency exchange rate changes	**0.5**	(4.1)
Plus: Actuarial gains recognised in Other comprehensive income[1]	**101.3**	5.5
Defined benefit asset/(liability) recognised at the end of the year	**2.7**	(97.5)

1 The cumulative net actuarial gains and losses recognised in the Statement of comprehensive income is a $199.4m gain (2020: $98.1m gain).

Section 4: Employee disclosures

4.1 Defined benefit plans (continued)

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

	Defined benefit obligation		Fair value of plan assets	
	2021	2020	2021	2020
	$m	$m	$m	$m
Balance at the beginning of the year	**(882.5)**	(918.8)	**785.0**	818.1
Current service cost	**(1.6)**	(0.5)	**-**	-
Past service cost / curtailments	**-**	0.8	**-**	-
Interest (cost)/income	**(2.1)**	(9.6)	**1.5**	10.1
Net actuarial gains/(losses)	**62.1**	(14.2)	**39.4**	19.7
Employer contributions	**-**	-	**0.6**	1.0
Contributions by plan participants	**(0.1)**	(0.2)	**(0.1)**	0.2
Foreign currency exchange rate changes	**(2.1)**	1.0	**2.6**	(5.1)
Benefits paid	**44.4**	59.0	**(44.4)**	(59.0)
Balance at the end of the year	**(781.9)**	(882.5)	**784.6**	785.0

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

	Fair value of plan assets		Present value of plan obligation		Net recognised surplus/(deficit)		Actuarial gains/(losses)	
	2021	2020	2021	2020	2021	2020	2021	2020
	$m	$m	$m	$m	$m	$m	$m	$m
AMP Australia Plan I	**282.9**	280.4	**(295.5)**	(334.2)	**(12.6)**	(53.8)	**40.3**	(4.7)
AMP Australia Plan II	**396.6**	400.1	**(355.8)**	(386.3)	**40.8**	13.8	**27.0**	23.7
AMP New Zealand Plan I	**17.1**	17.7	**(20.2)**	(24.2)	**(3.1)**	(6.5)	**3.6**	(1.6)
AMP New Zealand Plan II	**88.0**	86.8	**(110.4)**	(137.8)	**(22.4)**	(51.0)	**30.4**	(11.9)
Total	**784.6**	785.0	**(781.9)**	(882.5)	**2.7**	(97.5)	**101.3**	5.5

(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	
	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%	%	%
Weighted average discount rate	**3.0**	2.1	**2.7**	0.9	**3.3**	2.4	**2.7**	1.4
Expected rate of salary increases	**n/a**	n/a	**n/a**	n/a	**2.8**	3.3	**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	
	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%	%	%
Equity	**42**	41	**52**	38	**18**	15	**52**	46
Fixed interest	**38**	41	**37**	38	**54**	59	**37**	34
Property	**9**	8	**0**	4	**6**	6	**0**	4
Cash	**4**	4	**11**	14	**9**	8	**11**	14
Other	**7**	6	**0**	6	**13**	12	**0**	2

Section 4: Employee disclosures

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			
2021	**Australia**		**New Zealand**		**Australia**		**New Zealand**	
	(+)	**(-)**	**(+)**	**(-)**	**(+)**	**(-)**	**(+)**	**(-)**
Assumption	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**
Discount rate (+/- 0.5%)[1]	**(14.8)**	**16.0**	**n/a**	**1.5**	**(18.9)**	**20.8**	**n/a**	**13.3**
Expected salary increase rate (0.5%)	**n/a**	**n/a**	**n/a**	**n/a**	**0.3**	**n/a**	**n/a**	**n/a**
Expected deferred benefit crediting rate (0.5%)	**n/a**	**n/a**	**n/a**	**n/a**	**(0.3)**	**n/a**	**n/a**	**n/a**
Pensioner indexation assumption (0.5%)[2]	**16.4**	**(15.4)**	**1.4**	**n/a**	**18.7**	**(17.2)**	**11.4**	**n/a**
Pensioner mortality assumption (10%)	**n/a**	**10.9**	**n/a**	**n/a**	**n/a**	**8.1**	**n/a**	**n/a**
Life expectancy (additional 1 year)	**n/a**	**n/a**	**1.1**	**n/a**	**n/a**	**n/a**	**3.5**	**n/a**

	AMP Plan I				AMP Plan II			
2020	Australia		New Zealand		Australia		New Zealand	
	(+)	(-)	(+)	(-)	(+)	(-)	(+)	(-)
Assumption	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Discount rate (+/- 0.5%)[1]	(17.8)	20.3	n/a	2.1	(26.3)	29.1	n/a	17.6
Expected salary increase rate (0.5%)	n/a	n/a	n/a	n/a	0.4	n/a	n/a	n/a
Expected deferred benefit crediting rate (0.5%)	n/a	n/a	n/a	n/a	1.9	n/a	n/a	n/a
Pensioner indexation assumption (0.5%)[2]	19.7	(18.4)	1.4	n/a	25.7	(22.6)	14.3	n/a
Pensioner mortality assumption (10%)	n/a	13.4	n/a	n/a	n/a	10.8	n/a	n/a
Life expectancy (additional 1 year)	n/a	n/a	1.2	n/a	n/a	n/a	4.4	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)	-	-	-	-
Weighted average duration of the defined benefit obligation (years)	9	8	12	12

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.

Section 4: Employee disclosures

Critical accounting estimates and judgements:

Defined benefit asset/liability

The value of the 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.

Section 4: Employee disclosures

4.2 Share-based payments

AMPGH group 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 group currently offers is provided below.

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

	2021 $'000	**2020 $'000**
Performance rights	**4,050.0**	9,218.4
Share rights and restricted shares - equity settled	**6,524.2**	5,199.7
Share rights - cash settled	**2,628.6**	1,544.0
Total share-based payments expense	**13,202.8**	15,962.1

(a) Performance rights

The Executive KMP 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	**LTI 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. This award may be settled through an equivalent cash payment, at the discretion of the board.
Vesting conditions	2019 LTI award (Transformation Incentive Award) The vesting of the performance rights is subject to two separate gateways: 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 vesting outcome (including to zero). Performance Gateway and Hurdle – a performance gateway is included so that no awards will vest if both the Compound Annual Growth Rate (CAGR) is negative AND the CAGR is below the benchmark index*. For risk and control roles i.e. Chief Risk Officer – the vesting outcome in relation to 25% of the award will be determined by the Remuneration Committee at its sole discretion. The other 75% of the award will be subject to the performance hurdle. In determining the comparator group, all entities other than those in the global industry classification standard (GICS) energy sector and GICS metals and mining industry are classified as industrial companies. * The benchmark index is constructed from an equal weighted index of ASX 100 financial services companies (excluding A-REITs). 2020 LTI award No performance rights were granted under an LTI plan in 2020. 2021 LTI award The performance period is 1 January 2021 to 31 December 2023 and the rights will convert to Restricted Shares on or around the 1 January 2024 (Conversion Date) if the conditions of the Offer are met. On the Conversion Date, participants may receive one fully paid Share for every Right awarded. The Shares will remain restricted for an additional one year, under a holding lock, until the Vesting Date is reached. The vesting of the performance rights is subject to two separate gateways: 1. 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 vesting outcome (including to zero). 2. The number of Rights that vest under the Award will be determined with reference to a comparison of the compound annual growth rate (CAGR) in the Company's total shareholder return (TSR) relative to the CAGR in Total Shareholder Return (TSR) to the peer group of ASX 100 financial companies excluding A-REITs as at 1 January 2021 measured over the performance period.
Vesting / performance period	• 2019 LTI award – three and a half years for rights granted in 2019. • 2021 LTI award – three years for rights plus a one year restriction period (holding lock) for LTI awards granted in 2021.
Vested awards	Vested performance rights are automatically converted to shares.
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.

Section 4: Employee disclosures

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.

Valuations are prepared by an independent external consultant. The valuations are based on AMP's closing share price at the valuation date. Assumptions regarding the dividend yield and volatility have been estimated based on AMP's dividend yield and volatility over an appropriate period.

The following table shows the factors considered in determining the value of the performance rights granted during the period:

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility[1]	Risk-free rate[1]	TSR performance hurdle discount	TSR performance rights fair value
01/01/2021	$1.65	4.0	4.0%	44%	0.1%	61%	$0.81

1 Applies to performance rights subject to a relative TSR performance hurdle.

The following table shows the movement in performance rights outstanding during the period:

Grant date	Balance at 1 Jan 2021	Granted during the year	Exercised during the year	Other changes[1]	Lapsed during the year	Balance at 31 Dec 2021
19/05/2017	1,700,700	-	-	-	(1,700,700)	-
12/09/2019	22,553,797	-	-	(829,582)	(4,343,798)	17,380,417
01/01/2021	-	2,801,550	-	-	-	2,801,550
Total	**24,254,497**	**2,801,550**	**-**	**(829,582)**	**(6,044,498)**	**20,181,967**

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

(b) Share rights

- LTI participants below the Executive KMP may be awarded share rights as part of their overall LTI award.
- Short-term Incentive deferral participants are nominated executives and selected senior leaders who have the ability to impact AMP's financial soundness. This requires a portion of the participant's annual short-term incentive outcome to be deferred and awarded as share rights.
- Transition Incentive awards were made to select participants in the form of share rights as a transitionary award between remuneration arrangements and the finalisation of strategy.
- Retention awards were made to selected senior leaders who are critical to on-going operations and the delivery of AMP's strategy during the portfolio review and the completion of any subsequent corporate transactions.
- Enterprise Profit Share Plan supports AMP Capital's remuneration framework by aligning its strategic intent and rewarding behaviour that leads to sustainably increased profit and shareholder value. The participants are the AMP Capital Leadership Team whereby a portion of their annual profit share outcome is deferred into share rights.
- Deferred Bonus Equity Plan applies to selected AMP Capital participants whereby a portion of their annual short-term incentive outcome (above a specified threshold) is deferred into share rights.

Section 4: Employee disclosures

4.2 Share-based payments (continued)

(b) Share rights (continued)

Plan	Long-term Incentive Plan	Short-term incentive Deferral Plan, Transition Incentive award and Retention award	Enterprise Profit Share Plan and Deferred Bonus Equity 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. This award may be settled through an equivalent cash payment at the discretion of the board. All awards are subject to ongoing employment, compliance with AMP policies and the board's discretion.		
Vesting conditions/ period	**2017 LTI** – Four years continued service. No share rights under the LTI plan were granted in 2018, 2019 or 2020. **2021 LTI** – Four years continued service – the award carries voting rights and a dividend equivalent on any Rights that may vest. AMP Capital participants Continued service for three years. Some awards may also vary where the share rights are awarded as a sign-on equity award or to retain an employee for a critical period.	**Short-term Incentive deferral** 2019 and 2020 STI awards with 40% deferral and continued service for two or four years. Transition Incentive award 2019 – the award is split into two tranches with continued service for approximately one and two years respectively. **Retention award** 2020 – the award has 40% of the award granted in share rights and is subject to a one year service condition plus an additional three year holding period. Vesting scheduled to occur in 2024. **2021 STI** 60% delivered in equity. AMP's Group Executive Committee awards: 50% of award to vest in year two and 50% at year three Other STI awards with a 40% deferral and continued service for two or four years	Enterprise Profit Share Plan The grant is split into two tranches with continued service for two and three years respectively. The award carries voting rights and a dividend equivalent on any Rights that may vest. For awards relating to the 2019, 2020 and 2021 performance years, share rights were granted to select participants. The award was subject to a one year service condition. After this period, an additional three year holding period is applicable to participants except for the AMP Capital Chief Executive Officer where the holding period is four years. Deferred Bonus Equity Plan The grant is split into two tranches with continued service for two and three years respectively.
Vested awards	Vested share rights are automatically converted to shares on behalf of participants.		
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.		

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. 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 performance period.

For the current CEO's share rights awards, the valuations are prepared by an independent external consultant. The valuations are based on AMP's closing share price at the valuation date. Assumptions regarding the dividend yield and volatility have been estimated based on AMP's dividend yield and volatility over an appropriate period.

Section 4: Employee disclosures

4.2 Share-based payments (continued)

(b) Share rights (continued)

The following table shows the factors which were considered in determining the independent fair value of the share rights granted during the period:

Grant date	Share price	Contractual life (years)	Dividend yield	Dividend discount	Fair value
01/04/2021	$1.35	1.9	3.0%	7%	$1.25
01/04/2021	$1.35	3.9	3.0%	13%	$1.18
01/04/2021	$1.35	0.9	n/a	2%	$1.33
01/04/2021	$1.35	1.9	3.0%	7%	$1.25
01/04/2021	$1.35	2.9	3.0%	10%	$1.22
01/04/2021	$1.35	4.0	n/a	2%	$1.33

The following table shows the movement in share rights outstanding during the year:

Grant date	Balance at 1 Jan 2021	Granted during the year	Exercised during the year	Lapsed during the year	Other changes[1]	Balance at 31 Dec 2021
19/05/2017	993,213	-	(974,463)	(18,750)	-	-
02/04/2018	968,188	-	(968,188)	-	-	-
13/08/2018	53,191	-	(53,191)	-	-	-
03/12/2018	40,816	-	(40,816)	-	-	-
01/04/2019	2,196,568	-	(222,163)	(367,433)	(162,712)	1,444,260
10/05/2019	851,064	-	(851,064)	-	-	-
17/05/2019	773,997	-	-	-	-	773,997
19/07/2019	91,787	-	(53,140)	-	-	38,647
20/09/2019	8,287	-	-	(8,287)	-	-
01/04/2020	6,873,125	-	(288,400)	(412,320)	(1,207,650)	4,964,755
23/11/2020	1,467,675	-	-	(98,630)	-	1,369,045
01/04/2021	-	4,250,431	-	-	-	4,250,431
	14,317,911	**4,250,431**	**(3,451,425)**	**(905,420)**	**(1,370,362)**	**12,841,135**

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

Section 4: Employee disclosures

4.2 Share-based payments (continued)

(c) Restricted shares

The AMP Capital Leadership Team is comprised of a select group of senior executives who are eligible to participate in the Enterprise Profit Share Plan. This plan was designed to support AMP Capital's remuneration framework by aligning its strategic intent and rewarding behaviour that leads to sustainably increased profit and shareholder value. It is required that 40% of the participants' profit share outcomes be deferred. Half of the deferred component is awarded in the form of restricted shares for participants who reside in Australia with the exception of the AMP Capital Chief Executive Officer. The objective of this is to create greater alignment with our shareholders. The equity component of this plan was granted in 2019.

No restricted shares were granted under the above disclosed Plan in 2020 or 2021, however, share rights were granted to eligible participants.

Plan	Enterprise Profit Share Plan
Overview	The deferred component of the 2018 Enterprise Profit Share award was granted in the form of restricted shares. Restricted shares are fully paid ordinary shares in AMP Limited that are held in the AMP Employee Share Trust on behalf of the participant until the specified service/holding period has been met. They were granted at no cost to participants and carry the same dividend or voting rights as other fully paid ordinary shares. Any dividends paid on shares are received in the ordinary course on the dividend payment date(s).
Vesting conditions / period	The restricted shares will vest after one year and continue to be subject to a disposal restriction for an additional three year period. Prior to each vesting date and the release date, the board will undertake a conduct/risk review to confirm that vesting and release of the award aligns with the conduct and risk outcomes of the group.
Vested awards	On the relevant release dates, the restriction on the shares is released.
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.

AMP Executive Performance Incentive Plan

The Executive Performance Incentive (EPI) Plan takes a combined incentive approach, whereby a portion of the participant's annual EPI outcome is paid out in cash and the remainder is deferred as restricted shares or share rights. The objective of this plan is to create equity ownership across a select group of senior executives if performance objectives are met. The equity component of this plan was granted in 2019.

No restricted share awards were granted under the above disclosed Plan in 2020 or 2021.

Plan	Executive Performance Incentive Plan
Overview	For 2019, the deferred component of the Executive Performance Incentive Plan was granted in the form restricted shares. Restricted shares are fully paid ordinary shares in AMP Limited that are held in the AMP Employee Share Trust on behalf of the participant until the specified service/holding period has been met. They were granted at no cost to participants and carry the same dividend or voting rights as other fully paid ordinary shares. Any dividends paid on shares are received in the ordinary course on the dividend payment date(s).
Vesting conditions / period	The restricted shares will vest after one year and continue to be subject to a disposal restriction for an additional three year period. Prior to each of the vesting date and the release date, the board will undertake a conduct/risk review to confirm that vesting and release of the award aligns with the conduct and risk outcomes of the group.
Vested awards	On the relevant release dates, the restriction on the shares is released. Some shares may be released early for participants who cease employment to assist participants in managing their tax liability.
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.

Section 4: Employee disclosures

4.2 Share-based payments (continued)

(c) Restricted shares (continued)

Salary Sacrifice Plans

2019 AMP EMPLOYEE SHARE PLAN – $1,000 TAX EXEMPT PLAN
All permanent employees as at 12 December 2018 were offered a $1,000 gift of shares subject to employment on the allocation date in March 2019. These shares are subject to a restriction on sale and transfer for up to three-years from the date they are allocated. Any shares acquired as a gift will be released to the participant at the end of the three-year period or when they leave employment with AMP (whichever is earlier).

2020 AMP EMPLOYEE SHARE PLAN – $1,000 TAX EXEMPT PLAN
For the period 1 April 2020, eligible participants may acquire $1,000 fully paid ordinary shares in AMP by sacrificing $1,000 of their 2019 short-term incentive (STI) award. These shares are subject to a restriction on sale and transfer for up to three-years from the date they are allocated. Any shares acquired will be released to the participant at the end of the three-year period or when they leave employment with AMP (whichever is earlier).

The AMP $1,000 Tax Exempt Plan was not reoffered to employees in 2021 in its current format.

2019–2021 AMP EMPLOYEE SHARE PLAN – $5,000 SALARY SACRIFICE PLAN
All permanent employees in Australia were offered the opportunity to salary sacrifice between $1,000 – $5,000 over a 12-month period to acquire shares in AMP. AMP offered a matching contribution on a 2:5 basis (1:5 in 2019 and 2020), meaning that employees who opted to salary sacrifice $5,000 would receive an upfront matched allocation of $2,000 in AMP shares ($1,000 in AMP shares in 2019 and 2020). The salary sacrifice and matching shares are both held in an employee share plan trust on behalf of the employees and are subject to a restriction on sale and transfer for up to three years from the date they are allocated.

Offer	Purchased Shares	Matching Shares[1]
2019	Any purchased shares acquired during 2019, 2020 and 2021 will be released to the participant at the of the three-year period.	Matching shares will be released at the end of the three-year period or when they leave employment with AMP (whichever is earlier).
2020 and 2021		Matching shares will be released at the end of the two-year period or when they leave employment with AMP (whichever is earlier).

1 Matching shares are forfeited if a participant voluntarily ceases employment before the end of the holding period.

Valuation of restricted shares and AMP Employee Share Plan
The restricted share awards 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.

For the AMP Employee Share Plan $1,000 Tax Exempt Plan and $5,000 Salary Sacrifice Plan, the fair value of the shares was determined as the market price of AMP ordinary shares on the grant date. As employees holding restricted shares are entitled to dividend payments, no adjustment has been made to the fair value in respect of future dividend payments.

In determining the share-based payments expense for the period, 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.

Grant date	Share price	Contractual life (years)	Vesting Date	Dividend yield	Fair value
30/04/2021	$1.45	2.0	30/04/2023	n/a	$1.45

The following table shows the movement in restricted shares outstanding for the period:

Grant date	Balance at 1 Jan 2021	Granted during the year	Released during the year	Forfeited during the year	Balance at 31 Dec 2021
14/03/2019	54,889	-	(5,447)	-	49,442
17/05/2019	953,075	-	-	-	953,075
28/04/2020	268,775	-	(30,958)	(32,301)	205,516
30/04/2021	-	707,705	(33,630)	(88,531)	585,544
Total	**1,276,739**	**707,705**	**(70,035)**	**(120,832)**	**1,793,577**

Section 4: Employee disclosures

4.2 Share-based payments (continued)

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 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 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 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 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 Income statement and corresponding liability. The fair value is determined using appropriate valuation techniques.

Section 5: 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**	**2021**	**2020**
AMP Advice Holdings Pty Ltd	Australia	Ord	**100**	100
AMP Capital Funds Management Limited	Australia	Ord	**100**	100
AMP Capital Holdings Limited	Australia	Ord	**100**	100
AMP Capital Investors (New Zealand) Limited	New Zealand	Ord	**100**	100
AMP Capital Investors Limited	Australia	Ord	**100**	100
AMP Capital Office and Industrial Pty Limited	Australia	Ord	**100**	100
AMP Capital Shopping Centres Pty Limited	Australia	Ord	**100**	100
AMP Financial Planning Pty 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 A	**100**	100
AMP Superannuation Limited	Australia	Ord	**100**	100
AMP Wealth Management Holdings Pty Ltd	Australia	Ord	**100**	100
AMP Wealth Management New Zealand Limited	New Zealand	Ord	**100**	100
Hillross Financial Services Limited	Australia	Ord	**100**	100
ipac Group Services Pty Ltd	Australia	Ord	**100**	100
National Mutual Funds Management (Global) Limited	Australia	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

Section 5: Group entities

5.2 Investments in associates

Investments in associates accounted for using the equity method:

Associate	Principal activity	Place of business	Ownership interest 2021 %	Ownership interest 2020 %	Carrying amount[1] 2021 $m	Carrying amount[1] 2020 $m
Resolution Life NOHC[2,3]	Life insurance company	Australia	**19.13**	19.62	**-**	514.1
China Life AMP Asset Management Company Ltd	Investment management	China	**14.97**	14.97	**74.1**	57.3
Global Infrastructure Fund Sponsor[4]	Fund	Cayman Islands	**4.74**	4.74	**70.6**	79.6
Global Infrastructure Fund II[4]	Fund	Cayman Islands	**2.81**	2.81	**118.6**	91.2
AMP Capital Infrastructure Debt Fund IV USD LP[4]	Fund	Luxembourg	**1.25**	1.25	**64.2**	56.2
AMP Capital Infrastructure Debt Fund V USD LP[2]	Fund	Luxembourg	**1.80**	3.08	**-**	65.8
ACRT Finance Pty Limited[4]	Investment management	Australia	**7.72**	-	**106.2**	-
PCCP,LLC (Pacific Coast Capital Partners)	Investment management	United States	**24.90**	24.90	**157.0**	137.0
Other (individually immaterial associates)			**n/a**	**n/a**	**82.7**	93.0
Total investments in associates accounted for using the equity method					**673.4**	1,094.2

1 The carrying amount is after recognising $98.2m (2020: $48.2m) share of current period profit or loss of associates accounted for using the equity method.

2 Resolution Life NOHC and AMP Capital Infrastructure Debt Fund V USD LP are classified as assets held for sale as at 31 December 2021.

3 The AMPGH group has significant influence through representation on the entity's board.

4 Entities within the AMPGH group have been appointed investment manager, therefore the group is considered to have significant influence.

Accounting Policy – recognition and measurement

Investments in associates
Investments in associates accounted for using the equity method
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.

Section 5: Group entities

5.3 Parent entity information

	2021 $m	2020 $m
(a) Statement of comprehensive income - AMP Group Holdings Limited entity		
Dividends and interest from controlled entities[1]	**-**	109.6
Other operating income	**-**	0.3
Other operating expense	**(18.6)**	1.3
Impairment of investments in controlled entities	**(483.0)**	(3,581.0)
Income tax credit (expense)	**5.6**	(0.5)
Loss for the year	**(496.0)**	(3,470.3)
Total comprehensive loss for the year	**(496.0)**	(3,470.3)

	2021 $m	2020 $m
(b) Statement of financial position - AMP Group Holdings Limited entity		
Current assets		
Receivables	**714.2**	593.4
Current tax assets	**-**	1.9
Non-current assets		
Investments in controlled entities	**2,495.0**	4,737.0
Deferred tax assets	**38.7**	44.1
Total assets	**3,247.9**	5,376.4
Current liabilities		
Payables	**100.4**	2,214.8
Deferred tax liabilities	**0.2**	-
Provisions	**12.3**	18.9
AMP Bank indemnity	**70.5**	81.4
Total liabilities	**183.4**	2,315.1
Net assets	**3,064.5**	3,061.3
Equity		
Contributed equity	**9,527.7**	9,054.5
Retained earnings	**(6,463.2)**	(5,993.2)
Total equity	**3,064.5**	3,061.3

1 Dividend income from controlled entities $nil (2020: $109.6m) 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.

Section 5: Group entities

5.4 Related party disclosures

(a) Key management personnel

Compensation of key management personnel

	2021 $000	2020 $000
Short-term benefits	**3,070**	1,854
Post-employment benefits	**104**	79
Share-based payments	**1,677**	1,020
Other long-term benefits	**171**	229
Total	**5,022**	3,182

Compensation of the AMPGH group's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefit plans (*refer to note 4.1*). 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 (2020: one) key management personnel and their related parties. Details of these loans are:

	2021 $'000	2020 $'000
Balance as at the beginning of the year	**954**	991
Net repayments	**(38)**	(37)
Balance as at the end of the year	**916**	954
Interest charged	**14**	15

Key management personnel access to AMP's products

From time to time, key management personnel or their related entities may have had access to certain AMP 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 non-executive directors
Some of the non-executive directors hold directorships or positions in other companies or organisations. AMPGH group may provide or receive services from these companies or organisations negotiated based on arm's length terms. None of the non-executive directors were, or are, involved in any procurement or board decision making regarding the companies or organisations with which they have an association.

Transactions with AMP Bank
AMP Bank provides the AMPGH group 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 Resolution Life Australasia
Transactions during the period involve activities in conjunction with the sale of the WP and mature businesses to Resolution Life Australasia. To facilitate the transition of these businesses to new ownership, the group provides operational services under a Transitional Services Agreement (TSA). Fees charged under the TSA are in accordance with negotiated terms equivalent to those that prevail in arm's length transactions.

The AMPGH group also provides Resolution Life Australasia with investment management and advice-related services in the normal course of business.

Section 5: Group entities

5.4 Related party disclosures (continued)

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 during the year.

Transactions with investment entities

In conjunction with the establishment of new investment funds managed by AMP Capital or other group associates, the AMPGH group, from time to time, invests seed and sponsor capital. The structure of the fund or the AMPGH group's level of ownership may result in the fund being treated as an associate of the group. See note 5.2 for details of the AMPGH group's associates. Management fees are earned by the AMPGH group or its associates for managing and administering these investment funds.

All transactions between the AMPGH group, its associates and the funds are on an arm's length basis.

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.

Section 6: 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
- 6.2 Commitments
- 6.3 Right of use assets and lease liabilities
- 6.4 Provisions and contingent liabilities
- 6.5 Auditors' remuneration
- 6.6 New accounting standards
- 6.7 Events occurring after reporting date

6.1 Notes to Consolidated statement of cash flows

(a) Reconciliation of cash flow from operating activities

	2021 $m	2020 $m
Net (loss)/profit after income tax	**(394.5)**	60.8
Depreciation of operating assets	**62.3**	74.2
Amortisation and impairment of intangibles	**226.5**	147.9
Investment gains and losses and movements in external unitholders' liabilities	**(124.1)**	7,854.1
Dividend and distribution income received/(reinvested)	**115.5**	(1,223.4)
Share-based payments	**8.6**	4.1
(Decrease)/increase in receivables, intangibles and other assets	**(495.1)**	281.2
(Decrease)/increase in guarantee liabilities	**(65.7)**	29.5
Decrease in net policy liabilities	**-**	(10,505.7)
Increase/(decrease) in income tax balances	**95.4**	(1,734.4)
Decrease in other payables and provisions	**(647.3)**	(837.2)
Cash flows used in operating activities	**(1,218.4)**	(5,848.9)

(b) Reconciliation of cash

	2021 $m	2020 $m
Comprises:		
Cash and cash equivalents	**1,168.8**	1,676.1
Cash included in assets held for sale	**21.1**	-
Short-term bills and notes (included in Debt securities)	**107.0**	225.0
Cash and cash equivalents for the purpose of the Statement of cash flows	**1,296.9**	1,901.1

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.

Section 6: Other disclosures

6.2 Commitments

(a) Commitments for leases not yet commenced

The future lease payments for which the group is committed but the leases have not yet commenced as at 31 December 2021 are $734.5m (2020: $734.5m). Lease commitments do not include non-lease components per AMPGH group's accounting policy based on AASB 16 *Leases*.

(b) Buy-back arrangements

Historically, AMPGH has had contractual arrangements with financial advice businesses in AMP's aligned advice network to purchase their client registers at agreed multiples to revenue subject to certain conditions being met. These buy-back arrangements included arrangements known as Buyer of Last Resort (BOLR). Advice businesses must register their intention to invoke buy-back arrangements, which have six to 18-month lead times and are subject to audit prior to finalising the purchase price. On 26 July 2021, as part of the new Licensee commercial terms, AMP announced the conclusion of these client register buy-back arrangements, with eligible practices able to register their intention to invoke buy-back arrangements through 31 December 2021. The pipeline of buy-back arrangements where an intention to invoke has been registered by 31 December 2021 is $41.9m (2020: $89.1m), all of which relates to arrangements expected to settle in the next 18 months. The commitment value reflects the unaudited value as advised by the advice businesses. AMPGH's experience is that the ultimate purchase price after audit is typically less than the initially advised value and not all of the buy-back progress to completion.

Over the 12 months ended 31 December 2021, $53.7m was paid for executed buy-back arrangements. Where a notice of intention to invoke the buy-back arrangement has been received by 31 December 2021 and AMPGH has concluded that the purchase price of the register exceeds the value of the client register to AMPGH, or where ongoing service arrangements would be unable to be serviced or sold, a provision has been raised for the difference. Refer to note 6.4 for further details.

(c) Investment commitment

At 31 December 2021 AMP Capital Finance Limited, a controlled entity of AMPGH group, had uncalled investment commitments of $451.9m (2020: $125.1m) in relation to certain funds managed by AMP Capital. Subsequent to the reporting date, $nil of this committed capital was invested by AMP Capital Finance Limited into AMP Capital managed funds. These investment commitments will only be called when suitable investment opportunities arise, and the exact timeline could not be specified.

6.3 Right of use assets and lease liabilities

The AMPGH group adopted AASB 16 *Leases* (AASB 16) from 1 January 2019. Per AASB 16, the group recognises leases on balance sheet as lease liabilities except for short-term leases and leases of low value, with corresponding right of use assets being recognised on balance sheet as well.

(a) Right of use assets

The main type of ROU asset recognised by the AMPGH group is buildings. The following table details the carrying amount of the ROU assets at 31 December 2021 and the movements during the year.

	2021 $m	2020 $m
Opening balance	**174.3**	245.2
Derecognitions during the year	**(19.6)**	(5.2)
Impairment expense	**(12.4)**	(11.2)
Depreciation expense	**(45.4)**	(50.9)
Foreign currency exchange rate changes and other	**2.2**	(3.6)
Transferred to assets held for sale	**(2.7)**	-
Closing balance	**96.4**	174.3

Section 6: Other disclosures

6.3 Right of use assets and lease liabilities (continued)

(b) Lease liabilities

The following table details the carrying amount of lease liabilities at 31 December 2021 and the movements during the year.

	2021 $m	2020 $m
Opening balance	**210.6**	266.3
Derecognitions during the year	**(25.8)**	(7.3)
Interest expense	**7.4**	9.5
Payments made	**(56.9)**	(53.8)
Foreign currency exchange rate changes and other	**2.6**	(4.1)
Transferred to liabilities held for sale	**(3.4)**	-
Closing balance	**134.6**	210.6

The AMPGH group paid $3.7m (2020: $8.1m) in relation to short-term leases and $0.3m (2020: $0.5m) in relation to variable lease payments. The total cash outflow for leases in 2021 was $60.4m (2020: $63.4m).

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 group's policy to separate non-lease components when recognising the lease liability.

The 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 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 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.

The 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. Payments for such leases are recognised as an expense on a straight-line basis over the lease term.

Critical accounting estimates and judgements:

The group recognises lease liabilities and corresponding ROU assets for all leases where the group is a lessee, except for short term leases and leases where the underlying asset is of low value. 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.

Section 6: Other disclosures

6.4 Provisions and contingent liabilities

	2021 $m	2020 $m
(a) Provisions		
Client remediation	**87.3**	579.2
Buy-back arrangements	**20.0**	66.7
Compliance and regulatory[1]	**43.4**	20.0
Obligations relating to corporate reorganisation	**142.7**	252.7
Other[2]	**293.4**	135.1
Total provisions	**586.8**	1,053.7

	Client remediation $m	Buy-back arrangements $m	Compliance and regulatory[1] $m	Obligations relating to corporate reorganisation $m	Other[2] $m	Total $m
(b) Movements in provisions						
Balance at the beginning of the year	**579.2**	**66.7**	**20.0**	**252.7**	**135.1**	**1,053.7**
Net provisions made during the year	**31.8**	**-**	**26.4**	**131.9**	**272.8**	**462.9**
Provisions used during the year	**(523.7)**	**(46.7)**	**(3.0)**	**(100.9)**	**(114.5)**	**(788.8)**
Transferred to liabilities held for sale	**-**	**-**	**-**	**(141.0)**	**-**	**(141.0)**
Balance at the end of the year	**87.3**	**20.0**	**43.4**	**142.7**	**293.4**	**586.8**

1 Includes provisions related to APRA enforceable undertaking.

2 Other provisions include provisions for onerous lease arrangements, deferred payments relating to purchase of client registers, make-good provisions relating to rental premises and other operational provisions. $7.6m (2020:$16.3m) is expected to be settled more than 12 months from the reporting date.

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.

Critical accounting estimates and judgements:

The AMPGH group recognises a provision where a legal or constructive obligation exists at the reporting 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.

Section 6: Other disclosures

6.4 Provisions and contingent liabilities (continued)

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. A contingent liability exists in relation to actual and likely potential legal proceedings.

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.

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 and AUSTRAC, 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, for example, 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 also performs internal investigations 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.

Client remediation

Since 2018 AMPGH has been actively engaged in a large-scale customer review and remediation program. This program was established to identify and compensate clients who have suffered loss or detriment as a result of either:
– inappropriate advice from their adviser; or
– where clients have been charged an advice service fee without the provision of financial advice services (or insufficient evidence of the provision of financial advice services).

AMPGH has completed the review of all in scope customers and the majority of remediation payments have been made to date with a remaining $60.1m provision held at 31 December 2021. Remaining payments are targeted to complete in the first half of 2022.

Provisions for client remediation do not include amounts for potential recoveries from advisers and insurers.

Other matters
In addition to the inappropriate advice and advice service fee reviews mentioned above, other reviews, as part of ongoing monitoring and supervision activities, have been performed. These reviews are ongoing and where the reviews have identified instances of clients having suffered loss or detriment, compensation has been paid. As at 31 December 2021, provisions and project costs of $27.2m have been recognised for the estimated compensation due to clients, including lost earnings for these matters. These provisions are judgemental and the actual compensation to clients could vary from the amounts provided.

Buy-back arrangements

Historically, AMP has had contractual arrangements with financial advice businesses in AMPGH’s aligned advice network to purchase their client registers at agreed multiples to revenue subject to certain conditions being met. These buy-back arrangements included arrangements known as Buyer of Last Resort (BOLR). On 26 July 2021, as part of the new Licensee commercial terms, AMP announced the conclusion of these client register buy-back arrangements, with eligible practices able to register their intention to invoke buy-back arrangements on or before 31 December 2021. Where a notice of intention to invoke the buy-back arrangement has been received and AMP has concluded that the purchase price of the register exceeds the value of the client register to AMP, or where ongoing service arrangements would be unable to be serviced or sold, a provision has been raised for the difference. The provision is judgemental and the actual resulting loss incurred upon settlement of the arrangements may vary from the provision.

Contingent liabilities for future buy-backs, where no notification was received on or before 31 December 2021, no longer remain following the cessation of the buy-back arrangements.

Litigation
Shareholder class actions
During May and June 2018, AMP Limited was served with five competing shareholder class actions, one filed in the Supreme Court of NSW and the others filed in the Federal Court of Australia. The actions follow the financial advice hearing block in the Royal Commission in April 2018 and allege breaches by AMP Limited of its continuous disclosure obligations. Each action is on behalf of shareholders who acquired an interest in AMP Limited shares over a specified time period. Subsequently, the four proceedings commenced in the Federal Court of Australia were transferred to the Supreme Court of NSW. The Supreme Court of NSW determined that a consolidated class action (of two of the class actions) should continue, and the other three proceedings were permanently stayed. Following various appeals (including to the High Court of Australia), the consolidated class action continues. AMP Limited has filed its defence to the proceedings. The claims are yet to be quantified and participation has not been determined. Currently it is not possible to determine the ultimate impact of these claims, if any, upon AMP. AMP Limited is defending these actions.

Section 6: Other disclosures

6.4 Provisions and contingent liabilities (continued)

Superannuation class actions
During May and June 2019, certain subsidiaries of AMPGH, namely, N.M. Superannuation Proprietary Limited (NM Super), AMP Superannuation Limited (AMP Super), NMMT Limited and AMP Services Limited (AMP Services), were served with two class actions in the Federal Court of Australia. The first of those class actions relates to the fees charged to members of certain of AMP superannuation funds. The second of those actions relates 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 AMP respondents have filed defences to the proceedings. The claims are yet to be quantified and participation has not been determined. Currently, it is not possible to determine the ultimate impact of these claims, if any, upon AMP. The proceedings are being defended.

Financial adviser class action
In July 2020, a subsidiary of AMPGH, namely, AMP Financial Planning Pty Limited (AMPFP), was served with a class action in the Federal Court of Australia. The proceeding is brought on behalf of certain financial advisers who are or have been authorised by AMPFP. The claim relates to changes made by AMPFP to its Buyer of Last Resort policy in 2019. The claim is yet to be quantified and participation has not been determined. Currently it is not possible to determine the ultimate impact of this claim, if any, upon AMP. AMPFP has filed its defence to the proceedings, and AMPFP is confident in the actions it took in 2019 and is defending the proceeding accordingly.

Commissions for advice and insurance advice class action
In July 2020, certain subsidiaries of AMPGH, namely, AMPFP and Hillross Financial Services Limited (Hillross) were served with a class action in the Federal Court of Australia. 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, and certain subsidiaries of AMPGH, namely, AMPFP, Hillross and Charter Financial Planning Limited (Charter), were served with a class action in the Federal Court of Australia. 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 AMP respondents have filed a defence to the proceedings. The claim is yet to be quantified and participation has not been determined. Currently, it is not possible to determine the ultimate impact of this claim, if any, upon AMP. The proceedings are being defended.

ASIC civil penalty proceedings in respect of deceased customers
Certain subsidiaries of AMPGH, namely, AMPFP, NM Super, AMP Super and AMP Services, are the subject of proceedings brought by ASIC on 26 May 2021. The proceedings allege contraventions of the Corporations Act 2001 (Cth) ("Corporations Act") and the Australian Securities and Investments Commission Act 2001 (Cth) ("ASIC Act") relating to the alleged charging and retention of insurance premiums and advice service fees following the death of members of superannuation funds in the period between 26 May 2015 and 31 August 2019. ASIC's claim is in respect of 2,069 deceased members affected by the retention of premiums, and 27 deceased members affected by the retention of advice fees. AMP has completed remediation for customers identified as being affected by such instances.

ASIC is seeking declarations of contraventions of various sections of the Corporations Act and ASIC Act and orders for the payment of pecuniary penalties and other consequential orders. The AMP respondents have filed a defence to the proceedings. Currently, it is not possible to determine the ultimate impact of this claim upon AMP.

ASIC civil penalty proceedings in respect of plan service fees
Certain subsidiaries of AMPGH, namely, AMPFP, Hillross, Charter, AMP Super and AMP Services, are the subject of proceedings brought by ASIC on 29 July 2021. The proceedings allege contraventions of the Corporations Act and the ASIC Act relating to the alleged charging and retention of plan service fees following members of superannuation funds delinking from their corporate super plan into a retail account in the period between 31 July 2015 and 30 June 2019. ASIC's claim is in respect of around 1500 members affected by the retention of plan service fees. AMP has completed remediation for customers identified as being affected by such instances.

ASIC is seeking declarations of contraventions of various sections of the Corporations Act and ASIC Act and orders for the payment of pecuniary penalties and other consequential orders. The AMP respondents have filed a defence to the proceedings. Currently, it is not possible to determine the ultimate impact of this claim upon AMP.

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 controls, accountability and processes, improve compliance and risk management, and remediate impacted customers.

In 2021, AMP's Superannuation Trustees (AMP Superannuation Limited and N.M. Superannuation Proprietary Limited) 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 for 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.

Indemnities and warranties to Resolution Life
Under the terms of the sale agreement for the sale of the wealth protection and mature businesses to Resolution Life Australia Pty Ltd (Resolution Life), AMP has given certain covenants, warranties and indemnities in favour of Resolution Life in connection with the transaction. A breach of these covenants or warranties, or the triggering of an indemnity, may result in AMP being liable for some future payments to Resolution Life. Management's best estimate of future payments for these indemnities and warranties has been recognised within these financial statements where they can be reliably estimated. There remain other indemnities and warranties for which no provision has been recognised and a contingent liability exists should such indemnities and warranties be called upon or where actual outcomes differ from management's expectations.

Section 6: Other disclosures

6.5 Auditors' remuneration

	2021 $'000	2020 $'000
AMP Limited and other corporate entities in the consolidated group		
Audit and review services		
- Group	**1,690.9**	1,443.9
- Controlled entities	**2,901.5**	3,740.9
Total audit and review services remuneration	**4,592.4**	5,184.8
Statutory assurance services	**239.1**	304.7
Other assurance services - audit related	**914.9**	874.0
Other assurance services - non-audit related[1]	**1,667.4**	156.1
Total assurance services remuneration	**2,821.4**	1,334.8
Total audit, review and assurance services remuneration	**7,413.8**	6,519.6
Other non-audit services		
Non-audit services		
- Taxation compliance services[1]	**502.7**	84.3
- Other services	**1,025.8**	299.9
Total other non-audit services remuneration	**1,528.5**	384.2
Total auditors' remuneration[2]	**8,942.3**	6,903.8

1 Increase in fees in 2021 relates primarily to additional services performed for the Collimate Capital demerger.
2 Total amount excludes fees paid or payable for Trust and Fund audit/non-audit and/or review services for entities not consolidated into the group. Total fees excluded are $7,871.9k (2020: $10,519.6k) of which $382.2k (2020: $579.5k) is for non-audit services.

Statutory assurance services relate to AFSL audits and certain APRA reporting assurance required to be performed by the statutory auditor. Other assurance services primarily relate to other compliance reporting, derivative risk statement assurance and internal controls reviews. Other services include transaction support and benchmarking services.

Section 6: Other disclosures

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 2021. These have not had a material effect on the financial position or performance of the AMPGH group other than as described below.

Interest Rate Benchmark Reform

Transition from Interbank Offered Rates (IBORs), primarily but not exclusively the London Interbank Offered Rate (LIBOR), to Alternative Reference Rates (ARR) has been an area of ongoing industry focus with regulators signalling the need to use alternative benchmark rates.

A number of benchmark rates have been discontinued requiring transition to alternate benchmarks across a broad array of financial products, including any IBOR-based securities, loans and other financial products. AMP has successfully completed its IBOR transition activities during the year ended 31 December 2021.

Key activity included:

– transitioning impacted financial contracts utilising International Swaps and Derivative Association fall back protocols and via bilateral re-negotiation,
– monitoring local and international regulatory guidance for the transition from IBORs to Risk Free Rate benchmarks,
– engaging with regulators on the group's transition plans and contributing to industry wide forums, and
– working closely with industry bodies to understand and manage the risks and impacts of transition on our businesses.

The most significant interest rate benchmark to which the group is exposed is the Bank Bill Swap Rate (BBSW). As a result, the IBOR reforms, in conjunction with the practical expedients provided for in the applicable accounting standards, have had an insignificant financial impact on the group. Presently, there are no indications that regulators of jurisdictions in which the group operates intend to discontinue the use of BBSW in the way that the Financial Conduct Authority discontinued the use of LIBOR.

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 AMP group 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 AMP group.

6.7 Events occurring after reporting date

On 24 December 2021, AMP announced an agreement to sell its Infrastructure Debt platform to Ares Holdings LP for consideration of up to $428.0 million. The sale completed on 11 February 2022. As completion occurred subsequent to 31 December 2021, the accounting gain on sale will be reflected in AMPGH's half-year 2022 results.

Directors' declaration

for the year ended 31 December 2021

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 financial statements and notes of AMP Group Holdings Limited and the consolidated entity for the financial year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements of AMP Group Holdings Limited and the consolidated entity for the financial year ended 31 December 2021 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

…………………………………………………………......

Director

Sydney, 23 March 2022

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2021, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; notes to the financial statements, including a summary of significant accounting policies; 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 2021 and of their 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 we do not and will 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 on the other information obtained prior to the date of this auditor's report, 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.

Building a better
working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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.

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

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

Ernst & Young

Ernst & Young

Andrew Price
Partner
Sydney
23 March 2022