

AMP Group Holdings Limited

ABN 88 079 804 676

**Directors' report and Financial report
for the half year ended
30 June 2022**

DIRECTORS' REPORT

For the half year ended 30 June 2022

Your directors present their report on the consolidated entity consisting of AMP Group Holdings Limited and the entities it controlled at the end of or during the half year ended 30 June 2022.

Directors' details

The directors of AMP Group Holdings Limited during the half year ended 30 June 2022 and up to the date of this report are listed below. Directors were in office for this entire period except where stated otherwise:

James Georgeson (Chairman)
Jason Bounassif
John O'Farrell
Nicola Darnell (resigned 5 August 2022)

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).

AMPGH is a leading wealth management company in Australia and New Zealand offering customers financial advice and superannuation, retirement income and investment products across a portfolio of businesses. The group also provides corporate superannuation products and services for workplace super and self-managed superannuation funds (SMSFs).

AMPGH holds several strategic partnerships including:

- 14.97% equity interest in China Life AMP Asset Management Company Ltd (CLAMP), and
- 24.90% equity interest in US real estate investment manager, Pacific Coast Capital Partners (PCCP, LLC).

For the purposes 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 three business lines providing advice, superannuation, retirement income and managed investments products, with the inclusion of the AMP Investments team supporting investment management and capability:

- *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 online wrap platform which continues to deliver on its commitment of strengthening and broadening investment choice for clients and providing a contemporary platform for advisers to manage their clients' funds.
- *Master Trust* offers a market competitive super and pension solution across individual and corporate super through the largest single retail superannuation product set in Australia (SignatureSuper) with around 800,000 customer accounts. 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 independent financial advisers (IFAs). These advisers provide financial advice and wealth solutions to their clients, including retirement planning, investments and financing. In addition to supporting 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 general insurance.

AMP Capital

On 8 July 2021, AMP announced the sale of its Global Equities and Fixed Income business (GEFI) to Macquarie Asset Management, which completed on 28 March 2022. The remaining AMP Capital public markets business, the Multi-Asset Group, which is responsible for asset allocation on behalf of AMP's Master Trust and Platform clients was transitioned and is part of Australian Wealth Management from 1 January 2022 (now called AMP Investments).

On 24 December 2021, AMP announced the sale of its Infrastructure Debt platform to Ares Holdings LP (Ares) for a consideration of up to \$428 million, and this transaction completed on 11 February 2022.

On 27 April 2022, AMP announced the sale of the real estate and domestic infrastructure equity business to Dexis Funds Management Ltd (Dexis) and on 28 April 2022 AMP announced the sale of the international infrastructure business to DigitalBridge Investment Holdco, LLC (DigitalBridge). These businesses results are shown as discontinued operations in the half-year financial report at 30 June 2022. The residual investments of AMP Capital (CLAMP, PCCP and certain sponsor investments) will transfer to AMP and following the completion of the above transactions, which is expected to occur in the second half of 2022, the AMP Capital business unit will cease to exist.

Divestment of equity interest in Resolution Life Australasia

On 3 November 2021 AMPGH announced it had agreed to the divestment of its 19.13% equity interest in Resolution Life Australasia (RLA) for a consideration of \$524.0 million to Resolution Life Group. This transaction completed on 28 June 2022.

Review of operations and results

The profit attributable to shareholders of AMPGH for the half-year ended 30 June 2022 was \$159.8 million (1H 21: \$34.3 million).

Operating results by business area

The operating results of each business area for 1H 22 were as follows:

Australian Wealth Management – NPAT (underlying) of \$36 million in 1H 22 declined 20% from 1H 21 primarily due to hedging volatility in the North guarantee from market volatility and lower revenue predominantly from the impact of strategic repricing in Master Trust and Platforms, mostly offset by lower variable and controllable costs from the sale of the employed advice business and cost reduction initiatives.

New Zealand Wealth Management – 1H 22 NPAT (underlying) of \$17 million decreased by \$2 million (11%) from 1H 21 primarily due to the lower equity markets in 1H 22.

AMP Capital – AMP Capital continuing operations NPAT (underlying) of \$26m was up 63% from \$16m in 1H 21 due to higher contributions from joint venture investments. AMP Capital discontinued operations NPAT (underlying) of \$31m was up 19% from \$26m in 1H 21 benefitting from increased sponsor earnings in 1H 22.

Capital management and dividend

Equity and reserves of the AMPGH group attributable to shareholders of AMP Group Holdings Limited was \$3.2 billion at 30 June 2022 (\$3.1 billion at 31 December 2021).

The board has resolved not to declare an interim 2022 dividend.

Strategy and prospects

AMP provided an update on its strategic growth plans for AMP Limited on 30 November 2021, setting a clear path to create a new AMP by:

- Separating the AMP Capital business from AMP, and then looking to demerge that business (or execute trade sale) to allow both businesses to focus on growth opportunities in their respective markets and realise efficiencies;
- Renewing AMP's purpose and values to put the customer at the centre, and continuing to drive cultural transformation;
- Repositioning core capabilities to drive growth in banking and 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 million cost reduction program; and
- Exploring new opportunities, including in retirement and in direct-to-consumer solutions, as well as in new business adjacencies.

Sale of AMP Capital

AMP has made substantial progress on its divestment of AMP Capital; selling the Infrastructure Debt platform to Ares, the GEFI business to Macquarie Asset Management and entering into agreement to sell the real estate and domestic infrastructure equity business to Dexus, and the international infrastructure business to DigitalBridge. These transactions are expected to complete in 2H 22 and significantly strengthen AMP's capital and liquidity position.

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 independent financial adviser (IFA) 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

AMP'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

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.

DIRECTORS' REPORT

For the half year ended 30 June 2022

Transform culture and strengthen performance

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 the AMP Limited CEO. In the first half of 2022, we continued to deliver changes in the transition to a simpler, purpose-led AMP. This work included:

- Improving inclusion and diversity to drive performance
 - Continued to provide Core Inclusion training for all employees and inclusive leadership workshops.
 - Continued to build awareness and understanding of different types of diversity, with activities and learning and marking dates of significance in line with Inclusion & Diversity Framework.
 - Met 40:40:20 target for gender diversity for the Board, Executive management, middle management, and the workforce generally, with more to do at the Head of level.
 - Implemented enhanced parental leave benefits, removing parenting labels, increasing accessibility, and extending the period in which super contributions are made during unpaid parental leave.
- Strengthening accountability across the company
 - Continued uplift of governance in support of prevention with a person-centred response to all workplace relations matters and a new People & Culture investigations framework.
 - Continued to increase transparency of conduct metrics through internal and external reporting.
 - Strengthened the link between misconduct and people processes, including internal appointments and the remuneration review.
- Creating a high-performance culture
 - Launched and commenced activation of refreshed purpose and values for AMP; this follows extensive internal and external research and engagement.
 - Continued to implement culture change plan in support of business objectives and creating a simple, purpose-led AMP.
 - Continued to protect, promote, and support employee safety and wellbeing with several programs and initiatives underway including a systematic review of AMP's work, health, and safety management system (WHSMS), a review of the WHS incident reporting framework, and extensive learning resources and education programs.
 - Launched a new HR system to deliver a simpler and better employee experience and help facilitate the performance process.

Events occurring after the reporting date

On 8 August 2022, AMPGH returned capital of \$350.0 million to AMP Limited. In addition, on 23 August 2022, AMPGH fully repaid GBP Subordinated Guaranteed Bonds in the amount of \$62.0 million and on 31 August 2022, AMPGH repaid CHF \$40.0 million of medium term notes outstanding as at 30 June 2022.

As at the date of this report, AMPGH Limited board is 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.

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, 8 September 2022



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Auditor's Independence Declaration to the Members of AMP Group Holdings Limited

As lead auditor for the review of the half-year financial report of AMP Group Holdings Limited for the half-year ended 30 June 2022, 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 review;
- b) no contraventions of any applicable code of professional conduct in relation to the review; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

APR

Andrew Price
Partner
Sydney
8 September 2022

AMP GROUP HOLDINGS LIMITED
ABN 88 079 804 676
HALF YEAR FINANCIAL REPORT
30 JUNE 2022

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Directors' declaration

Independent auditor's report

Registered office:
Level 29, 50 Bridge 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 half year ended 30 June 2022

		30 Jun 2022 \$m	30 Jun 2021 ¹ \$m
	Note		
Fee revenue		755.6	871.4
Interest income using the effective interest method		0.7	1.1
Other investment gains		4.0	-
Share of profit or loss from associates	5.1	24.4	29.2
Movement in guarantee liabilities		8.2	40.6
Other income		11.0	53.5
Total revenue		803.9	995.8
Fee and commission expenses		(368.0)	(320.3)
Staff and related expenses		(256.0)	(335.9)
Finance costs		(10.9)	(19.1)
Other investment losses		-	(17.7)
Other operating expenses		(227.4)	(343.6)
Total expenses		(862.3)	(1,036.6)
Loss before tax		(58.4)	(40.8)
Income tax (expense)/credit	2.1	(26.3)	34.9
Loss after tax from continuing operations		(84.7)	(5.9)
Profit after tax from discontinued operations	5.2	244.5	39.0
Profit for the period		159.8	33.1
Profit attributable to:			
Shareholders of AMP Group Holdings Limited ²		159.8	34.3
Non-controlling interests		-	(1.2)
Profit for the period		159.8	33.1

1 Results have been presented on a continuing operations basis, including the restatement of the results for the period ended 30 June 2021. Refer to note 5.2.

2 Loss attributable to shareholders of AMP Group Holdings Limited is comprised of \$84.7m (HY21: \$5.9m) from continuing operations and profit of \$244.5m (HY21: \$40.2m) from discontinued operations.

Consolidated statement of comprehensive income

for the half year ended 30 June 2022

	30 Jun 2022 \$m	30 Jun 2021 ¹ \$m
Loss for the period from continuing operations	(84.7)	(5.9)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- net gain on cash flow hedges	0.6	1.4
- tax effect on cash flow hedge gain	(0.2)	(0.4)
	0.4	1.0
Translation of foreign operations	9.5	9.0
	9.5	9.0
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plans		
- actuarial gains	7.3	72.0
- tax effect on actuarial gains	(2.1)	(21.3)
	5.2	50.7
Other comprehensive income for the period from continuing operations	15.1	60.7
Total comprehensive (loss)/income for the period from continuing operations	(69.6)	54.8
Profit for the period from discontinued operations	244.5	39.0
Other comprehensive (loss)/income for the period from discontinued operations	5.2 (9.5)	1.7
Total comprehensive income for the period	165.4	95.5
Total comprehensive income attributable to shareholders of AMP Group Holdings Limited	165.4	96.7
Total comprehensive loss attributable to non-controlling interests	-	(1.2)
Total comprehensive income for the period	165.4	95.5

1 Results have been presented on a continuing operations basis, including the restatement of the results for the period ended 30 June 2021. Refer to note 5.2.

Consolidated statement of financial position

as at 30 June 2022

	Note	30 Jun 2022 \$m	31 Dec ¹ 2021 \$m
Assets			
Cash and cash equivalents		1,053.5	1,168.8
Receivables		1,014.1	1,073.4
Intercompany tax receivable		559.4	385.1
Current tax assets		15.0	53.6
Assets held for sale ¹		737.9	575.8
Investments in other financial assets	3.1	1,988.5	1,330.8
Investments in associates	5.1	321.5	673.4
Right of use assets	5.3	509.2	96.4
Deferred tax assets	2.1	427.2	446.9
Intangibles	3.2	200.6	320.6
Other assets		119.0	146.6
Defined benefit plan asset		7.0	2.7
Total assets		6,952.9	6,274.1
Liabilities			
Payables		554.9	313.2
Intercompany tax payable		298.3	111.3
Current tax liabilities		1.5	1.5
Employee benefits		172.0	397.2
Other financial liabilities	3.1	336.2	351.7
Liabilities held for sale ¹		168.1	174.6
Provisions	5.4	408.5	586.8
Interest-bearing liabilities	4.2	913.6	922.7
Lease liabilities	5.3	600.0	134.6
Deferred tax liabilities	2.1	204.0	133.7
Guarantee liabilities		76.7	85.0
Total liabilities		3,733.8	3,212.3
Net assets		3,219.1	3,061.8
Equity			
Contributed equity	4.1	9,527.7	9,527.7
Reserves		(2,456.4)	(2,452.0)
Retained earnings		(3,852.2)	(4,017.2)
Total equity of shareholders of AMP Group Holdings Limited		3,219.1	3,058.5
Non-controlling interests		-	3.3
Total equity of shareholders of AMP Group Holdings Limited and non-controlling interests		3,219.1	3,061.8

1 Assets and liabilities held for sale as at 30 June 2022 include AMP Capital's real estate and infrastructure equity businesses (31 December 2021: assets and liabilities held for sale include AMP Capital's Global Equities and Fixed Income (GEFI) business and Infrastructure Debt platform, as well as AMP's interest in Resolution Life NOHC).

Consolidated statement of changes in equity

for the half year ended 30 June 2022

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
30 June 2022											
Balance at 1 January 2022	9,527.7	(2,565.5)	96.3	(26.7)	(0.7)	44.6	(2,452.0)	(4,017.2)	3,058.5	3.3	3,061.8
Loss from continuing operations	-	-	-	-	-	-	-	(84.7)	(84.7)	-	(84.7)
Profit from discontinued operations	-	-	-	-	-	-	-	244.5	244.5	-	244.5
Other comprehensive income from continuing operations	-	-	-	-	0.4	9.5	9.9	5.2	15.1	-	15.1
Other comprehensive income loss from discontinued operations	-	-	-	-	-	(9.5)	(9.5)	-	(9.5)	-	(9.5)
Total comprehensive income	-	-	-	-	0.4	-	0.4	165.0	165.4	-	165.4
Share-based payment expense	-	-	3.5	-	-	-	3.5	-	3.5	-	3.5
Share purchases	-	-	(3.5)	-	-	-	(3.5)	-	(3.5)	-	(3.5)
Sales and acquisitions of non-controlling interests	-	-	-	(4.8)	-	-	(4.8)	-	(4.8)	(3.3)	(8.1)
Balance at 30 June 2022	9,527.7	(2,565.5)	96.3	(31.5)	(0.3)	44.6	(2,456.4)	(3,852.2)	3,219.1	-	3,219.1
30 June 2021											
Balance at 1 January 2021	9,054.5	(2,565.5)	91.2	(39.8)	(3.1)	29.2	(2,488.0)	(3,687.8)	2,878.7	8.0	2,886.7
Loss from continuing operations	-	-	-	-	-	-	-	(4.7)	(4.7)	(1.2)	(5.9)
Profit from discontinued operations	-	-	-	-	-	-	-	39.0	39.0	-	39.0
Other comprehensive income from continuing operations	-	-	-	-	1.0	9.0	10.0	50.7	60.7	-	60.7
Other comprehensive income from discontinued operations	-	-	-	-	-	1.7	1.7	-	1.7	-	1.7
Total comprehensive income	-	-	-	-	1.0	10.7	11.7	85.0	96.7	(1.2)	95.5
Share-based payment expense	-	-	6.9	-	-	-	6.9	-	6.9	-	6.9
Share purchases	-	-	(8.2)	-	-	-	(8.2)	-	(8.2)	-	(8.2)
Balance at 30 June 2021	9,054.5	(2,565.5)	89.9	(39.8)	(2.1)	39.9	(2,477.6)	(3,602.8)	2,974.1	6.8	2,980.9

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 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 AMPGH on the sale or acquisition of minority interests in controlled entities to or from entities outside the AMPGH group.

Consolidated statement of cash flows

for the half year ended 30 June 2022

	30 Jun 2022 ¹ \$m	30 Jun 2021 \$m
Cash flows from operating activities		
Cash receipts in the course of operations	1,000.3	1,012.7
Interest and other items of a similar nature received	12.0	7.3
Dividends and distributions received	42.3	2.9
Cash payments in the course of operations	(1,485.9)	(1,413.4)
Finance costs	(46.1)	(18.7)
Income tax paid	(7.9)	(9.2)
Net cash used in operating activities	(485.3)	(418.4)
Cash flows from investing activities		
Net proceeds from sale of/(payments to acquire):		
- investments in financial assets	(395.1)	444.2
- operating and intangible assets	(8.0)	(4.5)
- Resolution Life NOHC, AMP Capital's Global Equities and Fixed Income (GEFI) business and Infrastructure Debt platform	839.1	-
- other operating controlled entities and investments in associates accounted for using the equity method	(5.1)	74.7
Net cash provided by investing activities	430.9	514.4
Cash flows from financing activities		
Lease payments	(18.1)	(22.3)
Repayment of subordinated debt	-	(4.4)
Net cash used in by financing activities	(18.1)	(26.7)
Net (decrease)/increase in cash and cash equivalents	(72.5)	69.3
Cash and cash equivalents at the beginning of the period	1,296.9	1,901.2
Effect of exchange rate changes on cash and cash equivalents	-	(0.2)
Cash and cash equivalents prior to deconsolidation and transfers	1,224.4	1,970.3
Cash and cash equivalents deconsolidated	(7.0)	-
Cash and cash equivalents transferred to assets held for sale	(163.9)	-
Cash and cash equivalents at the end of the period	1,053.5	1,970.3

1 Consolidated statement of cash flows includes continuing and discontinued operations for the period ended 30 June 2022. Refer to note 5.2.

Section 1: 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 half year financial report has been prepared.

1.1 Basis of preparation of the half year financial report

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

The half-year financial report:

- is a general purpose financial report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*;
- 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; and
- presents reclassified comparative information where required for consistency with the current half-year's presentation within the half-year report.

AMPGH group is a for-profit entity and is limited by shares.

This half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the AMPGH group as that given by the annual financial report. As a result, this report should be read in conjunction with the 2021 annual financial report of the AMPGH group.

Comparative information has been reclassified where required for consistency with the current half year's presentation. The principal accounting policies and methods of computation adopted in the preparation of the 2022 half-year financial report are consistent with those adopted in preparation of the 2021 annual financial report.

Sale of AMP Capital

On 23 April 2021, AMP announced its intention to exit AMP Capital's private markets investment management business via demerger. Subsequent to that announcement, and as part of AMP's divestment strategy, AMP announced a series of sales transactions, which includes AMP Capital's private markets investment management business and other AMP Capital businesses (collectively AMP Capital businesses). The residual investments of AMP Capital (China Life AMP Management Company Ltd (CLAMP), Pacific Coast Capital Partners (PCCP) and certain sponsor investments) will remain a part of AMPGH group. These transactions and their impact on AMP's financial statements for the half year ended 30 June 2022 are as follows:

- On 11 February 2022, AMP completed the sale of its infrastructure debt platform to Ares Holdings LP. The results relating to the infrastructure debt platform have been classified as discontinued operations in the Consolidated income statement and the impact of the sale is included within the Gain on disposal of businesses sold in note 5.2.
- On 28 March 2022, AMP completed the sale of its Global Equities and Fixed Income (GEFI) business to Macquarie Asset Management. The results relating to the GEFI business have been classified as discontinued operations in the Consolidated income statement and the impact of the sale is included in the Gain on disposal of businesses sold in note 5.2.
- On 27 April 2022 AMP announced it had entered into an agreement for the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Fund Management Ltd (Dexus) for an upfront cash consideration of \$250 million. In addition, Dexus will acquire AMP's existing and committed sponsor stakes in the platform for cash consideration expected to be approximately \$450 million (final consideration based on valuation at completion). AMP will also be eligible to receive a further cash earn-out of up to \$75 million, subject to Assets Under Management retention over a nine-month period after completion.

The transaction is subject to regulatory approvals and is expected to complete in the second half of 2022. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2) and its assets and liabilities have been separately classified as held for sale in the Consolidated statement of financial position.

- On 28 April 2022 AMP announced it had entered into an agreement for the sale of AMP Capital's international infrastructure equity business to DigitalBridge Investment Holdco, LLC for upfront consideration of \$462 million and a maximum potential earn-out of \$180 million contingent on future fund raisings.

The transaction is subject to regulatory approvals and is expected to complete in the second half of 2022. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2) and its assets and liabilities have been separately classified as held for sale in the Consolidated statement of financial position.

Section 2: Results for the half year

2.1 Taxes

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

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

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

(a) Income tax (expense)/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 half year and the income tax expense recognised in the Consolidated income statement.

	30 Jun 2022 \$m	30 Jun 2021 ¹ \$m
Loss before income tax from continuing operations	(58.4)	(40.8)
Tax at the Australian tax rate of 30% (2021: 30%)	17.5	12.2
Non-deductible expenses	(13.2)	(13.4)
Non-taxable income	4.4	31.4
Other items	(21.2)	3.4
Under provided in previous years	(15.3)	-
Differences in overseas tax rates	1.5	1.3
Income tax (expense)/credit per Consolidated income statement	(26.3)	34.9

¹ Information has been presented on a continuing operations basis, including the restatement of the results for the period ended 30 June 2021.

(b) Analysis of income tax (expense)/credit

	30 Jun 2022 \$m	30 Jun 2021 ¹ \$m
Current tax (expense)/credit	(74.6)	125.8
Decrease in deferred tax assets	(19.7)	(127.8)
Increase in deferred tax liabilities	68.0	36.9
Income tax (expense)/credit per Consolidated income statement	(26.3)	34.9

¹ Information has been presented on a continuing operations basis, including the restatement of the results for the period ended 30 June 2021.

Section 2: Results for the half year

2.1 Taxes (continued)

(c) Analysis of deferred tax balances

	30 Jun 2022 \$m	31 Dec 2021 \$m
Analysis of deferred tax assets		
Expenses deductible in the future years	182.6	339.7
Unrealised movements on borrowings and derivatives	1.2	1.4
Unrealised investment losses	-	0.4
Lease liabilities	177.6	28.7
Transferred to asset held for sale	(26.3)	(6.0)
Capitalised software expenses	89.6	73.9
Other	2.5	8.8
Total deferred tax assets	427.2	446.9
Analysis of deferred tax liabilities		
Income recognisable in the future years	25.1	34.0
Right of use assets	151.1	20.2
Intangible asset	28.8	32.0
Unearned revenue	-	28.4
Transferred to liabilities held or sale	(11.1)	(0.8)
Other	10.1	19.9
Total deferred tax liabilities	204.0	133.7

(d) Amounts recognised directly in equity

	30 Jun 2022 \$m	30 Jun 2021 \$m
Income tax expense related to items taken directly to equity during the period	(2.3)	(21.7)

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 and deductible temporary differences are probable for the purpose of meeting the criteria for recognition as deferred tax assets.

Section 3: Investments and intangibles

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

- 3.1 Investments in other financial assets and liabilities
- 3.2 Intangibles
- 3.3 Fair value information

3.1 Investments in other financial assets and liabilities

	30 Jun 2022 \$m	31 Dec 2021 \$m
Other financial assets measured at fair value through profit or loss		
Equity securities	13.6	13.8
Debt securities	948.6	747.7
Unlisted managed investment schemes	175.2	185.4
Derivative financial assets	231.0	295.9
Total other financial assets measured at fair value through profit or loss	1,368.4	1,242.8
Other financial assets measured at amortised cost		
Debt securities	620.1	88.0
Total other financial assets measured at amortised cost	620.1	88.0
Total other financial assets	1,988.5	1,330.8
Other financial liabilities		
Derivative financial liabilities	113.7	170.6
AMP Bank indemnity ¹	64.7	73.5
Collateral deposits held	157.8	107.6
Total other financial liabilities	336.2	351.7

- 1 On 4 February 2019, AMPGH entered into a deed of indemnity with AMP Bank under which AMPGH agreed to indemnify AMP Bank for up to \$546m for credit losses in excess of those provided for as at reporting date suffered in connection with loans provided to an authorised representative of an AMP licensee. As at 30 June 2022, total loans outstanding provided to authorised representatives was \$284.0m (FY21: \$316.0m) and expected credit losses recognised on those loans for which AMPGH has indemnified AMP Bank totalled \$64.7m (FY21: \$73.5m).

Section 3: Investments and intangibles

3.2 Intangibles

	Goodwill \$m	Capitalised costs \$m	Value of in-force business \$m	Distribution networks \$m	Other intangibles \$m	Total \$m
30 June 2022						
Balance at the beginning of the year	148.5	113.7	-	50.2	8.2	320.6
Additions through separate acquisitions	-	-	-	8.2	-	8.2
Additions through internal development	-	8.0	-	-	-	8.0
Reductions through disposal	-	-	-	(12.1)	-	(12.1)
Transferred to receivables	-	-	-	(5.3)	-	(5.3)
Amortisation expense	-	(20.3)	-	(3.4)	-	(23.7)
Impairment loss	-	(0.3)	-	-	-	(0.3)
Transferred to assets held for sale	(79.3)	(7.3)	-	-	(8.2)	(94.8)
Balance at the end of the period	69.2	93.8	-	37.6	-	200.6
31 December 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 from 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 assets held for sale	(8.3)	(4.2)	-	-	(1.9)	(14.4)
Balance at the end of the year	148.5	113.7	-	50.2	8.2	320.6

Section 3: Investments and intangibles

3.3 Fair value information

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

	Carrying amount	Level 1	Level 2	Level 3	Total fair value
	\$m	\$m	\$m	\$m	\$m
30 June 2022					
Financial assets measured at fair value					
Equity securities	13.6	-	-	13.6	13.6
Debt securities	948.6	-	948.6	-	948.6
Unlisted managed investment schemes	175.2	-	49.9	125.3	175.2
Derivative financial assets	231.0	-	231.0	-	231.0
Total financial assets measured at fair value	1,368.4	-	1,229.5	138.9	1,368.4
Financial assets not measured at fair value					
Debt securities	620.1	-	621.1	-	621.1
Total financial assets not measured at fair value	620.1	-	621.1	-	621.1
Financial liabilities measured at fair value					
Derivative financial liabilities	113.7	-	113.7	-	113.7
AMP Bank indemnity	64.7	-	-	64.7	64.7
Collateral deposits held	157.8	-	157.8	-	157.8
Guarantee liabilities	76.7	-	-	76.7	76.7
Total financial liabilities measured at fair value	412.9	-	271.5	141.4	412.9
Financial liabilities not measured at fair value					
AMP Corporate borrowings	913.6	-	906.5	-	906.5
Total financial liabilities not measured at fair value	913.6	-	906.5	-	906.5
31 December 2021					
Financial assets measured at fair value					
Equity securities	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 borrowings	922.7	-	941.2	-	941.2
Total financial liabilities not measured at fair value	922.7	-	941.2	-	941.2

Section 3: Investments and intangibles

3.3 Fair value information (continued)

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

<i>Equity securities</i>	The fair value of equity securities is established using valuation techniques including the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.
<i>Debt securities</i>	<p>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.</p> <p>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.</p>
<i>Unlisted managed investment schemes</i>	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.
<i>Derivative financial assets and liabilities</i>	The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices (current bid price or current offer price) at the reporting date. The fair value of financial instruments not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing models, 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.
<i>Corporate borrowings</i>	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.
<i>Guarantee liabilities</i>	The fair value of the guarantee liabilities is determined as the net present value of future cash flows discounted using market rates. The future cash flows are determined using risk neutral stochastic projections based on assumptions such as mortality rate, lapse rate and asset class allocation/correlation. The future cash flows comprise expected guarantee claims and hedging expenses net of expected fee revenue.

The financial assets and liabilities measured at fair value are categorised using the fair value hierarchy which reflects the significance of inputs into the determination of fair value as follows:

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

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

There have been no significant transfers between Level 1 and Level 2 during the 2022 financial half year. Transfers to and from Level 3 are shown in the Reconciliation of Level 3 values table later in this note.

Section 3: Investments and intangibles

3.3 Fair value information (continued)

Level 3 fair values

For financial assets and liabilities 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 was governed by valuation policies adopted by the AMPGH group including AMP Capital valuation policy. This policy outlined 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.

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

Type	Valuation technique	Significant unobservable inputs
Equity securities	Discounted cash flow approach utilising cost of equity as the discount rate.	Discount rate 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 after tax and equity, resulting from reasonably possible changes in key assumptions.

	30 June 2022		31 December 2021	
	(+) \$m	(-) \$m	(+) \$m	(-) \$m
Financial assets¹				
Equity securities	1.4	(1.4)	1.4	(1.4)
Unlisted managed investment schemes	12.5	(12.5)	5.1	(5.1)
Financial liabilities				
Guarantee liabilities ²	(6.0)	(1.3)	(2.1)	(3.3)
AMP Bank indemnity ³	3.2	(3.2)	3.7	(3.7)

1 Reasonably possible changes in price movements of 10% (2021: 10%) have been applied in determining the impact on profit after tax and equity.

2 Reasonably possible changes in equity market movements of 20% (2021: 20%) and bond yield movements of 100bps (2021: 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% (2021: 5%).

Notes to the financial statements

for the half year ended 30 June 2022

Section 3: Investments and intangibles**3.3 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:

	Balance at the beginning of the period \$m	FX gains/ (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/ (losses) on assets and liabilities held at reporting date \$m
30 June 2022								
Assets classified as Level 3								
Equity securities	13.8	-	(0.2)	-	-	-	13.6	(0.2)
Unlisted managed investment schemes	51.2	-	13.8	-	-	60.3	125.3	13.8
Liabilities classified as Level 3								
Guarantee liabilities	85.0	-	(4.4)	-	(3.9)	-	76.7	(4.4)
AMP Bank indemnity	73.5	-	(8.8)	-	-	-	64.7	(8.8)
31 December 2021								
Assets classified as Level 3								
Equity securities	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)

Section 4: Capital structure

This section provides information relating to the AMPGH group's capital management and equity and debt structure.

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 AMPGH board review the group's capital structure and dividend policy regularly and do so in the context of the group's ability to satisfy regulatory minimum and internal target capital requirements.

- 4.1 Contributed equity
- 4.2 Interest-bearing liabilities
- 4.3 Capital management

4.1 Contributed equity

	30 Jun 2022 \$m	31 Dec 2021 \$m
Issued capital		
10,373,884,672 (2021: 10,373,884,672) ordinary shares fully paid	9,527.7	9,527.7
Total contributed equity		
10,373,884,672 (2021: 10,373,884,672) ordinary shares fully paid	9,527.7	9,527.7
Issued capital		
Balance at the beginning of the year	9,527.7	9,054.5
Nil (2021: 10) shares issued	-	473.2
Balance at the end of the period	9,527.7	9,527.7

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.

Section 4: Capital structure

4.2 Interest-bearing liabilities

(a) Interest-bearing liabilities

	30 June 2022			31 December 2021		
	Current \$m	Non- current \$m	Total \$m	Current \$m	Non- current \$m	Total \$m
Interest-bearing liabilities						
Corporate borrowings ¹						
- 6.875% GBP Subordinated Guaranteed Bonds (maturity August 2022)	54.9	-	54.9	60.0	-	60.0
- CHF Medium Term Notes ²	238.5	620.2	858.7	238.2	624.5	862.7
Total interest-bearing liabilities	293.4	620.2	913.6	298.2	624.5	922.7

- The current / non-current classification of corporate borrowings is based on the maturity of the underlying debt instrument and related principal repayment obligations. The carrying value of corporate borrowings includes interest payable of \$7.3m (2021: \$3.2m) which is expected to be settled within the next 12 months.
- 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

AMPGH group maintain facilities arranged through bond and note issues. Additional financing facilities are also provided through bank loans under normal commercial terms and conditions. As at 30 June 2022, the group had undrawn bilateral loan facilities of \$450.0m. These bilateral facilities were cancelled effective 6 July 2022.

Section 4: Capital structure

4.3 Capital management

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

- maintain a sufficient surplus above minimum regulatory capital requirements (MRR) to reduce the risk of breaching MRR; and
- maintain the AMPGH group's credit rating.

These factors are balanced when forming AMP's risk appetite as approved by the AMP Limited board.

Capital requirements

A number of the operating entities within the AMPGH 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 and other entities of the AMPGH group to hold a greater level of capital to support its business and/or restrict the amount of dividends that can be paid by them. Any such adjustments would be incorporated into the minimum regulatory requirements and monitored as part of the capital management policy.

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

Operating entity	Minimum regulatory capital requirement
N. M. Superannuation Proprietary Limited	Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards
AMP Capital Investors Limited and other ASIC regulated AMP Capital businesses	Capital requirements under AFSL requirements
National Mutual Funds Management Limited, ipac Asset Management Limited and other AWM entities	Capital requirements under AFSL requirements

The AMPGH group maintain capital targets reflecting their material risks (including financial risk, product risk and operational risk) and AMP's risk appetite. The target capital requirement is a management guide to the level of excess capital that the AMPGH group seeks to carry to reduce the risk of breaching MRR.

Capital targets are also set for AMP Capital to cover risk associated with seed and sponsor capital investments and operational risk. Other components of AMPGH group's capital targets include amounts relating to group office investments, defined benefit funds and other operational risks.

All of the AMPGH group regulated entities have at all times during the current period and prior financial year complied with the externally imposed capital requirements to which they are subject.

Section 5: 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.

- 5.1 Investment in associates
- 5.2 Discontinued operations
- 5.3 Right of use assets and lease liabilities
- 5.4 Provisions and contingent liabilities
- 5.5 New accounting standards
- 5.6 Events occurring after reporting date

5.1 Investment in associates

Investments in associates accounted for using the equity method

Associate	Principal activity	Place of business	Ownership interest		Carrying amount ¹	
			30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
			%	%	\$m	\$m
China Life AMP Asset Management Company Ltd ²	Investment management	China	14.97	14.97	79.9	74.1
Global Infrastructure Fund Sponsor ³	Fund	Cayman Islands	4.74	4.74	-	70.6
Global Infrastructure Fund II ³	Fund	Cayman Islands	2.81	2.81	-	118.6
AMP Capital Infrastructure Debt Fund IV ⁴	Fund	Luxembourg	1.25	1.25	-	64.2
ACRT Finance Pty Limited ³	Investment management	Australia	7.72	7.72	-	106.2
PCCP, LLC	Investment management	United States	24.90	24.90	169.2	157.0
Other			n/a	n/a	72.4	82.7
Total investments in associates					321.5	673.4

- 1 The carrying amount is after recognising \$24.4m (HY21: \$29.2m) share of current period profit or loss from its associates accounted for using the equity method.
- 2 The AMPGH group has significant influence through representation on the entity's board.
- 3 Global Infrastructure Fund Sponsor, Global Infrastructure Fund II and ACRT Finance Pty Limited are classified as assets held for sale as at 30 June 2022.
- 4 This fund has been reclassified to investments in managed investments schemes as AMPGH no longer has significant influence following the sale of the infrastructure debt platform.

Section 5: Other disclosures

5.2 Discontinued operations

(a) Sale of AMP Capital

AMP has announced a series of sales transactions which will result in AMP's divestment of its AMP Capital businesses. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5) requires the income, expenses and cash flows of these businesses to be separately disclosed as discontinued operations. For the period ended 30 June 2022, discontinued operations represents the income, expenses and cash flows of:

- AMP Capital's infrastructure debt platform from 1 January 2022 to 11 February 2022;
- AMP Capital's GEFI business from 1 January 2022 to 28 March 2022;
- AMP Capital's real estate and domestic infrastructure equity business through 30 June 2022; and
- AMP Capital's international infrastructure equity business through 30 June 2022.

In accordance with AASB 5, the comparative period results have been restated.

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

(b) Profit or loss for the period from discontinued operations

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

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

	6 months to 30 June 2022	6 months to 30 June 2021
	\$m	\$m
Total revenue of discontinued operations	254.4	406.6
Total expense of discontinued operations	(275.4)	(360.4)
(Loss)/profit before tax from discontinued operations	(21.0)	46.2
Income tax credit/(expense)	22.7	(7.2)
Profit for the period from discontinued operations before disposals	1.7	39.0
Gain on disposal of businesses sold	378.0	-
Income tax expense resulting from the gain on businesses sold	(135.2)	-
Gain on disposal of businesses sold after tax	242.8	-
Profit for the period from discontinued operations	244.5	39.0
Other comprehensive (loss)/income for the period from discontinued operations	(9.5)	1.7
Total comprehensive income for the period from discontinued operations	235.0	40.7

(c) Cash flows from/(used in) discontinued operations

The cash flows from/(used in) discontinued operations for the period, included within the Consolidated statement of cash flows, are set out below, including comparative information.

	6 months to 30 June 2022	6 months to 30 June 2021
	\$m	\$m
Net cash used in operating activities	(88.4)	(65.6)
Net cash from/(used in) investing activities	470.0	(7.3)
Net cash inflows/(outflows) from discontinued operations	381.6	(72.9)

Critical accounting estimates and judgements:

The presentation of discontinued operations, including the gain or loss recognised on the sale of AMP Capital businesses, incorporates management's judgments in relation to:

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

Section 5: Other disclosures

5.3 Right of use assets and lease liabilities

Where AMPGH or its subsidiaries are a lessee, all leases are recognised on the Consolidated statement of financial position as Lease liabilities and Right of use (ROU) assets, unless the underlying asset is of low value, or it is a short-term lease. Rentals of leases with low value underlying assets or short-term leases are recognised over the lease term as Other operating expenses in the Consolidated income statement.

(a) Right of use assets

The main type of ROU assets recognised by the group is buildings. The following table details the carrying amount of the ROU assets at 30 June 2022 and the movements during the period.

	30 Jun 2022 \$m	31 Dec 2021 \$m
Balance at the beginning of the year	96.4	174.3
Additions/(derecognitions) ¹	458.8	(19.6)
Impairment expense	-	(12.4)
Depreciation expense	(19.1)	(45.4)
Foreign currency exchange rate changes and other	(0.8)	2.2
Transferred to assets held for sale	(26.1)	(2.7)
Balance at the end of the period	509.2	96.4

¹ The additions primarily represent the commencement of AMP's Quay Quarter Tower (QQT) lease offset by \$58.0m of onerous lease provisions recognised during 2021.

(b) Lease liabilities

The following table details the carrying amount of lease liabilities at 30 June 2022 and the movements during the period.

	30 Jun 2022 \$m	31 Dec 2021 \$m
Balance at the beginning of the year	134.6	210.6
Additions/(derecognitions) ¹	515.4	(25.8)
Interest expense	9.3	7.5
Payments made	(26.8)	(56.9)
Foreign currency exchange rate changes and other	(1.1)	2.6
Transferred to liabilities held for sale	(31.4)	(3.4)
Balance at the end of the period	600.0	134.6

¹ Additions during the period are primarily related to Quay Quarter Tower lease agreement.

Critical accounting estimates and judgements:

The AMPGH 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 5: Other disclosures

5.4 Provisions and contingent liabilities

	30 Jun 2022 \$m	31 Dec 2021 \$m
(a) Provisions		
Client remediation	43.3	87.3
Buy-back arrangements	15.5	20.0
Compliance and regulatory ¹	89.9	43.4
Obligations relating to corporate reorganisation	107.8	142.7
Other ²	152.0	293.4
Total provisions	408.5	586.8

	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 period	87.3	20.0	56.8	138.0	284.7	586.8
Net provisions raised/(reversed) during the period	19.0	(3.4)	60.0	38.3	(100.9)	13.0
Provisions utilised during the period	(63.0)	(1.1)	(26.9)	(59.1)	(30.6)	(180.7)
Transferred to liabilities held for sale	-	-	-	(9.4)	(1.2)	(10.6)
Balance at the end of the period	43.3	15.5	89.9	107.8	152.0	408.5

1 Includes provisions related to APRA enforceable undertaking and other compliance matters.

2 Other provisions include provisions for deferred payments relating to purchase of client registers, make-good and other provisions relating to rental premises and other operational provisions.

Significant accounting estimates and judgements:

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

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 adversely 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

The AMPGH group is subject to review from time to time by regulators, both in Australia and offshore. In Australia, AMPGH's principal regulators are APRA, ASIC, AUSTRAC and the ATO, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to AMPGH and the outcomes of those reviews and investigations can vary and may lead, for example, to the imposition of penalties, 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.

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

Section 5: Other disclosures

5.4 Provisions and contingent liabilities (continued)

Litigation

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 AMPGH. 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 AMPGH. 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 AMPGH. 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 filed a defence to the proceedings and the parties have subsequently filed a statement of agreed facts and admissions with the Court (including that the proceedings against AMP Services are to be discontinued). Currently, it is not possible to determine the ultimate impact of this claim upon AMPGH.

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 filed a defence to the proceedings and the parties have subsequently filed a statement of agreed facts and admissions with the Court (including that the proceedings against AMP Services are to be discontinued). Currently, it is not possible to determine the ultimate impact of this claim upon AMPGH.

Section 5: Other disclosures

5.4 Provisions and contingent liabilities (continued)

Addressing historical matters through regulator actions

AMP has been working through a number of historical matters raised at the Royal Commission and elsewhere, and since 2018, has been taking action to strengthen assurance and operational controls, accountability and processes, improve compliance and risk management, and remediate impacted customers.

In 2021, AMP's Superannuation Trustees (AMP Superannuation 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.

5.5 New accounting standards

AMPGH group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

5.6 Events occurring after reporting date

On 8 August 2022, AMPGH returned capital of \$350.0m to its parent, AMP Limited. In addition, on 23 August 2022, AMPGH fully repaid GBP Subordinated Guaranteed Bonds in the amount of \$62.0m and on 31 August 2022, AMPGH repaid CHF \$40.0m of medium term notes outstanding as at 30 June 2022.

As at the date of this report, AMPGH Limited board is 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.

Directors' declaration

for the half year ended 30 June 2022

In accordance with a resolution of the directors of AMP Group Holdings Limited, we state for the purposes of section 303(4) of the *Corporations Act 2001* that, in the opinion of the directors:

- (a) 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; and
- (b) the financial statements and the notes of AMP Group Holdings Limited for the half year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including section 304 (compliance with accounting standards) and section 305 (true and fair view).



Director

Sydney, 8 September 2022



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Independent Auditor's Review Report to the Members of AMP Group Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AMP Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

AP

Andrew Price
Partner
Sydney
8 September 2022