

# **AMP Limited**

**ABN 49 079 354 519**

**Directors' report and Financial report  
for the half year ended  
30 June 2021**

## DIRECTORS' REPORT

For the half year ended 30 June 2021

Your directors present their report on the consolidated entity consisting of AMP Limited and the entities it controlled at the end of or during the half year ended 30 June 2021.

### Directors' details

The directors of AMP Limited during the half year ended 30 June 2021 and up to the date of this report are listed below. Directors were in office for this entire period except where stated otherwise:

Current non-executive directors:

- Debra Hazelton – BA (Hons), MCom, GAICD
- Rahoul Chowdry – BCom, FCA
- Mike Hirst (appointed 1 July 2021) – BCom
- Kate McKenzie – BA, LLB
- John O'Sullivan – BA, LLB, LLM, FAICD
- Michael Sammells – BBus, FCPA, GAICD
- Andrea Slattery – BAcc, MCom, FCPA, CA, FSSA, FAICD

Executive director:

- Alexis George (Chief Executive Officer and Managing Director) (appointed 11 August 2021) – BCom, FCA, GAICD

Former executive director:

- Francesco De Ferrari (resigned 1 July 2021) – MBA, BS (Econ) (IntBus)

### Operating and financial review

#### Principal activities

AMP is a leading wealth management company in Australia and New Zealand offering customers financial advice and superannuation, retirement income, banking and investment products across a portfolio of businesses. We also provide corporate superannuation products and services for workplace super and self-managed superannuation funds (SMSFs). In AMP Capital, we manage investments across a number of major asset classes for domestic and international clients.

AMP holds several strategic partnerships including:

- 19.13% equity interest in Resolution Life NOHC Pty Ltd (Resolution Life Australasia)
- 19.99% equity interest in China Life Pension Company (CLPC)
- 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

For the purposes of this report, our business is divided into three areas: AMP Australia (which includes Australian wealth management and AMP Bank), New Zealand wealth management and AMP Capital.

#### Description of business units

*AMP Australia*, which encompasses *Australian wealth management* and *AMP Bank*, aims to help Australians manage and grow their wealth throughout their lives.

- *Australian wealth management* provides financial advice (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products.
- *AMP Bank* offers residential mortgages, deposits, and transaction banking.

The *New Zealand wealth management* business encompasses the wealth management, financial advice, and distribution businesses in New Zealand. It provides customers with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and 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), diversified, multi-manager and multi-asset funds which make up its *Public Markets* business. AMP Capital's aspiration is to build a leading global private markets platform, underpinned by real assets.

On 23 April 2021, following the conclusion of AMP's portfolio review, AMP announced the intention to demerge AMP Capital's private markets business to create two more focussed businesses in AMP Limited and AMP Capital Private Markets, better equipped to pursue and allocate capital to distinct growth opportunities and realise efficiencies. As part of the demerger preparations, on 8 July 2021, AMP announced the sale of its GEFI business to Macquarie Asset Management for consideration of up to \$185 million, which is expected to complete by Q1 22.

The remaining AMP Capital public markets business, the Multi-Asset Group (MAG), which is responsible for asset allocation on behalf of AMP's superannuation clients, will transition to AMP Australia prior to demerger, creating an end-to-end superannuation and investment platform business.

**Client remediation**

AMP confirms it has completed all file reviews for its client remediation program in line with the guided timeline. The total cost of the program will be \$823 million, of which approximately \$596 million represents payments to customers. This total program cost is within 6 per cent of original estimates made three years ago. These costs are now fully provisioned.

To date \$35 million has been paid to customers under the inappropriate advice program, with a further \$5 million offered, but not yet paid. Customers have so far received \$175 million in remediation under the fee for no service program, with payments accelerating in Q3 21 and expected to be largely completed by early Q4 2021.

**Portfolio review**

In 2H 2020, the board initiated a portfolio review following increased interest in the assets and businesses of the AMP group.

Extensive work was conducted on alternatives and a number of opportunities were explored throughout the review which concluded on 23 April 2021.

The review confirmed that AMP has two distinct businesses in retail wealth and institutional private markets, with different client bases and growth opportunities. In seeking to deliver the strongest value outcome for shareholders, at the conclusion of the review, the board announced it would seek to demerge the two businesses given the significant benefits of operational and structural separation.

AMP Capital's private markets business operates in growing, global markets in which investment management talent and strong client relationships are critical. While AMP Australia and New Zealand Wealth Management share the same commitment to clients, they are predominantly domestic businesses focused on wealth, banking and investment solutions for retail customers.

The demerger will be subject to final board approval, required regulatory approvals, applicable consents and approval from AMP's shareholders. A number of workstreams have been established to deliver operational separation of the private markets business by FY 21, with the demerger and ASX listing expected to occur in 1H 22.

**AMP announces new contemporary advice service model**

On 26 July 2021, AMP announced the introduction of a new service model with its aligned advice network marking a new era for financial advice at AMP.

The new model, developed in collaboration with AMP adviser associations, will be progressively introduced and further prioritises clients with AMP providing services to advisers which support the delivery of quality advice, improve practice efficiency and help advisers grow their businesses.

**Treasury Laws Amendment (Your Future, Your Super) Bill 2021**

In June 2021, the Federal Government passed the Treasury Laws Amendment (Your Future, Your Super) Bill 2021 ("YFYS") which commenced on 1 July 2021. YFYS aims to improve the superannuation system through various measures including increasing the transparency and accountability of trustees to act in members' best financial interests and introduce a new annual performance test to hold funds to account for underperformance.

**Review of operations and results**

The profit attributable to shareholders of AMP Limited for the half-year ended 30 June 2021 was \$146 million (1H 20: profit of \$203 million).

Basic earnings per share for the half year ended 30 June 2021 on a statutory basis was 4.3 cents (1H 20: 5.9 cents). On an underlying basis<sup>1</sup>, the earnings per share was 5.3 cents (1H 20: 4.3 cents).

Key performance measures of the group were as follows:

- 1H 21 NPAT (underlying)<sup>2</sup> of \$181 million increased 57% from \$115 million in 1H 20. This increase largely reflects the impact of stronger AMP Bank earnings (+76%), stronger investment income from Group Office, including contributions from CLPC and Resolution Life Australasia, partly offset by lower AMP Capital earnings (-19%) and Australian wealth management earnings (-17%)
- AMP's total assets under management (AUM) and administration were \$256 billion<sup>3</sup> at 30 June 2021 (FY 20: \$255 billion)
- Australian wealth management net cash outflows were \$2.7 billion in 1H 21, compared to net cash outflows of \$4 billion in 1H 20. The improvement in net cash outflows was largely attributable to one-off impacts on 1H 20, including the \$1.3 billion loss of corporate mandates and \$0.9 billion of COVID-19 Early Release of Super (ERS) payments
- AMP Capital external net cash outflows were \$6.7 billion, with \$3.7 billion of net cash outflows across real estate largely attributable to the exit of the AMP Capital Diversified Property Fund and \$2.9 billion net cash outflows across public markets
- AMP Bank's total loan book increased 1.9% to \$21 billion at 1H 21 from \$20.6 billion at FY 20
- AMP's controllable costs decreased \$25 million to \$639 million (1H 20: \$664 million), reflecting cost out benefits partly offset by structural cost increases, variable remuneration and reinvestment spend
- The group's cost to income ratio was 71.2%<sup>4</sup> in 1H 21, down from 73.5% in 1H 20
- Underlying return on equity was 8.3% in 1H 21, up from 6.0% in 1H 20
- 2020 total eligible capital resources were \$452 million above target requirements, down from \$521 million at FY 20

<sup>1</sup> Number of shares has not been adjusted to remove treasury shares.

<sup>2</sup> NPAT (underlying) represents shareholder attributable net profit or loss after tax excluding non-recurring revenue and expenses.

<sup>3</sup> Includes SuperConcepts assets under administration.

<sup>4</sup> 1H 21 includes a change to cost to income methodology for the group, with the exclusion of loan impairment expense and the inclusion of pre-tax investment income. Additionally, investment income is now reported on an actual basis, with the removal of the market adjustment methodology. Prior periods have not been restated.

**DIRECTORS' REPORT**

For the half year ended 30 June 2021

**Operating results by business area**

The operating results of each business area for 1H 21 were as follows:

*Australian wealth management* – NPAT (underlying) fell from \$58 million in 1H 20 to \$48 million in 1H 21. The decline in NPAT (underlying) was driven by impairments to the carrying value of equity investments in Advice, lower revenue predominantly from the impact of legislative and pricing changes, partly offset by lower variable and controllable costs from cost reduction initiatives.

*AMP Bank* – 1H 21 NPAT (underlying) of \$88 million increased by \$38 million (76%) from 1H 20 largely due to a \$12 million release of credit loss provisions as a result of the improved macro-economic outlook since the impact of COVID-19 in 1H 20, a return to more stable funding conditions and a reduction in excess liquidity.

*New Zealand wealth management* – 1H 21 NPAT (underlying) of \$20 million increased by \$2 million (11%) from 1H 20 from stronger investment markets and cost discipline offsetting the impact from compression associated with product repricing.

*AMP Capital* – 1H 21 NPAT (underlying) of \$61 million declined 19% from \$75 million in 1H 20 reflecting lower performance and transaction fees due to earnings variability as the business transitions to closed-end funds.

**Capital management and dividend**

Equity and reserves of the AMP group attributable to shareholders of AMP Limited was \$4.3 billion at 30 June (\$4.3 billion at 31 December 2020).

AMP remains well capitalised, with \$452 million eligible capital above target requirements at 30 June 2021 (\$521 million at 31 December 2020).

On 13 August 2020, AMP announced the return of capital of up to \$544 million to shareholders which included a \$344 million fully franked special dividend paid in October 2020 and up to \$200 million in the form of an on-market share buy-back during the course of the 12 months following the announcement, subject to market conditions. The on-market share buy-back is now complete, concluding on 30 June 2021, with the deployment of \$196 million of capital to repurchase and cancel 170,493,388 shares.

The board has resolved not to declare an interim 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 22.

**Strategy and prospects**

AMP's transformation strategy was first outlined in 2019. Despite the challenges and disruptions faced in 2020 due to the COVID-19 pandemic and other factors, a large majority of market commitments were delivered. While the pandemic and associated lockdowns continued to affect business operations and customers in 1H 21, significant outcomes were achieved towards the company's transformation into a simpler, client-led, growth-oriented business.

Under the transformation strategy AMP has made the following progress:

**Reinvent wealth management in Australia***Advice*

The reshape advice program is >95% complete at 30 June 2021. By reshaping advice, AMP will create a more productive, professional and compliant network.

*AMP Bank*

The Bank continues to focus on growth by enhancing its service and price propositions and remains on track to achieve double-digit growth in the mid-term in a highly competitive market. In particular, the Bank is benefiting from and continuing to invest in technology, including electronic signatures and verification of identity, to improve the experience for both customers and brokers.

*Superannuation, Retirement & Platforms*

With a primary objective to improve customer outcomes, the business has delivered phase one and two of its superannuation simplification delivering significant benefits to superannuation members. Phase three, MasterTrust simplification, has recently received approval from the superannuation trustee board which will further rationalise MasterTrust products from 11 to three. The move to three core products will enable greater scale and efficiency delivering further benefits to customers and reduce operational risk.

Functionality and products have continued to be enhanced on the North platform, with recent pricing changes delivering some of the lowest fees in the platforms market. New capabilities were also launched including equity managed portfolios and a re-branding of MyNorth assets has commenced to focus on the External Financial Advisors channel.

**Grow New Zealand business**

A decision to retain and focus on the growth of the New Zealand wealth management business was announced at AMP's 1H 20 results and significant progress has been made in laying the foundations of future growth including the localisation of technology to allow the business to standalone in its operation.

The business will complete the transfer to a new investment approach with Blackrock in 2H 21 and has implemented a new fee structure resulting in a significant reduction in fees for customers. Three small practice acquisitions were closed in 1H 21 and the business continues to seek further growth opportunities.

## DIRECTORS' REPORT

For the half year ended 30 June 2021

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

#### Private markets

In 1H 21, work commenced to demerge AMP Limited and AMP Capital Private Markets. 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.

#### Public markets

On 8 July 2021, AMP 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 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.

### Create a simpler, leaner business

Building on the positive momentum achieved in 2H 20, the Company continues to progress commitments on its cost-base, capital management and culture. Disciplined cost management has reduced controllable costs (ex AMP Capital) by \$66 million through the simplification of organisational structures, rationalising our property footprint and other efficiencies. \$169 million of cumulative gross cost-savings has been achieved to date. The on-market share buy-back was successfully completed during 1H 21 and at 30 June 2021 AMP has a strong capital position of \$452 million above target requirements.

The cultural transformation of the business is a core strategic priority for AMP and will continue to evolve in 2H 21. AMP progressed several initiatives to accelerate its cultural transformation during 1H 21 across the three pillars of inclusion, accountability and high performance as follows:

- Improving inclusion and diversity to drive performance
  - Implemented a new flexible work policy (WeFlex), to support an inclusive workplace
  - Met 40:40:20 target for gender diversity at Board, middle management and the broader workforce with work continuing at a senior management level
  - Introduced an Inclusion Index to group and leader scorecards to track progress
- Strengthening accountability across the company
  - Implemented a management action plan in response to a review of workplace conduct, 61% of initiatives have been implemented to date with remaining initiatives on track for completion in 2H 21
  - Uplifted governance to support best practice in prevention and response to harassment and discrimination in a systematic, proactive and positive manner
  - Increased transparency of reporting on conduct and culture
  - Improved and uplifted the range of channels for employees to raise concerns or seek advice on a confidential basis, formally and informally
- Creating a high-performance culture
  - Commenced a culture diagnostic, engaging with employees through workshops to identify values that matter most to AMP
  - 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
  - Implemented a quarterly 'all employee' communication on material misconduct cases that have arisen in our workplace

### 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.

### 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 million Australian dollars, unless stated otherwise.

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

The directors have obtained an independence declaration from the company's auditor, Ernst & Young, for the half year ended 30 June 2021.



Ernst & Young  
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Sydney NSW 2000 Australia  
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## Auditor's Independence Declaration to the Directors of AMP Limited

As lead auditor for the review of the half-year financial report of AMP Limited for the half-year ended 30 June 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Andrew Price

Partner

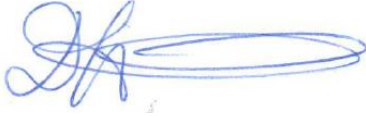
Sydney

12 August 2021

# DIRECTORS' REPORT

For the half year ended 30 June 2021

Signed in accordance with a resolution of the directors.



**Debra Hazelton**  
Chair  
Sydney, 12 August 2021



**Alexis George**  
Chief Executive Officer and Managing Director

**AMP LIMITED**  
**ABN 49 079 354 519**  
**HALF YEAR FINANCIAL REPORT**  
**30 JUNE 2021**

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**Consolidated income statement**

for the half year ended 30 June 2021

	Note	30 Jun 2021 \$m	30 Jun 2020 <sup>2</sup> \$m
Fee revenue	2.1(a)	1,092	1,301
Interest income using the effective interest method		310	353
Other investment gains		-	59
Share of profit or loss from associates	5.1	127	35
Movement in guarantee liabilities		41	(78)
Other income		137	54
<b>Total revenue</b>		<b>1,707</b>	<b>1,724</b>
Fee and commission expenses		(375)	(459)
Staff and related expenses		(596)	(589)
Finance costs		(172)	(214)
Other investment losses		(4)	-
Other operating expenses		(408)	(364)
<b>Total expenses</b>		<b>(1,555)</b>	<b>(1,626)</b>
<b>Profit before tax</b>		<b>152</b>	<b>98</b>
Income tax expense	2.2	(7)	(6)
<b>Profit after tax from continuing operations</b>		<b>145</b>	<b>92</b>
<b>Profit from discontinued operations</b>		<b>-</b>	<b>123</b>
<b>Profit for the period</b>		<b>145</b>	<b>215</b>
<b>Profit attributable to:</b>			
Shareholders of AMP Limited <sup>1</sup>		146	203
Non-controlling interests		(1)	12
<b>Profit for the period</b>		<b>145</b>	<b>215</b>
<b>Earnings per share</b>		<b>cents</b>	<b>cents</b>
Basic		4.3	5.9
Diluted		4.2	5.8
<b>Earnings per share from continuing operations</b>			
Basic		4.3	2.3
Diluted		4.2	2.3

1 Profit attributable to shareholders of AMP Limited is comprised of \$146m (HY20: \$80m) from continuing operations and \$nil (HY20: \$123m) from discontinued operations.

2 Fee revenue and Fee and commission expenses have been restated. Refer to note 2.1(a).

**Consolidated statement of comprehensive income**

for the half year ended 30 June 2021

	30 Jun 2021	30 Jun 2020
	\$m	\$m
<b>Profit for the period from continuing operations</b>	<b>145</b>	<b>92</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Fair value reserve		
- net (loss) gain on fair value asset reserve	(31)	30
- tax effect on fair value asset reserve (loss) gain	9	(9)
- net amount transferred to profit or loss for the period	(2)	-
- tax effect on amount transferred to profit or loss for the period	1	-
	<b>(23)</b>	<b>21</b>
Cash flow hedges		
- net gain (loss) on cash flow hedges	21	(27)
- tax effect on cash flow hedge gain (loss)	(6)	8
- net amount transferred to profit or loss for the period	16	9
- tax effect on amount transferred to profit or loss for the period	(5)	(3)
	<b>26</b>	<b>(13)</b>
Translation of foreign operations and revaluation of hedge of net investments	19	(14)
	<b>19</b>	<b>(14)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Fair value reserve - equity instruments held by AMP Foundation	(1)	(8)
	<b>(1)</b>	<b>(8)</b>
Defined benefit plans		
- actuarial gains (losses)	72	(35)
- tax effect on actuarial gains or losses	(21)	11
	<b>51</b>	<b>(24)</b>
<b>Other comprehensive income (loss) for the period from continuing operations</b>	<b>72</b>	<b>(38)</b>
<b>Total comprehensive income for the period from continuing operations</b>	<b>217</b>	<b>54</b>
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>123</b>
<b>Other comprehensive loss for the period from discontinued operations</b>	<b>-</b>	<b>(96)</b>
<b>Total comprehensive income for the period</b>	<b>217</b>	<b>81</b>
<b>Total comprehensive income attributable to shareholders of AMP Limited</b>	<b>218</b>	<b>69</b>
Total comprehensive (loss) income attributable to non-controlling interests	(1)	12
<b>Total comprehensive income for the period</b>	<b>217</b>	<b>81</b>

**Consolidated statement of financial position**

as at 30 June 2021

	Note	30 Jun 2021 \$m	31 Dec 2020 \$m
<b>Assets</b>			
Cash and cash equivalents		2,255	2,428
Receivables		654	702
Current tax assets		176	160
Loans and advances	3.1	20,933	20,526
Investments in other financial assets	3.2	4,225	5,087
Investments in associates accounted for using the equity method	5.1	1,499	1,442
Right of use assets		135	174
Deferred tax assets	2.2	782	828
Intangibles	3.3	563	640
Other assets		212	177
<b>Total assets of shareholders of AMP Limited and non-controlling interests</b>		<b>31,434</b>	<b>32,164</b>
<b>Liabilities</b>			
Payables		295	291
Current tax liabilities		65	70
Employee benefits		328	357
Other financial liabilities	3.2	406	503
Provisions	5.2	880	1,056
Interest-bearing liabilities	4.2	24,647	24,916
Lease liabilities		166	211
Deferred tax liabilities	2.2	201	229
Guarantee liabilities		110	151
Defined benefit plan liabilities		26	98
<b>Total liabilities of shareholders of AMP Limited and non-controlling interests</b>		<b>27,124</b>	<b>27,882</b>
<b>Net assets of shareholders of AMP Limited and non-controlling interests</b>		<b>4,310</b>	<b>4,282</b>
<b>Equity</b>			
Contributed equity	4.1	10,153	10,349
Reserves		(2,390)	(2,404)
Retained earnings		(3,460)	(3,671)
<b>Total equity of shareholders of AMP Limited</b>		<b>4,303</b>	<b>4,274</b>
Non-controlling interests		7	8
<b>Total equity of shareholders of AMP Limited and non-controlling interests</b>		<b>4,310</b>	<b>4,282</b>

**Consolidated statement of changes in equity**

for the half year ended 30 June 2021

	Equity attributable to shareholders of AMP Limited											
	Contributed equity \$m	Demerger reserve <sup>1</sup> \$m	Share-based payment reserve <sup>2</sup> \$m	Capital profits reserve <sup>3</sup> \$m	Fair value reserve \$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
<b>30 June 2021</b>												
<b>Balance at 1 January 2021</b>	<b>10,349</b>	<b>(2,566)</b>	<b>118</b>	<b>(39)</b>	<b>99</b>	<b>(44)</b>	<b>28</b>	<b>(2,404)</b>	<b>(3,671)</b>	<b>4,274</b>	<b>8</b>	<b>4,282</b>
Profit from continuing operations	-	-	-	-	-	-	-	-	146	146	(1)	145
Other comprehensive income (loss) from continuing operations	-	-	-	-	(24)	26	19	21	51	72	-	72
Total comprehensive income (loss)	-	-	-	-	(24)	26	19	21	197	218	(1)	217
Share-based payment expense	-	-	12	-	-	-	-	12	-	12	-	12
Share purchases	(196)	-	(5)	-	-	-	-	(5)	-	(201)	-	(201)
Transfer of realised gains <sup>4</sup>	-	-	-	-	(14)	-	-	(14)	14	-	-	-
<b>Balance at 30 June 2021</b>	<b>10,153</b>	<b>(2,566)</b>	<b>125</b>	<b>(39)</b>	<b>61</b>	<b>(18)</b>	<b>47</b>	<b>(2,390)</b>	<b>(3,460)</b>	<b>4,303</b>	<b>7</b>	<b>4,310</b>
<b>30 June 2020</b>												
<b>Balance at 1 January 2020</b>	<b>10,299</b>	<b>(2,566)</b>	<b>109</b>	<b>321</b>	<b>72</b>	<b>(34)</b>	<b>168</b>	<b>(1,930)</b>	<b>(3,509)</b>	<b>4,860</b>	<b>118</b>	<b>4,978</b>
Profit from continuing operations	-	-	-	-	-	-	-	-	80	80	12	92
Profit from discontinued operations <sup>5</sup>	-	-	-	-	-	-	-	-	123	123	-	123
Other comprehensive income (loss) from continuing operations	-	-	-	-	13	(13)	(14)	(14)	(24)	(38)	-	(38)
Foreign currency translation reserve recycled <sup>5</sup>	-	-	-	-	-	-	(96)	(96)	-	(96)	-	(96)
Total comprehensive income	-	-	-	-	13	(13)	(110)	(110)	179	69	12	81
Share-based payment expense	-	-	14	-	-	-	-	14	-	14	-	14
Share purchases	-	-	(5)	-	-	-	-	(5)	-	(5)	-	(5)
Deconsolidation of treasury shares <sup>5</sup>	50	-	-	-	-	-	-	-	-	50	-	50
Dividends paid	-	-	-	-	-	-	-	-	-	-	(8)	(8)
<b>Balance at 30 June 2020</b>	<b>10,349</b>	<b>(2,566)</b>	<b>118</b>	<b>321</b>	<b>85</b>	<b>(47)</b>	<b>58</b>	<b>(2,031)</b>	<b>(3,330)</b>	<b>4,988</b>	<b>122</b>	<b>5,110</b>

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 Represents realised gains and losses on equity securities measured at fair value through other comprehensive income.

5 Relates to the deconsolidation of WP and mature businesses.

**Consolidated statement of cash flows**

for the half year ended 30 June 2021

	30 Jun 2021	30 Jun 2020 <sup>1</sup>
	\$m	\$m
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	1,289	5,348
Interest received	313	829
Dividends and distributions received	3	659
Cash payments in the course of operations	(1,469)	(10,658)
Net movement in deposits from customers	(496)	2,671
Finance costs	(154)	(212)
Income tax paid	(32)	(875)
<b>Cash flows used in operating activities</b>	<b>(546)</b>	<b>(2,238)</b>
<b>Cash flows from investing activities</b>		
Net proceeds from sale of (payments to acquire):		
- investments in financial assets <sup>2</sup>	288	803
- operating and intangible assets	(23)	12
- operating controlled entities and investments in associates accounted for using the equity method	81	(4)
Proceeds from sale of the WP and mature businesses	-	2,342
<b>Cash flows from investing activities</b>	<b>346</b>	<b>3,153</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings - non-banking operations	-	268
Repayment of borrowings - non-banking operations	-	(395)
Net movement in borrowings - banking operations	235	(891)
On-market share buy-back	(196)	-
Lease payments	(23)	(31)
Repayment of subordinated debt	-	(275)
<b>Cash flows from financing activities</b>	<b>16</b>	<b>(1,324)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(184)</b>	<b>(409)</b>
Cash and cash equivalents at the beginning of the half year	2,653	8,182
Effect of exchange rate changes on cash and cash equivalents	-	(5)
<b>Cash and cash equivalents prior to the deconsolidation of WP and mature businesses</b>	<b>2,469</b>	<b>7,768</b>
Cash and cash equivalents deconsolidated	-	(3,896)
<b>Cash and cash equivalents at the end of the period<sup>3</sup></b>	<b>2,469</b>	<b>3,872</b>

- 1 Cash flows for the period ended 30 June 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 Net proceeds from sale of (payments to acquire) investments in financial assets also includes loans and advances made (net of payments) and purchases of financial assets (net of maturities) during the period by AMP Bank
- 3 Cash equivalents for the purpose of the Consolidated statement of cash flows includes short-term bills and notes.

## Notes to the financial statements

for the half year ended 30 June 2021

### Section 1: About this report

This section outlines the structure of the AMP group, information useful to understanding the AMP 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

#### 1.1 Basis of preparation of the half year financial report

The AMP group is comprised of AMP 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 AMP Limited include the financial information of its controlled entities.

The consolidated entity prepares a general purpose financial report. This general purpose financial report has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. AMP Limited is a for-profit entity for the purposes of preparing financial statements.

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 AMP group as that given by the annual financial report. As a result, this report should be read in conjunction with the 2020 annual financial report of the AMP group and any public announcements made in the period by the AMP group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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 2021 half year financial report are consistent with those applied to the 2020 annual financial report.

##### AMP Capital demerger

On 23 April 2021, AMP announced its intention to pursue a demerger of AMP Capital's private markets business (private markets) comprising infrastructure equity, infrastructure debt and real estate with a targeted completion in the first half of 2022.

As part of the proposed demerger, AMP Limited:

- Will retain AMP Capital's multi-asset group, which is responsible for asset allocation on behalf of AMP's superannuation clients; and
- May retain a minority state in private markets of up to 20 percent.

The demerger is subject to a number of conditions including regulatory and shareholder approvals. As the demerger of private markets does not meet the criteria set out in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* for separate presentation of its results as a discontinued operation, the results of that business has not been presented separately in the financial report.

##### COVID-19 impacts

The COVID-19 pandemic has continued to disrupt the global economy during the six months ended 30 June 2021 and there remains 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. Where the judgements and estimates are considered significant, they have been disclosed in the notes to this report.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year**

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

Statutory measures of performance disclosed in this report are:

- Statutory earnings per share (EPS) - basic and diluted
- Annual dividend
- Profit (loss) after tax attributable to the shareholders of AMP

- 2.1 Segment performance
- 2.2 Taxes
- 2.3 Dividends

**2.1 Segment performance**

The AMP group identifies its operating segments based on separate financial information that is regularly reviewed by the Chief Executive Officer and his executive team in assessing performance and determining the allocation of resources. The operating segments are identified according to the nature of profit generated and services provided, and their performance is evaluated based on a post-tax operating earnings basis.

Reportable segment	Segment description
Australian wealth management (WM)	Wealth management provides financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products.
AMP Bank	AMP Bank offers residential mortgages, deposits and transactional banking. The Bank continues to focus on growth through investing in technology to streamline the origination process, improving the experience for both customers and intermediaries.
AMP Capital	<p>On 23 April 2021, following the conclusion of AMP's portfolio review, AMP announced the intention to demerge AMP Capital's private markets business, consisting of infrastructure equity, infrastructure debt and real estate, to create two more focussed businesses in AMP Limited and private markets, better equipped to pursue and allocate capital to distinct growth opportunities and realise efficiencies.</p> <p>As part of the demerger preparations, on 8 July 2021, AMP announced the sale of its global equities and fixed income business, which is expected to complete in the first quarter of 2022.</p> <p>The remaining AMP Capital public markets business, the multi-asset group, which is responsible for asset allocation on behalf of AMP's superannuation clients, will transition over to AMP Australia prior to demerger, creating an end-to-end superannuation and investment platform business.</p>
New Zealand wealth management (NZ WM)	<p>New Zealand wealth management business encompasses the wealth management, financial advice and distribution business in New Zealand.</p> <p>It provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and general insurance.</p>

Segment information is not reported for activities of the AMP group office companies as it is not the function of these companies to earn revenue and any revenues earned are only incidental to the activities of the AMP group.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year****2.1 Segment performance (continued)****(a) Segment profit**

30 June 2021	WM \$m	AMP Bank \$m	AMP Capital <sup>1</sup> \$m	NZ WM \$m	Total \$m
<b>Segment profit after income tax</b>	<b>48</b>	<b>88</b>	<b>61</b>	<b>20</b>	<b>217</b>
External customer revenue	486	209	225	76	996
Intersegment revenue <sup>2</sup>	2	-	109	-	111
<b>Segment revenue</b>	<b>488</b>	<b>209</b>	<b>334</b>	<b>76</b>	<b>1,107</b>

Presentation adjustments<sup>3</sup>

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**Total statutory revenue from contracts with customers****1,229****30 June 2020**

<b>Segment profit after income tax<sup>4</sup></b>	<b>58</b>	<b>50</b>	<b>75</b>	<b>18</b>	<b>201</b>
External customer revenue	547	203	259	76	1,085
Intersegment revenue <sup>2</sup>	6	-	112	-	118
<b>Segment revenue<sup>5</sup></b>	<b>553</b>	<b>203</b>	<b>371</b>	<b>76</b>	<b>1,203</b>

Presentation adjustments<sup>3</sup>

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**Total statutory revenue from contracts with customers****1,349**

- AMP Capital segment revenue is reported net of external investment manager fees. Segment profit after income tax for 30 June 2020 is reported net of 15% minority interest attributable to MUFG: Trust Bank. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.
- Intersegment revenue represents operating revenue between segments priced on a market-related basis and is eliminated on consolidation.
- Presentation adjustments primarily reflect the difference between total segment revenue and statutory revenue from contracts with customers, as required by AASB 15 *Revenue from Contracts with Customers*. These adjustments include revenue from sources other than contracts with customers and expense items which are presented net in the segment results but presented gross in the Consolidated income statement.
- HY20 segment profit after income tax has been re-presented to reflect actual investment income following the removal of 'market adjustment' which normalised investment income to 2.5%, this has previously been disclosed outside of Segment profit after income tax.
- AMP Life segment profit after tax has been removed due to sale of this business to Resolution Life.

	30 Jun 2021 \$m	30 Jun 2020 <sup>2</sup> \$m
<b>Statutory revenue from contracts with customers</b>		
Fee revenue		
- Investment management and related fees	793	925
- Financial advisory fees <sup>1</sup>	299	376
	<b>1,092</b>	<b>1,301</b>
Other revenue	137	48
<b>Total statutory revenue from contracts with customers</b>	<b>1,229</b>	<b>1,349</b>

- A substantial majority of the financial advisory fees received are paid to advisers. With the exception of the matter in footnote two, where AMP is acting as agent, for statutory reporting, financial advisory fees are presented gross of the related cost which is presented in Fee and commission expenses in the Consolidated income statement.
- Prior year adjustment – Certain Investment management and related fees and Financial advisory fees were presented gross of related expenses of \$174m (\$51m and \$123m respectively), with no impact to net profit. These revenues and the related expenses have been adjusted and reported on a net basis in accordance with Australian Accounting Standards.



**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year****2.1 Segment performance (continued)****(b) Reconciliations**

Segment profit after income tax differs from profit (loss) attributable to shareholders of AMP Limited due to the exclusion of the following items:

	30 Jun 2021 \$m	30 Jun 2020 \$m
<b>Segment profit after income tax<sup>1</sup></b>	<b>217</b>	201
<b>Net group office</b>	<b>(36)</b>	(86)
<b>Total operating earnings</b>	<b>181</b>	115
<b>NPAT (underlying)<sup>2</sup></b>	<b>181</b>	115
Gain on sale of AMP Life	-	298
AMP Life separation costs	-	(208)
Client remediation and related costs	<b>(33)</b>	(19)
Risk management, governance and controls	-	(14)
Transformation cost out	<b>(61)</b>	(13)
Impairments	-	(32)
Other items <sup>3</sup>	<b>71</b>	(11)
Amortisation of acquired intangible assets	<b>(12)</b>	(42)
<b>NPAT</b>	<b>146</b>	74
AMP Life earnings <sup>4,5</sup>	-	129
<b>Profit attributable to shareholders of AMP Limited</b>	<b>146</b>	203
(Loss) profit attributable to non-controlling interests	<b>(1)</b>	12
<b>Profit for the period</b>	<b>145</b>	215

1 HY20 segment profit after income tax has been re-presented to reflect actual investment income following the removal of 'market adjustment' which normalised investment income to 2.5%, this has previously been disclosed outside of Segment profit after income tax.

2 NPAT (underlying), represents shareholder attributable net profit or loss after tax excluding accounting mismatches and non-recurring revenue and expenses.

3 Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.

4 AMP Life profit includes operating earnings, underlying investment income, market adjustment – investment income, market adjustment – annuity fair value and market adjustment – risk products related to AMP Life. Market adjustment – annuity fair value relates to the net impact of investment markets on AMP's annuity portfolio. Market adjustment – risk products relate to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities.

5 Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are recognised in the financial statements at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact profit attributable to shareholders. These differences have no impact on the operating earnings of the AMP group.

**(c) Segment assets**

Asset segment information has not been disclosed. Segment asset balances are not provided to the Chief Executive Officer or the immediate team for the purpose of evaluating segment performance, or in allocating resources to segments.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year****2.2 Taxes**

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

- the impact of tax on the reported result;
- amounts owed to/receivable from the tax authorities;
- 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 AMP's tax matters can be found in the AMP Tax Report at [amp.com.au/shares](http://amp.com.au/shares).

**(a) Income tax expense**

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

	30 Jun 2021	30 Jun 2020
	\$m	\$m
<b>Profit before income tax</b>	<b>152</b>	98
Tax at the Australian tax rate of 30% (2020: 30%)	<b>(46)</b>	(29)
Tax concessions including research and development and offshore banking unit	1	1
Non-deductible expenses	<b>(17)</b>	(11)
Non-taxable income	<b>42</b>	14
Other items	<b>5</b>	13
Utilisation of previously unrecognised tax losses	<b>3</b>	-
Over provided in previous years	-	1
Differences in overseas tax rates	<b>5</b>	5
<b>Income tax expense per Consolidated income statement</b>	<b>(7)</b>	(6)

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year****2.2 Taxes (continued)****(b) Analysis of income tax expense**

	30 Jun 2021	30 Jun 2020
	\$m	\$m
Current tax expense	(11)	(74)
(Decrease) increase in deferred tax assets	(24)	98
Decrease (increase) in deferred tax liabilities	28	(30)
<b>Income tax expense</b>	<b>(7)</b>	<b>(6)</b>

**(c) Analysis of deferred tax balances**

	30 Jun 2021	31 Dec 2020
	\$m	\$m
<b>Analysis of deferred tax assets</b>		
Expenses deductible in the future years	412	499
Unrealised movements on borrowings and derivatives	45	54
Unrealised investment losses	28	43
Losses available for offset against future taxable income	149	43
Lease liability	36	50
Capitalised software expenses	96	129
Other	16	10
<b>Total deferred tax assets</b>	<b>782</b>	<b>828</b>
<b>Analysis of deferred tax liabilities</b>		
Unrealised investment gains	36	43
Right of use assets	30	41
Intangible asset	103	115
Other	32	30
<b>Total deferred tax liabilities</b>	<b>201</b>	<b>229</b>

**(d) Amounts recognised directly in equity**

	30 Jun 2021	30 Jun 2020
	\$m	\$m
Deferred income tax (expense) credit related to items taken directly to equity during the period	(22)	7

**Significant accounting estimates and judgements:**

Utilisation of deferred tax assets (DTAs) has been assessed by reference to management's expectations of future profitability. Future profitability is subject to a number of management judgements and estimates, including management's expectations of the extent and duration of economic impacts resulting from the COVID-19 pandemic. Should the extent or duration of these impacts be different to management's expectations, the timing of AMP's utilisation of DTAs could be impacted.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 2: Results for the half year****2.3 Dividends**

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

	<b>2021 Interim</b>	<b>2020 Final</b>	<b>2020 Special dividend</b>	<b>2020 Interim</b>
Dividend per share (cents)	-	-	10.0	-
Franking percentage	-	-	100%	-
Dividend amount (\$m) <sup>1</sup>	-	-	343.4	-
Payment date	-	-	1 October 2020	-
			<b>30 Jun 2021 \$m</b>	<b>30 Jun 2020 \$m</b>
<b>Dividends paid</b>				
Dividends paid on ordinary shares			-	-
<b>Total dividends paid</b>			-	-

1 The special dividend amount is net of dividends on treasury shares held by AMP Foundation of \$0.2m.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles**

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

- 3.1 Loans and advances
- 3.2 Investments in financial instruments
- 3.3 Intangibles
- 3.4 Fair value information

**3.1 Loans and advances****(a) Loans and advances**

	30 Jun 2021 \$m	31 Dec 2020 \$m
Housing loans	20,710	20,289
Practice finance loans	355	391
<b>Total loans and advances<sup>1</sup></b>	<b>21,065</b>	<b>20,680</b>
Less: Provisions for impairment		
Individual provisions		
- Housing loans	(10)	(13)
- Practice finance loans	(86)	(94)
Collective provisions	(36)	(47)
<b>Total provisions for impairment</b>	<b>(132)</b>	<b>(154)</b>
<b>Total net loans and advances</b>	<b>20,933</b>	<b>20,526</b>
<b>Movement in provisions:</b>		
<b>Individual provisions</b>		
Balance at the beginning of the period	107	112
Increase in provision - housing loans	-	4
Increase in provision - practice finance loans	-	1
Bad debts written off	(3)	(3)
Provision released	(8)	(7)
<b>Balance at the end of the period</b>	<b>96</b>	<b>107</b>
<b>Collective provisions</b>		
Balance at the beginning of the period	47	20
(Decrease) / increase in provision	(11)	27
<b>Balance at the end of the period</b>	<b>36</b>	<b>47</b>

<sup>1</sup> Total loans and advances includes net capitalised costs of \$71m (2020: \$76m).

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.1 Loans and advances (continued)****(b) Expected credit losses**

The following table provides the changes to expected credit losses (ECLs) relating to loans and advances during the period.

	Stage 1 collective	Stage 2 collective	Stage 3	Total
30 June 2021	\$m	\$m	\$m	\$m
Balance at the beginning of the year	31	16	107	154
Transferred to Stage 1 (12-months ECL - collective provision)	8	(5)	(3)	-
Transferred to Stage 2 (lifetime ECL credit impaired - collective provision)	(1)	2	(1)	-
Transferred to Stage 3 (lifetime ECL credit impaired - specific provision)	-	(1)	1	-
(Released) / increased provisions during the period (net of collective provision released)	(12)	(2)	1	(13)
Bad debt write-offs	-	-	(3)	(3)
Provision for practice finance loans	-	-	(6)	(6)
<b>Balance at 30 June 2021</b>	<b>26</b>	<b>10</b>	<b>96</b>	<b>132</b>

	Stage 1 collective	Stage 2 collective	Stage 3	Total
31 December 2020	\$m	\$m	\$m	\$m
Balance at the beginning of the year	11	9	112	132
Transferred to Stage 1 (12-months ECL - collective provision)	7	(2)	(5)	-
Transferred to Stage 2 (lifetime ECL credit impaired - collective provision)	-	1	(1)	-
Transferred to Stage 3 (lifetime ECL credit impaired - specific provision)	(1)	(1)	2	-
Increased provisions during the year (net of collective provision released)	14	9	6	29
Bad debt write-offs	-	-	(3)	(3)
Provision for practice finance loans	-	-	(4)	(4)
<b>Balance at the end of the year</b>	<b>31</b>	<b>16</b>	<b>107</b>	<b>154</b>

**Significant accounting estimates and judgements:**

Expected Credit Losses (ECLs) are estimated using credit risk models which take into consideration a number of factors including the repayment capacity of customers, nature and value of collateral and forward looking macro-economic scenarios. At the reporting date, COVID-19 is the key driver of macro-economic outcomes and significant judgement has been exercised in the determination of the duration, impact and severity of the macro-economic impacts of COVID-19 for estimation of the ECL provision. Future macro-economic conditions which differ from management's assumptions and estimates could result in changes to the timing and amount of credit losses to be recognised.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.2 Investments in other financial assets and liabilities**

	30 Jun 2021 \$m	31 Dec 2020 \$m
<b>Financial assets measured at fair value through profit or loss</b>		
Equity securities and listed managed investment schemes	28	28
Debt securities	1,055	1,132
Unlisted managed investment schemes <sup>1</sup>	242	149
Derivative financial assets	293	369
<b>Total financial assets measured at fair value through profit or loss</b>	<b>1,618</b>	<b>1,678</b>
<b>Financial assets measured at fair value through other comprehensive income</b>		
Debt securities <sup>2</sup>	2,391	2,768
Equity securities	-	59
<b>Total financial assets measured at fair value through other comprehensive income</b>	<b>2,391</b>	<b>2,827</b>
<b>Other financial assets measured at amortised cost</b>		
Debt securities	216	582
<b>Total other financial assets measured at amortised cost</b>	<b>216</b>	<b>582</b>
<b>Total other financial assets</b>	<b>4,225</b>	<b>5,087</b>
<b>Other financial liabilities</b>		
Derivative financial liabilities	310	376
Collateral deposits held	96	127
<b>Total other financial liabilities</b>	<b>406</b>	<b>503</b>

1 \$63m of unlisted managed investment schemes are held by AMP Foundation for charitable purposes in accordance with the AMP Foundation Trust Deed.

2 Debt securities measured at fair value through other comprehensive income are assets of AMP Bank.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.3 Intangibles**

	Goodwill	Capitalised costs	Value of in-force business	Distribution networks	Other intangibles	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2021</b>						
Balance at 1 January 2021	157	239	114	119	11	640
Additions through separate acquisitions	-	-	-	27	-	27
Additions through internal development	-	23	-	-	-	23
Reductions through disposal	-	-	-	(32)	-	(32)
Transferred (to) from other assets	-	(40)	-	1	-	(39)
Amortisation expense	-	(34)	(6)	(10)	(1)	(51)
Impairment loss	-	(1)	-	(4)	-	(5)
<b>Balance at 30 June 2021</b>	<b>157</b>	<b>187</b>	<b>108</b>	<b>101</b>	<b>10</b>	<b>563</b>
<b>31 December 2020</b>						
Balance at 1 January 2020	172	223	341	127	14	877
Additions through acquisitions of controlled entities	-	-	-	8	-	8
Additions through separate acquisitions	-	-	-	83	-	83
Additions through internal development	-	93	-	-	-	93
Reductions through disposal <sup>1</sup>	(15)	(12)	(177)	(66)	-	(270)
Transferred to inventories	-	-	-	(3)	-	(3)
Amortisation expense <sup>2</sup>	-	(64)	(50)	(26)	(3)	(143)
Impairment loss	-	(1)	-	(4)	-	(5)
<b>Balance at 31 December 2020</b>	<b>157</b>	<b>239</b>	<b>114</b>	<b>119</b>	<b>11</b>	<b>640</b>

1 This includes intangible assets derecognised as part of sale of the WP and mature businesses.

2 Amortisation expense includes amortisation related to the WP and mature businesses of \$nil (2020: \$17m).



**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.4 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.

	Carrying amount	Level 1	Level 2	Level 3	Total fair value
	\$m	\$m	\$m	\$m	\$m
<b>30 June 2021</b>					
<b>Financial assets measured at fair value</b>					
Equity securities and listed managed investment schemes	28	22	-	6	28
Debt securities	3,446	2,151	1,295	-	3,446
Unlisted managed investment schemes	242	-	194	48	242
Derivative financial assets	293	-	293	-	293
<b>Total financial assets measured at fair value</b>	<b>4,009</b>	<b>2,173</b>	<b>1,782</b>	<b>54</b>	<b>4,009</b>
<b>Financial assets not measured at fair value</b>					
Loans and advances	20,933	-	-	21,094	21,094
Debt securities	216	-	217	-	217
<b>Total financial assets not measured at fair value</b>	<b>21,149</b>	<b>-</b>	<b>217</b>	<b>21,094</b>	<b>21,311</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	310	-	310	-	310
Collateral deposits held	96	-	96	-	96
Guarantee liabilities	110	-	-	110	110
<b>Total financial liabilities measured at fair value</b>	<b>516</b>	<b>-</b>	<b>406</b>	<b>110</b>	<b>516</b>
<b>Financial liabilities not measured at fair value</b>					
AMP Bank					
- Deposits	15,633	-	15,646	-	15,646
- Other	6,678	-	6,734	-	6,734
Corporate borrowings	2,336	-	2,345	-	2,345
<b>Total financial liabilities not measured at fair value</b>	<b>24,647</b>	<b>-</b>	<b>24,725</b>	<b>-</b>	<b>24,725</b>
<b>31 December 2020</b>					
<b>Financial assets measured at fair value</b>					
Equity securities and listed managed investment schemes	87	80	-	7	87
Debt securities	3,900	2,413	1,487	-	3,900
Unlisted managed investment schemes	149	-	108	41	149
Derivative financial assets	369	-	369	-	369
<b>Total financial assets measured at fair value</b>	<b>4,505</b>	<b>2,493</b>	<b>1,964</b>	<b>48</b>	<b>4,505</b>
<b>Financial assets not measured at fair value</b>					
Loans and advances	20,526	-	-	20,649	20,649
Debt securities	582	-	582	-	582
<b>Total financial assets not measured at fair value</b>	<b>21,108</b>	<b>-</b>	<b>582</b>	<b>20,649</b>	<b>21,231</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	376	-	376	-	376
Collateral deposits held	127	-	127	-	127
Guarantee liabilities	151	-	-	151	151
<b>Total financial liabilities measured at fair value</b>	<b>654</b>	<b>-</b>	<b>503</b>	<b>151</b>	<b>654</b>
<b>Financial liabilities not measured at fair value</b>					
AMP Bank					
- Deposits	16,129	-	16,129	-	16,129
- Other	6,443	-	6,503	-	6,503
Corporate borrowings	2,344	-	2,344	-	2,344
<b>Total financial liabilities not measured at fair value</b>	<b>24,916</b>	<b>-</b>	<b>24,976</b>	<b>-</b>	<b>24,976</b>

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.4 Fair value information (continued)**

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

<i>Equity securities and listed managed investment schemes</i>	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 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.
<i>Debt securities</i>	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. The fair value of loans is determined by discounting the estimated recoverable amount using prevailing interest rates.
<i>Loans</i>	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, from time to time, be measured at an amount in excess of fair value due to fluctuations on fixed rate loans. In these situations, as the fluctuations in fair value would not represent a permanent diminution and the carrying amounts of the loans are recorded at recoverable amounts after assessing impairment, it would not be appropriate to restate their carrying amount.
<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>AMP Bank deposits and other borrowings</i>	The estimated fair value of deposits and other borrowings represents the discounted amount of estimated future cash flows expected to be paid based on the residual maturity of these liabilities. The discount rate applied is based on a current yield curve appropriate for similar types of deposits and borrowings at the reporting date.
<i>Guarantee liabilities</i>	The fair value of the guarantee liability 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 in 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 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 half year. Transfers to and from Level 3 are shown in the Reconciliation of Level 3 values table later in this note.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.4 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 was governed by the AMP Capital asset 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 infrastructure, private equity, alternative assets, and illiquid debt securities. All significant Level 3 assets were referred to the appropriate valuation committee who met 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
Debt securities	Discounted cash flow approach.	Discount rate Cash flow forecasts Credit risk
Unlisted managed investment schemes	Published redemption prices.	Judgement made in determining unit prices
Investment contract liabilities	Published unit prices and the fair value of backing assets.	Fair value of financial instruments Cash flow forecasts Credit risk
Guarantee liabilities	Discounted cash flow approach.	Discount rate Hedging costs

**Sensitivity**

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

	30 June 2021		31 December 2020	
	(+)	(-)	(+)	(-)
	\$m	\$m	\$m	\$m
<b>Financial assets<sup>1</sup></b>				
Equity securities and listed managed investment schemes	1	(1)	1	(1)
Unlisted managed investment schemes	5	(5)	4	(4)
<b>Financial liabilities<sup>2</sup></b>				
Guarantee liabilities	-	(3)	1	(3)

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.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 3: Loans and advances, investments and intangibles****3.4 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	FX gains or losses	Total gains/ losses	Purchases/ deposits	Sales/ withdrawals	Net transfers in/(out)	Balance at the end of the period	Total gains and losses on assets and liabilities held at reporting date
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2021</b>								
<b>Assets classified as Level 3</b>								
Equity securities and listed managed investment schemes	7	-	-	-	(1)	-	6	-
Unlisted managed investment schemes	41	1	-	13	(7)	-	48	1
<b>Liabilities classified as Level 3</b>								
Guarantee liabilities	151	-	(33)	-	(8)	-	110	(33)
<b>31 December 2020</b>								
<b>Assets classified as Level 3</b>								
Equity securities and listed managed investment schemes	2,515	-	(11)	63	(2,567)	7	7	-
Debt securities	127	-	-	-	(127)	-	-	-
Unlisted managed investment schemes	2,671	-	2	158	(2,831)	41	41	4
Investment properties	161	-	3	-	(164)	-	-	-
<b>Liabilities classified as Level 3</b>								
Guarantee liabilities	121	-	35	4	(9)	-	151	35
Investment contract liabilities	70,066	(7)	(6,201)	2,008	(65,866)	-	-	-

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 4: Capital structure**

This section provides information relating to:

- the AMP 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 AMP group consists of equity and debt. AMP determines the appropriate capital structure in order to finance the current and future activities of the AMP 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.

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

**4.1 Contributed equity**

	30 Jun 2021 \$m	31 Dec 2020 \$m
<b>Issued capital</b>		
3,266,105,853 (2020: 3,436,599,241) ordinary shares fully paid	10,159	10,355
<b>Treasury shares<sup>1</sup></b>		
2,126,387 (2020: 2,126,387) treasury shares	(6)	(6)
<b>Total contributed equity</b>		
<b>3,263,979,466 (2020: 3,434,472,854) ordinary shares fully paid</b>	<b>10,153</b>	<b>10,349</b>
<b>Issued capital</b>		
Balance at the beginning of the period	10,355	10,402
170,493,388 (2020: nil) shares purchased on-market	(196)	-
Deconsolidation of discontinued operations	-	(47)
<b>Balance at the end of the period</b>	<b>10,159</b>	<b>10,355</b>
<b>Treasury shares</b>		
Balance at the beginning of the period	(6)	(103)
Decrease due to deconsolidation of discontinued operations	-	97
<b>Balance at the end of the period</b>	<b>(6)</b>	<b>(6)</b>

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.

1 Held by AMP Foundation.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 4: Capital structure****4.2 Interest-bearing liabilities****(a) Interest-bearing liabilities**

	30 June 2021			31 December 2020		
	Current \$m	Non- current \$m	Total \$m	Current \$m	Non- current \$m	Total \$m
<b>Interest-bearing liabilities</b>						
AMP Bank						
- Deposits <sup>1</sup>	15,537	96	15,633	15,990	139	16,129
- Other	2,117	4,561	6,678	3,976	2,467	6,443
Corporate entity borrowings <sup>2</sup>						
- 6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	-	61	61	-	63	63
- AMP Notes 3 <sup>3</sup>	-	250	250	-	250	250
- AMP Subordinated Notes <sup>3</sup>	-	250	250	-	250	250
- AMP Capital Notes <sup>4</sup>	266	-	266	266	-	266
- AMP Capital Notes 2 <sup>4</sup>	-	271	271	-	271	271
- USD Medium Term Notes <sup>5</sup>	406	-	406	398	-	398
- CHF Medium Term Notes <sup>5</sup>	-	832	832	-	846	846
<b>Total interest-bearing liabilities</b>	<b>18,326</b>	<b>6,321</b>	<b>24,647</b>	<b>20,630</b>	<b>4,286</b>	<b>24,916</b>

1 Deposits comprise at call customer deposits and customer term deposits at variable interest rates with the AMP Bank.

2 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 \$14m (2020: \$10m) which is expected to be settled within the next 12 months.

3 AMP Note 3 and AMP Subordinated Notes are floating rate subordinated unsecured notes. These were issued 15 November 2018 and 1 September 2017 respectively, and mature 15 November 2028 and 1 December 2027 respectively. Subject to APRA approval, AMP has the right but not the obligation, to redeem all or some of the Notes 15 November 2023 and 1 December 2022 respectively, or, subject to certain conditions, at a later date. In certain circumstances, AMP may be required to convert some or all of the Notes into AMP ordinary shares.

4 AMP Capital Notes (ASX: AMPPA) and AMP Capital Notes 2 (ASX:AMPPB) were issued 30 November 2015 and 23 December 2019 respectively. Subject to APRA approval, AMP has the right, but not the obligation, to redeem all or some of the notes 22 December 2021 and 16 December 2025 respectively, or, subject to certain conditions, at a later date. They are perpetual notes with no maturity date. In certain circumstances, AMP may be required to convert some or all of the Notes into AMP ordinary shares.

5 USD 300m 4 per cent Bond was issued 14 March 2019 and matures 14 September 2021. 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**

AMP maintain facilities arranged through bond and note issues. Additional financing facilities are also provided through bank loans under normal commercial terms and conditions.

	30 Jun 2021 \$m	31 Dec 2020 \$m
Available loan facilities <sup>1</sup>	1,450	1,450
Note program capacity	15,346	14,087
Used	(2,153)	(3,034)
Unused facilities and note programs at the end of the period	14,643	12,503

1 Available loan facilities include bilateral facilities of \$450m which mature on 31 August 2021.

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 4: Capital structure****4.3 Capital management**

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

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

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

**Calculation of capital resources**

The AMP group's capital resources include ordinary equity and interest-bearing liabilities. The AMP group excludes the interest-bearing liabilities of its banking subsidiary, AMP Bank Limited, and controlled investment subsidiaries and trusts from the AMP group capital resources.

Adjustments are also made relating to the net assets of the AMP Foundation and surplus' recognised on any defined benefit plans.

The table below shows the AMP group's capital resources at reporting date:

	<b>30 Jun 2021 \$m</b>	<b>31 Dec 2020 \$m</b>
AMP statutory equity attributable to shareholders of AMP Limited	<b>4,303</b>	4,274
Accounting mismatch and other adjustments	<b>(101)</b>	(54)
AMP shareholder equity	<b>4,202</b>	4,220
Subordinated debt <sup>1</sup>	<b>876</b>	876
Senior debt <sup>1</sup>	<b>1,254</b>	1,254
<b>Total AMP capital resources<sup>2</sup></b>	<b>6,332</b>	6,350

1 Amounts shown for subordinated debt and senior debt are the amounts to be repaid on maturity.

2 A change in methodology was made in the current period to include the impact of cash flow hedge reserves in total AMP capital resources (previously removed as an adjustment). 31 December 2020 accounting mismatch and other adjustments has been re-presented on a consistent basis.

**Capital requirements**

A number of the operating entities within the AMP group of companies are regulated and are required to meet minimum regulatory capital requirements (MRR). In certain circumstances, APRA or other regulators may require AMP and other entities of the AMP 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 AMP's businesses are:

<b>Operating entity</b>	<b>Minimum regulatory capital requirement</b>
AMP Bank Limited (AMP Bank)	Capital requirements as specified under the APRA ADI Prudential Standards
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 businesses	Capital requirements under AFSL requirements

The AMP group maintains 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 AMP group seeks to carry to reduce the risk of breaching MRR.

AMP Limited and AMP Bank have board approved minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Capital targets are also set for AMP Capital to cover risk associated with seed and sponsor capital investments and operational risk. Other components of AMP group's capital targets include amounts relating to group office investments, defined benefit funds and other operational risks.

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

**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 5: Other disclosures**

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

- 5.1 Investment in associates
- 5.2 Provisions and contingent liabilities
- 5.3 New accounting standards
- 5.4 Events occurring after reporting date

**5.1 Investments in associates****Investments in associates accounted for using the equity method**

Associate	Principal activity	Place of business	Ownership interest		Carrying amount	
			30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
			%	%	\$m	\$m
Resolution Life NOHC Pty Ltd <sup>1</sup>	Life insurance company	Australia	19.13	19.62	524	514
China Life Pension Company <sup>1</sup>	Pension company	China	19.99	19.99	378	348
China Life AMP Asset Management Company Ltd <sup>1</sup>	Investment management	China	14.97	14.97	66	57
Global Infrastructure Fund Sponsor <sup>2</sup>	Fund	Cayman Islands	4.74	4.74	74	80
Global Infrastructure Fund II <sup>2</sup>	Fund	Cayman Islands	2.81	2.81	98	91
AMP Capital Infrastructure Debt Fund IV	Fund	Luxembourg	1.25	1.25	59	56
AMP Capital Infrastructure Debt Fund V	Fund	Luxembourg	2.04	3.08	5	66
AMP Haumi Management Ltd <sup>3</sup>	Property manager	New Zealand	50.00	50.00	85	7
PCCP, LLC (Pacific Coast Capital Partners)	Investment management	United States	24.90	24.90	144	137
Other (individually immaterial associates)			n/a	n/a	66	86
<b>Total investments in associates accounted for using the equity method</b>					<b>1,499</b>	<b>1,442</b>

- 1 The AMP group has significant influence through representation on the entity's board.
- 2 Entities within the AMP group have been appointed investment manager, therefore the group is considered to have significant influence.
- 3 During the period, AMP Haumi Management Limited sold the management rights of Precinct Properties New Zealand Limited resulting in a one-off net gain of \$83m to AMP recognised within Share of profit or loss from associates.



**Notes to the financial statements**

for the half year ended 30 June 2021

**Section 5: Other disclosures****5.2 Provisions and contingent liabilities**

	30 Jun 2021 \$m	31 Dec 2020 \$m
<b>(a) Provisions</b>		
Restructuring <sup>1</sup>	23	18
Client remediation	478	579
Buy-back arrangements	51	67
Obligations relating to the sale of WP and mature	238	258
Other	90	134
<b>Total provisions</b>	<b>880</b>	<b>1,056</b>

	Restructuring <sup>1</sup> \$m	Client remediation \$m	Buy-back arrangements \$m	Obligations relating to the sale of WP and mature \$m	Other \$m	Total \$m
<b>(b) Movements in provisions</b>						
Balance at the beginning of the period	18	579	67	258	134	1,056
Additional provisions during the period	18	35	-	16	20	89
Provisions used during the period	(13)	(136)	(16)	(36)	(64)	(265)
<b>Balance at the end of the period</b>	<b>23</b>	<b>478</b>	<b>51</b>	<b>238</b>	<b>90</b>	<b>880</b>

1 Restructuring provisions are recognised in respect of programs that materially change the scope of the business or the manner in which the business is conducted.

**Significant accounting estimates and judgements:**

The 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 AMP 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 AMP group. Legal proceedings threatened against AMP may also, if filed, result in AMP 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 AMP group (or its insurers) in a dispute, accounting standards allow the AMP group not to disclose such information. It is the AMP group's policy that such information is not disclosed in this note.

**Industry and regulatory compliance investigations**

AMP is subject to review from time to time by regulators, both in Australia and offshore. In Australia, AMP'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 AMP 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 AMP to enhance its control framework, governance and systems.

AMP is undertaking additional reviews concurrently with these regulatory 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.

## Notes to the financial statements

for the half year ended 30 June 2021

### Section 5: Other disclosures

#### 5.2 Provisions and contingent liabilities (continued)

##### Client remediation

AMP's customer review and remediation programs are in the final stages of completion. These programs were 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).

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

##### *Inappropriate advice*

AMP has completed the identification of clients who have suffered loss or detriment as a result of receiving inappropriate advice from their advisers and is progressing with compensation. The scope of the review included the period from 1 January 2009 to 30 June 2015 specified by ASIC in Report 515 Financial advice: Review of how large institutions oversee their advisers. AMP extended its review to 30 June 2017.

Compensation has been and continues to be paid and a provision remains for compensation payments yet to be made. Payments are expected to be substantially complete by 31 October 2021.

##### *Advice service fee (fees for no service)*

AMP has completed the identification of clients of advisers who have been charged an ongoing service fee without the provision of financial advice services (or where there is insufficient evidence of the provision of financial advice services). This involved a large-scale review of fee arrangements from 1 July 2008 as specified by ASIC in Report 499 Financial advice: Fees for no service. Customer file reviews, conducted across AMP licensees, have been completed and compensation has been and continues to be paid. A provision remains for compensation payments yet to be made. Payments are expected to be substantially complete by 31 October 2021.

##### *Other matters*

In addition to the inappropriate advice and advice service fee reviews for the periods mentioned above, other reviews, as part of ongoing monitoring and supervision activities, have been performed during the period. These reviews are ongoing and where the reviews have identified instances of clients having suffered loss or detriment, compensation has been paid. As at 30 June 2021, provisions and project costs of \$52m have been recognised for the estimated remaining compensation due to clients, including lost earnings, for these matters. The provisions are judgemental and the actual compensation to clients could vary from the amounts provided.

##### Buy-back arrangements

AMP has contractual arrangements with financial advice businesses in the aligned AMP advice network to purchase their client registers at agreed multiples to revenues subject to certain conditions being met. These buy-back arrangements include 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. Client registers are either acquired outright by AMP or AMP facilitates a sale to an existing business within the aligned AMP advice network.

Where a notice of intention to invoke the buy-back arrangement has been received or is considered likely to be received in future periods, 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 notices received and resulting loss incurred upon settlement of the arrangements may vary significantly from the provision.

##### 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. An appeal against that decision was filed by one of the unsuccessful plaintiffs. Whilst that appeal was subsequently dismissed, that decision was subject to a further appeal to the High Court of Australia, which was heard in November 2020 and judgement was handed down on 10 March 2021. The High Court of Australia dismissed that appeal and, as result, the consolidated class action continues (as originally determined by the Supreme Court of New South Wales). 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.

## Notes to the financial statements

for the half year ended 30 June 2021

### Section 5: Other disclosures

#### 5.2 Provisions and contingent liabilities (continued)

##### *Superannuation class actions*

During May and June 2019, certain subsidiaries of AMP Limited, 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, a consolidated claim was filed and defences were filed on behalf of the respondent AMP Limited subsidiaries. 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 AMP Limited, 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 as currently brought, 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 AMP Limited, 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 AMP Limited, 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 consolidated claim was served in March 2021, and the AMP respondents filed a defence in May 2021. 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 AMP Limited, 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 are yet to file their defence in 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 AMP Limited, 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 are yet to file their defence in the proceedings. Currently, it is not possible to determine the ultimate impact of this claim upon AMP.

##### **Indemnities and warranties to Resolution Life**

Under the terms of the sale agreement for the sale of the WP 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.

## Notes to the financial statements

for the half year ended 30 June 2021

### Section 5: Other disclosures

#### 5.3 New accounting standards

##### a) New and amended accounting standards adopted by the AMP 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 AMP group other than as described below.

##### Interest Rate Benchmark Reform

In September 2020, the AASB issued AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase II. This standard offers a number of practical expedients and addresses issues that may affect the group at the point of transition from an existing Interbank Offer Rate (IBOR rate) to an Alternative Reference Rates (ARR), including the effects of changes to contractual cash flows or hedging relationships.

The group has exposure to IBOR rates that are subject to reform through its issuance of GBP debt and associated hedging instruments which reference GBP LIBOR. The group is continuing to monitor market developments in relation to the removal of GBP LIBOR as a reference rate, is actively progressing its transition plan for hedging instruments exposed to GBP LIBOR and assessing whether the transition, which is expected to occur later this year, has an impact on the group's financial position.

In managing the transition to ARR for the affected financial instruments the group expects to apply the practical expedients provided under Phase II.

##### 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, other than the potential impact from Phase II of interest rate benchmark reforms as discussed in note 5.3(a).

#### 5.4 Events occurring after reporting date

On 8 July 2021, AMP announced entering into a binding agreement with Macquarie Asset Management to sell AMP Capital's global equities and fixed income business for a consideration of up to \$185 million. The sale is subject to a number of conditions and is expected to close in the first quarter of 2022.

On 26 July 2021, AMP announced the introduction of a new service model with its aligned advice network, marking a new era for financial advice at AMP.

The contemporary approach includes three key components:

- A new service proposition and fee model for advice practices, which has been competitively benchmarked against the industry and reflects the services offered. It includes a set of core services as well as user pay services. The new fee model will be phased in from 1 January 2022 to 1 January 2023.
- The release of institutional ownership of clients from AMP Financial Planning to advisers, with the ability to transfer clients out of the AMP network. This change will take effect from 1 January 2022.
- The conclusion of client register buy-back arrangements from 31 December 2021, with practice principals able to take advantage of current terms remaining in place until this date.

Further advice practice exits are anticipated before the conclusion of buy-back arrangements and the impact of these exits has been considered and incorporated into the buy-back arrangements provision as at 30 June 2021.

Other than the matters above, as at the date of this report, 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.

## Directors' declaration

for the half year ended 30 June 2021

In accordance with a resolution of the directors of AMP 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 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 Limited and the consolidated entity for the financial half year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including section 304 (compliance with accounting standards) and section 305 (true and fair view).



**Debra Hazelton**  
Chair  
Sydney, 12 August 2021



**Alexis George**  
Chief Executive Officer and Managing Director



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working world**

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

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of AMP Limited (the Company) and its subsidiaries (collectively the Group), which comprises consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, 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 2021 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*.

#### 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 30 June 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

### **Independence**

In conducting our review, we have complied with the 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* (the Code).

*Ernst & Young*

Ernst & Young

*APR*

Andrew Price  
Partner  
Sydney  
12 August 2021