

Notes to the financial statements

for the year ended 31 December 2022

ABOUT THIS REPORT

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

(a) Understanding the AMP financial report

The AMP group (AMP) 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 financial report:

- is a general purpose financial report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board;
- is presented in Australian dollars with all values rounded to the nearest million dollars (\$m), unless otherwise stated;
- has been prepared on a going concern basis generally using a historical cost basis; however where permitted under accounting standards a different basis may be used, including the fair value basis;
- presents assets and liabilities on the face of the Consolidated statement of financial position in decreasing order of liquidity and therefore does not distinguish between current and non-current items;
- presents reclassified comparative information where required for consistency with the current year's presentation within the financial report, including restated comparative information to reflect the impact of discontinued operations as detailed in note 5.2.

AMP Limited is a for-profit entity and is limited by shares. The financial statements for the year ended 31 December 2022 were authorised for issue on 16 February 2023 in accordance with a resolution of the directors.

Sale of AMP Capital

On 23 April 2021, AMP announced its intention to exit AMP Capital's private markets investment management business via demerger. Subsequent to that announcement, and as part of AMP's divestment strategy, AMP announced a series of sales transactions, which includes AMP Capital's private markets investment management business and other AMP Capital businesses (collectively AMP Capital businesses). The residual investments of AMP Capital (China Life AMP Management Company Ltd (CLAMP), Pacific Coast Capital Partners (PCCP) and certain seed and sponsor investments) will remain a part of the AMP group. These transactions and their impact on AMP's financial statements for the year ended 31 December 2022 are as follows:

- On 11 February 2022, AMP completed the sale of its infrastructure debt platform to Ares Holdings LP. The results relating to the infrastructure debt platform have been classified as discontinued operations in the Consolidated income statement and the impact of the sale is included within the Gain on disposal of businesses sold in note 5.2.
- On 28 March 2022, AMP completed the sale of its Global Equities and Fixed Income (GEFI) business to Macquarie Asset Management (MAM). The sale included the opportunity for deferred consideration of \$75m. In December 2022, AMP and MAM agreed to a final deferred consideration amount of \$23m. The results relating to the GEFI business have been classified as discontinued operations in the Consolidated income statement and the impact of the sale is included in the Gain on disposal of businesses sold in note 5.2.
- On 27 April 2022, AMP announced it had entered into an agreement for the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Ltd (Dexus). On 9 January 2023, AMP announced an update on the sale, which included an agreement to extend the date for satisfaction or waiver of conditions precedent to 28 February 2023. In accordance with the 8 January announcement, upfront cash consideration is expected to be \$225m. In addition, Dexus will acquire AMP's existing and committed sponsor stakes in the platform for cash consideration expected to be approximately \$94m (final consideration based on valuation at completion). The transaction is subject to regulatory approvals. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2) and its assets and liabilities have been separately classified as held for sale in the Consolidated statement of financial position. The gain or loss on disposal will be included in the results for the year ended 31 December 2023.
- On 3 February 2023, AMP announced the completion of the sale of AMP Capital's international infrastructure equity business to DigitalBridge Investment Holdco, LLC which had previously been announced on 28 April 2022. Total value realised is \$582m, comprising of \$521m cash payment, \$57m of value from retained estimated future carry and performance fees and \$4m of gains on foreign exchange hedges of the estimated consideration, between signing and completion. In addition, AMP remains eligible for a further cash earn-out of up to \$180m which is contingent on future fund raisings. The results of this business have been classified as discontinued operations in the Consolidated income statement (refer to note 5.2) and its assets and liabilities have been separately classified as held for sale in the Consolidated statement of financial position. The gain or loss on disposal will be included in the results for the year ended 31 December 2023.

(b) Basis of consolidation

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

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

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

Materiality

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

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

(c) Significant accounting policies

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

Interest, dividend and distribution income

Interest income measured at amortised cost is recognised in the Consolidated income statement using the effective interest method. Revenue from dividends and distributions is recognised when the AMP group's right to receive payment is established.

Foreign currency transactions

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

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

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

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

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

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

Notes to the financial statements

for the year ended 31 December 2022

(d) Critical judgements and estimates

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

Accounting estimates and judgements	Note		Page
Taxes	1.4	Taxes	92
Impairment of financial assets	2.1	Expected credit losses (ECLs)	96
Fair value of financial assets and liabilities	2.2	Investments in other financial assets and liabilities	97
Goodwill and acquired intangible assets	2.3	Intangibles	100
Defined benefit plan	4.1	Defined benefit plan asset	126
Discontinued operations	5.2	Discontinued operations	134
Right of use assets and lease liabilities	6.3	Right of use asset and lease liabilities	141
Provisions and contingent liabilities	6.4	Provisions and contingent liabilities	144

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SECTION

RESULTS FOR THE YEAR

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

Statutory measures of performance disclosed in this report are:

- Statutory earnings per share (EPS) – basic and diluted, and
- Profit/(loss) after tax attributable to the shareholders of AMP.

NPAT (underlying) is AMP's key measure of business performance. This performance measure is disclosed for each AMP operating segment within Segment performance.

- [1.1 Segment performance](#)
- [1.2 Other operating expenses](#)
- [1.3 Earnings per share](#)
- [1.4 Taxes](#)

1.1 SEGMENT PERFORMANCE

The AMP group identifies its operating segments based on separate financial information that is regularly reviewed by the Chief Executive Officer and the 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 (AWM)	AWM comprises three business lines providing advice, superannuation, retirement income and managed investment products through: <ul style="list-style-type: none"> – Platforms – provides a wrap platform which includes superannuation, retirement and investment solutions. – Master Trust – provides a whole of wealth solution for both retail and corporate members. – Advice – provides financial advice services and equity investments in advisor practices.
AMP Bank	AMP Bank offers residential mortgages, deposits and transactional banking services.
AMP Capital continuing operations	AMP Capital continuing operations represents AMP's investment in CLAMP, PCCP and certain seed and sponsor investments.
New Zealand Wealth Management (NZWM)	New Zealand wealth management encompasses wealth management, financial advice and general insurance distribution businesses in New Zealand. It provides clients with a variety of wealth management solutions, including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and general insurance.