2020 Annual report

About this report

We take our reporting obligations seriously and we provide concise and up-to-date information about your company at amp.com.au/shares

AMP's board-approved corporate governance statement, dated 11 February 2021, is available on our website at amp.com.au/corporategovernance

The Directors' report, Financial report and Independent auditor's report are dated and current as at 11 February 2021.

Unless otherwise specified, all amounts are in Australian dollars.

AMP Limited ABN 49 079 354 519. Authorised for release by the AMP Limited Board.

We have delivered a resilient business performance in 2020 despite significant market volatility.

Our business was not immune to the economic impacts of COVID-19 but despite the external and internal headwinds we faced, we made material progress in the execution of our transformation strategy.

Our people were agile as they adapted to a new way of working and maintained their focus on serving our clients as we navigated through a challenging operating environment.

Contents

About AMP

AMP has evolved over the course of its 172-year history to meet the changing needs of clients.

Principal activities

Founded in 1849, AMP is Australia and New Zealand's leading wealth management company offering clients financial advice and superannuation, retirement income, banking, and investment products across our portfolio of businesses. The company also provides corporate superannuation products and services for workplace super and self-managed superannuation funds (SMSFs).

AMP has a long history of helping clients manage their finances and realise their financial ambitions. Our commitment to this is articulated in our purpose statement – *Realise human ambitions*. It explains the kind of company AMP wants to be and the positive impact we seek to make in the world. We do this by helping our clients manage risks and reduce uncertainties of financial outcomes to reach their goals.

AMP is headquartered in Sydney, Australia. Together with its subsidiaries, the company has over 5,900 employees globally, predominantly based in Australia and New Zealand.

In 2020, the organisation was streamlined to three business units – AMP Australia (wealth management and bank), AMP Capital, and New Zealand wealth management.

AMP Australia

AMP Australia aims to help Australians manage and grow their wealth throughout their lives.

In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team to drive a more integrated organisation with the aim of delivering significant value to our clients, AMP, and our shareholders.

Australian 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.

The reinvention of wealth management, to better deliver whole-of-wealth services to clients is a key priority in AMP's transformation strategy. The simplification of our wealth management platforms combined with a focus on compliant, professional, and productive advice will deliver better outcomes for our clients and growth for the company. Through our employed and aligned advice network, we support over 1,500 advisers in Australia to provide quality financial advice to clients.

AMP Bank offers residential mortgages, deposits, and transaction banking. In 2020, AMP made a significant investment in the enhancement and modernisation of the bank's core platform system to improve client experience, strengthen risk controls and support scaled growth in the future.

Sale of wealth protection and mature businesses

On 1 July 2020, AMP announced the completion of the sale of the Australian and New Zealand wealth protection and mature businesses to Resolution Life Australia Pty Ltd (Resolution Life).

The gross sale proceeds were $3.0 billion comprising:

– $2.5 billion cash; and
– $500 million equity interest in Resolution Life Australasia, a new Australian-domiciled, Resolution Life-controlled holding company that is now the owner of the Australian and New Zealand wealth protection and mature businesses.

Resolution Life was on risk for all experience and lapse losses from 1 July 2018 until 30 June 2020 and was entitled to all Australian and New Zealand wealth protection and mature businesses' net earnings during that period. The sale completed on 30 June 2020. AMP continue to report the results of Australian and New Zealand wealth protection and mature businesses through to 30 June 2020.

AMP Capital

AMP Capital is a diversified investment manager across major asset classes including infrastructure debt, infrastructure equity, real estate, equities, fixed interest, diversified, multi-manager and multi-asset funds.

AMP Capital's aspiration is to build the best global private markets platform in the world, underpinned by real assets. Simultaneously, AMP Capital's public markets business will be refocused to support its key strategic partners.

On 1 September 2020, AMP completed the repurchase of Mitsubishi UFJ Trust and Banking Corporation's (MUTB) 15% shareholding in AMP Capital, resulting in 100% ownership of AMP Capital and the conclusion of the existing business and capital alliances between MUTB, AMP Limited and AMP Capital. AMP Capital and MUTB continue to cooperate strategically, building on their mutually beneficial business relationship in Japan with AMP Capital continuing to deliver its investment products through MUTB's network.

New Zealand wealth management

The **New Zealand wealth management** business (NZWM) encompasses the wealth management, financial advice, and distribution business in New Zealand.

It provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and general insurance.

A decision to retain and grow the business was announced in May 2020. The retention strategy included investment in the automation of client-facing technology and customer processes and a simplified distribution model with advisers now either employed or independently contracted.

Localisation of operations including the repatriation of all offshore processing to eliminate risk was also completed as part of the 2020 transformation strategy.

Strategic partnerships

AMP holds several strategic partnerships including:

– 19.62% equity interest in Resolution Life NOHC Pty Ltd (Resolution Life Australasia) subsequently reduced to 19.13% on 22 January 2021
– 19.99% equity interest in China Life Pension Company (CLPC)
– 14.97% equity interest in China Life AMP Asset Management Company Ltd, a funds management company which offers retail and institutional investors in China access to leading investment solutions
– 24.9% equity interest in US real estate investment manager, PCCP LLC.

2020 highlights

We have delivered a resilient business performance in 2020 despite significant market volatility and economic impacts.

The pandemic has fundamentally disrupted the way our clients, people, and community work, live and think about their finances. It has been a year of change for AMP, including the completion of the sale of our life insurance business, changes in our executive and board leadership and the commencement of a review of our portfolio.

$295m

full year 2020 net profit after tax (NPAT) (underlying) reflected the impacts of COVID-19 on financial markets, the economy, and increased operating costs to service clients.

90%

of 2020 market commitments delivered; three-year transformation strategy on track; including sale of AMP Life, upgrades to AMP Bank's core technology platform and significant advancement of advice reshape.

$121m

of cost-out delivered in full year 2020; accelerated cost reduction initiatives in second half 2020 after COVID-19 related investment in first half 2020.

$344m

from AMP Life sale proceeds paid to shareholders via a special dividend of 10 cents per share in October 2020.

$1.8b

paid in early release of super to clients in need.

$2m

in grants to support COVID-19 impacted charities through AMP Foundation's emergency grants program.

Our community: Mental Health Legal Centre

In 2020, charities faced momentous challenges as they tried to meet increased demand while staying afloat.

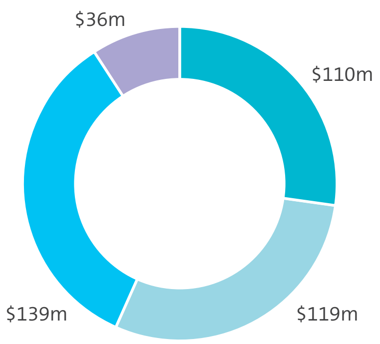
The Melbourne-based Mental Health Legal Centre (MHLC), which works with vulnerable community members, was one of 23 non-profit organisations awarded an AMP Foundation COVID-19 Community Boost grant. The grants were designed to help non-profits meet increased demand for their support, and included providing funding to implement new technologies and in some instances fund salaries through a challenging period for fundraising.

MHLC used its $130,000 AMP Foundation grant to fund a part-time financial counsellor, a financial counsellor intern and a part-time social worker to help clients with their financial issues as well as provide them access to tele-health and other community services.

MHLC General Manager Charlotte Jones said the funding had helped the non-profit build capacity during the pandemic to support the rise in new clients experiencing homelessness, dealing with evictions, hardship, and relationship breakdowns. "These people have been struggling and COVID made things harder... it's been phenomenal what we have been able to do for them with the AMP Foundation's grant. Philanthropic support enables us to take apart people's complex problems and then pass them around to our team of specialists to help solve each issue."

Financial highlights

- $295 million full year 2020 net profit after tax (NPAT) (underlying) reflected the impacts of COVID-19 on financial markets, the economy and increased operating costs to service clients
- FY 2020 earnings impacted by decline in assets under management (AUM) in Australian wealth management (AWM) (down 8%) and AMP Capital (down 7%)
- AMP Bank maintained its position with $20.2 billion residential mortgage book in a competitive lending market
- NZWM AUM increased $128 million to $12.4 billion in 2020



2020 net profit after tax (underlying)

- Australian wealth management
- AMP Bank
- AMP Capital
- New Zealand wealth management

Operational highlights

- $121 million of gross cost savings delivered in full year 2020; accelerated cost reduction initiatives in second half 2020 after COVID-19 related investment in first half 2020
- Client remediation program 80% complete at 31 December 2020, costs for program tracking to expectations
- Strong capital position, $521 million capital surplus above requirements
- $344 million from AMP Life sale proceeds paid to shareholders via a special dividend of 10 cents per share in October 2020

$521m

capital surplus above requirements.

Sustainability highlights

Clients

- Paid $1.8 billion in early release of super to clients in need.
- Launched partnership with Good Shepherd to provide free confidential financial counselling to AMP clients experiencing hardship.
- Supported AMP Capital tenants with flexibility of rent payment terms and trading hours.

People

- Rapidly scaled remote working technologies enabling 95% of employees to work flexibly.
- Coordinated and delivered key projects including one of the largest successor fund transfers (SFT) in Australian history while working remotely.
- Initiated inclusive leadership training for senior leaders – all employee rollout scheduled for 2021.

Community

- $2 million in support for COVID-19 impacted charities through emergency grants program from AMP Foundation.
- Launched Innovate Reconciliation Action Plan (RAP), building on strong progress since 2019 launch of AMP Capital's Reflect RAP.
- Converted several AMP Capital infrastructure assets to COVID-19 crisis centres and community assessment clinics.

Chair's message

2020 was an extraordinary year for the world, and within AMP.

Our full year performance reflects the disruption and economic impacts of COVID-19 and the significant transition that is occurring within our business environment as we progress into the second year of our three-year transformation strategy.

I am pleased to present the AMP Limited Annual report for 2020.

Despite the challenges to our operating environment brought on by external and internal disruption, we remained agile. Providing help and support to our clients during the pandemic has been our priority, as volatile markets impacted their investments and financial plans. While strong progress has been made in delivering to our ambitious transformation agenda and historical remediation issues, we acknowledge that AMP's organisational instability has adversely impacted shareholder experience. We have earnestly listened to your feedback and the board and management commit to take all necessary actions to restore confidence and trust in our company.

There are a number of key matters I would like to address in this message including an update on our capital management strategy, the portfolio review, business performance, our work on corporate culture and our standing on the critical issue of sustainability.

Dividend and capital

As announced at our half year results, a 10 cents per share special dividend was paid in October, following the completion of the AMP Life sale. As also indicated, the board has resolved not to declare a final full year 2020 dividend.

However, the board understands the importance of dividends to our shareholders and we are committed to restarting the group's capital management initiatives including the payment of dividends, share buyback and other initiatives in 2021. This is subject to market conditions and business performance. We maintain a strong financial position and remain prudent with our capital with a surplus above total requirements of $521 million.

Portfolio review

Our company experienced significant change in 2020. The sale of AMP Life, our wealth protection and mature businesses in Australia and New Zealand, to Resolution Life Australia Pty Limited marked a historic moment for our company as AMP ceased to be a life insurer after 170 years.

Following the completion of the sale, the board initiated a portfolio review to assess and respond to increased interest in the group's assets and business. This included engagement with Ares Management Corporation (Ares), a US-based investment manager, on a non-binding, indicative and conditional proposal for a whole of company acquisition.

Although discussions on a whole of company acquisition have now ceased, we have entered into a non-binding Heads of Agreement and a 30-day period of exclusivity to pursue the formation of a joint venture for AMP Capital's private markets businesses of infrastructure equity and infrastructure debt, real estate and other minority investments (Private Markets) on 26 February 2021. There is no certainty that a transaction will proceed, or the terms on which it would proceed, but we will provide an update (to the market) on the outcome as soon as possible.

Our review has confirmed that AMP's transformation strategy for the AMP Australia (wealth management and AMP Bank) and New Zealand wealth management businesses is the strategy to drive value for shareholders. The AMP board has therefore concluded the review of these assets.

2020 business performance

Business performance in 2020 remained resilient despite the market volatility and COVID-19 impacts on clients and asset performance. Our underlying net profit after tax (NPAT) was down 33% to $295 million. This was a result of volatile financial markets in our wealth management businesses in Australia and New Zealand, and our investment management business, AMP Capital. The COVID-19 related weakness in the Australian economy also led us to take a provision for potential mortgage defaults in AMP Bank, although reassuringly credit quality has remained strong.

Despite the conditions, our teams made strong progress on transforming the business. We have simplified our superannuation business and reduced fees for clients, continued to reshape our financial advice business and delivered a major technology platform upgrade in AMP Bank. In AMP Capital, we continued to invest in and grow our private markets businesses in global infrastructure and real estate.

Culture

Our industry is competitive and continuously changing, and achieving our goals requires a high-performance culture. The board and I are aware of the disappointment felt after questions about our company's culture were raised last year. Improving corporate culture, including risk culture, is a core priority for AMP and is critical to the success of our three-year transformation program.

Following my appointment as Chair in September 2020, we committed to accelerating existing culture change initiatives and to introduce further initiatives to build a culture that is more inclusive, accountable and performance driven. The board was particularly involved in the establishment of the Board Culture Working Group, of which I was Chair, and initiated a review of workplace conduct. A major task of the Culture Working Group was to set down the board's shared beliefs in terms of culture, governance and strategy. This work is now complete and provides the board and management with a clear framework for expectations and system design.

The comprehensive review of workplace conduct has also been completed and while it pleasingly found that AMP does not have a systemic issue with regard to sexual harassment or misconduct in our workplace, it has identified some key improvement areas to meet global best practice standards. The board stands firm with our CEO, Francesco De Ferrari, in his continued prioritisation of this important work.

Remuneration

Following feedback on the 2020 Remuneration report, the board has taken the time to complete a formal review of our remuneration framework.

We are committed to setting the remuneration targets of our executives at levels that align with the company's performance and meet shareholder expectations. Our remuneration approach must also balance the need to retain talent and reward performance that delivers strong outcomes for clients.

AMP's performance in 2020 is reflected in the variable remuneration outcomes for the CEO and key management personnel (KMP). The decision to not pay any short-term incentives to the CEO and current KMP reflects the board's view to align remuneration with shareholder outcomes.

In recognition of the potential risk of losing key executives during the portfolio review process, the board has approved some limited retention payments to be paid later in 2021.

Looking forward, we have made a number of changes to our remuneration framework from 2021 to ensure focus on driving sustainable, long-term results. All changes are explained in further detail in our 2020 remuneration report.

Sustainability

The board prioritises addressing and advancing shareholder interests by focusing on long-term sustainable returns while balancing near-term objectives. Importantly, community interests and other non-financial considerations are also factored into board decision-making where they impact shareholder value. We recognise that economic, social and environmental issues can have a material impact on business performance and society. AMP's non-financial disclosures have evolved significantly, and our 2020 Sustainability report represents the positive steps taken by AMP towards best practice.

Board changes

The composition of our board changed significantly throughout 2020. Former Chairman David Murray AO and former non-executive director John Fraser resigned in August and I would like to take this opportunity, on behalf of the board, to thank them both for their significant contributions to AMP.

Earlier in 2020 Mike Wilkins AO, Andrew Harmos, Peter Varghese AO and Trevor Matthews retired from the board. We sincerely thank them all for their dedicated service and contribution. We welcomed three new additions to the board in 2020 with Rahoul Chowdry, Michael Sammells and Kate McKenzie. The board composition now meets our 40:40:20 target for gender diversity.

In 2021, ongoing stability, retention of corporate knowledge and ensuring that the board has the appropriate skill set to provide oversight of the business and its continuing transformation are key areas of focus.

Looking forward

In 2020, AMP delivered against major milestones of its transformation strategy to become a more client-led, simple, and growth-oriented business in particularly challenging circumstances. In 2021 we intend to build on this successful execution momentum while always acting in shareholders' best interests and with absolute alignment to AMP's values and purpose.

I am personally very encouraged by the number of people who expressly want to see AMP succeed in its ambitious transformation and am also buoyed by the resilience and passion of our people.

On behalf of our board, I sincerely thank you for your ongoing support.

Debra Hazelton
Chair

Throughout our history, AMP has been a source of support for our clients and the community in times of crisis.

Amid a challenging year for many of our clients, I'm pleased that AMP continued to deliver on this commitment.

Over the course of 2020, we provided early access to superannuation, paying $1.8 billion to our super fund members in need; we paused home loan repayments for 11% of our mortgage clients; we provided rent relief and other assistance to our real estate tenants; and we re-purposed some of our infrastructure assets as COVID-19 crisis centres to support communities.

We stepped up our support for clients who contacted us during the initial peak of the pandemic early in the year.

Most pleasingly, we delivered this support amid a period of intense change in our business.

In late 2019 we set out a three-year strategy to transform AMP, to create a simpler and client-led business which would deliver growth to shareholders again. In our first year of that strategy in 2020, we achieved 90% of the objectives we set. We completed the sale of AMP Life and took the decision to retain our New Zealand wealth management business to develop and grow it. We accelerated the simplification of our superannuation business and pushed forward on a challenging reshape of our financial advice business. We have also set our bank up for future growth through the successful renovation of our core banking platform, and we continued to improve our wealth business and see growth in our North platform.

We pivoted our strategy for AMP Capital, focusing on the growth of our private markets businesses of infrastructure equity, infrastructure debt and real estate, while working on plans to increase the scale of our public markets business. As we concluded our work on the portfolio review of our assets this year, the board concluded that a joint venture with Ares Management Corporation (Ares) and AMP Capital's Private Markets business would accelerate growth and drive best returns for shareholders and clients. We announced on 26 February 2021 that AMP has entered into a non-binding heads of agreement with Ares for a 60:40 joint venture of our private markets businesses. If agreed, this proposed partnership would enable our private markets business to leverage Ares' powerful distribution and investment expertise, enabling further growth of this business.

2020 financial performance

Our performance in 2020 was reflective of a challenging operating environment and the wide-ranging impacts of COVID-19 on our business.

Our net profit after tax (NPAT) (underlying) was $295 million due largely to the unforeseen weakening in economic conditions and impacts of the pandemic on investment markets. The net profit after tax (statutory) was $177 million (2019: loss $2.5 billion). This result was improved by the gain on sale of AMP Life and a significant reduction in impairments compared to 2019.

AMP Capital experienced several internal changes and was not immune to the impacts of COVID-19. Despite this, the business maintained its focus and saw some strong returns on infrastructure asset sales and continued support for fundraises.

AMP Bank delivered resilient performance in an increasingly competitive market, growing deposits by 12% and maintaining a steady, disciplined approach on loan credit quality. Pleasingly, the bank had over 80% of clients on mortgage repayment pauses returning to repayments by 31 December 2020.

2021 presents an opportunity for us to take our company forward with the same commitment, hard work and resilience shown by our people in 2020.

Australian wealth management continued to consolidate and strengthen practices to improve the productivity and quality of advice. The North platform continued to perform favourably and the simplification of super saw a reduction in the number of MasterTrust products from 70 to 11.

Our New Zealand wealth management business showed continued stability in 2020, growing KiwiSaver cashflows and increasing assets under management.

As we committed, our client remediation program remained a priority. The program is now more than 80% complete and we remain on track to fully complete it by mid-2021.

Despite additional investment in supporting clients through the pandemic, we delivered $121 million in gross cost savings in 2020. Although we missed our 2020 target of $140 million, we are committed to our $300 million in cumulative gross cost savings by the end of 2022. While a majority of changes as part of the cost-out program were announced in 2020, we will continue to drive towards building a simpler, more efficient business.

2021 outlook

In the coming year, our focus will be firmly placed on continuing to deliver our transformation program in Australian wealth management, establishing our growth strategy in New Zealand wealth management, and reaching a conclusion on portfolio review and the potential joint venture for AMP Capital's private markets business.

AMP is becoming a leaner and simpler business, and we will continue to focus on reducing our cost base to drive returns to shareholders. We will also continue to drive forward with our initiatives to embed a culture that is inclusive, accountable and performance driven.

While we face ongoing headwinds in wealth management in Australia, we are responding, and we are focusing on driving earnings growth in both the bank and the platforms business.

While 2020 has been a turbulent year, the COVID-19 pandemic has shown that we are adaptable and resilient. Despite the challenges, the collaboration between governments, businesses and the wider community to respond to the pandemic illustrates what can be achieved by working together. I take great pride in the amazing work of our people and am encouraged by the support shown across our teams to lift and support each other.

I thank our people for their support and hard work this year and the board for its stewardship. Finally, while COVID-19 will continue to shape our business in different ways throughout 2021, I look forward to working with our people to grow our iconic business and remain optimistic on the outlook for AMP in 2021.

Francesco De Ferrari
Chief Executive Officer

In 2019, AMP announced a three-year transformation strategy to become a simpler, client-led, growth-oriented business.

At that time, the disruption and economic impacts of the COVID-19 pandemic could not have been predicted.

Despite the significant challenges and disruptions faced in 2020, we delivered on a significant majority of our market commitments. The COVID-19 pandemic enabled our business to demonstrate its resilience as we adapted to a new way of working to support our clients, people, and the community. Our people remained agile through the uncertainty and prioritised serving our clients, but a disciplined approach and focus on the delivery of key objectives of the strategy was also maintained.

The sale of AMP Life, our Australian and New Zealand wealth protection, and mature businesses, was completed on 30 June 2020 and represented a significant milestone in the simplification of our business, reducing our risk liabilities and allowing a fundamental reset of our capital management initiatives. As part of the transaction, our people delivered one of the largest successor fund transfers in Australian history with teams working remotely during the COVID-19 lockdowns. AMP now retains a residual 19.13% equity interest in Resolution Life Australasia.

A decision to retain and grow the New Zealand wealth management (NZWM) business was announced in May 2020. To date, substantial progress has been made to further simplify the business, including the acceleration of digital enhancements for clients, the automation of client-facing technology including the repatriation of all offshore processing and a simplified distribution model with ~66% of AUM managed via AMP and AdviceFirst employed advisers.

In AMP Australia, we made significant progress with 75% of the advice reshape program complete, super simplification through the reduction in products and a core technology renovation and improved digital services for our AMP Bank clients.

In AMP Capital, we shifted our focus towards private markets and continued to deploy capital and make divestments. We refocused our public markets businesses to better support clients with a view to transferring our multi-asset group to AMP Australia in the near future.

In 2021, our efforts will shift to building on these foundations as we look to capitalise on the execution momentum achieved in 2020. Our focus will turn to delivering on 10 priorities in four key areas:

– Reinvent wealth management in Australia
– Grow the New Zealand business
– Expand asset management footprint in private markets
– Create a simpler, leaner business.

Reinventing AMP

Refocusing our portfolio to higher growth, higher return businesses

Australian wealth management	AMP Bank	AMP Capital	New Zealand wealth management	Partnerships
Simpler, client-led wealth manager with tailored offering to meet the needs of Australians	Technology enabled challenger bank that integrates with clients' wealth management needs	Leading global asset manager, expanding private markets through differentiated active management capabilities	Leading wealth manager and general insurance provider	Strategic partnerships giving access to diversified shareholder returns and strategic growth opportunities

Enablers of long-term shareholder value

Refining the business portfolio by shifting capital allocation to higher growth, higher return assets

Disentangling the value chain to enable operational efficiency and improved cost management

Strengthening our culture to drive accountability, inclusion and high performance

2021 Strategic priorities

Reinvent wealth management in Australia

1. Complete reshape of advice
In 2021, we will complete the advice reshape program to establish a commercially sustainable and competitive business model. We will deliver technology solutions to enable practice efficiencies, increase advice accessibility by uplifting our phone-based advice capabilities and continue our support for our adviser network as we complete client migration to Annual Advice and Service Agreements.

2. Complete next phase of superannuation simplification
Building on the execution momentum of 2020, our next phase of building a best-in-class superannuation business will reposition the business for growth. We will refine our product offering, with a primary focus on stabilising outflows by improving investment returns and reducing operating costs while retaining a competitive market position.

3. Grow platforms business
We remain steadfast in our commitment to equip advisers with the necessary tools and information to better serve our clients. To deliver on our growth targets, we will leverage existing relationships within the adviser community to grow our external financial adviser (EFA) cashflows and position North as the platform that best enables adviser efficiency. We will continue our work on the enhancement of North's functionality and optimise our retirement offering to ensure North is fit-for-purpose and equipped to capitalise on industry trends.

4. Recover growth in AMP Bank
To support the delivery of this priority, we will further upgrade our technology offering through MyAMP enhancements to drive an increase in penetration, while continuing to refine our operations to sustain a better than peer cost-to-income ratio. Digital and direct sales capabilities will be enhanced while we simultaneously strengthen our broker channel engagement and expand our whole-of-wealth offer to our existing workplace super members.

Grow the New Zealand business

5. Complete investment renovation and reposition for growth; leverage AdviceFirst leadership position through practice acquisitions
In February we completed our first advice practice acquisition for 2021 and expect to extend our leadership position with further acquisitions in the year.

With ambitions to further build out this key part of the business, we expect to grow AUM directly managed through AMP and AdviceFirst employed advisers. We will continue to drive the localisation of the business, with an ongoing commitment to our digital transformation to deliver a leading digital experience for our clients.

Expand asset management footprint in private markets

6. Scale flagship infrastructure equity and infrastructure debt fund series
Our priority in 2021 is the continued deployment of over $4 billion of uncalled committed capital available to invest in quality infrastructure and real estate assets on behalf of our clients around the world. As we continue to fundraise in the highly successful Global Infrastructure Fund (GIF) and Infrastructure Debt Fund (IDF) series, we will also look at opportunities to enhance and expand our global footprint. A key focus will be to explore opportunities in adjacent sectors where we are able to capitalise on market dislocation and emerging macroeconomic trends.

7. Successfully manage real estate through market disruption
In 2021, we will transfer our multi-asset group (MAG) to AMP Australia to create an end-to-end superannuation and investment-platform business. For our listed equities and fixed-income business, we will explore partnership opportunities to scale the business and accelerate its growth to maximise shareholder value.

Create a simpler, leaner business

8. Deliver $250 million in cumulative gross cost savings
We remain committed to delivering $300 million cumulative gross cost savings in our original FY 2022 timeframe. As at 31 December 2020, $121 million of gross cost savings have been delivered, with a further $130 million of additional gross cost-out targeted in FY 2021.

9. Continue to embed an inclusive, accountable, and high-performance culture
Recognising the importance of our people in transforming our business, our commitments will be underpinned by ongoing initiatives to embed an inclusive, accountable, and high-performing culture within AMP.

10. Complete buyback once portfolio review has concluded, repay corporate debt
The board is committed to restarting AMP's capital management initiatives including the share buyback and payment of dividends in 2021.

AMP Australia

Australian wealth management

$110m

Net profit after tax

Full year 2020 business unit highlights

- A decrease in net profit after tax to $110 million (FY 2019: $195 million) reflects the impact to revenue from weaker investment markets due to COVID-19.
- Early release of super payments to clients and the exit of previously announced corporate super clients accounted for $3.6 billion of the net cash outflow of $8.3 billion. Pension payments to clients in retirement of $2.1 billion in 2020 are also reported as cash outflows.
- The flagship North platform continued to perform favourably with cashflows of $3.7 billion.

Performance highlights

- The Super business began its separation and simplification in the first half of 2020, successfully completing a $60 billion Successor Fund Transfer – one of the largest in Australian history – as part of the sale of AMP Life. Simplification supported reduction from approximately 70 super products to 11, reducing complexity for clients. The number of Trustees was also reduced from two to one.
- Strong progress on reshaping the adviser network. The program is well advanced with a 37% reduction in practice numbers to 595 and a 26% reduction in adviser numbers to 1,573 as we move towards a more professional, compliant and productive network.

Our people: AMP Australia Workplace managers

Jessica Arambulo (NSW) and Stephen Daly (Queensland) are two members of AMP's team of Workplace managers. Their teams are dedicated to helping our members understand their super and what steps they need to take to reach their retirement goals.

"I am passionate about helping people of all ages better understand their options, opportunities and what's possible so they can make informed financial decisions today, while setting themselves up for the life they want later," says Stephen. "Every person I talk to goes away with a few things to look into. The challenge we face is getting people to engage with what could be their largest investment they have – a lot of people don't know where their money is invested, if they have insurance or not, the importance of a beneficiary nomination or tax effective contribution strategies."

Jessica explains, "Through the volatility of COVID-19, our team were able to remind members that super is a long-term investment and that markets generally recover. Every day I see the positive difference we make in the life of our members. The most common feedback I get is that they get peace of mind from feeling more in control of their finances and understanding the ins-and-outs of their super investment."

"I'll never really know the full impact on a client's situation after our conversation in terms of exact quantum but I do take enormous pride in educating Australians about their super and feel very privileged that I have helped client set up for success down the track."

AMP Australia
AMP Bank

$119m
Net profit after tax

Full year 2020 business unit highlights

- In 2020, AMP Bank made a provision for credit losses in response to economic impacts of COVID-19 on mortgage holders. The provision is reflected in net profit after tax of $119 million (FY 2019: $141 million).
- Mortgage book resilient at $20.2 billion amid increased competition due to easing of regulatory restrictions on lending and lower interest rates.
- Good credit quality maintained with 90+ day arrears 0.62% improving on FY 2019 (0.66%).
- Net interest margin was 1.59% in FY 2020, 10 bps lower than FY 2019 driven by higher funding and deposit costs.

Performance highlights

- Strong deposit growth with an increase of 12% to $16.1 billion (FY 2019: $14.4 billion) strengthening funding base.
- The renovation of AMP Bank's core technology was completed on time and under budget. Digital enhancements and automation capabilities including the launch of Apple Pay and upgrades to automated credit decisioning and straight-through processing on loans were also delivered increasing efficiencies and growth opportunities.

Our clients: Good Shepherd partnership

At AMP, we are committed to supporting our clients.

The uncertainty created by the pandemic, from both a health and economic perspective made 2020 a particularly tough year for many.

Through the AMP Foundation, we launched a partnership with Good Shepherd, a non-profit, financial inclusion leader, to provide specialised assistance through these challenging times.

AMP and Good Shepherd have established a specialist team of financial wellbeing experts to help AMP clients in financial hardship, empowering them with a greater understanding of the options available to them.

This initiative brings together our expertise as a company, our passion to support and care for our clients and our purpose of helping realise human ambitions.

AMP Capital

$139m

Net profit after tax

Full year 2020 business unit highlights

- AMP Capital aims to be a trusted partner of its clients delivering consistent investment performance. Although the market volatility experienced in 2020 made this more challenging, as at 31 December 66% of AUM outperformed market benchmarks over a three-year time period.
- AMP Capital's FY 2020 net profit after tax decreased to $139 million[1] (FY 2019: $204 million) with transaction and performance fees down due to the impact of COVID-19 on investment markets.
- AUM-based earnings proved relatively resilient, in light of the challenging economic environment and equity market volatility.
- Average AUM decreased to $193.8 billion reflective of challenging market conditions.
- International institutional client base grew by 42 to 400 in FY 2020, AUM up 8% to $22.0 billion.

Performance highlights

- Continued momentum in infrastructure debt and infrastructure equity series of funds with $3.5 billion of capital deployed in 2020. A strong commitment to real estate capabilities with $4.1 billion[2] of uncalled committed capital available to be deployed.
- Delivered a robust investment performance in real estate with 72% of AUM outperforming benchmarks over a three-year period.
- Exceptional performance throughout a period of extreme volatility in global equities and fixed income with 94% of AUM outperforming benchmark over three years.

1 The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.

2 $1.0 billion infrastructure debt; $1.8 billion infrastructure equity; $1.3 billion real estate.

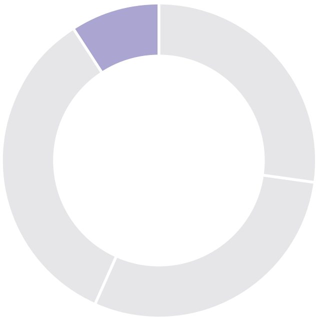
Our community: AMP Capital assets repurposed during COVID-19

We provided support through the pandemic by repurposing some of our AMP Capital real estate and infrastructure assets to support community and health initiatives.

In Australia, Perth's 60,000-seat Optus Stadium was used as a crisis centre and hub for Western Australia Police's COVID-19 response effort. In Ireland, The Convention Centre Dublin was selected as a temporary venue for parliamentary sittings of the Irish Government as the venue could safely seat all 160 members while still allowing for appropriate social distancing.

One of the four key sectors of AMP Capital's infrastructure equity strategy is infrastructure health. Valley Healthcare, our primary care centre business in Ireland, committed €1.5 million to build temporary community assessment clinics in the carparks of its primary care centres. In Australia, non-clinical spaces in Sydney's Royal North Shore Hospital were quickly converted into clinical spaces, including a new 40-bed ward.

New Zealand wealth management



$36m

Net profit after tax

Full year 2020 business unit highlights

– Net profit after tax fell 18% to $36 million (FY 2019: $44 million) impacted by the closure of legacy products as part of the business' transformation strategy and COVID-19 related lockdown impacting the business' ability to generate advice-related income.

– AUM of $12.4 billion increased $1.0 billion from FY 2019. Increase was predominantly driven by a combination of investment market gains ($526 million) offset by negative foreign exchange movements ($341 million) and net cash outflows of $57 million which improved from FY 2019 net cash outflows of $433 million largely due to improved KiwiSaver performance.

– Accelerated the delivery of enhanced digital capabilities with a focus on improving client outcomes and experience.

Performance highlights

– Maintained position as a leading non-bank provider of KiwiSaver[1], with KiwiSaver generated net cash inflows of $229 million.

– Remains largest provider of corporate super with ~45% market share and $3.2 billion in AUM.[2]

1 Measured by AUM. Source: FundSource Limited September 2020.
2 Based on September 2020 market share data.

Our clients: Change in investment strategy at New Zealand wealth management

In October 2020, New Zealand wealth management (NZWM) announced a change in the way it manages investments for clients, including those in KiwiSaver – New Zealand's retirement savings scheme.

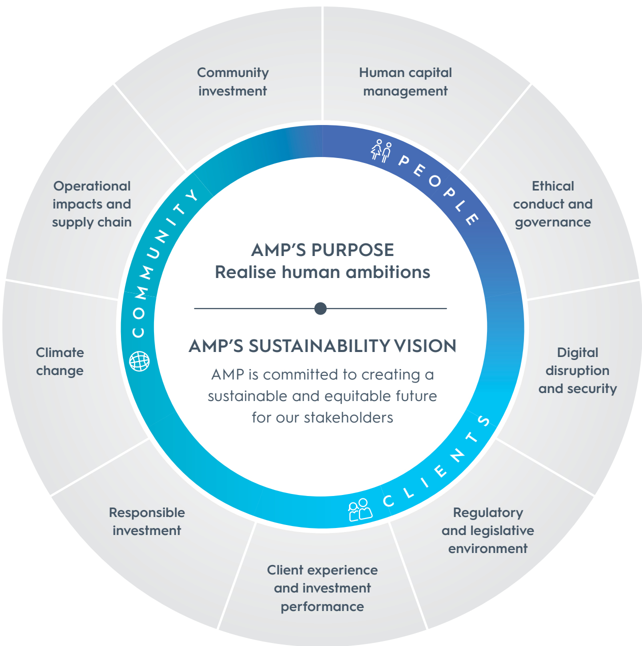
The business will move to a predominantly index-based investment strategy in the first half of 2021 to provide a simpler and more cost-effective investment structure, with the aim of improving performance and driving better outcomes for clients.

Through the revised investment approach, NZWM is also aiming to increase its focus on helping to reduce the impacts of climate change.

The move to a predominantly passive investment approach is in response to a change in expectations among our NZWM clients, as well as regulators and governments, who are looking for simple and value-adding solutions for KiwiSaver plans.

Sustainability

To AMP, sustainability is our ability to meet the needs of the present without compromising future generations.



As custodians of our clients' money and future, we face complex economic, social and environmental challenges which present both risks and opportunities.

AMP annually assesses the issues of greatest importance and impact to our stakeholders including clients, employees, advisers, investors, government and the wider community. This process has identified nine material sustainability issues grouped under three key stakeholder pillars: our clients, our people and our community to form the foundations of our Sustainability framework.

Read more about our sustainability performance in our GRI and SASB-aligned Sustainability report online at corporate.amp.com.au/about-amp/corporate-sustainability.

Our clients

AMP is committed to reinventing our business to deliver better outcomes for our clients and meet their future financial needs and ambitions.

In 2020, we supported our retail and institutional clients through the economic disruption caused by COVID-19 through a range of special support programs.

We simplified our superannuation business following the sale of AMP Life.

We supported government measures through early access to super and remain committed to meeting our legislative and regulatory commitments by strengthening risk and control systems.

We enhanced our digital capabilities and upgraded our channels for clients to access information.

While enhanced digital access has increased the likelihood of cyber-related threats, AMP continues to remain vigilant to protect client data and privacy.

- Paused home loan repayments for ~11% of AMP Bank's mortgage clients.
- Received over one million client calls during 2020; FY 2020 NPS score at highest level in two years, increased 11 points on FY 2019.
- Supported AMP Capital tenants with flexibility of rent payment terms and trading hours.

$1.8b

paid in early release of super payments to clients in need.

Our people

We acknowledge the importance of creating a safe and inclusive culture as essential in attracting and retaining the best talent to improve client outcomes.

In 2020, following stakeholder feedback, we made changes to our board and executive team and implemented a range of measures to drive cultural change focusing on strengthening accountability and inclusion.

These changes include updates to policies, a third party review of workplace conduct and establishing an employee-led Inclusion Taskforce to advise on key employee and culture measures.

We continued to invest in a strong risk culture that supports whistleblowers to hold ourselves to the highest professional standards.

We provided support to our advisers to ensure they meet ongoing standards of educational and professional development.

– Initiated and completed inclusive leadership training for senior leaders with an all-employee roll out scheduled for 2021.
– Achieved 40:40:20 board gender targets.

95%

of employees enabled to work remotely following implementation of rapidly-scaled remote working technologies.

Our community

We recognise the broader impacts of our investments, operations and supply chains and have taken action to address environmental and social issues.

In 2020, we launched a new sustainable managed portfolio available through our flagship platform, MyNorth. It provides clients and advisers access to a leading responsible investment strategy.

We published our first Modern Slavery Statement under Australian legislation, outlining the actions we have taken to address risks of modern slavery across our business activities.

We remained carbon neutral across our operations with an 18% reduction in scope 1 and 2 emissions across our offices from 2019.

Our philanthropic arm, the AMP Foundation, supported the not-for-profit sector with $2 million in COVID-19 support grants. We also continued our Tomorrow Fund program, providing $1 million to Australians doing great things in and for our community.

– A+/A ratings in Principles of Responsible Investment (PRI) across our AMP Capital managed asset classes.
– Supported COVID-19 impacted charities through emergency $2 million grants program through the AMP Foundation.

A-

leadership rating in the annual Carbon Disclosure Project (CDP) benchmark.

Our shareholders

Following the successful completion of the AMP Life sale, we returned $344 million in capital to shareholders through a special dividend of 10 cents per share.

With restrictions in place due to the outbreak of COVID-19, we delivered the first AMP Virtual Annual General Meeting (AGM) and increased participation in the meeting by 50%, with 877 attendees.

We connected 1,200 'lost' shareholders with their shareholdings representing 250,000 shares.

We have ~709,000 shareholders. In 2020, we increased the number of shareholders receiving electronic communications by 5% to 309,000.

309k

shareholders receiving electronic communications only.

Our board and management

Our board

See pages 27 and 28 for details of the board's roles, responsibilities and experience.

Debra Hazelton, Chair

Francesco De Ferrari, Chief Executive Officer and Managing Director

Rahoul Chowdry, Independent, Non-executive director

Kate McKenzie, Independent, Non-executive director

John O'Sullivan, Independent, Non-executive director

Michael Sammells, Independent, Non-executive director

Andrea Slattery, Independent, Non-executive director

Our management team

David Cullen, Group General Counsel

James Georgeson, Chief Financial Officer

Scott Hartley, Chief Executive, AMP Australia

Helen Livesey, Group Executive, People and Corporate Affairs

Phil Pakes, Group Chief Risk Officer

Blair Vernon, Chief Executive, New Zealand Wealth Management

Our management team

Francesco De Ferrari, Chief Executive Officer

See page 28 for details of Francesco's roles, responsibilities and experience.

David Cullen, Group General Counsel

David joined AMP in September 2004 and was appointed Group General Counsel in May 2018. David has group-wide responsibility for AMP's legal and governance functions.

Experience

David has over 25 years experience in the legal profession with extensive experience in the areas of mergers and acquisitions, corporate law, and corporate governance, having worked in law firms in Perth and Sydney and with the ASX.

Prior to his appointment as Group General Counsel, David was the Group Company Secretary and General Counsel, Governance at AMP, which included acting as Company Secretary for AMP Limited. David also worked full-time on AMP's merger with AXA APH.

David holds a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia and a Master of Laws from the University of Sydney. He is a Fellow of the Governance Institute of Australia.

James Georgeson, Chief Financial Officer

James was appointed Chief Financial Officer (CFO) in February 2020 after previously holding the position of Acting CFO from August 2019. James' portfolio is also responsible for strategic partnerships and delivering AMP's technology strategy, which includes data architecture, governance frameworks and cyber security strategy for the group.

Prior to this, he was Deputy CFO of AMP, with responsibility for AMP's group performance reporting, strategic planning and forecasting, portfolio and capital management and AMP's mergers and acquisitions functions.

James was appointed to the AMP Capital Holdings Limited Board in September 2020.

Experience

Since joining AMP in 2001, James has held senior finance positions across the group including Chief Financial Officer, AMP wealth management; Director of Group Finance, Chief Financial Officer, AMP New Zealand; Chief Risk Officer and Director of Strategy (AMP New Zealand).

James holds a Master of Commerce from Macquarie University, Bachelor of Accounting from University of Technology Sydney, and is a Chartered Accountant with the Institute of Chartered Accountants of Australia and New Zealand.

Scott Hartley, Chief Executive, AMP Australia

Scott was appointed CEO of AMP Australia in January 2021, responsible for AMP's wealth management and banking divisions with a focus on strategy implementation and long-term growth of the business.

Experience

Scott has more than 25 years experience in executive management roles including 20 years in the wealth management industry.

Most recently, Scott was the CEO of Sunsuper. Under his leadership from 2014 to 2019, Sunsuper grew to become the fourth largest (by number of clients) and fastest growing 'Top 10' superannuation and retirement business. Strong organic growth of the business was also supplemented by two successful mergers with Kinetic Super ($4 billion and 250,000 members) and Austsafe Super ($2.7 billion and 100,000 members).

Prior to Sunsuper, Scott was the Executive General Manager of Corporate and Institutional Wealth at NAB Wealth from 2009 to 2013, including leading subsidiaries Plum Financial Services and Jana Investment Advisors.

Scott is also a Fellow of the Association of Super Funds in Australia. and a Governor of the American Chamber of Commerce in Australia.

Helen Livesey, Group Executive, People and Corporate Affairs

Helen joined AMP in 1999 and was appointed Group Executive, People and Corporate Affairs in May 2019. Helen leads the development of people systems, policies, processes and workforce strategies. She also has group-wide responsibility for brand, reputation, communications and managing the business' relationship with key stakeholders.

Experience

Helen has held several senior roles at AMP, including Group Executive, Public Affairs and Chief of Staff, Director Brand and Marketing and Director Corporate Communications. Helen has over 20 years experience in corporate affairs, marketing and brand management across a range of industries in Australia and the UK in both consultancy and in-house roles.

Phil Pakes, Group Chief Risk Officer

Phil joined AMP in April 2019 as the Chief Audit Executive and was appointed Group Chief Risk Officer in April 2020. Phil has group wide responsibility for AMP's risk management function.

Experience

Phil has more than 30 years experience in audit and risk management roles in the financial services industry.

Phil joined AMP from Citi Private Bank in Hong Kong where he held roles as the global Chief Auditor, Managing Director and Chief Audit Executive.

Phil also held senior audit and risk roles in Deutsche Bank, ABN AMRO and Bankers Trust in Australia and Hong Kong.

Phil is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Science (Hons) degree in Physics from the University of Sheffield (UK).

Blair Vernon, Chief Executive, New Zealand Wealth Management

Blair joined AMP in 2009 and was appointed Chief Executive AMP Wealth Management, New Zealand in 2019. Blair was previously Managing Director from January 2017, and prior to this served as AMP's Director Retail Financial Services; Director of Advice and Sales and General Manager Marketing and Distribution. Blair has over 25 years experience across the financial services industry in New Zealand and Australia.

From August 2020 to January 2021, Blair also served as Acting CEO for AMP Australia where he was responsible for AMP's wealth management and banking divisions.

Experience

Blair has over 25 years experience in financial services in New Zealand and Australia with significant capability across a range of disciplines.

Blair is also a Director of the Financial Services Council Board (appointed October 2016), working to improve outcomes for New Zealanders by helping them build and protect their wealth.

Financial summary

	FY 2020 $m	2H 2020 $m	1H 2020 $m	FY 2019 $m	FY %
Profit and loss					
Revenue					
AUM based revenue	**1,586**	772	814	1,773	(10.5)
Non-AUM based revenue	**96**	34	62	130	(26.2)
Performance and transaction fees	**51**	13	38	84	(39.3)
Net interest income	**391**	195	196	387	1.0
Other revenue[1]	**207**	114	93	294	(29.6)
Total revenue	**2,331**	1,128	1,203	2,668	(12.6)
Variable costs					
Investment management expense	**(309)**	(150)	(159)	(354)	12.7
Marketing and distribution	**(21)**	(10)	(11)	(23)	8.7
Brokerage and commissions	**(69)**	(35)	(34)	(68)	(1.5)
Loan impairment expense	**(31)**	4	(35)	(10)	n/a
Other[2]	**(171)**	(77)	(94)	(190)	10.0
Total variable costs	**(601)**	(268)	(333)	(645)	6.8
Gross profit	**1,730**	860	870	2,023	(14.5)
Controllable costs					
Employee costs	**(741)**	(370)	(371)	(746)	0.7
Technology	**(157)**	(81)	(76)	(177)	11.3
Regulatory, insurance and professional services	**(149)**	(80)	(69)	(129)	(15.5)
Project costs	**(179)**	(97)	(82)	(178)	(0.6)
Property costs	**(80)**	(40)	(40)	(70)	(14.3)
Other operating expenses[3]	**(53)**	(27)	(26)	(74)	28.4
Total controllable costs	**(1,359)**	(695)	(664)	(1,374)	1.1
EBIT	**371**	165	206	649	(42.8)
Interest expense[4]	**(85)**	(39)	(46)	(96)	11.5
Investment income[5]	**118**	60	58	87	35.6
Tax expense	**(93)**	(38)	(55)	(165)	43.6
Minority interests MUTB (post-tax)[6]	**(16)**	(2)	(14)	(36)	55.6
NPAT (underlying) by business unit	**295**	146	149	439	(32.8)
Australian wealth management	**110**	47	63	195	(43.6)
AMP Bank	**119**	69	50	141	(15.6)
AMP Capital	**139**	64	75	204	(31.9)
New Zealand wealth management	**36**	18	18	44	(18.2)
Group Office[7]	**(109)**	(52)	(57)	(145)	24.8
NPAT (underlying)	**295**	146	149	439	(32.8)
Items reported below NPAT[8]	**(185)**	(144)	(41)	(2,878)	93.6
Market and other adjustments[9]	**(62)**	(28)	(34)	(70)	11.4
AMP Life earnings[10]	**129**	–	129	42	n/a
NPAT (statutory)	**177**	(26)	203	(2,467)	n/a

1 Includes seed and sponsor income, SuperConcepts, Advice and other revenues.
2 Includes payment of commissions, employed planner expenses and other variable selling costs.
3 Includes travel, marketing, printing, administration and other related costs.
4 Includes interest expense on corporate debt and seed and sponsor financing costs.
5 Includes equity accounted share of profits from investments in associates and underlying investment income returns on Group Office investible capital.
6 The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.
7 Includes Group Office costs, investment income and interest expense on corporate debt.
8 NPAT (underlying). Refer to Glossary for details.
9 Includes market adjustment for investment income and accounting mismatches.
10 AMP has completed the sale of its life insurance business, AMP Life (the Australian and New Zealand wealth protection and mature businesses) to Resolution Life. Operating earnings for AMP Life accrue to Resolution Life from 1 July 2018 until 30 June 2020. AMP has reported these earnings through to 30 June 2020.

		FY 2020	2H 2020	1H 2020	FY 2019
Earnings					
EPS – underlying (cps)[1]		**8.6**	4.2	4.3	14.0
EPS – actual (cps)[2]		**5.2**	(0.8)	5.9	(79.5)
RoE – underlying[3]		**6.3%**	6.6%	6.0%	8.2%
RoE – actual[2]		**3.8%**	(1.2%)	8.2%	–
Dividend					
Special dividend per share (cps)		**10.0**	–	10.0	–
Franking rate[4]		**100%**	–	100%	–
Ordinary shares on issue (m)[1]		**3,437**	3,437	3,437	3,437
Weighted average number of shares on issue (m)	– basic[1]	**3,437**	3,437	3,437	3,127
	– fully diluted[1]	**3,493**	3,493	3,493	3,156
	– statutory	**3,428**	3,434	3,421	3,105
Share price for the period ($)	– low	**1.11**	1.28	1.11	1.60
	– high	**2.08**	1.89	2.08	2.66
Market capitalisation – end period ($m)		**5,361**	5,361	6,392	6,598
Capital and corporate debt					
AMP shareholder equity ($m)		**4,283**	4,283	5,007	4,910
Corporate debt (excluding AMP Bank debt) ($m)		**2,130**	2,130	2,130	2,139
S&P gearing		**26%**	26%	23%	20%
Interest cover – underlying (times)[3]		**6.1**	6.1	6.3	8.1
Interest cover – actual (times)[2]		**4.1**	4.1	1.4	–
Margins					
Australian wealth management AUM based revenue to average AUM (bps)		**73**	71	75	82
AMP Capital management fees to average AUM (bps)		**34.1**	32.6	35.5	36.1
AMP Bank net interest margin (over average interest earning assets)		**1.59%**	1.55%	1.63%	1.69%
Cashflows and AUM					
Australian wealth management net cashflows ($m)		**(8,306)**	(3,945)	(4,361)	(6,341)
Australian wealth management AUM ($b)[5]		**124.1**	124.1	121.0	134.5
AMP Capital real asset net cashflows ($m)		**2,682**	599	2,083	2,735
AMP Capital public markets net cashflows ($m)		**(14,512)**	(8,526)	(5,986)	(7,924)
AMP Capital net cashflows ($m)		**(11,830)**	(7,927)	(3,903)	(5,189)
AMP Capital AUM ($b)[6]		**190**	190	190	203
Non-AMP Capital managed AUM ($b)[7]		**65**	65	63	69
Total AUM ($b)[7]		**255**	255	253	272
Controllable costs (pre-tax) and cost ratios					
Total controllable costs ($m)		**1,359**	695	664	1,374
Cost to income ratio		**75.5%**	77.5%	73.5%	66.0%
Controllable costs to average AUM (bps)		**52**	54	50	50

1 Number of shares has not been adjusted to remove treasury shares.
2 Includes AMP Life.
3 FY 2019 includes AMP Life.
4 Franking rate is the franking applicable to the dividend for that year.
5 Excludes SuperConcepts assets under administration.
6 FY 2020 includes AMP Capital's 24.9% share of PCCP.
7 Includes investments held in cash, directly in equities or with external fund managers and SuperConcepts AUA.

Directors' report

for the year ended 31 December 2020

This directors' report provides information on the structure and progress of our business, our 2020 financial performance, our strategies and prospects for the future and the key risks we face. It covers AMP Limited and the entities it controlled during the year ended 31 December 2020.

Operating and financial review

Principal activities

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

AMP holds several strategic partnerships including:

– 19.62% equity interest in Resolution Life NOHC Pty Ltd (Resolution Life Australasia) subsequently reduced to 19.13% on 22 January 2021
– 19.99% equity interest in China Life Pension Company (CLPC)
– 14.97% equity interest in China Life AMP Asset Management Company Ltd (CLAMP), a funds management company which offers retail and institutional investors in China access to leading investment solutions
– 24.9% equity interest in US real estate investment manager, PCCP LLC

On 1 September 2020, AMP completed the repurchase of Mitsubishi UFJ Trust and Banking Corporation's (MUTB) 15% shareholding in AMP Capital. This resulted in 100% ownership of AMP Capital and the conclusion of the existing business and capital alliances between MUTB, AMP Limited and AMP Capital. AMP Capital and MUTB continue to cooperate strategically, building on their mutually beneficial business relationship in Japan with AMP Capital continuing to deliver its investment products through MUTB's network.

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

Description of business units

AMP Australia aims to help Australians to manage and grow their wealth throughout their lives. In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team.

– *Australian 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* offers residential mortgages, deposits and transaction banking. The business will continue to act in its clients' best interests, while at the same time seek opportunities to integrate with Australian wealth management.

AMP Capital is a diversified investment manager across major asset classes including infrastructure debt, infrastructure equity, real estate, equities, fixed interest, diversified and multi-manager and multi-asset funds. AMP Capital's aspiration is to build the best global private markets platform in the world, underpinned by real assets. Simultaneously, AMP Capital's public markets business will be refocused to support its key strategic partners.

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

COVID-19 Impacts

AMP's earnings in 2020 have been materially impacted by market volatility in Australian wealth management, AMP Capital (including negative valuation movements) and New Zealand wealth management and the impact of the economic downturn requiring credit loss provisioning in AMP Bank ($24 million post-tax).

AMP has prioritised servicing clients throughout the pandemic, which has resulted in additional servicing costs as well as impacting the pace of investment spend, including the cost reduction program. AMP remains committed to delivering $300 million of gross annual run-rate cost savings and its transformation investment of $1.0 billion to $1.3 billion by 2022.

Sale of Australian and New Zealand wealth protection and mature businesses

On 1 July 2020, AMP announced the completion of the sale of the Australian and New Zealand wealth protection and mature businesses to Resolution Life Australia Pty Ltd (Resolution Life).

The gross sale proceeds were $3.0 billion comprising:

– $2.5 billion cash; and
– $500 million equity interest in Resolution Life Australasia, a new Australian-domiciled, Resolution Life-controlled holding company that is now the owner of the Australian and New Zealand wealth protection and mature businesses.

Resolution Life was on risk for all experience and lapse losses from 1 July 2018 until 30 June 2020 and was entitled to all Australian and New Zealand wealth protection and mature businesses' net earnings during that period. The sale completed on 30 June 2020. AMP has reported the results of the Australian and New Zealand wealth protection and mature businesses through to 30 June 2020.

Client remediation

AMP's client remediation program remains on track for completion in 1H 2021. The program was 80% complete by the end of 2020.

Total program spend to date is $405 million including program costs and money repaid to clients. An additional provision of $68 million in 2020 relates to recognition of additional lost earnings and recognition of other legacy advice matters. Overall remediation costs remain in line with the original estimate provided in November 2018.

Portfolio review

In 2H 2020, the board initiated a portfolio review following increased interest in the assets and business of the AMP group. The board maintains its commitment to AMP's transformation strategy and is confident in the delivery of long-term value for shareholders. Goldman Sachs and Credit Suisse were appointed to manage the review which tests all strategic alternatives against the benchmark of the transformation strategy.

Good progress is being made, with a focus on maximising value to shareholders and we are confident in bringing the portfolio review to a conclusion in the near future.

2020 performance

The profit attributable to shareholders of AMP Limited for the year ended 31 December 2020 was $177 million (2019: loss of $2,467 million).

Basic earnings per share for the year ended 31 December 2020 on a statutory basis was 5.2 cents per share (2019: basic loss of 79.5 cents per share). On an underlying basis, the earnings per share was 8.6 cents per share (2019: 14.0 cents per share[1]).

Key performance measures were as follows:

- 2020 NPAT (underlying)[2] of $295 million declined 33% from $439 million in 2019. This decrease largely reflects the impact of weaker Australian wealth management earnings (–44%), AMP Capital earnings (–32%), and AMP Bank earnings (–16%), with COVID-19 negatively impacting all business unit performance
- Sold businesses operating earnings (to the benefit of Resolution Life) were $129 million in 2020
- AMP's total assets under management (AUM) were $255 billion[3] at 31 December 2020 (2019: $272 billion)
- Australian wealth management net cash outflows were $8.3 billion in 2020 compared to net cash outflows of $6.3 billion in 2019. 2020 was impacted by previously announced mandate losses in corporate super amounting to $1.8 billion and $1.8 billion of COVID-19 Early Release of Super (ERS) payments
- AMP Capital external net cash outflows were $1.7 billion, with positive cash inflows of $2.4 billion across infrastructure and $0.7 billion across real estate, offset by cash outflows of $4.8 billion across public markets
- AMP Bank's total loan book decreased 1% to $20.6 billion in 2020 from $20.7 billion in 2019, while deposits increased 12% to $16.1 billion from $14.4 billion in 2019
- AMP's controllable costs (excluding AMP Life) decreased $15 million to $1,359 million, reflecting cost savings offset by group initiatives and structural cost increases, including regulatory and compliance costs and COVID-19 related costs
- The group's cost to income ratio was 75.5% in 2020, up from 66.0% in 2019, driven by lower revenue impacted by market volatility
- Underlying return on equity was 6.3% in 2020
- 2020 total eligible capital resources were $521 million above total requirements, down from $529 million at 31 December 2019

Operating results by business area

The operating results of each business area[4] for 2020 were as follows:

Australian wealth management – NPAT (underlying) declined from $195 million in 2019 to $110 million in 2020. The decline in NPAT (underlying) was driven by lower revenue predominantly from weaker investment markets and the impact of pricing and legislative changes, offset by lower investment management expenses from weaker markets and lower variable and controllable cost reduction initiatives.

AMP Bank – 2020 NPAT (underlying) of $119 million declined $22 million (16%) from 2019 predominantly from the recognition of a $24 million (post-tax) credit loss provision reflecting the uncertain and challenging economic outlook.

AMP Capital – 2020 NPAT (underlying) of $139 million declined 32% from 2019 reflecting lower performance and transaction fees which were adversely impacted by COVID-19.

New Zealand wealth management – 2020 NPAT (underlying) of $36 million declined $8 million (18%) from 2019 due to the proactive closure of two legacy schemes in 2019 and the impact of COVID-19.

Capital management and dividend

Equity and reserves of the AMP group attributable to shareholders of AMP Limited decreased to $4.3 billion at 31 December 2020 from $4.9 billion at 31 December 2019.

AMP remains well capitalised, with $521 million eligible capital above total capital requirements at 31 December 2020 ($529 million at 31 December 2019).

On 13 August 2020, AMP announced the return of capital of up to $544 million to shareholders, comprising a $344 million fully franked special dividend and up to $200 million in the form of an on market share buyback during the course of the next 12 months, subject to market conditions. The dividend was paid in October 2020. The $200 million on market share buyback is on hold pending the completion of the portfolio review.

The board has resolved not to declare a final 2020 dividend. The board is committed to restarting the group's capital management initiatives including the payment of dividends, share buyback and other capital initiatives in 2021. This is subject to the completion of the portfolio review, market conditions and business performance.

1 2019 underlying earnings per share has been re-presented to exclude WP and mature businesses.
2 NPAT (underlying) represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.
3 Includes SuperConcepts assets under administration.
4 Operating results have been re-presented to align to the FY 2020 Investor Report.

Strategy and prospects

First outlined in 2019, AMP's three-year transformation strategy will transform the company into a simpler, client-led, growth-oriented business.

AMP remained agile and our people showed resilience as they adapted to a new way of working. Servicing clients throughout the pandemic was a priority but a disciplined approach and focus on the delivery of key objectives of the strategy was also maintained. Despite the challenges and disruptions faced in 2020, a significant majority of 2020 market commitments have been delivered.

An update on the outcomes achieved is as follows:

Simplify portfolio

– *Complete sale of Wealth Protection (WP) and mature businesses*

The sale of Australian and New Zealand wealth protection and mature businesses was completed on 30 June 2020, de-risking AMP and enabling a fundamental reset of AMP's capital framework. Our people delivered one of the largest successor fund transfers in Australian history with teams working remotely during COVID-19 lockdowns. AMP now retains a residual 19.13% equity interest in Resolution Life Australasia.

– *Update on New Zealand wealth management (NZWM) divestment process at or before 1H 2020*

A decision to retain and grow the New Zealand wealth management business was announced at AMP's 1H 2020 results. Significant progress has been made to further simplify the business, laying the foundation for future growth:

- The acceleration of digital releases to help clients manage their money
- The automation of client-facing technology and processes, including complete repatriation of all offshore processing
- A simplified distribution model with ~66%[5] of AUM managed via AMP and AdviceFirst employed advisers

The business has maintained its position as one of the largest non-bank KiwiSaver providers and the largest provider of corporate superannuation with ~45% market share[6].

NZWM announced it will move to a predominantly index-based investment approach in 1H 2021, providing a simpler and more cost-effective investment structure that aims to improve performance for clients.

Reinvent wealth management in Australia

Australian wealth management navigated an unprecedented period of market volatility and industry disruption but was able to significantly progress against its 2020 market commitments.

– *Reshape advice*

The reshape of advice is well advanced with practice exits delivered to plan in 2020 and the program now 75% complete. During 2020 more than ~85,000 advice clients were transitioned to new Annual Advice and Service Agreements and the removal of all grandfathered commissions allowing benefits to be returned to clients. The business also consolidated and strengthened its advice practices from 942 (2019) to 595 practices (2020) improving productivity and the quality of advice.

– *Building a best-in-class superannuation business*

The business has delivered the next phase of its superannuation simplification program, reducing the number of Master Trust products from approximately 70 to 11 to deliver better client outcomes. Simplification initiatives delivered reduced fees on MySuper and cash products and an uplift in processes and procedures also enhanced operational risk management in line with regulatory requirements.

– *Growing a successful platform business*

Functionality and products have continued to be enhanced on the North platform.

– *Maintaining growth momentum in AMP Bank*

AMP Bank successfully completed the renovation of its core technology – on time and under budget, has increased business efficiency and provided operational capacity for future growth. Enhanced technology and automation capabilities included upgraded automated credit decisioning, straight-through processing on loans and the launch of new digital enhancements such as Apple Pay.

AMP Capital: Building the best global private markets platform

AMP Capital maintained momentum in real assets amid a challenging year in investment markets and significant internal change.

– *Private markets*

Momentum was maintained in real assets with $600 million of capital deployed (and $800 million of commitments) in quality infrastructure equity assets including energy transmission projects in India and electric public transportation vehicles in Chile. The divestment of assets – Alpha Trains, Adven and Axion achieved money multiples and IRR in excess of two times and 20% for GIF I. The business also managed a resilient investment performance with 72% of AUM outperforming benchmarks over a three-year period.

AMP Capital: Refocusing public markets to support strategic partners

– *Public markets*

Delivered strong performance throughout a period of extreme market volatility with 94% of global equities and fixed income AUM outperforming benchmark over three years.

Create a simpler, leaner business

The organisation has been streamlined to three operating business units, AMP Australia, AMP Capital and New Zealand wealth management with established end-to-end business accountabilities.

– *Reshape cost base, delivering gross savings by 2022*

Following a deliberate slowdown in 1H 2020 to focus on support for clients during COVID-19, the program is back on track following an acceleration of cost reduction initiatives in 2H 2020. The business has delivered $121 million of cumulative gross cost savings by the end of 2020.

– *Strengthen risk management, controls, and governance*

Continued to deploy $100 million (pre-tax) investment program to further strengthen risk management, internal controls and governance. Increased efficiency of the risk function including a refresh of risk management frameworks was also completed.

– *Driving an inclusive and high-performance culture*

Culture transformation is a core strategic priority for AMP and a critical enabler of its three-year transformation program.

5 Based on 31 December 2020 data.
6 Based on September 2020 market share data.

AMP progressed several initiatives to accelerate its culture transformation during 2H 2020, including:

- Invested to build inclusive leadership capability across all levels in AMP; executive team and senior leaders completed in 2H 2020
- Established an employee-led inclusion taskforce to develop a diversity framework and drive inclusion focus areas
- Recommitted to gender targets; hit 40:40:20 at board
- Instituted a Group Integrity Office, strengthening whistleblowing and conduct management
- Established a consequence management committee to ensure diversity, experience and consistency in decision-making
- Reviewed workplace conduct; assessed against five best practice pillars: reporting/measurement; inclusive leadership and culture; internal capability; confidentiality, transparency and risk; policy and process
- Board culture working group formalised to set expectations on culture, governance and strategy; group now closed, with culture added as a standing board agenda item
- Updated performance management system linked to strategic priorities, risk leadership and conduct overlays

Key risks

Risk is inherent to our business and AMP takes measured risks within our risk appetite to achieve our strategic objectives. We have a clear strategic plan to drive our business forward and an Enterprise Risk Management framework to identify, measure, control and report risks.

The Enterprise Risk Management (ERM) framework provides the foundation for how risks are managed across AMP. There are five key elements of the ERM framework including governance, strategy and appetite, people and culture, systems and data and the risk management process (encompassing how AMP identifies, measures, controls and reports risk).

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

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

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

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

Key business challenges

Given the nature of our business environment, the financial services industry faced unprecedented challenges from the COVID-19 pandemic and other natural disasters. COVID-19 continues to have an adverse impact on the business but AMP remains focused to deliver its transformational strategy. Significant business challenges (in alphabetical order) include but are not limited to the following:

Business, employee and business partner conduct

The conduct of financial institutions continues to be an area of significant focus for the financial services industry both globally and in Australia and New Zealand. AMP devotes significant effort to ensure that our business practices, management, staff or business partner behaviours adequately meet the expectations of regulators and customers, and safeguard our reputation and value proposition to customers.

Our code of conduct outlines how AMP seeks to conduct its business and how it expects people to conduct themselves. The principles that define the high standards outline the behaviour and decision-making practices, including how we treat our employees, customers, business partners and shareholders. We are committed to ensuring the right culture is embedded in our everyday practices. AMP has commissioned an external review of its internal policies on managing conduct and continues to strengthen its risk culture by management led initiatives and driving a diverse and inclusive working environment.

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

Climate change

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

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

AMP's approach to managing climate related risks and opportunities includes, providing low carbon and green investment choices to clients, managing and disclosing investment risks, leveraging our influence as an investor and reducing our own operational impacts.

AMP remains committed to meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations over time and it has long been reporting against other climate-related disclosure frameworks, aligned with the TCFD. In 2020, AMP retained an A– rating (second highest rating available) in the annual Carbon Disclosure Project (CDP) investor disclosure program, indicating leadership in our management of climate related risks and opportunities. AMP has been carbon neutral across its operations since 2013 to address the direct impacts of our business activities.

Competitor and customer environment
The financial services industry continues to face challenges from the COVID-19 pandemic but AMP remains focused on supporting clients and employees during these unprecedented times. We have supported clients with banking repayment pauses and early release of super initiatives during COVID-19 and through bushfires and flooding disasters in 2020.

Customer expectations are evolving which is intensifying competition within wealth management as COVID-19 causes market volatility, affecting the performance of its assets under management across the industry. AMP continues to adapt its capabilities and operating model in order to remain competitive and relevant to customers, but an on-going pandemic may impact on new business and retention of existing business. This could have a material adverse impact on the financial performance and position of AMP.

In 2020, AMP continued to reposition as a simpler, client-led, growth-oriented business. The strategy to reinvent AMP as a contemporary wealth manager is a three-year investment program to fund growth, reduce costs and fix legacy issues. The strategy builds on core strengths and market positions with whole-of-wealth solutions.

Cyber security threats
Cyber risk continues to be a threat in a rapidly changing technological environment as the magnitude of the costs of cybercrime vary depending on the nature of the attack. We are committed to enhancing our cyber security capability and control posture as we recognise the current environment of cybercrime activity has increased across the industry during this COVID-19 period.

AMP is investing in a three-year program to further uplift its cyber defences to mitigate malicious threats and cybercrime activities. Cyber risk will retain its position as a key risk as AMP continues to mature and evolve its cyber security operating model. This will assist in preventing, detecting and responding to cyber incidents, in order to protect AMP's assets and business operations.

Operational risk environment
Operational risk exposures, relevant to the industries in which AMP operates, relate to losses resulting from inadequate or failed internal processes, people and systems or from external events. These include, but are not limited to, information technology, human resources, internal and external fraud, money laundering and counter-terrorism financing, bribery and corruption. High operational risks are driven by a complex operating environment associated with legacy products, systems and, in some cases, manual controls. This environment will be further stressed by the key business challenges included in this section.

We are committed to containing operational risk by reducing operational complexity and strengthening risk management, internal controls and governance. We continue to work towards remediating clients and reshaping the Adviser network and simplifying the superannuation product and investment options. The AMP operational risk profile reflects these exposures and the financial statements of AMP contain certain provisions and contingent liability disclosures for these risks in accordance with applicable accounting standards.

Organisational change
In 2020, AMP successfully separated and sold the Australian and New Zealand wealth protection and mature businesses to Resolution Life. This coincided with additional changes to simplify the internal operating model. The strategy continues to progress from 2020 and further changes are expected in 2021 to fully establish our target operating model and to achieve further operating cost savings.

There is a risk that business momentum is lost due to conflicting leader focus on organisational changes. The increase in volume of change may have an adverse impact to employees as they deliver on our strategy and transformation initiatives. These risks will be mitigated by maintaining leadership and performance focus on the business.

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

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

AMP continues to respond and adjust its business processes for these changes, however, failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on the performance of its businesses and achieving its strategic objectives. AMP's commitment to strengthen its risk management practices, its control environment and enhancing its compliance systems across the businesses, will address these legislative and regulatory requirements. AMP's internal policies, frameworks and procedures seek to ensure any changes in our domestic and international regulatory obligations are complied with in each jurisdiction. Regulatory and compliance risk that results in reportable breaches are reported to AMP management committees and regulators in accordance with internal policies.

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

More information about our approach to these challenges can be found in the 2020 Sustainability Report.

The environment

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

Significant changes to the state of affairs

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

Events occurring after the reporting date

As at the date of this report and except as otherwise disclosed, the directors are not aware of any other matters or circumstances that have arisen since the reporting date that have significantly affected, or may significantly affect, the group's operations; the results of those operations; or the group's state of affairs in future periods.

The AMP Limited board of directors

The directors of AMP Limited during the year ended 31 December 2020 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 (appointed Chair 23 August 2020)
- Rahoul Chowdry (appointed 1 January 2020)
- Kate McKenzie (appointed 18 November 2020)
- John O'Sullivan
- Michael Sammells (appointed 1 March 2020)
- Andrea Slattery

Former non-executive directors:

- Mike Wilkins AO (retired 14 February 2020)
- Andrew Harmos (retired 8 May 2020)
- Peter Varghese AO (retired 8 May 2020)
- Trevor Matthews (retired 1 July 2020)
- David Murray AO (resigned 23 August 2020)
- John Fraser (resigned 23 August 2020)

Executive director:

- Francesco De Ferrari (Chief Executive Officer and Managing Director)

Debra Hazelton, Chair

BA (Hons), MCom, GAICD

Debra was appointed to the AMP Limited Board as a non-executive director in June 2019 and as the Chair in August 2020. She is also the Chair of the Nomination Committee and is a member of the Remuneration, Audit and Risk Committees.

Debra is the Chair of the AMP Bank Board and is a member of its Audit and Risk Committees.

In addition, Debra was appointed to the AMP Capital Holdings Limited Board in June 2018.

Experience

Debra brings significant experience from more than 30 years in global financial services, including as the local Chief Executive of Mizuho Bank in Australia and Commonwealth Bank (CBA) in Japan. She has expertise across global corporate culture transformation, institutional banking, risk management, treasury, financial markets and human resource management.

Debra is also a non-executive director on the boards of Treasury Corporation of Victoria, Persol Asia Pacific Pte Ltd (Singapore) and the Australia-Japan Foundation. Her previous board experience includes Australian Financial Markets Association (AFMA), Asia Society and Women in Banking and Finance. She has graduate and post-graduate degrees in Japanese language, literature and philosophy as well as economics and finance.

Directorships of other ASX listed companies: None

Government and community involvement

- Director, Treasury Corporation of Victoria (appointed August 2018)
- Director, Australia-Japan Foundation (appointed October 2015)
- Executive Member, Australia-Japan Business Cooperation Committee (AJBCC) (appointed October 2020)
- Member, Australian Chamber Orchestra – Japan Advisory Committee (appointed May 2019)
- Adviser, Japan Women's Innovation Network (appointed December 2020)
- Member, Chief Executive Women (CEW) Australia (appointed January 2020)

Rahoul Chowdry, Independent Director

BCom, FCA

Rahoul was appointed to the AMP Limited Board as a non-executive director in January 2020. He is a member of the Remuneration, Nomination, Audit and Risk Committees and was appointed as Chairman of the Risk Committee in May 2020. In January 2020, he was appointed to the AMP Bank Board and is a member of its Audit Committee and the Chairman of the Risk Committee.

Experience

Rahoul has 40 years experience in professional services, advising complex multinational organisations in Australia and overseas.

He is currently Partner and National Leader of Minter Ellison Consulting's financial services practice in Australia. Prior to this, Rahoul was a Senior Partner at PwC for almost 30 years, where he undertook a number of leadership roles, delivering audit, assurance and risk consulting services to major financial institutions in Australia, Canada and the United Kingdom.

Directorships of other ASX listed companies: None

Government and community involvement

- Member, Reserve Bank of Australia, Audit Committee (appointed February 2018)

Kate McKenzie, Independent Director

BA, LLB

Kate was appointed to the AMP Limited Board as a non-executive director in November 2020 and is a member of the Audit, Nomination, Risk and Remuneration Committees. At the same time, Kate was appointed to the AMP Bank Board and its Audit and Risk Committees.

Experience

Kate has more than 25 years of experience in other board and senior executive leadership roles.

She is currently non-executive director of NBN Co. and Stockland Corporation Limited and has previously served on the boards of Allianz Australia, Foxtel, Telstra Ventures, Sydney Water and Workcover. Kate was the Chief Executive Officer of Chorus, the New Zealand telecommunication group, listed on the ASX and NZX, from February 2017 to December 2019, and held several executive roles at Telstra, including as Chief Operating Officer, prior to this.

Kate has a track record for leading change and managing diverse stakeholders across government, communities, investors and employees. She has earned a reputation for integrity, great judgement and building collaborative and effective teams.

Directorships of other ASX listed companies

- Stockland Corporation Limited (appointed December 2019)
- Allianz Australia (January 2012 – June 2020)

Government and community involvement

- Member, Chief Executive Women (CEW) Australia (January 2006)

John O'Sullivan, Independent Director

BA, LLB, LLM

John was appointed to the AMP Limited Board in June 2018. He was appointed a member of the Audit, Nomination, Risk and Remuneration Committees in January 2019.

In February 2019, John was appointed to the AMP Bank Board and as a member of its Audit and Risk Committees.

Experience

John has over 40 years experience in the legal and financial services sectors in Australia. He started his career at Freehill Hollingdale & Page (Herbert Smith Freehills), later becoming a partner at the firm where he was recognised as one of Australia's leading corporate and mergers and acquisitions lawyers.

From 2003 to 2008, John was General Counsel of the Commonwealth Bank of Australia before spending 10 years at Credit Suisse Australia where he was Executive Chairman, Investment Banking and Capital Markets, Australia until February 2018. John is a member of the Takeovers Panel. He holds a Bachelor of Laws and Bachelor of Arts from the University of Sydney and a Master of Laws from the University of London.

Directorships of other ASX listed companies: None

Government and community involvement

– Ambassador of the Australian Indigenous Education Foundation (appointed 2008)
– Director of the WestConnex entities (appointed May 2018)
– Director of Serendipity Capital Holdings Limited (appointed April 2020)

Michael Sammells, Independent Director

BBus, FCPA, GAICD

Michael was appointed to the AMP Limited Board as a non-executive director in March 2020. He is the Chairman of the Remuneration Committee and a member of the Audit, Nomination and Risk Committees. In March 2020, Michael was also appointed to the AMP Bank Board and is a member of its Audit and Risk Committees.

Michael is also the Chairman of the AMP Capital Holdings Limited Board.

Experience

Michael has over 35 years of professional experience, with significant experience in senior executive financial and commercial roles. His experience as Chief Financial Officer spans over 20 years from 1999 to 2019, where he held this role in government, private and ASX listed companies.

Michael is also a non-executive director of Sigma Healthcare Limited and has served on numerous private boards for the last 12 years.

Directorships of other ASX listed companies

– Sigma Healthcare Limited (appointed February 2020)

Andrea Slattery, Independent Director

BAcc, MCom, FCPA, CA, FSSA, FAICD

Andrea was appointed to the AMP Limited Board as a non-executive director in February 2019 and is a member of the Audit, Nomination, Risk and Remuneration Committees. At the same time, she was appointed to the AMP Bank Board and its Audit and Risk Committees. She was appointed Chairman of the AMP Limited and AMP Bank Limited Audit Committees in May 2019.

Experience

Andrea has substantial experience as a non-executive director and senior executive in financial services, retirement and superannuation, government relations, infrastructure, professional services, academia and innovation, spanning more than 28 years.

Andrea was the Managing Director and CEO of the SMSF Association for 14 years from 2003 to 2017, which she co-founded. Prior to this, Andrea founded her own consulting and advisory business, practiced as an accountant and financial adviser and worked at the University of South Australia.

Her previous Government Advisory Committee appointments include the Federal Government's Innovation Investment Partnership, Stronger Super Peak Consultative Group, Superannuation Advisory Group, the Future of Financial Advice, the Shadow Ministry's Infrastructure and Innovation and Superannuation and Industry Partnerships.

Directorships of other ASX listed companies

– Argo Global Listed Infrastructure (appointed April 2015)
– Centrepoint Alliance Limited (November 2018 – January 2019)

Government and community Involvement

– Director of Clean Energy Finance Corporation (appointed February 2018)
– Deputy Chairman of Woomera Prohibited Area Advisory Board (appointed July 2019)
– Member, Chief Executive Women (CEW) Australia (2017)

Francesco De Ferrari, Chief Executive Officer

MBA, BS (Econ) (IntBus)

Francesco was appointed Chief Executive Officer (CEO) of AMP Limited by the AMP Limited Board, joining in December 2018. As CEO, he is responsible for leading the AMP business.

Francesco was appointed to the AMP Limited Board in January 2019 and the Boards of AMP Bank Limited and AMP Capital Holdings Limited in February 2019.

In August 2020, Francesco assumed the role of Acting Chief Executive for AMP Capital on an interim basis while a search process is conducted for a new CEO of that business.

Experience

Francesco has more than 20 years experience in the wealth management industry including private banking and management consulting. He spent 17 years in executive roles at Credit Suisse in Asia and Europe, leading businesses that grew substantially under his leadership.

During almost seven years as Head of Credit Suisse's Asia Pacific private banking business, he overhauled the operating model, increased assets under management and profitability, and improved culture and controls within the business. As CEO of South East Asia and Frontier Markets, Francesco was responsible for Credit Suisse's business in Investment Banking, Global Markets, Private Banking in ASEAN and frontier markets across the Asia Pacific.

Francesco was conferred the Institute of Banking and Finance (IBF) Distinguished Fellow award in 2016 for excellence in professional stature, integrity and achievement in the financial industry.

Directorships of other ASX listed companies: None

Attendance at board and committee meetings

The AMP Limited Board met 24 times during the year ended 31 December 2020. The Chair and directors also attended other meetings, including board committee meetings, special purpose committees, strategy sessions and working groups. The Chair and directors also frequently attended meetings of subsidiary boards and committees, special purpose committees, and working groups of which they were not a director or member during the year.

The table below shows details of attendance by directors of AMP Limited at meetings of boards, committees and working groups of which they were members during the year ended 31 December 2020. Any voluntary attendances by directors in the capacity as observers are not included in the table below.

Board/committee	AMP Limited Board Meetings[1]		Audit Committee		Risk Committee		Nomination Committee		Remuneration Committee		Subsidiary board and committee meetings[2]		Additional committees[3]	Working groups[4]
Held/attended	A	B	A	B	A	B	A	B	A	B	A	B	B	B
Debra Hazelton[5]	24	23	4	4	7	7	3	3	6	6	16	16	4	5*
Rahoul Chowdry[6]	24	24	4	4	7	7	1	1	6	6	–	–	17	5*
John O'Sullivan	24	24	4	4	7	7	1	1	6	6	–	–	19	3^
Michael Sammells[7]	21	21	3	3	6	6	1	1	4	4	8	7	16	–
Andrea Slattery	24	24	4	4	7	7	1	1	6	6	33	33	4	5*, 3^
Kate McKenzie[8]	2	2	1	1	1	1	1	1	1	1	–	–	–	–
Mike Wilkins[9]	2	2	1	–	1	1	1	1	2	1	21	21	–	–
Andrew Harmos[10]	6	6	2	2	3	3	–	–	3	3	33	31	–	–
Peter Varghese[11]	6	6	2	2	3	3	2	2	3	3	8	7	3	–
Trevor Matthews[12]	12	12	2	2	3	3	–	–	3	3	33	33	–	3^
David Murray[13]	16	16	–	–	4	4	3	3	4	4	–	–	8	–
John Fraser[14]	16	16	3	3	4	4	2	2	4	4	16	16	4	–

Column A – indicates the number of meetings held while the director was a member of the board/committee. Directors may, and frequently do, attend meetings as observers if they are not a member of the board/committee.
Column B – indicates the number of those meetings attended.

1 Where board and committee meetings of AMP Limited and AMP Bank Limited were held concurrently, only one meeting has been recorded.
2 Subsidiary board and committee meetings refer to meetings of the boards and committees of the following main-subsidiaries: AMP Life Limited (AMP Life) until 1 July 2020; The National Mutual Life Association of Australasia Limited (NMLA) until 1 July 2020; AMP Bank Limited and AMP Capital Holdings Limited. Where board and committee meetings of AMP Life and NMLA were held concurrently, only one meeting has been recorded.
3 Additional committees were convened during the year on matters including the portfolio review, the sale of AMP Life to Resolution Life, the composition of the trustee board, compliance and financial results.
4 Additional working groups of the board were convened during the year. Specifically, a board Culture Working Group (*) and Advice Working Group (^). All members of the board Culture Working Group and Advice Working Group attended all meetings and frequently other directors attended in an observer capacity.
5 Debra Hazelton was appointed as the Chair of AMP Limited effective 23 August 2020.
6 Rahoul Chowdry was appointed as a director of AMP Limited effective 1 January 2020.
7 Michael Sammells was appointed as a director of AMP Limited effective 1 March 2020.
8 Kate McKenzie was appointed as a director of AMP Limited effective 18 November 2020.
9 Mike Wilkins retired as a director of AMP Limited effective 14 February 2020.
10 Andrew Harmos retired as a director of AMP Limited effective 8 May 2020.
11 Peter Varghese retired as a director of AMP Limited effective 8 May 2020.
12 Trevor Matthews retired as a director of AMP Limited effective 1 July 2020.
13 David Murray resigned as the Chairman of AMP Limited effective 23 August 2020.
14 John Fraser resigned as a director of AMP Limited effective 23 August 2020.

Company secretary details

Details of the company secretary of AMP Limited as at the date of this report, including her qualifications and experience, are set out below.

Marissa Bendyk, General Counsel, Corporate Governance and Group Company Secretary

LLB (Hons), BCom (Accounting), GAICD

Marissa was appointed as the Company Secretary for AMP Limited on 6 May 2019 and is also secretary of several other AMP group companies. Before joining AMP, Marissa worked at APA Group and King & Wood Mallesons focusing on corporate governance, mergers and acquisitions, and corporate and commercial law.

Indemnification and insurance of directors and officers

Under its constitution, the company indemnifies, to the extent permitted by law, all current and former officers of the company (including the non-executive directors) against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2020, the company maintained, and paid premiums for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the company) against certain liabilities as permitted by the Corporations Act 2001. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, the company and each of the current and former directors are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- the directors will have access to board papers and specified records of the company (and of certain other companies) for their period of office and for at least 10 (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- the company indemnifies the directors to the extent permitted by law, and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant director in their capacity as a current or former director of the company, or as a director of any AMP group company or an AMP representative to an external company; and
- the company will maintain directors' and officers' insurance cover for the directors, to the extent permitted by law, for the period of their office and for at least 10 years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, the company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from any negligent, wrongful or wilful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2020.

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 financial year ended 31 December 2020.

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia

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

Auditor's independence declaration to the directors of AMP Limited

As lead auditor for the audit of AMP Limited for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Andrew Price
Partner
Sydney, 11 February 2021

Non-audit services

The Audit Committee has reviewed details of the amounts paid or payable to the auditor for non-audit services provided to the AMP group during the year ended 31 December 2020, by the company's auditors, EY.

The directors are satisfied that the provision of those non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

– all non-audit assignments were approved by the CFO, or his nominated delegate, or the Chairman of the Audit Committee;
– no non-audit assignments were carried out which were specifically excluded by the AMP Charter of Audit Independence; and
– the proportion of non-audit fees to audit fees paid to EY of 7% (2019: 10%), as disclosed in note 6.5 to the financial report is not considered significant enough to compromise EY's independence or cause a perception of compromise.

Remuneration disclosures

The remuneration arrangements for AMP directors and senior executives are outlined in the remuneration report which forms part of the directors' report for the year ended 31 December 2020.

Directors' and senior executives' interests in AMP Limited shares, performance rights and options are also set out in the remuneration report on the following pages.

Remuneration report

"The AMP Board's approach to remuneration has sought to achieve a difficult balance between shareholder experience, financial outcomes and remuneration that retains and incentivises our people for delivery and performance through extraordinary circumstances."

Key messages from the Chair of the Remuneration Committee

Dear shareholder

The 2020 financial year has seen extraordinary challenges in the external environment from the devastating bushfires to the ongoing COVID-19 pandemic and continuing industry transformation. Closer to home, the company has also faced unprecedented pressure with unrelenting public scrutiny related to high profile employment issues and uncertainty stemming from the portfolio review. Despite this complexity, AMP remained focused on executing our transformation strategy, winning back the confidence of clients and our people and ensuring delivery of appropriate shareholder returns. Under the leadership of our CEO, Francesco De Ferrari, a number of key transformation milestones were delivered including the sale of AMP Life; completion of the first phase of superannuation simplification; hitting our FY 2020 target of 80% completion of our remediation program; and delivery of in-year gross cost savings of $102 million.

Against this challenging backdrop, the AMP Limited Board's approach to remuneration has sought to achieve a difficult balance between shareholder experience, financial outcomes and remuneration that retains and incentivises our people for delivery and performance through extraordinary circumstances.

At last year's annual general meeting, 67% of shareholders voted against our 2019 Remuneration Report, expressing a level of dissatisfaction that demands resolution. Both our new Chair, Debra Hazelton, and I want to assure you that we have heard your concerns and are taking action. Throughout the year, we have reviewed the feedback and sought wider perspectives through meetings with investors, proxy advisers and other shareholder representatives to fully understand the issues and test proposed action. In the interests of improved transparency, we have summarised the feedback received and actions taken are outlined in the response to the 2019 strike. Moreover, we are determined to continually improve and, as you will see in this report, have sought to increase transparency, better explain the rationale for remuneration decisions and significantly strengthen and simplify our overall approach to remuneration – with a new framework introduced for 2021.

Executive remuneration outcomes for FY 2020

Given the strike in 2019 and the ongoing work in developing a new remuneration framework for 2021, the board considered 2020 as a transition year for our remuneration structure and sought to balance outcomes for our people and investors by more actively applying board discretion.

In determining the 2020 remuneration outcomes, the board actively considered a range of factors including: overall group performance, progress against key milestones in delivering our three-year transformation strategy, instability driven by the portfolio review, feedback from investors in relation to our 2019 Remuneration Report and appropriate risk overlays.

Specifically, despite challenging circumstances, management made strong progress in delivering on key strategic priorities. Assessment against our group scorecard showed the majority of the key priorities achieved or exceeded their target (full details provided in section 5.2).

However, importantly, AMP's financial performance remains significantly below plan with Net profit after tax (underlying) of $295 million. As a result, the remuneration outcomes for our key executives have been adjusted to align with the shareholder experience. Specifically:

- No short-term incentives (STI) were awarded to the CEO and current key management personnel (KMP).
- No 2020 long-term incentive (LTI) awards were granted to the CEO or KMP.
- No fixed remuneration increases were awarded for FY 2021 to any disclosed executives in their current roles.
- However, the 2019 Transformation Incentive awards for the Chief Financial Officer (CFO) and Chief Risk Officer (CRO) were adjusted upon permanent appointment to their roles (refer section 7.3 for details).
- Non-executive directors (NEDs) fees also remained unchanged and the Chair's fee was reduced from $850,000 to $660,000 from 1 March 2020. NED fees will be reviewed following the completion of the portfolio review.

Full details of the remuneration outcomes for the CEO and KMP are provided in section 5 with the inclusion of a new table (refer section 5.6) which sets out the executive remuneration received during 2020. This table outlines the remuneration which vested or was actually received by the CEO and KMP versus the incentives awarded but forgone.

Retention payments

In September 2020, in response to increased unsolicited interest in its assets and businesses, the board announced that it would undertake a portfolio review in order to assess all opportunities in a considered and holistic manner with a focus on maximising shareholder value. This review created significant additional workload for our key executives and generated substantial additional challenge and uncertainty across the group. The position was exacerbated through a series of executive departures which disrupted business operations, leaving those remaining critical to stabilising the business, retaining corporate knowledge and continuing to drive the turnaround strategy. Faced with these extraordinary circumstances, the board, having examined market precedents and tested the concept with a range of investor representatives, sought to stabilise the management team by introducing a one-off retention payment for KMP and critical talent across the organisation. As part of the discussion in relation to the retention of the CEO's direct reports, the board and CEO agreed that the CEO should not be considered for a retention award based on the precedents, market feedback and his previously disclosed remuneration arrangements. Therefore, the CEO did not participate in the retention awards.

Retention awards for KMP totalled $3.89 million with the quantum of the award equivalent to 100% of fixed remuneration deferred in its entirety. The deferral period will see 60% vest on 31 October 2021 (delivered as cash) with the remaining 40% (delivered as share rights) vesting on 31 October 2024 subject to continued employment.

This decision has not been taken lightly. However, the board believes there were very few alternatives under the circumstances, to maintain stability and protect shareholder value through the portfolio review.

Similar retention awards have been made to other, select individuals across the group, seen as instrumental to the stability of AMP. These payments have been scaled according to the nature of the roles.

Board discretion

In 2020, the board developed a set of principles for the exercise of board discretion. This framework guides the application of discretion to remuneration outcomes by prompting consideration of: the circumstances warranting discretion; to whom discretion should apply; the accountability of the individual and/or group for the issue at hand; and the appropriate impact to remuneration, or other consequences.

In addition, the board retains discretion to claw back variable incentive equity awarded to executives if it becomes aware of any information that, had it been available at the time the awards were determined, would have resulted in a different (or zero) amount being granted.

In the context of the portfolio review, should there be a partial or full change in control, unvested awards may vest in part or in full at the discretion of the board. In exercising this discretion, the board is focused on determining vesting outcomes that are consistent, fair and reasonable, and balance multiple stakeholder interests.

New executive remuneration framework for 2021

The Remuneration Committee has listened to your feedback and completed a formal review of the executive remuneration framework. As a result of this review, we have introduced a new approach that better aligns performance, risk management, remuneration and the shareholder experience.

Effective from January 2021, the new framework simplifies the variable remuneration components of executive pay and ensures a focus on driving sustainable, long-term results in order to better align the interests of executives and shareholders. All changes to the framework, and any awards in respect of 2021 will be explained in further detail in the 2021 Remuneration Report. However, a high-level summary is provided in the Actions taken in response to 2019 strike section.

Thank you

The board appreciates the feedback we have received from our shareholders, proxy advisers and clients over the year and will continue to engage as the company delivers on its transformation strategy. Thank you for taking the time to read our 2020 Remuneration Report. We welcome your feedback.

Michael Sammells
Remuneration Committee Chair

Actions taken in response to 2019 strike

The table below outlines the feedback provided through consultation with investors, proxy advisers and other shareholder representatives to the 2019 Remuneration Report and the actions taken in response.

Remuneration element	Issues raised	Response
Performance outcomes and transparency	The 2019 Remuneration Report was too complex and lacked a clear link between business and remuneration outcomes	The 2020 report seeks to clearly articulate the link between business performance and remuneration outcomes, including the delivery of strategic initiatives and the application of board discretion (see section 5 for details). The rationale for and details of retention payments has also been included (see Chair's letter and section 6.1 for details).
Remuneration quantum	Total remuneration for executives was high relative to market and/or shareholder experience	The concerns regarding remuneration quantum primarily focused on the maximum potential value of the one-off Transformation Incentive awards (TI) allocated in 2019, noting that insufficient explanation of these awards was provided. These concerns have been addressed by changing the executive remuneration framework to align with market practice from 1 January 2021; ensuring transparency around the structure and value of future LTI awards; and clarifying how discretion may be applied at the TI award vesting date. Refer to additional comments below on TI. Specific to the CEO, the statutory remuneration reported on an accounting basis included the value of awards that the CEO received when he joined the company which were approved by shareholders in 2018. These awards were designed to replace incentives that were on foot at the CEO's former employer.
Transformation Incentive (TI)	Quantum of awards	The board reviewed the TI award and undertakes to apply appropriate discretion at the time of vesting rather than retrospectively altering the terms of the award during the performance period. At the time the TI was approved, it was intended to replace the annual long-term incentive (LTI) grants for the 2019 and 2020 performance years. The quantum was significantly larger than a single year LTI grant, recognising the period and STI was likely to be depressed during the Transformation program. Accordingly, the board did not grant an LTI award in 2020. For the CEO and current KMP as at 31 December 2020, the maximum value (based on full vesting) of the TI is approximately $17.5 million with a minimum value of $0 (based on no vesting).
	The award may vest if the total shareholder return (TSR) underperforms in comparison to peers	The award's design provides for 25% vesting if AMP's TSR was at 75% of the index return. In addition, under the award's performance gateway, no vesting will occur if AMP's TSR is negative and below 100% of the index. Furthermore, the board will take into account shareholder value creation, length of service and contribution of executives to the transformation of AMP when considering the application of discretion at the vesting date.

Remuneration element	Issues raised	Response
Remuneration approach	Revised executive remuneration framework effective from 1 January 2021	Based on feedback the board has undertaken a review of the executive remuneration framework applicable for the CEO and KMP and introduced a new, simplified framework for 2021. The new framework responds to the concerns raised via stakeholder feedback and reflects an approach to remuneration that is more aligned to market practice. Full details of the new remuneration framework will be outlined in the 2021 Remuneration Report; however, in summary: – STI target remains set at 100% of Fixed Remuneration ('FR') for the CEO and KMP (70% of FR for CRO), with the maximum opportunity capped at 200% (140% of FR for CRO) of Fixed Remuneration. – The deferral rate for STI awards has been increased to 60% of the award value, from 40%. – The LTI award quantum will target 100% of Fixed Remuneration for the CEO and KMP, which is considered market appropriate, and well below the quantum of the Transformation Incentive. – LTI vesting occurs four years post-award, subject to satisfying applicable performance hurdles. – Minimum LTI vesting occurs for relative TSR performance at the median of ASX 100 Financials companies, ex A-REITs, over a three-year performance period. – The first grants for LTI are expected to be made prospectively in FY 2021.
Non-executive director (NED) remuneration	NED remuneration is above market cap and excessive in comparison to selected peer groups	The volume of board work and formal meetings has significantly increased given AMP's operating environment and fees were set to reflect this workload. Despite this, the Chair's fee was reduced from $850,000 to $660,000 effective 1 March 2020. During 2020, the total remuneration paid to AMP Limited NEDs was $3.4 million being 74% of the shareholder approved fee pool. This represents an overall 10.1% cost reduction in aggregate NED fee spend year on year (see section 8.1 for more information). NED fees will be considered for review following completion of the portfolio review and any subsequent outcomes.
Board discretion	There is insufficient information on the application of board discretion and disclosure of the criteria applied in considering adjustments	In 2020, the board developed a set of principles for discretion for this purpose, and a framework that assesses: the situation and circumstances warranting discretion, to whom discretion should apply, the accountability of the individual and/or group, and the appropriate impact commensurate with the conduct or action observed (see sections 1 and 3.1 for details). Under conditions where remuneration outcomes are not clearly supported by business results, the board will apply discretion and be transparent about its considerations and rationale in the Remuneration Report (see section 1 for details).
Minimum shareholding	AMP's minimum shareholding requirement is inconsistent with market practice	To align with current market practice, we have increased our minimum shareholding requirement for KMP during 2020 to the following (see section 6.3 for more information): – CEO – two times fixed remuneration. – Executives – one times fixed remuneration.

Remuneration report

This report details the remuneration arrangements for our key management personnel (KMP) in 2020. It has been prepared and audited against the disclosure requirements of the Corporations Act 2001.

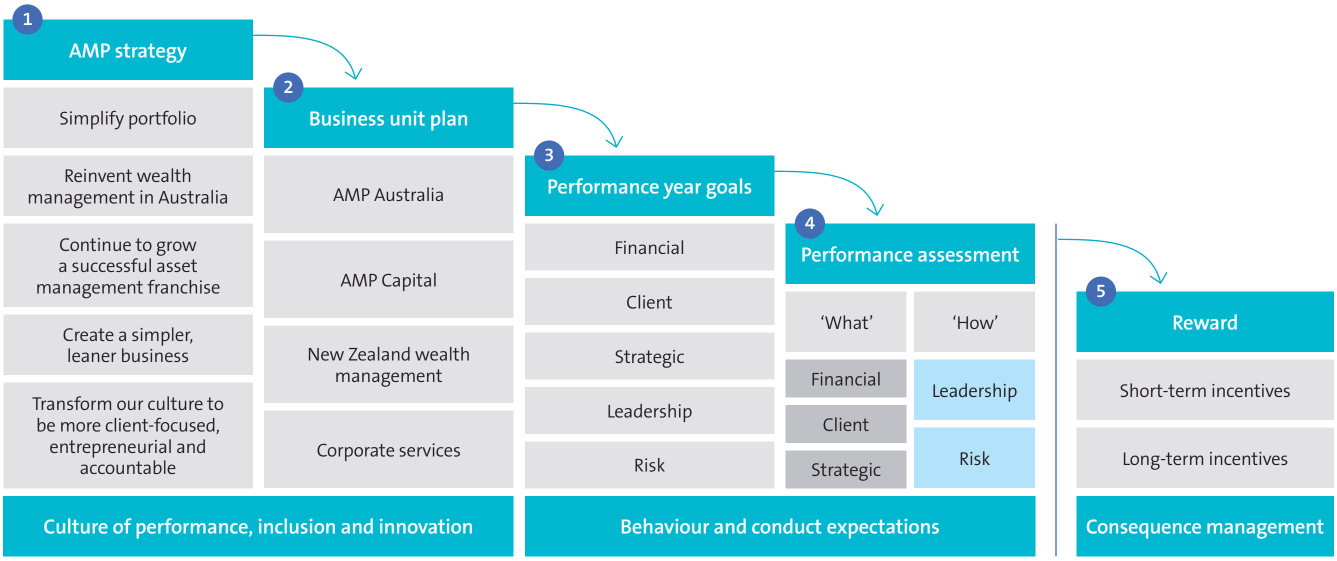
Contents

1 Remuneration strategy and framework

1.1 Remuneration strategy

The board is committed to long-term, sustainable value creation for our shareholders. While financial performance is a key indicator of AMP's success, the board is also mindful that longer-term value creation results from delivery of both financial and key non-financial objectives.

The focus on long-term value creation is evident in our approach to performance and remuneration (as shown diagrammatically below). Through the annual planning process, each business unit identifies the key strategic, financial, people leadership, client and risk priorities to deliver AMP's transformation strategy. These business unit priorities form the basis for setting key objectives and assessing achievements at both the team and individual level.



Outcomes awarded under our remuneration framework reflect both 'what' our strategy seeks to deliver and 'how' it is delivered, as performance assessment explicitly considers not only the strategic objectives delivered, but also relies on the visible demonstration of our desired culture, behaviours and conduct expectations.

1 Remuneration strategy and framework (continued)

1.2 Remuneration framework

AMP's remuneration strategy seeks to align performance, prudent risk management and reward outcomes. It is designed to support the attraction, retention and reward of the high performing talent required to deliver strong client outcomes and sustained returns to shareholders.

We have reviewed and simplified our remuneration principles in 2020 to provide the flexibility to address challenges in attracting and retaining talent, remain competitive in the market and differentiate for performance.

The following diagram illustrates the remuneration framework that applied to our executives during 2020.

Remuneration principles

Linked to strategy and sustainable value creation	Balances interests of **clients, people and shareholders**	**Market competitive** to attract and retain the right talent	**Differentiates** for performance; **adjusts for risk**	Reflect our **values, behaviours** and **conduct** expectations

Remuneration structure for 2020

	Purpose and link to strategy	Benchmark/Measures	Delivery
Fixed remuneration	Market competitive remuneration to attract and retain. Set taking into account role and experience.	Relevant benchmark such as ASX 100 financial organisations.	Base salary, superannuation and salary sacrifice benefits.
Short-term incentives	Reward for achieving key financial and non-financial priorities during the financial year which align to AMP strategy.	Mix of key strategic, financial, people and client goals during the financial year.	– 60% delivered as cash. – 40% delivered as share rights deferred for four years.
Long-term incentives	Reward for sustainable long-term growth in shareholder value measured through relative total shareholder return (TSR).	Performance against an equally weighted index consisting of ASX 100 financial organisations.	100% delivered as share rights subject to a performance hurdle with a three-and-a-half-year performance period (or four years where required to comply with regulation).

Supported by the remuneration governance, risk management and consequence management framework

- All variable remuneration is subject to board discretion in the determination of outcomes and before vesting.
- Set rules govern minimum shareholding requirements for executives.
- Hedging of AMP shares (including unvested rights) is prohibited.

1 Remuneration strategy and framework (continued)

1.2 Remuneration framework (continued)

In conjunction with the remuneration principles and structures outlined on the previous page, a framework has been developed to guide the board in applying discretion to remuneration outcomes. The framework (below) sets out the approach the board will take and criteria it will consider when determining whether and how discretion should be applied.

Framework for applying discretion

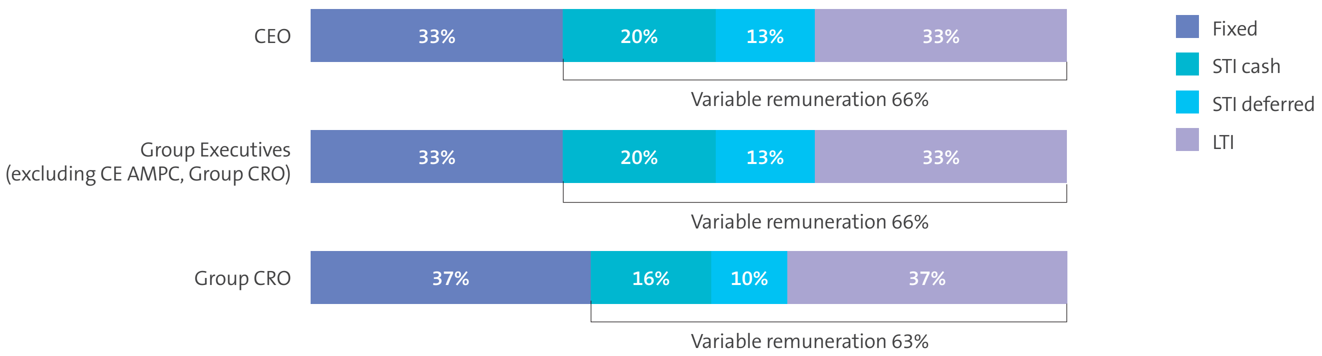
Situation	Do the circumstances warrant adjustment?	Is there a material event? Do outcomes reflect the context?
Target	To whom should the adjustment apply?	Related to an individual or a group? Adjustment to outcome or pool?
Accountability	How accountable is the person/group?	How much influence did the individual have? Was the event reasonably foreseeable?
Impact	What quantum of adjustment is required?	What is the impact on the company? Is the adjustment reasonable?

1.3 Remuneration mix

The graph below shows the 2020 remuneration mix for disclosed KMP (excluding the Chief Executive, AMP Capital (CE AMPC) who was eligible to participate in the AMP Capital Enterprise Profit Share plan).

The CRO's remuneration mix has a higher proportion of fixed remuneration which reflects the independent nature of the role from the group's business activities.

Incentive targets are set that reflect the remuneration structure of the role, the group's business plans and the operating environment. The percentages shown for 2020 have been calculated based on target opportunity.



2 Remuneration governance

2.1 Governance framework

There are a number of remuneration governance and oversight processes in place at AMP, primarily exercised through the AMP Limited Board, subsidiary boards and the Remuneration Committee. The Remuneration Committee assists the various boards to fulfil their remuneration obligations by developing, monitoring and assessing remuneration strategy, policies and practices across AMP.

Members of the Remuneration Committee are independent non-executive directors. More information on the role of the Remuneration Committee can be found in the corporate governance section of AMP's website. The board believes that, to make prudent remuneration decisions, it needs both a robust framework and the ability to exercise judgement. Therefore, the board retains discretion to adjust remuneration outcomes as required to ensure outcomes are appropriate.

From time to time the Remuneration Committee may seek external guidance from independent remuneration advisers. Any advice provided by external advisers is used as a guide and is not a substitute for consideration of all the issues by each non-executive director of the Remuneration Committee.

During the 2020 year, the Remuneration Committee engaged PwC as independent remuneration advisers to provide guidance on remuneration for executives. No remuneration recommendations, as defined in the Corporations Act, were made by PwC.

The following diagram articulates AMP's remuneration governance framework.

AMP Limited Board

AMP subsidiary boards

AMP Limited Risk Committee

Assists the board with oversight of the implementation and operation of AMP's risk management framework.

Makes recommendations to the Remuneration Committee on:

- risk-related adjustments for the group incentive pool; and
- risk related matters that may require the application of malus or clawback or in-year reduction to incentives.

Remuneration Committee

Advises the AMP Limited Board and the boards of AMP subsidiaries in setting and overseeing AMP's remuneration policy and practices. Key responsibilities include:

- reviewing AMP's remuneration policy including effectiveness and compliance with regulatory requirements;
- reviewing the remuneration arrangements, performance objectives, measures and outcomes for executives and senior management;
- reviewing the remuneration arrangements for non-executive directors;
- reviewing AMP's remuneration disclosures;
- overseeing all incentive plans; and
- reviewing and making recommendations in relation to equity-based plans including malus and clawback.

Management

The CEO makes recommendations to the Remuneration Committee on the performance and remuneration outcomes for his direct reports.

Management advises the Remuneration Committee and provides information on remuneration-related matters.

Independent remuneration advisers

The Remuneration Committee engages remuneration advisers when it needs additional information to assist the AMP Limited Board in making remuneration decisions.

During 2020, the decision was made to dissolve the Management Remuneration Committee to facilitate structural and governance efficiencies. Management oversight of remuneration matters will be the responsibility of the CEO AMP with the support of the Group Executive, People and Corporate Affairs, Group Director People and other executives as required.

3 Risk and remuneration

3.1 Risk management in remuneration

The board has a range of mechanisms available to adjust remuneration and incentive outcomes to reflect behavioural, risk or compliance outcomes. The table below summarises the range of mechanisms available and their intended operation.

Risk assessment	Risk and conduct outcomes	Malus and clawback provisions	Board discretion
Enterprise and business unit levels	All employees	All incentive plans	
The Chief Risk Officer reports the overall assessment of risk management as an input to the determination of the group incentive pool.	Employees' risk management behaviour and conduct is specifically considered as part of their performance assessment and in the determination of remuneration outcomes. The consequence management framework ensures that behaviour which does not meet expectations is actively and consistently managed, including adjustments to remuneration. The establishment of the Consequence Management Committee in 2020 aims to achieve further consistency across the AMP group in relation to conduct-related remuneration adjustments.	Allows the board to adjust or lapse (malus) unvested incentive awards or reclaim (clawback) vested incentives in certain circumstances. All deferred incentives are subject to a conduct and risk review before vesting. This applies to current and former employees.	The board may apply its discretion to adjust vesting outcomes, subject to the equity incentive plan rules governing the plan and in compliance with the relevant policies.

The board exercises discretion to apply remuneration consequences to executives with overall accountability for matters arising in their business units with adverse risk, client and/or reputational impacts.

AMP's consequence management framework was further strengthened in 2020. During the year there were a number of conduct matters that resulted in the application of formal consequences. Every substantiated conduct case resulted in the application of formal consequences. There were 46 cases considered as serious conduct breaches warranting the application of remuneration or management consequences, including formal warnings and performance-based remuneration reductions. Of the 46 cases, 24 resulted in termination of employment. At the time of this report, the annual remuneration review process is about to commence for employees (outside KMP) where conduct performance will be factored into any remuneration decisions.

While 2020 presented many challenges from a people perspective, conduct cases involving interpersonal behavioural issues have remained relatively low and are largely consistent with 2019 levels. This is a positive outcome, with the work environment risks mitigated by a significant range of mental health and other support services provided to employees during the year.

4 Key management personnel (KMP) and leadership renewal

Key management personnel (KMP) are the individuals who have authority and responsibility for planning, directing and controlling the activities of AMP. This includes the Chief Executive Officer (CEO), nominated direct reports of the CEO and AMP's non-executive directors (NEDs). In this report, the term 'executive' means the CEO and the other executives who are KMP.

2020 KMP are detailed below. Each KMP held their position for the whole of 2020, unless stated otherwise.

Non-executive Directors	KMP	KMP Position
Current	**Current**	
Debra Hazelton (appointed Chair 23 August 2020)	Francesco De Ferrari	Chief Executive Officer
Rahoul Chowdry (appointed 1 January 2020)	David Cullen	Group General Counsel
Kathryn McKenzie (appointed 18 November 2020)	James Georgeson	Chief Financial Officer (appointed 3 February 2020)
John O'Sullivan	Helen Livesey	Group Executive, People and Corporate Affairs
Michael Sammells (appointed 1 March 2020)	Phil Pakes	Chief Risk Officer (appointed 4 April 2020)
Andrea Slattery	Blair Vernon	Acting Chief Executive, AMP Australia (appointed 6 August 2020)

Non-executive Directors	KMP	KMP Position
Former	**Former**	
John Fraser (up to 23 August 2020)	Megan Beer	Chief Executive, AMP Life (up to 30 June 2020)
Andrew Harmos (up to 8 May 2020)	Jenny Fagg	Chief Risk Officer (up to 3 April 2020)
Trevor Matthews (up to 1 July 2020)	Boe Pahari	Chief Executive, AMP Capital (1 July 2020 to 23 August 2020)
David Murray (up to 23 August 2020)	Craig Ryman	Chief Operating Officer (up to 28 May 2020)
Peter Varghese (up to 8 May 2020)	Adam Tindall	Chief Executive, AMP Capital (up to 30 June 2020)
Mike Wilkins (up to 14 February 2020)	Alex Wade	Chief Executive, AMP Australia (up to 5 August 2020)

Board changes

Debra Hazelton was appointed Chair of the board and Rahoul Chowdry, Kathryn McKenzie and Michael Sammells were appointed as Directors during the year.

Executive changes

Changes to the executive KMP include:

– Permanent appointment: James Georgeson (Chief Financial Officer) and Phil Pakes (Chief Risk Officer).
– Interim appointment: Blair Vernon (Acting Chief Executive, AMP Australia).

5 Performance and reward outcomes

5.1 Performance objectives and assessment

The board is committed to providing increased transparency regarding the financial and non-financial objectives used to assess company and executive performance.

The successful delivery of the multi-year transformation strategy is underpinned by key strategic, financial, people leadership, client and risk goals linked to the annual objectives set by the board. These form the overall group scorecard and achievement against these objectives is used by the board as a key input in determining the group incentive pool.

A risk overlay is independently conducted by the Chief Risk Officer, reviewed by the AMP Limited Board Risk Committee and approved by the AMP Limited Board. This serves as an additional input in determining the group incentive pool and influences any reward outcomes for the CEO or KMP.

In addition, when assessing overall performance, the board may choose to exercise discretion to take into account any factors not reflected in the assessment against annual objectives or risk overlay to ensure reward outcomes appropriately balance employee and shareholder outcomes.

5 Performance and reward outcomes (continued)

5.2 Group performance outcomes for 2020

The overall company objectives for 2020 and the board's assessment of performance against each are set out in the table below.

Despite challenging circumstances, management made strong progress in delivering on key strategic priorities. Assessment against the group scorecard indicated almost two-thirds of the key priorities achieved or exceeded target.

However, notwithstanding the delivery of some key transformation milestones, AMP's financial performance remained significantly below plan with net profit after tax (underlying) of $295 million.

In determining the 2020 group incentive pool the board was therefore very cognisant of the shareholder experience and the impacts of organisational instability on AMP's reputation, our employees and clients.

Strategic pillar	Strategic initiatives	Performance outcome	Performance commentary
Client	Client experience	Significantly below / Below / **Achieved** / Exceeded	Customer NPS improved from +15 to +27 points in the year. This reflected concerted effort in client engagement during COVID-19, significant progress in simplifying our product offering, streamlining the number of Master Trust products from 70 to 11, and delivering ~$130 million in member benefits.
	Client remediation	Significantly below / Below / Achieved / **Exceeded**	Client remediation is 80% complete, and on track for completion by mid 2021.
Financial	Profit (loss) after tax attributable to shareholders	Significantly below / Below / **Achieved** / Exceeded	The result of $177 million was favourable to plan and positively impacted by one off items.
	Net profit after tax (underlying)	**Significantly below** / Below / Achieved / Exceeded	Underlying results were subdued, with COVID-19 impacting the entire business, including market impacts on AUM revenue. Net profit after tax (underlying) was significantly below target at $295 million.
	Return on equity (underlying)	**Significantly below** / Below / Achieved / Exceeded	Underlying ROE was below target at 6.3%, despite prudent capital management and strong cost management. The result reflects the impact of COVID-19 on earnings.
Strategic priorities	Simplify portfolio	Significantly below / Below / **Achieved** / Exceeded	The successful sale and separation of AMP Life, which included one of the largest successor fund transfers in corporate Australia's history, was a significant achievement, particularly in a COVID-19 work-from-home environment. This represents a critical milestone in AMP's transformation.
	Reinvent wealth management in Australia	Significantly below / Below / **Achieved** / Exceeded	The first phase of the superannuation simplification program was successfully executed, returning value to clients through a more streamlined product offering. Further progress was made in re-shaping the Advice business, which continues to face challenging conditions and disruption. The North platform displayed resilience and continued to make inroads servicing external financial advisers with an enhanced offering.

5 Performance and reward outcomes (continued)

5.2 Group performance outcomes for 2020 (continued)

Strategic pillar	Strategic initiatives	Performance outcome	Performance commentary
Strategic priorities (continued)	Maintain growth momentum in AMP Bank	Significantly below / Below / **Achieved** / Exceeded	The AMP Bank platform upgrade was delivered on time and within budget, positioning the bank for future growth.
	Grow asset management	Significantly below / **Below** / Achieved / Exceeded	Successful buyout of the MUTB 15% shareholding created strategic flexibility. Continued momentum in the real assets business, evidenced by further fundraising in the highly successful Infrastructure Debt Fund strategy. However, leadership instability has limited progress and identifying a long-term Chief Executive for AMP Capital (CE AMPC) remains a priority.
	Create simpler, leaner business	Significantly below / Below / **Achieved** / Exceeded	Strong performance delivered through cost-management programs, with in-year gross savings delivered reaching $102 million.
	Strengthen operating model	Significantly below / Below / **Achieved** / Exceeded	Phase 2 of the operating model program has further enhanced end-to-end accountability within each of the three primary businesses (AMP Capital, AMP Australia and New Zealand wealth management). Control and enablement functions were centralised to strengthen accountability and oversight.
Leadership	Drive employee engagement	Significantly below / **Below** / Achieved / Exceeded	Conduct issues and leadership instability impacted employee engagement. Overall Employee Satisfaction (eSat) score at the end of 2020 was 67 points against a target of 70 points. While the score demonstrates resilience, the prevailing employee experience of the year is considered to have been below target.
	Transform culture	Significantly below / **Below** / Achieved / Exceeded	High profile cultural issues had a profound impact on the reputation of our business. While there was heavy investment in improving culture, and progress made would otherwise be considered successful, this element is considered below plan.
Risk	Strengthen risk management	Significantly below / Below / **Achieved** / Exceeded	Completed a $100 million investment in strengthening risk across AMP. Investment has yielded improved risk management strategy, steady improvement in risk culture, and positive outcomes across major external reviews. Despite organisational instability and reputational issues, the response to COVID-19 demonstrated strong operational readiness and enabled successful completion of the AMP Life sale.

5 Performance and reward outcomes (continued)

5.3 Group performance

The remuneration outcomes for executives and employees reflect overall subdued group financial performance. 2020 net profit after tax (underlying) of $295 million has reduced 33% from $439 million in 2019 and return on equity decreased to 6.3%.

In July 2020, AMP announced the completion of the sale of the AMP Life insurance business to Resolution Life. The sale represented a significant step in transforming AMP and positioning the company for future growth.

Following the completion of the AMP Life sale, the board committed to return up to $544 million of excess capital to shareholders via:

- a $344 million special dividend of 10 cents per share fully franked (paid on 1 October 2020), and
- an on market buyback of up to $200 million – currently on hold pending completion of the portfolio review.

The table below illustrates AMP's performance over the last five years and the remuneration outcomes.

	2016	2017	2018	2019[1]	2020
Financial results					
Profit (loss) after tax attributable to shareholders ($m)	(344)	848	28	(2,467)	**177**
Net profit after tax (underlying) ($m)[2]	486	1,040	680	439	**295**
Cost to income ratio (%)	63.7	46.2	55.8	66.0	**75.5**
Shareholder outcomes					
Total dividend (cents per share)	28	29	14	0	**10**
Share price at 31 December ($)	5.04	5.19	2.45	1.91	**1.56**
Remuneration outcomes					
Relative TSR percentile	31st	27th	8th	0	**0**
LTI vesting outcome (% of grant)	22	0	0	0	**0**
Average STI received by KMP (as % of maximum opportunity)	0	58	0	23	**0**

1 Results have been presented on a continuing basis and re-presented for the year ended 31 December.
2 NPAT (underlying) represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.

5.4 CEO and executive performance and outcomes

The performance assessment of the CEO considers overall company performance against a scorecard (as detailed in section 5.2) with a further qualitative and quantitative assessment of his individual contribution including consideration of risk management and behavioural outcomes.

The board assessed the CEO's performance for 2020 in line with company performance and individual contribution and thanks him for his leadership in an extraordinarily challenging year. Despite significant market and internal disruption, the CEO continued to drive the turnaround strategy and delivered a number of key transformation milestones. In addition to the group performance outcomes noted at section 5, the CEO specifically delivered:

- **Strong capital and liquidity positions** amid extreme market volatility.
- **COVID-19 response:** prioritisation of client support during the COVID-19 pandemic; $1.8 billion of early release of super payments and paused home loan repayments for ~11% of AMP Bank mortgage clients.
- **Employees:** Implemented a refined performance management framework as an enabler of a high-performance culture.
- **Portfolio review:** led and conducted a strategic portfolio review.

Despite strong personal contribution and progress of strategic delivery, the CEO has agreed with the board's assessment that AMP's 2020 financial performance and resulting shareholder expectation, does not warrant award of an STI award for the year.

For KMP, executive contribution is aligned to group performance outcomes through the cascade of the company's overall objectives to respective portfolios of accountability. In this way, an executive's performance is aligned to both company performance and their individual business unit performance.

Again, reflecting overall performance of the group and aligned shareholder experience, no STI awards are being made for KMP performance for 2020.

For all other employees, their performance assessment reflects achievement against agreed objectives combined with consideration of risk management, behaviour and conduct.

5 Performance and reward outcomes (continued)

5.4 CEO and executive performance and outcomes (continued)

The following table shows the STI awarded to current and former executives for the 2020 performance year. This table seeks to demonstrate payments made and/or forgone. It differs from the statutory table in section 7.1 which is prepared according to Australian Accounting Standards.

	Maximum STI opportunity value $'000	Percentage of maximum STI opportunity awarded	Percentage of target STI opportunity awarded
Current executives			
Francesco De Ferrari	4,400	0%	0%
David Cullen	1,500	0%	0%
James Georgeson	1,500	0%	0%
Helen Livesey	1,700	0%	0%
Phil Pakes[1]	728	0%	0%
Blair Vernon[1]	683	0%	0%
Former executives			
Megan Beer	1,800	0%	0%
Jenny Fagg	1,800	0%	0%
Boe Pahari[2]	n/a	n/a	n/a
Craig Ryman	1,800	0%	0%
Adam Tindall[2]	n/a	n/a	n/a
Alex Wade	1,940	0%	0%

1 Phil Pakes' and Blair Vernon's maximum STI opportunity values are pro-rated for the time they were appointed to KMP.
2 The % of maximum STI opportunity for Adam Tindall and Boe Pahari is not applicable as their opportunity for STI under the AMP Capital Enterprise Profit Share Plan is uncapped with no applicable target STI.

5.5 Long-term incentive performance

Long-term incentive vesting outcomes determined in 2020 are detailed below.

To assess the 2017 LTI awards vesting in 2020, AMP's TSR performance was compared against the top 50 companies based on market capitalisation rank in the S&P/ASX 100 index, measured for the period 1 January 2017 to 31 December 2020. The 2017 LTI award performance hurdles were not achieved, resulting in nil vesting of the award which will lapse in full.

Grants that were tested for vesting in 2020

Grant date	Performance period start date	Performance period end date	Measure	Threshold target (50% vests)	Maximum target (100% vests)	AMP's TSR performance	Vesting outcome (portion of tranche vested)
19 May 2017	1 Jan 2017	31 Dec 2020	TSR	21.9% 50th percentile	68.5% 75th percentile	(57.5%)	0%

The table below provides details of the approved performance measures and targets for current unvested LTI grants (the Transformation Incentive) with a performance end date up to 2023. During the 2020 year, the board heard extensive shareholder feedback with regards to the maximum potential value and vesting hurdles applied to the Transformation Incentive award. These concerns have been addressed by:

- Clarifying the rationale for the quantum of the grant which was intended to replace the 2019 and 2020 LTI grants and to recognise that STI for executives was likely to be subdued during the transformation period.
- Confirming that under the Transformation award's performance gateway, no vesting will occur if AMP's TSR is negative and below 100% of the index.
- Ensuring transparency around the structure and value of future LTI awards.
- Rather than retrospectively altering the contractual terms of the grant during the performance period, undertaking to apply appropriate discretion at the time of vesting. Specifically, the board will take into account shareholder value creation, length of service and contribution of executives to the transformation of AMP in applying discretion (either positively or negatively) at the vesting date.

Grants to be tested for vesting at a future date

Grant date	Performance period start date	Performance period end date	Measure	Threshold target (50% vests)	Maximum target (100% vests)	Board-approved performance outcome	Vesting outcome (portion of tranche vested)
12 Sep 2019	1 Aug 2019	15 Feb 2023	CAGR TSR	75% of index	110% of index	TBA	TBA

In keeping with the intent of the 2019 Transformation Incentive (August 2019), no LTI grants were made for 2020.

5 Performance and reward outcomes (continued)

5.6 Remuneration received by current executives in 2020

Under AMP's remuneration framework, executives are eligible to receive a mix of fixed remuneration, STI (delivered part in cash and part deferred as share rights) and an LTI award.

The table below sets out the remuneration actually received by the CEO and current KMP and the value of any equity awarded in prior years (either as deferred STI and/or LTI) vesting to these executives during 2020. The table also shows the maximum value of total remuneration forgone (this includes both the STI opportunity that was not awarded in respect of the 2020 year and any previous years' equity awards which were due to vest in 2020 but did not meet the relevant hurdles and were lapsed).

Presenting this information to shareholders is designed to provide more clarity and transparency of actual executive remuneration. This approach differs from the statutory remuneration table which presents remuneration in accordance with accounting standards. Details on Statutory disclosures are found in section 7.1.

Name	Year	Fixed remuneration[1] $	Short-term cash incentive[2] $	Other benefits[3] $	Equity received during reporting period deferred from previous years[4] $	Total remuneration received during reporting period $	Total forgone during the reporting period[5] $
Francesco De Ferrari	**2020**	**2,200,000**	**–**	**–**	**–**	**2,200,000**	**4,400,000**
	2019	2,200,000	1,320,000	11,000	–	3,531,000	990,000
David Cullen	**2020**	**739,481**	**–**	**–**	**203,892**	**943,373**	**1,500,000**
	2019	700,000	260,000	–	49,143	1,009,143	820,964
James Georgeson	**2020**	**745,492**	**–**	**1,800**	**48,726**	**796,018**	**1,500,000**
	2019	189,000	78,000	1,000	109,425	377,425	251,682
Helen Livesey	**2020**	**850,000**	**–**	**–**	**330,907**	**1,180,907**	**1,969,100**
	2019	850,000	280,000	–	97,946	1,227,946	1,065,641
Phil Pakes	**2020**	**520,219**	**–**	**–**	**–**	**520,219**	**728,306**
	2019	–	–	–	–	–	–
Blair Vernon	**2020**	**341,701**	**–**	**23,400**	**–**	**365,101**	**683,402**
	2019	–	–	–	–	–	–

1 Remuneration received is reflected for time in role for the relevant reporting period. James Georgeson commenced as a KMP during 2019 and Phil Pakes and Blair Vernon commenced as KMP during 2020.

2 STI payments made to KMP during the relevant year based on outcomes related to the applicable year's performance. Blair Vernon received a retention payment during 2020 in relation to his role as the CEO New Zealand wealth management in the amount of $98,873 which has been pro-rated for the time he was KMP and has not been included in the table above.

3 Other benefits include non-monetary benefits and any related FBT exempt benefits and FBT payable benefits, for example car-related expenses, insurances, professional memberships and subscriptions. Non-monetary benefits for Francesco De Ferrari during 2019 comprise relocation costs.

4 The value of vested equity awards was calculated based on the units which vested multiplied by the five-day volume weighted average price (VWAP) up to and including the date of vesting exercise. The CEO Buyout Incentive awards which vested during 2020 are excluded from the table as these awards were designed to replace remuneration forgone from his former employer. Full details of the Buyout Incentive award values are provided in section 5.7.

5 Total forgone values are inclusive of prior year LTI awards which lapsed because performance hurdles were not achieved and/or the amount of maximum STI opportunity not received due to no STI being awarded.

5.7 CEO Buyout Incentive

Buyout Incentive awards were granted to the CEO, Mr Francesco De Ferrari, in 2018 for remuneration forgone from his former employer on resignation to join AMP. In addition to the total remuneration received for 2020 outlined in section 5.6, the following Buyout awards (granted in 2018) vested during the year:

- Buyout Incentive rights (tranche 1) representing 50% of the total grant vested on 15 February 2020 totalling 1,020,408 units with a vesting value of $1,866,494; and
- Buyout Incentive restricted shares (tranche 2) representing 20% of the total grant vested on 15 August 2020 totalling 408,164 units with a vesting value of $624,490.

6 Executive remuneration details

Our executive arrangements are structured to ensure that the total remuneration for each individual is linked to both their business unit and overall company performance and is aligned to long-term shareholder value creation.

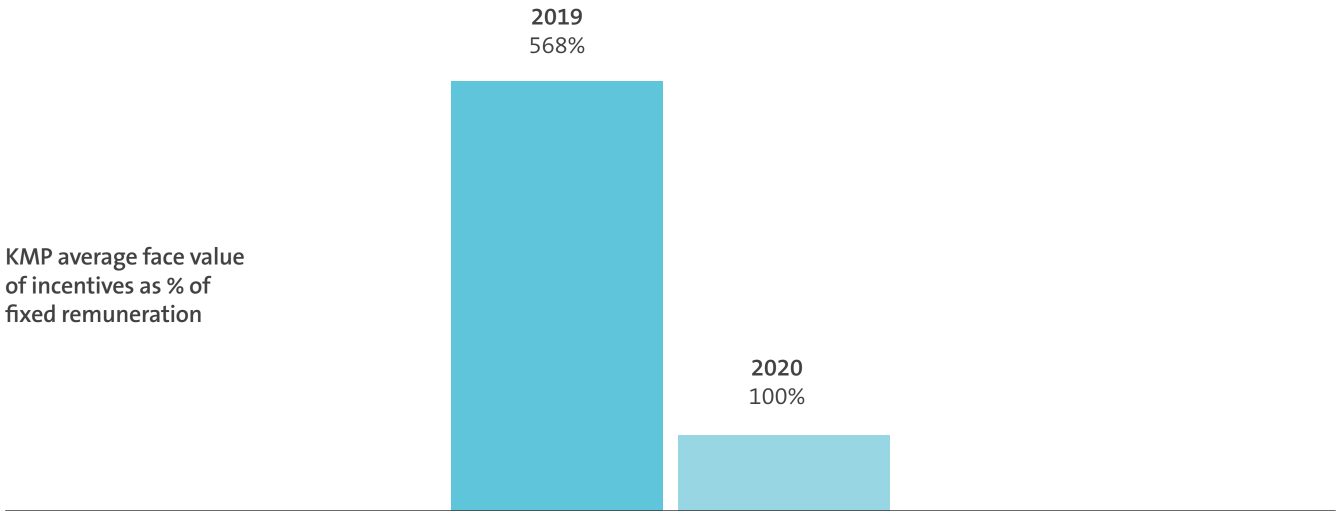
6.1 Executive 2020 remuneration arrangements

Given the 2019 remuneration strike and the ongoing review of the executive remuneration framework, 2020 was a year of transitional remuneration arrangements for AMP. In the interests of transparency, this section sets out the arrangements that applied to executives in the 2020 performance year:

- **Eligibility for STI:** all executives were eligible to participate in AMP's group incentive plan with the exception of the Chief Executive, AMP Capital. The Chief Executive, AMP Capital was eligible to participate in the AMP Capital Enterprise Profit Share plan, an incentive plan for the executives of AMP's investment management business. It should be noted that Mr De Ferrari was not eligible to participate in this plan during his time as Acting Chief Executive, AMP Capital in 2020.
- **Eligibility for LTI:** while the executives were eligible for an LTI under the prevailing remuneration framework, the board made the decision not to grant a long-term incentive (LTI) award for 2020, taking into account the timing, intent and size of the Transformation Incentive (TI) award granted in August 2019. This award was designed to replace the standard 2019 and 2020 LTI grants and compensate for subdued STI during the transformation period.
- **Remuneration related to new roles:** supplementary Transformation Incentive awards were made for Mr James Georgeson, Chief Financial Officer and Mr Phil Pakes, Chief Risk Officer on permanent appointment to their roles to align with other KMP.
- **Retention awards:** the portfolio review created significant additional workload for our key executives and generated substantial additional challenge and uncertainty across the group. This was exacerbated through a series of executive departures which disrupted business operations, leaving those remaining critical to stabilising the business, retaining corporate knowledge and continuing to drive the turnaround strategy. Faced with these extraordinary circumstances, the board, having examined market precedents and tested the concept with a range of investor representatives, sought to stabilise the management team by introducing a one-off retention payment for KMP and critical talent across the organisation. As part of the discussion in relation to the retention of the CEO's direct reports, the board and CEO agreed that the CEO should not be considered for a retention award based on the precedents, market feedback and other previously disclosed remuneration arrangements.

  Retention payments for KMP totalled $3.89 million with the quantum of the award equivalent to 100% of fixed remuneration deferred in its entirety. The deferral period will see 60% vest on 31 October 2021 (delivered as cash) with the remaining 40% (delivered as share rights) vesting on 31 October 2024 subject to continued employment.

  This decision was not taken lightly. However, the board believes there were very few alternatives under the circumstances, to maintain stability and protect shareholder value through the portfolio review.
- **Overall quantum of remuneration:** responding to shareholder feedback regarding the overall quantum of remuneration being out of line with market, the average face value of incentives awarded in 2020 for the KMP, including the retention award, was 100% of fixed remuneration. This compares to an average face value of incentives awarded in 2019 (including the Transformation Incentive) of 568% (albeit subject to performance hurdles).



6 Executive remuneration details (continued)

6.2 Terms of executive remuneration

The following common terms apply to the incentive plans outlined below:

Format of award	Awards delivered in rights to AMP Limited shares have no exercise price and carry no dividend or voting rights until the rights vest and have been converted to shares, subject to the available trading window. However, dividends that have accrued will be paid as additional shares after vesting.
How rights are converted to shares	At the end of the deferral period for each tranche, any rights that have vested are converted into AMP Limited ordinary shares on behalf of participants. Participants then become entitled to shareholder benefits, including dividends and voting rights.
If there is a change in control of AMP	If AMP is subject to a takeover or change of control, the board has discretion to determine the treatment of any unvested rights.
Board discretion on malus and clawback	The board may apply its discretion in adjusting for malus and clawback. The board may reduce or clawback awards in certain circumstances, such as: – the participant's employment is terminated for misconduct; – the participant acting fraudulently, dishonestly or in a manner which brings the AMP group into disrepute or being in material breach of their obligations to the group; – to protect the financial soundness or position of AMP; – to respond to a material change in the circumstances of AMP, or a significant unexpected or unintended consequence affecting AMP that was not foreseen by the Remuneration Committee (including any misstatement of financial results); and/or – to ensure no unfair benefit to the participant.
If the executive leaves AMP	If any rights have not yet vested and an executive resigns from AMP or their employment is terminated for misconduct any unvested rights will lapse. If an executive leaves AMP due to retirement or redundancy any unvested rights may be retained, and vesting will continue subject to the vesting conditions as would apply if the person had remained in AMP employment.

	2020 AMP Group Incentive Plan
Eligible participants	All executives, excluding the Chief Executive, AMP Capital.
Format of award	The award is delivered 60% in cash and 40% in rights to AMP Limited shares deferred for four years.
How individual performance is measured	Individual performance is measured against the performance of each executive's business area as well as their personal objectives. Performance measures for the executives and business areas are agreed with the board at the start of each year.
How the incentive pool is calculated	The board determines the group incentive pool, based on performance against the group incentive pool measures (refer to section 5.1), taking into account AMP's financial results and the progress of AMP's strategic objectives.
How the awards are allocated	The CEO AMP recommends to the board for its approval the executive incentive allocations based on company and individual performance. Separately the board assesses the CEO AMP's performance against the overall company performance measures and objectives to determine an allocation.
STI deferral	100% of the award vests between two or four years depending on legislative requirements. Vesting is subject to ongoing employment and compliance with AMP policies and is subject to board discretion (as described above under '*Board discretion*'). It is AMP's practice to buy on market the shares to be delivered.

6 Executive remuneration details (continued)

6.2 Terms of executive remuneration (continued)

	2020 AMP Capital Incentives
Eligible participants	Chief Executive, AMP Capital and selected AMP Capital employees.
Format of award	The total variable pay award for the Chief Executive, AMP Capital is made up of eligibility to participate in an AMP Capital Enterprise Profit Share (EPS) award and eligibility for LTI participation.
How individual performance is measured	Performance of the Chief Executive, AMP Capital is measured against the performance of AMP Capital and performance against personal objectives. Performance measures for the Chief Executive, AMP Capital and the AMP Capital business are agreed with the board at the start of each year.
How the incentive pools are calculated	An agreed percentage of AMP Capital pre-tax profit is made available for the Enterprise Profit Share plan. The percentage is determined by the board at the start of the performance year and is not disclosed due to the commercially sensitive nature of the information. The board may adjust the pool up or down at its discretion to recognise non-profit-related performance, including changes in market conditions and broader financial factors or if AMP Capital management operates outside board-approved risk appetite levels.
How the awards are allocated	Based on a recommendation from the CEO AMP, the board approves any allocation to the Chief Executive, AMP Capital based on his performance. Following this allocation, the Chief Executive, AMP Capital determines the allocation of the remaining enterprise profit share pool to other eligible participants on a discretionary basis subject to final approval by the CEO AMP.
Incentive deferral	A minimum of 50% of any EPS allocation is deferred into an equal split of rights to AMP Limited shares and a deferred cash component that is notionally invested into a general portfolio of AMP Capital Funds. **Rights to AMP Limited shares** Any entitlement to AMP Limited shares will be delivered as share rights that will convert to AMP Limited shares (vest) after one and two years, subject to AMP's trading policy. Vesting is subject to ongoing employment and compliance with AMP policies and is subject to board discretion (as described above under '*Board discretion*'). Upon vesting the executive receives one fully paid ordinary AMP Limited share in exchange for each right held. It is AMP's practice to buy on market the shares to be delivered. **Notional investment** The deferred cash portion is notionally invested into a general portfolio of AMP Capital managed funds. This investment is described as 'notional' because the Chief Executive, AMP Capital does not directly hold the underlying securities in this basket of managed funds. The value of the retained amount will vary as if these amounts were directly invested in AMP Capital managed funds, giving the Chief Executive, AMP Capital an effective economic exposure to the performance of the securities over the four-year period. Vesting is subject to ongoing employment and compliance with AMP policies and is subject to board discretion (as described above under '*Board discretion*'). Upon vesting the executive receives the cash amount adjusted upwards or downwards for any notional return generated by the portfolio of AMP Capital Funds.

	2020 Long-Term Incentive
Eligible participants	The board determined that no LTI would be granted in 2020 due to the value of existing awards granted in prior financial years, in particular the Transformation Incentive awards granted in 2019, developed to replace LTI awards for 2019 and 2020. It is intended to award new LTI awards in the 2021 financial year as part of the revised remuneration framework to avoid a period of at least two years in which no potential vesting would occur to support retention.

6 Executive remuneration details (continued)

6.2 Terms of executive remuneration (continued)

	2020 Retention awards
Eligible participants	A selected group of senior employees including KMP but excluding the CEO and Managing Director.
Format of awards	Awarded 60% as cash deferred to October 2021 and 40% as share rights in rights to AMP Limited shares deferred for four years to October 2024.
Vesting conditions	Awards are subject to continued service with AMP until applicable vesting dates for deferred cash and share rights.
How the awards are allocated	To applicable executives the award is up to 100% of Fixed Remuneration and was offered in recognition of the fact that no other incentive (short or long term) will be awarded during, or in respect of 2020. Awards have been made to KMP and a small group of select individuals outside the KMP, seen as instrumental to the stability of AMP and critical to ensuring a successful portfolio review outcome.

	Incentive awards for KMP awarded prior to 2020 but not yet vested				
Award	Transformation Incentive award	CEO LTI	CEO Recovery Buyout Incentive	CEO Buyout Incentive	Group Incentive Plan, AMP Capital Enterprise Profit Share (EPS) and Enterprise Performance Incentive (EPI)
Eligible participants	CEO, KMP plus selected senior leaders	CEO	CEO	CEO	All employees
Awarded	2019	2019	2018	2018	2018 and 2019
Awarded as	Performance rights	Performance rights	Performance rights	Restricted shares and share rights	Share rights Notional investment (EPS only)
Performance period ends	February 2023	February 2023	February 2022 February 2023	n/a	n/a
Performance hurdle	AMP compound average growth rate (CAGR) in total shareholder return (TSR) related to an equal weighted index of ASX 100 financial services excluding A-REITs	As for Transformation Incentive award	AMP share price of $2.45	n/a	n/a
Vesting conditions and date/s	In addition to the performance hurdle, vesting is also subject to both a risk and conduct gateway as well as a performance gateway with holding locks up to September 2023 if required by the Banking Executive Accountability Regime	As per Transformation Incentive award	Up to 50% of award may vest in February 2022 if share price is $2.45 or higher. Up to 100% of award will vest in February 2023 if the share price is $2.75 or higher (less any award which may have vested in 2022)	Ongoing service to applicable vesting dates in August 2021 and February 2022	Deferral of annual incentives. Vesting dates up to February 2024 subject to continued service

6 Executive remuneration details (continued)

6.3 Executive shareholding

Minimum shareholding changes for 2020

During 2020, listening to feedback from investors and shareholder representatives, the board revised the minimum shareholding requirement for executives to more closely align to current market practice. Under the revised approach, the increased minimum shareholding requirement for KMP as follows:

– CEO – two times fixed remuneration.
– Executives – one times fixed remuneration.

Executives are expected to achieve the minimum shareholdings within a five-year period from commencement in their role. The minimum shareholding values contained in the table below include the revised calculation methodology applied for 2020.

AMP includes the following equity holdings to determine whether an executive meets this requirement:

– AMP Limited shares: ordinary AMP Limited shares registered in the executive's name or a related party.
– AMP share rights: granted to executives through AMP's employee share plans.

Share rights that are allocated to executives are included to meet their minimum holding requirement only where future vesting is not subject to any further performance condition (other than a continued service condition). AMP Limited shares and/or share rights cannot be hedged.

Executives are not expected to purchase shares to meet the requirement. Rather it is expected that executives would not sell any shares held (other than to cover tax liabilities arising) and that they will retain shares awarded to them by the Company until the minimum requirement is reached.

Minimum shareholding summary

Name	Fixed pay[1] $	Total unit balance	Total value of holding[2] $	Target date to meet the requirement
Executive director				
Francesco De Ferrari	2,200,000	3,121,144	4,868,985	Achieved
Group executives				
David Cullen	750,000	562,437	877,402	Achieved
James Georgeson	750,000	456,808	712,620	1 February 2025
Helen Livesey	850,000	593,292	925,536	Achieved
Phil Pakes	700,000	177,514	276,922	3 April 2025
Blair Vernon	845,018	436,432	680,834	5 August 2025

1 Fixed pay includes cash salary plus superannuation and has been captured as an annualised amount in Australian dollars (or equivalent for Blair Vernon) to calculate MSR values.
2 The total value of each holding was calculated as at 31 December 2020 using a closing price of $1.56 and total number of eligible securities held by the KMP currently.

6 Executive remuneration details (continued)

6.4 Executive employment contracts

Contract term	CEO	Executives
Length of contract	Open-ended	Open-ended
Notice period	6 months by AMP or by Francesco De Ferrari	6 months by AMP or the executive (with the exception of one executive for whom the notice period by AMP is 12 months)
Entitlements on termination	– Accrued fixed pay, superannuation and other statutory requirements; – Executives eligible for incentives may be awarded on a pro-rata basis for the current period in the case of death, disablement, redundancy, retirement or notice without cause, subject to the original performance periods and hurdles; – Unvested deferred incentive awards may continue in the case of death, disablement, redundancy, retirement or notice without cause, subject to the original performance periods and hurdles; – Vested deferred incentive awards will be retained except in the case of serious misconduct or breach of contract; and – In the case of redundancy, the AMP Redundancy, Redeployment and Retrenchment Policy in place at the time will be applied. This is the same policy that applies to all employees at AMP.	
Restrictions on termination benefits	AMP will not make payments on termination that require shareholder approval or breach the Corporations Act.	
Post-employment restraint	6-month restraint on entering employment with a competitor and 12-month restraint on solicitation of AMP clients and employees.	

6 Executive remuneration details (continued)

6.5 Summary of executive exit arrangements

The table below summarises the exit arrangements for former KMP who left the company during 2020. Further details are provided in the statutory disclosure table in section 7.1.

Executive	Exit arrangement
Megan Beer ceased as KMP 30 June 2020	– Unvested LTI, STI Deferral and Transition Incentive awards were retained in accordance with plan rules and subject to original terms
Jenny Fagg ceased as KMP 3 April 2020	– Payment in lieu of balance of notice – Provision of other benefits required by law – A pro-rated portion of the unvested Transformation Incentive award was lapsed and the remaining balance was retained in accordance with plan rules and subject to original terms – Unvested STI Deferral and Transition Incentive awards were retained in accordance with plan rules and subject to original terms
Craig Ryman ceased as KMP 28 May 2020	– Payment in lieu of balance of notice – Provision of other benefits required by law – A pro-rated portion of the unvested Transformation Incentive award was lapsed upon cessation of employment and the remaining balance was retained in accordance with plan rules and subject to original terms – Unvested LTI, STI Deferral and Transition Incentive awards were retained in accordance with plan rules and subject to original terms
Adam Tindall ceased as KMP 30 June 2020	– Provision of other benefits required by law – Unvested LTI, STI Deferral and Notional Investment awards were retained in accordance with plan rules and subject to original terms – Restricted shares granted as part of Mr Tindall's participation in the employee share plans were released in full in accordance with plan rules
Alex Wade ceased as KMP 5 August 2020	– Provision of other benefits required by law – Unvested Transformation Incentive and STI Deferral awards were lapsed in full in accordance with plan rules – Restricted shares purchased as part of Mr Wade's participation in the employee share plans were released in full and AMP-funded matching shares were forfeited in accordance with plan rules

7 Other executive remuneration disclosures

The following disclosures provide additional information and/or are required under the Corporations Act. This includes the 2020 executive remuneration that is prepared according to Australian Accounting Standards.

7.1 Statutory remuneration disclosure

The table below shows the remuneration that was received by executives in 2020 as well as any incentive rewards that have been awarded but not yet received. This includes fixed remuneration and the value of current and previous incentive payments which have not yet vested.

		Short-term employee benefits			Post-employment benefits	Share-based payments[4]		Long-term benefits		Termination payments	
		Cash salary[1] $'000	Cash short-term incentive[2] $'000	Other short-term benefits[3] $'000	Super-annuation benefits $'000	Rights and options $'000	Restricted shares $'000	Deferred incentive[5] $'000	Other[6] $'000	Cash payments $'000	Total $'000
Current disclosed executives											
Francesco De Ferrari Chief Executive Officer	**2020**	**2,177**	**–**	**17**	**23**	**3,613**	**910**	**–**	**9**	**–**	**6,749**
	2019	2,177	1,320	1,711	22	4,124	4,072	–	5	–	13,431
David Cullen Group General Counsel	**2020**	**705**	**–**	**53**	**25**	**846**	**–**	**–**	**80**	**–**	**1,709**
	2019	668	260	8	25	531	–	–	13	–	1,505
James Georgeson Chief Financial Officer	**2020**	**720**	**–**	**59**	**25**	**609**	**–**	**–**	**174**	**–**	**1,587**
	2019	182	78	1	7	115	–	–	3	–	386
Helen Livesey Group Executive, People and Corporate Affairs	**2020**	**827**	**–**	**93**	**23**	**1,072**	**–**	**–**	**22**	**–**	**2,037**
	2019	802	280	16	22	617	–	–	17	–	1,754
Phil Pakes Chief Risk Officer, AMP Group	**2020**	**483**	**–**	**59**	**18**	**323**	**–**	**–**	**2**	**–**	**885**
	2019	–	–	–	–	–	–	–	–	–	–
Blair Vernon Acting Chief Executive, AMP Australia	**2020**	**292**	**–**	**199**	**72**	**86**	**–**	**–**	**1**	**–**	**650**
	2019	–	–	–	–	–	–	–	–	–	–

The continuation of the table and footnotes 1 to 6 can be found on the following page.

7 Other executive remuneration disclosures (continued)

7.1 Statutory remuneration disclosure (continued)

		Short-term employee benefits			Post-employment benefits	Share-based payments[4]		Long-term benefits		Termination payments	
		Cash salary[1] $'000	Cash short-term incentive[2] $'000	Other short-term benefits[3] $'000	Super-annuation benefits $'000	Rights and options $'000	Restricted shares $'000	Deferred incentive[5] $'000	Other[6] $'000	Cash payments $'000	Total $'000
Former disclosed executives											
Megan Beer	**2020**	**436**	**–**	**501**	**12**	**117**	**–**	**–**	**19**	**–**	**1,085**
Former Chief Executive, AMP Life	2019	860	225	56	25	641	–	–	13	–	1,820
Sally Bruce	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Group Executive, AMP Bank	2019	655	165	222	23	623	–	–	(11)	419	2,096
Jenny Fagg	**2020**	**237**	**–**	**16**	**11**	**948**	**–**	**–**	**(4)**	**467**	**1,675**
Former Chief Risk Officer	2019	877	200	43	22	283	–	–	2	–	1,427
Gordon Lefevre	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Chief Financial Officer	2019	684	150	70	22	582	–	–	(26)	967	2,449
Boe Pahari[7]	**2020**	**137**	**–**	**3**	**–**	**132**	**–**	**104**	**–**	**–**	**376**
Former Chief Executive, AMP Capital	2019	–	–	–	–	–	–	–	–	–	–
Craig Ryman	**2020**	**366**	**–**	**(46)**	**19**	**1,406**	**–**	**–**	**(6)**	**1,277**	**3,016**
Former Chief Operating Officer	2019	846	200	43	25	552	–	–	40	–	1,706
Paul Sainsbury	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Group Executive, Wealth Solutions and Customer	2019	129	–	81	24	(80)	–	–	7	1,808	1,969
Adam Tindall	**2020**	**450**	**–**	**85**	**37**	**1,298**	**–**	**392**	**(64)**	**890**	**3,088**
Former Chief Executive, AMP Capital	2019	878	1,442	30	25	1,090	–	639	19	–	4,123
Alex Wade	**2020**	**545**	**–**	**46**	**26**	**(392)**	**(201)**	**–**	**(1)**	**510**	**533**
Former Chief Executive, AMP Australia	2019	909	400	581	39	392	659	–	1	–	2,981
Fiona Wardlaw	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Group Executive, People and Culture	2019	298	–	31	18	556	–	–	(4)	1,202	2,101

1 Cash salary is inclusive of base salary and short-term compensated absences.
2 Cash short-term incentive for 2020.
3 Other short-term benefits include non-monetary benefits and any related FBT, for example, short-term allowances, insurances and the net change in annual leave accrued. In addition, it reflects the pro rata expense in relation to retention awards.
4 Share-based payments expense is inclusive of adjustments that may be made in the current period in relation to unvested awards including those related to cessation of employment.
5 Deferred incentives reflect the accounting expense for cash incentive notionally invested as part of deferred incentive arrangements in AMP Capital.
6 Other long-term benefits represent the net change in long service leave accrued.
7 While a zero STI outcome was awarded to Mr Pahari for his role as KMP, he remained eligible to participate in the AMP Capital Enterprise Profit Share (EPS) plan in his capacity as Global Head of Infrastructure Equity and the Northwest region. For this role, consistent with prior years, he received a payment awarded under the AMP Capital EPS plan. The pro-rated amount of the EPS award was $937,724 for the time during which he was the Chief Executive, AMP Capital.

Carried interest

Carried interest is a form of performance fee funded by investors where participating employees hold a direct interest in the fund's success. It is a structured long-term performance fee sharing arrangement that is standard market practice for closed-end funds. No carried interest was payable in 2020.

7 Other executive remuneration disclosures (continued)

7.2 Executive shares and share rights holding

The following table shows the number of shares and share rights held by executives or their related parties during 2020. A related party is typically a family member of the executive and/or is an entity in which the executive has direct or indirect control. The definition of units includes AMP Limited shares and share rights which are not subject to any future performance conditions.

	Holding at 1 Jan 2020									Holding at 31 Dec 2020		
	Shares	Share rights[1]	Total number of units at 1 Jan 2020	Share rights granted during 2020[2]	Shares granted during 2020	Restricted shares released[3]	Share rights converted to shares[3]	Share rights forfeited or lapsed	Other market trans-actions[4]	Shares	Share rights	Total number of units at 31 Dec 2020
Current KMP												
Francesco De Ferrari	2,040,816	2,040,816	4,081,632	264,000	–	408,164	1,020,408	–	(1,224,488)	1,836,736	1,284,408	3,121,144
David Cullen	98,435	237,245	335,680	226,054	–	–	106,382	–	703	205,520	356,917	562,437
James Georgeson	177,331	49,423	226,754	230,054	–	–	25,423	–	–	202,754	254,054	456,808
Helen Livesey	60,995	279,036	340,031	253,261	–	–	172,653	–	–	233,648	359,644	593,292
Phil Pakes[5]	–	11,200	11,200	162,450	–	–	–	–	3,864	3,864	173,650	177,514
Blair Vernon[5]	95,867	145,105	240,972	195,460	–	–	–	–	–	95,867	340,565	436,432

	Shares	Share rights[1]	Total number of units at 1 Jan 2020	Share rights granted during 2020[2]	Shares granted during 2020	Restricted shares released[3]	Share rights converted to shares[3]	Share rights forfeited or lapsed	Other market trans-actions[4]	Shares	Share rights	Total number of units on date ceased as KMP
Former KMP[6]												
Megan Beer	132,272	286,154	418,426	120,000	–	–	179,771	–	1,143	313,186	226,383	539,569
Jenny Fagg	9,793	212,765	222,558	40,000	–	–	106,382	–	(106,382)	9,793	146,383	156,176
Boe Pahari	218	1,596,257	1,596,475	–	–	–	–	–	–	218	1,596,257	1,596,475
Craig Ryman	80,543	282,256	362,799	40,000	–	–	175,873	–	(103,214)	153,202	146,383	299,585
Adam Tindall	501,525	303,630	805,155	576,800	–	–	196,814	–	1,144	699,483	683,616	1,383,099
Alex Wade	537,815	–	537,815	80,000	–	209,747	–	–	1,361	539,176	80,000	619,176

1 Share rights give the participant the right to acquire one fully paid ordinary share in AMP Limited after a specified service period. Rights are granted at no cost to the participant and carry no dividend or voting rights until they vest. Rights may be settled through an equivalent cash payment at the discretion of the board.
2 Share rights awarded on 1 April 2020 relate to the 2019 short-term incentive (STI). The number of rights granted was determined using the volume weighted average price of $1.25 per share right and share rights awarded on 23 November 2020 relate to retention awards. The number of rights granted was determined using a volume weighted average price of $1.7236 per share right.
3 Unless otherwise stated, restricted shares and share rights converted during 2020 relate to awards granted in prior years.
4 Other market transactions are a result of executives or their related parties trading AMP Limited shares on the open market or may include shares awarded as part of the executive's participation in the AMP Share Purchase Plan (SPP) allotment at a market value of $1.34 per share.
5 The opening balances shown for Phil Pakes and Blair Vernon are reflective of their respective holdings as at the date on which they became KMP.
6 Former executives' opening and closing balances are reflective of their respective holdings for the time they were KMP.

7 Other executive remuneration disclosures (continued)

7.3 Executive performance rights holdings

The following table shows the performance rights which were granted, exercised or lapsed during 2020.

	Grant date	Performance condition	Fair value per performance right $	Holding at 1 Jan 2020	Rights granted in 2020	Rights exercised in 2020	Rights forfeited, lapsed or cancelled in 2020	Holding at 31 Dec 2020	Vested and exercisable at 31 Dec 2020
Current KMP									
Francesco De Ferrari[1]	21/08/18	Share Price Targets	0.82	1,656,976	–	–	1,656,976	–	–
	12/09/19	Share Price Targets	0.62	2,500,000	–	–	–	2,500,000	–
	12/09/19	CAGR of TSR	1.21	3,867,402	–	–	–	3,867,402	–
Total				**8,024,378**	**–**	**–**	**1,656,976**	**6,367,402**	**–**
David Cullen	12/09/19	CAGR of TSR	1.21	1,933,701	–	–	–	1,933,701	–
Total				**1,933,701**	**–**	**–**	**–**	**1,933,701**	**–**
James Georgeson[2]	12/09/19	CAGR of TSR	1.21	828,729	828,729	–	–	1,657,458	–
Total				**828,729**	**828,729**	**–**	**–**	**1,657,458**	**–**
Helen Livesey[3]	19/05/17	TSR	2.24	172,500	–	–	–	172,500	–
	12/09/19	CAGR of TSR	1.21	2,348,066	–	–	–	2,348,066	–
Total				**2,520,566**	**–**	**–**	**–**	**2,520,566**	**–**
Phil Pakes[4]	12/09/19	CAGR of TSR	1.21	276,243	1,104,972	–	–	1,381,215	–
Total				**276,243**	**1,104,972**	**–**	**–**	**1,381,215**	**–**
Blair Vernon	–	–	–	–	–	–	–	–	–
Total				**–**	**–**	**–**	**–**	**–**	**–**

	Grant date	Performance condition	Fair value per performance right $	Holding at 1 Jan 2020	Rights granted in 2020	Rights exercised in 2020	Rights forfeited or lapsed in 2020	Holding on date ceased as KMP	Vested and exercisable at 31 Dec 2020
Former KMP									
Megan Beer[5]	19/05/17	TSR	2.24	180,000	–	–	–	180,000	–
Total				**180,000**	**–**	**–**	**–**	**180,000**	**–**
Jenny Fagg[6]	12/09/19	CAGR of TSR	1.21	2,486,187	–	–	–	2,486,187	–
Total				**2,486,187**	**–**	**–**	**–**	**2,486,187**	**–**
Boe Pahari	–	–	–	–	–	–	–	–	–
Total				**–**	**–**	**–**	**–**	**–**	**–**
Craig Ryman[7]	19/05/17	TSR	2.24	225,000	–	–	–	225,000	–
	12/09/19	CAGR of TSR	1.21	2,486,187	–	–	–	2,486,187	–
Total				**2,711,187**	**–**	**–**	**–**	**2,711,187**	**–**
Adam Tindall[5]	19/05/17	TSR	2.24	240,000	–	–	–	240,000	–
Total				**240,000**	**–**	**–**	**–**	**240,000**	**–**
Alex Wade[8]	12/09/19	CAGR of TSR	1.21	2,679,558	–	–	–	2,679,558	–
Total				**2,679,558**	**–**	**–**	**–**	**2,679,558**	**–**

1 Performance rights granted to Francesco De Ferrari under the 2018 LTI award were cancelled following approval by shareholders at the 2020 AGM on 8 May 2020.
2 Performance rights were granted to James Georgeson under the 2019 LTI award reflecting his permanent appointment to the role of Chief Financial Officer. The number of rights granted was determined using the fair value price of $1.81 per right.
3 Performance rights granted to Helen Livesey under the 2017 LTI award will lapse in full, TSR hurdle not achieved following the 31 December 2020 testing date.
4 Phil Pakes' opening balance is calculated from the time he was appointed to KMP and includes performance rights awards granted prior to his appointment. Performance rights were granted to him under the 2019 LTI award reflecting his permanent appointment to the role of Chief Risk Officer. The number of rights granted was determined using the fair value price of $1.81 per right.
5 Performance rights granted to Megan Beer and Adam Tindall under the 2017 LTI award will lapse in full, TSR hurdle not achieved following the 31 December 2020 testing date.
6 Performance rights granted to Jenny Fagg under the 2019 Transformation Incentive award were partially lapsed in the amount of 2,011,989 units upon cessation of employment and the remaining balance is held on foot until the vesting date is reached, and performance tested. The remaining balance of the award totals 474,198 rights.
7 Performance rights granted to Craig Ryman under the 2019 Transformation Incentive award will partially lapse in the amount of 1,839,202 units upon cessation of employment and the remaining balance is held on foot until the vesting date is reached, and performance tested. The remaining balance of the award totals 646,985 rights. Performance rights granted under the 2017 LTI award will lapse in full, TSR hurdle not achieved following the 31 December 2020 testing date.
8 Performance rights granted to Alex Wade under the 2019 LTI award in the amount of 2,679,558 rights will lapse in full upon cessation of employment.

Current and former executives' opening and closing balances are reflective of their respective holdings for the time they were KMP.

7 Other executive remuneration disclosures (continued)

7.4 Executive options holdings

The following table shows the options that were granted, exercised or lapsed during 2020.

Name	Grant date	Exercise price $	Holding at 1 Jan 2020	Options granted in 2020	Options exercised in 2020	Options cancelled in 2020[1]	Holding at 31 Dec 2020	Vested and exercisable at 31 Dec 2020
Francesco De Ferrari	14 Dec 2018	5.50	8,000,000	–	–	8,000,000	–	–
Total			**8,000,000**	**–**	**–**	**8,000,000**	**–**	**–**

1 Options were cancelled following approval by shareholders at the 2020 AGM on 8 May 2020.

7.5 Loans and other transactions

AMP provides home loans to Australians to help them buy, build or renovate properties. The table below includes loans offered to executives in the ordinary course of business. These loans are on equivalent terms to those offered to other employees and shareholders.

	Balance at 1 Jan 2020 $'000	Written off $'000	Net advances (repayments) $'000	Balance at 31 Dec 2020 $'000	Interest charged $'000	Interest not charged $'000	Highest indebtedness during year $'000	Number in group
Total loans to KMP								
KMP and their related parties	9,212	–	(174)	9,038	203	–	13,959	5
Loans to KMP exceeding $100,000								
James Georgeson	991	–	(37)	954	15	–	991	
Helen Livesey	1,838	–	(118)	1,720	26	–	1,838	
Craig Ryman	2,002	–	3,483	5,485	85	–	5,485	
Adam Tindall	2,212	–	(2,212)	–	15	–	2,482	
Alex Wade	2,169	–	(1,290)	879	62	–	3,164	

Other transactions

During 2020, the executives and their related parties may have access to other AMP products. Again, these products are provided to executives within normal employee terms and conditions. The products may include:

- personal banking with AMP Bank;
- the purchase of AMP insurance and investment products; and
- financial investment services.

8 Non-executive director remuneration

Non-executive director fees are paid to NEDs in recognition of their contribution to the board and the associated committees on which they serve. The NED fees consist of three components and are paid inclusive of superannuation:

- AMP Limited Board base fee;
- AMP Limited committee fees; and
- AMP main subsidiary board and committee fees.

AMP Limited NEDs receive a base fee for their membership on the AMP Limited Board. AMP Limited NEDs also serve on AMP Limited committees, including special purpose committees formed from time to time such as the Portfolio Review Committee, and on boards and committees of one or more of AMP's main subsidiaries. AMP Limited NEDs, excluding the AMP Limited Chair, receive additional fees for serving as members of these committees and boards. No additional fees are paid to NEDs for their membership or for chairing the AMP Bank Limited Board and committees.

The AMP Limited Chair receives a base fee only which covers all the Chair's responsibilities, including chairing the AMP Limited and AMP Bank Limited Boards, chairing or membership of any of their board committees, including any special committees, and chairing or membership of boards and committees of any main subsidiary.

NEDs do not receive any performance-related remuneration linked to their or AMP's performance and no retirement benefits are paid to NEDs. This structure supports the independence and impartiality of their roles in making decisions about the future direction of the group and the interests of NEDs are aligned with the long-term interests of shareholders through the minimum shareholding requirement (MSR) for NEDs which requires all NEDs to hold AMP shares (refer to section 8.4).

8.1 Non-executive director fees

The Remuneration Committee is responsible for reviewing NED fees for AMP Limited and its main subsidiaries. In reviewing these fees, the Remuneration Committee has regard to a range of factors, including:

- the complexity of AMP's operations and those of its main subsidiaries;
- fees paid to board members of other Australian corporations of a similar size and complexity; and
- the responsibilities and workload requirements of each board and committee.

The total amount of NED fees paid is capped at a maximum aggregate fee pool that is approved by shareholders. The current fee pool is $4,620,000, which was approved by shareholders at the 2015 annual general meeting (AGM).

During 2020, the total remuneration paid to AMP Limited NEDs was $3,416,074 which represents 74% of the shareholder-approved fee pool. This represents an overall 10.1% reduction in aggregate NED fee spend year on year.

8.2 Base fees and fee reductions during 2020

The Remuneration Committee commissions market data analysis and matching services from external remuneration advisers, where it considers necessary, and recommends any proposed fee changes to the AMP Limited Board for approval.

In February 2020, the board reviewed the Chair's fees and determined that there would be a 22% reduction to these fees, from $850,000 to $660,000 (inclusive of superannuation contributions) effective 1 March 2020. The Chair's fee continues to include all associated responsibilities, including as Chair of the AMP Bank Limited Board. All other AMP Limited NEDs received a base fee of $240,000 per annum (inclusive of superannuation contributions).

In December 2020, the board considered the fees paid to NEDs and deferred the review of fees until the completion of the portfolio review. This decision to defer the review of fees, including a potential decrease, was made having regard to (amongst other matters) the work and complexity associated with the ongoing transformation and portfolio review processes. The NED fees will be reviewed following the completion of the portfolio review process in the context of the overall size and complexity of the company and associated work going forward.

8 Non-executive director remuneration (continued)

8.3 2020 non-executive director remuneration

The following table shows the annual NED fees for the board and permanent committees of AMP Limited and its main subsidiaries for 2020. As noted above, the Chair's fees were reduced during AMP's 2020 financial year and the details are set out below. All fees paid are inclusive of statutory superannuation.

	Chair base fee[1,3]		Member base fee	
	1 Jan 2020 $	31 Dec 2020 $	1 Jan 2020 $	31 Dec 2020 $
AMP Limited				
Board	850,000	660,000	240,000	240,000
Audit Committee	55,000	55,000	25,400	25,400
Risk Committee	55,000	55,000	25,400	25,400
Remuneration Committee	55,000	55,000	25,400	25,400
Nomination Committee[2]	–	–	–	–
AMP Bank[4]				
Board	–	–	–	–
Audit Committee	–	–	–	–
Risk Committee	–	–	–	–
AMP Capital Holdings				
Board	124,000	124,000	78,900	78,900
Audit and Risk Committee	28,200	28,200	16,900	16,900
AMP Life Limited and NMLA[5]				
Board	90,300	–	56,300	–
Audit Committee	10,000	–	5,000	–
Risk Committee	10,000	–	5,000	–

1 The Chair of AMP limited does not receive separate committee fees.
2 No fee is paid for membership or for chairing the Nomination Committee.
3 The AMP Limited Chair fee was reduced by over 20% to $660,000 effective 1 March 2020.
4 No additional fees are paid to NEDs for their membership or for chairing the AMP Bank Limited Board and committees.
5 These fees ceased to be paid following the completion of the sale of AMP Life to Resolution Life effective 1 July 2020.

8 Non-executive director remuneration (continued)

8.3 2020 non-executive director remuneration (continued)

The following table shows the remuneration earned by AMP Limited NEDs for 2020.

		Short-term benefits			Post-employment benefits	
		AMP Limited Board and committee fees $'000	Fees for other group boards $'000	Additional board duties[1] $'000	Super-annuation[2] $'000	Total $'000
Current NEDs						
Debra Hazelton	**2020**	**420**	**43**	**–**	**18**	**481**
Chair	2019	153	79	–	19	251
Rahoul Chowdry	**2020**	**312**	**–**	**14**	**24**	**350**
Non-executive Director	2019	–	–	–	–	–
Kathryn McKenzie	**2020**	**33**	**–**	**–**	**5**	**38**
Non-executive Director	2019	–	–	–	–	–
John O'Sullivan	**2020**	**294**	**–**	**43**	**22**	**359**
Non-executive Director	2019	287	–	–	24	311
Michael Sammells	**2020**	**254**	**68**	**14**	**20**	**356**
Non-executive Director	2019	–	–	–	–	–
Andrea Slattery	**2020**	**325**	**33**	**–**	**21**	**379**
Non-executive Director	2019	274	38	–	22	334
Former NEDs						
David Murray	**2020**	**447**	**–**	**–**	**11**	**458**
Former Chairman	2019	831	–	–	19	850
John Fraser	**2020**	**191**	**80**	**–**	**13**	**284**
Former Non-executive Director	2019	287	58	–	24	369
Andrew Harmos	**2020**	**113**	**38**	**–**	**10**	**161**
Former Non-executive Director	2019	316	76	–	24	416
Trevor Matthews	**2020**	**169**	**50**	**–**	**9**	**228**
Former Non-executive Director	2019	287	140	–	24	451
Geoff Roberts	**2020**	**–**	**–**	**–**	**–**	**–**
Former Non-executive Director	2019	103	22	–	9	134
Peter Varghese	**2020**	**104**	**24**	**–**	**8**	**136**
Former Non-executive Director	2019	287	77	–	24	388
Mike Wilkins	**2020**	**37**	**33**	**–**	**2**	**72**
Former Non-executive Director	2019	289	66	–	22	377

1 Additional work for special committees and projects.
2 Superannuation contributions have been disclosed separately in this table but are included in the base NED fees disclosed elsewhere in this report.

8 Non-executive director remuneration (continued)

8.4 Non-executive director minimum shareholding

The minimum shareholding requirement (MSR) for the NEDs is set out in AMP's minimum shareholding policy. Under this policy NEDs are required to accumulate and hold a minimum value of AMP shares to ensure their interests are closely aligned with the long-term interests of AMP shareholders. As at the date of this report, these minimum values are:

- AMP Limited Chair: $660,000 – the equivalent of the AMP Limited Chair base fee.
- Other AMP Limited NEDs: $240,000 – the equivalent of the AMP Limited NED base fee.

NEDs are ordinarily expected to achieve these levels within four years of their appointment. The policy expects NEDs to apply at least 25% of their base fee each year to acquire AMP shares until the MSR has been met. NEDs are also encouraged to increase their ownership over their tenure. Any such acquisition of AMP shares may only occur when permitted to do so in accordance with AMP's Trading Policy.

8.5 Shares and other securities held by non-executive directors

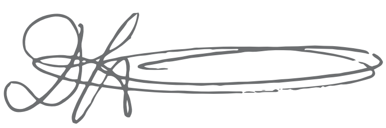
The following table details the shareholdings and movements in those shareholdings in AMP Limited held directly, indirectly or beneficially by NEDs or their related parties during the year and as at 31 December 2020. For this purpose, a NED's related parties are their close family members (as defined in the applicable accounting standard) and any entities over which the NED (or a close family member) has control, joint control or significant influence (whether direct or indirect).

	Balance of holding at 1 Jan 2020	Shares acquired during the year	Shares disposed during the year	Balance of holding at 31 Dec 2020[1]	Value of holding at 31 Dec 2020[2] $	Progress against MSR
Current NEDs						
Debra Hazelton	102,877	28,100	–	130,977	204,324	On track
Rahoul Chowdry	–	100,000	–	100,000	156,000	On track
Kathryn McKenzie	–	–	–	–	–	On track
John O'Sullivan	54,086	34,108	–	88,194	137,583	On track
Michael Sammells	–	30,000	–	30,000	46,800	On track
Andrea Slattery	58,475	27,000	–	85,475	133,341	On track
Former NEDs						
John Fraser	21,875	11,580	–	33,455	47,841	n/a
Andrew Harmos	36,818	–	–	36,818	51,913	n/a
Trevor Matthews	100,000	–	–	100,000	188,500	n/a
David Murray	291,375	–	–	291,375	416,666	n/a
Peter Varghese	85,575	30,000	–	115,575	162,961	n/a
Mike Wilkins	108,525	–	–	108,525	198,058	n/a

1 As at the date of this report, each of the current NEDs held a 'relevant interest' (as defined in the Corporations Act 2001) in the number of AMP shares disclosed above for that NED, except for Peter Varghese and Kathryn McKenzie. Peter Varghese held an interest in 80,075 shares as at the date of this report, with the balance of the holdings disclosed above held directly and beneficially by a close family member. Kathryn McKenzie holds no shares in AMP.

2 The value of the AMP shareholding for current NEDs was calculated using the closing AMP share price on the ASX of $1.56 as at 31 December 2020. In the case of former NEDs, the closing price on the date they ceased to be an AMP Limited director.

Signed in accordance with a resolution of the directors.



Debra Hazelton
Chair

Sydney, 11 February 2021

Francesco De Ferrari
Chief Executive Officer and Managing Director

Financial report

for the year ended 31 December 2020

Table of contents

Consolidated income statement

for the year ended 31 December 2020

	Note	2020[1] $m	2019[1,3] $m
Fee revenue	1.1(b)	**2,407**	2,862
Interest income using the effective interest method		**721**	855
Other investment income		**32**	88
Share of profit or loss from associates	5.3	**81**	72
Other income		**186**	145
Total revenue		**3,427**	4,022
Fee and commission expenses		**(851)**	(1,145)
Staff and related expenses		**(1,211)**	(1,196)
Finance costs		**(424)**	(567)
Other operating expenses	1.2	**(890)**	(3,205)
Total expenses		**(3,376)**	(6,113)
Profit (loss) before tax		**51**	(2,091)
Income tax credit	1.4	**19**	260
Profit (loss) after tax from continuing operations		**70**	(1,831)
Profit (loss) from discontinued operations	5.2	**124**	(603)
Profit (loss) for the year		**194**	(2,434)
Profit (loss) attributable to:			
Shareholders of AMP Limited[2]		**177**	(2,467)
Non-controlling interests		**17**	33
Profit (loss) for the year		**194**	(2,434)

	Note	2020 cents	2019 cents
Earnings (loss) per share			
Basic	1.3	**5.2**	(79.5)
Diluted	1.3	**5.1**	(79.5)
Earnings (loss) per share from continuing operations			
Basic	1.3	**1.6**	(60.0)
Diluted	1.3	**1.5**	(60.0)

1 Results have been presented on a continuing basis and re-presented for the year ended 31 December 2019.
2 Profit (loss) attributable to shareholders of AMP Limited is comprised of $53m profit (2019: $1,864m loss) from continuing operations and $124m profit (2019: $603m loss) from discontinued operations.
3 Fee revenue and Fee and commission expenses have been restated. Refer to note 1.1(b) footnote 3.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Note	2020[1] $m	2019[1] $m
Profit (loss) for the year from continuing operations		**70**	(1,831)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value reserve			
– net gain on fair value asset reserve		**40**	71
– tax effect on fair value asset reserve gain		**(12)**	(21)
– net amount transferred to profit or loss for the year		**–**	(9)
– tax effect on amount transferred to profit or loss for the year		**–**	3
		28	44
Cash flow hedges			
– net loss on cash flow hedges		**(40)**	(67)
– tax effect on cash flow hedge loss		**13**	20
– net amount transferred to profit or loss for the year		**24**	7
– tax effect on amount transferred to profit or loss for the year		**(7)**	(2)
		(10)	(42)
Translation of foreign operations and revaluation of hedge of net investments		**(44)**	2
		(44)	2
Items that will not be reclassified subsequently to profit or loss			
Fair value reserve – equity instruments held by AMP Foundation		**(1)**	7
		(1)	7
Defined benefit plans			
– actuarial gains (losses)	4.1(a)	**5**	(23)
– tax effect on actuarial gains or losses		**(1)**	7
		4	(16)
Other comprehensive loss for the year from continuing operations		**(23)**	(5)
Total comprehensive income (loss) for the year from continuing operations		**47**	(1,836)
Profit (loss) for the year from discontinued operations		**124**	(603)
Other comprehensive loss for the year from discontinued operations		**(96)**	(6)
Total comprehensive income (loss) for the year		**75**	(2,445)
Total comprehensive income (loss) attributable to shareholders of AMP Limited		**58**	(2,478)
Total comprehensive income attributable to non-controlling interests		**17**	33
Total comprehensive income (loss) for the year		**75**	(2,445)

1 Results have been presented on a continuing basis and re-presented for the year ended 31 December 2019.

Consolidated statement of financial position

as at 31 December 2020

	Note	2020 $m	2019 $m
Assets			
Cash and cash equivalents	6.1	**2,428**	4,426
Receivables	2.5	**702**	2,699
Current tax assets		**160**	465
Investments in other financial assets	2.2	**5,087**	114,644
Loans and advances	2.1	**20,526**	20,660
Investment properties		**–**	161
Investments in associates	5.3	**1,442**	851
Right of use assets	6.3	**174**	245
Deferred tax assets	1.4	**828**	1,261
Reinsurance asset – ceded life insurance contracts		**–**	1,222
Intangibles	2.3	**640**	877
Other assets	2.4	**177**	173
Total assets[1]		**32,164**	147,684
Liabilities			
Payables	2.6	**291**	2,465
Current tax liabilities		**70**	123
Employee benefits		**357**	395
Other financial liabilities	2.2	**503**	1,050
Provisions	6.4	**1,056**	976
Interest-bearing liabilities	3.2	**24,916**	22,852
Lease liabilities	6.3	**211**	266
Deferred tax liabilities	1.4	**229**	2,492
External unitholder liabilities		**–**	15,295
Life insurance and reinsurance contract liabilities		**–**	25,020
North guarantee liabilities		**151**	121
Investment contract liabilities		**–**	71,550
Defined benefit plan liabilities	4.1	**98**	101
Total liabilities[1]		**27,882**	142,706
Net assets		**4,282**	4,978
Equity			
Contributed equity	3.1	**10,349**	10,299
Reserves		**(2,404)**	(1,930)
Retained earnings		**(3,671)**	(3,509)
Total equity of shareholders of AMP Limited		**4,274**	4,860
Non-controlling interests		**8**	118
Total equity of shareholders of AMP Limited and non-controlling interests		**4,282**	4,978

1 2019 comparatives include assets and liabilities relating to policyholders of AMP's wealth management and wealth protection businesses which have been sold.

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Equity attributable to shareholders of AMP Limited											
	Contributed equity $m	Demerger reserve[1] $m	Share-based payment reserve[2] $m	Capital profits reserve[3] $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
2020												
Balance at the beginning of the year	**10,299**	**(2,566)**	**109**	**321**	**72**	**(34)**	**168**	**(1,930)**	**(3,509)**	**4,860**	**118**	**4,978**
Profit (loss) from continuing operations	–	–	–	–	–	–	–	–	53	53	17	70
Profit (loss) from discontinued operations[6]	–	–	–	–	–	–	–	–	124	124	–	124
Other comprehensive income (loss) from continuing operations	–	–	–	–	27	(10)	(44)	(27)	4	(23)	–	(23)
Foreign currency translation reserve recycled[6]	–	–	–	–	–	–	(96)	(96)	–	(96)	–	(96)
Total comprehensive income (loss)	–	–	–	–	27	(10)	(140)	(123)	181	58	17	75
Share-based payment expense	–	–	21	–	–	–	–	21	–	21	1	22
Share purchases	–	–	(12)	–	–	–	–	(12)	–	(12)	(1)	(13)
Deconsolidation of treasury shares[6]	50	–	–	–	–	–	–	–	–	50	–	50
Dividends paid[4]	–	–	–	–	–	–	–	–	(343)	(343)	(17)	(360)
Sales and acquisitions of non-controlling interests	–	–	–	(360)	–	–	–	(360)	–	(360)	(110)	(470)
Balance at the end of the year	**10,349**	**(2,566)**	**118**	**(39)**	**99**	**(44)**	**28**	**(2,404)**	**(3,671)**	**4,274**	**8**	**4,282**
2019												
Balance at the beginning of the year	9,502	(2,566)	105	329	21	8	172	(1,931)	(886)	6,685	106	6,791
Impact of adoption of new accounting standards	–	–	–	–	–	–	–	–	(7)	(7)	–	(7)
Balance at the beginning of the year – restated	9,502	(2,566)	105	329	21	8	172	(1,931)	(893)	6,678	106	6,784
Profit (loss) from continuing operations	–	–	–	–	–	–	–	–	(1,864)	(1,864)	33	(1,831)
Profit (loss) from discontinued operations[6]	–	–	–	–	–	–	–	–	(603)	(603)	–	(603)
Other comprehensive income (loss) from continuing operations	–	–	–	–	51	(42)	2	11	(16)	(5)	–	(5)
Other comprehensive income (loss) from discontinued operations[6]	–	–	–	–	–	–	(6)	(6)	–	(6)	–	(6)
Total comprehensive income (loss)	–	–	–	–	51	(42)	(4)	5	(2,483)	(2,478)	33	(2,445)
Share-based payment expense	–	–	28	–	–	–	–	28	–	28	2	30
Share purchases	–	–	(24)	–	–	–	–	(24)	–	(24)	–	(24)
Net sale (purchase) of treasury shares	5	–	–	–	–	–	–	–	(17)	(12)	–	(12)
Dividends paid[4]	–	–	–	–	–	–	–	–	(117)	(117)	(21)	(138)
Dividends paid on treasury shares[4]	–	–	–	–	–	–	–	–	1	1	–	1
New capital from shares issued during the year[5]	792	–	–	–	–	–	–	–	–	792	–	792
Sales and acquisitions of non-controlling interests	–	–	–	(8)	–	–	–	(8)	–	(8)	(2)	(10)
Balance at the end of the year	10,299	(2,566)	109	321	72	(34)	168	(1,930)	(3,509)	4,860	118	4,978

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 Capital profits reserve represents the difference between the acquisition or sale price of minority interest and the carrying value of net assets acquired or sold from or to entities outside the AMP group. On 1 September 2020, AMP repurchased Mitsubishi UFJ Trust and Banking Corporation's 15 per cent shareholding in AMP Capital, resulting in a $360m reduction in Capital profits reserve.

4 Dividends paid include dividends paid on treasury shares. Dividends paid on treasury shares are required to be excluded from the consolidated financial statements by adjusting retained earnings.

5 New capital raised under the institutional placement and share purchase plan is $771m, net of $13m directly attributable transaction costs (net of tax). Refer to note 3.1 for further details. Remaining $21m relates to shares issued under dividend reinvestment plan.

6 Relates to the deconsolidation of WP and mature businesses.

Consolidated statement of cash flows

for the year ended 31 December 2020

	Note	2020 $m	2019 $m
Cash flows from operating activities[1]			
Cash receipts in the course of operations		**6,536**	13,271
Interest received		**1,191**	1,906
Dividends and distributions received[2]		**671**	2,108
Cash payments in the course of operations		**(12,165)**	(25,403)
Finance costs		**(450)**	(627)
Net movement in deposits from customers		**1,892**	1,430
Income tax paid		**(417)**	(456)
Cash flows used in operating activities	6.1	**(2,742)**	(7,771)
Cash flows from investing activities[1]			
Net proceeds from sale of (payments to acquire):			
– investments in financial assets[3]		**1,496**	8,104
– operating and intangible assets		**(83)**	(55)
– operating controlled entities and investments in associates accounted for using the equity method		**(89)**	99
– AMP Capital minority interest		**(451)**	–
Proceeds from sale of the WP and mature businesses		**2,341**	–
Cash flows from investing activities		**3,214**	8,148
Cash flows from financing activities			
Proceeds from borrowings – non-banking operations[1]		**265**	871
Repayment of borrowings – non-banking operations[1]		**(507)**	(791)
Net movement in borrowings – banking operations		**(1,048)**	(604)
Proceeds from issue of shares		**–**	766
Proceeds from issue of subordinated debt		**–**	271
Repayment of subordinated debt		**(275)**	–
Lease payments		**(63)**	(67)
Dividends paid[4]		**(360)**	(138)
Cash flows (used in) from financing activities		**(1,988)**	308
Net (decrease) increase in cash and cash equivalents		**(1,516)**	685
Cash and cash equivalents at the beginning of the year		**8,069**	7,382
Effect of exchange rate changes on cash and cash equivalents		**(4)**	2
Cash and cash equivalents prior to the deconsolidation of WP and mature businesses[1]		**6,549**	8,069
Cash and cash equivalents deconsolidated[5]		**(3,896)**	–
Cash and cash equivalents at the end of the year	6.1	**2,653**	8,069

1 Cash flows and cash and cash equivalents include amounts attributable to shareholders' interests, policyholders' interests in AMP Life's statutory funds and controlled entities of those statutory funds, external unitholders' interests and non-controlling interests. Cash equivalents for the purpose of the Consolidated statement of cash flows includes short-term bills and notes.
2 Dividends and distributions received are amounts of cash received mainly from investments held by AMP life insurance entities' statutory funds and controlled entities of the statutory funds. Dividends and distributions reinvested have been treated as non-cash items.
3 Net proceeds from sale of (payments to acquire) investments in financial assets also include loans and advances made (net of payments) and purchases of financial assets (net of maturities) during the period by AMP Bank.
4 Dividends paid includes dividends paid to minority interest holders and is presented net of dividends on treasury shares.
5 The sale of the WP and mature businesses completed on 30 June 2020, resulting in the deconsolidation of cash and cash equivalents held by these businesses as at 30 June 2020.

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 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; and
- presents reclassified comparative information where required for consistency with the current year's presentation within the annual report.

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

The financial statements for the year ended 31 December 2020 were authorised for issue on 11 February 2021 in accordance with a resolution of the directors.

Sale of wealth protection and mature businesses

The sale of the Australian and New Zealand wealth protection (WP) and mature businesses to Resolution Life Australia Pty Ltd (Resolution Life) completed on 30 June 2020 and these businesses have been deconsolidated from the AMP group at that date. The results of these businesses are presented as discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The comparative Consolidated Income statement and Statement of comprehensive income have been re-presented in order to present the results of the sold businesses as discontinued operations. Further details are provided in note 5.2 Discontinued operations.

COVID-19 impacts

The COVID-19 pandemic has resulted in significant disruptions to the global economy during the year ended 31 December 2020 and there remains substantial uncertainty over the ultimate duration and extent of the pandemic as well as the corresponding economic impacts. These uncertainties have been incorporated into the judgements and estimates used by management in the preparation of this report, including the carrying values of the assets and liabilities. Where the judgements and estimates are considered significant they have been disclosed in the notes to this report.

(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, dividends and distributions income

Interest income measured at amortised cost is recognised in the Consolidated income statement using the effective interest method. Revenue from dividends and distributions is recognised when the 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.

(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 above and in the following notes:

Accounting judgements and estimates	Note	Page
Tax	1.4 Taxes	78
Impairment of financial assets	2.1 Expected credit losses (ECLs)	82
Fair value of financial assets	2.2 Investments in other financial assets and liabilities	84
Goodwill and acquired intangible assets	2.3 Intangibles	86
Consolidation	5.1 Controlled entities	117
Provisions and contingent liabilities	6.4 Provisions and contingent liabilities	127

Section 1: 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**
- **Annual dividend**
- **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 by the AMP operating segment within Segment performance.

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 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 transaction banking. The business will continue to act in its clients' best interests, while at the same time seek opportunities to integrate with Australian wealth management.
AMP Capital	AMP Capital is a diversified investment manager across major asset classes including infrastructure, real estate, equities, fixed interest, diversified and multi-manager and multi-asset funds. AMP Capital's aspiration is to build the best global private markets platform in the world, underpinned by real assets while at the same time continue to grow in select differentiated capabilities in public markets. On 1 September 2020 AMP completed the repurchase of Mitsubishi UFJ Trust and Banking Corporation's (MUTB) 15% shareholding in AMP Capital, resulting in 100% ownership of AMP Capital and the conclusion of the existing business and capital alliances between MUTB, AMP Limited and AMP Capital. AMP Capital and MUTB continue to cooperate strategically, building on their mutually beneficial business relationship in Japan with AMP Capital continuing to deliver its investment products through MUTB's network.
New Zealand wealth management (NZWM)	Encompasses the wealth management and financial advice and distribution business in New Zealand. Customers are provided with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments and a wrap investment management platform.

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

1.1 Segment performance (continued)

(a) Segment profit

	WM $m	AMP Bank $m	AMP Capital[1] $m	NZWM $m	Total $m
2020					
Segment profit after income tax	**110**	**119**	**139**	**36**	**404**
External customer revenue	**1,055**	**401**	**510**	**151**	**2,117**
Intersegment revenue[2]	**7**	**–**	**207**	**–**	**214**
Segment revenue	**1,062**	**401**	**717**	**151**	**2,331**
Other segment information					
Income tax expense	**46**	**51**	**39**	**14**	**150**
Depreciation and amortisation	**50**	**–**	**33**	**5**	**88**
2019					
Segment profit after income tax	195	141	204	44	584
External customer revenue	1,244	408	591	159	2,402
Intersegment revenue[2]	18	–	248	–	266
Segment revenue	1,262	408	839	159	2,668
Other segment information					
Income tax expense (credit)	79	60	69	18	226
Depreciation and amortisation	56	–	22	4	82

1 AMP Capital segment revenue is reported net of external investment manager fees. AMP regained 100% ownership of AMP Capital and Mitsubishi UFJ Trust and Banking Corporation's (MUTB) minority interest consequently ceased on 1 September 2020.
2 Intersegment revenue represents operating revenue between segments priced on a market related basis and is eliminated on consolidation.

1.1 Segment performance (continued)

(b) The following table allocates the disaggregated segment revenue from contracts with customers to the group's operating segments (see note 1.1(a)):

	WM $m	AMP Bank $m	AMP Capital $m	NZWM $m	Total $m
2020					
Investment related	**907**	**–**	**564**	**115**	**1,586**
Management fees	**–**	**–**	**96**	**–**	**96**
Performance and transaction fees	**–**	**–**	**51**	**–**	**51**
Net interest income	**–**	**391**	**–**	**–**	**391**
Other revenue	**155**	**10**	**6**	**36**	**207**
Total segment revenue per segment note	**1,062**	**401**	**717**	**151**	**2,331**
Presentation adjustments[1]					**254**
Total statutory revenue from contracts with customers					**2,585**
2019					
Investment related	1,070	–	586	117	1,773
Management fees	–	–	130	–	130
Performance and transaction fees	–	–	84	–	84
Net interest income	–	387	–	–	387
Other revenue	192	21	39	42	294
Total segment revenue per segment note	1,262	408	839	159	2,668
Presentation adjustments[1]					324
Total statutory revenue from contracts with customers					2,992

	2020 $m	2019[3] $m
Statutory revenue from contracts with customers		
Fee revenue		
– Investment management and related fees	**1,696**	2,001
– Financial advisory fees[2]	**711**	861
	2,407	2,862
Other revenue	**178**	130
Total statutory revenue from contracts with customers	**2,585**	2,992

1 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.

2 A substantial majority of the Financial advisory fees received are paid to advisers. With the exception of the matter in footnote 3 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.

3 Prior year adjustment – Certain Investment management and related fees and Financial advisory fees were presented gross of related expenses of $316m ($96m and $220m respectively), with no impact to profit. These items have been adjusted and reported on a net basis, in accordance with Australian Accounting Standards. After incorporating these adjustments and presenting comparative results on a continuing operations basis, Investment management and related fees have decreased by $62m and Financial advisory fees have increased by $17m. The related expenses have been adjusted accordingly, with no impact to reported profit.

1.1 Segment performance (continued)

(c) Reconciliations

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

	2020 $m	2019 $m
Segment profit after income tax	**404**	584
Group office costs	**(109)**	(145)
Total operating earnings	**295**	439
NPAT (underlying)[1]	**295**	439
Gain on sale of AMP Life	**299**	–
AMP Life separation costs	**(208)**	(183)
Client remediation and related costs	**(73)**	(153)
Risk management, governance and controls	**(29)**	(33)
Transformation cost out	**(51)**	(28)
Impairments	**(32)**	(2,407)
Other items[2]	**(33)**	22
Amortisation of acquired intangible assets	**(58)**	(96)
NPAT before market adjustments and accounting mismatches	**110**	(2,439)
AMP Life earnings[3]	**129**	42
Market and other adjustments[3]	**(62)**	(69)
Accounting mismatches[4]	**–**	(1)
Profit (loss) attributable to shareholders of AMP Limited	**177**	(2,467)
Profit attributable to non-controlling interests	**17**	33
Profit (loss) for the year	**194**	(2,434)

1 NPAT (underlying), represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.
2 Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.
3 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 relates to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities.
4 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.

Total segment revenue differs from Total revenue as follows:

	2020 $m	2019 $m
Total segment revenue	**2,331**	2,668
Add revenue excluded from segment revenue		
– Investment gains and losses (excluding AMP Bank interest revenue)	**32**	88
– Other revenue	**186**	145
Add back expenses netted against segment revenue		
– Interest expense related to AMP Bank	**377**	513
– External investment manager and adviser fees paid in respect of certain assets under management	**715**	874
Remove intersegment revenue	**(214)**	(266)
Total revenue	**3,427**	4,022

1.1 Segment performance (continued)

(d) Segment assets

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

Accounting policy – recognition and measurement

Revenue from contracts with customers

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

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

Investment management and related fees

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

Financial advisory fees

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

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

1.2 Other operating expenses

	2020 $m	2019 $m
Impairment of goodwill and other intangibles	**(5)**	(1,839)
Movement in expected credit losses	**(7)**	1
Movement in North guarantee liabilities	**(30)**	(7)
Information technology and communication	**(239)**	(292)
Professional and consulting fees	**(288)**	(293)
Amortisation of intangibles	**(126)**	(188)
Depreciation of property, plant and equipment	**(74)**	(73)
Other expenses	**(121)**	(514)
Total other operating expenses	**(890)**	(3,205)

1.3 Earnings per share

Basic earnings per share

Basic earnings per share is calculated based on profit attributable to shareholders of AMP and the weighted average number of ordinary shares outstanding.

Diluted earnings per share

Diluted earnings per share is based on profit attributable to shareholders of AMP and the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares, such as options and performance rights.

	2020 $m	2019 $m
Profit (loss) attributable to shareholders of AMP		
Continuing operations	**53**	(1,864)
Discontinued operations	**124**	(603)
Profit (loss) attributable to shareholders of AMP	**177**	(2,467)

	2020 millions	2019 millions
Weighted average number of ordinary shares for basic EPS[1]	**3,428**	3,105
Add: potential ordinary shares considered dilutive[2]	**56**	–
Weighted average number of ordinary shares used in the calculation of dilutive earnings (loss) per share	**3,484**	3,105

	2020 cents	2019 cents
Earnings (loss) per share		
Basic	**5.2**	(79.5)
Diluted	**5.1**	(79.5)
Earnings (loss) per share for continuing operations		
Basic	**1.6**	(60.0)
Diluted	**1.5**	(60.0)
Earnings (loss) per share for discontinuing operations		
Basic	**3.6**	(19.5)
Diluted	**3.6**	(19.5)

1 The weighted average number of ordinary shares outstanding is calculated after deducting the weighted average number of treasury shares held during the period.

2 Performance rights have been determined to be dilutive; however, if these instruments vest and are exercised, it is AMP's current practice to buy AMP shares on market so there will be no dilutive effect on the value of AMP shares.

1.4 Taxes

Our 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; and**
- **deferred tax balances that arise due to differences in the tax and accounting treatment of balances recorded in the financial report.**

These financial statements include the disclosures relating to tax required under accounting standards. Further information on AMP's tax matters can be found in the AMP Tax Report at amp.com.au/shares.

(a) Income tax credit

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

	2020[1] $m	2019[1] $m
Profit (loss) before income tax	**51**	(2,091)
Tax at the Australian tax rate of 30% (2019: 30%)	**(15)**	627
Tax concessions including research and development and offshore banking unit	**1**	2
Non-deductible expenses	**(25)**	(31)
Non-taxable income	**14**	22
Other items	**25**	29
Goodwill impairment	**–**	(453)
Over provided in previous years	**3**	9
Utilisation of previously unrecognised tax losses	**–**	45
Differences in overseas tax rates	**16**	10
Income tax credit per Consolidated income statement	**19**	260

1 Results have been presented on a continuing basis and re-presented for the year ended 31 December 2019.

(b) Analysis of income tax credit

	2020[1] $m	2019[1] $m
Current tax expense	**(7)**	(108)
Increase in deferred tax assets	**57**	264
(Increase) decrease in deferred tax liabilities	**(31)**	104
Income tax credit	**19**	260

1 Results have been presented on a continuing basis and re-presented for the year ended 31 December 2019. The increase in deferred tax assets (DTA) and deferred tax liabilities (DTL) during the year arises primarily from the deconsolidation of DTA and DTL held in WP and mature businesses.

(c) Analysis of deferred tax balances

	2020 $m	2019 $m
Analysis of deferred tax assets		
Expenses deductible and income recognisable in future years	**478**	1,015
Unrealised movements on borrowings and derivatives	**54**	42
Unrealised investment losses	**19**	6
Losses available for offset against future taxable income	**43**	43
Other	**234**	155
Total deferred tax assets	**828**	1,261
Analysis of deferred tax liabilities		
Unrealised investment gains	**43**	1,995
Other	**186**	497
Total deferred tax liabilities	**229**	2,492

1.4 Taxes (continued)

(d) Amounts recognised directly in equity

	2020 $m	2019 $m
Deferred income tax (expense) credit related to items taken directly to equity during the current year	(7)	13

(e) Unused tax losses and deductible temporary differences not recognised

	2020 $m	2019 $m
Revenue losses	**112**	112
Capital losses[1]	**741**	656

1 Unused capital losses not recognised do not include projected capital losses from the sale of the WP and mature businesses.

Accounting policy – recognition and measurement

Income tax expense

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

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

Adjustments to income tax expense are also made for any differences between the amounts paid, or expected to be paid, in relation to prior periods and the amounts provided for these periods at the start of the current period.

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

Deferred tax

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation

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

Critical accounting estimates and judgements:

The AMP group is subject to taxes in Australia and other jurisdictions where it has operations. The application of tax law to the specific circumstances and transactions of the AMP group requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

1.5 Dividends

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

	2020 Final	2020 Special dividend	2019 Final	2019 Interim
Dividend per share (cents)	–	10.0	–	–
Franking percentage	–	100%	–	–
Dividend amount ($m)	–	343	–	–
Payment date	–	1 October 2020	–	–

	2020 $m	2019 $m
Dividends paid		
Previous year final dividend on ordinary shares	–	117
Special dividend on ordinary shares	343	–
Total dividends paid[1]	343	117

1 Total dividends paid includes dividends paid on Treasury shares $nil (2019: $1m).

Dividend franking credits

Franking credits available to shareholders are $76m (2019: $175m), based on a tax rate of 30%. This amount is calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the settlement, after the end of the reporting date, of liabilities for income tax and receivables for dividends.

The company's ability to utilise the franking account credits depends on meeting *Corporations Act 2001* (Cth) requirements to declare dividends.

Franked dividends are franked at a tax rate of 30%.

Section 2: Loans and advances, investments, intangibles and working capital

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

2.1 Loans and advances
2.2 Investments in other financial assets and liabilities
2.3 Intangibles
2.4 Other assets
2.5 Receivables
2.6 Payables
2.7 Fair value information

2.1 Loans and advances

(a) Loans and advances

	2020 $m	2019 $m
Housing loans[1]	**20,289**	20,314
Practice finance loans	**391**	478
Total loans and advances[2]	**20,680**	20,792
Less: Provisions for impairment		
Individual provisions		
– Housing loans	**(13)**	(11)
– Practice finance loans	**(94)**	(101)
Collective provisions	**(47)**	(20)
Total provisions for impairment	**(154)**	(132)
Total net loans and advances	**20,526**	20,660
Movement in provisions:		
Individual provision		
Balance at the beginning of the period	**112**	17
Increase in provision – housing loans	**4**	5
Increase in provision – practice finance loans	**1**	91
Bad debts written off	**(3)**	–
Provision released	**(7)**	(1)
Balance at the end of the period	**107**	112
Collective provision		
Balance at the beginning of the period	**20**	21
Increase/(decrease) in provision	**27**	(1)
Balance at the end of the period	**47**	20

1 Total loans and advances includes net capitalised costs of $76m (2019: $77m).
2 Total loans and advances of $16,317m (2019: $17,091m) is expected to be received more than 12 months after the reporting date.

2.1 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 year. The new and increased provisions during the period are inclusive of adjustments to macro-economic factors (including unemployment, property prices, ASX index and cash rate) that reflect the downturn in the economy as a result of the COVID-19 pandemic.

	Stage 1 collective $m	Stage 2 collective $m	Stage 3 $m	Total $m
2020				
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**	**–**
New and increased provisions during the year (net of collective provision released)	**14**	**9**	**6**	**29**
Bad debts write-offs	**–**	**–**	**(3)**	**(3)**
Provision for practice finance loans	**–**	**–**	**(4)**	**(4)**
Balance at the end of the year	**31**	**16**	**107**	**154**
2019				
Balance at the beginning of the year	8	13	17	38
Transferred to Stage 1 (12-months ECL – collective provision)	4	(3)	(1)	–
Transferred to Stage 2 (lifetime ECL credit impaired – collective provision)	–	1	(1)	–
Transferred to Stage 3 (lifetime ECL credit impaired – specific provision)	(2)	(5)	7	–
New and increased provisions during the year (net of collective provision released)	1	3	5	9
Bad debts write-offs	–	–	(1)	(1)
Provision for practice finance loans	–	–	86	86
Balance at the end of the year	11	9	112	132

Accounting policy – recognition and measurement

Financial assets measured at amortised cost – loans and advances and debt securities

Loans and advances and debt securities are measured at amortised cost when both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. These assets are subsequently recognised at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when AMP Bank provides money directly to a customer, including loans and advances to advisers, and with no intention of trading the financial asset. Loans and advances are initially recognised at fair value including direct and incremental transaction costs relating to loan origination. They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

As a resultant impact of COVID-19 AMP Bank introduced loan repayment deferral arrangements to mortgage customers. The repayment deferrals were considered a continuation of customers' existing loans and recognised as non-substantial loan modifications as they continue to accrue interest on deferred repayments. A request for repayment deferrals is not automatically treated as, but may result in, a significant increase in credit risk, subject to management assessment.

2.1 Loans and advances (continued)

Impairment of financial assets

An allowance for expected credit losses (ECLs) is recognised for financial assets not held at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. The key elements in the measurement of ECLs are as follows:

- PD – the probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- LGD – loss given default is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive, including from the realisation of any collateral.

The group estimates these elements using appropriate credit risk models taking into consideration a number of factors including the internal and external credit ratings of the assets, nature and value of collateral and forward-looking macro-economic scenarios.

Other than ECL on trade receivables, where a simplified approach is taken, the group applies a three-stage approach to measure the ECLs as follows:

Stage 1 (12-month ECL)

The group collectively assesses and recognises a provision at an amount equal to 12-month ECL when financial assets are current and/or have had a good performance history and are of low credit risk. It includes financial assets where the credit risk has improved, and the financial assets have been reclassified from Stage 2 or even Stage 3 based on improved performance observed over a predefined period of time. A financial asset is considered to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2 (Lifetime ECL – not credit impaired)

The group collectively assesses and recognises a provision at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but the financial assets are not credit impaired.

The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. Financial assets that were 30 days past due at least once over the last six months are deemed to have significant increase in credit risk since initial recognition. For loans and advances, other risk factors like hardship, loan to value ratio (LVR) and loan to income ratio (LTI) are also considered in order to determine a significant increase in credit risk.

Stage 3 (Lifetime ECL – credit impaired)

The group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment. Financial assets are classified as impaired when payment is 90 days past due or when there is no longer reasonable assurance that principal or interest will be collected in their entirety on a timely basis.

Critical accounting estimates and judgements:

Impairment

The impairment provisions (individual and collective) are outputs of ECL models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates and judgements include:

- *the AMP group's internal grading which assigns PDs to the individual grades;*
- *the AMP group's estimates of LGDs arising in the event of default;*
- *the AMP group's criteria for assessing if there has been a significant increase in credit risk;*
- *development of ECL models, including the various formulas, choice of inputs and assumptions; and*
- *determination of associations between macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.*

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.

2.2 Investments in other financial assets and liabilities

	2020 $m	2019 $m
Financial assets measured at fair value through profit or loss		
Equity securities and listed managed investment schemes	**28**	57,698
Debt securities	**1,132**	29,821
Unlisted managed investment schemes	**149**	23,358
Derivative financial assets	**369**	1,699
Total financial assets measured at fair value through profit or loss	**1,678**	112,576
Financial assets measured at fair value through other comprehensive income		
Debt securities[1]	**2,768**	1,960
Equity securities	**59**	63
Total financial assets measured at fair value through other comprehensive income	**2,827**	2,023
Other financial assets measured at amortised cost		
Debt securities	**582**	45
Total other financial assets measured at amortised cost	**582**	45
Total other financial assets	**5,087**	114,644
Other financial liabilities		
Derivative financial liabilities	**376**	880
Collateral deposits held	**127**	170
Total other financial liabilities	**503**	1,050

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

Accounting policy – recognition and measurement

Recognition and derecognition of financial assets and liabilities

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets measured at fair value through profit or loss

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

Financial assets measured at fair value through profit or loss – debt securities

Debt securities can be irrevocably designated, at initial recognition, as measured at fair value through profit or loss where doing so would eliminate or significantly reduce a measurement or recognition inconsistency or otherwise results in more relevant information. Fair value on initial recognition is determined as the purchase cost of the asset, exclusive of any transaction costs. Transactions costs are expensed as incurred in profit or loss. Subsequent measurement is determined with reference to the bid price at the reporting date. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in the Consolidated income statement in the period in which they arise.

2.2 Investments in other financial assets and liabilities (continued)

Financial assets measured at fair value through OCI – debt securities
Debt securities are measured at fair value through OCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through OCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. The accumulated gains or losses recognised in OCI are recycled to profit and loss upon derecognition of the assets.

The group classifies debt securities held by AMP Bank under this category.

Financial assets measured at fair value through OCI – equity securities
Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify equity investments held by AMP Foundation, a controlled entity of the AMP group, under this category.

Financial assets measured at amortised cost – debt securities
Refer to note 2.1 for details.

Critical accounting estimates and judgements:

Financial assets measured at fair value
Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs. Further detail on the determination of fair value of financial instruments is set out in note 2.7.

2.3 Intangibles

	Goodwill[1] $m	Capitalised costs[2] $m	Value of in-force business $m	Distribution networks $m	Other intangibles $m	Total $m
2020						
Balance at the beginning of the year	**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[2]	**(15)**	**(12)**	**(177)**	**(66)**	**–**	**(270)**
Transferred to inventories	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Amortisation expense[3]	**–**	**(64)**	**(50)**	**(26)**	**(3)**	**(143)**
Impairment loss	**–**	**(1)**	**–**	**(4)**	**–**	**(5)**
Balance at the end of the year	**157**	**239**	**114**	**119**	**11**	**640**
2019						
Balance at the beginning of the year	2,130	505	420	138	15	3,208
Additions through acquisitions of controlled entities	10	2	–	55	–	67
Additions through separate acquisitions	–	–	–	33	–	33
Additions through internal development	–	112	–	–	–	112
Reductions through disposal	–	–	–	(8)	–	(8)
Transferred from inventories	–	–	–	1	–	1
Amortisation expense[3]	–	(94)	(79)	(55)	(1)	(229)
Impairment loss[4]	(1,968)	(302)	–	(37)	–	(2,307)
Balance at the end of the year	172	223	341	127	14	877

1 Total goodwill comprises amounts attributable to shareholders of $157m (2019: $157m) and amounts attributable to policyholders of $nil (2019: $15m).
2 Includes intangible assets derecognised as part of sale of the WP and mature businesses.
3 Amortisation expense includes amortisation related to the WP and mature businesses of $17m (2019: $41m).
4 Includes $468m of impairment loss relating to the WP and mature businesses.

Accounting policy – recognition and measurement

Goodwill

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

Capitalised costs

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

Value of in-force business

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

Distribution networks

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

2.3 Intangibles (continued)

Amortisation

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

Item	Useful life
Capitalised costs	Up to 10 years
Value of in-force business – wealth management and distribution businesses	Up to 20 years
Distribution networks	2 to 15 years

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

Impairment testing

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

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

Composition of goodwill

The goodwill of $157m (2019: $157m) arose from historical acquisitions where the AMP group was the acquirer. Goodwill attributable to the relevant CGUs is presented in the table below.

	2020 $m	2019 $m
New Zealand wealth management (NZWM)	**70**	70
AMP Capital	**87**	87
	157	157

The annual impairment assessment for both NZWM and AMP Capital resulted in significant headroom in both the CGUs. There was no reasonably possible change to a key assumption used in the impairment assessment that would result in an impairment at 31 December 2020.

Critical accounting estimates and judgements:

Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the:

- *acquisition date fair value and estimated useful life of acquired intangible assets;*
- *allocation of goodwill to CGUs and determining the recoverable amount of the CGUs; and*
- *assessment of whether there are any impairment indicators for acquired intangibles and internally generated intangibles, where required, in determining the recoverable amount.*

2.4 Other assets

	2020 $m	2019 $m
Planner registers held for sale	**28**	19
Prepayments	**59**	56
Property, plant and equipment	**90**	98
Total other assets	**177**	173
Current	***73***	*66*
Non-current	***104***	*107*

2.5 Receivables

	2020 $m	2019 $m
Investment related receivables	**3**	1,403
Life insurance contract premiums receivable	**–**	311
Reinsurance receivables	**–**	220
Client register receivables	**62**	17
Collateral receivables	**203**	205
Trade debtors and other receivables	**434**	543
Total receivables[1]	**702**	2,699
Current	***651***	*2,693*
Non-current	***51***	*6*

1 Receivables are presented net of ECL of $11m (2019: $5m).

Accounting policy – recognition and measurement

Receivables

Trade debtors, client register, collateral, reinsurance and other receivables are measured at amortised cost, less an allowance for ECLs. Investment related receivables and Life insurance contract premium receivables backing investment contract liabilities and life insurance contract liabilities are financial assets measured at fair value through profit or loss.

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

2.6 Payables

	2020 $m	2019 $m
Investment related payables	**12**	1,108
Life insurance and investment contracts in process of settlement	**–**	341
Accrued expenses, trade creditors and other payables	**279**	977
Reinsurance payables	**–**	39
Total payables	**291**	2,465
Current	***288***	*2,332*
Non-current	***3***	*133*

Accounting policy – recognition and measurement

Payables

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

2.7 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 $m	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
2020					
Financial assets measured at fair value					
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**
Total financial assets measured at fair value	**4,505**	**2,493**	**1,964**	**48**	**4,505**
Financial assets not measured at fair value					
Loans and advances	**20,526**	**–**	**–**	**20,649**	**20,649**
Debt securities	**582**	**–**	**582**	**–**	**582**
Total financial assets not measured at fair value	**21,108**	**–**	**582**	**20,649**	**21,231**
Financial liabilities measured at fair value					
Derivative financial liabilities	**376**	**–**	**376**	**–**	**376**
Collateral deposits held	**127**	**–**	**127**	**–**	**127**
North guarantee liabilities	**151**	**–**	**–**	**151**	**151**
Total financial liabilities measured at fair value	**654**	**–**	**503**	**151**	**654**
Financial liabilities not measured at fair value					
AMP Bank					
– Deposits	**16,129**	**–**	**16,129**	**–**	**16,129**
– Other	**6,443**	**–**	**6,503**	**–**	**6,503**
Corporate borrowings	**2,344**	**–**	**2,344**	**–**	**2,344**
Total financial liabilities not measured at fair value	**24,916**	**–**	**24,976**	**–**	**24,976**
2019					
Financial assets measured at fair value					
Equity securities and listed managed investment schemes	57,761	54,552	694	2,515	57,761
Debt securities	31,781	1,771	29,883	127	31,781
Unlisted managed investment schemes	23,358	–	20,687	2,671	23,358
Derivative financial assets	1,699	71	1,628	–	1,699
Investment properties	161	–	–	161	161
Total financial assets measured at fair value	114,760	56,394	52,892	5,474	114,760
Financial assets not measured at fair value					
Loans and advances	20,660	–	–	20,663	20,663
Debt securities	45	–	45	–	45
Total financial assets not measured at fair value	20,705	–	45	20,663	20,708
Financial liabilities measured at fair value					
Derivative financial liabilities	880	186	694	–	880
Collateral deposits held	170	–	170	–	170
Investment contract liabilities	71,550	–	1,484	70,066	71,550
North guarantee liabilities	121	–	–	121	121
Total financial liabilities measured at fair value	72,721	186	2,348	70,187	72,721
Financial liabilities not measured at fair value					
AMP Bank					
– Deposits	12,442	–	12,442	–	12,442
– Other	7,492	–	7,504	–	7,504
Corporate borrowings	2,445	–	2,461	–	2,461
Borrowings within investment entities controlled by AMP Life's statutory funds	473	–	473	–	473
Total financial liabilities not measured at fair value	22,852	–	22,880	–	22,880

2.7 Fair value information (continued)

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

Equity securities and listed managed investment schemes	The fair value of listed equity securities traded in an active market and listed managed investment schemes reflects the quoted bid price at the reporting date. In the case of equity securities where there is no active market, fair value is established using valuation techniques including the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.
Debt securities	The fair value of listed debt securities reflects the bid price at the reporting date. Listed debt securities that are not frequently traded are valued by discounting estimated recoverable amounts. The fair value of unlisted debt securities is estimated using interest rate yields obtainable on comparable listed investments. The fair value of loans is determined by discounting the estimated recoverable amount using prevailing interest rates.
Loans	The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received, based on the maturity profile of the loans. As the loans are unlisted, the discount rates applied are based on the yield curve appropriate to the remaining term of the loans. The loans may, 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.
Unlisted managed investment schemes	The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.
Derivative financial assets and liabilities	The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices (current bid price or current offer price) at the reporting date. The fair value of financial instruments not traded in an active market (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.
Corporate borrowings	Borrowings comprise commercial paper, drawn liquidity facilities, various floating-rate and medium-term notes and subordinated debt. The estimated fair value of borrowings is determined with reference to quoted market prices. For borrowings where quoted market prices are not available, a discounted cash flow model is used, based on a current yield curve appropriate for the remaining term to maturity. For short-term borrowings, the par value is considered a reasonable approximation of the fair value.
AMP Bank deposits and other borrowings	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.
North guarantee liabilities	The fair value of the North guarantee liabilities is determined as the net present value of future cash flows discounted using market rates. The future cash flows are determined using risk neutral stochastic projections based on assumptions such as mortality rate, lapse rate and asset class allocation/correlation. The future cash flows comprise expected guarantee claims and hedging expenses net of expected fee revenue.

2.7 Fair value information (continued)

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the 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 2020 financial year. Transfers to and from Level 3 are shown in the Reconciliation of Level 3 values table later in this note.

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 investment property, 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
North guarantee liabilities	Discounted cash flow approach	Discount rate Hedging costs

Sensitivity

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

	2020		2019[1]	
	(+) $m	(–) $m	(+) $m	(–) $m
Financial assets				
Equity securities and listed managed investment schemes	**1**	**(1)**	86	(86)
Unlisted managed investment schemes	**4**	**(4)**	134	(134)
Financial liabilities				
North guarantee liabilities	**1**	**(3)**	–	(7)
Investment contract liabilities	**n/a**	**n/a**	224	(224)

1 In 2019, the investments in equity securities and listed managed investment schemes and unlisted managed investment schemes predominantly related to policyholder assets. Accordingly, any movements in the value of the assets were largely offset by a corresponding movement in Investment contract liabilities.

2.7 Fair value information (continued)

Level 3 fair values (continued)

Reconciliation of Level 3 values

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

	Balance at the beginning of the period $m	FX gains or losses[1] $m	Total gains/ losses[1] $m	Purchases/ deposits $m	Sales/ withdrawals $m	Net transfers in/(out) $m	Balance at the end of the period $m	Total gains and losses on assets and liabilities held at reporting date $m
2020								
Assets classified as Level 3								
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)**	**–**	**–**	**–**
Liabilities classified as Level 3								
North guarantee liabilities	**121**	**–**	**35**	**4**	**(9)**	**–**	**151**	**35**
Investment contract liabilities	**70,066**	**(7)**	**(6,201)**	**2,008**	**(65,866)**	**–**	**–**	**–**
2019								
Assets classified as Level 3								
Equity securities and listed managed investment schemes	2,364	–	145	11	(5)	–	2,515	164
Debt securities	117	–	10	4	(2)	(2)	127	10
Unlisted managed investment schemes	1,898	–	61	567	(19)	164	2,671	95
Investment properties	145	–	16	–	–	–	161	16
Liabilities classified as Level 3								
North guarantee liabilities	115	–	18	1	(13)	–	121	18
Investment contract liabilities	66,817	2	10,242	7,043	(14,038)	–	70,066	10,240

1 Gains and losses are classified in investment gains and losses or change in policyholder liabilities in the Consolidated income statement.

Section 3: Capital structure and financial risk management

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.

3.1 Contributed equity

	2020 $m	2019 $m
Issued capital[1]		
3,436,599,241 (2019: 3,436,599,241) ordinary shares fully paid	**10,355**	10,402
Treasury shares[2]		
2,126,387 (2019: 29,342,125) treasury shares	**(6)**	(103)
Total contributed equity		
3,434,472,854 (2019: 3,407,257,116) ordinary shares fully paid	**10,349**	10,299
Issued capital		
Balance at the beginning of the year	**10,402**	9,610
Nil (2019: 9,064,722) shares issued under dividend reinvestment plan[1]	**–**	21
Nil (2019: 406,250,000) shares issued under institutional placement	**–**	638
Nil (2019: 83,856,183) shares issued under share purchase plan	**–**	133
Deconsolidation of discontinued operations	**(47)**	–
Balance at the end of the year	**10,355**	10,402
Treasury shares		
Balance at the beginning of the year	**(103)**	(108)
Decrease due to deconsolidation of discontinued operations	**97**	–
Decrease due to purchases less sales during the year	**–**	5
Balance at the end of the year	**(6)**	(103)

1 Under the terms of the dividend reinvestment plan (DRP), shareholders may elect to have all or part of their dividend entitlements satisfied in shares rather than being paid cash.
2 Of the AMP Limited ordinary shares on issue 2,126,387 (2019: 2,126,387) are held by AMP Foundation Limited as trustee for AMP Foundation. At 31 December 2019, 27,215,738 shares were held by AMP Life on behalf of policyholders.

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.

3.1 Contributed equity (continued)

Accounting policy – recognition and measurement

Issued capital

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

Treasury shares

The AMP group is not permitted to recognise Treasury shares in the Consolidated statement of financial position. These shares, plus any corresponding Consolidated income statement fair value movement on the shares and dividend income, are eliminated on consolidation.

AMP Foundation also holds AMP Limited shares. These shares, plus any corresponding Consolidated income statement fair value movement on the shares and any dividend income, are eliminated on consolidation.

3.2 Interest-bearing liabilities

(a) Interest-bearing liabilities

	2020			2019		
	Current $m	Non-current $m	Total $m	Current $m	Non-current $m	Total $m
Interest-bearing liabilities						
AMP Bank						
– Deposits[1]	**15,990**	**139**	**16,129**	12,291	151	12,442
– Other	**3,976**	**2,467**	**6,443**	2,811	4,681	7,492
Corporate entity borrowings[2]						
– 6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	**–**	**63**	**63**	–	69	69
– AMP Notes 3 (first call 2023, maturity 2028)[3]	**–**	**250**	**250**	–	250	250
– AMP Subordinated Notes[3]	**–**	**250**	**250**	–	250	250
– AMP Wholesale Capital Notes[4]	**–**	**–**	**–**	277	–	277
– AMP Capital Notes[4]	**266**	**–**	**266**	–	265	265
– AMP Capital Notes 2[4]	**–**	**271**	**271**	–	271	271
– USD Medium Term Notes[5]	**398**	**–**	**398**	–	437	437
– CHF Medium Term Notes[5]	**–**	**846**	**846**	–	592	592
– Other	**–**	**–**	**–**	34	–	34
Borrowings within investment entities controlled by AMP Life's statutory funds	**–**	**–**	**–**	464	9	473
Total interest-bearing liabilities	**20,630**	**4,286**	**24,916**	15,877	6,975	22,852

1 Deposits comprise at call customer deposits and customer term deposits at variable interest rates with 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 $10m (2019: $13m) which is expected to be settled within the next 12 months.
3 AMP Notes 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 on 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 on 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. On 27 March 2020, AMP redeemed the AMP Wholesale Capital Notes.
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.

3.2 Interest-bearing liabilities (continued)

(b) Financing arrangements

Loan facilities and note programs

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

	2020 $m	2019 $m
Available loan facilities[1]	**1,450**	2,265
Note program capacity	**14,087**	14,993
Used	**(3,117)**	(4,316)
Unused facilities and note programs at the end of the year	**12,420**	12,942

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

(c) Changes in liabilities arising from operating and financing activities

	2020 $m	2019 $m
1 January	**22,852**	21,650
Cash flows	**327**	1,177
Deconsolidation of WP and mature businesses[1]	**1,795**	–
Other	**(58)**	25
31 December	**24,916**	22,852

1 Super and platform related deposits previously held by the WP and mature businesses are no longer eliminated on consolidation.

Accounting policy – recognition and measurement

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

It is AMP's policy to hedge currency and interest rate risk arising on issued bonds and subordinated debt. When fair value hedge accounting is applied, the carrying amounts of borrowings and subordinated debt are adjusted for changes in fair value related to the hedged risk for the period that the hedge relationship remains effective. Any changes in fair value for the period are recognised in the Consolidated income statement. In cash flow hedge relationships the borrowings are not revalued.

Finance costs include:

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

(ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs; and

(iii) changes in the fair value of derivative hedges together with any change in the fair value of the hedged assets or liabilities that are designated and qualify as fair value hedges, foreign exchange gains and losses and other financing-related amounts. Changes in the fair value of derivatives in effective cash flow hedges are recognised in the cash flow hedge reserve. The accounting policy for derivatives is set out in note 3.4.

Finance costs are recognised as expenses when incurred.

3.3 Financial risk management

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

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

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

These risks are managed in accordance with the board-approved risk appetite statement and the individual policies for each risk category and business approved by the Chief Financial Officer (CFO) under delegation from the AMP Group Asset and Liability Committee (Group ALCO).

(a) Market risk

Market risk is the risk that the fair value of assets and liabilities, or future cash flows of a financial instrument, will fluctuate due to movements in the financial markets including interest rates, foreign exchange rates, equity prices, property prices, credit spreads, commodity prices, market volatilities and other financial market variables.

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

Market risk	Exposures	Management of exposures and use of derivatives
Interest rate risk The risk of an impact on the AMP group's profit after tax and equity arising from fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. Interest rate movements could result from changes in the absolute levels of interest rates, the shape of the yield curve, the margin between yield curves and the volatility of interest rates.	The AMP group's long-term borrowings and subordinated debt.	Interest rate risk is managed by entering into interest rate swaps, which have the effect of converting borrowings from floating rate to fixed rate.
	AMP Bank interest rate risk from mismatches in the repricing terms of assets and liabilities (term risk) and variable rate short-term repricing bases (basis risk).	AMP Bank uses natural offsets, interest rate swaps and basis swaps to hedge the mismatches within exposure limits. Group Treasury manages the exposure in AMP Bank by maintaining a net interest rate risk position within the limits delegated and approved by the AMP Bank Board.
Currency risk The risk of an impact on the AMP group's profit after tax and equity arising from fluctuations of the fair value of a financial asset, liability or commitment due to changes in foreign exchange rates.	Foreign currency denominated assets and liabilities. Foreign equity accounted associates and capital invested in overseas operations. Foreign exchange rate movements on specific cash flow transactions.	The AMP group uses swaps to hedge the interest rate risk and foreign currency risk on foreign currency denominated borrowings but does not hedge the capital invested in overseas operations. The AMP group hedges material foreign currency risk originated by receipts and payments once the value and timing of the expected cash flow is known. In addition, the AMP group will at times pre-hedge any future (but not expected) foreign currency receipts and payments, subject to market conditions.
Equity price risk The risk of an impact on the AMP group's profit after tax and equity arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in equity prices.	Exposure for shareholders includes listed and unlisted shares and participation in equity unit trusts.	Group Treasury may, with Group ALCO approval, use equity exposures or equity futures or options to hedge other enterprise-wide equity exposures.

3.3 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis

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

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

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

		2020		2019	
Sensitivity analysis	Change in variables	Impact on profit after tax increase (decrease) $m	Impact on equity[1] increase (decrease) $m	Impact on profit after tax increase (decrease) $m	Impact on equity[1] increase (decrease) $m
Interest rate risk Impact of a 100 basis point (bp) change in Australian and international interest rates.	–100bp +100bp	**(0.4)** **(0.5)**	**2.9** **(3.7)**	(1.5) (15.2)	7.2 (26.1)
Currency risk Impact of a 10% movement of exchange rates against the Australian dollar on currency sensitive monetary assets and liabilities.	10% depreciation of AUD 10% appreciation of AUD	**0.2** **(0.5)**	**86.7** **(71.3)**	3.8 (4.4)	175.9 (145.1)
Equity price risk Impact of a 10% movement in Australian and international equities. Any potential impact on fees from the AMP group's investment-linked business is not included.	10% increase in: Australian equities International equities	 **0.6** **0.2**	 **0.6** **0.2**	 7.8 7.2	 7.8 7.2
	10% decrease in: Australian equities International equities	 **(0.4)** **(0.9)**	 **(0.4)** **(0.9)**	 (8.6) (8.3)	 (8.6) (8.3)

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

(b) Liquidity and refinancing risk

Risk	Exposures	Management of exposures
Liquidity risk The risk that the AMP group is not able to meet its obligations as they fall due because of an inability to liquidate assets or obtain adequate funding when required.	The AMP group corporate debt portfolio, AMP Bank and AMP Capital through various investment funds, entities or mandates that AMP manages or controls within the AMP group.	Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the liquidity risk management policy approved by the Group ALCO.
Refinancing risk The risk that the AMP group is not able to refinance the full quantum of its ongoing debt requirements on appropriate terms and pricing.		

3.3 Financial risk management (continued)

(b) Liquidity and refinancing risk (continued)

Maturity analysis

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

	Up to 1 year $m	1 to 5 years $m	Over 5 years $m	Not specified $m	Total $m
2020					
Non-derivative financial liabilities					
Payables	**288**	**3**	**–**	**–**	**291**
Borrowings[1]	**17,279**	**2,771**	**796**	**–**	**20,846**
Lease liabilities	**58**	**127**	**58**	**–**	**243**
Subordinated debt	**46**	**235**	**1,354**	**–**	**1,635**
North guarantee liabilities	**–**	**–**	**–**	**151**	**151**
Derivative financial instruments					
Interest rate and cross-currency swaps	**50**	**84**	**21**	**–**	**155**
Off-balance sheet items					
Credit-related commitments – AMP Bank[2]	**3,398**	**–**	**–**	**–**	**3,398**
Lease commitments	**–**	**208**	**527**	**–**	**735**
Buy-back arrangement commitments	**89**	**–**	**–**	**–**	**89**
Investment commitments	**–**	**–**	**–**	**217**	**217**
Total undiscounted financial liabilities and off-balance sheet items	**21,208**	**3,428**	**2,756**	**368**	**27,760**
2019					
Non-derivative financial liabilities					
Payables	2,332	133	–	–	2,465
Borrowings[1]	15,554	4,761	1,151	–	21,466
Lease liabilities	58	165	87	–	310
Subordinated debt	72	345	1,643	–	2,060
North guarantee liabilities	–	–	–	121	121
Investment contract liabilities	350	834	849	69,584	71,617
External unitholders' liabilities	–	–	–	15,295	15,295
Derivative financial instruments					–
Interest rate and cross-currency swaps	48	85	23	–	156
Off-balance sheet items					
Credit-related commitments – AMP Bank[2]	3,522	–	–	–	3,522
Lease commitments	–	155	593	–	748
Buy-back arrangement commitments	228	7	–	–	235
Investment commitments	–	–	–	417	417
Total undiscounted financial liabilities and off-balance sheet items	22,164	6,485	4,346	85,417	118,412

1 Borrowings include AMP Bank deposits.
2 Credit-related loan commitments are off-balance sheet as they relate to unexercised commitments to lend to customers of AMP Bank.

3.3 Financial risk management (continued)

(c) Credit risk

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

Risk	Exposures	Management of exposures and use of derivatives
Credit risk Credit default risk is the risk of financial or reputational loss due to a counterparty failing to meet their contractual commitments in full and on time. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.	Wholesale credit risk, including portfolio construction, in the fixed income portfolios managed by AMP Capital.	Managed by individual investment teams. There is also a dedicated credit research team and a specific credit investment committee. The investment risk and performance team provides reports to the AMP Capital Investment Committee.
	Credit risk arising in AMP Bank as part of lending activities and management of liquidity.	Managed as prescribed by AMP Bank's Risk Appetite Statement and reported to AMP Bank Credit Risk Committee (lending activities) and AMP Bank ALCO (management of liquidity).
		Specific detail relating to credit risk management of the AMP Bank loan portfolio is outlined below.

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

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

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

Impairment assessment

Definition of default

AMP Bank considers a financial asset defaulted and hence Stage 3 impaired when payment is 90 days past due or when there is no longer reasonable assurance that principal or interest will be collected in their entirety on a timely basis.

AMP Bank's internal risk grading and PD estimation process

AMP Bank's credit risk management department runs expected credit loss models for the residential mortgage book as well as the practice finance loans.

– The Bank's residential mortgage book is a portfolio with a low number of defaults. In recent times, the Bank's residential mortgage book has grown significantly, and a larger history of default data has been captured.
– This has enabled the Bank to successfully develop its internal behavioural scorecards which have been used to replace the benchmark PDs in an endeavour to better risk rank order the portfolio by credit risk worthiness.

Internal risk grades for the residential mortgage book are as follows:

Internal credit rating grade	Internal credit rating grade description
Performing	Not in arrears in the past six months
Past due but not impaired	Accounts in arrears but have not been past 90 days in the last six months
Impaired	90 days past due over the last six months

– For practice finance loans a Probability of Default risk grade model is applied that includes weighted risk factors such as Interest Coverage Ratio, revenue growth, licence compliance rating, experience in business and arrears levels. Practices on watch-list are also downgraded. Credit judgement may be applied to arrive at the final risk grade.

3.3 Financial risk management (continued)

(c) Credit risk (continued)

Internal risk grades for practice finance book are as follows:

Internal risk grade	Internal risk grade description	Broadly corresponds with Standard & Poors ratings of
A to H	Sub-investment Grade	BB+ to CCC
I	Impaired	D

The Bank's interbank and financial institutions exposures as well as exposures to interest-bearing securities are based on external credit rating of the counterparties as follows:

Internal risk grade description	Broadly corresponds with Standard & Poors ratings of
Senior Investment Grade	AAA to A–
Investment Grade	BBB+ to BBB–
Sub-investment Grade	BB+ up to but not including defaulted or impaired

Exposure at default (EAD)

EAD is modelled by applying assumptions in relation to the amortisation of the loans based on scheduled principal and interest repayments except for Stage 3 loans.

Loss given default (LGD)

For the residential mortgage portfolio the key driver for the LGD calculation is the value of the underlying property, as in a foreclosure scenario the proceeds from the sale of a property are secured by the Bank to repay the loan. The value of the underlying residential property is captured via the LVR which factors both changes in loan balance and estimated value of the collateral using market data and indices. Both floor and haircuts are applied to provide for model risk.

For practice finance loans, the LGD is calculated via assumptions to the reduction in valuations of practices (being a multiple of their recurring cash flows) in the event of default, such as client run-off or deterioration in valuation due to compliance issues. In addition, haircuts are applied to cater for the volatility observed in the register values in the event of default but also general volatility in valuations over time.

Grouping of financial assets for expected credit losses (ECL) calculation

Asset classes where the bank calculates ECL on an individual basis include all Stage 3 assets, and interbank and debt securities at FVOCI.

For all other asset classes ECL is calculated on a collective basis taking into account risk factors for each loan and arriving at the ECL estimate and then aggregating the number for the relevant portfolio.

Forward-looking information

The Bank's ECL model incorporates a number of forward-looking macroeconomic factors (MEF) that are reviewed on a quarterly basis and approved by the Credit Risk Committee (CRC). The MEF include unemployment, property prices, ASX Index and Cash Rate.

At least three different scenarios with fixed weightings are used in the model. The weightings are reviewed on an annual basis.

The ECL is calculated as the probability weighted average of the provision calculated for each economic scenario.

Management overlay

Management overlay is required to mitigate model risk and any systemic risk that is not recognised by the model.

The management overlays are reviewed on an annual basis or more frequently if required and presented to the CRC and Board Audit Committee (BAC) for sign off.

Write-offs

Financial assets are written off either partially or in their entirety only when there is no reasonable expectation of recovery. Recovery actions can cease if they are determined as being no longer cost effective or in some situations where the customers have filed for bankruptcy.

Credit risk of the loan portfolio in AMP Bank (the Bank)

The Bank is predominantly a lender for residential properties – both owner occupied and for investment. In every case the Bank completes a credit assessment, which includes cost of living allowance and requires valuation of the proposed security property.

Approximately 20% of the Bank's residential loan portfolio is externally securitised and all loans in securitisation trusts are loans that have LMI thereby further mitigating the risk. The Bank's CRC and Board Risk Committee (BRC) oversee trends in lending exposures and compliance with the Risk Appetite Statement. The Bank secures its housing loans with mortgages over relevant properties and as a result manages credit risk on its loans with conservative lending policies and particular focus on the LVR. The LVR is calculated by dividing the total loan amount outstanding by the lower of the Bank's approved valuation amount or the purchase price. Loans with LVR greater than 80% are fully mortgage insured. Mortgage insurance is provided by Genworth Mortgage Insurance Australia Ltd and QBE Lenders Mortgage Insurance Ltd who are both regulated by APRA. The Bank has strong relationships with both insurers and experienced minimal levels of historic claim rejections and reductions.

3.3 Financial risk management (continued)

(c) Credit risk (continued)

The average LVR at origination of AMP Bank's loan portfolio for existing and new business is set out in the following table:

	Existing business 2020 %	New business 2020 %	Existing business 2019 %	New business 2019 %
LVR				
0–50	**17**	**6**	17	7
51–60	**11**	**7**	11	8
61–70	**18**	**13**	18	14
71–80	**36**	**50**	37	50
81–90	**14**	**16**	12	12
91–95	**3**	**8**	3	9
> 95	**1**	**–**	2	–

Renegotiated loans

Where possible, the Bank seeks to restructure loans for borrowers seeking hardship relief rather than take possession of collateral. This may involve capitalising interest repayments for a period and increasing the repayment arrangement for the remaining term of the loan. Once the term has been renegotiated, the loan is no longer considered past due or an impaired asset unless it was greater than 90 days in arrears in the previous six months or a specific provision has been raised for the loan. The Bank assisted customers by renegotiating $2,391m (2019: $214m) of loans during the year, of which $2,263m (2019: nil) relates to hardship granted due to COVID-19, that otherwise would be past due or impaired. Hardship assistance granted due to COVID-19 includes assistance in the form of repayment deferrals. As at 31 December 2020, $1,542m of the total $2,263m hardship loans have exited the repayment deferral program and are considered to be performing loans. The impact to the Consolidated income statement of loan modifications is not considered to be material.

Collateral and master netting or similar agreements

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

(i) Derivative financial assets and liabilities

The credit risk of derivatives is managed in the context of the AMP group's overall credit risk policies and includes the use of Credit Support Annexes to derivative agreements which facilitate the bilateral posting of collateral as well as the clearing of derivative positions on the London Clearing House.

Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

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

If these netting arrangements were applied to the derivative portfolio, the derivative assets of $369m would be reduced by $160m to the net amount of $209m and derivative liabilities of $376m would be reduced by $160m to the net amount of $216m (2019: derivative assets of $1,699m would be reduced by $192m to the net amount of $1,507m and derivative liabilities of $880m would be reduced by $192m to the net amount of $688m).

(ii) Other collateral

The AMP group has collateral arrangements in place with some counterparties in addition to collateral deposits held with respect to repurchase agreements. The amount and type of collateral required by AMP Bank on housing loans depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

AMP Bank holds collateral against its loans and advances primarily in the form of mortgage interests over property, other registered securities over assets and guarantees.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In the event of customer default, AMP Bank can enforce any security held as collateral against the outstanding claim. Any loan security is usually held as mortgagee in possession while AMP Bank seeks to realise its value through the sale of property. Therefore, AMP Bank does not hold any real estate or other assets acquired through the repossession of collateral.

Collateral generally consists of 11am loans and deposits and is exchanged between the counterparties to reduce the exposure from the net fair value of derivative assets and liabilities between the counterparties. As at 31 December 2020 there was $127m (2019: $170m) of collateral deposits (due to other counterparties) and $204m (2019: $181m) of collateral loans (due from other counterparties) relating to derivative assets and liabilities.

3.4 Derivatives and hedge accounting

The group is exposed to certain risks relating to its ongoing business operations. To mitigate the risks the group uses derivative financial instruments such as cross-currency swaps and interest rate swaps. When the group designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting, the hedges are classified as:

– cash flow hedges;
– fair value hedges; or
– net investment hedges.

Derivative financial instruments are held for risk and asset management purposes only and not for the purpose of speculation. Not all derivatives held are designated as hedging instruments. The group's risk management strategy and how it is applied to manage risk is explained further in note 3.3.

(a) Hedging Instruments

The following table sets out the notional amount of derivative instruments designated in a hedge relationship by relationship type as well as the related carrying amounts.

		Notional amount $m	Fair value Assets $m	Fair value Liabilities $m
2020				
Hedge type	**Hedging instrument**			
Cash flow	Interest rate swaps	**9,568**	**32**	**122**
Fair value	Cross-currency swaps	**83**	**–**	**22**
Fair value	Interest rate swaps	**63**	**6**	**–**
Fair value and cash flow	Cross-currency interest rate swaps	**1,254**	**–**	**20**
Net investment	Foreign currency forward contract	**390**	**23**	**1**
Total		**11,358**	**61**	**165**
2019				
Hedge type	**Hedging instrument**			
Cash flow	Interest rate swaps	8,648	24	99
Fair value	Cross-currency swaps	83	–	19
Fair value	Interest rate swaps	67	7	–
Fair value and cash flow	Cross-currency interest rate swaps	988	37	–
Net investment	Foreign currency forward contract	366	9	2
Total		10,152	77	120

3.4 Derivatives and hedge accounting (continued)

(b) Hedged items

The following table sets out the carrying amount of hedged items in fair value hedge relationships, and the accumulated amount of fair value hedge adjustments in these carrying amounts. The group does not hedge its entire exposure to a class of financial instruments, therefore the carrying amounts below do not equal the total carrying amounts disclosed in other notes.

	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets $m	Liabilities $m	Assets $m	Liabilities $m
2020				
6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	**–**	**63**	**16**	**–**
Medium Term Notes	**–**	**1,172**	**16**	**–**
2019				
6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	–	69	11	–
Medium Term Notes	–	951	–	35

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

	2020 $m	2019 $m
Gain/(loss) on hedging instrument	**(62)**	37
Gain/(loss) on hedged items attributable to the hedged risk	**56**	(35)
Hedge ineffectiveness recognised in the income statement	**(6)**	2

Derivative instruments accounted for as cash flow hedges

The group is exposed to variability in future interest cash flows on non-trading assets and liabilities which bear interest at fixed and variable rates. The group uses interest rate swaps to manage interest rate risks and many of the swaps are cash flow hedges for accounting purposes.

Methods used to test hedge effectiveness and establish the hedge ratio include regression analysis and, for some portfolio hedge relationships, a comparison to ensure the expected interest cash flows from the portfolio exceed those of the hedging instruments. The main potential source of hedge ineffectiveness from cash flow hedges is mismatches in the terms of hedged items and hedging instruments, for example the frequency and timing of when interest rates are reset.

During the year the AMP group recognised $nil (2019: $nil) due to ineffectiveness on derivative instruments designated as cash flow hedges.

Derivative instruments accounted for as fair value hedges

Fair value hedges are used to protect against changes in the fair value of financial assets and financial liabilities due to movements in exchange rates and interest rates.

Hedge effectiveness is assessed by comparing the overall changes in the fair value of the hedging instrument against the changes in the fair value of the hedged items attributable to the hedged risks. The main potential source of ineffectiveness on fair value hedges is currency basis spread, which is included in the valuation of the hedging instrument, but excluded from the value of the hedged item.

Hedges of net investments in foreign operations

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

The AMP group recognised $nil (2019: $nil) due to the ineffective portion of hedges relating to investments in seed pool foreign operations.

3.4 Derivatives and hedge accounting (continued)

(b) Hedged items (continued)

The following table sets out the maturity profile of derivative instruments in a hedge relationship.

	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
2020					
Interest rate swaps	**1,569**	**3,814**	**3,686**	**562**	**9,631**
Cross-currency swaps	**–**	**–**	**83**	**–**	**83**
Cross-currency interest rate swaps	**–**	**426**	**828**	**–**	**1,254**
Foreign currency forward contract	**390**	**–**	**–**	**–**	**390**
2019					
Interest rate swaps	1,889	3,542	2,782	502	8,715
Cross-currency swaps	–	–	83	–	83
Cross-currency interest rate swaps	–	–	988	–	988
Foreign currency forward contract	366	–	–	–	366

Accounting policy – recognition and measurement

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value exclusive of any transaction costs on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. All derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from the change in fair value of derivatives, except those that qualify as effective cash flow hedges, are immediately recognised in the Consolidated income statement.

Hedge accounting

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

Cash flow hedges

The effective portion of changes in the fair value of cash flow hedges is recognised (including related tax impacts) in Other comprehensive income. The ineffective portion is recognised immediately in the Consolidated income statement. The balance of the cash flow hedge reserve in relation to each particular hedge is transferred to the Consolidated income statement in the period when the hedged item affects profit or loss. Hedge accounting is discontinued when a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated income statement.

Fair value hedges

Changes in the fair value of fair value hedges are recognised in the Consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If a hedge no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised on the hedged item will be amortised over the remaining life of the hedged item.

Net investment hedges

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

3.5 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 cash flow hedge reserves and to exclude the net assets of the AMP Foundation.

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

	2020 $m	2019 $m
AMP statutory equity attributable to shareholders of AMP Limited	**4,274**	4,860
Accounting mismatch, cash flow hedge resources and other adjustments	**9**	50
AMP shareholder equity	**4,283**	4,910
Subordinated debt[1]	**876**	1,151
Senior debt[1]	**1,254**	988
Total AMP capital resources	**6,413**	7,049

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

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 require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them. Any such adjustments would be incorporated into the minimum regulatory requirements and/or capital policies as required.

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

Operating entity	Minimum regulatory capital requirement
AMP Bank Limited (AMP Bank)	Capital requirements as specified under the APRA ADI Prudential Standards
N. M. Superannuation Pty 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 and for risks relating to North Guarantees

AMP's businesses and the AMP group maintain capital targets reflecting their material risks (including financial risk, product risk and operational risk) and AMP's risk appetite. The target surplus 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 and prior financial year complied with the externally imposed capital requirements to which they are subject.

Section 4: Employee disclosures

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

4.1 Defined benefit plans
4.2 Share-based payments

4.1 Defined benefit plans

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

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

Plan details	Australia	New Zealand
Plan names	AMP Australia Plan I and AMP Australia Plan II.	AMP New Zealand Plan I and AMP New Zealand Plan II.
Entitlements of active members	A lump sum or pension on retirement. Pensions provided are lifetime indexed pensions with a reversionary spouse pension.	Accumulation benefits and a lump sum payment on retirement.
Governance of the plans	The plans' trustees (*Super Directions Fund* from 15 May 2020 to 31 December 2020 and *AMP Superannuation Savings Trust* from 1 January 2020 to 15 May 2020, of which the Australian plans are sub-funds) – this includes administration of the plan, management and investment of the plan assets, and compliance with superannuation laws and other applicable regulations.	The plans' trustees – this includes administration of the plan, management and investment of the plan assets, and looking after the interests of all beneficiaries.
Valuations required	Every year.	Every three years.
Key risks	The risk of actual outcomes being different to the actuarial assumptions used to estimate the defined benefit obligation, investment risk and legislative risk.	
Date of valuation	31 March 2020.	31 December 2020.
Additional recommended contributions	10% to 15% of members' salaries plus plan expenses.	No additional contributions are required until 30 June 2021, at which point the requirement will be reassessed.

(a) Defined benefit liability

	2020 $m	2019 $m
Present value of wholly-funded defined benefit obligations	**(882)**	(919)
Less: Fair value of plan assets	**784**	818
Defined benefit liability recognised in the Consolidated statement of financial position	**(98)**	(101)
Movement in defined benefit liability		
Deficit at the beginning of the year	**(101)**	(77)
Plus: Total income (expenses) recognised in the Consolidated income statement	**1**	(2)
Plus: Employer contributions	**1**	1
Plus: Foreign currency exchange rate changes	**(4)**	–
Plus: Actuarial gains (losses) recognised in Other comprehensive income[1]	**5**	(23)
Defined benefit liability recognised at the end of the year	**(98)**	(101)

1 The cumulative net actuarial gains and losses recognised in the Statement of comprehensive income is a $98m gain (2019: $93m gain).

4.1 Defined benefit plans (continued)

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

	Defined benefit obligation		Fair value of plan assets	
	2020 $m	2019 $m	2020 $m	2019 $m
Balance at the beginning of the year	**(919)**	(833)	**818**	756
Current service cost	**–**	(3)	**–**	–
Past service cost/curtailments	**1**	–	**–**	–
Interest (cost) income	**(10)**	(19)	**10**	17
Net actuarial gains and losses	**(14)**	(118)	**19**	94
Employer contributions	**–**	–	**1**	1
Contributions by plan participants	**–**	–	**–**	–
Foreign currency exchange rate changes	**2**	2	**(6)**	2
Benefits paid	**58**	52	**(58)**	(52)
Balance at the end of the year	**(882)**	(919)	**784**	818

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

	Fair value of plan assets		Present value of plan obligation		Net recognised surplus (deficit)		Actuarial gains/(losses)	
	2020 $m	2019 $m	2020 $m	2019 $m	2020 $m	2019 $m	2020 $m	2019 $m
AMP Australia Plan I	**281**	291	**(334)**	(339)	**(53)**	(48)	**(5)**	(3)
AMP Australia Plan II	**400**	415	**(386)**	(427)	**14**	(12)	**24**	(21)
AMP New Zealand Plan I	**17**	20	**(24)**	(25)	**(7)**	(5)	**(1)**	1
AMP New Zealand Plan II	**86**	92	**(138)**	(128)	**(52)**	(36)	**(13)**	–
Total	**784**	818	**(882)**	(919)	**(98)**	(101)	**5**	(23)

(d) Principal actuarial assumptions

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

	AMP Plan I				AMP Plan II			
	Australia		New Zealand		Australia		New Zealand	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Weighted average discount rate	**2.1**	2.8	**0.9**	1.5	**2.4**	3.0	**1.4**	2.2
Expected rate of salary increases	**n/a**	n/a	**n/a**	n/a	**3.3**	3.5	**3.0**	3.0

(e) Allocation of assets

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

	AMP Plan I				AMP Plan II			
	Australia		New Zealand		Australia		New Zealand	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Equity	**41**	46	**38**	38	**15**	25	**46**	46
Fixed interest	**41**	38	**38**	38	**59**	57	**34**	34
Property	**8**	10	**4**	4	**6**	7	**4**	4
Cash	**4**	1	**14**	14	**8**	1	**14**	14
Other	**6**	5	**6**	6	**12**	10	**2**	2

4.1 Defined benefit plans (continued)

(f) Sensitivity analysis

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

	AMP Plan I				AMP Plan II			
	Australia		New Zealand		Australia		New Zealand	
	(+) $m	(–) $m	(+) $m	(–) $m	(+) $m	(–) $m	(+) $m	(–) $m
2020								
Assumption								
Discount rate (+/– 0.5%)[1]	**(18)**	**20**	**n/a**	**2**	**(26)**	**29**	**n/a**	**18**
Expected salary increase rate (0.5%)	**n/a**	**n/a**	**n/a**	**n/a**	**–**	**n/a**	**n/a**	**n/a**
Expected deferred benefit crediting rate (0.5%)	**n/a**	**n/a**	**n/a**	**n/a**	**2**	**n/a**	**n/a**	**n/a**
Pensioner indexation assumption (0.5%)[2]	**20**	**(18)**	**1**	**n/a**	**26**	**(23)**	**14**	**n/a**
Pensioner mortality assumption (0.5%)	**n/a**	**13**	**n/a**	**n/a**	**n/a**	**11**	**n/a**	**n/a**
Life expectancy (additional 1 year)	**n/a**	**n/a**	**1**	**n/a**	**n/a**	**n/a**	**4**	**n/a**
2019								
Assumption								
Discount rate (+/– 0.5%)	(20)	22	n/a	2	(32)	35	n/a	16
Expected salary increase rate (0.5%)	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a
Expected deferred benefit crediting rate (0.5%)	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a
Pensioner indexation assumption (0.5%)	22	(20)	1	n/a	30	(28)	13	n/a
Pensioner mortality assumption (0.5%)	n/a	13	n/a	n/a	n/a	12	n/a	n/a
Life expectancy (additional 1 year)	n/a	n/a	1	n/a	n/a	n/a	4	n/a

1 (–1%) discount rate applied to AMP New Zealand Plan I and II.
2 1% indexation increase applied to AMP New Zealand Plan I and II.

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

	AMP Plan I		AMP Plan II	
	Australia	New Zealand	Australia	New Zealand
Expected employer contributions ($m)	–	–	1	–
Weighted average duration of the defined benefit obligation (years)	11	9	13	14

Accounting policy – recognition and measurement

Defined benefit plans

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

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

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

4.2 Share-based payments

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

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

	2020 $'000	2019 $'000
Performance rights	**12,123**	5,654
Share rights and restricted shares – equity settled	**7,461**	23,198
Share rights – cash settled	**1,873**	1,544
Options	**53**	52
Total share-based payments expense	**21,510**	30,448

(a) Performance rights

The AMP Group Executive Committee, as well as selected senior executives, receive their long-term incentive (LTI) awards in the form of performance rights. This is intended to further align the interests of those executives, who are able to most directly influence company performance, with the interests of shareholders.

Plan	LTI awards
Overview	Performance rights give the participant the right to acquire one fully paid ordinary share in AMP Limited upon meeting specific performance hurdles. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. This award may be settled through an equivalent cash payment, at the discretion of the board.
Vesting conditions	**2017 LTI award** The performance hurdles for rights granted in 2017 are: – 100% subject to AMP's total shareholder return (TSR) performance relative to entities in the Comparator Group[1] (being the top 50 industrial companies in the S&P/ASX 100 Index, based on market capitalisation rank at the start of the applicable performance period) over four years. AMP's TSR performance against its peer comparator group was measured for the period 1 January 2017 up to 31 December 2020. The outcome resulted in nil vesting of the 2017 LTI award and the award will be lapsed in full. **2018 LTI award** No performance rights were granted under an LTI plan in 2018. **2019 LTI award (Transformation Incentive Award)** The vesting of the performance rights is subject to two separate gateways: a. Risk and Conduct Gateway – if a participant's performance and conduct is not in line with AMP's expectations, the board has discretion to amend the vesting outcome (including to zero). b. Performance Gateway and Hurdle – a performance gateway is included so that no awards will vest if both the Compound Annual Growth Rate (CAGR) is negative and the CAGR is below the benchmark index[2]. For risk and control roles i.e. Chief Risk Officer – the vesting outcome in relation to 25% of the award will be determined by the Remuneration Committee at its sole discretion. The other 75% of the award will be subject to the performance hurdle. The 2019 Transformation Incentive awards for the CFO and CRO were adjusted upon permanent appointment to their roles. **2020 LTI award** No performance rights were granted under an LTI plan in 2020. 1 In determining the Comparator Group, all entities other than those in the global industry classification standard (GICS) energy sector and GICS metals and mining industry are classified as industrial companies. 2 The benchmark index is constructed from an equal weighted index of ASX 100 financial services companies (excluding A-REITs).
Vesting period	– 2017 LTI award – 4 years for rights granted in 2017. – 2019 LTI award – 3.5 years for rights granted in 2019.
Vested awards	Vested performance rights are automatically converted to shares on behalf of participants.
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.

4.2 Share-based payments (continued)

(a) Performance rights (continued)

CEO (Original) Recovery Incentive Rights Award

As part of the Chief Executive Officer's (CEO's) incentive package on appointment in 2018, the CEO was granted an award of rights with a performance condition. Following shareholder approval at the 2020 AGM, performance rights granted in 2018 as part of Mr Francesco De Ferrari's Recovery Incentive Rights were cancelled in full.

CEO Replacement Recovery Incentive Rights Award

Prior to his start date of 1 December 2018, and in the period immediately afterwards, AMP's share price and performance were impacted by a range of events outside Mr De Ferrari's influence. Taking into account feedback from a range of shareholders, the board resolved to adjust Mr De Ferrari's incentives to reflect the share price of the group immediately preceding his start date and implement share price performance hurdles on the Recovery Incentive, which better reflect the challenges currently facing the AMP group.

In 2019, the CEO's remuneration package was reviewed and adjusted to ensure the CEO is appropriately incentivised and aligned with shareholders during the transformation of AMP. As part of this update, the CEO was granted a new award of rights with a performance condition. This award is intended to replace the original Recovery Incentive Award to better align the CEO with the long-term interests of shareholders.

Plan	CEO Replacement Recovery Incentive Rights Award
Overview	The Recovery Incentive performance rights give the CEO the right to acquire one fully paid ordinary share in AMP Limited (per right) upon meeting specific performance hurdles, being the achievement of multiple share price targets. They were granted at no cost to the CEO and carry no dividend or voting rights until they vest. This award may be settled through an equivalent cash payment, at the discretion of the board.
Vesting conditions	The share price targets that will be tested on the specified dates: – First Testing Date – 50% of rights granted will vest if the share price is $2.45 at the testing date (adjusted for any significant capital initiatives). – Second Testing Date – if the first share price target of $2.45 is not met at the first testing date, it will be retested and 50% will vest if the $2.45 target is met. The remaining balance may also vest depending on the share price being higher than $2.45 and will vest on a straight-line basis with 100% vesting if the share price is $2.75 (adjusted for any significant capital initiatives).
Vesting period/ testing dates	The board will test the share price targets on or around the following testing dates: – 15 February 2022 (First Testing Date); and – 15 February 2023 (Second Testing Date). If the share price targets are met, the rights will vest and become exercisable.
Vested awards	Vested rights are automatically converted to shares on behalf of the CEO.
Unvested awards	Unvested awards are forfeited if the CEO voluntarily ceases employment or is dismissed for misconduct.

Valuation of performance rights

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

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period; this is revisited each reporting date.

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

4.2 Share-based payments (continued)

(a) Performance rights (continued)

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

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility[1]	Risk-free rate[1]	TSR performance hurdle discount	TSR performance rights fair value
19/05/2017	$5.08	4.0	5.2%	23%	1.8%	56%	$2.24
12/09/2019	$1.85	3.4	4.0%	33%	0.9%	35%	$1.21

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

For the 2017 LTI (TSR) award granted on 19 May 2017, AMP's TSR performance against its peer comparator group was measured for the period 1 January 2017 up to 31 December 2020. The outcome resulted in nil vesting of the award and the award will be lapsed in full.

The following table shows the factors considered in determining the value of the CEO Recovery Incentive Rights Awards with a share price target granted during the year:

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility	Risk-free rate	Share rights fair value
21/08/2018	$3.45	4.5	5.3%	22%	2.2%	$0.82
12/09/2019	$1.85	3.4	4.0%	33%	0.9%	$0.62

The following table shows the movement in number of performance rights outstanding during the year:

Grant date	Balance at 1 Jan 2020	Granted during the year[1]	Exercised during the year	Lapsed during the year	Balance at 31 Dec 2020
19/05/2017	1,880,700	–	–	–	1,880,700
21/08/2018	1,656,976	–	–	(1,656,976)	–
12/09/2019	2,500,000	–	–	–	2,500,000
12/09/2019	1,933,701	–	–	–	1,933,701
12/09/2019	33,895,010	3,729,281	–	(11,700,864)	25,923,427
Total	**41,866,387**	**3,729,281**	**–**	**(13,357,840)**	**32,237,828**

1 LTI awards for the CFO and CRO were adjusted upon permanent appointment to their roles.

4.2 Share-based payments (continued)

(b) Share rights

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

Plan	Long-term Incentive Plan	Short-term Incentive Deferral Plan, Transition Incentive award and Retention award	Enterprise Profit Share Plan and Deferred Bonus Equity Plan
Overview	Share rights give the participant the right to acquire one fully paid ordinary share in AMP Limited after a specified service period. They are granted at no cost to the participant and carry no dividend or voting rights until they vest. This award may be settled through an equivalent cash payment at the discretion of the board.		
Vesting conditions/period	**AMP Group participants** Continued service of four years for the 2017 grant. No share rights under the LTI plan were granted in 2018, 2019 or 2020. **AMP Capital participants** Continued service for three years. Some awards may also vary where the share rights are awarded as a sign-on equity award or to retain an employee for a critical period. All awards are also subject to ongoing employment, compliance with AMP policies and the board's discretion.	**Short-term Incentive Deferral Plan** Continued service for two or four years and subject to ongoing employment, compliance with AMP policies and the board's discretion. **Transition Incentive award** This 2019 grant is split into two tranches with continued service for approximately one and two years respectively. These are also subject to ongoing employment, compliance with AMP policies and the board's discretion. **Retention award** 40% of the award was granted in share rights and is subject to a one-year service condition and ongoing compliance with AMP policies and the board's discretion. After this period, an additional three-year holding period with vesting scheduled to occur in 2024.	**Enterprise Profit Share Plan** The grant is split into two tranches with continued service for two and three years respectively. These are also subject to ongoing employment, compliance with AMP policies and the board's discretion. For awards relating to the 2018 performance year, share rights were granted to select participants. The award was subject to a one-year service condition, ongoing compliance with AMP policies and the board's discretion. After this period, an additional three-year non-vesting holding period is applicable to participants except for the AMP Capital Chief Executive Officer where the non-vesting holding period is a further four years. **Deferred Bonus Equity Plan** The grant is split into two tranches with continued service for two and three years respectively. These are also subject to ongoing employment, compliance with AMP policies and the board's discretion.
Vested awards	Vested share rights are automatically converted to shares on behalf of participants.		
Unvested awards	Unvested awards are forfeited if the participant voluntarily ceases employment or is dismissed for misconduct.		

4.2 Share-based payments (continued)

(b) Share rights (continued)

CEO Buy-out Incentive Rights Award

As part of the CEO's incentive package on appointment in 2018, the CEO was granted an award of share rights with a service (employment) condition to compensate for incentives forgone from the CEO's previous employer.

In 2019, the CEO's remuneration package was reviewed and adjusted to ensure the CEO is appropriately incentivised and aligned with shareholders during the transformation of AMP. As part of this update, the CEO was granted an additional award of share rights with a service (employment) condition. All other terms of the additional share rights award are consistent with the original Buy-out Incentive Rights Award.

Plan	CEO Buy-out Incentive Rights Award
Overview	The Buy-out Incentive share rights give the CEO the right to acquire one fully paid ordinary share in AMP Limited (per right) after a specified service period. They were granted at no cost to the CEO and carry no dividend or voting rights until they vest. This award may be settled through an equivalent cash payment at the discretion of the board.
Vesting conditions/period	The rights will vest in accordance with the vesting schedule set out below: – 50% on 15 February 2020 – 30% on 15 February 2021 – 20% on 15 February 2022 Vesting is subject to continued service and in compliance with AMP policies and the board's discretion.
Vested awards	Vested share rights are automatically converted to shares on behalf of the CEO.
Unvested awards	Unvested awards are forfeited if the CEO voluntarily ceases employment or is dismissed for misconduct.

Valuation of share rights

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

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period.

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

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

Grant date	Share price	Contractual life (years)	Dividend yield	Dividend discount	Fair value
1/04/2020	$1.41	1.9	4.0%	7%	$1.31
1/04/2020	$1.41	3.9	4.0%	14%	$1.21
1/04/2020	$1.41	1.0	4.0%	14%	$1.21
1/04/2020	$1.41	3.9	0.0%	0%	$1.41
1/04/2020	$1.41	0.9	0.0%	0%	$1.41
1/04/2020	$1.41	1.9	0.0%	0%	$1.41
1/04/2020	$1.41	2.9	4.0%	11%	$1.26
23/11/2020	$1.71	4.0	5.0%	18%	$1.40

4.2 Share-based payments (continued)

(b) Share rights (continued)

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

Grant date	Balance at 1 Jan 2020	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31 Dec 2020
27/04/2017	1,040,678	–	(1,040,678)	–	–
19/05/2017	1,570,713	–	(531,000)	(65,250)	974,463
02/04/2019	713,708	–	(713,708)	–	–
02/04/2018	2,678,286	–	(1,005,163)	(165,623)	1,507,500
13/08/2018	106,382	–	(53,191)	–	53,191
03/12/2018	285,713	–	(142,856)	(102,041)	40,816
21/08/2018	1,453,488	–	(726,744)	–	726,744
08/03/2019	23,166	–	(23,166)	–	–
25/03/2019	24,261	–	(24,261)	–	–
01/04/2019	2,312,980	–	–	(185,057)	2,127,923
10/05/2019	1,914,885	–	(957,438)	–	957,447
17/05/2019	773,997	–	–	–	773,997
24/05/2019	33,039	–	(33,039)	–	–
19/07/2019	144,927	–	(53,140)	–	91,787
13/08/2019	587,328	–	(293,664)	–	293,664
20/09/2019	22,099	–	(13,812)	–	8,287
01/04/2020	–	8,239,879	–	(882,402)	7,357,477
23/11/2020	–	1,627,444	–	–	1,627,444
Total	**13,685,650**	**9,867,323**	**(5,611,860)**	**(1,400,373)**	**16,540,740**

(c) Options

CEO Recovery Incentive Options Award

As part of the CEO's incentive package on appointment in 2018, the CEO was granted an award of options. Following shareholder approval at the 2020 AGM, the 2018 Recovery Incentive Options award was cancelled in full and will not be replaced.

(d) Restricted shares

CEO Buy-out Incentive Shares Award

As part of the CEO's incentive package on appointment in 2018, the CEO was awarded restricted shares with a service (employment) condition to compensate for incentives forgone from the CEO's previous employer.

In 2019, the CEO's remuneration package was reviewed and adjusted to ensure he is appropriately incentivised and aligned with shareholders during the transformation of AMP. As part of this update the CEO was granted an additional award of restricted shares with a service (employment) condition. All other terms of the additional restricted shares award are consistent with the original award.

Plan	CEO Buy-out Incentive Shares Award
Overview	The Buy-out Incentive restricted shares are fully paid ordinary shares in AMP Limited that are held in the AMP Employee Share Trust on behalf of the CEO until the specified service period has been met. They were granted at no cost to the CEO and carry the same dividend or voting rights as other fully paid ordinary shares. Any dividends paid on shares are received in the ordinary course on the dividend payment date(s).
Vesting conditions/period	The restricted shares are released in accordance with the vesting schedule set out below: – 60% on 15 August 2019 – 20% on 15 August 2020 – 20% on 15 August 2021 Vesting is subject to continued service and in compliance with AMP policies and the board's discretion.
Vested awards	On the relevant vesting dates, the restriction on the shares is released.
Unvested awards	Unvested awards are forfeited if the CEO voluntarily ceases employment or is dismissed for misconduct.

4.2 Share-based payments (continued)

(d) Restricted shares (continued)

AMP Capital Enterprise Profit Share Plan

The AMP Capital Leadership Team is comprised of a select group of senior executives who are eligible to participate in the Enterprise Profit Share Plan. This plan was designed to support AMP Capital's remuneration framework by aligning its strategic intent and rewarding behaviour that leads to sustainably increased profit and shareholder value. It is required that 40% of the participants' profit share outcomes be deferred. 50% of the deferred component is awarded in the form of restricted shares for participants who reside in Australia with the exception of the AMP Capital Chief Executive Officer. The objective of this was to create greater alignment with our shareholders. The equity component of this plan was granted in 2019.

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

AMP Executive Performance Incentive Plan

The Executive Performance Incentive (EPI) Plan was newly introduced for the 2018 performance year and takes a combined incentive approach, whereby a portion of the participant's annual EPI outcome is paid out in cash and the other part deferred into restricted shares. The objective of this plan is to create equity ownership across a select group of senior executives if performance objectives are met. The equity component of this plan was granted in 2019.

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

No restricted share awards were granted under the above disclosed Plans in 2020.

4.2 Share-based payments (continued)

(d) Restricted shares (continued)

2019 AMP Employee Share Plan – $1,000 Tax Exempt Plan
AMP has given permanent employees the opportunity to become shareholders in AMP through the launch of the AMP Employee Share Plan (AESP). All permanent employees as at 12 December 2018 were offered a $1,000 gift of shares subject to employment on the allocation date in March 2019. These shares are subject to a restriction on sale and transfer for up to three years from the date they are allocated. Any shares acquired as a gift will be released to the participant at the end of the three-year period or when they leave employment with AMP (whichever is earlier).

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

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

2019 and 2020 AMP Employee Share Plan – $5,000 Salary Sacrifice Plan
AMP has given permanent employees the opportunity to become shareholders in AMP through the launch of the AMP Salary Sacrifice Share Plan (SSP). All permanent employees in Australia were offered the opportunity to salary sacrifice between $2,500 to $5,000 over a 12-month period to acquire shares in AMP. AMP offered a matching contribution on a 1:5 basis, meaning that employees who opted to salary sacrifice $5,000 would receive an upfront matched allocation of $1,000 in AMP shares. The salary sacrifice and matching shares are both held in an employee share plan trust on behalf of the employees and are subject to a restriction on sale and transfer for up to three years from the date they are allocated.

Any purchased and matching shares acquired during 2019 will be released to the participant at the end of the three-year period. Any purchased shares acquired during 2020 will be released at the end of the three-year period and matching shares will be released at the end of the two-year period or when they leave employment with AMP (whichever is earlier). Matching shares are forfeited if a participant voluntarily ceases employment before the end of the three-year holding period.

The AMP $5,000 Salary Sacrifice Plan will not be reoffered to employees in 2021 in its current format.

Valuation of restricted shares and AMP Employee Share Plan
The restricted share awards are based on valuations prepared by an independent external consultant. The valuations are based on the 10-day volume weighted average share price over the 10-day trading period prior to the start of the award's valuation period. Assumptions regarding the dividend yield and volatility have been estimated based on AMP's dividend yield and volatility over an appropriate period.

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

In determining the share-based payments expense for the period, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the vesting period.

4.2 Share-based payments (continued)

(d) Restricted shares (continued)

Grant date	Share price	Contractual life (years)	Vesting date	Dividend yield	Fair value
25/02/2019	$2.38	1.0	15/02/2020	n/a	$2.38
25/02/2019	$2.38	2.0	15/02/2021	n/a	$2.38
25/02/2019	$2.38	3.0	15/02/2022	n/a	$2.38
14/03/2019	$2.39	3.0	14/03/2022	n/a	$2.39
26/04/2019	$2.39	3.0	26/04/2022	n/a	$2.39
17/05/2019	$2.20	0.8	15/02/2020	4.2%	$2.20
17/05/2019	$2.20	1.0	15/05/2020	4.2%	$2.20
13/08/2019	$1.81	0.0	15/08/2019	4.0%	$1.81
13/08/2019	$1.81	1.0	15/08/2020	4.0%	$1.81
13/08/2019	$1.81	2.0	15/08/2021	4.0%	$1.81
28/04/2020	$1.68	2.0	30/04/2022	n/a	$1.68

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

Grant date	Balance at 1 Jan 2020	Granted during the year	Released during the year	Lapsed during the year	Balance at 31 Dec 2020
25/02/2019	1,119,211	–	–	(328,068)	791,143
14/03/2019	2,048,955	–	(602,811)	–	1,446,144
26/04/2019	358,818	–	(69,034)	(26,006)	263,778
17/05/2019	1,587,347	–	(52,761)	(226,380)	1,308,206
13/08/2019	234,932	–	–	–	234,932
28/04/2020	–	352,474	(45,654)	(17,083)	289,737
Total	**5,349,263**	**352,474**	**(770,260)**	**(597,537)**	**4,333,940**

Accounting policy – recognition and measurement

Equity-settled share-based payments

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

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

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

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

Cash-settled share-based payments

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

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

Section 5: Group entities

This section explains significant aspects of the AMP group structure, including significant investments in controlled operating entities and entities controlled by AMP Life's statutory funds, and investments in associates. It also provides information on business acquisitions and disposals made during the year.

5.1 Controlled entities

(a) Significant investments in controlled operating entities are as follows:

Operating entities			% holdings	
Name of entity	Country of registration	Share type	2020	2019
AMP AAPH Limited	Australia	Ord	–	100
AMP Advice Holdings Pty Ltd	Australia	Ord	**100**	100
AMP Bank Limited	Australia	Ord	**100**	100
AMP Capital Funds Management Limited	Australia	Ord	**100**	85
AMP Capital Holdings Limited	Australia	Ord	**100**	85
AMP Capital Investors (New Zealand) Limited	New Zealand	Ord	**100**	85
AMP Capital Investors Limited	Australia	Ord	**100**	85
AMP Capital Office and Industrial Pty Limited	Australia	Ord	**100**	85
AMP Capital Shopping Centres Pty Limited	Australia	Ord	**100**	85
AMP Financial Planning Pty Limited	Australia	Ord	**100**	100
AMP Group Finance Services Limited	Australia	Ord	**100**	100
AMP Group Holdings Limited	Australia	Ord A	**100**	100
AMP Life Limited	Australia	Ord	–	100
AMP Services (NZ) Limited	New Zealand	Ord	**100**	100
AMP Services Limited	Australia	Ord A	**100**	100
AMP Superannuation Limited	Australia	Ord	**100**	100
AMP Wealth Management New Zealand Limited	New Zealand	Ord	**100**	100
Hillross Financial Services Limited	Australia	Ord	**100**	100
ipac Group Services Pty Ltd	Australia	Ord	**100**	100
AMP Life Services Pty Ltd	Australia	Ord	–	100
AMP Wealth Management Holdings Pty Ltd	Australia	Ord	**100**	100
N.M. Superannuation Pty Ltd	Australia	Ord	**100**	100
National Mutual Funds Management (Global) Limited	Australia	Ord	**100**	100
National Mutual Funds Management Ltd	Australia	Ord	**100**	100
National Mutual Life Nominees Pty Limited	Australia	Ord	–	100
NMMT Limited	Australia	Ord	**100**	100
The National Mutual Life Association of Australasia Limited	Australia	Ord	–	100

Critical accounting estimates and judgements:

Judgement is applied in determining the relevant activities of each entity, whether AMP Limited has power over these activities and whether control exists. This involves assessing the purpose and design of the entity and identifying the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Management also considers the practical ability of other parties to exercise their rights.

Judgement is also applied in identifying the variable returns of each entity and assessing AMP Limited's exposure to these returns. Variable returns include distributions, exposure to gains or losses and fees that may vary with the performance of an entity.

5.2 Discontinued operations

(a) Sale of wealth protection and mature business

Consideration for the sale comprised $2,500m cash and non-cash consideration of 20% equity interest in Resolution Life NOHC Pty Ltd (Resolution Life Australasia), a new Australian-domiciled Resolution controlled holding company that became the owner of WP and mature businesses upon completion. The accounting fair value of AMP's initial 20% equity interest in Resolution Life Australasia at 30 June 2020 was determined to be $500m.

Under the terms of the sale agreement, certain purchase price adjustments were made to the cash consideration to determine the completion payment from Resolution Life. The adjustments included profits earned by the WP and mature businesses since 1 July 2018, profits emerging within AMP Life from businesses other than WP and mature, dividends paid by AMP Life since 1 July 2018, capital contributions made by AMP since 1 July 2018 up to the completion date and some other adjustments, the majority of which have been finalised.

The sale of the WP and mature businesses resulted in an after-tax gain of $91m (net of transaction cost and separation costs) recognised within the financial report for the year ended 31 December 2020. The gain includes estimates of purchase price adjustments as well as estimated provisions for future separations costs, warranties and indemnities under the sale agreement and onerous contracts resulting from the separation where reliable estimates can be made.

Gain on sale of the WP and mature businesses disclosed in the Segment performance note excludes $208m of separation costs and related provisions.

(b) Treatment of equity interest in Resolution Life Australasia

AMP's initial 20% equity interest in Resolution Life Australasia is accounted for as an investment in associate using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. AMP's interest has subsequently reduced. Refer to note 5.3 for details related to the carrying value and ownership interest of AMP's investment in Resolution Life Australasia.

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

The results of the WP and mature businesses included within the AMP group's Consolidated income statement are set out below, including comparative information.

Following the sale of the WP and mature businesses, certain service arrangements will continue between AMP and those businesses; for example, investment management services. Where relevant, revenues and expenses attributable to continuing operations from such arrangements have been presented within continuing operations to reflect the ongoing nature of such arrangements. The results of the discontinued operations presented below have been adjusted for these arrangements.

	6 months to 30 June 2020 $m	2019 $m
Total revenue of WP and mature businesses[1]	**(23,391)**	19,383
Total expense of WP and mature businesses[2]	**22,823**	(18,986)
(Loss) profit before tax from WP and mature businesses	**(568)**	397
Income tax credit (expense)	**601**	(1,000)
Profit (loss) for the period from discontinued operations before disposal of WP and mature	**33**	(603)
Loss on disposal of WP and mature before tax	**(13)**	–
Income tax credit resulting from the loss on disposal of WP and mature	**104**	–
Gain on disposal of WP and mature after tax[3]	**91**	–
Profit (loss) for the period from discontinued operations	**124**	(603)

1 Total revenue of WP and mature businesses includes investment losses of $24.7b (2019: gains of $16.9b).
2 Total expense of WP and mature businesses includes decreases in external unitholder liabilities of $18.4b (2019: increases of $2.1b) and decreases in investment contract liabilities of $5.9b (2019: increases of $11.1b).
3 Gain on sale of the WP and mature businesses disclosed in the Segment performance note excludes $208m of separation costs and related provisions.

5.2 Discontinued operations (continued)

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

The cash flows from/(used in) discontinued operations for the period up to the loss of control (30 June 2020) included within the Consolidated statement of cash flows are set out below, including comparative information.

	2020 $m	2019 $m
Net cash used in operating activities	**(5,410)**	(8,424)
Net cash from investing activities	**4,159**	7,694
Net cash outflows from discontinued operations	**(1,251)**	(730)

Other than the sale of WP and mature businesses there were no individually or collectively significant acquisitions or disposals of controlled operating entities during the year.

Critical accounting estimates and judgements:

The gain/(loss) recognised on the sale of the WP and mature businesses includes management's judgements in relation to assumptions used to determine of the fair value of AMP's initial 20% interest in Resolution Life Australasia as well as estimates of purchase price adjustments, estimated provisions for future separation costs, warranties and indemnities under the sale agreement and onerous contracts resulting from the separation.

5.3 Investments in associates

Investments in associates accounted for using the equity method

Associate	Principal activity	Place of business	Ownership interest 2020 %	Ownership interest 2019 %	Carrying amount[1] 2020 $m	Carrying amount[1] 2019 $m
Resolution Life NOHC Pty Ltd[2,3]	Life insurance company	Australia	**19.62**	n/a	**514**	–
China Life Pension Company[3]	Pension company	China	**19.99**	19.99	**348**	325
China Life AMP Asset Management Company Ltd	Investment management	China	**14.97**	14.97	**57**	53
Global Infrastructure Fund Sponsor[4]	Fund	Cayman Islands	**4.74**	4.74	**80**	101
Global Infrastructure Fund II[4]	Fund	Cayman Islands	**2.81**	5.02	**91**	124
AMP Capital Infrastructure Debt Fund IV	Fund	Luxembourg	**1.25**	1.25	**56**	31
AMP Capital Infrastructure Debt Fund V	Fund	Luxembourg	**3.08**	n/a	**66**	–
PCCP LLC	Investment management	United States	**24.90**	24.90	**137**	144
Other (individually immaterial associates)			**n/a**	n/a	**93**	73
Total investments in associates accounted for using the equity method					**1,442**	851

1 The carrying amount is after recognising $81m (2019: $72m) share of current period profit or loss of associates accounted for using the equity method.
2 On 22 January 2021 AMP's ownership interest in Resolution Life NOHC Pty Ltd was diluted to 19.13%.
3 The AMP group has significant influence through representation on the entity's board.
4 Entities within the AMP group have been appointed investment manager, therefore the group is considered to have significant influence.

Accounting Policy – recognition and measurement

Investments in associates

Investments in associates accounted for using the equity method

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

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

Investments in associates measured at fair value through profit or loss

Investments in entities held to back investment contract liabilities and life insurance contract liabilities are exempt from the requirement to apply equity accounting and have been designated on initial recognition as financial assets measured at fair value through profit or loss.

5.4 Parent entity information

	2020 $m	2019 $m
(a) Statement of comprehensive income – AMP Limited entity		
Dividends and interest from controlled entities	**427**	153
Service fee revenue	**12**	17
Share of profit or loss of associates accounted for using the equity method	**33**	–
Operating expenses	**10**	(20)
Impairment of investments in controlled entities	**(2,295)**	(3,173)
Finance costs	**(39)**	(44)
Income tax credit[1]	**20**	58
Loss for the year	**(1,832)**	(3,009)
Total comprehensive loss for the year	**(1,832)**	(3,009)
(b) Statement of financial position – AMP Limited entity		
Current assets		
Cash and cash equivalents	**16**	9
Receivables and prepayments[2]	**141**	325
Current tax assets	**153**	392
Loans and advances to subsidiaries	**570**	253
Non-current assets		
Investments in controlled entities	**5,336**	6,838
Investments in associates	**358**	–
Loans and advances to subsidiaries	**250**	1,558
Deferred tax assets[3]	**52**	51
Total assets	**6,876**	9,426
Current liabilities		
Payables[2]	**395**	565
Current tax liabilities	**70**	–
Provisions	**2**	2
Subordinated debt[4]	**265**	277
Non-current liabilities		
Subordinated debt[4]	**772**	1,036
Deferred tax liabilities	**10**	–
Total liabilities	**1,514**	1,880
Net assets	**5,362**	7,546
Equity – AMP Limited entity		
Contributed equity	**10,402**	10,402
Share-based payment reserve	**27**	24
Other reserve	**(10)**	–
Retained earnings[5]	**(5,057)**	(2,880)
Total equity	**5,362**	7,546

1 Dividend income from controlled entities $413m (2019: $128m) is not assessable for tax purposes. Income tax credit includes $nil (2019: $45m) utilisation of previously unrecognised tax losses.
2 Receivables and payables include tax-related amounts receivable from subsidiaries $97m (2019: $125m) and payable to subsidiaries $359m (2019: $533m).
3 Deferred tax assets include amounts recognised for losses available for offset against future taxable income $43m (2019: $43m).
4 The AMP Limited entity is the issuer of: AMP Wholesale Capital Notes; AMP Capital Notes, AMP Capital Notes 2, AMP Subordinated Notes and AMP Notes 3. Further information on these is provided in note 3.2.
5 Changes in retained earnings comprise $1,832m loss (2019: $3,009m loss) for the year less dividends paid of $343m (2019: $117m).

(c) Contingent liabilities of the AMP Limited entity

The AMP Limited entity has entered into deeds to provide capital maintenance and liquidity support to AMP Bank Limited. At the reporting date, the likelihood of any outflow in settlement of these obligations is considered remote.

5.5 Related party disclosures

(a) Key management personnel

Compensation of key management personnel

	2020 $'000	2019 $'000
Short-term benefits	**12,537**	21,248
Post-employment benefits	**454**	510
Share-based payments	**10,767**	14,757
Other long-term benefits	**728**	718
Termination benefits	**3,143**	4,396
Total	**27,629**	41,629

Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefit plans (refer to note 4.1). Executive officers also participate in share-based incentive programs (refer to note 4.2). The amounts disclosed in the table are recognised as an expense during the reporting period.

Loans to key management personnel

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

	2020 $'000	2019 $'000
Balance as at the beginning of the year	**9,212**	11,666
Net (repayments) advances	**(174)**	1,792
Balance as at the end of the year	**9,038**	13,458
Interest charged	**203**	368

Key management personnel access to AMP's products

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

5.5 Related party disclosures (continued)

(b) Transactions with related parties

Transactions with non-executive directors

Some of the non-executive directors hold directorships or positions in other companies or organisations. AMP may provide or receive services from these companies or organisations negotiated based on arm's length terms. None of the non-executive directors were, or are, involved in any procurement or board decision making regarding the companies or organisations with which they have an association.

Transactions with Resolution Life Australasia

Transactions during the period involve activities in conjunction with the sale of the WP and mature businesses to Resolution Life Australasia. Refer to note 5.2 Discontinued operations for further details of this sale. To facilitate the transition of these businesses to new ownership, the group provides operational services under a Transitional Services Agreement (TSA). Fees charged under the TSA are in accordance with negotiated terms equivalent to those that prevail in arm's length transactions.

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

Resolution Life Australasia currently has funds on deposit with AMP Bank for which interest expense has been incurred and accrued for by the group.

Transactions with other associates

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

Dividends were received from associates.

Transactions with investment entities

In conjunction with the establishment of new investment funds managed by AMP Capital or other group associates, the group, from time to time, invests seed and sponsor capital. The structure of the fund or the group's level of ownership may result in the fund being treated as an associate of the group. See note 5.3 for details of the group's associates. Management fees are earned by AMP or its associates for managing and administering these investment funds.

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

Accounting policy – recognition and measurement

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

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

Share-based payments – Refer to note 4.2.

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

Section 6: Other disclosures

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

6.1 Notes to Consolidated statement of cash flows

	2020 $m	2019 $m
(a) Reconciliation of cash flow from operating activities		
Net profit (loss) after income tax	**194**	(2,434)
Depreciation of operating assets	**74**	74
Amortisation and impairment of intangibles	**144**	2,546
Investment gains and losses and movements in external unitholders' liabilities	**7,846**	(7,472)
Dividend and distribution income reinvested	**(1,223)**	(4,180)
Share-based payments	**9**	4
Decrease (increase) in receivables, intangibles and other assets	**281**	(567)
(Decrease) increase in net policy liabilities	**(10,476)**	3,315
(Decrease) increase in income tax balances	**(1,136)**	279
Increase in deposits, other payables and provisions	**1,545**	664
Cash flows used in operating activities	**(2,742)**	(7,771)
(b) Reconciliation of cash		
Comprises:		
Cash and cash equivalents	**2,428**	4,426
Short-term bills and notes (included in Debt securities)	**225**	3,643
Cash and cash equivalents for the purpose of the Statement of cash flows	**2,653**	8,069

Accounting policy – recognition and measurement

Cash and cash equivalents

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

6.2 Commitments

(a) Commitments for leases not yet commenced

The future lease payments for which the group is committed but the leases have not yet commenced as at 31 December 2020 are $735m (2019: $748m). Lease commitments do not include non-lease components per AMP's accounting policy based on AASB 16 *Leases*.

(b) 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 revenue 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. The pipeline of buy-back arrangements where an intention to invoke has been registered is $89m (2019: $235m), all of which relates to arrangements expected to settle in the next 12 months. The commitment value has been disclosed as the unaudited value as advised by the advice businesses. AMP's experience is that the ultimate purchase price after audit is typically less than the initially advised value and not all of the buy-backs progress to completion. Over the 12 months ended 31 December 2020, $155m was paid for executed buy-back arrangements.

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. Refer to note 6.4 for further details.

(c) Investment commitments

At 31 December 2020 AMP Capital Finance Limited, a controlled entity of AMP Limited, had uncalled investment commitments of $217m (2019: $417m) in relation to certain funds managed by AMP Capital. Subsequent to the reporting date, $nil of this committed capital was invested by AMP Capital Finance Limited into AMP Capital managed funds. These investment commitments will only be called when suitable investment opportunities arise, and the exact timeline could not be specified.

(d) AMP Bank credit-related commitments

At 31 December 2020 AMP Bank had credit-related commitments of $3,398m (2019: $3,522m), which include undrawn balances on customer approved limits as well as loan offers pending signing by customers and signed loan contracts pending settlement. The bank expects that not all of the credit-related commitments will be drawn before their contractual expiry.

6.3 Right of use assets and lease liabilities

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

(a) Right of use assets

The main type of ROU asset recognised by the group is buildings. The following table details the carrying amount of the ROU assets at 31 December 2020 and the movements during the year.

	2020 $m	2019 $m
Opening balance	**245**	199
Additions (derecognitions) during the year	**(5)**	96
Impairment expense[1]	**(11)**	–
Depreciation expense	**(51)**	(50)
Foreign currency exchange rate changes and other	**(4)**	–
Closing balance	**174**	245

1 This relates to the impairment of ROU assets arising from the sale of WP and mature businesses. This expense has been recognised within the gain/loss from the discontinued operations.

6.3 Right of use assets and lease liabilities (continued)

(b) Lease liabilities

The following table details the carrying amount of lease liabilities at 31 December 2020 and the movements during the year.

	2020 $m	2019 $m
Opening balance	**266**	209
Additions (derecognitions) during the year	**(7)**	100
Interest expense	**10**	10
Payments made	**(54)**	(53)
Foreign currency exchange rate changes and other	**(4)**	–
Closing balance	**211**	266

The AMP group paid $8m (2019: $13m) in relation to short-term leases and $1m (2019: $1m) in relation to variable lease payments. The total cash outflow for leases in 2020 was $63m (2019: $67m).

Accounting policy – recognition and measurement

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

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

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

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

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

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

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

6.4 Provisions and contingent liabilities

	2020 $m	2019 $m
(a) Provisions		
Restructuring[1]	**18**	27
Client remediation	**579**	652
Buy-back arrangements	**67**	116
Obligations relating to the sale of WP and mature	**258**	–
Other[2]	**134**	181
Total provisions	**1,056**	976

	Restructuring[1] $m	Client remediation $m	Buy-back arrangements $m	Obligations relating to the sale of WP and mature $m	Other[2] $m	Total $m
(b) Movements in provisions						
Balance at the beginning of the year	27	652	116	–	181	976
Additional provisions made during the year	28	68	22	294	166	578
Provisions used during the year	(37)	(141)	(71)	(36)	(120)	(405)
Provisions relating to discontinued operations	–	–	–	–	(93)	(93)
Balance at the end of the year	**18**	**579**	**67**	**258**	**134**	**1,056**

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.
2 Other provisions are in respect of various other operational provisions. $16m (2019:$24m) is expected to be settled more than 12 months from the reporting date.

Accounting policy – recognition and measurement

Provisions

Provisions are recognised when:

– the AMP group has a present obligation (legal or constructive) as a result of a past event;
– it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
– a reliable estimate can be made of the amount of the obligation.

Critical 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.

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

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

From time to time, the 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 within 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 AMP group's policy that such information is not disclosed in this note.

6.4 Provisions and contingent liabilities (continued)

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.

Client remediation

AMP is progressing with its customer review and remediation programs which are seeking 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 services).

Provisions have been raised for both of these items, inclusive of the costs to perform the review and implement the remediation process. The measurement of provisions is based on assumptions used to estimate the customer remediation payments, including evidence failure rates and compensation amounts, which require significant judgement. As the review progresses, additional information may arise or further issues may be identified, which could have a significant impact on the final compensation and the costs of the programs. Consequently, the total costs associated with this matter remain uncertain.

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

Inappropriate advice

AMP continues to progress with the identification and compensation of clients who have suffered loss or detriment as a result of receiving inappropriate advice from their adviser. The scope of the review includes 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 has extended its review to 30 June 2017. The provision also includes any instances of inappropriate advice identified through ongoing monitoring and supervision activities.

Compensation has been and continues to be paid and a provision exists for further compensation payable as the review progresses and client reviews are completed. AMP has adjusted its provision estimate for future compensation based on the actual experience of remediating clients and the expected future costs of operating the program. The provision includes a component for advisers for whom a remediation review has yet to be completed and the determination of compensation for any given client is not known with certainty until immediately prior to payment.

Advice service fee (fees for no service)

AMP has progressed on the identification and compensation 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 involves a large-scale review of fee arrangements from 1 July 2008 as specified by ASIC in Report 499 Financial advice: Fees for no service. Sampling of customer files has been conducted across AMP licensees and has identified instances in the review period where clients have paid fees and there is insufficient evidence to support that the associated service had been performed. In such instances, clients have been remediated.

AMP has developed a process for client review and remediation, which is expected to finish mid-2021. AMP has made significant progress in the execution of the remediation program, including agreeing major policies with ASIC. Throughout the program AMP continues to engage with ASIC on its progress and approach.

The provision for advice service fee client compensation and the future costs of executing the remediation program is judgemental and has been estimated using multiple assumptions derived from the sampling conducted to date. Assumptions used include evidence failure rates, average fees to be refunded and compensation for lost earnings.

Other matters

In addition to the inappropriate advice and advice service fee reviews, other reviews in relation to fees charged to clients have been performed during the year. These reviews are ongoing and where the reviews have identified instances of clients having suffered loss or detriment, compensation has been paid. As at 31 December 2020, provisions of $55m 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.

6.4 Provisions and contingent liabilities (continued)

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. The claims are yet to be quantified and participation has not been determined. 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 an appeal to the High Court of Australia, which was heard in November 2020, with judgement reserved. AMP Limited has filed its defence to the proceedings. Currently it is not possible to determine the ultimate impact of these claims, if any, upon AMP. AMP Limited is defending these actions.

Superannuation class actions

During May and June 2019, certain subsidiaries of AMP Limited 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 was served with a class action in the Federal Court of Australia, namely, AMP Financial Planning Pty Limited (AMPFP). 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 is confident in the actions it took in 2019 and will defend the proceeding accordingly.

Insurance advice class action

In July 2020, certain subsidiaries of AMP Limited were served with a class action in the Federal Court of Australia, namely, AMPFP and Hillross Financial Services Limited (Hillross). The class action relates to advice provided by some aligned financial advisers in respect of certain life and other insurance products. 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 and Hillross will defend the proceedings. In December 2020, the Federal Court ordered that this class action and the subsequent noted commissions for advice class action be consolidated. A statement of claim which consolidates the two class actions has not been served.

Commissions for advice class action

In August 2020, AMP Limited, and certain subsidiaries of AMP Limited, were served with a class action in the Federal Court of Australia, namely, AMPFP, Hillross and Charter Financial Planning Limited (Charter). The class action primarily relates 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. 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. AMP Limited, AMPFP, Hillross and Charter will defend the proceedings. In December 2020, the Federal Court ordered that this class action and the immediately preceding noted insurance advice class action be consolidated. A statement of claim which consolidates the two class actions has not been served.

6.4 Provisions and contingent liabilities (continued)

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, 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 these 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.

6.5 Auditors' remuneration

	2020 $'000	2019[2] $'000
Audit and review services		
– Group	**1,444**	1,767
– Controlled entities	**3,901**	4,964
Total audit and review services remuneration	**5,345**	6,731
Statutory assurance services	**351**	444
Other assurance services	**1,253**	1,861
Total assurance services remuneration	**1,604**	2,305
Total audit, review and assurance services remuneration	**6,949**	9,036
Other non-audit services		
Taxation and compliance services	**84**	499
Other services	**425**	354
Total other non-audit services remuneration	**509**	853
Total auditors' remuneration[1]	**7,458**	9,889

1 Total amount excludes fees paid or payable for Trust and Fund audit/non-audit and/or review services for entities not consolidated into the group. Total fees excluded are $10,520k (2019: $8,675k) of which $572k (2019: $218k) is for non-audit services.
2 Amounts for 2019 include $1,289k related to WP and mature businesses audit and non-audit services.

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

6.6 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 2020. 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

Background

Transition from Interbank Offered Rates (IBORs), primarily but not exclusively the London Interbank Offered Rate (LIBOR), to Alternative Reference Rates (ARR) is an area of ongoing industry focus with regulators signalling the need to use alternative benchmark rates. As a result, existing benchmark rates are expected to be discontinued or the basis on which they are calculated may change. Some such developments have occurred in certain jurisdictions already such as the adoption of European Short-Term Rate (ESTR) by the European Central Bank as the regulated Risk-Free Rate which replaced European Overnight Index Average (EONIA) in 2019.

The transition to new interest rate benchmarks, given the extent of these changes, may affect the value of a broad array of financial products, including any IBOR-based securities, loans and other financial products and may impact the availability and cost of hedging such products in the future. Forthcoming changes will require amendments to existing financial contracts and investments with a substitution to a revised, replacement benchmark rate.

6.6 New accounting standards (continued)

(a) New and amended accounting standards adopted by the AMP group (continued)

Group Approach to IBOR Transition

In response to the significant future changes that interest rate benchmark reforms pose, the group has undertaken the following actions;

– the group is monitoring local and international regulatory guidance and requests to prepare for transition from IBORs to Risk Free Rate benchmarks;
– the group has maintained continuous engagement with regulators on the group's transition plans and potential impacts;
– the group is working closely with industry bodies to understand and manage the impact of transition on our businesses and the markets in which we operate;
– the group has established and resourced transition projects and a program of work to plan for, monitor and resource future transition needs; and
– the group has undertaken a detailed assessment to prepare for any potential customer, business or operational impacts.

Amendments to hedge accounting requirements

The Australian Accounting Standards Board issued amendments to hedge accounting requirements within Standards AASB 7, 9 and 139 in October 2019 (IBOR reform Phase I) to address Interest Rate Benchmark Reforms. The amendments to hedge accounting requirements provide relief from the potential effects of the uncertainty caused by the transition associated with interest rate benchmark reform and are effective for annual periods on or after 1 January 2020. Management has considered the impacts of IBOR Transition on existing hedge accounting arrangements and other than as described below the changes have not had a material financial impact on the group.

The most significant interest rate benchmark to which the group is exposed is Bank Bill Swap Rate (BBSW). Locally, there has been no regulatory announcement indicating the discontinuation of BBSW similar to that from the Financial Conduct Authority concerning LIBOR and therefore the group does not expect the current IBOR reforms to have a direct impact on its hedge accounting arrangements, apart from those discussed below.

Interest rate benchmarks to which the group's hedging relationships are impacted by IBOR transition arise via the usage of interest rates swaps and cross currency swaps for both fair value and cash flow hedges. The most significant IBOR exposure for the group's hedge accounting arrangements are for interest rate and cross-currency swaps which reference the GBP LIBOR benchmark. As at 31 December 2020, the notional amounts of the group's interest rate swap exposures designated in hedge accounting relationships are $146.1m representing $83.4m of cross-currency swaps denominated in GBP and AUD and $62.7m of interest rate swaps denominated in GBP, relating to the hedging of debt issuance activities. The carrying value of foreign currency denominated debt liabilities for which with interest rate hedging relationships apply is $68.5m.

IBOR reform Phase I provides reliefs which require the group to assume that hedging relationships are unaffected by the uncertainties caused by IBOR reform. This includes assuming that hedged cash flows are not altered as a result of IBOR reform. Also, the reliefs allow the group to not discontinue hedging relationships as a result of retrospective or prospective ineffectiveness.

Phase II

Additional amendments have been issued by the Australian Accounting Standards Board in relation to interest rate benchmark reform for AASB 7, 9, 16 and 139. These amendments will come into effect for reporting periods beginning on or after 1 January 2021 and have not been early adopted by the group. These amendments are in addition to the Phase I amendments that were announced in October 2019. The Phase II amendments focus on the effect of applying accounting standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform. The group is currently assessing the impact of these amendments.

These amendments will impact the group's financial instruments that reference an IBOR rate. The group's financial instruments are mainly exposed to BBSW, which, as indicated above, is expected to remain a benchmark rate for the foreseeable future.

The group has begun to manage the transition to alternative benchmark rates for the affected financial instruments and expects to apply the amendments and reliefs 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 6.6(a).

6.7 Events occurring after reporting date

As at the date of this report, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

– the AMP group's operation in future years;
– the results of those operations in future years; or
– the AMP group's state of affairs in future financial years.

Directors' declaration

for the year ended 31 December 2020

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

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

(b) in the opinion of the directors the financial statements and the notes of AMP Limited and the consolidated entity for the financial year ended 31 December 2020 are in accordance with the Corporations Act 2001, including section 296 (compliance with accounting standards) and section 297 (true and fair view);

(c) the notes to the financial statements of AMP Limited and the consolidated entity for the financial year ended 31 December 2020 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards; and

(d) the declarations required by section 295A of the Corporations Act 2001 have been given to the directors.

Debra Hazelton
Chair
Sydney, 11 February 2021

Francesco De Ferrari
Chief Executive Officer and Managing Director

Independent Auditor's Report

to the Shareholders of AMP Limited

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Report on the Financial Report for the Year Ended 31 December 2020

Opinion

We have audited the financial report of AMP Limited (the Company) and its subsidiaries (collectively the Group or AMP), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; notes to the financial statements, including a summary of significant accounting policies; and the directors' declaration.

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

a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of their financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Report on the Financial Report for the Year Ended 31 December 2020 (continued)

Provisions – Customer Remediation

Financial report reference: Section 6.4: Provisions and contingent liabilities

Why significant	How our audit addressed the matter

– The Group has recorded provisions in relation to customer remediation programs amounting to $579 million and disclosed related contingent liabilities at 31 December 2020 as set out in Section 6.4. The remediation provision has arisen due to obligations to compensate customers as a result of either:
  – inappropriate advice from their advisor;
  – where customers have been charged an advice fee without the provision of financial advice services (or insufficient evidence of provision of financial services); or
  – other situations where a customer may not have been treated fairly.
– Provisions for remediation can only be raised when it is possible to reliably estimate the quantum of the remediation cost and if this is not possible, they are disclosed as a contingent liability.
– Significant judgement was involved in assessing customer remediation matters and in determining a reliable measurement of the required provisions. Accordingly, we considered this to be a key audit matter.
Key areas of judgement included:
  – whether sufficient information existed to allow provisions to be reliably measured;
  – completeness of the provision for the disclosure requirements of IAS 1.129;
  – the determination of model assumptions including remediation rates, average compensation amounts, resources required and time to complete the program; and
  – timing of probable remediation payments.
	Our audit procedures included the following:
	– we evaluated evidence of potential obligations through an assessment of customer complaints, regulatory and breach notifications, claims and litigation;
	– we considered the status of the Group's various customer remediation programs including the results of management investigations, engagement with regulators and key decisions made by the Group regarding the program approach through discussions with management and directors, and review of Board minutes and papers;
	– we assessed key modelling assumptions used to calculate provisions;
	– we involved modelling specialists to test arithmetic accuracy and consistency of the financial models;
	– we assessed the manner in which remediation costs have been accounted for and whether this is in accordance with Australian Accounting Standards; and
	– we assessed the disclosures of the assumptions, uncertainties and associated judgments in relation to these matters for those matters where the Group determined that a sufficiently reliable estimate of the obligation could not be made, we assessed this conclusion and the related contingent liability disclosures required by Australian Accounting Standards.

Report on the Financial Report for the Year Ended 31 December 2020 (continued)

Impairment of Advice Related Assets and Buyer of Last Resort Obligations

Financial report reference: See References Below

Why significant	How our audit addressed the matter

The Group has exercised significant judgement in recording provisions for the following matters:
– As disclosed in Section 6.4 of the financial report, the Group has significant exposure in relation to the Buyer of Last Resort (BOLR) arrangements arising from:
  – historic purchases of planner registers which remain on balance sheet;
  – the contingent right and obligation to purchase future registers; and
  – registers held as collateral supporting practice finance loans.
– As disclosed in Section 2.2 of the financial report, AMP has acquired advice registers which are recorded as inventory or intangibles depending on their nature.
– As disclosed in section 3.3 of the financial report, AMP Bank also has practice finance loans provided to Advisors as at 31 December 2020, for which provisions for expected credit losses are required to be booked in accordance with Australian Accounting Standards.
Key areas of judgement include:
– assumptions within the impairment model for the valuation of the planner registers such as recurring revenue multiples, period of projected revenue flows and the discount rates used in the impairment model;
– for practice finance loan facilities with the practice registers as collateral, assumptions used in assessing expected credit losses include the historical data of practice revenue and collateral discounts applied to consider volatility in register valuations; and
– whether the BOLR terms and other contractual arrangements represent an onerous contract and require a provision to be recorded.
Due the high level of judgment required in determining these amounts, we considered this to be a key audit matter.
	Our audit procedures included the following:
	– we assessed the Group's review and application of key assumptions in impairment models, to assess the reasonableness of carrying values and impairment outcomes;
	– we considered the Group's assessment of market and contractual factors in determining whether an onerous contract exists at 31 December 2020 in relation to BOLR arrangements;
	– we considered the Group's assessment of market and contractual factors in determining the loan impairment recognised against the practice finance loan book and whether the discounts applied are within an appropriate range and provision coverage was reasonable;
	– we assessed the disclosures of the assumptions, uncertainties and associated judgments in relation to these matters; and
	– we assessed the appropriateness of contingent liability disclosures against the requirements of Australian Accounting Standards.

Report on the Financial Report for the Year Ended 31 December 2020 (continued)

Taxation

Financial report reference: Section 1.4: Taxation

Why significant	How our audit addressed the matter
– As presented in the consolidated statement of financial position and Section 1.4 of the financial report, the Group has significant tax balances as at 31 December 2020, being a current tax asset of $160.0 million, a current tax liability of $70.0 million, a deferred tax asset of $828.0 million, and a deferred tax liability of $229.0 million. Due to the complexity and high level of judgment required in the following areas, we considered this to be a key audit matter: – the tax consequences of changes to the entities within the AMP Limited tax consolidated group in the period; – the recoverability of the deferred tax assets in future years; – the recoverability of current tax assets; and – the adequacy of provisioning and disclosure in accordance with accounting standard requirements.	Our audit procedures included the following: – we considered the Group's assessment of the impacts of entities leaving and joining the tax consolidated group on the determination of tax balances; – we examined the Group's deferred tax asset recoverability assessment and evaluated the reasonableness of key assumptions, including forecast of future taxable income; – we considered management's assessment of the recoverability of current tax assets including the underlying tax principles applied and management forecasts; and – we assessed the appropriateness of the tax disclosures against the requirements of Australian Accounting Standards.

Gain on sale of Australian and New Zealand Wealth Protection and Mature Businesses

Financial report reference: Section 5.2: Discontinued operations

Why significant	How our audit addressed the matter
– On 30 June 2020 AMP Limited successfully completed the sale of the Australia and New Zealand Wealth Protection and Mature business and has recognised a gain on sale of $91.0 million in the period. Due to the high level of judgment required in the following areas, we considered this to be a key audit matter: – valuation of the consideration received in accordance with the terms of the contractual arrangements, as presented in section 5.3 of the financial report; – estimation of future separation costs to align with the requirements of the contractual arrangements; – completeness of provisions, including indemnities and warranties, for ongoing contractual agreements with the acquirer and the costs of separation; – whether the contractual arrangements represented an onerous contract or contingent liability to be recorded; and – the disclosures supporting the assumptions in the calculation of the above provisions and contingent liabilities recorded with respect to the sale.	Our audit procedures included the following: – we reviewed the sale contracts and considered the Group's valuation of consideration received against the terms of the contract; – we examined the Group's assessment of the completeness of provisions for ongoing contractual arrangements with the acquirer and costs related to the separation; – we considered the impact of the gain on sale in ongoing discussions with the acquirer through discussions with management and directors, and review of Board minutes and management papers; and – we assessed the appropriateness of the presentation and disclosure of the sale against the requirements of Australian Accounting Standards.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report (including the remuneration report) that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor’s Responsibilities for the Audit of the Financial Report (continued)

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors’ report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of AMP for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Andrew Price
Partner
Sydney
11 February 2021

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Securityholder information

Distribution of AMP Capital Notes 2 holdings as at 11 February 2021

Range	Number of holders	Notes held	% of issued Notes
1–1,000	2,887	849,380	30.88
1,001–5,000	266	540,846	19.67
5,001–10,000	21	159,109	5.79
10,001–100,000	19	560,682	20.39
100,001 and over	2	639,983	23.27
Total	**3,195**	**2,750,000**	**100.00**

Twenty largest AMP Capital Notes 2 holdings as at 11 February 2021

Rank	Name	Notes held	% of issued Notes
1	HSBC Custody Nominees (Australia) Limited	520,391	18.92
2	J P Morgan Nominees Australia Pty Limited	119,592	4.35
3	BNP Paribas Nominees Pty Ltd <Pitcher Partners DRP>	71,080	2.58
4	Netwealth Investments Limited <Wrap Services A/C>	51,049	1.86
5	Nora Goodridge Investments Pty Limited	50,000	1.82
6	John E Gill Trading Pty Ltd	49,449	1.80
7	Netwealth Investments Limited <Super Services A/C>	33,544	1.22
8	Elmore Super Pty Ltd <The Peabody Super Fund A/C>	30,000	1.09
9	National Nominees Limited	29,099	1.06
10	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	28,472	1.04
11	Skyplaza Investments Pty Ltd	27,815	1.01
12	UBS Nominees Pty Ltd	26,605	0.97
13	Harmanis Holdings Pty Ltd <The Harman Family A/C>	25,000	0.91
14	Mutual Trust Pty Ltd	24,598	0.89
15	Citicorp Nominees Pty Limited	24,395	0.89
16	Invia Custodian Pty Limited <A/M Unit A/C>	21,440	0.78
17	Mr Isaac Cohen + Mrs Estelle Mary Cohen + Mr David Peter Cohen <Cohen Family Super Fund A/C>	19,300	0.70
18	Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	14,671	0.53
19	J C Family Investments Pty Limited <J Herrington Super Fund A/C>	11,755	0.43
20	Invia Custodian Pty Limited <Baptistcare Long Term A/C>	11,410	0.41
Total		**1,189,665**	**43.26**
Total remaining holders balance		**1,560,335**	**56.74**

Securityholder information (continued)

Distribution of AMP Capital Notes 3 holdings as at 11 February 2021

Range	Number of holders	Notes held	% of issued Notes
1–1,000	3,916	1,008,838	37.71
1,001–5,000	273	552,288	20.65
5,001–10,000	22	152,927	5.72
10,001–100,000	20	533,900	19.96
100,001 and over	2	427,047	15.96
Total	**4,233**	**2,675,000**	**100.00**

Twenty largest AMP Capital Notes 3 holdings as at 11 February 2021

Rank	Name	Notes held	% of issued Notes
1	HSBC Custody Nominees (Australia) Limited	267,677	10.01
2	Mutual Trust Pty Ltd	159,370	5.96
3	Citicorp Nominees Pty Limited	84,310	3.15
4	J P Morgan Nominees Australia Pty Limited	51,503	1.93
5	Navigator Australia Ltd <MLC Investment Sett A/C>	47,015	1.76
6	Australian Executor Trustees Limited <IPS Super A/C>	45,641	1.71
7	BNP Paribas Nominees Pty Ltd <Pitcher Partners DRP>	41,092	1.54
8	National Nominees Limited	36,530	1.37
9	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	34,095	1.27
10	Filbury P/L <Piekarski Grand Invest A/C>	25,800	0.96
11	Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	22,793	0.85
12	Australian Executor Trustees Limited <IPS IDPS A/C>	20,919	0.78
13	Netwealth Investments Limited <Wrap Services A/C>	18,106	0.68
14	Invia Custodian Pty Limited <Income Pool A/C>	14,920	0.56
15	T G B Holdings Pty Ltd	14,100	0.53
16	HSBC Custody Nominees (Australia) Limited – A/C 2	12,025	0.45
17	Brownbuilt Pty Limited	11,285	0.42
18	Servcorp Holdings Pty Ltd	11,109	0.42
19	South Hong Nominees Pty Ltd <Hong Super Fund A/C>	11,000	0.41
20	Invia Custodian Pty Limited <A/M Unit A/C>	10,907	0.41
Totals		**940,197**	**35.15**
Total remaining holders balance		**1,734,803**	**64.85**

AMP Notes voting rights

AMP Capital Notes confer no right to attend or vote at any general meeting of the shareholders of AMP Limited. If a holder's Notes convert into AMP Limited ordinary shares in accordance with the terms of the Notes, those shares will have the voting rights described on page 141.

Securityholder information (continued)

Substantial holders as at 31 January 2021

The names of substantial holders in AMP Limited, and the number of ordinary shares which each substantial holder and the substantial holder's associates have a relevant interest in, as disclosed in substantial holding notices received by AMP Limited before 11 February 2021, are set out below. For details of the related bodies corporate of the substantial holders who also hold relevant interests in AMP Limited ordinary shares, refer to the substantial holding notices lodged with ASX, under the company code AMP.

Shareholder	Number of ordinary shares	Voting power %
Harris Associates L.P.[1]	255,206,804	7.43
Allan Gray Australia Pty Ltd[2]	227,976,128	6.63
The Vanguard Group Inc.[3]	206,305,497	6.00
BlackRock Inc[4]	174,978,238	5.09

1 Substantial holding notice lodged with ASX on 25 March 2020.
2 Substantial holding notice lodged with ASX on 24 March 2020.
3 Substantial holding notice lodged with ASX on 9 October 2020.
4 Substantial holding notice lodged with ASX on 13 November 2019.

Distribution of AMP Limited shareholdings as at 11 February 2021

Range	Number of holders	Ordinary shares held	% of issued shares
1–1,000	481,407	210,091,121	6.11
1,001–5,000	189,615	384,192,680	11.18
5,001–10,000	20,484	146,436,925	4.26
10,001–100,000	15,836	360,981,750	10.50
100,001 and over	637	2,334,896,765	67.94
Total	**707,979**	**3,436,599,241**	**100.00**

As at 11 February 2021, the total number of shareholders holding less than a marketable parcel of 365 shares is 224,893.

Twenty largest AMP Limited shareholdings as at 11 February 2021

Rank	Name	Ordinary shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	1,146,125,621	33.35
2	J P Morgan Nominees Australia Pty Limited	443,100,024	12.89
3	Citicorp Nominees Pty Limited	323,297,881	9.41
4	National Nominees Limited	64,056,069	1.86
5	BNP Paribas Noms Pty Ltd <DRP>	53,473,281	1.56
6	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	32,332,198	0.94
7	Citicorp Nominees Pty Limited <Colonial First State INV A/C>	20,843,884	0.61
8	HSBC Custody Nominees (Australia) Limited – GSCO ECA	11,509,371	0.33
9	Mr Kenneth Joseph Hall <Hall Park A/C>	10,000,000	0.29
10	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	9,673,380	0.28
11	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	7,262,827	0.21
12	HSBC Custody Nominees (Australia) Limited	5,822,585	0.17
13	Aigle Royal Superannuation Pty Ltd <A Poli Super Fund A/C>	5,500,000	0.16
14	AMP Life Limited	5,124,604	0.15
15	CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	5,001,267	0.15
16	Mestjo Pty Ltd	4,850,000	0.14
17	CPU Share Plans Pty Ltd <AMP BIS Unallocated A/C>	3,498,991	0.10
18	Netwealth Investments Limited <Super Services A/C>	3,174,035	0.09
19	CPU Share Plans Pty Ltd <AMP SSP Control A/C>	3,060,887	0.09
20	Broadgate Investments Pty Ltd	3,054,000	0.09
Totals		**2,160,760,905**	**62.87**
Total remaining holders balance		**1,275,838,336**	**37.13**

AMP Limited shares voting rights

The voting rights attached to AMP Limited ordinary shares are that each registered holder of shares present in person (or by proxy, attorney or representative) at a meeting of shareholders has one vote on a vote taken by a show of hands, and one vote for each fully paid share held on a vote taken by a poll.

Securityholder information (continued)

Options and rights granted under the Equity Incentive Plan as at 12 February 2021

As at 12 February 2021, AMP Limited had the following unquoted options and rights on issue under its Equity Incentive Plan:

- 16,419,769 share rights, of which the number of holders was 230.
- 30,029,049 performance rights, of which the number of holders was 40.

Number of Share Rights on issue as at 12 February 2021

Size of holding	Number of holders	Share rights
1–1,000	–	–
1,001–5,000	4	13,434
5,001–10,000	27	260,374
10,001–100,000	157	5,321,724
100,001 and over	42	10,824,237
Total	**230**	**16,419,769**

Number of Performance Rights on issue as at 12 February 2021

Size of holding	Number of holders	Performance rights
1–1,000	–	–
1,001–5,000	–	–
5,001–10,000	–	–
10,001–100,000	1	54,715
100,001 and over	39	29,974,334
Total	**40**	**30,029,049**

On market acquisitions for employee incentive schemes during the financial year ended 31 December 2020

8,265,796 AMP Limited ordinary shares were purchased on market to satisfy entitlements under AMP's employee incentive schemes at an average price per share of $1.622817186.

Stock exchange listings

AMP Limited's ordinary shares are quoted on the Australian Securities Exchange and on the New Zealand Stock Exchange. AMP capital notes are quoted on the Australian Securities Exchange.

Restricted securities

There are no restricted securities on issue.

Buyback

On 13 August 2020, AMP announced a $200 million on market share buyback which would operate during the 12-month period, subject to market conditions. Following the completion of the portfolio review, AMP intends to commence the buyback subject to market conditions and business performance.

Glossary

Contingent liabilities
A situation existing at reporting date, where past events have led to a possible obligation, the outcome of which depends on uncertain future events, or an obligation where the outcome is not sufficiently probable or reliably measurable to warrant recognising the liability at this reporting date.

Controllable costs
Costs that AMP incurs in running its business. Controllable costs include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

Corporate debt
Borrowings used to fund shareholder activities of the AMP group including the impact of any cross-currency swaps entered into to convert the debt into AUD, but excluding limited recourse debt in investment entities controlled by AMP Life policyholder funds and debt used to fund AMP Bank activities.

Cost to income ratio
Calculated as controllable costs divided by gross margin. Gross margin is calculated as total operating earnings and underlying investment income before tax expense plus controllable costs.

Defined benefit fund
A scheme that provides a retirement benefit, usually based on salary and/or a predetermined formula for calculating that benefit. Unlike an accumulation scheme, the retirement benefit and method of calculation is known to the member at all times.

Earnings per share (EPS) (statutory)
Calculated as NPAT (statutory) of AMP Limited divided by the statutory weighted average number of ordinary shares.

Franking rate
The amount of tax AMP has already paid on a dividend payment. This can be used as a tax credit by Australian resident shareholders. The franking rate is determined by AMP's taxable income. AMP's policy is to always frank dividends at the highest possible rate.

Group incentive pool
The money used for the payment of STI rewards. The pool size varies each year depending on AMP's performance against financial and non-financial measures.

Intangibles
Represents acquired goodwill, acquired asset management mandates, capitalised costs, buyer of last resort (BOLR) assets and other assets similar to goodwill acquired upon acquisition of AXA.

Interest cover (actual)
Calculated on a rolling 12-month post-tax basis as NPAT (statutory) of AMP Limited before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Interest cover (underlying)
Calculated on a rolling 12-month post-tax basis as NPAT (underlying) of AMP Limited before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Investment performance (AMP Capital)
The percentage of AUM measured against market benchmarks as well as client goals.

Key management personnel (KMP)
The chief executive officer (CEO), nominated direct reports of the CEO and the non-executive directors, who have authority and responsibility for planning, directing and controlling the activities of AMP.

Long-term incentive (LTI)
An executive reward for helping AMP achieve specific long-term performance targets. It is awarded in the form of share rights and/or performance rights to motivate executives to create long-term value for shareholders. A right is an entitlement to receive one AMP Limited share per right subject to meeting the vesting conditions.

Net interest margin (AMP Bank)
Net interest income over average interest earning assets.

Non-AUM based revenue (AMP Capital)
Revenue primarily derived from real estate management, development and leasing fees as well as infrastructure equity commitment fees.

Net Profit After Tax (NPAT)
Also referred to as NPAT (underlying), represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.

NPAT (statutory)
Reflects the net profits (or losses) distributable to AMP Limited shareholders in a given period.

Non-executive directors (NEDs)
Board directors who are not employees of AMP (they are independent).

Performance and transaction fees (AMP Capital)
Includes performance fees revenues primarily relating to variable fees on open-ended and closed-end funds across real estate, infrastructure debt and infrastructure equity. Transaction fees comprise one-off revenues in relation to the above asset classes, particularly infrastructure debt transactions and debt advisory as well as one-off divestments. These fees are typically highly variable in nature, both in quantum and timing.

Performance right
A form of executive remuneration designed to reward long-term performance. Selected executives are granted performance rights. Each performance right is a right to acquire one AMP share after a performance period if a specific performance hurdle is met.

Practice finance loans
Business loans provided to AMP aligned financial advisers, which are secured by a General Security Agreement over the adviser's business assets, including the client servicing rights, or other assets. Commercial lending credit policy, process and rates apply to these loans.

Return on equity (RoE) (actual)
RoE (actual) is calculated as NPAT (statutory) of AMP Limited divided by the average of the monthly average shareholder equity for the period.

RoE (underlying)
Calculated as annualised NPAT (underlying) divided by the average of the monthly average shareholder equity for the period.

S&P gearing
Senior debt plus non-allowable hybrids divided by economic capital available plus hybrids plus senior debt. Economic capital available is as defined by Standard & Poor's and includes AMP shareholders' equity (including goodwill and acquired AXA intangibles, but excluding acquired asset management mandates and capitalised costs).

Share right
A share right is an entitlement to acquire one AMP share at the end of a vesting period, as long as the service conditions are met.

Short-term incentive (STI)
An executive reward for helping AMP achieve specific short-term performance targets and objectives. It is paid in the form of cash and share rights to motivate executives and drive performance during the year.

Total shareholder return (TSR)
A measure of the value returned to shareholders over a period of time. It takes into account the changes in market value of AMP shares, plus the value of any dividends paid and capital returns on the shares.

Underlying investment income
The investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to the business units (including Group Office) has been normalised in order to bring greater clarity to the results by eliminating the impact of short-term market volatility on underlying performance. The excess (or shortfall) between the underlying return and the actual return is disclosed separately as a market adjustment – investment income. Underlying returns are set based on long-term expected returns for each asset. The return on AMP Bank income producing investment assets is included in AMP Bank NPAT.

The underlying post-tax rate of return used for FY 2020 is 2.5% (unchanged from FY 2019) and is based on the long-term target asset mix and assumed long-term rates of return.

Shareholder funds invested in income producing assets may be higher or lower than business unit capital due to the working capital requirements of the business unit.

Variable costs
Include costs that vary directly with the level of related business (eg investment management fees and banking commissions and securitisation costs).

Vesting
Remuneration term defining the point at which the required performance hurdles and/or service requirements have been met, and a financial benefit may be realised by the recipient.

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