

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 A\$, 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.
Cost to income ratio (AMP Bank)	Calculated as controllable costs divided by gross margin, excluding loan impairment expenses. Gross margin is calculated as total operating earnings 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) (actual)	Calculated as NPAT (statutory) of AMP Limited divided by the statutory weighted average number of ordinary shares.
Earnings per share (EPS) (underlying)	Calculated as NPAT (underlying) of AMP Limited divided by the basic weighted average number of ordinary shares.
External AUM (AMP Capital)	Assets managed by AMP Capital sourced from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients and partnerships.
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 cash	Cash and cash equivalents held outside business units.
Group incentive pool	The money used for the payment of short-term incentive (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.

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Investment income	<p>The income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to business units (including Group Office). The return on AMP Bank income producing investment assets is included in AMP Bank NPAT.</p> <p>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.</p> <p>From first half 2021, the normalisation of expected returns on investment income through the use of a separate market adjustment has been abolished, with reported investment income now reflecting actual, rather than forecast, investment returns.</p>
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.
Level 3 eligible capital	Comprises the highest quality components of capital for AMP Limited as the head of a Level 3 group. Level 3 eligible capital has similar characteristics to Common Equity Tier 1 capital for insurers and ADIs.
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.
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).
Operating earnings	Total operating earnings are the shareholder attributable profits or losses that relate to the performance of AMP. Operating earnings exclude investment earnings on shareholder capital and one-off items.
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.

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RoE (underlying)	Calculated as annualised NPAT (underlying) divided by the average of the monthly average shareholder equity for the period.
Seed and sponsor revenue (AMP Capital)	Income on seed and sponsor capital assets, including normal valuation movements and net profit/loss on sales, gross of funding 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 profit	AMP's key measure of business profitability, as it smooths investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group. Underlying profit excludes all items listed below the 'underlying profit' line. Other items largely comprise the net of one-off and non-recurring revenues and costs.
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.