AMP

Investor report

Full year 2015

Management and contact details

Executive management team

Craig Meller	Managing Director and Chief Executive Officer
Pauline Blight-Johnston	Group Executive, Insurance, Superannuation and Risk Management
Rob Caprioli	Group Executive, Advice and Banking
Gordon Lefevre	Chief Financial Officer
Matthew Percival	Group Executive, Public Affairs and Chief of Staff
Jack Regan	Managing Director, New Zealand financial services
Craig Ryman	Chief Information Officer
Paul Sainsbury	Chief Customer Officer
Brian Salter	Group General Counsel
Wendy Thorpe	Group Executive, Operations and Director, Melbourne
Adam Tindall	Managing Director, AMP Capital
Fiona Wardlaw	Group Executive, People and Culture

Investor relations

Howard Marks Director, Investor Relations
Telephone 61 2 9257 7109
Email howard_marks@amp.com.au

Michael Leonard Manager, Institutional Investor Relations
Telephone 61 2 9257 5207
Email michael_leonard@amp.com.au

Online reports

This investor report is available online at **amp.com.au/shareholdercentre** along with other investor relations information.

AMP Limited
ABN 49 079 354 519

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Important note

This Investor Report provides financial information reflecting after income tax results for AMP shareholders. The principles of life insurance accounting are used in reporting the results of the Australian wealth protection, Australian mature and New Zealand financial services businesses. Information is provided on an operational basis (rather than a statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information useful for investors. This Investor Report is not audited.

Profit attributable to shareholders of AMP Limited has been prepared in accordance with Australian accounting standards.

Forward looking statements in this Investor Report are based on management's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed. These forward looking statements are not guarantees or representations of future performance, and should not be relied upon.

This Investor Report is not an offer document and therefore has not been the subject of a full due diligence process typically used for an offer document. While AMP has sought to ensure that information in this Investor Report is accurate by undertaking a review process, it makes no representation or warranty as to the accuracy or completeness of any information or statement in this Investor Report. In particular, information and statements in this Investor Report do not constitute investment advice or a recommendation on any matter, and should not be relied upon.

AMP also provides statutory reporting prescribed under the Corporations Act 2001. Those accounts will be available from AMP's website **amp.com.au** and reflect policyholder and shareholder interests.

FY 15 performance summary

FY 15 profit attributable to shareholders of AMP Limited of A$972m, up 10% from A$884m in FY 14 and underlying profit of A$1,120m, up 7% from A$1,045m in FY 14

– The 7% increase in FY 15 underlying profit was largely the result of good operating earnings growth in Australian wealth management (+10%), AMP Capital (+20%), AMP Bank (+14%) and New Zealand financial services (+9%).
– FY 15 Australian wealth protection operating earnings fell 2%, impacted by experience losses of A$11m over the year, while Australian mature operating earnings declined 9%, largely due to the expected portfolio run-off.
– Underlying investment income fell A$7m on FY 14 to A$125m, reflecting lower average shareholder funds in FY 15.

Key performance measures

– FY 15 underlying profit of A$1,120m, up 7% on FY 14 with strong contributions from AMP's AUM driven businesses, AMP Bank and New Zealand financial services.
– FY 15 AMP group cost to income ratio of 43.8%, an improvement of 1.0 percentage point on FY 14.
– Australian wealth management FY 15 net cashflows were A$2,213m, down A$68m from net cashflows of A$2,281m in FY 14. Growth in AMP's retail and corporate super platform net cashflows was offset by an increase in external platform net cash outflows, largely due to the closure of Genesys Wealth Advisers. Excluding Genesys advisers who left AMP in FY 15, net cashflows increased 27% from FY 14.
– AMP Capital external net cashflows were A$4,434m, up 19% from net cashflows of A$3,723m in FY 14, driven by stronger inflows generated through the China Life AMP Asset Management joint venture and both institutional and retail domestic clients.
– Underlying return on equity increased 0.5 percentage points to 13.2% in FY 15 from FY 14, largely reflecting the increase in underlying profit.

Revenue measures

– Total AUM of A$226b[1] in FY 15, up 6% from FY 14.
– Australian wealth management AUM increased 5% to A$115b in FY 15 from FY 14 and 1% from 1H 15. Investment related revenue increased 5% on FY 14, with margins declining 5 bps (4.3%), from FY 14, in line with guidance.
– AMP Capital AUM increased 6% to A$160b in FY 15 from FY 14 and 2% from 1H 15. Fee income increased 14% to A$583m over FY 15.
– Australian wealth protection individual risk API and group risk API both increased 1% from FY 14 to A$1.5b and A$443m respectively. Profit margins as a percentage of average API rose 0.1 percentage points to 10.1% in FY 15 due to the repricing within AMP's group risk business in 2H 14 and lower controllable costs.
– AMP Bank total loans increased by 5% on FY 14 to A$15.2b. Net interest income increased 15% and margins expanded 18 bps to 1.59% from FY 14.

Cost measures

– AMP group cost to income ratio improved 1.0 percentage point from FY 14 to 43.8% in FY 15. Total controllable costs increased A$14m (1.1%) on FY 14 to A$1,329m as underlying cost growth and increased investment in growth initiatives were largely offset by business efficiency program benefits.
– AMP group controllable costs to AUM improved 5 bps to 59 bps during FY 15.
– Australian wealth management cost to income ratio improved 2.8 percentage points from FY 14 to 44.9% in FY 15. Controllable costs fell 2.7% on FY 14 to A$498m.
– AMP Capital cost to income ratio improved 1.9 percentage points from FY 14 to 61.1% in FY 15, in line with the target range of 60% to 65%. Controllable costs increased 9.4% on FY 14 to A$362m in FY 15, impacted by higher employee related costs and the impact of adverse currency movements.

Capital management and dividend

– FY 15 shareholder regulatory capital resources were A$2,542m above minimum regulatory requirements, up from A$1,987m at 31 December 2014. The increase was mainly driven by retained profits and the AMP Wholesale Notes and AMP Capital Notes issuances, partially offset by AMP's investment in China Life Pension Company.
– Interest cover (underlying) remains strong at 20.0 times, and gearing on a S&P basis is 10%.
– FY 15 final dividend of 14.0 cents per share (cps) declared, franked at 90%, representing a full year 2015 dividend payout ratio of 74% of underlying profit. AMP has revised its future dividend policy to a target range of 70% to 90% of underlying profit.
– The dividend reinvestment plan (DRP) continues to operate and no discount will apply to determine the DRP allocation price.
– AMP intends to neutralise the impact of the DRP through acquiring shares on market.

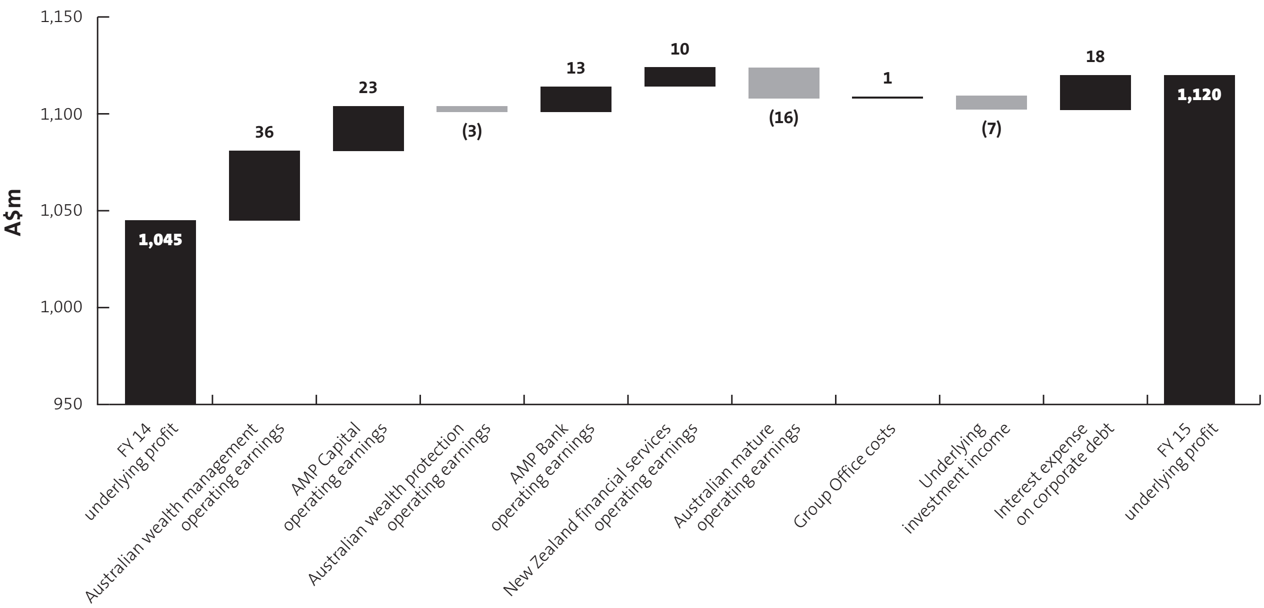
1 Includes SMSF assets under administration, refer to page 9.

Financial summary

A$m	FY 15	2H 15	1H 15	FY 14	% FY
Profit and loss					
Australian wealth management	**410**	203	207	374	9.6
AMP Capital[1]	**138**	66	72	115	20.0
Australian wealth protection	**185**	86	99	188	(1.6)
AMP Bank	**104**	54	50	91	14.3
New Zealand financial services	**120**	59	61	110	9.1
Australian mature	**158**	78	80	174	(9.2)
BU operating earnings	**1,115**	546	569	1,052	6.0
Group Office costs	**(61)**	(30)	(31)	(62)	1.6
Total operating earnings	**1,054**	516	538	990	6.5
Underlying investment income[1]	**125**	65	60	132	(5.3)
Interest expense on corporate debt	**(59)**	(31)	(28)	(77)	23.4
Underlying profit	**1,120**	550	570	1,045	7.2
Other items	**(3)**	(1)	(2)	7	n/a
AXA integration costs	**-**	-	-	(20)	n/a
Business efficiency program costs	**(66)**	(33)	(33)	(100)	34.0
Amortisation of AXA acquired intangible assets[1]	**(80)**	(38)	(42)	(89)	10.1
Profit before market adjustments and accounting mismatches	**971**	478	493	843	15.2
Market adjustment – investment income[1]	**9**	7	2	42	(78.6)
Market adjustment – annuity fair value	**34**	22	12	6	n/a
Market adjustment – risk products	**2**	(8)	10	11	(81.8)
Accounting mismatches	**(44)**	(34)	(10)	(18)	(144.4)
Profit attributable to shareholders of AMP Limited	**972**	465	507	884	10.0

1 AMP Capital is 15% owned by Mitsubishi UFJ Trust and Banking Corporation (MUTB). The AMP Capital business unit results and any other impacted line items are shown net of minority interests.

Movement in FY 14 to FY 15 underlying profit



Financial summary cont'd

		FY 15	2H 15	1H 15	FY 14
Earnings					
EPS – underlying (cps)[1]		**37.9**	18.6	19.3	35.3
EPS – actual (cps)		**33.3**	15.9	17.4	30.3
RoE – underlying		**13.2%**	13.0%	13.5%	12.7%
RoE – actual		**11.5%**	11.0%	12.0%	10.8%
Dividend					
Dividend per share (cps)		**28.0**	14.0	14.0	26.0
Dividend payout ratio – underlying		**74%**	75%	73%	74%
Franking rate[2]		**90%**	90%	85%	80%
Ordinary shares on issue (m)[1]		**2,958**	2,958	2,958	2,958
Weighted average number of shares on issue (m)	– basic[1]	**2,958**	2,958	2,958	2,958
	– fully diluted[1]	**2,978**	2,978	2,978	2,983
	– statutory	**2,918**	2,918	2,910	2,920
Market capitalisation – end period (A$m)		**17,244**	17,244	17,806	16,268
Capital management					
AMP shareholder equity (A$m)		**8,623**	8,623	8,475	8,346
Corporate debt (excluding AMP Bank debt) (A$m)		**1,801**	1,801	1,533	1,458
S&P gearing		**10%**	10%	10%	10%
Interest cover – underlying (times)		**20.0**	20.0	18.5	14.6
Interest cover – actual (times)		**17.5**	17.5	17.0	12.5
Margins					
Australian wealth management investment related revenue to AUM (bps)		**112**	111	113	117
AMP Capital AUM based management fees to AUM (bps) – external		**45.4**	45.9	44.5	45.2
Australian wealth protection profit margins/annual premium		**10.1%**	10.1%	10.1%	10.0%
AMP Bank net interest margin (over average interest earning assets)		**1.59%**	1.64%	1.53%	1.41%
Cashflows and AUM					
Australian wealth management cash inflows (A$m)		**29,304**	15,196	14,108	30,940
Australian wealth management cash outflows (A$m)		**(27,091)**	(14,135)	(12,956)	(28,659)
Australian wealth management net cashflows (A$m)		**2,213**	1,061	1,152	2,281
Australian wealth management persistency		**89.9%**	90.1%	89.9%	89.1%
AMP Capital net cashflows – external (A$m)		**4,434**	1,409	3,025	3,723
AMP Capital net cashflows – internal (A$m)		**(3,168)**	(1,283)	(1,885)	(3,859)
AMP Capital AUM (A$b)		**160**	160	156	151
Non-AMP Capital managed AUM (A$b)[3]		**66**	66	66	63
Total AUM (A$b)[3]		**226**	226	222	214
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**1,193**	602	591	1,184
Project costs (A$m)		**136**	70	66	131
Total controllable costs (A$m)		**1,329**	672	657	1,315
Cost to income ratio		**43.8%**	44.5%	43.1%	44.8%
Controllable costs to average AUM (bps)		**59**	60	58	64

1 Number of shares has not been adjusted to remove treasury shares.
2 Full year franking rate is the franking applicable to the final dividend for that year.
3 FY 14 AUM adjusted for SMSF AUA account consolidation.

Strategic overview

AMP is Australia and New Zealand's leading independent wealth management company, with an expanding international investment management business and a growing retail banking business in Australia.

The company's competitive advantages differentiate it from other businesses in its chosen markets. These include:

– management of Australia and New Zealand's leading financial advice network
– investment management, especially of fixed income, property and infrastructure yield assets
– large and contemporary platforms driving market-leading cost efficiency, and
– a trusted and respected brand.

Strategy

AMP is making good progress on its growth strategy. The strategy has four objectives.

1. Growth.

AMP's priority is to invest in the Australian wealth industry by building on its leading market positions to capture growth.

AMP has chosen to operate in large and growing markets where it can exercise its competitive advantages. The company's primary priority is to grow in the expanding A$2.6 trillion[1] Australian wealth management market.

In addition, AMP is also focused on growing its operations in New Zealand, and in selected international markets through its investment manager AMP Capital.

AMP maintains its number one[2] market share position in the Australian superannuation market, which is projected to double in size by 2026[3]. Self-managed superannuation is the largest segment of the superannuation market, and AMP has become the market leader in SMSF administration. In January 2016, AMP announced a new business name and operating structure for its SMSF unit, known as SuperConcepts. SuperConcepts incorporates a full range of SMSF administration and software services.

AMP maintains its number one position in the individual risk insurance market[4]. The recovery of the company's life insurance business continues to be a key priority.

Growing AMP Bank through AMP's advice network remains a priority. At FY 15 24% of mortgage business was derived from this network.

2. Transform the Australian business.

AMP is transforming its core Australian business to be more customer centric. This means providing better, more relevant customer experiences and solutions.

During the past two years, AMP has put in place the core infrastructure of this customer-centred business.

Transform face-to-face advice model
AMP is aiming to make financial advice more relevant, accessible and affordable for consumers, and at the same time, more efficient and profitable for AMP and its advisers. The company is currently piloting an innovative goals based, face-to-face advice experience.

Diversify customer channels
AMP wants to give customers choice about how to interact with us. To do this, AMP is transforming its digital capabilities and installing the core infrastructure to build a seamless omni-channel experience.

Deliver a superior customer experience
AMP is beginning to transform its customers' service experiences. Customer-facing teams are now using a customer feedback and measurement system to identify and improve service.

Build a goals-oriented enterprise
Consumer research has built conviction in taking a goals based approach to products and services. This approach will be rolled out across the company from 2016. Four goals have been prioritised, and customer solutions are now being designed for them.

3. Reduce costs.

Efficiency continues to be a high priority for AMP, so that the company can continue to invest in better customer experiences – and increase its profitability.

The three year business efficiency program (expected to lead to A$200m in pre-tax recurring run rate cost savings by the end of 2016 for a one-off investment of A$320m pre-tax) continues to be on track.

4. Expand internationally.

AMP continues to expand internationally, primarily through AMP Capital, in high-growth potential regions where its expertise and capabilities are in demand.

It is doing this by building strong partnerships with national champions in China and Japan and capitalising on investor demand for infrastructure, property and fixed income capabilities.

1 ABS Managed Funds Report, Managed Funds Industry, September 2015.
2 Fund Market Overview Retail – Marketer, Plan for Life, September 2015.
3 Dynamics of the Australian Superannuation System, The Next 20 Years: 2015–2035, Deloitte, November 2015; AMP modelling.
4 Life Insurance Overview – Risk Insurance, Plan for Life, September 2015.

Australian wealth management

Profit and loss (A$m)	FY 15	2H 15	1H 15	FY 14	% FY
Revenue					
Investment related[1]	**1,278**	638	640	1,212	5.4
Other[2]	**99**	50	49	102	(2.9)
Total revenue	**1,377**	688	689	1,314	4.8
Investment management expense	**(295)**	(151)	(144)	(270)	(9.3)
Controllable costs	**(498)**	(248)	(250)	(512)	2.7
Tax expense	**(174)**	(86)	(88)	(158)	(10.1)
Operating earnings	**410**	203	207	374	9.6
Underlying investment income	**18**	10	8	19	(5.3)
Underlying operating profit after income tax	**428**	213	215	393	8.9
Ratios and other data					
RoBUE	**44.7%**	42.7%	46.8%	46.1%	n/a
End period tangible capital resources – after transfers (A$m)	**991**	991	910	837	18.4
Net cashflows (A$m)[3]	**2,213**	1,061	1,152	2,281	(3.0)
AUM (A$b)[3]	**115.1**	115.1	114.0	109.5	5.1
Average AUM (A$b)[3,4]	**114.4**	114.2	114.6	104.0	10.0
Persistency[3]	**89.9%**	90.1%	89.9%	89.1%	n/a
Cost to income ratio	**44.9%**	45.0%	44.8%	47.7%	n/a
Investment related revenue to AUM (bps)[1,3,4,5]	**112**	111	113	117	n/a
Investment management expense to AUM (bps)[1,3,4,5]	**26**	26	25	26	n/a
Investment related revenue less variable costs to AUM (bps)[1,3,4,5]	**86**	85	88	91	n/a
Controllable costs to AUM (bps)[3,4,5]	**44**	43	44	49	n/a
Operating earnings to AUM (bps)[3,4,5]	**36**	35	36	36	n/a

1 Investment related revenue refers to revenue on superannuation, retirement income and investment products.
2 Other revenue includes AMP SMSF revenues and product fees, platform fees and advice fees received by licensees on Australian wealth protection products and movements in the value of client registers purchased from financial advisers.
3 Excludes AMP SMSF.
4 Based on average of monthly average AUM.
5 Ratio based on 184 days in 2H 15 and 181 days in 1H 15.

Business overview

The Australian wealth management (WM) business provides customers with superannuation, retirement income, investment, SMSF administration and financial advice services (through aligned and owned advice businesses).

WM's key priorities are to:

– build a more customer-centric business whilst remaining vigilant on cost control
– improve the quality of the advice experience and expand the methods by which customers can access AMP's products and services
– use new capabilities to design customer centric offers covering advice, product and service, and
– develop a strong SMSF capability.

The announced closure of Genesys Wealth Advisers in November 2014 will impact current and future period cashflows. However, the impact on WM operating earnings and value measures is expected to be immaterial.

Operating earnings

Operating earnings increased by A$36m (10%) to A$410m in FY 15 from A$374m in FY 14. The increase in operating earnings was largely due to strong net cashflows and investment returns generating growth of 10% in average AUM from FY 14 and a continued focus on costs which declined 2.7% from FY 14.

Investment related revenue to AUM

FY 15 investment related revenue to AUM was 112 bps, a 5 bps (4.3%) reduction from FY 14. The margin decline in FY 15 was attributable to the change in the product and fee mix associated with the strong growth on the North platform relative to older products and platforms, some member based fees not growing in line with AUM and ongoing MySuper transitions.

FY 15 investment management expenses to AUM of 26 bps were unchanged from FY 14.

Australian wealth management cont'd

As MySuper plan transitions have now commenced, investment related revenue to AUM margin compression is expected to average around 4.5% per annum through to June 2017. As previously guided, the extent of the compression may be volatile from period to period as MySuper transitions take place. Post the MySuper transition period, margin compression is expected to reduce to its longer-term average.

AMP SMSF

AMP SMSF comprises AMP SMSF Solutions, Ascend, Cavendish, Multiport, Justsuper, SuperConcepts, SuperIQ, superMate, yourSMSF and a part ownership of Class Super. Established in 2012, the business forms part of WM's consolidated reporting.

In January 2016, AMP announced a new business name and operating structure for its SMSF unit. The new name, SuperConcepts, incorporates the range of services and products the business now offers.

The number of funds under administration increased by 668 in FY 15 to 16,130, with assets under administration up 5.3% in FY 15 to A$18.8b.

Across administration and software services, SuperConcepts now supports approximately 38,000 funds, representing 7% of the SMSF market.

SMSF revenue is reported as part of 'Other' revenue. AMP SMSF contributed A$23m to 'Other' revenue in FY 15, an increase from A$19m in FY 14. Over the period, the business continued to improve its cost to income ratio.

As a result of the new structure, the existing brands, including AMP SMSF, now operate as sub-brands of SuperConcepts, which is governed by its own board. As SuperConcepts continues to grow its fund numbers and market share through organic growth and acquisitions, it is also expected to benefit from scale and efficiency.

MySuper

From 1 January 2014, MySuper became the default super investment option for all superannuation customers who have not provided an investment choice to their superannuation provider.

AMP has developed three standard MySuper solutions and seven tailored MySuper solutions. They have been approved by the Australian Prudential Regulation Authority (APRA) and are now fully operational. As at FY 15, over A$6b of new contributions have been directed into the relevant MySuper offers, up from in excess of A$2b in FY 14.

AMP's corporate super business holds the majority of AMP's default accounts. As at 31 December 2015 the default balance was A$8b, having reduced from A$15b in January 2014 as a result of planned corporate transitions, customers exercising choice and external outflows. The remaining default balance will transition to a MySuper offer by 1 July 2017 and is captured as part of the margin compression guidance provided.

Controllable costs

WM controllable costs fell A$14m (2.7%) in FY 15 to A$498m from A$512m in FY 14.

Savings from the business efficiency program, as well as strong control of underlying cost growth, helped offset project cost growth from investments in growth initiatives, including a number of SMSF acquisitions. Further information on growth initiatives can be found on page 5.

The FY 15 cost to income ratio improved by 2.8 percentage points to 44.9% as a result of stronger revenue growth and lower controllable costs. FY 15 controllable costs to AUM improved by 5 bps to 44 bps.

Embedded value

FY 15 embedded value (EV) increased 10.7% before transfers at the 3% discount margin (dm) to A$6,122m. Apart from the expected return which reflects the unwinding of the discount applied to the value of in-force business and the expected return on the adjusted net assets, the increase in FY 15 EV was largely due to additional new business volumes.

Value of new business

FY 15 value of new business (VNB) increased by 7.2% to A$313m at the 3% discount margin, from A$292m at FY 14. The increase in VNB in FY 15 reflected higher sales volumes.

	3% dm	**4% dm**	**5% dm**
Australian wealth management embedded value and value of new business (A$m)	**FY 15**	**FY 15**	**FY 15**
Embedded value as at FY 14	5,529	5,198	4,910
Expected return	296	325	350
Investment markets, bond yields and currency	4	6	8
Claim and persistency assumptions, product and other	(20)	(21)	(23)
Value of new business (VNB)	313	286	262
Net transfers out	(442)	(442)	(442)
Embedded value as at FY 15	**5,680**	**5,352**	**5,065**
Return on embedded value as at FY 15	10.7%	11.5%	12.2%

Australian wealth management cont'd

FY 15 cashflows

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**FY 15**	**FY 14**	**% FY**	**FY 15**	**FY 14**	**% FY**	**FY 15**	**FY 14**	**% FY**
North[1]	10,822	11,261	(3.9)	(6,328)	(5,731)	(10.4)	4,494	5,530	(18.7)
AMP Flexible Super[2]	6,796	7,676	(11.5)	(5,345)	(5,494)	2.7	1,451	2,182	(33.5)
Summit, Generations and iAccess[3]	1,927	2,462	(21.7)	(3,227)	(4,137)	22.0	(1,300)	(1,675)	22.4
Flexible Lifetime Super (superannuation and pension)[4]	2,253	2,347	(4.0)	(3,670)	(4,603)	20.3	(1,417)	(2,256)	37.2
Other retail investment and platforms[5]	450	412	9.2	(497)	(797)	37.6	(47)	(385)	87.8
Total retail on AMP platforms	**22,248**	**24,158**	(7.9)	**(19,067)**	**(20,762)**	8.2	**3,181**	**3,396**	(6.3)
SignatureSuper and AMP Flexible Super – Employer	3,692	2,766	33.5	(2,371)	(2,037)	(16.4)	1,321	729	81.2
Other corporate superannuation[6]	1,666	1,633	2.0	(2,384)	(2,142)	(11.3)	(718)	(509)	(41.1)
Total corporate superannuation	**5,358**	**4,399**	21.8	**(4,755)**	**(4,179)**	(13.8)	**603**	**220**	174.1
Total retail and corporate superannuation on AMP platforms	**27,606**	**28,557**	(3.3)	**(23,822)**	**(24,941)**	4.5	**3,784**	**3,616**	4.6
External platforms[7]	1,698	2,383	(28.7)	(3,269)	(3,718)	12.1	(1,571)	(1,335)	(17.7)
Total Australian wealth management	**29,304**	**30,940**	(5.3)	**(27,091)**	**(28,659)**	5.5	**2,213**	**2,281**	(3.0)
Genesys practices that have left AMP	112	418	(73.2)	(760)	(396)	(91.9)	(648)	22	n/a
Total Australian wealth management (pro forma)[8]	**29,192**	**30,522**	(4.4)	**(26,331)**	**(28,263)**	6.8	**2,861**	**2,259**	26.6

Australian wealth management cash inflow composition (A$m)			
Member contributions	3,793	3,634	4.4
Employer contributions	4,160	4,028	3.3
Total contributions	7,953	7,662	3.8
Transfers and rollovers in[9]	21,103	23,071	(8.5)
Other cash inflows	248	207	19.8
Total Australian wealth management	**29,304**	**30,940**	(5.3)

1 North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.

2 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

3 Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit.

4 Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included.

5 Other retail investment and platforms includes Flexible Lifetime – Investments, AMP Personalised Portfolio and Synergy.

6 Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.

7 External platforms comprise Asgard, Macquarie and BT Wrap platforms.

8 Australian wealth management excluding cashflows relating to Genesys practices that have left AMP.

9 Transfers and rollovers in includes the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pension/annuities) and external products.

Cashflow overview

Australian wealth management (WM) net cashflows were A$2.2b in FY 15, a decrease of 3% from FY 14, driven in large part by the closure of Genesys Wealth Advisers announced in November 2014. Excluding those Genesys advisers that left AMP during FY 15, pro forma net cashflows were A$2.9b, an increase of 27% from FY 14.

Increased investment market volatility and continued implementation of the FOFA reforms impacted on cashflows, with WM cash inflows and outflows decreasing by around 5% from FY 14. With lower transitions of customers from closed to open products, and improved persistency across the product set, the headline net cashflow was much improved for closed products with subdued net cashflow in the open retail products. Internal inflows across WM products were A$15.4b in FY 15 (A$17.6b in FY 14), representing approximately 52% (57% in FY 14) of total WM cash inflows.

Retail on AMP platforms

AMP's retail platforms comprise platforms which are owned, developed and operated by AMP as opposed to external platforms which are administered by other platform providers. Net cashflows on AMP retail platforms decreased by A$215m (6%) to A$3.2b in FY 15.

North net cashflows fell by A$1.0b (19%) to A$4.5b in FY 15, but remained strong. With externally sourced inflows in line with FY 14 at A$4.5b, the decline in net cashflows was driven by lower transitions of customers from closed products to North in FY 15 and higher outflows to customers reflective of the 51% increase in average AUM from FY 14. 64% of North's net cashflows were externally sourced, up from 60% in FY 14.

In FY 15, North's customer numbers increased 12% to over 97,000. North AUM increased A$4.9b to A$20.9b, primarily driven by strong net cashflows. AUM held in North's capital guaranteed product increased by A$105m to A$2.0b in FY 15.

Australian wealth management cont'd

AMP Flexible Super net cashflows declined A$731m (34%) to A$1.5b in FY 15, driven by lower transitions of customers from closed products to Flexible Super in FY 15 and higher outflows to customers reflective of the 28% increase in average AUM from FY 14. Externally sourced inflows were A$125m below FY 14. In FY 15, AMP Flexible Super AUM increased A$2.0b (15%) to A$15.0b, driven by strong net cashflows.

Summit, Generations and iAccess net cash outflows improved by A$375m in FY 15 to a net outflow of A$1.3b.

Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. In FY 15, net cash outflows decreased by A$839m to a net outflow of A$1.4b.

Corporate superannuation

Total corporate superannuation net cashflows were A$603m in FY 15, up from A$220m in FY 14.

AMP's large corporate offerings, SignatureSuper and AMP Flexible Super – Employer, had net cashflows of A$1,321m, an increase of 81% from A$729m in FY 14. Large mandate wins within SignatureSuper accounted for A$569m of the A$1.3b net cashflows in FY 15, compared with A$171m of the A$729m net cashflows in FY 14.

Other corporate superannuation, comprising CustomSuper, SuperLeader and Business Super, experienced net cash outflows of A$718m in FY 15, up from an outflow of A$509m in FY 14 due to higher outflows to internal products.

External platforms

External platforms represent superannuation, pension and investment products on the Asgard, Macquarie and BT Wrap platforms.

In November 2014, AMP announced the closure of Genesys Wealth Advisers following a strategic review. At 31 December 2015, 39 practices had transitioned to the Charter and AMPFP licensees, 26 practices had left AMP and two practices remained within Genesys Wealth Advisers. The growth in WM net cashflows was negatively impacted by A$670m for those practices which have left AMP. The outflows in 2H 15 from exiting practices of A$443m was less than previously forecasted as the timing of both practice exits and AUM transitioning off the Genesys BT Wrap platform has been slower than anticipated. Further outflows of around A$400m are expected in 1H 16.

In FY 15, external platform net outflows increased A$236m to A$1.6b as a result of both the exit of Genesys practices and from lower cash inflows, with customers generally showing a preference for North over external platforms.

FY 15 AUM

		FY 15 net cashflows					
AUM (A$m)	**FY 14 AUM**	**Super-annuation**	**Pension**	**Investment**	**Total net cashflows**	**Other movements[1]**	**FY 15 AUM**
North	15,956	1,315	2,122	1,057	4,494	428	20,878
AMP Flexible Super	13,083	717	734	-	1,451	504	15,038
Summit, Generations and iAccess	13,862	(558)	(512)	(230)	(1,300)	392	12,954
Flexible Lifetime Super (superannuation and pension)	24,573	(836)	(581)	-	(1,417)	1,060	24,216
Other retail investment and platforms	3,051	(60)	(42)	55	(47)	67	3,071
Total retail on AMP platforms	**70,525**	**578**	**1,721**	**882**	**3,181**	**2,451**	**76,157**
SignatureSuper and AMP Flexible Super – Employer	12,937	1,236	85	-	1,321	497	14,755
Other corporate superannuation	13,174	(718)	-	-	(718)	338	12,794
Total corporate superannuation	**26,111**	**518**	**85**	**-**	**603**	**835**	**27,549**
Total retail and corporate superannuation on AMP platforms	**96,636**	**1,096**	**1,806**	**882**	**3,784**	**3,286**	**103,706**
External platforms	12,871	(415)	(637)	(519)	(1,571)	121	11,421
Total Australian wealth management	**109,507**	**681**	**1,169**	**363**	**2,213**	**3,407**	**115,127**
Australian wealth management – AMP SMSF[2]							
Assets under administration	17,813					941	18,754
Total AUM	**127,320**	**681**	**1,169**	**363**	**2,213**	**4,348**	**133,881**

Australian wealth management – AUM by asset class	FY 14	FY 15
Cash and fixed interest	30%	31%
Australian equities	33%	32%
International equities	25%	25%
Property	6%	6%
Other	6%	6%
Total	**100%**	**100%**

1 Other movements include fees, investment returns and taxes.

2 AMP SMSF includes Multiport, Cavendish, SuperIQ, YourSMSF and Ascend administration platforms. Comparatives reflect 100% of SuperIQ. FY 14 assets under administration adjusted for account consolidation.

AMP Capital

Profit and loss (A$m)	FY 15	2H 15	1H 15	FY 14	% FY
Internal AUM based management fees	**218**	107	111	221	(1.4)
External AUM based management fees	**234**	122	112	195	20.0
Non-AUM based management fees	**69**	41	28	60	15.0
Performance and transaction fees	**62**	23	39	36	72.2
Fee income	**583**	293	290	512	13.9
Controllable costs	**(362)**	(189)	(173)	(331)	(9.4)
Tax expense	**(61)**	(28)	(33)	(50)	(22.0)
Operating earnings before net seed and sponsor capital income	**160**	76	84	131	22.1
Net seed and sponsor capital income	**2**	1	1	4	(50.0)
Operating earnings including minority interests	**162**	77	85	135	20.0
Minority interests in operating earnings	**(24)**	(11)	(13)	(20)	(20.0)
Operating earnings	**138**	66	72	115	20.0
Underlying investment income	**4**	2	2	4	-
Underlying operating profit after income tax	**142**	68	74	119	19.3

Controllable costs					
Employee related	**227**	119	108	204	11.3
Investment operations and other	**115**	59	56	110	4.5
Total operating costs	**342**	178	164	314	8.9
Project costs	**20**	11	9	17	17.6
Total controllable costs	**362**	189	173	331	9.4

Ratios and other data					
Cost to income ratio	**61.1%**	63.5%	58.7%	63.0%	n/a
Controllable costs to average AUM (bps)[1]	**22.8**	23.7	21.8	22.9	n/a
AMP Capital staff numbers[2]	**1,007**	1,007	985	957	5.2
AUM (A$b)	**159.9**	159.9	156.1	151.5	5.5
Average AUM (A$b) – total[1]	**158.8**	159.2	158.5	144.7	9.7
Average AUM (A$b) – internal[1]	**107.3**	106.1	108.2	101.6	5.6
Average AUM (A$b) – external[1]	**51.5**	53.1	50.3	43.1	19.5
AUM based management fees to AUM (bps) – internal[1]	**20.3**	20.1	20.5	21.8	n/a
AUM based management fees to AUM (bps) – external[1]	**45.4**	45.9	44.5	45.2	n/a
Performance and transaction fees to AUM (bps)[1]	**3.9**	2.9	4.9	2.5	n/a
End period tangible capital resources – after transfers (A$m)[3]	**296**	296	289	264	12.1
RoBUE	**62.2%**	57.3%	67.4%	60.0%	n/a

1 Based on average of monthly average AUM.
2 FY 15 includes 241 shopping centre FTEs (235 in FY 14); however, the costs of these FTEs are recharged to shopping centres.
3 End period tangible capital resources are disclosed gross of minority interest.

Business overview

AMP Capital is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds. Mitsubishi UFJ Trust and Banking Corporation (MUTB) holds a 15% ownership interest in AMP Capital.

AMP Capital holds a 15% stake in the China Life AMP Asset Management Company Limited (CLAMP), a funds management company which offers retail and institutional investors in China access to leading investment solutions.

Working as a unified investment house, AMP Capital's key priorities are to generate revenue growth through:

- delivering outstanding investment outcomes to clients
- building a differentiated client experience driving strong client engagement
- partnering effectively across the AMP group to deliver investment solutions for retail, SMSF and corporate super customers
- expanding the global pension fund client base, and
- building preferential distribution partnerships in select Asian markets, particularly Japan and China.

AMP Capital cont'd

Delivery against the key priorities over the period, coupled with strong investment performance, drove 20% growth in operating earnings and an improvement in total net cashflows of A$1.4b relative to FY 14. Key operational highlights include:

- Strong investment performance with 82% of AUM meeting or exceeding client goals over three years to 31 December 2015.
- Continued expansion of AMP Capital's global footprint, increasing FUM managed on behalf of international institutional clients by over A$2.0b to A$6.8b.
- The CLAMP joint venture with China Life successfully launched 19 new mutual funds in FY 15, including the establishment of a domestic active equities capability.
- The ongoing growth of AMP Capital's global infrastructure platform, with the Global Infrastructure Fund attracting significant investor commitments and the success of Infrastructure Debt Fund (IDF) II allowed fundraising to commence for IDF III in late 2015.
- Strong cashflows into goals based funds, with the Dynamic Markets Fund reaching A$1.2b in FUM.

Operating earnings

AMP group's 85% share of AMP Capital's FY 15 operating earnings was A$138m, up 20% from A$115m in FY 14. Despite soft equity markets in 2H 15, AMP Capital's operating earnings benefited from strong fee income growth of 14%, assisted by higher performance fees and strong net cash inflows. The strong fee income growth was partially offset by a 9% increase in controllable costs.

Fee income

Fee income increased 14% in FY 15 to A$583m from A$512m in FY 14. This was largely driven by a A$36m (9%) increase in AUM based management fees and a A$26m (72%) lift in performance and transaction fees.

Average AUM increased A$14b (10%), assisted by net cash inflows and positive equity markets in 1H 15. Total AUM based management fees to AUM fell to 28.5 bps from 28.7 bps, partly reflecting changes in asset mix.

Internal AUM based management fees fell A$3m (-1%), with market driven growth in average AUM offset by a 1.5 bps margin decline reflecting asset mix shift towards fixed income and the renegotiation of internal fee arrangements.

External AUM based management fees increased A$39m (20%), driven by growth in average AUM from strong cashflows and markets, assisted by margin expansion of 0.2 bps. Margin expansion was driven by strong external flows and returns in higher margin infrastructure and property funds. While the CLAMP joint venture had strong cashflows and AUM growth over the period, its contribution to earnings was negligible, reflecting the start-up phase of the business.

Non-AUM based management fees mainly comprise property management, development and leasing fees. Non-AUM based management fees were A$69m in FY 15, up A$9m (15%) from FY 14. FY 15 non-AUM based fees also benefited from a fee for services relating to China Life Pension Company (CLPC).

FY 15 performance and transaction fees were A$62m, up 72% from A$36m in FY 14. The increase in performance fees reflects, in part, rising infrastructure fund valuations. Performance and transaction fees remain volatile from period to period.

As expected, performance fees were lower in the second half of the year, as the majority of our infrastructure funds attract performance fees for annual periods ending 30 June.

Controllable costs

Controllable costs increased by A$31m (9%) in FY 15 to A$362m from A$331m in FY 14. The increase in costs was driven by the impact of adverse currency movements and higher employee costs. Higher employee costs reflect additional staff costs in relation to executing on the property development pipeline and the growth of AMP Capital's international business, and higher short-term incentive awards, reflecting stronger business and investment performance.

AMP Capital's cost to income ratio improved 1.9 percentage points in FY 15 to 61.1%. This ratio benefited from the strength in fee income, which included significant performance and transaction fees. AMP Capital continues to target a cost to income ratio between 60% and 65%, aiming towards the lower end of this range over the medium term.

Tax expense

AMP Capital's effective tax rate in FY 15 was 27.6%, unchanged from FY 14. This is lower than the Australian corporate tax rate (30%), largely due to tax concessions on offshore activities and joint venture earnings which are recognised net of tax.

Net seed and sponsor capital income

Seed capital and sponsor capital are designed to assist business growth by:

- funding the acquisition of assets which are subsequently sold to new or existing AMP Capital funds or clients, and
- AMP Capital investing initial equity alongside clients in new funds to demonstrate alignment.

At FY 15, total seed and sponsor capital holdings were A$182m.

Sponsor capital investments include a 5.2% stake in the Singapore Exchange listed AIMS AMP Capital Industrial REIT and a holding in AMP Capital's Global Infrastructure Fund. Seed capital investments are infrastructure related. The FY 15 net seed and sponsor capital income of A$2m was primarily driven by distribution income on AIMS AMP Capital Industrial REIT and valuation gains on seed capital investments, partially offset by debt funding costs.

Given the variable mix of short-term asset holdings and longer-term cornerstone investments, income from seed and sponsor capital can be volatile from period to period.

Investment performance

AMP Capital measures investment performance against specific client goals rather than against market indices or competitor performance alone. These goals aim to capture a more meaningful measure of investment performance and align with AMP Capital's clients' expectations and actual investment outcomes.

AMP Capital's target is for 60% of assets under management to meet or exceed client goals on a rolling three year basis. Over three years to 31 December 2015, 82% of assets under management met or exceeded client goals (down from 86% in December 2014).

The table on page 34 shows investment performance across all asset classes over various timeframes to 31 December 2015.

AMP Capital cont'd

Cashflows and AUM

Cashflows by asset class (A$m)	Cash inflows			Cash outflows			Net cashflows		
	FY 15	FY 14	% FY	FY 15	FY 14	% FY	FY 15	FY 14	% FY
External									
Australian equities	809	886	(8.7)	(1,528)	(1,693)	9.7	(719)	(807)	10.9
International equities	1,998	1,831	9.1	(2,426)	(1,811)	(34.0)	(428)	20	n/a
Fixed interest	7,245	4,824	50.2	(3,726)	(2,921)	(27.6)	3,519	1,903	84.9
Infrastructure	2,141	1,211	76.8	(405)	(379)	(6.9)	1,736	832	108.7
Direct investments	-	-	n/a	(2)	(1)	(100.0)	(2)	(1)	(100.0)
Property	1,219	3,646	(66.6)	(994)	(1,874)	47.0	225	1,772	(87.3)
Alternative assets	111	8	n/a	(8)	(4)	(100.0)	103	4	n/a
Total external	**13,523**	**12,406**	9.0	**(9,089)**	**(8,683)**	(4.7)	**4,434**	**3,723**	19.1
Internal									
Australian equities	2,954	3,562	(17.1)	(5,011)	(4,965)	(0.9)	(2,057)	(1,403)	(46.6)
International equities	4,539	4,963	(8.5)	(6,415)	(5,503)	(16.6)	(1,876)	(540)	(247.4)
Fixed interest	13,215	10,012	32.0	(12,307)	(11,282)	(9.1)	908	(1,270)	n/a
Infrastructure	1,413	168	n/a	(1,468)	(187)	n/a	(55)	(19)	(189.5)
Direct investments	133	154	(13.6)	(93)	(104)	10.6	40	50	(20.0)
Property	308	249	23.7	(434)	(994)	56.3	(126)	(745)	83.1
Alternative assets	369	390	(5.4)	(371)	(322)	(15.2)	(2)	68	n/a
Total internal	**22,931**	**19,498**	17.6	**(26,099)**	**(23,357)**	(11.7)	**(3,168)**	**(3,859)**	17.9
Total	**36,454**	**31,904**	14.3	**(35,188)**	**(32,040)**	(9.8)	**1,266**	**(136)**	n/a

AUM by asset class (A$m)	FY 14	%	Net cashflows 1H 15	Net cashflows 2H 15	Investment returns and other[1]	FY 15	%
External							
Australian equities	3,740	8	437	(1,156)	75	3,096	6
International equities	8,785	20	(312)	(116)	(18)	8,339	16
Fixed interest	12,888	27	2,343	1,176	(95)	16,312	31
Infrastructure	5,741	12	271	1,465	634	8,111	15
Direct investments	18	-	(1)	(1)	(1)	15	-
Property[2]	15,541	33	282	(57)	1,178	16,944	31
Alternative assets[3]	171	-	5	98	72	346	1
Total external	**46,884**	**100**	**3,025**	**1,409**	**1,845**	**53,163**	**100**
Internal							
Australian equities	26,931	25	(1,419)	(638)	1,804	26,678	24
International equities	26,859	26	(1,142)	(734)	1,173	26,156	25
Fixed interest	42,851	41	760	148	1,447	45,206	42
Infrastructure	1,817	2	50	(105)	462	2,224	2
Direct investments	757	1	12	28	28	825	1
Property[2]	3,552	3	(58)	(68)	383	3,809	4
Alternative assets[3]	1,821	2	(88)	86	5	1,824	2
Total internal	**104,588**	**100**	**(1,885)**	**(1,283)**	**5,302**	**106,722**	**100**
Total							
Australian equities	30,671	20	(982)	(1,794)	1,879	29,774	19
International equities	35,644	24	(1,454)	(850)	1,155	34,495	22
Fixed interest	55,739	36	3,103	1,324	1,352	61,518	38
Infrastructure	7,558	5	321	1,360	1,096	10,335	6
Direct investments	775	1	11	27	27	840	1
Property[2]	19,093	13	224	(125)	1,561	20,753	13
Alternative assets[3]	1,992	1	(83)	184	77	2,170	1
Total	**151,472**	**100**	**1,140**	**126**	**7,147**	**159,885**	**100**
AUM by source of client (A$m)	**FY 14**	**%**				**FY 15**	**%**
Australia	120,188	79				124,934	78
New Zealand	18,247	12				18,208	11
Asia (including Middle East)	10,294	7				12,097	8
Rest of world	2,743	2				4,646	3
Total	**151,472**	**100**				**159,885**	**100**

1 Other includes distributions, taxes and foreign exchange movements.

2 Property AUM comprises Australian (A$17.7b), NZ (A$2.2b) and Global (A$0.9b) managed assets. Australian property AUM is invested in office (37%), retail (56%), industrial (4%) and other (3%).

3 Alternative assets refers to a range of investments that fall outside the traditional asset classes and includes investments in commodities and absolute return funds.

AMP Capital cont'd

Assets under management (AUM)

AUM increased by A$8.4b (6%) to A$159.9b in FY 15, due to strong net cashflows and positive investment returns. AUM growth was supported by continued momentum in external cashflows while flagship funds delivered strong investment performance.

External AUM and cashflows

External AUM increased by A$6.3b (13%) in FY 15 to A$53.2b, due to positive net cashflows (+A$4.4b) and investment returns (+A$1.8b).

External net cashflows over FY 15 were A$4.4b, up 19% on the A$3.7b of positive flows achieved in FY 14. The strong momentum in flows was driven by:

- net cashflows from domestic clients (+A$1.2b) primarily into fixed income and infrastructure capabilities
- Chinese retail and institutional clients through the CLAMP joint venture with China Life (+A$1.7b, reflecting AMP Capital's 15% share of the joint venture), and
- Japanese retail and institutional clients including through the alliance with MUTB (+A$0.2b).

China

During FY 15, the CLAMP joint venture launched 19 new mutual funds, including money market, fixed interest and Chinese equities funds. At FY 15, the joint venture managed A$14.8b of AUM on behalf of Chinese retail and institutional investors. AMP Capital reports its 15% share of the joint venture's AUM (A$2.2b) and cashflows within the 'External' AUM and cashflow disclosures.

For FY 15, the CLAMP joint venture contributed A$1.7b to AMP Capital's external cashflows, compared with A$0.6b in FY 14. Significant volatility on Chinese equity markets in 2H 15 assisted strong cashflows into CLAMP's money market and fixed income funds.

Japan

At FY 15, AMP Capital's business alliance with MUTB had 13 retail funds and four institutional funds in market with a combined AUM of A$1.8b. The alliance currently offers products covering Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate. MUTB has also raised commitments of A$0.8b across a large number of Japanese institutional clients since the launch of AMP Capital's Global Infrastructure Fund and IDF I and II. AMP Capital also continues to raise and manage funds through partnerships with other Japanese distributors. In total, AMP Capital manages A$7.1b on behalf of all Japanese retail and institutional clients.

Other international

AMP Capital continued to attract new international clients, with approximately 31% (A$16.7b) of external AUM managed on behalf of clients outside Australia and New Zealand. In particular, AMP Capital grew its number of international institutional clients from 119 to 142 in FY 15, managing A$6.8b on their behalf, up from A$4.7b in FY 14.

Growth was assisted by several new fund launches in both China and Japan, and commitments of A$0.6b from investors across Asia, Europe and North America to the Global Infrastructure Fund platform. In October 2015, AMP Capital began fundraising for Infrastructure Debt Fund III, targeting US$2.0b in commitments from global investors.

Internal AUM and cashflows

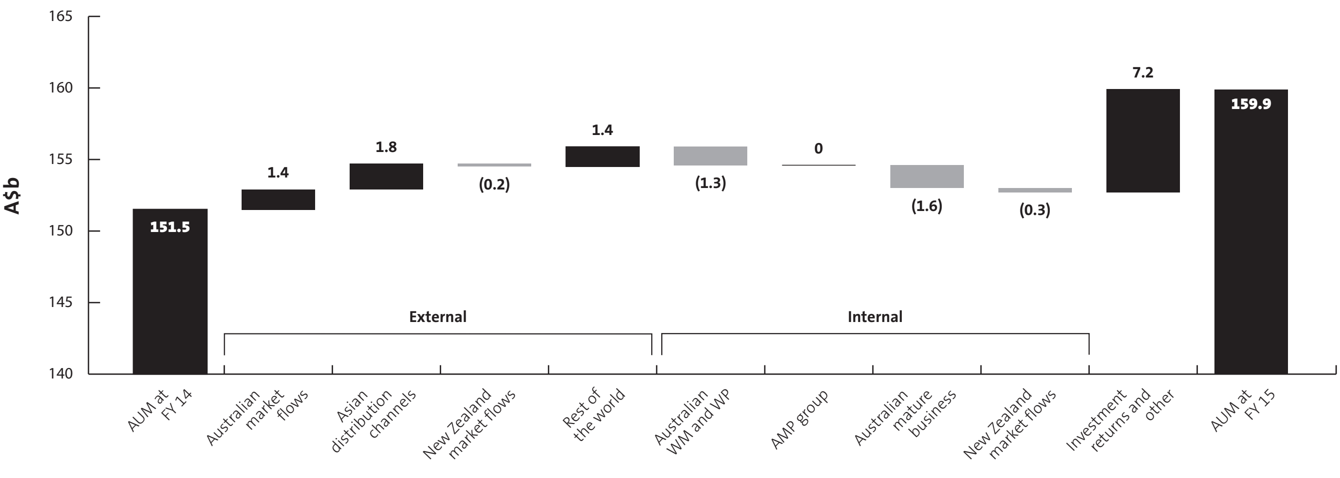
Internal AUM increased 2% in FY 15 to A$106.7b, as strong investment returns (+A$5.3b) were partially offset by net cash outflows (-A$3.2b).

Internal net cashflows include AMP group payments such as dividend payments to shareholders and net flows from WM and mature products including products in run-off. AMP Capital manages all of AMP Life's and part of NMLA's Mature AUM, which is expected to run off between 4% and 6% per annum. Internal net cashflows are also impacted by flows to passive investment options managed outside of AMP Capital and cash investment options managed by AMP Bank.

AMP Capital continues to partner across the AMP group to deliver tailored investment solutions for domestic retail clients, which incorporate customer insights gained through Australia's largest distribution network, employer relationships through corporate super and AMP's SMSF business, SuperConcepts.

AMP Capital's goals based funds proved successful in attracting significant cashflows through WM's products and platforms. Strong investment performance assisted the Dynamic Markets Fund and ipac Income Generator to attract a combined A$1.1b in net cashflows over FY 15.

Movement in AUM by channel FY 14 to FY 15[1]



1 AMP Capital cash inflows reported net of fees and taxes.

Australian wealth protection

Profit and loss (A$m)	FY 15	2H 15	1H 15	FY 14	% FY
Profit margins	**196**	100	96	187	4.8
Capitalised (losses)/reversals	**-**	(1)	1	2	n/a
Experience profits/(losses)	**(11)**	(13)	2	(1)	n/a
Operating earnings	**185**	86	99	188	(1.6)
Underlying investment income	**49**	24	25	50	(2.0)
Underlying operating profit after income tax	**234**	110	124	238	(1.7)
Ratios and other data					
RoBUE	**10.2%**	9.6%	10.7%	10.4%	n/a
End period tangible capital resources – after transfers (A$m)	**2,217**	2,217	2,249	2,227	(0.4)
VNB (3% dm) (A$m)	**71**	37	34	124	(42.7)
EV – after transfers (3% dm) (A$m)	**3,638**	3,638	3,729	3,721	(2.2)
Return on EV before transfers (3% dm)[1]	**5.9%**	2.1%	3.7%	18.1%	n/a
Individual risk API (A$m)	**1,515**	1,515	1,476	1,498	1.1
Group risk API (A$m)	**443**	443	442	438	1.1
Total WP cash inflows (A$m)	**1,818**	928	890	1,822	(0.2)
Total WP cash outflows (A$m)	**(880)**	(469)	(411)	(895)	1.7
Individual risk lapse rate	**13.7%**	14.5%	13.0%	14.4%	n/a
Profit margins/annual premium	**10.1%**	10.1%	10.1%	10.0%	n/a
Operating earnings/annual premium	**9.5%**	8.7%	10.3%	10.1%	n/a
Controllable costs (A$m)	**175**	87	88	180	(2.8)
Cost to income ratio	**34.3%**	35.5%	33.3%	34.6%	n/a
Controllable costs/annual premium	**9.0%**	8.8%	9.2%	9.7%	n/a

1 Return on EV before transfers is not annualised for half year periods.

	3% dm	4% dm	5% dm
Australian wealth protection embedded value and value of new business (A$m)	**FY 15**	**FY 15**	**FY 15**
Embedded value as at FY 14	3,721	3,509	3,315
Expected return	206	222	236
Investment markets, bond yields and currency	(13)	(11)	(9)
Claim and persistency assumptions, product and other	(45)	(34)	(26)
Value of new business (VNB)	71	61	53
Net transfers out	(302)	(302)	(302)
Embedded value as at FY 15	**3,638**	**3,445**	**3,267**
Return on embedded value as at FY 15	5.9%	6.8%	7.7%

Business overview

Australian wealth protection (WP) comprises individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.

WP's key priorities are to:
– drive the ongoing business recovery program to ensure its long-term sustainability
– maximise value creation through the implementation of customer retention initiatives and claims management
– drive improved capital efficiency of the business, and
– increase product sales through AMP's adviser networks and corporate super channels.

Operating earnings and profit margins

Profit margins increased by A$9m (5%) to A$196m in FY 15, largely due to the repricing within AMP's group risk business in 2H 14 and lower controllable costs. FY 15 profit margins as a percentage of average API increased 0.1% from FY 14 to 10.1%.

AMP strengthened its lump sum claims assumptions at 2H 15. The strengthening of these assumptions is expected to reduce profit margins by around A$10m per annum from FY 16.

Operating earnings declined by A$3m (2%) to A$185m in FY 15 from A$188m in FY 14, impacted by experience losses of A$11m over the year.

Australian wealth protection cont'd

Capitalised (losses)/reversals

The NMLA income protection book is in loss recognition after the morbidity claims assumptions were strengthened in 2011. There were no net capitalised losses or reversals in FY 15.

Future reversals of capitalised losses can be driven by pricing increases, changes in claims and lapse assumptions, reductions in unit costs and growth in profitable business. The net capitalised loss position of the NMLA income protection book at 31 December 2015 was A$78m post-tax.

Experience

The WP business recorded experience losses of A$11m in FY 15, compared with an experience loss of A$1m in FY 14. The experience outcomes in FY 15 comprised:

- claims losses of A$5m (FY 14 A$22m profits) from retail income protection insurance
- claims losses of A$10m (FY 14 A$15m losses) from retail lump sum insurance
- lapse experience of nil (FY 14 A$9m profits) from all retail insurance
- group risk claims profits of A$2m (FY 14 A$18m losses), and
- other experience profits of A$2m (FY 14 A$1m profits).

Retail income protection claims experience in FY 15 largely reflected volatility and the ongoing impact of embedding new claims processes.

Claims experience on retail lump sum business was driven primarily by a higher than expected volume of term life claims with volatility across various portfolios. Due to the higher volume of term life claims, AMP strengthened its lump sum claims assumptions at 2H 15.

Lapse experience in FY 15 was in line with AMP's best estimate assumptions.

The gradual reversion of best estimate claims and lapse assumptions to lower longer-term levels, combined with increasing costs from continued investment in the WP business, will require ongoing delivery of improved lapse and claims outcomes in order to avoid negative experience over time. AMP is leveraging the positive outcomes from actions and campaigns to date to implement strategic long-term initiatives aimed at improving its claims and lapse experience.

While volatility is likely to remain a feature of AMP's wealth protection experience, management actions continue to drive improved income protection claims outcomes including changes to claims processes in line with a revised claims philosophy and a new claims management platform which was implemented towards the end of FY 14. These revised processes and systems will continue to be progressively applied across income protection claims, as well as expanding to individual lump sum and group risk business claims.

Activities to identify and retain customers with a propensity to lapse, as well as continuing to test and refine new insurance propositions built around customer needs, will also aid in delivering improvements in claims and lapse outcomes.

Annual premium in-force (API)

Individual risk API increased A$17m (1.1%) to A$1.52b at FY 15 from A$1.50b at FY 14 and increased A$39m (2.6%) from 1H 15. The increase in API in 2H 15 largely reflected the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies.

In FY 15, 47% of in-force and 63% of new business was written within superannuation, products and platforms.

FY 15 individual risk API comprised lump sum insurance (73%) and income protection (27%). Lump sum insurance was 65% term life and 35% disability (trauma and TPD).

Group risk API increased A$5m (1.1%) to A$443m in FY 15 from A$438m in FY 14 and increased A$1m (0.2%) from 1H 15.

The WP business continues to target actions delivering value over volume in the short term whilst looking for opportunities to generate growth as the business recovery takes effect. Given this strategy in WP, individual and group risk API growth is expected to remain subdued in FY 16.

Lapse rates

FY 15 lapse rates were 13.7%, 0.7 percentage points better than in FY 14. In 2H 15, lapse rates increased to 14.5% from 13.0% in 1H 15. Second half lapse rates are typically higher, due to the greater volume of annual CPI and age premium increases on risk policies occurring in that half.

The FY 16 best estimate lapse assumption is broadly in line with the lapse rate reported in FY 15, gradually reverting to a long-term rate of approximately 13.5% by FY 17. Management continues to target actions in order to bring actual lapse rates towards the long-term assumption.

Controllable costs

WP controllable costs were A$175m in FY 15, down A$5m (2.8%) from FY 14, reflecting savings from the business efficiency program partially offset by investments in new systems and processes.

The cost to income ratio improved 0.3 percentage points to 34.3% in FY 15 from FY 14, reflecting lower controllable costs. Controllable costs to annual premium improved 0.7 percentage points to 9.0% in FY 15 from FY 14, reflecting lower controllable costs and annual premium growth during the year.

Embedded value and value of new business – at the 3% discount margin

FY 15 EV increased by 5.9% before transfers at the 3% discount margin to A$3,940m. Apart from the expected return, the increase in EV was the result of additional new business, offset by the strengthening of lump sum assumptions at 2H 15.

FY 15 VNB decreased A$53m to A$71m from FY 14 largely due to lower retail sales volumes.

AMP Bank

Profit and loss (A$m)	**FY 15**	**2H 15**	**1H 15**	**FY 14**	**% FY**
Net interest income	**271**	142	129	236	14.8
Fee and other income[1]	**10**	5	5	10	-
Total revenue	**281**	147	134	246	14.2
Bank variable costs	**(67)**	(35)	(32)	(60)	(11.7)
Controllable costs	**(66)**	(35)	(31)	(56)	(17.9)
Tax expense	**(44)**	(23)	(21)	(39)	(12.8)
Operating profit after income tax	**104**	54	50	91	14.3
Ratios and other data					
Return on capital[2]	**16.5%**	16.8%	16.3%	15.2%	n/a
Total capital resources (A$m)[3]	**617**	617	573	636	(3.0)
Capital Adequacy Ratio	**12.8%**	12.8%	12.2%	12.2%	n/a
Common Equity Tier 1 Capital Ratio	**7.9%**	7.9%	7.7%	9.3%	n/a
Net Interest Margin (over average interest earning assets)	**1.59%**	1.64%	1.53%	1.41%	n/a
Mortgages new business – AMP aligned channel %	**24%**	25%	24%	25%	n/a
Total loans (A$m)	**15,193**	15,193	15,124	14,491	4.8
Residential mortgages (A$m)	**14,631**	14,631	14,587	13,973	4.7
Practice finance loans to AMP aligned advisers (A$m)	**562**	562	537	518	8.5
Mortgages – existing business weighted average loan to value ratio (LVR)[4]	**68%**	68%	69%	68%	n/a
Mortgages – 90+ days in arrears	**0.40%**	0.40%	0.44%	0.42%	n/a
Total deposits (A$m)	**9,618**	9,618	8,794	9,244	4.0
Deposit to loan ratio	**63%**	63%	58%	64%	n/a
Loan impairment expense to average gross loans and advances	**0.04%**	0.06%	0.01%	0.01%	n/a
Total loan provisions to gross loans and advances	**0.06%**	0.06%	0.03%	0.03%	n/a
Cost to income ratio	**30.6%**	31.1%	30.0%	30.3%	n/a

1 Fee and other income mainly comprises mortgage origination, servicing and discharge fees.

2 The increase in return on capital in FY 15 was partly due to a capital return to the group of A$100m of common equity, following the on-lend of Additional Tier 1 capital from the AMP Wholesale Capital Notes issued in March 2015 (see page 25 for further details).

3 Total capital resources excludes A$140m of Additional Tier 1 capital and A$150m of eligible Tier 2 capital. See page 28 (Debt overview) for further details.

4 The methodology used to determine the weighted LVR was reviewed during 1H 15. Under the revised methodology the weighted average LVR increased from 67% to 68% for FY 14.

	Deposits (Supercash, Super TDs and Platform TDs)		**Deposits (retail)**		**Loans**	
Movement in deposits and loans (A$m)	**FY 15**	**FY 14**	**FY 15**	**FY 14**	**FY 15**	**FY 14**
Balance at beginning of period	4,316	4,450	4,928	4,291	14,491	13,322
Net movement	(749)	(134)	1,123	637	702	1,169
Balance at end of period	**3,567**	**4,316**	**6,051**	**4,928**	**15,193**	**14,491**
% FY 15/FY 14	(17.4%)		22.8%		4.8%	

AMP Bank funding composition (A$b)	**2H 15**		**1H 15**		**FY 14**	
Customer deposits	9.6	56%	8.8	51%	9.2	54%
Securitisation	3.2	19%	3.8	22%	4.2	24%
Wholesale funding	3.5	20%	3.8	22%	3.0	17%
Subordinated debt	0.2	1%	0.2	1%	0.2	1%
Equity and reserves	0.7	4%	0.7	4%	0.6	4%
Total funding	**17.2**	**100%**	**17.3**	**100%**	**17.2**	**100%**

AMP Bank cont'd

Business overview

AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction banking, and SMSF products with around 100,000 customers. It also has a small portfolio of practice finance loans. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and internet banking.

As the banking arm of a wealth manager, AMP Bank's role is to leverage and grow the Group's customer base to provide core banking solutions to help meet the goals of customers. In aligning with this strategic imperative, AMP Bank's priorities are to:

- deliver compelling customer-centric banking propositions to AMP group target customer segments
- make banking easier for customers by investing in technology and service excellence
- maintain focus and growth in both the aligned adviser and mortgage broker channels
- leverage AMP group investments to build out capabilities in direct and digital
- continue to optimise AMP Bank's funding sources and invest in operating capacity.

Operating earnings

Operating earnings increased A$13m (14%) to A$104m in FY 15 from A$91m in FY 14.

Total revenue increased 14% in FY 15 on FY 14, driven by improved net interest margin and growth in the loan portfolio. Net interest margin was 1.59% for FY 15, up 18 basis points from FY 14 and up 6 basis points from 1H 15. The impact of increased competition for owner occupied lending was more than mitigated by enhanced liquidity management, lower funding costs and pricing decisions on investor and owner occupied loans in line with market conditions.

AMP Bank's return on capital was 16.5%, up 1.3 percentage points from FY 14 (15.2%).

Lending

AMP Bank maintained a competitive lending position, with the total loan book growing by A$702m to A$15.2b in FY 15, an increase of 4.8% on FY 14 and 0.5% from 1H 15.

Residential mortgage competition, particularly in the owner occupied market, remained intense in the period with continued market-wide discounting. Within this environment, AMP Bank delivered residential mortgage book growth of A$658m (4.7%) in FY 15 to A$14.6b. Lower growth in 2H 15 reflected the temporary cessation of investment property lending to meet regulatory growth limits. AMP Bank has now recommenced investment property lending, including SMSF property loans.

Loan growth was delivered through both the broker and AMP aligned adviser channels. The AMP aligned adviser channel contributed 24% of AMP Bank's mortgage new business, which is a 1 percentage point decrease from 25% in FY 14, reflecting the lower investment lending growth in 2015.

Owner occupied loans made up 71% of the mortgage portfolio at 31 December 2015, while investment property loans were 29%. Management continues to target lending growth at or above system, subject to funding, return on equity hurdles, and regulatory growth caps.

Practice finance loans grew A$44m (8.5%) in FY 15 to A$562m. The practice finance loan portfolio reflects the Bank's commitment to supporting the growth and development of the financial planning businesses of the AMP group.

AMP Bank's credit policy remains conservative and has been strengthened during this period of intense competition. Asset quality remains strong, with mortgages in arrears (90+ days) at 0.40% as at December 2015. Loan impairment expense to gross loans and advances was 0.04% in FY 15, reflecting conservative provisioning levels commensurate with the low risk of the portfolio and ensuring AMP Bank is well positioned for the future.

Variable and controllable costs

AMP Bank's variable costs increased by A$7m (12%) in FY 15, reflecting revenue growth and provision strengthening.

AMP Bank's controllable costs increased A$10m (18%) to A$66m in FY 15, due to investments in technology, product development and operating capability to support the growth in lending and improvements to customer service. Controllable costs were also impacted by higher compliance costs.

The cost to income ratio increased as a result by 0.3 percentage points to 30.6% in FY 15 from 30.3% in FY 14.

Funding, liquidity and capital management

The Bank maintains a diversified funding base and conservative liquidity profile. AMP Bank's total debt and equity funding was A$17.2b at FY 15, unchanged from FY 14.

Customer deposits increased in FY 15 by A$374m (4%). The deposit increase came primarily from retail deposits, partially offset by a decrease in platform TDs and Super TDs.

Customer deposit to loan ratio was 63% for FY 15, compared with 64% for FY 14.

In order to comply with the Basel III liquidity requirements, which came into effect on 1 January 2015, AMP Bank has diversified its liquidity portfolio, and has adequate high quality liquid assets. As at FY 15 AMP Bank's liquidity coverage ratio was 146% (145% at 1H 15).

The Capital Adequacy Ratio (CAR) was 12.8% as at FY 15 (12.2% at FY 14). The Common Equity Tier 1 Capital Ratio for FY 15 was 7.9% (9.3% at FY 14). This reduction is the result of a capital return to the group of A$100m of common equity, following the on-lend of Additional Tier 1 capital from the AMP Wholesale Capital Notes issued in March 2015. Both ratios remain well above APRA and internal thresholds. The Bank is compliant with the Basel III capital requirements, which took effect from 1 January 2016.

New Zealand financial services

Profit and loss (A$m)	**FY 15**	**2H 15**	**1H 15**	**FY 14**	**% FY**
Wealth protection	**42**	20	22	41	2.4
Wealth management	**31**	17	14	26	19.2
Mature	**16**	8	8	15	6.7
General insurance	**9**	5	4	6	50.0
Total profit margins	**98**	50	48	88	11.4
Transitional tax relief[1]	**9**	-	9	19	(52.6)
Experience profits/(losses)	**13**	9	4	3	n/a
Operating earnings[2]	**120**	59	61	110	9.1
Underlying investment income	**21**	10	11	19	10.5
Underlying operating profit after income tax	**141**	69	72	129	9.3

Ratios and other data					
RoBUE	**18.3%**	18.1%	18.2%	16.9%	n/a
End period tangible capital resources – after transfers (A$m)	**778**	778	707	758	2.6
VNB (3% dm) (A$m)	**3**	2	1	2	50.0
EV – after transfers (3% dm) (A$m)	**1,489**	1,489	1,344	1,434	3.8
Return on EV before transfers (3% dm) (A$m)[3]	**11.4%**	14.4%	(2.6%)	14.7%	n/a
Individual risk API (A$m)	**280**	280	261	285	(1.8)
Individual risk API (NZ$m)	**298**	298	296	298	-
Group risk API (A$m)	**37**	37	33	41	(9.8)
Group risk API (NZ$m)	**39**	39	38	43	(9.3)
Individual risk lapse rate	**11.9%**	12.1%	11.7%	13.7%	n/a
Controllable costs (A$m)	**83**	40	43	87	(4.6)
Cost to income ratio	**29.8%**	29.3%	30.3%	32.6%	n/a
Controllable costs/annual premium[4]	**26.3%**	25.3%	27.5%	27.7%	n/a

1 Transitional tax relief reflects the benefit received prior to the effect of the change in life tax rules that applied from 1 July 2015.
2 In NZ dollar terms, operating earnings in FY 15 was NZ$129m (FY 14 NZ$120m).
3 Return on EV before transfers is not annualised for half year periods.
4 Based on monthly individual and group risk API.

	Kiwisaver		**Other[1]**		**Total**	
Cashflows and movements in AUM (A$m)	**FY 15**	**FY 14**	**FY 15**	**FY 14**	**FY 15**	**FY 14**
AUM at beginning of period	3,285	2,633	10,309	9,568	13,594	12,201
Cash inflows	650	627	1,127	1,352	1,777	1,979
Cash outflows	(311)	(284)	(1,021)	(1,425)	(1,332)	(1,709)
Net cashflow	**339**	**343**	**106**	**(73)**	**445**	**270**
Other movements in AUM	26	309	(159)	814	(133)	1,123
AUM at end of period	**3,650**	**3,285**	**10,256**	**10,309**	**13,906**	**13,594**
Composition of net cashflows by product						
Superannuation	339	343	107	(72)	446	271
Pension	-	-	(5)	(4)	(5)	(4)
Investment	-	-	(26)	(35)	(26)	(35)
Other	-	-	30	38	30	38

1 Other New Zealand financial services cashflows includes New Zealand wealth protection, mature and non-KiwiSaver wealth management products.

	3% dm	**4% dm**	**5% dm**
New Zealand financial services embedded value and value of new business (A$m)	**FY 15**	**FY 15**	**FY 15**
Embedded value as at FY 14	1,434	1,353	1,285
Expected return	85	90	95
Investment markets, bond yields and currency	25	23	21
Claim and persistency assumptions, product and other	50	50	47
Value of new business (VNB)	3	(1)	(4)
Net transfers out	(108)	(108)	(108)
Embedded value as at FY 15	**1,489**	**1,407**	**1,336**
Return on embedded value as at FY 15	11.4%	12.0%	12.4%

New Zealand financial services cont'd

Business overview

New Zealand financial services (NZFS) provides tailored financial products and solutions to New Zealanders through a network of financial advisers. NZFS has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers.

Changes to the taxation of life insurance business in New Zealand impacted the business from 1 July 2015. This resulted in a one-off reduction in profit margin of A$10m in 2H 15. NZFS continues to grow its revenue base across the business, closely manages costs and is evolving its distribution channels to reduce capital impacts of distributing life insurance. The tax changes apply to all life insurance companies in New Zealand and are not specific to AMP's NZFS business.

NZFS has the following key priorities to grow shareholder value:
- deepen its customer relationships
- re-engineer wealth protection to increase product attractiveness
- transform wealth management to maximise efficiency and market opportunities created by regulatory change
- evolve advice and distribution capability
- leverage the KiwiSaver opportunity
- build on our general insurance partnership
- continue its focus on cost control.

Operating earnings

Operating earnings increased by A$10m (9%) to A$120m in FY 15 from FY 14 mainly as a result of higher profit margins and experience profits, partially offset by the reduction in transitional tax relief. Excluding the effect of the tax relief reduction, operating earnings increased by 22%.

Profit margins

FY 15 profit margins (excluding transitional tax relief) increased by A$10m (11%) to A$98m from FY 14, mainly from improved results in wealth management driven by increased margins on higher AUM, higher general insurance profit share and lower controllable costs.

Experience profits

FY 15 experience profits were A$13m, an improvement of A$10m against FY 14 experience profits of A$3m.

FY 15 improved experience over FY 14 reflected overall improved management of claims, with an increased focus on helping customers return to work, and better lapse experience.

Controllable costs

FY 15 controllable costs decreased by A$4m (5%) to A$83m from FY 14. In NZ$ terms, FY 15 controllable costs decreased by NZ$5m (5%) from FY 14. There is continued focus on cost control, including business reorganisation and product rationalisation.

The cost to income ratio improved by 2.8 percentage points to 29.8% from FY 14 as a result of higher operating earnings and lower controllable costs.

Cashflows and AUM

FY 15 NZFS net cashflows increased by A$175m (65%) to A$445m from FY 14. Both FY 14 and FY 15 reflected strong KiwiSaver flows and the transfer of clients onto NZFS platforms.

In NZ$ terms, FY 15 AUM increased NZ$546m (4%) from FY 14, reflecting positive market performance and net cashflows. In A$ terms, FY 15 AUM increased A$312m to A$13.9b, impacted in part by the depreciation of the closing NZ$ against the A$.

KiwiSaver is a key growth engine for the wealth management business. NZFS was the third largest KiwiSaver provider with 13%[1] of the total KiwiSaver market as at June 2015 and had approximately 245,000 KiwiSaver customers. In FY 15, KiwiSaver had NZ$3.9b in AUM, an increase of 13% from FY 14.

Annual premium in-force (API)

In NZ$ terms, total API decreased by NZ$4m to NZ$337m from FY 14. The reduction in NZ$ API reflected subdued new business sales and the closure of a particular loss-making Group Risk policy.

In A$ terms, total API decreased by A$9m to A$317m largely due to the NZ$ depreciation.

Lapse rates

FY 15 lapse rates were 11.9%, 1.8 percentage points improved from FY 14 as a result of strong focus on, and investment in, lapse management.

Embedded value and value of new business – at the 3% discount margin

FY 15 EV increased 11.4% (in A$) before transfers at the 3% discount margin to A$1,597m. Apart from the expected return, the increase was primarily due to lower bond yields and strong wealth management performance, partly offset by the impact of currency movements.

FY 15 VNB of A$3m increased by A$1m from FY 14.

1 Measured by AUM. Source: Fund Source Research Limited June 2015.

Australian mature

Profit and loss (A$m)	FY 15	2H 15	1H 15	FY 14	% FY
Profit margins	**157**	76	81	168	(6.5)
Experience profits/(losses)	**1**	2	(1)	6	(83.3)
Operating earnings	**158**	78	80	174	(9.2)
Underlying investment income	**16**	8	8	18	(11.1)
Underlying operating profit after income tax	**174**	86	88	192	(9.4)

Ratios and other data	FY 15	2H 15	1H 15	FY 14	% FY
RoBUE	**37.6%**	36.4%	38.4%	40.9%	n/a
End period tangible capital resources – after transfers (A$m)	**452**	452	426	425	6.4
VNB (3% dm) (A$m)	**11**	2	9	12	(8.3)
EV – after transfers (3% dm) (A$m)	**2,058**	2,058	2,043	2,045	0.6
Return on EV before transfers (3% dm)[1]	**10.1%**	4.6%	5.2%	12.4%	n/a
Profit margins to AUM (bps)[2]	**70**	68	71	75	(6.7)
Persistency	**90.3%**	90.8%	89.9%	89.2%	n/a
Controllable costs (A$m)	**58**	29	29	60	(3.3)
Cost to income ratio	**19.0%**	19.3%	18.7%	18.0%	n/a
Controllable costs to AUM (bps)[2]	**26**	26	25	27	(3.7)

1 Return on EV before transfers is not annualised for half year periods.
2 Based on monthly average AUM.

Cashflows and movements in AUM (A$m)	FY 15	FY 14
AUM at beginning of period	22,264	22,547
Cash inflows	629	697
Cash outflows	(2,163)	(2,427)
Net cashflow	**(1,534)**	**(1,730)**
Other movements in AUM	1,126	1,447
AUM at end of period	**21,856**	**22,264**
Composition of net cashflows by product		
Superannuation	(753)	(896)
Pension	(208)	(225)
Investment	(90)	(101)
Other	(483)	(508)

	3% dm	4% dm	5% dm
Australian mature embedded value and value of new business (A$m)	**FY 15**	**FY 15**	**FY 15**
Embedded value as at FY 14	2,045	1,938	1,847
Expected return	101	110	118
Investment markets, bond yields and currency	47	40	36
Claim and persistency assumptions, product and other	48	45	38
Value of new business (VNB)	11	10	10
Net transfers out	(194)	(194)	(194)
Embedded value as at FY 15	**2,058**	**1,949**	**1,855**
Return on embedded value as at FY 15	10.1%	10.6%	10.9%

Australian mature cont'd

Business overview

The Australian mature business is the largest closed life insurance business in Australia. Australian mature AUM comprises capital guaranteed products (76%) and market linked products (24%).

Australian mature products include whole of life, endowment, investment linked, investment account, Retirement Savings Account (RSA), Eligible Rollover Fund (ERF), annuities, insurance bonds, personal superannuation and guaranteed savings accounts (GSA). The GSA product is treated as a wholesale product and cashflows are not reported in Australian mature cashflows.

All products in Australian mature are closed to new business with the exception of the AMP branded ERF.

Key priorities for management are to:
– maintain high persistency
– prudently manage asset and liability risk
– achieve greater cost efficiency
– maintain capital efficiency.

Operating earnings

Operating earnings fell A$16m to A$158m in FY 15 from A$174m in FY 14. Operating earnings were impacted by:
– the expected portfolio run-off (-A$8m)
– experience (-A$5m)
– large one-off wholesale investor redemptions in 2H 14 (-A$5m), offset by
– lower controllable costs (A$2m).

AUM

FY 15 Australian mature AUM was A$21.9b, down from A$22.3b in FY 14 due to the natural run-off of the business, partly offset by investment gains.

Australian mature net cash outflows improved by A$196m in FY 15 to A$1.5b due to improved persistency. FY 15 persistency increased 1.1 percentage points to 90.3% from 89.2% in FY 14.

Controllable costs

Controllable costs decreased A$2m to A$58m in FY 15, reflecting the run-off of the book.

Controllable costs to AUM decreased by 1 bps to 26 bps in FY 15.

Embedded value and value of new business – at the 3% discount margin

FY 15 EV increased 10.1% before transfers at the 3% discount margin to A$2,252m. The growth in EV was driven by the expected return, lower unit costs and stronger than expected investment returns.

FY 15 VNB of A$11m was A$1m lower than in FY 14.

Business run-off profile

The Australian mature business remains in slow decline but is expected to remain profitable for many years. It is expected to run off between 4% and 6% per annum. In volatile investment markets, this run-off rate can vary substantially.

The run-off of AUM mirrors policy liabilities, although there is potential for profit margins to be impacted differently. The run-off of Australian mature AUM is anticipated to have an average duration of approximately 13 years, but will be impacted by investment markets.

The expected run-off of Australian mature is not anticipated to be materially different from current guidance as a result of MySuper transition activity.

Managing Australian mature for investment market movements

The Australian mature capital guaranteed products are held within AMP Life Statutory Fund No. 1 and NMLA Statutory Funds No. 1 and No. 4. Asset allocations supporting these products are set for the long-term and have a bias toward capital stable over growth assets. The long-term assumed asset mix for the participating business is set out on page 32.

AMP actively manages the equity exposure supporting capital guaranteed products (including relevant parts of WM and NZFS). AMP uses derivative strategies to provide protection from equity market declines. As at 31 December 2015, AMP had in place derivative strategies against the A$5.8b of equities held across the three Statutory Funds, including long-term derivative strategies in both AMP Life and NMLA that use options and futures to provide a variable level of protection depending on market conditions.

There were no additional tactical equity protection positions in the form of futures contracts against market falls.

AMP also employs the following strategy designed to protect against changes in long-term interest rates:
– Long-term derivative strategies using interest rate swaps and bond futures in both AMP Life and NMLA to alter the duration of the assets supporting this business.

The shareholder bears 20% of the cost when tactical derivative protection is used. In FY 15, the impact of this was immaterial.

Group Office

A$m	FY 15	2H 15	1H 15	FY 14	% FY
Group Office costs not recovered from business units	**(61)**	(30)	(31)	(62)	1.6
Underlying investment income on Group Office capital	**17**	11	6	22	(22.7)
Interest expense on corporate debt	**(59)**	(31)	(28)	(77)	23.4
Other items	**(3)**	(1)	(2)	7	n/a
AXA integration costs	**-**	-	-	(20)	n/a
Business efficiency program costs	**(66)**	(33)	(33)	(100)	34.0
Amortisation of AXA acquired intangible assets	**(80)**	(38)	(42)	(89)	10.1
Market adjustment – investment income	**9**	7	2	42	(78.6)
Market adjustment – annuity fair value	**34**	22	12	6	n/a
Market adjustment – risk products	**2**	(8)	10	11	(81.8)
Accounting mismatches	**(44)**	(34)	(10)	(18)	(144.4)
Interest expense summary					
Average volume of corporate debt	**1,513**	1,556	1,471	1,715	
Weighted average cost of corporate debt	**5.49%**	5.60%	5.39%	6.41%	
Tax rate	**29%**	29%	29%	30%	
Interest expense on corporate debt[1]	**59**	31	28	77	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**396**	396	370	291	
Staff numbers	**917**	917	968	1,021	(10.2)

1 Includes fees associated with undrawn liquidity facilities.

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the final dividend (90%), the balance of franking credits will be A$236m.

Group Office costs not recovered from business units

FY 15 Group Office costs not recovered from business units were A$61m, down marginally from A$62m in FY 14, reflecting business efficiency program cost benefits not passed on to business units.

Most Group Office related synergies and business efficiency benefits are passed onto the business units through lower overhead allocations.

Underlying investment income on Group Office capital

Underlying investment income on Group Office capital was A$17m in FY 15, down from A$22m in FY 14, reflecting lower average levels of Group Office capital. This relates to the timing of debt issuances and redemptions over the two full year periods.

Underlying investment income reflects assumed after-tax returns of 3% on Group Office capital, unchanged from FY 14.

Following the completion of AMP's acquisition of 19.99% of China Life Pension Company (CLPC) in January 2015, AMP's equity accounted share of CLPC's net profit is reported through underlying investment income in Group Office capital. This contribution was immaterial to the Group net profit in FY 15.

Interest expense on corporate debt

FY 15 interest expense on corporate debt was A$59m, down from A$77m in FY 14. This follows a reduction in the average volume of corporate debt to A$1,513m in FY 15 (A$1,715m in FY 14). Lower average interest rates in FY 15 compared to FY 14 also contributed to the reduction in interest expense.

Interest expense rose slightly in 2H 15 versus 1H 15, following the issuance of A$275m of AMP Wholesale Capital Notes in March and A$268m of AMP Capital Notes in November.

For further information on corporate debt, refer to page 28.

Other items

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

AXA integration costs

No further AXA integration costs were incurred in FY 15, with the integration program completed during FY 14.

Business efficiency program costs

During FY 15, AMP continued to deliver on the three year business efficiency program, which is targeting recurring cost savings of A$200m (pre-tax) per annum (80% controllable costs and 20% variable costs). The estimated one-off cost of implementation is A$320m (pre-tax) or A$224m on a post-tax basis. During FY 15, costs incurred were A$66m post-tax. The expected pattern of post-tax expenditure over FY 16, the final year of the program, is A$19m.

Group Office cont'd

Amortisation of AXA acquired intangible assets

The difference between the purchase consideration for AXA (A$4.3b) and AXA net tangible assets (A$0.8b) represents AXA intangible assets (A$1.4b) and goodwill (A$2.1b). AXA intangible assets primarily comprise of rights to future income.

AXA intangible assets are required to be amortised over their expected useful life; goodwill is not required to be amortised. The amortised balance of AXA acquired intangibles as at FY 15 was A$0.8b.

FY 15 amortisation of AXA acquired intangible assets was A$80m. Amortisation of AXA acquired intangibles for FY 16 is expected to be approximately A$79m.

Market adjustment – investment income

Market adjustment – investment income represents the excess (or shortfall) between underlying investment income and actual return on shareholder assets invested in income producing assets.

The FY 15 market adjustment – investment income was A$9m (FY 14 A$42m), primarily reflecting gains on property and international equities. These gains were partially offset by the shortfall in actual shareholder investment income relative to underlying investment income due to low short-term interest rates relative to the long-term assumed earning rate of 3.0% post-tax.

Market adjustment – annuity fair value

FY 15 market adjustment – annuity fair value was A$34m (FY 14 A$6m), primarily driven by the impact of favourable movements in credit spreads and liquidity margins over FY 15.

Market adjustment – annuity fair value relates to the net impact of investment markets on AMP's annuity portfolio. AMP's annuity portfolio comprises fixed term and lifetime annuity products, with Australian fixed term liabilities of A$0.2b and Australian lifetime annuity liabilities of A$1.3b. The Australian annuity portfolio is managed on a matched basis, with fixed interest assets matched to expected annuity cash outflows. Equities are not used by AMP to match its Australian annuity book.

The assets supporting AMP's Australian annuity book comprise a mixture of government bonds, semi-government bonds and corporate bonds. These assets are principally exposed to Australian credit markets. The asset mix is managed to achieve close matching of assets to expected cash annuity outflows. Interest rate risk from any cash flow mismatch is managed by closely matching duration and convexity, but credit risk remains.

For fixed term annuities, accounting standards require the liabilities and the assets that back them both to be valued consistently on a fair value basis.

For lifetime annuities, accounting standards require the liabilities to be valued based on the risk-free rate of return and the assets to be valued on a fair value basis. Therefore, in the absence of any defaults, changes in credit spreads and deterioration in the quality of individual assets can lead to timing differences.

As the assets are predominantly held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In FY 15 there were no asset defaults. The assets that support AMP's Australian annuity book comprise a mixture of government bonds and cash (7%), semi-government bonds (42%) and corporate bonds (51%). The average duration of the portfolio is six years. The portfolio credit rating composition is AAA (33%), AA (32%), A (30%) and BBB (5%). Corporate bond exposures are AAA (1%), AA (28%), A (60%) and BBB (11%).

Market adjustment – risk products

FY 15 market adjustment – risk products was A$2m (FY 14 A$11m) due to decreasing bond yields and changes in yield curves.

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. Under Australian accounting standards, life insurance business is accounted for using Margin on Services (MoS).

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. MoS involves projecting future cashflows (premiums, benefits and costs after allowing for inflation), and discounting future cashflows to their present value using the appropriate risk-free discount rate. Changes to market related economic assumptions affect policyholder liabilities and current year profit. The impact of movements in bond yields can vary from period to period depending on the level of claims reserves. For information on changes in market economic assumptions in FY 15, refer to page 32.

Accounting mismatches

Under Australian Accounting Standards, some assets held on behalf of policyholders (and related tax balances) are included in the financial statements at different values to the value used in the calculation of policyholder liabilities in respect of the same asset. Movements in these policyholder assets flow through to shareholder profit. These differences have no impact on the true economic profits and losses of the AMP group.

Mismatch items that may impact the profit and loss arise from policyholder interests in the following:

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (FY 15 -A$23m, FY 14 -A$46m)
- owner-occupied properties (FY 15 -A$4m, FY 14 -A$1m)
- investments in controlled entities (FY 15 -A$19m, FY 14 +A$25m)
- superannuation products invested with AMP Bank (FY 15 +A$2m, FY 14 +A$4m).

Capital management

31 December 2015

A$m	Total AMP group[1]	AMP Life[2,3]	NMLA[2]	AMP Bank	AMP Capital	Group Office[3]	Other
Total capital resources[4]	**10,424**	2,527	1,331	617	463	2,336	3,150
Intangibles[5]	**(3,965)**	(517)	-	(70)	(209)	(492)	(2,677)
Tangible capital resources	**6,459**	2,010	1,331	547	254	1,844	473
Senior debt[6]	**(250)**					(250)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(868)**					(868)	
Other deductions[8]	**(1,497)**	(745)	(713)	(39)	-	-	-
Regulatory capital resources	**3,844**	1,265	618	508	254	726	473
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,302**	489	255	288	96	65	109
Shareholder regulatory capital resources above MRR	**2,542**	776	363	220	158	661	364

31 December 2014

A$m	Total AMP group[1]	AMP Life[2]	NMLA[2]	AMP Bank	AMP Capital	Group Office	Other
Total capital resources[4]	**9,804**	2,756	1,384	636	452	1,547	3,029
Intangibles[5]	**(3,844)**	(517)	-	(65)	(226)	(332)	(2,704)
Tangible capital resources	**5,960**	2,239	1,384	571	226	1,215	325
Senior debt[6]	**(450)**					(450)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(310)**					(310)	
Other deductions[8]	**(1,550)**	(817)	(711)	(22)	-	-	-
Regulatory capital resources	**3,650**	1,422	673	549	226	455	325
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,663**	717	346	360	70	43	127
Shareholder regulatory capital resources above MRR	**1,987**	705	327	189	156	412	198

1 Excludes minority interest.

2 AMP Life and NMLA include statutory funds and shareholder funds.

3 Whilst the 19.99% share of China Life Pension Company is owned by AMP Life, the capital resources and associated MRR related to the investment have been included in Group Office.

4 Shown after accounting mismatches, cashflow hedge resources and other adjustments. Refer to page 23.

5 Refer to page 37 for definition of intangibles. Intangibles includes capitalised costs. AXA acquired intangibles have been allocated between AMP Capital and Other.

6 Refer to debt overview page 28 for more details.

7 During 2015, AMP issued Wholesale Capital Notes of A$275m and Capital Notes of A$268m, which along with the AMP Notes 2, totals A$868m of subordinated debt that is not recognised as eligible regulatory capital of AMP group for APRA purposes. A$745m of these instruments are on-lent to AMP Bank (A$140m), AMP Life (A$420m) and NMLA (A$185m), where they are recognised as eligible regulatory capital for those businesses.

8 For life insurers, other deductions include policy liability adjustments, deferred tax assets and regulatory requirements for AMP's superannuation trustees, which are subsidiaries of the life insurers. For AMP Bank, other deductions relate to securitisation, deferred tax assets and other provisions.

9 For the purposes of determining AMP group capital, the A$745m of subordinated debt lent to AMP Bank, AMP Life and NMLA is recognised as a reduction in MRR, subject to regulatory limits for Additional Tier 1 and Tier 2 capital. At 31 December 2015, A$610m of this contributed to meeting the regulatory capital requirements of AMP Bank, AMP Life and NMLA.

Capital management cont'd

Capital management framework

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
- hold sufficient liquidity to ensure that AMP has sufficient access to liquid funds, even under stress situations
- maintain the AMP group's credit rating.

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

A number of the operating entities within the AMP group of companies are regulated. These include an authorised deposit taking institution (ADI), life insurance companies, superannuation entities and a number of companies that hold Australian Financial Services Licences (AFSLs). These companies are regulated by APRA, the Reserve Bank of New Zealand and/or the Australian Securities and Investments Commission (ASIC) and are required to hold minimum levels of regulatory capital, as set by the relevant regulator.

Regulatory capital resources above MRR may vary throughout the year due to a range of factors including market movements, dividend payments and profits.

AMP's businesses and the AMP group maintain capital targets, reflecting their material risks (including financial risk, product and insurance 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 has reviewed its dividend policy to reflect changes in the expected growth in the capital requirements of its businesses and the completion of the business efficiency program. The revised dividend policy, as approved by the AMP Limited Board, is to pay future dividends based on a target payout ratio in the range of 70% to 90% of underlying profit and franked to the maximum extent possible. AMP aims to maintain and steadily grow dividends over time.

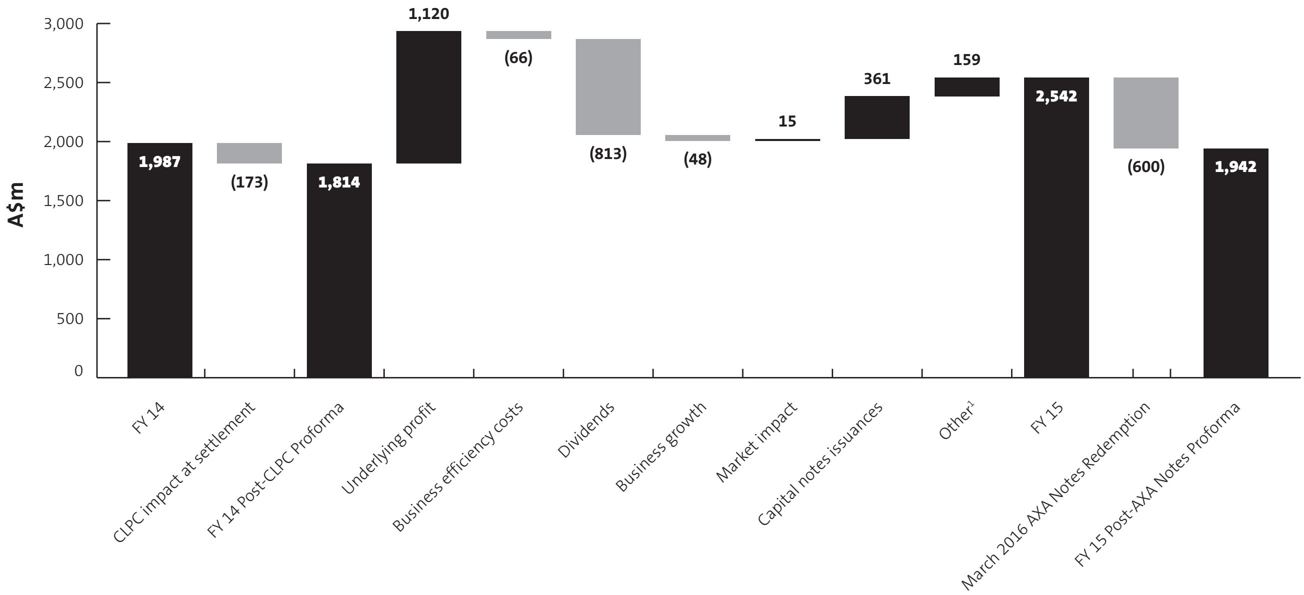
Capital position

At 31 December 2015, shareholder regulatory capital resources above MRR were A$2,542m (A$1,987m at 31 December 2014), representing a ratio of 3.0x MRR (compared to 2.2x MRR at 31 December 2014). After allowing for the declared dividend, shareholder regulatory capital resources above MRR reduces to A$2,128m, representing a ratio of 2.6x MRR.

The increase in shareholder regulatory capital resources above MRR was driven by retained profits, the issuances of AMP Wholesale Capital Notes and AMP Capital Notes and higher discount rates for defined benefit fund liabilities, partially offset by the settlement of the CLPC investment.

In 2015, AMP issued A$275m of AMP Wholesale Capital Notes and A$268m of AMP Capital Notes. A$445m of this was on-lent to AMP Bank (A$140m), AMP Life (A$205m) and NMLA (A$100m), where the Notes are recognised as Additional Tier 1 capital. At the group level, this is recognised as a reduction in MRR, subject to Additional Tier 1 limits. At 31 December 2015, A$361m of this contributed to meeting the regulatory requirements of AMP Bank, AMP Life and NMLA.

Movement from FY 14 to FY 15 regulatory capital resources above MRR



1 Includes the impact of the change to use a high quality corporate bond yield curve for defined benefit obligations and changes in Life Insurance tax adjustments related to the netting of deferred tax assets and liabilities.

Capital management cont'd

AMP has received APRA approval and will redeem the AXA Notes on their first call date (29 March 2016), which is when these Notes will cease to be eligible capital under the subordinated transitional arrangements provided by APRA. This will reduce shareholder regulatory capital resources above MRR by A$600m to A$1,942m, a ratio of 2.5x MRR, on a pro-forma basis (A$1,528m above MRR after allowing for the declared dividend, a ratio of 2.2x MRR).

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life and NMLA were A$2,217m at 31 December 2015 (A$2,153m at 31 December 2014).

AMP uses a number of long-term strategies involving derivatives in place within both AMP Life and NMLA to manage market risks. Refer to page 21 for more details.

Minimum regulatory capital requirements

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

- AMP Life and NMLA – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards
- AMP Bank – capital requirements as specified under the APRA ADI Prudential Standards
- AMP Superannuation Limited and National Mutual Superannuation Limited – Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards
- AMP Capital and other ASIC regulated businesses – capital requirements under AFSL requirements and for risks relating to North.

In August 2014, APRA released its planned final capital adequacy standards for conglomerate groups, with implementation deferred to allow for any potential changes that may result from the Financial System Inquiry (FSI) recommendations and the Government's response to them. APRA is yet to propose changes or finalise an implementation date for these standards but has committed to providing a minimum 12 months transition time before any new standards come into force.

AMP expects to be compliant with the requirements when implemented. Based on the standards in their current form, AMP expects to meet additional capital requirements from within existing capital resources.

The transition arrangements provided by APRA allow subordinated debt held at a group level that was issued prior to 1 January 2013 to continue to be 100% recognised as eligible regulatory capital until the call date in March 2016 for the AXA Notes of A$600m and until the implementation of the conglomerate capital standards for the subordinated bond maturing in 2022 of A$83m.

Capital target

AMP Limited, AMP Life, NMLA and AMP Bank have Board approved minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Within the life insurance businesses, the capital targets above Board minimums have been set to a less than 10% probability of capital resources falling below the Board minimum over a 12 month period. 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.

Following the finalisation of the conglomerate capital adequacy standards, AMP will review the appropriateness of its capital targets for the AMP group.

In addition, the participating business of the life insurance companies is managed to target a very high level of confidence that the business is self-supporting and that there are sufficient assets to support policyholder liabilities.

FInal 2015 dividend

AMP's final 2015 dividend is 14.0 cents per share, franked to 90%. This represents a full year 2015 dividend payout ratio of 74% of underlying profit. AMP will continue to offer the DRP to eligible shareholders. For the 2015 final dividend, no discount will apply to the DRP allocation price. AMP intends to neutralise the impact of the DRP by acquiring shares on-market to satisfy any entitlements under the DRP.

Nominal versus effective exposure

The asset allocations on page 27 reflect the effective exposure of shareholder funds after consideration of the effects of derivative positions.

Management of market risks in the shareholder funds

Total shareholder funds (A$5,387m) comprise direct shareholder funds (A$4,826m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$561m) that are invested in the same asset mix as participating policyholder funds. The investment of shareholder funds provides management with the ability to manage the overall market risk within AMP. Changes are made to the asset mix of shareholder funds to achieve the desired level of overall market risk exposure across AMP. At 31 December 2015, less than 4% of AMP shareholder funds were invested in equities. Property exposures relate primarily to a 65% interest in AMP's head office at 33 Alfred Street, Sydney.

AMP continues to review the asset mix of shareholder funds to maximise shareholder returns within the constraints of AMP's risk appetite. Exposures to lower and unrated assets are kept to a minimum, as set out below.

The shareholder fixed interest portfolio is split approximately 60% in government exposures and 40% in corporate exposures. Corporate exposures are invested in AAA (37%), AA (44%), A (14%), BBB (5%) and sub-investment grade and unrated (less than 1%).

Implicit DAC

The implicit DAC relates to the wealth protection businesses, and is similar to a loan from shareholder capital to the wealth protection business (A$1.7b in Australia and A$0.5b in New Zealand) to fund the upfront costs associated with acquiring new risk insurance business. The implicit DAC asset generates an investment return equivalent to a one year government bond.

Capital management cont'd

Capital resources (A$m)	31 December 2015	31 December 2014
Contributed equity	**9,566**	9,508
Equity contribution reserve	**1,019**	1,019
Other reserves	**700**	678
Retained earnings	**819**	566
Demerger loss reserve	**(3,585)**	(3,585)
Total equity of shareholders of AMP Limited	**8,519**	8,186
Accounting mismatches, cashflow hedge reserve and other adjustments	**104**	160
AMP shareholder equity	**8,623**	8,346
Less: goodwill and other intangibles[1]	**(3,965)**	(3,844)
Less: other deductions[2]	**(1,497)**	(1,550)
Common Equity Tier 1 Capital	**3,161**	2,952
Total subordinated debt	**1,551**	1,008
Subordinated debt not eligible as regulatory capital in AMP group[3]	**(868)**	(310)
Total regulatory capital resources	**3,844**	3,650

Total capital resources by asset class (A$m)	31 December 2015	31 December 2014
International equities	**104**	123
Australian equities	**111**	79
Property	**378**	335
International fixed interest	**133**	138
Australian fixed interest	**352**	236
Cash[4]	**2,140**	2,315
Implicit DAC	**2,169**	2,244
Total shareholder funds	**5,387**	5,470
Other[5]	**1,072**	490
Tangible capital resources	**6,459**	5,960
Intangibles	**3,965**	3,844
Total capital resources	**10,424**	9,804

1 Refer to page 37 for definition of intangibles.
2 For life insurers, other deductions include policy liability adjustments, deferred tax assets and regulatory requirements for AMP's superannuation trustees, which are subsidiaries of the life insurers. For AMP Bank, other deductions relate to securitisation, deferred tax assets and other provisions.
3 A$745m of subordinated debt has been lent to AMP Bank, AMP Life and NMLA. These instruments are recognised as regulatory capital within those businesses, although for the purposes of determining AMP group capital, this is a reduction in MRR, subject to regulatory limits for Tier 1 and Tier 2 capital.
4 Cash includes cash balances held as bank deposits, short-term fixed interest securities and floating rate securities.
5 Other includes tangible capital of AMP Bank of A$547m, corporate subordinated debt on-lent to AMP Bank of A$140m, A$182m of seed and sponsor capital assets and A$203m of other assets and liabilities.

Underlying investment income

AMP calculates the underlying investment income that is allocated to the business units (BUs) and Group Office by applying an underlying rate of return to BU and Group Office shareholder assets invested in income producing investment assets (as opposed to operating assets).

The underlying after-tax rate of return used for 2015 is 3.0% pa and is based on the long-term target asset mix and assumed long-term rates of return. This rate will also apply for 2016. The investment return equivalent to a one year government bond of 1.8% pa after tax was applied to the implicit DAC for 2015. A one year government bond rate of 1.5% after tax will apply to the implicit DAC for 2016 as a result of lower interest rates in Australia and New Zealand.

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.

Debt overview

	31 December 2015			31 December 2014		
A$m	**Corporate debt**	**AMP Bank**[1]	**Total**	**Corporate debt**	**AMP Bank**[1]	**Total**
Subordinated bonds/notes	83	-	**83**	83	-	**83**
AMP Notes 2[2]	325	-	**325**	325	-	**325**
AMP Wholesale Capital Notes[3]	275	-	**275**	-	-	**-**
AMP Capital Notes[4]	268	-	**268**	-	-	**-**
AXA subordinated notes	600	-	**600**	600	-	**600**
AMP Bank subordinated debt	-	150	**150**	-	150	**150**
Total subordinated debt	1,551	150	**1,701**	1,008	150	**1,158**
Commercial paper, NCDs and repos	-	1,699	**1,699**	-	1,355	**1,355**
Domestic medium-term notes	-	1,801	**1,801**	200	1,650	**1,850**
Drawn syndicated loan	250	-	**250**	250	-	**250**
Total senior debt	250	3,500	**3,750**	450	3,005	**3,455**
Deposits[5]	-	9,618	**9,618**	-	9,244	**9,244**
Total debt	1,801	13,268	**15,069**	1,458	12,399	**13,857**
Corporate gearing ratios						
S&P gearing	**10%**			10%		
Interest cover – underlying (times)	**20.0**			14.6		
Interest cover – actual (times)	**17.5**			12.5		

	Corporate debt by year of repayment[6]					
A$m	**0–1 year**	**1–2 years**	**2–5 years**	**5–10 years**	**10+ years**	**Total**
Total corporate debt at 31 December 2015	**600**	**250**	**600**	**351**	**-**	**1,801**
Total corporate debt at 31 December 2014	200	600	575	83	-	1,458

1 This excludes the AMP Wholesale Capital Notes that were lent to AMP Bank and the AMP Bank debt held within securitisation vehicles.

2 AMP Notes 2 are not recognised as regulatory capital of AMP group for APRA purposes. A$300m of AMP Notes has been loaned to AMP Life (A$215m) and NMLA (A$85m), where it is recognised as allowable Tier 2 capital.

3 AMP Wholesale Capital Notes are not recognised as eligible regulatory capital of AMP group for APRA purposes. The A$275m of Wholesale Capital Notes are on-lent to AMP Bank (A$100m), AMP Life (A$115m) and NMLA (A$60m), where they are recognised as Additional Tier 1 capital for those businesses.

4 AMP Capital Notes are not recognised as eligible regulatory capital of AMP group for APRA purposes. The AMP Capital Notes are on-lent to AMP Bank (A$40m), AMP Life (A$90m) and NMLA (A$40m), where they are recognised as Additional Tier 1 capital for those businesses.

5 At 31 December 2015, deposits include AMP Bank retail deposits (A$6.1b), AMP Supercash and Super TD's (A$2.3b), platform deposits (A$0.6b), investment fund deposits (A$0.3b) and other deposits (A$0.3b).

6 Based on the earlier of the maturity date and the first call date.

Corporate debt

Corporate debt increased by A$343m during FY 15 due to the issue of AMP Wholesale Capital Notes (A$275m) and AMP Capital Notes (A$268m), offset by the redemption of the medium-term notes (A$200m).

As at 31 December 2015, all of AMP's corporate debt was effectively at variable rate.

At 31 December 2015, AMP's liquidity comprised A$373m of Group cash and an undrawn syndicated loan of A$250m.

AMP Bank

AMP Bank utilises a diverse range of funding sources including securitisation, customer deposits and short and long-term wholesale borrowings to manage its funding and liquidity requirements. The securitisation of mortgages via the issuance of residential mortgage backed securities (RMBS) is a source of funding and capital relief for AMP Bank. Securitisation funding is non-recourse to AMP Bank and the AMP group.

As at 31 December 2015, total securitised funds were A$3.2b, including the A$500m warehouse facility with Bank of Tokyo-Mitsubishi UFJ, Ltd (BTMU) remains in place and has been partly drawn.

AMP group continues to provide a guarantee covering AMP Bank's liabilities, with the exception of the A$150m subordinated debt.

Sensitivities – profit, capital and embedded value

FY 15 profit sensitivities (A$m)

	Operating earnings (post-tax)								
	WM	AMP Bank	WP	Australian mature	NZ financial services	AMP Capital	Group Office	Total	Investment income
Market variables									
10% increase in Australian equities	10	-	-	2	-	2		**14**	**8**
10% decrease in Australian equities	(10)	-	-	(2)	-	(2)		**(14)**	**(8)**
10% increase in international equities	8	-	-	1	3	3		**15**	**10**
10% decrease in international equities	(8)	-	-	(1)	(3)	(3)		**(15)**	**(10)**
10% increase in property	2	-	-	1	1	3		**7**	**26**
10% decrease in property	(2)	-	-	(1)	(1)	(3)		**(7)**	**(26)**
1% (100 bps) increase in 10 year Australian bond yields	(1)	-	-	4	-	(2)		**1**	**(49)**
1% (100 bps) decrease in 10 year Australian bond yields	1	-	-	(4)	-	2		**(1)**	**67**
1% increase in cash rate	-	-	-	-	-	-		**-**	**23**
1% decrease in cash rate	-	-	-	-	-	-		**-**	**(23)**
Business variables									
5% increase in AUM/AMP Bank total mortgage balances	16	4	-	5	4			**29**	
5% increase in sales volumes	3	1	-	-	-			**4**	
1% increase in persistency	4	-	9	(2)	3			**14**	
1 bp increase in AMP Bank net interest margin	-	1	-	-	-			**1**	
5% increase in (AMP Capital) external AUM						4		**4**	
5% increase in (AMP Capital) internal AUM						3		**3**	
5% reduction in controllable costs	17	2	6	2	3	11	3	**44**	

All profit sensitivities above show a full year impact.

The profit and capital sensitivities are only indicative, because:

– they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
– they assume that the particular variable moves independently of all others
– they are based on the FY 15 position, ie not 'forward looking', and make no allowances for events subsequent to 31 December 2015, and
– in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 31 December 2015.

Other assumptions include:

– Parent company shareholders' equity is fully invested, and there are no adjustments for investments which are outside index weightings.
– Currency movements in investments in self-sustaining operations do not impact profit.
– Sales sensitivity assumes the same product mix as in underlying sales during FY 15.
– Investment income sensitivity is based on the amount of investments held at 31 December 2015.
– Property sensitivities relate to unlisted property; listed property trusts are included in equities.
– Bond yield sensitivities relate to both government and corporate bond yields for both Australian and international bonds.
– Profit sensitivities exclude the impact of movements in credit spreads in corporate and semi-government debt.
– AMP Bank net interest margin is assumed to be insensitive to changes in cash rate.
– AMP Bank's increase in sales volume assumes a 5% change in total loans growth with no change in net interest margin and costs.

Profit sensitivities

The sensitivities set out above apply to FY 15 operating earnings and investment income, assuming changes in a range of hypothetical economic or business variables.

Important considerations when using these sensitivities

Operating earnings – investment linked business

For investment linked business, fee income is largely based on the level of AUM, which in turn is directly impacted by investment markets.

For changes in market variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable halfway through the year. For large movements that do not occur halfway through the year, the profit sensitivities need to be extrapolated. For example, a 10% increase/decrease in equity markets at the start of the year would have double the impact on FY 15 operating earnings than set out in the table above.

The sensitivities are based on the FY 15 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 15 profit sensitivities for FY 15 or FY 16), an allowance for changes in AUM levels should be made. Refer to page 6 (WM) and page 10 (AMP Capital) for average AUM levels that were applied in FY 15.

The AMP Capital operating earning sensitivities are net of minority interests and assume no change to performance and transaction fees and do not include seed and sponsor capital investments.

Sensitivities – profit, capital and embedded value cont'd

Operating earnings – risk insurance and annuity business

For risk insurance and annuity business, movements in economic variables (bond yields, CPI) impact to the extent that the valuations of assets and liabilities are mismatched. These impacts are included in market adjustment – annuity fair value and market adjustment – risk products and have no effect on BU operating earnings but are included in EV sensitivities.

Operating earnings – participating business

For participating business, profit margins are dependent on the level of future bonuses supported by both the value of available assets and the assumed future investment earnings (largely driven by prevailing bond yields). As the effect of movements in investment markets is absorbed by bonuses over a number of years, only a portion of the impact is recognised in the current reporting period and is allocated between policyholders and shareholders.

Investment income

The analysis is based on a point in time and indicates the impact a change in the market variable would have on AMP's FY 15 total investment income (ie underlying investment income plus market adjustment – investment income).

The sensitivities are based on 31 December 2015 equity markets, bond yields and property values and correspond to the disclosure in the capital management section (refer to page 24).

Sensitivities include the profit/loss impact from changes in investment market variables on total shareholder funds. Changes in BU operating earnings are not reflected.

The cash rate sensitivities show the full year impact of a different cash rate on total investment income. The impact assumes that the change in the cash rate applies over the entire year.

The investment income sensitivities (refer to page 29 for details) do not include any allowance for investment gains/losses on assets that back AMP's annuity book or the impact of changes in economic variables (such as bond yields or CPI) on wealth protection products. The impacts of investment market variables are not always symmetrical, as they are inclusive of the impacts of long-term and tactical protection strategies.

The sensitivities assume that the guarantees on the North products are effectively hedged under current hedging procedures.

The investment income sensitivities to bond yields reflect increased use of interest rate derivatives in FY 15 to reduce the impact on regulatory capital resources above MRR from bond yields movements. Gains and losses on these derivatives are reported in the market adjustment – investment income.

AMP regulatory capital sensitivities

Capital sensitivities – regulatory capital resources above MRR (A$m)[1]		**AMP Life**	**NMLA**	**AMP group**[2]
Actual 31 December 2015 (ASX 200 @ 5,296; Australian bond yields @ 2.9%)		776	363	2,542
Equity sensitivity	– 20% increase (ASX 200 @ 6,355)	35	20	95
	– 10% increase (ASX 200 @ 5,826)	20	10	50
	– 10% decrease (ASX 200 @ 4,766)	(25)	(35)	(90)
	– 20% decrease (ASX 200 @ 4,237)	(55)	(70)	(175)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields) @ 3.9%	60	(55)	25
	– 50 bps increase (Australian bond yields) @ 3.4%	40	(25)	25
	– 50 bps decrease (Australian bond yields) @ 2.4%	(50)	-	(70)
	– 100 bps decrease (Australian bond yields) @ 1.9%	(115)	-	(150)
Property sensitivity[3]	– 10% increase in unlisted property values	30	5	35
	– 10% decrease in unlisted property values	(30)	(25)	(55)

1 These sensitivities are based on a point in time and do not make any allowance for subsequent management actions.
2 AMP group sensitivities include AMP Life, NMLA and impacts outside AMP Life and NMLA.
3 Property sensitivity relates to unlisted property. Listed property is included in the equity sensitivity.

The sensitivities shown above reflect the impact of market movements on AMP's capital position.

The analysis is a point in time view of the capital impact of movements in equity markets, bond yields and property values on AMP's capital position inclusive of long-term and tactical protection.

The capital sensitivities for AMP Life and NMLA include guaranteed products (the majority of which are contained within the Australian mature business), risk insurance products, unit linked products and shareholders' funds.

AMP group sensitivities are movements in AMP Life and NMLA plus movements in AMP group shareholder capital held outside the Life companies, and include the effect on capital from defined benefit funds and North guarantee products.

AMP's capital management policies include market related trigger points at which management will take action to reduce the impact of market movements on AMP's capital position.

AMP actively manages both the asset mix and the associated capital. Market movements and trends are carefully monitored and adjustments made accordingly.

The sensitivities contained in the table above do not make any allowance for management actions subsequent to 31 December 2015, which may have a significant impact on these sensitivities.

Sensitivities – profit, capital and embedded value cont'd

EV and VNB sensitivities

FY 15 change in embedded value (A$m)	WM	WP	Australian mature	New Zealand financial services	Total
5% reduction in controllable costs	115	33	15	13	**176**
10% reduction in discontinuance rates	345	351	62	92	**850**
1% (100 bps) decrease in long-term bond yields	87	134	(65)	39	**195**
1% (100 bps) increase in long-term bond yields	(87)	(128)	54	(37)	**(198)**
10% increase in Australian equities	111	-	42	-	**153**
10% increase in international equities	76	-	25	18	**119**
1% reduction in investment fees	(92)	-	(5)	(5)	**(102)**
10% reduction in insured non-death claims	n/a	347	-	20	**367**
5% reduction in insured death claims	n/a	139	5	28	**172**

FY 15 change in value of new business (A$m)	WM	WP	Australian mature	New Zealand financial services	Total
5% reduction in controllable costs	15	7	-	2	**24**
10% reduction in discontinuance rates	33	23	2	3	**61**
1% (100 bps) decrease in long-term bond yields	5	5	(1)	1	**10**
1% (100 bps) increase in long-term bond yields	(6)	(5)	1	(1)	**(11)**
5% increase in sales (all costs variable)	14	3	1	1	**19**
5% increase in sales (acquisition controllable costs fixed)	15	7	1	1	**24**
1% reduction in investment fees	(10)	-	-	-	**(10)**
10% reduction in insured non-death claims	n/a	22	-	1	**23**
5% reduction in insured death claims	n/a	8	-	-	**8**

Key assumptions

The tables illustrate the sensitivity of the embedded and new business values to various economic and business variables. The sensitivities can at best be only indicative because:

– they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
– they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
– they show the average movement for the risk discount margin range, ie 4%
– they are based on the FY 15 position, ie not 'forward looking', and make no allowance for events subsequent to 31 December 2015
– they are based on the FY 15 sales and product mix.

The 1% increase in long-term government bond yields is assumed to be accompanied by a 0.5% increase in CPI and other associated changes in economic assumptions, bonus rates, risk discount rates and bond values. For equities, the assumed future earnings rate is assumed to increase by 1% (ie the equity risk premium is unchanged).

The 5% reduction in costs is based on controllable costs only, ie it excludes adviser payments, investment management fees and claims management expenses.

The benefit of expense improvements arising from the business efficiency program has only been reflected to the extent that it appears as a cost reduction in the 2016 budget. Further expense benefits are expected to predominantly emerge in controllable costs. To determine the impact of further synergies on EV and VNB, the most appropriate sensitivity to use is the reduction in controllable costs.

The 10% reduction in discontinuance rates is based on a uniform reduction in lapses in all future years (eg a 15% lapse rate changes to 13.5%).

The 10% increase in Australian equities assumes all Australian shares increase in value by 10%.

The 5% reduction in insured death claims is based on a 5% reduction in new insured death claims.

The 10% reduction in insured non-death claims is based on a 10% reduction in new insured claims and, for current open claims only, a 10% reduction in future recurring claim payments.

Investment fees are defined as all ongoing fees (including member fees and rebates) on investment products with explicit fees. The investment fee sensitivity assumes no corresponding reduction in funds management costs or adviser payments.

For WP, lower discount rates due to lower long-term bond yields increase the present value of the margins in future WP premiums and EV. For Australian mature, the benefit of lower discount rates due to lower long-term bond yields is more than offset by the associated decrease in future participating business investment returns.

Embedded value assumptions

Economic assumptions

Risk discount rates are based on the yield on long-term government bonds plus a discount margin.

Annualised 10 year government bond yields	FY 15	FY 14
Australia	**2.9%**	2.8%
New Zealand	**3.6%**	3.7%

In Australia, assumed investment returns gross of income tax (% pa) are set at risk premiums over long-term government bond rates:

Risk premiums	FY 15	FY 14
Local equities[1]	**4.5%**	4.5%
International equities	**3.5%**	3.5%
Property	**2.5%**	2.5%
Fixed interest[2]	**0.7%**	0.6%
Cash (where significant)	**(0.5%)**	(0.5%)

1 Includes allowance for franking credits on equity income.
2 The risk premium depends on the duration and credit rating of the underlying bond portfolios and hence can vary. The premium shown is the average across all portfolios.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$17b) in Australia are:

Australian participating	FY 15	FY 14
Equities	**25%**	24%
Property	**13%**	13%
Fixed interest	**40%**	41%
Cash	**22%**	22%

These asset mixes are not necessarily the same as the actual asset mix at the valuation date, as they reflect long-term future assumptions. The mixes shown are the weighted average across all Australian participating business, which is mostly in the Australian mature business.

Annual inflation rates assumed are:

Inflation rate		FY 15	FY 14
Australia	– CPI	**2.2%**	2.3%
Australia	– Expenses	**3.0%**	3.0%
New Zealand	– CPI	**2.5%**	2.5%
New Zealand	– Expenses	**3.0%**	3.0%

These inflation rates are used for indexation of premiums and benefits, where appropriate, and for expense inflation.

Operating assumptions

Future mortality, morbidity and discontinuance rates are based on an analysis of recent experience, general industry experience and, in some cases, population experience.

Changes since 31 December 2014 include:
- increased the Australian Lump Sum mortality rates for business arising from super consolidation and Flexible Lifetime Super
- reduced the proportion of Custom Super exits assumed to delink into FLS
- reduced NMLA conventional mortality rates for both Australia and New Zealand
- increased New Zealand AMPL trauma claim rates
- reduced lapse rates for New Zealand KiwiSaver.

Maintenance unit costs are derived from 2016 budgets. Allowance is made for future inflation, but potential cost improvements arising after 2016 are ignored. Note that only expense improvements captured in 2016 have been allowed for.

Future rates of bonus for participating business were set at levels that were supportable by the assets backing the respective product sub-funds as at 31 December 2015.

Acquisition costs for VNB are the actual costs incurred in FY 15.

Franking credits are valued at 70% of face value for Australia.

The continuation of the existing tax and regulatory framework is assumed including the impact of the enacted Future of Financial Advice and Stronger Super legislation. No further allowance for regulatory change is made in the embedded value.

Capital assumptions

Value of in-force business includes the discounted value of the future release to shareholders of the regulatory capital requirements as the business in force runs off.

Adjusted net assets are shareholder assets in excess of the regulatory capital requirements and are valued at face value.

	3% dm	4% dm	5% dm
Embedded value as at FY 15 (A$m)[1]	**12,865**	**12,153**	**11,523**
Embedded value comprises (A$m)			
Adjusted net assets[2]	1,562	1,562	1,562
Value of in-force business[3,4]	11,303	10,591	9,961

1 Includes embedded value of WM, WP, Australian mature and NZFS. No embedded value is included for AMP Bank, AMP Capital and Group Office.
2 Adjusted net assets are assets in excess of regulatory capital requirements (allocated at product level), at face value.
3 Value of in-force business discounts the value of net assets (A$2,855m at face value) to reflect expected time of release.
4 Net assets include A$300m of allowable Tier 2 Capital arising from AMP Notes 2 and A$305m of allowable Additional Tier 1 Capital arising from AMP Wholesale Capital Notes on-lent to the Life Companies.

Further details

Otherwise, assumptions are generally consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life and NMLA. A more detailed description of these assumptions and their 31 December 2015 values can be found in the notes to the 2015 AMP Limited Appendix 4E. As all relevant business is projected for the embedded value, the description of the assumptions in the notes applies even where that business is not valued by projection methods for profit reporting.

Market share and channel analysis

Market share

	September 2015			September 2014		
	Total market size	**Market position (rank)**	**Market share %**	**Total market size**	**Market position (rank)**	**Market share %**
Market share – Australia (AUM) A$b						
Superannuation including rollovers[1,4]	342.1	1	26.6	330.5	1	26.3
Corporate superannuation master funds[2]	129.0	2	20.9	119.9	2	21.5
Retirement income[1]	185.6	2	18.2	169.4	2	18.2
Unit trusts (excluding cash management trusts)[1,4]	174.2	5	7.5	158.9	5	8.1
Total retail managed funds (excluding cash management trusts)[1,4]	708.9	1	19.5	665.7	1	19.7
Total in-force annual premiums – Australia (AUM) A$b[3]						
Individual risk	9.1	1	16.7	8.6	1	17.5
Group risk	6.1	6	7.3	5.6	5	7.8
Market share – New Zealand financial services (AUM) NZ$b						
Retail superannuation[5]	3.8	1	42.4	4.2	1	50.1
Unit trusts[5]	22.0	6	6.1	17.8	5	8.5
Insurance bonds[5]	0.8	4	15.7	0.7	4	18.2
Total retail funds[5]	55.7	4	12.2	45.1	3	9.7
Corporate superannuation[6]	5.9	1	42.5	5.7	1	46.1
KiwiSaver[5]	28.4	3	13.0	21.7	3	14.3
Total in-force annual premiums – New Zealand financial services (AUM) NZ$b[7]						
Individual risk	1.9	2	15.8	1.8	2	17.0
Conventional	0.1	1	78.8	0.1	1	78.6

1 Source: Fund Market Overview Retail – Marketer, Plan for Life, September 2015.
2 Source: Corporate Super Master Funds Report, Plan for Life, 30 September 2015.
3 Source: Life Insurance Overview – Risk Insurance, Plan for Life, September 2015.
4 These figures include AMP SMSF including Cavendish, SuperIQ and Multiport products in the superannuation and unit trust categories.
5 Measured by AUM. Source: Fund Source Research Limited, June 2015.
6 Measured by AUM. Source: Eriksens Master Trust Survey, September 2015.
7 Measured by in-force premium. Source: FSC Statistics, September 2015.

Channel analysis

	Net cashflows			AUM			Adviser numbers		
Channel analysis (A$m)	**FY 15**	**FY 14**	**% FY**	**FY 15**	**FY 14**	**% FY**	**FY 15**	**FY 14**	**% FY**
AMP Financial Planning	1,152	1,067	8.0	54,586	52,515	3.9	1,662	1,727	(3.8)
AMP Horizons Academy and Practice	(16)	(9)	(77.8)	858	869	(1.3)	32	77	(58.4)
Hillross	386	376	2.7	13,332	12,638	5.5	363	384	(5.5)
Charter Financial Planning and Futuro Financial Services	660	732	(9.8)	21,228	18,015	17.8	988	922	7.2
Jigsaw Support Services	8	(8)	n/a	976	1,132	(13.8)	240	244	(1.6)
ipac	(169)	(133)	(27.1)	7,965	8,470	(6.0)	162	158	2.5
Genesys Wealth Advisers	(375)	9	n/a	238	3,754	(93.7)	3	202	(98.5)
Corporate Super Direct	861	471	82.8	12,348	11,200	10.3			n/a
AMP Direct	(50)	(75)	33.3	5,411	5,106	6.0	-	2	n/a
Other	(16)	15	n/a	3,487	3,527	(1.1)			n/a
Third-party distributors	(824)	(967)	14.8	16,554	14,545	13.8			n/a
SMSF Advice							207	128	61.7
Total Australia[1]	**1,617**	**1,478**	9.4	**136,983**	**131,771**	4.0	**3,657**	**3,844**	(4.9)
New Zealand financial services[2]	445	270	64.8	13,906	13,594	2.3	434	421	3.1
Total	**2,062**	**1,748**	18.0	**150,889**	**145,365**	3.8	**4,091**	**4,265**	(4.1)

1 Net cashflows and AUM include all WM, WP and Australian mature products and exclude AMP SMSF.
2 NZFS includes AMP licensed advisers, AMP owned advisers and advisers that subscribe to AMP's advice processes offered under the Quality Advice Network brand.

AMP Capital investment performance

		1 Year			3 Year			5 Year		
Fund/style name	**AUM (A$m)**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**
Equities										
Fundamental – Core	2,472	4.3	(0.2)	Q3	11.4	0.2	Q3	9.0	0.0	Q2
Fundamental – Sustainable	1,680	4.1	0.1	Q4	10.2	(0.4)	Q4	7.6	(0.8)	Q3
Fundamental – Opportunities[4]	169	4.9	No	Q4	11.8	No	Q4	n/a	n/a	n/a
Fundamental – Concentrated[4]	382	4.6	No	Q3	11.4	No	Q2	n/a	n/a	n/a
Specialist Australian Shares	2,894	2.5	(1.3)	Q2	9.4	(0.6)	Q3	7.0	(0.7)	Q2
Asian Equity Growth	550	5.0	(0.2)	Q3	13.8	(1.1)	Q2	6.2	(3.7)	Q4
Fixed interest										
Wholesale Australian Bond Fund[5]	4,199	2.4	(0.7)	Q4	5.2	(0.1)	Q2	7.5	0.3	Q1
Corporate Bond	2,593	2.5	(1.9)	n/a	5.0	0.2	n/a	7.1	0.1	n/a
Managed Treasury Fund	3,522	2.6	0.0	n/a	3.0	0.2	n/a	3.8	0.2	n/a
International										
Specialist International Shares	1,370	13.2	(0.1)	n/a	26.0	0.6	n/a	16.6	(0.4)	n/a
Enhanced Index International Shares	9,599	13.1	0.8	Q1	25.1	0.6	Q1	16.4	0.4	Q1
Global Listed Property[5]	1,848	8.6	1.5	Q1	14.6	1.0	Q1	14.4	0.8	n/a
Global Listed Infrastructure	484	(1.6)	1.3	n/a	19.8	0.9	n/a	17.4	0.1	n/a
FD International Bonds	1,551	1.7	(2.4)	n/a	4.7	(1.4)	n/a	6.6	(1.4)	n/a
Property (direct)[6]										
Wholesale Office[7]	4,009	15.3	(0.4)	n/a	10.4	(1.3)	n/a	8.7	(1.6)	n/a
Shopping Centres[7]	3,143	11.5	2.0	n/a	9.6	0.8	n/a	8.6	0.0	n/a
Diversified Property Fund[7]	4,333	10.1	(2.9)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Infrastructure (direct)										
Infrastructure Equity Fund	859	16.4	9.2	Q1	15.6	7.8	Q1	14.4	6.2	Q1
Australia Pacific Airports Fund	562	23.6	11.6	n/a	22.8	10.8	n/a	19.0	7.0	n/a
Infrastructure Debt Fund	370	7.9	1.9	n/a	8.3	2.3	n/a	n/a	n/a	n/a
Diversified										
Balanced Growth Option[8]	8,599	7.5	Yes	Q1	12.7	Yes	Q1	9.9	Yes	Q1
FD Balanced Fund[8]	5,794	7.4	Yes	Q2	12.8	Yes	Q1	9.9	Yes	Q2
Moderate Growth Option	2,001	9.5	Yes	Q2	12.8	Yes	Q1	8.9	Yes	Q1
High Growth Option	2,668	11.8	Yes	Q1	17.0	Yes	Q2	9.3	Yes	Q2
Goal based										
Multi Asset Fund	840	5.7	(2.1)	n/a	9.1	1.1	n/a	7.9	(0.1)	n/a
Dynamic Markets Fund	1,201	1.7	(5.1)	n/a	9.4	2.4	n/a	n/a	n/a	n/a
ipac Income Generator	1,443	5.1	2.0	n/a	9.9	2.5	n/a	9.3	2.5	n/a

1 Absolute returns are annualised for periods greater than one year.
2 Excess return is measured against the client goal.
3 Competitor quartile ranking is determined using the relevant competitor survey.
4 For this fund, the client goal is to perform Q1 or better.
5 For this fund's competitor quartile ranking, a composite return was used.
6 Calculated in accordance with the Mercer/IPD Pooled Property Fund Index methodology.
7 For this fund, AUM disclosed is the gross asset value.
8 For this fund, the client goal is to perform Q2 or better.

Five year summary

		AMP FY 15	AMP FY 14	AMP FY 13	AMP FY 12	AMP + 9 months AXA FY 11
Earnings[1]						
Total operating earnings (A$m)		**1,054**	990	789	810	792
Underlying profit (A$m)		**1,120**	1,045	849	950	909
Profit attributable to shareholders of AMP Limited (A$m)		**972**	884	672	689	688
EPS – underlying (cps)		**37.9**	35.3	28.8	32.9	34.3
EPS – actual (cps)		**33.3**	30.3	23.2	24.2	26.3
RoE – underlying		**13.2%**	12.7%	10.7%	12.7%	15.1%
RoE – actual		**11.5%**	10.8%	8.5%	9.2%	11.5%
Dividend						
Dividend per share (cps)		**28.0**	26.0	23.0	25.0	29.0
Dividend payout ratio – underlying[1]		**74%**	74%	80%	76%	84%
Franking rate[2]		**90%**	80%	70%	65%	50%
Ordinary shares on issue (m)[3]		**2,958**	2,958	2,958	2,930	2,855
Weighted average number of shares on issue (m)	– basic[3]	**2,958**	2,958	2,944	2,892	2,648
	– fully diluted[3]	**2,978**	2,983	2,973	2,915	2,663
	– statutory	**2,918**	2,920	2,900	2,845	2,615
Share price for the period (A$)	– low	**5.30**	4.12	4.21	3.73	3.72
	– high	**6.79**	5.93	5.67	4.85	5.78
Margins						
Australian wealth management investment related revenue to AUM (bps)		**112**	117	121	125	129
AMP Capital AUM based management fees to AUM (bps) – external		**45.4**	45.2	48.0	47.8	43.2
Australian wealth protection profit margins/annual premium		**10.1%**	10.0%	11.2%	12.9%	14.8%
AMP Bank net interest margin (over average interest earning assets)		**1.59%**	1.41%	1.39%	1.23%	1.37%
Financial position						
AMP shareholder equity (A$m)		**8,623**	8,346	8,154	7,744	7,014
Corporate debt (excluding AMP Bank debt) (A$m)		**1,801**	1,458	1,974	1,579	1,536
S&P gearing		**10%**	10%	13%	11%	11%
Interest cover – underlying (times)		**20.0**	14.6	12.3	12.1	12.1
Interest cover – actual (times)		**17.5**	12.5	10.0	9.2	9.4
Cashflows and AUM						
Australian wealth management net cashflows (A$m)[4]		**2,213**	2,281	2,166	821	138
Australian wealth management persistency[4]		**89.9%**	89.1%	88.0%	86.6%	87.3%
AMP Capital net cashflows – external (A$m)[4]		**4,434**	3,723	(1,039)	(1,784)	(1,166)
AMP Capital AUM (A$b)		**160**	151	140	129	123
AUM non-AMP Capital managed (A$b)[5]		**66**	63	57	43	36
Total AUM (A$b)		**226**	214	197	172	159
Controllable costs (pre-tax) and cost ratios[1,6]						
Controllable costs (pre-tax) – AMP (A$m)		**1,329**	1,315	1,301	1,336	1,257
Cost to income ratio – AMP		**43.8%**	44.8%	49.4%	47.3%	47.9%
Controllable costs to average AUM (bps)		**59**	64	70	81	82
Staff numbers						
Total staff numbers[7]		**5,420**	5,407	5,913	5,829	6,048

1 2012 prior period comparatives have been revised in accordance with changes in accounting standards.
2 Full year franking rate is the franking applicable to the final dividend for that year.
3 The number of shares has not been adjusted to remove treasury shares.
4 FY 11 cashflows and persistency include AXA for the six months.
5 FY 14 AUM adjusted for SMSF AUA account consolidation.
6 2012 and 2013 comparatives have been revised to reflect a reclassification of controllable costs to variable costs.
7 Excludes advisers.

Definitions of business units (BUs) and exchange rates

AMP

AMP is Australia and New Zealand's leading independent wealth management company, with an expanding international investment management business and a growing retail banking business in Australia. AMP has helped people and organisations build financial security since 1849 by providing financial advice, products and services which are primarily distributed through self-employed financial advisers and investment opportunities through AMP Capital.

AMP comprises the following business units.

Australian wealth management (WM)

Financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans.

AMP Capital

A diversified investment manager with a growing international presence providing investment services for domestic and international customers. AMP Capital manages investments across major asset classes including equities, fixed interest, property, infrastructure, and multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services.

On 1 March 2012, AMP Capital and Mitsubishi UFJ Trust and Banking Corporation (MUTB) formed a strategic business and capital alliance. As part of that alliance, MUTB acquired a 15% ownership interest in AMP Capital.

In November 2013, AMP Capital established a funds management company in China with China Life called China Life AMP Asset Management Company Limited (CLAMP). AMP Capital is a founding shareholder, holding a 15% stake, with the balance held by China Life Asset Management Company, a subsidiary of China Life.

Australian wealth protection (WP)

Includes individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.

AMP Bank

Australian retail bank offering residential mortgages, deposits, transaction banking and SMSF products. It also has a portfolio of practice finance loans. AMP Bank distributes through AMP's aligned distribution network as well as third-party brokers, and direct to retail customers via phone and online.

New Zealand financial services

A risk insurance business and mature book (traditional participating business), with a growing wealth management business driven by KiwiSaver.

Australian mature

A business comprising products which are largely closed to new business and are in run-off. Products within Australian mature include whole of life, endowment, investment linked, investment account, Retirement Savings Account (RSA), Eligible Rollover Fund (ERF), annuities, insurance bonds, personal superannuation and guaranteed savings accounts (GSAs).

AMP SMSF

AMP SMSF was formed in June 2012 and comprises AMP SMSF Solutions, Ascend, Cavendish, Multiport, Justsuper, SuperConcepts, SuperIQ, superMate yourSMSF and a part ownership of Class Super.

In January 2016, AMP announced a new business name and operating structure for its SMSF unit. The new name, SuperConcepts, incorporates the range of services and products the business now offers, following the 2015 acquisitions of Justsuper, SuperIQ and SuperCorp, the owners of superMate.

AMP SMSF forms part of WM's reported results.

Group Office

Group Office comprises:
- Group Office operations
- Corporate debt.

On 30 October 2014, AMP announced an agreement to acquire 19.99% of China Life Pension Company (CLPC). The acquisition was completed in January 2015 and, from 1H 15, AMP's 19.99% share of CLPC's net profit is reported through underlying investment income in Group Office capital.

Exchange rates			AUD/NZD
2015	FY 15	– closing	1.0627
		– average	1.0739
	2H 15	– closing	1.0627
		– average	1.0966
	1H 15	– closing	1.1365
		– average	1.0602
2014	FY 14	– closing	1.0470
		– average	1.0885

Accounting treatment and definitions

Accounting mismatches – Refer to page 23.

Capital Adequacy Ratio (AMP Bank) – Total capital divided by total risk weighted assets calculated using the standardised approach.

Controllable costs – Include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

Controllable costs to AUM – Calculated as controllable costs divided by the average of monthly average AUM.

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. Refer to page 28 for more detail.

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.

Deferred acquisition costs (DAC) – Margin on Services (MoS) is the financial reporting methodology developed to report life insurance business in Australia. Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. Under MoS, all costs associated with acquiring new business (including adviser payments, controllable costs and stamp duty) are allowed for in determining profit margins and policy liabilities. For wealth protection business, this normally results in negative policy liabilities for new business. The amount of this negative policy liability is often referred to as DAC or implicit DAC.

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.

Discontinuance rates – The assumed future rates for voluntary discontinuance (lapse) of contracts for the purposes of determining embedded value. These rates vary by individual product or product groups and, where appropriate, by other factors such as duration in-force or age attained.

Dividend payout ratio – Calculated as dividend per share divided by EPS (underlying).

Embedded value – A calculation of the economic value of the shareholder capital in AMP's businesses for WM, WP, Australian mature and NZFS and the shareholder profits expected to emerge from those businesses in-force.

EPS (actual) – Earnings per share calculated as profit attributable to shareholders of AMP Limited divided by the statutory weighted average number of ordinary shares.

EPS (underlying) – Calculated as underlying profit 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.

Group cash – Cash and cash equivalents held outside business units.

Group risk API – Contractual annual premiums payable on all in-force group risk policies.

Individual risk API – Contractual annual premiums payable on all in-force individual risk policies.

Individual risk lapse rate – Calculated as annualised voluntary cancellations as a percentage of average annual premium in-force prior to cancellations. Policies expiring due to maturities, death or disablement and conversions are excluded from the calculation.

Intangibles – Represents acquired goodwill, acquired identifiable intangibles on merging with AXA, acquired asset management mandates and capitalised costs.

Interest cover (actual) – Calculated on a rolling 12 month after-tax basis as profit attributable to shareholders 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 after-tax basis as underlying profit before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Internal AUM (AMP Capital) – Assets managed by AMP Capital sourced from AMP's business units.

Investment performance (AMP Capital) – The percentage of AUM meeting or exceeding their client goals.

Market adjustment – annuity fair value – Refer to page 23.

Market adjustment – investment income – Refer to page 23.

Market adjustment – risk products – Refer to page 23.

Minimum regulatory capital requirements (MRR) – Refer to page 26.

Net interest margin (AMP Bank) – Net interest income over average interest earning assets.

Net seed and sponsor capital income (AMP Capital) – Income on seed and sponsor capital assets, including normal valuation movements and net profit/loss on sales, offset by funding costs.

Operating earnings – Represent shareholder attributable profits or losses that relate to the performance of the BU. The principles of life insurance accounting are used in reporting the results of WP, Australian mature and NZFS. Operating earnings exclude investment earnings on shareholder capital and one-off items.

Accounting treatment and definitions cont'd

Persistency – Calculated as opening AUM less cash outflows during the period divided by opening AUM. WM total cash outflows are adjusted to exclude internal flows so as to reflect external cash outflows only.

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. Commercial lending credit policy, process and rates apply to these loans.

Return on capital (AMP Bank) – Return on capital is calculated as underlying profit after income tax divided by the average of the monthly average total capital resources for the period.

Return on embedded value – Calculated as the increase in embedded value in the period before transfers, divided by embedded value at the beginning of the period.

RoBUE – Return on BU equity is calculated as BU underlying operating profit after income tax (including underlying investment income) divided by the BU's average of monthly average tangible capital resources. No allowance is made for the benefit of gearing, which occurs at the AMP group level.

RoE (actual) – Calculated as annualised profit attributable to shareholders of AMP Limited divided by the average of the monthly average shareholder equity for the period.

RoE (underlying) – Calculated as annualised underlying profit 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) and 100% of future AMP Life shareholder profits.

Tier 1 capital – Comprises the highest quality components of capital that fully satisfy all of the following essential characteristics:
a) provide a permanent and unrestricted commitment of funds
b) are freely available to absorb losses
c) do not impose any unavoidable servicing charge against earnings, and
d) rank behind the claims of depositors, policyholders and other creditors in the event of winding up.

Tier 2 capital – Includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an entity as a going concern.

Total capital resources – Total capital invested in BUs and Group Office including both tangible and intangible capital.

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 BUs (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 market adjustment – investment income. Underlying returns are set based on long-term expected returns for each asset class, except for a short-term return, equivalent to a one year government bond, set annually for the implicit DAC component of shareholder assets. The return on AMP Bank income producing investment assets is included in AMP Bank operating earnings.

Underlying profit – AMP's key measure of business profitability, as it normalises 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 on page 3. Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.

Value of new business – A calculation of the economic value of the shareholder profits expected to emerge from the new business written over a particular period for WM, WP, Australian mature and NZFS, net of the cost of providing supporting capital.

Variable costs – Include costs that vary directly with the level of related business (eg investment management fees and banking commissions and securitisation costs).

Key dates for shareholders

1 March 2016	Ex-dividend date for final 2015 dividend (Australia and New Zealand)
3 March 2016	Record date for final 2015 dividend
4 March 2016	Dividend reinvestment plan record date for final 2015 dividend
8 March – 21 March 2016	Pricing period for final 2015 dividend reinvestment plan
8 April 2016	Payment date for final 2015 dividend
12 May 2016	First quarter 2016 cashflow and AUM announcement
12 May 2016	Annual General Meeting
18 August 2016	Interim 2016 results
30 August 2016	Ex-dividend date for interim 2016 dividend (Australia and New Zealand)
1 September 2016	Record date for interim 2016 dividend
2 September 2016	Dividend reinvestment plan record date for interim 2016 dividend
7 October 2016	Payment date for interim 2016 dividend
28 October 2016	Third quarter 2016 cashflow and AUM announcement

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Registered Office:
33 Alfred St
SYDNEY NSW 2000
AUSTRALIA

amp.com.au

Website

For additional 2015 full year results information, visit AMP's website at
amp.com.au/shareholdercentre

You will find:

– background information on AMP, business units, management and policies
– statutory reporting at the AMP Limited level (incorporating shareholder, policyholder and non-controlling interests)
– archived webcasts of presentations to investors and analysts
– archived ASX announcements and historical information
– definitions and details of assumptions.

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