ASX Announcement

AMP

20 August 2015

Manager
ASX Market Announcements
Australian Securities Exchange
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Sydney NSW 2000

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Announcement No: 19/2015
AMP Limited (ASX/NZX: AMP)

Half Year Financial Results

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Part One: Appendix 4D

Appendix 3A.1

Part Two: AMP reports A$507 million net profit 1H 15

Part Three: Investor Presentation

Part Four: Investor Report

Part Five: Directors' Report and Financial Report

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Investor report

Half year 2015

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Gordon Lefevre	Chief Financial Officer
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Jack Regan	Managing Director, New Zealand financial services
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Online reports

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

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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 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.

1H 15 performance summary

1H 15 profit attributable to shareholders of AMP Limited of A$507m, up 33% from A$382m in 1H 14 and underlying profit of A$570m, up 12% from A$510m in 1H 14

- Australian wealth management operating earnings up 13%, AMP Capital up 26%, Australian wealth protection up 9%, AMP Bank up 19% and New Zealand financial services up 11% on 1H 14 respectively.
- Australian mature operating earnings down 8% on 1H 14.
- Underlying investment income down A$9m on 1H 14 to A$60m, reflecting lower average shareholder funds in 1H 15.

Key performance measures

- 1H 15 underlying profit of A$570m, up 12% on 1H 14 with strong growth across all contemporary businesses.
- 1H 15 AMP group cost to income ratio of 43.1%, an improvement of 1.9 percentage points on 1H 14.
- Australian wealth management 1H 15 net cashflows were A$1,152m, up A$36m from net cashflows of A$1,116m in 1H 14. Strong growth in AMP's retail and corporate super platforms of A$1,926m were partially offset by external platform net cash outflows of A$774m, in part driven by the announced closure of Genesys wealth advisers in November 2014.
- AMP Capital external net cashflows were A$3,025m, up A$1,383m from net cashflows of A$1,642m in 1H 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 1.0 percentage points to 13.5% in 1H 15 from 1H 14, largely reflecting the increase in underlying profit.

Revenue measures

- Total AUM of A$222b[1] in 1H 15, up 4% from FY 14.
- Australian wealth management AUM increased 4% to A$114b in 1H 15 from FY 14. Investment related revenue increased 7% on 1H 14, with margins declining 5 bps, from 1H 14, in line with guidance.
- AMP Capital AUM increased 3% to A$156b in 1H 15 from FY 14. Fee income increased 16% to A$290m in 1H 15 from 1H 14.
- Australian wealth protection individual risk API increased 2% to A$1.5b from 1H 14 and Australian wealth protection group risk API increased 20% to A$442m from 1H 14. Operating earnings as a percentage of average API increased 0.2 percentage points to 10.3%.
- AMP Bank total loans increased by 4% on FY 14 to A$15.1b. Net interest income increased 16% and margins expanded 18 bps to 1.53% from 1H 14.

Cost measures

- AMP group cost to income ratio improved 1.9 percentage points from 1H 14 to 43.1% in 1H 15. Total controllable costs increased A$7m (1.1%) on 1H 14 to A$657m.
- AMP group controllable costs to AUM improved 6 bps to 58 bps during 1H 15.
- Australian wealth management cost to income ratio improved 3.4 percentage points from 1H 14 to 44.8% in 1H 15. Controllable costs fell 2.3% on 1H 14 to A$250m.
- AMP Capital cost to income ratio improved 3.7 percentage points from 1H 14 to 58.7% in 1H 15, below the target range of 60% to 65%. Controllable costs increased 8.1% on 1H 14 to A$173m in 1H 15, impacted by higher employee related costs including the impact of adverse currency movements.

Capital management and dividend

- 1H 15 shareholder regulatory capital resources were A$2,322m 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 issuance, partially offset by AMP's investment in China Life Pension Company.
- Interest cover (underlying) remains strong at 18.5 times, and gearing on a S&P basis is 10%.
- 1H 15 interim dividend of 14.0 cents per share (cps) declared, franked at 85%, representing a half year 2015 dividend payout ratio of 73% of underlying profit, which is within the target range of 70% to 80%.
- 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.

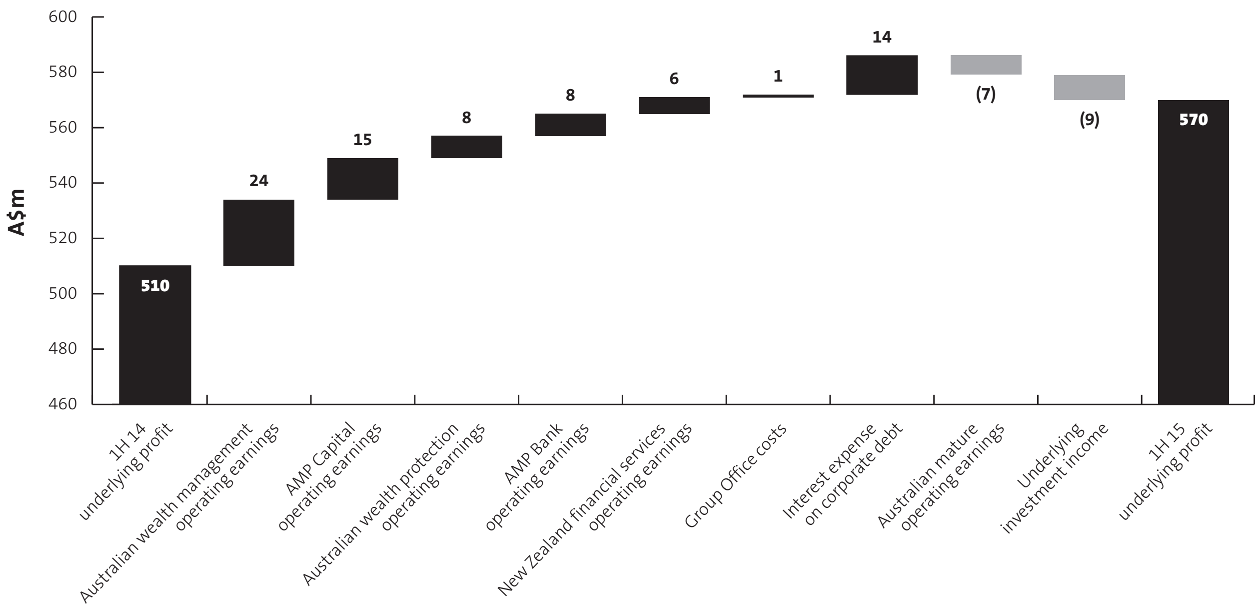
1 Includes SMSF assets under administration, refer to page 9.

Financial summary

A$m	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Profit and loss					
Australian wealth management	**207**	183	191	374	13.1
AMP Capital[1]	**72**	57	58	115	26.3
Australian wealth protection	**99**	91	97	188	8.8
AMP Bank	**50**	42	49	91	19.0
New Zealand financial services	**61**	55	55	110	10.9
Australian mature	**80**	87	87	174	(8.0)
BU operating earnings	**569**	515	537	1,052	10.5
Group Office costs	**(31)**	(32)	(30)	(62)	3.1
Total operating earnings	**538**	483	507	990	11.4
Underlying investment income[1]	**60**	69	63	132	(13.0)
Interest expense on corporate debt	**(28)**	(42)	(35)	(77)	33.3
Underlying profit	**570**	510	535	1,045	11.8
Other items	**(2)**	(3)	10	7	33.3
AXA integration costs	**-**	(11)	(9)	(20)	n/a
Business efficiency program costs	**(33)**	(49)	(51)	(100)	32.7
Amortisation of AXA acquired intangible assets[1]	**(42)**	(44)	(45)	(89)	4.5
Profit before market adjustments and accounting mismatches	**493**	403	440	843	22.3
Market adjustment – investment income[1]	**2**	8	34	42	(75.0)
Market adjustment – annuity fair value	**12**	6	-	6	100.0
Market adjustment – risk products	**10**	(4)	15	11	n/a
Accounting mismatches	**(10)**	(31)	13	(18)	67.7
Profit attributable to shareholders of AMP Limited	**507**	382	502	884	32.7

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 1H 14 to 1H 15 underlying profit



Financial summary cont'd

		1H 15	1H 14	2H 14	FY 14
Earnings					
EPS – underlying (cps)[1]		**19.3**	17.2	18.1	35.3
EPS – actual (cps)		**17.4**	13.1	17.2	30.3
RoE – underlying		**13.5%**	12.5%	13.0%	12.7%
RoE – actual		**12.0%**	9.3%	12.2%	10.8%
Dividend					
Dividend per share (cps)		**14.0**	12.5	13.5	26.0
Dividend payout ratio – underlying		**73%**	73%	75%	74%
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**	2,984	2,983	2,983
	– statutory	**2,910**	2,921	2,920	2,920
Market capitalisation – end period (A$m)		**17,806**	15,676	16,268	16,268
Capital management					
AMP shareholder equity (A$m)		**8,475**	8,190	8,346	8,346
Corporate debt (excluding AMP Bank debt) (A$m)		**1,533**	1,708	1,458	1,458
S&P gearing		**10%**	12%	10%	10%
Interest cover – underlying (times)		**18.5**	12.3	14.6	14.6
Interest cover – actual (times)		**17.0**	9.2	12.5	12.5
Margins					
Australian wealth management investment related revenue to AUM (bps)		**113**	118	115	117
AMP Capital AUM based management fees to AUM (bps) – external		**44.5**	45.5	45.0	45.2
Australian wealth protection profit margins/annual premium		**10.1%**	9.9%	10.2%	10.0%
AMP Bank net interest margin (over average interest earning assets)		**1.53%**	1.35%	1.46%	1.41%
Cashflows and AUM					
Australian wealth management cash inflows (A$m)		**14,108**	13,163	17,777	30,940
Australian wealth management cash outflows (A$m)		**(12,956)**	(12,047)	(16,612)	(28,659)
Australian wealth management net cashflows (A$m)		**1,152**	1,116	1,165	2,281
Australian wealth management persistency		**89.9%**	89.4%	89.0%	89.1%
AMP Capital net cashflows – external (A$m)		**3,025**	1,642	2,081	3,723
AMP Capital net cashflows – internal (A$m)		**(1,885)**	(1,598)	(2,261)	(3,859)
AMP Capital AUM (A$b)		**156**	144	151	151
Non-AMP Capital managed AUM (A$b)[2]		**66**	61	63	63
Total AUM (A$b)[2]		**222**	205	214	214
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**591**	581	603	1,184
Project costs (A$m)		**66**	69	62	131
Total controllable costs (A$m)		**657**	650	665	1,315
Cost to income ratio		**43.1%**	45.0%	44.7%	44.8%
Controllable costs to AUM (bps)		**58**	64	64	64

1 Number of shares has not been adjusted to remove treasury shares.
2 2H 14 and 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.

Strategy

AMP's four strategic initiatives are aligned to our purpose of helping people own tomorrow.

1. Growth.

AMP's aim is to help more customers in the strongly growing A$2.6 trillion[1] Australian wealth management market. The Australian superannuation market is projected to double in size by 2025[2].

AMP continues to maintain its No 1 position in this sector, with 19.6% market share in retail superannuation and pensions[3].

AMP is ranked No 1 in individual risk insurance with 17.9% market share[4], and also holds a leading position in financial advice with 20% market share[5].

2. Transform the Australian business.

AMP is transforming its core Australian business to be more customer centric. During 1H 15, the company enhanced its customer channels (such as digital), improved services and data capabilities, and developed and tested new customer offers.

Transform face-to-face advice model
AMP is aiming to make financial advice more relevant, accessible and affordable for customers, and at the same time, more efficient and profitable for AMP and its advisers. The company continues to pilot new advice approaches, and early results from customers and advisers are positive.

Build omni-channel experience for customers
AMP continued to expand its mobile payment options with the introduction of AMPwave. In 2H 15, the company will launch an integrated wealth and bank portal called *My AMP*.

Build better customer solutions
Targeted business campaigns continue to deliver strong results, including the superannuation consolidation and corporate superannuation welcome programs. New customer offers in wealth management and wealth protection are being tested in market with consumers.

The company also improved its data capabilities to improve customer engagement. It launched a customer interaction engine, which draws on data and analytics to help customer service consultants identify the next best interaction, such as retention opportunities. The engine will also be used across digital channels.

Improve service capability and quality
AMP continued to invest in service improvements, including upskilling customer-facing staff and simplifying customer communications. In wealth protection, a new claims philosophy and process has been rolled out across all individual and group income protection business, with encouraging results.

3. Reduce costs.

AMP continues to improve its efficiency in order to invest in new customer solutions and increase profitability.

Its three year business efficiency program is on track, with many key initiatives to be completed by FY 15. This includes a move to a more efficient IT platform and back office transitions.

The efficiency program aims to reduce the company's overall controllable cost growth by reducing operating costs whilst investing in areas of the business that deliver the greatest value to customers and shareholders.

It is 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, with recurring cost savings estimated to be 80% controllable and 20% variable.

4. Expand offshore.

AMP continues to build its international profile, primarily through AMP Capital.

Building strong partnerships with national champions
AMP and China Life's joint venture (JV), China Life AMP Asset Management Company, of which AMP Capital has a 15% share, delivered A$682m in net cashflows to AMP during 1H 15. This follows the successful launch of nine new mutual funds. The JV is now managing more than A$8b in AUM for Chinese retail and institutional investors.

China Life Pension Company, in which AMP owns a 19.99% stake, continued to grow strongly in 1H 15, maintaining its number one position in trustee services.

AMP Capital's business alliance with Japan's Mitsubishi UFJ Trust and Banking Corporation (MUTB) now offers 13 retail (up from nine at FY 14) and four institutional funds with a total of A$1.9b in AUM. At 1H 15, AMP Capital managed A$7.4b on behalf of all clients in Japan.

Expanding its global pension fund client base
AMP Capital continues to attract global interest, particularly in its infrastructure and property capabilities. At 1H 15, it managed A$14b in AUM from international investors, including more than A$4.8b on behalf of 134 global pension fund clients (up from 119 at FY 14).

AMP Capital's A$5b property development program continues to receive strong support from international and domestic investors. External property net cashflows increased to A$282m in 1H 15 from A$109m in 1H 14.

1 ABS Managed Funds Report, Managed Funds Industry, March 2015.
2 Dynamics of the Australian Superannuation System, The Next 20 Years: 2013–2033, Deloitte, September 2013; AMP modelling.
3 QDS Retail and Wholesale, Plan for Life, 31 March 2015.
4 Detailed Risk Statistics, Plan for Life, 31 March 2015.
5 Money Management, June 2015.

Australian wealth management

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Revenue					
Investment related[1]	**640**	597	615	1,212	7.2
Other[2]	**49**	50	52	102	(2.0)
Total revenue	**689**	647	667	1,314	6.5
Investment management expense	**(144)**	(130)	(140)	(270)	(10.8)
Controllable costs	**(250)**	(256)	(256)	(512)	2.3
Tax expense	**(88)**	(78)	(80)	(158)	(12.8)
Operating earnings	**207**	183	191	374	13.1
Underlying investment income	**8**	9	10	19	(11.1)
Underlying operating profit after income tax	**215**	192	201	393	12.0
Ratios and other data					
RoBUE	**46.8%**	47.7%	45.3%	46.1%	n/a
End period tangible capital resources – after transfers (A$m)	**910**	808	837	837	12.6
Net cashflows (A$m)[3]	**1,152**	1,116	1,165	2,281	3.2
AUM (A$b)[3]	**114.0**	103.8	109.5	109.5	9.8
Average AUM (A$b)[3,4]	**114.6**	101.7	106.2	104.0	12.7
Persistency[3]	**89.9%**	89.4%	89.0%	89.1%	n/a
Cost to income ratio	**44.8%**	48.2%	47.1%	47.7%	n/a
Investment related revenue to AUM (bps)[1,3,4,5]	**113**	118	115	117	n/a
Investment management expense to AUM (bps)[1,3,4,5]	**25**	26	26	26	n/a
Investment related revenue less variable costs to AUM (bps)[1,3,4,5]	**88**	92	89	91	n/a
Controllable costs to AUM (bps)[3,4,5]	**44**	51	48	49	n/a
Operating earnings to AUM (bps)[3,4,5]	**36**	36	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 181 days in 1H 15 and 181 days in 1H 14.

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 by:

– improving the quality of the advice experience
– expanding the methods by which customers can access AMP's products and services
– using new capabilities to design customer centric offers covering advice, product and service
– improving adviser productivity, and
– developing 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$24m (13%) to A$207m in 1H 15 from A$183m in 1H 14. The increase in operating earnings was largely due to strong net cashflows and investment returns generating 13% growth in average AUM from 1H 14 and a continued focus on costs which declined 2.3% from 1H 14.

Investment related revenue to AUM

1H 15 investment related revenue to AUM was 113 bps, a 5 bps (4.2%) reduction from 1H 14 and 2 bps (1.7%) reduction from 2H 14. The margin decline in 1H 15 from 1H 14 was largely due 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.

1H 15 investment management expenses to AUM of 25 bps was 1 bp lower than in 1H 14, largely reflecting variable cost benefits delivered through the business efficiency program.

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 Cavendish, Multiport, Ascend and YourSMSF, as well as AMP's shareholding in a variety of SMSF focused organisations including 49% of SuperIQ and shareholdings in SuperCorp and Class. Established in 2012, AMP SMSF forms part of WM's consolidated reporting.

The business remains focused on increasing funds under administration through organic growth and acquisitions. As AMP SMSF continues to grow its fund numbers and market share, it's expected to benefit from scale and efficiency. Over the period, the business has continued to improve its cost to income ratio.

The number of member accounts fell by 74 in 1H 15 to 15,388 (which includes 4,667 SuperIQ funds), impacted by some anticipated attrition from prior period SMSF acquisitions, offset in part by positive organic growth in the second quarter. AMP SMSF assets under administration increased by 6% in 1H 15 to A$19.0b.

On 16 July 2015, AMP SMSF acquired Justsuper, resulting in total funds administered growing to 16,477, increasing the market-leading position of the business.

In line with the strategic objective to improve and simplify the product offering for customers, AMP SMSF launched SMSF Saver at the beginning of July. The product, targeted to new trustees, simplifies the entry-point for those considering an SMSF.

SMSF revenue, including the 49% equity accounted interest in SuperIQ, is reported as part of 'Other' revenue. AMP SMSF contributed A$10m to 'Other' revenue in 1H 15, in line with 1H 14, but contributed a small operating loss included within WM operating earnings, reflecting investments required in the growth phase of the business.

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.

In all, three standard MySuper solutions and seven tailored MySuper solutions have been developed and approved by the Australian Prudential Regulation Authority (APRA) and are now fully operational. As at 1H 15, over A$3.5b 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 30 June 2015 the default balance was A$10b, 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$6m (2.3%) in 1H 15 to A$250m from A$256m in 1H 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. Further information on growth initiatives can be found on page 5.

The 1H 15 cost to income ratio improved by 3.4 percentage points to 44.8% from 48.2% in 1H 14 on strong revenue growth and lower controllable costs. Controllable costs to AUM improved by 7 bps to 44 bps in 1H 15.

Embedded value

1H 15 embedded value (EV) increased 5.1% before transfers at the 3% discount margin (dm) to A$5,809m.

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 1H 15 EV was due largely to higher new business volumes.

Value of new business

1H 15 value of new business (VNB) increased by 23.1% to A$133m at the 3% discount margin, from A$108m at 1H 14.

The increase in VNB in 1H 15 reflected higher sales volumes and lower unit costs.

	3% dm	4% dm	5% dm
Australian wealth management embedded value and value of new business (A$m)	**1H 15**	**1H 15**	**1H 15**
Embedded value as at FY 14	5,529	5,198	4,910
Expected return	155	169	182
Investment markets, bond yields and currency	21	24	26
Claim and persistency assumptions, product and other	(29)	(32)	(34)
Value of new business (VNB)	133	120	112
Net transfers out	(226)	(226)	(226)
Embedded value as at 1H 15	**5,583**	**5,253**	**4,970**
Return on embedded value as at 1H 15	5.1%	5.4%	5.8%

Australian wealth management cont'd

1H 15 cashflows

Cashflows by product (A$m)	Cash inflows 1H 15	1H 14	% 1H/1H	Cash outflows 1H 15	1H 14	% 1H/1H	Net cashflows 1H 15	1H 14	% 1H/1H
AMP Flexible Super[1]	3,364	2,994	12.4	(2,503)	(2,049)	(22.2)	861	945	(8.9)
North[2]	5,051	4,469	13.0	(2,783)	(2,110)	(31.9)	2,268	2,359	(3.9)
Summit, Generations and iAccess[3]	981	1,142	(14.1)	(1,632)	(1,801)	9.4	(651)	(659)	1.2
Flexible Lifetime Super (superannuation and pension)[4]	1,223	1,199	2.0	(1,860)	(2,105)	11.6	(637)	(906)	29.7
Other retail investment and platforms[5]	198	203	(2.5)	(244)	(317)	23.0	(46)	(114)	59.6
Total retail on AMP platforms	**10,817**	**10,007**	8.1	**(9,022)**	**(8,382)**	(7.6)	**1,795**	**1,625**	10.5
SignatureSuper and AMP Flexible Super – Employer	1,568	1,232	27.3	(1,145)	(883)	(29.7)	423	349	21.2
Other corporate superannuation[6]	867	847	2.4	(1,159)	(1,090)	(6.3)	(292)	(243)	(20.2)
Total corporate superannuation	**2,435**	**2,079**	17.1	**(2,304)**	**(1,973)**	(16.8)	**131**	**106**	23.6
Total retail and corporate superannuation on AMP platforms	**13,252**	**12,086**	9.6	**(11,326)**	**(10,355)**	(9.4)	**1,926**	**1,731**	11.3
External platforms[7]	856	1,077	(20.5)	(1,630)	(1,692)	3.7	(774)	(615)	(25.9)
Total Australian wealth management	**14,108**	**13,163**	7.2	**(12,956)**	**(12,047)**	(7.5)	**1,152**	**1,116**	3.2
Genesys practices that have left AMP	98	203	(51.7)	(317)	(161)	(96.9)	(219)	42	n/a
Total Australian wealth management (pro forma)[8]	**14,010**	**12,960**	8.1	**(12,639)**	**(11,886)**	(6.3)	**1,371**	**1,074**	27.7

Australian wealth management cash inflow composition (A$m)	1H 15	1H 14	% 1H/1H
Member contributions	2,041	1,685	21.1
Employer contributions	2,217	2,161	2.6
Total contributions	4,258	3,846	10.7
Transfers and rollovers in[9]	9,730	9,288	4.8
Other cash inflows	120	29	n/a
Total Australian wealth management	**14,108**	**13,163**	7.2

1 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.
2 North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.
3 Summit and Generations are owned and developed platforms. iAccess is ipac badged 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 include 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

WM generated net cashflows of A$1.2b in 1H 15, an increase of 3% from 1H 14. Strong growth in AMP's retail and corporate super platforms was partially offset by weak external platforms net cashflows, in part driven by the closure of Genesys wealth advisers announced in November 2014.

Excluding those Genesys advisers that left AMP in 1H 15, WM net cashflows were A$1.4b, an increase of 28% from 1H 14.

WM cash inflows increased by 7% (A$0.9b) and WM cash outflows increased by 8% (A$0.9b). AMP's reported cash inflow and outflow numbers are materially impacted by internal movements between products. Internal inflows across WM products were A$7.1b in 1H 15 (A$6.8b in 1H 14), representing approximately 51% (51% in 1H 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 increased by A$170m (11%) to A$1.8b in 1H 15.

AMP Flexible Super net cashflows declined A$84m (9%) to A$0.9b in 1H 15. While cash inflows into AMP Flexible Super increased 12%, rising AUM in retirement accounts resulted in higher outflows. 1H 15 net cashflows were also partially impacted by AMP's successful deeming campaign in Q4 14. In 1H 15, AMP Flexible Super AUM increased A$1.3b (10%) to A$14.4b from FY 14 and increased A$3.2b (28%) from 1H 14. AUM growth was driven by strong net cashflows into retirement and superannuation products and investment returns.

North net cashflows fell by A$91m (4%) to A$2.3b in 1H 15. Cash outflows increased in 1H 15 driven by larger numbers of pension customers drawing down an income stream. Cash inflows grew 13% from 1H 14 driven by both growth in new customers to AMP and existing customers moving within the North platform. In 1H 15, North's customer numbers increased 14% to over 87,000.

Australian wealth management cont'd

North's capital guaranteed product also continued to demonstrate success with approximately 10% of North's net cashflows directed towards this product in 1H 15, up from 8% in 1H 14.

In 1H 15, North AUM increased A$2.6b (16%) to A$18.6b from FY 14 and increased A$6.4b (52%) from 1H 14. AUM growth was primarily driven by strong net cashflows.

Summit, Generations and iAccess net cash outflows improved by A$8m in 1H 15 to a net outflow of A$651m while Flexible Lifetime Super (superannuation and pension) net cash outflows improved by A$269m from 1H 14.

The decline in net cash outflows was largely a result of active retention management and the reduced number of customer transitions from closed to open products following the Q4 14 deeming campaign.

Corporate superannuation

In 1H 15, AMP's large corporate offering, SignatureSuper and AMP Flexible Super – Employer, had net cashflows of A$423m, up 21% from A$349m in 1H 14. Large mandate wins within SignatureSuper accounted for A$84m of the A$423m net cashflows in 1H 15 (1H 14 $10m).

Other corporate superannuation, comprising CustomSuper, SuperLeader and Business Super, experienced net cash outflows of A$292m in 1H 15, up from an outflow of A$243m in 1H 14 due to higher outflows to internal products.

As a result, total corporate superannuation net cashflows were A$131m in 1H 15, up 24% on 1H 14.

External platforms

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

In 1H 15, external platform net cash outflows increased A$159m to A$774m as a result of both the exit of Genesys practices in the half and on lower cash inflows, as customers gravitate towards North.

In November 2014, AMP announced the closure of Genesys wealth advisers following a strategic review. At 30 June 2015, 36 practices had transitioned to the Charter and AMPFP licensees, 20 practices had left AMP and 11 practices remained within Genesys wealth advisers. The growth in WM net cashflows was negatively impacted by A$261m for those practices who have left AMP. Further outflows of around A$0.8b are expected in 2H 15 as those practices not transitioning to AMP transition all their AUM off the Genesys BT Wrap platform.

1H 15 AUM

AUM (A$m)	FY 14 AUM	1H 15 net cashflows Super-annuation	Pension	Investment	Total net cashflows	Other movements[1]	1H 15 AUM
AMP Flexible Super	13,083	436	425	-	861	411	14,355
North	15,956	765	968	535	2,268	329	18,553
Summit, Generations and iAccess	13,862	(238)	(295)	(118)	(651)	422	13,633
Flexible Lifetime Super (superannuation and pension)	24,573	(343)	(294)	-	(637)	984	24,920
Other retail investment and platforms	3,051	(28)	(25)	7	(46)	68	3,073
Total retail on AMP platforms	**70,525**	**592**	**779**	**424**	**1,795**	**2,214**	**74,534**
SignatureSuper and AMP Flexible Super – Employer	12,937	375	48	-	423	405	13,765
Other corporate superannuation	13,174	(292)	-	-	(292)	345	13,227
Total corporate superannuation	**26,111**	**83**	**48**	**-**	**131**	**750**	**26,992**
Total retail and corporate superannuation on AMP platforms	**96,636**	**675**	**827**	**424**	**1,926**	**2,964**	**101,526**
External platforms	12,871	(210)	(314)	(250)	(774)	363	12,460
Total Australian wealth management	**109,507**	**465**	**513**	**174**	**1,152**	**3,327**	**113,986**
Australian wealth management – AMP SMSF[2]							
Assets under administration	17,813					1,145	18,958
Total AUM	**127,320**	**465**	**513**	**174**	**1,152**	**4,472**	**132,944**

Australian wealth management – AUM by asset class	FY 14	1H 15
Cash and fixed interest	30%	31%
Australian equities	33%	32%
International equities	25%	26%
Property	6%	6%
Other	6%	5%
Total	**100%**	**100%**

1 Other movements includes fees, investment returns and taxes.

2 AMP SMSF includes Multiport, Cavendish, SuperIQ, YourSMSF and Ascend administration platforms. SuperIQ is 49% owned by AMP; however, 100% of assets under administration are included. FY 14 adjusted for account consolidation.

AMP Capital

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Internal AUM based management fees	**111**	107	114	221	3.7
External AUM based management fees	**112**	95	100	195	17.9
Non-AUM based management fees	**28**	26	34	60	7.7
Performance and transaction fees	**39**	22	14	36	77.3
Fee income	**290**	250	262	512	16.0
Controllable costs	**(173)**	(160)	(171)	(331)	(8.1)
Tax expense	**(33)**	(25)	(25)	(50)	(32.0)
Operating earnings before net seed and sponsor capital income	**84**	65	66	131	29.2
Net seed and sponsor capital income	**1**	2	2	4	(50.0)
Operating earnings including minority interests	**85**	67	68	135	26.9
Minority interests in operating earnings	**(13)**	(10)	(10)	(20)	(30.0)
Operating earnings	**72**	57	58	115	26.3
Underlying investment income	**2**	2	2	4	-
Underlying operating profit after income tax	**74**	59	60	119	25.4
Controllable costs					
Employee related	**108**	97	107	204	(11.3)
Investment operations and other	**56**	55	55	110	(1.8)
Total operating costs	**164**	152	162	314	(7.9)
Project costs	**9**	8	9	17	(12.5)
Total controllable costs	**173**	160	171	331	(8.1)
Ratios and other data					
Cost to income ratio	**58.7%**	62.4%	63.5%	63.0%	n/a
Controllable costs to average AUM (bps)[1]	**21.8**	22.5	23.3	22.9	n/a
AMP Capital staff numbers[2]	**985**	973	957	957	1.2
AUM (A$b)	**156.1**	144.4	151.5	151.5	8.1
Average AUM (A$b) – total[1]	**158.5**	142.4	146.9	144.7	11.3
Average AUM (A$b) – internal[1]	**108.2**	100.7	102.4	101.6	7.4
Average AUM (A$b) – external[1]	**50.3**	41.7	44.5	43.1	20.6
AUM based management fees to AUM (bps) – internal[1]	**20.5**	21.3	22.2	21.8	n/a
AUM based management fees to AUM (bps) – external[1]	**44.5**	45.5	45.0	45.2	n/a
Performance and transaction fees to AUM (bps)[1]	**4.9**	3.1	1.9	2.5	n/a
End period tangible capital resources – after transfers (A$m)[3]	**289**	254	264	264	13.8
RoBUE	**67.4%**	61.3%	58.8%	60.0%	n/a

1 Based on average of monthly average AUM.
2 1H 15 includes 227 shopping centre FTEs (250 in 1H 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 drove 26% growth in operating earnings and an improvement in total net cashflows of A$1.1b relative to 1H 14, coupled with strong investment performance. Key operational highlights include:

– The CLAMP joint venture with China Life successfully launched nine new mutual funds in 1H 15.
– Strong investment performance with 88% of AUM meeting or exceeding client goals over three years to 30 June 2015.
– continued expansion of AMP Capital's global footprint, managing over A$4.8b for 134 global pension fund clients and A$14.0b invested on behalf of all international clients.
– The Global Infrastructure Fund attracted significant commitments from international investors into AMP Capital's global infrastructure platform.

Operating earnings

AMP group's 85% share of AMP Capital's 1H 15 operating earnings was A$72m, up 26% from A$57m in 1H 14. AMP Capital's operating earnings benefited from strong fee income growth of 16%, assisted by higher performance fees and supportive market conditions for much of the half. The strong fee income growth was partially offset by an 8% increase in controllable costs.

Fee income

Fee income increased A$40m (16%) in 1H 15 to A$290m from A$250m in 1H 14. This was driven by a A$21m (10%) increase in AUM based management fees and a A$17m (77%) lift in performance and transaction fees. Non-AUM based management fees also contributed to growth, up A$2m (8%) to A$28m. Average AUM increased A$16b (11%), with total AUM based management fees to AUM down to 28.1 bps from 28.4 bps, partly reflecting changes in the asset mix.

Internal AUM based management fees grew A$4m (4%), largely from market driven growth in average AUM offset by a 0.8 bps margin decline reflecting asset mix shift towards fixed income and renegotiation of internal fee arrangements. External AUM based management fees increased A$17m (18%), driven by growth in average AUM from strong cashflows and markets, partially offset by margin compression. Margin compression was driven by asset mix shift towards fixed income, in part generated by strong fixed income flows from offshore partnerships. 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$28m in 1H 15, up A$2m (8%) from 1H 14. 1H 15 non-AUM based fees also benefited from an internal management fee for services relating to China Life Pension Company (CLPC).

1H 15 performance and transaction fees were A$39m, up A$17m (77%) from A$22m in 1H 14. The increase in performance fees reflects, in part, rising infrastructure fund valuations. Performance and transaction fees remain volatile from period to period. AMP Capital expects lower performance fees 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$13m (8%) in 1H 15 to A$173m from A$160m in 1H 14. The increase in costs was driven by higher employee related costs including the impact of adverse currency movements. Higher employee costs also reflect additional staff costs in relation to executing on the property development pipeline and the growth of AMP Capital's international business, as well as higher short-term incentive awards, reflecting stronger business and investment performance.

AMP Capital's cost to income ratio improved 3.7 percentage points from 62.4% in 1H 14 to 58.7% in 1H 15. 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 1H 15 was 28.1% (1H 14 27.8%), which 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 1H 15, total seed and sponsor capital holdings were A$100m.

Sponsor capital investments include a 5.0% 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 1H 15 net seed and sponsor capital income of A$1m 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 year to year.

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 30 June 2015, 88% of assets under management met or exceeded client goals (up from 86% in December 2014).

The table on page 34 shows investment performance across all asset classes over various timeframes to 30 June 2015.

AMP Capital cont'd

Cashflows and AUM

Cashflows by asset class (A$m)	Cash inflows 1H 15	Cash inflows 1H 14	Cash inflows % 1H/1H	Cash outflows 1H 15	Cash outflows 1H 14	Cash outflows % 1H/1H	Net cashflows 1H 15	Net cashflows 1H 14	Net cashflows % 1H/1H
External									
Australian equities	597	161	n/a	(160)	(246)	35.0	437	(85)	n/a
International equities	671	735	(8.7)	(983)	(723)	(36.0)	(312)	12	n/a
Fixed interest	3,953	2,371	66.7	(1,610)	(1,015)	(58.6)	2,343	1,356	72.8
Infrastructure	552	383	44.1	(281)	(137)	(105.1)	271	246	10.2
Direct investments	-	-	n/a	(1)	-	n/a	(1)	-	n/a
Property	527	1,114	52.7	(245)	(1,005)	75.6	282	109	158.7
Alternative assets	8	5	60.0	(3)	(1)	(200.0)	5	4	25.0
Total external	**6,308**	**4,769**	32.3	**(3,283)**	**(3,127)**	(5.0)	**3,025**	**1,642**	84.2
Internal									
Australian equities	1,197	1,291	(7.3)	(2,616)	(2,400)	(9.0)	(1,419)	(1,109)	(28.0)
International equities	1,399	2,226	(37.2)	(2,541)	(2,751)	7.6	(1,142)	(525)	(117.5)
Fixed interest	6,512	4,819	35.1	(5,752)	(4,688)	(22.7)	760	131	n/a
Infrastructure	1,038	18	n/a	(988)	(56)	n/a	50	(38)	n/a
Direct investments	36	57	(36.8)	(24)	(18)	(33.3)	12	39	(69.2)
Property	90	75	20.0	(148)	(228)	35.1	(58)	(153)	62.1
Alternative assets	141	103	36.9	(229)	(46)	n/a	(88)	57	n/a
Total internal	**10,413**	**8,589**	21.2	**(12,298)**	**(10,187)**	(20.7)	**(1,885)**	**(1,598)**	(18.0)
Total	**16,721**	**13,358**	25.2	**(15,581)**	**(13,314)**	(17.0)	**1,140**	**44**	n/a

AUM by asset class (A$m)	FY 14	%	Net cashflows 1H 15	Investment returns and other[1]	1H 15	%
External						
Australian equities	3,740	8	437	140	4,317	9
International equities	8,785	20	(312)	88	8,561	17
Fixed interest	12,888	27	2,343	(125)	15,106	30
Infrastructure	5,741	12	271	205	6,217	12
Direct investments	18	-	(1)	(2)	15	-
Property[2]	15,541	33	282	304	16,127	32
Alternative assets[3]	171	-	5	(29)	147	-
Total external	**46,884**	**100**	**3,025**	**581**	**50,490**	**100**
Internal						
Australian equities	26,931	25	(1,419)	1,080	26,592	25
International equities	26,859	26	(1,142)	914	26,631	25
Fixed interest	42,851	41	760	847	44,458	43
Infrastructure	1,817	2	50	175	2,042	2
Direct investments	757	1	12	(30)	739	1
Property[2]	3,552	3	(58)	145	3,639	3
Alternative assets[3]	1,821	2	(88)	(273)	1,460	1
Total internal	**104,588**	**100**	**(1,885)**	**2,858**	**105,561**	**100**
Total						
Australian equities	30,671	20	(982)	1,220	30,909	20
International equities	35,644	24	(1,454)	1,002	35,192	23
Fixed interest	55,739	36	3,103	722	59,564	38
Infrastructure	7,558	5	321	380	8,259	5
Direct investments	775	1	11	(32)	754	-
Property[2]	19,093	13	224	449	19,766	13
Alternative assets[3]	1,992	1	(83)	(302)	1,607	1
Total	**151,472**	**100**	**1,140**	**3,439**	**156,051**	**100**

AUM by source of client (A$m)	FY 14	%	1H 15	%
Australia	120,188	79	124,562	80
New Zealand	18,247	12	17,423	11
Asia (including Middle East)	10,294	7	11,077	7
Rest of world	2,743	2	2,989	2
Total	**151,472**	**100**	**156,051**	**100**

1 Other includes distributions, taxes and foreign exchange movements.

2 Property AUM comprises Australian (A$16.8b), NZ (A$2.1b) and Global (A$0.9b) managed assets. Australian property AUM is invested in office (37%), retail (56%), industrial (5%) and other (2%).

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

AUM and cashflows

AUM increased by A$4.6b (3%) to A$156.1b in 1H 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 increased by A$3.6b (8%) in 1H 15 to A$50.5b, due to positive net cashflows (+A$3.0b) and investment returns (+A$0.6b). External net cashflows of A$3.0b continued the positive trend established in FY 14, up on both the A$1.6b of net cashflows in 1H 14 and A$2.1b in 2H 14. 1H 15 external net cash inflows were driven by Chinese retail and institutional clients through the CLAMP joint venture with China Life (+A$0.7b, reflecting AMP Capital's 15% share of the joint venture), Japanese retail and institutional clients including through the alliance with MUTB (+A$0.4b) and net cashflows from domestic clients (+A$2.0b) primarily into fixed income, domestic equities and infrastructure capabilities.

At 1H 15, AMP Capital's business alliance with MUTB had 13 retail funds and four institutional funds in market with a combined AUM of A$1.9b. The alliance currently offers products covering Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate. In addition, MUTB has 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 Infrastructure Debt Fund II. AMP Capital also continues to raise and manage funds through partnerships with other Japanese distributors. In total, AMP Capital manages A$7.4b on behalf of all Japanese retail and institutional clients.

During 1H 15, the CLAMP joint venture launched nine new mutual funds, including money market, fixed interest and Chinese equities funds. At the end of 1H 15, the joint venture managed A$8b of AUM on behalf of Chinese retail and institutional investors. AMP Capital presents its 15% share of the joint venture's AUM (A$1.2b) and cashflows within the 'External' AUM and cashflow disclosures.

For 1H 15, the CLAMP joint venture contributed A$682m to AMP Capital's external cashflows, compared with A$557m in 1H 14.

AMP Capital continued to attract new international clients, with approximately 28% of external AUM managed on behalf of clients outside Australia and New Zealand. AMP Capital currently manages A$4.8b for 134 global pension funds and A$14.0b on behalf of all international clients.

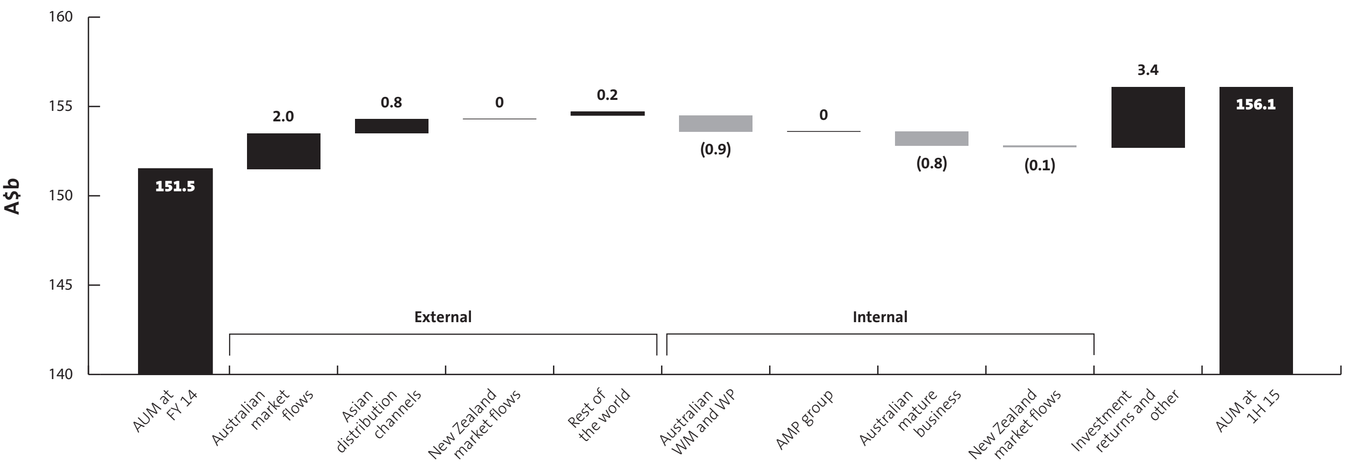
During 1H 15, AMP Capital continued to increase its international presence with several new fund launches in both China and Japan, and commitments of A$0.4b from investors across Asia, Europe and North America to the Global Infrastructure Fund platform.

Internal AUM increased 1% in 1H 15 to A$105.6b, as strong investment returns (+A$2.9b) were partially offset by net cash outflows (-A$1.9b).

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. Net cashflows from the WM and mature business units are net of fees and taxes. 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 the SMSF business unit. AMP Capital's goals based funds such as the ipac Income Generator and Dynamic Markets Fund proved successful in attracting significant cashflows through WM's products and platforms, especially through North.

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



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

Australian wealth protection

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Profit margins	**96**	88	99	187	9.1
Capitalised (losses)/reversals	**1**	-	2	2	n/a
Experience profits/(losses)	**2**	3	(4)	(1)	(33.3)
Operating earnings	**99**	91	97	188	8.8
Underlying investment income	**25**	25	25	50	-
Underlying operating profit after income tax	**124**	116	122	238	6.9
Ratios and other data					
RoBUE	**10.7%**	10.2%	10.6%	10.4%	n/a
End period tangible capital resources – after transfers (A$m)	**2,249**	2,200	2,227	2,227	2.2
VNB (3% dm) (A$m)	**34**	55	69	124	(38.2)
EV – after transfers (3% dm) (A$m)	**3,729**	3,533	3,721	3,721	5.5
Return on EV before transfers (3% dm)[1]	**3.7%**	8.9%	8.5%	18.1%	n/a
Individual risk API (A$m)	**1,476**	1,453	1,498	1,498	1.6
Group risk API (A$m)	**442**	368	438	438	20.1
Total WP cash inflows (A$m)	**890**	879	943	1,822	1.3
Total WP cash outflows (A$m)	**(411)**	(424)	(471)	(895)	3.1
Individual risk lapse rate	**13.0%**	13.8%	14.8%	14.4%	n/a
Profit margins/annual premium	**10.1%**	9.9%	10.2%	10.0%	n/a
Operating earnings/annual premium	**10.3%**	10.1%	10.0%	10.1%	n/a
Controllable costs (A$m)	**88**	92	88	180	4.3
Cost to income ratio	**33.3%**	35.9%	33.6%	34.6%	n/a
Controllable costs/annual premium	**9.2%**	10.3%	9.1%	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)	**1H 15**	**1H 15**	**1H 15**
Embedded value as at FY 14	3,721	3,509	3,315
Expected return	105	113	120
Investment markets, bond yields and currency	(23)	(20)	(16)
Claim and persistency assumptions, product and other	23	24	26
Value of new business (VNB)	34	29	25
Net transfers out	(131)	(131)	(131)
Embedded value as at 1H 15	**3,729**	**3,524**	**3,339**
Return on embedded value as at 1H 15	3.7%	4.2%	4.7%

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.

Operating earnings and profit margins

Operating earnings increased by A$8m (9%) to A$99m in 1H 15. Profit margins increased by A$8m (9%) to A$96m in 1H 15. Both increased due to the repricing of a large group risk client in 2H 14 and lower controllable costs.

Profit margins as a percentage of average API increased 0.2% to 10.1% in 1H 15 from 9.9% in 1H 14.

Given ongoing investment in WP and management actions targeted at driving value over volume in the short term, individual risk API growth is expected to be subdued and impact profit margin growth in 2H 15.

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. Growth in profitable new business drove a A$1m capitalised loss reversal in 1H 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 30 June 2015 was A$77m post-tax.

Experience

The WP business recorded experience profits of A$2m in 1H 15, compared with experience profits of A$3m in 1H 14. The experience outcomes comprised:

- claims profits of A$3m (1H 14 A$11m profits) from retail income protection insurance
- claims losses of A$12m (1H 14 A$7m losses) from retail lump sum insurance
- lapse profits of A$7m (1H 14 A$8m profits) from all retail insurance
- group risk claims profits of A$3m (1H 14 A$13m losses), and
- other experience profits of A$1m (1H 14 A$4m profits).

Claims experience from retail income protection and group risk insurance reflects the positive outcomes from ongoing management actions.

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.

Lapse experience profits on retail insurance in 1H 15 were driven by positive outcomes from management actions with positive experience emerging primarily in retail lump sum products.

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 the re-emergence of negative experience. 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 over time.

Management actions continue to drive income protection claims outcomes including the commencement of changes to claims processes in line with a revised claims philosophy. A new claims management platform was also implemented towards the end of FY 14. These revised processes and systems will continue to be progressively applied across open and new income protection claims throughout 2H 15 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$23m (1.6%) to A$1.48b at 1H 15 from A$1.45b at 1H 14 but decreased A$22m from 2H 14. The increase in API over 1H 14 largely reflected the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies. The decline from 2H 14 was primarily driven by lower sales volumes in individual lump sum insurance and individual income protection.

In 1H 15, 45% of in-force and 65% of new business was written within superannuation.

1H 15 individual risk API comprised lump sum insurance (72%) and income protection (28%). Lump sum insurance was 65% term life and 35% disability (trauma and TPD).

Group risk API increased 20% to A$442m in 1H 15 from A$368m in 1H 14 and A$4m from 2H 14, primarily the result of the repricing of a large group client.

The WP business continues to target actions delivering value over volume in the short term whilst looking for opportunities to generate growth as the remediation takes effect.

Lapse rates

1H 15 lapse rates were 13.0%, 0.8 percentage points better than in 1H 14. As reported in previous years, lapse rates are typically negatively impacted by price increases as a result of the greater volume of annual CPI and age premium increases on risk policies that occur in the second half.

The FY 15 best estimate lapse assumption is around the 14.4% lapse rate achieved in FY 14, 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$88m in 1H 15, down A$4m (4%) from 1H 14, reflecting synergies from the business efficiency program partially offset by investments in new systems and processes.

The cost to income ratio improved 2.6 percentage points to 33.3% in 1H 15 from 1H 14, reflecting lower controllable costs.

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

1H 15 EV increased by 3.7% before transfers at the 3% discount margin to A$3,860m.

Apart from the expected return, the increase in EV was the result of additional new business and improved current experience.

1H 15 VNB decreased A$21m to A$34m from 1H 14 largely due to lower retail sales volumes.

AMP Bank

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Net interest income	**129**	111	125	236	16.2
Fee and other income[1]	**5**	5	5	10	-
Total revenue	**134**	116	130	246	15.5
Bank variable costs	**(32)**	(30)	(30)	(60)	(6.7)
Controllable costs	**(31)**	(26)	(30)	(56)	(19.2)
Tax expense	**(21)**	(18)	(21)	(39)	(16.7)
Operating profit after income tax	**50**	42	49	91	19.0

Ratios and other data					
Return on capital[2]	**16.3%**	14.5%	15.9%	15.2%	n/a
Total capital resources (A$m)[3]	**573**	597	636	636	(4.0)
Capital Adequacy Ratio	**12.2%**	12.0%	12.2%	12.2%	n/a
Common Equity Tier 1 Capital Ratio	**7.7%**	9.0%	9.3%	9.3%	n/a
Net Interest Margin (over average interest earning assets)	**1.53%**	1.35%	1.46%	1.41%	n/a
Mortgages new business – AMP aligned channel %	**24%**	23%	27%	25%	n/a
Total loans (A$m)	**15,124**	13,966	14,491	14,491	8.3
Residential mortgages (A$m)	**14,587**	13,486	13,973	13,973	8.2
Practice finance loans to AMP aligned advisers (A$m)	**537**	480	518	518	11.9
Mortgages – existing business weighted average loan to value ratio (LVR)[4]	**69%**	68%	68%	68%	n/a
Mortgages – 90+ days in arrears	**0.44%**	0.44%	0.42%	0.42%	n/a
Total deposits (A$m)	**8,794**	8,889	9,244	9,244	(1.1)
Deposit to loan ratio	**58%**	64%	64%	64%	n/a
Loan impairment expense to average gross loans and advances	**0.01%**	0.02%	0.00%	0.01%	n/a
Total loan provisions to gross loans and advances	**0.03%**	0.03%	0.03%	0.03%	n/a
Cost to income ratio	**30.0%**	30.6%	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 1H 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$100m of Additional Tier 1 capital (the AMP Wholesale Capital Notes that were on-lent to AMP Bank) 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% at both 1H 14 and 2H 14.

	Deposits (Supercash, Super TDs and Platform TDs)		Deposits (retail)		Loans	
Movement in deposits and loans (A$m)	**1H 15**	**1H 14**	**1H 15**	**1H 14**	**1H 15**	**1H 14**
Balance at beginning of period	4,316	4,450	4,928	4,291	14,491	13,322
Net movement	(640)	(254)	190	402	633	644
Balance at end of period	**3,676**	**4,196**	**5,118**	**4,693**	**15,124**	**13,966**
% 1H 15/1H 14	(12.4%)		9.1%		8.3%	

AMP Bank funding composition (A$b)	1H 15		FY 14		1H 14	
Customer deposits	8.8	51%	9.2	54%	8.9	54%
Securitisation	3.8	22%	4.2	24%	4.0	24%
Wholesale funding	3.8	22%	3.0	17%	2.9	17%
Subordinated debt	0.2	1%	0.2	1%	0.2	1%
Equity and reserves	0.7	4%	0.6	4%	0.6	4%
Total funding	**17.3**	**100%**	**17.2**	**100%**	**16.6**	**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 portfolio of practice finance loans. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and online.

The strategy of AMP Bank is to support the achievement of AMP group's strategic objectives. In particular, AMP Bank's aspiration and priorities are to:

- deliver compelling customer-centric banking propositions to target customer segments
- make banking easier for customers by investing in technology and service excellence
- drive growth through AMP Bank's access to AMP distribution networks including aligned advisers and corporate superannuation members
- maintain focus and growth in the mortgage broker channel
- 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$8m (19%) to A$50m in 1H 15 from A$42m in 1H 14.

Total revenue increased 16% in 1H 15 on 1H 14, driven mainly by growth in the loan portfolio and improved net interest margin. Net interest margin was 1.53% for 1H 15, up 18 basis points from 1H 14, with the impact of market competition being more than mitigated by enhanced liquidity management and lower wholesale funding costs.

Lending

AMP Bank maintained a competitive lending position, with the total loan book growing by A$633m to A$15.1b in 1H 15, an increase of 8% from 1H 14.

Residential mortgage competition remained intense in the period, with continued market-wide discounting. AMP Bank's focus on retention, pricing enhancements and productivity from key channels, contributed to deliver residential mortgage book growth of A$614m in 1H 15 to A$14.6b (an increase of 4.4% on FY 14 and 8.2% from 1H 14). Strong 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, up from 23% in 1H 14.

Management targets lending growth at or above system, subject to funding and return on equity hurdles. AMP Bank lending growth in 1H 15 was marginally above system growth.

Owner occupied loans made up 68% of the mortgage portfolio at 30 June 2015, while investment property loans were 32%.

AMP Bank has implemented a number of measures designed to comply with regulatory requirements to reinforce sound lending practices, including increased supervision of risk profiles, investment lending and serviceability of residential mortgages. These measures include changes to credit policies relating to, and the availability and pricing of, AMP Bank investment lending products. This is expected to slow the growth of AMP Bank investment loans in 2H 15 and into 2016.

AMP Bank maintains a conservative credit policy. Asset quality remains strong, with mortgages in arrears (90+ days) at 0.44% as at 1H 15. Loan impairment expense to gross loans and advances was 0.01% in 1H 15.

Practice finance loans grew A$19m in 1H 15 to A$537m (an increase of 3.7% in 1H 15 and 11.9% from 1H 14). The practice finance loan portfolio reflects AMP Bank's commitment to supporting the growth and development of the financial adviser businesses of the AMP group.

Variable and controllable costs

AMP Bank's variable costs increased by A$2m (7%) in 1H 15, primarily due to higher commission payments and mortgage acquisition costs.

AMP Bank's controllable costs increased A$5m (19%) to A$31m in 1H 15, from A$26m in 1H 14, due to investments in technology, product development and operating capability to support growth and improvements to customer service levels. AMP Bank's cost base will continue to rise as it invests to support growth.

The cost to income ratio improved by 0.6 percentage points to 30.0% in 1H 15 from 1H 14.

Funding, liquidity and capital management

AMP Bank maintains a diversified funding base and conservative liquidity profile.

The growth in 1H 15 loans was largely funded through wholesale funding which at 30 June 2015 accounted for 22% of AMP Bank's total loan funding.

Customer deposits decreased in 1H 15 by A$95m (1%) from 1H 14. The deposit decrease came primarily from a decline in AMP Bank's Super Term Deposits, partially offset by an increase in retail term deposits. Customer deposit to loan ratio was 58% for 1H 15, compared with 64% for 1H 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, including adequate high quality liquid assets (HQLA). As at 30 June 2015, AMP Bank's liquidity coverage ratio (LCR) was 145%.

The Capital Adequacy Ratio (CAR) was 12.2% as at 1H 15, up from 12% at 1H 14. The Common Equity Tier 1 Capital Ratio for 1H 15 was 7.7%, down from 9.0% at 1H 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 thresholds. AMP Bank is well placed to be compliant with Basel III capital requirements upon implementation in January 2016.

New Zealand financial services

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Profit margins	**48**	46	42	88	4.3
Transitional tax relief[1]	**9**	10	9	19	(10.0)
Experience profits/(losses)	**4**	(1)	4	3	n/a
Operating earnings[2]	**61**	55	55	110	10.9
Underlying investment income	**11**	9	10	19	22.2
Underlying operating profit after income tax	**72**	64	65	129	12.5
Ratios and other data					
RoBUE	**18.2%**	16.9%	17.1%	16.9%	n/a
End period tangible capital resources – after transfers (A$m)	**707**	734	758	758	(3.7)
VNB (3% dm) (A$m)	**1**	2	-	2	(50.0)
EV – after transfers (3% dm) (A$m)	**1,344**	1,383	1,434	1,434	(2.8)
Return on EV before transfers (3% dm) (A$m)[3]	**(2.6%)**	5.0%	9.2%	14.7%	n/a
Individual risk API (A$m)	**261**	279	285	285	(6.5)
Individual risk API (NZ$m)	**296**	301	298	298	(1.7)
Group risk API (A$m)	**33**	37	41	41	(10.8)
Group risk API (NZ$m)	**38**	40	43	43	(5.0)
Individual risk lapse rate	**11.7%**	13.3%	14.1%	13.7%	n/a
Controllable costs (A$m)	**43**	41	46	87	(4.9)
Cost to income ratio	**30.3%**	31.6%	33.5%	32.6%	n/a
Controllable costs/annual premium[4]	**27.5%**	26.1%	29.3%	27.7%	n/a

1 Transitional tax relief reflects the benefit currently being received prior to the effect of the change in life tax rules that will apply from 1 July 2015.
2 In NZ dollar terms, operating earnings in 1H 15 was NZ$65m (1H 14 NZ$59m).
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)	**1H 15**	**1H 14**	**1H 15**	**1H 14**	**1H 15**	**1H 14**
AUM at beginning of period	3,285	2,633	10,309	9,568	13,594	12,201
Cash inflows	298	279	598	515	896	794
Cash outflows	(144)	(133)	(550)	(473)	(694)	(606)
Net cashflow	**154**	**146**	**48**	**42**	**202**	**188**
Other movements in AUM	(172)	100	(534)	64	(706)	164
AUM at end of period	**3,267**	**2,879**	**9,823**	**9,674**	**13,090**	**12,553**
Composition of net cashflows by product						
Superannuation	154	146	6	(6)	160	140
Pension	-	-	(2)	(2)	(2)	(2)
Investment	-	-	23	32	23	32
Other	-	-	21	18	21	18

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)	**1H 15**	**1H 15**	**1H 15**
Embedded value as at FY 14	1,434	1,353	1,285
Expected return	43	48	51
Investment markets, bond yields and currency	(89)	(83)	(81)
Claim and persistency assumptions, product and other	7	2	(2)
Value of new business (VNB)	1	-	-
Net transfers out	(52)	(52)	(52)
Embedded value as at 1H 15	**1,344**	**1,268**	**1,201**
Return on embedded value as at 1H 15	(2.6%)	(2.4%)	(2.5%)

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 will impact the NZFS business from 1 July 2015. This will result in a reduction in operating earnings of approximately A$9m in 2H 15. To offset the future impact on operating earnings, NZFS continues to grow its revenue base across the business, closely manages its costs and is evolving its distribution channels to reduce the 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
- 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, and
- continue its focus on cost control.

Operating earnings

Operating earnings increased by A$6m (11%) to A$61m in 1H 15 from 1H 14 mainly as a result of higher experience profits. The appreciation of the average NZ$ against the A$ in 1H 15 accounted for A$1m of the A$6m increase from 1H 14.

Profit margins

1H 15 profit margins (excluding transitional tax relief) increased by A$2m (4%) to $48m from 1H 14, mainly due to favourable currency movements.

The 1H 15 profit margin is composed of 54% wealth protection, 25% wealth management, 13% mature and 8% general insurance profit share.

Experience profits

1H 15 experience profits were A$4m, an improvement of A$5m against 1H 14 experience losses of A$1m.

1H 15 improved experience over 1H 14 reflected overall improved management of claims and lapses.

Controllable costs

1H 15 controllable costs increased by A$2m (5%) to $43m from 1H 14. In NZ$ terms, 1H 15 controllable costs increased by NZ$1m (3%) from 1H 14. There is continued focus on cost control, including business reorganisation and product rationalisation.

The cost to income ratio improved by 1.3 percentage points to 30.3% in 1H 15 from 1H 14, largely as a result of higher operating earnings.

Cashflows and AUM

1H 15 NZFS net cashflows increased by A$14m (7%) to A$202m from 1H 14. Both periods reflected strong KiwiSaver flows and the transfer of clients onto NZFS platforms.

In NZ$ terms, 1H 15 AUM increased NZ$1,345m (10%) from 1H 14, reflecting positive market performance and net cashflows. The depreciation of the closing NZ$ against the A$ resulted in a negative impact on AUM of A$710m.

KiwiSaver is a key growth engine for the wealth management business. NZFS was the third largest KiwiSaver provider with 13.5%[1] of the total KiwiSaver market as at March 2015 and had approximately 249,000 KiwiSaver customers. In 1H 15, KiwiSaver had NZ$3.7b in AUM, an increase of 20% from 1H 14. 1H 15 KiwiSaver net cash inflows increased by NZ$6m (4%) to NZ$163m from 1H 14.

Annual premium in-force (API)

In NZ$ terms, total API decreased by NZ$7m to NZ$334m from 1H 14. The reduction in NZ$ 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$22m to A$294m from 1H 14 largely due to the NZ$ depreciation.

Lapse rates

1H 15 lapse rates were 11.7%, 1.6 percentage points improved from 1H 14 and 2.4 percentage points improved from 2H 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

1H 15 EV decreased 2.6% (in A$) before transfers at the 3% discount margin to A$1,396m. The decrease was primarily due to the impact of currency movements, offset by the expected return and lower bond yields. 1H 15 VNB of A$1m decreased by A$1m from 1H 14.

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

Australian mature

Profit and loss (A$m)	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Profit margins	**81**	86	82	168	(5.8)
Experience profits/(losses)	**(1)**	1	5	6	n/a
Operating earnings	**80**	87	87	174	(8.0)
Underlying investment income	**8**	9	9	18	(11.1)
Underlying operating profit after income tax	**88**	96	96	192	(8.3)

Ratios and other data	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
RoBUE	**38.4%**	41.0%	40.9%	40.9%	n/a
End period tangible capital resources – after transfers (A$m)	**426**	441	425	425	(3.4)
VNB (3% dm) (A$m)	**9**	5	7	12	80.0
EV – after transfers (3% dm) (A$m)	**2,043**	1,991	2,045	2,045	2.6
Return on EV before transfers (3% dm)[1]	**5.2%**	2.8%	9.3%	12.4%	n/a
Profit margins to AUM (bps)[2]	**71**	78	73	75	(9.0)
Persistency	**89.9%**	89.7%	88.8%	89.2%	n/a
Controllable costs (A$m)	**29**	30	30	60	3.3
Cost to income ratio	**18.7%**	17.7%	18.0%	18.0%	n/a
Controllable costs to AUM (bps)[2]	**25**	27	27	27	(7.4)

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)	1H 15	1H 14
AUM at beginning of period	22,264	22,547
Cash inflows	370	357
Cash outflows	(1,127)	(1,166)
Net cashflow	**(757)**	**(809)**
Other movements in AUM	1,043	730
AUM at end of period	**22,550**	**22,468**
Composition of net cashflows by product		
Superannuation	(362)	(387)
Pension	(102)	(113)
Investment	(54)	(52)
Other	(239)	(257)

	3% dm	4% dm	5% dm
Australian mature embedded value and value of new business (A$m)	**1H 15**	**1H 15**	**1H 15**
Embedded value as at FY 14	2,045	1,938	1,847
Expected return	56	62	68
Investment markets, bond yields and currency	50	45	40
Claim and persistency assumptions, product and other	(8)	(10)	(11)
Value of new business (VNB)	9	8	7
Net transfers out	(109)	(109)	(109)
Embedded value as at 1H 15	**2,043**	**1,934**	**1,842**
Return on embedded value as at 1H 15	5.2%	5.4%	5.6%

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$7m to A$80m in 1H 15 from A$87m in 1H 14. Operating earnings were impacted by:
– the expected portfolio run-off (-A$3m),
– experience (-A$2m),
– one-off large GSA redemption in 2H 14 (-A$2m)
– lower bond yields (-A$1m),
offset by
– lower controllable costs (A$1m).

AUM

1H 15 Australian mature AUM was A$22.6b, up from A$22.5b in 1H 14 due to investment gains, partly offset by the natural run-off of the business.

Australian mature net cash outflows improved by A$52m to A$0.8b due to improved persistency driven by lower run-off of the book. Cash inflows and outflows include higher internal flows between mature products.

1H 15 persistency increased 0.2 percentage points to 89.9% from 89.7% in 1H 14.

Controllable costs

Controllable costs decreased A$1m to A$29m in 1H 15, reflecting the run-off of the book.

Controllable costs to AUM decreased by 2bps to 25 bps in 1H 15.

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

1H 15 EV increased 5.2% before transfers at the 3% discount margin to A$2,152m. The growth in EV was driven by the expected return and an increased expectation of future earnings because of higher bond yields at 30 June 2015 compared to 31 December 2014.

1H 15 VNB of A$9m was A$4m higher than in 1H 14, primarily due to a one-off minor refinement of methodology across the life companies and lower expenses.

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 14 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 the Stronger Super regulatory changes.

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 30 June 2015, AMP had in place derivative strategies against the A$6.0b 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 1H 15, the impact of this was immaterial.

Group Office

A$m	1H 15	1H 14	2H 14	FY 14	% 1H 15/ 1H 14
Group Office costs not recovered from business units	**(31)**	(32)	(30)	(62)	3.1
Underlying investment income on Group Office capital	**6**	15	7	22	(60.0)
Interest expense on corporate debt	**(28)**	(42)	(35)	(77)	33.3
Other items	**(2)**	(3)	10	7	33.3
AXA integration costs	**-**	(11)	(9)	(20)	n/a
Business efficiency program costs	**(33)**	(49)	(51)	(100)	32.7
Amortisation of AXA acquired intangible assets	**(42)**	(44)	(45)	(89)	4.5
Market adjustment – investment income	**2**	8	34	42	(75.0)
Market adjustment – annuity fair value	**12**	6	-	6	100.0
Market adjustment – risk products	**10**	(4)	15	11	n/a
Accounting mismatches	**(10)**	(31)	13	(18)	67.7
Interest expense summary					
Average volume of corporate debt	**1,471**	1,899	1,530	1,715	
Weighted average cost of corporate debt	**5.39%**	6.32%	6.54%	6.41%	
Tax rate	**29%**	30%	30%	30%	
Interest expense on corporate debt[1]	**28**	42	35	77	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**370**	216	291	291	
Staff numbers	**968**	1,140	1,021	1,021	(15.1)

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 interim dividend (85%), the balance of franking credits will be A$219m.

Group Office costs not recovered from business units

1H 15 Group Office costs not recovered from business units were A$31m, down marginally from A$32m in 1H 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$6m in 1H 15, down from A$15m in 1H 14, reflecting lower average levels of Group Office capital. This follows a number of recent actions including:

- the redemption of AMP Notes in May 2014
- repayment of A$250m of the corporate syndicated loan in August 2014, and
- the redemption of A$200m medium-term notes in March 2015.

Underlying investment income reflects assumed after-tax returns of 3% (1H 14 3%) on Group Office capital.

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. This contribution was immaterial to the Group net profit in 1H 15.

Interest expense on corporate debt

1H 15 interest expense on corporate debt was A$28m, down from A$42m in 1H 14. The average volume of corporate debt was elevated in 1H 14 as a result of the issue of A$325m of AMP Notes 2 in December 2013, with the proceeds largely used to redeem the original AMP Notes (A$266m) on 15 May 2014. AMP also repaid A$250m of the corporate syndicated loan in August 2014 and redeemed the A$200m medium-term notes in March 2015. Interest expense also benefited from lower average interest rates during 1H 15. 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 1H 15, with the integration program completed during FY 14.

Business efficiency program costs

During 1H 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 1H 15,

Group Office cont'd

costs incurred were A$33m post-tax. The expected pattern of post-tax expenditure over the remainder of the program is 2H 15 A$36m and FY 16 A$16m.

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 1H 15 was A$0.8b.

1H 15 amortisation of AXA acquired intangible assets was A$42m. Amortisation of AXA acquired intangibles for FY 15 is expected to be approximately A$80m.

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 1H 15 market adjustment – investment income was A$2m (1H 14 A$8m), primarily reflecting valuation gains on 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

1H 15 market adjustment – annuity fair value was A$12m (1H 14 A$6m), primarily driven by the impact of movements in credit spreads which narrowed over the course of 1H 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$0.3b and Australian lifetime annuity liabilities of A$1.4b. 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. Perfect cashflow matching should remove any interest rate or reinvestment risk, 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 1H 15 there were no asset defaults. The assets that support AMP's Australian annuity book comprise a mixture of government bonds and cash (8%), semi-government bonds (43%) and corporate bonds (49%). The average duration of the portfolio is six years. The portfolio credit rating composition is AAA (33%), AA (37%), A (26%) and BBB (4%). Corporate bond exposures are AAA (3%), AA (34%), A (55%) and BBB (8%).

Market adjustment – risk products

1H 15 market adjustment – risk products was A$10m (1H 14 -A$4m) 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 1H 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) (1H 15 -A$25m, 1H 14 -A$37m)
- owner-occupied properties (1H 15 -A$4m, 1H 14 nil)
- investments in controlled entities (1H 15 +A$18m, 1H 14 +A$3m)
- superannuation products invested with AMP Bank (1H 15 +A$1m, 1H 14 +A$3m).

Capital management

30 June 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]	**10,008**	2,570	1,348	573	461	1,987	3,069
Intangibles[5]	**(3,925)**	(517)	-	(70)	(214)	(472)	(2,652)
Tangible capital resources	**6,083**	2,053	1,348	503	247	1,515	417
Senior debt[6]	**(250)**					(250)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(600)**					(600)	
Other deductions[8]	**(1,484)**	(731)	(719)	(34)	-	-	-
Regulatory capital resources	**3,749**	1,322	629	469	247	665	417
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,427**	606	279	271	70	66	135
Shareholder regulatory capital resources above MRR	**2,322**	716	350	198	177	599	282

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 In March 2015, AMP issued Wholesale Capital Notes of A$275m which, along with the AMP Notes 2, totals A$600m. These are not recognised as eligible regulatory capital of AMP group for APRA purposes. A$575m of these instruments are on-lent to AMP Bank (A$100m), AMP Life (A$330m) and NMLA (A$145m), 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$575m 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 30 June 2015, A$531m 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 all 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's current dividend policy, as approved by the AMP Limited Board, is to pay dividends based on a payout ratio in the range of 70% to 80% of underlying profit and franked to the maximum extent possible. The dividend payout ratio is set to ensure that AMP retains sufficient profits to fund the expected growth in the capital requirements of its businesses, and is reviewed periodically. AMP aims to meet larger non-recurring capital requirements through other capital management initiatives.

Capital position

At 30 June 2015, shareholder regulatory capital resources above MRR were A$2,322m (A$1,987m at 31 December 2014), representing a ratio of 2.6x 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$1,908m, representing a ratio of 2.3x MRR.

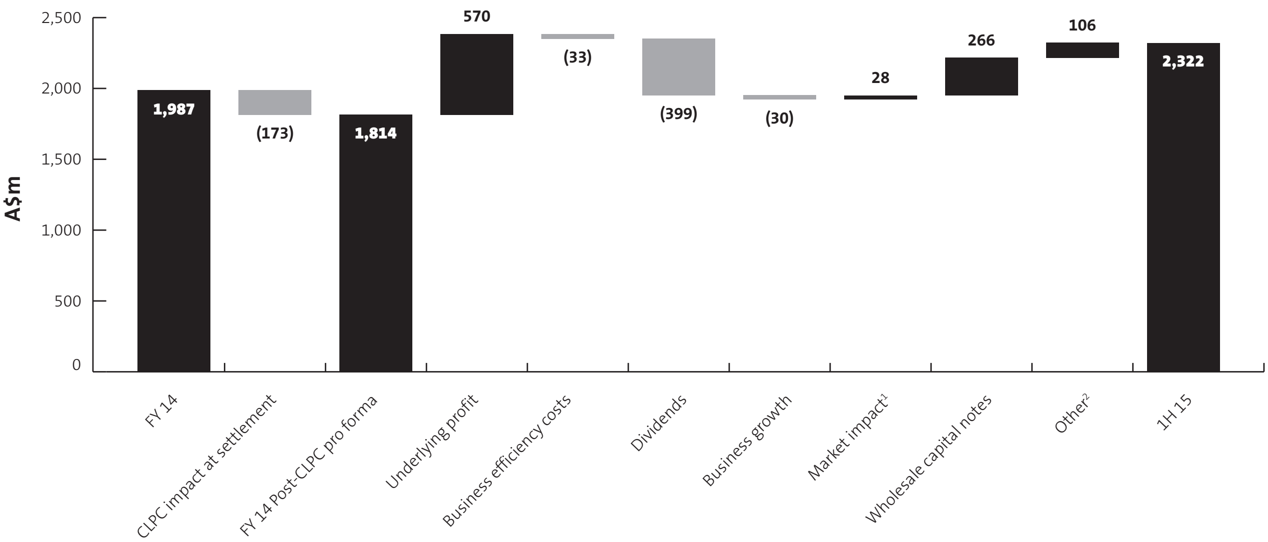
The increase in shareholder regulatory capital resources above MRR was driven by retained profits, the AMP Wholesale Capital Notes issuance and higher discount rates for defined benefit fund liabilities, partially offset by the settlement of the CLPC investment.

In March 2015, AMP issued A$275m of AMP Wholesale Capital Notes. The AMP Wholesale Capital Notes were on-lent to AMP Bank (A$100m), AMP Life (A$115m) and NMLA (A$60m), 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 30 June 2015, A$266m of this contributed to meeting the regulatory requirements of AMP Bank, AMP Life and NMLA.

The AMP Wholesale Capital Notes issuance reflects, in part, the loss of transition arrangements on the AXA Notes subordinated debt, at their call date in March 2016.

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life and NMLA were A$2,138m at 30 June 2015 (A$2,153m at 31 December 2014).

Movement from FY 14 to 1H 15 regulatory capital resources above MRR



1 Includes the impact on defined benefit fund liabilities and on the life companies.
2 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 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. However, implementation has been 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 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.

Interim 2015 dividend

AMP's interim 2015 dividend is 14.0 cents per share, franked to 85%. This represents a half year 2015 dividend payout ratio of 73% of underlying profit. AMP will continue to offer the DRP to eligible shareholders. For the 2015 interim 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$5,175m) comprise direct shareholder funds (A$4,640m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$535m) 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 30 June 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. The shareholder fixed interest portfolio is split approximately 70% in government exposures and 30% in corporate exposures. Corporate exposures are invested in AAA (19%), AA (48%), A (24%), BBB (9%) and sub-investment grade and unrated (less than 1%).

AMP continues to review the asset mix of shareholder funds to maximise shareholder returns within the constraints of AMP's risk appetite.

Implicit DAC

The implicit DAC relates to the wealth protection businesses. It 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 yield.

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. The investment return equivalent to a one year government bond of 1.8% pa after-tax was applied to the implicit DAC for 2015. These rates are unchanged from 2014.

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.

Capital management cont'd

Capital resources (A$m)	30 June 2015	31 December 2014
Contributed equity	**9,483**	9,508
Equity contribution reserve	**1,019**	1,019
Other reserves	**603**	678
Retained earnings	**798**	566
Demerger loss reserve	**(3,585)**	(3,585)
Total equity of shareholders of AMP Limited	**8,318**	8,186
Accounting mismatches, cashflow hedge reserve and other adjustments	**157**	160
AMP shareholder equity	**8,475**	8,346
Less: goodwill and other intangibles[1]	**(3,925)**	(3,844)
Less: other deductions[2]	**(1,484)**	(1,550)
Common Equity Tier 1 Capital	**3,066**	2,952
Total subordinated debt	**1,283**	1,008
Subordinated debt not eligible as regulatory capital in AMP group[3]	**(600)**	(310)
Total regulatory capital resources	**3,749**	3,650

Total capital resources by asset class (A$m)	30 June 2015	31 December 2014
International equities	**132**	123
Australian equities	**70**	79
Property	**371**	335
International fixed interest	**173**	138
Australian fixed interest	**295**	236
Cash[4]	**1,947**	2,315
Implicit DAC	**2,187**	2,244
Total shareholder funds	**5,175**	5,470
Other[5]	**908**	490
Tangible capital resources	**6,083**	5,960
Intangibles	**3,925**	3,844
Total capital resources	**10,008**	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$575m 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 resources of AMP Bank of A$503m, A$101m of seed and sponsor capital assets, and A$304m of other assets and liabilities.

Debt overview

	30 June 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**	-	-	**-**
AXA subordinated notes	600	-	**600**	600	-	**600**
AMP Bank subordinated debt	-	150	**150**	-	150	**150**
Total subordinated debt	1,283	150	**1,433**	1,008	150	**1,158**
Commercial paper, NCDs and repos	-	2,003	**2,003**	-	1,355	**1,355**
Domestic medium-term notes	-	1,802	**1,802**	200	1,650	**1,850**
Drawn syndicated loan	250	-	**250**	250	-	**250**
Total senior debt	250	3,805	**4,055**	450	3,005	**3,455**
Deposits[4]	-	8,794	**8,794**	-	9,244	**9,244**
Total debt	1,533	12,749	**14,282**	1,458	12,399	**13,857**
Corporate gearing ratios						
S&P gearing	**10%**			10%		
Interest cover – underlying (times)	**18.5**			14.6		
Interest cover – actual (times)	**17.0**			12.5		

	Corporate debt by year of repayment[5]					
A$m	**0–1 year**	**1–2 years**	**2–5 years**	**5–10 years**	**10+ years**	**Total**
Total corporate debt at 30 June 2015	**600**	**-**	**850**	**83**	**-**	**1,533**
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 is 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 At 30 June 2015, deposits include AMP Bank retail deposits (A$5.1b), AMP Supercash and Super TDs (A$2.3b), platform deposits (A$0.8b), investment fund deposits (A$0.3b) and other deposits (A$0.3b).

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

Corporate debt

Corporate debt increased by A$75m during 1H 15 due to the issue of AMP Wholesale Capital Notes (A$275m), offset by the redemption of the medium-term notes (A$200m).

As at 30 June 2015, all of AMP's corporate debt was effectively at variable rates.

At 30 June 2015, AMP's liquidity comprised A$224m 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 30 June 2015, total securitised funds were A$3.8b, and 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

1H 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	11	-	-	3	-	2		**16**	**6**
10% decrease in Australian equities	(11)	-	-	(3)	-	(2)		**(16)**	**(6)**
10% increase in international equities	8	-	-	1	3	3		**15**	**12**
10% decrease in international equities	(8)	-	-	(1)	(3)	(3)		**(15)**	**(12)**
10% increase in property	2	-	-	2	1	3		**8**	**25**
10% decrease in property	(2)	-	-	(2)	(1)	(3)		**(8)**	**(25)**
1% (100 bps) increase in 10 year Australian bond yields	(1)	-	-	4	-	(1)		**2**	**(46)**
1% (100 bps) decrease in 10 year Australian bond yields	1	-	-	(4)	-	1		**(2)**	**60**
1% increase in cash rate	-	-	-	-	-	-		**-**	**17**
1% decrease in cash rate	-	-	-	-	-	-		**-**	**(17)**
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						3			
5% increase in (AMP Capital) internal AUM						3			
5% reduction in controllable costs	17	2	6	2	3	10	3	**43**	

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 1H 15 position, ie not 'forward looking', and make no allowances for events subsequent to 30 June 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 30 June 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 1H 15.
– Investment income sensitivity is based on the amount of investments held at 30 June 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 1H 15 position and are not forward looking. If using the sensitivities as forward looking (eg applying 1H 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 1H 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 30 June 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 1H 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 30 June 2015 (ASX 200 @ 5,459; Australian bond yields @ 3.0%)		716	351	2,322
Equity sensitivity	– 20% increase (ASX 200 @ 6,551)	70	25	155
	– 10% increase (ASX 200 @ 6,005)	35	10	85
	– 10% decrease (ASX 200 @ 4,913)	(35)	(10)	(85)
	– 20% decrease (ASX 200 @ 4,367)	(70)	(25)	(170)
Australian bond yields sensitivity	– 100bps increase (Australian bond yields @ 4.0%	35	(25)	35
	– 50bps increase (Australian bond yields @ 3.5%	40	(10)	50
	– 50bps decrease (Australian bond yields @ 2.5%	(45)	5	(55)
	– 100bps decrease (Australian bond yields @ 2.0%	(115)	10	(150)
Property sensitivity[3]	– 10% increase in unlisted property values	35	5	40
	– 10% decrease in unlisted property values	(35)	(5)	(40)

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 guarantees.

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 30 June 2015, which may have a significant impact on these sensitivities.

Sensitivities – profit, capital and embedded value cont'd

EV and VNB sensitivities

1H 15 change in embedded value (A$m)	**WM**	**WP**	**Australian mature**	**New Zealand financial services**	**Total**
5% reduction in controllable costs	115	37	18	11	**181**
10% reduction in discontinuance rates	331	361	62	87	**841**
1% (100 bps) decrease in long-term bond yields	79	130	(74)	35	**170**
1% (100 bps) increase in long-term bond yields	(81)	(122)	58	(34)	**(179)**
10% increase in Australian equities	104	-	45	-	**149**
10% increase in international equities	70	-	21	17	**108**
1% reduction in investment fees	(92)	-	(6)	(5)	**(103)**
10% reduction in insured non-death claims	n/a	362	-	24	**386**
5% reduction in insured death claims	n/a	131	4	24	**159**

1H 15 change in value of new business (A$m)	**WM**	**WP**	**Australian mature**	**New Zealand financial services**	**Total**
5% reduction in controllable costs	10	3	-	1	**14**
10% reduction in discontinuance rates	14	10	1	1	**26**
1% (100 bps) decrease in long-term bond yields	3	3	(1)	1	**6**
1% (100 bps) increase in long-term bond yields	(3)	(3)	1	(1)	**(6)**
5% increase in sales (all costs variable)	6	1	-	-	**7**
5% increase in sales (acquisition controllable costs fixed)	7	3	1	1	**12**
1% reduction in investment fees	(5)	-	-	-	**(5)**
10% reduction in insured non-death claims	n/a	5	-	-	**5**
5% reduction in insured death claims	n/a	3	-	-	**3**

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 1H 15 position, ie not 'forward looking', and make no allowance for events subsequent to 30 June 2015
– they are based on the 1H 15 sales product mix.

Note, at 1H 15 the VNB sensitivities are against the six month values of new business.

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 2015 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	1H 15	FY 14
Australia	**3.0%**	2.8%
New Zealand	**3.7%**	3.7%

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

Risk premiums	1H 15	FY 14
Local equities[1]	**4.5%**	4.5%
International equities	**3.5%**	3.5%
Property	**2.5%**	2.5%
Fixed interest[2]	**0.6%**	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	1H 15	FY 14
Equities	**24%**	24%
Property	**13%**	13%
Fixed interest	**41%**	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		1H 15	FY 14
Australia	– CPI	**2.3%**	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.

No material changes have been made since 31 December 2014.

Maintenance unit costs are derived from 2015 budgets. Allowance is made for future inflation, but potential cost improvements arising after 2015 are ignored. Note that only expense improvements captured in 2015 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 30 June 2015.

Acquisition costs for VNB are the actual costs incurred in 1H 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 1H 15 (A$m)[1]	**12,699**	**11,979**	**11,352**
Embedded value comprises (A$m)			
Adjusted net assets[2]	1,379	1,379	1,379
Value of in-force business[3,4]	11,320	10,600	9,973

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$2,914m 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$175m 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 2014 values can be found in the notes to the 2014 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

	March 2015			March 2014		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
Market share – Australia (AUM) A$b						
Superannuation including rollovers[1,4]	355.1	1	26.6	322.1	1	26.3
Corporate superannuation master funds[2]	129.7	2	21.6	118.9	2	21.2
Retirement income[1]	189.8	2	18.4	159.8	2	18.3
Unit trusts (excluding cash management trusts)[1,4]	165.6	6	8.6	150.6	6	8.2
Total retail managed funds (excluding cash management trusts)[1,4]	736.1	1	19.6	643.6	1	19.7
Total in-force annual premiums – Australia (AUM) A$b[3]						
Individual risk	8.4	1	17.9	8.1	1	17.8
Group risk	5.3	5	8.1	4.9	6	7.8
Market share – New Zealand financial services (AUM) NZ$b						
Retail superannuation[5]	3.9	1	44.3	4.2	1	50.0
Unit trusts[5]	19.5	6	6.8	17.3	5	9.4
Insurance bonds[5]	0.8	4	16.8	0.7	4	19.4
Total retail funds[5]	50.1	4	13.2	43.3	3	15.9
Corporate superannuation[6]	5.7	1	43.6	5.1	1	44.5
KiwiSaver[5]	25.4	3	13.5	20.5	3	14.6
Total in-force annual premiums – New Zealand financial services (AUM) NZ$b[7]						
Individual risk	1.8	2	16.3	1.7	2	17.7
Conventional	0.1	1	78.6	0.1	1	78.5

1 Source: Plan for Life 31 March 2015 – QDS Retail and Wholesale.
2 Source: Plan for Life 31 March 2015 – Corporate Super Master Funds Report.
3 Source: Plan for Life 31 March 2015 – Detailed Risk Statistics. In-force premiums individual risk excludes single premiums.
4 These figures include AMP SMSF including Cavendish, SuperIQ and Multiport products in the superannuation and unit trust categories totalling A$18.1b (March 2014 A$16.9b) and A$378m (March 2014 A$331m) respectively. SuperIQ is 49% owned; however, 100% of assets under administration are included.
5 Measured by AUM. Source: Fund Source Research Limited March 2015.
6 Measured by AUM. Source: Eriksens Master Trust Survey March 2015.
7 Measured by in-force premium. Source: FSC Statistics March 2015.

Channel analysis

	Net cashflows[1]			AUM			Adviser numbers		
Channel analysis (A$m)	1H 15	1H 14	% 1H/1H	1H 15	1H 14	% 1H/1H	1H 15	1H 14	% 1H/1H
AMP Financial Planning	642	527	21.8	54,417	50,040	8.7	1,716	1,716	-
AMP Horizons Academy and Practice[2]	(2)	3	n/a	891	848	5.1	72	119	(39.5)
Hillross	150	178	(15.7)	13,267	11,730	13.1	388	373	4.0
Charter Financial Planning and Futuro Financial Services	416	354	17.5	20,487	17,037	20.3	978	917	6.7
Jigsaw Support Services	14	(12)	n/a	1,209	1,084	11.5	241	251	(4.0)
ipac	(96)	(60)	(60.0)	8,600	8,296	3.7	162	159	1.9
Genesys wealth advisers	(161)	57	n/a	1,038	3,664	(71.7)	35	214	(83.6)
Corporate Super Direct	246	150	64.0	11,645	10,610	9.8			n/a
AMP Direct	(12)	(56)	78.6	5,522	4,903	12.6	-	18	n/a
Other	(12)	4	n/a	3,452	3,322	3.9			n/a
Third party distributors	(311)	(383)	18.8	16,007	14,725	8.7			n/a
SMSF Advice							170	93	82.8
Total Australia[3]	**874**	**762**	14.7	**136,535**	**126,259**	8.1	**3,762**	**3,860**	(2.5)
New Zealand financial services[4]	202	188	7.4	13,090	12,553	4.3	488	463	5.4
Total	**1,076**	**950**	13.3	**149,625**	**138,812**	7.8	**4,250**	**4,323**	(1.7)

1 Net cashflows and AUM include all WM, WP and Australian mature products.
2 Comparative information has been restated to be consistent with current period disclosures.
3 Reported net cashflows and AUM exclude AMP SMSF.
4 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	2,675	7.8	0.2	Q2	17.3	0.2	Q2	11.1	(0.5)	Q2
Fundamental – Sustainable	1,694	7.0	(0.2)	Q4	16.0	(0.5)	Q4	10.0	(1.2)	Q4
Fundamental – Opportunities[4]	567	8.3	No	Q3	n/a	n/a	n/a	n/a	n/a	n/a
Fundamental – Concentrated[4]	380	7.2	No	Q2	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Strategy – Active quant	2,220	6.2	(0.9)	Q3	16.1	(0.4)	Q3	10.4	(0.8)	Q3
Multi-Strategy – Value	2,432	4.4	(3.3)	Q4	14.6	(2.5)	Q4	9.9	(1.8)	Q3
Multi-Strategy – Long Short	1,198	6.9	(2.8)	Q3	16.9	(2.1)	Q3	11.5	(2.2)	Q2
Specialist Australian Shares	2,936	5.9	(0.8)	Q2	15.3	(0.4)	Q3	10.2	(0.3)	Q2
Asian Equity Growth	568	38.3	7.7	n/a	23.6	0.0	n/a	8.9	(3.6)	n/a
Fixed interest										
Wholesale Australian Bond Fund[5]	3,961	5.4	(0.7)	Q3	5.9	0.5	Q2	7.6	0.7	Q2
Corporate Bond	2,634	4.4	(0.2)	n/a	6.7	1.1	n/a	7.7	0.6	n/a
Managed Treasury Fund	3,153	2.9	0.1	n/a	3.3	0.3	n/a	4.1	0.3	n/a
International										
Specialist International Shares	1,647	27.3	0.6	n/a	28.1	0.5	n/a	16.6	(0.3)	n/a
Enhanced Index International Shares	10,020	25.6	(0.1)	Q1	27.1	0.5	Q1	16.3	0.4	Q1
Global Listed Property[5]	1,726	10.4	1.0	Q3	15.2	1.4	Q3	17.2	1.0	Q1
Global Listed Infrastructure	386	23.8	4.6	n/a	26.6	2.1	n/a	19.9	1.1	n/a
FD International Bonds	1,884	5.0	(1.4)	n/a	6.2	(0.6)	n/a	7.0	(1.0)	n/a
Property (direct)[6]										
Wholesale Office[7]	3,807	8.8	(2.2)	n/a	7.8	(1.7)	n/a	8.1	(1.3)	n/a
Shopping Centres[7]	2,990	9.3	(0.2)	n/a	8.3	(0.3)	n/a	8.8	0.1	n/a
Infrastructure (direct)										
Infrastructure Equity Fund	791	20.1	12.7	Q1	13.9	6.0	Q1	13.2	4.7	Q1
Australia Pacific Airports Fund	484	20.1	8.1	n/a	21.0	9.0	n/a	16.9	4.9	n/a
Infrastructure Debt Fund	361	n/a	n/a	n/a	7.0	1.0	n/a	n/a	n/a	n/a
Diversified										
Balanced Growth Option[8]	9,035	13.4	Yes	Q1	15.8	Yes	Q1	11.4	Yes	Q2
FD Balanced Fund[8]	6,919	12.8	Yes	Q1	15.4	Yes	Q1	11.3	Yes	Q2
Moderate Growth Option	2,064	9.5	Yes	Q1	12.8	Yes	Q1	8.9	Yes	Q2
High Growth Option	2,882	11.8	Yes	Q1	17.0	Yes	Q1	9.3	Yes	Q2
Goal based										
Multi Asset Fund	756	11.5	3.4	n/a	11.2	3.1	n/a	9.4	1.4	n/a
Dynamic Markets Fund	655	16.8	9.6	n/a	14.3	7.2	n/a	n/a	n/a	n/a
ipac Income Generator	1,302	8.6	2.2	n/a	11.9	2.1	n/a	10.0	2.1	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 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 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 1H 15	AMP 1H 14	AMP 1H 13	AMP 1H 12	AMP + 3 months AXA 1H 11
Earnings[1]						
Total operating earnings (A$m)		**538**	483	410	423	407
Underlying profit (A$m)		**570**	510	440	488	459
Profit attributable to shareholders of AMP Limited (A$m)		**507**	382	393	373	346
EPS – underlying (cps)		**19.3**	17.2	15.0	17.0	18.6
EPS – actual (cps)		**17.4**	13.1	13.6	13.2	14.3
RoE – underlying		**13.5%**	12.5%	11.2%	13.4%	18.2%
RoE – actual		**12.0%**	9.3%	10.0%	10.3%	13.7%
Dividend						
Dividend per share (cps)		**14.0**	12.5	11.5	12.5	15.0
Dividend payout ratio – underlying[1]		**73%**	73%	77%	74%	80%
Franking rate		**85%**	70%	70%	55%	30%
Ordinary shares on issue (m)[2]		**2,958**	2,958	2,945	2,895	2,812
Weighted average number of shares on issue (m)	– basic[2]	**2,958**	2,958	2,937	2,874	2,462
	– fully diluted[2]	**2,978**	2,984	2,961	2,895	2,476
	– statutory	**2,910**	2,921	2,888	2,831	2,420
Share price for the period (A$)	– low	**5.30**	4.12	4.25	3.73	4.67
	– high	**6.79**	5.39	5.67	4.40	5.78
Margins						
Australian wealth management investment related revenue to AUM (bps)		**113**	118	122	125	132
AMP Capital AUM based management fees to AUM (bps) – external		**44.5**	45.5	48.1	46.6	43.4
Australian wealth protection profit margins/annual premium		**10.1%**	9.9%	11.2%	13.1%	12.4%
AMP Bank net interest margin (over average interest earning assets)		**1.53%**	1.35%	1.39%	1.22%	1.44%
Financial position						
AMP shareholder equity (A$m)		**8,475**	8,190	7,955	7,554	6,991
Corporate debt (excluding AMP Bank debt) (A$m)		**1,533**	1,708	1,679	1,579	1,536
S&P gearing		**10%**	12%	12%	11%	11%
Interest cover – underlying (times)		**18.5**	12.3	13.2	11.2	12.1
Interest cover – actual (times)		**17.0**	9.2	10.6	9.0	10.3
Cashflows and AUM						
Australian wealth management net cashflows (A$m)[3]		**1,152**	1,116	1,383	233	721
Australian wealth management persistency[3]		**89.9%**	89.4%	88.2%	86.8%	89.9%
AMP Capital net cashflows – external (A$m)[3]		**3,025**	1,642	(2,070)	(1,345)	(371)
AMP Capital AUM (A$b)		**156**	144	131	123	130
AUM non-AMP Capital managed (A$b)		**66**	61	48	36	34
Total AUM (A$b)		**222**	205	179	159	164
Controllable costs (pre-tax) and cost ratios[1,4]						
Controllable costs (pre-tax) – AMP (A$m)		**657**	650	646	663	558
Cost to income ratio – AMP		**43.1%**	45.0%	48.4%	46.1%	44.8%
Controllable costs to AUM (bps)		**58**	64	72	82	77
Staff numbers						
Total staff numbers[5]		**5,344**	5,697	5,749	5,860	6,212

1 2012 prior period comparatives have been revised in accordance with changes in accounting standards.

2 The number of shares has not been adjusted to remove treasury shares.

3 1H 11 cashflows and persistency include AXA for the six months.

4 2012 and 2013 comparatives have been revised to reflect a reclassification of controllable costs to variable costs.

5 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 self-managed superannuation fund administration businesses including Cavendish, Multiport, Ascend and YourSMSF, as well as AMP's shareholding in a variety of SMSF focused organisations including 49% of SuperIQ and shareholdings in SuperCorp and Class.

On 16 July 2015, AMP SMSF acquired Justsuper, increasing the market-leading position of the business.

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	1H 15	– closing	1.1365
		– average	1.0602
2014	FY 14	– closing	1.0470
		– average	1.0885
	2H 14	– closing	1.0470
		– average	1.0968
	1H 14	– closing	1.0780
		– average	1.0787

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 items listed 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 September 2015	Ex-dividend date for interim 2015 dividend (Australia and New Zealand)
3 September 2015	Record date for interim 2015 dividend
4 September 2015	Dividend reinvestment plan record date for interim 2015 dividend
9 September – 22 September 2015	Pricing period for interim 2015 dividend reinvestment plan
9 October 2015	Payment date for interim 2015 dividend
23 October 2015	Third quarter 2015 cashflow and AUM announcement
18 February 2016	Full-year 2015 results
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 April 2016	Payment date for final 2015 dividend
12 May 2016	First quarter 2016 cashflow and AUM announcement
12 May 2016	Annual General Meeting

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Website

For additional 2015 half 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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