ASX Announcement

19 February 2015

Manager
ASX Market Announcements
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Announcement No: 03/2015
AMP Limited (ASX/NZX: AMP)

Full Year Financial Results

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Part One:	Appendix 4E
	Appendix 3A.1
Part Two:	AMP reports A$884 million net profit FY 14
Part Three:	Investor Presentation
Part Four:	**Investor Report**

Investor report

Full year 2014

Management and contact details

Executive management team

Craig Meller	Managing Director and Chief Executive Officer
Pauline Blight-Johnston	Group Executive, Insurance and Superannuation
Rob Caprioli	Group Executive, Advice and Banking
Stephen Dunne	Managing Director, AMP Capital
Gordon Lefevre	Chief Financial Officer
Matthew Percival	Group Executive, Public Affairs and Chief of Staff
Jack Regan	Managing Director, New Zealand financial services
Craig Ryman	Chief Information Officer
Paul Sainsbury	Chief Customer Officer
Brian Salter	Group General Counsel
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Online reports

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

AMP Limited
ABN 49 079 354 519

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Important note

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

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

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

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

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

FY 14 performance summary

FY 14 profit attributable to shareholders of AMP Limited of A$884m, up 32% from A$672m in FY 13 and underlying profit of A$1,045m, up 23% from A$849m in FY 13

- Australian wealth management operating earnings up 13%, AMP Capital up 16%, Australian wealth protection up 194%, AMP Bank up 10% and New Zealand financial services up 13% on FY 13 respectively.
- Australian mature operating earnings down 2% on FY 13.
- Underlying investment income down A$3m on FY 13 to A$132m, reflecting marginally lower average shareholder funds in FY 14.

Key performance measures

- FY 14 underlying profit of A$1,045m, up 23% on FY 13 with strong growth across all contemporary businesses.
- FY 14 AMP group cost to income ratio of 44.8%, an improvement of 4.6 percentage points on FY 13; controllable costs up A$14m (1.1%) to A$1,315m.
- Australian wealth management FY 14 net cashflows were A$2,281m, up A$115m from net cashflows of A$2,166m in FY 13. Higher total retail and corporate super net cashflows on AMP platforms of A$3,616m were partially offset by higher net cash outflows on external platforms of A$1,335m.
- AMP Capital external net cashflows were A$3,723m, up A$4,762m from a net cash outflow of A$1,039m in FY 13, driven by stronger inflows generated through offshore partnerships and institutional clients, both domestically and internationally.
- Underlying return on equity increased 2.0 percentage points to 12.7% in FY 14 from FY 13, largely reflecting the increase in underlying profit.

Revenue measures

- Total AUM of A$215b[1] in FY 14, up 9% from FY 13.
- Australian wealth management AUM increased 9% to A$110b in FY 14 from FY 13. Investment related revenue margins declined 4 bps, below the lower end of margin guidance.
- AMP Capital AUM increased 8% to A$151b in FY 14 from FY 13. Total AUM based management fee margins were stable.
- Australian wealth protection individual risk API increased 3% to A$1.5b from FY 13 and Australian wealth protection group risk API increased 20% to A$438m from FY 13. Operating earnings as a percentage of average API increased 6.5 percentage points to 10.1%.
- AMP Bank total loans increased by 9% on FY 13 to A$14.5b. Net interest margin expanded 2 bps to 1.41% in FY 14.

Cost measures

- AMP group cost to income ratio improved 4.6 percentage points to 44.8% in FY 14. Total controllable costs increased A$14m (1.1%) on FY 13 to A$1,315m.
- AMP group controllable costs to AUM improved 6 bps on FY 13 to 64 bps during FY 14.
- Australian wealth management cost to income ratio improved 2.7 percentage points to 47.7% in FY 14. Controllable costs increased 0.4% on FY 13 to A$512m.
- AMP Capital cost to income ratio improved 2.2 percentage points to 63.0% in FY 14, within target range of 60% to 65%. Controllable costs increased 4.1% on FY 13 to A$331m in FY 14.

Capital management and dividend

- FY 14 shareholder regulatory capital resources were A$1,987m above minimum regulatory requirements, down from A$2,080m at 31 December 2013. The decrease was mainly driven by the redemption of AMP Notes and falling bond yields, partially offset by retained profits.
- Interest cover (underlying) remains strong at 14.6 times, up from 12.3 times on FY 13 and gearing on an S&P basis is 10%, down from 13% on FY 13.
- FY 14 final dividend of 13.5 cents per share (cps) declared, representing a full year 2014 dividend payout ratio of 74% of underlying profit which is within the target range of 70% to 80%. The FY 14 final dividend will be 80% franked, up from 70% in FY 13.
- The dividend reinvestment plan (DRP) continues to operate and no discount will apply to determine the DRP allocation price. AMP intends to neutralise the impact of the DRP through acquiring shares on market.

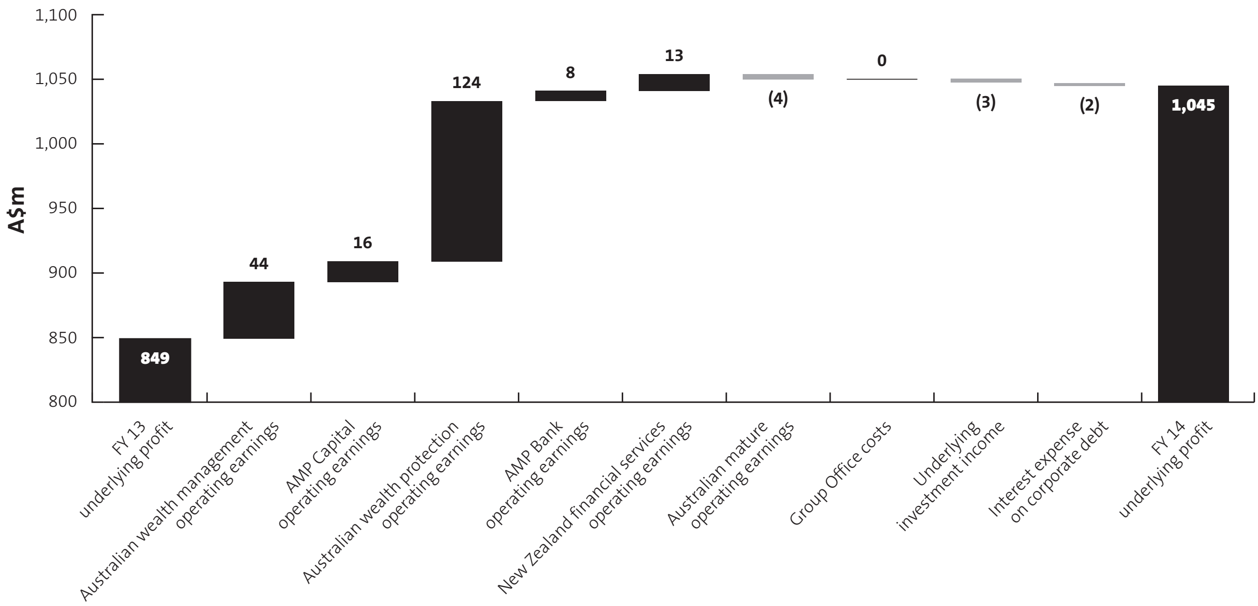
1 Includes SMSF assets under administration, refer to page 9.

Financial summary

A$m	FY 14	2H 14	1H 14	FY 13	% FY
Profit and loss					
Australian wealth management	**374**	191	183	330	13.3
AMP Capital[1]	**115**	58	57	99	16.2
Australian wealth protection	**188**	97	91	64	193.8
AMP Bank	**91**	49	42	83	9.6
New Zealand financial services	**110**	55	55	97	13.4
Australian mature	**174**	87	87	178	(2.2)
BU operating earnings	**1,052**	537	515	851	23.6
Group Office costs	**(62)**	(30)	(32)	(62)	-
Total operating earnings	**990**	507	483	789	25.5
Underlying investment income[1]	**132**	63	69	135	(2.2)
Interest expense on corporate debt	**(77)**	(35)	(42)	(75)	(2.7)
Underlying profit	**1,045**	535	510	849	23.1
Other items[1,2]	**7**	10	(3)	(2)	n/a
AXA integration costs	**(20)**	(9)	(11)	(57)	64.9
Business efficiency program costs	**(100)**	(51)	(49)	(39)	(156.4)
Amortisation of AXA acquired intangible assets[1]	**(89)**	(45)	(44)	(91)	2.2
Profit before market adjustments and accounting mismatches	**843**	440	403	660	27.7
Market adjustment – investment income[1]	**42**	34	8	2	n/a
Market adjustment – annuity fair value	**6**	-	6	27	(77.8)
Market adjustment – risk products	**11**	15	(4)	(5)	n/a
Accounting mismatches	**(18)**	13	(31)	(12)	(50.0)
Profit attributable to shareholders of AMP Limited	**884**	502	382	672	31.5

1 Net of minority interests.
2 Other items principally comprise one-off and non-recurring items. Refer to page 22 for more detail.

Movement in FY 13 to FY 14 underlying profit



Financial summary cont'd

		FY 14	2H 14	1H 14	FY 13
Earnings					
EPS – underlying (cps)[1]		**35.3**	18.1	17.2	28.8
EPS – actual (cps)		**30.3**	17.2	13.1	23.2
RoE – underlying		**12.7%**	13.0%	12.5%	10.7%
RoE – actual		**10.8%**	12.2%	9.3%	8.5%
Dividend					
Dividend per share (cps)		**26.0**	13.5	12.5	23.0
Dividend payout ratio – underlying		**74%**	75%	73%	80%
Ordinary shares on issue (m)[1]		**2,958**	2,958	2,958	2,958
Weighted average number of shares on issue (m)	– basic[1]	**2,958**	2,958	2,958	2,944
	– fully diluted[1]	**2,983**	2,983	2,984	2,973
	– statutory	**2,920**	2,920	2,921	2,900
Market capitalisation – end period (A$m)		**16,268**	16,268	15,676	12,984
Capital management					
AMP shareholder equity (A$m)		**8,346**	8,346	8,190	8,154
Corporate debt (excluding AMP Bank debt) (A$m)		**1,458**	1,458	1,708	1,974
S&P gearing		**10%**	10%	12%	13%
Interest cover – underlying (times)		**14.6**	14.6	12.3	12.3
Interest cover – actual (times)		**12.5**	12.5	9.2	10.0
Margins					
Australian wealth management investment related revenue to AUM (bps)		**117**	115	118	121
AMP Capital AUM based management fees to AUM (bps) – external		**45.2**	45.0	45.5	48.0
Australian wealth protection profit margins/annual premium		**10.0%**	10.2%	9.9%	11.2%
AMP Bank net interest margin (over average interest earning assets)		**1.41%**	1.46%	1.35%	1.39%
Cashflows and AUM					
Australian wealth management cash inflows (A$m)		**30,940**	17,777	13,163	24,454
Australian wealth management cash outflows (A$m)		**(28,659)**	(16,612)	(12,047)	(22,288)
Australian wealth management net cashflows (A$m)		**2,281**	1,165	1,116	2,166
Australian wealth management persistency		**89.1%**	89.0%	89.4%	88.0%
AMP Capital net cashflows – external (A$m)		**3,723**	2,081	1,642	(1,039)
AMP Capital net cashflows – internal (A$m)		**(3,859)**	(2,261)	(1,598)	(3,136)
AMP Capital AUM (A$b)		**151**	151	144	140
Non-AMP Capital managed AUM (A$b)		**64**	64	61	57
Total AUM (A$b)		**215**	215	205	197
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**1,184**	603	581	1,203
Project costs (A$m)		**131**	62	69	98
Total controllable costs (A$m)		**1,315**	665	650	1,301
Cost to income ratio		**44.8%**	44.7%	45.0%	49.4%
Controllable costs to AUM (bps)		**64**	64	64	70

1 Number of shares has not been adjusted to remove treasury shares.

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 strategy revolves around the simple promise of helping people own their tomorrow, and the company is pursuing four key strategic priorities to achieve this.

1. Prioritise investment in the A$2.4 trillion[1] Australian wealth management market.

AMP is leveraging its leading position in a superannuation market projected to double in size by 2024.[2] It is currently positioned:

- No 1 in retail superannuation and pensions with 19.6% market share.[3]
- No 1 in individual risk insurance with 17.9% market share.[3]
- No 1 in financial advice with 22.2% market share.[4]

2. Transform the core Australian business to be more relevant to customers.

In Australia, AMP is investing significantly to better understand and anticipate customer needs in order to create highly targeted products and services and increase share-of-wallet and enduring customer loyalty.

The company is more than a year into its enterprise-wide transformation program. Key initiatives undertaken in FY 14 included:

Transform face-to-face advice model

- started pilots of new financial advice approaches

Build omni-channel experience with new, improved ways for customers to interact with AMP

- launched market-leading smartphone and tablet applications
- increased functionality of amp.com.au website, making it easier to purchase simple superannuation products

Build better customer solutions

- installed new data analytics infrastructure
- began pilot of new customer offers based on human-centred design and behavioural economics principles

Improve service capability and quality

- simplified communications that will impact millions of customer touch points per annum
- improved corporate superannuation welcome experience
- introduced new call centre telephony infrastructure
- upgraded mortgage origination platform
- released new claims platform
- introduced new income protection claims processes resulting in more customers returning to health and work.

3. Reduce costs to maintain market-leading efficiency and reinvest in new customer solutions.

AMP's business efficiency program tracked in line with management expectation and guidance in FY 14. The three year program (which started in 2013) 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.

Key initiatives undertaken in FY 14:

- rationalised and improved the efficiency of non-customer facing group functions
- outsourced certain back office process functions
- embedded the foundations of a continuous improvement culture, and
- installed contemporary IT infrastructure.

4. Invest selectively in Asia and internationally by taking investment capabilities into new markets.

During the year, AMP, primarily through AMP Capital, continued to build its international profile. It did this by:

Building strong distribution partnerships with national champions

AMP deepened its existing relationship with its Chinese and Japanese partners to generate strong cashflows in FY 14. AMP and China Life's joint venture, China Life AMP Asset Management Company, successfully launched five funds during FY 14 and now manages A$3.7b on behalf of Chinese retail and institutional investors after its first full year of operation.

AMP also acquired a 19.99% stake in China Life's pension provider China Life Pension Company (CLPC) – the largest pension company in China. AMP is the first foreign company in the world to purchase a stake in a Chinese pension company. The acquisition received Chinese regulatory approval and was settled in January 2015.

AMP Capital's business alliance with Mitsubishi UFJ Trust and Banking Corporation (MUTB) offered nine retail and four institutional funds to the Japanese market in FY 14. At FY 14, AMP Capital managed A$7.1b on behalf of all clients in Japan.

Expanding its global pension fund client base

AMP Capital is capitalising on increased global interest in its infrastructure and property capabilities. At FY 14, it managed A$13b in AUM from international investors, including more than A$4.7b on behalf of 119 global pension fund clients (an increase of 56 clients from FY 13).

During the year, AMP Capital launched its Global Infrastructure Equity Fund, attracting strong interest from international investors. The Infrastructure Debt Fund II closed with more than US$1.1b in commitments from more than 50 investors in eight countries.

AMP Capital's A$5b property development program continues to receive strong support from global pension fund clients. External property net cashflows increased to A$1.8b in FY 14 from a net cash outflow of A$354m in FY 13.

1 ABS Managed Funds Report, Managed Funds Industry, September 2014.
2 Dynamics of the Australian Superannuation System, *The Next 20 Years: 2013–2033*, Deloitte, September 2013; AMP modelling.
3 Plan for Life, September 2014.
4 Money Management, July 2014.

Australian wealth management

Profit and loss (A$m)	**FY 14**	**2H 14**	**1H 14**	**FY 13**	**% FY**
Revenue					
Investment related[1]	**1,212**	615	597	1,127	7.5
Other[2]	**102**	52	50	106	(3.8)
Total revenue	**1,314**	667	647	1,233	6.6
Investment management expense	**(270)**	(140)	(130)	(252)	(7.1)
Controllable costs	**(512)**	(256)	(256)	(510)	(0.4)
Tax expense	**(158)**	(80)	(78)	(141)	(12.1)
Operating earnings	**374**	191	183	330	13.3
Underlying investment income	**19**	10	9	21	(9.5)
Underlying operating profit after income tax	**393**	201	192	351	12.0

Ratios and other data					
RoBUE	**46.1%**	45.3%	47.7%	43.0%	n/a
End period tangible capital resources – after transfers (A$m)	**837**	837	808	760	10.1
Net cashflows (A$m)[3]	**2,281**	1,165	1,116	2,166	5.3
AUM (A$b)[3]	**109.5**	109.5	103.8	100.5	9.0
Average AUM (A$b)[3,4]	**104.0**	106.2	101.7	93.5	11.2
Persistency[3]	**89.1%**	89.0%	89.4%	88.0%	n/a
Cost to income ratio	**47.7%**	47.1%	48.2%	50.4%	n/a
Investment related revenue to AUM (bps)[1,3,5]	**117**	115	118	121	n/a
Investment management expense to AUM (bps)[1,3,5]	**26**	26	26	27	n/a
Investment related revenue less variable costs to AUM (bps)[1,3,5]	**91**	89	92	94	n/a
Controllable costs to AUM (bps)[3,4,5]	**49**	48	51	55	n/a
Operating earnings to AUM (bps)[3,4,5]	**36**	36	36	35	n/a

1 Investment related revenue refers to revenue on superannuation, retirement income and investment products.

2 Other revenue includes 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 SMSF.

4 Average AUM is based on monthly average AUM.

5 Ratio based on 184 days in 2H 14 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.

Operating earnings

Operating earnings increased by A$44m (13%) to A$374m in FY 14 from A$330m in FY 13. The increase in operating earnings was largely due to strong net cashflows and investment returns generating 11% growth in average AUM while limiting controllable cost growth to 0.4%.

Investment related revenue to AUM

FY 14 investment related revenue to AUM was 117 bps, a 4 bps (3.3%) reduction from FY 13. The margin decline in FY 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 and higher fee rebates with stronger investment markets driving AUM balances above the tiers on which rebates are paid.

FY 14 investment management expense to AUM of 26 bps was 1bp lower than in FY 13, largely reflecting variable cost benefits delivered through the business efficiency program.

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.

Australian wealth management cont'd

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 drivers of success for AMP SMSF are expected to be scale and efficiency in administration, developing advice capabilities, broadening distribution reach and packaging product solutions relevant to SMSF customers.

One of the key measures of AMP SMSF's business performance is growth in the number of SMSF accounts administered. The number of member accounts increased by 627 in FY 14 to 15,462 (4,791 through SuperIQ), driven by growth from AMP's aligned advisers as well as non-aligned advisers and accountants. Growth was offset, in part, by some anticipated attrition from prior period SMSF acquisitions. AMP SMSF assets under administration increased by 14.4% in FY 14 to A$18.9b.

SMSF revenue, including the 49% equity accounted interest in SuperIQ, is reported as part of 'Other' revenue.

AMP SMSF contributed A$19m to 'Other' revenue in FY 14, in-line with FY 13, but contributed a small operating loss included within WM operating earnings, reflecting the start-up 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 direction to their superannuation provider. New contributions from these customers are now being directed into the relevant MySuper offer. For FY 14, in excess of A$2b new contributions were directed into the relevant MySuper offers. By 1 July 2017, existing super balances for customers who have not provided an investment direction will be transferred into a MySuper plan.

MySuper has been a major initiative for AMP. In all, three standard MySuper solutions and seven tailored MySuper solutions have been developed and approved by Australian Prudential Regulation Authority (APRA) and are now fully operational.

AMP's corporate super business holds the majority of AMP's default accounts. Approximately A$10b of WM AUM is currently classified as default business as defined by the MySuper regulations. During 2014, over A$2b of corporate transitions into MySuper were completed, while customers have also exercised choice in making the investment choices appropriate for them. The transition of the remaining default accounts by 1 July 2017 is captured as part of the margin compression guidance provided.

Controllable costs

WM controllable costs increased A$2m (0.4%) in FY 14 to A$512m from A$510m in FY 13. 2H 14 controllable costs were in-line with 1H 14.

Synergy benefits accruing from AMP's merger with AXA in 2011 and 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 as well as a higher allocation of group overhead costs. Investments in growth initiatives included support for the North platform and consolidation of platform technology and the continued establishment of the SMSF business unit (including a number of acquisitions in 2H 13). Further information on growth initiatives can be found on page 5.

The FY 14 cost to income ratio improved by 2.7 percentage points to 47.7% from 50.4% in FY 13 with strong revenue growth achieved with only a marginal increase in controllable costs. Controllable costs to AUM improved by 6 bps to 49 bps in FY 14.

Embedded value

FY 14 embedded value (EV) increased 17.6% before transfers at the 3% discount margin (dm) to A$5,939m.

Apart from the expected return which reflects the unwinding of the discount applied to the value of in-force business and the expected return on the adjusted net assets, the increase in FY 14 EV was due to the impact of lower bond yields, higher new business volumes and lower unit costs.

Value of new business

FY 14 value of new business (VNB) increased by 32.7% to A$292m at the 3% discount margin, from A$220m at FY 13.

The increase in VNB in FY 14 reflected higher sales volumes, lower unit costs and lower bond yields.

	3% dm	4% dm	5% dm
Australian wealth management embedded value and value of new business (A$m)	**FY 14**	**FY 14**	**FY 14**
Embedded value as at FY 13	5,050	4,760	4,507
Expected return	352	380	404
Investment markets, bond yields and currency	175	145	119
Claim and persistency assumptions, product and other	70	56	39
Value of new business (VNB)	292	267	251
Net transfers out	(410)	(410)	(410)
Embedded value as at FY 14	**5,529**	**5,198**	**4,910**
Return on embedded value as at FY 14	17.6%	17.8%	18.0%

Australian wealth management cont'd

FY 14 cashflows

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**FY 14**	**FY 13**	**% FY**	**FY 14**	**FY 13**	**% FY**	**FY 14**	**FY 13**	**% FY**
AMP Flexible Super[1]	7,676	5,546	38.4	(5,494)	(3,588)	(53.1)	2,182	1,958	11.4
North[2]	11,261	7,264	55.0	(5,731)	(3,139)	(82.6)	5,530	4,125	34.1
Summit, Generations and iAccess[3]	2,462	2,163	13.8	(4,137)	(3,565)	(16.0)	(1,675)	(1,402)	(19.5)
Flexible Lifetime Super (superannuation and pension)[4]	2,347	2,282	2.8	(4,603)	(4,225)	(8.9)	(2,256)	(1,943)	(16.1)
Other retail investment and platforms[5]	412	367	12.3	(797)	(635)	(25.5)	(385)	(268)	(43.7)
Total retail on AMP platforms	**24,158**	**17,622**	37.1	**(20,762)**	**(15,152)**	(37.0)	**3,396**	**2,470**	37.5
SignatureSuper and AMP Flexible Super – Employer	2,766	2,336	18.4	(2,037)	(1,706)	(19.4)	729	630	15.7
Other corporate superannuation[6]	1,633	1,585	3.0	(2,142)	(2,010)	(6.6)	(509)	(425)	(19.8)
Total corporate superannuation	**4,399**	**3,921**	12.2	**(4,179)**	**(3,716)**	(12.5)	**220**	**205**	7.3
Total retail and corporate superannuation on AMP platforms	**28,557**	**21,543**	32.6	**(24,941)**	**(18,868)**	(32.2)	**3,616**	**2,675**	35.2
External platforms[7]	2,383	2,911	(18.1)	(3,718)	(3,420)	(8.7)	(1,335)	(509)	(162.3)
Total Australian wealth management	**30,940**	**24,454**	26.5	**(28,659)**	**(22,288)**	(28.6)	**2,281**	**2,166**	5.3

Australian wealth management cash inflow composition (A$m)			
Member contributions	3,634	2,968	22.4
Employer contributions	4,028	3,719	8.3
Total contributions	7,662	6,687	14.6
Transfers and rollovers in[8]	23,071	17,463	32.1
Other cash inflows	207	304	(31.9)
Total Australian wealth management	**30,940**	**24,454**	26.5

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

Cashflow overview

Australian wealth management (WM) generated net cashflows of A$2.3b in FY 14, an increase of A$115m from FY 13. Strong inflows into AMP's contemporary North and Flexible Super products were partially offset by higher net outflows from existing products closed to new business and external platforms.

WM cash inflows increased by 27% (A$6.5b) and WM cash outflows increased by 29% (A$6.4b). AMP's reported cash inflow and outflow numbers are materially impacted by internal movements between products. Internal inflows across WM products were A$17.6b in FY 14 (A$12.0b in FY 13), representing approximately 57% (49% in FY 13) 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$0.9b (37%) to A$3.4b in FY 14.

AMP Flexible Super net cashflows increased A$224m (11%) to A$2.2b in FY 14, reflecting strong retail external inflows from AMP's aligned advisers due in part to the success of AMP's deeming campaign for pensions given the change in legislation and tax rules from 1 January 2015 and growth in employer and member contributions. AMP Flexible Super net cashflows were partially offset by higher pension payments to customers in line with the strong growth of Flexible Super – Retirement AUM.

In FY 14, AMP Flexible Super AUM increased A$3.1b (31%) to A$13.1b, driven by strong net cashflows into both retirement and superannuation products.

North net cashflows increased by A$1.4b (34%) to A$5.5b in FY 14 with 60% of net cashflows externally sourced. The growth in net cashflows reflected the strong take-up of the North platform across AMP's aligned distribution network with A$3.3b of net cashflows into pension accounts, due in part to the success of AMP's deeming campaign. In FY 14, North's customer numbers increased 50% to over 76,000.

North's capital guaranteed product also continued to demonstrate success with approximately 9% of North's net cashflows directed towards this product, up from 5% in FY 13.

Australian wealth management cont'd

In FY 14, North AUM increased A$6.3b to A$16.0b, primarily driven by strong net cashflows. During the first half of 2014, AMP successfully migrated the Summit, Generations and iAccess platforms onto North's contemporary technology, delivering an improved customer and adviser experience as well as scale efficiencies for WM.

Summit, Generations and iAccess net cash outflows increased by A$273m in FY 14 to a net outflow of A$1.7b. The increase in net cash outflows was largely a result of the strong take-up of the North platform.

Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. In FY 14, net cash outflows increased by A$313m, being largely directed towards other internal products, especially AMP Flexible Super.

Corporate superannuation

From FY 13, AMP's SME corporate super offering within AMP Flexible Super, Flexible Super – Employer, has been included in total corporate superannuation. In FY 14, AMP's large corporate offering, SignatureSuper and AMP Flexible Super – Employer, including mandate wins, had net cashflows of A$729m, up from A$630m in FY 13. Large mandate wins within SignatureSuper accounted for A$171m of the A$729m net cashflows in FY 14.

Other corporate superannuation comprising CustomSuper, SuperLeader and Business Super, experienced net cash outflows of A$509m in FY 14, up from an outflow of A$425m in FY 13 due to higher outflows to internal products.

As a result, total corporate superannuation net cashflows were A$220m in FY 14.

External platforms

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

In FY 14, external platform net outflows increased to A$1.3b.

2013 net cashflows benefited from a number of financial advice practices joining Hillross (contributing A$447m to net cashflows). FY 14 net cashflows also reflect higher outflows to AMP's retail platforms.

FY 14 AUM

AUM (A$m)	FY 13 AUM	FY 14 net cashflows: Super-annuation	Pension	Investment	Total net cashflows	Other movements[1]	FY 14 AUM
AMP Flexible Super	10,007	650	1,532	-	2,182	894	13,083
North	9,627	1,229	3,323	978	5,530	799	15,956
Summit, Generations and iAccess	14,511	(702)	(694)	(279)	(1,675)	1,026	13,862
Flexible Lifetime Super (superannuation and pension)	25,109	(1,358)	(898)	-	(2,256)	1,720	24,573
Other retail investment and platforms	3,307	(115)	(124)	(146)	(385)	129	3,051
Total retail on AMP platforms	**62,561**	**(296)**	**3,139**	**553**	**3,396**	**4,568**	**70,525**
SignatureSuper and AMP Flexible Super – Employer	11,402	626	103	-	729	806	12,937
Other corporate superannuation	13,002	(509)	-	-	(509)	681	13,174
Total corporate superannuation	**24,404**	**117**	**103**	**-**	**220**	**1,487**	**26,111**
Total retail and corporate superannuation on AMP platforms	**86,965**	**(179)**	**3,242**	**553**	**3,616**	**6,055**	**96,636**
External platforms	13,526	(490)	(701)	(144)	(1,335)	680	12,871
Total Australian wealth management	**100,491**	**(669)**	**2,541**	**409**	**2,281**	**6,735**	**109,507**
Australian wealth management – AMP SMSF[2]							
Assets under administration	16,516					2,378	18,894
Total AUM	**117,007**	**(669)**	**2,541**	**409**	**2,281**	**9,113**	**128,401**

Australian wealth management – AUM by asset class	FY 13	FY 14
Cash and fixed interest	30%	30%
Australian equities	35%	33%
International equities	24%	25%
Property	6%	6%
Other	5%	6%
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.

AMP Capital

Profit and loss (A$m)	FY 14	2H 14	1H 14	FY 13	% FY
Internal AUM based management fees	**221**	114	107	200	10.5
External AUM based management fees	**195**	100	95	184	6.0
Non-AUM based management fees	**60**	34	26	56	7.1
Performance and transaction fees	**36**	14	22	33	9.1
Fee income	**512**	262	250	473	8.2
Controllable costs	**(331)**	(171)	(160)	(318)	(4.1)
Tax expense	**(50)**	(25)	(25)	(43)	(16.3)
Operating earnings before net seed pool income	**131**	66	65	112	17.0
Net seed and sponsor capital income	**4**	2	2	5	(20.0)
Operating earnings including minority interests	**135**	68	67	117	15.4
Minority interests in operating earnings	**(20)**	(10)	(10)	(18)	(11.1)
Operating earnings	**115**	58	57	99	16.2
Underlying investment income	**4**	2	2	5	(20.0)
Underlying operating profit after income tax	**119**	60	59	104	14.4
Controllable costs					
Employee related	**204**	107	97	182	12.1
Investment operations and other	**110**	55	55	120	(8.3)
Total operating costs	**314**	162	152	302	4.0
Project costs	**17**	9	8	16	6.3
Total controllable costs	**331**	171	160	318	4.1
Ratios and other data					
Cost to income ratio	**63.0%**	63.5%	62.4%	65.2%	n/a
Controllable costs to average AUM (bps)[1]	**22.9**	23.3	22.5	23.8	n/a
AMP Capital staff numbers[2]	**957**	957	973	933	2.6
AUM (A$b)	**151.5**	151.5	144.4	140.2	8.1
Average AUM (A$b) – total[1]	**144.7**	146.9	142.4	133.8	8.1
Average AUM (A$b) – internal[1]	**101.6**	102.4	100.7	95.5	6.4
Average AUM (A$b) – external[1]	**43.1**	44.5	41.7	38.3	12.5
AUM based management fees to AUM (bps) – internal[1]	**21.8**	22.2	21.3	21.0	n/a
AUM based management fees to AUM (bps) – external[1]	**45.2**	45.0	45.5	48.0	n/a
Performance and transaction fees to AUM (bps)[1]	**2.5**	1.9	3.1	2.4	n/a
End period tangible capital resources – after transfers (A$m)[3]	**264**	264	254	234	12.8
RoBUE	**60.0%**	58.8%	61.3%	46.8%	n/a

1 Based on average of monthly average AUM.
2 FY 14 includes 235 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 16% growth in operating earnings, an improvement in total net cashflows of A$4.0b relative to FY 13 coupled with strong investment performance. Key operational highlights include:

- A$1.5b of net cashflows across a broadened product offering in Japan.
- The CLAMP joint venture with China Life successfully launched five new products in its first full year of operation and managed A$3.7b at the end of FY 14.
- Partnering with AMP's WM business to deliver three new MySuper investment options which have grown to around A$2.0b since becoming active on 1 January 2014.
- Strong investment performance with 86% of AUM meeting or exceeding client goals over three years to December 2014 and recognised as Fund Manager of the Year in the 2014 Professional Planner/Zenith Fund Awards.
- Over the period, AMP Capital saw a broad expansion in its global footprint, with 119 global pension clients now invested in AMP Capital products, up from 63 in FY 13.

Operating earnings

AMP group's 85% share of AMP Capital's FY 14 operating earnings was A$115m, up 16% from A$99m in FY 13. Despite flat Australian markets, AMP Capital's operating earnings increased as a result of strong positive operational leverage with 8% growth in fee income achieved with only 4% growth in controllable costs.

Fee income

Fee income increased A$39m (8%) in FY 14, driven primarily by a A$10.9b (8%) increase in average AUM with total AUM based management fees to AUM stable at 28.7 bps. Non-AUM based management fees and performance and transaction fees also contributed to growth, up A$4m (7%) and A$3m (9%) respectively.

Internal AUM based management fees grew A$21m (11%), largely from market driven growth in average AUM, as well as 0.8 bps margin improvement, as benefits through the business efficiency program reduced external fund manager costs on multi-manager funds. External AUM based management fees increased A$11m (6%), 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 as bond prices rose over the period as well as strong fixed income flows generated from offshore partnerships. While the CLAMP joint venture had strong cashflows and AUM growth over the period, it made a negligible contribution to earnings, reflecting the start-up phase of the business.

Non-AUM based management fees mainly comprise property asset management, development and leasing fees. Non-AUM based management fees were A$60m in FY 14, up A$4m (7%) from FY 13. AMP Capital's strong property development pipeline delivered a A$6m increase in fees from development, leasing and management fees relative to FY 13 which more than offset the A$3m of non-recurring advisory fees for services assisting the transition of the DUET management structure in FY 13.

FY 14 performance and transaction fees were A$36m, up A$3m (9%) from A$33m in FY 13. The increase in performance fees was driven by strong investment performance across a number of infrastructure funds, external equity mandates and private equity investments.

Controllable costs

Controllable costs increased by A$13m (4%) in FY 14 to A$331m from A$318m in FY 13. The increase in costs was driven by higher employee related costs, partially offset by lower operational costs. Higher employee costs reflect both higher staff numbers, particularly in relation to executing on the property development pipeline and supporting AMP Capital's growing offshore partnerships, and higher short-term incentive awards, reflecting stronger business and investment performance.

AMP Capital's cost to income ratio improved 2.2 percentage points from 65.2% in FY 13 to 63.0% in FY 14, within the guidance range of 60% to 65%.

Tax expense

AMP Capital's effective tax rate in FY 14 was 27.6% (FY 13 28.0%), 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 is designed to assist business growth by:

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

At FY 14, total sponsor capital holdings were A$70m, and there were no seed capital holdings. Seed capital is primarily debt funded while sponsor capital is funded by a mix of debt and equity.

Sponsor capital investments include a 4.9% stake in the Singapore Exchange listed AIMS AMP Capital Industrial REIT and a holding in AMP Capital's Infrastructure Debt Fund II. The FY 14 net seed and sponsor capital income of A$4m was primarily driven by valuation gains and distribution income on AIMS AMP Capital Industrial REIT, and realised gains on seed capital investments sold during the period, partially offset by debt funding costs.

Given the variable mix of short-term asset holdings and longer-term cornerstone investments, the seed and sponsor capital income 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 31 December 2014, 86% of assets under management met or exceeded client goals (up from 67% in December 2013).

The table on page 34 shows investment performance across all asset classes over various timeframes to 31 December 2014.

AMP Capital cont'd

Cashflows and AUM

Cashflows by asset class (A$m)	Cash inflows FY 14	Cash inflows FY 13	Cash inflows % FY	Cash outflows FY 14	Cash outflows FY 13	Cash outflows % FY	Net cashflows FY 14	Net cashflows FY 13	Net cashflows % FY
External									
Australian equities	886	1,665	(46.8)	(1,693)	(1,207)	(40.3)	(807)	458	n/a
International equities	1,831	1,319	38.8	(1,811)	(2,377)	23.8	20	(1,058)	n/a
Fixed interest	4,824	2,521	91.4	(2,921)	(3,628)	19.5	1,903	(1,107)	n/a
Infrastructure	1,211	1,344	(9.9)	(379)	(361)	(5.0)	832	983	(15.4)
Direct investments	-	-	n/a	(1)	(2)	(50.0)	(1)	(2)	50.0
Property	3,646	951	n/a	(1,874)	(1,305)	(43.6)	1,772	(354)	n/a
Alternative assets	8	44	(81.8)	(4)	(3)	(33.3)	4	41	(90.2)
Total external	**12,406**	**7,844**	58.2	**(8,683)**	**(8,883)**	2.3	**3,723**	**(1,039)**	n/a
Internal									
Australian equities	3,562	2,431	46.5	(4,965)	(3,440)	(44.3)	(1,403)	(1,009)	(39.0)
International equities	4,963	5,411	(8.3)	(5,503)	(6,201)	11.3	(540)	(790)	31.6
Fixed interest	10,012	11,495	(12.9)	(11,282)	(12,536)	10.0	(1,270)	(1,041)	(22.0)
Infrastructure	168	146	15.1	(187)	(164)	(14.0)	(19)	(18)	(5.6)
Direct investments	154	26	n/a	(104)	(57)	(82.5)	50	(31)	n/a
Property	249	336	(25.9)	(994)	(584)	(70.2)	(745)	(248)	n/a
Alternative assets	390	89	n/a	(322)	(88)	n/a	68	1	n/a
Total internal	**19,498**	**19,934**	(2.2)	**(23,357)**	**(23,070)**	(1.2)	**(3,859)**	**(3,136)**	(23.1)
Total	**31,904**	**27,778**	14.9	**(32,040)**	**(31,953)**	(0.3)	**(136)**	**(4,175)**	96.7

AUM by asset class (A$m)	FY 13	Net cashflows 1H 14	Net cashflows 2H 14	Investment returns and other[1]	FY 14	%
External						
Australian equities	4,602	(85)	(722)	(55)	3,740	8
International equities	7,393	12	8	1,372	8,785	20
Fixed interest	10,458	1,356	547	527	12,888	27
Infrastructure	4,704	246	586	205	5,741	12
Direct investments	19	-	(1)	-	18	-
Property[2]	13,065	109	1,663	704	15,541	33
Alternative assets[3]	107	4	-	60	171	-
Total external	**40,348**	**1,642**	**2,081**	**2,813**	**46,884**	**100**
Internal						
Australian equities	27,611	(1,109)	(294)	723	26,931	25
International equities	24,879	(525)	(15)	2,520	26,859	26
Fixed interest	39,753	131	(1,401)	4,368	42,851	41
Infrastructure	1,462	(38)	19	374	1,817	2
Direct investments	644	39	11	63	757	1
Property[2]	3,993	(153)	(592)	304	3,552	3
Alternative assets[3]	1,528	57	11	225	1,821	2
Total internal	**99,870**	**(1,598)**	**(2,261)**	**8,577**	**104,588**	**100**
Total						
Australian equities	32,213	(1,194)	(1,016)	668	30,671	20
International equities	32,272	(513)	(7)	3,892	35,644	24
Fixed interest	50,211	1,487	(854)	4,895	55,739	36
Infrastructure	6,166	208	605	579	7,558	5
Direct investments	663	39	10	63	775	1
Property[2]	17,058	(44)	1,071	1,008	19,093	13
Alternative assets[3]	1,635	61	11	285	1,992	1
Total	**140,218**	**44**	**(180)**	**11,390**	**151,472**	**100**
AUM by source of client (A$m)	**FY 13**				**FY 14**	**%**
Australia	113,552				120,188	79
New Zealand	17,327				18,247	12
Asia (including Middle East)	7,320				10,294	7
Rest of world	2,019				2,743	2
Total	**140,218**				**151,472**	**100**

1 Other includes distributions, taxes and foreign exchange movements.

2 Property AUM comprises Australian (A$16.1b), NZ (A$2.2b) and Global (A$0.8b) managed assets. Australian property AUM is invested in office (38%), retail (55%), 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$11.3b (8%) to A$151.5b in FY 14 despite flat Australian markets. AUM growth was supported by the ongoing internationalisation of AMP Capital with offshore partnerships and international asset management capability attracting significant external net cashflows and delivering strong investment returns.

External AUM increased by A$6.5b (16%) in FY 14 to A$46.9b, due to positive investment returns (+A$2.8b) and net cashflows (+A$3.7b). External net cashflows continued the positive trend from 1H 14 and were an improvement of A$4.8b compared to net cash outflows of A$1.0b in FY 13. FY 14 external net cash inflows were driven by Japanese retail and institutional clients including through the alliance with MUTB (+A$1.5b), Chinese retail and institutional clients through the CLAMP joint venture with China Life (+A$0.5b, reflecting AMP Capital's 15% share of the joint venture) and net cashflows from international (+A$0.9b) and domestic (+A$0.8b) clients primarily into the infrastructure and property capabilities.

During FY 14, AMP Capital worked in partnership with MUTB to increase and diversify the investment capabilities available to Japanese investors through the alliance. The alliance currently offers products covering Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate. At FY 14, AMP Capital's business alliance with MUTB had nine retail funds and four institutional funds in market with AUM of A$1.5b. In addition, MUTB has raised commitments of A$403m to date across a large number of Japanese institutional clients for AMP Capital's 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$7.1b on behalf of all Japanese retail and institutional clients.

During FY 14, the CLAMP joint venture launched five mutual funds, including money market, fixed interest and Chinese equities funds. At the end of its first full year of operations, the joint venture managed A$3.7b of AUM on behalf of Chinese retail and institutional investors. AMP Capital presents its 15% share of the joint venture's AUM and cashflows within the 'External' AUM and cashflow disclosures. 2H 14 net cashflows were impacted by the seasonal nature of money market fund flows in China with some institutional clients taking up very short-term money market offerings at the end of the year with strong flows returning post the FY 14 year end.

AMP Capital continued to attract new global pension fund clients, currently managing over A$4.7b on behalf of 119 global pension fund clients and A$13.0b on behalf of all international clients. At FY 14 approximately 28% of external AUM is managed on behalf of clients outside of Australia and New Zealand and 78% of FY 14 external net cashflows were generated from these clients.

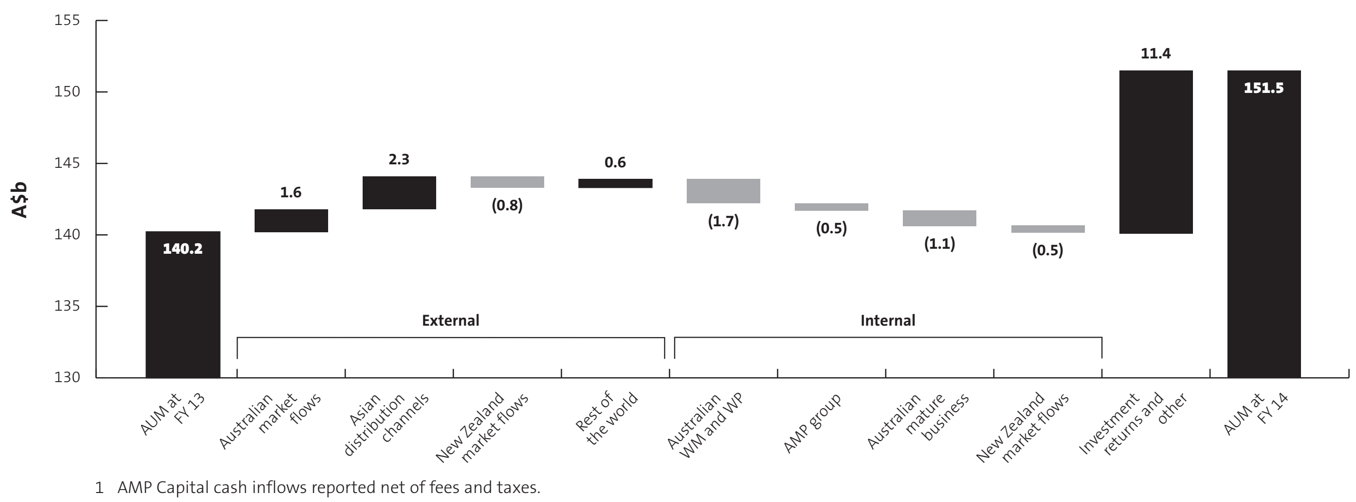
During FY 14, AMP Capital continued to increase its international distribution with the launch of two UCITS (Undertakings for Collective Investment in Transferable Securities) compliant funds, providing easier access to AMP Capital's global listed infrastructure and real estate funds for European and Asian investors. Domestically, AMP Capital opened its Corporate Bond Fund, Wholesale Australian Property Fund and Global Listed Infrastructure Funds to direct access for retail and SMSF investors, and also made six funds available through the Australian Securities Exchange's mFund service.

Internal AUM increased by A$4.7b in FY 14 to A$104.6b, due to strong investment returns (+A$8.6b), partially offset by negative net cashflows (-A$3.9b).

Internal net cashflows include AMP group payments such as dividend payments to shareholders and inflows/outflows from AMP's wealth management and mature products including products in run-off. Net cashflows from the WM and Australian 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. Whilst the strengthening of cashflows into the wealth management business' products and platforms helped improve AMP Capital's internal net cashflows during FY 14, this was offset by a one-off large redemption (-A$1.0b) related to NMLA's Mature AUM.

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. In 2014, AMP Capital's three new MySuper compliant investment options developed in partnership with the broader AMP group were activated. During FY 14, these investment options have grown to around A$2.0b in AUM. AMP Capital's outcome based funds such as the ipac Income Generator also proved successful in attracting significant cashflows through AMP wealth management's products and platforms, especially through North.

Movement in AUM by channel FY 13 to FY 14[1]



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

Australian wealth protection

Profit and loss (A$m)	FY 14	2H 14	1H 14	FY 13	% FY
Profit margins	**187**	99	88	199	(6.0)
Capitalised (losses)/reversals	**2**	2	-	(48)	n/a
Experience profits/(losses)	**(1)**	(4)	3	(87)	98.9
Operating earnings	**188**	97	91	64	193.8
Underlying investment income	**50**	25	25	47	6.4
Underlying operating profit after income tax	**238**	122	116	111	114.4
Ratios and other data					
RoBUE	**10.4%**	10.6%	10.2%	5.0%	n/a
End period tangible capital resources – after transfers (A$m)	**2,227**	2,227	2,200	2,221	0.3
VNB (3% dm) (A$m)	**124**	69	55	114	8.8
EV – after transfers (3% dm) (A$m)	**3,721**	3,721	3,533	3,371	10.4
Return on EV before transfers (3% dm)[1]	**18.1%**	8.5%	8.9%	(7.6%)	n/a
Individual risk API (A$m)	**1,498**	1,498	1,453	1,448	3.5
Group risk API (A$m)	**438**	438	368	366	19.7
Total WP cash inflows (A$m)	**1,822**	943	879	1,695	7.5
Total WP cash outflows (A$m)	**(895)**	(471)	(424)	(851)	(5.2)
Individual risk lapse rate	**14.4%**	14.8%	13.8%	14.8%	n/a
Profit margins/annual premium	**10.0%**	10.2%	9.9%	11.2%	n/a
Operating earnings/annual premium	**10.1%**	10.0%	10.1%	3.6%	n/a
Controllable costs (A$m)	**180**	88	92	185	(2.7)
Cost to income ratio	**34.6%**	33.6%	35.9%	53.8%	n/a
Controllable costs/annual premium	**9.7%**	9.1%	10.3%	10.4%	n/a

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

	3% dm	4% dm	5% dm
Australian wealth protection embedded value and value of new business (A$m)	**FY 14**	**FY 14**	**FY 14**
Embedded value as at FY 13	3,371	3,178	3,000
Expected return	235	253	269
Investment markets, bond yields and currency	181	152	129
Claim and persistency assumptions, product and other	71	82	89
Value of new business (VNB)	124	105	89
Net transfers out	(261)	(261)	(261)
Embedded value as at FY 14	**3,721**	**3,509**	**3,315**
Return on embedded value as at FY 14	18.1%	18.6%	19.2%

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

Operating earnings increased A$124m to A$188m in FY 14 from A$64m in FY 13 due to improved lapse and claims outcomes, growth in annual premium in-force (API) and lower controllable costs.

As outlined at the time of the FY 13 result, the best estimate assumptions anticipate claims levels reducing over time and lapse rates gradually reverting to levels approximately in line with FY 12 experience by FY 17.

Profit margins

Profit margins decreased by A$12m to A$187m in FY 14 from A$199m in FY 13 due to strengthening claims and lapse assumptions in FY 13 partially offset by pricing and volume growth. Profit margins as a percentage of average API were 10.0% in FY 14, down from 11.2% in FY 13. Increased pricing on some group risk business and more favourable business mix than anticipated has led to the improvement on previous profit margin guidance.

Given ongoing investment in WP and management actions targeted at driving value over volume in the short term, profit margin growth is expected to be limited in FY 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$2m capitalised loss reversal in FY 14.

Future reversals of capitalised losses can be driven by pricing increases, changes in claims and lapse assumptions, reductions in unit costs and growth in profitable business. The net capitalised loss position of the NMLA income protection book at 31 December 2014 was A$78m post-tax.

Experience

The WP business recorded experience losses of A$1m in FY 14, compared with experience losses of A$87m in FY 13. The experience outcomes comprised:

– claims profits of A$22m (FY 13 A$2m losses) from retail income protection insurance
– claims losses of A$15m (FY 13 A$10m losses) from retail lump sum insurance
– lapse profits of A$9m (FY 13 A$33m losses) from all retail insurance
– group risk claims losses of A$18m (FY 13 A$37m losses), and
– other experience profits of A$1m (FY 13 A$5m losses).

The improved claims experience from retail income protection insurance reflects both the strengthened best estimate assumptions and the positive outcomes from management actions.

Claims experience on retail lump sum business was driven primarily by high value term life claims with volatility across various portfolios.

Lapse experience profits on retail insurance in FY 14 were generated across both income protection and lump sum products, reflecting both the strengthened best estimate assumptions and the positive outcomes from management actions.

Group risk experience performed broadly in line with guidance provided at the FY 13 result. Repricing was implemented which delivered improved group risk experience outcomes in 2H 14.

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 which drove improvement in income protection claims outcomes included 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 FY 15 as well as expanding to individual lump sum and group risk business claims where appropriate.

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$45m (3.1%) to A$1.49b at FY 14 from A$1.45b at 1H 14, reflecting net new business and the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies. In FY 14, 45% of in-force and 66% of new business was written within superannuation.

FY 14 individual risk API comprised lump sum insurance (72%) and income protection (28%). Lump sum insurance was 62% term life and 38% disability (trauma and TPD).

Group risk API increased 20% to A$438m in FY 14 from A$366m in FY 13, primarily the result of price increases.

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

FY 14 lapse rates were 14.4%, 0.4 percentage points better than in FY 13 and approximately 1 percentage point better than FY 14 best estimate assumptions.

The FY 15 best estimate lapse assumption is around the level of the 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$180m in FY 14, down A$5m (3%) from FY 13, reflecting synergies from the merger with AXA in 2011, business efficiency program benefits as well as a lower allocation of group overheads partially offset by investments in new systems and processes.

The cost to income ratio improved 19.2 percentage points to 34.6% in FY 14 from FY 13, primarily reflecting improved experience.

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

FY 14 EV increased by 18.1% before transfers at the 3% discount margin to A$3,982m.

The increase in EV was the result of a decline in bond yields, additional new business and improved current experience.

FY 14 VNB increased A$10m to A$124m from FY 13 largely due to repricing within the group risk portfolio partly offset by lower retail sales volumes.

AMP Bank

Profit and loss (A$m)	FY 14	2H 14	1H 14	FY 13	% FY
Net interest income	**236**	125	111	209	12.9
Fee and other income[1]	**10**	5	5	10	-
Total revenue	**246**	130	116	219	12.3
Bank variable costs	**(60)**	(30)	(30)	(51)	(17.6)
Controllable costs	**(56)**	(30)	(26)	(50)	(12.0)
Tax expense	**(39)**	(21)	(18)	(35)	(11.4)
Operating profit after income tax	**91**	49	42	83	9.6
Ratios and other data					
Return on capital	**15.2%**	15.9%	14.5%	15.8%	n/a
Total capital resources (A$m)	**636**	636	597	565	12.6
Capital Adequacy Ratio	**12.2%**	12.2%	12.0%	11.8%	n/a
Common Equity Tier 1 Capital Ratio	**9.3%**	9.3%	9.0%	8.7%	n/a
Net Interest Margin (over average interest earning assets)	**1.41%**	1.46%	1.35%	1.39%	n/a
Mortgages new business – AMP aligned channel %	**25%**	27%	23%	19%	n/a
Total loans (A$m)	**14,491**	14,491	13,966	13,322	8.8
Residential mortgages (A$m)	**13,973**	13,973	13,486	12,856	8.7
Practice finance loans to AMP aligned advisers (A$m)	**518**	518	480	466	11.2
Mortgages – existing business weighted average loan to value ratio (LVR)	**67%**	67%	67%	67%	n/a
Mortgages – 90+ days in arrears	**0.42%**	0.42%	0.44%	0.37%	n/a
Total deposits (A$m)	**9,244**	9,244	8,889	8,741	5.8
Deposit to loan ratio	**64%**	64%	64%	66%	n/a
Loan impairment expense to average gross loans and advances	**0.01%**	0.00%	0.02%	0.02%	n/a
Total loan provisions to gross loans and advances	**0.03%**	0.03%	0.03%	0.03%	n/a
Cost to income ratio	**30.3%**	30.0%	30.6%	29.6%	n/a

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

	Deposits (Supercash, Super TDs and Platform TDs)		Deposits (retail)		Loans	
Movement in deposits and loans (A$m)	**FY 14**	**FY 13**	**FY 14**	**FY 13**	**FY 14**	**FY 13**
Balance at beginning of period	4,450	4,729	4,291	3,886	13,322	12,384
Net movement	(134)	(279)	637	405	1,169	938
Balance at end of period	**4,316**	**4,450**	**4,928**	**4,291**	**14,491**	**13,322**
% FY 14/FY 13	(3.0%)		14.8%		8.8%	

AMP Bank funding composition (A$b)	2H 14		1H 14		FY 13	
Customer deposits	9.2	54%	8.9	54%	8.7	53%
Securitisation	4.2	24%	4.0	24%	3.9	24%
Wholesale funding	3.0	17%	2.9	17%	3.1	18%
Subordinated debt	0.2	1%	0.2	1%	0.2	1%
Equity and reserves	0.6	4%	0.6	4%	0.6	4%
Total funding	**17.2**	**100%**	**16.6**	**100%**	**16.5**	**100%**

AMP Bank cont'd

Business overview

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

The strategy of AMP Bank is to support the achievement of AMP group's strategic objectives. This will be delivered by leveraging synergies with AMP group. In aligning to the AMP group strategic direction, AMP Bank's aspiration and priorities are to:

- deliver compelling customer-centric banking propositions to AMP group target customer segments
- make banking easier for customers by investing in technology and service excellence
- drive growth through AMP Bank's privileged 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 profit after income tax

Operating profits increased A$8m (10%) to A$91m in FY 14 from A$83m in FY 13.

Total revenue increased 12% in FY 14 on FY 13, driven mainly by growth in the loan portfolio and improved net interest margin. Net interest margin was 1.41% for FY 14, up 2 bps from FY 13 and up 6 bps from 1H 14, aided by improved cost of wholesale funding during the period, targeted use of discounting and enhanced liquidity management.

AMP Bank's return on capital was 15.2% for the full year, compared with 15.8% in FY 13, impacted by higher average capital held.

Lending growth

AMP Bank maintained a competitive lending position, with the total loan book growing by A$1,169m to A$14.5b in FY 14, an increase of 8.8% on FY 13.

Residential mortgage competition remained intense in the period, with continued market-wide discounting. AMP Bank's focus on pricing enhancements and productivity from key channels, contributed to deliver above system residential mortgage book growth of A$1,117m (9%) in FY 14 to A$14.0b. Strong growth was delivered through both the broker and AMP aligned adviser channels. The AMP aligned adviser channel now contributes 25% of AMP Bank's mortgage new business, up from 19% in FY 13.

Management targets lending growth at or above system, subject to funding, return on capital hurdles and credit quality targets being met.

Owner occupied loans made up 62% of the mortgage portfolio at 31 December 2014, while investment property loans were 38%.[1]

Practice finance loans grew A$52m (11%) in FY 14 to A$518m, despite uncertainty regarding FOFA legislation during the year. The practice finance loan portfolio reflects AMP Bank's commitment to supporting the growth and development of the financial advice businesses of the AMP group.

AMP Bank's credit policy remains conservative and has not been relaxed to achieve growth. Asset quality remains strong, with mortgages in arrears (90+ days) at 0.42% as at December 2014 (0.37% as at December 2013). Loan impairment expense to gross loans and advances was 0.01% in FY 14.

Variable and controllable costs

AMP Bank's variable costs increased by A$9m (18%) in FY 14, largely attributable to higher commission payments, mortgage acquisition and securitisation financing costs.

AMP Bank's controllable costs increased A$6m (12%) to A$56m in FY 14, from A$50m in FY 13, due to investments in technology, product development and operating capability to support the growth in lending 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 increased by 0.7 percentage points to 30.3% in FY 14 from 29.6% in FY 13.

Funding, liquidity and capital management

AMP Bank maintains a diversified funding base and conservative liquidity profile. Total debt and equity funding was A$17.2b at FY 14 (A$16.5b at FY 13).

The growth in FY 14 mortgages was largely funded through a combination of residential mortgage backed securities (RMBS) and customer deposits.

Customer deposits increased over FY 14 by A$0.5b (6%) to A$9.2b. The deposit growth was primarily driven by AMP Bank's Notice Saver Account and the North Platform, offset by a reduction in both term deposits and deposits sourced from financial institutions. Customer deposit to loan ratio was 64% for FY 14, compared with 66% for FY 13.

In addition to managing the deposit mix, AMP Bank increased its high quality liquid assets (HQLA) as part of complying with the Basel III Liquidity Coverage Ratio (LCR) requirements which came into effect from 1 January 2015. AMP Bank fully complies with these new standards.

The Capital Adequacy Ratio (CAR) was 12.2% at FY 14, (11.8% at FY 13). The Common Equity Tier 1 Capital Ratio at FY 14 was 9.3% (8.7% at FY 13). Both ratios remain well above APRA and internal thresholds. AMP Bank is building its capital holdings to ensure compliance with Basel III capital requirements upon implementation in 2016.

1 The methodology used to determine the loan type was reviewed during 2H 14 to reflect customer's intention for each loan facility. Under the revised methodology, owner occupied loans were 65% of the mortgage portfolio at 31 December 2013, and investment property loans were 35%.

New Zealand financial services

Profit and loss (A$m)	**FY 14**	**2H 14**	**1H 14**	**FY 13**	**% FY**
Profit margins	**88**	42	46	79	11.4
Transitional tax relief[1]	**19**	9	10	19	-
Experience profits/(losses)	**3**	4	(1)	(1)	n/a
Operating earnings[2]	**110**	55	55	97	13.4
Underlying investment income	**19**	10	9	14	35.7
Underlying operating profit after income tax	**129**	65	64	111	16.2
Ratios and other data					
RoBUE	**16.9%**	17.1%	16.9%	17.4%	n/a
End period tangible capital resources – after transfers (A$m)	**758**	758	734	747	(0.1)
VNB (3% dm) (A$m)	**2**	-	2	3	(33.3)
EV – after transfers (3% dm) (A$m)	**1,434**	1,434	1,383	1,396	2.7
Return on EV before transfers (3% dm) (A$m)[3]	**14.7%**	9.2%	5.0%	26.8%	n/a
Individual risk API (A$m)	**285**	285	279	277	2.9
Individual risk API (NZ$m)	**298**	298	301	301	(1.0)
Group risk API (A$m)	**41**	41	37	36	13.9
Group risk API (NZ$m)	**43**	43	40	39	10.3
Individual risk lapse rate	**13.7%**	14.1%	13.3%	12.8%	n/a
Controllable costs (A$m)	**87**	46	41	87	-
Cost to income ratio	**32.6%**	33.5%	31.6%	36.0%	n/a
Controllable costs/annual premium[4]	**27.7%**	29.3%	26.1%	30.1%	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 FY 14 was NZ$120m (FY 13 NZ$115m).

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

4 Based on monthly individual and group risk API.

	Kiwisaver		**Other[1]**		**Total**	
Cashflows and movements in AUM (A$m)	**FY 14**	**FY 13**	**FY 14**	**FY 13**	**FY 14**	**FY 13**
AUM at beginning of period	2,633	1,908	9,568	8,397	12,201	10,305
Cash inflows	627	497	1,352	731	1,979	1,228
Cash outflows	(284)	(254)	(1,425)	(894)	(1,709)	(1,148)
Net cashflow	**343**	**243**	**(73)**	**(163)**	**270**	**80**
Other movements in AUM	309	482	814	1,334	1,123	1,816
AUM at end of period	**3,285**	**2,633**	**10,309**	**9,568**	**13,594**	**12,201**
Composition of net cashflows by product						
Superannuation	343	243	(72)	(14)	271	229
Pension	-	-	(4)	(4)	(4)	(4)
Investment	-	-	(35)	(167)	(35)	(167)
Other	-	-	38	22	38	22

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

	3% dm	**4% dm**	**5% dm**
New Zealand financial services embedded value and value of new business (A$m)	**FY 14**	**FY 14**	**FY 14**
Embedded value as at FY 13	1,396	1,318	1,254
Expected return	111	118	125
Investment markets, bond yields and currency	77	63	50
Claim and persistency assumptions, product and other	15	21	25
Value of new business (VNB)	2	-	(2)
Net transfers out	(167)	(167)	(167)
Embedded value as at FY 14	**1,434**	**1,353**	**1,285**
Return on embedded value as at FY 14	14.7%	15.3%	15.8%

New Zealand financial services cont'd

Business overview

New Zealand financial services provides tailored financial products and solutions to New Zealanders through a network of financial advisers. New Zealand financial services 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. KiwiSaver is the key growth engine for the wealth management business.

In FY 14, New Zealand financial services was reconfirmed as a KiwiSaver default provider for a further seven years. New Zealand financial services was the third largest KiwiSaver provider with 13.9% of the total KiwiSaver market as at September 2014 and had approximately 250,000 KiwiSaver customers and A$3.3b in AUM, an increase of 25% from FY 13.

New Zealand financial services' key priorities to grow shareholder value are:
– deepening customer relationships
– delivering innovative propositions to customers, advisers and employers
– evolving advice and distribution capability
– taking a value based approach to pricing and commissions
– maximising cost efficiency.

To offset the future impact on operating earnings of changes to the taxation of life insurance business in New Zealand, which will impact the business from 1 July 2015, New Zealand financial services continues to progressively grow its revenue base, closely manage costs and evolve 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 New Zealand financial services business.

Operating earnings

Operating earnings increased by A$13m (13%) to A$110m in FY 14 from FY 13 as a result of favourable currency movements, experience profits and growth in profit margins. The 8% average depreciation of the A$ against the NZ$ in FY 14 from FY 13 accounted for A$8m of the A$13m increase in operating earnings.

Profit margins

FY 14 profit margins (excluding transitional tax relief) increased by A$9m (11%) to A$88m from FY 13 due to growth in AUM, lower controllable costs and favourable currency movements.

2H 14 profit margins reduced by A$4m from 1H 14 to A$42m reflecting the timing of project spend and reduced pricing on AMP's KiwiSaver.

Experience profits

FY 14 experience profits were A$3m, an improvement of A$4m against FY 13 experience losses of A$1m.

FY 14 improved experience over FY 13 reflected overall improved claims management and tax adjustments, partially offset by increased lapses.

Controllable costs

FY 14 controllable costs were flat compared to FY 13. In NZ$ terms, FY 14 controllable costs decreased by NZ$8m (8%) from FY 13, reflecting continued focus on cost control including reduced employment costs following the 2013 business reorganisation and product rationalisation.

The cost to income ratio improved by 3.4 percentage points to 32.6% from FY 13 as a result of higher earnings and flat costs (in A$).

Annual premium in-force (API)

In NZ$ terms, total API increased NZ$1m to NZ$341m. The small increase in NZ$ API reflected subdued new business sales as New Zealand financial services has focused on margin management ahead of the changes to life insurance taxation. In A$ terms, total API increased A$12m to A$326m largely due to the A$ depreciation.

Individual risk API increased by A$8m (3%) to A$285m in FY 14 from FY 13. In NZ dollar terms, individual risk API decreased NZ$3m (1%) in FY 14 to NZ$298m.

Group risk API increased by A$5m (14%) to A$41m in FY 14 from FY 13. In NZ dollar terms, Group risk API increased NZ$4m (10%) in FY 14 to NZ$43m.

Lapse rates

FY 14 lapse rates were 13.7%, 0.9 percentage points higher than FY 13, largely the result of a highly competitive market. There continues to be strong focus and further investment in retention activities. New Zealand financial services' products continue to be well rated within industry surveys.

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

FY 14 EV increased 14.7% (in A$) before transfers at the 3% discount margin to A$1,601m. Other than the expected return, the increase in EV was primarily due to the impact of currency movements, and lower bond yields, partially offset by fee changes on KiwiSaver from 1 July 2014. FY 14 VNB of A$2m decreased by A$1m from FY 13.

New Zealand financial services cashflows and AUM

FY 14 New Zealand financial services' net cashflows increased by A$190m to A$270m from FY 13.

Cashflows reflect both the transfer of new advisers and their clients on to New Zealand financial services' platforms and an increase in KiwiSaver flows.

FY 14 KiwiSaver net cashflows increased by A$100m (41%) to A$343m from FY 13. The increase was driven by favourable exchange rate movements, the increase in the rate of mandated employer contributions from 2% to 3% on 1 April 2013 and competitive product features.

Australian mature

Profit and loss (A$m)	**FY 14**	**2H 14**	**1H 14**	**FY 13**	**% FY**
Profit margins	**168**	82	86	177	(5.1)
Experience profits/(losses)	**6**	5	1	1	n/a
Operating earnings	**174**	87	87	178	(2.2)
Underlying investment income	**18**	9	9	20	(10.0)
Underlying operating profit after income tax	**192**	96	96	198	(3.0)

Ratios and other data					
RoBUE	**40.9%**	40.9%	41.0%	39.5%	n/a
End period tangible capital resources – after transfers (A$m)	**425**	425	441	447	(4.9)
VNB (3% dm) (A$m)	**12**	7	5	11	9.1
EV – after transfers (3% dm) (A$m)	**2,045**	2,045	1,991	2,042	0.1
Return on EV before transfers (3% dm)[1]	**12.4%**	9.3%	2.8%	20.6%	n/a
Profit margins to AUM (bps)[2]	**75**	73	78	78	(3.8)
Persistency	**89.2%**	88.8%	89.7%	89.6%	n/a
Controllable costs (A$m)	**60**	30	30	62	(3.2)
Cost to income ratio	**18.0%**	18.0%	17.7%	18.2%	n/a
Controllable costs to AUM (bps)[2]	**27**	27	27	27	-

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

Cashflows and movements in AUM (A$m)	**FY 14**	**FY 13**
AUM at beginning of period	22,547	23,029
Cash inflows	697	616
Cash outflows	(2,427)	(2,387)
Net cashflow	**(1,730)**	**(1,771)**
Other movements in AUM	1,447	1,289
AUM at end of period	**22,264**	**22,547**

Composition of net cashflows by product		
Superannuation	(896)	(861)
Pension	(225)	(243)
Investment	(101)	(122)
Other	(508)	(545)

	3% dm	**4% dm**	**5% dm**
Australian mature embedded value and value of new business (A$m)	**FY 14**	**FY 14**	**FY 14**
Embedded value as at FY 13	2,042	1,943	1,856
Expected return	142	155	166
Investment markets, bond yields and currency	12	4	(3)
Claim and persistency assumptions, product and other	87	75	68
Value of new business (VNB)	12	11	10
Net transfers out	(250)	(250)	(250)
Embedded value as at FY 14	**2,045**	**1,938**	**1,847**
Return on embedded value as at FY 14	12.4%	12.6%	13.0%

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 (75%) and market linked products (25%).

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$4m to A$174m in FY 14 from A$178m in FY 13. Operating earnings were impacted by:
- expected portfolio run-off (-A$11m)

offset by
- lower controllable costs (A$2m)
- experience profits (A$5m, including A$3m of mortality profits).

AUM

FY 14 Australian mature AUM was A$22.3b, down from A$22.5b in FY 13 due to the natural run-off of the business, partly offset by investment gains primarily on fixed income assets and international equities.

Australian mature net cash outflows decreased by A$41m to A$1.7b driven by higher inflows into the open ERF and lower run-off of the book. Cash inflows and outflows include higher internal flows across mature products.

FY 14 persistency declined 0.4 percentage points to 89.2% from 89.6% in FY 13.

Controllable costs

Controllable costs decreased A$2m to A$60m in FY 14, driven by reduced share of overheads reflecting the run-off of the book.

Controllable costs to AUM were stable at 27 bps in FY 14.

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

FY 14 EV increased 12.4% before transfers at the 3% discount margin to A$2,295m. The growth in EV was driven by the expected return and minor refinements of methodology across the life companies.

FY 14 VNB of A$12m was A$1m higher than in FY 13, primarily due to higher volumes in ERF.

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 struck over 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 New Zealand financial services). AMP uses derivative strategies to provide protection from equity market declines. As at 31 December 2014, AMP had in place derivative strategies against the A$5.9b of equities held across the three Statutory Funds:
- 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.

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

The shareholder bears 20% of the cost when tactical derivative protection is used. In FY 14, the impact of this was immaterial.

Group Office

A$m	FY 14	2H 14	1H 14	FY 13	% FY
Group Office costs not recovered from business units	**(62)**	(30)	(32)	(62)	-
Underlying investment income on Group Office capital	**22**	7	15	28	(21.4)
Interest expense on corporate debt	**(77)**	(35)	(42)	(75)	(2.7)
Other items	**7**	10	(3)	(2)	n/a
AXA integration costs	**(20)**	(9)	(11)	(57)	64.9
Business efficiency program costs	**(100)**	(51)	(49)	(39)	(156.4)
Amortisation of AXA acquired intangible assets	**(89)**	(45)	(44)	(91)	2.2
Market adjustment – investment income	**42**	34	8	2	n/a
Market adjustment – annuity fair value	**6**	-	6	27	(77.8)
Market adjustment – risk products	**11**	15	(4)	(5)	n/a
Accounting mismatches	**(18)**	13	(31)	(12)	(50.0)
Interest expense summary					
Average volume of corporate debt	**1,715**	1,530	1,899	1,664	
Weighted average cost of corporate debt	**6.41%**	6.54%	6.32%	6.44%	
Tax rate	**30%**	30%	30%	30%	
Interest expense on corporate debt[1]	**77**	35	42	75	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**291**	291	216	196	
Staff numbers	**1,021**	1,021	1,140	1,268	(19.5)

1 Includes fees associated with undrawn liquidity facilities.

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the final dividend (80%), the balance of franking credits will be A$154m.

Group Office costs not recovered from business units

FY 14 Group Office costs not recovered from business units were A$62m, in line with FY 13, reflecting business efficiency program cost benefits and the remaining benefits of integration synergies offset by underlying cost growth. 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$22m in FY 14, down from A$28m in FY 13, reflecting lower average levels of Group Office capital post the redemption of AMP Notes in May 2014 and repayment of A$250m of the corporate syndicated loan in August 2014. Underlying investment income reflects assumed after-tax returns of 3% (FY 13 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 will be reported through underlying investment income in Group Office capital.

Interest expense on corporate debt

FY 14 interest expense on corporate debt was A$77m, up from A$75m in FY 13. 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 instrument (A$266m) on 15 May 2014. AMP also repaid A$250m of the corporate syndicated loan in August 2014. For further information on corporate debt, refer to page 28.

Other items

FY 14 other items were A$7m (FY 13 -A$2m).

Other items include one-off and non-recurring revenues and costs. In FY 14, other items included a one-off tax benefit associated with the recognition of prior period capital losses. This was partly offset by one-off costs in respect of implementing regulatory change, including Stronger Super and FOFA as well as transaction costs associated with AMP's acquisition of a 19.99% stake in CLPC.

AXA integration costs

FY 14 AXA integration costs were A$20m (FY 13 A$57m) and are related to the integration of AXA following the merger. Total integration costs over the course of the program of A$310m (post-tax) are in line with guidance. No further integration costs are expected to be incurred.

During 2014, AMP realised the full targeted run rate synergies as a result of the merger with AXA of A$150m (post-tax) per annum.

Group Office cont'd

Business efficiency program costs

During FY 14, AMP continued to deliver on the three year business efficiency program, which is targeting recurring cost savings of A$200m (pre-tax) per annum (80% controllable costs and 20% variable costs). The estimated one-off cost of implementation is A$320m (pre-tax) or A$224m on a post-tax basis. During FY 14, costs incurred were A$100m post-tax. The expected pattern of post-tax expenditure over the remainder of the program is FY 15 A$63m and FY 16 A$22m.

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 and the value of acquired software.

AXA intangible assets are required to be amortised over their expected useful life; goodwill is not required to be amortised. The amortised balance of AXA acquired intangibles as at FY 14 was A$0.9b.

FY 14 amortisation of AXA acquired intangible assets was A$89m. 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 FY 14 market adjustment – investment income was A$42m, primarily reflecting valuation gains on fixed income assets and domestic and international equities. These gains were partially offset by the shortfall in actual shareholder investment income relative to underlying investment income due to low short-term interest rates relative to the long-term assumed earning rate of 3.0% post-tax.

Market adjustment – annuity fair value

FY 14 market adjustment – annuity fair value was A$6m (FY 13 A$27m), primarily driven by the impact of movements in credit spreads which narrowed over the course of FY 14.

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 FY 14 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 (44%) and corporate bonds (48%). The average duration of the portfolio is six years. The portfolio credit rating composition is AAA (39%), AA (32%), A (25%) and BBB (4%). Corporate bond exposures are AAA (3%), AA (35%), A (54%) and BBB (8%).

Market adjustment – risk products

FY 14 market adjustment – risk products was A$11m (FY 13 -A$5m) due to decreasing bond yields and changes in yield curves.

Market adjustment – risk products relates to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities. Under Australian accounting standards, life insurance business is accounted for using Margin on Services (MoS).

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. MoS involves projecting future cashflows (premiums, benefits and costs after allowing for inflation), and discounting future cashflows to their present value using the appropriate risk-free discount rate. Changes to market related economic assumptions affect policyholder liabilities and current year profit. The impact of movements in bond yields can vary from period to period depending on the level of claims reserves. For information on changes in market economic assumptions in FY 14, refer to page 32.

Accounting mismatches

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

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

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (FY 14 -A$46m, FY 13 +A$3m)
- owner-occupied properties (FY 14 -A$1m, FY 13 -A$2m)
- investments in controlled entities (FY 14 +A$25m, FY 13 -A$5m)
- superannuation products invested with AMP Bank (FY 14 +A$4m, FY 13 -A$8m).

Capital management

31 December 2014

A$m	Total AMP group[1]	AMP Life[2,3]	NMLA[2]	AMP Bank	AMP Capital	Group Office[3]	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

31 December 2013

A$m	Total AMP group[1]	AMP Life[2]	NMLA[2]	AMP Bank	AMP Capital	Group Office	Other
Total capital resources[4]	**10,128**	2,615	1,417	565	417	1,998	3,116
Intangibles[5]	**(3,857)**	(517)	-	(54)	(216)	(313)	(2,757)
Tangible capital resources	**6,271**	2,098	1,417	511	201	1,685	359
Senior debt[6]	**(700)**					(700)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(300)**					(300)	
Other deductions[8]	**(1,573)**	(780)	(764)	(22)	-	(7)	-
Regulatory capital resources	**3,698**	1,318	653	489	201	678	359
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,618**	736	368	340	57	-	117
Shareholder regulatory capital resources above MRR	**2,080**	582	285	149	144	678	242

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. This is in line with the recognition of AMP's 19.99% share of CLPC's net profit through Group Office from January 2015.

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 AMP issued A$325m AMP Notes 2, of which A$310m is not recognised as regulatory capital of AMP group for APRA purposes, and the remaining A$15m is subject to transitional arrangements.

8 Other deductions include LAGIC regulatory adjustments and AMP Bank securitisation deductions.

9 A$300m of AMP Notes 2 was lent to AMP Life and NMLA. These instruments are recognised as Tier 2 regulatory capital within those businesses. For the purposes of determining AMP group capital, this is recognised as a reduction in MRR, subject to Tier 2 limits. At 31 December 2014, A$263m of this contributed to meeting the regulatory capital requirements of 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 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 31 December 2014, shareholder regulatory capital resources above MRR were A$1,987m (A$2,080m at 31 December 2013), representing a ratio of 2.2x MRR (compared to 2.3x MRR at 31 December 2013).

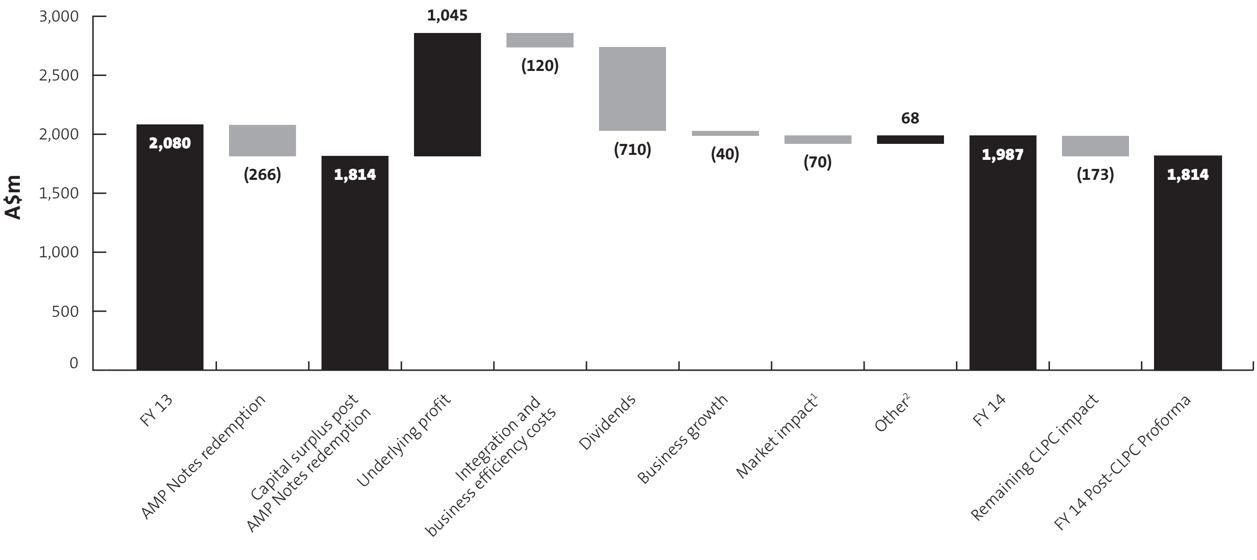
In May 2014, AMP redeemed the remaining AMP Notes as planned, which reduced shareholder regulatory capital resources by A$266m.

The decrease in shareholder regulatory capital resources above MRR was driven by the redemption of AMP Notes and the impact of falling bond yields, partially offset by retained profits and other capital impacts related to LAGIC tax adjustments.

At 31 December 2014, USD deposits were held in preparation for settlement of the investment in CLPC, which was awaiting regulatory approvals. The net impact at 31 December 2014, after allowance for hedging, was a A$15m reduction in shareholder regulatory capital resources above MRR. Regulatory approvals have now been received and the investment was settled in January 2015. Consequently, shareholder regulatory capital resources above MRR reduced by a further A$173m post 31 December 2014 to A$1,814m, a ratio of 2.1x MRR. This total reduction of A$188m is marginally higher than the estimate provided at the time the transaction was announced in October 2014.

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life and NMLA were A$2,153m at 31 December 2014 (A$2,049m at 31 December 2013).

Movement from FY 13 to FY 14 regulatory capital resources above MRR



1 Includes the impact of actuarial losses on defined benefit funds and the market impact on the life companies.

2 Includes the impact of movements in LAGIC 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 N.M. Superannuation Proprietary 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 relating to the subordinated debt held at a group level issued prior to 1 January 2013 continue to be 100 per cent recognised as eligible capital until the earlier of each relevant instrument's first call date or March 2016. The A$25m of AMP Notes 2 that were used for the refinancing of AMP Notes and that were not loaned to AMP Life or NMLA will cease to be eligible for transition during 2015 (A$10m in 2014 and A$15m in 2015).

Capital target

AMP Limited, AMP Life, NMLA and AMP Bank have Board approved minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Within the life insurance businesses, the capital targets above Board minimums have been set to a less than 10% probability of capital resources falling below the Board minimum over a 12 month period. Capital targets are also set for AMP Capital to cover risk associated with seed and sponsor capital investments and operational risk. Other components of AMP group's capital targets include amounts relating to Group Office investments, defined benefit funds and other operational risks.

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

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

Final 2014 dividend

AMP's final 2014 dividend is 13.5 cents per share, franked to 80%. This represents a full year 2014 dividend payout ratio of 74% of underlying profit. AMP will continue to offer the DRP to eligible shareholders. For the 2014 final dividend no discount will apply to the DRP allocation price. AMP intends to neutralise the impact of the DRP by acquiring shares on-market to satisfy any entitlements under the DRP.

Nominal versus effective exposure

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

Management of market risks in the shareholder funds

Total shareholder funds (A$5,470m) comprise direct shareholder funds (A$4,954m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$516m) that are invested in the same asset mix as participating policyholder funds. The investment of shareholder funds provides management with the ability to manage the overall market risk within AMP. Changes are made to the asset mix of shareholder funds to achieve the desired level of overall market risk exposure across AMP. At 31 December 2014, 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 80% in government exposures and 20% in corporate exposures. Corporate exposures are invested in AAA (16%), AA (55%), A (22%), BBB (7%) 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, and is similar to a loan from shareholder capital to the wealth protection business (for both Australia and 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.

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 2014 was 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 2014. These rates will also apply for 2015.

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)	31 December 2014	31 December 2013
Contributed equity	**9,508**	9,602
Equity contribution reserve	**1,019**	1,019
Other reserves	**678**	593
Retained earnings	**566**	461
Demerger loss reserve	**(3,585)**	(3,585)
Total equity of shareholders of AMP Limited	**8,186**	8,090
Accounting mismatches, cashflow hedge reserve and other adjustments	**160**	64
AMP shareholder equity	**8,346**	8,154
Less: intangibles[1]	**(3,844)**	(3,857)
Less: other deductions[2]	**(1,550)**	(1,573)
Common Equity Tier 1 Capital	**2,952**	2,724
Total subordinated debt	**1,008**	1,274
Subordinated debt not eligible as regulatory capital in AMP group[3]	**(310)**	(300)
Total regulatory capital resources	**3,650**	3,698

Total capital resources by asset class (A$m)	31 December 2014	31 December 2013
International equities[4]	**123**	38
Australian equities	**79**	104
Property	**335**	329
International fixed interest	**138**	64
Australian fixed interest	**236**	368
Cash[5]	**2,315**	2,290
Implicit DAC	**2,244**	2,271
Total shareholder funds	**5,470**	5,464
Other[6]	**490**	807
Tangible capital resources	**5,960**	6,271
Intangibles	**3,844**	3,857
Total capital resources	**9,804**	10,128

1 Refer to page 37 for definition of intangibles.

2 Other deductions include LAGIC regulatory adjustments and AMP Bank securitisation deductions.

3 A$300m of AMP Notes 2 were lent to AMP Life and NMLA. These instruments are recognised as Tier 2 regulatory capital within those businesses although for the purposes of determining AMP group capital, this is a reduction in MRR, subject to Tier 2 limits.

4 As at 31 December 2014, no hedges were in place for these international equities (for December 2013, A$98m of international equities less A$60m in relation to hedges).

5 Cash includes cash balances held as bank deposits, short-term fixed interest securities and floating rate securities.

6 Other includes tangible capital resources of AMP Bank A$571m, A$70m of seed and sponsor capital assets less A$151m of other assets and liabilities.

Debt overview

A$m	31 December 2014 Corporate debt	AMP Bank[1]	Total	31 December 2013 Corporate debt	AMP Bank[1]	Total
Subordinated bonds/notes	83	-	**83**	83	-	**83**
AMP Notes[2]	-	-	**-**	266	-	**266**
AMP Notes 2[3]	325	-	**325**	325	-	**325**
AXA subordinated notes	600	-	**600**	600	-	**600**
AMP Bank subordinated debt	-	150	**150**	-	150	**150**
Total subordinated debt	1,008	150	**1,158**	1,274	150	**1,424**
Commercial paper, NCDs and repos	-	1,355	**1,355**	-	1,387	**1,387**
Domestic medium-term notes	200	1,650	**1,850**	200	1,705	**1,905**
Drawn syndicated loan	250	-	**250**	500	-	**500**
Total senior debt	450	3,005	**3,455**	700	3,092	**3,792**
Deposits[4]	-	9,244	**9,244**	-	8,741	**8,741**
Total debt	1,458	12,399	**13,857**	1,974	11,983	**13,957**
Corporate gearing ratios						
S&P gearing	**10%**			13%		
Interest cover – underlying (times)	**14.6**			12.3		
Interest cover – actual (times)	**12.5**			10.0		

A$m	Corporate debt by year of repayment[5] 0–1 year	1–2 years	2–5 years	5–10 years	10+ years	Total
Total corporate debt at 31 December 2014	**200**	**600**	**575**	**83**	**-**	**1,458**
Total corporate debt at 31 December 2013	266	450	1,175	83	-	1,974

1 This excludes AMP Bank debt held within securitisation vehicles.

2 AMP redeemed the remaining AMP Notes in May 2014.

3 A$310m of AMP Notes 2 is not recognised as regulatory capital of AMP group for APRA purposes, with the remaining A$15m subject to the transitional arrangements. 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.

4 At 31 December 2014, deposits include AMP Bank retail deposits (A$4.9b), AMP Supercash and Super TD's (A$2.4b), platform deposits (A$1.3b), 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 decreased by A$516m during 2014 due to:

– redemption of the remaining AMP Notes in May (A$266m)
– repayment of half the drawn syndicated loan amount in August (A$250m).

In addition, the undrawn amount of the syndicated loan was reduced from A$500m to A$250m in August 2014.

As at 31 December 2014, approximately 17% of corporate debt was effectively at fixed rates.

At 31 December 2014, AMP's liquidity comprised A$270m of AMP 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. Total securitised funds as at 31 December 2014 were A$4.2b.

As at 31 December 2014, AMP Bank had A$150m of subordinated debt outstanding which qualifies as Tier 2 capital. During FY 14, AMP Bank issued A$500m of four year medium-term notes, and A$2.0b of new RMBS. As at 31 December 2014, the A$500m warehouse facility with Bank of Tokyo-Mitsubishi UFJ, Ltd (BTMU) remains in place and has been partly drawn.

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

Sensitivities – profit, capital and embedded value

FY 14 profit sensitivities (A$m)

	Operating earnings (post-tax)								
	WM	AMP Bank	WP	Australian mature	NZ financial services	AMP Capital	Group Office	Total	Investment income
Market variables									
10% increase in Australian equities	10	-	-	4	-	2		**16**	**6**
10% decrease in Australian equities	(10)	-	-	(4)	-	(2)		**(16)**	**(6)**
10% increase in international equities	8	-	-	2	3	3		**16**	**11**
10% decrease in international equities	(8)	-	-	(2)	(3)	(3)		**(16)**	**(11)**
10% increase in property	2	-	-	1	1	3		**7**	**24**
10% decrease in property	(2)	-	-	(1)	(1)	(3)		**(7)**	**(24)**
1% (100 bps) increase in 10 year Australian bond yields	(1)	-	-	3	-	(1)		**1**	**(29)**
1% (100 bps) decrease in 10 year Australian bond yields	1	-	-	(3)	-	1		**(1)**	**25**
1% increase in cash rate	-	-	-	-	-	-		**-**	**13**
1% decrease in cash rate	-	-	-	-	-	-		**-**	**(13)**
Business variables									
5% increase in AUM/AMP Bank total mortgage balances	15	3	-	5	4			**27**	
5% increase in sales volumes	3	1	1	-	-			**5**	
1% increase in persistency	4	-	9	(2)	4			**15**	
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	18	2	6	2	3	12	3	**46**	

All profit sensitivities above show a full year impact.

The profit and capital sensitivities are only indicative, because:

– they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
– they assume that the particular variable moves independently of all others
– they are based on the FY 14 position, ie not 'forward looking', and make no allowances for events subsequent to 31 December 2014, and
– in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 31 December 2014.

Other assumptions include:

– Parent company shareholders' equity is fully invested, and there are no adjustments for investments which are outside index weightings.
– Currency movements in investments in self-sustaining operations do not impact profit.
– Sales sensitivity assumes the same product mix as in underlying sales during FY 14.
– Investment income sensitivity is based on the amount of investments held at 31 December 2014.
– 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 14 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 14 operating earnings than set out in the table above.

The sensitivities are based on the FY 14 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 14 profit sensitivities for FY 14 or FY 15), an allowance for changes in AUM levels should be made. Refer to page 6 (WM) and page 10 (AMP Capital) for average AUM levels that were applied in FY 14.

Sensitivities – profit, capital and embedded value cont'd

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.

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 14 total investment income (ie underlying investment income plus market adjustment – investment income).

The sensitivities are based on 31 December 2014 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.

AMP regulatory capital sensitivities

Capital sensitivities – regulatory capital resources above MRR (A$m)[1]		AMP Life	NMLA	AMP group[2]
Actual 31 December 2014 (ASX 200 @ 5,411; Australian bond yields @ 2.8%)		705	327	1,987
Equity sensitivity	– 20% increase (ASX 200 @ 6,493)	50	30	170
	– 10% increase (ASX 200 @ 5,952)	30	20	90
	– 10% decrease (ASX 200 @ 4,870)	(20)	(20)	(80)
	– 20% decrease (ASX 200 @ 4,329)	(50)	(30)	(160)
Australian bond yields sensitivity	– 100bps increase (Australian bond yields @ 3.8%)	90	10	180
	– 50bps increase (Australian bond yields @ 3.3%)	60	10	100
	– 50bps decrease (Australian bond yields @ 2.3%)	(70)	(10)	(120)
	– 100bps decrease (Australian bond yields @ 1.8%)	(150)	(20)	(260)
Property sensitivity[3]	– 10% increase in unlisted property values	40	10	50
	– 10% decrease in unlisted property values	(40)	(10)	(50)

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 31 December 2014, which may have a significant impact on these sensitivities.

Sensitivities – profit, capital and embedded value cont'd

EV and VNB sensitivities

FY 14 change in embedded value (A$m)	WM	WP	Australian mature	New Zealand financial services	Total
5% reduction in controllable costs	111	37	22	12	**182**
10% reduction in discontinuance rates	347	365	53	95	**860**
1% (100 bps) decrease in long-term bond yields	80	132	(73)	32	**171**
1% (100 bps) increase in long-term bond yields	(77)	(124)	60	(32)	**(173)**
10% increase in Australian equities	104	-	45	-	**149**
10% increase in international equities	70	-	22	18	**110**
1% reduction in investment fees	(91)	-	(6)	(5)	**(102)**
10% reduction in insured non-death claims	n/a	369	-	26	**395**
5% reduction in insured death claims	n/a	127	4	24	**155**

FY 14 change in value of new business (A$m)	WM	WP	Australian mature	New Zealand financial services	Total
5% reduction in controllable costs	16	7	-	3	**26**
10% reduction in discontinuance rates	32	30	1	3	**66**
1% (100 bps) decrease in long-term bond yields	8	12	(1)	2	**21**
1% (100 bps) increase in long-term bond yields	(7)	(10)	1	(2)	**(18)**
5% increase in sales (all costs variable)	14	6	1	-	**21**
5% increase in sales (acquisition controllable costs fixed)	16	11	1	1	**29**
1% reduction in investment fees	(10)	-	-	-	**(10)**
10% reduction in insured non-death claims	n/a	24	-	-	**24**
5% reduction in insured death claims	n/a	11	-	-	**11**

Key assumptions

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

- they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
- they show the average movement for the risk discount margin range, ie 4%
- they are based on the FY 14 position, ie not 'forward looking', and make no allowance for events subsequent to 31 December 2014
- they are based on the FY 14 sales product mix.

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

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

The benefit of expense improvements arising from the business efficiency program has only been reflected to the extent that it appears as a cost reduction in the 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	FY 14	FY 13
Australia	**2.8%**	4.3%
New Zealand	**3.7%**	4.8%

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

Risk premiums	FY 14	FY 13
Local equities[1]	**4.5%**	4.5%
International equities	**3.5%**	3.5%
Property and infrastructure[2]	**2.5%**	2.5%
Fixed interest[3]	**0.6%**	0.6%
Cash (where significant)	**(0.5%)**	(0.5%)

1 Includes allowance for franking credits on equity income.

2 The change in asset classes between 2014 and 2013 reflects a new approach to managing asset allocations for participating business. In 2013, infrastructure was included in equities.

3 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$18b) in Australia are:

Australian participating	FY 14	FY 13
Equities[1]	**24%**	26%
Property and infrastructure[1]	**13%**	9%
Fixed interest	**41%**	41%
Cash	**22%**	24%

1 In 2013, infrastructure was included in equities. The change in asset classes between 2014 and 2013 reflects a new approach to managing asset allocations for participating businesses.

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

Annual inflation rates assumed are:

Inflation rate		FY 14	FY 13
Australia	– CPI	**2.3%**	2.6%
Australia	– Expenses	**3.0%**	3.0%
New Zealand	– CPI	**2.5%**	2.5%
New Zealand	– Expenses	**3.0%**	3.0%

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

Operating assumptions

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

Changes since 31 December 2013 include:

– increase to the assumed rate of incidence for Australian TSC claims
– overall small increase in assumed claim outcomes for Australian group risk
– overall increase in Australian wealth management (WM) withdrawal assumptions driven by changes for AMP Flexible Super
– allowances for changes to New Zealand financial services and Australian wealth protection (WP) pricing
– increased Australian income protection claims management expense assumptions to reflect the changes flowing from the Claims Improvement Program
– significant improvement in the WM maintenance unit costs flowing from 2015 budgets and volumes.

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 31 December 2014.

Acquisition costs for VNB are the actual costs incurred in FY 14.

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. No further allowance for regulatory change is made in the embedded value.

Capital assumptions

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

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

	3% dm	4% dm	5% dm
Embedded value as at FY 14 (A$m)[1]	**12,729**	**11,998**	**11,357**
Embedded value comprises (A$m)			
Adjusted net assets[2]	1,268	1,268	1,268
Value of in-force business[3,4]	11,461	10,730	10,869

1 Includes embedded value of WM, WP, Australian mature and New Zealand financial services. 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$2,980m at face value) and future expected profits to reflect expected time of release.

4 Net assets include the A$300m of allowable Tier 2 Capital arising from the AMP Notes 2 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

	September 2014			September 2013		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
Market share – Australia (AUM) A$b						
Superannuation including rollovers[1,4]	331.7	1	26.4	307.9	1	25.4
Corporate superannuation master funds[2]	118.5	2	21.8	113.6	2	21.4
Retirement income[1]	169.4	2	18.2	151.2	2	18.1
Unit trusts (excluding cash management trusts)[1,4]	165.6	6	7.8	150.6	6	7.9
Total retail managed funds (excluding cash management trusts)[1,4]	673.4	1	19.6	616.3	1	19.1
Total in-force annual premiums – Australia (AUM) A$b[3]						
Individual risk	8.4	1	17.9	7.9	1	18.4
Group risk	5.3	5	8.1	4.3	4	9.0
Market share – New Zealand financial services (AUM) NZ$b						
Retail superannuation[5]	4.3	1	50.2	4.2	1	50.3
Unit trusts[5]	18.4	6	6.7	15.9	4	10.4
Insurance bonds[5]	0.7	4	18.3	0.6	3	20.7
Total retail funds[5]	47.8	4	14.4	38.2	1	17.5
Corporate superannuation[6]	5.4	1	43.9	4.9	1	44.9
KiwiSaver[5]	23.8	3	13.9	16.8	3	16.3
Total in-force annual premiums – New Zealand financial services (AUM) NZ$b[7]						
Individual risk	1.8	2	17.0	1.7	2	18.2
Conventional	0.1	1	78.6	0.1	1	78.5

1 Source: Plan for Life 30 September 2014 – QDS Retail and Wholesale.
2 Source: Plan for Life 30 September 2014 – Corporate Super Master Funds Report.
3 Source: Plan for Life 30 September 2014 – 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$17.9b (September 2013 A$12.5b) and A$300m (September 2013 A$270m) respectively. SuperIQ is 49% owned; however, 100% of assets under administration are included.
5 Measured by AUM. Source: Fund Source Research Limited September 2014.
6 Measured by AUM. Source: Eriksens Master Trust Survey September 2014.
7 Measured by in-force premium. Source: FSC Statistics September 2014.

Channel analysis

	Net cashflows[1]			AUM			Adviser numbers		
Channel analysis (A$m)	FY 14	FY 13	% FY	FY 14	FY 13	% FY	FY 14	FY 13	% FY
AMP Financial Planning	1,067	877	21.6	52,515	49,015	7.1	1,727	1,706	1.2
AMP Horizons Academy and Practice[2]	(9)	(20)	55.0	869	824	5.5	77	93	(17.2)
Hillross	376	701	(46.4)	12,638	11,856	6.6	384	367	4.6
Charter Financial Planning and Futuro Financial Services	732	617	18.6	18,015	15,528	16.0	922	934	(1.3)
Jigsaw Support Services	(8)	(26)	69.2	1,132	1,021	10.9	244	171	42.7
ipac	(133)	(54)	(146.3)	8,470	8,507	(0.4)	158	176	(10.2)
Genesys wealth advisers	9	69	(87.0)	3,754	3,533	6.3	202	219	(7.8)
Corporate Super Direct	471	318	48.1	11,200	10,317	8.6			n/a
AMP Direct	(75)	(149)	49.7	5,106	4,738	7.8	2	30	(93.3)
Other	15	(97)	n/a	3,527	4,530	(22.1)			n/a
Third party distributors	(967)	(997)	3.0	14,545	13,169	10.4			n/a
SMSF Advice							128	57	124.6
Total Australia[3]	**1,478**	**1,239**	19.3	**131,771**	**123,038**	7.1	**3,844**	**3,753**	2.4
New Zealand financial services	270	80	n/a	13,594	12,201	11.4	600	604	(0.7)
Total	**1,748**	**1,319**	32.5	**145,365**	**135,239**	7.5	**4,444**	**4,357**	2.0

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.

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 – Capital	2,643	10.1	2.5	Q1	17.5	0.4	Q1	8.2	(0.6)	Q2
Fundamental – SRI	1,729	6.5	(0.6)	Q4	16.0	(0.6)	Q4	6.4	(1.8)	Q4
Fundamental – Opportunities[4]	603	9.5	Yes	Q1	n/a	n/a	n/a	n/a	n/a	n/a
Fundamental – Concentrated[4]	368	8.1	Yes	Q1	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Strategy – Active quant	1,869	3.9	(3.2)	Q4	15.7	(1.0)	Q3	7.1	(1.2)	Q3
Multi-Strategy – Value	2,487	3.4	(4.2)	Q4	14.8	(2.3)	Q4	6.7	(2.0)	Q3
Multi-Strategy – Long Short	1,314	2.4	(7.2)	n/a	16.0	(3.1)	n/a	7.7	(3.0)	n/a
Specialist Australian Shares	2,775	4.5	(1.8)	Q2	15.3	(0.4)	Q2	7.1	(0.4)	Q1
Fixed interest										
Wholesale Australian Bond Fund[5]	3,848	9.7	(0.6)	Q3	7.6	0.6	Q2	8.6	0.8	Q1
Corporate Bond	2,455	6.4	1.1	n/a	8.0	1.2	n/a	8.7	1.2	n/a
Managed Treasury Fund	2,520	3.0	0.1	n/a	3.7	0.3	n/a	4.3	0.3	n/a
International										
Specialist International Shares	1,410	17.3	0.8	n/a	26.6	0.3	n/a	13.2	(0.8)	n/a
Enhanced Index International Shares	10,463	15.4	(0.1)	Q1	25.8	0.5	Q1	13.4	0.4	Q1
Global Listed Property[5]	1,745	27.1	(1.4)	Q2	21.5	1.4	Q2	17.0	0.1	Q2
Global Listed Infrastructure	279	30.7	2.7	n/a	27.4	1.4	n/a	n/a	n/a	n/a
FD International Bonds	1,911	10.5	(0.7)	Q3	8.0	(0.1)	Q4	8.7	(0.5)	n/a
Property										
Australian Core Property Portfolio	947	7.1	1.0	n/a	8.4	1.8	n/a	8.9	1.6	n/a
Wholesale Office	2,798	8.5	(2.0)	Q3	7.0	(1.2)	Q4	7.9	(0.5)	Q4
Shopping Centres	2,404	8.5	0.2	Q3	8.0	0.5	Q3	8.6	0.7	Q3
Infrastructure										
Infrastructure Equity Fund	762	24.3	16.1	Q1	14.4	6.3	Q1	11.9	3.2	Q2
Australia Pacific Airports Fund	468	29.8	17.8	n/a	21.2	9.2	n/a	17.9	5.9	n/a
Infrastructure Debt Fund	381	n/a	n/a	n/a	8.6	2.6	n/a	n/a	n/a	n/a
Diversified										
Balanced Growth Option[6]	8,946	10.8	Yes	Q1	15.5	Yes	Q1	9.1	Yes	Q2
Moderate Growth Option[6]	2,039	9.5	Yes	Q1	12.8	Yes	Q2	8.9	Yes	Q2
High Growth Option[6]	2,855	11.8	Yes	Q1	17.0	Yes	Q2	9.3	No	Q3
FD Balanced Fund[6]	6,925	11.0	Yes	Q1	15.2	Yes	Q1	9.6	Yes	Q2
Goal based										
Multi Asset Fund	670	9.7	1.4	n/a	10.4	2.5	n/a	n/a	n/a	n/a
Dynamic Markets Fund	388	14.0	6.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ipac Income Generator	1,152	9.6	2.8	n/a	13.1	2.8	n/a	n/a	n/a	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 For this fund, the client goal is to perform Q2 or better.

Five year summary

		AMP FY 14	AMP FY 13	AMP FY 12	AMP + 9 months AXA FY 11	AMP FY 10
Earnings[1]						
Total operating earnings (A$m)		**990**	789	810	792	686
Underlying profit (A$m)		**1,045**	849	950	909	760
Profit attributable to shareholders of AMP Limited (A$m)		**884**	672	689	688	775
EPS – underlying (cps)		**35.3**	28.8	32.9	34.3	36.7
EPS – actual (cps)		**30.3**	23.2	24.2	26.3	37.9
RoE – underlying		**12.7%**	10.7%	12.7%	15.1%	26.2%
RoE – actual		**10.8%**	8.5%	9.2%	11.5%	26.7%
Dividend						
Dividend per share (cps)		**26.0**	23.0	25.0	29.0	30.0
Dividend payout ratio – underlying[1]		**74%**	80%	76%	84%	82%
Ordinary shares on issue (m)[2]		**2,958**	2,958	2,930	2,855	2,094
Weighted average number of shares on issue (m)	– basic[2]	**2,958**	2,944	2,892	2,648	2,070
	– fully diluted[2]	**2,983**	2,973	2,915	2,663	2,082
	– statutory	**2,920**	2,900	2,845	2,615	2,045
Share price for the period (A$)	– low	**4.12**	4.21	3.73	3.72	4.88
	– high	**5.93**	5.67	4.85	5.78	6.77
Margins						
Australian wealth management investment related revenue to AUM (bps)		**117**	121	125	129	145
AMP Capital AUM based management fees to AUM (bps) – external		**45.2**	48.0	47.8	43.2	42.5
Australian wealth protection profit margins/annual premium		**10.0%**	11.2%	12.9%	14.8%	19.4%
AMP Bank net interest margin (over average interest earning assets)		**1.41%**	1.39%	1.23%	1.37%	1.23%
Financial position						
AMP shareholder equity (A$m)		**8,346**	8,154	7,744	7,014	3,046
Corporate debt (excluding AMP Bank debt) (A$m)		**1,458**	1,974	1,579	1,536	886
S&P gearing		**10%**	13%	11%	11%	10%
Interest cover – underlying (times)		**14.6**	12.3	12.1	12.1	11.6
Interest cover – actual (times)		**12.5**	10.0	9.2	9.4	11.8
Cashflows and AUM						
Australian wealth management net cashflows (A$m)[3]		**2,281**	2,166	821	138	1,391
Australian wealth management persistency[3]		**89.1%**	88.0%	86.6%	87.3%	90.3%
AMP Capital net cashflows – external (A$m)[3]		**3,723**	(1,039)	(1,784)	(1,166)	1,807
AMP Capital AUM (A$b)		**151**	140	129	123	98
AUM non-AMP Capital managed (A$b)		**64**	57	43	36	17
Total AUM (A$b)		**215**	197	172	159	115
Controllable costs (pre-tax) and cost ratios[1,4]						
Controllable costs (pre-tax) – AMP (A$m)		**1,315**	1,301	1,336	1,257	884
Cost to income ratio – AMP		**44.8%**	49.4%	47.3%	47.9%	43.3%
Controllable costs to AUM (bps)		**64**	70	81	82	78
Staff numbers						
Total staff numbers[5]		**5,407**	5,913	5,829	6,048	3,730

1 FY 12 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 FY 11 cashflows and persistency include AXA for the 12 months.

4 FY 12 and FY 13 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. It provides financial advice, products and services which are primarily distributed through self-employed financial advisers and investment opportunities through AMP Capital to help people and organisations build financial security.

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, with MUTB also acquiring a 15% ownership interest in AMP Capital.

In November 2013, AMP Capital established a funds management company in China with China Life, China's largest insurance group, institutional investor and corporate pension manager. AMP Capital is a founding shareholder, holding a 15% stake, with the balance held by China Life Asset Management Company.

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 increasingly distributes through AMP's aligned distribution network as well as third-party brokers, and direct to retail customers via phone and internet banking.

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 mainly 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.

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 will be reported through underlying investment income in Group Office capital.

Exchange rates			AUD/NZD
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
2013	FY 13	– closing	1.0869
		– average	1.1791

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 New Zealand financial services 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 New Zealand financial services. 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 smooths investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group.
The components of underlying profit are listed on page 3.

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 New Zealand financial services, 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

3 March 2015	Ex-dividend date for final 2014 dividend (Australia)
3 March 2015	Ex-dividend date for final 2014 dividend (New Zealand)
5 March 2015	Record date for final 2014 dividend
6 March 2015	Dividend reinvestment plan record date for final 2014 dividend
9 March – 20 March 2015	Pricing period for final 2014 dividend reinvestment plan
10 April 2015	Payment date for final 2014 dividend
7 May 2015	First quarter 2015 cashflow and AUM announcement
7 May 2015	Annual General Meeting
20 August 2015	Interim 2015 results
1 September 2015	Ex-dividend date for interim 2015 dividend (Australia)
1 September 2015	Ex-dividend date for interim 2015 dividend (New Zealand)
3 September 2015	Record date for interim 2015 dividend
4 September 2015	Dividend reinvestment plan record date for interim 2015 dividend
9 October 2015	Payment date for interim 2015 dividend
23 October 2015	Third quarter 2015 cashflow and AUM announcement

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Website

For additional 2014 full year results information, visit AMP's website at
amp.com.au/shareholdercentre

You will find:

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

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