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## Public Affairs

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## AMP Limited reports third quarter cashflows, AUM and Wealth Protection update

AMP Limited today reported cashflows and assets under management (AUM) and an update on the Wealth Protection business for the third quarter to 30 September 2013.

### Cashflows and AUM

Total retail net cashflows on AMP platforms for Q3 13 more than doubled to \$567 million from \$229 million in Q3 12.

This was offset by net cash outflows from external platforms of \$233 million compared with net cash inflows of \$194 million in Q3 12 which was boosted by a number of new practices joining the Hillross network during that quarter.

AMP's **Australian wealth management** business continues to perform well with AUM of \$96.7 billion as at 30 September 2013, up 5 per cent from \$91.8 billion as at 30 June 2013. Net cashflows were \$206 million for the quarter compared to \$307 million for Q3 12.

Highlights for Q3 13 were:

- AMP's leading wrap platform North continued to gain momentum with net cashflows of \$1.0 billion, up 58 per cent on the previous corresponding period which had net cashflows of \$644 million. North's AUM jumped 22 per cent to \$8.2 billion as at 30 September 2013 compared to \$6.7 billion as at 30 June 2013.
- AMP Flexible Super closing AUM increased 10 per cent to \$9.7 billion compared to \$8.8 billion at 30 June 2013. Net cashflows were \$521 million compared to \$639 million in Q3 12.

Corporate Super experienced net cash outflows of \$128 million compared to net cash outflows of \$116 million in Q3 12.

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AMP's **Australian mature** business had net cash outflows of \$440 million for Q3 13. Net cash outflows of \$144 million for Q3 12 were positively impacted by a one-off transfer of \$320 million from the rollover of AXA's National Preservation Trust product into AMP's mature book.

**AMP New Zealand's** net cashflows increased to A\$65 million for Q3 13 from A\$24 million Q3 12. This included a 16 per cent increase in KiwiSaver net cashflows. Total New Zealand closing AUM was A\$11.6 billion, up 5 per cent on closing AUM of A\$11.0 billion as at 30 June 2013.

The **AMP SMSF** business administered approximately 9,800 trustee accounts, including approximately 1,400 SuperIQ accounts, as at 30 September 2013, up from 9,650 accounts as at 30 June 2013. This does not include the accounts gained as a result of SuperIQ's recent acquisition of Tranzact Limited.

**AMP Bank's** mortgage book grew to \$12.9 billion as at end Q3 13, up from \$12.8 billion as at end Q2 13, while its deposit book grew from \$8.1 billion at end Q2 13 to \$8.6 billion after the launch of a range of competitive retail and SMSF deposit products and improved pricing of term deposits.

**AMP risk insurance** annual premium income was \$2.1 billion, up 4 per cent for the quarter compared to \$2.0 billion as at 30 June 2013 and up 6 per cent for the 12 months to 30 September 2013.

**AMP Capital** AUM at 30 September 2013 was \$135.9 billion, up 4 per cent from \$131.0 billion as at 30 June 2013.

Detailed cashflow and AUM data tables are attached.

### **Business update for the Australian Wealth Protection business**

#### **Wealth Protection experience for Q3 2013**

Experience losses for Q3 13 were \$24 million compared with Q3 12 experience losses of \$37 million.

Lapse experience losses were \$12 million, group insurance claims experience losses were \$6 million and retail lump sum claims losses were \$8 million. Income protection experience profits were \$2 million.

#### **Expected impacts on Q4 2013 operating results**

Importantly, for this year, AMP has brought forward its year-end review of experience for those product areas that have the potential to impact the FY 13 operating results.

While this review is yet to be completed, AMP expects to revise its *incurred but not reported reserves* (IBNR) for the group insurance business and its best estimate lapse assumptions for the NMLA income protection book, which will impact both the Q4 and the FY 13 operating results.

Strengthening the IBNR reserves is expected to increase experience losses by around \$15 million in Q4 13. This primarily reflects increased reporting delays of claims in the group insurance business.

The trend in lapse experience in the NMLA income protection book has continued to worsen in Q3 13 and as a result AMP will strengthen its lapse assumptions as part of its year-end review.

As this book is currently in loss recognition, the strengthened assumptions are expected to result in a capitalised loss in the range of \$40 - \$50 million in Q4 13 which will reduce AMP's operating result by the same amount.

In total, these two adjustments are expected to result in a \$55 to \$65 million reduction in AMP's operating results for Q4 13, in addition to any further experience outcomes in the fourth quarter.

Further changes in assumptions across the life insurance portfolio are likely at 31 December 2013 which could lead to adjustments to the embedded value of the business but are not expected to impact the FY 13 operating results.

AMP regards improving the performance of the Wealth Protection business as one of its highest priorities and continues to implement short and medium term actions to improve claims and lapse experience.

### **Dividend update**

The AMP Board will make its decision on the dividend for the second half of 2013 in February 2014, based on the conditions prevalent at that time. The Board will have regard to AMP's capital position and its dividend payout policy of 70 - 80 per cent of full year underlying profits.

In doing so, the Board will give consideration to the fact that the expected capitalised loss (\$40-\$50 million) is a non-cash item and would not reduce AMP's overall capital position, given Deferred Acquisition Costs are deducted from AMP's capital base to determine regulatory capital.

All figures in this announcement are unaudited. 

**Details for 9am investor teleconference are below.**

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## Q3 13 Cashflows

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 13	Q3 12	Q3 13	Q3 12	Q3 13	Q3 12
<b>Australian wealth management</b>						
AMP Flexible Super <sup>1</sup>	1,611	1,560	1,090	921	521	639
North <sup>2</sup>	1,958	1,071	938	427	1,020	644
Summit, Generations and iAccess (including Assure) <sup>3</sup>	533	708	881	1,039	(348)	(331)
Flexible Lifetime Super (superannuation and pension) <sup>4</sup>	569	581	1,120	1,218	(551)	(637)
Other retail investment and platforms <sup>5</sup>	88	79	163	165	(75)	(86)
<b>Total retail on AMP platforms</b>	<b>4,759</b>	<b>3,999</b>	<b>4,192</b>	<b>3,770</b>	<b>567</b>	<b>229</b>
<b>Total corporate superannuation<sup>6</sup></b>	<b>864</b>	<b>769</b>	<b>992</b>	<b>885</b>	<b>(128)</b>	<b>(116)</b>
<b>Total retail and corporate super on AMP Platforms</b>	<b>5,623</b>	<b>4,768</b>	<b>5,184</b>	<b>4,655</b>	<b>439</b>	<b>113</b>
External platforms <sup>7</sup>	643	1,140	876	946	(233)	194
<b>Total Australian wealth management</b>	<b>6,266</b>	<b>5,908</b>	<b>6,060</b>	<b>5,601</b>	<b>206</b>	<b>307</b>
<b>Australian wealth protection</b>						
Individual risk	340	336	157	159	183	177
Group risk	96	90	61	58	35	32
<b>Total Australian wealth protection</b>	<b>436</b>	<b>426</b>	<b>218</b>	<b>217</b>	<b>218</b>	<b>209</b>
<b>Australian mature</b>	<b>150</b>	<b>461</b>	<b>590</b>	<b>605</b>	<b>(440)</b>	<b>(144)</b>
<b>Total Australia</b>	<b>6,852</b>	<b>6,795</b>	<b>6,868</b>	<b>6,423</b>	<b>(16)</b>	<b>372</b>
<b>New Zealand</b>						
KiwiSaver	177	144	62	45	115	99
Other	196	190	246	265	(50)	(75)
<b>Total New Zealand</b>	<b>373</b>	<b>334</b>	<b>308</b>	<b>310</b>	<b>65</b>	<b>24</b>
<b>Total AFS cashflows</b>	<b>7,225</b>	<b>7,129</b>	<b>7,176</b>	<b>6,733</b>	<b>49</b>	<b>396</b>
<b>Cashflows by channel (A\$m)<sup>8</sup></b>						
AMP Financial Planning	2,934	2,685	2,866	2,663	68	22
Hillross	739	872	673	492	66	380
Charter Financial Planning	1,162	923	1,002	869	160	54
Jigsaw advisers	87	109	90	125	(3)	(16)
ipac group advisers and Tynan Mackenzie	486	537	501	567	(15)	(30)
Genesys group advisers	256	280	270	304	(14)	(24)
Direct (including corporate superannuation)	513	436	444	431	69	5
Centrally managed clients and other	155	473	210	224	(55)	249
3rd party distributors	520	480	812	748	(292)	(268)
<b>Total Australia</b>	<b>6,852</b>	<b>6,795</b>	<b>6,868</b>	<b>6,423</b>	<b>(16)</b>	<b>372</b>
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<sup>1</sup> AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail and SME business.

<sup>2</sup> North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.

<sup>3</sup> Summit and Generations are owned and developed platforms. iAccess and Assure are ipac badges on Summit.

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

<sup>5</sup> Other retail investment and platforms include Flexible Lifetime - Investments, AMP Personal Portfolio and Synergy.

<sup>6</sup> Corporate superannuation comprises SignatureSuper, CustomSuper, SuperLeader and AXA Business Super.

<sup>7</sup> External platforms comprise Asgard, Macquarie and BT Wrap platforms.

<sup>8</sup> Q3 12 cashflows have been restated to reflect changes in distribution channels.

### Q3 13 AUM<sup>1</sup>

AUM (A\$m)	Q2 13		Q3 13 Net cashflows			Total net cashflows	Other movements <sup>2</sup>	Q3 13 AUM
	AUM	Superannuation	Pension	Investment	Other			
<b>Australian wealth management</b>								
AMP Flexible Super	8,779	264	257	-	-	521	393	9,693
North	6,730	251	515	254	-	1,020	427	8,177
Summit, Generations and iAccess (including Assure)	14,072	(192)	(111)	(45)	-	(348)	790	14,514
Flexible Lifetime (superannuation and pension)	24,022	(347)	(204)	-	-	(551)	1,190	24,661
Other retail investment and platforms	3,166	(28)	(26)	(21)	-	(75)	196	3,287
<b>Total retail on AMP platforms</b>	<b>56,769</b>	<b>(52)</b>	<b>431</b>	<b>188</b>	<b>-</b>	<b>567</b>	<b>2,996</b>	<b>60,332</b>
<b>Total corporate superannuation</b>	<b>22,268</b>	<b>(139)</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>(128)</b>	<b>855</b>	<b>22,995</b>
<b>Total retail and corporate super on AMP platforms</b>	<b>79,037</b>	<b>(191)</b>	<b>442</b>	<b>188</b>	<b>-</b>	<b>439</b>	<b>3,851</b>	<b>83,327</b>
External platforms	12,753	(105)	(102)	(26)	-	(233)	816	13,336
<b>Total Australian wealth management</b>	<b>91,790</b>	<b>(296)</b>	<b>340</b>	<b>162</b>	<b>-</b>	<b>206</b>	<b>4,667</b>	<b>96,663</b>
<b>Australian wealth protection</b>								
<b>Australian mature</b>	<b>22,772</b>	<b>(219)</b>	<b>(62)</b>	<b>(65)</b>	<b>(94)</b>	<b>(440)</b>	<b>244</b>	<b>22,576</b>
<b>Total Australia</b>	<b>114,562</b>	<b>(515)</b>	<b>278</b>	<b>97</b>	<b>124</b>	<b>(16)</b>	<b>4,693</b>	<b>119,239</b>
<b>New Zealand</b>								
KiwiSaver	2,151	115	-	-	-	115	178	2,444
Other	8,877	(11)	(1)	(38)	-	(50)	292	9,119
<b>Total New Zealand</b>	<b>11,028</b>	<b>104</b>	<b>(1)</b>	<b>(38)</b>	<b>-</b>	<b>65</b>	<b>470</b>	<b>11,563</b>
<b>Australian wealth management - AMP SMSF<sup>3</sup></b>								
Assets under administration	12,299						437	12,736
<b>Total AUM</b>	<b>137,889</b>	<b>(411)</b>	<b>277</b>	<b>59</b>	<b>124</b>	<b>49</b>	<b>5,600</b>	<b>143,538</b>
<b>Australian wealth management - AMP Bank by product</b>								
Deposits (Supercash, Super TDs & Platform TDs)	4,451						77	4,528
Deposits (retail)	3,663						383	4,046
Mortgages	12,756						130	12,886

<sup>1</sup> Reported AUM excludes shareholder capital.

<sup>2</sup> Other movements include fees, investment returns, taxes, as well as foreign currency movements on New Zealand AUM.

<sup>3</sup> AMP SMSF includes Multiport, Cavendish, SuperIQ and Ascend administration platforms. SuperIQ is 49% owned by AMP, however 100% of assets under administration are included.

### Q3 13 AUM and API summary

AUM (A\$m)	Q2 13 AUM	Q3 13 AUM
<b>Australian wealth management - AUM by product</b>		
Superannuation	56,556	59,002
Pension	24,419	26,043
Investment	10,815	11,618
<b>Total</b>	<b>91,790</b>	<b>96,663</b>
<b>Australian wealth management - AUM by asset class</b>		
Cash and fixed interest	32%	31%
Australian equities	34%	35%
International equities	23%	23%
Property	6%	6%
Other	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>AUM summary (A\$b)</b>		
<b>Australian wealth management</b>		
Closing AUM	91.8	96.7
Average AUM	91.9	94.8
<b>Asset Management</b>		
<b>AMP Capital</b>		
Closing AUM	131.0	135.9
Average AUM	132.6	134.1
<b>Risk insurance Annual Premium Income - API (A\$m)</b>		
<b>Australia</b>		
Individual lump sum	985	1,030
Individual income protection	410	416
Group risk	361	371
<b>New Zealand</b>		
Individual lump sum	210	222
Individual income protection	44	47
Group risk	33	35
<b>Total</b>	<b>2,043</b>	<b>2,121</b>

## **CEO briefing**

**9am – 25 October 2013**

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