2014 full year results

19 February 2015

Craig Meller
Chief Executive Officer

Gordon Lefevre
Chief Financial Officer

Executive summary

Financial performance

- FY 14 net profit of A$884m (FY 13: A$672m) and underlying profit of A$1,045m (FY 13: A$849m)
- 23% lift in underlying profit with double digit growth in all contemporary businesses
- Solid net cashflows in wealth management and A$4.8b improvement in AMP Capital external net cashflows
- Recovery of wealth protection proceeding well, with management actions continuing to improve claims experience and stabilise lapse rates – work is ongoing to ensure changes are scalable and sustainable
- Controllable costs tightly managed; cost to income ratio down 4.6 percentage points to 44.8% while increasing investment in growth initiatives
- Capital position remains strong with surplus of A$2.0b; underlying RoE up 2 percentage points to 12.7%

Strategy execution

Strong financial performance achieved while successfully implementing strategy

- Significant momentum in transformation of core Australian business to enhance customer-centricity
- Business efficiency program progressing well; delivering benefits at anticipated run rate
- Successfully commercialising relationships with national champion partners in Asia, and managing more than A$4.7b on behalf of global pension fund clients

Dividend

- 17% lift in final dividend to 13.5 cents a share, franked to 80%; full year dividend 26 cents a share; DRP neutralised – no net change in shares on issue

FY 14 profit summary

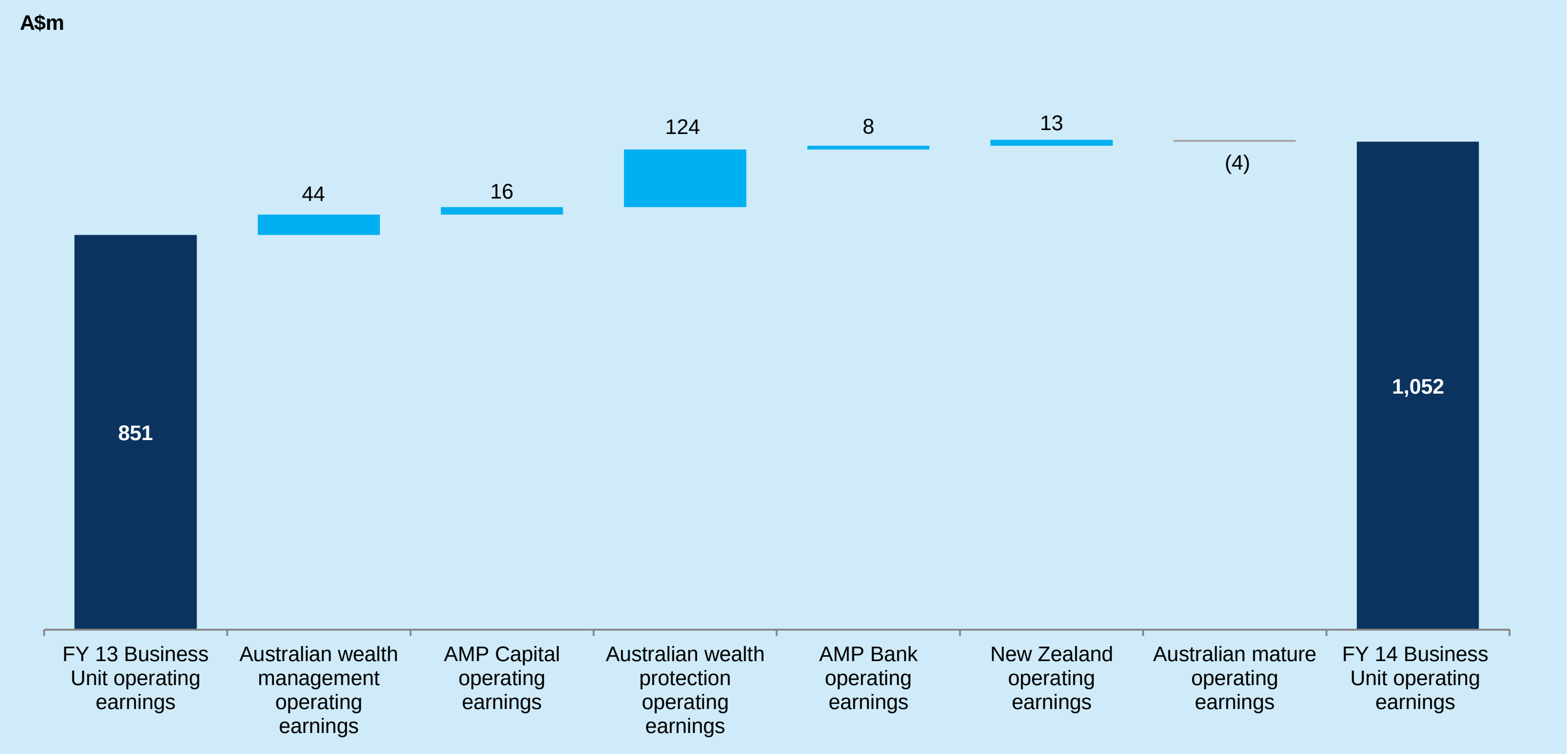
A$m	FY 14	FY 13	%
Australian wealth management	**374**	330	13%
AMP Capital[1]	**115**	99	16%
Australian wealth protection	**188**	64	194%
AMP Bank	**91**	83	10%
New Zealand financial services	**110**	97	13%
Australian mature	**174**	178	(2%)
BU operating earnings	**1,052**	**851**	**24%**
Group Office costs	**(62)**	(62)	-
Total operating earnings	**990**	**789**	**25%**
Underlying investment income[1]	**132**	135	(2%)
Interest expense on corporate debt	**(77)**	(75)	(3%)
Underlying profit	**1,045**	**849**	**23%**
Other items[1,2]	**7**	(2)	-
AXA integration costs	**(20)**	(57)	-
Business efficiency program costs	**(100)**	(39)	-
Amortisation of AXA acquired intangible assets[1]	**(89)**	(91)	-
Profit before market adjustments and accounting mismatches	**843**	**660**	**28%**
Market adjustments[1]	**59**	24	-
Accounting mismatches	**(18)**	(12)	-
Profit attributable to shareholders of AMP Limited	**884**	**672**	**32%**

Notes

1. Net of minority interests
2. Principally comprises one-off and non-recurring items; see p22 of FY 14 Investor Report for details

FY 14 business unit operating earnings

Growth momentum in all contemporary businesses



Business unit results
Section 2

Wealth management – overview

Continued earnings growth with good retail net cashflows and cost control

Key performance measures	FY 14	FY 13
Operating earnings (A$m)	374	330
Controllable costs (A$m)	(512)	(510)
Net retail cashflows on AMP platforms (A$m)[1]	3,396	2,470
Total net cashflows (A$m)[1]	2,281	2,166
Investment-related revenue to AUM (bps)[1,2,3]	117	121
Operating earnings to AUM (bps)[1,3,4]	36	35
Cost to income ratio	47.7%	50.4%

- 13% lift in operating earnings reflects higher net cashflows, good AUM growth and controllable costs contained
- AUM[1] increased 9% to A$110b from A$101b at FY 13 despite flat ASX
- Cost to income ratio reduced by 2.7 percentage points
- Operating margin up 1 bp to 36 bps despite revenue margin compression
- Margin compression of 3.3% below lower end of guidance
- With MySuper transitions underway, expecting average margin compression of around 4.5% per annum through to June 2017 – may be volatile from period to period
- Post MySuper transition, margin compression expected to reduce to longer-term average

Notes

1. Excludes SMSF
2. Refers to revenue on superannuation, retirement income and investment products
3. Ratio based on 181 days in 1H 14 and 184 days in 2H 14
4. Average AUM based on monthly average AUM

Wealth management – cashflows

Strong net cashflows on AMP platforms offset external platform outflows

Net cashflows summary (A$m)	FY 14	FY 13
AMP Flexible Super	2,182	1,958
North	5,530	4,125
Other products and platforms	(4,316)	(3,613)
Total retail on AMP platforms	**3,396**	**2,470**
SignatureSuper and Flexible Super (employer)	729	630
Other corporate superannuation	(509)	(425)
Total corporate superannuation	**220**	**205**
Total retail and corporate super net cashflows on AMP platforms	**3,616**	**2,675**
External platforms	(1,335)	(509)
Total Australian wealth management	**2,281**	**2,166**

- 35% growth in net cashflows on AMP platforms driven by flows to North and Flexible Super
- North platform continued strong progress with net cashflows up 34%; customer numbers up 50% to over 76,000
- Q4 cashflow growth supported by successful data mining for adviser deeming campaign
- 16% increase in net flows to SignatureSuper and Flexible Super employer accounts following new mandate wins, recovery in discretionary contributions and launch of new welcome campaign for customers
- Strong Corporate Super pipeline for FY 15
- Over A$2b of new contributions directed into MySuper for FY 14

Notes

For more details on platforms and cashflows see p8-9 of FY 14 Investor Report

AMP Capital – overview

Earnings growth from strong external cashflows and good investment returns

Key performance measures	FY 14	FY 13
Operating earnings (A$m)	115	99
Fee income (A$m)	512	473
Performance and transaction fees (A$m)	36	33
Controllable costs (A$m)	(331)	(318)
Cost to income ratio	63.0%	65.2%
Total external net cashflows (A$m)	3,723	(1,039)
AUM (A$b)	151.5	140.2

– 16% lift in operating earnings, reflecting 8% rise in fee income and improved cost to income ratio

– Strong investment performance across broad range of AMP Capital's investment capabilities

– AUM up 8% to A$151.5b

– Increase in controllable costs driven by business growth (international expansion, property development and variable remuneration costs)

– Cost to income ratio within 60%-65% guidance; targeting lower end of range over medium term

– A$4.8b improvement in external net cashflows, with strong turnaround in retail flows from Japanese investors and good flows from Chinese retail and institutional investors into JV funds launched in 2014

AMP Capital – cashflows and investment performance

Good international growth reflecting continued delivery on strategic initiatives

External net cashflows (A$m)	FY 14	FY 13
Japan	1,530	(1,557)
China	632	7
Other international and external	1,561	511
Total external net cashflows	**3,723**	**(1,039)**

Net cashflows (A$m)	FY 14	FY 13
Internal	(3,859)	(3,136)
External	3,723	(1,039)
Total net cashflows	**(136)**	**(4,175)**

Cashflows

- Strong cashflows from Chinese and Japanese investors following successful product launches
- Good response to 5 new funds via China Life Asset Management JV (AMP share of net cashflows A$465m)
- Infrastructure Debt Fund II closed with over US$1.1b in commitments from more than 50 investors in 8 countries
- A$2.0b cash inflows into two new MySuper options in FY 14, in partnership with Wealth Management business

Investment performance

- 86% of AUM met or exceeded client goals over 3 years to Dec 2014; 68% over 1 year to Dec 2014
- 78% of rated flagship funds have a buy rating from their relevant consultant or research house

Wealth protection – overview

Business performing well, with recovery on track; more work to do

Key performance measures (A$m)	FY 14	2H 14	1H 14	FY 13	2H 13
Profit margins	187	99	88	199	102
Capitalised (losses)/reversals	2	2	-	(48)	(48)
Experience profits/(losses)	(1)	(4)	3	(87)	(54)
Income protection (IP)	22	11	11	(2)	9
Lump sum	(15)	(8)	(7)	(10)	(3)
Group	(18)	(5)	(13)	(37)	(31)
Lapses	9	1	8	(33)	(21)
Other	1	(3)	4	(5)	(8)
Operating earnings	188	97	91	64	-
Individual risk API[1]	1,498	1,498	1,453	1,448	1,448
Individual risk lapse rate	14.4%	14.8%	13.8%	14.8%	15.5%
Cost to income ratio	34.6%	33.6%	35.9%	53.8%	71.4%

– 2H experience remained broadly in line with best estimate assumptions in aggregate

– IP claims experience strong as new process to manage in-force claims continued to unlock value

– FY 14 lapse experience slightly better than expected

– Poor lump sum claims experience reflected some large term life claims in both AMP Life and NMLA books; continuing to monitor underlying trends

– Individual risk API growth remained subdued, in line with focus on remediating the business

Notes:

1. Annual premium in-force

Wealth protection – improvement plan

Significant changes to processes, products and culture still being implemented

Management actions continued to drive improvement evident in FY 14 results

- Claims reserves reduced via improvements in claims management processes
- Targeted activities to address customers intending to leave and more likely to let policies lapse

Challenge remains for industry to make insurance products more relevant to customers

Next steps

Encouraging results from claims management process changes; focus now on embedding in BAU and ensuring positive momentum sustained

- Rollout of new claims management process across IP claims teams between now and end of 2015; rollout across teams managing lump sum (disability) claims will follow
- Further releases on new claims management platform (first release took place 2H 14)
- Ongoing campaigns and support to advisers to target customers with propensity to lapse
- Testing new insurance offers developed from customer research and supporting new claims approach

Guidance

- Best estimate assumptions remain in line with FY 13 and 1H 14 guidance
- FY 15 best estimate lapse assumptions around FY 14 performance; gradually reverting to a long term rate of approximately 13.5% by FY 17
- Gradual reversion of best estimate claims and lapse assumptions to lower longer-term levels, combined with increasing costs from strategic investment, will require ongoing delivery of improved lapse and claims outcomes to avoid re-emergence of negative experience

AMP Bank – overview

Strong profit uplift with growth in mortgage distribution via adviser network

Key performance measures	FY 14	FY 13
Operating earnings (A$m)	91	83
Controllable costs (A$m)	(56)	(50)
Cost to income ratio	30.3%	29.6%
Net interest margin	1.41%	1.39%
Residential mortgage book (A$m)	13,973	12,856
Deposits (A$m)	9,244	8,741
Return on capital	15.2%	15.8%

– 10% rise in operating earnings

– Above system mortgage growth despite significant competition in home loans and conservative credit policy

– Net interest margin increased 2 bps due to lower cost of funding, disciplined pricing and tight liquidity management

– New retail mortgage business from advisers increased to 25% from 19% at FY 13, in line with strategy

– Continued investments in systems and process changes to build scalability

– Met all APRA and Board targets including the new Basel III liquidity requirements which came into effect on 1 Jan 2015

– Capital adequacy ratio at 12.2% (11.8% at FY 13) and common equity tier 1 capital ratio at 9.3% (8.7% at FY 13) are well above APRA and internal thresholds; well placed to comply with Basel III capital requirements on implementation in 2016

New Zealand and Mature – key performance measures

Good cost control and experience profits in NZ and mature portfolios

New Zealand	FY 14	FY 13
Profit margins (A$m)	88	79
Transitional tax relief (A$m)[1]	19	19
Experience profits/(losses) (A$m)	3	(1)
Operating earnings (A$m)[2]	110	97
Net cashflows (A$m)	270	80
Individual risk API[3] (A$m)	285	277
Individual risk lapse rate	13.7%	12.8%
Cost to income ratio	32.6%	36.0%

- Operating earnings up 13%, reflecting favourable currency movements, growth in profit margins and experience profits
- 41% lift in KiwiSaver net cashflows to A$343m from FY 13
- Continued to grow revenue base, closely manage costs and evolve distribution channels to reduce profit impacts of changes to taxation of life insurance from 1 July 2015

Notes
1. Transitional tax relief reflects the benefit currently being received prior to the effect of the change in life tax rules from 1 July 2015; this benefit will cease entirely then
2. FY 14 operating earnings were NZ$120m
3. Annual premium in-force

Mature	FY 14	FY 13
Operating earnings (A$m)	174	178
AUM (A$b)	22.3	22.5
Persistency	89.2%	89.6%
Controllable costs (A$m)	(60)	(62)
Cost to income ratio	18.0%	18.2%

- Fall in operating earnings reflecting portfolio run-off and lower bond yields
- Good cost control and experience profits of A$6m provided some offset

Financial overview
Section 3

Financial overview – key points on P&L

A$m	FY 14	FY 13	%
Underlying profit	**1,045**	**849**	**23%**
Other items[1,2]	7	(2)	
AXA integration costs	(20)	(57)	
Business efficiency program costs	(100)	(39)	
Amortisation of AXA acquired intangible assets	(89)	(91)	
Profit before market adjustments and accounting mismatches	**843**	**660**	**28%**
Market adjustments[1,3]	59	24	
Accounting mismatches	(18)	(12)	
Profit attributable to shareholders of AMP Limited	**884**	**672**	**32%**

Notes:

1. Net of minority interests
2. See p22 of FY 14 Investor Report for details
3. See p23 of FY 14 Investor Report for details

Financial overview – balance sheet and regulatory capital

Balance sheet strength with conservative ratios and regulatory capital surplus above minimum regulatory requirements

A$m	FY 14	FY 13	Change
Shareholder equity	8,346	8,154	192
Total corporate subordinated debt	1,008	1,274	(266)
Total corporate senior debt	450	700	(250)
Total capital resources	**9,804**	**10,128**	**(324)**
Regulatory capital resources	3,650	3,698	(48)
Shareholder regulatory capital resources above MRR[1]	**1,987**	**2,080**	**(93)**
Debt metrics and liquidity			
Corporate gearing[2]	10%	13%	(3pp)
Interest cover (underlying)	14.6 times	12.3 times	2.3
Group cash (A$m)	270	796	(526)
Undrawn syndicated loan (A$m)	250	500	(250)

- Overall strong capital position; corporate gearing ratios, interest cover and liquidity within prudent bounds
- Following settlement of investment in the China Life Pension Company in January 2015, regulatory capital resources will reduce by about a further A$173m
- In May 2014, AMP Notes (A$266m) redeemed for cash
- In August 2014, A$250m of senior debt repaid and undrawn syndicated loan also reduced by A$250m
- Based on APRA's planned final capital standards for conglomerate groups, AMP expects to meet requirements from within existing capital resources

Notes

1. For more details on capital, see p24-27 of FY 14 Investor Report
2. Based on S&P methodology

Financial overview – 2014 dividend

Lift in dividend reflects strong underlying profit performance

Final 2014 dividend of 13.5 cents per share, franked to 80%, representing a full year payout ratio of 74% of underlying profits

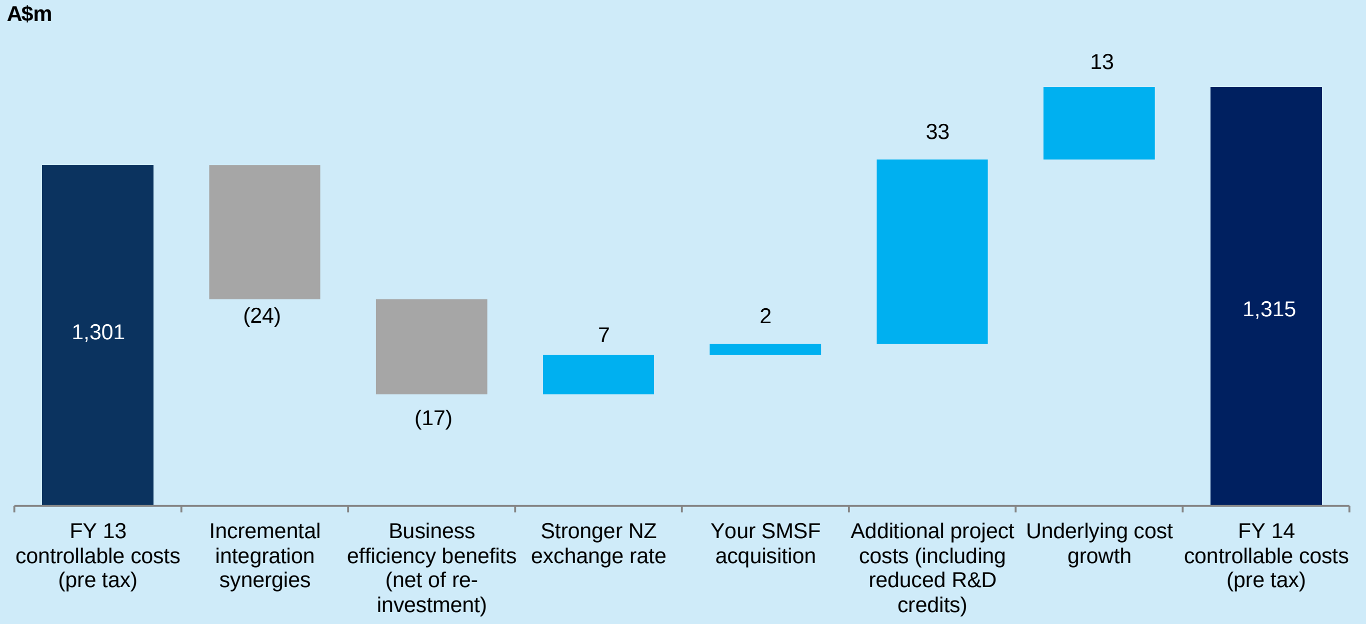
– AMP Limited target dividend payout ratio of 70% to 80% of underlying profit

– DRP will remain in place; no discount will apply to the allocation price

– Shares will once again be acquired on-market to satisfy entitlements under the DRP

Financial overview – maintaining cost control

Business efficiency program benefits offset underlying cost growth and increased project investment on growth initiatives



FY 14 total controllable costs of A$1,315m

– Controllable costs within guidance

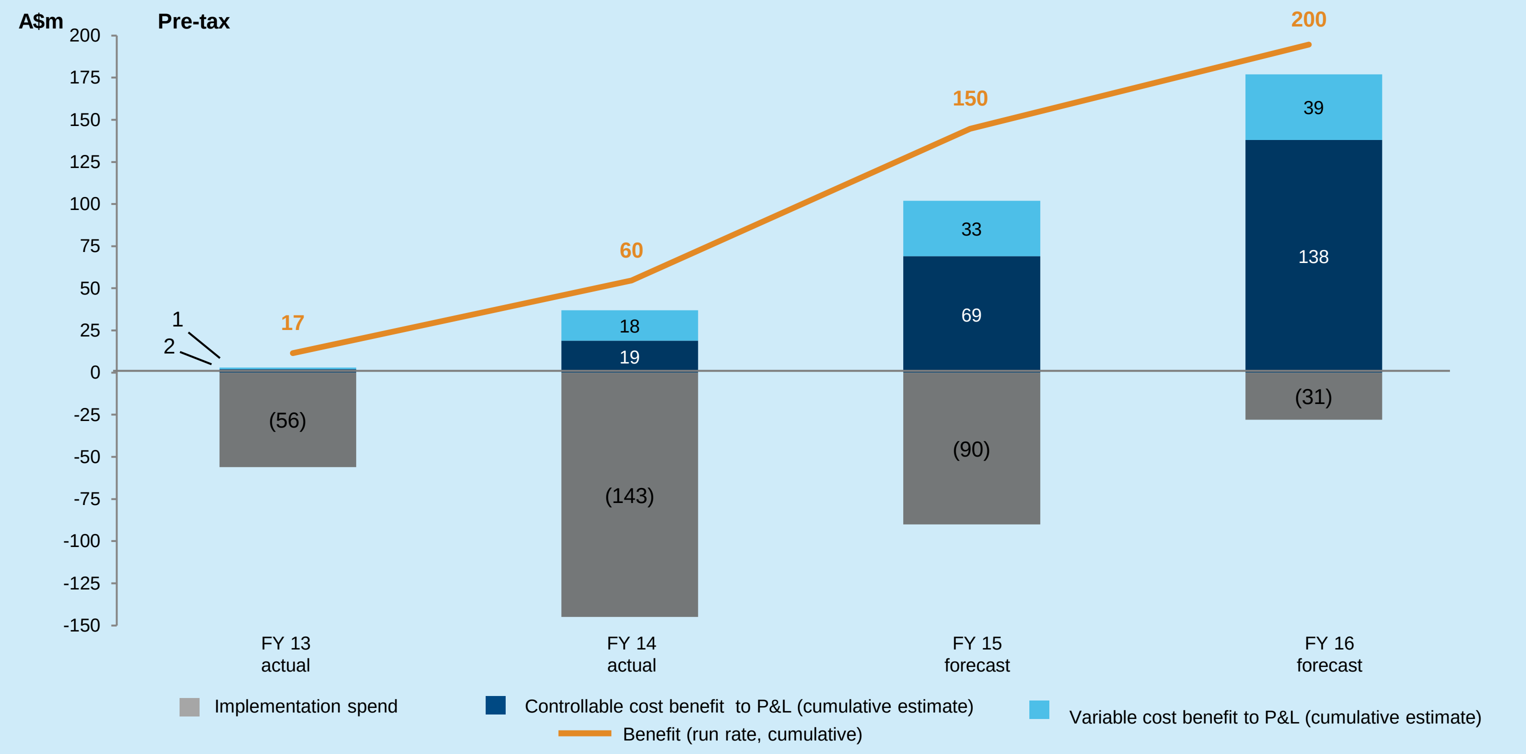
– Business efficiency program on track

– Outperformance of business efficiency program being re-invested in customer and growth initiatives through project spend

– FY 15 total controllable costs expected to reflect underlying controllable cost growth of 2.5%–3% before forecast business efficiency program benefits of A$50m

Financial overview – business efficiency program

Efficiency program benefits on track to deliver A$200m pre tax run rate savings by end 2016



- Strong commitment and momentum through 2014 and into 2015
- Delivered ahead of benefit profile and capacity is being used to accelerate investments in core growth foundations
- No change to FY 16 run rate forecast or delivery profile
- No change from prior guidance regarding benefit emergence at business unit levels
- Minor underspend in 2013 and 2014 carried forward to 2016
- One-off program costs of A$320m pre tax over 3 years funded through future retained earnings and existing capital surplus

Financial overview – business efficiency program

Solid progress throughout FY 14

FY 14 achievements	FY 15 focus areas
Enterprise-wide organisation design completed - an efficient customer focused operating model	Continue to improve service efficiencies and test new ways of delivering advice to lift advice productivity
Rationalisation of multi-asset funds completed – strong benefits in cost savings through renegotiated fees with external asset managers	Following success of multi-asset fund review, moving to complete 2nd phase to consolidate externally managed funds and create a more efficient fund structure
Finance transformation 50% completed. Integrated actuarial systems and processes, new operating model in place and initial phases of outsourcing in progress	Complete finance transformation to reduce costs and deliver a greater value-add function
IT infrastructure projects to deliver savings in data, storage and system support on track for completion in 2015	Complete all IT infrastructure projects
Outsourcing and automation of back office processes – 2 of 4 phases completed. Third phase well underway	Complete all four phases of back office transitions and establish sustainable improvement program
Group support services rationalised	Complete build of an efficient and engaging activity based work environment with about 35% less desk space required
	Continue to embed the foundations of a customer-driven continuous improvement culture

Delivering AMP’s promise
Section 4

Charting a path to stronger growth

Encouraging progress on strategy implementation

Strategic priorities:

1. Prioritise investment in A$2.4tr[1] Australian wealth management market by building on leading market positions to capture growth as superannuation industry doubles in size by 2024[2]
2. Transform core Australian business **to centre on customer**, driving stronger revenue growth from target segments to remain relevant in a fast changing world
3. Reduce costs to maintain market-leading efficiency and reinvest in new customer solutions
4. Invest selectively in **Asia and internationally** primarily through AMP Capital by leveraging investment and business capabilities in demand globally to move profitably into new markets

Notes

1. Australian Bureau of Statistics Managed Funds Report, Managed Funds Industry, Sept 2014
2. Dynamics of the Australian Superannuation System, *The next 20 years: 2013 – 2033*, Deloitte, Sept 2013; and AMP modelling

Creating a contemporary, customer centric business

Early activity laying strong foundation to increase growth trajectory of business

2014

Transform our face-to-face advice model

- Started pilots of new financial advice approaches

Build omni-channel experience for customers with new and improved ways of interacting with us

- Launched digital mobile platform, including market-leading smartphone and tablet applications
- Enhanced amp.com.au website with direct sales capability for superannuation
- Released new content management system to personalise customer interactions

Build better customer solutions

- Began pilot of new customer offers based on human-centred design and behavioural economics principles
- Put in place new data analytics infrastructure to improve customer insight and generate new business

Improve service capability and quality

- Refreshed corporate super welcome program, creating consolidation and cross-selling opportunities
- Simplified communications impacting millions of customer touch points per annum
- Introduced new call centre telephony infrastructure and began staff upskilling program
- Upgraded mortgage origination platform
- Released new claims platform
- Put in place new IP claims processes resulting in more customers returning to health and work
- Started to implement customer measurement system across company
- Introduced verbal consent – paperless superannuation consolidation service

Creating a contemporary, customer centric business

2015 will build off current momentum

2015

Transform our face-to-face advice model

- Refine and scale up advice approaches in pilot

Build omni-channel experience for customers with new and improved ways of interacting with us

- Integrate wealth and banking portals to offer single online service
- Expand digital mobile capabilities in areas such as mobile payments and biometric authentication
- Progress omni-channel delivery capability

Build better customer solutions

- Refine and scale up customer offers in pilot
- Build new offers for priority segments
- Build and use interaction engine, leveraging enhanced analytics, to synch customer contact with product and life events to build deeper product and service relationships

Improve service capability and quality

- Ongoing communications improvements
- Continue call centre upskilling
- Complete mortgage origination process improvements
- Further releases to new claims platform
- Continue to roll out new IP claims process and introduce new lump sum claims process
- Complete roll out of customer measurement system and operationalise
- Develop service specifications for key customer-facing processes to build more consistent brand experience

Investing selectively in offshore growth

AMP

Growing international business through deeper partnerships and increasing global demand for infrastructure and property opportunities

Building partnerships with national champions

Deepening relationships with Chinese and Japanese partners to drive cashflows

- China Life AMP Asset Management joint venture launched 5 funds and managed A$3.7b in AUM from Chinese retail and institutional investors
- AMP acquired 19.99% stake in China Life's China Life Pension Company – largest pension provider in China
- Managing A$7.1b for clients in Japan - offering 18 retail funds and 8 institutional funds
  - MUTB business alliance in Japan now offers 9 retail and 4 institutional funds, with A$1.5b in AUM
  - Other Japanese business partners now offer 9 retail funds, with A$5.2b in AUM
- MUTB raised A$403m for Infrastructure Debt Fund II; fund also attracted a A$162m commitment from China Life
- New funds being offered in Japan include European REIT Fund, Global Financial High Income Securities Funds and Australian Income Bond Fund

Targeting pension funds globally

Capitalising on increased international investor interest in infrastructure and property capabilities

- Now managing A$13b for global investors
- Includes more than A$4.7b for 119 global pension fund clients (increase of 56 from FY 13), with strong pipeline of new commitments
- Infrastructure Debt Fund II closed with US$1.1b in commitments from more than 50 investors in eight countries; additional co-investment pledges of US$250m
- Global Infrastructure Equity Fund launched, attracting strong interest from international investors; first close early 2015
- Expanding offering in Europe and Asia by extending new UCITS[1] platform to investors there
- A$5b Australian property development program has attracted strong interest from Canadian and Middle East pension and sovereign wealth funds as cornerstone investors
  - Macquarie shopping centre A$440m redevelopment completed ahead of time
  - Final stage of Ocean Keys shopping centre A$108m redevelopment completed
  - Major redevelopments underway or planned for Pacific Fair (Gold Coast); Garden City and Karrinyup (Perth); and Sydney's 200 George Street
  - Quay Quarter redevelopment opportunity progressing, with architect appointed

Notes

1. Undertakings for Collective Investment in Transferrable Securities; for more details, see p13 of FY 14 Investor Report

Summary

Improved financial performance and strategy execution delivering stronger returns for shareholders

- Double digit growth in all contemporary businesses driving increase in underlying profits
- Recovery of wealth protection business progressing well – more work to do
- Continuing to execute on strategy
  - Core Australian business becoming more customer-centric
  - Business efficiency program achieving cost targets and delivering savings for reinvestment in growth
  - Deepening relationships with key Asian partners and global pension fund clients
- Balance sheet strong, with surplus capital of A$2.0b
- Underlying return on equity increased 2 percentage points to 12.7%
- Dividend 13.5 cents a share, franked to 80% - continued DRP neutralisation

Appendix
Section 5

Guidance summary

Costs

- FY 15 total controllable costs expected to reflect underlying controllable cost growth of 2.5%–3% before forecast business efficiency program benefits of A$50m
- Expect business efficiency program pre tax costs of A$90m in FY 15 and A$31m in FY 16
- Business efficiency program estimated cumulative controllable cost benefit to P&L of A$69m in FY 15 and A$138m in FY 16 (see chart 19 for estimated variable cost savings)
- Amortisation of acquired AXA intangibles of approximately A$80m in FY 15 (post tax)
- AMP Capital targeting cost to income ratio at lower end of 60%-65% range over medium term

Wealth management

- As MySuper plan transitions have now commenced, AMP expects average margin compression of around 4.5% per annum through to June 2017; may be volatile from period to period
- Post the MySuper transition period, margin compression is expected to reduce to longer term average

Wealth protection

- Best estimate assumptions for FY 15 remain in line with FY 13 and 1H 14 guidance
- FY 15 best estimate lapse assumption around the FY 14 actual lapse rate (14.4%), gradually reverting to a long term lapse rate of approximately 13.5% by FY 17

Bank

- Targeting lending growth at or above system subject to funding availability and return on capital hurdles and credit quality targets being met

Mature

- Expected to run off between 4%-6% per annum; in volatile investment markets this run-off rate can vary substantially

Dividend policy

- Targeting payout ratio of 70%-80% of underlying profit

Capital

- APRA has released its planned final capital standards for conglomerate groups but deferred implementation to allow for any potential changes that may result from the 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
- Expect to be compliant with the requirements when implemented. Based on standards in their current form, expect to meet additional capital requirements from within existing capital resources

Advice update

Focus on adviser quality, productivity and value

Market leader in financial advice across Australia

- Largest network of financial advisers in Australia - FY 14 adviser numbers up slightly to 3,844[1]
- Clear commitment to deliver quality advice that benefits customers both financially and emotionally
- Strong, enduring business partnerships with advisers
- Strategic intent to provide more advice to more customers more often

Focus on championing consumer confidence and enhancing reputation of profession

- First to announce package of initiatives to lift professional standards:
  - New education requirements proposed for network – CFP, FChFP or MoFP by 2019. New advisers must complete this qualification within five years of joining an AMP licensee. Almost 30% of advisers already meet new education standards
  - AMP Customer Advice Review Panel formed to review customer complaints about the quality of advice when the customer is not satisfied with AMP's response through normal channels
  - Proposal on ethics and responsible-decision-making program course introduced to industry with positive response
- Review of licensee arrangement with Genesys and transitioning Genesys advisers to other AMP licensees or externally
- Piloting new approach to future of advice that is more appealing to customers and more efficient and effective for advisers; concept store launched in Sydney, 5 advice pilots underway to test assumptions and attractiveness to customers and advisers
- Investing in services, platforms and digital capabilities to enhance adviser quality and productivity and bed down regulatory change

Notes

1. For more details on adviser numbers, see p33 of FY 14 Investor Report

Regulatory environment

Development	Impacts / Issues	AMP position
Future of Financial Advice commenced June 2013 - Coalition amendments disallowed Nov 2014 - New regulations made December 2014	Changes in 2014 - Improved mobility of financial advisers in industry ('grandfathering' of existing payment structures) - Opt-in and fee disclosure statements - Final step re-introduced to best interests duty	- Supports ability of advisers to choose business partners - Working with advisers to ensure full compliance by 1 July 2015 including: › providing fee disclosure statements to all clients with an ongoing fee arrangement › satisfying client opt in requirements - Supports moves to improve professionalism of advice industry - first to announce package of initiatives to lift professional standards
ASIC review of retail life insurance advice – October 2014	Outcome - Industry asked to review remuneration and compliance practices to better support appropriate consumer outcomes	- Supporting Financial Services Council (FSC) and Association of Financial Advisers (AFA) in co-ordinating industry response via Life Insurance & Advice Working Group (LIAWG), chaired by John Trowbridge - LIAWG issued interim report in December 2014 outlining key issues - Invited further submissions from industry by end January 2015 - Report on industry recommendations expected March 2015
Financial System Inquiry final report to Federal Government, 7 Dec 2014 - Submissions in response close 31 March 2015 - Government response expected by late 2015	Recommendations - Additional capital requirements for the four major banks - Maintain scrutiny of costs of super during MySuper implementation - Industry to develop a default retirement incomes product (eg 'MyRetirement') - Industry self-regulation to lift quality of advice	- Supports additional capital requirements to create level playing field for banks - Supports view that current system, including MySuper, needs time to bed down. Competitive pressures already driving costs down in wealth management business. Current system, with high level of choice, is competitive by international standards - As one of leading players in retirement incomes, supports further development of retirement income products - Supports industry self-regulation as best way to address quality of advice
Senate Inquiry into Scrutiny of Financial Advice - Inquiry commissioned Sep 2014 - Report due July 2015	Scope - Current level of consumer protections - Role of, and oversight by, regulatory agencies - Compensation mechanisms - Mechanisms to ensure breaches are transparent - Response of industry participants to misconduct	- Lodged a submission to the Senate Inquiry setting out our first-mover measures to lift professional standards and deliver quality financial advice
Australia's Tax System - Discussion paper due after release of Intergenerational Report - Timing uncertain; IGR expected Q1 2015	Scope - To undertake a comprehensive review of Australia's taxation system including GST and post-retirement taxation settings. Taxation of superannuation likely to be one of issues canvassed	- Preparing to participate actively in review process

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