



2016 half year results

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Executive summary

Financial performance

- 1H 16 net profit of A\$523m (1H 15: A\$507m) and underlying profit of A\$513m (1H 15: A\$570m)
- Wealth management business resilient despite market volatility and regulatory uncertainty in 1H 16
- Continued earnings momentum in AMP Capital, AMP Bank and New Zealand, as businesses deliver on strategy
- Wealth protection 1H 16 performance impacted by poor claims experience – recovery strategy focused on delivering more capital efficient, less volatile business
- Strong cost performance with increase of less than 1% despite investment in future growth; cost to income ratio 45.5%
- Active management of capital - position remains strong with surplus of A\$1.9b, underlying RoE 11.9%

Strategy

- Clear strategy to deliver long-term growth
 - Building and maintaining market-leading positions, while tilting investment to higher growth, less capital intensive businesses
 - Rolling out differentiated goals-based approach and infrastructure to drive customer-centred transformation of core Australian business
 - Business efficiency program delivering operational leverage and capacity for investment in growth initiatives
 - Increasing international profile of investment management business, while shifting focus to higher margin asset classes

Dividend

- Interim dividend 14 cents a share, franked to 90%. DRP neutralised with shares bought on market

1H 16 profit summary

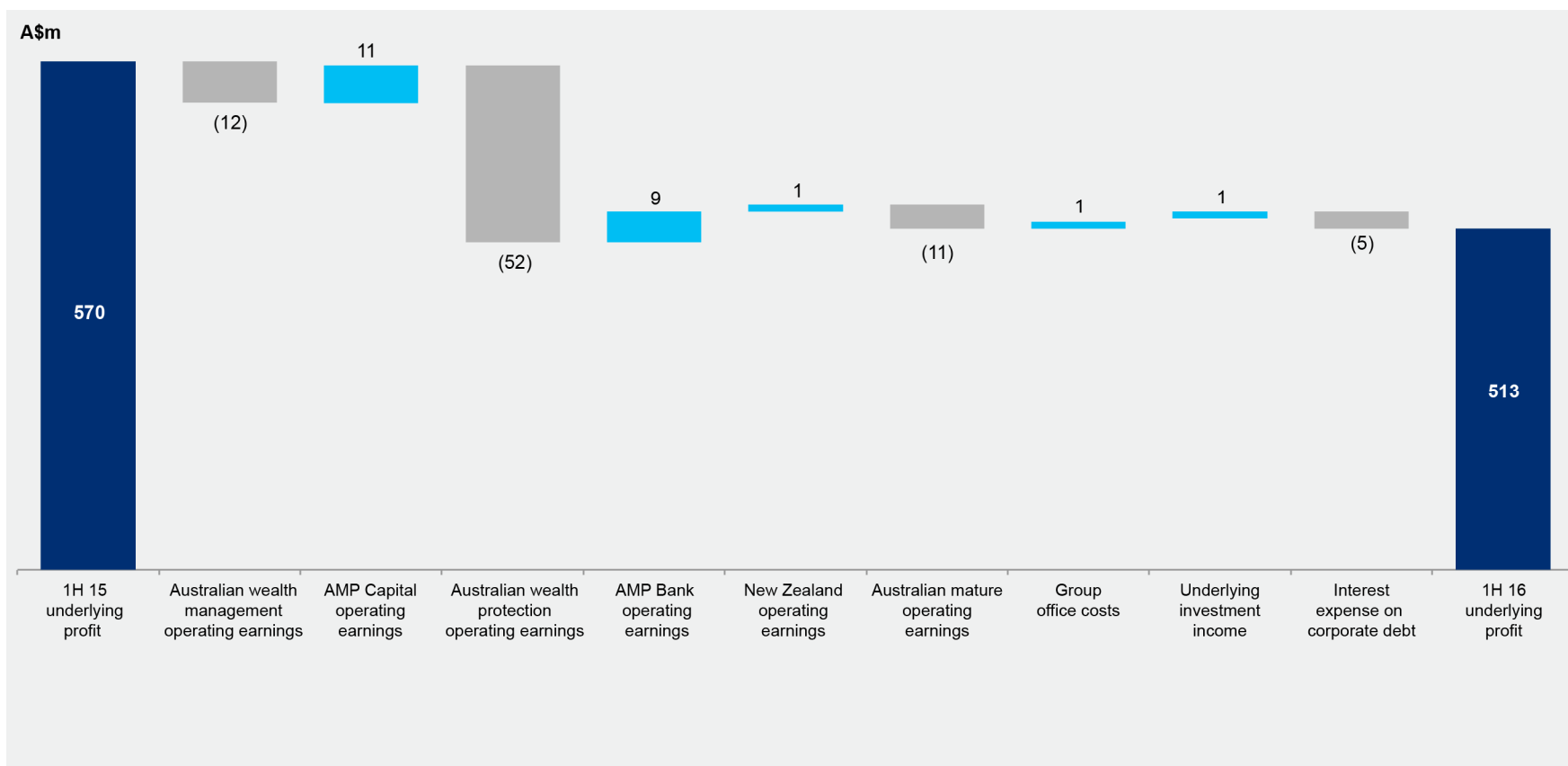
A\$m	1H 16	1H 15	%
Australian wealth management	195	207	(5.8)
AMP Capital ¹	83	72	15.3
Australian wealth protection	47	99	(52.5)
AMP Bank	59	50	18.0
New Zealand financial services	62	61	1.6
Australian mature	69	80	(13.8)
BU operating earnings	515	569	(9.5)
Group Office costs	(30)	(31)	3.2
Total operating earnings	485	538	(9.9)
Underlying investment income ¹	61	60	1.7
Interest expense on corporate debt	(33)	(28)	(17.9)
Underlying profit	513	570	(10.0)
Other items	(6)	(2)	(200.0)
Business efficiency program costs	(12)	(33)	63.6
Amortisation of acquired intangible assets ¹	(39)	(42)	7.1
Profit before market adjustments and accounting mismatches	456	493	(7.5)
Market adjustments ¹	63	24	162.5
Accounting mismatches	4	(10)	n/a
Profit attributable to shareholders of AMP Limited	523	507	3.2

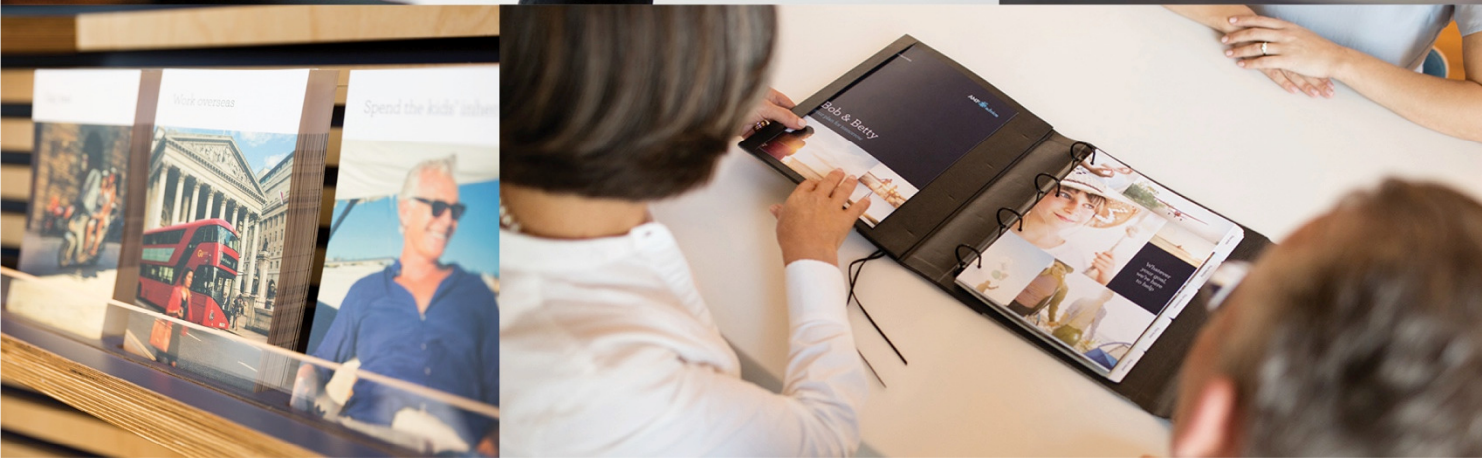
Note

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

1H 16 movement in underlying profit

Underlying profit impacted by wealth protection experience





Business unit results

Section 2

Wealth management – overview

Resilient
performance in
volatile markets

Key performance measures	1H 16	1H 15
Operating earnings (A\$m)	195	207
Controllable costs (A\$m)	(245)	(250)
Total retail and corporate super net cashflows on AMP platforms (A\$m)	1,225	1,926
Total net cashflows (A\$m) ¹	582	1,152
Investment-related revenue to AUM (bps) ^{1,2,3}	109	113
Operating earnings to AUM (bps) ^{1,3}	34	36
Cost to income ratio	45.8%	44.8%

- 6% decline in operating earnings driven by challenging market conditions partially offset by disciplined cost control
- Successful delivery of business efficiency program led to A\$5m reduction in controllable costs allowing ongoing investment in growth initiatives
- Cost to income ratio up 1 percentage point driven by weaker revenue growth from lower AUM
- Operating margin at 34 bps also reflects lower AUM

- MySuper transitions continue with variation from period to period as per guidance – 1H 16 margin compression below guidance at 3.5% per annum
- Overall, compression remains in line with original guidance (average 4.5% per annum) and is expected to reduce to longer-term average post MySuper transitions
- Average margin compression of around 5.0% per annum expected to December 2017 with large transitions in Q2 2017

Notes

1. Excludes SuperConcepts.
2. Investment related revenue refers to revenue on superannuation, retirement income and investment products.
3. Based on average of monthly average AUM.

Wealth management – net cashflows

Subdued cashflows reflect market volatility and regulatory uncertainty

Net cashflows summary (A\$m)	1H 16	1H 15
North ¹	2,664	2,268
AMP Flexible Super ¹	220	861
Other products and platforms ¹	(1,913)	(1,334)
Total retail on AMP platforms	971	1,795
SignatureSuper and Flexible Super (employer)	418	423
Other corporate superannuation ²	(164)	(292)
Total corporate superannuation	254	131
Total retail and corporate super on AMP platforms	1,225	1,926
External platforms ³	(643)	(774)
Total Australian wealth management	582	1,152

- Strong growth on North platform continues – AUM up 26% on 1H 15 (12% on FY 15) to A\$23.4b
- Broader cashflows on AMP platforms reflect ongoing investment market volatility and uncertainty around superannuation changes
- Mix in cashflows on contemporary platforms changing over time with expanded North offering providing greater flexibility and proving attractive to customers

- Corporate super flows up A\$123m with continued momentum into 2H 16
- Cashflows on external platforms better than anticipated reflecting slower outflows from Genesys in 1H 16 – approx A\$280m still expected to transition out over time

Notes

1. For details of platforms see p8 of 1H 16 Investor Report.
2. Comprises CustomSuper, SuperLeader and Business Super.
3. Comprises Asgard, Macquarie and BT Wrap platforms.

AMP Capital – overview

Strategy delivery continues to drive growth and deliver more attractive asset mix

Key performance measures	1H 16	1H 15
Operating earnings (A\$m) ¹	83	72
Fee income (A\$m)	322	290
Controllable costs (A\$m)	(192)	(173)
Cost to income ratio	57.9%	58.7%
Total external net cashflows (A\$m)	(153)	3,025
Average AUM (A\$b) ²	158.4	158.5

- 15% increase in operating earnings reflects good growth in performance and AUM-based fees
- 1H 16 performance and transaction fees up 56% to A\$61m as a result of strong infrastructure fund performance; performance fees emerge over 3-year period assuming sustained investment performance
- Increase in controllable costs driven by investment in growth initiatives and higher employment costs
- 1H 16 cost to income ratio 58% due to seasonality of performance fees. Guidance of 60%-65% applies to full year; targeting lower end of range over medium-term
- Average AUM steady, benefitting from strong inflows into property and infrastructure

Notes

1. Operating earnings after minority interests.
2. Based on average of monthly average AUM.

AMP Capital – net cashflows and investment performance

Strong cashflows to higher margin asset classes against challenging listed market conditions

External net cashflows (A\$m)	1H 16	1H 15
China (CLAMP) ¹	(298)	682
Japan	(111)	387
International	734	(44)
Domestic	(478)	2,000
Total external net cashflows	(153)	3,025

Net cashflows (A\$m)	1H 16	1H 15
Internal	(2,458)	(1,885)
External	(153)	3,025
Total net cashflows	(2,611)	1,140

Net cashflows

- Overall external net cashflow performance reflects shift from lower to higher margin asset classes, with infrastructure and property now representing over 50% of externally managed AUM
- Cashflows from CLAMP reflect emerging trend in client redemptions and reinvestments around period end – average AUM growth remains strong
- Cashflows from Japan continue to reflect challenging market conditions; leveraging strong partnership with MUTB to unlock long-term growth potential

- Growth in international net cashflows reflects investor appetite for higher margin property and infrastructure assets, contributing to 12% increase in external AUM-based fees
- Decline in domestic cashflows reflects loss of low margin equity and fixed income mandates

Investment performance

- 69% of AUM met or exceeded client goals over 3 years to June 2016
- Volatile markets affected listed asset performance but real assets continue to perform well

Note

1. AMP Capital's 15% stake in China Life AMP Asset Management (CLAMP) joint venture.

Wealth protection – overview

Performance
impacted by poor
claims experience

Key performance measures	1H 16	2H 15	1H 15	2H 14	1H 14
Profit margins (A\$m)	90	100	96	99	88
Capitalised (losses) / reversals (A\$m)	(1)	(1)	1	2	0
Experience profits / (losses) (A\$m)	(42)	(13)	2	(4)	3
Income protection (IP) claims	(23)	(8)	3	11	11
Lump sum claims	(13)	2	(12)	(8)	(7)
Group claims	(5)	(1)	3	(5)	(13)
Lapses	(2)	(7)	7	1	8
Other	1	1	1	(3)	4
Operating earnings (A\$m)	47	86	99	97	91
Individual risk API (A\$m)	1,487	1,515	1,476	1,498	1,453
Individual risk lapse rate	13.4%	14.5%	13.0%	14.8%	13.8%
Cost to income ratio	46.1%	35.5%	33.3%	33.6%	35.9%

- Profit margins fell by 6% on 1H 15 due to strengthening of lump sum claims assumptions in 2H 15
- 1H 16 operating earnings fell 53% from 1H 15 due to poor claims experience with slower than expected remediation in challenging market environment
- IP claims experience impacted by higher incidence of claims, lower than expected terminations and continued investment in claims transformation
- Lump sum experience weaker across all sub-categories (death, trauma, TPD)
- Group experience largely attributable to single client plan
- Lapse experience broadly in line with best estimate assumptions

Wealth protection – improvement plan update

Focus on delivering more capital efficient, less volatile business

1H 16 progress

Intensified focus on business recovery. Accelerated activity across all initiatives:

1. Fix claims and lapse experience

- Repricing IP and group for value over volume
- Strengthened IP incidence assumptions at 30 June; impact to be largely offset by premium rate increases
- Claims transformation program: new management appointed; increased claims assessors; actively leveraging data and analytics capability
- Lapses: enhanced data and analytics providing propensity modelling; continue to support reform of Life Insurance Framework

2. Capital management and efficiency

- Strong progress on Part 9: targeting 1 Jan 2017 subject to regulatory and court approvals. Expected to release capital in the order of A\$100m
- Good progress on initial tranche of reinsurance; tested market and established capacity; number of interested counter-parties; negotiations progressing; completion subject to achieving acceptable commercial terms
- Potential to reinsure significant proportion of book over time

3. New insurance offer

- Simpler, more flexible and more capital efficient approach to insurance
- Launches Q3 via AMP Advice founding practices

Medium-term guidance

- Best estimate assumptions expected to deliver neutral experience

2H 16 guidance

- Income protection: strengthened best estimate incidence assumptions at 30 June 2016; expected to reduce IP experience losses by A\$10m per annum; premium rate increases to largely offset operating earnings impact. Expect investment in claims transformation and lower terminations to impact 2H 16 experience
- Lump sum: expect broader market conditions to remain challenging; negative experience more likely in 2H 16
- Group: repricing for value over volume; improved experience not expected until 2017
- Lapses: FY 16 best estimate lapse assumptions gradually reverting to a long-term rate of approximately 13.5% by FY 17; lapses typically seasonally higher in second half
- API: growth expected to remain subdued, while wealth protection business continues to target actions delivering value over volume

AMP Bank – overview

Strong growth
momentum
continues

Key performance measures	1H 16	1H 15
Operating profit (A\$m)	59	50
Controllable costs (A\$m)	(34)	(31)
Cost to income ratio	28.5%	30.0%
Net interest margin	1.71%	1.53%
Residential mortgage book (A\$m)	15,439	14,587
Deposits (A\$m)	10,713	8,794
Return on capital	17.2%	16.3%
Liquidity coverage ratio	126%	145%

- 18% increase in operating earnings driven by expansion in net interest margin (up 18 bps) and strong mortgage growth
- NIM benefited from active liquidity and balance sheet management in low interest rate environment
- Controllable costs increased to support growth; cost to income ratio continues to fall
- Maintained competitive lending position – with loan book growing above system due to strong sales of owner-occupied mortgages
- Retail mortgage sales via advisers up on 2H 15
- Growth in investment property lending rebuilding
- Strong liquidity and capital position, above regulatory requirements

New Zealand and Mature – key performance measures

Strong NZ performance reflects good experience profits and disciplined cost control

New Zealand	1H 16	1H 15
Profit margins (A\$m)	57	48
Transitional tax relief (A\$m) ¹	-	9
Experience profits / (losses) (A\$m)	5	4
Operating earnings (A\$m)	62	61
Net cashflows (A\$m)	73	202
Individual risk API (A\$m)	286	261
Individual risk lapse rate	11.1%	11.7%
Cost to income ratio	28.6%	30.3%

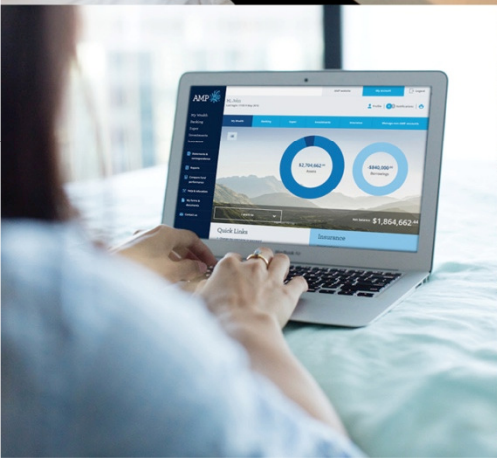
- Operating earnings up 2%, reflecting growth in profit margins despite loss of transitional tax relief
- Experience profits improved due to improved management of claims and better lapse experience

Mature	1H 16	1H 15
Operating earnings (A\$m)	69	80
AUM (A\$b)	21.5	22.6
Persistency	91.0%	89.9%
Controllable costs (A\$m)	(27)	(29)
Cost to income ratio	19.5%	18.7%

- Operating earnings impacted by expected portfolio run-off, bond rates and better persistency

Note

1. Transitional tax relief reflects the benefit received prior to the effect of the 2010 change in life tax rules that applied from 1 July 2015.



Financial overview

Section 3

Financial overview – key points on P&L

A\$m	1H 16	1H 15	% Change
Underlying profit	513	570	(10.0)
Other items	(6)	(2)	
Business efficiency program costs	(12)	(33)	
Amortisation of acquired intangible assets ¹	(39)	(42)	
Profit before market adjustments and accounting mismatches	456	493	(7.5)
Market adjustments ¹	63	24	
Accounting mismatches	4	(10)	
Profit attributable to shareholders of AMP Limited	523	507	3.2

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Financial overview – balance sheet and regulatory capital

Strong balance sheet with Level 3 eligible capital surplus well above minimum regulatory requirements

A\$m	1H 16	FY 15	Change
Shareholder equity	8,678	8,623	
Total corporate subordinated debt ¹	951	1,551	
Total corporate senior debt ¹	638	250	
Total capital resources²	10,267	10,424	(157)
Regulatory capital resources	3,279	3,844	
Level 3 eligible capital above MRR	1,917	2,542	(625)
Debt metrics and liquidity			
Corporate gearing	9%	10%	
Interest cover (underlying)	17.6 x	20.0 x	
Group cash (A\$m)	490	373	
Undrawn syndicated loan (A\$m)	250	250	

- Overall strong capital, corporate gearing ratios, interest cover and liquidity position
- Level 3 eligible capital remains strong and well above MRR post redemption of A\$600m AXA Subordinated Notes

- Level 3 eligible capital above MRR (after 1H 16 dividend) will comprise A\$762m for life insurance participating business and A\$741m for AMP group's other businesses
- Based on the proposed regulatory capital standards for conglomerate groups in their current form, AMP expects to meet requirements from existing capital resources

Notes

1. For more detail see p28 of 1H 16 Investor Report.
2. Shown after accounting mismatches, cashflow hedge resources and other adjustments. For more detail see p27 of 1H 16 Investor Report.

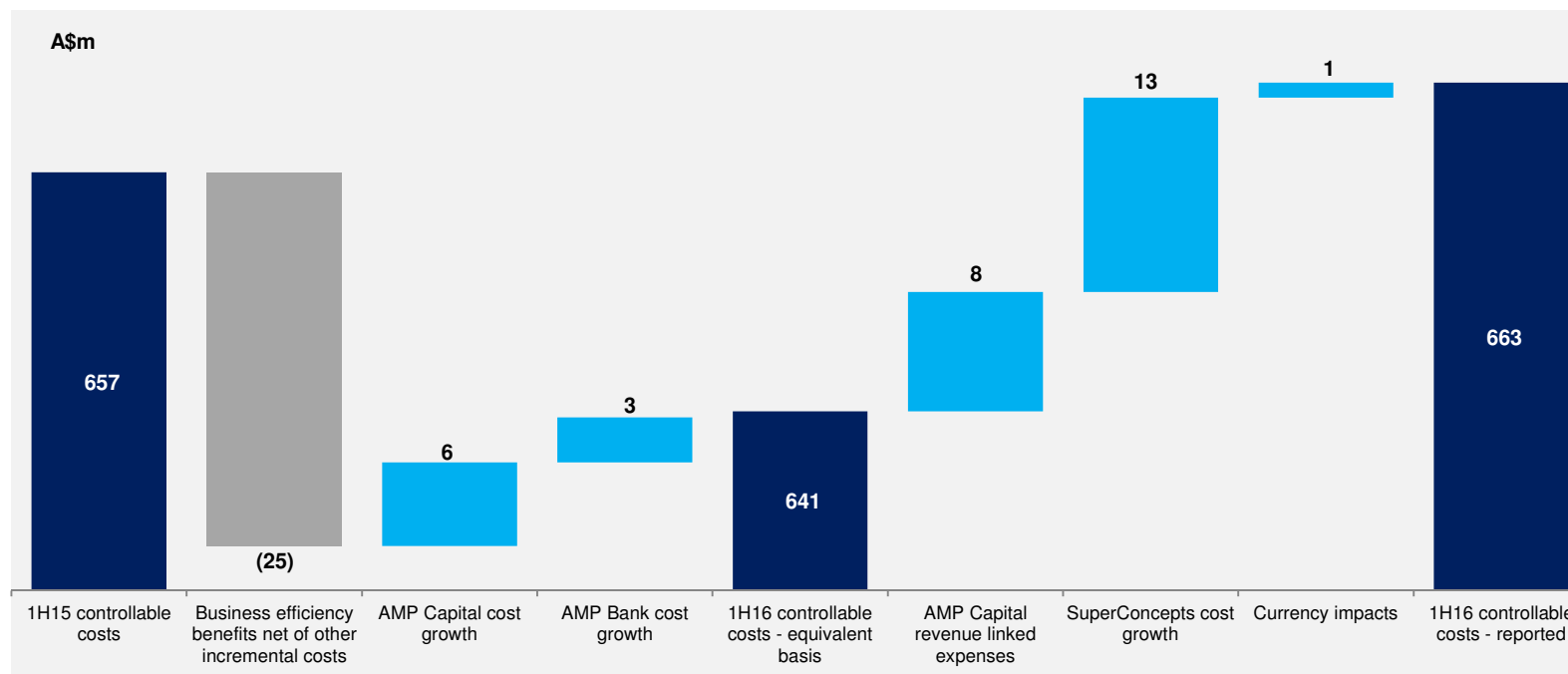
Financial overview – interim 2016 dividend

Interim 2016 dividend of 14 cents a share, franked to 90%

- Dividend payout ratio 81% - within 70%-90% payout range
- Dividend Reinvestment Plan (DRP) will remain in place for eligible shareholders
- 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

Financial overview – maintaining cost control

Benefits from business efficiency program allow continued investment in future growth



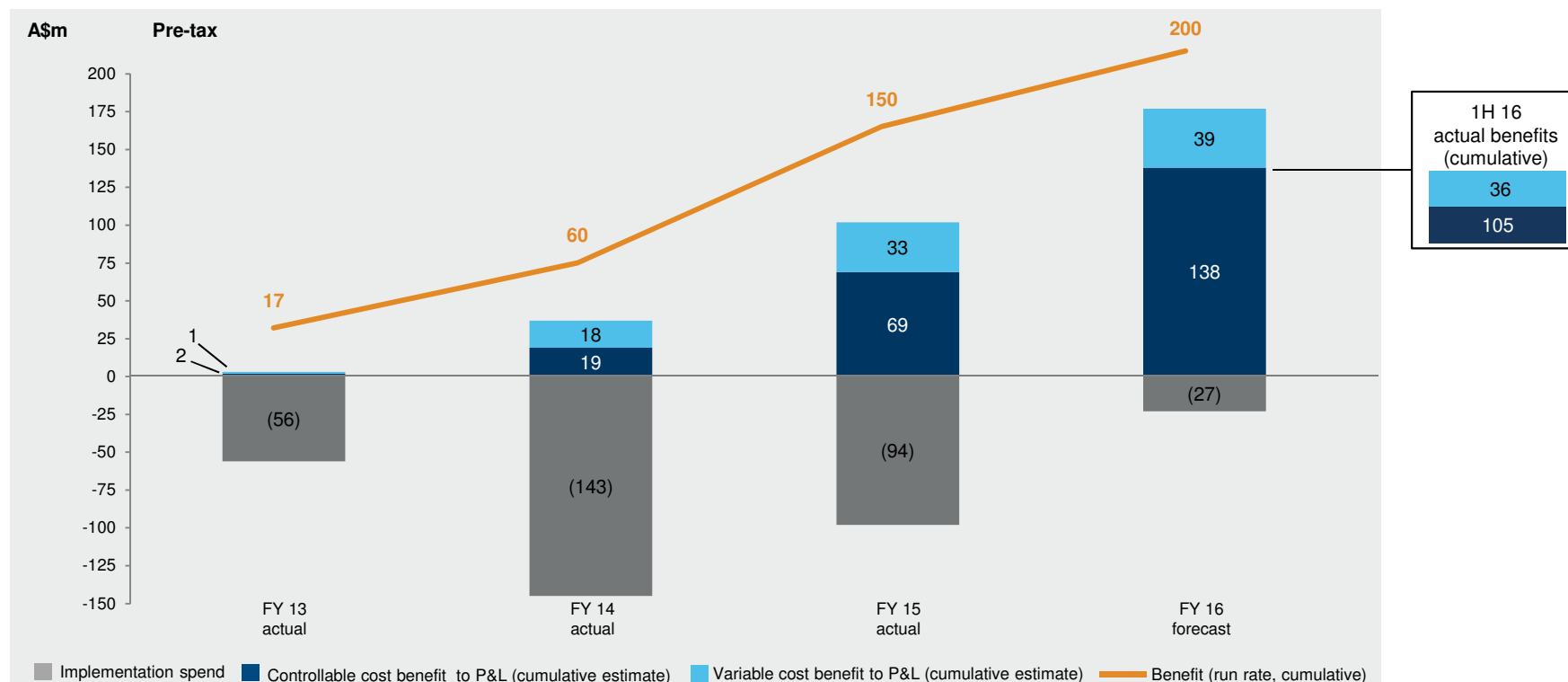
1H 16 total controllable costs up 1% to A\$663m from 1H 15

- Business efficiency program benefits on track
- AMP Capital and AMP Bank delivered double-digit earnings growth in 1H 16
- AMP Capital costs reflect investment in growth initiatives and higher employment costs
- AMP Bank costs reflect continued investment in technology and operating capability to support strong mortgage growth
- SuperConcepts costs include consolidation and integration of acquisitions completed in 2H 15

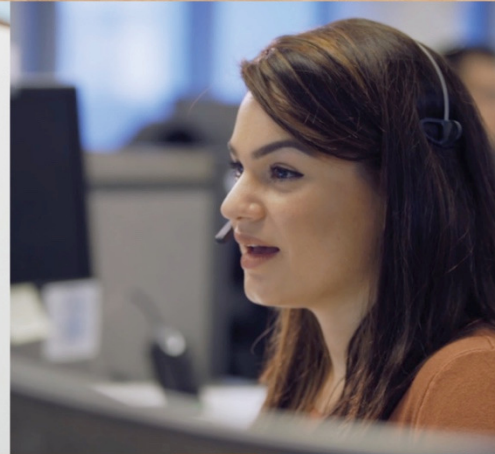
- FY 16 controllable costs expected to grow at approx 3.0% incorporating:
 - 2.5%-3.0% underlying cost growth
 - approximately A\$30m impact from consolidation of SMSF businesses acquired end FY 15
 - cost growth in AMP Capital of approx 10% reflecting variable performance-based remuneration and growth initiatives
 - expected business efficiency benefits of A\$69m

Financial overview – business efficiency program

Business efficiency program largely complete – delivering A\$200m pre-tax run rate savings by FY 16



- Program largely complete – successfully delivering A\$200m pre-tax run rate savings
- Major program achievements include:
 - more streamlined organisational structure
 - consolidated and improved IT infrastructure platform
 - greater outsourcing and automation capability
- One-off program costs of A\$320m pre-tax over 3 years funded through existing capital surplus and future retained earnings



Strategy update

Section 4

Clear strategy to deliver long-term growth

Strategy designed to future-proof AMP: capitalising on key strengths

AMP well positioned to take advantage of positive long-term trends

- Ageing population, with number of people over age 60 expected to double by 2050¹
 - Mandated growth of superannuation system, with industry expected to double by 2026²
 - Increased consumer demand for experiences, over physical products and expectation of better value
 - Greater consumer demand for digital and self service
 - Shift in economic power from west to east
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Key success factors

- Trusted and respected brand
 - Market-leading distribution strength and breadth
 - Scale and market-leading cost efficiency
 - Investment management capability
 - Execution strength in transformational change, integration, project delivery and partnership management
-

AMP's strategic objectives

1. Prioritise investment in A\$2.6tr³ Australian wealth management market, tilting to **higher growth, less capital intensive businesses** and building on **market-leading positions**
2. Transform core Australian business **to centre on customer**: differentiating via an end-to-end experiential goals-based approach to drive stronger revenue growth from target segments and 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 building national partnerships (China and Japan) and leveraging increased global demand for our investment capabilities in infrastructure, property and fixed income

Notes

1. World report on ageing and health 2015, World Health Organisation, 2015.
2. Dynamics of the Australian Superannuation System - The next 20 years: 2015-2035, Deloitte Actuaries & Consultants, November 2015; and AMP modelling.
3. Australian Bureau of Statistics Managed Funds Report, Managed Funds Industry, March 2016.

Leverage AMP strengths and market-leading positions

Drive growth in wealth management

Australia

- Completed transition to new regulatory environment; increased focus on efficiency and productivity in current advice network
- Increased competitiveness of product suite with launch of expanded North offering; now offer full suite of mastertrust, wrap, SMSF and corporate solutions

New Zealand

- 3rd largest KiwiSaver provider in New Zealand with 12% market share, NZ\$4.1b in AUM (up 10% on 1H 15) and 242,000 customers
- Pipeline of new corporate superannuation mandates expected in 2H 16



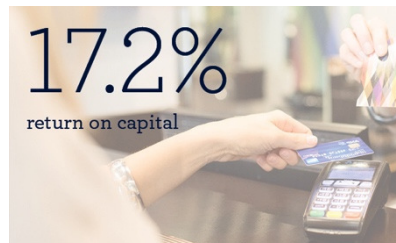
Fix and transform insurance

- Strategy to deliver less capital intensive, less volatile business with better growth characteristics
- Intensified focus on business recovery; accelerating Part 9 and first tranche of reinsurance to improve capital efficiency and reduce volatility (refer chart 11 for more detail)
- Transforming claims management philosophy, systems and process to improve both customer and shareholder outcomes



Drive growth from AMP Bank

- Banking products integral to customer-centred strategy
- AMP Bank contribution to group profits doubled in past five years; today Bank represents more than 10% of profit with significant growth potential via:
 - Brokers: currently account for 75% of originations
 - Advisers: currently account for 19.5% of home loans - loans via advisers have 1.4 x tenure
 - Closer integration to group and new advice model - leveraging AMP's strengths to create compelling advantage and drive increased value (customers with loans have 4 x AUM and 2.6 x API)



Lead in SMSF – SuperConcepts

- SuperConcepts now market-leading, end-to-end SMSF service provider – relationships with 39,200+ funds (up c 1,000 on FY 15)
- Full administration services: 16,600+ SMSFs
- Software services: 26,200+ SMSFs
- Acquisition of Desktop Super (2 Aug) added further 16,000+ SMSFs to software services
- Post acquisition total fund relationships increase to approx 55,200 representing c 10% of overall SMSF market
- Top-line revenue contribution from business operations growing year on year delivering A\$18m in 1H 16



Transform our business to centre on the customer

Differentiate via integrated end-to-end goals based approach

- Goals-based approach designed to proactively engage existing customers and activate unadvised AMP customer base
- New customer lifetime management approach leverages data and analytics to drive engagement
- Launched goals-based consumer advertising campaign (July 2016)
- Launching four new goals based solutions in 2H 2016:
 - Simplify my finances: new solution combining data aggregation and transaction banking products to automate budgeting and cashflow management (AMP Bett3r Account)
 - Retire right: extending retirement offer suite with new solution to help manage and optimise income through retirement
 - Be debt free: cashflow management tool and disciplined approach to reduce non-deductible debt
 - Protect my income: new, holistic insurance solution



Deliver goals-based advice model of the future

- Extending rollout of innovative face-to-face advice model leveraging goals-based infrastructure
- 20-30 practices (c 100 advisers) operational by year end with significant pipeline of interest



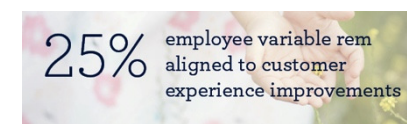
Increase channel choice

- Broadening distribution: creating omni-channel experience with new digital and direct channels complementing traditional strength in face-to-face advice
- Core omni-channel infrastructure now operating at scale and driving new business:
 - Face-to-face advice:** 440k engagement opportunities presented to advisers year to date
 - Remote assistance:** being scaled, leveraging digital and data infrastructure; improving risk insurance sales and cashflows from super consolidation
 - Digital:** more than 125k personalised interactions presented via the call centre and digital devices



Deliver superior customer experience

- Net Promoter Score (NPS) used across company and driving continuous improvement in customer experience
- Delivered significant customer experience improvements including contact centre service enhancements, new website, mobile apps, MyAMP and improved AMP Bank mortgage origination process



Maintain market-leading efficiency

Proven track record in driving efficiency

- Successful delivery of business efficiency program delivering A\$200m in pre tax run rate savings by end 2016
- Continuous change program focused on sustaining business efficiency benefits through:
 - more effective processes and project management
 - improved productivity
 - robotics and process automation
 - enhanced key supplier arrangements
 - simplified policies and improved governance
 - transition to activity-based workplaces



Invest selectively in international growth

Build partnerships with national champions

China Life AMP Asset Management (CLAMP)¹

- AUM grew 106% to RMB 79b (A\$15.9b) on 1H 15 (13% on FY 15)
- Launched 19 new mutual funds in 1H 16, including separately managed accounts, equity and fixed income funds
- Business profitable and continues to perform ahead of expectations

RMB 79b AUM
managed for Chinese retail and institutional investors



China Life Pension Company (CLPC)²

- Total AUM grew 25% to RMB 340b (A\$69b) on 1H 15 (13% on FY 15)
- No.1 in trustee services (29% market share) and No.2 in investment management (12% market share) by AUM
- Business profitable and continues to perform ahead of expectations

RMB 340b AUM
#1 trustee services
#2 investment management



MUTB and other distributors – Japan

- Now managing A\$7.1b for clients in Japan
- MUTB business alliance offers 14 retail and 4 institutional funds, with A\$1.8b in FUM
- At 1H 16, MUTB had raised A\$0.8b in commitments for Global Infrastructure Fund (GIF), Infrastructure Debt Fund (IDF I) and Infrastructure Debt Fund II (IDF II)
- Japan offers significant long-term growth opportunity as one of Asia Pacific's largest asset management markets; growth potential underpinned by strong relationship with MUTB and other distributors

A\$7.1b
managed for clients in Japan



Capitalise on international investor demand for infrastructure, property and fixed income

- Now managing A\$17.3b for international investors: includes A\$8.9b for 157 direct international institutional clients (up from A\$6.8b for 142 clients at FY 15)
- Infrastructure Debt Fund III (IDF III) in market with commitments of A\$305m
- Global Infrastructure Fund (GIF) raised more than US\$1 billion in new commitments from investors across Asia, Europe and North America
- A\$5b Australian property development program attracting strong support from international and domestic investors
 - 200 George Street, Sydney³: Ernst & Young's Sydney HQ
 - Pacific Fair Shopping Centre, Gold Coast: Queensland's largest shopping centre opens August 2016
 - Quay Quarter, Sydney: anticipated to commence late 2017 subject to tenant commitments and investment approvals
 - Major redevelopments: underway at Warringah Mall⁴, planned at Macquarie Town Centre (Sydney), Garden City Booragoon (Perth) and Karrinyup Shopping Centre (Perth)

A\$17.3b AUM

Notes

1. AMP Capital holds a 15% stake in the joint venture. AMP Capital's 15% share of AUM is A\$2.4b.
2. AMP holds a 19.99% stake in the joint venture.
3. Co-owned with Mirvac (Development manager).
4. Co-owned with Scentre Group (Development manager).

Summary

Business performance

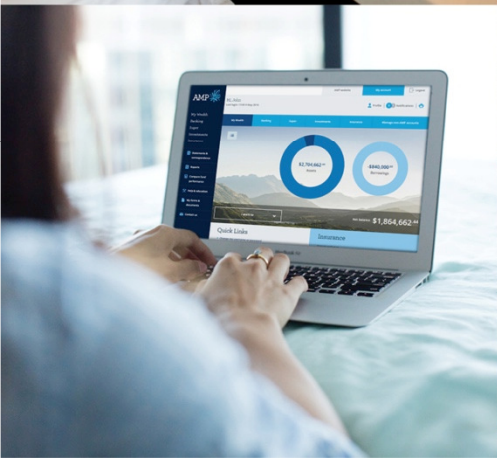
- Continued momentum in AMP Capital, AMP Bank and New Zealand
- Resilient performance from wealth management business
- Intensified focus on wealth protection business recovery; accelerated key capital management initiatives to improve capital efficiency and reduce volatility
- Balance sheet remains strong, with surplus capital of A\$1.9b

Strong progress on strategy delivery

- Leveraging market leading positions, with investment tilting to higher growth, less capital intensive businesses
- Implementing differentiated goals-based approach and infrastructure to customers and advisers
- Business efficiency program delivering operational leverage and capacity for continued investment in future growth
- International profile of investment management business growing, with shift to higher margin asset classes

Dividend

- Interim dividend 14 cents a share, representing a payout ratio of 81%, franked to 90%



Appendix

Section 5

Guidance summary

Costs

- FY 16 controllable costs expected to grow at approx 3.0% incorporating:
 - 2.5%-3.0% underlying cost growth
 - approximately A\$30m impact from consolidation of SMSF businesses acquired at end of FY 15
 - cost growth in AMP Capital of approx 10% reflecting variable performance-based remuneration and growth initiatives
 - expected business efficiency benefits of A\$69m
- Expect business efficiency program pre-tax costs of A\$27m in FY 16
- Business efficiency program estimated cumulative controllable cost benefit to P&L of A\$138m in FY 16 (see chart 19 for estimated variable cost savings)
- Amortisation of acquired AXA intangibles of approx A\$79m in FY 16 (post-tax)
- AMP Capital targeting cost to income ratio of 60%-65%; aiming for lower end of range over medium term

Wealth management

- As MySuper plan transitions have now commenced, and following a period of below average margin compression, investment related revenue to AUM margin compression is now expected to average around 5.0% per annum through to December 2017; largest transitions expected in Q2 2017; compression may be volatile from period to period
- Post the MySuper transition period, margin compression expected to reduce to longer-term average

Mature

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

Wealth protection - Medium-term guidance

- Medium term: best estimate assumptions expected to deliver neutral experience

Wealth protection - 2H 16 guidance

- Income protection: strengthened best estimate incidence assumptions at 30 June 2016; expected to reduce IP experience losses by A\$10m per annum; premium rate increases to largely offset operating earnings impact. Expect investment in claims transformation and lower terminations to impact 2H 16 experience
- Lump sum: expect broader market conditions to remain challenging; negative experience more likely in 2H 16
- Group: repricing for value over volume; improved experience not expected until 2017
- Lapses: FY 16 best estimate lapse assumptions gradually reverting to a long-term rate of approximately 13.5% by FY 17; lapses typically seasonally higher in second half
- API: growth expected to remain subdued, while wealth protection business continues to target actions delivering value over volume

Dividend policy

- Target payout ratio of 70%-90% of underlying profit

Conglomerate Standards

- The regulator deferred proposed capital requirements for conglomerate groups (level 3 institutions) in March 2016 and indicated that implementation will be no earlier than 2019. It intends to consult again on these requirements in mid-2017 or later
- Based on standards in their current form, expect to meet any additional capital requirements from within existing capital resources

Regulatory environment

Proposed regulatory reform	AMP position
Taxation of superannuation <ul style="list-style-type: none"> Government proposed significant reforms to superannuation tax in the Federal Budget on 3 May 2016, including changes to concessional and non-concessional contributions; and transition to retirement 	<ul style="list-style-type: none"> Any changes to superannuation – including tax – must provide certainty and benefits to superannuation members Support cap on tax free assets in the pension phase Do not support other proposals – including \$500,000 lifetime cap on non-concessional contributions, reduction in current \$30/35k annual concessional caps to \$25k and proposed changes around transition to retirement
Life insurance remuneration reform <ul style="list-style-type: none"> Draft legislation with significant changes to adviser life insurance remuneration lapsed on the double dissolution election Government expected to pursue reforms in new Parliament 	<ul style="list-style-type: none"> AMP supports reforms aimed at improving consumer trust in financial advice AMP will align with industry timeframe and position AMP will support Financial Services Council and Association of Financial Advisers to implement reforms
Adviser professional standards reform <ul style="list-style-type: none"> Draft legislation increasing standards for financial advisers released for consultation prior to 2016 election Government expected to pursue reforms in new Parliament 	<ul style="list-style-type: none"> AMP supports reforms aimed at improving consumer trust in financial advice and enhanced adviser professional standards help achieve this outcome Reforms need to provide appropriate transitions for existing advisers and support small business operations
Senate Inquiry into Scrutiny of Financial Advice <ul style="list-style-type: none"> Inquiry commenced Sept 2014 and expected to be reconstituted as a priority in 45th Parliament Expected to adopt previous terms of reference which include misconduct within industry Additional references will be made which reflect issues important to Senate crossbench 	<ul style="list-style-type: none"> AMP appeared before Senate Committee in August 2015, demonstrating the company's commitment to its customers ASIC regularly updating number of Parliamentary Committees on its enforcement actions, including its wealth management investigation (report expected Q3 2016) and review into life insurance
Financial System Inquiry <ul style="list-style-type: none"> Government response to recommendations in October 2015, include potential new retirement income products, additional powers for ASIC, and Productivity Commission review of efficiency and competitiveness of superannuation system 	<ul style="list-style-type: none"> AMP supports view that current system, including MySuper, needs time to bed down Support further development of retirement income products especially to address longevity risk Intend to engage with Productivity Commission's review of superannuation (draft report released August 2016)

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