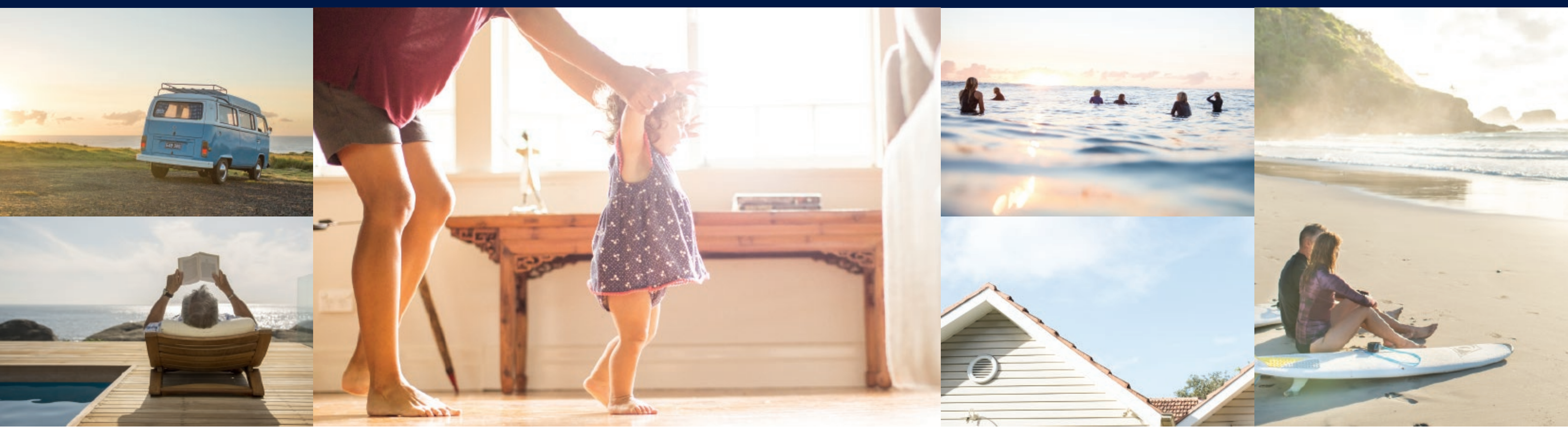
Investor report

Half year 2016



Management and contact details

Executive management team

Craig Meller	Managing Director and Chief Executive Officer
Pauline Blight-Johnston	Group Executive, Insurance, Superannuation and Risk Management
Rob Caprioli	Group Executive, Advice and Banking
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
Wendy Thorpe	Group Executive, Operations and Director, Melbourne
Adam Tindall	Chief Executive Officer, AMP Capital
Fiona Wardlaw	Group Executive, People and Culture

Investor relations

Howard Marks — Director, Investor Relations
Telephone — 61 2 9257 7109
Email — howard_marks@amp.com.au

Michael Leonard — Manager, Institutional Investor Relations
Telephone — 61 2 9257 5207
Email — michael_leonard@amp.com.au

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

Contents

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 a statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information useful for investors. This Investor Report is not audited.

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

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

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

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

1H 16 performance summary

1H 16 profit attributable to shareholders of AMP Limited of A$523m, up 3% from A$507m in 1H 15 and underlying profit of A$513m, down 10% from A$570m in 1H 15

- The 10% decline in 1H 16 underlying profit was largely the result of higher wealth protection experience losses which led Australian wealth protection earnings down by 53% from 1H 15. Further impacting underlying profit during 1H 16 were challenging investment market conditions which impacted operating earnings in Australian wealth management (-6%) and Australian mature (-14%).
- Partial offsets to these falls come from strong operating earnings growth from AMP Capital (+15%), AMP Bank (+18%) and New Zealand financial services (+2%).
- 1H 16 underlying investment income increased A$1m to A$61m from 1H 15.

Key performance measures

- 1H 16 underlying profit of A$513m declined 10% from A$570m in 1H 15, driven by higher Australian wealth protection losses and challenging investment market conditions.
- 1H 16 AMP group cost to income ratio of 45.5% increased 2.4 percentage points from 1H 15.
- Australian wealth management 1H 16 net cashflows were A$582m, down from net cashflows of A$1,152m in 1H 15.
- AMP's retail and corporate super platform net cashflows were impacted by ongoing market volatility, superannuation legislative uncertainty and advisers adjusting to an enhanced regulatory environment.
- AMP Capital external net cash outflows were A$153m in 1H 16, down from net cash inflows of A$3,025m in 1H 15. Challenging domestic market conditions offset strong flows into infrastructure and property asset classes.
- Underlying return on equity fell 1.6 percentage points to 11.9% in 1H 16 from 1H 15, largely reflecting the decline in underlying profit.

Revenue measures

- Total AUM of A$226b[1] in 1H 16 was unchanged from FY 15 and up 1.8% from 1H 15.
- Australian wealth management AUM was unchanged at A$115b in 1H 16 from FY 15 and up 0.9% from 1H 15. Investment related revenue declined 4% from 1H 15, with margins declining 4 bps (3.5%) from 1H 15, in line with guidance.
- AMP Capital AUM was unchanged at A$160b in 1H 16 from FY 15 and up 3% from 1H 15. Fee income increased 11% to A$322m in 1H 16 from 1H 15, driven by higher performance fees and growth in external AUM based management fees. These fees were primarily earned through the strong performance of infrastructure and property asset classes.
- Australian wealth protection individual risk API increased 0.7% from 1H 15 to A$1.5b in 1H 16 while group risk API fell 0.5% to A$440m. Profit margins as a percentage of average API fell 0.6 percentage points to 9.5% in 1H 16 due to lower profit margins in the half.
- AMP Bank total loans increased by 6% from 1H 15 to A$16.0b. Net interest income increased 15% and margins expanded 18 bps to 1.71% from 1H 15.

Cost measures

- AMP group cost to income ratio increased 2.4 percentage points from 1H 15 to 45.5% in 1H 16. Total controllable costs increased A$6m (0.9%) on 1H 15 to A$663m as underlying cost growth and increased investment in growth initiatives were largely offset by business efficiency program benefits.
- AMP group controllable costs to AUM increased 1 bp to 59 bps in 1H 16 from 1H 15.
- Australian wealth management cost to income ratio increased 1.0 percentage points from 1H 15 to 45.8% in 1H 16. Controllable costs fell 2.0% from 1H 15 to A$245m.
- AMP Capital cost to income ratio improved 0.8 percentage points from 1H 15 to 57.9% in 1H 16, below the target range of 60% to 65%. Controllable costs increased 11.0% on 1H 15 to A$192m in 1H 16, impacted by higher employee related costs and investment in growth initiatives.

Capital management and dividend

- 1H 16 Level 3 eligible capital resources were A$1,917m above minimum regulatory requirements, down from A$2,542m at 31 December 2015. The decrease was mainly driven by the redemption of the A$600m Subordinated Notes.
- Interest cover (underlying) remains strong at 17.6 times, and gearing on a S&P basis is 9%.
- 1H 16 interim dividend of 14.0 cents per share (cps) declared, franked at 90%, representing a half year 2016 dividend payout ratio of 81% of underlying profit, which is within the target payout range of 70% to 90% of underlying profit.
- 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.

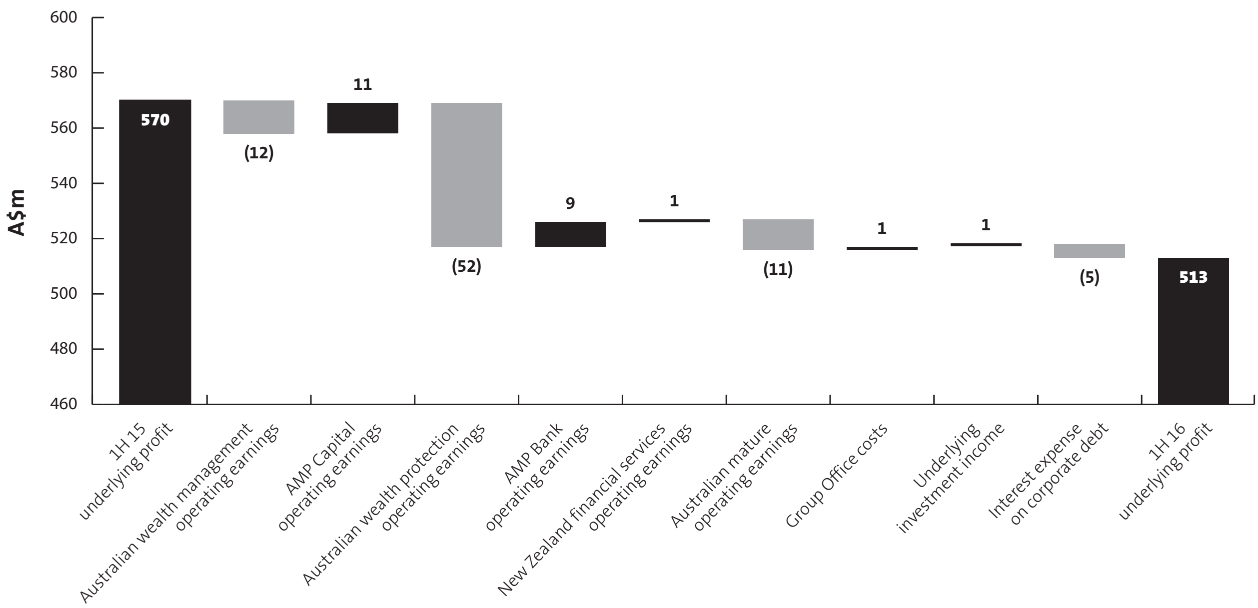
1 Includes SuperConcepts assets under administration, refer to page 9.

Financial summary

A$m	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Profit and loss					
Australian wealth management	**195**	207	203	410	(5.8)
AMP Capital[1]	**83**	72	66	138	15.3
Australian wealth protection	**47**	99	86	185	(52.5)
AMP Bank	**59**	50	54	104	18.0
New Zealand financial services	**62**	61	59	120	1.6
Australian mature	**69**	80	78	158	(13.8)
BU operating earnings	**515**	569	546	1,115	(9.5)
Group Office costs	**(30)**	(31)	(30)	(61)	3.2
Total operating earnings	**485**	538	516	1,054	(9.9)
Underlying investment income[1]	**61**	60	65	125	1.7
Interest expense on corporate debt	**(33)**	(28)	(31)	(59)	(17.9)
Underlying profit	**513**	570	550	1,120	(10.0)
Other items	**(6)**	(2)	(1)	(3)	(200.0)
Business efficiency program costs	**(12)**	(33)	(33)	(66)	63.6
Amortisation of AXA acquired intangible assets[1]	**(39)**	(42)	(38)	(80)	7.1
Profit before market adjustments and accounting mismatches	**456**	493	478	971	(7.5)
Market adjustment – investment income[1]	**56**	2	7	9	n/a
Market adjustment – annuity fair value	**(18)**	12	22	34	n/a
Market adjustment – risk products	**25**	10	(8)	2	150.0
Accounting mismatches	**4**	(10)	(34)	(44)	n/a
Profit attributable to shareholders of AMP Limited	**523**	507	465	972	3.2

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

Movement in 1H 15 to 1H 16 underlying profit



Financial summary cont'd

		1H 16	1H 15	2H 15	FY 15
Earnings					
EPS – underlying (cps)[1]		**17.3**	19.3	18.6	37.9
EPS – actual (cps)		**17.9**	17.4	15.9	33.3
RoE – underlying		**11.9%**	13.5%	13.0%	13.2%
RoE – actual		**12.1%**	12.0%	11.0%	11.5%
Dividend					
Dividend per share (cps)		**14.0**	14.0	14.0	28.0
Dividend payout ratio – underlying		**81%**	73%	75%	74%
Franking rate[2]		**90%**	85%	90%	90%
Ordinary shares on issue (m)[1]		**2,958**	2,958	2,958	2,958
Weighted average number of shares on issue (m)	– basic[1]	**2,958**	2,958	2,958	2,958
	– fully diluted[1]	**2,975**	2,978	2,978	2,978
	– statutory	**2,927**	2,910	2,918	2,918
Market capitalisation – end period (A$m)		**15,262**	17,806	17,244	17,244
Capital management					
AMP shareholder equity (A$m)		**8,678**	8,475	8,623	8,623
Corporate debt (excluding AMP Bank debt) (A$m)		**1,589**	1,533	1,801	1,801
S&P gearing		**9%**	10%	10%	10%
Interest cover – underlying (times)		**17.6**	18.5	20.0	20.0
Interest cover – actual (times)		**16.4**	17.0	17.5	17.5
Margins					
Australian wealth management investment related revenue to AUM (bps)		**109**	113	111	112
AMP Capital AUM based management fees to AUM (bps) – external		**47.3**	44.5	45.9	45.4
Australian wealth protection profit margins/annual premium		**9.5%**	10.1%	10.1%	10.1%
AMP Bank net interest margin (over average interest earning assets)		**1.71%**	1.53%	1.64%	1.59%
Cashflows and AUM					
Australian wealth management cash inflows (A$m)		**13,947**	14,108	15,196	29,304
Australian wealth management cash outflows (A$m)		**(13,365)**	(12,956)	(14,135)	(27,091)
Australian wealth management net cashflows (A$m)		**582**	1,152	1,061	2,213
Australian wealth management persistency		**90.4%**	89.9%	90.1%	89.9%
AMP Capital net cashflows – external (A$m)		**(153)**	3,025	1,409	4,434
AMP Capital net cashflows – internal (A$m)		**(2,458)**	(1,885)	(1,283)	(3,168)
AMP Capital AUM (A$b)		**160**	156	160	160
Non-AMP Capital managed AUM (A$b)		**66**	66	66	66
Total AUM (A$b)[3]		**226**	222	226	226
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**593**	591	602	1,193
Project costs (A$m)		**70**	66	70	136
Total controllable costs (A$m)		**663**	657	672	1,329
Cost to income ratio		**45.5%**	43.1%	44.5%	43.8%
Controllable costs to average AUM (bps)		**59**	58	60	59

1 Number of shares has not been adjusted to remove treasury shares.
2 Interim franking rate is the franking applicable to the interim dividend for that year.
3 Total AUM includes SuperConcepts assets under administration.

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.

The company's competitive advantages differentiate it from other businesses in its chosen markets. These include:

– trusted and respected brand
– market-leading distribution strength and breadth
– scale and market-leading cost efficiency
– investment management capability, and
– execution strength in transformational change, integration, project delivery and partnership management.

Strategy

AMP is a strong company with a clear strategy for long-term growth. This strategy has four key objectives:

1. Grow

AMP is growing its core Australian and New Zealand businesses by tilting to higher growth, less capital intensive businesses and building on their market-leading positions.

Its primary priority is to grow in the expanding A$2.6 trillion[1] Australian wealth management market, where it holds the number one[2] market share position in superannuation (a sector that is expected to double in size by 2026[3]).

AMP has also built a leading market position in the fast-growing self-managed superannuation fund (SMSF) market. SuperConcepts provides software and administration service support to more than 39,200 funds, representing 6.7% of the SMSF market.

In financial advice, AMP continues to lead the market, with around 3,800 advisers across Australia and New Zealand. AMP operates the largest adviser network in Australia.[4]

AMP is the number one provider of retail[5] and corporate[6] superannuation in New Zealand, and the third largest KiwiSaver[5] provider with 12% market share.

In wealth protection, AMP maintains its number one position in the individual risk insurance market[7]. The business has accelerated initiatives to deliver a more capital efficient, less volatile business.

AMP Bank continues to grow year on year, with its contribution to group profits doubling during the past five years. There is significant potential to grow the bank further through financial advisers and brokers.

2. Transform

AMP is transforming its core Australian business to be more customer centred through a differentiating approach based on helping more people achieve their life goals.

Differentiate via integrated goals-based model
AMP has launched an experiential goals-based approach designed to engage existing customers and activate AMP's customer base of more than 3.7 million. Four goals-based solutions will be launched in 2H 16.

Deliver goals-based advice model of the future
AMP is aiming to make financial advice more relevant, accessible and affordable for consumers, and at the same time, more efficient and profitable for AMP and its advisers. The company is rolling out its goals-based, face-to-face advice experience to its adviser network. By the end of 2016, 20–30 practices will operate under the new model, which will deliver greater adviser productivity, increased share of customer wallet and improved advice practice profitability.

Increase channel choice
AMP is giving consumers more ways to interact with the company. It is creating an omni-channel experience with new digital and direct channels that complement its existing face-to-face advice experience. New data and analytics infrastructure is driving customer engagement – and new business – across all channels.

Deliver a superior customer experience
Net promoter score (NPS) is now used across the company to drive ongoing improvement of customer experiences. 25% of variable employee remuneration is now determined by NPS.

3. Reduce costs

AMP continues to deliver market-leading cost efficiency. It will complete its three-year business efficiency program at the end of 2016 (delivering A$200m in pre-tax recurring run rate cost savings). The company is sustaining its business efficiency benefits by embedding more effective processes and project management, process automation and activity-based working.

4. Expand internationally

AMP is expanding internationally, primarily through AMP Capital, in high-growth potential regions where its expertise and capabilities are in demand.

It is doing this by building strong partnerships with national champion companies in China and Japan and capitalising on global demand for its infrastructure, property and fixed income capabilities.

1 ABS Managed Funds Report, Managed Funds Industry, March 2016.
2 Fund Market Overview Retail – Marketer, Plan for Life, March 2016.
3 Dynamics of the Australian Superannuation System, The Next 20 Years: 2015–2035, Deloitte, November 2015; AMP modelling.
4 Money Management, July 2015.
5 FundSource Limited, March 2016 (measured by AUM).
6 Eriksens Master Trust Survey, March 2016 (measured by AUM).
7 Life Insurance Overview – Risk Insurance, Plan for Life, March 2016.

Australian wealth management

Profit and loss (A$m)	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Revenue					
Investment related[1]	**613**	640	638	1,278	(4.2)
Other[2]	**52**	49	50	99	6.1
Total revenue	**665**	689	688	1,377	(3.5)
Investment management expense	**(142)**	(144)	(151)	(295)	1.4
Controllable costs	**(245)**	(250)	(248)	(498)	2.0
Tax expense	**(83)**	(88)	(86)	(174)	5.7
Operating earnings	**195**	207	203	410	(5.8)
Underlying investment income	**9**	8	10	18	12.5
Underlying operating profit after income tax	**204**	215	213	428	(5.1)
Ratios and other data					
RoBUE	**42.6%**	46.8%	42.7%	44.7%	n/a
End period tangible capital resources – after transfers (A$m)	**967**	910	991	991	6.3
Net cashflows (A$m)[3]	**582**	1,152	1,061	2,213	(49.5)
AUM (A$b)[3]	**115.0**	114.0	115.1	115.1	0.9
Average AUM (A$b)[3,4]	**113.5**	114.6	114.2	114.4	(1.0)
Persistency[3]	**90.4%**	89.9%	90.1%	89.9%	n/a
Cost to income ratio	**45.8%**	44.8%	45.0%	44.9%	n/a
Investment related revenue to AUM (bps)[1,3,4,5]	**109**	113	111	112	n/a
Investment management expense to AUM (bps)[1,3,4,5]	**25**	25	26	26	n/a
Investment related revenue less variable costs to AUM (bps)[1,3,4,5]	**84**	88	85	86	n/a
Controllable costs to AUM (bps)[3,4,5]	**43**	44	43	44	n/a
Operating earnings to AUM (bps)[3,4,5]	**34**	36	35	36	n/a

1 Investment related revenue refers to revenue on superannuation, retirement income and investment products.
2 Other revenue includes SuperConcepts 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 SuperConcepts.
4 Based on average of monthly average AUM.
5 Ratio based on 182 days in 1H 16 and 181 days in 1H 15.

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 customer goals-oriented business whilst remaining vigilant on cost control
- build the face to face advice model of the future and improve the quality of the advice experience
- diversify our customer channels
- use new capabilities to design customer centric offers covering advice, product and service, and
- develop a strong SMSF capability with a focus on building scale and efficiency.

Operating earnings

Operating earnings fell by A$12m (6%) to A$195m in 1H 16 from A$207m in 1H 15. The decline in operating earnings was largely due to challenging investment market conditions, driving weaker investor sentiment, net cashflows, investment returns and lower average AUM. These factors were offset in part by the continued focus on costs, which declined 2% from 1H 15.

'Other' revenue of A$52m in 1H 16 increased A$3m (6%) from A$49m in 1H 15 with the strong revenue contribution from SuperConcepts offsetting a decline in the value of client registers as a result of market movements.

Investment related revenue to AUM

1H 16 investment related revenue to AUM was 109 bps, a 4 bps (3.5%) reduction from 1H 15. The margin decline in 1H 16 was attributable 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 ongoing MySuper transitions.

1H 16 investment management expenses to AUM of 25 bps were unchanged from 1H 15 while operating earnings to AUM declined 2 bps to 34 bps in 1H 16 from 1H 15.

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. We now

Australian wealth management cont'd

expect the largest transitions to occur in Q2 17. 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.

SuperConcepts

In January 2016, AMP announced a new business name and operating structure for its SMSF business unit. The name, SuperConcepts, incorporates the range of services and products the business offers across SMSF administration, software and education.

SuperConcepts comprises a number of sub-brands including AMP SMSF, Ascend, Cavendish, Multiport, Justsuper, SuperIQ, superMate and yourSMSF.

Across administration and software services, SuperConcepts added 1,014 funds during 1H 16 and now supports 39,222 funds, representing 6.7% of the SMSF market. AMP currently provides professional administration services to 16,676 funds and software as a service to a further 26,270 funds. Total assets under administration in 1H 16 was A$18.3b. The growth in funds is attributed to organic growth and a strategic collaboration with a Big 4 accountancy firm.

In August, SuperConcepts announced the acquisition of an additional 16,000 SMSF software clients as part of a strategic partnership with accounting software provider Reckon.

SuperConcepts revenue is reported as part of 'Other' revenue and forms part of WM's consolidated reporting. SuperConcepts contributed A$18m from business operations to 'Other' revenue in 1H 16, an increase from A$10m in 1H 15.

As SuperConcepts continues to grow its fund numbers and market share through organic growth and acquisitions, it is also expected to benefit from scale and efficiency.

MySuper

From 1 January 2014, MySuper became the default super investment option for all superannuation customers who have not provided an investment choice to their superannuation provider.

AMP has developed three standard MySuper solutions and seven tailored MySuper solutions. They have been approved by the Australian Prudential Regulation Authority (APRA) and are now fully operational. As at 1H 16, over A$5.7b of new contributions have been directed into the relevant MySuper offers, up from in excess of A$3.5b in 1H 15.

AMP's corporate super business holds the majority of AMP's default accounts. As at 30 June 2016 the default balance was A$6.4b, having reduced from A$15b in January 2014 as a result of planned corporate transitions, customers exercising choice and external outflows. The remaining default balance will transition to a MySuper offer by 1 July 2017 and is captured as part of the margin compression guidance provided.

Controllable costs

WM controllable costs fell A$5m (2%) in 1H 16 to A$245m from A$250m in 1H 15.

Savings from the business efficiency program, as well as strong control of underlying cost growth, helped offset investments in growth initiatives, including the consolidation of SuperConcepts in January 2016.

The 1H 16 cost to income ratio increased by 1.0 percentage points to 45.8% as a result of weaker revenue growth which is partly offset by lower controllable costs. 1H 16 controllable costs to AUM fell 1 bp to 43 bps.

Embedded value

1H 16 embedded value (EV) increased 3.5% before transfers at the 3% discount margin (dm) to A$5,876m. Apart from the expected return which reflects the unwinding of the discount applied to the value of in-force business and the expected return on the adjusted net assets, the increase in 1H 16 EV was largely due to additional new business volumes.

Value of new business

1H 16 value of new business (VNB) declined by 29.3% to A$94m at the 3% discount margin, from A$133m at 1H 15. The decline in VNB in 1H 16 reflected product pricing initiatives and lower sales volumes.

	3% dm	**4% dm**	**5% dm**
Australian wealth management embedded value and value of new business (A$m)	**1H 16**	**1H 16**	**1H 16**
Embedded value as at FY 15	5,680	5,352	5,065
Expected return	152	166	179
Investment markets, bond yields and currency	6	(5)	(11)
Claim and persistency assumptions, product and other	(56)	(50)	(48)
Value of new business (VNB)	94	82	72
Net transfers out	(292)	(292)	(292)
Embedded value as at 1H 16	**5,584**	**5,253**	**4,965**
Return on embedded value as at 1H 16	3.5%	3.6%	3.8%

Australian wealth management cont'd

1H 16 cashflows

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**
North[1]	6,312	5,051	25.0	(3,648)	(2,783)	(31.1)	2,664	2,268	17.5
AMP Flexible Super[2]	2,506	3,364	(25.5)	(2,286)	(2,503)	8.7	220	861	(74.4)
Summit, Generations and iAccess[3]	741	981	(24.5)	(1,425)	(1,632)	12.7	(684)	(651)	(5.1)
Flexible Lifetime Super (superannuation and pension)[4]	1,065	1,223	(12.9)	(1,632)	(1,860)	12.3	(567)	(637)	11.0
Other retail investment and platforms[5]	111	198	(43.9)	(773)	(244)	n/a	(662)	(46)	n/a
Total retail on AMP platforms	**10,735**	**10,817**	(0.8)	**(9,764)**	**(9,022)**	(8.2)	**971**	**1,795**	(45.9)
SignatureSuper and AMP Flexible Super – Employer	1,569	1,568	-	(1,151)	(1,145)	(0.5)	418	423	(1.2)
Other corporate superannuation[6]	891	867	2.8	(1,055)	(1,159)	9.0	(164)	(292)	43.8
Total corporate superannuation	**2,460**	**2,435**	1.0	**(2,206)**	**(2,304)**	4.3	**254**	**131**	93.9
Total retail and corporate superannuation on AMP platforms	**13,195**	**13,252**	(0.4)	**(11,970)**	**(11,326)**	(5.7)	**1,225**	**1,926**	(36.4)
External platforms[7]	752	856	(12.1)	(1,395)	(1,630)	14.4	(643)	(774)	16.9
Total Australian wealth management	**13,947**	**14,108**	(1.1)	**(13,365)**	**(12,956)**	(3.2)	**582**	**1,152**	(49.5)
Genesys practices that have left AMP	23	98	(76.5)	(134)	(317)	57.7	(111)	(219)	49.3
Total Australian wealth management (pro forma)[8]	**13,924**	**14,010**	(0.6)	**(13,231)**	**(12,639)**	(4.7)	**693**	**1,371**	(49.5)

Australian wealth management cash inflow composition (A$m)			
Member contributions	1,787	2,041	(12.4)
Employer contributions	2,262	2,217	2.0
Total contributions	4,049	4,258	(4.9)
Transfers and rollovers in[9]	9,595	9,730	(1.4)
Other cash inflows	303	120	152.5
Total Australian wealth management	**13,947**	**14,108**	(1.1)

1 North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.
2 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.
3 Summit and Generations are owned and developed platforms. iAccess is ipac's badge 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 includes Flexible Lifetime – Investments, AMP Personalised Portfolio and Synergy. The Synergy platform was closed in Q2 2016, with customer accounts transferred to North.
6 Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.
7 External platforms comprise Asgard, Macquarie and BT Wrap platforms.
8 Australian wealth management excluding cashflows relating to Genesys practices that have left AMP.
9 Transfers and rollovers in includes the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pension/annuities) and external products.

Cashflow overview

Australian wealth management (WM) net cashflows were A$582m in 1H 16, a decrease of 49% from 1H 15, driven by an industry-wide[1] decline in investor confidence, due to ongoing market volatility, superannuation legislative uncertainty and advisers adjusting to an enhanced regulatory environment.

Internal inflows across WM products were A$7.5b in 1H 16 (A$7.1b in 1H 15), representing approximately 54% (51% in 1H 15) of total WM cash inflows. The increase in internal inflows was largely driven by the closure of the Synergy platform in Q2 2016 with A$559m of customer balances transferred to North.

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 decreased by 46% to A$971m in 1H 16.

North net cashflows grew by A$396m (17%) to A$2.7b in 1H 16. With externally sourced inflows in line with 1H 15 at A$2.2b, the change in net cashflows was driven by closure of the Synergy platform partially offset by higher outflows to customers reflective of the 24% increase in average AUM from 1H 15. 44% of North's net cashflows were externally sourced, down from 65% in FY 15.

In 1H 16, North's customer numbers increased 21% to over 118,000. North AUM increased A$2.5b to A$23.4b, primarily driven by strong net cashflows. AUM held in North's capital guaranteed product remained steady at A$2.0b in 1H 16.

AMP Flexible Super net cashflows declined A$641m (74%) to A$220m in 1H 16, driven by increasing preference for retirement customers to use North over Flexible Super and higher outflows to customers. Externally sourced inflows were A$199m below 1H 15. AMP Flexible Super AUM increased A$0.4b (2%) to A$15.4b from FY 15 and increased A$1.1b (7%) from 1H 15, driven by positive net cashflows and investment returns.

1 Fund Market Overview Retail – Marketer, Plan for Life, March 2016.

Australian wealth management cont'd

Summit, Generations and iAccess net cash outflows increased by A$33m in 1H 16 to a net outflow of A$684m, driven by lower inflows into superannuation accounts.

Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. In 1H 16, net cash outflows decreased by A$70m to a net outflow of A$567m.

Other retail and investment platforms net cash outflows increased by A$616m, driven by the closure of the Synergy platform in Q2 2016 and transfer of customer balances of A$559m to North and lower inflows to investment products.

Corporate superannuation

Total corporate superannuation net cashflows were A$254m in 1H 16, up from A$131m in 1H 15.

AMP's large corporate offering, SignatureSuper and AMP Flexible Super – Employer, had net cashflows of A$418m, relatively flat with 1H 15. Large mandate wins within SignatureSuper accounted for A$137m of the A$418m net cashflows in 1H 16.

Other corporate superannuation comprising CustomSuper, SuperLeader and Business Super, experienced net cash outflows of A$164m in 1H 16, down from an outflow of A$292m in 1H 15 due to lower outflows to both external and internal products.

External platforms

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

In 1H 16, external platform net outflows decreased by A$131m to A$643m due to a lower impact to net cashflows in 1H 16 from Genesys practices who have left AMP following the announcement of the closure of Genesys wealth advisers in November 2014 following a strategic review. Over the last two half periods, outflows from those practices have been slower than anticipated with around A$280m of at-risk AUM expected to exit AMP over time.

1H 16 AUM

		1H 16 net cashflows					
AUM (A$m)	**FY 15 AUM**	**Super-annuation**	**Pension**	**Investment**	**Total net cashflows**	**Other movements[1]**	**1H 16 AUM**
North	20,878	1,001	1,249	414	2,664	(182)	23,360
AMP Flexible Super	15,038	287	(67)	-	220	152	15,410
Summit, Generations and iAccess	12,954	(271)	(290)	(123)	(684)	(74)	12,196
Flexible Lifetime Super (superannuation and pension)	24,216	(265)	(302)	-	(567)	(184)	23,465
Other retail investment and platforms	3,071	(391)	(224)	(47)	(662)	(46)	2,363
Total retail on AMP platforms	**76,157**	**361**	**366**	**244**	**971**	**(334)**	**76,794**
SignatureSuper and AMP Flexible Super – Employer	14,755	398	20	-	418	(73)	15,100
Other corporate superannuation	12,794	(164)	-	-	(164)	(153)	12,477
Total corporate superannuation	**27,549**	**234**	**20**	**-**	**254**	**(226)**	**27,577**
Total retail and corporate superannuation on AMP platforms	**103,706**	**595**	**386**	**244**	**1,225**	**(560)**	**104,371**
External platforms	11,421	(251)	(233)	(159)	(643)	(198)	10,580
Total Australian wealth management	**115,127**	**344**	**153**	**85**	**582**	**(758)**	**114,951**
Australian wealth management – SuperConcepts[2]							
Assets under administration	18,754					(473)	18,281
Total AUM	**133,881**	**344**	**153**	**85**	**582**	**(1,231)**	**133,232**

Australian wealth management – AUM by asset class		
Cash and fixed interest	31%	32%
Australian equities	32%	32%
International equities	25%	25%
Property	6%	6%
Other	6%	5%
Total	**100%**	**100%**

1 Other movements include fees, investment returns and taxes.

2 SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF and Ascend administration platforms, but does not include Multiport Annual, JustSuper and a new large client.

AMP Capital

Profit and loss (A$m)	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Internal AUM based management fees	**106**	111	107	218	(4.5)
External AUM based management fees	**125**	112	122	234	11.6
Non-AUM based management fees	**30**	28	41	69	7.1
Performance and transaction fees	**61**	39	23	62	56.4
Fee income	**322**	290	293	583	11.0
Controllable costs	**(192)**	(173)	(189)	(362)	(11.0)
Tax expense	**(36)**	(33)	(28)	(61)	(9.1)
Operating earnings before net seed and sponsor capital income	**94**	84	76	160	11.9
Net seed and sponsor capital income	**4**	1	1	2	300.0
Operating earnings including minority interests	**98**	85	77	162	15.3
Minority interests in operating earnings	**(15)**	(13)	(11)	(24)	(15.4)
Operating earnings	**83**	72	66	138	15.3
Underlying investment income	**2**	2	2	4	-
Underlying operating profit after income tax	**85**	74	68	142	14.9
Controllable costs					
Employee related	**127**	108	119	227	17.6
Investment operations and other	**55**	56	59	115	(1.8)
Total operating costs	**182**	164	178	342	11.0
Project costs	**10**	9	11	20	11.1
Total controllable costs	**192**	173	189	362	11.0
Ratios and other data					
Cost to income ratio	**57.9%**	58.7%	63.5%	61.1%	n/a
Controllable costs to average AUM (bps)[1]	**24.2**	21.8	23.7	22.8	n/a
AMP Capital staff numbers[2]	**1,043**	985	1,007	1,007	5.9
AUM (A$b)	**160.4**	156.1	159.9	159.9	2.8
Average AUM (A$b) – total[1]	**158.4**	158.5	159.2	158.8	(0.1)
Average AUM (A$b) – internal[1]	**105.4**	108.2	106.1	107.3	(2.6)
Average AUM (A$b) – external[1]	**53.0**	50.3	53.1	51.5	5.4
AUM based management fees to AUM (bps) – internal[1]	**20.0**	20.5	20.1	20.3	n/a
AUM based management fees to AUM (bps) – external[1]	**47.3**	44.5	45.9	45.4	n/a
Performance and transaction fees to AUM (bps)[1]	**7.7**	4.9	2.9	3.9	n/a
End period tangible capital resources – after transfers (A$m)[3]	**320**	289	296	296	10.7
RoBUE	**71.8%**	67.4%	57.3%	62.2%	n/a

1 Based on average of monthly average AUM.
2 1H 16 includes 246 FTEs (227 in 1H 15), primarily in shopping centres, for which the costs are recharged.
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 15% growth in operating earnings despite significant volatility across investment markets.

Key operational and strategic highlights include:

- Continued expansion of AMP Capital's global footprint, increasing FUM managed on behalf of direct international institutional clients to A$8.9b.
- The CLAMP joint venture with China Life successfully launched 19 new funds in 1H 16, including separately managed accounts, equity and fixed income funds.
- The ongoing growth of AMP Capital's global infrastructure platform, with the Global Infrastructure Fund and Infrastructure Debt Fund (IDF) III attracting significant investor commitments.
- Strong external cashflows into AMP Capital's wholesale property funds, with significant raisings from international investors.
- Ongoing build out of global equities capability with three key appointments during the period.

Operating earnings

AMP group's 85% share of AMP Capital's 1H 16 operating earnings was A$83m, up 15% from A$72m in 1H 15. Despite volatile equity markets in 1H 16, AMP Capital's operating earnings benefited from strong fee income growth of 11%, assisted by higher performance fees. Strong fee income growth was partially offset by an 11% increase in controllable costs.

Fee income

Fee income increased 11% in 1H 16 to A$322m from A$290m in 1H 15. This was largely driven by a A$22m (56%) increase in performance and transaction fees.

AUM based management fees rose A$8m (4%) from 1H 15 despite average AUM remaining relatively unchanged at A$158b. Total AUM based management fees to AUM rose to 29.2 bps in 1H 16 from 28.1 bps in 1H 15, reflecting a shift towards higher margin externally sourced AUM.

Internal AUM based management fees fell A$5m (-5%), due to a 3% decline in average AUM and 0.5 bps of margin contraction, reflecting an asset mix shift towards fixed income.

External AUM based management fees increased A$13m (12%), driven by 5% growth in average AUM from 1H 15 and margin expansion of 2.8 bps. Margin expansion was driven by strong external flows and returns in higher margin infrastructure and property funds. AMP's 15% share of the CLAMP joint venture with China Life also grew its earnings contribution as AUM doubled from A$1.2b at 1H 15 to A$2.4b at 1H 16.

Non-AUM based management fees mainly comprise property management, development and leasing fees. Non-AUM based management fees were A$30m in 1H 16, up A$2m (7%) from 1H 15. 1H 16 non-AUM based fees also included a fee for services relating to China Life Pension Company (CLPC), similar to that received in 1H 15.

1H 16 performance and transaction fees were A$61m, up 56% from A$39m in 1H 15. The increase in performance fees largely reflects rising infrastructure fund valuations which benefited from active asset management, declining bond yields and strong market demand for infrastructure assets.

Performance and transaction fees remain volatile from period to period. AMP Capital expects lower performance fees in the second half of the year, as the majority of our infrastructure funds attract performance fees for annual periods ending 30 June.

Controllable costs

Controllable costs increased by A$19m (11%) in 1H 16 to A$192m from A$173m in 1H 15. The increase in costs was due to higher employee costs and investment in growth initiatives. Higher employee costs reflect the expansion of AMP Capital's international business and additional costs associated with a new staff remuneration scheme which rewards strong business and investment performance.

AMP Capital's cost to income ratio improved 0.8 percentage points from 58.7% in 1H 15 to 57.9% in 1H 16. This ratio benefited from the strength in fee income, which included significant performance and transaction fees. AMP Capital continues to target a full year cost to income ratio between 60% and 65%, aiming towards the lower end of this range over the medium term.

Tax expense

AMP Capital's effective tax rate in 1H 16 was 28.1%, unchanged from 1H 15. This is lower than the Australian corporate tax rate (30%), largely due to tax concessions on offshore activities and joint venture earnings which are recognised net of tax.

Net seed and sponsor capital income

Seed capital and sponsor capital are designed to assist business growth by:

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

At 1H 16, total seed and sponsor capital holdings were A$137m.

Sponsor capital investments include a 5.2% stake in the Singapore Exchange listed AIMS AMP Capital Industrial REIT and holdings in AMP Capital's Global Infrastructure Fund and IDF III. Seed capital investments are currently infrastructure related. The 1H 16 net seed and sponsor capital income of A$4m was primarily driven by distribution income on a warehoused infrastructure debt asset and valuation gains on seed capital investments, partially offset by debt funding costs.

Given the variable mix of short-term asset holdings and longer-term cornerstone investments, income from seed and sponsor capital can be volatile from period to period.

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 75% of assets under management to meet or exceed client goals on a rolling three year basis. Over three years to 30 June 2016, 69% of assets under management met or exceeded client goals (down from 82% in December 2015).

The table on page 34 shows investment performance across all asset classes over various timeframes to 30 June 2016.

AMP Capital cont'd

Cashflows and AUM

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by asset class (A$m)	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**
External									
Australian equities	208	597	(65.2)	(1,275)	(160)	n/a	(1,067)	437	n/a
International equities	737	671	9.8	(740)	(983)	24.7	(3)	(312)	99.0
Fixed interest	1,385	3,953	(65.0)	(1,970)	(1,610)	(22.4)	(585)	2,343	n/a
Infrastructure	947	552	71.6	(176)	(281)	37.4	771	271	184.5
Direct investments	1	-	n/a	(1)	(1)	-	-	(1)	n/a
Property	2,242	527	n/a	(1,499)	(245)	n/a	743	282	163.5
Alternative assets	15	8	87.5	(27)	(3)	n/a	(12)	5	n/a
Total external	**5,535**	**6,308**	(12.3)	**(5,688)**	**(3,283)**	(73.3)	**(153)**	**3,025**	n/a
Internal									
Australian equities	1,011	1,197	(15.5)	(1,551)	(2,616)	40.7	(540)	(1,419)	61.9
International equities	1,034	1,399	(26.1)	(1,434)	(2,541)	43.6	(400)	(1,142)	65.0
Fixed interest	3,912	6,512	(39.9)	(4,978)	(5,752)	13.5	(1,066)	760	n/a
Infrastructure	177	1,038	(82.9)	(93)	(988)	90.6	84	50	68.0
Direct investments	52	36	44.4	(70)	(24)	(191.7)	(18)	12	n/a
Property	86	90	(4.4)	(650)	(148)	n/a	(564)	(58)	n/a
Alternative assets	227	141	61.0	(181)	(229)	21.0	46	(88)	n/a
Total internal	**6,499**	**10,413**	(37.6)	**(8,957)**	**(12,298)**	27.2	**(2,458)**	**(1,885)**	(30.4)
Total	**12,034**	**16,721**	(28.0)	**(14,645)**	**(15,581)**	6.0	**(2,611)**	**1,140**	n/a

AUM by asset class (A$m)	**FY 15**	**%**	**Net cashflows 1H 16**	**Investment returns and other[1]**	**1H 16**	**%**
External						
Australian equities	3,096	6	(1,067)	6	2,035	4
International equities	8,339	16	(3)	(48)	8,288	15
Fixed interest	16,312	31	(585)	789	16,516	30
Infrastructure	8,111	15	771	285	9,167	17
Direct investments	15	-	-	1	16	-
Property[2]	16,944	31	743	565	18,252	33
Alternative assets[3]	346	1	(12)	86	420	1
Total external	**53,163**	**100**	**(153)**	**1,684**	**54,694**	**100**
Internal						
Australian equities	26,678	24	(540)	(267)	25,871	24
International equities	26,156	25	(400)	(1,221)	24,535	23
Fixed interest	45,206	42	(1,066)	2,526	46,666	45
Infrastructure	2,224	2	84	134	2,442	2
Direct investments	825	1	(18)	128	935	1
Property[2]	3,809	4	(564)	63	3,308	3
Alternative assets[3]	1,824	2	46	80	1,950	2
Total internal	**106,722**	**100**	**(2,458)**	**1,443**	**105,707**	**100**
Total						
Australian equities	29,774	19	(1,607)	(261)	27,906	17
International equities	34,495	22	(403)	(1,269)	32,823	20
Fixed interest	61,518	38	(1,651)	3,315	63,182	41
Infrastructure	10,335	6	855	419	11,609	7
Direct investments	840	1	(18)	129	951	1
Property[2]	20,753	13	179	628	21,560	13
Alternative assets[3]	2,170	1	34	166	2,370	1
Total	**159,885**	**100**	**(2,611)**	**3,127**	**160,401**	**100**
AUM by source of client (A$m)	**FY 15**	**%**			**1H 16**	**%**
Australia	124,934	78			124,416	77
New Zealand	18,208	11			18,641	12
Asia (including Middle East)	12,097	8			12,928	8
Rest of world	4,646	3			4,416	3
Total	**159,885**	**100**			**160,401**	**100**

1 Other includes distributions, taxes and foreign exchange movements.

2 Property AUM comprises Australian (A$19.7b), NZ (A$0.8b) and Global (A$1.1b) managed assets. Australian property AUM is invested in office (39%), retail (54%), 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

Assets under management (AUM)

AUM increased by A$0.5b to A$160.4b in 1H 16, as positive investment returns offset softer net cashflows. AUM growth was supported by strong investment performance in non-equities related asset classes and good cashflows into the infrastructure and property funds.

External AUM and cashflows

External AUM increased by A$1.5b (3%) over 1H 16 to A$54.7b, with A$0.2b of net cash outflows offset by positive investment returns of A$1.7b.

External net cashflows were well down on the A$3.0b of positive flows achieved in 1H 15, impacted by challenging domestic and international market conditions. This was reflected in softer flows into equities and fixed interest funds, largely offset by strong flows into property and infrastructure asset classes.

Key drivers of cashflow activity were:

– net cash outflows from domestic clients (-A$0.5b) resulting primarily from the loss of some equity and fixed income mandates
– impact on cashflows of the CLAMP joint venture with China Life arising from end of period liquidity management by institutional clients (-A$0.3b)
– low investor confidence in Japan which continues to impact cashflows across AMP's distribution partnerships (-A$0.1b), and
– strong international investor interest (+A$0.7b), particularly in AMP Capital's property and infrastructure funds.

China

During 1H 16, the CLAMP joint venture launched 19 new products, including SMAs, fixed interest and Chinese equities funds. At 1H 16, the joint venture managed A$15.9b of AUM on behalf of Chinese retail and institutional investors. AMP Capital reports its 15% share of the joint venture's AUM (A$2.4b) and cashflows within the 'External' AUM and cashflow disclosures.

For 1H 16 the CLAMP joint venture experienced A$0.3b of net cash outflows (reflecting AMP Capital's 15% share of the joint venture), compared with A$0.7b net cash inflows in 1H 15. 1H 16 outflows reflect the redemption of money market funds of some corporate and institutional clients. These funds were subsequently reinvested in CLAMP products early in 2H 16.

Japan

At 1H 16, AMP Capital's business alliance with MUTB had 14 retail funds and four institutional funds in market with a combined AUM of A$1.8b. The alliance currently offers products covering Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate. MUTB has also raised commitments of A$0.8b across a large number of Japanese institutional clients since the launch of AMP Capital's Global Infrastructure Fund and IDF I and 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.

International

AMP Capital continued to attract new international clients, with approximately 33% (A$17.3b) of external AUM now managed on behalf of clients outside Australia and New Zealand. In particular, AMP Capital grew its number of direct international institutional clients from 142 to 157 in 1H 16, managing A$8.9b on their behalf.

Growth in 1H 16 was assisted by strong international investor interest in AMP Capital's wholesale property funds and commitments of A$0.5b from investors across Asia, Europe and North America to the Global Infrastructure Fund platform. Additionally, the Infrastructure Debt Fund III has received over A$0.3b in commitments from global investors following its launch in late 2015.

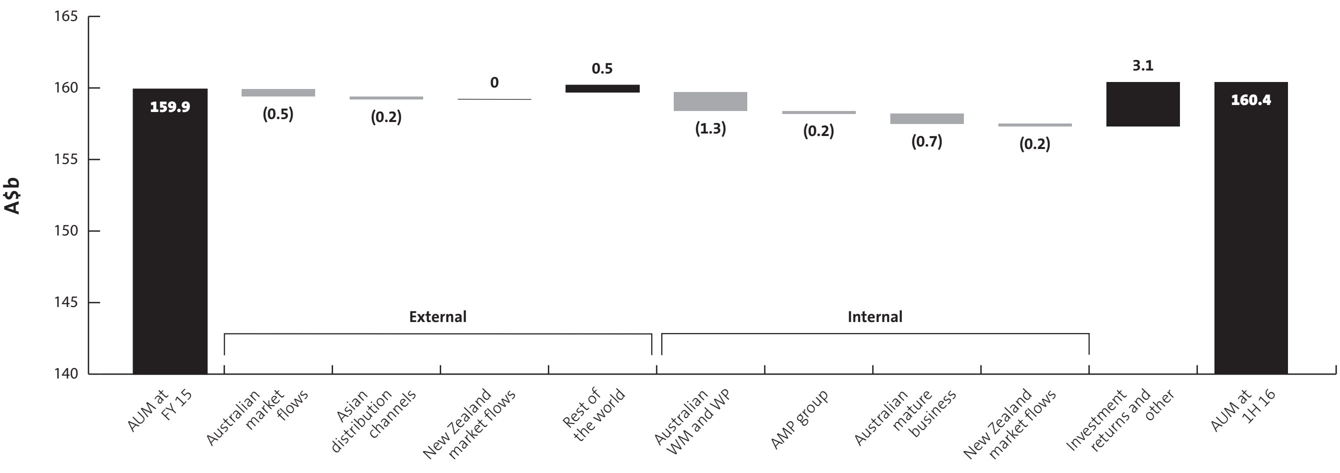
Internal AUM and cashflows

Internal AUM fell 1% in 1H 16 to A$105.7b, as good investment returns (+A$1.4b) were offset by net cash outflows (-A$2.5b).

Internal net cashflows include AMP group payments such as dividend payments to shareholders and net flows from WM and mature products including products in run-off. AMP Capital manages all of AMP Life's and part of NMLA's Mature AUM, which is expected to run off at around 6% per annum. Internal net cashflows are also impacted by flows to passive investment options managed outside AMP Capital and cash investment options managed by AMP Bank.

AMP Capital continues to partner across the AMP group to deliver tailored investment solutions for domestic retail clients, which incorporate customer insights gained through Australia's largest distribution network, employer relationships through corporate super and AMP's SMSF business, SuperConcepts.

Movement in AUM by channel FY 15 to 1H 16[1]



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

Australian wealth protection

Profit and loss (A$m)	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Profit margins	**90**	96	100	196	(6.3)
Capitalised (losses)/reversals	**(1)**	1	(1)	-	n/a
Experience profits/(losses)	**(42)**	2	(13)	(11)	n/a
Operating earnings	**47**	99	86	185	(52.5)
Underlying investment income	**21**	25	24	49	(16.0)
Underlying operating profit after income tax	**68**	124	110	234	(45.2)
Ratios and other data					
RoBUE	**6.0%**	10.7%	9.6%	10.2%	n/a
End period tangible capital resources – after transfers (A$m)	**2,170**	2,249	2,217	2,217	(3.5)
VNB (3% dm) (A$m)	**26**	34	37	71	(23.5)
EV – after transfers (3% dm) (A$m)	**3,650**	3,729	3,638	3,638	(2.1)
Return on EV before transfers (3% dm)[1]	**4.5%**	3.7%	2.1%	5.9%	n/a
Individual risk API (A$m)	**1,487**	1,476	1,515	1,515	0.7
Group risk API (A$m)	**440**	442	443	443	(0.5)
Total WP cash inflows (A$m)	**954**	890	928	1,818	7.2
Total WP cash outflows (A$m)	**(512)**	(411)	(469)	(880)	(24.6)
Individual risk lapse rate	**13.4%**	13.0%	14.5%	13.7%	n/a
Profit margins/annual premium	**9.5%**	10.1%	10.1%	10.1%	n/a
Operating earnings/annual premium	**5.0%**	10.3%	8.7%	9.5%	n/a
Controllable costs (A$m)	**83**	88	87	175	(5.7)
Cost to income ratio	**46.1%**	33.3%	35.5%	34.3%	n/a
Controllable costs/annual premium	**8.8%**	9.2%	8.8%	9.0%	n/a

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

	3% dm	4% dm	5% dm
Australian wealth protection embedded value and value of new business (A$m)	**1H 16**	**1H 16**	**1H 16**
Embedded value as at FY 15	3,638	3,445	3,267
Expected return	101	109	116
Investment markets, bond yields and currency	113	95	80
Claim and persistency assumptions, product and other	(75)	(76)	(77)
Value of new business (VNB)	26	22	18
Net transfers out	(153)	(153)	(153)
Embedded value as at 1H 16	**3,650**	**3,442**	**3,251**
Return on embedded value as at 1H 16	4.5%	4.4%	4.2%

Business overview

Australian wealth protection (WP) comprises individual and group term life, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.

WP's key priorities are to:

– maximise customer focus and value creation through the implementation of retention initiatives, a new claims management philosophy and a new insurance proposition
– increase product sales through AMP's adviser networks and corporate super channels, and
– drive improved capital efficiency of the business.

Operating earnings and profit margins

Profit margins fell by A$6m (6%) to A$90m in 1H 16, largely due to the strengthening of lump sum claims assumptions in 2H 15. 1H 16 profit margins as a percentage of average API decreased 0.6% from 1H 15 to 9.5%.

AMP strengthened its income protection claim assumptions at 1H 16 with the negative impact on profit margins in 2H 16 largely offset by premium rate increases.

Operating earnings declined by A$52m (53%) to A$47m in 1H 16 from A$99m in 1H 15, impacted by experience losses of A$42m over the half.

Australian wealth protection cont'd

Capitalised (losses)/reversals

The net capitalised loss position of AMP's income protection book at 30 June 2016 was unchanged at A$78m post-tax following the strengthening of incidence assumptions and premium rate increases. Future reversals of capitalised losses can be driven by future premium rate increases, changes in claims and lapse assumptions, reductions in unit costs and growth in profitable business.

Experience

The WP business recorded experience losses of A$42m in 1H 16, compared with experience profits of A$2m in 1H 15. The experience outcomes in 1H 16 comprised:

- claims losses of A$23m (1H 15 A$3m profits) from retail income protection insurance
- claims losses of A$13m (1H 15 A$12m losses) from retail lump sum insurance
- lapse losses of A$2m (1H 15 A$7m profits) from all retail insurance
- group risk claims losses of A$5m (1H 15 A$3m profits), and
- other experience profits of A$1m (1H 15 A$1m profits).

Retail income protection claims experience losses in 1H 16 reflected both higher incidence and lower terminations.

Claims experience losses on retail lump sum business were driven primarily by a higher than expected volume of term life claims with volatility across various portfolios.

While AMP's implementation of its claims improvement program has been slower than expected, it remains important to the long-term sustainability of the wealth protection business.

Lapse experience in 1H 16 was largely in line with AMP's best estimate assumptions, albeit seasonally weaker than in previous first halves.

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$11m (0.7%) to A$1.49b at 1H 16 from A$1.48b at 1H 15 but decreased A$28m from 2H 15. The increase in API over 1H 15 largely reflected the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies. The decline from 2H 15 was primarily driven by lower sales volumes in individual lump sum insurance and individual income protection.

In 1H 16, 46% of in-force and 62% of new business was written within superannuation platforms.

1H 16 individual risk API comprised lump sum insurance (73%) and income protection (27%). Lump sum insurance was 64% term life and 36% disability (trauma and TPD).

Group risk API fell A$2m to A$440m in 1H 16 from 1H 15 and decreased A$3m from 2H 15.

The WP business continues to target actions delivering value over volume in the short term whilst looking for opportunities to generate growth as the business recovery takes effect. Given this strategy in WP, individual and group risk API growth is expected to remain subdued in 2H 16.

Lapse rates

1H 16 lapse rates were 13.4%, 0.4 percentage points up from 1H 15. As reported in previous years, second half lapse rates are typically higher, due to the greater volume of annual CPI and age premium increases on risk policies occurring in that half.

The FY 16 best estimate lapse assumption is broadly in line with the lapse rate reported in FY 15, 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$83m in 1H 16, down A$5m (5.7%) from 1H 15, reflecting savings from the business efficiency program partially offset by investments in new systems and processes.

The cost to income ratio increased 12.8 percentage points to 46.1% in 1H 16 from 1H 15, reflecting lower operating earnings, in part offset by lower controllable costs. Controllable costs to annual premium improved 0.4 percentage points to 8.8% in 1H 16 from 1H 15, reflecting lower controllable costs and annual premium growth during the year.

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

1H 16 EV increased by 4.5% before transfers at the 3% discount margin to A$3,803m. Apart from the expected return, the increase in EV was the result of lower bond yields and additional new business. Also reflective in the EV return was the negative impact of a strengthening of AMP Life's income protection assumptions which were offset by associated premium rate increases. 1H 16 EV was also negatively impacted by unfavourable claims experience.

1H 16 VNB decreased A$8m to A$26m from 1H 15, largely due to group premium increases in 1H 15.

AMP Bank

Profit and loss (A$m)	**1H 16**	**1H 15**	**2H 15**	**FY 15**	**% 1H 16/ 1H 15**
Net interest income	**148**	129	142	271	14.7
Fee and other income[1]	**4**	5	5	10	(20.0)
Total revenue	**152**	134	147	281	13.4
Bank variable costs	**(34)**	(32)	(35)	(67)	(6.3)
Controllable costs	**(34)**	(31)	(35)	(66)	(9.7)
Tax expense	**(25)**	(21)	(23)	(44)	(19.0)
Operating profit after income tax	**59**	50	54	104	18.0
Ratios and other data					
Return on capital	**17.2%**	16.3%	16.8%	16.5%	n/a
Total capital resources (A$m)[2]	**666**	573	617	617	16.2
Capital Adequacy Ratio	**12.4%**	12.2%	12.8%	12.8%	n/a
Common Equity Tier 1 Capital Ratio	**7.9%**	7.7%	7.9%	7.9%	n/a
Net Interest Margin (over average interest earning assets)	**1.71%**	1.53%	1.64%	1.59%	n/a
Mortgages new business – AMP aligned channel %	**19%**	24%	25%	24%	n/a
Total loans (A$m)	**16,009**	15,124	15,193	15,193	5.9
Residential mortgages (A$m)	**15,439**	14,587	14,631	14,631	5.8
Practice finance loans to AMP aligned advisers (A$m)	**570**	537	562	562	6.1
Mortgages – existing business weighted average loan to value ratio (LVR)	**68%**	69%	68%	68%	n/a
Mortgages – 90+ days in arrears	**0.51%**	0.44%	0.40%	0.40%	n/a
Total deposits (A$m)	**10,713**	8,794	9,618	9,618	21.8
Deposit to loan ratio	**67%**	58%	63%	63%	n/a
Loan impairment expense to average gross loans and advances	**0.04%**	0.01%	0.06%	0.04%	n/a
Total loan provisions to gross loans and advances	**0.07%**	0.03%	0.06%	0.06%	n/a
Cost to income ratio	**28.5%**	30.0%	31.1%	30.6%	n/a

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

2 Total capital resources excludes A$140m of Additional Tier 1 capital and A$150m of eligible Tier 2 capital. See page 28 (Debt overview) for further details.

	Deposits (super and platform)		**Deposits (retail)**		**Deposits (other)**		**Loans**	
Movement in deposits and loans (A$m)	**1H 16**	**1H 15**	**1H 16**	**1H 15**	**1H 16**	**1H 15**	**1H 16**	**1H 15**
Balance at beginning of period	4,106	4,453	4,791	4,158	721	633	15,193	14,491
Net movement	661	(580)	369	150	65	(20)	816	633
Balance at end of period	**4,767**	**3,873**	**5,160**	**4,308**	**786**	**613**	**16,009**	**15,124**
% 1H 16/1H 15	23.1%		19.8%		28.2%		5.9%	

AMP Bank funding composition (A$b)	**1H 16**		**FY 15**		**1H 15**	
Customer deposits	10.7	59%	9.6	56%	8.8	51%
Securitisation	2.8	16%	3.2	19%	3.8	22%
Wholesale funding	3.6	20%	3.5	20%	3.8	22%
Subordinated debt	0.2	1%	0.2	1%	0.2	1%
Equity and reserves	0.8	4%	0.7	4%	0.7	4%
Total funding	**18.1**	**100%**	**17.2**	**100%**	**17.3**	**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.

As the banking arm of a wealth manager, AMP Bank's role is to leverage and grow the group's customer base to provide core banking solutions to help meet the goals of customers. In aligning with this strategic imperative, AMP Bank's 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
– maintain focus and growth in both the aligned adviser and mortgage broker channels
– leverage AMP group investments to build out capabilities in direct and digital
– continue to optimise AMP Bank's funding sources and invest in operating capacity.

Operating earnings

Operating earnings increased A$9m (18%) to A$59m in 1H 16 from A$50m in 1H 15.

Total revenue increased 13% in 1H 16 on 1H 15, driven by improved net interest margin and growth in the loan portfolio. Net interest margin was 1.71% for 1H 16, up 18 basis points from 1H 15, and up 7 basis points from 2H 15. The impact of increased competition for owner occupied lending was offset by enhanced liquidity management and pricing decisions on investor and owner occupied loans in line with market conditions.

AMP Bank's Return on Capital was 17.2%, up 0.9 percentage points from 1H 15 (16.3%).

Lending

AMP Bank maintained a competitive lending position, with the total loan book growing by A$816m to A$16.0b in 1H 16, an increase of 5.9% on 1H 15 and 5.4% from 2H 15.

Residential mortgage competition, particularly in the owner occupied market, remained intense in the period with continued market-wide discounting. Within this environment, AMP Bank delivered residential mortgage book growth of A$808m in 1H 16 to A$15.4b (an increase of 5.5% from FY 15 and 5.8% from 1H 15) driven by strong growth in owner occupied lending. Growth in investment property lending, including SMSF property loans, is improving since AMP Bank recommenced investment lending in November 2015.

Loan growth was delivered through both the broker and AMP aligned adviser channels. Whilst sales through AMP's aligned adviser channel were up on 2H 15, its portion of AMP Bank's mortgage new business fell to 19% (FY 15: 24%) due to strong growth in the mortgage broker channel. This partially reflects ongoing weakness in investment lending growth, in line with market trends.

Owner occupied loans made up 73% of the mortgage portfolio at 30 June 2016, while investment property loans were 27%. Management continues to target total lending growth at or above system, subject to regulatory growth caps, return on equity hurdles, and funding availability.

Practice finance loans grew A$8m (1.4%) in 1H 16 to A$570m. The practice finance loan portfolio reflects the Bank's commitment to supporting the growth and development of the financial planning businesses of the AMP group.

AMP Bank's credit policy remains conservative and has been strengthened during this period of intense competition. Asset quality remains strong, with mortgages in arrears (90+ days) at 0.51% as at June 2016. Loan impairment expense to gross loans and advances was 0.04% in 1H 16, reflecting provisioning levels commensurate with the low risk of the portfolio and ensuring AMP Bank is well positioned for the future.

Variable and controllable costs

The Bank's variable costs increased by A$2m (6%) in 1H 16, from 1H 15, reflecting loan growth and provision strengthening.

AMP Bank's controllable costs increased A$3m (10%) to A$34m in 1H 16, from A$31m in 1H 15 due to investments in technology, product development and operating capability to support the growth in lending and improvements to customer service.

The cost to income ratio improved by 1.5 percentage points to 28.5% in 1H 16 from 30.0% in 1H 15.

Funding, liquidity and capital management

The Bank maintains a diversified funding base and conservative liquidity profile. AMP Bank's total debt and equity funding was A$18.1b at 1H 16 (A$17.3b at 1H 15).

Customer deposits increased in 1H 16 by A$1.1b (11.4%) from FY 15. The deposit increase came primarily from retail deposits, as well as platform deposits. Customer deposit to loan ratio was 67% for 1H 16, compared with 58% for 1H 15.

AMP Bank maintains a diversified liquidity portfolio and has adequate high quality liquid assets, in accordance with Basel III liquidity requirements. As at 1H 16, AMP Bank's liquidity coverage ratio was 126% (146% at FY 15).

The Capital Adequacy Ratio was 12.4% as at 1H 16 (12.2% at 1H 15). The Common Equity Tier 1 Capital Ratio for 1H 16 was 7.9% (7.7% at 1H 15). Both ratios remain well above APRA and internal thresholds. The Bank is compliant with the Basel III capital requirements, which took effect from 1 January 2016.

New Zealand financial services

Profit and loss (A$m)	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Wealth protection	**21**	22	20	42	(4.5)
Wealth management	**21**	14	17	31	50.0
Mature	**9**	8	8	16	12.5
General insurance	**6**	4	5	9	50.0
Total profit margins	**57**	48	50	98	18.8
Transitional tax relief[1]	**-**	9	-	9	n/a
Experience profits/(losses)	**5**	4	9	13	25.0
Operating earnings[2]	**62**	61	59	120	1.6
Underlying investment income	**9**	11	10	21	(18.2)
Underlying operating profit after income tax	**71**	72	69	141	(1.4)
Ratios and other data					
RoBUE	**17.5%**	18.2%	18.1%	18.3%	n/a
End period tangible capital resources – after transfers (A$m)[3]	**881**	707	778	778	24.6
VNB (3% dm) (A$m)	**-**	1	2	3	n/a
EV – after transfers (3% dm) (A$m)	**1,593**	1,344	1,489	1,489	18.5
Return on EV before transfers (3% dm) (A$m)[4]	**7.6%**	(2.6%)	14.4%	11.4%	n/a
Individual risk API (A$m)	**286**	261	280	280	9.6
Individual risk API (NZ$m)	**299**	296	298	298	1.0
Group risk API (A$m)	**38**	33	37	37	15.2
Group risk API (NZ$m)	**40**	38	39	39	5.3
Individual risk lapse rate	**11.1%**	11.7%	12.1%	11.9%	n/a
Controllable costs (A$m)	**39**	43	40	83	(9.3)
Cost to income ratio	**28.6%**	30.3%	29.3%	29.8%	n/a
Controllable costs/annual premium[5]	**24.3%**	27.5%	25.3%	26.3%	n/a

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.
2 In NZ dollar terms, operating earnings in 1H 16 was NZ$66m (1H 15 NZ$65m).
3 Increase in capital in 1H 16 from prior periods is largely due to lower bond yields and currency movements.
4 Return on EV before transfers is not annualised for half year periods.
5 Based on monthly individual and group risk API.

	Kiwisaver		Other[1]		Total	
Cashflows and movements in AUM (A$m)	**1H 16**	**1H 15**	**1H 16**	**1H 15**	**1H 16**	**1H 15**
AUM at beginning of period	3,650	3,285	10,256	10,309	13,906	13,594
Cash inflows	282	298	405	598	687	896
Cash outflows	(161)	(144)	(453)	(550)	(614)	(694)
Net cashflow	**121**	**154**	**(48)**	**48**	**73**	**202**
Other movements in AUM	147	(172)	417	(534)	564	(706)
AUM at end of period	**3,918**	**3,267**	**10,625**	**9,823**	**14,543**	**13,090**
Composition of net cashflows by product						
Superannuation	121	154	(19)	6	102	160
Pension	-	-	(2)	(2)	(2)	(2)
Investment	-	-	(45)	23	(45)	23
Other	-	-	18	21	18	21

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

	3% dm	4% dm	5% dm
New Zealand financial services embedded value and value of new business (A$m)	**1H 16**	**1H 16**	**1H 16**
Embedded value as at FY 15	1,489	1,407	1,336
Expected return	40	42	45
Investment markets, bond yields and currency	66	56	45
Claim and persistency assumptions, product and other	7	6	5
Value of new business (VNB)	-	(1)	(2)
Net transfers out	(9)	(9)	(9)
Embedded value as at 1H 16	**1,593**	**1,501**	**1,420**
Return on embedded value as at 1H 16	7.6%	7.3%	7.0%

New Zealand financial services cont'd

Business overview

New Zealand financial services (NZFS) provides tailored financial products and solutions to New Zealanders both directly and through a network of financial advisers. NZFS has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers.

Changes to the taxation of life insurance business in New Zealand resulted in the loss of transitional tax relief from 1 July 2015. As a result, 1H 16 operating earnings for NZFS do not include A$9m of transitional tax relief included in the 1H 15 result. The tax changes apply to all life insurance companies in New Zealand and are not specific to AMP's NZFS business.

NZFS continues to grow its revenue base across the business, closely manages costs and is evolving its distribution channels to increase the reach of direct business.

NZFS has the following key priorities to grow shareholder value:
- deepen its customer relationships
- re-engineer wealth protection to increase product attractiveness
- transform wealth management to maximise efficiency and market opportunities created by regulatory change
- evolve advice and distribution capability
- leverage the KiwiSaver opportunity
- build on our general insurance partnership
- continued focus on cost control.

Operating earnings

Operating earnings increased by A$1m (2%) to A$62m in 1H 16 from 1H 15 mainly as a result of higher profit margins, partially offset by the reduction in transitional tax relief. Excluding the effect of the tax relief reduction, operating earnings increased by 19%.

Profit margins

1H 16 profit margins increased by A$9m (19%) to A$57m from 1H 15, mainly from improved results in wealth management driven by increased margins on higher AUM, higher general insurance profit share and lower controllable costs.

Experience profits

1H 16 experience profits were A$5m, an improvement of A$1m against 1H 15 experience.

The A$5m of experience profits in 1H 16 reflected overall improved management of claims, with an increased focus on helping customers return to work, and better lapse experience.

Controllable costs

1H 16 controllable costs decreased by A$4m (9%) to A$39m from 1H 15. In NZ$ terms, 1H 16 controllable costs decreased by NZ$3m (7%) from 1H 15. NZFS remains focused on cost control, taking opportunities to reduce costs across the business including business reorganisation and product rationalisation.

The cost to income ratio improved by 1.7 percentage points to 28.6% in 1H 16 from 1H 15 as a result of higher underlying operating profit and lower controllable costs.

Cashflows and AUM

1H 16 NZFS net cashflows decreased by A$129m (64%) to A$73m from 1H 15, reflecting lower KiwiSaver flows and a reduction in one-off transfers of clients onto NZFS platforms. A pipeline of new superannuation cashflow mandates is expected in 2H 16 related to managers choosing not to enter the updated regulatory regime required by the Financial Markets Conduct Act.

In NZ$ terms, 1H 16 AUM increased NZ$328m (2%) from 1H 15, reflecting positive market performance and net cashflows. In A$ terms, 1H 16 AUM increased A$1,453m to A14.5b, impacted largely by the appreciation of the closing NZ$ against the A$ (FX impact is A$1,164m, due to a drop in NZ$ at 30 June 2015).

KiwiSaver is a key growth engine for the wealth management business. NZFS was the third largest KiwiSaver provider with 12%[1] of the total KiwiSaver market as at 31 March 2016 and had approximately 242,000 KiwiSaver customers. At 30 June 2016, KiwiSaver reached NZ$4.1b in AUM, an increase of 10% from 30 June 2015.

Annual premium in-force (API)

In NZ$ terms, total API in 1H 16 increased by NZ$5m to NZ$339m from 1H 15. In A$ terms, total API increased by A$30m to A$324m largely due to the NZ$ appreciation.

Lapse rates

1H 16 lapse rates were 11.1%, 0.6 percentage points improved from 1H 15 as a result of strong focus on, and investment in, lapse management.

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

1H 16 EV increased 7.6% (in A$) before transfers at the 3% discount margin to A$1,602m. Apart from the expected return, the increase was primarily due to lower bond yields, strong wealth protection performance and the impact of currency movements.

1 Measured by AUM. Source: Fund Source Research Limited March 2016.

Australian mature

Profit and loss (A$m)	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Profit margins	**70**	81	76	157	(13.6)
Experience profits/(losses)	**(1)**	(1)	2	1	-
Operating earnings	**69**	80	78	158	(13.8)
Underlying investment income	**8**	8	8	16	-
Underlying operating profit after income tax	**77**	88	86	174	(12.5)

Ratios and other data					
RoBUE	**32.6%**	38.4%	36.4%	37.6%	n/a
End period tangible capital resources – after transfers (A$m)	**413**	426	452	452	(3.1)
VNB (3% dm) (A$m)	**3**	9	2	11	(66.7)
EV – after transfers (3% dm) (A$m)	**1,916**	2,043	2,058	2,058	(6.2)
Return on EV before transfers (3% dm)[1]	**-**	5.2%	4.6%	10.1%	n/a
Profit margins to AUM (bps)[2]	**65**	71	68	70	(8.5)
Persistency	**91.0%**	89.9%	90.8%	90.3%	n/a
Controllable costs (A$m)	**27**	29	29	58	(6.9)
Cost to income ratio	**19.5%**	18.7%	19.3%	19.0%	n/a
Controllable costs to AUM (bps)[2]	**25**	25	26	26	-

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

Cashflows and movements in AUM (A$m)	1H 16	1H 15
AUM at beginning of period	21,856	22,264
Cash inflows	292	370
Cash outflows	(979)	(1,127)
Net cashflow	**(687)**	**(757)**
Other movements in AUM	358	1,043
AUM at end of period	**21,527**	**22,550**
Composition of net cashflows by product		
Superannuation	(323)	(362)
Pension	(95)	(102)
Investment	(33)	(54)
Other	(236)	(239)

	3% dm	4% dm	5% dm
Australian mature embedded value and value of new business (A$m)	**1H 16**	**1H 16**	**1H 16**
Embedded value as at FY 15	2,058	1,949	1,855
Expected return	51	55	59
Investment markets, bond yields and currency	(53)	(50)	(47)
Claim and persistency assumptions, product and other	(2)	(2)	(3)
Value of new business (VNB)	3	2	2
Net transfers out	(141)	(141)	(141)
Embedded value as at 1H 16	**1,916**	**1,813**	**1,725**
Return on embedded value as at 1H 16	-	0.3%	0.6%

Australian mature cont'd

Business overview

The Australian mature business is the largest closed life insurance business in Australia. Australian mature AUM comprises capital guaranteed products (77%) and market linked products (23%).

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$11m to A$69m in 1H 16 from A$80m in 1H 15. Operating earnings were impacted by:
- the expected portfolio run-off (-A$6m)
- investment markets (-A$4m)
- other items (-A$3m),

offset by
- lower controllable costs (A$2m).

AUM

1H 16 Australian mature AUM was A$21.5b, down from A$22.6b in 1H 15 due to the natural run-off of the business, partly offset by investment gains.

Australian mature cash outflows improved by A$148m in 1H 16 to A$979m due to improved persistency. 1H 16 persistency increased 1.1 percentage points to 91.0% from 89.9% in 1H 15.

Controllable costs

Controllable costs decreased A$2m to A$27m in 1H 16, reflecting the run-off of the book. Controllable costs to AUM remained unchanged relative to 1H 15 at 25 bps.

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

1H 16 EV before transfers at the 3% discount margin remains steady at A$2,057m. The impact of lower bond yields was offset by the expected return.

1H 16 VNB of A$3m was A$6m lower than in 1H 15 due to reduced ERF sales volumes.

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 at around 6% per annum. However, 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 12 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 MySuper transition activity.

Managing Australian mature for investment market movements

The Australian mature capital guaranteed products are held within AMP Life Statutory Fund No. 1 and NMLA Statutory Funds No. 1 and No. 4. Asset allocations supporting these products are set for the long-term and have a bias toward capital stable over growth assets. The long-term assumed asset mix for the participating business is set out on page 32.

AMP actively manages the equity exposure supporting capital guaranteed products (including relevant parts of WM and NZFS). AMP uses derivative strategies to provide protection from equity market declines. As at 30 June 2016, AMP had in place derivative strategies against the A$5.7b of equities held across the three Statutory Funds, including long-term derivative strategies in both AMP Life and NMLA that use options and futures to provide a variable level of protection depending on market conditions.

There were no additional tactical equity protection positions in the form of futures contracts against market falls.

AMP also employs the following strategy designed to protect against changes in long-term interest rates:
- Long-term derivative strategies using interest rate swaps and bond futures in both AMP Life and NMLA to alter the duration of the assets supporting this business
- Some tactical protection to reduce exposure to falls in long-term interest rates.

The shareholder bears 20% of the cost when tactical derivative protection is used. In 1H 16, the impact of this was immaterial.

Group Office

A$m	1H 16	1H 15	2H 15	FY 15	% 1H 16/ 1H 15
Group Office costs not recovered from business units	**(30)**	(31)	(30)	(61)	3.2
Underlying investment income on Group Office capital	**12**	6	11	17	100.0
Interest expense on corporate debt	**(33)**	(28)	(31)	(59)	(17.9)
Other items	**(6)**	(2)	(1)	(3)	(200.0)
Business efficiency program costs	**(12)**	(33)	(33)	(66)	63.6
Amortisation of AXA acquired intangible assets	**(39)**	(42)	(38)	(80)	7.1
Market adjustment – investment income	**56**	2	7	9	n/a
Market adjustment – annuity fair value	**(18)**	12	22	34	n/a
Market adjustment – risk products	**25**	10	(8)	2	150.0
Accounting mismatches	**4**	(10)	(34)	(44)	n/a
Interest expense summary					
Average volume of corporate debt	**1,689**	1,471	1,556	1,513	
Weighted average cost of corporate debt	**5.49%**	5.39%	5.60%	5.49%	
Tax rate	**29%**	29%	29%	29%	
Interest expense on corporate debt[1]	**33**	28	31	59	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**382**	370	396	396	
Staff numbers	**908**	968	917	917	(6.2)

1 Includes fees associated with undrawn liquidity facilities.

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the interim dividend (90%), the balance of franking credits will be A$222m.

Group Office costs not recovered from business units

1H 16 Group Office costs not recovered from business units were A$30m, down marginally from A$31m in 1H 15, reflecting business efficiency program cost benefits not passed on to business units.

Most Group Office related synergies and business efficiency benefits are passed on to the business units through lower overhead allocations.

Underlying investment income on Group Office capital

Underlying investment income on Group Office capital was A$12m in 1H 16, up from A$6m in 1H 15, reflecting higher average levels of Group Office capital. This relates to the timing of debt issuances and redemptions over the two half year periods.

Underlying investment income reflects assumed after-tax returns of 3% on Group Office capital, unchanged from 1H 15.

Following the completion of AMP's acquisition of 19.99% of China Life Pension Company (CLPC) in January 2015, AMP's equity accounted share of CLPC's net profit is reported through underlying investment income in Group Office capital. This contribution was immaterial to the Group net profit in 1H 16.

Interest expense on corporate debt

1H 16 interest expense on corporate debt was A$33m, up from A$28m in 1H 15. This follows an increase in the average volume of corporate debt to A$1,689m in 1H 16 (A$1,471m in 1H 15), which primarily relates to the timing of debt issuances and redemptions over the two half year periods.

The weighted average cost of debt in 1H 16 is similar to 1H 15, with higher interest margins on the new Additional Tier 1 capital instruments issued in 2015 offset by lower interest rates in 1H 16 compared to 1H 15.

For further information on corporate debt, refer to page 28.

Other items

Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.

Business efficiency program costs

During 1H 16, AMP continued to deliver on the three year business efficiency program, which is targeting recurring cost savings of A$200m (pre-tax) per annum (80% controllable costs and 20% variable costs). The estimated one-off cost of implementation is A$320m (pre-tax) or A$224m on a post-tax basis. During 1H 16, costs incurred were A$12m post-tax. The expected pattern of post-tax expenditure over 2H 16, the final half year of the program, is A$7m.

Group Office cont'd

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 rights to future income.

AXA intangible assets are required to be amortised over their expected useful life; goodwill is not required to be amortised. The amortised balance of AXA acquired intangibles as at 1H 16 was A$0.7b.

1H 16 amortisation of AXA acquired intangible assets was A$39m. Amortisation of AXA acquired intangibles for FY 16 is still expected to be approximately A$79m.

Market adjustment – investment income

Market adjustment – investment income represents the excess (or shortfall) between underlying investment income and actual return on shareholder assets invested in income producing assets.

The 1H 16 market adjustment – investment income was A$56m (1H 15 A$2m), primarily reflecting market gains on interest rate derivatives and fixed interest assets as bond yields decreased.

AMP uses interest rate derivatives to manage the impact of falling interest rates on its capital position experienced through the life insurance business and defined benefit funds. In 1H 16, these derivatives generated significant capital gains as long-term interest rates fell. These gains were partly offset by lower short-term interest rates and lower equity markets relative to the long-term assumed earning rate of 3.0% post-tax.

Market adjustment – annuity fair value

1H 16 market adjustment – annuity fair value was -A$18m (1H 15 A$12m), primarily driven by the impact of adverse movements in credit spreads and liquidity margins over 1H 16.

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$0.2b and Australian lifetime annuity liabilities of A$1.3b. 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. Interest rate risk from any cashflow mismatch is managed by closely matching duration and convexity, but credit risk remains.

For fixed term annuities, accounting standards require the liabilities and the assets that back them both to be valued consistently on a fair value basis.

For lifetime annuities, accounting standards require the liabilities to be valued based on the risk-free rate of return and the assets to be valued on a fair value basis. Therefore, in the absence of any defaults, changes in credit spreads and deterioration in the quality of individual assets can lead to timing differences.

As the assets are predominantly held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In 1H 16 there were no asset defaults. The assets that support AMP's Australian annuity book comprise a mixture of government bonds and cash (12%), semi-government bonds (38%) and corporate bonds (50%). The average duration of the portfolio is six years.

The portfolio credit rating composition is AAA (34%), AA (29%), A (30%) and BBB (7%). Corporate bond exposures are AAA (1%), AA (22%), A (62%) and BBB (15%).

Market adjustment – risk products

1H 16 market adjustment – risk products was A$25m (1H 15 A$10m) due to decreasing bond yields.

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

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. MoS involves projecting future cashflows (premiums, benefits and costs after allowing for inflation), and discounting future cashflows to their present value using the appropriate risk-free discount rate. Changes to market related economic assumptions affect policyholder liabilities and current year profit. The impact of movements in bond yields can vary from period to period depending on the level of claims reserves. For information on changes in market economic assumptions in 1H 16, refer to page 32.

Accounting mismatches

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

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

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (1H 16 +A$10m, 1H 15 -A$25m)
- owner-occupied properties (1H 16 A$0m, 1H 15 -A$4m)
- investments in controlled entities (1H 16 -A$5m, 1H 15 +A$18m)
- superannuation products invested with AMP Bank (1H 16 -A$1m, 1H 15 +A$1m).

Capital management

30 June 2016

A$m	Total AMP group[1]	AMP Life[2,3]	NMLA[2]	AMP Bank	AMP Capital	Group Office[3]	Other
Total capital resources[4]	**10,267**	2,454	1,379	666	472	2,143	3,153
Intangibles[5]	**(3,922)**	(517)	-	(72)	(199)	(490)	(2,644)
Tangible capital resources	**6,345**	1,937	1,379	594	273	1,653	509
Senior debt[6]	**(638)**					(638)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(868)**					(868)	
Other deductions[8]	**(1,560)**	(763)	(758)	(39)	-	-	-
Level 3 eligible capital	**3,279**	1,174	621	555	273	147	509
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,362**	522	254	315	72	68	131
Level 3 eligible capital above MRR	**1,917**	652	367	240	201	79	378

31 December 2015

A$m	Total AMP group[1]	AMP Life[2]	NMLA[2]	AMP Bank	AMP Capital	Group Office	Other
Total capital resources[4]	**10,424**	2,527	1,331	617	463	2,336	3,150
Intangibles[5]	**(3,965)**	(517)	-	(70)	(209)	(492)	(2,677)
Tangible capital resources	**6,459**	2,010	1,331	547	254	1,844	473
Senior debt[6]	**(250)**					(250)	
Subordinated debt not eligible as regulatory capital in AMP group[7]	**(868)**					(868)	
Other deductions[8]	**(1,497)**	(745)	(713)	(39)	-	-	-
Level 3 eligible capital	**3,844**	1,265	618	508	254	726	473
Shareholder minimum regulatory capital requirements (MRR)[9]	**1,302**	489	255	288	96	65	109
Level 3 eligible capital above MRR	**2,542**	776	363	220	158	661	364

1 Excludes minority interest.

2 AMP Life and NMLA include statutory funds and shareholder funds.

3 Whilst the 19.99% share of China Life Pension Company is owned by AMP Life, the capital resources and associated MRR related to the investment have been included in Group Office.

4 Shown after accounting mismatches, cashflow hedge resources and other adjustments. Refer to page 23.

5 Refer to page 37 for definition of intangibles. Intangibles includes capitalised costs. AXA acquired intangibles have been allocated between AMP Capital and Other.

6 Refer to debt overview page 28 for more details.

7 AMP has issued A$868m of subordinated debt that is not recognised as Level 3 eligible capital of the AMP group for APRA purposes. A$745m of this subordinated debt is on-lent to AMP Bank (A$140m), AMP Life (A$420m) and NMLA (A$185m), where it is recognised as eligible regulatory capital for those businesses.

8 For life insurers, other deductions include policy liability adjustments, deferred tax assets and regulatory requirements for AMP's superannuation trustees, which are subsidiaries of the life insurers. For AMP Bank, other deductions relate to securitisation, deferred tax assets and other provisions.

9 For the purposes of determining AMP group capital, the A$745m of subordinated debt lent to AMP Bank, AMP Life and NMLA is recognised as a reduction in MRR, subject to regulatory limits for Additional Tier 1 and Tier 2 capital. At 30 June 2016, A$639m of this contributed to meeting the regulatory capital requirements of AMP Bank, AMP Life and NMLA.

Capital management cont'd

Capital management framework

AMP holds capital to protect customers, creditors and shareholders against unexpected losses. There are a number of ways AMP assesses the adequacy of its capital position. Primarily, AMP aims to:

– maintain a sufficient surplus above minimum regulatory capital requirements (MRR) to reduce the risk of breaching MRR
– hold sufficient liquidity to ensure that AMP has sufficient access to liquid funds, even under stress situations
– maintain the AMP group's credit rating.

These factors are balanced when forming AMP's risk appetite as approved by the AMP Limited Board.

A number of the operating entities within the AMP group of companies are regulated. These include an authorised deposit taking institution (ADI), life insurance companies, superannuation entities and a number of companies that hold Australian Financial Services Licences (AFSLs). These companies are regulated by APRA, the Reserve Bank of New Zealand and/or the Australian Securities and Investments Commission (ASIC) and are required to hold minimum levels of regulatory capital, as set by the relevant regulator.

Level 3 eligible capital above MRR (previously referred to as Shareholder 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 future dividends based on a target payout ratio in the range of 70% to 90% of underlying profit and franked to the maximum extent possible. AMP aims to maintain and steadily grow dividends over time.

Capital position

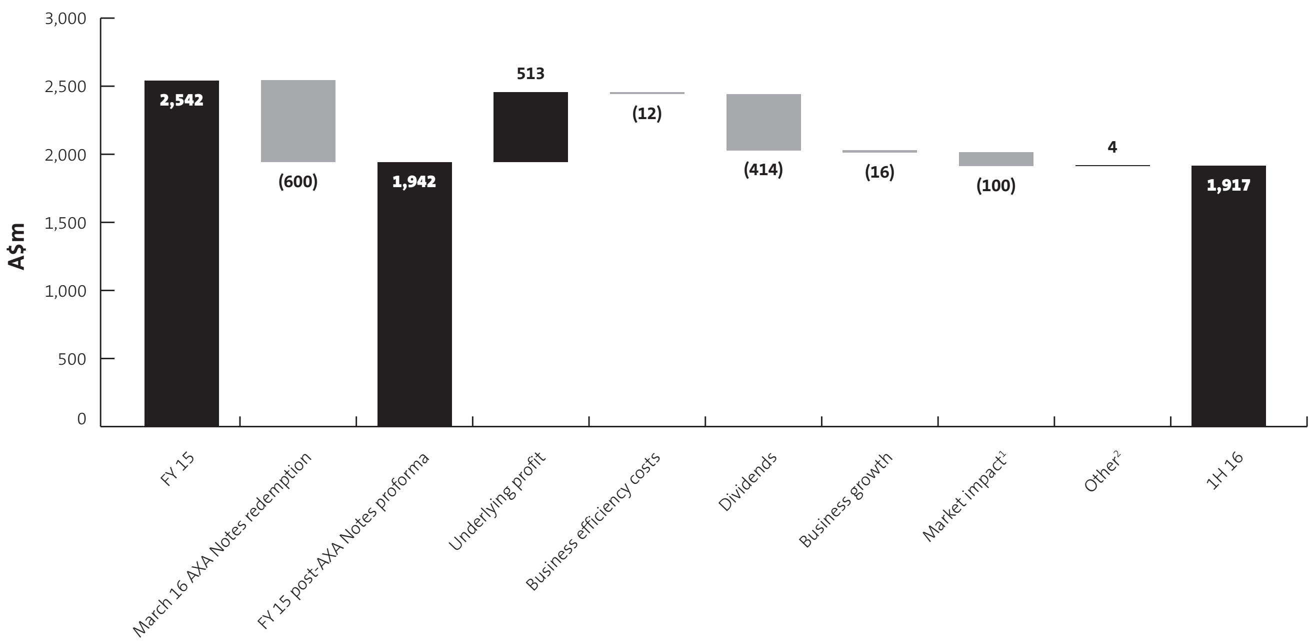
At 30 June 2016, Level 3 eligible capital above MRR was A$1,917m (A$2,542m at 31 December 2015), representing a ratio of 2.4x MRR (compared to 3.0x MRR at 31 December 2015). After allowing for the declared dividend, Level 3 eligible capital above MRR reduces to A$1,503m, representing a ratio of 2.1x MRR.

The decrease in Level 3 eligible capital above MRR was mainly driven by the redemption of the A$600m AXA Subordinated Notes as planned, with retained profits offsetting the impact of market movements in 1H 16 (primarily the impact of falling bond yields).

The Level 3 eligible capital above MRR of A$1,503m (after allowing for the 1H 16 dividend) consists of A$762m related to the life insurance participating business and A$741m for the AMP group's other businesses.

The Level 3 eligible capital above MRR supporting the life insurance participating business varies over time depending on the risk exposures and strategies used in managing the participating business. The Level 3 eligible capital currently held within that business (including the A$762m above MRR) is consistent with the target of providing a very high level of confidence that the business is self-supporting and that there are sufficient assets to support policyholder liabilities.

Movement from FY 15 to 1H 16 Level 3 eligible capital above MRR



1 Includes the market impact on defined benefit funds and life companies, net of hedging.
2 Includes the impact of changes in actuarial assumptions and tax adjustments related to the netting of deferred tax assets and liabilities.

Capital management cont'd

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life and NMLA were A$2,221m at 30 June 2016 (A$2,217m at 31 December 2015).

AMP uses a number of long-term strategies involving derivatives in place within both AMP Life and NMLA to manage market risks. Refer to page 21 for more details.

Minimum regulatory capital requirements

The main minimum regulatory capital requirements for AMP's businesses are:

– AMP Life and NMLA – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards
– AMP Bank – capital requirements as specified under the APRA ADI Prudential Standards
– AMP Superannuation Limited and National Mutual Superannuation Limited – Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards
– AMP Capital and other ASIC regulated businesses – capital requirements under AFSL requirements and for risks relating to North.

In March 2016, APRA announced the deferral of its proposed capital requirements for conglomerate groups (Level 3 institutions). APRA has indicated that implementation will be no earlier than 2019, and intends to consult again on these requirements in mid-2017 or later. The earlier transition arrangements provided by APRA in 2013 allow the A$83m subordinated bond maturing in 2022 to be recognised as Level 3 eligible capital until the implementation of conglomerate capital standards.

Based on the standards in their current form, AMP expects to meet any additional capital requirements from within existing capital resources.

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.

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

Interim 2016 dividend

AMP's interim 2016 dividend is 14.0 cents per share, franked to 90%. This represents an interim 2016 dividend payout ratio of 81% of underlying profit. AMP will continue to offer the DRP to eligible shareholders. For the 2016 interim dividend, no discount will apply to the DRP allocation price. AMP intends to neutralise the impact of the DRP by acquiring shares on-market to satisfy any entitlements under the DRP.

Nominal versus effective exposure

The asset allocations on page 27 reflect the effective exposure of shareholder funds after consideration of the effects of equity derivative positions. Interest rate derivatives are not converted to effective exposure in the asset allocations on page 27. The exposure in shareholder investments to movements in interest rates is shown in the profit sensitivities for investment income on page 29.

Management of market risks in the shareholder funds

Total shareholder funds (A$5,268m) comprise direct shareholder funds (A$4,675) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$593m) 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. AMP continues to review the asset mix of shareholder funds to maximise shareholder returns within the constraints of AMP's risk appetite. Exposures to lower and unrated assets are kept to a minimum, as set out below.

At 30 June 2016, 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 65% in government exposures and 35% in corporate exposures. Corporate exposures are invested in AAA (26%), AA (29%), A (22%), BBB (20%) and sub-investment grade and unrated (less than 3%).

AMP uses interest rate derivatives in the shareholder funds to manage its exposure to movements in long-term interest rates. The impact of these derivatives on AMP's profit and capital sensitivities is shown in the profit sensitivities for investment income on page 29 and regulatory capital sensitivities on page 30.

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 (A$1.7b in Australia and A$0.5b in New Zealand) to fund the upfront costs associated with acquiring new risk insurance business. The implicit DAC asset generates an investment return equivalent to a one year government bond.

Capital management cont'd

Capital resources (A$m)	30 June 2016	31 December 2015
Contributed equity	**9,590**	9,566
Equity contribution reserve	**1,019**	1,019
Other reserves	**706**	700
Retained earnings	**883**	819
Demerger loss reserve	**(3,585)**	(3,585)
Total equity of shareholders of AMP Limited	**8,613**	8,519
Accounting mismatches, cashflow hedge reserve and other adjustments	**65**	104
AMP shareholder equity	**8,678**	8,623
Less: goodwill and other intangibles[1]	**(3,922)**	(3,965)
Less: other deductions[2]	**(1,560)**	(1,497)
Plus: subordinated debt eligible as Level 3 capital[3]	**83**	683
Level 3 eligible capital	**3,279**	3,844

Total capital resources by asset class (A$m)	30 June 2016	31 December 2015
International equities	**82**	104
Australian equities	**93**	111
Property	**347**	378
International fixed interest	**113**	133
Australian fixed interest	**227**	352
Cash[4]	**2,212**	2,140
Implicit DAC	**2,194**	2,169
Total shareholder funds	**5,268**	5,387
Other[5]	**1,077**	1,072
Tangible capital resources	**6,345**	6,459
Intangibles	**3,922**	3,965
Total capital resources	**10,267**	10,424

1 Refer to page 37 for definition of intangibles.

2 For life insurers, other deductions include policy liability adjustments, deferred tax assets and regulatory requirements for AMP's superannuation trustees, which are subsidiaries of the life insurers. For AMP Bank, other deductions relate to securitisation, deferred tax assets and other provisions.

3 Transition arrangements provided by APRA allow the A$83m subordinated bond maturing in 2022 to be recognised as Level 3 eligible capital until the implementation of conglomerate capital standards. AMP's other subordinated debt is not recognised as Level 3 eligible capital for APRA purposes. Subordinated debt that is on-lent to AMP Bank, AMP Life and NMLA is recognised as Additional Tier 1 or Tier 2 capital for those businesses, which reduces their contribution to AMP's MRR.

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

5 Other includes tangible capital of AMP Bank of A$594m, corporate subordinated debt on-lent to AMP Bank of A$140m, A$137m of seed and sponsor capital assets and A$206m of other assets and liabilities.

Underlying investment income

AMP calculates the underlying investment income that is allocated to the BUs and Group Office by applying an underlying rate of return to shareholder assets held by the BU and Group Office and invested in income producing investment assets (as opposed to operating assets).

The underlying after-tax rate of return used for 2016 is 3.0% pa (unchanged from 2015) 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 1.5% pa after tax is being applied to the implicit DAC for 2016 (1.8% in 2015).

Shareholder funds invested in income producing assets may be higher or lower than BU capital due to the working capital requirements of the business unit.

Debt overview

	30 June 2016			31 December 2015		
A$m	Corporate debt	AMP Bank[1]	Total	Corporate debt	AMP Bank[1]	Total
Subordinated bonds/notes	83	-	**83**	83	-	**83**
AMP Notes 2[2]	325	-	**325**	325	-	**325**
AMP Wholesale Capital Notes[3]	275	-	**275**	275	-	**275**
AMP Capital Notes[4]	268	-	**268**	268	-	**268**
AXA subordinated notes	-	-	**-**	600	-	**600**
AMP Bank subordinated debt	-	150	**150**	-	150	**150**
Total subordinated debt	951	150	**1,101**	1,551	150	**1,701**
Commercial paper, NCDs and repos	138	1,868	**2,006**	-	1,699	**1,699**
Domestic medium-term notes	-	1,801	**1,801**	-	1,801	**1,801**
Drawn syndicated loan	500	-	**500**	250	-	**250**
Total senior debt	638	3,669	**4,307**	250	3,500	**3,750**
Deposits[5]	-	10,713	**10,713**	-	9,618	**9,618**
Total debt	1,589	14,532	**16,121**	1,801	13,268	**15,069**
Corporate gearing ratios						
S&P gearing	**9%**			10%		
Interest cover – underlying (times)	**17.6**			20.0		
Interest cover – actual (times)	**16.4**			17.5		

	Corporate debt by year of repayment[6]					
A$m	0–1 year	1–2 years	2–5 years	5–10 years	10+ years	Total
Total corporate debt at 30 June 2016	**138**	**250**	**850**	**351**	**-**	**1,589**
Total corporate debt at 31 December 2015	600	250	600	351	-	1,801

1 This excludes the AMP Wholesale Capital Notes that were lent to AMP Bank and the AMP Bank debt held within securitisation vehicles.

2 AMP Notes 2 are not recognised as Level 3 eligible capital of AMP group for APRA purposes. A$300m of AMP Notes has been loaned to AMP Life (A$215m) and NMLA (A$85m), where it is recognised as allowable Tier 2 capital.

3 AMP Wholesale Capital Notes are not recognised as Level 3 eligible capital of AMP group for APRA purposes. The A$275m of Wholesale Capital Notes are on-lent to AMP Bank (A$100m), AMP Life (A$115m) and NMLA (A$60m), where they are recognised as Additional Tier 1 capital for those businesses.

4 AMP Capital Notes are not recognised as Level 3 eligible capital of AMP group for APRA purposes. The AMP Capital Notes are on-lent to AMP Bank (A$40m), AMP Life (A$90m) and NMLA (A$40m), where they are recognised as Additional Tier 1 capital for those businesses.

5 At 30 June 2016, deposits include AMP Bank retail deposits (A$5.2b), AMP Supercash and Super TDs (A$2.2b), North and platform deposits (A$2.6b), internal deposits (A$0.5b) and other wholesale deposits (A$0.2b).

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

Corporate debt

Corporate debt decreased by A$212m during 1H 16 due to the repayment of the AXA Notes (A$600m), offset by an increase in the drawn syndicated loan (A$250m) and commercial paper issuance (A$138m).

At 30 June 2016, AMP's liquidity comprised A$490m of group cash and an undrawn syndicated loan of A$250m. Approximately 20% of corporate debt was effectively at fixed rates.

AMP Bank

AMP Bank utilises a diverse range of funding sources including securitisation, customer deposits and short and long-term wholesale borrowings to manage its funding and liquidity requirements. The securitisation of mortgages via the issuance of residential mortgage backed securities (RMBS) is a source of funding and capital relief for AMP Bank. Securitisation funding is non-recourse to AMP Bank and the AMP group.

As at 30 June 2016, total securitised funds were A$2.8b, including the A$500m warehouse facility with Bank of Tokyo-Mitsubishi UFJ, Ltd (BTMU).

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

Sensitivities – profit, capital and embedded value

1H 16 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	-	-	3	-	2		**15**	**7**
10% decrease in Australian equities	(10)	-	-	(3)	-	(2)		**(15)**	**(7)**
10% increase in international equities	8	-	-	1	3	3		**15**	**8**
10% decrease in international equities	(8)	-	-	(1)	(3)	(3)		**(15)**	**(8)**
10% increase in property	2	-	-	1	1	3		**7**	**25**
10% decrease in property	(2)	-	-	(1)	(1)	(3)		**(7)**	**(25)**
1% (100 bps) increase in 10 year Australian bond yields	(1)	-	-	6	-	(1)		**4**	**(73)**
1% (100 bps) decrease in 10 year Australian bond yields	1	-	-	(7)	-	1		**(5)**	**108**
1% increase in cash rate	-	-	-	-	-	-		**-**	**24**
1% decrease in cash rate	-	-	-	-	-	-		**-**	**(24)**
Business variables									
5% increase in AUM/AMP Bank total mortgage balances	16	4	-	5	4			**29**	
5% increase in sales volumes	2	1	-	-	-			**3**	
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						4		**4**	
5% increase in (AMP Capital) internal AUM						3		**3**	
5% reduction in controllable costs	17	2	6	2	3	11	2	**43**	

All profit sensitivities above show a full year impact.

The profit and capital sensitivities are only indicative, because:
- they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the particular variable moves independently of all others
- they are based on the 1H 16 position, ie not 'forward looking', and make no allowances for events subsequent to 30 June 2016, and
- in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 30 June 2016.

Other assumptions include:
- Parent company shareholders' equity is fully invested, and there are no adjustments for investments which are outside index weightings.
- Currency movements in investments in self-sustaining operations do not impact profit.
- Sales sensitivity assumes the same product mix as in underlying sales during 1H 16.
- Investment income sensitivity is based on the amount of investments held at 30 June 2016.
- 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 1H 16 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 1H 16 operating earnings than set out in the table above.

The sensitivities are based on the 1H 16 position and are not forward looking. If using the sensitivities as forward looking (eg applying 1H 16 profit sensitivities for 2H 16 or FY 16), an allowance for changes in AUM levels should be made. Refer to page 6 (WM) and page 10 (AMP Capital) for average AUM levels that were applied in 1H 16.

The AMP Capital operating earning sensitivities are net of minority interests and assume no change to performance and transaction fees and do not include seed and sponsor capital investments.

Sensitivities – profit, capital and embedded value cont’d

Operating earnings – risk insurance and annuity business

For risk insurance and annuity business, movements in economic variables (bond yields, CPI) impact to the extent that the valuations of assets and liabilities are mismatched. These impacts are included in market adjustment – annuity fair value and market adjustment – risk products and have no effect on BU operating earnings but are included in EV sensitivities.

Operating earnings – participating business

For participating business, profit margins are dependent on the level of future bonuses supported by both the value of available assets and the assumed future investment earnings (largely driven by prevailing bond yields). As the effect of movements in investment markets is absorbed by bonuses over a number of years, only a portion of the impact is recognised in the current reporting period and is allocated between policyholders and shareholders.

Investment income

The analysis is based on a point in time and indicates the impact a change in the market variable would have on AMP’s 1H 16 total investment income (ie underlying investment income plus market adjustment – investment income).

The sensitivities are based on 30 June 2016 equity markets, bond yields and property values and correspond to the disclosure in the capital management section (refer to page 24).

Sensitivities include the profit/loss impact from changes in investment market variables on total shareholder funds. Changes in BU operating earnings are not reflected.

The cash rate sensitivities show the full year impact of a different cash rate on total investment income. The impact assumes that the change in the cash rate applies over the entire year.

The investment income sensitivities (refer to page 29 for details) do not include any allowance for investment gains/losses on assets that back AMP’s annuity book or the impact of changes in economic variables (such as bond yields or CPI) on wealth protection products. The impacts of investment market variables are not always symmetrical, as they are inclusive of the impacts of long-term and tactical protection strategies.

The sensitivities assume that the guarantees on the North products are effectively hedged under current hedging procedures.

The investment income sensitivities to bond yields reflect increased use of interest rate derivatives in 1H 16 to reduce the impact on regulatory capital resources above MRR from bond yields movements. Gains and losses on these derivatives are reported in the market adjustment – investment income.

AMP regulatory capital sensitivities

Capital sensitivities – regulatory capital resources above MRR (A$m)[1]		**AMP Life**	**NMLA**	**AMP group**[2]
Actual 30 June 2016 (ASX 200 @ 5,233; Australian bond yields @ 2.0%)		652	367	1,917
Equity sensitivity	– 20% increase (ASX 200 @ 6,280)	55	15	100
	– 10% increase (ASX 200 @ 5,756)	25	10	55
	– 10% decrease (ASX 200 @ 4,710)	(30)	(25)	(65)
	– 20% decrease (ASX 200 @ 4,186)	(55)	(55)	(125)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields @ 3.0%)	90	(25)	60
	– 50 bps increase (Australian bond yields @ 2.5%)	55	(10)	45
	– 50 bps decrease (Australian bond yields @ 1.5%)	(60)	(5)	(65)
	– 100 bps decrease (Australian bond yields @ 1.0%)	(150)	(10)	(155)
Property sensitivity[3]	– 10% increase in unlisted property values	25	5	30
	– 10% decrease in unlisted property values	(30)	(15)	(45)

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 guarantee products.

AMP’s capital management policies include market related trigger points at which management will take action to reduce the impact of market movements on AMP’s capital position.

AMP actively manages both the asset mix and the associated capital. Market movements and trends are carefully monitored and adjustments made accordingly.

The sensitivities contained in the table above do not make any allowance for management actions subsequent to 30 June 2016, which may have a significant impact on these sensitivities.

Sensitivities – profit, capital and embedded value cont'd

EV and VNB sensitivities

1H 16 change in embedded value (A$m)	**WM**	**WP**	**Australian mature**	**New Zealand financial services**	**Total**
5% reduction in controllable costs	121	34	14	13	**182**
10% reduction in discontinuance rates	342	380	54	103	**879**
1% (100 bps) decrease in long-term bond yields	98	138	(81)	44	**199**
1% (100 bps) increase in long-term bond yields	(91)	(132)	65	(42)	**(200)**
10% increase in Australian equities	109	-	40	-	**149**
10% increase in international equities	74	-	22	18	**114**
1% reduction in investment fees	(89)	-	(5)	(5)	**(99)**
10% reduction in insured non-death claims	n/a	391	-	30	**421**
5% reduction in insured death claims	n/a	149	4	27	**180**

1H 16 change in value of new business (A$m)	**WM**	**WP**	**Australian mature**	**New Zealand financial services**	**Total**
5% reduction in controllable costs	8	2	-	1	**11**
10% reduction in discontinuance rates	12	10	1	1	**24**
1% (100 bps) decrease in long-term bond yields	3	2	-	1	**6**
1% (100 bps) increase in long-term bond yields	(3)	(2)	-	(1)	**(6)**
5% increase in sales (all costs variable)	4	1	-	-	**5**
5% increase in sales (acquisition controllable costs fixed)	5	3	-	1	**9**
1% reduction in investment fees	(4)	-	-	-	**(4)**
10% reduction in insured non-death claims	n/a	9	-	-	**9**
5% reduction in insured death claims	n/a	4	-	-	**4**

Key assumptions

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

- they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
- they show the average movement for the risk discount margin range, ie 4%
- they are based on the 1H 16 position, ie not 'forward looking', and make no allowance for events subsequent to 30 June 2016
- they are based on the 1H 16 sales and 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 2016 budget. Further expense benefits are expected to predominantly emerge in controllable costs. To determine the impact of further synergies on EV and VNB, the most appropriate sensitivity to use is the reduction in controllable costs.

The 10% reduction in discontinuance rates is based on a uniform reduction in lapses in all future years (eg a 15% lapse rate changes to 13.5%).

The 10% increase in Australian equities assumes all Australian shares increase in value by 10%.

The 5% reduction in insured death claims is based on a 5% reduction in new insured death claims.

The 10% reduction in insured non-death claims is based on a 10% reduction in new insured claims and, for current open claims only, a 10% reduction in future recurring claim payments.

Investment fees are defined as all ongoing fees (including member fees and rebates) on investment products with explicit fees. The investment fee sensitivity assumes no corresponding reduction in funds management costs or adviser payments.

For WP, lower discount rates due to lower long-term bond yields increase the present value of the margins in future WP premiums and EV. For Australian mature, the benefit of lower discount rates due to lower long-term bond yields is more than offset by the associated decrease in future participating business investment returns.

Embedded value assumptions

Economic assumptions

Risk discount rates are based on the yield on long-term government bonds plus a discount margin.

Annualised 10 year government bond yields	1H 16	FY 15
Australia	**2.0%**	2.9%
New Zealand	**2.4%**	3.6%

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

Risk premiums	1H 16	FY 15
Local equities[1]	**4.5%**	4.5%
International equities	**3.5%**	3.5%
Property	**2.5%**	2.5%
Fixed interest[2]	**0.7%**	0.7%
Cash (where significant)	**(0.5%)**	(0.5%)

1 Includes allowance for franking credits on equity income.
2 The risk premium depends on the duration and credit rating of the underlying bond portfolios and hence can vary. The premium shown is the average across all portfolios.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$17b) in Australia are:

Australian participating	1H 16	FY 15
Equities	**25%**	25%
Property	**13%**	13%
Fixed interest	**40%**	40%
Cash	**22%**	22%

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

Annual inflation rates assumed are:

Inflation rate		1H 16	FY 15
Australia	– CPI	**1.6%**	2.2%
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 2015 include:
– increasing Income Protection incidence assumptions
– allowing for future planned retail Income Protection price increases.

Maintenance unit costs are derived from 2016 budgets. Allowance is made for future inflation, but potential cost improvements arising after 2016 are ignored. Note that only expense improvements captured in 2016 have been allowed for.

Future rates of bonus for participating business were set at levels that were supportable by the assets backing the respective product sub-funds as at 30 June 2016.

Acquisition costs for VNB are the actual costs incurred in 1H 16.

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 1H 16 (A$m)[1]	**12,743**	**12,009**	**11,361**
Embedded value comprises (A$m)			
Adjusted net assets[2]	1,428	1,428	1,428
Value of in-force business[3,4]	11,315	10,581	9,933

1 Includes embedded value of WM, WP, Australian mature and NZFS. No embedded value is included for AMP Bank, AMP Capital and Group Office.
2 Adjusted net assets are assets in excess of regulatory capital requirements (allocated at product level), at face value.
3 Value of in-force business discounts the value of shareholder net assets (A$3,001m at face value) to reflect expected time of release.
4 Shareholder net assets include A$300m of allowable Tier 2 Capital arising from AMP Notes 2 and A$305m of allowable Additional Tier 1 Capital arising from AMP Wholesale Capital Notes and AMP Capital Notes on-lent to the Life Companies.

Further details

Otherwise assumptions are generally consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life and NMLA. A more detailed description of these assumptions and their 31 December 2015 values can be found in the notes to the 2015 AMP Limited Appendix 4E. As all relevant business is projected for the embedded value, the description of the assumptions in the notes applies even where that business is not valued by projection methods for profit reporting.

Market share and channel analysis

Market share

	March 2016			March 2015		
	Total market size	**Market position (rank)**	**Market share %**	**Total market size**	**Market position (rank)**	**Market share %**
Market share – Australia (AUM) A$b						
Superannuation including rollovers[1,4]	351.8	1	25.7	364.0	1	25.6
Corporate superannuation master funds[2]	135.7	2	20.2	137.8	2	20.3
Retirement income[1]	189.5	2	18.0	190.7	2	18.3
Unit trusts (excluding cash management trusts)[1,4]	190.4	5	7.1	182.1	5	7.8
Total retail managed funds (excluding cash management trusts)[1,4]	738.6	1	18.8	744.0	1	19.2
Total in-force annual premiums – Australia (AUM) A$b[3]						
Individual risk	9.3	1	16.1	8.8	1	16.8
Group risk	6.3	6	7.1	5.9	6	7.5
Market share – New Zealand financial services (AUM) NZ$b						
Retail superannuation[5]	3.7	1	40.8	3.9	1	42.6
Unit trusts[5]	25.1	6	5.2	20.4	6	6.6
Insurance bonds[5]	0.9	4	14.1	0.8	4	16.4
Total retail funds[5]	62.8	4	11.1	52.9	4	12.8
Corporate superannuation[6]	6.2	1	41.4	5.7	1	43.6
KiwiSaver[5]	32.4	3	12.4	27.3	3	13.3
Total in-force annual premiums – New Zealand financial services (AUM) NZ$b[7]						
Individual risk	1.9	2	15.5	1.8	2	16.3
Conventional	0.1	1	78.9	0.1	1	78.6

1 Source: Fund Market Overview Retail – Marketer, Plan for Life, March 2016.
2 Source: Australian Retail & Wholesale Investments Market Share and Dynamics Report, Plan for Life, March 2016.
3 Source: Life Insurance Overview – Risk Insurance, Plan for Life, March 2016.
4 These figures include SuperConcepts products in the superannuation and unit trust categories.
5 Measured by AUM. Source: FundSource Limited, March 2016.
6 Measured by AUM. Source: Eriksens Master Trust Survey, March 2016.
7 Measured by in-force premium. Source: FSC Statistics, March 2016.

Channel analysis

	Net cashflows			AUM			Adviser numbers		
Channel analysis (A$m)	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**	**1H 16**	**1H 15**	**% 1H/1H**
AMP Financial Planning	384	642	(40.2)	54,815	54,417	0.7	1,611	1,716	(6.1)
AMP Horizons Academy and Practice	(10)	(2)	n/a	826	891	(7.3)	35	72	(51.4)
Hillross	115	150	(23.3)	13,323	13,267	0.4	357	388	(8.0)
Charter Financial Planning	184	416	(55.8)	20,729	20,487	1.2	854	978	(12.7)
Jigsaw Support Services	(5)	14	n/a	1,099	1,209	(9.1)	122	241	(49.4)
ipac	(105)	(96)	(9.4)	7,307	8,600	(15.0)	165	162	1.9
Genesys Wealth Advisers	(5)	(161)	96.9	39	1,038	(96.2)	2	35	(94.3)
Corporate Super Direct	297	246	20.7	12,439	11,645	6.8			n/a
AMP Direct	(31)	(12)	(158.3)	5,443	5,522	(1.4)	-	-	n/a
Other	24	(12)	n/a	3,397	3,452	(1.6)			n/a
Third-party distributors	(511)	(311)	(64.3)	17,061	16,007	6.6			n/a
SMSF Advice							221	170	30.0
Total Australia[1]	**337**	**874**	(61.4)	**136,478**	**136,535**	-	**3,367**	**3,762**	(10.5)
New Zealand financial services[2]	73	202	(63.9)	14,543	13,090	11.1	429	437	(1.8)
Total	**410**	**1,076**	(61.9)	**151,021**	**149,625**	0.9	**3,796**	**4,199**	(9.6)

1 Net cashflows and AUM include all WM, WP and Australian mature products and exclude SuperConcepts.
2 NZFS includes AMP licensed advisers, AMP owned advisers and advisers that subscribe to AMP's advice processes offered under the Quality Advice Network brand.

AMP Capital investment performance

		1 Year			3 Year			5 Year		
Fund/style name	**AUM (A$m)**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**	**Absolute return[1] %**	**Excess return[2] %**	**Competitor quartile ranking[3]**
Equities										
Core	2,242	(0.6)	(3.2)	Q3	8.1	(1.6)	Q3	8.4	(0.9)	Q3
Sustainable	1,730	(1.1)	(3.2)	Q4	7.0	(2.1)	Q4	7.3	(1.5)	Q4
Concentrated[4]	367	(1.4)	No	Q4	7.6	No	Q4	n/a	n/a	n/a
Enhanced Index	6,471	0.6	(0.2)	Q3	8.0	0.1	Q4	7.7	-	Q3
Specialist Australian Shares	3,156	(0.8)	(2.6)	Q2	7.2	(1.5)	Q2	7.2	(0.9)	Q3
Asian Equity Growth	467	(11.3)	(5.1)	Q4	11.5	(0.8)	Q2	7.5	(3.1)	Q4
Fixed interest										
Wholesale Australian Bond Fund[5]	4,099	6.9	(0.6)	Q3	6.5	(0.2)	Q3	7.5	0.3	Q1
Corporate Bond	1,619	2.8	(1.5)	n/a	4.9	0.1	n/a	6.4	-	n/a
Managed Treasury Fund	3,381	2.5	0.1	n/a	2.8	0.1	n/a	3.5	0.2	n/a
International										
Specialist International Shares	1,305	0.8	(1.1)	n/a	16.4	0.1	n/a	15.9	(0.5)	n/a
Enhanced Index International Shares	9,077	1.3	0.4	Q1	15.5	0.2	Q1	15.8	0.4	Q1
Global Listed Property[5,6]	7,085	11.7	(7.8)	Q2	13.2	(1.8)	Q2	13.0	(0.7)	Q1
Global Listed Infrastructure[6]	1,833	(2.1)	(9.5)	n/a	15.9	(1.1)	n/a	17.7	(1.0)	n/a
FD International Bonds	1,578	7.1	(3.0)	n/a	6.6	(1.8)	n/a	6.9	(1.7)	n/a
Property (direct)[7]										
Wholesale Office[8]	4,287	16.8	(0.9)	n/a	11.2	(1.4)	n/a	9.1	(1.8)	n/a
Shopping Centres[8]	3,260	12.9	3.6	n/a	10.1	1.1	n/a	9.3	0.6	n/a
Diversified Property Fund[8]	4,745	10.3	(1.7)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Infrastructure (direct)										
Diversified Infrastructure Trust (previously Infrastructure Equity Fund)	939	20.4	13.3	Q1	16.6	8.9	Q1	14.5	6.6	Q1
Australia Pacific Airports Fund	381	34.3	22.3	n/a	24.9	12.9	n/a	21.5	9.5	n/a
Diversified										
Balanced Growth Option[9]	7,972	1.1	No	Q3	9.5	Yes	Q1	9.5	Yes	Q2
FD Balanced Fund[9]	5,607	2.5	No	Q3	9.8	Yes	Q2	9.7	Yes	Q2
MySuper 1970's[10]	2,347	2.4	0.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Goal based										
Multi Asset Fund	948	2.3	(5.0)	n/a	7.9	-	n/a	7.7	(0.2)	n/a
Dynamic Markets Fund	1,265	(6.6)	(12.9)	n/a	6.2	(0.7)	n/a	n/a	n/a	n/a
ipac Income Generator	1,522	5.2	2.3	n/a	8.5	1.9	n/a	9.4	2.4	n/a

1 Absolute returns are annualised for periods greater than one year.
2 Excess return is measured against the client goal.
3 Quartile ranking determined using the latest available 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 AUM provided is the assets under management of the entire capability.
7 Calculated in accordance with the Mercer/IPD Pooled Property Fund Index methodology.
8 For this fund, AUM disclosed is the gross asset value.
9 For this fund the client goal is to perform Q2 or better.
10 My Super 1970's is representative of the MySuper range of funds – it is disclosed as it is the largest fund in the MySuper range.

Five year summary

		AMP 1H 16	AMP 1H 15	AMP 1H 14	AMP 1H 13	AMP 1H 12
Earnings[1]						
Total operating earnings (A$m)		**485**	538	483	410	423
Underlying profit (A$m)		**513**	570	510	440	488
Profit attributable to shareholders of AMP Limited (A$m)		**523**	507	382	393	373
EPS – underlying (cps)		**17.3**	19.3	17.2	15.0	17.0
EPS – actual (cps)		**17.9**	17.4	13.1	13.6	13.2
RoE – underlying		**11.9%**	13.5%	12.5%	11.2%	13.4%
RoE – actual		**12.1%**	12.0%	9.3%	10.0%	10.3%
Dividend						
Dividend per share (cps)		**14.0**	14.0	12.5	11.5	12.5
Dividend payout ratio – underlying[1]		**81%**	73%	73%	77%	74%
Franking rate[2]		**90%**	85%	70%	70%	55%
Ordinary shares on issue (m)[3]		**2,958**	2,958	2,958	2,945	2,895
Weighted average number of shares on issue (m)	– basic[3]	**2,958**	2,958	2,958	2,937	2,874
	– fully diluted[3]	**2,975**	2,978	2,984	2,961	2,895
	– statutory	**2,927**	2,910	2,921	2,888	2,831
Share price for the period (A$)	– low	**5.02**	5.30	4.12	4.25	3.73
	– high	**5.92**	6.79	5.39	5.67	4.40
Margins						
Australian wealth management investment related revenue to AUM (bps)		**109**	113	118	122	125
AMP Capital AUM based management fees to AUM (bps) – external		**47.3**	44.5	45.5	48.1	46.6
Australian wealth protection profit margins/annual premium		**9.5%**	10.1%	9.9%	11.2%	13.1%
AMP Bank net interest margin (over average interest earning assets)		**1.71%**	1.53%	1.35%	1.39%	1.22%
Financial position						
AMP shareholder equity (A$m)		**8,678**	8,475	8,190	7,955	7,554
Corporate debt (excluding AMP Bank debt) (A$m)		**1,589**	1,533	1,708	1,679	1,579
S&P gearing		**9%**	10%	12%	12%	11%
Interest cover – underlying (times)		**17.6**	18.5	12.3	13.2	11.2
Interest cover – actual (times)		**16.4**	17.0	9.2	10.6	9.0
Cashflows and AUM						
Australian wealth management net cashflows (A$m)		**582**	1,152	1,116	1,383	233
Australian wealth management persistency		**90.4%**	89.9%	89.4%	88.2%	86.8%
AMP Capital net cashflows – external (A$m)		**(153)**	3,025	1,642	(2,070)	(1,345)
AMP Capital AUM (A$b)		**160**	156	144	131	123
AUM non-AMP Capital managed (A$b)[4]		**66**	66	61	48	36
Total AUM (A$b)		**226**	222	205	179	159
Controllable costs (pre-tax) and cost ratios[1,5]						
Controllable costs (pre-tax) – AMP (A$m)		**663**	657	650	646	663
Cost to income ratio – AMP		**45.5%**	43.1%	45.0%	48.4%	46.1%
Controllable costs to average AUM (bps)		**59**	58	64	72	82
Staff numbers						
Total staff numbers[6]		**5,448**	5,344	5,697	5,749	5,860

1 2012 prior period comparatives have been revised in accordance with changes in accounting standards.
2 Interim franking rate is the franking applicable to the interim dividend for that year.
3 The number of shares has not been adjusted to remove treasury shares.
4 1H 14 AUM adjusted for SuperConcepts AUA account consolidation.
5 2012 and 2013 comparatives have been revised to reflect a reclassification of controllable costs to variable costs.
6 Excludes advisers.

Definitions of business units (BUs) and exchange rates

AMP
AMP is Australia and New Zealand's leading independent wealth management company, with an expanding international investment management business and a growing retail banking business in Australia. AMP has helped people and organisations build financial security since 1849 by providing financial advice, products and services which are primarily distributed through self-employed financial advisers and investment opportunities through AMP Capital.

AMP comprises the following business units.

Australian wealth management (WM)
Financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans.

AMP Capital
A diversified investment manager with a growing international presence providing investment services for domestic and international customers. AMP Capital manages investments across major asset classes including equities, fixed interest, property, infrastructure, and multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services.

On 1 March 2012, AMP Capital and Mitsubishi UFJ Trust and Banking Corporation (MUTB) formed a strategic business and capital alliance. As part of that alliance, MUTB acquired a 15% ownership interest in AMP Capital.

In November 2013, AMP Capital established a funds management company in China with China Life called China Life AMP Asset Management Company Limited (CLAMP). AMP Capital is a founding shareholder, holding a 15% stake, with the balance held by China Life Asset Management Company, a subsidiary of China Life.

Australian wealth protection (WP)
Includes individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.

AMP Bank
Australian retail bank offering residential mortgages, deposits, transaction banking and SMSF products. It also has a portfolio of practice finance loans. AMP Bank distributes through AMP's aligned distribution network as well as third-party brokers, and direct to retail customers via phone and online.

New Zealand financial services
A risk insurance, wealth management and mature book (traditional participating business), with growth in wealth management driven by KiwiSaver.

Australian mature
A business comprising products which are largely closed to new business and are in run-off. Products within Australian mature include whole of life, endowment, investment linked, investment account, Retirement Savings Account (RSA), Eligible Rollover Fund (ERF), annuities, insurance bonds, personal superannuation and guaranteed savings accounts (GSAs).

SuperConcepts
In January 2016, AMP announced a new business name and operating structure for its SMSF business unit. The new name, SuperConcepts, incorporates the range of services and products the business offers across SMSF administration, software and education.

SuperConcepts comprises a number of sub-brands including AMP SMSF, Ascend, Cavendish, Multiport, Justsuper, SuperConcepts, SuperIQ, superMate and yourSMSF.

SuperConcepts forms part of WM's reported results.

Group Office
Group Office comprises:
– Group Office operations
– Corporate debt.

On 30 October 2014, AMP announced an agreement to acquire 19.99% of China Life Pension Company (CLPC). The acquisition was completed in January 2015 and, from 1H 15, AMP's 19.99% share of CLPC's net profit is reported through underlying investment income in Group Office capital.

Exchange rates			AUD/NZD
2016	1H 16	– closing	1.0455
		– average	1.0793
2015	FY 15	– closing	1.0627
		– average	1.0739
	2H 15	– closing	1.0627
		– average	1.0966
	1H 15	– closing	1.1365
		– average	1.0602

Accounting treatment and definitions

Accounting mismatches – Refer to page 23.

Additional Tier 1 capital – Includes components of capital for insurers and ADIs that are higher quality than Tier 2 capital, but do not meet the requirements for Common Equity Tier 1 capital.

Capital Adequacy Ratio (AMP Bank) – Total capital divided by total risk weighted assets calculated using the standardised approach.

Common Equity 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.

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 (EV) – A calculation of the economic value of the shareholder capital in AMP's businesses for WM, WP, Australian mature and NZFS and the shareholder profits expected to emerge from those businesses in-force.

EPS (actual) – Earnings per share calculated as profit attributable to shareholders of AMP Limited divided by the statutory weighted average number of ordinary shares.

EPS (underlying) – Calculated as underlying profit divided by the basic weighted average number of ordinary shares.

External AUM (AMP Capital) – Assets managed by AMP Capital sourced from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients and partnerships.

Group cash – Cash and cash equivalents held outside business units.

Group risk API – Contractual annual premiums payable on all in-force group risk policies.

Individual risk API – Contractual annual premiums payable on all in-force individual risk policies.

Individual risk lapse rate – Calculated as annualised voluntary cancellations as a percentage of average annual premium in-force prior to cancellations. Policies expiring due to maturities, death or disablement and conversions are excluded from the calculation.

Intangibles – Represents acquired goodwill, acquired identifiable intangibles on merging with AXA, acquired asset management mandates and capitalised costs.

Interest cover (actual) – Calculated on a rolling 12 month after-tax basis as profit attributable to shareholders of AMP Limited before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Interest cover (underlying) – Calculated on a rolling 12 month after-tax basis as underlying profit before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Internal AUM (AMP Capital) – Assets managed by AMP Capital sourced from AMP's business units.

Investment performance (AMP Capital) – The percentage of AUM meeting or exceeding their client goals.

Level 3 eligible capital – Comprises the highest quality components of capital for AMP Limited as the head of a Level 3 group. Level 3 eligible capital has similar characteristics to Common Equity Tier 1 capital for insurers and ADIs.

Liquidity Coverage Ratio (LCR) – A requirement to maintain an adequate level of liquid assets to meet liquidity needs for a 30 calendar day period under a stress scenario. Absent a situation of financial stress, the value of the LCR may not be less than 100%.

Accounting treatment and definitions cont'd

Market adjustment – annuity fair value – Refer to page 23.

Market adjustment – investment income – Refer to page 23.

Market adjustment – risk products – Refer to page 23.

Minimum regulatory capital requirements (MRR) – Refer to page 26.

Net interest margin (AMP Bank) – Net interest income over average interest earning assets.

Net seed and sponsor capital income (AMP Capital) – Income on seed and sponsor capital assets, including normal valuation movements and net profit/loss on sales, offset by funding costs.

Operating earnings – Represent shareholder attributable profits or losses that relate to the performance of the BU. The principles of life insurance accounting are used in reporting the results of WP, Australian mature and NZFS. Operating earnings exclude investment earnings on shareholder capital and one-off items.

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 operating profit after income tax, less distributions on Additional Tier 1 capital divided by average total capital resources (excluding Additional Tier 1 capital and eligible Tier 2 capital) 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 2 capital – Includes components of capital for insurers and ADIs that, to varying degrees, fall short of the quality of Common Equity Tier 1 capital and Additional Tier 1 capital but nonetheless contribute to the overall strength of an insurer or ADI.

Total capital resources – Total capital invested in BUs and Group Office including both tangible and intangible capital.

Underlying investment income – The investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to the BUs (including Group Office) has been normalised in order to bring greater clarity to the results by eliminating the impact of short-term market volatility on underlying performance. The excess (or shortfall) between the underlying return and the actual return is disclosed separately as market adjustment – investment income. Underlying returns are set based on long-term expected returns for each asset class, except for a short-term return, equivalent to a one year government bond, set annually for the implicit DAC component of shareholder assets. The return on AMP Bank income producing investment assets is included in AMP Bank operating earnings.

Underlying profit – AMP's key measure of business profitability, as it normalises investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group. Underlying profit excludes all items listed below the 'underlying profit' line on page 3. Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.

Value of new business (VNB) – A calculation of the economic value of the shareholder profits expected to emerge from the new business written over a particular period for WM, WP, Australian mature and NZFS, net of the cost of providing supporting capital.

Variable costs – Include costs that vary directly with the level of related business (eg investment management fees and banking commissions and securitisation costs).

Key dates for shareholders

31 August 2016	Ex-dividend date for interim 2016 dividend (Australia and New Zealand)
1 September 2016	Record date for interim 2016 dividend
2 September 2016	Dividend reinvestment plan record date for interim 2016 dividend
6 September – 19 September 2016	Pricing period for interim 2016 dividend reinvestment plan
7 October 2016	Payment date for interim 2016 dividend
28 October 2016	Third quarter 2016 cashflow and AUM announcement
9 February 2017	Full year 2016 results
22 February 2017	Ex-dividend date for final 2016 dividend (Australia and New Zealand)
23 February 2017	Record date for final 2016 dividend
24 February 2017	Dividend reinvestment plan record date for final 2016 dividend
31 March 2017	Payment date for final 2016 dividend
11 May 2017	First quarter 2017 cashflow and AUM announcement
11 May 2017	Annual General Meeting

This page has been left blank intentionally.

Registered Office:
33 Alfred St
SYDNEY NSW 2000
AUSTRALIA

amp.com.au

Website

For additional 2016 half year results information, visit AMP's website at
amp.com.au/shareholdercentre

You will find:

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

NS1679 08/16