INVESTOR REPORT

Full year 2019

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Jenny Fagg	Chief Risk Officer
James Georgeson	Chief Financial Officer
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Online reports

This Investor Report is available online at **amp.com.au/shares** along with other investor relations information.

AMP Limited
ABN 49 079 354 519

Contents

Important general notes

This Investor Report provides financial information reflecting after income tax results for AMP shareholders. 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. The principles of life insurance accounting are used in reporting the results of AMP Life. 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.

Resolution Life transaction

On 8 August 2019, AMP announced a revised agreement with Resolution Life, with updated terms, for the sale of AMP Life (the Australian and New Zealand wealth protection and mature businesses).

The revised agreement delivers consideration of A$3.0b, comprising:

- A$2.5b cash, and
- A$500m equity interest (expected to be around 20%) in Resolution Life Australia, a new Australian-domiciled, Resolution Life-controlled holding company that will become the owner of AMP Life.

Resolution Life will be on risk for all experience and lapse losses from 1 July 2018 until completion and is entitled to all AMP Life net earnings during that period.

The sale is expected to complete by 30 June 2020. AMP will continue to report the results of AMP Life through to completion of the transaction.

Strategic and business overview

AMP strategy

On 8 August 2019, AMP announced its three-year strategic plan to transform the business into a simpler, client-focused business that is higher growth and higher return. AMP will seek to achieve this through transformation to a client-focused culture, improving execution and simplifying the business model.

Under the strategy, AMP intends to:
- divest AMP Life to help fund the new strategy, simplify AMP and shift capital toward higher-growth businesses
- further localise New Zealand wealth management, exploring options to divest the business
- reinvent wealth management in Australia, helping clients realise their ambitions:
  - grow contemporary solutions in Australian wealth management including a focus on direct-to-client channels and digital solutions
  - further integrate AMP Bank solutions with Australian wealth management, continuing strong growth and targeting double-digit earnings growth over the medium term
  - fix legacy issues in Australian wealth management including reshaping aligned advice (buy back changes; fewer, more productive advisers), simplifying super
- grow AMP Capital through differentiated capabilities in real assets and public markets:
  - continue to expand global footprint in real assets, growing customised solutions
  - build on relationships in China, Japan, US
  - explore opportunities to expand global equity capabilities into international markets, and
  - target double-digit earnings growth over the medium term
- reinvigorate AMP's culture to be client led, entrepreneurial, and accountable, with effective management of financial and non-financial risk.

Overview of the AMP group

AMP is Australia and New Zealand's leading wealth management company.

The AMP group's business is divided into four areas:
- AMP Australia (wealth management, advice and bank)
- AMP Capital
- New Zealand wealth management, and
- AMP Life.

AMP Australia

AMP Australia aims to help Australians to manage and grow their wealth throughout their lives.

AMP seeks to provide whole-of-wealth services to Australians, taking a holistic view of a client's needs at every stage of their life, and providing financial solutions.

AMP's financial solutions seek to address the "big five" financial requirements affecting most Australians – managing cash flows, managing debts, growing assets, enjoying retirement and protecting their family's future.

In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team. Wealth management provides financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products. AMP Bank offers residential mortgages, deposits and transaction banking. The businesses will continue to serve their clients in line with their obligations, as well as seeking opportunities to integrate.

As at FY 19, AMP wealth management managed AUM of A$134.5b during the year to 31 December 2019, paid out A$2.4b in retirement payments, and AMP Bank helped around 110,000 clients with their banking needs and provided over 5,500 new home loans.

During a period of fundamental change in the financial advice industry, AMP remains committed to providing quality advice and financial solutions that are affordable and accessible for more Australians.

AMP Capital

AMP Capital is a diversified investment manager across major asset classes including equities, fixed interest, infrastructure, real estate, diversified and multi-manager and multi-asset funds.

In Asia, AMP Capital has partnerships with two leading financial services groups:
- Mitsubishi UFJ Trust and Banking Corporation (MUFG: Trust Bank), which holds a 15% minority interest in AMP Capital, and
- China Life.

New Zealand wealth management

The New Zealand wealth management business encompasses the wealth management, financial advice and distribution business in New Zealand. It provides customers with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments and a wrap investment management program.

AMP Life

AMP Life comprises:
- Australian wealth protection;
- Australian mature; and
- New Zealand wealth protection and mature.

The Australian wealth protection business includes individual and group term, disability and income protection insurance products. Products can be held within superannuation or independently of superannuation. The Australian mature business comprises products which are largely closed to new business and are in run-off. The New Zealand wealth protection and mature business includes a risk insurance and mature book, which is also largely closed to new business and in run-off.

AMP has announced the sale of AMP Life (comprising the Australian and New Zealand wealth protection and mature businesses).

FY 19 performance summary

Key performance measures

- FY 19 underlying profit of A$464m has reduced 32% from A$680m in FY 18. This decrease largely reflects the impact of AMP Life and weaker Australian wealth management earnings (-50%), partly offset by growth in AMP Capital (+19%).
- FY 19 loss attributable to shareholders of A$2,467m has been impacted by the writedown of goodwill and capitalised costs, and reduction in the carrying value of advice registers held by AMP, including those currently in the buyback process.
- Australian wealth management earnings of A$182m declined 50% from FY 18, driven by the removal of A$85m of earnings to the benefit of AMP Life, lower investment related revenue arising from margin compression, including MySuper price changes in Q3 18, and higher controllable costs in part driven by higher regulatory and compliance project costs.
- Australian wealth management net cash outflows were A$6.3b in FY 19, including A$2.4b of pension payments, versus net cash outflows of A$4.0b in FY 18 reflecting a range of factors including the impact of AMP's appearance at the Royal Commission in 2018 and an increasingly competitive environment.
- AMP Bank's total loan book increased 3% to A$21b in FY 19 from FY 18, including residential mortgage growth of 4%, while deposits increased 8% to A$14.4b from FY 18.
- AMP Capital external net cashflows were A$2.5b, compared with A$4.2b in FY 18, with A$7.5b of committed capital available for deployment following strong infrastructure fund-raising during the year.
- AMP Life operating losses of A$21m increased from losses of A$3m in FY 18 due to capitalised losses and other one-off experience items and the impact of best estimate assumptions post 'Protecting Your Super' legislative changes.
- Underlying return on equity decreased 1.4 percentage points to 8.2% in FY 19 from FY 18 reflecting reduced operating earnings in AMP Life and Australian wealth management.

Revenue measures

- Total AUM of A$272b[1] in FY 19 up A$14b (5%) on FY 18.
- Australian wealth management AUM increased 9% to A$134.5b in FY 19 from FY 18. FY 19 investment related revenue decreased 12% and investment related revenue to AUM fell 11 bps in FY 19.
- AMP Bank's total revenue increased 2% and the net interest margin decreased 1 bp from FY 18 remaining under pressure from the the competitive lending environment and increasing funding costs.
- AMP Capital AUM increased A$15.8b (8%) to A$203.1b in FY 19 from FY 18. Fee income increased 13% to A$800m in FY 19 from FY 18, driven by broad-based strength in AUM and non-AUM based management fees and higher performance and transaction fees.

Cost measures

- AMP group controllable costs increased A$178m to A$1,544m, largely due to the inclusion of regulatory and compliance costs, increased professional indemnity insurance and increases in AMP Capital from domestic and international growth initiatives.
- AMP group cost to income ratio was 67.5% in FY 19, up from 55.8% in FY 18, driven by lower revenue and higher controllable costs including the impact of moving regulatory and compliance costs for implementing major change into controllable costs.
- Total controllable costs to AUM has increased by 5 bps in FY 19 to 57 bps.
- Excluding AMP Capital, FY 19 controllable costs increased A$104m (11%) on FY 18 to A$1,017m, broadly in line with FY 19 guidance.
- Australian wealth management cost to income ratio increased 18.9 percentage points to 65.3% in FY 19 due to lower revenue and higher costs in the period. Controllable costs increased by A$55m from FY 18 to A$517m, largely driven by higher regulatory and compliance project costs.
- AMP Capital cost to income ratio increased 0.7 percentage points from FY 18 to 63.0% in FY 19, reflecting increased costs to support international growth being more than offset by higher revenues. Controllable costs increased by A$74m to A$527m in FY 19.

Capital position

- FY 19 Level 3 eligible capital resources were A$2,479m above minimum regulatory requirements, up from A$1,651m at 31 December 2018, largely due to the equity capital raised through the Institutional Share Placement in August 2019 and the Retail Shareholder Issuance in September 2019.
- AMP anticipates that any capital in excess of target surplus post completion will first be used to fund delivery of the new AMP strategy. Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders, subject to unforeseen circumstances.
- To maintain balance sheet strength and prudent capital management through a period of significant change the Board has resolved not to declare a final dividend in FY 19. This position will be reviewed after the completion of the AMP Life sale.

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

Financial summary

A$m	FY 19	2H 19	1H 19	FY 18	% FY
Profit and loss					
Australian wealth management[1]	**182**	79	103	363	(49.9)
AMP Bank	**141**	70	71	148	(4.7)
AMP Capital[2]	**198**	78	120	167	18.6
New Zealand wealth management[1]	**44**	22	22	53	(17.0)
Retained businesses operating earnings	**565**	249	316	731	(22.7)
AMP Life operating earnings[3]	**(21)**	(52)	31	(3)	n/a
BU operating earnings	**544**	197	347	728	(25.3)
Group Office costs	**(128)**	(69)	(59)	(76)	(68.4)
Total operating earnings	**416**	128	288	652	(36.2)
Underlying investment income[2]	**113**	58	55	96	17.7
Interest expense on corporate debt	**(65)**	(31)	(34)	(68)	4.4
Underlying profit	**464**	155	309	680	(31.8)
Client remediation and related costs	**(153)**	(112)	(41)	(469)	67.4
Royal Commission	**-**	-	-	(32)	n/a
Portfolio review	**-**	-	-	(29)	n/a
Separation costs	**(183)**	(94)	(89)	(19)	n/a
Risk management, governance and controls	**(33)**	(16)	(17)	(8)	n/a
Transformation	**(28)**	(28)	-	-	n/a
Other items	**22**	27	(5)	(74)	n/a
Impairments	**(2,407)**	(55)	(2,352)	-	n/a
Amortisation of acquired intangible assets[2]	**(96)**	(51)	(45)	(79)	(21.5)
Profit/(loss) before market adjustments and accounting mismatches	**(2,414)**	(174)	(2,240)	(30)	n/a
Market adjustment – investment income[2]	**(47)**	(31)	(16)	(28)	(67.9)
Market adjustment – annuity fair value	**(2)**	3	(5)	12	n/a
Market adjustment – risk products	**(3)**	23	(26)	24	n/a
Accounting mismatches	**(1)**	4	(5)	50	n/a
Profit/(loss) attributable to shareholders of AMP Limited	**(2,467)**	(175)	(2,292)	28	n/a

1 FY 19 operating earnings of Australian and New Zealand wealth management businesses do not include internal distribution fees and product revenues that are for the benefit of Resolution Life from 1 July 2018.

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

3 As disclosed on page 1, AMP has entered into a sale and purchase agreement with Resolution Life for AMP Life. This includes the Australian and New Zealand wealth protection and mature business units. Operating earnings for AMP Life accrue to Resolution Life from 1 July 2018. AMP will continue to report these earnings until the sale completes.

Financial summary cont'd

		FY 19	2H 19	1H 19	FY 18
Earnings					
EPS – underlying (cps)[1]		**14.8**	4.7	10.5	23.3
EPS – actual (cps)		**(79.5)**	(5.4)	(78.4)	1.0
RoE – underlying		**8.2%**	6.3%	9.5%	9.6%
RoE – actual		**-**	-	-	0.4%
Dividend[2]					
Dividend per share (cps)		**-**	-	-	14.0
Dividend payout ratio – underlying		**-**	-	-	60%
Franking rate[3]		**-**	-	-	90%
Ordinary shares on issue (m)[1]		**3,437**	3,437	2,946	2,937
Weighted average number of shares on issue (m)	– basic[1]	**3,127**	3,268	2,942	2,923
	– fully diluted[1]	**3,156**	3,298	2,962	2,942
	– statutory	**3,105**	3,244	2,922	2,897
Market capitalisation – end period (A$m)		**6,598**	6,598	6,247	7,197
Capital and corporate debt					
AMP shareholder equity (A$m)		**4,910**	4,910	4,307	6,683
Corporate debt (excluding AMP Bank debt) (A$m)		**2,139**	2,139	1,909	1,849
S&P gearing		**20%**	20%	23%	17%
Interest cover – underlying (times)		**8.1**	8.1	8.0	11.0
Interest cover – actual (times)		**-**	-	-	1.4
Margins					
Australian wealth management investment related revenue to AUM (bps)		**82**	79	85	93
AMP Capital AUM based management fees to AUM (bps) – external		**47.6**	46.3	49.0	46.2
AMP Bank net interest margin (over average interest earning assets)		**1.69%**	1.68%	1.70%	1.70%
Cashflows and AUM					
Australian wealth management cash inflows (A$m)		**25,622**	14,256	11,366	25,084
Australian wealth management cash outflows (A$m)		**(31,963)**	(17,501)	(14,462)	(29,052)
Australian wealth management net cashflows (A$m)		**(6,341)**	(3,245)	(3,096)	(3,968)
Australian wealth management persistency[4]		**86.1%**	86.7%	86.6%	88.3%
Australian wealth management AUM (A$b)[4]		**134.5**	134.5	132.7	123.2
AMP Capital net cashflows – external (A$m)		**2,526**	1,708	818	4,219
AMP Capital net cashflows – internal (A$m)		**(7,715)**	(4,273)	(3,442)	(6,991)
AMP Capital AUM (A$b)[5]		**203**	203	200	187
Non-AMP Capital managed AUM (A$b)[6]		**69**	69	71	71
Total AUM (A$b)[6]		**272**	272	271	258
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**1,358**	720	638	1,229
Project costs (A$m)		**186**	84	102	137
Total controllable costs (A$m)		**1,544**	804	740	1,366
Cost to income ratio		**67.5%**	76.1%	60.2%	55.8%
Controllable costs to average AUM (bps)		**57**	59	55	52

1 Number of shares has not been adjusted to remove treasury shares.
2 The AMP Limited Board has resolved not to declare a final 2019 dividend.
3 Full year franking rate is the franking applicable to the final dividend for that year.
4 Excludes SuperConcepts assets under administration.
5 FY 19 includes AMP Capital's 24.9% share of PCCP. AUM measured at net asset value (A$1.7b).
6 Includes SuperConcepts assets under administration, refer to page 9. 1H 19 assets under administration has been restated down by A$4.3b for correction of duplicated balances on funds migrated to new systems and finalisation of FY 18 lodgements.

AMP Australia | Australian wealth management

Profit and loss (A$m)	FY 19	2H 19	1H 19	FY 18[1]	% FY
Investment related revenue[2]	**1,070**	530	540	1,213	(11.8)
Other revenue[3]	**25**	8	17	96	(74.0)
Total revenue	**1,095**	538	557	1,309	(16.3)
Investment management expense	**(322)**	(158)	(164)	(331)	2.7
Controllable costs[4]	**(517)**	(270)	(247)	(462)	(11.9)
Tax expense	**(74)**	(31)	(43)	(153)	51.6
Operating earnings	**182**	79	103	363	(49.9)
Underlying investment income	**13**	7	6	13	-
Underlying operating profit after income tax	**195**	86	109	376	(48.1)

Ratios and other data					
RoBUE	**20.1%**	17.3%	23.0%	37.5%	n/a
End period tangible capital resources – after transfers (A$m)	**926**	926	878	898	3.1
Net cashflows (A$m)[5]	**(6,341)**	(3,245)	(3,096)	(3,968)	(59.8)
AUM (A$b)[5]	**134.5**	134.5	132.7	123.2	9.2
Average AUM (A$b)[5,6]	**131.2**	133.5	128.8	130.1	0.8
Persistency[5]	**86.1%**	86.7%	86.6%	88.3%	n/a
Cost to income ratio	**65.3%**	69.4%	61.3%	46.4%	n/a
Investment related revenue to AUM (bps)[2,5,6,7]	**82**	79	85	93	n/a
Investment management expense to AUM (bps)[5,6,7]	**25**	24	26	25	n/a
Investment related revenue less variable costs to AUM (bps)[2,5,6,7]	**57**	55	59	68	n/a
Controllable costs to AUM (bps)[4,5,6,7]	**39**	40	39	35	n/a
Operating earnings to AUM (bps)[4,5,6,7]	**14**	12	16	28	n/a

1 Operating earnings in FY 18 includes A$42m (post-tax) relating to internal distribution fees and product revenues for the benefit of Resolution Life when the transaction settles. The full year equivalent amount is approximately A$85m (post-tax) and is reported in AMP Life operating earnings from 1 January 2019.

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

3 Other revenue includes SuperConcepts revenues and product fees, platform fees and advice fees received by licensees on Australian wealth protection and mature products.

4 Includes SuperConcepts.

5 Excludes SuperConcepts assets under administration.

6 Based on average of monthly average AUM.

7 Ratio based on 184 days in 2H 19 and 181 days in 1H 19.

AMP Australia | Australian wealth management cont'd

Operating earnings

Operating earnings fell from A$363m in FY 18 to A$182m in FY 19. The decline in operating earnings was largely due to:

- the impact of the Resolution Life transaction due to the cessation of internal distribution arrangements between Advice and the Australian wealth protection and mature businesses in FY 19 (A$85m post-tax)
- higher controllable costs (A$55m pre-tax), and
- lower investment related revenue arising from margin compression, including MySuper price changes in Q3 18 (A$38m pre-tax).

Other revenue

Other revenue decreased by A$71m from FY 18 to A$25m in FY 19, driven by the cessation of internal distribution arrangements between Advice and the Australian wealth protection and mature businesses.

BOLR

AMP has contractual arrangements with financial advice businesses in its aligned advice network to purchase the servicing rights attached to AMP's client registers at agreed values subject to certain conditions being met. These buy-back arrangements include arrangements known as Buyer of Last Resort (BOLR).

The FY 19 results were impacted by impairments to owned client registers, recognition of expected future impairments to servicing rights and client registers where practices have submitted their BOLR notice, and expected credit losses in relation to loans advanced by AMP Bank to practices in the aligned AMP Advice network. These impacts were driven by the revaluation of client registers and are disclosed as a component of Group Office results.

Resolution Life transaction impacts

As outlined on page 1, Resolution Life assumes the risks and is entitled to profit impacts from the AMP Life sale with effect from 1 July 2018. Operating earnings for 2H 18 included A$42m (post- tax) which will be attributed for the benefit of Resolution Life when the transaction settles. This is primarily due to the cessation of internal distribution arrangements between Advice and the Australian wealth protection and mature businesses and product revenues transferring with the sale. The full year equivalent amount is approximately A$85m (post-tax).

FY 19 tangible capital resources includes requirements relating to the guaranteed investment options on corporate super products. The associated revenue is no longer reported in Australian wealth management and the capital requirements will cease once the transaction is completed.

Investment related revenue to AUM

FY 19 investment related revenue to AUM was 82 bps, an 11 bps (12%) reduction from FY 18 driven by product mix and volumes changes (4 bps), the Resolution Life transaction impact (3 bps), MySuper price change (3 bps) and Protecting Your Super (PYS) legislation impact (1 bp).

Investment related revenue to AUM for North was 52 bps in FY 19 across both administration and multi-manager investment revenue.

SuperConcepts

SuperConcepts incorporates a range of SMSF services and products including fund administration, accounting software and education for individual members, intermediaries and accountants.

Across administration and software services, SuperConcepts supports 47,431 funds representing 8% of the SMSF market[1]. AMP currently provides professional administration services to 18,419 funds and software as a service to a further 29,012 funds. Total assets under administration in FY 19 were A$19.7b, down 26% from FY 18 largely reflecting client attrition.

SuperConcepts revenue is reported as part of 'Other' revenue and forms part of Australian wealth management's consolidated reporting. SuperConcepts contributed A$35m from business operations to 'Other' revenue in FY 19, down A$8m on FY 18.

Controllable costs

Australian wealth management controllable costs increased A$55m (12%) in FY 19 to A$517m. This was largely driven by higher regulatory and compliance project costs, investment spend and CPI.

1 Self-managed Super Fund Quarterly Statistical Report, Australian Taxation Office, November 2019.

AMP Australia | Australian wealth management cont'd

FY 19 cashflows

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**FY 19**	**FY 18**	**% FY**	**FY 19**	**FY 18**	**% FY**	**FY 19**	**FY 18**	**% FY**
North[1]	16,698	14,620	14.2	(12,804)	(10,634)	(20.4)	3,894	3,986	(2.3)
AMP Flexible Super[2]	1,783	2,467	(27.7)	(4,224)	(4,219)	(0.1)	(2,441)	(1,752)	(39.3)
Summit, Generations and iAccess[3]	588	701	(16.1)	(2,481)	(2,459)	(0.9)	(1,893)	(1,758)	(7.7)
Flexible Lifetime Super (superannuation and pension)[4]	1,411	1,574	(10.4)	(4,118)	(3,548)	(16.1)	(2,707)	(1,974)	(37.1)
Other retail investment and platforms[5]	105	233	(54.9)	(400)	(450)	11.1	(295)	(217)	(35.9)
Total retail on AMP platforms	**20,585**	**19,595**	5.1	**(24,027)**	**(21,310)**	(12.7)	**(3,442)**	**(1,715)**	(100.7)
SignatureSuper and AMP Flexible Super – Employer	3,006	2,932	2.5	(3,296)	(2,990)	(10.2)	(290)	(58)	(400.0)
Other corporate superannuation[6]	1,371	1,466	(6.5)	(2,241)	(2,214)	(1.2)	(870)	(748)	(16.3)
Total corporate superannuation	**4,377**	**4,398**	(0.5)	**(5,537)**	**(5,204)**	(6.4)	**(1,160)**	**(806)**	(43.9)
Total retail and corporate superannuation on AMP platforms	**24,962**	**23,993**	4.0	**(29,564)**	**(26,514)**	(11.5)	**(4,602)**	**(2,521)**	(82.5)
External platforms[7]	660	1,091	(39.5)	(2,399)	(2,538)	5.5	(1,739)	(1,447)	(20.2)
Total Australian wealth management	**25,622**	**25,084**	2.1	**(31,963)**	**(29,052)**	(10.0)	**(6,341)**	**(3,968)**	(59.8)

Australian wealth management cash inflow composition (A$m)			
Member contributions	3,258	3,518	(7.4)
Employer contributions	3,991	4,159	(4.0)
Total contributions	7,249	7,677	(5.6)
Transfers, rollovers in and other[8]	18,373	17,407	5.5
Total Australian wealth management	**25,622**	**25,084**	2.1

1 North is an award-winning 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 include Flexible Lifetime – Investments and AMP Personalised Portfolio.
6 Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.
7 External platforms comprise Asgard, Macquarie, BT Wrap platforms and Challenger annuities.
8 Transfers, rollovers in and other 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 net cash outflows were A$6.3b in FY 19, compared to net cash outflows of A$4.0b in FY 18. This included pension payments to clients of A$2.4b in FY 19 in line with FY 18 and net cash outflows of A$0.1b related to PYS legislation changes.

Cashflows in FY 19 were impacted by weaker external inflows and higher outflows reflecting a range of factors including AMP's appearance at the Royal Commission in 2018 and an increasingly competitive environment. Pricing changes to MyNorth from 1 May 2019 have driven a A$1.2b uplift in North net cashflow in 2H 19 compared to 1H 19.

Internal inflows across wealth management products were A$14.2b in FY 19 (A$13.0b in FY 18), representing 56% (52% in FY 18) of total wealth management cash inflows.

Retail on AMP platforms

AMP's retail platforms comprise platforms which are owned, developed, and operated by AMP in contrast to external platforms which are administered by other platform providers.

Total retail AUM on AMP platforms increased A$9.3b (11%) from FY 18 to A$95.0b in FY 19, largely driven by stronger investment markets.

Net cashflows on AMP retail platforms fell by A$1.7b in FY 19 driven by lower member contributions and increasing outflows from AMP.

North AUM increased A$9.7b (26%) to A$47.6b in FY 19, while AUM held in North's capital guaranteed products remained steady at A$1.8b in FY 19.

North net cashflows of A$3.9b were down A$0.1b (2%) on FY 18 with net cashflows of A$2.5b in 2H 19 up A$1.0b (69%) on 2H 18. Externally sourced inflows fell A$0.1b (3%) whilst external outflows increased A$1.0b (25%). Inflows from External Financial Advisers increased by A$0.4b (44%) to A$1.2b driven by increasing distribution focus on non-aligned channels.

AMP Flexible Super net cash outflows were A$2.4b in FY 19 reflecting an increasing preference for new and existing retirement clients to use North.

Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. In FY 19, net cash outflows of A$2.7b reflected a book that is in run-off.

AMP Australia | Australian wealth management cont'd

FY 19 AUM

AUM (A$m)	FY 18 AUM	FY 19 net cashflows: Super-annuation	Pension payments	Other pension	Invest-ment	Total net cashflows	Other movements[1]	FY 19 AUM[2]	% FY
North	37,882	2,097	(1,233)	2,540	490	3,894	5,811	47,587	25.6
AMP Flexible Super[3]	14,586	(875)	(535)	(1,031)	-	(2,441)	2,216	14,361	(1.5)
Summit, Generations and iAccess	9,372	(721)	(255)	(564)	(353)	(1,893)	1,413	8,892	(5.1)
Flexible Lifetime Super (superannuation and pension)[4]	21,619	(2,154)	(178)	(375)	-	(2,707)	2,954	21,866	1.1
Other retail investment and platforms	2,233	-	-	-	(295)	(295)	369	2,307	3.3
Total retail on AMP platforms	**85,692**	**(1,653)**	**(2,201)**	**570**	**(158)**	**(3,442)**	**12,763**	**95,013**	**10.9**
SignatureSuper and AMP Flexible Super – Employer[5]	17,864	(247)	(39)	(4)	-	(290)	2,327	19,901	11.4
Other corporate superannuation[6]	12,000	(870)	-	-	-	(870)	1,154	12,284	2.4
Total corporate superannuation	**29,864**	**(1,117)**	**(39)**	**(4)**	**-**	**(1,160)**	**3,481**	**32,185**	**7.8**
Total retail and corporate superannuation on AMP platforms	**115,556**	**(2,770)**	**(2,240)**	**566**	**(158)**	**(4,602)**	**16,244**	**127,198**	**10.1**
External platforms	7,659	(284)	(144)	(426)	(885)	(1,739)	1,343	7,263	(5.2)
Total Australian wealth management	**123,215**	**(3,054)**	**(2,384)**	**140**	**(1,043)**	**(6,341)**	**17,587**	**134,461**	**9.1**
Australian wealth management – SuperConcepts[7]									
Assets under administration	26,682						(6,996)	19,686	(26.2)
Total AUM	**149,897**	**(3,054)**	**(2,384)**	**140**	**(1,043)**	**(6,341)**	**10,591**	**154,147**	**2.8**

Australian wealth management – AUM by asset class	FY 18	FY 19
Cash and fixed interest	30%	29%
Australian equities	29%	30%
International equities	28%	30%
Property	6%	6%
Other	7%	5%
Total	**100%**	**100%**

1 Other movements include fees, investment returns, distributions, taxes and foreign exchange movements.
2 AUM reflects a post separation view following the sale of Australian and New Zealand wealth protection and mature businesses to Resolution Life.
3 AMP Flexible Super includes A$0.4b in MySuper (FY 18 A$0.3b)
4 Flexible Lifetime Super (superannuation and pension) includes A$5.5b in MySuper (FY 18 A$5.0b).
5 SignatureSuper and AMP Flexible Super – Employer includes A$10.6b in MySuper (FY 18 A$9.2b)
6 Other corporate superannuation includes A$6.2b in MySuper (FY 18 A$5.6b).
7 SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF, JustSuper, Ascend and SuperConcepts platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

Corporate superannuation

Total corporate superannuation AUM of A$32.2b in FY 19 increased A$2.3b (8%) from FY 18, largely due to stronger investment markets. Net cash outflows of A$1.2b in FY 19 were up from A$0.8b in FY 18.

There were no material outflows from loss of large corporate super mandates in FY 19. There has been an increased level of employer review of corporate super arrangements since AMP's appearance at the Royal Commission, with AMP retaining over 20 large mandates at a value of A$1.7b. Outflows of approximately A$1.5b are expected in FY 20 from a number of lost mandates.

AMP's corporate offerings, SignatureSuper and AMP Flexible Super – Employer, had net cash outflows of A$0.3b, compared with net cash outflows of A$0.1b in FY 18.

Other corporate superannuation comprising CustomSuper, SuperLeader and Business Super, experienced net cash outflows of A$0.9b in FY 19, an increase of A$0.1b from FY 18. The decline in performance was driven by weaker inflows since Q2 18.

External platforms

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

In FY 19, external platform net cash outflows increased by A$0.3b mainly due to weaker inflows.

Total Australian wealth management AUM

Of the total Australian wealth management AUM of A$134.5b at FY 19, 76% (74% at 1H 19) is ultimately externally managed, while 24% (26% at 1H 19) is internally managed.

AMP Australia | AMP Bank

Profit and loss (A$m)	**FY 19**	**2H 19**	**1H 19**	**FY 18**	**% FY**
Net interest income	**387**	195	192	388	(0.3)
Fee and other income[1]	**21**	11	10	13	61.5
Total revenue	**408**	206	202	401	1.7
Bank variable costs	**(83)**	(43)	(40)	(82)	(1.2)
Loan impairment expense	**(10)**	(4)	(6)	(13)	23.1
Controllable costs[2]	**(114)**	(59)	(55)	(95)	(20.0)
Tax expense	**(60)**	(30)	(30)	(63)	4.8
Operating earnings after income tax[2]	**141**	70	71	148	(4.7)

Ratios and other data					
Return on capital[2]	**13.8%**	13.4%	14.1%	15.0%	n/a
Total capital resources (A$m)[3]	**1,001**	1,001	958	980	2.1
Capital Adequacy Ratio	**17.0%**	17.0%	16.5%	16.3%	n/a
Common Equity Tier 1 capital ratio	**10.7%**	10.7%	11.1%	10.9%	n/a
Net interest margin (over average interest earning assets)	**1.69%**	1.68%	1.70%	1.70%	n/a
Total loans (A$m)	**20,684**	20,684	20,202	20,008	3.4
Residential mortgages (A$m)	**20,207**	20,207	19,690	19,460	3.8
Practice finance loans to AMP aligned advisers (A$m)	**477**	477	512	548	(13.0)
Mortgages – interest only as a proportion of total	**24%**	24%	27%	31%	n/a
Mortgages – existing business weighted average loan to value ratio (LVR)	**66%**	66%	66%	66%	n/a
Loan portfolio growth – AMP aligned channel	**(7%)**	(6%)	(2%)	0%	n/a
Total deposits (A$m)	**14,414**	14,414	13,868	13,304	8.3
Deposit to loan ratio	**70%**	70%	69%	66%	n/a
Mortgages – 30+ days in arrears	**1.17%**	1.17%	1.25%	1.02%	n/a
Mortgages – 90+ days in arrears	**0.66%**	0.66%	0.63%	0.47%	n/a
Mortgage impairment expense to average mortgages[4]	**0.05%**	0.05%	0.06%	0.06%	n/a
Total provisions for impairment losses (A$m)[5]	**27**	27	23	19	42.1
Total mortgages provisions to mortgages[4]	**0.13%**	0.13%	0.12%	0.10%	n/a
Cost to income ratio[2,6]	**35.1%**	36.1%	34.0%	29.8%	n/a

1 Fee and other income mainly comprises mortgage origination, servicing and discharge fees as well as profit on sale of invested assets.
2 Regulatory and compliance costs relating to major projects are reported within controllable costs from 2019. Excluding the impact of these costs, FY 19 controllable costs would be A$100m (A$5m or 5% higher than FY 18), operating earnings would be A$151m (A$3m or 2% higher than FY 18), return on capital would be 14.8% (0.2 percentage points lower than FY 18) and cost to income ratio would be 30.8% (1 percentage point up from FY 18).
3 Total capital resources excludes A$240m of Additional Tier 1 capital and A$250m of Tier 2 capital. See page 25 for further details.
4 Amounts restated to exclude Practice Finance balances as they are captured by AMP group.
5 Total provisions for impairment losses excludes A$105m relating to Practice Finance Loans (2H 19: A$85m, 1H 19: A$20m, FY 18: A$19m).
6 Amounts restated to exclude loan impairment expenses to align with industry standard.

	Deposits (super and platform)		**Deposits (other)**[1]		**Loans**	
Movement in deposits and loans (A$m)	**FY 19**	**FY 18**	**FY 19**	**FY 18**	**FY 19**	**FY 18**
Balance at beginning of period	5,698	5,178	7,606	7,205	20,008	19,445
Net movement	(315)	520	1,425	401	676	563
Balance at end of period	**5,383**	**5,698**	**9,031**	**7,606**	**20,684**	**20,008**
% FY 19/FY 18	(5.5%)		18.7%		3.4%	

1 Includes retail deposits, internal deposits, wholesale deposits and other deposits.

AMP Bank funding composition (A$b)	**2H 19**		**1H 19**		**FY 18**	
Total deposits	14.4	61%	13.9	61%	13.3	59%
Securitisation	4.7	20%	4.7	21%	4.6	20%
Wholesale funding	2.8	12%	2.8	12%	3.4	15%
Subordinated debt	0.3	1%	0.3	1%	0.3	1%
Equity and reserves	1.3	6%	1.1	5%	1.1	5%
Total funding	**23.5**	**100%**	**22.8**	**100%**	**22.7**	**100%**

AMP Australia | AMP Bank cont'd

Operating earnings

FY 19 operating earnings of A$141m decreased by A$7m (5%) from FY 18 largely due to the recognition of regulatory and compliance costs of A$14m. The result also reflects residential mortgage book growth of 3.8% in FY 19, with largely stable margins and profit on sale of invested liquid assets, increased funding and deposit costs and the residual impact of conservative liquidity management actions taken in 2H 18.

Net interest margin was 1.69% in FY 19, which was 1 bp lower than FY 18. Net interest margin is expected to remain under pressure from the competitive lending environment and increased deposit and other funding costs.

AMP Bank's return on capital for FY 19 was 13.8%, a decrease of 1.2 percentage points from FY 18, impacted by the lower operating earnings and higher levels of equity and reserves.

Lending

AMP Bank maintained a competitive lending position in FY 19, with the total loan book growing by 3% in a weaker housing lending market.

Residential mortgage competition, particularly in the owner occupied principal and interest market, remained intense. Within this environment, AMP Bank's residential mortgage book grew to A$20.2b, with growth in principal and interest loans across both owner-occupied and investment lending. Interest only lending represents 24% of the total book, down from 31% at FY 18, the result of active management in response to the dynamic market environment.

AMP Bank continues to target total lending growth at or above system, subject to risk appetite, regulatory landscape, return on capital hurdles and funding availability.

The practice finance loan portfolio declined from A$548m at FY 18 to A$477m at FY 19 with loan repayments and discharges exceeding new loans, in line with the reshape of the advice network.

Credit quality, impairment provisions and loan impairment expenses

Mortgages in arrears (90+ days) increased 0.19 percentage points to 0.66% but compares favourably to peers. The majority of AMP Bank's loan book is based in New South Wales and Victoria which have consistently had lower levels of arrears and impairments than the other Australian states and territories.

An intragroup indemnity is in place covering any credit losses that relate to practice finance loans. Accordingly, AMP Bank does not report impairment charges for these loans and excludes related expected credit losses from its portfolio loan provisioning.

The FY 19 loan impairment expense of A$10m is A$3m lower than FY 18 as a consequence.

Variable and controllable costs

The Bank's variable costs of A$83m is in line with FY 18 due to comparable residential mortgage book new business.

AMP Bank's controllable costs increased by A$19m (20%) from FY 18 to A$114m in FY 19 predominantly due to changes in reporting of major regulatory and compliance project costs. Controllable cost growth excluding these costs was up A$5m (5%) from FY 18 reflecting AMP Bank's continued investment in technology and operating capability.

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$23.5b at FY 19 ($22.7b at FY 18).

Total deposits increased by A$1.1b (8%) over the year, mainly from growth in term and at-call deposits. AMP Bank's deposit to loan ratio is 70% at FY 19, compared with 66% at FY 18.

AMP Bank maintains a diversified liquidity portfolio with adequate high-quality liquid assets, in accordance with Basel III liquidity requirements. As at FY 19, AMP Bank's liquidity coverage ratio was 145% (139% at FY 18) and the Net Stable Funding Ratio was 125%. Both remain above internal and regulatory requirements.

The Capital Adequacy Ratio was 17.0% as at FY 19 (16.3% at FY 18). The Common Equity Tier 1 Capital Ratio (CET1) for FY 19 was 10.7% (10.9% at FY 18). Both ratios remain above internal and regulatory requirements.

AMP Capital

Profit and loss (A$m)	FY 19	2H 19	1H 19	FY 18	% FY
Internal AUM based management fees	**234**	117	117	242	(3.3)
External AUM based management fees	**352**	177	175	309	13.9
Non-AUM based management fees	**130**	82	48	88	47.7
Performance and transaction fees	**84**	22	62	69	21.7
Fee income	**800**	398	402	708	13.0
Controllable costs	**(527)**	(288)	(239)	(453)	(16.3)
Tax expense	**(57)**	(20)	(37)	(66)	13.6
Operating earnings before net seed pool income	**216**	90	126	189	14.3
Net seed and sponsor capital income	**17**	2	15	7	142.9
Operating earnings including minority interests	**233**	92	141	196	18.9
Minority interests in operating earnings	**(35)**	(14)	(21)	(29)	(20.7)
Operating earnings	**198**	78	120	167	18.6
Underlying investment income	**6**	3	3	5	20.0
Underlying operating profit after income tax	**204**	81	123	172	18.6
Controllable costs					
Employee related	**386**	218	168	309	24.9
Investment operations and other	**120**	58	62	133	(9.8)
Total operating costs	**506**	276	230	442	14.5
Project costs	**21**	12	9	11	90.9
Total controllable costs	**527**	288	239	453	16.3
Ratios and other data					
Cost to income ratio	**63.0%**	70.8%	55.6%	62.3%	n/a
Controllable costs to average AUM (bps)[1,2]	**26.6**	28.5	24.6	23.8	n/a
AMP Capital staff numbers[3]	**1,382**	1,382	1,327	1,242	11.3
AUM (A$b)[2]	**203.1**	203.1	199.6	187.2	8.5
Average AUM (A$b) – total[1,2]	**198.1**	202.0	194.2	190.2	4.2
Average AUM (A$b) – internal[1]	**124.2**	126.1	122.2	123.3	0.7
Average AUM (A$b) – external[1,2]	**73.9**	75.9	72.0	66.9	10.5
AUM based management fees to AUM (bps) – total[1,2]	**29.6**	28.9	30.3	29.0	n/a
AUM based management fees to AUM (bps) – internal[1]	**18.8**	18.4	19.3	19.6	n/a
AUM based management fees to AUM (bps) – external[1,2]	**47.6**	46.3	49.0	46.2	n/a
Performance and transaction fees to AUM (bps)[1,2]	**4.2**	2.1	6.4	3.6	n/a
End period tangible capital resources – after transfers (A$m)[4]	**597**	597	618	509	17.3
RoBUE	**42.9%**	33.0%	53.6%	50.2%	n/a

1 Based on average of monthly average AUM.
2 FY 19 average AUM includes A$9.0b relating to joint ventures, including AMP Capital's 24.9% share of PCCP's net asset value at FY 19 (average A$1.6b, closing A$1.7b).
3 FY 19 includes 321 FTEs (307 in FY 18), primarily in shopping centres, for which the costs are recharged.
4 End period tangible capital resources are disclosed gross of minority interest.

Operational highlights

Operational highlights during FY 19 include:

– strong momentum in AMP Capital's infrastructure debt series and global infrastructure equity platform
– achieving US$6.2b across the Infrastructure Debt Fund IV (IDF IV) platform, including US$4.0b in IDF IV commitments and a further US$2.2b of co-investment rights and separately managed accounts
– investment of A$3.9b of real asset committed capital during FY 19, including a Scandanavian digital infrastructure business, renewable asset in Asia, a US power company and 50% acquisition of Macarthur Wind Farm in Victoria on behalf of infrastructure investors
– achieving final close of the Global Infrastructure Fund II (GIF II), successfully raising US$3.4b and drawing additional significant co-investment commitments
– establishment of a Singapore-based investment and distribution team office to capitalise on Asian (excluding Japan and China) opportunities
– strong further commitments into real asset capabilities with A$7.5b of uncalled committed capital at FY 19, with A$1.7b earmarked for investment, and
– continued expansion of AMP Capital's global footprint, increasing AUM managed on behalf of direct international institutional clients to A$20.4b (from A$17.3b in FY 18).

AMP Capital cont'd

Operating earnings

AMP group's 85% share of AMP Capital's FY 19 operating earnings was A$198m, up 19% from A$167m in FY 18. AMP Capital's operating earnings benefited from strong fee income growth of 13%, seed and sponsor capital income of A$17m, partially offset by a 16% increase in controllable costs, largely reflecting investment in growth initiatives.

Fee income

Fee income increased 13% in FY 19 to A$800m from A$708m in FY 18. This was driven by a A$35m (6%) increase in AUM based management fees, a A$42m (48%) increase in non-AUM based management fees, and a A$15m (22%) increase in performance and transaction fees.

Average AUM increased 4% to A$198.1b from A$190.2b, driven by positive investment returns, investment of real asset committed capital and positive external net cashflows. Total AUM based management fees to AUM were 29.6 bps in FY 19. The increase from 29.0 bps in FY 18 reflects the ongoing portfolio shift to higher margin real asset businesses.

Internal AUM based management fees decreased A$8m (3%) to A$234m in FY 19. The average internal AUM margin was 18.8 bps, compared to 19.6 bps in FY 18 and 19.3 bps in 1H 19, reflecting rebate provisioning in respect of current and prior years.

External AUM based management fees increased A$43m (14%) from A$309m in FY 18, driven by growth in average AUM from the investment of committed capital. External AUM margins of 47.6 bps were higher than 46.2 bps in FY 18 and lower than 49.0 bps in 1H 19. The increase from FY 18 reflects the change in asset mix towards higher margin real assets.

Non-AUM based management fees mainly comprise infrastructure commitment fees and real estate management, development and leasing fees. Non-AUM based management fees were A$130m in FY 19, up A$42m (48%) from FY 18 reflecting fees on closed end infrastructure fund committed capital; A$14m of these fees are one-off in nature, the remainder will transition to the AUM-based management fee category as committed capital is invested.

FY 19 performance and transaction fees were A$84m, up A$15m from A$69m in FY 18. Infrastructure equity performance fees were A$9m lower than in FY 18. Whilst this revenue stream continues to reflect active asset management, strong market demand for infrastructure assets and continued low bond yields, it is reducing as prior period performance fees run off. Transaction fees of A$38m were A$21m higher than in FY 18. This includes one-off transaction revenue on the sale of the AA REIT management entities, infrastructure debt transactions and debt advisory revenues.

Performance and transaction fees remain variable from period to period and are typically materially lower in 2H as most infrastructure funds attract performance fees for annual periods ending 30 June.

AMP Capital's Global Infrastructure Fund and Infrastructure Debt Fund series are closed end funds, meaning any carried interest will be recognised towards the end of the fund's lifetime rather than throughout the lifetime of the fund. This is expected to increase earnings variability over coming years, commencing 2020.

Controllable costs

Controllable costs of A$527m in FY 19 increased A$74m (16%) from FY 18. The increase in costs was largely due to higher employee costs reflecting variable remuneration aligned with performance outcomes and investment in growth initiatives, including the expansion of AMP Capital's international business and delivery of the domestic real estate development program. Controllable costs also reflect additional regulatory and compliance costs, as evidenced across the industry. Controllable costs are increasingly influenced by foreign exchange movements as the business grows internationally. Further investment in the AMP Capital operating platform is anticipated in FY 20.

AMP Capital's cost to income ratio increased 0.7 percentage points to 63.0% in FY 19. AMP Capital continues to target a full year cost to income ratio between 60% and 65%.

Tax expense

AMP Capital's effective tax rate in FY 19 was 22.5%, down from 26.2% in FY 18. The effective tax rate is lower than the Australian corporate tax rate (30%), largely due to tax concessions on offshore activities, the 1H 19 sale of AA REIT management rights (one-off) and joint venture earnings which are recognised net of tax.

Net seed and sponsor capital income

FY 19 total seed and sponsor capital holdings were A$306m.

In 2019, AMP Capital divested its 10.26% stake in Singapore Exchange listed AIMS APAC REIT (AA REIT) and AA REIT management rights.

The FY 19 net seed and sponsor capital income of A$17m is net of debt funding costs. It reflects positive returns on investments, particularly from infrastructure holdings, the divestment of the AA REIT stake and distribution income.

Given the variable mix of short-term asset holdings and longer-term cornerstone investments, as well as asset return fluctuations, income from seed and sponsor capital will vary from period to period.

Investment performance

AMP Capital aims to be a trusted partner of its clients delivering consistent investment performance.

As at December 2019, the proportion of AMP Capital's AUM performing at or above defined client goals was 62% over three years. AMP Capital's internal target is 75% over three years.

Assessed on the more conventional metric of performance versus market benchmarks, 72% of AUM has outperformed over a three year time period.

2019 was a more positive year for AMP Capital's multi-asset funds. Performance reflected gains across most underlying asset classes, with global equity allocations key contributors over the year. Positively, peer relative performance continues to show signs of improvement as listed assets generally outperformed unlisted assets over the period. AMP Capital's multi-asset funds generally have a lower exposure to unlisted assets relative to industry peers.

Investment performance across real estate, infrastructure equity and debt capabilities continued to perform strongly.

The table on page 29 shows investment performance across all asset classes over various timeframes to 31 December 2019.

AMP Capital cont'd

Cashflows and AUM

Cashflows by asset class (A$m)	Cash inflows FY 19	Cash inflows FY 18	Cash inflows % FY	Cash outflows FY 19	Cash outflows FY 18	Cash outflows % FY	Net cashflows FY 19	Net cashflows FY 18	Net cashflows % FY
External									
Australian equities	104	251	(58.6)	(285)	(162)	(75.9)	(181)	89	n/a
International equities	1,302	847	53.7	(1,084)	(1,186)	8.6	218	(339)	n/a
Fixed interest	4,951	3,997	23.9	(5,085)	(4,163)	(22.1)	(134)	(166)	19.3
Infrastructure	4,634	4,718	(1.8)	(2,027)	(1,170)	(73.2)	2,607	3,548	(26.5)
Direct investments	-	-	n/a	-	-	n/a	-	-	n/a
Real estate	3,342	3,558	(6.1)	(3,164)	(2,371)	(33.4)	178	1,187	(85.0)
Alternative assets	17	72	(76.4)	(179)	(172)	(4.1)	(162)	(100)	(62.0)
Total external	**14,350**	**13,443**	6.7	**(11,824)**	**(9,224)**	(28.2)	**2,526**	**4,219**	(40.1)
Internal									
Australian equities	2,062	6,606	(68.8)	(4,394)	(8,769)	49.9	(2,332)	(2,163)	(7.8)
International equities	2,946	4,655	(36.7)	(5,136)	(6,415)	19.9	(2,190)	(1,760)	(24.4)
Fixed interest	9,176	11,952	(23.2)	(12,018)	(14,601)	17.7	(2,842)	(2,649)	(7.3)
Infrastructure	333	267	24.7	(300)	(459)	34.6	33	(192)	n/a
Direct investments	10	15	(33.3)	(76)	(121)	37.2	(66)	(106)	37.7
Real estate	212	193	9.8	(295)	(360)	18.1	(83)	(167)	50.3
Alternative assets	395	472	(16.3)	(630)	(426)	(47.9)	(235)	46	n/a
Total internal	**15,134**	**24,160**	(37.4)	**(22,849)**	**(31,151)**	26.7	**(7,715)**	**(6,991)**	(10.4)
Total	**29,484**	**37,603**	(21.6)	**(34,673)**	**(40,375)**	14.1	**(5,189)**	**(2,772)**	(87.2)

AUM by asset class (A$m)	FY 18	%	Net cashflows 1H 19	Net cashflows 2H 19	Investment returns and other[1]	FY 19	%
External							
Australian equities	957	1	(93)	(88)	241	1,017	1
International equities	6,122	9	228	(10)	1,387	7,727	10
Fixed interest	19,633	28	(938)	804	733	20,232	26
Infrastructure	17,775	25	1,358	1,249	1,404	21,786	28
Direct investments	11	-	-	-	(1)	10	-
Real estate[2]	25,859	37	371	(193)	263	26,300	34
Alternative assets[3]	481	-	(108)	(54)	4	323	1
Total external	**70,838**	**100**	**818**	**1,708**	**4,031**	**77,395**	**100**
Internal							
Australian equities	25,843	22	(1,104)	(1,228)	5,609	29,120	23
International equities	31,873	27	(657)	(1,533)	7,179	36,862	29
Fixed interest	48,435	42	(1,557)	(1,285)	2,732	48,325	38
Infrastructure	2,540	2	(22)	55	671	3,244	3
Direct investments	1,157	1	(26)	(40)	312	1,403	1
Real estate[2]	3,476	3	(49)	(34)	61	3,454	3
Alternative assets[3]	3,086	3	(27)	(208)	441	3,292	3
Total internal	**116,410**	**100**	**(3,442)**	**(4,273)**	**17,005**	**125,700**	**100**
Total							
Australian equities	26,800	14	(1,197)	(1,316)	5,850	30,137	15
International equities	37,995	20	(429)	(1,543)	8,566	44,589	22
Fixed interest	68,068	36	(2,495)	(481)	3,465	68,557	33
Infrastructure	20,315	11	1,336	1,304	2,075	25,030	12
Direct investments	1,168	1	(26)	(40)	311	1,413	1
Real estate[2]	29,335	16	322	(227)	324	29,754	15
Alternative assets[3]	3,567	2	(135)	(262)	445	3,615	2
Total	**187,248**	**100**	**(2,624)**	**(2,565)**	**21,036**	**203,095**	**100**

AUM by source of client (A$m)	FY 18	%	FY 19	%
Australia	139,133	75	146,888	72
New Zealand	19,072	10	22,536	11
Asia (including Middle East)	17,698	9	19,372	10
Rest of world	11,345	6	14,299	7
Total	**187,248**	**100**	**203,095**	**100**

1 Investment returns and other includes fees, investment returns, distributions, taxes and foreign exchange movements. The external real estate category has reduced by A$765m from the sale of the AA REIT management entities.

2 Real estate AUM comprises Australian (A$24.7b), NZ (A$3.1b) and Global (A$1.9b) managed assets. Australian real estate AUM is invested in office (45%), retail (48%), industrial (5%) and other (2%).

3 Alternative assets refer 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$15.8b to A$203.1b in FY 19, driven by positive external net cashflows and the investment of real asset committed capital, positive investment returns, partially offset by net cash outflows from internal sources. AMP Capital has A$7.5b of uncalled committed real asset capital at FY 19.

External AUM and cashflows

External AUM increased by A$6.6b (9%) over FY 19 to A$77.4b, with A$2.5b of net cashflows and A$4.0b net positive investment returns and other movements. During FY 19, AMP Capital sold its 50 per cent shareholding in the management companies of Singapore Exchange listed AIMS APAC REIT (AA REIT) to joint venture partner AIMS Financial Group. As a result of this share sale, AMP Capital's external real estate AUM reduced by A$765m and AMP Capital recognised a gain on sale in 1H 19.

Investment of committed capital drove strong external net cashflows in infrastructure during FY 19. Notable transactions include a Scandanavian digital infrastructure business, renewable asset in Asia and a US power company.

External net cashflows of A$2.5b were down from A$4.2b in FY 18, reflecting a lower level of infrastructure investments during the year.

International

AMP Capital grew its number of direct international institutional clients to 358 in FY 19, managing A$20.4b on their behalf (up 18% from A$17.3b at FY 18). Approximately 44% (A$33.7b) of external AUM is now managed on behalf of clients outside Australia and New Zealand. Growth in FY 19 was assisted by strong international investor interest in AMP Capital's infrastructure funds.

China

During FY 19, the CLAMP joint venture launched 28 new products, including SMAs, diversified, equity and bond funds. At FY 19, the joint venture managed A$48.8b (RMB 238.9b) of total AUM on behalf of Chinese retail and institutional investors. This was up 17% from A$41.7b at FY 18.

In FY 19, AMP Capital's share of CLAMP net cashflows were A$0.9b, up 80% from A$0.5b in FY 18. CLAMP continued to attract significant inflows into its fixed income and equities funds, while experiencing outflows from money market funds due to an unfavourable macroeconomic environment.

AMP Capital reports its 15% share of the joint venture's AUM (A$7.3b) and cashflows within the 'External' AUM and cashflow disclosure.

Japan

AMP Capital's business alliance with MUFG: Trust Bank offers products covering balanced strategies, Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate.

At FY 19, AMP Capital's business alliance with MUFG: Trust Bank had nine retail funds and three institutional funds in market with a combined AUM of A$1.8b, up 50% from A$1.2b in FY 18.

In addition, MUFG: Trust Bank has raised commitments of A$2.2b across a large number of Japanese institutional clients since the launch of AMP Capital's Global Infrastructure Fund and Infrastructure Debt Fund series.

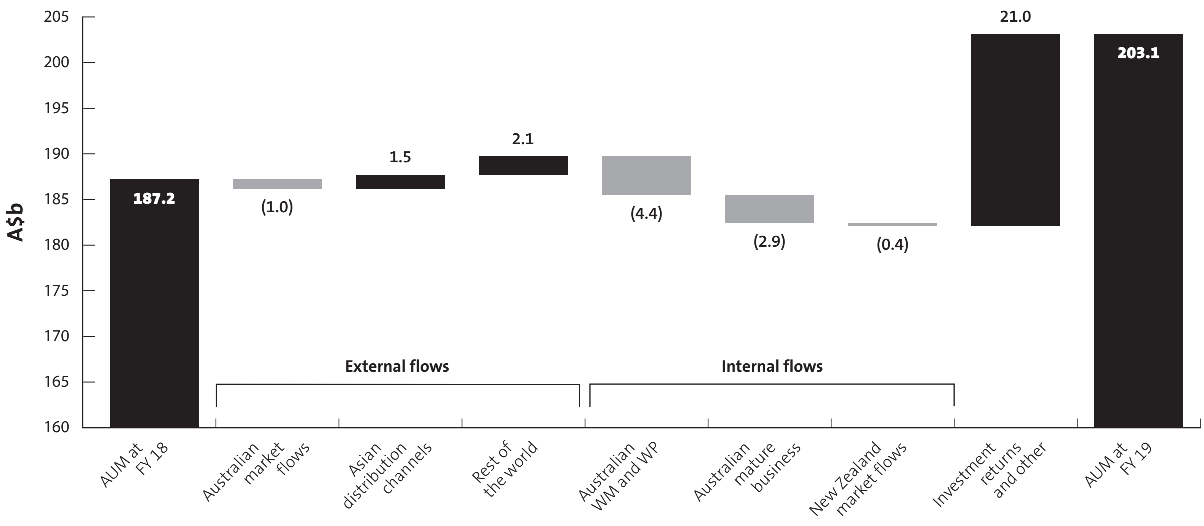
AMP Capital also continues to raise and manage funds through partnerships with other Japanese distributors. AMP Capital manages A$6.5b AUM on behalf of all Japanese retail and institutional clients.

Internal AUM and cashflows

Internal AUM increased 8% in FY 19 to A$125.7b, reflecting net cash outflows (-A$7.7b) and investment returns (A$17.0b).

Internal net cashflows include AMP group payments such as dividend payments and net cashflows from wealth management and mature products including products in run-off. AMP Capital manages over 90% of AMP mature business AUM. As part of AMP's sale of AMP Life to Resolution Life, funds managed for AMP Life will be shown as external AUM once the sale completes.

Movement in AUM by channel FY 18 to FY 19[1]



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

New Zealand wealth management

Profit and loss (A$m)	FY 19	2H 19	1H 19	FY 18[1]	% FY
Wealth management	**26**	13	13	37	(29.7)
Advice	**18**	9	9	16	12.5
Operating earnings after income tax[2]	**44**	22	22	53	(17.0)
Ratios and other data					
RoBUE	**41.0%**	40.0%	42.1%	60.6%	n/a
End period tangible capital resources – after transfers (A$m)	**129**	129	100	92	40.2
Net cashflows (A$m)	**(433)**	(183)	(250)	83	n/a
AUM (A$m)	**12,270**	12,270	11,963	11,076	10.8
Average AUM (A$m)	**11,972**	11,961	11,749	11,145	7.4
Persistency	**85.9%**	86.7%	86.2%	88.9%	n/a
Controllable costs (A$m)	**34**	16	18	33	3.0
Cost to income ratio[3]	**35.4%**	33.4%	36.9%	31.0%	n/a
Controllable costs to AUM (bps)	**28**	26	30	30	n/a
Operating earnings to AUM (bps)	**37**	37	37	48	n/a

1 Operating earnings in FY 18 includes A$12m (post-tax) relating to product revenues reported in AMP Life operating earnings from 1 January 2019, of which A$6m is for the benefit of Resolution Life when the transaction settles.

2 In NZ dollar terms, operating earnings in FY 19 were NZ$47m (FY 18 NZ$57m).

3 FY 18 cost to income ratio adjusted for the impact of product revenues transferred to AMP Life is 36.7%.

	KiwiSaver		**Other**[1]		**Total**	
Cashflows and movements in AUM (A$m)	**FY 19**	**FY 18**	**FY 19**	**FY 18**	**FY 19**	**FY 18**
AUM at beginning of period	4,883	4,623	6,193	6,264	11,076	10,887
Cash inflows	694	662	442	633	1,136	1,295
Cash outflows	(584)	(527)	(985)	(685)	(1,569)	(1,212)
Net cashflows[2]	**110**	**135**	**(543)**	**(52)**	**(433)**	**83**
Other movements in AUM	671	125	956	(19)	1,627	106
AUM at end of period	**5,664**	**4,883**	**6,606**	**6,193**	**12,270**	**11,076**
Composition of net cashflows by product						
Superannuation	110	135	(83)	26	27	161
Investment	-	-	(460)	(78)	(460)	(78)

1 Other New Zealand wealth management cashflows and AUM includes non-KiwiSaver wealth management products.

2 FY 19 cashflows include circa A$94m of net cash outflows associated with the pro-active windup of two legacy products.

New Zealand wealth management cont'd

Operating earnings

Excluding the impact of product revenues transferring with the sale of AMP Life (A$12m), FY 19 operating earnings would have increased A$3m (7%) from FY 18 and remain resilient despite the industry headwinds of regulation and increased competition. The ongoing performance of the wealth management business, responsible for the manufacturing and sourcing business lines, has supported the positive FY 19 result.

Cashflows and AUM

FY 19 AUM of A$12.3b increased by A$1.2b (11%) from FY 18, largely due to stronger investment markets.

Net cash outflows of A$433m for FY 19 were impacted by cash withdrawals from retail investments, which were driven by a mix of expected regular retirement withdrawals and increased competition. Cashflows include the impact of the pro-active windup of two legacy products resulting in A$94m cash outflows in 2H 19.

KiwiSaver generated net cash inflows of A$110m for FY 19, while net cash outflows on platforms and other investments amounted to A$543m.

New Zealand wealth management is a large KiwiSaver provider with approximately 9%[1] of the NZ$62.0b KiwiSaver market as at 30 September 2019.

Controllable costs

FY 19 controllable costs of A$34m (NZ$35m) were largely in line with FY 18 due to tight expense management and sustainable cost savings. FY 19 cost to income ratio of 35.4% would have decreased 1.3 percentage points on FY 18 excluding the impact of product revenues transferring with the sale of AMP Life (A$12m).

Advice network restructure

In FY 19 AMP restructured its New Zealand advice distribution network by re-contracting 281 advisers previously part of its AMP Financial Advice Network (AFAN) with standard IFA agreements. These advisers are now responsible for their own advice and compliance in preparation for the new financial advice legislation that is expected to come into force in New Zealand on 29 June 2020. New Zealand wealth management does not expect this to materially affect AUM it manages in connection with these advisers.

Resolution Life transaction impacts

As outlined on page 1, Resolution Life assumes the risks and is entitled to profit impacts from the AMP Life sale with effect from 1 July 2018. Operating earnings for FY 18 included A$12m (post-tax) which will be attributed for the benefit of Resolution Life when the transaction settles. This is primarily due to product perimeter changes between the retained New Zealand wealth management business and the sold New Zealand wealth protection and mature businesses.

1 Measured by AUM. Source: FundSource Limited September 2019.

AMP Life

Profit and loss (A$m)	FY 19	2H 19	1H 19	FY 18	% FY
Australian wealth protection	**55**	19	36	86	(36.0)
New Zealand wealth protection and mature	**23**	12	11	51	(54.9)
Australian mature	**144**	75	69	132	9.1
Total profit margins	**222**	106	116	269	(17.5)
AWP experience profits/(losses)	**(5)**	8	(13)	(65)	92.3
New Zealand experience profits/(losses)	**(2)**	2	(4)	-	n/a
Australian mature experience profits/(losses)	**10**	8	2	2	n/a
Total experience profits/(losses)	**3**	18	(15)	(63)	n/a
Capitalised (losses)/reversals and other one-off experience items	**(246)**	(176)	(70)	(209)	(17.7)
Operating earnings	**(21)**	(52)	31	(3)	n/a
Underlying investment income	**46**	24	22	43	7.0
Underlying operating profit/(loss) after income tax	**25**	(28)	53	40	(37.5)

Ratios and other data	FY 19	2H 19	1H 19	FY 18	% FY
RoBUE	**1.2%**	(2.9%)	5.4%	1.9%	n/a
End period tangible capital resources – after transfers (A$m)	**1,973**	1,973	1,983	1,910	3.3
AWP and NZ total individual risk API (A$m)	**1,587**	1,587	1,711	1,786	(11.1)
AWP and NZ total group risk API (A$m)	**253**	253	289	304	(16.8)
AWP individual risk lapse rate	**23.9%**	30.6%	16.9%	16.2%	n/a
NZ individual risk lapse rate	**13.3%**	13.6%	12.9%	11.9%	n/a
Australian and NZ mature AUM (A$b)	**26.4**	26.4	27.5	24.6	7.3
Australian mature persistency	**86.4%**	84.1%	88.8%	89.4%	n/a
Controllable costs (A$m)	**170**	74	96	214	(20.6)
Controllable costs/annual premium	**9.2%**	8.0%	9.7%	10.2%	n/a

AMP Life cont'd

Businesses sold to Resolution Life

On 8 August 2019, AMP announced a revised agreement with Resolution Life, with updated terms, for the sale of AMP Life (the Australian and New Zealand wealth protection and mature businesses).

The revised agreement delivers consideration of A$3.0b, comprising:
– A$2.5b cash, and
– A$500m equity interest (expected to be around 20%) in Resolution Life Australia, a new Australian-domiciled, Resolution Life-controlled holding company that will become the owner of AMP Life.

Resolution Life will be on risk for all experience and lapse losses from 1 July 2018 until completion and is entitled to all AMP Life net earnings during that period.

The sale is expected to complete by 30 June 2020. AMP will continue to report the results of AMP Life through to completion of the transaction.

Profit margins

FY 19 profit margins of A$222m decreased 18% from FY 18 largely due to the impact of implementing Protecting Your Super (PYS) legislation, best estimate assumption changes in Australian wealth protection, implementation of New Zealand reinsurance arrangements at 31 December 2018 and the impact of lower bond yields on the mature book. This was partially offset by the cessation of internal distribution arrangements between AMP Life and Australian and New Zealand wealth management due to the Resolution Life transaction.

Experience

Total experience profits of A$3m in FY 19 were driven primarily by better than assumed retention of PYS impacted policies and faster emergence of shareholder profit on the mature books, in part offset by higher income protection and Total and Permanent Disability (TPD) claims.

Capitalised (losses)/reversals and other one-off

Australian and New Zealand capitalised losses and other one-off experience items of A$246m in FY 19 were mainly due to the strengthening in best estimate assumptions driven by the transition to a standalone business, along with immediate and ongoing PYS legislation.

The accumulated capitalised loss position at 31 December 2019 was A$646m which primarily relates to AMP's income protection business.

Annual premium in-force (API)

Australian and New Zealand wealth protection Individual risk API decreased by A$199m from FY 18 to A$1,587m at FY 19 due to higher lapses from implementation of PYS legislation, partly offset by repricing, the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies.

Group risk API decreased A$51m to A$253m in FY 19 from FY 18, in part driven by the introduction of PYS legislation.

Mature AUM

FY 19 Australian and New Zealand mature AUM was A$26.4b, up A$1.8b from A$24.6b in FY 18. Strong market movements were partly offset by withdrawals as a result of implementing PYS legislation.

Lapse rates

Australian wealth protection FY 19 lapse rates of 23.9% increased 7.7 percentage points from FY 18 largely due to the impact of implementing PYS legislation.

New Zealand wealth protection FY 19 lapse rates were 13.3%, up from 11.9% in FY 18.

Controllable costs

Controllable costs were A$170m in FY 19, down A$44m (21%) from FY 18, reflecting a reduction in group allocated costs.

Group Office

A$m	FY 19	2H 19	1H 19	FY 18	% FY
Group Office costs not recovered from business units	**(128)**	(69)	(59)	(76)	(68.4)
Underlying investment income on Group Office capital	**48**	24	24	35	37.1
Interest expense on corporate debt	**(65)**	(31)	(34)	(68)	4.4
Client remediation and related costs	**(153)**	(112)	(41)	(469)	67.4
Royal Commission	**-**	-	-	(32)	n/a
Portfolio review	**-**	-	-	(29)	n/a
Separation costs	**(183)**	(94)	(89)	(19)	n/a
Risk management, governance and controls	**(33)**	(16)	(17)	(8)	n/a
Transformation	**(28)**	(28)	-	-	n/a
Other items	**22**	27	(5)	(74)	n/a
Impairments	**(2,407)**	(55)	(2,352)	-	n/a
Amortisation of acquired intangible assets	**(96)**	(51)	(45)	(79)	(21.5)
Market adjustment – investment income	**(47)**	(31)	(16)	(28)	(67.9)
Market adjustment – annuity fair value	**(2)**	3	(5)	12	n/a
Market adjustment – risk products	**(3)**	23	(26)	24	n/a
Accounting mismatches	**(1)**	4	(5)	50	n/a
Interest expense summary					
Average volume of corporate debt	**1,825**	1,848	1,803	1,826	
Weighted average cost of corporate debt	**5.06%**	4.78%	5.33%	5.03%	
Tax rate	**29%**	29%	29%	26%	
Interest expense on corporate debt[1]	**65**	31	34	68	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**175**	175	158	148	
Staff numbers	**998**	998	1,111	1,033	(3.4)

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.

Group Office costs not recovered from business units

FY 19 Group Office costs not recovered from business units were A$128m, up from A$76m in FY 18. The increase from FY 18 is largely due to the inclusion of major regulatory and compliance project costs in controllable costs and increased professional indemnity insurance costs.

Most Group Office related synergies and ongoing 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$48m in FY 19, up from A$35m in FY 18.

Underlying investment income assumes post-tax returns of 2.5% on Group Office capital. Any differences between this rate and what is actually earned are reported as market adjustment – investment income.

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.

Interest expense on corporate debt

FY 19 interest expense on corporate debt was A$65m, down from A$68m in FY 18.

The average volume of corporate debt remained flat through FY 19 at A$1,825m (A$1,826m in FY 18).

The weighted average cost of debt in FY 19 was 5.06%, up from 5.03% in FY 18. This was mainly due to a greater reliance on wholesale debt in favour of loan facilities in FY 19.

For further information on corporate debt, refer to page 25.

Client remediation and related costs

FY 19 client remediation and related costs of A$153m relate primarily to an additional provision for inactive advisers reflecting initial pilot outcomes and agreement with ASIC of the process and client lost earnings.

Separation costs

Separation costs of A$183m relate to the execution of the sale of AMP Life. Total separation costs of A$320m will increase to A$400m reflecting the extended timeframe, additional simplification work and additional costs related to regulatory approvals.

Risk management, governance and controls

Costs relating to improving AMP's risk management, governance and controls environment are expected to total A$100m pre-tax (A$70m post-tax) over a 24 month period. To date, AMP has incurred A$41m of post-tax costs relating to this program.

Transformation

Transformation costs of A$28m largely relate to realising cost improvements and program costs.

Other items

Other items largely comprise the net of one-off and non-recurring revenues and costs including permanent tax benefits and gain on sale of an investment, partly offset by ASIC investigation outcomes. In 2018 and prior years the cost of implementing significant regulatory and compliance changes was also included in other items.

Group Office cont'd

Impairments

FY 19 impairments of A$2,407m have been impacted by the writedown of goodwill and capitalised costs, a reduction in the carrying value of advice registers held by AMP, recognition of expected future impairments to servicing rights and client registers where practices have submitted their BOLR notice, and expected credit losses in relation to loans advanced by AMP Bank to practices in the aligned AMP Advice network. These impacts were driven by the revaluation of client registers.

Amortisation of acquired intangible assets

FY 19 amortisation of acquired intangible assets was A$96m. Amortisation of acquired intangibles for FY 20 is expected to be approximately A$85m.

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 FY 19 was A$0.4b.

In addition to the AXA acquired intangibles, amortisation of the Advice register purchases, PCCP and SuperConcepts business acquisitions are included in this line item.

Market adjustment – investment income

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

The FY 19 market adjustment – investment income was -A$47m (FY 18 -A$28m), reflecting lower short-term interest rates relative to the long-term assumed earning rate of 2.5% post-tax.

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. The impact of these derivatives was immaterial in FY 19.

Market adjustment – annuity fair value

FY 19 market adjustment – annuity fair value was -A$2m (FY 18 A$12m). Market adjustment – annuity fair value relates to the net impact of investment markets on AMP Life's annuity portfolio. AMP Life's annuity portfolio comprises fixed term and lifetime annuity products, with Australian fixed term liabilities of A$0.1b and Australian lifetime annuity liabilities of A$1.0b. 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 that support AMP Life's Australian annuity book comprise a mixture of government bonds and cash (12%), semi-government bonds (36%) and corporate bonds and other (52%). 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. The average duration of the portfolio is seven years.

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

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

As the assets are predominantly held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In FY 19, there were no asset defaults.

The portfolio credit rating composition is AAA (41%), AA (19%), A (27%) and BBB (13%). Corporate bond exposures are AAA (1%), AA (13%), A (59%) and BBB (27%).

Market adjustment – risk products

FY 19 market adjustment – risk products was -A$3m (FY 18 A$24m) due to decreasing interest rates.

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.

Accounting mismatches

Accounting mismatches represents the difference in the valuation treatment of policyholder assets/liabilities in the financial statements and the impact of the introduction of AASB 9 Financial Instruments in 2018 to AMP's syndicated loans which were repaid in 1H 19.

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.

The introduction of AASB 9 Financial Instruments in 2018, required AMP to recognise a negotiated adjustment to the terms of a syndicated loan facility as a change in the carrying value of that facility. This resulted in a gain on modification recognised directly in 1 January 2018 opening retained earnings. The difference between the unadjusted carrying value at 31 December 2017 and the adjusted carrying value at 1 January 2018 would have been amortised over the remaining life of the facility and reflected as an increase in finance costs. However, as the facility was repaid in early 2019, the unamortised portion of the gain has been fully written off.

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

– treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (FY 19 +A$6m, FY 18 +A$50m), and
– syndicated loan repayment gain on modification reversal (FY 19 -A$7m, FY 18 nil).

Regulatory capital requirements and capital management framework

Regulatory requirements

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, the Financial Markets Authority 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.

The main minimum regulatory capital requirements for AMP's regulated businesses are determined as follows:

- AMP Life – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards
- AMP Bank – capital requirements as specified under the APRA ADI Prudential Standards
- AMP Superannuation Limited and N.M. Superannuation Proprietary Limited – Operational Risk Financial Requirements in accordance with APRA Superannuation Prudential Standards, and
- AMP Capital and other ASIC regulated businesses – capital requirements under AFSL requirements and for risks relating to North.

APRA announced the deferral of its proposed capital requirements for conglomerate groups (Level 3 institutions) in March 2016. There are no current plans to introduce these standards and APRA has not yet started industry consultations. The 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.

Capital management framework

AMP holds capital to protect clients, 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, and
- maintain the AMP group's credit rating.

These factors are considered together with AMP's appetite for material risks (including financial risk, product and insurance risk and operational risk), when setting a target surplus above MRR which seeks to reduce the risk of breaching MRR.

AMP Limited, AMP Life and AMP Bank have Board approved minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Within AMP Life, 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 AMP Life 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.

Level 3 eligible capital above MRR for regulated entities and the AMP group may vary throughout the year due to a range of factors including profits, dividend payments, capital for business growth and other one-off items, including market movements.

Capital adequacy

AMP group capital adequacy calculation (A$m)	31 December 2019	31 December 2018
Shareholder equity[1]	**4,910**	6,683
Goodwill and other intangibles[2]	**(1,230)**	(3,560)
Other regulatory adjustments[3]	**69**	(129)
Subordinated bonds eligible as Level 3 capital	**83**	83
Level 3 eligible capital	**3,832**	3,077
Minimum regulatory requirements (MRR)	**1,353**	1,426
Level 3 eligible capital above MRR	**2,479**	1,651

AMP group capital resources by asset class (A$m)	31 December 2019	31 December 2018
International equities	**70**	51
Australian equities	**66**	76
Property	**55**	53
International fixed interest	**36**	130
Australian fixed interest	**333**	337
Cash[4]	**3,309**	2,594
Implicit DAC	**214**	389
Total shareholder funds	**4,083**	3,630
Other[5]	**1,736**	1,342
Tangible capital resources	**5,819**	4,972
Other regulatory adjustments[3]	**69**	(129)
Subordinated and senior debt not eligible as regulatory capital[6]	**(2,056)**	(1,766)
Level 3 eligible capital	**3,832**	3,077

1 Shareholder equity is statutory shareholder equity of A$4,860m adjusted for accounting mismatches, cashflow hedge reserve and other adjustments (A$50m).
2 Refer to page 31 for definition of intangibles.
3 For life insurers, other regulatory adjustments include policy liability adjustments and deferred tax assets. For AMP Bank, other regulatory adjustments relate to securitisation, deferred tax assets and other provisions.
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$967m, corporate subordinated debt on-lent to AMP Bank of A$240m, A$260m of seed and sponsor capital assets plus A$269m of other assets and liabilities.
6 Refer to page 25 for debt overview. A$1,068m (FY 18 A$793m) of subordinated debt is not recognised as Level 3 eligible capital. A$695m of this sub-debt is on-lent to AMP Life (A$555m) and AMP Bank (A$240m) and recognised as eligible capital for those entities, subject to regulatory limits for Tier 1 and Tier 2 capital. Consequently, this reduces the MRR for the AMP group.

Implicit DAC

The implicit DAC relates to the Australian and New Zealand wealth protection businesses, and is similar to a loan from shareholder capital to the wealth protection business 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.

Management of market risks in total shareholder funds

Total shareholder funds (A$4,083m) comprise direct shareholder funds (A$3,470m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$613m) 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.

The shareholder fixed interest portfolio is split 24% in government exposures and 76% in corporate exposures. Corporate exposures are invested in AAA (20%), AA (33%), A (31%), BBB (15%) and sub-investment grade and unrated (1%). At 31 December 2019, 3% of AMP shareholder funds were invested in equities.

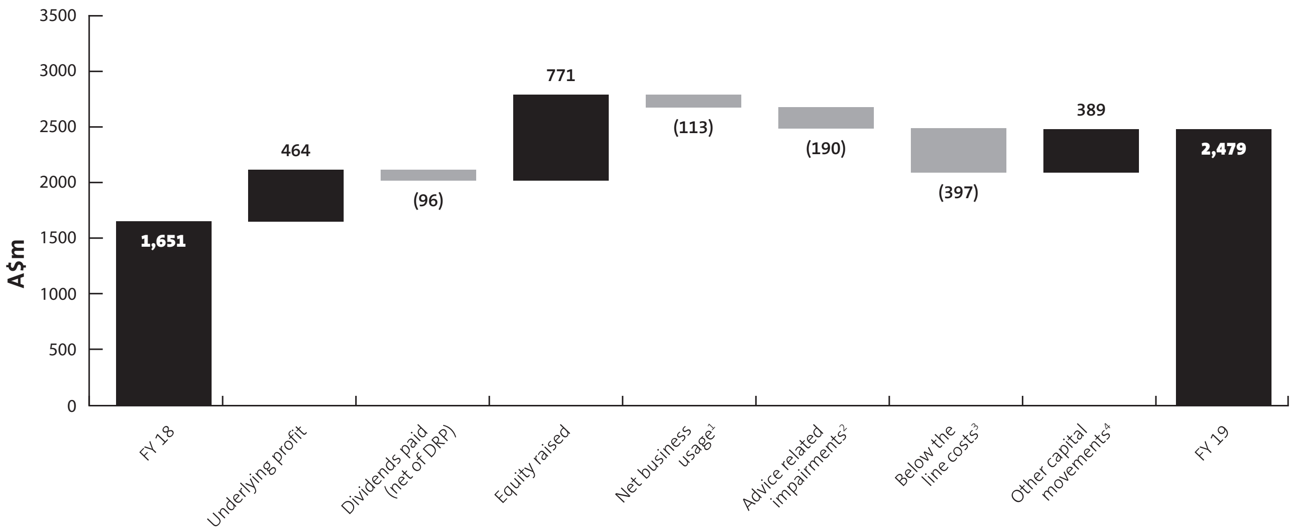
AMP uses interest rate derivatives in the shareholder funds to manage its exposure to movements in long-term interest rates. The impact of these derivatives on AMP's profit and capital sensitivities is shown in the profit sensitivities for investment income on page 26 and regulatory capital sensitivities on page 27.

Nominal versus effective exposure

The asset allocations set out above 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. The exposure in shareholder investments to movements in interest rates is shown in the profit sensitivities for investment income on page 26.

Capital position, movements and dividends

Movement in AMP group capital FY 18 to FY 19



1 In FY 19, net business usage related to capital deployed in the purchase of advice registers, capital required to support mortgage growth in AMP Bank, and capital required to support AUM growth.

2 This capital impact excludes impairment of intangibles that are already deducted from shareholder equity in calculating eligible capital.

3 Includes separation costs, client remediation and related costs, risk management, governance and controls and other items.

4 Other capital movements includes the impact of best estimate assumption changes in AMP Life, as well as other impacts to AMP Life that relate to the application of APRA's capital standards for life insurers, impacts from markets, tax impacts and other miscellaneous items.

Capital position

At 31 December 2019, Level 3 eligible capital above MRR was A$2,479m (A$1,651m at 31 December 2018). The ratio of Level 3 eligible capital to MRR is 2.8x (compared to 2.2x MRR at 31 December 2018). At this level of capital, the group holds A$529m above target surplus requirements approved by the AMP Limited Board.

Level 3 eligible capital above MRR of A$2,479m includes A$985m of shareholder retained earnings related to the life insurance participating business. This will vary over time depending on the risk exposures and strategies used in managing the participating business and 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.

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life were A$2,455m at 31 December 2019 (A$2,319m at 31 December 2018).

Final 2019 dividend

To maintain balance sheet strength and prudent capital management through a period of significant change the Board has resolved not to declare a final dividend in FY 19. This position will be reviewed after the completion of the AMP Life sale.

Impact of Resolution Life transaction

As outlined on pages 1 and 19, under the terms of the sale and purchase agreement with Resolution Life, AMP remains responsible for the operations and capital management of AMP Life until completion.

Accordingly, AMP Life's regulatory capital will continue to form part of the consolidated AMP group regulatory capital until completion. As at 31 December 2019, A$1.4b of the A$2.5b of AMP group Level 3 eligible capital above MRR related to AMP Life, including both statutory and shareholder funds. Of the A$1.4b, A$985m relates to life insurance participating business.

Upon completion, AMP has an obligation to deliver AMP Life to Resolution Life with an appropriate level of regulatory capital (including target surplus). All of the A$985m capital above MRR relating to the participating business will transfer with AMP Life on sale, as will any capital that was required to support AMP Life's balance sheet as at the 30 June 2018 sale date.

Capital supporting AMP's retained superannuation business as well as any assets excluded from the sale will be transferred out of AMP Life prior to the sale.

Debt and liquidity overview

A$m	31 December 2019 Corporate debt	AMP Bank[1]	Total	31 December 2018 Corporate debt	AMP Bank[1]	Total
Subordinated bonds	83	-	**83**	83	-	**83**
AMP Notes 3[2]	250	-	**250**	250	-	**250**
AMP Wholesale Capital Notes[3]	275	-	**275**	275	-	**275**
AMP Capital Notes[4]	268	-	**268**	268	-	**268**
AMP Capital Notes 2[5]	275	-	**275**	-	-	**-**
AMP Subordinated Notes[6]	-	250	**250**	-	250	**250**
Total subordinated debt	1,151	250	**1,401**	876	250	**1,126**
Commercial paper, NCDs and repos	-	586	**586**	255	596	**851**
Medium-term notes (MTN)	988	2,241	**3,229**	218	2,846	**3,064**
Drawn syndicated loan	-	-	**-**	500	-	**500**
Total senior debt	988	2,827	**3,815**	973	3,442	**4,415**
Deposits	-	14,414	**14,414**	-	13,304	**13,304**
Total debt	2,139	17,491	**19,630**	1,849	16,996	**18,845**
Corporate gearing ratios						
S&P gearing	**20%**			17%		
Interest cover – underlying (times)	**8.1**			11.0		
Interest cover – actual (times)	**-**			1.4		

A$m	Corporate debt by year of repayment[7] 0–1 year	1–2 years	2–5 years	5–10 years	10+ years	Total
Total corporate debt at 31 December 2019	**275**	**943**	**646**	**275**	**-**	**2,139**
Total corporate debt at 31 December 2018	255	575	1,019	-	-	1,849

1 This excludes A$100m of AMP Wholesale Capital Notes, A$40m of AMP Capital Notes and A$100m of AMP Capital Notes 2 on-lent to AMP Bank by AMP group and the AMP Bank debt held within securitisation vehicles (see footnotes 3, 4 and 5 below).

2 AMP Notes 3 are not recognised as Level 3 eligible capital of AMP group for APRA purposes and are effectively on-lent to AMP Life and recognised as allowable Tier 2 capital for that business. At 31 December 2019, A$50m of the notes became ineligible as Tier 2 capital for AMP Life due to proximity to the first call date of the notes.

3 AMP Wholesale Capital Notes are not recognised as Level 3 eligible capital of AMP group for APRA purposes and consequently on-lent to AMP Bank (A$100m) and AMP Life (A$175m), 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 and consequently on-lent to AMP Bank (A$40m) and AMP Life (A$130m), where they are recognised as Additional Tier 1 capital for those businesses.

5 AMP Capital Notes 2 were issued in 2H 19, and are not recognised as Level 3 eligible capital of AMP group for APRA purposes. The notes have been on-lent to AMP Bank (A$100m). The remaining A$175m will be on-lent to AMP Life where they will be recognised as Additional Tier 1 capital after the redemption of the AMP Wholesale Capital Notes in March 2020.

6 AMP Subordinated Notes are issued by AMP Limited and on-lent to AMP Bank, where they are recognised as allowable Tier 2 capital. The debt and interest expense on these notes is included in AMP Bank's balance sheet and operating results and not in AMP corporate debt and interest expense.

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

Corporate debt

Corporate debt increased by A$290m during FY 19, due to the issuance of medium term notes, replacing maturing short term commercial paper and the repayment of the A$500m syndicated loan. In addition AMP recently issued A$275m of Additional Tier 1 notes in December 2019 – AMP Capital Notes 2. At 31 December 2019, all corporate debt was effectively at floating rates.

All foreign currency denominated corporate debt is hedged back to AUD at the time of issuance for the life of the security. Foreign currency denominated debt is reported above in AUD based on hedged face value.

At 31 December 2019, AMP's liquidity comprised A$825m of group cash (including short-term investments) and undrawn facilities of A$750m.

AMP Bank

AMP Bank utilises a diverse range of funding sources (securitisation, customer deposits, short and long-term wholesale borrowings), with its primary source of funding being A$14.4b of customer deposits.

AMP Bank actively hedges its funding against movements in short-term interest rates. However, the Bank remains exposed to negative interest rates and increases in credit spreads to the extent it needs to replace funding eg the spread between wholesale interest rates and the rate paid to customers.

The securitisation of mortgages via the issuance of residential mortgage backed securities (RMBS) is a source of funding and capital relief for AMP Bank. As at 31 December 2019, total RMBS funds were A$4.1b. AMP Bank has in place a A$1b warehouse facility with MUFG Bank Ltd.

Sensitivities – profit and capital

FY 19 profit sensitivities – excluding AMP Life (A$m)

	Operating earnings (post-tax)						
	WM	AMP Bank	NZWM	AMP Capital	Group Office	Total	Investment income
Market variables							
10% increase in Australian equities	7	-	-	2		**9**	**5**
10% decrease in Australian equities	(7)	-	-	(2)		**(9)**	**(6)**
10% increase in international equities	7	-	1	3		**11**	**6**
10% decrease in international equities	(7)	-	(1)	(3)		**(11)**	**(7)**
10% increase in property[1]	1	-	-	4		**5**	**4**
10% decrease in property[1]	(1)	-	-	(4)		**(5)**	**(4)**
1% (100 bps) increase in 10 year bond yields	(2)	-	(1)	(1)		**(4)**	**(30)**
1% (100 bps) decrease in 10 year bond yields	2	-	1	1		**4**	**29**
1% increase in cash rate	1	-	-	-		**1**	**25**
1% decrease in cash rate	(1)	-	-	-		**(1)**	**(25)**
Business variables							
5% increase in AUM	13		1	9		**23**	
5% increase in (AMP Capital) external AUM				5		**5**	
5% increase in (AMP Capital) internal AUM				4		**4**	
5% increase in AMP Bank total mortgage balances		6				**6**	
5% increase in sales volumes	1	1	-			**2**	
1% increase in persistency	3	-	-			**3**	
1 bp increase in AMP Bank net interest margin	-	2	-			**2**	
5% reduction in controllable costs	18	4	1	16	6	**45**	

1 AMP Bank has no direct property exposure.

All profit sensitivities above show a full year impact.

The profit and capital sensitivities are only indicative, because:
- they assume that the particular variable moves independently of all others
- they are based on the FY 19 position, ie not 'forward looking', and make no allowances for events subsequent to 31 December 2019, and
- in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 31 December 2019.

Other assumptions include:
- parent company shareholders' equity is fully invested, and there are no adjustments for investments which are outside index weightings
- currency movements in investments in self-sustaining operations do not impact profit
- sales sensitivity assumes the same product mix as in underlying sales during FY 19
- investment income sensitivity is based on the amount of investments held at 31 December 2019
- 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, and
- AMP Bank's increase in sales volume assumes a 5% change in total loans growth with no change in net interest margin and costs.

Profit sensitivities

The sensitivities set out above apply to FY 19 operating earnings and investment income, assuming changes in a range of hypothetical economic or business variables.

Important considerations when using these sensitivities

Operating earnings – investment linked business

For investment linked business, fee income is largely based on the level of AUM, which in turn is directly impacted by investment markets.

For changes in market variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable halfway through the year. For large movements that do not occur halfway through the year, the profit sensitivities need to be extrapolated. For example, a 10% increase/decrease in equity markets at the start of the year would have double the impact on FY 19 operating earnings than set out in the table above.

The sensitivities are based on the FY 19 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 19 profit sensitivities for FY 19 or FY 20), an allowance for changes in AUM levels and mix should be made. Refer to page 6 (Australian wealth management) and page 12 (AMP Capital) for average AUM levels that were applied in FY 19.

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 and capital cont'd

Investment income

The analysis is based on a point in time and indicates the impact a change in the market variable would have on AMP's FY 19 total investment income (ie underlying investment income plus market adjustment – investment income).

The sensitivities are based on 31 December 2019 equity markets, bond yields and property values and correspond to the disclosure in the capital adequacy section (refer to page 23).

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 26 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 include the use of derivatives 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**	**AMP group**[2]
Actual 31 December 2019 (ASX 200 @ 6,684; Australian bond yields @ 1.2%)		1,420	2,479
Equity sensitivity	– 20% increase (ASX 200 @ 8,021)	65	80
	– 10% increase (ASX 200 @ 7,352)	35	45
	– 10% decrease (ASX 200 @ 6,016)	(30)	(45)
	– 20% decrease (ASX 200 @ 5,347)	(60)	(85)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields @ 2.2%)	55	90
	– 50 bps increase (Australian bond yields @ 1.7%)	40	60
	– 50 bps decrease (Australian bond yields @ 0.7%)	(25)	(40)
	– 100 bps decrease (Australian bond yields @ 0.2%)	(90)	(125)
Property sensitivity[3]	– 10% increase in unlisted property values	15	15
	– 10% decrease in unlisted property values	(15)	(15)

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 and impacts outside AMP Life.
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 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 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 31 December 2019, which may have a significant impact on these sensitivities.

Market share and channel analysis

Market share

	September 2019			September 2018		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
Market share – Australia (AUM) A$b						
Superannuation including rollovers[1,2]	443.0	1	24.0	437.1	1	25.4
Corporate superannuation master funds[3]	173.6	2	18.6	165.1	2	20.0
Retirement income[1]	205.0	2	18.3	211.7	2	17.5
Unit trusts (excluding cash management trusts)[1,2]	313.8	5	5.2	285.4	5	5.7
Total retail managed funds (excluding cash management trusts)[1,2]	969.5	1	16.6	941.6	1	17.5
Market share – New Zealand wealth management (AUM) NZ$b						
Retail superannuation[4]	3.0	1	38.8	3.2	1	41.6
Unit trusts[4]	44.9	15	1.5	40.3	13	2.1
KiwiSaver[4]	62.0	4	9.3	52.8	4	10.3
Total retail funds[4]	110.7	4	6.9	97.1	4	8.2
Corporate superannuation[5]	8.7	1	39.3	8.1	1	40.6

1 Source: Market Overview Retail Managed Funds – Marketer, Plan For Life, September 2019.
2 These figures include SuperConcepts products in the superannuation and unit trust categories.
3 Source: Australian Retail and Wholesale Investments, Market Share and Dynamics Report, Plan For Life, 30 September 2019.
4 Measured by AUM. Source: FundSource Limited September 2019 and September 2018.
5 Measured by AUM. Source: Eriksens Master Trust Survey September 2019 and September 2018.

Channel analysis

	Adviser numbers			Total AUM			AUM per adviser[1]		
Channel analysis (A$m)	FY 19	FY 18	% FY/FY	FY 19	FY 18	% FY/FY	FY 19	FY 18	% FY/FY
AMP Advice[2]	181	233	(22.3)	14,207	13,788	3.0	78.5	59.2	32.6
AMP Financial Planning[3]	1,105	1,334	(17.2)	60,353	56,774	6.3	54.6	42.6	28.2
Charter Financial Planning[4]	570	687	(17.0)	22,488	20,742	8.4	39.5	30.2	30.8
Hillross	272	313	(13.1)	14,345	13,710	4.6	52.7	43.8	20.3
Total (core licensees)	**2,128**	**2,567**	(17.1)	**111,393**	**105,014**	6.1	**52.3**	**40.9**	27.9
Jigsaw Support Services[5]	52	137	(62.0)	1,009	1,089	(7.3)	19.4	7.9	145.6
Total (licensee services)	**52**	**137**	(62.0)	**1,009**	**1,089**	(7.3)	**19.4**	**7.9**	145.6
Corporate Super Direct				16,157	14,323	12.8			
Third-party distributors and other				25,325	22,449	12.8			
Total Australia[6]	**2,180**	**2,704**	(19.4)	**153,884**	**142,875**	7.7			
New Zealand[7]	62	350	(82.3)	17,355	16,047	8.2			
Total	**2,242**	**3,054**	(26.6)	**171,239**	**158,922**	7.8			

1 Calculated by dividing total AUM with adviser numbers.
2 Includes AMP Advice employed, AMP Assist and AMP Advice self-employed advisers.
3 Excludes 44 AMP Advice self-employed advisers in FY 19.
4 Excludes 13 AMP Advice advisers in FY 19.
5 Excludes AMP Authorised Representatives.
6 AUM includes all Australian wealth management and mature products and excludes SuperConcepts.
7 New Zealand wealth management includes AMP employees and AdviceFirst. In FY 19 281 advisers have transitioned from AFAN and IFA QAN (Quality Advice Network) to independent advisers.

AMP Capital investment performance

Fund/style name	AUM (A$m)	1 Year Absolute return[1] %	1 Year Excess return[2] %	3 Year Absolute return[1] %	3 Year Excess return[2] %	5 Year Absolute return[1] %	5 Year Excess return[2] %
Australian Equities							
Small Caps	370	36.1	12.3	15.2	2.7	15.2	2.0
Enhanced Index	9,553	23.6	-	10.2	(0.3)	9.0	(0.3)
Future Directions Australian Equity Fund[3]	3,791	23.8	-	10.2	(0.1)	9.6	0.5
Global Equities							
Global Companies Fund	220	35.8	-	-	-	-	-
Global Listed Real Estate[4]	6,137	27.2	5.3	9.7	1.0	7.9	(0.4)
Global Listed Infrastructure[4]	2,555	40.1	10.5	15.6	2.6	10.4	0.6
Specialist International Shares Fund[3]	2,021	24.1	(3.8)	13.4	(0.3)	12.9	0.8
Enhanced Index International Shares	12,991	27.4	(0.6)	13.8	-	12.5	0.2
Fixed interest							
Wholesale Australian Bond Fund	2,326	8.0	0.2	5.6	(0.1)	4.6	(0.1)
Managed Treasury Fund	2,655	1.9	0.2	2.1	0.2	2.3	0.2
Real Estate (direct)[5]							
Wholesale Office[6]	6,846	10.6	(0.5)	12.1	(1.1)	12.7	(1.2)
Shopping Centres[6]	4,172	(2.9)	(1.2)	4.5	(0.5)	6.9	0.1
Diversified Property Fund[6]	5,878	4.4	(2.2)	8.2	(1.4)	8.7	(1.7)
Infrastructure (direct)							
Diversified Infrastructure Trust	1,693	10.9	4.9	14.0	7.2	14.2	7.3
Australia Pacific Airports Fund[7]	464	10.6	(1.4)	14.9	2.9	16.9	4.9
Diversified							
Balanced Growth Option[8]	5,591	18.0	Yes	9.1	Yes	8.0	Yes
Future Directions Balanced Fund[8]	4,908	16.1	Yes	8.4	No	8.0	No
MySuper 1970s[9]	6,116	18.3	(0.8)	9.5	(0.1)	8.9	0.5
Goal based[10]							
Corporate Bond	1,238	3.7	0.2	3.4	(0.3)	3.5	(0.5)
Multi Asset Fund	877	10.2	3.1	5.0	(2.3)	5.5	(1.9)
Dynamic Markets Fund	656	11.1	5.0	2.8	(3.5)	3.1	(3.3)
Income Generator	1,736	13.5	(0.4)	6.4	(0.9)	6.4	-
Equity Income Generator[11]	406	9.7	1.3	11.1	2.8	11.0	2.7

1 Absolute returns are annualised for periods greater than one year.
2 Excess return is measured against the client goal or market benchmark.
3 For this fund, two fund returns have been joined due to historical fund restructures.
4 AUM provided is the assets under management of the entire capability.
5 Calculated in accordance with the Mercer/IPD Pooled Property Fund Index methodology.
6 For this fund, AUM disclosed is the gross asset value.
7 Australia Pacific Airports Fund (APAF) is representative of the APAF fund range – it is disclosed as it is the initial fund in the APAF range.
8 For this fund, the client goal is to perform Q2 or better.
9 MySuper 1970s is representative of the MySuper range of funds – it is disclosed as it is the largest fund in the MySuper range.
10 Goal based funds aim to provide an investment outcome that meets client's defined personal goals (rather than comparing to the market or a benchmark index).
11 For this fund, the client goal is an income yield measure.

Five year summary

		FY 19	FY 18	FY 17	FY 16	FY 15
Earnings						
Total operating earnings (A$m)		**416**	652	998	423	1,054
Underlying profit (A$m)		**464**	680	1,040	486	1,120
Profit/(loss) attributable to shareholders of AMP Limited (A$m)		**(2,467)**	28	848	(344)	972
EPS – underlying (cps)[1]		**14.8**	23.3	35.5	16.4	37.9
EPS – actual (cps)		**(79.5)**	1.0	29.3	(11.7)	33.3
RoE – underlying		**8.2%**	9.6%	14.3%	5.6%	13.2%
RoE – actual		-	0.4%	11.7%	(4.0%)	11.5%
Dividend[2]						
Dividend per share (cps)		-	14.0	29.0	28.0	28.0
Dividend payout ratio – underlying[3]		-	60%	81%	85%	74%
Franking rate[4]		-	90%	90%	90%	90%
Ordinary shares on issue (m)[1]		**3,437**	2,937	2,918	2,958	2,958
Weighted average number of shares on issue (m)	– basic[1]	**3,127**	2,923	2,930	2,958	2,958
	– fully diluted[1]	**3,156**	2,942	2,952	2,976	2,978
	– statutory	**3,105**	2,897	2,896	2,929	2,918
Share price for the period (A$)	– low	**1.60**	2.27	4.75	4.42	5.30
	– high	**2.66**	5.47	5.47	5.96	6.79
Margins						
Australian wealth management investment related revenue to AUM (bps)		**82**	93	101	107	112
AMP Capital AUM based management fees to AUM (bps) – external		**47.6**	46.2	46.0	47.0	45.4
AMP Bank net interest margin (over average interest earning assets)		**1.69%**	1.70%	1.70%	1.67%	1.59%
Capital and corporate debt						
AMP shareholder equity (A$m)		**4,910**	6,683	7,276	7,489	8,623
Corporate debt (excluding AMP Bank debt) (A$m)		**2,139**	1,849	1,681	1,562	1,801
S&P gearing		**20%**	17%	9%	9%	10%
Interest cover – underlying (times)[5]		**8.1**	11.0	20.6	9.2	20.0
Interest cover – actual (times)[5,6]		-	1.4	17.0	6.5	17.5
Cashflows and AUM						
Australian wealth management net cashflows (A$m)		**(6,341)**	(3,968)	931	336	2,213
Australian wealth management persistency[7]		**86.1%**	88.3%	89.2%	90.2%	89.9%
Australian wealth management AUM (A$b)[7]		**134.5**	123.2	130.4	120.8	115.1
AMP Capital net cashflows – external (A$m)		**2,526**	4,219	5,477	967	4,434
AMP Capital AUM (A$b)[8]		**203**	187	188	165	160
Non-AMP Capital managed AUM (A$b)		**69**	71	69	75	66
Total AUM (A$b)[9]		**272**	258	257	240	226
Controllable costs (pre-tax) and cost ratios						
Controllable costs (A$m)		**1,544**	1,366	1,361	1,393	1,329
Cost to income ratio		**67.5%**	55.8%	46.2%	63.7%	43.8%
Controllable costs to average AUM (bps)		**57**	52	55	62	59
Staff numbers						
Total staff numbers[10]		**6,519**	6,189	5,697	5,464	5,420

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

2 The AMP Limited Board has resolved not to declare a final 2019 dividend.

3 FY 16 calculated based on underlying profit excluding capitalised losses and other one-off experience items.

4 Full year franking rate is the franking applicable to the final dividend for that year.

5 Calculated on a rolling 12 month basis. FY 16 calculated including one-off experience losses of A$485m incurred in 2H 16.

6 Calculated on a rolling 12 month basis. FY 16 calculated excluding A$668m goodwill impairment incurred in 2H 16.

7 Excludes SuperConcepts assets under administration.

8 FY 19 includes AMP Capital's 24.9% share of PCCP. AUM measured at net asset value (A$1.7b).

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

10 Excludes advisers.

Accounting treatment, definitions and exchange rates

Accounting mismatches – Refer to page 21.

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 regulatory capital divided by total risk weighted assets calculated using the standardised approach. Total regulatory capital is comprised of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.

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 25 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.

Cost to income ratio (AMP Bank) – Calculated as controllable costs divided by gross margin, excluding loan impairment expenses. Gross margin is calculated as total operating earnings 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.

Dividend payout ratio – Calculated as dividend per share times ordinary shares on issue at the time of dividend payment divided by underlying profit.

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, capitalised costs and associate equity investments in financial institutions.

Interest cover (actual) – Calculated on a rolling 12 month post-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 post-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%.

Market adjustment – annuity fair value – Refer to page 21.

Market adjustment – investment income – Refer to page 21.

Market adjustment – risk products – Refer to page 21.

Minimum regulatory capital requirements (MRR) – Refer to page 22.

Accounting treatment, definitions and exchange rates cont'd

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.

Net Stable Funding Ratio (NSFR) – The Net Stable Funding Ratio seeks to promote the stable funding of a bank's balance sheet based on the liquidity characteristics of its assets and off-balance sheet activities over a one year time horizon. The measure aims to ensure that long-term assets are financed with at least a minimum amount of stable funding.

Operating earnings – Represent shareholder attributable profits or losses that relate to the performance of a business unit. The principles of life insurance accounting are used in reporting the results of AMP Life. 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. Wealth management 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, or other assets. Commercial lending credit policy, process and rates apply to these loans.

Return on capital (AMP Bank) – Return on capital is calculated as operating earnings after income tax, less distributions on Additional Tier 1 capital divided by average total capital resources (for the purpose of this calculation, total capital resources is balance sheet equity, less Additional Tier 1 capital) for 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).

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.

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.

The underlying post-tax rate of return used for FY 19 is 2.5% pa (unchanged from FY 18) 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 1.3% pa post-tax is being applied to the implicit DAC for FY 19 (1.3% in 2018).

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.

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 4. Other items largely comprise the net of one-off and non-recurring revenues and costs.

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

Exchange rates			**AUD/NZD**
2019	FY 19	– closing	1.0419
		– average	1.0545
	2H 19	– closing	1.0419
		– average	1.0576
	1H 19	– closing	1.0448
		– average	1.0500
2018	FY 18	– closing	1.0499
		– average	1.0807

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For additional 2019 full year results information, visit AMP's website at **amp.com.au/shares**

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.