AMP

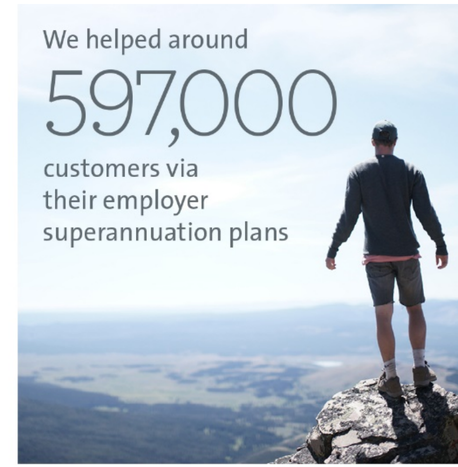
2018 half year results

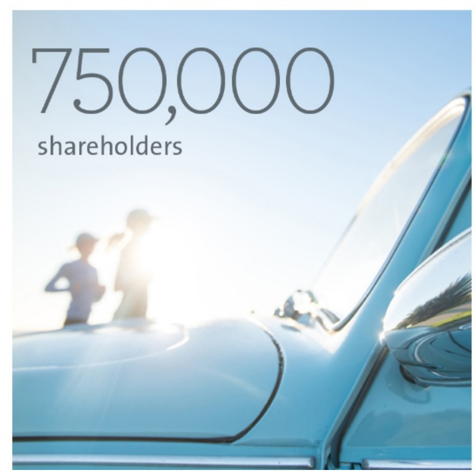
Mike Wilkins, Acting Chief Executive Officer

Gordon Lefevre, Chief Financial Officer

8 August 2018

AMP – helping people own tomorrow





Notes
1. Adviser numbers: ASIC Financial Adviser Register, June 2018.
2. All data relates to 1H 18.

Executive summary

Business performance

- 1H 18 underlying profit of A$495m (1H 17: A$533m) and net profit of A$115m (1H 17: A$445m)
- Overall resilient performance despite Royal Commission impact
- Actions underway to reset business, prioritise customers and strengthen risk management systems and controls
- Strength in growth businesses offset by Australian wealth protection performance:
  - Double digit growth in AMP Bank; operating earnings up 20%
  - Continued momentum in AMP Capital; earnings moderated by investment in growth initiatives
  - Disciplined Australian wealth management performance; tight controllable costs and growth in other revenue
  - Wealth protection result reflects deterioration in experience and capitalised losses
  - Strong controllable cost performance and sustained operational efficiencies; on track to at least achieve FY 18 guidance of A$950m (ex AMP Capital)
- Underlying Return on Equity (RoE) 13.8% reflects lower Australian wealth protection operating earnings

Capital and dividend

- Surplus capital of A$1.8b over Minimum Regulatory Requirements (MRR)
- Interim dividend of 10 cents a share, franked to 50%
- Targeting total FY 18 dividend payout at lower end of 70%-90% guidance range

Clear 2H 18 priorities

- Focus on delivery of short-term priorities:
  - Prioritise customers and restore confidence
  - Transform advice
  - Reprioritise review of manage for value businesses; AMP in active discussions with a number of interested parties
  - Strengthen risk management, internal controls and governance
  - Maintain business momentum

1H 18 profit summary

A$m	1H 18	1H 17	%
Australian wealth management	204	193	5.7
AMP Capital[1]	94	92	2.2
AMP Bank	78	65	20.0
Australian wealth protection	1	52	(98.1)
New Zealand financial services	56	65	(13.8)
Australian mature	70	75	(6.7)
BU operating earnings	**503**	**542**	**(7.2)**
Group Office costs	(29)	(33)	12.1
Total operating earnings	**474**	**509**	**(6.9)**
Underlying investment income[1]	52	50	4.0
Interest expense on corporate debt	(31)	(26)	(19.2)
Underlying profit	**495**	**533**	**(7.1)**
Advice remediation and related costs	(312)	-	n/a
Royal Commission	(13)	-	n/a
Portfolio review and related costs	(19)	-	n/a
Other items	(41)	(9)	n/a
Amortisation of acquired intangible assets[1]	(40)	(43)	7.0
Profit before market adjustments and accounting mismatches	**70**	**481**	**(85.4)**
Market adjustments[1]	13	(30)	n/a
Accounting mismatches	32	(6)	n/a
Profit attributable to shareholders of AMP Limited	**115**	**445**	**(74.2)**

Notes

1. AMP Capital is 15% owned by MUFG: Trust Bank (formerly MUTB). AMP Capital results, and any other impacted line items, are shown net of minority interests.

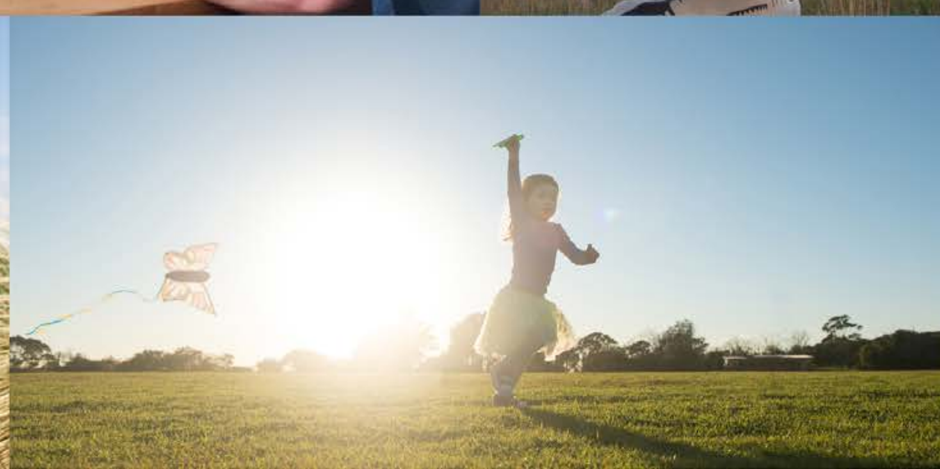
1H 18 movement in underlying profit

Actions taken to reset business – 27 July 2018

Action	Detail	Financial impacts
Accelerate advice remediation	– Accelerate program of advice remediation in response to ASIC Reports 499 and 515 – Addresses employed and aligned adviser network – Ongoing discussions with ASIC re detailed scope and methodology	– A$290m (post-tax) provision for potential advice remediation – Approximately A$50m (post-tax) per annum program running costs over 3 years – Number of potential recovery options available to partially offset remediation costs in the medium term
Deliver better value for customers	– MySuper fee reductions to benefit approximately 700,000 customers – Increase competitiveness of MySuper product suite – To be implemented in Q3 18	– Australian wealth management (AWM) investment related revenue (IRR) expected to reduce by A$12m in 2H 18; and by an annualised A$50m from FY 19 – Excluding impact of fee reductions, average margin compression expected to trend back to average of 3%-4% over long term but may be volatile from period to period
Strengthen risk management and controls	– Investment in risk, control and compliance and systems	– Approximately A$35m (post-tax) per annum over next 2 years
Reprioritise portfolio review of manage for value businesses	– In active discussions with number of interested parties – Committed to releasing further value from these business lines	– Portfolio review costs of A$19m (post-tax) incurred in 1H 18





Business unit results

Section 2

Wealth management – overview

Resilient performance; ongoing cost focus

Key performance measures	1H 18	1H 17
Investment related revenue (A$m)[1]	619	630
Other revenue (A$m)	57	51
Operating earnings (A$m)	204	193
Controllable costs (A$m)	(223)	(246)
Total retail and corporate super net cashflows on AMP platforms (A$m)	(188)	1,887
Total net cashflows (A$m)[2]	(873)	1,023
Investment related revenue to AUM (bps)[1,2,3]	96	104
Operating earnings to AUM (bps)[2,3]	31	32
Cost to income ratio	42.9%	46.6%

- Increase in 1H 18 operating earnings with elevated margin compression offset by growth in other revenue and lower controllable costs
- Elevated margin compression in 1H 18 due to final MySuper transitions in 1H 17 and ongoing product mix changes
- MySuper fee reductions expected to reduce Australian wealth management (AWM) investment related revenue (IRR) by an annualised A$50m from FY 19. Excluding this impact, average margin compression expected to trend back to average of 3%-4% over the long term but may be volatile from period to period
- Continued tight cost discipline; cost efficiencies and lower variable remuneration largely offsetting investment in growth initiatives
- Maintained focus on other revenue; growth from Advice and SMSF up 12% on 1H 17. On track to deliver additional revenue equivalent to 1%-2% of AUM fees in FY 18
- Continued emphasis on increased productivity and profitability across advice practices; average AUM per adviser in core licensees up 5% on FY 17 to A$43.8m

Notes

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

Wealth management – net cashflows

Cashflows subdued versus elevated 1H 17 levels

Net cashflows summary (A$m)	1H 18	1H 17
North[1]	2,473	2,879
AMP Flexible Super[1]	(745)	(129)
Other products and platforms[1]	(1,749)	(1,535)
Total retail on AMP platforms	**(21)**	**1,215**
SignatureSuper and Flexible Super (employer)	100	946
Other corporate superannuation[2]	(267)	(274)
Total corporate superannuation	**(167)**	**672**
Total retail and corporate super on AMP platforms	**(188)**	**1,887**
External platforms[3]	(685)	(864)
Total Australian wealth management	**(873)**	**1,023**

- 1H 18 cashflows subdued from elevated levels in 1H 17, including impact of Royal Commission
- 1H 17 benefited from A$521m in Corporate Super mandate wins and higher inflows ahead of 1 July 2017 superannuation changes
- Pension payments to customers steady at A$1.2b in 1H 18
- AUM grew 6% from 1H 17 to A$132b supported by positive investment markets
- Continued momentum on North platform despite challenging external conditions; North applications up 3% on 1H 17
- Cashflows expected to remain subdued in 2H 18

Notes

1. For details of platforms see p8 of 1H 18 Investor Report.
2. Comprises CustomSuper, SuperLeader and Business Super.
3. Comprises Asgard, Macquarie, Challenger and BT Wrap platforms.

AMP Capital – overview

Growth reflects strength in real assets; continued investment in international expansion

Key performance measures	1H 18	1H 17
Operating earnings (A$m)[1]	94	92
Fee income (A$m)	360	348
Controllable costs (A$m)	(215)	(198)
Cost to income ratio	58.3%	56.6%
Total external net cashflows (A$m)	1,591	2,439
Average AUM (A$b)[2,3]	189	177

- Stable operating earnings supported by solid external AUM growth, partly offset by higher controllable costs
- Continued growth in real asset classes. Real assets contribute more than 50% of AMP Capital's operating earnings
- Performance fees resilient in 1H 18. Transition to closed end funds will increase variability in future performance fees
- Higher controllable costs reflect increasing investment in real asset growth initiatives and international expansion
- Cost to income ratio below target range due to strong performance fees in 1H 18; performance fees expected to be seasonally lower in 2H 18
- Continue to target full year cost to income ratio of 60%-65%, aiming for lower end of the range in medium term

Notes

1. Operating earnings after minority interests.
2. Based on average of monthly average AUM.
3. Includes AMP Capital's 24.9% share of PCCP AUM.

AMP Capital – net cashflows and investment performance

Real assets drive solid external flows

External net cashflows (A$m)	1H 18	1H 17
China (CLAMP)[1]	157	737
Japan	(172)	113
International	1,064	405
Domestic	542	1,184
Total external net cashflows	**1,591**	**2,439**

Net cashflows (A$m)	1H 18	1H 17
Internal	(3,121)	(1,413)
External	1,591	2,439
Total net cashflows	**(1,530)**	**1,026**

Net cashflows

- Total external net cashflows in 1H 18 assisted by strong international interest in AMP Capital's infrastructure funds
- Strong investment pipeline with A$5.2b of uncalled capital, of which over A$2b is earmarked for committed transactions yet to close
- Cashflows from CLAMP reflect seasonal client redemptions (largely reversed in July) and new regulatory reforms
- Cashflows from Japan continue to reflect challenging conditions

Investment performance

- 57% of AUM met or exceeded client goals over three years to June 2018
- Real assets continue to perform well with infrastructure meeting 100% of client goals over a three year period
- Multi-asset funds delivered solid returns; relative peer comparison impacted by lower exposure to unlisted assets

Notes

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

AMP Bank – overview

Strong growth; ongoing investment in capability and technology

Key performance measures	1H 18	1H 17
Operating profit (A$m)	78	65
Controllable costs (A$m)	(45)	(38)
Cost to income ratio	28.7%	29.0%
Net interest margin	1.72%	1.67%
Residential mortgage book (A$m)	19,680	18,194
Deposits (A$m)	12,707	12,435
Return on capital	16.7%	16.3%

- 20% increase in operating profit in 1H 18 driven by solid mortgage book growth and improved deposit margins
- Loan growth moderated in 1H 18 compared to 1H 17, largely due to macroprudential regulatory impacts; trend expected to continue in 2H 18
- Increase in controllable costs reflects ongoing investment in technology and operating capability to support mortgage growth and customer service improvements
- Net interest margin expected to trend down due to competitive lending environment and increased funding costs
- Maintained conservative credit policy with asset quality remaining strong; +90 day arrears well below industry average
- Bank capital position in line with changing regulatory requirements
- Securitisation undertaken in June 2018

Wealth protection – overview

Performance impacted by higher than expected claims activity and capitalised losses

Key performance measures	1H 18	1H 17
Profit margins (A$m)	46	49
Experience profits / (losses) (A$m)	(16)	-
Capitalised (losses) and other one-off experience (A$m)	(29)	3
Operating earnings (A$m)	1	52
Individual risk API (A$m)	1,495	1,490
Individual risk lapse rate	14.7%	13.4%
Controllable costs (A$m)	(61)	(80)
Cost to income ratio	82.0%	46.3%

- Profit margins reflect impact of additional reinsurance arrangements from 1 November 2017; remain ahead of original guidance due to lower controllable costs
- Negative experience driven by higher than expected claims activity (particularly in total and permanent disability, TPD)
- Other one-off experience of A$20m largely due to reserve strengthening on a large group plan which terminated on 1 July 2018
- Changes to best estimate assumptions mainly for TPD, reflecting higher claims incidence
- 2H 18 profit margins expected to reduce to A$35m due to changes to best estimate assumptions and loss of a large group scheme from 1 July 2018
- Continuation of new sales volumes at current levels expected to lead to further modest capitalised losses in 2H 18

New Zealand and Mature – key performance measures

Performance broadly in line with expectations

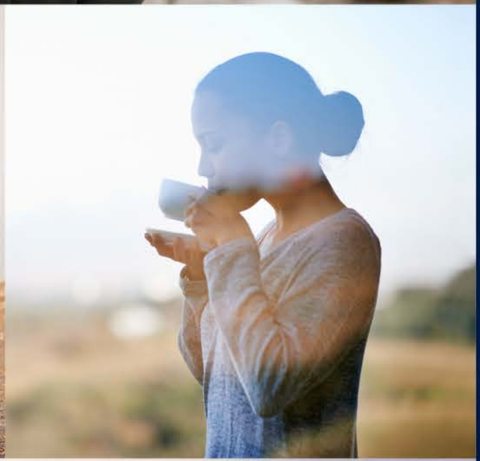
New Zealand	1H 18	1H 17
Profit margins (A$m)	54	57
Experience profits / (losses) (A$m)	2	8
Operating earnings (A$m)	56	65
Net cashflows (A$m)	49	54
Individual risk API (A$m)	272	285
Individual risk lapse rate	10.8%	10.6%
Cost to income ratio	29.1%	27.2%

- Profit margins lower in mature and wealth protection, partially offset by higher general insurance profit share and lower controllable costs
- Experience more in line with best estimate assumptions
- Individual risk API decreased by A$13m largely due to NZ$ depreciation. In NZ$ terms, total API increased by NZ$4m reflecting strong growth in group risk business
- Cost to income ratio increased as a result of lower profit margins and lower experience profits

Mature	1H 18	1H 17
Operating earnings (A$m)	70	75
AUM (A$b)	20.2	21.1
Persistency	89.7%	90.1%
Controllable costs (A$m)	(21)	(24)
Cost to income ratio	16.0%	17.1%

- Mature business performing largely in line with assumptions



Financial overview

Section 3

Financial overview – key items outside business unit results

A$m	1H 18	1H 17	% change
Underlying profit	**495**	**533**	**(7.1)**
Advice remediation and related costs	(312)	-	n/a
Royal Commission	(13)	-	n/a
Portfolio review and related costs	(19)	-	n/a
Other items	(41)	(9)	n/a
Amortisation of acquired intangible assets[1]	(40)	(43)	7.0
Profit before market adjustments and accounting mismatches	**70**	**481**	**(85.4)**
Market adjustments[1]	13	(30)	n/a
Accounting mismatches	32	(6)	n/a
Profit attributable to shareholders of AMP Limited	**115**	**445**	**(74.2)**

- Advice remediation and related costs includes A$290m (post-tax) provision and A$22m of remediation costs incurred in 1H 18
- Royal Commission costs relate to preparation undertaken in 1H 18
- Portfolio review of manage for value businesses reprioritised in Q2 18; in active discussions with a number of interested parties
- Other items include significant risk and compliance project costs (A$14m), non-advice related customer remediation costs (A$16m) and other prior period one-off costs

Notes

1. AMP Capital is 15% owned by MUFG: Trust Bank and the business result, and any other impacted line items, are shown net of minority interests.

Financial overview – balance sheet and regulatory capital

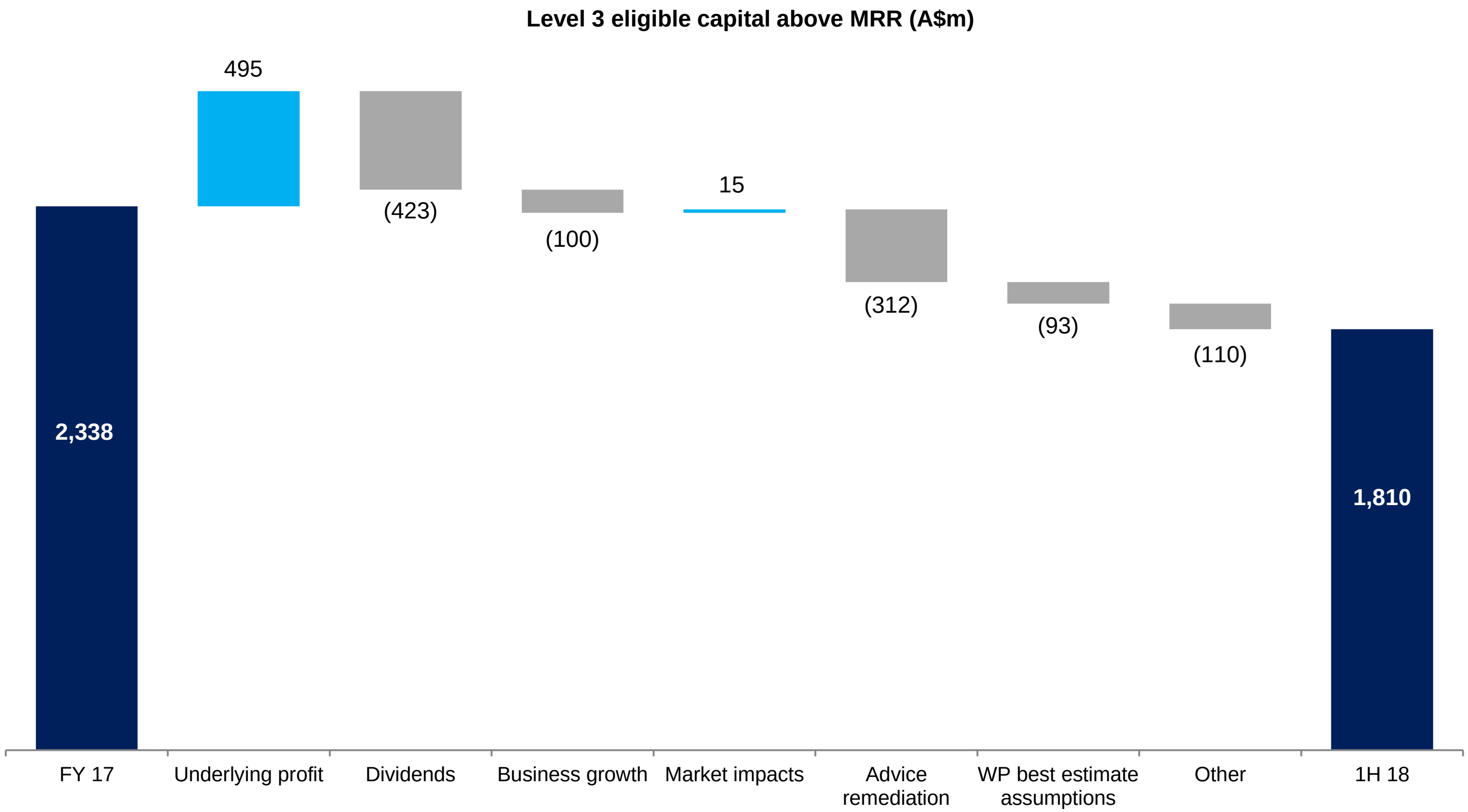
A$m	1H 18	FY 17	Change
Shareholder equity[1]	6,956	7,276	(320)
Total corporate subordinated debt[2]	951	951	-
Total corporate senior debt[2]	1,044	730	314
Total capital resources	8,951	8,957	(6)
Level 3 eligible capital	3,238	3,711	(473)
Level 3 eligible capital above MRR	1,810	2,338	(528)
Debt metrics and liquidity			
Corporate gearing[2]	13%	9%	
Interest cover (underlying)	18.3 times	20.6 times	
Group cash (A$m)	965	455	
Undrawn loan facilities (A$m)	750	400	

- Reduction in shareholder equity and Level 3 eligible capital above MRR due primarily to advice remediation provision, changes to best estimate assumptions and one-off costs
- Debt levels increased; improved liquidity position provides additional flexibility

Notes

1. Shown after accounting mismatches, cashflow hedge. For more detail see p27 of 1H 18 Investor Report.
2. For more detail see p28 of 1H 18 Investor Report.

Financial overview – capital position



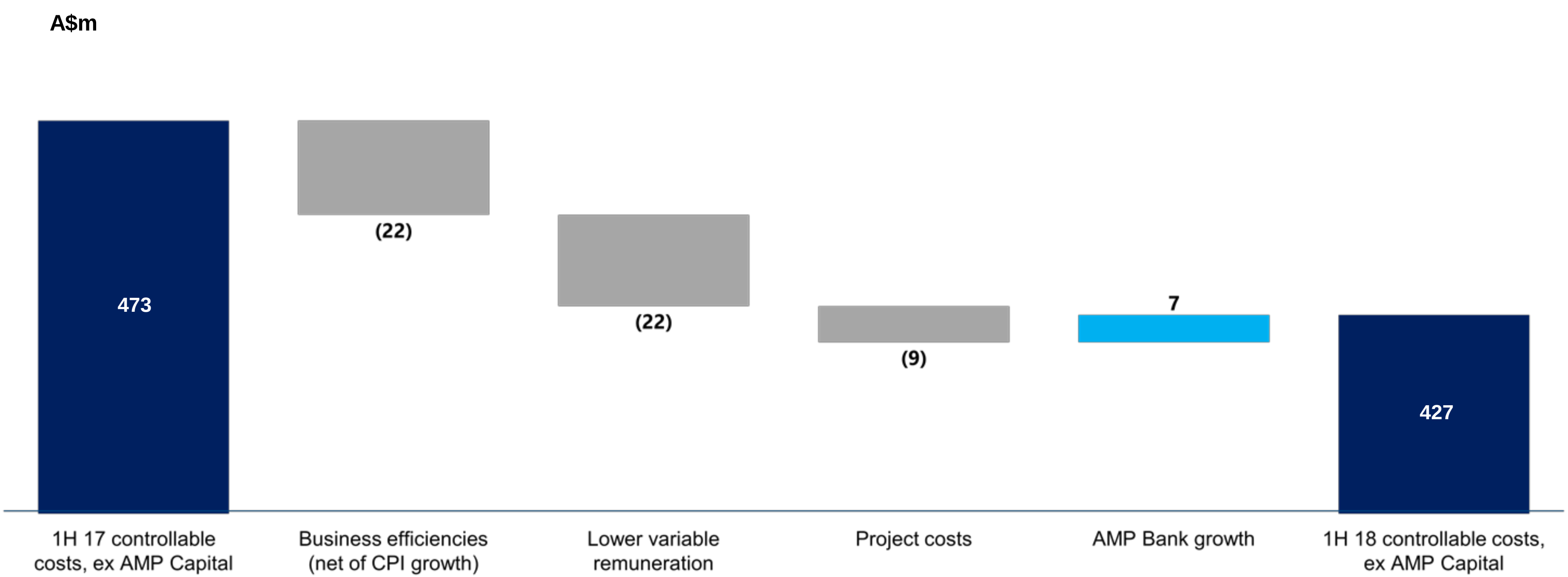
- Level 3 eligible capital of A$1.8b above MRR
- Reduction to A$1.8b due primarily to advice remediation provision, changes to best estimate assumptions and one-off costs
- Business growth capital usage largely reflects capitalised costs, AMP Bank lending growth and purchase of adviser registers
- 'Other' includes items outside business unit results and netting of deferred tax balances

Financial overview – interim 2018 dividend

Interim 2018 dividend of 10 cents a share, franked to 50%

- AMP is targeting a total FY 18 dividend payout at the lower end of the 70%-90% of underlying profit guidance range. To retain capital and strategic flexibility over the coming period, the interim dividend is outside this range
- Dividend Reinvestment Plan (DRP) remains in place for eligible shareholders. AMP will issue shares to participants in the DRP
- Franking rate reflects reduced Australian taxable income and franking credit generation

Financial overview – controllable cost discipline maintained



- 1H 18 controllable costs (ex AMP Capital) reflect:
  - Run rate benefits from 2017 business efficiency and restructure activities
  - Lower variable remuneration reflecting lower 1H 18 performance outcomes
  - Lower project costs
- AMP Bank cost growth reflects ongoing investment in technology and operating capability to support mortgage growth and customer service improvements
- Expected to at least achieve FY 18 controllable cost guidance of A$950m (ex AMP Capital)






2H 18 Priorities

Section 4

Clear 2H 18 priorities

Priority	2H 18 activity
Prioritise customers and restore confidence	– Improve price competitiveness of MySuper offering - better value to approximately 700,000 customers – Accelerate advice remediation: putting things right for impacted customers – Deliver consistent service and upward improvement in NPS
Transform advice	– Re-shape advice network; continuing shift from focus on adviser numbers to productivity, professionalism and compliance – Goals 360 and Salesforce implementation – Continued purchase of client registers and selective equity stakes – Ongoing investment in AMP Advice and Assist
Reprioritise portfolio review	– Active discussions with a number of interested parties on manage for value businesses
Strengthen risk management, internal controls and governance	– Board renewal and CEO succession – Improve risk culture – Investment in internal controls and governance – Improve regulatory compliance and reporting
Maintain business momentum	– Maintain growth momentum in AMP Capital; continue focus on international expansion – Continue driving AMP Bank performance; on track to double value by FY 21 via earnings and dividends – Invest to ensure ongoing competitiveness of North platform including further development of SMA functionality – Positive momentum in CLPC; progressing towards A$50m operating earnings contribution per annum from China by FY 21

Summary

Business performance

– 1H 18 underlying profit of A$495m (1H 17: A$533m) and net profit of A$115m (1H 17: A$445m)
– Overall resilient performance despite Royal Commission impact
– Actions underway to reset business, prioritise customers and strengthen risk management systems and controls
– Strength in growth businesses offset by Australian wealth protection performance:
    – Double digit growth in AMP Bank; operating earnings up 20%
    – Continued momentum in AMP Capital; earnings moderated by investment in growth initiatives
    – Disciplined Australian wealth management performance; tight controllable costs and growth in other revenue
    – Wealth protection result reflects deterioration in experience and capitalised losses
    – Strong controllable cost performance and sustained operational efficiencies; on track to at least achieve FY 18 guidance of A$950m (ex AMP Capital)
– Underlying Return on Equity (RoE) 13.8% reflects lower Australian wealth protection operating earnings

Capital and dividend

– Surplus capital of A$1.8b over MRR
– Interim dividend of 10 cents a share, franked to 50%
– Targeting total FY 18 dividend payout at lower end of 70%-90% guidance range

Clear 2H 18 priorities

– Focus on delivery of short-term priorities:
    – Prioritise customers and restore confidence
    – Transform advice
    – Reprioritise review of manage for value businesses; AMP in active discussions with a number of interested parties
    – Strengthen risk management, internal controls and governance
    – Maintain business momentum






Appendix

Section 5

Guidance summary

Wealth management

– MySuper fee reductions expected to reduce Australian wealth management (AWM) investment related revenue (IRR) by A$12m in 2H 18; and by an annualised A$50m from FY 19

– Excluding this impact, average margin compression expected to trend back to average of 3%-4% over long term but may be volatile from period to period

– Other revenue (Advice and SMSF) on track to deliver additional revenue equivalent to 1%-2% of AUM fees in FY 18

– Cashflows expected to remain subdued in 2H 18

AMP Capital

– Seasonally lower performance fees expected in second half of year as infrastructure funds typically attract fees for annual period ending 30 June

– In future periods, there is likely to be increased variability in performance fees as new global infrastructure funds (IDF and GIF series) are closed end funds, earning performance fees towards the end of the fund lifetime

– Given the variable mix of short-term asset holdings and longer term cornerstone investments, income from seed and sponsor capital may vary from period to period

– Target full year cost to income ratio between 60%-65% aiming for lower end of the range in the medium term

AMP Bank

– Loan growth expected to continue to moderate in 2H 18

– Net interest margin expected to trend down due to competitive lending environment and increased funding costs

Wealth protection

– 2H 18 profit margins expected to reduce to A$35m due to changes to best estimate assumptions and loss of a large group scheme from 1 July 2018

– Continuation of new sales volumes at current levels expected to lead to further modest capitalised losses in 2H 18

Mature

– Expected to run off at around 5% per annum; in volatile investment markets this run-off rate can vary substantially

Controllable costs

– Expected to at least achieve FY 18 controllable cost guidance of A$950m (ex AMP Capital)

One-off costs

– Approximately A$35m per annum (post-tax) over the next two years to strengthen risk management and controls

– Advice remediation program to cost approximately A$50m (post-tax) per annum over the next three years

– 2H 18 costs related to the Royal Commission, portfolio review and significant regulatory and compliance project costs expected to be broadly in line with 1H 18

Dividends

– Targeting total FY 18 payout at lower end of 70%-90% of underlying profit guidance range

Amortisation of acquired intangible assets

– Amortisation of acquired intangibles of approximately A$80m in FY 18 (post-tax)

AMP's advice network

As at June 2018	Target market	Advisers	Mortgage consultants[1]	Total AUM ($bn) [4]	AUM per adviser ($m)
AMP Advice	Goals-based	210	13	9.3	44.2
AMP Financial Planning[2]	Core licensee offer	1,377	486	65.7	47.7
Charter Financial Planning		670	35	22.6	33.7
Hillross		309	25	14.9	48.4
Total (core licensees)	-	**2,566**	**559**	**112.5**	**43.8**
Jigsaw[3]	Self licensed	136	0	1.2	8.5
SMSF Advice	Accountants	16	0	n/a	n/a
Total (licensee services)	**-**	**152**	**0**	**1.2**	**7.6**

- Reshaping adviser network; continuing shift from focus on adviser numbers to productivity, professionalism and compliance
- Launch of Adviser Pathways, AMP's new education and training program for new advisers, reflects commitment to raising professionalism in advice
- 99% retention of core licensee adviser practices
- 4.7% decline in core licensee advisers from Dec 17; largely due to advisers leaving the industry
- Continued emphasis on increased productivity and profitability across advice practices; average AUM per adviser in core licensees up 5% on FY17 to A$43.8m

Notes:

1. Also includes 407 mortgage consultants included as advisers.
2. Includes AMP Direct and Horizons.
3. Jigsaw does not include AMP Authorised Representatives. AMP adopts ASIC's definition of an Authorised Representative.
4. AUM represents total Australia including WM, Mature and API
5. Table excludes New Zealand. Total advisers including New Zealand is 3,123

AMP Capital – international growth

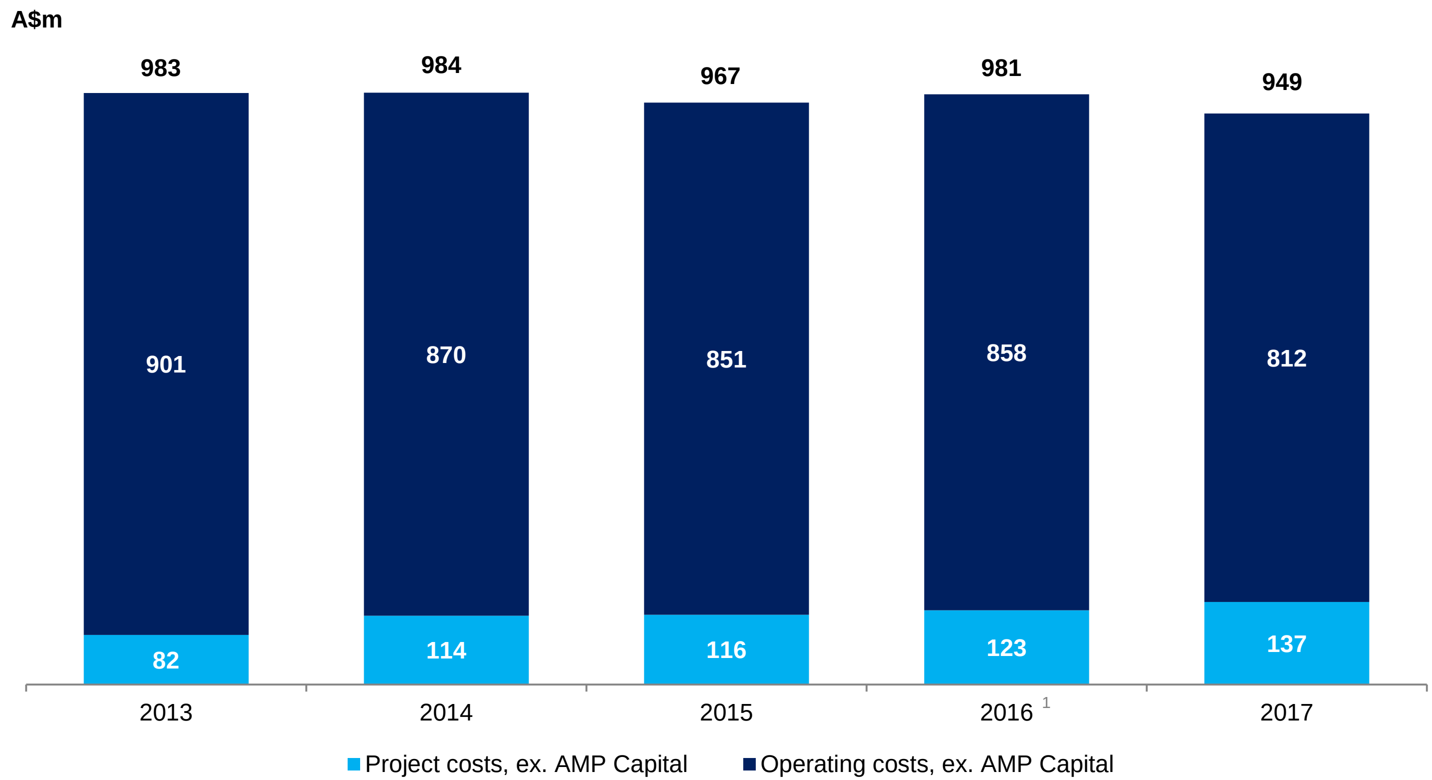
Global Partnerships	**China Life AMP Asset Management (CLAMP)**[1] – AUM grew 2.6% (from FY 17) in local currency terms to RMB 188.1b (A$38.4b) – Launched 12 new products year-to-date including separately managed accounts, diversified and equity funds
	China Life Pension Company (CLPC)[2] – AUM grew 22.0% (from FY 17) in local currency terms to RMB 647.8b (A$132.3b) – No.1 in trustee services (32.7% market share) and No.3 in investment management (11.6% market share)[3] by AUM at Q1 18 – CLPC selected as a trustee manager for the occupational pension plans for Xinjiang province, Shandong province and the central government - the only three to have tendered to date. Acceleration in tender activity expected in 2H 18
	MUFG: Trust Bank and other Japanese clients and distributors – Managing A$5.9b for clients in Japan – MUFG: Trust Bank business alliance offers 10 retail and three institutional funds, with A$1.3b in FUM. Raised commitments of A$1.5b across a large number of Japanese institutional clients since the launch of AMP Capital's Global Infrastructure Fund and Infrastructure Debt Fund series

Global Investment Management	– Ongoing growth in infrastructure strategy
	– Managing A$25.4b for international investors; includes A$14.2b for 295 direct international institutional clients
	– AMP Capital's AUM includes A$1b of AUM from US-based real estate investment manager PCCP
	– A$5b Australian property development program attracting strong support from international and domestic investors
	    – Development of Quay Quarter Tower commenced in 2018; forecast completion of Quay Quarter in early 2022
	    – Owner approvals achieved for major redevelopment at WA shopping centres Garden City, Booragoon and Karrinyup; remaining conditions precedent progressing

Notes
1. AMP Capital holds a 15% stake in the joint venture. AMP Capital's 15% share of AUM is A$5.8b.
2. AMP holds a 19.99% stake in the joint venture.
3. Ministry of Human Resources and Social Security (MOHRSS), March 2018.

2013-2017 – disciplined controllable cost management

Strong track record of cost control



- Operating costs reduced by 10% from 2013-2017, recycling most of these savings into project investments which increased 67% over the same period
- Delivered approximately A$300m of pre-tax run-rate cost savings from 2013-2017 through targeted efficiency programs whilst continuing disciplined investment for growth
- Expected to at least achieve FY 18 cost (ex AMP Capital) guidance of A$950m

Notes

1. 2016 costs exclude the impact of restructure costs and variable remuneration.

Regulatory environment

Proposed regulatory reform	AMP position
Financial Services Royal Commission Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.	- AMP is fully cooperating with the Royal Commission - We will respond to the Interim Report (due September 18) and the Final Report (due February 19) , including its recommendations when released
2018-19 Federal Budget Measures – Protecting Your Super Package Proposed legislation which aims to protect superannuation savings from undue erosion by fees and insurance premiums, as well as reducing the number of people with unnecessary multiple accounts	- AMP supports the policy intent of the proposed legislation. However, there are several implementation issues which we believe need to be addressed to improve member outcomes - AMP supports measures to remove unnecessary or multiple accounts but believes these objectives can be achieved without removing cost-effective default insurance through super for those who need it
Productivity Commission Draft Report: Superannuation Review of superannuation including its efficiency, competitiveness and assessment of alternative default models	- AMP supports several of the recommendations of the Commission which aim to improve the retirement income for members and the efficiency of the superannuation system - However, some of the recommendations represent a revolutionary change to the existing system and we believe any change of this scale should be carefully considered to fully understand the potential impacts
Comprehensive Income Products for Retirement – Covenant Draft legislation to introduce a retirement income covenant to codify the requirements and obligations for superannuation trustees	- AMP supports the policy objective of a retirement income covenant. We believe that a well-designed, principles-based covenant would go some way to achieving a key objective of the MyRetirement framework: giving Australians more choice in their retirement - AMP believes there are several implementation issues that need to be addressed to ensure the success of the covenant and the overall CIPR regime
Design and distribution obligations for financial products Draft legislation to introduce design and distribution obligations for financial products to ensure that products are targeted at the right people	- AMP supports the introduction of design and distribution obligations for financial products - AMP believes there are several implementation issues that need to be addressed
Strengthening Superannuation Member Outcomes Proposed legislation currently stalled in the Senate and APRA's strengthening superannuation member outcomes proposal	- AMP supports measures with the objective of improving member outcomes in superannuation and we are working with APRA on the detail
Adviser standards (FASEA) New professional standards framework for the financial planning profession	- AMP led the industry by announcing increased adviser education standards and ethics training in July 2014 - AMP supports the implementation of practical industry-wide guidelines which will be set by FASEA and has actively participated in the consultation process
Productivity Commission Final Report: Competition in the Australian Financial System Review competition in Australia's financial system with a view to improving consumer outcomes, the productivity and international competitiveness of the financial system	- AMP welcomed the Draft Report in March 2018 and provided feedback to the Commission through the Regional Banks' submission - AMP was supportive of the Commission's initial findings that highlight the importance of competition - The Government released the Final Report on 3 August 2018 and we are working through the detail of the recommendations

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