INVESTOR REPORT

Full year 2020

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David Cullen	Group General Counsel
James Georgeson	Chief Financial Officer
Scott Hartley	Chief Executive Officer, AMP Australia
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Online reports

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

Authorised for release by the AMP Limited Board.

AMP Limited
ABN 49 079 354 519

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Important general notes

This Investor Report provides financial information reflecting results after income tax, unless otherwise indicated, 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 (NPAT statutory) 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. The assumptions 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 1 July 2020, AMP Limited announced the completion of the sale of its life insurance business, AMP Life (the Australian and New Zealand wealth protection and mature businesses) to Resolution Life Australia Pty Ltd (Resolution Life).

The gross sale proceeds were A$3.0b comprising:
- A$2.5b cash, and
- A$500m equity interest in Resolution Life Australasia[1], a new Australian-domiciled, Resolution Life-controlled holding company that is now the owner of AMP Life.

Resolution Life was on risk for all experience and lapse losses from 1 July 2018 until 30 June 2020 and is entitled to all AMP Life net earnings during that period. The sale was completed on 30 June 2020. AMP has reported the results of AMP Life through to 30 June 2020.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* the results (but not the assets and liabilities) of the AMP Life business through to 30 June 2020 are consolidated in the FY 20 AMP Limited full year financial report.

1 Resolution Life NOHC Pty Ltd.

Business overview

Overview of the AMP group

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

The AMP group's business is divided into three areas:
– AMP Australia (wealth management and bank)
– AMP Capital, and
– New Zealand wealth management.

AMP also holds a number of important strategic partnerships at group and at business unit level.

AMP Australia

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

In November 2019, AMP brought together its Australian wealth management and AMP Bank divisions under one leadership team.

Australian wealth management (AWM)

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

AMP Bank offers residential mortgages, deposits and transactional banking. The business will continue to act in its clients best interests, while at the same time seek opportunities to integrate with Australian wealth management.

As at FY 20, Australian wealth management managed AUM of A$124.1b, paid out A$2.1b in retirement payments, and AMP Bank helped more than 112,500 clients with their banking needs and provided over 5,800 new home loans.

AMP Capital

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

AMP Capital's aspiration is to build the best global private markets platform in the world, underpinned by real assets. Simultaneously, AMP Capital's public markets business will be refocused to support its key strategic partners.

On 1 September 2020 AMP completed the repurchase of Mitsubishi UFJ Trust and Banking Corporation's (MUTB) 15% shareholding in AMP Capital, resulting in 100% ownership of AMP Capital and the conclusion of the existing business and capital alliances between MUTB, AMP Limited and AMP Capital. AMP Capital and MUTB continue to cooperate strategically, building on their mutually beneficial business relationship in Japan with AMP Capital continuing to deliver its investment products through MUTB's network. MUTB is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG).

New Zealand wealth management

The New Zealand wealth management business encompasses the wealth management, financial advice and distribution business in New Zealand.

It provides clients with a variety of wealth management solutions including KiwiSaver, corporate superannuation, retail investments, a wrap investment management platform and general insurance.

Strategic partnerships

AMP group and business units hold a number of strategic partnerships including:
– 19.62% equity interest in Resolution Life Australasia (subsequently reduced to 19.13% on 22 January 2021)
– 19.99% of China Life Pension Company (CLPC)
– 14.97% of China Life AMP Asset Management Company Limited (CLAMP), and
– 24.9% in US real estate investment manager, PCCP.

FY 20 performance summary

COVID-19 impacts

– AMP's earnings in FY 20 have been materially impacted by market volatility in Australian wealth management, AMP Capital (including negative valuation movements) and New Zealand wealth management and the impact of the economic downturn requiring credit loss provisioning in AMP Bank (A$24m post-tax).

– AMP has prioritised servicing clients throughout the pandemic, which has resulted in additional servicing costs as well as impacting the pace of investment spend, including the cost reduction program. AMP remains committed to delivering A$300m of gross annual run-rate cost savings and its transformation investment of A$1.0-1.3b by FY 22.

Key performance measures

– FY 20 NPAT (underlying) of A$295m declined 33% from A$439m in FY 19. This decrease largely reflects the impact of weaker Australian wealth management earnings (-44%), AMP Capital earnings (-32%), and AMP Bank earnings (-16%), with COVID-19 negatively impacting all business unit performance.

– Australian wealth management NPAT of A$110m declined 44% from FY 19 primarily due to lower AUM based revenue arising from weaker markets, Protecting Your Super (PYS) legislation changes, Successor Fund Transfer (SFT) migration, pricing changes in Super and product mix and volume changes, partly offset by lower variable costs and lower controllable costs.

– Australian wealth management net cash outflows were A$8.3b in FY 20 compared to net cash outflows of A$6.3b in FY 19. FY 20 was impacted by previously announced mandate losses in corporate super amounting to A$1.8b and A$1.8b of COVID-19 Early Release of Super (ERS) payments.

– AMP Bank NPAT of A$119m declined A$22m from FY 19 predominantly from the recognition of a A$24m (post-tax) credit loss provision reflecting the uncertain and challenging economic outlook.

– AMP Bank's total loan book decreased 1% to A$20.6b in FY 20 from A$20.7b in FY 19, while deposits increased 12% to A$16.1b from A$14.4b in FY 19.

– AMP Capital NPAT of A$139m fell 32% from FY 19 reflecting lower performance and transaction fees which were adversely impacted by COVID-19.

– AMP Capital external net cash outflows were A$1.7b, with positive cash inflows of A$2.4b across infrastructure and A$0.7b across real estate, offset by cash outflows of A$4.8b across public markets.

– New Zealand wealth management NPAT of A$36m declined A$8m from FY 19 due to the proactive closure of two legacy schemes in 2H 19 and the impact of COVID-19.

– Sold businesses operating earnings (to the benefit of Resolution Life) were A$129m in FY 20.

– Underlying return on equity was 6.3% in FY 20.

Revenue drivers

– Total AUM of A$255b[1] in FY 20 fell by A$17b (6%) from FY 19.

– Australian wealth management AUM decreased 8% to A$124.1b in FY 20 from FY 19. FY 20 AUM based revenue of A$907m decreased 15% from A$1,070m in FY 19.

– AMP Bank's total revenue decreased 2% for the period. The net interest margin decreased 10 bps from FY 19 and remains under pressure from the competitive lending environment and increased funding costs.

– AMP Capital AUM decreased A$13.3b (7%) to A$189.8b in FY 20 from FY 19. Fee income decreased 11% to A$711m in FY 20 reflecting lower AUM and lower performance and transaction fees.

Cost drivers

– AMP's controllable costs (excluding AMP Life) decreased A$15m to A$1,359m, reflecting cost savings offset by group initiatives and structural cost increases, including regulatory and compliance costs and COVID-19 related costs.

– AMP group cost to income ratio was 75.5% in FY 20, up from 66.0% in FY 19, driven by lower revenue impacted by market volatility.

– Total controllable costs to average AUM has increased by 2 bps in FY 20 to 52 bps, also driven by lower revenues.

– Excluding AMP Capital and AMP Life, FY 20 controllable costs decreased A$10m (1%) on FY 19 to A$837m.

– Australian wealth management controllable costs decreased by A$22m (4%) from FY 19 to A$495m.

– AMP Capital cost to income ratio increased 9.9 percentage points from FY 19 to 72.9% in FY 20 due to lower revenue. Controllable costs decreased by A$5m to A$522m in FY 20.

Capital position

– FY 20 total eligible capital resources were A$521m above total requirements, down from A$529m at 31 December 2019.

– Throughout FY 20 several significant transactions occurred which impacted AMP's capital position, including the receipt of cash proceeds from the sale of AMP Life in June, the payment of a 10 cents per share special dividend in October and the repurchase of MUTB's 15% stake in AMP Capital which completed on 1 September 2020.

– The A$200m on market share buyback is on hold pending the completion of the portfolio review.

– The board has resolved not to declare a final 2020 dividend. The board is committed to restarting the group's capital management initiatives including the payment of dividends, share buyback and other capital initiatives in 2021. This is subject to the completion of the portfolio review, market conditions and business performance.

1 Includes SuperConcepts assets under administration, refer to page 10.

Financial summary

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
Revenue					
AUM based revenue	**1,586**	772	814	1,773	(10.5)
Non-AUM based revenue	**96**	34	62	130	(26.2)
Performance and transaction fees	**51**	13	38	84	(39.3)
Net interest income	**391**	195	196	387	1.0
Other revenue[1]	**207**	114	93	294	(29.6)
Total revenue	**2,331**	1,128	1,203	2,668	(12.6)
Variable costs					
Investment management expense	**(309)**	(150)	(159)	(354)	12.7
Marketing and distribution	**(21)**	(10)	(11)	(23)	8.7
Brokerage and commissions	**(69)**	(35)	(34)	(68)	(1.5)
Loan impairment expense	**(31)**	4	(35)	(10)	n/a
Other[2]	**(171)**	(77)	(94)	(190)	10.0
Total variable costs	**(601)**	(268)	(333)	(645)	6.8
Gross profit	**1,730**	860	870	2,023	(14.5)
Controllable costs					
Employee costs	**(741)**	(370)	(371)	(746)	0.7
Technology	**(157)**	(81)	(76)	(177)	11.3
Regulatory, insurance and professional services	**(149)**	(80)	(69)	(129)	(15.5)
Project costs	**(179)**	(97)	(82)	(178)	(0.6)
Property costs	**(80)**	(40)	(40)	(70)	(14.3)
Other operating expenses[3]	**(53)**	(27)	(26)	(74)	28.4
Total controllable costs	**(1,359)**	(695)	(664)	(1,374)	1.1
EBIT	**371**	165	206	649	(42.8)
Interest expense[4]	**(85)**	(39)	(46)	(96)	11.5
Investment income[5]	**118**	60	58	87	35.6
Tax expense	**(93)**	(38)	(55)	(165)	43.6
Minority interests MUTB (post-tax)[6]	**(16)**	(2)	(14)	(36)	55.6
NPAT (underlying)	**295**	146	149	439	(32.8)
Australian wealth management	**110**	47	63	195	(43.6)
AMP Bank	**119**	69	50	141	(15.6)
AMP Capital	**139**	64	75	204	(31.9)
New Zealand wealth management	**36**	18	18	44	(18.2)
Group Office[7]	**(109)**	(52)	(57)	(145)	24.8
NPAT (underlying) by business unit	**295**	146	149	439	(32.8)
Items reported below NPAT[8]	**(185)**	(144)	(41)	(2,878)	93.6
Market and other adjustments[9]	**(62)**	(28)	(34)	(70)	11.4
AMP Life earnings[10]	**129**	-	129	42	n/a
NPAT (statutory)	**177**	(26)	203	(2,467)	n/a

1 Includes seed and sponsor income, SuperConcepts, Advice and other revenues.
2 Includes payment of commissions, employed planner expenses and other variable selling costs.
3 Includes travel, marketing, printing, administration and other related costs.
4 Includes interest expense on corporate debt and seed and sponsor financing costs.
5 Includes equity accounted share of profits from investments in associates and underlying investment income returns on Group Office investible capital.
6 The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.
7 Includes Group Office costs, investment income and interest expense on corporate debt.
8 NPAT (underlying). Refer to page 23 for details.
9 Includes market adjustment for investment income and accounting mismatches.
10 As disclosed on page 1, AMP has completed the sale of its life insurance business, AMP Life (the Australian and New Zealand wealth protection and mature businesses) to Resolution Life. Operating earnings for AMP Life accrue to Resolution Life from 1 July 2018 until 30 June 2020. AMP has reported these earnings through to 30 June 2020. Refer to page 22 for details.

Financial summary cont'd

		FY 20	2H 20	1H 20	FY 19
Earnings					
EPS – underlying (cps)[1]		**8.6**	4.2	4.3	14.0
EPS – actual (cps)[2]		**5.2**	(0.8)	5.9	(79.5)
RoE – underlying[3]		**6.3%**	6.6%	6.0%	8.2%
RoE – actual[2]		**3.8%**	(1.2%)	8.2%	-
Dividend					
Special dividend per share (cps)		**10.0**	-	10.0	-
Franking rate[4]		**100%**	-	100%	-
Ordinary shares on issue (m)[1]		**3,437**	3,437	3,437	3,437
Weighted average number of shares on issue (m)	– basic[1]	**3,437**	3,437	3,437	3,127
	– fully diluted[1]	**3,493**	3,493	3,493	3,156
	– statutory	**3,428**	3,434	3,421	3,105
Share price for the period (A$)	– low	**1.11**	1.28	1.11	1.60
	– high	**2.08**	1.89	2.08	2.66
Market capitalisation – end period (A$m)		**5,361**	5,361	6,392	6,598
Capital and corporate debt					
AMP shareholder equity (A$m)		**4,283**	4,283	5,007	4,910
Corporate debt (excluding AMP Bank debt) (A$m)		**2,130**	2,130	2,130	2,139
S&P gearing		**26%**	26%	23%	20%
Interest cover – underlying (times)[3]		**6.1**	6.1	6.3	8.1
Interest cover – actual (times)[2]		**4.1**	4.1	1.4	-
Margins					
Australian wealth management AUM based revenue to average AUM (bps)		**73**	71	75	82
AMP Capital management fees to average AUM (bps)		**34.1**	32.6	35.5	36.1
AMP Bank net interest margin (over average interest earning assets)		**1.59%**	1.55%	1.63%	1.69%
Cashflows and AUM					
Australian wealth management net cashflows (A$m)		**(8,306)**	(3,945)	(4,361)	(6,341)
Australian wealth management AUM (A$b)[5]		**124.1**	124.1	121.0	134.5
AMP Capital real asset net cashflows (A$m)		**2,682**	599	2,083	2,735
AMP Capital public markets net cashflows (A$m)		**(14,512)**	(8,526)	(5,986)	(7,924)
AMP Capital net cashflows (A$m)		**(11,830)**	(7,927)	(3,903)	(5,189)
AMP Capital AUM (A$b)[6]		**190**	190	190	203
Non-AMP Capital managed AUM (A$b)[7]		**65**	65	63	69
Total AUM (A$b)[7]		**255**	255	253	272
Controllable costs (pre-tax) and cost ratios					
Total controllable costs (A$m)		**1,359**	695	664	1,374
Cost to income ratio		**75.5%**	77.5%	73.5%	66.0%
Controllable costs to average AUM (bps)		**52**	54	50	50

1 Number of shares has not been adjusted to remove treasury shares.
2 Includes AMP Life.
3 FY 19 includes AMP Life.
4 Franking rate is the franking applicable to the dividend for that year.
5 Excludes SuperConcepts assets under administration.
6 FY 20 includes AMP Capital's 24.9% share of PCCP.
7 Includes investments held in cash, directly in equities or with external fund managers and SuperConcepts AUA.

AMP Australia | Australian wealth management

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
AUM based revenue[1]	**907**	437	470	1,070	(15.2)
Advice revenue	**115**	52	63	145	(20.7)
Other revenue[2]	**40**	20	20	47	(14.9)
Total revenue	**1,062**	509	553	1,262	(15.8)
Variable costs					
Investment management expense	**(281)**	(136)	(145)	(327)	14.1
Other[3]	**(138)**	(60)	(78)	(162)	14.8
Total variable costs	**(419)**	(196)	(223)	(489)	14.3
Gross profit	**643**	313	330	773	(16.8)
Controllable costs					
Employee costs	**(219)**	(105)	(114)	(236)	7.2
Technology	**(93)**	(46)	(47)	(99)	6.1
Regulatory, insurance and professional services	**(32)**	(19)	(13)	(25)	(28.0)
Project costs	**(102)**	(54)	(48)	(101)	(1.0)
Property costs	**(29)**	(14)	(15)	(26)	(11.5)
Other operating expenses	**(20)**	(11)	(9)	(30)	33.3
Total controllable costs	**(495)**	(249)	(246)	(517)	4.3
EBIT	**148**	64	84	256	(42.2)
Investment income	**8**	2	6	18	(55.6)
Tax expense	**(46)**	(19)	(27)	(79)	41.8
NPAT	**110**	47	63	195	(43.6)

Ratios and other data					
AUM (A$b)[4]	**124.1**	124.1	121.0	134.5	(7.7)
Net cashflows (A$b)	**(8.3)**	(3.9)	(4.4)	(6.3)	(31.7)
Market and other movements (A$b)	**(2.1)**	7.0	(9.1)	17.6	n/a
Average AUM (A$b)[4,5]	**124.1**	122.6	125.6	131.2	(5.4)
Total AUM and administration (A$b)[6]	**141.5**	141.5	138.5	154.1	(8.2)
AUM based revenue to average AUM (bps)[1,4,5,7]	**73**	71	75	82	n/a
Investment management expense to average AUM (bps)[4,5,7]	**23**	22	23	25	n/a
Controllable costs to average AUM (bps)[4,5,7]	**40**	40	39	39	n/a
EBIT to average AUM (bps)[4,5,7]	**12**	10	13	20	n/a
NPAT to average AUM (bps)[4,5,7]	**9**	8	10	15	n/a
End period tangible capital resources (A$m)[8]	**778**	778	607	926	(16.0)
RoBUE[8]	**14.3%**	12.1%	15.8%	20.1%	n/a
Cost to income ratio	**76.0%**	79.0%	73.4%	65.3%	n/a

1 AUM based revenue refers to administration and investment revenue on superannuation, retirement income and investment products. It differs from previously reported Investment Related Revenue in that guarantee hedging costs on North and other variable costs are now reported in investment management expenses.

2 Includes gross SuperConcepts revenues and investment income on superannuation capital reserves.

3 Includes costs associated with AMP owned advice practices, including costs relating to majority owned aligned practices, adviser support payments and small employer plan servicing fees to advisers, BOLR and related costs and outsourced administration costs on external platforms.

4 Excludes Advice and SuperConcepts AUA.

5 Based on average of monthly average AUM.

6 Includes AUM and SuperConcepts AUA.

7 Ratio based on 184 days in 2H 20 and 182 days in 1H 20.

8 Upon completion of the sale of AMP Life, the methodology used to calculate end period tangible capital resources has changed. The previous methodology allocated capital held within AMP Life which was attributable to the Australian wealth management business. The new methodology utilises closing shareholders equity less goodwill and other intangibles (as shown on page 26).

AMP Australia | Australian wealth management cont'd

Net profit after tax

NPAT fell from A$195m in FY 19 to A$110m in FY 20. The decline in NPAT was driven by lower revenue predominantly from weaker investment markets and the impact of pricing and legislative changes, offset by lower investment management expenses from weaker markets and lower variable and controllable costs from cost reduction initiatives.

AUM based revenue

AUM based revenue of A$907m was A$163m lower than FY 19 driven by:

- weaker markets, product mix and volume changes (A$100m)
- Protecting Your Super (PYS) legislation changes (A$25m)
- Successor Fund Transfer (SFT) migration and pricing changes in Super (A$25m)
- cessation of grandfathered remuneration (A$13m).

Advice revenue

Advice revenue of A$115m was A$30m lower than FY 19 driven by:

- Lower aligned and employed revenue contributions from the cessation of grandfathered remuneration.
- Reshape of the aligned network.
- Decline in client numbers in the employed business.

Other revenue

Other revenue of A$40m was A$7m lower than FY 19. This primarily consisted of SuperConcepts revenue of A$35m, which was A$7m lower than FY 19 due to attrition.

Variable costs

- Investment management expenses were A$46m lower than FY 19 driven by weaker markets, lower MySuper fees and product mix changes.
- Other variable costs fell A$24m to A$138m driven by the phasing out of advice support payments to aligned practices and savings from operating model changes, small office closures and strategic cost-out initiatives within the employed advice business.

Controllable costs

Controllable costs of A$495m are A$22m lower than FY 19 driven primarily by:

- A$17m lower employee costs from cost out activity.
- A$10m lower operating costs from lower travel, marketing and other discretionary spend due to COVID-19 restrictions, offset by;
  - A$7m higher professional fees from resources supporting Advice reshape activity
  - A$3m higher property costs resulting from changes in lease accounting standards.

Assets under management

Australian wealth management AUM of A$124.1b at FY 20 was A$10.3b lower than FY 19 (8%), driven by A$3.1b from changes to reportable AUM and A$8.3b of negative net cashflows including the impact of A$1.8b of previously announced mandate losses and A$1.8b of ERS payments under the government legislative changes in response to COVID-19.

A$3.1b of AUM is no longer reported in Australian wealth management from November (A$3.9b at FY 19), including Flexible Lifetime – Investments and external platform products. This is a result of changes to grandfathered conflicted legislation with Australian wealth management no longer earning fee rebates on these products.

Cashflow overview

Australian wealth management net cash outflows were A$8.3b in FY 20, compared to net cash outflows of A$6.3b in FY 19. FY 20 was impacted by the exit of previously announced large corporate super mandates of A$1.8b and A$1.8b ERS payments under the government legislative changes in response to COVID-19, offsetting better underlying cashflows. North net cash inflows of A$3.7b were down A$0.2b on FY 19.

AUM based revenue to AUM

AUM based revenue to AUM of 73 bps was down 9 bps from 82 bps in FY 19, driven by continued product mix changes (4 bps), PYS impacts (2 bps), SFT and pricing changes (2 bps) and cessation of grandfathered remuneration (1 bp).

AMP Australia | Australian wealth management cont'd

Operational developments by division

Platforms

Platform AUM was up marginally for FY 20 excluding the impact of grandfathered remuneration changes, with continued growth in AMP's flagship North platform offsetting outflows from legacy and external platforms.

Notable improvements for clients on the North platform included:

– Enhanced North Online functionality and switching capability.
– Added 42 new single sector options and ETFs to address varying client needs and expanded North's Guarantee offer.
– Improved client communications to better understand and engage with their retirement savings.
– Increased quantity of content for North Platform investors.

Platform margins continued to be impacted by a number of drivers:

– AUM based revenue to AUM bps for platforms was 56 bps in FY 20 down 5 bps from 61 bps in FY 19, driven by product mix changes from continued preference for lower margin North products (4 bps) and cessation of grandfathered remuneration with fund managers (1 bp).
– AUM based revenue to AUM bps for North was 52 bps in FY 20 down 5 bps from FY 19 due to product mix changes between MyNorth and North and cessation of grandfathered remuneration. FY 19 restated to recognise guarantee fees on a gross of hedging costs basis, with hedging costs now reported in investment management expenses.

Super

The Super business began its separation and simplification program in 1H 20, successfully completing a A$60b SFT as part of the sale of AMP's Life business. This resulted in a material reduction from approximately 70 super products down to 11, reducing complexity and risk within the business. The number of Trustees was also reduced from two to one.

While lower AUM and product mix changes weighed on revenue, this was partly offset by lower investment management expenses. Legislative change, namely PYS legislation, also impacted the business as did changes implemented as part of the SFT and previously announced pricing changes in MySuper and cash options.

AUM based revenue to AUM bps for Super of 93 bps in FY 20 was down 9 bps from 102 bps in FY 19, driven by PYS (4 bps), SFT impacts (3 bps); pricing changes (1 bp) and continued product mix changes.

The next phase of simplification of the Super portfolio is expected to complete in FY 21, with product migrations into a contemporary offer driving a step change reduction in administration fees, expected to reduce AUM based revenue below 70 bps by FY 22. Future simplification beyond FY 21 will focus on investment structures and menus and are expected to lead to further reductions over time in AUM based revenue and investment management expenses.

Advice

The transformation of Advice continued to progress well in FY 20 with a number of notable developments throughout the year:

– Strong progress on reshaping the network with a 37% reduction in practice numbers to 595 and a 26% reduction in adviser numbers to 1,573, with the program well advanced; moving toward a more compliant, professional and productive network.
– Removed all grandfathered investment product commissions with a majority of benefits returned to clients.
– Accelerated transition of clients to Annual Advice and Service Agreements; approximately 85,000 clients transitioned in FY 20.
– Increased investment in the monitoring and supervision of advisers.
– Commenced the rollout of ClientHUB to the advice network, improving adviser efficiency and practice management.
– Simplification of employed advice channel and cost reductions, reducing from 124 to 88 advisers.
– Re-focused employed advice channel offering full service advice and a range of offerings by phone. Launch of Intrafund advice to super fund members.

SuperConcepts

The business completed the consolidation and migration of its legacy technology platforms resulting in greater efficiency and productivity going forward.

The changes focussed on the removal of complexity through a product simplification strategy and migration of funds off legacy products.

Improvements in process design and simplification have led to faster fund lodgements and improved service measured in higher NPS.

AMP Australia | Australian wealth management cont'd

FY 20 cashflows

Cashflows by product (A$m)	Cash inflows FY 20	Cash inflows FY 19[1]	Cash inflows % FY	Cash outflows FY 20	Cash outflows FY 19[1]	Cash outflows % FY	Net cashflows FY 20	Net cashflows FY 19	Net cashflows % FY
North[2]	16,248	16,790	(3.2)	(12,590)	(12,896)	2.4	3,658	3,894	(6.1)
Summit, Generations and iAccess[3]	363	632	(42.6)	(2,237)	(2,525)	11.4	(1,874)	(1,893)	1.0
Other retail investment and platforms[4]	62	105	(41.0)	(520)	(400)	(30.0)	(458)	(295)	(55.3)
External platforms[5]	430	660	(34.8)	(1,642)	(2,399)	31.6	(1,212)	(1,739)	30.3
Total Platforms	**17,103**	**18,187**	(6.0)	**(16,989)**	**(18,220)**	6.8	**114**	**(33)**	n/a
AMP Flexible Super[6]	2,095	1,899	10.3	(3,897)	(4,340)	10.2	(1,802)	(2,441)	26.2
Flexible Lifetime Super (superannuation and pension)[7]	1,518	1,724	(11.9)	(3,870)	(4,431)	12.7	(2,352)	(2,707)	13.1
Total retail superannuation	**3,613**	**3,623**	(0.3)	**(7,767)**	**(8,771)**	11.4	**(4,154)**	**(5,148)**	19.3
SignatureSuper and AMP Flexible Super – Employer	2,603	3,129	(16.8)	(4,819)	(3,419)	(40.9)	(2,216)	(290)	n/a
Other corporate superannuation[8]	2,242	1,420	57.9	(4,292)	(2,290)	(87.4)	(2,050)	(870)	(135.6)
Total corporate superannuation	**4,845**	**4,549**	6.5	**(9,111)**	**(5,709)**	(59.6)	**(4,266)**	**(1,160)**	n/a
Total Super	**8,458**	**8,172**	3.5	**(16,878)**	**(14,480)**	(16.6)	**(8,420)**	**(6,308)**	(33.5)
Total Australian wealth management	**25,561**	**26,359**	(3.0)	**(33,867)**	**(32,700)**	(3.6)	**(8,306)**	**(6,341)**	(31.0)

Australian wealth management cash inflow composition (A$m)			
Member contributions	3,072	3,258	(5.7)
Employer contributions	3,678	3,991	(7.8)
Total contributions	6,750	7,249	(6.9)
Transfers, rollovers in and other[9]	18,811	19,110	(1.6)
Total Australian wealth management	**25,561**	**26,359**	(3.0)

1 FY 19 have been restated to reflect the new treatment of insurance premiums to AMP Life, no impact to net cashflows.
2 North is an award-winning fully functioning wrap platform which includes guaranteed and non-guaranteed options. Includes North and MyNorth platforms.
3 Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit.
4 Other retail investment and platforms include Flexible Lifetime – Investments and AMP Personalised Portfolio. Flexible Lifetime – Investments no longer reported from November 2020.
5 External platforms comprise Asgard, Macquarie, BT Wrap platforms and Challenger annuities. Non-AMP administered external platform products no longer reported from November 2020.
6 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.
7 Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included.
8 Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super. Business Super was closed in May 2020 with members migrated to CustomSuper or AMP Flexible Super.
9 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$8.3b in FY 20, compared to net cash outflows of A$6.3b in FY 19.

FY 20 was impacted by the exit of previously announced large corporate super mandates of A$1.8b and A$1.8b ERS payments under the government legislative changes in response to COVID-19, offsetting better underlying retail cashflows. Both inflows and outflows were impacted by lower activity in the markets due to operating in a COVID-19 environment. Pension payments to members of A$2.1b in FY 20 were down A$0.3b from FY 19 driven by changes in minimum draw-down amounts and lower balances.

Internal inflows across wealth management products were A$15.7b in FY 20 (A$14.9b in FY 19), representing 62% (57% in FY 19) of total wealth management cash inflows. The increase was driven by the transfer of A$2.0b to CustomSuper and AMP Flexible Super in respect of the employer and personal divisions of Business Super, closed as part of the AMP Life sale.

Platforms

Platforms experienced net cashflows of A$114m in FY 20, up from A$33m of net cash outflows in FY 19.

North net cashflows of A$3.7b were down A$0.2b (6%) on FY 19, with ERS payments of A$0.3b. Externally sourced inflows fell A$0.5b (8%) whilst external outflows decreased A$0.3b (5%), reflecting a slow-down in activity due to COVID-19. Pension payments of A$1.2b were in line with FY 19.

Net inflows to Platforms from Super were A$2.2b (FY 19 A$2.3b).

Super

Retail superannuation net cash outflows of A$4.2b in FY 20 improved by A$1.0b from A$5.1b in FY 19, driven by a slow-down in outflows to competitors, a one-off benefit from the transfer of A$0.9b in respect of personal division members to AMP Flexible Super from the closure of Business Super, partly offset by A$0.8b of ERS payments. Pension payments of A$0.5b were A$0.2b lower than FY 19.

AMP Australia | Australian wealth management cont'd

Corporate superannuation net cash outflows of A$4.3b in FY 20 were up from A$1.2b in FY 19. There were A$1.8b of outflows from the expected loss of large corporate super mandates in FY 20 and A$0.7b of outflows as part of ERS, in addition to the one-off transfer of A$0.9b to AMP Flexible Super from closure of Business Super.

SignatureSuper and AMP Flexible Super – Employer had net cash outflows of A$2.2b, compared with net cash outflows of A$0.3b in FY 19 reflecting the impact of mandate losses of A$1.8b and A$0.3b of outflows as part of ERS.

Other corporate superannuation experienced net cash outflows of A$2.1b in FY 20, up from A$0.9b in FY 19 reflecting the transfer of A$0.9b to AMP Flexible Super on closure of Business Super in May and A$0.4b outflows as part of ERS.

FY 20 AUM

AUM (A$m)	FY 19 AUM	FY 20 net cashflows: Superannuation	Pension payments	Other pension	Investment	Total net cashflows	Other movements[1]	FY 20 AUM	FY 20 average AUM	FY 20 revenue margin[2]	FY 19 revenue margin[2]
North	47,587	1,624	(1,220)	2,625	629	3,658	388	51,633	47,236	52	57
Summit, Generations and iAccess	8,892	(682)	(182)	(580)	(430)	(1,874)	25	7,043	7,563	78	82
Other retail investment and platforms[1]	2,307	-	-	-	(458)	(458)	(1,130)	719	1,863	n/a	n/a
External platforms[1]	7,263	(202)	(103)	(306)	(601)	(1,212)	(2,276)	3,775	5,982	n/a	n/a
Total Platforms[3]	**66,049**	**740**	**(1,505)**	**1,739**	**(860)**	**114**	**(2,993)**	**63,170**	**62,644**	**56**	**61**
AMP Flexible Super[4]	14,361	(255)	(389)	(1,158)	-	(1,802)	393	12,952	13,203	95	101
Flexible Lifetime Super (superannuation and pension)[5]	21,866	(1,911)	(128)	(313)	-	(2,352)	363	19,877	19,753	118	129
Total retail superannuation	**36,227**	**(2,166)**	**(517)**	**(1,471)**	**-**	**(4,154)**	**756**	**32,829**	**32,956**	**108**	**117**
SignatureSuper and AMP Flexible Super – Employer[6]	19,901	(2,133)	(32)	(51)	-	(2,216)	161	17,846	17,868	60	62
Other corporate superannuation[7]	12,284	(2,050)	-	-	-	(2,050)	42	10,276	10,646	93	111
Total corporate superannuation	**32,185**	**(4,183)**	**(32)**	**(51)**	**-**	**(4,266)**	**203**	**28,122**	**28,514**	**73**	**82**
Total Super	**68,412**	**(6,349)**	**(549)**	**(1,522)**	**-**	**(8,420)**	**959**	**60,951**	**61,470**	**93**	**102**
Total Australian wealth management	**134,461**	**(5,609)**	**(2,054)**	**217**	**(860)**	**(8,306)**	**(2,034)**	**124,121**	**124,114**	**73**	**82**
Assets under administration – SuperConcepts[8]	19,686						(2,325)	17,361			
Total AUM and administration	**154,147**	**(5,609)**	**(2,054)**	**217**	**(860)**	**(8,306)**	**(4,359)**	**141,482**			

Australian wealth management – AUM by asset class	FY 19 AUM	FY 20 AUM
Cash and fixed interest	29%	30%
Australian equities	30%	30%
International equities	30%	29%
Property	6%	6%
Other	5%	5%
Total	**100%**	**100%**

1 Other movements include fees, investment returns, distributions, taxes and foreign exchange movements. There is a one-off negative movement of A$3.1b in AUM for products no longer reported in AWM from November 2020 (A$2.0b in External platforms, A$1.1b in Other retail and investment platforms).

2 AUM based revenue margin.

3 Platform margin based on revenue for North, Summit, Generations and iAccess only.

4 AMP Flexible Super includes A$0.9b in MySuper (FY 19 A$0.4b).

5 Flexible Lifetime Super (superannuation and pension) includes A$5.3b in MySuper (FY 19 A$5.5b). A$1.4b of average AUM relating to Flexible Super – Employer is attributable to AMP Flexible Super for bps calculation.

6 SignatureSuper and AMP Flexible Super – Employer includes A$9.6b in MySuper (FY 19 A$10.6b).

7 Other corporate superannuation includes A$5.3b in MySuper (FY 19 A$6.2b).

8 SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, Moore Stephens Annual, JustSuper, Ascend and SuperConcepts platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

AMP Australia | Australian wealth management cont'd

Total Australian wealth management AUM

Australian wealth management AUM of A$124.1b at FY 20 was A$10.3b lower than FY 19 (8%), driven by A$3.1b from changes to reportable AUM and A$8.3b of negative net cashflows, including the impact of A$1.8b of mandate losses and A$1.8b of ERS payments under the government legislative changes in response to COVID-19.

A$3.1b of AUM is no longer reported in AWM from November 2020 (A$3.9b at FY 19), including Flexible Lifetime – Investments and external platform products issued by Asgard, Macquarie, BT and Challenger. This is a result of changes to grandfathered conflicted legislation with AWM no longer earning fee rebates on these products.

Of the total Australian wealth management AUM of A$124.1b at FY 20, 77% (76% at FY 19) is ultimately externally managed, while 23% (24% at FY 19) is internally managed.

Platforms

Total Platform AUM of A$63.2b at FY 20 was A$2.9b lower than FY 19 reflecting A$3.9b from changes to externally administered products following changes to grandfathered conflicted legislation, A$1.5b of pension payments offset by continuing positive inflows into North.

Within Platforms, North growth continued, with AUM increasing A$4.0b to A$51.6b, driven by net cash inflows of A$3.7b, including A$1.1b of inflows from external financial advisers (A$1.2b at FY 19).

Super

Total Super AUM of A$61.0b at FY 20 was A$7.4b lower than FY 19 reflecting cash outflows of A$8.4b including A$1.8b of corporate super mandate losses, A$1.5b of ERS payments, A$0.5b of pension payments and A$2.2b net transfers to Platform. Ongoing retention activities in corporate super are expected to drive a significant reduction in mandate losses in FY 21.

SuperConcepts

Across administration and software services, SuperConcepts supports 43,890 funds representing 7.4% of the SMSF market[1]. AMP currently provides professional administration services to 15,419 funds and software as a service to a further 28,471 funds.

Total assets under administration in FY 20 were A$17.4b, down 12% from FY 19 largely reflecting client attrition.

1 Self-managed Super Fund Quarterly Statistical Report, Australian Taxation Office, September 2020.

AMP Australia | AMP Bank

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
Interest income	**768**	371	397	900	(14.7)
Interest expense	**(377)**	(176)	(201)	(513)	26.5
Net interest income	**391**	195	196	387	1.0
Fee and other income[1]	**10**	3	7	21	(52.4)
Total revenue	**401**	198	203	408	(1.7)
Variable costs					
Brokerage and commissions	**(59)**	(30)	(29)	(58)	(1.7)
Loan impairment expense	**(31)**	4	(35)	(10)	n/a
Other	**(28)**	(14)	(14)	(25)	(12.0)
Total variable costs	**(118)**	(40)	(78)	(93)	(26.9)
Gross profit	**283**	158	125	315	(10.2)
Controllable costs					
Employee costs	**(56)**	(29)	(27)	(58)	3.4
Technology	**(15)**	(8)	(7)	(16)	6.3
Regulatory, insurance and professional services	**(4)**	(3)	(1)	(3)	(33.3)
Project costs	**(27)**	(15)	(12)	(27)	-
Property costs	**(3)**	(2)	(1)	(3)	-
Other operating expenses	**(8)**	(3)	(5)	(7)	(14.3)
Total controllable costs	**(113)**	(60)	(53)	(114)	0.9
EBIT	**170**	98	72	201	(15.4)
Tax expense	**(51)**	(29)	(22)	(60)	15.0
NPAT	**119**	69	50	141	(15.6)

Ratios and other data	FY 20	2H 20	1H 20	FY 19	% FY
Return on capital[2]	**10.9%**	12.7%	9.1%	13.8%	n/a
Total capital resources (A$m)[3]	**1,062**	1,062	991	1,001	6.1
Risk weighted assets (A$m)	**8,380**	8,380	8,605	8,343	0.4
Capital Adequacy Ratio	**18.2%**	18.2%	15.7%	17.0%	n/a
Common Equity Tier 1 capital ratio	**11.8%**	11.8%	10.5%	10.7%	n/a
Net interest margin (over average interest earning assets)	**1.59%**	1.55%	1.63%	1.69%	n/a
Total loans (A$m)	**20,579**	20,579	20,929	20,684	(0.5)
Residential mortgages (A$m)	**20,188**	20,188	20,496	20,207	(0.1)
Practice finance loans to AMP aligned advisers (A$m)	**391**	391	433	477	(18.0)
Mortgages – owner occupied as a proportion of total	**68%**	68%	68%	69%	n/a
Mortgages – interest only as a proportion of total	**20%**	20%	22%	24%	n/a
Mortgages – existing business weighted average loan to value ratio (LVR)	**67%**	67%	67%	66%	n/a
Total deposits (A$m)	**16,110**	16,110	16,989	14,414	11.8
Deposit to loan ratio	**78%**	78%	81%	70%	n/a
Mortgages – 30+ days in arrears	**1.15%**	1.15%	1.17%	1.17%	n/a
Mortgages – 90+ days in arrears	**0.62%**	0.62%	0.78%	0.66%	n/a
Mortgage impairment expense to average mortgages	**0.15%**	-0.04%	0.34%	0.05%	n/a
Total provisions for impairment losses (A$m)[4]	**56**	56	61	27	107.4
Total mortgage provisions to mortgages	**0.28%**	0.28%	0.30%	0.13%	n/a
Cost to income ratio	**35.9%**	38.9%	33.1%	35.1%	n/a

1 Fee and other income mainly comprises mortgage origination, servicing and discharge fees as well as foreign exchange gains and profit on sale of invested assets. FY 19 includes proceeds from the sale of invested assets.

2 Return on capital for the period was impacted by COVID-19 related credit loss provision and additional costs required to support customers. Excluding this provision and additional costs, return on capital was 13.5%.

3 Total capital resources of A$1,062m excludes A$89m of equity reserve accounts which are included in the calculation of total shareholders equity as shown on page 26.

4 Total provisions for impairment losses excludes A$98m relating to Practice Finance Loans (FY 19 A$105m).

AMP Australia | AMP Bank cont'd

AMP Bank funding composition (A$b)	FY 20		1H 20		FY 19	
Total deposits	16.1	67%	17.0	68%	14.4	61%
Securitisation	4.3	18%	4.5	18%	4.7	20%
Wholesale funding[1]	2.1	8%	2.1	8%	2.8	12%
Subordinated debt	0.3	1%	0.3	1%	0.3	1%
Equity and reserves	1.4	6%	1.2	5%	1.3	6%
Total funding	**24.2**	**100%**	**25.1**	**100%**	**23.5**	**100%**

Deposits by source (A$b)	FY 20	1H 20	FY 19[2]	% FY
Customer deposits				
At call deposits	6.9	6.6	5.2	32.7
Term deposits	2.5	3.4	3.3	(24.2)
Platforms	4.2	4.2	3.9	7.7
Super	2.4	2.7	1.8	33.3
Other	0.1	0.1	0.2	(50.0)
Total deposits	**16.1**	**17.0**	**14.4**	**11.8**

1 Wholesale funding includes A$618m of borrowings under AMP Bank's Term Funding Facility provided by the Reserve Bank of Australia.
2 Super Directions Fund has been reclassified to Deposits (super) from Deposits (other) (FY 19 A$0.3b).

Net profit after tax

FY 20 net profit after tax of A$119m decreased by A$22m (16%) from FY 19 largely due to a significant increase in credit loss provisions as a result of expected economic impacts of COVID-19. Net interest income increased A$4m (1%) with the total loan book holding steady. Fee and other income was A$11m lower in FY 20, reflecting higher proceeds in FY 19 from the sale of invested assets.

Net interest margin was 1.59% in FY 20, which was 10 bps lower than FY 19 driven by higher funding and deposit costs. The competitive lending environment is expected to place further pressure on revenue margins through FY 21 although this is expected to be partly offset by lower deposit and other funding costs.

AMP Bank's return on capital in FY 20 was 10.9%, a decrease of 2.9 percentage points from FY 19, as a result of the lower profit. Excluding the COVID-19 credit loss provision and additional costs required to support customers, normalised earnings would have been A$145m, an increase of A$4m, with an adjusted return on capital of 13.5%.

Lending

AMP Bank maintained a competitive lending position in FY 20 with particular focus on book quality and return on capital. As a result, the residential loan book remained steady in a weaker mortgage market.

Residential mortgage competition, particularly in the owner-occupied principal and interest market continues to intensify. Within this environment, AMP Bank's residential mortgage book remained steady at A$20.2b, with growth in principal and interest loans across both owner-occupied and investment lending. Interest only lending represents 20% of the total book, down from 24% at FY 19, the result of active management in response to the dynamic market environment.

AMP Bank continues to target total residential lending growth at or above system over the long term, subject to risk appetite, competitive landscape, return on capital hurdles and funding availability.

The practice finance loan portfolio declined from A$477m at FY 19 to A$391m at FY 20 with loan repayments and discharges exceeding new loans, in line with the reshape of the advice network. This portfolio is expected to continue to decline as new business origination is minimal.

Credit quality, credit loss provisions and loan impairment expenses

The Bank's credit provisioning increased by A$29m across FY 20 due primarily to the COVID-19 provision booked in 1H 20, reflecting a worsening economic outlook.

Mortgages in arrears (90+ days) decreased 0.04 percentage points to 0.62% and compares favourably to peers. Approximately 11% of AMP Bank's mortgage borrowers (by value and number) have availed of the COVID-19 repayment pause, broadly in line with other retail banks. AMP Bank continues to work with customers in deferral to return to regular repayments, or individually to support them through a range of options, depending on their individual circumstance. As at FY 20, more than 80% of these customers have exited or are in the process of exiting the repayment pause program – with the residual representing less than 2.0% of the mortgage book by value at period end and less than 1.0% of the mortgage book as at 4 February 2021.

AMP Bank continues to focus on maintaining book quality with 68% of customers being owner-occupied, an average book loan to value ratio of 67% and geographical exposure skewed towards NSW (47%) and Victoria (20%).

AMP Australia | AMP Bank cont'd

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

Costs

The Bank's variable costs of A$118m were A$25m (27%) higher than FY 19 largely due to an increase in credit loss provisions as a result of expected economic impacts of COVID-19. Brokerage and commissions were marginally higher at A$59m, in line with the steady loan book. Other variable costs of A$28m were A$3m (12%) higher, reflecting higher collections and customer financial hardship costs.

AMP Bank's controllable costs of A$113m decreased by A$1m (1%) in FY 20 reflecting productivity savings offsetting the additional costs required to support customers during the COVID-19 response, as well as continued investment in technology and operating capabilities.

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$24.2b at FY 20 (A$23.5b at FY 19).

Total deposits increased by A$1.7b (12%) over the year, in line with management's intent to increase the proportion of deposit funding, and in light of volatile markets in 2020. The growth was mainly from at-call deposits and superannuation. AMP Bank's deposit to loan ratio was 78% at FY 20, compared with 70% at FY 19.

AMP Bank maintains a diversified liquidity portfolio with adequate high-quality liquid assets. As at FY 20, AMP Bank's liquidity coverage ratio was 149% (145% at FY 19) and the Net Stable Funding Ratio was 137% (125% at FY 19). Both remain above internal and regulatory requirements.

The Capital Adequacy Ratio was 18.2% as at FY 20 (17.0% at FY 19). The Common Equity Tier 1 Capital Ratio (CET1) for FY 20 was 11.8% (10.7% at FY 19). Both ratios remain above internal and regulatory requirements. These ratios are elevated given APRA's guidance on dividends through 2020 and are expected to reduce in 2021.

AMP Capital

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
AUM based management fees	**564**	277	287	586	(3.8)
Non-AUM based management fees	**96**	34	62	130	(26.2)
Performance and transaction fees	**51**	13	38	84	(39.3)
Seed and sponsor[1]	**6**	22	(16)	39	(84.6)
Total revenue	**717**	346	371	839	(14.5)
Controllable costs					
Employee costs	**(391)**	(195)	(196)	(394)	0.8
Technology	**(29)**	(16)	(13)	(37)	21.6
Regulatory, insurance and professional services	**(28)**	(16)	(12)	(28)	-
Project costs	**(30)**	(18)	(12)	(21)	(42.9)
Property costs	**(32)**	(16)	(16)	(22)	(45.5)
Other operating expenses	**(12)**	(7)	(5)	(25)	52.0
Total controllable costs	**(522)**	(268)	(254)	(527)	0.9
EBIT	**195**	78	117	312	(37.5)
Interest expense	**(12)**	(6)	(6)	(13)	7.7
Investment income	**11**	5	6	10	10.0
Tax expense	**(39)**	(11)	(28)	(69)	43.5
Minority interests MUTB (post-tax)[2]	**(16)**	(2)	(14)	(36)	55.6
NPAT	**139**	64	75	204	(31.9)

Ratios and other data	FY 20	2H 20	1H 20	FY 19	% FY
AUM (A$b)	**189.8**	189.8	189.9	203.1	(6.5)
Net cashflows (A$b)	**(11.8)**	(7.9)	(3.9)	(5.2)	(126.9)
Market and other movements (A$b)	**(1.5)**	7.8	(9.3)	21.0	n/a
Committed Capital (A$b)	**4.1**	4.1	5.7	7.5	(45.3)
Total AUM and Committed Capital (A$b)	**193.9**	193.9	195.6	210.6	(7.9)
Average AUM (A$b)[3,4]	**193.8**	190.0	197.6	198.1	(2.2)
End period tangible capital resources (A$m)	**581**	581	625	597	(2.7)
RoBUE	**25.8%**	21.8%	29.0%	42.9%	n/a
Management fees to average AUM (bps)[3,4,5]	**34.1**	32.6	35.5	36.1	n/a
Performance and transaction fees to average AUM (bps)[3,4]	**2.6**	1.4	3.8	4.2	n/a
Controllable costs to average AUM (bps)[3,4]	**26.9**	28.1	25.7	26.6	n/a
EBIT to average AUM (bps)[3,4]	**10.1**	8.2	11.9	15.7	n/a
NPAT to average AUM (bps)[3,4]	**7.2**	6.7	7.6	10.3	n/a
Cost to income ratio	**72.9%**	77.7%	68.4%	63.0%	n/a

1 Includes capital movements gross of related interest expense.
2 AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.
3 Based on average of monthly average AUM.
4 FY 20 average AUM includes A$10.6b relating to joint ventures, including AMP Capital's share of PCCP and CLAMP.
5 Calculated on total of AUM based and non-AUM based management fees.

AMP Capital cont'd

Operational highlights

Operational highlights during FY 20 include:

- Continued momentum in AMP Capital's infrastructure debt and infrastructure equity series of funds with A$3.5b of capital deployed in FY 20.
- Strong commitment to real asset capabilities with A$4.1b of uncalled committed capital available to be deployed at the end of FY 20 (infrastructure debt, A$1.0b; infrastructure equity, A$1.8b; real estate, A$1.3b).
- Continued expansion of AMP Capital's global footprint, increasing AUM managed on behalf of direct international institutional clients to A$22.0b in FY 20 from A$20.4b in FY 19.
- AMP regained 100% ownership of AMP Capital on 1 September 2020 following the repurchase of MUTB's 15% holding.
- Launch of the next infrastructure debt strategy in 2H 20.

Net profit after tax

AMP group's share of AMP Capital's FY 20 net profit was A$139m, down 32% from A$204m in FY 19. AUM based earnings proved relatively resilient, in light of the challenging economic environment in FY 20, falling 4% to A$564m compared to A$586m in FY 19. However, performance and transaction fees were adversely impacted by COVID-19, down A$33m (39%) compared to FY 19, with seed and sponsor investment returns also impacted, down A$33m compared to FY 19.

Revenue

AMP Capital average AUM decreased by A$4.3b (2%) to A$193.8b during FY 20. This was primarily due to market-driven negative valuation movements as well as net cash outflows of A$11.8b in the year. AUM based management fees reduced in line with this but proved relatively resilient delivering A$564m of revenue compared to A$586m in FY 19.

Non-AUM based management fees mainly comprise of infrastructure commitment fees and real estate management, development and leasing fees. Non-AUM based management fees were A$96m in FY 20, down A$34m due to lower commitment fees and lower property management fees in FY 20. Fee revenue in real estate was lower in FY 20 as retail tenants were offered rent relief during the COVID-19 pandemic.

Performance and transaction fees were A$51m in FY 20, down A$33m on the prior year. Fees include infrastructure performance fees on open-ended funds which continue to reduce as prior period performance fees run off. Additionally, FY 20 infrastructure performance fees have been adversely impacted by funds with underlying exposures to international airports. Offsetting this, A$20m of performance fee revenue was recognised in 1H 20 following the successful achievement of performance hurdles on IDF II. Transaction fees were also lower in FY 20, primarily because one-off fees from the FY 19 sale of the AA REIT management entities have not been repeated in FY 20.

FY 20 seed and sponsor capital investments were A$391m. These include investments across closed end real asset funds and early stage funding to support new public markets products. The FY 20 seed and sponsor gain of A$6m was down A$33m from FY 19 due to unrealised devaluation losses driven by COVID-19 including underlying exposures to domestic and international airports. Given market volatility, income from seed and sponsor capital will continue to vary from period to period.

Controllable costs

Controllable costs of A$522m in FY 20 decreased by A$5m from FY 19. The decrease in costs was largely due to a reduction in employee related and other expenses such as travel and accommodation reflecting management response to COVID-19 but partly offset by project related expenditure and investment into the expansion of AMP Capital's international business.

AMP Capital's cost to income ratio increased from 63% in FY 19 to 73% in FY 20 despite a reduction in controllable costs. This result is outside of AMP Capital's targeted cost to income ratio of between 60% and 65% but reflects revenues having been significantly impacted by the COVID-19 economic environment.

Other profit impacts

AMP Capital's effective tax rate in FY 20 was 20%, down from 22.5% in FY 19. The effective tax rate is lower than the Australian corporate tax rate (30%), largely due to lower tax rates in foreign jurisdictions, available tax concessions and joint venture earnings which are recognised net of tax. AMP Capital's effective tax rate is expected to vary period on period.

Investment performance

AMP Capital aims to be a trusted partner of its clients delivering consistent investment performance. This has proved more challenging in FY 20 due to market volatility.

As at 31 December 2020, 66% of AUM (62%, FY 19) outperformed market benchmarks over a three-year time period.

Returns for the year in AMP Capital's multi-asset funds were positive despite market conditions, demonstrating the resilience of the funds in the face of major market disruption. The market volatility materially impacted certain unlisted asset valuations and performance relative to the neutral benchmark was therefore constrained. AMP Capital's multi-asset funds generally have a lower exposure to unlisted assets relative to industry peers, therefore benefiting relative returns.

The table on page 31 shows investment performance across all asset classes over various timeframes to 31 December 2020.

AMP Capital cont'd

Operational developments by division

Infrastructure equity

A$0.6b was deployed (with a further A$0.8b of commitments) in FY 20 on behalf of investors in GIF II across fibre and adjacencies, transport and energy transmission. AMP Capital also successfully divested several equity stakes on behalf of investors across holdings in telecommunications, rail infrastructure and energy, achieving rates of return in excess of the fund benchmark.

Infrastructure debt

A$2.8b was deployed (with a further A$0.7b of commitments) in FY 20 on behalf of investors in IDF IV and other separately managed accounts, generating strong cash inflows, including across ports and mobile tower infrastructure. FY 20 also saw the recognition of performance fees on closed end funds for the first time, as IDF II neared the end of its fund cycle, as well as the launch of the next infrastructure debt strategy in 2H 20.

A total of A$1.0b of invested capital was returned to investors in FY 20, recorded as cash outflows.

Real estate

Real estate was impacted in FY 20 by market valuation movements, particularly on retail assets primarily as a result of COVID-19, as well as client redemptions. The business also saw a decrease in commercial property management fees due to rent relief offered predominantly to retail tenants during the COVID-19 pandemic.

Despite COVID-19 disruption key development projects for investors remain on-track, including the Quay Quarter Precinct in Sydney and Karrinyup Shopping Centre in Perth.

Public markets

Public markets in FY 20 was impacted by lower AUM levels due to adverse market valuation movements and also cash outflows. Net cash outflows related largely to internal outflows, primarily from AMP wealth management products including loss of corporate super mandates and products in run-off. In addition, external cash outflows of A$4.8b occurred in FY 20. Investment returns improved across the majority of capabilities for the period, particularly Global fixed income and across Equities.

The year also saw the successful management of projects including the AMP Life separation, platform transformation and stabilisation and various regulatory compliance projects.

Other

FY 20 saw organisational and reporting changes implemented to the global distribution business, with Asia and the North West Region (North America, Europe) integrated to provide a single international distribution arm. This structure better aligns with AMP Capital's global capital raising efforts in real assets, and reflects the increasingly global nature of our client relationships.

AMP Capital cont'd

Cashflows and AUM

Cashflows by asset class (A$m)	Cash inflows			Cash outflows			Net cashflows		
	FY 20	FY 19	% FY	FY 20	FY 19	% FY	FY 20	FY 19	% FY
Australian equities	14,555	2,166	n/a	(17,125)	(4,679)	n/a	(2,570)	(2,513)	(2.3)
International equities	23,312	4,248	n/a	(26,226)	(6,220)	n/a	(2,914)	(1,972)	(47.8)
Fixed interest	28,827	14,127	104.1	(37,163)	(17,103)	(117.3)	(8,336)	(2,976)	(180.1)
Infrastructure	6,341	4,967	27.7	(4,160)	(2,327)	(78.8)	2,181	2,640	(17.4)
Infra debt	2,894	2,541	13.9	(972)	(644)	(50.9)	1,922	1,897	1.3
Infra equity	3,447	2,426	42.1	(3,188)	(1,683)	(89.4)	259	743	(65.1)
Real estate	4,910	3,554	38.2	(4,409)	(3,459)	(27.5)	501	95	n/a
Alternative assets and direct investments[1]	3,527	422	n/a	(4,219)	(885)	n/a	(692)	(463)	(49.5)
Total[2]	**81,472**	**29,484**	176.3	**(93,302)**	**(34,673)**	(169.1)	**(11,830)**	**(5,189)**	(128.0)

AUM by asset class (A$m)	FY 19	%	Net cashflows 1H 20	Net cashflows 2H 20	Investment returns and other[3]	AMP Life transitioned[4]	FY 20	%
Australian equities	30,137	15	(1,271)	(1,299)	1,002		28,569	15
International equities	44,589	22	(1,634)	(1,280)	(20)		41,655	22
Fixed interest[5]	68,557	33	(2,817)	(5,519)	823		61,044	32
Infrastructure	25,030	12	1,452	729	(1,339)		25,872	14
Infra debt	5,711	3	1,009	913	(628)		7,005	4
Infra equity	19,319	9	443	(184)	(711)		18,867	10
Real estate[6]	29,754	15	631	(130)	(1,618)		28,637	15
Alternative assets and direct investments[1]	5,028	3	(264)	(428)	(350)		3,986	2
Total	**203,095**	**100**	**(3,903)**	**(7,927)**	**(1,502)**		**189,763**	**100**
Internal AUM	125,700	62	(6,490)	(3,627)	643	(29,514)	86,712	46
External AUM[5]	77,395	38	2,587	(4,300)	(2,145)	29,514	103,051	54

AUM by geography (A$m)	FY 19	%	Net cashflows 1H 20	Net cashflows 2H 20	Investment returns and other[3]	FY 20	%
Australia	146,888	72	(7,166)	(8,178)	(17)	131,527	70
New Zealand	22,536	11	(224)	(1,237)	610	21,685	11
Asia (including Middle East)	19,372	10	2,055	842	(491)	21,778	11
Rest of world	14,299	7	1,432	646	(1,604)	14,773	8
Total	**203,095**	**100**	**(3,903)**	**(7,927)**	**(1,502)**	**189,763**	**100**

1 Alternative assets refer to a range of investments that fall outside the traditional asset classes and includes investments in commodities and absolute return funds. Direct investments refer to private equity.
2 Internal cash inflows and outflows include A$47.1b AUM transferred between internal portfolios in preparation for the AMP Life sale transaction.
3 Investment returns and other includes fees, investment returns, distributions, taxes and foreign exchange movements.
4 AUM transitioned from internal to external AUM category following the sale of AMP Life business to Resolution Life, effective 30 June 2020.
5 2H 20 includes the loss of a A$2.1b external fixed interest mandate.
6 Real estate AUM comprises Australian (A$24.0b), NZ (A$2.8b) and Global (A$1.8b) managed assets. Australian real estate AUM is invested in office (50%), retail (42%), industrial (5%) and other (3%).

AMP Capital cont'd

Assets under management (AUM)

AUM decreased by A$13.3b to A$189.8b in FY 20, driven primarily by outflows across public markets including outflows from Australian wealth management managed funds and adverse investment market returns due to COVID-19 impacted economic conditions. These movements were partially offset by net cash inflows from real assets of A$2.7b, including infrastructure debt and infrastructure equity in the year.

Additionally, AMP Capital has A$4.1b of uncalled committed real asset capital at FY 20. AMP Capital's infrastructure teams continue to pursue opportunities for deployment in FY 21.

Sale of AMP Life to Resolution Life

The current investment management agreement between AMP Life and AMP Capital continued at separation on arms-length terms with market standard termination clauses. A$29.5b of AUM was reclassified as at 30 June 2020 from internal AUM to external AUM.

External AUM and cashflows

External AUM increased during FY 20 to A$103.1b, with the increase attributable to the sale of AMP Life to Resolution Life categorised as an external client.

External net cash outflows were A$1.7b, with positive cash inflows of A$2.4b across infrastructure and A$0.7b across real estate, offset by cash outflows of A$4.8b across public markets.

International

AMP Capital grew its number of direct international institutional clients by 42 to 400 in FY 20, managing A$22.0b on their behalf (up 8% from A$20.4b at FY 19). Approximately one third of external AUM (A$36.6b) is now managed on behalf of clients outside Australia and New Zealand, down from 44% at FY 19 due to the transfer of assets to external AUM arising from the sale of AMP Life to Resolution Life. Adjusting for Resolution Life, external AUM managed for international clients increased to 49%.

China

During FY 20, the China Life AMP (CLAMP) joint venture launched 54 new products, including SMAs, diversified, equity and bond funds. At FY 20, the joint venture managed A$59.4b (RMB 300b) of total AUM on behalf of Chinese retail and institutional investors. This was up 22% from A$48.8b at FY 19.

In FY 20, AMP Capital's share of CLAMP net cashflows were A$1.6b, up 78% from A$0.9b in FY 19. CLAMP attracted inflows into its fixed income and equity funds.

AMP Capital reports its 14.97% share of the joint venture's AUM (A$8.9b) and cashflows within the 'External' AUM and cashflow disclosure.

Japan

AMP Capital's business relationship with MUTB offers products covering balanced strategies, Australian and global fixed interest, global infrastructure as well as hedged and unhedged listed real estate.

At FY 20, AMP Capital's business relationship with MUTB had nine retail funds and three institutional funds in market with a combined AUM of A$2.0b, up 11% from A$1.8b in FY 19.

AMP Capital also continues to raise and manage funds through business relationships with other Japanese distributors. AMP Capital manages A$6.2b AUM on behalf of all Japanese retail and institutional clients.

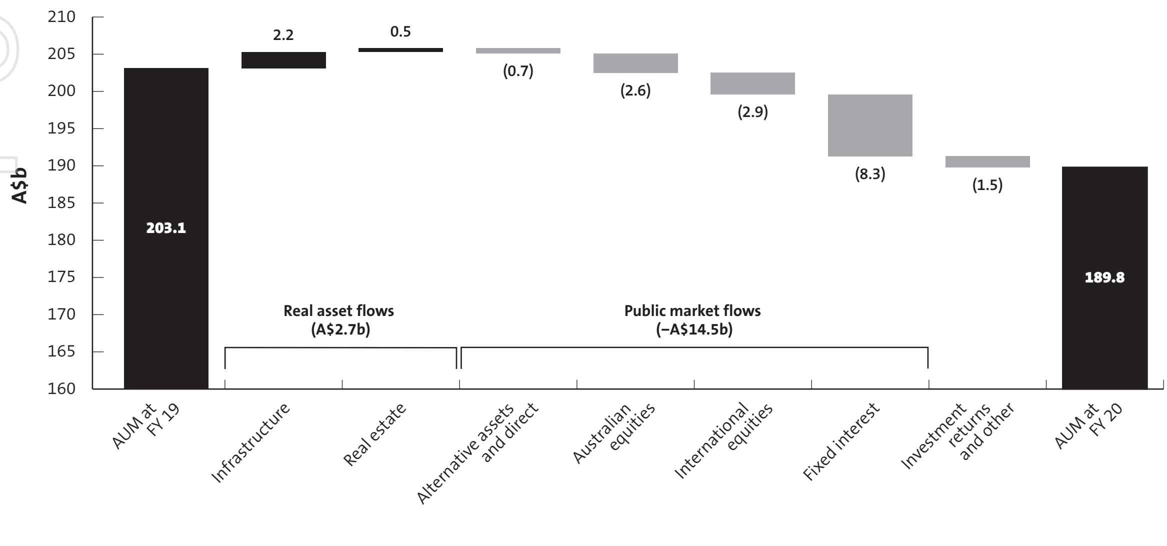
Internal AUM and cashflows

Internal AUM decreased to A$86.7b in FY 20, mostly driven by the transfer of A$29.5b AUM from AMP Life from internal AUM to external AUM.

Internal net cash outflows include AMP group payments such as dividend payments and net cashflows from Australian wealth management.

AMP Capital manages 62% of Australian wealth management AUM – of this, 29% is managed internally by AMP Capital's in-house investment capabilities, 71% is outsourced to external fund managers.

Movement in AUM by asset class FY 19 to FY 20



New Zealand wealth management

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
AUM based revenue	**115**	58	57	117	(1.7)
Other revenue	**36**	17	19	42	(14.3)
Total revenue	**151**	75	76	159	(5.0)
Variable costs					
Investment management expense	**(28)**	(14)	(14)	(27)	(3.7)
Marketing and distribution	**(21)**	(10)	(11)	(23)	8.7
Brokerage and commissions	**(10)**	(5)	(5)	(10)	-
Other	**(5)**	(3)	(2)	(3)	(66.7)
Total variable costs	**(64)**	(32)	(32)	(63)	(1.6)
Gross profit	**87**	43	44	96	(9.4)
Controllable costs					
Employee costs	**(21)**	(11)	(10)	(16)	(31.3)
Technology	**(6)**	(3)	(3)	(5)	(20.0)
Regulatory, insurance and professional services	**(4)**	(2)	(2)	(4)	-
Project costs	**(2)**	(1)	(1)	(2)	-
Property costs	**(2)**	(1)	(1)	(3)	33.3
Other operating expenses	**(2)**	-	(2)	(4)	50.0
Total controllable costs	**(37)**	(18)	(19)	(34)	(8.8)
EBIT	**50**	25	25	62	(19.4)
Tax expense	**(14)**	(7)	(7)	(18)	22.2
NPAT[1]	**36**	18	18	44	(18.2)
Wealth management	**23**	12	11	26	(11.5)
Advice	**13**	6	7	18	(27.8)

Ratios and other data	FY 20	2H 20	1H 20	FY 19	% FY
AUM (A$m)	**12,398**	12,398	11,621	12,270	1.0
Net cashflows (A$m)	**(57)**	(77)	20	(433)	86.8
Market and other movements (A$m)	**185**	854	(669)	1,627	(88.6)
Average AUM (A$m)	**11,887**	12,126	11,525	11,972	(0.7)
AUM based revenue to average AUM (bps)	**97**	95	99	98	n/a
Investment management expense to average AUM (bps)	**24**	23	24	23	n/a
Controllable costs to average AUM (bps)	**31**	30	33	28	n/a
EBIT to average AUM (bps)	**42**	41	44	52	n/a
NPAT to average AUM (bps)	**30**	30	32	37	n/a
End period tangible capital resources (A$m)[2]	**47**	47	89	129	(63.6)
RoBUE	**40.8%**	40.5%	34.1%	41.0%	n/a
Cost to income ratio	**42.5%**	41.9%	43.2%	35.4%	n/a

1 In NZ dollar terms, NPAT in FY 20 was NZ$38m (FY 19 NZ$47m).
2 End period tangible capital resources is total shareholder equity (A$172m) less goodwill and other intangibles (A$125m) as shown on page 26.

New Zealand wealth management cont'd

	KiwiSaver		Other[1]		Total	
Cashflows and movements in AUM (A$m)	**FY 20**	**FY 19**	**FY 20**	**FY 19**	**FY 20**	**FY 19**
AUM at beginning of period	5,664	4,883	6,606	6,193	12,270	11,076
Cash inflows	735	694	441	442	1,176	1,136
Cash outflows	(506)	(584)	(727)	(985)	(1,233)	(1,569)
Net cashflows	**229**	**110**	**(286)**	**(543)**	**(57)**	**(433)**
Other movements in AUM	109	671	76	956	185	1,627
AUM at end of period	**6,002**	**5,664**	**6,396**	**6,606**	**12,398**	**12,270**
Composition of net cashflows by product						
Superannuation	229	110	(153)	(83)	76	27
Investment	-	-	(133)	(460)	(133)	(460)

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

Net profit after tax

FY 20 net profit after tax decreased A$8m (18%) on FY 19 with wealth management decreasing A$3m (12%) and the advice business (including general insurance) decreasing A$5m (28%) on FY 19.

Revenue

AUM based revenue decreased by A$2m (2%) on FY 19 due to the proactive closure of two legacy schemes in 2H 19 as part of its transformation, softer investment markets associated with the COVID-19 pandemic and margin compression relating to product repricing.

Other revenue decreased A$6m on FY 19 driven by an extended lockdown in New Zealand in the first half of FY 20 impacting the ability to generate advice income and general insurance reducing to more normal levels following a relatively softer claims environment in FY 19.

As part of the AdviceFirst strategy to grow scale and reach, one advice business was acquired in FY 20 while organic net cashflows improved A$129m on FY 19.

Variable costs

Total variable costs of A$64m in FY 20 remained broadly flat on FY 19.

Controllable costs

FY 20 controllable costs of A$37m were 9% up on FY 19 primarily due to the conclusion of cost sharing arrangements with AMP Life and a reduction in costs on-charged to funds.

This has primarily impacted employment costs which increased A$5m on FY 19. Additionally, and in response to the COVID-19 pandemic, New Zealand wealth management concluded its reliance on outsourcing, resulting in an uplift in 2H 20 employment costs.

Technology costs increased A$1m on FY 19 driven by the conclusion of cost sharing arrangements with AMP Life.

FY 20 cost to income ratio of 42.5% increased 7.1 percentage points on FY 19.

Cashflows and AUM

FY 20 AUM of A$12.4b increased A$0.1b (1%) from FY 19. This increase was predominantly driven by a combination of investment market gains of A$526m, offset by negative foreign exchange movements (A$341m) and net cash outflows (A$57m).

Net cash outflows of A$57m in FY 20 have improved from net cash outflows of A$433m in FY 19, largely due to improved KiwiSaver performance.

Overall, KiwiSaver generated net cash inflows of A$229m in FY 20, while net cash outflows on platforms and other investments amounted to A$286m although improved on FY 19.

New Zealand wealth management is a large non-bank provider of KiwiSaver with approximately 8.6%[1] of the NZ$71.4b KiwiSaver market as at 30 September 2020.

Other

The New Zealand investment management industry has seen continued market and regulatory pressure on both fees and the level of value added by active investment management philosophies compared to passive investment management philosophies.

In FY 20 a new investment structure for the AMP wealth management business in New Zealand was announced, with BlackRock Investment Management being appointed as the key index investment manager and provider of investment management services. The changes apply to the majority of our AMP managed funds, including funds within the AMP KiwiSaver Scheme and New Zealand Retirement Trust.

The change in approach is expected to improve client outcomes by delivering stronger fund performance through a simplified investment structure, with a clear focus on sustainable investment, supported by access to financial advice and digital tools. Transition to BlackRock is expected to be completed before the end of June 2021.

1 Measured by AUM. Source: FundSource Limited September 2020.

AMP Life (to 30 June 2020)

Profit and loss (A$m)	FY 20	2H 20	1H 20	FY 19	% FY
Australian wealth protection	**27**	-	27	55	(50.9)
New Zealand wealth protection and mature	**11**	-	11	23	(52.2)
Australian mature	**41**	-	41	144	(71.5)
Total profit margins	**79**	-	79	222	(64.4)
AWP experience profits/(losses)	**43**	-	43	(5)	n/a
New Zealand experience profits/(losses)	**6**	-	6	(2)	n/a
Australian mature experience profits/(losses)	**(2)**	-	(2)	10	n/a
Total experience profits/(losses)	**47**	-	47	3	n/a
Capitalised (losses)/reversals and other one-off experience items	**(32)**	-	(32)	(246)	87.0
Operating earnings	**94**	-	94	(21)	n/a
Underlying investment income	**25**	-	25	46	(45.7)
Underlying operating profit/(loss) after income tax	**119**	-	119	25	n/a
Market adjustment – investment income	**(24)**	-	(24)	22	n/a
Market adjustment – annuity fair value	**7**	-	7	(2)	n/a
Market adjustment – risk products	**27**	-	27	(3)	n/a
AMP Life earnings[1]	**129**	-	129	42	n/a

1 As disclosed on page 1, AMP has completed the sale of its life insurance business, AMP Life (the Australian and New Zealand wealth protection and mature businesses) to Resolution Life. Operating earnings for AMP Life accrue to Resolution Life from 1 July 2018 until 30 June 2020. AMP has continued to report these earnings through to 30 June 2020.

Businesses sold to Resolution Life

On 1 July 2020, AMP Limited announced the completion of the sale of its life insurance business, AMP Life (the Australian and New Zealand wealth protection and mature businesses) to Resolution Life Australia Pty Ltd (Resolution Life).

The gross sale proceeds were A$3.0b, comprising:

- A$2.5b cash, and
- A$500m equity interest in Resolution Life Australasia[1], a new Australian-domiciled, Resolution Life-controlled holding company that is now the owner of AMP Life.

Resolution Life was on risk for all experience and lapse losses from 1 July 2018 until 30 June 2020 when the sale completed and was entitled to all AMP Life net earnings during that period.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the results (but not the assets and liabilities) of the AMP Life business through to 30 June 2020 are consolidated in the FY 20 AMP Limited full year financial report.

Profit margins

1H 20 profit margins of A$79m decreased 32% from 1H 19 largely due to the implementation of Protecting Your Super (PYS) legislation, as well as the impact of lower bond yields on the mature book.

Experience

Total experience profits of A$47m in 1H 20 were driven primarily by better than expected retention of policies under the Putting Members' Interests First (PMIF) legislation, partly offset by Australian and New Zealand wealth protection claim experience particularly in relation to 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$32m in 1H 20 were mainly driven by Australian income protection and short-term impacts of the current economic conditions.

1 Resolution Life NOHC Pty Ltd.

Group Office and related matters

(A$m)	FY 20	2H 20	1H 20	FY 19	% FY
Controllable costs					
Employee costs	**(54)**	(30)	(24)	(42)	(28.6)
Technology	**(14)**	(8)	(6)	(20)	30.0
Regulatory, insurance and professional services	**(81)**	(40)	(41)	(69)	(17.4)
Project costs	**(18)**	(9)	(9)	(27)	33.3
Property costs	**(14)**	(7)	(7)	(16)	12.5
Other operating expenses	**(11)**	(6)	(5)	(8)	(37.5)
Total controllable costs	**(192)**	(100)	(92)	(182)	(5.5)
Tax expense	**57**	29	28	54	5.6
Group Office costs (post-tax)	**(135)**	(71)	(64)	(128)	(5.5)
Investment income					
Underlying investment income from Group Office investible capital[1]	**43**	24	19	32	34.4
Other investment income[2]	**41**	21	20	16	156.3
Investment income (post-tax)	**84**	45	39	48	75.0
Items reported below NPAT (underlying)					
Gain on sale of AMP Life	**299**	1	298	-	n/a
AMP Life separation costs	**(208)**	-	(208)	(183)	(13.7)
Client remediation and related costs	**(73)**	(54)	(19)	(153)	52.3
Risk management, governance and controls	**(29)**	(15)	(14)	(33)	12.1
Transformation cost out	**(51)**	(38)	(13)	(28)	(82.1)
Impairments	**(32)**	-	(32)	(2,407)	98.7
Other items	**(33)**	(22)	(11)	22	n/a
Amortisation of intangible assets	**(58)**	(16)	(42)	(96)	39.6
Total items reported below NPAT (post-tax)	**(185)**	(144)	(41)	(2,878)	93.6
Interest expense summary					
Average volume of corporate debt	**2,132**	2,130	2,134	1,825	
Interest expense on corporate debt (post-tax)[3]	**(58)**	(26)	(32)	(65)	10.8
Weighted average cost of corporate debt	**3.83%**	3.44%	4.21%	5.06%	
Tax rate	**29%**	29%	29%	29%	
Franking credits					
AMP dividend franking credits at face value at end of period[4]	**76**	76	277	175	
Staff numbers[5,6]					
AMP Australia	**2,969**	2,969	3,014	3,752	(20.9)
AMP Capital[7]	**1,375**	1,375	1,378	1,382	(0.5)
New Zealand wealth management	**258**	258	284	387	(33.3)
Group Office	**1,196**	1,196	1,102	998	19.8
Total staff numbers	**5,798**	5,798	5,778	6,519	(11.1)

1 Group Office investible capital (cash and liquid securities) was A$1.9b at FY 20 (1H 20 A$2.9b, FY 19 A$0.8b).
2 Other investment income includes equity accounted profits from AMP's 19.99% investment in CLPC and 19.62% investment in Resolution Life Australasia from 2H 20.
3 Includes fees associated with undrawn liquidity facilities.
4 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements.
5 Excludes advisers.
6 Group Office FTEs include FTE who are re-charged to business units.
7 FY 20 includes 309 FTEs (321 in FY 19), primarily in shopping centres, for which the costs are recharged.

Group Office and related matters cont'd

Group Office costs not recovered from business units

FY 20 Group Office costs not recovered from business units were A$192m pre-tax, up A$10m from A$182m in FY 19 primarily due to increased professional indemnity insurance and higher employment costs from additional risk resources.

Group Office costs include enterprise costs, professional indemnity insurance and board and listing requirement costs.

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

Investment income

Investment income was A$84m at FY 20, up from A$48m at FY 19. Investment income comprises underlying investment income on Group Office investible capital and equity investments in both CLPC and Resolution Life Australasia (acquired 1 July 2020).

Underlying investment income on Group Office investible capital was A$43m in FY 20, up from A$32m in FY 19 predominantly driven by higher cash on hand in 2H 20 from AMP Life sale proceeds.

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

Other investment income was A$41m in FY 20, up from A$16m in FY 19, driven by higher CLPC earnings and the first recognition of AMP's share of profits from Resolution Life Australasia in 2H 20. The Chinese pension market continues to experience significant growth, with the CLPC joint venture managing approximately A$260b (RMB 1.3t) of AUM as at December 2020, up ~18% from FY 19 (RMB 1.1t).

Each of AMP's investments in CLPC (19.99%) and Resolution Life Australasia (19.62%) is equity accounted and reported through Other investment income.

Gain on sale of AMP Life

The adjusted gain on the sale of AMP Life of A$299m (A$298m in 1H 20), reflects the completion of the final accounting related adjustments to the net of proceeds and net assets disposed.

AMP Life separation costs

Separation costs of A$208m relate to costs incurred in 1H 20 and residual future program costs fully recognised at 1H 20. This brings total separation costs to A$410m.

Client remediation and related costs

FY 20 client remediation and related costs of A$73m relate primarily to additional costs for addressing legacy advice matters. There were also amounts recognised for interest on client lost earnings and legal costs relating to class actions. There were no adjustments to the broader client remediation program's estimates.

Risk management, governance and controls

Costs relating to improving AMP's risk management, governance and controls environment were A$70m post-tax over a 24 month period, ending FY 20. This program has now concluded.

Transformation cost out

Transformation costs of A$51m largely relate to realising cost improvements and program costs. The pace of transformation spend in FY 20 has been impacted by the COVID-19 pandemic, particularly 1H 20.

AMP spent A$305m in FY 20, including:
– A$115m on investing for growth,
– A$73m on realising cost improvement (A$51m post-tax, as above), and
– A$117m on de-risking the business.

Transformation investment spend of A$1.0-1.3b is expected by FY 22. Cumulatively, across the program to date, AMP has spent A$472m, including:
– A$146m on investing for growth;
– A$113m on realising cost improvement; and
– A$213m on de-risking the business.

Impairments

Impairments of A$32m recognised at 1H 20 have been impacted by 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. These impacts were driven by the continued network reshape activities and COVID-19 related impacts.

Other items

Other items largely comprise of permanent tax differences and merger and acquisition activity spend, including the portfolio review costs.

Amortisation of acquired intangible assets

FY 20 amortisation of acquired intangible assets was A$58m. Amortisation of acquired intangibles for FY 21 is expected to be approximately A$30m, a reduction of A$28m on FY 20 primarily due to amortisation related to the AXA acquisition completing.

Included in this line item are amortisation of AXA intangible assets (primarily comprising rights to future income), amortisation of the advice register purchases, PCCP and SuperConcepts business acquisitions.

The amortised balance of AXA acquired intangibles as at FY 20 was A$116m.

Interest expense on corporate debt

FY 20 interest expense on corporate debt was A$58m, down from A$65m in FY 19 primarily due to lower interest costs.

The average volume of corporate debt increased through FY 20 to A$2,132m (A$1,825m in FY 19).

The weighted average cost of debt in FY 20 was 3.83%, down from 5.06% in FY 19. This was mainly due to continued falls in benchmark interest rates used to set the underlying price of corporate debt.

For further information on corporate debt, refer to page 27.

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 20 market adjustment – investment income was -A$62m (FY 19 -A$69m), reflecting lower short-term interest rates relative to the long-term assumed earning rate of 2.5% post-tax.

Market adjustment – investment income will be removed in FY 21.

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), 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 Australia – AMP Bank: capital requirements as specified under the APRA ADI Prudential Standards
- AMP Australia – Australian wealth management: operational risk requirements related to AMP's two superannuation trustees (one active), AFS Licence requirements on administration entities. Capital is also held against risks within the North Guarantee, and
- AMP Capital: primarily relates to AFS Licence requirements in two core administration entities.

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.

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, 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.

Level 3 eligible capital above MRR and target capital requirements 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 position

At 31 December 2020, total eligible capital above total requirements was A$521m (A$529m at 31 December 2019). The ratio of total eligible capital to total requirements is 1.3x (compared to 1.2x total requirements at 31 December 2019).

Sale of AMP Life

On 30 June 2020, AMP sold its Australian and New Zealand wealth protection and mature businesses to Resolution Life. The impact of the sale of these businesses to the consolidated capital position of AMP Limited was a net increase in Level 3 eligible capital resources above target surplus of A$913m – reflecting a minor A$1m adjustment to the 1H 20 balance relating to the net impact of various post completion events.

Net tangible assets

FY 20 shareholders equity of A$4,283m comprises net tangible assets (NTA) of A$3,643m, or A$1.06 per share.

Statutory shareholders equity of A$4,274m is adjusted for accounting mismatches, cashflow hedge reserve and other adjustments of A$9m and goodwill and other intangibles of A$640m to arrive at the net tangible assets of A$3,643m.

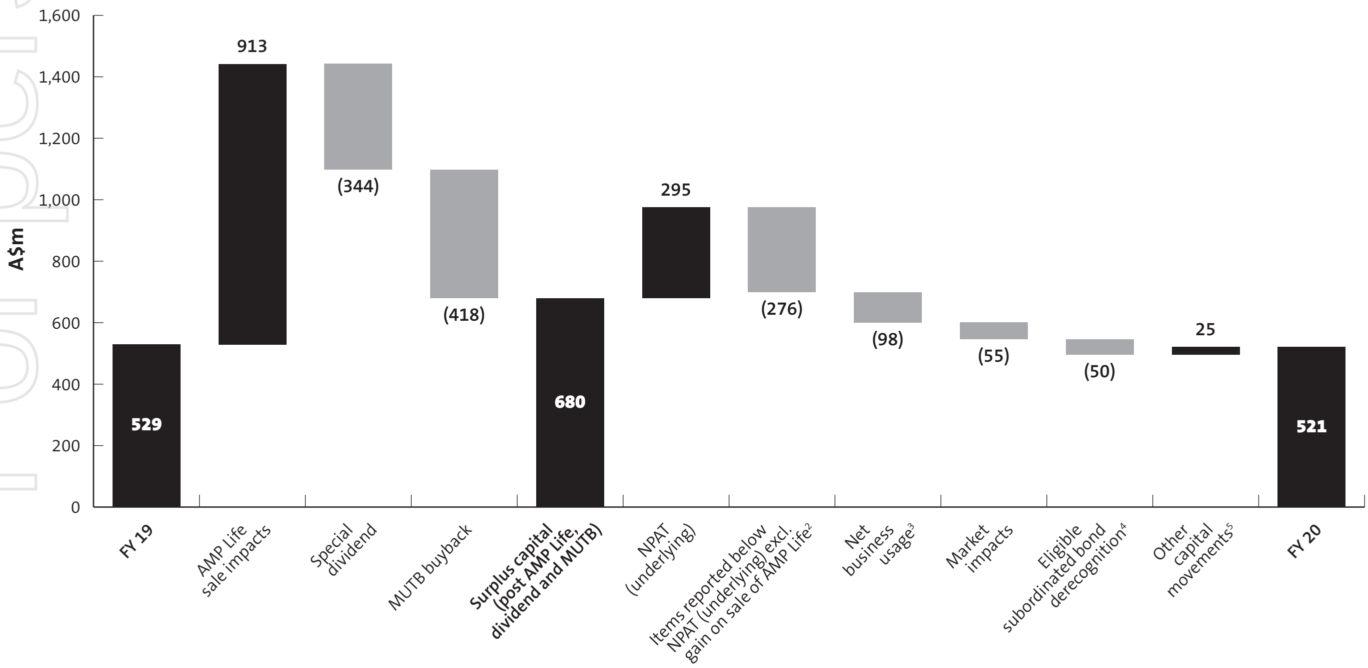
Capital adequacy

AMP group capital adequacy calculation (A$m)

	31 December 2020						31 December 2019
	AWM	AMP Bank[1]	AMP Capital	NZWM	Group Office and other	Total	Total
Shareholder equity[2]	973	1,151	705	172	1,282	**4,283**	4,910
Goodwill and other intangibles[3]	(195)	-	(124)	(125)	(196)	**(640)**	(1,057)
Equity investments[4]	(60)	-	(520)	-	(862)	**(1,442)**	(173)
Other regulatory adjustments[5]	(124)	(160)	247	-	(10)	**(47)**	69
Subordinated bonds eligible as Level 3 capital	-	-	-	-	33	**33**	83
Level 3 eligible capital	**594**	**991**	**308**	**47**	**247**	**2,187**	3,832
Eligible hybrid capital resources[6]	23	293	-	-	-	**316**	761
Total eligible capital resources	**617**	**1,284**	**308**	**47**	**247**	**2,503**	4,593
Minimum regulatory requirements (MRR)[7]	316	880	48	-	-	**1,244**	2,323
Target capital requirements	235	168	175	50	110	**738**	1,741
Total capital requirements	**551**	**1,048**	**223**	**50**	**110**	**1,982**	4,064
Surplus capital above total requirements	**66**	**236**	**85**	**(3)**	**137**	**521**	529

1 Total shareholder equity of A$1,151m includes A$89m of equity reserve accounts which are excluded in the calculation of total capital resources as shown on page 12.
2 Shareholder equity is statutory shareholder equity of A$4,274m adjusted for accounting mismatches, cashflow hedge reserve and other adjustments A$9m.
3 Refer to page 32 for definition of intangibles.
4 Equity investments relate to holdings of associate equity investment where AMP holds a minority interest, including holdings in Resolution Life Australasia (A$514m), China Life joint ventures (A$405m), GIF and IDF series investments (A$293m) and other interests.
5 Other regulatory adjustments relate to securitisation, deferred tax assets and other provisions for AMP Bank, deferred tax assets for Australian wealth management and New Zealand wealth management and includes an adjustment for eligible seed and sponsor investment classified as equity investments in AMP Capital.
6 Eligible hybrid capital instruments are subordinated debt which is able to be included as eligible capital for the purpose of meeting minimum regulatory requirements.
7 Minimum regulatory requirements for AMP Bank relate to total capital requirements of 8% (of risk weighted assets) plus the capital conservation buffer of 2.5% (of risk weighted assets), as stipulated within APS 110.

Movement in AMP group surplus capital FY 19 to FY 20[1]



1 Represents movements in surplus capital above total requirements during FY 20.
2 Excludes A$299m relating to the gain on sale of AMP Life and the A$208m of AMP Life separation costs recognised for FY 20.
3 In FY 20, net business usage related to capital required to support AUM growth and increases in other regulatory adjustments in AMP Capital and AMP Australia. This was offset by lower regulatory capital requirements in AMP Bank related to the securitisation of mortgages, leading to lower on balance sheet credit risk.
4 A$50m of the A$83m subordinated bonds previously eligible as Level 3 capital, became ineligible during 2H 20. The remaining A$33m which remains eligible, will amortise over the next two year period, with full amortisation occurring by August 2022.
5 Other capital movements includes movements in equity reserve accounts and other miscellaneous items.

Debt and liquidity overview

	31 December 2020			31 December 2019		
A$m	Corporate debt	AMP Bank	Total	Corporate debt	AMP Bank	Total
Subordinated bonds	83	-	**83**	83	-	**83**
AMP Notes 3[1]	250	-	**250**	250	-	**250**
AMP Wholesale Capital Notes[2]	-	-	**-**	275	-	**275**
AMP Capital Notes[3]	268	-	**268**	268	-	**268**
AMP Capital Notes 2[3]	275	-	**275**	275	-	**275**
AMP Subordinated Notes[4]	-	250	**250**	-	250	**250**
Total subordinated debt	876	250	**1,126**	1,151	250	**1,401**
Commercial paper, NCDs and repos[5]	-	799	**799**	-	586	**586**
Medium-term notes (MTN)	1,254	1,300	**2,554**	988	2,241	**3,229**
Total senior debt	1,254	2,099	**3,353**	988	2,827	**3,815**
Deposits	-	16,110	**16,110**	-	14,414	**14,414**
Total debt	2,130	18,459	**20,589**	2,139	17,491	**19,630**
Corporate gearing ratios						
S&P gearing	**26%**			20%		
Interest cover – underlying (times)	**6.1**			8.1		
Interest cover – actual (times)	**4.1**			-		

	Corporate debt by year of repayment[6]					
A$m	0–1 year	1–2 years	2–5 years	5–10 years	10+ years	Total
Total corporate debt at 31 December 2020	**693**	**302**	**1,135**	**-**	**-**	**2,130**

1 AMP Notes 3 are not recognised as Level 3 eligible capital of AMP group for APRA purposes.

2 AMP Wholesale Capital Notes were redeemed in March 2020.

3 AMP Capital Notes are not currently recognised as Level 3 eligible capital of AMP group for APRA purposes. A$225m of AMP Capital Notes 2 is used to fund Additional Tier 1 Capital within AMP Bank. The A$268m of AMP Capital Notes and remaining A$50m of AMP Capital Notes 2 are not currently on-lent and are held as general corporate debt.

4 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.

5 Commercial paper, NCDs and repos for AMP Bank includes A$618m of borrowings under AMP Bank's Term Funding Facility provided by the Reserve Bank of Australia.

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

Corporate debt

Corporate debt decreased by A$9m during FY 20, due to the issuance of medium-term notes, offset by the repayment of AMP Wholesale Capital Notes. At 31 December 2020, 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 2020, AMP's liquidity comprised A$1,896m of group cash (including short-term investments) and undrawn facilities of A$450m.

AMP Bank

AMP Bank utilises a diverse range of funding sources (customer deposits, securitisation, short and long-term wholesale borrowings), with its primary source of funding being A$16.1b 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 2020, total RMBS funds were A$4.3b. AMP Bank has in place a A$1b warehouse facility with MUFG Bank, Ltd.

Sensitivities – profit and capital

FY 20 profit sensitivities (A$m)

	NPAT (post-tax)						
	AWM	AMP Bank	NZWM	AMP Capital	Group Office	Total	Investment income
Market variables							
10% increase in Australian equities	6	-	-	2		**8**	**1**
10% decrease in Australian equities	(6)	-	-	(2)		**(8)**	**-**
10% increase in international equities	6	-	1	3		**10**	**-**
10% decrease in international equities	(6)	-	(1)	(3)		**(10)**	**(1)**
10% increase in property[1]	1	-	-	4		**5**	**-**
10% decrease in property[1]	(1)	-	-	(4)		**(5)**	**-**
1% (100 bps) increase in 10 year bond yields	(1)	-	(1)	(2)		**(4)**	**-**
1% (100 bps) decrease in 10 year bond yields	1	-	1	2		**4**	**(1)**
1% increase in cash rate	1	-	-	-		**1**	**11**
1% decrease in cash rate	(1)	-	-	-		**(1)**	**(11)**
Business variables							
5% increase in AUM	11		1	10		**22**	
5% increase in AMP Capital public market AUM				4		**4**	
5% increase in AMP Capital real assets AUM				6		**6**	
5% increase in AMP Bank total mortgage balances		5				**5**	
1 bp increase in AMP Bank net interest margin	-	2	-			**2**	
5% reduction in controllable costs	17	4	1	18	7	**47**	

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 20 position, ie not 'forward looking', and make no allowances for events subsequent to 31 December 2020, 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 2020.

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
– investment income sensitivity is based on the amount of investments held at 31 December 2020
– 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 20 NPAT and investment income, assuming changes in a range of hypothetical economic or business variables.

Important considerations when using these sensitivities

NPAT – 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 20 NPAT than set out in the table above.

The sensitivities are based on the FY 20 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 20 profit sensitivities for FY 21 or FY 22), an allowance for changes in AUM levels and mix should be made. Refer to page 6 (Australian wealth management) and page 15 (AMP Capital) for average AUM levels that were applied in FY 20.

The AMP Capital operating earning sensitivities are gross 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 20 total investment income.

The sensitivities are based on 31 December 2020 equity markets, bond yields and property values.

Sensitivities include the profit/loss impact from changes in investment market variables on total shareholder funds. Changes in BU NPAT 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 impacts of investment market variables are not always symmetrical, as they may include 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.

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 group**
Actual 31 December 2020 (ASX 200 @ 6,587; Australian bond yields @ 0.98%)		1,259
Equity sensitivity	– 20% increase (ASX 200 @ 7,904)	-
	– 10% increase (ASX 200 @ 7,246)	-
	– 10% decrease (ASX 200 @ 5,928)	(5)
	– 20% decrease (ASX 200 @ 5,270)	(10)
Australian bond yields sensitivity	– 100bps increase (Australian bond yields @ 2.0%)	55
	– 50bps increase (Australian bond yields @ 1.5%)	30
	– 50bps decrease (Australian bond yields @ 0.5%)	(30)
	– 100bps decrease (Australian bond yields @ 0.0%)	(65)

1 These sensitivities are based on a point in time and do not make any allowance for subsequent management actions.

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.

AMP group sensitivities include the effect on capital of movements in operational risk requirements in the Superannuation funds, the 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 2020, which may have a significant impact on these sensitivities.

Market share and channel analysis

Market share

Australia (AUM) A$b	September 2020			September 2019		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
Superannuation including rollovers[1,2]	414.8	1	21.9	443.0	1	24.0
Corporate superannuation master funds[3]	161.8	2	17.9	174.1	2	19.0
Retirement income[1]	194.3	2	17.1	206.0	2	18.2
Unit trusts (excluding cash management trusts)[1,2]	297.1	8	5.0	301.3	5	5.5
Total retail managed funds (excluding cash management trusts)[1,2]	915.0	1	15.2	959.3	1	16.8
New Zealand wealth management (AUM) NZ$b						
Retail superannuation[4]	2.9	1	38.0	3.0	1	38.8
Unit trusts[4]	45.5	15	1.2	44.9	15	1.5
KiwiSaver[4]	71.4	4	8.6	62.0	4	9.3
Total retail funds[4]	120.2	6	6.5	110.7	4	6.9
Corporate superannuation[5]	7.6	1	45.2	8.7	1	39.3

1 Source: Market Overview Retail Managed Funds – Marketer, Plan For Life, September 2020.
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 2020.
4 Measured by AUM. Source: FundSource Limited September 2020 and September 2019.
5 Measured by AUM. Source: Eriksens Master Trust Survey September 2020 and September 2019.

Channel analysis

Channel analysis (A$m)	Adviser numbers			Practice numbers			Total AUM[1]		
	FY 20	FY 19	% FY	FY 20	FY 19	% FY	FY 20	FY 19	% FY
AMP Advice[2]	88	124	(29.0)	2	2	-	9,773	9,387	4.1
AMP Financial Planning	811	1,149	(29.4)	321	550	(41.6)	48,540	55,184	(12.0)
Charter Financial Planning	455	583	(22.0)	187	278	(32.7)	18,739	19,925	(6.0)
Hillross	219	272	(19.5)	85	112	(24.1)	11,279	13,782	(18.2)
Total (core licensees)	**1,573**	**2,128**	(26.1)	**595**	**942**	(36.8)	**88,331**	**98,278**	(10.1)
Jigsaw Support Services[3]	28	52	(46.2)				735	956	(23.1)
Total (licensee services)	**28**	**52**	(46.2)				**735**	**956**	(23.1)
Corporate Super Direct							14,161	16,145	(12.3)
Third-party distributors and other							20,894	19,082	9.5
Total Australia[4]	**1,601**	**2,180**	(26.6)	**595**	**942**	(36.8)	**124,121**	**134,461**	(7.7)
New Zealand[5]	57	62	(8.1)	2	2	-	12,398	12,270	1.0
Total	**1,658**	**2,242**	(26.0)	**597**	**944**	(36.8)	**136,519**	**146,731**	(7.0)

1 Includes advised and non-advised AUM. FY 19 restated to exclude AUM on mature products.
2 FY 19 AMP Advice adviser numbers have been restated to show employed advisers only. Self-employed advisers operating under the AMP Advice brand are now reported against their operating licensee.
3 Excludes AMP Authorised Representatives.
4 AUM includes all Australian wealth management and excludes SuperConcepts.
5 Includes direct employees of New Zealand wealth management business only.

AMP Capital investment performance

		1 Year		3 Year		5 Year	
Fund/style name	**AUM (A$m)**	**Absolute return[1] %**	**Excess return[2] %**	**Absolute return[1] %**	**Excess return[2] %**	**Absolute return[1] %**	**Excess return[2] %**
Australian equities							
Small Caps	364	17.2	8.0	15.1	8.6	13.5	3.0
Enhanced Index	9,282	1.5	0.1	6.8	0.1	8.7	(0.1)
Future Directions Australian Equity Fund[3]	3,820	6.5	3.8	7.9	0.7	9.3	0.2
Global equities							
Global Companies Fund[4]	601	29.8	23.9	26.3	15.7	-	-
Global Listed Real Estate[5,6]	5,018	(8.3)	5.4	3.6	3.5	4.3	1.1
Global Listed Infrastructure[6]	2,210	(15.6)	(0.3)	6.1	2.3	7.0	0.8
Specialist International Shares Fund[3]	1,678	3.4	(2.2)	9.5	(1.6)	10.8	(0.1)
Enhanced Index International Shares	11,790	5.2	(0.7)	10.6	(0.7)	10.8	(0.2)
Fixed interest							
Wholesale Australian Bond Fund	1,841	6.1	1.6	6.2	0.8	5.3	0.7
Managed Treasury Fund	1,198	1.0	0.7	1.7	0.4	1.9	0.4
Real estate (direct)[7]							
Wholesale Office[8]	7,340	5.0	1.5	9.1	(0.2)	10.6	(0.7)
Shopping Centres[8]	3,567	(15.7)	0.3	(4.8)	(0.1)	1.1	(0.2)
Diversified Property Fund[8]	5,884	1.1	2.0	5.0	(0.1)	6.9	(0.7)
Infrastructure (direct)							
Diversified Infrastructure Trust	1,677	(4.8)	(10.3)	6.1	(0.1)	8.8	2.2
Australia Pacific Airports Fund	409	(11.3)	(23.3)	3.9	(8.1)	10.0	(2.0)
Diversified							
Balanced Growth Option	788	3.6	(1.7)	6.8	(1.0)	7.2	(1.3)
Future Directions Balanced Fund	4,452	4.0	(1.5)	6.1	(1.2)	7.3	(0.7)
MySuper 1970s[9]	6,092	3.1	(2.5)	6.2	(1.3)	8.0	(0.6)
Goal based							
Corporate Bond	1,001	3.4	3.0	3.2	2.0	3.7	2.0
Multi Asset Fund	705	2.4	(4.4)	2.9	(4.2)	4.9	(2.3)
Dynamic Markets Fund	291	(9.4)	(15.2)	(2.6)	(8.7)	0.7	(5.5)
Income Generator	1,499	1.2	(2.2)	4.6	(1.3)	5.6	(0.9)
Equity Income Generator	341	3.8	2.4	5.2	(1.5)	6.0	(2.8)

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 For this fund, excess return is measured against MSCI All Countries World Index in AUD.
5 For this fund competitor quartile ranking, a composite return was used.
6 AUM provided is the assets under management of the entire capability.
7 Calculated in accordance with the Mercer/IPD Pooled Property Fund Index methodology.
8 For this fund, AUM disclosed is the gross asset value.
9 MySuper 1970s is representative of the MySuper range of funds – it is disclosed as it is the largest fund in the MySuper range.

Accounting treatment, definitions and exchange rates

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

AUM based revenue – Includes revenue derived from AUM or AUM-linked sources (eg account and administration fees). For the Australian and New Zealand wealth management businesses this includes administration and investment revenue on superannuation, retirement and investment products. AMP Capital AUM based revenue primarily includes management fees earned on invested capital in infrastructure, real estate and public markets assets.

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 debt used to fund AMP Bank activities. Refer to page 27 for more detail.

Cost to income ratio – Calculated as controllable costs divided by gross margin. Gross margin is calculated as total BU NPAT and group underlying investment income before tax expense plus controllable costs.

Cost to income ratio (AMP Bank) – Calculated as controllable costs divided by gross profit, excluding loan impairment expenses. Gross profit is calculated as EBIT plus controllable costs.

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.

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

EPS (underlying) – Calculated as NPAT (underlying) 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.

Intangibles – Represents acquired goodwill, acquired asset management mandates, capitalised costs, buyer of last resort (BOLR) assets and other assets similar to goodwill acquired upon acquisition of AXA.

Interest cover (actual) – Calculated on a rolling 12 month post-tax basis as NPAT (statutory) 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 NPAT (underlying) 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 measured against market benchmarks as well as 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 high quality 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 – investment income – Refer to page 24.

Minimum regulatory capital requirements (MRR) – Refer to page 25.

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

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.

Non-AUM based revenue (AMP Capital) – Revenue primarily derived from real estate management, development and leasing fees as well as infrastructure equity commitment fees.

NPAT – Also referred to as NPAT (underlying), represents shareholder attributable net profit or loss after tax excluding market adjustments, accounting mismatches and non-recurring revenue and expenses.

Accounting treatment, definitions and exchange rates cont'd

NPAT (statutory) – Reflects the net profits (or losses) distributable to AMP Limited shareholders in a given period.

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.

Performance and transaction fees (AMP Capital) – Includes performance fee revenues primarily relating to variable fees on open-ended and closed-end funds across real estate, infrastructure debt and infrastructure equity. Transaction fees comprise one-off revenues in relation to the above asset classes, particularly infrastructure debt transactions and debt advisory as well as one-off divestments. These fees are typically highly variable in nature, both in quantum and timing.

Return on capital (AMP Bank) – Return on capital is calculated as NPAT, 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 (from 1H 20) – Return on BU equity is calculated as BU NPAT, annualised for the number of days in the period (for half years), divided by the average of the BU's current balance of tangible capital resources and the closing balances of the prior two periods. In each case, no allowance is made for the benefit of gearing, which occurs at the AMP group level.

RoBUE (pre 1H 20) – Return on BU equity is calculated as BU NPAT 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 NPAT (statutory) of AMP Limited divided by the average of the monthly average shareholder equity for the period.

RoE (underlying) – Calculated as annualised NPAT (underlying) divided by the average of the monthly average shareholder equity for the period.

Seed and sponsor revenue (AMP Capital) – Income on seed and sponsor capital assets, including normal valuation movements and net profit/loss on sales, gross of funding costs.

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 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. The return on AMP Bank income producing investment assets is included in AMP Bank NPAT.

The underlying post-tax rate of return used for FY 20 is 2.5% pa (unchanged from FY 19) and is based on the long-term target asset mix and assumed long-term rates of return.

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.

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
2020	FY 20	– closing	1.0717
		– average	1.0607
	2H 20	– closing	1.0717
		– average	1.0725
	1H 20	– closing	1.0695
		– average	1.0501
2019	FY 19	– closing	1.0419
		– average	1.0545

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Website

For additional 2020 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
- key shareholder dates

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