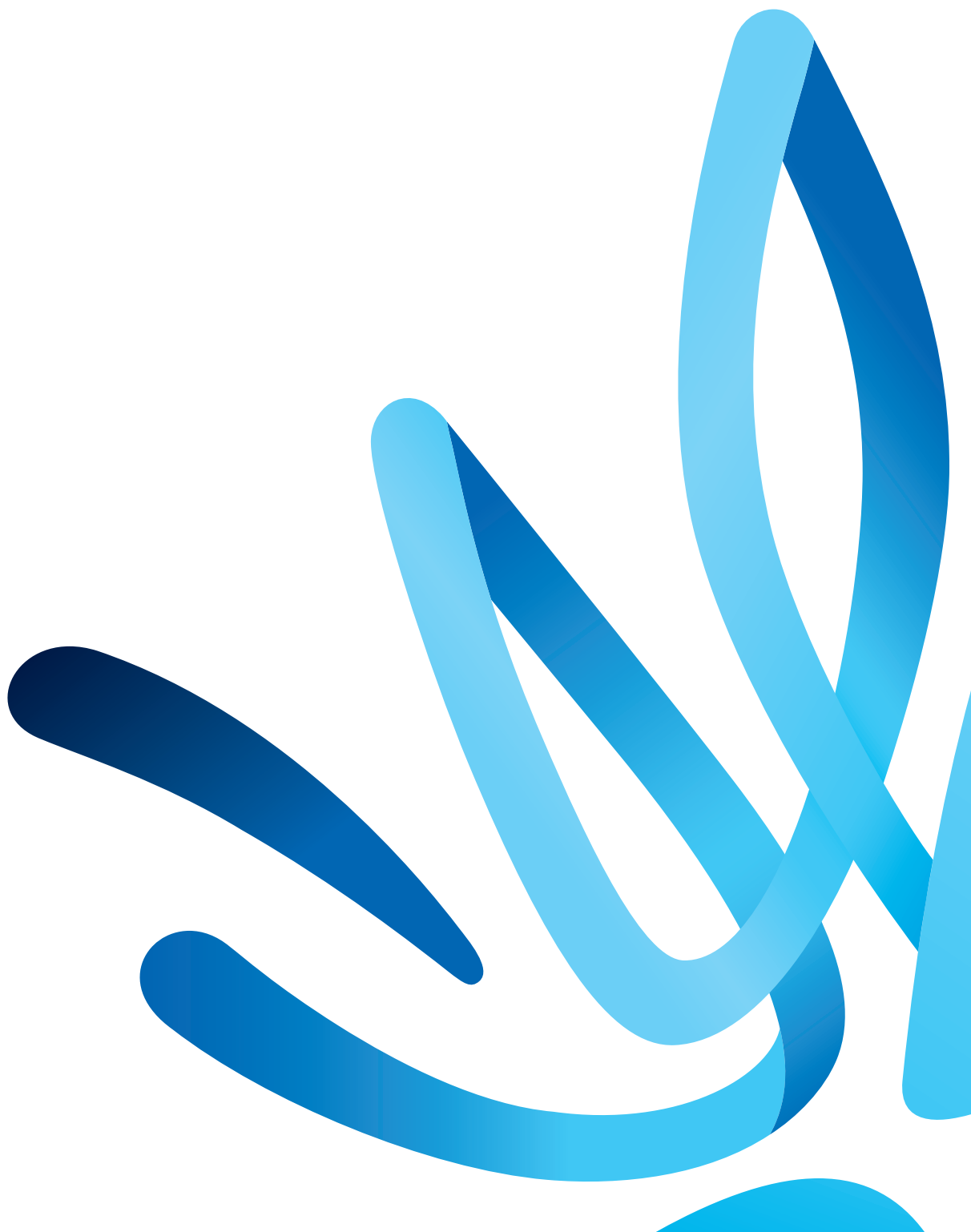


AMP Investor Report

Full year 2011



Management and contact details

Executive management team

Craig Dunn	Managing Director and Chief Executive Officer
Colin Storrie	Chief Financial Officer
Craig Meller	Managing Director, AMP Financial Services
Stephen Dunne	Managing Director, AMP Capital
Lee Barnett	Chief Information Officer
Brian Salter	General Counsel and Company Secretary
Jonathan Deane	General Manager, Strategy
Matthew Percival	General Manager, Public Affairs
Fiona Wardlaw	General Manager, Human Resources
Paul Sainsbury	Integration Director
Darryl Mackay	Company Secretary and Head of Secretariat

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Online reports

This investor report is available online at **www.amp.com.au/shareholdercentre** along with other investor relations information.

Contents

AMP	FY 11 performance summary	2
	Financial summary	3
	Five year summary	5
	Pro forma key performance measures	6
	Strategic overview	7
AMP Financial Services (AFS)	AMP Financial Services financial summary	10
	Market share	11
	Australian contemporary wealth management	12
	Australian contemporary wealth protection	14
	Australian mature	16
	New Zealand	18
	Cashflows and assets under management (AUM)	20
	Embedded value (EV) and value of new business (VNB)	25
	EV and VNB sensitivities	28
	EV assumptions	29
AMP Capital	AMP Capital financial summary	30
	Cashflows and assets under management (AUM)	34
	Investment performance	36
Capital structure	Capital management	38
	Debt overview	42
Additional information	Group Office	43
	Sensitivities - profit and capital	46
Glossary of terms and independent review	Accounting treatment and definitions	48
	Definitions of business units (BUs) and exchange rates	50
	FY 11 financial results	51
	Independent review statement	52
	Information for shareholders	53

Important note

This Investor Report provides financial information reflecting after income tax results for shareholders. The principles of life insurance accounting are used in reporting the results of AFS. Information is provided on an operational basis (rather than statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information useful for investors. This Investor Report is not audited. In preparing the Investor Report, management has had its external auditor, Ernst & Young, prepare a review statement in relation to specific matters pertaining to some of the information presented herein for management's purposes. This statement has been included in the document for the information of readers; however, it has been prepared solely for directors and management and should not be relied upon by any party other than the directors and management of AMP Limited.

Net profit attributable to shareholders of AMP Limited have been prepared in accordance with Australian accounting standards.

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

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

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

FY 11 performance summary

FY 11 includes a nine month contribution from AXA; FY 10 has not been restated

Underlying profit of A\$909m and net profit attributable to shareholders of AMP Limited of A\$688m - includes a nine month underlying contribution from AXA and merger related costs

- AFS contemporary wealth management operating earnings up 6%, AFS contemporary wealth protection up 56%, AFS mature up 9% and AFS New Zealand up 31%
- AMP Capital operating earnings down 5%
- Underlying investment income up A\$53m to A\$183m, reflecting the merged organisation and higher combined capital base

Key performance measures

FY 11 underlying profit of A\$909m including a nine month contribution from AXA

Growth measures:

- AMP Financial Services net cash outflows were A\$581 million, down from net cash inflows of A\$789 million for the 12 months to 31 December 2010; AMP Capital external net cash outflows were A\$1,166 million down from net cash inflows of A\$2,618 million for the 12 months to 31 December 2010¹
- AFS value of risk new business A\$215m²

52% of AMP Capital's funds met or exceeded benchmark for the 12 months to 31 December 2011

Underlying return on equity of 15.1%, reflecting the merger with AXA and higher capital held until changes to regulatory standards are finalised

Profit and profit drivers

Cashflows, AUM, API and banking

Group AUM of A\$159b in FY 11, reflecting the merger

- AFS AUM up A\$35b to A\$111b in FY 11
 - Contemporary wealth management net cashflows A\$138m, down from A\$1,391m in FY 10¹
 - AMP Flexible Super net cashflows of A\$3.0b, up from A\$1.3b in FY 10; North net cashflows of A\$716m, up from A\$416m in FY 10
- AMP Capital external net cashflows of -A\$1.2b in FY 11, down from A\$2.6b in FY 10¹
- AFS Australia individual risk API increased A\$632m to A\$1.3b, AFS Australia group risk API increased A\$200m to A\$346m, AFS NZ individual risk API increased NZ\$137m to NZ\$288m in FY 11, reflecting the merger
- AMP Bank mortgage and deposit books up 10% and 50% on FY 10 respectively

Controllable costs and cost ratios

Total controllable costs increased to A\$1,257m, cost to income ratio up 4.6 percentage points to 47.9%, reflecting the merger

- AFS controllable costs increased to A\$858m (cost to income ratio 39.9%), AMP Capital controllable costs increased to A\$318m, reflecting the merger
- Controllable costs to AUM increased to 82 bps

Capital management and dividend

- Excess capital over minimum regulatory requirements was A\$1,543m and regulatory capital resources were 1.3 times shareholder MRR at the end of FY 11, reflecting the merger and changed reporting basis in advance of expected changes to regulatory capital standards
- Interest cover (underlying) remains strong at 12.1 times
- Gearing on an S&P basis is 11%
- Final dividend of 14 cents per share (cps) was declared for 2011 (FY 11 29 cps; FY 10 30 cps) representing a dividend payout ratio of 84% for FY 11
- Target payout ratio for future dividends changed to 70% to 80% of underlying profit

¹ FY 11 cashflows includes AXA for the 12 months to 31 December 2011. FY 10 cashflows on this page have not been restated for AXA.

² Represents value of new business for AFS's Australian and New Zealand risk businesses for FY 11, including 12 month contribution from AXA businesses.

Financial summary

A\$m	AMP + 9 months AXA FY 11 ¹	AMP + AXA 2H 11	AMP + 3 months AXA 1H 11 ²	AMP FY 10	% FY
Profit and loss					
Australian contemporary wealth management ³	322	151	171	303	6.3
Australian contemporary wealth protection ³	215	107	108	138	55.8
Australian mature ³	153	77	76	140	9.3
New Zealand ³	76	43	33	58	31.0
AMP Financial Services	766	378	388	639	19.9
AMP Capital ³	83	38	45	87	(4.6)
BU operating earnings	849	416	433	726	16.9
Group Office costs ³	(57)	(31)	(26)	(40)	(42.5)
Total operating earnings	792	385	407	686	15.5
Underlying investment income ³	183	100	83	130	40.8
Interest expense on corporate debt ³	(82)	(43)	(39)	(72)	(13.9)
AMP Limited tax loss recognition	16	8	8	16	-
Underlying profit	909	450	459	760	19.6
Market adjustment - investment income ³	(50)	(47)	(3)	(5)	n/a
Market adjustment - annuity fair value	13	(3)	16	22	(40.9)
Market adjustment - risk products ³	53	58	(5)	(7)	n/a
Loan hedge revaluations	3	3	-	1	n/a
Other items ⁴	1	18	(17)	(2)	n/a
Profit after income tax before AXA merger adjustments and accounting mismatches	929	479	450	769	20.8
M&A transaction costs ^{3,5}	(42)	(8)	(34)	(16)	(162.5)
AXA integration costs ³	(105)	(69)	(36)	-	n/a
Amortisation of AXA acquired intangible assets ³	(75)	(50)	(25)	-	n/a
Accounting mismatches	(19)	(10)	(9)	22	n/a
Net profit attributable to shareholders of AMP Limited	688	342	346	775	(11.2)

1 In March 2011, AMP merged with AXA Asia Pacific Holdings Limited's Australian and New Zealand businesses (AXA). FY 11 includes AXA operating earnings for the period 31 March to 31 December 2011.

2 1H 11 includes AXA operating earnings for the period 31 March to 30 June 2011. 1H 11 has been restated to integrate AXA operating earnings into AFS and AMP Capital and incorporate changes to the acquisition balance sheet. Refer to page 45 for more detail.

3 All line items impacted by the merger with AXA.

4 Other items principally comprise one-off and non-recurring items. Refer to page 44 for more detail.

5 M&A transaction costs principally relate to the merger with AXA. Refer to page 44 for more detail.

Financial summary cont'd

	AMP + 9 months AXA FY 11	AMP + AXA 2H 11	AMP + 3 months AXA 1H 11	AMP FY 10
Earnings¹				
EPS - underlying (cps)	34.3	15.9	18.6	36.7
EPS - actual (cps)	26.3	12.2	14.3	37.9
RoE - underlying	15.1%	12.9%	18.2%	26.2%
RoE - actual	11.5%	9.8%	13.7%	26.7%
Dividend				
Dividend per share (cps)	29	14	15	30
Dividend payout ratio - underlying	84%	88%	80%	82%
Ordinary shares on issue (m) ²	2,855	2,855	2,812	2,094
Weighted average number of shares on issue (m) ²	- basic	2,830	2,462	2,070
	- fully diluted	2,663	2,476	2,082
Market capitalisation - end period (A\$m)	11,619	11,619	13,749	11,080
Capital management				
AMP shareholder equity	7,014	7,014	6,991	3,046
Corporate debt (excluding AMP Bank debt) (A\$m)	1,536	1,536	1,536	886
S&P gearing	11%	11%	11%	10%
Interest cover - underlying (times)	12.1	12.1	12.1	11.6
Interest cover - actual (times)	9.4	9.4	10.3	11.8
EV and VNB				
AFS value of new business (3% dm) (A\$m) ³	443			278
AFS value of risk new business (3% dm) (A\$m) ³	215			108
AFS EV after transfers - AFS (3% dm) (A\$m) ⁴	11,023			7,757
AFS return on EV - AFS (3% dm) ³	11.0%			8.8%
Cashflows and AUM				
AFS cash inflows (A\$m) ⁵	23,323	12,066	11,257	13,380
AFS cash outflows (A\$m) ⁵	(23,904)	(12,741)	(11,163)	(12,591)
AFS net cashflows (A\$m) ⁵	(581)	(675)	94	789
AFS persistency ⁵	87.9%	87.4%	88.5%	90.4%
AFS AUM - AMP Capital managed (A\$b)	75	75	81	59
AFS AUM - non AMP Capital managed (A\$b)	36	36	34	17
AMP Capital net cashflows - external (A\$m) ⁵	(1,166)	(795)	(371)	2,618
AMP Capital net cashflows - internal (A\$m) ⁵	(3,999)	(2,424)	(1,575)	(2,370)
AMP Capital AUM (A\$b)	123	123	130	98
Total AUM (A\$b)	159	159	164	115
Investment performance - AMP Capital				
Percentage of funds meeting or exceeding benchmark - total AUM ⁶	52%	52%	69%	63%
Controllable costs and cost ratios				
Operating costs (A\$m)	1,156	641	515	805
Project costs (A\$m)	101	58	43	79
Total controllable costs (A\$m)	1,257	699	558	884
Cost to income ratio	47.9%	50.6%	44.8%	43.3%
Controllable costs to AUM (bps)	82	87	77	78

1 1H 11 has been restated to integrate AXA operating earnings into AFS and AMP Capital and changes to the acquisition balance sheet. Refer to page 45 for more detail.

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

3 FY 11 AFS value of new business and return on EV includes AXA for the 12 months.

4 FY 11 transfers of A\$860m (FY 10 A\$851m).

5 FY 11 cashflows and persistency include AXA for the 12 months. FY 10 as disclosed on this financial summary has not been restated for AXA. Refer to page 20 (AFS) and page 34 (AMP Capital) for FY 10 cashflows restated to include AXA.

6 Performance figures are on a 12 month rolling basis for total AMP Capital AUM. FY 11 investment performance includes AXA's investment management business. 1H 11 has not been restated.

Five year summary

	AMP + 9 months AXA FY 11	AMP FY 10	AMP FY 09	AMP FY 08	AMP FY 07
Earnings					
Total operating earnings (A\$m)	792	686	701	737	770
Underlying profit (A\$m)	909	760	772	810	882
Net profit attributable to shareholders of AMP Limited (A\$m)	688	775	739	580	985
EPS - underlying (cps)	34.3	36.7	38.3	42.9	51.2
EPS - actual (cps)	26.3	37.9	37.1	31.1	56.3
RoE - underlying	15.1%	26.2%	31.6%	38.9%	37.9%
RoE - actual ¹	11.5%	26.7%	30.3%	27.9%	38.7%
Dividend					
Dividend per share (cps)	29	30	30	38	44
Dividend per share - sale of Cobalt/Gordian business (cps)				2	2
Dividend payout ratio - underlying	84%	82%	78%	89%	86%
Capital returns per share (cps)	-	-	-	-	40
Ordinary shares on issue (m) ¹	2,855	2,094	2,049	1,993	1,875
Weighted average number of shares on issue (m) ²					
– basic	2,648	2,070	2,016	1,890	1,875
– fully diluted	2,663	2,082	2,025	1,899	1,883
Share price for the period (A\$)					
– low ²	3.72	4.88	3.59	5.05	9.19
– high ²	5.78	6.77	6.95	9.98	10.94
EV and VNB					
AFS value of new business (3% dm) (A\$m) ³	443	278	319	360	376
AFS value of risk new business (3% dm) (A\$m) ³	215	108	102	114	81
AFS return on EV (3% dm) ³	11.0%	8.8%	11.3%	3.4%	17.2%
Capital management					
AMP shareholder equity (A\$m)	7,014	3,046	2,706	2,241	2,236
Corporate debt (excluding AMP Bank debt) (A\$m)	1,536	886	1,189	1,504	1,169
S&P gearing	11%	10%	13%	14%	10%
Interest cover - underlying (times)	12.1	11.6	11.9	10.9	17.3
Interest cover - actual (times)	9.4	11.8	11.4	8.1	17.6
Cashflows and AUM					
AFS net cashflows (A\$m) ⁴	(581)	789	1,661	1,426	2,932
AFS persistency ⁴	87.9%	90.4%	90.1%	90.3%	88.6%
AMP Capital net cashflows - external (A\$m) ⁴	(1,166)	2,618	(1,077)	(804)	1,705
AMP Capital AUM (A\$b)	123	98	95	92	111
AUM non AMP Capital managed (A\$b)	36	17	17	13	18
Total AUM (A\$b)	159	115	112	105	129
Investment performance - AMP Capital					
Percentage of funds meeting or exceeding benchmark - total AUM ⁵	52%	63%	67%	17%	68%
Controllable costs and cost ratios					
Controllable costs - AMP (A\$m)	1,257	884	837	879	871
Cost to income ratio - AMP	47.9%	43.3%	41.7%	41.3%	39.7%
Controllable costs to AUM (bps)	82	78	79	75	68
Staff numbers					
AFS ⁶	3,746	1,950	1,734	1,974	2,173
AMP Capital ⁷	940	927	888	993	872
Group Office	1,362	853	888	841	925
Total staff numbers ⁸	6,048	3,730	3,510	3,808	3,970

- 1 The number of shares has not been adjusted to remove treasury shares.
- 2 In June 2007, A\$0.40 per share was returned to shareholders. High and low share price has been adjusted accordingly.
- 3 FY 11 VNB, risk VNB and return on EV includes AXA for 12 months to 31 December 2011. Comparatives have not been restated.
- 4 FY 11 cashflows and persistency include AXA for the 12 months. FY 10 has not been restated.

- 5 Performance figures are on a 12 month rolling basis. FY 11 performance figures include AXA's investment management business.
- 6 Excludes planners.
- 7 FY 11 includes 252 shopping centre FTEs (253 in FY 10); however, the costs of these FTEs are recharged to shopping centres.
- 8 Total staff numbers exclude Cobalt/Gordian.

Pro forma key performance measures

Following the merger with AXA's Australian and New Zealand businesses in March 2011, AMP's FY 11 financial results and key performance measures include AXA for the nine months to 31 December 2011. Unless stated otherwise, FY 10 financial results and key performance measures have not been restated to include AXA.

In order to provide more meaningful and like-for-like comparisons, AMP has prepared FY 11 and FY 10 key performance measures on a pro forma basis. The pro forma includes AXA for a full 12 months (in both FY 11 and FY 10) or the relevant amounts for AXA at the end of FY 11 or FY 10. The pro forma has been prepared to enhance understanding of key business trends of the merged business and has required a number of management estimates in order to prepare the pro forma. The management estimates have not been audited.

	AMP + AXA FY 11	AMP + AXA FY 10	% FY
Cashflows, persistency, AUM and API			
AFS net cashflows (A\$m) ¹	(581)	225	n/a
AFS persistency ¹	87.9%	88.7%	n/a
Australian individual risk lapse rate	12.8%	11.9%	n/a
AFS AUM (A\$b) ¹	111	116	(4.3)
AFS Australian individual risk API (A\$m) ²	1,294	1,204	7.5
AFS Australian group risk API (A\$m) ²	346	320	8.1
AFS New Zealand individual risk API (NZ\$m) ³	288	268	7.5
AMP Capital net cashflows - external (A\$m) ⁴	(1,166)	1,807	n/a
AMP Capital AUM (A\$b) ⁴	123	131	(6.1)
Total AMP AUM (A\$b)	159	165	(3.6)
Advisers			
Total financial advisers	4,131	4,054	1.9
Market share⁵			
Australia			
Superannuation including rollovers	23.3%	23.4%	n/a
Total retail managed funds (excluding cash management trusts)	18.6%	18.6%	n/a
Individual risk API	19.6%	20.0%	n/a
Controllable costs (A\$m)⁶			
AFS	959	947	1.3
AMP Capital	326	314	3.8
Group Office	90	94	(4.3)
Total controllable costs	1,375	1,355	1.5
EV			
AFS EV after transfers (3% dm) (A\$m)	11,023	11,196	(1.5)

1 Refer to pages 20 to 24 for more detail on AFS cashflows, persistency and AUM.

2 Refer to page 15 for more detail on AFS CWP individual and group risk API.

3 Refer to page 19 for more detail on AFS NZ individual risk API.

4 Refer to pages 32, 34 and 35 for more detail on AMP Capital cashflows and AUM.

5 Refer to page 11 for AFS market share.

6 Controllable costs includes A\$36m of synergies realised following the merger with AXA. Excluding synergies, FY 11 controllable costs increased by 4.1% on pro forma FY 10 controllable costs.

Strategic overview

AMP today

AMP is Australia and New Zealand's leading independent wealth management company, with a retail banking business in Australia and a growing international investment management business.

The company merged with the Australian and New Zealand businesses of AXA Asia Pacific Holdings Limited (AXA) in March 2011, creating a new competitive force in wealth management.

The merged company has a compelling set of advantages:

- scale and efficiency
- market-leading positions in financial advice and key product categories
- a large customer base
- a broad distribution footprint
- high quality, contemporary and diverse products, platforms and investment capabilities
- a trusted brand.

AMP today holds number one or two rankings across key market segments in Australia and New Zealand, is Australia's largest superannuation provider and one of the largest domestic investment managers.

The company serves a diversified customer base, with more than five million retail customers in Australia and New Zealand and almost 350 institutional clients primarily in Australia, New Zealand and increasingly Asia and Europe.

Customers and clients now have more ways to access AMP's advice, products and services. These include its award-winning advice network, which is Australia and New Zealand's largest and most qualified with more than 4,100 aligned and employed advisers and planners. The network offers a wide spectrum of advice brands and services.

Customers can also access AMP through its established relationships with independent financial advisers (IFAs); direct retail investment opportunities; employers via its corporate superannuation offering; mortgage brokers; and directly via the telephone and the internet.

International clients are increasingly accessing AMP's leading investment capabilities through its distribution alliances in Asia.

The merged AMP has a broader set of quality products, platforms and investment funds. These include award-winning superannuation and risk products; a highly-rated, full-service wrap platform; leading administration services for self-managed superannuation funds (SMSF); competitive mortgage and deposit products; internationally recognised infrastructure and property capabilities; and a series of "buy"-rated flagship investment funds.

AMP's two business units are AMP Financial Services (AFS) and AMP Capital. The Australian and New Zealand businesses of AXA are in the process of being merged into these business units.

Strategy

AMP aims to deliver outstanding growth in business value by:

- delivering quality products and services that respond to the needs of fast-growing customer segments
- building a professional aligned planner force with above market growth and productivity

- capitalising on a broader, more productive domestic distribution footprint
- pursuing targeted international expansion of its investment management business
- continuing to adapt to changing market conditions through disciplined cost and capital management.

AMP's merger with AXA and its other strategic initiatives are accelerating the delivery of this growth strategy and ensuring the company continues to be strongly positioned to capitalise on the opportunities emerging from changes in investment markets, regulation, consumer attitudes, technology and demographics.

Delivering quality products and services that respond to the needs of fast-growing customer segments

AMP is developing and enhancing its range of products and services to meet and anticipate the needs of its customers and the broader consumer market, specifically targeting segments with the potential for above-system growth.

Its **superannuation and retirement income** product AMP Flexible Super continues to achieve significant growth, attracting A\$3.0b in net cashflows and tripling its assets under management (AUM) to A\$4.3b in FY 11.

The product has attracted more than 36,000 new customers since June 2011 and now has 106,500 customers in total. Many of these customers are new to AMP and from a younger demographic, demonstrating the product is performing as designed with its simple, value-for-money proposition.

AMP Flexible Super has received a number of awards and recommendations, including from Cannex and the Heron Partnership.

The company's SMSF offer, which includes Multiport, Personalised Portfolio Service, Ascend and now Super IQ, targets the high net worth market, is part of AMP's broadening product range and distribution reach.

AMP's **risk business** has delivered strong sales growth in its risk protection products Flexible Lifetime Protection and Elevate. Both products have been recognised for their outstanding value by Cannex.

Within the next two years, AMP intends to create a new retail risk insurance product range that builds on the best attributes of its existing offers. The transition to the new product will be managed in a way that safeguards the interests of existing customers and will adopt AMP's existing practice of refreshing the features on its current risk insurance products.

The award-winning AXA North **platform** also continued to grow in FY 11, attracting over A\$700m in net cashflows. Cash inflows into North increased 60% to A\$1.6b, benefiting from the platform becoming fully wrap functional in March 2011. It now has A\$2.2b in AUM.

During FY 11, North was recognised by advisers as the Platform of the Year in CoreData-brandmanagement's 2011 industry survey.

AMP **Bank**, an integral part of the company's offer, continues to deliver strong results. AMP Bank contributed A\$61m to Contemporary Wealth Management operating earnings in FY 11, up 45% on FY 10. Deposits grew 50% to A\$7.2b, while mortgages increased 10% to A\$11.2b. AMP Bank has close to 100,000 customers.

Strategic overview cont'd

AMP has built a portfolio of highly-rated **investment** funds, which are on 44 external platforms and badges and on the approved lists of 46 financial advice licensees. Eight of its flagship funds are “buy”-rated by the majority of consultants who rate these funds.

AMP continues to develop and refine its investment capabilities and approach to volatile investment markets. In FY 11, AMP launched the Multi-Asset Fund (MAF) which allows greater flexibility to add value through dynamic asset allocation.

Building a professional aligned planner force with above-market growth and productivity

AMP's aligned and employed financial planner and adviser networks offer financial advice under multiple brands, providing choice to both advisers and customers.

In Australia, these networks operate on a fee-for-advice basis for new superannuation, pension and investment business. AMP made this change in July 2010, well ahead of regulatory requirements. In New Zealand, these networks are in the process of moving to a fee-for-advice basis.

AMP's initiatives to build on the quality of its advice network were recognised during the year.

AMP Financial Planning (AMPFP) was named Money Management's 2011 Institutional Dealer Group of the year, which acknowledged its planner retention, planner growth and the ratio of planners to funds under administration during the past 12 months.

AXA's Financial Advice Network (FAN) – which includes AXA Financial Planning (AXA FP), Charter Financial Planning, Genesys Wealth Advisers and Jigsaw Support Services – was also recognised for its high quality. Its licensees were voted first, second and third out of 40 as the most attractive licensees to work with, according to CoreData-brandmanagement.

In addition, ipac Securities was named CoreData's Advisory Group of the Year for 2011 and AXA FP was awarded “Highly Commended” in CoreData's recent Financial Planning Shadow Shop Report.

Adviser numbers

AMP has the largest aligned and employed financial planner network in Australia and New Zealand, with 4,131 financial planners and advisers and 1,414 practices. Financial planner and adviser numbers increased by 2,001 in FY 11, including the addition of 1,869 financial planners and advisers following the merger with AXA in March 2011.

AMPFP planner numbers increased by 127 to 1,653 in FY 11, as a result of the Horizons program and the success of initiatives to boost planner practice numbers. In FY 11, 130 advice professionals graduated from the Horizons Academy. The number of Hillcross advisers increased by 36 to 318 in FY 11, while practice numbers rose to 124. Both planner and practice numbers were boosted by the acquisition of the IRIS Financial Group in July 2011.

AXA Australia adviser numbers declined by 56 since the merger to 1,456, reflecting lower recruitment activity against a background of economic, regulatory and merger uncertainty and increased competitor activity.

New Zealand adviser numbers increased by 382 to 704 in FY 11, including the addition of 357 advisers following the merger with AXA.

Capitalising on a broader, more productive distribution footprint

Complementing its leading advice network, AMP is expanding the way it offers customers its products and services.

The company has broadened and expanded its relationships with IFAs through the merger with AXA. AMP is now the largest provider of risk insurance to the Australian IFA market. IFAs generated 49% of AXA Elevate's sales. 31% of AFS's individual risk API is now sourced through IFAs and alliances.

AMP extended its reach to employers, with eight new Signature Super mandates won in FY 11. In FY 11 AMP Flexible Super had a total of almost 2,300 employer plans. These plans account for approximately 13,500 customers.

Following a strategic review, AMP sold its general insurance distribution business in FY 11. The transaction settled on 31 December 2011 and was not material for the AMP Group.

Pursuing targeted international expansion of investment management business

A key part of AMP Capital's strategy is to position itself as a key intermediary in the global shift of capital flows from west to east, including in and out of Australia, as a result of the global financial crisis and Asia's economic growth.

In line with this strategy, AMP Capital continued its targeted expansion into selected Asian markets, sourcing 7% of its AUM from Asia in FY 11. This includes A\$8b it manages for clients in Japan.

AMP Capital significantly expanded its distribution network in Japan in FY 11 by forming a business alliance with Mitsubishi UFJ Trust and Banking Corporation (MUTB). The partnership will replicate AMP Capital's successful Australian and New Zealand distribution footprint in what is the world's second largest savings pool, by providing access to 80% of Japan's institutional investors and around 14% of the country's retail and high net worth banking networks. The MUTB transaction, which includes MUTB acquiring a 15% minority interest in AMP Capital Holdings Limited is expected to complete in March 2012, subject to regulatory approval. AMP Capital also has several other distribution relationships in Japan targeting retail investors.

In addition to Japan, AMP Capital is working to develop distribution alliances in China and India.

AMP Capital's global investment capabilities, particularly infrastructure and property, are being increasingly recognised internationally. In FY 11, it expanded its global infrastructure capability to new markets, raising €284m for its Infrastructure Debt Fund with six new institutional investors in the UK and Japan (including its first UK pension fund). AMP was also appointed to manage a new €1b infrastructure fund by Ireland's National Pensions Reserve Fund.

Continuing to adapt to changing market conditions through disciplined cost and capital management

AMP continues to actively manage its capital and costs, particularly in the light of ongoing market volatility.

AMP's integration with AXA is expected to create new scale benefits and efficiency opportunities into the future.

Strategic overview cont'd

AMP remains strongly capitalised with A\$1,543m in regulatory capital resources above minimum regulatory requirements (MRR) at 31 December 2011 (A\$1,482m at 31 December 2010). Regulatory capital resources were 1.3 times shareholder MRR (1.5 times at 31 December 2010). The increase in regulatory capital resources above MRR was a result of the merger with AXA and a number of capital initiatives undertaken during FY 11, offset by negative impact of investment markets and higher demands for capital to support business growth.

AMP continues to take a prudent approach to capital management and has a bias towards holding more capital than less with continuing market volatility and proposed changes to regulatory capital standards.

AMP's final 2011 dividend is 14 cents per share franked to 50%. The dividend payout ratio for FY 11 is 84% of underlying profit. AMP has revised its dividend policy to a target payout ratio in the range of 70% to 80% and to be franked to the maximum extent possible. This guidance represents a change to past guidance (75% to 85% target payout ratio) reflecting an expected increase in capital requirements to meet future business growth following the merger with AXA, increasing demand for more capital intensive products and an anticipated increase in regulatory capital requirements.

AMP will continue to offer a Dividend Reinvestment Plan (DRP). AMP will offer a discount of 1.5% to DRP participants. The DRP will not be underwritten and new shares will be issued.

Integration update

On 30 March 2011, AMP merged with AXA's Australian and New Zealand businesses. Since then, it has made good progress on its three integration objectives:

- maintaining business momentum across the organisation while bringing the two companies together
- sharpening the merged organisation's competitive edge by delivering on planned synergies and drawing on the strengths of both businesses
- building a stronger growth platform for the merged company than either business had as stand-alone organisations.

To do this, in FY 11 AMP:

- realised an increase in FY 11 run rate synergies of A\$55m (post tax), reflecting earlier than expected benefits from business investment programs, organisational design and supply chain negotiations. The increased FY 11 synergies run rate reflects timing differences, with the synergy target of A\$140m remaining unchanged
- achieved lower than expected FY 11 integration costs of A\$105m (post tax) again representing timing differences
- retained key talent and business partners across the two organisations, including retention of 96% of the value of AXA Financial Planning and Charter Financial Planning advisers
- substantially completed organisational design, with confirmation of new management teams and structures for the AMP Group, AFS and AMP Capital.

The integration program has moved from the establishment to execution phase, with 70% of initiatives now underway, aimed at improving and consolidating systems, processes, platforms and products.

Regulatory environment

AMP has moved to introduce many of the regulatory changes under review in Australia and New Zealand, including removing

commissions on new superannuation, pension and investment business; shifting to fee-for-advice across its aligned planner network; launching a simple, flexible low-cost superannuation option and free consolidation service; and reinforcing the principle that advisers put clients' interests first.

In Australia, regulatory changes being considered by the federal government include the Future of Financial Advice (FoFA) reforms, which aim to improve trust and confidence in financial advisers. These reforms in their current form include a prospective ban on superannuation and pension commissions (from July 2012), volume based payments to financial advice licensees and a ban on risk insurance commissions on default/MySuper products (from July 2013). The reforms also provide a prospective requirement for advisers to ensure clients opt in every two years, annual fee disclosure statements and a statutory best interest duty on financial planners.

The Parliamentary Joint Committee on Corporation and Financial Services (PJC) is currently reviewing draft FoFA legislation and is scheduled to report back to Parliament in February 2012.

Also in Australia, the law is being reviewed to legislate for a new, low-cost, simple default superannuation product and auto-consolidation of lost superannuation. The PJC is currently reviewing this legislation with the Committee expected to report to Parliament in March 2012.

The Australian government's intention to lift the superannuation guarantee contribution levy from 9% to 12% by 2019 has bipartisan political support.

In New Zealand, AMP was one of the first wealth managers to be awarded a new licence under the New Zealand Financial Advisers Act which came into effect on 1 July 2011. The combined AMP and AXA business in New Zealand has more than a quarter of the licensed advisers in New Zealand.

Regulatory capital reviews

AMP is maintaining a strong capital position ahead of the outcomes of a number of regulatory capital reviews.

The Australian Prudential Regulatory Authority (APRA) life and general insurance prudential review aims to align the capital framework of APRA-regulated life and general insurance companies. APRA expects to issue final standards in May 2012, which are likely to take effect from 1 January 2013. AMP has commenced an assessment of the impact of these draft prudential standards on its regulatory capital position. While the assessment is still ongoing, it is expected that there will be an increase in minimum regulatory capital requirements. With ongoing disciplined capital management, supplemented by the capital benefit of the MUTB business alliance (A\$380m), which is scheduled to complete in March 2012 (subject to regulatory approval), AMP expects to continue to maintain a strong surplus to minimum regulatory capital requirements.

The Australian Securities and Investments Commission (ASIC) has completed its review of financial requirements imposed on responsible entities of registered managed investment schemes under the Australian Financial Services Licence (AFSL) regime, with changes to take effect from 1 November 2012.

The New Zealand Reserve Bank has finalised its New Zealand solvency standards for the country's life insurance companies. AMP is likely to be exempt from most aspects of these standards on the basis of its compliance with Australian solvency standards.

AMP Financial Services financial summary

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Profit and loss¹					
Australian contemporary wealth management	322	151	171	303	6.3
Australian contemporary wealth protection	206	111	95	152	35.5
Australian mature	147	71	76	138	6.5
New Zealand	68	38	30	58	17.2
Profit margins	743	371	372	651	14.1
Australian contemporary wealth protection ²	8	5	3	-	n/a
Capitalised loss reversals	8	5	3	-	n/a
Australian contemporary wealth protection	1	(9)	10	(14)	n/a
Australian mature	6	6	-	2	n/a
New Zealand	8	5	3	-	n/a
Experience profits/(losses)	15	2	13	(12)	n/a
Operating earnings	766	378	388	639	19.9
Underlying investment income	139	80	59	79	75.9
Underlying operating profit after income tax	905	458	447	718	26.0
Controllable costs and cost ratios¹					
Operating costs	774	441	333	482	60.6
Project costs	84	48	36	63	33.3
Total controllable costs	858	489	369	545	57.4
Cost to income ratio	39.9%	42.9%	36.6%	34.7%	n/a
Controllable costs to AUM (bps) ³	82	87	77	74	n/a
Return on capital¹					
RoBUE	26.0%	23.4%	29.4%	31.8%	n/a
End period tangible capital resources - after transfers (A\$m)	3,848	3,848	3,745	2,221	73.3
Cashflows, AUM and persistency⁴					
AFS cash inflows (A\$m)	23,323	12,066	11,257	13,380	74.3
AFS cash outflows (A\$m)	(23,904)	(12,741)	(11,163)	(12,591)	(89.8)
AFS net cashflows (A\$m)	(581)	(675)	94	789	n/a
AUM (A\$b)	111.2	111.2	115.7	75.7	46.9
Persistency	87.9%	87.4%	88.5%	90.4%	n/a
VNB - risk insurance and risk annual premium in-force (API)⁴					
Value of risk new business (3% dm) (A\$m)	215			108	99.1
Australian individual risk API (A\$m)	1,294	1,294	1,226	662	95.5
New Zealand individual risk API (NZ\$m)	288	288	281	151	90.7

1 FY 11 includes AXA for the period 31 March to 31 December 2011.

2 Refer to pages 14 and 15 for more detail on CWP capitalised loss reversals.
AFS NZ capitalised loss reversals (A\$m2m) have been disclosed as a component of experience profits.

3 Average AUM in this measure includes acquired AXA products from 31 March 2011. Average AUM is based on monthly average AUM excluding capital.

4 FY 11 includes AXA for the 12 months to 31 December 2011. FY 10 comparatives have not been restated to include AXA.

Market share - AFS

	September 2011 ¹			September 2010 ¹		
	Total market size A\$b	Market position (rank)	Market share %	Total market size A\$b	Market position (rank)	Market share %
Market share - Australia						
Assets under management²						
Superannuation including roll-overs	237.6	1	23.3	244.4	2	17.2
Corporate superannuation master funds	86.5	1	23.0	83.8	2	20.4
Retirement income	111.4	2	18.3	108.2	3	11.1
Unit trusts (excluding cash management trusts)	115.9	5	9.8	131.0	9	3.9
Total retail managed funds (excluding cash management trusts)	471.5	1	18.6	490.4	3	12.1
Total in-force annual premiums³						
Individual risk	6.5	1	19.6	6.0	4	11.0
Group risk	3.4	5	10.1	3.0	10	4.7

1 September 2011 market share includes AXA. September 2010 market share has not been restated for AXA.

2 Source: Plan for Life - QDS Retail: 30 September 2011 and 30 September 2010.

3 Source: Plan for Life - Detailed Risk Statistics: 30 September 2011 and 30 September 2010. In-force premiums individual risk excludes single premiums.

	September 2011 ¹			September 2010 ¹		
	Total market size NZ\$b	Market position (rank)	Market share %	Total market size NZ\$b	Market position (rank)	Market share %
Market share - New Zealand						
Assets under management						
Retail superannuation ²	4.0	1	43.8	4.7	3	18.6
Unit trusts ²	9.3	2	15.4	7.9	9	2.6
Insurance bonds ²	0.6	3	21.8	0.6	2	20.4
Total retail funds ²	25.1	1	20.8	21.9	5	9.2
Corporate superannuation ³	4.1	1	52.7	4.1	1	33.3
Conventional ⁴	0.2	1	72.0	0.1	1	43.8
KiwiSaver ²	9.6	3	18.8	6.9	3	12.0
Total in-force annual premiums						
Individual risk ⁴	1.4	2	19.9	1.3	2	11.7

1 September 2011 market share includes AXA. September 2010 market share has not been restated for AXA.

2 Measured by AUM: Source: Fund Source Research Limited September 2011. September 2011 market share decreased relative to September 2010 following a change in reporting by a New Zealand competitor.

3 Measured by AUM: Source: Eriksen's Master Trust Survey September 2011.

4 Measured by in-force premium: Source: ISI Statistics September 2011.

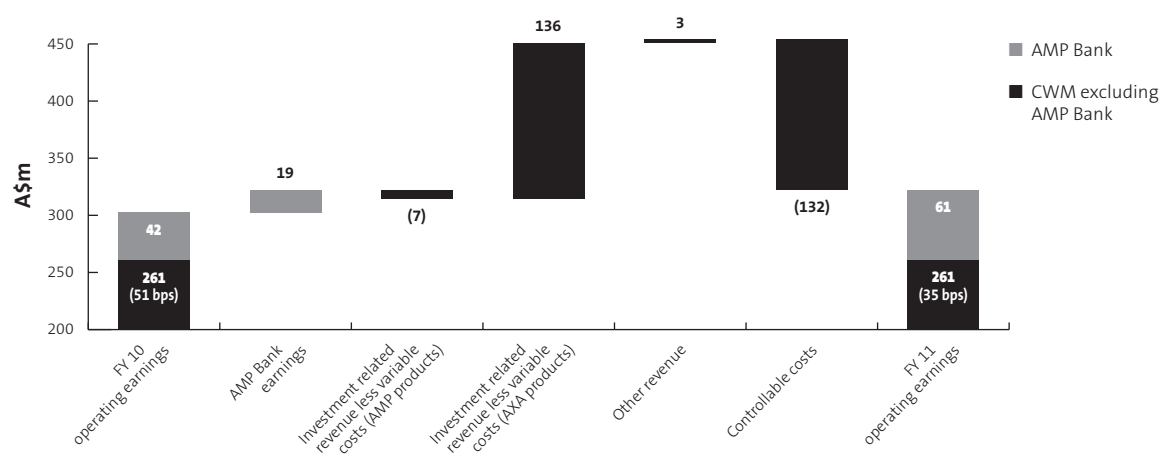
Australian contemporary wealth management

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Profit and loss¹					
Revenue					
Investment related ²	960	507	453	744	29.0
Bank related	178	90	88	146	21.9
Other ³	100	52	48	95	5.3
Total revenue	1,238	649	589	985	25.7
Investment management expense	200	103	97	164	22.0
Bank variable costs	48	25	23	43	11.6
Total variable costs	248	128	120	207	19.8
Controllable costs	532	305	227	344	54.7
Tax expense	136	65	71	131	3.8
Operating earnings	322	151	171	303	6.3
Underlying investment income	27	15	12	19	42.1
Underlying operating profit after income tax	349	166	183	322	8.4
RoBUE	34.0%	30.1%	38.5%	40.9%	n/a
End period tangible capital resources - after transfers (A\$m)	1,041	1,041	1,055	786	32.4
Net cashflows (A\$m) ⁴	138	(326)	464	1,391	(90.1)
AUM (A\$b)	79.3	79.3	82.7	53.7	47.7
Average AUM (A\$b) ⁵	74.4	80.0	68.9	51.4	44.7
Persistency ⁶	87.3%	86.5%	88.0%	90.3%	n/a
Cost to income ratio	51.6%	56.1%	46.5%	42.9%	n/a
Investment related revenue to AUM (bps) ^{2,5,7}	129	126	132	145	n/a
Investment management expense to AUM (bps) ^{2,5,7}	27	26	28	32	n/a
Investment related revenue less variable costs to AUM (bps) ^{2,5,7,8}	102	100	104	113	n/a
Controllable costs to AUM (bps) ^{5,7,8}	66	70	60	59	n/a
Operating earnings to AUM (bps) ^{5,7,8,9}	35	30	41	51	n/a

- Contemporary wealth management business comprises: financial planning services (through aligned and owned advice businesses), superannuation, retirement income, investment and banking products.
- Investment related refers to revenue on superannuation and allocated pension and investment products. Following the move to fee-for-advice, payments to planners for fees and commissions allocated on their behalf for clients are netted off against the fees and commissions received from clients within investment related revenue.
- Other revenue includes product fees, platform fees and advice fees received by Licensees on AFS contemporary wealth protection and movements in the value of client registers purchased from financial planners.
- FY 11 net cashflows includes 12 months of AXA. FY 10 has not been restated to include AXA. Refer to page 20 for FY 10 restated cashflows including AXA.

- Average AUM in this measure includes acquired AXA products from 31 March 2011. Average AUM is based on monthly average AUM excluding capital.
- FY 11 persistency includes AXA cash outflows and AUM for the 12 months to 31 December 2011. FY 10 comparatives have not been restated.
- Ratio based on 181 days in 1H 11 and 184 in 2H 11.
- Costs in this ratio exclude AMP Bank costs.
- Operating earnings in this ratio exclude AMP Bank.
- Contemporary wealth management EV and VNB are detailed on page 25.

Movement in FY 10 to FY 11 operating earnings



Australian contemporary wealth management cont'd

Business overview

The contemporary wealth management (CWM) business is focused on providing customers with financial planning services (through aligned and owned advice businesses), superannuation, retirement income, investment and banking products.

CWM's key priorities are to:

- improve the quality of the advice experience and develop complementary advice channels
- improve planner productivity and grow planner numbers
- position AFS for a changing regulatory environment
- build a stronger growth platform for the merged company whilst reducing the cost of servicing customers
- remain vigilant on cost control and improve efficiencies following the merger with AXA.

Operating earnings

Operating earnings increased by A\$19m (6%) to A\$322m in FY 11. The increase in operating earnings was driven by growth in AMP Bank earnings (up A\$19m) and a nine month contribution from AXA, offset by lower investment markets resulting in lower assets under management. Lower investment markets in FY 11 also led to a -A\$7m impact to operating earnings from lower SuperLeader (a corporate superannuation product) participating profits.

FY 11 CWM operating earnings includes A\$14m in respect of AXA business super which was previously reported as part of AXA mature.

Investment related revenue to AUM

Reporting of investment related revenue to AUM

From 1 July 2010, AMP changed its product offering to remove commissions on new superannuation, pension and investment business and advisers moved to fee-for-advice remuneration models. Following this change, CWM investment related revenue has been restated to remove planner payments.

Movement in investment related revenue to AUM

FY 11 investment related revenue to AUM was 129 bps, a 16 bps reduction from FY 10. The reduction in investment related revenue to AUM was due to:

- the mix impact from including AXA wealth management products (-8 bps)
- change in product and fee mix, including growth in funds invested in cash options with AMP Bank (-3 bps)
- impact of repricing AMP's closed superannuation and pension products on 1 November 2010 (-2 bps)
- strong growth in AMP Flexible Super and customer preferences for lower margin investment options (-1 bps)
- lower corporate superannuation (SuperLeader) participating profits (-2 bps).

Investment management expense to AUM

Investment management expense to AUM decreased 5 bps to 27 bps in FY 11. The reduction represents a higher proportion of cash and passive investment options selected by customers as well as a higher proportion of externally managed AUM on AXA platforms.

AMP Bank

AMP Bank has approximately 100,000 customers, a mortgage book of A\$11.2b and a deposit book of A\$7.2b. AMP Bank uses direct and third party distribution, including AMP financial planners and third party mortgage brokers to distribute banking products. Mortgages are funded by a combination of on-balance sheet (75% including retail and superannuation deposits and short and long-term wholesale funding) and off-balance sheet (25% being securitisation) funding.

AMP Bank remains well positioned, with a capital adequacy ratio of 11.5% and Tier 1 capital adequacy ratio of 8.8%. At 31 December 2011, AMP Bank had a 90+ days loan arrears of 0.46% and a weighted average loan to value ratio (LVR) of 58%. LVR's greater than 80% are mortgage insured.

The mortgage book increased by A\$1.1b (10%) in FY 11. Mortgage growth was above system growth in FY 11, increasing on average 0.8% per month, compared to market growth of 0.5% per month. The growth in mortgages has largely been funded by the increase in deposits. The deposit book increased by A\$2.4b (50%) in FY 11 and increased by 29% in 2H 11.

AMP Bank contributed A\$61m to CWM's FY 11 operating earnings, up from A\$42m in FY 10. Bank related revenue increased 22% in FY 11, due to an expansion in net interest margin and strong mortgage growth. AMP Bank's net interest margin in FY 11 was 1.54%, up from 1.38% in FY 10. Bank variable costs increased by 12% in FY 11, driven by the growth in mortgages. AMP Bank controllable costs were A\$43m in FY 11, up from A\$42m in FY 10. The cost to income ratio fell to 32.7% in FY 11 due to strong revenue growth.

AMP Bank's return on capital increased to 16.5% in FY 11, up from 14.0% in FY 10.

AMP Bank expects to manage its funding, liquidity and capital requirements through diversified funding sources including deposits, securitisation and term funding. AMP Bank completed a A\$940m securitisation in May 2011.

Controllable costs

CWM controllable costs increased by A\$188m to A\$532m in FY 11, and includes a nine month contribution from AXA.

Excluding the impact of AXA, CWM controllable costs increased as a result of continued investment in growth initiatives and higher employment costs.

The FY 11 cost to income ratio increased by 8.7 percentage points to 51.6% as a result of the merger with AXA; controllable costs to AUM increased 7 bps to 66 bps in FY 11.

Return on capital

RoBUE for FY 11 was 34.0%, down from 40.9% in FY 10, reflecting a nine month contribution from AXA and higher capital allocated to AMP Bank as a result of mortgage growth.

Australian contemporary wealth protection

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Profit and loss¹					
Profit margins	206	111	95	152	35.5
Capitalised loss reversals	8	5	3	-	n/a
Experience profits/(losses)	1	(9)	10	(14)	n/a
Operating earnings	215	107	108	138	55.8
Underlying investment income	68	38	30	32	112.5
Underlying operating profit after income tax	283	145	138	170	66.5
RoBUE	19.0%	16.6%	22.5%	23.2%	n/a
End period tangible capital resources - after transfers (A\$m)	1,742	1,742	1,738	745	133.8
VNB (3% dm) (A\$m)	208			101	105.9
EV - after transfers (3% dm) (A\$m)	3,593			1,875	91.6
Return on EV (3% dm) ²	20.8%			13.6%	n/a
Individual risk API (A\$m)	1,294	1,294	1,226	662	95.5
Group risk API (A\$m)	346	346	334	146	137.0
Individual risk lapse rate ³	12.8%	13.8%	11.7%	11.4%	n/a
Profit margins/annual premium ⁴	14.8%	13.7%	16.3%	19.4%	n/a
Operating earnings/annual premium ⁴	15.4%	13.2%	18.4%	17.6%	n/a
Controllable costs (A\$m)	164	92	72	93	76.3
Cost to income ratio	28.8%	30.7%	26.7%	27.7%	n/a
Controllable costs/annual premium ⁴	11.8%	11.4%	12.2%	11.9%	n/a

1 Contemporary wealth protection comprises individual risk and group risk.

2 FY 11 return on EV includes AXA for 12 months. FY 10 return on EV has not been restated for AXA.

3 FY 11 lapse rate includes AXA lapses and API for the 12 months to 31 December 2011. 1H 11 lapse rate includes AXA lapses and API for the 6 months to 31 December 2011. FY 10 comparatives have not been restated.

4 Based on average annual premium in-force.

Business overview

Contemporary wealth protection (CWP) comprises individual and group term, disability and income protection risk products. Products can be bundled with a superannuation product or held independently.

In CWP's individual risk business, 38% of in-force and 55% of new business is written within superannuation. Group risk is a key component of the corporate superannuation offer.

CWP's key priorities are to:

- take advantage of the merger with AXA to enhance and broaden the businesses' product and service offering
- increase the proportion of superannuation customers who have adequate risk insurance coverage
- enable superannuation customers to consolidate their insurance cover into one superannuation account
- increase the profitability of the risk insurance business
- improve ease and profitability of writing AMP risk business for advisers/planners
- grow distribution through independent financial advisers and alliance channels
- improve operational leverage and cost efficiencies following the merger with AXA.

Income protection

In line with industry trends, recent income protection claims have been higher than long term best estimate assumptions for both AMP Life and NMLA (ie AXA's risk insurance business). In Q4 11, AMP completed a review of income protection claims experience and trends. AMP has strengthened the Australian income protection morbidity claims assumptions for both AMP Life and NMLA.

The impact from strengthening claims assumptions for the AXA income protection business has been reflected in changes to the acquisition balance sheet. Following the merger with AXA in March 2011, accounting standards allow 12 months to review and finalise acquisition balance sheet accounting entries. This includes finalising the liabilities relating to AXA's Australian in-force income protection business. Although new income protection business is profitable, the increase in expected future claims payments exceed the future profit margins expected to be released. As a result, the AXA Australian income protection book was put into loss recognition with capital losses of A\$74m recognised on merger.

Reversals of capitalised losses can be driven by pricing increases, changes in claims assumptions, reductions in unit costs and growth in profitable business. The capital loss reversals for the 9 months to 31 December 2011 reflect growth from profitable business written in the period.

Australian contemporary wealth protection cont'd

As a result of putting the AXA Australian income protection business in loss recognition in March 2011:

- 1H 11 CWP has been restated to recognise A\$3m of capitalised loss reversals
- 1H 11 CWP (including AXA) profit margins has been restated from A\$96m to A\$95m
- 1H 11 CWP (including AXA) experience has been restated from A\$8m to A\$10m.

Operating earnings

Operating earnings increased 56% to A\$215m in FY 11. FY 11 operating earnings includes a 9 month contribution from AXA.

Profit margins

Profit margins increased 36% to A\$206m in FY 11, reflecting organic growth in the retail business and the 9 month contribution from AXA.

Profit margins as a percentage of average API was 14.8% in FY 11, down from 19.4% in FY 10, reflecting the 9 month contribution from AXA. FY 11 profit margins to average API included AXA risk products for the 9 months from 31 March 2011. Profit margins to average API were also impacted by putting AXA's Australian income protection business into loss recognition and changing the asset allocation backing the AXA risk business.

Experience

Experience profits increased A\$15m to A\$1m in FY 11, and includes 9 months of experience on AXA risk products. The improvement was driven by higher mortality experience profits on individual risk lump sum and group risk packaged with superannuation. Individual income protection and group risk stand-alone products continue to generate claims experience losses. Higher income protection claims are consistent with the current economic environment.

Annual premium in-force (API)

Individual risk API was A\$1.3b in FY 11, up from A\$662m in FY 10. Individual risk API includes the benefit of integrating AXA's Australian risk insurance business. Restating FY 10 for AXA, API growth in FY 11 was 8%.

The increase in API also reflected:

- the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies held within superannuation
- strong growth through AMP Flexible Protection
- a positive response to AXA Elevate, which was launched through AXA platforms in 2010
- increased planner activity as uncertain economic conditions and investment markets led to an increase in demand for risk products.

FY 11 individual risk API comprised lump sum insurance (71%) and disability, including income protection (29%).

Following the merger with AXA, the percentage of individual risk insurance API written by independent financial advisers (IFAs) has increased significantly. IFAs account for 31% of FY 11 individual risk API, up from 14% prior to the merger.

Group risk API was A\$346m in FY 11, up from A\$146m in FY 10. FY 11 group risk API includes the benefit of integrating AXA with growth of 8% on a restated basis. Growth in this segment was largely driven by the successful re-tender of a large group life plan. CWP continues to focus on writing group risk business as part of its broader corporate superannuation offering.

Lapse rates

In FY 11, lapse rates were 12.8%, 1.4 percentage points higher than FY 10 (11.4%). FY 10 lapse rate, restated for inclusion of AXA was 11.9%.

2H 11 lapse rates of 13.8% were higher than in 1H 11 due in part to annual age and inflation (CPI) premium increases that come into effect from 1 July each year for policies written within superannuation.

Controllable costs

CWP controllable costs were A\$164m in FY 11, up from A\$93m in FY 10. FY 11 controllable costs include AXA for the nine months to 31 December 2011. FY 11 controllable costs also increased due to higher costs on distribution growth initiatives.

The cost to income ratio increased 1.1 percentage points to 28.8% in FY 11 following the merger with AXA.

Return on capital

FY 11 RoBUE was 19.0% down from 23.2% in FY 10.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV increased 20.8% in FY 11 before transfers.

FY 10 CWP EV has been restated to harmonise AMP and AXA methodology, including income protection claims assumptions.

EV increased as a result of a lower risk discount rate, strong new business, partly offset by higher income protection claims assumptions.

FY 11 VNB was A\$208m, up from A\$101m in FY 10. FY 11 VNB includes a 12 month contribution from AXA. FY 10 VNB has not been restated to include AXA. FY 11 VNB reflects the benefit of a lower risk discount rate, partly offset by revised income protection claims assumptions.

For further details on EV and VNB, refer to pages 25 to 29.

Australian mature

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Profit and loss					
Profit margins	147	71	76	138	6.5
Experience profits/(losses)	6	6	-	2	n/a
Operating earnings	153	77	76	140	9.3
Underlying investment income	28	17	11	19	47.4
Underlying operating profit after income tax	181	94	87	159	13.8
RoBUE	32.6%	31.1%	34.2%	36.7%	n/a
End period tangible capital resources - after transfers (A\$m)	592	592	529	398	48.7
VNB (3% dm) (A\$m)	10			14	(28.6)
EV - after transfers (3% dm) (A\$m)	1,906			1,683	13.3
Return on EV (3% dm) ¹	(2.2%)			13.6%	n/a
Net cashflows (A\$m) ²	(1,797)	(936)	(861)	(1,265)	(42.1)
AUM (A\$b)	22.7	22.7	23.7	17.3	31.2
Profit margins to AUM (bps) ³	67	60	74	77	n/a
Persistency ⁴	89.2%	88.8%	89.4%	89.3%	n/a
Controllable costs (A\$m)	83	48	35	58	43.1
Cost to income ratio	24.3%	26.6%	21.8%	20.3%	n/a
Controllable costs to AUM (bps) ³	38	41	34	33	n/a

1 FY 11 return on EV includes AXA for a 12 month period. FY 10 return on EV has not been restated to include AXA.

2 FY 11 net cashflows includes 12 months of AXA. FY 10 has not been restated to include AXA. Refer to page 20 for FY 10 restated cashflows including AXA.

3 Based on monthly average AUM excluding capital.

4 FY 11 persistency includes AXA cash outflows and AUM for the 12 months to 31 December 2011.

Australian mature cont'd

Business overview

The Australian mature (Mature) business is the largest closed life insurance businesses in Australia. Mature AUM supports capital guaranteed products (76%) and market linked products (24%). Mature products include whole of life, endowment, investment linked, investment account, Retirement Savings Account (RSA), Eligible Rollover Fund (ERF), annuities, insurance bonds, personal superannuation, guaranteed savings accounts and traditional participating products.

All products in Mature are closed to new business with the exception of the AXA branded Guaranteed Savings Account (GSA) and AMP branded ERF. The GSA product is treated as a wholesale product and cashflows are not reported in AFS mature cashflows and VNB.

Key priorities for management are to:

- maintain capital efficiency
- manage prudently asset and liability risk
- improve persistency
- achieve greater cost efficiency.

Operating earnings

Operating earnings increased A\$13m (9%) to A\$153m in FY 11.

The increase in operating earnings was due to:

- a nine month contribution from AXA (A\$29m)
- higher experience profits (A\$4m)

offset by:

- expected portfolio run-off (-A\$7m)
- lower investment markets including bond yields (-A\$13m).

FY 11 experience profits were A\$6m, up from A\$2m in FY 10.

FY 11 experience profits are primarily a result of positive expense experience following the merger with AXA.

Market volatility continued during FY 11, resulting in fewer surrenders from capital guaranteed products and customers delaying their retirement. Persistency decreased 0.1% to 89.2% in FY 11.

AUM

FY 11 mature AUM was A\$22.7b, up from A\$17.3b in FY 10. FY 11 AUM benefited from including AXA mature products (A\$6.1b).

Controllable costs

Controllable costs increased A\$25m to A\$83m in FY 11, following the merger with AXA. Controllable costs to AUM increased 5 bps to 38 bps.

Return on capital

FY 11 RoBUE was 32.6%, down from 36.7% in FY 10.

The capital position of this business remains strong. Refer to page 38 for AMP Life and NMLA Statutory Funds regulatory capital resources above MRR.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV decreased 2.2 % in FY 11 before transfers.

FY 10 mature EV has been restated by -A\$169m to transfer embedded value in respect of products now reported as part of CWM and to harmonise economic assumptions.

EV decreased as a result of falling investment markets and bond yields, partly offset by the benefit of a lower risk discount rate on future profits.

VNB decreased A\$4m to A\$10m due to the closure of RSA to new business from 1 July 2010.

For further details on EV and VNB, refer to pages 25 to 29.

Business run-off profile

The mature business remains in slow decline but will remain profitable for many years. It is expected to run off between 4% and 6% per annum. In volatile investment markets, this run-off rate can vary substantially.

The run-off of AUM mirrors policy liabilities, although there is potential for profit margins to be impacted differently. The run-off of mature AUM is anticipated to have an average duration of approximately 15 years, but will be impacted by investment markets.

Managing Mature for investment market movements

The capital guaranteed products within AFS are held within AMP Life Statutory Fund No. 1 and NMLA Statutory Funds No.1 and No.4. Asset allocations supporting these products are struck prudently over the long-term and have a bias toward income over growth assets. The long-term asset mix is set out on page 29.

AMP actively manages the equity exposure supporting capital guaranteed products (including relevant parts of CWM and New Zealand). AMP uses derivative strategies to provide protection from equity market declines. As at 31 December 2011, AMP had in place the following derivative strategies against the A\$4.8b of equities held across these three Statutory Funds:

- long-term derivative strategies in both AMP Life and NMLA that use options and futures to provide a variable level of protection depending on market conditions
- tactical equity derivative positions in AMP Life, comprising put options, protecting A\$1.7b of equities against market falls in excess of 30% from 31 December 2011 market levels.

AMP takes an active approach to implementing these derivative strategies.

In addition, AMP employs the following strategies designed to protect against changes in long-term interest rates:

- long-term derivative strategies using interest rate swaps and bond futures in both AMP Life and NMLA to lengthen the duration of the assets supporting this business
- tactical protection against falling long-term interest rates providing approximately A\$2.7b of nominal protection within AMP Life.

Typically, the shareholder bears 20% of the cost of tactical derivative protection. The cost is disclosed as part of AMP's investment income market adjustment. FY 11 shareholder cost of tactical protection was A\$6m (post tax).

The Life Statutory Funds capital sensitivities disclosed on page 47 include the impact of these protection strategies.

New Zealand

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Profit and loss					
Profit margins	68	38	30	58	17.2
Experience profits/(losses)	8	5	3	-	n/a
Operating earnings ¹	76	43	33	58	31.0
Underlying investment income	16	10	6	9	77.8
Underlying operating profit after income tax	92	53	39	67	37.3
RoBUE	22.6%	23.2%	21.7%	22.2%	n/a
End period tangible capital resources - after transfers (A\$m)	473	473	423	292	62.0
VNB (3% dm) (A\$m) ²	14			8	75.0
EV - after transfers (3% dm) (A\$m)	983			609	61.4
Return on EV (3% dm) (A\$m) ³	17.3%			4.3%	n/a
Net cashflows (A\$m) ⁴	244	158	86	201	21.4
AUM (A\$b)	9.2	9.2	9.3	4.7	95.7
Individual risk API (A\$m)	219	219	217	115	90.4
Individual risk API (NZ\$m)	288	288	281	151	90.7
Group risk API (A\$m)	30	30	30	-	n/a
Group risk API (NZ\$m)	39	39	38	-	n/a
Lapse rates ⁵	9.6%	9.9%	9.3%	9.9%	n/a
Controllable costs (A\$m)	79	44	35	50	58.0
Cost to income ratio	38.3%	37.1%	39.9%	34.2%	n/a
Controllable costs/annual premium ⁶	37.1%	34.5%	40.9%	43.3%	n/a

1 In NZ dollar terms, operating earnings were NZ\$99m (FY 10 NZ\$74m).

2 In NZ dollar terms, VNB has increased by 64% on FY 10.

3 FY 11 return on EV includes AXA for 12 months. FY 10 return on EV has not been restated to include AXA.

4 FY 11 net cashflows includes 12 months of AXA. FY 10 has not been restated to include AXA. Refer to page 20 for FY 10 restated cashflows including AXA.

5 Lapse rate includes AXA lapses and API for the 12 months to 31 December 2011. FY 10 comparatives have not been restated.

6 Based on monthly individual and group risk API.

New Zealand cont'd

Business overview

AFS NZ is principally focused on selling risk insurance business with a growing wealth management and KiwiSaver business. Its key priority is to increase shareholder value by:

- enhancing product features and offerings
- improving services to customers through developing market leading systems and processes
- building strong distribution relationships
- maximising cost efficiency following the merger with AXA.

Operating earnings

Operating earnings increased by A\$18m (31%) to A\$76m in FY 11. FY 11 operating earnings includes a nine month contribution from AXA's New Zealand business.

Profit margins

Profit margins increased 17% to A\$68m, reflecting:

- a nine month contribution from AXA
- higher wealth management operating earnings due to growth in KiwiSaver AUM (KiwiSaver AUM up 32% in FY 11)

offset by:

- the impact of lower bond yields on the mature book (traditional participating business) and
- higher controllable costs due to the merger with AXA.

Experience profits

FY 11 experience profits were A\$8m. FY 11 experience was due to improved mortality and lapse experience. FY 11 experience includes A\$2m of one-off capitalised loss reversals on the AMP and AXA annuity business following the alignment of discount rate assumptions with AMP's Australian annuity business.

New Zealand income protection claims improved in 2H 11.

Controllable costs

FY 11 controllable costs increased by A\$29m to A\$79m, and include a nine month contribution from AXA's New Zealand business.

Controllable costs benefited from rationalisation of premises in Auckland and Wellington and removing duplicated management following the merger with AXA. Cost reductions were offset by continued investment in systems and increased costs supporting financial advisers complying with the New Zealand Financial Advisers Act.

The cost to income ratio increased 4.1 percentage points to 38.3% due to the merger with AXA.

Annual premium in-force (API)

FY 11 individual risk API was A\$219m, up from A\$115m in FY 10. In NZ dollar terms, restated to include AXA in FY 10, individual risk API grew 7% to NZ\$288m. Individual risk API increased despite a challenging economic environment, the impact of the Christchurch earthquake and a competitive market.

Lapse rates

FY 11 lapse rates improved by 0.3 percentage points to 9.6%. Lapse rates benefited from competitor price increases following the life tax changes in 2010. Despite lapse rates falling, the New Zealand economic environment remains challenging.

AFS NZ's lapse rates are approximately 2 percentage points lower than the New Zealand life insurance industry average.

Return on capital

RoBUE increased to 22.6% in FY 11, reflecting higher experience profits.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV increased 17.3% to A\$958m before transfers. EV after transfers includes additional capital allocated to the growing New Zealand risk book.

FY 10 EV has also been restated by -A\$97m, which primarily relates to removing the allowance for franking credits on AXA New Zealand business (-A\$73m).

EV increased as a result of the reduction in bond yields, lower future expenses following the merger with AXA and repricing initiatives.

FY 11 VNB was A\$14m, up from A\$8m in FY 10. FY 11 VNB includes a 12 month contribution from AXA. FY 10 VNB has not been restated to include AXA. FY 11 VNB reflects lower volumes, loss of transitional tax relief on term business, partly offset by the benefit of a lower discount margin.

For further details on EV and VNB, refer to pages 25 to 29.

Advisers

There was a significant change for New Zealand advisers with the introduction of the New Zealand Financial Advisers Act on 1 July 2011. The Financial Advisers Act aims to increase the professional standard of the industry.

Under the Financial Advisers Act, support staff within an adviser business who provide advice to clients must be registered under the Act as an adviser. Accordingly, adviser numbers in 2H 11 increased by 25, reflecting this change.

Total adviser numbers at FY 11 were 704 (including AXA), up 382 including the addition of 357 advisers following the merger with AXA.

KiwiSaver

The KiwiSaver market in New Zealand continues to grow strongly. The New Zealand Treasury is forecasting KiwiSaver AUM to grow to NZ\$60b by 2021. This growth is underpinned by a move to 3% compulsory contributions from April 2012, government co-contributions, and investment market growth.

As at December 2011, AFS NZ has approximately 250,000 KiwiSaver customers and over NZ\$1.9b in AUM. In FY 11, KiwiSaver customer numbers increased by 10% and AUM increased by 32%.

Cashflows and assets under management (AUM)

FY 11 cashflows¹

Cashflows by product (A\$m)	Cash inflows			Cash outflows			Net cashflows		
	FY 11	FY 10	% FY	FY 11	FY 10	% FY	FY 11	FY 10	% FY
Australian contemporary wealth management									
AMP Flexible Super ²	5,052	1,987	154.3	2,052	639	n/a	3,000	1,348	122.6
North ³	1,562	977	59.9	846	561	(50.8)	716	416	72.1
Multiport ⁴	418	258	62.0	216	144	(50.0)	202	114	77.2
Summit, Generations and iAccess (including Assure) ⁵	3,121	3,257	(4.2)	3,782	3,465	(9.1)	(661)	(208)	n/a
Flexible Lifetime Super (superannuation and pension) ⁶	2,600	4,398	(40.9)	4,820	5,170	6.8	(2,220)	(772)	(187.6)
Synergy ⁷	131	162	(19.1)	321	306	(4.9)	(190)	(144)	(31.9)
Retail investment ⁸	288	366	(21.3)	408	373	(9.4)	(120)	(7)	n/a
Total retail on AMP platforms	13,172	11,405	15.5	12,445	10,658	(16.8)	727	747	(2.7)
Corporate superannuation and pensions ⁹	3,690	3,293	12.1	3,369	2,609	(29.1)	321	684	(53.1)
Corporate superannuation mandate wins	116	175	(33.7)	-	-	n/a	116	175	(33.7)
Total corporate superannuation	3,806	3,468	9.7	3,369	2,609	(29.1)	437	859	(49.1)
External platforms ¹⁰	2,877	2,884	(0.2)	3,903	3,505	(11.4)	(1,026)	(621)	(65.2)
Total Australian contemporary wealth management	19,855	17,757	11.8	19,717	16,772	(17.6)	138	985	(86.0)
Total Australian contemporary wealth protection									
Individual risk	1,207	1,121	7.7	505	504	(0.2)	702	617	13.8
Group risk	336	316	6.3	204	207	1.4	132	109	21.1
Total Australian contemporary wealth protection	1,543	1,437	7.4	709	711	0.3	834	726	14.9
Total Australian contemporary	21,398	19,194	11.5	20,426	17,483	(16.8)	972	1,711	(43.2)
Australian mature	684	820	(16.6)	2,481	2,528	1.9	(1,797)	(1,708)	(5.2)
Total Australia	22,082	20,014	10.3	22,907	20,011	(14.5)	(825)	3	n/a
New Zealand									
KiwiSaver	449	425	5.6	90	77	(16.9)	359	348	3.2
Other	792	821	(3.5)	907	947	4.2	(115)	(126)	8.7
New Zealand	1,241	1,246	(0.4)	997	1,024	2.6	244	222	9.9
Total AFS cashflows¹¹	23,323	21,260	9.7	23,904	21,035	(13.6)	(581)	225	n/a
Australian contemporary wealth management - AMP Bank by product¹²									
Deposit (Supercash, Super TDs & Platform TDs)							1,405	283	n/a
Deposits (retail)							976	583	67.4
Mortgages							1,058	334	n/a

1 FY 11 and FY 10 cashflows includes 12 months of AXA.

2 AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail and SME business.

3 North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.

4 Multiport is an administration platform for SMSF and IMA business.

5 Summit and Generations are owned and developed platforms. iAccess and Assure are ipac badges on Summit.

6 Flexible Lifetime Super (superannuation and pensions) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes is included.

7 Synergy is an in-house platform used by Genesys.

8 Retail investment includes Flexible Lifetime - Investments and AMP Personal Portfolio.

9 Corporate superannuation and pensions comprise Signature Super, CustomSuper, SuperLeader and AXA business super.

10 External platforms comprise Asgard, BT Wrap, Macquarie Wrap, Solar and other margin earning platforms used by Genesys. Solar is a Genesys badged version of BT Wrap.

11 AFS cashflows do not include SuperIQ administration flows.

12 Represents movements in AMP Bank's deposits and mortgage books for the year.

Cashflows and assets under management (AUM) cont'd

Cashflows by distribution channel (A\$m)	Cash inflows			Cash outflows			Net cashflows		
	FY 11	FY 10	% FY	FY 11	FY 10	% FY	FY 11	FY 10	% FY
AMP Financial Planning	9,041	7,985	13.2	8,669	7,578	(14.4)	372	407	(8.6)
Hillross	1,807	1,596	13.2	2,212	1,639	(35.0)	(405)	(43)	n/a
AXA Financial Planning	1,101	1,154	(4.6)	1,052	1,035	(1.6)	49	119	(58.8)
Charter Financial Planning	2,207	1,935	14.1	2,181	1,774	(22.9)	26	161	(83.9)
Jigsaw advisers	320	361	(11.4)	321	221	(45.2)	(1)	140	(100.7)
ipac group advisers and Tyan Mackenzie	1,590	1,297	22.6	1,921	1,605	(19.7)	(331)	(308)	(7.5)
Genesys group advisers	956	1,077	(11.2)	1,078	1,187	9.2	(122)	(110)	(10.9)
Direct (including corporate superannuation)	2,111	1,920	9.9	1,588	1,122	(41.5)	523	798	(34.5)
Centrally managed clients and other	814	758	7.4	1,070	1,051	(1.8)	(256)	(293)	12.6
3rd party distributors	2,135	1,931	10.6	2,815	2,799	(0.6)	(680)	(868)	21.7
Total Australia	22,082	20,014	10.3	22,907	20,011	(14.5)	(825)	3	n/a
New Zealand	1,241	1,246	(0.4)	997	1,024	2.6	244	222	9.9
Total AFS cashflows	23,323	21,260	9.7	23,904	21,035	(13.6)	(581)	225	n/a

Australian contemporary wealth management cash inflows (A\$m)	Cash inflows	
	FY 11	FY 10
Member contributions	2,010	1,917
Employer contributions	3,562	3,558
Total contributions	5,572	5,475
Transfers and roll-overs in ¹	13,677	11,606
Other cash inflows	606	676
Total CWM	19,855	17,757

1 Transfers and roll-overs in includes the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pension/annuities) and external products.

Cashflows and assets under management (AUM) cont'd

Overview

AFS cashflows and AUM movements include AXA for the 12 months to 31 December 2011. FY 10 has been restated to also include AXA for 12 months.

AFS net cashflows decreased by A\$806m in FY 11 to a net outflow of A\$581m. Net cashflows were impacted by lower corporate superannuation net cashflows (down by A\$422m) and lower external platform net cashflows (down by A\$405m).

AFS cash inflows increased by 10% (A\$2.1b) to A\$23.3b in FY 11. Cash outflows increased by 14% (A\$2.9b) to A\$23.9b.

Australian contemporary wealth management net cashflow of A\$138m reflects solid cashflows into superannuation and pension products of A\$474m and A\$373m respectively, offset by net outflows on discretionary investment products of A\$709m.

AMP's reported cash inflow and outflow numbers are significantly impacted by internal movements between products. Most internal flows occur within the contemporary wealth management segment as customers move between wealth management products, including superannuation and pension products. Internal flows across CWM products were A\$9.2b (FY 10 A\$7.5b), representing approximately 46% (FY 10 42%) of total CWM cash inflows. Internal flows increased partly due to the transfer of the AXA staff superannuation plan (A\$372m) from an AXA business superannuation product to Signature Super (both corporate superannuation products) and higher internal inflows into AMP Flexible Super. Excluding the impact of internal flows, CWM cash inflows increased by 4% (A\$0.4b) and CWM cash outflows increased by 12% (A\$1.1b).

AMP retail platforms

AMP's retail platforms comprise platforms which are owned, developed and operated by AMP. AMP retail platforms net cashflows decreased by A\$20m (3%) to A\$727m in FY 11. Retail platform cash inflows increased by A\$1.8b (16%) to A\$13.2b and cash outflows increased by A\$1.8b (17%) to A\$12.4b.

AMP Flexible Super

AMP Flexible Super, launched in May 2010, is a flexible all-in-one superannuation and retirement product. AMP Flexible Super continues to build momentum and grow customers in new segments and new demographics. At 31 December 2011, there were approximately 106,500 customers, up from 21,000 at 31 December 2010. In FY 11, AMP Flexible Super AUM tripled to A\$4.3b, driven by strong cash inflows. In December 2011, on average 308 new customers were added each business day, up from 135 in December 2010.

AMP Flexible Super net cashflows were A\$3.0b in FY 11, with the superannuation account contributing A\$1.3b and the pension account contributing A\$1.7b.

AMP Flexible Super cash inflows were A\$5.1b in FY 11, up from A\$2.0b in FY 10. 59% of AMP Flexible Super cash inflows were contributions to superannuation accounts and 41% of contributions were to retirement accounts. Cash inflows to superannuation accounts increased by A\$1.9b to A\$3.0b and are

sourced from both internal and external sources. The growth in AMP Flexible Super - Superannuation cash inflows is due to the growth in customer numbers and existing customers consolidating their superannuation into AMP Flexible Super. AMP Flexible Super - Superannuation customers increased by 76,000 to 93,000 in FY 11. In FY 11, 40,000 customers were transferred from AMP SuperLeader (AUM of A\$22m) into AMP Flexible Super - Superannuation.

FY 11 cash inflows includes A\$250m (1% of CWM cash inflows) of cash inflows relating to pre-retirement customers moving from AMP's closed retail superannuation product (Flexible Lifetime - Super) to AMP Flexible Super - Superannuation. Only A\$19m of the A\$250m was invested in the core option (A\$114m in the select option and A\$117m in the choice option). The AMP Flexible Super - choice option has similar pricing to the closed Flexible Lifetime - Super product.

AMP Flexible Super - Superannuation is AMP's small to medium sized businesses' superannuation offer. AMP continues to attract employers, with 2,300 employer plans and A\$149m of AUM at 31 December 2011, up from 600 employer plans and A\$18m of AUM at 31 December 2010.

AMP Flexible Super - Superannuation account cash outflows were A\$1.7b in FY 11, up from A\$0.6b in FY 10. AMP Flexible Super - Superannuation outflows include A\$1.6b of outflows for customers moving from AMP Flexible Super - Superannuation to AMP Flexible Super - Retirement. Only A\$29m of AMP Flexible Super - Superannuation outflows represent transfers to competitors.

41% of AMP Flexible Super cash inflows were contributions to Retirement accounts. In June 2010 AMP closed its retail pension product (Flexible Lifetime - allocated pension) to new business. Therefore, when customers move from accumulation to pension phase, they are now required to use a AMP Flexible Super - Retirement account. AMP Flexible Super - Retirement cash inflows increased by A\$1.2b to A\$2.1b in FY 11, with inflows mainly sourced from internal movements from other AMP products. Retirement account customers increased to 13,000 at 31 December 2011, up from 4,000 at 31 December 2010.

AMP Flexible Super - Retirement cash outflows were A\$330m in FY 11, with A\$130m being transfers back into AMP Flexible Super - Superannuation. External AMP Flexible Super - Retirement cash outflows primarily relate to pension payments to customers.

North platform

The North platform was launched in 2007, originally offering a protected growth guarantee product on a basic platform. The North platform has since been further developed, with a full service wrap released in March 2011.

North net cashflows increased by A\$300m (72%) to A\$716m in FY 11. The strong growth in North net cashflows was due to the release of the wrap service, which offers a full range of investment options. Non-guaranteed inflows represent 70% of FY 11 total North cash inflows, up from 50% in FY 10.

North non-guaranteed net cashflows were A\$568m in FY 11, up from A\$176m in FY 10. Non-guaranteed cash inflows increased by A\$594m in FY 11 to A\$1,087m. A\$987m of the FY 11 North non-

Cashflows and assets under management (AUM) cont'd

guaranteed cash inflows were generated following the release of the wrap functionality in March 2011 and were driven by stronger cash inflows from aligned advisers (77% of cash inflows). North non-guaranteed cash outflows increased by A\$202m in FY 11 due to higher pension payments to customers, reflecting the growth in the product.

Net cashflows of North guaranteed options were A\$148m in FY 11, down from A\$240m in FY 10. North guaranteed option cash inflows were A\$475m in FY 11, down from A\$484m in FY 10. North guaranteed option cash outflows were A\$327m in FY 11, up from A\$244m in FY 10, reflecting an increase in transfers to the North non-guaranteed product.

Other retail platforms

Multiport is an administration system for SMSF and IMA customers. Multiport net cashflows increased by A\$88m (77%) in FY 11 to A\$202m. Cash inflows increased by A\$160m to A\$418m, as a result of increased business development support and growth in customers. Cash outflows increased by A\$72m (50%) to A\$216m, driven by increased movement between Multiport superannuation and pension products.

Summit, Generations and iAccess net cashflows decreased by A\$453m in FY 11 to a net outflow of A\$661m. The reduction in net cashflows was a result of both lower cash inflows (down A\$136m) and higher cash outflows (up A\$317m). Cash outflows increased due to higher pension payments to customers and includes A\$132m of transfers to North.

Flexible Lifetime Super is AMP's closed retail superannuation and pension product. This product was closed to new business in July 2010 following the launch of AMP Flexible Super. As a result of this product being closed, both cash inflows and cash outflows have reduced. Cash inflows decreased by A\$1.8b (41%) in FY 11 to A\$2.6b. Cash inflows decreased as a result of both lower internal and external inflows, with new business going into AMP Flexible Super. Cash outflows decreased by A\$0.4b (7%) in FY 11 to A\$4.8b. Cash outflows fell due to lower pension payments to customers and lower superannuation customers moving from accumulation to pension phase following the closure of this product in 2010.

Synergy is a platform used by Genesys advisers. Synergy net cash outflows were A\$190m in FY 11, up from a net outflow of A\$144m in FY 10. The increase in net cash outflows is due to both lower cash inflows (down A\$31m) and higher cash outflows (up A\$15m). Cash inflows fell as a result of a reduction in Genesys adviser numbers.

Retail investment represents AMP's Flexible Lifetime Investments product and AMP Personalised Portfolio Service, a separately managed account platform which was relaunched in early 2010. Retail investment net cash outflows were A\$120m in FY 11, up from a net outflow of A\$7m in FY 10. Retail investment cash inflows (down A\$78m) and cash outflows (up A\$35m) have been impacted by weak investor sentiment and volatile equity markets.

Corporate super

Corporate super net cashflows (excluding mandate wins) fell A\$363m (53%) to A\$321m in FY 11. Net cashflows fell due to higher cash outflows (up A\$760m), partially offset by higher inflows (up A\$397m). Corporate super cash inflows and outflows includes A\$372m for the transfer of the AXA staff superannuation plan from an AXA business super product to Signature Super.

Cash inflows (excluding mandate wins) increased by A\$0.4b (12%) to A\$3.7b in FY 11. Excluding the AXA staff superannuation plan transfer, cash inflows increased A\$25m (1%) due to resilient Superannuation Guarantee Contributions (SGCs), reflecting the guaranteed nature of these cash inflows.

Cash outflows (excluding mandate wins) increased by A\$0.8b (29%) to A\$3.4b in FY 11. Excluding the AXA staff superannuation plan transfer, corporate super cash outflows increased by A\$388m (15%). The increase in cash outflows was due to higher cash outflows on the Signature Super and Custom Super products. Cash outflows increased for these products due to higher external withdrawals (up A\$149m) and higher internal outflows.

Corporate super mandate wins in FY 11 were A\$116m, down from A\$175m in FY 10.

External platforms

External platforms represent superannuation, pension and investment products on the Asgard, Macquarie, BT Wrap platforms and other external platforms used by Genesys. External platform flows are largely driven by the Hillross, Genesys and Tynan Mackenzie licensees.

External platform net cashflows decreased by A\$405m in FY 11 to a net cash outflow of A\$1,026m. Cash inflows were relatively unchanged from FY 10. Cash outflows increased by A\$398m (up 11%) in FY 11. FY 11 cash outflows include A\$407m (2H 11 A\$303m) of Asgard cash outflows relating to a practice which left Hillross in 2H 10. FY 11 Hillross Asgard AUM includes A\$30m relating to this practice, which may transition over time.

External platform net cashflows were also impacted by lower Solar cash inflows. The Solar platform is a badged version of BT wrap used by Genesys advisers. Solar cash inflows fell by A\$115m, impacted by lower Genesys adviser numbers.

Mature

Mature net cash outflows increased by A\$89m (5%) to A\$1,797m in FY 11. Cash inflows decreased by 17% (A\$136m) mainly due to lower inflows into RSA products as a result of closing the RSA product to new business from 1 July 2010. Cash outflows fell 2% (A\$47m) due to a lower run-off of the AMP term annuities book, which was closed to new business in 2009. Partly offsetting the lower annuities cash outflows were higher outflows on AXA personal super and retirement products, reflecting the run-off of the book, with most products closed to new business.

Cashflows and assets under management (AUM) cont'd

New Zealand

AFS New Zealand net cashflows increased by A\$22m (10%) to A\$244m in FY 11. In NZ dollar terms, net cashflows increased by NZ\$38m or 13%. The increase in AFS New Zealand net cashflows is due to higher wealth management product net cashflows (up A\$26m). Wealth management products benefited from an improvement in investment product net cashflows (up A\$19m) and higher KiwiSaver net cashflows (up A\$11m). KiwiSaver cash inflows increased by A\$24m, or 6%. AMP's KiwiSaver products now has over 250,000 customers and NZ\$1.9b of AUM.

AMP Bank

AMP Bank's deposit book grew strongly in FY 11, increasing by A\$2.4b (50%) to A\$7.2b. The growth in deposits is a result of improved distribution capability and improved product features. 54% of deposits are sourced from retail and 46% sourced from

AMP superannuation cash and term deposits. The proportion of deposits sourced from superannuation continues to increase as superannuation customers continue to increase their allocation to cash.

AMP Bank's mortgage book increased by A\$1.1b (10%) in FY 11 to A\$11.2b. AMP Bank's mortgage book grew above system growth in FY 11, increasing on average 0.8% per month, compared to system growth of 0.5% per month. Mortgage demand was strong across all distribution channels, especially from mortgage brokers.

Persistency

Excluding major internal product flows from the persistency calculations, total AFS persistency in FY 11 was 87.9%. FY 11 persistency includes AXA branded products and was impacted by higher outflows and a reduction in AUM following investment market declines.

FY 11 AUM¹

		FY 11 Net cashflows ²						
	AMP + AXA FY 10 AUM	Super- annuation	Pension	Investment	Other	Total net cashflows	Other movements ³	AMP + AXA FY 11 AUM
AUM (A\$m)								
Australian contemporary wealth management								
AMP Flexible Super	1,377	1,264	1,736	-	-	3,000	(112)	4,265
North	1,640	353	289	74	-	716	(116)	2,240
Multiport	1,162	178	-	24	-	202	(41)	1,323
Summit, Generations and iAccess (including Assure)	14,819	(288)	(24)	(349)	-	(661)	(725)	13,433
Flexible Lifetime (superannuation and pension)	26,678	(903)	(1,317)	-	-	(2,220)	(1,300)	23,158
Synergy	1,614	(67)	(68)	(55)	-	(190)	(107)	1,317
Retail investment	2,194	-	-	(120)	-	(120)	(197)	1,877
Total retail on AMP platforms	49,484	537	616	(426)	-	727	(2,598)	47,613
Total corporate superannuation	19,619	297	140	-	-	437	(881)	19,175
External platforms ⁴	13,693	(360)	(383)	(283)	-	(1,026)	(196)	12,471
Total Australian contemporary wealth management	82,796	474	373	(709)	-	138	(3,675)	79,259
Australian contemporary wealth protection	-	-	-	-	834	834	(834)	-
Australian mature	23,977	(753)	(291)	(29)	(724)	(1,797)	538	22,718
Total Australia	106,773	(279)	82	(738)	110	(825)	(3,971)	101,977
New Zealand								
KiwiSaver	1,111	359	-	-	-	359	(8)	1,462
Other	7,891	-	(4)	(90)	(21)	(115)	(1)	7,775
New Zealand	9,002	359	(4)	(90)	(21)	244	(9)	9,237
Total AUM	115,775	80	78	(828)	89	(581)	(3,980)	111,214
Australian contemporary wealth management - AMP Bank by product								
Deposit (Supercash, Super TDs and Platform TDs)	1,896						1,405	3,301
Deposits (retail)	2,884						976	3,860
Mortgages	10,115						1,058	11,173
Australian contemporary wealth management - AUM by asset class								
Cash and fixed interest	29%							32%
Australian equities	37%							35%
International equities	24%							23%
Property	6%							6%
Other	4%							4%
Total	100%							100%

1 Reported AUM excludes shareholder capital. FY 10 AUM has been restated to include AXA.

2 FY 11 net cashflows includes AXA flows for the 12 months.

3 Other movements includes fees, investment returns, taxes, as well as foreign currency movements on New Zealand AUM.

4 External platforms other movements includes A\$0.5b of Asgard AUM acquired as a result of the Hillross IRIS acquisition.

Embedded value (EV) and value of new business (VNB)

AFS embedded value (A\$m)¹	3% dm	4% dm	5% dm
Embedded value as at FY 10 ²	11,196	10,568	10,013
Restatements ³	(490)	(488)	(486)
Expected return	893	940	982
Investment returns, bond yields and other	(159)	(245)	(324)
VNB	443	385	334
Net transfers out	(860)	(860)	(860)
Embedded value as at FY 11	11,023	10,300	9,659
Return on embedded value as at FY 11	11.0%	10.7%	10.4%
Embedded value comprises			
Adjusted net assets ⁴	987	987	987
Value of in-force business ⁵	10,036	9,313	8,672

AFS embedded value (A\$m) at the 3% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at FY 10	4,488	3,220	2,574	914	11,196
Restatements ³	(100)	(124)	(169)	(97)	(490)
Expected return	367	262	199	65	893
Investment returns, bond yields and other	(131)	173	(263)	62	(159)
VNB	211	208	10	14	443
Net transfers out	(294)	(146)	(445)	25	(860)
Embedded value as at FY 11	4,541	3,593	1,906	983	11,023
Return on embedded value as at FY 11	10.2%	20.8%	(2.2%)	17.3%	11.0%

AFS embedded value (A\$m) at the 4% dm					
Embedded value as at FY 10	4,224	3,019	2,461	864	10,568
Restatements ³	(95)	(139)	(163)	(91)	(488)
Expected return	386	274	213	67	940
Investment returns, bond yields and other	(159)	133	(267)	48	(245)
VNB	187	179	9	10	385
Net transfers out	(294)	(146)	(445)	25	(860)
Embedded value as at FY 11	4,249	3,320	1,808	923	10,300
Return on embedded value as at FY 11	10.0%	20.3%	(2.0%)	16.2%	10.7%

AFS embedded value (A\$m) at the 5% dm					
Embedded value as at FY 10	3,991	2,843	2,360	819	10,013
Restatements ³	(92)	(153)	(156)	(85)	(486)
Expected return	405	281	226	70	982
Investment returns, bond yields and other	(182)	92	(269)	35	(324)
VNB	166	154	7	7	334
Net transfers out	(294)	(146)	(445)	25	(860)
Embedded value as at FY 11	3,994	3,071	1,723	871	9,659
Return on embedded value as at FY 11	10.0%	19.6%	(1.6%)	15.3%	10.4%

AFS value of new business (A\$m)^{1,6}	3% dm		4% dm		5% dm	
	FY 11	FY 10	FY 11	FY 10	FY 11	FY 10
Value of new business by business line						
Wealth management	211	155	187	139	166	125
Wealth protection	208	101	179	87	154	75
Mature	10	14	9	12	7	10
New Zealand	14	8	10	6	7	4
Total	443	278	385	244	334	214

1 AMP Banking is excluded.

2 Embedded value as at FY 10 includes AXA.

3 The restatements reflect the impact of harmonising AMP's and AXA's opening assumptions and methodologies as well as changed claims assumptions for the AXA income protection business (-A\$145m). Restatements also include the reduction in FY 10 EV as a result of transferring AXA's investment management business to AMP Capital (-A\$239m at 3% dm).

4 Adjusted net assets are shareholder assets in excess of regulatory capital requirements (allocated at product level), at face value.

5 Value of in-force business discounts the value of shareholder net assets (A\$2,462m) at face value to reflect expected time of release.

6 FY 11 VNB includes AXA for 12 months. FY 10 VNB has not been restated to include AXA.

Embedded value (EV) and value of new business (VNB) cont'd

FY 11 Embedded Value (EV) increased by 11.0% before transfers at the 3% discount margin to A\$11,883m.

Net transfers of A\$860m include capital and AFS profits, franking credits (at 70% of face value) and other value transferred to AMP Group.

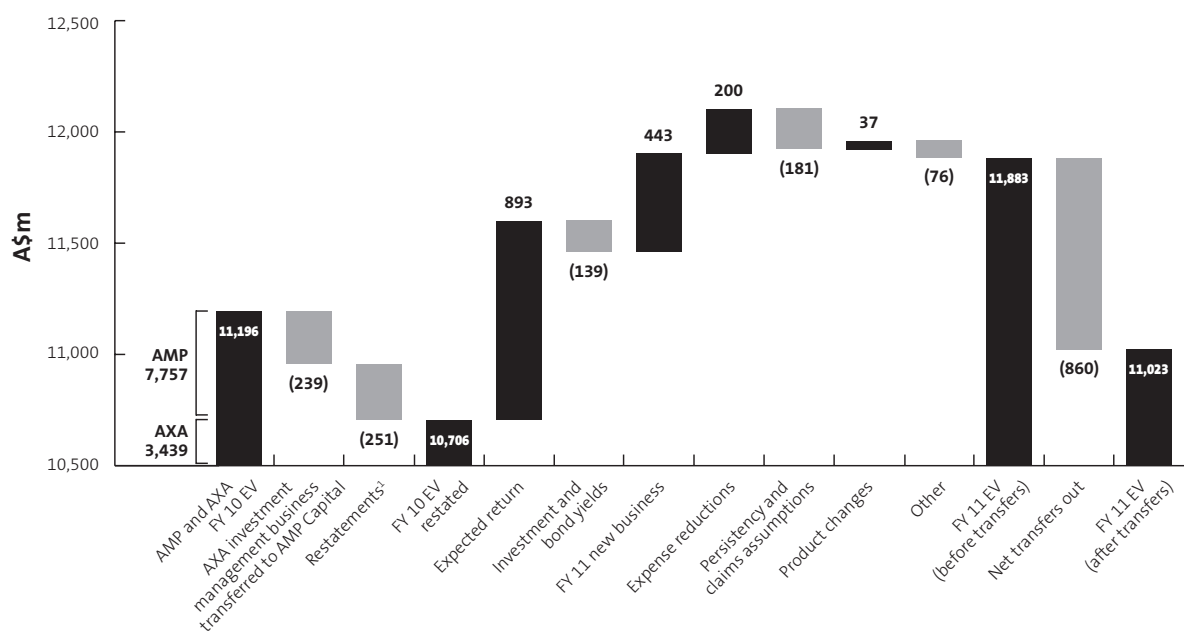
FY 10 EV has been restated by -A\$239m to remove embedded value in respect of AXA's investment management business. This business has been transferred to AMP Capital.

FY 10 EV has also been restated by -A\$251m, to harmonise AMP and AXA methodology and assumptions, income protection claims assumptions (-A\$145m) and changes to economic assumptions. The restatements also includes removing the allowance for franking credits in AXA New Zealand EV (-A\$73m).

The FY 11 EV movement was the result of:

- investment and bond yields (-A\$139m). Weaker investment markets resulted in reduced AUM levels and lower expected future fee revenue. This was partially offset by a reduction in bond yields and a lower risk discount rate for Contemporary Wealth Protection (CWP)
- expenses (A\$200m). Embedded value benefited from lower future expected expenses. This is largely due to expected FY 12 synergy benefits to be realised in AFS. Synergy benefits expected to be realised after FY 12 have not been reflected in the embedded value
- persistency and claims assumptions (-A\$181m). Embedded value reduced as a result of strengthening income protection claims assumptions for the AMP Life income protection products
- other (-A\$76m). Other mainly relates to unfavourable lapse experience on AXA wealth management products and other adverse experience.

Change in AFS embedded value FY 11 (A\$m) (at a discount rate of 3% above the bond yield)



1 Restatements reflect the impact of harmonising AMP and AXA assumptions and methodologies.

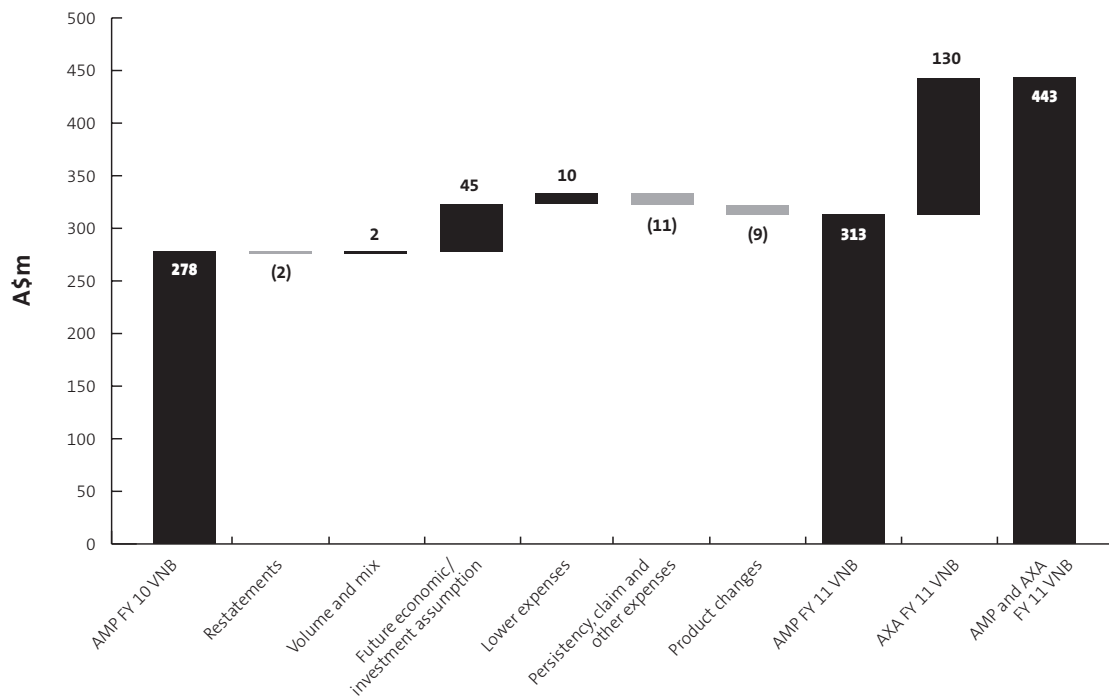
Embedded value (EV) and value of new business (VNB) cont'd

FY 11 **VNB** was A\$443m at the 3% discount margin, up from A\$278m in FY 10. FY 11 VNB includes a contribution from AXA for the 12 months. FY 10 VNB has not been restated to include AXA.

FY 11 VNB reflects the benefit of a lower risk discount rate following the fall in bond yields, the benefit of lower expenses as a result of the merger with AXA and higher volumes, offset by higher income protection claims assumptions.

Change in AFS value of new business FY 11

(at a discount rate of 3% above the bond yield)



EV and VNB sensitivities

FY 11 change in embedded value (A\$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	107	38	25	10	180
10% reduction in discontinuance rates	262	302	49	60	673
1% (100 bps) decrease in long-term bond yields	81	185	(65)	25	226
1% (100 bps) increase in long-term bond yields	(75)	(166)	52	(24)	(213)
10% increase in Australian equities	79	-	51	-	130
10% increase in international equities	49	-	13	11	73
1% reduction in investment fees	(79)	-	(8)	(4)	(91)

FY 11 change in value of new business (A\$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	16	9	-	2	27
10% reduction in discontinuance rates	27	35	1	5	68
1% (100 bps) decrease in long-term bond yields	5	19	(1)	2	25
1% (100 bps) increase in long-term bond yields	(5)	(17)	1	(2)	(23)
5% increase in sales (all costs variable)	9	9	-	1	19
5% increase in sales (controllable costs fixed)	16	14	1	2	33
1% reduction in investment fees	(7)	-	-	-	(7)

Key assumptions

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

- they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
- they show the average movement for the risk discount margin range, ie 4%
- they are based on the FY 11 position, ie not “forward looking”, and make no allowance for events subsequent to 31 December 2011
- they are based on the FY 11 sales product mix.

The 1% increase in long-term government bond yields is assumed to be accompanied by a 0.5% increase in Consumer Price Index (CPI) and other associated changes in economic assumptions, bonus rates, risk discount rates and bond values. For equities, the assumed future earning rate is assumed to increase by 1% (ie the equity risk premium is unchanged).

The 5% reduction in costs is based on AFS controllable costs only, ie it excludes investment management fees.

The benefit of future synergies following the merger with AXA has only been reflected to the extent that they appear as a cost reduction in the 2012 budget. Further synergies (beyond 2012) are expected to predominantly emerge in AFS controllable costs. To determine the impact of further synergies on EV and VNB, the most appropriate sensitivity to use is the reduction in controllable costs.

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

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

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

EV assumptions

Economic assumptions

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

Annualised 10 year Government bond yields	FY 11 ¹	FY 10 ¹
Australia	3.7%	5.6%
New Zealand	3.8%	6.0%

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

Risk premiums	FY 11 ¹	FY 10 ¹
Local equities ²	4.5%	4.1%
International equities	3.5%	2.5%
Property	2.5%	2.0%
Fixed interest ³	0.8%	0.5%
Cash (where significant)	(0.5%)	(0.5%)

1 FY 11 economic assumptions apply to both AMP and AXA. FY 10 economic assumptions relate to AMP.

2 Includes allowance for franking credits on equity income.

3 The risk premium depends on the duration and credit rating of the underlying bond portfolios and hence can vary. The premium shown is the average across all portfolios.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A\$16b) in Australia are:

AMP Life (Australia)	FY 11	FY 10
Equities	30%	30%
Property	11%	11%
Fixed interest	39%	39%
Cash	20%	20%

NMLA (Australia)	FY 11	FY 10
Equities	37%	37%
Property	13%	13%
Fixed interest	35%	35%
Cash	15%	15%

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

Annual inflation rates assumed are:

Inflation rate		FY 11 ¹	FY 10 ¹
Australia	- CPI	2.6%	2.9%
Australia	- Expenses	3.0%	3.0%
New Zealand	- CPI	2.5%	3.3%
New Zealand	- Expenses	3.0%	3.0%

1 FY 11 economic assumptions apply to both AMP and AXA. FY 10 economic assumptions relate to AMP.

These inflation rates are used for indexation of premiums and benefits, where appropriate, and for expense inflation.

Operating assumptions

Future mortality and morbidity rates are based on an analysis of recent AFS experience, general industry experience and, in some cases, population experience. The mortality assumptions for Australian conventional and annuity products were changed in FY 11. Furthermore, assumptions for the cost of income protection claims were also strengthened in FY 11.

Future discontinuance rates are largely based on an analysis of recent AFS experience. There have been no changes to discontinuance assumptions since 31 December 2010 except for:

- a reduction in the assumed rate of rollover of funds from Custom Super and Signature Super to AMP Flexible Lifetime and Flexible Superannuation
- a change in AXA platform lapse and withdrawal assumptions
- a change in AXA NZ wealth management lapse assumptions.

Maintenance unit costs are derived from 2012 budgets. Allowance is made for future inflation but potential cost improvements arising after 2012 are ignored. Note that only synergies expected to be captured in 2012 from the merger with AXA have been allowed for.

Future rates of bonus for participating business were set at levels that were supportable by the assets backing the respective product sub-funds as at 31 December 2011.

EV and VNB make allowance for certain pricing increases and decreases.

Acquisition costs for VNB are the actual costs incurred in FY 11.

Franking credits are valued at 70% of face value.

Assumptions make no allowance for changes to the existing tax and regulatory framework:

- Australian tax and superannuation reviews/inquiries, or
- any other regulatory changes.

FY 10 EV and VNB reflected the New Zealand life risk tax changes (effective 1 July 2010) and New Zealand reduction in corporate tax rate (effective 1 January 2011). The FY 10 VNB includes the effect of the transitional relief available to life risk business written prior to 1 July 2010.

Further details

Assumptions are consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life and NMLA.

A more detailed description of these assumptions and their 31 December 2011 values can be found in the notes to the 2011 AMP Limited Financial Report. As all relevant business is projected for the embedded value, the description of the assumptions in the notes applies even where that business is not valued by projection methods for profit reporting.

AMP Capital financial summary

A\$m	FY 11 ¹	2H 11	1H 11 ²	FY 10	% FY
Profit and loss					
Internal AUM based management fees	163	85	78	144	13.2
External AUM based management fees	179	90	89	156	14.7
Non-AUM based management fees	52	27	25	53	(1.9)
Performance and transaction fees	32	12	20	45	(28.9)
Fee income	426	214	212	398	7.0
Controllable costs	(318)	(166)	(152)	(281)	(13.2)
Tax expense	(26)	(10)	(16)	(29)	10.3
Operating earnings before net seed pool income	82	38	44	88	(6.8)
Net seed pool income	1	-	1	(1)	n/a
Operating earnings	83	38	45	87	(4.6)
Underlying investment income	5	3	2	7	(28.6)
Underlying operating profit after income tax	88	41	47	94	(6.4)
Controllable costs					
Employee related	166	85	81	149	11.4
Investment operations and other	135	71	64	116	16.4
Total operating costs	301	156	145	265	13.6
Project costs	17	10	7	16	6.3
Total controllable costs	318	166	152	281	13.2
Cost to income ratio	73.2%	76.0%	70.1%	69.0%	n/a
Controllable costs to average AUM (bps) ³	26.5	26.5	26.4	29.2	n/a
AUM (A\$b)	123.0	123.0	129.6	98.0	25.5
Average AUM (A\$b) - total ⁴	120.1	125.1	115.2	96.3	24.7
Average AUM (A\$b) - internal ⁴	78.7	83.3	74.0	59.7	31.8
Average AUM (A\$b) - external ⁴	41.5	41.8	41.2	36.6	13.4
AUM based management fees to AUM (bps) - internal ⁴	20.7	20.5	21.1	24.2	n/a
AUM based management fees to AUM (bps) - external ⁴	43.2	43.0	43.4	42.5	n/a
Performance and transaction fees to AUM (bps) ⁴	2.6	1.8	3.5	4.7	n/a
End period tangible capital resources - after transfers (A\$m)	271	271	249	231	17.3
RoBUE ⁴	35.4%	32.3%	38.5%	45.8%	n/a

1 FY 11 includes AXA investment management business for the period 31 March 2011 to 31 December 2011.

2 1H 11 operating earnings restated to reflect the integration of the AXA investment management business.

3 Based on average of monthly average AUM.

4 Includes AXA investment management business for the period 31 March to 31 December 2011. Comparatives have not been restated.

AMP Capital financial summary cont'd

Business overview

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

AMP Capital's FY 11 operating earnings include a nine month contribution from AXA's investment management business (AXA IM). AXA IM comprises assets managed for National Mutual Life Association, and unit trusts managed by National Mutual Funds Management and ipac investment services. AXA IM also includes funds managed by AXA Global Investors, a New Zealand based asset manager.

Mitsubishi UFJ Trust and Banking Corporation (MUTB) strategic business alliance

On 9 December 2011 AMP Capital announced a strategic business alliance with Mitsubishi UFJ Trust and Banking Corporation (MUTB). The alliance will accelerate AMP Capital's growth in Asia and significantly expand its distribution footprint in Japan. MUTB will acquire a 15% minority interest in AMP Capital Holdings Limited, the parent company of the AMP Capital group of companies for A\$425m. The transaction is expected to complete in March 2012, subject to regulatory approval.

Following settlement, MUTB will be entitled to 15% of AMP Capital Holdings Limited's statutory after income tax profit. For Investor Report purposes, AMP Capital intends to report 100% of its fee income and costs and deduct MUTB's 15% outside equity interest from operating profit. As a result, following settlement, AMP will report 85% of AMP Capital's underlying operating profit as part of AMP's underlying profit.

Operating earnings

FY 11 AMP Capital operating earnings were A\$83m, down from A\$87m in FY 10. AMP Capital operating earnings decreased as a result of lower performance and transaction fees and higher controllable costs, partially offset by a nine month contribution from AXA IM (A\$11m).

Fee income

Fee income increased A\$28m (7%) in FY 11 to A\$426m. FY 11 fee income includes a contribution of A\$40m from AXA IM for the nine months. The contribution from AXA IM was partly offset by lower performance and transaction fees (down A\$13m).

AUM based management fees increased A\$42m (14%) and average AUM increased A\$23.8b (25%) in FY 11. Average AUM includes A\$23.2b for AXA IM.

Internal AUM based management fees increased 13% to A\$163m in FY 11. The increase was due to A\$19.0b (32%) increase in internal average AUM, largely as a result of including AXA IM AUM. Excluding the impact of AXA IM, average internal AUM was relatively unchanged in FY 11. Internal AUM based management fees to AUM decreased by 3.5 bps to 20.7 bps, primarily due to a higher weighting to external investment managers associated with the AXA IM internal AUM. A significant portion of AXA IM AUM is currently managed by external investment managers, including

AllianceBernstein. Over time, the proportion of AUM managed by external managers will decline. It is expected this will reduce AMP Capital's external investment management costs, which will result in higher net average fee rates for AMP Capital.

External AUM based management fees increased 15% to A\$179m in FY 11. The increase was primarily due to a A\$4.9b (13%) increase in average external AUM, largely as a result of including AXA IM AUM. Excluding the impact of AXA IM, average external AUM increased 2% in FY 11. External AUM based management fees to AUM increased by 0.7 bps to 43.2bps due to the asset mix shifting from cash towards higher margin direct infrastructure and fixed income products.

Non-AUM based management fees include property asset management, development and leasing fees and bond lending fees. Non-AUM based management fees decreased by A\$1m to A\$52m, primarily due to lower property development fees. Lower property development fees reflect continuing subdued development activity as a result of the current economic environment.

FY 11 performance fees were A\$26m, down from A\$33m in FY 10. FY 11 performance fees were principally derived from outperformance in fixed income, domestic equities and private equity asset classes.

FY 11 transaction fees were A\$6m, down from A\$12m in FY 10. FY 11 transaction fees predominantly relate to debt advisory services. FY 10 transaction fees benefited from a A\$6m fee from an infrastructure transaction.

Controllable costs

Controllable costs increased by A\$37m (13%) to A\$318m in FY 11. FY 11 controllable costs include A\$24m representing a nine month contribution from AXA IM. Excluding AXA IM related controllable costs, FY 11 controllable costs increased by A\$13m (5%).

Employee costs increased by A\$17m in FY 11 as a result of higher employee numbers following the integration of AXA IM, investment in new infrastructure capabilities, continued growth of AMP Capital's Japanese distribution presence and other international expansion.

Investment operations and other costs increased by A\$19m in FY 11. The increase in investment operations and other costs was a result of including AXA IM, a full year of operating costs for the newly established US office, higher technology costs associated with the migration of AUM to new operating platforms and the release of new infrastructure debt and global listed infrastructure products.

Project costs increased by A\$1m in FY 11 to A\$17m. Project costs represent the amortisation cost for new and upgraded operating platforms as well as funding of growth initiatives.

The cost to income ratio increased by 4.2 percentage points to 73.2%.

AMP Capital financial summary cont'd

Tax expense

AMP Capital's effective tax rate in FY 11 was 24.1%, which is lower than the Australian corporate tax rate (30%) due to tax concessions as a result of undertaking offshore activities and the receipt of joint venture (JV) income.

Future effective tax rates will be impacted by the proportion of earnings generated from offshore activities and JV income.

Following the settlement of the MUTB alliance, AMP Capital will no longer be wholly-owned by AMP and the amount of tax concessions claimed as a result of undertaking offshore activities will reduce. As a result, AMP Capital's effective tax rate is expected to increase.

Return on capital

RoBUE decreased to 35.4% in FY 11 due to higher average capital and lower operating earnings. Capital increased in June 2010 following higher AMP Capital shareholder equity used to fund seed pool assets. AXA IM capital and operating earnings has been included for the nine months from 31 March 2011.

AUM and cashflows

AUM increased by A\$25.0b to A\$123.0b in FY 11, due to the inclusion of AXA IM AUM (+A\$33.1b at 31 December 2010), partly offset by negative net cashflows (-A\$5.2b) and negative investment returns (-A\$3.0b).

AMP Capital AUM includes A\$9b of AXA AUM for which AllianceBernstein is the asset manager and A\$2b which transitioned to AMP Capital management in 2H 11. It is expected that during 2012, asset management for approximately A\$7b of AUM will transition to AMP Capital. The transfer of investment management services to AMP Capital will reduce external investment manager costs. It is expected AllianceBernstein will remain as the asset manager of approximately A\$2b of AXA AUM for a number of years.

External AUM increased by A\$3.3b (9%) in FY 11 to A\$41.0b, due to the inclusion of AXA IM AUM (+A\$6.1b at 31 December 2010), partly offset by negative net cashflows (-A\$1.2b) and negative investment returns (-A\$1.7b). Strong external net cashflows into both fixed interest and infrastructure were more than offset by net outflows in AXA IM equity products managed by an external investment manager (A\$0.7b) and AMP Capital direct property and Australian equities products.

AMP Capital attracted over A\$1.1b (FY 10 A\$1.7b) in external net cashflows from Asia in FY 11 and now manages over A\$8.5b in AUM for clients from the region. Japanese inflows were impacted by a range of factors including the earthquake/tsunami in March 2011. AMP Capital continues to have success in distributing Australian bonds and global REITs in the Asian region. The product base was expanded in FY 11 through the launch of a global listed infrastructure product for the Japanese retail market. The Japanese market will continue to be a key distribution focus as AMP Capital leverages the MUTB alliance and its extensive distribution network.

Internal AUM increased by A\$21.7b (36%) in FY 11 to A\$82.0b, due to including AXA IM AUM (+A\$27.0b at 31 December 2010), partly offset by negative net cashflows (-A\$4.0b) and negative investment returns (-A\$1.3b).

Internal net cashflows include AMP Group payments such as dividend payments to shareholders and inflows/outflows from AFS products including products in run-off. Net cashflows from AFS are net of wealth management fees and taxes paid by AMP Life and NMLA. AMP Capital manages all of AMP Life's and part of NMLA's Mature AUM, which is expected to run-off between 4% and 6% per annum. Internal net cashflows are being impacted by weak investor sentiment, which results in lower discretionary contributions into AFS products and in turn lower AMP Capital net cashflows. Internal net cashflows are also impacted by flows to cash investment options managed by AMP Bank.

AMP Capital is working with AFS to maximise the benefits from the Group's expanded distribution footprint following the merger with AXA.

Refer to the tables on page 34 for more detail on external and internal cashflows.

Net seed pool income

The seed pool is designed to assist business growth by seeding funds with assets and by investing initial equity in new funds.

The seed pool is currently funded by a mixture of debt and AMP Capital shareholder equity. Following settlement of the strategic business alliance with MUTB, the seed pool will be predominantly debt funded. AMP and MUTB will contribute debt funding based on their respective ownership of AMP Capital Holdings Limited.

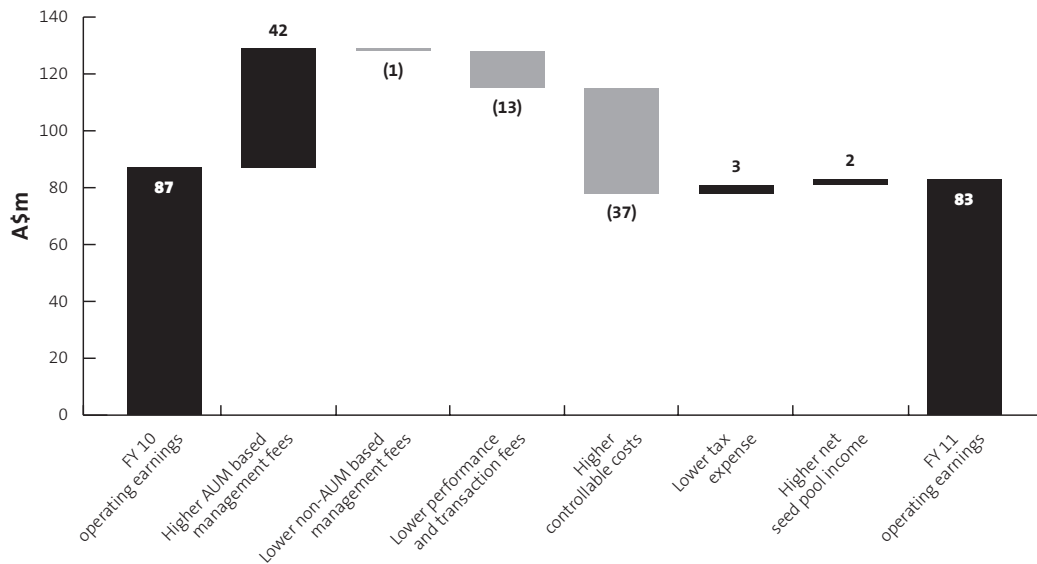
At 31 December 2011, the seed pool held net assets of A\$60m, representing:

- A 14.3% stake in Singapore Exchange listed AIMS AMP Capital Industrial REIT. The AIMS AMP Capital Industrial REIT's portfolio comprises 26 industrial properties located throughout Singapore. The REIT's portfolio has a total value of approximately S\$870m.
- Other strategic investments.

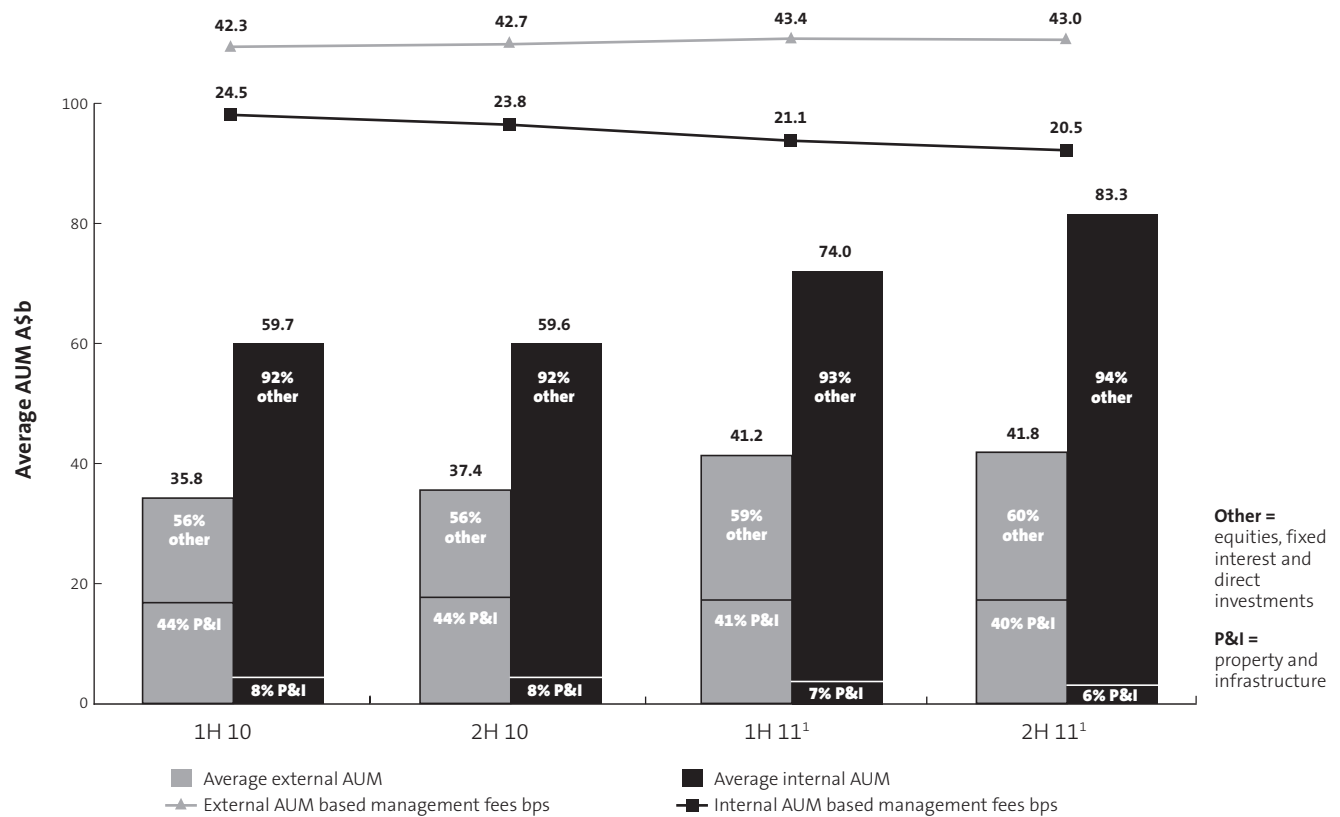
The seed pool results will depend upon a range of factors including the level of debt funding and investment returns. FY 11 net seed pool profit of A\$1m was due to distributions received, partially offset by a fall in the AIMS AMP Capital Industrial REIT's market price.

AMP Capital financial summary cont'd

Movement in operating earnings FY 10 to FY 11



Average AUM and AUM based management fees



Cashflows and assets under management (AUM)

Cashflows by asset class (A\$m) ¹	Cash inflows			Cash outflows			Net cashflows		
	FY 11	FY 10	% FY	FY 11	FY 10	% FY	FY 11	FY 10	% FY
External									
Australian equities	886	867	2.2	1,353	929	(45.6)	(467)	(62)	n/a
International equities	1,979	1,613	22.7	2,778	1,827	(52.1)	(799)	(214)	n/a
Fixed interest	3,315	3,186	4.0	2,836	2,428	(16.8)	479	758	(36.8)
Infrastructure	417	572	(27.1)	133	48	(177.1)	284	524	(45.8)
Direct investments	-	1	(100.0)	4	29	86.2	(4)	(28)	85.7
Property	537	1,563	(65.6)	1,195	715	(67.1)	(658)	848	(177.6)
Alternative assets	1	1	-	2	20	90.0	(1)	(19)	94.7
Total external	7,135	7,803	(8.6)	8,301	5,996	(38.4)	(1,166)	1,807	(164.5)
Internal									
Australian equities	2,157	2,582	(16.5)	3,255	4,524	28.1	(1,098)	(1,942)	43.5
International equities	2,494	2,858	(12.7)	3,889	3,160	(23.1)	(1,395)	(302)	n/a
Fixed interest	12,110	6,406	89.0	12,703	7,242	(75.4)	(593)	(836)	29.1
Infrastructure	60	88	(31.8)	165	147	(12.2)	(105)	(59)	(78.0)
Direct investments	22	20	10.0	247	43	n/a	(225)	(23)	n/a
Property	127	50	154.0	551	493	(11.8)	(424)	(443)	4.3
Alternative assets	129	141	(8.5)	288	109	(164.2)	(159)	32	n/a
Total internal	17,099	12,145	40.8	21,098	15,718	(34.2)	(3,999)	(3,573)	(11.9)
Total	24,234	19,948	21.5	29,399	21,714	(35.4)	(5,165)	(1,766)	(192.5)

AUM by asset class (A\$m)	FY 10	FY 10 AXA IM	Net cashflows ¹	Investment returns and other ²	FY 11	%
External						
Australian equities	3,909	469	(467)	(337)	3,574	9
International equities	7,373	1,935	(799)	(894)	7,615	19
Fixed interest	9,600	2,839	479	(291)	12,627	31
Infrastructure	4,220	-	284	140	4,644	11
Direct investments	69	-	(4)	(29)	36	-
Property ³	12,579	873	(658)	(272)	12,522	30
Alternative assets ⁴	8	-	(1)	-	7	-
Total external	37,758	6,116	(1,166)	(1,683)	41,025	100
Internal						
Australian equities	18,321	6,966	(1,098)	(2,381)	21,808	27
International equities	12,130	8,437	(1,395)	(1,918)	17,254	21
Fixed interest	22,729	11,529	(593)	2,110	35,775	43
Infrastructure	1,311	4	(105)	165	1,375	2
Direct investments	452	37	(225)	268	532	1
Property ³	3,623	51	(424)	234	3,484	4
Alternative assets ⁴	1,708	-	(159)	227	1,776	2
Total internal	60,274	27,024	(3,999)	(1,295)	82,004	100
Total						
Australian equities	22,230	7,435	(1,565)	(2,718)	25,382	21
International equities	19,503	10,372	(2,194)	(2,812)	24,869	20
Fixed interest	32,329	14,368	(114)	1,819	48,402	39
Infrastructure	5,531	4	179	305	6,019	5
Direct investments	521	37	(229)	239	568	1
Property ³	16,202	924	(1,082)	(38)	16,006	13
Alternative assets ⁴	1,716	-	(160)	227	1,783	1
Total	98,032	33,140	(5,165)	(2,978)	123,029	100
AUM by source of client (A\$m)	FY 10	FY 10 AXA IM			FY 11	%
Australia	80,665	27,465			99,781	81
New Zealand	8,907	4,605			13,457	11
Asia (including Middle East)	7,609	1,070			8,959	7
Rest of world	851	-			832	1
Total	98,032	33,140			123,029	100

1 FY 11 cashflows includes AXA investment management business for the 12 months to 31 December 2011. FY 10 cashflows have been restated.

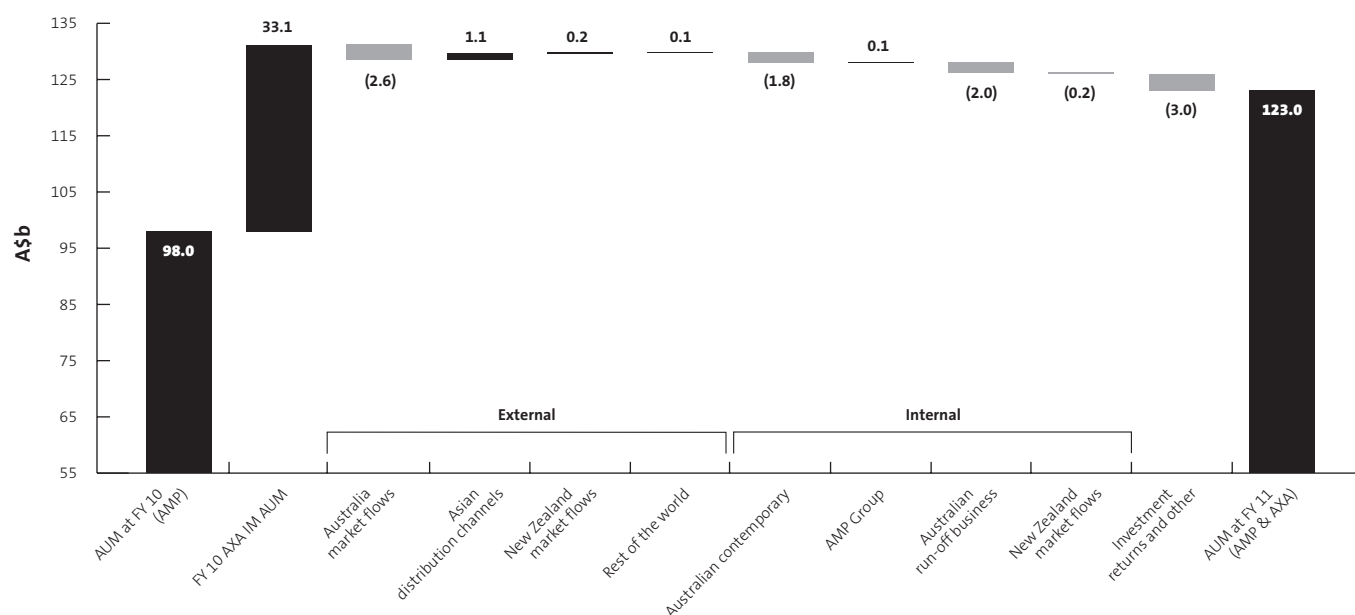
2 Other includes distributions, taxes and foreign exchange movements.

3 Property AUM comprises Australian (A\$13.9b), NZ (A\$1.7b) and Asian (A\$0.4b) managed assets. Australian property AUM is invested in office (39%), retail (53%) industrial (5%) and other (3%).

4 Alternative assets refer to a range of investments that fall outside of the traditional asset classes and includes investments in commodities and absolute return funds.

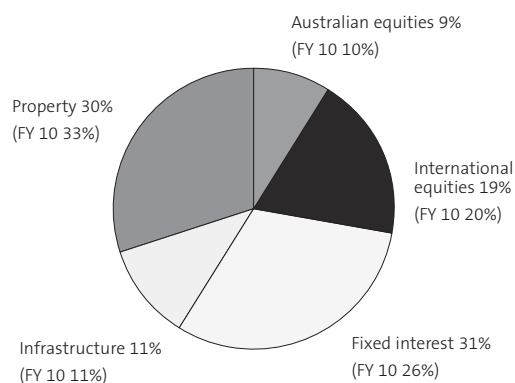
Cashflows and assets under management (AUM) cont'd

Movement in AUM by channel FY 10 to FY 11¹

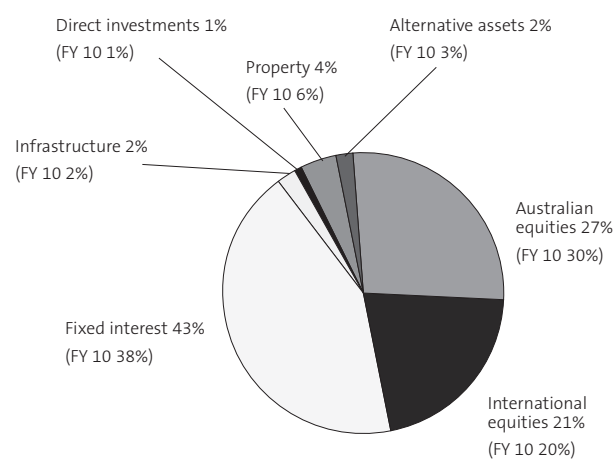


¹ AMP Capital cash inflows reported net of fees and taxes.

External AUM by asset class (A\$41b AUM)



Internal AUM by asset class (A\$82b AUM)



Investment performance

Investment performance for all the periods includes AXA IM. 69% of AUM met or exceeded benchmark over the three years and 52% met or exceeded benchmark over the 12 months to 31 December 2011. The target for the business is 75% of AUM meeting or exceeding benchmark.

The competitive rankings of AMP Capital's funds remain strong over the five year period to 31 December 2011, with first quartile rankings for the Wholesale Australian Bond Fund, Corporate Bond Fund, Australian Core Property Portfolio and the Global Listed Property Trust, along with second quartile rankings for the Australian equities – Capital and Active Quant styles.

The 12 months to 31 December 2011 have been difficult for the property and infrastructure sectors due to uncertainty in the domestic and global economies. Many of the property and infrastructure benchmarks are set against a bond yield plus margin benchmark, which were challenging to exceed given market conditions over the past 12 months.

27% of Australasian direct property met or exceeded benchmark for the 12 months to 31 December 2011. Against competitors, the Australian Core Property Portfolio recorded first quartile rankings over the three and five year period to 31 December 2011. Approximately 65% of AMP Capital property fund benchmarks are related to the government bond yield plus a margin (eg. 3%).

99% of AMP Capital managed Asia-Pacific fixed interest met or exceeded benchmark for the five years to 31 December 2011 and 70% over the 12 months to 31 December 2011. Investment performance for the last 12 months has been impacted by volatile credit markets. Despite this, the Wholesale Australian Bond Fund ranked in the first quartile for one, three and five years. The Corporate Bond Fund ranked in the first quartile for five years and second quartile for three years.

83% of AMP Capital managed Asia-Pacific equities met or exceeded benchmarks for the five years to 31 December 2011 and 51% over the 12 months to 31 December 2011. The Capital, Value, and Enhanced Index styles all added value relative to their benchmarks over one, three and five years. Over five years, the Capital, Active Quant, and Value investment styles have beaten their benchmarks by 1.8%, 1.4%, and 2.5% respectively, along with a first quartile ranking for the Value style and a second quartile ranking for the Capital and Active Quant style.

Over five years to 31 December 2011, 99% of international listed property funds met or exceeded benchmark, while 56% met or exceeded benchmark for the 12 months to 31 December 2011. The Global Listed Property Securities Fund recorded first quartile ranking over one, three and five years to 31 December 2011.

International fixed interest has been impacted by widening credit spreads resulting in 28% of funds meeting or exceeding benchmark for the 12 months to 31 December 2011. Over three years 100% of international fixed interest met or exceeded benchmark.

40% of international equities met or exceeded benchmark for the 12 months to 31 December 2011.

Investment performance - period ended 31 December 2011

Percentage of funds meeting or exceeding benchmark (%) ¹	1 year	3 years	5 years
AMP Capital managed			
Asia-Pacific equities	51%	76%	83%
Asia-Pacific fixed interest	70%	100%	99%
Infrastructure and direct investments	56%	12%	32%
Australasian property - direct	27%	3%	10%
International property - listed	56%	78%	99%
Total AMP Capital managed	52%	56%	62%
Multi-manager and Multi-Asset Group²			
Asia-Pacific equities	72%	79%	75%
Asia-Pacific fixed interest	56%	100%	100%
International equities	40%	73%	51%
International fixed interest	28%	100%	15%
Diversified	57%	74%	56%
Total multi-manager and Multi Asset Group	53%	77%	56%
Total AMP Capital	52%	69%	59%

1 Investment performance for all years includes AXA IM.

2 Includes external asset managers, including AllianceBernstein.

Investment performance cont'd

A summary of investment performance for the one, three and five years to 31 December 2011 across the various funds/styles is shown in the table below. In instances where there is more than one fund for an investment style, investment performance of the flagship fund has been quoted.

Investment performance across funds/styles			1 Year			3 Years			5 Years		
	Absolute return ¹ (%)	Excess return ² (%)	Competitor quartile ranking ³			Absolute return ¹ (%)	Excess return ² (%)	Competitor quartile ranking ³	Absolute return ¹ (%)	Excess return ² (%)	Competitor quartile ranking ³
Equities											
Fund/style name											
Sustainable future (SRI)	(11.2)	(0.7)	Q3			7.0	(0.6)	Q4	(2.9)	(0.6)	Q4
Capital	(9.3)	1.3	Q2			7.8	0.3	Q3	(0.5)	1.8	Q2
Active quant	(11.4)	(0.9)	Q3			8.2	0.6	Q2	(0.9)	1.4	Q2
Value	(9.9)	0.6	Q2			9.2	1.7	Q2	0.2	2.5	Q1
Enhanced index	(10.3)	0.3	Q2			8.3	0.7	Q3	(1.7)	0.6	Q3
New Zealand equities	0.3	(0.1)	Q2			8.7	0.8	Q4	(0.6)	2.1	Q2
Fixed interest											
Fund/style name											
Wholesale Australian Bond Fund ⁴	12.4	1.1	Q1			8.1	1.8	Q1	8.3	1.0	Q1
Enhanced yield	8.4	3.5	n/a			5.8	1.5	n/a	5.6	0.3	n/a
Corporate bond	9.1	0.3	Q3			8.4	3.0	Q2	7.5	0.6	Q1
New Zealand fixed interest	13.9	0.6	Q3			8.4	1.2	Q1	9.9	1.7	Q1
International funds (multi-manager)											
Fund/style name											
International equities (unhedged) ⁵	(6.1)	(0.8)	Q3			(1.2)	1.4	Q3	(8.1)	(0.5)	Q3
International fixed interest	7.1	(3.4)	Q4			14.5	5.2	Q1	6.3	(2.4)	Q4
Property (direct and listed)											
Fund/style name											
Australian Core Property Portfolio	9.3	1.4	Q3			4.0	(4.1)	Q1	6.3	(2.1)	Q1
AMP Wholesale Office Fund ⁵	7.8	(0.6)	Q3			1.9	(6.7)	Q3	4.8	(4.2)	Q3
AMP Shopping Centre Fund ⁵	8.1	(0.3)	Q3			5.2	(3.4)	Q1	6.1	(2.8)	Q2
New Zealand Direct Property	0.2	n/a	n/a			(9.9)	n/a	n/a	(2.5)	n/a	n/a
Australian Listed Property Trusts ⁴	(4.2)	(2.7)	Q4			2.3	0.4	Q3	(15.1)	(0.2)	Q3
Global Listed Property Trusts ⁴	0.9	(0.8)	Q1			18.0	1.3	Q1	(4.5)	1.8	Q1
Infrastructure											
Fund/style name											
Infrastructure Equity Fund	12.3	2.9	Q3			6.0	(3.6)	Q3	3.6	(6.4)	Q4
Core Infrastructure Fund ⁵	9.5	1.4	Q4			9.2	0.9	Q1	n/a	n/a	n/a
Australia Pacific Airports Fund	8.6	(3.4)	n/a			12.0	0.0	n/a	16.7	4.7	n/a

1 Absolute returns are annualised for periods greater than one year.
Absolute return for Private equity represents internal rate of return.

2 Excess return represents the difference between the absolute return and relevant benchmark for the fund.

3 Competitor quartile ranking determined using relevant Mercer Sector Surveys.

4 For this fund competitor quartile ranking, a composite return was used.

5 For this fund competitor quartile ranking, an indicative ranking was determined.

Capital management

31 December 2011¹

A\$m	Total AMP	AMP Life Statutory Funds	NMLA Statutory Funds	AMP Bank ²	Other AFS ³	Total AFS	AMP Capital	Group Office
Total capital resources	8,550	2,071	1,077	425	3,733	7,306	555	689
Intangibles ⁴	(3,841)	-	-	(35)	(3,423)	(3,458)	(284)	(99)
Tangible capital resources	4,709	2,071	1,077	390	310	3,848	271	590
Senior debt ⁵	(657)							(657)
Other deductions ⁶	-							-
Regulatory capital resources	4,052	2,071	1,077	390	310	3,848	271	(67)
Shareholder minimum regulatory capital requirements (MRR)	3,062	1,680	850	326	118	2,974	88	-
Shareholder regulatory capital resources above MRR	990	391	227	64	192	874	183	(67)
Participating policyholder capital resources above MRR	553	553	-	-	-	553	-	-
Total regulatory capital resources above MRR	1,543	944	227	64	192	1,427	183	(67)

31 December 2010¹

A\$m	Total AMP	AMP Life Statutory Funds	NMLA Statutory Funds	AMP Bank ²	Other AFS ³	Total AFS	AMP Capital	Group Office
Total capital resources	3,932	1,820		326	553	2,699	373	860
Intangibles ⁴	(730)	-		(26)	(452)	(478)	(142)	(110)
Tangible capital resources	3,202	1,820		300	101	2,221	231	750
Senior debt ⁵	(607)							(607)
Other deductions ⁶	(24)	-		(24)	-	(24)	-	-
Regulatory capital resources	2,571	1,820		276	101	2,197	231	143
Shareholder minimum regulatory capital requirements (MRR)	1,717	1,405		233	21	1,659	58	-
Shareholder regulatory capital resources above MRR	854	415		43	80	538	173	143
Participating policyholder capital resources above MRR	628	628		-	-	628	-	-
Total regulatory capital resources above MRR	1,482	1,043		43	80	1,166	173	143

1 31 December 2011 includes AXA. 31 December 2010 has not been restated to include AXA.

2 The AMP Bank capital resources eliminates the impact of AIFRS cashflow hedge fair value movements.

3 Includes AFS accountable component of the AMP Life shareholders fund and NMLA shareholders fund and AFS subsidiaries (eg. AMPFP, Hillross). Other AFS also includes the North product.

4 Refer to page 48 for intangibles definition. Intangibles includes capitalised costs. 31 December 2011 intangibles includes AXA acquired intangibles, which have been allocated between Other AFS and AMP Capital.

5 Refer to debt overview on page 42 for more details.

6 Other deductions relate to AMP Bank's holdings of subordinated RMBS notes in its securitisation vehicles.

Capital management cont'd

Capital management

At 31 December 2011 total regulatory capital resources above MRR were A\$1,543m (A\$1,482m at 31 December 2010). Regulatory capital resources were 1.3 times shareholder MRR (1.5 times at 31 December 2010).

The increase in regulatory capital resources above MRR was a result of the merger with AXA and a number of capital initiatives undertaken during FY 11, offset by the impact of negative investment markets and higher demands for capital to support business growth.

Regulatory capital resources above MRR vary throughout the year due to a range of factors including investment market movements, dividend payments and profits.

Regulatory capital resources above MRR have been split between the amount attributable to shareholders and the amount attributable to participating policyholders. This reflects the likely disclosures under APRA's review of life and general insurance capital standards. The amount attributable to participating policyholders is available to absorb market and other impacts on the capital position of participating business.

AMP continues to take a prudent approach to capital management and has a bias towards holding more capital rather than less in the light of continuing market volatility and until future regulatory capital standards (including APRA conglomerates proposals, APRA's life and general insurance capital review and the Australian implementation of Basel III) are completed.

The following capital initiatives were undertaken during FY 11:

- the sale of approximately A\$400m of equities backing NMLA's Australian risk insurance policy liabilities and NMLA's shareholder capital
- the purchase of tactical down-side equity protection covering approximately A\$1.7b of listed equities backing AMP Life's mature book

- the purchase of tactical down-side bond yield protection providing approximately A\$2.7b of nominal protection within AMP Life's mature book, and
- the purchase of bond futures and interest rate swaps to increase the duration of the fixed interest portfolios supporting AMP Life's participating business.

In the AXA mature book, a long-term derivative strategy using swaps, is employed to modify the duration of defensive assets to minimise profit volatility.

AMP's final 2011 dividend is 14 cents per share franked to 50%. The dividend payout ratio for FY 11 is 84% of underlying profit. AMP has revised its dividend policy to a target payout ratio in the range of 70% to 80% and to be franked to the maximum extent possible. This guidance represents a change to past guidance (75% to 85% target payout ratio) reflecting an expected increase in capital requirements to meet future business growth following the merger with AXA, increasing demand for more capital intensive products and an anticipated increase in regulatory capital requirements.

AMP will offer a discount of 1.5% to DRP participants. The DRP will not be underwritten and new shares will be issued.

MRR

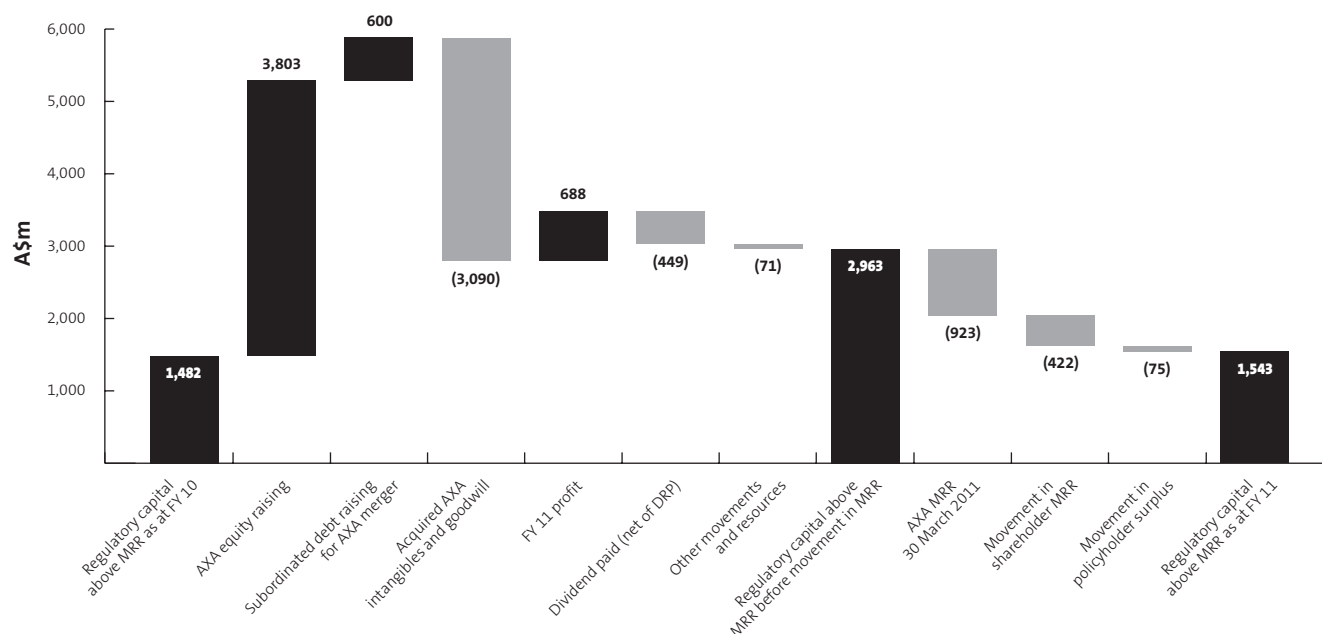
The minimum regulatory capital requirement (MRR) is the amount of capital required by each of AMP's regulated businesses to meet capital requirements as set by the appropriate regulator.

These requirements include:

- AMP Life and NMLA - solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards
- AMP Bank - capital requirements as specified under the APRA Banking Prudential Standards
- Other AFS - capital requirements under AFSL and capital held for the North guarantee, and
- AMP Capital - capital requirements under its AFSL.

APRA is currently reviewing life and general insurance capital

Movement in FY 11 regulatory capital resources above MRR



Capital management cont'd

standards. APRA recently released draft prudential standards, and following consideration of further industry submissions, plans to issue final standards in May 2012. The new capital framework is likely to be effective from 1 January 2013. AMP has commenced an assessment of the impact of these draft prudential standards on its regulatory capital position. While the assessment is still ongoing, it is expected that there will be an increase in minimum regulatory capital requirements. With ongoing disciplined capital management, supplemented by the capital benefit of the MUTB business alliance (A\$380m), which is scheduled to complete in March 2012 (subject to regulatory approval), AMP expects to continue to maintain a strong surplus to minimum regulatory capital requirements.

ASIC has completed its review of minimum capital requirements imposed on responsible entities of registered managed investment schemes under the AFSL regime. These changes will be effective from 1 November 2012.

The Reserve Bank of New Zealand has finalised new New Zealand Solvency Standards for the country's life insurance companies. AMP is likely to be exempt from most aspects of these standards on the basis of its compliance with APRA solvency standards.

Other regulatory capital reviews underway include:

- APRA development of a supervision framework for conglomerate groups. A further update on these proposals is expected in 2012.
- Basel Committee on Banking Supervision review of global banking supervision (Basel III) and APRA revisions to Australian banking standards.
- Introduction of APRA prudential standards for Superannuation Funds. The prudential standards are expected to be completed during 2012 and implemented in 2013.

AMP continues to maintain a prudent approach to capital.

Target surplus

AMP's businesses each target a level of capital equal to MRR plus a target surplus. The target surplus is a management guide to the level of excess capital that AMP seeks to carry. It is not a point estimate which requires automatic management action. AMP's capital position relative to its target surplus can vary significantly throughout the year.

Following the merger with AXA, target surplus policies have largely been aligned; however, the methodology will be reviewed as APRA's new prudential standards are finalised.

The target surplus for both AMP Life and NMLA is set by reference to a probability of breaching regulatory capital requirements. This is a two tiered test where the target surplus is set as the greater of the amount required for a:

- 1% probability of breaching solvency requirements over one year, or
- 10% probability of breaching capital adequacy requirements over one year.

AMP Bank's target surplus reflects an additional 0.75% of risk weighted assets above the APRA's minimum requirements.

AMP Capital's target surplus is set to cover the seed pool investment risk and operational risks.

Other components of AMP's target surplus include:

- target surplus relating to the North guarantee product set by reference to a 10% probability of breaching North MRR
- Group Office investment risks
- defined benefit fund mismatch risks, and
- operational risks.

Capital management cont'd

Regulatory capital resources (A\$m)¹	31 December 2011	31 December 2010
AMP shareholder equity	7,014	3,046
Allowable hybrid Tier 1 instruments	-	-
Less: goodwill and other intangibles	(3,841)	(730)
Less: other deductions ²	-	(24)
Tier 1	3,173	2,292
Allowable upper Tier 2 instruments	-	-
Allowable lower Tier 2 instruments	879	279
Tier 2	879	279
Total regulatory capital (Tier 1 + Tier 2)	4,052	2,571

Total capital resources by asset class (A\$m)¹	31 December 2011	31 December 2010
International equities ³	(25)	71
Australian equities	97	68
Property	291	247
International fixed interest	45	106
Australian fixed interest	183	529
Cash ⁴	1,778	1,699
Implicit DAC ⁵	1,954	-
Total shareholder funds	4,323	2,720
Other ⁶	386	482
Tangible capital resources	4,709	3,202
Intangibles	3,841	730
Total capital resources	8,550	3,932

1 31 December 2011 capital resources includes AXA. 31 December 2010 capital resources has not been restated to include AXA.

2 Other deductions relate to AMP Bank's holdings of subordinated notes in its securitisation vehicles.

3 International equities includes A\$57m of international equities and -A\$82m in relation to equity down-side protection.

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

5 AMP amended its asset disclosure in 1H 11 to recognise implicit DAC as an asset backing shareholder capital.

6 Other includes A\$398m (FY 10 A\$165m) of cash held backing liabilities, seed pool assets of A\$79m (FY 10 A\$63m) and -A\$91m (FY 10 A\$254m) of other assets and liabilities.

Nominal versus effective exposure

The asset allocations above reflect the effective exposure of shareholder funds after consideration of the effects of derivative positions.

Management of market risks in the shareholder funds

Total shareholder funds (A\$4,323m) comprise direct shareholder funds (A\$3,910m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A\$413m) that are invested in the same asset mix as participating policyholder funds.

The investment of shareholder funds provides management with the ability to manage the overall market risk within the AMP Group. Changes are made to the asset mix of shareholder funds to achieve the desired level of overall market risk exposure across the AMP Group. Less than 2% of AMP shareholder funds are invested in equities.

The majority of the international equity exposures are not hedged for currency. Property exposures relate primarily to a 65% interest in AMP's head office at 33 Alfred Street, Sydney.

The shareholder fixed interest portfolio is split approximately 55% in sovereign exposures and 45% in corporate exposures. Corporate exposures are invested in AAA (3%), AA (48%), A (25%), BBB (22%) and sub-investment grade and unrated (2%).

Implicit DAC

The implicit DAC relates to the wealth protection businesses, and is similar to a loan from shareholder capital to the wealth protection business (for both Australia and New Zealand) to fund the upfront costs associated with acquiring new risk insurance business. The implicit DAC asset generates an investment return equivalent to the cash rate.

Underlying investment income

AMP calculates the underlying investment income that is allocated to the business units (BUs) and Group Office by applying an underlying rate of return to BU and Group Office shareholder assets invested in income producing investment assets (as opposed to operating assets). The underlying after tax rate of return used for FY 11 is 4.25% pa (FY 10 4.25% pa) and is based on the long-term target asset mix and assumed long-term rates of return.

Underlying investment income is calculated on shareholder funds invested in income producing assets. Shareholder funds invested in income producing assets may be higher or lower than business unit capital due to the working capital requirements of the business unit.

Debt overview

A\$m	31 December 2011			31 December 2010		
	Corporate	AMP Bank ¹	Total	Corporate	AMP Bank ¹	Total
Subordinated bonds/notes	83	-	83	83	-	83
AMP Notes ²	296	-	296	296	-	296
Subordinated loan from Group Office to AMP Bank	(100)	100	-	(100)	100	-
AXA subordinated notes	600	-	600	-	-	-
Total subordinated debt (Tier 2)	879	100	979	279	100	379
Domestic commercial paper, NCDs and repos	59	964	1,023	59	962	1,021
Euro medium-term notes	398	-	398	398	-	398
Domestic medium-term notes	200	1,003	1,203	350	1,130	1,480
Bank facilities	-	-	-	-	-	-
Loan from Group Office to AMP Bank	-	-	-	(200)	200	-
Total senior debt	657	1,967	2,624	607	2,292	2,899
Deposits ³	-	7,460	7,460	-	5,070	5,070
Total debt	1,536	9,527	11,063	886	7,462	8,348
Corporate gearing ratios						
S&P gearing	11%			10%		
Interest cover - underlying (times)	12.1			11.6		
Interest cover - actual (times)	9.4			11.8		
Corporate debt by year of repayment⁴						
A\$m	0 - 1 years ⁵	1 - 2 years	2 - 5 years	5 - 10 years	10+ years	Total
Corporate debt at 31 December 2011	457	-	1,096	-	83	1,636
Loans from Group Office to AMP Bank	-	-	(100)	-	-	(100)
Total corporate debt at 31 December 2011	457	-	996	-	83	1,536
Total corporate debt at 31 December 2010	209	398	196	-	83	886

1 This excludes AMP Bank debt held within securitisation vehicles.

2 The AMP Notes 10 year subordinated debt, with a call date in 2014, has been structured to qualify as Lower Tier 2 capital for APRA purposes.

3 Deposits includes AMP Bank retail deposits (A\$3.9b), AMP Super Cash and Super TD's (A\$3.1b), North and Summit (A\$0.2b) and other AMP Life policyholder deposits (A\$0.3b).

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

5 31 December 2011 corporate debt repayable in 0-1 year is A\$398m of euro medium-term notes maturing in June 2012 and A\$59m of domestic commercial paper.

Corporate debt overview

Corporate debt increased by A\$650m in FY 11 due to:

- issuance of A\$200m of four year domestic medium term notes in February 2011
- issuance of A\$600m of Lower Tier 2 AXA subordinated notes in March 2011 as part of the AXA transaction
- AMP Bank A\$200m loan repayment to Group Office in May 2011
- offset by the repayment of A\$350m senior debt maturity in May 2011.

At 31 December 2011, approximately 43% of corporate debt was effectively at fixed rates.

At 31 December 2011, AMP had access to significant liquidity through a liquidity portfolio of approximately A\$630m, undrawn bank facilities of A\$500m and undrawn syndicated loan of A\$1.0b. It is anticipated that part of the syndicated loan will be used to repay the A\$398m Euro medium-term notes maturing in June 2012.

AMP Bank debt

AMP Bank utilises a diverse range of funding sources including securitisation, retail and superannuation deposits and short and long-term wholesale borrowings to manage its funding, liquidity and capital requirements.

The securitisation of residential mortgage backed securities (RMBS) is a source of funding and capital relief for AMP Bank. Securitisation funding is non-recourse to AMP Bank and the AMP Group. AMP Bank completed a A\$940m RMBS securitisation in May 2011.

During FY 11, AMP Bank increased retail and superannuation deposits and repaid a A\$200m loan from Group Office. AMP Group continues to provide a guarantee covering AMP Bank's liabilities.

AMP Bank has increased its liquidity by 93% in FY 11 in advance of Basel III implementation.

Group Office

A\$m	FY 11	2H 11	1H 11	FY 10	% FY
Group Office costs not recovered from business units	(57)	(31)	(26)	(40)	(42.5)
Underlying investment income on Group Office capital	39	17	22	44	(11.4)
Interest expense on corporate debt	(82)	(43)	(39)	(72)	(13.9)
AMP Limited tax loss recognition	16	8	8	16	-
Market adjustment - investment income	(50)	(47)	(3)	(5)	n/a
Market adjustment - annuity fair value	13	(3)	16	22	(40.9)
Market adjustment - risk products ¹	53	58	(5)	(7)	n/a
Loan hedge revaluations	3	3	-	1	n/a
Other items	1	18	(17)	(2)	n/a
M&A transaction costs	(42)	(8)	(34)	(16)	(162.5)
AXA integration costs	(105)	(69)	(36)	-	n/a
Amortisation of AXA acquired intangible assets ¹	(75)	(50)	(25)	-	n/a
Accounting mismatches	(19)	(10)	(9)	22	n/a
Interest expense summary					
Average volume of corporate debt	1,433	1,536	1,315	1,324	
Weighted average cost of corporate debt ²	8.17%	8.00%	8.47%	7.76%	
Tax rate	30%	30%	30%	30%	
Interest expense on corporate debt ³	82	43	39	72	
Franking credits					
AMP dividend franking credits at face value at end of period ⁴	165	165	118	123	

1 1H 11 restated to reflect revisions to the acquisition balance sheet.

2 1H 11 and FY 10 weighted average cost of debt restated.

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. After franking the final dividend (50%), the balance of franking credits will be A\$79m.

FY 11 Group Office costs not recovered from business units were A\$57m, up from A\$40m in FY 10. FY 11 Group Office costs includes a nine month contribution from AXA.

Underlying investment income on Group Office capital was A\$39m in FY 11, down from A\$44m in FY 10. FY 11 underlying investment income was lower than in FY 10 due to lower investment assets, partly due to a lower senior debt drawn down in FY 11.

FY 11 interest expense on corporate debt was A\$82m, up from A\$72m in FY 10. Interest expense increased following the issuance of A\$600m of Lower Tier 2 subordinated debt in March 2011.

AMP Limited tax loss recognition

AMP Limited tax loss recognition relates to the gradual recoupment of carried forward tax losses. Recognition of the tax benefit is linked to overall AMP Group taxable earnings (both ordinary policyholder and shareholder) and the rate at which tax losses can be utilised.

FY 11 AMP Limited tax loss recognition was A\$16m, which was unchanged from FY 10.

Following the merger with AXA, the tax utilisation rate has significantly reduced. AMP Limited does not expect to recognise any tax losses in FY 12.

At 31 December 2011, the amount of carried forward tax losses to be recouped was approximately A\$110m.

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 11 market adjustment - investment income was -A\$50m (FY 10 -A\$5m) and includes -A\$27m in relation to the shortfall in underlying investment income relative to actual shareholder investment income. Shareholder investment income was impacted by lower short-term interest rates.

Group Office cont'd

FY 11 market adjustment - investment income also includes -A\$23m in relation to North hedging assumption changes. Hedging is in place to limit the impact of investment markets on the North guaranteed product. Following increased market volatility in FY 11, AMP has revised the volatility assumptions for the North guaranteed product, resulting in a change to expected future claim payments and hedging costs. The impact of North guaranteed product hedging assumption changes has been reported as part of market adjustment – investment income. North operating earnings are reported as part of CWM.

Market adjustment - annuity fair value

FY 11 market adjustment – annuity fair value was A\$13m (FY 10 A\$22m).

Market adjustment - annuity fair value relates to the net impact of investment markets on AMP's annuity portfolio. AMP's annuity portfolio comprises fixed term and lifetime annuity products, with Australian fixed term liabilities of A\$0.5b and Australian lifetime annuity liabilities of A\$1.5b. The Australian annuity portfolio is managed on a matched basis, with fixed interest assets matched to expected annuity cash outflows. Equities are not used by AMP to match its Australian annuity book.

The assets supporting AMP's Australian annuity book comprise a mixture of government bonds, semi-government bonds and corporate bonds. These assets are principally exposed to Australian credit markets. The asset mix is required to achieve the matching of assets to expected cash annuity outflows. Ultimately, the matching should remove any interest rate or reinvestment risk, but credit risk remains.

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

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

As the assets are held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In FY 11 there were no asset defaults.

The assets that support AMP's annuity book comprise a mixture of government bonds and cash (10%), semi-government bonds (43%) and corporate bonds (47%). The average duration of the portfolio is six years. Corporate bond exposures are invested in AAA (21%), AA (36%), A (38%), BBB (4%) and CCC+ (1%).

Market adjustment - risk products

FY 11 market adjustment – risk products was A\$53m (FY 10 -A\$7m) due to the fall in government bond yields.

Market adjustment - risk products relates to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities. For AXA, this also includes the impact of changes in the market value of equities up until June 2011. Equities were removed from backing the asset allocation

in June 2011 following the merger. Under Australian accounting standards, life insurance business is accounted for using Margin on Services (MoS).

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. MoS involves projecting future cashflows (premiums, benefits and costs after allowing for inflation), and discounting future cashflows to their present value using the appropriate risk free discount rate. Changes to market related economic assumptions affect policy liabilities and current year profit. For information on changes in market economic assumptions in FY 11, refer to page 29.

Loan hedge revaluations

FY 11 loan hedge revaluation was A\$3m (FY 10 A\$1m).

A portion of AMP's corporate debt is denominated in foreign currency, predominantly Euro. After taking into account hedging, AMP maintains a policy of holding 100% of its corporate debt as AUD denominated and between 40% and 60% at floating interest rates. AMP uses cross currency swaps and interest rate swaps to maintain within this policy.

Under Australian Accounting Standards, AMP is required to recognise the movements in fair value of debt, to the extent it is an effective fair value hedge relationship, and associated derivatives. This can give rise to an accounting gain or loss which will reverse over time.

Other items

FY 11 other items were A\$1m (FY 10 -A\$2m).

Other items include one-off and non-recurring revenues and costs. FY 11 other items includes the profit on sale of AMP's general insurance business and one-off tax benefits, offset by one-off and non-recurring costs. Non-recurring costs include restructuring and redundancy costs that are not related to the AXA merger and tax adjustments associated with a changed assessment of the recoverability of tax deductions on rights to future income.

M&A transaction costs

FY 11 M&A transaction costs were A\$42m (FY 10 A\$16m).

FY 11 M&A transaction costs primarily relate to costs associated with the AXA merger and include legal, financing and investment banking costs. M&A transaction costs in relation to the AXA merger are not part of AMP's merger integration budget (A\$310m).

2H 11 M&A transaction costs predominantly relate to costs associated with the Mitsubishi UFJ Trust and Banking Corporation alliance and the sale of AMP's general insurance distribution business.

AXA integration costs and synergies

FY 11 AXA integration costs were A\$105m and relate to the integration of AXA following the merger. AMP expects total integration costs to be A\$310m (post tax).

AMP expects to realise synergies as a result of the merger with AXA of A\$140m (post tax) per annum.

Group Office cont'd

Amortisation of AXA acquired intangible assets

Following the merger with AXA on 30 March 2011, AMP recognised AXA net tangible assets of A\$1.3b in the provisional balance sheet at 30 June 2011. The difference between the purchase consideration for AXA (A\$4.3b) and AXA net tangible assets represent AXA intangible assets (net of associated deferred tax liability) and goodwill.

Accounting standards (AASB 3) allow 12 months to finalise the acquisition balance sheet accounting entries. In 2H 11, AMP finalised its review of the accounting entries to record the AXA merger. As a result, AMP has made the following balance sheet adjustments (from the provisional balances disclosed as part of the 1H 11 result):

- net tangible assets on acquisition - reduced by A\$0.1b to A\$1.2b. The reduction is primarily due to an increase in AXA's policy liabilities on income protection risk insurance
- identified intangible assets – reduced by A\$0.2b to A\$1.0b. The reduction is primarily due to a reassessment of the recoverability of tax deductions on rights to future income, partially offset by an increase in the value of acquired software
- goodwill - increased by A\$0.3b to A\$2.1b.

AXA intangible assets are required to be amortised over their expected useful life; goodwill is not required to be amortised. FY 11 amortisation of AXA acquired intangible assets was A\$75m for the nine months to 31 December 2011.

FY 12 amortisation is expected to be A\$100m (post tax).

Accounting mismatches

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

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

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (FY 11 A\$28m)
- owner-occupied properties (FY 11 -A\$1m)
- life company statutory funds' investments in controlled entities (FY 11 -A\$38m)
- AMP Life statutory funds' superannuation products invested with AMP Bank (FY 11 -A\$8m).

Sensitivities - profit and capital

FY 11 profit sensitivities (A\$m)

	Operating earnings							Investment income
	CWM	CWP	Mature	NZ	Total AFS	AMP Capital	Group Office	Total
Investment market variables								
10% increase in Australian equities	10	-	4	-	14	3		17
10% decrease in Australian equities	(10)	-	(4)	-	(14)	(3)		(17)
10% increase in international equities	6	-	2	2	10	3		13
10% decrease in international equities	(6)	-	(2)	(2)	(10)	(3)		(13)
10% increase in property	2	-	2	1	5	3		8
10% decrease in property	(2)	-	(2)	(1)	(5)	(3)		(8)
1% (100 bps) increase in 10 year Australian bond yields	(2)	-	4	-	2	(1)		1
1% (100 bps) decrease in 10 year Australian bond yields	2	-	(4)	-	(2)	1		(1)
1% increase in cash rate	1	-	-	-	1	-		1
1% decrease in cash rate	(1)	-	-	-	(1)	-		(1)
Business variables								
AMP Financial Services								
5% increase in AUM	15	-	4	3	22			
5% increase in sales volumes	2	2	-	1	5			
1% increase in persistency	3	7	(2)	1	9			
AMP Capital								
5% increase in average external AUM						6		
5% increase in average internal AUM						6		
AMP Limited								
5% reduction in controllable costs	21	5	3	3	32	11	4	47

The profit and capital sensitivities are only indicative, because:

- they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the particular variable moves independently of all others
- they are based on the FY 11 position, ie not “forward looking”, and make no allowances for events subsequent to 31 December 2011
- 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 2011.

Other assumptions include:

- parent company shareholders’ equity is fully invested and there are no adjustments for investments which are outside index weightings
- currency movements in investments in self-sustaining operations do not impact profit
- sales sensitivity assumes the same product mix as in underlying sales during FY 11
- investment income sensitivity is based on the amount of investments held at 31 December 2011
- all profit sensitivities shown are a full year impact
- 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.

Important considerations when using these sensitivities

Profit sensitivities

The sensitivities set out above apply to FY 11 operating earnings and investment income, adjusted for a full year contribution from AXA, assuming changes in a range of hypothetical economic or business variables.

Operating earnings - investment linked business

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

For changes in market variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable half way through the year. For large movements that do not occur half way 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 11 operating earnings than set out in the table above.

The sensitivities are based on the FY 11 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 11 profit sensitivities for FY 12), an allowance for changes in AUM levels should be made. Refer to page 12 (CWM) and page 30 (AMP Capital) for average AUM levels that applied in FY 11.

The AMP Capital operating earning sensitivities assume no change to performance and transaction fees and do not include seed pool investments.

Sensitivities - profit and capital cont'd

Operating earnings - risk insurance and annuity business

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

Operating earnings - participating business

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

Investment income

The analysis is based on a point in time and indicates the impact a change in the market variable would have on AMP's FY 11 total investment income (ie underlying investment income plus investment income market adjustment).

The cash rate sensitivities show the impact of changes in the cash rate on FY 11 total investment income. The impact assumes the change in the cash rate occurs evenly over the year.

The investment income sensitivities do not include any allowance for investment gains/losses on assets that back AMP's annuity book (refer to page 44 for details) or the impact of changes in economic variables (bond yields, CPI) on the valuation of risk insurance liabilities.

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

AMP regulatory capital sensitivities - regulatory capital resources above MRR

The analysis is a point in time view of the capital impact of movements in equity markets, bond yields and property values on the 31 December 2011 capital position. The regulatory capital sensitivities make no allowance for management actions taken post 31 December 2011. The regulatory capital resources above MRR are based on 31 December 2011 equity markets, bond yields and property values and correspond to the disclosure in the capital management section (refer to page 38).

Regulatory capital requirements are met by shareholder assets and a combination of both policyholder and shareholder assets for participating business.

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

31 December 2011 capital sensitivities – regulatory capital resources above MRR (A\$m) ¹		AMP Life Statutory Funds	NMLA Statutory Funds	AMP Group ²
Actual 31 December 2011 (ASX 200 @ 4,057; Australian bond yields @ 3.7%)		944	227	1,543
Equity sensitivity	– 20% increase (ASX 200 @ 4,868)	260	40	390
	– 10% increase (ASX 200 @ 4,463)	120	20	180
	– 10% decrease (ASX 200 @ 3,651)	(130)	(20)	(200)
	– 20% decrease (ASX 200 @ 3,246)	(250)	(40)	(400)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields @ 4.7%)	50	(60)	140
	– 50 bps increase (Australian bond yields @ 4.27%)	20	(30)	60
	– 50 bps decrease (Australian bond yields @ 3.2%)	(50)	10	(120)
	– 100 bps decrease (Australian bond yields @ 2.7%)	(110)	-	(280)
Property sensitivity ³	– 10% increase in unlisted property values	100	10	140
	– 10% decrease in unlisted property values	(120)	(10)	(160)

1 These sensitivities are a point in time (as at 31 December 2011) and do not make any allowance for subsequent management actions.

2 AMP Group sensitivities are AMP Life and NMLA Statutory Funds plus movements in group shareholder capital held outside the AMP/NMLA Life Statutory Funds, plus the effect on capital from defined benefit funds and the North product.

3 Property sensitivity relates to unlisted property. Listed property is included in the equity sensitivity.

The capital sensitivities for AMP Life Statutory Funds includes guaranteed products (the majority of which are contained within the AFS mature business), risk insurance products and unit linked products.

The capital sensitivities for NMLA Statutory Funds includes guaranteed products, risk insurance products and unit linked products.

AMP Group sensitivities are AMP Life Statutory Funds plus NMLA Statutory Funds sensitivities plus movements in group shareholder capital held outside the AMP Life and NMLA Statutory Funds. AMP Group sensitivities also include the effect on capital from defined benefit funds and the North product, which is held outside of the NMLA Statutory Funds.

Property sensitivities relate to unlisted property. The impacts from movements in the value of listed property trusts are included in the equity sensitivities.

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

AMP's capital management framework includes market related trigger points at which management will take action to reduce the impact of market movements on AMP's capital position. The sensitivities contained in the table above do not make any allowance for management actions subsequent to 31 December 2011, which can have a significant impact on MRR.

Accounting treatment and definitions

Accounting mismatches - Refer to page 45.

AFS value of new business - A calculation of the economic value of the shareholder profits expected to emerge from the new business written over a particular period for AFS, net of the cost of providing supporting capital.

AFS value of risk new business - Value of new business for AFS contemporary wealth protection and New Zealand risk business.

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 average of monthly average AUM.

Corporate debt - Borrowings used to fund shareholder activities of the AMP Group including the impact of any cross-currency swaps entered into to convert the debt into A\$, but excluding limited recourse debt in investment entities controlled by AMP Life policyholder funds and debt used to fund AMP Bank activities. Refer to page 42 for more detail.

Cost to income ratio - Calculated as controllable costs divided by gross margin. Gross margin is calculated as total operating earnings and underlying investment income before income tax plus controllable costs.

Deferred acquisition costs (DAC) - Margin of Service (MoS) is the financial reporting methodology developed to report life insurance business in Australia. Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. Under MoS all costs associated with acquiring new business (including planner payments, controllable costs and stamp duty) are allowed for in determining profit margins and policy liabilities. For wealth protection business, this normally results in negative policy liabilities for new business. The amount of this negative policy liability is often referred to as DAC or implicit DAC.

Defined benefit scheme - A scheme that provides a retirement benefit, usually based on salary and/or a predetermined formula for calculating that benefit. Unlike an accumulation scheme, the retirement benefit and method of calculation is known to the member at all times.

Discontinuance rates - The assumed future rates for voluntary discontinuance (lapse) of contracts for the purposes of determining embedded value. These rates vary by individual product or product groups and, where appropriate, by other factors such as duration in-force or age attained.

Dividend payout ratio - Calculated as dividend per share divided by EPS (underlying).

Embedded value - A calculation of the economic value of the shareholder capital in the business and the shareholder profits expected to emerge from the business in-force.

EPS (actual) - Calculated as net profit attributable to shareholders of AMP Limited divided by the basic weighted average number of ordinary shares. The weighted average number of ordinary shares has been adjusted to remove treasury shares.

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

External AUM (AMP Capital) - Assets managed by AMP Capital (including AXA IM), 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 risk API - Contractual annual premium payable on all in-force group risk policies.

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

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

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

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

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

Internal AUM (AMP Capital) - Assets managed by AMP Capital sourced from AFS and Group Office.

Investment performance (AMP Capital) - The percentage of AUM meeting or exceeding their benchmarks. Investment performance for years ended 31 December 2011 include AXA IM.

Loan hedge revaluations - Refer to page 44.

Market adjustment - annuity fair value - Refer to page 44.

Market adjustment - investment income - The excess (or shortfall) between underlying investment income and actual return on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets).

Market adjustment - risk products - Refer to page 44.

Minimum regulatory capital requirements (MRR) - Refer to page 39.

Net interest margin (AMP Bank) - Net interest income divided by the average mortgage book for the period.

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

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

Accounting treatment and definitions cont'd

Persistence - Calculated as opening AUM less cash outflows during the period divided by opening AUM. AFS and CWM total cash outflows are adjusted to exclude major internal flows so as to reflect external cash outflows only.

Return on embedded value - Calculated as the increase in embedded value in the period before transfers, divided by embedded value at the beginning of the period.

RoBUE - Return on BU equity is calculated as BU underlying operating profit after income tax (including underlying investment income) over the BU's average monthly tangible capital resources. No allowance is made for the benefit of gearing, which occurs at the Group level.

RoE (actual) - Calculated as annualised net profit attributable to shareholders of AMP Limited divided by average of shareholder equity for the period.

RoE (underlying) - Calculated as annualised underlying profit divided by average of shareholder equity for the period.

S&P gearing - Senior debt plus non-allowable hybrids divided by Economic Capital Available plus hybrids plus senior debt. Economic Capital Available is as defined by Standard & Poor's and includes AMP shareholders' equity (including goodwill and acquired AXA intangibles but excluding acquired assets management mandates and capitalised costs) and 100% of future AMP Life shareholder profits.

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.

Tier 2 capital - Includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an entity as a going concern. It is divided into:

- a) Upper Tier 2 capital - comprising components of capital that are essentially permanent in nature, including some forms of hybrid capital instrument, and
- b) Lower Tier 2 capital - comprising components of capital that are not permanent, ie dated or limited life instruments.

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

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

Underlying profit - AMP's key measure of business profitability, as it smooths investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP Group. The components of underlying profit are listed on page 3.

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

Definitions of business units (BUs) and exchange rates

AMP

AMP Financial Services, AMP Capital and Group Office.

AMP Financial Services

AMP Financial Services provides a range of products and services to customers in Australia and New Zealand. These products and services are primarily distributed through self-employed financial planners and advisers.

AMP Financial Services is reported as four separate divisions:

- **Contemporary wealth management (CWM)** - Financial planning services (including owned advice businesses), platform administration, unit-linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans. CWM includes the North product and platform.

CWM includes AMP Bank, which is a direct Australian bank offering residential mortgages, deposits, transactional banking and white-labelled credit cards.

- **Contemporary wealth protection (CWP)** - Includes personal and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.
- **Mature** - A business comprising products which are mainly in run-off. Closed products include whole of life, endowment, investment linked, investment account, RSA, annuities and personal superannuation.
- **AMP Financial Services New Zealand (AFS NZ)** - A risk insurance business and mature book (traditional participating business), with a growing KiwiSaver, unit linked superannuation and managed investment business.

AMP Capital

AMP Capital is AMP's wholly-owned diversified investment manager. It manages investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds. AMP Capital also provides commercial, industrial and retail property management services. It provides investment management services through in-house investment professionals and a carefully selected global network of investment partners.

In addition to its well established operations in Australia and New Zealand, AMP Capital has a growing international presence with offices in Beijing, London, Delhi, Singapore, Tokyo, New York, Hong Kong, Luxembourg and Bahrain, allowing it to source competitive offshore opportunities.

Following the merger with AXA in March 2011, AMP Capital includes the retail and wholesale unit trust business through National Mutual Funds Management and ipac investment services. AMP Capital also includes funds managed by AXA Global Investors, a New Zealand based asset manager.

In December 2011, AMP Capital announced a strategic business alliance. Refer to page 31 for more details.

Group Office

Group Office comprises:

- Group Office operations
- Corporate debt.

Exchange rates			AUD/NZD
2011	FY 11	– closing	1.3142
		– average	1.3059
	2H 11	– closing	1.3142
		– average	1.2875
	1H 11	– closing	1.2963
		– average	1.3229
2010	FY 10	– closing	1.3122
		– average	1.2723

FY 11 financial results

Analysis of operating results (A\$m) ¹	AMP Financial Services	AMP Capital	Group Office	Total
BU operating earnings	766	83	-	849
Group Office costs	-	-	(57)	(57)
Total operating earnings	766	83	(57)	792
Underlying investment income	139	5	39	183
Interest expense on corporate debt	-	-	(82)	(82)
AMP Limited tax loss recognition	-	-	16	16
Underlying profit	905	88	(84)	909
Market adjustment - investment income	-	-	(50)	(50)
Market adjustment - annuity fair value	-	-	13	13
Market adjustment - risk products	-	-	53	53
Loan hedge revaluations	-	-	3	3
Other items	-	-	1	1
Profit after income tax before AXA merger adjustments and accounting mismatches	905	88	(64)	929
M&A transaction costs ²	-	-	(42)	(42)
AXA integration costs	-	-	(105)	(105)
Amortisation of AXA acquired intangible assets	-	-	(75)	(75)
Accounting mismatches	-	-	(19)	(19)
Net profit attributable to shareholders of AMP Limited	905	88	(305)	688

Total capital resources by equity class (A\$m) ³	31 December 2011	31 December 2010
Contributed equity	9,080	5,051
Equity contribution reserve	1,019	1,019
Other reserves	32	1
Retained earnings	283	452
Demerger loss reserve	(3,585)	(3,585)
Total AMP statutory equity attributable to shareholders of AMP Limited	6,829	2,938
Accounting mismatches and cashflow hedge reserve	185	108
Total AMP shareholder equity	7,014	3,046
Corporate debt	1,536	886
Total capital resources	8,550	3,932

1 Operating results includes a nine month contribution to 31 December 2011 from AXA.

2 M&A transaction costs principally relate to the merger with AXA. Refer to page 44 for more detail.

3 31 December 2011 includes AXA. 31 December 2010 has not been restated to include AXA.

Independent Auditor's Review Report to the Board of AMP Limited

We have reviewed selected information presented in the AMP Limited Investor Report for the year ended 31 December 2011 ("Investor Report").

The FY 11 financial results, total capital resources and embedded value information have been prepared for inclusion in the Investor Report and are used as a measure of financial performance and position.

Management's Responsibility for the Investor Report

Management is responsible for the preparation of the Investor Report, inclusive of pages 25, 28, 29 [Embedded Value], 38 [Capital management] and 51 [FY 11 financial results] (collectively 'the financial information') and has determined that the accounting, presentation and disclosure criteria used are appropriate to the needs of financial users. This responsibility includes establishing and maintaining internal control relevant to the preparation of the 31 December 2011 Investor Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on selected information set out in the 31 December 2011 Investor Report based on our review. We have conducted our review in accordance with the Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the FY 11 financial results on page 51 and the total capital resources on page 41 of the Investor Report are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources set out on pages 48 and 49.
- the embedded value assumptions stated on page 28 and 29 are not reasonable for their intended purpose in all material respects.

No opinion is expressed as to whether the accounting, presentation and disclosure criteria used are appropriate to the needs of the Directors of AMP Limited.

ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

The financial information has been prepared for inclusion in the Investor Report for the year ended 31 December 2011. We disclaim any assumption of responsibility for any reliance on this review report or on the Investor Report to which it relates to any other person other than the Directors of AMP Limited.

Our review of the FY 11 financial results included making enquiries, primarily of AMP Limited's personnel responsible for financial and accounting matters, review of the reconciliation of financial information on page 51 and total capital resources on page 41 to the Financial Report of AMP Limited, review of the determination of the operating earnings, underlying investment income and total capital resources in accordance with the definitions set out on pages 48 and 49, and analytical procedures.

Our review of the embedded value assumptions was limited to the review of AMP Limited's documentation to support the embedded value assumptions, making enquiries, primarily of AMP Limited's personnel responsible for financial and actuarial matters, and analytical procedures applied to financial data used by management to derive embedded value assumptions.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

We are independent of AMP Limited and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

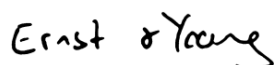
Conclusion

Analysis of Operating Results

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the FY 11 financial results set out on page 51 and total capital resources on page 41 of the Investor Report for the year ended 31 December 2011 are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources as set out on pages 48 and 49.

Embedded Value

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the embedded value assumptions set out on pages 28 and 29 of the Investor Report for the year ended 31 December 2011 are not reasonable for their intended purpose in all material respects.



Ernst & Young
Sydney
15 February 2012

Information for shareholders

27 February 2012	Ex-dividend date for final 2011 dividend (Australia)
29 February 2012	Ex-dividend date for final 2011 dividend (New Zealand)
2 March 2012	Record date for final 2011 dividend
5 March - 9 March 2012	Pricing period for final 2011 dividend reinvestment plan
5 April 2012	Payment date for final 2011 dividend
10 May 2012	First quarter 2012 cashflow and AUM announcement
10 May 2012	Annual General Meeting
16 August 2012	Interim 2012 results
3 September 2012	Ex-dividend date for interim 2012 dividend (Australia)
5 September 2012	Ex-dividend date for interim 2012 dividend (New Zealand)
7 September 2012	Record date for interim 2012 dividend
12 October 2012	Payment date for interim 2012 dividend
26 October 2012	Third quarter 2012 cashflow and AUM announcement

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Website

For additional 2011 full year results information, visit AMP's website at
www.amp.com.au/shareholdercentre

You will find:

- Background information on AMP, business units, management and policies.
- Statutory reporting at the AMP Limited level (incorporating shareholder, policyholder and unattributed interests).
- Archived webcasts of presentations to investors and analysts.
- Archived ASX announcements and historical information.
- Definitions, details of assumptions and calculations of key ratios.

