AMP Investor Report

Full Year 2012

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
Jonathan Deane	General Manager, Strategy
Matthew Percival	General Manager, Public Affairs
Fiona Wardlaw	General Manager, Human Resources
Paul Sainsbury	Integration Director and Managing Director, AMP SMSF
Darryl Mackay	Company Secretary and Head of Secretariat

Investor relations

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

Stephen Daly Manager, Institutional Investor Relations
Telephone 61 2 9257 5207
Email stephen_daly@amp.com.au

Online reports

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

AMP Limited
ABN 49 079 354 519

Contents

Important note

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

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

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

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

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

FY 12 performance summary

FY 12 profit attributable to shareholders of AMP Limited of A$704m (FY 11 A$688m)[1] and underlying profit of A$955m (FY 11 A$909m)

– Australian wealth management operating earnings up 21% on 2H 11, Australian mature up 18% on 2H 11, AMP Capital up 42% on 2H 11
– Australian wealth protection operating earnings down 48% on 2H 11 and AFS New Zealand down 19% on 2H 11, reflecting volatility in risk insurance experience
– Underlying investment income up A$13m on 2H 11 to A$113m, reflecting a strengthened capital base in advance of moving to revised life insurance capital standards

Key performance measures

FY 12 underlying profit of A$955m and 2H 12 underlying profit of A$464m, up 3% on 2H 11

FY 12 cost to income ratio of 47.3% and 2H 12 cost to income ratio of 48.4% which is down 2.2 percentage points on 2H 11

Growth measures:[2]
– AFS FY 12 net cashflows were A$1,152m, up from net cash outflows of A$581m in FY 11;
AMP Capital external net cash outflows were A$1,784m, an increase in net cash outflows from A$1,166m for FY 11
– AFS value of risk new business down A$12m on FY 11 to A$203m[3]

Underlying return on equity reduced 0.7 percentage points to 12.2% in 2H 12 from 2H 11, reflecting higher capital held which offset the growth in underlying profit

Profit and profit drivers

Cashflows, AUM, API and banking

Total AUM of A$172b[4] in FY 12, up 8% from FY 11

– AFS AUM up 16% to A$129b in FY 12 from FY 11
  – Wealth management net cashflows of A$821m, up from net cash outflows of A$64m in FY 11[2]
  – AMP Flexible Super net cashflows of A$2.6b, down from A$3.0b in FY 11; North net cashflows of A$2.2b, up from A$716m in FY 11[2]
– AMP Capital AUM increased 5% to A$129b in FY 12 from FY 11
– AFS Australia individual risk API increased 6% on 2H 11 to A$1.4b, AFS Australia group risk API increased 3% on 2H 11 to A$357m, AFS NZ individual risk API increased 4% on 2H 11 to NZ$298m[2]
– AMP Bank mortgage and deposit books up 11% and 16% in FY 12 respectively

Controllable costs and cost ratios

Total controllable costs decreased by 3% on 2H 11 to A$679m, cost to income ratio down 2.2 percentage points to 48.4% in 2H 12

– AFS 2H 12 controllable costs decreased 4% on 2H 11 to A$471m (cost to income ratio 42.4%), AMP Capital controllable costs decreased 1% on 2H 11 to A$165m in 2H 12 (cost to income ratio 64.2%)
– Controllable costs to AUM decreased 7 bps on 2H 11 to 80 bps during 2H 12

Capital management and dividend

– Excess capital over minimum regulatory requirements was A$2,420m pre the revised life insurance capital standards at the end of FY 12, up A$877m from FY 11, reflecting FY 12 profits, net of dividends and share capital issued under the dividend reinvestment plan, proceeds from the formation of the MUTB strategic business and capital alliance and an active capital protection strategy
– Interest cover (underlying) remains strong at 12.1 times
– Gearing on an S&P basis remains steady at 11%
– FY 12 final dividend of 12.5 cents per share (cps) was declared, representing a total 2012 dividend payout ratio of 76% of underlying profit. The dividend reinvestment plan (DRP) will continue to operate, however no discount will apply to determine the DRP allocation price

1 2H 11 has primarily been used throughout this document as the most appropriate prior period comparison, as both 2H 12 and 2H 11 include a full six months of the merged AMP and AXA group.
2 FY 11 cashflows, value of new business and API have been restated to include a full 12 months of AXA.
3 Represents value of new business for AFS's Australian and New Zealand risk businesses.
4 Includes SMSF, refer to page 21.

Financial summary

A$m	FY 12	AMP + 9 months AXA FY 11[1]	2H 12	2H 11	% FY 12/ FY 11	% 2H 12/ 2H 11
Profit and loss						
Australian wealth management	**347**	322	183	151	7.8	21.2
Australian wealth protection	**190**	215	56	107	(11.6)	(47.7)
Australian mature	**167**	153	91	77	9.2	18.2
New Zealand	**73**	76	35	43	(3.9)	(18.6)
AMP Financial Services	**777**	766	365	378	1.4	(3.4)
AMP Capital[2]	**99**	83	54	38	19.3	42.1
BU operating earnings	**876**	849	419	416	3.2	0.7
Group Office costs	**(61)**	(57)	(30)	(31)	(7.0)	3.2
Total operating earnings	**815**	792	389	385	2.9	1.0
Underlying investment income[2]	**226**	183	113	100	23.5	13.0
Interest expense on corporate debt	**(86)**	(82)	(38)	(43)	(4.9)	11.6
AMP Limited tax loss recognition	**-**	16	-	8	n/a	n/a
Underlying profit	**955**	909	464	450	5.1	3.1
Market adjustment – investment income[2]	**(12)**	(50)	(11)	(47)	76.0	76.6
Market adjustment – annuity fair value	**(9)**	13	1	(3)	n/a	n/a
Market adjustment – risk products	**(4)**	53	(27)	58	n/a	n/a
Other items[2,3]	**34**	4	24	21	n/a	14.3
Profit after income tax before AXA merger adjustments and accounting mismatches	**964**	929	451	479	3.8	(5.8)
M&A transaction costs[4]	**(4)**	(42)	(2)	(8)	90.5	75.0
AXA integration costs	**(128)**	(105)	(57)	(69)	(21.9)	17.4
Amortisation of AXA acquired intangible assets[2]	**(99)**	(75)	(49)	(50)	(32.0)	2.0
Accounting mismatches	**(29)**	(19)	(22)	(10)	(52.6)	(120.0)
Profit attributable to shareholders of AMP Limited	**704**	688	321	342	2.3	(6.1)

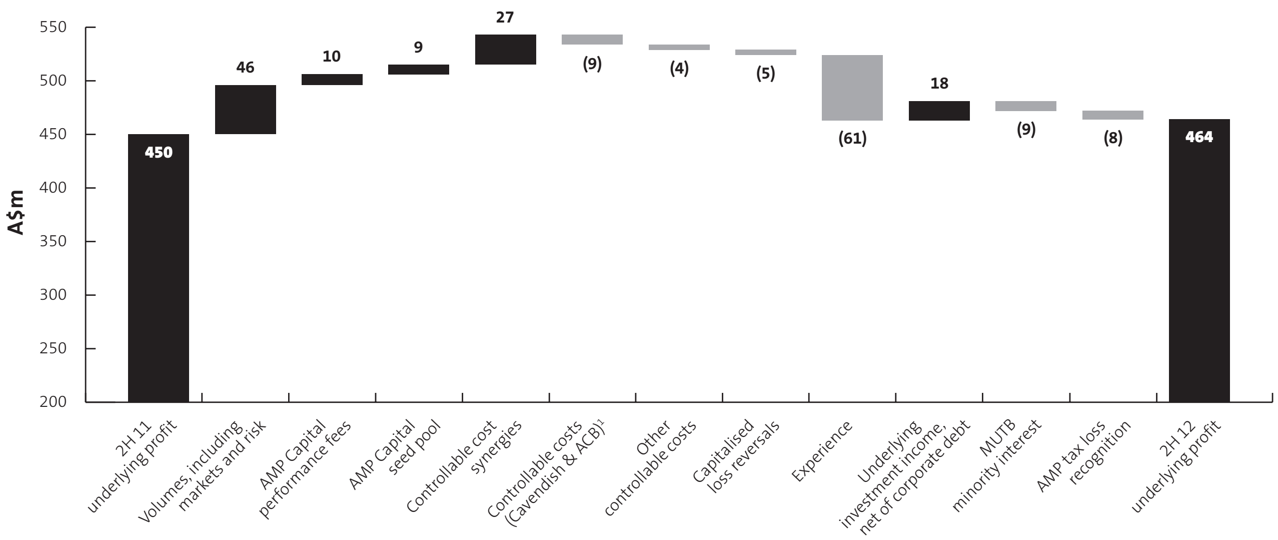
1 In March 2011, AMP merged with AXA Asia Pacific Holdings Limited's Australian and New Zealand businesses (AXA). FY 11 includes AXA operating earnings for the period from 31 March 2011.

2 Net of minority interests for the period from 1 March 2012.

3 Other items principally comprise one-off and non-recurring items. Refer to page 38 for more detail.

4 FY 11 M&A transaction costs primarily relate to the merger with AXA.

Movement in 2H 11 to 2H 12 underlying profit



1 Represents costs associated with acquisition of Cavendish and internalisation of the AMP Capital Brookfield joint venture.

Financial summary cont'd

		FY 12	AMP + 9 months AXA FY 11	2H 12	2H 11
Earnings					
EPS – underlying (cps)		**33.0**	34.3	15.9	15.9
EPS – actual (cps)		**24.7**	26.3	11.2	12.2
RoE – underlying		**12.8%**	15.1%	12.2%	12.9%
RoE – actual		**9.4%**	11.5%	8.4%	9.8%
Dividend					
Dividend per share (cps)		**25.0**	29.0	12.5	14.0
Dividend payout ratio – underlying		**76%**	84%	78%	88%
Ordinary shares on issue (m)[1]		**2,930**	2,855	2,930	2,855
Weighted average number of shares on issue (m)[1]	– basic	**2,892**	2,648	2,911	2,830
	– fully diluted	**2,915**	2,663	2,933	2,845
Market capitalisation – end period (A$m)		**14,095**	11,619	14,095	11,619
Capital management					
AMP shareholder equity (A$m)		**7,744**	7,014	7,744	7,014
Corporate debt (excluding AMP Bank debt) (A$m)		**1,579**	1,536	1,579	1,536
S&P gearing		**11%**	11%	11%	11%
Interest cover – underlying (times)		**12.1**	12.1	12.1	12.1
Interest cover – actual (times)		**9.2**	9.4	9.2	9.4
EV and VNB					
AFS value of new business (A$m)[2]		**424**	443	216	253
AFS value of risk new business (3% dm) (A$m)[2]		**203**	215	91	121
AFS EV after transfers – AFS (3% dm) (A$m)[3]		**11,695**	11,023	11,695	11,023
AFS return on EV – AFS (3% dm)[2]		**12.4%**	11.0%	5.1%	
Cashflows and AUM					
AFS cash inflows (A$m)[4]		**25,837**	23,323	14,042	12,066
AFS cash outflows (A$m)[4]		**(24,685)**	(23,904)	(13,191)	(12,741)
AFS net cashflows (A$m)[4]		**1,152**	(581)	851	(675)
AFS persistency[4]		**87.4%**	87.9%	87.6%	87.4%
AFS AUM – AMP Capital managed (A$b)		**86**	75	86	75
AFS AUM – non-AMP Capital managed (A$b)		**43**	36	43	36
AMP Capital net cashflows – external (A$m)[4]		**(1,784)**	(1,166)	(439)	(795)
AMP Capital net cashflows – internal (A$m)[4]		**(3,002)**	(3,999)	(1,566)	(2,424)
AMP Capital AUM (A$b)		**129**	123	129	123
Total AUM (A$b)		**172**	159	172	159
Investment performance – AMP Capital					
Percentage of funds meeting or exceeding benchmark – total AUM[5]		**71%**	69%	71%	69%
Controllable costs (pre-tax) and cost ratios					
Operating costs (A$m)		**1,251**	1,156	633	641
Project costs (A$m)		**94**	101	46	58
Total controllable costs (A$m)		**1,345**	1,257	679	699
Cost to income ratio		**47.3%**	47.9%	48.4%	50.6%
Controllable costs to AUM (bps)		**82**	82	80	87

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

2 FY 11 AFS value of new business and return on EV includes AXA for the 12 months. Return on EV is not annualised for half year periods.

3 FY 12 transfers of A$694m (FY 11 A$860m).

4 FY 11 cashflows and persistency include AXA for the 12 months.

5 Performance figures are on a three year rolling basis for total AMP Capital AUM.

Five year summary

		FY 12	AMP + 9 months AXA FY 11	FY 10	FY 09	FY 08
Earnings						
Total operating earnings (A$m)		**815**	792	686	701	737
Underlying profit (A$m)		**955**	909	760	772	810
Profit attributable to shareholders of AMP Limited (A$m)		**704**	688	775	739	580
EPS – underlying (cps)		**33.0**	34.3	36.7	38.3	42.9
EPS – actual (cps)		**24.7**	26.3	37.9	37.1	31.1
RoE – underlying		**12.8%**	15.1%	26.2%	31.6%	38.9%
RoE – actual		**9.4%**	11.5%	26.7%	30.3%	27.9%
Dividend						
Dividend per share (cps)		**25.0**	29.0	30.0	30.0	38.0
Dividend per share – sale of Cobalt/Gordian business (cps)						2.0
Dividend payout ratio – underlying		**76%**	84%	82%	78%	89%
Ordinary shares on issue (m)[1]		**2,930**	2,855	2,094	2,049	1,993
Weighted average number of shares on issue (m)[1]	– basic	**2,892**	2,648	2,070	2,016	1,890
	– fully diluted	**2,915**	2,663	2,082	2,025	1,899
Share price for the period (A$)	– low	**3.73**	3.72	4.88	3.59	5.05
	– high	**4.85**	5.78	6.77	6.95	9.98
EV and VNB						
Value of new business (3% dm) (A$m)[2]		**424**	443	278	319	360
Value of risk new business (3% dm) (A$m)[2]		**203**	215	108	102	114
Return on EV (3% dm)[2]		**12.4%**	11.0%	8.8%	11.3%	3.4%
Financial position						
AMP shareholder equity (A$m)		**7,744**	7,014	3,046	2,706	2,241
Corporate debt (excluding AMP Bank debt) (A$m)		**1,579**	1,536	886	1,189	1,504
S&P gearing		**11%**	11%	10%	13%	14%
Interest cover – underlying (times)		**12.1**	12.1	11.6	11.9	10.9
Interest cover – actual (times)		**9.2**	9.4	11.8	11.4	8.1
Cashflows and AUM						
AFS net cashflows (A$m)[3]		**1,152**	(581)	789	1,661	1,426
AFS persistency[3]		**87.4%**	87.9%	90.4%	90.1%	90.3%
AMP Capital net cashflows – external (A$m)[3]		**(1,784)**	(1,166)	2,618	(1,077)	(804)
AMP Capital AUM (A$b)		**129**	123	98	95	92
AUM non-AMP Capital managed (A$b)		**43**	36	17	17	13
Total AUM (A$b)		**172**	159	115	112	105
Investment performance – AMP Capital						
Percentage of funds meeting or exceeding benchmark – total AUM[4]		**71%**	69%	48%	48%	40%
Controllable costs (pre-tax) and cost ratios						
Controllable costs (pre-tax) – AMP (A$m)		**1,345**	1,257	884	837	879
Cost to income ratio – AMP		**47.3%**	47.9%	43.3%	41.7%	41.3%
Controllable costs to AUM (bps)		**82**	82	78	79	75
Staff numbers						
AFS[5,6]		**3,551**	3,746	1,950	1,734	1,974
AMP Capital[7,8]		**912**	940	927	888	993
Group Office		**1,366**	1,362	853	888	841
Total staff numbers		**5,829**	6,048	3,730	3,510	3,808

1 The number of shares has not been adjusted to remove treasury shares.
2 FY 11 VNB, risk VNB and return on EV includes AXA for 12 months to 31 December 2011. Other comparatives have not been restated.
3 FY 11 cashflows and persistency include AXA for the 12 months.
4 Performance figures are on a three year rolling basis.
5 Excludes planners.
6 AFS FY 12 includes employees of Cavendish acquired in July 2012.
7 FY 12 includes 228 shopping centre FTEs (252 in FY 11); however, the costs of these FTEs are recharged to shopping centres.
8 AMP Capital FY 12 includes staff employed as a result of dissolving the ACB joint venture.

Strategic overview

AMP is Australia and New Zealand's leading independent wealth management company, with five million retail customers in Australia and New Zealand, and almost 400 institutional clients in these markets. It also serves clients in Asia, Europe, the Middle East and North America.

The company has a retail banking business in Australia and a growing international investment management business.

AMP's 2H 12 underlying profit increased 3% to A$464m on 2H 11. The result was underpinned by strong earnings growth in wealth management and AMP Capital, and good cost control, with costs down 3% on 2H 11. Poor experience in wealth protection impacted the result.

The company's capital position remains strong, with A$2.4b in surplus capital above minimum regulatory requirements at 31 December 2012.

Strategy

AMP made considerable progress against its strategy during 2012, positioning it well to take advantage of structural market changes. It achieved good sales of its contemporary products; grew financial adviser numbers; launched a self-managed superannuation fund (SMSF) business; developed its MUTB business and capital alliance; and strengthened its cost and capital positions.

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

The highly-rated[1] AMP Flexible Super generated A$2.6b in net cashflows in FY 12 while assets under management (AUM) grew to A$7.3b. The product was rolled out to Financial Advice Network (FAN) advisers in FY 12.

The award-winning North platform's net cashflows tripled to A$2.2b in FY 12. Improvements to the full-service, online platform's functionality generated strong adviser and client interest, evidenced by AUM more than doubling to A$4.7b in FY 12. North was rolled out to AMP Financial Planning (AMPFP) and Hillross advisers during FY 12, which generated A$767m in net cashflows.

Australian insurance products AMP Flexible Protection and Elevate generated reasonable sales, with individual API up 6% on FY 11. To improve retention and claims management, AMP is reviewing its products, pricing and retention and claims processes.

AMP Bank – *Your Mortgage* magazine's Bank of the Year 2012 – increased deposits by 16% to A$8.3b and grew its mortgage book by 11% to A$12.4b in FY 12. Mortgage demand was strong across all distribution channels, especially mortgage brokers.

In FY 12, AMP Capital:
– received the Fixed Interest Award for its Australian capability[2]
– won an A rating for its Concentrated Equity Fund[3] and AA rating for its Equity Opportunities Fund[3]
– earned 5 stars for its Corporate Bond Fund[4]
– once again received a 5 Apples 'highest quality' rating for its multi-manager capability (the award refers to its Future Directions Funds).[5]

1 CANSTAR 5 star rating and SuperRatings awards.
2 Australian Fund Manager Foundation.
3 van Eyk.
4 van Eyk and S&P.
5 Chant West.

AMP Capital launched a number of new funds to domestic and international investors in FY 12. The Infrastructure Debt Fund, which closed in June 2012 with commitments of €400m, had the most international clients in a single AMP Capital fund.

AMP Capital unlocked its property development pipeline in FY 12, with its managed funds consolidating ownership of three of Australia's best known shopping centres. The transaction attracted A$872m in new equity from two international investors: Harina Company Limited (a wholly owned subsidiary of the Abu Dhabi Investment Authority) and the Canada Pension Plan Investment Board.

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

AMP has the largest aligned and employed financial advice network in Australia and New Zealand, with 4,276 financial planners and advisers. In Australia, adviser numbers increased by 209 on FY 11, as a result of organic growth and the acquisition of Futuro Financial Services.

The total number of New Zealand advisers decreased by 64 to 640, reflecting changes to how adviser numbers are reported under the new compliance regime.

3. Capitalising on a broader, more productive domestic distribution footprint

AMP's new business unit AMP SMSF is growing at double the pace of overall system growth, positioning it as Australia's market leader in SMSF administration services.

AMP SMSF administers more than 9,100 member accounts (including 1,295 through SuperIQ), which is up from approximately 3,000 in 1H 12. This includes the 2H 12 acquisitions of Cavendish and Smartsuper (through SuperIQ).

During FY 12, AMP established AMP SMSF to position itself in the fast-growing Australian SMSF market. The unit includes leading SMSF brands Cavendish; Multiport, which was named best SMSF Provider in Rainmaker's 2012 SelectingSuper Awards; AMP's 49% interest in SuperIQ, which acquired SMSF administration provider Smartsuper during 2H 12; and Ascend, the SMSF offer for AMP aligned planners.

4. Pursuing targeted international expansion of investment management business

At FY 12, 8% of AMP Capital's AUM was sourced from international investors. This includes A$6.8b it manages for clients in Japan.

AMP Capital launched two new retail products with Mitsubishi UFJ Asset Management to Japanese investors in FY 12, which generated sales of A$530m. The alliance also won its first institutional client, securing a A$100m plus mandate with a leading Japanese company.

To strengthen its overall capability and presence in Asia, AMP Capital appointed a Managing Director Asia, based in Hong Kong, to lead sales and business development. The appointment builds on AMP Capital's presence in Hong Kong, where there are now Asian equities and global listed real estate teams.

Strategic overview cont'd

AMP Capital attracted its first investors from Canada, Germany and China during FY 12. This includes one of the largest public pension funds in the world, China's National Council for Social Security Fund, which selected AMP Capital to manage a global listed real estate mandate.

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

AMP's total controllable costs fell 3% to A$679m in 2H 12 from A$699m in 2H 11. Costs fell despite increased expenses associated with establishing AMP SMSF (including acquiring Cavendish) and internalising the AMP Capital Brookfield joint venture during FY 12.

AMP remained well capitalised at 31 December 2012, with A$2.4b in regulatory capital resources above minimum regulatory requirements (MRR). This was up A$0.9b on FY 11, prior to the introduction of revised life insurance capital standards.

The company is actively managing its capital position and during FY 12 continued a number of tactical protection strategies.

Under the revised life insurance capital standards, the AMP group regulatory capital resources above MRR of A$2,420m will exclude the policyholder surplus of A$776m. While not included in the capital position, policyholder capital resources remain available to absorb adverse market and other impacts in the participating business.

As a result of applying the revised life insurance capital standards on 1 January 2013, AMP group's capital requirement increased by A$272m. AMP group strengthened its capital position during 2012 in anticipation of these changes and AMP group's shareholder surplus above MRR increased from A$990m at 31 December 2011 to A$1,644m at 31 December 2012. The revised life insurance capital standards have now reduced the surplus to A$1,372m at 1 January 2013. The net impact is larger than the A$200m originally forecast primarily due to the differing impact on MRR of changes in markets between the two standards.

A number of capital efficiency initiatives are being targeted in 2013 to reduce capital requirements in the AMP life insurance entities and for the North product.

AMP's final 2012 dividend is 12.5 cents per share franked to 65%. This represents a dividend payout ratio of 76% of underlying profit for 2012.

The company will continue to offer its dividend reinvestment plan (DRP) with new shares issued on market, however no discount will apply to determine the DRP allocation price.

Integration update

The integration is delivering run-rate synergies faster than expected, achieving A$120m in post tax cumulative run rate synergies at 31 December 2012. This is up from the original forecast of A$98m.

AMP forecasts cumulative annual run rate synergies of A$142m (95% of benefits) post tax for a cumulative project spend of A$301m post tax (97% of costs) in FY 13.

FY 12 integration project costs were lower than expected at A$128m as a result of timing differences. To date, 75% of the expected integration spend of A$310m post tax has been completed. Between A$40m and A$50m of the remaining integration costs are expected to be incurred in 1H 13.

Throughout the integration with AXA, AMP has maintained business momentum. Adviser numbers have increased, and strong sales of its products has helped increase superannuation market share from 23.3% to 25.9%[6] in FY 12.

The company has also built a stronger platform for growth as a result of the merger:

- A$1b in North cash inflows from AMPFP and Hillross advice networks since the platform was rolled out in FY 12
- A$51m in cash inflows to Flexible Super from FAN since it was rolled out in FY 12
- A$609m in active AMP Bank term deposits on the North and Summit platforms.

6 Plan for Life, 30 September 2012, QDS Retail and Wholesale.

AMP Financial Services financial summary

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss[1]					
Australian wealth management	**347**	322	183	151	21.2
Australian wealth protection	**219**	206	110	111	(0.9)
Australian mature	**162**	147	87	71	22.5
New Zealand	**81**	68	44	38	15.8
Profit margins	**809**	743	424	371	14.3
Australian wealth protection[2]	**20**	8	-	5	n/a
Capitalised loss reversals	**20**	8	-	5	n/a
Australian wealth protection	**(49)**	1	(54)	(9)	n/a
Australian mature	**5**	6	4	6	(33.3)
New Zealand	**(8)**	8	(9)	5	n/a
Experience profits/(losses)	**(52)**	15	(59)	2	n/a
Operating earnings	**777**	766	365	378	(3.4)
Underlying investment income	**168**	139	85	80	6.3
Underlying operating profit after income tax	**945**	905	450	458	(1.7)
Controllable costs and cost ratios					
Operating costs	**857**	774	434	441	(1.6)
Project costs	**77**	84	37	48	(22.9)
Total controllable costs	**934**	858	471	489	(3.7)
Cost to income ratio	**41.0%**	39.9%	42.4%	42.9%	n/a
Controllable costs to AUM (bps)[1,3]	**78**	82	75	87	n/a
Return on capital[1]					
RoBUE	**22.5%**	26.0%	20.7%	23.4%	n/a
End period tangible capital resources – after transfers (A$m)[4]	**4,333**	3,848	4,333	3,848	12.6
Cashflows, AUM and persistency[5]					
AFS cash inflows (A$m)	**25,837**	23,323	14,042	12,066	16.4
AFS cash outflows (A$m)	**(24,685)**	(23,904)	(13,191)	(12,741)	(3.5)
AFS net cashflows (A$m)	**1,152**	(581)	851	(675)	n/a
AUM (pre-capital) (A$b)	**129.5**	111.2	129.5	111.2	16.5
Persistency	**87.4%**	87.9%	87.6%	87.4%	n/a
VNB – risk insurance and risk annual premium in-force (API)[5]					
Value of risk new business (3% dm) (A$m)	**203**	215	91	121	(24.8)
Australian individual risk API (A$m)	**1,389**	1,315	1,389	1,315	5.6
New Zealand individual risk API (NZ$m)	**298**	288	298	288	3.5

1 FY 11 includes AXA operating earnings and average AUM for the period from 31 March 2011.

2 Refer to pages 12 and 13 for more detail on WP capitalised loss reversals.

3 Average AUM is based on monthly average AUM excluding capital.

4 FY 12 end period tangible capital resources have been allocated applying the revised life insurance capital standards.

5 FY 11 includes AXA for the period from 1 January 2011.

Market share – AFS

	September 2012			September 2011		
Market share – Australia	**Total market size A$b**	**Market position (rank)**	**Market share %**	**Total market size A$b**	**Market position (rank)**	**Market share %**
Assets under management						
Superannuation including rollovers[1,4]	266.3	1	25.9	237.6	1	23.3
Corporate superannuation master funds[2]	95.5	1	22.7	86.5	1	23.0
Retirement income[1]	128.3	2	17.7	111.4	2	18.3
Unit trusts (excluding cash management trusts)[1,4]	115.6	6	8.7	115.9	5	9.8
Total retail managed funds (excluding cash management trusts)[1,4]	516.9	1	19.8	471.5	1	18.6
Total in-force annual premiums[3]						
Individual risk	7.2	1	19.1	6.5	1	19.6
Group risk	3.8	4	9.8	3.4	5	10.1

1 Source: Plan for Life 30 September 2012 – QDS Retail & Wholesale.

2 Source: Plan for Life 30 September 2012 – Corporate Super Master Funds Report.

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

4 These figures include AMP SMSF including Cavendish, SuperIQ, and Multiport products in the superannuation and unit trust categories totalling A$9.8b and A$210m respectively.

	September 2012			September 2011		
Market share – New Zealand	**Total market size NZ$b**	**Market position (rank)**	**Market share %**	**Total market size NZ$b**	**Market position (rank)**	**Market share %**
Assets under management						
Retail superannuation[1]	4.0	1	49.3	4.0	1	43.8
Unit trusts[1]	12.1	4	13.7	9.3	2	15.4
Insurance bonds[1]	0.6	3	21.9	0.6	3	21.8
Total retail funds[1]	30.9	1	19.9	25.1	1	20.8
Corporate superannuation[2]	4.4	1	45.3	4.1	1	52.7
KiwiSaver[1]	13.0	3	17.8	9.6	3	18.8
Total in-force annual premiums[3]						
Individual risk	1.6	2	19.0	1.4	2	19.9
Conventional	0.1	1	72.9	0.2	1	72.0

1 Measured by AUM: Source: Fund Source Research Limited September 2012.

2 Measured by AUM: Source: Eriksen's Master Trust Survey September 2012.

3 Measured by in-force premium: Source: FSC Statistics September 2012.

Australian wealth management

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss					
Revenue					
Investment related[1]	**1,026**	956	524	504	4.0
Bank related	**185**	178	97	90	7.8
Other[2]	**101**	104	57	55	3.6
Total revenue	**1,312**	1,238	678	649	4.5
Investment management expense	**213**	200	111	103	7.8
Bank variable costs	**49**	48	25	25	-
Total variable costs	**262**	248	136	128	6.3
Controllable costs	**556**	532	283	305	(7.2)
Tax expense	**147**	136	76	65	16.9
Operating earnings	**347**	322	183	151	21.2
Underlying investment income	**33**	27	16	15	6.7
Underlying operating profit after income tax	**380**	349	199	166	19.9
RoBUE	**32.5%**	34.0%	32.4%	30.1%	n/a
End period tangible capital resources – after transfers (A$m)[3]	**1,224**	1,041	1,224	1,041	17.6
Net cashflows (A$m)[4,5]	**821**	(64)	588	(446)	n/a
AUM (A$b)[5]	**85.7**	77.9	85.7	77.9	10.0
Average AUM (A$b)[5,6]	**82.0**	73.5	83.5	78.7	6.1
Persistency[5,7]	**86.3%**	87.1%	86.6%	86.3%	n/a
Cost to income ratio	**50.6%**	51.6%	49.9%	56.1%	n/a
Investment related revenue to AUM (bps)[1,5,8]	**125**	130	125	127	n/a
Investment management expense to AUM (bps)[1,5,8]	**26**	27	26	26	n/a
Investment related revenue less variable costs to AUM (bps)[1,5,8,9]	**99**	103	98	101	n/a
Controllable costs to AUM (bps)[5,8,9]	**62**	67	62	71	n/a
Operating earnings to AUM (bps)[5,8,9,10]	**35**	35	36	30	n/a

1 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.

2 Other revenue includes SMSF revenues and product fees, platform fees and advice fees received by licensees on AFS wealth protection and movements in the value of client registers purchased from financial planners.

3 FY 12 end period tangible capital resources have been allocated applying the revised life insurance capital standards.

4 FY 11 net cashflows includes AXA for the period from 1 January 2011.

5 Excludes SMSF.

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

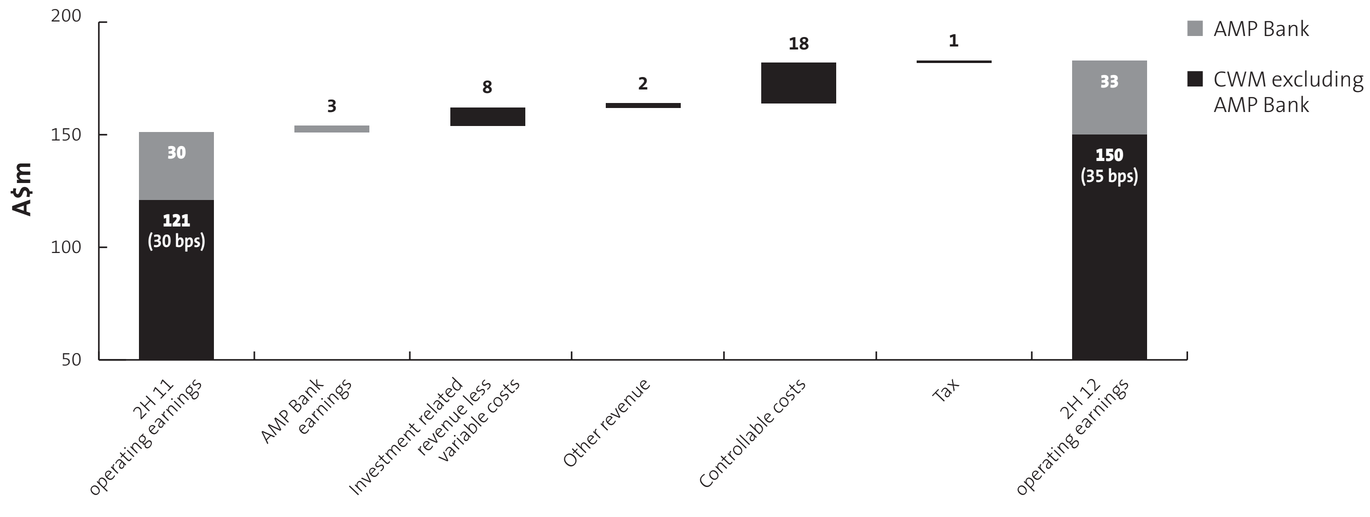
7 FY 11 persistency includes AXA cash outflows and AUM from 1 January 2011.

8 Ratio based on 184 days in 2H 12 and 2H 11.

9 Costs in this ratio exclude AMP Bank costs.

10 Operating earnings in this ratio exclude AMP Bank.

Movement in 2H 11 to 2H 12 operating earnings



Australian wealth management cont'd

Business overview

The wealth management (WM) business provides customers with financial planning services (through aligned and owned advice businesses), superannuation, retirement income, investment, SMSF administration and banking products.

WM's key priorities are to:

- position AFS for a changing regulatory environment
- build a stronger growth platform whilst reducing the cost of servicing customers
- improve the quality of the advice experience and develop complementary advice channels
- improve adviser productivity and grow adviser numbers
- develop a strong SMSF capability
- remain vigilant on cost control.

Operating earnings

Operating earnings increased by A$32m (21%) to A$183m in 2H 12 from A$151m in 2H 11. The increase in operating earnings was due to:

- stronger net cashflows and improving investment markets leading to a 6% growth in average AUM
- mortgage growth in AMP Bank
- continued cost focus including the realisation of cost synergies.

Growth in Other Revenue was primarily driven by SMSF revenues. Prior period Multiport revenues, previously reported in investment related revenues, have been reclassified to Other Revenue to be consistent with current SMSF treatment.

Investment related revenue to AUM

2H 12 investment related revenue to AUM was 125 bps, a 2 bps reduction from 2H 11, but better than long-term margin guidance. Improved investment markets led to a 1 bp improvement from corporate superannuation (SuperLeader) participating profits.

2H 12 investment management expense to AUM of 26 bps was in line with 2H 11.

AMP SMSF

In June 2012, AMP established a new business unit named AMP SMSF. AMP SMSF comprises Cavendish, acquired in July 2012, Multiport, Ascend and AMP's 49% shareholding in SuperIQ. In September 2012, SuperIQ acquired Smartsuper. AMP SMSF forms part of WM's consolidated reporting.

The drivers for SMSF success are expected to be scale and efficiency in administration, developing advice capabilities, broadening distribution reach and packaging product solutions relevant to SMSF customers. At FY 12, AMP SMSF administered more than 9,100 member accounts (1,295 through SuperIQ), up from approximately 3,000 at 1H 12.

SMSF revenue, including the 49% equity accounted interest in SuperIQ, is reported as part of Other Revenue.

The contribution of AMP SMSF to FY 12 WM operating earnings was not material.

AMP Bank

AMP Bank contributed A$33m to WM's 2H 12 operating earnings, up from A$30m in 2H 11.

Bank related revenue was up 8% in 2H 12 on 2H 11, with the benefit of strong mortgage growth tempered by lower net interest margins[1]. AMP Bank's net interest margin in 2H 12 was 1.23%, down from 1.30% in 2H 11 due to higher funding costs partially recovered through mortgage repricing. The net interest margin was also negatively impacted by the cost of carrying higher average liquidity in preparation for Basel III liquidity requirements.

Bank variable costs for 2H 12 were in line with 2H 11, with higher commissions and other mortgage acquisition costs offset by lower charges for bad and doubtful debts and securitisation costs. AMP Bank controllable costs were A$24m in 2H 12, up from A$21m in 2H 11. The cost to income ratio increased to 34% in 2H 12 (2H 11 33%) due mainly to lower net interest margins.

AMP's mortgage book increased by A$1.2b (11%) to A$12.4b in FY 12. Mortgage growth was above system growth in FY 12, increasing on average 0.9% per month, compared to market growth of 0.4% per month.

The growth in mortgages in FY 12 was largely funded by on-platform retail deposit growth of A$1.1b and a net increase in RMBS funding of A$0.5b, partly offset by release of wholesale funding of A$0.5b. Off platform retail deposits held steady with A$26m growth. The total deposit book increased by A$1.1b (16%) to A$8.3b in FY 12.

AMP Bank's return on capital was 14.0% in 2H 12, down from 15.2% in 2H 11 due mainly to the lower net interest margins and a 19% increase in average invested capital to support strong mortgage growth.

Controllable costs

WM controllable costs decreased A$22m (7%) to A$283m in 2H 12 from A$305m in 2H 11, but increased A$9m (3%) from 1H 12.

WM controllable costs were lower in 2H 12 over 2H 11 largely as a result of synergy benefits accruing from AMP's merger with AXA and lower allocation of overheads in 2012 following the market driven AUM decline in FY 11.

WM controllable costs are traditionally higher in the second half of the year due to the annual customer statements and associated administration

The 2H 12 cost to income ratio fell by 6.2 percentage points to 49.9% as a result of higher revenue and lower controllable costs. Controllable costs to AUM decreased 9 bps to 62 bps in 2H 12.

Return on capital

RoBUE for 2H 12 was 32.4%, up from 30.1% in 2H 11, reflecting an increase in operating earnings partly offset by higher average capital reflecting business growth across AMP Bank and investment related products.

1 The definition of net interest margin has changed. It was "net interest income over average mortgages". It is now "net interest income over average interest-earning assets", which is more consistent with how the industry reports margins. Further, the Bank has increased its non-mortgage investments to meet higher liquidity requirements, making the old definition less relevant.

Australian wealth protection

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss					
Profit margins	**219**	206	110	111	(0.9)
Capitalised loss reversals	**20**	8	-	5	n/a
Experience profits/(losses)	**(49)**	1	(54)	(9)	n/a
Operating earnings	**190**	215	56	107	(47.7)
Underlying investment income	**89**	68	47	38	23.7
Underlying operating profit after income tax	**279**	283	103	145	(29.0)
RoBUE	**14.4%**	19.0%	10.1%	16.6%	n/a
End period tangible capital resources – after transfers (A$m)[1]	**2,073**	1,742	2,073	1,742	19.0
VNB (3% dm) (A$m)[2]	**203**	208	91	117	(22.2)
EV – after transfers (3% dm) (A$m)	**3,657**	3,593	3,657	3,593	1.8
Return on EV (3% dm)[3]	**2.8%**	20.8%	(5.5%)		n/a
Individual risk API (A$m)[2,4]	**1,389**	1,315	1,389	1,315	5.6
Group risk API (A$m)[2]	**357**	346	357	346	3.2
Individual risk lapse rate[4,5]	**13.9%**	12.8%	14.8%	13.6%	n/a
Profit margins/annual premium[6]	**12.9%**	14.6%	12.7%	13.4%	n/a
Operating earnings/annual premium[6]	**11.2%**	15.2%	6.5%	13.0%	n/a
Controllable costs (A$m)	**211**	164	105	92	14.1
Cost to income ratio	**34.5%**	28.8%	41.8%	30.7%	n/a
Controllable costs/annual premium[6]	**12.4%**	11.6%	12.1%	11.2%	n/a

1 FY 12 end period tangible capital resources have been allocated applying the revised life insurance capital standards.

2 FY 11 includes AXA restated from 1 January 2011.

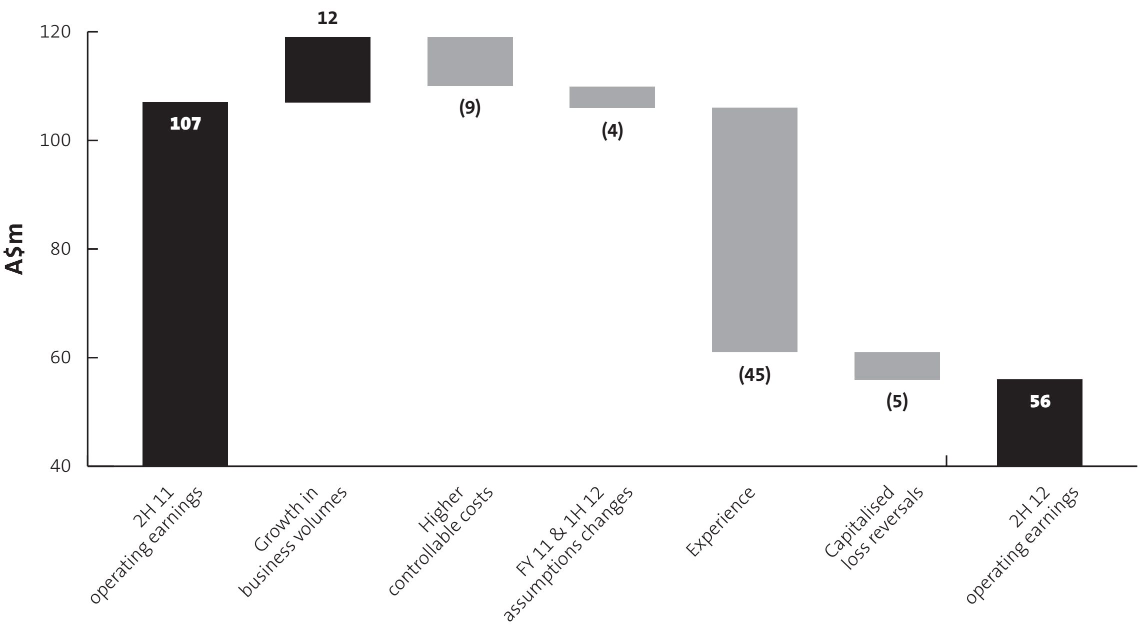
3 FY 11 return on EV includes AXA restated for 12 months.

4 Individual risk API and Individual risk lapse rate restated for inclusion of stamp duty in API for AXA products.

5 FY 11 lapse rate includes AXA lapses and API for the 12 months to 31 December 2011.

6 Average API in this measure includes acquired AXA products from 31 March 2011. Based on average annual premium in-force.

Movement in 2H 11 to 2H 12 operating earnings



Australian wealth protection cont'd

Business overview

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

The Australian risk market has experienced deteriorating claims and worsening lapse experience, with industry individual risk lump sum lapse rates increasing 1.8 percentage points to 16.1%[1]. While AMP's insurance margins are better than industry average, WP experienced significant experience losses in 2H 12.

Due to this current challenging environment for the Australian risk market, AMP has strengthened lapse assumptions on the AMP Life income protection and AMP Life and NMLA lump sum books, and strengthened claims assumptions on the AMP Life income protection book and AMP Life and NMLA trauma books at the end of FY 12.

AMP has and will continue to take action to improve retention and claims management through product redesign, targeted pricing reviews, increased investment in retention programs at both the customer and planner level, early claims intervention and accelerating claims settlements.

Operating earnings

Operating earnings decreased A$51m to A$56m in 2H 12 from A$107m in 2H 11 on worsening lapse and income protection claims experience.

Profit margins

Profit margins decreased by A$1m to A$110m in 2H 12 from A$111m in 2H 11, reflecting organic growth in the retail business offset by higher controllable costs and after strengthening income protection claim assumptions for the AMP Life income protection book at FY 11.

Profit margins as a percentage of average API were 12.7% in 2H 12, down from 13.4% in 2H 11. The strengthening of long-term claims and lapse assumptions is expected to reduce profit margins by around A$30m in FY 13 with an offsetting impact on experience.

Capitalised loss reversals

AMP completed a review of income protection claims experience and trends in 2011 which resulted in it strengthening the Australian income protection morbidity claims assumptions for both AMP Life and NMLA. As a result of the review, the NMLA income protection book went into loss recognition with capital losses of A$74m (A$52m post tax), recognised on merger.

In Q2 12, a pricing review was completed and selective increases approved for implementation during 2H 12, resulting in a A$20m post tax capitalised loss reversal in 1H 12. There were no capitalised loss reversals recorded in 2H 12.

Capitalised losses of A$32m post tax remain at 31 December 2012. Future reversals of capitalised losses can be driven by pricing increases, changes in claims assumptions, reductions in unit costs and growth in profitable business.

Experience

Experience losses were A$54m in 2H 12 (3Q 12 A$37m, 4Q 12 A$17m) compared with experience losses of A$9m in 2H 11 and experience profits of A$5m in 1H 12. This reflected the volatile nature of experience from period to period across an in-force portfolio of A$1.7b.

Total claims experience losses in 2H 12 were A$29m (1H 12 A$14m gain) while lapse experience losses were A$20m (1H 12 A$9m loss), with other experience losses of A$5m. Claims experience losses in 2H 12 were mainly incurred in income protection book due to lower rates of claims closure and in the group insurance book.

Lapse experience on retail risk products deteriorated across both the income protection (AMP Life) and lump sum businesses (AMP Life and NMLA) with more customers reducing their levels of cover and poorer lapse experience at higher premium levels.

Annual premium in-force (API)

Individual risk API increased A$74m (6%) to A$1.4b in FY 12 and A$61m (5%) in 2H 12 from 1H 12. 2H 12 API included the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies held within superannuation in AMP Life. In FY 12 44% of in-force and 63% of new business was written within superannuation.

The increase in API reflected higher superannuation risk sales through AMP Flexible Protection and Elevate.

FY 12 individual risk API comprised lump sum insurance (71%) and disability, including income protection (29%).

Group risk API increased 3% to A$357m in FY 12.

Lapse rates

2H 12 lapse rates were 14.8%, 1.2 percentage points higher than 2H 11 and 1.9 percentage points higher than in 1H 12.

2H lapse rates are traditionally higher than in the 1H due in part to annual age and CPI premium increases that come into effect from 1 July each year for policies written within superannuation.

Controllable costs

WP controllable costs were A$105m in 2H 12, up from A$92m in 2H 11. 2H 12 controllable costs increased due to higher claims handling costs, greater focus on risk in the current environment and a higher allocation of overhead to WP from aligning cost allocation methodology for NMLA products to the existing AMP methodology.

The cost to income ratio increased 11.1 percentage points to 41.8% in 2H 12 due to the increase in experience losses.

Return on capital

2H 12 RoBUE decreased to 10.1% from 16.6% in 2H 11, reflecting higher experience losses and higher average capital as a result of business growth.

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

EV increased 2.8% before transfers in FY 12 to A$3,695m.

Other than the expected return, EV was driven by new business and product changes, including pricing reviews, offset by the impact of changes to persistency and claims assumptions.

FY 12 VNB fell A$5m to A$203m with volume and mix improvements offset by the impact of changes to persistency and claims assumptions.

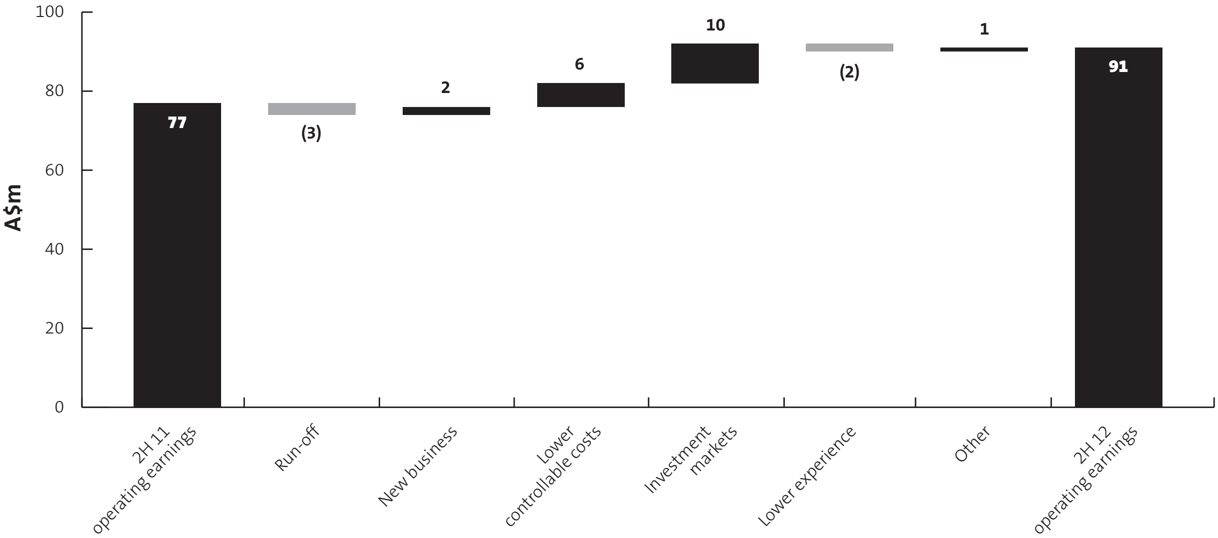
1 Plan For Life; analysis of risk market discontinuances as at September 2012.

Australian mature

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss					
Profit margins	**162**	147	87	71	22.5
Experience profits	**5**	6	4	6	(33.3)
Operating earnings	**167**	153	91	77	18.2
Underlying investment income	**26**	28	14	17	(17.6)
Underlying operating profit after income tax	**193**	181	105	94	11.7
RoBUE	**33.5%**	32.6%	36.6%	31.1%	n/a
End period tangible capital resources – after transfers (A$m)[1]	**494**	592	494	592	(16.6)
VNB (3% dm) (A$m)[2]	**17**	10	12	5	140.0
EV – after transfers (3% dm) (A$m)	**1,910**	1,906	1,910	1,906	0.2
Return on EV (3% dm)[3]	**17.0%**	(2.2%)	12.7%		n/a
Net cashflows (A$m)[4]	**(1,397)**	(1,797)	(591)	(936)	36.9
AUM (pre-capital) (A$b)	**23.0**	22.7	23.0	22.7	1.3
Profit margins to AUM (bps)[5]	**71**	67	75	60	n/a
Persistency[6]	**89.7%**	89.2%	89.5%	88.8%	n/a
Controllable costs (A$m)	**77**	83	39	48	(18.8)
Cost to income ratio	**21.8%**	24.3%	20.7%	26.6%	n/a
Controllable costs to AUM (bps)[5]	**34**	38	34	41	n/a

1 FY 12 end period tangible capital resources have been allocated applying the revised life insurance capital standards.
2 FY 11 includes AXA from 1 January 2011.
3 FY 11 return on EV includes AXA restated for 12 months.
4 FY 11 net cashflows includes AXA from 1 January 2011.
5 Based on monthly average AUM excluding capital.
6 FY 11 persistency includes AXA cash outflows and AUM from 1 January 2011.

Movement in 2H 11 to 2H 12 operating earnings



Australian mature cont'd

Business overview

The Australian mature (mature) business is the largest closed life insurance business in Australia. Mature AUM supports capital guaranteed products (73%) and market linked products (27%). 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 (GSA) and traditional participating products. The GSA product is treated as a wholesale product and cashflows are not reported in AFS mature cashflows and VNB.

All products in mature are closed to new business with the exception of the AMP branded ERF.

Key priorities for management are to:
– maintain capital efficiency
– prudently manage asset and liability risk
– maintain high persistency
– achieve greater cost efficiency.

Operating earnings

Operating earnings increased by A$14m to A$91m in 2H 12 from A$77m in 2H 11. Operating earnings benefited from:
– higher investment markets (A$10m)
– lower controllable costs (A$6m)
– new business (A$2m)

offset by
– expected portfolio run-off (-A$3m), and
– other (-A$1m).

2H 12 experience profits were A$4m, down from A$6m in 2H 11. The decline in experience profits was primarily a result of lower annuity mortality experience profits.

AUM

2H 12 mature AUM was A$23.0b, up from A$22.9b in 1H 12. 2H 12 AUM benefited from improved investment markets.

Despite market volatility continuing during 2H 12, persistency improved 0.7% to 89.5%, from 88.8% in 2H 11.

Controllable costs

Controllable costs decreased A$9m to A$39m in 2H 12, driven by the run-off of the book and alignment of cost allocation methodology for NMLA products to existing AMP methodology.

Controllable costs to AUM decreased 7 bps to 34 bps in 2H 12.

Return on capital

2H 12 RoBUE was 36.6%, up from 31.1% in 2H 11, driven by higher underlying operating profit.

The capital position of mature fell to A$494m in 2H 12 from A$592m in 2H 11 and A$561m in 1H 12 largely reflecting a reallocation of capital within the participating group of products across the AFS business.

The capital position of this business remains strong. Refer to page 32 for AMP Life and NMLA Statutory Funds regulatory capital resources above minimum regulatory requirements (MRR).

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

EV before transfers increased 17.0% in FY 12 to A$2,231m primarily due to the expected return and stronger investment markets (more than offsetting the impact of falling bond yields) in addition to improved expenses and new business activity as a result of the rollover of AXA's National Preservation Trust product into the mature book.

FY 12 VNB of A$17m was A$7m higher than in FY 11 due to improved expenses and new business activity as a result of the rollover of AXA's National Preservation Trust product into the mature book.

Business run-off profile

The mature business remains in slow decline but is expected to 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 14 years, but will be impacted by investment markets.

The expected run-off of mature may be impacted by the StrongerSuper regulatory changes.

Managing mature for investment market movements

The mature 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 capital stable over growth assets. The long-term asset mix is set out on page 25.

AMP actively manages the equity exposure supporting capital guaranteed products (including relevant parts of WM and New Zealand). AMP uses derivative strategies to provide protection from equity market declines. As at 31 December 2012, AMP had in place the following derivative strategies against the A$5.8b 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 protection positions in the form of put options and futures contracts against market falls. The put options protect A$1.5b of equities, whilst futures protect against an additional A$0.5b of equities.

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$1.6b of nominal protection within AMP Life.

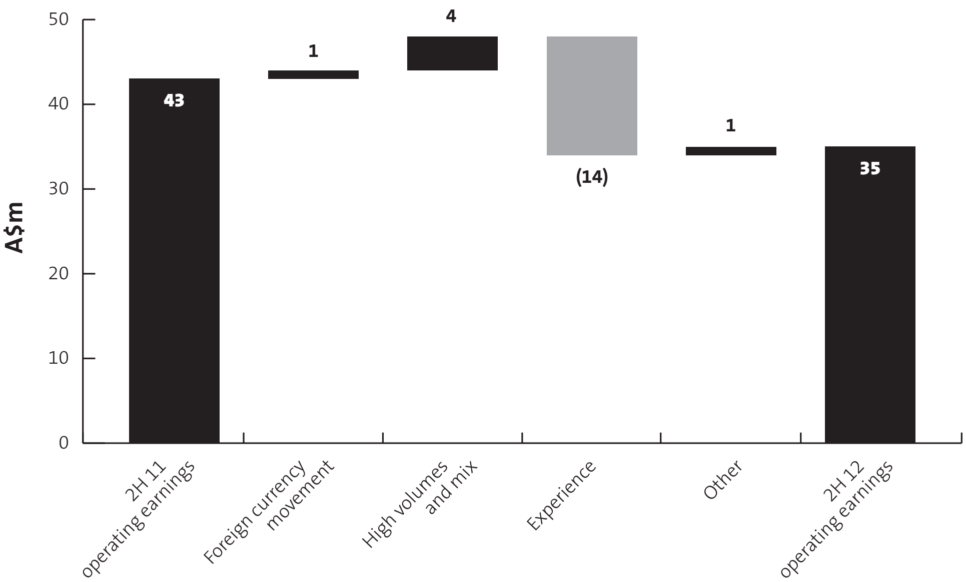
Typically, the shareholder bears 20% of the cost of tactical derivative protection. The FY 12 shareholder cost of implementing tactical protection was A$1m (post tax).

New Zealand

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss					
Profit margins	**81**	68	44	38	15.8
Experience profits/(losses)	**(8)**	8	(9)	5	n/a
Operating earnings[1]	**73**	76	35	43	(18.6)
Underlying investment income	**20**	16	8	10	(20.0)
Underlying operating profit after income tax	**93**	92	43	53	(18.9)
RoBUE	**18.2%**	22.6%	16.7%	23.2%	n/a
End period tangible capital resources – after transfers (A$m)[2]	**541**	473	541	473	14.4
VNB (3% dm) (A$m)[3]	**3**	14	1	10	(90.0)
EV – after transfers (3% dm) (A$m)	**1,096**	983	1,096	983	11.5
Return on EV (3% dm) (A$m)[4]	**15.0%**	17.3%	8.6%		n/a
Net cashflows (A$m)[5]	**53**	244	2	158	(98.7)
AUM (A$b)	**10.3**	9.2	10.3	9.2	12.0
Individual risk API (A$m)	**237**	219	237	219	8.2
Individual risk API (NZ$m)	**298**	288	298	288	3.5
Group risk API (A$m)	**31**	30	31	30	3.3
Group risk API (NZ$m)	**39**	39	39	39	-
Individual risk lapse rate[6]	**10.9%**	9.6%	12.3%	9.9%	n/a
Controllable costs (A$m)	**90**	79	44	44	-
Cost to income ratio	**41.0%**	38.3%	42.0%	37.1%	n/a
Controllable costs/annual premium[7]	**34.7%**	37.1%	33.1%	34.5%	n/a

1 In NZ dollar terms, operating earnings in 2H 12 were NZ$44m (2H 11 NZ$55m).
2 FY 12 end period tangible capital resources have been allocated applying the revised life insurance capital standards.
3 FY 11 includes AXA restated from 1 January 2011.
4 FY 11 return on EV includes AXA restated for 12 months.
5 FY 11 net cashflows includes AXA from 1 January 2011.
6 FY 11 lapse rates include AXA lapses and API from 1 January 2011.
7 Based on monthly individual and group risk API.

Movement in 2H 11 to 2H 12 operating earnings



New Zealand cont'd

Business overview

AFS NZ provides tailored financial products and solutions to New Zealanders through the largest network of accredited financial advisers in New Zealand.

AFS NZ's risk business is the second largest by market share and is complemented by the industry's largest wealth management business. KiwiSaver is providing strong growth for the wealth management business.

Changes to the taxation of life insurance business in New Zealand, which are now more than half way through the five year transitional period, will result in a material increase in the amount of corporate tax paid by AFS NZ. These tax changes apply to all life insurance companies in New Zealand and are not specific to AFS NZ.

To offset the impact of this change, AFS NZ is:

- progressively growing its revenue base via price increases
- reducing its overall costs by leveraging its scale position
- reducing the capital impacts of distributing life insurance; and
- growing its wealth management business.

AFS NZ continues to take a disciplined approach to mitigate the changes to the taxation of life insurance. Industry responses continue to vary, creating a challenging competitive environment.

Operating earnings

2H 12 operating earnings decreased by A$8m (19%) to A$35m from 2H 11 as a result of experience losses offsetting the strong growth in profit margins flowing from higher business volumes and good cost control.

Profit margins

2H 12 profit margins increased by A$6m (16%) to A$44m over 2H 11, driven by higher wealth management earnings following growth in AUM, the benefit of cost reductions and the impact of price increases on the risk business.

Experience

2H 12 experience losses were A$9m, a decrease of A$14m from a A$5m experience gain in 2H 11. This reflected the volatile nature of claims experience from period to period.

Experience losses reflect unfavourable lump sum claims losses of A$7m from the increased incidence of high value claims and higher income protection claims of A$2m.

Controllable costs

2H 12 controllable costs were A$44m, in line with 2H 11 but 4% lower in $NZ terms.

Controllable costs benefited from the completion of the majority of integration activities which delivered rationalisation of premises, consolidation of supplier arrangements and a single organisational design across the business.

Offsetting these benefits has been continued investment in systems to further integrate into Australian systems and process environment to achieve greater efficiencies and improve customer, staff and adviser experience.

The cost to income ratio increased 4.9 percentage points to 42.0% in 2H 12 from 2H 11 as a result of experience losses.

Annual premium in-force (API)

2H 12 individual risk API was A$237m, up 8% from A$219m in 2H 11. In NZ dollar terms, individual risk API grew 4% to NZ$298m on 2H 11 and 2% on 1H 12.

The increase in individual risk API reflected the impacts of subdued new business sales, customer retention and price increases. Subdued economic growth, the ongoing uptrend in life and general insurance costs and a competitive marketplace, which continues to experience aggressive selling behaviour, are limiting API growth.

Lapse rates

2H 12 lapse rates increased to 12.3%, 2.4 percentage points higher than in 2H 11 reflecting the expected impact of price increases in 2012.

AFS NZ's lapse rates have risen in line with industry as the sector addresses the life insurance tax changes due to take effect in 2015. Upward pressure on lapse rates is likely to remain although AFS NZ's lapse rates are expected to remain relatively resilient due to its strong brand and aligned distribution network.

Return on capital

2H 12 RoBUE was 16.7% down from 23.2% in 2H 11, reflecting higher average capital and experience losses.

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

EV increased 15.0% (in A$) before transfers in FY 12 to A$1,131m. Other than the expected return, the increase in EV was primarily due to stronger investment markets and product pricing changes on the risk business. Claims assumptions have not been strengthened.

FY 12 VNB reduced to A$3m from A$14m in FY 11 due to lower insurance volumes resulting from pricing decisions to capture value, and higher investment management expenses.

Advisers

Total adviser numbers at 2H 12 were 640 compared to 704 at 2H 11, largely reflecting definitional changes applying to how adviser numbers are now reported under the new compliance regime introduced by the New Zealand Financial Advisers Act on 1 July 2011.

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. In 2H 13, AMP intends to consolidate its two KiwiSaver offerings into the AMP KiwiSaver scheme subject to member notice requirements and regulatory approvals.

As at 2H 12, AFS NZ had over 260,000 KiwiSaver customers and almost NZ$2.4b in AUM – an increase from 2H 11 of 5% for customer numbers and 25% for AUM reflecting improved investment markets and continued positive net cashflows. AMP's market share is approximately 17.8%[1] of the total KiwiSaver market.

1 Based on 30 September industry data.

Cashflows and assets under management (AUM)

FY 12 cashflows[1]

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**FY 12**	**FY 11**	**% FY/FY**	**FY 12**	**FY 11**	**% FY/FY**	**FY 12**	**FY 11**	**% FY/FY**
Australian wealth management									
AMP Flexible Super[2]	5,439	5,052	7.7	2,888	2,052	(40.7)	2,551	3,000	(15.0)
North[3]	3,633	1,562	132.6	1,445	846	(70.8)	2,188	716	205.6
Summit, Generations and iAccess (including Assure)[4]	2,465	3,121	(21.0)	3,677	3,782	2.8	(1,212)	(661)	(83.4)
Flexible Lifetime Super (superannuation and pension)[5]	2,377	2,600	(8.6)	4,592	4,820	4.7	(2,215)	(2,220)	0.2
Other retail investment and platforms[6]	318	419	(24.1)	678	729	7.0	(360)	(310)	(16.1)
Total retail on AMP platforms	**14,232**	**12,754**	11.6	**13,280**	**12,229**	(8.6)	**952**	**525**	81.3
Corporate superannuation and pensions[7]	3,374	3,690	(8.6)	3,169	3,369	5.9	205	321	(36.1)
Corporate superannuation mandate wins	127	116	9.5	-	-	n/a	127	116	9.5
Total corporate superannuation	**3,501**	**3,806**	(8.0)	**3,169**	**3,369**	5.9	**332**	**437**	(24.0)
Total retail and corporate super on AMP platforms	**17,733**	**16,560**	7.1	**16,449**	**15,598**	(5.5)	**1,284**	**962**	33.5
External platforms[8]	3,201	2,877	11.3	3,664	3,903	6.1	(463)	(1,026)	54.9
Total Australian wealth management	**20,934**	**19,437**	7.7	**20,113**	**19,501**	(3.1)	**821**	**(64)**	n/a
SMSF[9]	**1,176**	**418**	181.3	**332**	**216**	(53.7)	**844**	**202**	317.8
Total Australian wealth protection									
Individual risk	1,304	1,207	8.0	592	505	(17.2)	712	702	1.4
Group risk	340	336	1.2	221	204	(8.3)	119	132	(9.8)
Total Australian wealth protection	**1,644**	**1,543**	6.5	**813**	**709**	(14.7)	**831**	**834**	(0.4)
Australian mature	**948**	**684**	38.6	**2,345**	**2,481**	5.5	**(1,397)**	**(1,797)**	22.3
Total Australia	**24,702**	**22,082**	11.9	**23,603**	**22,907**	(3.0)	**1,099**	**(825)**	n/a
New Zealand									
KiwiSaver	416	449	(7.3)	159	90	(76.7)	257	359	(28.4)
Other	719	792	(9.2)	923	907	(1.8)	(204)	(115)	(77.4)
New Zealand	**1,135**	**1,241**	(8.5)	**1,082**	**997**	(8.5)	**53**	**244**	(78.3)
Total AFS cashflows	**25,837**	**23,323**	10.8	**24,685**	**23,904**	(3.3)	**1,152**	**(581)**	n/a
Australian wealth management – AMP Bank by product[10]									
Deposits (Supercash, Super TDs and Platform TDs)							**1,115**	1,405	(20.6)
Deposits (retail)							**26**	976	(97.3)
Mortgages							**1,211**	1,058	14.5

1 FY 11 cashflows include 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 Summit and Generations are owned and developed platforms. iAccess and Assure are ipac badges on Summit.

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

6 Other retail investment and platforms include Flexible Lifetime – Investments, AMP Personal Portfolio and Synergy.

7 Corporate superannuation and pensions comprise SignatureSuper, CustomSuper, SuperLeader and AXA Business Super.

8 External platforms comprise Asgard, BT Wrap, Macquarie Wrap, Solar and other margin earning platforms used by Genesys.

9 SMSF includes Multiport, SuperIQ and Ascend administration platforms. SuperIQ is 49% owned by AMP, however 100% of cashflows are included. As the Cavendish business primarily operates an annual administration service, cashflows are not captured in the same manner as for AMP's other businesses. All changes in Cavendish AUM have been reported as "Other movements" in the AUM table on page 21 of the Investor Report. Whilst administered SMSF funds may invest in other AFS products there is currently no material overlap between SMSF cashflows and cashflows of other AFS products.

10 Represents movements in AMP Bank's deposits and mortgage books.

Cashflows and assets under management (AUM) cont'd

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by distribution channel (A$m)	**FY 12**	**FY 11**	**% FY/FY**	**FY 12**	**FY 11**	**% FY/FY**	**FY 12**	**FY 11**	**% FY/FY**
AMP Financial Planning	9,688	9,041	7.2	9,318	8,669	(7.5)	370	372	(0.5)
Hillross	2,302	1,807	27.4	1,921	2,212	13.2	381	(405)	n/a
Charter Financial Planning	3,430	3,308	3.7	3,102	3,233	4.1	328	75	337.3
Jigsaw advisers	315	320	(1.6)	391	321	(21.8)	(76)	(1)	n/a
ipac group advisers and Tynan Mackenzie	1,860	1,590	17.0	2,018	1,921	(5.0)	(158)	(331)	52.3
Genesys group advisers	1,238	956	29.5	1,241	1,078	(15.1)	(3)	(122)	97.5
Direct (including corporate superannuation)	1,798	2,111	(14.8)	1,453	1,588	8.5	345	523	(34.0)
Centrally managed clients and other	1,670	814	105.2	1,207	1,070	(12.8)	463	(256)	n/a
3rd party distributors	2,401	2,135	12.5	2,952	2,815	(4.9)	(551)	(680)	19.0
Total Australia	**24,702**	**22,082**	11.9	**23,603**	**22,907**	(3.0)	**1,099**	**(825)**	n/a
New Zealand	1,135	1,241	(8.5)	1,082	997	(8.5)	53	244	(78.3)
Total AFS cashflows	**25,837**	**23,323**	10.8	**24,685**	**23,904**	(3.3)	**1,152**	**(581)**	n/a

	Cash inflows	
Australian wealth management cash inflows (A$m)	**FY 12**	**FY 11**
Member contributions	2,261	1,905
Employer contributions	3,872	3,562
Total contributions	6,133	5,467
Transfers and rollovers in[1]	14,101	13,513
Other cash inflows	700	457
Total WM	**20,934**	**19,437**

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

Cashflows and assets under management (AUM) cont'd

Overview

AFS net cashflows increased by A$1.7b to a net cash inflow of A$1.2b in FY 12. The improvement in net cashflows was generated by:

- AMP's platforms (up A$427m) with strong support for North from AMP aligned advisers
- AMP SMSF (up A$642m) with sales momentum through Multiport and SuperIQ, and
- lower net outflows from external platforms (down A$563m) and from Mature (down A$400m).

This was partially offset by lower corporate superannuation net cashflows (down A$105m).

AFS cash inflows increased by 10.8% (A$2.5b) to A$25.8b in FY 12. Cash outflows increased by 3.3% (A$781m) to A$24.7b.

Total AFS persistency, excluding major internal product flows, in FY 12 was 87.4% (FY 11 87.9%).

Retail on AMP platforms

Australian wealth management (WM) generated net cashflows of A$821m in FY 12, an increase of A$885m from FY 11. Strong inflows into AMP's contemporary North and Flexible Super products were partially offset by net outflows from legacy platforms and products closed to new business.

AMP's reported cash inflow and outflow numbers are materially impacted by internal movements between products. Internal flows across WM products were A$9.7b in FY 12 (A$9.1b in FY 11), representing approximately 47% (47% in FY 11) of total WM cash inflows. WM cash inflows increased by 7.7% (A$1.5b) and WM cash outflows increased by 3.1% (A$612m).

AMP's retail platforms comprise platforms which are owned, developed and operated by AMP as opposed to external platforms which are administered by other platform providers. AMP retail platforms net cashflows increased by A$427m (81.3%) to A$952m in FY 12.

AMP Flexible Super net cashflows were A$2.6b in FY 12, down from A$3.0b in FY 11, reflecting higher pension payments to customers in line with the rapid growth of the retirement account within the product, and higher lump sum withdrawals partially offset by growth in external cash inflows largely from employer contributions. Each of the superannuation account and pension account contributed A$1.3b to Flexible Super net cashflows.

In FY 12, AMP Flexible Super AUM increased A$3.0b to A$7.3b, driven primarily by strong cash inflows. FY 12 cash inflows includes A$228m (1% of WM 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$16m of the A$228m was invested in the core option (A$120m in the select option and A$92m in the choice option).

North net cashflows increased by A$1.5b to A$2.2b in FY 12. The strong growth in North net cashflows is due to previous enhancements to the platform to a full wrap service and a strong take-up across AMP's aligned distribution network. AMP Financial Planning and Hillross planners generated A$767m (35%) of North's net cashflows in FY 12, up from A$21m (3%) in FY 11.

In FY 12, North AUM increased A$2.5b to A$4.7b driven by strong cash inflows. 86% of FY 12 North cash inflows were non-guaranteed cash inflows, up from 70% in FY 11, and were driven principally by stronger cash inflows from aligned advisers (88% of cash inflows). North cashflows continued to accelerate throughout the year from average weekly flows of A$25m in 1H 12 to average weekly cashflows of A$49m in 3Q 12 and A$69m in 4Q 12. During FY 12, North attracted over 19,700 new customers.

Summit, Generations and iAccess net cashflows decreased by A$551m in FY 12 to a net outflow of A$1.2b. The decrease in net cashflows was largely a result of lower cash inflows with new business increasingly flowing to the North platform. A$289m moved from these platforms to the North platform in FY 12.

Flexible Lifetime Superannuation and Pension were closed to new business in May 2010. As a result, net cash outflows were A$2.2b in FY 12, which were in line with the net cash outflows reported in FY 11.

Corporate superannuation

Corporate superannuation net cashflows fell A$105m to A$332m in FY 12 due to higher external outflows from SignatureSuper largely driven by a mandate loss. Corporate super mandate wins in FY 12 of A$127m included three new large corporate plans in 2H 12.

AMP SMSF

AMP SMSF includes Multiport, Cavendish and Ascend administration platforms and a 49% interest in SuperIQ. At FY 12, AMP SMSF administered over 9,100 member accounts (including 1,295 through SuperIQ), up from approximately 3,000 member accounts at 1H 12.

AMP SMSF generated cashflows of A$844m over FY 12, up from A$202m in FY 11. At FY 12, AMP SMSF administered A$10.5b. The SMSF business grew rapidly over FY 12 with the acquisition of Cavendish in July 2012 and SuperIQ's acquisition of Smartsuper in September 2012. As the Cavendish business primarily operates an annual administration service, cashflows are not captured in the same manner as for AMP's other businesses. All changes in Cavendish AUM have been reported as "Other movements" in the AUM table on page 21 of the Investor Report.

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 net outflows improved by A$563m in FY 12 to a net cash outflow of A$463m. The improvement in net outflows was largely due to a number of financial planning practices joining Hillross during the year, partially offset by the take up of North by AMP's aligned distribution network.

Mature

Mature net cash outflows decreased by A$400m to A$1.4b in FY 12, due to A$320m from the rollover of AXA's National Preservation Trust product into the AMP mature book and lower run-off of the AMP term annuities book and the investment linked products.

Cashflows and assets under management (AUM) cont'd

New Zealand

AFS New Zealand net cashflows decreased by A$191m to A$53m in FY 12. In NZ dollar terms, net cashflows decreased by NZ$244m.

KiwiSaver net flows fell A$102m to A$257m due to the NZ government reducing its matched KiwiSaver contributions, competition from the major banks and higher first home withdrawals. Other net cashflows continued to be impacted by poor investor sentiment and challenging market conditions. Redemptions from closed mortgage products were A$40m in FY 12.

AMP Bank

AMP Bank's deposit book grew strongly in FY 12, increasing by A$1.1b (16%) to A$8.3b. The growth in deposits was as a result of improved distribution capability and competitive pricing. 47% of deposits are sourced directly from retail, 40% from AMP superannuation cash and term deposits and the remaining 13% mainly from AMP managed investment fund platforms including North and Summit. Retail deposit flows were significantly lower than FY 11 as AMP Bank changed its desired funding mix, adjusting deposit rates accordingly.

AMP Bank's mortgage book increased by A$1.2b (11%) in FY 12 to A$12.4b. Mortgage demand was strong across all distribution channels, especially from mortgage brokers.

FY 12 AUM[1]

		FY 12 net cashflows							
AUM (A$m)	**FY 11 AUM**	**Super-annuation**	**Pension**	**Investment**	**SMSF**	**Other**	**Total net cashflows**	**Other movements[2,3]**	**FY 12 AUM**
Australian wealth management									
AMP Flexible Super	4,265	1,299	1,252	-		-	2,551	493	7,309
North	2,240	924	905	359		-	2,188	275	4,703
Summit, Generations and iAccess (including Assure)	13,433	(584)	(318)	(310)		-	(1,212)	1,643	13,864
Flexible Lifetime (superannuation and pension)	23,158	(1,076)	(1,139)	-		-	(2,215)	2,509	23,452
Other retail investment and platforms	3,194	(93)	(94)	(173)		-	(360)	327	3,161
Total retail on AMP platforms	**46,290**	**470**	**606**	**(124)**	**-**	**-**	**952**	**5,247**	**52,489**
Total corporate superannuation	**19,175**	**291**	**41**	**-**	**-**	**-**	**332**	**1,655**	**21,162**
Total retail and corporate superannuation on AMP products	**65,465**	**761**	**647**	**(124)**	**-**	**-**	**1,284**	**6,902**	**73,651**
External platforms	12,471	(104)	(230)	(129)	-	-	(463)	-	12,008
Total Australian wealth management	**77,936**	**657**	**417**	**(253)**	**-**	**-**	**821**	**6,902**	**85,659**
SMSF[4]	**1,323**	**-**	**-**	**-**	**844**	**-**	**844**	**8,345**	**10,512**
Australian wealth protection						**831**	**831**	**(831)**	
Australian mature	**22,718**	**(417)**	**(266)**	**(40)**	**-**	**(674)**	**(1,397)**	**1,708**	**23,029**
Total Australia	**101,977**	**240**	**151**	**(293)**	**844**	**157**	**1,099**	**16,124**	**119,200**
New Zealand									
KiwiSaver	1,462	257	-	-	-	-	257	189	1,908
Other	7,775	2	(4)	(226)	-	24	(204)	826	8,397
New Zealand	**9,237**	**259**	**(4)**	**(226)**	**-**	**24**	**53**	**1,015**	**10,305**
Total AUM	**111,214**	**499**	**147**	**(519)**	**844**	**181**	**1,152**	**17,139**	**129,505**
Australian wealth management – AMP Bank by product									
Deposits (Supercash, Super TDs and Platform TDs)	3,301							1,115	4,416
Deposits (retail)	3,860							26	3,886
Mortgages	11,173							1,211	12,384
Australian wealth management – AUM by asset class									
Cash and fixed interest	32%								34%
Australian equities	35%								33%
International equities	23%								22%
Property	6%								6%
Other	4%								5%
Total	**100%**								**100%**

1 Reported AUM excludes shareholder capital.

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

3 Other movements includes A$6.4b in respect of the Cavendish business acquired in 2H 12 and A$1.0b in respect of the Smartsuper business acquired by SuperIQ in 2H 12.

4 SMSF includes Multiport, Cavendish, SuperIQ and Ascend administration platforms. SuperIQ is 49% owned by AMP, however 100% of cashflows and AUM are included. As the Cavendish business primarily operates an annual administration service, cashflows are not captured in the same manner as for AMP's other businesses. All changes in Cavendish AUM have been reported as Other movements. AMP SMSF revenue is primarily annual fee based rather than AUM based.

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 11	11,023	10,300	9,659
Expected return	719	775	824
Investment returns, bond yields and other	223	211	210
VNB	424	370	319
Net transfers out	(694)	(694)	(694)
Embedded value as at FY 12	**11,695**	**10,962**	**10,318**
Return on embedded value as at FY 12	12.4%	13.2%	14.0%
Embedded value comprises			
Adjusted net assets[2]	830	830	830
Value of in-force business[3]	10,865	10,132	9,488

AFS embedded value (A$m) at the 3% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at FY 11	4,541	3,593	1,906	983	11,023
Expected return	298	235	123	63	719
Investment returns, bond yields and other	292	(336)	185	82	223
VNB	201	203	17	3	424
Net transfers out	(300)	(38)	(321)	(35)	(694)
Embedded value as at FY 12	**5,032**	**3,657**	**1,910**	**1,096**	**11,695**
Return on embedded value as at FY 12	17.4%	2.8%	17.0%	15.0%	12.4%
AFS embedded value (A$m) at the 4% dm					
Embedded value as at FY 11	4,249	3,320	1,808	923	10,300
Expected return	320	251	136	68	775
Investment returns, bond yields and other	243	(288)	179	77	211
VNB	177	177	16	-	370
Net transfers out	(300)	(38)	(321)	(35)	(694)
Embedded value as at FY 12	**4,689**	**3,422**	**1,818**	**1,033**	**10,962**
Return on embedded value as at FY 12	17.4%	4.2%	18.3%	15.7%	13.2%
AFS embedded value (A$m) at the 5% dm					
Embedded value as at FY 11	3,994	3,071	1,723	871	9,659
Expected return	341	263	147	73	824
Investment returns, bond yields and other	210	(244)	173	71	210
VNB	153	154	14	(2)	319
Net transfers out	(300)	(38)	(321)	(35)	(694)
Embedded value as at FY 12	**4,398**	**3,206**	**1,736**	**978**	**10,318**
Return on embedded value as at FY 12	17.6%	5.6%	19.4%	16.3%	14.0%

	3% dm		4% dm		5% dm	
AFS value of new business (A$m)[1,4]	**FY 12**	**FY 11**	**FY 12**	**FY 11**	**FY 12**	**FY 11**
Value of new business by business line						
Wealth management	201	211	177	187	153	166
Wealth protection	203	208	177	179	154	154
Mature	17	10	16	9	14	7
New Zealand	3	14	-	10	(2)	7
Total	**424**	**443**	**370**	**385**	**319**	**334**

1 AMP Banking is excluded.

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

3 Value of in-force business discounts the value of shareholder net assets (A$3,067m at face value) to reflect expected time of release.

4 FY 11 VNB includes AXA for 12 months.

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

Embedded value

FY 12 embedded value (EV) increased 12.4% before transfers at the 3% discount margin to A$12,389m.

Net transfers of A$694m include capital and AFS profits, Australian franking credits (at 70% of face value) and other value transferred to AMP Group.

Apart from the expected return, the positive increase in FY 12 EV was the result of

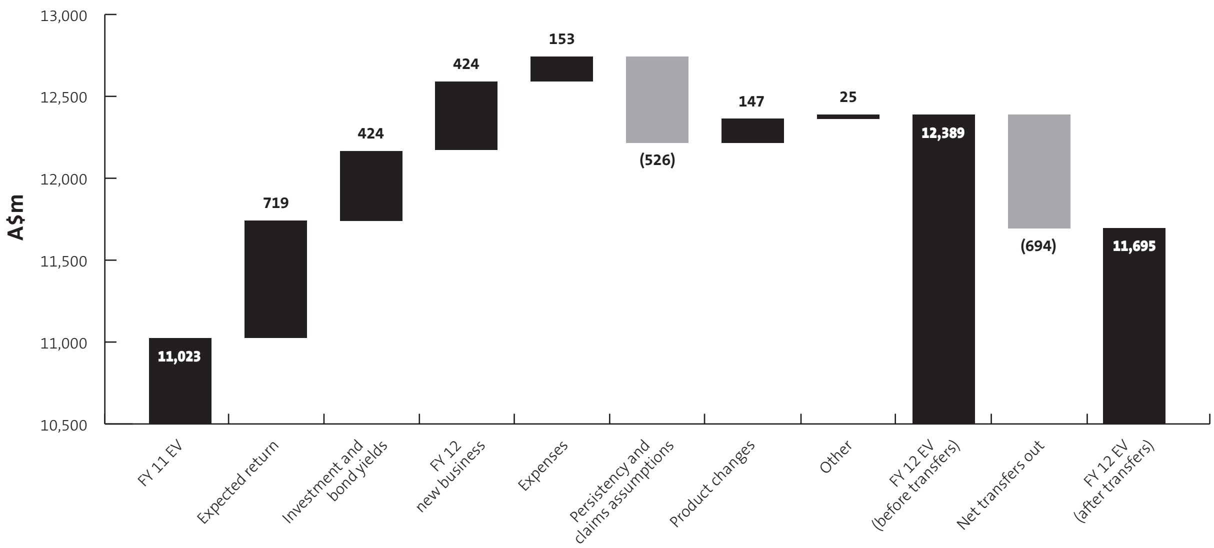
- Investment and bond yields (A$424m). This was primarily driven by the benefit of stronger investment markets on wealth management (WM) and lower discount rates benefiting the value of the in-force wealth protection (WP) and WM books. For mature, the benefit of lower discount rates and stronger investment markets more than offset the fall in the shareholder's share of future participating investment returns due to lower bond rates.
- Product changes (A$147m). This is driven by pricing reviews across the retail risk business.
- Expenses (A$153m). Benefited from a flat expense outcome as a result of growth initiatives offsetting higher synergy benefits.

Offset by

- Persistency and claims assumptions (-A$526m). The primary contributors to this were an overall increase in the assumed rate of discontinuance for lump sum risk and AMP Life income protection products in addition to increased trauma and AMP Life income protection claim assumptions.

Refer to page 25 for more detail on changes to best estimate assumptions.

Change in AFS embedded value FY 12 (A$m)
(at a discount rate of 3% above the bond yield)

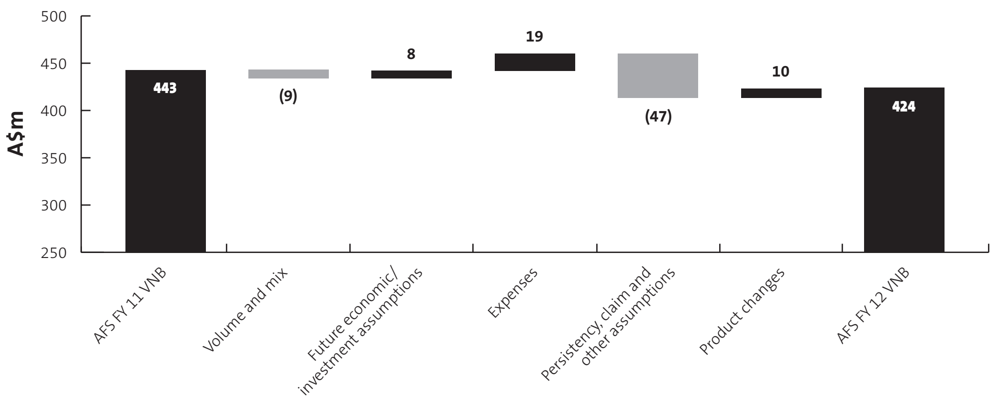


Value of new business

FY 12 value of new business (VNB) fell 4.3% to A$424m at the 3% discount margin.

The decline in VNB in FY 12 primarily reflects the overall increase in the assumed rate of discontinuance for lump sum risk and AMP Life income protection products and increased trauma and AMP Life income protection claim assumptions.

Change in AFS value of new business FY 12 (A$m)
(at a discount rate of 3% above the bond yield)



EV and VNB sensitivities

FY 12 change in embedded value (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in AFS controllable costs	111	41	22	13	**187**
10% reduction in discontinuance rates	283	330	48	71	**732**
1% (100 bps) decrease in long-term bond yields	78	171	(56)	39	**232**
1% (100 bps) increase in long-term bond yields	(77)	(155)	41	(37)	**(228)**
10% increase in Australian equities	92	-	51	-	**143**
10% increase in international equities	56	-	15	12	**83**
1% reduction in investment fees	(87)	-	(7)	(4)	**(98)**

FY 12 change in value of new business (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in AFS controllable costs	14	8	1	2	**25**
10% reduction in discontinuance rates	26	35	2	3	**66**
1% (100 bps) decrease in long-term bond yields	5	21	(5)	2	**23**
1% (100 bps) increase in long-term bond yields	(6)	(18)	4	(2)	**(22)**
5% increase in sales (all costs variable)	9	9	1	-	**19**
5% increase in sales (acquisition controllable costs fixed)	14	14	1	3	**32**
1% reduction in investment fees	(9)	-	-	-	**(9)**

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 12 position, ie not “forward looking”, and make no allowance for events subsequent to 31 December 2012
- they are based on the FY 12 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 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 2013 budget. Further synergies 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.

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

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 12	FY 11
Australia	3.3%	3.7%
New Zealand	3.6%	3.8%

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

Risk premiums	FY 12	FY 11
Local equities[1]	4.5%	4.5%
International equities	3.5%	3.5%
Property	2.5%	2.5%
Fixed interest[2]	0.8%	0.8%
Cash	(0.5%)	(0.5%)

1 Includes allowance for franking credits on equity income.

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

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$19b) in Australia are:

AFS Australian participating	FY 12	FY 11
Equities	26%	26%
Property	10%	10%
Fixed interest	41%	41%
Cash	23%	23%

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 12	FY 11
Australia	– CPI	2.7%	2.6%
Australia	– Expenses	3.0%	3.0%
New Zealand	– CPI	2.5%	2.5%
New Zealand	– Expenses	3.0%	3.0%

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

Capital assumptions

Value of in-force business includes the discounted value of the future release to shareholder of the regulatory capital requirements as the business in force runs off.

Adjusted net assets are shareholder assets in excess of the regulatory capital requirements and are valued at face value.

These regulatory capital requirements are based on the revised life insurance capital standards which took effect on 1 January 2013 and will give a different view of regulatory capital to the shareholder minimum regulatory requirement disclosed on page 32, which is based on the capital requirements which applied at 31 December 2012.

Operating assumptions

Future mortality, morbidity and discontinuance rates are based on an analysis of recent AFS experience, general industry experience and, in some cases, population experience.

Changes since 31 December 2011 include:

- changes to the discontinuance assumptions for retail Risk products, with an overall increase in the assumed rate of discontinuance
- changes to AMP Life retail income protection claim assumptions resulting in a higher incidence for future claims overall and a lower rate for termination of claims
- lower future mortality claim assumptions for retail lump sum Risk products as well as AMP Life Australian and New Zealand Conventional
- increases to the cost of trauma claims
- an increase in the assumed cost of NMLA group risk claims
- a reduction in KiwiSaver discontinuance assumptions
- a reduction in the assumed rate of rollover of funds from Signature Super to AMP Flexible Lifetime and Flexible Superannuation
- a reduction in rate of discontinuance for Flexible Super products
- an increase in the rate of discontinuance for AMP Life Mature investment linked products.

Maintenance unit costs are derived from 2013 budgets. Allowance is made for future inflation but potential cost improvements arising after 2013 are ignored. Note that only synergies captured in 2013 from the merger with AXA have been allowed for. Cost increases flowing from the establishment of the SMSF business and acquisition of Cavendish have also 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 2012.

Acquisition costs for VNB are the actual costs incurred in FY 12.

Franking credits are valued at 70% of face value for Australia.

With the exception of the revised life insurance capital standards, the continuation of the existing tax and regulatory framework is assumed and no allowance for regulatory change (including Future of Financial Advice and Stronger Super) is made in the embedded value. Although a partial provision for the cost of regulatory change has been made in Group Office (refer page 38).

Further details

Assumptions are generally consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life and NMLA. A more detailed description of these assumptions and their 31 December 2012 values can be found in the notes to the 2012 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$m	FY 12	FY 11[1]	2H 12	2H 11	% 2H 12/ 2H 11
Profit and loss					
Internal AUM based management fees	**179**	163	90	85	5.9
External AUM based management fees	**182**	179	94	90	4.4
Non-AUM based management fees	**52**	52	29	27	7.4
Performance and transaction fees	**49**	32	26	12	116.7
Fee income	**462**	426	239	214	11.7
Controllable costs	**(324)**	(318)	(165)	(166)	0.6
Tax expense	**(37)**	(26)	(20)	(10)	(100.0)
Operating earnings before net seed pool income	**101**	82	54	38	42.1
Net seed pool income	**13**	1	9	-	n/a
Operating earnings including minority interests	**114**	83	63	38	65.8
Minority interests in operating earnings[2]	**(15)**	-	(9)	-	n/a
Operating earnings	**99**	83	54	38	42.1
Underlying investment income[3]	**6**	5	3	3	-
Underlying operating profit after income tax	**105**	88	57	41	39.0
Controllable costs					
Employee related	**185**	166	93	85	9.4
Investment operations and other	**122**	135	63	71	(11.3)
Total operating costs	**307**	301	156	156	-
Project costs	**17**	17	9	10	(10.0)
Total controllable costs	**324**	318	165	166	(0.6)
Cost to income ratio	**66.2%**	73.2%	64.2%	76.0%	n/a
Controllable costs to average AUM (bps)[4]	**25.8**	26.5	26.0	26.5	n/a
AUM (A$b)	**128.6**	123.0	128.6	123.0	4.6
Average AUM (A$b) – total[4]	**125.5**	120.1	126.5	125.1	1.1
Average AUM (A$b) – internal[4]	**84.7**	78.7	85.4	83.3	2.5
Average AUM (A$b) – external[4]	**40.8**	41.5	41.1	41.8	(1.7)
AUM based management fees to AUM (bps) – internal[4]	**21.1**	20.7	21.0	20.5	n/a
AUM based management fees to AUM (bps) – external[4]	**44.6**	43.2	45.7	43.0	n/a
Performance and transaction fees to AUM (bps)[4]	**3.9**	2.6	4.2	1.8	n/a
End period tangible capital resources – after transfers (A$m)[5]	**289**	271	289	271	6.6
RoBUE	**54.3%**	35.4%	58.3%	32.3%	n/a

1 2011 includes AXA investment management business for the period 31 March 2011 to 31 December 2011.
2 Minority interest for the period 1 March 2012 to 31 December 2012.
3 Underlying investment income is disclosed net of minority interest for the period 1 March 2012 to 31 December 2012.
4 Based on average of monthly average AUM.
5 End period tangible capital resources are disclosed gross of minority interest.

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, multi-manager and multi-asset funds.

During 2012, AMP Capital continued to execute on its priorities of selective international expansion and deepening investment capabilities while controlling costs through greater efficiency and the delivery of integration synergies. The business was reshaped through a number of significant actions including:

– On 1 March, AMP Capital and Mitsubishi UFJ Trust and Banking Corporation (MUTB) formed the strategic business and capital alliance between the two parties with MUTB also acquiring a 15% ownership of AMP Capital Holdings Limited.
– On 1 April, AMP Capital dissolved its joint venture, AMP Capital Brookfield (ACB). AMP Capital now delivers portfolio management in-house for the listed real estate and listed infrastructure asset classes.
– The equities capability was expanded and refocused through the addition of a number of domestic and international investment professionals including an expanded Asian equities capability now located in Hong Kong.
– The property business announced a revised co-ownership structure with Westfield, consolidating the ownership and management of jointly owned shopping centre assets and plans for a A$2b retail redevelopment pipeline.
– AXA integration was successfully completed including organisational change, asset management transitions and consolidation to a single custodian.
– AMP Capital and DUET implemented the internalisation of the management of DUET. AMP Capital will provide support services up to 30 June 2013. A profit of A$28m (net of minority interests) has been recognised as part of Group Office other items (refer to page 38 for details).

Whilst executing these significant changes, AMP Capital continued to deliver strong investment performance with 71% of AUM meeting or exceeding benchmark over three years and 81% over one year (refer to page 29 for details).

Operating earnings

AMP Capital's 2H 12 operating earnings before minority interests were A$63m, up from A$38m in 2H 11. AMP Capital's operating earnings increased as a result of investment performance driving higher performance fees, increased AUM based management fees generated by higher average AUM and net fee rates and a strong contribution from seed pool investments.

Fee income

Fee income increased A$25m (12%) in 2H 12 to A$239m from A$214m in 2H 11. The increase in 2H 12 fee income was driven by a A$14m (117%) increase in performance and transaction fees, a A$9m (5%) increase in AUM based management fees and a A$2m (7%) increase in non-AUM based management fees.

AUM based management fees in 2H 12 increased A$9m (5%) over 2H 11 and average AUM increased A$1.4b (1%) over 2H 11. Cumulative revenue synergies of A$5m were recognised in 2H 12.

Internal AUM based management fees increased A$5m (6%) to A$90m in 2H 12. The increase was primarily due to a 2% increase in internal AUM based management fees to AUM and a 3% increase in average internal AUM. Internal AUM based management fees to AUM increased from 20.5 bps in 2H 11 to 21.0 bps in 2H 12 as the proportion of AUM managed by external investment managers, including AllianceBernstein and the ACB joint venture, decreased, reducing external manager costs.

External AUM based management fees increased A$4m (4%) to A$94m in 2H 12. The increase was due to a 6% increase in external AUM based management fees to AUM partially offset by a 2% decrease in average external AUM.

External AUM based management fees to AUM increased by 2.7 bps to 45.7 bps as the proportion of AUM managed by external investment managers, including AllianceBernstein and the ACB joint venture, decreased, reducing external manager costs partially offset by a reduction in higher margin Infrastructure AUM, as a client internalised management of a mandate. The internalisation of the management of DUET will reduce AMP Capital's external AUM based management fees to AUM in FY 13.

Non-AUM based management fees include property asset management, development and leasing fees and bond lending fees. Non-AUM based management fees increased by A$2m to A$29m in 2H 12, primarily due to higher property development fees partly offset by lower property leasing and management fees. Lower property leasing fees reflect large lease renewals in 2H 11 not repeated in 2H 12 coupled with high occupancy levels across the property portfolio. The revised retail property co-ownership structure will have the effect of decreasing property leasing and management fees in the near term while increasing development fees and AUM based management fees over the longer term.

2H 12 performance fees were A$22m, up from A$8m in 2H 11. The improvement in performance fees was primarily due to increased fees from shopping centre and office funds and improved investment performance of the funds managed on behalf of AMP Life. Property related funds benefited from the fall in bond rates which form the basis of the performance benchmark for a number of funds. Total performance fees for FY 12 of A$43m included A$6m in respect of DUET. AMP Capital ceased to be entitled to performance fees from DUET upon implementation of the internalisation of DUET management in 2H 12.

2H 12 transaction fees were A$4m, in line with 2H 11. Transaction fees primarily relate to debt advisory services which fluctuate with the timing and quantum of debt financing.

Controllable costs

Controllable costs decreased by A$1m (1%) in 2H 12 to A$165m from A$166m in 2H 11. Cost efficiencies, including merger synergies, were partially offset by higher variable staff costs in line with improving results as well as a A$7m increase in employee and operational costs associated with bringing operations of the ACB joint venture in-house from 1 April 2012.

Employee costs increased by A$8m (9%) in 2H 12 predominantly due to higher variable remuneration costs reflecting improved financial performance. Costs also increased as staff previously employed within the ACB joint venture were brought in-house. These cost increases were partially offset by synergy realisation.

AMP Capital financial summary cont'd

Investment operations and other costs decreased by A$8m (11%) in 2H 12. The decrease in costs reflects lower IT spend through efficiency initiatives as well as synergy realisation as assets were transitioned to a single custodian. These cost reductions were partially offset by operating costs for activities previously undertaken within the ACB joint venture.

Project costs decreased by A$1m in 2H 12 to A$9m. Project costs represent the amortisation cost for new and upgraded operating platforms as well as funding of growth initiatives.

The cost to income ratio decreased by 11.8 percentage points to 64.2% for 2H 12. AMP Capital has a cost to income ratio target of 60% to 65% by 1H 14.

Tax expense

AMP Capital's effective tax rate in 2H 12 was 26.6% (2H 11 22.7%), 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.

AMP Capital's effective tax rate increased following the settlement of the MUTB transaction as AMP Capital is no longer wholly-owned by AMP which reduced the amount of tax concessions claimed as a result of undertaking offshore activities. Further, the dissolution of the ACB joint venture decreased the level of JV income as a proportion of total profits, consequently increasing the effective tax rate.

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

Return on capital

RoBUE increased to 58.3% in 2H 12 from 32.3% in 2H 11 due to higher operating earnings and lower average capital. Whilst higher levels of capital were retained within the business due to the implementation of the revised ASIC financial requirements for responsible entities, this was partially offset by the reduction in capital as the funding mix of the seed pool was restructured under the MUTB strategic business and capital alliance to be predominantly debt.

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.

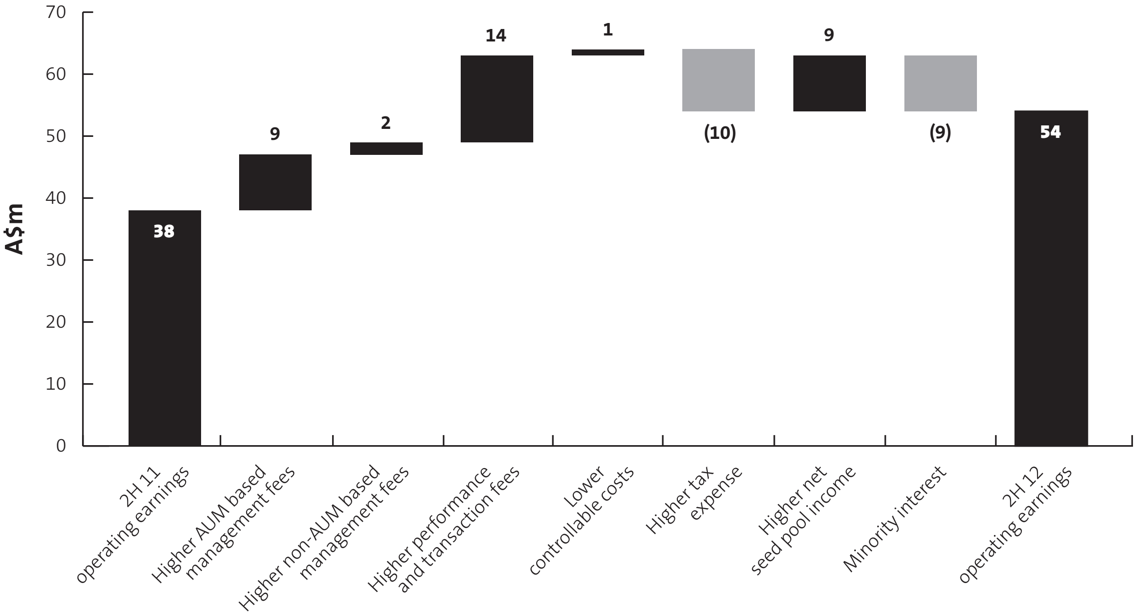
During FY 12, the seed pool funding mix shifted to being predominantly debt funded rather than funded by shareholder equity. AMP and MUTB contribute debt funding based on their respective ownership of AMP Capital Holdings Limited.

At 31 December 2012, the seed pool held investment assets of A$30m, the largest of which was a 5.0% stake in Singapore Exchange listed AIMS AMP Capital Industrial REIT after the disposal of a 9.3% stake in 2H 12.

The 2H 12 net seed pool profit of A$9m was driven by distribution income and valuation gains on AIMS AMP Capital Industrial REIT and short-term investments acquired to seed new products which did not proceed. This was partially offset by the increase in funding costs as the seed pool moved to being predominantly debt funded.

Given the variable mix of short-term asset holdings and longer term cornerstone investments, the seed pool result can be volatile from year to year. Over the medium term, the seed pool is expected to break even.

Movement in operating earnings 2H 11 to 2H 12



Investment performance

Seventy one per cent of AUM met or exceeded benchmark over three years and 81% over one year to 31 December 2012. The target for the business is 75% of AUM meeting or exceeding benchmark over a three year period.

The competitive rankings of AMP Capital's funds remain strong over the three year period to 31 December 2012, with first quartile rankings for the Wholesale Australian Bond Fund, Corporate Bond Fund, Australian Core Property Portfolio and Australian Equities – Capital and Enhanced Index styles, along with second quartile rankings for Value and Active Quant equities styles.

Throughout 2012 AMP Capital continued to expand and refocus its equities capability. AMP Capital achieved an A rating for its Australian Concentrated Equity Fund and an AA rating for its Australian Equity Opportunities Fund. AMP Capital relocated its Asian equities capability to Hong Kong, to benefit from an on-the-ground team in the region.

One year on from AMP Capital's strategic move to internalise global listed real estate and infrastructure capabilities, we are seeing continued strong investment outcomes for clients. The Global Listed Property Securities Fund recorded a first quartile ranking over five years and a second quartile ranking over three years to 31 December 2012.

In 2012, AMP Capital's Fixed Interest teams continued to deliver strong performance as well as issuing two new products into the Japanese market, the Global Listed Infrastructure Bond Fund and the Australian High Income Bond Fund. The Wholesale Australian Bond Fund ranked in the first quartile according to the Mercer Sector Survey for one, three and five years. The Corporate Bond Fund ranked in the first quartile according to the Mercer Sector Survey over three years. AMP Capital received the Australian Fund Manager Foundation Fixed Interest Award in FY 12.

Australasian direct property had a strong year with the Australian Core Property Portfolio in the first quartile rankings over three years along with second quartile rankings over one and five years to 31 December 2012. Approximately 65% of AMPCI property fund benchmarks are related to the government bond yield plus a margin (eg 3%).

AMP Capital's outcome-based Multi-Asset and Dynamic Asset Allocation funds performed well and AMP Capital saw improvements in the overall performance of the diversified funds.

Investment performance – period ended 31 December 2012

Percentage of funds meeting or exceeding benchmark (%)	1 year	3 years	5 years
AMP Capital managed			
Asia-Pacific equities	**87%**	84%	82%
Asia-Pacific fixed interest	**98%**	98%	97%
Infrastructure and direct investments	**84%**	66%	15%
Australasian property – direct	**66%**	75%	6%
International property – listed	**99%**	90%	100%
Total AMP Capital managed	**86%**	86%	59%
Multi-manager and Multi-Asset Group			
Asia-Pacific equities	**91%**	86%	85%
Asia-Pacific fixed interest	**15%**	89%	100%
International equities	**77%**	46%	50%
International fixed interest	**73%**	100%	4%
Diversified	**79%**	60%	54%
Total multi-manager and Multi Assets Group	**77%**	62%	53%
Total AMP Capital	**81%**	71%	55%

Cashflows and assets under management (AUM)

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by asset class (A$m)[1]	FY 12	FY 11	% FY/FY	FY 12	FY 11	% FY/FY	FY 12	FY 11	% FY/FY
External									
Australian equities	**502**	886	(43.3)	**817**	1,353	39.6	**(315)**	(467)	32.5
International equities	**1,129**	1,979	(43.0)	**2,394**	2,778	13.8	**(1,265)**	(799)	(58.3)
Fixed interest	**4,143**	3,315	25.0	**3,466**	2,836	(22.2)	**677**	479	41.3
Infrastructure	**446**	417	7.0	**2,056**	133	n/a	**(1,610)**	284	n/a
Direct investments	**-**	-	n/a	**5**	4	(25.0)	**(5)**	(4)	(25.0)
Property	**1,364**	537	154.0	**665**	1,195	44.4	**699**	(658)	n/a
Alternative assets	**37**	1	n/a	**2**	2	n/a	**35**	(1)	n/a
Total external	**7,621**	7,135	6.8	**9,405**	8,301	(13.3)	**(1,784)**	(1,166)	(53.0)
Internal									
Australian equities	**1,950**	2,157	(9.6)	**2,959**	3,255	9.1	**(1,009)**	(1,098)	8.1
International equities	**2,610**	2,494	4.7	**2,512**	3,889	35.4	**98**	(1,395)	107.0
Fixed interest	**7,541**	12,110	(37.7)	**8,871**	12,703	30.2	**(1,330)**	(593)	(124.3)
Infrastructure	**43**	60	(28.3)	**113**	165	31.5	**(70)**	(105)	33.3
Direct investments	**9**	22	(59.1)	**43**	247	82.6	**(34)**	(225)	84.9
Property	**57**	127	(55.1)	**476**	551	13.6	**(419)**	(424)	1.2
Alternative assets	**151**	129	17.1	**389**	288	(35.1)	**(238)**	(159)	(49.7)
Total internal	**12,361**	17,099	(27.7)	**15,363**	21,098	27.2	**(3,002)**	(3,999)	24.9
Total	**19,982**	24,234	(17.5)	**24,768**	29,399	15.8	**(4,786)**	(5,165)	7.3

AUM by asset class (A$m)	FY 11[1]	Net cashflows	Investment returns and other[2]	FY 12	%
External					
Australian equities	3,574	(315)	435	**3,694**	9
International equities	7,615	(1,265)	771	**7,121**	17
Fixed interest[3]	11,972	677	735	**13,384**	33
Infrastructure[3]	5,299	(1,610)	(28)	**3,661**	9
Direct investments	36	(5)	(24)	**7**	-
Property[4]	12,522	699	(230)	**12,991**	32
Alternative assets[5]	7	35	12	**54**	-
Total external	41,025	(1,784)	1,671	**40,912**	100
Internal					
Australian equities	21,808	(1,009)	3,257	**24,056**	27
International equities	17,254	98	2,516	**19,868**	23
Fixed interest[3]	35,756	(1,330)	2,803	**37,229**	42
Infrastructure[3]	1,394	(70)	95	**1,419**	2
Direct investments	532	(34)	36	**534**	1
Property[4]	3,484	(419)	229	**3,294**	4
Alternative assets[5]	1,776	(238)	(263)	**1,275**	1
Total internal	82,004	(3,002)	8,673	**87,675**	100
Total					
Australian equities	25,382	(1,324)	3,692	**27,750**	22
International equities	24,869	(1,167)	3,287	**26,989**	21
Fixed interest[3]	47,728	(653)	3,538	**50,613**	39
Infrastructure[3]	6,693	(1,680)	67	**5,080**	4
Direct investments	568	(39)	12	**541**	-
Property[4]	16,006	280	(1)	**16,285**	13
Alternative assets[5]	1,783	(203)	(251)	**1,329**	1
Total	123,029	(4,786)	10,344	**128,587**	100

AUM by source of client (A$m)	FY 11	FY 12	%
Australia	99,781	**104,819**	81
New Zealand	13,457	**13,823**	11
Asia (including Middle East)	8,959	**8,369**	7
Rest of world	832	**1,576**	1
Total	123,029	**128,587**	100

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

2 Other includes distributions, taxes and foreign exchange movements.

3 FY 11 balances for the infrastructure asset class have been increased to reflect private debt assets previously classified as fixed interest.

4 Property AUM comprises Australian (A$14.4b), NZ (A$1.5b) and Asian (A$0.4b) managed assets. Australian property AUM is invested in office (39%), retail (54%) and industrial (4%) and other (3%).

5 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

AUM and cashflows

AUM increased by A$5.6b to A$128.6b in FY 12, due to positive investment returns (+A$10.3b), partly offset by negative net cashflows (-A$4.8b).

Over FY 11 and FY 12, AMP Capital successfully transitioned the management of A$6.7b of AXA AUM for which AllianceBernstein was previously the manager. FY 12 AUM includes A$4b for which AllianceBernstein remains the asset manager.

External AUM decreased by A$0.1b in FY 12 to A$40.9b, as negative net cashflows (-A$1.8b) were largely offset by positive investment returns (+A$1.7b). External cash outflows were predominantly driven by the internalisation of the management of DUET (-A$1.2b), internalisation of an infrastructure mandate (-A$0.8b), net outflows from AXA equity products managed by an external investment manager (-A$0.5b) and net outflows from Japanese retail clients (-A$1.2b).

Cashflows from Japan have been impacted by uncertainty caused by regulatory reviews of the managed funds industry and negative investor sentiment similar to that seen domestically with a shift in funds towards bank deposits and similar products. The significant appreciation of the Australian Dollar relative to the Japanese Yen as well as falling Australian interest rates also drove withdrawals as investors locked in profits.

In June 2012 and October 2012, AMP Capital launched its first retail products into the Japanese market under the strategic business and capital alliance with MUTB. The products attracted A$530m in net cashflows over FY 12. AMP Capital continues to work closely with MUTB on the development and release of products with a number of institutional and retail products well advanced for launch in 1H 13. AMP Capital is also working closely with its existing Japanese distributors to develop new products and broaden distribution.

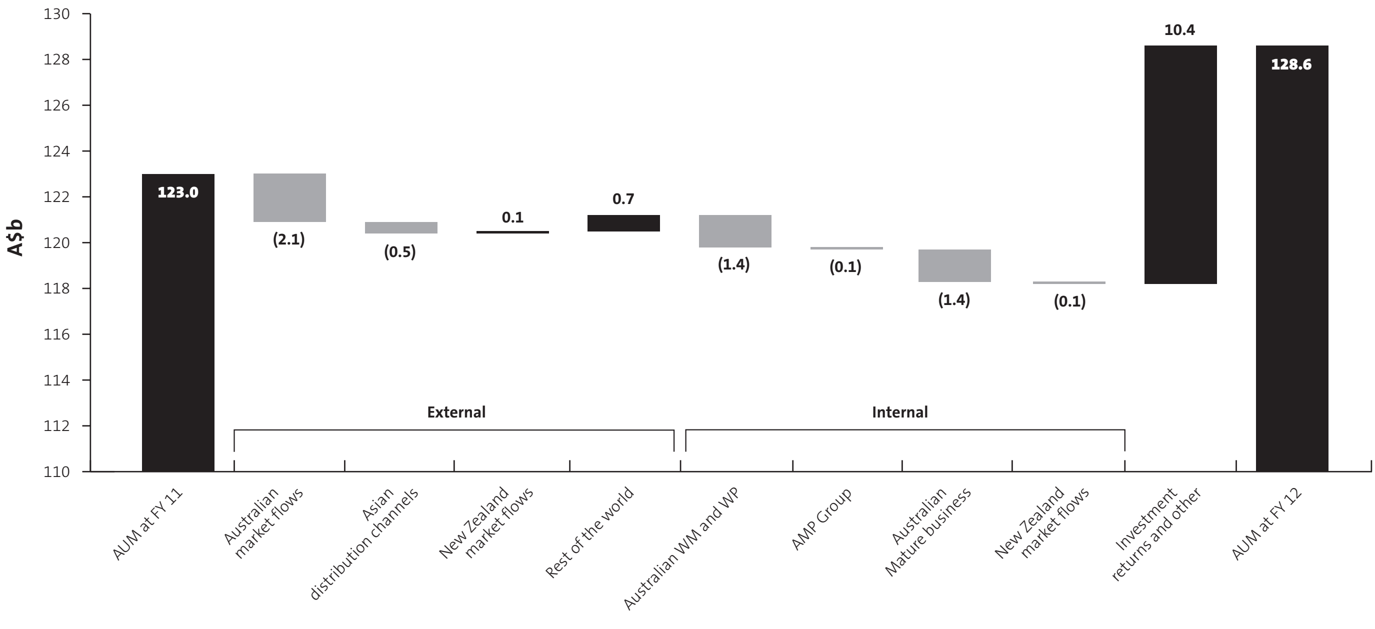
Partly offsetting these outflows, strong investment performance attracted significant external cash inflows to AMP Capital's fixed income capability including two significant mandate wins totalling A$1.2b, while the equities capability gained momentum over the second half of the year with strong investment performance and a number of positive research house ratings for both existing and new equity products. AMP Capital continued to expand its global pension fund client base securing pension clients from China, Japan and Europe for infrastructure and equity mandates over FY 12, as well as significant mandates from clients in Canada and the Middle East (totalling A$872m) supporting the retail property development pipeline. AMP Capital currently manages over A$3.1b on behalf of 59 global pension fund clients.

Internal AUM increased by A$5.7b (7%) in FY 12 to A$87.7b, due to strong investment returns (+A$8.7b), partly offset by negative net cashflows (-A$3.0b).

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. 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. Whilst internal net cash outflows improved from -A$4.0b in FY 11 to -A$3.0b in FY 12 they continued to be impacted by weak investor sentiment, which results in subdued discretionary contributions into AFS products which in turn impacts AMP Capital internal net cashflows. Internal net cashflows are also impacted by flows to passive investment options managed outside of AMP Capital and cash investment options managed by AMP Bank.

Refer to the tables on page 30 for more detail on external and internal cashflows.

Movement in AUM by channel FY 11 to FY 12[1]



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

Capital management

31 December 2012[1,2]

A$m	Total AMP	AMP Life Statutory Funds	NMLA Life Statutory Funds	AMP Bank[3]	Other AFS[4]	Total AFS	AMP Capital	Group Office
Total capital resources	**9,323**	2,040	1,318	482	3,888	7,728	477	1,118
Intangibles[5]	**(3,808)**	-	-	(46)	(3,349)	(3,395)	(230)	(183)
Tangible capital resources	**5,515**	2,040	1,318	436	539	4,333	247	935
Senior debt[6]	**(700)**							(700)
Other deductions[7]	**(17)**	-	-	(17)	-	(17)	-	-
Regulatory capital resources	**4,798**	2,040	1,318	419	539	4,316	247	235
Shareholder minimum regulatory capital requirements (MRR)	**3,154**	1,802	859	248	134	3,043	111	-
Shareholder regulatory capital resources above MRR	**1,644**	238	459	171	405	1,273	136	235
Participating policyholder capital resources above MRR[8]	**776**	776	-	-	-	776	-	-
Total regulatory capital resources above MRR	**2,420**	1,014	459	171	405	2,049	136	235

31 December 2011

A$m	Total AMP	AMP Life Statutory Funds	NMLA Statutory Funds	AMP Bank[3]	Other AFS[4]	Total AFS	AMP Capital	Group Office
Total capital resources	**8,550**	2,071	1,077	425	3,733	7,306	555	689
Intangibles[5]	**(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[6]	**(657)**							(657)
Other deductions[7]	**-**							-
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[8]	**553**	553	-	-	-	553	-	-
Total regulatory capital resources above MRR	**1,543**	944	227	64	192	1,427	183	(67)

1 Information based on capital standards in place at 31 December 2012 does not include the impact of revised life insurance capital standards. Refer to page 34 for details of the impact.

2 Excludes minority interests.

3 AMP Bank capital resources eliminates the impact of AIFRS cashflow hedge fair value movements. Tier 2 capital in AMP Bank is treated as a reduction to shareholder MRR.

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

5 Refer to page 41 for definition of intangibles. Intangibles includes capitalised costs. AXA acquired intangibles have been allocated between Other AFS and AMP Capital.

6 Refer to debt overview page 36 for more details.

7 Other deductions includes AMP Bank securitisation deductions.

8 The participating policyholder capital resources above MRR are part of the unvested policyholder benefits referred to as policyholder retained profits under the Life Insurance Act. The total policyholder retained profits for AMP Life and NMLA increased from A$1,628m at 31 December 2011 to A$1,773m at 31 December 2012.

Capital management cont'd

Capital management framework

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

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

These measures form part of AMP's risk appetite as approved by the Board and balances these considerations against the cost of capital.

A number of the operating entities within the AMP group of companies are regulated. This includes an authorised deposit-taking institution (ADI), life insurance companies, approved superannuation trusts and a number of companies that hold Australian Financial Services Licences.

These companies are regulated by APRA and/or ASIC and are required to hold minimum levels of regulatory capital, as set by the appropriate regulator.

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

AMP's businesses and the AMP Group maintain capital targets (Target Surplus), reflecting material risks including financial risk, insurance and product risk and operational risk and AMP's risk appetite. The Target Surplus is a management guide to the level of excess capital that AMP seeks to carry to reduce the risk of breaching its MRR.

AMP's current dividend policy, as approved by the AMP Limited Board, is to pay dividends based on a payout ratio in the range of 70% to 80% of underlying profit and franked to the maximum extent possible. The dividend payout ratio is set to ensure that AMP retains sufficient profits to fund the expected growth in the capital requirements of its businesses, and is reviewed periodically.

AMP aims to meet larger non-recurring capital requirements through other capital management initiatives, including the use of the Dividend Reinvestment Plan (DRP).

Capital position

At 31 December 2012, total regulatory capital resources above MRR were A$2,420m (A$1,543m at 31 December 2011), prior to the impact of regulatory capital changes applying at 1 January 2013.

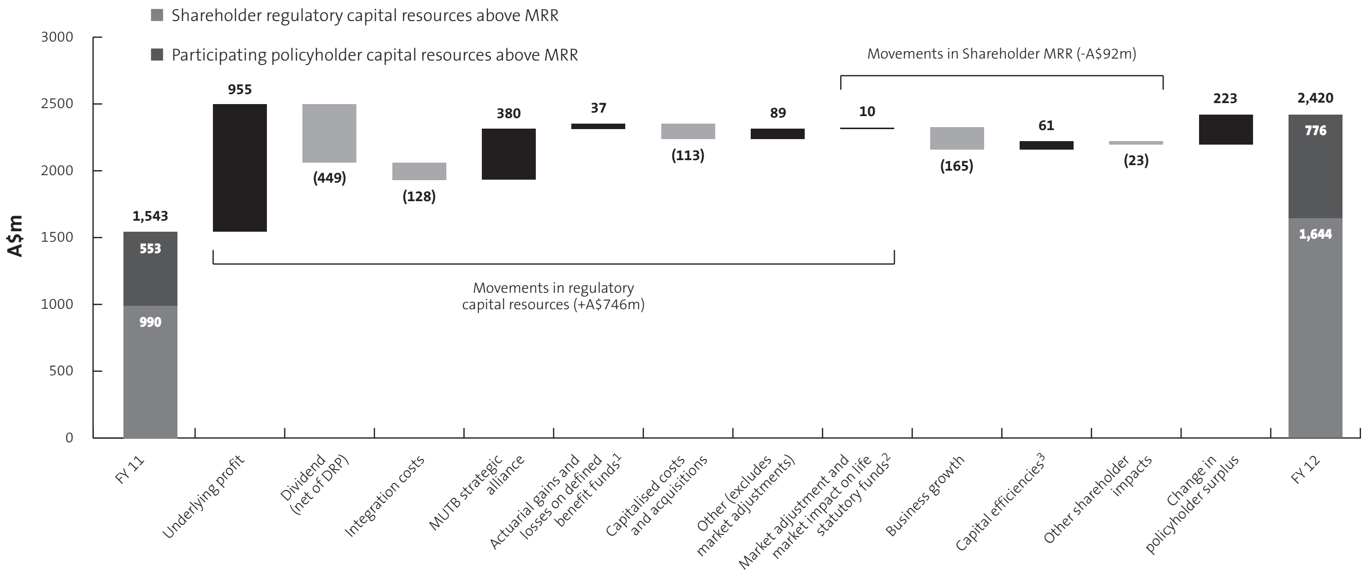
Regulatory capital resources above MRR consists of the amount attributable to shareholders (A$1,644m) and the amount attributable to participating policyholders (A$776m).

The increase in shareholder regulatory capital resources above MRR was the result of proceeds from the formation of the MUTB strategic business and capital alliance, profits net of dividends and the dividend reinvestment plan and active capital protection strategies. In December 2012, AMP Bank issued a A$150m subordinated debt instrument, of which A$102m contributed to AMP Bank's Tier 2 capital under Basel II. This instrument qualifies as Tier 2 capital under APRA's Basel III transitional arrangements.

This increase was offset by capital required to support business growth and the cost of integration of the AXA business. Revised ASIC requirements relating to responsible entities, which were effective from 1 November 2012, also negatively impacted the surplus capital position.

Participating policyholder capital resources above MRR are available to absorb market and other impacts on the participating business. The increase in policyholder surplus during FY 12 was primarily driven by favourable investment markets.

Movement from FY 11 to FY 12 regulatory capital resources above MRR



1 Includes the impact of discount rates and markets on defined benefit deficit/(surplus). During FY 12, AMP changed the estimated rates for discounting Australian defined benefit plan liabilities from using market yields on Commonwealth Government bonds to those based on Commonwealth Government and State Government bonds. This resulted in a decrease in the Australian defined benefit plan liabilities of A$34m after tax. There was no profit impact.

2 This impact reflects the impact of market adjustments (-A$25m) offset by impacts on shareholder MRR (+A$35m).

3 Capital efficiencies includes the impact of the sale of AMP Bank B Notes and restructure of internal loan arrangements.

Capital management cont'd

AMP continues to use tactical protection to manage market risk primarily in the mature products (refer to page 15). As at 31 December 2012, AMP had in place:

- tactical equity protection positions in the form of put options and futures contracts against market falls. The put options protect A$1.5b of equities, whilst futures protect against an additional A$0.5b of equities
- A$1.6b protection in AMP Life's mature portfolio to protect against falling bond yields, and
- a combination of futures and swaps to increase the duration of AMP Life's fixed income assets supporting guaranteed business.

In addition to the above, there are a number of long-term strategies involving derivatives in place within both AMP Life and NMLA to manage market risks.

Final 2012 dividend

AMP's final 2012 dividend is 12.5 cents per share franked to 65%. The total dividend payout ratio for FY 12 is 76% of underlying profit.

AMP continues to offer the DRP to eligible shareholders. For the purpose of the final 2012 dividend, no discount will apply to determine the DRP allocation price. The DRP will not be underwritten and new shares will be issued.

Impact of regulatory capital changes applying at 1 January 2013

From 1 January 2013, revised life and general insurance capital standards (LAGIC) will apply to AMP Life, NMLA and the North guarantee product and revised ADI capital standards will apply to AMP Bank. These standards will impact the amount of capital and the type of capital required to be held by these businesses.

Under the revised life insurance capital standards, the AMP group regulatory capital resources above MRR of A$2,420m will exclude the policyholder surplus of A$776m. While not included in the capital position, policyholder capital resources remain available to absorb adverse market and other impacts in the participating business.

As a result of applying the revised life insurance capital standards on 1 January 2013, AMP group's capital requirement increased by A$272m. AMP group strengthened its capital position during 2012 in anticipation of these changes and AMP group's shareholder surplus above MRR increased from A$990m at 31 December 2011 to A$1,644m at 31 December 2012. The revised life insurance capital standards have now reduced the surplus to A$1,372m at 1 January 2013. The net impact is larger than the A$200m originally forecast primarily due to the differing impact on MRR of changes in markets between the two standards.

A number of capital efficiency initiatives are being targeted in 2013 to reduce capital requirements in the AMP life insurance entities and for the North product.

These standards also revise the definitions of capital resources and shareholder MRR, particularly in relation to deferred acquisition costs (these amounts will be deducted from capital resources rather than added to MRR). This is intended to align the reporting of life insurance capital with general insurers and ADIs, but does not impact the capital surplus.

In relation to the revised ADI capital standards, AMP Bank has agreed transition arrangements with APRA in line with Basel III requirements, on its subordinated debt instruments outstanding at 31 December 2012.

Minimum regulatory requirements

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

- AMP Life and NMLA – solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards. From 1 January 2013, these were replaced with revised life insurance capital standards
- AMP Bank – capital requirements as specified under the APRA ADI Prudential Standards. From 1 January 2013, these were replaced with revised capital standards
- Other AFS – capital requirements under its AFSLs, APRA requirements and capital held for the North guarantee. Revised AFSL requirements applied from 1 November 2012, and
- AMP Capital – capital requirements under its AFSL. Revised AFSL requirements applied from 1 November 2012.

APRA is also developing capital standards for conglomerate groups. These revised standards are expected to commence on 1 January 2014 with no changes to AMP's existing supervision until that date. Draft capital standards are expected to be available in 1H 13.

APRA is yet to confirm how the revised life insurance capital standard requirements will affect the Conglomerate proposals. Nonetheless, APRA has confirmed transition arrangements with AMP, relating to the subordinated debt held at the Group level continuing to be 100% recognised as eligible capital under the revised standards until the earlier of the relevant instruments' first call date or March 2016.

Target Surplus

Target Surplus policies for AMP Life and NMLA have been revised following the introduction of the revised life insurance capital standards.

Under the revised life insurance target surplus methodology, each respective life insurance company has a Board approved absolute minimum surplus level above its APRA requirements, with additional target buffers held above these amounts. The additional target buffers have been set to give a less than 10% probability of capital resources falling below the Board minimum over a 12 month period giving consideration to market risk, insurance risk and operational risk.

AMP Bank's Target Surplus reflects an additional 0.75% of risk weighted assets above 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 market risks, and
- other operational risks.

AMP will further review its Target Surplus policies, following APRA's conglomerate proposals release.

Capital management cont'd

Regulatory capital resources (A$m)	31 December 2012	31 December 2011
AMP shareholder equity	**7,744**	7,014
Allowable hybrid Tier 1 instruments	**-**	-
Less: goodwill and other intangibles	**(3,808)**	(3,841)
Less: other deductions[1]	**(17)**	-
Tier 1	**3,919**	3,173
Allowable upper Tier 2 instruments	**-**	-
Allowable lower Tier 2 instruments	**879**	879
Tier 2	**879**	879
Total regulatory capital (Tier 1 + Tier 2)	**4,798**	4,052

Total capital resources by asset class (A$m)	31 December 2012	31 December 2011
International equities[2]	**32**	(25)
Australian equities	**86**	97
Property	**309**	291
International fixed interest	**43**	45
Australian fixed interest	**247**	183
Cash[3]	**2,090**	1,778
Implicit DAC	**2,129**	1,954
Total shareholder funds	**4,937**	4,323
Other[4]	**578**	386
Tangible capital resources	**5,515**	4,709
Intangibles	**3,808**	3,841
Total capital resources	**9,323**	8,550

1 Other deductions includes AMP Bank securitisation deductions.

2 International equities includes A$66m of international equities and -A$34m in relation to equity down-side protection.

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

4 Other includes A$322m (FY 11 A$398m) of cash held backing liabilities, seed pool assets of A$25m (FY 11 A$79m) and A$231m (FY 11 -A$91m) 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$4,937m) comprise direct shareholder funds (A$4,483m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$454m) 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. At 31 December 2012 less than 3% of AMP shareholder funds were 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 58% in sovereign exposures and 42% in corporate exposures. Corporate exposures are invested in AAA (12%), AA (42%), A (32%), BBB (13%) and sub-investment grade and unrated (less than 1%).

AMP continues to review the asset mix of shareholder funds to maximise shareholder returns within the constraints of AMP's risk appetite.

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 a one year government bond.

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 12 was 4.25% pa (FY 11 4.25% pa). The underlying after tax rate of return in FY 13 will be 3.0% pa on invested shareholder capital (excluding implicit DAC) and is based on the long-term target asset mix and assumed long-term rates of return. The investment return equivalent to a one year government bond of 1.8% pa after tax will apply to the implicit DAC.

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

	31 December 2012			31 December 2011		
A$m	**Corporate debt**	**AMP Bank**[1]	**Total**	**Corporate debt**	**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**	600	-	**600**
AMP Bank subordinated debt	-	150	**150**	-	-	**-**
Total subordinated debt	879	250	**1,129**	879	100	**979**
Domestic commercial paper, NCDs and repos	-	438	**438**	59	964	**1,023**
Euro medium-term notes	-	-	**-**	398	-	**398**
Domestic medium-term notes	200	903	**1,103**	200	1,003	**1,203**
Drawn syndicated loan	500	-	**500**	-	-	**-**
Total senior debt	700	1,341	**2,041**	657	1,967	**2,624**
Deposits[3]	-	8,615	**8,615**	-	7,460	**7,460**
Total debt	1,579	10,206	**11,785**	1,536	9,527	**11,063**
Corporate gearing ratios						
S&P gearing	11%			11%		
Interest cover – underlying (times)	12.1			12.1		
Interest cover – actual (times)	9.2			9.4		

	Corporate debt by year of repayment[4]					
A$m	**0 - 1 year**	**1 - 2 years**	**2 - 5 years**	**5 - 10 years**	**10+ years**	**Total**
Corporate debt at 31 December 2012	-	296	1,300	83	-	**1,679**
Loan from Group Office to AMP Bank	-	(100)	-	-	-	**(100)**
Total corporate debt at 31 December 2012	-	196	1,300	83	-	**1,579**
Total corporate debt at 31 December 2011	457	-	996	83	-	**1,536**

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 include AMP Bank retail and wholesale deposits (A$3.9b), AMP Super Cash and Super TDs (A$3.7b), North and Summit (A$0.7b) and other AMP Life policyholder deposits (A$0.3b).

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

Corporate debt

At 31 December 2012, AMP had access to significant liquidity through Group cash of A$604m and an undrawn syndicated loan of A$500m.

Corporate debt increased by A$43m in 2012 due to:
- repayment of A$398m Euro medium-term notes in June 2012
- repayment of A$59m in outstanding commercial paper
- offset by A$500m of the syndicated loan that was drawn down in February 2012.

At 31 December 2012, approximately 50% of corporate debt was effectively at fixed rates.

AMP Bank

AMP Bank utilises a diverse range of funding sources including securitisation, deposits and short and long-term wholesale borrowings to manage its funding and liquidity 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$650m RMBS in May 2012 and A$800m RMBS in August 2012. Total securitised funds as at 31 December 2012 were A$3.8b.

In December 2012, AMP Bank issued a A$150m subordinated debt instrument, of which A$102m contributed to AMP Bank's Tier 2 capital under Basel II. This instrument qualifies as Tier 2 capital under APRA's Basel III transitional arrangements. At 31 December 2012 AMP Bank had a total of A$250m subordinated debt.

AMP Group continues to provide a guarantee covering AMP Bank’s liabilities, with the exception of the subordinated debt issued in December 2012.

Group Office

A$m	FY 12	FY 11	2H 12	2H 11	% 2H 12/ 2H 11
Group Office costs not recovered from business units	**(61)**	(57)	(30)	(31)	3.2
Underlying investment income on Group Office capital	**52**	39	25	17	47.1
Interest expense on corporate debt	**(86)**	(82)	(38)	(43)	11.6
AMP Limited tax loss recognition	**-**	16	-	8	n/a
Market adjustment – investment income	**(12)**	(50)	(11)	(47)	76.6
Market adjustment – annuity fair value	**(9)**	13	1	(3)	n/a
Market adjustment – risk products	**(4)**	53	(27)	58	n/a
Other items	**34**	4	24	21	14.3
M&A transaction costs	**(4)**	(42)	(2)	(8)	75.0
AXA integration costs	**(128)**	(105)	(57)	(69)	17.4
Amortisation of AXA acquired intangible assets	**(99)**	(75)	(49)	(50)	2.0
Accounting mismatches	**(29)**	(19)	(22)	(10)	(120.0)
Interest expense summary					
Average volume of corporate debt	**1,696**	1,433	1,579	1,536	
Weighted average cost of corporate debt	**7.24%**	8.17%	6.87%	8.00%	
Tax rate	**30%**	30%	30%	30%	
Interest expense on corporate debt[1]	**86**	82	38	43	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**191**	165	191	165	

1 Includes fees associated with undrawn liquidity facilities.

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the final dividend (65%), the balance of franking credits will be A$89m.

2H 12 Group Office costs not recovered from business units were A$30m, A$1m lower than 2H 11. Group Office cost synergies arising from the integration of AXA group functions are primarily passed onto AFS and AMP Capital through lower group charges.

Underlying investment income on Group Office capital was A$25m in 2H 12, up from A$17m in 2H 11. 2H 12 underlying investment income was higher than in 2H 11 due to higher investment assets associated with the proceeds from the formation of the MUTB strategic business and capital alliance.

2H 12 interest expense on corporate debt was A$38m, down from A$43m in 2H 11. Interest expense decreased as the weighted average cost of debt declined 113 basis points due to the impact of falling bond yields on the floating rate component of corporate debt.

AMP Limited tax loss recognition

AMP Limited tax loss recognition relates to the gradual recoupment of carried forward revenue 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.

Following the merger with AXA, the tax utilisation rate significantly reduced, hence no benefit was recognised for revenue tax loss recognition and no benefit is expected to be recognised in FY 13.

At 31 December 2012, the amount of carried forward revenue 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 2H 12 market adjustment – investment income was -A$11m reflecting the shortfall in underlying investment income relative to actual shareholder investment income due to lower short-term interest rates, valuation movements on fixed interest assets and net valuation movements on derivatives protecting the shareholder capital position.

Market adjustment – annuity fair value

2H 12 market adjustment – annuity fair value was A$1m (2H 11 -A$3m).

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$0.4b 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.

Group Office cont'd

The assets supporting AMP's Australian annuity book comprise a mixture of government bonds, semi-government bonds and corporate bonds. These assets are principally exposed to Australian credit markets. The asset mix is managed to achieve close matching of assets to expected cash annuity outflows. Perfect cash flow 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 to be valued on a fair value basis. Therefore, in the absence of any defaults, changes in credit spreads and deterioration in the quality of individual assets can lead to timing differences.

As the assets are predominantly held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In FY 12 there were no asset defaults.

The assets that support AMP's Australian annuity book comprise a mixture of government bonds and cash (8%), semi-government bonds (46%) and corporate bonds (46%). The average duration of the portfolio is six years. The portfolio credit rating composition is AAA (45%), AA (31%), A (20%), BBB (3%) and CCC+ (1%). Corporate bond exposures are AAA (14%), AA (37%), A (43%), BBB (5%) and CCC+ (1%).

Market adjustment – risk products

2H 12 market adjustment – risk products was -A$27m (2H 11 A$58m) due to the rise (2H 11 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 NMLA, this also included 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 12, refer to page 25.

Other items

2H 12 other items were A$24m (2H 11 A$21m).

Other items include one-off and non-recurring revenues and costs.

In 2H 12, other items was primarily comprised of:
- A profit of A$28m (net of minority interests) in respect of consideration paid to AMP Capital upon internalisation of the management of the DUET Group.
- A cost of A$7m (FY 12 A$59m) in respect of a provision for a proportion of the anticipated costs of implementing regulatory change. AMP expects the one-off cost to the company of implementing the Future of Financial Advice, Stronger Super and other regulatory changes over the next 12 months to be in the range of A$60m to A$75m after tax. The final costs may vary from this depending on final legislation and regulatory guidance, market practice and the future competitive landscape.

AXA integration costs

2H 12 AXA integration costs were A$57m (2H 11 A$69m) and relate to the integration of AXA following the merger. AMP expects total integration costs to be A$310m (post tax). The FY 12 AXA integration costs of A$128m were lower than forecast as a substantial number of partially complete projects will incur a significant proportion of residual costs in 1H 13. Of the remaining expected AXA integration costs of A$77m, approximately A$68m is expected to be incurred in FY 13 (between A$40m and A$50m in 1H 13) and A$9m in FY 14.

AMP expects to realise synergies as a result of the merger with AXA of A$150m (post tax) per annum.

Amortisation of AXA acquired intangible assets

The difference between the purchase consideration for AXA (A$4.3b) and AXA net tangible assets (A$1.2b) represents AXA intangible assets (A$1.0b) and goodwill (A$2.1b). AXA intangible assets primarily comprise rights to future income and the value of acquired software.

AXA intangible assets are required to be amortised over their expected useful life; goodwill is not required to be amortised. 2H 12 amortisation of AXA acquired intangible assets was A$49m. Amortisation of AXA acquired intangibles in FY 13 is expected to reduce to approximately A$91m as certain acquired software assets reach the end of their amortisation period.

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) (2H 12 -A$40m)
- owner-occupied properties (2H 12 -A$2m)
- life company statutory funds' investments in controlled entities (2H 12 +A$6m)
- AMP Life statutory funds' superannuation products invested with AMP Bank (2H 12 +A$14m).

Sensitivities – profit and capital

FY 12 profit sensitivities (A$m)

	Operating earnings (post tax)								
	WM	**WP**	**Mature**	**NZ**	**Total AFS**	**AMP Capital**	**Group Office**	**Total**	**Investment income**
Investment market variables									
10% increase in Australian equities	9	-	4	-	13	2		**15**	**9**
10% decrease in Australian equities	(9)	-	(4)	-	(13)	(2)		**(15)**	**(5)**
10% increase in international equities	5	-	1	2	8	2		**10**	**11**
10% decrease in international equities	(5)	-	(1)	(2)	(8)	(2)		**(10)**	**(3)**
10% increase in property	2	-	2	1	5	2		**7**	**25**
10% decrease in property	(2)	-	(2)	(1)	(5)	(2)		**(7)**	**(25)**
1% (100 bps) increase in 10 year Australian bond yields	(2)	-	4	-	2	(1)		**1**	**(24)**
1% (100 bps) decrease in 10 year Australian bond yields	2	-	(4)	-	(2)	1		**(1)**	**32**
1% increase in cash rate	1	-	-	-	1	-		**1**	**18**
1% decrease in cash rate	(1)	-	-	-	(1)	-		**(1)**	**(18)**
Business variables									
AMP Financial Services									
5% increase in AUM	16	-	7	3	**26**				
5% increase in sales volumes	4	1	-	1	**6**				
1% increase in persistency	3	8	(2)	1	**10**				
AMP Capital									
5% increase in average external AUM						**6**			
5% increase in average internal AUM						**6**			
AMP Limited									
5% reduction in controllable costs	19	7	3	3	32	11	5	**48**	

All profit sensitivities shown are a full year impact.

The profit and capital sensitivities are only indicative, because:

- they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the particular variable moves independently of all others
- they are based on the FY 12 position, ie not "forward looking", and make no allowances for events subsequent to 31 December 2012
- 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 2012.

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 12
- investment income sensitivity is based on the amount of investments held at 31 December 2012
- property sensitivities relate to unlisted property; listed property trusts are included in equities
- bond yield sensitivities relate to both government and corporate bond yields for both Australian and international bonds
- profit sensitivities exclude the impact of movements in credit spreads in corporate and semi-government debt
- AMP Bank net interest margin assumed to be insensitive to changes in cash rate.

Important considerations when using these sensitivities

Profit sensitivities

The sensitivities set out above apply to FY 12 operating earnings and investment income, 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 12 operating earnings than set out in the table above.

The sensitivities are based on the FY 12 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 12 profit sensitivities for FY 13), an allowance for changes in AUM levels should be made. Refer to page 10 (WM) and page 26 (AMP Capital) for average AUM levels that applied in FY 12.

The AMP Capital operating earning sensitivities are net of minority interests and assume no change to performance and transaction fees and do not include seed 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 valuations of assets and liabilities are mismatched. These impacts are included in market adjustment – annuity fair value and market adjustment – risk products and have no effect on BU operating earnings but are included in EV sensitivities.

Operating earnings – participating business

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

Investment income

The analysis is based on a point in time and indicates the impact a change in the market variable would have on AMP's FY 12 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 12 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 37 for details) or the impact of changes in economic variables (bond yields, CPI) on the valuation of risk insurance liabilities. The impacts of investment market variables are not always symmetrical as they are inclusive of the impacts of long-term and tactical protection strategies.

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

AMP regulatory capital sensitivities – shareholder regulatory capital resources above MRR

The sensitivities shown below reflect the impact of market movements on AMP's capital position post application of the revised life insurance capital standards. While available to absorb adverse market impacts, the policyholder capital resources do not form part of the capital adequacy tests in the revised life insurance capital standards. As such, the capital sensitivities provided below are based on the shareholder regulatory capital surplus 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 AMP's capital position inclusive of long-term and tactical protection, allowing for the impact of revised capital standards.

Capital sensitivities – regulatory capital resources above MRR (A$m)[1]		**AMP Life**	**NMLA**	**AMP Group**
Pro-forma post LAGIC 1 January 2013 (ASX 200 @ 4,649; Australian bond yields @ 3.3%)[2]		563	168	1,372
Equity sensitivity	– 20% increase (ASX 200 @ 5,579)	60	20	170
	– 10% increase (ASX 200 @ 5,114)	30	10	90
	– 10% decrease (ASX 200 @ 4,184)	(30)	(10)	(80)
	– 20% decrease (ASX 200 @ 3,719)	(60)	(20)	(160)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields @ 4.3%)	(60)	(20)	20
	– 50 bps increase (Australian bond yields @ 3.8%)	(20)	-	20
	– 50 bps decrease (Australian bond yields @ 2.8%)	(40)	(10)	(90)
	– 100 bps decrease (Australian bond yields @ 2.3%)	(90)	(30)	(210)
Property sensitivity[3]	– 10% increase in unlisted property values	50	10	50
	– 10% decrease in unlisted property values	(50)	(10)	(50)

1 These sensitivities are a point in time and do not make any allowance for subsequent management actions.
2 The AMP Life regulatory capital resources above MRR of A$563m excludes a dividend of A$387m paid by AMP Life to AMP Group post 31 December 2012.
3 Property sensitivity relates to unlisted property. Listed property is included in the equity sensitivity.

The sensitivities are based on 31 December 2012 equity markets, bond yields and property values and correspond to the disclosure in the capital management section (refer to page 32).

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

The capital sensitivities for AMP Life and NMLA include guaranteed products (the majority of which are contained within the AFS mature business), risk insurance products, unit linked products and assets of the shareholders' funds in excess of the FY 12 AMP Life dividend to AMP Group.

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

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.

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

The sensitivities contained in the table above do not make any allowance for management actions subsequent to 1 January 2013, which may have a significant impact on these sensitivities.

Accounting treatment and definitions

Accounting mismatches – Refer to page 38.

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 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 36 for more detail.

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

Deferred acquisition costs (DAC) – Margin on Services (MoS) is the financial reporting methodology developed to report life insurance business in Australia. Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. Under MoS, all costs associated with acquiring new business (including 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 AFS business and the shareholder profits expected to emerge from the AFS business in-force.

EPS (actual) – Calculated as 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 sourced from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients and partnerships.

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

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

Implicit DAC – Refer to page 35.

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 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.

Market adjustment – annuity fair value – Refer to page 37.

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 38.

Minimum regulatory capital requirements (MRR) – Refer to page 34.

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

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

Persistency – Calculated as opening AUM less cash outflows during the period divided by opening AUM. AFS and WM total cash outflows are adjusted to exclude 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) divided by the BU's average of monthly average tangible capital resources. No allowance is made for the benefit of gearing, which occurs at the Group level.

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

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

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

Tier 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, except for a short-term return, equivalent to a one year government bond, set annually for the implicit DAC component of shareholder assets. The return on AMP Bank income producing investment assets is included in 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, AMP SMSF 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, as well as through extensive relationships with independent financial advisers.

AMP Financial Services is reported as four separate divisions:
– **Wealth management (WM)** – Financial planning services (including owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans.

  WM includes AMP Bank, which is a direct Australian bank offering residential mortgages, deposits and transactional banking, as well as practice loans to AMP aligned planners.
– **Wealth protection (WP)** – 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, GSA, annuities and personal superannuation.
– **AMP Financial Services New Zealand (AFS NZ)** – A risk insurance business and mature book (traditional participating business), with a growing wealth management business driven by KiwiSaver.

AMP Capital
AMP Capital is a diversified investment manager, providing investment services for domestic and international customers. Through a team of in-house investment professionals and a carefully selected global network of investment partners, AMP Capital manages investments across major asset classes including equities, fixed interest, property, infrastructure and multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services.

AMP Capital has established operations in Australia and New Zealand and a growing international presence with offices in Bahrain, China, Hong Kong, India, Japan, Luxembourg, the United Kingdom and the United States, allowing it to source competitive offshore opportunities.

On 1 March 2012, AMP Capital and Mitsubishi UFJ Trust and Banking Corporation (MUTB) formed the strategic business and capital alliance between the two parties with MUTB also acquiring a 15% ownership interest in AMP Capital.

AMP SMSF
AMP SMSF was formed in June 2012 and comprises AMP's existing administration businesses, including Multiport, Ascend and SuperIQ (49% owned by AMP).

In July 2012, AMP SMSF acquired Cavendish, the largest SMSF administrator in Australia.

AMP SMSF forms part of AFS's wealth management's reported results.

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

Exchange rates			AUD/NZD
2012	FY 12	– closing	1.2584
		– average	1.2777
	2H 12	– closing	1.2584
		– average	1.2716
	1H 12	– closing	1.2755
		– average	1.2835
2011	FY 11	– closing	1.3142
		– average	1.3059
	2H 11	– closing	1.3142
		– average	1.2875

FY 12 financial results

Analysis of operating results (A$m)	AMP Financial Services	AMP Capital	Group Office	Total
BU operating earnings	777	99	-	**876**
Group Office costs	-	-	(61)	**(61)**
Total operating earnings	777	99	(61)	**815**
Underlying investment income	168	6	52	**226**
Interest expense on corporate debt	-	-	(86)	**(86)**
Underlying profit	945	105	(95)	**955**
Market adjustment – investment income	-	-	(12)	**(12)**
Market adjustment – annuity fair value	-	-	(9)	**(9)**
Market adjustment – risk products	-	-	(4)	**(4)**
Other items	-	-	34	**34**
Profit after income tax before AXA merger adjustments and accounting mismatches	945	105	(86)	**964**
M&A costs	-	-	(4)	**(4)**
AXA integration costs	-	-	(128)	**(128)**
Amortisation of AXA acquired intangible assets	-	-	(99)	**(99)**
Accounting mismatches	-	-	(29)	**(29)**
Profit attributable to shareholders of AMP Limited	945	105	(346)	**704**

Total capital resources by equity class (A$m)	31 December 2012	31 December 2011
Contributed equity	**9,339**	9,080
Equity contribution reserve	**1,019**	1,019
Other reserves	**410**	32
Retained earnings	**251**	283
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**7,434**	6,829
Accounting mismatches and cashflow hedge reserve	**310**	185
Total AMP shareholder equity	**7,744**	7,014
Corporate debt	**1,579**	1,536
Total capital resources	**9,323**	8,550

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 2012 ("Investor Report").

The analysis of results, 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 22, 24, 25 [Embedded Value], 32 [Capital Management] and 44 [FY 12 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 2012 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 2012 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 analysis of financial results on page 44 and total capital resources on page 35 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 41 and 42.
– the embedded value assumptions stated on pages 24 and 25 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 2012. We disclaim any assumption of responsibility for any reliance on this review report or on the Investor Report to which it relates to any person other than the Directors of AMP Limited.

Our review of the analysis of 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 44 and total capital resources on page 35 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 41 and 42, 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 analysis of financial results set out on page 44 and total capital resources on page 35 of the Investor Report for the year ended 31 December 2012 are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources as set out on pages 41 and 42.

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 page 25 of the Investor Report for the year ended 31 December 2012 are not reasonable for their intended purpose in all material respects.

Ernst & Young

Ernst & Young
Sydney
21 February 2013

Information for shareholders

4 March 2013	Ex-dividend date for final 2012 dividend (Australia)
6 March 2013	Ex-dividend date for final 2012 dividend (New Zealand)
8 March 2013	Record date for final 2012 dividend
11 March – 15 March 2013	Pricing period for final 2012 dividend reinvestment plan
11 April 2013	Payment date for final 2012 dividend
9 May 2013	First quarter 2013 cashflow and AUM announcement
9 May 2013	Annual General Meeting
15 August 2013	Interim 2013 results
2 September 2013	Ex-dividend date for interim 2013 dividend (Australia)
4 September 2013	Ex-dividend date for interim 2013 dividend (New Zealand)
6 September 2013	Record date for interim 2013 dividend
11 October 2013	Payment date for interim 2013 dividend
25 October 2013	Third quarter 2013 cashflow and AUM announcement

Registered Office:
Level 24
33 Alfred St
SYDNEY NSW 2000
AUSTRALIA

www.amp.com.au

Website

For additional 2012 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 non-controlling interests).
- Archived webcasts of presentations to investors and analysts.
- Archived ASX announcements and historical information.
- Definitions and details of assumptions.

NS1679 02/13