

# 1H 21

## INVESTOR REPORT

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This Investor Report is available online at **[amp.com.au/shares](https://amp.com.au/shares)** along with other investor relations information.

Authorised for release by the AMP Limited Board.

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## Important general notes

This Investor Report provides financial information reflecting results after income tax, unless otherwise indicated, for AMP shareholders. Information is provided on an operational basis (rather than a statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information. This Investor Report is not audited.

Profit attributable to shareholders (NPAT statutory) of AMP Limited has been prepared in accordance with Australian Accounting Standards.

Forward looking statements in this Investor Report are based on management's current views and assumptions. The assumptions involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed.

These forward looking statements are not guarantees or representations of future performance, and should not be relied upon.

This Investor Report is not an offer document and therefore has not been the subject of a full due diligence process typically used for an offer document.

While AMP has sought to ensure that information in this Investor Report is accurate by undertaking a review process, it makes no representation or warranty as to the accuracy or completeness of any information or statement in this Investor Report. In particular, information and statements in this Investor Report do not constitute investment advice or a recommendation on any matter, and should not be relied upon. Past performance is not a reliable indicator of future performance.

AMP also provides statutory reporting prescribed under the *Corporations Act 2001*. Those accounts will be available from AMP's website [amp.com.au](http://amp.com.au).

## Business overview

### Overview of the AMP group

AMP is a leading wealth management company in Australia and New Zealand.

The AMP group's business is divided into three areas:

- AMP Australia (wealth management and bank)
- AMP Capital, and
- New Zealand wealth management.

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

### AMP Australia

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

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

#### *Australian wealth management (AWM)*

Wealth management provides financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit linked superannuation, retirement income and managed investment products.

#### *AMP Bank*

AMP Bank offers residential mortgages, deposits and transactional banking. The Bank continues to focus on growth through investing in technology to streamline the origination process, improving the experience for both customers and intermediaries.

As at 1H 21, Australian wealth management managed AUM of A\$131.2b, paid out A\$1.0b in retirement payments, and AMP Bank helped around 116,400 clients with their banking needs and provided over 4,500 new home loans.

### AMP Capital

On 23 April 2021, following the conclusion of AMP's portfolio review, AMP announced the intention to demerge AMP Capital's Private Markets business, consisting of infrastructure equity, infrastructure debt and real estate. The demerger will create two more focused businesses in AMP Limited and Private Markets, better equipped to pursue and allocate capital to distinct growth opportunities and realise efficiencies.

As part of the demerger preparations, on 8 July 2021, AMP announced the sale of its global equities and fixed income business (GEFI), which is expected to complete by Q1 22.

The remaining AMP Capital public markets business, the Multi-Asset Group, which is responsible for asset allocation on behalf of AMP's superannuation clients, will transition over to AMP Australia prior to demerger, creating an end-to-end superannuation and investment platform business.

### New Zealand wealth management

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

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

### Strategic partnerships

AMP group and business units hold a number of strategic partnerships including:

- 19.13% equity interest in Resolution Life Australasia
- 19.99% of China Life Pension Company (CLPC)
- 14.97% of China Life AMP Asset Management Company Limited (CLAMP), and
- 24.90% in US real estate investment manager, PCCP.

# 1H 21 performance summary

## Key performance measures

- 1H 21 NPAT (underlying) of A\$181m increased 57% from A\$115m in 1H 20. This increase largely reflects the impact of stronger AMP Bank earnings (+76%), stronger investment income from Group Office, including contributions from CLPC and Resolution Life Australasia, partly offset by lower AMP Capital earnings (-19%) and Australian wealth management earnings (-17%).
- Australian wealth management NPAT of A\$48m declined 17% from 1H 20 primarily due to impairments to the carrying value of equity investments in Advice, lower revenue predominantly from the impact of legislative and pricing changes, partly offset by lower variable and controllable costs from cost reduction initiatives.
- Australian wealth management net cash outflows were A\$2.7b in 1H 21, compared to net cash outflows of A\$4.0b in 1H 20. The improvement in net cash outflows was largely attributable to one-off impacts on 1H 20, including the A\$1.3b loss of corporate mandates and A\$0.9b outflows as part of early release of super (ERS) payments.
- AMP Bank NPAT of A\$88m increased by A\$38m (76%) from 1H 20 largely due to a A\$12m release of credit loss provisions as a result of the improved macro-economic outlook since the impact of COVID-19 in 1H 20, a return to more stable funding conditions and a reduction in excess liquidity. Net interest income increased A\$8m (4%) with the total loan book A\$45m (0.2%) higher than 1H 20.
- AMP Bank's residential loan book grew A\$431m (4.3% annualised growth) from FY 20 in a highly competitive lending environment. In 2H 21, AMP Bank will leverage the strong momentum in 1H 21, with the applications pipeline increasing by more than 40% between January and June 2021. Total deposits at 1H 21 were broadly stable, increasing by A\$10m (0.1%) from FY 20, in line with the Bank's strategy to optimise funding mix.
- AMP Capital NPAT of A\$61m was down 19% from A\$75m in 1H 20 due to a one-off recognition of A\$20m of performance fee revenue in 1H 20 not repeated in 1H 21 and lower performance and transaction fees reflecting earnings variability as the business transitions to closed-end funds.
- AMP Capital external net cashflows were A\$6.7b, with A\$3.7b of net cash outflows across real estate largely attributable to the exit of the AMP Capital Diversified Property Fund (ADPF) and A\$2.9b net cash outflows across public markets.
- New Zealand wealth management NPAT of A\$20m increased A\$2m (1H 20 A\$18m) from stronger investment markets and cost discipline offsetting the impact from compression associated with product repricing.
- Investment income in 1H 21 of A\$57m reflects an increase of A\$48m on 1H 20, driven by improved returns on the group's cash investments, growth in CLPC earnings, including receipt of AMP's first cash dividend, and the contribution from Resolution Life Australasia.
- Underlying return on equity was 8.3% in 1H 21.

## Revenue drivers

- Total AUM and administration of A\$256b<sup>1</sup> in 1H 21 increased by A\$1b (0.4%) from FY 20 as positive market returns outweighed negative net cashflows.
- Australian wealth management AUM increased 6% to A\$131.2b in 1H 21 from FY 20. 1H 21 AUM based revenue of A\$447m decreased 5% from A\$470m in 1H 20 due to the cessation of grandfathered remuneration, Successor Fund Transfer (SFT) migration and pricing changes.
- AMP Bank's total revenue increased 3% for the period. The net interest margin increased 8 bps from 1H 20 to 1.71%.
- AMP Capital AUM decreased A\$2.2b (1%) to A\$187.6b in 1H 21 from FY 20. Fee income decreased 16% to A\$327m in 1H 21 primarily due to lower AUM and lower performance and transaction fees.

## Cost drivers

- AMP's controllable costs, excluding AMP Capital, of A\$387m were 6% lower than 1H 20 due to cost out benefits partly offset by structural cost increases, variable remuneration and reinvestment spend.
- AMP group cost to income ratio was 71.2% in 1H 21, down from 73.5% in 1H 20.
- Total controllable costs to average AUM has increased by 1 bp in 1H 21 to 51 bps, also driven by lower revenues.
- Australian wealth management controllable costs decreased by A\$13m (5%) from 1H 20 to A\$233m.
- AMP Bank cost to income ratio was 31.7%, down from 33.1% in 1H 20, due to higher revenues.
- AMP Capital cost to income ratio increased 6.8 percentage points from 1H 20 to 75.2% in 1H 21 due to lower revenue. Controllable costs decreased by A\$2m to A\$252m in 1H 21.

## Capital position

- 1H 21 total eligible capital resources were A\$452 million above target requirements, down from A\$521m at 31 December 2020.
- The announced on-market share buy-back of up to A\$200m is now complete, concluding on 30 June 2021, with the deployment of A\$196m of capital to repurchase and cancel 170.5m<sup>2</sup> shares.
- The board has resolved not to declare an interim 2021 dividend. The board continues to maintain a conservative approach to capital management to support the transformation of the business. The capital management strategy and payment of dividends will be reviewed following the completion of the demerger in 1H 22.

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

2 170,493,388 shares.

## Financial summary

<b>Profit and loss (A\$m)</b>	<b>1H 21</b>	<b>1H 20</b>	<b>2H 20</b>	<b>FY 20</b>	<b>% 1H 21/ 1H 20</b>
Revenue					
AUM based revenue	<b>781</b>	814	772	1,586	(4.1)
Non-AUM based revenue	<b>44</b>	62	34	96	(29.0)
Performance and transaction fees	<b>8</b>	38	13	51	(78.9)
Net interest income	<b>204</b>	196	195	391	4.1
Other revenue <sup>1</sup>	<b>70</b>	93	114	207	(24.7)
<b>Total revenue</b>	<b>1,107</b>	1,203	1,128	2,331	(8.0)
Variable costs					
Investment management expense	<b>(154)</b>	(159)	(150)	(309)	3.1
Marketing and distribution	<b>(10)</b>	(11)	(10)	(21)	9.1
Brokerage and commissions	<b>(34)</b>	(34)	(35)	(69)	-
Loan impairment expense	<b>13</b>	(35)	4	(31)	n/a
Other <sup>2</sup>	<b>(69)</b>	(94)	(77)	(171)	26.6
Total variable costs	<b>(254)</b>	(333)	(268)	(601)	23.7
<b>Gross profit</b>	<b>853</b>	870	860	1,730	(2.0)
Controllable costs					
Employee costs	<b>(370)</b>	(371)	(370)	(741)	0.3
Technology	<b>(74)</b>	(76)	(81)	(157)	2.6
Regulatory, insurance and professional services	<b>(62)</b>	(69)	(80)	(149)	10.1
Project costs	<b>(78)</b>	(82)	(97)	(179)	4.9
Property costs	<b>(31)</b>	(40)	(40)	(80)	22.5
Other operating expenses <sup>3</sup>	<b>(24)</b>	(26)	(27)	(53)	7.7
Total controllable costs	<b>(639)</b>	(664)	(695)	(1,359)	3.8
<b>EBIT</b>	<b>214</b>	206	165	371	3.9
Interest expense <sup>4</sup>	<b>(35)</b>	(46)	(39)	(85)	23.9
Investment income <sup>5</sup>	<b>57</b>	9	21	30	n/a
Tax expense	<b>(55)</b>	(41)	(26)	(67)	(34.1)
Minority interests MUTB (post-tax) <sup>6</sup>	<b>-</b>	(13)	(3)	(16)	n/a
<b>NPAT (underlying)<sup>5</sup></b>	<b>181</b>	115	118	233	57.4
Australian wealth management	<b>48</b>	58	45	103	(17.2)
AMP Bank	<b>88</b>	50	69	119	76.0
AMP Capital	<b>61</b>	75	58	133	(18.7)
New Zealand wealth management	<b>20</b>	18	18	36	11.1
Group Office <sup>7</sup>	<b>(36)</b>	(86)	(72)	(158)	58.1
<b>NPAT (underlying) by business unit</b>	<b>181</b>	115	118	233	57.4
Items reported below NPAT <sup>8</sup>	<b>(35)</b>	(41)	(144)	(185)	14.6
AMP Life earnings <sup>9</sup>	<b>-</b>	129	-	129	n/a
<b>NPAT (statutory)</b>	<b>146</b>	203	(26)	177	(28.1)

1 Includes seed and sponsor income, SuperConcepts, Advice and other revenues.

2 Includes payment of commissions, employed planner expenses and other variable selling costs.

3 Includes travel, marketing, printing, administration and other related costs.

4 Includes interest expense on corporate debt and seed and sponsor financing costs.

5 Includes equity accounted share of profits from investments in associates and investment income returns on Group Office investible capital. From FY 21, investment income is shown on an actual basis, with the removal of the market adjustment methodology. 1H 20, 2H 20 and FY 20 have been restated on this basis. Prior period ratios and metrics impacted as a result have not been restated.

6 The AMP Capital business unit results and any other impacted line items are shown net of minority interests. AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.

7 Includes Group Office costs, investment income and interest expense on corporate debt.

8 NPAT (underlying). Refer to page 22 for details.

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

## Financial summary cont'd

	1H 21	1H 20	2H 20	FY 20
<b>Earnings</b>				
EPS – underlying (cps) <sup>1</sup>	5.3	4.3	4.2	8.6
EPS – actual (cps) <sup>2</sup>	4.3	5.9	(0.8)	5.2
RoE – underlying	8.3%	6.0%	6.6%	6.3%
RoE – actual <sup>2</sup>	6.7%	8.2%	-1.2%	3.8%
<b>Dividend<sup>3</sup></b>				
Special dividend per share (cps)	-	10.0	-	10.0
Franking rate <sup>4</sup>	-	100%	-	100%
Ordinary shares on issue (m) <sup>1,5</sup>	3,266	3,437	3,437	3,437
Weighted average number of shares on issue (m)				
– basic <sup>1</sup>	3,411	3,437	3,437	3,437
– fully diluted <sup>1</sup>	3,460	3,493	3,493	3,493
– statutory	3,409	3,421	3,434	3,428
Share price for the period (A\$)				
– low	1.07	1.11	1.28	1.11
– high	1.62	2.08	1.89	2.08
Market capitalisation – end period (A\$m)	3,674	6,392	5,361	5,361
<b>Capital and corporate debt</b>				
AMP shareholder equity (A\$m)	4,202	5,007	4,283	4,283
Corporate debt (excluding AMP Bank debt) (A\$m)	2,130	2,130	2,130	2,130
Corporate gearing	26%	23%	26%	26%
Interest cover – underlying (times)	7.0	6.3	6.1	6.1
Interest cover – actual (times) <sup>2</sup>	3.4	1.4	4.1	4.1
<b>Margins</b>				
Australian wealth management AUM based revenue to average AUM (bps)	71	75	71	73
AMP Capital management fees to average AUM (bps)	34.4	35.5	32.6	34.1
AMP Bank net interest margin (over average interest earning assets)	1.71%	1.63%	1.55%	1.59%
<b>Cashflows and AUM</b>				
Australian wealth management net cashflows (A\$m)	(2,702)	(4,361)	(3,945)	(8,306)
Australian wealth management AUM (A\$b) <sup>6</sup>	131.2	121.0	124.1	124.1
AMP Capital real asset net cashflows (A\$m)	(3,803)	2,083	599	2,682
AMP Capital public markets net cashflows (A\$m)	(5,628)	(5,986)	(8,526)	(14,512)
AMP Capital net cashflows (A\$m) <sup>7</sup>	(9,431)	(3,903)	(7,927)	(11,830)
AMP Capital AUM (A\$b) <sup>8</sup>	188	190	190	190
Non-AMP Capital managed AUM (A\$b) <sup>9</sup>	68	63	65	65
Total AUM and administration (A\$b) <sup>9</sup>	256	253	255	255
<b>Controllable costs (pre-tax) and cost ratios</b>				
Total controllable costs (A\$m)	639	664	695	1,359
Cost to income ratio <sup>10</sup>	71.2%	73.5%	77.5%	75.5%
Controllable costs to average AUM (bps)	51	50	54	52

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

2 2020 includes AMP Life.

3 No ordinary dividends were declared for the 1H 21 or FY 20 periods.

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

5 170,493,388 shares were repurchased and subsequently cancelled in 1H 21 as part of the announced on-market share buy-back of up to A\$200m.

6 Excludes SuperConcepts assets under administration.

7 1H 21 includes A\$4.2b of cash outflows related to the transition of ADPF to Dexus.

8 1H 21 includes AMP Capital's 24.90% share of PCCP.

9 Includes investments held in cash, directly in equities or with external fund managers and SuperConcepts AUA.

10 1H 21 includes a change to cost to income methodology for the Group, with the exclusion of loan impairment expense (consistent with Bank disclosure) and the inclusion of pre-tax investment income. Additionally, investment income is now reported on an actual basis, with the removal of the market adjustment methodology. Prior periods have not been restated.

## AMP Australia | Australian wealth management

Profit and loss (A\$m)	1H 21	1H 20	2H 20	FY 20	% 1H 21/ 1H 20
AUM based revenue <sup>1</sup>	447	470	437	907	(4.9)
Advice revenue	23	63	52	115	(63.5)
Other revenue <sup>2</sup>	18	20	20	40	(10.0)
<b>Total revenue</b>	<b>488</b>	<b>553</b>	<b>509</b>	<b>1,062</b>	<b>(11.8)</b>
Variable costs					
Investment management expense	(139)	(145)	(136)	(281)	4.1
Other <sup>3</sup>	(53)	(78)	(60)	(138)	32.1
Total variable costs	(192)	(223)	(196)	(419)	13.9
<b>Gross profit</b>	<b>296</b>	<b>330</b>	<b>313</b>	<b>643</b>	<b>(10.3)</b>
Controllable costs					
Employee costs	(107)	(114)	(105)	(219)	6.1
Technology	(44)	(47)	(46)	(93)	6.4
Regulatory, insurance and professional services	(19)	(13)	(19)	(32)	(46.2)
Project costs	(43)	(48)	(54)	(102)	10.4
Property costs	(11)	(15)	(14)	(29)	26.7
Other operating expenses	(9)	(9)	(11)	(20)	-
Total controllable costs	(233)	(246)	(249)	(495)	5.3
<b>EBIT</b>	<b>63</b>	<b>84</b>	<b>64</b>	<b>148</b>	<b>(25.0)</b>
Investment income <sup>4</sup>	5	(1)	(1)	(2)	n/a
Tax expense	(20)	(25)	(18)	(43)	20.0
<b>NPAT<sup>4</sup></b>	<b>48</b>	<b>58</b>	<b>45</b>	<b>103</b>	<b>(17.2)</b>
<b>Ratios and other data</b>					
AUM (A\$b) <sup>5</sup>	131.2	121.0	124.1	124.1	8.4
Net cashflows (A\$b) <sup>6</sup>	(2.7)	(4.4)	(3.9)	(8.3)	38.6
Market and other movements (A\$b)	9.8	(9.1)	7.0	(2.1)	n/a
Average AUM (A\$b) <sup>5,7</sup>	126.5	125.6	122.6	124.1	0.7
Total AUM and administration (A\$b) <sup>8</sup>	148.6	138.5	141.5	141.5	7.3
AUM based revenue to average AUM (bps) <sup>1,5,7,9</sup>	71	75	71	73	n/a
Investment management expense to average AUM (bps) <sup>5,7,9</sup>	22	23	22	23	n/a
Controllable costs to average AUM (bps) <sup>5,7,9</sup>	37	39	40	40	n/a
EBIT to average AUM (bps) <sup>5,7,9</sup>	10	13	10	12	n/a
NPAT to average AUM (bps) <sup>5,7,9</sup>	8	10	8	9	n/a
End period tangible capital resources (A\$m) <sup>10</sup>	960	607	778	778	58.2
RoBUE <sup>10</sup>	12.4%	15.8%	12.1%	14.3%	n/a
Cost to income ratio	77.4%	73.4%	79.0%	76.0%	n/a

1 AUM based revenue refers to administration and investment revenue on superannuation, retirement income and investment products.

2 Includes gross SuperConcepts revenues and investment income on assets supporting the Operational Risk Financial Reserve.

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

4 From 1H 21, investment income is shown on an actual basis, with the removal of the market adjustment methodology. 1H 20, 2H 20 and FY 20 have been restated on this basis. Prior period ratios and metrics impacted as a result have not been restated. Investment income includes North Guarantee hedging program gains/losses and timing impacts previously reflected in market adjustment.

5 Excludes Advice and SuperConcepts AUA.

6 Prior periods cashflows have not been restated to exclude products no longer reported from November 2020, following legislative changes to grandfathered conflicted remuneration, with Australian wealth management no longer earning fees on these products.

7 Based on average of monthly average AUM.

8 Includes AUM and SuperConcepts AUA.

9 Ratio based on 181 days in 1H 21, 182 days in 1H 20 and 184 days in 2H 20.

10 End period tangible capital resources is total shareholder equity (A\$1,129m) less goodwill and other intangibles (A\$169m) as shown on page 24.



## AMP Australia | Australian wealth management cont'd

### Net profit after tax

NPAT fell from A\$58m in 1H 20 to A\$48m in 1H 21. The decline in NPAT was driven by impairments to the carrying value of Advice assets, lower revenue predominantly from the impact of the cessation of grandfathered remuneration, SFT migration and pricing changes, partly offset by lower variable and controllable costs from cost reduction initiatives.

### AUM based revenue

AUM based revenue of A\$447m was A\$23m lower than 1H 20 driven by:

- cessation of grandfathered remuneration (A\$13m)
- SFT migration and pricing changes (A\$10m).

### Advice revenue

Advice revenue of A\$23m was A\$40m lower than 1H 20 driven by:

- impairments to the carrying value of practice investments (A\$18m)
- lower aligned (A\$11m) and employed (A\$3m) revenue contributions from the cessation of grandfathered remuneration
- decline in client numbers in the employed business (A\$5m)
- reshape of the aligned network (A\$3m).

### Other revenue

Other revenue of A\$18m was A\$2m lower than 1H 20. This primarily consisted of SuperConcepts revenue of A\$17m, down A\$1m from 1H 20 driven by fund attrition and A\$1m lower investment income on superannuation capital reserves.

### Variable costs

- Investment management expenses were A\$6m lower than 1H 20 driven by continued mix changes from super to platforms.
- Other variable costs fell A\$25m to A\$53m driven by the phasing out of advice support payments to aligned practices, savings from operating model changes and lower employed planner expenses.

### Controllable costs

Controllable costs of A\$233m are A\$13m lower than 1H 20 driven primarily by:

- A\$19m lower employee costs from cost out activity offset by A\$12m from reset in variable remuneration
- A\$12m in lower project spend, property costs and technology costs, partly offset by;
- A\$6m higher professional fees from resources supporting Advice reshape activity.

### Investment income

Investment income of A\$5m in 1H 21 is A\$6m higher than 1H 20 driven by favourable market conditions impacting the North Guarantee.

### Assets under management

Australian wealth management AUM of A\$131.2b at 1H 21 was A\$7.1b higher than FY 20 (6%), driven by A\$9.8b from strong investment market returns offset by A\$2.7b of negative net cashflows.

A\$3.1b of AUM at 1H 20 is no longer reported in Australian wealth management from November 2020, including Flexible Lifetime – Investments and external platform products. This is a result of legislative changes to grandfathered conflicted remuneration with Australian wealth management no longer earning fees on these products.

### Cashflow overview

Australian wealth management net cash outflows were A\$2.7b in 1H 21, compared to net cash outflows of A\$4.0b in 1H 20. The improvement in net cash outflows was largely attributable to one-off impacts on 1H 20, primarily the A\$1.3b loss of corporate mandates and A\$0.9b outflows as part of early release of super (ERS) payments.

### AUM based revenue to AUM

AUM based revenue to AUM of 71 bps was in line with 2H 20 and down 4 bps from 75 bps in 1H 20, driven by SFT and pricing changes (2 bps) and the cessation of grandfathered remuneration (2 bps).

## AMP Australia | Australian wealth management cont'd

### Operational developments by division

#### Platforms

Platform AUM was up A\$4.8b (8%) in 1H 21 driven by stronger investment market returns, with continued growth in AMP's flagship North platform offsetting outflows from legacy and external platforms.

Notable improvements for clients on the North platform included:

- Launch of ESG & Zenith managed portfolios and six partnered managed portfolios (PMPs) for advice practices, growing AUM in managed portfolios to A\$2.3b in 1H 21.
- Introduced new platform pricing to counter strong competition, including competitor offers of preferential rate cards to financial advisers.
- Continued to invest in simplifying the advice process for our aligned and external advisers.

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

- AUM based revenue to AUM bps for platforms was 54 bps in 1H 21 down 2 bps from 56 bps in FY 20, driven by product mix changes from continued preference for lower margin MyNorth products (1 bp) and cessation of grandfathered remuneration (1 bp).
- AUM based revenue to AUM bps for North was 50 bps in 1H 21 down 2 bps from FY 20 due to product mix changes between MyNorth and North and cessation of grandfathered remuneration.

#### Super

The superannuation business is on a transformational pathway to simplify super and improve efficiency and member outcomes. Notable achievements in the period were:

- Strong investment performance for members in the 12 months to June 2021, with AMP's MySuper Lifestyle funds returning an average performance of over 20%<sup>1</sup>.
- Expansion of AMP's intra-fund advice offer to members including the launch of a retirement health check.
- Maintained SignatureSuper's top rating with external advisers, Chant West and Super Ratings.
- Investment in AMP's digital capability recognised with a top three nomination by Chant West for Member Services Fund of the Year.
- Launched a new podcast series – Simplifying Super – designed to help Australians build their knowledge of the superannuation system and take greater control of their retirement.

Super AUM was up A\$2.2b (4%) in 1H 21 driven by stronger investment market returns, offsetting the impact of net cash outflows.

AUM based revenue to AUM bps for Super of 91 bps in 1H 21 was down 2 bps from 93 bps in FY 20, driven by SFT impacts (2 bps).

The next phase of simplification of the Super portfolio is expected to complete in Q3 21, with product migrations into a contemporary offer driving a step change reduction in administration fees, expected to reduce AUM based revenue below 70 bps by FY 22. Future simplification beyond FY 21 will focus on investment structures and menus and are expected to lead to further reductions over time in AUM based revenue and investment management expenses.

#### Advice

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

- Strong progress on reshaping the network with a 39% reduction in practice numbers to 490 and a 27% reduction in adviser numbers to 1,356, with the program well advanced; moving toward a more compliant, professional and productive network.
- Accelerated transition of clients to Annual Advice and Service Agreements; approximately 95,000 clients transitioned in FY 20.
- Continued investment in the monitoring and supervision of advisers.
- Continued the rollout of ClientHUB to the advice network, improving adviser efficiency and practice management.
- Simplification of employed advice channel and cost reductions, reducing from 102 to 81 advisers.
- Re-focused employed advice channel offering full service advice and a range of offerings by phone. Launch of Intrafund advice to super fund members.

#### SuperConcepts

The business completed the consolidation and migration of its legacy technology platforms in 2H 20 resulting in greater efficiency and productivity.

The 1H 21 focus was centred around continuing to simplify and optimize the business in order to drive towards efficient customer focused operations.

Improvements in the operating model have led to delivery of a successful FY 20 lodgement program and improved service measured in higher NPS.

<sup>1</sup> Performance as at 30 June 2021. Investment option returns are calculated from changes in the unit price of the investment option and are after the deduction of fees, costs and superannuation fund earnings tax included in the unit price.

## AMP Australia | Australian wealth management cont'd

### 1H 21 cashflows

Cashflows by product (A\$m)	Cash inflows			Cash outflows			Net cashflows		
	1H 21	1H 20 <sup>1</sup>	% 1H/1H	1H 21	1H 20 <sup>1</sup>	% 1H/1H	1H 21	1H 20	% 1H/1H
North <sup>2</sup>	8,430	8,120	3.8	(7,060)	(6,081)	(16.1)	1,370	2,039	(32.8)
Summit, Generations and iAccess <sup>3</sup>	185	221	(16.3)	(929)	(1,149)	19.1	(744)	(928)	19.8
Other retail investment and platforms <sup>4</sup>	8	19	(57.9)	(150)	(96)	(56.3)	(142)	(77)	(84.4)
External platforms <sup>5</sup>	129	120	7.5	(728)	(562)	(29.5)	(599)	(442)	(35.5)
<b>Total Platforms</b>	<b>8,752</b>	<b>8,480</b>	<b>3.2</b>	<b>(8,867)</b>	<b>(7,888)</b>	<b>(12.4)</b>	<b>(115)</b>	<b>592</b>	<b>n/a</b>
AMP Flexible Super <sup>6</sup>	586	1,563	(62.5)	(1,827)	(1,941)	5.9	(1,241)	(378)	(228.3)
Flexible Lifetime Super (superannuation and pension) <sup>7</sup>	827	954	(13.3)	(1,544)	(2,168)	28.8	(717)	(1,214)	40.9
<b>Total retail superannuation</b>	<b>1,413</b>	<b>2,517</b>	<b>(43.9)</b>	<b>(3,371)</b>	<b>(4,109)</b>	<b>18.0</b>	<b>(1,958)</b>	<b>(1,592)</b>	<b>(23.0)</b>
SignatureSuper and AMP Flexible Super – Employer	1,239	1,388	(10.7)	(1,546)	(2,930)	47.2	(307)	(1,542)	80.1
Other corporate superannuation <sup>8</sup>	527	1,787	(70.5)	(849)	(3,288)	74.2	(322)	(1,501)	78.5
<b>Total corporate superannuation</b>	<b>1,766</b>	<b>3,175</b>	<b>(44.4)</b>	<b>(2,395)</b>	<b>(6,218)</b>	<b>61.5</b>	<b>(629)</b>	<b>(3,043)</b>	<b>79.3</b>
<b>Total Super</b>	<b>3,179</b>	<b>5,692</b>	<b>(44.1)</b>	<b>(5,766)</b>	<b>(10,327)</b>	<b>44.2</b>	<b>(2,587)</b>	<b>(4,635)</b>	<b>44.2</b>
<b>Total Australian wealth management</b>	<b>11,931</b>	<b>14,172</b>	<b>(15.8)</b>	<b>(14,633)</b>	<b>(18,215)</b>	<b>19.7</b>	<b>(2,702)</b>	<b>(4,043)</b>	<b>33.2</b>

### Australian wealth management cash inflow composition (A\$m)

Member contributions	2,270	1,721	31.9
Employer contributions	1,872	1,988	(5.8)
Total contributions	4,142	3,709	11.7
Transfers, rollovers in and other <sup>9</sup>	7,789	10,463	(25.6)
<b>Total Australian wealth management</b>	<b>11,931</b>	<b>14,172</b>	<b>(15.8)</b>

1 1H 20 cashflows restated to exclude products no longer reported from November 2020, following legislative changes to grandfathered conflicted remuneration, with Australian wealth management no longer earning fees on these products.

2 North is an award-winning fully functioning wrap platform which includes guaranteed and non-guaranteed options. Includes North and MyNorth platforms.

3 Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit.

4 Other retail investment and platforms includes AMP Personalised Portfolio.

5 External platforms comprise Asgard platform products issued by AMP.

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

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

8 Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super. Business Super was closed in May 2020 with members migrated to CustomSuper or AMP Flexible Super.

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

### Cashflow overview

Australian wealth management net cash outflows were A\$2.7b in 1H 21, compared to net cash outflows of A\$4.0b in 1H 20.

The improvement in net cash outflows was largely attributable to one-off impacts on 1H 20, namely the A\$1.3b loss of corporate mandates and A\$0.9b outflows as part of ERS payments.

Pension payments to members of A\$1.0b in 1H 21 were down A\$0.2b from 1H 20 driven by legislated changes in minimum drawdown amounts.

Internal inflows across wealth management products were A\$6.5b in 1H 21 (A\$8.5b in 1H 20), representing 54% (61% in 1H 20) of total wealth management cash inflows. The decrease was driven by the transfer of A\$2.0b to CustomSuper and AMP Flexible Super in respect of the employer and personal divisions of Business Super, closed as part of the AMP Life sale in 1H 20.

### Platforms

Platforms experienced net cash outflows of A\$115m in 1H 21, down from A\$592m of net cash inflows in 1H 20.

North net cashflows of A\$1.4b were down A\$0.7b (33%) on 1H 20. Externally sourced inflows increased A\$0.3b (10%) whilst external outflows increased A\$0.8b (30%), reflecting a more competitive environment. Pension payments of A\$0.6b were down from A\$0.7b in 1H 20 driven by changes in minimum drawdown limits.

Net inflows to Platforms from Super were A\$1.0b (1H 20 A\$1.0b).

### Super

Retail superannuation net cash outflows of A\$2.0b in 1H 21 were A\$0.4b higher than 1H 20. 1H 20 benefited from a one-off transfer of A\$0.9b in respect of personal division members to AMP Flexible Super from the closure of Business Super, partly offset by A\$0.4b of ERS payments. Pension payments of A\$0.2b were A\$0.1b lower than 1H 20.

## AMP Australia | Australian wealth management cont'd

Corporate superannuation net cash outflows of A\$0.6b in 1H 21 were down from A\$3.0b in 1H 20. 1H 20 was impacted by the A\$1.3b loss of corporate mandates, the transfer of A\$0.9b to AMP Flexible Super on closure of Business Super and A\$0.4b outflows as part of ERS.

SignatureSuper and AMP Flexible Super – Employer showed improved net cash outflows of A\$0.3b, compared with net cash outflows of A\$1.5b in 1H 20, with only one lost corporate super

mandate in 1H 21 of A\$0.1b. 1H 20 was impacted by A\$1.3b of mandate losses and A\$0.2b outflows as part of ERS.

Other corporate superannuation experienced net cash outflows of A\$0.3b in 1H 21, improving A\$1.2b from 1H 20. 1H 20 was impacted by the transfer of A\$0.9b to AMP Flexible Super on closure of Business Super and A\$0.2b outflows as part of ERS.

### 1H 21 AUM

AUM (A\$m)	1H 21 net cashflows					Total net cashflows	Other movements <sup>1</sup>	1H 21 AUM	1H 21 average AUM	1H 21 revenue margin <sup>2</sup>	FY 20 revenue margin <sup>2</sup>
	FY 20 AUM	Super-annuation	Pension payments	Other pension	Investment						
North	51,633	714	(643)	925	374	1,370	3,962	56,965	53,759	50	52
Summit, Generations and iAccess	7,043	(254)	(73)	(279)	(138)	(744)	617	6,916	6,935	84	78
Other retail investment and platforms	719	-	-	-	(142)	(142)	71	648	692	n/a	n/a
External platforms	3,775	(71)	(33)	(95)	(400)	(599)	302	3,478	3,618	n/a	n/a
<b>Total Platforms<sup>3</sup></b>	<b>63,170</b>	<b>389</b>	<b>(749)</b>	<b>551</b>	<b>(306)</b>	<b>(115)</b>	<b>4,952</b>	<b>68,007</b>	<b>65,004</b>	<b>54</b>	<b>56</b>
AMP Flexible Super <sup>4</sup>	12,952	(472)	(160)	(609)	-	(1,241)	1,054	12,765	12,757	92	95
Flexible Lifetime Super (superannuation and pension) <sup>5</sup>	19,877	(492)	(53)	(172)	-	(717)	1,719	20,879	20,172	116	118
<b>Total retail superannuation</b>	<b>32,829</b>	<b>(964)</b>	<b>(213)</b>	<b>(781)</b>	<b>-</b>	<b>(1,958)</b>	<b>2,773</b>	<b>33,644</b>	<b>32,929</b>	<b>106</b>	<b>108</b>
SignatureSuper and AMP Flexible Super – Employer <sup>6</sup>	17,846	(294)	(16)	3	-	(307)	1,357	18,896	18,196	59	60
Other corporate superannuation <sup>7</sup>	10,276	(322)	-	-	-	(322)	724	10,678	10,381	91	93
<b>Total corporate superannuation</b>	<b>28,122</b>	<b>(616)</b>	<b>(16)</b>	<b>3</b>	<b>-</b>	<b>(629)</b>	<b>2,081</b>	<b>29,574</b>	<b>28,577</b>	<b>71</b>	<b>73</b>
<b>Total Super</b>	<b>60,951</b>	<b>(1,580)</b>	<b>(229)</b>	<b>(778)</b>	<b>-</b>	<b>(2,587)</b>	<b>4,854</b>	<b>63,218</b>	<b>61,506</b>	<b>91</b>	<b>93</b>
<b>Total Australian wealth management</b>	<b>124,121</b>	<b>(1,191)</b>	<b>(978)</b>	<b>(227)</b>	<b>(306)</b>	<b>(2,702)</b>	<b>9,806</b>	<b>131,225</b>	<b>126,510</b>	<b>71</b>	<b>73</b>
Assets under administration – SuperConcepts <sup>8</sup>	17,361						30	17,391			
<b>Total AUM and administration</b>	<b>141,482</b>	<b>(1,191)</b>	<b>(978)</b>	<b>(227)</b>	<b>(306)</b>	<b>(2,702)</b>	<b>9,836</b>	<b>148,616</b>			

### Australian wealth management – AUM by asset class

Cash and fixed interest	30%	28%
Australian equities	30%	31%
International equities	29%	30%
Property	6%	6%
Other	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

1 Other movements include fees, investment returns, distributions, taxes and foreign exchange movements.

2 AUM based revenue margin.

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

4 AMP Flexible Super includes A\$1.0b in MySuper (FY 20 A\$0.9b).

5 Flexible Lifetime Super (superannuation and pension) includes A\$5.8b in MySuper (FY 20 A\$5.3b).

6 SignatureSuper and AMP Flexible Super – Employer includes A\$10.4b in MySuper (FY 20 A\$9.6b). A\$1.5b of average AUM relating to Flexible Super – Employer is attributable to AMP Flexible Super for revenue margin calculation.

7 Other corporate superannuation includes A\$5.7b in MySuper (FY 20 A\$5.3b).

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

## AMP Australia | Australian wealth management cont'd

### Total Australian wealth management AUM

Australian wealth management AUM of A\$131.2b at 1H 21 was A\$7.1b higher than FY 20 (6%), driven by A\$9.8b from strong investment market returns partly offset by A\$2.7b of net cash outflows.

Of the total Australian wealth management AUM of A\$131.2b at 1H 21, 79% (77% at FY 20) is ultimately externally managed, while 21% (23% at FY 20) is internally managed.

### Platforms

Total Platform AUM of A\$68.0b at 1H 21 was A\$4.8b higher than FY 20 driven by stronger investment market returns, with continued growth in AMP's flagship North platform offsetting outflows from legacy and external platforms as well as A\$0.7b in regular pension payments.

Within Platforms, North growth continued, with AUM increasing A\$5.3b to A\$57.0b, driven by stronger investment market returns and net cash inflows of A\$1.4b, including A\$510m of inflows from external financial advisers (A\$691m at 1H 20).

### Super

Total Super AUM of A\$63.2b at 1H 21 was A\$2.3b higher than FY 20 reflecting stronger investment market returns offset by net cash outflows of A\$2.6b including A\$0.2b of regular pension payments and A\$1.0b net transfers to Platform. Ongoing retention activities in corporate super have resulted in a significant reduction in mandate losses in 1H 21, with this trend expected to continue for FY 21.

### SuperConcepts

Across administration and software services, SuperConcepts supports 43,864 funds representing 7.3% of the SMSF market.<sup>1</sup> AMP currently provides professional administration services to 15,551 funds and software as a service to a further 28,313 funds.

Total assets under administration in 1H 21 were A\$17.4b.

<sup>1</sup> Self-managed Super Fund Quarterly Statistical Report, Australian Taxation Office, March 2021.

**AMP Australia** | AMP Bank

<b>Profit and loss (A\$m)</b>	<b>1H 21</b>	<b>1H 20</b>	<b>2H 20</b>	<b>FY 20</b>	<b>% 1H 21/ 1H 20</b>
Interest income	<b>342</b>	397	371	768	(13.9)
Interest expense	<b>(138)</b>	(201)	(176)	(377)	31.3
<b>Net interest income</b>	<b>204</b>	196	195	391	4.1
Fee and other income <sup>1</sup>	<b>5</b>	7	3	10	(28.6)
<b>Total revenue</b>	<b>209</b>	203	198	401	3.0
Variable costs					
Brokerage and commissions	<b>(30)</b>	(29)	(30)	(59)	(3.4)
Loan impairment expense	<b>13</b>	(35)	4	(31)	n/a
Other	<b>(13)</b>	(14)	(14)	(28)	7.1
Total variable costs	<b>(30)</b>	(78)	(40)	(118)	61.5
<b>Gross profit</b>	<b>179</b>	125	158	283	43.2
Controllable costs					
Employee costs	<b>(27)</b>	(27)	(29)	(56)	-
Technology	<b>(8)</b>	(7)	(8)	(15)	(14.3)
Regulatory, insurance and professional services	<b>(1)</b>	(1)	(3)	(4)	-
Project costs	<b>(13)</b>	(12)	(15)	(27)	(8.3)
Property costs	<b>(1)</b>	(1)	(2)	(3)	-
Other operating expenses	<b>(3)</b>	(5)	(3)	(8)	40.0
Total controllable costs	<b>(53)</b>	(53)	(60)	(113)	-
<b>EBIT</b>	<b>126</b>	72	98	170	75.0
Tax expense	<b>(38)</b>	(22)	(29)	(51)	(72.7)
<b>NPAT</b>	<b>88</b>	50	69	119	76.0
<b>Ratios and other data</b>					
Return on capital <sup>2</sup>	<b>15.8%</b>	9.1%	12.7%	10.9%	n/a
Total capital resources (A\$m) <sup>3</sup>	<b>1,065</b>	991	1,062	1,062	7.5
Risk weighted assets (A\$m)	<b>8,318</b>	8,605	8,380	8,380	(3.3)
Capital Adequacy Ratio	<b>17.9%</b>	15.7%	18.2%	18.2%	n/a
Common Equity Tier 1 capital ratio	<b>11.6%</b>	10.5%	11.8%	11.8%	n/a
Net interest margin (over average interest earning assets)	<b>1.71%</b>	1.63%	1.55%	1.59%	n/a
Total loans (A\$m)	<b>20,974</b>	20,929	20,579	20,579	0.2
Residential mortgages (A\$m)	<b>20,619</b>	20,496	20,188	20,188	0.6
Practice finance loans to AMP aligned advisers (A\$m)	<b>355</b>	433	391	391	(18.0)
Mortgages – owner occupied as a proportion of total	<b>69%</b>	68%	68%	68%	n/a
Mortgages – interest only as a proportion of total	<b>17%</b>	22%	20%	20%	n/a
Mortgages – existing business weighted average loan to value ratio (LVR)	<b>67%</b>	67%	67%	67%	n/a
Total deposits (A\$m)	<b>16,120</b>	16,989	16,110	16,110	(5.1)
Deposit to loan ratio	<b>77%</b>	81%	78%	78%	n/a
Mortgages – 30+ days in arrears	<b>1.14%</b>	1.17%	1.15%	1.15%	n/a
Mortgages – 90+ days in arrears	<b>0.72%</b>	0.78%	0.62%	0.62%	n/a
Mortgage impairment expense to average mortgages	<b>-0.12%</b>	0.34%	-0.04%	0.15%	n/a
Total provisions for impairment losses (A\$m) <sup>4</sup>	<b>42</b>	61	56	56	(31.1)
Total mortgage provisions to mortgages	<b>0.20%</b>	0.30%	0.28%	0.28%	n/a
Cost to income ratio	<b>31.7%</b>	33.1%	38.9%	35.9%	n/a

1 Fee and other income mainly comprises mortgage origination, servicing and discharge fees as well as foreign exchange losses and profit on sale of invested assets.

2 Return on capital for the period was positively impacted by COVID-19 related provision release. Excluding this, return on capital was 14.1%. Excluding COVID-19 related credit loss provision in 1H 20, return on capital was 13.8%.

3 Total capital resources of A\$1,065m excludes A\$33m of equity reserve accounts which are included in the calculation of total shareholders equity as shown on page 24.

4 Total provisions for impairment losses excludes A\$90m relating to Practice Finance Loans (1H 20 A\$106m, FY 20 A\$98m).

## AMP Australia | AMP Bank cont'd

AMP Bank funding composition (A\$b)	1H 21		FY 20		1H 20	
Total deposits	16.1	66%	16.1	67%	17.0	68%
Securitisation	4.6	19%	4.3	18%	4.5	18%
Wholesale funding <sup>1</sup>	2.1	9%	2.1	8%	2.1	8%
Subordinated debt	0.3	1%	0.3	1%	0.3	1%
Equity and reserves	1.3	5%	1.4	6%	1.2	5%
<b>Total funding</b>	<b>24.4</b>	<b>100%</b>	<b>24.2</b>	<b>100%</b>	<b>25.1</b>	<b>100%</b>

Deposits by source (A\$b)	1H 21	FY 20	1H 20	% 1H 21/ 1H 20
Customer deposits				
At call deposits	7.5	6.9	6.6	13.6
Term deposits	1.9	2.5	3.4	(44.1)
Platforms	3.9	4.2	4.2	(7.1)
Super	2.2	2.4	2.7	(18.5)
Other	0.6	0.1	0.1	500.0
<b>Total deposits</b>	<b>16.1</b>	<b>16.1</b>	<b>17.0</b>	<b>(5.3)</b>

1 Wholesale funding includes A\$1,034m of borrowings under AMP Bank's Term Funding Facility provided by the Reserve Bank of Australia (FY 20 A\$618m).

### Net profit after tax

1H 21 net profit after tax of A\$88m increased by A\$38m (76%) from 1H 20 largely due to a A\$12m release of credit loss provisions as a result of the improved macro-economic outlook since the impact of COVID-19 in 1H 20, a return to more stable funding conditions and a reduction in excess liquidity. Net interest income increased A\$8m (4%) with the total loan book A\$45m (0.2%) higher than 1H 20.

Net interest margin was 1.71% in 1H 21, 8 bps higher than 1H 20 driven by lower funding and deposit costs. The competitive lending environment is expected to place pressure on revenue margins in 2H 21 although this is expected to be partly offset by lower deposit and other funding costs.

AMP Bank's return on capital in 1H 21 was 15.8%, an increase of 6.7 percentage points from 1H 20, as a result of the higher profit.

### Lending

AMP Bank continues to focus on growth by enhancing its service and price propositions in 1H 21. In particular, the Bank is benefiting from and continuing to invest in technology to streamline the origination process, improving the experience for both customers and brokers.

As a result, the residential loan book grew A\$431m (4.3% annualised growth) from FY 20 in a highly competitive lending environment. In 2H 21, AMP Bank will leverage the strong momentum in 1H 21, with the applications pipeline increasing by more than 40% between January and June 2021.

Residential mortgage competition, particularly in the owner-occupied principal and interest market continues to intensify. Within this environment, AMP Bank's residential mortgage book increased to A\$20.6b, with growth in owner-occupied principal and interest loans. Interest only lending represents 17% of the total

book, down from 20% at FY 20, the result of active management in response to the dynamic market environment.

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

The practice finance loan portfolio declined from A\$391m at FY 20 to A\$355m at 1H 21 with loan repayments and discharges exceeding new loans, in line with the reshape of the advice network. This portfolio is expected to continue to decline as new business origination is minimal.

### Credit quality, credit loss provisions and loan impairment expenses

The Bank's mortgage credit provisioning decreased by A\$14m from FY 20 primarily due to the partial release (A\$12m) of the COVID-19 provision booked in 1H 20. At 1H 21, A\$16m (48%) of this provision had been released, reflecting an improved macro-economic outlook.

Mortgages in arrears (90+ days) increased 0.10 percentage points to 0.72% and compares favourably to peers. Approximately 11% of AMP Bank's mortgage borrowers (by value and number) availed of the COVID-19 repayment pause. As at 1H 21, all of these customers have exited the repayment pause program. AMP Bank continues to work with customers in hardship to return to regular repayments, or individually to support them through a range of options, depending on their individual circumstance.

AMP Bank continues to focus on maintaining book quality with 69% of customers being owner-occupied, an average book loan to value ratio of 67% and geographical exposure skewed towards NSW (46%) and Victoria (20%).



## AMP Australia | AMP Bank cont'd

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

### Costs

The Bank's variable costs of A\$30m were A\$48m (62%) lower than 1H 20 largely due to the release of credit loss provision in 1H 21 as a result of the improved macro-economic outlook since the impact of COVID-19 in 1H 20. Brokerage and commissions were marginally higher at A\$30m, due to the growth in the loan book.

AMP Bank's controllable costs of A\$53m are in line with 1H 20 and A\$7m lower than 2H 20 due to lower employee costs, regulatory, insurance and professional services and project costs.

### Funding, liquidity and capital management

The Bank maintains a diversified funding base and conservative liquidity profile. AMP Bank's total debt and equity funding was A\$24.4b at 1H 21 (A\$24.2b at FY 20).

Total deposits at 1H 21 were broadly stable, increasing by A\$10m (0.1%) from FY 20, in line with the Bank's strategy to optimise funding mix. AMP Bank's deposit to loan ratio was 77% at 1H 21, compared with 78% at FY 20.

AMP Bank maintains a diversified liquidity portfolio with adequate high-quality liquid assets. As at 1H 21, AMP Bank's liquidity coverage ratio was 127% (149% at FY 20) and the Net Stable Funding Ratio was 137% (137% at FY 20). Both remain above internal and regulatory requirements.

The Capital Adequacy Ratio was 17.9% as at 1H 21 (18.2% at FY 20). The Common Equity Tier 1 Capital Ratio (CET1) for 1H 21 was 11.6% (11.8% at FY 20). Both ratios remain above internal and regulatory requirements.



## AMP Capital

Profit and loss (A\$m)	1H 21	1H 20	2H 20	FY 20	% 1H 21/ 1H 20
AUM based management fees	275	287	277	564	(4.2)
Non-AUM based management fees	44	62	34	96	(29.0)
Performance and transaction fees	8	38	13	51	(78.9)
Seed and sponsor <sup>1</sup>	7	(16)	22	6	n/a
<b>Total revenue</b>	<b>334</b>	<b>371</b>	<b>346</b>	<b>717</b>	<b>(10.0)</b>
Controllable costs					
Employee costs	(196)	(196)	(195)	(391)	-
Technology	(13)	(13)	(16)	(29)	-
Regulatory, insurance and professional services	(14)	(12)	(16)	(28)	(16.7)
Project costs	(11)	(12)	(18)	(30)	8.3
Property costs	(15)	(16)	(16)	(32)	6.3
Other operating expenses	(3)	(5)	(7)	(12)	40.0
Total controllable costs	(252)	(254)	(268)	(522)	0.8
<b>EBIT</b>	<b>82</b>	<b>117</b>	<b>78</b>	<b>195</b>	<b>(29.9)</b>
Interest expense	(5)	(6)	(6)	(12)	16.7
Investment income <sup>2</sup>	1	5	(3)	2	(80.0)
Tax expense	(17)	(28)	(8)	(36)	39.3
Minority interests MUTB (post-tax) <sup>3</sup>	-	(13)	(3)	(16)	n/a
<b>NPAT<sup>2</sup></b>	<b>61</b>	<b>75</b>	<b>58</b>	<b>133</b>	<b>(18.7)</b>
<b>Ratios and other data</b>					
AUM (A\$b)	187.6	189.9	189.8	189.8	(1.2)
Net cashflows (A\$b)	(9.4)	(3.9)	(7.9)	(11.8)	(141.0)
Market and other movements (A\$b)	7.2	(9.3)	7.8	(1.5)	n/a
Committed Capital (A\$b)	5.2	5.7	4.1	4.1	(8.8)
Total AUM and Committed Capital (A\$b)	192.8	195.6	193.9	193.9	(1.4)
Average AUM (A\$b) <sup>4,5</sup>	187.2	197.6	190.0	193.8	(5.3)
End period tangible capital resources (A\$m)	702	625	581	581	12.3
RoBUE	19.3%	29.0%	21.8%	25.8%	n/a
Management fees to average AUM (bps) <sup>4,5,6</sup>	34.4	35.5	32.6	34.1	n/a
Performance and transaction fees to average AUM (bps) <sup>4,5</sup>	0.9	3.8	1.4	2.6	n/a
Controllable costs to average AUM (bps) <sup>4,5</sup>	27.1	25.7	28.1	26.9	n/a
EBIT to average AUM (bps) <sup>4,5</sup>	8.8	11.9	8.2	10.1	n/a
NPAT to average AUM (bps) <sup>4,5</sup>	6.6	7.6	6.7	7.2	n/a
Cost to income ratio	75.2%	68.4%	77.7%	72.9%	n/a

1 Includes capital movements and yields gross of related interest expenses.

2 From 1H 21, investment income is shown on an actual basis, with the removal of the market adjustment methodology. 1H 20, 2H 20 and FY 20 have been restated on this basis. Prior period ratios and metrics impacted as a result have not been restated.

3 AMP regained 100% ownership of AMP Capital and MUTB's minority interest consequently ceased on 1 September 2020.

4 Based on average of monthly average AUM.

5 1H 21 average AUM includes A\$11.4b relating to joint ventures, including AMP Capital's share of PCCP and CLAMP.

6 Calculated on total of AUM based and non-AUM based management fees.

## AMP Capital cont'd

### Operational highlights

Operational highlights during 1H 21 include:

- On 23rd April, AMP announced its intention to pursue the demerger of the AMP Capital Private Markets business, comprising infrastructure equity, infrastructure debt and real estate, as well as progress on the transfer of the Multi-Asset Group (MAG) to AMP Australia.
- On 8 July 2021, AMP announced the sale of AMP Capital's Global Equities and Fixed Income (GEFI) business as part of demerger preparations, expected to complete in Q1 22, including the transfer of approximately A\$60b of equities and fixed income AUM.
- Continued momentum in AMP Capital's infrastructure debt and infrastructure equity series of funds with A\$1.0b of capital deployed in 1H 21 together with strong returns for infrastructure equity clients from the successful divestment of assets in the period.
- Progress on key real estate developments, including the successful completion of the A\$142m Marrickville Metro development and the practical completion of the Quay Quarter Lanes development as part of the Quay Quarter Sydney precinct.
- Continued commitment to real asset capabilities with A\$5.2b of uncalled committed capital available to be deployed at the end of 1H 21.

### Net profit after tax

AMP Capital's 1H 21 net profit was A\$61m, down 19% from A\$75m in 1H 20. AUM based earnings fell 4% to A\$275m compared to A\$287m in 1H 20, driven by net cash outflows in the period and the FX impact of a strengthening Australian dollar against major currencies. Performance and transaction fees were down A\$30m (79%) compared to 1H 20 due to recognition of A\$20m of performance fee revenue in 1H 20 not repeated in 1H 21. Seed and sponsor investment returns increased A\$23m on 1H 20 due to a partial recovery of COVID-19 devaluations in certain asset classes.

### Revenue

AMP Capital average AUM decreased by A\$6.6b (3%) to A\$187.2b during 1H 21. This was primarily due to net cash outflows of A\$9.4b in the period, including A\$4.2b of outflows related to the transition of ADPF. AUM based management fees reduced in line with this but proved relatively resilient delivering A\$275m of revenue compared to A\$287m in 1H 20.

Non-AUM based management fees mainly comprise of infrastructure commitment fees and real estate management, development and leasing fees. Non-AUM based management fees were A\$44m in 1H 21, down A\$18m due to commitment fees in 1H 20 for GIF II not being repeated as well as negative FX impacts.

Performance and transaction fees were A\$8m in 1H 21, down A\$30m on 1H 20. Fees include infrastructure performance fees on open-ended funds which continue to reduce as prior period performance fees run off. Additionally, performance fees were lower in 1H 21 following the recognition of A\$20m of performance fee revenue in 1H 20 following the successful achievement of performance hurdles on IDF II.

1H 21 seed and sponsor capital investments were A\$323m. These include investments across closed end real asset funds and early stage funding to support new products. The 1H 21 seed and sponsor gain of A\$7m was up A\$23m from 1H 20 due to a partial recovery in prior unrealised valuation losses driven by COVID-19 in 1H 20.

Given market volatility, income from seed and sponsor capital will continue to vary from period to period.

### Controllable costs

Controllable costs of A\$252m in 1H 21 decreased 1% from 1H 20. This is largely due to a reduction in employee related and other expenses such as travel and accommodation reflecting management response to COVID-19.

AMP Capital's cost to income ratio increased from 68.4% in 1H 20 to 75.2% in 1H 21. This result is outside of AMP Capital's targeted cost to income ratio of between 60% and 65% due to revenues having been significantly impacted by the COVID-19 economic environment.

### Other profit impacts

AMP Capital's effective tax rate in 1H 21 was 21.5%, down from 24.3% in 1H 20. The effective tax rate is lower than the Australian corporate tax rate (30%), largely due to lower tax rates in foreign jurisdictions, available tax concessions and joint venture earnings which are recognised net of tax. AMP Capital's effective tax rate is expected to vary period on period.

### Investment performance

AMP Capital aims to be a trusted partner of its clients delivering consistent investment performance. This has proved more challenging in 1H 21 due to market volatility.

As at 30 June, 61% of AUM (61%, 1H 20) outperformed market benchmarks over a three-year time period.

MAG's diversified range of funds produced solid returns in the first half of 2021, benefiting from the ongoing recovery in global markets and strong manager outperformance across the board. Factors contributing to excess returns were broad-based across the portfolio ranging from equities, real assets, and absolute return strategies. AMP Capital's flagship balanced fund (Future Directions Balanced Fund) produced a competitive outcome for investors, delivering a top quartile result for the financial year. The size of recent outperformance has also seen an accelerated improvement in the three-year relative return, with underperformance across some funds almost halving in the space of a few months.

The table on page 30 shows investment performance across all asset classes over various timeframes to 30 June 2021.

## AMP Capital cont'd

### Operational developments by division

#### **Infrastructure equity**

The division successfully deployed capital on behalf of investors in GIF II throughout 1H 21, broadening the fund's geographic footprint into Asia through a partnership for the development of energy transmission in India.

The portfolio continues to deliver clients strong returns, with 98.3% of funds under management delivering at or above client goals since inception of each product. This strong performance was underpinned by the divestment of equity stakes, delivering a significant premium to the holding value (across both rail infrastructure and communications).

#### **Infrastructure debt**

A\$0.7b was deployed in 1H 21 across the IDF series and other separately managed accounts. Capital was deployed across a number of infrastructure sectors including energy, toll roads and mobile tower infrastructure.

A total of A\$0.9b of invested capital was returned to investors as a result of debt repayments in 1H 21, recorded as cash outflows.

#### **Real estate**

Despite COVID-19 continuing to disrupt the market, the business delivered strong investment performance versus respective benchmarks with 1H 21 valuations stabilised across the portfolio and tenant lease occupancy remaining high at over 92.9%.

Progress continues on the key developments in delivery for our clients. In April, the Quay Quarter Lanes development part of the Quay Quarter Sydney precinct reached practical completion, which saw the opening of anchor venue Hinchliff House and settlement commencing for the 104 residential apartments.

In June, the redevelopment of Marrickville Metro on behalf of client UniSuper opened and the A\$800m development of Karrinyup Shopping Centre opened its first phase in July. Premium office development, Brookfield Place above Sydney's Wynyard station also achieved practical completion in June which sees AMP Capital manage 74.9% of ownership interests on behalf of AMP Capital Wholesale Office fund and two separate account clients.

Further, the management agreement with listed NZ REIT, Precinct Properties New Zealand Limited ended in March, which enabled AMP to recognise a one-off profit of ~A\$83m in items reported outside AMP Capital earnings.

In April following a recommendation by the Fund's Independent Board Committee, unitholder's of Real Estate's ADPF voted to merge with Dexus' Wholesale Property Fund (DWPF) and management was transitioned in Q2 21 resulting in the reduction of A\$4.2b AUM.

### **Public markets**

Significant progress was made in the period across multiple strategic initiatives, including planning MAG's transition to AMP Australia ahead of the demerger of Private Markets. MAG AUM is split across equities, fixed income and other asset classes and will transition to AMP Australia prior to demerger, in order to create and end-to-end superannuation and investment platform business.

On 8 July 2021, AMP announced the sale of Public Market's GEFI business, expected to complete in Q1 22, including the transfer of approximately A\$60b of equities and fixed income AUM.

The sale of Global Companies was completed in 1H 21, resulting in a modest, one-off gain on sale, reported outside AMP Capital earnings.

## AMP Capital cont'd

### Cashflows and AUM

Cashflows by asset class (A\$m)	Cash inflows			Cash outflows			Net cashflows		
	1H 21	1H 20	% 1H/1H	1H 21	1H 20	% 1H/1H	1H 21	1H 20	% 1H/1H
Australian equities	982	13,358	(92.6)	(2,287)	(14,629)	84.4	(1,305)	(1,271)	(2.7)
International equities	2,452	19,065	(87.1)	(4,290)	(20,699)	79.3	(1,838)	(1,634)	(12.5)
Fixed interest	4,673	20,363	(77.1)	(6,742)	(23,180)	70.9	(2,069)	(2,817)	26.6
Infrastructure	1,251	3,815	(67.2)	(1,409)	(2,363)	40.4	(158)	1,452	n/a
Infra debt	680	1,590	(57.2)	(836)	(573)	(45.9)	(156)	1,017	n/a
Infra equity	571	2,225	(74.3)	(573)	(1,790)	68.0	(2)	435	n/a
Real estate	4,177	3,055	36.7	(7,822)	(2,424)	(222.7)	(3,645)	631	n/a
Alternative assets and direct investments <sup>1</sup>	25	3,349	(99.3)	(441)	(3,613)	87.8	(416)	(264)	(57.6)
<b>Total</b>	<b>13,560</b>	<b>63,005</b>	<b>(78.5)</b>	<b>(22,991)</b>	<b>(66,908)</b>	<b>65.6</b>	<b>(9,431)</b>	<b>(3,903)</b>	<b>(141.6)</b>

AUM by asset class (A\$m)	FY 20	%	Net cashflows 1H 21	Investment returns and other <sup>2</sup>	1H 21	%
Australian equities	28,569	15	(1,305)	3,107	30,371	16
International equities	41,655	22	(1,838)	4,129	43,946	23
Fixed interest	61,044	32	(2,069)	117	59,092	32
Infrastructure	25,872	14	(158)	142	25,856	14
Infra debt	7,005	4	(156)	20	6,869	4
Infra equity	18,867	10	(2)	122	18,987	10
Real estate <sup>3</sup>	28,637	15	(3,645)	(282)	24,710	13
Alternative assets and direct investments <sup>1</sup>	3,986	2	(416)	29	3,599	2
<b>Total</b>	<b>189,763</b>	<b>100</b>	<b>(9,431)</b>	<b>7,242</b>	<b>187,574</b>	<b>100</b>
Internal AUM	86,712	46	(2,742)	6,389	90,359	48
External AUM	103,051	54	(6,689)	853	97,215	52

AUM by geography (A\$m)	FY 20	%	Net cashflows 1H 21	Investment returns and other <sup>2</sup>	1H 21	%
Australia	131,527	70	(7,301)	7,353	131,579	70
New Zealand	21,685	11	(2,621)	(343)	18,721	10
Asia (including Middle East)	21,778	11	255	945	22,978	12
Rest of world	14,773	8	236	(713)	14,296	8
<b>Total</b>	<b>189,763</b>	<b>100</b>	<b>(9,431)</b>	<b>7,242</b>	<b>187,574</b>	<b>100</b>

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

2 Investment returns and other includes fees, investment returns, distributions, taxes and foreign exchange movements.

3 Real estate AUM comprises Australian (A\$21.3b), NZ (A\$1.6b) and Global (A\$1.8b) managed assets. Australian real estate AUM is invested in office (55%), retail (41%), industrial (3%) and other (1%).

## AMP Capital cont'd

### Assets under management (AUM)

AUM decreased by A\$2.2b to A\$187.6b in 1H 21. Net cash outflows of A\$9.4b were driven by continued run-off in the Public Markets business and the A\$4.2b transition of ADPF to Dexus. Offsetting cash outflows were positive market conditions in the period of A\$7.2b. Valuations in Private Markets were stable given the current economic climate.

AMP Capital's infrastructure teams continue to pursue opportunities for deployment during the year, with A\$5.2b of uncalled committed capital available for deployment.

### External AUM and cashflows

External AUM decreased during 1H 21 to A\$97.2b, with the decrease largely attributable to the A\$4.2b transition of ADPF to Dexus. External net cash outflows were A\$6.7b, including this one-off event.

### International

AMP Capital's number of direct international institutional clients decreased by 26 to 374 in 1H 21, managing A\$22.0b on their behalf (A\$22.0b at FY 20). The drop in client numbers is largely attributable to the sale of the Global Companies fund in 1H 21. Approximately one third of external AUM is now managed on behalf of clients outside Australia and New Zealand.

### China

During 1H 21 the CLAMP joint venture launched 31 new products, including SMAs, diversified, equity and bond funds. The joint venture managed A\$65.4b (RMB 318b) of total AUM on behalf of Chinese retail and institutional investors. This was up 10% from A\$59.4b at FY 20.

In 1H 21, AMP Capital's share of CLAMP net cashflows were A\$0.4b, down from A\$1.3b in 1H 20. CLAMP attracted inflows into its fixed income and equity funds.

AMP Capital reports its 14.97% share of the joint venture's AUM (A\$9.8b) and cashflows within the 'External' AUM and cashflow disclosure.

### Japan

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

At 1H 21, AMP Capital's business relationship with MUTB had eight retail funds and three institutional funds in market with a combined AUM of A\$2.1b, up from A\$2.0b in FY 20.

AMP Capital also continues to raise and manage funds through business relationships with other Japanese distributors. AMP Capital manages A\$5.9b AUM on behalf of all Japanese retail and institutional clients, down from A\$6.2b in FY 20.

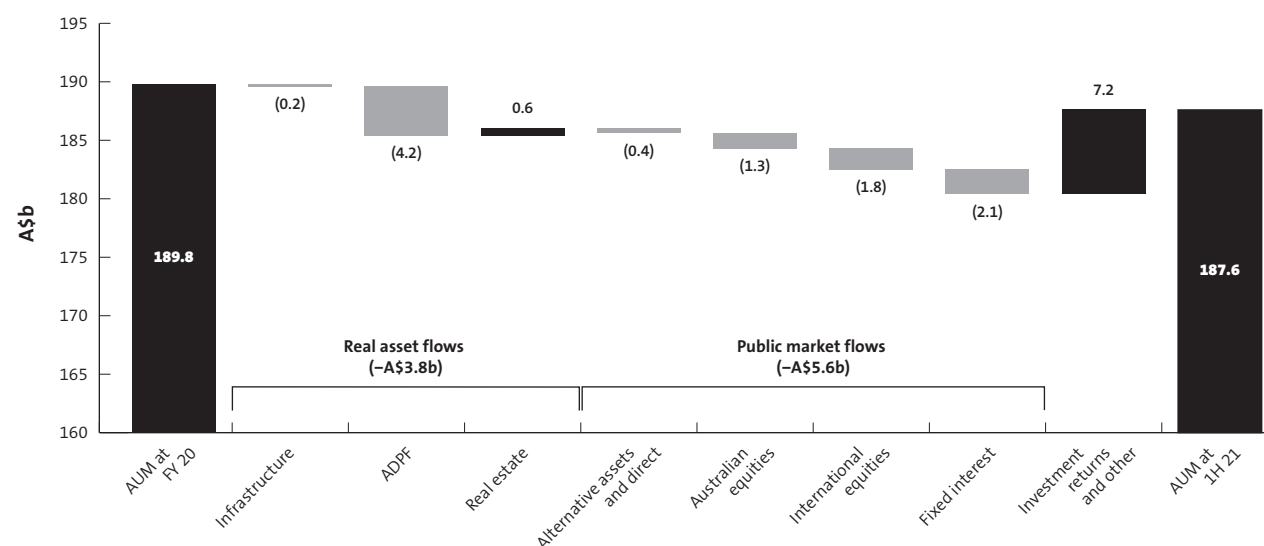
### Internal AUM and cashflows

Internal AUM increased to A\$90.4b in 1H 21 from A\$86.7b at FY 20, mostly driven by uplifts in market valuations.

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

AMP Capital manages 61% of Australian wealth management AUM – of this, 27% is managed internally by AMP Capital's in-house investment capabilities, 73% is outsourced to external fund managers.

### Movement in AUM by asset class FY 20 to 1H 21



## New Zealand wealth management

<b>Profit and loss (A\$m)</b>	<b>1H 21</b>	<b>1H 20</b>	<b>2H 20</b>	<b>FY 20</b>	<b>% 1H 21/ 1H 20</b>
AUM based revenue	<b>59</b>	57	58	115	3.5
Other revenue	<b>17</b>	19	17	36	(10.5)
<b>Total revenue</b>	<b>76</b>	76	75	151	-
Variable costs					
Investment management expense	<b>(15)</b>	(14)	(14)	(28)	(7.1)
Marketing and distribution	<b>(10)</b>	(11)	(10)	(21)	9.1
Brokerage and commissions	<b>(4)</b>	(5)	(5)	(10)	20.0
Other	<b>(3)</b>	(2)	(3)	(5)	(50.0)
Total variable costs	<b>(32)</b>	(32)	(32)	(64)	-
<b>Gross profit</b>	<b>44</b>	44	43	87	-
Controllable costs					
Employee costs	<b>(9)</b>	(10)	(11)	(21)	10.0
Technology	<b>(3)</b>	(3)	(3)	(6)	-
Regulatory, insurance and professional services	<b>(1)</b>	(2)	(2)	(4)	50.0
Project costs	-	(1)	(1)	(2)	n/a
Property costs	<b>(1)</b>	(1)	(1)	(2)	-
Other operating expenses	<b>(3)</b>	(2)	-	(2)	(50.0)
Total controllable costs	<b>(17)</b>	(19)	(18)	(37)	10.5
<b>EBIT</b>	<b>27</b>	25	25	50	8.0
Tax expense	<b>(7)</b>	(7)	(7)	(14)	-
<b>NPAT<sup>1</sup></b>	<b>20</b>	18	18	36	11.1
Wealth management	<b>13</b>	11	12	23	18.2
Advice	<b>7</b>	7	6	13	-
<b>Ratios and other data</b>					
AUM (A\$m)	<b>12,580</b>	11,621	12,398	12,398	8.3
Net cashflows (A\$m)	<b>(249)</b>	20	(77)	(57)	n/a
Market and other movements (A\$m)	<b>431</b>	(669)	854	185	n/a
Average AUM (A\$m)	<b>12,454</b>	11,525	12,126	11,887	8.1
AUM based revenue to average AUM (bps)	<b>96</b>	99	95	97	n/a
Investment management expense to average AUM (bps)	<b>24</b>	24	23	24	n/a
Controllable costs to average AUM (bps)	<b>28</b>	33	30	31	n/a
EBIT to average AUM (bps)	<b>44</b>	44	41	42	n/a
NPAT to average AUM (bps)	<b>32</b>	32	30	30	n/a
End period tangible capital resources (A\$m) <sup>2</sup>	<b>74</b>	89	47	47	(16.9)
RoBUE	<b>57.6%</b>	34.1%	40.5%	40.8%	n/a
Cost to income ratio	<b>38.6%</b>	43.2%	41.9%	42.5%	n/a

1 In NZ dollar terms, NPAT in 1H 21 was NZ\$21m (1H 20 NZ\$19m).

2 End period tangible capital resources is total shareholder equity (A\$197m) less goodwill and other intangibles (A\$123m) as shown on page 24.

## New Zealand wealth management cont'd

Cashflows and movements in AUM (A\$m)	KiwiSaver		Other <sup>1</sup>		Total	
	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20
AUM at beginning of period	6,002	5,664	6,396	6,606	12,398	12,270
Cash inflows	330	360	217	204	547	564
Cash outflows	(352)	(211)	(444)	(333)	(796)	(544)
<b>Net cashflows</b>	<b>(22)</b>	<b>149</b>	<b>(227)</b>	<b>(129)</b>	<b>(249)</b>	<b>20</b>
Other movements in AUM	211	(291)	220	(378)	431	(669)
<b>AUM at end of period</b>	<b>6,191</b>	<b>5,522</b>	<b>6,389</b>	<b>6,099</b>	<b>12,580</b>	<b>11,621</b>

### Composition of net cashflows by product

Superannuation	(22)	149	(87)	(37)	(109)	112
Investment	-	-	(140)	(92)	(140)	(92)

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

### Net profit after tax

1H 21 net profit after tax increased A\$2m (11%) on 1H 20 due to wealth management increasing A\$2m (18%) on 1H 20 primarily due to the rebound in investment markets and improved cost performance.

### Revenue

AUM based revenue increased by A\$2m (4%) on 1H 20 primarily due to the rebound in investment markets following the impact of the COVID-19 pandemic in 1H 20, partly offset by margin compression associated with product repricing and the weakening of the NZD against the AUD (-2%).

Other revenue decreased A\$2m on 1H 20 mainly driven by lower general insurance revenue in 1H 21 due to the lockdown restrictions from the COVID-19 pandemic in 1H 20 resulting in lower insurance claims.

### Variable costs

Total variable costs of A\$32m in 1H 21 remained broadly flat on 1H 20.

### Controllable costs

1H 21 controllable costs of A\$17m were down 11% on 1H 20 primarily due to lower employment costs as the business continues to simplify and transform its operating model.

1H 21 cost to income ratio of 38.6% decreased 4.6 percentage points on 1H 20.

### Cashflows and AUM

1H 21 AUM of A\$12.6b increased A\$0.2b (1%) from FY 20. This increase was predominantly driven by investment market gains of A\$463m, offset by net cash outflows (-A\$249m) and negative foreign exchange movements (-A\$32m).

Net cash outflows of A\$249m in 1H 21 have worsened from net cash inflows of A\$20m in 1H 20 largely due to a heightened competitive environment.

During 1H 21 our status as a default provider of KiwiSaver was not renewed, the impact of which will occur in future periods with an estimated outflow of approximately A\$0.8b. AMP remains a substantial participant in the overall KiwiSaver market with A\$5.4b in AUM not impacted by this change, reflecting growth of 7% on FY 20 in the non-default KiwiSaver product.

## Group Office and related matters

(A\$m)	1H 21	1H 20	2H 20	FY 20	% 1H 21/ 1H 20
Controllable costs					
Employee costs	(31)	(24)	(30)	(54)	(29.2)
Technology	(6)	(6)	(8)	(14)	-
Regulatory, insurance and professional services	(27)	(41)	(40)	(81)	34.1
Project costs	(11)	(9)	(9)	(18)	(22.2)
Property costs	(3)	(7)	(7)	(14)	57.1
Other operating expenses	(6)	(5)	(6)	(11)	(20.0)
Total controllable costs	(84)	(92)	(100)	(192)	8.7
Tax expense	25	28	29	57	(10.7)
<b>Group Office costs (post-tax)</b>	<b>(59)</b>	<b>(64)</b>	<b>(71)</b>	<b>(135)</b>	<b>7.8</b>
<b>Interest expense on corporate debt (post-tax)<sup>1</sup></b>	<b>(24)</b>	<b>(32)</b>	<b>(26)</b>	<b>(58)</b>	<b>25.0</b>
Investment income <sup>2</sup>					
Investment income from Group Office investible capital <sup>3,4</sup>	14	(10)	4	(6)	n/a
Other investment income <sup>5</sup>	33	20	21	41	65.0
<b>Investment income (post-tax)</b>	<b>47</b>	<b>10</b>	<b>25</b>	<b>35</b>	<b>n/a</b>
<b>Group Office NPAT (underlying)<sup>3</sup></b>	<b>(36)</b>	<b>(86)</b>	<b>(72)</b>	<b>(158)</b>	<b>58.1</b>
Items reported below NPAT (underlying)					
Gain on sale of AMP Life	-	298	1	299	n/a
AMP Life separation costs	-	(208)	-	(208)	n/a
Client remediation and related costs	(33)	(19)	(54)	(73)	(73.7)
Risk management, governance and controls	-	(14)	(15)	(29)	n/a
Transformation cost out	(61)	(13)	(38)	(51)	n/a
Impairments	-	(32)	-	(32)	n/a
Other items <sup>6</sup>	71	(11)	(22)	(33)	n/a
Amortisation of intangible assets	(12)	(42)	(16)	(58)	71.4
<b>Total items reported below NPAT (post-tax)</b>	<b>(35)</b>	<b>(41)</b>	<b>(144)</b>	<b>(185)</b>	<b>14.6</b>
<b>Interest expense summary</b>					
Average volume of corporate debt	2,130	2,134	2,130	2,132	
Interest expense on corporate debt (post-tax) <sup>1</sup>	(24)	(32)	(26)	(58)	
Weighted average cost of corporate debt	3.16%	4.21%	3.44%	3.83%	
Tax rate	29%	29%	29%	29%	
<b>Franking credits</b>					
AMP dividend franking credits at face value at end of period <sup>7</sup>	68	277	76	76	
<b>Staff numbers<sup>8,9</sup></b>					
AMP Australia	2,613	3,014	2,969	2,969	(13.3)
AMP Capital <sup>10</sup>	1,303	1,378	1,375	1,375	(5.4)
New Zealand wealth management	240	284	258	258	(15.5)
Group Office	1,218	1,102	1,196	1,196	10.5
<b>Total staff numbers</b>	<b>5,374</b>	<b>5,778</b>	<b>5,798</b>	<b>5,798</b>	<b>(7.0)</b>

1 Includes fees associated with undrawn liquidity facilities.

2 Investment income shown on an actual basis, with the removal of market adjustment from 1H 21.

3 1H 20, 2H 20 and FY 20 have been restated to reflect the removal of market adjustment.

4 Group Office investible capital (cash and liquid securities) was A\$1.6b at 1H 21 (FY 20 A\$1.9b, 1H 20 A\$2.9b). Includes movements from corporate hedging activity.

5 Other investment income includes equity accounted profits from AMP's 19.99% investment in CLPC and 19.13% investment in Resolution Life Australasia from 2H 20.

6 Other items largely comprise a gain on sale from the divestment of New Zealand Precinct Properties management rights (A\$83m), permanent tax differences and merger and acquisition activity spend, including portfolio review costs.

7 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements.

8 Excludes advisers.

9 Group Office FTEs include FTE who are re-charged to business units.

10 1H 21 includes 306 FTEs (301 in 1H 20), primarily in shopping centres, for which the costs are recharged.



## Group Office and related matters cont'd

### Group Office costs not recovered from business units

1H 21 Group Office costs not recovered from business units were A\$84m pre-tax, down A\$8m from A\$92m in 1H 20 primarily from cost out benefits, partly offset by the reset of variable remuneration.

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

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

### Investment income

Investment income was A\$47m at 1H 21, up from A\$10m at 1H 20. Investment income comprises investment income on Group Office investible capital and equity investments in both CLPC and Resolution Life Australasia (acquired 1 July 2020).

Investment income on Group Office investible capital was A\$14m in 1H 21, up from -A\$10m in 1H 20 predominantly driven by higher cash on hand in 2H 20 (linked to the receipt of proceeds from sale of AMP Life) and also includes the impacts of certain derivative assets held.

In 2021, actual investment income is reported and prior periods have been restated to remove the concept of market adjustment. Historically underlying investment income assumed post-tax returns of 2.5% on Group Office investible capital with any difference reported as market adjustment.

Other investment income was A\$33m in 1H 21, up from A\$20m in 1H 20, driven by higher CLPC earnings and the recognition of AMP's share of profits from Resolution Life Australasia. For the first time, AMP has recognised a cash dividend from CLPC of ~A\$7.2m, as the Chinese pension market continues to experience significant growth and the joint venture increases in scale.

Each of AMP's investments in CLPC (19.99%) and Resolution Life Australasia (19.13%) are equity accounted and reported through Other investment income.

### Client remediation and related costs

1H 21 client remediation and related costs of A\$33m relate primarily to the final cost of the client remediation program and residual costs for addressing legacy advice matters and legal costs relating to class actions.

### Transformation cost out

Transformation costs of A\$61m largely relate to realising cost improvements and program costs.

AMP spent A\$153m in 1H 21, including:

- A\$19m on investing for growth,
- A\$87m on realising cost improvement (A\$61m post-tax, as above), and
- A\$47m on de-risking the business.

Transformation investment spend of A\$1.0-1.3b is expected by FY 22. Cumulatively, across the program to date, AMP has spent A\$625m, including:

- A\$165m on investing for growth;
- A\$200m on realising cost improvement; and
- A\$260m on de-risking the business.

### Other items

Other items largely comprise a gain on sale from the divestment of New Zealand Precinct Properties management rights (A\$83m), permanent tax differences and merger and acquisition activity spend, including the portfolio review costs.

### Amortisation of acquired intangible assets

1H 21 amortisation of acquired intangible assets was A\$12m. Amortisation of acquired intangibles for FY 21 is expected to be approximately A\$25m, a reduction of A\$33m on FY 20 primarily due to amortisation related to the AXA acquisition completing.

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

The amortised balance of AXA acquired intangibles as at 1H 21 was A\$108m.

### Interest expense on corporate debt

1H 21 interest expense on corporate debt was A\$24m, down from A\$32m in 1H 20 primarily due to lower interest costs.

The average volume of corporate debt decreased through 1H 21 to A\$2,130m (A\$2,134m in 1H 20).

The weighted average cost of debt in 1H 21 was 3.16%, down from 4.21% in 1H 20. This was mainly due to continued falls in benchmark interest rates used to set the underlying price of corporate debt.

For further information on corporate debt, refer to page 26.

## Capital adequacy

### AMP group capital adequacy calculation (A\$m)

	30 June 2021					31 December 2020	
	AWM	AMP Bank <sup>1</sup>	AMP Capital	NZWM	Group Office and other	Total	Total <sup>2</sup>
Shareholder equity <sup>3</sup>	1,129	1,098	823	197	955	<b>4,202</b>	4,220
Goodwill and other intangibles <sup>4</sup>	(169)	(9)	(121)	(123)	(138)	<b>(560)</b>	(640)
Equity investments <sup>5</sup>	(53)	-	(544)	-	(902)	<b>(1,499)</b>	(1,442)
Other regulatory adjustments <sup>6</sup>	(183)	(121)	271	4	(8)	<b>(37)</b>	16
Subordinated bonds eligible as Level 3 capital	-	-	-	-	33	<b>33</b>	33
<b>Level 3 eligible capital</b>	<b>724</b>	<b>968</b>	<b>429</b>	<b>78</b>	<b>(60)</b>	<b>2,139</b>	2,187
Eligible hybrid capital resources <sup>7</sup>	22	291	-	-	-	<b>313</b>	316
<b>Total eligible capital resources</b>	<b>746</b>	<b>1,259</b>	<b>429</b>	<b>78</b>	<b>(60)</b>	<b>2,452</b>	2,503
Minimum regulatory requirements (MRR) <sup>8</sup>	319	873	56	-	-	<b>1,248</b>	1,186
Target capital requirements	257	166	169	50	110	<b>752</b>	796
<b>Total capital requirements</b>	<b>576</b>	<b>1,039</b>	<b>225</b>	<b>50</b>	<b>110</b>	<b>2,000</b>	1,982
<b>Surplus capital above target requirements</b>	<b>170</b>	<b>220</b>	<b>204</b>	<b>28</b>	<b>(170)</b>	<b>452</b>	521

1 Total shareholder equity of A\$1,098m includes A\$33m of equity reserve accounts which are excluded in the calculation of total capital resources as shown on page 12.

2 FY 20 numbers restated incorporating a change in methodology for Bank capital, with some regulatory deductions now recognised within Shareholder equity, and a re-allocation of MRR capital held in AWM for the North Guarantee to Board Requirements. These changes have not impacted total Level 3 eligible capital, eligible capital resources, total capital requirements or surplus capital of the Group.

3 Shareholder equity is statutory shareholder equity of A\$4,303m adjusted for accounting mismatches and other adjustments A\$101m.

4 Refer to page 31 for definition of intangibles.

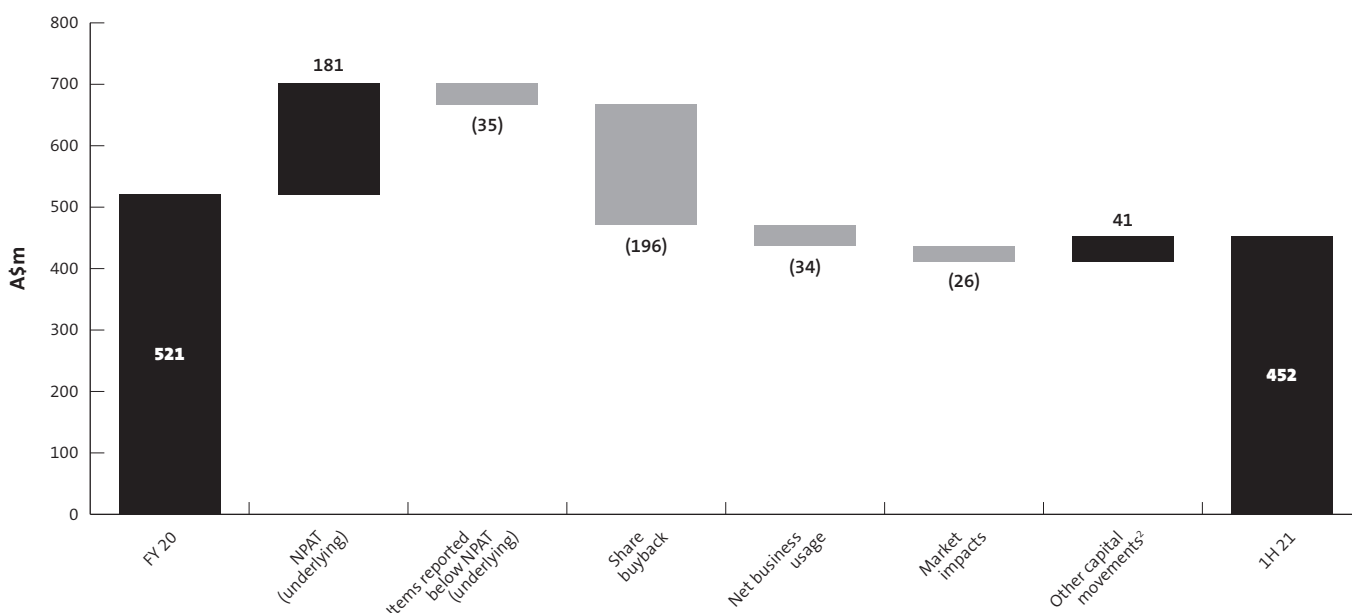
5 Equity investments relate to holdings of associate equity investment where AMP holds a minority interest, including holdings in Resolution Life Australasia (A\$524m), China Life joint ventures (A\$444m), various investments in AMP Capital (A\$334m), AMP Capital's holding in PCCP (A\$144m) and various entities linked to the AMP Advice business (A\$53m).

6 Other regulatory adjustments relate to securitisation, deferred tax assets and other provisions for AMP Bank, deferred tax assets for Australian wealth management and includes an adjustment for eligible seed and sponsor investment classified as equity investments in AMP Capital.

7 Eligible hybrid capital instruments are subordinated debt which is able to be included as eligible capital for the purpose of meeting minimum regulatory requirements.

8 Minimum regulatory requirements for AMP Bank relate to total capital requirements of 8% (of risk weighted assets) plus the capital conservation buffer of 2.5% (of risk weighted assets), as stipulated within APS 110.

### Movement in AMP group surplus capital FY 20 to 1H 21<sup>1</sup>



1 Represents movements in surplus capital above target requirements during 1H 21.

2 Other capital movements includes movements in equity reserve accounts and other miscellaneous items.

## Regulatory capital requirements and capital management framework

### Regulatory requirements

A number of the operating entities within the AMP group of companies are regulated. These include an authorised deposit taking institution (ADI), superannuation entities and a number of companies that hold Australian Financial Services Licences (AFSLs). These companies are regulated by APRA, the Reserve Bank of New Zealand, the Financial Markets Authority New Zealand and/or the Australian Securities and Investments Commission (ASIC) and are required to hold minimum levels of regulatory capital, as set by the relevant regulator.

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

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

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

### Capital management framework

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

- maintain a sufficient surplus above minimum regulatory capital requirements (MRR) to reduce the risk of breaching MRR, and
- maintain the AMP group's credit rating.

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

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

### Capital position

At 30 June 2021, total eligible capital above target requirements was A\$452m (A\$521m at 31 December 2020).

### Movement in AMP group surplus capital FY 20 to 1H 21

The movement in the level of AMP group surplus capital throughout 1H 21 includes the following items:

- Capital generated from underlying business operation (A\$181m).
- Capital deployed to fund items reported below NPAT (underlying). This includes client remediation and related costs (A\$33m), transformation cost out spend (A\$61m), amortisation of acquired intangibles (A\$12m) and various other costs (A\$12m). This amount was offset by the capital generated from the gain on sale relating to the divestment of New Zealand Precinct Properties management rights (A\$83m).
- Capital deployed throughout the on-market share buy-back (A\$196m).
- Capital deployed to support growth in AMP's business units. This includes capital deployed in AMP Bank to support loan growth, capital used to support regulatory requirements in AMP's Australian Wealth Management business and increases in regulatory adjustments relating to growth in assets which are not suitable to support the Group's eligible capital base.
- Capital impacts stemming from markets. This includes the impact of foreign exchange rates on the value of assets held on balance sheet and other impacts relating to changes in interest rates.

### Net tangible assets

1H 21 shareholders equity of A\$4,202m comprises net tangible assets (NTA) of A\$3,642m, or A\$1.12 per share.

Statutory shareholders equity of A\$4,303m is adjusted for accounting mismatches and other adjustments of A\$101m, and goodwill and other intangibles of A\$560m to arrive at the net tangible assets of A\$3,642m.

## Debt and liquidity overview

A\$m	30 June 2021			31 December 2020		
	Corporate debt	AMP Bank	Total	Corporate debt	AMP Bank	Total
Subordinated bonds	83	-	<b>83</b>	83	-	<b>83</b>
AMP Notes 3 <sup>1</sup>	250	-	<b>250</b>	250	-	<b>250</b>
AMP Capital Notes <sup>2</sup>	268	-	<b>268</b>	268	-	<b>268</b>
AMP Capital Notes 2 <sup>2</sup>	275	-	<b>275</b>	275	-	<b>275</b>
AMP Subordinated Notes <sup>3</sup>	-	250	<b>250</b>	-	250	<b>250</b>
<b>Total subordinated debt</b>	<b>876</b>	<b>250</b>	<b>1,126</b>	<b>876</b>	<b>250</b>	<b>1,126</b>
Commercial paper, NCDs and repos <sup>4</sup>	-	1,314	<b>1,314</b>	-	799	<b>799</b>
Medium-term notes (MTN)	1,254	800	<b>2,054</b>	1,254	1,300	<b>2,554</b>
<b>Total senior debt</b>	<b>1,254</b>	<b>2,114</b>	<b>3,368</b>	<b>1,254</b>	<b>2,099</b>	<b>3,353</b>
Deposits	-	16,120	<b>16,120</b>	-	16,110	<b>16,110</b>
<b>Total debt</b>	<b>2,130</b>	<b>18,484</b>	<b>20,614</b>	<b>2,130</b>	<b>18,459</b>	<b>20,589</b>
<b>Corporate gearing ratios</b>						
Corporate gearing	<b>26%</b>			26%		
Interest cover – underlying (times)	<b>7.0</b>			6.1		
Interest cover – actual (times)	<b>3.4</b>			4.1		

A\$m	Corporate debt by year of repayment <sup>5</sup>					
	0–1 year	1–2 years	2–5 years	5–10 years	10+ years	Total
<b>Total corporate debt at 30 June 2021</b>	<b>693</b>	<b>302</b>	<b>1,135</b>	-	-	<b>2,130</b>
Total corporate debt at 31 December 2020	693	302	1,135	-	-	2,130

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

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

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

4 Commercial paper, NCDs and repos for AMP Bank includes A\$1,034m of borrowings under AMP Bank's Term Funding Facility provided by the Reserve Bank of Australia.

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

### Corporate debt

Corporate debt volumes remained unchanged throughout 1H 21 at A\$2,130m. At 30 June 2021, all corporate debt was effectively at floating rates.

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

At 30 June 2021, AMP's liquidity comprised A\$1,575m of group cash (including short-term investments) and undrawn facilities of A\$450m.

### AMP Bank

AMP Bank utilises a diverse range of funding sources (customer deposits, securitisation, short and long-term wholesale borrowings), with its primary source of funding being A\$16.1b of customer deposits.

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

The securitisation of mortgages via the issuance of residential mortgage backed securities (RMBS) is a source of funding and capital relief for AMP Bank. As at 30 June 2021, total RMBS funds were A\$4.4b. AMP Bank has in place a A\$1b warehouse facility with MUFG Bank, Ltd.

## Sensitivities – profit and capital

### 1H 21 profit sensitivities (A\$m)

	NPAT (post-tax) <sup>1</sup>					
	AWM	AMP Bank	NZWM	AMP Capital	Group Office	Total
Market variables						
10% increase in Australian equities	6	-	-	2		8
10% decrease in Australian equities	(6)	-	-	(2)		(8)
10% increase in international equities	6	-	1	3		10
10% decrease in international equities	(6)	-	(1)	(3)		(10)
10% increase in property <sup>2</sup>	1	-	-	4		5
10% decrease in property <sup>2</sup>	(1)	-	-	(4)		(5)
1% (100 bps) increase in 10 year bond yields	(4)	-	-	(2)		(6)
1% (100 bps) decrease in 10 year bond yields	4	-	-	2		6
1% increase in cash rate	1	-	-	-		1
1% decrease in cash rate	(1)	-	-	-		(1)
Business variables						
5% increase in AUM	11		1	10		22
5% increase in AMP Capital public market AUM				4		4
5% increase in AMP Capital real assets AUM				6		6
5% increase in AMP Bank total mortgage balances		6				6
1 bp increase in AMP Bank net interest margin	-	2	-			2
5% reduction in controllable costs	16	4	(1)	18	6	43

1 NPAT sensitivities exclude investment income which is derived from A\$1.6b of Group Office investible capital (cash and liquid securities) as well as A\$1.5b in equity investments, including holdings in Resolution Life Australasia (A\$524m), China Life joint ventures (A\$444m), various investments in AMP Capital (A\$334m), AMP Capital's holding in PCCP (A\$144m) and various entities linked to the AMP Advice Business (A\$53m).

2 AMP Bank has no direct property exposure.

All profit sensitivities above show a full year impact.

The profit and capital sensitivities are only indicative, because:

- they assume that the particular variable moves independently of all others
- they are based on the 1H 21 position, ie not 'forward looking', and make no allowances for events subsequent to 30 June 2021, and
- in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 30 June 2021.

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
- property sensitivities relate to unlisted property; listed property trusts are included in equities
- bond yield sensitivities relate to both government and corporate bond yields for both Australian and international bonds
- profit sensitivities exclude the impact of movements in credit spreads in corporate and semi-government debt
- AMP Bank net interest margin is assumed to be insensitive to changes in cash rate, and
- AMP Bank's increase in sales volume assumes a 5% change in total loans growth with no change in net interest margin and costs.

### Profit sensitivities

The sensitivities set out above apply to 1H 21 NPAT assuming changes in a range of hypothetical economic or business variables.

### Important considerations when using these sensitivities

#### NPAT – investment linked business

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

For changes in market variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable halfway through the year. For large movements that do not occur halfway through the year, the profit sensitivities need to be extrapolated. For example, a 10% increase/decrease in equity markets at the start of the year would have double the impact on 1H 21 NPAT than set out in the table above.

The sensitivities are based on the 1H 21 position and are not forward looking. If using the sensitivities as forward looking (eg applying 1H 21 profit sensitivities for 2H 21 or FY 21), an allowance for changes in AUM levels and mix should be made. Refer to page 6 (Australian wealth management) and page 15 (AMP Capital) for average AUM levels that were applied in 1H 21.

## Sensitivities – profit and capital cont'd

The AWM NPAT sensitivities includes the impact on investment returns from assets supporting the operational capital requirements of the superannuation business and the North Guarantee.

The AMP Capital NPAT sensitivities assume no change to performance and transaction fees and do not include seed and sponsor capital investments.

### AMP regulatory capital sensitivities

Capital sensitivities – regulatory capital resources above MRR (A\$m) <sup>1</sup>		AMP group
Actual 30 June 2021 (ASX 200 @ 7,313); Australian bond yields @ 1.52%		1,204
Equity sensitivity	– 20% increase (ASX 200 @ 8,776)	15
	– 10% increase (ASX 200 @ 8,044)	10
	– 10% decrease (ASX 200 @ 6,582)	(5)
	– 20% decrease (ASX 200 @ 5,850)	(15)
Australian bond yields sensitivity	– 100 bps increase (Australian bond yields @ 2.5%)	55
	– 50 bps increase (Australian bond yields @ 2.0%)	30
	– 50 bps decrease (Australian bond yields @ 1.0%)	(30)
	– 100 bps decrease (Australian bond yields @ 0.5%)	(65)

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

The sensitivities shown above reflect the impact of market movements on AMP's capital position.

The analysis is a point in time view of the capital impact of movements in equity markets and bond yields on AMP's capital position, inclusive of any long-term and tactical protection which have been implemented.

AMP group sensitivities include the effect on capital of movements in operational risk requirements in the Superannuation funds, the defined benefit funds and North Guarantee products.

AMP's capital management policies include market related trigger points at which management will take action to reduce the impact of market movements on AMP's capital position. 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 30 June 2021, which may have a significant impact on these sensitivities.

## Market share and channel analysis

### Market share

	March 2021			March 2020		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
<b>Australia (AUM) A\$bn</b>						
Superannuation including rollovers <sup>1,2</sup>	451.7	1	21.0	389.7	1	23.5
Corporate superannuation master funds <sup>3</sup>	172.2	2	16.8	153.5	2	18.4
Retirement income <sup>1</sup>	208.5	2	16.3	183.0	2	18.0
Unit trusts (excluding cash management trusts) <sup>1,2</sup>	327.7	8	4.6	262.4	6	5.4
Total retail managed funds (excluding cash management trusts) <sup>1,2</sup>	997.0	1	14.5	843.5	1	16.5
	June 2021			June 2020		
	Total market size	Market position (rank)	Market share %	Total market size	Market position (rank)	Market share %
<b>New Zealand wealth management (AUM) NZ\$bn</b>						
Retail superannuation <sup>4</sup>	2.7	1	42.4	2.5	1	43.2
Unit trusts <sup>4</sup>	44.8	16	1.1	45.5	15	1.2
KiwiSaver <sup>4</sup>	83.2	5	8.0	66.7	4	8.9
Total retail funds <sup>4</sup>	131.2	6	6.3	115.1	6	6.5
Corporate superannuation <sup>5</sup>	8.5	1	42.4	7.4	1	45.4

1 Source: Market Overview Retail Managed Funds – Marketer, Plan For Life, March 2021.

2 These figures include SuperConcepts products in the superannuation and unit trust categories.

3 Source: Australian Retail and Wholesale Investments, Market Share and Dynamics Report, Plan For Life, 31 March 2021.

4 Measured by AUM. Source: FundSource Limited June 2021 and June 2020.

5 Measured by AUM. Source: Eriksens Master Trust Survey June 2021 and June 2020.

### Channel analysis

	Adviser numbers			Practice numbers			Total AUM <sup>1</sup>		
Channel analysis (A\$m)	1H 21	1H 20	% 1H/1H	1H 21	1H 20	% 1H/1H	1H 21	1H 20	% 1H/1H
AMP Advice <sup>2</sup>	81	102	(20.6)	2	2	-	11,248	8,015	40.3
AMP Financial Planning	677	1,018	(33.5)	253	463	(45.4)	50,428	49,635	1.6
Charter Financial Planning	419	507	(17.4)	165	230	(28.3)	19,520	18,333	6.5
Hillross	179	240	(25.4)	70	105	(33.3)	11,035	11,852	(6.9)
<b>Total (core licensees)</b>	<b>1,356</b>	<b>1,867</b>	(27.4)	<b>490</b>	<b>800</b>	(38.8)	<b>92,231</b>	<b>87,835</b>	5.0
Jigsaw Support Services <sup>3</sup>	29	43	(32.6)				808	783	3.2
<b>Total (licensee services)</b>	<b>29</b>	<b>43</b>	(32.6)				<b>808</b>	<b>783</b>	3.2
Corporate Super Direct							15,083	13,761	9.6
Third-party distributors and other							23,103	18,660	23.8
<b>Total Australia<sup>4</sup></b>	<b>1,385</b>	<b>1,910</b>	(27.5)	<b>490</b>	<b>800</b>	(38.8)	<b>131,225</b>	<b>121,039</b>	8.4
<b>New Zealand<sup>5</sup></b>	66	63	4.8	2	2	-	12,580	11,621	8.3
<b>Total</b>	<b>1,451</b>	<b>1,973</b>	(26.5)	<b>492</b>	<b>802</b>	(38.7)	<b>143,805</b>	<b>132,660</b>	8.4

1 Includes advised and non-advised AUM.

2 Self-employed advisers operating under the AMP Advice brand are now reported against their operating licensee.

3 Excludes AMP Authorised Representatives.

4 AUM includes all Australian wealth management and excludes SuperConcepts.

5 Includes direct employees of New Zealand wealth management business only.

## AMP Capital investment performance

Fund/style name	AUM (A\$m)	1 Year		3 Year		5 Year	
		Absolute return <sup>1</sup> %	Excess return <sup>2</sup> %	Absolute return <sup>1</sup> %	Excess return <sup>2</sup> %	Absolute return <sup>1</sup> %	Excess return <sup>2</sup> %
Australian equities							
Small Caps	377	42.4	9.1	17.5	8.9	15.8	4.5
Enhanced Index	9,914	27.5	(0.3)	9.6	-	11.1	(0.1)
Future Directions Australian Equity Fund <sup>3</sup>	4,170	25.6	0.3	11.9	2.7	9.7	0.5
Global equities							
Global Listed Real Estate <sup>4,5</sup>	5,542	32.4	2.2	8.8	3.8	7.0	2.5
Global Listed Infrastructure <sup>5</sup>	2,471	13.3	4.4	10.4	3.1	9.0	2.3
Specialist International Shares Fund <sup>3</sup>	1,597	26.1	(1.4)	15.4	(1.2)	13.0	(0.6)
Enhanced Index International Shares	13,322	27.6	0.1	14.1	(0.5)	14.7	(0.1)
Fixed interest							
Wholesale Australian Bond Fund	1,778	1.0	1.9	5.1	0.9	4.0	0.8
Managed Treasury Fund	1,312	0.6	0.5	1.4	0.4	1.7	0.4
Real estate (direct) <sup>6</sup>							
Wholesale Office <sup>7</sup>	7,911	11.0	2.4	10.0	1.2	10.7	(0.2)
Shopping Centres <sup>7</sup>	3,558	4.2	0.7	(5.3)	(0.7)	0.3	(0.7)
Infrastructure (direct)							
Diversified Infrastructure Trust	1,615	0.2	(5.5)	1.8	(4.2)	6.8	0.4
Australia Pacific Airports Fund	390	4.7	(7.3)	(0.5)	(12.5)	6.3	(5.7)
Diversified							
Balanced Growth Option	5,203	20.4	0.7	9.0	(0.9)	9.4	(0.5)
Future Directions Balanced Fund	4,620	20.9	2.0	8.6	(0.6)	9.4	-
MySuper 1970s <sup>8</sup>	6,695	23.8	2.5	9.0	(0.8)	10.3	-
Goal based							
Corporate Bond	898	4.2	4.2	3.2	2.2	3.4	2.2
Multi Asset Fund	605	15.4	8.8	5.0	(2.0)	6.1	(1.1)
Income Generator	1,435	14.1	0.3	6.4	(0.8)	6.5	(0.9)
Equity Income Generator	113	35.9	8.1	9.7	0.1	9.4	(1.8)

1 Absolute returns are annualised for periods greater than one year.

2 Excess return is measured against the client goal or market benchmark.

3 For this fund, two fund returns have been joined due to historical fund restructures.

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

5 AUM provided is the assets under management of the entire capability.

6 Calculated in accordance with the Mercer/IPD Pooled Property Fund Index methodology.

7 For this fund, AUM disclosed is the gross asset value.

8 MySuper 1970s is representative of the MySuper range of funds – it is disclosed as it is the largest fund in the MySuper range.



## Accounting treatment, definitions and exchange rates

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

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

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

**Capital Adequacy Ratio (AMP Bank)** – Total regulatory capital divided by total risk weighted assets calculated using the standardised approach. Total regulatory capital is comprised of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.

**Common Equity Tier 1 capital** – Comprises the highest quality components of capital that fully satisfy all of the following essential characteristics:

- a) provide a permanent and unrestricted commitment of funds
- b) are freely available to absorb losses
- c) do not impose any unavoidable servicing charge against earnings, and
- d) rank behind the claims of depositors, policyholders and other creditors in the event of winding up.

**Controllable costs** – Include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

**Controllable costs to AUM** – Calculated as controllable costs divided by the average of monthly average AUM.

**Corporate debt** – Borrowings used to fund shareholder activities of the AMP group including the impact of any cross-currency swaps entered into to convert the debt into A\$, but excluding debt used to fund AMP Bank activities. Refer to page 26 for more detail.

**Corporate gearing** – Calculated as total senior debt (page 26) plus the total of Subordinated Bonds and AMP Notes 3 divided by AMP Shareholders' Equity plus all corporate debt (including senior and subordinated) which is not on-lent to AMP Bank. AMP shareholders' equity in the above calculation is adjusted to remove acquired asset management mandates and capitalised costs.

**Cost to income ratio** – Calculated as controllable costs divided by gross margin. Gross margin is calculated as EBIT plus investment income (pre-tax) plus controllable costs. For the calculation of Group and Bank cost to income ratios, gross margin excludes loan impairment expense.

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

**EPS (underlying)** – Calculated as NPAT (underlying) divided by the basic weighted average number of ordinary shares.

**External AUM (AMP Capital)** – Assets managed by AMP Capital sourced from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients and partnerships.

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

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

**Interest cover (actual)** – Calculated on a rolling 12 month post-tax basis as NPAT (statutory) of AMP Limited before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

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

**Internal AUM (AMP Capital)** – Assets managed by AMP Capital sourced from AMP's business units.

**Investment income** – The income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to the BUs (including Group Office). The return on AMP Bank income producing investment assets is included in AMP Bank NPAT.

Shareholder funds invested in income producing assets may be higher or lower than BU capital due to the working capital requirements of the business unit.

From 1H 21, the normalisation of expected returns on investment income through the use of a separate market adjustment has been abolished, with reported investment income now reflecting actual, rather than forecast, investment returns.

**Investment performance (AMP Capital)** – The percentage of AUM measured against market benchmarks as well as client goals.

**Level 3 eligible capital** – Comprises the highest quality components of capital for AMP Limited as the head of a Level 3 group. Level 3 eligible capital has similar characteristics to Common Equity Tier 1 capital for insurers and ADIs.

**Liquidity Coverage Ratio (LCR)** – A requirement to maintain an adequate level of high quality liquid assets to meet liquidity needs for a 30 calendar day period under a stress scenario. Absent a situation of financial stress, the value of the LCR may not be less than 100%.

**Minimum regulatory capital requirements (MRR)** – Refer to page 24.

## Accounting treatment, definitions and exchange rates cont'd

**MUTB** – Mitsubishi UFJ Trust and Banking Corporation (MUTB) previously held a 15% shareholding in AMP Capital which was repurchased in September 2020. MUTB is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG).

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

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

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

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

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

**Practice finance loans** – Business loans provided to AMP aligned financial advisers, which are secured by a General Security Agreement over the adviser's business assets, including the client servicing rights, or other assets. Commercial lending credit policy, process and rates apply to these loans.

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

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

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

**RoE (actual)** – Calculated as NPAT (statutory) of AMP Limited divided by the average of the monthly average shareholder equity for the period.

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

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

**Tier 2 capital** – Includes components of capital that, to varying degrees, fall short of the quality of Common Equity Tier 1 capital and Additional Tier 1 capital but nonetheless contribute to the overall strength of an insurer or ADI.

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

Exchange rates			AUD/NZD
2021	1H 21	– closing	1.0744
		– average	1.0718
2020	FY 20	– closing	1.0717
		– average	1.0607
	2H 20	– closing	1.0717
		– average	1.0725
	1H 20	– closing	1.0695
		– average	1.0501

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## **Website**

For additional 2021 half year results information, visit AMP's website at **[amp.com.au/shares](https://amp.com.au/shares)**

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### **You will find:**

- background information on AMP, business units, management and policies
- statutory reporting at the AMP Limited level (incorporating shareholder, policyholder and non-controlling interests)
- archived webcasts of presentations to investors and analysts
- archived ASX announcements and historical information
- definitions and details of assumptions
- key shareholder dates

