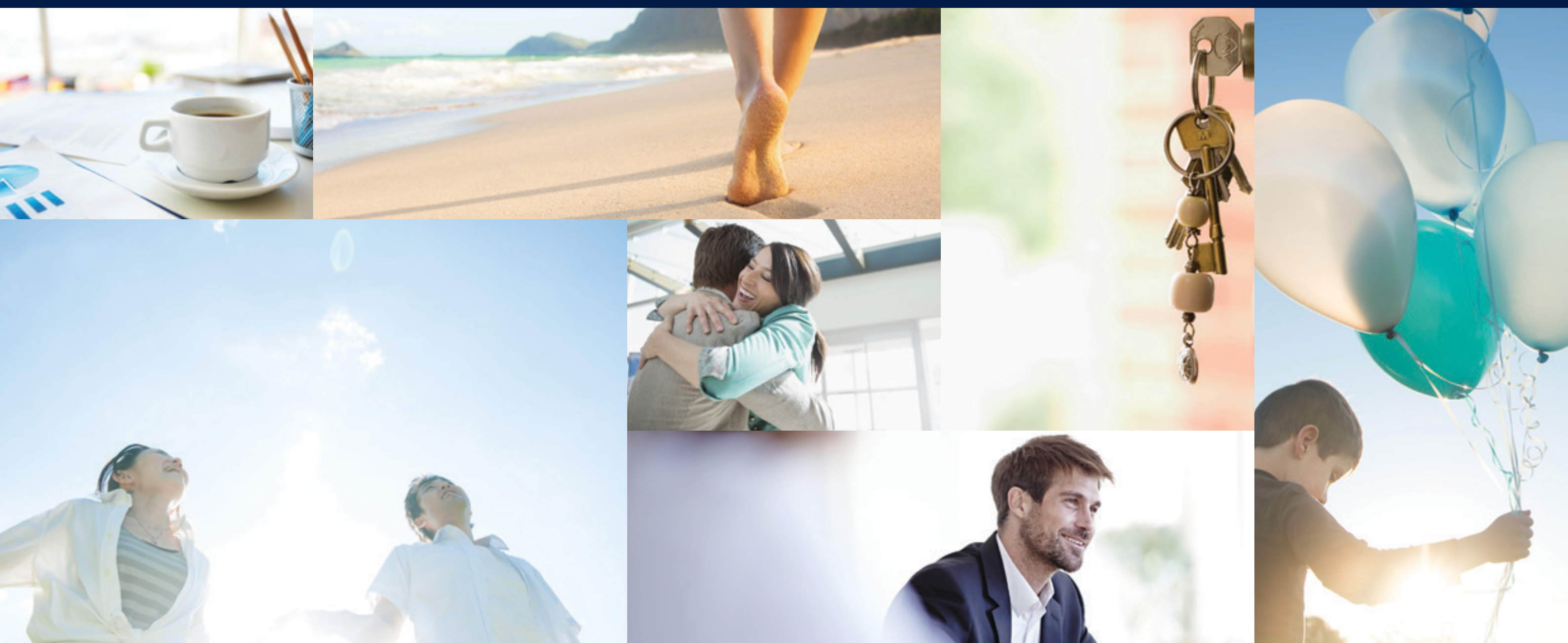
2015 annual report

For everyone, every goal, every step – we're here to help. To help you own a better tomorrow.



AMP Limited ABN 49 079 354 519

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Unless otherwise specified, all amounts are in Australian dollars.
Information in this report is current as at 18 February 2016.

Our year

In 2015, we have witnessed the strength and resilience of AMP, as our company maintained its growth momentum in the face of challenging markets in the second half of the year.

Our superannuation, investments, advice and banking businesses delivered strong results, and we are seeing encouraging growth from our international expansion through AMP Capital. Our strategy to become a more customer-centred organisation is showing early signs of success and we are making positive progress on our program to reduce costs.

The industry in which we operate is being tested like never before. Customers not only want quality products that offer value for money but they want and expect exceptional customer service. And we believe they deserve nothing less. That's why we're putting our customers at the heart of everything we do.

Over the past two years we have laid the foundations for a truly customer-centred organisation, one we believe will also deliver long-term value for shareholders. We've listened to our customers – and as a result of what we've heard, we've transformed our digital capabilities and designed new and better ways for customers to interact with us.

We've also continued to expand our presence offshore, partnering with leading companies around the world including China Life and Mitsubishi UFJ Trust and Banking Corporation in Japan. Our alliance with China Life has gone from strength to strength and I'm pleased to say the financial performance of our joint ventures has exceeded our expectations.

We remain focused on the recovery of our insurance business. While this is taking longer than expected, we believe our new claims process, targeted retention campaigns and a new insurance offer will provide a better outcome for customers and shareholders over the long term.

Dividend and capital position

We are pleased to have delivered a total 2015 dividend of 28 cents per share for shareholders, with $828 million having been returned to shareholders in the form of dividends and dividend reinvestment plan (DRP) shares for the year. We have extended our dividend payout ratio to 70 to 90% of underlying profit as a reflection of our confidence in the financial strength of the group, and our total dividend represents a payout of 74% of our 2015 underlying profit.

The increase in our taxable income has again enabled us to raise the franking rate, with the final 2015 dividend of 14 cents per share to be franked at 90%. We will continue to purchase DRP shares on market so as to not dilute the value of current shareholdings.

We have maintained a strong capital position and as at 31 December 2015 held $2.5 billion in capital above minimum regulatory requirements. This means we will remain well capitalised when we redeem $600 million of AXA Notes in March 2016.

Board

We have announced the appointment of two new directors to our board. Retail expert Holly Kramer joined in October 2015 and Vanessa Wallace, who has extensive financial services experience across Asia, joins in March 2016. Holly and Vanessa bring extensive skills and experience that will prove invaluable to our business as we pursue our strategy.

On behalf of the board I would like to thank John Palmer and Brian Clark who will retire as directors of AMP at the end of the annual general meeting. Both John and Brian have served on the board for almost nine years and their knowledge and sound judgement have proved invaluable during that time. We greatly appreciate the contribution they have made and the particularly high standards they have set.

Simon McKeon AO
Chairman

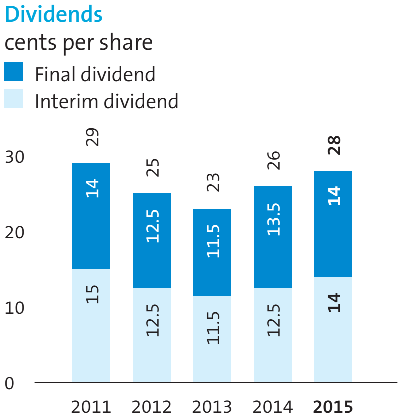
Our financial performance

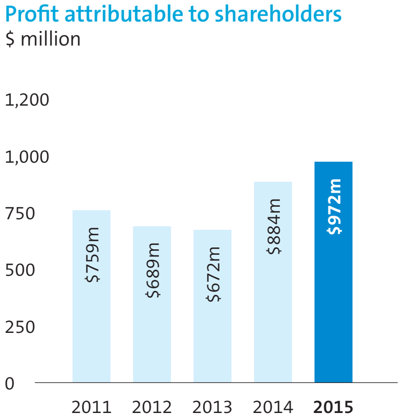
Five-year financial summary

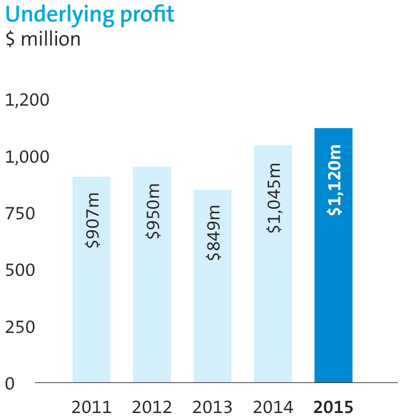
Year ended 31 December	2015 $m	2014 $m	2013 $m	Restated 2012 $m	Restated 2011 $m
Consolidated Income statement					
Net premium, fee and other revenue	**5,493**	5,343	5,136	5,166	4,217
Investment gains (losses)	**8,529**	12,244	14,963	12,258	1,548
Profit (loss) before income tax from continuing operations	**1,993**	1,814	1,498	1,387	743
Income tax (expense) credit	**(280)**	(843)	(782)	(688)	4
Non-controlling interests	**(741)**	(87)	(44)	(10)	12
Profit after tax attributable to shareholders of AMP Limited	**972**	884	672	689	759
Consolidated Statement of financial position					
Cash and cash equivalents	**3,955**	3,581	2,938	4,388	4,816
Investment assets	**128,074**	123,292	121,781	107,721	98,221
Intangibles	**3,983**	4,042	4,136	4,502	4,677
Assets of disposal groups	**–**	100	42	187	–
Other assets	**3,696**	3,840	4,327	4,566	4,999
Total assets	**139,708**	134,855	133,224	121,364	112,713
Borrowings and subordinated debt	**17,452**	16,502	16,243	13,473	13,322
Life insurance contract liabilities	**23,871**	24,403	24,934	25,055	24,399
Investment contract liabilities	**69,848**	66,980	66,049	58,385	52,940
Liabilities of disposal groups	**–**	69	8	74	–
Other liabilities	**19,642**	18,516	17,790	16,734	15,066
Total liabilities	**130,813**	126,470	125,024	113,721	105,727
Net assets	**8,895**	8,385	8,200	7,643	6,986
Contributed equity	**9,566**	9,508	9,602	9,333	9,074
Reserves	**(1,866)**	(1,888)	(1,973)	(2,157)	(2,540)
Retained earnings	**819**	566	461	332	364
Total equity attributable to shareholders of AMP Limited	**8,519**	8,186	8,090	7,508	6,898
Non-controlling interests	**376**	199	110	135	88
Total equity	**8,895**	8,385	8,200	7,643	6,986

Year ended 31 December		2015	2014	2013	Restated 2012	Restated 2011
Other financial data						
Basic earnings per ordinary share	($ps)	**$0.33**	$0.30	$0.23	$0.24	$0.29
Diluted earnings per ordinary share	($ps)	**$0.33**	$0.30	$0.23	$0.24	$0.29
Dividends per ordinary share	($ps)	**$0.28**	$0.26	$0.23	$0.25	$0.29
Number of ordinary shares	(m)	**2,958**	2,958	2,958	2,930	2,855
Assets under management	($b)	**226**	214	197	173	159

2015 results at a glance







28 cents per share
up 8%

Total dividend for 2015

The final dividend of 14 cents per share is to be paid on 8 April 2016 and will be 90% franked.

$828m returned to shareholders in the form of dividends and dividend reinvestment plan shares for 2015.

$972m
up 10%

Profit attributable to shareholders

$1,120m
up 7%

Underlying profit

Underlying profit is AMP's preferred measure of profitability as it best reflects the underlying performance of AMP. It is the earnings base on which the board determines the dividend payment.

The main difference between the two numbers comes from movements in investment markets and one off costs. A reconciliation of profit attributable to shareholders and underlying profit can be found on pages 18 and 66.

$3,784m
up 5%

Net cashflows on AMP platforms

Customers are continuing to invest across our range of investment platforms.

$4,434m
up 19%

AMP Capital external net cashflows

AMP Capital has seen an increase in investments from both domestic and international clients.

$226b
up 6%

Assets under management

We now manage more money for our customers around the world.

43.8%
improved by
1 percentage point

Cost to income ratio

We have become a more efficient business – increasing our revenue while maintaining tight cost controls.

$2,542m
up 28%

Regulatory capital funds held above the minimum regulatory requirement

AMP holds capital above the minimum requirements to protect customers, creditors and shareholders against unexpected losses. This is an indication of the strength of our business.

13.2%
improved by
0.5 percentage points

Underlying return on equity

Our increase in underlying profit means we improved the return on the money invested by our shareholders.

About AMP

AMP was founded on a simple yet bold idea – that every individual should have the power and ability to control his or her life.

For more than 165 years we've dedicated ourselves to making this possible by helping our customers take control of their finances, be debt free, plan for and manage their retirement, and be financially secure in case of misfortune. Today we call this helping people own tomorrow.

We are Australia and New Zealand's leading independent wealth management company with an expanding international investment management presence and a growing retail banking business in Australia.

What we do

Australian wealth management – we help our customers save for and live well in retirement – through our superannuation and investment products (including self-managed superannuation fund (SMSF) services) and financial advice.

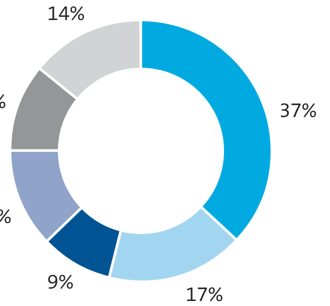
Australian wealth protection – we support our customers and their families during tough times – through our life insurance, income protection and disability insurance products.

AMP Bank – we provide banking products including home loans, savings accounts and lending to SMSF trustees for investment purposes.

AMP Capital – we help customers invest in equities, fixed income, infrastructure and property, as well as diversified, multi-manager and multi-asset funds.

New Zealand financial services – we provide customers in New Zealand with financial advice, superannuation and insurance products.

Australian mature – we carefully manage closed insurance and superannuation products no longer sold by AMP.



Percentages based on contribution to operating earnings.

Where we help

Today we provide advice and products to over four million retail and institutional customers in our core markets of Australia and New Zealand. We also have an expanding global presence through AMP Capital, providing investment management services to institutional and retail clients across Asia, Europe, the Middle East and North America. Our offices are shown below.

In Asia, we partner with international market leaders and have partnerships in China and Japan.

- AMP owns a 19.99% stake in China Life Pension Company (CLPC).
- AMP Capital holds a 15% stake in China Life AMP Asset Management Company Limited (CLAMP).
- Mitsubishi UFJ Trust and Banking Corporation (MUTB) holds a 15% minority interest in AMP Capital Holdings Limited.

Our strategy

Our vision is to be Australia and New Zealand's favourite financial services company.

Two years ago, we put in place a strategy to transform our business – to place our customers at the centre of everything we do. The consistent execution of this strategy over the past two years has created a strong platform for future growth and in 2016 our focus will be on realising the value from the investments we've made so far.

Focus on growth –

growing our Australian financial advice, superannuation, insurance, banking and SMSF businesses

Our 2015 achievements

- Maintained our No. 1 market share position in the Australian superannuation market[1]
- Maintained our No. 1 market share position in the Australian individual risk insurance market[2]
- Reinforced our market leading position in SMSF administration
- Grew our bank mortgage business, with 24% of mortgages derived from our financial adviser network

Transformation of our business –

to better understand and anticipate customers' needs, help them realise their goals, and give them more choice in how they interact with us

Our 2015 achievements

- Piloted a new goals-based face-to-face advice approach
- Launched a new online system, My AMP, enabling customers to see all their banking, superannuation, insurance and investment products in one location
- Deployed a customer feedback and measurement system to drive customer experience improvements
- Introduced new call centre technology so we can identify customers' needs to proactively help them

Cost reductions –

increasing the efficiency of our business and spending money wisely

Our 2015 achievements

- Our three-year business efficiency program is on track, delivering savings on time and on budget
- We have invested $320m in a cost saving program to achieve $200m in pre-tax recurring run rate cost savings by the end of 2016

Expansion offshore –

expanding internationally through AMP Capital by partnering with international market leaders in Asia and internationally capitalising on investor demand for our infrastructure, property and fixed income capabilities

Our 2015 achievements

- CLAMP launched 19 new mutual funds and now manages $14.8b in assets under management (AUM) for Chinese retail and institutional investors
- CLPC became the No. 1 provider of trustee services and No. 2 provider of investment management services in China by AUM. Total AUM grew 35% to RMB 301b ($63.7b)
- Attracted strong interest from international investors into our infrastructure and property funds, with $645m in commitments received for the Global Infrastructure Fund

1 Retail Managed Funds – Marketer, Plan for Life, September 2015.
2 Life Insurance Overview – Risk Insurance, Plan for Life, September 2015.

Our business

We are proud to be Australia and New Zealand's leading independent wealth management company, helping customers achieve their goals through our offers, solutions and personalised financial advice.

Financial advice

We operate the leading financial advice network in Australia and New Zealand, with more than 4,000 advisers helping people take control of their finances so they can face the future with confidence.

With some of the highest professional standards in the advice industry, our customers know they can count on us to stand behind our advice.

- Our financial advisers help customers across Australia and New Zealand
- Since 2007, the AMP Adviser Academy, Horizons, has launched the careers of hundreds of new financial advisers through its professional training program
- Our advice brands include AMP Financial Planning, Hillross, Charter, Spicers, AdviceFirst, SMSF Advice, Jigsaw and ipac

Superannuation and retirement

We are Australia's leading provider of superannuation and a leading KiwiSaver provider in New Zealand. We lead a rapidly growing industry, with the Australian superannuation market expected to double in size by 2026[1].

AMP supports individuals with simple, easy-to-access solutions and provides award-winning superannuation services for businesses that range from blue-chip companies to small-to-medium enterprises. We also provide advice and solutions to help people manage their money throughout their retirement.

- We provided superannuation services to more than 60,000 companies in Australia
- We are No. 1 in superannuation in Australia and No. 1 in corporate superannuation in New Zealand[2]
- We helped our customers by paying out $2.2 billion in Australian retirement payments in 2015
- In 2015, our flagship SignatureSuper solution for medium to large businesses was awarded Super Fund of the Year at the Super Review Awards

Insurance

AMP is a leading insurance provider, offering income protection, disability and life insurance plans that are held by individuals or included in a superannuation fund.

We hold market-leading positions in the Australian and New Zealand insurance markets.

- We are No. 1 in the individual risk insurance market in Australia and No. 2 in New Zealand[3]
- We helped our customers by paying out $1,079 million in insurance claims in 2015
- We were named Life Company of the Year in 2015 in the Financial Review's Smart Investor Blue Ribbon Awards
- In 2015, AMP Elevate won the CANSTAR Outstanding Value award for Term Life Insurance

1 Dynamics of the Australian Superannuation System, The Next 20 Years: 2015 – 2035, Deloitte, November 2015; AMP modelling.
2 Eriksen's Master Trust Survey, September 2015.
3 Financial Services Council of New Zealand, December 2015.

Investments

Through AMP Capital, we help customers around the world invest in equities, fixed income, infrastructure and property, as well as diversified, multi-manager and multi-asset funds. AMP Capital also manages property and infrastructure assets including shopping centres, aged care facilities, airports, trains and pipelines.

In Asia, we work with international market leaders to extend our distribution and have partnerships in China and Japan.

- AMP Capital is one of the largest direct property fund managers in Asia Pacific, with $20.8 billion in AUM. It owns properties including Macquarie Shopping Centre in North Ryde, 700 Bourke Street in Melbourne and 200 George Street in Sydney
- AMP Capital is also one of the largest infrastructure managers in the world[1] managing $10.3 billion in assets including Melbourne Airport, PowerCo in New Zealand and Angel Trains in London
- CLAMP manages $14.8 billion for Chinese investors through mutual fund products, including money market, fixed income, balanced and equity funds

Banking

AMP Bank is a growing business, helping Australians with residential and investment property mortgages, and deposit and transaction accounts, along with self-managed superannuation fund products. These products are provided through AMP financial advisers, mortgage brokers, and direct to customers over the phone or online. AMP Bank also provides practice finance loans to financial advisers.

- We help 100,000 Australians with their banking needs
- In 2015, we helped over 8,500 customers buy a home
- We offer a range of award-winning deposit and transaction accounts, including the AMP Saver Account which won the CANSTAR award for Outstanding Value in 2015

Self-managed superannuation funds

AMP is the Australian market leader in SMSF administration. Our SMSF business, SuperConcepts, helps customers in Australia establish SMSFs and provides them with administration and compliance management support. It also offers investment products, insurance cash hubs, term deposits and lending services.

- We are Australia's market leader in SMSF administration, providing administration, software and education services to 38,000 SMSFs
- Our SMSF business includes the brands SuperConcepts, AMP SMSF Solutions, Ascent, Cavendish, Justsuper, Multiport, SuperIQ, SuperMate and yourSMSF

1 Towers Watson Global Alternatives Survey 2014.

Creating better tomorrows

Since 1849, AMP has been committed to improving the communities in which we operate. We know that our success is directly correlated to the prosperity of our shareholders, customers, advisers, business partners, employees and our communities.

Our 5,400 AMP employees around the globe and 4,000 financial advisers in Australia and New Zealand are proud to serve over four million customers and deliver returns to our 800,000 shareholders.

Our first priority is to provide quality financial products and services. Our customers trust us to help them build financial security and be there for them when they need us. It's a responsibility we take seriously and every day we help millions of customers achieve their financial goals. However, our duty extends beyond just supporting our customers. We want to help create a better tomorrow for all our stakeholders.

Investing in a better tomorrow

Through the AMP Foundation we are helping to provide a better tomorrow for everyone – especially those facing challenges accessing education and employment opportunities. Since 1992, the AMP Foundation has distributed $80 million to help charities and individuals make a positive impact on communities in Australia and New Zealand.

The AMP Foundation works in two ways. It helps people to help themselves by supporting organisations that give disadvantaged Australians life-changing learning and work opportunities. It also helps people to help others, supporting AMP employees and financial advisers to share their time, skills and resources with people in need and through AMP's Tomorrow Fund grants.

In 2015, the AMP Foundation distributed $4.8 million, including more than $1 million in grants through AMP's Tomorrow Fund to support 42 amazing Australians achieve their goals. We also presented scholarships to 18 equally extraordinary New Zealanders. While these recipients all have very different interests, like AMP, they are all striving to create a better tomorrow for everyone.

Sharing our knowledge

We believe it is our responsibility to help people make informed financial decisions. When people have a better understanding and greater control of their financial wellbeing they feel more secure and independent. In 2015, we published two reports with the National Centre for Social and Economic Modelling (NATSEM) – one on household debt and one on our ageing population's capacity to work, and shared this research with Australia.

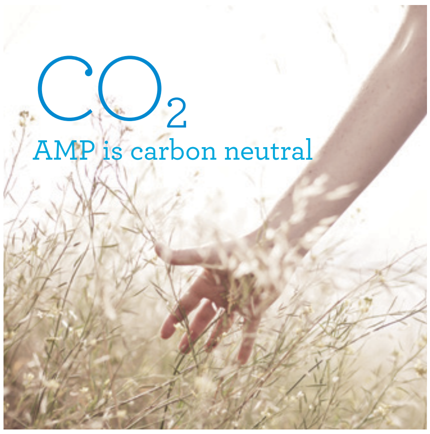
In June 2015, AMP hosted The New Old summit where speakers, including AMP Capital's Chief Economist Shane Oliver and Age and Disability Commissioner Susan Ryan AO, busted myths about the ageing population's economic impact and capacity to work.

In the same month, AMP also participated in the Indigenous Superannuation Summit in Melbourne, and went on to join The Indigenous Superannuation Working Group – an industry-led group aiming to build better superannuation outcomes for Aboriginal Australians.

We are fortunate to have leading financial experts working for us, and we help share their knowledge with the wider community. In 2015, we invited shareholders to hear from some of our experts and benefit from their insights and expertise. The session was well received and will be held this year in Melbourne on 12 May 2016. All shareholders are invited to participate in person or online. You can find further details of the event on page 14.

Protecting our environment

Minimising our impact on the environment is as important for our company as it is for the communities in which we operate. We actively assess the environmental risks and opportunities across our business and the investments managed by AMP Capital. In 2015, we continued to make progress against our environmental priorities and targets, remaining carbon neutral and reducing our greenhouse gas emissions by a further 9% year on year.



Encouraging good corporate governance

As a major investor in companies and assets on behalf of our customers, AMP Capital is well placed to raise the corporate responsibility bar and influence better outcomes for investors. We have long recognised the strong link between an organisation's environmental and social impacts, the quality of its corporate governance, and its long-term business success.

Assessing environmental, social and governance (ESG) factors is a key part of our investment process and we are recognised for our work in this area. We actively engage with the boards and management teams of companies, encouraging sound decision-making and risk management, appropriate capital allocation, good board composition, gender diversity, fair remuneration and open and honest disclosure. We use our voting power to encourage corporate behaviour that will deliver better results for investors, shareholders and the community as a whole.

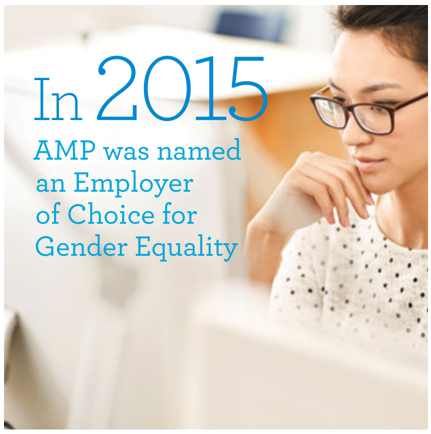
Inclusion and diversity

We also want an inclusive culture – one that enables us to tap into different perspectives. By drawing on the strengths and skills of our people and empowering them to be the best they can be, we are better placed to help others own tomorrow.

Since introducing gender diversity targets in 2011, we have increased the representation of women in senior executive roles by 10 percentage points. In 2015, we expanded our inclusion and diversity program and we have now set ourselves even more challenging gender diversity targets. By the end of 2020, our aim is for women to hold half of our middle-management roles and 47% of senior executive roles. We're also striving to increase the gender balance on our boards, with a 40:40:20 target whereby we want board positions to be filled by 40% women, 40% men and 20% either women or men. We are pleased that when Vanessa Wallace joins our board in March 2016, 40% of the AMP Limited Board will be female.

In 2015, we were honoured to be named an Employer of Choice for Gender Equality by the Australian Government's Workplace Gender Equality Agency. We also launched AMProud, a community group for lesbian, gay, bisexual, transgender, intersex and questioning (LGBTIQ) employees and supporters.

You can find further information on our 2015 environmental performance, corporate governance work and AMP Foundation activities in the AMP 2015 community report available at amp.com.au/2015annualreport.



Representation of women at AMP

Roles	2020 target	2015 target	31 Dec 2015	31 Dec 2014
AMP Limited Board	40%	30%	33%	20%
Senior executives	47%	35%	37%	34%
Middle management	50%	43%	39%	39%
All employees	n/a	n/a	52%	51%

n/a – not applicable

Our board

Simon McKeon AO[1]

Independent Chairman BCom, LLB

Simon was appointed to the AMP Limited Board in March 2013 and assumed the role of Chairman in May 2014. He also became a member of the Nomination and Governance Committee and the People and Remuneration Committee in May 2014.

Experience

Simon is a specialist in corporate mergers and acquisitions, fund raising and strategic advice. In his 30 year career, he has worked with Macquarie Group, ultimately as Chairman of its Melbourne office, and as a solicitor with Dawson Waldron. He continues to consult to Macquarie and is Chancellor of Monash University.

Simon has served as Chairman of CSIRO and MYOB and was the Founding President of the Australian Takeovers Panel. He is the inaugural President of the Review Panel for the banking industry's Banking and Finance Oath, is a member of the Australian Institute of Company Directors' Chairman's Forum and was the 2011 Australian Banking Ambassador of the Year.

Simon was Australian of the Year in 2011 and was made an Officer of the Order of Australia in 2012 for distinguished service to business, commerce and the community. In 2015, Simon was awarded an honorary Doctorate of Public Health by La Trobe University.

Government and community involvement

- Australia Day Ambassador for the Victorian Government
- Director of Red Dust Role Models
- Member of the Big Issue Advisory Board
- Chairman of In2Science

Craig Meller[2]

Chief Executive Officer BSc (Hons)

Craig was appointed Chief Executive Officer (CEO) in January 2014. He has been a Director of AMP Life Limited since October 2007, a Director of The National Mutual Life Association of Australasia (NMLA) Limited since March 2011 and a Director of AMP Capital Holdings Limited since January 2014.

Experience

Prior to becoming CEO, Craig was Managing Director (MD) of AMP Financial Services from 2007–2013. Craig started with the AMP group's United Kingdom (UK) business in 2001 before coming to Australia in 2002 to take up the role of MD, AMP Banking. He moved to the role of Director of Product Manufacturing in 2003.

Craig started his career at Lloyds TSB in the UK where he spent more than 14 years working across the business in a number of management roles. From 1998 he worked at Virgin Direct where he was MD from 1999–2001.

Patricia (Patty) Akopiantz[3]

Independent Director BA, MBA

Patty was appointed to the AMP Limited Board and the People and Remuneration Committee in March 2011, becoming Chairman of that committee in August 2014. She joined the Risk Committee in November 2014 and the Nomination and Governance Committee in August 2015. Patty was appointed a Director of AMP Bank Limited in November 2011 and Chairman in November 2015. She became a member of the AMP Bank Audit Committee and the AMP Bank Risk Committee in November 2014.

Experience

Patty has over 25 years senior management and consultancy experience, primarily in the retail and consumer industries both in Australia and overseas. She has served as General Manager of Marketing at David Jones, Vice President for a United States (US) apparel manufacturer and as a management consultant with McKinsey, advising some of Australia's leading companies on strategy and organisational change.

Over the last 13 years, Patty has served on numerous boards including AXA Asia Pacific Holdings and Coles Group. In 2003, she was awarded a Centenary Medal for services to Australian society in business leadership.

Listed directorship

- Director of Ramsay Health Care Limited (appointed April 2015)

Catherine Brenner[4]

Independent Director BEc, LLB, MBA

Catherine was appointed to the AMP Limited Board in June 2010 and Chairman of its Nomination and Governance Committee in May 2013. She was appointed Chairman of the AMP Life Limited Board in May 2011, having been a member of that board and its Audit Committee since May 2009. Catherine has been Chairman of the NMLA Board and a member of its Audit Committee since March 2011. She was also appointed a member of the AMP Life and NMLA Risk Committees in November 2014.

Experience

Catherine is a former senior investment banker and corporate lawyer with experience in corporate advisory and equity capital markets. She has served on public company boards in the resources, property and biotech sectors for over a decade. Catherine has also previously served as a member of the Takeovers Panel and as a board member and trustee of not-for-profit and government organisations, including the Sydney Opera House.

Listed directorships

- Director of Boral Limited (appointed September 2010)
- Director of Coca-Cola Amatil Limited (appointed April 2008)

Government and community involvement

- Director of SCEGGS Darlinghurst Limited
- Panel Member, Adara Partners

Brian Clark[5]

Independent Director BSc, MSc, DSc

Brian was appointed to the AMP Limited Board in January 2008 and was appointed a member of the People and Remuneration Committee in May 2009. Brian was also appointed a member of the AMP Capital Holdings Limited Board and its Audit and Risk Committee in February 2008. He became Chairman of the AMP Capital Holdings Board in March 2009.

Experience

Brian spent 10 years in a variety of senior executive roles at Vodafone internationally, most recently in the UK as Group Human Resources Director. He was CEO of Vodafone's Australian business as well as CEO of the Asia Pacific region, based in Tokyo.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Before joining Vodafone, Brian spent three years as CEO of Telkom SA Ltd, in South Africa.

He began his career at the Council for Scientific and Industrial Research in Pretoria, South Africa, rising to the role of President and overseeing its change from a government institution into a commercially focused contract research business.

Listed directorship

– Chairman of Boral Limited (appointed November 2015, Director since May 2007)

Holly Kramer[6]

Independent Director BA, MBA

Holly was appointed to the AMP Limited Board in October 2015 and was appointed a member of the Audit Committee in November 2015.

Experience

Holly has more than 20 years experience in general management, marketing and sales for customer-focused organisations. Most recently Holly was CEO of apparel retailer Best & Less, where she transformed the business and returned it to growth and profitability. Holly has also held senior executive and marketing roles with Pacific Brands, Telstra, eCorp and the Ford Motor Company.

Listed directorships

– Director of Nine Entertainment Co. Holdings Limited (appointed May 2015)
– Director of Woolworths Limited (appointed February 2016)

Government and community involvement

– Director of Australia Post
– Director of Southern Phone Company Limited
– Director of the Alannah and Madeleine Foundation

Trevor Matthews[7]

Independent Director MA

Trevor was appointed to the AMP Limited Board in March 2014, became a member of its Audit Committee in May 2014, Chairman of the Audit Committee in November 2015 and a member of the Risk Committee in November 2014. Trevor joined the AMP Life Limited and NMLA Boards and their respective Audit Committees in June 2014. He was appointed Chairman of those Audit Committees and a member of the AMP Life and NMLA Risk Committees in November 2014.

Experience

Trevor has extensive international life insurance experience. He was previously with Aviva as Executive Director and Chairman, Developed Markets and prior to that CEO of Aviva UK. Trevor has held the position of Group CEO with Friends Provident and CEO with Standard Life in the UK, and CEO of Manulife Financial in Japan. He has also held senior roles with National Australia Bank and Legal & General in Australia.

Trevor was Commissioner for the UK Commission for Employment and Skills, Chairman of the Financial Services Skills Council in the UK, and served on the boards of the Life Insurance Association of Japan, the Life Office Management Association in the US, and the Life Investment and Superannuation Association in Australia. Trevor is a Director of Bupa Australia and New Zealand and a Fellow of the Institute of Actuaries in Australia and the UK.

Listed directorships

– Director of Cover-More Group Limited (appointed December 2013)
– Chairman of 1st Available Ltd (appointed February 2015)

Government and community involvement

– Chairman of the NSW State Insurance Regulatory Authority

John Palmer ONZM[8]

Independent Director BAgrSc

John was appointed to the AMP Limited Board in July 2007 and joined the AMP Capital Holdings Limited Board and its Audit and Risk Committee in May 2014. He retired from the AMP Life Limited Board in June 2014 after 10 years of service.

Experience

John has extensive experience as a director and chairman of companies in the agricultural and finance sectors. He has a track record of successfully leading change and reconstruction of diverse corporates in marketing, agribusiness and aviation. John has served numerous companies as Chairman or a Director including Air New Zealand and Solid Energy New Zealand, and is Chairman of Rabobank New Zealand.

In 1998, John received the Bledisloe Cup for outstanding contribution to the New Zealand fruit industry and in 1999, he was awarded with an Officer of the New Zealand Order of Merit for service to the New Zealand kiwifruit industry. In 2015, he was awarded an honorary Doctorate of Commerce by Lincoln University.

Listed directorship

– Director of Air New Zealand Limited (November 2001–March 2014)

Professor Peter Shergold AC[9]

Independent Director BA (Hons), MA, PhD

Peter was appointed to the AMP Limited Board in May 2008, became a member of its Audit Committee in July 2008 and Chairman of the Risk Committee in November 2014. Peter was appointed a Director of the AMP Life Limited Board in August 2008 and a Director of the NMLA Board in March 2011.

Experience

Peter is Chancellor and Chair of the board of trustees of Western Sydney University. He serves on a number of private sector, government and not-for-profit boards, including as a Director of Corrs Chambers Westgarth and Chairman of Opal Aged Care. Previously, Peter served as Secretary of the Department of the Prime Minister and Cabinet, CEO of the Aboriginal and Torres Strait Islander Commission and Comcare, Public Service Commissioner, Secretary of the Department of Employment, Workplace Relations and Small Business, and Secretary of the Department of Education, Science and Training.

He was appointed a Member of the Order of Australia in 1996, awarded a Centenary Medal in 2003 and made a Companion of the Order of Australia in 2007, each being for public service.

Listed directorship

– Director of Veda Group Limited (appointed October 2013)

Government and community involvement

– Chairman of the National Centre for Vocational Education Research
– Chairman of the NSW Public Service Commission Advisory Board
– NSW Coordinator-General for Refugee Resettlement

Our management team


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Craig Meller[1]

Chief Executive Officer BSc (Hons)

See page 10 for details of Craig's roles, responsibilities and experience.

Pauline Blight-Johnston[2]

Group Executive, Insurance and Superannuation MEc, FIAA, FASSA, ANZIIF (Fellow) CIP, FFin, GAICD, FNZSA

Pauline Blight-Johnston joined AMP in May 2013 and is responsible for AMP's risk insurance, retail superannuation, investment, pensions and platforms business portfolio as well as enterprise risk management.

Experience

During a career which includes more than 20 years of financial services industry experience, Pauline has held a number of senior executive posts in life insurance, both in Australia and overseas. Prior to joining AMP, Pauline was Managing Director of RGA Reinsurance Company of Australia and before that, Chief Financial Officer and Appointed Actuary for Asteron Life. Pauline has also held executive roles with Tillinghast (consulting actuary) and Morgan Stanley (investment banker).

Other appointments

- Director of the Financial Services Council
- Executive Director of AMP Life and The National Mutual Life Association of Australasia Limited
- Chairman of Council, MLC School Burwood

Robert Caprioli[3]

Group Executive, Advice and Banking BEng (Elec) (Hons)

Rob joined AMP in December 2010 and is responsible for AMP's advice, banking and corporate superannuation business portfolio.

Experience

In a career spanning more than 20 years in the financial and professional services sectors, Rob has held a number of senior strategic and leadership roles, both in Australia and the UK, including Vice President of marchFIRST in London, Associate Partner of Accenture and Principal for the multi-channel consulting services practice at IBM.

Before joining AMP, Rob spent six years at Westpac, leading the bank's retail and business banking operations and developing and implementing business transformation strategies to increase efficiency and effectiveness, drive revenue, reduce operating expenses and deliver a better experience for customers.

Other appointments

- Director of AMP Bank Limited
- Director of the Banking and Finance Oath Limited

Gordon Lefevre[4]

Chief Financial Officer FCA

Gordon joined AMP in January 2014 and assumed the Chief Financial Officer role from 1 March 2014.

Experience

Gordon has considerable financial services industry experience including 13 years with the National Australia Bank Group. His career at the bank included a range of both customer facing and group support function roles domestically and overseas. Immediately prior to leaving he was the Deputy Group Chief Financial Officer. Before joining AMP he was Chief Financial Officer of the Grocon Construction Group in Australia.

Other appointment

– Director of AMP Bank Limited

Matthew Percival[5]

Group Executive, Public Affairs and Chief of Staff BA

Matthew joined AMP in October 2000 and has group-wide responsibility for AMP's communication and relationships with a broad variety of stakeholders.

Experience

Matthew was previously Group General Manager, Public Affairs at Colonial Limited. Prior to this, he was General Manager, Public Affairs at Carlton & United Breweries, and General Manager, Group Public Affairs at the ANZ Banking Group. He also has worked in public affairs for the Coca-Cola Company and Lindeman's Wines and as a ministerial adviser.

Other appointment

– Director of AMP Foundation Limited

Jack Regan[6]

Managing Director, New Zealand Financial Services BEd, GradDipMkt

Jack joined AMP in 2002 and was appointed Managing Director of New Zealand Financial Services in 2007, responsible for AMP's operations in New Zealand.

Experience

Jack began his working life as a teacher and has since spent more than 30 years in financial services. He worked in distribution, marketing and operational roles at St.George Bank, IOOF and GIO before joining AMP's Hillross.

Other appointments

- Chairman of AMP Services (NZ) Limited
- Chairman of AMP Wealth Management New Zealand Limited

Craig Ryman[7]

Chief Information Officer BCom

Craig joined AMP in 1997 and was appointed to the role of Chief Information Officer on 1 January 2015. Craig is responsible for AMP's information technology as well as the Strategic Sourcing, Workspace and Project Services teams.

Experience

Prior to his current role, Craig was IT Director for AMP's Advice and Banking and Insurance and Superannuation business areas. During his time at AMP Craig has led the IT function for a variety of different areas of the business and has also completed a range of transformation programs including the integration of the Australia and New Zealand businesses of AXA Asia Pacific Holdings, platform consolidation projects and transformation initiatives in Australia and the UK.

Before joining AMP, Craig worked as a superannuation consultant for William M Mercer in Australia.

Paul Sainsbury[8]

Chief Customer Officer

Paul was appointed Chief Customer Officer in April 2013 and is responsible for taking a strategic focus on AMP customers and improving their experience.


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Paul is also responsible for the Group Strategy, Customer Strategy and Experience, Brand and Marketing, Customer Segments, Business Development, Digital Services, Design, Innovation and New Ventures and AMP Self-Managed Superannuation teams as well as a dedicated business transformation team.

Experience
Paul Sainsbury has worked in the finance industry for over 30 years and has held a number of leadership positions since joining AMP in 2000. These include Director, Product Manufacturing; Chief Operating Officer, AMP Financial Planning, Advice and Services; Chief Operating Officer, Product Manufacturing; Director Mature Products and Customer Service; and Operations Manager. From 2010–2013, Paul was responsible for integration following AMP's merger with the Australian and New Zealand businesses of AXA Asia Pacific Holdings Limited.

Brian Salter[9]

Group General Counsel
BA, LLB (Hons), LLM (Hons)

Brian joined AMP in July 2008 as Group General Counsel.

Experience
Brian has over 30 years experience in the legal profession advising many of Australia's leading financial and wealth management companies. Before joining AMP, Brian was a partner with a major Australian law firm for 19 years and a member of its executive team for a number of years.

Brian is a former member of the Australian Government's Corporations and Markets Advisory Committee (CAMAC) which was established to provide independent advice to the Australian Government on issues that arise in corporations and financial markets law and practice. Brian is also a member of the Legal Committee of the Australian Institute of Company Directors and the Corporations Committee of the Business Law Section of the Law Council of Australia and is the Deputy Chair of the General Counsel 100. He is a former Chairman and National Committee member of the Australian Securitisation Forum.

Other appointments
- Director of AMP Superannuation Limited and Director of N M Superannuation Proprietary Limited
- Director of SCECGS Redlands Limited

Wendy Thorpe[10]

Group Executive, Operations BBus (Acc), BA (French), GradDip (AppFinInv)

Wendy joined AMP during the merger with the Australian and New Zealand businesses of AXA Asia Pacific Holdings Limited and is responsible for all contact centres, product administration operations including underwriting and claims, and customer and adviser support services. She is also Director of the AMP Melbourne office.

Experience
Wendy was previously Director, Operations for AMP Financial Services and Chief Operations Officer of AXA Australia having re-joined AXA in January 2008 after a period as General Manager, Institutional Technology at ANZ Bank in 2007 and 2008. Prior to her time at ANZ Bank, Wendy held a number of senior roles at AXA in the business services and information systems areas, including the role of Chief Information Officer from 2003 to 2007. Before joining National Mutual/AXA in 2000 Wendy was Manager, Information Systems at ANA, now known as Australian Unity.

Other appointments
- Member of the Swinburne University Council
- Member of the Swinburne University Resources Committee
- Director of Very Special Kids

Adam Tindall[11]

Managing Director, AMP Capital
BE (Hons), GDipMan, GradCertAppFinInv

Adam joined AMP Capital in 2009 and was appointed Managing Director in 2015. AMP Capital is a specialist investment manager which manages funds on behalf of retail and institutional clients across a range of asset classes including equities, fixed interest, property and infrastructure. AMP Capital has offices in Australia, Bahrain, China, Hong Kong, India, Japan, Luxembourg, New Zealand, the United Kingdom and the United States.

Experience
Before being appointed Managing Director, Adam held the role of Director and Chief Investment Officer, Property at AMP Capital. Adam has 28 years of extensive experience in the property industry. He joined AMP Capital Property in 2009 from Macquarie Capital where he was Executive Director, Property and Infrastructure, responsible for creating or enhancing a number of major property investment funds. Prior to this, Adam spent 17 years with Lend Lease, ultimately working in various business leadership roles including CEO, Asia Pacific for Bovis Lend Lease.

Other appointments
- Director of AMP Capital Holdings Limited
- Executive Member of the Australia Japan Business Co-operation Committee

Fiona Wardlaw[12]

Group Executive, People and Culture
BA (Psych) (Hons)

Fiona joined AMP in August 2008 and has responsibility for AMP's people and culture function.

Experience
Fiona joined AMP from ANZ Bank where, as head of Leadership and Talent, she was responsible for recruitment strategy, talent management, succession planning and senior executive development. Prior to joining ANZ, Fiona worked in the Australian banking operations at National Australia Bank, where her roles included heading up the bank's unsecured lending and credit card businesses and leading the Australian human resources function.

Her background also includes executive human resources experience in the resources and telecommunications sectors, including Cable and Wireless' cable TV start-up Optus Vision and BHP.

Other appointment
- Director of AMP Foundation Limited

Corporate governance at AMP

This section explains how AMP's business is structured and managed to deliver on our strategy and protect the interests of our shareholders, customers, employees, business partners and communities.

Our promise is to help people own tomorrow. This is a responsibility we take seriously and our governance framework is designed to provide the right structure and review processes to deliver on our promise for many years to come.

Key information

During 2015, we continued to strengthen and enhance our corporate governance practices, including in the following key areas:

Shareholder engagement – we value communication with our shareholders and have introduced more ways for our shareholders to engage with us. We introduced a new shareholder information session and opened new channels of communication to enable shareholders who are unable to attend the annual general meeting (AGM) to still participate in the meeting.

Succession planning – ensuring our board maintains the right compilation of skills and experience to drive our business forward is key to our success. We have formalised our board skills matrix outlining the skills and experience that will ensure we continue to have the right mix of directors to support our strategy. In support of our customer-centred transformation we have appointed Holly Kramer, an expert in retail and marketing, to the board. Vanessa Wallace, an experienced financial services consultant, will join our board from 1 March 2016.

Inclusion and diversity – we believe having an inclusive and diverse workplace delivers better business results so we have expanded our inclusion and diversity program and set ourselves even more challenging gender diversity targets for our boards. We are pleased that, as at 1 March 2016, 40% of the AMP Limited Board will be female.

Engaging with our shareholders

We encourage our individual and institutional shareholders to actively engage with our business.

Our shareholders are the owners of our company and we value their input. We have the second largest shareholder base in Australia with over 800,000 shareholders, many of whom are also our customers.

Keeping our shareholders informed

We value direct, two-way communication with our shareholders and ensure they receive clear, transparent and timely information about our business. We communicate with our shareholders on all key changes to our business and issues impacting our industry.

We take our continuous disclosure obligations seriously. All material price sensitive information that requires disclosure is made available through the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX). Shareholders can also elect to receive emails directly from AMP on key announcements and we continue to encourage shareholders to provide their email address so we can deliver timely updates direct to their inbox.

Shareholders can elect to receive their annual reports, notices of meeting and dividend statements in print or online. If they choose to receive their reporting information online they can still opt to receive a copy of their dividend statement by post. In addition, shareholders are able to communicate electronically with our share registry, Computershare. Shareholders are also able to lodge their proxy forms online using their computer or mobile device.

Our investor relations team coordinates an investor relations program and conducts group and one-on-one briefings with our institutional investors and analysts. Where possible, our group briefings are webcast. Our dedicated shareholder website includes a calendar of upcoming announcements and presentations and allows users to set up automatic diary reminders of these dates. You can find this website at amp.com.au/shares.

Annual shareholder meeting

Our board welcomes the opportunity to meet with our shareholders and encourages them to join us for our AGM each year either in person or via our webcast. In 2015, we enabled shareholders to ask questions online during the AGM if they were unable to attend the meeting in person.

We also introduced an information session for shareholders held just before the AGM. The session provided an opportunity for shareholders to hear from our financial experts and benefit from their insights and expertise. A similar session will be held before the 2016 AGM at 9.30am on Thursday 12 May 2016. All shareholders are invited to join the session in person or online.

2016 annual general meeting

The shareholder information session will be followed by the AMP 2016 annual general meeting at 11am at Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria, Australia. Shareholders who are unable to attend can appoint a proxy to vote on their behalf before the meeting online or by post or fax and can participate in the meeting through our webcast. You can find full details in the 2016 notice of meeting.

Our board of directors

The AMP Limited Board oversees the management of our company on behalf of shareholders.

The governance and performance of AMP is overseen by a board of directors elected by shareholders. The responsibilities of the board and the directors are outlined in our corporate governance charter.

The board is responsible for overseeing the management of AMP on behalf of shareholders. In addition to the matters the board is required by law to approve, its key responsibilities include:

- approving the strategic direction of the company
- approving the appointment of the chief executive officer (CEO) and chief financial officer (CFO), and the remuneration arrangements for certain key executives
- monitoring the performance of the management team and the business

Our governance structure

- approving the company's risk appetite, monitoring risk management policies and practices and overseeing our risk culture
- overseeing the governance of AMP.

Board composition

Our non-executive directors have diverse backgrounds. Each brings valuable skills and experience to help oversee the delivery of our strategy and manage the opportunities and risks we face.

Under our corporate governance charter, the board must be made up of a majority of independent non-executive directors and will have no more than two executive directors. The chairman of the board will be non-executive and independent.

Our board is made up of eight independent non-executive directors and the CEO. Our Chairman, Simon McKeon joined the board in 2013 and was elected Chairman in 2014. He is responsible for providing leadership to the board and the AMP group as a whole. The chairman's other responsibilities are documented in the corporate governance charter.

You can find biographies of the board of directors, including details of their qualifications, tenure and experience on pages 10 and 11 and on our website.

Board committees

The board is supported by four committees, which focus in detail on different areas of the board's responsibilities and provide a strong governance framework.

The board has the following four committees to assist in the execution of its responsibilities:

Audit Committee – responsible for the integrity of the financial statements, and monitoring the performance and independence of the external auditor and Internal Audit team

Nomination and Governance Committee – responsible for the composition of AMP's boards, succession planning, director performance reviews and non-executive director remuneration

People and Remuneration Committee – responsible for the effectiveness, integrity and compliance of AMP's remuneration programs and packages, the remuneration and performance of the CEO and other key employees, succession planning and talent management and AMP's diversity strategy

Risk Committee – responsible for the appointment of the chief risk officer, maintaining a sound risk culture, managing our risk position relative to our risk appetite, our capital strength and the effectiveness and integrity of AMP's enterprise risk management framework.

These committees focus on different areas, considering issues, making recommendations and taking action as necessary. The committees meet throughout the year and attendance records are included in the directors' report. Throughout 2015, all committee members were independent directors. The membership of the committees as at 31 December 2015 is provided in the table below.

You can find the terms of reference for each committee at amp.com.au/corporategovernance.

Managing risks

Every day we monitor and manage risks to deliver sustainable growth, protect our business and our stakeholders' interests, and meet our legal and regulatory obligations.

To meet our strategic objectives and deliver sustainable growth, we need to take considered risks. Our risk management framework enables us to identify, understand and manage these risks effectively. This enables us to grow our business whilst also meeting the expectations of key stakeholders and safeguarding our customers, our reputation and our capital.

Audit Committee	Nomination and Governance Committee	People and Remuneration Committee	Risk Committee
Trevor Matthews (Chairman) Holly Kramer Peter Shergold	Catherine Brenner (Chairman) Patricia Akopiantz Simon McKeon	Patricia Akopiantz (Chairman) Brian Clark Simon McKeon	Peter Shergold (Chairman) Patricia Akopiantz Trevor Matthews

Our risk management framework

Governance
AMP Limited and subsidiary boards and risk committees
Management risk committees
Risk policies and procedures

Risk strategy and appetite
Risk strategy – supports business strategy
Risk appetite – level of risk AMP is willing to accept

Identify risks ▶ Measure and analyse risks ▶ Monitor and report risks ▶ Optimise and control risks

Business systems and information management

Our people and risk culture

Governance

The board has overall responsibility for the risk management framework including approval of AMP's strategic plan, risk management strategy and risk appetite. It also monitors the policies and practices necessary for the business to operate within the agreed appetite and comply with applicable laws and regulations. The board provides clear boundaries for acceptable risk taking and monitors the business to ensure all risks are contained. The Risk Committee monitors AMP's risk management processes so that they remain appropriate and effective. Our risk management framework is represented above.

Our Risk Committee and board review the risk management framework at least annually, to satisfy themselves that it continues to be sound.

We have a three lines of defence approach to risk management accountability:

Line 1 – management is responsible for identifying, assessing, monitoring and managing material risks

Line 2 – the chief risk officer and the Enterprise Risk Management team are responsible for designing, implementing and monitoring the practices and processes to identify, assess, monitor and manage material risks and provide advice and oversight on all material business decisions

Line 3 – the Internal Audit team provides independent and objective assurance to the board on the management of risks across the business and the effectiveness of our control processes.

Management processes are complemented by the Internal Audit team which regularly reports to the leadership team and the board on the management of risks within the organisation. This team calls on support and advice from external experts as required.

An outline of AMP's key risks can be found in the directors' report.

Our approach to tax

We are proud of the contribution we make to the public finances of the countries in which we operate.

We take our tax obligations very seriously and are focused on integrity in both compliance and reporting. The AMP Limited Board does not sanction or support any activities which seek to aggressively structure AMP's tax affairs.

We publish details of the taxes we pay in the AMP tax report on our shareholder centre website at amp.com.au/shares. The report is consistent with the consultation paper released on 11 December 2015 by the Board of Taxation relating to a proposed new voluntary tax transparency code.

The majority of our tax is paid in Australia and determined by the nature of our business. For example, superannuation is subject to different (lower) tax rates and we pay our taxes accordingly.

We have an annual compliance arrangement in relation to both income tax and GST with the Australian Taxation Office and work closely with them to ensure we meet all our tax requirements.

Comparison of NZX and ASX corporate governance rules

As an overseas listed issuer, AMP Limited is deemed to satisfy and comply with all the NZX Listing Rules so long as it remains listed on the ASX. The only NZX requirements applicable to AMP are to give the NZX the same information and notices it is required to give to the ASX and to include a statement to this effect in its annual report.

The ASX Listing Rules and the ASX Recommendations may differ materially from NZX's corporate governance rules and the principles of the NZX Corporate Governance Best Practice Code. You can find further information about the ASX Recommendations on the ASX website: asx.com.au/regulation/corporate-governance-council.htm.

Acting ethically and responsibly

We want to create a better tomorrow for our customers, employees, business partners, communities and shareholders.

Everything we do, every decision we make has an impact, not only on the long-term success of our business but also on the lives of our customers. We are committed to acting with professionalism, honesty and integrity so all our stakeholders know they can trust us to do the right thing. You can find information on the structure of our business, our board and management teams and our policies and practices at amp.com.au/aboutamp.

Throughout 2015, we complied with the third edition of the ASX Corporate Governance Principles and Recommendations and we continually review our governance practices to ensure we not only meet but exceed the expectations of the regulators and all our stakeholders. Our board approved corporate governance statement, dated 17 February 2016, is available on our website at amp.com.au/corporategovernance.

Directors' report

This directors' report provides information on the structure and progress of our business, our 2015 financial performance, our strategies and prospects for the future and the key risks we face. It covers the consolidated entity of AMP Limited and the entities it controlled during the year ended 31 December 2015.

Operating and financial review

Principal activities

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

We provide retail customers in Australia and New Zealand with financial advice, superannuation, retirement income and investment products. We also provide superannuation services for businesses, administration, banking and investment services for self-managed superannuation funds (SMSF), income protection, disability and life insurance, and selected banking products. These products and services are delivered directly from AMP and through a network of over 4,000 aligned and employed financial advisers in Australia and New Zealand and extensive relationships with independent financial advisers.

Through AMP Capital, we manage investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds, for domestic and international customers. AMP Capital also provides commercial, industrial and retail property management services.

We have over 5,400 employees, around 800,000 shareholders and manage over $220 billion in assets.

AMP Capital has a strategic alliance with leading Japanese bank, Mitsubishi UFJ Trust and Banking Corporation (MUTB) through which MUTB holds a 15% minority interest in AMP Capital Holdings Limited. AMP Capital holds a 15% stake in China Life AMP Asset Management Company Limited, a funds management company which offers retail and institutional investors in China access to leading investment solutions. AMP also owns a 19.99% stake in China Life Pension Company.

In this report, our business is divided into six areas: Australian wealth management, AMP Capital, Australian wealth protection, AMP Bank, New Zealand financial services and Australian mature.

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

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

Australian wealth protection comprises individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.

AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction banking, and SMSF products with around 100,000 customers. It also has a small portfolio of practice finance loans. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and internet banking.

New Zealand financial services provides tailored financial products and solutions to New Zealanders through a network of financial advisers. New Zealand financial services has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers.

The **Australian mature** business is the largest closed life insurance business in Australia. Australian mature assets under management (AUM) comprises capital guaranteed products (76%) and market-linked products (24%). Australian mature products include whole of life, endowment, investment-linked, investment account, retirement savings account, eligible rollover fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

2015 performance

We are pleased with the continued growth momentum and resilience of our business in 2015, especially given the challenging market conditions in the second half. We have delivered growth in our Australian wealth management, AMP Capital, AMP Bank and New Zealand businesses, while controlling costs and further strengthening our capital position.

The profit attributable to shareholders of AMP Limited for the year ended 31 December 2015 was $972 million (2014: $884 million).

Underlying profit for the year ended 31 December 2015 was $1,120 million (2014: $1,045 million).

Underlying profit is our key measure of business profitability, as it normalises investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group.

Basic earnings per share for the year ended 31 December 2015 on a statutory basis were 33.3 cents per share (2014: 30.3 cents per share). On an underlying basis, earnings were 37.9 cents per share (2014: 35.3 cents per share).

Key performance measures were as follows:

- 2015 underlying profit of $1,120 million, up 7% on 2014, with strong contributions from AMP's AUM driven businesses, AMP Bank and New Zealand financial services
- 2015 AMP group cost to income ratio of 43.8%, an improvement of 1.0 percentage point on 2014

– Australian wealth management 2015 net cashflows were $2,213 million, down $68 million from net cashflows of $2,281 million in 2014. Growth in AMP's retail and corporate super platform net cashflows was offset by an increase in external platform net cash outflows, largely due to the closure of Genesys Wealth Advisers. Excluding Genesys advisers who left AMP in 2015, net cashflows increased 27% from 2014
– AMP Capital external net cashflows were $4,434 million, up 19% from net cashflows of $3,723 million in 2014, driven by stronger inflows generated through the China Life AMP Asset Management joint venture and both institutional and retail domestic clients
– Underlying return on equity increased 0.5 percentage points to 13.2% in 2015 from 12.7% in 2014, largely reflecting the increase in underlying profit.

AMP's total AUM was $226 billion at 31 December 2015 (2014: $214 billion).

Differences between underlying profit and statutory profit
The 31 December 2015 underlying profit of $1,120 million excludes the impact (net of any tax effect) of:
– net loss from one-off and non-recurring items of $3 million
– business efficiency program costs of $66 million
– amortisation of AXA acquired intangible assets of $80 million
– market adjustment gains of $45 million
– accounting mismatches loss of $44 million.

A reconciliation between underlying profit and statutory profit is provided in note 3 of the financial report.

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

The impact of accounting mismatches on profit after tax arising from policyholder assets is as follows:

Accounting mismatch profit/(loss)	2015 $m	2014 $m
Treasury shares	**(23)**	(46)
Investments in controlled entities	**(19)**	25
Superannuation products invested with AMP Bank	**2**	4
Owner occupied property	**(4)**	(1)
Total accounting mismatch profit/(loss)	**(44)**	(18)

Operating results by business area

The operating results of each business area for 2015 were as follows:

Australian wealth management – operating earnings increased by $36 million (10%) to $410 million in 2015 from $374 million in 2014. The increase in operating earnings was largely due to strong net cashflows and investment returns generating growth of over 10% in average AUM from 2014 and a continued focus on costs which declined 2.7% from 2014.

AMP Capital – AMP group's 85% share of AMP Capital's 2015 operating earnings was $138 million, up 20% from $115 million in 2014. Despite soft equity markets in the second half of 2015, AMP Capital's operating earnings benefited from strong fee income growth of 14%, assisted by higher performance fees and strong net cash inflows. The strong fee income growth was partially offset by a 9% increase in controllable costs.

Australian wealth protection – operating earnings declined by $3 million (2%) to $185 million in 2015 from $188 million in 2014, impacted by experience losses of $11 million over the year.

AMP Bank – operating earnings increased $13 million (14%) to $104 million in 2015 from $91 million in 2014. Total revenue increased 14% in 2015 on 2014, driven by improved net interest margin and growth in the loan portfolio.

New Zealand financial services – operating earnings increased by $10 million (9%) to $120 million in 2015 from $110 million in 2014, mainly as a result of higher profit margins and experience profits, partially offset by the reduction in transitional tax relief. Excluding the effect of the tax relief reduction, operating earnings increased by 22%.

Australian mature – operating earnings fell $16 million to $158 million in 2015 from $174 million in 2014. Operating earnings were impacted by the expected portfolio run-off ($8 million decrease), experience losses ($5 million) and large one-off wholesale investor redemptions in the second half of 2014 ($5 million). These were partially offset by lower controllable costs ($2 million).

Capital management and dividend

Equity and reserves of the AMP group attributable to shareholders of AMP Limited increased to $8.5 billion at 31 December 2015 from $8.2 billion at 31 December 2014.

AMP remains well capitalised, with $2.5 billion in shareholder regulatory capital resources, above minimum regulatory requirements (MRR) at 31 December 2015 ($2.0 billion at 31 December 2014).

AMP's final 2015 dividend is 14.0 cents per share, franked to 90%. This represents a final 2015 dividend payout ratio of 74% of underlying profit. AMP will continue to offer the dividend reinvestment plan (DRP) to eligible shareholders. AMP intends to neutralise the impact of the DRP by acquiring shares on market to satisfy any entitlements under the DRP.

Strategy and prospects

Our vision is to be Australia's and New Zealand's favourite financial services company.

Our strategy for achieving this vision is outlined below. Information which could affect our competitive advantage if published has been omitted.

AMP's four strategic initiatives are aligned to our purpose of helping people own tomorrow.

1. Growth
AMP's priority is to invest in the Australian wealth industry by building on its leading market positions to capture growth.

AMP has chosen to operate in large and growing markets where it can exercise its competitive advantages. The company's primary priority is to grow in the expanding $2.6 trillion[1] Australian wealth management market.

In addition, AMP is also focused on growing its operations in New Zealand, and in selected international markets through its investment manager, AMP Capital.

1 ABS Managed Funds Report, Managed Funds Industry, September 2015.

AMP maintains its number one[2] market share position in the Australian superannuation market, which is projected to double in size by 2026[3]. Self-managed superannuation is the largest segment of the superannuation market, and AMP has become the market leader in SMSF administration. In January 2016, AMP announced a new business name and operating structure for its SMSF unit, known as SuperConcepts. SuperConcepts incorporates a full range of SMSF administration and software services.

AMP maintains its number one position in the individual risk insurance market[4]. The recovery of the company's life insurance business continues to be a key priority.

Growing AMP Bank through AMP's advice network remains a priority. At the end of 2015, 24% of mortgage business was derived from this network.

2. Transform the Australian business
AMP is transforming its core Australian business to be more customer-centric. This means providing better, more relevant customer experiences and solutions.

During the past two years, AMP has put in place the core infrastructure of this customer-centred business.

Transform face-to-face advice model
AMP is aiming to make financial advice more relevant, accessible and affordable for consumers, and at the same time, more efficient and profitable for AMP and its advisers. The company is currently piloting an innovative goals-based face-to-face advice experience.

Diversify customer channels
AMP wants to give customers choice about how to interact with us. To do this, AMP is transforming its digital capabilities and installing the core infrastructure to build a seamless omni-channel experience.

Deliver a superior customer experience
AMP is beginning to transform its customers' service experiences. Customer-facing teams are now using a customer feedback and measurement system to identify and improve service.

Build a goals-oriented enterprise
Consumer research has built conviction in taking a goals-based approach to products and services. This approach will be rolled out across the company from 2016. Four goals have been prioritised, and customer solutions are now being designed for them.

3. Reduce costs
Efficiency continues to be a high priority for AMP, so that the company can continue to invest in better customer experiences – and increase its profitability.

The three year business efficiency program (expected to lead to $200 million in pre-tax recurring run rate cost savings by the end of 2016 for a one-off investment of $320 million pre-tax) continues to be on track.

4. Expand internationally
AMP continues to expand internationally, primarily through AMP Capital, in high-growth potential regions where its expertise and capabilities are in demand.

It is doing this by building strong partnerships with national champions in China and Japan and capitalising on investor demand for infrastructure, property and fixed income capabilities.

Strategies and prospects by business area[5,6]

Australian wealth management
Australian wealth management's key priorities are to:

- build a more customer-centric business whilst remaining vigilant on cost control
- improve the quality of the advice experience and expand the methods by which customers can access AMP's products and services
- use new capabilities to design customer-centric offers covering advice, products and services
- develop a strong SMSF capability.

The announced closure of Genesys Wealth Advisers in November 2014 will impact current and future period cashflows. However, the impact on Australian wealth management operating earnings and value measures is expected to be immaterial.

AMP Capital
Working as a unified investment house, AMP Capital's key priorities are to generate revenue growth through:

- delivering outstanding investment outcomes to clients
- building a differentiated client experience driving strong client engagement
- partnering effectively across the AMP group to deliver investment solutions for retail, SMSF and corporate super customers
- expanding the global pension fund client base
- building preferential distribution partnerships in select Asian markets, particularly Japan and China.

Australian wealth protection
The key priorities for management are to:

- drive the ongoing business recovery program to ensure its long-term sustainability
- maximise value creation through the implementation of customer retention initiatives and claims management
- drive improved capital efficiency of the business
- increase product sales through AMP's adviser networks and corporate super channels.

The gradual reversion of best estimate claims and lapse assumptions to lower longer-term levels, combined with increasing costs from continued investment in the wealth protection business, will require ongoing delivery of improved lapse and claims outcomes in order to avoid negative experience over time.

AMP Bank
As the banking arm of a wealth manager, AMP Bank's role is to leverage and grow the group's customer base to provide core banking solutions to help meet the goals of customers. In aligning with this strategic imperative, AMP Bank's priorities are to:

- deliver compelling customer-centric banking propositions to AMP group target customer segments
- make banking easier for customers by investing in technology and service excellence

2 Fund Market Overview Retail – Marketer, Plan for Life, September 2015.
3 Dynamics of the Australian Superannuation System, The Next 20 Years: 2015–2035, Deloitte, November 2015; AMP modelling.
4 Life Insurance Overview – Risk Insurance, Plan for Life, September 2015.
5 Forward looking statements in the strategies and prospects by business segment section of the directors' report are based on management's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed. These forward looking statements are not guarantees or representations of future performance, and should not be relied upon.
6 AMP does not produce a profit forecast as this is driven by market movements which cannot be predicted. However, AMP does provide forward looking guidance on certain business outcomes.

- maintain focus and growth in both the aligned adviser and mortgage broker channels
- leverage AMP group investments to build out capabilities in direct and digital
- continue to optimise AMP Bank's funding sources and invest in operating capacity.

New Zealand financial services
New Zealand financial services (NZFS) has the following key priorities to grow shareholder value:
- deepen its customer relationships
- re-engineer wealth protection to increase product attractiveness
- transform wealth management to maximise efficiency and market opportunities created by regulatory change
- evolve advice and distribution capability
- leverage the KiwiSaver opportunity
- build on its general insurance partnership
- continue its focus on cost control.

Changes to the taxation of life insurance business in New Zealand impacted the business from 1 July 2015. This resulted in a one-off reduction in profit margin of $10 million in the second half of 2015. NZFS continues to grow its revenue base across the business, closely manages costs and is evolving its distribution channels to reduce capital impacts of distributing life insurance. The tax changes apply to all life insurance companies in New Zealand and are not specific to AMP's NZFS business.

Australian mature
Key priorities for the Australian mature business are to:
- maintain high persistency
- prudently manage asset and liability risk
- achieve greater cost efficiency
- maintain capital efficiency.

The Australian mature business remains in slow decline but is expected to remain profitable for many years. It is expected to run off between 4% and 6% per annum. In volatile investment markets, this run-off rate can vary substantially. The run-off of AUM mirrors policy liabilities, although there is potential for profit margins to be impacted differently. The run-off of Australian mature AUM is anticipated to have an average duration of approximately 13 years, but will be impacted by investment markets. The expected run-off of Australian mature is not anticipated to be materially different from current guidance as a result of MySuper transition activity.

Key risks

The environment in which we operate is constantly changing. These changes create both opportunities and risks for our business. We have a strong strategic plan in place to drive our business forward and a robust risk management framework to identify, understand and manage risks.

Key risks which may impact AMP's business strategies and prospects for future financial years include:

- *A volatile economic environment:* this could have a negative impact on the profitability of AMP. When markets are volatile and investment returns are low, customers are more likely to change their investment preferences and products. This could result in customers choosing to put less of their discretionary savings into AMP superannuation and investment products which would reduce AMP's cash inflows and create lower profit margins. AMP continues to monitor market conditions and review its product offerings to ensure they continue to meet changing customer needs. Volatile investment markets and a low interest rate environment can also impact the risks associated with capital guaranteed products, and AMP actively manages capital, liquidity and funding requirements in this context.
- *Disruption to business operations:* AMP continues to implement programs that change its Australian business to better anticipate and respond to the threats and opportunities that arise from changing customer demands, the evolving market environment, and the strategies of existing and new competitors. Both customers and shareholders will benefit from this reshaping of the Australian business. Programs of this type can naturally cause disruption within a business as it adapts to new approaches, models and ways of working. To manage these changes, AMP has dedicated resources and expertise working with business areas, and well established change programs and processes in place.
- *Regulatory changes to the financial services industry:* the Australian financial services industry is in a period of significant regulatory change in relation to superannuation, the provision of financial advice, banking, capital requirements, and foreign tax legislation. The interpretation and the practical implementation of regulation, coupled with the failure to manage and implement the required changes, could adversely impact AMP's business model, or result in a failure to achieve business and/or strategic objectives. AMP actively engages with the government, regulators and industry bodies, and has dedicated resources and change programs underway to ensure compliance with the new requirements.
- *Non-compliance with regulatory and legislative requirements:* failure to comply with regulatory and legislative requirements could result in breaches, fines, regulatory action or reputational impacts. AMP has established frameworks and dedicated legal, risk and compliance teams who work closely with the business to meet its regulatory and legal obligations. The provision of financial advice to customers is one of the current focus areas and AMP is working closely with regulators and external advisers to review processes and controls to ensure all financial advice provided by AMP advisers is compliant with the relevant regulations and in the best interests of the customer.
- *Elevated insurance claims and lapse rates:* in recent years, in common with much of the industry, AMP has experienced volatile and elevated insurance claims and lapse rates. However, there are many factors impacting claims and lapse experience including slower economic activity, cost of living pressures and unemployment levels, the impact of the Future of Financial Advice and life insurance adviser remuneration reforms, changes in society's attitudes to claiming benefits and changes in health of lives insured, changes in state-based injury compensation schemes as well as changes in AMP's business mix over time. One of AMP's priorities is to improve the profitability of its insurance products, some of which are in loss recognition and can have a large impact on earnings when claims and lapse experience assumptions change. Key projects are underway to change the way insurance claims are managed to help customers return to work faster and better understand the value and benefits of their policies, with the aim of reducing the number of policies which lapse. Volatility in wealth protection experience is to be expected from period to period given the size of AMP's in-force book in Australia. Further, whilst remediation of the Australian wealth protection business progresses, there continues to be potential for increased volatility in this area of the business.

- *Outsourcing risk:* AMP has a number of material outsourcing arrangements with external service providers that support critical business functions. If these are not appropriately managed it could affect AMP's service to customers, financial performance, ability to meet regulatory requirements and reputation. AMP would also need to fund the cost of correcting any issues. AMP has policies and processes in place to ensure appropriate governance and management of external service providers. Dedicated teams regularly monitor contracts, service level agreements and performance targets to ensure required deliverables and standards are met.
- *Cyber risk:* the ongoing evolution of technologies has led to a rapidly changing environment that criminal networks will seek to exploit. Cybercriminals can impact AMP and our customers by finding new ways to exploit weaknesses in processes, hacking into customers' computers, deceiving employees, and exploiting potential weaknesses in AMP's control environment. AMP's network and assets are protected through the use of detective, preventative and responsive tools. While defence systems are continually reviewed and assessed it is inevitable that cybercrime will occur. In assessing and mitigating cybercrime, AMP considers vulnerabilities and the potential for control failures across people, processes and technology.

The directors expect these risks will continue to have the potential to impact AMP and management will continue to monitor and manage these, and other, risks closely.

The environment

In the normal course of its business operations, AMP is subject to a range of environmental regulations of which there have been no material breaches during the year. Further information on AMP's environment policy and activities is included in the 2015 community report.

Significant changes to the state of affairs

Details of changes in AMP's strategic priorities are set out earlier in this report.

Events occurring after the reporting date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the entity's operations in future years; the results of those operations in future years; or the entity's state of affairs in future years which is not already reflected in this report, other than the following:

- On 18 February 2016, AMP announced a final dividend on ordinary shares of 14.0 cents per share. Details of the announced dividend and dividends paid and declared during the year are disclosed in note 18 of the financial report.

The AMP Limited board of directors

The management of AMP is overseen by a board of directors who are elected by shareholders.

The directors of AMP Limited during the year ended 31 December 2015 and up to the date of this report are listed below. Directors were in office for this entire period (except where stated otherwise): Simon McKeon (Chairman), Craig Meller (Chief Executive Officer and Managing Director), Patricia Akopiantz, Catherine Brenner, Brian Clark, Paul Fegan (retired 30 November 2015), Holly Kramer (appointed 14 October 2015), Trevor Matthews, John Palmer and Peter Shergold. Vanessa Wallace will join the AMP Limited Board on 1 March 2016.

Details of each of the current directors' qualifications, experience, special responsibilities, and directorships of other listed companies are given in the Our board section on pages 10 and 11 of this annual report.

Attendance at board and committee meetings

The table below shows details of attendance by directors of AMP Limited at meetings of boards and the committees of which they were members during the year ended 31 December 2015. The directors also attended other meetings, including management meetings and meetings of subsidiary boards or committees of which they were not a member during the year.

Board/Committee	AMP Limited Board meetings		Audit Committee		Risk Committee		Nomination and Governance Committee		People and Remuneration Committee		Ad hoc committees[1]		Subsidiary and committee meetings[2]	
Held/attended	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Simon McKeon	11	11	–	–	–	–	7	7	9	9	5	5	–	–
Craig Meller	11	11	–	–	–	–	–	–	–	–	2	2	15	14
Patricia Akopiantz	11	11	6	6	4	4	4	4	9	9	–	–	23	22
Catherine Brenner	11	11	–	–	–	–	7	7	–	–	–	–	18	18
Brian Clark	11	11	–	–	–	–	3	3	9	9	–	–	10	10
Paul Fegan (retired 30/11/15)[3]	11	9	6	5	4	3	–	–	–	–	3	3	14	13
Trevor Matthews	11	11	6	6	4	4	–	–	–	–	4	4	18	18
John Palmer	11	10	–	–	–	–	–	–	–	–	–	–	10	10
Peter Shergold	11	10	6	5	4	3	–	–	–	–	–	–	9	8
Holly Kramer (app 14/10/15)[4]	2	2	–	–	–	–	–	–	–	–	–	–	–	–

Column A – indicates the number of meetings held while the director was a member of the board/committee.
Column B – indicates the number of those meetings attended.

1 Ad hoc committees of the board were organised during the year in relation to financial results and AMP group capital initiatives.
2 Subsidiary board and committee meetings include AMP Life/The National Mutual Life Association of Australasia (NMLA), AMP Bank and AMP Capital Holdings. Where meetings of AMP Life/NMLA were held concurrently, only one meeting has been recorded in the above table.
3 Paul Fegan retired as a Director on 30 November 2015.
4 Holly Kramer was appointed as a Director on 14 October 2015 and a member of the Audit Committee in November 2015.

Company secretaries' details

Details of each company secretary of AMP Limited, including their qualifications and experience, are set out below.

Brian Salter

Group General Counsel BA, LLB (Hons), LLM (Hons)
Brian joined AMP in July 2008. Before joining AMP, Brian was a partner with a major Australian law firm for 19 years. He has more than 30 years' experience advising many of Australia's leading financial and wealth management companies. Brian is a former member of the Australian Government's Corporations and Markets Advisory Committee, is the Deputy Chair of the General Counsel 100 and is a current member of the Law Committee of the Australian Institute of Company Directors, and the Corporations Committee of the Business Law Section of the Law Council of Australia. He is also a Director of AMP Superannuation Limited, N M Superannuation Proprietary Limited and SCECGS Redlands Limited.

David Cullen

Group Company Secretary and General Counsel, Governance BCom, LLB, LLM, PGCert Mgmt
David joined AMP in September 2004 and has held various legal and governance roles across AMP Capital and the AMP group, with a particular focus on mergers and acquisitions. He was appointed Group Company Secretary in July 2013 and is Company Secretary for AMP Limited. Prior to joining AMP, David spent eight years in private practice focussing on mergers and acquisitions and equity capital markets in Perth and Sydney and two years with the ASX. David is a director of various AMP subsidiaries.

Vicki Vordis

Company Secretary BEc, LLB (Hons), GradDipACG
Vicki is a Company Secretary of AMP Bank Limited. She joined AMP in December 2000 and held various legal roles before moving into a secretariat role in 2006. Prior to 2000, Vicki worked as a lawyer in several Sydney law practices. She holds a graduate diploma in Applied Corporate Governance and is an Associate of the Governance Institute of Australia.

Indemnification and insurance of directors and officers

Under our constitution, AMP indemnifies, to the extent permitted by law, all current and former officers of the company (including the non-executive directors) against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited board. No such indemnities have been provided during or since the end of the financial year.

During the financial year, the company agreed to insure all of the officers (including all directors) of the AMP group against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

In addition, the company and each of the directors, and a subsidiary of the company and each of the secretaries, are parties to deeds of indemnity and access. Those deeds of indemnity and access provide that:

- the directors and secretaries will have access to the books of the company for their period of office and for 10 (or in certain cases, seven) years after they cease to hold office (subject to certain conditions)
- the company indemnifies the directors, and a subsidiary of the company indemnifies the secretaries, to the extent permitted by law
- the indemnities cover liabilities incurred by the directors and secretaries in their capacity as officers of the company and of other AMP group companies, and
- the company will maintain directors' and officers' insurance cover for the directors and secretaries to the extent permitted by law for the period of their office and for 10 years after they cease to hold office.

Rounding

In accordance with the Australian Securities and Investments Commission Class Order 98/0100, amounts in this directors' report and the accompanying financial report have been rounded off to the nearest million Australian dollars, unless stated otherwise.

Auditor's independence declaration to the directors of AMP Limited

The directors have obtained an independence declaration from the company's auditor, Ernst & Young, for the full year ended 31 December 2015.

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Auditor's Independence Declaration to the Directors of AMP Limited

As lead auditor for the audit of AMP Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AMP Limited and the entities it controlled during the financial year.

Ernst & Young

Tony Johnson
Partner
Sydney, 18 February 2016

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Non-audit services

The Audit Committee has reviewed details of the amounts paid or payable for non-audit services provided to the AMP group during the year ended 31 December 2015, by the company's auditor, EY.

The directors are satisfied that the provision of those non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– all non-audit assignments were approved by the nominated delegate to the chief financial officer or the chairman of the Audit Committee
– no non-audit assignments were carried out which were specifically excluded by the AMP charter of audit independence, and
– the level of fees for non-audit services amounted to $3,421,000 or 23% of the total audit fees paid to the auditors (refer to note 34 of the financial report for further details).

Remuneration disclosures

The remuneration arrangements for AMP directors and senior executives are outlined in the remuneration report which forms part of the directors' report for the year ended 31 December 2015.

Directors' and senior executives' interests in AMP Limited shares, performance rights and options are also set out in the remuneration report on the following pages.

Remuneration report (audited)

This remuneration report explains how we structure remuneration to incentivise and reward executives for delivering sustained business performance. It provides details of the remuneration arrangements for our key management personnel in 2015.

This report outlines the remuneration arrangements for AMP's key management personnel (KMP) who have authority and responsibility for planning, directing and controlling the activities of AMP. This includes the chief executive officer (CEO), nominated direct reports of the CEO and the non-executive directors (NEDs). In this report the term *executive* means the CEO and the other executives who are KMP.

Key information

During 2015, there were minimal changes to the structure of AMP's remuneration or the remuneration received by the executives and NEDs.

- Salary costs continued to be closely managed and on average AMP employees received an increase of 2.3%.
- Short-term incentive (STI) awards are closely linked to company performance against the STI scorecard. In 2015, AMP achieved 10% growth in profit attributable to shareholders and 7% growth in underlying profit. However, this year's growth was not as strong as 2014, and AMP did not meet all of its STI targets. Therefore the 2015 STI pool was reduced by 11%.
- The methodology for determining the number of rights to be granted to executives under the long-term incentive (LTI) plan changed from fair value to face value. This approach uses the actual share price at the time of the grant, providing shareholders with increased transparency of the maximum potential LTI vesting outcome for executives.
- Following a review of NED fees, board and committee fees were increased by 3% to ensure they remain competitive in the market and we can continue to attract and retain high calibre board members.
- The NED fee pool was increased to $4,620,000 following support from shareholders at the 2015 annual general meeting (AGM).

Contents

1.	Our approach to remuneration
2.	Our executive remuneration structure
3.	Key management personnel
4.	2015 remuneration outcomes
5.	Executive equity ownership
6.	Executive employment contracts
7.	Loans and other transactions
8.	2015 remuneration in detail
9.	Our non-executive director remuneration

1. Our approach to remuneration

Our aim is to attract, motivate and retain exceptional employees who strive to help our customers and create value for our shareholders.

Remuneration at AMP is designed to clearly align the interests of employees with the creation of value for shareholders.

Under AMP's guiding principles, remuneration arrangements should:
- align and contribute to AMP's key strategic objectives, business outcomes and desired performance culture
- be simple and practical and support the attraction and retention of talent within AMP
- support AMP's risk management framework and protect the long-term financial soundness of AMP
- align with the interests of shareholders, customers and employees
- support the engagement of employees to achieve outstanding performance and bring value to AMP and its shareholders
- be supported by a governance framework that manages conflicts of interest, defines clear accountabilities and ensures that proper checks and balances are in place.

AMP's remuneration strategy and policy are overseen by the People and Remuneration Committee (PRC). The PRC is made up of NEDs and recommends to the board the nature and amount of remuneration for executives. Where an external perspective is needed, the PRC seeks guidance from a range of independent remuneration advisers. No remuneration recommendation was provided by external consultants to the PRC in 2015.

2. Our executive remuneration structure

Our executive remuneration is structured to ensure each individual's remuneration is linked to both their performance and the performance of the company as a whole.

AMP executive remuneration includes both fixed and at risk components to align rewards with AMP's short and long-term performance.

The fixed component is designed to attract and retain exceptional employees. The at risk component makes up a significant portion of executive remuneration to ensure the actual remuneration received each year is linked to:
- the financial and strategic performance of the individual and the company as a whole
- the generation of sustainable shareholder value
- appropriate risk management.

At the start of each year, personal objectives are agreed for each executive and approved by the board. These personal objectives are connected to the mix of AMP financial and non-financial measures designed to focus executives on activities that will help their business area meet its objectives and also drive the achievement of AMP's overall strategic objectives.

Executive remuneration structure

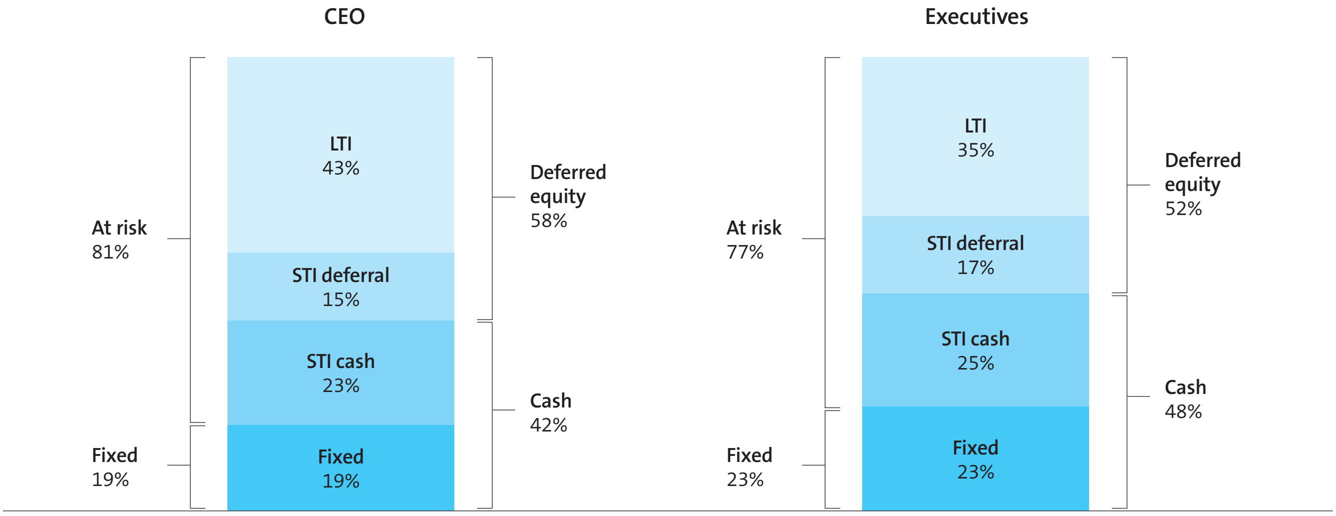
	Fixed	At risk	
	Fixed remuneration Base salary, superannuation and any salary sacrificed benefits	**Short-term incentive (STI)[1]** Reward for strong individual and company performance during the year	**Long-term incentive (LTI)** Reward for long-term company performance – measured against AMP's return on equity and total shareholder return targets
Value determined by	Market value and criticality of role, qualifications and experience	Performance of both the individual and the company during the year	60% – relative total shareholder return hurdle over three years 40% – return on equity hurdle in three years
Delivered as	Cash and superannuation	60% cash 40% rights to AMP Limited shares – deferred for two years	Rights to AMP Limited shares subject to three year performance targets
Why it is paid	To attract and retain exceptional executives	To motivate executives to achieve outstanding performance during the year Deferral of 40% of payment encourages executives to focus on risk management	To motivate executives to create outstanding long-term value for shareholders

1 Executives participate in the AMP STI plan with the exception of the managing director of AMP Capital (MD AMP Capital) who participates in the AMP Capital profit share plan (see section 2.3).

2.1 Remuneration mix

The following illustration shows the remuneration mix for the executives in 2015. It has been modelled based on the average of the executive's maximum opportunity.

Fixed remuneration for executives other than the CEO makes up 23% of their total remuneration, with the remainder linked to individual and company performance. For the CEO, 19% of the total remuneration is fixed. Having a majority of the executive's remuneration package linked to the performance of the company is important for ensuring the interests of executives are closely tied to the interests of shareholders.



The managing director, AMP Capital (MD AMP Capital) is excluded from the above illustration as they participate in the AMP Capital enterprise profit share plan and do not have a target opportunity.

2.2 Fixed remuneration

Fixed remuneration includes base salary (which is paid in cash), superannuation and any salary sacrificed benefits.

Fixed remuneration is determined according to the external market for the executive's role, their individual level of knowledge, skill and performance. AMP generally positions fixed remuneration at the median of the market, sourcing data from Australian listed companies of comparable size to AMP, both within the financial services sector and across the general market.

Executive fixed remuneration is reviewed (but not necessarily increased) annually by the PRC and approved by the board, taking into account:

- market remuneration ranges for the role
- the individual's experience and their criticality to the role
- the available budget for remuneration increases.

In the 2015 performance year, changes in executives' fixed remuneration were based on the consideration of the criteria above.

2.3 Short-term incentives

Short-term incentives (STIs) reward executives for their contribution to AMP's financial and strategic performance during the year.

AMP's STI plans are designed to reward executives for achieving financial and strategic performance at both a business and individual level. All executives participate in the STI plan, with the exception of the MD AMP Capital. The MD AMP Capital participates in the AMP Capital enterprise profit share plan, which is a more appropriate incentive plan for the executives of AMP's investment management business.

	AMP short-term incentive plan	AMP Capital enterprise profit share plan
Who	All executives, excluding the MD AMP Capital	MD AMP Capital
Why	To motivate executives to achieve outstanding performance at both a business and individual level.	
Format of reward	60% cash 40% rights to AMP Limited shares – deferred for two years	
How the plan's performance is measured	Company performance is measured against a scorecard of financial and non-financial measures that aligns with AMP's strategic objectives.	AMP Capital's pre-tax profit, allowing for an appropriate cost of capital.
How individual performance is measured	Individual performance is measured against the performance of each executive's business area and their performance against their personal objectives. Executive performance scorecards and objectives are agreed with the board at the start of each year.	
How the STI pool is calculated	The board determines the size of the STI pool, based on performance against the STI scorecard (see section 4.1), taking into account AMP's financial results, business leadership and progress of AMP's strategic objectives. The board may adjust the STI pool up or down if they believe the management team has operated outside board-approved risk appetite levels, or if there have been other extraordinary events which have a broader impact on shareholder value.	A percentage of AMP Capital pre-tax profit is made available for the enterprise profit share plan. The percentage is determined by the board at the start of the performance year. It is not disclosed because it is commercially sensitive. The board may adjust the pool up or down at its discretion: – to recognise non-profit related performance, including changes in market conditions and broader financial factors – if AMP Capital management operates outside board-approved risk appetite levels.
How the awards are allocated	The CEO distributes the STI pool between business areas based on their contribution to AMP's performance. The CEO recommends to the board STI payments for his direct reports based on their performance and the performance of the company against the STI scorecard. Separately the board assesses the CEO's performance taking into consideration the group scorecard and objectives and determines an appropriate STI payment.	At the end of the year, the board approves any allocation to the MD AMP Capital based on performance against the AMP Capital scorecard.
STI deferral	To ensure a focus on risk management, 40% of any STI payment or profit share rewards are paid in the form of rights to AMP Limited shares (share rights). The share rights have no exercise price and no exercise period and convert to AMP Limited shares (vest) after two years (subject to the available trading window). Vesting is subject to ongoing employment and compliance with AMP policies, and is at the board's discretion. It is the board's preference to buy the shares on market so the value of existing AMP shares is not affected. The 2015 STI deferral awards will be granted in April 2016. These share rights will vest if the vesting conditions are met.	
How AMP can claw back STI awards	If the executive's employment is terminated for misconduct (including where results are falsified or poor performance) any unvested rights will lapse. The board has the right to determine an alternative treatment on cessation of employment if it is considered appropriate in the specific circumstances.	
If the executive leaves AMP	If any rights have not yet vested and an executive resigns from AMP any unvested rights will lapse. If an executive leaves AMP due to retirement or redundancy any unvested rights may be retained and vesting will continue subject to the same vesting conditions as would apply if the person had remained in AMP employment.	
If there is a change in control of AMP	In the event AMP is subject to a takeover or change of control, the board will determine the treatment of any unvested rights.	

2.4 Long-term incentives

Long-term incentives (LTIs) reward executives for creating long-term value for shareholders.

AMP's LTI plan is designed to link the remuneration of executives with the creation of long-term value for shareholders. In 2015 the methodology used to determine the number of rights allocated to executives was changed from fair value to face value to give shareholders greater transparency on the number of rights allocated.

	AMP long-term incentive plan
Who	All executives
Why	To motivate executives to achieve outstanding long-term business performance and ensure remuneration is closely aligned with shareholders' interests.
Format of reward	Rights to AMP Limited shares – the performance rights vest three years after they have been awarded if the vesting conditions have been met. The performance rights have no exercise price and no exercise period. Upon vesting the executive receives one fully paid ordinary AMP Limited share in exchange for each right held. The executive does not receive dividends and voting rights until the rights vest and have been exchanged for shares.
How the awards are allocated	The PRC recommends to the board a total grant value, which is a percentage of the executive's fixed remuneration. This allocation of performance rights is provided to each executive annually based on the executive's contractual entitlements. Shareholders are asked to approve the CEO's allocation each year at the AGM. Once the total grant value is determined and approved, this total value is converted into a number of performance rights. In 2015, AMP changed the allocation methodology from fair value, which is used for accounting expenses, to face value, which is commonly used in the market and provides greater transparency to shareholders. The total grant value is calculated as follows: $\frac{\text{Total grant value}}{\text{Face value of an AMP share}}$ = Total number of rights to be allocated The face value of an AMP share is the volume-weighted average price of AMP shares on the Australian Securities Exchange (ASX) during the 10-day trading period up to and including the valuation date of the award (8 May 2015 for the 2015 awards). The total number of rights is then allocated to each performance hurdle based on the weightings below. Definitions are provided in the following performance hurdles section. – 60% of the rights are subject to a relative total shareholder return (TSR) – 40% of the rights are subject to a return on equity (RoE) hurdle In 2015, the weighting of the performance measures was changed from 50% each to 60% for TSR and 40% for RoE. Using the new face value allocation methodology, rather than fair value, the board wanted to allocate more rights to TSR than RoE. A focus on TSR provides a greater alignment with shareholder value creation.

AMP long-term incentive plan

The performance hurdles

Total shareholder return hurdle

TSR measures the benefit delivered to shareholders over three years including dividend payments, capital returns, and movement in the share price.

This hurdle was chosen because it requires AMP to outperform major ASX-listed companies before the plan generates any value.

To meet this hurdle, AMP needs to generate a TSR greater than that achieved by 50% of a comparator group of companies over three years. The more companies AMP outperforms on this measure the greater the percentage of rights that vest. The comparator group is made up of the top 50 industrial companies in the S&P/ASX 100 Index (based on market capitalisation).

Return on equity hurdle

RoE measures the profit generated by the money invested by shareholders at the end of the third year.

This hurdle was introduced in 2013 so performance rights awarded before 2013 were only subject to a TSR hurdle. It was chosen because it drives a strong capital discipline, which is a key contributor to creating sustainable shareholder value.

To meet this hurdle AMP must outperform a RoE measure pre-determined by the board.

RoE for the 2015 LTI was calculated as follows and then expressed as a percentage:

$$\frac{\text{Underlying profit less dividends paid on any preference shares}}{\text{AMP shareholder equity}}$$

Where:

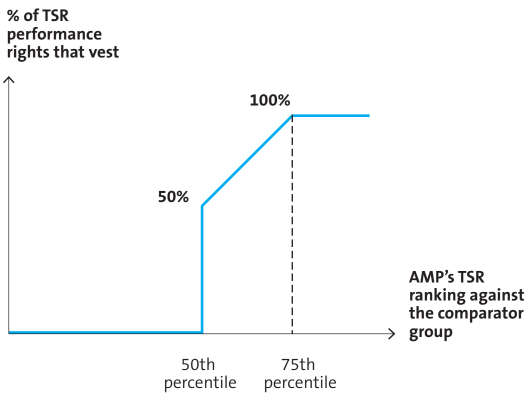
Underlying profit = Underlying profit for the financial year ending 31 December 2017.

AMP shareholder equity is calculated by adding AMP shareholder equity as at 31 December 2016 and AMP shareholder equity at the end of each month throughout 2017, but excluding any equity attributable to any preference shareholders, and dividing the result by 13.

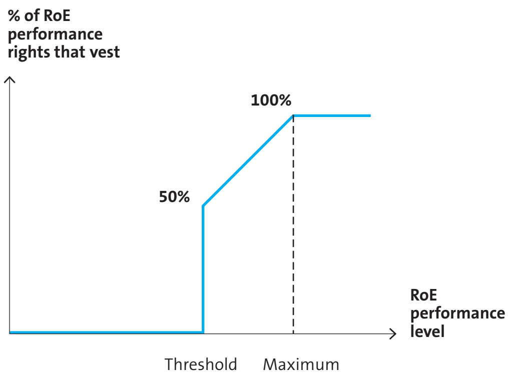
How performance is measured

At the end of the three-year vesting period the TSR and RoE allocations are tested against performance hurdles set at the grant date (start of the vesting period). If either of the allocations pass the performance hurdle the rights allocated to that hurdle will be converted into AMP ordinary shares according to the following diagram. Performance rights which do not pass the performance test will lapse and will not be retested.

TSR



RoE



How the rights are converted to shares

At the end of the three year period, any rights that have vested are converted into AMP Limited ordinary shares on behalf of participants. Participants then become entitled to shareholder benefits, including dividends and voting rights.

Source of the shares

It is the board's preference to buy the shares on market so the value of existing AMP shares is not affected.

How AMP can claw back LTI awards

If the executive's employment is terminated for misconduct (including where results have been falsified or poor performance) any unvested rights will lapse.

The board has the right to determine an alternative treatment on cessation of employment if it is considered appropriate in the specific circumstances.

If the executive leaves AMP

If the rights have not yet vested and an executive resigns from AMP their rights will lapse.

If an executive leaves AMP due to retirement or redundancy any unvested rights may be retained and vesting will continue subject to the same vesting conditions as if the person had remained in AMP employment.

If there is a change in control of AMP

In the event AMP is subject to a takeover or change of control, the board will determine the treatment of any unvested rights.

3. Key management personnel

The following executives and non-executive directors were the key management personnel between 1 January 2015 and 31 December 2015. Former executives in 2014 have been included for comparative reasons. Their remuneration is covered in this report.

		Term as KMP in 2015
Current executives		
Craig Meller	Chief Executive Officer and Managing Director	Full Year
Pauline Blight-Johnston	Group Executive, Insurance and Superannuation	Full Year
Robert Caprioli	Group Executive, Advice and Banking	Full Year
Gordon Lefevre	Chief Financial Officer	Full Year
Matthew Percival	Group Executive, Public Affairs and Chief of Staff	Full Year
Craig Ryman	Chief Information Officer – appointed 1 January 2015	Full Year
Paul Sainsbury	Chief Customer Officer	Full Year
Brian Salter	Group General Counsel	Full Year
Wendy Thorpe	Group Executive, Operations	Full Year
Adam Tindall[1]	Managing Director AMP Capital – appointed 12 October 2015	Three months
Fiona Wardlaw	Group Executive, People and Culture	Full Year
Former executives		
Lee Barnett	Former Chief Information Officer – retired 31 December 2014	–
Stephen Dunne[2]	Former Managing Director, AMP Capital – retired 9 October 2015	Nine months
Colin Storrie	Former Chief Financial Officer – ceased employment 28 February 2014	–
Current non-executive directors		
Simon McKeon	Chairman – appointed Chairman 8 May 2014	Full Year
Patricia Akopiantz	Non-executive Director	Full Year
Catherine Brenner	Non-executive Director	Full Year
Brian Clark	Non-executive Director	Full Year
Holly Kramer	Non-executive Director – appointed 14 October 2015	Three months
Trevor Matthews	Non-executive Director – appointed 3 March 2014	Full Year
John Palmer	Non-executive Director	Full Year
Peter Shergold	Non-executive Director	Full Year
Former non-executive directors		
Peter Mason	Chairman – retired 8 May 2014	–
Richard Allert	Non-executive Director – retired 8 May 2014	–
Paul Fegan	Non-executive Director – retired 30 November 2015	Eleven months

1 Adam Tindall was appointed MD AMP Capital following the retirement of Stephen Dunne.
2 Stephen Dunne changed role from MD AMP Capital to Consultant on 9 October 2015. At this date Stephen ceased being a KMP. He remained as a consultant with AMP until 29 February 2016.

4. 2015 remuneration outcomes

The remuneration each executive receives is based on the performance of AMP and their individual performance during the year.

In 2015 AMP achieved good growth, reporting a profit attributable to shareholders of $972 million (up 10% from 2014) and an underlying profit of $1,120 million (up 7% from 2014). The results were underpinned by growth in the Australian wealth management, AMP Capital, AMP Bank and New Zealand operations.

As a result of our continued strong performance, shareholders will receive a final dividend of 14 cents per share, bringing the 2015 total dividend to 28 cents per share, an increase of 8% on the 2014 total dividend.

4.1 Short-term incentive scorecard

The AMP scorecard is a combination of financial and non-financial measures with the financial measures making up the majority of the weighting. The key financial measure is AMP's underlying profit as this best reflects the underlying performance of the AMP group. AMP financial measures make up 65% of the STI scorecard with the remaining 35% measuring performance against non-financial customer objectives.

Performance measure	Weight	Link to strategy	Outcome
Financial			
Underlying profit	65%	Measures the profitability of all business areas	7% increase on 2014
Cost to income ratio		Measures the effectiveness of our drive to increase the efficiency of our business	Continued to tightly control costs
Growth measures – Value of net cash flow – Value of risk new business – Net revenue of AMP Capital		Measures the success of our efforts to leverage our key market positions Measures the success of our efforts to expand internationally through AMP Capital	Met some
Non-financial			
Customer objectives	35%	Provides feedback from customers on our performance	Met some

AMP Capital has a separate scorecard and has not been included above.

4.2 Short-term incentive pool

In February 2016, the board assessed AMP's 2015 performance against each of the measures in the scorecard. After reviewing each element of the scorecard, the board determined the overall STI pool would be reduced by 11% when compared with the 2014 STI pool.

The STI pool is used to pay STI payments to all AMP employees. Whilst we are pleased with the financial performance of the company and the growth momentum of our businesses, we only partially met objectives set at the start of the year. The average STI award executives received this year was 54% of their maximum opportunity which was down 30% on the 2014 performance year.
The AMP Capital MD does not have a maximum opportunity and has not been included.

Financial results	2011	2012	2013	2014	2015
Profit attributable to shareholders ($m)					
This is profit which is distributed to shareholders	688	689	672	884	**972**
Underlying profit ($m)					
This is a key measure of business profitability which removes some of the effect of investment market volatility, thereby giving a clearer indication of business performance	909	950	849	1,045	**1,120**
Benefits delivered to shareholders					
Total dividend (cents per share)	29	25	23	26	**28**
Share price at 31 December	$4.07	$4.81	$4.39	$5.50	**$5.83**
STI pool					
STI pool ($m)	89	96	83	118	**105**
STI pool as % of underlying profit (%)	9.8	10.1	9.8	11.3	**9.4**
Average STI received as % of maximum opportunity for executives (%)	60	63	43	70	**54**

4.3 2015 short-term incentives awarded

The following table shows the STIs awarded to executives for the 2015 performance year. Executives have received this award based on the achievement of financial and non-financial measures in the group STI scorecard as well as their own performance against their personal strategic objectives agreed at the start of the performance year. The awards include both the cash and deferred equity components.

	Maximum STI opportunity (% of total fixed pay)	% of maximum STI opportunity awarded	% of maximum STI opportunity not awarded
Current executives			
Craig Meller	200	60	40
Pauline Blight-Johnston	175	51	49
Robert Caprioli	175	51	49
Gordon Lefevre	200	56	44
Matthew Percival	175	51	49
Craig Ryman	175	54	46
Paul Sainsbury	200	56	44
Brian Salter	175	54	46
Wendy Thorpe	175	51	49
Adam Tindall[1]	–	–	–
Fiona Wardlaw	175	54	46
Average		**54**	**46**
Former executive			
Stephen Dunne[1]	–	–	–

1 Adam Tindall (current MD AMP Capital) and Stephen Dunne (previous MD AMP Capital) received a percentage of profit from the AMP Capital enterprise profit share plan. Their opportunity is uncapped.

4.4 Long-term incentive outcomes

During 2015, the 2012 LTI performance rights were measured against the TSR performance hurdle set at the grant date (start of the vesting period). This offer had one performance hurdle only.

For the hurdle to be met AMP needed to generate a TSR greater than that achieved by 50% of a comparator group of companies over three years. For the three-year vesting period of the 2012 LTI grant AMP only generated a TSR greater than 41.3% of the comparator group. As the performance hurdle was not met the performance rights did not vest. Details of the performance rights which were granted, lapsed or exercised in 2015 are provided in section 5.2.

4.5 2015 executive remuneration

In 2015, executives were awarded with remuneration which was earned but has not yet been paid, based on the 2015 performance year. This is different from the take-home pay received by executives during the year, which includes rewards from previous years. By way of example, the remuneration awarded to and received by the CEO in 2015 was made up of the following components:

Awarded

- fixed remuneration increased effective 1 April 2015, as approved by the board in the 2015 remuneration review
- STI earned on performance in the 2015 year – the 60% cash component will be paid in March 2016 and the 40% deferred equity component may vest in February 2018
- LTI granted in June 2015 which could vest in May 2018 subject to the relevant performance hurdles being met, as explained in section 2.4.

Received

- fixed remuneration which was the actual salary and superannuation paid during the year
- STI cash payment reflecting 60% of the total STI earned from the 2014 performance year, which was paid in March 2015
- shares as a result of the vesting of the deferred equity component (40%) of the 2012 STI award as explained in section 2.3. No shares were received from the 2012 LTI award. These lapsed because the performance hurdles were not met as explained in section 2.4.

The remuneration awarded to the CEO and received by him in 2015 is outlined below.

	Cash		Rights		
	Fixed remuneration $'000	Short-term incentive $'000	Short-term incentive share rights $'000	Long-term incentive performance rights $'000	Total $'000
Remuneration **awarded** from 2015	1,750	1,260	840	3,937	7,787
Remuneration **received** in 2015	1,715[1]	1,500	797[2]	0	4,012

1 The remuneration received reflects the prorated portion of fixed remuneration from 1 January – 1 April 2015 and the awarded fixed remuneration from 1 April – 31 December 2015. It excludes other short-term non-monetary benefits which are reported in table 8.1 as per the statutory requirement.
2 The value of STI share rights received is calculated using an exercise price based on the five day volume weighted average price (VWAP) up to and including the exercise date 2 March 2015 ($6.69 x 119,078 rights = $797,000).

The following table shows the remuneration awarded to executives based on the 2015 performance year, or in the case of LTI, the face value of the LTI awarded for 2015. The total STI awarded includes the 60% cash component and the 40% deferred into share rights. The table in section 8.1 shows the statutory expense value for these awards, which is different from the table provided below.

	Fixed remuneration $'000	2015 total STI awarded $'000	2015 LTI face value grant $'000	Total potential remuneration earned from 2015 $'000
Current executives				
Craig Meller	1,750	2,100	3,937	7,787
Pauline Blight-Johnston	800	714	1,200	2,714
Robert Caprioli	775	692	1,162	2,629
Gordon Lefevre	925	1,036	1,387	3,348
Matthew Percival	600	536	900	2,036
Craig Ryman	600	562	900	2,062
Paul Sainsbury	870	974	1,305	3,149
Brian Salter	785	735	1,177	2,697
Wendy Thorpe[1]	570	509	855	1,934
Adam Tindall[2]	800	475	–	1,275
Fiona Wardlaw	700	655	1,050	2,405
Former executive				
Stephen Dunne[3]	1,065	2,430	1,917	5,412
Total	**10,240**	**11,418**	**15,790**	**37,448**

1 Wendy Thorpe's fixed remuneration takes into account her participation in a defined benefit superannuation arrangement.
2 Adam Tindall's fixed remuneration is at the time of appointment to his KMP role, not his fixed remuneration at 1 April 2015. His STI represents the time he was in the KMP role.
3 Stephen Dunne was KMP to 9 October 2015. The above STI award reflects his full year STI payment.

5. Executive equity ownership

Executives are required to hold a significant number of AMP shares to ensure their long-term interests are closely aligned with the interests of shareholders.

Executives' equity holdings include:
- AMP Limited shares – ordinary AMP Limited shares registered in the executive's name or a related party
- AMP share rights – granted to executives eg through the STI deferral program or as a sign on bonus
- AMP performance rights – granted to executives through the LTI program.

As part of AMP's commitment to ensuring the long-term interests of executives are closely aligned with the long-term interests of shareholders, all executives are required to hold a minimum number of AMP Limited shares and/or STI share rights within five years of their appointment. The minimum numbers are:
- CEO: 300,000
- other executives: 60,000.

Share rights allocated to executives through the STI deferral plan are included to meet their minimum holding requirement on the basis that there is no future performance condition which is required to be met.

All executives currently either meet their minimum shareholding requirements, or are on track to do so within five years' tenure.

5.1 Executive shares and share rights holding

The following table shows the number of shares, and share rights granted through the STI deferral which were held by executives during 2015. This section also includes equity-based related party transactions. A related party is typically a family member of the executive and/or is an entity in which the executive has direct or indirect control. The definition of units includes AMP Limited shares and share rights which are not subject to any future performance conditions. The related party holdings are not included as part of the calculation of an AMP executive's minimum shareholdings.

	Holding at 1 Jan 2015						Holding at 31 Dec 2015		
	Shares	Share rights	Total number of units at 1 Jan 2015	Share rights granted during 2015[1]	Share rights converted to shares[2]	Other market transactions[3]	Shares	Share rights	Total number of units at 31 Dec 2015
Current executives									
Craig Meller	243,168	195,965	**439,133**	166,944	119,078	–	362,246	243,831	**606,077**
Pauline Blight-Johnston[4]	17,241	64,954	**82,195**	61,435	40,241	20,200	37,282	86,148	**123,430**
Robert Caprioli	33,149	57,228	**90,377**	53,088	29,769	–	62,918	80,547	**143,465**
Gordon Lefevre	–	–	**–**	69,449	–	–	–	69,449	**69,449**
Matthew Percival	30,000	84,223	**114,223**	44,407	44,864	44,864	30,000	83,766	**113,766**
Craig Ryman[5]	–	44,623	**44,623**	–	16,570	16,570	–	28,053	**28,053**
Paul Sainsbury	–	152,811	**152,811**	85,141	85,535	85,535	–	152,417	**152,417**
Brian Salter	109,255	116,478	**225,733**	58,430	62,474	39,474	132,255	112,434	**244,689**
Wendy Thorpe	34,674	66,184	**100,858**	49,081	41,928	34,674	41,928	73,337	**115,265**
Adam Tindall[6]	3,561	182,092	**185,653**	69,181	104,289	75,471	32,379	146,984	**179,363**
Fiona Wardlaw[7]	131,732	98,481	**230,213**	52,420	54,088	104,090	81,730	96,813	**178,543**
Former executive									
Stephen Dunne	209,396	314,942	**524,338**	149,315	149,267	149,267	209,396	314,990	**524,386**

1 The number of share rights granted on 30 April under the STI deferral plan were determined using the fair value price of $5.99 per share right.
2 Unless otherwise stated, the share rights converted to shares during 2015 relate to the vesting of the 2012 STI deferral grants.
3 Other market transactions are a result of the executive or their related parties trading AMP Limited shares on the open market.
4 Pauline Blight-Johnston's 40,241 share rights that were converted to shares during 2015 were granted in June 2013 as a sign-on bonus.
5 Craig Ryman's 16,570 share rights that converted to shares during 2015 were granted in June 2012. Craig's holding of share rights as at 31 December 2015 is made up of 12,987 share rights granted in 2013 and 15,066 share rights granted in 2014.
6 Adam Tindall's 104,289 share rights that converted to shares during 2015 include 28,818 share rights granted in June 2012.
7 Fiona Wardlaw's closing balance disclosed in the 2014 remuneration report was 138,604. This was incorrectly disclosed. The 2014 disclosure did not include 6,872 shares which were sold during 2014. Fiona's restated closing balance at 31 December 2014 and opening balance for 1 January 2015 is 131,732.

5.2 Executive performance rights holdings

The following table shows the LTI performance rights which were granted, lapsed or exercised during 2015. There were no changes during the vesting period for each LTI grant.

The 2015 grant will vest on 31 May 2018 subject to meeting the performance conditions in three years. The TSR measurement period is 5 March 2015 to 4 March 2018, whereas the forecast RoE at the grant date is measured 1 January 2017 to 31 December 2017. The 2012 performance rights were tested in 2015 however, did not vest and lapsed.

Name	Grant date	Performance condition	Fair value per performance right $	Holding at 1 Jan 2015	Rights granted in 2015	Rights exercised in 2015	Rights lapsed in 2015	Holding at 31 Dec 2015	Vested and exercisable at 31 Dec 2015
Current executives									
Craig Meller	07/06/12	TSR	1.28	540,609	–	–	540,609	–	–
	06/06/13	TSR	2.00	219,149	–	–	–	219,149	–
		RoE	4.21	149,168	–	–	–	149,168	–
	05/06/14	TSR	2.89	355,871	–	–	–	355,871	–
		RoE	4.57	297,619	–	–	–	297,619	–
	04/06/15	TSR	2.82	–	363,461	–	–	363,461	–
		RoE	5.39	–	242,308	–	–	242,308	–
Total				**1,562,416**	**605,769**	**–**	**540,609**	**1,627,576**	**–**
Pauline Blight-Johnston	06/06/13	TSR	2.00	66,872	–	–	–	66,872	–
		RoE	4.21	45,518	–	–	–	45,518	–
	05/06/14	TSR	2.89	105,871	–	–	–	105,871	–
		RoE	4.57	88,541	–	–	–	88,541	–
	04/06/15	TSR	2.82	–	110,769	–	–	110,769	–
		RoE	5.39	–	73,846	–	–	73,846	–
Total				**306,802**	**184,615**	**–**	**–**	**491,417**	**–**
Robert Caprioli	07/06/12	TSR	1.28	126,903	–	–	126,903	–	–
	06/06/13	TSR	2.00	51,440	–	–	–	51,440	–
		RoE	4.21	35,014	–	–	–	35,014	–
	05/06/14	TSR	2.89	105,871	–	–	–	105,871	–
		RoE	4.57	88,541	–	–	–	88,541	–
	04/06/15	TSR	2.82	–	107,308	–	–	107,308	–
		RoE	5.39	–	71,538	–	–	71,538	–
Total				**407,769**	**178,846**	**–**	**126,903**	**459,712**	**–**
Gordon Lefevre	05/06/14	TSR	2.89	128,558	–	–	–	128,558	–
		RoE	4.57	107,514	–	–	–	107,514	–
	04/06/15	TSR	2.82	–	128,077	–	–	128,077	–
		RoE	5.39	–	85,384	–	–	85,384	–
Total				**236,072**	**213,461**	**–**	**–**	**449,533**	**–**
Matthew Percival	07/06/12	TSR	1.28	243,781	–	–	243,781	–	–
	06/06/13	TSR	2.00	98,828	–	–	–	98,828	–
		RoE	4.21	67,269	–	–	–	67,269	–
	05/06/14	TSR	2.89	88,478	–	–	–	88,478	–
		RoE	4.57	73,995	–	–	–	73,995	–
	04/06/15	TSR	2.82	–	83,077	–	–	83,077	–
		RoE	5.39	–	55,384	–	–	55,384	–
Total				**572,351**	**138,461**	**–**	**243,781**	**467,031**	**–**
Craig Ryman	07/06/12	TSR	1.28	29,187	–	–	29,187	–	–
	06/06/13	TSR	2.00	12,345	–	–	–	12,345	–
		RoE	4.21	8,403	–	–	–	8,403	–
	05/06/14	TSR	2.89	12,010	–	–	–	12,010	–
		RoE	4.57	10,044	–	–	–	10,044	–
	04/06/15	TSR	2.82	–	83,077	–	–	83,077	–
		RoE	5.39	–	55,384	–	–	55,384	–
Total				**71,989**	**138,461**	**–**	**29,187**	**181,263**	**–**

5.2 Executive performance rights holdings continued

Name	Grant date	Performance condition	Fair value per performance right $	Holding at 1 Jan 2015	Rights granted in 2015	Rights exercised in 2015	Rights lapsed in 2015	Holding at 31 Dec 2015	Vested and exercisable at 31 Dec 2015
Paul Sainsbury	07/06/12	TSR	1.28	280,456	–	–	280,456	–	–
	06/06/13	TSR	2.00	174,897	–	–	–	174,897	–
		RoE	4.21	119,047	–	–	–	119,047	–
	05/06/14	TSR	2.89	128,558	–	–	–	128,558	–
		RoE	4.57	107,514	–	–	–	107,514	–
	04/06/15	TSR	2.82	–	120,461	–	–	120,461	–
		RoE	5.39	–	80,308	–	–	80,308	–
Total				**810,472**	**200,769**	**–**	**280,456**	**730,785**	**–**
Brian Salter	07/06/12	TSR	1.28	332,233	–	–	332,233	–	–
	06/06/13	TSR	2.00	134,682	–	–	–	134,682	–
		RoE	4.21	91,674	–	–	–	91,674	–
	05/06/14	TSR	2.89	116,469	–	–	–	116,469	–
		RoE	4.57	97,404	–	–	–	97,404	–
	04/06/15	TSR	2.82	–	108,692	–	–	108,692	–
		RoE	5.39	–	72,461	–	–	72,461	–
Total				**772,462**	**181,153**	**–**	**332,233**	**621,382**	**–**
Wendy Thorpe	07/06/12	TSR	1.28	129,441	–	–	129,441	–	–
	06/06/13	TSR	2.00	52,469	–	–	–	52,469	–
		RoE	4.21	35,714	–	–	–	35,714	–
	05/06/14	TSR	2.89	84,519	–	–	–	84,519	–
		RoE	4.57	70,684	–	–	–	70,684	–
	04/06/15	TSR	2.82	–	78,923	–	–	78,923	–
		RoE	5.39	–	52,615	–	–	52,615	–
Total				**372,827**	**131,538**	**–**	**129,441**	**374,924**	**–**
Fiona Wardlaw	07/06/12	TSR	1.28	276,142	–	–	276,142	–	–
	06/06/13	TSR	2.00	111,945	–	–	–	111,945	–
		RoE	4.21	76,198	–	–	–	76,198	–
	05/06/14	TSR	2.89	96,807	–	–	–	96,807	–
		RoE	4.57	80,960	–	–	–	80,960	–
	04/06/15	TSR	2.82	–	96,923	–	–	96,923	–
		RoE	5.39	–	64,615	–	–	64,615	–
Total				**642,052**	**161,538**	**–**	**276,142**	**527,448**	**–**
Former executive									
Stephen Dunne	07/06/12	TSR	1.28	540,609	–	–	540,609	–	–
	06/06/13	TSR	2.00	219,149	–	–	–	219,149	–
		RoE	4.21	149,168	–	–	–	149,168	–
	05/06/14	TSR	2.89	189,513	–	–	–	189,513	–
		RoE	4.57	158,491	–	–	–	158,491	–
	04/06/15	TSR	2.82	–	176,965	–	–	176,965	–
		RoE	5.39	–	117,976	–	–	117,976	–
Total				**1,256,930**	**294,941**	**–**	**540,609**	**1,011,262**	**–**

No performance rights were awarded to Adam Tindall in 2015.

6. Executive employment contracts

AMP employment contracts limit termination payments to protect shareholder interests.

Termination payments are capped at one year's base salary amounts and do not require shareholder approval.

Contract term	CEO	Executives
Length of contract	Open-ended	Open-ended
Notice period	12 months by AMP 6 months by Craig Meller	12 months by AMP 6 months by the executive
Entitlements on termination	– Accrued fixed pay, superannuation and other statutory requirements – Pro-rata STI may be paid for the current period except in cases of misconduct or breach of contract. The STI is calculated based on performance to the date of termination – Unvested LTI rights may continue in the case of death, disablement, redundancy, retirement or notice without cause, subject to the original performance periods and hurdles – Vested LTI rights will be retained except in the case of serious misconduct or breach of contract	
Post-employment restraint	Six-month restraint on entering employment with a competitor and solicitation of AMP clients and employees and for some executives (specifically the CEO) 12 months.	

7. Loans and other transactions

Many executives are also customers of AMP. Below you will find details of loans provided by AMP to executives.

AMP provides home loans to Australians to help them buy, build or renovate properties. This includes executives who are offered loans on terms and conditions the same as those given to other employees, including the term of the loan, security required and the interest rate.

7.1 Loans

	Balance at 1 Jan 2015 $'000	Written off $'000	Net advances (repayments) $'000	Balance at 31 Dec 2015 $'000	Interest charged $'000	Interest not charged $'000	Highest indebtedness during year $'000	Number in group
Total loans to KMP								
KMP and their related parties	14,116	–	(524)	13,592	534	–	15,529	7
Loans to KMP exceeding $100,000								
Craig Meller	1,597	–	447	2,044	87	–	2,119	
Pauline Blight-Johnston	3,423	–	686	4,109	121	–	4,131	
Robert Caprioli	2,644	–	(685)	1,958	102	–	2,649	
Craig Ryman	2,114	–	(98)	2,017	89	–	2,189	
Paul Sainsbury	1,497	–	(861)	636	45	–	1,598	
Adam Tindall	2,746	–	–	2,746	87	–	2,748	

7.2 Other transactions

During 2015, the executives and their related parties may also have access to the following AMP products. They are provided to executives within normal employee terms and conditions. The products include:

– personal banking with AMP Bank
– the purchase of AMP insurance and investment products
– financial investment services.

8. 2015 remuneration in detail

The following information shows 2015 executive remuneration prepared according to Australian Accounting Standards, including rewards that have been awarded but not yet received.

8.1 2015 executive remuneration

The following table shows the remuneration received by executives in 2015 as well as STI and LTI rewards that have been awarded but not yet received. This includes fixed remuneration as well as the cash portion of the 2015 STI reward and the value of current and previous STI and LTI payments which have not yet vested.

		Short-term employee benefits			Post-employment benefits	Share-based payments	Long-term benefits	Termination payments		
		Cash salary $'000	Cash short-term incentive $'000	Other short-term benefits[1] $'000	Superannuation benefits[2] $'000	Rights[3] $'000	Other[4]	Cash payments $'000	Share-based payment $'000	Grand total[5] $'000
Current executives										
Craig Meller Chief Executive Officer and Managing Director	**2015**	**1,678**	**1,260**	**16**	**25**	**2,164**	**136**	**–**	**–**	**5,279**
	2014	1,562	1,500	44	25	1,601	152	–	–	4,884
Pauline Blight-Johnston[6] Group Executive, Insurance and Superannuation	**2015**	**751**	**428**	**33**	**21**	**674**	**5**	**–**	**–**	**1,912**
	2014	631	552	90	20	443	3	–	–	1,739
Robert Caprioli Group Executive, Advice and Banking	**2015**	**734**	**415**	**–**	**23**	**631**	**15**	**–**	**–**	**1,818**
	2014	677	477	40	23	422	11	–	–	1,650
Gordon Lefevre[7] Chief Financial Officer	**2015**	**885**	**622**	**366**	**21**	**555**	**4**	**–**	**–**	**2,453**
	2014	691	523	119	19	156	2	–	–	1,510
Matthew Percival Group Executive, Public Affairs and Chief of Staff	**2015**	**489**	**321**	**12**	**43**	**678**	**64**	**–**	**–**	**1,607**
	2014	516	399	12	27	619	45	–	–	1,618
Craig Ryman Chief Information Officer	**2015**	**565**	**337**	**10**	**25**	**192**	**22**	**–**	**–**	**1,151**
	2014	–	–	–	–	–	–	–	–	–
Paul Sainsbury Chief Customer Officer	**2015**	**736**	**585**	**59**	**36**	**1,096**	**89**	**–**	**–**	**2,601**
	2014	761	765	61	50	963	13	–	–	2,613
Brian Salter[8] Group General Counsel	**2015**	**748**	**441**	**19**	**34**	**907**	**26**	**–**	**–**	**2,175**
	2014	738	525	19	25	841	15	–	–	2,163
Wendy Thorpe Group Executive, Operations	**2015**	**515**	**305**	**8**	**56**	**545**	**53**	**–**	**–**	**1,482**
	2014	509	441	23	53	473	31	–	–	1,530
Adam Tindall Managing Director AMP Capital	**2015**	**171**	**285**	**6**	**7**	**98**	**16**	**–**	**–**	**583**
	2014	–	–	–	–	–	–	–	–	–
Fiona Wardlaw[9] Group Executive, People and Culture	**2015**	**624**	**393**	**50**	**25**	**769**	**26**	**–**	**–**	**1,887**
	2014	568	471	47	25	705	13	–	–	1,829

The continuation of the table and footnotes 1 to 10 can be found on the following page.

8.1 2015 executive remuneration continued

		Short-term employee benefits			Post-employment benefits	Share-based payments	Long-term benefits	Termination payments		
		Cash salary $'000	Cash short-term incentive $'000	Other short-term benefits[1] $'000	Super-annuation benefits[2] $'000	Rights[3] $'000	Other[4]	Cash payments $'000	Share-based payment $'000	Grand total[5] $'000
Former disclosed executives										
Lee Barnett Former Chief Information Officer	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	728	522	60	27	866	176	–	–	2,379
Stephen Dunne[10] Former Managing Director, AMP Capital	**2015**	**1,044**	**1,458**	**256**	**21**	**1,787**	**108**	**–**	**–**	**4,674**
	2014	1,045	1,342	–	20	1,617	144	–	–	4,168
Colin Storrie Former Chief Financial Officer	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	147	–	43	4	1,497	4	–	–	1,695
2015 total		**8,940**	**6,850**	**835**	**337**	**10,096**	**564**	**–**	**–**	**27,622**
2014 total		8,573	7,517	558	318	10,203	609	–	–	27,778

1 Other short-term benefits include non-monetary benefits, for example, purchase annual leave, car benefits and any FBT on each item. The 2014 remuneration report did not disclose the full benefits and applicable FBT on all items correctly. To correct this error the 2014 data in this report has been restated to reflect the correct comparative values against the 2015 data. The restated difference by executive is ($'000): Meller 31, Blight-Johnston 41, Caprioli 40, Lefevre 51, Percival 3, Sainsbury 22, and Thorpe 16.
2 Wendy Thorpe is in a defined benefit plan and the value represents the notional taxable contributions.
3 Includes performance rights and share rights. The minimum future value for these awards is nil and the maximum amount expensed by AMP is the fair value at grant date using a Monte Carlo simulation. The value of the award made in any year is amortised over the vesting period.
4 Other long-term benefits represent long service leave accrued, taken or paid during the year.
5 No termination payments were made to nominated executives during 2014 or 2015.
6 Pauline Blight-Johnston received additional remuneration relating to the wash up of her car lease.
7 Gordon Lefevre received additional remuneration as commuting and relocation support. In 2014 the full benefits and applicable FBT were not disclosed correctly and this data has been restated to reflect the correct comparative values against the 2015 data.
8 Brian Salter received additional remuneration required to fund his life insurance cover. This was split between a superannuation contribution and a cash payment.
9 Fiona Wardlaw received additional remuneration relating to the wash up of her purchased annual leave.
10 Stephen Dunne was KMP to 9 October 2015. The above remuneration reflects his full year remuneration and includes an incentive payment of $250,000 that will be paid to Stephen on completion of his term as Consultant.

9. Our non-executive director remuneration

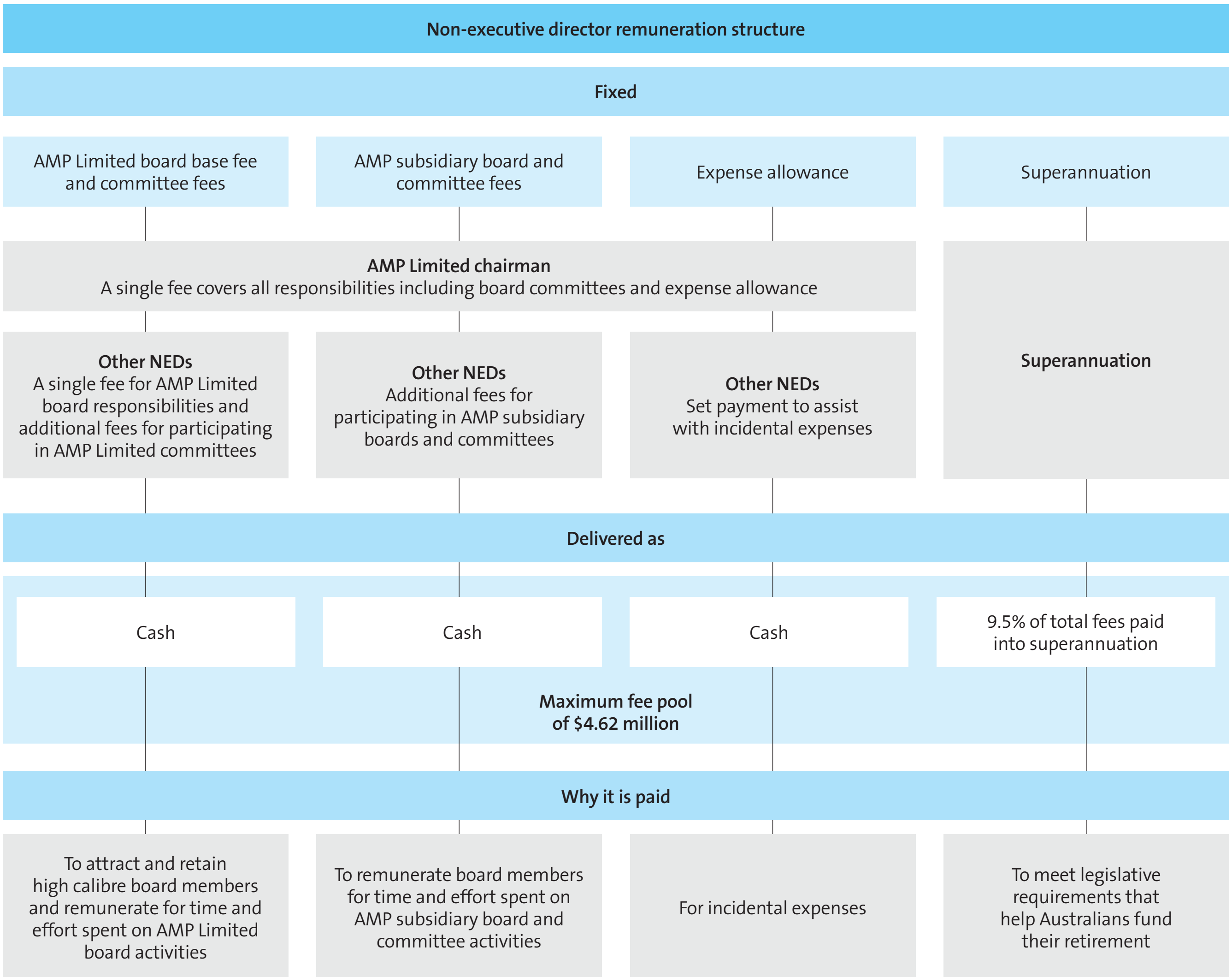
AMP's NED remuneration is designed to attract and retain high calibre board members who are appropriately paid for their time and effort.

AMP's remuneration is structured to ensure AMP is able to attract and retain NEDs with the experience and qualifications necessary to oversee a company as complex and highly regulated as AMP.

NED remuneration consists of four components:
– AMP Limited board base fee
– AMP Limited committee fees and AMP subsidiary board and committee fees
– $6,000 expense allowance
– superannuation.

NEDs receive fixed remuneration for completing their duties and do not receive any performance based pay. This enables the NEDs to maintain their independence and impartiality when making decisions about the future direction of the company.

To align the interests of NEDs with the interests of shareholders, all NEDs are required to hold a minimum number of AMP shares, as outlined in section 9.3.



9.1 Non-executive director fees

The Nomination and Governance Committee is responsible for reviewing and recommending board fees, using market data and/or advice from external remuneration advisers as necessary.

AMP determines board and committee fees by taking into account:
- fees paid to board members of other Australian corporations
- the complexity of AMP's operations
- the responsibilities and workload requirements of each board/committee.

Board and committee fees are recommended by the Nomination and Governance Committee for approval by the board and the maximum aggregate fee pool is approved by shareholders.

At the 2015 AGM, shareholders approved a maximum aggregate fee pool of $4,620,000 to cover all remuneration (including superannuation) paid to AMP's NEDs. This fee pool covers all remuneration for NEDs for their services as directors and committee members of AMP and its subsidiaries.

The fee pool covers the following items paid to AMP Limited NEDs:
- AMP Limited board base fees
- AMP Limited committee fees
- AMP subsidiary board and committee fees
- expense allowances
- superannuation
- fees for any additional services provided.

For 2015, the total remuneration paid to AMP Limited NEDs was $3,333,000.

9.1.1 Base fees

All NEDs receive a base fee for their participation on the AMP Limited board. For the AMP Limited chairman, this fee covers all responsibilities, including participation in board committees and incidental expenses. While the chairman is not a member of all the committees or a director of any AMP subsidiaries, he regularly attends AMP Limited committee meetings and board and committee meetings of AMP's key subsidiaries. Although the CEO is a board member, he is not paid board fees, as his board responsibilities are part of his normal employment conditions.

9.1.2 Committee and subsidiary board and committee fees

NEDs, excluding the AMP Limited chairman, receive additional fees for their time and effort on AMP Limited board committees, subsidiary boards and their committees, and other special purpose committees. As a large, diversified financial services group, with significant, highly regulated operating subsidiaries, AMP believes it is important for the AMP Limited NEDs to have knowledge, understanding and oversight of the organisation as a whole and the issues and risks specific to its key subsidiaries. For this reason AMP NEDs also sit on the boards and committees of key subsidiaries.

During 2015, the board approved a 3% increase in board and committee fees for AMP and its key subsidiaries, effective 1 April 2015. This increase was to bring AMP board and committee fees in line with those of other Australian companies and to recognise the increased regulation of AMP's operations and the additional board oversight this requires. A $4,500 increase for members and $9,000 increase for the chairman of the Nomination and Governance Committee were also approved in recognition of the committee's increased workload. This is the first increase in fees for that committee since 2005.

9.1.3 Benefits

Benefits provided to NEDs are as follows:
- superannuation: contributions are paid in addition to fees and allowances. Contributions were 9.5% of total fees in accordance with superannuation legislation. NEDs may also choose to salary-sacrifice their fees into superannuation
- expense allowance: $6,000 is paid to each NED, except the AMP Limited chairman, to assist with the cost of incidental expenses related to the business of the company
- retirement benefits: no retirement benefits are provided to NEDs.

9.2 2015 non-executive director remuneration

The following table shows the fees for AMP Limited for 2015.

	Chairman base fee		Member base fee	
	1 Jan 2015 $	1 April 2015 $	1 Jan 2015 $	1 April 2015 $
AMP Limited				
Board	585,000	602,600	170,000	175,100
Audit Committee	45,000	46,400	22,500	23,200
Risk Committee	45,000	46,400	22,500	23,200
Nomination and Governance Committee	15,000	24,000	7,500	12,000
People and Remuneration Committee	42,000	43,300	21,000	21,700
AMP Bank				
Board	80,000	82,500	50,000	51,500
Audit Committee	24,500	25,300	13,500	14,000
Risk Committee	24,500	25,300	13,500	14,000
AMP Capital Holdings				
Board	110,000	113,300	70,000	72,100
Audit and Risk Committee	25,000	25,800	15,000	15,500
AMP Life Limited and NMLA				
Board	158,000	162,800	98,000	101,000
Audit Committee	28,000	28,900	15,500	16,000
Risk Committee	28,000	28,900	15,500	16,000

The following table shows the remuneration received by NEDs in 2015.

		Short-term benefits					Post-employment benefits	
		AMP Limited Board and committee fees $'000	Fees for other group boards $'000	Other short-term benefits $'000	Additional board duties[1] $'000	Non-monetary benefits[2] $'000	Super-annuation $'000	Total $'000
Current NEDs								
Simon McKeon	**2015**	**598**	**–**	**–**	**–**	**5**	**19**	**622**
Chairman	2014	447	31	2	–	2	21	503
Patricia Akopiantz	**2015**	**266**	**92**	**6**	**–**	**–**	**35**	**399**
Non-executive Director	2014	217	77	6	–	–	28	328
Catherine Brenner	**2015**	**196**	**193**	**6**	**–**	**–**	**38**	**433**
Non-executive Director	2014	185	177	6	–	–	35	403
Brian Clark	**2015**	**201**	**128**	**6**	**–**	**–**	**32**	**367**
Non-executive Director	2014	199	125	6	–	–	31	361
Holly Kramer	**2015**	**40**	**–**	**1**	**–**	**–**	**4**	**45**
Non-executive Director	2014	–	–	–	–	–	–	–
Trevor Matthews	**2015**	**222**	**145**	**6**	**25**	**–**	**38**	**436**
Non-executive Director	2014	159	67	5	–	–	22	253
John Palmer	**2015**	**174**	**87**	**6**	**–**	**–**	**25**	**292**
Non-executive Director	2014	197	98	6	–	4	28	333
Peter Shergold	**2015**	**243**	**100**	**6**	**–**	**1**	**33**	**383**
Non-executive Director	2014	199	107	6	–	1	29	342
Former NEDs								
Paul Fegan	**2015**	**221**	**74**	**5**	**25**	**–**	**31**	**356**
Former Non-executive Director	2014	218	67	6	–	–	27	318
Peter Mason	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Non-executive Director	2014	208	–	–	–	–	6	214
Richard Allert	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Former Non-executive Director	2014	69	23	2	–	–	9	103
Total for 2015		**2,161**	**819**	**42**	**50**	**6**	**255**	**3,333**
Total for 2014[3]		2,098	772	45	–	7	236	3,158

1 Relates to additional work performed for the AMP Limited 2015 Notes Offer.
2, 3 The 2014 remuneration report did not disclose the full non-monetary benefits and applicable FBT on all items. The 2014 data in this report has been restated to reflect the correct comparative values against the 2015 data. The restated difference by NED is ($'000): McKeon 2, Palmer 4 and Shergold 1.

9.3 Non-executive director share ownership

AMP NEDs are required to hold a specified minimum value of AMP Limited shares to ensure their long-term interests are closely aligned with those of AMP shareholders. These minimum values are:

– AMP Limited chairman: $602,550 – the equivalent of the AMP Limited chairman base fee
– AMP Limited board members: $175,100 – the equivalent of the AMP Limited NED base fee.

NEDs are expected to achieve these levels within four years of appointment and then maintain them as a minimum shareholding throughout their tenure.

Based on the closing share price of $5.83 on 31 December 2015, all NEDs held or are on track to hold the minimum number of shares as per the minimum shareholding guidelines.

NEDs do not receive performance rights or share rights as part of their remuneration.

	Holding at 1 Jan 2015 $	Other market transactions[1] $	Holding at 31 Dec 2015 $	Value of holding at 31 Dec 2015 $
Current NEDs				
Simon McKeon	143,921	31,079	175,000	1,020,250
Patricia Akopiantz	47,099	9,140	56,239	327,873
Catherine Brenner	66,463	18,000	84,463	492,419
Brian Clark	75,813	–	75,813	441,990
Holly Kramer	4,400	–	4,400	25,652
Trevor Matthews	63,763	–	63,763	371,738
John Palmer	96,252	–	96,252	561,149
Peter Shergold	63,348	–	63,348	369,319
Former NED				
Paul Fegan[2]	49,240	–	49,240	287,069

1 Other market transactions are a result of the NED or their related parties trading AMP Limited shares on the open market.
2 The closing balance for Paul Fegan is at 30 November 2015, the date he retired from the AMP Limited Board.

Signed in accordance with a resolution of the directors.

Simon McKeon
Chairman

Craig Meller
Chief Executive Officer and Managing Director

Sydney, 18 February 2016

Analysis of shareholder profit

This table shows an analysis of the source of profit after income tax attributable to shareholders of AMP Limited.

All amounts are after income tax	2015 $m	2014 $m
Australian wealth management	**410**	374
AMP Capital	**138**	115
Australian wealth protection	**185**	188
AMP Bank	**104**	91
New Zealand financial services	**120**	110
Australian mature	**158**	174
Business unit operating earnings	**1,115**	1,052
Group office costs	**(61)**	(62)
Total operating earnings	**1,054**	990
Underlying investment income	**125**	132
Interest expense on corporate debt	**(59)**	(77)
Underlying profit	**1,120**	1,045
Other items	**(3)**	7
AMP AAPH integration costs	**–**	(20)
Business efficiency program costs	**(66)**	(100)
Amortisation of AMP AAPH acquired intangibles	**(80)**	(89)
Profit before market adjustments and accounting mismatches	**971**	843
Market adjustment – investment income	**9**	42
Market adjustment – annuity fair value	**34**	6
Market adjustment – risk products	**2**	11
Accounting mismatches	**(44)**	(18)
Profit attributable to shareholders of AMP Limited	**972**	884

Financial report

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Income statement

for the year ended 31 December 2015

	Note	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Income and expenses of shareholders, policyholders, external unitholders and non-controlling interests[1]					
Life insurance premium and related revenue	4	**2,465**	2,427	**–**	–
Fee revenue	4	**2,941**	2,790	**11**	14
Other revenue	4	**87**	126	**–**	–
Investment gains and (losses)	5	**8,529**	12,244	**893**	799
Share of profit or (loss) of associates accounted for using the equity method		**27**	13	–	–
Life insurance claims and related expenses	6	**(2,164)**	(2,166)	**–**	–
Operating expenses	6	**(3,691)**	(3,834)	**(11)**	(14)
Finance costs	6	**(732)**	(685)	**(28)**	(18)
Movement in external unitholder liabilities		**(855)**	(1,478)	**–**	–
Change in policyholder liabilities					
– life insurance contracts	20	**(240)**	(1,333)	**–**	–
– investment contracts		**(4,374)**	(6,290)	**–**	–
Income tax (expense) credit	7	**(280)**	(843)	**48**	51
Profit for the year		**1,713**	971	**913**	832
Profit attributable to shareholders of AMP Limited		**972**	884	**913**	832
Profit attributable to non-controlling interests		**741**	87	**–**	–
Profit for the year		**1,713**	971	**913**	832

1 Income and expenses include amounts attributable to shareholders' interests, policyholders' interests in the AMP life insurance entities' statutory funds, external unitholders' interests and non-controlling interests. Amounts included in respect of the AMP life insurance entities' statutory funds have a substantial impact on most of the consolidated Income statement lines, especially Investment gains and losses and Income tax (expense) credit. In general, policyholders' interests in the transactions for the period are attributed to them in the lines Change in policyholder liabilities.

	Note	Consolidated 2015 cents	Consolidated 2014 cents
Earnings per share for profit attributable to ordinary shareholders of AMP Limited			
Basic	26	**33.3**	30.3
Diluted	26	**33.1**	30.0

Statement of comprehensive income

for the year ended 31 December 2015

	Note	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Profit for the year		**1,713**	971	**913**	832
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
– gains and (losses) in fair value of available-for-sale financial assets		**–**	2	**–**	–
		–	2	**–**	–
Cash flow hedges[1]					
– gains and (losses) in fair value of cash flow hedges		**(10)**	3	**–**	–
– income tax (expense) credit		**3**	(1)	**–**	–
– transferred to profit for the year		**18**	29	**–**	–
– transferred to profit for the year – income tax (expense) credit		**(5)**	(8)	**–**	–
		6	23	**–**	–
Exchange difference on translation of foreign operations and revaluation of hedge of net investments					
– gains (losses)		**7**	39	**–**	–
– transferred to profit for the year		**–**	6	**–**	–
		7	45	**–**	–
Items that will not be reclassified subsequently to profit or loss					
Defined benefit plans[2]					
– actuarial gains and (losses)	27	**94**	(119)	**–**	–
– income tax (expense) credit		**(29)**	36	**–**	–
		65	(83)	**–**	–
Owner-occupied property revaluation					
– gains (losses) in valuation of owner-occupied property		**22**	8	**–**	–
– income tax (expense) credit		**(2)**	(1)	**–**	–
		20	7	**–**	–
Other comprehensive income for the year		**98**	(6)	**–**	–
Total comprehensive income for the year		**1,811**	965	**913**	832
Total comprehensive income attributable to shareholders of AMP Limited		**1,063**	878	**913**	832
Total comprehensive income (loss) attributable to non-controlling interests		**748**	87	**–**	–
Total comprehensive income for the year		**1,811**	965	**913**	832

1 Cash flow hedge movements includes interest rate swaps used to manage AMP Bank's interest rate risk on its mortgage portfolio and, in 2014, hedging of a highly probable future payment for an investment by AMP denominated in foreign currency.
2 Actuarial gains and (losses) are determined in accordance with AASB 119 *Employee Benefits*. This is not the same as the calculation methods used to determine the funding requirements for the plans.

Statement of financial position

as at 31 December 2015

	Note	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Assets					
Cash and cash equivalents	25	**3,955**	3,581	**21**	1
Receivables	8	**2,558**	2,518	**293**	321
Current tax assets		**11**	35	**–**	–
Inventories and other assets	9	**147**	189	**–**	–
Investments in financial assets	10	**127,221**	122,836	**2,247**	1,960
Investment properties	11	**386**	340	**–**	–
Investments in associates accounted for using the equity method	30(a)	**467**	116	**–**	–
Property, plant and equipment	12	**423**	401	**–**	–
Deferred tax assets	7	**557**	697	**54**	55
Intangibles	13	**3,983**	4,042	**–**	–
Investments in controlled entities		**–**	–	**11,355**	11,010
Assets of disposal groups		**–**	100	**–**	–
Total assets of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests		**139,708**	134,855	**13,970**	13,347
Liabilities					
Payables	14	**2,031**	1,951	**44**	92
Current tax liabilities		**271**	247	**222**	190
Provisions	15	**487**	442	**5**	5
Other financial liabilities	10	**1,108**	2,015	**–**	–
Borrowings	16	**15,760**	15,352	**–**	–
Subordinated debt	17	**1,692**	1,150	**864**	326
Deferred tax liabilities	7	**2,076**	2,336	**–**	–
External unitholder liabilities		**13,571**	11,335	**–**	–
Life insurance contract liabilities	20	**23,871**	24,403	**–**	–
Investment contract liabilities	21	**69,848**	66,980	**–**	–
Defined benefit plan liabilities	27	**98**	190	**–**	–
Liabilities of disposal groups		**–**	69	**–**	–
Total liabilities of shareholders of AMP Limited, policyholders, external unitholders and non-controlling interests		**130,813**	126,470	**1,135**	613
Net assets of shareholders of AMP Limited and non-controlling interests		**8,895**	8,385	**12,835**	12,734
Equity[1]					
Contributed equity	19	**9,566**	9,508	**9,747**	9,747
Reserves		**(1,866)**	(1,888)	**22**	21
Retained earnings		**819**	566	**3,066**	2,966
Total equity of shareholders of AMP Limited		**8,519**	8,186	**12,835**	12,734
Non-controlling interests		**376**	199	**–**	–
Total equity of shareholders of AMP Limited and non-controlling interests		**8,895**	8,385	**12,835**	12,734

1 Further information on Equity is provided in the Statement of changes in equity on the following page and note 19.

Statement of changes in equity

for the year ended 31 December 2015

Consolidated	Contributed equity $m	Equity contribution reserve[1] $m	Share-based payment reserve[2] $m	Capital profits reserve[3] $m	Demerger loss reserve[4] $m	Available-for-sale financial assets reserve[5] $m	Cash flow hedge reserve[6] $m	Foreign currency translation and hedge of net investment reserves[7,8] $m	Owner-occupied property revaluation reserve[9] $m	Retained earnings $m	Total shareholder equity $m	Non-controlling interest $m	Total equity $m
	Equity attributable to shareholders of AMP Limited												
2015													
Balance at the beginning of the year	**9,508**	**1,019**	**97**	**329**	**(3,585)**	**8**	**6**	**136**	**102**	**566**	**8,186**	**199**	**8,385**
Profit (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**972**	**972**	**741**	**1,713**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**–**	**20**	**65**	**91**	**7**	**98**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**–**	**20**	**1,037**	**1,063**	**748**	**1,811**
Share-based payment expense	**–**	**–**	**32**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**32**	**2**	**34**
Share purchases	**–**	**–**	**(36)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(36)**	**(2)**	**(38)**
Net sale/(purchase) of treasury shares	**58**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16**	**74**	**–**	**74**
Dividends paid[10]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(813)**	**(813)**	**(582)**	**(1,395)**
Dividends paid on treasury shares[10]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13**	**13**	**–**	**13**
Sales and acquisitions of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11**	**11**
Balance at the end of the year	**9,566**	**1,019**	**93**	**329**	**(3,585)**	**8**	**12**	**136**	**122**	**819**	**8,519**	**376**	**8,895**
2014													
Balance at the beginning of the year	9,602	1,019	89	329	(3,585)	6	(17)	91	95	461	8,090	110	8,200
Profit (loss)	–	–	–	–	–	–	–	–	–	884	884	87	971
Other comprehensive income	–	–	–	–	–	2	23	45	7	(83)	(6)	–	(6)
Total comprehensive income	–	–	–	–	–	2	23	45	7	801	878	87	965
Share-based payment expense	–	–	33	–	–	–	–	–	–	–	33	2	35
Share purchases	–	–	(25)	–	–	–	–	–	–	–	(25)	(2)	(27)
Net sale/(purchase) of treasury shares	(94)	–	–	–	–	–	–	–	–	4	(90)	–	(90)
Dividends paid[10]	–	–	–	–	–	–	–	–	–	(710)	(710)	(18)	(728)
Dividends paid on treasury shares[10]	–	–	–	–	–	–	–	–	–	10	10	–	10
Sales and acquisitions of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	20	20
Balance at the end of the year	9,508	1,019	97	329	(3,585)	8	6	136	102	566	8,186	199	8,385

Footnotes 1 to 10 can be found on the following page.

AMP Limited parent	Contributed equity $m	Share-based payment reserve[2] $m	Retained earnings $m	Total shareholder equity $m
2015				
Balance at the beginning of the year	**9,747**	**21**	**2,966**	**12,734**
Profit	**–**	**–**	**913**	**913**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**913**	**913**
Share-based payment expense	**–**	**3**	**–**	**3**
Share purchases	**–**	**(2)**	**–**	**(2)**
Dividends paid[10]	**–**	**–**	**(813)**	**(813)**
Balance at the end of the year	**9,747**	**22**	**3,066**	**12,835**
2014				
Balance at the beginning of the year	9,747	18	2,844	12,609
Profit	–	–	832	832
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	832	832
Share-based payment expense	–	6	–	6
Share purchases	–	(3)	–	(3)
Dividends paid[10]	–	–	(710)	(710)
Balance at the end of the year	9,747	21	2,966	12,734

1 There has been no movement in the Equity contribution reserve established in 2003 to recognise the additional loss on the demerger of AMP's UK operations in December 2003. This loss was the difference between the pro-forma loss on demerger (based upon directors' valuation of the UK operations and the estimated net assets to be demerged) and the market-based fair value of the UK operations (based upon the share price of the restructured UK operations on listing and the actual net assets of the UK operations on demerger).

2 The Share-based payment reserve represents the cumulative expense recognised in relation to equity-settled share-based payments less the cost of shares purchased and transferred to share-based payments recipients upon vesting.

3 The Capital profits reserve represents gains attributable to shareholders of AMP on the sale of minority interests in controlled entities to entities outside the AMP group.

4 There has been no movement in the Demerger loss reserve established in 2003 to recognise the transfer from shareholders' retained earnings of the total loss on the demerger of AMP's UK operations in December 2003.

5 Unrealised gains or losses on available-for-sale financial assets are recognised in Other comprehensive income and accumulated in a separate reserve within equity. Upon impairment or disposal, the accumulated change in fair value within the Available-for-sale financial assets reserve is recognised within profit or loss in the Income statement.

6 The Cash flow hedge reserve represents the cumulative impact of changes in the fair value of derivatives designated as cash flow hedges which are effective for hedge accounting. Hedge gains and losses are transferred to the Income statement when they are deemed ineffective or upon realisation of the cash flow.

7 Exchange differences arising on translation of foreign controlled entities and foreign investments accounted for using the equity method are recognised in Foreign currency translation reserve. Exchange gains and losses are transferred to the Income statement upon realisation of the investment in the foreign controlled entity.

8 The Hedge of net investment reserve reflects gains and losses on effective hedges of net investments in foreign operations. Hedge gains and losses are transferred to the Income statement when they are deemed ineffective or upon realisation of the investment in the foreign controlled entity.

9 The Owner-occupied property revaluation reserve represents cumulative valuation gains and losses on owner-occupied property required to be recognised in equity.

10 Dividends paid includes the dividends paid on treasury shares. Dividends paid on treasury shares are required to be excluded from the consolidated financial statements by adjusting retained earnings.

Statement of cash flows

for the year ended 31 December 2015

	Note	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Cash flows from operating activities[1]					
Cash receipts in the course of operations		**19,773**	20,326	**11**	14
Interest and other items of a similar nature received		**2,287**	2,470	**17**	16
Dividends and distributions received[2]		**2,130**	3,228	**876**	578
Cash payments in the course of operations		**(21,663)**	(24,373)	**(12)**	(9)
Finance costs		**(806)**	(682)	**(34)**	(18)
Income tax refunded (paid)		**(379)**	117	**68**	(1)
Cash flows from (used in) operating activities	25	**1,342**	1,086	**926**	580
Cash flows from investing activities[1]					
Net proceeds from sale of (payments to acquire):					
– investment property		**26**	440	**–**	–
– investments in financial assets[3,6]		**(5,622)**	2,439	**(345)**	–
– operating and intangible assets		**(198)**	(186)	**–**	–
(Payments to acquire) proceeds from disposal of operating controlled entities and investments in associates accounted for using the equity method[4]		**(348)**	(135)	**–**	–
Net movement in loans (to) from controlled entities		**–**	–	**(291)**	125
Cash flows from (used in) investing activities		**(6,142)**	2,558	**(636)**	125
Cash flows from financing activities					
Net movement in deposits from customers		**567**	950	**–**	–
Proceeds from borrowings – non-banking operations[1]		**669**	507	**–**	–
Repayment of borrowings – non-banking operations[1]		**(250)**	(252)	**–**	–
Net movement in borrowings – banking operations		**(562)**	196	**–**	–
Proceeds from issue of subordinated debt		**543**	–	**543**	–
Repayment of subordinated debt		**–**	(280)	**–**	–
Dividends paid[5]		**(800)**	(700)	**(813)**	(710)
Cash flows from (used in) financing activities		**167**	421	**(270)**	(710)
Net increase (decrease) in cash and cash equivalents		**(4,633)**	4,065	**20**	(5)
Cash and cash equivalents at the beginning of the year		**11,232**	7,157	**1**	6
Effect of exchange rate changes on cash and cash equivalents		**2**	10	**–**	–
Cash and cash equivalents at the end of the year[1,6]	25	**6,601**	11,232	**21**	1

1 Cash flows and cash and cash equivalents include amounts attributable to shareholders' interests, policyholders' interests in AMP life insurance entities' statutory funds and controlled entities of those statutory funds, external unitholders' interests and non-controlling interests. Amounts included in respect of AMP life insurance entities' statutory funds and controlled entities of those statutory funds have a substantial impact on cash flows from operating activities and investing activities and proceeds from and repayments of borrowings – non-banking operations, and cash and cash equivalents balances.
2 Dividends and distributions received are amounts of cash received mainly from investments held by AMP life insurance entities' statutory funds and controlled entities of the statutory funds. Dividends and distributions reinvested have been treated as non-cash items.
3 Net proceeds from sale of (payments to acquire) investments in financial assets includes loans and advances made (net of payments) and purchases of financial assets (net of maturities) during the period by AMP Bank.
4 Payments to acquire and proceeds from disposals of operating controlled entities and investments in associates accounted for using the equity method (net of cash acquired and cash in deconsolidated subsidiaries) did not have a material impact on the composition of the AMP group.
5 The Dividends paid amount is presented net of dividends on treasury shares. See Statement of changes in equity for further information.
6 The decrease in Cash and cash equivalents at the end of the period and net cash proceeds from sale of investments in financial assets includes the effect of AMP losing control of a managed cash fund during 2015.

Notes to the financial statements

for the year ended 31 December 2015

1. Basis of preparation and summary of significant accounting policies

The consolidated economic entity (the AMP group) comprises AMP Limited (the parent entity), a company limited by shares, and incorporated and domiciled in Australia, and all the entities it controlled during the period and at the reporting date.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001* (Cth). The AMP group is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements for the year ended 31 December 2015 were authorised for issue on 18 February 2016 in accordance with a resolution of the directors.

The financial report is presented in Australian dollars and all values are rounded to the nearest million dollars ($m), unless otherwise stated.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

The AMP group is predominantly a wealth management business conducting operations through statutory funds of registered life insurance companies (AMP life insurance entities' statutory funds) and other entities. Where permitted under accounting standards, the assets and liabilities associated with life insurance contracts and investment contracts are generally measured on a fair value basis and other assets and liabilities are generally measured on an historical cost basis.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. The majority of the assets of the AMP group are investment assets held to back investment contract and life insurance contract liabilities. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

A number of new accounting standards and amendments have been adopted effective 1 January 2015, but have not had any material effect on the financial position or performance of the AMP group.

The AMP group has elected to early adopt the following new accounting standards from 1 January 2015:

– AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
– AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*.

There is no material impact to the financial position or performance of the AMP group as a result of the early adoption of these amendments.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The AMP group has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the AMP group, other than as set out below.

– AASB 9 *Financial Instruments*. This standard makes significant changes to the classification of financial instruments and to hedge accounting requirements and disclosures, and introduces a new expected loss model when recognising expected credit losses on financial assets. This standard is mandatory for adoption by the AMP group for the year ending 31 December 2018. The financial impact to the AMP group of adopting AASB 9 *Financial Instruments* has not yet been quantified.
– AASB 15 *Revenue from Contracts with Customers*. This standard makes significant changes to revenue recognition and adds some additional disclosures. The application of this standard has been deferred until 2018. Hence, this standard is now mandatory for adoption by the AMP group for the year ending 31 December 2018. The financial impact to the AMP group of adopting AASB 15 *Revenue from Contracts with Customers* has not yet been quantified.

Changes in estimates

AASB 119 *Employee Benefits* requires employee benefit provisions and defined benefit plan liabilities to be determined by discounting future cash flows using discount rates determined with reference to market yields at the end of the reporting period on high quality corporate bonds or, in countries where there is no deep market in such bonds, using market yields at the end of the period on government bonds.

In re-estimating Australian employee benefit provisions and defined benefit plan liabilities for financial reporting purposes, AMP group has changed from using a blend of market yields on Commonwealth government and state government bonds to a blend of high quality corporate bonds. This change is required as a consequence of it being determined that there is a deep market in high quality corporate bonds in Australia. This has resulted in a decrease in the Australian defined benefit plan liabilities of $69m after tax effect. The impact of changes in discount rates on employee benefit provisions was not material.

(b) Principles of consolidation

The financial statements consolidate the financial information of controlled entities. An entity is controlled when AMP Limited is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information for controlled entities is prepared for the same reporting date as the parent entity, using consistent accounting policies. Where dissimilar accounting policies may exist, adjustments are made to ensure conformity with the group's accounting policies.

Consolidation principles require the total amounts of each underlying asset, liability, income and expense of the controlled entities to be recognised in the consolidated financial statements. When a controlled managed investment scheme is consolidated, the share of the unitholder liability attributable to the AMP group is eliminated but amounts due to external unitholders remain as liabilities in the consolidated Statement of financial position.

1. Basis of preparation and summary of significant accounting policies continued

The share of the net assets of controlled entities attributable to non-controlling interests is disclosed as a separate line item on the Statement of financial position. In the Income statement, the profit or loss of the AMP group is allocated between profit or loss attributable to non-controlling interests and profit or loss attributable to shareholders of the parent entity.

Controlled entities acquired are accounted for using the acquisition method of accounting. Information from the financial statements of controlled entities is included from the date the parent entity obtains control until such time as control ceases. Where the AMP group ceases to control an entity, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control.

Most acquisitions and disposals of controlled entities are in relation to managed investment schemes with underlying net assets typically comprising investment assets and cash. The consideration for acquisitions or disposals reflects the fair value of the investment assets at the date of the transactions after taking into account non-controlling interests.

All inter-company balances and transactions are eliminated in full, including unrealised profits arising from intra-group transactions.

Consolidation impact of investments of the AMP life insurance entities
AMP life insurance entities conduct wealth management business through separate life statutory funds. Income, expenses, assets and liabilities attributable to policyholders within the life statutory funds are consolidated into the AMP group financial statements, along with those attributable to the shareholders of the parent entity.

The majority of the AMP life insurance entities' statutory funds' investments are held through controlling interests in a number of managed investment schemes and companies. These investment assets are held on behalf of policyholders and the AMP life insurance entities' statutory funds recognise a liability to the policyholders valued as described in note 1(s) for Life insurance contract liabilities, and note 1(t) for Investment contract liabilities. In certain cases, the amount of the net assets of the controlled entities recognised in the consolidated financial statements may not match the valuation of the relevant liabilities to policyholders, which results in certain policyholder asset movements impacting the profit attributable to shareholders of AMP Limited.

Certain controlled entities of the AMP life insurance entities' statutory funds are operating companies which carry out business operations unrelated to the core wealth management operations of the AMP group.

Securitisation vehicles
The banking operation of the AMP group sells mortgage loans to securitisation vehicles (also referred to as *special purpose entities*) through its loan securitisation program. These securitisation vehicles are controlled by the AMP group and are therefore consolidated.

(c) Accounting for wealth management and life insurance business

The accounting treatment of certain transactions in this financial report varies depending on the nature of the contract underlying the transactions. The two major contract classifications relevant to the wealth management and insurance business of the AMP group are investment contracts and life insurance contracts.

For the purposes of this financial report, holders of investment contracts or life insurance contracts are collectively and individually referred to as *policyholders*.

Investment contracts
The majority of the business of the AMP life insurance entities relates to wealth management products such as savings, investment-linked and retirement income policies. The nature of this business is that the AMP life insurance entities receive deposits from policyholders and those funds are invested on behalf of the policyholders. With the exception of fixed retirement income policies, the resulting liability to policyholders is linked to the performance and value of the assets that back those liabilities. For fixed retirement income policies, the resulting liability is linked to the fair value of the fixed retirement income payments and associated management services.

Under Australian Accounting Standards such contracts are defined as *life investment contracts* and described as *investment contracts* throughout this financial report.

Life insurance contracts
AMP life insurance entities also issue contracts that transfer significant insurance risk from the policyholder, covering death, disability or longevity of the insured. In addition, there are some policies known as *discretionary participating contracts* that are similar to investment contracts, but the timing of the vesting of the profit attributable to the policyholders is at the discretion of the AMP life insurance entities.

Under Australian Accounting Standards, such contracts are defined as *life insurance contracts*.

Assets measurement basis
Investment contract liabilities are measured at fair value as described in note 1(t) and life insurance contract liabilities are measured as described in note 1(s). Assets backing such liabilities are measured at fair value, to the extent permitted under Australian Accounting Standards. Realised and unrealised gains and losses arising from changes in the fair value are recognised in the Income statement, to the extent permitted under Australian Accounting Standards. The accounting policies for individual asset classes are described later in note 1.

All assets that back investment contract liabilities and life insurance contract liabilities are included within the AMP life insurance entities' statutory funds and, as such, are separately identifiable.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value, being the principal amount. For the purpose of the Statement of cash flows, Cash and cash equivalents also includes other highly liquid investments not subject to significant risk of change in value, with short periods to maturity, net of outstanding bank overdrafts. Bank overdrafts are shown within Borrowings in the Statement of financial position.

(e) Receivables

Receivables that back investment contract liabilities and life insurance contract liabilities are designated as financial assets measured at fair value through profit or loss. Reinsurance and other recoveries are discounted to present value. Receivables that do not back investment contract and life insurance contract liabilities are measured at nominal amounts due, less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(f) Inventories

Assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services, are classified as *inventories*.

Inventories are measured at the lower of cost and net realisable value. *Net realisable value* is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(g) Investments in financial assets

Investments in financial assets measured at fair value through profit or loss

Investments in financial assets designated on initial recognition as *financial assets measured at fair value through profit or loss* are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in the Income statement in the period in which they arise.

Subsequent to initial recognition, the fair value of investments measured at fair value through profit or loss is determined as follows:

– The fair value of listed equity securities traded in an active market and listed managed investment schemes reflects the quoted bid price at the reporting date. In the case of equity securities and listed managed investment schemes where there is no active market, fair value is established using valuation techniques including the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.
– The fair value of listed debt securities reflects the bid price at the reporting date. Listed debt securities that are not frequently traded are valued by discounting estimated recoverable amounts. The fair value of unlisted debt securities is estimated using interest rate yields obtainable on comparable listed investments. The fair value of loans is determined by discounting the estimated recoverable amount using prevailing interest rates.
– The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.
– There is no reduction for realisation costs in determining fair value.
– The fair value of derivative financial assets is determined in accordance with the policy set out in note 1(q).

Investments in available-for-sale financial assets

Available-for-sale investments are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Unrealised gains or losses arising from subsequent measurement at fair value are recognised as Other comprehensive income in the Available-for-sale financial assets reserve in the period in which they arise. Testing for impairment is conducted in accordance with note 1(l). Upon impairment or disposal, the accumulated change in fair value within the available-for-sale financial assets reserve is recognised within profit or loss in the Income statement.

Subsequent to initial recognition, the fair value of available-for-sale investments is determined on the same basis as for financial assets measured at fair value through profit or loss.

Investments in financial assets measured at amortised cost

Investments in financial assets measured at amortised cost are mainly assets of AMP Bank. Loans, advances and other receivables which arise when AMP Bank provides money directly to a customer, including loans and advances to advisers, with no intention of trading the financial assets, are measured at amortised cost. All other debt securities held by AMP Bank are classified as held to maturity investments. Held to maturity investments are non-derivative assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

Investments in financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. These assets are subsequently recognised at amortised cost using the effective interest rate method.

Investments in controlled entities

Investments by the parent entity in controlled entities are measured at cost (which, in the case of the investment in AMP Group Holdings Limited, was determined as net asset value on demutualisation) less any accumulated impairment losses.

(h) Investments in associates accounted for using the equity method

Associated entities are defined as those entities over which the AMP group has significant influence but no capacity to control. Investments in associates, other than those backing investment contract liabilities and life insurance contract liabilities, are initially measured at cost plus any excess of the fair value of AMP's share of identifiable assets and liabilities above cost at acquisition date. This is subsequently adjusted for the AMP group's share of post-acquisition profit or loss and movements in reserves net of any impairment. The AMP group's share of profit or loss of associates is included in the consolidated Income statement. Any dividend or distribution received from associates is accounted for as a reduction in carrying value of the associate.

Investments in associates held to back investment contract liabilities and life insurance contract liabilities are exempt from the requirement to apply equity accounting and have been designated on initial recognition as financial assets measured at fair value through profit or loss.

(i) Investment property

Investment property is held to earn revenue from rentals and/or for the purposes of capital appreciation. Investment property includes all directly held freehold and leasehold properties but excludes owner-occupied properties. See note 1(j). There are no property interests held under operating leases accounted for as investment property.

Investment property is initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Changes in value of investment property are taken directly to the Income statement and may comprise changes in the fair value from revaluation of investment property, and fair value adjustments in relation to:

– the straight-lining of fixed rental income
– tenant incentives including rent-free periods and landlord and tenant owned fit-out contributions
– capitalised leasing fees.

The process adopted to determine fair values for investment properties is set out in note 11.

(j) Property, plant and equipment

Owner-occupied property

Under Australian Accounting Standards, where the whole or a significant portion of a property owned by the AMP group is held for use by the AMP group in the production or supply of goods or services, or for administrative purposes, that property is classified

1. Basis of preparation and summary of significant accounting policies continued

for accounting purposes as *owner-occupied property* within Property, plant and equipment in the Statement of financial position.

Owner-occupied property held by the AMP group for administrative purposes is initially recognised at cost, including transaction costs, and is subsequently measured at the revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Fair value is determined on the same basis as investment property in note 11.

When a revaluation increases the carrying value of a property, the increase is recognised directly in Other comprehensive income through the owner-occupied property revaluation reserve. However, an increase is recognised in the Income statement to the extent that the amount reverses a revaluation decrease of the same asset previously recognised in the Income statement. When the carrying value of an asset is decreased as a result of a revaluation, the decrease is recognised in the Income statement. However, any decrease is recognised in the Owner-occupied property revaluation reserve to the extent that it reverses a balance existing in the reserve in respect of that asset.

Gains or losses on disposals are measured as the difference between proceeds and the carrying amount and are recognised in the Income statement. The balance of the owner-occupied property revaluation reserve, in respect of a property disposed of, is transferred to retained earnings.

Each part of an owner-occupied property, except land, that is significant in relation to the total property is depreciated on a systematic basis over the useful life of the asset, being a period not exceeding 40 years.

To the extent owner-occupied property is held by the life insurance entities' statutory funds, the amounts recognised for the asset in the consolidated financial statements may not match the valuation of the relevant liability to the policyholder, which results in certain policyholder asset movements impacting the profit attributable to shareholders of AMP Limited.

Plant and equipment
Plant and equipment is initially measured at cost, including transaction costs. It is subsequently measured at cost less any subsequent accumulated depreciation and accumulated impairment losses. The written down amount approximates fair value.

Each item of plant and equipment is depreciated on a systematic basis over the useful life of the asset of 3–10 years.

Leasehold improvements
Leasehold improvements are recognised as an asset only when it is probable that future economic benefits associated with the asset will flow to the AMP group and the cost of the item can be reliably measured.

(k) Intangible assets

Goodwill
When the aggregate of the fair value of the consideration transferred in a business combination, the recognised amount of any non-controlling interest and the fair value of any previously held equity interest in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the excess is recognised as *goodwill*. Subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation.

Capitalised costs
Costs are capitalised and carried forward only where the costs relate to the creation of an asset with expected future economic benefits which are capable of reliable measurement. Otherwise, all costs are recognised as expenses in the period in which they are incurred. Capitalised costs are amortised on a straight-line basis over the estimated useful life of the asset, commencing at the time the asset is first put into use or held ready for use (whichever is the earlier). The useful lives of such assets generally do not exceed five years; however a useful life of up to 10 years has been applied to some capitalised costs relating to IT systems development projects where the AMP group expects benefits to flow over a longer period.

Value of in-force business
Intangible assets recognised in a business combination represent the fair value of future business arising from the existing contractual arrangements of the acquired business with its customers. The value of in-force business is measured initially at fair value and is subsequently amortised on a straight-line basis over its useful life. Value of in-force business has a useful life of 10 years for wealth management and distribution business and 20 years for wealth protection and mature business.

Distribution networks
Intangible assets recognised in a business combination represent the fair value of the existing contractual distribution arrangements of the acquired entity. Distribution networks intangibles are also recognised where the AMP group acquires customer lists, financial planner client servicing rights or other distribution-related rights other than through a business combination. Distribution networks are measured initially at fair value and subsequently amortised on a straight-line basis over their useful lives of 3–15 years.

Financial planner client servicing rights held for sale in the ordinary course of business are classified as inventories and accounted for as described in note 1(f).

Other intangible assets
Other intangible assets comprise:

– Amounts recognised in a business combination for the value of the software assets of the acquired entity where it is expected that future economic benefits will be derived. Software is recognised initially at fair value and is subsequently amortised on a straight-line basis over its useful life. Software has a useful life of 2–4 years. Software maintenance costs are expensed as incurred.
– Acquired management rights relating to AMP's asset management business. For closed-ended funds where AMP cannot be removed as manager, these management rights have an indefinite useful life and are not amortised.

Reassessment of useful life
The useful life of each intangible asset is reviewed at the end of the period and, where necessary, adjusted to reflect current assessments.

(l) Impairment of assets

Assets measured at fair value, where changes in fair value are reflected in the Income statement, are not subject to impairment testing. As a result, financial assets measured at fair value through profit or loss, and investment properties, are not subject to impairment testing.

Other assets subject to impairment testing include: available-for-sale investments; investments in financial assets measured at amortised cost; property, plant and equipment; intangible assets including goodwill; investments in associates accounted for using the equity method; inventories; and (in the case of the parent entity) investments in controlled entities.

For available-for-sale investments, where there is objective evidence that an investment is impaired, an impairment is

1. Basis of preparation and summary of significant accounting policies continued

recognised in the Income statement, and measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses for equity instruments are not reversed. Impairment losses for debt instruments are reversed only to the extent of a subsequent increase in fair value which can be objectively related to an event occurring after the impairment.

For loans, advances, held to maturity investments and other receivables, impairment is recognised in the Income statement when there is objective evidence a loss has been incurred. It is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For other assets, impairment is recognised in the Income statement, measured as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Intangible assets that have indefinite useful lives, such as goodwill, are not subject to amortisation but are tested at least annually for impairment. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment of goodwill, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

(m) Taxes

Tax consolidation

AMP Limited and its wholly-owned controlled entities which are Australian-domiciled companies comprise a tax-consolidated group of which AMP Limited is the head entity.

The implementation date for the AMP Limited tax-consolidated group was 30 June 2003.

Under tax consolidation, the head entity assumes the following balances from entities within the tax-consolidated group:

– current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date
– deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of the respective head entities' obligations to make payments to the Australian Taxation Office.

Assets and liabilities that arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related-party balances receivable and payable in the Statement of financial position of AMP Limited. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense

Income tax expense/credit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities. These changes are attributable to:

– temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts
– unused tax losses
– the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid, or expected to be paid, in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Income tax for investment contracts business and life insurance contracts business

The income tax expense recognised in the Income statement of the AMP group, which arises in respect of the AMP life insurance entities, reflects tax imposed on shareholders as well as policyholders.

Investment contracts liabilities and life insurance contracts liabilities are established in Australia net, and in New Zealand gross, of the policyholders' share of any current tax payable and deferred tax balances of the AMP group.

Arrangements made with some superannuation funds result in the AMP life insurance entities making payments to the Australian Taxation Office in relation to contributions tax arising in those funds. The amounts paid are recognised as a decrease in investment contract liabilities and not included in income tax expense.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax, including amounts in respect of investment contracts and life insurance contracts, is not discounted to present value.

1. Basis of preparation and summary of significant accounting policies continued

Goods and services tax
The AMP group operates across a number of tax jurisdictions and offers products and services that may be subject to various forms of goods and services tax (GST) imposed by local tax authorities.

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes, or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are measured with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

(n) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount payable approximates fair value.

(o) Provisions
Provisions are recognised when:
- the AMP group has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the AMP group expects some or all of a provision to be reimbursed, eg under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. For provisions other than employee entitlements, the discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Employee entitlements
Liabilities arising in respect of salaries and wages and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts. All other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, discount rates are determined with reference to market yields at the end of the reporting period on high quality corporate bonds or, in countries where there is no deep market in such bonds, by using market yields at the end of the period on government bonds.

Restructuring
A restructuring provision is only recognised when it is probable that future costs will be incurred in respect of a fundamental reorganisation or change in focus of the business of the AMP group. A provision is recognised when the AMP group is demonstrably committed to the expenditure and a reliable estimate of the costs involved can be made. The provision is measured as the best estimate of the incremental, direct expenditures to be incurred as a result of the restructure and does not include costs associated with the ongoing activities of the AMP group.

(p) Borrowings and subordinated debt
All borrowings and subordinated debt are financial liabilities and are initially recognised at fair value. In the case of borrowings and subordinated debt which are subsequently measured at amortised cost, initial fair value is calculated net of directly attributable transaction costs. For borrowings and subordinated debt which are subsequently measured at fair value through profit or loss, directly attributable transaction costs are expensed.

Borrowings and subordinated debt, other than those held by controlled entities of the AMP life insurance entities' statutory funds, are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income statement over the period of the contract, using the effective interest rate method. It is AMP's policy to hedge currency and interest rate risk arising on issued bonds and subordinated debt. When fair value hedge accounting is applied to borrowings and subordinated debt, the carrying amounts of borrowings and subordinated debt are adjusted for changes in fair value for the period that the fair value hedge relationship remains effective. See note 1(q).

Borrowings of certain controlled managed investment schemes of the AMP life insurance entities' statutory funds are measured at amortised cost for the purpose of determining the unit price of those schemes. These borrowings are measured at amortised cost in this financial report with any difference between the proceeds (net of transaction costs) and the redemption amount recognised in the Income statement over the period of the contract using the effective interest rate method.

All other borrowings of the controlled entities of the statutory funds are subsequently measured at fair value with movements recognised in the Income statement.

(q) Derivative financial assets, derivative financial liabilities and hedging
The AMP group is exposed to changes in interest rates and foreign exchange rates as well as movements in the fair value of investment guarantees it has issued in respect of its products. To mitigate the risks arising from these exposures, the AMP group uses derivative financial instruments such as cross-currency and interest-rate swaps, forward rate agreements, futures, options and foreign currency contracts. Derivative financial instruments are also used to gain exposure to various markets for asset and liability management purposes.

Derivatives are initially recognised at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. All derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative.

The method of recognising the movement in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The AMP group designates a *hedge* as:
- a hedge of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- a hedge of highly probable forecast transactions (cash flow hedge), or
- a hedge of a net investment in a foreign operation (net investment hedge).

The AMP group documents the relationship between hedging instruments and hedged items at inception of the transaction, as well as the AMP group's risk management and strategy for undertaking various hedge transactions. The AMP group also documents its assessment of whether the derivatives used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items. This assessment is carried out both at hedge inception and on an ongoing basis.

Accounting for hedges

(i) Fair value hedges:

– to the extent that a hedge is effective, changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk
– the gain or loss relating to any ineffective portion of a hedge is recognised immediately in the Income statement
– if a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the Income statement over the period until the forecast transaction occurs.

(ii) Cash flow hedges:

– the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised (including related tax impacts) through Other comprehensive income in the Cash flow hedge reserve in equity. The balance of the Cash flow hedge reserve in relation to each particular hedge is transferred to the Income statement in the period when the hedged item affects profit or loss
– the gain or loss relating to any ineffective portion of a hedge is recognised immediately in the Income statement
– hedge accounting is discontinued when a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income statement
– when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income statement.

(iii) Net investment hedges:

– hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains and losses on the hedging instrument relating to the effective portion of the hedge are recognised (including related tax impacts) through Other comprehensive income in the Hedge of net investment reserve, while any gains or losses relating to the ineffective portion of the hedge are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the Income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the Income statement in the period in which they arise.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the reporting date. The quoted market price for financial assets is the current bid price; the quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments not traded in an active market (eg over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing models, discounted cash flow methods and comparison to quoted market prices or dealer quotes for similar instruments.

(r) Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised at the date the AMP group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

(s) Life insurance contract liabilities

The financial reporting methodology used to determine the fair value of life insurance contract liabilities is referred to as *margin on services* (MoS).

Under MoS, the excess of premium received over claims and expenses (the margin) is recognised over the life of the contract in a manner that reflects the pattern of risk accepted from the policyholder (the service). The planned release of this margin is included in the movement in life insurance contract liabilities recognised in the Income statement.

Life insurance contract liabilities are usually determined using a projection method, whereby estimates of policy cash flows (premiums, benefits, expenses and profit margins to be released in future periods) are projected using best-estimate assumptions about the future. The liability is calculated as the net present value of these projected cash flows. When the benefits under a life insurance contract are linked to the assets backing it, the discount rate applied is based on the expected future earnings rate of those assets. Where the benefits are not linked to the performance of the backing assets, a risk-free discount rate is used. The risk-free discount rate is based on the zero coupon government bond rate and a liquidity margin, which depend on the nature, structure and terms of the contract liabilities.

An accumulation method may be used if it produces results that are not materially different from those produced by a projection method. A modified accumulation method is used for some discretionary participating business, where the life insurance liability is the accumulation of amounts invested by policyholders, less fees specified in the policy, plus investment earnings and vested benefits, adjusted to allow for the fact that crediting rates are determined by reference to investment income over a period of greater than one year. The accumulation method may be adjusted to the extent that acquisition expenses are to be recovered from future margins between fees and expenses.

Allocation of operating profit and unvested policyholder benefits

The operating profit arising from discretionary participating contracts is allocated between shareholders and participating policyholders by applying the MoS principles in accordance with the *Life Insurance Act 1995* (Cth) (Life Act) and, for The National Mutual Life Association of Australasia Limited (NMLA), the Memorandum of Demutualisation.

Once profit is allocated to participating policyholders it can only be distributed to these policyholders. Any distribution of this profit to shareholders is only allowed for overseas business with specific approval of the regulators.

1. Basis of preparation and summary of significant accounting policies continued

Profit allocated to participating policyholders is recognised in the Income statement as an increase in policy liabilities. Both the element of this profit that has not yet been allocated to specific policyholders (ie unvested) and that which has been allocated to specific policyholders by way of bonus distributions (ie vested) are included within life insurance contract liabilities.

Bonus distributions to participating policyholders are merely a change in the nature of the liability from unvested to vested and, as such, do not alter the amount of profit attributable to shareholders.

The principles of allocation of the profit arising from discretionary participating business are as follows:

(i) Investment income (net of tax and investment expenses) on retained earnings in respect of discretionary participating business is allocated between policyholders and shareholders in proportion to the balances of policyholders' and shareholders' retained earnings. This proportion is, mostly, 80% to policyholders and 20% to shareholders.

(ii) Other MoS profits arising from discretionary participating business are allocated 80% to policyholders and 20% to shareholders, with the following exceptions:
- the profit arising from New Zealand corporate superannuation business is apportioned such that shareholders are allocated 15% of the profit allocated to policyholders
- the profit arising in respect of preservation superannuation account business is allocated 92.5% to policyholders and 7.5% to shareholders
- the profits arising from NMLA's discretionary participating investment account business where 100% of investment profit is allocated to policyholders and 100% of any other profit or loss is allocated to shareholders, with the over-riding provision being that at least 80% of any profit and not more than 80% of any loss be allocated to policyholders' retained profits of the relevant statutory fund
- the underwriting profit arising in respect of NMLA's participating business super risk business is allocated 90% to policyholders and 10% to shareholders
- for AMP Life, additional tax on taxable income to shareholders in respect of Australian superannuation business is allocated to shareholders only.

(iii) All profits arising from non-participating business, including net investment returns on shareholder capital and retained earnings in life entities' statutory funds (excluding retained earnings dealt with in (i) above), are allocated to shareholders.

Allocation of expenses within the life insurance entities' statutory funds

All operating expenses relating to the life insurance contract and investment contract activities are apportioned between acquisition, maintenance and investment management expenses. Expenses which are directly attributable to an individual life insurance contract or investment contract or product are allocated directly to a particular expense category, fund, class of business and product line as appropriate.

Where expenses are not directly attributable, they are appropriately apportioned, according to detailed expense analysis, with due regard for the objective in incurring that expense and the outcome achieved. The apportionment basis has been made in accordance with Actuarial Standards and on an equitable basis to the different classes of business in accordance with the Life Act.

The costs apportioned to life insurance contracts are included in the determination of margin described above.

Investment management expenses of the life statutory funds are classified as operating expenses. See note 1(aa).

(t) Investment contract liabilities

An investment contract consists of a financial instrument and an investment management services element, both of which are measured at fair value. With the exception of fixed retirement-income policies, the resulting liability to policyholders is closely linked to the performance and value of the assets (after tax) that back those liabilities. The fair value of such liabilities is therefore the same as the fair value of those assets (after tax charged to the policyholders) except where accounting standards prevent those assets from being measured at fair value.

For fixed retirement income policies, the financial instrument element of the liability is the fair value of the fixed retirement income payments, being their net present value using a fair value discount rate. The fair value of the associated management services element is the net present value, using a fair value discount rate, of all expenses associated with the provision of services and any profit margins thereon.

(u) Contributed equity

Issued capital

Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the parent entity. Incremental costs directly attributable to the issue of certain new shares are recognised in equity as a deduction, net of tax, from the proceeds.

Treasury shares

The Australian Securities and Investments Commission (ASIC) has granted relief from restrictions in the *Corporations Act 2001* to allow AMP's life insurance entities to hold and trade shares in AMP Limited as part of the policyholder funds' investment activities. These shares (defined by Australian Accounting Standards as *treasury shares*) are held on behalf of policyholders and, as a result, the AMP life insurance entities' statutory funds also recognise a corresponding liability to policyholders.

Under Australian Accounting Standards, the AMP group cannot recognise treasury shares in the consolidated Statement of financial position. These assets, plus any corresponding Income statement fair value movement on the assets and dividend income, are eliminated when the AMP life insurance entities' statutory funds are consolidated into the AMP group. The cost of the investment in the shares is deducted to arrive at the amount of contributed equity.

However, the corresponding investment contract and life insurance contract liabilities, and related Income statement change in the liabilities, remain on consolidation. At the AMP group consolidated level, this mismatch results in policyholder asset movements impacting the profit attributable to shareholders of AMP Limited.

The AMP Foundation also holds AMP Limited shares. These assets, plus any corresponding Income statement fair value amount on the assets and any dividend income, are also eliminated on consolidation of the AMP Foundation into AMP group. As the net assets and profit of the AMP Foundation Trust are fully attributable to non-controlling interests, this has no impact on the net assets or profit attributable to the shareholders of AMP Limited.

(v) Foreign currency transactions

Functional and presentation currency

The consolidated financial report is presented in Australian dollars (the presentation currency). Items included in the financial statements for each of the AMP group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent entity is Australian dollars.

Transactions and balances
Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date, with exchange gains and losses recognised in the Income statement.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled entities
Where the functional currency of a controlled entity is not the presentation currency, the transactions and balances of that entity are translated as follows:

- Income and expenses are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates. In this case, income and expenses are translated at the dates of the transactions.
- Assets and liabilities are translated at the closing rate at the reporting date.
- All resulting exchange differences are recognised in Other comprehensive income in the foreign currency translation reserve.

When a foreign operation is sold, the cumulative amount in the foreign currency translation reserve relating to that operation is recognised in the Income statement as part of the gain or loss on sale. If a portion of the operation is sold, the proportionate share of the cumulative amount is recognised.

(w) Insurance premium and related revenue

Life insurance contracts
Life insurance contract premiums are separated into their revenue and deposit components. Premium amounts earned by bearing insurance risks are recognised as revenue. Other premium amounts received, which are in the nature of deposits, are recognised as an increase in life insurance contract liabilities.

Premiums with no due date or fixed amount are recognised on a cash-received basis. Premiums with a regular due date are recognised on an accruals basis. Unpaid premiums are only recognised during the days of grace or where secured by the surrender value of the life insurance contract and are reported as outstanding premiums and classified as receivables in the Statement of financial position.

Investment contracts
There is no premium revenue in respect of investment contracts. Amounts received from policyholders in respect of investment contracts comprise:

- origination fees, advice fees and ongoing investment management fees. See note 1(x)
- amounts credited directly to investment contract liabilities. See note 1(t).

(x) Fee and other revenue

Fees are charged to customers in connection with investment contracts and other financial services contracts. Revenue is recognised as services are provided. In some cases, services are provided at the inception of the contract, while other services are performed over the life of the contract.

An investment contract consists of a financial instrument and an investment management services element. The payment by the policyholder includes the amount to fund the financial instrument and a fee for the origination of the contract. In many cases, that origination fee is based on amounts paid to financial planners for providing initial advice. The financial instrument is classified as an investment contract and is measured at fair value. See note 1(t).

The revenue that can be attributed to the origination service is recognised at inception. Any amounts paid to financial planners are also recognised as an expense at that time. See note 1(aa).

Fees for ongoing investment management services and other services provided are charged on a regular basis, usually daily, and are recognised as the service is provided.

Fees charged for performing a significant act in relation to funds managed by the AMP group are recognised as revenue when that act has been completed.

(y) Investment gains or losses

Dividend and interest income is recognised in the Income statement on an accruals basis when the AMP group obtains control of the right to receive the revenue.

Net realised and unrealised gains and losses include realised gains and losses (being the change in value between the previously reported value and the amount received on de-recognition of the asset or liability), and unrealised gains and losses (being changes in the fair value of financial assets and investment property recognised in the period).

Rents raised are on terms in accordance with individual leases. Certain tenant allowances that are classified as lease incentives, such as rent-free periods, fit-outs and upfront payments, are capitalised and amortised over the term of the lease. The aggregate cost of incentives is recognised as a reduction to revenue from rent over the lease term.

(z) Insurance claims and related expenses

Life insurance contracts
Life insurance contract claims are separated into their expense and withdrawal components. The component that relates to the bearing of risks is treated as an expense. Other claim amounts, which are in the nature of withdrawals, are recognised as a decrease in life insurance contract liabilities.

Claims are recognised when a liability to a policyholder under a life insurance contract has been established or upon notification of the insured event, depending on the type of claim.

Investment contracts
There is no claims expense in respect of investment contracts. Amounts paid to policyholders in respect of investment contracts are withdrawals and are recognised as a decrease in investment contract liabilities. See note 1(t).

(aa) Operating expenses

All operating expenses, other than those allocated to life insurance contracts (see note 1(s)), are expensed as incurred.

Expenses of controlled entities of the AMP life insurance entities' statutory funds represent the business costs of those entities and are consolidated into the results of the AMP group.

The majority of investment contracts issued result in payments to external service and advice providers. Where the amount paid equates to a fee charged to policyholders for the provision of advice, the amount is expensed either at inception or over the period of the contract consistent with the basis for recognising the fee revenue on the respective contracts. See note 1(t).

Operating lease payments
Operating lease payments are recognised as an expense in the Income statement on a straight-line basis over the lease term or other systematic basis representative of the patterns of the

1. Basis of preparation and summary of significant accounting policies continued

benefits obtained. Operating incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(bb) Finance costs

Finance costs include:

(i) borrowing costs:
- interest on bank overdrafts, borrowings and subordinated debt
- amortisation of discounts or premiums related to borrowings

(ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

(iii) changes in the fair value of derivative hedges together with any change in the fair value of the hedged assets or liabilities that are designated and qualify as fair value hedges, foreign exchange gains and losses and other financing related amounts. The accounting policy for derivatives is set out in note 1(q).

Borrowing costs are recognised as expenses when incurred.

(cc) Share-based payments

The AMP group issues performance rights, restricted shares and other equity instruments to employees as a form of equity-settled share-based compensation. Equity-settled share-based compensation to employees is considered to be an expense in respect of the services received and is recognised in the Income statement over the vesting period of the instrument with a corresponding amount in the share-based payment reserve within equity.

The expense is based on the fair value of each grant, measured at the date of the grant. For performance rights and similar instruments, the fair value is determined by an external valuer. The fair value calculation takes into consideration a number of factors, including the likelihood of achieving market-based vesting conditions such as total shareholder return. The fair value determined at grant date is not altered over the vesting period. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. At each reporting date, the AMP group reviews its estimates of the number of instruments that are expected to vest. Any changes to the original estimates are recognised in the Income statement and the share-based payment reserve, over the remaining vesting period.

Where the terms of an equity-settled share-based payment are modified and the expense increases as a result of the modification, the increase is recognised over the remaining vesting period. When a modification reduces the expense, there is no adjustment and the pre-modification cost continues to be recognised.

Expenses for awards that do not ultimately vest are reversed in the period in which the instrument lapses, except for awards where vesting is conditional upon a market condition, in which case no reversal is recognised.

When instruments vest, shares are purchased on-market and transferred to the employee. The cost of the purchase is recognised in the share-based payment reserve.

(dd) Superannuation funds

The AMP group operates superannuation funds that provide benefits for employees and their dependants on the resignation, retirement, disability or death of the employee. The funds have both defined contribution and defined benefit sections. Refer to note 27 for further information on the funds.

The contributions paid and payable by AMP group to defined contributions funds are recognised in the Income statement as an operating expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For the defined benefit sections of superannuation funds operated by the AMP group, the AMP group recognises the net deficit or surplus position of each fund in the Statement of financial position, as defined by AASB 119 *Employee Benefits*. This does not represent an assessment of the funds' funding positions. The deficit or surplus is measured as the difference between the fair value of the funds' assets and the discounted defined benefit obligations of the funds, using discount rates determined with reference to market yields at the end of the reporting period on high quality corporate bonds or, in countries where there is no deep market in such bonds, using market yields at the end of the period on government bonds.

After taking into account any contributions paid into the defined benefit funds during the period, movements in the net surplus or deficit of each fund, except actuarial gains and losses, are recognised in the Income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions over the period are recognised (net of tax) directly in retained earnings through Other comprehensive income.

Contributions paid into defined benefit funds are recognised as reductions in the deficit.

(ee) Earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to shareholders of AMP Limited, by the weighted average number of ordinary shares outstanding during the period. The weighted average number of treasury shares held during the period is deducted in calculating the weighted average number of ordinary shares outstanding.

Diluted earnings per share is calculated by dividing the profit used in the determination of basic earnings per share by the weighted average number of shares outstanding during the period adjusted for potential ordinary shares considered to be dilutive. Potential ordinary shares are contracts such as options and performance rights that may entitle the holder to ordinary shares. These potential ordinary shares are considered dilutive when their conversion into ordinary shares would be likely to cause a reduction in earnings per share. The weighted average number of treasury shares held during the period is deducted in calculating the weighted average number of ordinary shares outstanding for diluted earnings per share.

(ff) Disposal groups held for sale

A *disposal group* is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Disposal groups are classified as *held-for-sale* if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, the disposal group is available for immediate sale in its present condition, management is committed to a plan to sell the group and a sale is expected to be completed within a year.

Disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs of disposal. Assets and liabilities of disposal groups are shown separately from other assets and liabilities in the Statement of financial position.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to the following:

(a) Consolidation

Entities are included within the consolidated financial statements of the AMP group where AMP Limited has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where AMP Limited has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists.

Judgement is applied in determining the relevant activities of each entity and determining whether AMP Limited has power over these activities. This involves assessment of the purpose and design of the entity and identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights.

Judgement is also applied in identifying the variable returns of each entity and assessing AMP Limited's exposure to these returns. Variable returns include distributions, exposure to gains or losses and fees that may vary with the performance of an entity.

(b) Fair value of investments in financial assets

The AMP group measures investments in financial assets, other than those held by AMP Bank and loans and advances to advisers, at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs. Further detail on the determination of fair value of financial instruments is set out in note 23.

(c) Fair values of investment properties and owner-occupied property

The AMP group measures investment properties at fair value through profit or loss. Owner-occupied property is measured at fair value at last valuation date less subsequent depreciation. The valuation of investment properties and owner-occupied property requires judgement to be applied in selecting appropriate valuation techniques and setting valuation assumptions. The AMP group engages independent registered valuers to value each of its investment properties on a rolling annual basis. Further detail on the determination of fair values of investment properties is set out in note 11.

(d) Acquired intangible assets

Subject to some exceptions, accounting standards require the assets and liabilities of businesses acquired through a business combination to be measured at their acquisition date fair values. Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the acquisition date fair values and to estimate the useful lives of these assets. Note 25(d) provides details of intangibles acquired through business combinations during the period.

Accounting standards require management to assess, at each reporting period, whether there are any indicators of impairment in relation to the carrying value of intangible assets. Where an impairment indicator is identified, and at least annually for assets with indefinite useful lives, the recoverable amount of the asset must be determined and compared to the carrying amount.

Judgement is applied by management in assessing whether there are any impairment indicators and, where required, in determining the recoverable amount. For further details on impairment of intangibles, refer to note 13.

(e) Goodwill

Goodwill is required to be allocated to cash-generating units and tested at least annually for impairment. Management applies judgement in determining cash-generating units and allocating the goodwill arising from business combinations to these cash-generating units. Impairment is assessed annually by determining the recoverable amount of each cash-generating unit which has a goodwill balance. Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the recoverable amount. Note 13 sets out further information on the impairment testing of goodwill.

(f) Tax

The AMP group is subject to taxes in Australia and other jurisdictions where it has operations. The application of tax law to the specific circumstances and transactions of the AMP group requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets. Note 7 sets out information on carried forward tax losses for which a deferred tax asset has not been recognised.

(g) Provisions

A provision is recognised for items where: the AMP group has a present obligation arising from a past event; it is probable that an outflow of economic resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The provision is measured as the best estimate of the expenditure required to settle the present obligation. Management applies judgement in assessing whether a particular item satisfies the above criteria and in determining the best estimate. Note 15 sets out further information on provisions.

(h) Life insurance contract liabilities

The measurement of insurance contract liabilities is determined using the MoS methodology. The determination

2. Significant accounting judgements, estimates and assumptions continued

of the liability amounts involves judgement in selecting the valuation methods and profit carriers for each type of business and setting valuation assumptions. The determination is subjective and relatively small changes in assumptions may have a significant impact on the reported profit. The board of each of the life entities is responsible for these judgements and assumptions, after taking advice from the appointed actuary. Further detail on the determination of insurance contract liabilities is set out in note 20.

(i) Investment contract liabilities

Investment contract liabilities are measured at fair value. For the majority of contracts, the fair value is determined based on published unit prices and the fair value of backing assets, and does not generally require the exercise of judgement. For fixed income products and the North capital guarantee, fair value is determined using valuation models. Judgement is applied in selecting the valuation model and setting the valuation assumptions. Further details on investment contract liabilities are set out in note 21.

(j) Defined benefit plan liabilities

The defined benefit plan liabilities of the AMP group are measured as the difference, for each fund, between the fair value of the fund's assets and the actuarially determined present value of the obligation to fund members. AASB 119 *Employee Benefits* requires defined benefit plan liabilities to be measured using discount rates determined with reference to market yields at the end of the reporting period or high quality corporate bonds or, in countries where there is no deep market in such bonds, using market yields on government bonds. Judgement is applied in assessing whether there is a deep market in high quality corporate bonds and in the selection of government bonds used to determine the yield.

The determination of the fair value of the fund's assets is also subject to the other judgements, estimates and assumptions discussed at note 2(b) above. The calculation of the obligation to fund members requires judgement to be applied in the setting of actuarial assumptions. Further detail on the determination of defined benefit plan liabilities is set out in note 27.

3. Segment information

(a) Segments – background

Operating segments have been identified based on separate financial information that is regularly reviewed by the chief operating decision maker (CODM). The term *CODM* refers to the function performed by the chief executive officer and his immediate team, as a team, in assessing performance and determining the allocation of resources. The operating segments are identified according to the nature of profit generated and services provided. Segment information in this note is reported separately for each operating segment. The AMP group evaluates the performance of segments on a post-tax operating earnings basis.

Segment information is not reported for activities of the AMP group office companies as it is not the function of these departments to earn revenue and any revenues earned are only incidental to the activities of the AMP group.

Asset segment information has not been disclosed because the balances are not provided to the CODM for the purposes of evaluating segment performance and deciding the allocation of resources to segments.

(b) Description of segments

AMP comprises the following business units:

Australian wealth management (WM) – financial advice services (through aligned and owned advice businesses), platform administration (including SMSF), unit-linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans.

AMP Capital – a diversified investment manager with a growing international presence, providing investment services for domestic and international customers. AMP Capital manages investments across major asset classes including equities, fixed interest, property, infrastructure and multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services.

AMP Capital and Mitsubishi UFJ Trust and Banking Corporation (MUTB) have a strategic business and capital alliance, with MUTB holding a 15% ownership interest in AMP Capital.

In November 2013, AMP Capital established a funds management company in China with China Life called China Life AMP Asset Management Company Limited (CLAMP). AMP Capital is a founding shareholder, holding a 15% stake, with the balance held by China Life Asset Management Company, a subsidiary of China Life.

Australian wealth protection (WP) – includes individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of superannuation.

AMP Bank – Australian retail bank offering residential mortgages, deposits, transaction banking and SMSF products. It also has a portfolio of practice finance loans. AMP Bank distributes through AMP's aligned distribution network as well as third party brokers, and direct to retail customers via phone and online.

New Zealand financial services (NZFS) – a risk insurance business and mature book (traditional participating business), with a growing wealth management business driven by KiwiSaver.

Australian mature (Mature) – a business comprising products which are largely closed to new business and are in run-off. Products within Australian mature include whole of life, endowment, investment-linked, investment account, Retirement Savings Account, Eligible Rollover Fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

3. Segment information continued

	WM $m	AMP Capital[2] $m	WP[3] $m	AMP Bank $m	NZFS[3] $m	Mature[3] $m	Total operating segments $m
(c) Segment profit							
2015							
Segment profit after income tax[1]	**410**	**138**	**185**	**104**	**120**	**158**	**1,115**
Other segment information[4]							
External customer revenue	**1,396**	**322**	**185**	**281**	**120**	**158**	**2,462**
Intersegment revenue[5]	**120**	**254**	**–**	**–**	**–**	**–**	**374**
Income tax expense	**173**	**61**	**79**	**44**	**47**	**68**	**472**
Depreciation and amortisation	**68**	**11**	**20**	**–**	**7**	**6**	**112**
2014							
Segment profit after income tax[1]	374	115	188	91	110	174	1,052
Other segment information[4]							
External customer revenue	1,525	254	188	246	110	174	2,497
Intersegment revenue[5]	120	258	–	–	–	–	378
Income tax expense	158	50	81	39	43	75	446
Depreciation and amortisation	60	11	17	–	7	6	101

1 Segment profit after income tax differs from Profit attributable to shareholders of AMP Limited due to the exclusion of the following items:
   i) group office costs
   ii) investment return on shareholder assets invested in income producing investment assets
   iii) interest expense on corporate debt
   iv) AMP AAPH integration costs, business efficiency program costs and other items (refer to note 3(d) for further details). These items do not reflect the underlying operating performance of the operating segments, and
   v) accounting mismatches, market adjustments (annuity fair value and risk products) and amortisation of AMP AAPH acquired intangible assets.

2 AMP Capital segment revenue is reported net of external investment manager fees paid in respect of certain assets under management. AMP Capital segment profit is reported net of 15% attributable to MUTB. Other AMP Capital segment information is reported before deductions of minority interests.

3 Statutory reporting revenue for WP, NZFS and Mature includes premium and investment gains and losses. However, for segment reporting, external customer revenue is operating earnings which represents gross revenue less claims, expenses, movement in insurance contract liabilities and tax relating to those segments.

4 Other segment information excludes revenue, expenses and tax relating to assets backing policyholder liabilities.

5 Intersegment revenue represents operating revenue between segments priced on an arm's-length basis.

3. Segment information continued

	2015 $m	2014 $m
(d) Reconciliation of segment profit after tax		
Australian wealth management	**410**	374
AMP Capital	**138**	115
Australian wealth protection	**185**	188
AMP Bank	**104**	91
New Zealand financial services	**120**	110
Australian mature	**158**	174
Business unit operating earnings	**1,115**	1,052
Group office costs	**(61)**	(62)
Total operating earnings	**1,054**	990
Underlying investment income[1]	**125**	132
Interest expense on corporate debt	**(59)**	(77)
Underlying profit	**1,120**	1,045
Other items[2]	**(3)**	7
AMP AAPH integration costs	**–**	(20)
Business efficiency program costs	**(66)**	(100)
Amortisation of AMP AAPH acquired intangible assets	**(80)**	(89)
Profit before market adjustments and accounting mismatches	**971**	843
Market adjustment – investment income[1]	**9**	42
Market adjustment – annuity fair value[3]	**34**	6
Market adjustment – risk products[4]	**2**	11
Accounting mismatches[5]	**(44)**	(18)
Profit attributable to shareholders of AMP Limited	**972**	884
Profit attributable to non-controlling interests	**741**	87
Profit for the year	**1,713**	971
(e) Reconciliation of segment revenue		
Total segment revenue	**2,836**	2,875
Add revenue excluded from segment revenue		
– Investment gains and (losses) – shareholders and policyholders (excluding AMP Bank interest revenue)	**7,733**	11,414
– Revenue of investment entities controlled by the life entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group	**35**	67
– Other revenue	**52**	59
Add back expenses netted against segment revenue		
– Claims, expenses, movement in insurance contract liabilities and tax relating to Australian wealth protection, Australian mature and New Zealand financial services	**2,002**	1,955
– Interest expense related to AMP Bank	**525**	594
– External investment manager and adviser fees paid in respect of certain assets under management	**1,240**	1,014
Remove intersegment revenue	**(374)**	(378)
Total revenue[6]	**14,049**	17,600

1 Underlying investment income consists of investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) normalised in order to bring greater clarity to the results by eliminating the impact of short-term market volatility on underlying performance. Underlying returns are set based on long-term expected returns for each asset class, except for a short-term return, equivalent to a one-year government bond, set annually for the implicit deferred acquisition costs (DAC) component of shareholder assets. Market adjustment – investment income is the excess (shortfall) between the underlying investment income and the actual return on shareholder assets invested in income producing investment assets.

2 Other items largely comprise the net of one-off and non-recurring revenues and costs, including the cost of implementing significant regulatory changes.

3 Market adjustment – annuity fair value relates to the net impact of investment markets on AMP's annuity portfolio.

4 Market adjustment – risk products relates to the net impact of changes in market economic assumptions (bond yields and CPI) on the valuation of risk insurance liabilities.

5 Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are recognised in the financial statements at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact profit attributable to shareholders. These differences have no impact on the operating earnings of the AMP group.

6 Revenue as per the Income statement of $14,049m (2014: $17,600m) comprises Premiums and related revenue $2,465m (2014: $2,427m), Fee revenue $2,941m (2014: $2,790m), Other revenue $87m (2014: $126m), Investment gains and (losses) gains of $8,529m (2014: gains of $12,244m) and Share of profit or (loss) of associates accounted for using the equity method $27m (2014: $13m).

4. Income

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
(a) Life insurance premium and related revenue				
Life insurance contract premium revenue	**2,337**	2,290	**–**	–
Reinsurance recoveries	**128**	137	**–**	–
Total life insurance premium and related revenue	**2,465**	2,427	**–**	–
(b) Fee revenue				
Investment management and origination fees	**2,197**	2,065	**–**	–
Financial advisory fees	**744**	725	**–**	–
Service fees – subsidiaries	**–**	–	**11**	14
Total fee revenue	**2,941**	2,790	**11**	14
(c) Other revenue				
Investment entities controlled by the AMP life insurance entities' statutory funds[1]	**35**	67	**–**	–
Other entities	**52**	59	**–**	–
Total other revenue	**87**	126	**–**	–

1 Other revenue of investment entities controlled by the AMP life insurance entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group.

5. Investment gains and (losses)

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Investment gains and (losses)				
Interest[1]				
– subsidiaries	**–**	–	**16**	17
– other entities	**2,290**	2,468	**1**	1
Dividends and distributions				
– subsidiaries	**–**	–	**876**	578
– associated entities not equity accounted	**1,267**	1,494	**–**	–
– other entities	**4,886**	5,472	**–**	–
Rental income	**46**	505	**–**	–
Net realised and unrealised gains and (losses)[2]	**40**	2,305	**–**	203
Total investment gains and (losses)[3]	**8,529**	12,244	**893**	799

1 Interest includes interest income from financial assets designated at fair value through profit or loss upon initial recognition, with the exception of $758m (2014: $783m) interest income from held to maturity investments and loans and advances in banking operations, which are measured at amortised cost.
2 Net realised and unrealised gains and losses for the consolidated group predominantly consist of gains and losses on financial assets and financial liabilities designated at fair value through profit or loss upon initial recognition.
3 Investment gains and losses include amounts attributable to shareholders' interests, policyholders' interests in the AMP life insurance entities' statutory funds, external unitholders' interests and non-controlling interests.

6. Expenses

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
(a) Life insurance claims and related expenses				
Life insurance contract claims and related expenses	**(1,988)**	(2,025)	**–**	–
Outwards reinsurance expense	**(176)**	(141)	**–**	–
Total life insurance claims and related expenses	**(2,164)**	(2,166)	**–**	–
(b) Operating expenses[1]				
Commission and advisory fee-for-service expense	**(1,247)**	(1,211)	**–**	–
Investment management expenses	**(316)**	(297)	**–**	–
Fee and commission expenses	**(1,563)**	(1,508)	**–**	–
Wages and salaries	**(828)**	(888)	**(4)**	(5)
Contributions to defined contribution plans	**(85)**	(85)	**(1)**	(1)
Defined benefit fund expense	**(8)**	(8)	**–**	–
Share-based payments expense	**(34)**	(35)	**(3)**	(6)
Other staff costs	**(63)**	(69)	**(1)**	(1)
Staff and related expenses	**(1,018)**	(1,085)	**(9)**	(13)
Occupancy and other property related expenses	**(115)**	(105)	**–**	–
Direct property expenses[2]	**(3)**	(139)	**–**	–
Information technology and communication	**(256)**	(256)	**–**	–
Professional and consulting fees	**(99)**	(94)	**–**	–
Advertising and marketing	**(33)**	(39)	**–**	–
Travel and entertainment	**(36)**	(34)	**–**	–
Impairment of intangibles	**(18)**	(13)	**–**	–
Amortisation of intangibles	**(261)**	(258)	**–**	–
Depreciation of property, plant and equipment	**(23)**	(17)	**–**	–
Other expenses				
– investment entities controlled by the AMP life insurance entities' statutory funds	**(59)**	(2)	**–**	–
– other entities	**(207)**	(284)	**(2)**	(1)
Other operating expenses	**(1,110)**	(1,241)	**(2)**	(1)
Total operating expenses	**(3,691)**	(3,834)	**(11)**	(14)
(c) Finance costs				
Interest expense on borrowings and subordinated debt	**(658)**	(674)	**(28)**	(18)
Other finance costs	**(74)**	(11)	**–**	–
Total finance costs	**(732)**	(685)	**(28)**	(18)

1 Operating expenses includes certain trading expenses of investment entities controlled by the AMP life insurance entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group.
2 Direct property expenses relate to investment properties which generate rental income.

7. Income tax

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
(a) Analysis of income tax (expense) credit				
Current tax (expense) credit	**(523)**	(381)	**47**	(6)
Increase (decrease) in deferred tax assets	**(78)**	(148)	**(1)**	57
(Increase) decrease in deferred tax liabilities	**280**	(320)	**–**	–
Over (under) provided in previous years including amounts attributable to policyholders	**41**	6	**2**	–
Income tax (expense) credit	**(280)**	(843)	**48**	51

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation of differences between *prima facie* tax calculated as 30% of the profit before income tax for the year and the income tax expense recognised in the Income statement for the year. The income tax expense amount reflects the impact of both income tax attributable to shareholders as well as income tax attributable to policyholders. In respect of income tax expense attributable to shareholders, the tax rate which applies is 30% in Australia and 28% in New Zealand.

Income tax attributable to policyholders is based on investment income allocated to policyholders less expenses deductible against that investment income. The impact of the tax is charged against policyholder liabilities. A number of different tax rate regimes apply to policyholders. In Australia, certain classes of policyholder life insurance income and superannuation earnings are taxed at 15%, and certain classes of income on some annuity business are tax-exempt. The rate applicable to New Zealand life insurance business is 28%.

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Profit before income tax	**1,993**	1,814	**865**	781
Policyholder tax (expense) credit recognised as part of the change in policyholder liabilities in determining profit before tax	**48**	(540)	**–**	–
Profit before income tax excluding tax charged to policyholders	**2,041**	1,274	**865**	781
Tax at the Australian tax rate of 30% (2014: 30%)	**(612)**	(382)	**(260)**	(234)
Tax effect of differences between amounts of income and expenses recognised for accounting and the amounts assessable/deductible in calculating taxable income:				
– shareholder impact of life insurance tax treatment	**(11)**	(30)	**–**	–
– tax concessions including research and development and offshore banking unit	**11**	12	**–**	–
– non-deductible expenses	**(10)**	(7)	**(4)**	(1)
– non-taxable income	**14**	11	**2**	61
– dividend income from controlled entities	**–**	–	**263**	173
– other items	**(12)**	(7)	**(5)**	(5)
– non-controlling interests[1]	**217**	20	**–**	–
Over (under) provided in previous years after excluding amounts attributable to policyholders	**25**	17	**9**	–
Utilisation of previously unrecognised tax losses	**43**	56	**43**	57
Differences in overseas tax rates	**7**	7	**–**	–
Income tax (expense) credit attributable to shareholders and non-controlling interest	**(328)**	(303)	**48**	51
Income tax (expense) credit attributable to policyholders	**48**	(540)	**–**	–
Income tax (expense) credit per Income statement	**(280)**	(843)	**48**	51

1 $723m (2014: $67m) profit attributable to non-controlling interests in investment entities controlled by the AMP life insurance entities' statutory funds is not subject to tax.

7. Income tax continued

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
(c) Analysis of deferred tax assets				
Expenses deductible and income recognisable in future years	**234**	253	**1**	1
Unrealised movements on borrowings and derivatives	**24**	19	**–**	–
Unrealised investment losses	**29**	25	**–**	–
Losses available for offset against future taxable income	**175**	310	**50**	50
Other	**95**	90	**3**	4
Total deferred tax assets	**557**	697	**54**	55
(d) Analysis of deferred tax liabilities				
Unrealised investment gains	**1,596**	1,759	**–**	–
Unrealised movements on borrowings and derivatives	**17**	20	**–**	–
Other	**463**	557	**–**	–
Total deferred tax liabilities	**2,076**	2,336	**–**	–
(e) Amounts recognised directly in equity				
Deferred income tax (expense) credit related to items taken directly to equity during the current year	**(28)**	34	**–**	–
(f) Unused tax losses and deductible temporary differences not recognised				
Revenue losses	**109**	109	**108**	108
Capital losses	**239**	343	**239**	321

8. Receivables

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Investment income receivable	**337**	358	**1**	1
Investment sales and margin accounts receivable	**953**	872	**–**	–
Life insurance contract premiums receivable	**363**	369	**–**	–
Reinsurance and other recoveries receivable	**37**	29	**–**	–
Reinsurers' share of life insurance contract liabilities	**491**	529	**–**	–
Trade debtors	**241**	234	**–**	–
Other receivables				
– investment entities controlled by the AMP life insurance entities' statutory funds	**13**	11	**–**	–
– other entities	**123**	116	**5**	4
– subsidiaries' tax-related amounts	**–**	–	**287**	316
Total receivables[1]	**2,558**	2,518	**293**	321

1 $362m (2014: $425m) of Total consolidated receivables is expected to be recovered more than 12 months from the reporting date and nil (2014: nil) of Total receivables of the parent is expected to be recovered more than 12 months from the reporting date.

9. Inventories and other assets

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Inventories[1,2]	**82**	136	**–**	–
Prepayments	**64**	51	**–**	–
Other assets	**1**	2	**–**	–
Total inventories and other assets[3]	**147**	189	**–**	–

1 Inventories include inventories and development properties of investment entities controlled by the life entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group. Inventories also include financial planning client servicing rights held for sale in the ordinary course of business. The AMP group has arrangements in place with certain financial planning advisers whereby the AMP group is required, subject to the adviser meeting certain conditions, to pay a benefit to those advisers on surrender of the client servicing rights. The benefit paid under these arrangements is calculated based on value metrics attributable to the client register at the valuation date. AMP has the right to change the multiples used to determine the benefit paid (subject to a notice period). In some cases, the arrangements can be changed without notice should legislation, economic or product changes render them inappropriate. In the normal course of business, the AMP group seeks to on-sell the client servicing rights to other financial planning advisers and accordingly any client servicing rights acquired under these arrangements are classified as inventory.
2 Write down of $18m (2014: nil) of inventories was recognised as an expense in the period.
3 $22m (2014: $81m) of inventories and other assets is expected to be recovered more than 12 months from the reporting date.

10. Investments in financial assets and other financial liabilities

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Investments in financial assets				
Financial assets measured at fair value through profit or loss[1]				
Equity securities and listed managed investment schemes	**53,173**	46,830	**–**	–
Debt securities[2]	**35,743**	38,440	**–**	–
Investments in unlisted managed investment schemes	**19,421**	18,556	**–**	–
Derivative financial assets	**1,790**	1,982	**–**	–
Other financial assets	**8**	40	**–**	–
Total financial assets measured at fair value through profit or loss	**110,135**	105,848	**–**	–
Available-for-sale financial assets				
Equity securities and managed investment schemes	**66**	63	**–**	–
Total available-for-sale financial assets	**66**	63	**–**	–
Financial assets measured at amortised cost				
Loans and advances – to subsidiaries	**–**	–	**2,247**	1,960
Loans and advances	**15,281**	14,590	**–**	–
Debt securities – held to maturity	**1,739**	2,335	**–**	–
Total financial assets measured at amortised cost	**17,020**	16,925	**2,247**	1,960
Total investments in financial assets	**127,221**	122,836	**2,247**	1,960
Other financial liabilities				
Derivative financial liabilities	**883**	1,150	**–**	–
Collateral deposits held[3]	**225**	865	**–**	–
Total other financial liabilities	**1,108**	2,015	**–**	–

1 Investments measured at fair value through profit or loss are mainly assets of the AMP life insurance entities' statutory funds and controlled entities of the AMP life insurance entities' statutory funds.
2 Included within debt securities are assets held to back the liability for collateral deposits held in respect of debt security repurchase arrangements entered into by the AMP life insurance entities' statutory funds and the controlled entities of the AMP life insurance entities' statutory funds.
3 Collateral deposits held are mostly in respect of the obligation to repay collateral held in respect of debt security repurchase arrangements entered into by the AMP life insurance entities' statutory funds and the controlled entities of the AMP life insurance entities' statutory funds.

11. Investment property

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Investment property				
Directly held	**386**	340	**–**	–
Total investment property	**386**	340	**–**	–
Movements in investment property				
Balance at the beginning of the year	**340**	6,889	**–**	–
Additions – through direct acquisitions	**–**	–	**–**	–
Additions – subsequent expenditure recognised in carrying amount	**1**	51	**–**	–
Acquisitions (disposal) through business combinations[1]	**–**	(2,742)	**–**	–
Disposals[1]	**(26)**	(3,922)	**–**	–
Net gains (losses) from fair value adjustments	**71**	74	**–**	–
Foreign currency exchange differences	**–**	–	**–**	–
Transfer from (to) inventories	**–**	(10)	**–**	–
Balance at the end of the year	**386**	340	**–**	–

1 In October 2014, substantially all of the investment property in the AMP group was sold into the AMP Capital Diversified Property Fund (ADPF). The AMP group also sold units in other property funds to ADPF and, as a result, ceased to control a number of funds with direct property assets. The AMP group continues to invest in property assets indirectly through ADPF and other property funds.

Valuation of investment property
Investment property is measured at fair value at each reporting date. *Fair value* represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

Fair values of the AMP group's properties are determined by independent registered valuers who have appropriate registered professional qualifications and recent experience in the location and category of the property being valued.

The fair value appraisals are obtained on a rolling annual basis. The valuation schedule may be altered when a property is either undergoing or being appraised for redevelopment, refurbishment or sale; or is experiencing other changes in assets or tenant profiles which may significantly impact value; or when there have been significant changes in the property market and broader economy such as updates to comparable property sales which may have an impact on the individual asset values. The carrying value of each investment property is assessed at the reporting date to ensure there has been no material change to the fair value since the valuation date.

The valuers use 'comparable sales analysis' and the 'capitalised income approach' which considers factors such as annual net market income, comparable capitalisation rates and other property-specific adjustments as well as discounted cash flow analysis using a market determined risk adjusted discount rate. The fair value of investment property does not include future capital expenditure that will improve or enhance the property.

	Consolidated	
	2015 %	2014 %
Primary assumptions used in valuing investment property		
Capitalisation rates[1]	**7.50**	6.63–8.00
Market determined, risk adjusted discount rate[2]	**9.00**	8.00–9.25

1 The fair value of investment properties would increase/decrease if the capitalisation rate was lower/higher.
2 The fair value of investment properties would increase/decrease if the risk adjusted discount rate was lower/higher.

12. Property, plant and equipment

	Owner-occupied property measured at fair value[1] $m	Leasehold improvements $m	Plant and equipment[2] $m	Total $m
2015 – Consolidated				
Property, plant and equipment				
Gross carrying amount	**361**	**90**	**146**	**597**
Less: accumulated depreciation and impairment losses	**–**	**(70)**	**(104)**	**(174)**
Property, plant and equipment at written down value	**361**	**20**	**42**	**423**
Movements in property, plant and equipment				
Balance at the beginning of the year	**342**	**17**	**42**	**401**
Additions (reductions) through acquisitions (disposal) of controlled entities[2]	**–**	**1**	**(1)**	**–**
Additions				
– through direct acquisitions	**–**	**10**	**11**	**21**
– subsequent expenditure recognised in carrying amount	**3**	**–**	**–**	**3**
Increases (decreases) from revaluations recognised directly in equity	**22**	**–**	**–**	**22**
Disposals	**–**	–	**(1)**	**(1)**
Depreciation expense	**(6)**	**(8)**	**(9)**	**(23)**
Transferred to disposal group	**–**	**–**	**–**	**–**
Other movements	**–**	**–**	**–**	**–**
Balance at the end of the year	**361**	**20**	**42**	**423**
2014 – Consolidated				
Property, plant and equipment				
Gross carrying amount	342	107	154	603
Less: accumulated depreciation and impairment losses	–	(90)	(112)	(202)
Property, plant and equipment at written down value	342	17	42	401
Movements in property, plant and equipment				
Balance at the beginning of the year	331	15	110	456
Additions (reductions) through acquisitions (disposal) of controlled entities[2]	–	–	–	–
Additions				
– through direct acquisitions	–	2	16	18
– subsequent expenditure recognised in carrying amount	6	–	–	6
Increases (decreases) from revaluations recognised directly in equity	8	–	–	8
Disposals	–	–	(1)	(1)
Depreciation expense	(3)	(4)	(10)	(17)
Transferred to disposal group	–	–	(69)	(69)
Other movements	–	4	(4)	–
Balance at the end of the year	342	17	42	401

1 For Owner-occupied property measured at fair value; had the asset been measured at historic cost the amortised carrying value would have been $198m (2014: $201m).
2 Plant and equipment includes operating assets of investment entities controlled by the AMP life insurance entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group.

13. Intangibles

	Goodwill[1] $m	Capitalised costs $m	Value of in-force business $m	Distribution networks $m	Other intangibles $m	Total $m
2015 – Consolidated						
Intangibles						
Gross carrying amount	**2,890**	**1,129**	**1,191**	**251**	**95**	**5,556**
Less: accumulated amortisation and/or impairment losses	**(108)**	**(755)**	**(488)**	**(128)**	**(94)**	**(1,573)**
Intangibles at written down value	**2,782**	**374**	**703**	**123**	**1**	**3,983**
Movements in intangibles						
Balance at the beginning of the year	**2,717**	**378**	**806**	**136**	**5**	**4,042**
Additions (reductions) through acquisitions (disposal) of controlled entities	**59**	**7**	**–**	**16**	**–**	**82**
Additions through separate acquisition	**–**	**–**	**–**	**2**	**–**	**2**
Additions through internal development	**–**	**114**	**–**	**–**	**–**	**114**
Transferred from inventories	**–**	**–**	**–**	**17**	**–**	**17**
Transferred to disposal groups	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation expense[2]	**–**	**(117)**	**(103)**	**(37)**	**(4)**	**(261)**
Impairment losses	**–**	**(8)**	**–**	**(10)**	**–**	**(18)**
Other movements	**6**	**–**	**–**	**(1)**	**–**	**5**
Balance at the end of the year	**2,782**	**374**	**703**	**123**	**1**	**3,983**
2014 – Consolidated						
Intangibles						
Gross carrying amount	2,825	1,008	1,191	217	95	5,336
Less: accumulated amortisation and/or impairment losses	(108)	(630)	(385)	(81)	(90)	(1,294)
Intangibles at written down value	2,717	378	806	136	5	4,042
Movements in intangibles						
Balance at the beginning of the year	2,711	355	909	140	21	4,136
Additions (reductions) through acquisitions (disposal) of controlled entities	19	–	–	5	–	24
Additions through separate acquisition	–	–	–	34	–	34
Additions through internal development	–	127	–	–	–	127
Disposals	–	–	–	–	–	–
Transferred to disposal groups	(13)	–	–	–	–	(13)
Amortisation expense[2]	–	(104)	(103)	(35)	(16)	(258)
Impairment losses	–	–	–	–	–	–
Other movements	–	–	–	(8)	–	(8)
Balance at the end of the year	2,717	378	806	136	5	4,042

1 Total goodwill comprises amounts attributable to shareholders of $2,767m (2014: $2,702m) and amounts attributable to policyholders of $15m (2014: $15m).
2 Amortisation expense for the period is included in Operating expenses in the Income statement.

13. Intangibles continued

Impairment testing of goodwill

Goodwill includes balances attributable to shareholders and balances attributable to policyholders in investment entities controlled by the AMP life insurance entities' statutory funds.

Goodwill attributable to shareholders

$2,767m (2014: $2,702m) of the goodwill is attributable to shareholders and arose from the acquisition of AMP AAPH Limited group in 2011, a previous Life Act Part 9 transfer of life insurance business into the statutory funds of AMP Life and other business combinations where the AMP group was the acquirer.

Each of the businesses acquired included activities conducted in the same business units already operated by AMP. Those business units are Australian wealth management, Australian wealth protection, Australian mature, AMP Financial Services New Zealand and AMP Capital and those business units are identified as the cash-generating units for the purpose of assessing goodwill impairment.

For the purposes of impairment testing, the amount is allocated to the cash-generating units as follows:
- Australian wealth management – goodwill attributable: $1,485m (2014: $1,425m)
- Australian wealth protection – goodwill attributable: $668m (2014: $668m)
- Australian mature – goodwill attributable: $350m (2014: $350m)
- AMP Financial Services New Zealand – goodwill attributable $177m (2014: $172m)
- AMP Capital – goodwill attributable $87m (2014: $87m).

There were no other intangible assets with indefinite useful lives allocated to these cash-generating units (31 December 2014: nil).

The recoverable amount for each cash-generating unit has been determined using a basis of the fair value less costs of disposal. For each cash-generating unit other than AMP Capital, the recoverable amount has been determined considering a combination of the estimated embedded value plus the value of one year's new business times a multiplier. These are generally regarded as features of a life insurance business that, when taken together, would be an estimate of fair value. Embedded value is a calculation that represents the economic value of the shareholder capital in the business and the future profits expected to emerge from the business currently in-force expressed in today's dollars.

In determining the fair value of future new business, multiples of 10 to 15 were applied to the actuarially determined value of one year's new business. The key assumptions applied in estimating the embedded value and value of one year's new business are: mortality, morbidity, discontinuance rates, maintenance unit costs, future rates of supportable bonus for participating business, franking credits, risk discount rates, investment returns and inflation rates. Premium and claim amounts are estimated over the expected life of the in-force policies which varies depending on the nature of the product. Future maintenance and investment expenses are based on unit costs derived from budgeted amounts for the following year and increased in future years for expected rates of inflation. Assumptions applied in this valuation are consistent with the best estimate assumptions used in calculating the policy liabilities of AMP's life insurance entities except the value of in-force and new business calculation includes a risk discount rate. Note 1(s) and note 20 provide extensive details with respect to the assumptions, management's approach to determining the values assigned to each key assumption and their consistency with past experience and external sources of information. All relevant business is projected for the embedded value and the description of the assumptions in note 20 applies even where that business is not valued by projection methods for profit reporting. The value of in-force and new business calculation uses a risk discount rate based on an annualised 10 year government bond yield plus a discount margin of 4% (2014: 4%): Australia 6.9% (2014: 6.8%), New Zealand 7.6% (2014: 7.7%).

The recoverable amount for the AMP Capital cash-generating unit is determined based on a multiple of 18 times current period earnings (2014: 19 times), which approximates the fair value of this business, less an allowance for disposal costs.

The conclusion from the goodwill impairment testing is that there has been no impairment to the amount of the goodwill recognised.

At the reporting date, there is no reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

Goodwill attributable to policyholders

The policyholder goodwill arises on acquisitions of operating subsidiaries controlled by the AMP life insurance entities' statutory funds, which carry out business operations unrelated to the core wealth management operations of the AMP group. The goodwill represents the future value of cash flows expected to be derived from those operating subsidiaries.

Policyholder cash-generating units were allocated $15m goodwill at 31 December 2015 (31 December 2014: $15m). Policyholder cash-generating units had no other intangibles with indefinite useful lives (31 December 2014: nil).

Impairment testing of these goodwill balances is based on each asset's value in use, calculated as the present value of forecast future cash flows from those assets using a discount rate of 8.75% (2014: between 9.3% and 19.6%).

At the reporting date, there is no reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

Shareholders have no direct exposure to movements in goodwill attributable to policyholders. However, due to the impact of the accounting for investments in controlled entities of the AMP life insurance entities' statutory funds (see note 1(b)), policyholder asset movements (including goodwill) can impact the net profit after tax attributable to shareholders. Any impact is temporary in nature, reversing no later than the point at which the AMP group ceases to control the investments.

14. Payables

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Investment purchases and margin accounts payable	**694**	795	**–**	–
Life insurance and investment contracts in process of settlement	**394**	367	**–**	–
Accrued expenses	**136**	86	**–**	–
Interest payable	**4**	4	**–**	–
Trade creditors	**52**	56	**–**	–
Other payables				
– subsidiaries' tax-related amounts	**–**	–	**42**	91
– subsidiaries	**–**	–	**1**	–
– investment entities controlled by AMP life insurance entities' statutory funds	**198**	159	**–**	–
– other entities	**553**	484	**1**	1
Total payables[1,2]	**2,031**	1,951	**44**	92

1 Total payables include payables of investment entities controlled by the AMP life insurance entities' statutory funds which carry out business operations unrelated to the core wealth management operations of the AMP group.
2 $91m (2014: $60m) of Total payables of the AMP group is expected to be settled more than 12 months from the reporting date and nil (2014: nil) of Total payables of the parent is expected to be settled more than 12 months from the reporting date.

15. Provisions

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
(a) Provisions				
Employee entitlements[1]	**290**	295	**5**	5
Restructuring[2]	**8**	17	**–**	–
Other[3]	**189**	130	**–**	–
Total provisions	**487**	442	**5**	5

	Employee entitlements[1] $m	Restructuring[2] $m	Other[3] $m	Total $m
(b) Movements in provisions – consolidated				
Balance at the beginning of the year	**295**	**17**	**130**	**442**
Additions (reductions) through acquisitions (disposal) of controlled entities	**2**	**–**	**–**	**2**
Additional provisions made during the year	**226**	**14**	**124**	**364**
Unused amounts reversed during the year	**(16)**	**(3)**	**(9)**	**(28)**
Provisions used during the year	**(218)**	**(20)**	**(55)**	**(293)**
Foreign exchange movements	**1**	**–**	**(1)**	**–**
Balance at the end of the year	**290**	**8**	**189**	**487**
(c) Movements in provisions – parent				
Balance at the beginning of the year	**5**	**–**	**–**	**5**
Additional provisions made during the year	**3**	**–**	**–**	**3**
Unused amounts reversed during the year	**–**	**–**	**–**	**–**
Provisions used during the year	**(3)**	**–**	**–**	**(3)**
Foreign exchange movements	**–**	**–**	**–**	**–**
Balance at the end of the year	**5**	**–**	**–**	**5**

1 Provisions for employee entitlements are in respect of amounts accumulated as a result of employees rendering services up to the reporting date. These entitlements include salaries, wages, bonuses, annual leave and long service leave, but exclude share-based payments. $17m (2014: $13m) of the consolidated balance is expected to be settled more than 12 months from the reporting date. Nil (2014: nil) of the parent balance is expected to be settled more than 12 months from the reporting date.
2 Restructuring provisions are recognised in respect of programs that materially change the scope of the business or the manner in which the business is conducted. Nil (2014: nil) is expected to be settled more than 12 months from the reporting date.
3 Other provisions are in respect of probable outgoings on data quality and integrity projects, settlements, and various other operational provisions. $17m (2014: $15m) is expected to be settled more than 12 months from the reporting date.

16. Borrowings

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Deposits[1]	**6,772**	6,392	**–**	–
Borrowings and interest bearing liabilities				
– AMP Bank and securitisation vehicles	**6,774**	7,224	**–**	–
– Corporate borrowings	**271**	463	**–**	–
– Investment entities controlled by AMP life insurance entities' statutory funds	**1,943**	1,273	**–**	–
Total borrowings[2]	**15,760**	15,352	**–**	–

1 Deposits mainly comprise at call retail cash on deposit and retail term deposits at variable interest rates within the AMP Bank.
2 Total borrowings comprise amounts to fund:
   i) Corporate borrowings of AMP group $271m (2014: $463m). Of this balance $271m (2014: $255m) is expected to be settled more than 12 months from the reporting date.
   ii) AMP Bank and securitisation trusts borrowings $13,452m (2014: $13,514m). Of this balance $3,651m (2014: $2,931m) is expected to be settled more than 12 months from the reporting date.
   iii) AMP life insurance entities' statutory funds borrowings and controlled entities of the AMP life insurance entities' statutory funds borrowings $2,037m (2014: $1,375m). Of this balance $95m (2014: $1,238m) is expected to be settled more than 12 months from the reporting date.

17. Subordinated debt

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
AMP Bank				
– Floating Rate Subordinated Unsecured Notes (first call date 2017, maturity 2022)[1]	**150**	150	**–**	–
Corporate subordinated debt[2]				
– 6.875% GBP Subordinated Guaranteed Bonds (maturity 2022)	**82**	79	**–**	–
– Floating Rate Subordinated Unsecured Notes (first call date 2016, maturity 2021)[3]	**601**	602	**–**	–
– AMP Subordinated Notes 2 (first call date 2018, maturity 2023)[4]	**321**	319	**326**	326
– AMP Wholesale Capital Notes[5]	**276**	–	**276**	–
– AMP Capital Notes[6]	**262**	–	**262**	–
Total subordinated debt	**1,692**	1,150	**864**	326

1 Floating rate subordinated unsecured notes are to fund AMP Bank's capital requirements.
2 Subordinated debt amounts are to fund corporate activities of AMP group.
3 AMP has issued notice to redeem the subordinated debt at the first call date of 29 March 2016.
4 AMP Subordinated Notes 2 were issued on 18 December 2013 and are listed on the ASX. In certain circumstances, AMP may be required to convert some or all of AMP Notes 2 into AMP ordinary shares.
5 AMP Wholesale Capital Notes were issued on 27 March 2015. They are perpetual notes with no maturity date. In certain circumstances, AMP may be required to convert some or all of AMP Wholesale Capital Notes into AMP ordinary shares.
6 AMP Capital Notes were issued on 30 November 2015 and are listed on the ASX. They are perpetual notes with no maturity date. In certain circumstances, AMP may be required to convert some or all of AMP Capital Notes into AMP ordinary shares.

18. Dividends

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Final dividends paid 2014 final dividend paid in 2015: 13.5 cents per ordinary share franked to 80% (2013 final dividend paid in 2014: 11.5 cents per ordinary share franked to 70%)	**399**	340	**399**	340
Interim dividends paid 2015: 14.0 cents per ordinary share franked to 85% (2014: 12.5 cents per ordinary share franked to 70%)	**414**	370	**414**	370
Total dividends paid[1,2]	**813**	710	**813**	710
Final dividends proposed but not recognised 2015: 14.0 cents per ordinary share franked to 90%	**414**	399	**414**	399
Dividend franking account[3,4] Franking credits available to shareholders of AMP Limited (at 30%)	**396**	291	**396**	291

1 Total dividends paid includes dividends paid on treasury shares $13m (2014: $10m). See Statement of changes in equity for further information regarding the impact of treasury shares on dividends paid and retained earnings.
2 All dividends are franked at a tax rate of 30%.
3 The franking credits available to shareholders are based on the balance of the dividend franking account at the reporting date adjusted for:
i) franking credits that will arise from the payment of the current tax liability
ii) franking debits that will arise from the payment of dividends recognised as a liability at the year end
iii) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end, and
iv) franking credits that the entity may be prevented from distributing in subsequent years.
4 The company's ability to utilise the franking account credits depends on meeting Corporations Act requirements to declare dividends. The impact of the proposed dividend will be to reduce the balance of the franking credit account by $160m.

19. Contributed equity

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
Movements in issued capital[1] Balance at the beginning of the year	**9,747**	9,747	**9,747**	9,747
Balance at the end of the year	**9,747**	9,747	**9,747**	9,747
Total issued capital 2,957,737,964 (2014: 2,957,737,964) ordinary shares fully paid	**9,747**	9,747	**9,747**	9,747
Movements in treasury shares Balance at the beginning of the year	**(239)**	(145)	**–**	–
(Increase) decrease due to purchases less sales during the year	**58**	(94)	**–**	–
Balance at the end of the year	**(181)**	(239)	**–**	–
Total treasury shares[2] 33,390,553 (2014: 46,961,490) treasury shares	**(181)**	(239)	**–**	–
Total contributed equity 2,924,347,411 (2014: 2,910,776,474) ordinary shares fully paid	**9,566**	9,508	**9,747**	9,747

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Fully paid ordinary shares carry the right to one vote per share. Ordinary shares have no par value.

1 Under the terms of the dividend reinvestment plan (DRP), shareholders may elect to have all or part of their dividend entitlements satisfied in shares rather than being paid cash. The DRP applied for the 2014 final dividend (paid in April 2015) at $6.57 per share, 2015 interim dividend (paid in October 2015) at $5.75 per share. AMP settled the DRP for the 2014 final dividend and 2015 interim dividend by acquiring shares on market and, accordingly, no new shares were issued.
2 Of the AMP Limited ordinary shares on issue 31,264,166 (2014: 44,835,103) are held by AMP's life insurance entities on behalf of policyholders. ASIC has granted relief from restrictions in the *Corporations Act 2001* to allow AMP's life insurance entities to hold and trade shares in AMP Limited as part of the policyholder funds' investment activities. The cost of the investment in these treasury shares is reflected as a deduction from total contributed equity. The remaining balance is held by AMP Foundation Limited as trustee for the AMP Foundation.
3 Mitsubishi UFJ Trust and Banking Corporation (MUTB) has an option to require AMP Limited to purchase MUTB's interest in AMP Capital Holdings Limited (AMPCH) in certain circumstances. As consideration for the acquisition of AMPCH shares, AMP would be required to issue ordinary shares in AMP Limited to MUTB (or its nominee).

20. Life insurance contracts

The AMP group's life insurance related activities are conducted through two registered life insurance companies, AMP Life Limited (AMP Life) and The National Mutual Life Association of Australasia Limited (NMLA).

	Consolidated		Parent	
	2015 $m	2014 $m	2015 $m	2014 $m
(a) Analysis of life insurance contract premium and related revenue				
Total life insurance contract premiums received and receivable	**2,804**	2,797	**–**	–
Less: component recognised as a change in life insurance contract liabilities	**(467)**	(507)	**–**	–
Life insurance contract premium revenue[1]	**2,337**	2,290	**–**	–
Reinsurance recoveries	**128**	137	**–**	–
Total life insurance contract premium and related revenue	**2,465**	2,427	**–**	–
(b) Analysis of life insurance contract claims and related expenses				
Total life insurance contract claims paid and payable	**(3,141)**	(4,620)	**–**	–
Less: component recognised as a change in life insurance contract liabilities	**1,153**	2,595	**–**	–
Life insurance contract claims expense	**(1,988)**	(2,025)	**–**	–
Outwards reinsurance expense	**(176)**	(141)	**–**	–
Total life insurance contract claims and related expenses	**(2,164)**	(2,166)	**–**	–
(c) Analysis of life insurance contract operating expenses				
Life insurance contract acquisition expenses				
– commission	**(58)**	(74)	**–**	–
– other expenses	**(150)**	(159)	**–**	–
Life insurance contract maintenance expenses				
– commission	**(192)**	(195)	**–**	–
– other expenses	**(378)**	(391)	**–**	–
Investment management expenses	**(61)**	(55)	**–**	–
(d) Life insurance contract liabilities				
Life insurance contract liabilities determined using projection method				
Best estimate liability				
– value of future life insurance contract benefits	**19,333**	19,773	**–**	–
– value of future expenses	**4,964**	5,163	**–**	–
– value of future premiums	**(19,447)**	(19,874)	**–**	–
Value of future profits				
– life insurance contract holder bonuses	**3,129**	2,875	**–**	–
– shareholders' profit margins	**3,338**	3,445	**–**	–
Total life insurance contract liabilities determined using the projection method[2]	**11,317**	11,382	**–**	–
Life insurance contract liabilities determined using accumulation method				
Best estimate liability				
– value of future life insurance contract benefits	**9,617**	10,107	**–**	–
– value of future acquisition expenses	**(87)**	(94)	**–**	–
Total life insurance contract liabilities determined using the accumulation method	**9,530**	10,013	**–**	–
Value of declared bonus	**316**	326	**–**	–
Unvested policyholder benefits liabilities[2]	**2,217**	2,153	**–**	–
Total life insurance contract liabilities net of reinsurance	**23,380**	23,874	**–**	–
Add: reinsurers' share of life insurance contract liabilities	**491**	529	**–**	–
Total life insurance contract liabilities gross of reinsurance	**23,871**	24,403	**–**	–

1 Life insurance contract premium revenue consists entirely of direct insurance premiums; there is no inward reinsurance component.
2 For participating business in the statutory funds, part of the assets in excess of the life insurance contract and other liabilities calculated under MoS are attributed to policyholders. Under the Life Act, this is referred to as policyholder retained profits. For the purpose of reporting under accounting standards, this amount is referred to as unvested policyholder benefits liabilities and is included within life insurance contract liabilities even though it is yet to be vested as specific policyholder entitlements.

20. Life insurance contracts continued

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
(e) Reconciliation of changes in life insurance contract liabilities				
Total life insurance contract liabilities at the beginning of the year	**24,403**	24,934	**–**	–
Change in life insurance contract liabilities recognised in the Income statement	**240**	1,333	**–**	–
Premiums recognised as an increase in life insurance contract liabilities	**467**	507	**–**	–
Claims recognised as a decrease in life insurance contract liabilities	**(1,153)**	(2,595)	**–**	–
Change in reinsurers' share of life insurance contract liabilities	**(38)**	64	**–**	–
Foreign exchange adjustment	**(48)**	160	**–**	–
Total life insurance contract liabilities at the end of the year	**23,871**	24,403	**–**	–

(f) Assumptions and methodology applied in the valuation of life insurance contract liabilities

Life insurance contract liabilities, and hence the net profit from life insurance contracts, are calculated by applying the principles of margin on services (MoS). Refer to note 1(s) for a description of MoS and the methods for calculating life insurance contract liabilities.

The methods and profit carriers used to calculate life insurance contract liabilities for particular policy types are as follows:

Business type	Method	Profit carriers (for business valued using projection method)
Conventional	Projection	Bonuses
Investment account	Modified accumulation	n/a
Retail risk (lump sum)	Projection	Expected premiums
Retail risk (income protection – AMP Life NZ only)	Projection	Expected premiums
Retail risk (income protection – all others)	Projection	Expected claims
Group risk (lump sum)	Accumulation	n/a
Group risk (income benefits)	Accumulation	n/a
Participating allocated annuities (AMP Life only)	Modified accumulation	n/a
Life annuities	Projection	Annuity payments

Key assumptions used in the calculation of life insurance contract liabilities are as follows:

(i) Risk-free discount rates

Except where benefits are contractually linked to the performance of the assets held, a risk-free discount rate based on current observable, objective rates that relate to the nature, structure and term of the future obligations is used. The rates are determined as shown in the following table:

Business type		Basis[1]	31 December 2015 Australia %	31 December 2015 New Zealand %	31 December 2014 Australia %	31 December 2014 New Zealand %
Retail risk (other than income benefit open claims)[1]		Zero coupon government bond yield curve	**2.0–3.7**	**2.7–4.5**	2.1–3.8	3.6–4.1
Retail risk and group risk (income benefit open claims)[1]		Zero coupon government bond yield curve (including liquidity premium)	**2.5–4.2**	**3.1–5.0**	2.4–4.0	3.8–4.3
Life annuities[1,2]	Non-CPI	Zero coupon government bond yield curve (including liquidity premium)	**2.6–4.3**	**3.3–5.1**	2.5–4.1	3.9–4.4
	CPI	Commonwealth indexed bond yield curve (including liquidity premium)	**0.8–1.8**	**2.0–3.5**	0.4–1.5	2.1–2.9

1 The discount rates vary by duration in the range shown above.
2 Australian non-CPI annuities and all CPI annuities are AMP Life only.

20. Life insurance contracts continued

(ii) Participating business discount rates

Where benefits are contractually linked to the performance of the assets held, as is the case for participating business, a discount rate based on the expected market return on backing assets is used. The assumed earning rates for backing assets for participating business are largely driven by long-term (eg 10 year) government bond yields. The 10 year government bond yields used at the relevant valuation dates are as shown in the following table.

Assumed earning rates for each asset sector are determined by adding to the bond yield various risk premiums which reflect the relative differences in expected future earning rates for different asset sectors. For products backed by mixed portfolio assets, the assumption varies with the proportion of each asset sector backing the product. The risk premiums applicable at the valuation date are shown in the table below.

		Risk premiums				
	10 year government bonds %	Local equities %	International equities %	Property and Infrastructure %	Fixed interest %	Cash %
31 December 2015						
Australia	**2.9**	**4.5**	**3.5**	**2.5**	AMP Life: **0.7** NMLA: **0.8**	**(0.5)**
New Zealand	**3.6**	**4.5**	**3.5**	**2.5**	AMP Life: **0.7** NMLA: **0.0**	**(0.5)**
31 December 2014						
Australia	2.8	4.5	3.5	2.5	AMP Life: 0.6 NMLA: 0.7	(0.5)
New Zealand	3.7	4.5	3.5	2.5	AMP Life: 0.6 NMLA: 0.0	(0.5)

The risk premiums for local equities include allowance for imputation credits. The risk premiums for fixed interest reflect credit ratings of the portfolio held.

The averages of the asset mixes assumed for the purpose of setting future investment assumptions for participating business at the valuation date are as shown in the table below for each life company. These asset mixes are not necessarily the same as the actual asset mix at the valuation date as they reflect long-term assumptions.

Average asset mix[1]		Equities %	Property and Infrastructure %	Fixed interest %	Cash %
31 December 2015					
Australia	AMP Life	**26**	**13**	**39**	**22**
	NMLA	**36**	**18**	**32**	**14**
New Zealand	AMP Life	**34**	**17**	**42**	**7**
	NMLA	**38**	**19**	**34**	**9**
31 December 2014					
Australia	AMP Life	25	13	40	22
	NMLA	37	18	32	13
New Zealand	AMP Life	34	17	42	7
	NMLA	38	19	34	9

1 The asset mix in the table above includes both conventional and investment account business for AMP Life, but only conventional business for NMLA. As described in note 1(s), 100% of investment profits on NMLA's investment account business are allocated to policyholders.

Where an assumption used is net of tax, the tax on investment income is allowed for at rates appropriate to the class of business and asset sector, including any allowance for imputation credits on equity income. For this purpose, the total return for each asset sector is split between income and capital gains. The actual split has varied at each valuation date as the total return has varied.

20. Life insurance contracts continued

(iii) Future participating benefits

For participating business, the total value of future bonuses (and the associated shareholders' profit margins) included in life insurance contract liabilities is the amount supported by the value of the supporting assets, after allowing for the assumed future experience. The pattern of bonuses and shareholders' profit margins assumed to emerge in each future year depends on the assumed relationship between reversionary bonuses (or interest credits) and terminal bonuses. This relationship is set to reflect the philosophy underlying actual bonus declarations.

Actual bonus declarations are determined to reflect, over time, the investment returns of the particular fund and other factors in the emerging experience and management of the business. These factors include:

– allowance for an appropriate degree of benefit smoothing
– reasonable expectations of policyholders
– equity between generations of policyholders applied across different classes and types of business
– ongoing capital adequacy.

Given the many factors involved, the range of bonus structures and rates for participating business is extremely diverse.

Typical supportable bonus rates on major product lines are as follows for AMP Life and NMLA (31 December 2014 in parentheses).

		Bonus on sum insured %	Bonus on existing bonuses %
Reversionary bonus			
Australia	AMP Life	**0.9–1.0** (0.7–0.9)	**1.0–1.6** (0.9–1.2)
	NMLA	**0.5–1.0** (0.5–0.8)	**0.9–1.4** (0.8–1.1)
New Zealand	AMP Life	**0.8–1.2** (0.6–0.9)	**0.8–1.2** (0.6–0.9)
	NMLA	**0.8** (0.7)	**1.1** (1.0)

Terminal bonus

The terminal bonus scales are complex and vary by duration, product line, class of business and country for AMP Life and NMLA.

		%
Crediting rates (investment account)		
Australia	AMP Life	**0.3–5.5** (0.0–7.0)
	NMLA	**3.1–7.9** (2.9–8.6)
New Zealand	AMP Life	**3.1–7.1** (3.4–6.6)
	NMLA	**5.9–7.4** (5.1–7.3)

(iv) Future maintenance and investment expenses

Unit maintenance costs are based on budgeted expenses in the year following the reporting date (including GST, as appropriate, and excluding one-off expenses). For future years, these are increased for inflation as described in (v) below. These expenses include fees charged to the life statutory funds by service companies in the AMP group. Unit costs vary by product line and class of business based on an apportionment that is supported by expense analyses.

Future investment expenses are based on the fees currently charged by the asset managers.

(v) Inflation and indexation

Benefits and premiums under many regular premium policies are automatically indexed by the published consumer price index (CPI). Assumed future take-up of these indexation options is based on AMP Life's and NMLA's own experience with the annual future CPI rates derived from the difference between long-term government bonds and indexed government bonds.

The assumptions for expense inflation have regard to these rates, recent expense performance, AMP Life's and NMLA's current plans and the terms of the relevant service company agreement, as appropriate.

The assumed annual inflation and indexation rates at the valuation date are:

		Australia %	New Zealand %
31 December 2015	AMP Life and NMLA	**2.2 CPI, 3.0 expenses**	**2.5 CPI, 3.0 expenses**
31 December 2014	AMP Life and NMLA	2.3 CPI, 3.0 expenses	2.5 CPI, 3.0 expenses

20. Life insurance contracts continued

(vi) Bases of taxation

The bases of taxation (including deductibility of expenses) are assumed to continue in accordance with legislation current at the valuation date.

(vii) Voluntary discontinuance

Assumptions for the incidence of withdrawals, paid ups and premium dormancy are primarily based on investigations of AMP Life's and NMLA's own historical experience. These rates are based upon the assessed global rate for each of the individual products (or product groups) and then, where appropriate, further adjusted for duration, premium structure, smoker status, age attained or short-term market and business effects. Given the variety of influences affecting discontinuance for different product groups, the range of voluntary discontinuance rates across AMP Life and NMLA is extremely diverse.

The assumptions for future rates of discontinuance for the major classes of life insurance contracts are shown in the following table. The table includes the short-term voluntary discontinuance assumptions for Australian risk business.

		31 December 2015		31 December 2014	
Business type	Life company	Australia %	New Zealand %	Australia %	New Zealand %
Conventional	AMP Life	**1.7–4.1**	**1.1–1.7**	2.1–3.0	1.1–1.9
	NMLA	**2.1–9.4**	**1.9–2.5**	3.5–4.0	4.1–4.7
Retail risk (lump sum)	AMP Life	**12.1–16.4**	**12.0–13.0**	12.1–17.1	12.0–14.0
	NMLA	**13.3–15.1**	**11.6**	13.3–15.8	11.6
Retail risk (income benefit)	AMP Life	**9.1–19.1**	**11.4**	9.1–19.6	11.4
	NMLA	**12.0–13.3**	**9.5**	12.0–14.0	9.5
Flexible Lifetime Super (FLS) risk business	AMP Life	**10.2–18.9**	**n/a**	10.2–19.4	n/a
Investment account	AMP Life	**n/a**	**n/a**	n/a	n/a
	NMLA	**n/a**	**n/a**	n/a	n/a

(viii) Surrender values

The surrender bases assumed for calculating surrender values are those current at the reporting date. There have been no changes to the bases during the year (or the prior year) that would materially affect the valuation results.

(ix) Mortality and morbidity

Standard mortality tables, based on national or industry wide data, are used. These are then adjusted by factors that take account of AMP Life's and NMLA's own experience.

Rates of mortality assumed at 31 December 2015 for AMP Life and NMLA are as follows:

– Conventional business mortality rates in Australia and New Zealand are based on IA95-97 with an allowance for future mortality improvements. For AMP Life these rates are unchanged from those assumed at 31 December 2014. For NMLA these rates are a change from those assumed at 31 December 2014, which were based on IA90-92 with no allowance for future mortality improvement. The NMLA assumption change was made to more closely align the assumption to actual experience over the preceding five years.

– Annuitant mortality rates are unchanged from those assumed at 31 December 2014.

– Retail risk mortality rates for AMP Life Australia have been strengthened for some business lines from those assumed at 31 December 2014, however they still remain within the same range, as indicated in the tables. Retail risk mortality rates for NMLA Australia are unchanged from those assumed at 31 December 2014. The rates are based on the Industry standard IA04-08 Death Without Riders table modified based on aggregated experience with overall product specific adjustment factors.

– Retail risk mortality rates for AMP Life New Zealand and NMLA New Zealand are based on Industry standard IA04-08 Death Without Riders table modified based on aggregated experience with overall product specific adjustment factors.

20. Life insurance contracts continued

For TPD and Trauma business, the AMP Life and NMLA retail risk products assumptions are based on the latest industry table IA04-08 modified based on aggregated experience with overall product specific adjustment factors.

For income protection business, the assumptions are based on the IAD89-93 standard table modified for AMP Life and NMLA in both Australia and New Zealand with overall product specific adjustment factors. The adjustment factors include age, gender, occupation, waiting period, duration on claim, benefit band and benefit period.

The assumptions are summarised in the following table:

	Conventional – % of IA95-97 (AMP Life)		Conventional – 2015 % of IA95-97 2014 % of IA90-92 (NMLA)	
Conventional	Male	Female	Male	Female
31 December 2015				
Australia	**67.5**	**67.5**	**67.5**	**67.5**
New Zealand	**73.0**	**73.0**	**73.0**	**73.0**
31 December 2014				
Australia	67.5	67.5	60.0	68.0
New Zealand	73.0	73.0	81.0	95.0

	Retail Lump Sum – % of table (AMP Life)		Retail Lump Sum – % of table (NMLA)	
Risk products	Male	Female	Male	Female
31 December 2015				
Australia[1]	**86–118**	**86–118**	**88–104**	**88–104**
New Zealand	**100**	**82**	**120**	**98**
31 December 2014				
Australia[1]	86–118	86–118	88–104	88–104
New Zealand	100	82	120	98

1 Base IA04-08 Death Without Riders table modified based on aggregated experience but with overall product specific adjustment factors.

	AMP Life		NMLA	
Annuities	Male – % of IML00*	Female – % of IFL00*	Male – % of IML00*	Female – % of IFL00*
31 December 2015				
Australia and New Zealand[1]	**95.0**	**80.0**	**95.0**	**80.0**
31 December 2014				
Australia and New Zealand[1]	95.0	80.0	95.0	80.0

1 Annuities tables modified for future mortality improvements.

20. Life insurance contracts continued

Typical morbidity assumptions, in aggregate, are as follows:

Income protection	Incidence rates – % of IAD 89-93 (AMP Life)	Incidence rates – % of IAD 89-93 (NMLA)	Termination rates (ultimate) – % of IAD 89-93 (AMP Life)	Termination rates (ultimate) – % of IAD 89-93 (NMLA)
31 December 2015				
Australia	**49–138**	**60–125**	**44–75**	**41–72**
New Zealand	**45–67**	**53–80**	**57–78**	**41–57**
31 December 2014				
Australia	49–138	60–125	44–75	41–72
New Zealand	45–67	41–80	57–78	33–46

Retail lump sum	Male % of IA04-08 (AMP Life)	Male % of IA04-08 (NMLA)	Female % of IA04-08 (AMP Life)	Female % of IA04-08 (NMLA)
31 December 2015				
Australia TPD[1]	**140–155**	**125–138**	**177–196**	**158–175**
Australia Trauma[2]	**105–110**	**96–116**	**105–121**	**96–111**
New Zealand TPD[1]	**150**	**194**	**190**	**194**
New Zealand Trauma[2]	**114**	**101**	**114**	**101**
31 December 2014				
Australia TPD[1]	140–155	125–138	177–196	158–175
Australia Trauma[2]	105–110	96–116	105–121	96–111
New Zealand TPD[1]	150	194	190	194
New Zealand Trauma[2]	91	101	91	101

1 Base IA04-08 TPD table modified based on our aggregated experience but with overall product specific adjustment factors.
2 Base IA04-08 Trauma table modified based on our aggregated experience but with overall product specific adjustment factors.

The actuarial tables used were as follows:

IA95-97	A mortality table developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1995–1997. The table has been modified to allow for future mortality improvement.
IA90-92	A mortality table developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1990-1992.
IML00*/IFL00*	IML00 and IFL00 are mortality tables developed by the Institute and Faculty of Actuaries based on United Kingdom annuitant lives experience from 1999–2002. The tables refer to male and female lives respectively and incorporate factors that allow for mortality improvements since the date of the investigation. IML00* and IFL00* are these published tables amended for some specific AMP experience.
IA04-08 DTH	This was published by the Institute of Actuaries of Australia under the name *A graduation of the 2004-2008 Lump Sum Investigation Data*. We refer to this table as IA04-08. The table contains separate graduations for Smokers, Non-Smokers, Males and Females and Death With and Without Riders.
IA04-08 TPD	This is the TPD graduation published in the same paper as above.
IA04-08 Trauma	This is the Trauma graduation published in the same paper as above.
IAD 89-93	A disability table developed by the Institute of Actuaries of Australia based on the Australian disability income experience for the period 1989–1993. This table has been extensively modified based on aggregate experience.

20. Life insurance contracts continued

(x) Impact of changes in assumptions

Under MoS, for life insurance contracts valuations using the projection method, changes in assumptions are recognised by adjusting the value of future profit margins in life insurance contract liabilities. Future profit margins are released over future periods.

Changes in assumptions do not include market related changes in discount rates such as changes in benchmark market yields caused by changes in investment markets and economic conditions. These are reflected in both life insurance contract liabilities and asset values at the reporting date.

The impact on future profit margins of changes in assumptions from 31 December 2014 to 31 December 2015 in respect of life insurance contracts (excluding new business contracts which are measured using assumptions at reporting date) is as shown in the table below for the two life companies.

	AMP Life			NMLA		
Assumption change	Change in future profit margins $m	Change in life insurance contract liabilities $m	Change in shareholders' profit and equity $m	Change in future profit margins $m	Change in life insurance contract liabilities $m	Change in shareholders' profit and equity $m
Non-market related changes to discount rates	6	–	–	(1)	–	–
Mortality and morbidity	(91)	–	–	14	–	–
Discontinuance rates	–	–	–	–	–	–
Maintenance expenses	28	–	–	9	–	–
Other assumptions[1]	8	–	–	(7)	–	–

1 Other assumption changes include the impact of modelling, product and premium changes.

In most cases, the overall amount of life insurance contract liabilities and the current period profit are not affected by changes in assumptions. However, where in the case of a particular related product group, the changes in assumptions at the end of a period eliminate any future profit margins for the related product group, and results in negative future profit margins, this negative balance is recognised as a loss in the current period. If the changes in assumptions in a period are favourable for a product group currently in loss recognition, then the previously recognised losses are reversed in the period.

20. Life insurance contracts continued

(g) Insurance risk sensitivity analysis – life insurance contracts

For life insurance contracts that are accounted for under MoS, amounts of liabilities, income or expense recognised in the period are unlikely to be sensitive to changes in variables even if those changes may have an impact on future profit margins, unless the product is in or close to loss recognition.

This table shows information about the sensitivity of life insurance contract liabilities and current period shareholder profit after income tax and equity, to a number of possible changes in assumptions relating to insurance risk.

		Change in life insurance contract liabilities		Change in shareholder profit after income tax and equity	
Variable	Change in variable	Gross of reinsurance $m	Net of reinsurance $m	Gross of reinsurance $m	Net of reinsurance $m
AMP Life					
Mortality	10% increase in mortality rates	(1)	(1)	1	1
Annuitant mortality	50% increase in the rate of mortality improvement	1	1	(1)	(1)
Morbidity – lump sum disablement	20% increase in lump sum disablement rates	–	–	–	–
Morbidity – disability income	10% increase in incidence rates	15	11	(11)	(8)
Morbidity – disability income	10% decrease in recovery rates	36	29	(25)	(20)
Discontinuance rates	10% increase in discontinuance rates	–	–	–	–
Maintenance expenses	10% increase in maintenance expenses	–	–	–	–
NMLA					
Mortality[1]	10% increase in mortality rates	2	2	(1)	(1)
Annuitant mortality	50% increase in the rate of mortality improvement	–	–	–	–
Morbidity – lump sum disablement	20% increase in lump sum disablement rates	–	–	–	–
Morbidity – disability income	10% increase in incidence rates	109	88	(77)	(61)
Morbidity – disability income	10% decrease in recovery rates	181	139	(127)	(98)
Discontinuance rates	10% increase in discontinuance rates	18	18	(13)	(12)
Maintenance expenses	10% increase in maintenance expenses	8	8	(5)	(5)

1 This includes the impact on death benefits that are payable on some disability income products.

(h) Life insurance risk

The life insurance activities of AMP Life and NMLA involve a number of non-financial risks concerned with the pricing, acceptance and management of the mortality, morbidity and longevity risks accepted from policyholders, often in conjunction with the provision of wealth management products.

The design of products carrying insurance risk is managed with an objective to ensure that policy wording and promotional materials are clear, unambiguous and do not leave AMP Life and NMLA open to claims from causes that were not anticipated. Product prices are set through a process of financial analysis, including review of previous AMP Life and NMLA and industry experience and specific product design features. The variability inherent in insurance risk, including concentration risk, is managed by having a large geographically diverse portfolio of individual risks, underwriting and the use of reinsurance.

Underwriting is managed through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. Individual policies carrying insurance risk are underwritten on their merits and are generally not issued without having been examined and underwritten individually. Individual policies which are transferred from a group scheme are generally issued without underwriting. Group risk insurance policies meeting certain criteria are underwritten on the merits of the employee group as a whole.

Claims are managed through a dedicated claims management team, with formal claims acceptance limits and appropriate training and development of staff with an objective to ensure payment of all genuine claims. Claims experience is assessed regularly and appropriate actuarial reserves are established to reflect up-to-date experience and any anticipated future events. This includes reserves for claims incurred but not yet reported.

AMP Life and NMLA reinsure (cede) to reinsurance companies a proportion of their portfolio or certain types of insurance risk, including catastrophe. This serves primarily to:
– reduce the net liability on large individual risks
– obtain greater diversification of insurance risks
– provide protection against large losses.

The reinsurance companies are regulated by the Australian Prudential Regulation Authority (APRA); or industry regulators in other jurisdictions and have strong credit ratings from *A+* to *AA+*.

20. Life insurance contracts continued

Terms and conditions of life insurance contracts

The nature of the terms of the life insurance contracts written by AMP Life and NMLA is such that certain external variables can be identified on which related cash flows for claim payments depend. The following table provides an overview of the key variables upon which the timing and uncertainty of future cash flows of the various life insurance contracts issued by AMP Life and NMLA depend.

Type of contract	Detail of contract workings	Nature of compensation for claims	Key variables affecting future cash flows
Non-participating life insurance contracts with fixed and guaranteed terms (term life and disability)	These policies provide guaranteed benefits, which are paid on death or ill-health, that are fixed and not at the discretion of the Life Company. Premium rates for yearly renewable business are not guaranteed and may be changed at the Life Company's discretion for the portfolio as a whole.	Benefits, defined by the insurance contract, are not directly affected by the performance of any underlying assets or the performance of any associated investment contracts as a whole.	Mortality, morbidity, lapses, expenses and market earning rates on assets backing the liabilities.
Life annuity contracts	In exchange for an initial single premium, these policies provide a guaranteed regular income for the life of the insured.	The amount of the guaranteed regular income is set at inception of the policy including any indexation.	Longevity, expenses, inflation and market earning rates on assets backing the liabilities.
Conventional life insurance contracts with discretionary participating benefits (endowment and whole of life)	These policies combine life insurance and savings. The policyholder pays a regular premium and receives the specified sum insured plus any accruing bonuses on death or maturity. The sum insured is specified at inception and guaranteed. Reversionary bonuses are added annually, which once added (vested) are guaranteed. A further terminal bonus may be added on surrender, death or maturity.	Benefits arising from the discretionary bonuses are based on the performance of a specified pool of contracts and the assets supporting these contracts.	Market earning rates on assets backing the liabilities, lapses, expenses and mortality.
Investment account contracts with discretionary participating features	The gross value of premiums received is invested in the investment account with fees and premiums for any associated insurance cover being deducted from the account balance when due. Interest is credited regularly.	Payment of the account balance is generally guaranteed, although it may be subject to certain penalties on early surrender or limited adjustment in adverse markets. Operating profit arising from these contracts is allocated between the policyholders and shareholders with not less than 80% allocated to policyholders. Distribution of policyholder profit is through an interest rate mechanism.	Fees, lapses, expenses and market earning rates on the assets backing the liabilities.

(i) Liquidity risk and future net cash outflows

The following table shows the estimated timing of future net cash outflows resulting from insurance contract liabilities. This includes estimated future surrenders, death/disability claims and maturity benefits, offset by expected future premiums or contributions and reinsurance recoveries. All values are discounted to the reporting date using the assumed future investment earning rate for each product.

	Up to 1 year $m	1–5 years $m	Over 5 years $m	Total $m
2015	**1,116**	**2,769**	**8,342**	**12,227**
2014	1,233	2,986	9,616	13,835

21. Other life insurance and investment contract disclosures

	Consolidated 2015 $m	Consolidated 2014 $m
(a) Analysis of life insurance and investment contract profit		
Components of profit related to life insurance and investment contract liabilities:		
– planned margins of revenues over expenses released	**559**	546
– profits (losses) arising from difference between actual and assumed experience	**71**	171
– profits (losses) arising from changes in assumptions	**29**	(121)
– capitalised (losses) reversals	**–**	3
Profit related to life insurance and investment contract liabilities	**659**	599
Attributable to:		
– life insurance contracts	**437**	381
– investment contracts	**222**	218
Profit related to life insurance and investment contract liabilities	**659**	599
Investment earnings on assets in excess of life insurance and investment contract liabilities	**115**	133

(b) Restrictions on assets in statutory funds

AMP Life and NMLA conduct investment-linked and non-investment linked business. For investment-linked business, deposits are received from policyholders, the funds are invested on behalf of the policyholders and the resulting liability to policyholders is linked to the performance and value of the assets that back those liabilities.

The Life Act requires the life insurance business of AMP Life and NMLA to be conducted within life statutory funds.

AMP Life has three statutory funds as set out below:

No. 1 fund	Australia	Capital guaranteed business (whole of life, endowment, investment account, retail and group risk and immediate annuities)
	New Zealand	All business (whole of life, endowment, investment account, retail and group risk, investment-linked and immediate annuities)
No. 2 fund	Australia	Investment-linked superannuation business (retail and group investment-linked and deferred annuities)
No. 3 fund	Australia	Investment-linked ordinary business

NMLA has six statutory funds as set out below:

No. 1 fund	Australia	Capital guaranteed ordinary business (whole of life, endowment, investment account and retail and group risk)
	New Zealand	All business (whole of life, endowment, investment account, retail and group risk, retail and group investment-linked and immediate annuities)
No. 2 fund	Australia	Investment-linked superannuation business (retail and group investment-linked and deferred annuities)
No. 3 fund	Taiwan	All business (individual whole of life, endowment and term and group life)
No. 4 fund	Australia	Capital guaranteed superannuation business (whole of life, endowment, investment account and retail (lump sum only) and group risk)
No. 5 fund	Australia	Investment-linked ordinary business
No. 6 fund	Australia	North longevity guarantee

21. Other life insurance and investment contract disclosures continued

Investments held in the life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the Life Act and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions provided solvency, capital adequacy and other regulatory requirements are met. See further details about solvency and capital adequacy in note 21(d).

Australian Accounting Standards require the income, expenses, assets and liabilities in the financial statements of AMP Life and NMLA to include amounts attributable to policyholders in investment-linked and non-investment linked business of the life statutory funds. The following table shows a summary of the balances in the life statutory funds disaggregated between non-investment linked and investment-linked business:

	2015 AMP Life and NMLA			2014 AMP Life and NMLA		
	Non-investment linked $m	Investment-linked $m	Total life entities' statutory funds $m	Non-investment linked $m	Investment-linked $m	Total life entities' statutory funds $m
Net assets of life entities' statutory funds attributable to policyholders and shareholders	**30,254**	**67,096**	**97,350**	30,955	63,968	94,923
Attributable to policyholders						
Life insurance contract liabilities	**23,871**	**–**	**23,871**	24,403	–	24,403
Investment contract liabilities[1]	**2,912**	**66,849**	**69,761**	3,149	63,728	66,877
	26,783	**66,849**	**93,632**	27,552	63,728	91,280
Attributable to shareholders	**3,471**	**247**	**3,718**	3,403	240	3,643

1 Investment contract liabilities in the table above exclude the investment contract liability for the North capital guarantee which is held outside the life companies.

The net assets of life statutory funds attributable to shareholders represent the interests of shareholders including funds required to meet regulatory requirements as well as further amounts of shareholder funds in excess of regulatory requirements.

Impact of the AMP life statutory fund amounts on the AMP group consolidated financial statements
To the extent that investments by the AMP life statutory funds are held through wholly or partly owned controlled entities of the life statutory funds, the balances of those controlled entities are consolidated by AMP Life and NMLA and therefore become part of the consolidated balances of this AMP group financial report. The consolidated balances include 100% of the underlying investments in financial assets, investment property, and other net operating assets of the controlled entities of AMP life insurance entities' statutory funds. Most of the controlled entities are managed investment schemes and the share of the consolidated profit and net assets of those managed investment schemes attributable to unitholders other than the AMP life insurance entities' statutory funds is recognised in the consolidated Income statement as Movement in external unitholders' liabilities and in the consolidated Statement of financial position as External unitholders' liabilities.

21. Other life insurance and investment contract disclosures continued

The following table shows a summary of the consolidated balances of AMP life insurance entities' statutory funds and the entities controlled by AMP life insurance entities' statutory funds.

	Life entities' statutory funds consolidated 2015 $m	Life entities' statutory funds consolidated 2014 $m
Income statement		
Insurance premium and related revenue	**2,465**	2,427
Fee revenue	**1,592**	1,184
Other revenue	**38**	28
Investment gains and (losses)	**8,016**	11,485
Insurance claims and related expenses	**(2,164)**	(2,166)
Operating expenses including finance costs	**(2,596)**	(2,210)
Movement in external unitholders' liabilities	**(1,006)**	(1,473)
Change in life insurance contract liabilities	**(240)**	(1,333)
Change in investment contract liabilities	**(4,384)**	(6,229)
Income tax (expense)/credit	**(249)**	(889)
Profit	**1,472**	824
Assets		
Cash and cash equivalents	**7,755**	7,852
Investments in financial assets measured at fair value through profit or loss	**107,061**	99,942
Investment property	**746**	682
Other assets	**4,546**	5,545
Total assets of policyholders, shareholders and non-controlling interests	**120,108**	114,021
Liabilities		
Life insurance contract liabilities	**23,871**	24,403
Investment contract liabilities	**69,762**	66,877
Other liabilities	**8,550**	7,927
External unitholders' liabilities	**13,893**	11,012
Total liabilities of policyholders, shareholders and non-controlling interests	**116,076**	110,219
Net assets	**4,032**	3,802

	Consolidated 2015 $m	Consolidated 2014 $m
(c) Capital guarantees		
Life insurance contracts with a discretionary participating feature		
– amount of the liabilities that relate to guarantees	**15,991**	16,632
Investment-linked contracts		
– amount of the liabilities subject to investment performance guarantees	**973**	991
Other life insurance contracts with a guaranteed termination value		
– current termination value	**178**	129

21. Other life insurance and investment contract disclosures continued

(d) Capital requirements

Registered life insurance entities are required to hold prudential reserves, over and above their life insurance contract and investment contract liabilities, as a buffer against adverse experience and poor investment returns. These reserving requirements are specified by the APRA prudential capital standards. The standards are intended to take account of the full range of risks to which a regulated institution is exposed and introduces the prescribed capital amount (PCA) requirement. The PCA is the minimum level of capital that the regulator deems must be held to meet policyholder obligations.

In addition to the regulatory capital requirements, the AMP life insurance entities maintain a target surplus providing an additional capital buffer against adverse events. The AMP life insurance entities use internal capital models to determine target surplus, with the models reflecting the risks of the business, principally the risk of adverse asset movements relative to the liabilities and of worse than expected claims costs.

The excess of the AMP life insurance entities' capital base over the PCA as at 31 December 2015 was $1,228m (2014: $1,188m) and $498m (2014: $441m) for AMP Life and NMLA respectively.

The appointed actuary of AMP Life and NMLA has confirmed that the capital base of each life statutory fund and shareholders' fund have exceeded PCA at all times during 2015 and 2014.

	2015		2014	
	AMP Life $m	NMLA $m	AMP Life $m	NMLA $m
Common Equity Tier 1 Capital	**3,091**	**1,450**	3,241	1,491
Adjustments to Common Equity Tier 1 Capital	**(1,424)**	**(713)**	(1,333)	(712)
Additional Tier 1 Capital	**205**	**100**	–	–
Adjustments to Additional Tier 1 Capital	**–**	**–**	–	–
Tier 2 Capital	**215**	**85**	215	85
Adjustments to Tier 2 Capital	**–**	**–**	–	–
Total capital base	**2,087**	**922**	2,123	864
Total prescribed capital amount (PCA)	**860**	**424**	935	423
Capital adequacy multiple	**243%**	**217%**	227%	204%

(e) Actuarial information

Mr Anton Kapel, the appointed actuary of AMP Life and NMLA, is satisfied as to the accuracy of the data used in the valuations in the financial report and in the tables in this note and note 20.

The liabilities to policyholders (being the sum of the life insurance contract and investment contract liabilities, including any asset or liability arising in respect of the management services element of an investment contract), capital base and prescribed capital amounts have been determined at the reporting date in accordance with the Life Act.

(f) Amounts which may be recovered or settled within 12 months after the reporting date

Based on assumptions as to likely withdrawal patterns of the various product groups, it is estimated that approximately $13,740m (2014: $13,402m) of policy liabilities may be settled within 12 months of the reporting date.

22. Risk management and financial instruments disclosures

(a) Financial risk management

Financial risk management (FRM) at AMP is an integral part of the AMP group's enterprise risk management framework.

Risks and mitigation

Financial risks arising in the AMP group include market risk (investment risk, interest rate risk, currency risk, property risk, and equity price risk); liquidity and refinancing risk; and credit risk. These risks are managed according to the enterprise risk management policy and individual policies for each risk category. This financial risk management includes the use of derivative financial instruments such as cross-currency and interest rate swaps, forward rate agreements, futures, options and foreign currency contracts to hedge risk exposures arising from changes in interest rates and foreign exchange rates.

Financial risk management includes decisions made about the allocation of investment assets across asset classes and/or markets and the management of risks within these asset classes. Financial risk for investments in the AMP group is managed by reference to the probability of loss relative to expected income over a one-year time horizon at a 90% confidence level (profit at risk). In respect of investments held in the shareholder fund and in the life statutory funds, the loss tolerance over the discretionary investments is set at a low level because AMP has equity market exposure in its businesses (eg through fees on assets under management).

Market risk is the risk that the fair value of assets and liabilities, or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include foreign exchange rates, interest rates, credit spreads, equity prices or property prices. Market risk in the AMP group arises from the management of insurance contracts and investment of shareholder capital including investments in equities, property, interest bearing investments and borrowings.

(b) Market risk sensitivity analysis

The paragraphs below include sensitivity analysis tables showing how the profit after tax and equity would have been impacted by changes in market risk variables including interest rate risk and currency risk as defined in AASB 7 *Financial Instruments: Disclosures*. They show the direct impact on the profit after tax or equity of a reasonably possible change in factors which affect the carrying value of financial assets and financial liabilities held at the end of the reporting period.

The sensitivity is required to show the impact of a reasonably possible change in market rate (it is not intended to illustrate a remote, worst case, stress test scenario nor does it represent a forecast. In addition it does not include the impact of any mitigating management actions) over the period to the subsequent reporting date. The categories of risks faced and methods used for deriving sensitivity information did not change from previous periods.

Market risk relating to the parent entity is predominantly in relation to subordinated debt issues, specifically AMP Notes 2, AMP Wholesale Capital Notes and AMP Capital Notes. The proceeds of each of these issues have been on lent to other AMP subsidiaries on similar terms and conditions. In the case of AMP Wholesale Capital Notes and AMP Capital Notes the amounts lent to AMP subsidiaries are classified as equity securities in the Statement of financial position.

Interest rate risk

Interest rate risk is the risk of an impact on the AMP group's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

Interest rate risk arises from interest bearing financial assets and financial liabilities in various activities of the AMP group. Management of those risks is decentralised according to the activity. Details are as follows:

– *The AMP group's long-term borrowings and the AMP group's and the parent entity's subordinated debt* – interest rate risk arises in relation to long-term borrowings and subordinated debt raised through a combination of Australian dollar, New Zealand dollar and pound sterling denominated fixed-rate and floating-rate facilities. Most of the AMP group's debt is Australian dollar denominated and the AMP group's foreign denominated debt is converted to floating-rate Australian dollars through cross-currency swaps. Interest rate risk is managed by entering floating-to-fixed interest rate swaps, which have the effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the AMP group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

22. Risk management and financial instruments disclosures continued

- *AMP Life and NMLA* – as discussed in note 1(c), AMP Life and NMLA conduct their wealth management and life insurance business through separate life statutory funds. Investment assets of the life statutory funds including interest-bearing financial assets are held to back investment contract liabilities, life insurance contract liabilities, retained profits and capital.

  The interest rate risk of AMP Life and NMLA which impacts shareholders arises in respect of financial assets and liabilities held in the shareholder fund and in the life statutory funds. A risk arises to the extent that there is an economic mismatch between the timing of payments to life policyholders and the duration of the assets held in the life statutory funds to back the policyholder liabilities. Where a liability in respect of investment contracts is directly linked to the value of the assets (where applicable, net of related liabilities) held to back that liability (investment-linked business), there is no residual interest rate exposure which would impact shareholders.

  Management of various risks associated with investments undertaken by life statutory funds and the life shareholder fund, such as interest rate risk, is subject to the relevant regulatory requirements governed by the Life Act. AMP Life and NMLA are required to satisfy capital adequacy requirements, including holding statutory reserves to cater for interest rate risk to the extent that assets are not matched against liabilities.

  AMP Life and NMLA manage interest rate and other market risks pursuant to an asset and liability management policy that has regard to policyholder expectations and risks to the AMP Life and NMLA Board's target surplus philosophy for capital as advised by the appointed actuary.
- *AMP Bank* – interest rate risk arises in AMP Bank from mismatches in the repricing terms of assets and liabilities (eg a three-year fixed rate loan funded with a 90 day term deposit – term risk) and variable rate short-term repricing bases (basis risk). AMP Bank uses natural offsets, interest rate swaps and basis swaps to hedge the mismatches within exposure limits. Group Treasury manages the interest rate exposure in AMP Bank by maintaining a net interest rate risk position within the limits delegated and approved by the AMP Bank Board.

Interest rate risk sensitivity analysis
This analysis demonstrates the impact of a 100 basis point change in Australian and international interest rates, with all other variables held constant, on profit after tax and equity. It is assumed that all underlying exposures and related hedges are included in the sensitivity analysis, that the 100 basis point change occurs as at the reporting date and that there are concurrent movements in interest rates and parallel shifts in the yield curves. The impact on equity includes both the impact on profit after tax as well as the impact of amounts that would be taken directly to equity in respect of the portion of changes in the fair value of derivatives that qualify as cash flow hedges for hedge accounting.

	2015		2014	
	Impact on profit after tax	Impact on equity	Impact on profit after tax	Impact on equity
Change in variables	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m
+100 basis points	**(49)**	**(34)**	(22)	2
-100 basis points	**47**	**32**	2	(23)

Currency risk
Currency risk is the risk of an impact on the AMP group's profit after tax and equity from movements in foreign exchange rates. Changes in value would occur in respect of translating the AMP group's capital invested in overseas operations into Australian dollars at the reporting date (translation risk) or from foreign exchange rate movements on specific cash flow transactions (transaction risk).

Other than where the impact would be immaterial, borrowings are typically converted to Australian dollars through cross-currency swaps, individual investment assets in shareholder capital (excluding the international equities portfolio attributable to shareholders within the AMP Life Statutory Fund No.1 fund) and seed and sponsor capital investments are hedged, and expected foreign currency receipts and payments are hedged once the value and timing of the expected cash flow is known. Subject to Group ALCO approval, Group Treasury may allow for natural hedging of foreign exchange risk through unhedged foreign currency borrowings, or enter into discretionary foreign exchange transactions to hedge enterprise-wide exposures.

The AMP group does not hedge the capital invested in overseas operations (other than foreign seed and sponsor capital investments), thereby accepting the foreign currency translation risk on invested capital with movements through foreign currency translation reserve.

22. Risk management and financial instruments disclosures continued

Currency risk sensitivity analysis

This analysis demonstrates the impact of a 10% movement of exchange rates against the Australian dollar, with all other variables held constant, on the profit after tax and equity due to changes in fair value of currency sensitive monetary assets and liabilities at the reporting date. It is assumed that the 10% change occurs as at the reporting date.

	2015		2014	
	Impact on profit after tax	Impact on equity	Impact on profit after tax	Impact on equity
Change in variables	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m
10% depreciation of AUD	**6**	**38**	2	32
10% appreciation of AUD	**(7)**	**(33)**	(4)	(28)

Equity price risk

Equity price risk is the risk of an impact on the AMP group's profit after tax and equity from movements in equity prices. The AMP group measures equity securities at fair value through profit or loss. Group Treasury may, with Group ALCO approval, use equity exposures or equity futures or options to hedge other enterprise-wide equity exposures.

Equity price risk sensitivity analysis

The analysis demonstrates the impact of a 10% movement in Australian and International equities held at the reporting date. This sensitivity analysis has been performed to assess the direct risk of holding equity instruments. Any potential indirect impact on fees from the AMP group's investment-linked business is not included.

	2015		2014	
	Impact on profit after tax	Impact on equity	Impact on profit after tax	Impact on equity
	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m	Increase (decrease) $m
10% increase in Australian equities	**10**	**10**	7	7
10% increase in International equities	**10**	**10**	11	11
10% decrease in Australian equities	**(11)**	**(11)**	(9)	(9)
10% decrease in International equities	**(11)**	**(11)**	(13)	(13)

(c) Liquidity and refinancing risk

Liquidity risk is the risk that the AMP group is not able to meet its debt obligations or other cash outflows as they fall due because of an inability to liquidate assets or obtain adequate funding when required. *Refinancing risk* is the risk that the AMP group is not able to refinance the full quantum of its ongoing debt requirements on appropriate terms and pricing. This includes the AMP group corporate debt portfolio, AMP Bank and AMP Capital through various investment funds, entities or mandates that AMP manages or controls or in which AMP Capital, AMP Life or NMLA has significant ownership interest or influence.

To ensure that the AMP group has sufficient funds available, in the form of cash, liquid assets, borrowing capacity and undrawn committed funding facilities to meet its liquidity requirements, Group Treasury maintains a defined surplus of cash to mitigate refinancing risk, satisfy regulatory requirements and protect against liquidity shocks in accordance with the liquidity risk management policy approved by the AMP Limited Board.

Financiers of loans lending to controlled entities of the life statutory funds do not have legal recourse beyond the operating subsidiary borrower and there is no direct effect on any other AMP group debt.

22. Risk management and financial instruments disclosures continued

The following table summarises the maturity profiles of the AMP group's undiscounted financial liabilities and off-balance sheet items at the reporting date. The maturity profiles are based on contractual undiscounted repayment obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

Maturity profiles of undiscounted financial liabilities and off-balance sheet items

	Up to 1 year or no term $m	1–5 years $m	Over 5 years $m	Other[2] $m	Total $m
2015					
Non-derivative financial liabilities[1]					
Payables	**1,940**	**91**	**–**	**–**	**2,031**
Borrowings	**10,454**	**4,470**	**1,689**	**–**	**16,613**
Subordinated debt	**675**	**953**	**370**	**–**	**1,998**
Investment contract liabilities	**927**	**905**	**1,473**	**66,952**	**70,257**
External unitholders' liabilities	**–**	**–**	**–**	**13,571**	**13,571**
Derivative financial instruments					
Cross currency swaps					
– outflows	**–**	**–**	**–**	**–**	**–**
– inflows	**–**	**–**	**–**	**–**	**–**
Interest rate swaps	**27**	**89**	**–**	**–**	**116**
Off-balance sheet items					
Credit-related commitments – AMP Bank[4]	**1,785**	**–**	**–**	**–**	**1,785**
Credit-related commitments – Securitisation vehicles[4]	**1,112**	**–**	**–**	**–**	**1,112**
Total undiscounted financial liabilities and off-balance sheet items[3]	**16,920**	**6,508**	**3,532**	**80,523**	**107,483**
2014					
Non-derivative financial liabilities[1]					
Payables	1,949	2	–	–	1,951
Borrowings	12,506	4,565	1,464	–	18,535
Subordinated debt	64	1,499	97	–	1,660
Investment contract liabilities	1,088	944	1,514	63,728	67,274
External unitholders' liabilities	–	–	–	11,335	11,335
Derivative financial instruments					
Cross currency swaps					
– outflows	4	16	10	–	30
– inflows	(2)	(7)	(5)	–	(14)
Interest rate swaps	374	630	132	–	1,136
Off-balance sheet items					
Credit-related commitments – AMP Bank[4]	1,940	–	–	–	1,940
Credit-related commitments – Securitisation vehicles[4]	865	–	–	–	865
Total undiscounted financial liabilities and off-balance sheet items[3]	18,788	7,649	3,212	75,063	104,712

1 The table provides maturity analysis of AMP group financial liabilities including financial liabilities of controlled entities of the life entities' statutory funds and non-linked investment contracts including term annuities.
2 Investment contract liabilities are liabilities to policyholders for investment-linked business linked to the performance and value of assets that back those liabilities. If all those policyholders claimed their funds, there may be some delays in settling the liability as assets are liquidated, but the shareholder has no direct exposure to any liquidity risk. External unitholders' liabilities all relate to controlled entities of the life entities' statutory funds and would only be paid when the corresponding assets are realised.
3 Estimated net cash outflow profile of life insurance contract liabilities, disclosed in note 20, are excluded from the above table.
4 Loan commitments relate to commitments to provide credit to customers of AMP Bank.

22. Risk management and financial instruments disclosures continued

(d) Credit risk

Credit risk includes both settlement credit exposures and traded credit exposures. *Credit default risk* is the risk of an adverse impact on results and asset values relative to expectations due to a counterparty failing to meet their contractual commitments in full and on time (obligator's non-payment of a debt). *Traded credit risk* is the risk of an adverse impact on results and asset values relative to expectations due to changes in the value of a traded financial instrument as a result of changes in credit risk on that instrument.

The AMP concentration risk policy sets out the assessment and determination of what constitutes credit risk. The policy has set exposure limits for each counterparty and credit rating band. Compliance with this policy is monitored and exposures and breaches are reported to senior management and the AMP Risk Committee through monthly and quarterly financial risk management (FRM) reports.

Credit risk management is decentralised in business units within the AMP group. However, credit risk directly and indirectly (in the participating business) impacting shareholder capital is measured and managed by Group Treasury on a group basis, by aggregating risk from credit exposures taken in business units, as detailed below:

– *AMP Life and NMLA* – wholesale credit risk on the invested fixed income portfolios in the AMP Life and NMLA statutory funds is managed by the AMP Capital Risk and Compliance Committee (AMP Capital R&C) and reported to the fund managers, within specified credit criteria in the mandate approved by the AMP Life and NMLA Boards. The shareholder portion of wholesale credit risk in AMP Life and NMLA is reported to Group ALCO by Group Treasury.
– *AMP Capital* – wholesale credit risk, including portfolio construction, in the fixed income portfolios managed by AMP Capital is the responsibility of the individual investment teams. There is also a dedicated credit research team and a specific credit investment committee. The investment risk and performance team provides reports to the AMP Capital Investment Committee. This wholesale credit risk in the cash and fixed income portfolios relating directly to shareholders' funds is included in the aggregation by Group Treasury and reported to Group ALCO and the AMP Risk Committee.
– *AMP Bank* – credit risk arising in AMP Bank as part of lending activities and management of liquidity is managed as prescribed by AMP Bank's Risk Management Systems Description (RMSD) and reported to AMP Bank ALCO monthly. Wholesale credit exposures in AMP Bank's liquidity portfolio are included in the aggregation by Group Treasury and reported to Group ALCO.

(i) Management of credit risk concentration

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration of credit risk is managed through both aggregate credit rating limits and individual counterparty limits, which are determined predominantly on the basis of the counterparty's credit rating.

At the reporting date, there is no specific concentration of credit risk with a single counterparty arising from the use of financial instruments, other than the normal clearing-house exposures associated with dealings through recognised exchanges.

The counterparties to non-exchange traded contracts, at the time of entering those contracts, are limited to companies with investment grade credit (*BBB-* or greater). The credit risks associated with these counterparties are assessed under the same management policies as applied to direct investments in the AMP group's portfolio.

Credit risk associated with derivatives is mitigated through the use of Credit Support Annex (CSA) which facilitate the bi-lateral posting of collateral with derivative counterparties.

Compliance is monitored and exposures and breaches are reported to senior management and the AMP Risk Committee through the monthly and quarterly FRM report.

(ii) Exposure to credit risk

The exposures on interest bearing securities and cash equivalents which impact the AMP group's capital position are managed by Group Treasury within limits set by the AMP Concentration Risk Policy. The following table provides information regarding the credit risk exposures for rated items monitored by Group Treasury according to the credit rating of the counterparties.

	2015 $m	2014 $m
AAA	**5,243**	5,283
AA- to *AA+*	**11,784**	9,252
A- to *A+*	**3,754**	3,902
BBB- to *BBB+*	**2,548**	2,041
BB+ and below	**–**	519
Total financial assets with credit risk exposure monitored by AMP Treasury	**23,329**	20,997

22. Risk management and financial instruments disclosures continued

(iii) Credit risk of the loan portfolio in AMP Bank

AMP Bank is predominantly a lender for residential properties – both owner occupied and for investment. In every case, AMP Bank completes a credit assessment, which includes cost of living allowance and requires valuation of the proposed security property. About 18% (2014: 30%) of AMP Bank's residential loan portfolio is securitised and all loans in securitisation vehicles are mortgage insured, thereby further mitigating the risk. AMP Bank's Credit Committee and Board oversee trends in lending exposures and compliance with concentration limits as a further basis of limiting lending risk. AMP Bank secures its loan with first registered mortgages over relevant properties and as a result manages credit risk on its loan with conservative lending policies and particular focus on the loan to value ratio (LVR). The LVR is calculated by dividing the total loan amount outstanding by the lower of AMP Bank's approved valuation amount or the purchase price. Loans with LVR greater than 80% are fully mortgage insured. Mortgage insurance is provided by Genworth Mortgage Insurance Australia Ltd and QBE Lenders Mortgage Insurance Ltd who are both regulated by APRA. The potential credit exposure to the loan mortgage insurers has been assessed to be minimal due to the stable historical relationship with the Bank and minimal level of historic claims rejections and reductions. The average LVR at origination of AMP Bank's loan portfolio for existing and new business is set out in the following table:

LVR	Existing business 2015 %	New business 2015 %	Existing business 2014 %	New business 2014 %
0–50	**16**	**8**	16	8
51–60	**10**	**7**	10	6
61–70	**15**	**12**	15	10
71–80	**40**	**50**	41	54
81–90	**14**	**11**	13	10
91–95	**5**	**12**	4	11
> 95	**–**	**–**	1	1

(iv) Past due but not impaired financial assets

The following table provides an ageing analysis of financial assets that are past due as at reporting date but not impaired. No disclosures are required for the parent entity as the parent entity does not have any financial assets that are past due but not impaired at reporting date.

	Past due but not impaired				
	Less than 31 days $m	31–60 days $m	61–90 days $m	More than 91 days $m	Total $m
2015					
Receivables					
– trade debtors	**6**	**6**	**4**	**10**	**26**
– other receivables	**8**	**–**	**–**	**1**	**9**
Debt securities					
– loans and advances	**341**	**46**	**18**	**58**	**463**
Total[1]	**355**	**52**	**22**	**69**	**498**
2014					
Receivables					
– trade debtors	5	2	1	3	11
– other receivables	11	–	2	–	13
Debt securities					
– loans and advances	320	48	20	57	445
Total[1]	336	50	23	60	469

1 For investment-linked business in AMP Life and NMLA, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any credit risk in those assets. Therefore, the tables in this section do not show the past due financial assets backing investment-linked business in AMP Life.

22. Risk management and financial instruments disclosures continued

(v) Adjustment for own credit risk in the determination of the fair value of life investment contract policy liabilities
The fair value of non-investment linked investment contract liabilities includes the following allowance for the credit risk that an external party would ascribe to an amount due from AMP Life and NMLA.

	2015 $m	2014 $m
Cumulative adjustment	**8**	9
Change during the period	**(1)**	(2)

The adjustment has been determined as the difference between the fair value recognised and an amount calculated on the same basis using a risk-free interest rate in place of the fair value discount rate.

(vi) Impaired financial assets and impairment assessment
AMP Bank maintains individual provisions and collective loan impairment provisions against impaired loans.

(vii) Collateral
Details on collateral held are set out in note 22(g).

(e) Derivative financial instruments

Derivative financial instruments are measured at fair value in the Statement of financial position as assets and liabilities. Asset and liability values on individual transactions are only netted if the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in values of derivative financial instruments are recognised in the Income statement unless they qualify as effective cash flow hedges or net investment hedges for accounting purposes, as set out in note 1(q).

(i) Derivative transactions undertaken by AMP life insurance entities as part of life insurance operations
The AMP group uses derivative financial instruments including financial futures, forward foreign exchange contracts, exchange traded and other options and forward rate agreements to hedge the impact of market movements on the value of assets in the investment portfolios, and to effect a change in the asset mix of investment portfolios.

In respect of the risks associated with the use of derivative financial instruments, price risk is controlled by exposure limits, which are subject to monitoring and review. Foreign exchange hedges are monitored on a regular basis to ensure they are effective in the reduction of price risk.

(ii) Derivative transactions undertaken in relation to the North product capital guarantee
The AMP group supports the North product (North) which enables clients to invest their superannuation, pension and ordinary savings in a range of managed funds, with part or all of the total value of the investments guaranteed. The North guarantees are either term-based capital guarantees or provide a guaranteed level of income throughout the life of a client's retirement. At 31 December 2015 Funds under management invested subject to the North guarantees were $2,024m (2014: $1,919m). The fair value recorded for the North guarantee liability was $86m (2014: $96m).

Hedging techniques are used to protect the AMP group against changes in the expected guarantee claim payments from market movements. The AMP group also has the ability to review the periodic charge for new and existing clients. To the extent that the fair value of the guarantee is based on assumptions that may not be borne out in practice and that the hedge instruments used are not a perfect match for the expected guarantee payments, there is a residual risk that deviations from these assumptions may result in a profit or loss to shareholders.

Hedging of the North guarantee is performed based on the economic value of the guarantee. The economic value is consistent with the accounting fair value except that the calculation of accounting fair value applies a minimum liability, on a contract by contract basis, of the amount that would be payable on demand at reporting date, whereas the economic value does not include this minimum. The difference in the movement of accounting fair value and the movement in the economic value of the guarantee also results in a profit or loss to the shareholder.

(iii) Other derivative transactions undertaken by non-life insurance controlled entities
AMP Treasury, AMP Capital and AMP Bank use derivative financial instruments to hedge financial risk from movements in interest rates and foreign exchange rates. Swaps, forwards, futures and options in the interest rate and foreign exchange markets may be used. A description of each of these derivatives is given below:

– *Swaps* – a swap transaction obliges the two parties to the contract to exchange a series of cash flows at specified payment or settlement dates. Swap transactions undertaken by the AMP group include interest rate swaps, which involve the contractual exchange of fixed and floating interest rate payments in a single currency based on a notional amount and a reference rate (eg BBSW), and cross-currency swaps which involve the exchange of interest payments based on two different currency principal balances and reference interest rates, and generally also entail exchange of principal amounts at the start and/or end of the contract.
– *Forward and futures contracts* – these are agreements between two parties establishing a contractual interest rate on a notional principal over a specified period, commencing at a future date. *Forward contracts* are tailor-made agreements that are transacted between counter parties in the over-the-counter market (OTC), whereas futures are standardised contracts transacted on regulated exchanges.
– *Options* – an option contract gives the option buyer the right, but not the obligation, to buy or sell a specified amount of a given commodity or financial instrument at a specified price during a certain period or on a specific date. The seller of the option contract is obliged to perform if the holder exercises the right contained therein. Options may be traded OTC or on a regulated exchange.

22. Risk management and financial instruments disclosures continued

(iv) Risk relating to derivative financial instruments
The market risk of derivatives is managed and controlled as an integral part of the financial risk of the AMP group. The credit risk of derivatives is also managed in the context of the AMP group's overall credit risk policies and includes the use of CSAs which facilitate the bi-lateral posting of collateral.

(f) Accounting for hedges

The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies for hedge accounting.

Derivative transactions may qualify as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The AMP group's accounting policies for derivatives designated and accounted for as hedging instruments are explained in note 1(q), where terms used in the following section are also explained.

The AMP group also enters into derivative transactions that provide economic hedges but do not meet the requirements for hedge accounting treatment.

(i) Derivative instruments accounted for as fair value hedges
Fair value hedges are used to protect against changes in the fair value of financial assets and financial liabilities due to movements in exchange rates and interest rates.

During 2015, the AMP group recognised a net gain of $4m (2014: $23m gain) on hedging instruments designated as fair value hedges. The net loss on hedged items attributable to the hedged risks amounted to $4m (2014: $23m loss).

(ii) Derivative instruments accounted for as cash flow hedges
The AMP group is exposed to variability in future cash flows on non-trading assets and liabilities that can bear interest at fixed and variable rates. The AMP group uses interest rate swaps and cash flow hedges to manage these risks.

The following schedule shows, as at reporting date, the periods when the hedged cash flows are expected to occur and when they are expected to affect profit and loss.

	0–1 year $m	1–2 years $m	2–3 years $m	3–4 years $m	4–5 years $m
2015					
Cash inflows	**155**	**58**	**27**	**13**	**4**
Cash outflows	**(179)**	**(43)**	**(16)**	**(5)**	**(1)**
Net cash inflow/(outflow)	**(24)**	**15**	**11**	**8**	**3**
2014					
Cash inflows	171	72	26	11	7
Cash outflows	(182)	(83)	(29)	(12)	(7)
Net cash inflow/(outflow)	(11)	(11)	(3)	(1)	–

Nil (2014: nil) was recognised in the Income statement due to hedge ineffectiveness from cash flow hedges.

In addition to the above, during 2014 AMP Life entered into an agreement to acquire 19.99% of China Life Pension Company. AMP Life entered into a hedging relationship, at the time the transaction became highly probable, which qualified as a cash flow hedge. The transaction settled for RMB 1,539m in 2015 for a net outflow of $238m.

(iii) Hedges of net investments in foreign operations
The AMP group hedges its exposure to changes in exchange rates on the value of its foreign currency denominated seed pool investments. Gains or losses on effective seed pool hedges are transferred to equity to offset any gains or losses on translation of the net investment in foreign operations.

The AMP group recognised a profit of nil (2014: nil) due to the ineffective portion of hedges relating to investments in seed pool foreign operations.

(g) Collateral and master netting or similar agreements

(i) Derivative financial assets and liabilities
Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, eg when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

An ISDA agreement does not meet the criteria for offsetting in the Statement of financial position. This is because the AMP group does not have any currently legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as a default.

If these netting arrangements were applied to the derivative portfolio, the derivative assets of $1,790m would be reduced by $285m to the net amount of $1,505m and derivative liabilities of $883m would be reduced by $285m to the net amount of $598m (2014: derivative assets of $1,982m would be reduced by $125m to the net amount of $1,857m and derivative liabilities of $1,150m would be reduced by $125m to the net amount of $1,025m).

22. Risk management and financial instruments disclosures continued

(ii) Repurchase agreements

Included within debt securities are assets held to back the liability for collateral deposits held in respect of debt security repurchase arrangements entered into by the life entities' statutory funds and controlled entities of the life entities' statutory funds. Collateral deposits held includes the obligation to repay collateral held in respect of debt security repurchase arrangements entered into. As at 2015, if repurchase arrangements were netted, debt securities of $35,743m would be reduced by $162m to the net amount of $35,581m and collateral deposits held of $225m would be reduced by $162m to the net amount of $63m (2014: debt securities of $38,440m would be reduced by $792m to the net amount of $37,648m and collateral deposits held of $865m would be reduced by $792m to the net amount of $73m).

(iii) Other collateral

The AMP group has collateral arrangements in place with some counterparties in addition to collateral deposits held with respect to repurchase agreements. The amount and type of collateral required by AMP Bank on housing loans depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

AMP Bank holds collateral against its loans and advances primarily in the form of mortgage interests over property, other registered securities over assets and guarantees.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In the event of customer default, AMP Bank can enforce any security held as collateral against the outstanding claim. Any loan security is usually held as mortgagee in possession while AMP Bank seeks to realise its value through the sale of property. Therefore, AMP Bank does not hold any real estate or other assets acquired through the repossession of collateral.

Collateral generally consists of 11am loans and deposits and is exchanged between the counterparties to reduce the exposure from the net fair value of derivative assets and liabilities between the counterparties. As at 31 December 2015 there was $63m of collateral deposits due to other financial institutions (2014: $73m).

23. Fair value information

(a) Fair values

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Statement of financial position at fair value. Bid prices are used to estimate the fair value of assets, whereas offer prices are applied for liabilities.

	Carrying amount 2015 $m	Aggregate fair value 2015 $m	Carrying amount 2014 $m	Aggregate fair value 2014 $m
Financial assets				
Loans and advances	**15,281**	**15,281**	14,590	14,623
Debt securities – held to maturity	**1,739**	**1,745**	2,335	2,347
Total financial assets	**17,020**	**17,026**	16,925	16,970
Financial liabilities				
Deposits	**6,772**	**6,892**	6,392	6,392
Borrowings and interest bearing liabilities				
– AMP Bank and securitisation vehicles	**6,774**	**6,669**	7,224	7,208
– Corporate and other shareholder activities	**271**	**272**	463	465
– Investment entities controlled by AMP life insurance entities' statutory funds	**1,943**	**1,943**	1,273	1,273
Subordinated debt[1]	**1,692**	**1,718**	1,150	1,173
Total financial liabilities	**17,452**	**17,494**	16,502	16,511

1 The parent has financial liabilities – subordinated debt with a carrying amount of $864m (2014: $326m) and a fair value of $877m (2014: $341m).

23. Fair value information continued

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table shows an analysis of the AMP group's financial assets and liabilities not presented on the Statement of financial position at fair value by each level of the fair value hierarchy.

	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
2015				
Financial assets				
Loans and advances	–	15,281	–	15,281
Debt securities – held to maturity	–	1,745	–	1,745
Total financial assets not measured at fair value	–	17,026	–	17,026
Financial liabilities				
Deposits	–	6,892	–	6,892
Borrowings and interest bearing liabilities				
– AMP Bank and securitisation vehicles	–	6,669	–	6,669
– Corporate and other shareholder activities	–	272	–	272
– Investment entities controlled by AMP life insurance entities' statutory funds	–	1,943	–	1,943
Subordinated debt	609	1,109	–	1,718
Total financial liabilities not measured at fair value	609	16,885	–	17,494

(i) Debt securities
The estimated fair value of loans and interest bearing securities represents the discounted amount of estimated future cash flows expected to be received, based on the maturity profile of the loans and interest bearing securities. As the loans are unlisted, the discount rates applied are based on the yield curve appropriate to the remaining term of the loans.

The loans may be measured at an amount in excess of fair value due to fluctuations on fixed rate loans. As the fluctuations in fair value do not represent a permanent diminution and the carrying amounts of the loans are recorded at recoverable amounts after assessing impairment, it is not appropriate to restate their carrying amount.

(ii) Borrowings
Borrowings comprise domestic commercial paper, drawn liquidity facilities and various floating-rate and medium-term notes. The fair values of borrowings are predominantly hedged by derivative instruments – mainly cross-currency and interest rate swaps. The estimated fair value of borrowings is determined with reference to quoted market prices. For borrowings where quoted market prices are not available, a discounted cash flow model is used, based on a current yield curve appropriate for the remaining term to maturity.

(iii) Subordinated debt
The fair value of subordinated debt is determined with reference to quoted market prices at the reporting date.

(b) Fair value measures

The AMP group's assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, eg interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the AMP group's own data, reflecting the AMP group's own estimates about the assumptions that market participants would use in pricing the asset or liability.

Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

23. Fair value information continued

The following table shows an analysis of the AMP group's assets and liabilities measured at fair value by each level of the fair value hierarchy.

	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
2015				
Assets				
Measured at fair value on a recurring basis				
Equity securities and listed managed investment schemes[1]	**49,811**	**18**	**3,410**	**53,239**
Debt securities	**–**	**34,209**	**1,534**	**35,743**
Investments in unlisted managed investment schemes	**–**	**16,994**	**2,427**	**19,421**
Derivative financial assets	**161**	**1,629**	**–**	**1,790**
Investment properties[2]	**–**	**–**	**386**	**386**
Other financial assets	**–**	**–**	**8**	**8**
Total financial assets measured at fair value on a recurring basis	**49,972**	**52,850**	**7,765**	**110,587**
Other assets measured at fair value on a non-recurring basis				
Assets of disposal groups[3]	**–**	**–**	**–**	**–**
Total other assets measured at fair value on a non-recurring basis	**–**	**–**	**–**	**–**
Total assets measured at fair value	**49,972**	**52,850**	**7,765**	**110,587**
Liabilities				
Measured at fair value on a recurring basis				
Derivative financial liabilities	**117**	**766**	**–**	**883**
Collateral deposits held	**136**	**89**	**–**	**225**
Investment contract liabilities	**–**	**2,364**	**67,484**	**69,848**
Total financial liabilities measured at fair value on a recurring basis	**253**	**3,219**	**67,484**	**70,956**
Other liabilities measured at fair value on a non-recurring basis				
Liabilities of disposal groups[3]	**–**	**–**	**–**	**–**
Total other liabilities measured at fair value on a non-recurring basis	**–**	**–**	**–**	**–**
Total liabilities measured at fair value	**253**	**3,219**	**67,484**	**70,956**
2014				
Assets				
Measured at fair value on a recurring basis				
Equity securities and listed managed investment schemes[1]	44,496	43	2,354	46,893
Debt securities	–	37,841	599	38,440
Investments in unlisted managed investment schemes	–	17,589	967	18,556
Derivative financial assets	131	1,851	–	1,982
Investment properties[2]	–	–	340	340
Other financial assets	–	31	9	40
Total financial assets measured at fair value on a recurring basis	44,627	57,355	4,269	106,251
Other assets measured at fair value on a non-recurring basis				
Assets of disposal groups[3]	–	–	100	100
Total other assets measured at fair value on a non-recurring basis	–	–	100	100
Total assets measured at fair value	44,627	57,355	4,369	106,351
Liabilities				
Measured at fair value on a recurring basis				
Derivative financial liabilities	96	1,054	–	1,150
Collateral deposits held	792	73	–	865
Investment contract liabilities	–	2,532	64,448	66,980
Total financial liabilities measured at fair value on a recurring basis	888	3,659	64,448	68,995
Other liabilities measured at fair value on a non-recurring basis				
Liabilities of disposal groups[3]	–	–	69	69
Total other liabilities measured at fair value on a non-recurring basis	–	–	69	69
Total liabilities measured at fair value	888	3,659	64,517	69,064

1 Equity securities and listed managed investment schemes include financial assets available for sale measured at fair value.
2 Refer to note 11 for valuation techniques and key unobservable inputs.
3 Refer to note 29 for disposal groups.

23. Fair value information continued

The following table shows movements in the fair value of financial instruments categorised as level 3:

	Balance at the beginning of the period $m	FX gains or losses[1] $m	Total gains/ losses[1] $m	Purchases/ deposits $m	Sales/ withdrawals $m	Net transfers in/(out)[2] $m	Balance at the end of the period $m	Total gains and losses on assets and liabilities held at reporting date $m
2015								
Assets classified as level 3[3]								
Equity securities and listed managed investment schemes	**2,354**	**48**	**378**	**942**	**(435)**	**123**	**3,410**	**379**
Debt securities	**599**	**55**	**210**	**764**	**(93)**	**(1)**	**1,534**	**209**
Investments in unlisted managed investment schemes	**967**	**–**	**142**	**1,017**	**(223)**	**524**	**2,427**	**151**
Other financial assets	**9**	**–**	**–**	**–**	**(1)**	**–**	**8**	**–**
Liabilities classified as level 3								
Investment contract liabilities	**64,448**	**(5)**	**3,100**	**11,743**	**(11,802)**	**–**	**67,484**	**2,755**
2014								
Assets classified as level 3[3]								
Equity securities and listed managed investment schemes	2,480	29	223	29	(19)	(388)	2,354	223
Debt securities	556	13	65	9	(32)	(12)	599	65
Investments in unlisted managed investment schemes	612	–	128	321	(251)	157	967	128
Other financial assets	–	–	–	–	–	9	9	–
Liabilities classified as level 3								
Investment contract liabilities	63,148	12	4,956	11,608	(15,276)	–	64,448	4,572

1 Gains and losses are classified in investment gains and losses or change in policyholder liabilities in the Income statement.
2 The AMP group recognises transfers as at the end of the reporting period during which the transfer has occurred. Transfers are recognised when there are changes in the observability of the pricing of the relevant securities or where the AMP group cease to consolidate a controlled entity.
3 Movements relating to Investment properties are disclosed in note 11.

23. Fair value information continued

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions:

	Carrying amount[1,2] $m	Effect of reasonably possible alternative assumptions[3] (+) $m	(-) $m	Valuation technique	Key unobservable inputs
2015					
Assets					
Equity securities and listed managed investment schemes	**3,410**	**206**	**(206)**	Discounted cash flow approach utilising cost of equity as the discount rate.	Discount rate. Terminal value growth rate. Cash flow forecasts.
Debt securities	**1,534**	**–**	**–**	Discounted cash flow approach.	Discount rate. Cash flow forecasts.
Investments in unlisted managed investment schemes	**2,427**	**–**	**–**	Published redemption prices.	Valuation of the unlisted managed investment schemes. Suspension of redemptions of the managed investment schemes.
Liabilities					
Investment contract liabilities	**67,484**	**8**	**(7)**	Valuation model based on published unit prices and the fair value of backing assets. Fixed retirement-income policies – discounted cash flow.	Fair value of financial instruments. Cash flow forecasts. Credit risk.
2014					
Assets					
Equity securities and listed managed investment schemes	2,354	164	(163)		
Debt securities	599	–	–		
Investments in unlisted managed investment schemes	967	–	–		
Assets of disposal groups	100	–	–		
Liabilities					
Investment contract liabilities	64,448	9	(9)		
Liabilities of disposal groups	69	–	–		

1 The fair value of the asset or liability would increase/decrease if the discount rate decreases/increases. The fair value of the asset or liability would increase/decrease if the other inputs increase/decrease.
2 Each individual asset and industry profile will determine the appropriate valuation inputs to be utilised in each specific valuation and can vary from asset to asset.
3 Reasonably possible alternative assumptions have been calculated by changing one or more of significant unobservable inputs for individual assets to reasonably possible alternative assumptions. On financial assets this included adjusting the discount rate by 25bps–100bps. On investment contract liabilities this included adjustments to credit risk by 50bps.

Financial asset valuation process

For financial assets categorised within level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets is governed by the AMP Capital asset valuation policy. This policy outlines the asset valuation methodologies and processes applied to measure non-exchange traded assets which have no regular market price, including investment property, infrastructure, private equity, alternative assets, and illiquid debt securities. All significant level 3 assets are referred to the appropriate valuation committee who meet at least every six months, or more frequently if required.

24. Capital management

The AMP group holds capital to protect customers, creditors and shareholders against unexpected losses to a level that is consistent with AMP's risk appetite, approved by the board.

The AMP group's capital resources include ordinary equity and interest-bearing liabilities. The AMP group excludes the interest-bearing liabilities of its banking subsidiary, AMP Bank Limited, and controlled investment subsidiaries and trusts from the AMP group capital resources.

The AMP group makes adjustments to the statutory shareholder equity. Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are recognised in the financial report at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact AMP statutory equity attributable to shareholders of AMP Limited. Mismatch items include:

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders)
- AMP Life Limited statutory funds' investments in controlled entities
- AMP Life Limited statutory funds' superannuation products invested in AMP Bank Limited assets.

Adjustments are also made relating to cash flow hedge reserves and an adjustment for AMP Foundation to exclude the net assets of the AMP Foundation from capital resources.

The table below shows the AMP group's current capital resources at reporting date:

	2015 $m	2014 $m
AMP statutory equity attributable to shareholders of AMP Limited	**8,519**	8,186
Accounting mismatch, cash flow hedge resources and other adjustments	**104**	160
AMP shareholder equity	**8,623**	8,346
Subordinated debt[1]	**1,551**	1,008
Senior debt[1]	**250**	450
Total AMP capital resources	**10,424**	9,804

1 Amounts shown for subordinated debt and senior debt are the amounts to be repaid on maturity. Amounts recognised in the Statement of financial position in respect of these debts are measured at amortised cost using the effective interest rate method.

The AMP group assesses the adequacy of its capital requirements against regulatory capital requirements. The AMP group's capital management plan forms part of the AMP group's broader strategic planning process.

In addition to managing the level of capital resources, the AMP group also attempts to optimise the mix of capital resources to minimise the cost of capital and maximise shareholder value.

A number of the operating entities within the AMP group of companies are regulated. The AMP group of companies includes an authorised deposit-taking institution, life insurance companies and approved superannuation trustees all regulated by APRA. A number of companies also hold Australian Financial Services Licences.

24. Capital management continued

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

– AMP Life Limited and The National Mutual Life Association of Australasia Limited (NMLA) – capital adequacy requirements as specified under the APRA Life Insurance Prudential Standards. This applies to the company as a whole, and each statutory fund and shareholders' fund of the company.
– AMP Bank Limited – capital requirements as specified under APRA Authorised Deposit-taking Institution Prudential Standards.
– AMP Superannuation Limited and N M Superannuation Pty Limited – Operational Risk Financial Requirements as specified under the APRA Superannuation Prudential Standards.
– AMP Capital Investors Limited and other ASIC regulated businesses – capital requirements under Australian Financial Services Licence requirements and for risks relating to North.

In August 2014, APRA released its planned final capital adequacy standards for conglomerate groups. Implementation of these standards has been deferred pending APRA's consideration of the Government's response to the recommendations of the Financial System Inquiry. APRA has committed to providing a minimum 12 months transition time before any new standards come into force.

All of the AMP group regulated entities have at all times during the current and prior financial year complied with the externally imposed capital requirements to which they are subject.

AMP holds a level of capital above its MRR. At the reporting date, the shareholder regulatory capital resources above MRR were $2,542m (2014: $1,987m). The shareholder regulatory capital resources above MRR will vary throughout the year due to investment market movements, dividend payments and the retention of profits.

Policyholder retained profits continue to be resources supporting the participating business. The total policyholder retained profits of AMP Life and NMLA were $2,217m at 31 December 2015 (2014: $2,153m).

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

AMP Limited, AMP Life, NMLA and AMP Bank have board minimum capital levels above APRA requirements, with additional capital targets held above these amounts. Within the life insurance businesses, the capital targets above board minimums have been set to a less than 10% probability of capital resources falling below the board minimum over a 12-month period. Capital targets are also set for AMP Capital to cover risk associated with seed and sponsor capital investments and operational risk. Other components of AMP group's capital targets include amounts relating to AMP group office investments, defined benefit funds and other operational risks.

Following the finalisation of the conglomerate capital adequacy standards by APRA, AMP will review the appropriateness of its capital targets for the AMP group.

In addition, the participating business of the life insurance companies is managed to target a very high level of confidence that the business is self-supporting and that there are sufficient assets to support policyholder liabilities.

The transition arrangements provided by APRA allow subordinated debt held at a group level that was issued prior to 1 January 2013 to continue to be 100% recognised as eligible regulatory capital until the call date in March 2016 for the AXA Notes of $600m and until the implementation of the conglomerate capital standards for the subordinated bond maturing in 2022 of $83m.

25. Notes to Statement of cash flows

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
(a) Reconciliation of the net profit after income tax to cash flows from operating activities				
Net profit after income tax	**1,713**	971	**913**	832
Depreciation of operating assets	**23**	17	**–**	–
Amortisation and impairment of intangibles	**279**	271	**–**	–
Investment gains and losses and movements in external unitholders liabilities	**788**	(871)	**–**	(203)
Dividend and distribution income reinvested	**(4,041)**	(3,655)	**–**	–
Share-based payments	**(4)**	8	**1**	3
Decrease (increase) in receivables, intangibles and other assets	**36**	(135)	**(2)**	(2)
(Decrease) increase in net policy liabilities	**2,336**	3,610	**–**	–
(Decrease) increase in income tax balances	**(100)**	961	**20**	(52)
(Decrease) increase in other payables and provisions	**312**	(91)	**(6)**	2
Cash flows from (used in) operating activities	**1,342**	1,086	**926**	580
(b) Reconciliation of cash				
Comprises:				
Cash and cash equivalents for the purpose of the Statement of financial position	**3,955**	3,581	**21**	1
Bank overdrafts (included in Borrowings)	**–**	(1)	**–**	–
Short-term bills and notes (included in Debt securities)	**2,646**	7,652	**–**	–
Cash and cash equivalents for the purpose of the Statement of cash flows	**6,601**	11,232	**21**	1
(c) Financing arrangements				
(i) Overdraft facilities				
Bank overdraft facility available	**779**	828	**–**	–
(ii) Loan facilities and note programs				
In addition to facilities arranged through bond and note issues (refer notes 16 and 17), financing facilities are provided through bank loans under normal commercial terms and conditions.				
Available	**15,256**	13,827	**864**	326
Used	**(4,316)**	(2,780)	**(864)**	(326)
Unused	**10,940**	11,047	**–**	–

(d) Acquisitions and disposal of controlled entities

Operating entities

During the year ended 31 December 2015, AMP acquired the following entities:

- Justsuper Pty Ltd
- Supercorp Pty Ltd
- SuperIQ Pty Ltd
- Wealth Vision Financial Services Pty Ltd.

During the year ended 31 December 2014, AMP acquired the following entities:

- Forsythes Financial Services Pty Limited
- Prosperitus Holdings Pty Ltd
- Total Super Solutions Pty Ltd.

There were no other significant acquisitions or disposals of operating entities in 2014 or 2015.

25. Notes to Statement of cash flows continued

The impact of acquisitions of operating entities is as follows:

Operating entities	Impact in 2015 $m	Impact in 2014 $m
Assets		
Cash and cash equivalents	**(34)**	(24)
Investments in associates accounted for using the equity method	**(16)**	–
Intangible assets	**82**	24
Other assets	**(8)**	–
Total assets	**24**	–
Liabilities		
Payables and provisions	**(11)**	–
Deferred tax liabilities	**(8)**	–
Other liabilities	**(5)**	–
Total liabilities	**(24)**	–

Controlled entities of AMP life insurance entities' statutory funds

In the course of normal operating investment activities, the AMP life insurance entities' statutory funds acquire equity interests in entities which, in some cases, result in AMP holding a controlling interest in the investee entity.

Most acquisitions and disposals of controlled entities are in relation to managed investment schemes with underlying net assets typically comprising investment assets including cash. The consideration for acquisitions or disposals reflects the fair value of the investment assets at the date of the transactions after taking into account minority interests.

Certain controlled entities of the life entities' statutory funds are operating companies which carry out business operations unrelated to the core wealth management operations of the AMP group.

Acquisitions of controlled entities of AMP life insurance entities' statutory funds

- No significant acquisitions occurred during 2015.
- No significant acquisitions occurred during 2014.

Disposals of controlled entities of AMP life insurance entities' statutory funds

- No significant disposals occurred during 2015.
- In October 2014, almost all controlled property funds were sold into the AMP Capital Diversified Property Fund (ADPF). At the same time AMP increased its ownership interest in ADPF.

The impacts of these transactions were as follows:

Disposals	Impact in 2015 $m	Impact in 2014 $m
Assets		
Cash	**–**	(114)
Receivables	**–**	(18)
Investment property	**–**	(4,365)
Investments in financial assets measured at fair value through profit or loss	**–**	1,589
Deferred tax assets	**–**	–
Property, plant and equipment	**–**	–
Intangibles	**–**	–
Other assets	**–**	(118)
Total assets	**–**	(3,026)
Liabilities		
Payables and provisions	**–**	(48)
Borrowings	**–**	(948)
Deferred tax liabilities	**–**	–
Other financial liabilities	**–**	(6)
External unitholder liabilities	**–**	(2,024)
Total liabilities	**–**	(3,026)

26. Earnings per share

(a) Classification of equity securities

Ordinary shares have been included in the calculation of basic earnings per share.

In accordance with AASB 133 *Earnings per Share*, options over unissued ordinary shares and performance rights have been classified as *potential ordinary shares* and have been considered in the calculation of diluted earnings per share. Performance rights have been determined to be dilutive in 2015 and 2014. Although performance rights have been determined to be dilutive in accordance with AASB 133 *Earnings per Share*, if these instruments vest and are exercised, it is AMP's policy to buy AMP shares on market so there will be no dilutive effect on the value of AMP shares.

Of the AMP Limited ordinary shares on issue 33,390,553 (2014: 46,961,490) are held by controlled entities of AMP Limited. AMP's life insurance entities hold 31,264,166 (2014: 44,835,103) shares on behalf of policyholders. The Australian Securities and Investments Commission has granted relief from restrictions in the *Corporations Act 2001* to allow AMP's life insurance entities to hold and trade shares in AMP Limited as part of the policyholder funds' investment activities. The cost of the investment in these treasury shares is reflected as a deduction from total contributed equity.

	Consolidated	
	2015 million shares	2014 million shares
(b) Weighted average number of ordinary shares used		
Weighted average number of ordinary shares used in calculation of basic earnings per share	**2,918**	2,920
Add: potential ordinary shares considered dilutive	**20**	25
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**2,938**	2,945

	Consolidated	
	2015 $m	2014 $m
(c) Level of earnings used		
Basic	**972**	884
Diluted	**972**	884

	Consolidated	
	2015 cents	2014 cents
(d) Earnings per share		
Basic	**33.3**	30.3
Diluted	**33.1**	30.0

27. Superannuation funds

AMP contributes to funded employer-sponsored superannuation funds that exist to provide benefits for employees and their dependants on resignation, retirement, disability or death of the employee. The funds consist of both defined contribution sections and defined benefit sections.

The defined contribution sections receive fixed contributions from the AMP group companies and the group's legal obligation is limited to these contributions. The defined benefit sections provide members with a choice of lump sum benefits or pension benefits based on years of membership and final salary. New employees are only offered defined contribution style benefits. The disclosures in this note relate only to the defined benefit sections of the plans.

Prior to 2015, AMP used a blend of government bond yields to set the discount rates used for calculating the liability. During 2015, an external actuarial firm (Milliman Australia) released a report which concluded that Australia now has a deep corporate bond market. As a result, AMP is now required to use corporate bond yields which have resulted in a decrease in defined benefit liabilities of $98m. This decrease has not impacted the Income statement as it has been recognised through Other comprehensive income.

The following tables summarise the components of the net amount recognised in the Income statement, Statement of comprehensive income, the movements in the defined benefit obligation and plan assets and the net amounts recognised in the consolidated Statement of financial position for the defined benefit funds, determined in accordance with AASB 119 *Employee Benefits*. However, for the purposes of recommending contributions to the defined benefit funds, fund actuaries consider a range of other factors which do not reflect the financial position presented in the financial statements.

(a) Summary information of defined benefit funds

Australian defined benefit plans

Active members of AMP's Australian defined benefit plans are entitled to a lump sum or pension on retirement. Pensions provided are lifetime indexed pensions with a reversionary spouse pension. The plans are now closed to new members.

The Superannuation Industry Supervision (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS legislation generally requires an actuarial valuation to be performed every year for defined benefit plans.

The plans are sub-funds within the AMP Superannuation Savings Trust (the Trust). The Trust's trustees are responsible for the governance of the plans. The trustees have a legal obligation to act solely in the best interests of plan beneficiaries. The trustees' responsibilities include administration of the plan, management and investment of the plan assets, and compliance with superannuation laws and other applicable regulations.

The plans are exposed to a number of risks. Other than the risks of actual outcomes being different to the actuarial assumptions used to estimate the defined benefit obligation as set out in note 27(g), the most significant risks include investment risk and legislative risk. These risks apply to all superannuation plans and are not specific to AMP.

As at the most recent actuarial update, 31 December 2015, the fund actuary recommended contributions be made at the normal superannuation rates applicable to the various members and did not identify any deficit for funding purposes; and therefore no additional contributions are required.

New Zealand defined benefit plans

Active members of AMP's New Zealand defined benefit plans are entitled to accumulation benefits and a lump sum payment on retirement. The plans are now closed to new members.

The *Superannuation Scheme Act (1989)* (NZ) governs the superannuation industry and provides the framework within which the superannuation schemes operate. The Act requires an actuarial valuation to be performed every three years.

The plans' trustees are responsible for the governance of the plan. This includes administration of the plan, management and investment of the plan assets, and looking after the interests of all beneficiaries.

The plans are exposed to a number of risks. Other than the risks of actual outcomes being different to the actuarial assumptions used to estimate the defined benefit obligation as set out in note 27(g), the most significant risks include investment risk and legislative risk. These risks apply to all superannuation plans and are not specific to AMP.

There are no specific asset liability matching strategies for the New Zealand defined benefit plans.

AMP has adopted the funds' actuaries' recommendations for AMP to make additional contributions of $1m per annum (AMP New Zealand defined benefit plan) and $4m per annum (AMP AAPH New Zealand defined benefit plan) until the financial positions of the plans are sufficiently improved.

27. Superannuation funds continued

	Consolidated 2015 $m	Consolidated 2014 $m
(b) Defined benefit plan income (expense)		
Current service cost	**(6)**	(5)
Interest cost	**(22)**	(21)
Interest income	**18**	19
Other	**2**	–
Total defined benefit plan income (expense)	**(8)**	(8)
(c) Movements in defined benefit obligation		
Balance at the beginning of the year	**(962)**	(801)
Current service cost	**(6)**	(5)
Interest cost	**(22)**	(21)
Contributions by plan participants	**–**	(1)
Actuarial gains and losses[1]		
– change in demographic assumptions	**(1)**	–
– change in financial assumptions	**99**	(177)
– experience gain (loss)	**(19)**	(1)
– other	**3**	–
Foreign currency exchange rate changes	**3**	(5)
Benefits paid	**45**	49
Balance at the end of the year	**(860)**	(962)
(d) Movement in fair value of plan assets		
Balance at the beginning of the year	**772**	728
Interest income	**18**	19
Actuarial gains and losses – actual return on plan assets less interest income	**12**	59
Foreign currency exchange rate changes	**(1)**	4
Employer contributions	**6**	10
Contributions by plan participants	**–**	1
Benefits paid	**(45)**	(49)
Balance at the end of the year	**762**	772
(e) Defined benefit (liability) asset		
Present value of wholly funded defined benefit obligations	**(860)**	(962)
Less: Fair value of plan assets	**762**	772
Defined benefit (liability) asset recognised in the Statement of financial position[2]	**(98)**	(190)
Movement in defined benefit (liability) asset		
(Deficit) surplus at the beginning of the year	**(190)**	(73)
Plus: Total income (expenses) recognised in income	**(8)**	(8)
Plus: Employer contributions	**6**	10
Plus: Actuarial gains (losses) recognised in Other comprehensive income[3]	**94**	(119)
Defined benefit (liability) asset recognised at the end of the year	**(98)**	(190)

1 As explained in note 1(dd), actuarial gains and losses are recognised directly in Other comprehensive income.
2 The defined benefit liability is measured in accordance with the requirements of AASB 119 *Employee Benefits* and does not represent a current obligation to provide additional funding to the plans. Refer to note 27(a) for details of the funding of the AMP defined benefit funds.
3 The cumulative amount of the net actuarial gains and losses recognised in the Statement of comprehensive income is a $104m gain (2014: $10m gain).

27. Superannuation funds continued

	Consolidated 2015 $m	2014 $m
(f) Analysis of defined benefit (deficit) surplus by plan		
AMP Australian defined benefit (liability) asset		
Present value of wholly funded defined benefit obligations	**(324)**	(360)
Less: Fair value of plan assets	**274**	279
Net defined benefit (liability) asset recognised in the Statement of financial position	**(50)**	(81)
Actuarial gains and (losses)	**33**	(33)
AMP AAPH Australian defined benefit (liability) asset		
Present value of wholly funded defined benefit obligations	**(389)**	(441)
Less: Fair value of plan assets	**380**	381
Net defined benefit (liability) asset recognised in the Statement of financial position	**(9)**	(60)
Actuarial gains and (losses)	**54**	(67)
AMP New Zealand defined benefit (liability) asset		
Present value of wholly funded defined benefit obligations	**(27)**	(28)
Less: Fair value of plan assets	**23**	25
Net defined benefit (liability) asset recognised in the Statement of financial position	**(4)**	(3)
Actuarial gains and (losses)	**(1)**	(1)
AMP AAPH New Zealand defined benefit (liability) asset		
Present value of wholly funded defined benefit obligations	**(120)**	(133)
Less: Fair value of plan assets	**85**	87
Net defined benefit (liability) asset recognised in the Statement of financial position	**(35)**	(46)
Actuarial gains and (losses)	**7**	(18)

(g) Principal actuarial assumptions

The following table sets out the principal actuarial assumptions used as at the reporting date in measuring the defined benefit obligations of the Australian and New Zealand defined benefit funds:

	AMP Australia 2015 %	AMP Australia 2014 %	AMP New Zealand 2015 %	AMP New Zealand 2014 %	AMP AAPH Australia 2015 %	AMP AAPH Australia 2014 %	AMP AAPH New Zealand 2015 %	AMP AAPH New Zealand 2014 %
Weighted average discount rate	**4.5**	3.5	**3.5**	3.9	**4.6**	3.8	**4.1**	3.4
Expected rate of salary increases	**3.5**	4.0	**4.0**	4.0	**3.5**	4.0	**4.0**	4.0

27. Superannuation funds continued

(h) Allocation of assets

The asset allocations of the defined benefit funds are shown in the following table:

	AMP				AMP AAPH			
	Australia[1]		New Zealand[1]		Australia[1]		New Zealand[1]	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Equity	**39**	51	**35**	37	**28**	33	**34**	38
Fixed interest	**36**	30	**35**	35	**41**	42	**36**	34
Property	**9**	9	**10**	10	**4**	5	**6**	8
Cash	**6**	4	**14**	14	**16**	5	**14**	20
Other	**10**	6	**6**	4	**11**	15	**10**	–

1 The investment assets of the plans may at times include either direct or indirect investments in AMP Limited shares. These investments are part of normal investment mandates within the plans and are not significant in relation to total plan assets. The plans do not hold any other assets which are occupied or used by the AMP group.

(i) Sensitivity analysis

The defined benefit obligation has been recalculated for each scenario by changing only the specified assumption as outlined below, whilst retaining all other assumptions as per the base case. The table shows the increase (decrease) for each assumption change.

	AMP		AMP AAPH	
	Australia $m	New Zealand $m	Australia $m	New Zealand $m
Higher discount rate (0.5%)	(21)	(2)	(27)	(16)
Lower discount rate (0.5%)	18	2	31	16
Higher expected salary increase rate (0.5%)	n/a	n/a	2	n/a
Lower expected salary increase rate (0.5%)	n/a	n/a	(2)	n/a
Higher expected deferred benefit crediting rate (0.5%)	n/a	n/a	4	n/a
Lower expected deferred benefit crediting rate (0.5%)	n/a	n/a	(4)	n/a
Increase to pensioner indexation assumption (0.5%)	19	1	25	1
Decrease to pensioner indexation assumption (0.5%)	(22)	(1)	(23)	(1)
Increase to pensioner mortality assumption (10.0%)	7	n/a	8	n/a
Decrease to pensioner mortality assumption (10.0%)	(7)	n/a	(8)	n/a
One year additional life expectancy	n/a	1	n/a	3

Not all assumptions are material for each fund. Immaterial assumptions have been marked as n/a.

	AMP		AMP AAPH	
	Australia $m	New Zealand $m	Australia $m	New Zealand $m
(j) Expected contributions				
Expected employer contributions	–	–	2	3

	AMP		AMP AAPH	
	Australia	New Zealand	Australia	New Zealand
(k) Maturity profile of defined benefit obligation				
Weighted average duration of the defined benefit obligation	12 years	8 years	14 years	14 years

28. Share-based payments

(a) Summary of AMP's share-based payment plans

AMP has a number of employee share-based payment plans. Share-based payments place employees participating in those plans (participants) in the position of the shareholder, and in doing so, reward employees for the generation of value for shareholders. Information on plans which AMP currently offers is provided below.

The following table shows the expense recorded for AMP share-based payment plans during the year:

	Consolidated	
	2015 $'000	2014 $'000
Plans currently offered		
Performance rights	**11,433**	13,308
Share rights	**22,596**	21,946
Restricted shares	**16**	158
Employee share acquisition plan – matching shares	**1**	1
Total share-based payments expense	**34,046**	35,413

(b) Performance rights

Plan description

The CEO and his direct reports, as well as selected senior executives, are required to take their long-term incentive (LTI) awards in the form of performance rights. This is to ensure that those executives, who are most directly able to influence company performance, are appropriately aligned with the interests of shareholders. The LTI awards of other participants are comprised of either a mix of performance rights and share rights, or share rights only.

A *performance right* is a right to acquire one fully paid ordinary share in AMP Limited after a three-year performance period at no cost to the participant (ie effectively a share option with a zero exercise price), provided a specific performance hurdle is met. Prior to conversion into shares (vesting), performance rights holders do not receive dividends or have other shareholder benefits (including any voting rights). Performance rights may be settled through a cash payment in lieu of shares, at the discretion of the board.

The performance hurdle

Historically, LTI awards in the form of performance rights were subject to a single relative total shareholder return (TSR) performance hurdle only. After an extensive review of market practices in 2012, the board determined that AMP should introduce a return on equity (RoE) performance measure, in addition to a TSR measure.

The vesting of performance rights granted for the 2013 and 2014 LTI awards is based on two performance hurdles as follows:

– 50% of the LTI award fair value, granted as performance rights, will be subject to AMP's TSR performance relative to the top industrial companies in the S&P/ASX 100 Index (TSR tranche), and
– 50% of the LTI award fair value, granted as performance rights, will be subject to a RoE measure (RoE tranche).

For the 2015 LTI award, 60% of the LTI award face value was based on the TSR performance condition and the remaining 40% on the RoE performance measure.

The number of performance rights that vest is determined as follows:

TSR tranche: Vesting of these performance rights is dependent on AMP's TSR performance relative to a comparator group of Australian listed companies over a three-year performance period. TSR measures the benefit delivered to shareholders over the given period, which includes dividend payments, capital returns and movement in the share price. The performance hurdle was chosen because it requires participants to outperform major ASX listed companies before the awards generate any value.

RoE tranche: Vesting of the performance rights granted in 2015 is based on AMP's RoE performance for the year ending 31 December 2017.

Prior to the 2015 grant being awarded, the board determined the threshold and maximum RoE performance targets (expressed as percentage outcomes) to be achieved for the year ending 31 December 2017. A RoE hurdle was chosen as it drives a strong capital discipline which is a key contributor to creating sustainable shareholder value.

Conversion to shares

If the awards vest, they are automatically converted to shares on behalf of participants. Upon conversion, participants become entitled to shareholder benefits, including dividends and voting rights. The board has the discretion to satisfy vested rights by either acquiring shares on market or through the issuance of shares. AMP's practice has been, and intention is to continue, to source the shares to satisfy LTI awards on market, so that the issue of LTIs does not dilute the value of AMP Limited shares. In the case of the CEO, the vesting of shares may only be provided by AMP procuring the transfer of shares purchased on market.

28. Share-based payments continued

Treatment of performance rights on ceasing employment and change of control

Typically, unvested LTI awards lapse at the end of the employee's notice period if the participant resigns from AMP or their employment is terminated for misconduct or inadequate performance. In other cases, such as retirement and redundancy, LTI awards may be retained by the participant, with vesting continuing to be subject to the same vesting conditions as if they had remained in AMP employment.

The board has the discretion to determine an alternative treatment on cessation of employment and change of control (ie to determine that the LTI awards would lapse, are retained or vest when they would not have otherwise), if deemed appropriate in the light of specific circumstances.

Plan valuation

The allocation values for the performance rights with the TSR hurdle and the RoE hurdle are based on valuations prepared by an independent external consultant. The valuations are based on the 10-day volume weighted average share price over the 10-day trading period after the release of AMP results and ending prior to the start of the performance period.

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period.

For the purposes of the valuation it is assumed performance rights are exercised as soon they have vested. Assumptions regarding the dividend yield and volatility have been estimated based on AMP's actual historic dividend yield and volatility over an appropriate period.

The following table shows the factors which were considered in determining the allocation value of the performance rights granted during 2015 and the comparative period (2014):

Grant date	Share price	Contractual life (years)	Dividend yield	Volatility[1]	Risk-free rate[1]	TSR performance hurdle discount	RoE performance hurdle discount[2]	TSR performance rights fair value	RoE performance rights fair value
18/09/2015	$5.79	2.7	4.6%	23%	1.9%	58%	0%	$2.43	$5.11
04/06/2015	$6.20	3.0	4.7%	23%	2.1%	55%	0%	$2.82	$5.39
13/04/2015	$6.69	2.1	4.8%	23%	1.8%	34%	0%	$4.44	$6.05
05/06/2014	$5.28	3.0	4.8%	25%	2.9%	45%	0%	$2.89	$4.57
09/09/2013	$4.62	2.5	4.9%	24%	2.8%	71%	0%	$1.33	$4.09
06/06/2013	$4.97	3.0	5.6%	23%	2.5%	60%	0%	$2.00	$4.21
07/06/2012	$3.85	2.7	6.3%	26%	2.3%	67%	n/a	$1.28	n/a

1 Applies to performance rights subject to a relative TSR performance hurdle only. These factors do not apply to performance rights subject to a RoE performance hurdle.
2 In accordance with the accounting standard AASB 2, allowance cannot be made for the impact of a non-market based performance hurdle in determining fair value.

The following table shows the movement in performance rights outstanding during the period:

Grant date	Exercise period[1]	Exercise price	Balance at 1 Jan 2015	Exercised during the year	Granted during the year	Lapsed during the year	Balance at 31 Dec 2015
07/06/2012	n/a	Nil	7,009,147	–	–	7,009,147	–
06/06/2013	n/a	Nil	4,664,709	–	–	18,327	4,646,382
09/09/2013	n/a	Nil	29,047	–	–	29,047	–
05/06/2014	n/a	Nil	3,942,342	–	–	39,451	3,902,891
13/04/2015	n/a	Nil	–	–	8,004	–	8,004
04/06/2015	n/a	Nil	–	–	3,477,693	28,615	3,449,078
18/09/2015	n/a	Nil	–	–	61,038	–	61,038
Total			**15,645,245**	**–**	**3,546,735**	**7,124,587**	**12,067,393**

1 Performance rights have no exercise period; they are exercised in the first trading window following the approval of the vesting by the board.

From the end of the financial year and up to the date of this report, no performance rights have been issued, no performance rights have been exercised, and no performance rights have lapsed. Of the performance rights outstanding at the end of the period, none have vested or become exercisable. Due to inconsistencies in communication to participants; AMP made a payment to senior managers related to the 2012 long-term incentive plan, which lapsed and did not vest. No key management personnel received this payment.

28. Share-based payments continued

(c) Share rights

Plan description

As described above, LTI participants below the CEO and his direct reports may be awarded share rights as part of their overall LTI award.

A *share right* is a right to acquire one fully paid ordinary share in AMP Limited after a specified service period at no cost to the participant, provided a specific service condition is met. The service period is typically three years, but may vary where the share rights are awarded to retain an employee for a critical period. Prior to conversion into shares (vesting), share rights holders do not receive dividends or have other shareholder benefits (including any voting rights).

As this program is designed as a means of recognising and retaining employees, no performance hurdles apply, other than continued service for the duration of the three-year period.

Treatment of share rights on ceasing employment and change of control

Typically, unvested share rights lapse if the participant resigns from AMP or is terminated for misconduct or inadequate performance. In other cases, such as retirement and redundancy, the participant typically retains their share rights at the board's discretion. In the event that AMP is subject to a takeover change of control, treatment of unvested share rights is subject to the board's discretion.

Plan valuation

The fair value of share rights has been calculated as at the grant date, by external consultants using a 'discounted cash flow' methodology. Fair value has been discounted for the present value of dividends expected to be paid during the vesting period to which the participant is not entitled.

In determining the share-based payments expense, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the performance period.

For the purposes of the valuation it is assumed share rights are exercised as soon they have vested. Assumptions regarding the dividend yield have been estimated based on AMP's actual historic dividend yield over an appropriate period.

STI deferral plan

The nominated executives, and selected other senior leaders who have the ability to impact AMP's financial soundness, participate in the AMP STI deferral plan. The plan requires that 40% of a participant's STI award be delivered in rights to AMP shares (share rights). The share rights convert to AMP Limited shares (ie vest) after a two-year deferral period. Vesting is subject to ongoing employment, compliance with AMP policies and the board's discretion.

STI match plan

For each given year, high potential employees at a senior leader level are eligible for nomination to participate in the STI match plan, which provides an award of share rights to the value of 50% of the individual's STI. The STI match award is provided in addition to the STI cash opportunity. Employees at this level are not eligible to participate in AMP's long-term incentive plan. As the STI match is based on the STI plan, the number of share rights awarded to the participant depends on the individual's contribution to company performance during the financial year.

STI match share rights convert to AMP Limited shares (ie vest) after a two-year deferral period. Vesting is subject to ongoing employment, compliance with AMP policies and the board's discretion.

Conversion to shares

If the awards vest, they are automatically converted to shares on behalf of participants. Upon conversion, participants become entitled to shareholder benefits, including dividends and voting rights. The board has the discretion to satisfy vested rights by either acquiring shares on market or through the issuance of shares. AMP's practice has been, and intention is to continue, to source the shares to satisfy LTI, STI deferral and STI match awards on market, so that the issuance of shares does not dilute the value of AMP Limited shares.

28. Share-based payments continued

The following table shows the factors which were considered in determining the independent fair value of the share rights granted during 2015 and the comparative period (2014):

Grant date	Share price	Contractual life (years)	Dividend yield	Dividend discount	Fair value
18/09/2015	$5.79	2.7	4.6%	12%	$5.11
18/09/2015	$5.79	1.8	4.6%	7%	$5.41
18/09/2015	$5.79	2.0	4.6%	6%	$5.42
04/06/2015	$6.20	3.0	4.7%	13%	$5.39
29/05/2015	$6.66	0.8	4.8%	4%	$6.41
29/05/2015	$6.66	1.8	4.8%	8%	$6.11
30/04/2015	$6.44	1.8	4.8%	8%	$5.90
13/04/2015	$6.69	2.1	4.8%	10%	$6.05
05/06/2014	$5.28	3.0	4.8%	13%	$4.57
29/04/2014	$5.07	1.8	4.8%	8%	$4.64
14/03/2014	$4.92	1.0	4.8%	4%	$4.70
14/03/2014	$4.92	2.0	4.8%	9%	$4.48

The following table shows the movement in share rights outstanding during the period:

Grant date	Exercise period[1]	Exercise price	Balance at 1 Jan 2015	Exercised during the year	Granted during the year	Lapsed during the year	Balance at 31 Dec 2015
07/06/2012	n/a	Nil	2,089,368	2,089,368	–	–	–
30/04/2013	n/a	Nil	2,576,103	2,576,103	–	–	–
30/04/2013	n/a	Nil	742,074	738,548	–	3,526	–
06/06/2013	n/a	Nil	1,449,826	–	–	19,046	1,430,780
06/06/2013	n/a	Nil	40,241	40,241	–	–	–
06/06/2013	n/a	Nil	15,756	15,756	–	–	–
27/06/2013	n/a	Nil	9,392	9,392	–	–	–
09/09/2013	n/a	Nil	71,452	35,726	–	–	35,726
09/09/2013	n/a	Nil	18,181	–	–	18,181	–
14/03/2014	n/a	Nil	75,000	37,500	–	–	37,500
29/04/2014	n/a	Nil	674,606	–	–	19,624	654,982
29/04/2014	n/a	Nil	2,498,925	–	–	6,434	2,492,491
29/04/2014	n/a	Nil	1,481,695	–	–	40,344	1,441,351
13/04/2015	n/a	Nil	–	–	5,468	–	5,468
30/04/2015	n/a	Nil	–	–	871,408	19,232	852,176
30/04/2015	n/a	Nil	–	–	1,357,234	–	1,357,234
30/04/2015	n/a	Nil	–	–	715,285	448	714,837
30/04/2015	n/a	Nil	–	–	166,944	–	166,944
29/05/2015	n/a	Nil	–	–	11,848	–	11,848
29/05/2015	n/a	Nil	–	–	12,437	–	12,437
04/06/2015	n/a	Nil	–	–	1,629,698	42,643	1,587,055
18/09/2015	n/a	Nil	–	–	61,037	–	61,037
18/09/2015	n/a	Nil	–	–	24,469	–	24,469
18/09/2015	n/a	Nil	–	–	83,333	–	83,333
Total			**11,742,619**	**5,542,634**	**4,939,161**	**169,478**	**10,969,668**

1 The share rights granted have no exercise period; they are exercised in the first trading window following the approval of the vesting by the board.

From the end of the financial year and up to the date of this report, no share rights have been issued, no share rights have been exercised, and 81,351 share rights have lapsed due to resignation. Of the share rights outstanding at the end of the period, none have vested or become exercisable.

28. Share-based payments continued

(d) Restricted shares

Plan description

A *restricted share* is an ordinary AMP share that has a holding lock in place until the specified vesting period ends. The vesting period is typically three years, but may vary where the restricted shares are awarded to retain an employee for a critical period. During this time, the holder is eligible for dividends, but is unable to sell, transfer or hedge their award.

As this program is designed as a means of recognising and retaining employees, no performance hurdles apply, other than continued service for the duration of the three-year holding lock. If the individual resigns from AMP (or employment is terminated for misconduct or inadequate performance) during the holding period, the shares are forfeited.

In cases such as retirement and redundancy, the individual retains their restricted shares; however the holding lock remains in place until the end of the three-year vesting period. Restricted shares are bought on market and granted at no cost to employees.

Plan valuation

The fair value of restricted shares has been determined as the market price of AMP ordinary shares on the grant date. As employees holding restricted shares are entitled to dividend payments, no adjustment has been made to the fair value in respect of future dividend payments. In determining the share-based payments expense for the period, the number of instruments expected to vest has been adjusted to reflect the number of employees expected to remain with AMP until the end of the vesting period.

No restricted shares were granted during 2014 and 2015.

(e) Employee share acquisition plan

Plan description

From time to time, AMP has provided employees and executives with the opportunity to become shareholders in AMP through the employee share acquisition plan (ESAP), typically by way of salary sacrificing their fixed remuneration or short-term incentive to acquire shares. Depending on the terms of the particular award, participants may be entitled to receive matching shares for shares acquired under the ESAP (eg the most recent awards provided one free share for every 10 shares acquired via salary sacrifice). Additionally, AMP can provide employees with free shares under the ESAP. Where the awards are acquired at no cost to the participant, service-based conditions must be met for the participant to receive their full entitlement. There are no performance hurdles applying to the plan as it is primarily designed to encourage employee share ownership.

The plan was suspended mid-way through 2009 in Australia due to the changes to the taxation treatment of employee share plan awards. Consequently, no shares have been acquired by Australian employees under the ESAP plan since mid-2009. The plan continues to operate in New Zealand.

If applicable, matching shares are bought on market through an independent third party.

Participants who cease to be employed within the AMP group within the three-year holding period may lose their entitlement to some or all of their matching shares or free shares, depending on the reason for leaving the company. To receive the maximum entitlement, participants must be employed by AMP for the whole three-year period.

Plan valuation

All awards made during 2015, and the comparative year (2014), were offers to salary sacrifice to acquire shares, with matching shares awarded on a one-for-ten basis after a three-year vesting period. Each matching share has been valued by external consultants as the face value of an AMP ordinary share at the date the salary sacrifice shares were acquired, less the present value of the expected dividends (to which the participant is not entitled until the end of the vesting period). The number of matching shares expected to be granted is estimated based on the average number of shares held in the ESAP by each employee at the beginning of each year. In determining the share-based payments expense for the period, the number of matching shares expected to be granted has been adjusted to reflect the number of employees expected to remain with AMP until the end of the three-year vesting period.

The following table shows the number of matching shares expected to be granted based on the shares purchased by employees under the ESAP during the current period and the comparative period, and the fair value.

Grant date	Estimated number of matching shares to be granted	Weighted average fair value
2015 – various	**186**	**$5.24**
2014 – various	369	$4.41

29. Group controlled entity holdings

Details of significant investments in controlled operating entities are as follows:

Name of entity	Country of registration	Share type	Footnote	% holdings 2015	2014
Operating entities[3]					
140 St Georges Terrace Pty Limited	Australia	Ord		**85**	85
AAPH Executive Plan (Australia) Pty Ltd	Australia	Ord	2	**–**	100
AAPH Hong Kong Finance Limited	Hong Kong SAR	Ord		**100**	100
AAPH New Zealand Finance Pty Ltd	Australia	Ord	2	**–**	100
ACN 155 075 040 Pty Limited	Australia	Ord, Class A Pref.	2	**–**	100
ACPP Industrial Pty Limited	Australia	Ord		**85**	85
ACPP Office Pty Limited	Australia	Ord		**85**	85
ACPP Retail Pty Limited	Australia	Ord		**85**	85
AdviceFirst Limited	New Zealand	Ord		**62**	62
AMP (UK) Finance Services Plc	UK	Ord		**100**	100
AMP AAPH Finance Limited	Australia	Ord		**100**	100
AMP AAPH Limited	Australia	Ord		**100**	100
AMP Administration (NZ) Limited	New Zealand	Ord		**100**	100
AMP Advice Holdings Pty Ltd	Australia	Ord	1	**100**	–
AMP ASAL Pty Ltd	Australia	Ord	2	**–**	100
AMP Bank Limited	Australia	Ord		**100**	100
AMP Capital AA REIT Investments (Australia) Pty Limited	Australia	Ord		**85**	85
AMP Capital AB Holdings Pty Limited	Australia	Ord		**85**	85
AMP Capital Advisors India Private Limited	India	Ord	2	**–**	85
AMP Capital Asia Limited	Hong Kong SAR	Ord		**85**	85
AMP Capital Bayfair Pty Limited	Australia	Ord		**85**	85
AMP Capital Core Infrastructure Pty Ltd	Australia	Ord		**85**	85
AMP Capital Finance Limited	Australia	Ord		**85**	85
AMP Capital Funds Management Limited	Australia	Ord		**85**	85
AMP Capital Holdings Limited	Australia	Ord		**85**	85
AMP Capital Investment Management (UK) Limited	UK	Ord A & B	2	**–**	85
AMP Capital Investment Management Pty Limited	Australia	Ord A & B		**85**	85
AMP Capital Investors (GIF GP) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (Hong Kong) Limited	Hong Kong SAR	Ord		**85**	85
AMP Capital Investors (IDF II GP) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (IDF III GP) S.à r.l.	Luxembourg	Ord	1	**85**	–
AMP Capital Investors (Jersey No. 2) Limited	Jersey	Ord	2	**–**	85
AMP Capital Investors (Luxembourg No.3) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (Luxembourg No.4) S.à r.l.	Luxembourg	Ord	2	**–**	85
AMP Capital Investors (Luxembourg No.5) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (Luxembourg No.6) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (Luxembourg) S.à r.l.	Luxembourg	Ord		**85**	85
AMP Capital Investors (New Zealand) Limited	New Zealand	Ord		**85**	85
AMP Capital Investors (Singapore) Private Property Trust Management Ltd	Singapore	Ord		**85**	85
AMP Capital Investors (Singapore) Pte. Ltd.	Singapore	Ord		**85**	85
AMP Capital Investors (UK) Limited	UK	Ord		**85**	85
AMP Capital Investors (US) Limited	USA	Ord		**85**	85
AMP Capital Investors Advisory (Beijing) Limited	People's Republic of China	Ord		**85**	85
AMP Capital Investors International Holdings Limited	Australia	Ord		**85**	85
AMP Capital Investors KK	Japan	Ord		**85**	85
AMP Capital Investors Limited	Australia	Ord		**85**	85
AMP Capital Investors Real Estate Pty Limited	Australia	Ord		**85**	85
AMP Capital Office & Industrial (Singapore) Pte Limited	Singapore	Ord	2	**–**	85
AMP Capital Office and Industrial Pty Limited	Australia	Ord		**85**	85
AMP Capital Palms Pty Limited	Australia	Ord		**85**	85
AMP Capital Property Nominees Limited	Australia	Ord		**85**	85
AMP Capital SA Schools No.1 Pty Ltd	Australia	Ord		**85**	85
AMP Capital SA Schools No.2 Pty Ltd	Australia	Ord		**85**	85
AMP Capital Shopping Centres Pty Limited	Australia	Ord		**85**	85
AMP Crossroads Pty Limited	Australia	Ord		**85**	85
AMP Custodian Services (N.Z.) Limited	New Zealand	Ord		**85**	85
AMP Davidson Road Pty Limited	Australia	Ord		**85**	85

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type	Footnote	% holdings 2015	% holdings 2014
AMP Direct Pty Ltd	Australia	Ord		**100**	100
AMP Finance Limited	Australia	Ord		**100**	100
AMP Finance Services Limited	Australia	Ord		**100**	100
AMP Financial Investment Group Holdings Limited	Australia	Ord		**100**	100
AMP Financial Planning Pty Limited	Australia	Ord		**100**	100
AMP Financial Services Holdings Limited	Australia	Ord A		**100**	100
AMP Foundation Income Beneficiary Pty Ltd	Australia	Ord		**100**	100
AMP Foundation Limited	Australia	Ord		**100**	100
AMP GBS Limited	Australia	Fixed		**100**	100
AMP GDPF Pty Limited	Australia	Ord		**85**	85
AMP Group Finance Services Limited	Australia	Ord		**100**	100
AMP Group Holdings Limited	Australia	Ord A		**100**	100
AMP Group Services Limited	Australia	Ord A		**100**	100
AMP Holdings Limited	Australia	Ord A, Ord B, Red Pref B Class		**100**	100
AMP Insurance Investment Holdings Pty Limited	Australia	Ord		**100**	100
AMP Investment Management (N.Z.) Limited	New Zealand	Ord		**85**	85
AMP Investment Services No.2 Pty Limited	Australia	Ord		**85**	85
AMP Investment Services Pty Limited	Australia	Ord		**85**	85
AMP Lending Services Limited	Australia	Ord		**100**	100
AMP Life Limited	Australia	Ord		**100**	100
AMP Macquarie Holding Pty Limited	Australia	Ord		**85**	85
AMP Macquarie Pty Limited	Australia	Ord		**85**	85
AMP New Ventures Holdings Pty Ltd	Australia	Ord		**100**	100
AMP New Zealand Holdings Limited	New Zealand	Ord		**100**	100
AMP Pacific Fair Pty Limited	Australia	Ord		**85**	85
AMP Personal Investment Services Pty Ltd	Australia	Ord		**100**	100
AMP Planner Register Company Pty Limited	Australia	Ord		**100**	100
AMP Private Capital New Zealand Limited	New Zealand	Ord		**85**	85
AMP Private Capital No. 2 Pty Limited	Australia	Ord A		**85**	85
AMP Private Capital Pty Limited	Australia	Ord		**85**	85
AMP Private Investments Pty Limited	Australia	Ord	2	**–**	85
AMP Real Estate Advisory Holdings Pty Limited	Australia	Ord	2	**–**	100
AMP Remuneration Reward Plans Nominees Pty Limited	Australia	Ord		**100**	100
AMP Riverside Plaza Pty Limited	Australia	Ord		**85**	85
AMP Royal Randwick Pty Limited	Australia	Ord		**85**	85
AMP Services (NZ) Limited	New Zealand	Ord		**100**	100
AMP Services Holdings Limited	Australia	Ord A		**100**	100
AMP Services Limited	Australia	Ord A		**100**	100
AMP SMSF Holding Co. Pty Ltd	Australia	Ord		**100**	100
AMP SMSF Investments No.2 Pty Limited	Australia	Ord		**100**	100
AMP Superannuation Limited	Australia	Ord		**100**	100
AMP Warringah Mall Pty Limited	Australia	Ord		**85**	85
AMP Wealth Management New Zealand Limited	New Zealand	Ord		**100**	100
AMP Wholesale Office Investments Pty Limited	Australia	Ord	1	**85**	–
Arrive Wealth Management Pty Limited	Australia	Ord	2	**–**	100
Associated Planners Financial Services Pty Limited	Australia	Ord		**100**	96
Associated Planners Strategic Finance Pty Ltd	Australia	Ord		**100**	96
Auburn Mega Mall Pty Limited	Australia	Ord		**85**	85
Australian Mutual Provident Society Pty Limited	Australia	Ord		**100**	100
Australian Securities Administration Limited	Australia	Ord		**100**	100
AWOF New Zealand Office Pty Limited	Australia	Ord		**85**	85
BMRI Financial Services Pty Ltd	Australia	Ord		**100**	100
Carter Bax Pty Ltd	Australia	Ord	2	**–**	100
Cavendish Administration Pty Ltd	Australia	Ord		**100**	100
Cavendish Pty Ltd	Australia	Ord, A Class, B Class, C Class, F Class		**100**	100
Cavendish Superannuation Holdings Pty Ltd	Australia	Ord		**100**	100
CBD Financial Planning Pty Limited	Australia	Ord	2	**–**	100
Charter Financial Planning Limited	Australia	Ord		**100**	100
Clientcare Financial Planning Pty Ltd	Australia	Ord	2	**–**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type	Footnote	% holdings 2015	2014
Corporate Custodians Pty Limited	Australia	Ord	1	**100**	–
Exford Pty Ltd	Australia	Ord, Class A , Class B, Class C		**100**	100
Financial Composure Pty Ltd	Australia	Ord		**100**	96
Financially Yours Holdings Pty Ltd	Australia	Ord, Class Z		**100**	100
Financially Yours Pty. Ltd.	Australia	Ord		**100**	100
First Quest Capital Pty Ltd	Australia	Ord		**100**	96
Forsythes Financial Services Pty Ltd	Australia	Ord		**100**	100
Foundation Wealth Advisers Pty Limited	Australia	Ord		**60**	57
Garrisons (Rosny) Pty Ltd	Australia	Ord	2	**–**	100
Genesys Group Holdings Pty Limited	Australia	Ord		**100**	100
Genesys Group Pty Limited	Australia	Ord		**100**	96
Genesys Hobart Pty Ltd	Australia	Ord		**100**	96
Genesys Holdings Limited	Australia	Ord		**100**	96
Genesys Kew Pty Ltd	Australia	Ord		**100**	96
Genesys Wealth Advisers (WA) Pty Ltd	Australia	Ord	2	**–**	100
Genesys Wealth Advisers Limited	Australia	Ord		**100**	96
GWM Spicers Limited	New Zealand	Ord		**100**	100
Hillross Alliances Pty Ltd	Australia	Ord		**100**	100
Hillross Financial Services Limited	Australia	Ord		**100**	100
Hillross Innisfail Pty Limited	Australia	Ord	2	**–**	100
Hillross Wealth Management Centre Melbourne Pty Limited	Australia	Ord	2	**–**	100
Hindmarsh Square Financial Services Pty Ltd	Australia	Ord		**100**	100
Hindmarsh Square Wealth Advisers Pty Ltd	Australia	Ord		**90**	86
INSSA Pty Limited	Australia	Ord		**100**	100
ipac Asset Management Limited	Australia	Ord		**100**	100
ipac Financial Care Pty Ltd	Australia	Ord, Bonus		**100**	100
ipac Group Services Pty Ltd	Australia	Ord		**100**	100
Ipac Portfolio Management Limited	Australia	Converting Class A		**85**	85
ipac Securities Limited	Australia	Ord		**100**	100
ipac Taxation Services Pty Limited	Australia	Ord		**100**	100
Jigsaw Support Services Limited	Australia	Ord		**100**	100
John Coombes & Company Pty Ltd	Australia	Ord	2	**–**	55
Joreki Pty Limited	Australia	Ord	2	**–**	100
Justsuper Pty Ltd	Australia	Ord	1	**100**	–
King Financial Services Pty Ltd	Australia	Ord		**100**	100
LifeFX Pty Ltd	Australia	Ord	2	**–**	100
Marrickville Metro Shopping Centre Pty Limited	Australia	Ord		**85**	85
Monitor Money Corporation Pty Ltd	Australia	Ord	2	**–**	100
Multiport Malaysia SDN BHD	Malaysia	Ord		**100**	100
Multiport Pty Limited	Australia	Ord, Class A		**100**	100
Multiport Resources Pty Ltd	Australia	Ord		**100**	100
National Mutual Funds Management (Global) Limited	Australia	Ord		**100**	100
National Mutual Funds Management Ltd	Australia	Ord		**100**	100
National Mutual Life Nominees Pty Limited	Australia	Ord		**100**	100
NM New Zealand Nominees Limited	Australia	Ord		**–**	100
NMMT Limited	Australia	Ord		**100**	100
Northstar Lending Pty Ltd	Australia	Ord		**100**	100
Omega (Australia) Pty Limited	Australia	Ord		**85**	85
Pajoda Investments Pty Ltd	Australia	Ord		**55**	55
PPS Lifestyle Solutions Pty Ltd	Australia	Ord		**100**	100
PremierOne Mortgage Advice Pty Limited	Australia	Ord		**100**	100
Priority One Agency Services Pty Ltd	Australia	Ord		**100**	100
Priority One Financial Services Limited	Australia	Ord		**100**	100
Private Wealth Managers Pty Ltd	Australia	Ord	2	**–**	100
Progress 2006-1 Trust	Australia		2	**–**	100
Progress 2007-1G Trust	Australia			**100**	100
Progress 2008-1R Trust	Australia			**100**	100
Progress 2009-1 Trust	Australia			**100**	100
Progress 2010-1 Trust	Australia			**100**	100
Progress 2011-1 Trust	Australia			**100**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type	Footnote	% holdings 2015	2014
Progress 2012-1 Trust	Australia			**100**	100
Progress 2012-2 Trust	Australia			**100**	100
Progress 2013-1 Trust	Australia			**100**	100
Progress 2014-1 Trust	Australia			**100**	100
Progress 2014-2 Trust	Australia			**100**	100
Progress Warehouse Trust No1	Australia			**100**	100
Progress Warehouse Trust No3	Australia			**100**	100
Prosperitus Holdings Pty Ltd	Australia	Ord		**100**	100
Prosperitus Pty Ltd	Australia	Ord		**100**	100
Quadrant Securities Pty Ltd	Australia	Ord		**100**	96
RDSS Pty Ltd	Australia		1	**100**	–
Smartsuper Pty Limited	Australia		1	**100**	–
SMSF Advice Pty Limited	Australia	Ord		**100**	100
Solar Risk Pty Limited	Australia	Ord		**100**	100
Spicers Portfolio Management Limited	New Zealand	Ord		**100**	100
SPP No.3A Investments Pty Limited	Australia	Ord		**86**	85
Strategic Planning Partners Pty Ltd	Australia	Ord, Ord C, Ord D, Ord E		**100**	100
Sugarland Shopping Centre Pty Limited	Australia	Ord		**85**	85
Sunshine West Income Pty Limited	Australia	Ord		**85**	85
Super Concepts Pty Ltd	Australia	Ord, Class A, Class B, Class C, Class D, Class E	1	**100**	–
Supercorp Pty Ltd	Australia	Ord	1	**100**	–
Supercorp Technology Pty Ltd	Australia	Ord	1	**100**	–
SuperIQ Pty Ltd	Australia	Ord, A Class, B Class, C Class, D Class	1	**100**	–
Suwaraow Pty Limited	Australia	Ord	2	**–**	100
Synergy Capital Management Limited	Australia	Ord		**100**	96
TFS Financial Planning Pty Ltd	Australia	Ord		**100**	100
The National Mutual Life Association of Australasia Limited	Australia	Ord		**100**	100
TM Securities Pty Ltd	Australia	Ord		**100**	100
Total Super Solutions Pty Ltd	Australia	Ord		**100**	100
Trenthills Financial Planning Pty Limited	Australia	Ord	2	**–**	100
Trenthills Financial Services Pty Limited	Australia	Ord		**100**	100
Tynan Mackenzie Holdings Pty Ltd	Australia	Ord, Class A		**100**	99
Tynan Mackenzie Pty Ltd	Australia	Ord		**100**	99
Wealth Vision Financial Services Pty Ltd	Australia	Ord	1	**100**	–
Wealth Vision Home Loans Pty Ltd	Australia	Ord	1	**100**	–
Wilsanik Pty Ltd	Australia	Ord	2	**–**	100
yourSMSF Administration Pty Limited	Australia	Ord		**100**	100

1 Controlling interest acquired in 2015.
2 Controlling interest lost in 2015.
3 In respect of controlled companies in the AMP Capital Holdings Limited group (AMP Capital group), $24m (FY14: $19m) of profit is allocated to the 15% non-controlling interests of the AMP Capital group and the accumulated non-controlling interest amounted to $64m (FY14: $62m).

Details of significant investments in investment entities controlled by the AMP life insurance entities' statutory funds are as follows:

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	2014
Investment entities controlled by the AMP life insurance entities' statutory funds[4,5]					
140 St Georges Terrace Trust	Australia			**100**	100
255 George Street Investment A Pty Ltd	Australia	Ord		**100**	100
255 George Street Investment B Pty Ltd	Australia	Ord		**100**	100
35 Ocean Keys Pty Limited	Australia	Ord		**100**	100
AAPH Australia Staff Superannuation Pty Ltd	Australia	Ord	2	**–**	100
Abbey Capital Real Estate Pty Limited	Australia	Ord		**100**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	2014
ACPP Holding Trust	Australia			**100**	100
ACPP Industrial Trust	Australia			**100**	100
ACPP Retail Trust	Australia			**100**	100
Active Quant Share Fund	Australia			**91**	91
AFS Alternative Fund 1	Australia			**100**	100
AFS Alternative Fund 2	Australia		1	**100**	–
AFS Australian Equity Enhanced Index Fund 1	Australia			**100**	100
AFS Australian Equity Growth Fund 1	Australia		2	**–**	100
AFS Australian Equity Value Plus Fund 1	Australia			**100**	100
AFS Australian Property Securities Fund 1	Australia			**100**	100
AFS Australian Share Fund 10	Australia		1	**100**	–
AFS Australian Share Fund 8	Australia			**100**	100
AFS Australian Share Fund 9	Australia		1	**100**	–
AFS Extended Alpha Fund (formerly AMP Capital Sustainable Extended Alpha Fund)	Australia			**100**	100
AFS Global Property Securities Fund 1	Australia			**100**	100
AFS International Share Fund 1	Australia		2	**–**	62
Aged Care Investment Services No.1 Pty Limited	Australia	Ord		**100**	100
Aged Care Investment Services No.2 Pty Limited	Australia	Ord		**100**	100
Aged Care Investment Trust No.1	Australia			**100**	81
Aged Care Investment Trust No.2	Australia			**100**	81
Aggressive Enhanced Index Fund	Australia			**100**	100
AHGI Martineau Fund	Australia			**100**	100
AHGI Martineau Galleries Fund	Australia			**100**	100
Allmarg Corporation Limited	New Zealand	Ord		**100**	100
AMP Australian Fixed Interest Index Fund	Australia		1	**54**	–
AMP Australian Property Index Fund	Australia		1,3	**46**	41
AMP Balanced Enhanced Index Fund	Australia			**100**	100
AMP Capital 1950s Fund	Australia			**100**	100
AMP Capital 1960s Fund	Australia			**100**	100
AMP Capital 1970s Fund	Australia			**100**	100
AMP Capital 1980s Fund	Australia			**100**	100
AMP Capital 1990s Fund	Australia			**100**	100
AMP Capital Absolute Return – Passive Fund	Australia			**92**	96
AMP Capital Alternative Defensive Fund	Australia		2	**–**	94
AMP Capital Alternative Defensive Fund – Delayed Redemption	Australia			**98**	98
AMP Capital Asia ex-Japan Fund	Australia			**100**	100
AMP Capital Asia Local Currency Bond Fund	Australia		2	**–**	100
AMP Capital Asia Quant Fund	Australia		1	**100**	–
AMP Capital Asian Equity Growth Fund	Australia			**94**	91
AMP Capital Australian Equity Concentrated Fund	Australia			**76**	76
AMP Capital Australian Equity Income Fund	Australia			**59**	85
AMP Capital Australian Equity Index Fund	Australia			**51**	54
AMP Capital Australian Equity Long Short Fund	Australia		1	**94**	–
AMP Capital Australian Equity Opportunities Fund	Australia		2	**–**	66
AMP Capital China Growth Fund	Australia		3	**37**	38
AMP Capital Credit Strategies Fund	Australia			**92**	90
AMP Capital Direct Property Fund	Australia			**100**	100
AMP Capital Diversified Balanced Fund	Australia			**100**	100
AMP Capital Dynamic Balanced Fund	Australia		1	**100**	–
AMP Capital Equity Fund	Australia		1	**75**	–
AMP Capital Extended Multi-Asset Fund	Australia			**65**	66
AMP Capital Global Equities Sector Rotation Fund	Australia		2	**–**	59
AMP Capital Global Infrastructure Securities Fund (Hedged)	Australia			**93**	83
AMP Capital Global Infrastructure Securities Fund (Unhedged)	Australia			**89**	88
AMP Capital Greater China Equity Growth Fund	Australia		1	**99**	100
AMP Capital Infrastructure Trust 1	Australia			**100**	100
AMP Capital Investments No. 14 Limited	New Zealand	Ord A & B, Pref		**100**	100
AMP Capital Investments No. 2 Limited	New Zealand	Ord A & B, Pref		**100**	100
AMP Capital Investments No. 8 Limited	New Zealand	Ord A & B, Pref		**100**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	% holdings 2014
AMP Capital Investors (Angel Trains EU No.1) S.à r.l.	Luxembourg	Ord	3	**27**	27
AMP Capital Investors (Angel Trains EU No.2) S.à r.l.	Luxembourg	Ord	3	**6**	6
AMP Capital Investors (Angel Trains UK No.1) S.à r.l.	Luxembourg	Ord	3	**37**	37
AMP Capital Investors (Angel Trains UK No.2) S.à r.l.	Luxembourg	Ord	3	**25**	25
AMP Capital Investors (CLH No.1) S.à r.l.	Luxembourg	Ord	3	**7**	7
AMP Capital Investors (CLH No.2) B.V.	Luxembourg	Ord	3	**22**	22
AMP Capital Investors (Infrastructure No.1) S.à r.l.	Luxembourg	Ord	3	**25**	25
AMP Capital Investors (Infrastructure No.2) S.à r.l.	Luxembourg	Ord	3	**25**	25
AMP Capital Investors (Infrastructure No.3) S.à r.l.	Luxembourg	Ord	3	**25**	25
AMP Capital Investors (Infrastructure No.4) S.à r.l.	Luxembourg	Ord	3	**25**	25
AMP Capital Investors (Kemble Water) S.à r.l.	Luxembourg	Ord	3	**33**	33
AMP Capital Investors Airport S.à r.l.	Luxembourg	Ord	3	**27**	27
AMP Capital Investors UK Cable Limited	Luxembourg	Ord	3	**27**	27
AMP Capital Macro Strategies Fund	Australia			**81**	100
AMP Capital New Zealand Shares Index Fund	New Zealand		2	**–**	33
AMP Capital Shell Fund 3	Australia			**98**	100
AMP Capital Specialist Australian Small Companies Fund	Australia			**93**	91
AMP Capital Specialist Diversified Fixed Income Fund	Australia			**91**	91
AMP Capital Stable Fund	Australia			**100**	100
AMP Capital Strategic Infrastructure Trust of Europe group	Luxembourg		6	**66**	52
AMP Capital Sustainable Share Fund	Australia			**72**	75
AMP CMBS No. 1 Pty Limited	Australia	Ord		**100**	100
AMP CMBS No. 2 Pty Limited	Australia	Ord		**100**	100
AMP Conservative Enhanced Equity Fund	Australia		1	**98**	–
AMP Global Property Investments Pty Ltd	Australia	Ord		**100**	100
AMP International Equity Index Fund	Australia		1	**62**	–
AMP International Equity Index Fund Hedged	Australia			**99**	96
AMP International Fixed Interest Index Fund Hedged	Australia			**66**	65
AMP Life (NZ) Investments Holdings Limited	New Zealand	Ord		**100**	100
AMP Life (NZ) Investments Limited	New Zealand	Ord		**100**	100
AMP Life Cash Management Trust	Australia			**100**	100
AMP Private Capital Trust No.9	Australia			**100**	100
AMP Property Investments (Qld) Pty. Ltd.	Australia	Ord		**100**	100
AMP Shareholder Cash Fund	Australia			**100**	82
AMP Shareholder Fixed Income Fund	Australia			**100**	73
AMP Smaller Companies Fund	Australia		1	**62**	–
AMP UK Shopping Centre Fund	Australia			**100**	100
AMP/ERGO Mortgage and Savings Limited	New Zealand	Ord		**100**	100
AMPCI China Strategic Growth Fund	Australia			**100**	100
AMPCI FD Infrastructure Trust	Australia			**99**	99
Arrow Systems Pty Limited	Australia	Ord	1,3	**33**	33
Australian Corporate Bond Fund	Australia			**56**	62
Australian Credit Fund	Australia			**99**	98
Australian Government Fixed Interest Fund	Australia			**100**	100
Australian Pacific Airports Fund	Australia			**77**	77
Australian Pacific Airports Fund No.3	Australia			**33**	33
BCG Finance Pty Limited	Australia	Ord		**100**	100
Booragoon Trust	Australia			**100**	100
Carillon Avenue Pty Ltd	Australia	Ord	3	**32**	32
Cautious Enhanced Index Fund	Australia			**100**	100
Collins Place No. 2 Pty Ltd	Australia	Ord		**100**	100
Collins Place Pty Limited	Australia	Ord		**100**	100
Commercial Loan Pool No. 1	Australia			**100**	100
Conservative Enhanced Index Fund	Australia		2	**–**	99
Core Plus Fund	Australia			**100**	100
Crossroads Trust	Australia			**100**	100
Davidson Road Trust	Australia			**100**	100
Didus Pty Limited	Australia	Ord		**100**	100
Diversified Investment Strategy No.1	Australia		2	**–**	55
EFM Australian Share Fund 1	Australia			**98**	96
EFM Australian Share Fund 10	Australia		1	**100**	–

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	% holdings 2014
EFM Australian Share Fund 2	Australia			**99**	99
EFM Australian Share Fund 3	Australia			**98**	98
EFM Australian Share Fund 4	Australia			**94**	94
EFM Australian Share Fund 6	Australia			**98**	98
EFM Australian Share Fund 7	Australia			**97**	97
EFM Australian Share Fund 9	Australia		1	**100**	–
EFM Fixed Interest Fund 2	Australia		2	**–**	97
EFM Fixed Interest Fund 3	Australia			**91**	94
EFM Fixed Interest Fund 5	Australia		1	**99**	–
EFM Fixed Interest Fund 6	Australia		1	**99**	–
EFM Fixed Interest Fund 7	Australia		1	**100**	–
EFM Fixed Interest Fund 8	Australia		1	**71**	–
EFM Fixed Interest Fund 9	Australia		1	**80**	–
EFM Infrastructure Fund 1	Australia		2	**–**	94
EFM Infrastructure Fund 2	Australia		1	**99**	–
EFM International Share Fund 10	Australia		1	**100**	–
EFM International Share Fund 3	Australia			**97**	97
EFM International Share Fund 5	Australia			**96**	96
EFM International Share Fund 7	Australia		2	**–**	91
EFM International Share Fund 8	Australia			**100**	100
EFM International Share Fund 9	Australia		1	**100**	–
EFM Listed Property Fund 1	Australia			**95**	96
EFM Listed Property Fund 2	Australia		1	**100**	–
Enhanced Index International Share Fund	Australia			**97**	95
FD Australian Share Fund 1	Australia			**96**	96
FD Australian Share Fund 3	Australia			**96**	95
FD International Share Fund 1	Australia		2	**–**	96
FD International Share Fund 3	Australia			**98**	98
FD International Share Fund 4	Australia		2	**–**	95
Floating Rate Income Fund	Australia			**97**	97
Focus Property Services Pty Limited	Australia	Ord		**92**	92
Future Directions Emerging Markets Fund	Australia			**54**	–
Future Directions Asia ex Japan Fund	Australia			**98**	96
Future Directions Australian Bond Fund	Australia			**92**	91
Future Directions Australian Equity Fund	Australia			**98**	98
Future Directions Australian Share Fund	Australia			**84**	84
Future Directions Balanced Fund	Australia			**98**	100
Future Directions Conservative Fund	Australia			**96**	96
Future Directions Core International Share Fund	Australia			**88**	88
Future Directions Credit Opportunities Fund	Australia			**98**	96
Future Directions Diversified Alternatives Fund	Australia			**96**	96
Future Directions Enhanced Index Australian Share Fund	Australia		2	**–**	100
Future Directions Enhanced Index Global Property Securities Fund	Australia			**100**	100
Future Directions Enhanced Index International Bond Fund	Australia			**98**	92
Future Directions Geared Australian Share Fund	Australia			**92**	93
Future Directions Global Credit Fund (formerly FD International Bond Fund 3)	Australia			**95**	95
Future Directions Global Government Bond Fund	Australia			**91**	92
Future Directions Growth Fund	Australia			**97**	97
Future Directions Hedged Core International Share Fund	Australia			**81**	69
Future Directions High Growth Fund	Australia			**96**	96
Future Directions Inflation Linked Bond Fund	Australia		2	**–**	100
Future Directions Infrastructure Fund	Australia		1	**98**	–
Future Directions International Bond Fund	Australia			**95**	95
Future Directions International Share Fund	Australia			**84**	84
Future Directions International Share Fund 1 Bern Val	Australia			**97**	96
Future Directions International Small Companies Fund	Australia		2	**–**	100
Future Directions Moderately Conservative Fund	Australia			**95**	96
Future Directions Opportunistic Fund	Australia			**97**	99
Future Directions Private Equity Fund 1A	Australia			**97**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	2014
Future Directions Private Equity Fund 1B	Australia			**100**	100
Future Directions Private Equity Fund 2A	Australia			**97**	99
Future Directions Private Equity Fund 2B	Australia			**100**	100
Future Directions Private Equity Fund 3A	Australia			**99**	99
Future Directions Private Equity Fund 3B	Australia			**100**	100
Future Directions Private Equity Fund 4A	Australia			**99**	99
Future Directions Property (Feeder) Fund	Australia			**93**	96
Future Directions Real Property Fund	Australia			**98**	100
Future Directions Total Return Fund	Australia			**90**	94
Future Directions Transition Fund No 3	Australia		1	**98**	–
Glendenning Pty Limited	Australia	Ord		**100**	100
Global Credit Fund	Australia			**100**	100
Global Government Fixed Interest Fund	Australia			**100**	100
Global Growth Opportunities Fund	Australia			**95**	96
Global Matafion S.L.	Luxembourg	Ord	3	**22**	22
Henderson Global Commodities Fund	Australia		2	**–**	56
Honeysuckle 231 Pty Limited	Australia	Ord		**51**	60
IEF Reliance Rail Pty Limited	Australia	Ord	1,3	**33**	33
International Bond Fund	Australia			**87**	92
Ipac Specialist Investment Strategies – Global Emerging Markets Strategy No.1	Australia			**100**	100
Ipac Specialist Investment Strategies – Passive Global Property	Australia		2	**–**	100
Jeminex Limited	Australia	Ord and Pref		**51**	51
Kent Street Investment Trust	Australia			**100**	100
Kent Street Pty Limited	Australia	Ord		**100**	100
Kiwi Kat Limited	New Zealand	Ord	2	**–**	70
Knox City Shopping Centre Investments (No. 2) Pty Limited	Australia	Ord		**100**	100
Listed Property Trusts Fund	Australia		2	**–**	52
Macquarie Balanced Growth Fund	Australia			**87**	86
Macquarie life Australian Enhanced Equities Fund	Australia		2	**–**	96
MAFS Transition Trust No 10	Australia		1	**100**	–
MAFS Transition Trust No 2	Australia		1	**98**	–
MAFS Transition Trust No 4	Australia		1	**100**	–
MAFS Transition Trust No 5	Australia		1	**97**	–
MAFS Transition Trust No 6	Australia		1	**100**	–
MAFS Transition Trust No 7	Australia		1	**98**	–
MAFS Transition Trust No 8	Australia		1	**97**	–
MAFS Transition Trust No 9	Australia		1	**100**	–
Managed Treasury Fund	Australia			**96**	88
Moderately Aggressive Enhanced Index Fund	Australia			**100**	100
Moderately Conservative Enhanced Index Fund	Australia			**100**	100
Monash House Trust	Australia			**100**	100
Mortgage Backed Bonds Limited	New Zealand	Ord	1	**100**	–
Mowla Pty. Ltd.	Australia	Ord		**100**	100
Multi-Manager Portfolio – AUST Shares	Australia		1	**100**	–
Multi-Manager Portfolio – Australian Equities Sector	Australia		2	**–**	100
Multi-Manager Portfolio – Balanced	Australia			**100**	100
Multi-Manager Portfolio – Growth	Australia			**100**	100
Multi-Manager Portfolio – High Growth	Australia			**100**	100
Multi-Manager Portfolio – International Equities Sector	Australia		2	**–**	100
Multi-Manager Portfolio – International Shares – Hedged	Australia			**100**	100
Multi-Manager Portfolio – International Shares – Unhedged	Australia		1	**100**	–
Multi-Manager Portfolio – Property Sector	Australia			**100**	100
Multi-Manager Portfolio – Secure	Australia			**100**	100
Multi-Manager Portfolio – Secure Growth	Australia			**100**	100
N M Computer Services Pty Ltd	Australia	Ord		**100**	100
N M Rural Enterprises Pty Ltd	Australia	Ord	2	**–**	100
N M Superannuation Pty Limited	Australia	Ord		**100**	100
NMLA AUS Cash Pool	Australia			**100**	100
NMLA NZD Cash Pool	Australia			**100**	100
Principal Healthcare Holdings Pty Limited	Australia	Ord		**100**	100

29. Group controlled entity holdings continued

Name of entity	Country of registration	Share type (where applicable)	Footnote	% holdings 2015	2014
Principal Healthcare Holdings Trust	Australia			**100**	100
Private Equity Fund IIIA	Australia			**94**	94
Private Equity Fund IIIB	Australia			**94**	94
Quay Mining (No. 2) Limited	Bermuda	Ord, Red Pref		**100**	100
Quay Mining No 2	Australia			**100**	100
Quay Mining Pty Limited	Australia	Ord		**100**	100
Responsible Investment Leaders Conservative Fund	Australia			**94**	95
Responsible Investment Leaders Growth Fund	Australia			**98**	97
Responsible Investment Leaders High Growth Fund	Australia			**100**	100
Riverside Plaza Trust	Australia			**100**	100
Select Property Portfolio No. 1	Australia			**86**	86
Short Term Credit Fund	Australia			**100**	100
Silverton Securities Proprietary Ltd	Australia	Ord		**100**	100
SouthPeak Real Diversification Fund (4-8% vol)	Australia		1	**60**	–
SPP No. 1 (Alexandra Canal) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Cowes) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (H) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Hawthorn) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Mona Vale) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Mornington) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Mt. Waverley Financing) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Mt. Waverley) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Newcastle) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (North Melbourne) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Pakenham) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Point Cook) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Port Melbourne) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Q Stores) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 (Rosebery) Pty Limited	Australia	Ord		**86**	86
SPP No. 1 Holdings Pty Limited	Australia	Ord		**86**	86
Student Housing Accommodation Growth Trust	Australia		3	**35**	19
Student Housing Accommodation Growth Trust No.2	Australia		3	**35**	19
Sunshine West Development Pty Limited	Australia	Ord		**75**	75
Sydney Cove Trust	Australia			**100**	100
The Glendenning Trust	Australia			**100**	100
The Pinnacle Fund	Australia			**100**	100
TOA Pty Ltd	Australia	Ord		**100**	100
United Equipment Holdings Pty Limited	Australia	A Pref		**56**	56
Waterfront Place (No. 2) Pty. Ltd.	Australia	Ord		**100**	100
Waterfront Place (No. 3) Pty. Ltd.	Australia	Ord		**100**	100
Wholesale Australian Bond Fund	Australia			**76**	82
Wholesale Cash Management Trust[7]	Australia		2	**–**	51
Wholesale Global Diversified Yield Fund	Australia			**100**	100
Wholesale Global Equity – Index Fund (Hedged)	Australia			**100**	100
Wholesale Global Equity – Index Fund (Unhedged)	Australia			**100**	100
Wholesale Unit Trusts NZ Shares Fund	New Zealand			**100**	100
WOW Future Directions Balanced Fund	Australia		1	**100**	–
WT Infrastructure Equity Fund	Australia		1	**32**	–

1 Controlling interest acquired in 2015.
2 Controlling interest lost in 2015.
3 Not more than 50% holding, but consolidated because AMP is exposed or has rights to significant variable returns from its investment with the entity and has the ability to affect these returns through its power over the entity.
4 Investment entities controlled by AMP life insurance entities are mainly held on behalf of policyholders and, to that extent, do not have any direct impact on the interests of shareholders of AMP Limited.
5 Certain of the AMP life insurance entities' statutory funds are operating companies which carry out business operations unrelated to the core wealth management operations of the AMP group.
6 In respect of controlled companies in the AMP Capital Strategic Infrastructure Trust of Europe group (SITE group), $723m (FY14: $67m) of profit is allocated to the 34% non-controlling interests of the SITE group and the accumulated non-controlling interest amounted to $288m (FY14: $38m).
7 Wholesale Cash Management Trust became an associated entity during 2015.

29. Group controlled entity holdings continued

In the course of its normal operating investments activities, the AMP life insurance entities' statutory funds acquire equity interests in entities which, in some cases, results in AMP holding a controlling interest in some of these investees. Certain controlled entities of the AMP life entities' statutory funds are operating companies which carry out business operations unrelated to the core wealth management operation of the AMP group.

There are no disposal groups at 31 December 2015. As at 31 December 2014, AMP group had classified operating companies, which were controlled entities of the AMP life entities' statutory funds, as disposal groups held for sale where they were subject to active sale processes at the reporting date and a sale was expected to be completed within a year. These operating companies were disposed in accordance with the investment strategy of the fund which held the investment in these entities. In 2014, subsequent to being classified as disposal groups an impairment of $13m to the assets of disposal groups was recognised due to a decrease in their fair value. All disposal groups in 2014 were held within the Australian wealth management operating segment.

The major classes of assets and liabilities of the disposal groups are as follows:

	2015 $m	2014 $m
Assets		
Cash	–	1
Receivables	–	16
Inventory and other assets	–	24
Property, plant and equipment	–	58
Intangibles	–	1
Total assets of the disposal groups	–	100
Liabilities		
Payables	–	20
Deferred tax liability	–	2
Provisions	–	3
Borrowings	–	44
Total liabilities of the disposal groups	–	69
Net assets of the disposal groups	–	31

Refer to note 23 for details regarding fair value measurement.

30. Associates

(a) Investments in associates accounted for using the equity method

		Ownership interest		Carrying amount		
	Principal activities	2015 %	2014 %	2015 $m	2014 $m	Principal place of business
China Life Pension Company	Pension company	**19.99**	–	**282**	–	People's Republic of China
Infrashore Group	Community health service provider	**29**	–	**45**	–	Australia
AIMS AMP Capital Industrial REIT[1,2]	Industrial property trust	**5**	5	**49**	43	Singapore
China Life AMP Asset Management Company Ltd[3]	Investment management	**15**	15	**20**	17	People's Republic of China
Other (each less than $10m)				**71**	56	
Total investments in associates accounted for using the equity method				**467**	116	

1 The combination of the 5% investment in AIMS AMP Capital Industrial REIT and the joint control of the manager companies result in significant influence by AMP.
2 The value of AMP's investment in AIMS AMP Capital Industrial REIT based on published quoted prices as at the reporting date is $44m (2014: $39m).
3 The combination of the 15% invested in China Life AMP Asset Management Company Ltd and rights held under a shareholders' agreement result in significant influence by AMP.

30. Associates continued

(b) Investments in significant associates held by the life entities' statutory funds measured at fair value through profit or loss[1,2,3]

	Principal activity[3]	Ownership interest 2015 %	Ownership interest 2014 %	Carrying amount 2015 $m	Carrying amount 2014 $m
AMP Australian Equity Index Fund[5]	Investment trusts	**–**	50	**–**	121
AMP Capital Diversified Property Fund	Investment trusts	**25**	25	**1,058**	1,011
AMP Capital Dynamic Markets Fund[4]	Investment trusts	**24**	–	**293**	–
AMP Capital Balanced Growth Fund	Investment trusts	**35**	20	**120**	53
AMP Capital Global Property Securities Fund	Investment trusts	**41**	40	**670**	614
AMP Capital Multi-Asset Fund	Investment trusts	**28**	37	**126**	111
AMP Capital NZ Shares Fund	Investment trusts	**44**	40	**173**	183
AMP Capital Retail Trust (formerly AMP Capital Pacific Fair and Macquarie Shopping Centre Fund)	Investment trusts	**26**	26	**330**	291
AMP Capital Shopping Centre Fund	Investment trusts	**30**	23	**538**	504
AMP Capital Strategic NZ Shares Fund	Investment trusts	**42**	45	**59**	65
AMP Capital Wholesale Office Fund[4]	Investment trusts	**23**	–	**381**	–
AMP Equity Trust[5]	Investment trusts	**–**	46	**–**	202
AMP Shareholder Fixed Income Fund[4]	Investment trusts	**26**	–	**57**	–
Diversified Investment Strategy No 2[5]	Investment trusts	**–**	23	**–**	120
Diversified Investment Strategy No 3[5]	Investment trusts	**–**	30	**–**	62
Enhanced Index Share Fund	Investment trusts	**48**	50	**186**	199
EFM Fixed Interest Fund 10[4]	Investment trusts	**49**	–	**50**	–
Future Directions Emerging Markets Share Fund[5]	Investment trusts	**–**	49	**–**	56
Gove Aluminium Finance Limited	Investment company	**30**	30	**95**	96
Hyperion Australian Growth Companies Fund[5]	Investment trusts	**–**	24	**–**	111
K2 Australian Absolute Return Fund	Investment trusts	**26**	28	**99**	109
Listed Property Trust Fund[4]	Investment trusts	**29**	–	**55**	–
Man AHL Alpha	Investment trusts	**–**	26	**–**	53
Pimco Diversified Fixed Interest Fund[5]	Investment trusts	**–**	33	**–**	145
Responsible Investments Leader Balanced Fund	Investment trusts	**24**	26	**243**	238
Templeton Global Trust Fund[5]	Investment trusts	**–**	26	**–**	85
Value Plus Australia Share Fund	Investment trusts	**33**	29	**62**	57
Wholesale Cash Management Trust[4]	Investment trusts	**49**	–	**3,391**	–
AMP Shopping Centre Fund	Investment trusts	**30**	–	**61**	–
AMP Wholesale Office Fund	Investment trusts	**23**	–	**36**	–
Wholesale Unit Trust Australasian Property Shares	Investment trusts	**26**	–	**38**	–

1 Investments in associated entities that back investment contract and life insurance contract liabilities are treated as financial assets and are measured at fair value. Refer to note 1(g).
2 The reporting date for all significant associated entities is 31 December.
3 In the course of normal operating investment activities, the life statutory fund holds investments in various operating businesses. Investments in associated entities reflect investments where the life statutory fund holds between a 20% and 50% equity interest.
4 Trust became an associated entity during 2015.
5 Trust ceased being an associated entity during 2015.

31. Operating lease commitments

	Consolidated 2015 $m	Consolidated 2014 $m	Parent 2015 $m	Parent 2014 $m
Operating lease commitments (non-cancellable)				
Due within one year	**87**	85	**–**	–
Due within one year to five years	**279**	275	**–**	–
Due later than five years	**13**	40	**–**	–
Total operating lease commitments	**379**	400	**–**	–

Lease commitments are in relation to the AMP group's offices in various locations. Under these arrangements AMP generally pays rent on a period basis at rates agreed at the inception of the lease.

At 31 December 2015, the total of future minimum sublease payments expected to be received under non-cancellable subleases was $37m (2014: $39m).

32. Contingent liabilities

The AMP group and the parent entity from time to time may incur obligations arising from litigation or various types of contracts entered into in the normal course of business, including guarantees issued by the parent for performance obligations to controlled entities in the AMP group.

The parent entity has entered into deeds to provide capital maintenance and liquidity support to AMP Bank Limited. At the reporting date the likelihood of any outflow in settlement of these obligations is considered to be remote.

Where it is determined that the disclosure of information in relation to a contingent liability can be expected to prejudice seriously the position of the AMP group (or its insurers) in a dispute, accounting standards allow the AMP group not to disclose such information and it is the AMP group's policy that such information is not to be disclosed in this note.

At the reporting date there were no other material contingent liabilities where the probability of any outflow in settlement was greater than remote.

33. Related-party disclosures – key management personnel

In accordance with AASB 124 *Related Party Disclosures*, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity including whether executive or otherwise. For the AMP group, key management personnel include all the non-executive directors of the AMP Limited Board, the CEO and direct reports of the CEO who together form the Group Leadership team.

Further detailed disclosures regarding remuneration of key management personnel are provided in the remuneration report which forms part of the directors' report.

(a) Compensation of key management personnel

	Short-term benefits $'000	Post employment benefits $'000	Share-based payments $'000	Other long-term benefits $'000	Termination benefits $'000	Total $'000
Non-executive directors[1]						
2015	**3,078**	**255**	**–**	**–**	**–**	**3,333**
2014[2]	2,922	236	–	–	–	3,158
Key management personnel excluding non-executive directors						
2015	**16,625**	**337**	**10,096**	**564**	**–**	**27,622**
2014[2]	16,648	318	10,203	609	–	27,778
All key management personnel						
2015	**19,703**	**592**	**10,096**	**564**	**–**	**30,955**
2014[2]	19,570	554	10,203	609	–	30,936

1 Non-executive directors are not entitled to short-term incentive payments. Short-term benefits only include fees and allowances.
2 This represents the amount paid to those individuals considered key management personnel and disclosed as such in the 2014 financial report.

33. Related-party disclosures – key management personnel continued

(b) Transactions with key management personnel

During the year, key management personnel and their personally related entities may also have had access to the following AMP products. They are provided to key management personnel within normal employee terms and conditions. The products include:

– personal banking with AMP Bank Limited
– the purchase of AMP insurance and investment products
– financial investment services.

Information about such transactions does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of this financial report, or the discharge of accountability by the specified executives or specified directors.

The following table provides details of loans made to key management personnel and their related parties by AMP or any of its subsidiaries.

	Balance at 1 Jan 15 $'000	Written off $'000	Net advances (repayments) $'000	Balance at 31 Dec 15 $'000	Interest charged $'000	Interest not charged $'000	Number in group
Key management personnel and their related parties[1]	14,116	–	(524)	**13,592**	534	–	7

1 All loans to key management personnel and their related parties are provided by AMP Bank and are on similar terms and conditions generally available to other employees within the group. No guarantees are given or received in relation to these loans.

34. Auditors' remuneration

	Consolidated		Parent	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amounts received or due and receivable by auditors of AMP Limited for:				
Audit services				
Audit or review of financial statements	**10,339**	10,559	**140**	140
Other audit services[1]	**1,422**	2,008	**–**	–
Total audit service fees	**11,761**	12,567	**140**	140
Total non-audit services[2]	**3,421**	1,386	**–**	–
Total amounts received or due and receivable by auditors of AMP Limited[3,4]	**15,182**	13,953	**140**	140

1 Other audit services includes fees for compliance audits and other audit procedures performed for vehicles controlled by AMP life insurance entities' statutory funds and those managed by AMP Capital.
2 Non-audit services include tax and compliance advice, general business and project advice, review of long-term incentive arrangements and other procedures performed for investment vehicles owned or controlled by AMP Capital and AMP Life insurance entities' statutory funds.
3 Includes fees paid to EY affiliates overseas.
4 Periodically, the AMP group gains control of entities whose incumbent auditor is an audit firm other than EY. In addition to the audit fees paid to EY for auditing the AMP group, immaterial audit fees are also paid to these non-EY audit firms in relation to the audit of those periodically controlled entities. The non-EY audit firms are also independently contracted to provide other services to other controlled entities of the AMP group, unrelated to their audit work.

35. Events occurring after reporting date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the entity's operations in future years; the results of those operations in future years; or the entity's state of affairs in future years which is not already reflected in this report, other than the following:

– On 18 February 2016, AMP announced a final dividend on ordinary shares of 14.0 cents per share. Details of the announced dividend and dividends paid and declared during the year are disclosed in note 18 of the financial report.

Directors' declaration

for the year ended 31 December 2015

In accordance with a resolution of the directors of AMP Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of the directors there are reasonable grounds to believe that AMP Limited will be able to pay its debts as and when they become due and payable

(b) in the opinion of the directors the financial statements and the notes of AMP Limited and the consolidated entity for the financial year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view)

(c) the notes to the financial statements of AMP Limited and the consolidated entity for the financial year ended 31 December 2015 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards, as set out in note 1(a) to the financial statements

(d) the declarations required by section 295A of the *Corporations Act 2001* have been given to the directors.

Simon McKeon
Chairman

Sydney, 18 February 2016

Craig Meller
Chief Executive Officer and Managing Director

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Independent auditor's report to the members of AMP Limited

Report on the financial report

We have audited the accompanying financial report of AMP Limited, which comprises the statements of financial position as at 31 December 2015, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of AMP Limited is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2015 and of their performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AMP Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Tony Johnson
Partner
Sydney, 18 February 2016

Securityholder information

Distribution of AMP capital notes holdings

Range	Number of holders	Notes held	% of issued capital
1–1,000	4,232	1,167,266	43.64
1,001–5,000	231	507,224	18.96
5,001–10,000	20	140,229	5.24
10,001–100,000	21	594,487	22.22
100,001 and over	2	265,794	9.94
Total	**4,506**	**2,675,000**	**100.00**

Twenty largest AMP capital notes holdings

Rank	Name	Notes held	% of issued capital
1	UBS Wealth Management Australia Nominees Pty Ltd	152,239	5.69
2	Citicorp Nominees Pty Limited	113,555	4.25
3	National Nominees Limited	63,920	2.39
4	Navigator Australia Ltd <MLC Investment Sett A/C>	61,421	2.30
5	J P Morgan Nominees Australia Limited	53,775	2.01
6	Netwealth Investments Limited <Wrap Services A/C>	50,622	1.89
7	Dimbulu Pty Ltd	50,000	1.87
8	BNP Paribas Noms Pty Ltd <DRP>	42,333	1.58
9	HSBC Custody Nominees (Australia) Limited	41,974	1.57
10	Filbury Pty Ltd <Piekarski Grandchild Inv A/C>	25,800	0.96
11	HSBC Custody Nominees (Australia) Limited	21,419	0.80
12	Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	21,340	0.80
13	The Australian National University	20,000	0.75
14	Netwealth Investments Limited <Super Services A/C>	19,572	0.73
15	Sandhurst Trustees Ltd <DMP Asset Management A/C>	18,612	0.70
16	Questor Financial Services Limited	18,276	0.68
17	Ms Sinhai Hou	15,000	0.56
18	T G B Holdings Pty Ltd	14,100	0.53
19	Larkins Business Management Pty Ltd	12,338	0.46
20	Avanteos Investments Limited <1703553 Johnson A/C>	11,500	0.43
Total		**827,796**	**30.95**

Distribution of AMP wholesale capital notes holdings

Range	Number of holders	Notes held	% of issued capital
1–1,000	10	2,690	9.78
1,001–5,000	5	17,809	64.76
5,001–10,000	1	7,001	25.46
Total	**16**	**27,500**	**100.00**

AMP notes voting rights

AMP wholesale capital notes and AMP capital notes confer no right to attend or vote at any general meeting of the shareholders of AMP Limited. If a holder's notes convert into AMP shares in accordance with the terms of the notes, those shares will have the voting rights described on page 136.

Distribution of AMP Limited shareholdings

Range	Number of holders	Ordinary shares held	% of issued capital
1–1,000	554,956	243,929,830	8.25
1,001–5,000	217,518	445,305,387	15.06
5,001–10,000	22,874	161,811,807	5.47
10,001–100,000	12,081	250,172,898	8.46
100,001 and over	330	1,856,518,042	62.76
Total	**807,759**	**2,957,737,964**	**100.00**

The total number of shareholders holding less than a marketable parcel of 93 shares is 10,377.

Twenty largest AMP Limited shareholdings

Rank	Name	Ordinary shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	691,811,873	23.39
2	J P Morgan Nominees Australia Limited	405,346,970	13.70
3	National Nominees Limited	257,106,114	8.69
4	Citicorp Nominees Pty Limited	147,252,936	4.98
5	BNP Paribas Noms Pty Ltd <DRP>	66,734,199	2.26
6	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	41,528,041	1.40
7	Australian Foundation Investment Company Limited	20,100,422	0.68
8	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	16,273,215	0.55
9	AMP Life Limited	14,329,516	0.48
10	National Nominees Limited <N A/C>	14,000,001	0.47
11	Argo Investments Limited	12,381,674	0.42
12	BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	10,808,353	0.37
13	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	7,633,610	0.26
14	Navigator Australia Ltd <MLC Investment Sett A/C>	6,413,264	0.22
15	SBN Nominees Limited <10004 Account>	5,644,868	0.19
16	UBS Wealth Management Australia Nominees Pty Ltd	5,279,943	0.18
17	RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	3,999,066	0.14
18	Nulis Nominees (Australia) Limited	3,924,291	0.13
19	HSBC Custody Nominees (Australia) Limited	3,902,918	0.13
20	UBS Nominees Limited	3,515,000	0.12
Total		**1,737,986,274**	**58.76**

Substantial shareholders
The company has no substantial shareholders.

AMP Limited shares voting rights
The voting rights attached to the shares are that each registered holder of shares present in person (or by proxy, attorney or representative) at a meeting of shareholders has one vote on a vote taken by a show of hands, and one vote for each fully paid share held on a vote taken at a poll.

Total number of options over unissued shares and option holders
AMP Limited has no options on issue over unissued ordinary shares in AMP Limited.

On market acquisitions for employee incentive schemes during the financial year ended 31 December 2015
5,257,980 AMP Limited ordinary shares were purchased on market to satisfy entitlements under AMP's employee incentive schemes at an average price per share of $6.38.

Stock exchange listings
AMP Limited's ordinary shares are quoted on the Australian Securities Exchange and the New Zealand Stock Exchange.
AMP subordinated notes 2 and AMP capital notes are quoted on the Australian Securities Exchange.

Restricted securities
There are no restricted securities on issue.

Buyback
There is no current on market buyback.

Glossary

Contingent liabilities
A situation existing at reporting date, where past events have led to a possible obligation, the outcome of which depends on uncertain future events, or an obligation where the outcome is not sufficiently probable or reliably measurable to warrant recognising the liability at this reporting date.

Controllable costs
Costs that AMP incurs in running its business. Controllable costs include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

Earnings per share (EPS)
Each earnings per share (EPS) calculation represents the profit amount divided by the weighted average number of shares on issue during the year.

Embedded value
A calculation of the economic value of the shareholder capital in the businesses other than AMP Bank, and the future shareholder profits expected to emerge from the business currently in-force (expressed in today's dollars).

Executives
Within this report, the term executives refers to the chief executive officer and nominated direct reports of the CEO who are KMP.

Franking rate
The amount of tax AMP has already paid on a dividend payment. This can be used as a tax credit by Australian resident shareholders. The franking rate is determined by AMP's taxable income. AMP's policy is to always frank dividends at the highest possible rate.

Investment performance
A measure of how well we manage funds on behalf of our customers. The percentage of assets managed by AMP which met or exceeded their respective client goals.

Key management personnel (KMP)
The chief executive officer (CEO), nominated direct reports of the CEO and the non-executive directors, who have authority and responsibility for planning, directing and controlling the activities of AMP.

Long-term incentive (LTI)
An executive reward for helping AMP achieve specific long-term performance targets. It is awarded in the form of share rights and/or performance rights to motivate executives to create outstanding long-term value for shareholders. A right is an entitlement to receive one AMP limited share per right subject to meeting the vesting conditions.

Non-executive directors (NEDs)
Board directors who are not employees of AMP (they are independent).

Operating earnings
Total operating earnings are the shareholder profits that relate to the performance of AMP. Operating earnings exclude investment earnings on shareholder capital and one-off items.

Performance right
A form of executive remuneration designed to reward long-term performance. Selected executives are granted performance rights. Each performance right is a right to acquire one AMP share after a three year performance period, if specific performance hurdle is met.

Return on equity (RoE)
Return on equity (RoE) is a measure used in the AMP long-term incentive plan. It is a percentage that shows how effective AMP has been in growing the value of the money invested by our shareholders. The percentage is determined by dividing AMP's underlying profit by average book value of AMP shareholder equity.

Share right
A share right is an entitlement to acquire one AMP share at the end of a vesting period eg two years, as long as the service conditions are met.

Short-term incentive (STI)
An executive reward for helping AMP achieve specific short-term performance targets and objectives. It is paid in the form of cash and share rights to motivate executives to achieve outstanding performance during the year.

STI pool
The money used for the payment of STI rewards. The pool size varies each year depending on AMP's financial and non-financial performance against the STI scorecard.

Total shareholder return (TSR)
A measure of the value returned to shareholders over a period of time. It takes into account the changes in market value of AMP shares plus the value of any dividends paid and capital returns on the shares.

Underlying investment income
Underlying investment income is based on long-term expected rates of return. Actual investment income can be higher or lower than the long-term rate from year to year.

Underlying profit
AMP's key measure of business profitability, as it smooths investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP group. The components of underlying profit are listed on page 45.

Vesting
Remuneration term defining the point at which the required performance hurdles and/or service requirements have been met, and a financial benefit may be realised by the recipient.

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