

ASX Announcement



28 November 2018

Manager
ASX Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Client and Market Services Team
NZX Limited
Level 1, NZX Centre, 11 Cable Street
PO Box 2959
Wellington, New Zealand

AMP Limited (ASX/NZX: AMP)

Confirmation of advice remediation provision

Following evidence produced at the Financial Services Royal Commission on 27 November 2018, AMP confirms the following information regarding its Review and Remediation Program.

AMP confirms the A\$415 million pre-tax (A\$290 million post tax) additional advice remediation provision recognised in its 1H 18 financial results. The table below reconciles this provision to the total program estimate used by the AMP Limited Board and provided in evidence at the Royal Commission.

	Pre-tax (A\$m)	Post-tax (A\$m)	Notes
Additional remediation provision announced 27 July 2018	415	290	Includes remediation amounts for fees, inappropriate advice and lost earnings
Program running costs disclosed but not provisioned	210	147	Disclosed at 27 July 2018 but not included in provision, as estimates were insufficiently reliable to meet accounting definition for provision
Inactive adviser estimate not fully provisioned	63	44	Insufficiently reliable information to meet accounting definition for provision
Future customer lost earnings estimate not provisioned	45	32	Future lost earnings will be paid as accrued


Existing remediation provision	45	32	Refer note 6.1 to the AMP Limited Financial Report for the half year ended 30 June 2018
Total program estimate per evidence to Royal Commission 27 November 2018	778	545	

As previously announced, AMP will provide updates on the costs and delivery of the Program as part of its regular financial reporting, as the remediation methodology and assumptions are confirmed.

As previously disclosed, at this stage no allowance has been made for a contribution from potential recovery options, which AMP will actively pursue.

The figure of A\$1.185 billion referenced in the Royal Commission was an early estimate of the total program costs (now estimated as A\$778 million as above). This estimate was based on a nine year timeframe for remediation that was rejected as unacceptable for customers by management and the Board. The difference in cost was materially attributable to the time frame.

Fee for no services – small to medium corporate super advised plans

As part of the overall fee for no service Review and Remediation program, we are investigating the provision of general advice to corporate super plans. The matter relates predominantly to small to medium corporate super plans established pre FOFA 1 July 2013 managed by advisers. Based on current information, we believe the amount is unlikely to be material. 

For further information please contact AMP as follows.

Media enquiries

Lachlan Johnston
Mobile: +61 466 026 702

Catherine Woods
Mobile: +61 477 320 333

Investor enquiries

Howard Marks
Phone: +61 2 9257 7109
Mobile: +61 402 438 019

Michael Leonard
Phone: +61 2 9257 5207
Mobile: +61 466 773 093

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