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Howard Marks: Good afternoon and welcome to AMP's 2014 interim results briefing. My name is Howard Marks and I'm director of investor relations. To my right is the CEO Craig Meller and CFO Gordon Lefevre who will run you through the results. Thereafter we'll be happy to take questions and answers. If everyone's ready, which I think we are, we shall start. Thanks Craig.

Craig Meller: Thanks Howard and good afternoon everyone. We'll take you through the results presentation as we usually do. Today we've reported an underlying profit of $510 million for the six month period to June 2014 against $440 million for the same period last year. All our contemporary business have contributed to this 16% lift in profit and that's enabled us to increase our interim dividend by 9%. In addition we've made considerable progress on the strategy we set out at the beginning of the year.

We stabilised our wealth protection business, although we've still got a way to go. We generated very good growth in our AUM based businesses through our strong domestic franchise and from our successful targeted offshore expansion, particularly in China and Japan. We've managed a smooth migration to the

MySuper regime and taken some great strides in the customer focus transformation of the core business. We're delivering on our business efficiency program according to the plan we laid out and we've done this while keeping costs well-controlled and our capital position strong.

Consequently our business growth is starting to shift our underlying return on equity in the right direction, moving up to 12.5% for the period. The Board has declared a final dividend of $0.125 a share, 70% franked, which represents a payout ratio of 73% of underlying profit. We're continuing to neutralise the impact of the dividend reinvestment plan by buying shares on market.

Chart 3 sets out the profit summary for the half year. I'll go through the top half of this in a bit more detail as we talk through the business results, while Gordon will comment on some of the adjustments reported below underlying profit.

Chart 4 shows very clearly the lift in our underlying profits being driven by growth across all our business lines, particularly our contemporary businesses. So we'll work through these business results in more detail starting with wealth management on chart 6.

This is a story of strong business growth and cost control in our core business of superannuation investments and advice, which is delivering continued earnings growth through a period of well-managed margin compression. AUM, a key driver for this business, is up 13% over the year to $104 billion and the contribution of earnings growth and cost control has expanded the operating earnings to AUM margin in this business by one bp to 36 basis points.

Another key value driver, of course, is the net revenue margin and you can see margins here continue to move in line with our guidance. As expected the combination of the growth of the north platform, key rebates, and the beginning of the MySuper transitions reduced revenue margins by four basis points over the same period last year, but only one basis point below the second half of last year. We've previously flagged to expect average margin compression to move to around the higher end of our guidance range through to 2017 as the MySuper transitions accelerate. But there may be volatility half by half depending on the quantum of transitions in any one period.

Taking a close look at the cash flows on chart 7, and you can see that net cash flows on AMP retail platforms were up 39% from the first half of 2013, continuing the trend that we saw through all of last year. North now has more than $12 billion of AUM following its fifth consecutive quarter of net flows

exceeding $1 billion. These strong flows were pulled back by outflows from external platforms which were higher than in the same period last year. As we note on the slide external platform flows in the first of 2013 were higher after a number of new practices joined the group. That advisor movement has been limited in this half by uncertainty over the FOFA grandfathering provisions, but with that uncertainty now removed we expect to see more movement among advisor practices over the coming months.

Our corporate super flows have remained subdued as we focus on the transition to the MySuper environment. We've seen a pickup in new business activity during the half with 16 successful mandates ended. Advisor numbers have edged up 2% over the half at a time when total industry numbers are contracting a little as the new FOFA environment beds down.

Onto AMP Bank on chart 8, and as I noted in February, it's becoming an increasingly important contributor to Group profits. Operating earnings were up 11% in the half with a 9% lift in residential mortgages. More of this mortgage growth is being driven by our aligned advisor channel which now accounts for almost a quarter of the new mortgage business. The Bank's net interest margin has tightened a little in the face of strong price competition in the mortgage market and more customers electing to take out fixed rate loans. We continue to target above system growth in the Bank subject to funding availability and our return on capital targets being met.

Turning to wealth protection on chart 9, we've seen an encouraging earnings recovery in this business as our initial actions to improve claims in that did get some traction. Experience across the book across the first half has been broadly in line with our assumptions and that has helped deliver much better operating earnings than for the same period last year. But there is still a way to go.

As we set out on chart 10, this improvement has been largely driven by tactical activities and supported by more benign market conditions. We still have more work to do to build a sustainable, long term basis for the business. As we explained in February, our initial focus has been on pricing and processes, particularly in claims. It's the fastest way of making an immediate impact. At the same time, we've also been

developing a longer term approach in response to the structural changes we've seen in this industry. That work is ongoing and involves implementing a new claims management approach, a new claims management platform and a new insurance proposition.

What's been very encouraging for us is our customers' reactions to our shift in focus to help people get back to work sooner. This is driving increased customer satisfaction as well as better commercial results for us and it's reinforcing the value we believe we can create though our customer focus strategy. But it's pretty early days still and there's much to be done to make our initial tactical wins more sustainable into the future.

We expect second half profit margins to increase slightly relative to the first half, largely reflecting the benefit from the annual CPI and age increases that flow through from July, as well as increased pricing on some Group risk business. We note on the slide we will need to continue driving our profit improvement program hard given the headwinds of the increased investment in this business that we're making and the challenging improvement path we've set ourselves with a gradual reversion of best estimate assumptions to lower longer term levels as of the next few years. The best estimate assumptions that we outline in February remain unchanged and they take into account both the structural and cyclical factors at play in the market.

To recap, we expect claims this year to be broadly in line with our 2013 experience and to improve gradually from this year. At the more detailed level, we expect Group claims to improve in the second half following the repricing of one client's plan, which has been driving much of the recent losses. But, just to repeat, claims experience can be volatile, accidents, trauma and death by their nature tend to be random events, so while our assumptions are unchanged, we continue to expect volatility from period to period as we've previously flagged.

Our best estimate assumptions on lapse experience are also unchanged from February, while the results from the first half of the year are encouraging, lapse rates are traditionally higher in the second half of the year as the annual CPI and age increases work through. So our lapse assumptions for 2014 are around 1% worse than our lapse experience

last year and then gradually reverting to levels more in line with our 2012 experience by 2017.

But let me also remind you, once again, what these best estimate assumptions represent. They are our best estimate at the midpoint of what will undoubtedly be a broader range within which the 2014 result will fall. By definitely, midpoint means there's a 50% chance the outcome will be better than our assumptions and a 50% chance they'll be worse. This industry is characterised by volatility and that potential for variability we expect to continue.

So overall, we're very encouraged with the progress we've made in stabilising our wealth protection business, but we acknowledge that we still have some work to do.

Now moving on, chart 11 sets out the results of both our New Zealand and mature businesses. Both made solid contributions to our overall results. Our New Zealand business continued to deliver earnings growth, even after allowing for the positive impact of an appreciated currency and our success in the KiwiSaver market has been one of the highlights of our business in New Zealand in the year so far. The mature business remains a profitable, high returning part of the Group.

Turning to AMP Capital on chart 12, the 12% lift in operating earnings here was driven by a robust fee growth, particularly in performance fees across a broad range of high value add investments. This more than offset a small uptake in controllable costs so that AMP Capital comfortably hit the cost to income ratio target set for this half. The business continues to target a cost to income ratio of 60% to 65%. One of the highlights in this business in the first half was the very large turnaround in external net cash flows delivered through the ongoing commercialisation of our partnerships with China Life and MUTB.

On chart 13 there are some details on that cash flow turnaround and AMP Capital's investment performance. We've been actively working with both our key offshore partners to deliver investment funds tailored for their market. In China, that's resulted in our joint venture company raising $3.7 billion in net cash flows from Chinese retail and institutional investors in its first full half year of operation. In Japan we've been working with MUTB to broaden our products offering in response to

changing market conditions there brought about by our dynamics. That's resulted in a $2 billion turnaround in cash flows over the same period last year.

More broadly, AMP Capital's investment performance continues to improve with 76% of funds under management meeting or exceeding prior goals over the three years to June 2014 against a target of 60%. 65% of our flagship funds are rated a buy. Just stepping back, you can see that all of our business lines, particularly our contemporary businesses, have been contributing to this set of results.

I'll now pass over to Gordon to take you through some of the other key financials including our capital position costs.

Gordon Lefevre: Thank you Craig and good afternoon to you all. I'm going to pick up at chart 15 in the presentation pack and I'm going to take you first to our bottom line profit to shareholders in the half which was $382 million. It's down on the corresponding half principally due to accounting mismatches. Shares in AMP if we hold in our investment funds on behalf of investors are not committed under accounting standards to be recognised as assets. However we still require to recognise the policy liabilities that relate to these investments at fair value. Hence the mismatch which as our share price appreciates requires us to take a charge to the profit and loss account.

Substantially all of the $49 million turnaround in account mismatches period on period is therefore due to depreciation in our share price over this half year compared to a decrease in the share price in the corresponding half. Below the line charges, one-off, include those relating to the business efficiency program which is an integral part of our transformation. Our guidance is that these one-off costs will total $320 million pre-tax over the period to December 2016. This accounting is consistent with the way in which we treated the AXA integration costs.

The charge for business efficiency one-off cost in the six months to June is $49 million post and $70 million pre-tax with no equivalent amount in the corresponding half. This is in line with guidance. AXA integration costs of $11 million were $20 million down on the corresponding period. There'll be no further charges beyond $9 million in the second half which will bring the total to $310 million, again in line with guidance. Our

balance sheet remains strong. At chart 16 we report capital resources $289 million down on December 2013. Redemption of the original AMP notes accounts for the majority of this reduction.

You'll recall at December we had the benefit of the AMP notes to issue which we took to market late in 2013 in advanced redeeming that pulled $266 million of the existing notes. So $1.9 billion of capital held in excess of minimal regulatory requirements we regard as appropriate relative to our anticipated potential need including both regulatory change and refinancing. APRA has now released its final framework of conglomerate groups although implementation's deferred pending the government's response to the recommendation of the financial system enquiry. It's been flagged by APRA that there may be revisions once its process is complete.

As currently proposed we can absorb any additional capital required within the current $1.9 billion surplus. A minimum transition period of 12 months is expected to be granted by APRA before any new standards come into effect once finalised. Our gearing, interest cover and liquidity levels all remain within appropriately prudent bounds. Improvement in underlying profit has resulted in the board declaring a 12.5% dividend franked to 70%. This is up 9% on last year's interim and final dividends and remains within the 70% to 80% payout range our policy has previously advised.

Dividend reinvestment plan remains in place and as with the final dividend in 2013 we'll purchase shares on market to satisfy any entitlement and neutralising any deluded impacts. I'd like to turn to costs and update you on progress with our business efficiency program. Controllable costs for the 2014 half were $4 million up and well within guidance for a 1.5% annual increase. The table in chart 18 shows that in addition to $13 million of incremental AXA integration benefits for this half $7 million of business efficiency benefits were also realised.

These benefits enabled us to contain cost growth in the half to less than 1% year on year, absorbing underlying inflationary growth and the previously flagged headwinds from reduced R&D credits and a stronger New Zealand dollar exchange rate. Incremental reported benefits from the AXA integration will start to be replaced by business efficiency

benefits over the coming periods. These business efficiency benefits as we have previously guided and confirmed today will deliver $200 million of pre-tax annual savings on a run rate basis by the end of 2016. We're fully mobilised to deliver this program and its benefits.

Chart 19 shows that $17 million of cumulative benefits in total have already been achieved across variable and controllable cost. Chart 20 highlights progress we are making on the initiatives we detailed at the full year profit announcement as being our focus for the first half of 2014. With a combination of organisational design changes, rationalisation of support functions, IT Cloud computing, outsourcing of back office activities and process efficiency changes benefits are flowing as expected to the controllable cost line to the extent we over deliver business efficiency benefit as previously advised we tend to reinvest additional savings in transformational growth initiatives.

We also have completed the multi asset fund consolidation which reduces asset management pay-away, reducing variable costs and positively impacting our margin. We reconfirm our controllable cost guidance for the full 2014 year at around 1.5% up on 2013. I'll now hand back to Craig to complete this afternoon's presentation before we take questions.

Craig Meller: Great. Thanks very much Gordon. Now looking forward as we outlined a year ago and set out again on chart 22, our strategy to drive stronger growth from AMP's unique set of capabilities and assets there's four key components.

First to prioritise investment in the highly attractive Australian market to capture the strong growth projected over the next decade and beyond.

Second to use this investment to transform our core Australian business to centre on customers, which generates stronger revenue growth.

Third, to reduce costs, maintain our market leading efficiency and create capacity for further investment. Finally, to expand selectively offshore through AMP Capital partnering with National Champions in ley markets. This strategy builds on our current business strength and helps us respond to a world being reshaped by changing consumer expectations, technology and regulation. As part of this response we've today made a separate announcement about the actions we're taking to strengthen our advice propositions for consumers and remind them of the strong safety net that our business model provides them.

these commitments will further underpin the work we're doing to develop new advice models to suit different customer needs as part of the transformation of the core Australian business.

We've taken some other big steps in that transformation program in the first half of the year, as outlined on slide 23. We've broadened our digital reach through our new apps, we've split up our new operating model, we've used human centred design and behaviour economics to help develop new solutions and improve ways of communicating with our customers. We've taken most of our staff through a very specific program to align them with the delivery of our strategy.

One of the most powerful agents of change will be our new customer measures including the net promoted system, driving continuous improvement programs right across the business. We will reinforce through the investments we're making in the second half in our new call centre telephony platform and staff upskilling.

2014 is very much a foundational year for this transformation with a focus on getting the right infrastructure in place, ensuring our employees understand what we need of them and getting the right metrics in place. We've made significant progress on all these fronts. Gordon has already taken you through the third component of our strategy with the updates on our business efficiency program and the fourth component is set out on chart 24 which is our selective expansion offshore through AMP Capital.

Again, we're pleased with the progress we're making here. In china, the time and investment we've put into building a trusted relationship with China Life enabled us to move very quickly last year when regulations around fund managers changed and we're now reaping the benefits of that early move action. Similarly in Japan, our active and ongoing relationship with MUTB has resulted in a number of new investment funds being brought to market in a relatively short timeframe to broaden our offer there. Our strategy of targeting global pension funds using the skills and capabilities developed in Australia is also delivering results. We have over 104 global pension fund clients worth over $4.7 billion in funds under management,. This strategy is also attracting substantial offshore investment into Australia. Our $5 billion property development pipeline is being strongly supported by pension and sovereign wealth funds from Canada and the Middle East.

So, in summary, we've seen some pleasing growth across the business in the first half, underpinned by significant traction in the execution of our strategy. The Wealth Protection business is stabilising although we still have more work to do there. Our business efficiency and customer transformation programs are on track and our offshore expansion is progressing well. At the same time, we're controlling costs tightly and maintaining a strong balance sheet. This has enabled us to lift the dividends and push our underlying ROE in the right direction. With that I think I'll hand back to you, Howard. Thank you.

Howard Marks: Just before we start the Q&A session I'd just like to remind everyone that today's briefing is being webcast live, so if you do have a question, please raise your hand, wait for the microphone and then state your name and company clearly to be registered. In terms of protocol, we'll take questions from the floor first and then we'll move to the phones. Over to you Brett.

Question: (Brett Le Mesurier, BBY) Thanks Howard. Brett Le Mesurier, BBY. Couple of questions. The revenue margin for the Australian wealth management business, is falling and you've referred to the North product as one of the reasons for the fall. Cn you comment on the extent to which the current revenue margin is greater than the margin you're getting on the North product?

Craig Meller: Yes, it's no different from the North business than the rest of the new business that we write. One of the long term characteristics of this industry is that you write new business at a lower margin than the imports book and because such a large percentage of new business is going through, North has had effect, but it's not significantly different from the flexible super product.

Question: (Brett Le Mesurier, BBY) So it's in the order of ten basis points less than the current…

Craig Meller: I'd have to come back to you on the absolute details, but the guidance we've given takes into account all of the expected margin squeeze and the transition of the full-fund business over the period from now to 2017.

Question: (Brett Le Mesurier, BBY) Okay, secondly, on the wealth protection business, is the pricing basis that you're using for that consistent with your current experience?

Craig Meller: What do you mean by pricing basis?

Question: (Brett Le Mesurier, BBY) Well the basis on which you calculate the premiums and price your products and sell them.

Craig Meller: Yes.

Question: (Brett Le Mesurier, BBY) So it would be fair to draw from that the conclusion that the ROE you're currently expecting on that business that you're writing is around 10% given that the ROE experience is currently delivering?

Craig Meller: No, we'd expect the ROE to be coming out slightly higher than that because of the [inaudible] and the expectations for a long-term lapse in the claims rate.

Question: (Kieren Chidgey, Deutsche Bank) I'll start with a couple of questions on the wealth and protection business. The experience losses we saw around the group recently, I think they were $13 million, can you just comment, are they all related primarily to that large customer which has been repriced and therefore should we be expecting those to fall away in the second half?

Craig Meller: Very much so and yes we would be expecting them to fall away in the second half with essentially that experience moving into planning margins but being offset by higher premium incomes. So essentially that should drop away, all other things being equal and they never are.

Question: (Kieren Chidgey, Deutsche Bank) Just on that topic, the lump sum experience numbers I would think they're just random mortality variation -

Craig Meller: Yes, we're watching those closely, because they've been negative over three quarters now. But they do fall within a normal range of volatility. But it's something that we need to keep an eye on.

Question: (Kieren Chidgey, Deutsche Bank) Okay. Then more broadly around the ROE and the growth, obviously the focus has been on stabilising profitability in that business over the last 12 to 18 months. But given it looks like we're getting to close to that being the churn, I mean, how - what are the plans to reinvigorate growth? Get the ROE up above 10%

Craig Meller: So the absolute focus is on getting the claims and lapse rate down ahead of growth. At the same time, we're putting a lot of effort into building capability of understanding what could the risk insurance product of the future look like and how do we redesign the proposition so that the consumer is more likely to renew year in and year out. We're really in the research and testing phase of that at the present time. We'll be bringing a serious of pilots to market over the course of the next six to 12 months. So putting a long term solution in place we still think is late 2015.

Question: (Kieren Chidgey, Deutsche Bank) Okay. Final question, just on the wealth business. But more related around the other revenue line, which I know includes SMSF revenues, which were fairly flat. But ex that, there's now $40 million of other revenues which I understand kind of relates to fees you generate from other parts of the business, like wealth protection. Why are we just seeing no growth in that other revenue line, essentially?

Craig Meller: Well, it tends to be premium related. So it moves in line with premiums, which haven't been growing. So that's the first point. The other is we always hold a float of planner businesses that we're either holding to support the Horizons Academy or to - we're in a position where we bought them back off an advisor and we hadn't yet sold them out to a new advisor. The variations in the value of that portfolio go through that line. So in periods of strong market performance, you tend to see that line jump a bit, if markets are pretty flat, like they were in the first half of this year it's obviously subdued. If markets go down, it takes a hit.

So there's a bit of volatility in that line arising out of that. On the SMSF side we've seen a small growth in revenue there. It's a focus risk going forward - is how do we organically growth the SMSF of accounts under administration. We see that as a big opportunity for us going forward.

Question: (Daniel Toohey, Morgan Stanley) Yes. Thanks. Daniel Toohey from Morgan Stanley. I've just got a question - a couple of questions. Firstly, on the opportunities you're seeing within the life reinsurance market. There's a lot of capital circling in the Australian life market. Are you considering options with respect to that and [inaudible].

Craig Meller: Yeah. We haven't seen pricing that looks attractive to us. There might be a lot of capital, but it wants a big return. So it's something we're alive to and I think we've said previously that over the medium term we'll look at the opportunities to use reinsurance to make the life insurance business less capital intensive. We haven't seen pricing that we'd find attractive to do that to date.

Question: (Daniel Toohey, Morgan Stanley) Okay. Just on the value of new business in wealth management, the movement or the growth we saw versus PCP was around 15%. It's the strongest it has been since 2007. Can you give us some flavour as to what's really driving that to concerns around the fees.

Craig Meller: Yes. So there's a couple of things there. One is, if you look at cash in, that is up a lot, as well. So the VMB sort of is incrementally higher as a result of that. I

think cash in was up about 13% from memory. Despite premium to that, it's probably something that has been working out over time that as North's gathered scale, so the value metrics for North increases in value, because of the way the actuaries apply cost to the North business and apply it going forward. They don't take into account as effectively as we believe the operational leverage of a growing - a fast growing platform.

We should expect to see that ticking up over time and the profitability of North grow.

Question: (Daniel Toohey, Morgan Stanley) Then just a final question on AMP Capital. Obviously, the external quotes the turnaround has continued to be positive. Internal flows continue to, I guess, disappoint. Notwithstanding, I guess, the $800 million in outflows from the mature book. There's obviously a huge opportunity there to turn that around, mindful the headwinds around the mature runoff, can you give us some comments on what you're doing.

Craig Meller: Certainly, so the opportunity for AMP Capital to win a greater share of AMP's broader business, we agree that it is a big opportunity and it has got to be measured against the desire of consumers to have choice across a range of options. So what we're looking at is trying to reorient the business, so that the AMP Capital option is almost, if you like, the default option. Of course, in stronger super it is the default option. But how do we start developing more outcomes based investment solutions that have more AMP inside is one of the components of our strategy to, if you like, win a - make sure AMP Capital wins a greater share of the internal AMP flow.

Ross?

Question: (Ross Curran, CBA) Ross Curran from CBA. Just a quick question from growth options. We've had a lot of talk recently about post retirement income solutions. I was just wanting to get AMP's thoughts on perhaps moving to the annuity market.

Craig Meller: Well, we're already in the annuity market.

Question: (Ross Curran, CBA) Sorry, getting back to more aggressively obviously.

Craig Meller: Yeah, we're already in the annuity market with the North Guarantee, we had nearly $300 million at close in the first half of the year into North Guarantee products. That option is available for any customer, so what we're finding is that when you explicitly price the cost of the guarantee, the demand isn't as

attractive to a customer. What we're very keen - and we'll be making submissions in to the financial system enquiry around - the need to have a very measured review of not just the product settings, but also the policy settings for retirement income. We believe that there is a consumer need to protect themselves against market volatility and longevity insurance in retirement.

But at the moment with the policy settings, the cost of providing that looks pretty expensive, so how can we work with the government and regulators to set policy settings that make it economic for consumers to do that. So realistically I think that’s a medium-term thing.

Howard Marks: Questions from the floor.

Operator: Thank you, the first question is from Lafitani Sotiriou, Bell Potter Securities. Go ahead thank you.

Question: (Lafitani Sotiriou, Bell Potter Securities) Thanks, so good afternoon everyone and congratulations on a strong result. I was hoping to get some commentary on how AMP is positioning following the high profile CBA advisor issues and more recently some of the concern in relation to Macquarie. Is there a strategy that AMP has at the moment? Do you think you'll be a net beneficiary over the period ahead? Are you expecting to gain advisors and do you think ultimately the major banks - any of them - are reassessing owning advisor networks?

Craig Meller: You'll need to speak to the major banks in terms of answering the last question on that. Look I think overall our biggest concern is the dense consumer confidence in the financial planning industry. If you look at the growth strategy that we set out for our business and our desire to develop new ways of delivering advice to Australian consumers, that's built on a premise that, at the present time, 85% of Australians don't make use of a financial advisor. That's a very large untapped market. We need to have an industry where there's the utmost levels of consumer confidence in that industry for us to win the argument without 85% of consumers which is a component of our growth strategy.

So the separate announcement that we made today - which is really about how do we restore full consumer confidence to the financial planning industry and AMP leading the way - it's about putting much greater levels of professionalism into the industry. We’re essentially saying to be an AMP advisor in the future you need to have a degree level of qualification, you need to have been through the appropriate ethics and integrity training and we believe that’s the first step

that the industry can take in terms of recovering that confidence. It's also very congruent with our strategy to grow our advice footprint.

Question: (Lafitani Sotiriou, Bell Potter Securities) Do you - I guess part of the comments that you're making is sort of suggesting that you're in the same boat as some of the major banks. I mean do you consider AMP sitting separately to the major banks, and do you think you will pick up some of their advisors over the year ahead?

Craig Meller: Look, I do think our advice model is very different. When you go to see an advisor working under an AMP umbrella you can be sure that the advisor is going to negotiate their fee with the client. Our self-employed model absolutely requires that because that’s how the advisors make a living. So you know that explicitly the remuneration arrangements that the advisor has. We have very high standards of education for entry into the AMP system, the Horizons Academy is marketing leading in that respect. You have to go through a 10 week education process to come out the end of being a graduate of the Horizons Academy. Then you'll go through a nine month period in chambers if you like where you're closely supervised before we say, yeah you're fit to be a fully-fledged financial advisor. So that shows you the sort of commitment we've already got. I think that makes AMP stand out.

As we've seen growth in our advisor numbers over the last few years as we've seen industry numbers more broadly reduce, this shows the AMP model's been attractive to advisors and we'd expect to attract high quality advisors to our model going forward.

Question: (Lafitani Sotiriou, Bell Potter Securities) Thanks for that Craig, and just one final question. In the past you’ve discussed the level of discretionary super contributions. Can you just give us an idea as to whether they’ve started to pick up or?

Craig Meller: Yes, and I'm just going to find the right page of the Investor Report to you, to give you a feeling of what we're seeing in that. The wealth management cash flows on page eight, if you look at the split between employer contributions and member contributions you'll see we've got a 13% uptick in member contributions and only a 10% uptick in employer contributions was an indication of increasing discretionary investment there. But you can see it's still reasonably modest. Together with the transfers and roll-overs in that's essentially us winning business from the competition.

Question: (Lafitani Sotiriou, Bell Potter Securities) Thank you.

Howard Marks: We'll go to Siddharth in the back.

Question: (Siddharth Parameswaran, JP Morgan) A couple of questions if I can, once again on the theme of planners. Just when I look at your advisor numbers there seems to have been quite a change in terms of the mix of advisors, and particularly Jigsaw numbers were up, but pretty much every other category of advisers was down. Is there a reason for that?

Craig Meller: Historically we tend to find that advisers retire on 31 December so particularly in a year of regulatory change I'm not surprised that we've seen more advisers leave over the last six months but in reality most of that was 31/12. We then tend to see a recovery through the second half of the year and I wouldn't expect the trend to be different this year from prior years.

Question: (Siddharth Parameswaran, JP Morgan) Just a related question, just looking forward. Obviously planner time presumably has been - a lot of planner time presumably has been getting up to speed with FOFA et cetera; do you have any thoughts on how much time is actually likely to be freed up in terms of chasing flows and whether we're likely to see a tick up in flows going forward?

Craig Meller: Look I think there's a big opportunity. Certainly our focus is moving much more towards how do we increase productivity of financial advisers rather than increasing absolute numbers of financial advisers. We've got some technology capability that we're making available to our advisers as we speak - a new sort of iPad app capability that we've delivered is going to allow them to deliver end-to-end advice much more efficiently for more simple advice solutions, and so we see opportunity there. It's quite difficult when you're piloting those new capabilities to say, that's definitively going to turn into new flows, but it's certainly where our focus is lying at the present time.

Question: (Siddharth Parameswaran, JP Morgan) Just one last question, on the opportunities on the fee income line in capital investors. You talked a lot about the strong pipeline: could you give us your thoughts on what we could see on performance and transaction fees going forward given that we’ve seen a tick up in expenses, partly presumably because of that?

Craig Meller: Yes, well we're expecting to see continued good growth. We're not putting definitive guidance out to the market, what we're trying to give is a view that we’ve got a good pipeline of opportunities coming through, for instance the

commitments we've got under the latest infrastructure debt issue, is commitments, it's not yet invested and therefore our knowledge of whether is going to come. Similarly, within the property business, we're quite clear about what the growth in AUM is going to be within the property business because of the development pipeline we've got there so if you like, it gives us more certainty to the future growth of the business rather than putting a spot number on what the result's going to be.

Operator: Thank you. The next question is from Nigel Pittaway from Citigroup. Go ahead thank you.

Question: (Nigel Pittaway, Citigroup) Hi guys, a couple of questions if I can. First of all on Bank margins: you obviously flagged a bit of contraction there with fixed-rate loans the prime reason. Do you think you're through the worst of that or are you expecting more to come?

Craig Meller: I came off the Bank board at the end of last year and Gordon's gone on the Bank board, Nigel, so I'm going to let him answer the questions on how he's let margins slip.

Gordon Lefevre: Thank you Craig. Nigel, the margin position is one which is driven essentially by competition, but also a mix of mortgages more into fixed-rate so we continue not to be price makers but price takers, and just wanting to have our growth pegged at or around system without moving the margin dial too much.

Question: (Nigel Pittaway, Citigroup) Right, so we think the worst is over, or -

Gordon Lefevre: I think that competition in mortgages will continue to be intense, and we need to play into that competition but, in playing into that competition to be price takers rather than price makers. We also can't push back against the tide if there's a move into fixed-rate mortgages. So for us it's really floating along with that, but at the same time being reasonably tactical as we position ourselves as a relatively small player in a very large market.

Question: (Nigel Pittaway, Citigroup) Second question then, on the wealth management margins. Can you comment on how much the MySuper bank book has actually moved so far, and whether or not the straight line assumption you've got in the margin squeeze is still looking realistic for the remainder?

Craig Meller: Yes, the amount that moved in the first half of the year I think was $700 million - maybe $900 million - but it's quoted in the investor report, which - the money that's going to move that's high margin. So the actual amount that's operating in

the MySuper funds is much greater but the large corporate business that we have specific MySuper funds for has essentially already moved.

So our transition is well-progressed. It's just all the fine-margin stuff has moved immediately. The higher-margin stuff is going to move out much later. So what we've been quite clear on, Nigel, is we know where we'll be in 2017. The migration part to get there will have volatility along the way and in this period it worked a bit poorer, so I think maybe one basis point down from the prior - from the end of last year. It was the fact that MySuper didn't migrate as fast as we expected.

Question: (Nigel Pittaway, Citigroup) Okay. And then maybe just on the wealth protection business, obviously you've mentioned as one of the factors that planned profit margins were a bit higher than previously guided is a favourable mix. Can you just expand on that a bit?

Craig Meller: We wrote more - or less income protection business planning is probably the [easiest] way of describing it.

Question: (Nigel Pittaway, Citigroup) Right, okay. And are you still thinking about the end of the average pricing in September as the sort of thing that should be favourable in terms of individual lapses?

Craig Meller: So there's a number of impacters on individual lapse rates. The small improvement that we have seen in lapse rates we think is down to two things, one we've got a big more forensic in the inbound call centres around customers. Making sure that they're talking to our risk insurance experts when a call comes in. Secondly, we've seen a reduction in our two year lapse rates which is the period when the planners crawl out of any clawback arrangements.

So I think some of the actions we've been taking against individual advisors are now showing in our lapse rate. We'll be scaling up that communication process to customers on renewal of their annual policies and we think that will have further impacts. Not putting prices up from September we think will have an impact too. So our feeling overall is that we've made some progress on lapses. I don't think we're as far progressed on solving the lapse issue as we are on the income protection claims issue, but we're confident with the actions that we can see us putting place, to deliver, to achieve the new best estimate assumptions.

Question: (Nigel Pittaway, Citigroup). Right okay. And maybe just a final question, just on corporate super. I mean obviously you were flagging the hope of some

improvement on that to the full-year, hasn't really come through but I obviously note what you're saying about those mandate wins.

I mean with those mandate wins is that business now getting back to where you want it to be? Or do you think there's further to go in respect to that?

Craig Meller: I think in terms of the proposition that we've got that we're taking to market. I think we've lifted our gain quite significantly there and it's showing through in the mandate wins that we're getting but also in the levels of satisfaction with our existing customers that we're seeing coming through. It's obviously pleasing to win new mandates and that's going to be a clear focus for us going forward.

Question: (Nigel Pittaway, Citigroup) Okay, thanks very much.

Operator: Thank you, the next question is from Ryan Fisher from Goldman Sachs. Go ahead thank you.

Question: (Ryan Fisher, Goldman Sachs) Thank you, I've got two questions, one on costs one on capital. Firstly on costs, Craig if I remember correctly, I think when you were launching the new program, the new efficiency program, I think you mentioned that you expect maybe 2.5% to 3% underlying growth in the business and that - I think the quote you used was that that would be more than offset by the efficiency program. So we do have specific guidance for this year. But as we look out for the remainder of the program does that imply that you're looking to get that down to zero cost growth and reinvest the rest, or - what's your thinking on growth versus savings straight to earnings?

Craig Meller: I'll let Gordon take this one.

Gordon Lefevre: Look, going forward we think the as the program accelerates that we will be able to begin to get pretty close to offsetting the underlying cost growth. And certainly it's our target to look to contain costs over the medium term.

Craig Meller: That simplistically for me Ryan is, you sort of put that underlying cost growth guidance into your model and then take off the guidance that we've given on the efficiency program. When you work the maths through it means overall costs, controllable costs won't be increasing for the next year or two.

Question: (Ryan Fisher, Goldman Sachs) Okay thank you. And on capital I just wanted to get some clarification. I'm pleased with your comment that the conglomerates standards are manageable within the existing buffer of $1.9 billion, but it's hard from the way you worded that comment to judge whether those changes are significant or not. Could you just give us some indication?

Gordon Lefevre: I'll take that again Ryan. Yes they are. They're large but they are certainly manageable within the surplus that we have. The challenge that we'd have with the regulatory changes is similar to LAGIC, they can actually change in magnitude as you actually get closer to the implementation. So what we've avoided doing is putting a number out there to guide you on what the extent of the changes are. We know what they are based on the way in which level three works for us currently but that could change between now and the time that it's implemented. And the time of implementation for us is uncertain so the best thing that we could do was to guide that within the ambit of the surplus that we do have, we can absorb the changes as we see them today.

Question: (Ryan Fisher, Goldman Sachs) Okay fair enough. And could you perhaps just in principle just explain perhaps what the changes are, like which moving parts are affected?

Gordon Lefevre: Yes, so there are some positives and there are some negatives. You get defined benefits and deferred tax, that's our negatives going against us. And then there's a positive where you get a bit of a benefit from the consolidation of the group. So what level three does is give you a bit of diversification benefit. So two major negatives and a positive

Questions: (Ryan Fisher, Goldman Sachs) Great, thank you for that.

Howard Marks: Any further questions from the floor? From the phones? In that case I'd like to bring today's briefing to an end. Thank you. If you have any further questions as they day progresses please feel free to give either Stephen Daley or myself a call. Thanks a lot.

[END OF TRANSCRIPT]