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Howard Marks: Welcome everyone to AMP's full year results briefing. My name is Howard Marks and I'm Director of Investor Relations. To my right is CEO Craig Meller and CFO Gordon Lefevre, will take you through the results. Thereafter, I think we'll stop for some Q&A. If everyone can come in, then we might begin. Craig?

Craig Meller: Okay, thank you Howard and good afternoon everyone. So today we've reported an underlying profit of $1.12 billion for the full 2015 financial year, and that's up from $1.05 billion in 2014. The continued momentum in the Australian wealth management, AMP Capital, AMP Bank and New Zealand contributes to this 7% increase in underlying profit and demonstrates the resilience of the business in challenging second half conditions.

The recovery in our wealth protection business continues to focus on long term improvement, however as previously flagged, results in the second half were impacted by some experienced volatility. Across the business, we've managed costs tightly, driving our cost to income ratio down by 1 percentage point to 43.8%. This growth in operating earnings and disciplined cost management has enabled us to increase our total dividend for the year by 8%.

We've made continued progress in the execution of our strategy, with the customer transformation of our core Australian wealth management business showing early signs of success, encouraging growth from targeted international expansion, particularly through our partnership with China Life

and our global infrastructure investment capabilities and our Business Efficiency Program on track, delivering anticipated run-rate savings on time and on budget. As a result, our underlying return on equity has continued to move in the right direction, up to 13.2% for the year.

The Board's declared a final dividend of $0.14 a share, franked at 90%. This takes the total dividend for the year to $0.28 a share which represents a payout ratio of 74% of underlying profit. We've also extended our future dividend payout ratio to a target range of between 70% and 90% of underlying profit, reflecting our confidence in the financial strength of the Group and we're continuing to neutralise the impact of the DRP by buying shares on market.

Chart three sets out the profit summary for the year and as usual, I'll go through the top half of this table and talk you through our business unit results and then Gordon's going to comment on some of the adjustments reported below the line.

Chart four shows the continued growth momentum across our business and demonstrates resilience in the face of more challenging conditions in the second half.

So let's look at these business results in a bit more detail, starting with wealth management on chart six. Our superannuation investments and advice businesses have continued to deliver good earnings growth through a period of expected and ongoing but well managed margin compression. Disciplined management of the business has created positive jaws, with an increase in average AUM, up 10% to $114 billion, and a reduction in controllable costs, down 2.7% on full year 2014, combining to deliver a 10% increase in operating earnings.

Importantly, operating margins have remained steady at 36 basis points and overall margin compression over the year has remained within guidance at 4.3%. As MySuper transitions accelerate over the next 18 months, we continue to expect average margin compression of around 4.5% a year to June 2017, but as previously flagged, the lumpy nature of these transitions means the extent of compression is likely to be volatile from period to period, particularly as the deadline for transitions approaches.

Chart seven sets out the cash flows for the year and the strength of these cash flows demonstrates both the resilience and the diversified nature of our wealth management business. Net cash flows on AMP platforms increased by 5%, driven primarily by strong corporate superannuation flows. Net cash flows from our contemporary corporate super businesses were up 81% on full year 2014 to $1.3 billion, and this includes flows from mandate wins over $500 million. A strong result given the funds were largely transitioned via member consent rather than successor fund transfer.

Our flagship retail products, North and Flexible Super continue to deliver strong AUM growth and between them generated almost $6 billion in net cash flows during the year. However, cash flows for these products was somewhat impacted by investment market volatility in the second half and a lower level of activity across the industry as the result of implementation of regulatory changes.

As we flagged previously, Genesys practices continued to transition out in 2015 and impacted total retail net cash flows by around $650 million across the year. At year end, 39 practices had transitioned to Charter and AMP financial planning, 26 had left the AMP Group and two remained in the Genesys network. Although further outflows of around $400 million are expected in the first half of this year, the profit impacts remain immaterial. Excluding the impact of Genesys, total wealth management net cash flows are up 27% on the previous period.

Turning to AMP Capital on chart eight, the 20% increase in operating earnings in our investment business was driven by strong external net cash flows, good AUM growth and a 14% increase in fee income. The increased fee income reflects a 72% uplift in performance and transaction fees on full year 2014, driven in part by the strong performance of our infrastructure funds. Significant improvement in our external net cash flows was influenced by our partnership in China, growing international demand for our infrastructure capabilities and strong domestic flows into our retail multi-asset and property funds. At around 61%, AMP Capital's cost to income ratio has moved to the lower end of the guidance range.

Chart nine provides more detail on AMP Capital's cash flows and investment performance for 2015. Our joint venture, China Life AMP Asset

Management, which we call CLAMP, continues to go from strength to strength. It contributed almost $1.7 billion to external net cash flows during the year, on the back of 19 new products and the continued flight to defensive assets during the Chinese equity market volatility.

Japan is proving more challenging given the prevailing market conditions and you can see this reflected in the cash flows for the year. The challenge is largely a behavioural one, to convince investors to switch from very low risk, low return bank products to fixed income products that offer a better return but come with slightly higher risk. We're working closely with our partner, MUTB, to address the issue and remain confident in the long term growth fundamentals and attractiveness of the market. Investment performance across AMP Capital more broadly remained strong with 82% of assets under management meeting or exceeding client goals over the three years to December 2015 against the target of 60%.

Our wealth protection business results are set out on chart 10. Our focus on business recovery continues to deliver long-term improvement with profit margins increasing 5% on full year 2014. This uplift has been driven by tight management of controllable costs and the ongoing impact of repricing within our Group risk book in the second half of 2014. However the impact of experienced volatility was clearly visible across the book in the second half. IP claims experience was down in the second half, reflecting both volatility and the ongoing impact of embedding our new claims management approach into the business. The new process is taking longer to embed than we'd initially anticipated, however we remain confident that the approach is the right one and it will help to ensure the long term strength and sustainability of the business.

The focus on embedding the claims process into our income protection business will continue in the first half of the year, with the rollout into the lump sum business now scheduled for the second half of 2016. In terms of lump sum, the second half result benefited from some upside volatility, however when we looked at the results more broadly, we've experienced high volumes of term life claims across the last two to three years and so we've moved to strengthen our mortality assumptions accordingly. Lapse experience for the year was flat, reflecting delivery of improvements in line with guidance and individual risk API remains subdued as we continue to manage the business for value, not volume.

Turning now to chart 11, the focus on business recovery continues, addressing three key areas. Claims and lapses, with the focus on fully embedding the new claims process in income protection prior to rolling it out more broadly, and from a lapse perspective, extending the targeted retention campaigns that were trialled successfully last year. Capital management, where options for reinsurance remain on the radar but with timing dependent on business performance and market conditions, and thirdly the introduction of a new insurance offer which will be scaled with the rollout of the new advice model.

With this work still ahead of us and market conditions largely unchanged, our best estimate assumptions remain in line with previous guidance. With the exemption of lump sum, where the change to best estimate claims assumptions, that I just mentioned, are expected to improve experience profits but reduce future profit margins by around $10 million a year from 2016. Annual premium income is expected to remain subdued due to ongoing investment and management focus on business recovery. Best estimate assumptions for IP claims have now reverted to longer-term levels in line with previous guidance. Best estimate lapse experience assumptions are still on the glide path and will gradually revert to a long term rate of approximately 13.5% by 2017.

As we've seen in the second half, experience volatility remains inherent in this industry and is expected to continue going forwards. As a result, our best estimate assumptions remain at the midpoint of the range of expected volatility. Overall, we're encouraged with the progress we've made in stabilising the business and setting it on the road to recovery and we believe the actions we're pursuing will deliver long term strength and stability.

Turning to chart 12 and AMP Bank. The Bank's integral to our customer centred strategy, with debt management solutions and mortgages core to helping our customers achieve their financial goals. It continues to deliver strong earnings growth, with operating earnings up 14%, driven by expansion of the net interest margin. The Bank maintained a competitive market position, with the total loan book growing by 5% on full year 2014, to $15.2 billion. This growth was constrained by lower investor property lending, necessary to meet regulatory guidelines. This also impacted our ability to grow new mortgage business via our advisors, who tend to focus

more on investor and SMSF lending. It meant that the measure remained broadly in line with 2014, at 24%.

Importantly, we re-entered the investment lending market in late 2015 and we're encouraged by the volumes that we've seen to date, with early indicators suggesting that there'll be no impact on long term growth. As at the half year, controllable costs in the bank have increased, as we continue to invest in the systems and experience improvements necessary to support long term growth. The Bank continues to enjoy a strong capital and liquidity position above both internal and regulatory thresholds.

Chart 13 sets out the results for both our New Zealand and mature businesses. In New Zealand, we've worked hard to offset the loss of transitional tax relief. Operating earnings were up 9%, reflecting strong growth in profit margins and good experience profits. These experience profits reflect the transfer of learnings in the claims space from Australia to New Zealand. The mature business continues to generate good profits, although operating earnings were down 9% due to a combination of expected run-off, lower bond yields and the ongoing impact of a couple of large one-off wholesale redemptions that we'd flagged in the second half of 2014.

So, stepping back, the business unit's results show continued growth momentum across our contemporary businesses and demonstrate resilience in the face of challenging second half conditions. So I'll now pass over to Gordon to take you through some of our key financials, including the capital position and costs.

Gordon Lefevre: Thank you Craig and good afternoon to you all. I'll pick up at chart 15 of your presentation packs this afternoon. The bottom line profit attributable to shareholders is $972 million for 2015, that's up 10% on last year. Underlying profit, a key measure of business performance, is up 7%. The differential growth rate to the bottom line profit reflects the following changes year-on-year: AXA integration costs that are now behind us; Business Efficiency Program costs which are down $34 million, or over 30%, as a consequence of the profile of this expenditure being skewed to the first years of the program; and accounting mismatches which reduced reported profits by $44 million for the year, more than double the 2014 amount. This was due to larger negative adjustments for Investments in

Controlled Entities, offset to an extent by a small adjustment for Treasury Shares.

As in 2014, market adjustments were positive overall. A significant increase in fair value market adjustments for annuity products, driven primarily by narrowing credit spreads on government bonds, was offset by lower market adjustments for both investment income and risk products. Declining short-term interest rates in bond yields were the main drivers behind those reductions.

On chart 16, we outline key balance sheet, capital and liquidity metrics. Our balance sheet remains strong. Gearing is unchanged at 10% and we've improved interest cover. This reflects both improved earnings and reduced interest costs on corporate debt in a declining rate environment. The shift in mix between senior and subordinated debt reflects new issues of Tier 1 hybrids during 2015 and the redemption of medium-term notes. The hybrids issued are recognised by the regulator as eligible capital in the Life companies and in AMP Bank. Consequently, and to the extent permissible, these were on-lent to those subsidiaries, as detailed in the investor report.

This capital management activity has enabled us to plan ahead for the redemption of $600 million of AXA subordinated notes in March of 2016. As previously flagged, this is the sunset date for the loss of regulatory transitional relief on these instruments. Hence, we announced our intention to redeem the notes last month. Due to timing differences, our excess capital increased to $2.5 billion as at December 2015, but will reduce by the $600 million once the AXA notes are redeemed. Consistent with prior periods, we report excess capital before dividends declared.

The level of capital held in excess of the Group's minimum regulatory requirements is appropriate, given the current market conditions and our anticipated future potential needs. This includes any expected regulatory changes from Conglomerate Standards. Implementation of these standards remains deferred. As per previous guidance, we expect to absorb any additional Level 3 capital requirements from the new conglomerate standards from within existing surplus capital.

Turning to chart 17. The Board has declared a final dividend of $0.14, 4% better than the second half of 2014 and 8% up year-on-year. The final dividend is franked to 90%, and for domestic shareholders, increases in

franking during 2015 give rise to a 12% increase in gross dividends year-on-year. Dividends in 2015 were within our 70% to 80% payout range and the Board has decided to increase the range to 70% to 90% going forward. This provides additional flexibility and reflects confidence in the financial strength and cash generation potential of our business. This is influenced, in turn, by the ability to generate consistent growth in business units that have lower relative capital intensity. The dividend reinvestment plan will remain in place and, consistent with the treatment for our last four dividends, we will purchase shares on market to satisfy entitlements, thereby neutralising any diluted impacts from the DRP.

Turning now to costs on chart 18 and an update on our Business Efficiency Program. Controllable costs were 0.8% down year-on-year, on an equivalent basis. This is before the impact of the weaker Australian dollar, high incentive rewards for AMP Capital, and costs relating to the SMSF businesses acquired during the year. This outcome reflects continued cost control. It's been achieved despite ongoing investment in international growth and AMP Capital's business, capacity and capability build in AMP Bank and underlying wage and inflation growth.

Business Efficiency Program benefits in 2016 will, again, offset the majority of underlying cost growth and reinvestment in the business. Overall, controllable costs are expected to grow by approximately 3.5% in the coming year. This guidance is before any currency impacts and allows for 10% growth in AMP Capital costs and the full-year effect of costs relating to the acquired SMSF businesses, which we estimate to be $35 million.

Growth in AMP Capital costs reflects continued expansion of that business and incentive rewards that are directly linked to business outcomes. Guidance for a 60% to 65% cost to income ratio in AMP Capital remains unchanged. It is that measure, in preference to absolute costs, that we'll focus on going forward.

Chart 19 shows that in excess of $100 million of cumulative benefits have now been delivered by the Business Efficiency Program. The program remains on track to deliver $200 million of pre-tax annual savings on a run rate basis by the end of 2016. Consistent with prior periods and, as we've flagged, in any period where we over-deliver savings, these are being reinvested in transformation growth initiatives. On a cumulative basis, the

one off costs relating to program implementation now total $293 million pre-tax. We expect, and reconfirm today, to spend $320 million pre-tax on implementation and to complete the program by December of 2016.

I'll now hand back to Craig to complete this afternoon's presentation before we take questions.

Craig Meller: Thanks Gordon. Now let's turn to our strategy update on chart 22. You can see our growth strategy remains unchanged, with three key areas of focus. Firstly, capitalising on the already strong positions we have in the attractive Australian wealth management marketplace, by transforming our core Australian businesses to become more customer centred. Secondly, focussing on efficiency to retain our position as the most efficient wealth manager in Australia. Thirdly, growing selectively in Asia and internationally, primarily through AMP Capital. The consistent execution of this strategy over the past two years has created a strong platform for future growth.

Chart 23 sets out key priorities and progress against the first of these objectives, transforming and growing our core Australian wealth management businesses. The first two years of strategy execution have been largely focussed on building foundations, effectively putting the core infrastructure and capabilities in place to enable our customer transformation. To date, we've fundamentally transformed our digital capabilities, installed a leading-edge data and analytics system linked to a new customer interactions engine. Together, as they move to scale, they'll transform our ability to deliver real-time offers to customers online, in our call centres and ultimately in our new advice model. We've also moved to adopt a goals-based approach across the organisation, and are currently designing solutions for four priority goals using human-centred design.

We've built a new goals-based face-to-face advice model and, based on positive feedback from the initial pilots, are extending testing in up to 30 practices this year. We've deployed custom measurement and feedback systems across 122 teams across the business, and this will drive customer experience improvements in 2016. The Bank has been delivering strong growth year-on-year and offers further long-term growth potential through both the mortgage broker and the advisor channel. We believe banking

solutions are going to be an integral part of the new goals-based offers and will be delivered via the new advice model.

We've also built scale in the self-managed super market, with the acquisition of Just Super and the controlling interests in SuperIQ and SuperCorp delivering control of the value chain. We now provide admin and software services support to around 38,000 funds and are the market leader in SMSF admin with 16,130 funds under administration at the end of the year. The momentum is continuing in 2016, as we focus on top-line growth, while driving scale benefits.

Overall then, we're pleased with the progress we've made in transforming our core Australian business. With the foundations now in place, the focus in 2016 will be on realising value from our investments to date. Gordon's already given us an update on the second strategic objective of delivering market-leading efficiency, so I'll move on to chart 24 and the focus on the third component of the strategy, selective growth in Asia and other international markets, primarily through AMP Capital.

So there are two key components to this strategy. Firstly, expanding in Asia via national partnerships with a specific focus on China and Japan. Our partnership with China Life continues to go from strength to strength, with both our joint ventures now profitable and exceeding expectations.

The asset management joint venture, CLAMP, is one of the fastest-growing fund management companies in China. Over the year, it delivered strong net cash flows and is now managing around RMB70 billion or that's the equivalent of $15 billion for Chinese retail and institutional investors.

Our pension JV, China Life Pension Company, is the largest pension company in China and has also enjoyed rapid growth, with AUM increasing 35% on the previous period.

The business is very well-positioned to take advantage of mandated compulsory superannuation market growth, and to give you an indication of what that scale might be, the Chinese government have recently announced the opening of the occupational pensions market to civil servants in China, who will have to contribute 12% of their earnings to superannuation, and there are just 40 million public sector civil servants in China.

As I mentioned earlier, the situation in Japan is more challenging, given the prevailing market conditions and traditional investor behaviour, but we remain confident in our partnership with MUTB and in the long-term growth fundamentals.

The second part of our international strategy capitalises on increasing demand from global pension funds and institutional clients for our investment capabilities in infrastructure, property, and fixed income, and here we're also seeing strong growth.

We've attracted new investors, taking the number of international institutional clients to 142, and grown assets under management to around $7 billion, an increase of $2 billion on 2014.

We're also pleased with the ongoing success of our global infrastructure fund, which has attracted over $600 million in commitments from investors across Asia, Europe and North America.

Our property pipeline in Australia remains strong, with some high-profile redevelopments, which are scheduled for 2016, attracting significant investor interest, both domestically and internationally.

So in summary, today's results demonstrate continued growth momentum and resilience across our business. The focus on business recovery and wealth protection continues to support long-term improvement, and we're seeing early signs of growth from the consistent execution of our broader strategy.

Our balance sheet remains strong and well-capitalised, and we continue to maintain our focus on improving financial performance in 2016 and beyond.

So I'll stop there. Howard, back to you to host Q and A.

Howard Marks: Thank you, Craig. I'd just like to remind everyone that today's briefing is being webcast live, so if you do have a question, please wait for the microphone and then state your name and company clearly.

In terms of protocol, we're going to take questions from the floor first, and then we'll move to the phones, as per normal. Ross.

Question: (Ross Curran, CBA) Thanks, gents. It's Ross Curran from CBA. Two questions. Firstly, one of your competitors enjoyed quite a benefit from LPS 112 from increasing their liquidity premium on long-term liabilities. Did you

see any benefit of that in your own results this period? So changing discount rate in future liabilities?

Gordon Lefevre: We did change our discount rates, but they really related to our defined benefits fund, and in particular they were the adoption of interest rates that reflected corporate bond rates and blended those together with government rates. So that was the benefit that we experienced through the year.

Craig Meller: I don't think we've changed the rates in the Life company.

Question: (Ross Curran, CBA) Can you quantify it at all?

Gordon Lefevre: We didn't change the long-term rate in the Life company.

Question: (Ross Curran, CBA) Secondly, you've consolidated the managed funds on offer in the platform. Does that put any pressure on you to cut fees, given you're reducing customer choice in the platform? You've talked about consolidating the funds on the platform that are on offer. If you're reducing customer choice on that platform, do you need to cut the fees to the customers on the platform?

Craig Meller: The biggest issue around fees is, whether you've got a broad choice or a narrow choice, you've got to operate within the best interest due to your environment, and if the products aren't competitive, then it's not going to be in the client's best interest. So it's less relevant as to how many you have as to the absolute price.

So the summary to the answer to your question is, yes, the market is a little bit more competitive than it was prior to the FOFA environment, and that's weighed on our mind in thinking about what margin squeeze might be post the stronger super transitions.

But what counterbalances that, though, is that the back book of business is much closer to the front book pricing, and therefore our view is that the tighter margins there might be going forwards are going to be offset by less margin squeeze, because the back book is already pretty well-priced or pretty finely-priced.

Question: (Ross Curran, CBA) Can I ask one more on the bank? Just investor lines, you've re-entered that market. Have you changed your criteria just to smooth out that volume throughout the year as opposed to just coming in and out of the market like you did last year?

Craig Meller: We're paying much more attention to managing the flow. I mean, yes, the pricing moves all the time, but we think we're going to be much more agile in ensuring that we hit the target, rather than over-hit the target.

Question: (Nigel Pittaway, Citigroup) Thank you, Nigel Pittaway here from Citi. Obviously you've increased the dividend payout ratio from 70% to 80% to 70% to 90%, yet this time around it's below the midpoint of the prior range at 74%. So I guess the question is what would cause you to be able to pay toward the top end of that revised 70% to 90% range?

Gordon Lefevre: Thank you, Nigel. We've increased it intentionally to give some more flexibility, so our businesses are generating pretty strong cash earnings. Those businesses that are growing strongly in the portfolio tend to be those that are less capital-intensive.

We do, though, look to the future, and in particular some of the potential earnings volatility in the current market environment, and in light of that, really what we're wanting to do is to establish some flexibility so that through a cycle, we can be as consistent as we possibly can in terms of the dividends that we pay.

That may mean, Nigel, that we move up and down that range. What we're doing here throughout, though, is to seek to be consistent and to provide the flexibility by having that wider range.

Question: (Nigel Pittaway, Citigroup) Thank you. The second question is somewhat related in that you keep saying that following the finalisation of the Conglomerate Standards, you'll review the appropriateness of the capital targets, but obviously the Conglomerate Standards seem to be forever being delayed and there's some market chatter that they may be abandoned altogether.

Given APRA has recently made it clear that its regulatory agenda for the industry is fairly light, they've recently said that, is there no scope for that review of capital position to be brought forward and dealt with sooner?

Gordon Lefevre: For us, really, it's, Nigel, a question of timing, and yes, we have indeed a capital framework that we have, at least in draft, considered, but really are waiting until such time as APRA are in a position to release the Conglomerate Standards.

	Then once they do that, we can move to the Level 3 standards and to our capital frameworks within that. So we think it's a better approach simply to hold and wait until such a time as they are in a position to introduce those standards.
Question:	(Nigel Pittaway, Citigroup) So as far as you're concerned, they're still going to happen and they're just being delayed?
Gordon Lefevre:	Well, we know no more than you do, Nigel. We know only that we're going to get at least 12 months' notice once they are introduced, and at that point, once they are introduced, then we'll come to you with our framework.
Question:	(Nigel Pittaway, Citigroup) Okay, thank you. Maybe just finally, but changing tack slightly, I think I'm right in saying that retail super saw net outflows of about $14 million second half, yet retirement income saw inflows of about $842 million, so there's obviously a huge skew in terms of flows to retirement income. So I was just hoping for a bit more colour there as to what was actually happening.
Craig Meller:	I haven't done that calc, so I think it's a function of a lot of the focus of the advice is on dealing with people as they get to retirement, and then there's a certain point where people will flip over from super to pension, and that's just a function of that happening. Most of the advisor business is happening with people from age 45 upwards, and at any one time some of the business there might be in the accumulation phase and some of it might be in pensioner phase. That mix can change depending on who the advisors deal with in any six-month period. I suspect it was even more skewed the year before, when there was a big push around some of the deeming issues that created a big lump of pensions coming through.
Question:	(Daniel Toohey, Morgan Stanley) Thanks. Daniel Toohey from Morgan Stanley. I've got a couple of questions on the growth outlook. You've got a scalable position in the SMSF business with over 16,000 funds, probably a revenue pool of around $50 million. You seem to have some certainty around the strategy going forward with the acquisitions you've made. Just wondering what sort of EBITDA margin contribution you can expect from that and the timing of when you think that can be delivered.

Craig Meller: I'm not going to be precise on it. We think the opportunity to grow our market share and increase the penetration of the more automated admin service is really strong.

The reality is that most of our growth thus far has either come through our financial advisors or through organic growth, but we think the biggest opportunity is to persuade the accounting profession to essentially outsource the administration component, and we're actively pursuing that.

In the last month, one of the big firms of accountants has entered into an agreement with us where they're going to switch, I think it's about 1400 accounts, into the system, so we're seeing some signs of that beginning to happen. If that happens, then growth in market share would accelerate much faster.

Over the long term, I see no reason why this administration capability wouldn't end up with the sort of margins that we get in the rest of our wealth management admin business, i.e. the wealth management business, but we're a fair few years off seeing a 50% cost to income ratio for the business. But over the medium- to long-term, I don't think that's an inappropriate ambition.

Question: (Daniel Toohey, Morgan Stanley) Just a follow up on the growth, China Life Pension Company clearly delivering ahead of expectations. How should we think about the sort of earnings contribution from that business from a roll through to FY16?

Craig Meller: I still think it's going to be two or three years before it's meaningful at an AMP level, but we would expect to see it being a noticeable sum going forwards. I'm going to be very careful about what I disclose, because we own 20% of that business and the 80% owner haven't announced their results yet, so there's not really much more we can say, other than it's growing very strongly and we've got very high hopes for much accelerated growth going forwards.

Question: (Daniel Toohey, Morgan Stanley) Just finally, on the default FUM that you've got, it's halved to about $8 billion since 1 January 2014. Assuming all this will transition to My Super, just wondering if you can give some indication of what the average balance is on those customers that are sitting within there.

Craig Meller:	That's left? Oh, gosh, no, I haven't - we can come back to you. We can find it, but I don't have it to hand.
Question:	(Daniel Toohey, Morgan Stanley) Okay, thanks.
Howard Marks:	Toby.
Question:	(Toby Langley, Merrill Lynch) Hi, it's Toby Langley from Merrill Lynch. A couple of questions on the Life business. You seem to have a distinct difference to the rest of the market with regard to new business and I'm wondering if you could comment on current pricing behaviour. We've certainly seen some major changes in the last 12 months in terms of new entrants. What are your views on the behaviour of the rest of the market right now?
Craig Meller:	Yes, the broad trend is actually up, not down. There's one or two segments of the market and players in the market that are flagging significant reductions in some areas but the broader flavour is a general increase in margins, particularly in the income protection market. We chose not to make any adjustments to our prices. If we wanted to put the foot on the growth accelerator, we would have to price a bit more tightly than we currently do and we're choosing not to, as I said earlier, until we're confident that we've got margin recovery and more capital efficiency in the business.
Question:	(Toby Langley, Merrill Lynch) Okay, and that's a neat segue into my second question on Life which is, you sort of allude to consideration of the capital structure or considering the insurance. Can you just elaborate a bit more on what might be the factors and timing-wise?
Craig Meller:	So essentially we're looking at the opportunity to potentially reinsure some of the existing in-force book and to reinsure prospective business to, if you like, lighten the capital load and leverage the capital return of that business that we still hold ourselves on risk. So the factors that we'll take into account in doing a deal is one of conviction around being able to improve the performance of the in-force book because if we think we can improve the performance, why would we sell away the upside? Prevailing market rates and the capacity in the marketplace - now the market rates have improved over the last 12 months or so I've been told, but they're still not at a level where we fell as though we wouldn't be selling

some of the upside if we move now. But it's under much more active consideration now than it was 12 months ago.

Then secondly, which would end up being a capital initiative for the wealth protection business is we've started to look at whether we should combine the two life insurance companies and complete the Part 9 and that has the potential to deliver capital efficiencies but we're very early in that work as well and any resolution would, of course, be subject to any regulatory approvals coming through.

Question: (Toby Langley, Merrill Lynch) That's helpful, thank you. One final question just on AMP capital. Your non-AUM based fees, is that second half result illustrative of the kind of runway we can anticipate going forward and if so, what are the drivers of the non-AUM that we should be looking to monitor?

Craig Meller: Typically the performance fees and typically, performance fees come into the first half rather than the second half because performance tends to get managed on a tax year to the June 30. So it's going to be a mixture of the first half and the second half but I would say the first half of 2015 was a bumper half for performance fees.

Question: (Toby Langley, Merrill Lynch) I think it's a different line we're talking to.

Craig Meller: Okay, sorry.

Question: (Toby Langley, Merrill Lynch) The non-AUM based management fee jumped 28% to $41 million.

Craig Meller: So the other pieces that are included in that are things like the fees we get out of the development of the property portfolio. So long as we have a continuing property development pipeline, there's going to be a decent flow of fees coming through that line of the business as well.

Question: (Toby Langley, Merrill Lynch) Thank you.

Howard Marks: Kieren.

Question: (Kieren Chidgey, Deutsche Bank) Thanks. Kieren Chidgey, Deutsche Bank. Just a follow question on AMP Capital - the 10% cost growth you're flagging in 2016 seems a little bit at odds with the direction you've been taking in the business in terms of trying to I guess variablise the cost base and make sure the cost to income ratio doesn't keep going down and people are remunerated equally for the revenue growth.

Craig Meller: So the 10% cost growth is really if you like our best estimate of where the profit share remuneration structures that have been put in place are going to lead to the cost base of the business changing. So, if you like, it's a midpoint. If the performance isn't delivered, the cost base will be lower and if they shoot the lights out, that cost base is going to be higher.

Question: (Kieren Chidgey, Deutsche Bank) Well only to that 10% cost growth if the revenues go up?

Craig Meller: Yeah, essentially yeah.

Question: (Kieren Chidgey, Deutsche Bank) Second question just on New Zealand, the experience profits which came through which are fairly sizable and you said reflect a transfer of knowledge from Australia to New Zealand. If that knowledge is being embedded in the business are those experience profits now more recurring? Can you revisit some of those?

Craig Meller: No and yes. No because when you first do this, you go and investigate all of the in-force claims and you get a lump of benefits coming through and then you get a generally lower claims rate going forwards. So our expectation, well it won't be as high as it was in the second half of the year but there may be some ongoing improvement. We haven't put that into any of our best estimate assumptions yet. We want to prove that it's recurring before we do that.

Question: (Kieren Chidgey, Deutsche Bank) Thanks.

Howard Marks: James.

Question: (James Coghill, UBS) James Coghill, UBS. Just a couple of questions on your cost guidance and a follow-up to the one that we've just had. It's a very odd way to structure guidance, to flag a 10% increase in the cost base but obviously linked to revenue number that in the models most analysts won't be putting in.

So how much of that percentage, the 10% relates to I think you refer to it as variable performance-based remuneration, and how much to underlying growth in the business? It's impossible to get the cost to income ratio to that 65% if you fold in 10% without a revenue number offset.

Gordon Lefevre: James, a reasonable amount of it relates to the variable rem component. A pretty sizable amount relates to that. The business continues to grow

abroad but the business continues to expand and so there are costs related to that included in the 10% as well.

The best way in which to model it is to actually go to AMP Capital's cost - controllable cost base that you have in the investor report that we split out and to look at that in relation to a 10% potential growth through 2016 and then look at where we may land within that 60% to 65% guidance in terms of cost to income ratio and look at the various revenue drivers and your estimates of those.

So it's not something which - we accept the difficulty it creates for you to model, but what we didn't want to do was to try to put ourselves within the ambit of a cost guidance number that then we'd have to revise when we got to the first half if they start to outperform in the same ways they did this first half of 2015.

Question: (James Coghill, UBS) Yes, so effectively we have to back-solve some higher performance fee number in our revenue line to get to an outcome that you suggest of the cost to income ratio halfway between 60% and 65% but anyway we'll leave that one. The SMSF increase in cost to $35 million, could you just explain to us how we should think about that being consolidated into wealth management now, because you would also then be consolidating the revenue item into your other income line that would partly offset that?

And I missed the earlier comment around $50 million of revenues from SMSF is a number that we can think about. What portion of those revenues are now being consolidated as a consequence of you moving your equity accounted stakes to full ownership?

Gordon Lefevre: So we actually reported a separate line within the wealth management result. So in the other that's in wealth management you have all of SMSF. What we've done in terms of the controllable costs of wealth management and a cost to income ratio is to separate out those costs that relate particularly to the revenues of Australian wealth management.

So as the business grows SMSF, we'll be able to give you more definition around its own cost to income ratio but as we stand at the moment it's still going to be reported in that one line that is the other within Australian wealth management.

Craig Meller: So we sort of, the way I was thinking about it over time is that the Bank used to be reported as part of the wealth management and then it became significant enough when we gave it its own line. I suspect that will happen with SMSF in due course. The other point to your question was, to what extent will that increase in costs be covered by an increase in revenue as it gets consolidated in? The answer to that is, the vast majority.

So you'll see an equivalent uptick in revenue as well in the other income line.

Gordon Lefevre: So the net as a consequence of the acquisitions is in fact not a big net negative to that line.

Question: (James Coghill, UBS) Right, thank you.

Question: (Jan van der Schalk, CLSA) Jan, I think I was first.

Question: (Brett Le Mesurier, APP Securities) You go first.

Question: (Jan van der Schalk, CLSA) I'm better looking, anyway. Jan van der Schalk, CLSA. I've got two questions. The first one is you talked about seeing some more drivers around potential rate and margin increases in the life insurance sector. Can you give us a comment on seeing other competition come into the market? Obviously we've had the sale of a Bank Life unit to somebody else. Are the likes of AIA opening their shoulders and does that potentially curtail any increases in margin?

Craig Meller: Well some of the people we thought of as aggressive competitors two or three years ago are increasing their prices now. So I think it's going to work in cycles whether or not the absolute newest entrants to the market are going to start with some excitement and then have a few years' experience and calm down, I couldn't say. All I can say is, back to what I said earlier, is that the general trend at the moment particularly in the income stream space is premiums rising rather than reducing.

Question: (Jan van der Schalk, CLSA) Alright and the second question is kind of high-level about strategy and I apologise a bit for this, because I had to sit through IAG and Suncorp saying the same thing, but if you're transforming to a customer-centric strategy, what were you doing before?

Craig Meller: Yes that's a good question. So for us I'd say the really big difference is for 167 years we had one distribution channel which was life agent/financial

advisors. That didn't matter because the customer didn't really, wasn't too concerned about contacting AMP direct.

In a digitally transformed world, our customers are expecting to be able to deal with us online, over the phone, virtually in whatever way they want, as well as through the financial advisor. So we've got to deliver a solution that's the full package for the client rather than single channel-centric. So for us that's the sort of major change.

There's also an element of qualitative service improvement as well. There's no doubt that the quality of service that consumer organisations delivered 10 years ago wouldn't stack up in today's world and every organisation has got to be refreshing itself to be relevant and live in a consumer environment, in a consumer-centric environment.

Question: (Jan van der Schalk , CLSA) Alright, that was helpful. Thank you.

Howard Marks: Brett.

Question: (Brett Le Mesurier, APP Securities) Brett Le Mesurier from APP. Gordon, a question on the capital. The shareholder minimum requirements went down significantly because of the issue of capital notes. Is there more capacity to issue more capital notes to push that number down further?

Gordon Lefevre: Thank you Brett. At this stage potentially in theory but in fact we think we've gone to the market twice. Where we stand at present is actually pretty much where we'd like to be in terms of the issue of those notes. The other thing is that if you look at the numbers, you'll see that we haven't been able yet to push all the notes that we've had raised down and to effectively use them within those subsidiaries, the Life and the Bank subsidiaries.

So we've still got a fair bit of unutilised capacity, which is - which we're having as a carry in our balance and our P&L, which as we grow in those businesses will further push down.

Question: (Brett Le Mesurier, APP Securities) Would any future potential reinsurance in those businesses increase the capacity to do that or reduce it?

Gordon Lefevre: Well the reinsurance potentially gives rise to some additional excess capacity of capital. So it doesn't really create - you know, for us it's the growth in those businesses that actually requires us to push the capital down or gives us the opportunity to push the capital down. Reinsurance

actually liberates capital that will then push up into the Group and use elsewhere.

Question: (Brett Le Mesurier, APP Securities) A question on your operational efficiency program which finishes this year. The average spend is $80 million. Presumably - $80 million per annum. Presumably going forward, you're going to continue to make the business better and more efficient. Have you thought about how much it's going to cost going forward and how you're going to treat the costs associated with that?

Gordon Lefevre: Brett, are you talking about the Business Efficiency Program?

Question: (Brett Le Mesurier, APP Securities) Yes.

Gordon Lefevre: Yes. So that'll - we'll spend $27 million in 2016 to complete that. We're very much - the way we're thinking about our business efficiency is that it needs to become ongoing for us. So in each of the initiatives that we've had, and in particular cloud computing, back office rationalisation, some offshoring activities that we've had, we've had learnings along the way, where we've utilised some one-off costs that we've reported below the line. Our emphasis now is going to be to embed those learnings into business as usual and[to move ahead where we can have the capacity within business as usual to absorb any of the costs that we may need to incur as we actually move to get the better efficiencies out of our business.

Craig Meller: So one way to think of it is that the project costs that we expand every year for the last two or three years, we've been able to invest solely in that, the growth components of the investment program. As we look forwards, we're going to have to get the mix of spend on cost efficiency and growth out of that budget. And at this stage, we're not saying that we're expecting to change the sort of envelope that we're operating in within the controllable cost base above the line.

Question: (Brett Le Mesurier, APP Securities) So the 3% to 4% underlying cost growth that you've got, that's a reasonable basis to work on going forward?

Gordon Lefevre: I think we've stopped short of giving you guidance beyond this year and once we're in a position to give you any forward guidance beyond 2016 then we'll certainly do that. I think that's certainly where we're standing on it.

Question: (Brett Le Mesurier, APP Securities) Finally a question for Rocco, the annuity value adjustment of $22 million for the half, do you recall what the components of that were?

Gordon Lefevre: So we might come back to you on that if we could. Rather than to pass it on to Rocco now, we'll just come back to you on that .

Howard Marks: From the floor, Dougal.

Craig Meller: Other side.

Question: (Dougal Maple-Brown, Maple-Brown Abbott) Sorry, Dougal Maple-Brown, Maple-Brown Abbott. Craig, I'm intrigued about your comments about merging the stat funds. I'm pretty sure that was the top of the list when you bought AXA, x number of years ago.

Craig Meller: It was the life companies.

Question: (Dougal Maple-Brown, Maple-Brown Abbott) It was the life companies?

Craig Meller: So we didn't -

Question: (Dougal Maple-Brown, Maple-Brown Abbott) What's changed?

Craig Meller: We didn't do it through the transformation for the integration period because there were stamp duty issues that would have burnt out the cost and then when we've looked at it subsequently, the cost of bringing the two together couldn't be justified in terms of a lower operating cost base going forwards. More recently, as we've been looking at it through the lens of could it drive out potentially the need for capital duplication between the two companies, there's some - we believe there could be some opportunity there which is why it's back on the agenda.

Question: (Dougal Maple-Brown, Maple-Brown Abbott) Would you care to quantify the size of the prize and the cost it might take to get?

Craig Meller: It's a few million to do it. I don't have the quantum of capital in my head, but it's got to deliver a return on capital if we're doing it.

Howard Marks: Let's go to the phones.

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

Question: (Lafitani Sotiriou, Bell Potter Securities) Good afternoon. Just one question left for me and it relates to the Life company and honing in on the Group

	insurance. Can you please talk specifically around where repricing is in - at the book? Because I thought it would take around three years as contracts rolled over for the full impact to flow through but I noticed there was no growth in the last year.
Craig Meller:	Yes, there was no new significant repricing in the last year. That doesn't mean there isn't still some contracts that could be renewed over the next year or two. And that could lead to an increase in premiums but it also could lead to a reduction in premiums if we choose not to compete for business. So there's still opportunity there but I can't give you guidance as to whether or not it's going to go up or down as a result, but I think the bottom line will improve as a result.
Question:	(Lafitani Sotiriou, Bell Potter Securities) All right. No worries, thank you.
Howard Marks:	Any further questions from the floor? One more, Dan.
Question:	(Daniel Toohey, Morgan Stanley) Yes thanks. Daniel Toohey, Morgan Stanley. Just on the lapse experience, if you look at your half on half lapse experience - sorry, half versus PCP, you actually had a 30 basis points improvement in your lapse rate, yet you're still reporting a negative $7 million experience. What's the driver behind that?
Craig Meller:	Yes, or if you look at the year as a whole, we seem to have got close to what our long-term rate is and it's flat. So that's a fair point. So the essence of the issue is the mix of lapses was in more profitable business, which is why there was, if you like, flat lapse experience over the year when we outperformed in reducing the lapse rate. The outcome of that is, either we've got to - well we've got to keep a close eye on what the mix of business lapsing going forwards is. If the same mix as 2015 happens going forwards, we've got to get to below 13.5%. Those - we've got 13.7% already and we think we've still got a lot more work to do, we're confident we're going to ride the glide path out and we've still got ambitions to get well better than the glide path. Thanks.
Howard Marks:	Any further questions? In that case, I'd like to close off today's briefing. Thank you very much for coming, everyone. If you do have any question as the day wears on, please feel free to either contact myself or Michael Leonard. We'll be very happy to help. Thank you.

[END OF TRANSCRIPT]