



AMP Financial Services

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AMP Financial Services reports a year of investment and change

- Underlying profit after tax of NZ\$61 million
- Net cash flows increase 309 per cent to NZ\$59 million
- 3000 employers, choose AMP KiwiSaver
- 51,000 New Zealanders choose to join AMP's KiwiSaver Scheme
- Annual Premium Income increases 14 per cent
- Adviser recruitment rate reaches 10 year high taking total adviser numbers to 400 nationwide

AMP Financial Services today reported an underlying profit after tax of NZ\$61million for the year ended 31 December 2007, down from NZ\$66 million in 2006, a decrease of 7 per cent, while net cash flows increased 309 per cent to NZ\$59 million.

Operating earnings decreased 9 per cent to NZ\$55 million in 2007, down from NZ\$60 million in 2006 due to increased business investment and reduced life insurance experience profits.

Costs increased 6 per cent from NZ\$69 million to NZ\$73 million due to significant investment in KiwiSaver, PIE, the acquisition of Roost, the relocation to the AMP Centre and the launch of AMP Home Loans.

AMP's Life Insurance premium income increased 14 per cent year-on-year.

Jack Regan, Managing Director, AMP Financial Services said the result reflects a year of investment and change at AMP.

"2007 was a challenging year, but we are well positioned for medium to long term growth, with a new regulatory environment and wealth management likely to grow as a proportion of earnings and a number of new initiatives underway within the company.

“The overall profit has been impacted as we developed the KiwiSaver and PIE opportunity and as a consequence of reduced experience profits due to life insurance claims arising from prior years.

“On the positive side, cash flows are strong and we’ve had good year-on-year growth in annual premium income in Life Insurance. We’ve also benefited from employers and individuals embracing KiwiSaver beyond the Government’s expectations. We appreciate the support we have received for AMP’s KiwiSaver scheme from significant numbers of employers and individual KiwiSavers nationwide.

“AMP has made a very significant commitment with our investment in KiwiSaver and PIE. Our programme of change and development continues, with work still to be done in product and service development and that will be a priority in 2008,” he said.

Mr Regan said upcoming financial services regulation is constructive.

“We welcome the agenda of regulatory reform for financial services in New Zealand because it supports a retirement savings environment that will help New Zealanders achieve a better life in retirement.

“AMP is in a strong position to comply with, and leverage, the emerging advice opportunity in the current environment given we’ve had a quality assurance programme underway since 2005,” he said.

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