



cutting through complexity

FIPS quarterly

Financial Institutions
Performance Survey

kpmg.com/nz

MARCH 2013 QUARTERLY RESULTS



Executive summary

Net profit for the quarter

Survey participants achieved a total net profit after tax of \$971 million for the quarter, a 12.9% increase from the previous quarter. This was driven by an increase in non-interest income and a decrease in operating expenses and impaired asset expense. The non-interest income increase is largely a result of favourable fair value movements in certain survey participants, a trend we also saw in the prior quarter. This demonstrates how volatile an impact the required IFRS treatment has on the sector participant's profit. The reduction in operating expenses will be a result of further efforts to control costs in a tight economic environment, combined with the completion of certain IT projects. The reduction in impaired asset expense is a continuation of the trend of improved asset quality seen over the past few years, as legacy loans have been realised or returned to 'good book' and the current low interest rate environment makes loan compliance easier.

Total assets

Overall, total assets have decreased by \$4,032 million (1.07%) during the quarter, which is largely driven by a decrease in derivative assets. However, there was an overall increase in the gross loans for the participants for the quarter of 1.08%, being mainly driven by the growing housing market, especially in Auckland and Christchurch.

Economic situation

The housing market continues to be overheated in the Auckland and Christchurch areas. The RBNZ is not expected to use higher interest rates to "cool" down the housing market and its potential impact on the inflation and the economy generally but rather has indicated it favours the use (if necessary) of macro-prudential tools.

The domestic economy continues to grow, despite the negative effects of the drought. This growth will continue to put pressure on the high exchange rate, which the RBNZ described as overpriced even after recent decreases, leading to it actioning some minor intervention.

Despite the OCR being at its historical low level of 2.5%, several Banks have started increasing their long term rates in response to increases in wholesale interest rates.

The US market has shown signs of improvement recently, demonstrated by the Federal Reserve recently announcing their plans to taper off their quantitative easing programme, which was one of the forms of stimulus provided to the US economy. It is expected that this programme will be gradually slow down, coming to a halt around the middle of 2014. This confidence in the US economy is largely driven by improved signs of growth, positive job numbers and a strengthening housing market.

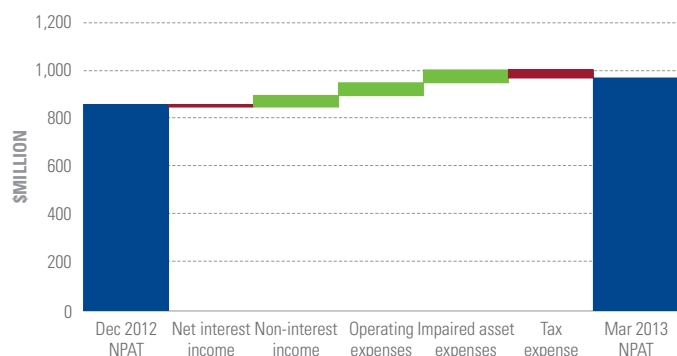
Europe, on the other hand, is still in recovery mode, with many fundamental issues to be solved, with issues in countries like Cyprus and Greece still to be solved, and EU members looking at the possibility of leaving the EU.

Regulatory environment

The RBNZ continued with the pace of consultation seen in the first quarter of 2013, with many progressing quickly. The macro-prudential policy framework proposed by the RBNZ has been endorsed by the government in a signed Memorandum of Understanding, with the first of the tools to be used by the RBNZ, restrictions on high-LVR residential lending, rumoured to come into effect as early as August this year following its current consultation. The RBNZ also finalised its position on increasing capital requirements on housing loans for the internal models banks, with application from 30 September 2013. The long-awaited AML / CFT regime came into force at 30 June 2013 and presents a new regulatory, compliance and enforcement regime for the industry. The 30 June 2013 deadline also spelt the beginning for the banks' pre-positioning for the application of the RBNZ's much debated Open Bank Resolution Policy. The RBNZ is yet to provide a further update on its consultations relating to strengthening the oversight of statutory payment systems and the Non-Bank Deposit Takers regime.

Review of the March 2013 sector results

1 SECTOR: MOVEMENT IN NET PROFIT AFTER TAX



Net profit after tax (NPAT)

Net profit for the survey participants saw an increase of \$111 million (12.9%) in the quarter, from \$860 million to \$971 million. This follows a strong increase in the previous quarter, where profits increased 11.0% as well. These increases are largely driven by fair value gains, again, as it was in the previous quarter. Changes to fair value gain and losses have a significant impact on the volatility of the profit of the participants, and can be seen in Figure 6.

Figure 1 outlines the movement in the main income statement categories, which shows that:

- Net interest income decreased by 0.53%
- Non-interest income increased by 8.75%
- Operating expenses decreased by 4.67%
- Impaired asset expense decreased by 37.72%
- This increase in profit led to an increase in tax expense of 10.36%.

Overall, the small decrease in net interest income was offset by the favourable increases in the other income statement categories. The decrease in net interest income was driven by a decrease of net interest margin in the quarter of four basis points, whilst being slightly offset by an increase in gross loans of 1.08% across sector participants. This shows that growth is continuing to be strong amongst the sector participants; however their margins are being impacted by the competitiveness being seen in the market both in the mortgage market competition but also in Agricultural and Commercial Lending, but is especially pronounced in the smaller sector participants.

Non-interest income continued to be a driver of the movement in profit between quarters, with fair value movements in financial instruments continuing to have large movements in certain entities. Both ANZ and BNZ

saw an improved fair value loss since the December quarter, which continued to improve upon the loss seen in September 2012. As such, this improvement in non-interest income is really a comparatively smaller fair value loss offsetting the other types of other income, such as trading gains.

After BNZ's profit increase of 36.5% since last quarter, ANZ had the next largest increase in NPAT in the majors, with an increase of 21.3%. This was largely driven by the improvement in other income, as well as an extremely large drop in impaired asset expense, where the expense dropped from \$44 million in the prior quarter to a net nil charge in the current quarter.

Out of the nine banks included in this survey, five had an increase in NPAT, one was flat over the quarter and three experienced a decrease in profit although the three were generally the smaller banks, who are being squeezed by current competition. These decreases were largely a result of both increased pressure on margins and a lower increase, or a decrease, in the lending growth rates for these banks.

Net interest margin (NIM)

The net interest margin for the sector has decreased by four basis points to 2.24% for the quarter, with most bank participants seeing a decrease in their margin, as shown in table one and figure 7. The only bank that saw an increase in margin was BNZ, who saw an increase of one basis point to 2.35%, whilst the largest decreases in margin were seen by The Co-operative Bank and TSB, who saw 41 basis point and 9 basis point reductions respectively.

Overall, both the cost of funds and return on interest bearing assets has decreased for the banks, with a larger proportional decrease in the return on interest bearing assets being seen, driving the interest margin down. This reflects the banking sector still being intensely competitive in the mortgage lending sector, leading to lower and lower rates being offered to customers, particularly those with a good credit rating and/or a lower LVR requirement. The cost of funding has dropped due to higher levels of savings being deposited in banks, leading to less attractive rates needing to be offered to customers in order to get the high quality funding that these deposits represent.

In the RBNZ data, the trend of switching from floating to fixed continues, albeit at a slower rate. The switch from floating seems to still be impacting the one to two year bracket of fixed rate lending most out of all fixed brackets; however there has been a spike in the < 1 year bracket in the past month or two. This could be indicative of shorter term mortgages being available during this period under special low rates, such as six to 18 month term fixed rates. We are seeing little being offered beyond three years.

	31-Mar-13 Quarter ended (%)	Movement during the quarter (BP)	Movement for the 6 months (BP)	Movement for the 12 months (BP)
ANZ Banking Group ^(a)	2.27	-0.03	-0.15	-0.17
Bank of New Zealand	2.35	0.01	0.04	0.03
Commonwealth Bank of Australia ^(a)	2.15	-0.03	0.05	0.26
Heartland Bank ^(a)	4.21	-0.05	n/d	n/d
Kiwibank Limited	1.78	-0.08	-0.16	-0.12
Southland Building Society	2.46	-0.07	-0.13	-0.20
The Co-operative Bank	2.46	-0.41	-0.30	-0.25
TSB Bank Limited	1.98	-0.09	-0.06	-0.12
Westpac Banking Corporation ^(a)	2.22	-0.05	0.00	-0.02
Average	2.24	-0.04	-0.03	0.00

	31-Mar-13 Quarter ended (%)	Movement during the quarter (BP)	Movement for the 6 months (BP)	Movement for the 12 months (BP)
ANZ Banking Group ^(a)	0.00	-0.18	-0.03	0.01
Bank of New Zealand	0.24	0.00	0.11	0.05
Commonwealth Bank of Australia ^(a)	0.13	0.00	0.05	-0.13
Heartland Bank ^(a)	0.51	0.01	n/d	n/d
Kiwibank Limited	0.06	0.09	-0.06	-0.22
Southland Building Society	0.83	0.23	-0.42	0.53
The Co-operative Bank	0.19	-0.01	-0.06	0.14
TSB Bank Limited	0.03	-0.11	0.06	0.02
Westpac Banking Corporation ^(a)	0.14	-0.09	-0.16	0.18
Average	0.12	-0.07	-0.09	-0.07

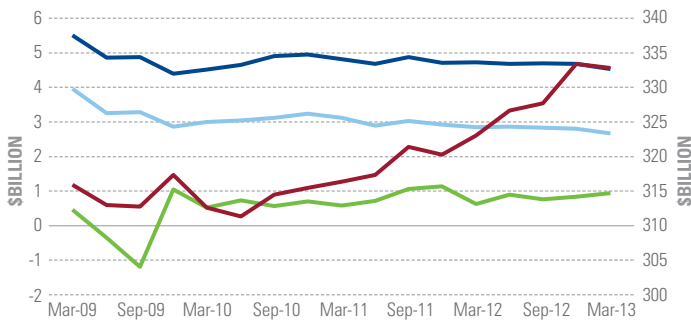
Footnotes

(a) The results for Australia and New Zealand Banking Group, Commonwealth Bank of Australia and Westpac Banking Corporation relate to the total New Zealand operations of these entities.

(b) Heartland published its first Disclosure Statement as a registered bank for December 2012. There are no comparatives in the prior 6-12 month period.

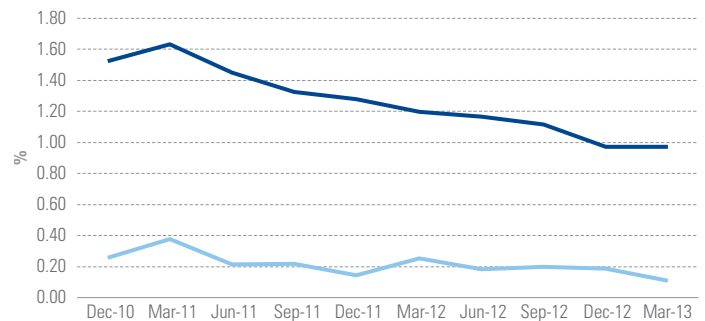
n/d = In this or the previous quarter the Bank did not publish the standard disclosure statement and therefore we are unable to calculate the necessary figures

2 MAJOR BANKS: INTEREST EARNING ASSETS COMPARED TO INTEREST INCOME AND EXPENSE



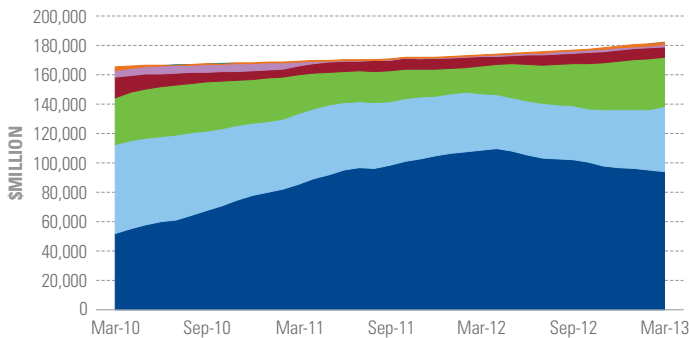
■ Interest income (LHS)
 ■ Interest expense (LHS)
 ■ Net profit (LHS)
 ■ Interest earning assets (RHS)

3 MAJOR BANKS: GROSS IMPAIRED VS IMPAIRED ASSET EXPENSE



■ Gross impaired loans/Gross loans and advances
 ■ Impaired asset expense/Average gross loans and advances

4 SECTOR: RESIDENTIAL MORTGAGE LOANS MATURITY PROFILE



■ Floating
 ■ < 1 year
 ■ 1>2 years
 ■ 2>3 years
 ■ 3>4 years
 ■ 4>5 years
 ■ 5 years +

Source: Reserve Bank of New Zealand Statistics

Impaired loans

Overall, the impaired asset expense to average gross loans ratio has decreased by 0.07% over the quarter, as shown in Table 2, and other than this quarter's decrease, this ratio has been fairly stable over the nine months before the previous quarter. There are a mixture of increases and decreases, as can be seen in figure 11. Southland Building Society had the largest increase of 0.23%, whilst several banks saw a decrease, with ANZ obtaining a ratio of 0.00% for the quarter, down from 0.18% in the previous quarter, with no impairment expense being recognised in the current quarter.

Over the past quarter, the ratio of gross impaired loans to gross loans and advances has seemingly reached a plateau from a trend of decreases over the last two years, reflecting the improving quality of the banks' loan portfolios as legacy impaired loans from the global financial crisis have been realised, some historical recoveries but also release of collective provisions.

Gross loans and advances

Gross loans and advances have continued to show good growth, both over the quarter and the year, as shown in table 3. TSB and BNZ have shown the strongest levels of growth in the quarter, with increases in the loan book of 1.87% and 1.66% respectively, whilst over the year, the largest levels of growth were seen in The Co-operative Bank, with 6.38%, and CBA, who saw an increase of 5.84%

Out of the survey participants, SBS was the only bank to see a decrease in their loans over the quarter, and are the only participant to have seen an overall decrease over the past 12 months.

Operating expenses/operating income

The average ratio for the sector participants has decreased for the quarter by 2.82%, to 43.69%. This follows a further decrease seen in the previous quarter, whereby the ratio has decreased from 50.79% in the September 2012 quarter. Of the nine banks included, six saw an improvement in the ratio, with three seeing their ratio get larger. The largest improvement was seen in BNZ, which is highly impacted by the fair value movements, whereby these movements increase the operating income, thus impacting on this ratio. The largest increase was seen by TSB Bank, who increased their ratio from 37.51% to 46.48%, reflecting a decrease in operating income in the quarter. This ratio is impacted by movements in both operating income (fair value changes impact this the most) and actual cost movements and thus when large IT or other cost projects occur in tandem with fair value changes the ratio for the sector and/or individual participants can move around as it has over the last few quarters.

TABLE 3: ANALYSIS OF GROSS LOANS

Quarterly analysis	31-Mar-13 Quarter ended \$Million	31-Dec-12 Quarter ended \$Million	Increase (%)	Annual analysis	31-Mar-13 Quarter ended \$Million	31-Mar-12 Quarter ended \$Million	Increase (%)
ANZ Banking Group	98,563	98,086	0.49	ANZ Banking Group	98,563	95,164	3.57
Bank of New Zealand	61,263	60,260	1.66	Bank of New Zealand	61,263	58,296	5.09
Commonwealth Bank of Australia	60,564	59,690	1.46	Commonwealth Bank of Australia	60,564	57,223	5.84
Heartland Bank	2,074	2,072	0.08	Heartland Bank ^(a)	2,074	n/d	n/d
Kiwibank Limited	13,088	12,916	1.33	Kiwibank Limited	13,088	12,401	5.54
Southland Building Society	2,252	2,319	-2.89	Southland Building Society	2,252	2,458	-8.37
The Co-operative Bank	1,288	1,282	0.49	The Co-operative Bank	1,288	1,211	6.38
TSB Bank Limited	2,882	2,829	1.87	TSB Bank Limited	2,882	2,758	4.49
Westpac Banking Corporation	60,981	60,267	1.18	Westpac Banking Corporation	60,981	59,370	2.71
Total	302,955	299,721	1.08	Total	302,955	288,881	4.87

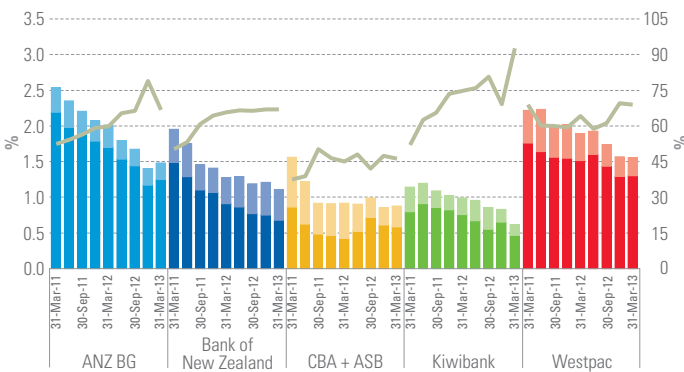
Footnotes

(a) Heartland published its first Disclosure Statement as a registered bank for December 2012. There are no comparatives in the prior 6-12 month period.
 n/d = In this or the previous quarter the Bank did not publish the standard disclosure statement and therefore we are unable to calculate the necessary figures

Retail banks – quarterly analysis

Quarterly analysis	Size & strength measures							
	30-Jun-11	30-Sep-11	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
	Total assets (\$Millions)							
ANZ Banking Group – New Zealand Banking Group ^(a)	121,774	125,576	121,604	121,241	125,655	127,366	127,227	125,149
Bank of New Zealand	69,319	73,933	71,329	71,555	72,762	72,945	73,865	72,622
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	68,275	68,678	70,925	69,715	69,092	68,497	70,296	69,921
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	2,320	2,445
Kiwibank Limited	13,827	14,684	14,374	14,604	14,696	14,930	15,176	15,311
SBS Bank Limited	2,836	2,847	2,837	2,839	2,785	2,875	2,829	2,826
The Co-operative Bank Limited ^(c)	1,454	1,449	1,454	1,446	1,469	1,475	1,511	1,516
TSB Bank Limited	4,913	4,977	5,150	5,164	5,193	5,236	5,380	5,429
Westpac Banking Corporation – New Zealand Division ^(a)	74,809	77,676	75,966	75,034	78,329	77,202	77,355	76,709
Total	357,206	357,207	363,640	363,639	361,598	370,526	375,960	371,928
	Increase in gross loans and advances (%)							
ANZ Banking Group – New Zealand Banking Group ^(a)	-0.78	-1.05	-0.11	0.36	1.26	1.03	0.75	0.49
Bank of New Zealand	0.79	0.85	-0.01	2.11	0.69	1.16	1.49	1.66
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	-1.23	0.51	-0.10	0.56	0.22	1.79	2.25	1.46
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	-1.59	0.08
Kiwibank Limited	2.93	3.08	1.85	1.98	1.09	1.42	1.59	1.33
SBS Bank Limited	-1.31	-1.06	-1.66	-1.90	-1.55	-2.43	-1.78	-2.89
The Co-operative Bank Limited ^(c)	1.07	1.14	0.84	0.55	1.28	2.42	2.06	0.49
TSB Bank Limited	1.27	1.65	0.33	1.05	0.86	-0.12	1.81	1.87
Westpac Banking Corporation – New Zealand Division ^(a)	-0.76	2.80	-0.07	1.07	0.79	1.10	-0.38	1.18
Average	-0.39	0.62	-0.00	0.95	0.81	1.20	0.98	1.08
	Capital adequacy (%)							
ANZ Banking Group – New Zealand Banking Group ^{(a), (d)}	11.80	12.10	12.00	12.60	12.30	12.20	12.10	11.70
Bank of New Zealand	11.24	11.84	12.17	12.39	12.72	13.29	13.46	12.75
Commonwealth Bank of Australia New Zealand Banking Group ^{(a), (d)}	11.70	11.80	11.20	11.20	11.00	11.00	10.90	10.90
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	14.89	14.80
Kiwibank Limited	10.50	10.50	11.50	10.50	10.80	10.80	12.90	12.00
SBS Bank Limited	13.89	14.25	14.58	14.35	14.77	14.89	15.10	14.34
The Co-operative Bank Limited ^(c)	18.10	17.50	17.50	17.10	17.50	17.10	17.00	16.90
TSB Bank Limited	16.16	16.09	15.63	15.42	15.23	15.39	14.93	14.56
Westpac Banking Corporation – New Zealand Division ^{(a), (d)}	11.00	11.00	11.00	10.80	10.70	11.70	12.10	12.50
	Net profit (\$Millions)							
ANZ Banking Group – New Zealand Banking Group ^(a)	257	350	415	200	350	300	296	359
Bank of New Zealand	131	285	289	63	176	52	126	172
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	159	188	205	165	158	190	189	190
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	5	6
Kiwibank Limited	7	18	20	23	18	30	28	25
SBS Bank Limited	3	3	4	2	5	2	4	3
The Co-operative Bank Limited ^(c)	1	0	2	2	2	1	1	1
TSB Bank Limited	12	12	13	11	14	13	14	12
Westpac Banking Corporation – New Zealand Division ^(a)	167	220	206	171	196	186	197	203
Total	737	1,076	1,154	637	920	775	860	971

5 MAJOR BANKS: PAST DUE AND GROSS IMPAIRED ASSETS VS GROSS LOANS AND ADVANCES

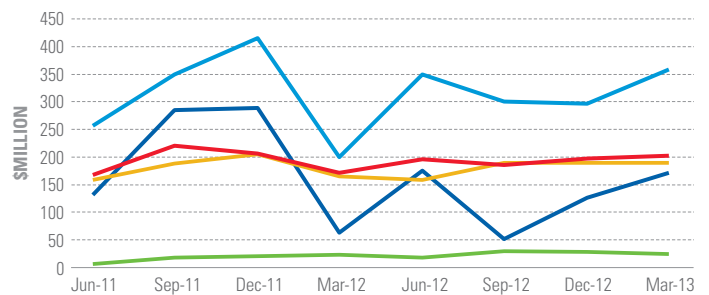


■ Gross impaired/Gross loans and advances (LHS)
 ■ Past due/Gross loans and advances (LHS)
 ■ Total provisions/Past due and gross impaired assets (RHS)

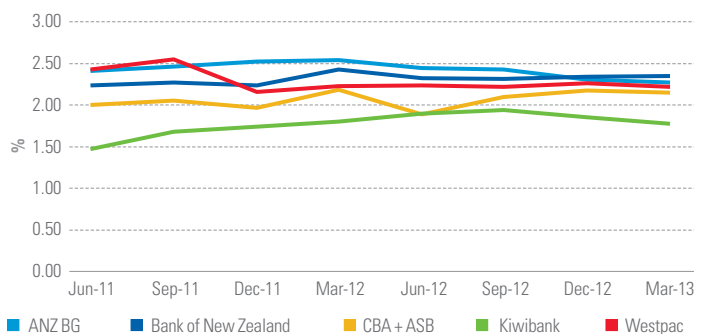
Footnotes

- (a) The results for Australia and New Zealand Banking Group, Commonwealth Bank of Australia and Westpac Banking Corporation relate to the total New Zealand operations of these entities.
 - (b) Heartland published its first Disclosure Statement as a registered bank for December 2012. Financial statements were not available for the period ended 30 September 2012, so balances and performance measures were calculated over a six month period. Net profit for the quarter ended 31 December 2012 is calculated as half of the six month net profit for the period ended 31 December 2012.
 - (c) The Co-operative Bank obtained bank registration on the 26th October 2011. However, for all quarters prior to the December 2011 quarter figures disclosed are in accordance with Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 3) 2011.
 - (d) The capital adequacy ratio's reported are for the overseas banking group.
 - (e) Operating income for Heartland includes net interest income, net operating lease income, other income and fee income.
- n/d = In this or the previous quarter the Bank did not publish the standard disclosure statement and therefore we are unable to calculate the necessary figures

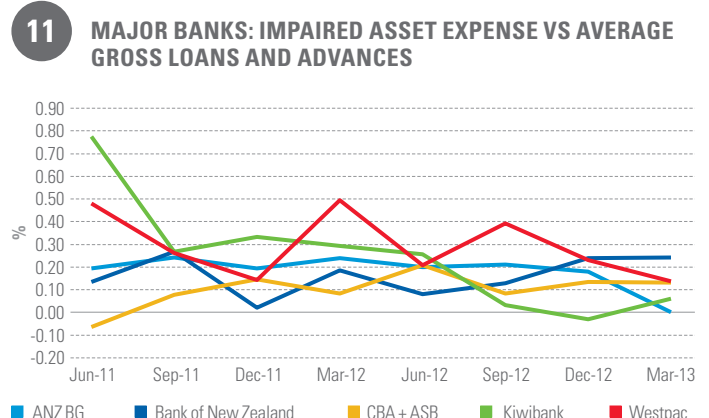
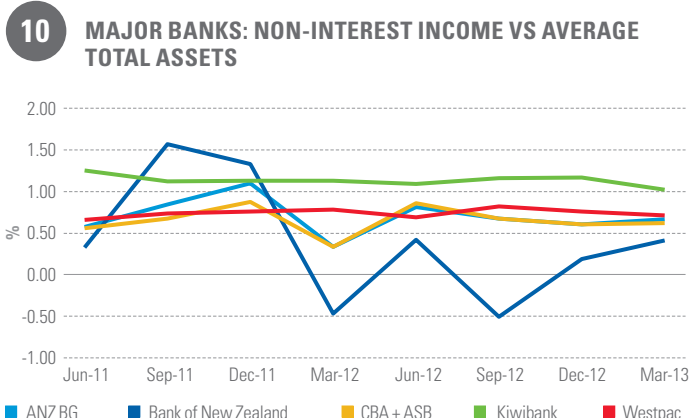
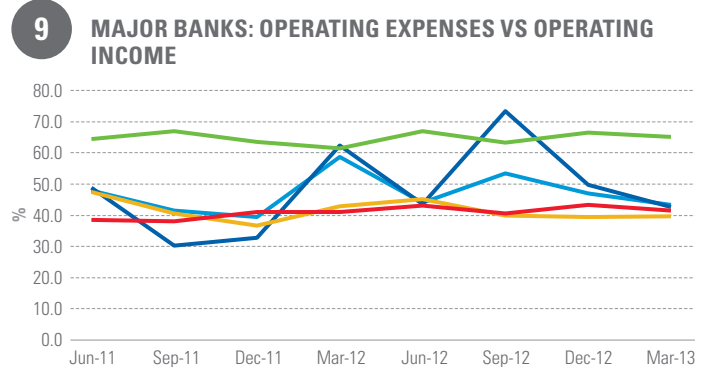
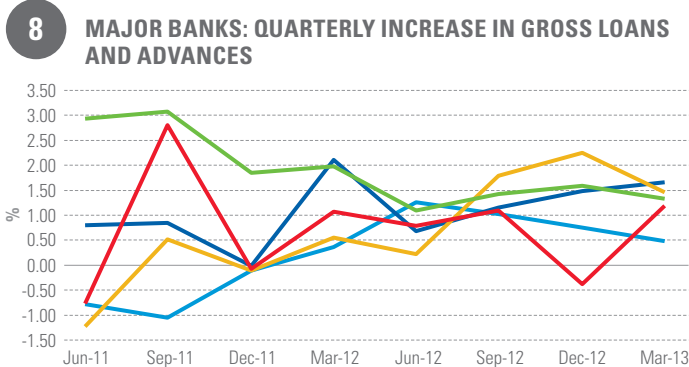
6 MAJOR BANKS: NET PROFIT AFTER TAX



7 MAJOR BANKS: INTEREST MARGINS



Quarterly analysis	Profitability measures							
	30-Jun-11	30-Sep-11	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
	Interest margin (%)							
ANZ Banking Group – New Zealand Banking Group ^(a)	2.41	2.46	2.53	2.54	2.45	2.43	2.31	2.27
Bank of New Zealand	2.24	2.27	2.23	2.42	2.32	2.31	2.34	2.35
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	2.00	2.05	1.96	2.18	1.89	2.10	2.17	2.15
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	4.26	4.21
Kiwibank Limited	1.47	1.68	1.74	1.80	1.89	1.94	1.85	1.78
SBS Bank Limited	2.34	2.42	2.60	2.63	2.66	2.59	2.52	2.46
The Co-operative Bank Limited ^(c)	2.73	2.76	2.88	2.72	2.70	2.76	2.86	2.46
TSB Bank Limited	1.99	2.08	2.14	2.08	2.10	2.03	2.06	1.98
Westpac Banking Corporation – New Zealand Division ^(a)	2.43	2.55	2.15	2.22	2.24	2.22	2.26	2.22
Average	2.25	2.32	2.24	2.34	2.24	2.27	2.28	2.24
	Non-interest income/Total tangible assets (%)							
ANZ Banking Group – New Zealand Banking Group ^(a)	0.57	0.84	1.10	0.34	0.81	0.67	0.60	0.67
Bank of New Zealand	0.32	1.57	1.33	-0.47	0.42	-0.51	0.19	0.42
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	0.55	0.67	0.87	0.34	0.86	0.67	0.61	0.62
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	0.44	0.51
Kiwibank Limited	1.25	1.12	1.13	1.13	1.09	1.16	1.17	1.02
SBS Bank Limited	0.62	0.65	0.65	0.62	0.64	0.72	0.68	0.63
The Co-operative Bank Limited ^(c)	1.46	1.16	1.52	1.68	1.70	1.66	1.32	1.36
TSB Bank Limited	0.31	0.36	0.29	0.25	0.30	0.36	0.38	0.29
Westpac Banking Corporation – New Zealand Division ^(a)	0.66	0.73	0.76	0.78	0.69	0.82	0.76	0.71
Average	0.57	0.93	1.02	0.31	0.72	0.49	0.58	0.63
	Impaired asset expense/Average gross loans (%)							
ANZ Banking Group – New Zealand Banking Group ^(a)	0.19	0.24	0.19	0.24	0.20	0.21	0.18	0.00
Bank of New Zealand	0.13	0.27	0.02	0.19	0.08	0.13	0.24	0.24
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	-0.06	0.08	0.15	0.08	0.21	0.08	0.13	0.13
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	0.50	0.51
Kiwibank Limited	0.78	0.27	0.33	0.29	0.26	0.03	-0.03	0.06
SBS Bank Limited	0.46	0.78	0.84	1.41	0.49	1.02	0.60	0.83
The Co-operative Bank Limited ^(c)	0.15	0.19	0.01	0.20	0.11	0.25	0.19	0.19
TSB Bank Limited	0.15	0.21	0.08	0.07	0.06	0.08	0.14	0.03
Westpac Banking Corporation – New Zealand Division ^(a)	0.48	0.26	0.14	0.49	0.21	0.39	0.23	0.14
Average	0.21	0.22	0.15	0.26	0.18	0.20	0.19	0.12
	Operating expenses/Operating income (%)							
ANZ Banking Group – New Zealand Banking Group ^(a)	47.87	41.47	39.49	58.73	43.97	53.37	46.99	43.42
Bank of New Zealand	48.77	30.33	32.72	62.30	43.61	73.43	49.64	42.74
Commonwealth Bank of Australia New Zealand Banking Group ^(a)	47.51	40.67	36.69	42.82	45.22	40.00	39.40	39.57
Heartland Bank ^(b)	n/d	n/d	n/d	n/d	n/d	n/d	60.39	57.10
Kiwibank Limited	64.49	66.88	63.58	61.32	66.97	63.16	66.37	65.09
SBS Bank Limited	62.50	58.81	54.45	47.54	56.15	59.68	61.86	58.42
The Co-operative Bank Limited ^(c)	85.65	92.62	85.13	83.42	80.02	85.64	84.97	89.61
TSB Bank Limited	37.90	39.89	38.15	47.66	33.90	39.33	37.51	46.48
Westpac Banking Corporation – New Zealand Division ^(a)	38.42	38.11	41.05	40.99	42.99	40.48	43.41	41.60
Average	46.74	39.34	39.11	51.99	45.14	50.79	46.51	43.69



To discuss FIPS Quarterly in more detail, please contact:

Auckland

John Kensington

Head of Financial Services

T: + 64 (9) 367 5866

E: jkensington@kpmg.co.nz

Matt Prichard

Head of Audit

T: + 64 (9) 367 5846

E: matthewprichard@kpmg.co.nz

Wellington

Godfrey Boyce

Partner

T: + 64 (4) 816 4514

E: gboyce@kpmg.co.nz

Malcolm Bruce

Partner

T: + 64 (4) 816 4526

E: malcolmbruce@kpmg.co.nz

kpmg.com/nz

The information provided herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received nor that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2013 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International"). KPMG000441