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MEDIA RELEASE

Kiwibank six-month financial announcement (July 2013- December 2013)

Kiwibank has declared a profit of \$52 million after tax for the six months ended December 31, 2013. This compares with the record profit after tax of \$58 million for the same period in 2012 and \$38 million in 2011.

Kiwibank has also announced it will be making a substantial investment, estimated to be more than \$100 million over the next four years, upgrading its core banking systems.

Releasing the financial result, Kiwibank Chief Executive Paul Brock said that in the six months from July 1, 2012 to December 31, 2013:

- Total lending (home loans, business banking and credit cards) increased 5.7% from \$13.2 billion to \$14.0 billion
- Customer deposits increased 2.4% from \$12.1 billion to \$12.4 billion

Mr Brock said the result was satisfactory, but fell short of the excellent result from last year as a result of tighter lending margins and investment in the bank's infrastructure.

Impaired assets to gross loans and advances ratio has improved from 0.41% in June 2013 to 0.28% at 31 December 2013.

Mr Brock said deposits now accounted for 81.7% of all bank funding.

Mr Brock said that at the end of December, Kiwibank had 840,000 customers representing 23% of New Zealand bank customers. Of this number 385,000 were considered main bank customers (having most or all of their banking with Kiwibank). This represents 10.7% market share.

Following a successful pilot in Kapiti, Kiwibank opened a further eight branches in the North Shore as part of its retail transformation programme. Compared to existing Postshops, there is a much greater focus on banking with a new layout, new technology and specialist banking roles. Feedback from customers has been very positive and the initial results were in line with expectations.

Outlining the core banking project, Mr Brock said the upgrade will take place over three to four years and involve a number of IT providers and of a banking system created by SAP, a German-based company.

“We are looking to the future growth of the bank and to make sure we have the right back office systems and infrastructure to support our strategic plan,” Mr Brock said.

The core system upgrade project will take place progressively to avoid any disruption to existing services, but ensure the bank has the capability to manage growth and increasingly-complex technological advances in the banking industry.

For further information:

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