

Kiwibank Annual Results

For the year ended 30 June 2019.

Kiwibank's founding vision was for New Zealand to have a real and credible alternative to the offshore-owned banks and that remains at the heart of who we are and why we exist.

Kiwis making Kiwis better off



\$2.1B
NEW CUSTOMER
LENDING



\$2.1B
OF CUSTOMER
DEPOSITS

\$108M PROFITS
STAYING IN NEW ZEALAND



BUSINESS BANKING
NET EXPOSURE
↑ \$305M

As included in business exposures category in note 10 Asset Quality in the Disclosure Statement



↑ 11.7%
TOTAL LENDING ON
PRIOR YEAR



↑ 31%
MORE CUSTOMERS
HELPED INTO THEIR
FIRST HOMES



THE ONLY BANK IN
RANDSTAD'S
TOP 20
MOST ATTRACTIVE
EMPLOYERS LIST



325 LEADERS
PUT THROUGH OUR
LEADERSHIP DEVELOPMENT
PROGRAMME – THE LEADERSHIP CODE

THE FIRST BANK IN NZ TO
ACHIEVE THE
gendertickTM

Accredited by YWCA Auckland



#1
BANK FOR
CORPORATE
REPUTATION
2019 Colmar Brunton Corporate Reputation Index



536,000 PEOPLE
JOINED A NATIONAL CONVERSATION ABOUT MENTAL
WELLBEING WITH GUMBOOT FRIDAY

2,881 CLASSROOMS
80,432 KIWI KIDS

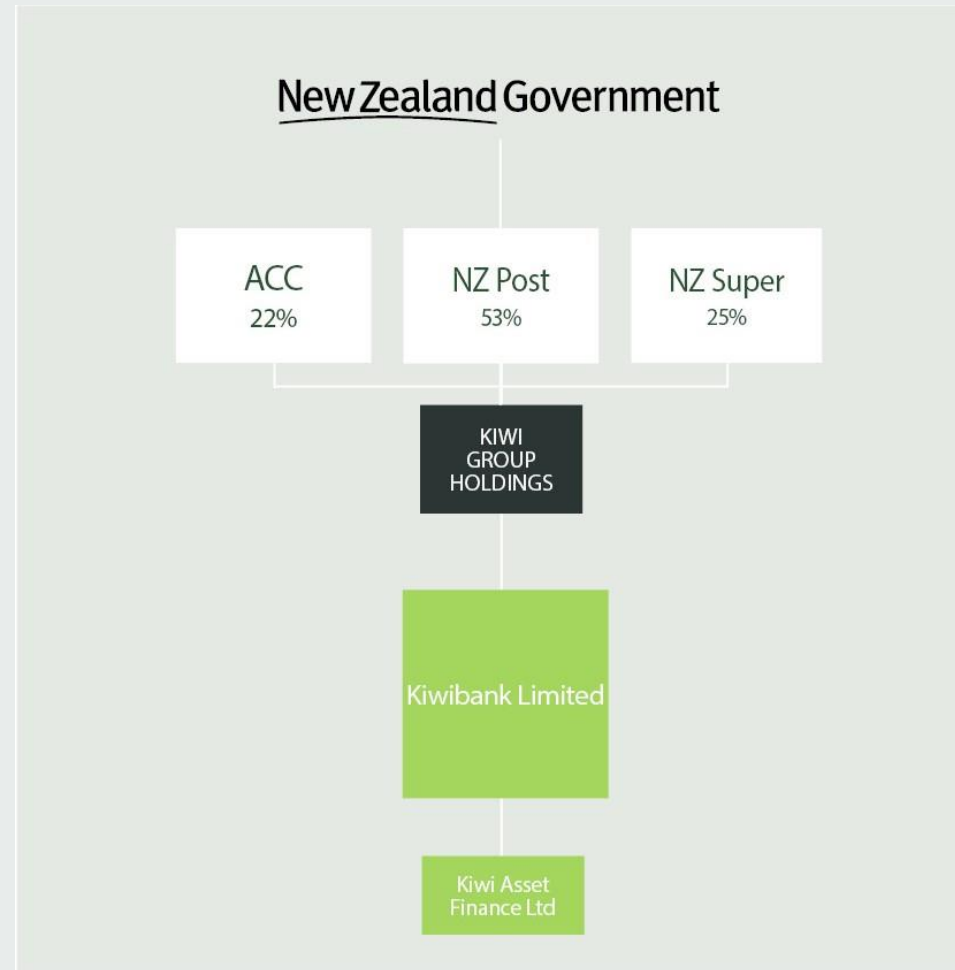
GETTING FINANCIAL
EDUCATION THROUGH BANQER

A wholly New Zealand-owned bank

Kiwibank is the largest New Zealand-owned bank with over a million customers.

It provides simple, competitive banking products and services and its purpose is to make both Kiwis and New Zealand better off.

Kiwibank is wholly owned by Kiwi Group Holdings Limited (KGH) which in turn is owned by the New Zealand Government via three government entities: New Zealand Post Limited, Accident Compensation Corporation and New Zealand Superannuation Fund.



A year of helping more customers

Operating income

\$538m
(0% from FY18)

Net profit after tax

\$108m
(↓ 6% from FY18)

Lending net growth

\$2.1bn
(↑ 12%³ from FY18)

Cost to income ratio

69.7%
(vs 69.2% from FY18)

Net interest margin

2.11%
(↑ from 2.06% FY18)

Deposits net growth

\$2.1bn
(↑ 13%³ from FY18)

Insights

- > A good year, in terms of lending and deposit growth and customers got a better deal.
- > Full year NIM¹ strong at 2.11% down from 2.20% at start of the year.
- > Cost to income ratio marginally increased to 69.7% as a result of customer growth and more investment.
- > Return on equity² of 6.4% down on last year (7.3%) due to retained profit reinvested.
- > Bad debts increased by \$10.7 million, driven by select business loans.

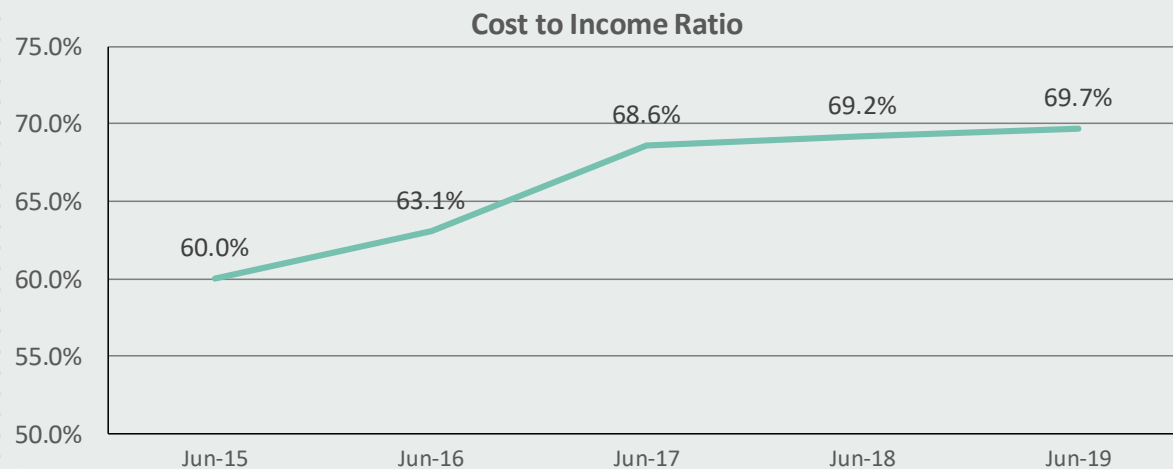
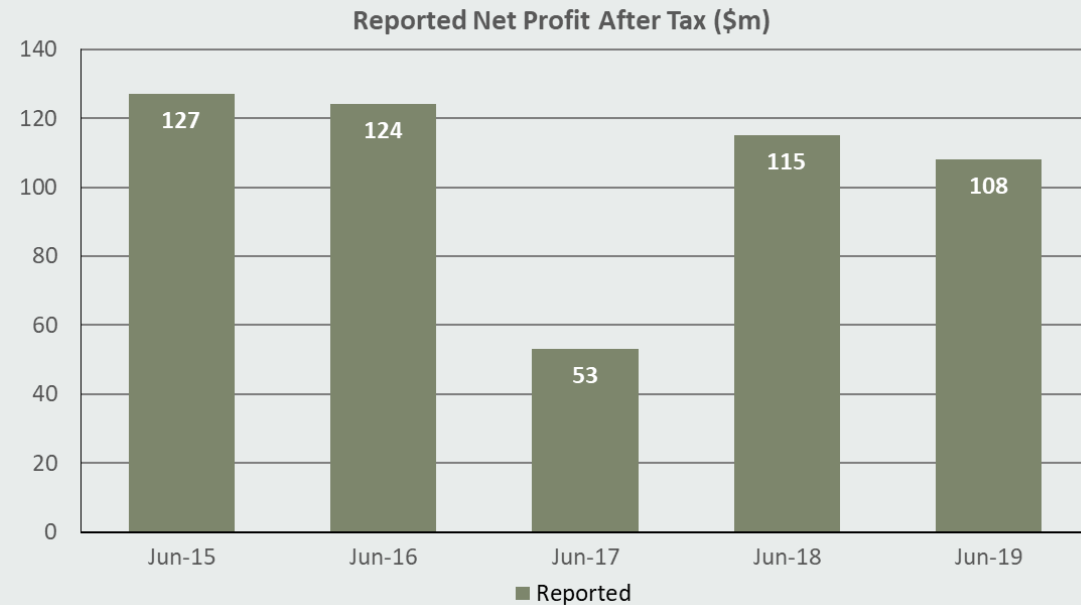
¹ net interest margin = net interest income / average interest earning assets

² return on equity =
(net profit after tax less distributions to holder of perpetual capital) / average equity

³ Percentage movements denoted here are the growth on the prior end of year balance

This result supports us to
reinvest in future-
proofing Kiwibank.

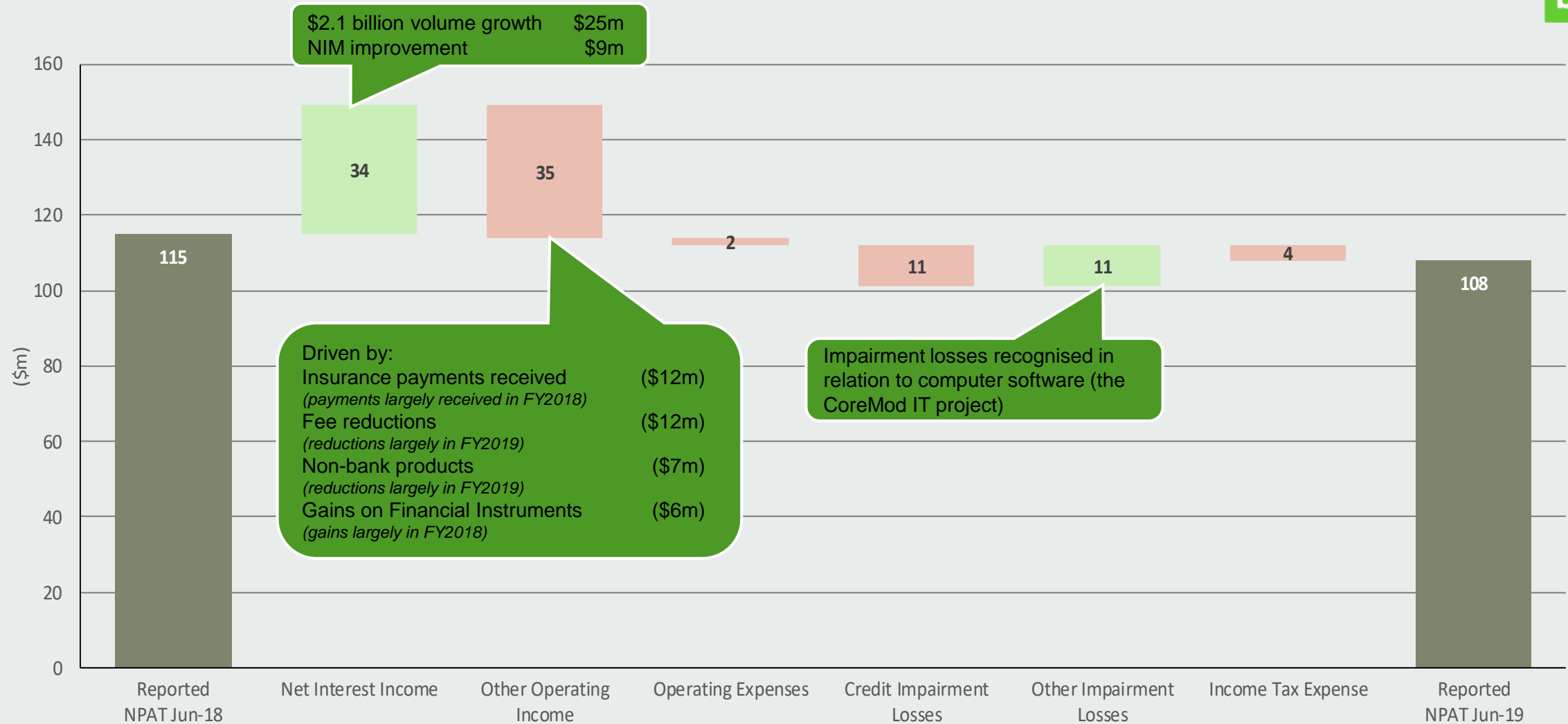
Growth in net interest income and solid profitability



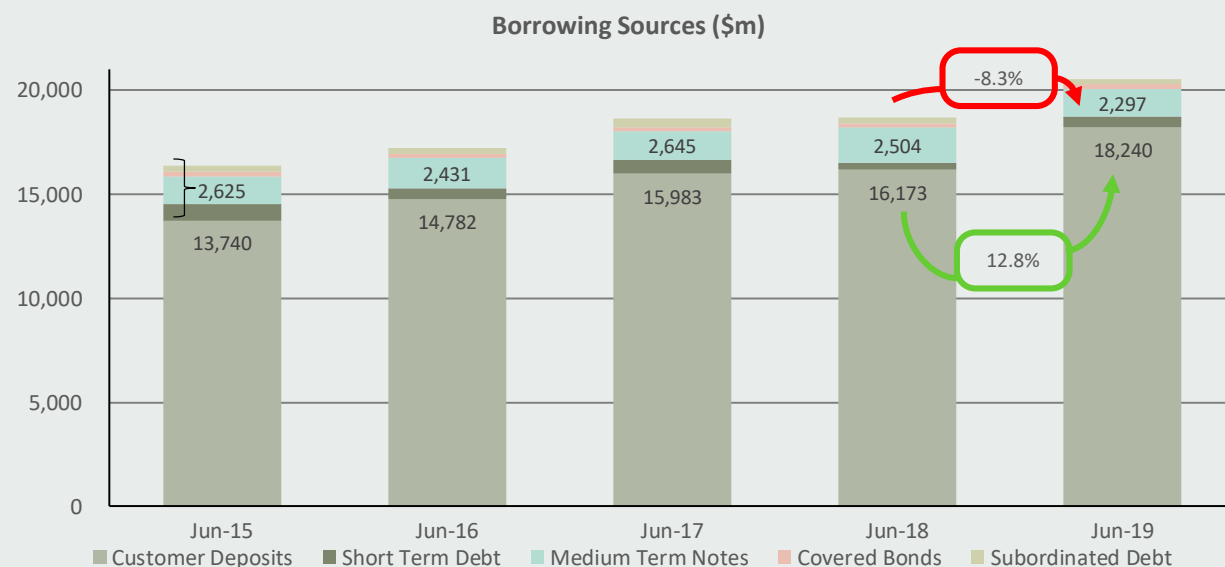
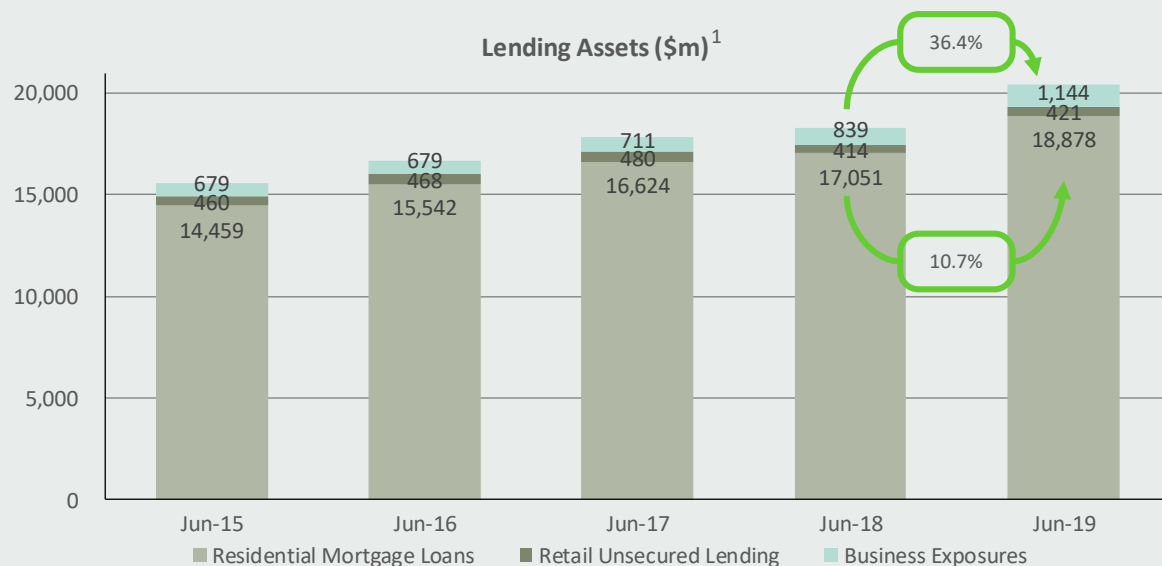
Insights

- > Net interest income up 8%
- > We experienced significant growth because more customers chose to join Kiwibank
- > Net profit after tax softened from one-off revenue declines, lower fees and higher investment costs
- > Investment in technology, people, our physical footprint and simplifying our business over the year meant we expected relatively flat profitability.

Change in profitability



Asset growth supported by deposit growth



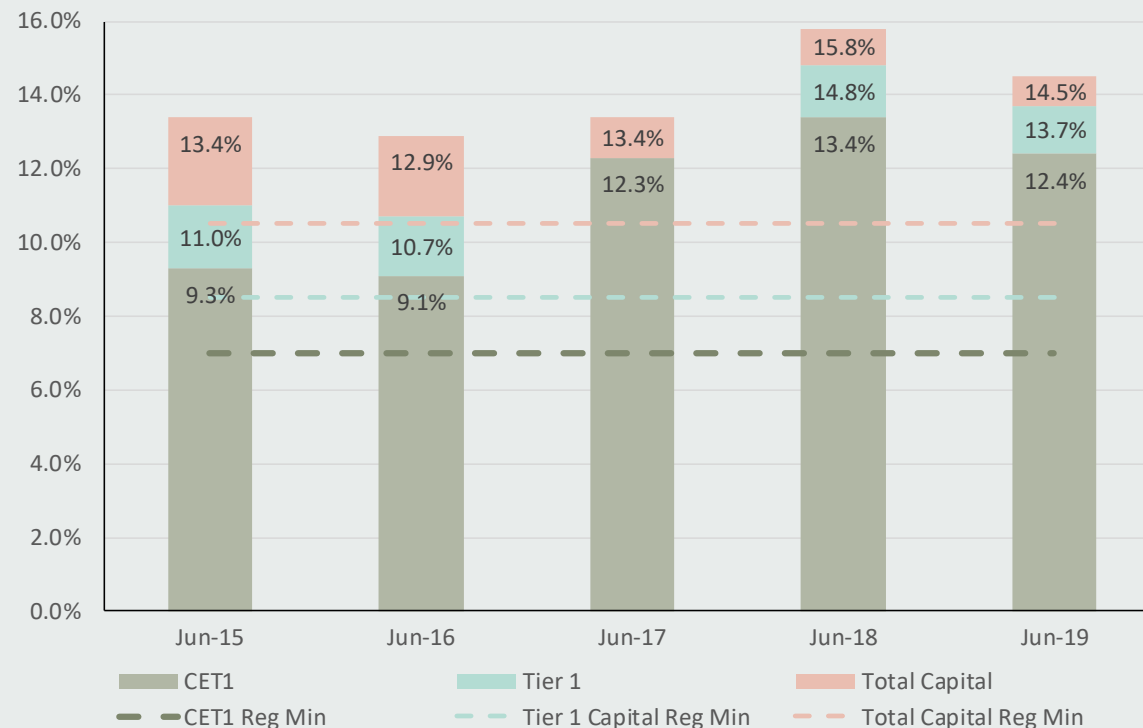
Insights

- > 12% growth in net lending assets from prior year.
- > Supported by 13% growth in customer deposits.
- > Business lending grew 36% from last year.
- > Helping small and medium businesses operate and grow remains a core focus.
- > Over the past 12 months we have made progress in supporting more of New Zealand's medium sized businesses.

¹ Note: As categorised in note 10 Asset Quality in the Disclosure Statement. Business lending secured against residential property is included within "residential mortgage loans".

Capital to support investment and growth

Regulatory Capital Ratios¹



Insights

- > CET1 capital ratio of 12.4% down on last year (13.4%) driven by strong balance sheet growth
- > Return on equity 6.4% down on last (7.3%) year due to retained profit reinvested
- > Capital ratios comfortably surpass regulatory minimum requirements
- > RBNZ capital review is still under consultation so uncertainties remain

¹ The regulatory minimum ratios include the 2.5% prudential buffer.

Kiwibank is moving to adjust its business strategy to match the changing preferences of customers.



Strategic priorities



Protect

Protect our customers by finding the best possible outcomes for them, ensuring their strong financial future.



Perform

Make it easy for our customers to make us their first choice for savings, home ownership and business.



Transform

Stay relevant and credible to our customers by evolving what we do and how we do it.



People

Support and develop the people around us so we can be our best for our customers and each other.



Own it

Own what we do and the impact we have on our customers and New Zealand.

Contact



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