

Kiwibank Half Year Results

As at 31 December 2023

This is Kiwi – our strategy



PURPOSE

Kiwi Making Kiwi Better Off

What we aim to achieve

- 1. Making our Tamariki better off | Access to financial education
- 2. Making Kiwi better off | Taking action to secure their financial future
- 3. Making Aotearoa better off | Delivering sustainable finance to improve Kiwi businesses

GOAL

To be Customers' 1st Choice

- 1. More Kiwi and Kiwi businesses prefer us for their banking needs
- 2. More Kiwi choose us for their Home Lending and Business needs

OUR OFFER

Simple
Easy
Accessible
Expertise

- It's simple for our customers to bank with us | We communicate clearly and offer simple solutions
- It's easy for our customers to get things done with us | We deal with our customers' needs quickly, first time
- Our customers can bank with us where and when they need us | We enable customers to choose us more often
- Our customers trust our expertise | We have the expertise to help make Kiwi better off

BETTER BANK

Sustainable Growth
Impact
Trusted
Empowered

- We aim to be financially sustainable as we grow
- We aim to be a leading purpose-led employer that has impact in our communities
- We aim to be a trusted bank – we deliver good customer outcomes every time
- We aim to take ownership and act quickly for our customers

This is us.
NGĀ KAUIWAKA

Ka Tīmata i a Tātou
A **Place** to **Belong**

Me Māia
Rise to the **Challenge**

Tapatahi
Better Together

Ngā Kiritaki
Customer at the **Heart**

The impact we made:

Sustainability highlights (for 6 months to Dec 23)



Supported 62,210 students to be financially savvy through Banqer



12 Kāinga whenua champions appointed within the business



\$71m sustainable finance lent to businesses



Released a financial wellbeing programme for our people with 161 kaimahi actively engaged



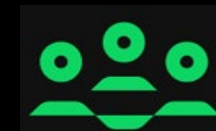
51% of our fleet are electric vehicles



138 micro-loans delivered through Ngā Tāngata Microfinance Trust



3% decrease in carbon emissions from same period of baseline year (2021)



38.8% women in leadership roles

Strong revenue result underpins performance



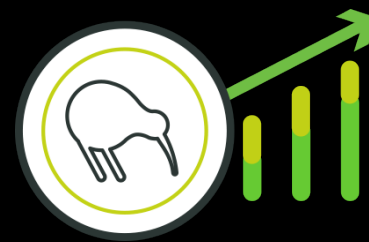
HY24 Financial Highlights



NZ\$1.3b NEW
CUSTOMER LENDING
(NZ\$1.9b FY23)
(NZ\$1.1b HY23)



NZ\$1.1b GROWTH IN
CUSTOMER DEPOSITS
(NZ\$1.5b FY23)
(NZ\$1.0b HY23)



NZ\$105m PROFIT
AFTER TAXATION
(NZ\$175m FY23)
(NZ\$98m HY23)



NZ\$448m
TOTAL OPERATING
INCOME
(NZ\$816m FY23)
(NZ\$415m HY23)



2.54%
NET INTEREST MARGIN¹
(2.48% FY23)
(2.44% HY23)



63.9%
COST TO INCOME (CTI)²
(65.5% FY23)
(63.4% HY23)

Highlights for the six months to 31 December 2023 (HY24)

- Net profit after tax of \$105m for HY24 up 7% from HY23
- Growth in operating income driven by higher NIM
- Kiwibank home lending has continued to outperform the system growing 2.7 times faster than the market. Business lending remained flat as businesses continue to face challenges in a difficult market
- Investment in technology remains a strategic priority to improve scalability for future growth
- Introduction of Apple Pay for Kiwibank customers with an eligible Visa debit or credit card
- The launch of Business Thrive HQ on the Kiwibank website – a knowledge centre with tips and tools to assist businesses achieve their goals

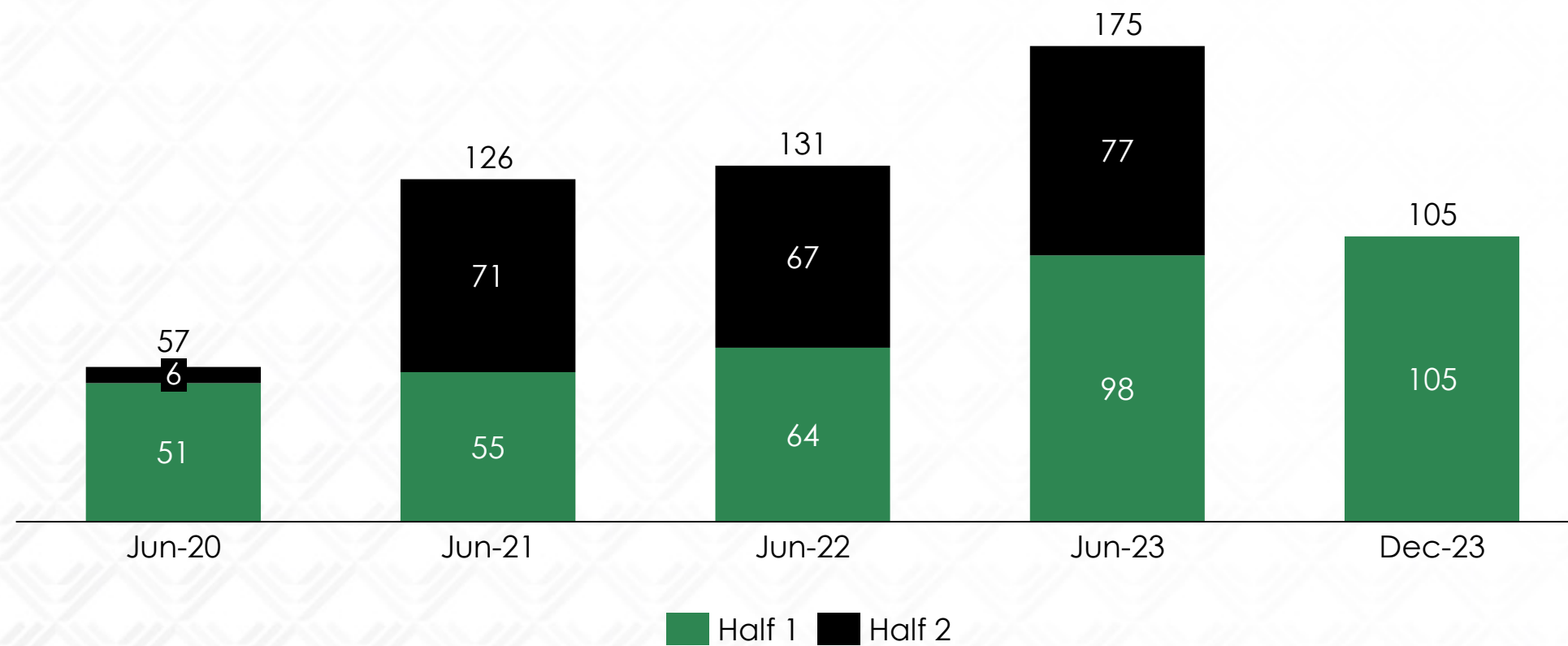
¹ Net Interest Margin (NIM) = Net interest income divided by average Total interest earning and discount bearing assets

² Cost to Income = Operating expenses divided by Total operating income

Profit underpinned by net interest income



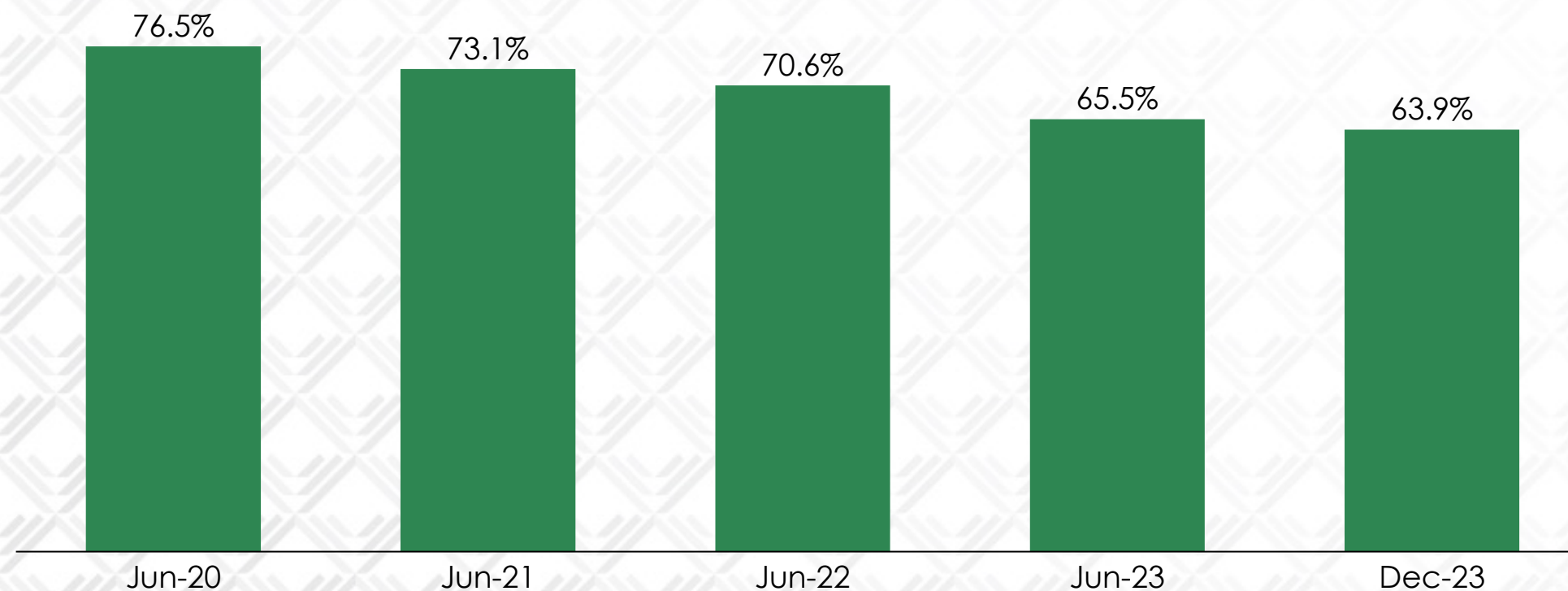
Reported Profit after Tax (\$m)



Highlights for HY24

- Net profit after tax of \$105m for HY24 up 7% from HY23 due to higher operating income
- Higher operating income is driven by net interest income being 12% above HY23 due to strong lending growth and the higher interest rate environment
- CTI for HY24 is marginally higher than HY23. Operating income and operating expenses were both higher than HY23. Higher operating expenses are due to higher people and technology costs to support growth

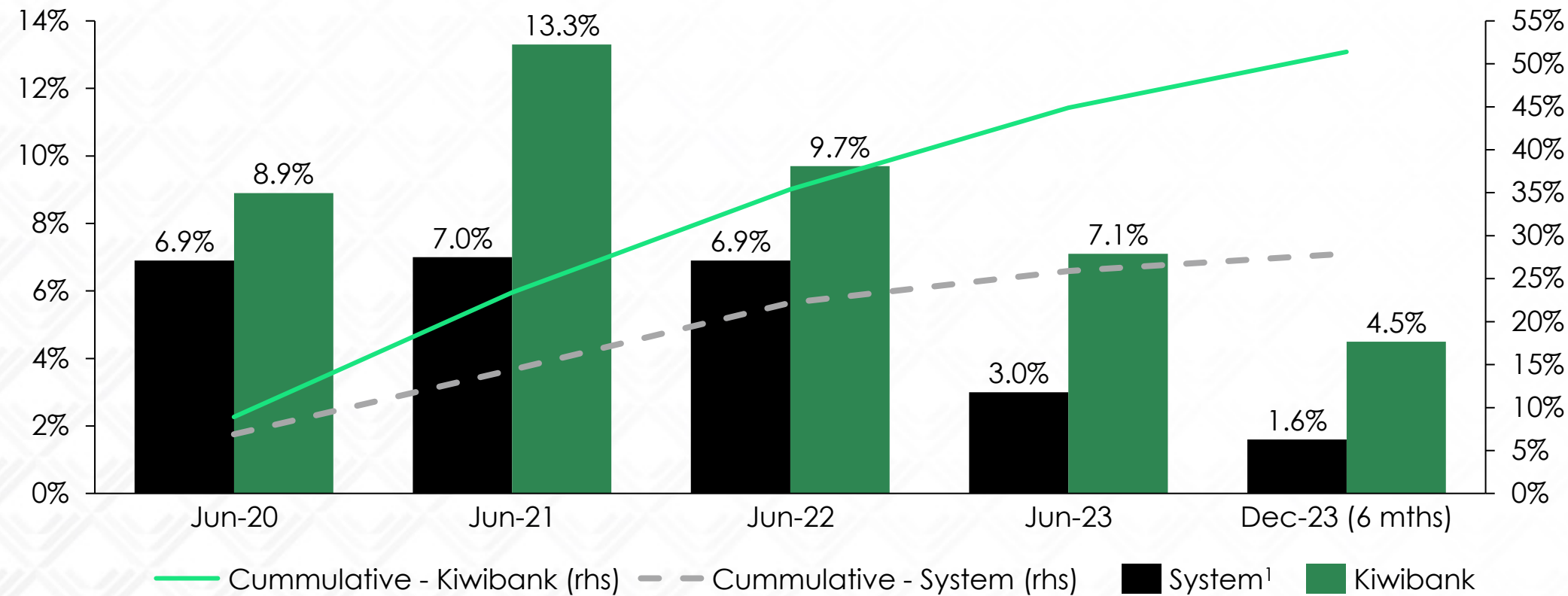
Cost to Income (CTI) Ratio (%)



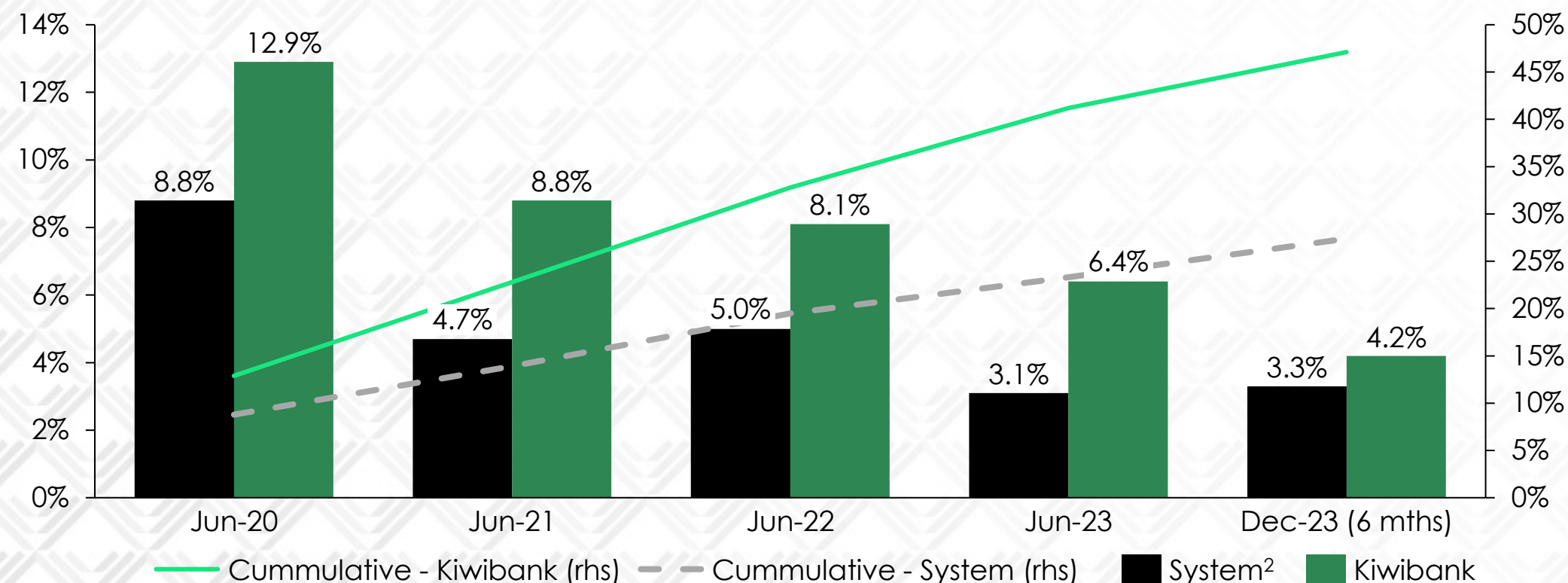
More Kiwi backing Kiwibank



Lending Growth (%)



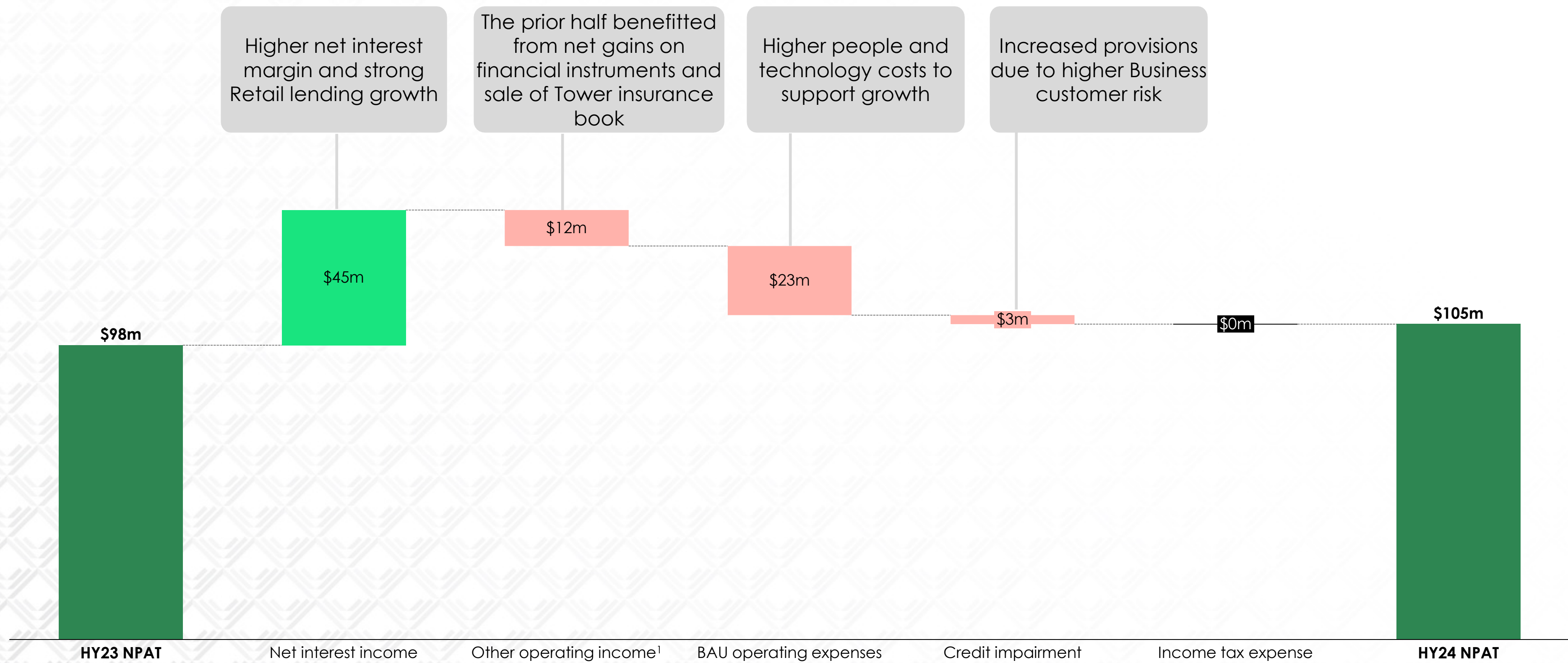
Deposit Growth (%)



Key Focus Areas for HY24

- Kiwibank continues to outperform the system in lending and deposit growth. Overall net lending growth was 2.8 times system largely underpinned by home lending growth
- Kiwibank retail lending portfolio has grown by 5%, an increase of \$1.3b. Home lending has grown 2.7 times faster than the market during the half. Kiwibank continues to grow our reach through advisers and improving the adviser experience for our customers
- Kiwibank business lending remained flat while the business lending market contracted. Businesses continue to take a cautious approach to borrowing in the current economic and geo-political environment

Change in reported net profit between HY23 & HY24



¹ Other Operating Income includes net gains on financial instruments



Contact

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