

KIWI GROUP CAPITAL LIMITED
AND SUBSIDIARIES

Statement Of Intent

1 July 2023 – 30 June 2027

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Ngā Wehenga

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Foreword

This Statement of Intent is submitted by the Board of Directors of Kiwi Group Capital Limited (KGCL) pursuant to the Crown Entities Act 2004.

This Statement of Intent sets out the strategic aspirations of the KGCL Group or “the Group” made up of Kiwibank Limited (Kiwibank) and its subsidiaries and the New Zealand Home Loan Company Limited (NZHL) and its subsidiaries for the 4-year period from 1 July 2023 to 30 June 2027.

David McLean

Chair



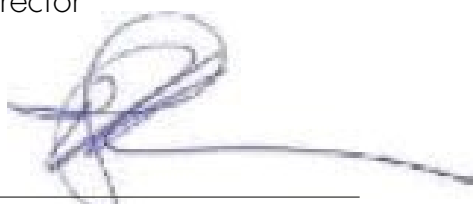
Mike Pohio

Director



Rukumoana Schaafhausen

Director



Sir Brian Roche

Director



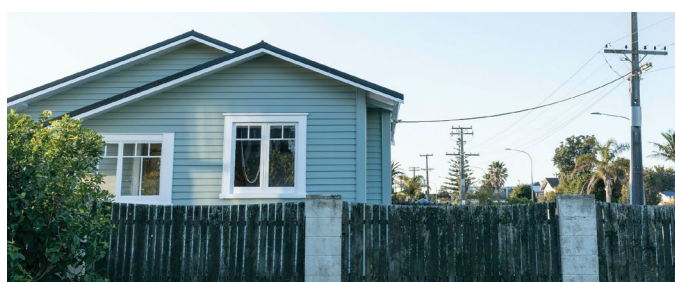
Our Purpose and Approach

Why are we here?

KGCL was established in November 2022 as a holding company to oversee the investment in its subsidiaries Kiwibank and NZHL, and indirectly through those subsidiaries, to carry out and develop their businesses, including the provision of banking and financial services.

KGCL's Constitution establishes it as a commercial enterprise that seeks to maximise long-term value and returns to the owner; is as profitable and efficient as comparable privately-owned businesses; and, exhibits a sense of social and environmental responsibility.

KGCL is a Public Finance Act 1989, Schedule 4A Company. Kiwibank and NZHL are subsidiaries of a Public Finance Act 1989 Schedule 4A company. Under section 45OA of the Public Finance Act 1989, certain provisions of the Crown Entities Act 2004 apply to KGCL as if it were a Crown entity company.



KGCL has a Board of Directors appointed by the Crown. KGCL operates as an independent commercial entity on an arm's length basis from the Crown and is governed by the following statutes:

- Public Finance Act 1989
- Companies Act 1993
- Crown Entities Act 2004
- Ombudsman Act 1975
- Public Audit Act 2001
- Public Service Act 2020

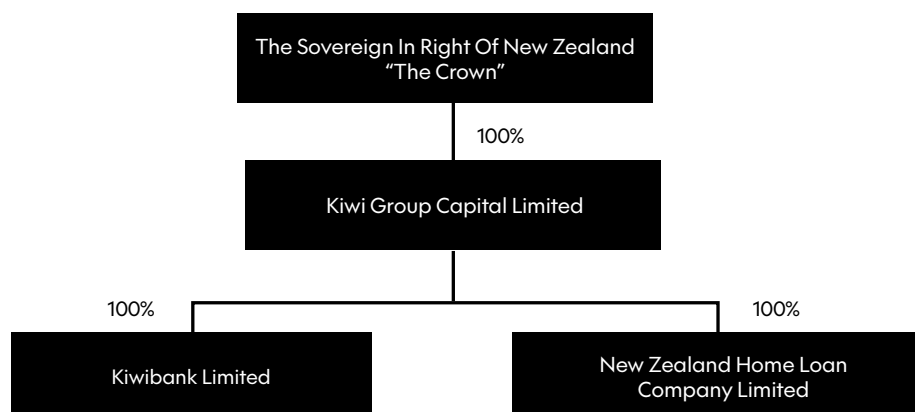
KGCL's objectives for its subsidiaries, Kiwibank and NZHL, are to:

- Maximise long-term value and return to shareholders
- Be as profitable and efficient as comparable private sector entities
- Exhibit a sense of social and environmental responsibility
- Remain 100% Kiwi-owned and majority Crown-owned
- Grow on a commercially sustainable basis to:
 - Challenge the status quo in the New Zealand banking sector
 - Provide a competitive alternative for all New Zealanders

As owner of the Crown's interests in Kiwibank and NZHL, KGCL is well placed to support its subsidiaries to achieve their strategic objectives.

Corporate Structure

KGCL is 100% owned by the Crown and is made up of Kiwibank, the largest New Zealand-owned bank with over a million customers and NZHL, a New Zealand-owned home loan and insurance advisor helping over 50,000 Kiwis achieve their financial goals.



Delivering On Our Strategy and Measuring Our Performance

KGCL's priority is to drive high performance in delivering the strategic objectives set by the Shareholding Ministers, while building resilience and scale to be robust to changing economic conditions. At a macro level, KGCL's focus is on growth, and the increasing Reserve Bank capital requirements necessary to deliver it, while improving efficiency and maintaining sound risk management. KGCL is committed to enhancing the strength of Kiwibank's market presence and therefore its ability to increase competitive pressures in the wider banking sector to challenge the status quo and drive better outcomes for all New Zealanders.

In accordance with statutory obligations for this Statement of Intent, KGCL has commissioned a commercial valuation conducted by Deloitte which has resulted in an estimated value range of \$2,581 million to \$2,986 million as at 30 June 2023 for the consolidated KGCL group of companies.

KGCL has a constitutional objective to exhibit a sense of social and environmental responsibility. As a holding company, KGCL sets the expectation that its operating subsidiaries will be good corporate citizens. KGCL proudly supports Kiwibank's B Corp status and NZHL's commitment to partnering with local communities throughout Aotearoa New Zealand.

Being a holding company, KGCL does not have any employees of its own, but delivers on and assesses its strategic performance via the performance of Kiwibank and NZHL. Further details on these companies, their strategies and performance measures are detailed below.



Kiwibank



Intro to Kiwibank

Kiwibank is the largest asset in KGCL's portfolio. Kiwibank's founding vision was for New Zealand to have a real, relevant and credible alternative to the offshore owned banks. That remains at the heart of Kiwibank's purpose.

Kiwibank operates a full-service nationwide retail bank for personal and business customers. Core product offerings include transactional products and services, savings accounts, credit cards and a range of lending solutions including personal loans, home loans, commercial loans, asset finance and trade finance.

Kiwibank's operations offer customers access to banking 24/7 through digital channels, supported by a nationwide branch network and contact centre. Kiwibank also offers access to specialists via its branches, business banking centres, a network of mobile mortgage specialists, and third-party mortgage advisers.

Kiwibank is proud to be a B Corp certified company, playing its part in creating an inclusive and sustainable economy where purpose-driven companies create benefits for everyone.

Banking as a force for good

Certified B Corporations are committed to considering the impact of their decisions on workers, customers, suppliers, community, and the environment. And now Kiwibank is one of them. Everything Kiwibank does, from green lending to supporting financial education programmes, has been assessed against the highest standards of environmental, social, and governance performance.

Balance between purpose & profit

Kiwibank's B Corp Certification is proof it's heading in the right direction when it comes to balancing purpose and profits. It takes into account five key aspects of Kiwibank's business.

- Governing in a way that's ethical, responsible, and delivers on the purpose of Kiwi making Kiwi better off.
- Placing customers first in the design of products and services to ensure positive outcomes.
- Making a positive difference in out communities.
- Supporting and developing our people.
- Protecting and improving the environment through our processes and lending practices.

Responsible Business Banking policy

Kiwibank puts the interests and values of Kiwi ahead of short-term business considerations, backed by the belief that this will have a positive impact on New Zealand, its people and environment, as well as its businesses over years to come.

This commitment is more than just words. Kiwibank has adopted a Responsible Business Banking policy.

This policy outlines the commitment to protecting the best interests of New Zealanders and the environment.

Purpose and Objectives

Kiwibank's purpose, Kiwi making Kiwi better off, is why it exists.

Kiwi making Kiwi better off is at the heart of what they do and guides the business and their people. Ultimately, it's about delivering long term sustainable value for their people, their customers, communities, and shareholders.

Kiwibank has identified three areas where they focus their activities to bring their purpose to life, called their Purpose Goals:



Tamariki are better off

by 2030, we will support all tamariki to have access to quality financial education



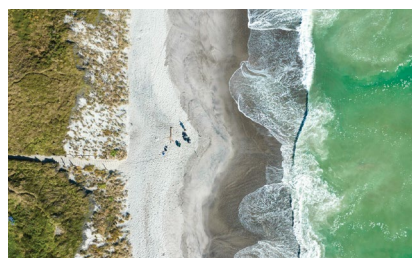
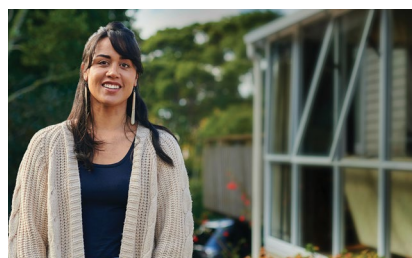
Kiwi are better off

by 2030, we will support 2 million Kiwi to take action to secure their financial futures



Aotearoa is better off

by 2030, we will deliver \$2 billion in sustainable finance to build a resilient Aotearoa



Strategy

Winning customer choice is at the heart of Kiwibank's strategy. Kiwibank's goal is to become Customers' 1st Choice so that more Kiwi prefer to bank with Kiwibank.

Kiwibank will do this by delivering an offer that is:

Simple

Making it simple for their customers to bank with them

Easy

Making it easy for their customers to get things done with them

Accessible

So customers can bank where and when they need to

Expert

So that their customers trust their expertise to help make Kiwi better off

This is supported by delivering a better bank that has a positive long-term impact for their customers and teams which is built upon:

Sustainable growth

Kiwibank have to deliver financially sustainable growth

Impact





Kiwibank are a leading purpose-led employer that has impact in its communities

Trusted

Kiwibank is a trusted bank – that delivers good customer outcomes every time

Empowered

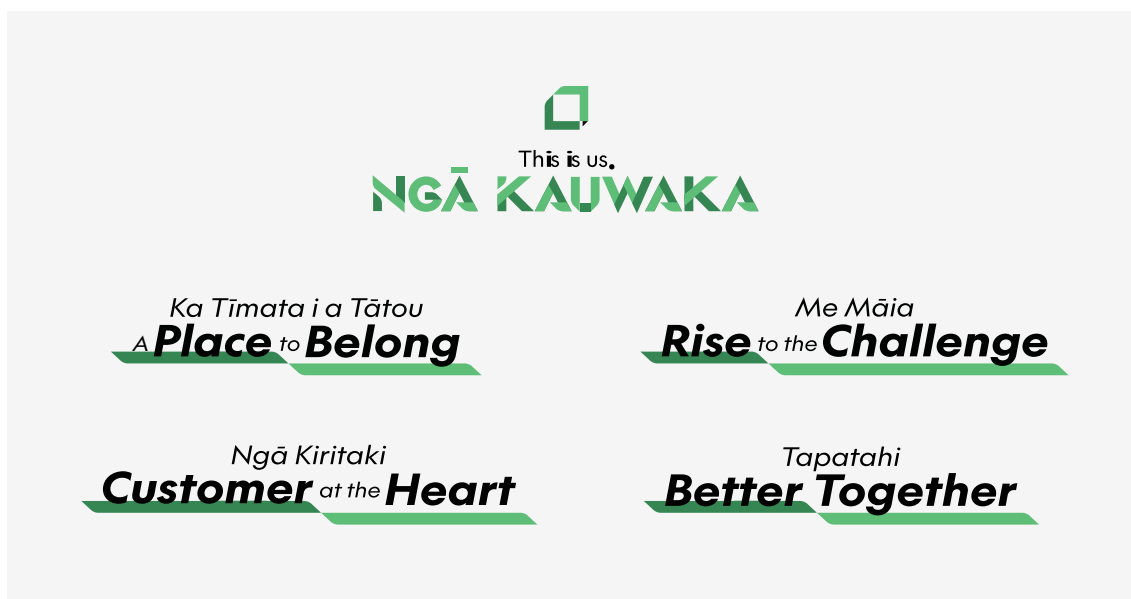
Kiwibank takes ownership and acts quickly for their customers

| This is Kiwi. | | What this means. |
|---|---|--|
|  | PURPOSE Kiwi Making Kiwi Better Off | Tamariki better off Kiwi better off Aotearoa better off |
|  | GOAL To be Customers' 1st Choice | More Kiwi and Kiwi businesses prefer us for their banking needs More Kiwi choose us for their Home Lending and Business needs |
|  | OUR OFFER Simple Easy Accessible Expertise |  BETTER BANK Sustainable growth Impact Trusted Empowered |

Culture

A foundational part of Kiwibank's strategy is its culture. Kiwibank nurtures and develops an inclusive culture where all can belong, that encourages everyone to do their best work through learning and growth. This will enable Kiwibank to deliver unbeatable performance that puts customers and each other at the heart of everything they do.

Kiwibank's culture is about what they see, what they say and do and what they think and believe. Not only does this define how Kiwibank's culture supports it to be Customers' 1st Choice, it helps Kiwibank understand the mindsets that will get them there.



Delivering On Strategy and Measuring Performance

Kiwibank's strategy is successful when it delivers on its Purpose and its goal to be Customers' 1st Choice in its primary markets of home and business lending. As Kiwibank continues to deliver on its goals, improve its offer and build a better bank we will see an improvement in our shareholder returns.

Kiwibank's performance is measured through its annual business planning process and reported twice annually in the [Kiwibank Disclosure Statements](#) as well as tracked on the Reserve Bank of New Zealand quarterly dashboard which compares key metrics across the entire banking sector. Kiwibank also publishes an annual [Sustainability Report](#) which includes detailed assessments of its delivery against a wide range of strategic objectives.





New Zealand
Home Loans



Intro to NZHL

NZHL is a purpose-driven home loan and insurance adviser network that forms an important part of the KGCL investment portfolio, alongside Kiwibank. NZHL helps over 50,000 Kiwis collectively save millions in interest costs each year.

NZHL does this by taking a structured, personalised approach:

- providing coaching and advisory support
- tailored smart home loan structures
- tools that put clients in control

NZHL also helps Kiwi protect themselves and their financial freedom. Insurance arranged by NZHL is about sensible protection tailored around its clients, their income, obligations, and budget.

NZHL advisers step through the options including life, health, disability, income, house, car, and contents insurance.

With 70 locally owned offices nationwide and 25 years of experience, NZHL is a passionately Kiwi and passionately local business comprised of around 250 people.

Financial freedom.
There's a legacy
worth leaving.



Being passionately
Kiwi is at the heart of
NZHL - owned by Kiwis
for Kiwi homeowners.

Purpose and Objectives

NZHL was founded in 1996 with a view there had to be a better way for New Zealanders to get ahead financially while ensuring sufficient protection.

And so, the smart home loan structure supported by insurance protection was born.

For some, financial freedom is paying off their home loan and reducing interest costs as quickly as possible. However, for others, it's the ability to renovate or buy an investment property or second home while staying on track

with paying down their current home loan while having tailored insurance protection to protect themselves and their financial freedom if they should need it.

NZHL's Mortgage Mentors are passionate about delivering on their Purpose - it's in their DNA and is a point of difference in the industry.

NZHL advisers have a close working relationship with clients, and genuinely celebrate when they reach their financial goals - such as paying off their mortgages.

Values



Passionately
Kiwi



Freedom
Champions



Excellent
Together

Strategy

Ultimately, NZHL's goal is to continue to help more New Zealanders reach financial freedom, pay off and reduce the long-term costs of their home loans while having adequate insurance protection.

It's not unusual for NZHL clients to, or be on track to, pay off their mortgages more than 10 years sooner by working with NZHL mentors.

NZHL estimates around half of NZ mortgages are provided through advisers. The mortgage adviser market share is set to grow due to:

- Banks' retreat from the physical branch network
- Increasing consumer preference to seek advice
- Increased regulations are making it more difficult to apply for a mortgage and borrowers require more external help
- Covid accelerated shift to advisers in both Australia and NZ
- The current increase in interest rates is contributing to more consumers seeking advice and shopping around



Insurance remains an integral pillar of the NZHL offering, helping to manage client risk around financial freedom faster.

Delivering On Strategy and Measuring Performance

NZHL's strategic priorities in delivering financial freedom, faster for Kiwis are:

- Competitive alternatives for more New Zealanders
- Commercially sustainable growth
- Value to our owners

#1

non-bank lender brand

50%

Net Promoter Score

75%

Overall Customer Satisfaction

Protect yourself and your financial freedom



NZHL clients are surveyed annually to measure Net Promoter Score and Client Satisfaction while brand perception is measured via independent survey quarterly.

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