

kiwi bank It's ours

Key Information Summary

Number 34

For the six months ended 31 December 2009



1. Introductory information

The purpose of this Key Information Summary is to provide customers and potential customers with information about the financial condition of their bank. The information contained in the Key Information Summary is explained in the Reserve Bank publication "Your Bank's Disclosure Statement – What's In It For You?", which can be obtained from the Reserve Bank.

2. Corporate information

Name of Registered Bank: Kiwibank Limited ("Kiwibank")

Ultimate Holding Company: New Zealand Post Limited ("NZP"), which is a New Zealand incorporated company

On 29 November 2001, Kiwibank was registered as a bank under the Reserve Bank of New Zealand Act 1989 and was required to comply with the conditions of registration as laid down by the Reserve Bank of New Zealand from that date onwards.

The Banking Group comprises the Registered Bank and its subsidiaries, Kiwibank Nominees Limited, New Zealand Home Lending Limited, AMP Home Loans Limited, KB Custodial Services Limited and Kiwibank Investment Management Limited. All of the subsidiaries are 100% owned by Kiwibank.

3. Credit ratings

On 29 November 2001, Standard & Poor's (Australia) Pty Limited granted Kiwibank a credit rating of AA- for long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars. There have been no changes made to the rating in the two years preceding 31 December 2009. On 21 August 2008, this credit rating was reaffirmed as AA- and the outlook was revised from negative (27 April 2007) to stable. This credit rating was reaffirmed on 10 March 2009 as AA- stable. NZP has a credit rating of AA- and has given Kiwibank a deed poll guarantee.

3A. Crown Retail Guarantee

- a. Kiwibank has a guarantee under the Crown Retail deposit guarantee scheme.
- b. The maximum liability under the Crown Retail Guarantee is one million New Zealand dollars (\$1,000,000) in aggregate to each Creditor or such other amount as may, in respect of a Nominated Beneficiary, be specified in or determined in accordance with the relevant Nomination.

- c. The Crown Retail Guarantee provides that in the event Kiwibank defaults on its payment obligations, Kiwibank must use all reasonable endeavours to ensure that all creditors claim under any other applicable guarantee before the Crown Retail Guarantee.
- d. Kiwibank also has a guarantee under the wholesale funding guarantee scheme. The guarantor is the Crown.
- e. Additional information on the Crown Retail deposit guarantee scheme and the wholesale funding guarantee scheme is available, free of charge and at all reasonable times, on the internet site maintained by the Treasury. The web-site address is www.treasury.govt.nz. Further, additional information on Kiwibank's guarantee under the scheme is available in Kiwibank's General Disclosure Statement for the year ended 30 June 2009 and in the Supplemental Disclosure Statement, which contains copies of both guarantees.

Dollars in thousands

	Unaudited 31/12/09	Unaudited 31/12/08
4. Profitability		
Profit of the Banking Group after taxation for the six months ended 31 December	23,549	25,802
Profit of the Banking Group after taxation for the twelve months ended 31 December expressed as a percentage of the average of total assets	0.6%	0.5%
5. Size		
Total assets of the Banking Group as at 31 December	12,017,943	9,430,176
Percentage change in total assets of the Banking Group for the twelve months ended 31 December	27.4%	50.1%
6. Capital adequacy		
Tier One Capital as a percentage of total risk weighted exposures	7.4%	7.3%
Minimum percentage of tier one capital to risk weighted exposures permitted under Kiwibank's conditions of registration	4.0%	4.0%
Minimum Tier One Capital ratio under Crown Wholesale Guarantee	6.0%	N/a
Total capital (Pillar I) expressed as a percentage of total risk weighted exposures	9.8%	10.4%
Minimum percentage of qualifying capital to risk weighted exposures permitted under Kiwibank's conditions of registration	8.0%	8.0%
7. Asset quality		
Total individually impaired assets of the Banking Group	31,614	6,014
Total individually impaired assets of the Banking Group expressed as a percentage of total assets	0.3%	0.1%
Total individual credit impairment allowance of the Banking Group	5,840	1,360
Total individual credit impairment allowance of the Banking Group expressed as a percentage of total individually impaired assets	18.5%	22.6%
Total collective credit impairment allowance of the Banking Group	9,604	5,659
Total collective credit impairment allowance of the Banking Group expressed as a percentage of total individually impaired assets	30.4%	94.1%

8. Peak credit exposure concentrations

Peak end-of-day credit exposures have been calculated using the Banking Group's tier one capital at the end of the period. The number of individual counterparties, excluding connected persons and to the central government of any country with a long-term credit rating of A- or A3 above, or its equivalent, where the peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowance (which was nil), equalled or exceeded 10% of the Banking Group's shareholder's equity for the six months ended 31 December 2009 are:

	Unaudited 6 months ended 31/12/09		Unaudited 6 months ended 31/12/08	
	Non-Bank	Bank	Non-Bank	Bank
10% - 19%	1	2	3	10
20% - 29%	-	-	1	-
30% - 39%	-	1	1	-
40% - 49%	-	2	-	-
50% - 59%	-	-	-	-
60% - 69%	-	-	-	-
70% - 79%	-	1	-	-
80% - 89%	-	-	-	-
90% - 100%	-	-	-	1
100% - 109%	-	-	-	4

9. Credit exposures to connected persons

Credit exposure concentrations are disclosed on the basis of actual exposures, and calculated on a gross basis, (net of individual credit impairment allowances and excluding advances of a capital nature). The Banking Group does not have credit exposures to connected persons other than non-bank connected persons. Peak end-of-day credit exposures to non-bank connected persons have been calculated using the Banking Group's tier one capital at the end of the period. There is no individual impairment credit allowance against credit exposures to non-bank connected persons as at 31 December 2009 (31 December 2008: \$nil).

Dollars in thousands

	Unaudited 6 months ended 31/12/09	Unaudited 6 months ended 31/12/08
Peak credit exposures to non-bank connected persons during the period	13,020	20,033
Peak credit exposures to non-bank connected persons during the period expressed as a percentage of tier one capital	3.1%	6.3%

Kiwibank's conditions of registration require that aggregate credit exposures (of a non-capital nature and net of individual credit impairment allowance) of the Banking Group to all connected persons do not exceed 70 percent of tier one capital and that, within this limit, aggregate credit exposures (net of individual credit impairment allowance and gross of set-offs) to non-bank connected persons do not exceed 15 percent of tier one capital. The limits on aggregate credit exposure to connected persons and to non-bank connected persons in the Conditions of Registration have been complied with at all times during the last quarter.

10. Availability of disclosure statements

A copy of Kiwibank's most recent General Disclosure Statement and Supplemental Disclosure Statement, containing a copy of the NZP full guarantee contract, the Crown Retail Guarantee and the Crown Wholesale Guarantee, is available at www.kiwibank.co.nz or will be provided:

- immediately at no charge to any person requesting a copy from Kiwibank's Head Office at Level 6, Radio New Zealand House, 155 The Terrace, Wellington, New Zealand, or
- at any branch of Kiwibank at no charge to any person within 5 working days of a request for a copy having been made.

Auditor's Review Statement

To the readers of Kiwibank Limited's Key Information Summary For the 6 months ended 31 December 2009

The Auditor-General is the auditor of Kiwibank Limited (the "Bank") and the Banking Group comprising the Bank and its subsidiaries. The Auditor-General has appointed me, Karen Shires, using the staff and resources of PricewaterhouseCoopers, to carry out the annual audit of the Bank and the Banking Group.

In our capacity as auditor, we have examined the attached Key Information Summary. The information in the Key Information Summary has been taken from the Banking Group's General Disclosure Statement for the 6 months ended 31 December 2009. We have examined the interim financial statements and certain supplementary information contained within the General Disclosure Statement for the 6 months, on which we issued an unqualified review statement dated 18 February 2010.

Statement of Findings

Based on our examination of the Key Information Summary, we report that:

- (a) Key Information Summary has been prepared in accordance with Clauses 20(1) to 20(5) and Schedule 2 of the Registered Bank Disclosure Statement (Full and Half-Year - New Zealand Incorporated Registered Banks) Order 2008 (the "Order"); and
- (b) the information contained in the Key Information Summary has been properly taken from the information contained in the General Disclosure Statement for the 6 months ended 31 December 2009.

For a better understanding of the scope of our examination of the Banking Group's General Disclosure Statement, and of the Banking Group's financial position, financial performance and cash flows for the 6 months ended 31 December 2009, this report should be read in conjunction with the Banking Group's General Disclosure Statement for the 6 months ended 31 December 2009.

Our work was completed on 18 February 2010 and our findings are stated as at that date.

The basis of our report is explained below. In addition, we outline the responsibilities of the Board of Directors and our role as reviewer, and explain our independence.

Basis of Report

For the purpose of meeting our reporting responsibilities, we have examined the information contained in the Key Information Summary and compared it to the corresponding information contained in the General Disclosure Statement for the 6 months ended 31 December 2009.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors are responsible for the preparation and presentation of the Key Information Summary in accordance with the Order.

We are responsible for examining the Key Information Summary presented by the Directors for compliance with the Order, and reporting our findings to you. This responsibility is specified in the Order.

Independence

When carrying out the examination we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the examination we have carried out assignments in the areas of taxation advice and accounting advice and other assurance services, which are compatible with those independence requirements. In addition, certain partners and employees of our firm may deal with the Bank and Banking Group on normal terms within the ordinary course of trading activities of the Bank and Banking Group. Other than in our capacity as auditor acting on behalf of the Auditor-General and these assignments we have no relationship with or interests in the Bank or the Banking Group.



Karen Shires
On behalf of the Auditor-General
Wellington, New Zealand



PricewaterhouseCoopers

Matters Relating to the Electronic Presentation of the Key Information Summary

This review statement relates to the Key Information Summary of Kiwibank Limited (the “ Bank”) for the 6 months ended 31 December 2009 included on the Bank’s website. The Bank’s Board of Directors is responsible for the maintenance and integrity of the Bank’s website. We have not been engaged to report on the integrity of the Bank’s website. We accept no responsibility for any changes that may have occurred to the Key Information Summary since it was initially presented on the website.

The review statement report refers only to the Key Information Summary named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Key Information Summary. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the Key Information Summary and related review statement report dated 18 February 2010 to confirm the information included in the Key Information Summary presented on this website.