

Media Release

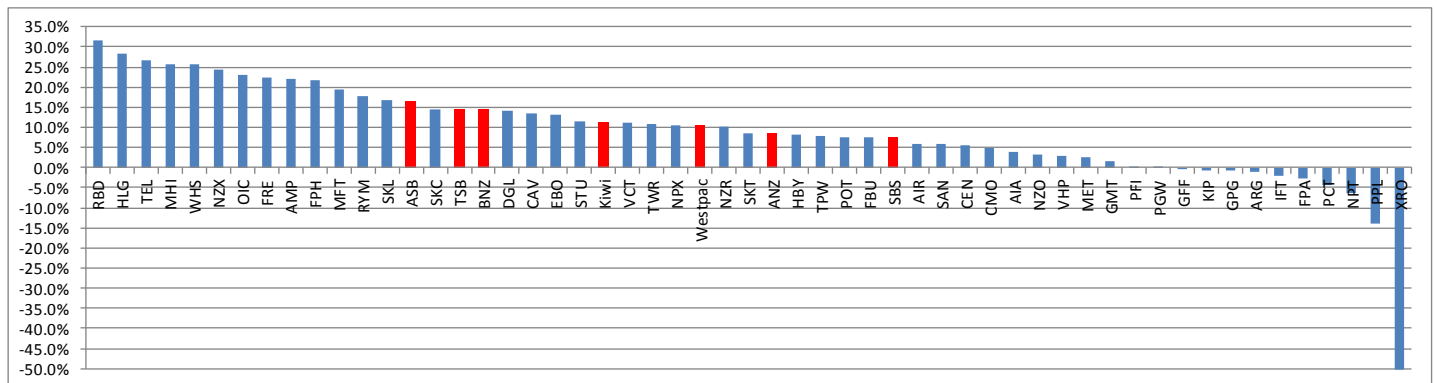
21 November 2012

Banking industry profits in the middle of the pack

The New Zealand Bankers' Association today released long run bank profitability data which compares returns on equity for New Zealand banks against NZX listed companies.

Independent analysis undertaken by Massey University showed that retail banks' average return on equity over the last five years fell in the middle of the range compared to NZX listed companies with a minimum market capitalisation of \$100 million over the same period.

A comparison of return on equity over the last five years is set out in this table:



“We wanted some analysis which put bank profitability in the context of other New Zealand businesses because there are a lot of views on bank profitability which we felt were overstated,” said New Zealand Bankers’ Association chief executive Kirk Hope.

Average bank returns on equity from 2008 to 2012 ranged from 7.5% to 16.3%, well below the top average return on equity of 31.7%.

“This analysis shows that banks fall in the middle of the range of profits compared to NZX listed businesses,” said Hope.

ENDS

For further information please contact Philip van Dyk on 04 802 3354 or 021 242 0428.