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Heritage Bank announces solid profit result

Heritage Bank has today released unaudited financial results for the 2013/14 year which show a continuation of solid underlying profits.

The pre-tax profit for the year ended 30 June 2014 was \$50.04 million, a 5.5% decrease on the previous year.

The after tax profit for 2013/14 was \$35.76 million, down 3.5% on the previous year.

However the previous year's results included a gain on the sale of Visa shares. After excluding this item, the underlying pre-tax profit in 2013/14 actually increased by 0.1%, while the underlying after-tax profit increased by 2.2%.

Heritage also grew its total consolidated assets marginally to \$8.519 billion, an increase of 0.1%. This confirms Heritage's standing as Australia's largest customer-owned bank.

In announcing these results, Heritage Chairman Mr Kerry Betros said the company was able to deliver a strong underlying profit while continuing to invest in the business and maintain a high-level of service for customers.

"The bottom line is that as a mutual bank, we exist to serve our customers. We do that by providing superior products, at highly competitive rates, and with fantastic personal service," Mr Betros said.

"Our goal isn't to maximize profit like the big banks, but we must still maintain profitability to deliver value to customers and meet prudential capital requirements.

"We added another 20 positions to our workforce in 2013/14, on top of an extra 40 the previous year. We're investing in the skills and capabilities we need to keep providing customers with the financial services and channels required in the modern banking world."

Heritage increased its capital adequacy ratio to 13.33% and its liquidity ratio to 22.23% as at 30 June 2014, well above regulatory requirements.

Heritage CEO John Minz said that after a slow start to the financial year, loan approvals had rebounded strongly to reach a total \$1.440 billion, an increase of 7.5% on the previous year.

Retail deposits had also grown by \$337 million during the year to total \$4.706 billion.

"Heritage is performing strongly despite the fierce competition in the marketplace," Mr Minz said.

"All financial institutions are fighting extremely hard to attract loan customers.

"Our success in growing both our lending volume and our retail deposits in 2013/14 shows the strength of our brand and our *People first* promise to customers.

“Also pleasing is that we have increased our non-interest income, thanks to our continuing leadership in the pre-paid card technology area.”

Heritage’s mortgage loan arrears greater than 30 days was 0.39% at 30 June 2014, about a third of the industry average. In addition, impairment losses on loans were down by 27%.

Mr Minz said: “That achievement speaks volumes about the prudent approach we take to lending and also about the work that we do with customers to make sure they can stay on top of their loan obligations.”

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For more information please contact:

Andrew Fox, Corporate Communications Manager, 0419 714 204

For further Heritage information go to www.heritage.com.au