

NS&I 2008-09 ANNUAL RESULTS (FOR YEAR ENDING 31 MARCH 2009) AND Q1 2009-10 RESULTS

NS&I (National Savings and Investments), the government-backed savings and investments provider, today announced its annual results for the year to 31 March 2009 and for the first quarter of 2009-10.

Highlights: 2008-09 annual results

- Net Financing of £12.5 billion– against a revised November 2008 forecast of £11 billion (within a range of £2 billion either side) – due to unsolicited savings deposits following the ‘flight to safety’ which began in mid-September last year
- £7.5 billion sales via nsandi.com and NS&I’s Contact Centres – up over £2 billion against the previous year
- NS&I focused on balancing the interests of savers – offering them a fair rate, delivering cost-effective funding to Government, and supporting stability in the wider financial services marketplace by maintaining an appropriate competitive position
- NS&I and HM Treasury agreed to temporarily suspend NS&I’s 2008-09 Value Add target from the end of Q3 2008-09, and to set no target for 2009-10 due to the exceptionally low Bank of England base rate and unusually volatile financial markets which have distorted the metrics used to calculate Value Add
- Good progress against the five year strategy, **NS&I adding value**, which aims to simplify, modernise and diversify NS&I’s product range and operating systems

Highlights: Q1 2009-10 results

- The ‘flight to safety’ is now over and NS&I is operating in a more challenging savings environment
- 2009-10 Net Financing target is to maintain broadly existing levels of stock, enabling NS&I to focus on its modernisation programme
- NS&I continues to focus on balancing the interests of savers, the taxpayer and supporting stability in the wider financial services marketplace by maintaining an appropriate competitive position

Jane Platt, NS&I’s Chief Executive, said: “The global financial crisis, which began last September, meant that demand for our products increased dramatically despite us

cancelling all discretionary marketing and led to us delivering £12.5 billion of Net Financing last year. I'm proud of the way the teams at our Operations Centres responded to this challenge and helped to ensure we remained open for business and maintained our high customer service standards, in spite of the unsolicited inflows of money.

“As the Bank of England base rate continued to fall rapidly and financial markets remained unusually volatile, we agreed with HM Treasury that NS&I's Value Add target for 2008-09 would be temporarily suspended and no target set for the coming year. Our decision-making is now driven by the need to maintain a balance between offering a fair rate to our customers, delivering cost-effective finance to Government, and the need to support stability across the wider financial services marketplace by maintaining an appropriate competitive position.

“Over the coming year we will continue to strike this three-way balance in all of our pricing decisions and to ensure that, in tandem with this, we maintain the efficiency of our operations.”

2008-09 annual results:

Year	Gross inflows	C&AIP*	Gross outflows	Net Financing	Total stock	Value Add
2008-09	26.0	2.6	16.1	12.5	97.2	0.2 (to end of Q3 when the target was suspended)
2007-08	15.5	3.3	13.0	5.9	84.8	0.4
2006-07	14.2	2.9	11.5	5.6	78.9	0.3
2005-06	12.0	2.5	9.6	4.9	73.4	0.3
2004-05	11.1	2.4	11.5	2.0	68.5	0.3

Q1 2009-10 results:

Quarter	Gross inflows	C&AIP*	Gross outflows	Net Financing	Total stock	Value Add
Q1 2009-10	3.2	0.3	4.5	-1.0	96.2	Target suspended
Q1 2008-09	4.0	1.0	3.9	1.1	85.9	0.1

All figures are in £ billion (rounded up to one decimal place). Q1 2009-10 figures are unaudited and subject to change due to late transaction processing (evidence of identity), cancellation and any accounting adjustments. *Capitalised and accrued interest and prizes earned.

Other 2008-09 highlights:

- All service delivery measures met in an exceptional year, particularly for objectives relating to customer satisfaction, timeliness and accuracy
- Premium Bond sales of £8.58 billion (£6.64 billion in 2007-08)
- Continued success in reuniting customers with their unclaimed assets; in 2008-09 NS&I reunited £102 million of assets with their owners through the www.mylostaccount.org.uk website

-ENDS-

Notes to Editors

1. Please click here to view a copy of NS&I's Annual Report

2. NS&I's Annual Report and Accounts 2008-09 were presented to the House of Commons on 15 July 2009, pursuant to section 7 of the Government Resources and Accounts Act 2000.

3. NS&I was formed in 1861 as the Post Office Savings Bank, and is now a government department and an executive agency of the Chancellor of the Exchequer. All NS&I products offer 100% capital security, because NS&I is backed by HM Treasury.

4. Glossary:

Net Financing – the measure of the net change of NS&I funds, meaning total inflows from deposits, retention of maturing monies and capitalised and accrued interest, less the total outflows from withdrawals and interest or Premium Bond prize draw payments. A positive Net Financing figure represents a positive contribution to government financing.

Value Add – a relative measure of NS&I's efficiency, which compares NS&I's performance with other methods the Government uses to raise funds – such as selling gilts.

5. For further information, or to request an interview, please contact the NS&I media team.

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