



Media release

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› **ASB full year results: building resilience today and for our future**

In its 175th year, ASB has reported a cash net profit after tax of \$1,418 million for the 12 months to 30 June 2022, an increase of \$122 million or 9% on the prior year.

Key performance drivers

The result is driven by continued lending growth despite a challenging operating environment. The slowdown in New Zealand's property market saw ASB home lending grow 6%, compared with 12% for the prior year. Home lending growth was in line with system growth and credit settings were continually reviewed to ensure customer affordability now and into the future. ASB was proud to help more than 10,000 first home buyers take their first step on the property ladder in FY22.

Business lending increased 6% as the bank continued to work closely with business and corporate customers. ASB continued to support these customers through challenging conditions, from Covid to extreme weather events, including non-financial support through a series of Backing Business workshops on broader business-related issues.

Total operating income grew 8% and net interest margin was flat on the prior year as ASB managed the impacts of a rising interest rate environment and volatility in swap rates.

On a cash basis, ASB's cost-to-income ratio was 37.1%, a decrease of 190bps. Operating expenses increased 3%, with underlying growth in operating expenses of 9% reflecting continuing investment in people, technology and regulatory compliance including the first phase of a large multi-year strategic investment, to deliver innovative future experiences for our customers enabled by the best technology.

Loan impairment increased \$46 million, reflecting portfolio growth and increasing provisions for emerging risks including inflationary pressures and rising interest rates.

Caring for our customers

ASB celebrated its 175th birthday in June, marking a long tradition of helping customers get one step ahead.

Chief Executive Officer Vittoria Shortt says in an environment where interest rates, inflation and cost of living are top of mind, ASB continued to identify ways to help customers navigate uncertain times. "We know the rising cost of living is keeping New Zealanders awake at night, but there is plenty we can do together to help take some pressure off. The first and most important step is to talk to us.

"Our purpose of accelerating the financial wellbeing of all New Zealanders has never been more relevant. We are here to help, whether that's exploring eligibility for government assistance through ASB Support Finder, helping customers improve their personal financial wellbeing, or through simple everyday tips to build savings like using Save the Change.

“We have also taken the step of removing, rebating or reducing fees, saving our personal and business customers almost \$50 million over the year.”

ASB’s innovative Support Finder partnership with Inland Revenue and the Ministry of Social Development has helped customers receive \$14.3 million in additional government benefits. Since its launch a year ago, more than 160,000 people have used this digital tool to explore their eligibility for a range of government benefits. Save The Change has also helped customers save almost \$50 million over the past year by rounding up electronic transactions and moving this small change into a savings account.

Ms Shortt says ASB continues to look for ways to make it easier for customers to make positive changes and feel more in control of their finances. “We’ve been experimenting with nudges. In one example we used well timed suggestions to help customers avoid unarranged overdrafts, resulting in 20,000 customers taking actions that made them better off financially.”

In May, ASB partnered with TVNZ to launch the ASB Gamechanger series which followed everyday Kiwis as they worked with ASB coaches and the bank’s financial wellbeing tools to help them get on top of their finances and accelerate progress towards their financial goals.

“When it comes to business, we know our SMEs and larger businesses have been working harder than ever and have learned to be incredibly flexible in the face of a volatile environment. For those that have needed financial relief over this period, we’ve stepped up with rebates and flexible repayment options, for others the focus has been on sustainability and utilising our affordable finance options to move their business to a lower emissions profile. We’re also proud to have partnered with a range of commercial developers on a suite of projects that will benefit the community.

“Looking ahead, ASB business banking will benefit from the deployment of a new cloud-based lending platform which will simplify the lending experience for our people and customers. Once fully adopted, it’s estimated 30,000 lending applications each year will be processed faster, freeing up more than 150,000 hours for our customers and business team.”

Working for a more sustainable New Zealand

When the RBNZ established its Funding for Lending (FLP) programme in December 2020, ASB committed to passing through the benefit of the discounted funds. The bank has targeted \$5.7 billion of lending for the benefit of all New Zealanders.

In line with this, ASB used FLP funds to help address housing supply during the year through the launch of the highly successful Back My Build initiative, which offered a significantly discounted floating rate for customers building a new home. Back My Build has backed nearly 6,000 new home projects.

ASB’s FLP lending also included \$1.7 billion for businesses committing to sustainability strategies or investing in sustainable assets and projects, including \$240 million in low-cost rural sustainability lending. In addition, the bank has supported regional infrastructure initiatives, such as new hospital facilities, a new university campus and iwi social housing.

“Climate change remains one of the most critical challenges facing New Zealand. ASB is committed to showing leadership in helping New Zealand meet this challenge. That means playing a strong role

in supporting our customers as we transition to a resilient, low emissions economy through access to capital. It's an exciting journey as we partner with businesses who see the opportunity of lower emissions," says Ms Shortt.

ASB contributed to the New Zealand economy by employing almost 5,900 people, an increase of 3% on the prior year, and paying more than half a billion dollars in taxes, making us one of New Zealand's largest employers and taxpayers. Over \$460 million was paid to New Zealand-based suppliers in the past 12 months.

Supporting our community

Alongside existing long-term commitments which collectively help young New Zealanders thrive, ASB entered an important new partnership with Youthline this financial year to boost support for young New Zealanders at risk of experiencing mental distress. Ms Shortt says, "We know COVID has resulted in a greater demand for Youthline's services. We want to play our part in enhancing Youthline's programme of work so it can support even more young people."

"Looking ahead, we are accelerating our strategy to help New Zealanders build resilience now and for the future. That means making banking simpler and providing guidance and advice to New Zealanders and businesses as they navigate through new challenges," concludes Ms Shortt.

Financial overview

- Statutory NPAT of \$1,471 million, an increase of 11%
- Cash NPAT of \$1,418 million, an increase of 9% on the prior year
- Cash net interest margin remained flat at 222bps (cash basis)
- Advances to customers up 5% to \$105 billion (stat basis)
- Total deposits up 8% to \$85 billion (stat basis)
- Impairment losses on financial assets increased \$46 million
- Funds management income decreased 1% to \$149 million
- Cost to income ratio (cash basis) of 37.1%, a decrease of 190bps
- Operating expenses increased 3% (cash basis)

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