



Media release

Wednesday 15 February 2023

› **ASB half year results: Supporting New Zealanders to navigate cost-of-living impacts**

ASB today reported a cash net profit after tax (NPAT) of \$822 million for the six months to 31 December 2022, an increase of \$80 million or 11% on the prior comparative period. The result was driven by 4% growth in total lending, with home and business lending up 5% and 6% respectively when compared with the first half of FY22 (December 2021). Total regulatory capital held by ASB increased in the 12 months to December 2022 by \$1.9 billion to \$10.8 billion.

Chief Executive Vittoria Shortt says today's result comes at a challenging time when many New Zealanders are feeling the effects of recent interest rate rises and the increased cost-of-living.

"Keeping people in their family homes, assisting businesses to thrive, and supporting our customers' broader financial wellbeing is fundamental to our purpose. We understand the expectation for banks to play their part. Just as we heeded the call to keep lending courageously through the pandemic, we recognise the need to continue to support our customers in this cost-of-living challenge.

"This month ASB became the first major bank in New Zealand to completely remove monthly base fees and self-service transaction fees on advertised business transaction accounts. This move, combined with fee removals on some personal accounts, will put \$14 million back into customers' pockets in the year ahead at a time when they need it most. It is in addition to returning around \$30 million to business customers over the past two years through merchant service fee rebate programme and other measures."

Caring for our customers

ASB's purpose is to accelerate financial wellbeing for all New Zealanders, and this has been a strong driver of the changes and new investments we have made.

Recently the bank introduced a new card tracker function to its mobile app giving customers visibility of what subscriptions are being charged to their Visa debit or credit card and which retailers have their card details stored, helping them manage set and forget payments they may have overlooked. ASB's innovative Support Finder partnership with Inland Revenue and the Ministry of Social Development has also helped customers access an additional \$22 million in government allowances and support in the 18 months since it was launched.

Ms Shortt says, "We know 2023 will be challenging for our home loan customers, particularly those experiencing large interest rate increases. Even though loan approvals are tested at rates significantly higher than the approved rate, we want to make sure customers are well placed to manage as these rates come up for renewal. For many, it will be the first time they experience the impacts of increased interest rates. We've already reached out to more than 4,000 of our home loan

customers to help them understand the options open to them, and by the end of the year, we expect to have contacted a further 9,000 customers who could face financial challenges.”

ASB recently established a new process to support customers who are becoming financially stressed due to cost-of-living impacts which gives customers more time to help reset their finances, including referral to an external financial mentoring agency to independently assess their position and consideration of short-term relief options.

ASB is also focusing on keeping customers safe in the face of rapid growth in fraud. With 9 out of 10 customers using ASB’s digital channels every month, and an exponential increase in fraudulent text messages in FY22 compared with the previous year, ASB continues to invest heavily in technology to help prevent online fraud and improve our cyber security resilience.

In response to the challenging international trade landscape, the bank furthered its non-financial support to its corporate and business customers including offering guidance through ASB’s free Business hub, foreign exchange and international trade risk management seminars, and a series of Backing Business workshops open to all New Zealand business owners to help them navigate issues such as the global geopolitical environment, supply chain challenges and talent sourcing.

Investing in a more sustainable New Zealand

ASB continued to deliver on its commitment to use RBNZ’s Funding for Lending Programme for the benefit of all New Zealanders with \$5 billion committed to purpose-led loans since March 2021. This included prioritising lending that promotes sustainability with \$1.4 billion advanced to customers investing in infrastructure and sustainability projects.

“Aligned with our purpose, ASB’s well established Māori banking team, Te Waka Whaihua, is addressing key barriers for Māori needing access to capital, including simplifying our lending process for Māori freehold land. For example, Te Waka Whaihua, has been working with Iwi and Māori clients on housing developments that will deliver close to 200 new homes in 2023.”

In September, ASB released its first climate report, framed around the Task Force on Climate related Financial Disclosure framework, which sets out what the bank currently understands about its climate-related risk and the strategies it is developing to respond.

“We’ve modelled preliminary physical and transition risk across 85% of our portfolio,” says Ms Shortt. “As a leading financial institution, we have a responsibility to use our influence and resources to drive change, while empowering customers to manage risks and explore new opportunities. We have a cumulative sustainable lending target of \$6.5 billion by FY30 for green, social and sustainability-linked lending across the rural, property, corporate and business sectors, and we have committed \$810 million to date.”

Supporting our community

ASB has always been a key part of the community, with long-term commitments that collectively support New Zealanders.

“We quickly responded to support our people, customers, and communities impacted by the recent upper North Island flooding events, including offering a one off \$2,000 payment to ASB customers whose homes were red or yellow stickered and businesses that were significantly impacted.

“From Youthline, KidsCan and St John to the Black Ferns and the ASB Classic - we’re working with great community partners,” says Ms Shortt. “When we first joined forces with Youthline, a shared

objective was to expand Youthline’s midnight to 8am crisis line to a full 24/7 phone and text helpline. With Youthline becoming the ASB Classic’s official charity for 2023, we will now be able to achieve that goal. It’s our way of helping and protecting young New Zealanders and accelerating the Youthline’s mahi to support even more young people.”

Supporting our people

In a very tight and competitive labour market, ASB has continued to recruit, growing its workforce by 1%. Training and professional development has also been broadened to include wellbeing and health and safety alongside technical skills.

“ASB is a vibrant and diverse place where everyone is welcomed and included. In addition to exceeding our Women in Leadership gender representation target, we recently launched a Māori & Pasifika Internship Programme to grow the next generation of Māori & Pasifika leaders in the finance sector and beyond,” adds Ms Shortt.

The transformation journey ahead

Looking ahead, ASB has an ambitious transformation agenda to deliver easier, faster and safer banking.

“We’re heavily focused on technology and digital transformation. This will enable us to launch new products and experiences and bring together the best of digital and support from our people for the sort of personalised guidance and advice that really makes a difference to New Zealanders’ long-term financial wellbeing.

“The bottom line for us is we want to help our customers get ahead and reach their goals. We are an integral part of New Zealand’s community and we want to continue to help build a more financially resilient nation,” concludes Ms Shortt.

Financial overview

- Cash NPAT of \$822 million, an increase of 11% on the prior comparative period
- Statutory NPAT of \$840 million, an increase of 10%
- Common Equity Tier 1 Capital \$9,768 million, an increase of 23%
- Total Capital \$10.8 billion, an increase of 21%
- Cash net interest margin increased by 33bps to 252bps (cash basis)
- Advances to customers up 4% to \$107 billion (stat basis)
- Total deposits up 6% to \$88 billion (stat basis)
- Impairment losses on financial assets increased \$62 million
- Cost to income ratio (cash basis) of 33.9%, a decrease of 10bps
- Operating expenses increased 17% (cash basis)

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