



Media release

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➤ **ASB reports 8% increase in lending and remains focused on supporting customers' financial resilience**

ASB has reported a cash net profit after tax (NPAT)¹ of \$742 million for the 6 months to 31 December 2021, a 22% increase on the prior comparative period. The result was driven by an 8% growth in total lending, with home and business lending up 8% and 10% respectively when compared with the first half of FY21.

CEO Vittoria Shortt says through the arrival of the Delta strain, the extended lockdown of Auckland in particular, and now Omicron in the community, ASB has maintained its focus on supporting its customers and people to get through.

“One of the ways we made a difference for our customers was through reviewing and streamlining our fees. We delivered more than \$21 million in fee reductions, rebates, and removals to customers in the six months to December 2021. One of the important changes was the removal of the administration fee across all ASB KiwiSaver accounts in October. This led to an additional \$3.9 million dollars being invested on behalf of our customers by the end of December 2021 and we expect that benefit to be almost \$12 million by the end of FY22.”

The fee changes also reinforce ASB's track record of backing business with more than \$11 million relating to discounted monthly service fees across retail, SME and commercial customers as well as specific relief on contactless debit card transactions for eligible small business customers from 1 September last year to help the business community manage the nationwide Delta lockdown.

Ms Shortt says, “Small businesses are the backbone of New Zealand's economy, and they continue to face a range of pandemic related impacts so we deliberately took a broad approach to the ways we could help beyond just financial. This included offering a series of Backing Business workshops open to all New Zealand business owners to help them navigate broader issues including partnering with top tier law firm Russell McVeagh on how to navigate workplace vaccination issues.”

Caring for customers

ASB customers are \$9 million better off following the launch of an innovative partnership with Inland Revenue and the Ministry of Social Development in August last year. ASB partnered with these agencies to launch the Support Finder digital tool which helps customers explore their eligibility for a range of government benefits and payments they may not be aware of. Since launch, more than

¹ Cash NPAT reflects ASB's underlying operating results and excludes items that introduce volatility and/or one-off distortions which are not considered representative of the bank's ongoing financial performance. Items include hedging and IFRS volatility, the notional cost of capital charged by the Commonwealth Bank of Australia (the ultimate parent of ASB) and other material non-recurring items. These items are calculated consistently period on period and do not discriminate between positive and negative adjustments. Refer to the Consolidated Performance in Brief for a reconciliation of the statutory and cash net profit after taxation, and for further information on these items.

150,000 people have accessed Support Finder and ASB customers have received over \$9 million in previously unclaimed government financial support.

ASB responded to the August lockdowns by immediately reinstating financial support options offered in 2020, however, there was significantly less demand this time around. Fewer than 3,000 personal and business customers took up this support during the August lockdown, compared with up to 25,000 for previous lockdowns. By the end of December, less than half were still receiving support. "It's a positive sign that both personal and business customers are now better prepared to manage the unexpected, but with Omicron in the community there will be further challenges ahead."

ASB is proud to have helped almost 6,200 first home buyers take their first step onto the property ladder in the six months to 31 December and to reaffirm our commitment to keeping Kiwis in their homes with no forced sales of owner-occupied homes for customers who are willing to work with us to find suitable solutions. "While the housing market remains a challenge, our arrears data shows no significant change and our advice for anyone finding it tough is to start talking to us early so that we can work together on a positive pathway forward."

Investing in a 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 over \$4 billion committed in purpose-led loans. This included Back My Build which attracted nearly 10,000 applications in seven months from customers wanting to build new homes, and \$1.5 billion approved for lending to businesses investing in infrastructure and sustainability projects. This consisted of more than \$1.3 billion for large businesses that have committed to developing infrastructure and sustainability initiatives and almost \$200 million in low-cost rural sustainability lending for farmers making environmental upgrades. 2022 also marks the third year ASB has been officially certified Toitū carbon zero.

Supporting our community

ASB has been trialling a community banker service to help customers needing extra support with a wide range of banking needs. Community bankers have been hitting the road to meet customers in libraries, community centres and aged care facilities over the past six months. The team has met with more than 1,500 customers and hosted more than 150 Better Banking Workshops. When COVID prevented face to face meetings, the team pivoted to making 'care calls' reaching a further 2,000 customers by phone. Given the success of the trial ASB is now committing to a further roll out of this service with the aim of achieving nationwide coverage.

While the Delta lockdown unfortunately meant a reduction in the number of annual staff volunteer hours able to be used in the community in this period, ASB was a strong supporter of the Super Saturday vaccination campaign. A \$5 donation for every first vaccination saw more than \$200,000 donated to long term charity partner St John. Other initiatives included a new \$200,000 Local Community Fund enabling ASB people to support local charities of their choice, Christmas giving in partnership with KidsCan and an innovative social media campaign which raised \$100,000 for Starship Foundation.

Supporting our people

"If there's one positive that's come from the impact of COVID-19, it's shown us we can adapt and work flexibly in ways we'd never really considered before. Communications technology is advancing all the time and we know our people can do a great job working from home, so we're now taking

that one step further by committing to enhanced flexible working that will enable most of our people to have the option to live and work anywhere in New Zealand.

“Our Work Anywhere NZ policy builds on the experience of the past two years where we continued to operate safely and robustly with an almost entirely remote workforce. It’s challenged our thinking and encouraged our people to seek better work life balance for themselves and their families. We’re delighted to not only be able to offer this flexibility for our current workforce, but also look forward to more senior roles at ASB being filled by people residing all over New Zealand.”

Half year result overview

- Cash NPAT of \$742 million, an increase of 22% on the prior comparative period
- Statutory NPAT of \$762 million, an increase of 23%
- Cash net interest margin increased by 7bps to 219bps (cash basis)
- Advances to customers up 8% to \$102 billion (stat basis)
- Total deposits up 8% to \$83 billion (stat basis)
- Impairment losses on financial assets decreased \$43 million
- Funds management income increased 10% to \$80 million
- Cost to income ratio (cash basis) of 35.3%, a decrease of 240bps
- Operating expenses increased 5% (cash basis)

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