



Media release

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ASB full year results: Profit down 10%

ASB today reported a cash net profit after tax (NPAT) of \$1,364 million for the 12 months to 30 June 2024, a decrease of \$149 million or 10% on the prior year. Statutory NPAT was \$1,455m, a decrease of 7% on the prior year.

Cash net interest margin (NIM) decreased 16 basis points from the prior year, resulting in cash operating income decreasing 5%.

Home lending grew by 1% for the 12 months to 30 June 2024, during a period of low market growth. Business and rural lending also increased 1% for the 12 months to 30 June 2024. Total customer deposits grew by 5%.

Operating expenses increased 3%, reflecting the bank's continued investment in customer experience initiatives, technology platforms and people, and further investments to prevent fraud and scams and enhance financial crime capability.

ASB's total regulatory capital, an important measure of a bank's financial strength, increased by \$0.5bn to \$11.6bn. The total capital ratio was 16.3%, well above the 12.5% required by the Reserve Bank of New Zealand as at 30 June 2024.

ASB Chief Executive Vittoria Shortt says the result reflects the challenging economic conditions but also reinforces ASB's strength to continue supporting its customers, communities and the broader economy.

Supporting customers

"We believe fixed term home loan rates have now peaked, which is positive, however we are conscious most of our home loan customers are now on interest rates above 6%. Around 20% of customers are yet to roll off rates below this but we expect increases for the majority of them to be small if interest rates continue to drop.

"The majority of our borrowers are managing in the current environment, although there is no question this is a challenging time for a lot of New Zealanders. We're hearing this in conversations with our customers, whether they are personal banking customers, farmers or business owners. We are seeing an increasing number of our customers needing extra support and our teams are assisting these business and personal customers in a variety of ways, depending on their individual circumstances. I would encourage anyone who is feeling concerned to please call us.

“We have increased proactive calls to business and personal customers, including reaching out to more than 40,000 customers over the past year as they refix their mortgages, and our team is working with thousands of customers on financial wellbeing reviews each month. Our team of community bankers throughout New Zealand is supporting customers in vulnerable circumstances and those needing extra help with their banking. In the past 12 months they have also hosted more than 800 workshops to support customers’ financial wellbeing and build fraud and scams awareness.

“To help support borrowers we have reduced home loan rates more than ten times since November last year, while we have offered savers some of the highest term deposits rates seen since 2008.

“This year we’ve helped our customers to buy more than 4,600 first homes, and more than 6,000 customers have used their ASB KiwiSaver to help with a house deposit. Around 4,000 of our customers have accessed our Better Homes Top Up to help make their homes drier, warmer or more energy efficient, or to invest in an EV or hybrid vehicle.

“On the savings side, it’s great to see customers with term deposits continue to benefit from strong interest rates and it’s really encouraging to see people saving where they can. Our KiwiSaver customers have added more than \$1.7 billion in contributions to their balances along with more than \$1.5 billion in investment returns this financial year.”

Supporting rural customers

“We know it’s a hard time for rural communities, with high costs and low commodity prices for many sectors and the weather creating real challenges in some parts of the country too.

“Over the past year our team of 60 rural managers have made more than 10,000 visits to farmers the length of New Zealand to understand what’s keeping them up at night, opportunities and to help them plan for the long term. We’re really focussed on helping farmers build balance sheet resilience, which can help them manage the tough cycles which inevitably come.

“Despite their day-to-day challenges, farmers are looking to the future. Where they can diversify, reduce costs and improve performance they are. They are also adapting to meet changing regulatory requirements and the expectations of their customers and export partners. We are working closely with our farming customers on this and we’ve been rolling out a training programme to upskill our rural team in the environmental space.

“This year we announced partnerships with both AgriZero and Pāmu Farms of New Zealand that will see us work together on industry-wide solutions for the rural sector.

Protecting New Zealanders against fraud and scams

“Fraud and scams continue to be a huge concern for New Zealand and are a real priority for us. People want a banking system that is secure, and to know their money and data is protected.

“This financial year we’ve spent around \$100 million with the aim of protecting our customers against fraud, scams, financial and cyber crime. We now have a team almost 400 people dedicated to this work and expect to spend at least another \$100 million in the year ahead, including advancements to our fraud monitoring system which uses machine learning to spot suspicious transactions.

“Our ongoing campaign to help upskill all New Zealanders about fraud and scams has had a fantastic response. In May we also launched a new fraud and scams module in schools to help children in years seven and eight keep themselves safe online.

“Since we launched our 24/7 fraud line in February our overnight team has supported customers with more than 7,500 calls outside of business hours. I’d encourage any customer who is concerned or thinks they may have been targeted by a scammer to call us straight away, any time, on 0800 ASB FRAUD.

Supporting New Zealand’s future today

In the past year, ASB has launched a number of initiatives in the business space to accelerate New Zealand’s progress through economic growth alongside social and environmental transformation.

“Our business lending offerings have been designed to address some of the collective challenges and opportunities we face as a country. An example is our Accelerated Housing Fund, which aims to get social and affordable housing projects off the ground quicker, helping more New Zealanders into warm, dry and healthy homes. We’ve already committed more than \$100 million in lending since the fund launched in November, with many more projects in the pipeline.

“Our Lending for Productivity initiative recognises the role businesses can play in turning around New Zealand’s productivity performance and gives them the confidence to invest in future-proofing their businesses. ASB ACCESS for the food and fibre sector is helping high potential exporters to scale up for international growth.”

“Most recently, in June we launched Te Mātahi, a new business lending programme to support high-growth Māori businesses. This provides access to discounted capital, along with mentorship and support with scaling their operations and access to networks here and offshore.”

Te Mātahi complements other initiatives underway to support progress for Māori including access to finance, housing development and financial literacy. ASB is also looking for innovative solutions to better support Māori investment, for example through lending to iwi on the value of forestry on their land, rather than against the land itself.

ASB has now committed a total of \$1.3bn towards its target of \$6.5bn in new sustainable lending by 2030.

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