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Media release

> ASB half year result: Profit up 1% as economy moves toward recovery

ASB has reported a cash net profit after tax (NPAT) of \$716 million for the six months to 31 December 2024, an increase of 1% on the prior comparative period, as the economy moves towards recovery. Statutory NPAT is \$763 million, a 2% increase on the prior comparative period.

The increase in profit reflects a 4% rise in operating income driven by increased lending volumes and favourable interest rate hedging, partially offset by an 8% rise in operating expenses. Home lending grew 5% and business and rural lending grew 2% on the prior comparative period. Margins across lending and deposits remained flat overall.

Profitability, measured by return on equity, fell 0.6% on the prior comparative period. The increase in profit was more than offset by additional capital requirements, with the total capital ratio rising 80 basis points to 16.3%. During the period there was additional shareholder investment of \$700 million, bringing total shareholder investment in ASB to \$11.4 billion, supporting growth in New Zealand.

Chief Executive Vittoria Shortt says ASB has supported its rural, personal and business customers through more than two years of extremely challenging economic conditions and is well positioned to continue backing them as the economy enters the early stages of recovery.

“New Zealand has been through the most difficult economic cycle in a generation, and we need to be patient with what looks like a gradual recovery. With lower interest rates and inflation providing some relief, and export incomes looking up for a number of sectors, our focus remains on supporting customers and providing capital for the next phase of economic growth.”

Opening doors for homeowners

ASB has cut its one-year fixed home loan rate by a total of 1.65% and six-month rate by 1.35% since July 2024.

“Falling interest rates bring very welcome relief for Kiwi borrowers, but we’re aware most are on fixed mortgages, and the benefit is yet to be felt by many households. Around 45% of our fixed home loan customers are expected to roll onto a lower rate by the end of June, and 70% by Christmas. Since April 2024, we’ve seen borrowers shift toward shorter terms, with close to half of our fixed mortgage customers choosing to fix for just six months.

“ASB helped more than 23,000 customers build, refinance, buy or move house over the half year, including close to 5,500 first home buyers, with around 3,600 using their ASB KiwiSaver for deposits.

“We’re backing the build of more warm, dry homes and making it easier for social housing providers to buy them. Since our Accelerated Housing Fund launched in November 2023, we’ve committed \$165 million, supporting around 450 new homes for community, affordable and Māori housing.

“We are continuing to develop new ways to enable Māori to secure lending for housing on Māori land, including supporting papakāinga shared living projects. Through our Accelerated Housing Fund, we’ve now committed \$34 million for Māori-led housing developments.”

Strengthening exports, innovation and New Zealand

“ASB provided more than \$1 billion in lending to new business, rural and corporate customers over the half year, as we continue to back businesses to compete, scale and drive the growth that will underpin New Zealand’s economic recovery.

“Our \$30 million Clean Tech fund and \$20 million ASB ACCESS food and fibre fund are accelerating exporters and innovators ready to grow, but lacking capital to do so. We’re partnering with these emerging business at an early stage, finding new ways to approach lending and unlock their potential. Our food and fibre capability within ASB is also expanding to better support this key sector.

“Another area where ASB can make an impact on New Zealand’s future is supporting upgrades to infrastructure. We estimate \$1 trillion in infrastructure investment is needed over the next 30 years, with energy one of the critical sectors requiring funding. Enabling investment in renewable energy will be an ongoing priority for us, as our research tells us we can help households, businesses and farmers to cut costs, reduce emissions and improve profitability,” says Vittoria.

Customers also benefit from rate relief

ASB has passed on Official Cash Rate cuts to more than 110,000 personal, business and rural customers holding variable loans. “The majority of our rural and business customers float some of their lending, so rate relief flows through quickly,” says Vittoria.

“Farmers have been under pressure in recent years, with depressed commodity prices and increased on farm costs, but conditions are improving for some rural sectors, particularly dairy.

“We expect dairy revenues to be around \$5 billion higher for the 2024/2025 season compared with the season prior through a lift in milk price and production. Beef prices are also up year on year due to tight supply and the lower New Zealand dollar.

“Our dedicated rural team made 5,000 farm visits this half year to understand the issues and opportunities customers are seeing and to help grow their businesses for the future.”

Further \$140 million to fight fraud, scams and financial crime

“We are continuing to invest heavily in people, technology and awareness initiatives to protect Kiwi against fraud, scams, and cyber and financial crime and expect to spend another \$140 million this financial year.”

While the volume of online banking fraud and scam cases increased 16%, customer losses were down a third in the year to December 2024. ASB stopped \$29 million in suspicious card transactions in 2024 and responded to 18,000 after-hours calls to its 0800 ASB FRAUD hotline in the first year of 24/7

operations. Across the half year ASB identified and took down around 100 fake ASB websites, to prevent further harm from bank impersonation, a significant source of scams and fraud.

ASB worked with the banking industry to introduce Confirmation of Payee, giving customers an extra layer of reassurance when making payments.

Supporting customers' financial progress

"It's positive to see customers continuing to save and invest. Our KiwiSaver and Investment funds have performed strongly and together generated more than \$1 billion in investment returns for customers this half. The new ASB Aggressive Funds have delivered more than 20% investment returns for our KiwiSaver and Investment fund customers since they launched in November 2023."¹

More than 580,000 customers used ASB's digital financial wellbeing tools such as Goal Planner and Support Finder in the past year. These features and ASB's ongoing investment in leading digital services were recognised by CanStar, which awarded ASB Best Digital Bank for the third year in a row.

Delivering open banking

Vittoria says: "Our open banking infrastructure is in place and to encourage early-stage uptake we're providing it free to third-party providers for the first 12 months. The security of customers' information remains our top priority: as banking continues to evolve it is critical banks, fintechs, global tech companies and all of government work together towards a common goal of the safe and secure sharing of data."

Financial overview

Compared to six months to June 2024 (cash basis)

- Total lending increased \$2.6 billion or 2% to \$112 billion
- Total customer deposits increased \$2.3 billion or 3% to \$85 billion
- Impairment losses on financial assets decreased \$43 million or 72% to \$17 million

Compared to the December 2023 prior comparative period (cash basis)

- Total lending increased \$4.0 billion or 4% to \$112 billion
- Total customer deposits increased \$3.4 billion or 4% to \$85 billion
- Impairment losses on financial assets increased \$7 million or 70% to \$17 million
- Net interest margin increased 9 basis points from 2.21% to 2.30%
- Cost to income ratio increased 140 basis points to 40.7%

Compared to December 2023 prior comparative period (stat basis)

- NPAT increased 2% to \$763 million
- Return on equity decreased 60 basis points to 13.5%

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¹ Returns are net of fees but before tax. Past performance is not an indicator of future performance, see [ASB's website](#) for more information. Interests in the ASB KiwiSaver Scheme and ASB Investment Funds (Schemes) are issued by ASB Group Investments Limited a wholly owned subsidiary of ASB Bank Limited (ASB). For the Scheme's product disclosure statements, see ASB's website.

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