



**Media release
13 February 2008**

ASB GROWTH CONTINUES DESPITE CHALLENGING MARKET CONDITIONS

Statement made by Gary Judd QC, Chairman, ASB Bank Limited

- **ASB profit up 12% on December '06 half-year to \$266m**
- **Excellent customer service sees ASB counter a slowing economy**
- **ASB continues growth and branch network expansion**

The strength of ASB's brand and an excellent reputation for customer service countered a slowing economy and challenging market conditions, resulting in an after tax operating profit for ASB of \$266m for the six months ended 31 December 2007. This is a 12% increase on the same period in 2006, excluding accounting gains arising from the application of IFRS standard, NZ IAS 39 – Financial Instruments: Recognition and Measurement.

Total assets are up 15% on the December 2006 half-year and currently stand at \$56.1b. The intense competition in the New Zealand banking environment has continued to push margins lower, with ASB's net interest margin moving down to 1.8%. The Bank maintained its share of the home lending market, balances having grown by 11.9% since December 2006.

ASB's history of strong term deposit growth has been boosted by a clear flight back to quality by investors during the second half of 2006, with annualised total deposits increasing by 14.4% from \$44.2b at December 2006 to \$50.6b at December 2007. Growth was also underpinned by strong customer demand for innovative products such as FastSaver and BusinessSaver, total retail deposits ending the half-year 15% ahead at \$26.2b.

For the sixth consecutive year, ASB has been named New Zealand's "Bank of the Year" for 2007 by the UK's Banker magazine. This is a strong accolade given New Zealand's highly competitive marketplace. Our focus remains on further improving efficiency and customer service. The simplification of processes and the use of technology to benefit our customers are also integral to ASB's success. With over 160 years of service to New Zealanders, ASB has significant experience and fortitude to continue to drive quality growth in an increasingly challenging global environment.

ASB opened two new branches during the six month period - Papamoa in July and Albany in September 2007. A further nine new branches are scheduled to be opened throughout New Zealand in the second half of the financial year.

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