



Wednesday, 13 August 2008
Financial Result

**Economy's Underlying Resilience and Depth
Assists ASB to Post Solid Result**

- Profit up 11 percent to \$532 million *
- More branches and people
- Assets increase 12 percent to over \$59 billion
- Major community support initiative launched

The underlying strength of the corporate, business and rural markets cushioned ASB Bank against the rapid decline in residential housing activity during recent months and assisted the Bank to deliver an 11 percent increase in audited after tax operating profit for the 12 months ending 30 June 2008 of \$532 million*.

“ASB’s profit result is pleasing in an economy which, while slowing and undergoing change, remains fundamentally sound,” said ASB Chairman, Gary Judd QC.

“Home lending activity has declined sharply this calendar year, although ASB has experienced less of a fall in volumes than the market. Our financial markets, business and rural businesses continue to expand, demonstrating ASB’s ability to take advantage of the economy’s underlying resilience and depth.”

Total assets during the past 12 months were up 12 percent, growing by more than \$6 billion to \$59.4 billion.

The Bank increased its loan impairment charge during the year to \$40 million. Total provisions held on the balance sheet are now at \$109 million, still only 0.18 percent of total assets (0.17 percent as at 30 June 2007) which reflects the overall high quality of the loan book.

Mr Judd said ASB has continued to invest significantly in its future in the last 12 months, opening 10 new branches, relocating and upgrading another two, and increasing employee numbers by 6 percent on a fulltime equivalent basis to support the delivery of world class service to our customers.

"We have put in place the bricks, mortar and people at a local level to continue to take ASB and our customers forward when the economy starts to move ahead again", he said.

"As a result, and despite the subdued market, ASB has increased its retail market share, while also growing its business operations by 16 percent and its rural business by 31 percent.

"The ongoing support of our customers means that ASB continues to fund well over half of its advances to customers from local savings and investments.

"Growth in our New Zealand based funding has continued since balance date," said Mr Judd, "the new ASB Cash Fund (a tax effective PIE investment) having attracted over \$200 million in deposits since its launch at the beginning of July."

Total deposits increased during the year by 13 percent to \$54 billion, which includes several long term debt issues – two in New Zealand and two offshore - putting ASB in a strong position to support the quality lending our customers are requiring.

In June, ASB announced a significant new initiative with St John, designed to support local communities around New Zealand. The relationship began with ASB and St John working together to increase the number of Kiwis trained in CPR by 10,000. Further community based services and projects are planned for this financial year.

- * *Excluding post-tax accounting losses of \$17m arising from the application of NZ IAS 39 - Financial Investments: Recognition and Measurement (\$52 million post-tax gain in 2007).*

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Issued on behalf of ASB by Network PR