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ASB MARKET UPDATE

5 JUNE 2015



ASB

Agenda

BARBARA CHAPMAN

Chief Executive Officer

JON RABY

Chief Financial Officer

IAN PARK

Executive General Manager
Retail & Business Banking

STEVE JURKOVICH

Executive General Manager
Commercial, Corporate & Rural

RUSSELL JONES

Executive General Manager
Technology & Innovation

QUESTIONS AND ANSWERS

Our Vision and Values

Unbeatable team. Unbeatable service.

First for Profitable Growth

Values

INTEGRITY



Doing the right thing

CARING



Respect & support

PASSION



Energy & enthusiasm

AMBITION



Striving to be the best

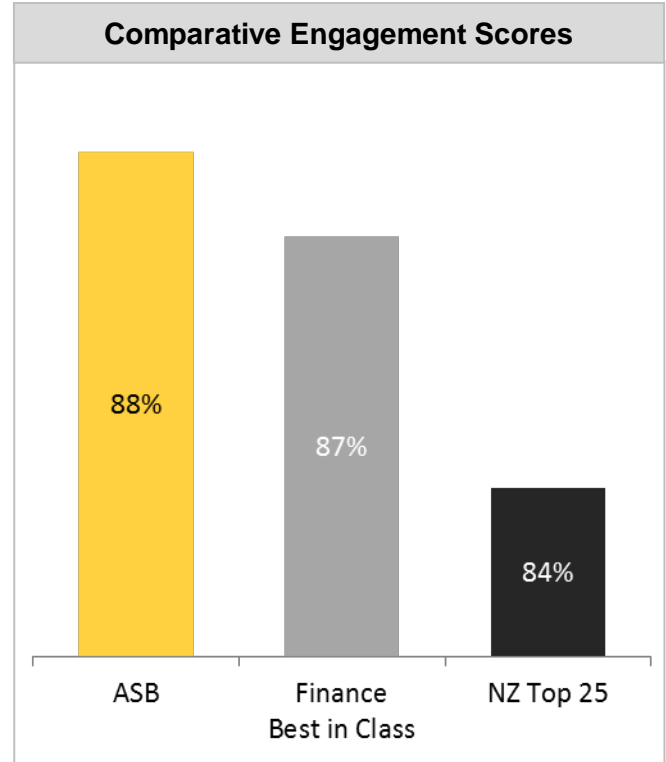
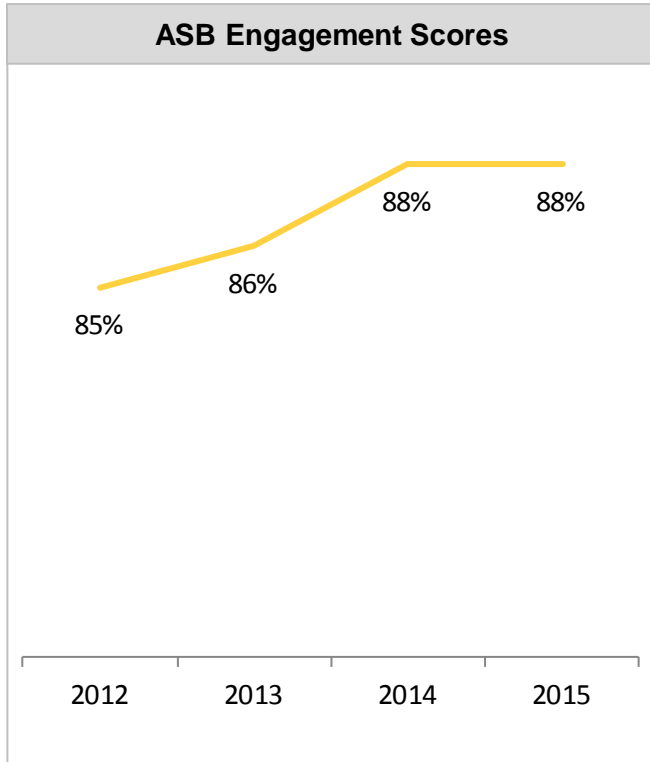
Our strategy

Unbeatable team. Unbeatable service.

First for profitable growth

Themes	TARGETED GROWTH	AMPLIFY DIGITAL	CREATE CAPACITY	GET FUTURE READY
Aspiration	Targeted business diversification	Significantly increase digital sales	Make things better and easier for our customers and our people	Define and migrate ASB towards the future vision of the Bank
Focus Areas	<ul style="list-style-type: none">• Business & Rural• Data driven conversations• Pricing	<ul style="list-style-type: none">• Digital sales• Next generation distribution	<ul style="list-style-type: none">• Continuous improvement• End to end process transformation	<ul style="list-style-type: none">• Future operating model

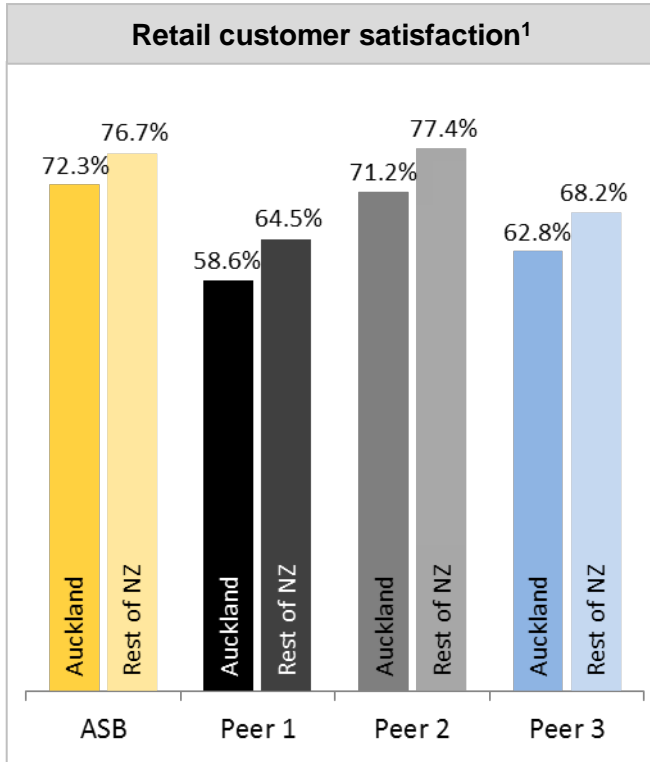
Best in class staff engagement



Source: ASB People & Culture Survey February 2015, IBM Kenexa



Strong customer focus



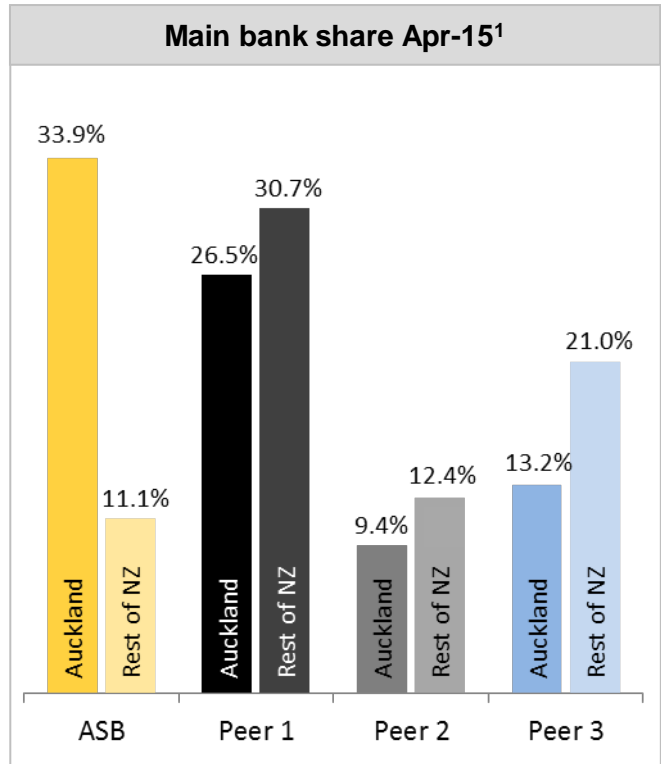
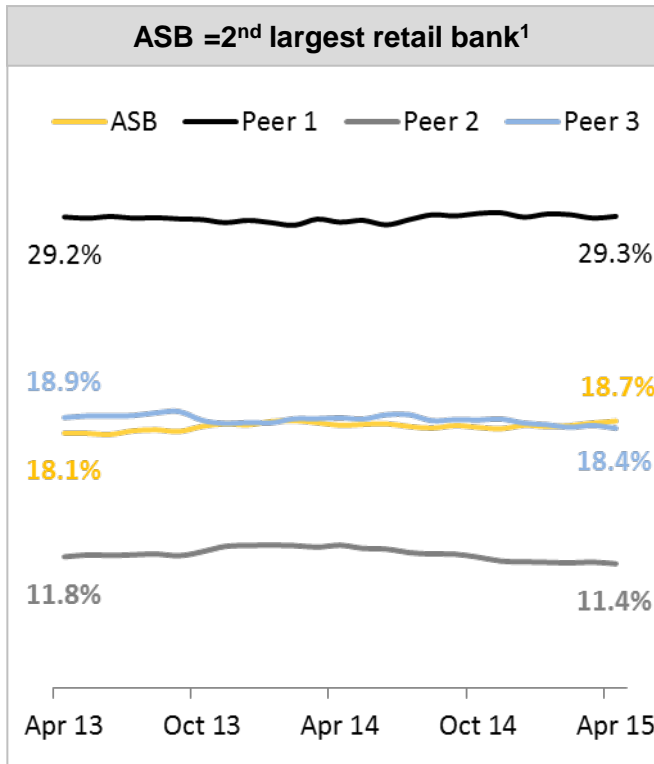
Area	ASB
Business < \$250k turnover ²	=1 st
Business \$250k - \$2m turnover ²	1 st
Commercial \$2m - \$25m turnover ²	1 st
Corporate \$20m - \$150m turnover ²	=2 nd
Agribusiness \$100k+ turnover ²	2 nd
Mobile app ¹	=1 st
Premium ¹	=1 st
Call centre ¹	=2 nd
Branch satisfaction ¹	=2 nd

1 Camorra Retail Market Monitor April 2015. % of respondents choosing “quite satisfied” or “very satisfied” to the question “Thinking about all aspects of the service provided to you by your [main bank], how satisfied are you with the overall performance of [main bank]”. Rolling 12 months average, maximum margin of error (MME) +/- 4.3%.

2 TNS Business Finance Monitor Q1 2015. % of respondents choosing “very good” or “excellent” to the question “How would you rate [nominated main bank] overall i.e. it’s service and the institution itself over the last year?”. Rolling 4 quarter average.



Main bank share



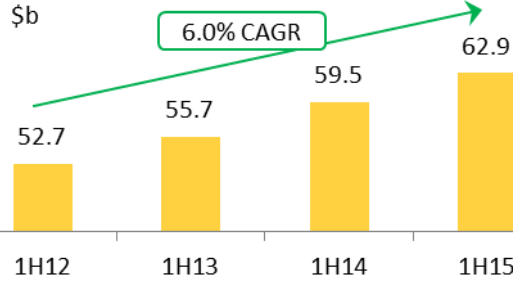
¹ Camorra Retail Market Monitor main bank share measure. % of respondents who selected ASB to the following question. "Please select ALL the financial service providers that you use in New Zealand...(multi response) . And which of these is your main provider of financial services? (single response)". Rolling 12 months average, maximum margin of error (MME) +/- 1.3%.



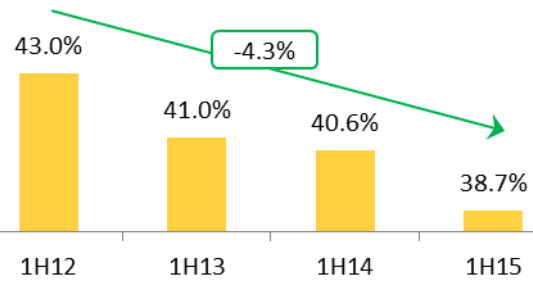
Profitable growth

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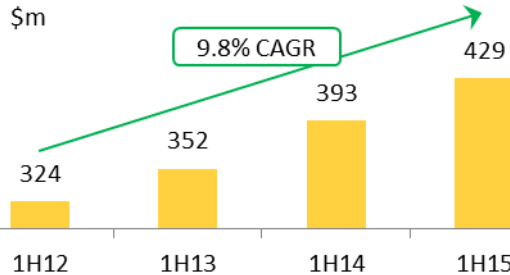
Customer advances



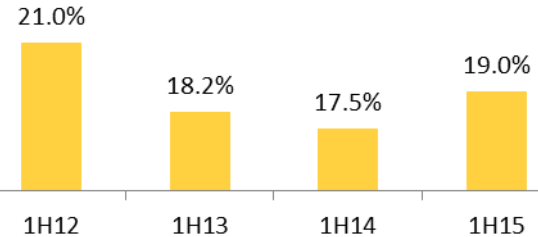
Cost-to-Income Ratio



Cash NPAT



ROE (Stat)



All numbers are presented in NZD



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QUESTIONS AND ANSWERS

Continuing growth

Key Metrics	1H15	1H15 vs 1H14
Statutory Profit	\$444m	↑ 7%
Cash NPAT	\$429m	↑ 9%
Net Interest Margin (Cash)	2.41%	↑ 15bps
Cost-to-Income ratio	38.7%	↓ (190)bps
ROE (Stat)	19.0%	↑ 150bps

Strong margin performance

Cash NIM (%)

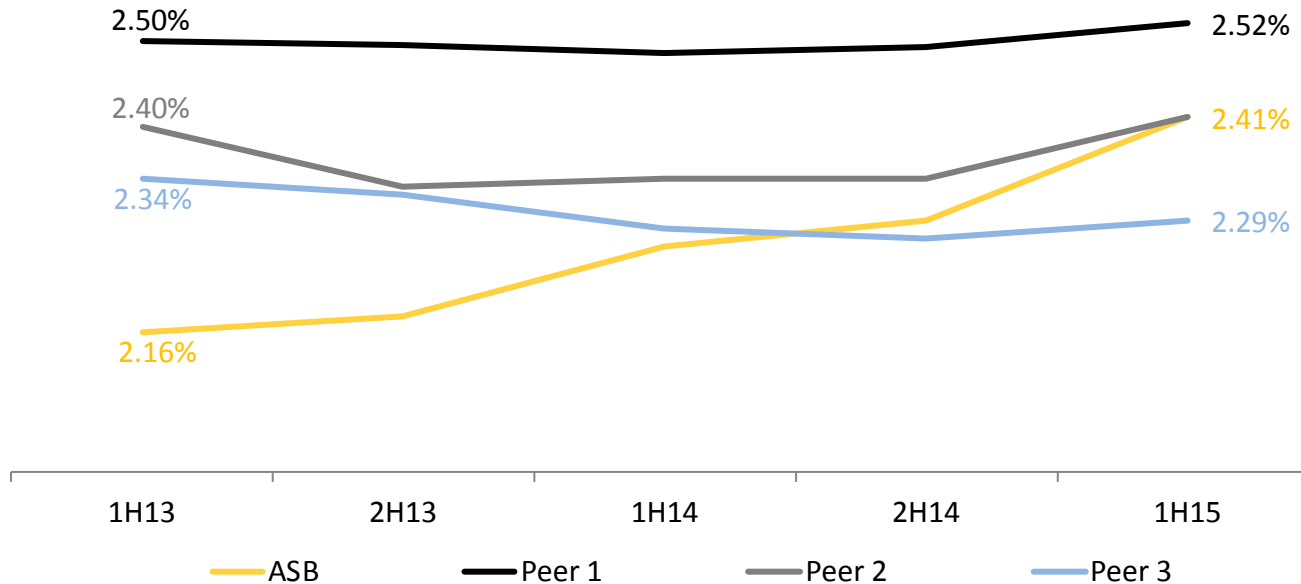
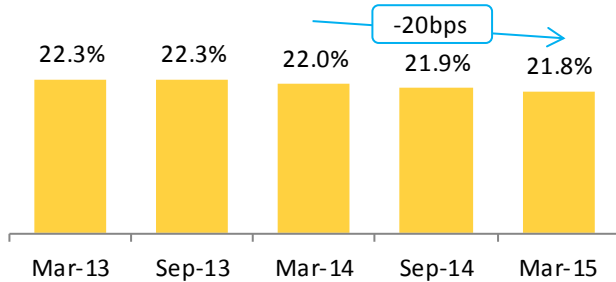


Chart based on financial year data (ASB: 31 December and 30 June; Peers: 31 March and 30 September).

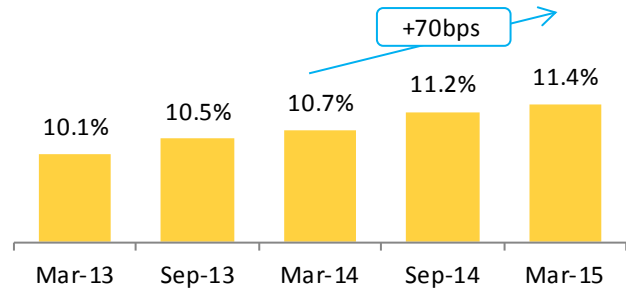
Market share performance

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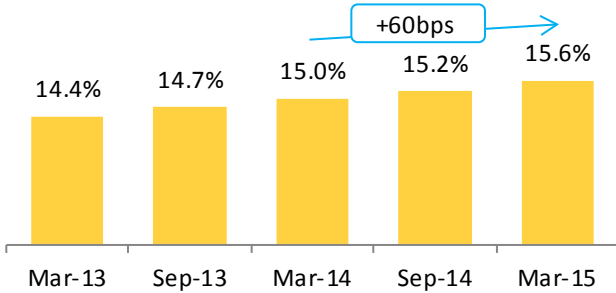
Home lending



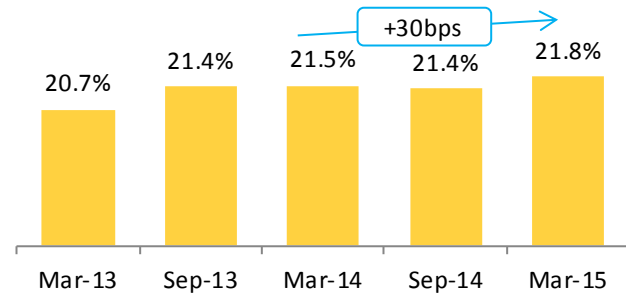
Business, Commercial and Corporate



Rural lending



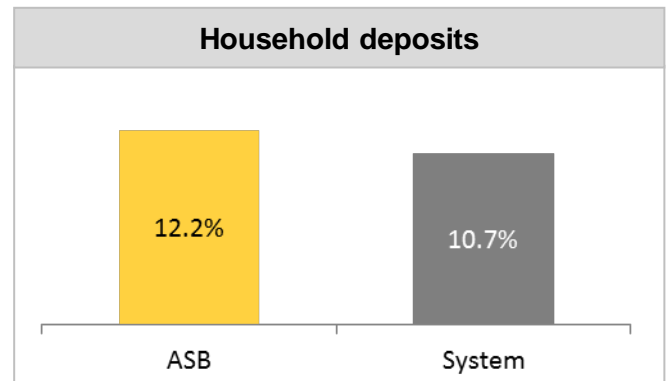
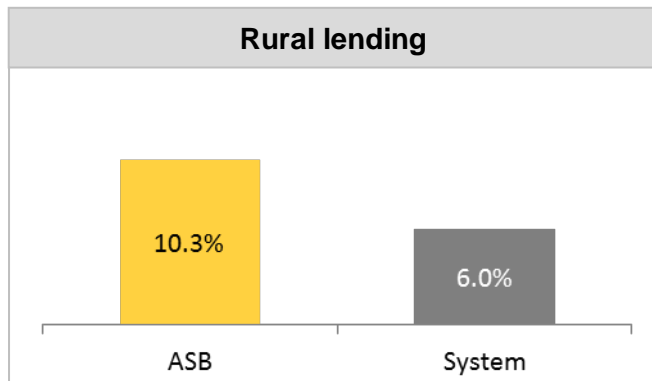
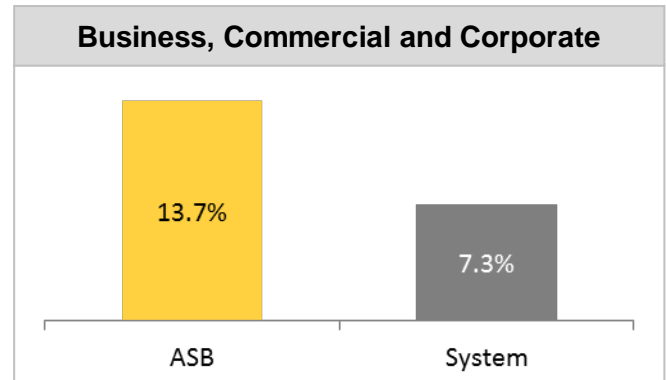
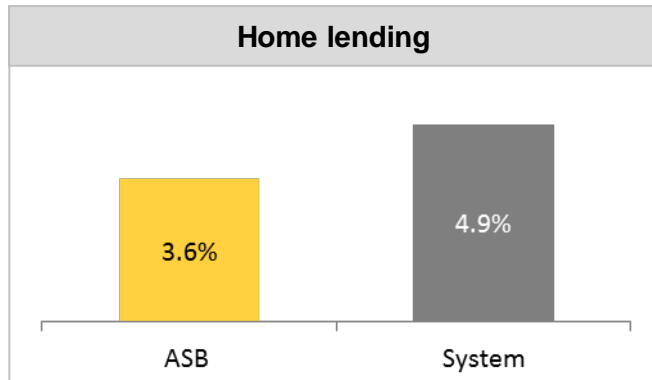
Household deposits



Market data sourced from RBNZ Statistics (sector credit and funding by sector).



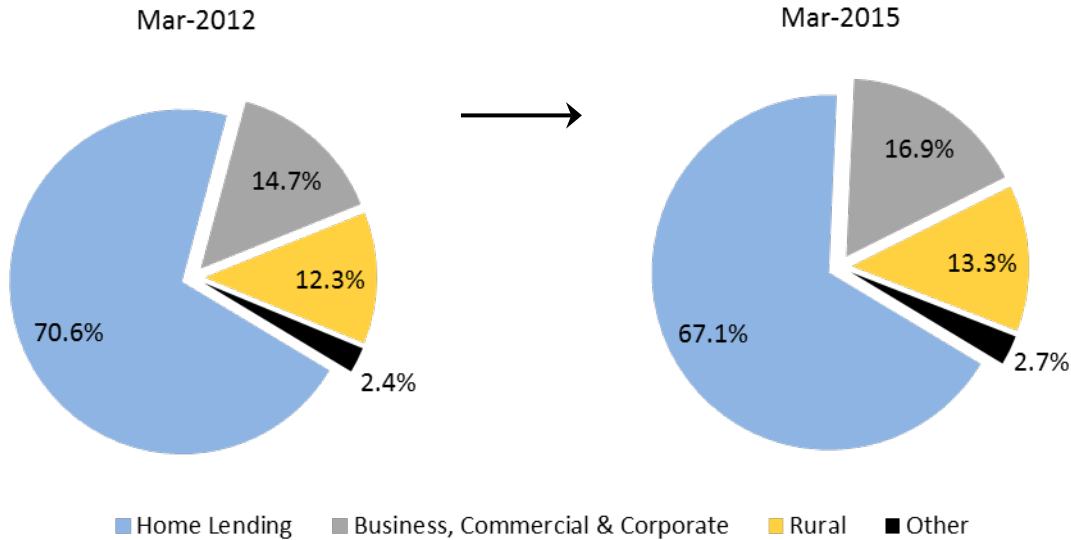
Segment growth reflects strategy



Spot balance growth twelve months to Mar 15. System data sourced from RBNZ Statistics (sector credit and funding by sector).



Mix of customer advances



Continued focus on “JAWs”

“JAWs”

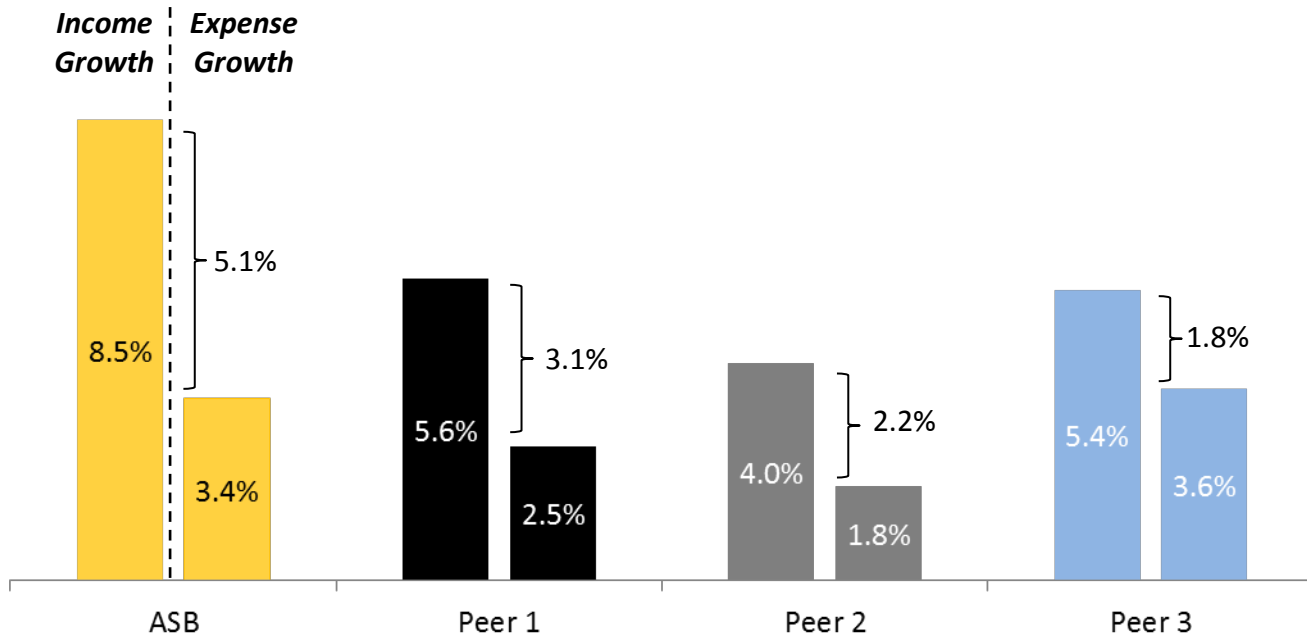


Chart based on Cash NPAT results for 1H15 vs. 1H14 (ASB: 31 December; Peers: 31 March).



Continued productivity focus

Cost-to-Income (%)

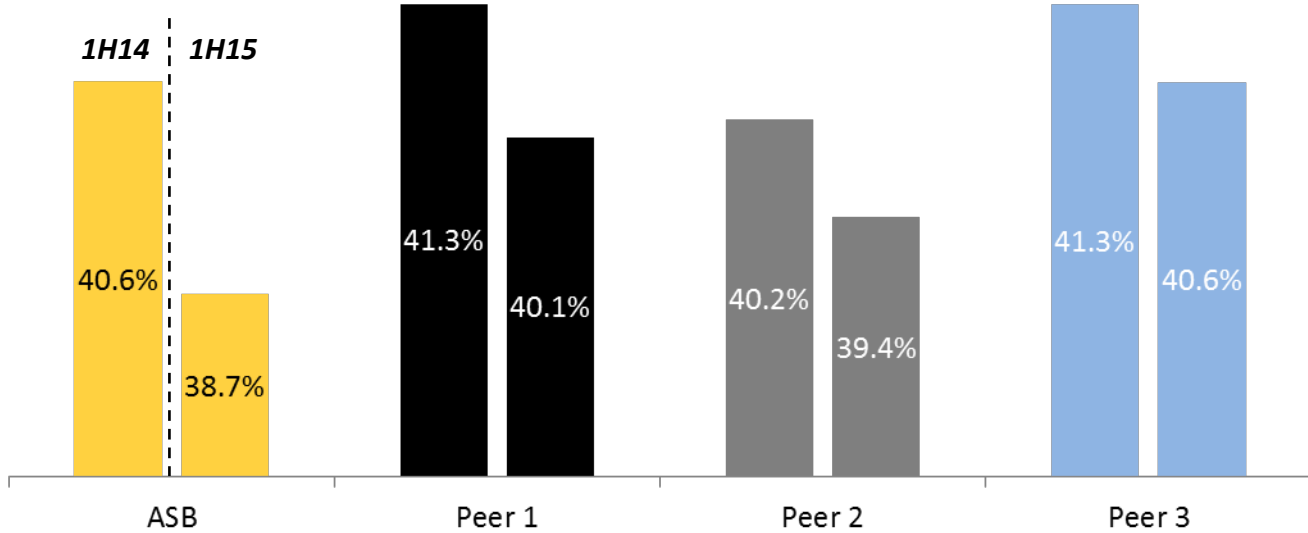
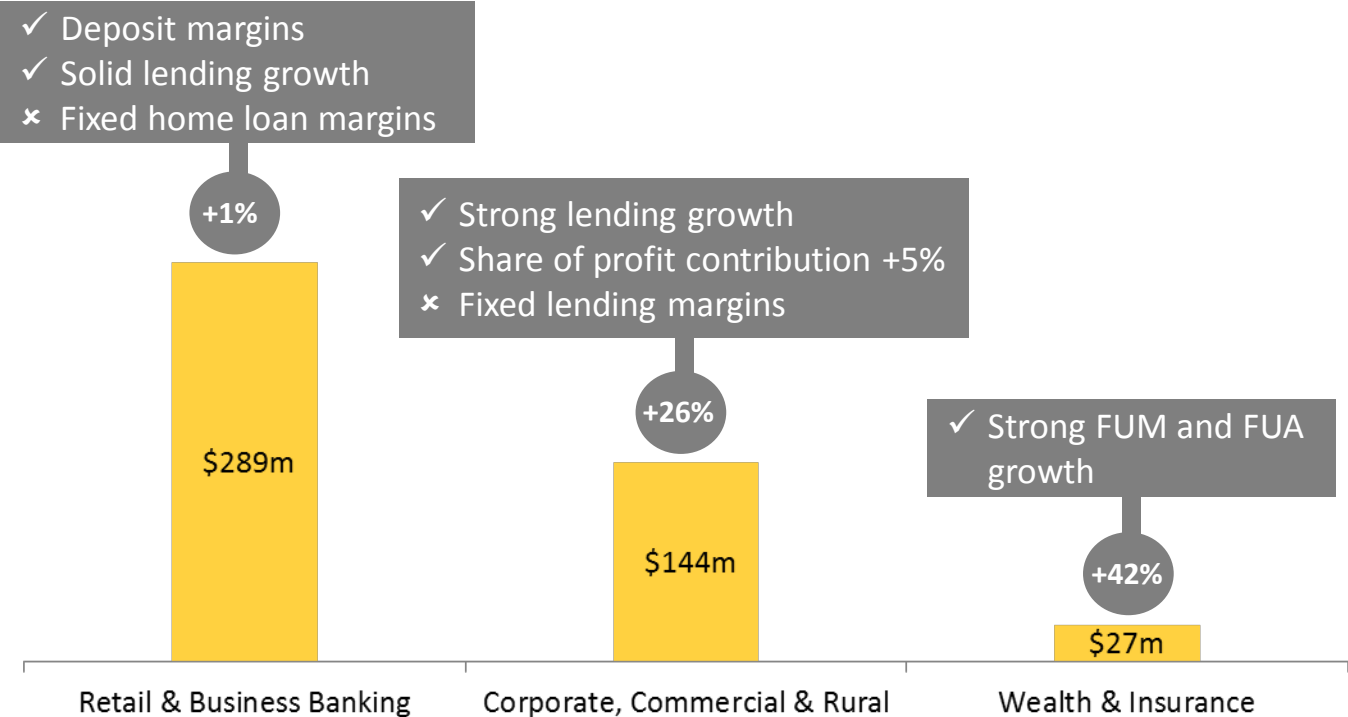


Chart based on financial year data (ASB: 31 December ; Peers: 31 March).

Strategy execution driving results

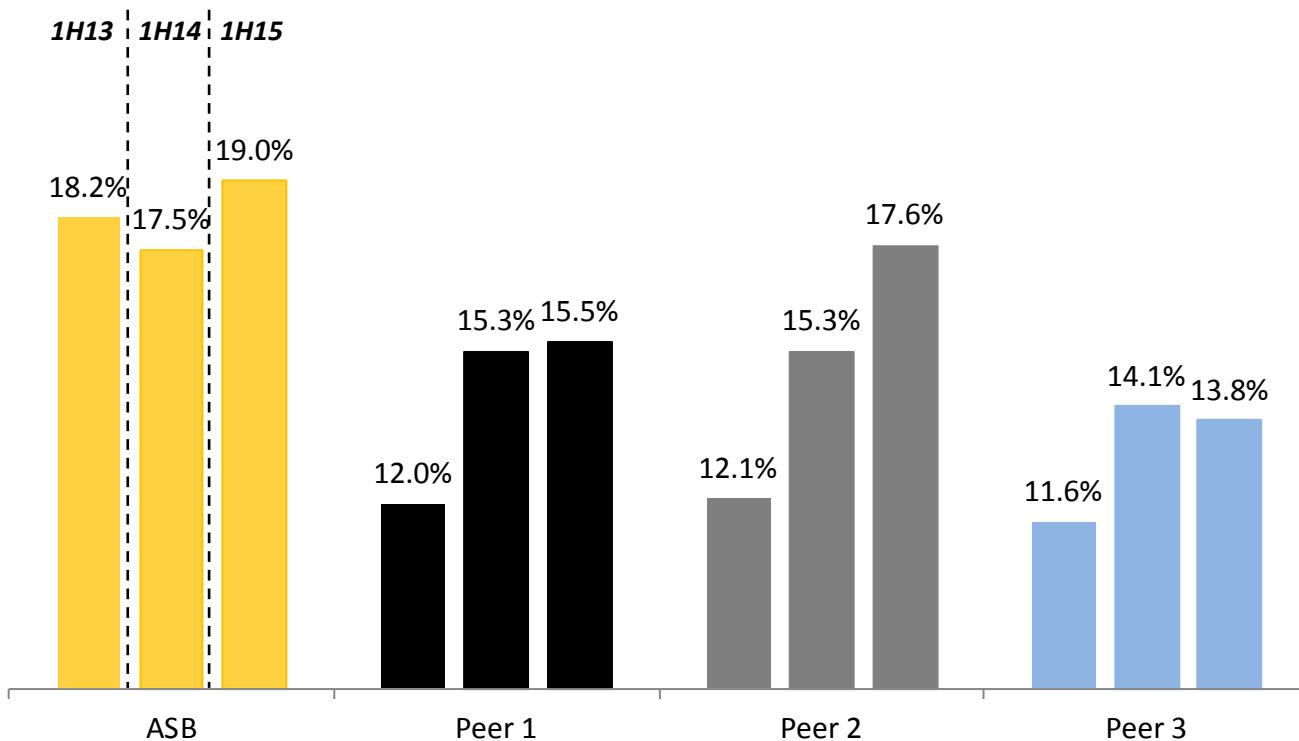
Cash NPAT 1H15



Excludes Corporate Centre and Other. All movements on prior comparative period.

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Leading Return on Equity



ROE (Stat). Chart based on financial year data (ASB: 31 December; Peers: 31 March).

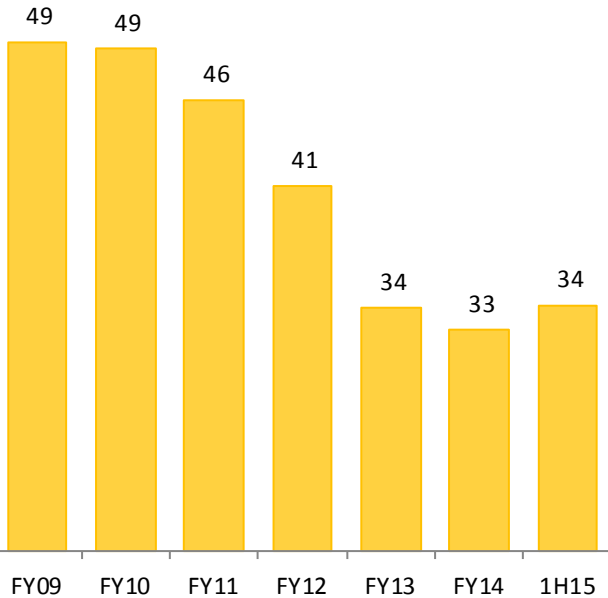


Credit quality and provisioning

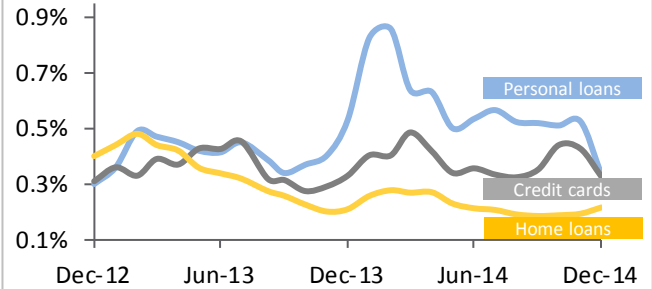
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Total provisions to gross loans

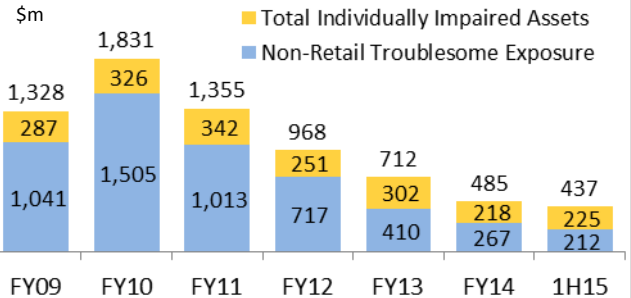
bps



90 day arrears



Troublesome and impaired assets



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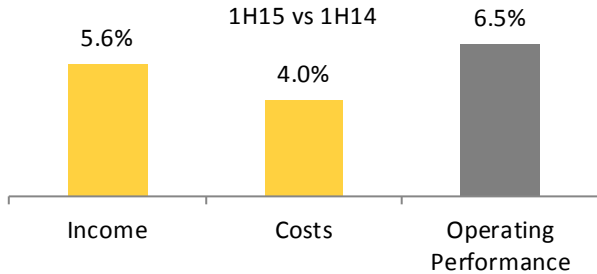
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Technology & Innovation

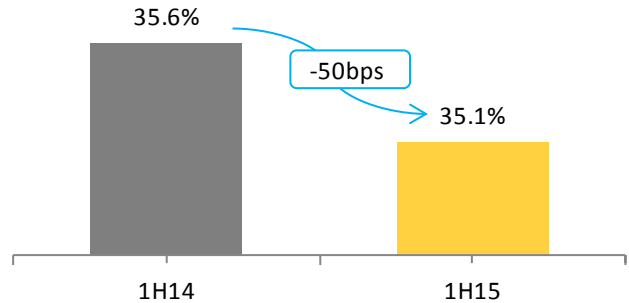
QUESTIONS AND ANSWERS

Retail & Business Banking

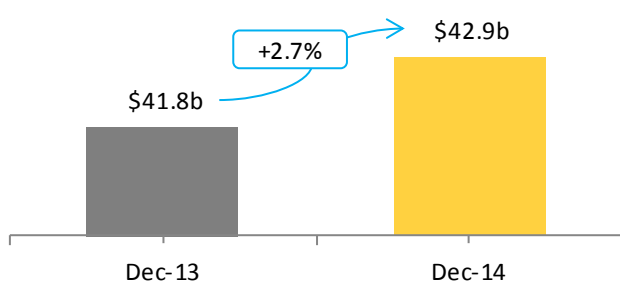
Operating performance



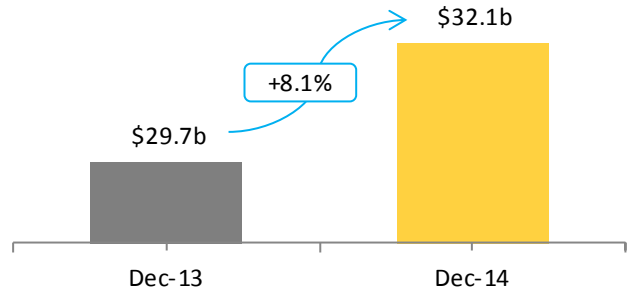
Cost-to-Income ratio



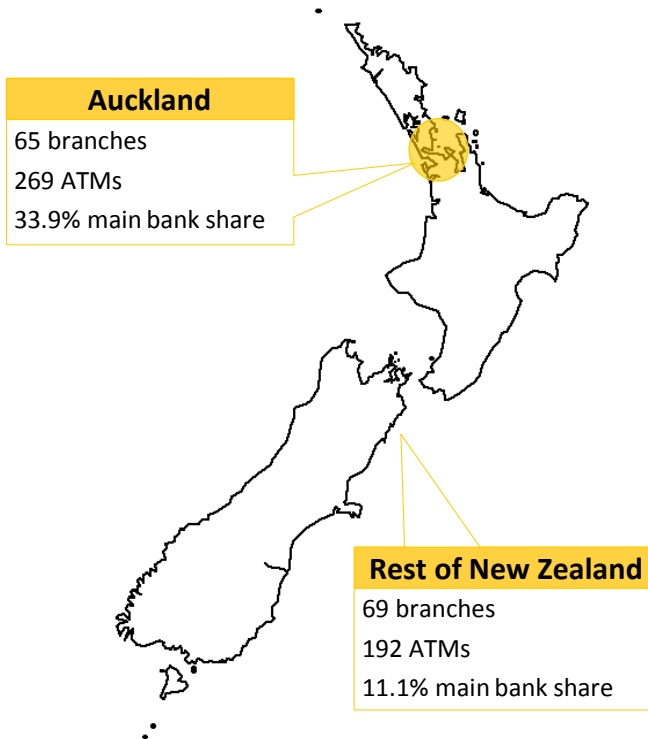
Segment assets



Segment liabilities



Market leadership in Auckland



- 1 in 3 Aucklanders view ASB as their main bank.¹**
- Broad distribution footprint in Auckland.**
- #1 market share in youth¹ and schools.**
- =1st market share small business.²**
- Market leading community support and brand visibility.³**
- Multi-brand capability in the home lending market.**

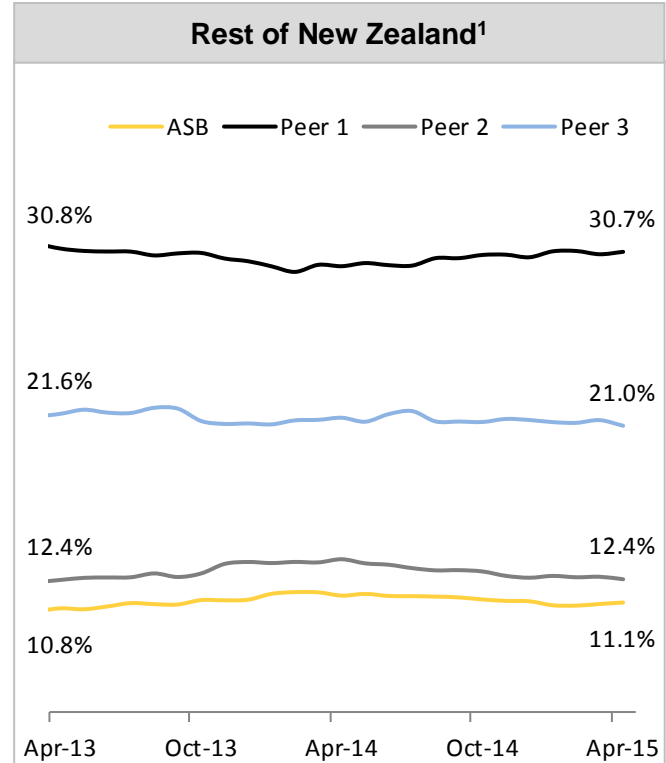
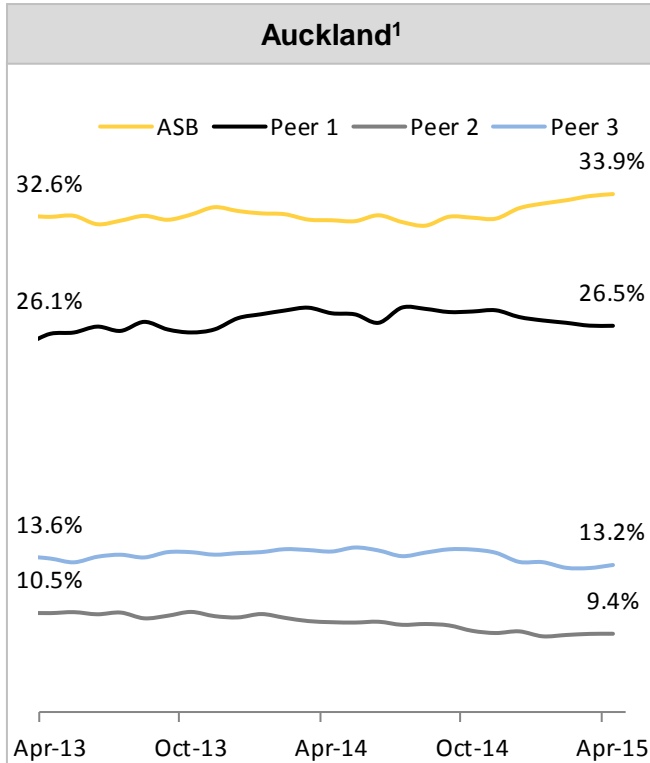
1 Camorra Retail Market Monitor April 2015 main bank share measure.

2 TNS Business Finance Monitor Q1 2015. First equal share in \$0-2m turnover business category.

3 TRA Brand Image Monitor. First equal in % of respondents who select ASB when asked “Which of these banks support the community”, and first in % of respondents who selected “See and hear about it all the time” when asked “Let’s think about how often you see or hear about ASB”.

Retail main bank share

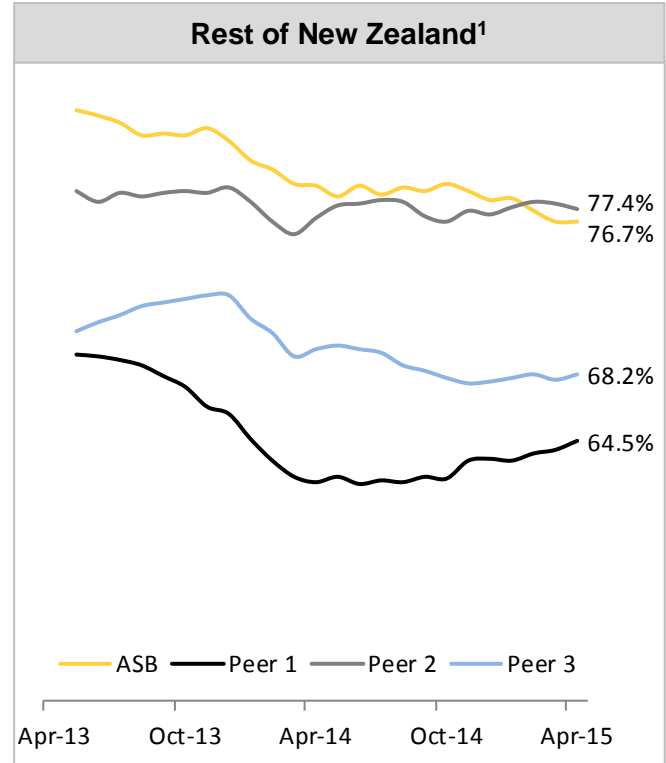
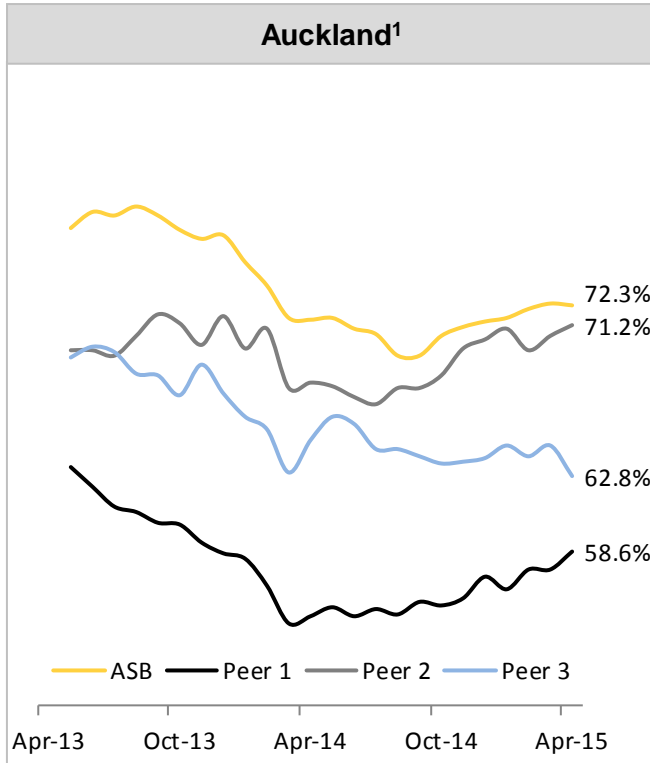
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¹ Camorra Retail Market Monitor main bank share measure. Rolling 12 months average, MME +/- 1.3%.



Strong customer satisfaction

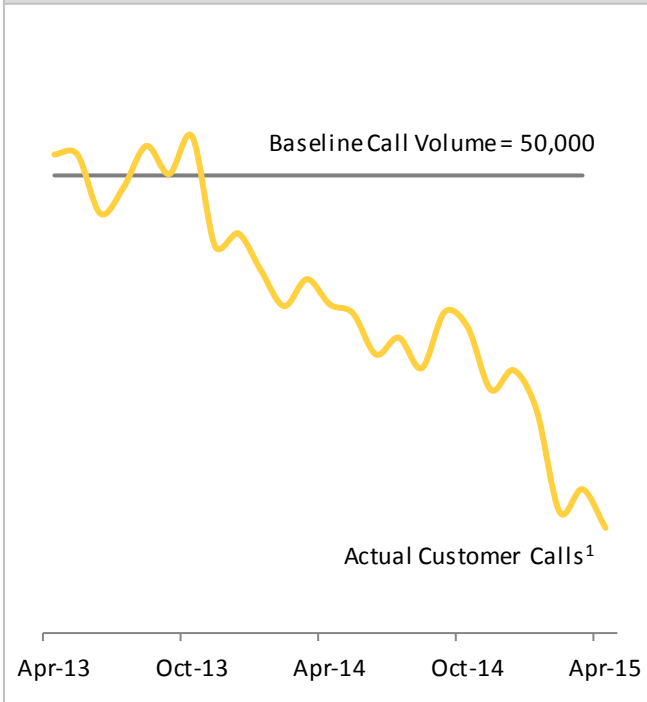


¹ Camorra Retail Market Monitor April 2015. % of respondents choosing “quite satisfied” or “very satisfied” to the question “Thinking about all aspects of the service provided to you by your [main bank], how satisfied are you with the overall performance of [main bank]”. Rolling 12 months average, MME +/- 4.3%.

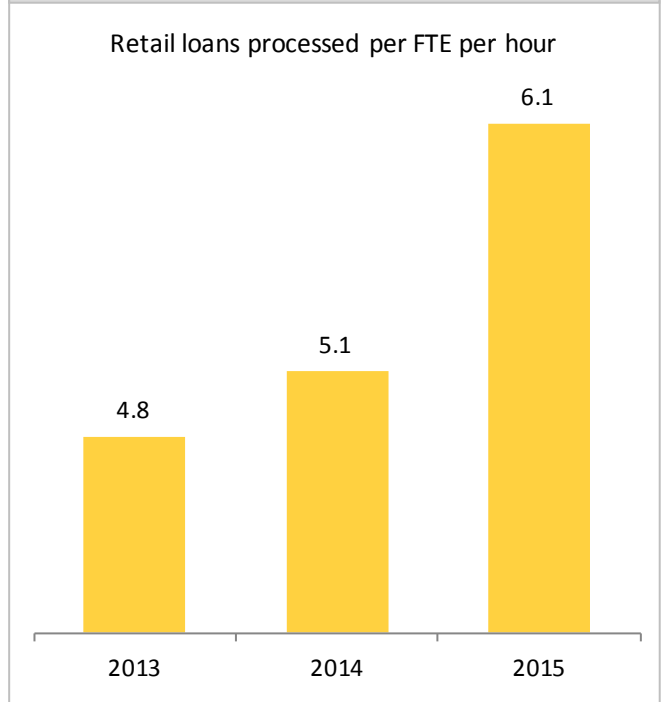


Productivity leadership

Call displacement

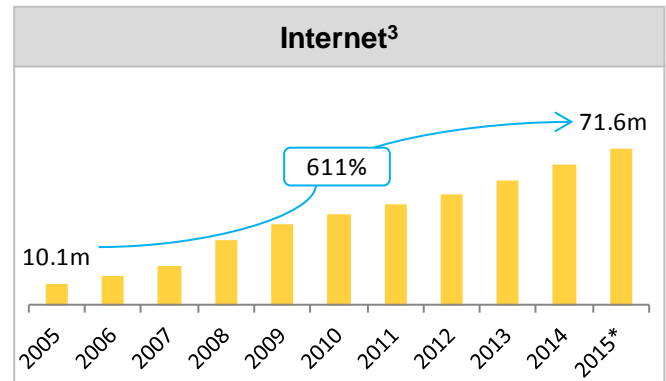
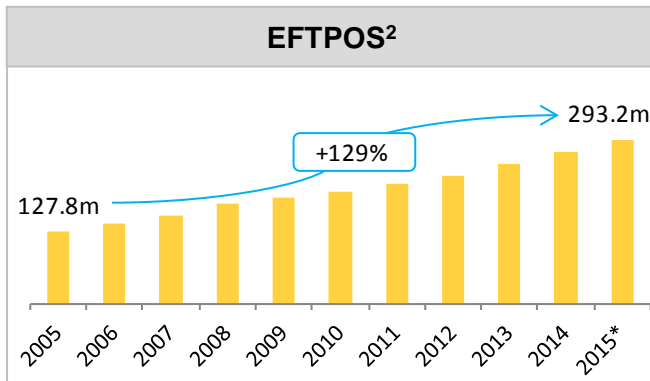
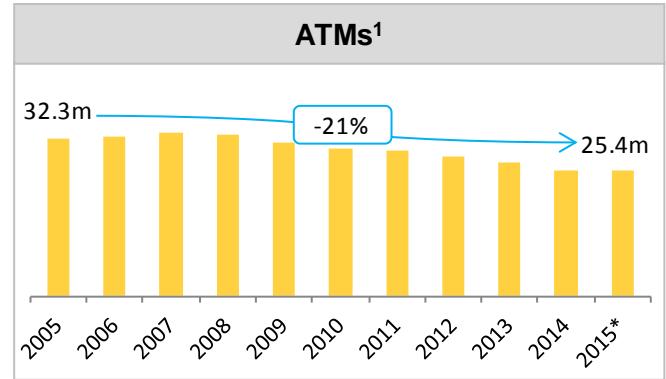
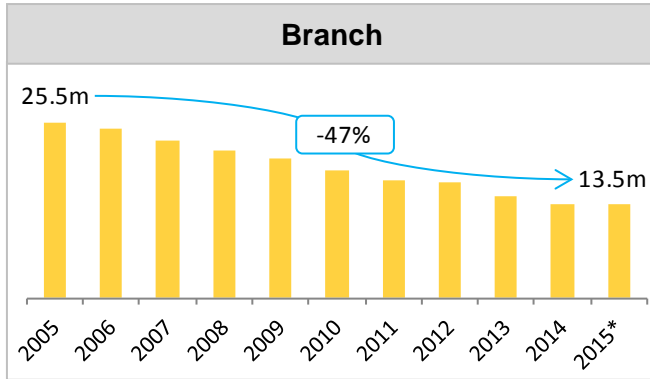


Lending processing efficiency



¹ Targeted group of regular contact centre callers who were not digitally connected prior to the Calls Out Programme.

Transaction volumes



1 All cardholder transactions on ASB ATMs.

2 EFTPOS and credit card transactions.

3 Online Internet and mobile financial transactions.

*HY15x2

Branch of the future

Tailored branch layouts to match local environment and customer needs

Performance metrics adapted to suit regional focus - grow, optimise, monitor

Integrated digital experiences from education through to sales fulfilment



Video conferencing enabled in all branches providing instant access to ASB specialists

Ongoing roll out of Smart self service Deposit taking ATMs

Concierge role in branches to optimise customer flows and service levels

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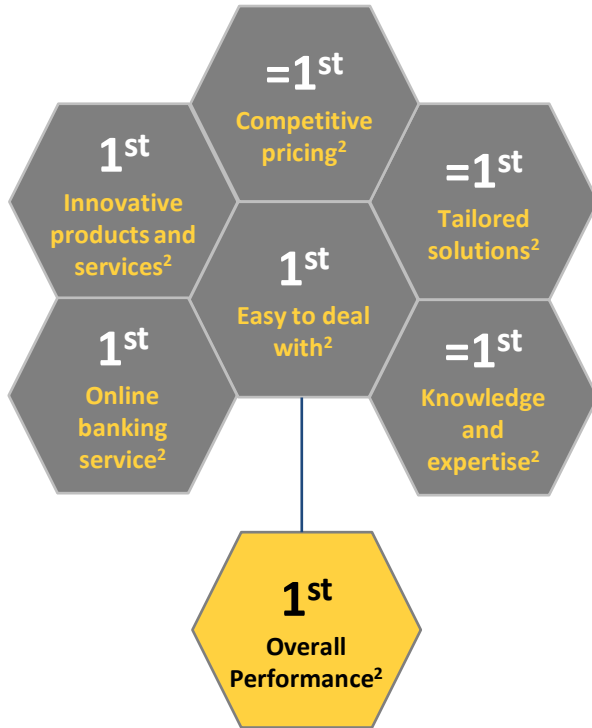
Corporate, Commercial & Rural

40% of total NZ banking profits are in business and rural

ASB currently below its 'natural' share in this market

Corporate	Commercial	Rural
		
\$30m+ turnover	\$2m-\$30m turnover	All rural customers
Working capital solutions	Professionals	Rural corporate
Global Markets	Property Finance	Sustainability
Global Transaction Banking	Franchising	73% dairy
Wealth and Insurance	Industry specialisations	19% sheep and beef
	Working capital solutions	8% other

Market sentiment



Our employees rank ASB higher than “Finance best in class”¹

Our customers rank ASB 1st for Overall Performance²

ASB’s business ‘consideration’ has never been higher²

Increasing market share in Corporate²

=1st for market share in Auckland business markets²

Increasing market share in Rural³

1 ASB People & Culture Survey February 2015, IBM Kenexa.

2 TNS Business Finance Monitor Q1 2015.

3 RBNZ Statistics (lending market share by rural sector).

Corporate, Commercial & Rural strategy



Corporate

*Connecting people,
ideas and capital*



Commercial and Rural

*Supporting
customer ambition*



Investment in sales force effectiveness

Small, high performing team

Stable and experienced teams in market

Ambition brand building market reputation

Nationwide footprint

Service leadership

Leading technology solutions to empower clients

Banking the best clients

Future ready core systems and processes

Seamless agility

Sustainable farming future commitment

Strong product partnership models

Extensive community & intermediary networks

Real time banking

The bank with the best Xero and MYOB integration

Strong, sustainable partnerships

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QUESTIONS AND ANSWERS

New Zealand's technology bank

<p>1st bank to offer internet banking in Australasia</p>	<p>=1st customer satisfaction in Auckland for website¹</p>	<p>=1st customer satisfaction in mobile app banking²</p>
<p>#1 NZ bank for social media engagement³</p>	<p>1st bank to integrate with Xero</p>	<p>1st NZ bank to offer digital credit limit management</p>
<p>1st NZ bank to offer mobile payments</p>	<p>Over 700k digital customers</p>	<p>1st NZ online share trading service</p>

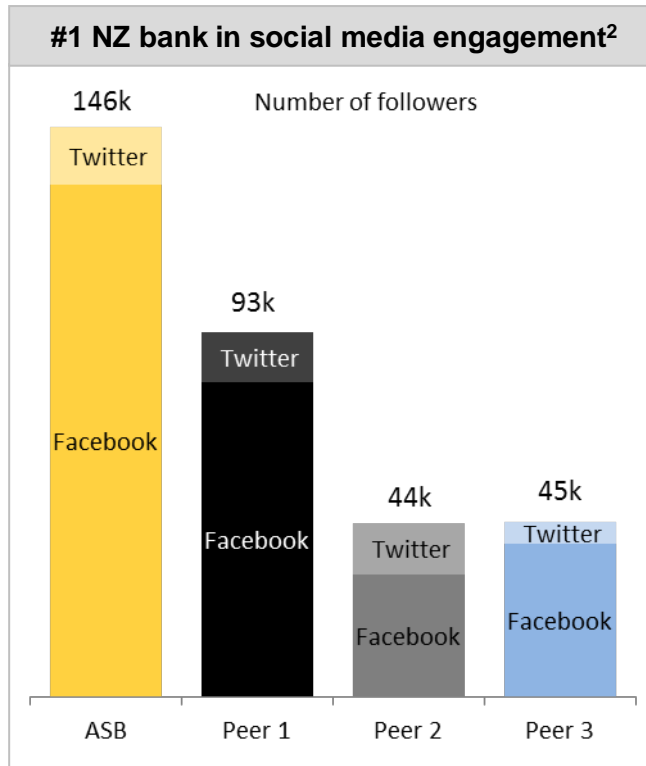
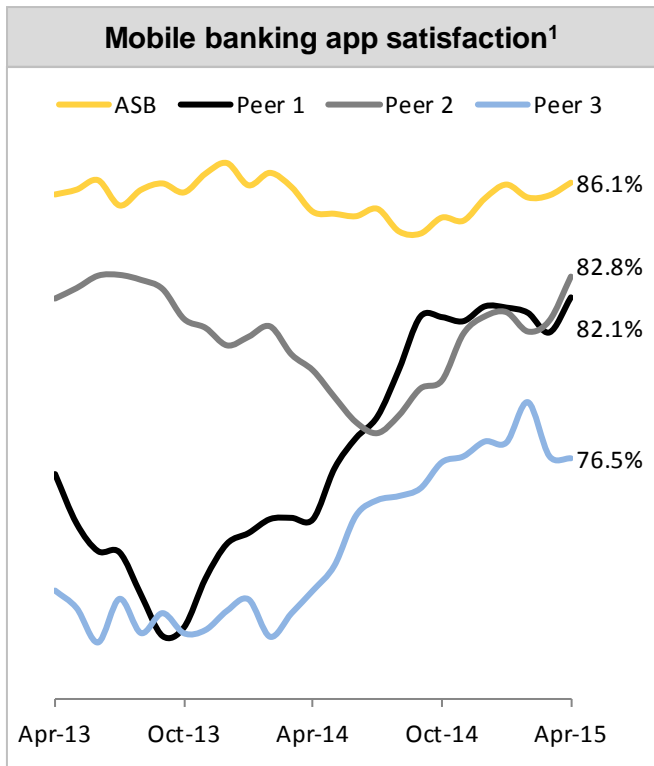
1 Camorra Retail Market Monitor April 2015. % of respondents choosing "very good" or "excellent" to the question "How would you rate ASBs website overall?". Rolling 12 month average.

2 Camorra Retail Market Monitor April 2015. % of respondents choosing "very good" or "excellent" to the question "How would you rate the ease of use and functionality of ASBs mobile banking app overall?". Rolling 12 month average.

3 As measured by the number of Twitter and Facebook followers of NZ banks at 30 April 2015.



Digital engagement



¹ Camorra Retail Market Monitor. % of respondents choosing “very good” or “excellent” to the question “How would you rate the ease of use and functionality of ASBs mobile banking app overall?”. Rolling 12 month average, MME: +/- 3.5%.

² As measured by the number of Twitter and Facebook followers of NZ banks at 30 April 2015.



We are the leading social bank

The world's first real-time, person-to-person banking application on Facebook

Welcome to ASB Virtual Branch.

OPEN

Enter branch | Watch intro

Just like a regular branch, only right here on Facebook.

Which means you can now 'live chat' with us about anything from home loans to term deposits to smart ways of managing your money - from virtually anywhere. And all securely and privately too.

OPENING HOURS
8am-6pm Mon to Fri, 9am-5pm Sat to Sun.

Talk to us in real time
Chat live and online with our banking specialists.

Safe and secure
Everything we discuss in live chat is strictly confidential, and will not be posted on your Timeline.

Everyone's welcome
Talk to us whether you're an ASB customer or not.

ASB Bank on Twitter | ASB Bank on YouTube | Log In to FastNet Classic

Multi-award winning Facebook campaigns

LIKE LOAN

2.3123% Per Annum

1 year fixed Home Loan - 1 day only - 1 winner

The more likes the rate gets the lower it will go

Facebook Like icon

Kathy M: 2.38680% Per Annum, Home loan fixed for 1 year

James T: 1.121928% Per Annum, Home loan fixed for 2 years

Stella V: 0.00000% Per Annum, Home loan fixed for 3 years

ASB SNAP SCHOLARSHIPS

ASB BANK ON SNAPCHAT

GET READY!!

FRIES F_N_S!!

The first bank to utilise Snapchat to engage with customers

Using LinkedIn to engage with New Zealand businesses

Connecting Kiwi businesses to their **AMBITION**

Win tickets to an exclusive evening with Arianna Huffington

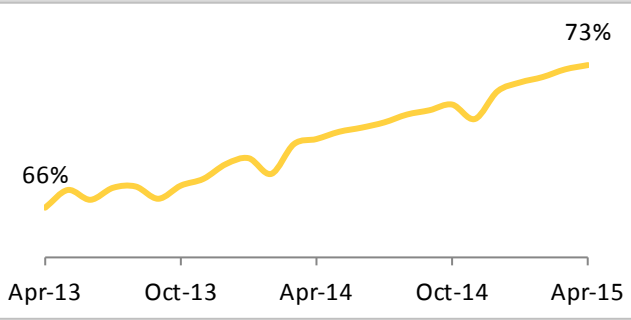
What are your main measures of success in business?

LinkedIn logo

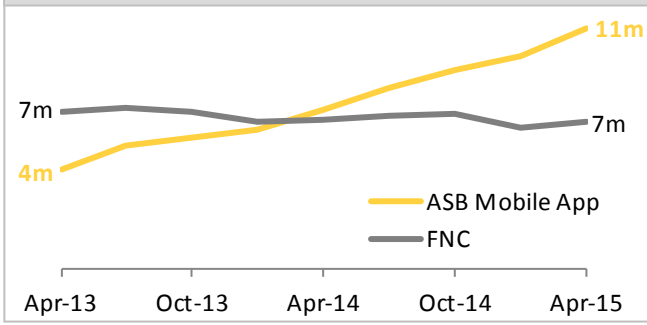


Digital adoption

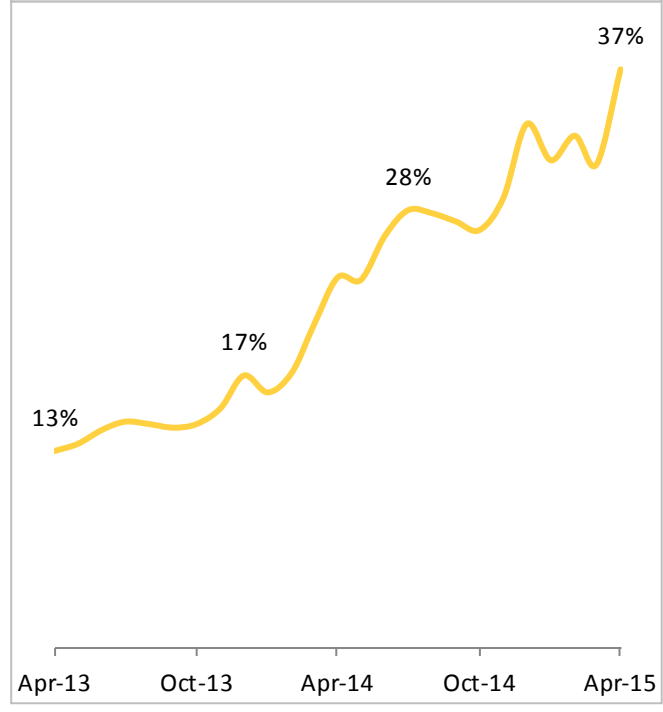
% retail customers using FNC¹ or app



Number of visitor sessions per month



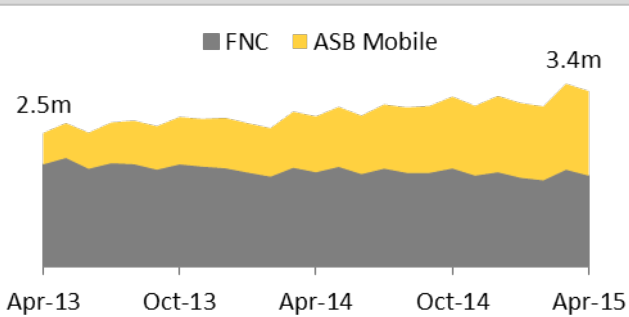
Monthly FNC logins via mobile device



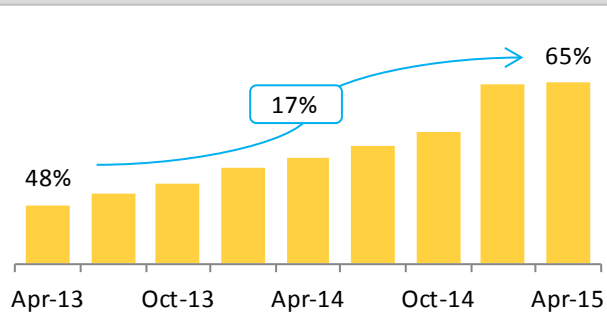
¹ Fastnet Classic, ASB's online banking system

Transaction volume growth in digital

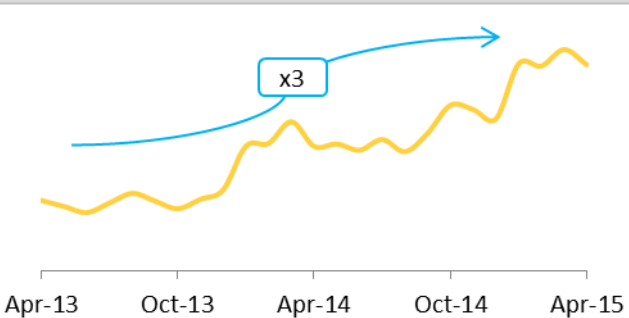
Digital transfers via mobile app vs FNC



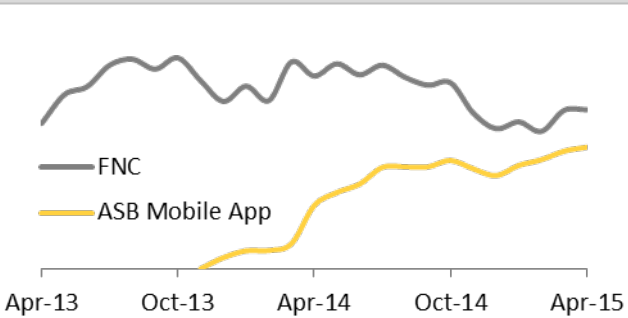
Transaction and savings accounts with e-statements



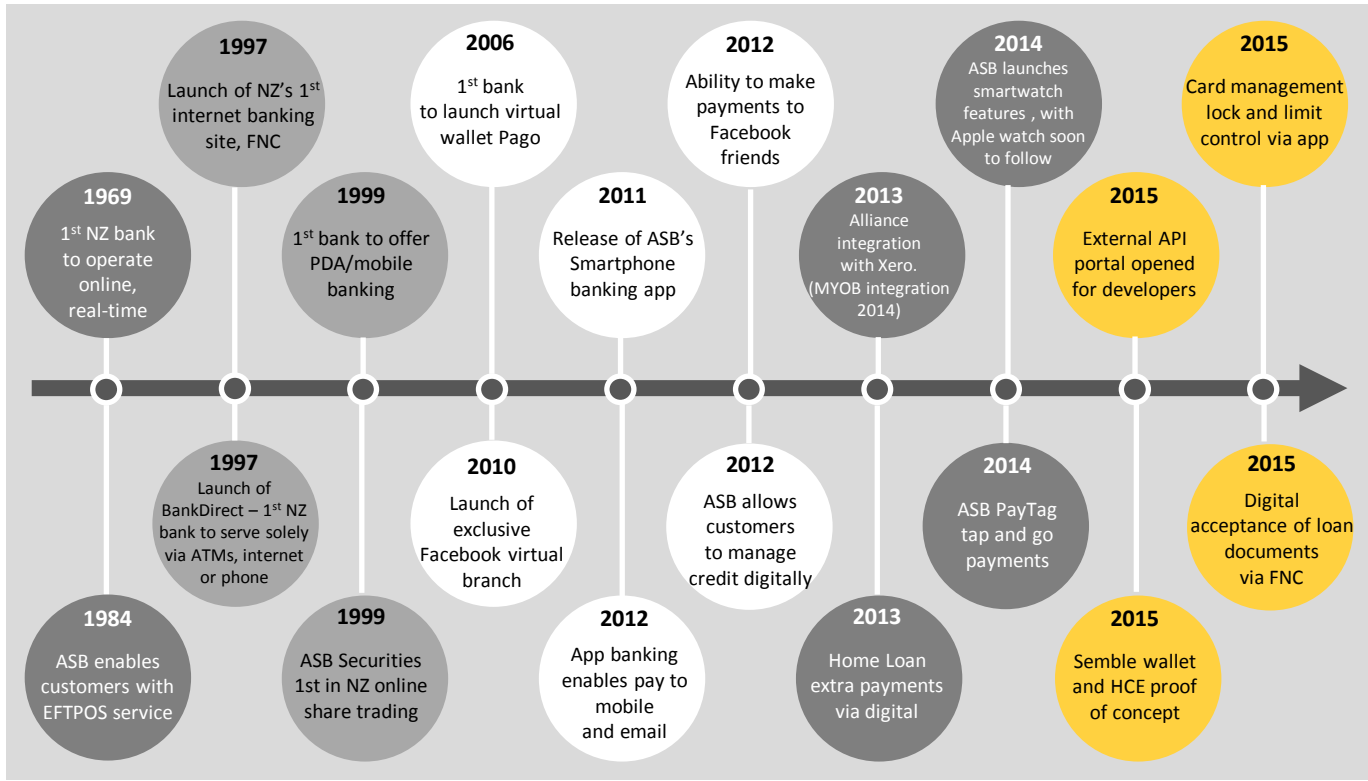
New transaction accounts opened digitally (per mth)



Home-loan one-off payments via mobile app vs FNC



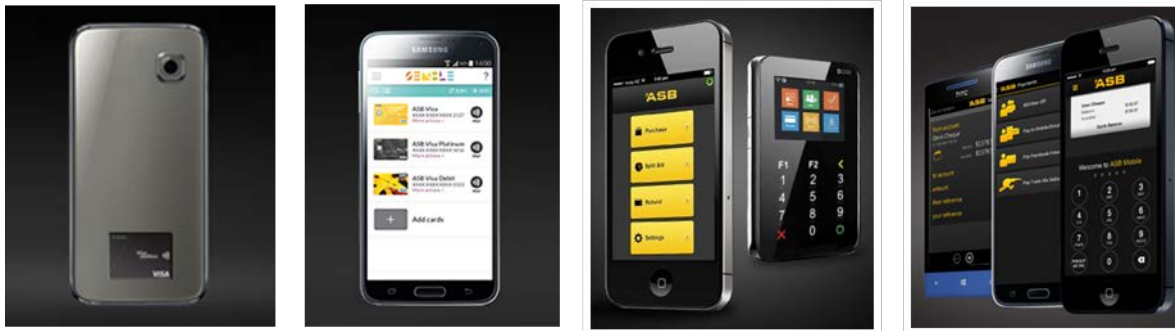
A history of innovation



We are now thinking like a tech company

...that is licensed and trusted to provide financial services

This means **giving customers choice**



ASB offers customers a choice of ways to pay

PayTag can be used on any phone, and customers can turn it on and off

NZ's industry-wide **mobile wallet** (Semble) initiative is underway with ASB and BNZ

ASB **mPOS** allows businesses to accept card payments via mobile devices

ASB is the only bank to offer its **mobile banking app for Windows Mobile**.

We are now thinking like a tech company

...that is licensed and trusted to provide financial services

This means **giving customers control**



ASB enables customers to manage their finances online

>95% of credit card limit changes managed through digital channels

ASB Card Control within the ASB Mobile app

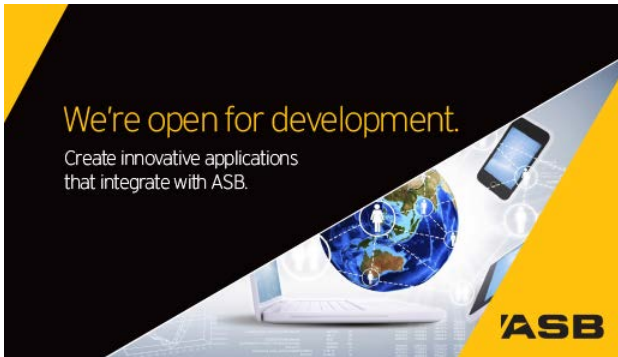
Digital acceptance of loan documents via FastNet Classic.

1st to market with KiwiSaver transfers via our online banking and mobile app.

We are now thinking like a tech company

...that is licensed and trusted to provide financial services

This means **building bridges as well as walls**



Security of customer data remains paramount

ASB works with **extended business partners** to embrace new ideas

ASB has launched NZ's first **public banking API technology**

Online account provisioning and integration with Xero and MYOB,
New Zealand's main accounting software providers.

We are now thinking like a tech company

...that is licensed and trusted to provide financial services

This means **innovating for customers**



ASB innovation is all about creatively solving customer problems

Active adoption of technology company culture and practices

Innovation lab capability in partnership with CBA.

20+ new releases of digital technology annually.

Customers are involved in shaping the innovation agenda.

Agenda

BARBARA CHAPMAN

Chief Executive Officer

JON RABY

Chief Financial Officer

IAN PARK

Executive General Manager
Retail & Business Banking

STEVE JURKOVICH

Executive General Manager
Commercial, Corporate & Rural

RUSSELL JONES

Executive General Manager
Technology & Innovation

QUESTIONS AND ANSWERS