national
australia
bank

# Full Year Results 2024

## Management discussion and analysis

National Australia Bank Limited ABN 12 004 044 937

## Acknowledgement of Country

NAB acknowledges the Traditional Custodians of the land as Australia's First Peoples and recognises their continuing connection to lands, water and country.

We make this acknowledgement with the ambition to continue supporting a reconciled Australia through our actions and voice.

# Full Year Results 2024

# Full Year Results Summary
# 2024

National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian Credit Licence 230686, 7 November 2024.

## 2024 FINANCIAL HIGHLIGHTS

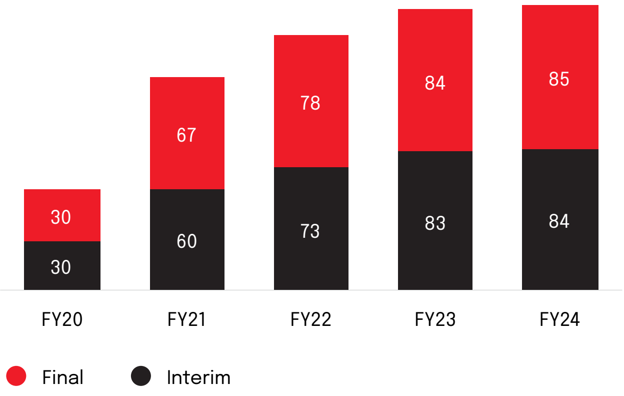
| | |
|---|---|
| **$6,960m**<br>Statutory net profit<br>Down 6.1% v FY23 | **$7,102m**<br>Cash earnings(i)<br>Down 8.1% v FY23 |
| **85 cps**<br>Final dividend<br>100% franked | **12.35%**<br>Group Common Equity<br>Tier 1 (CET1) ratio(ii) |

(i) Refer cash earnings note and reconciliation on page 7.

(ii) CET1 capital ratio on a Level 2 basis.

## Dividends

Cents per share (fully franked)
In respect of each financial year / period




"Our FY24 performance has benefitted from focused execution of our strategy and a more stable operating environment over the second half of the year. Cash earnings were 8.1% lower than the strong levels of FY23, but stable over 2H24 compared with 1H24.

Consistent investment to deliver better customer outcomes has supported another year of strong growth in our leading SME franchise, with Business & Private Banking (B&PB) increasing deposits by 7% and business lending by 8%. In Australian housing, our growth was sub-system at 3% as we balanced growth against competitive pressures. We will continue to manage portfolio returns through a disciplined approach in this dynamic market.

The Australian economy has remained resilient, however the impact of higher interest rates and cost of living is challenging for our customers, and we are here to help them. Not unsurprisingly, asset quality deteriorated over FY24 but we have maintained prudent balance sheet settings. We will continue to focus on keeping our bank and customers safe through the cycle.

The execution of our strategy since FY20 has delivered significant progress. To build on this, we have evolved our strategic priorities with a focus on becoming a more customer-centric, simpler and fast-paced organisation. Executing these evolved priorities with discipline while maintaining strong foundations will see us well placed to deliver continued sustainable growth and attractive shareholder returns over time"

**- Andrew Irvine NAB CEO**

### Supporting our customers & communities

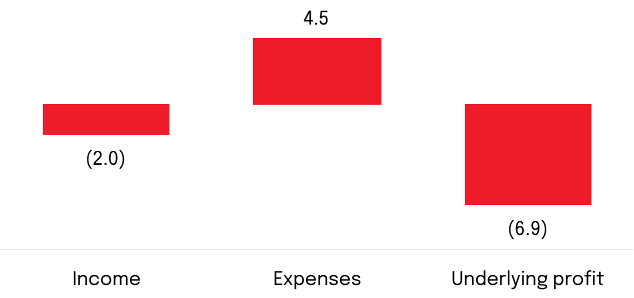
- Helping customers manage cashflow challenges with enhanced digital spending tools which predict bills and subscriptions, and an expanded range of hardship support options.
- Recognising and rewarding loyalty with cashbacks and discounts on everyday spend via NAB Goodies, and a range of benefits and discounts for NAB business transaction account holders on services such as accounting software, website design and hosting, and cybersecurity and fraud prevention.
- Supporting customers and communities to withstand and recover from natural disasters with more than $1.7 million in grants from both NAB Foundation and NAB in FY24.

*The September 2024 full year results are compared with the September 2023 full year results for continuing operations unless otherwise stated. Operating performance and Asset quality are expressed on a cash earnings basis.*

## Operating performance FY24 v FY23

- Revenue decreased by 2.0% mainly reflecting lower net interest margins (NIM) and lower Markets & Treasury (M&T) income, partially offset by volume growth and higher fee income.
- Gross loans and advances (GLAs) increased by 4.2% and deposits increased by 4.3%.
- NIM decreased by 3 basis points (bps) to 1.71%. Excluding a 3 bps increase from M&T, NIM declined 6 bps. This primarily reflects home lending competition, higher term deposit costs and deposit mix impacts, partially offset by higher earnings on deposits and capital as a result of the higher interest rate environment.
- Expenses increased by 4.5% with key drivers including higher personnel expenses primarily due to salary-related and restructuring-related costs, combined with continued investment in technology modernisation and compliance capabilities including fraud and cyber security. This was partially offset by productivity benefits achieved through continued process improvements and simplification.

FY24 v FY23 drivers of cash earnings change (%)

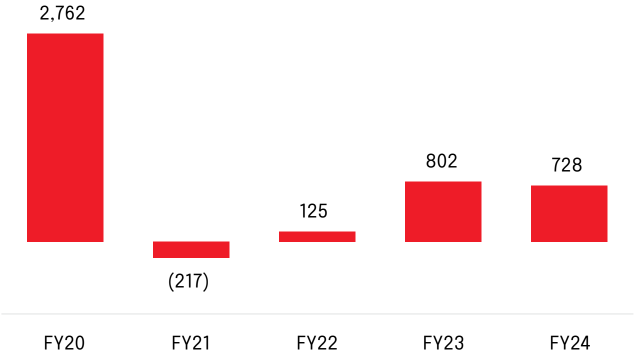



**"Underlying profit is 6.9% lower over FY24 mainly reflecting margin pressure related to home lending competition. Pleasingly, a more stable operating environment over 2H24 has seen revenue and margin pressures moderate and the decline in underlying profit slow to 1.8% compared with 1H24."**

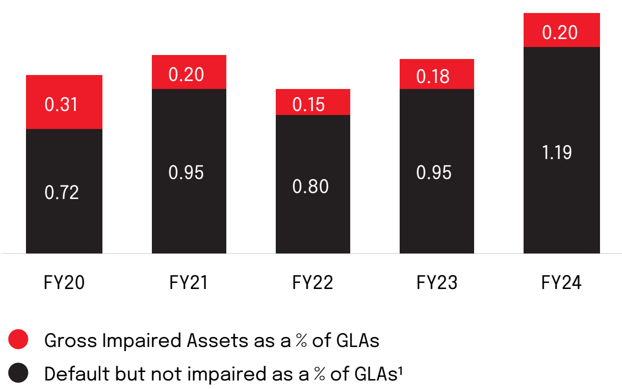
## Asset quality FY24 v FY23

- Credit impairment charge was $728 million, versus a FY23 charge of $802 million. The FY24 charge includes underlying charges of $942 million and a $214 million release from forward looking provisions.
- Underlying charges primarily reflect higher individually assessed charges, a deterioration in asset quality and volume growth. This was partially offset by the impact of house price increases and model changes.
- The $214 million release from forward looking provisions primarily reflects asset quality deterioration in underlying outcomes, the impact of methodology refinements and a 2.5% decrease in the downside scenario weight.
- The ratio of non-performing exposures to gross loans and acceptances increased by 26 bps from FY23 to 1.39% reflecting higher Australian mortgage arrears and broad-based deterioration in the B&PB business lending portfolio.

Credit impairment charges / (write-backs) ($m)




Non-performing exposures / gross loans and acceptances (%)

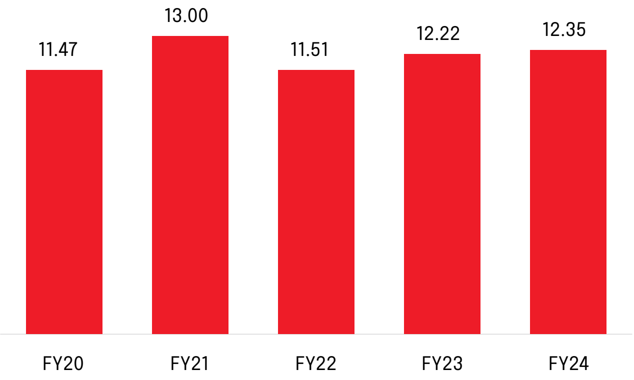



(1) Default but not impaired includes 90+ DPD assets and Default <90 DPD but not impaired assets. FY20 figures do not include Default <90 DPD but not impaired assets.

**"As asset quality continued to deteriorate over FY24, consistent with challenges in the economic environment, we have maintained prudent levels of forward looking provisions. This primarily reflects uncertainty over the impact of global instability and the ability of customers to manage high interest rates and inflationary pressures. Our collective provisions as a percentage of credit risk weighted assets (CRWA) remained stable over the year at 1.47% and well above pre COVID-19 levels."**

## Capital funding and liquidity

Group CET1 ratio(i) (%)




(i) CET1 capital ratio on a Level 2 basis. From 1 January 2023 ratios have been reported under APRA's revised capital framework.

### Key ratios as at 30 September 2024

- Group CET1 ratio of 12.35%, up 13 bps from September 2023. Lending volume growth, asset quality deterioration and the impact of $2.1 billion of shares bought back in FY24 (-48 bps)[1] were more than offset by lower risk weighted assets (RWA) including the benefit of model and methodology changes impacting CRWA, lower Interest Rate Risk in the Banking Book RWA and removal of APRA's Operational Risk overlay (17 bps).
- Proforma Group CET1 ratio of 12.21% reflecting $0.6 billion balance of shares expected to be acquired under the on-market share buy-back[1].
- Leverage ratio (APRA basis) of 5.1%.
- Liquidity coverage ratio (LCR) quarterly average of 137%.
- Net Stable Funding Ratio (NSFR) of 117%.

## Key divisional performance - Cash earnings

| | FY24 ($m) | % change FY24 v FY23 | Key drivers FY24 v FY23 |
|---|---|---|---|
| Business and Private Banking[2][3] | 3,257 | - | Stable cash earnings with higher revenue and lower credit impairment charges offset by increased operating expenses. Revenue benefitted from volume growth and higher foreign exchange income but margins were lower mainly reflecting competitive lending pressures, deposit mix and higher funding costs. |
| Personal Banking[2] | 1,174 | (19.6) | Cash earnings were lower primarily reflecting a decline in underlying profit given lower revenue and modest operating expense growth. Revenue decline reflects lower margins mainly impacted by competitive home lending pressures and deposit mix, while volume growth was broadly stable given a disciplined approach to growth in housing lending and a focus on sustainable returns. |
| Corporate and Institutional Banking[4] | 1,772 | (3.7) | Lower cash earnings mainly reflecting a higher effective tax rate partially offset by lower credit impairment charges. Underlying profit and revenue were both broadly stable with lower Markets income, the run-off of the asset servicing business and modest operating expense growth offset by higher margins (ex Markets). |
| New Zealand Banking (NZ $m)[4] | 1,444 | (4.6) | Cash earnings declined reflecting lower underlying profit and higher dividend payments on perpetual preference shares, partially offset by lower credit impairment charges. Lower underlying profit reflects operating expense growth and stable revenue as volume growth was offset by lower margins due to competitive pressures. |

(1) On 2 May 2024, the Group announced it had increased its on-market buy-back of ordinary shares by $1.5 billion, resulting in a total combined size of up to $3 billion. NAB has bought back and cancelled $2.1 billion of ordinary shares in the September 2024 full year including $1.1 billion (0.25% of CET1 capital) in the September 2024 half year.
(2) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.
(3) During the year ended 30 September 2024, refinements to the allocation of certain support unit costs has resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated accordingly.
(4) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

# Our strategic ambition

## Why we are here

**To be the most customer-centric company in Australia and New Zealand**

## Who we are here for

**Customers**
Customers who trust us and choose us to be their bank

**Colleagues**
Customer-obsessed colleagues who are proud to work at NAB

## Who we are

**We are customer obsessed**

**We keep it simple**

**We move with speed**

**We own it**

**We win together**

## What we will be known for

**Relationship led**
1. Exceptional bankers
2. Unrivalled customer service
3. Personalised and proactive

**Exceptional experiences**
1. Brilliant at the basics
2. Trusted in moments that matter
3. Simple, fast and easy to deal with

**Safe and sustainable**
1. Strong balance sheet and proactive risk management
2. Secure, simplified and resilient technology
3. Long term and sustainable approach

## Where we will grow

**Business & Private**
Clear market leader

**Corporate & Institutional**
Disciplined growth

**Personal**
Deepen customer relationships

**BNZ**
Personal & SME

**ubank**
Customer acquisition

## What we will deliver

**Leading customer advocacy**

**Winning in market**

**Customer-obsessed colleagues**

**Simple, fast, resilient**

**Strong returns**

## Economic outlook[1]

**"In Australia, growth has been weak, in part due to the adjustment by households to higher interest rates and cost of living pressures. While the first half of 2024 will likely mark the trough in real GDP growth, the pick-up in growth from there is expected to be gradual with 1% forecast this year and around 2.25% over 2025 and 2026. Easing inflation, tax cuts and energy subsidies will all help put households in a better position through the second half of 2024 but early indications of how this affects consumption and economic growth are mixed, with some of the benefit likely to be saved initially. Weak growth will also feed into labour demand with the unemployment rate forecast to rise a little further before stabilising around 4.5%. Credit growth is expected to slow to about 4.5% over 2025 and 2026. While moderating inflationary pressures are encouraging, this is happening gradually meaning cash rate cuts are unlikely before February 2025. The pace at which inflation slows and the extent of labour market adjustments remain key to the outlook including the path of monetary policy.**

**A challenging economic environment has persisted in New Zealand, with the economy still in a recession which began in the December quarter 2022. This includes a fall in real GDP of 0.5% over the year to the June quarter 2024 reflecting weak private consumption growth and declining residential and business investment. The unemployment rate has increased from a low of 3.2% in March 2022 to 4.6% in June 2024, and is expected to rise above 5% before the end of this year. As activity has contracted, inflationary pressures have moderated and CPI inflation now lies within the central bank's target range of 1-3%. As such, restrictive monetary policy settings have started to ease, with the cash rate reduced by 75 basis points since August to 4.75% and further cuts expected in November and through 2025. This has seen a recent lift in business and consumer confidence, and is expected to support a recovery in economic growth from next year and, in time, some improvement in credit growth."**

(1) References to years relate to calendar years. References to growth over a year relate to Dec quarter versus Dec quarter of previous year.

## Strategic overview

Our strategy, in place since April 2020, has served us well despite significant shifts in the operating environment. We have delivered sustainable earnings growth and increased returns while improving customer and colleague experiences, supported by disciplined execution, persistent investment, increasingly resilient technology and prudent balance sheet settings.

In Business and Private Banking, a relationship-led approach increasingly enabled by digital, data and analytics has helped drive growth across the franchise. Since FY20 B&PB business lending balances have grown 42% including 8% growth over FY24. New business transaction account openings in FY24 are 53% higher than in FY20, including a 2% increase compared with FY23.

In Personal Banking, our focus since FY20 has been on providing simpler, more digital banking experiences including the rollout of a digital home lending platform. Over the four years to FY24, Australian home loan balances grew 20%, the proportion of simple everyday banking products opened digitally increased from 62% to 72% and new transaction account openings rose 23%.

Corporate and Institutional Banking (C&IB) has maintained a disciplined approach to growth and strong customer advocacy. This, combined with a focus on simplification and leveraging transactional banking capability, has seen C&IB's return on equity increase by approximately 600 bps over the four years to FY24, including 25 bps over FY24. Similarly, New Zealand Banking (NZB) has progressed well towards becoming a simpler, more digital bank while tilting to less capital intensive sectors. This has supported returns from FY20 to FY24 despite challenging economic conditions and rising regulatory capital requirements.

Having a strong customer franchise and engaged colleagues are key to our ability to grow sustainably. Colleague engagement has improved since FY20 with the most recent engagement score of 78 at July 2024 up 2 points since July 2020 and in line with July 2023. Consistent with our ambition, the latest score is one point higher than the top quartile benchmark[(1)].

Customer outcomes have been more mixed. While strategic net promoter scores (NPS)[(2)] have lifted across all segments since FY20, the Group has not achieved its ambition of positive NPS ranked first of Australian banks across all key segments. Over the 12 months to September 2024, Business NPS declined from 11 to 8 with NAB continuing to rank second among major banks while Mass Consumer NPS improved from -3 to -2 with NAB's ranking declining from equal first to third. High Net Worth (HNW) and Mass Affluent (MA) NPS improved from -7 to +2 and NAB's ranking improved from second to first of major banks while Large Corporate and Institutional NPS[(3)] rose 8 points with the Group's ranking improving from second to equal first. Customer advocacy is a priority focus for FY25.

A key focus of our investment has been on simplifying, automating and digitising our business and increasing the use of data and analytics. These initiatives have improved customer and colleague outcomes and made us more efficient. In FY24 we achieved productivity benefits of $453 million allowing us to limit growth in operating expenses in FY24 to 4.5%.

Safety has been a key pillar of our strategy since FY20. As a result, we have maintained prudent balance sheet settings and managed risk with discipline. At September 2024, collective provisions as a ratio of CRWA were 1.47% and the share of lending funded by deposits was above 80% - both materially stronger than pre COVID-19 levels. Liquidity and funding ratios remain well above regulatory minimums. Our Group CET1 ratio increased 13 basis points to 12.35% over the year to September 2024, well up from 11.47% at 30 September 2020, in part benefiting from 66 basis points related to the full implementation of APRA's revised capital framework[(4)]. This improvement occured alongside us buying back and cancelling $7.4 billion worth of shares since August 2021, of which $2.1 billion occurred in FY24. Adjusting for the remaining $0.6 billion share buy-back outstanding at 30 September 2024, our proforma Group CET1 is approximately 12.21% against our target range of 11-11.5%.

Consistent with our strategic ambition, we have also delivered improved shareholder returns. While FY24 cash EPS[(5)] is 7% lower than a very strong FY23 outcome, cash ROE[(5)] has risen from 8.3% in FY20 to 11.6% in FY24 and compares with 12.9% in FY23. The final 2024 dividend has been set at 85 cents per share (cps), bringing total FY24 dividends to 169 cps which is 2 cps higher than FY23. This represents a FY24 cash earnings payout ratio of 73.7%, consistent with our target dividend payout ratio range of 65% – 75% of cash earnings, subject to Board determination based on circumstances at the relevant time.

To build on our significant progress since FY20, we have evolved our strategy. While no major pivots are required, the evolved strategy aims to achieve stronger customer advocacy, increased simplification and faster outcomes, along with ongoing focus on improved performance in deposits and proprietary lending. To support this, investment spend on a restated basis[(6)] is expected to modestly increase from $1,638 million in FY24 to approximately $1.8 billion in FY25.

Amplifying the voice of the customer and increasing our responsiveness to customer feedback is critical to achieving our ambitions. To do this, we need a more consistent Group-wide customer advocacy measurement system, linked to our investment decision-making framework and incentive structures. At the same time, simplification requires heightened prioritisation. We are nearing completion on a number of key investment priorities underway since FY20 and finishing that work will be an important part of reducing complexity. Technology will continue to play an important role in enabling our evolved strategic ambitions, including ongoing modernisation and replacement of complex and ageing hardware and software.

We move forward with optimism and confidence in our strong foundations and evolved strategy. Customer centricity, simplification and speed will become the hallmarks of NAB going forward. This is expected to drive leading customer advocacy, underpinning sustainable growth and attractive returns for shareholders.

(1) Engagement scores refer to Glint 'Heartbeat' outcomes. Top quartile comparison is based upon Glint's client group (domestic and global, from all industries).
(2) Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter ScoreSM is a service mark of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Sourced from RFI Global – Atlas, measured on 6 month rolling average to September 2024. Mass Consumer: based on all consumers, 18+ and excludes HNW&MA customers. HNW&MA: based on all consumers, 18+ with personal income of $260k+ and/or investible assets $2.5m+ and/or footings of over $850k. Business Strategic NPS is constructed based on 25:25:50 weighting of underlying segments, allocated to Nano & Micro: Small: Medium & Large, respectively. Nano & Micro (Businesses with a turnover up to $1m or $1m-$5m with no perceived banker), Small (Businesses with a turnover $1m-$5m with a perceived banker), Medium & Large (Businesses with a turnover between $5m and <$200m). Ranking based on absolute scores, not statistically significant differences.
(3) Coalition Greenwich (formerly Peter Lee Associates) - Large Corporate and Institutional Relationship Banking Survey 2024. Ranking against the four major domestic banks. Coalition Greenwich is a division of Crisil.
(4) Includes 19 basis points related to early adoption of Operational Risk changes in 1H22. All other impacts from 1 January 2023.
(5) Cash EPS reflects basic EPS. Both Cash EPS and Cash ROE exclude large notable items from FY20 cash earnings.
(6) Restated to reflect previously defined investment spend ($1,451 million in FY24) plus Other capitalised software ($187 million in FY24).

## Group performance results

Cash earnings is a non-IFRS key financial performance measure used by NAB and the investment community. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the Group. Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The 2024 Full Year Results Management Discussion and Analysis provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and full reconciliation of statutory net profit attributable to owners of the Company on pages 73 to 75.

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **16,754** | 16,807 | (0.3) | **8,357** | 8,397 | (0.5) |
| Other operating income | **3,496** | 3,847 | (9.1) | **1,755** | 1,741 | 0.8 |
| **Net operating income** | **20,250** | 20,654 | (2.0) | **10,112** | 10,138 | (0.3) |
| Operating expenses | **(9,427)** | (9,023) | 4.5 | **(4,750)** | (4,677) | 1.6 |
| **Underlying profit** | **10,823** | 11,631 | (6.9) | **5,362** | 5,461 | (1.8) |
| Credit impairment charge | **(728)** | (802) | (9.2) | **(365)** | (363) | 0.6 |
| **Cash earnings before income tax** | **10,095** | 10,829 | (6.8) | **4,997** | 5,098 | (2.0) |
| Income tax expense | **(2,975)** | (3,093) | (3.8) | **(1,434)** | (1,541) | (6.9) |
| **Cash earnings before non-controlling interests** | **7,120** | 7,736 | (8.0) | **3,563** | 3,557 | 0.2 |
| Non-controlling interests | **(18)** | (5) | large | **(9)** | (9) | - |
| **Cash earnings** | **7,102** | 7,731 | (8.1) | **3,554** | 3,548 | 0.2 |
| Non-cash earnings items (after tax) | **(39)** | (266) | (85.3) | **(35)** | (4) | large |
| **Net profit attributable to owners of the Company from continuing operations** | **7,063** | 7,465 | (5.4) | **3,519** | 3,544 | (0.7) |
| Net loss attributable to owners of the Company from discontinued operations | **(103)** | (51) | large | **(53)** | (50) | 6.0 |
| **Net profit attributable to owners of the Company** | **6,960** | 7,414 | (6.1) | **3,466** | 3,494 | (0.8) |
| **Represented by:** | | | | | | |
| Business and Private Banking[(1)(2)] | **3,257** | 3,258 | - | **1,611** | 1,646 | (2.1) |
| Personal Banking[(1)] | **1,174** | 1,461 | (19.6) | **618** | 556 | 11.2 |
| Corporate and Institutional Banking[(3)] | **1,772** | 1,840 | (3.7) | **873** | 899 | (2.9) |
| New Zealand Banking[(3)] | **1,333** | 1,394 | (4.4) | **636** | 697 | (8.8) |
| Corporate Functions and Other[(2)(3)] | **(434)** | (222) | 95.5 | **(184)** | (250) | (26.4) |
| **Cash earnings** | **7,102** | 7,731 | (8.1) | **3,554** | 3,548 | 0.2 |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.
(2) During the year ended 30 September 2024, refinements to the allocation of certain support unit costs has resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated accordingly.
(3) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## Shareholder summary

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 v Sep 23 | Sep 24 | Mar 24 | Sep 24 v Mar 24 |
| **Group - Including discontinued operations** | | | | | | |
| Dividend per share (cents) | **169** | 167 | 2 | **85** | 84 | 1 |
| Statutory dividend payout ratio | **75.2%** | 70.6% | 460 bps | **75.6%** | 74.9% | 70 bps |
| Statutory earnings per share (cents) - basic | **224.6** | 236.4 | (11.8) | **112.4** | 112.2 | 0.2 |
| Statutory earnings per share (cents) - diluted | **222.7** | 228.7 | (6.0) | **111.4** | 110.4 | 1.0 |
| Statutory return on equity | **11.4%** | 12.3% | (90 bps) | **11.3%** | 11.5% | (20 bps) |
| Net tangible assets per ordinary share ($) | **18.29** | 17.96 | 1.8% | **18.29** | 18.16 | 0.7% |
| **Group - Continuing operations** | | | | | | |
| Cash dividend payout ratio | **73.7%** | 67.7% | 600 bps | **73.8%** | 73.7% | 10 bps |
| Statutory dividend payout ratio from continuing operations | **74.2%** | 70.2% | 400 bps | **74.5%** | 73.8% | 70 bps |
| Statutory earnings per share from continuing operations (cents) - basic | **227.9** | 238.0 | (10.1) | **114.1** | 113.8 | 0.3 |
| Statutory earnings per share from continuing operations (cents) - diluted | **225.8** | 230.2 | (4.4) | **113.0** | 111.9 | 1.1 |
| Cash earnings per share (cents) - basic | **229.2** | 246.5 | (17.3) | **115.2** | 114.0 | 1.2 |
| Cash earnings per share (cents) - diluted | **227.0** | 238.0 | (11.0) | **114.1** | 112.0 | 2.1 |
| Cash return on equity | **11.6%** | 12.9% | (130 bps) | **11.6%** | 11.7% | (10 bps) |

## For further information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This Results Summary has been authorised for release by the Board.

## Disclaimer - Forward looking statements

This Result Summary and the 2024 Full Year Results Management Discussion and Analysis contain statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", “target”, "intend", “likely”, "may", "will", “could” or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group’s financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine and Israel-Palestine conflicts and other geopolitical tensions, the Australian and global economic environment and capital market conditions. Further information is contained in the Group's Annual Report for the 2024 financial year, available at nab.com.au.

# Full Year Results 2024

# Information about cash earnings and other non-IFRS measures

This section provides information about cash earnings, a key performance measure used by the Group, including information on how cash earnings is calculated and a reconciliation of cash earnings to statutory net profit. It also provides information about certain other key non-IFRS measures used by the Group and disclosed in this 2024 Full Year Results Management Discussion and Analysis.

## Non-IFRS key financial performance measures used by the Group

Certain financial measures detailed in this document are not accounting measures within the scope of International Financial Reporting Standards (IFRS). Management use these financial measures to evaluate the Group's overall financial performance and position and believe the presentation of these financial measures provides useful information to analysts and investors regarding the results of the Group's operations.

The Group regularly reviews the non-IFRS measures included in its reporting documents to ensure that only relevant financial measures are incorporated.

Further details in relation to these financial measures are set out below and in the *Glossary*.

## Information about cash earnings

Cash earnings is a non-IFRS key performance measure used by the Group and the investment community.

The Group also uses cash earnings for its internal management reporting as it better reflects what is considered to be the underlying performance of the Group. Cash earnings is calculated by adjusting statutory net profit from continuing operations for certain non-cash earnings items. Non-cash earnings items are those items which are considered separately when assessing performance and analysing the underlying trends in the business. These include items such as hedging and fair value volatility, the amortisation of acquired intangible assets and gains or losses and certain other items associated with the acquisition, integration, disposal or closure of Group businesses.

Cash earnings does not purport to represent the cash flows, funding or liquidity position of the Group, nor any amount represented on a statement of cash flows. It is not a statutory financial measure and is not presented in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) and is not audited or reviewed in accordance with Australian Auditing Standards.

The Group results are presented on a cash earnings basis unless otherwise stated.

Cash earnings for the September 2024 full year has been adjusted for the following:

- Hedging and fair value volatility
- Amortisation of acquired intangible assets
- Acquisitions, integration, disposals and business closures.

## Reconciliation to statutory net profit

The statutory net profit for the period is the sum of both net profit / (loss) from continuing operations and discontinued operations. The Group's audited financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the AASB, can be found in the 2024 Annual Report.

A reconciliation of cash earnings to statutory net profit is set out on page 11, and full reconciliations between statutory net profit and cash earnings are included in *Section 4 Supplementary information* on pages 74 to 75.

Page 73 contains a description of non-cash earnings items for the September 2024 full year.

## Information about net interest margin

Net interest margin is a non-IFRS key performance measure that is calculated as net interest income (derived on a cash earnings basis) expressed as a percentage of average interest earning assets.

## Information about average balances

Average balances, including total average equity (attributable to owners of the Company), total average assets and average interest earning assets are based on daily statutory average balances.

This methodology produces numbers that more accurately reflect seasonality, timing of accruals and restructures (including discontinued operations), which would otherwise not be reflected in a simple average.

## Comparative information

References in this document to the September 2024 full year are references to the twelve months ended 30 September 2024. Other twelve month periods referred to in this document are referred to in a corresponding manner. References in this document to the September 2024 half year are references to the six months ended 30 September 2024. Other six month periods referred to in this document are referred to in a corresponding manner.

# Group performance results

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **16,754** | 16,807 | (0.3) | **8,357** | 8,397 | (0.5) |
| Other operating income | **3,496** | 3,847 | (9.1) | **1,755** | 1,741 | 0.8 |
| **Net operating income** | **20,250** | 20,654 | (2.0) | **10,112** | 10,138 | (0.3) |
| Operating expenses | **(9,427)** | (9,023) | 4.5 | **(4,750)** | (4,677) | 1.6 |
| **Underlying profit** | **10,823** | 11,631 | (6.9) | **5,362** | 5,461 | (1.8) |
| Credit impairment charge | **(728)** | (802) | (9.2) | **(365)** | (363) | 0.6 |
| **Cash earnings before income tax** | **10,095** | 10,829 | (6.8) | **4,997** | 5,098 | (2.0) |
| Income tax expense | **(2,975)** | (3,093) | (3.8) | **(1,434)** | (1,541) | (6.9) |
| **Cash earnings before non-controlling interests** | **7,120** | 7,736 | (8.0) | **3,563** | 3,557 | 0.2 |
| Non-controlling interests | **(18)** | (5) | large | **(9)** | (9) | - |
| **Cash earnings** | **7,102** | 7,731 | (8.1) | **3,554** | 3,548 | 0.2 |
| *Non-cash earnings items (after tax):* | | | | | | |
| Hedging and fair value volatility | **(6)** | (29) | (79.3) | **(20)** | 14 | large |
| Amortisation of acquired intangible assets | **(29)** | (30) | (3.3) | **(14)** | (15) | (6.7) |
| Acquisitions, integration, disposals and business closures(1) | **(4)** | (207) | (98.1) | **(1)** | (3) | (66.7) |
| **Net profit attributable to owners of the Company from continuing operations** | **7,063** | 7,465 | (5.4) | **3,519** | 3,544 | (0.7) |
| Net loss attributable to owners of the Company from discontinued operations | **(103)** | (51) | large | **(53)** | (50) | 6.0 |
| **Net profit attributable to owners of the Company** | **6,960** | 7,414 | (6.1) | **3,466** | 3,494 | (0.8) |
| | | | | | | |
| **Cash earnings / (loss) by division:** | | | | | | |
| Business and Private Banking(2)(3) | **3,257** | 3,258 | - | **1,611** | 1,646 | (2.1) |
| Personal Banking(2) | **1,174** | 1,461 | (19.6) | **618** | 556 | 11.2 |
| Corporate and Institutional Banking(4) | **1,772** | 1,840 | (3.7) | **873** | 899 | (2.9) |
| New Zealand Banking(4) | **1,333** | 1,394 | (4.4) | **636** | 697 | (8.8) |
| Corporate Functions and Other(3)(4) | **(434)** | (222) | 95.5 | **(184)** | (250) | (26.4) |
| **Cash earnings** | **7,102** | 7,731 | (8.1) | **3,554** | 3,548 | 0.2 |

(1) Acquisitions, integration, disposals and business closures was previously labelled as Acquisitions, disposals and business closures. Refer to *Section 4 Non-cash earnings items* for further detail about the composition of this amount.
(2) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.
(3) During the year ended 30 September 2024, refinements to the allocation of certain support unit costs has resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated accordingly.
(4) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## Shareholder summary

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 v Sep 23 | Sep 24 | Mar 24 | Sep 24 v Mar 24 |
| **Group - Including discontinued operations** | | | | | | |
| Dividend per share (cents) | **169** | 167 | 2 | **85** | 84 | 1 |
| Statutory dividend payout ratio | **75.2%** | 70.6% | 460 bps | **75.6%** | 74.9% | 70 bps |
| Statutory earnings per share (cents) - basic | **224.6** | 236.4 | (11.8) | **112.4** | 112.2 | 0.2 |
| Statutory earnings per share (cents) - diluted | **222.7** | 228.7 | (6.0) | **111.4** | 110.4 | 1.0 |
| Statutory return on equity | **11.4%** | 12.3% | (90 bps) | **11.3%** | 11.5% | (20 bps) |
| Net tangible assets per ordinary share ($) | **18.29** | 17.96 | 1.8% | **18.29** | 18.16 | 0.7% |
| **Group - Continuing operations** | | | | | | |
| Cash dividend payout ratio | **73.7%** | 67.7% | 600 bps | **73.8%** | 73.7% | 10 bps |
| Statutory dividend payout ratio from continuing operations | **74.2%** | 70.2% | 400 bps | **74.5%** | 73.8% | 70 bps |
| Statutory earnings per share from continuing operations (cents) - basic | **227.9** | 238.0 | (10.1) | **114.1** | 113.8 | 0.3 |
| Statutory earnings per share from continuing operations (cents) - diluted | **225.8** | 230.2 | (4.4) | **113.0** | 111.9 | 1.1 |
| Cash earnings per share (cents) - basic | **229.2** | 246.5 | (17.3) | **115.2** | 114.0 | 1.2 |
| Cash earnings per share (cents) - diluted | **227.0** | 238.0 | (11.0) | **114.1** | 112.0 | 2.1 |
| Cash return on equity | **11.6%** | 12.9% | (130 bps) | **11.6%** | 11.7% | (10 bps) |

## Review of Group performance results

### September 2024 v September 2023

**Statutory net profit** decreased by $454 million or 6.1%. Excluding the impact of discontinued operations, statutory net profit decreased by $402 million or 5.4%[1].

**Cash earnings** decreased by $629 million or 8.1%.

**Net interest income** decreased by $53 million or 0.3%. This includes an increase of $108 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying decrease of $161 million or 0.9% was primarily due to lower housing lending margins, higher term deposit costs and deposit mix impacts combined with higher wholesale funding costs. These movements were partially offset by higher earnings on deposits and capital due to the impact of higher interest rates and higher average interest earning assets.

**Other operating income** decreased by $351 million or 9.1%. This includes a decrease of $108 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying decrease was $243 million or 6.3%. This was primarily due to lower Markets and Treasury income combined with the impact of the winding down of the asset servicing business and the disposal of the New Zealand wealth businesses. These movements were partially offset by higher fee income in business lending, cards and capital markets.

**Operating expenses** increased by $404 million or 4.5%. This was primarily driven by higher personnel expenses due to an increase in salary and related costs as well as higher restructuring-related costs. This was combined with continued investment in technology modernisation and compliance capabilities including fraud and cyber security and higher remediation charges. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

**Credit impairment charge** decreased by $74 million, driven by a lower level of collective credit impairment charges including a reduction in forward looking provisions in the current period. This was partially offset by a higher level of individually assessed credit impairment charges.

### September 2024 v March 2024

**Statutory net profit** decreased by $28 million or 0.8%. Excluding the impact of discontinued operations, statutory net profit decreased by $25 million or 0.7%[1].

**Cash earnings** increased by $6 million or 0.2%.

**Net interest income** decreased by $40 million or 0.5%. This includes a decrease of $84 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of $44 million or 0.5% was primarily due to higher earnings on deposits and capital due to the impact of higher interest rates combined with higher average interest earning assets. These movements were partially offset by deposit mix impacts, lower lending margins and higher wholesale funding costs.

**Other operating income** increased by $14 million or 0.8%. This includes an increase of $84 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying decrease was $70 million or 4.0%. This was primarily due to lower Treasury income combined with the impact of the disposal of the New Zealand wealth businesses and the winding down of the asset servicing business. These movements were partially offset by higher fee income in cards.

**Operating expenses** increased by $73 million or 1.6%. This was primarily driven by higher personnel expenses due to an increase in salary and related costs as well as higher restructuring-related costs. This was combined with continued investment in technology modernisation and compliance capabilities including fraud and cyber security and higher marketing costs. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

**Credit impairment charge** increased by $2 million driven by a higher level of individually assessed credit impairment charges, partially offset by a lower level of collective credit impairment charges including a reduction in forward looking provisions in the current period.

(1) The results of discontinued operations primarily relate to charges for MLC Wealth customer-related remediation, combined with costs associated with managing the run-off of the MLC Wealth retained entities.

## Key performance indicators

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 v Sep 23 | Sep 24 | Mar 24 | Sep 24 v Mar 24 |
| **Group performance - statutory basis** | | | | | | |
| Statutory earnings on average assets | **0.65%** | 0.70% | (5 bps) | **0.64%** | 0.65% | (1 bp) |
| Statutory earnings on average risk-weighted assets | **1.63%** | 1.68% | (5 bps) | **1.63%** | 1.61% | 2 bps |
| Statutory earnings per average FTE ($'000) | **181** | 201 | (10.0%) | **180** | 182 | (1.1%) |
| Cost to income ratio | **48.6%** | 45.4% | 320 bps | **49.7%** | 47.4% | 230 bps |
| Net interest margin | **1.71%** | 1.74% | (3 bps) | **1.70%** | 1.72% | (2 bps) |
| **Group performance - cash earnings basis** | | | | | | |
| Cash earnings on average assets | **0.66%** | 0.73% | (7 bps) | **0.66%** | 0.66% | - |
| Cash earnings on average risk-weighted assets | **1.66%** | 1.75% | (9 bps) | **1.68%** | 1.64% | 4 bps |
| Cash earnings per average FTE ($'000) | **184** | 210 | (12.4%) | **184** | 185 | (0.5%) |
| Cost to income ratio | **46.6%** | 43.7% | 290 bps | **47.0%** | 46.1% | 90 bps |
| Net interest margin | **1.71%** | 1.74% | (3 bps) | **1.70%** | 1.72% | (2 bps) |
| **Level 2 Group capital** | | | | | | |
| CET1 capital ratio | **12.35%** | 12.22% | 13 bps | **12.35%** | 12.15% | 20 bps |
| Tier 1 capital ratio | **14.67%** | 14.19% | 48 bps | **14.67%** | 14.13% | 54 bps |
| Total capital ratio | **20.92%** | 19.88% | 104 bps | **20.92%** | 20.27% | 65 bps |
| Risk-weighted assets ($bn) | **413.9** | 435.0 | (4.9%) | **413.9** | 432.6 | (4.3%) |
| **Volumes ($bn)** | | | | | | |
| Gross loans and acceptances (GLAs) | **738.2** | 708.5 | 4.2% | **738.2** | 725.3 | 1.8% |
| Average interest earning assets | **978.7** | 966.7 | 1.2% | **981.0** | 976.4 | 0.5% |
| Total average assets | **1,074.7** | 1,065.1 | 0.9% | **1,076.1** | 1,073.4 | 0.3% |
| Total customer deposits | **612.8** | 587.4 | 4.3% | **612.8** | 596.5 | 2.7% |
| **Asset quality** | | | | | | |
| Gross impaired assets to GLAs | **0.20%** | 0.18% | 2 bps | **0.20%** | 0.15% | 5 bps |
| Default but not impaired assets to GLAs | **1.19%** | 0.95% | 24 bps | **1.19%** | 1.05% | 14 bps |
| Collective provision to credit risk-weighted assets | **1.47%** | 1.47% | - | **1.47%** | 1.47% | - |
| Total provision to credit risk-weighted assets | **1.69%** | 1.62% | 7 bps | **1.69%** | 1.62% | 7 bps |
| **Full-time equivalent employees (FTE)** | | | | | | |
| Group - Continuing operations (spot) | **38,996** | 38,128 | 2.3% | **38,996** | 38,499 | 1.3% |
| Group - Continuing operations (average) | **38,525** | 36,895 | 4.4% | **38,638** | 38,409 | 0.6% |
| Group - Including discontinued operations (spot) | **39,240** | 38,516 | 1.9% | **39,240** | 38,879 | 0.9% |
| Group - Including discontinued operations (average) | **38,864** | 37,290 | 4.2% | **38,933** | 38,798 | 0.3% |

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| **Market share** | | | |
| **Australia**(1) | | | |
| Business lending(2) | **21.3%** | 21.6% | 21.3% |
| Business deposits | **20.4%** | 20.3% | 20.4% |
| Housing lending | **14.3%** | 14.6% | 14.6% |
| Household deposits | **13.8%** | 13.9% | 13.8% |
| **New Zealand**(3) | | | |
| Housing lending | **16.7%** | 16.7% | 16.6% |
| Agribusiness | **21.6%** | 21.6% | 21.5% |
| Business lending | **22.9%** | 22.5% | 22.4% |
| Total deposits | **18.3%** | 18.2% | 18.1% |

(1) Source: Australian Prudential Regulation Authority (APRA) monthly Authorised Deposit-taking Institution (ADI) statistics.
(2) Non-financial business lending. Includes a restatement submitted to APRA regarding a change of industry classification from July 2023.
(3) Source: Reserve Bank of New Zealand (RBNZ).

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| **Distribution** | | | |
| **Number of retail branches and business banking centres** | | | |
| Australia | **485** | 493 | 513 |
| New Zealand | **126** | 127 | 130 |

# Full Year Results 2024

# Net interest income

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 v Sep 23 % | Sep 24 | Mar 24 | Sep 24 v Mar 24 % |
| Net interest income ($m) | **16,754** | 16,807 | (0.3) | **8,357** | 8,397 | (0.5) |
| Average interest earning assets ($bn) | **978.7** | 966.7 | 1.2 | **981.0** | 976.4 | 0.5 |
| Net interest margin (%) | **1.71** | 1.74 | (3 bps) | **1.70** | 1.72 | (2 bps) |

## September 2024 v September 2023

**Net interest income** decreased by $53 million or 0.3%. This includes an increase of $108 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying decrease of $161 million or 0.9% was due to:

- Lending margin compression primarily driven by competitive pressures impacting the housing lending portfolio.
- Higher term deposits costs and deposit mix impacts.
- Higher wholesale funding costs.

These decreases were partially offset by:

- Higher earnings on deposits and capital due to the impact of higher interest rates.
- Higher average interest earning assets driven by an increase in average balance of gross loans and advances, partially offset by lower average interest earning assets in Markets and Treasury.
- Higher NAB risk management income in Markets and Treasury.

## September 2024 v March 2024

**Net interest income** decreased by $40 million or 0.5%. This includes a decrease of $84 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of $44 million or 0.5% was due to:

- Higher earnings on deposits and capital due to the impact of higher interest rates.
- Higher average interest earning assets driven by an increase in average balance of gross loans and advances, partially offset by lower average interest earning assets in Markets and Treasury.

These increases were partially offset by:

- Deposit mix impacts largely in Australia and competitive pressures impacting deposits in New Zealand Banking.
- Lending margin compression primarily driven by competitive pressures.
- Higher wholesale funding costs.

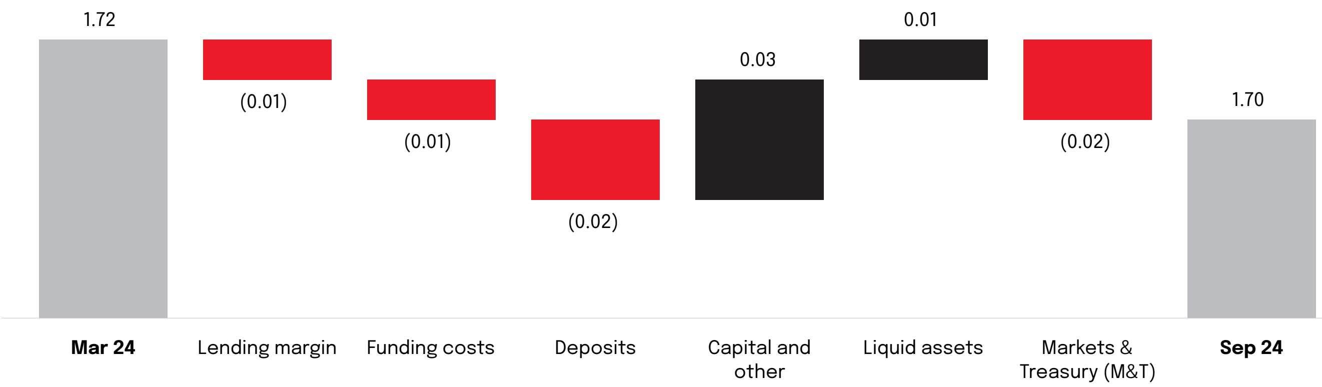
# Net interest margin

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23 % | Sep 24 v Sep 23 | Sep 24 % | Mar 24 % | Sep 24 v Mar 24 |
| Group net interest margin | **1.71** | 1.74 | (3 bps) | **1.70** | 1.72 | (2 bps) |
| | | | | | | |
| Business and Private Banking[1] | **3.06** | 3.27 | (21 bps) | **3.03** | 3.08 | (5 bps) |
| Personal Banking[1] | **1.75** | 1.93 | (18 bps) | **1.75** | 1.74 | 1 bp |
| Corporate and Institutional Banking[2] | **1.05** | 0.92 | 13 bps | **1.05** | 1.04 | 1 bp |
| New Zealand Banking[2] | **2.35** | 2.40 | (5 bps) | **2.34** | 2.37 | (3 bps) |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.

(2) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## Group net interest margin movement (%)




## September 2024 v September 2023

The Group's **net interest margin** decreased by 3 basis points. Excluding an increase of 3 basis points in Markets and Treasury, the underlying margin was down 6 basis points due to:

- A decrease of 8 basis points in lending margin primarily driven by competitive pressures impacting the housing lending portfolio.
- A decrease of 5 basis points driven by higher term deposit costs and deposit mix impacts, partially offset by higher earnings on deposits due to the impact of higher interest rates.
- A decrease of 2 basis points driven by higher wholesale funding costs.

These decreases were partially offset by:

- An increase of 8 basis points driven by higher earnings on capital due to the impact of higher interest rates.
- An increase of 1 basis point driven by lower average volumes of lower yielding high-quality liquid assets (HQLA).

The increase of 3 basis points in Markets and Treasury was due to:

- An increase of 1 basis point driven by higher NAB risk management income in Markets and Treasury.
- An increase of 1 basis point driven by economic hedges, offset in other operating income.
- An increase of 1 basis point driven by favourable change in asset mix.

## September 2024 v March 2024

The Group's **net interest margin** decreased by 2 basis points. Excluding a decrease of 2 basis points in Markets and Treasury, the underlying margin was flat due to:

- An increase of 3 basis points driven by higher earnings on capital due to the impact of higher interest rates.
- An increase of 1 basis point driven by lower average volumes of lower yielding HQLA.

These increases were offset by:

- A decrease of 2 basis points driven by deposit mix impacts largely in Australia and competitive pressures impacting deposits in New Zealand Banking, partially offset by higher earnings on deposits due to the impact of higher interest rates.
- A decrease of 1 basis point in lending margin primarily driven by competitive pressures.
- A decrease of 1 basis point driven by higher wholesale funding costs.

The decrease of 2 basis points in Markets and Treasury was due to economic hedges, offset in other operating income.

# Other operating income

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net fees and commissions | **2,271** | 2,183 | 4.0 | **1,128** | 1,143 | (1.3) |
| Trading income | **1,268** | 1,542 | (17.8) | **656** | 612 | 7.2 |
| Other | **(43)** | 122 | large | **(29)** | (14) | large |
| **Total other operating income** | **3,496** | 3,847 | (9.1) | **1,755** | 1,741 | 0.8 |

## September 2024 v September 2023

**Other operating income** decreased by $351 million or 9.1%.

**Net fees and commissions** increased by $88 million or 4.0%. Included in the September 2024 full year is a decrease of $36 million related to the winding down of the asset servicing business and the disposal of the New Zealand wealth businesses, as well as a charge of $35 million (September 2023 full year: $29 million) for customer-related remediation. Excluding these items, the underlying increase was $130 million or 6.0%. This was primarily driven by higher fee income in business lending, cards and capital markets.

**Trading income** decreased by $274 million or 17.8%. This includes a decrease of $108 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying decrease of $166 million was primarily due to lower NAB risk management income in Markets, combined with lower derivative valuation adjustments.

**Other income** decreased by $165 million primarily due to realised losses on bond sales in Treasury (high-quality liquids portfolio) combined with lower earnings relating to the investment in MLC Life, partially offset by earnings relating to the investment in FirstCape[(1)].

## September 2024 v March 2024

**Other operating income** increased by $14 million or 0.8%.

**Net fees and commissions** decreased by $15 million or 1.3%. Included in the September 2024 half year is a decrease of $32 million related to the disposal of the New Zealand wealth businesses and the winding down of the asset servicing business, as well as a charge of $28 million (March 2024 half year: $7 million) for customer-related remediation. Excluding these items, the underlying increase was $38 million or 3.3%. This was primarily driven by higher fee income in cards.

**Trading income** increased by $44 million or 7.2%. This includes an increase of $84 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying decrease of $40 million was primarily due to the mark-to-market impact of bonds in Treasury within New Zealand Banking.

**Other income** decreased by $15 million primarily due to realised losses on bond sales in Treasury (high-quality liquids portfolio), partially offset by higher earnings relating to the investments in MLC Life and FirstCape[(1)].

(1) The Group's share of FirstCape's profit since the equity accounted investment in FirstCape was acquired on 30 April 2024.

# Markets and Treasury income

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **424** | 92 | large | **165** | 259 | (36.3) |
| Other operating income | **1,170** | 1,581 | (26.0) | **573** | 597 | (4.0) |
| **Total Markets and Treasury income** | **1,594** | 1,673 | (4.7) | **738** | 856 | (13.8) |
| | | | | | | |
| Customer risk management(1) | | | | | | |
| Foreign exchange | **546** | 553 | (1.3) | **279** | 267 | 4.5 |
| Rates | **267** | 242 | 10.3 | **131** | 136 | (3.7) |
| **Total customer risk management income** | **813** | 795 | 2.3 | **410** | 403 | 1.7 |
| NAB risk management(2) | | | | | | |
| Markets | **373** | 359 | 3.9 | **193** | 180 | 7.2 |
| Treasury | **415** | 464 | (10.6) | **150** | 265 | (43.4) |
| **Total NAB risk management income** | **788** | 823 | (4.3) | **343** | 445 | (22.9) |
| **Derivative valuation adjustment**(3) | **(7)** | 55 | large | **(15)** | 8 | large |
| **Total Markets and Treasury income** | **1,594** | 1,673 | (4.7) | **738** | 856 | (13.8) |
| | | | | | | |
| **Average Markets traded market risk Value at Risk (VaR)**(4) | **8.8** | 8.4 | 4.8 | **8.3** | 9.4 | (11.7) |

(1) Customer risk management comprises net interest income and other operating income and reflects customer risk management in respect of Personal Banking, Business and Private Banking, Corporate and Institutional Banking and New Zealand Banking.
(2) NAB risk management comprises net interest income and other operating income and is defined as management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises. Markets forms part of Corporate and Institutional Banking and New Zealand Banking revenue. Treasury forms part of Corporate Functions and Other revenue.
(3) Derivative valuation adjustment is shown net of hedging costs or benefits and includes credit valuation adjustments and funding valuation adjustments.
(4) Excludes the impact of hedging activities related to derivative valuation adjustments.

## September 2024 v September 2023

**Markets and Treasury income** decreased by $79 million or 4.7% primarily due to lower derivative valuation adjustment and lower risk management income in Treasury partially offset by higher Markets risk management income.

**Customer risk management income** increased by $18 million or 2.3% due to higher interest rate sales income partially offset by lower foreign exchange sales income.

**NAB risk management income** decreased by $35 million or 4.3% primarily due to realised losses on bond sales in Treasury (high-quality liquids portfolio) partially offset by higher risk management income in Markets.

**Derivative valuation adjustment** decreased by $62 million primarily due to less favourable movements in volatility and unfavourable movements in credit valuations.

## September 2024 v March 2024

**Markets and Treasury income** decreased by $118 million or 13.8% primarily due to lower risk management income in Treasury and lower derivative valuation adjustment.

**Customer risk management income** increased by $7 million or 1.7% driven by higher income from foreign exchange sales, partially offset by lower income from interest rate sales.

**NAB risk management income** decreased by $102 million or 22.9% primarily due to the realised losses on bond sales in Treasury (high-quality liquids portfolio) and the mark-to-market impact of bonds in Treasury within New Zealand Banking, partially offset by higher risk management income in Markets.

**Derivative valuation adjustment** decreased by $23 million, primarily due to less favourable movements in volatility and unfavourable movements in credit valuations.

# Operating expenses

| | Year to[1] | | | Half Year to[1] | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Personnel expenses | **5,589** | 5,359 | 4.3 | **2,801** | 2,788 | 0.5 |
| Occupancy and depreciation expenses | **591** | 597 | (1.0) | **291** | 300 | (3.0) |
| Technology expenses | **2,036** | 1,816 | 12.1 | **1,042** | 994 | 4.8 |
| General expenses | **1,211** | 1,251 | (3.2) | **616** | 595 | 3.5 |
| **Total operating expenses** | **9,427** | 9,023 | 4.5 | **4,750** | 4,677 | 1.6 |

(1) During the September 2024 full year, the Group revised its presentation of operating expenses to present more relevant information about the categorisation of expenses. The 'Technology expenses' category includes amounts previously included within 'Occupancy and depreciation expenses' and 'General expenses'. Comparative information has been restated accordingly.

## September 2024 v September 2023

**Operating expenses** increased by $404 million or 4.5%.

**Personnel expenses** increased by $230 million or 4.3%. The increase was primarily driven by higher salary and related expenses, as well as higher restructuring-related costs. This was combined with continued uplift in technology and compliance capabilities including fraud and cyber security, partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

**Occupancy and depreciation expenses** decreased by $6 million or 1.0%.

**Technology expenses** increased by $220 million or 12.1%. The increase was primarily due to additional software and technology costs related to modernisation and compliance including fraud and cyber security, combined with higher amortisation associated with software assets.

**General expenses** decreased by $40 million or 3.2%. This was primarily due to the non-recurrence of a provision of $40 million in respect of the one-off levy for the Compensation Scheme of Last Resort (CSLR) in the September 2023 full year, combined with productivity benefits achieved through continued process improvements and simplification of the Group's operations. This was partially offset by higher customer-related remediation charges.

## September 2024 v March 2024

**Operating expenses** increased by $73 million or 1.6%.

**Personnel expenses** increased by $13 million or 0.5%. The increase was primarily driven by an increase in salary and related expenses, higher restructuring-related costs, together with continued uplift in technology and compliance capabilities including fraud and cyber security. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

**Occupancy and depreciation expenses** decreased by $9 million or 3.0%.

**Technology expenses** increased by $48 million or 4.8%. The increase was primarily due to additional software and technology costs related to modernisation and compliance including fraud and cyber security, combined with higher amortisation associated with software assets.

**General expenses** increased by $21 million or 3.5%. This was primarily due to seasonally higher marketing costs. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

# Investment spend and capitalised software

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[1] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24[1] $m | Sep 24 v Mar 24 % |
| Expensed | **625** | 649 | (3.7) | **303** | 322 | (5.9) |
| Capitalised software and fixed assets | **1,013** | 925 | 9.5 | **601** | 412 | 45.9 |
| **Total investment spend** | **1,638** | 1,574 | 4.1 | **904** | 734 | 23.2 |
| *Represented by:* | | | | | | |
| Infrastructure | **548** | 514 | 6.6 | **310** | 238 | 30.3 |
| Compliance and risk | **554** | 529 | 4.7 | **321** | 233 | 37.8 |
| Customer experience, efficiency and sustainable revenue | **536** | 531 | 0.9 | **273** | 263 | 3.8 |
| **Total investment spend** | **1,638** | 1,574 | 4.1 | **904** | 734 | 23.2 |

(1) Comparative information has been restated to align to the presentation in the current period.

**Investment spend** has historically been disclosed as expenditure on initiatives designed to enhance customer experience, comply with legal and regulatory requirements, and improve capabilities and efficiencies in the Group's business processes. During the current period, the scope of Investment spend has been increased to include amounts disclosed in *Capitalised software* that relate to continuous improvement of deployed software and technology resilience. This change has resulted in an additional $187 million being included in 'Capitalised software and fixed assets' within Investment spend for the September 2024 full year (September 2023: $161 million) and $91 million for the September 2024 half year (March 2024: $96 million), primarily impacting 'Infrastructure' and 'Customer experience, efficiency and sustainable revenue'.

## September 2024 v September 2023

**Investment spend** increased by $64 million or 4.1%, driven by increased investment in infrastructure, and compliance and risk initiatives.

Investment in **infrastructure** initiatives increased by $34 million or 6.6%, reflecting continued investment in technology resilience and simplification, building data platform and capabilities, cyber security and cloud migration. There has also been an increase in spend in New Zealand Banking relating to infrastructure uplift.

Investment in **compliance and risk** initiatives increased by $25 million or 4.7%, reflecting continued investment in meeting regulatory commitments and managing risk across the Group. This includes uplifting financial crime capabilities, enhancing scam and fraud protection, improving payments resilience and stability via the New Payment Platform (NPP) and strengthening the Group's control environment to ensure compliance with industry standards and regulations such as Open Banking, ISO 20022 and various market risk obligations.

Investment in **customer experience, efficiency and sustainable revenue** initiatives increased by $5 million or 0.9%. The spend remained broadly consistent in technology resilience and core strategic priorities such as personal banking, lending platforms including home and business lending, merchant services capabilities and a simplified customer onboarding experience.

## September 2024 v March 2024

**Investment spend** increased by $170 million or 23.2%, driven mainly by the timing of spend in infrastructure, and compliance and risk initiatives.

Investment in **infrastructure** initiatives increased by $72 million or 30.3%. The increase was primarily driven by higher spend on the Group's branch network including frontline technology, New Zealand Banking and cloud migration.

Investment in **compliance and risk** initiatives increased by $88 million or 37.8%. The increase was primarily driven by higher spend on financial crime capabilities uplift and improving payments resilience and stability. This was combined with continued investment in meeting regulatory commitments and managing risk across the Group.

Investment in **customer experience, efficiency and sustainable revenue** initiatives increased by $10 million or 3.8%. There is continued investment in technology resilience and core strategic priorities, such as personal banking, lending platforms including home and business lending, and a simplified customer onboarding experience.

## Capitalised software

The movement in capitalised software is as follows:

| | Year ended | | | Half Year ended | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Balance at beginning of period | **2,722** | 2,382 | 14.3 | **2,809** | 2,722 | 3.2 |
| Additions | **1,056** | 935 | 12.9 | **622** | 434 | 43.3 |
| Disposals and write-offs | **(51)** | (13) | large | **(49)** | (2) | large |
| Amortisation | **(706)** | (602) | 17.3 | **(364)** | (342) | 6.4 |
| Foreign currency translation adjustments | **(8)** | 20 | large | **(5)** | (3) | 66.7 |
| **Capitalised software** | **3,013** | 2,722 | 10.7 | **3,013** | 2,809 | 7.3 |

Further details on material movements in capitalised software are as follows:

- Additions includes the capitalised component of *Investment spend* on page 21 together with capitalised software in respect of acquisitions (including the acquisition of the Citi consumer business). Acquisition related capitalised software was $124 million for the September 2024 full year (September 2023: $101 million) and $66 million for the September 2024 half year (March 2024: $58 million). Comparative information has been restated accordingly.
- Amortisation is included in 'Technology expenses' and 'General expenses' within *2 Operating expenses*.

# Taxation

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 v Sep 23 | Sep 24 | Mar 24 | Sep 24 v Mar 24 |
| Income tax expense ($m) | **2,975** | 3,093 | (3.8%) | **1,434** | 1,541 | (6.9%) |
| Effective tax rate (%) | **29.5** | 28.6 | 90 bps | **28.7** | 30.2 | (150 bps) |

## September 2024 v September 2023

**Income tax expense** decreased by $118 million or 3.8% primarily due to lower cash earnings before tax.

The **effective tax rate** increased by 90 basis points to 29.5% due to:

- The repeal of the offshore banking unit tax concession from 1 October 2023, which had previously reduced the effective tax rate.
- An increase in the amount of non-deductible interest on convertible instruments, due to higher interest rates and increased volumes.

## September 2024 v March 2024

**Income tax expense** decreased by $107 million or 6.9% due to the lower effective tax rate and lower cash earnings before tax in the September 2024 half year.

The **effective tax rate** decreased by 150 basis points to 28.7%, primarily due to an increase in the September 2024 half year of the amount recognised as a deferred tax asset for U.S. tax losses.

# Lending

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 $bn | 31 Mar 24 $bn | 30 Sep 23 $bn | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
| **Housing** | | | | | |
| Business and Private Banking[1] | **105.2** | 103.6 | 100.3 | 4.9 | 1.5 |
| Personal Banking[1] | **243.0** | 242.1 | 239.5 | 1.5 | 0.4 |
| New Zealand Banking | **55.2** | 53.9 | 53.7 | 2.8 | 2.4 |
| Corporate Functions and Other | **13.4** | 13.5 | 12.8 | 4.7 | (0.7) |
| **Total housing** | **416.8** | 413.1 | 406.3 | 2.6 | 0.9 |
| **Non-housing** | | | | | |
| Business and Private Banking[1] | **158.4** | 152.4 | 147.0 | 7.8 | 3.9 |
| Personal Banking[1] | **9.5** | 9.7 | 9.5 | - | (2.1) |
| Corporate and Institutional Banking | **110.6** | 107.7 | 104.1 | 6.2 | 2.7 |
| New Zealand Banking | **42.9** | 42.4 | 41.6 | 3.1 | 1.2 |
| **Total non-housing** | **321.4** | 312.2 | 302.2 | 6.4 | 2.9 |
| **Gross loans and advances** | **738.2** | 725.3 | 708.5 | 4.2 | 1.8 |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.

## September 2024 v September 2023

**Lending** increased by $29.7 billion or 4.2% including a decrease of $2.5 billion driven by exchange rate movements.

**Housing** lending increased by $10.5 billion or 2.6% due to:

- An increase of $4.9 billion or 4.9% in Business and Private Banking driven by growth in both owner occupier and investor lending.
- An increase of $3.5 billion or 1.5% in Personal Banking, primarily driven by growth in owner occupier lending. This reflected a disciplined approach to growth in home lending due to continuation of strong competition and a focus on sustainable returns.
- An increase of $1.5 billion or 2.8% in New Zealand Banking, including a decrease of $0.7 billion driven by exchange rate movements. The underlying increase of $2.2 billion was driven by growth in both owner occupier and investor lending.
- An increase of $0.6 billion or 4.7% in Corporate Functions and Other reflecting growth in ubank.

**Non-housing** lending increased by $19.2 billion or 6.4% due to:

- An increase of $11.4 billion or 7.8% in Business and Private Banking driven by growth in business lending across a broad range of sectors.
- An increase of $6.5 billion or 6.2% in Corporate and Institutional Banking, including a decrease of $1.2 billion driven by exchange rate movements. The underlying increase of $7.7 billion is primarily due to a continued focus on securitisation, funds and corporate growth segments.
- An increase of $1.3 billion or 3.1% in New Zealand Banking, including a decrease of $0.6 billion driven by exchange rate movements. The underlying increase of $1.9 billion reflects an increase in business lending.

## September 2024 v March 2024

**Lending** increased by $12.9 billion or 1.8% including a decrease of $1.2 billion driven by exchange rate movements.

**Housing** lending increased by $3.7 billion or 0.9% due to:

- An increase of $1.6 billion or 1.5% in Business and Private Banking driven by growth in both owner occupier and investor lending.
- An increase of $1.3 billion or 2.4% in New Zealand Banking, including an increase of $0.1 billion driven by exchange rate movements. The underlying increase of $1.2 billion was driven by growth in both owner occupier and investor lending.
- An increase of $0.9 billion or 0.4% in Personal Banking, primarily driven by growth in owner occupier lending. This reflected a disciplined approach to growth in home lending due to continuation of strong competition and a focus on sustainable returns.
- A decrease of $0.1 billion or 0.7% in Corporate Functions and Other. This reflected a disciplined approach to growth in home lending in ubank due to a focus on sustainable returns.

**Non-housing** lending increased by $9.2 billion or 2.9% due to:

- An increase of $6.0 billion or 3.9% in Business and Private Banking driven by growth in business lending across a broad range of sectors.
- An increase of $2.9 billion or 2.7% in Corporate and Institutional Banking, including a decrease of $1.4 billion driven by exchange rate movements. The underlying increase of $4.3 billion is primarily due to a continued focus on corporate, securitisation and funds growth segments.
- An increase of $0.5 billion or 1.2% in New Zealand Banking, including an increase of $0.1 billion driven by exchange rate movements. The underlying increase of $0.4 billion reflects an increase in business lending.
- A decrease of $0.2 billion or 2.1% in Personal Banking primarily driven by contraction in unsecured lending due to an increase in repayments.

# Customer deposits

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 $bn | 31 Mar 24 $bn | 30 Sep 23 $bn | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
| Business and Private Banking[(1)] | **221.3** | 213.9 | 206.8 | 7.0 | 3.5 |
| Personal Banking[(1)] | **163.3** | 157.2 | 150.6 | 8.4 | 3.9 |
| Corporate and Institutional Banking[(2)] | **131.8** | 131.6 | 137.4 | (4.1) | 0.2 |
| New Zealand Banking[(2)] | **75.6** | 73.5 | 73.0 | 3.6 | 2.9 |
| Corporate Functions and Other | **20.8** | 20.3 | 19.6 | 6.1 | 2.5 |
| **Total customer deposits** | **612.8** | 596.5 | 587.4 | 4.3 | 2.7 |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.
(2) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## September 2024 v September 2023

**Customer deposits** increased by $25.4 billion or 4.3% including a decrease of $1.2 billion driven by exchange rate movements. The increase is due to:

- An increase of $14.5 billion or 7.0% in Business and Private Banking driven by growth in term deposits of $9.5 billion, combined with growth in on-demand deposits of $5.0 billion.
- An increase of $12.7 billion or 8.4% in Personal Banking, driven by growth in on-demand deposits of $7.2 billion, term deposits of $3.8 billion and non-interest bearing accounts of $1.7 billion.
- An increase of $2.6 billion or 3.6% in New Zealand Banking, including a decrease of $1.0 billion driven by exchange rate movements. The underlying increase of $3.6 billion was due to an increase in term deposits of $3.5 billion and on-demand deposits of $1.3 billion, partially offset by a decrease in non-interest bearing accounts of $1.2 billion.
- An increase of $1.2 billion or 6.1% in Corporate Functions and Other driven by growth in on-demand deposits of $0.9 billion and non-interest bearing accounts of $0.2 billion in ubank, combined with an increase in wholesale deposits of $0.1 billion reflecting Treasury funding and liquidity management activities.
- A decrease of $5.6 billion or 4.1% in Corporate and Institutional Banking, including a decrease of $0.2 billion driven by exchange rate movements. The underlying decrease of $5.4 billion was largely driven by the anticipated run-off in the asset servicing business and a reduction in term deposits, partially offset by an increase in structured deposits[(1)].

## September 2024 v March 2024

**Customer deposits** increased by $16.3 billion or 2.7% including a decrease of $0.2 billion driven by exchange rate movements. The increase is due to:

- An increase of $7.4 billion or 3.5% in Business and Private Banking driven by growth in term deposits of $3.9 billion, combined with growth in on-demand deposits of $3.5 billion.
- An increase of $6.1 billion or 3.9% in Personal Banking, driven by growth in on-demand deposits of $3.3 billion, term deposits of $1.7 billion and non-interest bearing accounts of $1.1 billion.
- An increase of $2.1 billion or 2.9% in New Zealand Banking, including an increase of $0.1 billion driven by exchange rate movements. The underlying increase of $2.0 billion was due to an increase in term deposits of $1.6 billion and on-demand deposits of $1.5 billion, partially offset by a decrease in non-interest bearing accounts of $1.1 billion.
- An increase of $0.5 billion or 2.5% in Corporate Functions and Other driven by growth in on-demand deposits of $0.5 billion and non-interest bearing accounts of $0.1 billion in ubank, partially offset by a decrease in wholesale deposits of $0.1 billion reflecting Treasury funding and liquidity management activities.
- An increase of $0.2 billion or 0.2% in Corporate and Institutional Banking including a decrease of $0.3 billion driven by exchange rate movements. The underlying increase of $0.5 billion was primarily driven by an increase in term and structured deposits[(1)], partially offset by the anticipated run-off in the asset servicing business and a reduction in transaction accounts.

(1) Structured deposits have notice periods which extend their behavioural maturity beyond their initial contractual maturity and pricing construct. They include Rolling Deposit Accounts, Retail Look Through and Notice Saver deposits.

# Goodwill and other intangible assets

## Goodwill

Goodwill remained flat compared to the September 2023 full year and the March 2024 half year.

| | Year ended | | Half Year ended | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| | $m | $m | $m | $m |
| Balance at beginning of period | **2,070** | 2,089 | **2,070** | 2,070 |
| Acquisition of controlled entities and business combinations | - | (19) | - | - |
| **Goodwill** | **2,070** | 2,070 | **2,070** | 2,070 |

## Other intangible assets

Other intangible assets include assets acquired in business combinations, including customer relationships and core deposits.

The movement in other intangible assets is as follows:

| | Year ended | | Half Year ended | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| | $m | $m | $m | $m |
| Balance at beginning of period | **160** | 181 | **151** | 160 |
| Acquisition of controlled entities and business combinations | - | (3) | - | - |
| Amortisation[1] | **(19)** | (17) | **(10)** | (9) |
| Foreign currency translation adjustments | - | (1) | - | - |
| **Other intangible assets** | **141** | 160 | **141** | 151 |

(1) Includes non-cash amortisation of intangible assets arising from the acquisition of controlled entities such as customer relationships and core deposits.

Acquisition of controlled entities and business combinations in 2023 relates to post-completion adjustments to the fair value of customer relationships and core deposit intangibles, arising from the Group's acquisition of the Citi consumer business during the year ended 30 September 2022.

# Asset quality

## Credit impairment charge

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| **Individually assessed credit impairment charge** | | | | | | |
| New and increased | **863** | 560 | 54.1 | **544** | 319 | 70.5 |
| Write-backs | **(132)** | (148) | (10.8) | **(60)** | (72) | (16.7) |
| Recoveries of amounts previously written off | **(95)** | (79) | 20.3 | **(37)** | (58) | (36.2) |
| **Total individually assessed credit impairment charge** | **636** | 333 | 91.0 | **447** | 189 | large |
| Collective credit impairment charge / (write-back) | **92** | 469 | (80.4) | **(82)** | 174 | large |
| **Total credit impairment charge** | **728** | 802 | (9.2) | **365** | 363 | 0.6 |

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23 % | Sep 24 v Sep 23 | Sep 24 % | Mar 24 % | Sep 24 v Mar 24 |
| Credit impairment charge to GLAs - annualised | **0.10** | 0.11 | (1 bp) | **0.10** | 0.10 | - |
| Net write-offs to GLAs - annualised | **0.06** | 0.05 | 1 bp | **0.06** | 0.05 | 1 bp |

## September 2024 v September 2023

**Credit impairment charge** decreased by $74 million, driven by a lower level of collective credit impairment charges including a reduction in forward looking provisions in the current period. This was partially offset by a higher level of individually assessed credit impairment charges.

**Individually assessed credit impairment charge** increased by $303 million or 91.0% driven by:

- Increased charge in Business and Private Banking due to increased impairments, including the impairment of a small number of larger customers.
- Increased charge in Personal Banking for the Australian unsecured retail portfolio.
- Increased charge in New Zealand Banking, including the non-recurrence of write-backs for a small number of larger customers in the prior period.

This was partially offset by write-backs and recoveries for a small number of larger customers in Corporate and Institutional Banking in the March 2024 half year.

**Collective credit impairment charge** decreased by $377 million.

The charge for the September 2024 full year was $92 million driven by deterioration in asset quality across the Group's lending portfolio combined with volume growth in Business and Private Banking. This was partially offset by the impact of house price increases, the impact of model changes on provisions for the Group's underlying lending portfolio and a net release of forward looking provisions reflecting credit deterioration in underlying outcomes combined with the impact of methodology refinements.

The ratio of **net write-offs to GLAs** increased by 1 basis point to 0.06% due to a higher level of write-off activity for the Australian business lending and unsecured retail portfolios.

## September 2024 v March 2024

**Credit impairment charge** increased by $2 million driven by a higher level of individually assessed credit impairment charges, partially offset by a lower level of collective credit impairment charges including a reduction in forward looking provisions in the current period.

**Individually assessed credit impairment charge** increased by $258 million driven by:

- Increased charge in Business and Private Banking due to increased impairments, including the impairment of a small number of larger customers.
- Non-recurrence of write-backs and recoveries for a small number of larger customers in Corporate and Institutional Banking in the prior period.
- Increased charge in New Zealand Banking and Personal Banking.

**Collective credit impairment charge** decreased by $256 million.

The write-back for the September 2024 half year was $82 million driven by a net release in forward looking provisions reflecting credit deterioration in underlying outcomes combined with the impact of methodology refinements and the impact of model changes on provisions for the Group's underlying lending portfolio. This was partially offset by deterioration in asset quality across the Group's lending portfolio combined with volume growth in Business and Private Banking.

The ratio of **net write-offs to GLAs** increased by 1 basis point to 0.06% due to a higher level of write-off activity across the Australian business lending and unsecured retail portfolios.

## Provision for credit impairment

| | As at 30 Sep 24 $m | 31 Mar 24 $m | 30 Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
|---|---|---|---|---|---|
| Collective provision for credit impairment[(1)] | **5,165** | 5,351 | 5,214 | (0.9) | (3.5) |
| Individually assessed provision for credit impairment | **756** | 546 | 539 | 40.3 | 38.5 |
| **Total provision for credit impairment** | **5,921** | 5,897 | 5,753 | 2.9 | 0.4 |

| | As at 30 Sep 24 % | 31 Mar 24 % | 30 Sep 23 % | Sep 24 v Sep 23 | Sep 24 v Mar 24 |
|---|---|---|---|---|---|
| Total provision to GLAs | **0.80** | 0.81 | 0.81 | (1 bp) | (1 bp) |
| Total provision to credit risk-weighted assets | **1.69** | 1.62 | 1.62 | 7 bps | 7 bps |
| Individually assessed provision to gross impaired assets | **51.2** | 49.4 | 42.8 | 840 bps | 180 bps |
| Collective provision to credit risk-weighted assets | **1.47** | 1.47 | 1.47 | - | - |
| Collective provision to GLAs | **0.70** | 0.74 | 0.74 | (4 bps) | (4 bps) |

(1) September 2024 collective provision for credit impairment no longer includes collective provisions on derivatives at fair value. March 2024 and September 2023 collective provisions for credit impairment include $105 million and $135 million respectively of collective provisions on derivatives at fair value.

### September 2024 v September 2023

**Provisions for credit impairment** increased by $168 million or 2.9% to $5,921 million.

**Individually assessed provisions** increased by $217 million or 40.3% mainly due to new and increased individually assessed provisions raised in Business and Private Banking.

**Collective provisions** decreased by $49 million or 0.9%. This was mainly due to:

- A decrease of $214 million in net forward looking provisions reflecting credit deterioration in underlying outcomes. This includes a net release of $209 million from target sector forward looking adjustments (FLAs), a 2.5% reduction in the downside scenario weight and the impact of methodology refinements.
- A decrease in provisions held due to the impact of model changes on provisions for the Group's underlying lending portfolio.

This was partially offset by:

- An increase in provisions held for the Australian business lending portfolio, mainly due to deterioration in asset quality and volume growth in Business and Private Banking.
- An increase in provisions held for the Australian mortgage portfolio due to an increase in arrears, partially offset by the impact of house price increases.

The **collective provision to credit risk-weighted assets** ratio was flat at 1.47% due to a decrease in provisions offset by a decrease in credit risk-weighted assets.

### September 2024 v March 2024

**Provisions for credit impairment** increased by $24 million or 0.4% to $5,921 million.

**Individually assessed provisions** increased by $210 million or 38.5% mainly due to new and increased individually assessed provisions raised in Business and Private Banking.

**Collective provisions** decreased by $186 million or 3.5%. This was mainly due to:

- A decrease of $174 million in net forward looking provisions reflecting credit deterioration in underlying outcomes. This includes a net release of $116 million from target sector FLAs, a 2.5% reduction in the downside scenario weight and the impact of methodology refinements.
- A decrease in provisions held due to the impact of model changes on provisions for the Group's underlying lending portfolio.

This was partially offset by:

- An increase in provisions held for the Australian business lending portfolio, mainly due to deterioration in asset quality and volume growth in Business and Private Banking.
- An increase in provisions held for the Australian mortgage portfolio due to an increase in arrears, partially offset by the impact of house price increases.

The **collective provision to credit risk-weighted assets** ratio was flat at 1.47% due to a decrease in provisions offset by a decrease in credit risk-weighted assets.

## Non-performing exposures

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 $m | 31 Mar 24 $m | 30 Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
| Gross impaired assets | **1,477** | 1,106 | 1,260 | 17.2 | 33.5 |
| Default but not impaired assets | **8,753** | 7,585 | 6,732 | 30.0 | 15.4 |
| **Non-performing exposures** | **10,230** | 8,691 | 7,992 | 28.0 | 17.7 |
| *Of which: 90+ days past due but not impaired* | **5,482** | 4,651 | 4,033 | 35.9 | 17.9 |

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 % | 31 Mar 24 % | 30 Sep 23 % | Sep 24 v Sep 23 | Sep 24 v Mar 24 |
| Gross impaired assets to GLAs | **0.20** | 0.15 | 0.18 | 2 bps | 5 bps |
| Default but not impaired assets to GLAs | **1.19** | 1.05 | 0.95 | 24 bps | 14 bps |
| **Non-performing exposures to GLAs** | **1.39** | 1.20 | 1.13 | 26 bps | 19 bps |
| *Of which: 90+ days past due but not impaired to GLAs* | **0.74** | 0.64 | 0.57 | 17 bps | 10 bps |

### September 2024 v September 2023

**Non-performing exposures** increased by $2,238 million or 28.0% to $10,230 million. This mainly reflects higher arrears for the Australian mortgage portfolio combined with continued broad-based deterioration in the Business and Private Banking business lending portfolio.

The ratio of **gross impaired assets to GLAs** increased by 2 basis points to 0.20%. This mainly reflects the impairment of customers in the Business and Private Banking business lending portfolio, including a small number of larger customers. This was partially offset by a decrease in the portfolio of restructured loans relating to customers affected by severe weather events in New Zealand.

The ratio of **default but not impaired assets to GLAs** increased by 24 basis points to 1.19%. This mainly reflects higher arrears for the Australian mortgage portfolio combined with continued broad-based deterioration in the Business and Private Banking business lending portfolio.

### September 2024 v March 2024

**Non-performing exposures** increased by $1,539 million or 17.7% to $10,230 million. This mainly reflects higher arrears for the Australian mortgage portfolio combined with continued broad-based deterioration in the Business and Private Banking business lending portfolio.

The ratio of **gross impaired assets to GLAs** increased by 5 basis points to 0.20%. This mainly reflects the impairment of customers in the Business and Private Banking business lending portfolio, including a small number of larger customers.

The ratio of **default but not impaired assets to GLAs** increased by 14 basis points to 1.19%. This mainly reflects higher arrears for the Australian mortgage portfolio combined with continued broad-based deterioration in the Business and Private Banking business lending portfolio.

# Capital management and funding

## Balance sheet management overview and regulatory reform

### Balance sheet management overview

The Group remains committed to balance sheet strength, to support sustainable growth and returns while keeping the bank safe.

### Regulatory reform

Regulatory change is a key area of focus for the group. Key reforms that may affect the Group's capital and funding include:

#### *Revisions to the capital framework*

- APRA's revisions to APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* will come into effect on 1 October 2025.
- APRA expects Australian banks to continue building preparedness for the Basel Committee on Banking Supervision's fundamental review of the trading book regulatory standards ahead of the release of draft standards. There is no timeline provided for when these draft standards will be released.
- APRA has deferred the implementation date for the Basel III reforms to APS 180 *Capital Adequacy: Counterparty Credit Risk* to 2026.

#### *Increased loss-absorbing capacity for ADIs*

Under their loss-absorbing capacity framework, APRA required domestic systemically important banks (D-SIBs) to hold incremental total capital equal to 3% of risk-weighted assets (RWA) from 1 January 2024. The requirement increases by 1.5% (to a total of 4.5%) of RWA on 1 January 2026. NAB has met the 3% of RWA Total capital requirement.

#### *RBNZ capital review*

In December 2019, the RBNZ finalised its review of their capital adequacy framework. The RBNZ amendments included an increase in the Tier 1 capital requirement to 16% of RWA, and an increase in the Total capital requirement to 18% of RWA, to be phased in by 2028.

#### *Additional Tier 1 capital discussion paper*

In September 2024, APRA released a discussion paper outlining potential amendments to APRA's prudential framework to ensure that the capital strength of the Australian banking system operates more effectively in a stress scenario. For advanced banks such as NAB, APRA has proposed replacing 1.5% Additional Tier 1 (AT1) capital with 0.25% Common Equity Tier 1 (CET1) capital and 1.25% Tier 2 capital, from January 2027. Subject to stakeholder feedback, APRA plans to provide an update on the consultation process in late 2024 and formally consult on specific changes to prudential standards in 2025.

#### *Liquidity requirements*

APRA will conduct a broader review of APS 210 *Liquidity* with early industry engagement commencing in 2025.

## Capital management

The Group's capital management strategy is focused on adequacy, efficiency, and flexibility. The capital adequacy objective seeks to ensure sufficient capital is held in excess of regulatory requirements and is within the Group's balance sheet risk appetite. This approach is consistent across the Group's subsidiaries.

The Group's capital ratio operating targets are regularly reviewed in the context of the external economic and regulatory outlook with the objective of maintaining balance sheet strength. The Group's CET1 capital ratio operating target range remains unchanged at 11.0% to 11.5%.

On 15 August 2023, the Group announced its intention to buy back up to $1.5 billion of NAB ordinary shares on-market to progressively manage its CET1 capital ratio towards its target range. NAB commenced the buy-back on 29 August 2023.

On 2 May 2024, the Group announced it had increased its on-market buy-back of ordinary shares by $1.5 billion, resulting in a total combined size of up to $3 billion. NAB has bought back and cancelled $2.1 billion of ordinary shares in the September 2024 full year including $1.1 billion (0.25% of CET1 capital) in the September 2024 half year.

### Pillar 3 disclosures

Further disclosures with respect to capital adequacy and risk management are included in the September 2024 Pillar 3 Report as required by APS 330 *Public Disclosure*.

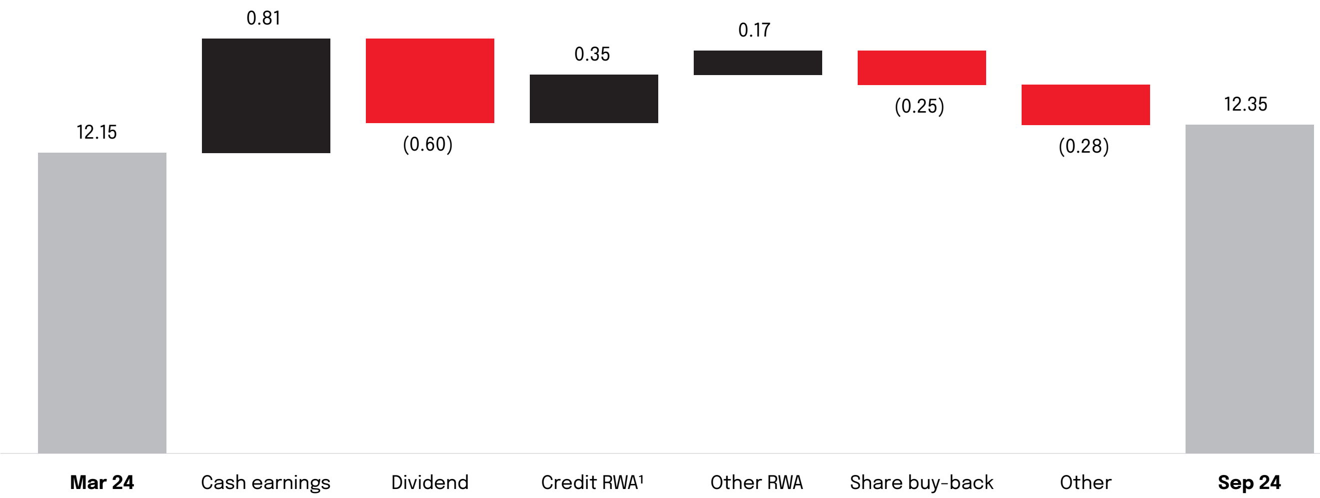
## Capital ratios

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 % | 31 Mar 24 % | 30 Sep 23 % | Sep 24 v Sep 23 | Sep 24 v Mar 24 |
| **Capital ratios** | | | | | |
| CET1 | **12.35** | 12.15 | 12.22 | 13 bps | 20 bps |
| Tier 1 | **14.67** | 14.13 | 14.19 | 48 bps | 54 bps |
| Total capital | **20.92** | 20.27 | 19.88 | 104 bps | 65 bps |

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 $m | 31 Mar 24 $m | 30 Sep 23 $m | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
| **Risk-weighted assets** | | | | | |
| Credit risk | **350,891** | 363,873 | 355,554 | (1.3) | (3.6) |
| Market risk | **11,427** | 11,171 | 8,811 | 29.7 | 2.3 |
| Operational risk | **36,102** | 36,102 | 41,178 | (12.3) | - |
| Interest rate risk in the banking book | **15,526** | 21,407 | 29,463 | (47.3) | (27.5) |
| **Total risk-weighted assets** | **413,946** | 432,553 | 435,006 | (4.8) | (4.3) |

| | As at | | | | |
|---|---|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 | Sep 24 v Sep 23 % | Sep 24 v Mar 24 % |
| **Leverage ratio** | | | | | |
| Tier 1 capital ($m) | **60,728** | 61,133 | 61,726 | (1.6%) | (0.7%) |
| Total exposures ($m) | **1,191,855** | 1,198,406 | 1,183,323 | 0.7% | (0.5%) |
| Leverage ratio (%) | **5.10** | 5.10 | 5.22 | (12 bps) | - |

## Movements in CET1 capital ratio (%)




(1) Excludes foreign exchange (FX) translation.

### Capital movements during the September 2024 half year

The Group's CET1 capital ratio was 12.35% as at 30 September 2024. The key movements in CET1 capital over the September 2024 half year included:

- Cash earnings less the 2024 interim dividend resulting in an increase of 21 basis points.
- A decrease in credit RWA increasing the CET1 capital ratio by 35 basis points, driven by:
  - Volume growth contributing to a decrease of 15 basis points.
  - Asset quality deterioration contributing to a decrease of 10 basis points.
  - Model and methodology changes contributing to an increase of 63 basis points.
  - Derivatives (excluding foreign exchange translation) contributing to a decrease of 3 basis points.
- A decrease in Other (non-credit) RWA increasing the CET1 capital ratio by 17 basis points, largely driven by Interest rate risk in the banking book.
- The impact of $1.1 billion of the on-market buy-back resulting in a decrease of 25 basis points.
- Other items decreasing the CET1 capital ratio by 28 basis points including movements from equity exposures, capitalised software, capitalised expenses, deferred tax assets, reserves and other miscellaneous items.

### Dividend and Dividend Reinvestment Plan (DRP)

The final dividend in respect of the year ended 30 September 2024 has been increased to 85 cents, 100% franked, payable on 16 December 2024.

The extent to which future dividends on ordinary shares and distributions on frankable hybrids will be franked is not guaranteed and will depend on a number of factors, including capital management activities and the level of profits generated by the Group that will be subject to tax in Australia.

The Group periodically adjusts its DRP to reflect its capital position and outlook. There is no DRP discount for the 2024 final dividend. Eligible shareholders have the ability to participate in the DRP for the 2024 final dividend for up to 5 million NAB ordinary shares per participant. The Group expects to satisfy the DRP in full by an on-market purchase of shares.

### Additional Tier 1 capital initiatives

On 6 June 2024, the Group issued $1 billion of NAB Capital Notes 8, which will mandatorily convert into NAB ordinary shares on 18 December 2034, provided certain conditions are met.

With APRA's prior written approval, NAB may elect to convert, redeem or resell these NAB Capital Notes 8 on 17 March 2032, 17 June 2032, 17 September 2032, 17 December 2032, or on the occurrence of particular events, provided certain conditions are met.

### Tier 2 capital initiatives

The Group's Tier 2 capital initiatives during the September 2024 full year included the following:

- On 6 December 2023, NAB issued $300 million of Subordinated Notes.
- On 9 February 2024, NAB issued $1.75 billion of Subordinated Notes.
- On 17 May 2024, NAB redeemed $1 billion of Subordinated Notes.
- On 6 June 2024, NAB issued $1.25 billion of Subordinated Notes.

Full details on the Group's subordinated notes issuance are available at nabcapital.com.au.

### BNZ capital initiatives

On 21 August 2024, BNZ issued NZ$450 million of Perpetual Preference Shares (PPS), which qualify as AT1 capital under RBNZ prudential regulatory requirements. The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by BNZ. BNZ may elect to redeem the PPS on the first optional redemption date or on each quarterly scheduled distribution payment date thereafter, or at any time if a tax event or regulatory event occurs. Redemption is subject to certain conditions being met, including obtaining the RBNZ's approval. Holders of PPS have no right to require that the PPS be redeemed.

## Funding and liquidity

The Group monitors the composition and stability of funding and liquidity through the Board approved risk appetite which includes compliance with the regulatory requirements of APRA's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

### Funding

The Group employs a range of metrics to set its risk appetite and measure balance sheet strength. The NSFR measures the extent to which assets are funded with stable sources of funding to mitigate the risk of future funding stress.

As at 30 September 2024, the Group's NSFR was 117% up 1% compared to 30 September 2023, with the movement primarily driven by wholesale funding issuance in excess of impacts associated with the maturity of the Additional and Supplementary Allowances of the Term Funding Facility (TFF).

Another key structural measure for balance sheet strength is the Stable Funding Index (SFI), which is comprised of the Customer Funding Index (CFI) and the Term Funding Index (TFI). The CFI represents the proportion of the Group's core assets that is funded by customer deposits. Similarly, the TFI represents the proportion of the Group's core assets that is funded by term wholesale funding with a remaining term to maturity of greater than 12 months, including Term Lending Facility (TLF) and Funding for Lending Programme (FLP) drawdowns.

For the September 2024 full year, the SFI remained at 103% as lending growth was largely funded by deposit inflows and new term wholesale funding issuance in excess of volumes moving within 12 months to maturity.

### Group funding metrics

| | As at | | |
|---|---|---|---|
| | **30 Sep 24** | **31 Mar 24** | **30 Sep 23** |
| | % | % | % |
| CFI | **83** | 82 | 82 |
| TFI | **20** | 21 | 20 |
| **SFI** | **103** | 103 | 102 |
| **NSFR** | **117** | 118 | 116 |

The Group's deposit strategy is to grow a stable and reliable deposit base informed by market conditions, funding requirements and customer relationships. Refer to *Customer deposits* for further information about deposit movements.

## Term wholesale funding

The Group maintains a well-diversified term wholesale funding profile across issuance type, currency, investor location and tenor.

During the September 2024 full year, NAB accessed term wholesale funding markets across a range of products and currencies with issuance conditions supported by decreasing inflation and central bank interest rate cut expectations.

The Group raised $37.5 billion[1] of term wholesale funding during the September 2024 full year. NAB raised $34.5 billion of term wholesale funding, including $3.3 billion of Tier 2 subordinated debt and BNZ raised $3.0 billion of term wholesale funding.

As at 30 September 2024, the full TFF allocation has been repaid.

The weighted average maturity of term wholesale funding issued by the Group in the September 2024 full year was 5.0[2] years. The weighted average remaining maturity of the Group's term wholesale funding portfolio is 3.4[2] years.

Term wholesale funding markets continue to be influenced by the economic environment, investor sentiment and impacts of monetary and fiscal policy settings.

## Term wholesale funding issuance by deal type

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | % | % | % |
| Senior unsecured | **73** | 70 | 68 |
| Subordinated debt | **9** | 9 | 8 |
| Covered bonds | **13** | 21 | 24 |
| RMBS | **5** | - | - |
| **Total** | **100** | 100 | 100 |

## Term wholesale funding issuance by currency

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | % | % | % |
| USD | **37** | 40 | 41 |
| AUD | **45** | 47 | 33 |
| EUR | **15** | 10 | 9 |
| GBP | **-** | - | 6 |
| NZD | **2** | 3 | 4 |
| Other | **1** | - | 7 |
| **Total** | **100** | 100 | 100 |

## Short-term wholesale funding

For the September 2024 full year, the Group accessed international and domestic short-term funding through wholesale markets. In addition, the Group accessed secured short-term funding in the form of repurchase agreements primarily to support markets and trading activities. Repurchase agreements entered into, excluding those associated with the TFF, TLF and FLP, are materially offset by reverse repurchase agreements with similar tenors.

## Liquidity Coverage Ratio

The LCR measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario. HQLA consists of cash, central bank reserves and highly rated government securities. In addition to HQLA, alternative liquid assets (ALA) can also contribute to regulatory liquidity. ALA has previously included the Committed Liquidity Facility (CLF) which was in effect pre 1 January 2023, and currently includes certain RBNZ repo-eligible securities.

The Group maintains a well-diversified liquid asset portfolio to support regulatory and internal requirements in the regions in which it operates. The average value of regulatory liquid assets held through the September 2024 quarter was $215 billion which was comprised of $212 billion of HQLA and $3 billion of RBNZ repo-eligible securities.

The Group's LCR averaged 137% during the September 2024 quarter, a decrease of 3% compared to September 2023.

A detailed breakdown of quarterly average net cash outflows is provided in the September 2024 Pillar 3 Report.

## Quarterly average net cash outflows

| | Quarterly average | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $bn | $bn | $bn |
| **Liquidity Coverage Ratio** | | | |
| High-quality liquid assets | **212** | 205 | 209 |
| Alternative liquid assets | **3** | 2 | 1 |
| Total LCR liquid assets | **215** | 207 | 210 |
| Net cash outflows | **157** | 149 | 150 |
| Quarterly average LCR (%) | **137** | 139 | 140 |

## Credit ratings

Entities in the Group are rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings.

### NAB credit ratings

| | Long Term | Short Term | Outlook |
|---|---|---|---|
| S&P Global Ratings | **AA-** | **A-1+** | **Stable** |
| Moody's Investors Service | **Aa2** | **P-1** | **Stable** |
| Fitch Ratings | **AA-** | **F1+** | **Stable** |

(1) Excludes AT1 capital.
(2) Excludes AT1 capital, Residential Mortgage Backed Securities (RMBS), TFF and FLP.

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# Full Year Results 2024

# Business and Private Banking

Business and Private Banking focuses on NAB's priority small and medium enterprise (SME) customer segments. This includes diversified businesses, as well as specialised Agriculture, Health, Professional Services, Franchisees, Government, Education and Community service segments along with Private Banking and JBWere. During the year, the Group transferred some customer lending and deposit portfolios between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[1] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24[1] $m | Sep 24 v Mar 24 % |
| Net interest income | **7,268** | 7,232 | 0.5 | **3,669** | 3,599 | 1.9 |
| Other operating income | **1,031** | 989 | 4.2 | **517** | 514 | 0.6 |
| **Net operating income** | **8,299** | 8,221 | 0.9 | **4,186** | 4,113 | 1.8 |
| Operating expenses[2] | **(3,111)** | (2,996) | 3.8 | **(1,560)** | (1,551) | 0.6 |
| **Underlying profit** | **5,188** | 5,225 | (0.7) | **2,626** | 2,562 | 2.5 |
| Credit impairment charge | **(523)** | (564) | (7.3) | **(322)** | (201) | 60.2 |
| **Cash earnings before income tax** | **4,665** | 4,661 | 0.1 | **2,304** | 2,361 | (2.4) |
| Income tax expense | **(1,408)** | (1,403) | 0.4 | **(693)** | (715) | (3.1) |
| **Cash earnings** | **3,257** | 3,258 | - | **1,611** | 1,646 | (2.1) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Volumes ($bn)** | | | | | | |
| Housing lending | **105.2** | 100.3 | 4.9 | **105.2** | 103.6 | 1.5 |
| Business lending | **155.0** | 143.3 | 8.2 | **155.0** | 148.9 | 4.1 |
| Other lending | **3.4** | 3.7 | (8.1) | **3.4** | 3.5 | (2.9) |
| Gross loans and acceptances | **263.6** | 247.3 | 6.6 | **263.6** | 256.0 | 3.0 |
| Average interest earning assets | **237.8** | 221.2 | 7.5 | **241.8** | 233.7 | 3.5 |
| Total assets | **262.1** | 246.6 | 6.3 | **262.1** | 255.1 | 2.7 |
| Customer deposits | **221.3** | 206.8 | 7.0 | **221.3** | 213.9 | 3.5 |
| Total risk-weighted assets | **146.7** | 148.1 | (0.9) | **146.7** | 155.3 | (5.5) |

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 | Sep 23[1] | Sep 24 v Sep 23 | Sep 24 | Mar 24[1] | Sep 24 v Mar 24 |
| **Performance measures** | | | | | | |
| Cash earnings on average assets (%) | **1.28** | 1.38 | (10 bps) | **1.25** | 1.32 | (7 bps) |
| Cash earnings on average risk-weighted assets (%) | **2.16** | 2.25 | (9 bps) | **2.14** | 2.17 | (3 bps) |
| Net interest margin (%) | **3.06** | 3.27 | (21 bps) | **3.03** | 3.08 | (5 bps) |
| Cost to income ratio (%) | **37.5** | 36.4 | 110 bps | **37.3** | 37.7 | (40 bps) |
| Funds under management (spot) ($m)[3] | **42,376** | 47,430 | (10.7%) | **42,376** | 52,880 | (19.9%) |
| **Asset quality (%)** | | | | | | |
| Gross impaired assets to GLAs | **0.39** | 0.25 | 14 bps | **0.39** | 0.26 | 13 bps |
| Default but not impaired assets to GLAs | **1.73** | 1.47 | 26 bps | **1.73** | 1.53 | 20 bps |
| Credit impairment charge to GLAs - annualised | **0.20** | 0.23 | (3 bps) | **0.24** | 0.16 | 8 bps |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.
(2) During the year ended 30 September 2024, refinements to the allocation of certain support unit costs has resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated accordingly.
(3) Funds under management decreased by $11.6 billion due to the disposal of the New Zealand wealth business in April 2024.

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## September 2024 v September 2023

Cash earnings were broadly flat as increased operating expenses were offset by higher revenue and lower credit impairment charges.

| Key movements | Key drivers |
|---|---|
| **Net interest income up $36m, 0.5%** | • Net interest margin decreased by 21 basis points reflecting deposit mix impacts due to growth in term deposits, competitive pressures impacting both the housing and business lending portfolios and higher wholesale funding costs. This was partially offset by higher earnings on deposits and capital due to the impact of higher interest rates.<br>• Average interest earning assets increased by $16.6 billion or 7.5% reflecting growth in both business and housing lending.<br>• Customer deposits increased by $14.5 billion or 7.0% driven by growth in term deposits and on-demand deposits. |
| **Other operating income up $42m, 4.2%** | • Includes a $12 million decrease related to the disposal of the New Zealand wealth business.<br>• Underlying increase of $54 million driven by higher revenue in relation to foreign exchange combined with small increases across a range of products. |
| **Operating expenses up $115m, 3.8%** | • Includes a $6 million decrease related to the disposal of the New Zealand wealth business.<br>• Underlying increase of $121 million driven by higher personnel costs due to an increase in salary and related expenses, investment to support growth and continued uplift in technology and compliance capabilities.<br>• This was partially offset by productivity benefits achieved through continued simplification of the Group's operations, in addition to realisation of operational process improvements and synergies achieved through the integration of the Citi consumer business. |
| **Credit impairment charge down $41m, 7.3%** | • Lower collective provision charges due to the impact of model changes, house price increases and lower levels of volume growth in the business lending and mortgage portfolios, partially offset by deterioration in asset quality across the business lending portfolio.<br>• This was partially offset by higher individually assessed provision charges due to increased impairments, including the impairment of a small number of larger customers.<br>• Gross impaired assets to GLAs increased by 14 basis points to 0.39%, primarily driven by an increase in total impaired assets in the business lending portfolio. |
| **Risk-weighted assets down $1.4bn, 0.9%** | • Decrease in risk-weighted assets driven by model methodology changes, partially offset by growth in business lending volumes, combined with deterioration in asset quality. |

## September 2024 v March 2024

Cash earnings decreased by $35 million or 2.1%, driven by increased operating expenses and credit impairment charges. This was partially offset by higher revenue.

| Key movements | Key drivers |
|---|---|
| **Net interest income up $70m, 1.9%** | • Net interest margin decreased by 5 basis points reflecting deposit mix impacts due to growth in term deposits and competitive pressures impacting both the housing and business lending portfolios. This was partially offset by higher earnings on deposits and capital due to the impact of higher interest rates.<br>• Average interest earning assets increased by $8.1 billion or 3.5% driven by volume growth in both business and housing lending.<br>• Customer deposits increased by $7.4 billion or 3.5% driven by growth in term deposits and on-demand deposits. |
| **Other operating income up $3m, 0.6%** | • Includes a $17 million decrease related to the disposal of the New Zealand wealth business.<br>• Underlying increase of $20 million driven by small increases across a range of products including higher foreign exchange and interest rate management revenue. |
| **Operating expenses up $9m, 0.6%** | • Includes a $8 million decrease related to the disposal of the New Zealand wealth business.<br>• Underlying increase of $17 million driven by higher personnel costs due to an increase in salary and related expenses, investment to support growth and continued uplift in technology and compliance capabilities.<br>• This was partially offset by productivity benefits achieved through continued simplification of the Group's operations, in addition to realisation of operational process improvements. |
| **Credit impairment charge up $121m, 60.2%** | • Higher individually assessed provision charges due to increased impairments, including the impairment of a small number of larger customers, partially offset by lower level of collective provision charges due to the impact of model changes.<br>• Gross impaired assets to GLAs increased by 13 basis points to 0.39%, primarily driven by an increase in total impaired assets in the business lending portfolio. |
| **Risk-weighted assets down $8.6bn, 5.5%** | • Decrease in risk-weighted assets driven by model methodology changes, partially offset by growth in business lending volumes. |

# Personal Banking

Personal Banking provides banking products and services to customers including securing a home loan and managing personal finances through deposits, credit card or personal loan facilities. Customers are supported through a network of branches and ATMs, call centres, digital capabilities as well as through proprietary lenders and mortgage brokers. During the year, the Group transferred some customer lending and deposit portfolios between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[(1)] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24[(1)] $m | Sep 24 v Mar 24 % |
| Net interest income | **3,953** | 4,367 | (9.5) | **1,978** | 1,975 | 0.2 |
| Other operating income | **626** | 554 | 13.0 | **339** | 287 | 18.1 |
| **Net operating income** | **4,579** | 4,921 | (6.9) | **2,317** | 2,262 | 2.4 |
| Operating expenses | **(2,618)** | (2,561) | 2.2 | **(1,310)** | (1,308) | 0.2 |
| **Underlying profit** | **1,961** | 2,360 | (16.9) | **1,007** | 954 | 5.6 |
| Credit impairment charge | **(288)** | (291) | (1.0) | **(127)** | (161) | (21.1) |
| **Cash earnings before income tax** | **1,673** | 2,069 | (19.1) | **880** | 793 | 11.0 |
| Income tax expense | **(499)** | (608) | (17.9) | **(262)** | (237) | 10.5 |
| **Cash earnings** | **1,174** | 1,461 | (19.6) | **618** | 556 | 11.2 |
| **Volumes ($bn)** | | | | | | |
| Housing lending | **243.0** | 239.5 | 1.5 | **243.0** | 242.1 | 0.4 |
| Other lending | **9.5** | 9.5 | - | **9.5** | 9.7 | (2.1) |
| Gross loans and acceptances | **252.5** | 249.0 | 1.4 | **252.5** | 251.8 | 0.3 |
| Average interest earning assets | **226.3** | 226.4 | - | **226.3** | 226.4 | - |
| Total assets | **260.1** | 256.8 | 1.3 | **260.1** | 258.9 | 0.5 |
| Customer deposits | **163.3** | 150.6 | 8.4 | **163.3** | 157.2 | 3.9 |
| Total risk-weighted assets | **81.7** | 80.8 | 1.1 | **81.7** | 82.1 | (0.5) |

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23[(1)] % | Sep 24 v Sep 23 | Sep 24 % | Mar 24[(1)] % | Sep 24 v Mar 24 |
| **Performance measures** | | | | | | |
| Cash earnings on average assets | **0.46** | 0.57 | (11 bps) | **0.48** | 0.43 | 5 bps |
| Cash earnings on average risk-weighted assets | **1.45** | 1.76 | (31 bps) | **1.52** | 1.37 | 15 bps |
| Net interest margin | **1.75** | 1.93 | (18 bps) | **1.75** | 1.74 | 1 bp |
| Cost to income ratio | **57.2** | 52.0 | 520 bps | **56.5** | 57.8 | (130 bps) |
| **Asset quality** | | | | | | |
| Gross impaired assets to GLAs | **0.03** | 0.05 | (2 bps) | **0.03** | 0.04 | (1 bp) |
| Default but not impaired assets to GLAs | **1.31** | 0.94 | 37 bps | **1.31** | 1.12 | 19 bps |
| Credit impairment charge to GLAs - annualised | **0.11** | 0.12 | (1 bp) | **0.10** | 0.13 | (3 bps) |

(1) During the year ended 30 September 2024, some customer lending and deposit portfolios were transferred between Personal Banking and Business and Private Banking. Comparative information has been restated accordingly.

## September 2024 v September 2023

Cash earnings decreased by $287 million or 19.6%, driven by lower revenue and an increase in operating expenses.

| Key movements | Key drivers |
|---|---|
| **Net interest income down $414m, 9.5%** | • Net interest margin decreased by 18 basis points, driven by competitive pressures impacting the housing lending portfolio, unfavourable deposit mix as customers shift to higher yielding savings deposits and term deposits, combined with higher wholesale funding costs. This was partially offset by higher earnings on deposits and capital due to the impact of higher interest rates.<br>• Average interest earning assets decreased by $0.1 billion. This reflected a disciplined approach to growth in housing lending due to continuation of strong competition and a focus on sustainable returns.<br>• Customer deposits increased by $12.7 billion or 8.4%, driven by growth in on-demand deposits, term deposits and non-interest bearing accounts. |
| **Other operating income up $72m, 13.0%** | • Higher fee income relating to cards as a result of increased volumes and higher foreign exchange, partially offset by lower fee income relating to housing lending. |
| **Operating expenses up $57m, 2.2%** | • The increase was primarily driven by higher personnel expenses due to an increase in salary and related expenses, together with investment in fraud and financial crime resources and continued uplift in technology and compliance capabilities.<br>• This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations, and synergies achieved through the integration of the Citi consumer business. |
| **Credit impairment charge down $3m, 1.0%** | • Lower collective provision charges for the mortgage portfolio due to the impact of house price increases, partially offset by an increase in arrears, combined with higher individually assessed charges in the unsecured retail portfolios.<br>• Gross impaired assets to GLAs decreased 2 basis points to 0.03%. |
| **Risk-weighted assets up $0.9bn, 1.1%** | • Increase in risk-weighted assets due to volume growth and deterioration of asset quality in the mortgage portfolio, partially offset by model and methodology changes. |

## September 2024 v March 2024

Cash earnings increased by $62 million or 11.2%, primarily driven by an increase in revenue and lower credit impairment charges.

| Key movements | Key drivers |
|---|---|
| **Net interest income up $3m, 0.2%** | • Net interest margin increased by 1 basis point, driven by higher earnings on deposits and capital due to the impact of higher interest rates, partially offset by deposit mix as customers shift to higher yielding savings deposits and competitive pressures impacting the housing lending portfolio.<br>• Average interest earning assets decreased by $0.1 billion. This reflected a disciplined approach to growth in housing lending due to continuation of strong competition and a focus on sustainable returns.<br>• Customer deposits increased by $6.1 billion or 3.9%, driven by growth in on-demand deposits, term deposits and non-interest bearing accounts. |
| **Other operating income up $52m, 18.1%** | • Higher cards income and higher foreign exchange revenue. |
| **Operating expenses up $2m, 0.2%** | • The increase was driven by higher personnel expenses due to an increase in salary and related expenses, combined with seasonally higher marketing campaign costs.<br>• Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations. |
| **Credit impairment charge down $34m, 21.1%** | • Lower level of charges for the unsecured retail portfolio due to non-recurrence of collective impairment charges from prior period.<br>• Gross impaired assets to GLAs decreased 1 basis point to 0.03%. |
| **Risk-weighted assets down $0.4bn, 0.5%** | • Decrease in risk-weighted assets due to model and methodology changes, partially offset by volume growth and deterioration in asset quality. |

# Corporate and Institutional Banking

Corporate and Institutional Banking partners with customers globally to meet their most complex financial needs, through a range of products and services including client coverage, corporate finance, markets, transactional banking, enterprise payments and asset servicing (which is being wound down over approximately three years from November 2022). Corporate and Institutional Banking serves its customers across Australia, US, Europe and Asia with specialised industry relationships and product teams. Corporate and Institutional Banking included the Bank of New Zealand's Markets Trading operations up to 30 September 2023. From 1 October 2023, these operations are reported within New Zealand Banking. Comparative information has been restated accordingly.

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[1] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **2,550** | 2,304 | 10.7 | **1,271** | 1,279 | (0.6) |
| Other operating income | **1,346** | 1,584 | (15.0) | **676** | 670 | 0.9 |
| **Net operating income** | **3,896** | 3,888 | 0.2 | **1,947** | 1,949 | (0.1) |
| Operating expenses | **(1,445)** | (1,428) | 1.2 | **(710)** | (735) | (3.4) |
| **Underlying profit** | **2,451** | 2,460 | (0.4) | **1,237** | 1,214 | 1.9 |
| Credit impairment (charge) / write-back | **7** | (32) | large | **(30)** | 37 | large |
| **Cash earnings before income tax** | **2,458** | 2,428 | 1.2 | **1,207** | 1,251 | (3.5) |
| Income tax expense | **(686)** | (588) | 16.7 | **(334)** | (352) | (5.1) |
| **Cash earnings** | **1,772** | 1,840 | (3.7) | **873** | 899 | (2.9) |
| **Net operating income** | | | | | | |
| Lending and deposits income | **2,961** | 2,904 | 2.0 | **1,498** | 1,463 | 2.4 |
| Markets income (ex derivative valuation adjustment) | **593** | 604 | (1.8) | **299** | 294 | 1.7 |
| Derivative valuation adjustment[2] | **-** | 55 | large | **(9)** | 9 | large |
| Other income | **342** | 325 | 5.2 | **159** | 183 | (13.1) |
| **Total net operating income** | **3,896** | 3,888 | 0.2 | **1,947** | 1,949 | (0.1) |
| **Volumes ($bn)** | | | | | | |
| Business lending | **110.3** | 103.7 | 6.4 | **110.3** | 107.3 | 2.8 |
| Other lending | **0.3** | 0.4 | (25.0) | **0.3** | 0.4 | (25.0) |
| Gross loans and acceptances | **110.6** | 104.1 | 6.2 | **110.6** | 107.7 | 2.7 |
| Average interest earning assets | **244.0** | 250.6 | (2.6) | **242.8** | 245.2 | (1.0) |
| Total assets | **278.0** | 276.7 | 0.5 | **278.0** | 266.5 | 4.3 |
| Customer deposits | **131.8** | 137.4 | (4.1) | **131.8** | 131.6 | 0.2 |
| Total risk-weighted assets | **99.7** | 97.1 | 2.7 | **99.7** | 100.0 | (0.3) |

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23[1] % | Sep 24 v Sep 23 | Sep 24 % | Mar 24 % | Sep 24 v Mar 24 |
| **Performance measures** | | | | | | |
| Cash earnings on average assets | **0.64** | 0.63 | 1 bp | **0.63** | 0.64 | (1 bp) |
| Cash earnings on average risk-weighted assets | **1.79** | 1.76 | 3 bps | **1.74** | 1.83 | (9 bps) |
| Net interest margin | **1.05** | 0.92 | 13 bps | **1.05** | 1.04 | 1 bp |
| Net interest margin (ex Markets) | **2.11** | 2.06 | 5 bps | **2.14** | 2.08 | 6 bps |
| Cost to income ratio | **37.1** | 36.7 | 40 bps | **36.5** | 37.7 | (120 bps) |
| **Asset quality** | | | | | | |
| Gross impaired assets to GLAs | **0.06** | 0.10 | (4 bps) | **0.06** | 0.06 | - |
| Default but not impaired assets to GLAs | **0.14** | 0.06 | 8 bps | **0.14** | 0.09 | 5 bps |
| Credit impairment charge / (write-back) to GLAs - annualised | **(0.01)** | 0.03 | (4 bps) | **0.05** | (0.07) | 12 bps |

(1) Corporate and Institutional Banking included Bank of New Zealand's Markets Trading operations up to 30 September 2023. From 1 October 2023, these operations are reported within New Zealand Banking. Comparative information has been restated accordingly.
(2) Derivative valuation adjustment is shown net of hedging costs or benefits and includes credit valuation adjustments and funding valuation adjustments.

## September 2024 v September 2023

Cash earnings decreased by $68 million or 3.7%, primarily driven by higher income tax expenses due to the repeal of the offshore banking unit tax concession resulting in changes to the effective tax rate, partially offset by decreased credit impairment charges.

| Key movements | Key drivers |
|---|---|
| **Net interest income up $246m, 10.7%** | • Includes an increase of $89 million due to movements in economic hedges offset in other operating income.<br>• Underlying increase of $157 million primarily due to increased Markets income and higher net interest margins, partially offset by the anticipated run-off in the asset servicing business.<br>• Net interest margin (ex Markets) increased by 5 basis points to 2.11% primarily driven by higher earnings on capital due to the impact of higher interest rates, partially offset by lower deposits margin including the mix impact of the anticipated run-off in the asset servicing business.<br>• Gross loans and acceptances increased by $6.5 billion or 6.2%. The underlying increase of $7.7 billion excluding exchange rate movements was primarily due to a continued focus on securitisation, funds and corporate growth segments.<br>• Customer deposits decreased by $5.6 billion or 4.1%. The underlying decrease of $5.4 billion excluding exchange rate movements was largely driven by the anticipated run-off in the asset servicing business and a reduction in term deposits, partially offset by an increase in structured deposits[1]. |
| **Other operating income down $238m, 15.0%** | • Includes a decrease of $89 million due to movements in economic hedges offset in net interest income.<br>• Underlying decrease of $149 million is primarily due to lower Markets income and reduced derivative valuation adjustments, partially offset by higher lending fees. |
| **Operating expenses up $17m, 1.2%** | • Increase primarily driven by higher personnel expenses due to an increase in salary and related expenses, combined with continued uplift in technology and compliance capabilities.<br>• This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations in addition to the disciplined execution of winding down the asset servicing business. |
| **Credit impairment charge down $39m** | • Primarily due to lower individually assessed provision charges reflecting higher recoveries and write-backs for a small number of larger customers, partially offset by higher collective provision charges. |
| **Risk-weighted assets up $2.6bn, 2.7%** | • Increase in risk-weighted assets is primarily due to increased lending volumes, deterioration in asset quality and market movements, partially offset by model and methodology changes and foreign exchange movements. |

## September 2024 v March 2024

Cash earnings decreased by $26 million or 2.9%, primarily driven by higher credit impairment charges, partially offset by lower operating expenses.

| Key movements | Key drivers |
|---|---|
| **Net interest income down $8m, 0.6%** | • Includes a decrease of $26 million due to movements in economic hedges offset in other operating income.<br>• Underlying increase of $18 million primarily due to higher net interest margins, partially offset by reduced Markets income.<br>• Net interest margin (ex Markets) increased by 6 basis points to 2.14% primarily driven by higher earnings on capital due to the impact of higher interest rates, partially offset by lower deposits margin including the mix impact of the anticipated run-off in the asset servicing business.<br>• Gross loans and acceptances increased by $2.9 billion or 2.7%. Underlying increase of $4.3 billion excluding exchange rate movements was primarily due to a continued focus on corporate, securitisation and funds growth segments.<br>• Customer deposits increased by $0.2 billion or 0.2%. The underlying increase of $0.5 billion excluding exchange rate movements was driven largely by an increase in term and structured deposits[1], partially offset by the anticipated run-off in the asset servicing business and a reduction in transaction accounts. |
| **Other operating income up $6m, 0.9%** | • Includes an increase of $26 million due to movements in economic hedges offset in net interest income.<br>• Underlying decrease of $20 million primarily due to lower derivative valuation adjustments and the winding down of the asset servicing business, partially offset by increased Markets income. |
| **Operating expenses down $25m, 3.4%** | • The decrease was primarily driven by productivity benefits achieved through continued process improvements and simplification of the Group's operations in addition to the disciplined execution of winding down the asset servicing business. |
| **Credit impairment charge up $67m** | • Increase is due to higher collective provision charges and non-recurrence of individually assessed recoveries and write-backs from March 2024 half year. |
| **Risk-weighted assets down $0.3bn, 0.3%** | • Decrease in risk-weighted assets is primarily due to model and methodology changes and foreign exchange movements, partially offset by deterioration in asset quality and increased lending volumes. |

(1) Structured deposits have notice periods which extend their behavioural maturity beyond their initial contractual maturity and pricing construct. They include Rolling Deposit Accounts, Retail Look Through and Notice Saver deposits.

# New Zealand Banking

New Zealand Banking serves customers across New Zealand with personal and business banking services, through a nationwide network of customer centres, digital and assisted channels. From 1 October 2023, the Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously the Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

*Results presented in New Zealand dollars. Refer to page 44 for results in Australian dollars and page 75 for FX rates.*

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[(1)] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **2,895** | 2,899 | (0.1) | **1,434** | 1,461 | (1.8) |
| Other operating income | **591** | 591 | - | **291** | 300 | (3.0) |
| **Net operating income** | **3,486** | 3,490 | (0.1) | **1,725** | 1,761 | (2.0) |
| Operating expenses | **(1,285)** | (1,224) | 5.0 | **(644)** | (641) | 0.5 |
| **Underlying profit** | **2,201** | 2,266 | (2.9) | **1,081** | 1,120 | (3.5) |
| Credit impairment charge | **(141)** | (153) | (7.8) | **(76)** | (65) | 16.9 |
| **Cash earnings before income tax** | **2,060** | 2,113 | (2.5) | **1,005** | 1,055 | (4.7) |
| Income tax expense | **(596)** | (595) | 0.2 | **(300)** | (296) | 1.4 |
| **Cash earnings before non-controlling interests** | **1,464** | 1,518 | (3.6) | **705** | 759 | (7.1) |
| Non-controlling interests | **(20)** | (5) | large | **(11)** | (9) | 22.2 |
| **Cash earnings** | **1,444** | 1,513 | (4.6) | **694** | 750 | (7.5) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Volumes ($bn)** | | | | | | |
| Housing lending | **60.1** | 57.7 | 4.2 | **60.1** | 58.8 | 2.2 |
| Business lending | **45.9** | 43.9 | 4.6 | **45.9** | 45.2 | 1.5 |
| Other lending | **0.8** | 0.8 | - | **0.8** | 0.9 | (11.1) |
| Gross loans and acceptances | **106.8** | 102.4 | 4.3 | **106.8** | 104.9 | 1.8 |
| Average interest earning assets | **123.0** | 120.6 | 2.0 | **122.6** | 123.4 | (0.6) |
| Total assets | **131.0** | 130.0 | 0.8 | **131.0** | 128.9 | 1.6 |
| Customer deposits | **82.3** | 78.5 | 4.8 | **82.3** | 80.0 | 2.9 |
| Total risk-weighted assets | **64.5** | 68.9 | (6.4) | **64.5** | 67.7 | (4.7) |

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23[(1)] % | Sep 24 v Sep 23 | Sep 24 % | Mar 24 % | Sep 24 v Mar 24 |
| **Performance measures** | | | | | | |
| Cash earnings on average assets | **1.10** | 1.16 | (6 bps) | **1.07** | 1.14 | (7 bps) |
| Cash earnings on average risk-weighted assets | **2.16** | 2.25 | (9 bps) | **2.09** | 2.21 | (12 bps) |
| Net interest margin | **2.35** | 2.40 | (5 bps) | **2.34** | 2.37 | (3 bps) |
| Cost to income ratio | **36.9** | 35.1 | 180 bps | **37.3** | 36.4 | 90 bps |
| **Asset quality** | | | | | | |
| Gross impaired assets to GLAs | **0.29** | 0.43 | (14 bps) | **0.29** | 0.26 | 3 bps |
| Default but not impaired assets to GLAs | **0.72** | 0.71 | 1 bp | **0.72** | 0.78 | (6 bps) |
| Credit impairment charge to GLAs - annualised | **0.13** | 0.15 | (2 bps) | **0.14** | 0.12 | 2 bps |

(1) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## September 2024 v September 2023

Cash earnings decreased by $69 million or 4.6%, driven by full year impact of dividends to non-controlling interest along with higher operating expenses and lower revenue. This was partially offset by lower credit impairment charges.

| Key movements | Key drivers |
|---|---|
| **Net interest income down $4m, 0.1%** | • Net interest margin decreased by 5 basis points. This decrease was driven by competitive pressures impacting deposits and the housing and business lending portfolios. This was partially offset by higher earnings on capital due to higher interest rates and increased capital volumes.<br>• Average interest earning assets increased by $2.4 billion or 2.0%. This reflected growth in housing and business lending partially offset by a decrease in liquid assets.<br>• Customer deposits increased by $3.8 billion or 4.8% driven by growth in term deposits of $3.7 billion and on-demand deposits of $1.4 billion. This was partially offset by a decrease in non-interest bearing deposits of $1.3 billion. |
| **Other operating income flat** | • Higher Treasury income and earnings relating to the investment in FirstCape.<br>• Offset by lower markets income, lower fee income relating to cards and merchant services driven by lower activity levels. |
| **Operating expenses up $61m, 5.0%** | • Increase primarily driven by higher personnel costs due to an increase in salary and related expenses, together with continued uplift in technology and compliance capabilities including fraud and cyber security.<br>• Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations. |
| **Credit impairment charge down $12m, 7.8%** | • Lower collective provision charges partially offset by higher individually assessed charges due to small number of large corporate and agribusiness customers.<br>• Gross impaired assets to GLAs decreased by 14 basis points driven by a decrease in the portfolio of restructured loans relating to customers affected by 2023 severe weather events now returning to performing. |
| **Total risk-weighted assets down $4.4bn, 6.4%** | • Decrease driven by lower interest rate risk in the banking book and decreased risk-weighted assets primarily due to model and methodology changes.<br>• Partially offset by an increase in lending volumes and deterioration of asset quality. |

## September 2024 v March 2024

Cash earnings decreased by $56 million or 7.5%, driven by lower revenue, higher operating expenses, and higher credit impairment charges.

| Key movements | Key drivers |
|---|---|
| **Net interest income down $27m, 1.8%** | • Net interest margin decreased by 3 basis points. This decrease was driven by competitive pressures impacting deposits and the business lending portfolio. This was partially offset by higher earnings on capital due to higher interest rates and increased capital volumes along with higher margins in housing lending.<br>• Average interest earning assets decreased by $0.8 billion or 0.6%. This reflected growth in housing and business lending partially offset by a decrease in liquid assets.<br>• Customer deposits increased by $2.3 billion or 2.9% driven by growth in term deposits of $1.8 billion and on-demand deposits of $1.7 billion. This was partially offset by a decrease in non-interest bearing deposits of $1.2 billion. |
| **Other operating income down $9m, 3.0%** | • This decrease was primarily due to the mark-to-market impact on bonds in Treasury and lower Markets income.<br>• Partially offset by higher fee income relating to business lending and merchant services along with earnings relating to the investment in FirstCape. |
| **Operating expenses up $3m, 0.5%** | • Increase primarily driven by higher personnel costs due to an increase in salary and related expenses, together with continued uplift in technology and compliance capabilities including fraud and cyber security.<br>• Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations. |
| **Credit impairment charge up $11m, 16.9%** | • Higher individually assessed charge due to small number of large corporate and agribusiness customers, partially offset by a lower level of collective provision charges. |
| **Total risk-weighted assets down $3.2bn, 4.7%** | • Decrease driven by lower interest rate risk in the banking book and decreased risk-weighted assets primarily due to model and methodology changes.<br>• Partially offset by an increase in lending volumes and deterioration of asset quality. |

*Results presented in Australian dollars. Refer to page 42 for results in New Zealand dollars.*

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[1] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net interest income | **2,669** | 2,673 | (0.1) | **1,311** | 1,358 | (3.5) |
| Other operating income | **545** | 545 | - | **267** | 278 | (4.0) |
| **Net operating income** | **3,214** | 3,218 | (0.1) | **1,578** | 1,636 | (3.5) |
| Operating expenses | **(1,185)** | (1,129) | 5.0 | **(590)** | (595) | (0.8) |
| **Underlying profit** | **2,029** | 2,089 | (2.9) | **988** | 1,041 | (5.1) |
| Credit impairment charge | **(129)** | (141) | (8.5) | **(68)** | (61) | 11.5 |
| **Cash earnings before income tax** | **1,900** | 1,948 | (2.5) | **920** | 980 | (6.1) |
| Income tax expense | **(549)** | (549) | - | **(275)** | (274) | 0.4 |
| **Cash earnings before non-controlling interests** | **1,351** | 1,399 | (3.4) | **645** | 706 | (8.6) |
| Non-controlling interests | **(18)** | (5) | large | **(9)** | (9) | - |
| **Cash earnings** | **1,333** | 1,394 | (4.4) | **636** | 697 | (8.8) |

(1) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.

## Impact of foreign exchange rate movements

| Favourable / (unfavourable) 30 September 2024 | Year since Sep 23 $m | Sep 24 v Sep 23 ex FX % | Half Year since Mar 24 $m | Sep 24 v Mar 24 ex FX % |
|---|---|---|---|---|
| Net interest income | **(1)** | (0.1) | **(21)** | (1.9) |
| Other operating income | **1** | (0.2) | **(4)** | (2.5) |
| Operating expenses | **-** | 5.0 | **9** | 0.7 |
| Credit impairment write-back | **1** | (7.8) | **2** | 14.8 |
| Income tax expense | **-** | - | **5** | 2.2 |
| Non-controlling interests | **-** | large | **-** | - |
| **Cash earnings** | **1** | (4.4) | **(9)** | (7.5) |

NAB has a framework in place for the management of the foreign exchange exposure that exists from the future earnings of the Group's New Zealand business in NZD which are subsequently translated to AUD at the Group level. Between approximately 35% and 65% of expected annual earnings is economically hedged across the following 24-month period. As of 30 September 2024, NAB had hedges in place at a weighted average forward rate of AUD/NZD 1.0895.

# Corporate Functions and Other

Corporate Functions and Other includes ubank and enabling units that support all businesses including Treasury, Technology and Enterprise Operations, Data, Digital and Analytics, Support Units and eliminations. Corporate Functions and Other included the enabling units of the Bank of New Zealand up to 30 September 2023. From 1 October 2023, these enabling units are reported within New Zealand Banking. Comparative information has been restated accordingly.

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 $m | Sep 23[1] $m | Sep 24 v Sep 23 % | Sep 24 $m | Mar 24 $m | Sep 24 v Mar 24 % |
| Net operating income | **262** | 406 | (35.5) | **84** | 178 | (52.8) |
| Operating expenses[2] | **(1,068)** | (909) | 17.5 | **(580)** | (488) | 18.9 |
| **Underlying loss** | **(806)** | (503) | 60.2 | **(496)** | (310) | 60.0 |
| Credit impairment write-back | **205** | 226 | (9.3) | **182** | 23 | large |
| **Cash loss before income tax** | **(601)** | (277) | large | **(314)** | (287) | 9.4 |
| Income tax benefit | **167** | 55 | large | **130** | 37 | large |
| **Cash loss** | **(434)** | (222) | 95.5 | **(184)** | (250) | (26.4) |

(1) From 1 October 2023, Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking. Previously Bank of New Zealand's Markets Trading operations were reported in Corporate and Institutional Banking and the enabling units within Corporate Functions and Other. Comparative information has been restated accordingly.
(2) During the year ended 30 September 2024, refinements to the allocation of certain support unit costs has resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated accordingly.

## September 2024 v September 2023

Cash loss increased by $212 million or 95.5%, mainly due to higher operating expenses, lower net operating income and lower credit impairment write-backs.

| Key movements | Key drivers |
|---|---|
| **Net operating income down $144m, 35.5%** | • Includes customer-related remediation charges of $21 million in the September 2024 full year (September 2023 full year: $21 million).<br>• The decrease of $144 million was primarily due to realised losses on bond sales in Treasury (high-quality liquids portfolio), combined with lower earnings relating to the investment in MLC Life. |
| **Operating expenses up $159m, 17.5%** | • Includes $89 million in the September 2024 full year (September 2023 full year: $105 million) relating to costs of compliance activities under the terms of the Enforceable Undertaking (EU) with Australian Transaction Reports and Analysis Centre (AUSTRAC).<br>• Includes customer-related remediation charges of $40 million in the September 2024 full year (September 2023 full year: $20 million).<br>• Excluding these items and the non-recurrence of a provision of $40 million in the September 2023 full year in respect of the one-off levy for the CSLR, the underlying increase was $195 million. This was primarily driven by an increase in salary and related expenses, restructuring-related costs, together with continued uplift in technology and compliance capabilities. |
| **Credit impairment write-back down $21m, 9.3%** | • Higher level of charges for the forward looking economic adjustment, partially offset by a higher level of net releases of FLAs held for targeted sectors and model changes. |

## September 2024 v March 2024

Cash loss decreased by $66 million or 26.4%, mainly due to higher credit impairment write-backs, partially offset by lower net operating income and higher operating expenses.

| Key movements | Key drivers |
|---|---|
| **Net operating income down $94m, 52.8%** | • Includes customer-related remediation charges of $21 million in the September 2024 half year (March 2024 half year: $nil).<br>• Excluding customer-related remediation, the underlying decrease of $73 million was primarily due to realised losses on bond sales in Treasury (high-quality liquids portfolio), partially offset by higher earnings relating to the investment in MLC Life. |
| **Operating expenses up $92m, 18.9%** | • Includes $41 million in the September 2024 half year (March 2024 half year: $48 million) relating to costs of compliance activities under the terms of the EU with AUSTRAC.<br>• Includes customer-related remediation charges of $20 million in the September 2024 half year (March 2024 half year: $20 million).<br>• Excluding these items, the underlying increase was $99 million. This was primarily driven by an increase in salary and related expenses, restructuring-related costs, together with continued uplift in technology and compliance capabilities. |
| **Credit impairment write-back up $159m** | • Higher level of net releases of FLAs held for targeted sectors and model changes, combined with a lower level of charges for the forward looking economic adjustment. |

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# Full Year Results 2024

This document should be read in conjunction with the 2024 Annual Report and any announcements to the market made by the Group during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

The Group's consolidated financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the AASB can be found in the 2024 Annual Report.

Ernst & Young has audited the financial report contained within the 2024 Annual Report and has issued an unmodified audit report. This document has not been subject to audit by Ernst & Young.

Information in Section 4 is presented on a statutory basis unless otherwise stated.

# 1 Other income

| | Year to | | Half Year to | |
|---|---|---|---|---|
| | Sep 24 $m | Sep 23 $m | Sep 24 $m | Mar 24 $m |
| **Net fees and commissions** | | | | |
| Lending fees | **1,202** | 1,141 | **605** | 597 |
| Other fees and commissions[1] | **936** | 893 | **468** | 468 |
| Net investment management income | | | | |
| Investment management income | **284** | 304 | **123** | 161 |
| Investment management expense | **(163)** | (155) | **(80)** | (83) |
| **Total net fees and commissions** | **2,259** | 2,183 | **1,116** | 1,143 |
| **Gains less losses on financial instruments at fair value** | | | | |
| Trading instruments | **2,097** | 1,141 | **966** | 1,131 |
| Hedge ineffectiveness | **(21)** | (21) | **(5)** | (16) |
| Financial instruments designated at fair value | **(798)** | 390 | **(326)** | (472) |
| **Total gains less losses on financial instruments at fair value** | **1,278** | 1,510 | **635** | 643 |
| **Other operating income** | | | | |
| Dividends | **4** | 2 | **1** | 3 |
| Share of profit or loss from associates and joint ventures | **-** | 25 | **10** | (10) |
| Other[2][3] | **348** | 121 | **355** | (7) |
| **Total other operating income** | **352** | 148 | **366** | (14) |
| **Total other income** | **3,889** | 3,841 | **2,117** | 1,772 |

(1) In the September 2024 full year, the Group recognised customer-related remediation charges of $35 million (2023: $29 million) in other fees and commissions.
(2) On 30 April 2024, the Group completed the disposal of its New Zealand wealth businesses in return for a 45% stake in FirstCape and cash proceeds of $135 million, resulting in a gain on disposal of $395 million in other income.
(3) Includes $104 million of realised losses that have been transferred to the income statement on disposal of debt instruments at fair value through other comprehensive income.

# 2 Operating expenses

| | Year to(1) | | Half Year to(1) | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| | $m | $m | $m | $m |
| **Personnel expenses** | | | | |
| Salaries and related on-costs | **4,399** | 4,353 | **2,191** | 2,208 |
| Superannuation costs-defined contribution plans | **396** | 366 | **199** | 197 |
| Performance-based compensation | **596** | 557 | **285** | 311 |
| Other expenses | **475** | 215 | **350** | 125 |
| **Total personnel expenses** | **5,866** | 5,491 | **3,025** | 2,841 |
| **Occupancy and depreciation expenses** | | | | |
| Rental expense | **99** | 100 | **49** | 50 |
| Depreciation and impairment | **434** | 440 | **218** | 216 |
| Other expenses | **58** | 57 | **24** | 34 |
| **Total occupancy and depreciation expenses** | **591** | 597 | **291** | 300 |
| **Technology expenses** | | | | |
| Computer equipment and software | **1,019** | 888 | **520** | 499 |
| Amortisation of software | **681** | 577 | **351** | 330 |
| Depreciation of IT equipment | **154** | 156 | **79** | 75 |
| Data communication and processing charges | **118** | 126 | **57** | 61 |
| Communications | **56** | 58 | **29** | 27 |
| Impairment losses recognised | **8** | 11 | **6** | 2 |
| **Total technology expenses** | **2,036** | 1,816 | **1,042** | 994 |
| **General expenses** | | | | |
| Fees and commissions expense | **23** | 18 | **11** | 12 |
| Amortisation of acquired intangible assets(2) | **43** | 43 | **22** | 21 |
| Advertising and marketing | **209** | 220 | **117** | 92 |
| Operational risk event losses and customer-related remediation(3) | **136** | 103 | **77** | 59 |
| Postage and stationery | **88** | 92 | **45** | 43 |
| Professional fees | **646** | 711 | **325** | 321 |
| Other expenses | **388** | 291 | **252** | 136 |
| **Total general expenses** | **1,533** | 1,478 | **849** | 684 |
| **Total operating expenses** | **10,026** | 9,382 | **5,207** | 4,819 |

(1) During the September 2024 full year, the Group revised its presentation of operating expenses to present more relevant information about the categorisation of expenses. The 'Technology expenses' category includes amounts previously included within 'Occupancy and depreciation expenses' and 'General expenses'. Comparative information has been restated accordingly.
(2) Relates to the amortisation of intangible assets acquired in business combinations, including software, customer relationships and core deposits.
(3) In the September 2024 full year, the Group recognised $40 million (September 2023 full year: $20 million) of costs for executing customer-related remediation programs.

# 3 Loans and advances

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Loans and advances** | | | |
| Housing loans | **416,758** | 413,075 | 406,298 |
| Other term lending | **279,987** | 270,955 | 262,766 |
| Asset and lease financing | **18,879** | 18,186 | 17,214 |
| Overdrafts | **5,886** | 5,588 | 5,459 |
| Credit card outstandings | **9,455** | 9,789 | 9,528 |
| Other lending | **7,211** | 7,687 | 7,209 |
| Fair value adjustment | **30** | 12 | (3) |
| **Gross loans and advances** | **738,206** | 725,292 | 708,471 |
| *Represented by:* | | | |
| Loans and advances at fair value[1] | **576** | 649 | 1,243 |
| Loans and advances at amortised cost | **737,630** | 724,643 | 707,228 |
| **Gross loans and advances** | **738,206** | 725,292 | 708,471 |
| Unearned income and deferred net fee income | **(2,003)** | (1,655) | (1,453) |
| Capitalised brokerage costs | **2,986** | 2,656 | 2,512 |
| Provision for credit impairment | **(5,921)** | (5,767) | (5,585) |
| **Net loans and advances** | **733,268** | 720,526 | 703,945 |
| **Securitised loans and loans supporting covered bonds**[2] | **49,197** | 44,617 | 43,053 |

| | As at 30 September 2024 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Housing loans | **361,549** | **55,209** | **-** | **416,758** |
| Other term lending | **218,592** | **39,721** | **21,674** | **279,987** |
| Asset and lease financing | **18,822** | **-** | **57** | **18,879** |
| Overdrafts | **3,858** | **2,016** | **12** | **5,886** |
| Credit card outstandings | **8,733** | **722** | **-** | **9,455** |
| Other lending | **6,365** | **445** | **401** | **7,211** |
| Fair value adjustment | **30** | **-** | **-** | **30** |
| **Gross loans and advances** | **617,949** | **98,113** | **22,144** | **738,206** |
| *Represented by:* | | | | |
| Loans and advances at fair value[1] | **576** | **-** | **-** | **576** |
| Loans and advances at amortised cost | **617,373** | **98,113** | **22,144** | **737,630** |
| **Gross loans and advances** | **617,949** | **98,113** | **22,144** | **738,206** |

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Note 7 Balance Sheet*.
(2) Loans supporting securitisation and covered bonds are included within the balance of net loans and advances.

## Loans and advances (cont.)

| | As at 31 March 2024 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Housing loans | 359,128 | 53,940 | 7 | 413,075 |
| Other term lending | 210,214 | 39,172 | 21,569 | 270,955 |
| Asset and lease financing | 18,129 | - | 57 | 18,186 |
| Overdrafts | 3,642 | 1,941 | 5 | 5,588 |
| Credit card outstandings | 9,033 | 756 | - | 9,789 |
| Other lending | 7,030 | 417 | 240 | 7,687 |
| Fair value adjustment | 12 | - | - | 12 |
| **Gross loans and advances** | 607,188 | 96,226 | 21,878 | 725,292 |
| *Represented by:* | | | | |
| Loans and advances at fair value[1] | 649 | - | - | 649 |
| Loans and advances at amortised cost | 606,539 | 96,226 | 21,878 | 724,643 |
| **Gross loans and advances** | 607,188 | 96,226 | 21,878 | 725,292 |

| | As at 30 September 2023 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Housing loans | 352,559 | 53,730 | 9 | 406,298 |
| Other term lending | 204,898 | 38,425 | 19,443 | 262,766 |
| Asset and lease financing | 17,158 | - | 56 | 17,214 |
| Overdrafts | 3,414 | 2,039 | 6 | 5,459 |
| Credit card outstandings | 8,771 | 757 | - | 9,528 |
| Other lending | 6,591 | 444 | 174 | 7,209 |
| Fair value adjustment | - | (5) | 2 | (3) |
| **Gross loans and advances** | 593,391 | 95,390 | 19,690 | 708,471 |
| *Represented by:* | | | | |
| Loans and advances at fair value[1] | 682 | 561 | - | 1,243 |
| Loans and advances at amortised cost | 592,709 | 94,829 | 19,690 | 707,228 |
| **Gross loans and advances** | 593,391 | 95,390 | 19,690 | 708,471 |

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Note 7 Balance Sheet*.

# 4 Provision for credit impairment on loans at amortised cost

Expected Credit Losses (ECL) are derived from probability weighted estimates of loss. The measurement of ECL and assessment of significant increase in credit risk considers information about current conditions, past events, as well as reasonable and supportable forecasts of future economic conditions. For further details please refer to the accounting policy section of *Note 17 Provision for credit impairment on loans at amortised cost* in the 2024 Annual Report.

| | Year to | | Half Year to | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| | $m | $m | $m | $m |
| **Credit impairment charge on loans and advances at amortised cost** | | | | |
| New and increased provisions (net of collective provision releases) | **968** | 1,043 | **462** | 506 |
| Write-backs of individually assessed provisions | **(132)** | (148) | **(60)** | (72) |
| Recoveries of amounts previously written-off | **(95)** | (79) | **(37)** | (58) |
| **Total charge to the income statement** | **741** | 816 | **365** | 376 |

| | Stage 1 | Stage 2 | Stage 3 | | |
|---|---|---|---|---|---|
| | Performing 12-mth ECL | Performing Lifetime ECL | Non-performing Lifetime ECL | | |
| | Collective | Collective | Collective | Individually assessed | Total |
| **Group - Yearly** | $m | $m | $m | $m | $m |
| **Balance at 1 October 2022** | 448 | 3,276 | 817 | 515 | 5,056 |
| Changes due to financial assets recognised in the opening balance that have: | | | | | |
| Transferred to Performing - 12-mth ECL - collective | 247 | (234) | (13) | - | - |
| Transferred to Performing - Lifetime ECL - collective | (26) | 104 | (78) | - | - |
| Transferred to Non-performing - Lifetime ECL - collective | (1) | (49) | 50 | - | - |
| Transferred to Non-performing - Lifetime ECL - individually assessed | - | (14) | (46) | 60 | - |
| New and increased provisions (net of collective provision releases) | (143) | 428 | 242 | 516 | 1,043 |
| Write-backs of individually assessed provisions | - | - | - | (148) | (148) |
| Write-offs from individually assessed provisions | - | - | - | (409) | (409) |
| Foreign currency translation and other adjustments | 4 | 29 | 5 | 5 | 43 |
| **Balance at 30 September 2023** | **529** | **3,540** | **977** | **539** | **5,585** |
| Changes due to financial assets recognised in the opening balance that have: | | | | | |
| Transferred to Performing - 12-mth ECL - collective | **408** | **(373)** | **(35)** | **-** | **-** |
| Transferred to Performing - Lifetime ECL - collective | **(54)** | **179** | **(125)** | **-** | **-** |
| Transferred to Non-performing - Lifetime ECL - collective | **(2)** | **(87)** | **89** | **-** | **-** |
| Transferred to Non-performing - Lifetime ECL - individually assessed | **(1)** | **(28)** | **(81)** | **110** | **-** |
| New and increased provisions (net of collective provision releases) | **(223)** | **165** | **273** | **753** | **968** |
| Write-backs of individually assessed provisions | **-** | **-** | **-** | **(132)** | **(132)** |
| Write-offs from individually assessed provisions | **-** | **-** | **-** | **(512)** | **(512)** |
| Foreign currency translation and other adjustments | **9** | **4** | **1** | **(2)** | **12** |
| **Balance at 30 September 2024** | **666** | **3,400** | **1,099** | **756** | **5,921** |

## Provision for credit impairment on loans at amortised cost (cont.)

| Group - Half Yearly | Stage 1 Performing 12-mth ECL Collective $m | Stage 2 Performing Lifetime ECL Collective $m | Stage 3 Non-performing Lifetime ECL Collective $m | Stage 3 Non-performing Lifetime ECL Individually assessed $m | Total $m |
|---|---|---|---|---|---|
| **Balance at 1 October 2023** | 529 | 3,540 | 977 | 539 | 5,585 |
| Changes due to financial assets recognised in the opening balance that have: | | | | | |
| Transferred to Performing - 12-mth ECL - collective | 236 | (223) | (13) | - | - |
| Transferred to Performing - Lifetime ECL - collective | (35) | 119 | (84) | - | - |
| Transferred to Non-performing - Lifetime ECL - collective | (1) | (66) | 67 | - | - |
| Transferred to Non-performing - Lifetime ECL - individually assessed | - | (14) | (62) | 76 | - |
| New and increased provisions (net of collective provision releases) | (189) | 242 | 210 | 243 | 506 |
| Write-backs of individually assessed provisions | - | - | - | (72) | (72) |
| Write-offs from individually assessed provisions | - | - | - | (239) | (239) |
| Foreign currency translation and other adjustments | - | (10) | (2) | (1) | (13) |
| **Balance at 31 March 2024** | **540** | **3,588** | **1,093** | **546** | **5,767** |
| Changes due to financial assets recognised in the opening balance that have: | | | | | |
| Transferred to Performing - 12-mth ECL - collective | **325** | **(257)** | **(68)** | **-** | **-** |
| Transferred to Performing - Lifetime ECL - collective | **(45)** | **129** | **(84)** | **-** | **-** |
| Transferred to Non-performing - Lifetime ECL - collective | **(1)** | **(83)** | **84** | **-** | **-** |
| Transferred to Non-performing - Lifetime ECL - individually assessed | **-** | **(25)** | **(77)** | **102** | **-** |
| New and increased provisions (net of collective provision releases) | **(162)** | **34** | **148** | **442** | **462** |
| Write-backs of individually assessed provisions | **-** | **-** | **-** | **(60)** | **(60)** |
| Write-offs from individually assessed provisions | **-** | **-** | **-** | **(273)** | **(273)** |
| Foreign currency translation and other adjustments | **9** | **14** | **3** | **(1)** | **25** |
| **Balance at 30 September 2024** | **666** | **3,400** | **1,099** | **756** | **5,921** |

### ECL scenario analysis

The Group's ECL measurement is derived from a probability weighted average of three distinct scenarios (base case, upside and downside) applied across each of the Group's major loan portfolios, in addition to FLAs for emerging risk at an industry, geography or segment level. The probability of each scenario is determined by considering relevant macro-economic outlooks and their likely impact on the Group's credit portfolio.

The following table shows the key macro-economic variables for the Australian economy used in the base case and downside scenarios as at 30 September 2024:

| | Base case | | | Downside | | |
|---|---|---|---|---|---|---|
| | Financial year | | | Financial year | | |
| | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 |
| | % | % | % | % | % | % |
| GDP change (year ended September) | 2.3 | 2.1 | 2.3 | (1.2) | (2.6) | 2.8 |
| Unemployment (as at 30 September) | 4.5 | 4.5 | 4.4 | 4.7 | 7.9 | 9.1 |
| House price change (year ended September) | 3.9 | 3.0 | 3.0 | (24.5) | (20.3) | 5.5 |

The following table shows the reported total provisions for ECL based on the probability weighting of scenarios, with the sensitivity range reflecting the ECL impacts assuming a 100% weighting is applied to the base case scenario or the downside scenario (with all other assumptions held constant):

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Total provisions for ECL** | | | |
| Probability weighted | **5,921** | 5,767 | 5,585 |
| 100% Base case | **4,116** | 3,890 | 4,000 |
| 100% Downside | **8,333** | 8,079 | 7,546 |

The table below shows weightings applied to the Australian portfolio to derive the probability weighted ECL:

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | % | % | % |
| **Macro-economic scenario weightings** | | | |
| Upside | **2.5** | 2.5 | 2.5 |
| Base case | **55.0** | 52.5 | 52.5 |
| Downside | **42.5** | 45.0 | 45.0 |

- The September 2024 provisions for ECL in the 100% base case and downside scenarios have increased since September 2023 primarily due to an increase in provisions held due to deterioration in asset quality in the Australian business lending and mortgage portfolios, combined with volume growth in Business and Private Banking. This was partially offset by a decrease in net forward looking provisions reflecting credit deterioration in underlying outcomes, combined with the impact of methodology refinements and model changes.
- The downside scenario weighting for the Australian portfolio has decreased from 45.0% as at September 2023 to 42.5% as at September 2024, due to a reduction in downside risks to the economic outlook.

The table below provides a breakdown of the probability weighted ECL by key portfolios:

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Total provision for ECL for key portfolios** | | | |
| Housing | **1,246** | 1,404 | 1,424 |
| Business | **4,245** | 3,928 | 3,744 |
| Others | **430** | 435 | 417 |
| **Total** | **5,921** | 5,767 | 5,585 |

# 5 Asset quality

Non-performing exposures are exposures in default aligned to the definitions in APS 220 *Credit Risk Management*. Default occurs when a loan obligation is contractually 90 days or more past due, or when it is considered unlikely that the credit obligation to the Group will be paid in full without remedial action, such as realisation of security.

The following tables provide details on non-performing exposures:

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Summary of non-performing exposures** | | | |
| Impaired assets | **1,471** | 1,079 | 976 |
| Restructured loans | **6** | 27 | 284 |
| **Gross impaired assets** | **1,477** | 1,106 | 1,260 |
| Default but not impaired assets | **8,753** | 7,585 | 6,732 |
| **Non-performing exposures** | **10,230** | 8,691 | 7,992 |

| | Australia | New Zealand | Other International | Total Group |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Movement in gross impaired assets** | | | | |
| **Balance at 31 March 2023** | 798 | 373 | 44 | 1,215 |
| New | 256 | 155 | - | 411 |
| Written-off | (67) | (14) | (28) | (109) |
| Returned to performing, repaid or no longer impaired | (149) | (106) | (1) | (256) |
| Foreign currency translation adjustments | - | (2) | 1 | (1) |
| **Balance at 30 September 2023** | 838 | 406 | 16 | 1,260 |
| New | 240 | 244 | - | 484 |
| Written-off | (79) | (21) | - | (100) |
| Returned to performing, repaid or no longer impaired | (160) | (372) | (2) | (534) |
| Foreign currency translation adjustments | - | (4) | - | (4) |
| **Balance at 31 March 2024** | 839 | 253 | 14 | 1,106 |
| New | **548** | **157** | **74** | **779** |
| Written-off | **(90)** | **(16)** | **(5)** | **(111)** |
| Returned to performing, repaid or no longer impaired | **(123)** | **(104)** | **(69)** | **(296)** |
| Foreign currency translation adjustments | **-** | **(1)** | **-** | **(1)** |
| **Balance at 30 September 2024** | **1,174** | **289** | **14** | **1,477** |

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Default but not impaired assets - by geographic location** | | | |
| Australia | **8,043** | 6,840 | 6,051 |
| New Zealand | **710** | 745 | 681 |
| **Default but not impaired assets** | **8,753** | 7,585 | 6,732 |

# 6 Deposits and other borrowings

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Deposits and other borrowings** | | | |
| Term deposits | **207,016** | 193,597 | 191,924 |
| On-demand and short-term deposits | **309,218** | 306,442 | 299,969 |
| Certificates of deposit | **66,894** | 66,951 | 56,779 |
| Deposits not bearing interest(1) | **96,561** | 96,508 | 95,491 |
| Commercial paper and other borrowings | **34,700** | 33,586 | 36,109 |
| Repurchase agreements | **54,681** | 54,847 | 46,732 |
| Fair value adjustment | **(15)** | (5) | (9) |
| **Total deposits and other borrowings** | **769,055** | 751,926 | 726,995 |
| *Represented by:* | | | |
| Total deposits and other borrowings at fair value(2)(3) | **56,489** | 56,389 | 44,875 |
| Total deposits and other borrowings at amortised cost(2) | **712,566** | 695,537 | 682,120 |
| **Total deposits and other borrowings** | **769,055** | 751,926 | 726,995 |

| | As at 30 September 2024 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Term deposits | **166,380** | **35,378** | **5,258** | **207,016** |
| On-demand and short-term deposits | **278,882** | **28,830** | **1,506** | **309,218** |
| Certificates of deposit | **29,777** | **1,390** | **35,727** | **66,894** |
| Deposits not bearing interest(1) | **85,163** | **11,395** | **3** | **96,561** |
| Commercial paper and other borrowings | **33,869** | **433** | **398** | **34,700** |
| Repurchase agreements | **16,330** | **85** | **38,266** | **54,681** |
| Fair value adjustment | **(2)** | **(12)** | **(1)** | **(15)** |
| **Total deposits and other borrowings** | **610,399** | **77,499** | **81,157** | **769,055** |
| *Represented by:* | | | | |
| Total deposits and other borrowings at fair value(2)(3) | **16,328** | **1,895** | **38,266** | **56,489** |
| Total deposits and other borrowings at amortised cost(2) | **594,071** | **75,604** | **42,891** | **712,566** |
| **Total deposits and other borrowings** | **610,399** | **77,499** | **81,157** | **769,055** |

(1) Deposits not bearing interest include mortgage offset accounts.
(2) During the September 2023 half year the Group commenced the measurement of certain repurchase agreements at fair value through profit or loss.
(3) On the balance sheet, this amount is included within 'Other financial liabilities'. Refer to *Note 7 Balance sheet*.

## Deposits and other borrowings (cont.)

| | As at 31 March 2024 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Term deposits | 154,897 | 33,666 | 5,034 | 193,597 |
| On-demand and short-term deposits | 276,462 | 27,259 | 2,721 | 306,442 |
| Certificates of deposit | 34,671 | 955 | 31,325 | 66,951 |
| Deposits not bearing interest[1] | 84,037 | 12,464 | 7 | 96,508 |
| Commercial paper and other borrowings | 32,762 | 688 | 136 | 33,586 |
| Repurchase agreements | 10,024 | 211 | 44,612 | 54,847 |
| Fair value adjustment | - | (5) | - | (5) |
| **Total deposits and other borrowings** | 592,853 | 75,238 | 83,835 | 751,926 |
| *Represented by:* | | | | |
| Total deposits and other borrowings at fair value[2][3] | 10,024 | 1,849 | 44,516 | 56,389 |
| Total deposits and other borrowings at amortised cost[2] | 582,829 | 73,389 | 39,319 | 695,537 |
| **Total deposits and other borrowings** | 592,853 | 75,238 | 83,835 | 751,926 |

| | As at 30 September 2023 | | | |
|---|---|---|---|---|
| | Australia | New Zealand | Other International | Total Group |
| | $m | $m | $m | $m |
| **By product and geographic location** | | | | |
| Term deposits | 150,538 | 32,389 | 8,997 | 191,924 |
| On-demand and short-term deposits | 269,740 | 27,934 | 2,295 | 299,969 |
| Certificates of deposit | 32,443 | 1,489 | 22,847 | 56,779 |
| Deposits not bearing interest[1] | 82,747 | 12,737 | 7 | 95,491 |
| Commercial paper and other borrowings | 34,835 | 854 | 420 | 36,109 |
| Repurchase agreements | 13,712 | 196 | 32,824 | 46,732 |
| Fair value adjustment | 3 | (12) | - | (9) |
| **Total deposits and other borrowings** | 584,018 | 75,587 | 67,390 | 726,995 |
| *Represented by:* | | | | |
| Total deposits and other borrowings at fair value[2][3] | 13,151 | 2,526 | 29,198 | 44,875 |
| Total deposits and other borrowings at amortised cost[2] | 570,867 | 73,061 | 38,192 | 682,120 |
| **Total deposits and other borrowings** | 584,018 | 75,587 | 67,390 | 726,995 |

(1) Deposits not bearing interest include mortgage offset accounts.
(2) During the September 2023 half year the Group commenced the measurement of certain repurchase agreements at fair value through profit or loss.
(3) On the balance sheet, this amount is included within 'Other financial liabilities'. Refer to *Note 7 Balance sheet*.

# 7 Balance sheet

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Assets** | | | |
| Cash and liquid assets[1] | **2,499** | 4,992 | 24,699 |
| Due from other banks | **110,438** | 125,469 | 117,306 |
| Collateral placed | **9,633** | 7,413 | 11,286 |
| Trading assets | **133,606** | 122,796 | 101,168 |
| Derivative assets | **28,766** | 24,690 | 34,269 |
| Debt instruments | **41,999** | 45,161 | 46,357 |
| Other financial assets | **769** | 843 | 1,430 |
| Loans and advances | **732,692** | 719,877 | 702,702 |
| Current tax assets | **25** | 25 | 20 |
| Deferred tax assets | **3,181** | 3,181 | 3,499 |
| Property, plant and equipment | **2,865** | 2,935 | 3,016 |
| Goodwill and other intangible assets | **5,224** | 5,030 | 4,952 |
| Other assets | **8,551** | 8,593 | 8,379 |
| **Total assets** | **1,080,248** | 1,071,005 | 1,059,083 |
| **Liabilities** | | | |
| Due to other banks | **12,328** | 33,606 | 39,516 |
| Collateral received | **5,151** | 6,272 | 10,672 |
| Other financial liabilities | **70,272** | 72,535 | 66,352 |
| Deposits and other borrowings | **712,566** | 695,537 | 682,120 |
| Derivative liabilities | **32,576** | 24,450 | 35,633 |
| Current tax liabilities | **1,042** | 514 | 1,012 |
| Provisions | **1,804** | 1,437 | 1,852 |
| Bonds, notes and subordinated debt | **156,294** | 150,375 | 135,645 |
| Debt issues | **9,560** | 8,566 | 8,561 |
| Other liabilities | **16,442** | 16,003 | 16,217 |
| **Total liabilities** | **1,018,035** | 1,009,295 | 997,580 |
| **Net assets** | **62,213** | 61,710 | 61,503 |
| **Equity** | | | |
| Contributed equity | **36,581** | 37,664 | 38,546 |
| Reserves | **(362)** | (680) | (1,192) |
| Retained profits | **25,236** | 24,382 | 23,800 |
| **Total equity (attributable to owners of the Company)** | **61,455** | 61,366 | 61,154 |
| Non-controlling interests | **758** | 344 | 349 |
| **Total equity** | **62,213** | 61,710 | 61,503 |

(1) During the September 2023 full year, the Group established new portfolios of reverse repurchase agreements, which are managed together with other financial instruments for short-term profit taking. These agreements are measured at fair value through profit or loss and presented within 'Trading assets'.

# 8 Average balance sheet and related interest



## Average assets and interest income

| | Year ended Sep 24 | | | Year ended Sep 23 | | |
|---|---|---|---|---|---|---|
| | Average balance | Interest | Average rate | Average balance | Interest | Average rate |
| | $m | $m | % | $m | $m | % |
| **Average interest earning assets** | | | | | | |
| Due from other banks | | | | | | |
| Australia | 95,048 | 3,995 | 4.2 | 107,924 | 3,725 | 3.5 |
| New Zealand | 8,418 | 462 | 5.5 | 11,137 | 533 | 4.8 |
| Other International | 20,095 | 941 | 4.7 | 25,718 | 995 | 3.9 |
| Total due from other banks[1] | 123,561 | 5,398 | 4.4 | 144,779 | 5,253 | 3.6 |
| Trading assets and marketable debt securities | | | | | | |
| Australia | 96,502 | 4,821 | 5.0 | 73,398 | 2,627 | 3.6 |
| New Zealand | 8,904 | 372 | 4.2 | 7,067 | 266 | 3.8 |
| Other International | 59,545 | 3,313 | 5.6 | 13,563 | 467 | 3.4 |
| Total trading assets and marketable debt securities[1] | 164,951 | 8,506 | 5.2 | 94,028 | 3,360 | 3.6 |
| Loans and advances - housing | | | | | | |
| Australia[2] | 313,336 | 18,071 | 5.8 | 305,519 | 14,403 | 4.7 |
| New Zealand[2] | 52,085 | 3,136 | 6.0 | 49,778 | 2,348 | 4.7 |
| Total loans and advances - housing | 365,421 | 21,207 | 5.8 | 355,297 | 16,751 | 4.7 |
| Loans and advances - non-housing | | | | | | |
| Australia | 246,376 | 17,142 | 7.0 | 236,729 | 14,591 | 6.2 |
| New Zealand | 42,336 | 3,437 | 8.1 | 41,660 | 3,283 | 7.9 |
| Other International | 21,055 | 1,574 | 7.5 | 20,929 | 1,288 | 6.2 |
| Total loans and advances - non-housing | 309,767 | 22,153 | 7.2 | 299,318 | 19,162 | 6.4 |
| Other interest earning assets | | | | | | |
| Australia | 8,998 | 689 | n/a | 29,090 | 1,335 | n/a |
| New Zealand | 680 | 90 | n/a | 1,165 | 97 | n/a |
| Other International | 5,363 | 254 | n/a | 43,028 | 2,114 | n/a |
| Total other interest earning assets[1] | 15,041 | 1,033 | n/a | 73,283 | 3,546 | n/a |
| **Total average interest earning assets and interest income by:** | | | | | | |
| Australia | 760,260 | 44,718 | 5.9 | 752,660 | 36,681 | 4.9 |
| New Zealand | 112,423 | 7,497 | 6.7 | 110,807 | 6,527 | 5.9 |
| Other International | 106,058 | 6,082 | 5.7 | 103,238 | 4,864 | 4.7 |
| **Total average interest earning assets and interest income** | 978,741 | 58,297 | 6.0 | 966,705 | 48,072 | 5.0 |

(1) During the September 2023 full year, the Group established a new portfolio of reverse repurchase agreements, which is managed together with other financial instruments for short-term profit taking. These agreements are measured at fair value through profit or loss and are presented within 'Trading assets and marketable debt securities'. Previously, the reverse repurchase agreements were presented within 'Due from other banks' and 'Other interest earning assets.'
(2) Net of mortgage offset accounts of $46,710 million (September 2023: $42,477 million) in Australia and $2,318 million (September 2023: $2,251 million) in New Zealand which are included in non-interest earning assets.

## Average assets

| | Year ended | |
|---|---|---|
| | Sep 24 | Sep 23 |
| | $m | $m |
| **Average non-interest earning assets** | | |
| Other assets[1] | **101,768** | 103,702 |
| **Average provision for credit impairment** | | |
| Australia | **(4,841)** | (4,499) |
| New Zealand | **(888)** | (784) |
| Other International | **(44)** | (58) |
| **Total average provision for credit impairment** | **(5,773)** | (5,341) |
| **Total average assets** | **1,074,736** | 1,065,066 |

(1) Includes mortgage offset accounts of $46,710 million (September 2023: $42,477 million) in Australia and $2,318 million (September 2023: $2,251 million) in New Zealand.

## Average liabilities and interest expense

| | Year ended Sep 24 | | | Year ended Sep 23 | | |
|---|---|---|---|---|---|---|
| | Average balance | Interest | Average rate | Average balance | Interest | Average rate |
| | $m | $m | % | $m | $m | % |
| **Average interest bearing liabilities** | | | | | | |
| Due to other banks | | | | | | |
| Australia | 24,705 | 779 | 3.2 | 47,523 | 738 | 1.6 |
| New Zealand | 5,001 | 170 | 3.4 | 6,599 | 180 | 2.7 |
| Other International | 26,935 | 1,466 | 5.4 | 20,232 | 903 | 4.5 |
| Total due to other banks | 56,641 | 2,415 | 4.3 | 74,354 | 1,821 | 2.4 |
| On-demand and short-term deposits | | | | | | |
| Australia | 274,299 | 9,429 | 3.4 | 270,723 | 7,028 | 2.6 |
| New Zealand | 28,969 | 1,160 | 4.0 | 28,817 | 951 | 3.3 |
| Other International | 2,254 | 96 | 4.3 | 4,377 | 148 | 3.4 |
| Total on-demand and short-term deposits | 305,522 | 10,685 | 3.5 | 303,917 | 8,127 | 2.7 |
| Certificates of deposit | | | | | | |
| Australia | 33,451 | 1,527 | 4.6 | 33,502 | 1,204 | 3.6 |
| New Zealand | 1,066 | 60 | 5.6 | 1,822 | 88 | 4.8 |
| Other International | 31,304 | 1,593 | 5.1 | 20,483 | 779 | 3.8 |
| Total certificates of deposit | 65,821 | 3,180 | 4.8 | 55,807 | 2,071 | 3.7 |
| Term deposits | | | | | | |
| Australia | 155,191 | 7,584 | 4.9 | 137,542 | 5,051 | 3.7 |
| New Zealand | 33,936 | 2,008 | 5.9 | 28,581 | 1,244 | 4.4 |
| Other International | 7,094 | 352 | 5.0 | 9,265 | 375 | 4.0 |
| Total term deposits | 196,221 | 9,944 | 5.1 | 175,388 | 6,670 | 3.8 |
| Other borrowings | | | | | | |
| Australia | 37,358 | 2,269 | 6.1 | 39,100 | 1,849 | 4.7 |
| New Zealand | 846 | 47 | 5.6 | 1,802 | 80 | 4.4 |
| Other International | 22,097 | 1,380 | 6.2 | 23,661 | 1,412 | 6.0 |
| Total other borrowings | 60,301 | 3,696 | 6.1 | 64,563 | 3,341 | 5.2 |
| Bonds, notes and subordinated debt | | | | | | |
| Australia | 125,237 | 8,257 | 6.6 | 112,976 | 6,246 | 5.5 |
| New Zealand | 19,997 | 1,260 | 6.3 | 19,993 | 1,050 | 5.3 |
| Other International | 16,324 | 750 | 4.6 | 12,342 | 513 | 4.2 |
| Total bonds, notes and subordinated debt | 161,558 | 10,267 | 6.4 | 145,311 | 7,809 | 5.4 |
| Other interest bearing liabilities | | | | | | |
| Australia | 16,840 | 1,243 | n/a | 21,437 | 1,311 | n/a |
| New Zealand | 1,685 | 96 | n/a | 1,894 | 87 | n/a |
| Other International | 263 | 14 | n/a | 734 | 28 | n/a |
| Total other interest bearing liabilities | 18,788 | 1,353 | n/a | 24,065 | 1,426 | n/a |
| **Total average interest bearing liabilities and interest expense by:** | | | | | | |
| Australia | 667,081 | 31,088 | 4.7 | 662,803 | 23,427 | 3.5 |
| New Zealand | 91,500 | 4,801 | 5.2 | 89,508 | 3,680 | 4.1 |
| Other International | 106,271 | 5,651 | 5.3 | 91,094 | 4,158 | 4.6 |
| **Total average interest bearing liabilities and interest expense** | 864,852 | 41,540 | 4.8 | 843,405 | 31,265 | 3.7 |

## Average liabilities and equity

| | Year ended | |
|---|---|---|
| | Sep 24 | Sep 23 |
| | $m | $m |
| **Average non-interest bearing liabilities** | | |
| Deposits not bearing interest | | |
| Australia[1] | **83,845** | 84,541 |
| New Zealand[1] | **12,032** | 13,599 |
| Other International | **6** | 7 |
| **Total deposits not bearing interest** | **95,883** | 98,147 |
| Other liabilities | **52,568** | 63,313 |
| **Total average non-interest bearing liabilities** | **148,451** | 161,460 |
| **Total average liabilities** | **1,013,303** | 1,004,865 |
| | | |
| **Average equity** | | |
| Total average equity (attributable to owners of the Company) | **61,039** | 60,094 |
| Non-controlling interests | **394** | 107 |
| Total average equity | **61,433** | 60,201 |
| **Total average liabilities and equity** | **1,074,736** | 1,065,066 |

(1) Includes mortgage offset accounts of $46,710 million (September 2023: $42,477 million) in Australia and $2,318 million (September 2023: $2,251 million) in New Zealand.

## Average assets and interest income

| | Half Year ended Sep 24 | | | Half Year ended Mar 24 | | |
|---|---|---|---|---|---|---|
| | Average balance $m | Interest $m | Average rate % | Average balance $m | Interest $m | Average rate % |
| **Average interest earning assets** | | | | | | |
| Due from other banks | | | | | | |
| Australia | 96,781 | 2,029 | 4.2 | 93,314 | 1,966 | 4.2 |
| New Zealand | 6,881 | 187 | 5.4 | 9,956 | 275 | 5.5 |
| Other International | 18,212 | 408 | 4.5 | 21,977 | 533 | 4.9 |
| Total due from other banks | 121,874 | 2,624 | 4.3 | 125,247 | 2,774 | 4.4 |
| Trading assets and marketable debt securities | | | | | | |
| Australia | 94,922 | 2,589 | 5.5 | 98,081 | 2,232 | 4.6 |
| New Zealand | 9,084 | 185 | 4.1 | 8,725 | 187 | 4.3 |
| Other International | 63,104 | 1,733 | 5.5 | 55,986 | 1,580 | 5.6 |
| Total trading assets and marketable debt securities | 167,110 | 4,507 | 5.4 | 162,792 | 3,999 | 4.9 |
| Loans and advances - housing | | | | | | |
| Australia[1] | 314,713 | 9,255 | 5.9 | 311,899 | 8,816 | 5.7 |
| New Zealand[1] | 52,209 | 1,623 | 6.2 | 51,957 | 1,513 | 5.8 |
| Total loans and advances - housing | 366,922 | 10,878 | 5.9 | 363,856 | 10,329 | 5.7 |
| Loans and advances - non-housing | | | | | | |
| Australia | 250,410 | 8,760 | 7.0 | 242,403 | 8,382 | 6.9 |
| New Zealand | 42,292 | 1,674 | 7.9 | 42,382 | 1,763 | 8.3 |
| Other International | 21,677 | 811 | 7.5 | 20,433 | 763 | 7.5 |
| Total loans and advances - non-housing | 314,379 | 11,245 | 7.2 | 305,218 | 10,908 | 7.1 |
| Other interest earning assets | | | | | | |
| Australia | 8,491 | 276 | n/a | 9,494 | 413 | n/a |
| New Zealand | 629 | 47 | n/a | 729 | 43 | n/a |
| Other International | 1,643 | 32 | n/a | 9,086 | 222 | n/a |
| Total other interest earning assets | 10,763 | 355 | n/a | 19,309 | 678 | n/a |
| **Total average interest earning assets and interest income by:** | | | | | | |
| Australia | 765,317 | 22,909 | 6.0 | 755,191 | 21,809 | 5.8 |
| New Zealand | 111,095 | 3,716 | 6.7 | 113,749 | 3,781 | 6.6 |
| Other International | 104,636 | 2,984 | 5.7 | 107,482 | 3,098 | 5.8 |
| **Total average interest earning assets and interest income** | 981,048 | 29,609 | 6.0 | 976,422 | 28,688 | 5.9 |

(1) Net of mortgage offset accounts of $47,435 million (March 2024: $45,986 million) in Australia and $2,319 million (March 2024: $2,318 million) in New Zealand which are included in non-interest earning assets.

## Average assets

| | Half Year ended | |
|---|---|---|
| | Sep 24 $m | Mar 24 $m |
| **Average non-interest earning assets** | | |
| Other assets[1] | 100,896 | 102,651 |
| **Total average non-interest earning assets** | 100,896 | 102,651 |
| **Average provision for credit impairment** | | |
| Australia | (4,900) | (4,784) |
| New Zealand | (906) | (869) |
| Other International | (44) | (44) |
| **Total average provision for credit impairment** | (5,850) | (5,697) |
| **Total average assets** | 1,076,094 | 1,073,376 |

(1) Includes mortgage offset accounts of $47,435 million (March 2024: $45,986 million) in Australia and $2,319 million (March 2024: $2,318 million) in New Zealand.

## Average liabilities and interest expense

| | Half Year ended Sep 24 | | | Half Year ended Mar 24 | | |
|---|---|---|---|---|---|---|
| | Average balance | Interest | Average rate | Average balance | Interest | Average rate |
| | $m | $m | % | $m | $m | % |
| **Average interest bearing liabilities** | | | | | | |
| Due to other banks | | | | | | |
| Australia | 18,914 | 395 | 4.2 | 30,497 | 384 | 2.5 |
| New Zealand | 4,682 | 78 | 3.3 | 5,319 | 92 | 3.5 |
| Other International | 26,311 | 737 | 5.6 | 27,559 | 729 | 5.3 |
| Total due to other banks | 49,907 | 1,210 | 4.8 | 63,375 | 1,205 | 3.8 |
| On-demand and short-term deposits | | | | | | |
| Australia | 276,687 | 4,821 | 3.5 | 271,910 | 4,608 | 3.4 |
| New Zealand | 28,764 | 578 | 4.0 | 29,174 | 582 | 4.0 |
| Other International | 2,103 | 46 | 4.4 | 2,407 | 50 | 4.2 |
| Total on-demand and short-term deposits | 307,554 | 5,445 | 3.5 | 303,491 | 5,240 | 3.5 |
| Certificates of deposit | | | | | | |
| Australia | 32,934 | 761 | 4.6 | 33,968 | 766 | 4.5 |
| New Zealand | 1,072 | 30 | 5.6 | 1,060 | 30 | 5.7 |
| Other International | 35,377 | 884 | 5.0 | 27,232 | 709 | 5.2 |
| Total certificates of deposit | 69,383 | 1,675 | 4.8 | 62,260 | 1,505 | 4.8 |
| Term deposits | | | | | | |
| Australia | 160,241 | 3,967 | 5.0 | 150,140 | 3,617 | 4.8 |
| New Zealand | 34,324 | 1,032 | 6.0 | 33,547 | 976 | 5.8 |
| Other International | 6,037 | 145 | 4.8 | 8,154 | 207 | 5.1 |
| Total term deposits | 200,602 | 5,144 | 5.1 | 191,841 | 4,800 | 5.0 |
| Other borrowings | | | | | | |
| Australia | 37,237 | 1,185 | 6.4 | 37,479 | 1,084 | 5.8 |
| New Zealand | 718 | 21 | 5.8 | 974 | 26 | 5.3 |
| Other International | 20,994 | 638 | 6.1 | 23,201 | 742 | 6.4 |
| Total other borrowings | 58,949 | 1,844 | 6.3 | 61,654 | 1,852 | 6.0 |
| Bonds, notes and subordinated debt | | | | | | |
| Australia | 128,874 | 4,211 | 6.5 | 121,599 | 4,046 | 6.7 |
| New Zealand | 19,469 | 610 | 6.3 | 20,525 | 650 | 6.3 |
| Other International | 17,461 | 403 | 4.6 | 15,188 | 347 | 4.6 |
| Total bonds, notes and subordinated debt | 165,804 | 5,224 | 6.3 | 157,312 | 5,043 | 6.4 |
| Other interest bearing liabilities | | | | | | |
| Australia | 16,498 | 658 | n/a | 17,181 | 585 | n/a |
| New Zealand | 1,717 | 50 | n/a | 1,652 | 46 | n/a |
| Other International | 212 | - | n/a | 316 | 14 | n/a |
| Total other interest bearing liabilities | 18,427 | 708 | n/a | 19,149 | 645 | n/a |
| **Total average interest bearing liabilities and interest expense by:** | | | | | | |
| Australia | 671,385 | 15,998 | 4.8 | 662,774 | 15,090 | 4.6 |
| New Zealand | 90,746 | 2,399 | 5.3 | 92,251 | 2,402 | 5.2 |
| Other International | 108,495 | 2,853 | 5.3 | 104,057 | 2,798 | 5.4 |
| **Total average interest bearing liabilities and interest expense** | 870,626 | 21,250 | 4.9 | 859,082 | 20,290 | 4.7 |

## Average liabilities and equity

| | Half Year ended | |
|---|---|---|
| | Sep 24 $m | Mar 24 $m |
| **Average non-interest bearing liabilities** | | |
| Deposits not bearing interest | | |
| Australia[1] | **84,063** | 83,625 |
| New Zealand[1] | **11,601** | 12,462 |
| Other International | **4** | 8 |
| **Total deposits not bearing interest** | **95,668** | 96,095 |
| Other liabilities | **47,880** | 57,147 |
| **Total average non-interest bearing liabilities** | **143,548** | 153,242 |
| **Total average liabilities** | **1,014,174** | 1,012,324 |
| | | |
| **Average equity** | | |
| Total average equity (attributable to owners of the Company) | **61,482** | 60,704 |
| Non-controlling interests | **438** | 348 |
| **Total average equity** | **61,920** | 61,052 |
| **Total average liabilities and equity** | **1,076,094** | 1,073,376 |

(1) Includes mortgage offset accounts of $47,435 million (March 2024: $45,986 million) in Australia and $2,319 million (March 2024: $2,318 million) in New Zealand.

# 9 Net interest margins and spreads

| | Year to | | | Half Year to | | |
|---|---|---|---|---|---|---|
| | Sep 24 % | Sep 23 % | Sep 24 v Sep 23 | Sep 24 % | Mar 24 % | Sep 24 v Mar 24 |
| Net interest spread | **1.15** | 1.27 | (12 bps) | **1.15** | 1.15 | - |
| Benefit of net free liabilities, provisions and equity | **0.56** | 0.47 | 9 bps | **0.55** | 0.57 | (2 bps) |
| **Net interest margin - statutory basis** | **1.71** | 1.74 | (3 bps) | **1.70** | 1.72 | (2 bps) |

# 10 Capital adequacy

Regulatory capital is calculated in accordance with APS 111 *Capital Adequacy: Measurement of Capital*. The first table below is a reconciliation from total equity per the Group's balance sheet to capital for regulatory purposes, including CET1 capital, Tier 1 capital and Total capital. Capital for regulatory purposes is based on the Level 2 regulatory group which comprises the Company and its controlled entities, excluding securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief and funds management entities. The second and third tables in this note provide risk-weighted assets for each risk type and key capital ratios respectively for the Level 2 regulatory group.

| | As at | | |
|---|---|---|---|
| | **30 Sep 24** | **31 Mar 24** | **30 Sep 23** |
| | **$m** | **$m** | **$m** |
| Contributed equity | **36,581** | 37,664 | 38,546 |
| Reserves | **(362)** | (680) | (1,192) |
| Retained profits | **25,236** | 24,382 | 23,800 |
| Non-controlling interests | **758** | 344 | 349 |
| **Total equity per consolidated balance sheet** | **62,213** | 61,710 | 61,503 |
| Adjustments between the Group and Level 2 regulatory group balance sheets | **7** | 3 | 4 |
| Perpetual preference shares issued by subsidiaries not eligible as regulatory capital | **(758)** | (344) | (349) |
| Fee income eligible as regulatory capital | **371** | 362 | 309 |
| Goodwill and other intangible assets, net of tax | **(2,231)** | (2,247) | (2,264) |
| Investment in non-consolidated controlled entities | **(10)** | (10) | (10) |
| Deferred tax assets in excess of deferred tax liabilities | **(2,780)** | (2,606) | (2,510) |
| Capitalised expenses, net of deferred fee income(1) | **(1,771)** | (1,535) | (1,456) |
| Software, net of tax | **(3,283)** | (3,020) | (2,906) |
| Defined benefit superannuation plan asset, net of tax | **(33)** | (31) | (28) |
| Change in own creditworthiness, net of tax | **118** | 96 | 58 |
| Cash flow hedge reserve | **145** | 699 | 1,611 |
| Equity exposures | **(827)** | (502) | (772) |
| Other | **(22)** | (32) | (54) |
| **CET1 capital** | **51,139** | 52,543 | 53,136 |
| Additional Tier 1 capital instruments | **9,610** | 8,610 | 8,610 |
| Regulatory adjustments to Additional Tier 1 capital | **(21)** | (20) | (20) |
| **Additional Tier 1 capital** | **9,589** | 8,590 | 8,590 |
| **Tier 1 capital** | **60,728** | 61,133 | 61,726 |
| Tier 2 capital instruments | **24,108** | 24,678 | 22,684 |
| Eligible provisions held against non-defaulted exposures under the IRB approach | **1,681** | 1,742 | 1,920 |
| Eligible provisions held against exposures under the standardised approach | **221** | 247 | 248 |
| Regulatory adjustments to Tier 2 capital | **(136)** | (133) | (110) |
| **Tier 2 capital** | **25,874** | 26,534 | 24,742 |
| **Total capital** | **86,602** | 87,667 | 86,468 |

(1) Fee income eligible as regulatory capital is netted against capitalised expenses where the fee income and capitalised expenses relate to the same product portfolio, in accordance with APS 111 *Capital Adequacy: Measurement of Capital*.

### Model and methodology changes

During the six months ended 30 September 2024, the following model and methodology changes were implemented:

- Loss given default estimates for corporate and retail SME exposures subject to the advanced IRB approach were updated, including estimates for collateral values. This change has reduced credit RWA for these exposures of the Level 2 Group excluding BNZ.
- Probability of default estimates for residential mortgage exposures subject to the advanced IRB approach were updated through the implementation of new probability of default models. This change has reduced credit RWA for residential mortgage exposures of the Level 2 Group excluding BNZ.
- A residential mortgage portfolio previously subject to the standardised approach received APRA approval for use of the advanced IRB approach. This change has reduced residential mortgage exposures subject to the standardised approach, and increased residential mortgage exposures under the advanced IRB approach, with an overall decrease in credit RWA for residential mortgages of the Level 2 Group excluding BNZ.
- Standardised credit conversion factors were adopted for certain non-retail exposures of the RBNZ regulated banking subsidiary. This change resulted in a decrease in exposure at default and associated credit RWA.

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Risk-weighted assets** | | | |
| **Credit risk** | | | |
| Subject to advanced IRB approach | | | |
| Corporate (including SME) | **104,089** | 106,746 | 103,466 |
| Retail SME | **10,327** | 10,443 | 10,200 |
| Residential mortgage | **104,004** | 107,716 | 103,898 |
| Qualifying revolving retail | **2,682** | 2,762 | 2,664 |
| Other retail | **1,922** | 1,873 | 1,819 |
| Subject to foundation IRB approach | | | |
| Corporate | **20,950** | 21,454 | 22,694 |
| Sovereign | **1,617** | 1,423 | 1,496 |
| Financial institution | **19,068** | 20,247 | 20,839 |
| Total internal ratings-based approach | **264,659** | 272,664 | 267,076 |
| Specialised lending | **2,609** | 3,090 | 2,332 |
| Subject to standardised approach | | | |
| Corporate | **7,693** | 6,897 | 5,461 |
| Residential mortgage | **3,212** | 6,558 | 6,589 |
| Other retail | **6,041** | 6,078 | 5,988 |
| Other[(1)] | **4,355** | 4,861 | 4,671 |
| Total standardised approach | **21,301** | 24,394 | 22,709 |
| RBNZ regulated banking subsidiary | **51,899** | 53,147 | 53,026 |
| Other | | | |
| Securitisation exposures | **5,369** | 5,939 | 5,332 |
| Credit valuation adjustment | **5,054** | 4,639 | 5,079 |
| Total other | **10,423** | 10,578 | 10,411 |
| **Total credit risk** | **350,891** | 363,873 | 355,554 |
| Market risk | **11,427** | 11,171 | 8,811 |
| Operational risk[(2)] | **36,102** | 36,102 | 41,178 |
| Interest rate risk in the banking book | **15,526** | 21,407 | 29,463 |
| **Total risk-weighted assets** | **413,946** | 432,553 | 435,006 |

(1) Consists of cash items in the process of collection, premises and other fixed assets, and all other exposures.
(2) $6.25 billion of the decrease in operational risk-weighted assets from 30 September 2023 to 31 March 2024 is attributable to APRA's removal of the $500 million Operational Risk capital add-on that was applied in 2019 in the response to NAB's 2018 self-assessment into governance, accountability and culture.

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | % | % | % |
| **Capital ratios** | | | |
| CET1 | **12.35** | 12.15 | 12.22 |
| Tier 1 | **14.67** | 14.13 | 14.19 |
| Total capital | **20.92** | 20.27 | 19.88 |

# 11 Earnings per share

| | Year to | | | |
|---|---|---|---|---|
| | Basic | | Diluted | |
| | Sep 24 | Sep 23 | Sep 24 | Sep 23 |
| **Statutory earnings per share** | | | | |
| **Earnings ($m)** | | | | |
| Net profit attributable to owners of the Company | **6,960** | 7,414 | **6,960** | 7,414 |
| Potential dilutive adjustments | | | | |
| Interest expense on convertible notes[1] | **-** | - | **374** | 371 |
| **Adjusted earnings** | **6,960** | 7,414 | **7,334** | 7,785 |
| Net loss from discontinued operations attributable to the owners of the Company | **103** | 51 | **103** | 51 |
| **Adjusted earnings from continuing operations** | **7,063** | 7,465 | **7,437** | 7,836 |
| **Weighted average number of ordinary shares (millions)** | | | | |
| Weighted average number of ordinary shares (net of treasury shares) | **3,099** | 3,136 | **3,099** | 3,136 |
| Weighted average number of dilutive potential ordinary shares | | | | |
| Convertible notes[1] | **-** | - | **184** | 258 |
| Share-based payments | **-** | - | **10** | 10 |
| **Total weighted average number of ordinary shares** | **3,099** | 3,136 | **3,293** | 3,404 |
| **Earnings per share attributable to owners of the Company (cents)** | **224.6** | 236.4 | **222.7** | 228.7 |
| Earnings per share from continuing operations (cents) | **227.9** | 238.0 | **225.8** | 230.2 |

| | Half Year to | | | |
|---|---|---|---|---|
| | Basic | | Diluted | |
| | Sep 24 | Mar 24 | Sep 24 | Mar 24 |
| **Statutory earnings per share** | | | | |
| **Earnings ($m)** | | | | |
| Net profit attributable to owners of the Company | **3,466** | 3,494 | **3,466** | 3,494 |
| Potential dilutive adjustments | | | | |
| Interest expense on convertible notes[1] | **-** | - | **179** | 234 |
| **Adjusted earnings** | **3,466** | 3,494 | **3,645** | 3,728 |
| Net loss from discontinued operations attributable to the owners of the Company | **53** | 50 | **53** | 50 |
| **Adjusted earnings from continuing operations** | **3,519** | 3,544 | **3,698** | 3,778 |
| **Weighted average number of ordinary shares (millions)** | | | | |
| Weighted average number of ordinary shares (net of treasury shares) | **3,085** | 3,113 | **3,085** | 3,113 |
| Potential dilutive weighted average number of ordinary shares | | | | |
| Convertible notes[1] | **-** | - | **177** | 254 |
| Share-based payments | **-** | - | **10** | 9 |
| **Total weighted average number of ordinary shares** | **3,085** | 3,113 | **3,272** | 3,376 |
| **Earnings per share attributable to owners of the Company (cents)** | **112.4** | 112.2 | **111.4** | 110.4 |
| Earnings per share from continuing operations (cents) | **114.1** | 113.8 | **113.0** | 111.9 |

(1) Convertible notes are dilutive instruments as they may convert into ordinary shares in the future. Certain convertible notes have been excluded from the calculation of diluted EPS for the September 2024 full year and the September 2024 half year as they were anti-dilutive, however they could potentially dilute basic earnings per share in the future.

# Earnings per share (cont.)

| | Year to | | | |
|---|---|---|---|---|
| | Basic | | Diluted | |
| | Sep 24 | Sep 23 | Sep 24 | Sep 23 |
| **Cash earnings per share** | | | | |
| **Earnings ($m)** | | | | |
| Cash earnings[1] | **7,102** | 7,731 | **7,102** | 7,731 |
| Potential dilutive adjustments | | | | |
| Interest expense on convertible notes[2] | **-** | - | **374** | 371 |
| **Adjusted cash earnings** | **7,102** | 7,731 | **7,476** | 8,102 |
| **Weighted average number of ordinary shares (millions)** | | | | |
| Weighted average number of ordinary shares (net of treasury shares) | **3,099** | 3,136 | **3,099** | 3,136 |
| Potential dilutive weighted average number of ordinary shares | | | | |
| Convertible notes[2] | **-** | - | **184** | 258 |
| Share-based payments | **-** | - | **10** | 10 |
| **Total weighted average number of ordinary shares** | **3,099** | 3,136 | **3,293** | 3,404 |
| **Cash earnings per share (cents)** | **229.2** | 246.5 | **227.0** | 238.0 |

| | Half Year to | | | |
|---|---|---|---|---|
| | Basic | | Diluted | |
| | Sep 24 | Mar 24 | Sep 24 | Mar 24 |
| **Cash earnings per share** | | | | |
| **Earnings ($m)** | | | | |
| Cash earnings[1] | **3,554** | 3,548 | **3,554** | 3,548 |
| Potential dilutive adjustments | | | | |
| Interest expense on convertible notes[2] | **-** | - | **196** | 234 |
| **Adjusted cash earnings** | **3,554** | 3,548 | **3,750** | 3,782 |
| **Weighted average number of ordinary shares (millions)** | | | | |
| Weighted average number of ordinary shares (net of treasury shares) | **3,085** | 3,113 | **3,085** | 3,113 |
| Potential dilutive weighted average number of ordinary shares | | | | |
| Convertible notes[2] | **-** | - | **193** | 254 |
| Share-based payments | **-** | - | **10** | 9 |
| **Total weighted average number of ordinary shares** | **3,085** | 3,113 | **3,288** | 3,376 |
| **Cash earnings per share (cents)** | **115.2** | 114.0 | **114.1** | 112.0 |

(1) Refer to *Note 16 Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings* for further details.
(2) Convertible notes are dilutive instruments as they may convert into ordinary shares in the future. Certain convertible notes have been excluded from the calculation of diluted EPS for the September 2024 full year and the September 2024 half year as they were anti-dilutive, however they could potentially dilute basic earnings per share in the future.

# 12 Return on equity

| | Year to | | Half Year to | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| **Statutory return on equity** | | | | |
| **Earnings ($m)** | | | | |
| Net profit attributable to owners of the Company | **6,960** | 7,414 | **3,466** | 3,494 |
| **Adjusted earnings** | **6,960** | 7,414 | **3,466** | 3,494 |
| **Average equity ($m)** | | | | |
| Average equity | **61,433** | 60,201 | **61,920** | 61,052 |
| Less: Average non-controlling interests | **(394)** | (107) | **(438)** | (348) |
| **Total average equity (attributable to owners of the Company) ($m)** | **61,039** | 60,094 | **61,482** | 60,704 |
| **Statutory return on equity** | **11.4%** | 12.3% | **11.3%** | 11.5% |

| | Year to | | Half Year to | |
|---|---|---|---|---|
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 |
| **Cash return on equity** | | | | |
| **Earnings ($m)** | | | | |
| Cash earnings | **7,102** | 7,731 | **3,554** | 3,548 |
| **Total average equity (attributable to owners of the Company) ($m)** | **61,039** | 60,094 | **61,482** | 60,704 |
| **Cash return on equity** | **11.6%** | 12.9% | **11.6%** | 11.7% |

# 13 Funding sources

The Group maintains a well-diversified funding profile across issuance type, currency, investor location and tenor.

The following table provides the funding sources for the Group including customer deposits, and short-term and long-term wholesale funding.

| | As at | | |
|---|---|---|---|
| | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| | $m | $m | $m |
| **Funding sources** | | | |
| Customer deposits | **612,796** | 596,546 | 587,384 |
| Term wholesale funding with greater than 12 months to maturity | **146,404** | 148,508 | 138,416 |
| Central bank funding facilities with greater than 12 months to maturity(1) | **2,092** | 2,524 | 3,342 |
| Term wholesale funding with less than 12 months to maturity | **24,480** | 19,327 | 16,032 |
| Central bank funding facilities with less than 12 months to maturity(1) | **1,011** | 18,284 | 18,526 |
| Short-term wholesale funding(2) | **115,321** | 114,503 | 106,673 |
| Short-term collateral and settlements | **7,439** | 8,850 | 13,530 |
| **Total funding sources** | **909,543** | 908,542 | 883,903 |
| Equity | **62,213** | 61,710 | 61,503 |
| **Total funding sources and equity** | **971,756** | 970,252 | 945,406 |

(1) Includes TFF provided by the RBA, and the TLF and Funding for Lending Programme provided by the RBNZ.
(2) Includes certificate of deposits, commercial papers, due to other banks, 12 months medium-term notes and other financial liabilities.

# 14 Number of ordinary shares

| | Year to | |
|---|---|---|
| | Sep 24 No. '000 | Sep 23 No. '000 |
| **Ordinary shares, fully paid** | | |
| Balance at beginning of period | **3,128,949** | 3,153,813 |
| Shares issued: | | |
| Bonus share plan | **1,314** | 1,338 |
| Share-based payments | **4,456** | 3,628 |
| Paying up of partly paid shares | **9** | 3 |
| Shares bought back | **(60,690)** | (29,833) |
| **Total ordinary shares, fully paid** | **3,074,038** | 3,128,949 |
| **Ordinary shares, partly paid to 25 cents** | | |
| Balance at beginning of period | **9** | 12 |
| Paying up of partly paid shares | **(9)** | (3) |
| **Total ordinary shares, partly paid to 25 cents** | **-** | 9 |
| **Total ordinary shares (including treasury shares)** | **3,074,038** | 3,128,958 |
| Less: Treasury shares | **(8,642)** | (8,137) |
| **Total ordinary shares (excluding treasury shares)** | **3,065,396** | 3,120,821 |

| | Half Year to | |
|---|---|---|
| | Sep 24 No. '000 | Mar 24 No. '000 |
| **Ordinary shares, fully paid** | | |
| Balance at beginning of period | **3,102,760** | 3,128,949 |
| Shares issued: | | |
| Bonus share plan | **578** | 736 |
| Share-based payments | **279** | 4,177 |
| Paying up of partly paid shares | **-** | 9 |
| Shares bought back | **(29,579)** | (31,111) |
| **Total ordinary shares, fully paid** | **3,074,038** | 3,102,760 |
| **Ordinary shares, partly paid to 25 cents** | | |
| Balance at beginning of period | **-** | 9 |
| Paying up of partly paid shares | **-** | (9) |
| **Total ordinary shares, partly paid to 25 cents** | **-** | - |
| **Total ordinary shares (including treasury shares)** | **3,074,038** | 3,102,760 |
| Less: Treasury shares | **(8,642)** | (8,607) |
| **Total ordinary shares (excluding treasury shares)** | **3,065,396** | 3,094,153 |

# 15 Non-cash earnings items

## Hedging and fair value volatility

Hedging and fair value remeasurements cause volatility in statutory profit and are excluded from cash earnings. This volatility represents timing differences between the unrealised gains or losses recognised over the term of the transactions and the ultimate economic outcome which will only be realised in the future. This volatility arises primarily from fair value movements relating to trading derivatives held for risk management purposes; fair value movements relating to assets, liabilities and derivatives designated in hedge relationships; and fair value movements relating to assets and liabilities designated at fair value.

In the September 2024 full year, there was a decrease in statutory profit of $6 million after tax from hedging and fair value volatility.

## Amortisation of acquired intangible assets

The amortisation of acquired intangible assets represents the amortisation of intangible assets arising from the acquisition of controlled entities such as software, customer relationships and core deposits.

In the September 2024 full year, there was a decrease in statutory profit of $42 million ($29 million after tax) due to the amortisation of acquired intangible assets.

## Acquisitions, integration, disposals and business closures

The net impact of acquisitions, integration, disposals and business closures is excluded from cash earnings as they do not reflect the underlying earnings of the Group. In the September 2024 full year, this includes the following items:

- Gains or losses (including the impact of recycling foreign currency reserves) recognised on the disposal or closure of Group businesses, primarily related to the disposal of the New Zealand wealth businesses.
- Transaction and other costs directly associated with the acquisition and integration of Group businesses, primarily related to the integration of the Citi consumer business.
- Transaction and other costs directly associated with the disposal or closure of Group businesses, primarily related to the disposal of the New Zealand wealth businesses.

In the September 2024 full year, there was a decrease in statutory profit of $174 million ($4 million after tax) related to acquisitions, integration, disposals and business closures.

# 16 Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings

| | Full Year to September 2024 | | | | |
|---|---|---|---|---|---|
| | Statutory net profit from continuing operations | Hedging and fair value volatility | Amortisation of acquired intangible assets | Acquisitions, integration, disposals and business closures | Cash earnings |
| | $m | $m | $m | $m | $m |
| **Statutory net profit reconciliation** | | | | | |
| Net interest income | 16,757 | (3) | - | - | 16,754 |
| Other operating income | 3,889 | (10) | - | (383) | 3,496 |
| **Net operating income** | 20,646 | (13) | - | (383) | 20,250 |
| Operating expenses | (10,026) | - | 42 | 557 | (9,427) |
| **Profit / (loss) before credit impairment charge** | 10,620 | (13) | 42 | 174 | 10,823 |
| Credit impairment (charge) / write-back | (741) | 13 | - | - | (728) |
| **Profit before income tax** | 9,879 | - | 42 | 174 | 10,095 |
| Income tax (expense) / benefit | (2,798) | 6 | (13) | (170) | (2,975) |
| **Net profit from continuing operations before non-controlling interests** | 7,081 | 6 | 29 | 4 | 7,120 |
| Non-controlling interests | (18) | - | - | - | (18) |
| **Net profit attributable to owners of the Company from continuing operations** | 7,063 | 6 | 29 | 4 | 7,102 |

| | Full Year to September 2023 | | | | |
|---|---|---|---|---|---|
| | Statutory net profit from continuing operations | Hedging and fair value volatility | Amortisation of acquired intangible assets | Acquisitions, integration, disposals and business closures | Cash earnings |
| | $m | $m | $m | $m | $m |
| **Statutory net profit reconciliation** | | | | | |
| Net interest income | 16,807 | - | - | - | 16,807 |
| Other operating income | 3,841 | 32 | - | (26) | 3,847 |
| **Net operating income** | 20,648 | 32 | - | (26) | 20,654 |
| Operating expenses | (9,382) | - | 43 | 316 | (9,023) |
| **Profit before credit impairment charge** | 11,266 | 32 | 43 | 290 | 11,631 |
| Credit impairment (charge) / write-back | (816) | 14 | - | - | (802) |
| **Profit before income tax** | 10,450 | 46 | 43 | 290 | 10,829 |
| Income tax expense | (2,980) | (17) | (13) | (83) | (3,093) |
| **Net profit from continuing operations before non-controlling interests** | 7,470 | 29 | 30 | 207 | 7,736 |
| Non-controlling interests | (5) | - | - | - | (5) |
| **Net profit attributable to owners of the Company from continuing operations** | 7,465 | 29 | 30 | 207 | 7,731 |

## Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings (cont.)

| | Half Year to September 2024 | | | | |
|---|---|---|---|---|---|
| | Statutory net profit from continuing operations | Hedging and fair value volatility | Amortisation of acquired intangible assets | Acquisitions, integration, disposals and business closures | Cash earnings |
| | $m | $m | $m | $m | $m |
| **Statutory net profit reconciliation** | | | | | |
| Net interest income | **8,359** | **(2)** | **-** | **-** | **8,357** |
| Other operating income | **2,117** | **21** | **-** | **(383)** | **1,755** |
| **Net operating income** | **10,476** | **19** | **-** | **(383)** | **10,112** |
| Operating expenses | **(5,207)** | **-** | **21** | **436** | **(4,750)** |
| **Profit before credit impairment charge** | **5,269** | **19** | **21** | **53** | **5,362** |
| Credit impairment charge | **(365)** | **-** | **-** | **-** | **(365)** |
| **Profit before income tax** | **4,904** | **19** | **21** | **53** | **4,997** |
| Income tax (expense) / benefit | **(1,376)** | **1** | **(7)** | **(52)** | **(1,434)** |
| **Net profit from continuing operations before non-controlling interests** | **3,528** | **20** | **14** | **1** | **3,563** |
| Non-controlling interests | **(9)** | **-** | **-** | **-** | **(9)** |
| **Net profit attributable to owners of the Company from continuing operations** | **3,519** | **20** | **14** | **1** | **3,554** |

| | Half Year to March 2024 | | | | |
|---|---|---|---|---|---|
| | Statutory net profit from continuing operations | Hedging and fair value volatility | Amortisation of acquired intangible assets | Acquisitions, integration, disposals and business closures | Cash earnings |
| | $m | $m | $m | $m | $m |
| **Statutory net profit reconciliation** | | | | | |
| Net interest income | 8,398 | (1) | - | - | 8,397 |
| Other operating income | 1,772 | (31) | - | - | 1,741 |
| **Net operating income** | 10,170 | (32) | - | - | 10,138 |
| Operating expenses | (4,819) | - | 21 | 121 | (4,677) |
| **Profit / (loss) before credit impairment charge** | 5,351 | (32) | 21 | 121 | 5,461 |
| Credit impairment (charge) / write-back | (376) | 13 | - | - | (363) |
| **Profit / (loss) before income tax** | 4,975 | (19) | 21 | 121 | 5,098 |
| Income tax (expense) / benefit[(1)] | (1,422) | 5 | (6) | (118) | (1,541) |
| **Net profit from continuing operations before non-controlling interests** | 3,553 | (14) | 15 | 3 | 3,557 |
| Non-controlling interests | (9) | - | - | - | (9) |
| **Net profit attributable to owners of the Company from continuing operations** | 3,544 | (14) | 15 | 3 | 3,548 |

(1) Acquisitions, integration, disposals and business closures includes the effect of recognising a deferred tax asset in respect of previously unrecognised capital losses.

# 17 Exchange rates

| | Income statement - average | | | | Balance sheet - spot | | |
|---|---|---|---|---|---|---|---|
| | Year to | | Half Year to | | As at | | |
| | Sep 24 | Sep 23 | Sep 24 | Mar 24 | 30 Sep 24 | 31 Mar 24 | 30 Sep 23 |
| **One Australian dollar equals** | | | | | | | |
| British pounds | **0.5201** | 0.5434 | **0.5188** | 0.5215 | **0.5177** | 0.5160 | 0.5292 |
| Euros | **0.6081** | 0.6241 | **0.6109** | 0.6053 | **0.6208** | 0.6043 | 0.6111 |
| United States dollars | **0.6593** | 0.6661 | **0.6644** | 0.6542 | **0.6930** | 0.6512 | 0.6477 |
| New Zealand dollars | **1.0846** | 1.0845 | **1.0930** | 1.0761 | **1.0885** | 1.0902 | 1.0745 |

# Glossary

**12-month expected credit losses (ECL)**
The portion of lifetime expected credit losses that represent the expected losses arising from default events that could occur within 12 months of the reporting date.

**AASB**
Australian Accounting Standards Board.

**Additional Tier 1 (AT1) capital**
AT1 capital comprises high quality components of capital that satisfy the criteria for inclusion as Additional Tier 1 capital as defined in APS 111 Capital Adequacy: Measurement of Capital.

**ADI**
Authorised Deposit-taking Institution.

**Advanced Internal ratings-based (Advanced IRB)**
The approach used by the Group, under approval from APRA, to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, loss given default and exposure at default.

**APRA**
Australian Prudential Regulation Authority.

**APS**
Prudential Standards issued by APRA applicable to ADIs.

**ASX**
Australian Securities Exchange Limited (or the market operated by it).

**AUSTRAC**
Australian Transaction Reports and Analysis Centre.

**Available stable funding (ASF)**
The portion of an ADI's capital and liabilities expected to be reliably provided over a one-year time horizon.

**Average interest earning assets**
The average balance of assets held by the Group over the period that generate interest income.

**Basel III**
Basel III is a global regulatory framework designed to increase the resilience of banks and banking systems and was effective for ADIs from 1 January 2013.

**BNZ**
Bank of New Zealand.

**Business lending**
Lending to non-retail customers including overdrafts, asset and lease financing, term lending, bill acceptances, foreign currency loans, international and trade finance, securitisation and specialised finance.

**Cash earnings**
Cash earnings is a non-IFRS key performance measure used by the Group and the investment community. Cash earnings is defined as net profit attributable to owners of the Company from continuing operations adjusted for non-cash items, including items such as hedging and fair value volatility, the amortisation of acquired intangible assets and gains or losses and certain other items associated with the acquisition, integration, disposal or closure of Group businesses.

**Cash earnings on average risk-weighted assets**
Calculated as cash earnings (annualised after tax) divided by average risk-weighted assets. Average risk-weighted assets are calculated as the average of the current and previous two quarter-end spot risk-weighted assets.

**Cash return on equity**
Cash earnings after tax expressed as a percentage of total average equity (attributable to owners of the Company).

**Citi consumer business**
Citi consumer business refers to Citigroup's Australian consumer business, acquired by the Group in June 2022.

**Citigroup**
Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

**Committed liquidity facility (CLF)**
A facility provided by the RBA to certain ADIs to assist them in meeting the Basel III liquidity requirements. The CLF was reduced to zero on 1 January 2023.

**Common Equity Tier 1 (CET1) capital**
CET1 capital ranks behind the claims of depositors and other creditors in the event of winding-up of the issuer, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. CET1 capital consists of the sum of paid-up ordinary share capital, retained profits plus certain other items as defined in APS 111 Capital Adequacy: Measurement of Capital.

**Common Equity Tier 1 capital ratio**
CET1 capital divided by risk-weighted assets.

**Company**
National Australia Bank Limited (NAB) ABN 12 004 044 937.

**Compensation Scheme of Last Resort (CSLR)**
The CSLR is a scheme designed to make payments on a last-resort basis to eligible consumers where determinations by the Australian Financial Complaints Authority (AFCA) for compensation remain unpaid, as approved by the Australian Parliament in June 2023.

**Continuing operations**
Continuing operations are the components of the Group which are not discontinued operations.

**Core assets**
Represents gross loans and advances including acceptances, financial assets at fair value, and other debt instruments at amortised cost.

**Cost to income ratio**
Represents operating expenses as a percentage of operating revenue.

**CTF**
Counter-Terrorism Financing.

**Customer deposits**
The sum of interest bearing, non-interest bearing and term deposits (including retail and corporate deposits).

**Customer Funding Index (CFI)**
Customer deposits (excluding certain short dated institutional deposits used to fund liquid assets) divided by core assets.

**Customer risk management**
Activities to support customers to manage their financial risks (predominantly foreign exchange and interest rate risks).

**D-SIB**
Domestic systematically important banks.

**Default**
Default occurs when a loan obligation is contractually 90 days or more past due, or when it is considered unlikely that the credit obligation to the Group will be paid in full without remedial action, such as realisation of security.

**Default but not impaired assets**
Calculated as 'Non-performing exposures' less 'Gross impaired assets'.

**Dilutive potential ordinary share**
A financial instrument or other contract that may entitle its holder to ordinary shares and which would have the effect of decreasing earnings per share. For the Group in the September 2024 full year, these include convertible notes and notes issued under employee incentive schemes.

**Discontinued operations**
Discontinued operations are a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, which is part of a single coordinated plan for disposal.

**Distributions**
Payments to holders of equity instruments other than ordinary shares, including National Income Securities.

**Dividend payout ratio**
Dividends paid on ordinary shares divided by cash earnings per share.

**Earnings per share - basic**
Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis), divided by the weighted average number of ordinary shares.

**Earnings per share - diluted**
Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis), divided by the weighted average number of ordinary shares, after adjusting both earnings and the weighted average number of ordinary shares for the impact of dilutive potential ordinary shares.

**Economic adjustments**
The economic adjustment forms part of the provision for credit impairment derived from reasonable and supportable forecasts of potential future conditions (forward looking information) that is not captured within the underlying credit provision. It incorporates general macro-economic forward looking information (for example, GDP, unemployment and interest rates).

**Effective tax rate**
Income tax expense divided by profit before income tax expense.

**Enforceable Undertaking (EU)**
An enforceable undertaking under subsection 197(1) of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) entered into between NAB and the CEO of AUSTRAC on 29 April 2022, in relation to concerns identified by AUSTRAC with the Group's compliance with certain AML and CTF requirements which were the subject of a formal investigation by AUSTRAC.

**Fair value**
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

**FirstCape**
FirstCape Group Limited was established to combine the Group's New Zealand wealth businesses and Jarden Wealth and Asset Management Holdings Limited's wealth and asset management business. References to FirstCape in this document refer to FirstCape Group Limited and/or its subsidiaries.

**Forward looking adjustment (FLA)**
Forward looking adjustments reflect part of the provision for credit impairment derived from reasonable and supportable forecasts of potential future conditions (forward looking information) that are not otherwise captured within the underlying credit provision or the economic adjustments. They incorporate more targeted sector-specific forward looking information.

**Foundation Internal ratings-based (Foundation IRB)**
An approach to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, and supervisory estimates for loss given default and exposure at default.

**Full-time equivalent employees (FTEs)**
Includes all full-time, part-time, temporary, fixed term and casual employee equivalents, as well as agency temporary employees and external contractors either self-employed or employed by a third party agency. Note: this excludes consultants, IT professional services, outsourced service providers and non-executive directors.

**Gross domestic product (GDP)**
GDP is the market value of finished goods and services produced within a country in a given period of time.

**Gross impaired assets**
Calculated as the sum of 'Impaired assets' and 'Restructured loans'.

**Gross loans and acceptances (GLAs)**
Total loans, advances and acceptances, including unearned and deferred fee income, excluding associated provisions for expected credit losses. Calculated as the sum of 'Acceptances', 'Loans and advances at fair value' and 'Loans and advances at amortised cost'.

**Group**
NAB and its controlled entities.

**Hedging and fair value volatility**
This volatility represents timing differences between the unrealised gains or losses recognised over the term of the transactions and the ultimate economic outcome which will only be realised in future. This volatility arises primarily from fair value movements relating to trading derivatives held for risk management purposes; fair value movements relating to assets, liabilities and derivatives designated in hedge relationships; and fair value movements relating to assets and liabilities designated at fair value.

**High-quality liquid assets (HQLA)**
Consists primarily of cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns as defined in APS 210 Liquidity.

**Housing lending**
Mortgages secured by residential properties as collateral.

**IFRS**
International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

**Impaired assets**
Consists of: Retail loans (excluding unsecured portfolio managed facilities) which are contractually 90 days or more past due with security insufficient to cover principal and interest or where sufficient doubt exists about the ability to collect principal and interest in a timely manner. Non-retail loans which are contractually past due and / or where there is sufficient doubt the ability to collect principal and interest. Off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities that are 180 days or more past due (if not written off).

**Leverage ratio**
Tier 1 capital divided by exposures as defined by APS 110 Capital Adequacy. It is a simple, non-risk based measure to supplement the risk-weighted assets based capital requirements. Exposures include on-balance sheet exposures, derivative exposures, securities financing transaction exposures and non-market related off-balance sheet exposures.

**Lifetime expected credit losses (ECL)**
The ECL that result from all possible default events over the expected life of a financial instrument.

**Liquidity coverage ratio (LCR)**
A metric that measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario.

**Marketable debt securities**
Comprises trading securities and debt instruments.

**MLC Life**
MLC Limited.

**MLC Wealth**
MLC Wealth was the Group's Wealth division which provided superannuation, investments, asset management and financial advice to retail, corporate and institutional customers, supported by several brands including MLC, Plum and investment brands under MLC Asset Management. The sale of MLC Wealth to Insignia Financial Ltd completed on 31 May 2021.

**NAB**
National Australia Bank Limited ABN 12 004 044 937.

**NAB risk management**
Management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises.

**Net interest margin (NIM)**
Net interest income derived on a cash earnings basis expressed as a percentage of average interest earning assets.

**Net Promoter Score (NPS)**
Net Promoter® and NPS® are registered trademarks, and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Net Promoter Score measures the likelihood of a customer's recommendation to others.

**Net stable funding ratio (NSFR)**
A ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF).

**Non-performing exposures**
Exposures which are in default aligned to the definition in APS 220 Credit Risk Management.

**PPS**
Perpetual Preference Shares.

**RBA**
Reserve Bank of Australia.

**RBNZ**
Reserve Bank of New Zealand.

**Required stable funding (RSF)**
The amount of stable funding an ADI is required to hold measured as a function of the liquidity characteristics and residual maturities of the various assets held by an ADI, including off-balance sheet exposures.

**Restructured loans**
Consists of facilities where a borrower is experiencing financial difficulty or hardship in meeting their credit obligation or is in default, and a non-commercial concession is granted to the borrower that would not otherwise be considered and the concession is outside of that which would be provided under normal market conditions, and the concession is provided as a path out of default.

**Risk-weighted assets (RWA)**
A quantitative measure of risk required by the APRA risk-based capital adequacy framework, covering credit risk for on and off-balance sheet exposures, market risk, operational risk and interest rate risk in the banking book.

**RMBS**
Residential Mortgage Backed Securities.

**Securitisation**
Structured finance technique which involves pooling, packaging cash flows and converting financial assets into securities that can be sold to investors.

**SME**
Small and medium-sized enterprises.

**Stable funding index (SFI)**
Term funding index (TFI) plus Customer funding index (CFI).

**Standardised approach**
An alternative approach used to calculate the capital requirement for credit risk, which utilises regulatory prescribed risk-weights based on external ratings and/or the application of specific regulator defined metrics to determine risk-weighted assets.

**Statutory net profit**
Net profit attributable to owners of the Company.

**Statutory return on equity**
Statutory earnings after tax expressed as a percentage of total average equity (attributable to owners of the Company), calculated on a statutory basis.

**Term funding index (TFI)**
Term wholesale funding with remaining maturity to first call date greater than 12 months, including Term Funding Facility (TFF) drawdowns divided by core assets.

**Tier 1 capital**
Tier 1 capital comprises CET1 capital and instruments that meet the criteria for inclusion as Additional Tier 1 capital set out in APS 111 Capital Adequacy: Measurement of Capital.

**Tier 1 capital ratio**
Tier 1 capital divided by risk-weighted assets.

**Tier 2 capital**
Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements as Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

**Total average assets**
The average balance of assets held by the Group over the period, adjusted for discontinued operations.

**Total capital**
Tier 1 capital plus Tier 2 capital.

**Total capital ratio**
Total capital divided by risk-weighted assets.

**Treasury shares**
Shares issued to meet the requirements of employee incentive schemes which have not yet been distributed.

**Underlying profit / loss**
Underlying profit / loss is a non-IFRS performance measure used by the Group. It represents cash earnings before credit impairment charges and income tax expense.

**Value at Risk (VaR)**
A mathematical technique that uses statistical analysis of historical data to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

**Weighted average number of ordinary shares**
The number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.