

# **2024 FULL YEAR U.S. DISCLOSURE DOCUMENT**

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# 2024 Full Year U.S. Disclosure Document

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## Section 1 Overview

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# Presentation of information

This 2024 Full Year U.S. Disclosure Document has been prepared for use in conjunction with the Group's U.S. debt funding program offering documents to provide certain information regarding the Group's business and operations, as well as its financial position, as at September 30, 2024, and the results of operations for the full year then ended.

A reference in this 2024 Full Year U.S. Disclosure Document to the 'Group' or the 'NAB Group' is a reference to National Australia Bank Limited (NAB or the Company) and its controlled entities. All currency amounts in this 2024 Full Year U.S. Disclosure Document are expressed in Australian dollars, unless otherwise stated. References in this 2024 Full Year U.S. Disclosure Document to the September 2024 full year are references to the twelve months ended September 30, 2024. Other twelve month periods are referred to in a corresponding manner. References in this 2024 Full Year U.S. Disclosure Document to the September 2024 half year are references to the six months ended September 30, 2024. Other six month periods referred to in this 2024 Full Year U.S. Disclosure Document are referred to in a corresponding manner.

Unless otherwise stated, information for comparative periods has been stated on a consistent basis with the information for the September 2024 full year.

The definitions of certain terms used in this 2024 Full Year U.S. Disclosure Document are set out in the *Glossary*, beginning on page 308.

## Presentation of financial information

Except as otherwise stated, the financial information presented in this 2024 Full Year U.S. Disclosure Document has been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Certain differences exist between AAS, IFRS and the Generally Accepted Accounting Principles applicable in the United States of America (US GAAP) which might be material to the financial information in this document.

The Group has not prepared a reconciliation of its consolidated financial statements and related disclosures between AAS, IFRS and US GAAP. In making an investment decision, potential investors must rely upon their own examination of the Group, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of these differences, and if they affect the financial information in this document.

Attached to this 2024 Full Year U.S. Disclosure Document as Annex A, B and C are the following extracts of the Group's 2024 Annual Report, as prepared by the Group and filed with the Australian Securities Exchange (ASX) in accordance with its rules:

- The 2024 Remuneration Report of the Group.
- The 2024 Financial Report of the Group (comprising the Group's financial statements, notes to the financial statements and directors' declaration) (hereafter referred to as the 2024 Financial Report), which is prepared in accordance with the *Corporations Act 2001* (Cth).
- The Independent Auditor's Report of the 2024 Financial Report.

Page numbers and cross references in the extracted information in the Annexes attached to this 2024 Full Year U.S. Disclosure Document are the references from the Group's 2024 Annual Report, from which that information is extracted,

and may not refer to information included in this 2024 Full Year U.S. Disclosure Document. That referenced information, and any websites referenced or accessible through the information in the Annexes attached to this 2024 Full Year U.S. Disclosure Document do not form part of, and are not included or incorporated into, this U.S. Disclosure Document unless expressly stated otherwise in this document.

Certain financial information included in this 2024 Full Year U.S. Disclosure Document is presented on a cash earnings basis. See below under "Information about cash earnings".

Information in this 2024 Full Year U.S. Disclosure Document is presented on a continuing operations basis, unless otherwise stated. Continuing operations are the components of the Group which are not discontinued operations.

The abbreviations \$m and \$bn represent millions and thousands of millions (i.e. billions) of Australian dollars respectively. This 2024 Full Year U.S. Disclosure Document contains translation of certain Australian dollar amounts into US dollars at specified rates. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated. Unless otherwise stated, the translation of Australian dollars into US dollars have been made at the rate of US\$0.6934 = A\$1.00, the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York on September 30, 2024.

## Discontinued operations

On 31 May 2021, the Group completed the sale of MLC Wealth, comprising its advice, platforms, superannuation and investments, and asset management businesses to Insignia Financial Ltd (MLC Wealth Transaction). The Company also provided covenants and warranties in favour of Insignia Financial Ltd. Refer to *Note 31 Commitments and contingent liabilities* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) for further details.

## Use of non-GAAP/IFRS performance measures

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

Certain financial measures detailed in this 2024 Full Year U.S. Disclosure Document are not accounting measures within the scope of IFRS and are "non-GAAP financial measures" (as defined in Regulation G under the United States Securities Act of 1933, as amended). Management use these financial metrics to evaluate the Group's overall financial performance and position and believe the presentation of these financial measures provide useful information to analysts and investors regarding the results of the Group's operations. These financial performance measures include:

- cash earnings
- statutory return on equity
- cash return on equity
- net interest margin
- total average equity (attributable to owners of the Company)
- average interest earning assets
- total average assets.

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

## Presentation of information (cont.)

financial measures are incorporated. Certain other financial performance measures detailed in this 2024 Full Year U.S. Disclosure Document are derived from IFRS measures and are similarly used by analysts and investors to assess the Group's performance. These measures are defined in the *Glossary*.

Any non-IFRS measures included in this 2024 Full Year U.S. Disclosure Document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. These non-IFRS measures do not have a standardised meaning prescribed by either AAS or IFRS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. They are not audited or reviewed in line with Australian Auditing Standards. Potential investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial measures and ratios included in this 2024 Full Year U.S. Disclosure Document.

Further detail in relation to these financial measures is set out below and in the *Glossary* beginning on page 308.

### Information about cash earnings

Cash earnings is a non-IFRS key financial 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, 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 AAS and is not audited or reviewed in accordance with Australian Auditing Standards.

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.

Certain information in Section 2 of this 2024 Full Year U.S. Disclosure Document is presented on a cash earnings basis. In addition, the Group results included in Section 3 of this 2024 Full Year U.S. Disclosure Document are presented on a cash earnings basis, unless otherwise stated. Presenting information on a cash earnings basis means that revenue and expenses have been adjusted from the statutory amounts disclosed in the 2024 Financial Report.

A discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company from continuing operations to cash earnings are set out in Section 3 of this 2024 Full Year U.S. Disclosure Document on pages 97 to 99.

This non-IFRS financial information included in this 2024 Full Year U.S. Disclosure Document should be read in conjunction with and is qualified in its entirety by reference to the Group's audited consolidated financial statements contained in this document, which are prepared in accordance with

the requirements of the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the AASB.

### 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 NAB believes more accurately reflect seasonality, timing of accruals and restructures (including discontinued operations), which would otherwise not be reflected in a simple average.

Refer to page 30 for a five-year summary of the Group's total average equity (attributable to owners of the Company), total average assets and average interest earning assets.

### Forward-looking statements

This 2024 Full Year U.S. Disclosure Document contains statements that are, or may be deemed to be, forward-looking statements within the meaning of section 21E of the United States Securities Exchange Act 1934. Forward-looking statements include all statements, other than statements of historical or present facts. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "ambition", "believe", "estimate", "plan", "project", "anticipate", "expect", "goal", "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 a number of other important 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, including changes to applicable capital requirements; the impact of actual or potential litigation or enforcement actions; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine and Middle Eastern conflicts and other geopolitical tensions, the Australian and global economic environment and capital market conditions. This 2024 Full Year U.S. Disclosure Document should be read in conjunction with the description of significant risk factors applicable to the Group set out in the section entitled *Risk factors* beginning on page 13 of this 2024 Full Year U.S. Disclosure Document and any risk factors discussed in the offering documents for the Group's U.S. debt funding programs.

### Use of internet addresses

This 2024 Full Year U.S. Disclosure Document contains inactive textual addresses, links to internet websites and references to certain reports and other statements prepared by the Group. Unless expressly stated otherwise, reference to such websites or reports or statements is made for information purposes only, and information found on such websites or in such reports or statements is not incorporated by reference into this 2024 Full Year U.S. Disclosure Document.

### Market, Climate, Sustainability and other data

This 2024 Full Year U.S. Disclosure Document contains information, including statistical data, about certain of the Group's markets and its competitive position. The Group cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as the Group.

This 2024 Full Year U.S. Disclosure Document contains climate-related and/or sustainability-related material that has been prepared by the Group on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. The Group has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness, reasonableness or reliability of such information.

Materiality, as used in the context of climate-related and/or sustainability-related disclosures, may differ from the materiality standards applied by particular reporting regimes, including those used to offer securities. Any issues identified as material for purposes of climate-related and/or sustainability-related matters in this document are therefore not necessarily material for the purposes of forming an investment decision.

### Rounding of amounts

In accordance with Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, all amounts have been rounded to the nearest million dollars, except where indicated. Any discrepancies between total and sums of components in tables contained in this report are due to rounding.

# Information on the Group

## Information about NAB

### History and development of NAB

The legal name of NAB is National Australia Bank Limited and it trades commercially as "National Australia Bank" and, particularly within Australia, as "NAB".

NAB is registered in the State of Victoria with Australian Business Number (ABN) 12 004 044 937.

NAB was incorporated on 23 June 1893.

NAB is the holding company for the NAB Group, as well as being the main operating company.

NAB is a public limited company incorporated in the Commonwealth of Australia and it operates under Australian legislation including the *Corporations Act 2001* (Cth). Its registered office is Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia (telephone number +61 3 8615 3064). NAB's website is nab.com.au.

## Business Overview

### NAB's Business

NAB is a financial services organisation with more than 38,000 colleagues, operating through 611 branches and business banking centres, with more than 565,000 shareholders and serving about 10 million customers as at September 30, 2024.

The majority of the Group's businesses operate in Australia and New Zealand, with additional operations located in Asia, Europe and the United States.

NAB's strategy, in place since April 2020, has served it well. Despite significant shifts in the operating environment over this period, NAB has maintained a clear focus on delivering better experiences for customers and colleagues, with a firm belief that this will drive sustainable earnings growth and improved returns. This has been supported by disciplined execution, persistent investment, increasingly resilient technology and strong balance sheet settings.

Execution of the Group's strategy over the past four and a half years has delivered good growth and attractive returns.

A description of the operating activities of each reportable segment is provided below:

- *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.
- *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.
- *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.
- *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.
- *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.

During the year the Group transferred some customer lending and deposit portfolios between Personal Banking and Business and Private Banking. There have also been some unrelated refinements to the allocation of support costs which resulted in some costs previously recognised Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated to reflect these changes. Other than the above changes, the Group's reportable segments are consistent with the 2023 Full Year U.S. Disclosure Document.

The Group evaluates performance on the basis of cash earnings as it better reflects what is considered to be the underlying performance of the Group. Cash earnings is a non-IFRS key financial performance measure used by the Group and the investment community.

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. Cash earnings for the year ended 30 September 2024 has been adjusted for hedging and fair value volatility, amortisation of acquired intangible assets, 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.

The Group earns the vast majority of its revenue in the form of net interest income, being the difference between interest earned on financial assets and interest paid on financial liabilities and other financing costs.

### Principal activities

The principal activities of the Group during the year were banking services, credit and access card facilities, leasing, housing and general finance, international, investment and private banking and wealth management services, funds management and custodian, trustee and nominee services.

### Strategy

#### Strategic Ambition 2020-2024

##### To serve customers well and help our communities prosper.

Our Group Strategy, in place since April 2020, has served us well over the last four and a half years. Despite significant shifts in our operating environment during this period, we have maintained a clear focus on delivering better outcomes for our customers and colleagues while keeping our bank safe. This has been supported by disciplined execution and persistent investment.

We served our customers well by delivering on the individual strategies of our customer-facing units: clear market leadership in Business and Private Banking; simple and digital experiences in Personal Banking; disciplined growth in Corporate and Institutional Banking; personal and SME growth in BNZ, and customer acquisition in ubank.

For the year ended 30 September 2024, NAB delivered sound financial performance in a challenging operating environment. Diluted cash earnings<sup>(1)</sup> per share was 227.0 cents, and cash return on equity of 11.6%. The Group's dividend payout for the year will be 169 cents per share.

Execution priorities outlined for 2024 have progressed, with delivery of the Australian Transaction Reports and Analysis Centre (AUSTRAC) Enforceable Undertaking (EU) commitments on track, progress made in completing the integration of the Citi consumer business, and ongoing modernisation and simplification of our technology assets.

### Our strategic ambition



#### Why we are here

To serve customers well and help our communities prosper

#### Who we are here for



##### Colleagues

Trusted professionals that are proud to be a part of NAB



##### Customers

Choose NAB because we serve them well every day

#### What we will be known for

##### Relationship-led

##### Relationships are our strength

1. Exceptional bankers
2. Unrivalled customer value (expertise, data and analytics)
3. Truly personalised experiences

##### Easy

##### Simple to deal with

1. Simple products and experiences
2. Seamless – everything just works
3. Fast and decisive

##### Safe

##### Responsible & secure business

1. Strong balance sheet
2. Leading, resilient technology and operations
3. Pre-empting risk and managing it responsibly

##### Long-term

##### A sustainable approach

1. Commercial responses to society's biggest challenges
2. Resilient and sustainable business practices
3. Innovating for the future

#### Where we will grow

##### Business & Private

Clear market leadership

##### Corporate & Institutional

Disciplined growth

##### Personal

Simple & digital

##### BNZ

Personal & SME

##### ubank

Customer acquisition

#### How we work



Excellence for customers



Grow together



Be respectful



Own it

#### Measures for success



Engagement



NPS growth



Cash EPS growth



Return on Equity

(1) Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company is set out in *Note 2 Segment information* of the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements). Statutory return on equity and statutory earnings per share (EPS) are presented on page 30.

### Customers and colleagues

NAB's goal has been to be ranked first in Net Promoter Score (NPS) among the major Australian banks, with NPS in positive territory. We achieved our goal for some customer segments, however, there is still work to be done to sustainably improve customer advocacy. As at 30 September 2024, NAB was:

- **Consumer:** Ranked third in NPS among the major Australian banks<sup>(1)(2)</sup>.
- **Corporate & Institutional:** Ranked equal first in NPS among the major Australian banks<sup>(3)</sup>.
- **Business:** Ranked second in NPS among the major Australian banks<sup>(4)</sup>.
- **High Net Worth and Mass Affluent:** Ranked first in NPS among the major Australian banks<sup>(5)</sup>.
- **ubank:** Ranked second in NPS of its competitor set<sup>(6)(7)</sup>.

Our colleague engagement remains in the top quartile of global organisations, scoring 78 in the July 2024 survey<sup>(8)</sup>, reflecting a workforce that is proud to work at NAB and deliver excellence for customers.

- (1) 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.
- (2) Sourced from RFI Global - Atlas, measured on 6 month rolling average to September 2024. Based on all consumers, 18+ and excludes consumers with personal income of \$260k+ and/or investible assets \$2.5m+ and/or footings of over \$850k. Ranking based on absolute scores, not statistically significant differences.
- (3) Coalition Greenwich (formerly Peter Lee Associates) - Large Corporate and Institutional Relationship Banking Survey Australia 2024. Ranking against the four major domestic banks. Coalition Greenwich is a division of Crisil.
- (4) Sourced from RFI Global - Atlas, measured on 6 month rolling average to September 2024. 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.
- (5) Sourced from RFI Global - Atlas, measured on 6 month rolling average to September 2024. Based on all consumers, 18+, includes Mass Affluent customers (\$850k to \$2.5M footings or \$260k+ personal income with less than \$850k in footings and less than \$2.5m in investible assets) and High Net Worth customers (\$2.5m+ in footings or have investible assets of \$2.5m+).
- (6) Sourced from RFI Global - Atlas, measured on 6 month rolling average to September 2024. Includes consumers 18+
- (7) Rank based on position within competitor set (ubank, Up, Bendigo Bank, ING, ME Bank, Macquarie Bank)
- (8) Employee Engagement Survey conducted using Glint, score based on July 2024 survey. Includes Australia, New Zealand and all global colleagues, population excludes ubank, external consultants and outsource service providers.



# Technology, data and security

## Safe, simple and easy banking through technology modernisation

Technology is a key enabler for NAB to deliver value to our customers, colleagues, and the community. We are improving services and experiences for customers, reducing operational costs and safeguarding customers against cyber risks and fraud, while innovating for the future.

In 2024, NAB continued to upgrade our technology as we strive to become a more customer-centric, safer, and resilient bank. This will allow us to respond faster and more effectively to changing customer expectations, regulatory requirements, and market dynamics.

### Governance and accountability

The Board oversees and governs strategies and performance of the enablers that are critical to NAB's business, including technology. The Board also oversees and governs risk management, including in relation to technology, information security and cyber resilience. Throughout 2024, there have been regular updates to the Board and its Risk & Compliance Committee on these topics. To support the Board in its oversight duties, NAB has established a panel of independent advisors to provide expert advice to the Board and Executives on business-led technology modernisation. The Board invested in continuing education for directors during 2024 through multiple technology-related workshops.

For further information on governance, see pages 113 to 114 and 110 of the Corporate Governance and additional matters section.

## The themes underpinning our Technology Strategy

### Customer Advocacy

NAB's 'Customer Brain' is designed to enhance customer experiences through personalisation and predictive analytics. It leverages data and AI to understand and anticipate customer needs, as well as to provide tailored interactions and services across various channels. In 2024, the Customer Brain enabled 336 million customer decisions across 250 million customer interactions.

In 2024, we launched NAB Goodies on the NAB Mobile App. This new, personalised loyalty program allows three million Personal Banking customers to earn cashback on everyday spend and better manage their money.

To further support customers and small businesses, we launched NAB Gateway to make online payments simple, reliable and secure for businesses of all sizes. NAB Gateway is a state-of-the-art eCommerce platform for online and virtual payments, which offers a tailored payment experience, same-day settlement, and advanced fraud detection.

### Simple and Fast

We continue to modernise several legacy core applications, including decommissioning a 27-year-old data platform this year, transitioning over 443 use cases from the legacy platform to streamline and simplify how data is stored and used, and provide a better user experience for customers and colleagues.

Additionally, we decommissioned 318 business applications to simplify our environment and reduce complexity for our customers and colleagues. This includes continuing to decommission applications that do not form part of our target state environment, which is a key component of modernising our technology.

More than 3,000 additional bankers have been migrated to our new Enterprise Customer Relationship Management platform, bringing the total to 12,394 bankers on a new platform that includes real-time dashboards to manage opportunities and appointments and automates manual processes to save bankers' significant time.

### Safe and Resilient

We have migrated more than 84% of our applications to cloud based services to enhance the resilience of our systems and provide a safer, simpler experience for customers, and colleagues.

Throughout 2024, the average availability of our essential services was 99.91%.

In 2024, NAB is leading in a number of payment service reliability measures, based on analysis of disclosures provided to the RBA<sup>(1)</sup>.

NAB has achieved a significant reduction in customer impacting incidents, down 82% since 2018, driven by cloud migration and service improvements.

(1) Based on analysis of disclosures provided to the RBA since Q3 2021 among major Australian banks.

### Privacy management and data ethics

NAB's transparent, compliant, and ethical collection and use of data is key for earning trust with customers and colleagues.

#### Protecting customer and colleague privacy

Our customers rely on us to protect their privacy by appropriately collecting, using, disclosing, and securing their personal information. Our specialist Global Privacy Office (GPO) establishes and governs requirements for NAB's collection and handling of Personal Information, and ensures colleagues across the Enterprise are aware of their accountabilities. These are embedded into our ways of working and support transparent, fair and compliant use and sharing of personal information of our customers and colleagues.

Our Data Ethics Framework extends beyond legal compliance, to consider not only if NAB can use data (legally or otherwise), but whether we should. This Framework is supported by a suite of Data Ethics Principles that set out how we should responsibly use data and guides how data is used in analytics, machine learning, AI and shared with third parties. These Data Ethics Principles are embedded in a Data Ethics assessment process. By ensuring the responsible and sustainable use of data, NAB can make better decisions.

Data collection, storage, retention and destruction within NAB is governed by the NAB Records Management Policy Standard. The Standard is supported by a series of Record Retention Schedules which ensure compliance in record keeping obligations across all regions in which it operates.

Throughout 2024, NAB had one notifiable data breach reported to regulators. The GPO provides regular training and guidance across NAB regarding the identification and management of suspected data breaches. The Group Privacy Policy Standard sets a minimum requirement from the escalation of data breach events where the event is Material and GPO intervention is necessary to assess potential harm. In addition, Group Security manages a Major Incident Response Framework through which all data breaches that could theoretically hit a reportable threshold are channelled and which is governed by one of several Incident Response Plans (IRPs), including three for Privacy.

#### Collection and access to customer data

At NAB, we respect our customers' fundamental human right to privacy set out in our personal information collection and handling practices in a public-facing Group Privacy Policy Standard. This policy is either provided or referred to in all instances in which we collect personal information. The policy is a privacy requirement in all jurisdictions with privacy laws and details the categories of personal information collected, the purpose for collection, who this information is shared with, and the rights available to individuals with respect to their personal information. We collect personal information such as customers' names, addresses, and date of birth to enable us to provide banking services and to fulfil our regulatory obligations. The security of our customers' personal information is important to us, and we take steps to protect it from misuse, interference and loss, and from unauthorised access, modification or disclosure. Customers can let us know at any time if they no longer wish to receive direct marketing offers from NAB which will be processed as soon as possible. Customers can request access and correction of their personal information, including certain credit information at any time.

### Customer centric experiences powered by NAB data and insights

#### Generative AI

We have been using AI tools for many years across cyber security, fraud, and financial crime. We are continually developing new ways to use AI across the bank to better support customers and our colleagues.

Aligned to the Australian Government AI Ethical Principles, NAB has implemented several measures to ensure the safe and responsible use of Generative AI, including data security and privacy protocols, ensuring there is strong oversight of AI outputs, conducting rigorous testing of AI models and the use of our ethical guidelines and protocols to govern the use of AI, ensuring it is used responsibly and transparently. In mid-2023, we began our Generative AI journey with six use cases which span work with our technology partners and internal development, which has leveraged our enterprise data 'lakehouse' ('Ada') which enables us to work from idea to production on a single platform.

With more than 20 use cases being tested across NAB, we have identified significant potential benefits including:

- An 18% uplift in coding productivity following the implementation of AWS coding AI for 1,000 of our engineers.
- Faster, more efficient responses to customer needs via Generative AI tools.
- Simplification of operations processes via summarised output files. When reviewing large volumes of documentation and unstructured data, experiments are demonstrating Generative AI can create summaries of the same quality in less time, unlocking immense value for our operational teams to be repurposed on higher value workloads.

#### Customer Brain

Using our data ecosystem and AI, the Customer Brain generates meaningful individualised next best actions to truly personalise the customer experience. In 2024, the Customer Brain has delivered more than 1,000 customer data attributes and 150 next best actions across seven channels, representing more than 75% of customer interactions in Australia.

Examples of customer interactions prompted by the Customer Brain;

- *Supporting customers through Disputes:* Launched this year, the Customer Brain now delivers eight new and highly targeted, timely and personalised digital notifications to customers who have disputed a transaction. These notifications provide customers with a proactive status update at key milestones to provide greater visibility across their entire dispute journey.
- *Updating personal customer details to protect customer safety and meet our obligations:* Through the Customer Brain, we have enabled more than one million customers to update their personal details through a fully digital experience, as part of the Customer Data Refresh<sup>(1)</sup>. This initiative ensures compliance with Anti Money Laundering obligations, enhances the digital customer experience and eliminates the need for any in-person or call assistance. Only 1% of these Customer Data Refresh notifications have required any assistance of an analyst. The Customer Data Refresh is among the top 3 performing decisions by the Customer Brain, reaching 2.4 million unique customers via digital channels.

(1) The Customer Data Refresh Program relates to ongoing customer due diligence of low-risk customers (refreshing customer information).



### Keeping our customers, communities and financial systems safe and resilient

#### Technology resilience

Building on our established cloud foundations and continued technology modernisation, we have delivered significant customer and colleague enhancements while bolstering service resilience and seeking to ensure safety amid rising fraud and cyber threats.

#### Cyber security

Security threats are becoming increasingly sophisticated and extensive. As a crucial component of Australia's infrastructure and economy, we remain a significant target for cyber attacks. We continue to strengthen our security measures to protect our business, customers, and the broader community from the ever-changing cyber threat landscape. Over the past five years, we have made substantial investments in cybersecurity and technology risk management.

We actively collaborate with government and law enforcement agencies on cyber security. We participate in discussions and simulations designed to better understand the full spectrum of cyber security risks, to enhance defences and improve resilience.

Our security strategy aims to strengthen our security foundations and enhance our security capabilities in line with the National Institute of Standards and Technology (NIST) Cyber Security Framework. We regularly engage external firms to independently review and test our security capability, while at the same time, conducting our own simulated cyber attacks on our systems to identify vulnerabilities and improve our defences.

The business adopts a collaborative approach to deliver national outcomes that protect businesses and individuals from cyber-enabled crime. In 2024, we established several cyber security partnerships to improve the resilience of our small business customers. This resulted in offers to eligible customers of a free 12 month subscription to cyber security software, cyber security assessments and hands-on support, and advice from NAB specialist security mentors.

Cyber security awareness and education for customers of all types remained a priority throughout 2024. Our up-to-date Security Hub at [nab.com.au/security](https://nab.com.au/security) features security alerts, articles and practical advice. We also hold cyber security and scam insights sessions for customers through webinars and in person. In 2024, we delivered 95 sessions to more than 13,400 customers and community members across the country, bringing the four year total to over 27,300. Throughout the year, we continued to work with the Australian Cyber Security Centre to share and promote practical cyber security advice for consumers and small businesses including for Cyber Month in October.

We have further matured our cyber security culture program for colleagues. This includes a phishing simulation program, annual mandatory cyber security training, broad and targeted cyber insights and training sessions, together with a volunteer security champions network to upskill colleagues and disseminate key security information.

We are also strengthening our security governance framework, associated reporting and forums to improve visibility, oversight and consistency across our security posture.

Our governance structures are designed to appropriately identify, escalate and mitigate security risks. Security risk management and its governance and oversight are aligned

with NAB's risk management framework, including through the escalation of key risk and control issues to management and the development of treatment plans.

We continue to invest in enterprise-wide cyber risk management with a focus on further refining metrics that link to key cyber risks and using a threat and data driven approach to measure cyber risk reduction.

Information Security is one of our material technology risks and includes the security risks associated with the use of third parties that we do business with, or that facilitate business activities. This risk is closely monitored with regular updates on the threat landscape, security strategy, capability, incidents, issues and progress on risk reduction and performance metrics. We have established a well understood process to identify and respond to cyber threats and incidents. NAB engages regularly with the Board on this topic, including materials to guide the Board on key decision making requirements and conducting simulations to test Board and Management's readiness to respond to a cyber event.

### Financial crime

Financial crime has a devastating impact on our customers and our communities. We have zero tolerance for criminal activity and remain dedicated to effectively managing financial crime risk and keeping customers, communities, and the financial system safe.

We play an important role in the monitoring and reporting of suspicious activity and seek to comply with anti-bribery and corruption, economic and trade sanctions, and Anti Money Laundering (AML) / Counter Terrorism Financing (CTF) regulations.

The AUSTAC EU, entered into in April 2022 to address AUSTAC's concerns with NAB's compliance with certain AML and CTF requirements, remains a key priority. Refer to Risk factors on page 13 for further detail.

In addition to addressing regulatory commitments and remediating issues, we are making significant enhancements to our ability to deter, detect, disrupt and prevent financial crime. This year NAB:

- Invested in colleagues, data and technology systems to enhance controls, investigations, monitoring and risk assessment models to strengthen the management of financial crime risk.
- Enhanced its AML/CTF Program and preventative and detective controls (beyond the requirements of the EU) to better mitigate current and emerging financial crime risks.
- Invested in building core financial crime infrastructure, laying the foundation for intelligence-led risk management and future innovation.
- Delivered critical financial crime risk management capabilities, including: an enhanced customer risk assessment; sophisticated transaction monitoring and expanded coverage across several financial crimes.
- Commenced planning for additional enhancements to be introduced over the next financial year, including streamlined case management systems to improve the efficiency of risk management and investigative processes; as well as 'dynamic' intelligence and risk discovery capabilities to enable NAB colleagues to make faster, risk-based decisions and help our customer grow safely.
- Commenced experimenting with Generative AI to improve the accuracy of financial crime risk assessments and reduce manual handling time. Deployment of this functionality will occur at scale in 2025.
- Provided financial crime training to colleagues the Executive Leadership team and subsidiary Board Directors to support them in their role to mitigate the risk of financial crime at NAB, including on money laundering / terrorism financing, bribery and corruption, sanctions, and scams and fraud.
- Implemented an Anti-Bribery & Corruption (ABC) Compliance Program to manage and mitigate bribery and corruption risk, with the key requirements of this Program published in our Anti-Bribery Policy (the Group's ABC Policy is available in the Corporate Governance section at [nab.com.au](https://nab.com.au)). The focus of the ABC compliance program in 2024 has been the re-design of the Enterprise Wide Risk Assessment, which is expected to be finalised in 2025.

We collaborate closely with Australian law enforcement, regulators and government agencies to combat serious and organised crime which impacts our customers, our community, and NAB. Through our Fintel Alliance membership, Memoranda of Understanding with the Australian Federal Police, Australian Criminal Intelligence Commission, and

Queensland Police Service, as well as partnerships with the NSW Police Force and Western Australia Police Force, we contribute to the national effort to disrupt serious criminal activity including matters related to national security, human impact crimes like child exploitation, sextortion, money laundering, fraud, scams and cybercrime. We also work closely with non-government organisations such as the International Centre for Missing and Exploited Children (ICMEC), where NAB representatives contribute to the prevention of child abuse.

Our financial crime intelligence function assessed a range of new and emerging threats in 2024, to enhance our understanding of financial crime risks and prevent our customers being exploited by criminals.

We also collaborated with domestic and international financial institutions to share intelligence and insights on particular threats and to discuss how to best mitigate those threats.

We continue to execute on our 2022 financial crime strategy. While we are making good progress, the nature of the threat and risk it presents requires ongoing vigilance.

Regulators have increased the scope, complexity and enforcement of sanctions and trade controls since the outset of the Russia-Ukraine conflict in 2022, including a range of sanction and export control program.

Enforcement by global sanctions regulators remains significant, with USD 1.5 billion in penalties imposed on companies in calendar year 2023. In this time, we have incrementally improved our Sanctions Compliance Program, implemented a new trade screening program and enhanced our controls for the identification and monitoring of high sanctions risk customers.

### Scams and fraud

The fight against fraud and scams remains a high priority for NAB. During the year, we:

- Continued to use and refine biometric technology in digital channels to help identify fraudulent activity.
- Continued blocking payments to some high-risk cryptocurrency platforms.
- Worked with industry members to expand intelligence sharing to identify and disrupt fraud and scam activity.
- Partnered with law enforcement and Government agencies to target organised criminal groups responsible for scams and fraud targeting NAB and our customers.

# Risk factors

## Disclosure on risk factors

### Risks specific to the Group

Set out below are the principal risks and uncertainties associated with the Company and its controlled entities (Group). It is not possible to determine the likelihood of these risks occurring with any certainty.

However, the risk in each category that the Company considers most material is listed first, based on the information known by the Company at the date of this Report, the Company's best assessment of the likelihood of each risk occurring and the potential negative impact to the Group should the relevant risk materialise. In the event that one or more of these risks materialises, the Group's reputation, strategy, business, operations, financial condition, and future performance could be materially and adversely impacted.

The Group's Risk Management Framework and internal controls may not be adequate or effective in accurately identifying, evaluating, or addressing risks faced by the Group. There may be other risks that are unknown or deemed immaterial, but which may subsequently become known or material. These may individually, or in aggregate, adversely impact the Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Group.

### Strategic risk

Strategic risk is the risk to earnings, capital, liquidity, funding, or reputation arising from an inadequate response to changes in the external environment and the risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programs.

#### **Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, or may otherwise change the Group's risk profile.**

The Group's corporate strategy sets its purpose, ambition, and objectives.

The Group prioritises and invests significant resources in the execution of initiatives that are aligned to its chosen strategy. These initiatives focus primarily on customers, technology, digital and data assets, infrastructure, business improvement, cultural transformation and employees, regulatory compliance, climate change (strategy, obligations, commitments and targets), other ESG-related matters and changes to associated controls, and in a number of cases have, and may in the future have, dependencies on external suppliers or partners. There is a risk that these initiatives may not realise some or all their anticipated benefits and outcomes. These initiatives may also increase operational, compliance, and other risks, which may not be appropriately assessed or controlled.

Any failure by the Group to deliver in accordance with its strategy, or to deliver strategic initiatives effectively, may result in material losses to the Group, reputational damage, or a failure to achieve anticipated benefits, and ultimately, may materially and adversely impact the Group's operations and financial performance and position.

#### **The Group faces a continually changing external environment.**

The Group operates in a dynamic macro-economic environment. The impact of slowing global and domestic economic growth, increases to unemployment rates, elevated interest rates, and falling consumer and business confidence can reduce demand for credit, adversely impacting the

Group's revenue, or increase the risk of defaults, adversely impacting the Group's financial performance. In addition, the Group's expense plans may be at risk due to continued inflationary pressures, particularly with respect to employee remuneration and technology costs. External economic and geopolitical impacts may be further affected by uncertainties associated with international conflicts and geopolitical events.

There is substantial competition across the markets in which the Group operates. The Group faces competition from traditional financial services providers, online banks, and other parties, including foreign banks and non-bank competitors, such as private credit funds, asset managers, superannuation funds, family offices, insurance companies, mutual funds, hedge funds, securities brokerage firms, financial technology companies, digital platforms and large global technology companies. Some competitors have lower costs, or operating and business models, technology platforms or products that differ from, or are more competitive than, the Group's and some competitors are subject to less regulatory oversight.

Competition for customers and the increasing use of brokers can lead to a reduction in profit margins and loss of market share. Intense competition increases the risk of additional price pressure, especially in commoditised lines of business, such as mortgages, where the providers with the lowest unit cost may gain market share and industry profit pools may be eroded. Such factors may ultimately impact the Group's financial performance and position, profitability and returns to investors.

Evolving industry trends, technology changes, and environmental factors have impacted, and may continue to impact, customer and other stakeholder needs and preferences. The Group may not predict these changes accurately or quickly enough or have the resources and flexibility to adapt in sufficient time, to meet the needs and preferences of customers and other stakeholders and to keep pace with competitors. These risks are heightened in the current context in which technology, including its impacts on the financial services industry, continues to evolve at a rapid pace. Additionally, it may not be possible for the Group to meet the expectations of stakeholders in regard to certain trends or factors when there are opposing expectations between different stakeholders.

Adoption of new legislation and regulation may impose additional costs on the Group to comply and create reputational and legal risks in the event of non-compliance. Recent regulatory and legislative developments and other trends that may impact the Group include:

- Increased focus on digital, data and analytics capabilities with the objective of creating easy and seamless customer experiences. The rapid development and deployment of AI capabilities, including generative AI, continues to be a key strategic consideration for the Group and for customers. Inadequate or lack of adoption of AI within business processes or customer propositions could pose a strategic disadvantage to the Group relative to its competitors who deploy AI tools and could result in unwanted financial and non-financial consequences for the Group. At the same time, as a new technology, the use of AI without sufficient controls, governance, and risk management may result in increased risks across all the Group's risk categories. Regulation of AI and similar technologies is developing globally and its impact on the Group's business is currently uncertain. In September 2024, the Australian Government commenced a public consultation on its proposal to introduce mandatory

## Risk factors (cont.)

guardrails for high-risk AI systems and models, aligned with international standards. In the interim, voluntary standards have been released to guide organisations on the safe and responsible development and deployment of AI systems. There is a risk that any mandatory regulation could present implementation challenges for financial institutions.

- Increased demand for green or sustainability-related products or increased lending to assist customers in achieving their ESG-related performance objectives, for example, sustainability-linked loans, or, correspondingly, increased scrutiny of products or lending or other activities that are perceived to be inconsistent with the ESG-related performance objectives of the Group or its stakeholders. In addition, there is currently no single, globally recognised set of accepted definitions for assessing whether activities are 'green' or 'sustainable' which may create greenwashing risks due to differences in interpretation.
- The evolving and increasingly complex payments landscape, including the increasing use of digital payments, new payments infrastructures and emerging technology, and the shift away from traditional payment methods. To this end, the Australian Government has consulted on proposed changes to the Payments Systems (Regulation) Act 1998 to address new payments-related risks following the release of its Strategic Plan for Australia's Payments System in June 2023. The proposed changes are currently before Parliament. Additionally, the Australian Government has released for consultation draft legislation on a Scams Prevention Framework.
- The Reserve Bank of Australia (RBA) has set expectations for the tokenisation of payment cards and storage of primary account numbers to promote security, efficiency, and competition in the payments system. Industry participants are expected to support the portability of both scheme and proprietary tokens by the end of June 2025.
- The continued implementation of the Consumer Data Right (CDR), known as 'Open Banking', in the Australian banking sector. The CDR seeks to increase competition and innovation between service providers by mandating and standardising the sharing of certain consumer and business customer data and data relating to their products and services. Where large global technology companies choose to participate in the CDR, there is potential for these companies to access more data which may increase their competitiveness including in other sectors, such as financial services. In August 2024 the Australian Government announced its intention to make changes to the CDR, which may result in additional requirements.
- The New Zealand (NZ) Government's introduction of the Customer and Product Data Bill to Parliament in May 2024. If passed, the bill will establish a CDR that will seek to improve consumers' ability to compare and switch products. Banking is set to be the first sector designated under the proposed legislation. Alongside the Customer and Product Data Bill, the NZ Government recently closed a consultation on the regulatory regime for Open Banking and how Open Banking should be operationalised. The adoption of Open Banking in NZ is designed to increase competition and innovation in NZ banking, payments and financial data services subsequently leading to better products and services for customers, and this may increase compliance costs for banks, including BNZ and may limit BNZ's ability to charge for access to payments or data. The NZ Government has committed to ensuring Open Banking is fully operational by June 2026.

- The release of the NZ Commerce Commission's final report into competition for personal banking services in NZ in August 2024. The report includes 14 recommendations that, together, aim to support new entry into, and expansion of, the personal banking sector, to reduce the regulatory barriers to competition, and to empower consumers to get better prices and services. This includes a recommendation that the NZ Government commit to operationalising Open Banking (as described above).
- The continued consumer and institutional adoption of cryptocurrencies and other digital assets. The rate of digital asset adoption, digital asset product creation (for example, stable coins and decentralised finance), and government responses are expected to influence the future of the sector and its impact on the Group. Regulation of digital assets is nascent, but emerging, across all markets in which the Group operates, which may increase the Group's costs, or require the Group to invest in resources to adapt its products or systems to new technologies. The RBA has completed a research project exploring Central Bank Digital Currency (CBDC) use cases and identified legal, regulatory, technical, and operational issues warranting further consideration in future research. The RBA's review of these matters remains ongoing, though going forward the Australian Government Treasury and the RBA intend for the focus of the review to be on wholesale CBDC rather than a CBDC for retail customers. The Reserve Bank of New Zealand (RBNZ) is similarly reviewing a CBDC and in July 2024 closed a consultation on the possibility of the RBNZ issuing a CBDC, which is expected to influence the future of the sector in NZ and its impact on BNZ. The CBDC consultation is part of a multi-stage exploration being conducted by the RBNZ. The RBNZ has discussed introducing a CBDC in or around 2030. The Australian Prudential Regulation Authority (APRA) has consulted on the prudential treatment for crypto-assets in 2024 and the new regulatory framework is expected to come into effect in 2025.

### Risks may arise from pursuing acquisitions and divestments.

The Group regularly considers a range of corporate opportunities, including acquisitions, divestments, joint ventures, and investments.

The pursuit of corporate opportunities inherently involves transaction risks, including the risk that the Group over-values an acquisition or investment, or under-values a divestment, as well as exposure to reputational damage or regulatory intervention. The Group may encounter difficulties in integrating or separating businesses, including failure to realise expected synergies, disruption to operations, diversion of management resources, or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on the Group's financial performance and position.

The Group may incur unexpected financial losses following an acquisition, joint venture, or investment if the business it invests in does not perform as planned or causes unanticipated changes to the Group's risk profile. Additionally, there can be no assurance that customers, employees, suppliers, counterparties, and other relevant stakeholders will remain with an acquired business following the transaction, and any failure to retain such stakeholders may have an adverse impact on the Group's financial performance and position.

Risks related to the Company's acquisition of Citigroup's Australian consumer business which completed on 1 June 2022 are ongoing.



## Risk factors (cont.)

The Group continues to rely on Citigroup's regional shared technology infrastructure for transitional services (and will do so through the transition period), as well as Citigroup's support for data migration activities after the development of technology systems within the Group. There is a risk that as the integration project and the development of technology systems within the Group continues, costs may be higher than anticipated, more internal resourcing is required than anticipated, or that key employees, customers, suppliers, or other stakeholders required for a successful transition, will not be retained. Additionally, there is a risk that the timeline for the integration is extended, which may result in further costs being incurred by the Group.

Citigroup has provided the Company with indemnities relating to certain matters which may have occurred pre-completion, as well as covenants and warranties in favour of the Company. There is a risk that these protections may be insufficient to fully cover liabilities relating to these matters, which may have an adverse impact on the Group's financial performance and position.

The Group may also have ongoing exposures to divested businesses, including through a residual shareholding, the provision of continued services and infrastructure, or an agreement to retain certain liabilities of the divested businesses through warranties and indemnities. These ongoing exposures may have an adverse impact on the Group's business and financial performance and position. The Group may also enter into non-compete arrangements as part of divestments, which may limit the future operations of the Group.

The Company completed the sale of its advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings in May 2021, now named Insignia Financial (MLC Wealth Transaction). As part of the MLC Wealth Transaction, the Company provided Insignia Financial with indemnities relating to certain pre-completion matters, including a remediation program relating to workplace superannuation matters, breaches of AML laws and regulations, regulatory fines and penalties, and certain litigation and regulatory investigations. The Company also provided covenants and warranties in favour of Insignia Financial. A breach or triggering of these contractual protections may result in the Company being liable to Insignia Financial.

As part of the MLC Wealth Transaction, the Company retained the companies that operated the advice businesses, such that the Group has retained all liabilities associated with the conduct of these businesses pre-completion. From completion, the Company has agreed to provide Insignia Financial with certain transitional services and continuing access to records, as well as support for data migration activities. The Company may be liable to Insignia Financial if it fails to perform its obligations. There is a risk that costs associated with separation activities and the costs incurred by the Company in satisfying its obligations may be higher than anticipated. If so, or if the Company fails to perform its obligations, there may be an adverse impact on the Group's financial performance and position.

On 17 November 2022, the Company announced its intention to exit its custody business, NAB Asset Servicing. The exit is being effected through the transfer of all NAB Asset Servicing's clients to alternative custody providers over a period of approximately three years (being undertaken from 2022-2025). The transfer of all clients over a relatively short period is a complex exercise that is subject to operational/transitional risks that need to be managed carefully. There is

a risk that the exit does not occur to plan, and there may be a potential adverse impact on the Group if the exit is not managed appropriately.

On 30 April 2024, the Group completed a transaction under which the Group and Jarden Wealth and Asset Management Holdings Limited (Jarden Wealth), combined their respective NZ wealth advice and asset management businesses into a newly formed entity FirstCape Limited (FirstCape) (FirstCape Transaction). The Group, Jarden Wealth, and Funds advised by Pacific Equity Partners are the shareholders in FirstCape. As part of the FirstCape Transaction, the Group has provided FirstCape with certain indemnities and warranties relating to certain pre-completion matters of the Group's NZ wealth businesses which now forms part of FirstCape and certain contractual covenants. A breach or triggering of these contractual protections may result in the Group being liable to FirstCape.

### Credit risk

Credit risk is the risk that a customer will fail to meet their obligations to the Group in accordance with agreed terms. Credit risk arises from both the Group's lending activities and markets and trading activities.

### **A protracted period of elevated interest rates may result in deterioration in the Group's credit risk profile in the short term through accelerated increases in defaulted loans.**

Elevated interest rates to combat inflationary pressures have resulted in increases in arrears, primarily in the home loan and small and medium business portfolios. If interest rates remain elevated for a protracted period, this may continue to increase household and business financial stress across Australia and NZ, particularly for those customers who are highly geared and/or facing reduced income due to weaker economic activity. This may drive an increase in bankruptcies, business failures, and higher unemployment. Sectors exposed to changes in household discretionary spending (including retail trade, tourism, hospitality, and personal services) are particularly vulnerable to financial stress in the event of modifications to consumer spending behaviour.

The heightened credit risk in affected sectors and elevated levels of household and business financial stress may result in an increase in losses if customers default on their loan obligations.

### **Extreme weather events, and longer-term changes in climate conditions coupled with transition risk may lead to rising customer defaults.**

The following risks relating to climate change, combined with changes to future insurance affordability and availability, may result in increased losses from customer defaults or decreased valuations, and may ultimately have an adverse impact on the Group's financial performance and position:

- Increasing number of extreme weather events (including substantial rainfall or drought).
- Increasing weather volatility and longer-term changes in climatic conditions.
- Climate-related transition risks as the global economy transitions to low-carbon alternatives.

Some customers have faced significant challenges from extreme weather events which caused property damage for customers across the home and business lending portfolios. The rising severity and prevalence of these events pose a risk to the credit portfolio in the medium term.

## Risk factors (cont.)

### **A decline in property market valuations may give rise to higher losses on defaulting loans.**

Residential housing loans and commercial real estate loans in Australia and NZ constitute a material component of the Group's total gross loans and acceptances.

The Group may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the Group's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by extreme weather events, economic or market conditions, or by regulation, such as regulation related to climate change. A deterioration in economic conditions or real estate values in Australia and NZ, could result in higher credit losses and costs.

Residential and commercial real estate prices in Australia and NZ increased for some years up until 2021 but experienced a decline in 2022 following the central banks' moves to increase interest rates. Residential real estate prices recovered in 2023. In Australia, prices continued to increase in 2024 with most markets recording price increases and recovering most of the declines recorded in 2022. On the other hand, in NZ residential real estate prices have begun to decline in 2024. Commercial real estate prices have recorded mixed results, with favourable growth recorded in the Australian Industrial sector offset by the ongoing structural adjustment in the office space.

When the value of residential or commercial real estate used as collateral (including in business lending) reduces below the value of the loan, the Group is exposed to losses in the event of any customer default. This may, in turn, impact the Group's financial performance and position and returns to investors. The most significant impact, in the event of default, is likely to come through residential mortgage customers in high loan-to-value-ratio brackets.

### **Adverse business conditions in Australia and NZ, in the agricultural sector may give rise to increasing customer defaults.**

The Group has a large market share among lenders to the Australian and NZ agricultural sectors. These sectors may be negatively impacted by several factors, including:

- Vulnerability to labour constraints.
- Trade restrictions and tariffs.
- Volatility in commodity prices (particularly agricultural product prices).
- Foreign exchange rate movements.
- Changes in consumer preference and market access.
- Disease and introduction of pathogens and pests (e.g., the threat of a local foot and mouth disease outbreak and spread in Australia of the varroa mite – impacting European honey bees).
- Export and quarantine restrictions.
- Supply chain constraints and increasing supply chain producer responsibility, traceability, and transparency requirements.
- Extreme weather events (including substantial rainfall or drought or bushfires), increasing weather volatility and longer-term changes in climate conditions.
- Expectations related to management of other nature-related risks such as deforestation, including both the environmental impacts and potential exposure from any illegal deforestation.

### **Market declines and increased volatility may result in the Group incurring losses.**

Some of the Group's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the Group's income statement. Movements in interest rates can affect prepayment assumptions and thus fair value. Market declines and increased volatility could negatively impact the value of those financial instruments and cause the Group to incur losses.

### **Other macro-economic, geopolitical, climate, nature-related or social risks may adversely affect the Group and pose a credit risk.**

Most of the Group's businesses operate in Australia and NZ, with additional operations located in Asia, the United Kingdom, France and the United States. Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates, and other economic and financial market conditions and forecasts.

Domestic and international economic conditions and forecasts are influenced by a number of macro-economic factors such as: economic growth rates, environmental and social issues (including emerging issues such as modern slavery and nature-related risks), cost and availability of capital, central bank intervention, inflation and deflation rates, level of interest rates, yield curves, market volatility, and uncertainty. Deterioration in any of these factors may lead to the following negative impacts on the Group:

- Deterioration in the value and liquidity of assets (including collateral).
- The inability to price certain assets.
- Environmental conditions and social and governance issues impacting the risk and return profile and/or value of customers' security or business operations.
- An increase in customer or counterparty default and credit losses.
- Higher provisions for credit impairment.
- Mark-to-market losses in equity and trading positions, including the Group's high-quality liquid asset (HQLA) portfolios.
- A lack of available or suitable derivative instruments for hedging purposes.
- Increased cost of insurance, lack of available or suitable insurance, customer reluctance to maintain adequate insurance, or failure of the insurance underwriter.

Economic conditions may also be negatively impacted by climate change and major shock events, such as natural disasters, epidemics and pandemics, war and terrorism, cyber-attacks, political and social unrest, banking instability, and sovereign debt restructuring and defaults.

The following macro-economic and financial market conditions are, as of the date of this Report, of most relevance to the credit risks facing the Group and may affect revenue growth and/or customer balance sheets:

- Global economic growth has slowed in 2024 and is expected to remain below its long term average in the near-term. Weaker economic conditions reflect the impact of tight monetary policy and lending standards, particularly in advanced economies, along with weak domestic demand in China.
- Central banks in many major advanced economies have either commenced, or indicated that they are preparing to commence, reducing policy rates from restrictive levels. However, if economic conditions, including inflation, do not

## Risk factors (cont.)

evolve as expected, this may lead to large, and possibly varied, changes to policy settings – including for interest rates – across central banks. This may impact asset valuations, credit conditions and financial market stability, as well as weaken economic activity, potentially exposing imbalances, or weaknesses, in balance sheets, including those of financial institutions. Risk of contagion due to financial system instability remains an ongoing concern for the Group due to the interdependency of financial market participants. Where concerns over the viability of financial institutions arise, it can trigger contagion fears, potentially destabilising global markets and, in turn, negatively affecting economic activity.

- China is a major trading partner for Australia and NZ, with export incomes and business investment exposed to changes in China's economic growth and trade policies. China's economy continues to face substantial headwinds, with growth forecast to slow going forward. In the short term this reflects subdued domestic consumption and weakness in the property sector in China, alongside an export sector challenged by protectionism in two major markets (the European Union and the United States). Demographic issues are also becoming an increasing factor reducing growth as the population ages out of the workforce. This could negatively impact the global economy generally, and the Australian and NZ economies in particular. Although diplomatic tensions between the Chinese and Australian governments have eased since mid-2022, the risk of trade restrictions being imposed on Australian exports remains. Any restrictions could have a negative impact on the Group's customers and may give rise to increasing levels of customer defaults.
- As commodity exporting economies, Australia and NZ are exposed to shifts in global commodity prices that can be sudden, sizeable, and difficult to predict. Fluctuations in commodity markets can affect key economic variables like national income tax receipts and exchange rates. Commodity price volatility remains substantial and, given the Group's sizeable exposures to commodity producing and trading businesses, this volatility poses a credit risk to the Group.
- Elevated geopolitical instability, such as the Russia-Ukraine and Middle Eastern conflicts, has negatively impacted, and could continue to negatively impact, the global and Australian economies, including by causing supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign currency exchange rates, rising interest rates and heightened cybersecurity risks. Prices may remain elevated for an extended period, which would negatively impact most businesses and households, and may lead to increased credit losses for the Group.
- Other geopolitical risks continue to present uncertainty to the global economic outlook, with negative impacts on consumption and business investment. Tensions between the United States and China (along with other countries), including in relation to Taiwan, the South China Sea, and Asia-Pacific which could increase as a result of the AUKUS pact or other similar agreements, as well as disruptions to trade through the Red Sea and the potential for widening conflict in Eastern Europe and the Middle East, could impact global economic growth and global supply chains.

### Market risk

The Group may suffer losses as a result of a change in the value of the Group's positions in financial instruments, bank assets and liabilities, or their hedges due to adverse

movements in market prices. Adverse price movements impacting the Group may occur in credit spreads, interest rates, foreign exchange rates, and commodity and equity prices, particularly during periods of heightened market volatility or reduced liquidity. Market conditions remain volatile in response to an uncertain economic environment and elevated geopolitical risk.

The occurrence of any event giving rise to material market risk losses may have a negative impact on the Group's financial performance and position.

### The Group is exposed to credit spread risk.

Credit spread risk is the risk that the Group may suffer losses from adverse movements in credit spreads, including increases in credit spreads resulting from financial markets instability. This is a significant risk in the Group's trading and banking books.

The Group's trading book is exposed to credit risk movements in the value of securities and derivatives as a result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in the Group's trading book when it provides risk transfer services to customers seeking to buy or sell fixed income securities (such as corporate bonds). The Group may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e., quoting buy and sell prices to customers) in fixed income securities. The Group's trading book is also exposed to credit spread risk through credit valuation adjustments. A widening of credit spreads could negatively impact the value of the credit valuation adjustments.

The Group's banking book houses HQLAs which form the majority of the Group's liquidity portfolio required for managing the Group's liquidity risk. While the Group hedges the interest rate risk on this portfolio, it is subject to credit spread risk through changes in spreads on its holdings of semi-government bonds. During periods of adverse credit spread movements, these positions can give rise to material volatility within the Group's treasury portfolio which is captured either in profit and loss or reserves. Positions in residential mortgage-backed securities that arise through the Group's warehousing, underwriting, and syndication operations also form part of the banking book and are exposed to changes in credit spreads.

### The Group is exposed to interest rate risk.

The Group's financial performance and capital position are impacted by changes in interest rates.

The Group's trading book is exposed to changes in the value of securities and derivatives as a result of changes in interest rates. The Group's trading book accumulates interest rate risk when the Group provides interest rate hedging solutions for customers, holds interest rate risk in anticipation of customer requirements, or undertakes market-making activity in fixed income securities or interest rate derivatives. The level of volatility in interest rate markets has increased in the post-pandemic period after a broadening of inflationary pressures saw major central banks unwind stimulus and rapidly tighten monetary policy. As a result of the uncertain economic outlook and elevated geopolitical risk, market conditions remain unstable.

Balance sheet and off-balance sheet items can create an interest rate risk exposure within the Group. As interest rates and yield curves change over time, the Group may be exposed to a loss in earnings and economic value due to the interest

## Risk factors (cont.)

rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of the Group's lending portfolio compared to its deposit portfolio (and other funding sources), as well as the extent to which lending and deposit products can be repriced should interest rates change, thereby impacting the Group's net interest margin.

### **The Group is exposed to foreign exchange risk.**

Foreign exchange risks are evident in the Group's trading and banking books.

Foreign exchange and translation risks arise from the impact of currency movements on the value of the Group's positions in financial instruments, profits and losses, and assets and liabilities due to participation in global financial markets and international operations.

The Group's ownership structure includes investment in overseas subsidiaries and associates which gives rise to foreign currency exposures, including through the repatriation of capital and dividends. The Group's businesses may therefore be affected by a change in currency exchange rates, and movements in the mark-to-market valuation of derivatives and hedging contracts.

The Group's financial statements are prepared and presented in Australian dollars unless otherwise stated, and any adverse fluctuations in the Australian dollar against other currencies in which the Group invests or transacts, and generates profits (or incurs losses), may adversely impact its financial performance and position.

### **The Group is exposed to market risk should it be unable to sell down its underwriting risk.**

As financial intermediaries, members of the Group underwrite or guarantee different types of transactions, risks and outcomes, including the placement of listed and unlisted debt, equity-linked and equity securities. The underwriting obligation or guarantee may be over the pricing and placement of these securities, and the Group may therefore be exposed to potential losses, which may be significant, if it fails to sell down some or all of this risk to other market participants.

## **Capital, funding and liquidity risk**

### **The Group is exposed to funding and liquidity risk.**

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as they mature, the payment of interest on borrowings and the payment of operational expenses and taxes. The Group must also comply with prudential and regulatory liquidity obligations across the jurisdictions in which it operates. A significant deterioration in the Group's liquidity position for any reason may lead to an increase in the Group's funding costs, constrain the volume of new lending, or cause the Group to breach its prudential or regulatory liquidity obligations. This may adversely impact the Group's reputation and financial performance and position.

Funding risk is the risk that the Group is unable to raise short and long term funding to support its ongoing operations, regulatory requirements, strategic plans, and objectives. The Group accesses domestic and global capital markets to help fund its business, along with using customer deposits. A significant deterioration in the Group's ability to access these markets or of lenders to provide funding may adversely impact the Group's financial reputation, financial performance and position. The Group relies on offshore wholesale funding to support its funding and liquidity position. Periods of

heightened market volatility may limit the Group's access to this funding source. Disruption in global capital markets, reduced investor interest in the Group's securities and/or reduced customer deposits, may adversely affect the Group's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor of available funds or impose unfavourable terms on the Group's access to funds, constrain the volume of new lending, or adversely affect the Group's capital position.

### **The Group's capital position may be constrained by prudential requirements.**

Capital risk is the risk that the Group does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses. Capital is the cornerstone of the Group's financial strength. It supports the Group's operations by providing a buffer to absorb unanticipated losses from its activities.

The Group must comply with prudential requirements in relation to capital across the jurisdictions in which it operates. Compliance with these requirements, and any further changes to these requirements may:

- Limit the Group's ability to manage capital across the entities within the Group.
- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require the Group to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

Current regulatory changes that could present a risk to the Group's capital position include loss-absorbing requirements for Domestic Systemically Important Banks, which include the Group. These changes require an increase to total capital by 4.5% of risk weighted assets (RWA) by 1 January 2026, with an interim increase by 3% of RWA which came into effect on 1 January 2024. These requirements are expected to be satisfied primarily through the issue of additional Tier 2 Capital which will further increase the Group's funding costs due to the higher cost of Tier 2 Capital issuance relative to senior debt.

In September 2024, APRA released a discussion paper outlining potential amendments to APRA's prudential framework that seek to ensure that the capital strength of the Australian banking system operates more effectively in stress. For advanced banks such as the Company, APRA has proposed replacing 1.5% Additional Tier 1 (AT1) Capital with 0.25% 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. Changes to the requirements for AT1 Capital may impact the Group's capital position, and credit ratings for AT1 and Tier 2 instruments. This may also potentially impact the Group's cost of funds.

In addition, revisions to the RBNZ capital requirements (to be phased in by 2028) will require the Group to hold more capital in New Zealand.

If the information or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the Group's operations, financial performance and financial position.



## Risk factors (cont.)

### **A downgrade in the Group's credit ratings or outlook may adversely impact its cost of funds and capital market access.**

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating the Group and its products, services, and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for the Group, or credit ratings of sovereign jurisdictions where the Group conducts business. Credit ratings may be affected by operational and other market factors (e.g., ESG-related factors), or changes in a credit rating agency's rating methodologies.

A downgrade in the credit ratings or outlook of the Group, the Group's securities, or the sovereign rating of one or more of the countries in which the Group operates, may increase the Group's cost of funds or limit its access to capital markets. This may also cause a deterioration of the Group's liquidity position and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. A downgrade to the Group's credit ratings relative to its peers may also adversely impact the Group's competitive position and financial performance and position.

### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

### **Privacy, information security and data breaches may adversely impact the Group's reputation and operations.**

The Group collects, processes, stores, and transmits large amounts of personal and confidential information through its people, technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving, including through the use of emerging technologies, such as advanced forms of AI, and techniques used to perpetrate cyber-attacks are increasingly sophisticated. In addition, the number, nature, and resources of adverse actors that could pose a cyber threat to the Group is growing, including individual cybercriminals, criminal or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities.

There is a risk that the Group's efforts to improve its technology systems and networks and its information security policies, procedures and controls may not be adequate to address these threats. While the Group participates in internal and external reviews and testing and is subject to regulatory oversight, which collectively help to identify weaknesses and areas for improvement, remediation of weaknesses is sometimes difficult to complete in a timely manner due to the complex technology environment (including third party involvement) and the rapidly evolving nature of the threats, which leads to the continuing emergence of new vulnerabilities.

As cyber threats continue to evolve, the Group may be required to expend significant additional resources to continue to modify or enhance its layers of defence or to investigate and remediate any information security vulnerabilities.

The Group may also not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures, and controls to prevent or minimise the resulting damage. The Group may also inadvertently

retain information which is not specifically required or is not permitted by legislation, thus increasing the impact of a potential data breach or non-compliance. A successful cyber-attack could persist for an extended period before being detected and, following detection, it could take considerable time for the Group to obtain full and reliable information about the cybersecurity incident and the extent, amount and type of information compromised. During an investigation, the Group may not necessarily know the full effects of the incident or how to remediate it, and actions and decisions that are taken or made to mitigate risk may further increase the costs and other negative consequences of the incident. Moreover, the Group may be required to disclose information about a cybersecurity event before it has been resolved or fully investigated. Additionally, the Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure. The Group is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. Failures of controls by these providers may expose the Group and the data it stores to loss of confidentiality, integrity or availability. The Group may also submit confidential information to its key regulators under a legal obligation and as part of regulatory reporting.

A breach of security at any of these external providers, regulators or within the Group may result in operational disruption, theft or loss of customer or employee data, a breach of privacy laws, regulatory enforcement actions, civil penalties, customer or employee redress, litigation, financial losses, or loss of market share, property, or information. This may be wholly or partially beyond the control of the Group and may adversely impact its financial performance and position. For example, some large Australian organisations have experienced significant cyber-attacks in recent years leading to intense public reactions and increased political and regulatory focus.

In addition, any such event may give rise to increased regulatory scrutiny or adversely affect the view of ratings agencies. Social media commentary, and the Group's responses to the relevant event, may exacerbate the impact on the Group's reputation.

Generative AI is an emerging area of operational risk. While AI has potential to support significant service advances for customers, it also has the potential to assist, enable, and enhance existing methods for criminals to perpetrate fraud, scams, and cyber threats against the Company and its customers, and poses increased risks to cybersecurity such as denial of service, and more sophisticated social engineering attacks.

The Group's use of AI and machine learning technologies is also subject to risks that algorithms and datasets are flawed or may be insufficient and could increase the risk of unintended deficiencies and could result in inaccurate or ineffective decisions, predictions or analysis, and give rise to potential ethical and social risks associated with its use (e.g., unintended discrimination, bias and disinformation). If the Group were found to have infringed or misappropriated a third-party patent or other intellectual property right (including where the Group or a third party has used generative AI outputs based on data for which the generative model may not have had consent), the Group could, in some circumstances, be prohibited from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trademarks, trade secrets, or licences.

## Risk factors (cont.)

### **Disruption to technology and services may adversely impact the Group's reputation and operations.**

Many of the Group's operations depend on technology or third parties. Therefore, the financial strength, reliability, resilience, security, and performance of the Group's and its third parties' information technology systems, processes and infrastructure are essential to the effective operation of the Group's business and consequently to its financial performance and position. The reliability, security and resilience of the Group's technology and services may be impacted by the complex technology environment, selection, concentration of and reliance on suppliers, failure to keep technology systems up to date, an inability to restore or recover systems and data in acceptable timeframes, or a physical or cyber-attack against the Group or its external providers including suppliers of cloud services to the Group.

The rapid evolution of technology in the financial services industry and the increased expectations of customers for internet and mobile services on demand expose the Group to changing operational scenarios.

Any disruption to the Group's technology and services (including disruption to the technology systems of the Group's external providers) may be wholly or partially beyond the Group's control and may result in operational disruption, regulatory enforcement actions, customer redress, litigation, financial losses, theft or loss of customer data, loss of market share, loss of property or information, or may adversely impact the Group's speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the trust that internal and external stakeholders have in the Group's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect the Group's reputation, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties.

### **Complexity of infrastructure, processes and models gives rise to a significant risk to the Group's operations.**

The Group's business involves the execution of many processes and transactions with varying degrees of complexity. The Group is reliant on its policies, processes, controls, and supporting infrastructure functioning as designed, and on third parties appropriately managing their own operational risk and delivering services to the Group as required. A failure in the design or operation of these policies, processes, controls, and infrastructure, failure of the Group to manage external service providers, or the disablement of a supporting system, all pose a significant risk to the Group's operations and consequently its financial performance, reputation and the timeliness and accuracy of its statutory and prudential reporting.

Models are used extensively in the conduct of the Group's business, for example, in calculating capital requirements or customer compensation payments, and in measuring and stressing exposures. If the models used prove to be inadequate, or are based on incorrect or invalid assumptions, judgements, or inputs, this may adversely affect the Group's customers and the Group's financial performance and position.

### **The Group is exposed to the risk of human error.**

The Group's business, including the internal and supplier managed processes and systems that support business decisions, relies on appropriate actions and inputs from its employees, agents, and external providers. The Group

is exposed to operational risk due to process or human error, including incorrect or incomplete data capture and records maintenance, incorrect or incomplete documentation to support activities, inadequate design of processes or controls, or incorrect reporting. The Group uses select external providers (in Australia and overseas) to provide services to the Group and is exposed to similar risks arising from such failures in the operating environment of its external providers.

The materialisation of any of these risks could lead to direct financial loss, loss of customer, employee or commercially sensitive data, regulatory penalties, and reputational damage.

### **The Group may not be able to attract, remunerate and retain suitable talent.**

The Group is dependent on its ability to attract and retain key executives, employees, and Board members with a deep understanding of banking and technology, who are qualified to execute and govern the Group's strategy, including the technology transformation the Group is undertaking to meet the changing needs of its customers. Potential weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll, workplace health and safety and employee wellbeing, together with a competitive labour market for critical skills, are sources of operational risk that can impact the Group's ability to attract and retain qualified personnel with the requisite knowledge, skills, and capability. The effective management of psychosocial risk (including relating to workplace factors such as customer aggression, workload issues or poor change management) is an area of focus within the Group to support employee wellbeing and retain talent. It is also an area of increasing regulatory scrutiny and reputational risk.

The Group's capacity to attract and retain key talent, in addition to providing attractive career opportunities, also depends on its ability to adequately and appropriately respond to changes (internal or external) as well as design and implement effective remuneration and talent structures. This may be constrained by several factors, including by regulatory requirements (particularly in the highly regulated financial services sector).

The unexpected loss of key resources or the inability to attract personnel with suitable experience may adversely impact the Group's ability to operate effectively and efficiently, or to meet the Group's strategic objectives. This risk may also impact third party vendors (including offshore vendors) engaged by the Group, who may be experiencing similar personnel related challenges.

### **External events may adversely impact the Group's operations.**

Operational risk can arise from external events such as biological hazards, climate change, natural disasters, widespread disease or pandemics, or acts of terrorism and geopolitical conflict.

The Group has branches and office buildings across Australia and NZ in locations that are prone to extreme weather events, with NZ locations also prone to earthquakes.

Given the Group's physical presence in major cities in Australia, NZ and other countries where it has, or is intending to establish, offshore operations, it may also be exposed to the risk of a terrorist attack.

The Group has operations in India and Vietnam conducting a range of essential business functions and processes including transaction processing and technology development. Disruption (including due to geopolitical tensions) to

## Risk factors (cont.)

these centres may have a material impact on the Group's operations.

Geopolitical risks continue to present uncertainty to the Group's operations. For example, tensions between the United States and China, including in relation to Taiwan, the Russia-Ukraine and Middle Eastern conflicts, and China's trade and technology policies, continue to persist, which could impact the Group's operations adversely, for example through disruption to free trade, global supply chains and availability of talent.

External events, such as extreme weather, natural disasters, biological hazards, and acts of terrorism may also cause property damage and business disruption, which may adversely impact the Group's financial performance. In addition, if the Group is unable to manage the impacts of such external events, it may compromise the Group's ability to provide a safe workplace for its personnel and/or lead to reputational damage. The environment the Group is operating in has become more complex and more uncertain and could create operational risks that are yet to be identified.

### Sustainability risk

Sustainability risk is the risk that ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk and return profile, value, or reputation of the Group or its customers and suppliers. Inadequate management of ESG risks by the Group or its customers may expose the Group to other potential risks across risk categories such as strategic, credit, compliance, conduct, operational and capital, funding and liquidity risk.

**Physical and transition risks arising from climate change, other environmental impacts and nature-related risks may lead to increasing customer defaults and decrease the value of collateral.**

Extreme weather, increasing weather volatility, and longer-term changes in climatic conditions, as well as environmental impacts such as land contamination and other nature-related risks such as deforestation, biodiversity loss and ecosystem degradation, may affect water security, property and asset values or cause customer losses due to damage, crop losses, existing land use ceasing to be viable, and/or interruptions to, or impacts on, business operations, supply chains or market access.

Globally, an increasing number of countries are prone to, and have experienced, acute physical climate events. In Australia and NZ these have included drought conditions, heat waves and bushfires over summer periods, and severe floods. Extreme weather events are expected to increase globally and locally in frequency and severity, which may have adverse macroeconomic impacts. The impact of extreme weather events can take time to be fully realised and be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral and the extent to which these assets are insured or insurable, which may impact the Group's ability to recover its funds when loans default.

Climate-related transition risks are increasing as economies, governments, and companies seek to transition to low-carbon alternatives and adapt to climate change. Certain customer segments may be adversely impacted as the economy transitions to renewable and low-emissions technology. Decreasing investor appetite and customer demand for carbon intensive products and services, emerging

requirements of sustainable finance taxonomies increasing climate-related litigation and changing regulations and government policies designed to mitigate climate change may negatively impact revenue and access to capital for some businesses, and/or the Group's products or services that serve those customers. Furthermore, management of transition risk is more challenging given the presence of social risks such as modern slavery in relevant supply chains (e.g., input materials and equipment required to support the low carbon transition).

Some of the regions in which the Group operates (e.g., NZ and Japan) face heightened geological risk associated with major earthquakes, which can, and have, resulted in damage to property and infrastructure, and in some cases loss of life.

Biodiversity loss and ecosystem degradation can arise from environmental factors such as:

- Climate change.
- Deforestation and illegal land clearing.
- Air and water pollution or soil contamination.
- Invasive species (e.g., the varroa mite and fire ant).

These factors may disrupt business activities and supply chains, and may cause adverse impacts which include:

- Declines in agricultural and fishing yields.
- Decline in bee populations providing pollination services to agriculture.
- Raw material and/or commodity price volatility.
- Loss of market access.
- Stranded assets.
- Changes in customer demand.
- Changes in the regulatory environment.

These risks may increase expected and actual levels of customer defaults, thereby increasing the credit risk facing the Group and adversely impacting the Group's financial performance and position, profitability and returns to investors.

**The Group, its customers, or its suppliers may fail to comply with legal, regulatory, or voluntary standards or broader shareholder, community and stakeholder expectations concerning ESG risk performance.**

ESG issues have been subject to increasing legal, regulatory, voluntary, and prudential standards and increasing (and sometimes differing) community and stakeholder expectations. These include:

- Environmental issues – such as climate change, deforestation and illegal land clearing, biodiversity loss, ecosystem degradation, spread of invasive species, and pollution. Supervisory and regulatory guidance and requirements for banks are increasingly focusing on ESG risks, as regulators have increased expectations of companies' ESG-related capabilities and seek to understand and manage system-wide impacts such as those arising from climate-related risks. This focus is quickly evolving to broader environmental issues, such as nature-related risks, as the links between nature and economic prosperity and societal wellbeing are becoming better understood. This has been a particular focus of the Task Force on Nature-related Financial Disclosures, whose recommendations were released in September 2023, and the development of which has been supported by the Australian and United Kingdom governments.
- Social issues – such as human rights (including modern slavery), compliance with recognised labour standards and

## Risk factors (cont.)

fair working conditions, unfair and inequitable treatment of people including discrimination, product responsibility, appropriate remuneration, indigenous land rights and cultural heritage – including consideration of issues such as Free, Prior and Informed Consent, and animal welfare, including any such potential impacts on these matters from a customer's operations and/or projects.

- Governance issues – such as bribery and corruption, tax avoidance, greenwashing and greenhushing, and other false or misleading environmental or sustainability claims, cross industry collaboration practices, poor governance, lack of transparency, supply chain traceability, and not fulfilling accountabilities.

Performance against corporate ESG commitments are being more closely monitored by external stakeholders as their understanding of issues (and their associated risks) such as climate change, human rights, responsible supply chain management and due diligence increases. Globally, including in Australia and NZ, regulators have strengthened their policy guidance in relation to sustainability-related disclosures and governance practices, with particular emphasis on greenwashing. Consumer and fair-trading issues in relation to environmental and sustainability claims are a 2024-2025 compliance and enforcement priority of the Australian Competition and Consumer Commission (ACCC), aimed at improving the integrity of environmental and sustainability claims and to protect consumers from greenwashing. Addressing financial system climate change risks is one of five strategic priorities in the 2024-2025 Corporate Plan of the Australian Securities and Investments Commission (ASIC). This includes focusing on climate-related disclosure, greenwashing, and integrity and fairness in energy and carbon credit markets. Australian regulators (ACCC and ASIC) have continued to increase enforcement activity in relation to greenwashing in sustainability-related markets and disclosures.

ESG due diligence requirements may become mandatory in some jurisdictions in which the Group operates, placing increasing demands on the Group's processes and capability to manage, monitor and address ESG risks. The impacts associated with climate change-related legislative and regulatory initiatives, customer requirements and the transition to a low carbon economy, including meeting new regulatory expectations, retrofitting of assets, energy efficient and low carbon investments, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect the Group and/or its customers.

The Group's reputation and business prospects may also be damaged if it does not, or is perceived not to, effectively prepare for the potential business and operational risks and opportunities associated with climate change, including through the development and marketing of effective and competitive products and services designed to address clients' climate risk-related needs. These impacts include negative market perception, reduced market share and regulatory and litigation consequences associated with greenwashing claims or driven by association with clients, industries or products that may be inconsistent with the Group's stated positions on climate change issues.

Failure by the Group to:

- comply with the ESG-related requirements or standards, including emerging ESG-related disclosure requirements arising from the release of the International Sustainability Standards Board's sustainability and climate disclosure standards, enacted through amendments

to the Corporations Act 2001 (Cth) and accounting standards in Australia and similar legislative updates in other jurisdictions;

- meet ESG-related voluntary commitments, goals and targets set by the Group, or Group ESG-related policy requirements;
- meet community and stakeholder expectations in relation to ESG;
- apply appropriate ESG standards to its customers, or to entities in the Group's supply chain; or
- appropriately make representations about its ESG-related products, performance and data quality

may adversely impact the Group's reputation, and shareholder, customer, and employee sentiment towards the Group, may increase the risk of ESG-related litigation against the Group, or may result in regulatory fines or penalties, including litigation or regulatory action related to greenwashing. Risk also exists due to well-funded and strategic private litigants actively seeking opportunities to take litigation action in Australia.

Certain products, services or industries may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by shareholders, investors, or special interest groups. This could result in a sudden and significant decrease in demand for these products or services and a negative impact on revenue and access to capital for some businesses and increasing litigation risk. Reputational damage to impacted suppliers, customers or customer sectors may give rise to associated reputational damage to the Group. In addition, levels of customer defaults in an impacted sector may increase, adversely impacting the Group's financial performance and position, profitability and returns to investors.

### Conduct risk

Conduct risk is the risk that any action (or inaction) of the Group, or those acting on behalf of the Group, will result in unfair outcomes for any of the Group's customers.

#### **The Group is reliant on its employees, contractors and external suppliers acting in an appropriate and ethical way.**

Organisational culture can greatly influence individual and group behaviours. Poor culture can expose an organisation and lead to customer harm, financial loss and detriment. The behaviours that could expose the Group to conduct risk include:

- Failure to design products and services that are transparent, accessible, and easy for the Group's customers to understand.
- Unmanaged conflicts of interest that could influence behaviour that is not in the customer's best interest.
- Ineffective or non-adherence to applicable learning and competency training requirements.
- Selling, providing, or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Use of AI that is inappropriate or inconsistent with community and customer expectations, or the overreliance on algorithmic outcomes without adequate human supervision.
- Making representations to customers about products or services of the Group which are inaccurate, misleading, or deceptive, including representations which may mislead



## Risk factors (cont.)

customers on the extent to which the Group's practices are environmentally friendly, sustainable, or ethical.

- Being a party to fraud.
- Failure to identify and appropriately manage customer communications, hardship cases and debt collection.
- Failure to protect customers from fraud or scams when banking through digital channels or failure to respond adequately to customers impacted by external fraud or scams.
- Failure to anticipate and prevent malicious third-party actors from using product or service features in unintended ways that result in harm to the Group's customers (e.g., financial abuse or perpetrators of domestic violence).
- Non-adherence to applicable requirements or providing financial advice which is not appropriate or in a customer's interests.
- Delays in appropriately escalating regulatory and compliance issues.
- Failure to resolve issues and remediate customers in a timely manner and in accordance with community expectations.
- Failure to deliver on product and service commitments.
- Failure to remediate ineffective business processes and stop re-occurrence of issues in a timely manner.
- Failure to act in accordance with the Group's Code of Conduct or Financial Markets Conduct Policy.

If the Group's conduct-related controls were to fail significantly, be designed inappropriately, or not meet legal or regulatory requirements or community expectations, then the Group may be exposed to, among other things:

- Increased costs of compliance, fines, additional capital requirements, public censure, loss of customer confidence, class actions and other litigation, settlements, and restitution to customers or communities.
- Increased supervision, oversight, or enforcement by regulators or other stakeholders.
- Unenforceability of terms which are deemed to be in contravention of Unfair Contract Terms legislation within standard form contracts such as loans, guarantees, and other security documents, which could possibly result in civil and/or monetary penalties.
- Enforced suspension of operations, amendments to licence conditions, or loss of licence to operate, all or part of the Group's businesses.
- Other enforcement or administrative action or agreements, including legal proceedings.

A failure of the Group's conduct-related controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact the Group's reputation, financial performance and position, profitability, operations and returns to investors and can result in customer harm, financial loss and detriment.

### Compliance risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives, as well as the internal policies, standards, procedures, and frameworks that support fair and equitable treatment of customers.

### The Group may be involved in a breach or alleged breach of laws governing bribery, corruption, and financial crime.

Supervision and regulation of financial crime and enforcement of anti-bribery and corruption (ABC), and anti-money laundering and counter-terrorism financing (AML/CTF) laws have increased in recent years.

As a bank engaged in global finance and trade, the Group faces risks relating to compliance with AML/CTF, ABC and financial sanctions laws across multiple jurisdictions. Undetected failure of internal controls, or the ineffective remediation of compliance issues could lead to breaches of AML/CTF and/or ABC obligations or sanctions violations, resulting in potentially significant monetary and regulatory penalties, which, in turn, may adversely impact the Group's reputation, financial performance, and position.

The risks of sanctions violations are increased in the context of additional, wide ranging economic sanctions and export controls imposed as a result of the Russia-Ukraine conflict. This includes rising expectations from regulators concerning export control due diligence by financial institutions, an unprecedented rate of new designations/listings by global regulators, as well as the continued attempts by those subject to sanctions to evade and circumvent their impact.

On 29 April 2022, the Company entered into an enforceable undertaking (EU) with the Australian Transaction Reports and Analysis Centre (AUSTRAC) to address AUSTRAC's concerns with the Group's compliance with certain AML and CTF requirements. Under the terms of the EU, the Company and the relevant members of the Group are required to:

- Complete a Remedial Action Plan (RAP) approved by AUSTRAC.
- Address, to AUSTRAC's satisfaction, any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

In May 2022, the Company appointed an external auditor (as required under the EU). The Company obtains interim reports from the external auditor on a quarterly basis and an annual basis. The external auditor will provide a final report to the Company for the period up to 31 March 2025.

The Company has completed the delivery of its required activities under the RAP (some of which are yet to be reviewed by the external auditor). The Company continues to oversee the EU through dedicated EU Governance forums. The Group continues to investigate and remediate a number of known AML/CTF compliance issues and weaknesses. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional enhancements of the Group's systems and processes may be required.

A negative outcome to any investigation or remediation process, or a failure to comply with the EU, may adversely impact the Group's reputation, business operations, financial position, and results.

Refer to *Note 31 Commitments and contingent liabilities* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements), 'Regulatory activity, compliance investigations and associated proceedings – AML and CTF program uplift and compliance issues' for more information.

## Risk factors (cont.)

**The Group may fail to comply with applicable laws and regulations which may expose the Group to increased regulatory intervention, significant compliance and remediation costs, and regulatory enforcement action or litigation, including class actions.**

The Group is highly regulated and subject to various regulatory regimes which differ across the jurisdictions in which it operates, trades, and raises funds.

Ensuring compliance with all applicable laws is complex. There is a risk the Group will be unable to implement adequate compliance arrangements including processes and controls required by relevant laws and regulations in a timely manner, or that the Group's compliance arrangements will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of misinterpreting new or existing regulations and, complying with detailed data requests from various regulators, specifically in respect of data collected from customers, which may be inaccurate or incomplete.

There is significant cost associated with the systems, processes, controls, and personnel required to comply with applicable laws and regulations. Such costs may negatively impact the Group's financial performance and position. Any failure to comply with relevant laws and regulations may have a negative impact on the Group's reputation and financial performance and position and may give rise to class actions, litigation, or regulatory enforcement, which may in turn result in the imposition of civil or criminal penalties, or additional regulatory capital requirements, on the Group.

Potential weaknesses in employment practices, including anti-discrimination, workplace health and safety and the "right to disconnect" are areas of increasing regulatory scrutiny and reputational risk. In addition, there are also risks associated with the Group's compliance with Australian workplace laws and its obligations to employees under those laws and contractual agreements with its employees. Any instances of non-compliance could result in remediation costs, reputational damage, enforcement or other legal action (including potential federal criminal penalties for "wage theft" introduced under the Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth) from 1 January 2025)". Employment practices may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by employees, unions, or special interest groups.

Entities within the Group have been, and may continue to be, involved from time to time in regulatory enforcement and other legal proceedings arising from the conduct of their business. There is inherent uncertainty regarding the possible outcome of any legal or regulatory proceedings involving the Group. It is also possible that further class actions, regulatory investigations, compliance reviews, civil or criminal proceedings, or the imposition of new licence conditions or regulatory capital requirements could arise in relation to known matters or other matters of which the Group is not yet aware. The aggregate potential liability and costs associated with legal proceedings cannot be estimated with any certainty.

A negative outcome to regulatory investigations or litigation involving the Group may impact the Group's reputation, divert management time from operations, and affect the Group's financial performance and position, profitability, and returns to investors. Refer to *Note 31 Commitments and contingent liabilities* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) for details in relation to certain current legal and regulatory proceedings, compliance reviews and associated

remediation, and other contingent liabilities which may impact the Group.

**Extensive regulatory change poses a significant risk to the Group.**

Globally, the financial services and banking industries are subject to significant and increasing levels of regulatory change, reviews and political scrutiny, including in Australia, NZ and other countries where the Group has, or may establish, offshore operations.

Regulatory change may result in significant capital and compliance costs, changes to the Group's corporate structure, and increasing demands on management, employees and information technology systems. This may also impact the competitiveness of the Group in certain areas of its business, the viability of the Group's participation in certain markets or require the divestment of a part of the Group's business. The pace, volume, and complexity of change may also expose the Group to the increased risk of failure to adequately identify or comply with all applicable regulatory changes. Changes to laws and regulations or their interpretation and application can be unpredictable, are beyond the Group's control, and may not be harmonised across the jurisdictions in which the Group operates.

Operationalising large volumes of regulatory change presents ongoing risks for the Group. Extensive work is done to assess proposed design solutions and to test the design effectiveness of controls for each regulatory change before its effective date, however, the operating effectiveness of some controls cannot be fully tested until the relevant effective date has occurred. There are also inherent risks associated with the dependency on third parties for the effectiveness of some controls.

The Group is in the process of implementing key regulatory changes that have yet to take effect. These include Operational Risk Management (CPS 230 effective 1 July 2025), Public Disclosure (APS 330 effective 1 January 2025), Interest Rate Risk in the Banking Book (APS 117 effective 1 October 2025), Liquidity and Capital Requirements (APS 111 and 210 effective 1 July 2025) and the Australian Securities Exchange CHES replacement system expected to commence in 2026. The other notable change, effective progressively from 9 July 2024, is Tranche one of the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024 (Royal Assent received on 9 July 2024). These reforms make changes to the provision of financial products and services as well as supporting disclosure documentation. Tranche two of the reforms is expected to be developed in the second half of 2024.

The Australian Government is progressing its Strategic Plan for the Payments System (including the decommissioning of the Bulk Electronic Clearing System by June 2030), as well as its initial Data and Digital Government Strategy and the 2023-2030 Australian Cyber Security Strategy (which proposes to introduce Advanced Encryption Standards by 2025). The Group will be subject to significant regulatory and process changes as the Australian Government finalises and implements its strategic policy priorities and digitalisation agenda in the period ahead.

Ongoing and proposed regulatory changes, reviews and inquiries relevant to the Company relate to:

- Prudential matters - including operational resilience, cyber security (CPS 234), market risk capital, liquidity, governance and the prudential treatment, licensing and custody of crypto assets.

## Risk factors (cont.)

- Conduct matters – including vulnerability (such as hardship, domestic violence, accessible and inclusive banking and regional branch closures), financial advice reforms, market abuse or conduct-related regulations, changes to financial benchmarks, derivatives reform (ASIC Derivative Transaction Rules (Reporting) 2024 taking effect from October 2024), consumer credit, responsible lending and disclosure laws; and
- A range of broader industry matters – including competition inquiries, CDR reforms (expansion to non-bank lenders, action initiation, and consent), payments, data quality, protection and privacy law reforms, financial crime legislation (including de-banking), accounting, disclosure and reporting requirements (financial, sustainability and climate risk, reportable situations, complaints and remuneration), personal property securities framework reform, bankruptcy and personal and corporate insolvency, human rights, modern slavery, tax reform, and reviewing the clearing and settlements systems.

Ongoing and proposed regulatory changes, reviews and inquiries relevant to BNZ include:

- Prudential matters – modification of legislation applicable to deposit takers in New Zealand;
- Industry matters – development of a CDR.

Examples of regulatory change in other jurisdictions that may directly or indirectly impact the Group's Australian operations include changes relating to the Group of 20 regulation of over-the-counter derivative products, potential updates to the Foreign Exchange Global Code, United Kingdom and European market abuse regulations, European Union directives relating to Corporate Sustainability Reporting and Corporate Sustainability Due Diligence and the French Duty of Vigilance legislation.

Current consumer-centric regulatory changes expected in 2024 and/or 2025 include regulation for Buy Now Pay Later products and the Mandatory Industry Code for scams. The revised Banking Code of Practice will also come into effect on 28 February 2025. In September 2024, the NZ Government released several policy decisions in connection with NZ's consumer credit, responsible lending, Buy Now Pay Later, and disclosure laws. Following further policy work, a bill to bring these decisions into effect is expected to be introduced to NZ Parliament in December 2024. Regulatory priorities may also direct or influence the manner in which the Group is currently meeting its obligations to customers.

With increasing evidence of consumers experiencing financial distress and difficulty due to cost-of-living pressures, ASIC expects lenders to work constructively with their customers to find a sustainable solution. ASIC released Report 782 in May 2024 after conducting an industry review on the approach to financial hardship in home lending, in which the Company was a participant. The report found it was difficult for customers experiencing hardship to access appropriate support from lenders. ASIC initiated civil penalty proceedings against other financial institutions in relation to failures to respond to financial hardship notices within the time required by law. In accordance with ASIC's strategic priority to take action to address poor product design and distribution, ASIC recently initiated and was successful in civil penalty proceedings against distributors and issuers of financial products for failing to meet their design and distribution obligations and also issued stop orders restricting other products from sale.

Examples of other specific reviews and regulatory reforms currently relevant to the Group, and which present a potential material regulatory risk include those set out below.

- The Financial Markets (Conduct of Institutions) Amendment Act 2022 (CoFI Act) will create an oversight and licensing regime for regulating conduct in the banking, non-bank deposit taking and insurance sectors in NZ. The CoFI Act is set to commence on 31 March 2025.
- Legislation remains before Parliament to enable 'write access' or 'action initiation' within the CDR regime which may present additional cyber and fraud risks in the CDR ecosystem, if passed. Governance mechanisms including accountabilities, controls, and frameworks are still evolving and, under the Open Banking regime, customer data may be shared with, and received from, a broader range of stakeholders. Significant Group resources and management time have been, and will continue to be, utilised to implement and progress Open Banking (including supporting the CDR to mature in the banking sector). There are instances where the Group is not yet compliant with CDR requirements and is working to rectify these issues. The ACCC is kept informed of progress and publishes the status of these issues along with those of other financial institutions.
- The ACCC has completed its inquiry into the market for the supply of retail deposit products. The inquiry looked at matters including the interest rates paid by authorised deposit taking institutions for retail deposits, how the interest rates are set between retail deposit products and lending products (including home loans), decisions made in light of changes to the RBA target cash rate, the extent of competition in the market for retail deposit products and how deposit products are a source of funding for the supply of credit. The ACCC released its report on 15 December 2023. In June 2024, the Australian Government responded by announcing proposed changes to help Australians obtain information impacting existing mortgage arrangements and interest rates on savings accounts.
- In recent years the financial services industry has come under increasing pressure from governments, regulators, media and consumer groups to do more to protect customers from scams. The Australian Government has advised that legislation and mandatory codes will be implemented and has released the consultation draft of the legislation which will establish a Scams Prevention Framework for entities designated by the Australian Government. The legislation and mandatory codes will establish obligations that the Group must comply with in relation to governance, prevention, detection, response, disruption and reporting of scams. The draft legislation also establishes the framework for external dispute resolution of scam complaints which will include authority to make binding determinations of liability for scam losses against designated entities. Given the significant losses associated with scams and the potential penalties available to regulators there may be a requirement for additional expenditure by the Group to ensure compliance with the Scams Prevention Framework.
- The Australian Attorney General's Department introduced a bill to amend the AML/CTF Act on 11 September 2024. The proposed changes include regulation for additional entities within Australia, some of whom will be customers of the Company. Consultation on the accompanying AML/CTF rules will likely commence in the coming months. Until the proposed reforms are finalised, the impact of the revised legislation is uncertain.
- New Base Erosion and Profit Shifting rules (Pillar Two model rules) have been released by The Organisation for Economic Co-operation and Development that are designed to ensure that multinational enterprises pay a

## Risk factors (cont.)

minimum tax of 15% on income arising in each jurisdiction. The rules will come into effect for the Company globally commencing 2025. The rules are complex and will require global implementation resulting in increased compliance costs. Substantial changes will be required to existing tax operations with a focus on an increase in global data analytics capabilities.

- Regulation to increase diversity and inclusion in the financial services industry, led by the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority.
- Proposed ESG-related regulatory regimes, including increasing obligations relating to modern slavery, human rights, sustainable finance, climate, and other sustainability risk-related prudential guidance, and regulatory and disclosure requirements. These include:
  - The climate-related disclosures regime under the Financial Markets Conduct Act 2013 in NZ, which requires mandatory climate-related reporting and similar requirements under (i) the Corporations Act 2001 (Cth) and the Australian Accounting Standards Board (AASB) Standards in Australia which are set to be applied from 1 January 2025, and (ii) the Corporate Sustainability Reporting Directive in the European Union. The potential for divergence in sustainability and climate-related disclosure requirements across jurisdictions as they nationalise international reporting standards may lead to complexity and give rise to risks associated with meeting compliance requirements. The emerging nature of these requirements, and the lack of robust and mature data, particularly in areas like nature and modern slavery-related disclosures, may also contribute to disclosure risks.
  - Regulatory guidance on green and sustainable product labelling and greenwashing published by the ACCC and ASIC in Australia, the FCA in the United Kingdom and similar regulators in other jurisdictions.
  - Guidelines and regulations related to managing various human rights obligations like discrimination, diversity, equity, inclusion, and modern slavery. For example, guidance provided by the Australian Human Rights Commission on how companies can meet the positive duty to eliminate sex discrimination in the workplace.
  - The final recommendations and guidance published by the Taskforce on Nature-related Financial Disclosures in 2023.
  - Expansion of modern slavery and sustainability due diligence requirements in Australia, the European Union and other jurisdictions.

The full scope, timeline and impact of current and potential inquiries and regulatory reforms such as those mentioned above, or how they will be implemented (if at all in some cases), is not known.

Depending on the specific nature of the regulatory change requirements and how and when they are implemented or enforced, they may have an adverse impact on the Group's business, operations, structure, compliance costs or capital requirements, and ultimately its competitiveness, reputation, financial performance, or financial position.

### **The Group may be exposed to losses if critical accounting judgements and estimates are subsequently found to be incorrect.**

Preparation of the Group's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of

assets, liabilities, income, expenses and the disclosure of contingent liabilities. A higher degree of judgement is required for the recognition and estimates used in the measurement of provisions (including for customer-related remediation and other regulatory matters), the determination of income tax, the valuation of financial assets and liabilities (including fair value and credit impairment of loans and advances), and the valuation of goodwill and intangible assets arising from business acquisitions.

If the judgements, estimates, and assumptions used by the Group in preparing the financial statements are subsequently found to be incorrect, there could be a significant loss to the Group beyond that anticipated or provided for, which may adversely impact the Group's reputation, financial performance, and financial position.



# Risk management overview

Risk is the potential for harm and is inherent in NAB's business. The Group's ability to manage risk effectively is critical to being a safe and sustainable bank. This is achieved through the Risk Management Framework, documented in the Risk Management Strategy.

## Risk Management Framework

The Risk Management Framework (RMF) consists of systems, structures, policies, processes and people within the Group that manage material risks.

Material risks are those that could have a material impact, both financial and/or non-financial, on the Group or on the interests of customers. The Group's material risks are categorised as: strategic risk, credit risk, market risk, balance sheet and liquidity risk, operational risk, compliance risk, conduct risk and sustainability risk.

The Group applies a 'Three Lines of Accountability' operating model in relation to the management of risk. The overarching principle of the model is that risk management capability must be embedded within the business to be effective.

The role of each line is:

- **First Line** – Businesses own risks and obligations, and the controls and mitigation strategies that help manage them.
- **Second Line** – A functionally segregated Risk function develops risk management frameworks, defines risk boundaries, provides objective review and challenge regarding the effectiveness of risk management within the first line businesses, and executes specific risk management activities where a functional segregation of duties and/or specific risk capability is required.
- **Third Line** – An independent Internal Audit function reporting to the Board monitors the end-to-end effectiveness of risk management and compliance with the RMF.

**Risk governance** refers to the formal structure used to support risk-based decision-making and oversight across the Group's operations. This consists of the Board, Board committees and management committees, delegations of authority for decision-making, management structures and related reporting. The risk governance structure increases transparency and the sharing of insights, guidance and challenge to support each FAR Accountable Person<sup>(1)</sup> in their decision-making when discharging their individual accountabilities. The Group CRO report highlights risk appetite measures, along with commentary when triggers and limit thresholds are exceeded. It is discussed at each scheduled meeting of the Executive Risk & Compliance Committee, the Board Risk & Compliance Committee and the Board. It is also provided to those bodies between scheduled meetings when it is timely or appropriate to do so.

The Risk Appetite Statement is a key component of our RMF and sets out boundaries so that the Group operates within acceptable levels of risk and in compliance with obligations and commitments.

The Risk Management Strategy (RMS) and RAS are approved annually by the Board each October and submitted to APRA. The Board also makes an annual Risk Management Declaration (RMD) to APRA for NAB in accordance with the requirements of APRA Prudential Standard CPS220 Risk Management. The RMD confirms that NAB has an RMF that is appropriate for the size, business mix and complexity of the Group, and which is consistent with the Group's strategic objectives and business plan. This RMD is currently being undertaken within the time frame permitted.

## Environmental, Social and Governance (ESG) Risk Management

ESG risks are identified, measured, monitored, reported and overseen in accordance with the Group's RMS and RMF and reflected in the Group RAS and relevant supporting sectoral credit appetite strategies, ESG-related policies and management practices. Executive management's Group Credit & Market Risk Committee oversees Sustainability risk, which is defined as ESG risk and includes climate and human rights-related risk, as a significant part of the Group's exposure to these risks is through lending to customers.

The Group's climate change disclosures align with TCFD recommendations. In 2024, TCFD disclosures continue to be provided in NAB's 2024 Climate Report, alongside a summary in NAB's 2024 Annual Report.

The Group's modern slavery statement is available at [nab.com.au/about-us/social-impact/modernslavery-statement](https://nab.com.au/about-us/social-impact/modernslavery-statement).

Updates on ESG risk are provided to the Executive Risk & Compliance Committee, Board Risk & Compliance Committee and Board as appropriate. Further information on the Group's material exposures to ESG risks is set out in *'Disclosure on risk factors'*.

(1) For the purposes of FAR, NAB has registered certain individuals (the directors, Group Executives, Executive Internal Audit and Executive Group Money Laundering Reporting Officer) as 'Accountable Persons' with APRA and ASIC.

# 2024 Full Year U.S. Disclosure Document

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# Operating and financial review

## Financial performance summary

The following financial discussion and analysis in this Section 2 of this 2024 Full Year US. Disclosure Document is derived from the 2024 Financial Report and is based on statutory information unless otherwise stated. The statutory information is presented in accordance with the *Corporations Act 2001* (Cth) and AAS.

Certain information in this Section 2 of this 2024 Full Year US. Disclosure Document is presented on a cash earnings basis. Cash earnings is a non-IFRS key performance measure. This information should be read in conjunction with and is qualified in its entirety by reference to the 2024 Financial Report. For a discussion of non-IFRS key performance measures, non-cash earnings items and a full reconciliation of statutory net profit from continuing operations attributable to owners of the Company, refer to pages 3 to 4 and 97 to 99.

## 5 Year Financial Performance Summary

	Group				
	2024	2023	2022	2021	2020
	\$m	\$m	\$m	\$m	\$m
Net interest income	16,757	16,807	14,840	13,793	13,877
Other income	3,889	3,841	3,730	2,936	3,259
Operating expenses	(10,026)	(9,382)	(8,702)	(7,863)	(9,221)
Credit Impairment (charge) / write-back	(741)	(816)	(124)	202	(2,752)
<b>Profit before income tax</b>	<b>9,879</b>	10,450	9,744	9,068	5,163
Income tax expense	(2,798)	(2,980)	(2,684)	(2,597)	(1,665)
<b>Net profit for the year from continuing operations</b>	<b>7,081</b>	7,470	7,060	6,471	3,498
Net loss after tax for the year from discontinued operations	(103)	(51)	(169)	(104)	(935)
<b>Net profit for the year</b>	<b>6,978</b>	7,419	6,891	6,367	2,563
Profit attributable to non-controlling interests	18	5	-	3	4
<b>Net profit attributable to owners of the Company</b>	<b>6,960</b>	7,414	6,891	6,364	2,559

## 5 Year Key Performance Indicators

	Group				
	2024	2023	2022	2021	2020
<b>Key indicators</b>					
Statutory earnings per share (cents) - basic	224.6	236.4	214.1	193.0	82.1
Statutory earnings per share (cents) - diluted	222.7	228.7	205.6	185.2	80.5
Statutory return on equity	11.4%	12.3%	11.3%	10.4%	4.4%
Cash return on equity <sup>(1)</sup>	11.6%	12.9%	11.7%	10.7%	6.5%
<b>Profitability, performance and efficiency measures</b>					
Dividend per share (cents)	169	167	151	127	60
Net interest margin	1.71%	1.74%	1.65%	1.71%	1.77%
<b>Level 2 Group capital</b>					
Common Equity Tier 1 (CET1) capital ratio	12.35%	12.22%	11.51%	13.00%	11.47%
Tier 1 capital ratio	14.67%	14.19%	13.14%	14.64%	13.20%
Total capital ratio	20.92%	19.88%	18.17%	18.91%	16.62%
Risk-weighted assets (\$bn)	413.9	435.0	449.9	417.2	425.1
<b>Volumes (\$bn)</b>					
Gross loans and acceptances (GLAs) <sup>(2)</sup>	738.2	708.5	687.7	629.1	594.1
Average interest earning assets	978.7	966.7	900.3	805.0	781.7
Total average assets	1,074.7	1,065.1	991.5	889.6	877.0
Total customer deposits	612.8	587.4	566.7	500.3	468.2
Total average equity (attributable to owners of the Company) <sup>(3)</sup>	61.0	60.1	60.8	61.2	56.7
<b>Asset quality</b>					
Gross impaired assets to GLAs	0.20%	0.18%	0.15%	0.20%	0.31%
Default but not impaired assets to GLAs <sup>(4)</sup>	1.19%	0.95%	0.80%	0.95%	0.72%
<b>Full-time equivalent employees (FTE)<sup>(5)</sup></b>					
FTE (spot)	39,240	38,516	35,558	33,275	34,944
FTE (average)	38,864	37,290	34,022	34,217	34,841

(1) Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company is set out in *Note 2 Segment information* of the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements). Statutory return on equity and statutory earnings per share (EPS) are presented on page 30.

(2) Including loans and advances at fair value.

(3) Average equity on a cash and statutory basis are equal.

(4) "Default but not impaired assets to GLAs" for the year ended 30 September 2020 have not been restated to align to APS 220 Credit Risk Management and only represent "90+ days past due but not impaired assets to GLAs".

(5) Excluding discontinued operations, FTE (spot) is 38,996 (2023: 38,128) and FTE (average) is 38,525 (2023: 36,895).

## Financial performance

	Group	
	2024	2023
	\$m	\$m
Net interest income	16,757	16,807
Other income	3,889	3,841
<b>Net operating income</b>	<b>20,646</b>	<b>20,648</b>
Operating expenses	(10,026)	(9,382)
Credit Impairment charge	(741)	(816)
<b>Profit before income tax</b>	<b>9,879</b>	<b>10,450</b>
Income tax expense	(2,798)	(2,980)
<b>Net profit for the year from continuing operations</b>	<b>7,081</b>	<b>7,470</b>
Net loss after tax for the year from discontinued operations	(103)	(51)
<b>Net profit for the year</b>	<b>6,978</b>	<b>7,419</b>
Profit attributable to non-controlling interests	18	5
<b>Net profit attributable to owners of the Company</b>	<b>6,960</b>	<b>7,414</b>

### September 2024 v September 2023

Net profit attributable to owners of the Company (statutory net profit) decreased by \$454 million or 6.1%.

Net interest income decreased by \$50 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 \$158 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 income increased by \$48 million or 1.2%. This includes a decrease of \$108 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying increase of \$156 million or 4.1% was primarily due to a one-off gain on the disposal of the New Zealand wealth businesses combined with higher fee income in business lending, cards and capital markets. These were partially offset by lower Markets and Treasury income combined with the winding down of the asset servicing business.

Operating expenses increased by \$644 million or 6.9%. This was primarily driven by higher personnel expenses due to an increase in average FTE and salary and related costs, together with continued investment in technology and compliance capabilities including fraud and cyber security and increased spend associated with the acquisition, integration and closure of Group businesses. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations, as well as the non-recurrence of the one-off levy for Compensation Scheme of Last Resort (CSLR) that was recognised in September 2023.

Credit impairment charge decreased by \$75 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.

Income tax expense decreased by \$182 million or 6.1% largely due to a lower profit before tax.

Discontinued operations are excluded from the individual account lines of the Group's results and are reported as a single net loss after tax line item. 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.

## Review of group and divisional results

### September 2024 v September 2023

#### Group

Net profit decreased by \$454 million or 6.1%.

#### Business and Private Banking<sup>(1)(2)</sup>

Net profit decreased by \$10 million or 0.3%, driven by an increase in operating expenses, partially offset by higher revenue and lower credit impairment charges.

#### Personal Banking<sup>(1)</sup>

Net profit decreased by \$276 million or 19.2%, driven by lower revenue and an increase in operating expenses.

#### Corporate and Institutional Banking<sup>(3)</sup>

Net profit increased by \$29 million or 1.7%, driven by higher revenue, combined with lower credit impairment charges, partially offset by higher income tax expenses due to the repeal of the offshore banking unit tax concession resulting in changes to the effective tax rate.

#### New Zealand Banking<sup>(3)</sup>

Net profit decreased by \$15 million or 1.1%, driven by full year impact of dividends to non-controlling interests along with higher operating expenses and lower revenue. This was partially offset by lower credit impairment charges.

(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.

## Operating and financial review (cont.)

### Corporate Functions and Other<sup>(1)</sup>

Net loss increased by \$182 million or 45.3%, driven by higher operating expenses, lower net operating income and lower credit impairment write-backs. This was partially off set by a one-off gain on the disposal of the New Zealand wealth businesses.

### Group balance sheet review

	Group	
	2024	2023
	\$m	\$m
<b>Assets</b>		
Cash and liquid assets	2,499	24,699
Due from other banks	110,438	117,306
Collateral placed	9,633	11,286
Trading assets	133,606	101,168
Derivative assets	28,766	34,269
Debt instruments	41,999	46,357
Other financial assets	769	1,430
Loans and advances	732,692	702,702
All other assets	19,846	19,866
<b>Total assets</b>	<b>1,080,248</b>	<b>1,059,083</b>
<b>Liabilities</b>		
Due to other banks	12,328	39,516
Collateral received	5,151	10,672
Other financial liabilities	70,272	66,352
Deposits and other borrowings	712,566	682,120
Derivative liabilities	32,576	35,633
Bonds, notes and subordinated debt	156,294	135,645
Debt issues	9,560	8,561
All other liabilities	19,288	19,081
<b>Total liabilities</b>	<b>1,018,035</b>	<b>997,580</b>
<b>Total equity</b>	<b>62,213</b>	<b>61,503</b>
<b>Total liabilities and equity</b>	<b>1,080,248</b>	<b>1,059,083</b>

### September 2024 v September 2023

#### Assets

Total assets increased by \$21,165 million or 2.0%. The key movements are as follows:

- Cash and liquid assets decreased by \$22,200 million or 89.9% primarily due to the commencement of measuring certain reverse repurchase agreements at fair value through profit or loss during the prior financial year, with new transactions now presented within trading assets.
- Due from other banks decreased by \$6,868 million or 5.9% due to a decrease in deposits with central and other banks.
- Collateral placed decreased by \$1,653 million or 14.6% as a result of a decrease in derivative liabilities.
- Trading assets increased by \$32,438 million or 32.1% predominantly driven by the commencement of measuring certain reverse repurchase agreements at fair value through profit or loss during the prior financial year as well as volume growth.
- Derivative assets decreased by \$5,503 million or 16.1% driven by foreign exchange rate and interest rate movements,

trading volumes of foreign exchange forward contracts and contract maturities during the period.

- Debt instruments decreased by \$4,358 million or 9.4% primarily due to the reduction in corporate and other bonds, partially offset by an increase in semi-government bonds.
- Other financial assets decreased by \$661 million or 46.2% primarily due to certain loans now presented within loans and advances.
- Loans and advances increased by \$29,990 million or 4.3% due to growth in both non-housing and housing lending.

#### Liabilities

Total liabilities increased by \$20,455 million or 2.1%. The key movements are as follows:

- Due to other banks decreased by \$27,188 million or 68.8% primarily due to the commencement of measuring certain repurchase agreements at fair value through profit or loss during the prior financial year, with new transactions now presented within other financial liabilities, and repayment of TFF owing to the RBA.
- Collateral received decreased by \$5,521 million or 51.7% due to a decrease in derivative assets.
- Other financial liabilities increased by \$3,920 million or 5.9% due to an increase in repurchase agreements at fair value through profit or loss, partially offset by a reduction in bonds, notes and subordinated debt and short sold securities.
- Deposits and other borrowings increased by \$30,446 million or 4.5% due to growth in customer deposits and other borrowings, partially offset by a decrease in repurchase agreements.
- Derivative liabilities decreased by \$3,057 million or 8.6% primarily driven by foreign exchange and interest rate movements and contract maturities during the period.
- Bonds, notes and subordinated debt increased by \$20,649 million or 15.2% driven by net new issuances in line with the Group's funding requirements and hedging impacts driven by movement in interest rates.
- Debt issues increased by \$999 million or 11.7% primarily due to new issuance.

#### Equity

Total equity increased by \$710 million or 1.2%. The key movements are as follows:

- Contributed equity decreased by \$1,965 million or 5.1% predominantly due to share buy-backs during the period.
- Reserves increased by \$830 million predominantly due to movements in the cash flow hedge reserve.
- Retained profits increased by \$1,436 million or 6.0% reflecting current period statutory profits, partially offset by dividends paid.
- Non-controlling interests increased by \$409 million reflecting the issue of BNZ perpetual preference shares.

### Strategic highlights<sup>(2)</sup>

The Group's strategy, in place since April 2020, has served it well. Despite significant shifts in the operating environment over this period, the Group has maintained a clear focus on delivering better experiences for customers and colleagues, with a firm belief that this will drive sustainable earnings

(1) 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.

(2) Amounts presented in this section are based on cash earnings.



## Operating and financial review (cont.)

growth and improved returns. This has been supported by disciplined execution, persistent investment, increasingly resilient technology and strong balance sheet settings.

Execution of the Group's strategy over the past four and a half years has delivered good growth and attractive returns.

In Business and Private Banking (B&PB), where the Group has the leading SME business lending market share, a relationship-led approach increasingly enabled by digital, data and analytics has helped drive growth across the division. Since 2020 B&PB business lending balances have grown 42% including 8% growth over 2024, benefiting from additional customer facing roles and more seamless and digital loan origination. Heightened focus and increasing simplification and digitisation of the account opening process, along with product innovation in new target segments is supporting good growth in SME deposits. New business transaction account openings in 2024 are 53% higher than in 2020, including a 2% increase over the September 2024 financial year. Delivering better payment experiences has also been a key priority and since 2020 the Group has rolled out nextgen terminals for healthcare providers and SMEs, made healthcare claims and invoicing far more seamless and digital, launched innovative payment solutions such as NAB Easy Tap and NAB Portal Pay, and refreshed NAB Gateway to provide SMEs with a simpler, more secure way to accept customer payments online.

In Personal Banking, the Group's focus over the past four and a half years has been on providing simpler, more digital banking experiences. The proportion of simple everyday banking products opened digitally increased to 72% in 2024 from 62% in 2020 and are broadly stable compared with 2023. Australian home lending remains a core market, and the Group has been investing to deliver more efficient and better customer experiences including further progressing the rollout of a digital home lending platform. This has supported a 67% reduction in median time-to-unconditional-approval<sup>(1)</sup> since 2020 and the majority of simple home loans can now be conditionally approved within a day<sup>(2)</sup>. However, given heightened competitive sector pressures in 2023 and much of 2024, the Group adopted a disciplined approach to originating new home loans, which saw its share of system growth<sup>(3)</sup> reduce from 1.1x in 2022 to 0.7x in 2023 and 0.6x in 2024. Balancing returns and growth in this dynamic market will remain important.

The Group has been leveraging capability from acquisitions to diversify its consumer portfolio and drive growth in unsecured lending and ubank through better, more targeted customer propositions. Since finalising the acquisition of the Citi consumer business in July 2022, the Group's credit card market share has increased including over the year to September 2024 and it has focused on building a new unsecured lending platform. ubank's digital banking offer has delivered continued strong customer acquisition since 2020 weighted towards its

target segment of 18 to 35 year-olds, including 15% growth in customers in 2024.

Corporate and Institutional Banking has maintained its returns-focused strategy. A disciplined approach to growth and strong customer advocacy, combined with a focus on simplification and leveraging transactional banking capability has supported an increase in C&IB's return on equity over the four years to 2024 including improved returns in 2024 compared with 2023.

New Zealand Banking (NZB) has made good progress against its strategic priorities of becoming a simpler, more digital bank and tilting to less capital intensive personal and SME customer segments. This includes increased market share in underweight segments of household deposits and home lending, and a 48% reduction in the number of banking products since 2020. This has supported returns over a period of challenging economic conditions and rising regulatory capital requirements. Cash earnings<sup>(4)</sup> as a percentage of RWA have increased since 2020 (including a slight decrease over 2024 compared with 2023) while NZB's common equity tier one ratio increased from 11.9% in 2020 to 13.9% in 2024.

Having a strong customer franchise and engaged colleagues are key to the Group's ability to grow sustainably and has been supported by a consistent focus on improving customer and colleague experiences. The Group's colleague engagement has improved since 2020 with the most recent score of 78 at July 2024 up 2 points since July 2020 and in line with July 2023. Consistent with the Group's ambition, the latest score is one point higher than the top quartile benchmark<sup>(5)</sup>.

Customer outcomes have been more mixed. While strategic NPS<sup>(6)</sup> scores have lifted across all segments since 2020, the Group has not achieved its ambition of positive strategic NPS scores ranked first of Australian banks across all key segments. Over the 12 months to September 2024, Business NPS slipped 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 slipping from equal first to third. High Net Worth and Mass Affluent NPS improved from -7 to +2 and NAB's ranking improved from second to first of major banks while Large Corporate and Institutional NPS<sup>(7)</sup> rose 8 points with the Group's ranking improving from second to equal first. Customer advocacy is a priority focus for 2025.

A key focus of the Group's investment over recent years has been on simplifying, automating and digitising its business and increasing the use of data and analytics. These initiatives have allowed bankers to spend more time with customers and provide quicker responses, while letting customers increasingly self serve when they want to. They are also making the Group more efficient, helping it to manage costs while continuing to invest. In 2024 the Group achieved

(1) Includes Broker, Retail and B&PB home lending applications excluding trust, company and complex lending.

(2) Broker and proprietary home loan applications auto decisioned same day via digital home lending platform using an automated credit rules engine without need for manual intervention.

(3) APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at September 2024.

(4) Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company is set out in *Note 2 Segment Information* of the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements). Statutory return on equity and statutory EPS are presented on page 30. Cash EPS reflects basic EPS. Both Cash EPS and Cash ROE excluding large notable items in 2020 from cash earnings. NZB's FY20 cash earnings on RWA have not been restated for the change in reporting of Bank of New Zealand's Markets Trading operations and enabling units which, prior to 1 October 2023, were reported in Corporate and Institutional Banking and Corporate Functions and Other.

(5) Engagement scores refer to Glint 'Heartbeat' outcomes. Top quartile comparison is based upon Glint's client group (domestic and global, from all industries).

(6) 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.

(7) Coalition Greenwich (formerly Peter Lee Associates) - Large Corporate and Institutional Relationship Banking Survey Australia 2024. Ranking against the four major domestic banks. Coalition Greenwich is a division of Crisil.

## Operating and financial review (cont.)

productivity benefits of \$453 million allowing it to limit growth in operating expenses in 2024 to 4.5%<sup>(1)</sup>.

Safety has been a key pillar of the Group's strategy since 2020 and keeping customers safe remains an important focus. Over 2024 the Group continued its efforts to protect customers against ongoing and evolving threats from financial crime and since September 2021 the Group has prevented or recovered more than \$280 million in scam losses for customers. Safety also requires that the Group maintain prudent balance sheet settings and manage risk with discipline. At September 2024 collective provisions as a ratio of credit risk weighted assets 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. The Group's CET1 ratio of 12.35% at September 2024 rose 13 basis points over the year and is well up from 11.47% at September 2020 despite \$7.4 billion of share buy-backs since August 2021 including \$2.1 billion in 2024. Adjusting for the remaining \$0.6 billion share buy-back outstanding at September 2024, proforma Group CET1 is approximately 12.21%<sup>(2)</sup> and above the top end of the Group's target range of 11-11.5%.

Despite retaining strong balance sheet settings, the Group has delivered improved returns for shareholders consistent with its strategic ambition. While Cash EPS <sup>(3)</sup> for 2024 was 7% lower compared with a very strong 2023 outcome, cash ROE<sup>(3)</sup> has increased from 8.3% in 2020 to 11.6% in 2024 and compares with 12.9% in 2023. The final 2024 dividend has been set at 85 cents per share (cps), bringing total dividends for the year ended 30 September 2024 to 169 cps which is 1.2% higher than 2023. This represents a 2024 cash earnings payout ratio of 73.7%, consistent with the Group's target dividend payout ratio of 65% – 75% of cash earnings<sup>(4)</sup>, subject to Board determination based on circumstances at the relevant time.

Execution of the Group's strategy has seen significant progress over the past four and a half years. The Group now has a compelling suite of product offerings increasingly supported by modern technology which are far quicker, easier and safer to originate and manage, and provide a better experience for customers and colleagues. To build on this progress and take account of changes in the external environment, the Group has evolved its strategy. While no major pivots are required, the evolved strategy aims to achieve stronger customer advocacy, increased simplification and faster outcomes. This is expected to support ongoing sustainable growth and returns including improved performance in deposits and lending via proprietary channels.

Technology will continue to play an important role in enabling the Group's evolved strategic ambitions, including the ongoing modernisation and replacement of the Group's complex and ageing hardware and software to support a resilient, secure and flexible technology operating environment. However, the key drivers of success are expected to be broader than just technology. In particular, the voice of the customer needs to be more amplified across the Group so that when decisions are being made at any level, customer implications are well understood with incentives aligned to customer advocacy.

Opportunities also exist to better and more systematically leverage customer feedback and increase the pace at which the Group responds. This requires a more granular and consistent Group-wide customer advocacy measurement system, linked to the Group's investment decision-making framework, views of value creation and incentive structures.

At the same time, simplification requires heightened prioritisation. While good progress has been made over recent years to remove complexity particularly at a product level, there are still too many systems, processes, products, policies and ways of doing things which make it difficult for colleagues and get in the way of customers experiencing quick, easy and seamless interactions. This complexity also creates risk and is a major barrier to productivity. Finishing the work nearing completion on a number of the key investment priorities underway since 2020 will be an important part of reducing complexity and will allow the Group to fully leverage the benefits of these programs including retiring legacy systems and platforms and removing duplication.

The Group plans to support its colleagues to deliver its evolved strategic priorities through its approach to developing culture, talent and leadership capabilities. There have also been a number of new roles and functions created to improve colleague focus, clarity and accountability for the Group's refreshed areas of focus.

The Group recognises the importance of investing in its franchise to deliver sustainable growth and returns over time through initiatives which improve customer experience, comply with legal and regulatory requirements and improve capabilities and efficiency. To support the Group's evolved strategic priorities, investment spend (on a restated basis<sup>(5)</sup>) is expected to increase modestly from \$1,638 million in 2024 to approximately \$1.8 billion in 2025. This will include spend on a range of new and existing initiatives to improve customer advocacy and the continued replacement of ageing and complex technology.

The Group moves forward with optimism and confidence in its 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, and market share gains, underpinning sustainable growth and attractive returns for shareholders.

## Capital management and funding review

For a discussion of capital management and funding, see Section 3 Capital management and funding, beginning on page 59 of this 2024 Full Year U.S. Disclosure Document.

## Significant change in the state of affairs

- On 7 February 2024, NAB announced the appointment of Andrew Irvine as Group Chief Executive Officer and Managing Director. Mr Irvine, formerly NAB's Group Executive Business and Private Banking, succeeded Ross McEwan CBE effective 2 April 2024 following the retirement of Mr McEwan from executive roles after a distinguished career in financial services.

(1) Statutory cost growth of 6.9%.

(2) 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 financial year including \$1.1 billion (0.25% of CET1 capital) in the half year ended September 2024.

(3) Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company is set out in *Note 2 Segment Information* of the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements). Statutory return on equity and statutory EPS are presented on page 30. Cash EPS reflects basic EPS. Both Cash EPS and Cash ROE excluding large notable items in 2020 from cash earnings. NZB's FY20 cash earnings on RWA have not been restated for the change in reporting of Bank of New Zealand's Markets Trading operations and enabling units which, prior to 1 October 2023, were reported in Corporate and Institutional Banking and Corporate Functions and Other.

(4) Statutory dividend payout ratio is 75.2%.

(5) Restated to reflect previously defined investment spend (\$1,451 million in 2024) plus Other capitalised software (\$187 million in 2024).



## Operating and financial review (cont.)

- Changes to the composition of the Executive Leadership Team have occurred or were announced during 2024 and up until the date of this report, namely:
  - Rachel Slade was appointed Group Executive Business and Private Banking, effective 29 April 2024. Ms Slade was formerly Group Executive Personal Banking.
  - Ana Marinkovic was appointed Group Executive Personal Banking, effective 29 April 2024. Ms Marinkovic was formerly Executive Business Direct and Small Business in Business and Private Banking.
  - Cathryn Carver was appointed Group Executive Corporate and Institutional Banking, effective 1 July 2024, replacing David Gall who left NAB on 1 October 2024 after 16 years with NAB including 10 years as an Executive Leadership Team member. Ms Carver was formerly Executive Client Coverage in Corporate and Institutional Banking.
  - No other changes to the composition of the Executive Leadership Team occurred during 2024 and up until the date of this report.
- On 13 March 2024 APRA announced the removal of the \$500 million Operational Risk capital add-on which was applied in 2019 in response to NAB's 2018 self-assessment into governance, accountability and culture. The removal of this requirement follows NAB's completion of its Governance & Risk Transformation program, which was established to address the 26 recommendations identified in NAB's 2018 self assessment.
- On 30 April 2024, NAB completed the sale of its New Zealand wealth management businesses to newly established entity FirstCape Group Limited (FirstCape) in which NAB, Jarden Wealth and Pacific Equity Partners (PEP) are the shareholders. The transaction brought together NAB's JBWere New Zealand and BNZ Investment Services Limited businesses, together with Jarden Wealth and Harbour Asset Management to create a leading advice and asset management business for clients in New Zealand.
- 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 financial year including \$1.1 billion (0.25% of CET1 capital) in the half year ended September 2024.
- There were no other significant changes in the state of affairs of the Group that occurred during the financial year under review that are not otherwise disclosed in this report.

## Environmental, Social and Governance disclosure

### Environmental regulation and climate-related disclosures

The Group's operations are not subject to any site-specific environmental licences or permits which would be considered particular or significant under the laws of the Commonwealth of Australia or of an Australian state or territory.

As a lender, the Group may incur environmental liabilities in circumstances where it takes possession of a borrower's assets and those assets have associated environmental risks. The Group has developed and implemented credit policies that aim to ensure that these risks are minimised and managed appropriately.

The Group's operations are subject to the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act) in Australia. While this legislation is not particular to the Group or significant in its impact, the Group complied with its requirements. The NGER Act requires the Group to report on the period from 1 July to 30 June (the environmental reporting year), therefore, all of the Group's energy and GHG emissions reporting is aligned to this reporting period. Further details on the Group's GHG reporting subject to the NGER Act is provided in the *Climate change and environment* section of NAB's 2024 Annual Report.

The Group's United Kingdom-based operations are subject to the *Energy Savings Opportunities Scheme* (ESOS), introduced by the United Kingdom ESOS Regulations 2014 which came into force in July 2014. The ESOS requires mandatory energy assessments (audits) of an organisation's buildings and transport to be conducted every four years. The Group fulfilled its most recent ESOS obligation in June 2024. Additional ESOS obligations were introduced in 2024 requiring NAB to submit an ESOS action plan for its London Branch by 5 December 2024 and to report to the UK Environment Agency against that plan annually. The plan is required to outline the Group's strategy for improving energy efficiency over the compliance period, which runs until 5 December 2027.

The Group is voluntarily reporting data required for the Streamlined Energy and Carbon Reporting (SECR) requirements which are implemented through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (United Kingdom) as part of the legislative response to climate change in the United Kingdom. This information is provided in NAB's 2024 Climate Report.

### Modern slavery

The Group is subject to modern slavery legislation in Australia and the United Kingdom. The Group has prepared a Modern Slavery Act statement which sets out actions taken by the Group during 2024 to ensure that its business operations, and its supply chain, are free from slavery and human trafficking. This statement is made available online at [nab.com.au/modernslaverystatement](https://nab.com.au/modernslaverystatement) in accordance with both the UK Modern Slavery Act and the *Modern Slavery Act 2018* (Cth).

### Litigation and disputes

From time to time entities within the Group may be involved in disputes or legal proceedings arising from the conduct of their business. The outcomes and total costs associated with such ongoing disputes and proceedings are typically uncertain. Any material legal proceedings may adversely impact the Group's reputation and financial performance and position.

Refer to *Note 31 Commitments and contingent liabilities* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) for details of the Group's material legal proceedings and contingent liabilities.

# Operating environment

## Global business environment

The near-term outlook for global economic growth is relatively subdued. Growth slowed in calendar year 2023 and is expected to be slightly softer again in calendar years 2024 and 2025, before a modest upturn in 2026. Should this eventuate, it would be the first four-year period in over three decades where growth, in each year, is below its post 1980 average.

This expectation of relatively weak growth in part reflects the impact of restrictive monetary policy in most major advanced economies along with weak domestic demand in China. While several major central banks have commenced their policy rate easing cycle, the level of interest rates remains restrictive and there is a lag between changes in monetary policy and its full impact on the economy. Moreover, International Monetary Fund projections suggest that government fiscal consolidation is likely to be a brake on advanced economy growth in coming years.

A range of factors present uncertainty around the outlook. Policy rate cuts will depend on central bank confidence around inflation and the resilience of labour markets. Progress in reducing inflation in major advanced economies has slowed in 2024 and has been uneven.

Similarly, trade policies, particularly with respect to China, present some downside risk. A growing number of countries have announced tariffs in response to the surge in Chinese exports since the middle of calendar year 2023.

Geopolitical risks remain, with conflicts in Europe and the Middle East, and tensions between China-Taiwan and over the South-China Sea, continuing with the potential of further escalation which could disrupt trade and economic activity.

## Australian economy

The Australian economy has continued to expand, but only slowly, inflation has moderated and the labour market remains healthy, even though it has cooled.

Gross Domestic Product (GDP) grew by 1.0% between the June 2023 quarter and the June 2024 quarter. This is the slowest annual growth rate since the early 1990s, excluding the initial period of COVID-19 related lockdowns. By expenditure component, between the June 2023 quarter and the June 2024 quarter:

- Household sector demand growth was soft, with consumption growing 0.5%, while private residential investment fell 3.0%.
- Business fixed capital investment grew by 1.6%, with the level of non-mining investment high over this period.
- Travel credits (exports) grew by 12.4%, due to the recovery in tourism and international students, to be close to its pre-COVID-19 level.
- Government consumption and investment remained a key support, growing by 3.7%.

Growth was mixed by industry. While most industries saw an increase in gross value added between June 2023 quarter and the June 2024 quarter, it fell in agriculture, mining, wholesale trade, hospitality and administrative & supportive services. In contrast, state final demand rose in all states and territories, although for NSW growth was very modest (0.2%).

Inflation has declined further. In the September 2024 quarter, the annual growth rate in the Consumer Price Index (CPI) was 2.8%, down from 5.4% in the September 2023 quarter. Trimmed

mean inflation, an underlying inflation measure, was higher at 3.5%.

Pressure on household budgets is easing. Real household disposable income declined by 5.4% between the March 2022 quarter and the September 2023 quarter, then increased by 1.8% to June 2024 quarter. Income tax cuts from 1 July 2024 will provide further support, as will government energy subsidies. Business operating profits fell 4.3% between the June 2023 quarter and the June 2024 quarter, but excluding mining sector profits (down 12.3%), they were little changed over this period.

Agriculture conditions have been mixed. Between September 2023 and September 2024 overall prices for agricultural commodities (weighted by production) increased, partly reversing the previous year's large fall. While there was a large fall in the winter crop production in 2023-2024, back to around its 10-year average, a larger crop is expected in 2024-2025.

The unemployment rate has risen but other indicators point to a still healthy labour market:

- The unemployment rate was 4.1% in September 2024, up from 3.6% in September 2023, but is still low by historical standards.
- Employment growth has remained strong, and job vacancies, while down from their peak, remain high.

Dwelling prices have increased, with the eight capital cities CoreLogic Hedonic Home Value Index rising 6.6% between September 2023 and September 2024. This included rapid growth in Perth, Brisbane, and Adelaide, modest growth in Sydney while prices fell slightly in Melbourne and Hobart.

The RBA has kept the cash rate unchanged at 4.35% since its November 2023 meeting. If the economy evolves as expected, including a further cooling in inflation, then the RBA may be in a position to cut rates in the first half of calendar year 2025.

Economic growth is expected to start improving towards the end of calendar year 2024, and is expected to be around its trend level over calendar years 2025 and 2026. The growth outlook in part reflects the fading headwinds to household finances and the expected reduction in interest rates.

Annual system credit growth has strengthened. Between September 2023 and September 2024 it grew by 5.8%, compared to 4.9% over the previous year. All the main categories saw higher growth:

- Housing credit grew by 5.1% (4.2% the previous year), business credit by 7.5% (6.6% the previous year) and other personal credit by 2.4% (2.0% the previous year).

## New Zealand economy

Conditions in the New Zealand economy have deteriorated over recent quarters. GDP has contracted, unemployment has increased and house prices have been under pressure.

GDP fell by 0.5% between the June 2023 quarter and the June 2024 quarter, including declines in business and dwelling investment as well as weak household consumption growth, which was below the rate of population growth. A majority of industries experienced a decline, including mining, manufacturing, construction, wholesale trade, retail trade & accommodation, transport & warehousing, and professional, scientific, technical, administrative & support services.

The labour market has weakened, and finding labour has become easier.

- Employment fell 0.4% between the September 2023 quarter and the September 2024 quarter. The unemployment rate

## Operating environment (cont.)

was 4.8% in the September 2024 quarter, up from 3.9% a year earlier.

- Businesses report that the ease of finding labour, in the September 2024 quarter, was at its highest level in 15 years.

Inflation has continued to fall and now sits within the Reserve Bank of New Zealand's (RBNZ) inflation target range of 1% to 3%. In the September quarter 2024 annual CPI inflation was 2.2%, down from 5.6% in the September 2023 quarter.

Commodity export prices, in New Zealand dollar terms, rose 10.0% between September 2023 and September 2024, including a 15.6% rise in dairy export prices. Prices are elevated by historical standards, only a little below their peak in 2022.

Housing market indicators have been mixed. While sales volumes increased in 2024, they were still relatively low. The REINZ House Price Index in September 2024 was 0.4% below its September 2023 level, but prices have stabilised in recent months.

System credit growth remained modest, rising by 2.8% between September 2023 and September 2024, only slightly higher than over the previous year. This included, over the same period, growth of 3.3% in housing credit, 2.0% for non-agricultural business credit and 1.6% for agriculture credit.

The RBNZ kept the Official Cash Rate (OCR) at 5.50% from May 2023 until August 2024 when it was lowered to 5.25%, with a further reduction in October to 4.75%. The RBNZ is expected to further reduce the OCR through to end calendar year 2025.

The easing in monetary policy will, over time, assist the economy. While GDP likely declined further in the September quarter 2024, growth is then expected to resume and then strengthen in 2025. As the labour market typically lags economic activity, the unemployment rate is likely to rise further in 2025.

## Outlook

The outlook for the Group's financial performance and outcomes is closely linked to the levels of economic activity in each of the Group's key markets that are outlined above.

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# Group highlights

This Section 3 of the 2024 Full Year U.S. Disclosure Document is derived from the Group's 2024 Full Year Results Management Discussion and Analysis for the year ended September 30, 2024, filed with the ASX in accordance with its rules. In addition to this information, refer to Operating and Financial review in Section 2 of this 2024 Full Year U.S. Disclosure Document for comparative discussion and analysis of the Group's results of operations and financial condition along with a discussion of balance sheet, capital and liquidity matters, and key performance indicators.

Save for the information included in the summary tables beginning on page 73, the Group results included in this Section 3 of this 2024 Full Year U.S. Disclosure Document are presented on a cash earnings basis, unless otherwise stated. Information in the summary tables included in this Section 3 is presented on a statutory basis unless otherwise stated. Cash earnings is a non-IFRS key performance measure. This information should be read in conjunction with and is qualified in its entirety by reference to the 2024 Financial Report. For a discussion of non-IFRS key performance measures, non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company from continuing operations, refer to pages 3 to 4 and 97 to 99.

## Group performance indicators – statutory basis

	Year to		Half Year to	
	Sep 24	Sep 23	Sep 24 <sup>(1)</sup>	Mar 24 <sup>(1)</sup>
<b>Key indicators</b>				
Net profit on average equity	11.6%	12.4%	11.4%	11.7%
Net profit on average risk-weighted assets	1.65%	1.69%	1.66%	1.64%
<b>Profitability, performance and efficiency measures</b>				
Dividend payout ratio	74.2%	70.2%	74.5%	73.8%
Net profit on average assets	0.66%	0.70%	0.65%	0.66%
Net profit per average FTE (\$'000)	183	202	182	185
Net interest margin	1.71%	1.74%	1.70%	1.72%
Cost to income ratio	48.6%	45.4%	49.7%	47.4%

(1) Where appropriate, half year key performance measures are annualised.

# 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
<b>Net operating income</b>	<b>20,250</b>	<b>20,654</b>	<b>(2.0)</b>	<b>10,112</b>	<b>10,138</b>	<b>(0.3)</b>
Operating expenses	(9,427)	(9,023)	4.5	(4,750)	(4,677)	1.6
<b>Underlying profit</b>	<b>10,823</b>	<b>11,631</b>	<b>(6.9)</b>	<b>5,362</b>	<b>5,461</b>	<b>(1.8)</b>
Credit impairment charge	(728)	(802)	(9.2)	(365)	(363)	0.6
<b>Cash earnings before income tax</b>	<b>10,095</b>	<b>10,829</b>	<b>(6.8)</b>	<b>4,997</b>	<b>5,098</b>	<b>(2.0)</b>
Income tax expense	(2,975)	(3,093)	(3.8)	(1,434)	(1,541)	(6.9)
<b>Cash earnings before non-controlling interests</b>	<b>7,120</b>	<b>7,736</b>	<b>(8.0)</b>	<b>3,563</b>	<b>3,557</b>	<b>0.2</b>
Non-controlling interests	(18)	(5)	large	(9)	(9)	-
<b>Cash earnings</b>	<b>7,102</b>	<b>7,731</b>	<b>(8.1)</b>	<b>3,554</b>	<b>3,548</b>	<b>0.2</b>
<i>Non-cash earnings items (after tax):</i>						
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 <sup>(1)</sup>	(4)	(207)	(98.1)	(1)	(3)	(66.7)
<b>Net profit attributable to owners of the Company from continuing operations</b>	<b>7,063</b>	<b>7,465</b>	<b>(5.4)</b>	<b>3,519</b>	<b>3,544</b>	<b>(0.7)</b>
Net loss attributable to owners of the Company from discontinued operations	(103)	(51)	large	(53)	(50)	6.0
<b>Net profit attributable to owners of the Company</b>	<b>6,960</b>	<b>7,414</b>	<b>(6.1)</b>	<b>3,466</b>	<b>3,494</b>	<b>(0.8)</b>
<b>Cash earnings / (loss) by division:</b>						
Business and Private Banking <sup>(2)(3)</sup>	3,257	3,258	-	1,611	1,646	(2.1)
Personal Banking <sup>(2)</sup>	1,174	1,461	(19.6)	618	556	11.2
Corporate and Institutional Banking <sup>(4)</sup>	1,772	1,840	(3.7)	873	899	(2.9)
New Zealand Banking <sup>(4)</sup>	1,333	1,394	(4.4)	636	697	(8.8)
Corporate Functions and Other <sup>(3)(4)</sup>	(434)	(222)	95.5	(184)	(250)	(26.4)
<b>Cash earnings</b>	<b>7,102</b>	<b>7,731</b>	<b>(8.1)</b>	<b>3,554</b>	<b>3,548</b>	<b>0.2</b>

(1) Acquisitions, integration, disposals and business closures was previously labelled as Acquisitions, disposals and business closures. Refer to 14 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.

## Group performance results (cont.)

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

**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%<sup>(1)</sup>.

**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.

## Group performance results (cont.)

### 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
<b>Group performance - statutory basis</b>						
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)
<b>Group performance - cash earnings basis</b>						
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)
<b>Level 2 Group capital</b>						
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%)
<b>Volumes (\$bn)</b>						
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%
<b>Asset quality</b>						
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
<b>Full-time equivalent employees (FTE)</b>						
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				As at		
	30 Sep 24	31 Mar 24	30 Sep 23		30 Sep 24	31 Mar 24	30 Sep 23
<b>Market share</b>				<b>Distribution</b>			
<b>Australia<sup>(1)</sup></b>				<b>Number of retail branches and business banking centres</b>			
Business lending <sup>(2)</sup>	21.3%	21.6%	21.3%	Australia	485	493	513
Business deposits	20.4%	20.3%	20.4%	New Zealand	126	127	130
Housing lending	14.3%	14.6%	14.6%				
Household deposits	13.8%	13.9%	13.8%				
<b>New Zealand<sup>(3)</sup></b>							
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).



# 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 <sup>(1)</sup>	3.06	3.27	(21 bps)	3.03	3.08	(5 bps)
Personal Banking <sup>(1)</sup>	1.75	1.93	(18 bps)	1.75	1.74	1 bp
Corporate and Institutional Banking <sup>(2)</sup>	1.05	0.92	13 bps	1.05	1.04	1 bp
New Zealand Banking <sup>(2)</sup>	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
<b>Total other operating income</b>	<b>3,496</b>	<b>3,847</b>	<b>(9.1)</b>	<b>1,755</b>	<b>1,741</b>	<b>0.8</b>

## 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<sup>(1)</sup>.

## 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<sup>(1)</sup>.

(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)
<b>Total Markets and Treasury income</b>	<b>1,594</b>	<b>1,673</b>	<b>(4.7)</b>	<b>738</b>	<b>856</b>	<b>(13.8)</b>
Customer risk management <sup>(1)</sup>						
Foreign exchange	546	553	(1.3)	279	267	4.5
Rates	267	242	10.3	131	136	(3.7)
<b>Total customer risk management income</b>	<b>813</b>	<b>795</b>	<b>2.3</b>	<b>410</b>	<b>403</b>	<b>1.7</b>
NAB risk management <sup>(2)</sup>						
Markets	373	359	3.9	193	180	7.2
Treasury	415	464	(10.6)	150	265	(43.4)
<b>Total NAB risk management income</b>	<b>788</b>	<b>823</b>	<b>(4.3)</b>	<b>343</b>	<b>445</b>	<b>(22.9)</b>
<b>Derivative valuation adjustment<sup>(3)</sup></b>	<b>(7)</b>	<b>55</b>	<b>large</b>	<b>(15)</b>	<b>8</b>	<b>large</b>
<b>Total Markets and Treasury income</b>	<b>1,594</b>	<b>1,673</b>	<b>(4.7)</b>	<b>738</b>	<b>856</b>	<b>(13.8)</b>
<b>Average Markets traded market risk Value at Risk (VaR)<sup>(4)</sup></b>	<b>8.8</b>	<b>8.4</b>	<b>4.8</b>	<b>8.3</b>	<b>9.4</b>	<b>(11.7)</b>

(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 <sup>(1)</sup>			Half Year to <sup>(1)</sup>		
	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
<b>Total operating expenses</b>	<b>9,427</b>	<b>9,023</b>	<b>4.5</b>	<b>4,750</b>	<b>4,677</b>	<b>1.6</b>

(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 <sup>(1)</sup> \$m	Sep 24 v Sep 23 %	Sep 24 \$m	Mar 24 <sup>(1)</sup> \$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
<b>Total investment spend</b>	<b>1,638</b>	<b>1,574</b>	<b>4.1</b>	<b>904</b>	<b>734</b>	<b>23.2</b>
<i>Represented by:</i>						
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
<b>Total investment spend</b>	<b>1,638</b>	<b>1,574</b>	<b>4.1</b>	<b>904</b>	<b>734</b>	<b>23.2</b>

(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.

## Investment spend and capitalised software (cont.)

### 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
<b>Capitalised software</b>	<b>3,013</b>	<b>2,722</b>	<b>10.7</b>	<b>3,013</b>	<b>2,809</b>	<b>7.3</b>

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

- Additions includes the capitalised component of *Investment spend* on page 50 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			Sep 24 v Sep 23 %	Sep 24 v Mar 24 %
	30 Sep 24 \$bn	31 Mar 24 \$bn	30 Sep 23 \$bn		
<b>Housing</b>					
Business and Private Banking <sup>(1)</sup>	105.2	103.6	100.3	4.9	1.5
Personal Banking <sup>(1)</sup>	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)
<b>Total housing</b>	<b>416.8</b>	<b>413.1</b>	<b>406.3</b>	<b>2.6</b>	<b>0.9</b>
<b>Non-housing</b>					
Business and Private Banking <sup>(1)</sup>	158.4	152.4	147.0	7.8	3.9
Personal Banking <sup>(1)</sup>	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
<b>Total non-housing</b>	<b>321.4</b>	<b>312.2</b>	<b>302.2</b>	<b>6.4</b>	<b>2.9</b>
<b>Gross loans and advances</b>	<b>738.2</b>	<b>725.3</b>	<b>708.5</b>	<b>4.2</b>	<b>1.8</b>

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

(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<sup>(1)</sup>.

## 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<sup>(1)</sup>, 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 \$m	Sep 23 \$m	Sep 24 \$m	Mar 24 \$m
Balance at beginning of period	2,070	2,089	2,070	2,070
Acquisition of controlled entities and business combinations	-	(19)	-	-
<b>Goodwill</b>	<b>2,070</b>	<b>2,070</b>	<b>2,070</b>	<b>2,070</b>

## 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 \$m	Sep 23 \$m	Sep 24 \$m	Mar 24 \$m
Balance at beginning of period	160	181	151	160
Acquisition of controlled entities and business combinations	-	(3)	-	-
Amortisation <sup>(1)</sup>	(19)	(17)	(10)	(9)
Foreign currency translation adjustments	-	(1)	-	-
<b>Other intangible assets</b>	<b>141</b>	<b>160</b>	<b>141</b>	<b>151</b>

(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 %
<b>Individually assessed credit impairment charge</b>						
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)
<b>Total individually assessed credit impairment charge</b>	<b>636</b>	<b>333</b>	<b>91.0</b>	<b>447</b>	<b>189</b>	<b>large</b>
Collective credit impairment charge / (write-back)	92	469	(80.4)	(82)	174	large
<b>Total credit impairment charge</b>	<b>728</b>	<b>802</b>	<b>(9.2)</b>	<b>365</b>	<b>363</b>	<b>0.6</b>

	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			Sep 24 v Sep 23 %	Sep 24 v Mar 24 %
	30 Sep 24 \$m	31 Mar 24 \$m	30 Sep 23 \$m		
Collective provision for credit impairment <sup>(1)</sup>	5,165	5,351	5,214	(0.9)	(3.5)
Individually assessed provision for credit impairment	756	546	539	40.3	38.5
<b>Total provision for credit impairment</b>	<b>5,921</b>	<b>5,897</b>	<b>5,753</b>	<b>2.9</b>	<b>0.4</b>

	As at			Sep 24 v Sep 23	Sep 24 v Mar 24
	30 Sep 24 %	31 Mar 24 %	30 Sep 23 %		
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	31 Mar 24	30 Sep 23	Sep 24 v Sep 23 %	Sep 24 v Mar 24 %
	\$m	\$m	\$m		
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
<b>Non-performing exposures</b>	<b>10,230</b>	<b>8,691</b>	<b>7,992</b>	<b>28.0</b>	<b>17.7</b>
<i>Of which: 90+ days past due but not impaired</i>	<b>5,482</b>	<b>4,651</b>	<b>4,033</b>	<b>35.9</b>	<b>17.9</b>

	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
<b>Non-performing exposures to GLAs</b>	<b>1.39</b>	<b>1.20</b>	<b>1.13</b>	<b>26 bps</b>	<b>19 bps</b>
<i>Of which: 90+ days past due but not impaired to GLAs</i>	<b>0.74</b>	<b>0.64</b>	<b>0.57</b>	<b>17 bps</b>	<b>10 bps</b>

### 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

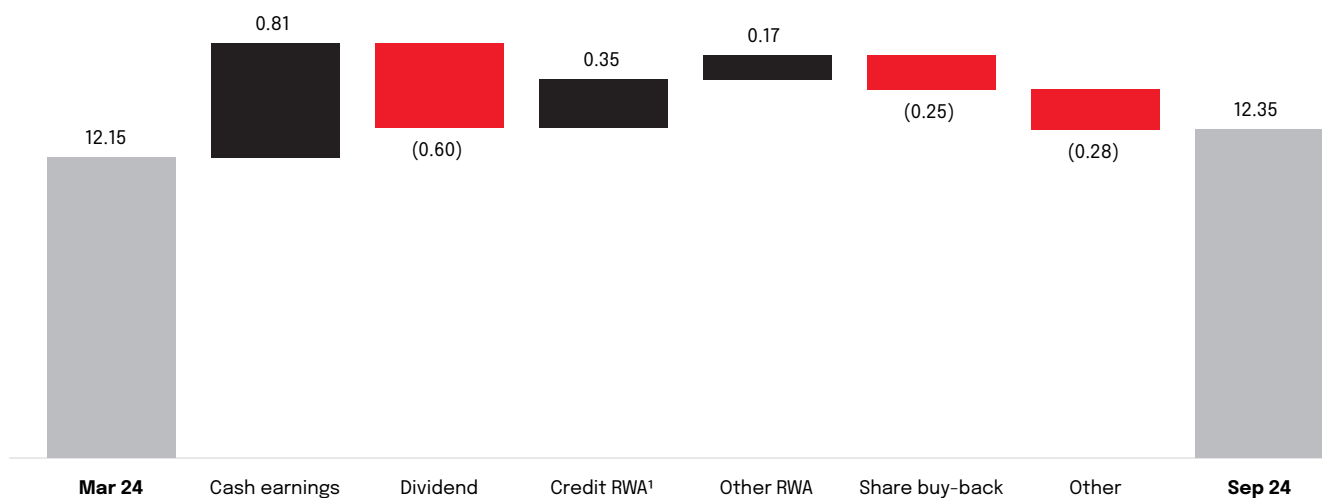
Further disclosures with respect to capital adequacy and risk management are included in the September 2024 Pillar 3 Report as required by APS 330 *Public Disclosure*.



## Capital ratios

	As at				
	30 Sep 24	31 Mar 24	30 Sep 23	Sep 24 v	Sep 24 v
	%	%	%	Sep 23	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	31 Mar 24	30 Sep 23	Sep 24 v	Sep 24 v
	\$m	\$m	\$m	Sep 23 %	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 24 v
				Sep 23 %	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.

## Capital management and funding (cont.)

- 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](http://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
<b>SFI</b>	<b>103</b>	103	102
<b>NSFR</b>	<b>117</b>	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.

### 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<sup>(1)</sup> 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.

(1) Excludes AT1 capital.

## Capital management and funding (cont.)

The weighted average maturity of term wholesale funding issued by the Group in the September 2024 full year was 5.0<sup>(1)</sup> years. The weighted average remaining maturity of the Group's term wholesale funding portfolio is 3.4<sup>(1)</sup> 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	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 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
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 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
<b>Liquidity Coverage Ratio</b>			
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, Residential Mortgage Backed Securities (RMBS), TFF and FLP.

# Divisional results

## 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 <sup>(1)</sup> \$m	Sep 24 v Sep 23 %	Sep 24 \$m	Mar 24 <sup>(1)</sup> \$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
<b>Net operating income</b>	<b>8,299</b>	<b>8,221</b>	<b>0.9</b>	<b>4,186</b>	<b>4,113</b>	<b>1.8</b>
Operating expenses <sup>(2)</sup>	(3,111)	(2,996)	3.8	(1,560)	(1,551)	0.6
<b>Underlying profit</b>	<b>5,188</b>	<b>5,225</b>	<b>(0.7)</b>	<b>2,626</b>	<b>2,562</b>	<b>2.5</b>
Credit impairment charge	(523)	(564)	(7.3)	(322)	(201)	60.2
<b>Cash earnings before income tax</b>	<b>4,665</b>	<b>4,661</b>	<b>0.1</b>	<b>2,304</b>	<b>2,361</b>	<b>(2.4)</b>
Income tax expense	(1,408)	(1,403)	0.4	(693)	(715)	(3.1)
<b>Cash earnings</b>	<b>3,257</b>	<b>3,258</b>	<b>-</b>	<b>1,611</b>	<b>1,646</b>	<b>(2.1)</b>

<b>Volumes (\$bn)</b>						
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 <sup>(1)</sup>	Sep 24 v Sep 23	Sep 24	Mar 24 <sup>(1)</sup>	Sep 24 v Mar 24
<b>Performance measures</b>						
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) <sup>(3)</sup>	42,376	47,430	(10.7%)	42,376	52,880	(19.9%)

<b>Asset quality (%)</b>						
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.

## 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
<b>Net interest income up \$36m, 0.5%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Average interest earning assets increased by \$16.6 billion or 7.5% reflecting growth in both business and housing lending.</li> <li>Customer deposits increased by \$14.5 billion or 7.0% driven by growth in term deposits and on-demand deposits.</li> </ul>
<b>Other operating income up \$42m, 4.2%</b>	<ul style="list-style-type: none"> <li>Includes a \$12 million decrease related to the disposal of the New Zealand wealth business.</li> <li>Underlying increase of \$54 million driven by higher revenue in relation to foreign exchange combined with small increases across a range of products.</li> </ul>
<b>Operating expenses up \$115m, 3.8%</b>	<ul style="list-style-type: none"> <li>Includes a \$6 million decrease related to the disposal of the New Zealand wealth business.</li> <li>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.</li> <li>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.</li> </ul>
<b>Credit impairment charge down \$41m, 7.3%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>This was partially offset by higher individually assessed provision charges due to increased impairments, including the impairment of a small number of larger customers.</li> <li>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.</li> </ul>
<b>Risk-weighted assets down \$1.4bn, 0.9%</b>	<ul style="list-style-type: none"> <li>Decrease in risk-weighted assets driven by model methodology changes, partially offset by growth in business lending volumes, combined with deterioration in asset quality.</li> </ul>

## 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
<b>Net interest income up \$70m, 1.9%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Average interest earning assets increased by \$8.1 billion or 3.5% driven by volume growth in both business and housing lending.</li> <li>Customer deposits increased by \$7.4 billion or 3.5% driven by growth in term deposits and on-demand deposits.</li> </ul>
<b>Other operating income up \$3m, 0.6%</b>	<ul style="list-style-type: none"> <li>Includes a \$17 million decrease related to the disposal of the New Zealand wealth business.</li> <li>Underlying increase of \$20 million driven by small increases across a range of products including higher foreign exchange and interest rate management revenue.</li> </ul>
<b>Operating expenses up \$9m, 0.6%</b>	<ul style="list-style-type: none"> <li>Includes a \$8 million decrease related to the disposal of the New Zealand wealth business.</li> <li>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.</li> <li>This was partially offset by productivity benefits achieved through continued simplification of the Group's operations, in addition to realisation of operational process improvements.</li> </ul>
<b>Credit impairment charge up \$121m, 60.2%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>Risk-weighted assets down \$8.6bn, 5.5%</b>	<ul style="list-style-type: none"> <li>Decrease in risk-weighted assets driven by model methodology changes, partially offset by growth in business lending volumes.</li> </ul>

# 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 <sup>(1)</sup> \$m	Sep 24 v Sep 23 %	Sep 24 \$m	Mar 24 <sup>(1)</sup> \$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
<b>Net operating income</b>	<b>4,579</b>	<b>4,921</b>	<b>(6.9)</b>	<b>2,317</b>	<b>2,262</b>	<b>2.4</b>
Operating expenses	(2,618)	(2,561)	2.2	(1,310)	(1,308)	0.2
<b>Underlying profit</b>	<b>1,961</b>	<b>2,360</b>	<b>(16.9)</b>	<b>1,007</b>	<b>954</b>	<b>5.6</b>
Credit impairment charge	(288)	(291)	(1.0)	(127)	(161)	(21.1)
<b>Cash earnings before income tax</b>	<b>1,673</b>	<b>2,069</b>	<b>(19.1)</b>	<b>880</b>	<b>793</b>	<b>11.0</b>
Income tax expense	(499)	(608)	(17.9)	(262)	(237)	10.5
<b>Cash earnings</b>	<b>1,174</b>	<b>1,461</b>	<b>(19.6)</b>	<b>618</b>	<b>556</b>	<b>11.2</b>

<b>Volumes (\$bn)</b>						
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 <sup>(1)</sup> %	Sep 24 v Sep 23	Sep 24 %	Mar 24 <sup>(1)</sup> %	Sep 24 v Mar 24
<b>Performance measures</b>						
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)

<b>Asset quality</b>						
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
<b>Net interest income down \$414m, 9.5%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Customer deposits increased by \$12.7 billion or 8.4%, driven by growth in on-demand deposits, term deposits and non-interest bearing accounts.</li> </ul>
<b>Other operating income up \$72m, 13.0%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Operating expenses up \$57m, 2.2%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>Credit impairment charge down \$3m, 1.0%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Gross impaired assets to GLAs decreased 2 basis points to 0.03%.</li> </ul>
<b>Risk-weighted assets up \$0.9bn, 1.1%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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
<b>Net interest income up \$3m, 0.2%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Customer deposits increased by \$6.1 billion or 3.9%, driven by growth in on-demand deposits, term deposits and non-interest bearing accounts.</li> </ul>
<b>Other operating income up \$52m, 18.1%</b>	<ul style="list-style-type: none"> <li>Higher cards income and higher foreign exchange revenue.</li> </ul>
<b>Operating expenses up \$2m, 0.2%</b>	<ul style="list-style-type: none"> <li>The increase was driven by higher personnel expenses due to an increase in salary and related expenses, combined with seasonally higher marketing campaign costs.</li> <li>Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.</li> </ul>
<b>Credit impairment charge down \$34m, 21.1%</b>	<ul style="list-style-type: none"> <li>Lower level of charges for the unsecured retail portfolio due to non-recurrence of collective impairment charges from prior period.</li> <li>Gross impaired assets to GLAs decreased 1 basis point to 0.03%.</li> </ul>
<b>Risk-weighted assets down \$0.4bn, 0.5%</b>	<ul style="list-style-type: none"> <li>Decrease in risk-weighted assets due to model and methodology changes, partially offset by volume growth and deterioration in asset quality.</li> </ul>

# 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	Sep 23 <sup>(1)</sup>	Sep 24 v Sep 23 %	Sep 24	Mar 24	Sep 24 v Mar 24 %
	\$m	\$m		\$m	\$m	
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
<b>Net operating income</b>	<b>3,896</b>	<b>3,888</b>	<b>0.2</b>	<b>1,947</b>	<b>1,949</b>	<b>(0.1)</b>
Operating expenses	(1,445)	(1,428)	1.2	(710)	(735)	(3.4)
<b>Underlying profit</b>	<b>2,451</b>	<b>2,460</b>	<b>(0.4)</b>	<b>1,237</b>	<b>1,214</b>	<b>1.9</b>
Credit impairment (charge) / write-back	7	(32)	large	(30)	37	large
<b>Cash earnings before income tax</b>	<b>2,458</b>	<b>2,428</b>	<b>1.2</b>	<b>1,207</b>	<b>1,251</b>	<b>(3.5)</b>
Income tax expense	(686)	(588)	16.7	(334)	(352)	(5.1)
<b>Cash earnings</b>	<b>1,772</b>	<b>1,840</b>	<b>(3.7)</b>	<b>873</b>	<b>899</b>	<b>(2.9)</b>
<b>Net operating income</b>						
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 <sup>(2)</sup>	-	55	large	(9)	9	large
Other income	342	325	5.2	159	183	(13.1)
<b>Total net operating income</b>	<b>3,896</b>	<b>3,888</b>	<b>0.2</b>	<b>1,947</b>	<b>1,949</b>	<b>(0.1)</b>
<b>Volumes (\$bn)</b>						
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)
<b>Performance measures</b>						
	Sep 24	Sep 23 <sup>(1)</sup>	Sep 24 v Sep 23	Sep 24	Mar 24	Sep 24 v Mar 24
	%	%		%	%	
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)
<b>Asset quality</b>						
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
<b>Net interest income up \$246m, 10.7%</b>	<ul style="list-style-type: none"> <li>Includes an increase of \$89 million due to movements in economic hedges offset in other operating income.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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<sup>(1)</sup>.</li> </ul>
<b>Other operating income down \$238m, 15.0%</b>	<ul style="list-style-type: none"> <li>Includes a decrease of \$89 million due to movements in economic hedges offset in net interest income.</li> <li>Underlying decrease of \$149 million is primarily due to lower Markets income and reduced derivative valuation adjustments, partially offset by higher lending fees.</li> </ul>
<b>Operating expenses up \$17m, 1.2%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>Credit impairment charge down \$39m</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Risk-weighted assets up \$2.6bn, 2.7%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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
<b>Net interest income down \$8m, 0.6%</b>	<ul style="list-style-type: none"> <li>Includes a decrease of \$26 million due to movements in economic hedges offset in other operating income.</li> <li>Underlying increase of \$18 million primarily due to higher net interest margins, partially offset by reduced Markets income.</li> <li>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.</li> <li>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.</li> <li>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<sup>(1)</sup>, partially offset by the anticipated run-off in the asset servicing business and a reduction in transaction accounts.</li> </ul>
<b>Other operating income up \$6m, 0.9%</b>	<ul style="list-style-type: none"> <li>Includes an increase of \$26 million due to movements in economic hedges offset in net interest income.</li> <li>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.</li> </ul>
<b>Operating expenses down \$25m, 3.4%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Credit impairment charge up \$67m</b>	<ul style="list-style-type: none"> <li>Increase is due to higher collective provision charges and non-recurrence of individually assessed recoveries and write-backs from March 2024 half year.</li> </ul>
<b>Risk-weighted assets down \$0.3bn, 0.3%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

(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 71 for results in Australian dollars and page 99 for FX rates.

	Year to			Half Year to		
	Sep 24 \$m	Sep 23 <sup>(1)</sup> \$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)
<b>Net operating income</b>	<b>3,486</b>	<b>3,490</b>	<b>(0.1)</b>	<b>1,725</b>	<b>1,761</b>	<b>(2.0)</b>
Operating expenses	(1,285)	(1,224)	5.0	(644)	(641)	0.5
<b>Underlying profit</b>	<b>2,201</b>	<b>2,266</b>	<b>(2.9)</b>	<b>1,081</b>	<b>1,120</b>	<b>(3.5)</b>
Credit impairment charge	(141)	(153)	(7.8)	(76)	(65)	16.9
<b>Cash earnings before income tax</b>	<b>2,060</b>	<b>2,113</b>	<b>(2.5)</b>	<b>1,005</b>	<b>1,055</b>	<b>(4.7)</b>
Income tax expense	(596)	(595)	0.2	(300)	(296)	1.4
<b>Cash earnings before non-controlling interests</b>	<b>1,464</b>	<b>1,518</b>	<b>(3.6)</b>	<b>705</b>	<b>759</b>	<b>(7.1)</b>
Non-controlling interests	(20)	(5)	large	(11)	(9)	22.2
<b>Cash earnings</b>	<b>1,444</b>	<b>1,513</b>	<b>(4.6)</b>	<b>694</b>	<b>750</b>	<b>(7.5)</b>

<b>Volumes (\$bn)</b>						
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 <sup>(1)</sup> %	Sep 24 v Sep 23	Sep 24 %	Mar 24 %	Sep 24 v Mar 24
<b>Performance measures</b>						
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

<b>Asset quality</b>						
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
<b>Net interest income down \$4m, 0.1%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
<b>Other operating income flat</b>	<ul style="list-style-type: none"> <li>Higher Treasury income and earnings relating to the investment in FirstCape.</li> <li>Offset by lower markets income, lower fee income relating to cards and merchant services driven by lower activity levels.</li> </ul>
<b>Operating expenses up \$61m, 5.0%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.</li> </ul>
<b>Credit impairment charge down \$12m, 7.8%</b>	<ul style="list-style-type: none"> <li>Lower collective provision charges partially offset by higher individually assessed charges due to small number of large corporate and agribusiness customers.</li> <li>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.</li> </ul>
<b>Total risk-weighted assets down \$4.4bn, 6.4%</b>	<ul style="list-style-type: none"> <li>Decrease driven by lower interest rate risk in the banking book and decreased risk-weighted assets primarily due to model and methodology changes.</li> <li>Partially offset by an increase in lending volumes and deterioration of asset quality.</li> </ul>

## 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
<b>Net interest income down \$27m, 1.8%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
<b>Other operating income down \$9m, 3.0%</b>	<ul style="list-style-type: none"> <li>This decrease was primarily due to the mark-to-market impact on bonds in Treasury and lower Markets income.</li> <li>Partially offset by higher fee income relating to business lending and merchant services along with earnings relating to the investment in FirstCape.</li> </ul>
<b>Operating expenses up \$3m, 0.5%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.</li> </ul>
<b>Credit impairment charge up \$11m, 16.9%</b>	<ul style="list-style-type: none"> <li>Higher individually assessed charge due to small number of large corporate and agribusiness customers, partially offset by a lower level of collective provision charges.</li> </ul>
<b>Total risk-weighted assets down \$3.2bn, 4.7%</b>	<ul style="list-style-type: none"> <li>Decrease driven by lower interest rate risk in the banking book and decreased risk-weighted assets primarily due to model and methodology changes.</li> <li>Partially offset by an increase in lending volumes and deterioration of asset quality.</li> </ul>

## New Zealand Banking (cont.)

Results presented in Australian dollars. Refer to page 69 for results in New Zealand dollars.

	Year to			Half Year to		
	Sep 24 \$m	Sep 23 <sup>(1)</sup> \$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)
<b>Net operating income</b>	<b>3,214</b>	<b>3,218</b>	<b>(0.1)</b>	<b>1,578</b>	<b>1,636</b>	<b>(3.5)</b>
Operating expenses	(1,185)	(1,129)	5.0	(590)	(595)	(0.8)
<b>Underlying profit</b>	<b>2,029</b>	<b>2,089</b>	<b>(2.9)</b>	<b>988</b>	<b>1,041</b>	<b>(5.1)</b>
Credit impairment charge	(129)	(141)	(8.5)	(68)	(61)	11.5
<b>Cash earnings before income tax</b>	<b>1,900</b>	<b>1,948</b>	<b>(2.5)</b>	<b>920</b>	<b>980</b>	<b>(6.1)</b>
Income tax expense	(549)	(549)	-	(275)	(274)	0.4
<b>Cash earnings before non-controlling interests</b>	<b>1,351</b>	<b>1,399</b>	<b>(3.4)</b>	<b>645</b>	<b>706</b>	<b>(8.6)</b>
Non-controlling interests	(18)	(5)	large	(9)	(9)	-
<b>Cash earnings</b>	<b>1,333</b>	<b>1,394</b>	<b>(4.4)</b>	<b>636</b>	<b>697</b>	<b>(8.8)</b>

(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.

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.

### Impact of foreign exchange rate movements

Favourable / (unfavourable)	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 %
<b>30 September 2024</b>				
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	-	-
<b>Cash earnings</b>	<b>1</b>	<b>(4.4)</b>	<b>(9)</b>	<b>(7.5)</b>



# 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 <sup>(1)</sup> \$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 <sup>(2)</sup>	(1,068)	(909)	17.5	(580)	(488)	18.9
<b>Underlying loss</b>	<b>(806)</b>	<b>(503)</b>	<b>60.2</b>	<b>(496)</b>	<b>(310)</b>	<b>60.0</b>
Credit impairment write-back	205	226	(9.3)	182	23	large
<b>Cash loss before income tax</b>	<b>(601)</b>	<b>(277)</b>	<b>large</b>	<b>(314)</b>	<b>(287)</b>	<b>9.4</b>
Income tax benefit	167	55	large	130	37	large
<b>Cash loss</b>	<b>(434)</b>	<b>(222)</b>	<b>95.5</b>	<b>(184)</b>	<b>(250)</b>	<b>(26.4)</b>

(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
<b>Net operating income down \$144m, 35.5%</b>	<ul style="list-style-type: none"> <li>Includes customer-related remediation charges of \$21 million in the September 2024 full year (September 2023 full year: \$21 million).</li> <li>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.</li> </ul>
<b>Operating expenses up \$159m, 17.5%</b>	<ul style="list-style-type: none"> <li>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).</li> <li>Includes customer-related remediation charges of \$40 million in the September 2024 full year (September 2023 full year: \$20 million).</li> <li>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.</li> </ul>
<b>Credit impairment write-back down \$21m, 9.3%</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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
<b>Net operating income down \$94m, 52.8%</b>	<ul style="list-style-type: none"> <li>Includes customer-related remediation charges of \$21 million in the September 2024 half year (March 2024 half year: \$nil).</li> <li>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.</li> </ul>
<b>Operating expenses up \$92m, 18.9%</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Includes customer-related remediation charges of \$20 million in the September 2024 half year (March 2024 half year: \$20 million).</li> <li>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.</li> </ul>
<b>Credit impairment write-back up \$159m</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

# Summary tables

Information in these summary tables is presented on a statutory basis unless otherwise stated.

## 1 Other income

	Year to		Half Year to	
	Sep 24	Sep 23	Sep 24	Mar 24
	\$m	\$m	\$m	\$m
<b>Net fees and commissions</b>				
Lending fees	1,202	1,141	605	597
Other fees and commissions <sup>(1)</sup>	936	893	468	468
Net investment management income				
Investment management income	284	304	123	161
Investment management expense	(163)	(155)	(80)	(83)
<b>Total net fees and commissions</b>	<b>2,259</b>	<b>2,183</b>	<b>1,116</b>	<b>1,143</b>
<b>Gains less losses on financial instruments at fair value</b>				
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)
<b>Total gains less losses on financial instruments at fair value</b>	<b>1,278</b>	<b>1,510</b>	<b>635</b>	<b>643</b>
<b>Other operating income</b>				
Dividends	4	2	1	3
Share of profit or loss from associates and joint ventures	-	25	10	(10)
Other <sup>(2)(3)</sup>	348	121	355	(7)
<b>Total other operating income</b>	<b>352</b>	<b>148</b>	<b>366</b>	<b>(14)</b>
<b>Total other income</b>	<b>3,889</b>	<b>3,841</b>	<b>2,117</b>	<b>1,772</b>

(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 <sup>(1)</sup>		Half Year to <sup>(1)</sup>	
	Sep 24 \$m	Sep 23 \$m	Sep 24 \$m	Mar 24 \$m
<b>Personnel expenses</b>				
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
<b>Total personnel expenses</b>	<b>5,866</b>	<b>5,491</b>	<b>3,025</b>	<b>2,841</b>
<b>Occupancy and depreciation expenses</b>				
Rental expense	99	100	49	50
Depreciation and impairment	434	440	218	216
Other expenses	58	57	24	34
<b>Total occupancy and depreciation expenses</b>	<b>591</b>	<b>597</b>	<b>291</b>	<b>300</b>
<b>Technology expenses</b>				
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
<b>Total technology expenses</b>	<b>2,036</b>	<b>1,816</b>	<b>1,042</b>	<b>994</b>
<b>General expenses</b>				
Fees and commissions expense	23	18	11	12
Amortisation of acquired intangible assets <sup>(2)</sup>	43	43	22	21
Advertising and marketing	209	220	117	92
Operational risk event losses and customer-related remediation <sup>(3)</sup>	136	103	77	59
Postage and stationery	88	92	45	43
Professional fees	646	711	325	321
Other expenses	388	291	252	136
<b>Total general expenses</b>	<b>1,533</b>	<b>1,478</b>	<b>849</b>	<b>684</b>
<b>Total operating expenses</b>	<b>10,026</b>	<b>9,382</b>	<b>5,207</b>	<b>4,819</b>

(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 \$m	31 Mar 24 \$m	30 Sep 23 \$m
<b>Loans and advances</b>			
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)
<b>Gross loans and advances</b>	<b>738,206</b>	<b>725,292</b>	<b>708,471</b>
<i>Represented by:</i>			
Loans and advances at fair value <sup>(1)</sup>	576	649	1,243
Loans and advances at amortised cost	737,630	724,643	707,228
<b>Gross loans and advances</b>	<b>738,206</b>	<b>725,292</b>	<b>708,471</b>
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)
<b>Net loans and advances</b>	<b>733,268</b>	<b>720,526</b>	<b>703,945</b>
<b>Securitised loans and loans supporting covered bonds<sup>(2)</sup></b>	<b>49,197</b>	<b>44,617</b>	<b>43,053</b>

	As at 30 September 2024			
	Australia \$m	New Zealand \$m	Other International \$m	Total Group \$m
<b>By product and geographic location</b>				
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
<b>Gross loans and advances</b>	<b>617,949</b>	<b>98,113</b>	<b>22,144</b>	<b>738,206</b>
<i>Represented by:</i>				
Loans and advances at fair value <sup>(1)</sup>	576	-	-	576
Loans and advances at amortised cost	617,373	98,113	22,144	737,630
<b>Gross loans and advances</b>	<b>617,949</b>	<b>98,113</b>	<b>22,144</b>	<b>738,206</b>

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Balance Sheets* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

(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
<b>By product and geographic location</b>				
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
<b>Gross loans and advances</b>	<b>607,188</b>	<b>96,226</b>	<b>21,878</b>	<b>725,292</b>
<i>Represented by:</i>				
Loans and advances at fair value <sup>(1)</sup>	649	-	-	649
Loans and advances at amortised cost	606,539	96,226	21,878	724,643
<b>Gross loans and advances</b>	<b>607,188</b>	<b>96,226</b>	<b>21,878</b>	<b>725,292</b>

	As at 30 September 2023			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
<b>By product and geographic location</b>				
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)
<b>Gross loans and advances</b>	<b>593,391</b>	<b>95,390</b>	<b>19,690</b>	<b>708,471</b>
<i>Represented by:</i>				
Loans and advances at fair value <sup>(1)</sup>	682	561	-	1,243
Loans and advances at amortised cost	592,709	94,829	19,690	707,228
<b>Gross loans and advances</b>	<b>593,391</b>	<b>95,390</b>	<b>19,690</b>	<b>708,471</b>

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Balance Sheets* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

# 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 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

	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

Group - Yearly	Stage 1	Stage 2	Stage 3		Total
	Performing 12-mth ECL	Performing Lifetime ECL	Non-performing Lifetime ECL		
	Collective	Collective	Collective	Individually assessed	
	\$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.)

	Stage 1 Performing 12-mth ECL	Stage 2 Performing Lifetime ECL	Stage 3 Non-performing Lifetime ECL		
	Collective	Collective	Collective	Individually assessed	Total
Group – Half Yearly	\$m	\$m	\$m	\$m	\$m
<b>Balance at 1 October 2023</b>	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)
<b>Balance at 31 March 2024</b>	<b>540</b>	<b>3,588</b>	<b>1,093</b>	<b>546</b>	<b>5,767</b>
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
<b>Balance at 30 September 2024</b>	<b>666</b>	<b>3,400</b>	<b>1,099</b>	<b>756</b>	<b>5,921</b>

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

### 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
<b>Total provisions for ECL</b>			
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
	%	%	%
<b>Macro-economic scenario weightings</b>			
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
<b>Total provision for ECL for key portfolios</b>			
Housing	1,246	1,404	1,424
Business	4,245	3,928	3,744
Others	430	435	417
<b>Total</b>	<b>5,921</b>	<b>5,767</b>	<b>5,585</b>

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

	Australia \$m	New Zealand \$m	Other International \$m	Total Group \$m
<b>Movement in gross impaired assets</b>				
<b>Balance at 31 March 2023</b>	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)
<b>Balance at 30 September 2023</b>	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)
<b>Balance at 31 March 2024</b>	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)
<b>Balance at 30 September 2024</b>	<b>1,174</b>	<b>289</b>	<b>14</b>	<b>1,477</b>

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

# 6 Deposits and other borrowings

	As at		
	30 Sep 24 \$m	31 Mar 24 \$m	30 Sep 23 \$m
<b>Deposits and other borrowings</b>			
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 <sup>(1)</sup>	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)
<b>Total deposits and other borrowings</b>	<b>769,055</b>	<b>751,926</b>	<b>726,995</b>
<i>Represented by:</i>			
Total deposits and other borrowings at fair value <sup>(2)(3)</sup>	56,489	56,389	44,875
Total deposits and other borrowings at amortised cost <sup>(2)</sup>	712,566	695,537	682,120
<b>Total deposits and other borrowings</b>	<b>769,055</b>	<b>751,926</b>	<b>726,995</b>

	As at 30 September 2024			
	Australia \$m	New Zealand \$m	Other International \$m	Total Group \$m
<b>By product and geographic location</b>				
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 <sup>(1)</sup>	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)
<b>Total deposits and other borrowings</b>	<b>610,399</b>	<b>77,499</b>	<b>81,157</b>	<b>769,055</b>
<i>Represented by:</i>				
Total deposits and other borrowings at fair value <sup>(2)(3)</sup>	16,328	1,895	38,266	56,489
Total deposits and other borrowings at amortised cost <sup>(2)</sup>	594,071	75,604	42,891	712,566
<b>Total deposits and other borrowings</b>	<b>610,399</b>	<b>77,499</b>	<b>81,157</b>	<b>769,055</b>

(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 *Balance Sheets* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

## Deposits and other borrowings (cont.)

	As at 31 March 2024			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
<b>By product and geographic location</b>				
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 <sup>(1)</sup>	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)
<b>Total deposits and other borrowings</b>	<b>592,853</b>	<b>75,238</b>	<b>83,835</b>	<b>751,926</b>
<i>Represented by:</i>				
Total deposits and other borrowings at fair value <sup>(2)(3)</sup>	10,024	1,849	44,516	56,389
Total deposits and other borrowings at amortised cost <sup>(2)</sup>	582,829	73,389	39,319	695,537
<b>Total deposits and other borrowings</b>	<b>592,853</b>	<b>75,238</b>	<b>83,835</b>	<b>751,926</b>

	As at 30 September 2023			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
<b>By product and geographic location</b>				
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 <sup>(1)</sup>	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)
<b>Total deposits and other borrowings</b>	<b>584,018</b>	<b>75,587</b>	<b>67,390</b>	<b>726,995</b>
<i>Represented by:</i>				
Total deposits and other borrowings at fair value <sup>(2)(3)</sup>	13,151	2,526	29,198	44,875
Total deposits and other borrowings at amortised cost <sup>(2)</sup>	570,867	73,061	38,192	682,120
<b>Total deposits and other borrowings</b>	<b>584,018</b>	<b>75,587</b>	<b>67,390</b>	<b>726,995</b>

(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 *Balance Sheets* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

# 7 Average balance sheet and related interest

## Average assets and interest income

	Year ended Sep 24			Year ended Sep 23		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
<b>Average interest earning assets</b>						
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 <sup>(1)</sup>	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 <sup>(1)</sup>	164,951	8,506	5.2	94,028	3,360	3.6
Loans and advances – housing						
Australia <sup>(2)</sup>	313,336	18,071	5.8	305,519	14,403	4.7
New Zealand <sup>(2)</sup>	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 <sup>(1)</sup>	15,041	1,033	n/a	73,283	3,546	n/a
<b>Total average interest earning assets and interest income by:</b>						
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
<b>Total average interest earning assets and interest income</b>	<b>978,741</b>	<b>58,297</b>	<b>6.0</b>	<b>966,705</b>	<b>48,072</b>	<b>5.0</b>

(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 balance sheet and related interest (cont.)

### Average assets

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

(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 balance sheet and related interest (cont.)

### Average liabilities and interest expense

	Year ended Sep 24			Year ended Sep 23		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
<b>Average interest bearing liabilities</b>						
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
<b>Total average interest bearing liabilities and interest expense by:</b>						
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
<b>Total average interest bearing liabilities and interest expense</b>	<b>864,852</b>	<b>41,540</b>	<b>4.8</b>	<b>843,405</b>	<b>31,265</b>	<b>3.7</b>

## Average balance sheet and related interest (cont.)

### Average liabilities and equity

	Year ended	
	Sep 24 \$m	Sep 23 \$m
<b>Average non-interest bearing liabilities</b>		
Deposits not bearing interest		
Australia <sup>(1)</sup>	83,845	84,541
New Zealand <sup>(1)</sup>	12,032	13,599
Other International	6	7
<b>Total deposits not bearing interest</b>	<b>95,883</b>	98,147
Other liabilities	52,568	63,313
<b>Total average non-interest bearing liabilities</b>	<b>148,451</b>	161,460
<b>Total average liabilities</b>	<b>1,013,303</b>	1,004,865
<b>Average equity</b>		
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
<b>Total average liabilities and equity</b>	<b>1,074,736</b>	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 balance sheet and related interest (cont.)

### 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 %
<b>Average interest earning assets</b>						
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 <sup>(1)</sup>	314,713	9,255	5.9	311,899	8,816	5.7
New Zealand <sup>(1)</sup>	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
<b>Total average interest earning assets and interest income by:</b>						
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
<b>Total average interest earning assets and interest income</b>	<b>981,048</b>	<b>29,609</b>	<b>6.0</b>	<b>976,422</b>	<b>28,688</b>	<b>5.9</b>

(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
<b>Average non-interest earning assets</b>		
Other assets <sup>(1)</sup>	100,896	102,651
<b>Total average non-interest earning assets</b>	<b>100,896</b>	<b>102,651</b>
<b>Average provision for credit impairment</b>		
Australia	(4,900)	(4,784)
New Zealand	(906)	(869)
Other International	(44)	(44)
<b>Total average provision for credit impairment</b>	<b>(5,850)</b>	<b>(5,697)</b>
<b>Total average assets</b>	<b>1,076,094</b>	<b>1,073,376</b>

(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 balance sheet and related interest (cont.)

### Average liabilities and interest expense

	Half Year ended Sep 24			Half Year ended Mar 24		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
<b>Average interest bearing liabilities</b>						
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
<b>Total average interest bearing liabilities and interest expense by:</b>						
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
<b>Total average interest bearing liabilities and interest expense</b>	<b>870,626</b>	<b>21,250</b>	<b>4.9</b>	<b>859,082</b>	<b>20,290</b>	<b>4.7</b>

## Average liabilities and equity

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

(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.

## 8 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)
<b>Net interest margin - statutory basis</b>	<b>1.71</b>	<b>1.74</b>	<b>(3 bps)</b>	<b>1.70</b>	<b>1.72</b>	<b>(2 bps)</b>



# 9 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
<b>Total equity per consolidated balance sheet</b>	<b>62,213</b>	<b>61,710</b>	<b>61,503</b>
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 <sup>(1)</sup>	(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)
<b>CET1 capital</b>	<b>51,139</b>	<b>52,543</b>	<b>53,136</b>
Additional Tier 1 capital instruments	9,610	8,610	8,610
Regulatory adjustments to Additional Tier 1 capital	(21)	(20)	(20)
<b>Additional Tier 1 capital</b>	<b>9,589</b>	<b>8,590</b>	<b>8,590</b>
<b>Tier 1 capital</b>	<b>60,728</b>	<b>61,133</b>	<b>61,726</b>
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)
<b>Tier 2 capital</b>	<b>25,874</b>	<b>26,534</b>	<b>24,742</b>
<b>Total capital</b>	<b>86,602</b>	<b>87,667</b>	<b>86,468</b>

(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.

## Capital adequacy (cont.)

	As at		
	30 Sep 24	31 Mar 24	30 Sep 23
	\$m	\$m	\$m
<b>Risk-weighted assets</b>			
<b>Credit risk</b>			
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 <sup>(1)</sup>	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
<b>Total credit risk</b>	<b>350,891</b>	<b>363,873</b>	<b>355,554</b>
Market risk	11,427	11,171	8,811
Operational risk <sup>(2)</sup>	36,102	36,102	41,178
Interest rate risk in the banking book	15,526	21,407	29,463
<b>Total risk-weighted assets</b>	<b>413,946</b>	<b>432,553</b>	<b>435,006</b>

(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
	%	%	%
<b>Capital ratios</b>			
CET1	12.35	12.15	12.22
Tier 1	14.67	14.13	14.19
Total capital	20.92	20.27	19.88

# 10 Earnings per share

	Year to			
	Basic		Diluted	
	Sep 24	Sep 23	Sep 24	Sep 23
<b>Statutory earnings per share</b>				
<b>Earnings (\$m)</b>				
Net profit attributable to owners of the Company	6,960	7,414	6,960	7,414
Potential dilutive adjustments				
Interest expense on convertible notes <sup>(1)</sup>	-	-	374	371
<b>Adjusted earnings</b>	<b>6,960</b>	<b>7,414</b>	<b>7,334</b>	<b>7,785</b>
Net loss from discontinued operations attributable to the owners of the Company	103	51	103	51
<b>Adjusted earnings from continuing operations</b>	<b>7,063</b>	<b>7,465</b>	<b>7,437</b>	<b>7,836</b>
<b>Weighted average number of ordinary shares (millions)</b>				
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 <sup>(1)</sup>	-	-	184	258
Share-based payments	-	-	10	10
<b>Total weighted average number of ordinary shares</b>	<b>3,099</b>	<b>3,136</b>	<b>3,293</b>	<b>3,404</b>
<b>Earnings per share attributable to owners of the Company (cents)</b>	<b>224.6</b>	<b>236.4</b>	<b>222.7</b>	<b>228.7</b>
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
<b>Statutory earnings per share</b>				
<b>Earnings (\$m)</b>				
Net profit attributable to owners of the Company	3,466	3,494	3,466	3,494
Potential dilutive adjustments				
Interest expense on convertible notes <sup>(1)</sup>	-	-	179	234
<b>Adjusted earnings</b>	<b>3,466</b>	<b>3,494</b>	<b>3,645</b>	<b>3,728</b>
Net loss from discontinued operations attributable to the owners of the Company	53	50	53	50
<b>Adjusted earnings from continuing operations</b>	<b>3,519</b>	<b>3,544</b>	<b>3,698</b>	<b>3,778</b>
<b>Weighted average number of ordinary shares (millions)</b>				
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 <sup>(1)</sup>	-	-	177	254
Share-based payments	-	-	10	9
<b>Total weighted average number of ordinary shares</b>	<b>3,085</b>	<b>3,113</b>	<b>3,272</b>	<b>3,376</b>
<b>Earnings per share attributable to owners of the Company (cents)</b>	<b>112.4</b>	<b>112.2</b>	<b>111.4</b>	<b>110.4</b>
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
<b>Cash earnings per share</b>				
<b>Earnings (\$m)</b>				
Cash earnings <sup>(1)</sup>	7,102	7,731	7,102	7,731
Potential dilutive adjustments				
Interest expense on convertible notes <sup>(2)</sup>	-	-	374	371
<b>Adjusted cash earnings</b>	<b>7,102</b>	<b>7,731</b>	<b>7,476</b>	<b>8,102</b>
<b>Weighted average number of ordinary shares (millions)</b>				
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 <sup>(2)</sup>	-	-	184	258
Share-based payments	-	-	10	10
<b>Total weighted average number of ordinary shares</b>	<b>3,099</b>	<b>3,136</b>	<b>3,293</b>	<b>3,404</b>
<b>Cash earnings per share (cents)</b>	<b>229.2</b>	<b>246.5</b>	<b>227.0</b>	<b>238.0</b>

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

(1) Refer to Note 15 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.

# 11 Return on equity

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

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

# 12 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
<b>Funding sources</b>			
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 <sup>(1)</sup>	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 <sup>(1)</sup>	1,011	18,284	18,526
Short-term wholesale funding <sup>(2)</sup>	115,321	114,503	106,673
Short-term collateral and settlements	7,439	8,850	13,530
<b>Total funding sources</b>	<b>909,543</b>	<b>908,542</b>	<b>883,903</b>
Equity	62,213	61,710	61,503
<b>Total funding sources and equity</b>	<b>971,756</b>	<b>970,252</b>	<b>945,406</b>

(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.



# 13 Number of ordinary shares

	Year to	
	Sep 24 No. '000	Sep 23 No. '000
<b>Ordinary shares, fully paid</b>		
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)
<b>Total ordinary shares, fully paid</b>	<b>3,074,038</b>	<b>3,128,949</b>
<b>Ordinary shares, partly paid to 25 cents</b>		
Balance at beginning of period	9	12
Paying up of partly paid shares	(9)	(3)
<b>Total ordinary shares, partly paid to 25 cents</b>	<b>-</b>	<b>9</b>
<b>Total ordinary shares (including treasury shares)</b>	<b>3,074,038</b>	<b>3,128,958</b>
Less: Treasury shares	(8,642)	(8,137)
<b>Total ordinary shares (excluding treasury shares)</b>	<b>3,065,396</b>	<b>3,120,821</b>
	Half Year to	
	Sep 24 No. '000	Mar 24 No. '000
<b>Ordinary shares, fully paid</b>		
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)
<b>Total ordinary shares, fully paid</b>	<b>3,074,038</b>	<b>3,102,760</b>
<b>Ordinary shares, partly paid to 25 cents</b>		
Balance at beginning of period	-	9
Paying up of partly paid shares	-	(9)
<b>Total ordinary shares, partly paid to 25 cents</b>	<b>-</b>	<b>-</b>
<b>Total ordinary shares (including treasury shares)</b>	<b>3,074,038</b>	<b>3,102,760</b>
Less: Treasury shares	(8,642)	(8,607)
<b>Total ordinary shares (excluding treasury shares)</b>	<b>3,065,396</b>	<b>3,094,153</b>

# 14 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.

# 15 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
<b>Statutory net profit reconciliation</b>					
Net interest income	16,757	(3)	-	-	16,754
Other operating income	3,889	(10)	-	(383)	3,496
<b>Net operating income</b>	<b>20,646</b>	<b>(13)</b>	<b>-</b>	<b>(383)</b>	<b>20,250</b>
Operating expenses	(10,026)	-	42	557	(9,427)
<b>Profit / (loss) before credit impairment charge</b>	<b>10,620</b>	<b>(13)</b>	<b>42</b>	<b>174</b>	<b>10,823</b>
Credit impairment (charge) / write-back	(741)	13	-	-	(728)
<b>Profit before income tax</b>	<b>9,879</b>	<b>-</b>	<b>42</b>	<b>174</b>	<b>10,095</b>
Income tax (expense) / benefit	(2,798)	6	(13)	(170)	(2,975)
<b>Net profit from continuing operations before non-controlling interests</b>	<b>7,081</b>	<b>6</b>	<b>29</b>	<b>4</b>	<b>7,120</b>
Non-controlling interests	(18)	-	-	-	(18)
<b>Net profit attributable to owners of the Company from continuing operations</b>	<b>7,063</b>	<b>6</b>	<b>29</b>	<b>4</b>	<b>7,102</b>

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
<b>Statutory net profit reconciliation</b>					
Net interest income	16,807	-	-	-	16,807
Other operating income	3,841	32	-	(26)	3,847
<b>Net operating income</b>	<b>20,648</b>	<b>32</b>	<b>-</b>	<b>(26)</b>	<b>20,654</b>
Operating expenses	(9,382)	-	43	316	(9,023)
<b>Profit before credit impairment charge</b>	<b>11,266</b>	<b>32</b>	<b>43</b>	<b>290</b>	<b>11,631</b>
Credit impairment (charge) / write-back	(816)	14	-	-	(802)
<b>Profit before income tax</b>	<b>10,450</b>	<b>46</b>	<b>43</b>	<b>290</b>	<b>10,829</b>
Income tax expense	(2,980)	(17)	(13)	(83)	(3,093)
<b>Net profit from continuing operations before non-controlling interests</b>	<b>7,470</b>	<b>29</b>	<b>30</b>	<b>207</b>	<b>7,736</b>
Non-controlling interests	(5)	-	-	-	(5)
<b>Net profit attributable to owners of the Company from continuing operations</b>	<b>7,465</b>	<b>29</b>	<b>30</b>	<b>207</b>	<b>7,731</b>

## 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
<b>Statutory net profit reconciliation</b>					
Net interest income	8,359	(2)	-	-	8,357
Other operating income	2,117	21	-	(383)	1,755
<b>Net operating income</b>	<b>10,476</b>	<b>19</b>	<b>-</b>	<b>(383)</b>	<b>10,112</b>
Operating expenses	(5,207)	-	21	436	(4,750)
<b>Profit before credit impairment charge</b>	<b>5,269</b>	<b>19</b>	<b>21</b>	<b>53</b>	<b>5,362</b>
Credit impairment charge	(365)	-	-	-	(365)
<b>Profit before income tax</b>	<b>4,904</b>	<b>19</b>	<b>21</b>	<b>53</b>	<b>4,997</b>
Income tax (expense) / benefit	(1,376)	1	(7)	(52)	(1,434)
<b>Net profit from continuing operations before non-controlling interests</b>	<b>3,528</b>	<b>20</b>	<b>14</b>	<b>1</b>	<b>3,563</b>
Non-controlling interests	(9)	-	-	-	(9)
<b>Net profit attributable to owners of the Company from continuing operations</b>	<b>3,519</b>	<b>20</b>	<b>14</b>	<b>1</b>	<b>3,554</b>

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
<b>Statutory net profit reconciliation</b>					
Net interest income	8,398	(1)	-	-	8,397
Other operating income	1,772	(31)	-	-	1,741
<b>Net operating income</b>	<b>10,170</b>	<b>(32)</b>	<b>-</b>	<b>-</b>	<b>10,138</b>
Operating expenses	(4,819)	-	21	121	(4,677)
<b>Profit / (loss) before credit impairment charge</b>	<b>5,351</b>	<b>(32)</b>	<b>21</b>	<b>121</b>	<b>5,461</b>
Credit impairment (charge) / write-back	(376)	13	-	-	(363)
<b>Profit / (loss) before income tax</b>	<b>4,975</b>	<b>(19)</b>	<b>21</b>	<b>121</b>	<b>5,098</b>
Income tax (expense) / benefit <sup>(1)</sup>	(1,422)	5	(6)	(118)	(1,541)
<b>Net profit from continuing operations before non-controlling interests</b>	<b>3,553</b>	<b>(14)</b>	<b>15</b>	<b>3</b>	<b>3,557</b>
Non-controlling interests	(9)	-	-	-	(9)
<b>Net profit attributable to owners of the Company from continuing operations</b>	<b>3,544</b>	<b>(14)</b>	<b>15</b>	<b>3</b>	<b>3,548</b>

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

## 16 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
<b>One Australian dollar equals</b>							
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

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# Corporate Governance Framework

This Statement describes NAB’s approach to corporate governance and governance practices.

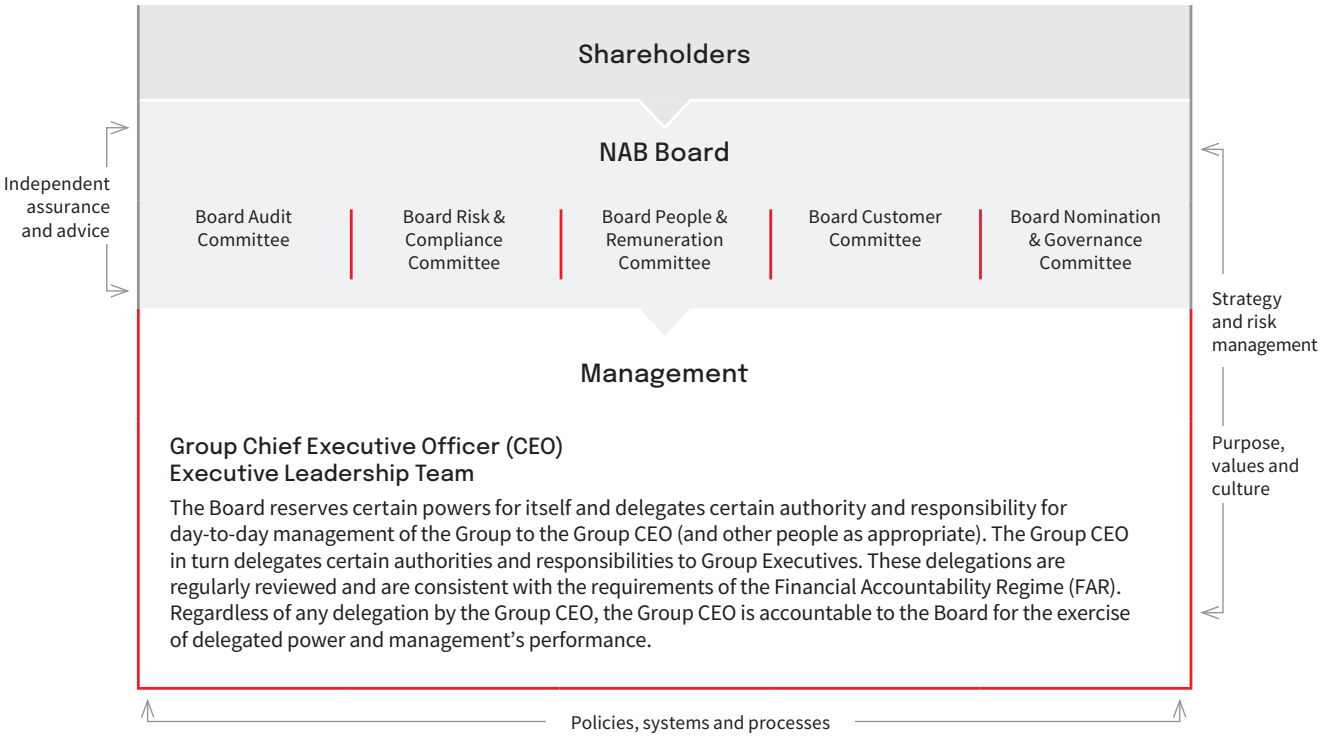
NAB aims to maintain and promote high standards of corporate governance to support strong business performance and retain the trust of shareholders, customers, colleagues, regulators and the community. NAB continually strives to improve its governance, accountability and risk management practices to meet the needs of its business and stakeholders.

NAB’s Corporate Governance Framework is based on accountability, delegation and oversight to support sound and prudent decision-making.

As a fundamental element of NAB’s culture and business practices, its Corporate Governance Framework guides effective decision-making in all areas of the Group through:

- Strategic and operational planning.
- Culture, purpose, values and conduct.
- Risk management and compliance.
- Customer outcomes.
- Financial management.
- External reporting.
- People and remuneration.

The following diagram shows the key components of NAB’s Corporate Governance Framework. The key functions of the Board and its committees are outlined in this Statement.



NAB follows the 4th edition ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations in this Statement. This Statement has been approved by the Board and is current as at 30 September 2024.



# Board of Directors

## Board of Directors

Details of NAB directors in office at the date of this report, including each director's qualifications, experience and other directorships and interests are below.

The Board acknowledges that directors benefit from being involved in a broad range of governance roles provided directors have the capacity to devote sufficient time and effort to fulfil their NAB responsibilities. The Chair, with the assistance of the Nomination & Governance Committee, has determined each director meets this requirement.

### Mr Philip Chronican

BCom (Hons), MBA  
(Dist), GAICD, SF Fin



**Term of office:** Chair and independent non-executive director. Non-executive director since May 2016 and Chair of the Board and the Board's Nomination & Governance Committee since November 2019.

**Independent:** Yes

**Industry experience:** Philip has more than 40 years of experience in banking and financial services in Australia and New Zealand. Before his retirement from executive roles, Philip was responsible for leading ANZ's Australian retail and commercial banking business. Prior to that, he had a long career at Westpac, including as the Chief Financial Officer and leading Westpac's institutional banking business.

During his career as a banking executive, Philip gained deep experience in strategy, business performance, transformation, operations, risk management, capital management, financial reporting, stakeholder engagement, and people and culture. He also gained broad experience in technology, M&A activity and post-merger integration.

Philip has taken an active and public role in advocating for greater transparency and ethics in banking and promoting workforce diversity. Philip has also developed his knowledge and takes a strong interest in climate change and the impact on customers and the economy.

**Other business and market experience:** Philip started his career as an economist and continues to take a deep interest in domestic and international economics. Through his executive and non-executive career, Philip has had extensive experience in governance practices.

**Directorships of other listed entities:**

Woolworths Group Limited (since October 2021)

**Other relevant interests:** Philip is Chair of The Westmead Institute for Medical Research.

### Mr Andrew Irvine

BSc Business Management  
(Hons), MBA



**Term of office:** Group Chief Executive Officer and Managing Director since April 2024.

**Independent:** No

**Industry experience:** Andrew has more than 25 years of experience in the financial services industry. Andrew joined NAB in 2020 as Group Executive, Business and Private Banking following a 12 year career with Bank of Montreal where he held a number of executive roles, including as Head of Canadian Business Banking where he had end-to-end accountability for the division. Prior to Bank of Montreal, Andrew was with strategy consulting firm, McKinsey & Company between 2002 and 2008 in Canada, including as Associate Partner with specific focus on clients in the financial services industry. Before working in consulting, Andrew worked in investment banking at Credit Agricole in London.

Andrew has a deep understanding of customers developed over a career in banking and significant leadership experience in using data, insights and technology to meet customer needs.

**Other business and market experience:** Andrew has extensive experience in leading organisations through significant change, growth and to a market leading position.

**Other relevant interests:** Andrew's other interests include Australian Banking Association (Chair) and the Financial Markets Foundation for Children (Director).

### Ms Kathryn Fagg AO

FTSE, BE(Hons), MCom  
(Hons), FAICD



**Term of office:** Independent non-executive director since December 2019. Chair of the People & Remuneration Committee and member of the Board's Risk & Compliance Committee.

**Independent:** Yes

**Industry experience:** During her executive career, Kathryn had first-hand banking experience through operational and strategic leadership roles at ANZ. She also served on the Board of the Reserve Bank of Australia.

**Other business and market experience:** Kathryn has more than 25 years of senior commercial and operational leadership experience in a range of industries, holding executive roles with Linfox Logistics, Bluescope Steel and ANZ.

During her executive career in banking and other industries, Kathryn gained deep experience in strategy, business performance, risk management, customer experience, corporate development, stakeholder engagement, and people and culture, in a variety of jurisdictions across Asia as well as in Australia and New Zealand.

Kathryn has had an active non-executive career across industries including science and innovation, manufacturing, industrials, macroeconomics and public policy, and the investment sector. In these roles, Kathryn has developed strong experience across a broad range of ESG matters.

**Directorships of other listed entities:**

Djerriwarrh Investments Limited (since May 2014)

Medibank Private Limited (since March 2022)

**Other relevant interests:** Kathryn's other interests include CSIRO (Chair), Breast Cancer Network Australia (Chair), Watertrust Australia Limited (Chair), The Grattan Institute

## Board of Directors (cont.)

(Director), The Myer Foundation (Director) and Champions of Change Coalition (Director).

**Ms Christine Fellowes**  
BE, MAICD



**Term of office:** Independent non-executive director since June 2023. Member of the Board's Customer and People & Remuneration Committees.

**Independent:** Yes

**Industry experience:** Christine has more than 30 years of experience leading businesses across strategy, marketing, product and brand development, operations and profit and loss (P&L), driving digital transformation within multinational organisations in media, communications and technology.

**Other business and market experience:** Christine has extensive experience in leading growth businesses across regional expansion, strategy, operations and P&L roles for prominent US multinationals in media, entertainment and technology companies in Asia-Pacific. Most recently she served as the Managing Director of the NBCUniversal Global Networks and Direct to Consumer business in Asia-Pacific, overseeing Pay-TV, television and digital services, where she also served on corporate boards. Prior to that, she held leadership positions at Comcast International Media Group, Turner Broadcasting System and Omnicom Group.

Christine has a deep understanding of navigating strategic digital transformation while serving broad customer and community interests. Her expertise lies in strategy development, business performance, customer experience, stakeholder engagement and organisational culture, as well as high competency in data and analytics.

As co-founder and director of NINEby9 Pte Ltd, a Singapore based company dedicated to research and advocacy for gender equality in organisations in Asia, Christine actively works towards fostering inclusivity and empowering women in the workplace.

**Directorships of other listed entities:**

GuocoLand Limited<sup>(1)</sup> (since January 2024)

**Former directorships of other listed entities in the past 3 years:**

VIQ Solutions<sup>(2)</sup> (from 2022 to August 2023)

**Other relevant interest:** Christine's other interest includes UWA Business School (Director).

**Ms Carolyn Kay**  
LLB, BA, GradDip  
Management, FAICD



**Term of office:** Independent non-executive director since July 2023. Member of the Board's Audit, Risk & Compliance and Nomination & Governance Committees.

**Independent:** Yes

**Industry experience:** Carolyn has more than 30 years of experience in the financial services sector in executive and non-executive roles. Carolyn was a lawyer and banker whose work history included Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. She has held a number of industry related non-executive director roles including Commonwealth Bank of Australia, The Future Fund, Treasury Corporation of Victoria, Victorian Funds Management Corporation and Colonial State Bank.

**Other business and market experience:** Carolyn has been and remains a non-executive director of enterprises across a broad range of industries. She was previously a Guardian of Australia's sovereign fund, The Future Fund (2015 to 2023) and a panel member of the Commonwealth Retirement Income Review (2019 to 2020). In the public sector, Carolyn is a member of the Foreign Investment Review Board and in the not-for-profit sector, she is on the board of the General Sir John Monash Foundation and Sydney Grammar School.

During her executive and non-executive careers, Carolyn gained deep experience in banking, governance, risk management, business performance, stakeholder engagement, people and culture, and public policy.

Carolyn was awarded a Centenary Medal for services to Australian society in business leadership.

**Directorships of other listed entities:**

Scentre Group Limited (since February 2016)

**Other relevant interests:** Carolyn's other interests include Rothschild & Co Australia (Chair), Myer Family Investments (Director), Foreign Investment Review Board (Member), General Sir John Monash Foundation (Director) and Sydney Grammar School (Trustee).

**Ms Alison Kitchen AM**  
BA (Hons), FCA, MAICD



**Term of office:** Independent non-executive director since September 2023. Chair of the Board's Audit Committee and member of the Board's Customer Committee.

**Independent:** Yes

**Industry experience:** Alison has more than 30 years of experience in a variety of management and governance roles within the KPMG partnership, as well as serving as lead external audit partner for a range of ASX-listed organisations, including five ASX Top 50 companies with global operations. Alison was the National Chair of KPMG Australia and a member of KPMG's Global and Regional boards having responsibility for the overall governance and strategic positioning of the firm.

Alison's experience extends to providing advice in areas including audit, transaction support, risk management, internal controls, business processes and regulatory change to a wide range of industries, including financial services. As National Chair of KPMG Australia, Alison led KPMG's Board Leadership Centre, which champions corporate governance and engages with directors and business leaders on critical issues driving board agendas. In that role, Alison gained exposure to a broad range of ESG matters, including climate transition.

**Other business and market experience:** Alison has worked in geographically diverse and complex operating environments

(1) Listed on the Singapore Exchange (SGX).

(2) Listed on the Toronto Stock Exchange (TSE).

## Board of Directors (cont.)

and provided advice to industries including energy, mining, transport and consumer goods, as well as financial services.

Alison was awarded a Member of the Order of Australia in 2024.

### Directorships of other listed entities:

Worley Limited (since July 2024)

**Other relevant interests:** Alison's other interests include AirTrunk (Director and Chair of Audit and Risk Committee), Australian National University (Pro-Chancellor and Chair of Audit and Risk Committee) and Belvoir St Theatre (Member).

**Ms Anne Loveridge AM**  
BA (Hons), FCA, GAICD



**Term of office:** Independent non-executive director since December 2015. Member of the Board's Audit, Risk & Compliance and Nomination & Governance Committees. Anne will stand down from the Board following the 2024 AGM having served three terms of three years on the Board.

**Independent:** Yes

**Industry experience:** Anne has a strong understanding of banking and financial services, including in the areas of financial and regulatory reporting, accounting, risk management, change management and governance, gained throughout her career as an audit partner, consultant and non-executive director in this sector.

**Other business and market experience:** Anne has more than 30 years of experience in professional services, including as Deputy Chair at PwC. During her career as a senior executive and partner, Anne gained deep experience in business performance, client experience, stakeholder engagement, governance, and people and culture. This included a particular focus on business growth and change management, leadership development and succession, performance and reward frameworks and promoting increased diversity.

### Directorships of other listed entities:

Accent Group Limited (since November 2023)

nib Holdings Limited (since February 2017)

Platinum Asset Management Limited (since September 2016)

**Other relevant interests:** Anne's other interests include Destination NSW (Board Member).

**Mr Douglas McKay ONZM**  
BA, AMP (Harvard) CFInstD (NZ)



**Term of office:** Independent non-executive director since February 2016. Member of the Board's Audit and Customer Committees. Doug will stand down from the Board following the 2024 AGM, having retired as the Chair of BNZ, a significant subsidiary of NAB.

**Independent:** Yes

**Industry experience:** Doug has gained industry experience as Chair of BNZ (2016–2024), and as non-executive director since 2013. This has supplemented Doug's extensive experience in

business performance, capital management, risk management and stakeholder engagement with banking context.

**Other business and market experience:** Doug has more than 30 years of experience in commercial and leadership roles in manufacturing and distribution businesses across Australasia having held CEO and Managing Director positions in major trans-Tasman companies including Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord and Independent Liquor. He was the inaugural CEO of the amalgamated Auckland Council. During his executive career, Doug gained deep commercial, business performance, customer, marketing, risk management and stakeholder engagement experience. Doug has private equity experience and a deep understanding of New Zealand and Australian markets.

### Directorships of other listed entities:

Delegat Group Limited<sup>(1)</sup> (since August 2024)

Vector Limited<sup>(1)</sup> (since September 2022, Chair since September 2023)

### Former directorships of other listed entities in the past 3 years:

Fletcher Building Limited<sup>(2)</sup> (from September 2018 to June 2024)

Genesis Energy Limited<sup>(2)</sup> (from June 2014 to September 2022)

**Other relevant interests:** Doug is a Director of IAG (NZ) Holdings Limited.

**Mr Simon McKeon AO**  
BCom, LLB, FAICD



**Term of office:** Independent non-executive director since February 2020. Chair of the Board's Risk & Compliance Committee and member of the Board's Nomination & Governance Committee.

**Independent:** Yes

**Industry experience:** Simon has more than 40 years of experience in a wide range of sectors including financial services, law, government and charities. During his executive career, he held investment banking leadership roles within Macquarie Group, including as Executive Chair of its business in Victoria. In his non-executive career, Simon served as AMP Limited Chair (2014–2016) (and non-executive director 2013–2016). Through these roles in the financial services industry, Simon has gained deep experience in strategy, business performance, risk management, legal and regulatory matters, client experience, stakeholder engagement, and people and culture.

**Other business and market experience:** Simon has broad experience from a range of governance roles in private, public and social sectors. This includes experience gained as former Chair of MYOB Limited, CSIRO, MS Research Australia and a Federal Government Panel that completed a strategic review of health and medical research in 2013.

Simon is an active philanthropist and has contributed over many years to charitable, educational, public health, social housing and other community-based organisations and social causes.

Simon has a strong interest in ESG matters, gained through his broad range of roles and experiences. Simon is the Chair of the Australian Industry Energy Transitions Initiative and was

(1) Listed on the New Zealand Exchange (NZX).

(2) Dual-listed on the New Zealand and Australian stock exchanges.

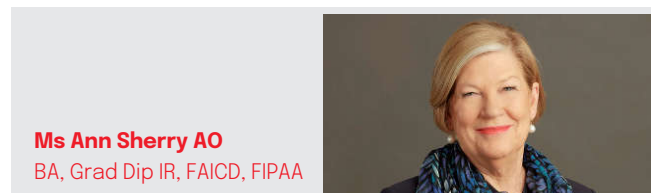
## Board of Directors (cont.)

the inaugural President of the Australian Takeovers Panel and the Banking and Finance Oath's Review Panel.

### Former directorships of other listed entities in the past 3 years:

Rio Tinto Group (from January 2019 to May 2024)

**Other relevant interests:** Simon's other interests include Greater South East Melbourne (Chair), The Big Issue (Advisory Board Member) and GFG Alliance Australia (Advisory Board Member).



**Term of office:** Independent non-executive director since November 2017. Chair of the Board's Customer Committee and member of the Board's People & Remuneration Committee. Co-Chair of NAB's Indigenous Advisory Group.

**Independent:** Yes

**Industry experience:** Ann had a 12 year banking career at Westpac in senior business and people and culture leadership roles, including as divisional CEO for Westpac New Zealand and Bank of Melbourne, and Group Executive, People & Culture. In these roles, Ann gained deep experience in strategy, business performance, operations, risk management, customer experience, stakeholder engagement, and people and culture, with a strong focus on diversity and inclusion. She also gained broad experience in technology, capital management and marketing. Ann also served as a director on the ING Group Supervisory Board and as a director of ING DIRECT Australia.

**Other business and market experience:** Ann has significant experience in executive roles within the tourism and transport industries in Australia and New Zealand, as well as in government and public service. She served as CEO and Chair of Carnival Australia, the largest cruise ship operator in Australasia and the South Pacific. Earlier in her career, Ann was First Assistant Secretary of the Office of the Status of Women advising the Prime Minister on policies and programmes to improve the status of women.

Ann is an active philanthropist and has contributed over many years to charitable and social causes. Ann has a deep interest in ESG matters, with particular interests and experience in diversity and Indigenous matters.

### Former directorships of other listed entities in the past 3 years:

Enero Group Limited (from January 2020 to October 2024)  
Sydney Airport (from May 2014 to March 2022)

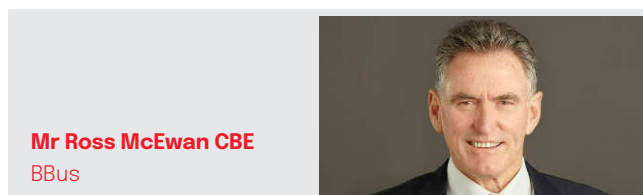
**Other relevant interests:** Ann's other interests include Queensland University of Technology (Chancellor), UNICEF Australia (Chair), Port of Townsville (Chair), Queensland Airports Limited (Chair), Circa (Chair) and Super Members Council (SMC) Australia (Chair).

## Incoming Director

On 25 October 2024, the Board announced the appointment of Warwick Hunt as a non-executive director, effective 2 December 2024. Warwick was appointed as the Chair of NAB's significant subsidiary, BNZ, on 1 June 2024. Warwick will stand for election by shareholders at the 2024 AGM as a Board-endorsed candidate. Warwick will be a member of the Board's Audit and Risk & Compliance Committees.

## Former Directors

During the year, the Managing Director retired and two non-executive directors stood down from the Board at the 2023 Annual General Meeting after serving three terms of three years.



**Term of office:** Group Chief Executive Officer and Managing Director from December 2019 to April 2024.

**Independent:** No

**Industry experience:** Ross has more than 30 years of experience in the financial services industry, spanning banking, insurance and investment. Prior to joining NAB, Ross was Group CEO of the Royal Bank of Scotland (RBS) from 2013 to 2019. Prior to joining RBS, he held executive roles at Commonwealth Bank of Australia, First NZ Capital Securities and National Mutual Life Association of Australasia / AXA New Zealand. From this experience, Ross brings a strong focus on customers, business performance, capital management, technology transformation, risk management, and people and culture to his current role.

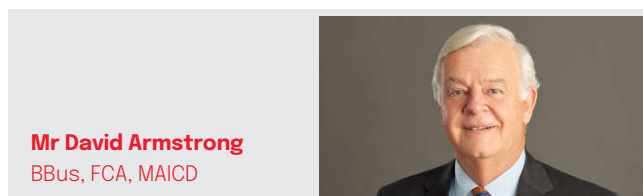
**Other business and market experience:** Ross has deep experience in leading organisations through significant change and recovery.

### Directorships of other listed entities (new directorships since retiring from the NAB Board):

QinetiQ Group Plc<sup>(1)</sup> (since March 2024)

BHP Limited (since April 2024)

Reece Limited (since October 2024)



**Term of office:** Independent non-executive director from August 2014 to December 2023.

**Independent:** Yes

**Industry experience:** David has a deep understanding of banking and capital markets gained throughout his career in professional services, particularly auditing banks and other financial services' providers. David is deeply experienced in accounting, auditing, financial and regulatory reporting, regulation, risk management, capital management and governance practices.

(1) Listed on the London Stock Exchange.



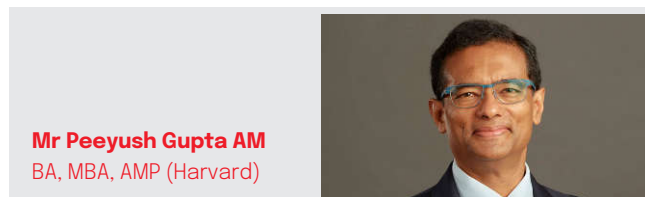
## Board of Directors (cont.)

**Other business and market experience:** David has more than 30 years of experience in professional services, including as a partner at PricewaterhouseCoopers (PwC). As well as a deep understanding of banking, David gained significant knowledge of real estate and infrastructure industries during his professional services career, as well as international experience in North America, Europe and Asia.

**Directorships of other listed entities (no change since retiring from the NAB Board):**

Insurance Australia Group Limited (since September 2021)

**Other relevant interests:** David's other interests include The George Institute for Global Health (Chair) and Opera Australia Capital Fund Limited (Director).



**Term of office:** Independent non-executive director from November 2014 to December 2023.

**Independent:** Yes

**Industry experience:** Peeyush has more than 30 years of experience in financial services, with a particular focus on wealth management. Peeyush was a co-founder and the inaugural CEO of IPAC Securities, a wealth management firm spanning financial advice and institutional portfolio management, which was acquired by AXA. During his executive career, Peeyush gained deep experience in strategy, business performance, risk management, fiduciary governance and stakeholder engagement.

**Other business and market experience:** Peeyush has significant governance experience as a director on a range of listed, government, private and public sector boards throughout his executive and non-executive career.

**Directorships of other listed entities (new directorships since retiring from the NAB Board):**

Dexus Limited (since April 2024)

Liberty Financial Group Limited (since July 2024)

**Former directorships of other listed entities in the past 3 years (changes since retiring from the NAB Board):**

Link Administration Holdings Limited (Link Group) (from November 2016 to June 2024)

Charter Hall WALE Limited (from May 2016 to June 2024)

**Other relevant interests:** Peeyush's other interests include Charter Hall Direct Property Management Limited (Chair), Special Broadcasting Service Corporation (Director), Northern Territory Aboriginal Investment Corporation (Director), Chartered Accountants Australia & New Zealand (Director) and Cancer Council NSW (Director).

## Company Secretaries

The Group Company Secretary provides advice and support to the Board, and is accountable to the Board, through the Chair, for all matters relating to the proper functioning of the Board and its committees. The Group Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board committee charters and procedures.

The Group Company Secretary and assistant company secretaries are appointed and removed by the Board.

Details of company secretaries of NAB in office at the date of this report and each company secretary's qualifications and experience are below.

Louise Thomson BBus (Dist), FGIA joined the Group in 2000 and was appointed Group Company Secretary in May 2013. Louise is Secretary to the Board and the Nomination & Governance Committee. She has experience in a wide range of finance, risk, regulatory and governance matters.

Penelope MacRae BA (Hons), LLB (Hons) joined the Group in 2011 as a Senior Corporate Lawyer and was appointed Company Secretary in December 2016. Penny is the Secretary of the Board's Risk & Compliance Committee and is responsible for managing the Group's Executive-level Risk Committees. She has experience in a wide range of corporate, legal, governance, risk and regulatory matters.

Tricia Conte BCom, LLB (Hons) joined the Group in 2006 and was appointed Company Secretary in November 2018. Tricia is the Secretary to the Board Audit Committee. She is a Special Counsel in the Legal team and advises the Group on a wide range of legal, corporate, governance and regulatory matters.

# Executive Leadership Team

## Executive Leadership Team

Details of NAB's Executive Leadership Team members in office at the date of this report are below.

### Andrew Irvine

BSc Business Management  
(Hons), MBA



Refer to the *Board of Directors* on page 102 for Andrew Irvine's biography.

### Nathan Goonan

BCom, BAgSc (Hons)



Nathan Goonan was appointed as Group Chief Financial Officer in July 2023. Nathan joined NAB in 2004 before working in investment banking. Since re-joining NAB in 2013, he has held several executive-level roles in corporate strategy and mergers and acquisitions, including Group Executive Strategy and Innovation.

### Cathryn Carver

BEcon&Fin



Cathryn was appointed as Group Executive, Corporate and Institutional Banking in July 2024. In a career spanning more than 30 years, Cathryn has extensive, global experience in capital markets, corporate finance, wealth and institutional banking. Since joining NAB in 2016, she has held senior executive roles focusing on corporate and institutional markets and prior to this, she held leadership roles at ANZ, Westpac and Macquarie Bank.

### Daniel Huggins

BCom (Hons), MBA, MEM



Daniel Huggins was appointed as BNZ Managing Director and Chief Executive Officer in October 2021. Daniel has over 20 years of experience in banking, corporate and financial services. Since joining BNZ in 2020, Daniel held an executive-level role focused on customer, products and services. Prior to joining BNZ, he worked at the Commonwealth Bank of Australia and McKinsey & Company.

### Sharon Cook

BA, LLB (Hons)



Sharon Cook was appointed Group Executive, Legal & Commercial Services in April 2017. In October 2024, Sharon's title changed to Group Executive, Customer & Corporate Services. She is responsible for Legal, Governance, Regulatory Affairs, Customer Complaints, the Office of the Customer Advocate, Customer Remediation and Financial Hardship at NAB. Sharon has more than 30 years of experience as a lawyer. For over 8 years before joining NAB, Sharon led major commercial law firms.

### Ana Marinkovic

BA, MBA



Ana Marinkovic was appointed Group Executive, Personal Bank in April 2024. She has more than 20 years of experience in senior banking roles across strategy, payments, mortgages, contact centres, technology and operations in consumer and commercial divisions. Ana joined NAB in 2019 and became the Executive General Manager Business Direct and Small Business in 2020.

### Shaun Dooley

BEc, MS



Shaun Dooley was appointed Group Chief Risk Officer in October 2018. Prior to his current role, he was Group Treasurer and also led the Institutional Banking, Corporate Finance and Financial Institutions teams. Shaun joined NAB in 1992 as a relationship banker in the Corporate Banking group. Prior to joining NAB, Shaun worked for Chase Manhattan Bank Australia and Elders Finance Group.

### Les Matheson

BCom (Hons)



Les Matheson was appointed as Group Chief Operating Officer in January 2021. During 2024, he took on additional responsibilities and his title changed to Group Executive, Digital, Data and Chief Operating Officer. Effective 1 October 2024, his title reverted to Group Chief Operating Officer. Les has 26 years of experience in banking and finance across Europe and Asia Pacific. Prior to joining NAB, he was CEO of the Retail Bank at RBS and was also responsible for Ulster Bank in Ireland. Les had a long career with Citigroup, including Chief Country Officer for Australia. He is a Certified Bank Director (The Institute of Bankers UK) and a Fellow of the Chartered Bankers Institute (UK).

## Executive Leadership Team (cont.)

**Rachel Slade**  
BEd (Hons)



Rachel Slade was appointed as Group Executive, Business and Private Banking in April 2024. Prior to this, she was the Group Executive, Personal Banking, and has over 20 years of experience in banking. Since joining NAB in 2017, Rachel has held several executive-level roles in deposits and transaction services, and customer experience, and joined the Executive Leadership Team in October 2018. Prior to joining NAB, she held several executive-level positions at Westpac, including in Global Transactional Services and in the Retail and Business divisions. Rachel is a graduate of the Women's Leadership program at Harvard Business School.

**Sarah White**



Sarah White was appointed as Group Executive, People & Culture in August 2023. Sarah joined the NAB Executive Leadership Team after more than five years as Chief of Staff to the Group Chief Executive Officer. Prior to that she was Executive General Manager, Talent and Leadership, in addition to a number of other key executive roles in People & Culture. Sarah has extensive experience in business partnering, coaching executives and senior leaders, leading complex change and business transformation.

**Patrick Wright**  
BBA, BMIS



Patrick was appointed to the role of Group Executive, Technology and Enterprise Operations in April 2017. Prior to joining NAB, he was Chief Operations and Technology Officer at Barclaycard and Chief Operations Officer at Barclays America. Patrick has more than 30 years of experience in the banking and technology sectors, giving him extensive experience in driving major transformations in large financial services companies.

### Former Executive Leadership Team members

Three Executive Leadership Team members announced they would leave the Group during the 2024 financial year. They are reported as Key Management Personnel (KMP) for part of 2024 in the Remuneration Report.

**Ross McEwan CBE**  
BBus



Ross announced his retirement from the Group in February 2024, effective from 1 July 2024 and ceased to be a KMP on 2 April 2024. Refer to the *Board of Directors* on page 105 for Ross McEwan's biography.

**David Gall**  
BSc, BBus, MBA (Exec)



David Gall was appointed Group Executive, Corporate and Institutional Banking in October 2018. David has over 30 years of experience in corporate, business and retail banking, working capital services, risk and payments. Since joining NAB in 2008, David has held executive roles in Corporate Banking and Specialised Business, Global Transaction Banking and Payments, and as Group Chief Risk Officer. Prior to joining NAB, David was a Group Executive of Strategy and Retail Business at St George Bank. David is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA). In April 2024, David announced he would leave the Group on 1 October 2024 and ceased to be a KMP on 1 July 2024.

Refer to the 2023 Annual Report for information on Angela Mentis, who retired as Group Chief Digital, Data and Analytics Officer on 31 October 2023.



# Board roles and responsibilities

The Board guides the strategic direction of NAB and represents shareholders' interests by overseeing activities that create sustainable value.

The roles and responsibilities of the Board, including the matters that are specifically reserved to the Board and those delegated to management, are set out in the Board Charter which is available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance). Key elements of the Board's roles and responsibilities are described below.

The Board Charter sets out the specific responsibilities of the Chair. The Chair's primary responsibility is to lead the Board and oversee the processes used by the Board in performing its role.

The Board delegates certain powers to Board committees to help it fulfil its roles and responsibilities. Committee roles and responsibilities are set out in the respective charters and Board Committee Operating Rules, which are also available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance).

The Board has delegated management of the Company to the Group CEO. Except for any specific powers reserved by the Board, or matters specifically delegated by the Board to others, the Group CEO may make all decisions and take any necessary action to carry out the management of the Group. The Group CEO is accountable to the Board in exercising this delegated authority. The Board Charter also sets out the responsibilities of the Group CEO.

Key element	Board's roles and responsibilities
Leadership and stakeholder focus	<ul style="list-style-type: none"> <li>Represent shareholders and serve the interests of the Company by overseeing and evaluating the Company's strategies, performance, frameworks and policies.</li> <li>Ensure that stakeholders are kept informed of the Company's performance and major developments affecting its state of affairs.</li> <li>Approve the Company's purpose, values and Code of Conduct to underpin the desired culture within the Company and oversee that the Company's culture is focused on sound risk management and customer outcomes.</li> <li>Oversee that an appropriate framework exists for relevant information to be reported by management to the Board and whenever required challenge management and hold it to account.</li> <li>With the guidance of the Customer Committee, oversee the importance given to the voice of the customer and the focus on customer outcomes.</li> </ul>
Strategy and performance	<ul style="list-style-type: none"> <li>Guide the strategic direction of the Company and monitor the execution of strategies and business performance to oversee that sustainable value is being built for shareholders. This includes business unit strategies and strategies for critical enablers such as technology, digital, data and analytics, and human capital.</li> <li>Make decisions concerning capital structure and dividend policy.</li> <li>Approve major capital expenditure and other major business initiatives.</li> </ul>
External reporting	<ul style="list-style-type: none"> <li>With the guidance of the Audit Committee, review and approve the Group's annual and half yearly financial statements, other sections of the Annual Report and any reports that accompany them, including the Climate Report.</li> <li>With the guidance of the Audit Committee, review management processes aimed at ensuring the integrity of financial statements, and the financial and external reporting processes of the Group.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>With the guidance of the Risk &amp; Compliance Committee, satisfy itself that the Group has in place an appropriate Risk Management Framework for financial and non-financial risks by overseeing related frameworks and internal compliance and control systems. This includes risk management related to financial crime, technology, information security, cyber resilience and sustainability, including environmental and human rights risks.</li> </ul>
Remuneration	<ul style="list-style-type: none"> <li>With the guidance of the People &amp; Remuneration Committee, review and approve the Group's remuneration framework including remuneration policy and satisfy itself that the remuneration framework and outcomes are aligned with the Company's purpose, values, strategic objectives and risk appetite.</li> </ul>
Appointment and succession planning	<ul style="list-style-type: none"> <li>Appoint a Group CEO and Managing Director and approve key executive appointments.</li> <li>Monitor and review executive succession planning.</li> <li>With the guidance of the Nomination &amp; Governance Committee, plan for Board renewal, appoint non-executive directors to the Board and select a Chair.</li> </ul>

# Key Board activities

## Key Board activities in 2024

- **Leadership renewal** – The Board appointed a new CEO for the Group following an extensive succession planning and selection process. CEO transition was executed in an orderly and effective manner. The Board approved changes to the Executive Leadership Team following CEO transition and met with Group Executives in new roles to hear their fresh perspectives and how they were stepping into their new accountabilities. Directors appointed in 2023 completed their in-depth induction and immersion program during 2024. The Board Nomination & Governance Committee commenced the next phase of the Board's medium-term renewal strategy and plan, working in consultation with the Board.
- **Strategy and business performance** – The Board remains focused on creating sustainable shareholder value. At each major Board meeting, the Board received reports on business performance and execution of the Group's strategy to monitor progress. The Board periodically received reports on execution of strategies at a business unit level to understand operating context, as well as specific strategic initiatives, such as, integration of acquisitions and technology modernisation plans. The Board approved the Group's corporate plan in October 2023 and had several sessions with management during 2024 on the evolution of NAB's strategy. Directors also participated in several workshops and engagement sessions to hear external perspectives from experts. The Board and Directors also met with investors to hear their perspectives.
- **Technology** – The Board remains focused on technology as a critical enabler of NAB's business. At each major Board meeting, the Board received reports from the Group Executive, Technology and Enterprise Operations, as well as updates on the development and execution of NAB's technology strategy. The Board and its Risk & Compliance Committee held multiple technology-related workshops to deepen directors' understanding of NAB's technology operating environment, strategy and plans. Workshops covered NAB's technology estate, platforms, digital initiatives, including Generative AI, and technology risks, including information security and cyber resilience, technology currency and third party vendors. The Board also heard external perspectives on business-led technology modernisation.
- **Financial and capital management** – The Board remains focused on business momentum, supporting customers and driving growth, which requires prudent balance sheet and capital management. The Board received regular reports on financial performance, capital, funding and liquidity. The Board approved the 2023 full year and 2024 half year financial reports, the 2023 final and 2024 interim dividends, the Group's budget, the capital management strategy and on-market buy-back programs. Directors participated in workshops on capital adequacy and liquidity stress testing.
- **Risk management** – The Board remains focused on risk management, governance, accountability and culture. This focus requires strong risk governance and an effective Risk Management Framework operated by management. The Board received regular reports from the Group Chief Risk Officer on financial and non-financial risks, including emerging risks and issues, and from the Group Money Laundering Reporting Officer on financial crime risk. The Board approved the risk management strategy, the risk appetite statement and policies for managing financial and non-financial risks. The management of financial crime risks, cyber and technology risks, and environmental and social risks were areas of focus, as well as emerging risks related to the economic and geopolitical environment and climate vulnerability. Directors participated in multiple workshops to deepen directors' understanding of specific risks, including model risk, and several technology-related risks. Multiple workshops were also held in preparation for the implementation of a new prudential standard, CPS 230 *Operational Risk Management*. Directors also participated in two scenario exercises during 2024.
- **People and culture** – The Board remains focused on engaged, capable colleagues who are aligned to the Group's values, purpose and strategy. The Board received regular reports from the Group Executive, People and Culture on people-related matters, including progress in the execution of the colleague strategy and achieving NAB's target culture, and health, safety and wellbeing. The Board held workshops on leadership and succession planning and met with a range of senior leaders in formal and informal settings. The Board approved scorecards and performance outcomes for the Group CEO, Group Executives and certain other senior executives. The Board also approved the Group Performance Indicators used for the Group Variable Reward Plan and determined the final outcome. Directors participated in site visits to operational and customer-facing teams, and some directors travelled to New Zealand, India and Vietnam to meet with directors, leaders and teams in those locations. Some directors also visited NAB's business operations in countries they were visiting for other purposes, including London, Paris and New York.
- **Customers** – The Board and directors met with customers and customer advocates (internal and external) throughout the year to hear their feedback and perspectives. The Board also focused on matters impacting customers, including customer vulnerability, scams, customers experiencing financial hardship, servicing experience, cyber risks, integration of acquisitions, digital customer experience, product governance, compliance with product and conduct obligations, customer remediation, and cash distribution services in Australia.
- **Environmental and social** – The Board considered the Group's decarbonisation targets to meet NAB's NZBA commitment, after investing time in education on climate change transition. The Chair, Group CEO and directors met customers to hear about their approach to climate transition. The Board reviewed and approved NAB's 2024–2027 Reconciliation Action Plan and Modern Slavery Statement. The Board also received updates on NAB's ESG performance and priorities, stakeholder engagement on NAB's approach and progress on climate transition and NAB's social impact program. Directors participated in a session with an external expert to deepen their understanding of nature-related financial disclosures.
- **Regulatory and other stakeholder engagement** – The Board remains focused on maintaining solid relationships with regulators and other stakeholders. The Board received regular reports on regulatory engagement, government engagement, key legal and regulatory matters, and trust and reputation. The Board met with the Group's main regulators throughout the year to obtain feedback and share perspectives on priorities, industry risks and issues, and reform. The Group's AUSTRAC EU was a key area of focus. The Board held workshops on the transition from BEAR to FAR.

## Key Board activities (cont.)

### Board meetings

Board meetings are an essential part of corporate governance at NAB. They are the main way for the Board to have oversight of the Group's strategy and performance and allow the Board to set expectations of management. The Board approves its calendar of meetings two years in advance to ensure that directors can attend meetings. Recurring agenda items include business performance, strategy execution and development, capital management, risk management, financial reporting, people and culture, regulatory and other stakeholder engagement and ESG matters. Unstructured time is also factored into Board meetings and there is flexibility for ad hoc matters to be raised. Meetings with NAB's main regulators are also planned at the start of the year.

The Board's annual calendar is made up of six multi-day programs for Board and committee meetings and workshops as well as five shorter Board meetings for specific purposes. In 2024, two Board meetings were held in addition to scheduled meetings; both related to CEO succession. Outside of scheduled Board programs, directors participated in external engagements and site visits, including operational site visits in Australia, India, Vietnam and New Zealand.

In the first Board program of each calendar year, the Board sets its priorities for the year ahead. These priorities are to provide clarity on topics that the Board wishes to spend its time on, over and above business as usual matters. In 2024, the Board's priorities were: leadership renewal; technology roadmap; risk reduction and improving resilience; customer outcomes in a challenging economic environment; and ESG.

So that the Board and committees' time is used efficiently and discussions reflect the Bank's priorities, agendas are reviewed by the respective Chairs, in consultation with the Group Company Secretary, Group CEO and relevant Group Executives. Forward planners are used to provide the Board and committees with a comprehensive view of the agendas planned for the year, with opportunities to actively adjust as priorities change. The forward planner is the key framework for Board reporting and is used to balance time allocated to strategic and business topics, as well as regulatory and legal obligations.

The Board also retains flexibility for ad hoc matters to be discussed at meetings or in private sessions where appropriate. Steps are taken to facilitate effective communication between management and the Board ahead of Board and committee meetings. These include responsible management providing input into certain agenda items and attending pre-meetings between Chairs and the Group Company Secretary. After the meetings, actions for follow up are shared so that requests of management are clear. To aid effective decision making, a consistent approach to writing Board and committee papers is promoted through the use of templates, guidance and feedback.

### Attendance at meetings

Details of director attendance at Board and committee meetings in 2024 are set out below.

All directors receive copies of agendas, papers and minutes of committee meetings to help ensure they have equal access to that information regardless of whether they are appointed to a particular committee. All directors may attend committee meetings even if they are not a member of a committee. The table below excludes the attendance of directors at committee meetings where they were not a committee member.

	Board		Committees				
	Scheduled meetings <sup>(1)</sup>	Unscheduled meetings	Audit	Risk & Compliance	People & Remuneration	Customer	Nomination & Governance
	Attended / Held	Attended / Held	Attended / Held	Attended / Held	Attended / Held	Attended / Held	Attended / Held
<b>Current directors</b>							
Phil Chronican	11/11	2/2	-	-	-	-	7/7
Ross McEwan	6/6	-	-	-	-	-	-
Andrew Irvine <sup>(2)</sup>	4/5	-	-	-	-	-	-
David Armstrong <sup>(3)</sup>	4/4	1/1	1/1	3/3	-	-	-
Kathryn Fagg	11/11	2/2	-	7/7	9/9	-	-
Christine Fellowes <sup>(4)</sup>	11/11	2/2	-	-	8/8	6/6	-
Peeyush Gupta <sup>(3)</sup>	4/4	1/1	1/1	3/3	-	-	-
Carolyn Kay <sup>(4)</sup>	11/11	2/2	4/4	7/7	-	-	7/7
Alison Kitchen <sup>(4)</sup>	11/11	2/2	5/5	-	-	6/6	-
Anne Loveridge <sup>(4)</sup>	11/11	2/2	4/4	6/6	2/2	3/3	7/7
Doug McKay	11/11	2/2	5/5	-	-	6/6	-
Simon McKeon	11/11	2/2	-	7/7	-	-	7/7
Ann Sherry	11/11	2/2	-	-	9/9	6/6	-

(1) Several workshops were held for the Board and committees during scheduled Board programs in 2024, and are not shown as additional meetings in the table above.

(2) Mr Irvine missed one Board meeting scheduled on the day he commenced as Group CEO to prioritise engaging with colleagues and other stakeholders.

(3) Mr Armstrong and Mr Gupta stood down as non-executive Directors from December 2023.

(4) From December 2023, Ms Fellowes joined the People & Remuneration Committee, Ms Kay joined the Audit and Nomination & Governance Committees, Ms Loveridge joined the Audit and Risk & Compliance Committees, and Ms Kitchen joined the Customer Committee.

# Board composition, diversity and performance

## Board composition

Composition of the Board is informed by a number of factors, including the following key principles:

- The Board will be of an appropriate size to allow efficient decision making.
- The Board must consist of a majority of independent non-executive directors.
- The Board should consist of directors with a broad range of skills, experience and expertise, and different facets of diversity, including gender.
- The Chair must be an independent non-executive director and must not have been a NAB executive or the Group CEO in the previous three years.

Further detail about directors' independence is on page 115.

NAB has a Group Fit and Proper and FAR Suitability Policy that addresses the requirements of APRA Prudential Standard CPS 520 Fit and Proper and supports compliance with the obligations of the FAR.

This Policy requires an annual assessment of the directors, certain members of senior management and responsible auditors, including a determination of whether they have the appropriate competence, character, diligence, honesty, integrity and judgement to perform their role.

The Board, with the assistance of the Nomination & Governance Committee, has reviewed and taken into consideration the existing workload of directors and concluded that each director has sufficient capacity to undertake the duties expected of a director of NAB.

As a Board vacancy approaches, the Nomination & Governance Committee assesses the skills and experience required, which informs the identification of suitable candidates. The most suitable candidate is appointed by the Board after appropriate checks are undertaken, including assessment in accordance with the Group Fit and Proper and FAR Suitability Policy, and is subject to election by shareholders at the next AGM.

The key terms and conditions of a director's appointment are formally documented in a letter of appointment. This process was followed for all directors on the Board.

Newly appointed directors must stand for election by shareholders at the next AGM. In addition, the NAB Constitution requires that at each AGM, non-executive directors who have held office for at least three years without re-election, or beyond the third AGM following their appointment or last election (whichever is longer) must retire from office and are eligible to stand for re-election.

Before each AGM, the Board assesses the performance of each director due to stand for election or re-election and decides whether to recommend to shareholders that they vote in favour of the election or re-election of each relevant director. Further details on NAB's directors is provided on pages 102 to 106.

## Board renewal

During the year, after consulting with the Board, the Nomination & Governance Committee reviewed the three-year Board renewal strategy and plans. This included reviewing the highest priority skills to bring on to the Board over the short and medium-term, considering anticipated retirements at the end of 2024. The highest priority competency areas for future director appointments are technology transformation, banking and CEO experience. Broader technology and ESG skills and experience are also desirable. The Nomination & Governance Committee and the Board aim to identify, select and nominate candidates who are able to contribute broadly in the boardroom, not only in areas of deep competency, and who add different facets of diversity to the Board. The Nomination & Governance Committee is working with an external recruitment consultant.

Two directors, Anne Loveridge and Doug McKay, will stand down from the Board following the 2024 AGM. By that time, Anne will have completed three terms of three years on the Board. During 2024, Doug retired as the Chair of NAB's significant subsidiary, BNZ, on 31 May.

The Nomination & Governance Committee nominated one candidate to the Board and on 25 October 2024, the Board announced the appointment of Warwick Hunt as a non-executive director, effective 2 December 2024. Warwick was appointed as the Chair of BNZ on 1 June 2024. Warwick will stand as a Board-endorsed candidate for election by shareholders at the 2024 AGM, as required under NAB's Constitution. Warwick will be a member of the Board's Audit and Risk & Compliance Committees.

Further detail on NAB's directors is provided on pages 102 to 106.

## Board composition, diversity and performance (cont.)

### Skills matrix

Each year NAB assesses the skills and experience of each director and combined capabilities of the Board. The insights from this assessment are documented in a skills matrix that is:











- Considered in the context of NAB's business and its strategic needs.
- Incorporated into Board succession planning and the selection of new directors.
- Used to inform areas of focus for the Board's continuing education and use of external expertise.

To prepare the skills matrix, each director rates their skills, expertise and experience against several competency areas that are then mapped to the skills matrix. The self-assessment ratings and skills matrix are reviewed and calibrated by the Nomination & Governance Committee on behalf of the Board.

The skills matrix presented here demonstrates alignment of the Board's responsibilities with the current mix of skills on the Board.

With the addition of new directors in 2023, the Board believes the current mix of skills, experience and expertise of directors (as shown on the skills matrix) provides a diverse range of views and perspectives for the effective governance, oversight and strategic leadership of NAB. The Board also invested in continuing education and engagement activities throughout 2024 to continue to develop directors' competencies in the following key areas:

- Digital and technology topics – core banking modernisation, technology estate, platform architecture, technology risks (including specific sessions on information security, technology currency and vendor management), operational resilience, and digital innovation including Generative AI. This included hearing external perspectives on business-led technology modernisation.
- Environmental and social topics – Climate transition (risks, transition opportunities, target setting methodologies and practices) and nature-related financial disclosures. This included meeting with external experts and customers on these topics.
- Risk management in banking – Crisis management, cyber resilience, information security, operational risk management, model risk, the domestic and international regulatory landscape and scenario exercises.
- People-related topics – Succession planning, health and safety, and concepts from NAB's Distinctive Leadership Program.
- Stakeholders – Investor, customer, regulatory and government perspectives. This included meetings with representatives from each of these areas to hear and discuss their perspectives.

Skills and experience	Explanation	Collective
Banking and financial services experience	Experience outside NAB in significant components of the financial services industry, including banking and equity and debt capital markets. Strong knowledge of the regulatory environment. Includes advisory roles to the industry.	
Leadership and commercial acumen	Skills gained while performing at a senior executive level for a considerable length of time. Includes delivering superior results, running complex businesses, leading complex projects and issues, and leading workplace culture.	
Financial acumen	Good understanding of financial statements and drivers of financial performance for a business of significant size, including ability to assess the effectiveness of financial controls.	
Customer outcomes	Experience in delivering customer outcomes and deepening relationships in customer segments.	
Risk management	Experience in anticipating and evaluating financial and non-financial risks that could impact the business. Recognising and managing these risks by developing sound risk management frameworks and providing oversight. Includes experience in managing compliance risks and regulatory relationships, as well as an understanding of cyber resilience and technology risks.	
Strategy	Experience in developing, setting and executing strategic direction. Experience in driving growth and transformation and executing against a clear strategy.	
Governance	Publicly listed company experience, extensive experience in and commitment to the highest standards of governance, experience in the establishment and oversight of governance frameworks, policies and processes.	
Digital and technology	Experience in oversight of technology for businesses of a significant scale and implementing business transformations through the use of technology, including digital, data and analytics, and innovation.	
People and remuneration	Experience in building workforce capability, setting a remuneration framework that attracts and retains a high calibre of executives, and promotion of diversity and inclusion.	
Environmental and social	Understanding potential risks and opportunities from an environmental and social perspective.	



### Board tenure and gender statistics<sup>(1)</sup>

Board tenure	%
0–3 years	40.0
3–6 years	20.0
6–9 years	40.0

Board gender diversity	%
Female	66.7
Male	33.3

### Board performance

Directors comprehensively prepare for, attend and participate in Board and committee meetings.

The Board recognises the importance of continuously monitoring and improving its performance and that of its committees. Under their respective charters, the Board and committees are required to assess their performance annually, which was undertaken during the year. An independent external performance evaluation of the Board and its committees is conducted every three years, or as otherwise determined by the Board. An independent external performance evaluation was last undertaken in 2022.

The results of the internal assessments undertaken in 2024 were that the Board and each of its committees continue to operate effectively. In the spirit of continuous improvement, the Board agreed actions to further improve its effectiveness, focused in the following areas: streamlining information reported to the Board; increasing customer centricity in governance; and increased oversight of technology modernisation, offshore subsidiaries, and talent and succession planning.

Directors' individual performance is also assessed annually. Each director participated in an individual performance interview with the Chair in 2024 and the Chair also received performance feedback.

### Responsible remuneration

The People & Remuneration Committee supports the Board to discharge its responsibilities relating to people and remuneration strategies, policies and practices of the Group.

As part of its role, the committee monitors NAB's executive and Group remuneration frameworks to ensure they reinforce our focus on customers, align with long-term sustainable shareholder value, comply with governance, legal and regulatory requirements and are informed by risk, reputation, conduct and values outcomes.

The executive remuneration framework is designed to provide appropriate and fair remuneration to NAB's Executive Leadership Team while supporting the Group's purpose, strategic objectives and risk appetite, and reflecting the expectations of customers, regulators and shareholders. The performance, risk and conduct of the Executive Leadership Team is evaluated a minimum of two times in each reporting period, with a mid-year review undertaken in March and an end of year review undertaken in September. The review of performance is jointly undertaken by the People & Remuneration Committee and the Board Risk & Compliance Committee. Outcomes of the review are provided to the Board for approval.

The Group remuneration framework is informed by NAB's remuneration principles and is designed to fairly remunerate colleagues while supporting the Colleague strategy and the

Group's strategic objectives and risk appetite, encouraging behaviours that mitigate against financial and non-financial risks and aligning with risk, conduct and values outcomes. The Group reward offering incorporates a range of recognition, financial and other well-being benefits such as training, education and flexible work arrangements.

Progress has also been made on other key colleague initiatives including colleague learning and other enhancements to the employee value proposition offered by NAB including the performance framework and other benefits available to colleagues.

Further detail about NAB's executive and colleague remuneration frameworks, including NAB's policies and practices regarding the remuneration of non-executive directors, the Group CEO, Group Executives and other colleagues, is set out in the *Remuneration Report* (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex A Remuneration Report).

### Shareholder engagement

NAB values open, timely and transparent communication and engages with shareholders and investors in many ways including:

- Sending electronic communications, such as open letters and publications from the Chair and the Group CEO on key developments and matters of interest.
- Providing information about NAB on its website, including in relation to the Group's policies and governance practices and media releases.
- Providing shareholders with options on how they choose to receive communications (electronically or by post).
- Directly responding to shareholder enquiries by email, phone and post.
- Periodic trading updates, financial results and reports, ASX announcements, investor presentations and briefings (all of which are available in the Shareholder Centre section at [nab.com.au/shareholder](https://nab.com.au/shareholder)).
- In situations when the Group hosts an analyst and investor presentation including interim and end of financial year results, supporting materials are released on the ASX Market Announcement Platform ahead of the presentation commencing.
- Webcasting of significant market briefings and meetings, including the AGM.
- The Chair, Group CEO, Group CFO and other senior executives meet with domestic and offshore institutional investors throughout the year.

NAB also engages directly with investment analysts, proxy advisors and the Australian Shareholders' Association.

NAB's 2024 AGM will be conducted as a hybrid meeting. Shareholders will have the opportunity to view presentations,

(1) Tenure and gender statistics are for non-executive directors as at 30 September 2024.

## Board composition, diversity and performance (cont.)

ask questions and submit votes at the physical meeting or online during the AGM.

As in prior years, NAB will again invite shareholders to submit questions in advance of the 2024 AGM, to help NAB understand and address areas of interest or concern.

Each substantive resolution considered at the AGM will be conducted by a poll. The Board considers that voting by a poll is in the interests of shareholders as a whole and ensures that the views of as many shareholders as possible are represented at the AGM. Shareholders unable to attend the hybrid AGM are encouraged to vote in advance of the meeting.

Shareholders can contact NAB or the NAB Share Registry at any time, by mail, telephone, email or via Computershare's online platform, Investor Centre. More than half of NAB's shareholders have elected to communicate with NAB and Computershare electronically.

### Colleague engagement

In 2024, the Board participated in a number of events with NAB colleagues, including:

- Meetings with specific teams to learn about their day-to-day work and areas of subject matter expertise.
- Meetings with senior leaders, which allowed directors to experience the culture and capability of leaders.
- Site visits and events with colleagues to listen to customers and support them with their needs.

### Director induction and continuing education

Each new director is provided with an orientation program that includes discussions with management, and briefings and workshops on NAB's:

- Major lines of business.
- Strategic and financial plans.
- Risk management strategy, frameworks, compliance programs and significant risk management matters, including cyber and financial crime risk management.
- Financial statements, including significant financial and accounting matters.
- NAB's performance management structure.
- Internal and external audit programs.
- Purpose, values and Code of Conduct.
- Key policies and external commitments, such as decarbonisation targets.
- Directors' rights, duties and responsibilities.

Continuing education is provided for the Board through a combination of internal and external presentations, workshops with management, site visits and study tours. Directors are also expected to keep up to date on topical issues in their own time.

For further details on the Board's continuing education in 2024, refer to the *skills matrix* on page 113.

### Directors' independence

All NAB directors are expected to bring independent and unfettered judgement to Board deliberations.

To qualify as independent, a director must be independent of management and free of any business, personal or other association that could materially interfere with (or reasonably be perceived to materially interfere with) the director's exercise of independent and unfettered judgement with respect to issues before the Board, and to act in the best interests of NAB and its shareholders.

The Board conducts annual reviews of the independence of each of the directors. Directors are expected to provide information as and when changes occur, and each non-executive director is required to make an annual disclosure to the Board of all relevant information.

A register of directors' material interests is maintained and periodically reviewed by each director.

If a director is involved with another company or firm that may have dealings with NAB, those dealings must be at arm's length and on normal commercial terms.

Director tenure is a factor considered by the Board in assessing the independence of a director but is not determinative. As a guide, most directors would not stand for re-election after serving nine years on the Board, however, the Board may determine that a director continues to bring valuable expertise, independent judgement and the ability to act in the best interests of NAB beyond that period. The overall tenure profile of the Board is also a relevant factor.

In considering the independence of each director, the Board considers the factors outlined in the 4th edition ASX Corporate Governance Principles and Recommendations. The Board has determined for 2024 that all non-executive directors identified on pages 102 to 106 are independent and that the Board consisted of a majority of independent directors.

To further assist in ensuring that the Board operates independently of management, non-executive directors meet in the absence of management at most scheduled Board and committee meetings.

### Conflicts of interest

Under Australian law, directors have a duty to avoid conflicts of interest.

The NAB Conflicts of Interest Policy and the NAB Constitution establish clear rules, controls and guidance regarding the management of actual, potential or perceived conflicts of interest.

Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of NAB. This is a matter for ongoing and active consideration by all directors, and any director who has a material personal interest in a matter relating to NAB's affairs must notify the Board.

If a potential conflict of interest arises, NAB's corporate governance standards dictate that the director concerned does not receive copies of the relevant Board papers and is not present at meetings while such matters are considered. In this way, the director takes no part in discussions and exercises no influence over the other members of the Board. If a significant conflict of interest with a director exists and cannot be resolved, the director is expected to tender his or her resignation.

For more information, refer to the Corporate Governance section of [nab.com.au](https://nab.com.au).

### Access to management and independent professional advice

The Board and its committees have free and unfettered access to senior management, and any other relevant internal or external party and information, and may make any enquiries to fulfil their responsibilities.

The Board Charter and Board Committee Operating Rules clearly state that the Board or its committees may engage external consultants and experts as required, and



written guidelines entitle each director to seek independent professional advice at NAB's expense, with the prior approval of the Chair. The Board can conduct or direct any investigation to fulfil its responsibilities and can retain, at NAB's expense, any legal, accounting or other services that it considers necessary from time to time to fulfil its duties.

### Director and executive shareholding requirements

To align with shareholders' interests, the Board has adopted a policy that non-executive directors must hold a minimum number of NAB ordinary shares equal in value to the Chair's and other directors' respective annual Board fee within five years of appointment.

The value of a non-executive director's shareholding is based on the share price at the time shares were acquired.

Apart from two recent appointees, all other non-executive directors have met their minimum shareholding requirement.

Alison Kitchen and Christine Fellowes, who are recent appointees, are on track to meet the requirement well within the policy period.

Minimum shareholding requirements for the Executive Leadership Team are:

- Group CEO: two times fixed remuneration.
- Group Executives: one times fixed remuneration.

Newly appointed Executive Leadership Team members are required to satisfy the minimum shareholding requirement within a five-year period from the date of commencement in their role.

The Group CEO and other Group Executives have met, or are on track to meet their minimum shareholding requirement.

Details of NAB shareholding requirements for non-executive directors and the Executive Leadership Team are set out in the *Remuneration Report* (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex A Remuneration Report).

# Board committees

## Nomination & Governance Committee

Committee purpose	2024 areas of focus	Relevant information
Supports the Board on composition and governance matters.	<ul style="list-style-type: none"> <li><b>Board composition and skills:</b> assessing the necessary and desirable skills and competencies of the Board and Chair, and of the committees and committee chairs, as well as making recommendations on continuing education and development for the Board and directors.</li> <li><b>Nominations:</b> with the assistance of an external recruitment consultant, identifying potential director candidates and making recommendations to the Board on the selection.</li> <li><b>Governance:</b> reviewing corporate governance principles and policies.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a minimum of three independent non-executive directors.</li> <li>The Chair of the Board is Committee Chair.</li> </ul> <p><b>2024 Members:</b></p> <ul style="list-style-type: none"> <li>Philip Chronican (Committee Chair)</li> <li>Anne Loveridge</li> <li>Simon McKeon</li> <li>Carolyn Kay (from December 2023)</li> </ul>

## Audit Committee

Committee purpose	2024 areas of focus	Relevant information
Supports the Board by providing objective, non-executive review and oversight of the effectiveness of the Group's financial and external reporting and tax risk management frameworks. This includes overseeing the integrity of the financial statements and reviewing the financial and external reporting processes of the Group, the tax risk management frameworks, the Internal Audit function, the external auditor, and the Group Whistleblower Protection Policy and Program.	<ul style="list-style-type: none"> <li><b>Financial statements:</b> overseeing the integrity of the Group's financial statements, including key accounting judgements and compliance with accounting standards and policies.</li> <li><b>Reporting:</b> overseeing the adequacy of the Group's financial and external reporting processes including regulatory reporting and climate reporting.</li> <li><b>Audit results:</b> reviewing key internal and external audit findings and insights specific to financial and external reporting.</li> <li><b>Auditor performance and independence:</b> overseeing the performance and independence of Internal Audit and the external auditor, including review of the adequacy of internal and external audit plans and resourcing.</li> <li><b>Whistleblower Program:</b> overseeing the effectiveness of the Group Whistleblower Protection Policy and Program including material matters being investigated, key themes and trends.</li> <li><b>Tax:</b> reviewing tax risk and tax governance arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a minimum of three independent non-executive directors.</li> <li>Has members who also sit on the Risk &amp; Compliance Committee.</li> <li>Has members who are financially literate and at least one member with appropriate accounting or financial expertise.</li> </ul> <p><b>2024 Members:</b></p> <ul style="list-style-type: none"> <li>David Armstrong (Committee Chair until December 2023)</li> <li>Alison Kitchen (Committee Chair from December 2023)</li> <li>Doug McKay</li> <li>Peeyush Gupta (until December 2023)</li> <li>Anne Loveridge (from December 2023)</li> <li>Carolyn Kay (from December 2023)</li> </ul> <p>The Group Chief Financial Officer (CFO), Deputy Group CFO (or delegate), Executive, Internal Audit and senior executives of the Group's external auditor, EY, attended all eligible committee meetings.</p>

## People & Remuneration Committee

Committee purpose	2024 areas of focus	Relevant information
Supports the Board in discharging its responsibilities relating to people and remuneration strategies, policies and practices of the Group. The committee undertakes these activities with the objective that they align with and enable the overall Group Strategy and support the Group's purpose, values, strategic objectives and risk appetite (while not rewarding conduct or behaviours that are contrary to these aims).	<ul style="list-style-type: none"> <li><b>Strategy execution:</b> monitoring the impact from, and the embedding of, key elements of the Colleague Strategy, including leadership, talent development, succession and engagement.</li> <li><b>Remuneration governance:</b> monitoring how remuneration and performance frameworks (including conduct and consequence management outcomes) are applied across the Group, particularly ensuring effective connections between risk management and remuneration outcomes. Maintaining a relationship with the Risk &amp; Compliance Committee on the intersection between risk management performance and remuneration outcomes.</li> <li><b>Executive performance:</b> evaluating individual executive performance in the context of Group performance at least twice each reporting period, and recommending to the Board the fixed remuneration and variable reward outcomes for the Group CEO, Group Executives and certain other senior executives. Information on the process for evaluating executive performance is set out in the Remuneration Report.</li> <li><b>Group performance and variable reward:</b> considering Group performance for 2024 (with the assistance of other Board committees) and making a Group Performance Indicator (GPI) recommendation to the Board for the Group Variable Reward Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a minimum of three independent non-executive directors.</li> <li>Has a member who also sits on the Risk &amp; Compliance Committee.</li> </ul> <p><b>2024 Members:</b></p> <ul style="list-style-type: none"> <li>Anne Loveridge (Committee Chair until December 2023)</li> <li>Kathryn Fagg (Committee Chair from December 2023)</li> <li>Ann Sherry</li> <li>Christine Fellowes (from December 2023)</li> </ul> <p>The Board Chair, the Group CEO, the Group Chief Risk Officer (CRO), the Group Executive, People &amp; Culture and the Executive, Internal Audit attended all eligible committee meetings.</p>

### Risk & Compliance Committee

Committee purpose	2024 areas of focus	Relevant information
Supports the Board with oversight of the Group's risk profile, Risk Management Framework (covering financial, non-financial and emerging risks), material risks, risk mitigation practices, adherence to Board approved risk appetite and internal compliance and control systems, while guiding management's promotion and maintenance of a risk-based culture.	<ul style="list-style-type: none"> <li><b>Risk appetite:</b> reviewing and overseeing the Group and NAB Risk Appetite Statement and Risk Management Strategy, covering existing and emerging financial and non-financial risks.</li> <li><b>Risk management:</b> reviewed the Board's annual Risk Management Declaration to APRA for the year ended 30 September 2023 and overseeing management's progress in addressing matters identified in that Declaration.</li> <li><b>Material risk updates:</b> overseeing key material risk categories, including: Credit risk; Balance Sheet &amp; Liquidity risk; Market risk; Operational risk; Compliance risk; Conduct risk; and Sustainability risk. The Board has retained direct oversight of Strategic risk.</li> <li><b>Compliance culture:</b> continued focus on regulatory and legislative requirements and the controls and compliance environment to monitor adherence and shortcomings.</li> <li><b>Controls environment:</b> continued review of the health and transformation of controls.</li> <li><b>Audit matters:</b> reviewing key internal audit issues and insights relating to risks, controls and risk culture, including monitoring management's response to matters raised.</li> <li><b>Technology:</b> reviewing updates relating to the technology risk profile, technology resilience, technology currency debt, and cyber risks.</li> <li><b>External environment:</b> reviewing regular updates on credit, market and liquidity conditions and the impact of external conditions on certain portfolios.</li> <li><b>Capital and liquidity:</b> continued emphasis on monitoring and reviewing the level of capital and liquidity held by the Group.</li> <li><b>Remuneration:</b> continued to provide input and perspectives on the intersection between risk management performance and remuneration to the Board and the People &amp; Remuneration Committee when considering the performance of the Group and Accountable Persons.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a minimum of three independent non-executive directors.</li> <li>Has members who also sit on the Audit Committee and People &amp; Remuneration Committee.</li> </ul> <p><b>2024 Members:</b></p> <ul style="list-style-type: none"> <li>Simon McKeon (Committee Chair)</li> <li>Kathryn Fagg</li> <li>Carolyn Kay</li> <li>Anne Loveridge (from December 2023)</li> <li>David Armstrong (until December 2023)</li> <li>Peeyush Gupta (until December 2023)</li> </ul> <p>The Group CRO, Group CFO, Executive, Internal Audit and senior executives of the Group's external auditor, EY, attended all eligible committee meetings. The Board Chair and the Group CEO attended the majority of meetings.</p>

### Customer Committee

Committee purpose	2024 areas of focus	Relevant information
Supports the Board with overseeing the importance given to the voice of the customer and the focus on customer outcomes at NAB.	<ul style="list-style-type: none"> <li><b>Financial hardship:</b> support for customers experiencing financial hardship in the heightened cost of living environment.</li> <li><b>Scams:</b> monitoring how NAB helps customers avoid being scammed and supporting customers when they are scammed.</li> <li><b>Customer complaints:</b> monitoring NAB's complaint capture, handling and themes.</li> <li><b>Customer remediation:</b> reviewing and evaluating management reports on both banking and wealth remediation programs.</li> <li><b>Customer Advocates:</b> reviewing reports from the Customer Advocate Banking on advocacy and insights to deliver fair outcomes for NAB customers that align with community expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a minimum of three independent non-executive directors.</li> </ul> <p><b>2024 Members:</b></p> <ul style="list-style-type: none"> <li>Ann Sherry (Committee Chair)</li> <li>Doug McKay</li> <li>Christine Fellowes</li> <li>Anne Loveridge (until December 2023)</li> <li>Alison Kitchen (from December 2023)</li> </ul> <p>The Group Executive, Legal &amp; Commercial Services<sup>(1)</sup> attended all Customer Committee meetings.</p>

(1) Effective 1 October 2024, the title of the Group Executive, Legal & Commercial Services changed to Group Executive, Customer & Corporate Services.

### Subsidiary boards

NAB has a number of subsidiary companies. The activities of each subsidiary company in the Group are overseen by that company's own board of directors. The Board's confidence in the activities of its controlled entities stems from the quality of the directors on those subsidiary boards and their commitment to NAB's objectives. NAB has one significant subsidiary, BNZ. Doug McKay was the Chair of the BNZ Board until 31 May 2024, when he was succeeded by Warwick Hunt. NAB directors have a standing invitation to attend board meetings of BNZ to develop a broader understanding of its operations.

The Group's subsidiary governance framework sets out the corporate governance requirements for subsidiaries operating within the Group environment including different roles and responsibilities of subsidiaries, their boards and management.

# Governance, conduct and culture

## Governance, conduct and culture

The Board approves NAB's purpose, values and Code of Conduct to underpin the desired culture within NAB's business and oversees the establishment by management of a culture that is focused on sound risk management and customer outcomes.

### NAB values and culture

NAB updated its company values in 2020 in alignment with its strategic and cultural ambitions. These values, known as How We Work, articulate expected behaviours of colleagues and have formed the basis of NAB's Code of Conduct and performance management framework.


To achieve NAB's target culture, the Colleague Strategy was established with an ambition for customer obsessed colleagues who are proud to work at NAB. Further details of NAB's Colleague Strategy is available in the *Colleagues* section of NAB's 2024 Annual Report.

To support NAB's Evolved Strategic Ambition to be the most customer-centric company in Australia and New Zealand, where colleagues are customer-obsessed and proud to work at NAB, the company values were refreshed in October 2024, which are known as **Who We Are**, replacing How We Work.


Who We Are has been approved by the Board and is summarised below.

## Who We Are


Every one of us at NAB commits to individually owning these behaviours so that we can build a truly customer-obsessed culture.




- We put our customers at the centre of everything we do. Without them, there would be no NAB.
- We build enduring customer relationships through empathy and trust.
- We prioritise exceptional customer service – it's what sets us apart.




- We show up for our customers as one team to create consistent, seamless experiences.
- We make things simple for colleagues so we can be exceptional for our customers.
- We look for simple solutions when things are complex or don't make sense.



- We work quickly and with purpose for our customers.
- We innovate and look for better ways to deliver. If we make mistakes, we learn and correct as we go.
- We are empowered to make decisions safely for the benefit of our customers.



- We take responsibility for the success of NAB, beyond our team.
- We do what is right, even when it's hard.
- We never say "that's not my job". We take ownership and follow up until it's resolved.



- We bring the right people together, knowing diverse ideas achieve more.
- We set bold ambitions and clear expectations to get the best customer outcomes.
- We speak up on issues and invite challenge, working with respect and curiosity.

### Inclusive culture we can be proud of

NAB has a continued focus on improving its culture and risk culture, underpinned by its culture and risk culture framework which is based on our values. NAB's culture and risk culture framework has evolved in maturity over time, with the goal of having an approach that is best in class. Progress is reported to the Board annually and measurement uses data including colleague engagement Heartbeat surveys, objective performance metrics, operating model effectiveness assessments and independent expert review. The varied data inputs provide a holistic and integrated assessment and bring meaningful insights to inform management action on culture and risk culture.

NAB's Inclusion and Diversity Policy is available in the Corporate Governance section of [nab.com.au](https://www.nab.com.au). Information about NAB's measurable objectives is located in the *Inclusion and diversity* section of NAB's 2024 Annual Report.

### Conduct

NAB has a suite of policies and practices to promote a culture of honesty and ethical behaviour. Policy compliance is monitored and consequence management procedures exist for policy breaches. Senior leaders are accountable for performance against risk and conduct measures.

#### NAB's Code of Conduct

NAB's Code of Conduct (the Code) was approved by the Board and outlines expectations of directors, leaders, colleagues and contractors who provide services on behalf of NAB.

The Code captures NAB's legal obligations and an expectation to act ethically and responsibly towards customers, colleagues and communities. The Code emphasises How We Work, and the key policies and guidelines which must be followed to achieve expected outcomes. There is a strong emphasis in the Code to 'Speak Up' about concerns along with a framework for ethical decision making. A refresh of the Code is underway to support NAB's Evolved Strategic Ambition and company values.

The Code is supported by a renewed approach to conduct and consequence management. Each business and enabling unit has established professional standards forums to review breaches of the Code at least quarterly, taking action to set the tone and reinforce NAB's standards of conduct and culture. Any material breaches or conduct that is materially inconsistent with the expected outcomes in the Code are reported to the People & Remuneration Committee.

NAB's Code of Conduct is available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](http://nab.com.au/about-us/corporate-governance).

#### Financial Accountability Regime (FAR)

The Financial Accountability Regime (FAR) replaced the Banking Executive Accountability Regime (BEAR) for NAB on 15 March 2024. FAR expands upon the obligations imposed on NAB and its Accountable Persons under BEAR.

For the purposes of FAR, NAB has registered certain individuals (the directors, Group Executives, Executive Internal Audit and Executive Group Money Laundering Reporting Officer) as 'Accountable Persons' with APRA and ASIC. NAB undertakes appropriate checks before appointing executives or putting someone forward for election as a director.

NAB's implementation of FAR continues to strengthen and clarify its accountability structures and practices. This helps to ensure clearer delegation and decision-making processes.

All NAB Accountable Persons have a letter of appointment (in the case of directors) or written employment agreement (in the case of executives), which governs the terms of their appointment, as well as a detailed FAR Accountability Statement which is lodged with APRA and ASIC.

#### Escalation and whistleblower protection

The Group Whistleblower Protection Policy and Whistleblower Program reflects the Group's ambition for an environment where colleagues feel safe and empowered to speak up about wrongdoing.

All colleagues are encouraged to raise concerns about wrongdoing including conduct that may be illegal, unacceptable or improper.

By speaking up, colleagues help to identify and address wrongdoing as early as possible ensuring we focus on getting the basics right and serving customers well.

The Group Whistleblower Program provides confidential channels for colleagues (current and former colleagues,

officers, contractors and/or suppliers) to raise concerns, including through FairCall, an independently monitored external hotline service operated by KPMG.

The Group Whistleblower Protection Policy provides information on the support and protection available to whistleblowers, how matters will be investigated and reinforces a zero tolerance approach for any act of reprisal against those who speak up.

The Program has been established as an independent function with direct escalation and reporting lines to the Board's Audit Committee via the Group Whistleblower Committee.

The Group Whistleblower Protection Policy is available in the Code of Conduct section at [nab.com.au](http://nab.com.au).

#### Anti-bribery and corruption policy

The Group is committed to preventing financial crime and takes a zero-tolerance approach to bribery and corruption. This is reflected in the Group's Anti-Bribery and Corruption (ABC) Policy and Framework as well as the Group's dedication to acting:

- Honestly, with integrity and upholding the highest ethical standards in its global activities.
- In compliance with all applicable anti-bribery and corruption laws in all jurisdictions in which the Group operates.

The prohibition against bribery and corruption in the ABC Policy applies to NAB's entities, colleagues and all agents, contractors and other third parties acting for or on behalf of the Group. The Group strictly prohibits bribery in any form (including facilitation payments). The ABC Policy includes additional requirements around gifts and entertainment involving government officials which require approvals regardless of value. The ABC Policy is supplemented by supporting procedures which define minimum standards for compliance with the ABC Policy. Material breaches of the ABC Policy are reported to the Board by the Group CRO. NAB is a Cornerstone Member of Transparency International Australia, a member of the Bribery Prevention Network and is a signatory to the UN Global Compact, pledging to work against corruption in all its forms.

The Group's ABC Policy is available in the Managing Financial Crime section at [nab.com.au](http://nab.com.au).

#### Group disclosure and external communication policy

The *Corporations Act 2001* (Cth) and the ASX Listing Rules require that, subject to certain exceptions, once NAB becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of NAB securities ('market sensitive information'), NAB will immediately disclose that information to the ASX and where applicable, to other relevant stock exchanges.

NAB manages compliance with its continuous disclosure obligations through its Group Disclosure and External Communications Policy and associated guidance notes. NAB's Disclosure Committee, comprised of senior executives, has primary responsibility regarding NAB's disclosure obligations. Potentially disclosable matters are promptly referred to the Disclosure Committee for assessment and determination. NAB operates a strict decision-making regime to enable it to monitor compliance with its disclosure obligations.

All members of the ELT are responsible for ensuring their teams adhere to the Policy and for liaising directly with the Group Executive, Legal & Commercial Services<sup>(1)</sup> or



## Governance, conduct and culture (cont.)

the Executive, Chief Legal Officer, Regulatory, Corporate & Disputes on any potentially disclosable matters. Routine administrative ASX announcements are made by the Group Company Secretary without reference to the Disclosure Committee.

Where appropriate, the Board is consulted on disclosures of utmost significance and all announcements of major matters require consideration and approval by the Board.

The Board receives copies of all material market announcements promptly after they have been made.

The Group Disclosure and External Communications Policy is available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance).

### Restrictions on trading in NAB securities

NAB's Group Securities Trading Policy and associated guidance notes explain the law and the policy for its colleagues to comply with when trading in NAB securities.

NAB has black-out periods prior to the release of the Group's financial results during which specified colleagues and their immediate family members and associates must not trade in NAB securities. In addition, ad hoc restrictions may be imposed on all, or individually identified, colleagues from time to time when there is a heightened risk of those colleagues coming into contact with market sensitive information.

All NAB colleagues (and in relation to members of key management personnel, their closely related parties) are prohibited from using derivatives or otherwise entering into hedging arrangements in relation to elements of their remuneration that are unvested or which have vested but remain subject to forfeiture conditions.

For more detail, refer to the *Remuneration Report* (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex A Remuneration Report).

The Group Securities Trading Policy is available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance).

### Group political contributions policy

Since 2016, NAB has not made donations to any political party, parliamentarian, elected official or candidate for political office. From time to time, NAB representatives may pay to attend political events and business forums hosted by major political parties. Any payments for event attendance received by political parties will be included in the Australian Electoral Commission register. For detail on NAB's approach to engaging on public policy, including further information on political contributions, see the *Stakeholder engagement* section in NAB's 2024 Annual Report.

NAB considers its Group Political Contributions Policy every two years. The Group Political Contributions Policy is available in the Corporate Governance section at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance).

### Modern slavery and human trafficking statement

The Group provides an annual Modern Slavery and Human Trafficking Statement. From 2020, this statement has been pursuant to both the *Modern Slavery Act 2015* (UK) and the *Modern Slavery Act 2018* (Cth). Consideration of modern slavery is incorporated into the Group Human Rights Policy and relevant risk management practices and processes applicable to the Group's customer and third-party relationships. This includes: (i) management of sustainability risk (incorporating modern slavery and human trafficking risk), within the Group's

material supply chain relationships; (ii) banker identification and reporting of potential modern slavery and human trafficking concerns and Financial Crime team monitoring and investigation of human impact crimes; and (iii) consideration of modern slavery and human trafficking risk in ESG risk assessments conducted as part of customer credit risk assessment and due diligence processes, where applicable.

The Group's Human Rights Policy is available in the Human rights approach section at [nab.com.au/about-us/sustainability/reporting-policies-approach/human-rights-approach](https://nab.com.au/about-us/sustainability/reporting-policies-approach/human-rights-approach).

The Group's Modern Slavery and Human Trafficking Statement is available in the Sustainability performance and reporting section at [nab.com.au/about-us/social-impact/modern-slavery-statement](https://nab.com.au/about-us/social-impact/modern-slavery-statement).

(1) Effective 1 October 2024, the title of the Group Executive, Legal & Commercial Services changed to Group Executive, Customer & Corporate Services.

# Assurance and control

For the Board to determine that the Group's financial statements and disclosures are complete and accurate, it reviews information provided by management. Independent and objective assurance is provided by the Group's external auditor, EY, on the audited financial report.

## External Audit

Throughout 2024, NAB's external auditor was EY. The Audit Committee is responsible for reviewing the appointment, evaluation, management and removal of the external auditor, and the approval of the external auditor's annual fees (subject to shareholder approval where required). The Audit Committee oversees EY's responsibilities and regularly meets with EY to review the adequacy of the external audit arrangements with emphasis on effectiveness, performance and independence. This includes an annual review of the external audit plan.

To foster open communication and to facilitate appropriate matters coming to the attention of the Audit Committee, the Group CEO, Group CFO, Deputy Group CFO, Group CRO, Group Executive, Legal & Commercial Services<sup>(1)</sup>, General Counsel Corporate Legal, Executive Internal Audit, and the lead External Audit Partner all have direct and unfettered access to the Audit Committee.

NAB does not employ or appoint to the Board, Group or any subsidiary board or management body, any current or former partner, principal, shareholder or professional employee of the external auditor or their family members, if to do so would impair the auditor's independence.

The Audit Committee has adopted a Group External Auditor Independence Policy that requires pre-approval of any services proposed to be provided by the external auditor to ensure that independence is maintained. The Audit Committee delegates authority to the Group CFO and Deputy Group CFO to approve services where the expected cost of the service is less than \$200,000 (excluding local taxes). Services over \$200,000 (excluding local taxes) require the approval by the Chair of the Audit Committee as the Audit Committee delegated authority. The exercise of any such delegation is reported to the Audit Committee at least biannually.

The Group External Auditor Independence Policy defines audit-related and taxation-related services and stipulates that certain services are entirely prohibited from being provided by the external auditor to ensure the independence of the external auditor is maintained. Non-audit services are permitted where the service meets auditor independence requirements with the approval by the Chair of the Audit Committee.

Unless the Audit Committee approves otherwise, fees paid for the provision of audit-related, taxation-related and non-audit services must not exceed fees paid for audit services in any year. Details of the services provided by the external auditor to the Group and the fees paid or payable for such services are set out in *Note 34 Remuneration of external auditor* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

Legislation requires the rotation of the external audit senior personnel who are significantly involved in NAB's audit after five successive years, including the Lead Partner.

The external auditor attends the AGM and is available to answer shareholder questions regarding the conduct of the audit and the content of the audit report.

## Periodic corporate reports

The Annual Report, Climate Report, Investor Presentations, Quarterly Trading Updates, Half Year Results, Full Year Results Management Discussion and Analysis and Pillar 3 Report form the suite of the Group's periodic corporate reports.

Each report is subject to the Group's risk management and internal control systems. Assurance over risk management and internal control systems is achieved through assessments of the effectiveness of controls.

The integrity of the Group's periodic corporate reports is underpinned by structures and processes within the Group functions that support areas of judgement, validation of information and the maintenance of proper records for all information.

The Group's reporting policies incorporate Australian and international regulatory, legislative and prudential requirements. The Group's Enterprise Reporting Assurance team verifies and checks information across the suite of the Group's periodic corporate reports. Group Executives and subject matter experts certify the information pertaining to their area of responsibility is materially complete and not materially misleading by statement or omission.

The level of external assurance provided on the suite of the Group's periodic corporate reports is disclosed by the external auditor in their reports presented in NAB's 2024 Annual Report and 2024 Climate Report.

Where there is no external assurance provided, management's assurance procedures are considered adequate by the Audit Committee for ensuring the Group's periodic corporate reports are materially accurate, balanced and provide investors with appropriate information to make informed decisions.

## Internal Audit

The role of Internal Audit is to provide independent assurance on the adequacy and effectiveness of NAB's Risk Management Framework. Internal Audit forms the third line of risk accountability in NAB's Risk Management Framework.

The Executive, Internal Audit needs to be suitably qualified for the role.

A recommendation on the appointment, performance and dismissal of the Executive, Internal Audit is made by the Audit Committee to the Board. The Audit Committee monitors the activities and performance of Internal Audit and assesses whether it remains independent of management and is adequately resourced and funded.

Internal Audit has a direct reporting line to the Chair of the Audit Committee and informal reporting lines to the Group CEO and Group CFO. Internal Audit is also the custodian of the Group Whistleblower Protection Policy and Whistleblower Program as set out in the *Escalation and whistleblower protection* section of NAB's 2024 Annual Report

As well as reporting regularly to the Audit Committee, the Executive, Internal Audit provides regular reports to the Board's Risk & Compliance Committee on risk and control matters and attends People & Remuneration Committee meetings to provide insights on conduct and culture matters.

Both the External and Internal Audit functions have full and unrestricted access to all colleagues, records and systems as necessary to undertake their activities.

(1) Effective 1 October 2024, the title of the Group Executive, Legal & Commercial Services changed to Group Executive, Customer & Corporate Services.



# Compliance with ASX corporate governance recommendations

This statement has been approved by the Board of National Australia Bank Limited (Board) and is current as at 30 September 2024.

NAB's Appendix 4G (a checklist that cross references the disclosures in this Statement to the ASX Corporate Governance Principles and Recommendations) is available in the Corporate Governance section of [nab.com.au](https://nab.com.au).

Before publication of NAB's 2024 Annual Report, the Board received a joint declaration from the Group CEO and the Group CFO that:

- In their opinion the financial records of NAB have been properly maintained in accordance with the *Corporations Act 2001* (Cth).
- In their opinion the financial statements and notes comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.
- Their opinion was formed based on a sound system of risk management and internal control which is operating effectively.

# Directors' information

For information on the directors, company secretaries and board meetings refer to pages 102 to 106 and 111.

## Directors' and officers' indemnity

### NAB's constitution

Under Article 20.1, to the maximum extent permitted by law and without limiting the Company's power, the Company may indemnify any current or former officer out of the property of the Company against:

- Any liability incurred by the person in the capacity as an officer (except a liability for legal costs).
- Legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the officer becomes involved because of that capacity.
- Legal costs incurred in connection with any investigation or inquiry of any nature (including, without limitation, a royal commission) in which the officer becomes involved (including, without limitation, appearing as a witness or producing documents) because of that capacity.
- Legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer, if that expenditure has been approved in accordance with the terms of any applicable deed or agreement entered into pursuant to article 20.3 or any applicable policy of the Company, except to the extent that:
  - The Company is forbidden by law to indemnify the person against the liability or legal costs, or
  - An indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

Under Article 20.2, the Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who is or has been an officer against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- The Company is forbidden by law to pay or agree to pay the premium, or
- The contract would, if the Company paid the premium, be made void by law.

The Company may enter into an agreement with a person referred to in Articles 20.1 and 20.2 with respect to the subject matter of those Articles. Such an agreement may include provisions relating to rights of access to the books of the Company. In the context of Article 20, 'officer' means a director, secretary or senior manager of NAB or of a related body corporate of the Company.

The Company has executed deeds of indemnity in favour of each director of NAB and certain directors of related bodies corporate of the Company. Some companies within the Group have extended equivalent deeds of indemnity in favour of directors of those companies.

## Directors' and officers' insurance

During the year, the Company, pursuant to Article 20, paid a premium for a contract insuring all directors, secretaries, executive officers and officers of the Company and of each related body corporate of the Company. The contract does not provide cover for the independent auditors of the Company or of a related body corporate of the Company. In accordance with usual commercial practice, the insurance contract prohibits disclosure of the premium payable, the policy limits and the nature of the liabilities covered.

## Directors' and executives' interests

Particulars of shares, rights and other relevant interests held directly and indirectly by directors and Group Executives are set out in the *Remuneration Report* (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex A Reuneration Report).

# Other matters

## Rights

As at the date of this report, there are 4,312,846 rights outstanding in relation to NAB fully paid ordinary shares. No exercise price is payable for rights. The latest dates for exercise of the rights range between 15 November 2024 and 15 November 2030. Persons holding rights are not entitled to participate in capital actions by NAB (such as rights issues or bonus issues) as they relate to those rights.

For the period from 1 October 2024 to the date of this report, no NAB fully paid ordinary shares were issued as a result of the exercise of a right.

For further details on rights refer to *Note 35 Equity-based plans* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) and *Section 6.4 of the Remuneration Report* (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex A Remuneration Report).

## Future developments

In the opinion of the directors, discussion or disclosure of any further future developments including the Group's business strategies and its prospects for future financial years would be likely to result in unreasonable prejudice to the interests of the Group.

## Proceedings on behalf of NAB

There are no proceedings brought or intervened in, or applications to bring or intervene in proceedings, on behalf of NAB by a member or other person entitled to do so under section 237 of the *Corporations Act 2001* (Cth).

## Events subsequent to reporting date

There are no items, transactions or events of a material or unusual nature that have arisen in the period between 30 September 2024 and the date of this report that, in the opinion of the directors, have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

## Integrity of reporting

The directors of NAB have a responsibility with respect to the integrity of external reporting. This involves reviewing and monitoring, with the assistance of the Board Audit Committee and management, the processes, controls and procedures which are in place to maintain the integrity of the Group's financial statements.

Further details on the role of the Board and its committees can be found in NAB's 2024 Corporate Governance Statement in the *Corporate Governance Statement* section of NAB's 2024 Annual Report and is available online at [nab.com.au/about-us/corporate-governance](https://nab.com.au/about-us/corporate-governance).

## External auditor

EY was appointed as the Group external auditor on 31 January 2005 and has provided the audit opinion on the Financial Report for 20 years. In accordance with the *Corporations Act 2001* (Cth), the lead signing partner for the audit rotates every five years. Mr Tim Dring was appointed on 16 December 2022 as the Group's Lead Partner and completed his second year as signing partner on the 2024 Financial Report.

The Audit Committee conducts an annual review of the adequacy of the external audit with emphasis on independence, effectiveness, and performance of the external auditor. The Audit Committee assessed and resolved it would be appropriate for EY to continue as the external auditor and satisfied themselves on the following basis:

- The External Audit Plan addresses key areas of accounting judgement, including business risks, regulatory and compliance obligations, operations and internal control environment associated with the financial report and the resulting key audit matters.
- Partner rotations bring fresh perspectives to management and the Audit Committee. The lead partner has demonstrated sound judgement and objectivity.
- The audit team has appropriate industry and technical skills and experience, supported where necessary by EY's technical specialists. The audit team has demonstrated professional scepticism, integrity, independence, insight, service quality, communication, reporting and responsiveness.

There is no person who has acted as an officer of the Group during the 2024 financial year who has previously been a partner at EY when that firm conducted the Group's audit.

## Non-audit services, audit-related, taxation-related services

The remuneration of the external auditor is set out in *Note 34 Remuneration of external auditor* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) and includes details of the fees paid or due and payable for audit-related, taxation-related and non-audit services provided by EY to the Group during 2024.

In accordance with advice received from the Audit Committee, the directors are satisfied that the provision of audit-related, taxation-related and non-audit services during the year to 30 September 2024 by EY is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The directors are satisfied because the Audit Committee or its delegate has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of EY.

## Other matters (cont.)

A description of the Board Audit Committee's pre-approval policies and procedures is set out in the *Assurance and Control* section on page 122. A copy of EY's independence declaration is set out in the *Auditors independence* declaration (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex C Audit Report).

# Shareholder information

## Ordinary shares

Twenty largest registered fully paid ordinary shareholders of the Company as at 11 October 2024

	Number of shares	% of total shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	832,826,931	27.09
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	535,573,063	17.42
CITICORP NOMINEES PTY LIMITED	260,625,142	8.48
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	63,997,756	2.08
NATIONAL NOMINEES LIMITED	34,909,064	1.13
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	31,876,872	1.04
BNP PARIBAS NOMS PTY LTD	27,849,770	0.91
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	22,401,195	0.73
BNP PARIBAS NOMS PTY LTD DEUTSCHE BANK TCA	17,166,794	0.55
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	14,997,044	0.49
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	14,491,249	0.47
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	12,335,000	0.40
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	6,064,668	0.20
ARGO INVESTMENTS LIMITED	5,834,685	0.19
BNP PARIBAS NOMS (NZ) LTD	5,182,635	0.17
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	4,817,556	0.16
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	3,728,568	0.12
NATIONAL NOMINEES LIMITED <AUSTRALIAN ETHICAL INV LTD>	3,603,938	0.12
MUTUAL TRUST PTY LTD	2,759,781	0.09
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,734,074	0.09
<b>Total</b>	<b>1,903,775,785</b>	<b>61.93</b>

## Substantial shareholders

The following organisations have disclosed a substantial shareholding notice to ASX. As at 11 October 2024, the Company has received no further update in relation to these substantial shareholdings.

Name	Number of shares	% of voting power
State Street Corporation <sup>(1)</sup>	193,328,701	6.23%
BlackRock Group <sup>(2)</sup>	177,651,034	6.02%
The Vanguard Group, Inc <sup>(3)</sup>	162,322,845	5.00%

(1) Substantial shareholding as at 6 June 2024, as per notice lodged on 11 June 2024.

(2) Substantial shareholding as at 18 March 2020, as per notice lodged on 20 March 2020.

(3) Substantial shareholding as at 1 February 2022, as per notice lodged on 4 February 2022.

## Distribution of fully paid ordinary shareholdings

	Number of shareholders	% of holders	Number of shares	% of shares
<b>Range (number)</b>				
1 - 1,000	330,178	60.28	112,593,398	3.66
1,001 - 5,000	168,605	30.78	383,982,809	12.49
5,001 - 10,000	30,546	5.58	213,211,218	6.94
10,001 - 100,000	18,028	3.29	362,428,522	11.79
100,001 and over	382	0.07	2,001,821,952	65.12
<b>Total</b>	<b>547,739</b>	<b>100</b>	<b>3,074,037,899</b>	<b>100</b>
Less than marketable parcel of \$500	13,931		75,919	

## Voting rights

Each ordinary shareholder present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

## Shareholder information (cont.)

### NAB Capital Notes 3 (NCN 3)

#### Twenty largest holders of NCN 3 as at 11 October 2024

	Number of securities	% of total securities
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	3,283,631	17.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,124,390	6.00
CITICORP NOMINEES PTY LIMITED	881,048	4.70
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	441,034	2.35
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	337,454	1.80
MUTUAL TRUST PTY LTD	209,873	1.12
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	192,536	1.03
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	146,686	0.78
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	130,798	0.70
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	122,405	0.65
BNP PARIBAS NOMS PTY LTD	110,087	0.59
DIMBULU PTY LTD	108,500	0.58
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	87,480	0.47
INVIA CUSTODIAN PTY LIMITED <WEHI - INVESTMENT POOL A/C>	75,325	0.40
WILLIMBURY PTY LTD	65,609	0.35
NATIONAL NOMINEES LIMITED	62,557	0.33
JDB SERVICES PTY LTD <RAC & JD BRICE INVEST A/C>	53,429	0.29
BALMORAL FINANCIAL INVESTMENTS PTY LTD	50,277	0.27
MARROSAN INVESTMENTS PTY LTD	45,000	0.24
SEYMOUR GROUP PTY LTD	38,660	0.21
<b>Total</b>	<b>7,566,779</b>	<b>40.38</b>

#### Distribution of NCN 3 holdings

	Number of security holders	% of holders	Number of securities	% of securities
<b>Range (number)</b>				
1 - 1,000	14,752	87.86	5,311,640	28.34
1,001 - 5,000	1,815	10.81	3,833,737	20.46
5,001 - 10,000	146	0.87	1,093,795	5.84
10,001 - 100,000	64	0.38	1,413,068	7.54
100,001 and over	13	0.08	7,088,342	37.82
<b>Total</b>	<b>16,790</b>	<b>100</b>	<b>18,740,582</b>	<b>100</b>
Less than marketable parcel of \$500	6		13	

#### Voting rights

In accordance with their terms of issue, holders of NCN 3 have no right to vote at any general meeting of the Company prior to conversion into NAB ordinary shares.

If NCN 3 is converted into NAB ordinary shares in accordance with their terms of issue, then voting rights will be as outlined on page 127 of this *Shareholder information* section for NAB ordinary shares.



## Shareholder information (cont.)

### NAB Capital Notes 5 (NCN 5)

#### Twenty largest holders of NCN 5 as at 11 October 2024

	Number of securities	% of total securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,149,837	9.01
CITICORP NOMINEES PTY LIMITED	1,594,205	6.68
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	888,468	3.72
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	475,981	2.00
CITICORP NOMINEES PTY LIMITED <143212 NMMT LTD A/C>	451,987	1.89
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	378,025	1.58
MUTUAL TRUST PTY LTD	261,647	1.10
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	207,654	0.87
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	178,236	0.75
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	177,647	0.75
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	159,589	0.67
LEDA HOLDINGS PTY LTD	154,000	0.65
BNP PARIBAS NOMINEES PTY LTD <ITCHER PARTNERS>	118,727	0.50
JOHN E GILL TRADING PTY LTD	107,866	0.45
AM & EM NEXT GEN PTY LTD <AM & EM NEXT GEN A/C>	105,000	0.44
DIMBULU PTY LTD	100,000	0.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	70,000	0.29
NATIONAL NOMINEES LIMITED	69,673	0.29
PAMDALE INVESTMENTS PTY LTD	60,290	0.25
EASTCOTE PTY LTD <THE VAN-LIESHOUT FAMILY A/C>	57,329	0.24
<b>Total</b>	<b>7,766,161</b>	<b>32.55</b>

#### Distribution of NCN 5 holdings

	Number of security holders	% of holders	Number of securities	% of securities
<b>Range (number)</b>				
1 - 1,000	20,157	87.27	7,659,182	32.10
1,001 - 5,000	2,656	11.50	5,493,849	23.03
5,001 - 10,000	174	0.75	1,236,093	5.18
10,001 - 100,000	94	0.41	2,062,177	8.64
100,001 and over	16	0.07	7,408,379	31.05
<b>Total</b>	<b>23,097</b>	<b>100</b>	<b>23,859,680</b>	<b>100</b>
Less than marketable parcel of \$500	7		15	

#### Voting rights

In accordance with their terms of issue, holders of NCN 5 have no right to vote at any general meeting of the Company prior to conversion into NAB ordinary shares.

If NCN 5 is converted into NAB ordinary shares in accordance with their terms of issue, then voting rights will be as outlined on page 127 of this *Shareholder information* section for NAB ordinary shares.

## Shareholder information (cont.)

### NAB Capital Notes 6 (NCN 6)

#### Twenty largest holders of NCN 6 as at 11 October 2024

	Number of securities	% of total securities
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	5,219,123	26.10
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,360,453	6.80
CITICORP NOMINEES PTY LIMITED	1,135,220	5.68
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	604,589	3.02
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	325,219	1.63
MUTUAL TRUST PTY LTD	154,450	0.77
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	151,232	0.76
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	104,082	0.52
TANDOM PTY LTD	100,192	0.50
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	83,833	0.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	75,000	0.38
NATIONAL NOMINEES LIMITED	72,966	0.35
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	61,338	0.31
BNP PARIBAS NOMS PTY LTD	52,000	0.26
DIMBULU PTY LTD	50,000	0.25
ELMORE HOLDINGS PTY LIMITED <PEABODY FAMILY A/C>	50,000	0.25
FAMILY ENDEAVOURS PTY LTD <BEST ENDEAVOURS A/C>	48,500	0.24
PESUTU PTY LTD <KAREDIS SUPER A/C>	43,729	0.22
JOHN E GILL TRADING PTY LTD	41,517	0.21
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	36,671	0.18
<b>Total</b>	<b>9,770,114</b>	<b>48.85</b>

#### Distribution of NCN 6 holdings

	Number of security holders	% of holders	Number of securities	% of securities
<b>Range (number)</b>				
1 – 1,000	13,009	86.97	4,683,386	23.42
1,001 – 5,000	1,757	11.74	3,652,665	18.26
5,001 – 10,000	109	0.73	807,457	4.04
10,001 – 100,000	73	0.49	1,701,932	8.51
100,001 and over	10	0.07	9,154,560	45.77
<b>Total</b>	<b>14,958</b>	<b>100</b>	<b>20,000,000</b>	<b>100</b>
Less than marketable parcel of \$500	4		9	

#### Voting rights

In accordance with their terms of issue, holders of NCN 6 have no right to vote at any general meeting of the Company prior to conversion into NAB ordinary shares.

If NCN 6 is converted into NAB ordinary shares in accordance with their terms of issue, then voting rights will be as outlined on page 127 of this *Shareholder information* section for NAB ordinary shares.

## Shareholder information (cont.)

### NAB Capital Notes 7 (NCN 7)

#### Twenty largest holders of NCN 7 as at 11 October 2024

	Number of securities	% of total securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,635,498	13.08
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	525,630	4.21
CITICORP NOMINEES PTY LIMITED	439,954	3.52
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	236,886	1.90
HIGHAM HILL PTY LTD	106,802	0.85
DIMBULU PTY LTD	100,000	0.80
MUTUAL TRUST PTY LTD	94,388	0.76
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	92,935	0.74
MR JOHN WILLIAM CUNNINGHAM	90,680	0.73
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	65,223	0.52
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	54,362	0.43
2 KINANE STREET PTY LTD	36,280	0.29
GILLIES FAMILY HOLDINGS PTY LTD	34,190	0.27
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	31,831	0.26
POPEYE TREASURES PTY LTD	30,220	0.24
CORP OF THE TSTEES OF THE ROMAN CATH ARC	30,000	0.24
MR TETSUO KAWAI	29,000	0.23
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,845	0.23
CAPRI TRADING PTY LIMITED <THE CAPRI FAMILY A/C>	28,245	0.23
NATIONAL NOMINEES LIMITED	25,285	0.20
<b>Total</b>	<b>3,716,254</b>	<b>29.73</b>

#### Distribution of NCN 7 holdings

Range (number)	Number of security holders	% of holders	Number of securities	% of securities
1 - 1,000	9,509	84.47	3,800,833	30.41
1,001 - 5,000	1,564	13.89	3,350,089	26.80
5,001 - 10,000	107	0.95	758,550	6.07
10,001 - 100,000	72	0.64	1,645,758	13.16
100,001 and over	6	0.05	2,944,770	23.56
<b>Total</b>	<b>11,258</b>	<b>100</b>	<b>12,500,000</b>	<b>100</b>
Less than marketable parcel of \$500	-	-	-	-

#### Voting rights

In accordance with their terms of issue, holders of NCN 7 have no right to vote at any general meeting of the Company prior to conversion into NAB ordinary shares.

If NCN 7 is converted into NAB ordinary shares in accordance with their terms of issue, then voting rights will be as outlined on page 127 of this *Shareholder information* section for NAB ordinary shares.

## Shareholder information (cont.)

### NAB Capital Notes 8 (NCN 8)

#### Twenty largest holders of NCN 8 as at 11 October 2024

	Number of securities	% of total securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	903,350	9.03
CITICORP NOMINEES PTY LIMITED	420,211	4.20
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	338,984	3.39
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	182,998	1.83
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	149,559	1.50
DIMBULU PTY LTD	100,000	1.00
MUTUAL TRUST PTY LTD	75,217	0.75
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	71,174	0.71
SEYMOUR GROUP PTY LTD	64,010	0.64
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	57,578	0.58
BNP PARIBAS NOMS PTY LTD	50,000	0.50
HIGHAM HILL PTY LTD	50,000	0.50
MR JOHN WILLIAM CUNNINGHAM	49,500	0.50
KADDO PTY LIMITED <B & D FAMILY A/C>	48,445	0.48
REALEE PTY LTD <REALEE A/C>	31,500	0.32
BARRETT SUPERFUND PTY LTD <BARRETT SUPERFUND A/C>	30,000	0.30
PACIFIC INDUSTRIAL COMPANY(WA) PTY LTD <STEELFAB UNIT A/C>	30,000	0.30
PACIFIC INTERNATIONAL INSURANCE PTY LIMITED	30,000	0.30
MARROSAN INVESTMENTS PTY LTD	29,750	0.29
BOWEN FAMILY SUPER CO PTY LTD <BOWEN FAMILY SUPER FUND A/C>	28,850	0.29
<b>Total</b>	<b>2,741,126</b>	<b>27.41</b>

#### Distribution of NCN 8 holdings

	Number of security holders	% of holders	Number of securities	% of securities
<b>Range (number)</b>				
1 – 1,000	7,350	83.33	2,957,155	29.57
1,001 – 5,000	1,305	14.79	2,860,169	28.60
5,001 – 10,000	102	1.16	793,547	7.94
10,001 – 100,000	58	0.66	1,443,698	14.44
100,001 and over	5	0.06	1,945,431	19.45
<b>Total</b>	<b>8,820</b>	<b>100</b>	<b>10,000,000</b>	<b>100</b>
Less than marketable parcel of \$500	2		4	

#### Voting rights

In accordance with their terms of issue, holders of NCN 8 have no right to vote at any general meeting of the Company prior to conversion into NAB ordinary shares.

If NCN 8 is converted into NAB ordinary shares in accordance with their terms of issue, then voting rights will be as outlined on page 127 of this *Shareholder information* section for NAB ordinary shares.

## Shareholder information (cont.)

### Official quotation

Fully paid ordinary shares of the Company are quoted on the ASX.

The Group has also issued:

- NAB Capital Notes 3, NAB Capital Notes 5, NAB Capital Notes 6, NAB Capital Notes 7, NAB Capital Notes 8 and residential mortgage backed securities which are quoted on the ASX.
- Medium-term notes, subordinated notes and covered bonds which are quoted on the Luxembourg Stock Exchange.
- Medium-term notes and perpetual preference shares which are quoted on the NZX Debt Market.
- Medium-term notes and covered bonds which are quoted on the SIX Swiss Exchange.
- Medium-term notes which are quoted on the Taipei Exchange.

### Unquoted securities

As at 31 October 2024, the Company has 4,312,846 rights on issue, of which there are 63 holders (refer to page 125 of this report for further details).

**Chair**

Mr Philip Chronican  
BCom (Hons), MBA (Dist), GAICD, SF Fin

**Group Chief Executive Officer and Managing Director**

Mr Andrew Irvine  
BSc Business Management (Hons), MBA

**Group Chief Financial Officer**

Mr Nathan Goonan  
BCom, BAgrSc (Hons)

**Registered office**

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**International locations**

[nab.com.au/corporate/global-relationships](http://nab.com.au/corporate/global-relationships)

**Auditor**

Ernst & Young  
8 Exhibition Street  
MELBOURNE VIC 3000  
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Tel: +61 3 9288 8000

**Company Secretary**

Mrs Louise Thomson BBus (Dist), FGIA

**Group Investor Relations**

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Email: [investorrelations@nab.com.au](mailto:investorrelations@nab.com.au)

**Sustainability**

National Australia Bank Limited  
Level 21  
395 Bourke Street  
MELBOURNE VIC 3000  
Australia  
Email: [sustainability@nab.com.au](mailto:sustainability@nab.com.au)

**Shareholder Centre website**

The Group's website at [nab.com.au/shareholder](http://nab.com.au/shareholder) has a dedicated separate section where shareholders can gain access to a wide range of information, including copies of recent announcements, annual reports as well as extensive historical information.

**Shareholder information line**

There is a convenient 24 hours a day, 7 days a week automated service. To obtain the current balance of your securities and relevant payment details, telephone 1300 367 647 (Australia) or +61 3 9415 4299 (outside Australia).

These services are secured to protect your interests. In all communications with the Share Registry, please ensure you quote your Securityholder Reference Number (SRN), or in case of broker sponsored shareholders, your Holder Identification Number (HIN).

**Principal Share Register**

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
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Australia

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Local call: 1300 367 647

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Website: [www.investorcentre.com/au](http://www.investorcentre.com/au)

**United Kingdom Share Register**

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Website: [www.investorcentre.com/au](http://www.investorcentre.com/au)

**United States ADR Depository, Transfer Agent and Registrar contact details for NAB ADR holders:**

Deutsche Bank Shareholder Services  
Equiniti Trust Company, LLC  
48 Wall Street, Floor 23  
New York, NY 10005  
USA  
Direct Dial: +1 866 249 2593  
Email: [adr@equiniti.com](mailto:adr@equiniti.com)

**Contact details for NAB ADR brokers & institutional investors:**

US Tel: +1 212 250 9100  
UK Tel: +44 207 547 6500  
Email: [adr@db.com](mailto:adr@db.com)

# 2024 Full Year U.S. Disclosure Document

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# Liquidity and funding

The Group's banking entities comply as required with the liquidity requirements of regulators in Australia, the United Kingdom, New Zealand, the United States and other geographies in which the Group operates. Liquidity within the Group is also managed in accordance with policies approved by the Board, with oversight from the Group Asset and Liability Committee.

The principal sources of liquidity for the Group are:

- cash
- amounts due to and from central and other banks
- repurchase agreements
- trading and other marketable securities
- proceeds from investments and repayments of customer lending facilities
- collateral associated with derivatives
- deposits
- proceeds from commercial paper, certificates of deposit, bonds, notes and subordinated debt issues
- interest income
- other operating income.

The Group's primary source of funding is from deposits and other borrowings which include on-demand and short-term deposits, term deposits, bank issued certificates of deposit and deposits not bearing interest. Of total liabilities at September 30, 2024 of \$1,018,035 million (2023: \$997,580 million; 2022: \$996,094 million), funding from customer deposits and certificates of deposit (including amounts accounted for at fair value) amounted to \$679,689 million (2023: \$644,163 million; 2022: \$616,713 million) or 67.0% (2023: 65%; 2022: 62%) of total liabilities. Although a substantial portion of customer accounts are contractually repayable within one year, on-demand, or at short-notice, such customer deposit balances have provided a stable source of core long-term funding for the Group.

Amounts due to other banks of \$12,328 million as at September 30, 2024 (2023: \$39,516 million; 2022: \$74,679 million)<sup>(1)</sup> supplement the Group's customer deposits. For further information, refer to *Note 8 Cash and balances with other banks* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements). The Group also accesses the domestic and international debt capital markets under its various funding programs. As at September 30, 2024, the Group had on issue \$166,581 million (2023: \$149,386 million; 2022: \$134,344 million) of term debt securities (bonds, notes and subordinated debt including bonds, notes and subordinated debt accounted for at fair value) and the following funding programmes available to fund the Group's general banking business<sup>(2)</sup>.

## Short-term funding programmes as at September 30, 2024

Europe		
Limit	Type	Issuer
USD20 billion	Euro Commercial Paper and Certificate of Deposit Programme	National Australia Bank Limited
USD10 billion	Global Commercial Paper Programme	BNZ International Funding Limited, acting through its London Branch (and guaranteed by Bank of New Zealand)
United States		
Limit	Type	Issuer
USD10 billion	Commercial Paper Program	BNZ International Funding Limited, acting through its London Branch (and guaranteed by Bank of New Zealand)
USD10 billion	Commercial Paper Program	Bank of New Zealand
USD45 billion	Commercial Paper Program	National Australia Bank Limited
USD10 billion	Commercial Paper Program	National Australia Funding (Delaware) Inc. (guaranteed by National Australia Bank Limited)
New Zealand		
Limit	Type	Issuer
Unlimited	Debt Issuance Programme	Bank of New Zealand

(1) Term Funding Facility provided by the Reserve Bank of Australia was fully repaid in June 2024 (2023: \$17,596 million; 2022: \$32,275 million), and the Term Lending Facility and Funding for Lending Programme provided by the Reserve Bank of New Zealand of NZ\$3,377 million (2023: NZ\$4,591 million; 2022: NZ\$3,453 million).

(2) National Australia Bank Limited is a legal entity separate and distinct from its subsidiaries, including Bank of New Zealand and BNZ International Funding Limited. There are statutory and regulatory limitations on the payment of dividends by, or other distributions from, certain of its subsidiaries and affiliates, including Bank of New Zealand and National Australia Bank Limited's New York Branch.

## Long-term funding programmes and issuing shelves as at September 30, 2024

Global<sup>(1)</sup>

Limit	Type	Issuer(s)
NZD10 billion	BNZ Covered Bond Programme	Bank of New Zealand guaranteed by CBG Trustee Company Limited as Trustee of the BNZ Covered Bond Trust <sup>(2)</sup>
USD100 billion <sup>(3)</sup>	Global Medium Term Note Programme	National Australia Bank Limited, Bank of New Zealand and BNZ International Funding Limited (acting through its London Branch and guaranteed by Bank of New Zealand)
USD40 billion <sup>(4)</sup>	NAB Covered Bond Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
Unlimited	National RMBS Trust	Perpetual Trustee Company Limited as trustee of the relevant National RMBS Trust (National Australia Bank Limited's roles include those of Seller and Servicer)

(1) Programmes have been listed in the jurisdictions within which issuances can be made and therefore may appear in multiple categories.

(2) Certain outstanding covered bonds were issued by BNZ International Funding Limited (BNZ-IF)(acting through its London Branch), guaranteed by CBG Trustee Company Limited as Trustee of the BNZ Covered Bond Trust and Bank of New Zealand. In addition, the payment of all amounts owing by BNZ-IF in respect of covered bonds issued by BNZ-IF is guaranteed by BNZ.

(3) Refers to total Global Medium Term Note Programme limit for all issuers in aggregate.

(4) Refers to total NAB Covered Bond Programme limit.

United States<sup>(1)</sup>

Limit	Type	Issuer(s)
USD100 billion <sup>(2)</sup>	U.S. Rule 144A sub-programme associated with the Global Medium Term Note Programme	Bank of New Zealand
USD100 billion <sup>(2)</sup>	U.S. Rule 144A sub-programme associated with the Global Medium Term Note Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
USD40 billion <sup>(3)</sup>	U.S. Rule 144A sub-programme associated with the NAB Covered Bond Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
USD25 billion	Section 3(a)(2) Medium Term Note (Series B) Program	National Australia Bank Limited (acting through its New York Branch)

(1) Programmes have been listed in the jurisdictions within which issuances can be made and therefore may appear in multiple categories.

(2) Refers to total Global Medium Term Note Programme limit for all issuers in aggregate.

(3) Refers to total NAB Covered Bond Programme limit.

Australia<sup>(1)</sup>

Limit	Type	Issuer(s)
Unlimited	Debt Issuance Programme	National Australia Bank Limited
USD40 billion <sup>(2)</sup>	NAB Covered Bond Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
Unlimited	National RMBS Trusts	Perpetual Trustee Company Limited as trustee of the relevant National RMBS Trust (National Australia Bank Limited's roles include those of Seller and Servicer)
Unlimited	Capital Notes Programme (wholesale)	National Australia Bank Limited

(1) Programmes have been listed in the jurisdictions within which issuances can be made and therefore may appear in multiple categories.

(2) Refers to total NAB Covered Bond Programme limit.

## Liquidity and funding (cont.)

### New Zealand<sup>(1)</sup>

Limit	Type	Issuer(s)
Unlimited	Debt Issuance Programme	Bank of New Zealand
NZD10 billion	BNZ Covered Bond Programme	Bank of New Zealand guaranteed by CBG Trustee Company Limited as Trustee of the BNZ Covered Bond Trust <sup>(2)</sup>

(1) Programmes have been listed in the jurisdictions within which issuances can be made and therefore may appear in multiple categories.

(2) Certain outstanding covered bonds were issued by BNZ International Funding Limited (BNZ-IF) (acting through its London Branch), guaranteed by CBG Trustee Company Limited as Trustee of the BNZ Covered Bond Trust and Bank of New Zealand. In addition, the payment of all amounts owing by BNZ-IF in respect of covered bonds issued by BNZ-IF is guaranteed by BNZ.

### Japan<sup>(1)(2)</sup>

Limit	Type	Issuer(s)
JPY500 billion	Samurai Shelf	National Australia Bank Limited
JPY300 billion	Uridashi Shelf	National Australia Bank Limited

(1) Programmes have been listed in the jurisdictions within which issuances can be made and therefore may appear in multiple categories.

(2) As at September 30, 2024, the Shelf registration for each of the above programmes is not effective. They may be renewed in the future. The limit described refers to the limit of each program at its most recent expiry.

## Credit ratings

At September 30, 2024, the Group's issuing entities credit ratings were as follows:

<b>National Australia Bank</b>	Short-term	Long-term	Outlook
S&P Global Ratings	A-1+	AA-	Stable
Moody's Investors Service	P-1	Aa2	Stable
Fitch Ratings	F1+	AA-	Stable
<b>Bank of New Zealand</b>	Short-term	Long-term	Outlook
S&P Global Ratings	A-1+	AA-	Stable
Moody's Investors Service	P-1	A1	Stable
Fitch Ratings	F1	A+	Stable
<b>BNZ International Funding Limited (guaranteed by Bank of New Zealand)<sup>(1)</sup></b>	Short-term	Long-term	Outlook
S&P Global Ratings	A-1+	AA-	Stable
Moody's Investors Service	P-1	A1	Stable
Fitch Ratings	(not rated)	A+	Stable

(1) Issue credit ratings.

Ratings are not a recommendation to purchase, hold or sell securities, and may be changed, superseded or withdrawn at any time.

The Group maintains well diversified and high-quality liquid asset portfolios to support regulatory and internal requirements in the various regions in which it operates. As at September 30, 2024, the Group held \$224,612 million of on balance sheet liquid assets (2023: \$222,463 million; 2022: \$220,415 million), of which NAB held \$209,978 million (2023: \$205,226 million; 2022: \$206,364 million).

In accordance with the Group Contingent Funding Plan, the Group Treasurer has the authority to direct any internal holder of unencumbered liquid assets to realise those assets for cash. In addition, as at September 30, 2024, the Group held \$733,268 million (2023: \$703,945 million; 2022: \$682,310 million) of net loans and advances to customers (including loans accounted for at fair value), of which \$150,969 million (2023: \$130,430 million; 2022: \$117,118 million) is due to mature within one year, although a proportion of these maturing customer loans will be extended in the normal course of business.

Based on the level of resources within the Group's businesses, and the ability of the Group to access wholesale money markets and issue debt securities should the need arise, overall liquidity is considered sufficient to meet current obligations to customers, policyholders and debt holders.

The following table sets out the amounts and maturities of the Group's contractual cash obligations for bonds, notes and subordinated debt, other debt issues, and other commitments as listed below at September 30, 2024. The table excludes deposits and other liabilities taken in the normal course of banking business and short-term and undated liabilities.

## Liquidity and funding (cont.)

	Payments due by period		Total \$m
	Less than 1 year	Greater than 1 year	
	\$m	\$m	
Bonds, notes and subordinated debt – dated	30,995	135,586	166,581
Other debt issues – undated	–	9,560	9,560
Non-cancellable leases	360	2,057	2,417
<b>Total contractual cash obligations</b>	<b>31,355</b>	<b>147,203</b>	<b>178,558</b>

The following table sets out the amounts and maturities of the Group's contingent liabilities and other commercial commitments at September 30, 2024.

	Amount of commitment expiration per period		Total \$m
	Less than 1 year	Greater than 1 year	
	\$m	\$m	
<b>Contingent liabilities</b>			
Guarantees	3,230	2,338	5,568
Letters of credit	6,207	2,906	9,113
Performance-related contingencies	9,529	2,387	11,916
<b>Other commercial commitments</b>			
Other binding credit commitments	92,112	118,012	210,124
<b>Total commercial commitments</b>	<b>111,078</b>	<b>125,643</b>	<b>236,721</b>

## Description of off-balance sheet arrangements (structured entities)

The Group enters into various arrangements with structured entities. The primary purposes of these structured entities are to:

- Assist customers to securitise their assets.
- Provide diversified funding sources to customers.
- Tailor new products to satisfy customers' funding requirements.

In accordance with AAS and IFRS, the Group will consolidate a structured entity where the Group has control over the structured entity. Generally, the Group does not have control over structured entities that have been established for purposes of providing funding to customers, and therefore these structured entities are not consolidated by the Group.

For further information on the Group's position regarding off-balance sheet arrangements, see *Note 21 Financial asset transfers*, *Note 31 Commitments and contingent liabilities* and *Note 32 Interest in subsidiaries and other entities* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

# Average balance sheet and related interest

The following tables present the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or incurred by the Group. Averages are predominantly daily averages. Amounts classified as Other International represent interest earning assets and interest bearing liabilities of the controlled entities and overseas branches domiciled in Europe, the United States and Asia. Impaired assets are included within loans and advances in interest earning assets.

## Average assets and interest income

	2024			2023			2022		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	% pa	\$m	\$m	% pa	\$m	\$m	% pa
<b>Average interest earning assets</b>									
Due from other banks									
Australia	95,048	3,995	4.2	107,924	3,725	3.5	94,705	566	0.6
New Zealand	8,418	462	5.5	11,137	533	4.8	10,868	162	1.5
Other International	20,095	941	4.7	25,718	995	3.9	29,080	202	0.7
Trading assets and marketable debt securities									
Australia	96,502	4,821	5.0	73,398	2,627	3.6	70,737	1,050	1.5
New Zealand	8,904	372	4.2	7,067	266	3.8	6,868	91	1.3
Other International	59,545	3,313	5.6	13,563	467	3.4	10,562	66	0.6
Loans and advances – housing									
Australia <sup>(1)</sup>	313,336	18,071	5.8	305,519	14,403	4.7	287,046	8,107	2.8
New Zealand	52,085	3,136	6.0	49,778	2,348	4.7	47,826	1,570	3.3
Loans and advances – non-housing									
Australia	246,376	17,142	7.0	236,729	14,591	6.2	222,573	7,632	3.4
New Zealand	42,336	3,437	8.1	41,660	3,283	7.9	40,715	1,776	4.4
Other International	21,055	1,574	7.5	20,929	1,288	6.2	21,543	567	2.6
Other interest earning assets									
Australia	8,998	689	n/a	29,090	1,335	n/a	16,300	179	n/a
New Zealand	680	90	n/a	1,165	97	n/a	1,247	23	n/a
Other International	5,363	254	n/a	43,028	2,114	n/a	40,227	387	n/a
Total average interest earning assets and interest income by:									
Australia <sup>(1)</sup>	760,260	44,718	5.9	752,660	36,681	4.9	691,361	17,534	2.5
New Zealand	112,423	7,497	6.7	110,807	6,527	5.9	107,524	3,622	3.4
Other International	106,058	6,082	5.7	103,238	4,864	4.7	101,412	1,222	1.2
Total average interest earning assets and interest income	978,741	58,297	6.0	966,705	48,072	5.0	900,297	22,378	2.5
<b>Average non-interest earning assets</b>									
Other assets	101,768			103,702			96,278		
Provision for credit impairment									
Australia	(4,841)			(4,499)			(4,319)		
New Zealand	(888)			(784)			(694)		
Other International	(44)			(58)			(55)		
Total average assets	1,074,736			1,065,066			991,507		

(1) Includes \$7 million of average balance (2023: \$15 million, 2022: \$29 million) and \$nil interest (2023: \$nil, 2022: \$1 million) relating to the run-down of housing loans in Asia from the sale of NAB's Asian private wealth business in November 2017.

## Average balance sheet and related interest (cont.)

### Average liabilities and interest expense

	2024			2023			2022		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	% pa	\$m	\$m	% pa	\$m	\$m	% pa
<b>Average interest bearing liabilities</b>									
Due to other banks									
Australia	24,705	779	3.2	47,523	738	1.6	47,415	162	0.3
New Zealand	5,001	170	3.4	6,599	180	2.7	5,102	36	0.7
Other International	26,935	1,466	5.4	20,232	903	4.5	17,163	177	1.0
On-demand and short-term deposits									
Australia	274,299	9,429	3.4	270,723	7,028	2.6	275,577	1,199	0.4
New Zealand	28,969	1,160	4.0	28,817	951	3.3	32,670	203	0.6
Other International	2,254	96	4.3	4,377	148	3.4	6,159	51	0.8
Certificates of deposits									
Australia	33,451	1,527	4.6	33,502	1,204	3.6	30,932	177	0.6
New Zealand	1,066	60	5.6	1,822	88	4.8	2,292	37	1.6
Other International	31,304	1,593	5.1	20,483	779	3.8	24,670	178	0.7
Term deposits									
Australia	155,191	7,584	4.9	137,542	5,051	3.7	96,091	817	0.9
New Zealand	33,936	2,008	5.9	28,581	1,244	4.4	23,733	422	1.8
Other International	7,094	352	5.0	9,265	375	4.0	5,333	67	1.3
Other borrowings									
Australia	37,358	2,269	6.1	39,100	1,849	4.7	38,817	451	1.2
New Zealand	846	47	5.6	1,802	80	4.4	3,511	42	1.2
Other International	22,097	1,380	6.2	23,661	1,412	6.0	28,987	267	0.9
Bonds, notes and subordinated debt									
Australia	125,237	8,257	6.6	112,976	6,246	5.5	98,425	1,571	1.6
New Zealand	19,997	1,260	6.3	19,993	1,050	5.3	19,043	445	2.3
Other International	16,324	750	4.6	12,342	513	4.2	9,099	267	2.9
Other interest bearing liabilities									
Australia	16,840	1,243	n/a	21,437	1,311	n/a	15,565	937	n/a
New Zealand	1,685	96	n/a	1,894	87	n/a	1,381	21	n/a
Other International	263	14	n/a	734	28	n/a	562	11	n/a
Total average interest bearing liabilities and interest expense by:									
Australia	667,081	31,088	4.7	662,803	23,427	3.5	602,822	5,314	0.9
New Zealand	91,500	4,801	5.2	89,508	3,680	4.1	87,732	1,206	1.4
Other International	106,271	5,651	5.3	91,094	4,158	4.6	91,973	1,018	1.1
Total average interest bearing liabilities and interest expense	864,852	41,540	4.8	843,405	31,265	3.7	782,527	7,538	1.0

## Average balance sheet and related interest (cont.)

### Average non-interest bearing liabilities and average equity

	2024 \$m	2023 \$m	2022 \$m
<b>Average non-interest bearing liabilities</b>			
Deposits not bearing interest			
Australia <sup>(1)</sup>	83,845	84,541	84,989
New Zealand <sup>(1)</sup>	12,032	13,599	11,965
Other International	6	7	8
Other liabilities	52,568	63,313	51,202
Total average non-interest-bearing liabilities	148,451	161,460	148,164
Total average liabilities	1,013,303	1,004,865	930,691
<b>Average equity</b>			
Total average equity (attributable to the owners of the Company)	61,039	60,094	60,816
Non-controlling interest	394	107	-
Total average equity	61,433	60,201	60,816
Total average liabilities and equity	1,074,736	1,065,066	991,507

(1) Includes mortgage offset accounts of \$46,710 million (2023: \$42,477 million, 2022: \$38,219 million) in Australia and \$2,318 million (2023: \$2,251 million, 2022: \$2,172 million) in New Zealand.

### Net interest margin

	2024 %	2023 %	2022 %
<b>Net interest margin - statutory basis</b>	1.71	1.74	1.65



## Average balance sheet and related interest (cont.)

### Volume and rate analysis

The following table allocates movements in net interest income between changes in volume and changes in rate for the years ended September 30, 2024 and September 30, 2023. Volume and rate variances have been calculated on the movement in average balances and the change in interest rates on average interest earning assets and average interest bearing liabilities. The variance caused by changes of both volume and rate has been allocated in proportion to the relationship of the absolute dollar amounts of each change to the total.

	2024			2023		
	Increase / (decrease)			Increase / (decrease)		
	due to change in			due to change in		
	Average balance	Average rate	Total	Average balance	Average rate	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Interest earning assets</b>						
Due from other banks						
Australia	(478)	748	270	90	3,069	3,159
New Zealand	(142)	71	(71)	4	367	371
Other International	(240)	186	(54)	(26)	819	793
Trading assets and marketable debt securities						
Australia	972	1,222	2,194	40	1,537	1,577
New Zealand	75	31	106	3	172	175
Other International	2,408	438	2,846	24	377	401
Loans and advances – housing						
Australia	377	3,291	3,668	553	5,743	6,296
New Zealand	113	675	788	66	712	778
Loans and advances – non housing						
Australia	613	1,938	2,551	514	6,445	6,959
New Zealand	54	100	154	42	1,465	1,507
Other International	7	279	286	(16)	737	721
Other interest earning assets						
Australia	(1,235)	589	(646)	228	928	1,156
New Zealand	(50)	43	(7)	(2)	76	74
Other International	(1,787)	(73)	(1,860)	29	1,698	1,727
<b>Change in interest income</b>	<b>687</b>	<b>9,538</b>	<b>10,225</b>	<b>1,549</b>	<b>24,145</b>	<b>25,694</b>

## Average balance sheet and related interest (cont.)

	2024			2023		
	Increase / (decrease)			Increase / (decrease)		
	due to change in			due to change in		
	Average balance \$m	Average rate \$m	Total \$m	Average balance \$m	Average rate \$m	Total \$m
<b>Interest bearing liabilities</b>						
Due to other banks						
Australia	(470)	511	41	-	576	576
New Zealand	(49)	39	(10)	14	130	144
Other International	339	224	563	37	689	726
On-demand and short-term deposits						
Australia	94	2,307	2,401	(21)	5,850	5,829
New Zealand	5	204	209	(27)	775	748
Other International	(83)	31	(52)	(19)	116	97
Certificates of deposits						
Australia	(2)	325	323	16	1,011	1,027
New Zealand	(41)	13	(28)	(9)	60	51
Other International	497	317	814	(35)	636	601
Term deposits						
Australia	708	1,825	2,533	486	3,748	4,234
New Zealand	262	502	764	101	721	822
Other International	(98)	75	(23)	76	232	308
Other borrowings						
Australia	(86)	506	420	3	1,395	1,398
New Zealand	(49)	16	(33)	(28)	66	38
Other International	(96)	64	(32)	(58)	1,203	1,145
Bonds, notes and subordinated debt						
Australia	724	1,287	2,011	264	4,411	4,675
New Zealand	-	210	210	23	582	605
Other International	179	58	237	113	133	246
Other interest bearing liabilities						
Australia	(311)	243	(68)	359	15	374
New Zealand	(11)	20	9	11	55	66
Other International	(22)	8	(14)	4	13	17
<b>Change in interest expense</b>	<b>1,490</b>	<b>8,785</b>	<b>10,275</b>	<b>1,310</b>	<b>22,417</b>	<b>23,727</b>
<b>Change in net interest income</b>	<b>(803)</b>	<b>753</b>	<b>(50)</b>	<b>239</b>	<b>1,728</b>	<b>1,967</b>

## Loan fees

Included within interest income is \$112 million (2023: \$140 million; 2022: \$178 million) relating to loan fees which are amortised over the effective life of the loan.

# Investment portfolio

For information concerning the Group's investment portfolio, refer to *Note 9 Trading assets* and *Note 10 Debt instruments* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements) for the years ended September 30, 2024 and 2023.

## Maturities

The following table analyses the maturity (according to when they are expected to mature, be recovered or settled) and weighted average yield of the Group's holdings of debt instruments at fair value through other comprehensive income at September 30, 2024:

	Less than 1 year		1 to 5 year(s)		5 to 10 year(s)		Over 10 years	
	\$m	yield pa	\$m	yield pa	\$m	yield pa	\$m	yield pa
Government bonds, notes and securities	1,545	3.0%	9	-	-	-	-	-
Semi-government bonds, notes and securities	953	4.5%	11,702	3.4%	14,533	2.2%	4,097	3.7%
Corporate / financial institution bonds, notes and securities	2,281	2.5%	4,112	5.8%	-	-	-	-
Other bonds, notes, securities and other assets	447	5.4%	2,320	5.4%	-	-	-	-
<b>Total maturities at carrying value<sup>(1)</sup></b>	<b>5,226</b>		<b>18,143</b>		<b>14,533</b>		<b>4,097</b>	

(1) The amount that best represents the maximum credit exposure at reporting date is the carrying value of these assets.

# Loan portfolio

## Loans and advances

The following table sets out the Group's portfolio of loans and advances, including provisions and capitalised brokerage costs, net of unearned and deferred net fee income, for the years indicated:

	2024 \$m	2023 \$m	2022 \$m
<b>Australia</b>			
Overdrafts	3,858	3,414	2,811
Credit card outstandings	8,733	8,771	7,958
Asset and lease financing	18,822	17,158	14,937
Housing loans	361,549	352,559	340,840
Other term lending	218,046	204,216	202,887
Other lending	6,365	6,591	6,992
Loans at fair value <sup>(1)</sup>	576	682	1,170
<b>Total Australia</b>	<b>617,949</b>	<b>593,391</b>	<b>577,595</b>
<b>Overseas</b>			
Overdrafts	2,028	2,045	1,878
Credit card outstandings	722	757	726
Asset and lease financing	57	56	51
Housing loans	55,209	53,739	48,284
Other term lending	61,395	57,304	57,600
Other lending	846	618	875
Loans at fair value <sup>(1)</sup>	-	561	706
<b>Total Overseas</b>	<b>120,257</b>	<b>115,080</b>	<b>110,120</b>
<b>Total gross loans and advances</b>	<b>738,206</b>	<b>708,471</b>	<b>687,715</b>
Deduct: Unearned income and deferred net fee income	(2,003)	(1,453)	(1,020)
Add: Capitalised Brokerage Costs <sup>(2)</sup>	2,986	2,512	671
Provision for credit impairment	(5,921)	(5,585)	(5,056)
<b>Total net loans and advances</b>	<b>733,268</b>	<b>703,945</b>	<b>682,310</b>

(1) Loans at fair value represent "Other term lending" loans. This amount includes an unfavourable credit risk adjustment of \$nil (2023: \$27 million; 2022: \$28 million) for Australia, and an unfavourable credit risk adjustment of \$nil (2023: \$6 million; 2022: \$22 million) for overseas.

(2) The balance as at September 30, 2023 includes \$1,684 million for Australia and \$111 million for overseas of capitalised brokerage costs reflecting the revised accounting treatment of trail commissions payable to mortgage brokers. Comparatives have not been restated.

## Loan portfolio (cont.)

The diversification and size of the Group is such that its lending is widely spread both geographically and in terms of the types of industries served. In accordance with U.S. Securities and Exchange Commission (SEC) guidelines, the following table shows comparative year-end detail of the loan portfolio for the years indicated. The table also demonstrates the concentration of credit risk by industry with credit risk represented by the carrying value less provision for credit impairment.

	Loans and advances by industry		
	2024	2023	2022
	%	%	%
<b>Australia</b>			
Accommodation and hospitality	1.3	1.2	1.1
Agriculture, forestry, fishing and mining	6.0	5.9	5.6
Business services and property services	2.5	2.5	2.5
Commercial property	9.1	9.1	9.1
Construction	1.1	1.0	1.0
Financial & insurance	4.6	4.2	4.9
Government & public authorities	0.1	0.2	0.4
Manufacturing	1.5	1.5	1.4
Personal	1.5	1.7	1.6
Residential mortgages	49.0	49.7	49.5
Retail and wholesale trade	2.4	2.3	2.3
Transport and storage	1.2	1.4	1.6
Utilities	0.4	0.4	0.4
Other	3.0	2.7	2.6
<b>Total Australia</b>	<b>83.7</b>	83.8	84.0
<b>Overseas</b>			
Accommodation and hospitality	0.2	0.2	0.2
Agriculture, forestry, fishing and mining	2.0	2.1	2.0
Business services and property services	0.2	0.2	0.2
Commercial property	1.0	1.0	1.1
Construction	0.2	0.2	0.2
Financial & insurance	1.5	1.3	1.8
Manufacturing	0.5	0.5	0.5
Personal	0.1	0.1	0.1
Residential mortgages	7.5	7.6	7.0
Retail and wholesale trade	0.7	0.7	0.7
Transport and storage	0.8	0.9	0.7
Utilities	1.2	1.2	1.1
Other	0.4	0.2	0.4
<b>Total Overseas</b>	<b>16.3</b>	16.2	16.0
<b>Total</b>	<b>100.0</b>	100.0	100.0

## Loan portfolio (cont.)

The following tables show the contractual maturity distribution of loans and advances to customers and the nature of the interest rate applicable to such loans and advances for the Group as at September 30, 2024:

	Less than 1 year \$m	1 to 5 year(s) \$m	Over 5 years <sup>(1)</sup> \$m	Total \$m
<b>Australia</b>				
Accommodation and hospitality	3,451	5,461	707	9,619
Agriculture, forestry, fishing and mining	21,195	22,315	1,116	44,626
Business services and property services	4,951	10,608	2,753	18,312
Commercial property	34,632	31,949	513	67,094
Construction	2,264	4,675	984	7,923
Financial & insurance	26,021	7,377	750	34,148
Government & public authorities	30	359	696	1,085
Manufacturing	3,726	5,811	1,249	10,786
Personal	1,072	725	9,284	11,081
Residential mortgages <sup>(2)</sup>	9,018	779	351,752	361,549
Retail and wholesale trade	6,610	9,187	1,935	17,732
Transport and storage	1,445	6,680	1,068	9,193
Utilities	509	2,154	353	3,016
Other	5,220	12,560	4,005	21,785
<b>Total Australia</b>	<b>120,144</b>	<b>120,640</b>	<b>377,165</b>	<b>617,949</b>
<b>Overseas</b>				
Accommodation and hospitality	682	631	32	1,345
Agriculture, forestry, fishing and mining	7,667	6,728	308	14,703
Business services and property services	1,002	590	65	1,657
Commercial property	4,635	2,676	52	7,363
Construction	874	587	74	1,535
Financial & insurance	8,470	2,889	5	11,364
Government & public authorities	1	-	33	34
Manufacturing	2,439	890	47	3,376
Personal	76	3	722	801
Residential mortgages <sup>(2)</sup>	1,060	1,039	53,110	55,209
Retail and wholesale trade	3,347	1,749	77	5,173
Transport and storage	1,532	3,624	539	5,695
Utilities	2,295	5,294	1,548	9,137
Other	1,737	1,069	59	2,865
<b>Total Overseas</b>	<b>35,817</b>	<b>27,769</b>	<b>56,671</b>	<b>120,257</b>
<b>Total gross loans and advances</b>	<b>155,961</b>	<b>148,409</b>	<b>433,836</b>	<b>738,206</b>

(1) Loans and advances which have no contractual maturity (including credit cards) are categorised as due over 5 years.

(2) Revolving mortgages are categorised as due less than 1 year.

	Less than 1 year \$m	1 to 5 year(s) \$m	Over 5 years \$m	Total \$m
<b>Nature of interest rate applicable to loans and advances</b>				
Variable interest rates				
Australia	83,209	66,593	346,040	495,842
Overseas	29,538	22,038	8,171	59,747
Fixed interest rates				
Australia	36,935	54,047	31,125	122,107
Overseas	6,279	5,731	48,500	60,510
<b>Total gross loans and advances</b>	<b>155,961</b>	<b>148,409</b>	<b>433,836</b>	<b>738,206</b>

## Asset quality disclosures

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 table provides details on non-performing exposures.

	2024 \$m	2023 \$m	2022 \$m
<b>Summary of non-performing exposures</b>			
Gross impaired assets			
Australia	1,174	838	860
Overseas <sup>(1)</sup>	303	422	169
<b>Total gross impaired assets</b>	<b>1,477</b>	1,260	1,029
Default but not impaired assets			
Australia	8,043	6,051	4,923
Overseas	710	681	551
<b>Total default but not impaired assets</b>	<b>8,753</b>	6,732	5,474
Non-performing exposures			
Australia	9,217	6,889	5,783
Overseas	1,013	1,103	720
<b>Total non-performing exposures<sup>(2)</sup></b>	<b>10,230</b>	7,992	6,503

(1) Increase during the full year to September 30, 2023 was due to customers affected by severe weather events in New Zealand. Collective provisions were held against these loans.

(2) Includes \$nil (2023: \$nil; 2022: \$32 million) of non-performing loans at fair value.



# Summary of loan loss experience

The following tables set out details of the Group's provision for credit impairment and associated credit impairment charges for loans at amortised cost for the years indicated.

For further information regarding the Group's provision for credit impairment on loans at amortised cost, see *Note 17 Provision for credit impairment on loans at amortised cost* in the 2024 Financial Report (attached to this 2024 Full Year U.S. Disclosure Document as part of Annex B Financial Statements).

## Credit impairment charge on loans at amortised cost

	2024 \$m	2023 \$m	2022 \$m
New and increased provisions (net of collective provision releases)	968	1,043	355
Write-backs of individually assessed provisions	(132)	(148)	(161)
Recoveries of amounts previously written off	(95)	(79)	(70)
<b>Total charge / (write-back) to the income statement</b>	<b>741</b>	<b>816</b>	<b>124</b>

## Provision for credit impairment on loans at amortised cost

	2024 \$m	2023 \$m	2022 \$m
Collective provision for credit Impairment - Performing 12 months ECL - Stage 1	666	529	448
Collective provision for credit Impairment - Performing lifetime ECL - Stage 2	3,400	3,540	3,276
Collective provision for credit Impairment - Non-performing lifetime ECL - Stage 3	1,099	977	817
<b>Total collective provision for credit Impairment</b>	<b>5,165</b>	<b>5,046</b>	<b>4,541</b>
Individually assessed provision for credit Impairment - Non-performing lifetime ECL - Stage 3	756	539	515
<b>Total provision for credit impairment</b>	<b>5,921</b>	<b>5,585</b>	<b>5,056</b>

## Collective provision for credit impairment by geography

	Collective provision <sup>(1)</sup>		
	2024 \$m	2023 \$m	2022 \$m
Australia	4,299	4,220	3,872
Overseas	866	826	669
<b>Total collective provision for credit impairment</b>	<b>5,165</b>	<b>5,046</b>	<b>4,541</b>

(1) Collective provision includes collective provision performing 12 month ECL, collective provision performing lifetime ECL and collective provision non-performing lifetime ECL.

## Summary of loan loss experience (cont.)

### Individually assessed provision balances by industry category

	Individually assessed provision		
	2024 \$m	2023 \$m	2022 \$m
<b>Australia</b>			
Accommodation and hospitality	18	21	23
Agriculture, forestry, fishing and mining	38	35	29
Business services and property services	61	56	43
Commercial property	31	17	50
Construction	58	63	54
Financial and insurance	13	16	15
Manufacturing	164	49	21
Personal	2	3	2
Residential mortgages	45	55	66
Retail and wholesale trade	142	75	53
Transport and storage	31	39	34
Utilities	1	3	2
Other	31	30	51
<b>Total Australia</b>	<b>635</b>	<b>462</b>	<b>443</b>
<b>Overseas</b>			
Accommodation and hospitality	-	-	3
Agriculture, forestry, fishing and mining	39	11	6
Business services and property services	37	43	35
Commercial property	1	1	5
Construction	1	1	-
Financial and insurance	5	-	-
Manufacturing	13	1	1
Personal	-	1	1
Residential mortgages	14	5	4
Retail and wholesale trade	8	8	4
Transport and storage	-	6	12
Other	3	-	1
<b>Total Overseas</b>	<b>121</b>	<b>77</b>	<b>72</b>
<b>Total individually assessed provision for credit impairment</b>	<b>756</b>	<b>539</b>	<b>515</b>

### Total provision for credit impairment by geography

	Total provision		
	2024 \$m	2023 \$m	2022 \$m
Australia	4,934	4,682	4,315
Overseas	987	903	741
<b>Total provision for credit impairment</b>	<b>5,921</b>	<b>5,585</b>	<b>5,056</b>

## Write-offs from individually assessed provisions by industry category

	Write-offs from individually assessed provisions		
	2024 \$m	2023 \$m	2022 \$m
<b>Australia</b>			
Accommodation and hospitality	6	5	11
Agriculture, forestry, fishing and mining	11	3	12
Business services and property services	16	4	6
Commercial property	3	28	20
Construction	20	12	6
Financial and insurance	6	1	1
Manufacturing	3	6	20
Personal	290	208	136
Residential mortgages	30	25	36
Retail and wholesale trade	23	16	28
Transport and storage	31	5	6
Utilities	1	-	5
Other	18	33	10
<b>Total Australia</b>	<b>458</b>	<b>346</b>	<b>297</b>
<b>Overseas</b>			
Accommodation and hospitality	-	3	1
Agriculture, forestry, fishing and mining	5	2	11
Business services and property services	2	1	5
Commercial property	6	6	19
Construction	2	1	3
Manufacturing	1	1	1
Personal	21	19	18
Residential mortgages	3	1	1
Retail and wholesale trade	3	5	5
Transport and storage	6	-	1
Utilities	5	23	-
Other	-	1	-
<b>Total Overseas</b>	<b>54</b>	<b>63</b>	<b>65</b>
<b>Total write-offs from individually assessed provisions</b>	<b>512</b>	<b>409</b>	<b>362</b>

## Summary of loan loss experience (cont.)

### Recoveries of amounts previously written-off by industry category

	Recoveries of amounts previously written-off		
	2024 \$m	2023 \$m	2022 \$m
<b>Australia</b>			
Agriculture, forestry, fishing and mining	-	3	6
Financial and insurance	5	-	-
Personal	64	68	54
Residential mortgages	-	1	-
Retail and wholesale trade	20	-	-
Other	1	1	-
<b>Total Australia</b>	<b>90</b>	<b>73</b>	<b>60</b>
<b>Overseas</b>			
Commercial property	-	-	1
Financial and insurance	-	-	1
Personal	5	6	7
Residential mortgages	-	-	1
<b>Total Overseas</b>	<b>5</b>	<b>6</b>	<b>10</b>
<b>Total recoveries of amounts previously written-off</b>	<b>95</b>	<b>79</b>	<b>70</b>

# Deposits and other borrowings

The following table sets out the Group's liabilities in respect of deposits and other borrowings for the years indicated:

	2024 \$m	2023 \$m	2022 \$m
<b>Australia</b>			
Term deposits	166,380	150,538	123,115
On-demand and short-term deposits	278,882	269,740	276,249
Certificates of deposit	29,777	32,443	27,663
Deposits not bearing interest <sup>(1)</sup>	85,163	82,747	89,022
Commercial paper and other borrowings	33,869	34,835	43,150
Repurchase agreements	16,330	13,712	4,751
Fair value adjustment	(2)	3	-
<b>Total Australia</b>	<b>610,399</b>	<b>584,018</b>	<b>563,950</b>
<b>Overseas</b>			
Term deposits	40,636	41,386	32,934
On-demand and short-term deposits	30,336	30,229	34,098
Certificates of deposit	37,117	24,336	22,365
Deposits not bearing interest <sup>(1)</sup>	11,398	12,744	11,267
Commercial paper and other borrowings	831	1,274	3,207
Repurchase agreements	38,351	33,020	19,189
Fair value adjustment	(13)	(12)	(6)
<b>Total Overseas</b>	<b>158,656</b>	<b>142,977</b>	<b>123,054</b>
<b>Total deposits and other borrowings</b>	<b>769,055</b>	<b>726,995</b>	<b>687,004</b>

(1) Deposits not bearing interest include mortgage offset accounts.

## Maturities of deposits

The following table shows the maturity profile of all certificates of deposit, and additionally term deposits issued with a value of \$100,000 or more that are included within the deposits and other borrowings category at September 30, 2024:

	Less than 3 months \$m	3 to 6 months \$m	6 to 12 months \$m	Over 12 months \$m	Total \$m
<b>Australia</b>					
Term deposits	79,307	41,125	39,331	2,346	162,109
Certificates of deposit	9,619	18,020	2,138	-	29,777
<b>Total Australia</b>	<b>88,926</b>	<b>59,145</b>	<b>41,469</b>	<b>2,346</b>	<b>191,886</b>
<b>Overseas</b>					
Term deposits	13,703	10,368	6,985	1,913	32,969
Certificates of deposit	18,452	10,468	8,197	-	37,117
<b>Total Overseas</b>	<b>32,155</b>	<b>20,836</b>	<b>15,182</b>	<b>1,913</b>	<b>70,086</b>
<b>Total maturities of deposits</b>	<b>121,081</b>	<b>79,981</b>	<b>56,651</b>	<b>4,259</b>	<b>261,972</b>

## Deposits and other borrowings (cont.)

### Short-term borrowings

Short-term borrowings of the Group include the commercial paper programs of NAB, National Australia Funding (Delaware) Inc. and BNZ International Funding Limited. The following table sets out information concerning the Group's commercial paper programs for the years indicated:

	2024	2023	2022
	\$m	\$m	\$m
Balance outstanding at balance date	34,250	35,755	46,396
Maximum outstanding at any month end	35,810	41,893	48,771
Approximate average amount outstanding during the year	33,149	35,692	39,340
Approximate weighted average interest rate on average amount outstanding during the year (per annum)	5.6%	4.8%	1.1%

**Annex A Remuneration Report**  
**(extracts from the Group's 2024 Annual Report)**



# Remuneration Report

## Letter from the People & Remuneration Committee Chair, Kathryn Fagg

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the 2024 Remuneration Report, the first since my appointment as Chair of the People & Remuneration Committee. Our results reflect the continued execution of NAB's strategy, and our focus on being a trusted partner to our customers. We continued to support households and businesses in a challenging economic environment.

### Changes to the Executive Leadership Team

In 2024, NAB welcomed Andrew Irvine as the new Group CEO and Managing Director, succeeding Ross McEwan. Mr McEwan ceased to be the Group CEO and Managing Director on 2 April, and retired on 1 July following a transition period. The Board thanks Mr McEwan for his leadership and contribution to the Group during the past four-and-a-half years.

Three other changes were made to the Executive Leadership Team (ELT) with appointments from within NAB's senior leadership group, demonstrating succession planning and strong internal talent. The number of female ELT members increased from three to five, with female leadership across all three of our customer-facing businesses in Australia for the first time. Further details on the changes are provided in Section 2.2.

### Performance

Group Performance Indicators (GPI) achieved at 90% of target due to slight shortfalls in financial outcomes, Customer Net Promoter Score (NPS)<sup>(1)</sup> results, and gender equality (despite good progress on that measure). This was partially offset by pleasing colleague engagement initiatives and progress on technology modernisation.

Key outcomes in 2024 include:

- Cash earnings of \$7.1 billion<sup>(2)</sup> are 8.1% lower than the strong levels of 2023 but benefited from focused execution and a more stable operating environment in the second half.
- Cash earnings and return on total allocated equity (ROTAE) were slightly below target. The result reflected a weaker revenue performance primarily as a result of ongoing competitive pressures, partially offset by balance sheet momentum and higher expenses.
- Total dividend paid of 168 cents per share, fully franked for the year ended 30 September 2024, returning \$5.2 billion to our shareholders. This is an increase from the 161 cents per share in 2023.
- Market share performance in key categories was below expectations.
- NPS results were mixed. NAB retained #1 position among the major Australian banks in the Corporate and Institutional Banking segment, and moved to #1 for High Net Worth and Mass Affluent. NAB remained #2 in the Mass Consumer and Business segments<sup>(3)</sup>.
- Colleague engagement remained in the top quartile and improved by 1% from 2023 to 78%<sup>(4)</sup> (with top quartile being

77%). This reflects our focus on the colleague experience where we actioned responses to colleague feedback.

- Provided (or facilitated) \$7 billion in environmental finance to customers, towards NAB's \$80 billion 2030 environmental finance ambition announced in June 2024<sup>(5)</sup>.

Further detail on Group performance and remuneration outcomes is in Section 4.

### Remuneration for colleagues

The new Enterprise Agreement is a three-year agreement that came into effect in 2024, bringing certainty about pay and benefits for colleagues. The Enterprise Agreement provided a Fixed Remuneration (FR) increase of up to 5% to eligible colleagues in January 2024.

Progress was made towards gender equality with a reduction of the gender pay gap to 15.1%<sup>(6)</sup>. NAB continues to address gender representation across the Group, particularly for leadership roles.

Additional information about colleague benefits and progress on key initiatives is provided in Section 1.3.

### Remuneration for the Group CEO and Group Executives

The Board has exercised restraint in executive remuneration and differentiated reward outcomes to reflect the contributions of each senior executive.

Key remuneration outcomes in 2024 were:

- Andrew Irvine's FR was increased on his appointment as the Group CEO and Managing Director. Mr Irvine's Annual Variable Reward (VR) outcome was 90% of his target opportunity (68% of maximum). Mr Irvine's Annual VR outcome reflected his time in the Group Executive, Business and Private Banking and Group CEO and Managing Director roles during 2024.
- Ross McEwan's Annual VR outcome as outgoing Group CEO and Managing Director was 90% of his target opportunity (68% of maximum). This amount reflects the period for which he was in the role.
- Annual VR outcomes for Group Executives ranged from 72% to 108% of target opportunity (54% to 81% of maximum).
- The 2019 LTVR (granted in February 2020) vested at 100% based on a TSR outcome at the 75th percentile over 4 years. This reflected strong financial performance and consistent execution of our strategy over the performance period.

Further detail on the executive remuneration outcomes and arrangements is provided in Section 2 and Section 4.

### Regulatory updates relevant to the Group's remuneration frameworks

In 2024, the Financial Accountability Regime (FAR) replaced the Banking Executive Accountability Regime (BEAR). This resulted in minor changes to our executive remuneration framework. We also completed our first annual review of our compliance with the new prudential standard on remuneration, CPS 511. Further details can be found in Section 1.3.

(1) Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter Score™ is a service mark of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.  
(2) Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of the Company is set out in *Note 2 Segment information* of the Financial Report on page 178.  
(3) Sourced from RFI Global – Atlas, measured on 6 month rolling average to August 2024. Further details can be found in section 4.1 and on page 5 and 12.  
(4) Employee Engagement Survey Result conducted using Glint. For the purposes of the GPI and Group CEO Scorecard, colleague engagement score is 78.5% and excludes BNZ. Further details can be found in section 4.1.  
(5) NAB's environmental finance ambition was announced in June 2024 and is for the period 1 October 2023 to 30 September 2030. Further information can be found in the 'Environmental finance ambition' section of NAB's 2024 Climate Report.  
(6) The pay gap analysis indicates the mean gender pay gap within NAB's Australian-based workforce. Further details can be found in section 1.3.

## Remuneration Report (cont.)

On behalf of the Board, I invite you to read this Remuneration Report which will be presented for adoption at the 2024 AGM.

A handwritten signature in black ink, reading 'KJ Fagg'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kathryn Fagg  
People & Remuneration Committee Chair  
7 November 2024

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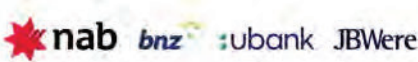
Section 1 - Our remuneration frameworks

1.1 Strategic context for remuneration at NAB

Our Group Strategy and remuneration principles

Our remuneration frameworks are informed by the Group Strategy which focuses on customers and colleagues. Our remuneration principles support the delivery of our strategic priorities as outlined below. The Group operates an executive remuneration framework for the Group CEO and Group Executives, and a broader colleague remuneration framework. Our Group Strategy for 2020 to 2024 is outlined below.

Our strategic ambition



Why we are here

To serve customers well and help our communities prosper

Who we are here for



Colleagues

Trusted professionals that are proud to be a part of NAB



Customers

Choose NAB because we serve them well every day

What we will be known for

Relationship-led

Relationships are our strength

- 1. Exceptional bankers
- 2. Unrivalled customer value (expertise, data and analytics)
- 3. Truly personalised experiences

Easy

Simple to deal with

- 1. Simple products and experiences
- 2. Seamless – everything just works
- 3. Fast and decisive

Safe

Responsible & secure business

- 1. Strong balance sheet
- 2. Leading, resilient technology and operations
- 3. Pre-empting risk and managing it responsibly

Long-term

A sustainable approach

- 1. Commercial responses to society's biggest challenges
- 2. Resilient and sustainable business practices
- 3. Innovating for the future

Where we will grow

Business & Private

Clear market leadership

Corporate & Institutional

Disciplined growth

Personal

Simple & digital

BNZ

Personal & SME

ubank

Customer acquisition

How we work



Excellence for customers



Grow together



Be respectful



Own it

Measures for success



Engagement



NPS growth



Cash EPS growth



Return on Equity

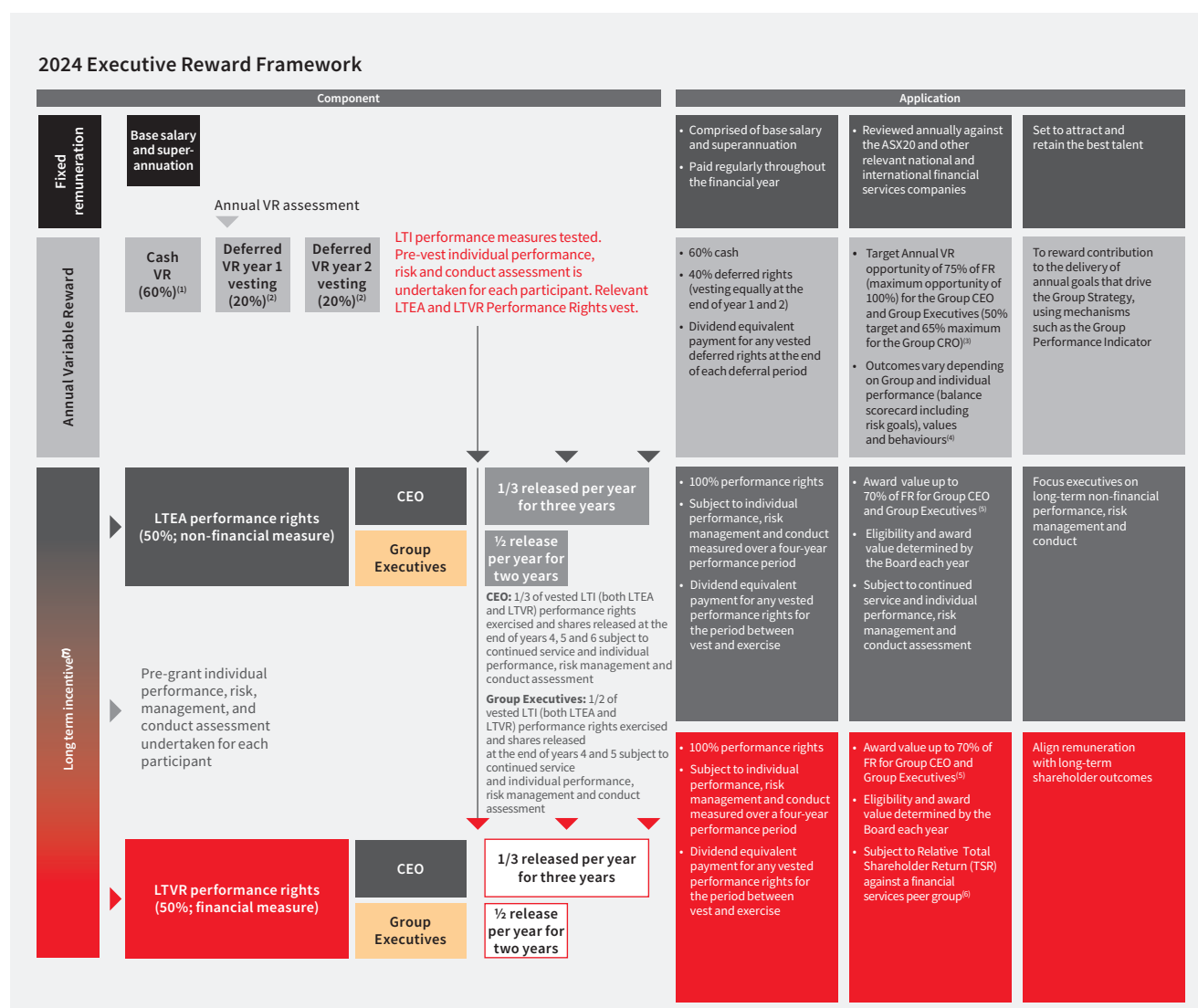
There are six underpinning remuneration principles where we seek to demonstrate how we approach remuneration to all stakeholders, including our customers, regulators, communities and colleagues. We intend to be fair, appropriate, simple and transparent. The executive remuneration framework outlined in Section 1.2 is governed by the Group Strategy and Group remuneration principles. These principles inform our Group remuneration framework, remuneration policy and remuneration structures.

Customers	Colleagues	Shareholders	Transparent	Safe	Long-term
Reinforce our commitment to customers	Fair and appropriate reward to attract and retain the best people	Align reward with sustainable shareholder value	Simple and easy to understand	Reflect risk, reputation, conduct and values outcomes	Drive delivery of long-term performance

## 1.2 Executive remuneration framework in 2024

The Group remuneration principles inform the remuneration framework for the Group CEO and Group Executives. The framework reinforces our commitment to customers, aligns with sustainable shareholder value creation and reflects risk, reputation, conduct, sustainability and values (How We Work) outcomes. The framework supports the Group CEO and Group Executives to drive both short and long-term performance. The requirement to hold a minimum shareholding enhances the alignment between the interests of shareholders and the Group CEO and Group Executives.

As foreshadowed in the 2023 Remuneration Report, our new executive remuneration framework came into effect on 1 October 2023. The new framework complies with APRA's Prudential Standard CPS 511 Remuneration (CPS 511) while maintaining a strong focus on individual performance, the management of financial and non-financial risks and driving short and long-term performance, sustainable shareholder growth and a focus on customer outcomes. The diagram below illustrates the new executive remuneration framework that applied to the Group CEO and Group Executives in 2024. Further information can be found in section 3.



Board discretion applies for qualitative matters including risk, reputation, conduct, and values to ensure sustainable performance (including malus and clawback). Further details about how the Board applies discretion on remuneration matters can be found in Section 5.2.

## Remuneration Report (cont.)

- (1) Cash VR is paid at the end of the financial year.
- (2) Deferred VR is exercised automatically on vesting. Vesting and exercise occurs at the end of the financial year.
- (3) Target Annual VR opportunity is 75% of FR for the Group CEO and Group Executives (50% for the Group CRO).
- (4) The outcome for the CEO and Managing Director, Bank of New Zealand (BNZ) will vary depending on overall Group and BNZ performance.
- (5) The actual value delivered to the Group CEO or a Group Executive is subject to the level of achievement against the performance measures and NAB's share price at the time of exercise.
- (6) The Relative TSR financial services peer group for the LTVR allocated on 22 February 2024 was AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia, Insurance Australia Group Limited, Macquarie Group Limited, Medibank Private Limited, NIB Holdings Limited, QBE Insurance Group Limited, Suncorp Group Limited and Westpac Banking Corporation. The acquisition of the banking business of the Suncorp Group Limited (Suncorp Bank) by Australia and New Zealand Banking Group Limited in 2024 did not impact the TSR peer group.
- (7) The Long-Term Incentive (LTI) comprises of 50% Long-Term Equity Award (LTEA) and 50% Long-Term Variable Reward (LTVR).

### Minimum shareholding requirement

No change was made to the executive minimum shareholding requirement in 2024.

To align with shareholder interests, executives are required to hold NAB shares to the value of two times FR (for the Group CEO) and one times FR (for Group Executives). Newly appointed executives are required to satisfy the minimum shareholding requirement within a five-year period from the date of commencement in their role.

The value of an executive's shareholding is based on the share price on the last day of the financial year (i.e., 30 September).

The Group CEO and Group Executives have either met or are on track to meet their minimum shareholding requirement.

Holdings included in meeting the minimum shareholding requirement are NAB shares, unvested deferred shares and deferred rights not subject to further performance conditions held by the executive, and shares held by a closely related party or self-managed superannuation fund for the benefit of the executive.

### 1.3 Colleague remuneration framework

Informed by our remuneration principles, the colleague remuneration framework as outlined below applies to colleagues below the Group Executive level.

	Fixed Remuneration (FR)	Annual Variable Reward (VR)	Annual Equity Award
WHO	Colleagues appointed to Group 1 – 6 roles <sup>(1)</sup>	Colleagues appointed to Group 3 – 6 roles <sup>(1)</sup>	Certain colleagues appointed to Group 5 and 6 roles <sup>(1)</sup>
WHAT	<ul style="list-style-type: none"> <li>FR is comprised of base salary and superannuation</li> <li>Paid regularly during the financial year</li> <li>In addition to FR, a \$1,000 share or cash grant to eligible colleagues in Group 1 – 5 roles will be made after the end of the financial year<sup>(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Cash and restricted shares (where the Annual VR outcome meets the relevant deferral threshold)<sup>(2)</sup></li> <li>Cash component paid at the end of the financial year</li> <li>Restricted shares are allocated at the end of the financial year and vest over the deferral period applicable to the colleague's role</li> </ul>	<ul style="list-style-type: none"> <li>100% restricted shares (1/3 scheduled to vest at the end of year 1, year 2 and year 3)</li> <li>Allocated at the end of the financial year based on a pre-grant assessment of individual performance and conduct during the year</li> </ul>
WHY	<ul style="list-style-type: none"> <li>Market competitive remuneration for role and experience to attract and retain high performing individuals</li> <li>Only component of remuneration for some colleagues, providing certainty and encouraging stronger focus on customers</li> <li>The \$1,000 share or cash grant recognises colleague contribution to Group performance in the year</li> </ul>	<ul style="list-style-type: none"> <li>To reward contribution to delivery of annual goals that drive the Group's strategy</li> <li>Motivates performance and safe growth for colleagues who have increased accountability for and influence over the Group's annual performance</li> <li>VR targets have been standardised to create more consistency and fairness</li> </ul>	<ul style="list-style-type: none"> <li>To create shareholder alignment, drive continued sustainable performance and emphasise focus on risk management, good conduct and behaviour outcomes</li> </ul>

Board discretion applies for qualitative matters including risk, reputation, conduct and values to ensure sustainable performance (including for malus and clawback)

At Risk

(1) Roles are defined in the NAB Enterprise Agreement 2024. Group 1 - 6 roles are roles below the Group CEO and Group Executives (which are Group 7 roles).

(2) Deferral thresholds and deferral periods are different depending on the incentive plan participated in and the seniority of the colleague.

(3) The grant of shares or cash and the value of the award is determined by the Board each year in its discretion.



## Colleague benefits and initiatives

NAB provides a broad range of benefits including financial and other well-being benefits. This includes flexible work arrangements, up to two days of volunteer leave per year, and wellness and mental health resources through our Employee Assistance Program.

Regular feedback from our colleagues is central to making NAB a great place to work. NAB's engagement survey is a part of our ongoing, continuous listening which provides insights on what matters most to our colleagues and how to best support their teams. It's part of how NAB forms a picture of the overall colleague experience. In line with our commitment to make things simpler for colleagues, in 2024, the surveys were held twice, in February and July rather than once every quarter. This change has been made to provide more time for leaders to implement feedback and take meaningful actions between surveys.

Colleague recognition and appreciation are led through our NAB Honour program. NAB Honour recognises colleagues who get it right for our customers every time. It recognises people who role model 'How We Work' at NAB and deliver exceptional work aligned to our Group Strategy. Honourees may be an individual, an intact team, or a cross functional team that has worked together to achieve something significant.

In 2024, we continued our focus on pay equity, including greater representation of women in leadership roles across all areas of the Group (progress towards women in leadership roles can be found in the *Inclusion and diversity* section of our Annual Report). During our annual performance and reward review process, people leaders address and ensure gender pay equity through the performance and reward decisions they make. NAB's gender pay gap decreased to 15.1% in 2024 (15.8% in 2023)<sup>(1)</sup>.

NAB's new Enterprise Agreement is a three-year agreement effective from 15 February 2024<sup>(2)</sup> and provides certainty about pay and a range of additional benefits to colleagues including one week of additional leave (You Leave) every year for eligible colleagues. The 2024 Enterprise Agreement is a key part of our Colleague Strategy and how NAB attracts and retains talented professionals who will shape the future of banking.

Per the 2024 Enterprise Agreement, the FR increase effective from January 2025 for eligible colleagues below Group Executive level is based on colleagues' current FR as outlined below:

- FR below \$111,500: Colleagues will receive a minimum FR increase of 4%.
- FR of \$111,500 - \$146,300: Colleagues will receive a minimum FR increase of 2.5%.
- FR of \$146,301 - High Income Threshold (\$185,925): Colleagues will receive a minimum FR increase of 1.5%.
- FR above the High Income Threshold: A budget of 2.5% of FR has been allocated to these colleagues and will be distributed based on individual performance, internal peer relativities and external market remuneration positioning.

## CPS 511 annual compliance review

NAB completed its first annual CPS 511 compliance review in 2024. The objective of the compliance review was to assess whether the Group's remuneration framework, policies and practices, remuneration design (including performance measures and performance, vesting and deferral periods), remuneration outcomes, consequence management practices and governance structures are compliant with the requirements of CPS 511. The review was conducted by independent external advisors and found NAB to be compliant with the requirements of CPS 511, with minor areas for improvement. All recommended changes have been implemented in 2024 and the Group will continue to undertake annual compliance reviews to monitor and continuously improve its remuneration framework, policies and practices.

## Financial Accountability Regime

The Financial Accountability Regime (FAR) which replaced the Banking Executive Accountability Regime (BEAR) came into effect in March 2024. In preparation for the FAR, NAB reviewed the remuneration framework for the Group CEO, Group Executives and other colleagues and made minor changes to the Group's Remuneration Policy and variable reward plans. The Group's Remuneration Policy and practices are compliant with the FAR.

(1) The pay gap analysis indicates the mean gender pay gap within NAB's Australian-based workforce, the reporting period for each year reflects 1 October to 30 September of the previous year (e.g., 2024 reflects the period 1 Oct 2022 to 30 Sept 2023). The gender pay gap is calculated by dividing the mean female base salary by the mean male base salary per employment level. It does not separately measure the gender pay gap in equivalent roles. Analysis included permanent (including CEO salary from 2024 as per WGEA reporting requirements), fixed term, and casual colleagues and excludes contractors. Figures shown are published by the Workplace Gender Equality Agency (WGEA).

(2) While the NAB Enterprise Agreement 2024 came into effect on 15 February 2024 with a nominal expiry date of 31 December 2026, benefits for our colleagues, such as a one-time payment of \$1,000, were implemented in September 2023, and Fixed Reward increases were implemented in January 2024.



## Section 2 – Key executive remuneration outcomes in 2024

### 2.1 Executive remuneration outcomes in 2024

Fixed Remuneration	As disclosed in our 2023 Remuneration Report, the Board approved FR increases between 2.7% to 6.9% for Group Executives effective from 4 January 2024 to reflect increased accountabilities and external pay relativity adjustments. The FR of new Group Executives and Group Executives who were appointed to a different role in 2024 was determined with reference to the market remuneration quantum observed for equivalent roles in the Australian market.						
2024 Performance and Annual VR outcomes	The Board considered performance across all elements of the Group scorecard <sup>(1)</sup> .						
	The 2024 Annual VR outcomes were:						
	Individual Annual VR outcomes						
	Position	% of FR	% of Target Opportunity		% of Maximum Opportunity		
	Group CEO <sup>(2)</sup>	68%	90%		68%		
	Group Executives	50% – 81%	72% – 108%		54% – 81%		
	The five-year overview below shows a reasonable distribution of outcomes at target VR opportunity. The level of variation in the outcomes for the Group CEO and Group Executives reflects appropriate pay for performance alignment.						
2019 Long-Term VR outcomes	% of Annual VR target						
	Position	2024	2023	2022	2021	2020	
	Group CEO <sup>(2)</sup>	90%	108%	111%	121%	0%	
	Group Executives	72% – 108%	81% – 117%	93% – 111%	105% – 149%	0%	
2019 Long-Term VR outcomes	The performance conditions for the 2019 Long Term Variable Reward (LTVR) award (granted in February 2020) were tested in November 2023. The 2019 LTVR award was granted subject to a Relative TSR performance hurdle, measured over a four-year period. The Board also assessed qualitative performance factors and individual performance prior to determining that 100% of the total performance rights should vest. The following table provides a five-year overview of the vesting outcomes of long-term VR awards. Further details are provided in Section 4.4.						
	Plan Terms	2019		2018	2017	2016	2015
	Allocation date	February 2020		No long term VR awards were granted in 2018	December 2017	February 2017	March 2016
	Performance period	4 years			4 years	4 years	4 years
	Date of testing	Nov 2023			Nov 2021	Nov 2020	Nov 2019
	Number of Group Executives (including the Group CEO) who held the award <sup>(3)</sup>	5			5	3	2
	% of award vested	100%			65.7%	55.8%	37.6%
	% of award lapsed	0%		34.3%	44.2%	62.4%	

(1) The Group scorecard outcome is expressed as the Group Performance Indicator (GPI), which is a key component in informing VR outcomes (refer to Section 3.2 where the mechanics of the Group Variable Reward Plan are explained).

(2) The Annual VR outcome for the Group CEO reflect the outcomes of both the new and previous Group CEO and was determined on a pro-rata basis with respect to their proportion of the year as Group CEO. The outcome for the new Group CEO was prorated to reflect the time for which he was Group CEO, and the time he was the Group Executive, Business and Private Banking.

(3) Number of Group Executives (including the Group CEO) who held the award and were a Group Executive on the vesting date of the awards.

## 2.2 Group executive appointments and exit arrangements

A number of changes were made to the Executive Leadership Team in 2024:

- Andrew Irvine was appointed the new Group CEO and Managing Director, succeeding Ross McEwan on 2 April.
- Ross McEwan ceased to be Group CEO and Managing Director on 2 April, and retired on 1 July following a transition period.
- Rachel Slade was appointed Group Executive, Business and Private Banking on 29 April. Ms Slade was previously Group Executive, Personal Banking.
- Ana Marinkovic was appointed Group Executive, Personal Banking on 29 April. Ms Marinkovic was previously Executive, Business Direct & Small Business.
- Cathryn Carver was appointed Group Executive, Corporate and Institutional Banking on 1 July. Ms Carver was previously Executive, Client Coverage.
- David Gall ceased to be Group Executive, Corporate and Institutional Banking on 1 July, and ceased employment with NAB on 1 October following a transition period.
- Angela Mentis ceased to be Group Chief Digital, Data and Analytics Officer and retired on 31 October 2023.

The following table outlines the remuneration arrangements for Group Executives as a result of role changes in 2024.

Group Executive	Remuneration arrangement
Andrew Irvine, Group Chief Executive Officer and Managing Director (appointed 2 April 2024, ceased to be the Group Executive, Business and Private Banking on 1 April 2024) <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Mr Irvine was previously Group Executive, Business and Private Banking. Mr Irvine's FR in this role was \$1,230,000.</li> <li>• Effective from the date of appointment as Group CEO and Managing Director, Mr Irvine's remuneration comprised of annual FR of \$2,500,000 with Annual VR target opportunity of 75% of FR (maximum opportunity of 100% of FR) and an LTI opportunity up to 140% of FR (comprising the LTEA component of 70% of FR and the LTVR component of 70% of FR).</li> <li>• Mr Irvine was provided with an additional grant of 30,572 performance rights under the LTI plan in respect of the 2024 financial year, in addition to the LTI performance rights already awarded in connection with his previous role. The additional performance rights are a "top up" grant to reflect the period of the 2024 financial year Mr Irvine served in the Group CEO role.</li> </ul>
Ross McEwan (ceased to be Group Chief Executive Officer and Managing Director on 2 April 2024, retired on 1 July 2024) <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Mr McEwan ceased to be Group CEO and Managing Director on 2 April, and retired on 1 July following a transition period.</li> <li>• Mr McEwan remained eligible to participate in the Annual VR plan for the 2024 financial year.</li> <li>• The Board determined that Mr McEwan's allocation of LTI performance rights approved by the shareholders at the 2023 Annual General Meeting should be reduced in recognition of Mr McEwan's retirement on 1 July 2024. A total reduction of 30,256 rights was applied resulting in the retention of 45,383 rights under LTEA and 45,383 rights under LTVR. All other rights allocated to Mr McEwan in prior years are retained subject to the terms and conditions of each award.</li> </ul>
Rachel Slade, Group Executive, Business and Private Banking (appointed 29 April 2024, ceased to be the Group Executive, Personal Banking on 28 April 2024)	<ul style="list-style-type: none"> <li>• Ms Slade was previously Group Executive, Personal Banking. Ms Slade's FR in this role was \$1,230,000.</li> <li>• Effective from the date of appointment as Group Executive, Business and Private Banking, Ms Slade's remuneration comprised of annual FR of \$1,300,000 with Annual VR target opportunity of 75% of FR (maximum opportunity of 100% of FR) and an LTI opportunity up to 140% of FR (comprising the LTEA component of 70% of FR and the LTVR component of 70% of FR).</li> </ul>
Ana Marinkovic, Group Executive, Personal Banking (appointed 29 April 2024, ceased to be the Executive, Business Direct & Small Business on 28 April 2024)	<ul style="list-style-type: none"> <li>• Ms Marinkovic was previously the Executive, Business Direct &amp; Small Business.</li> <li>• Effective from the date of her appointment, Ms Marinkovic's remuneration comprised of annual FR of \$1,150,000 with Annual VR target opportunity of 75% of FR (maximum opportunity of 100% of FR) and an LTI opportunity up to 140% of FR (comprising the LTEA component of 70% of FR and the LTVR component of 70% of FR).</li> <li>• Ms Marinkovic did not receive an LTI award (comprising the LTEA component and the LTVR component) in respect of the 2024 performance year.</li> </ul>
Cathryn Carver, Group Executive, Corporate and Institutional Banking (appointed 1 July 2024, ceased to be the Executive, Client Coverage on 30 June 2024)	<ul style="list-style-type: none"> <li>• Ms Carver was previously Executive, Client Coverage.</li> <li>• Effective from the date of her appointment, Ms Carver's remuneration comprised of annual FR of \$1,150,000 with Annual VR target opportunity of 75% of FR (maximum opportunity of 100% of FR) and an LTI opportunity up to 140% of FR (comprising the LTEA component of 70% of FR and the LTVR component of 70% of FR).</li> <li>• Ms Carver did not receive an LTI award (comprising the LTEA component and the LTVR component) in respect of the 2024 performance year.</li> </ul>
David Gall, Group Executive, Corporate and Institutional Banking (ceased to be Group Executive, Corporate and Institutional Banking on 1 July 2024, ceased employment on 1 October 2024) <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Mr Gall ceased to be Group Executive, Corporate and Institutional Banking on 1 July 2024.</li> <li>• Mr Gall ceased employment with NAB effective 1 October 2024 following a transition period in an advisory function providing support to the Group CEO and ELT members in the development of NAB's evolved Group strategic ambition.</li> <li>• In accordance with the terms of NAB's VR plans, Mr Gall retained all unvested deferred short-term and long-term VR awards. The awards remain subject to the relevant performance measures and restriction periods.</li> <li>• Mr Gall remained eligible to participate in the FY24 Annual VR plan. Mr Gall's Annual VR will be delivered in cash (60%) and deferred cash (40%), vesting in two equal annual tranches in accordance with the terms of the plan.</li> <li>• On cessation, Mr Gall received a payment in respect of statutory entitlements, support to transition to external opportunities and in recognition of his contribution to the Group. Payments made in connection with Mr Gall's cessation complied with the termination benefits regime in the <i>Corporations Act 2001</i> (Cth).</li> </ul>

## Remuneration Report (cont.)

Group Executive	Remuneration arrangement
Angela Mentis, Group Chief Digital, Data and Analytics Officer  (retired and ceased to be Group Chief Digital, Data & Analytics Officer on 31 October 2023) <sup>(4)</sup>	<ul style="list-style-type: none"> <li>Ms Mentis retired from NAB on 31 October 2023. In accordance with the terms of NAB's VR plans, Ms Mentis retained all unvested deferred short-term and long-term VR awards. The awards remain subject to the relevant performance measures and restriction periods.</li> <li>Ms Mentis did not participate in the FY24 Annual VR Plan.</li> <li>On retirement, Ms Mentis received a payment in respect of statutory entitlements and in recognition of her contribution to the Group. Payments made in connection with Ms Mentis' retirement complied with the termination benefits regime in the <i>Corporations Act 2001</i> (Cth).</li> </ul>

(1) The Annual VR outcome for Mr Irvine was 90% of his target opportunity (68% of maximum), determined on a pro-rata basis based on his VR opportunity and FR for the proportion of the year he was the Group Executive, Business and Private Banking, and the proportion of the year he was Group Chief Executive Officer.  
 (2) Mr McEwan's VR outcome was 90% of his target opportunity (68% of maximum). This amount reflects the period for which he was the Group CEO.  
 (3) Mr Gall remained employed by NAB during the period 1 July 2024 to 1 October 2024. He was not a KMP or a member of the Executive Leadership Team in this period.  
 (4) Details of Ms Mentis' retirement was previously detailed in the 2023 Remuneration Report. As her retirement occurred in the 2024 financial year, relevant details are also included in this report.

### 2.3 Other changes to executive remuneration arrangements

Group Executive	Remuneration arrangement
Patrick Wright, Group Executive, Technology and Enterprise Operations	<ul style="list-style-type: none"> <li>Mr Wright was granted an award to the value of \$2,250,000 in the form of 77,800 performance rights on 22 February 2024 to recognise his accountability for delivering NAB's multi-year technology modernisation roadmap, a key initiative for the Group going forward.</li> <li>The Performance Rights are subject to satisfactory delivery of the technology modernisation roadmap which will be measured using the Technology Modernisation Score (TMS). The TMS is an objective measure that is also used to inform the Group Performance Indicator (GPI). The TMS will assess technology modernisation efforts and associated risk reduction over the 4 year performance period from 1 October 2023 to 30 September 2027.</li> <li>At the end of the 4 year performance period, the Board will determine the number of performance rights that vest. Half of the vested performance rights will be exercised immediately on vesting and the other half will be subject to a 12-month restriction period and cannot be exercised until 22 December 2028. The performance rights are subject to malus and clawback.</li> </ul>
Leslie Matheson, Group Executive Digital, Data and COO	<ul style="list-style-type: none"> <li>Effective 29 April 2024 Mr Matheson's remuneration comprised of annual FR of \$1,250,000 (9% increase from \$1,150,000) with Annual VR target opportunity of 75% of FR (maximum opportunity of 100% of FR) and an LTI opportunity up to 140% of FR (comprising the LTEA component of 70% of FR and the LTVR component of 70% of FR). The increase to Mr Matheson's remuneration reflects the accountabilities and responsibilities of the COO portfolio.</li> </ul>

### 2.4 Executive Remuneration in 2025

Feature	Description
<b>Fixed Remuneration</b>	<p>No increase was made to the FR of the Group CEO and Managing Director for 2025.</p> <p>The FR will be increased for the following five Group Executives effective 2 January 2025, reflecting the accountabilities and responsibilities of their portfolios, experience in the role, and appropriate alignment to the Financial Services market:</p> <ul style="list-style-type: none"> <li>Cathryn Carver – Group Executive, Corporate and Institutional Banking: from \$1,150,000 to \$1,200,000 (\$50,000 or 4.3% increase)</li> <li>Shaun Dooley – Group Chief Risk Officer: from \$1,300,000 to \$1,350,000 (\$50,000 or 3.8% increase)</li> <li>Nathan Goonan – Group Chief Financial Officer: from \$1,175,000 to \$1,200,000 (\$25,000 or 2.1% increase)</li> <li>Daniel Huggins – CEO and Managing Director BNZ: from \$1,180,123 to \$1,217,002 (\$36,879 or 3.1% increase)</li> <li>Sarah White – Group Executive, People and Culture: from \$900,000 to \$950,000 (\$50,000 or 5.6% increase)</li> </ul>
<b>2025 LTI award (LTEA and LTVR components)</b>	<p>The Board assessed the Group CEO and all Group Executives as having met the pre-grant individual performance, risk management and conduct assessments. Accordingly, the Board determined that each be awarded a 2025 LTI award, comprising the LTEA component and the LTVR component, each with a face value of 70% of FR (i.e., a total value of 140% of FR). The LTI award (LTEA and LTVR components) will be granted in December 2024.</p> <p>The actual value delivered to the Group CEO and each Group Executive is subject to the level of achievement against the relevant four-year performance measures and may be zero if the performance measures are not achieved.</p> <p>For the Group CEO, the 2025 LTI award comprising of the LTEA component (45,919 performance rights) and LTVR component (45,919 performance rights), based on NAB's weighted average share price of \$38.11 over the last five trading days of the 2024 financial year, will be granted in December 2024 subject to shareholder approval at NAB's 2024 AGM.</p>

## 2.5 Key management personnel

The list of NAB's Key Management Personnel (KMP) is assessed each year and comprises the non-executive directors of NAB, the Group CEO (an executive director of NAB) and the Group Executives who have authority and responsibility for planning, directing and controlling the activities of both NAB and the Group. The KMP during 2024 were:

Name	Position	Term as KMP
<b>Non-executive directors</b>		
Philip Chronican	Chair	Full year
Alison Kitchen	Director	Full year
Ann Sherry	Director	Full year
Anne Loveridge	Director	Full year
Carolyn Kay	Director	Full year
Christine Fellowes	Director	Full year
Douglas McKay	Director	Full year
Kathryn Fagg	Director	Full year
Simon McKeon	Director	Full year
<b>Former non-executive directors</b>		
David Armstrong	Director (to 15 December 2023)	Part year
Peeyush Gupta	Director (to 15 December 2023)	Part year
<b>Group CEO</b>		
Andrew Irvine <sup>(1)</sup>	Group CEO and Managing Director (from 2 April 2024)	Part year
<b>Group Executives</b>		
Ana Marinkovic	Group Executive, Personal Banking (from 29 April 2024)	Part year
Andrew Irvine	Group Executive, Business and Private Banking (to 1 April 2024)	Part year
Cathryn Carver	Group Executive, Corporate and Institutional Banking (from 1 July 2024)	Part year
Daniel Huggins <sup>(2)</sup>	CEO and Managing Director, BNZ	Full year
Les Matheson	Chief Operating Officer (to 31 October 2023) Group Executive, Digital, Data and Chief Operating Officer (from 1 November 2023)	Full year
Nathan Goonan	Group Chief Financial Officer	Full year
Patrick Wright	Group Executive, Technology and Enterprise Operations	Full year
Rachel Slade	Group Executive, Personal Banking (to 28 April 2024) Group Executive, Business and Private Banking (from 29 April 2024)	Full year
Sarah White	Group Executive, People and Culture	Full year
Sharon Cook	Group Executive, Legal and Commercial Services	Full year
Shaun Dooley	Group Chief Risk Officer	Full year
<b>Former Group Executives</b>		
Ross McEwan <sup>(3)</sup>	Group CEO and Managing Director (to 2 April 2024)	Part year
Angela Mentis <sup>(4)</sup>	Group Chief Digital, Data and Analytics Officer (to 31 October 2023)	Part year
David Gall <sup>(5)</sup>	Group Executive, Corporate and Institutional Banking (to 1 July 2024)	Part year

(1) Between 2 April 2024 and 29 April 2024, Andrew Irvine was also responsible for the transition of the Group Executive, Business and Private Banking role.

(2) All matters relating to the remuneration of Daniel Huggins including VR, have been approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand.

(3) Ross McEwan ceased to be a KMP and member of the Executive Leadership Team on 2 April 2024 and retired on 1 July 2024.

(4) Angela Mentis retired and ceased to be a KMP and member of the Executive Leadership Team on 31 October 2023.

(5) David Gall ceased to be a KMP and member of the Executive Leadership team on 1 July 2024 and ceased employment with NAB on 1 October 2024.

### Section 3 – Our 2024 executive remuneration framework

NAB's revised executive remuneration framework came into effect from 1 October 2023. Consistent with the previous framework, the 2024 executive remuneration framework incorporates remuneration deferral arrangements to ensure shareholder alignment. A proportion of remuneration is deferred in the form of equity for up to six years to encourage long-term decisions that create sustainable value for customers and shareholders. The new framework meets the requirements of CPS 511 and:

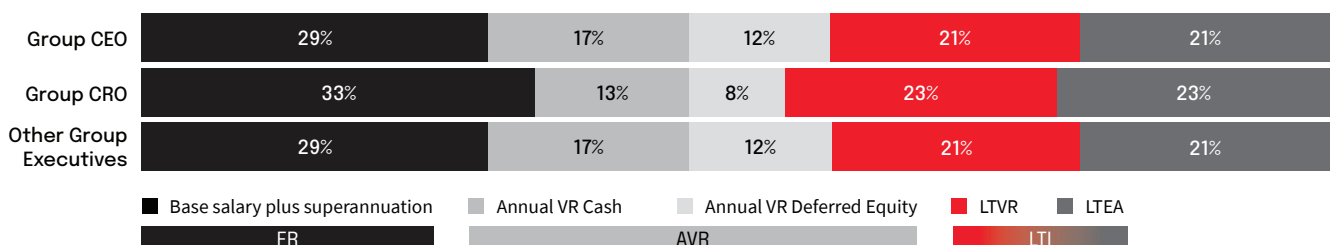
- maintains a strong focus on individual performance, conduct and management of financial and non-financial risks;
- drives short and long-term performance, sustainable shareholder growth and a focus on customer outcomes; and
- provides mechanisms to ensure remuneration outcomes will be commensurate with performance and risk outcomes.

All variable reward (unvested, vested or paid) is subject to malus and clawback. Refer to Section 5.2 for more detail.

#### 3.1 Remuneration mix

##### Remuneration mix

The 2024 remuneration mix for the Group CEO and Group Executives at maximum opportunity delivers approximately 70% of total remuneration as variable and 'at risk' remuneration. The actual remuneration mix for the Group CEO and each Group Executive is subject to Group<sup>(1)</sup> and individual performance each year.



##### Maximum remuneration opportunity

The chart below illustrates the maximum total remuneration opportunity of the Group CEO under the 2024 executive remuneration framework.

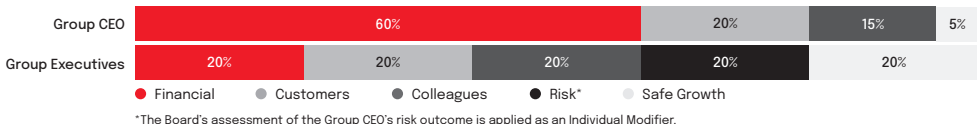
Andrew Irvine (Group CEO)	2,500,000	1,500,000	1,000,000	1,750,000	1,750,000	8,500,000
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#### 3.2 Annual variable reward for 2024

The table below outlines the key features of the Annual VR plan for the Group CEO and Group Executives.

Feature	Description																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Purpose	Annual VR rewards the Group CEO and Group Executives for delivery of annual goals that drive long-term sustainable performance. It provides an appropriate level of remuneration that varies based on the Board's determination of Group and individual performance over the financial year measured against agreed targets for financial and non-financial measures that are set to drive delivery of the Group's strategy. The plan is not wholly formulaic. Judgement is applied through qualitative assessment as determined by the Board.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Annual VR calculation	<div>Individual Annual VR awards for the Group CEO and Group Executives<sup>(1)</sup> are calculated as follows<sup>(2)</sup>:</div> <div><table><tr><th>Target Opportunity</th><th></th><th>Group Scorecard Group Performance Indicators + Qualitative Assessment</th><th></th><th>Individual Scorecard Individual Performance + Individual Modifier</th></tr><tr><td>FR x Annual VR target %</td><td>×</td><td>Key financial and non-financial measures to deliver the Group's strategy</td><td>+</td><td>Risk Modifier Quality of 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(1) The outcome for the CEO and Managing Director, BNZ will vary depending on overall Group and BNZ performance.

Feature	Description
<b>Group performance</b>	Group performance is assessed on achievement of financial and non-financial measures (GPI) linked to the Group's key strategic priorities, overlaid by a qualitative assessment. The qualitative assessment may result in the outcome being adjusted upwards or downwards (including to zero) for risk, quality of performance (including consideration of financial and customer outcomes, sustainability matters, and progress made against strategy) and any other matters as determined by the Board.
<b>Individual performance and measures</b>	<p>Individual performance is assessed against a scorecard comprised of key financial and non-financial goals. The weighting of measures reflects the responsibilities for each individual's role. The Group CEO's 2024 scorecard is aligned to the GPI.</p>  <p><b>Individual performance modifiers:</b> The Board considers three individual performance modifiers which may result in an adjustment to an individuals' performance and VR outcomes:</p> <ul style="list-style-type: none"> <li>• Risk: the individual's management of risk and compliance.</li> <li>• Employee conduct: individual performance and VR outcomes may be reduced where expected standards of conduct are not met.</li> <li>• How We Work: the individual's demonstration of NAB's values.</li> </ul>
<b>Award delivery and deferral</b>	<p>Annual VR is delivered as a combination of cash and deferred rights. The cash component of Annual VR is paid following the performance year to which it relates.</p> <p>Deferred rights will be granted in December 2024 and are scheduled to vest pro-rata over two years from grant. Deferred rights are granted and may vest at the Board's discretion, subject to the relevant plan rules including malus and clawback provisions.</p> <p>A dividend equivalent payment for any vested deferred rights is paid at the end of each deferral period.</p>
<b>Separation</b>	<p>If the Group CEO or a Group Executive resigns, they will not receive any Annual VR for that year and any unvested deferred rights will be forfeited.</p> <p>Unvested awards may be retained on separation in other circumstances prior to the end of the vesting period. The Board retains discretion to determine a different treatment. Vesting of any unvested awards retained will generally not be accelerated and will continue to be held by the individual on the same terms.</p>
<b>Board discretion</b>	The Board has extensive discretion in respect of the Annual VR awarded. Further detail on governance of Annual VR is outlined in Section 5.2.

- (1) All matters relating to the remuneration of Daniel Huggins, CEO and Managing Director, BNZ, including scorecard measures and performance assessment, have been approved by the BNZ Board as required under BNZ's Conditions of Registration which are set by the Reserve Bank of New Zealand. Daniel Huggins' Annual VR is calculated as VR Target Opportunity x (25% Group performance + 75% BNZ performance) x Individual Performance Score. BNZ performance is assessed based on Customer (30%); Colleagues (12.5%); Safe Growth (7.5%) and Financial measures(50%). The assessed overall BNZ performance for 2024 was 99%.
- (2) Where a Group Executive had a change in role, the annual variable reward was prorated to reflect the different roles.



### 3.3 Long-term incentive in 2024

The Long Term Incentive (LTI) is comprised of two equally weighted components of remuneration which together provide material weight to financial and non-financial measures in compliance with APRA requirements. These two components are the Long-Term Equity Award (LTEA) and Long-Term Variable Award (LTVR). The LTI is awarded to the Group CEO and Group Executives through the process described below.

Pre-grant risk and conduct assessment	Performance period	Pre-vest risk and conduct assessment	Exercise of vested performance rights and allocation of shares <sup>(1)</sup>
Start of year 1	Year 1 - year 4	End of year 4	End of year 4 End of year 5 End of year 6
<b>1. Pre-grant individual performance, risk management and conduct assessment</b> <p><b>Performance Criteria</b></p> <ul style="list-style-type: none"> <li>Individual performance</li> <li>Risk Management</li> <li>Conduct (How We Work)</li> </ul> <p>Board discretion to adjust outcome</p> <p><b>Application</b></p> <p>Number of awards granted determined by the Board</p> <p><b>Outcome</b></p> <p>Performance rights granted</p>	<b>2. Assessment of LTEA and LTVR performance measures</b> <p><b>LTEA</b></p> <p>Non-financial measure: NAB Group meets or exceeds risk expectations and maintains an acceptable level of risk exposure within the agreed appetite levels for risks specific to NAB Group.</p> <p><b>LTVR</b></p> <p>Financial measure: Total Shareholder Return relative to a peer group of comparator companies.</p> <p><b>Application</b></p> <p>Preliminary vesting outcome determined by the Board</p>	<b>3. Pre-vest individual performance, risk and conduct assessment</b> <p><b>Performance Criteria</b></p> <ul style="list-style-type: none"> <li>Individual performance</li> <li>Risk Management</li> <li>Conduct (How We Work)</li> </ul> <p>Board discretion to adjust outcome</p> <p><b>Application</b></p> <p>Vesting outcome determined by the Board</p> <p><b>Outcome</b></p> <p>Performance rights vest</p>	<b>4. Assessment of Individual performance, risk and conduct prior to allocation of shares</b> <p><b>Performance Criteria</b></p> <ul style="list-style-type: none"> <li>Individual performance</li> <li>Risk Management</li> <li>Conduct (How We Work)</li> </ul> <p>Board discretion to adjust outcome</p> <p><b>Application</b></p> <p>Number of vested performance rights that will be exercised is modified by the Board where an event or matter justifies the adjustment</p> <p><b>Outcome</b></p> <p>Performance rights are exercised and shares are allocated</p>

(1) Shares are allocated to the Group CEO in three equal tranches at the end of years 4, 5 and 6 (i.e., 33% per year). Shares are allocated to the Group Executives in two equal tranches at the end of years 4 and 5 (i.e., 50% per year).

Individual performance, risk management, and conduct (How We Work) considerations are set out in our risk management and conduct framework in Section 5.3.

The table below details the key features of the 2024 LTI award for the Group CEO and Group Executives.

Feature	Description
<b>Purpose</b>	The LTI award (comprising the LTEA and LTVR components) is granted by the Board to encourage long-term decision making critical to creating long-term value for shareholders. The LTI is determined and awarded independently from Annual VR decisions.
<b>Participants</b>	Group CEO and Group Executives as determined by the Board.
<b>Award value</b>	The maximum face value of the LTI award granted is 140% of FR for the Group CEO and Group Executives, with the LTEA and LTVR components being weighted equally (i.e., each 70% of FR). The actual value of the LTI award granted to the participant is determined by the Board based on the pre-grant assessment.
<b>Instrument</b>	The LTI award (comprising the LTEA and LTVR components) is provided as performance rights. Each vested performance right entitles its holder to receive one NAB share upon exercise.
<b>Pre-grant assessment</b>	At the end of the preceding performance year, an individual assessment of each participant is undertaken to determine the value of performance rights to be awarded to the participant. The Board assesses each participant based on individual performance in the preceding performance year, and risk and conduct considerations as detailed in our risk management and conduct framework in section 5.3.
<b>Grant date</b>	The 2024 LTI award (comprised of LTEA and LTVR components) was granted on 22 February 2024.
<b>Allocation approach</b>	The number of performance rights granted was calculated by dividing the LTEA and LTVR award face value by NAB's weighted average share price over the last five trading days of the preceding financial year. The weighted average share price used for the 2024 awards, which were allocated on 22 February 2024 was \$28.92.
<b>Performance period</b>	Four years from 15 November 2023 to 15 November 2027.
<b>Assessment of performance measures</b>	The LTEA and LTVR components are assessed against their respective performance measures over the performance period to determine the number of performance rights that are eligible for vesting.



Feature	Description										
Long-term Incentive (LTI)	<b>LTEA</b> The risk management measure is a non-financial measure that tests whether NAB meets or exceeds risk expectations and maintains an acceptable level of risk exposure within the agreed appetite levels for risks specific to the Group over the performance period.										
	<b>LTVR</b> The LTVR component is tested by assessing NAB's TSR performance relative to the peer group as calculated by an independent provider. TSR measures the return that a shareholder receives through dividends (and any other distributions) together with capital gains over a specific period. For the purposes of calculating TSR over the performance period, the value of the relevant shares on the start date and the end date of the performance period are based on the volume weighted average price of those shares over the 30 trading days up to and including the relevant date. NAB's TSR over the performance period is measured against the TSR of each company in the TSR peer group to determine the level of vesting:										
	<table><tr><th>NAB's relative TSR outcome</th><th>Level of vesting</th></tr><tr><td>At or above 75th percentile</td><td>100%</td></tr><tr><td>Between 50th and 75th percentiles</td><td>Pro-rata vesting from 50% to 100%</td></tr><tr><td>At 50th percentile</td><td>50%</td></tr><tr><td>Below 50th percentile</td><td>0%</td></tr></table>	NAB's relative TSR outcome	Level of vesting	At or above 75th percentile	100%	Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%	At 50th percentile	50%	Below 50th percentile	0%
	NAB's relative TSR outcome	Level of vesting									
	At or above 75th percentile	100%									
	Between 50th and 75th percentiles	Pro-rata vesting from 50% to 100%									
	At 50th percentile	50%									
	Below 50th percentile	0%									
	The TSR peer group is AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia, Insurance Australia Group Limited, Macquarie Group Limited, Medibank Private Limited, NIB Holdings Limited, QBE Insurance Group, Suncorp Group Limited and Westpac Banking Corporation.										
<b>Pre-vest assessment</b>	Performance rights will vest at the end of the performance period subject to continued service and pre-vest individual performance, risk and conduct assessment. The Board assesses each participant based on individual performance over the performance period, and risk and conduct considerations as detailed in our risk management and conduct framework in Section 5.3.  The Board has extensive discretion to downward adjust the number of performance rights vesting for each participant, including to zero. Any performance rights that do not vest following testing will lapse.										
<b>Exercise of vested Performance Rights</b>	The vested performance rights will be exercised and converted into shares: <ul style="list-style-type: none"><li>For the CEO, in three equal annual tranches commencing at the end of the performance period (i.e., 33%, 33% and 34% each year)</li><li>For the ELT, in two equal annual tranches commencing at the end of the performance period (i.e., 50% per year)</li></ul> Prior to the performance rights being exercised, the Board assesses each participant based on individual performance over the performance period, and risk and conduct considerations as detailed in our risk management and conduct framework in Section 5.3.  The number of vested performance rights that can be exercised may be modified by the Board where an event or matter justifies the adjustment.										
<b>Value of final outcome</b>	The final value delivered to each participant is determined by the number of performance rights that ultimately vest following testing, the number of vested performance rights which are exercised subject to individual performance, risk and conduct assessment, and NAB's share price at the time of exercise.  The final value may be zero if performance measures are not achieved, or if the Board exercises its discretion to adjust any outcomes to zero.										
<b>Dividends</b>	No dividends are paid throughout the performance period. A dividend equivalent payment is paid for any vested performance rights for the period between vesting and exercise.										
<b>Separation</b>	The treatment of performance rights will depend on the reason for separation: <ul style="list-style-type: none"><li>Resignation: performance rights will be forfeited in full</li><li>All other circumstances including retrenchment and retirement: the performance rights will be retained in full unless otherwise determined by the Board in its absolute discretion<sup>(1)</sup></li></ul> Any performance rights a participant continues to hold will remain subject to the relevant performance measure, with the measure being tested in accordance with the normal timetable.										
<b>Board discretion</b>	The Board has extensive discretion in respect of the LTEA and LTVR, including the initial value granted, the number of performance rights that vest, and any forfeiture or clawback applied. Further detail is provided in Section 5.2.										

(1) For example, if a participant retires prior to the end of the financial year in which the performance rights are granted, generally the Board will exercise its discretion to allow the participant to retain a pro-rata portion of the performance rights reflecting the proportion of the LTI performance period served when the retirement occurs

## Section 4 – Remuneration outcomes

### 4.1 Group CEO's performance





The table below shows the key 2024 performance measures for the Group CEO and Group Executives. The Board's assessment of the Group CEO's performance is aligned to the Group's performance as informed by the GPI, while considering risk and individual conduct matters which may be applied to modify the final remuneration outcome.

The GPI is linked to the Group's key strategic priorities having regard to both financial and non-financial performance including matters relating to reputation, culture, quality of performance, or any other matters that might impact performance. Progress on sustainability matters is also considered, including progress against sustainability priorities, support for customers (including affordable housing, First Nations affairs, customers experiencing vulnerability, and scam and fraud prevention), and community initiatives.

The 2024 GPI achieved at 90% of target. As part of our governance process, the GPI outcome may also be modified by the Board due to unsatisfactory risk or conduct findings. The Group Risk Performance assessment, undertaken by the Group Chief Risk Officer, reviewed the Group's practices and presented the findings to the Board and the Board Risk & Compliance Committee. The Board did not apply its discretion to modify the final GPI outcome.

#### Group CEO performance outcome

The Board has considered the performance of the new and previous Group CEO in line with NAB's group performance, risk, and conduct frameworks.

		 Target*	
		*Outcomes above target indicate outperformance	
Goal, objective and assessment	Weighting	Scorecard outcome	Outcome <sup>(1)</sup>
<b>Financial: Deliver attractive returns, safe growth and the financial plan</b>			
Financial performance was slightly below plan. The Group's balance sheet maintained good momentum with strong liquidity through 2024.	25%	<b>Cash Earnings</b>  Outcome: \$6,879m Target: \$7,097m	23.5%
<ul style="list-style-type: none"> <li>Return on total allocated equity (expected loss basis)<sup>(2)</sup> of 11.93% was 23 basis points unfavourable to budget.</li> <li>Cash earnings (expected loss basis)<sup>(3)</sup> of \$6,879 million was \$218 million or 3.1% unfavourable to budget.</li> </ul>	25%	<b>ROTA E</b>  Outcome: 11.93% Target: 12.16%	24.1%
<ul style="list-style-type: none"> <li>Market Share<sup>(4)</sup> performance across key categories was below expectations.</li> <li>Financial performance reflected a weaker revenue performance primarily as a result of ongoing competitive pressures, partially offset by balance sheet momentum and higher expenses.</li> </ul>	10%	<b>Market Share</b>  Outcome range: 0.6x - 1.1x Target range: 0.8x - 1.2x	8.4%
<b>Customers: Deliver a great customer experience and grow customer advocacy</b>			
Continued support for our customers when they needed us most, including when they were experiencing financial difficulty, vulnerability or when they needed to raise a complaint.			
<ul style="list-style-type: none"> <li>Corporate and Institutional Banking NPS<sup>(5)</sup> leads peers and maintains a significant lead in the relationship strength index, outperforming target<sup>(6)</sup>.</li> <li>Mass Consumer NPS maintained #2 ranking<sup>(7)</sup> among the major Australian banks and improved to -1, 3 points above the 2023 baseline<sup>(8)</sup>.</li> <li>Business NPS maintained #2 ranking<sup>(7)</sup> among the major Australian banks and was 5 points below the 2023 baseline at +8<sup>(9)</sup>, this decline was in line with peers. Second half of 2024 saw improvements across all customer segments.</li> </ul>	20%	<b>Customer</b> 	15%
<ul style="list-style-type: none"> <li>High Net Worth and Mass Affluent NPS moved to #1<sup>(7)</sup> of the major Australian banks and became positive at +4, 11 points above baseline<sup>(10)</sup>.</li> <li>Continued improvement to complaints handling and resolution and regulatory completion of major Wealth remediation programs.</li> <li>Provided (or facilitated) \$7 billion in environmental finance to customers, towards our \$80 billion 2030 environmental financing ambition, including through Green Finance for Equipment, Agri Green Loan, and Green Commercial Real Estate.</li> <li>Supported customers through affordable and specialist housing of \$2.2bn in lending, First Nations business financing of \$463.8m, and no interest loans of \$64m.</li> </ul>			

## Remuneration Report (cont.)

<p><b>Colleagues:</b> <i>Lead cultural change through energy, positivity, simplicity and engaged colleagues</i></p> <p>Colleague engagement increased steadily throughout the year achieving an average colleague engagement score of 78 for 2024, against target of 77, which was a top quartile outcome<sup>(1)</sup>.</p> <ul style="list-style-type: none"> <li>Gender representation of women in Leadership (Group 4 – 6) roles improved (0.5% increase) however was below target of 1.4%.</li> <li>Redefined Colleague Strategy within the evolved Group strategic ambition.</li> <li>Implemented 'My Next Move' to maximise redeployment opportunities across NAB, and single view of workforce reporting.</li> </ul>	7.5%	<p><b>Colleague Engagement</b></p>	8.6%
	7.5%	<p><b>Gender Equality</b></p>	3.9%
	5%	<p><b>TMS</b></p>	6.5%
<p><b>Safe Growth:</b> <i>Support the Group Strategy through gradual elimination of complex and ageing technology</i></p> <p>The Technology Modernisation Score (TMS) reduction target for 2024 was 10% of the technology estate, a 15.5% reduction was delivered, exceeding target.</p> <ul style="list-style-type: none"> <li>The ongoing modernisation of our technology systems has improved customer and colleague experience in key areas including Lending and Everyday Banking Origination, fraud &amp; scams avoidance, customer onboarding &amp; mastering.</li> </ul>			

Qualitative assessment	Outcome
<p><b>Risk modifier:</b></p> <p><i>Regulatory, breach management, progress on matters of interest, losses associated with operational events and remediation costs, reputation</i></p> <ul style="list-style-type: none"> <li>APRA recognised improvement in non-financial risk management and risk culture by lifting a \$500m capital overlay on 12 March, in recognition of the formal closure of the Governance Risk and Transformation program (GRiT) and deficiencies identified in 2018 Self-assessment.</li> <li>Maintained stable risk profiles despite economic headwinds, including financial crime, with metrics stable or improving, and the on-schedule delivery of the AUSTRAC EU.</li> <li>Fraud and scam challenges continue, however NAB has delivered investment across the use of biometrics and other technology to detect fraud and scams, continued engagement with Government and relevant agencies regarding legislative reform, and introduced payment alerts for customers resulting in more than \$100m in potential scam payments being saved for customers.</li> </ul>	Achieved+
<p><b>How We Work modifier:</b> <i>Individual conduct and demonstration of NAB's values</i></p> <p>The new Group CEO demonstrated the Group's values and supported the Group's desired culture:</p> <ul style="list-style-type: none"> <li>Seamless transition into Group CEO role, swift process to identify ELT talent and succession, and purposeful and regular engagement with colleagues.</li> <li>Excellent progress establishing credibility and relationships with key external stakeholders, including positive impact as ABA Chair and safeguarding cash in transit services.</li> <li>Active role in shaping emerging cultural shift driving unrelenting focus on customers, and extensive engagement with key customers on a regular basis.</li> </ul> <p>The previous Group CEO demonstrated the Group's values and supported the Group's desired culture:</p> <ul style="list-style-type: none"> <li>Consistently drove accountability and performance focus, and demonstrated disciplined leadership of strategy delivery.</li> <li>Continued to role model Customer Service Behaviours with extensive engagement with key customers.</li> <li>Strong and appropriate contribution towards the CEO succession process and subsequent transition.</li> </ul>	Achieved
<b>Board approved GPI outcome</b>	<b>90%</b>

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### Overall CEO Outcomes

The new Group CEO's overall outcome was assessed as Achieved reflecting his positive impact while maintaining momentum, and building solid external relationships, including his capacity as Chair of the ABA, as well as role- modelling an unrelenting focus on customer obsession and service mindset.

90% of target opportunity<sup>(12)</sup>

The previous Group CEO's overall outcome was assessed as Achieved reflecting his disciplined leadership to progress the strategic agenda, removal of the APRA operational risk capital overlay, as well as role- modelling individual conduct and NAB Values.

68% of maximum opportunity

- (1) Outcome shown as a percentage relative to the percentage weighting of the performance measure.
- (2) Return on Total Allocated Equity on an expected loss basis remains sensitive to changes in the risk profile of the Group's portfolio. Statutory net profit for the period amounted to \$6,960 million.
- (3) Calculation on an expected loss basis provides a view that is reflective of long-term underlying business performance and is less volatile than the Credit Impairment Charge view which in individual years can be impacted by large movements in economic adjustments and forward looking adjustments.
- (4) Market Share is assessed by each product individually. Outcome and Target ranges displayed are based on the minimum and maximum values across the product lines. Products include Australia Home Lending (20%, APRA), Australia SME Lending (30%, RBA), Australia Household & Business Deposits (excluding Financial Institutions and Government) (50%, APRA). Market Share movement results are July 2023 to July 2024.
- (5) Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter Score<sup>SM</sup> is a service mark of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.
- (6) Outperforming target based on ranking in our target market, informed by an independent survey.
- (7) Ranking based on absolute scores, not statistically significant differences and compared against major peers.
- (8) Mass Consumer NPS: Sourced from RFI Global - Atlas, measured on 6 month rolling average to August 2024. Based on all consumers, 18+ and excludes consumers with personal income of \$260k+ and/or investible assets \$2.5m+ and/or footings of over \$850k.
- (9) Business NPS: Sourced from RFI Global - Atlas, measured on 6 month rolling average to August 2024. 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).
- (10) High Net Worth & Mass Affluent NPS: Sourced from RFI Global - Atlas, measured on 6 month rolling average to August 2024. Based on all consumers, 18+, includes Mass Affluent customers (\$850k to \$2.5M footings OR \$260k+ personal income with less than \$850k in footings and less than \$2.5m in investible assets) and High Net Worth customers (\$2.5m+ in footings or have investible assets of \$2.5m+).
- (11) Top quartile is based upon Glint's client group (domestic and global, from all industries). Employee Engagement Survey Result conducted using Glint, score based on July 2024 survey. Includes Australia, New Zealand, and all global colleagues. Population excludes ubank, external consultants, and outsource service providers. For the purposes of the GPI and Group CEO Scorecard, colleague engagement score is 78.5 and excludes BNZ.
- (12) The calculation for the Group CEO is as follows: FR x target VR opportunity x GPI x Individual Performance Multiplier.

## 4.2 In-year variable reward outcomes

The table below outlines the Annual VR outcome for the Group CEO and each Group Executive for 2024 compared to each individual's target and maximum Annual VR opportunity. The variance in the individual scores reflects differences in performance against individual scorecards.

Name	Maximum Annual VR opportunity \$	Total Annual VR \$	Annual VR cash \$	VR deferred rights \$	% of maximum Annual VR opportunity %	Annual VR actual as a % of VR target %
<b>Group CEO</b>						
Andrew Irvine (for part year) <sup>(1)</sup>	1,243,169	843,750	506,250	337,500	68	90
<b>Group Executives</b>						
Sharon Cook	1,000,000	607,500	364,500	243,000	61	81
Shaun Dooley	845,000	643,500	386,100	257,400	76	99
Nathan Goonan	1,175,000	951,750	571,050	380,700	81	108
Andrew Irvine (for part year) <sup>(2)</sup>	618,361	419,662	251,797	167,865	68	90
Leslie Matheson	1,250,000	801,563	480,938	320,625	64	86
Rachel Slade	1,300,000	877,500	526,500	351,000	68	90
Patrick Wright	1,537,500	1,037,813	622,688	415,125	68	90
Daniel Huggins	1,180,123	941,960	565,176	376,784	80	106
Sarah White	900,000	637,875	382,725	255,150	71	95
Ana Marinkovic (for part year)	487,022	262,992	157,795	105,197	54	72
Cathryn Carver (for part year)	289,071	175,610	105,366	70,244	61	81
<b>Former Group Executives</b>						
Ross McEwan (for part year)	1,263,661	852,972	511,783	341,189	68	90
David Gall (for part year)	924,180	748,586	449,152	299,434	81	108
Angela Mentis (for part year)	-	-	-	-	-	-
<b>Total</b>	<b>14,013,087</b>	<b>9,803,033</b>	<b>5,881,820</b>	<b>3,921,213</b>	<b>70</b>	<b>92</b>

(1) Relates to Andrew Irvine's role as Group CEO from 2 April 2024.

(2) Relates to Andrew Irvine's previous role as Group Executive, Business and Private Banking.

### 4.3 Historical outcomes

#### Historical CEO and Group Executive performance

The table below summarises the variable reward outcomes for the Group CEO and Group Executives over the last five years, including vesting of LTVR awards relating to prior periods.

	2024	2023	2022	2021	2020
Group CEO Actual VR (% of AVR Target)	90%	108%	111%	121%	0%
Average Group Executives Actual VR (% of AVR Target) <sup>(1)</sup>	92%	101%	97%	124%	0%
LTVR award – four year performance period (% of total award vested) <sup>(2)</sup>	100%	n/a <sup>(3)</sup>	66%	56%	38%
LTVR award – five year performance period (% of total award vested) <sup>(4)</sup>	n/a	n/a	n/a	n/a	35%
NAB's four year relative TSR (S&P/ASX50) <sup>(5)</sup>	n/a	n/a	n/a	n/a	23rd
NAB's four year relative TSR (Top Financial Services peer group) <sup>(5)(6)</sup>	75th	n/a	71st	71st	57th
NAB's five year relative TSR (S&P/ASX50) <sup>(5)</sup>	n/a	n/a	n/a	n/a	22nd
NAB's five year relative TSR (Top Financial Services peer group) <sup>(5)(7)</sup>	n/a	n/a	n/a	n/a	57th

- (1) The maximum Annual VR opportunity has changed over time, consistent with the relevant Annual VR plan. The maximum Annual VR opportunity decreased from 150% previous year to 100% in 2024.
- (2) The amount shown for 2022 is the portion of the total 2017 LTI award that vested and for 2021 is the portion of the total 2016 LTI award that vested. Both awards were measured over a four year performance period, against relevant peer groups.
- (3) NAB did not award any LTVR in 2018 and therefore there was no award to be tested for vesting in 2023.
- (4) The amount shown for 2020 is the percentage of the total 2014 LTI award that vested. This award was measured over a five year performance period against relevant peer groups.
- (5) Measured over the performance period of the relevant LTVR award.
- (6) The Top Financial Services peer group for all awards is: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Suncorp Group Limited and Westpac Banking Corporation.
- (7) The Top Financial Services peer group for all awards was: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Suncorp Group Limited and Westpac Banking Corporation.

#### Historical Group performance

The table below shows the Group's annual financial performance over the last five years and its impact on shareholder value, taking into account dividend payments, share price changes, and other capital adjustments during the period.

Financial performance measure	2024	2023	2022	2021	2020
Basic earnings per share (cents)	227.9	238.0	219.3	196.3	112.7
Cash earnings (\$m) <sup>(1)</sup>	7,102	7,731	7,104	6,558	3,710
Dividends paid per share (\$)	1.68	1.61	1.40	0.90	1.13
Company share price at start of year (\$)	29.07	28.81	27.83	17.75	29.70
Company share price at end of year (\$)	37.35	29.07	28.81	27.83	17.75
Absolute Total Shareholder Return – latest financial year	34.3%	6.5%	8.6%	61.9%	(36.4%)
Absolute Total Shareholder Return – rolling four financial year period	141.9%	14.9%	22.5%	6.9%	(11.5%)

- (1) Information is presented on a continuing operations basis, unless otherwise stated.

#### Sustainability within our remuneration framework

Our strategic ambition, to serve customers well and help our communities prosper, is reflected in the measures that determine performance and remuneration across NAB. Sustainability related performance is part of this process and is applied within our GPI and qualitative assessment of performance, as well as Group CEO, Group Executive and colleague scorecards.

The governance and oversight of how these measures are set, reviewed and linked to the Group CEO and Group Executives' remuneration outcomes are in accordance with the Group's governance and oversight framework outlined in Section 5.1.

Our approach has been consistent since 2020 when the current Group Strategy was implemented.

#### Examples of sustainability within our performance framework

The list below provides some examples of the types of sustainability related matters that have been incorporated into the assessments of the Group CEO and Group Executives' performance in 2024. For specific Group Executives, sustainability related measures are included within their individual performance scorecards.

- **Progress against sustainability priorities:**
  - **Climate change:** Increasing support for customers through product and service development, and safe growth in environmental financing including progress against NAB's environmental finance ambition; progress against existing, and establishing additional 2030 sector decarbonisation targets; building operational maturity and colleague capability.
  - **Affordable and specialist housing:** Progress against NAB's affordable and specialist housing ambition and development of NAB's specialised customer proposition in target growth areas.
  - **Indigenous business advancement:** Progress against NAB's Indigenous business strategy including growth of a specialised banking team, and safe growth in financing to Indigenous businesses against NAB's First Nations business financing ambition.

## Remuneration Report (cont.)

- **Natural disaster support:** Support provided to customers, colleagues and communities, volunteer participation through major partnerships.
- **Positive customer outcomes:** Including NPS measures, meaningful action on customer complaints, appropriate support for customers experiencing vulnerability, actions taken to build customer awareness and reduce the impact of fraud and scams.
- **Positive colleague outcomes:** Colleague engagement, gender equality, inclusion and diversity.

Individual performance modifiers for Risk and How We Work (conduct and values) also consider sustainability related matters, and therefore may influence final assessed performance.

Further information on NAB's approach to managing climate change and other sustainability related matters is provided in NAB's 2024 Climate Report.

### 4.4 Long-term incentive granted in 2024

The Board assessed the Group CEO and all Group Executives as having met the pre-grant performance, risk management and conduct assessments and accordingly, determined that each would be granted the 2024 LTI award, comprising the LTEA component and the LTVR component, each with a face value of 70% of FR (i.e., a total value of 140% of FR). The LTI award (LTEA and LTVR components) was granted in February 2024. Details of the pre-grant assessment can be found in Section 3.3.

The pre-grant assessments and outcomes are as follows:

Pre-grant Assessment <sup>(1)</sup>	Outcome
Individual Performance	Met
Risk Management	Met
Conduct (How We Work)	Met
LTI award granted (%)	100%

(1) Factors considered for the pre-grant assessment can be found in section 5.2.

### Changes to LTI award grants

On appointment as Group CEO, Andrew Irvine was provided with an additional grant of performance rights under the LTI plan in respect of the 2024 financial year, in addition to the LTI performance rights already awarded in connection with his previous role. The additional performance rights are a "top up" grant to reflect the period of the 2024 financial year Mr Irvine served in the Group CEO role. Changes to Mr Irvine's 2024 LTI award are summarised below:

Group Executive	Initial number granted	Additional grant / reduction	Total performance rights granted for 2024
Andrew Irvine, Group CEO and Managing Director	29,770 performance rights under the LTEA plan	Additional 15,286 performance rights under the LTEA plan	45,056 performance rights under the LTEA plan
	29,770 performance rights under the LTVR plan	Additional 15,286 performance rights under the LTVR plan	45,056 performance rights under the LTVR plan

Following Ross McEwan's retirement from NAB, the Board determined that Mr McEwan's allocation of LTI performance rights approved by the shareholders at the 2023 Annual General Meeting should be reduced to reflect the period of his service to 1 July 2024. Changes to Mr McEwan's 2024 LTI award are summarised below:

Group Executive	Initial number granted	Additional grant / reduction	Total performance rights granted for 2024
Ross McEwan, previous Group CEO and Managing Director	60,511 performance rights under the LTEA plan	Reduction of 15,128 performance rights under the LTEA plan	45,383 performance rights under the LTEA plan
	60,511 performance rights under the LTVR plan	Reduction of 15,128 performance rights under the LTVR plan	45,383 performance rights under the LTVR plan

### 4.5 Prior year long-term VR awards

#### (a) LTVR award testing

The TSR performance hurdle for the 2019 LTVR award (granted in February 2020) was tested at the end of 2023 following the end of the four year performance period. NAB's TSR was at the 75th percentile relative to the peer group, resulting in 100% of the performance rights vesting.

Performance measure	Performance period	% of award	Result	% of rights vested	% of rights lapsed
NAB's TSR relative to Top Financial Services peer group <sup>(1)(2)</sup>	15/11/2019 to 15/11/2023	100	75th percentile ranking	100%	0%

(1) The peer group for this performance hurdle was: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo & Adelaide Bank Limited, Commonwealth Bank of Australia, Macquarie Group Limited, Suncorp Group Limited and Westpac Banking Corporation.

(2) TSR is based on the 30 trading day volume weighted average price of the relevant shares up to and including the start and end of the performance period.



## Remuneration Report (cont.)

### (b) Overview of unvested long-term awards

The following is a summary of the unvested long-term awards held by the Group CEO and Group Executives.

Award	Grant date	Performance period	Vesting date	Performance measures
LTVR allocated in 2021 <sup>(1)</sup>	24/02/2021	15/11/2020 to 15/11/2024	22/12/2024	NAB's TSR performance against a financial services peer group
LTVR allocated in 2022 <sup>(1)</sup>	23/02/2022	15/11/2021 to 15/11/2025	22/12/2025	NAB's TSR performance against a financial services peer group
LTVR allocated in 2023 <sup>(1)</sup>	23/02/2023	15/11/2022 to 15/11/2026	22/12/2026	NAB's TSR performance against a financial services peer group
LTEA allocated in 2024 <sup>(1)</sup>	22/02/2024	15/11/2023 to 15/11/2027	22/12/2027	Assessment against NAB's risk expectations and risk appetite
LTVR allocated in 2024 <sup>(1)</sup>	22/02/2024	15/11/2023 to 15/11/2027	22/12/2027	NAB's TSR performance against a financial services peer group

(1) The LTEA and LTVR awards were granted based on individual performance, risk and conduct outcomes relative to the preceding performance year.

## 4.6 Realised remuneration

The table below is a voluntary non-statutory disclosure that shows the realised remuneration the Group CEO and each Group Executive received during 2024. The amounts shown include fixed remuneration, and equity and cash-based awards that vested in 2024. The table provides shareholders with enhanced transparency of remuneration received by Executives. The table is not prepared in accordance with Australian Accounting Standards and this information differs from the statutory remuneration table (in Section 6).

Name		2024			Prior years		Total realised remuneration	Equity forfeited / lapsed <sup>(4)</sup>
		Fixed remuneration <sup>(1)</sup>	Annual VR cash remuneration	Total 2024 Performance	LTI Rights <sup>(2)</sup>	Other vested/ paid <sup>(3)</sup> remuneration <sup>(2)</sup>		
		\$	\$	\$	\$	\$	\$	\$
<b>Group CEO</b>								
Andrew Irvine (for part year)	2024	1,237,544	506,250	1,743,794	-	-	1,743,794	-
<b>Group Executives</b>								
Sharon Cook	2024	960,525	364,500	1,325,025	916,259	207,623	2,448,907	-
	2023	966,371	460,097	1,426,468	-	421,622	1,848,090	-
Shaun Dooley	2024	1,295,518	386,100	1,681,618	1,018,065	208,579	2,908,262	-
	2023	1,219,188	435,881	1,655,069	-	121,496	1,776,565	-
Nathan Goonan	2024	1,163,769	571,050	1,734,819	-	202,008	1,936,827	-
	2023	972,004	532,508	1,504,512	-	196,018	1,700,530	-
Andrew Irvine (for part year)	2024	627,067	251,797	878,864	-	1,447,626	2,326,490	-
	2023	1,220,937	719,550	1,940,487	-	1,060,691	3,001,178	-
Les Matheson	2024	1,187,613	480,938	1,668,551	-	218,912	1,887,463	-
	2023	1,068,057	532,744	1,600,801	-	113,708	1,714,509	-
Rachel Slade	2024	1,261,151	526,500	1,787,651	1,191,136	341,930	3,320,717	-
	2023	1,220,937	664,200	1,885,137	-	577,998	2,463,135	-
Patrick Wright	2024	1,539,185	622,688	2,161,873	1,985,257	418,982	4,566,112	-
	2023	1,526,171	795,656	2,321,827	-	2,099,910	4,421,737	-
Daniel Huggins	2024	1,195,010	565,176	1,760,186	-	741,500	2,501,686	-
	2023	1,141,636	608,240	1,749,876	-	187,776	1,937,652	-
Sarah White	2024	900,987	382,725	1,283,712	-	76,971	1,360,683	-
	2023	105,814	-	105,814	-	-	105,814	-
Ana Marinkovic (for part year)	2024	486,977	157,795	644,772	-	1,007,445	1,652,217	-
Cathryn Carver (for part year)	2024	289,679	105,366	395,045	-	1,172,428	1,567,473	-
<b>Former Group Executives</b>								
Ross McEwan (for part year)	2024	1,265,753	511,783	1,777,536	-	719,353	2,496,890	-
	2023	2,494,509	1,350,000	3,844,509	-	432,063	4,276,572	-
David Gall (for part year)	2024	1,566,691	449,152	2,015,843	1,588,212	363,411	3,967,466	-
	2023	1,220,965	691,875	1,912,840	-	234,448	2,147,288	-
Angela Mentis (for part year)	2024	730,096	-	730,096	1,588,212	362,148	2,680,456	-
	2023	1,834,347	608,850	2,443,197	-	1,225,383	3,668,580	-
Susan Ferrier	2023	1,376,319	329,598	1,705,917	-	118,051	1,823,968	-
Gary Lennon	2023	1,681,268	583,481	2,264,749	-	520,867	2,785,616	-

(1) Includes cash salary, superannuation and payments on separation consistent with the statutory remuneration table in Section 6.1, excluding accrued annual leave entitlements.

(2) The value of equity awards is calculated using NAB's closing share price on the vesting or forfeiture or lapsing date.

(3) Amounts related to other vested equity or cash-based remuneration from prior years. This includes VR deferred rights, commencement awards, shares received under the General Employee Share Offer and dividends accumulated during the vesting period on VR vesting in the year. Details of the vested equity awards are provided in Section 6.2.

(4) Awards or remuneration lapsed or forfeited during 2024. Details of the awards are provided in Section 6.2.

## Section 5 – Governance, risk and consequence

### 5.1 Remuneration governance and oversight



### 5.2 Board discretion in relation to remuneration

The Board has absolute discretion to adjust the Rewards<sup>(1)</sup> of any employee down, or to zero, where appropriate, including in circumstances where Group or individual performance, risk or individual conduct outcomes have changed over time since the Reward was provided, or for an act or omission that has impacted performance, risk or conduct outcomes. Adjustments include, but are not limited to:

- Determining the initial value of Rewards and varying their terms and conditions, including the performance measures.
- Determining that some, or all, of the unvested Rewards be forfeited or extending the deferral period at any time for any Rewards including due to the conduct standards in the Code not being met or following the occurrence of a Malus Event<sup>(2)</sup>.
- Determining that some, or all, of the unvested Rewards held by the Group CEO, Group Executives and colleagues in Specified Roles<sup>(3)</sup> be forfeited including due to performance, risk or conduct outcomes.
- Clawing back paid and vested Rewards (to the extent legally permissible).

(1) In this section, the term 'Rewards' refers to all forms of variable reward including cash provided under a VR plan, deferred VR (cash and equity) to be paid or granted, LTEA and LTVR performance rights and any VR granted in previous years.

(2) Examples include where the executive has failed to comply with their accountability obligations under the FAR; has engaged in fraud, dishonesty, gross misconduct, behaviour that may negatively impact the Group's long-term financial soundness or prudential standing or behaviour that brings NAB into disrepute; or has materially breached a representation, warranty, undertaking or obligation to the Group.

(3) Colleagues in roles defined under Australian Prudential Regulation Authority CPS 511 Remuneration Standard, Remuneration Part of the PRA Rulebook; SYSC 19D of the FCA Handbook; and Senior Managers and Certification Regime (UK) and Directive 2013/36/EU of the European Parliament.

People & Remuneration Committee

On behalf of the Board, the Committee's responsibilities include:

- Monitoring the effectiveness of the Colleague Strategy.
- Developing and maintaining an effective Remuneration Policy and ensuring governance in its application.
- Making recommendations to the Board in relation to the performance, risk, conduct and remuneration outcomes for the Group CEO, Group Executives, colleagues in Specified Roles and other persons determined by the Board and ensuring outcomes are responsible and consistent with the Group's strategy and risk appetite.
- Consideration of the findings of risk and conduct assessments for the Group CEO, Group Executives, colleagues in Specified Roles and other persons determined by the Board and determination of consequences.
- Oversight of the Group's people and remuneration strategies, frameworks, policies and practices to ensure compliance with legal and regulatory requirements (for example, CPS 511), market practice and trends and the expectations of customers and shareholders.

Further detail about the Committee is provided in our *Corporate Governance Statement* (on page 84) and in the People & Remuneration Committee Charter which is available on [nab.com.au](https://nab.com.au).

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### 5.3 Conduct, risk and consequence management

The Committee regularly reviews Group and individual outcomes for risk, reputation, conduct and performance considerations. This includes oversight of the Group's Employee Conduct Management Framework (Framework) which supports an appropriate risk culture across the Group. The Board, Group CEO and Group Executives influence culture by focusing on leadership behaviour, systems and colleagues, reinforced through performance and remuneration outcomes.

#### How conduct and risk are integrated in our remuneration framework

	Conduct management	Risk assessment
<b>Scope</b>	<ul style="list-style-type: none"> <li>Applies to all colleagues including the Group CEO and Group Executives</li> <li>Colleagues are required to comply with the Code and the Group's Employee Conduct Management Framework</li> </ul>	<ul style="list-style-type: none"> <li>Applies to all colleagues including the Group CEO and Group Executives</li> <li>All colleagues (excluding the Group CEO) have a mandatory risk goal in their annual performance scorecard. The Group CEO has a risk modifier applied to his annual VR outcome</li> </ul>
<b>Individual assessment</b>	<ul style="list-style-type: none"> <li><b>Throughout the year:</b> Leaders assess the severity of any employee conduct and risk matters and determine the appropriate consequence depending on the severity of the matter. Consequences may include any combination of coaching, counselling, formal warnings, termination of employment, impacts to in-year performance assessment, reduction to VR outcomes and the application of malus or clawback</li> <li><b>Quarterly:</b> Risk goals are discussed during quarterly performance check-ins. Conduct matters and risk issues are discussed as appropriate</li> <li><b>At year end:</b> Leaders undertake a holistic conduct history review and evaluate achievement of the risk goal. These are translated into the colleague's performance rating. Remuneration decisions are informed by the performance rating</li> </ul>	
<b>Executive and Board oversight</b>	<ul style="list-style-type: none"> <li>In assessing conduct and consequence, each business and enabling unit maintains a Professional Standards Forum which makes recommendations to the Executive Remuneration Committee</li> <li>The Executive Remuneration Committee oversees the effectiveness of the Framework, reviews material events, accountability and the application of suitable consequences</li> <li>The People &amp; Remuneration Committee and the Board oversee VR adjustments for the Group CEO and Group Executives, as well as certain colleagues in designated roles as required by CPS 511</li> </ul>	<ul style="list-style-type: none"> <li>Divisional Chief Risk Officers provide oversight, challenge and independent input into the performance review process</li> <li>The Group Chief Risk Officer prepares a detailed assessment of the risk outcomes for the Group CEO and each of the Group Executives</li> <li>The Risk &amp; Compliance Committee reviews and challenges the Group Chief Risk Officer's risk management performance assessments. These assessments and the Risk &amp; Compliance Committee's views are considered by the Board in determining individual VR outcomes for the Group CEO and Group Executives</li> <li>The VR for the Group CEO, Group Executives and employees will be reduced and other consequences may be applied if risk is not appropriately managed</li> </ul>
<b>Potential impacts on remuneration</b>	<ul style="list-style-type: none"> <li><b>Risk adjustment:</b> On recommendation from the People &amp; Remuneration Committee, the Board may adjust the in-year funding level of VR outcomes. The Board may also reduce VR for individuals to align with employee conduct or risk outcomes</li> <li><b>Malus:</b> Grant and vesting of all VR is subject to the employee meeting the conduct standards outlined in the Code and risk expectations. The Board may determine that unvested awards should be adjusted or forfeited (including to zero) in circumstances where these conduct standards or risk expectations are not met</li> <li><b>Clawback:</b> Clawback may be applied to paid and vested VR provided to any colleague including the Group CEO and Group Executives</li> </ul>	

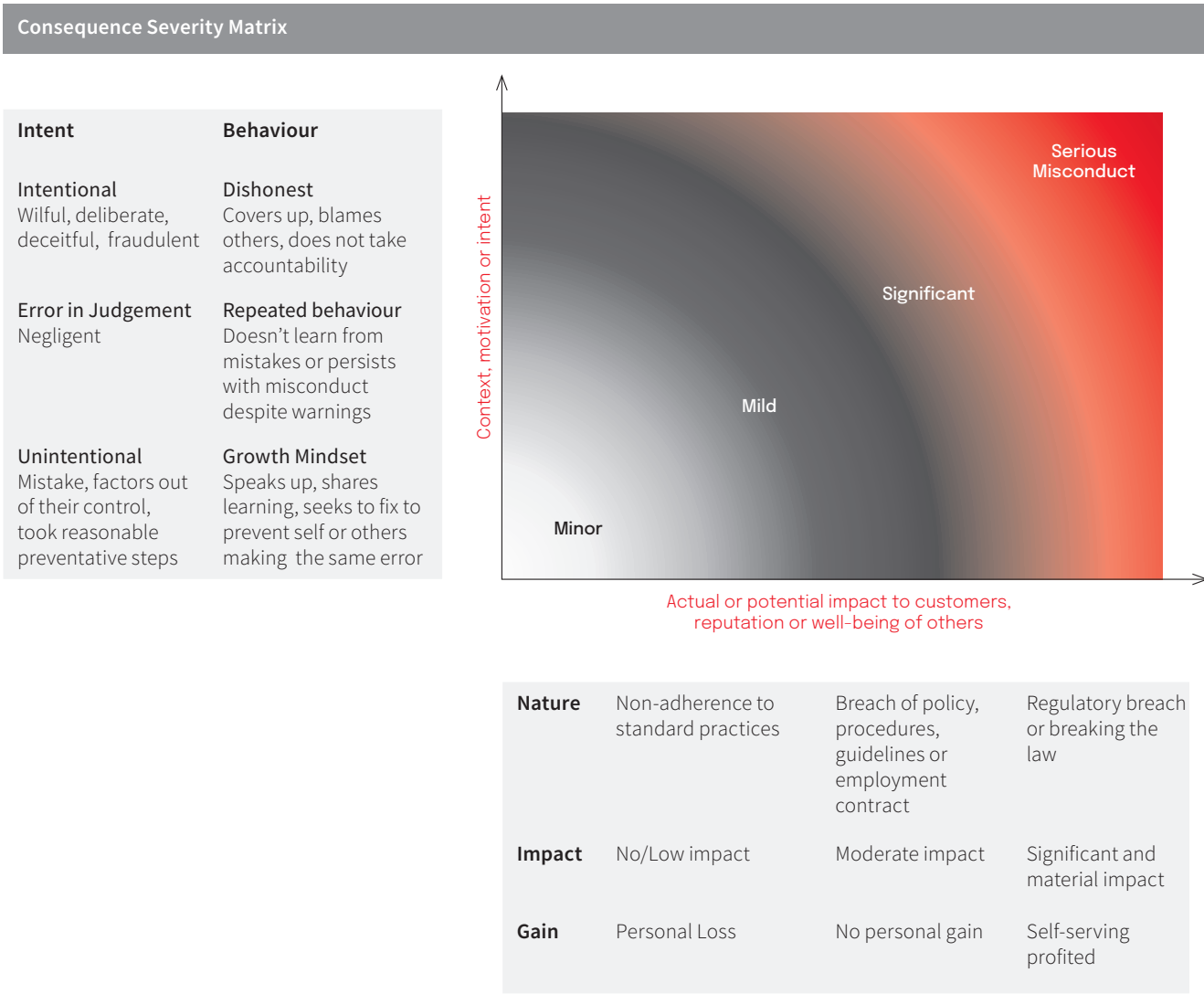
Improvements to the risk management and conduct framework in 2024

The risk management and conduct framework was reviewed and updated in 2023 to comply with CPS 511 requirements. The review resulted in:

- The creation of Risk Framework Guiding Principles which guide annual risk and conduct assessments and the application of consequences.
- The documentation of the risk event assessment process which outlines the two-step process to assess the severity of risk events and consider consequences to be applied.
- A new People & Remuneration Committee and Board Risk and Conduct Assessment Guide which provides steps and factors to be considered when assessing the nature and type of risk or conduct matter and where required the adjustment criteria to be applied to VR.

Risk, conduct and the consequence management framework

The Consequence Severity Matrix provides guidance to determine the severity of risk and conduct events. Based on the severity of the risk or conduct event, a fair and proportionate consequence outcome will be applied. Determination of the appropriate consequence is guided by an assessment of the quantitative and qualitative impacts of the event including financial impacts, physical, informational or reputational damage to the organisation and harm to colleagues or customers.



The Group CEO and Group Executives actively demonstrate strong risk management to set the "tone from the top" about expectations and behaviours. Risk issues that are identified are prioritised, clear accountability is defined, and an action plan is created to resolve the issue. This has resulted in an improvement in conduct risk, driven by the increased use of analytical monitoring tools and implementation of assurance capabilities. Enhancements in the use of risk monitoring tools and clear guidance about the identification and assessment of risk events have resulted in improved identification of risk events and an increase in the number of risk cases investigated relative to 2023.

## Remuneration Report (cont.)

Remuneration adjustments and consequence outcomes applied to employees during 2024 are provided in the table below.

		Employee Category <sup>(1)</sup>			
		Senior Managers <sup>(2)</sup>	Material Risk Takers	Risk and Financial Control Personnel	Other employees
Employees recognised for their positive contribution to risk culture	2024	0	2	6	6,516
	2023	0	7	3	6,343
Employees identified as not having met risk expectations and accountabilities	2024	0	0	0	2,455
	2023	0	1	0	2,534
Code of Conduct breaches identified that resulted in formal consequences <sup>(3)</sup>	2024	0	0	0	8362
	2023	0	0	0	6186
Employees leaving due to consequence outcomes	2024	0	0	0	209
	2023	0	0	0	156
Employees receiving coaching, warnings or other remedial actions <sup>(3)</sup>	2024	0	6	1	8003
	2023	0	2	1	5871
Employees recommended to receive an in-year performance rating and / or variable reward reduction of 5% to 100%	2024	0	0	0	136
	2023	0	0	0	151
Deferred VR forfeitures and in-year VR adjustments as a result of Code of Conduct breaches and revisiting previous reward decisions	2024	0	0	0	0
	2023	0	0	0	0

(1) Employees are categorised as Senior Managers, Material Risk Takers or Risk and Financial Control Personnel as defined by paragraph 20 of Australian Prudential Regulation Authority's Prudential Standard CPS 511 Remuneration.

(2) The Group CEO and Group Executives are categorised as Senior Managers. There were no breaches by the Group CEO and Group Executives which resulted in a reduction of their VR in 2024.

(3) The increase in cases year on year is in part a reflection of better data capture as we continue to improve our rigour in recording minor and mild matters independently managed by People Leaders.



## Section 6 – Group CEO and Group Executive statutory remuneration disclosures

### 6.1 Group CEO and Group Executive statutory remuneration

The following table has been prepared in accordance with Australian Accounting Standards and section 300A of the *Corporations Act 2001* (Cth). The table shows details of the nature and amount of each element of remuneration paid or awarded to the Group CEO and Group Executives for services provided during the year while they were KMP (including variable reward amounts in respect of performance during the year which are paid following the end of the year).

For KMPs who have left NAB and retained awards, these awards will remain on foot and vest in line with their original terms. In accordance with the requirements of AASB 2 *Share-based Payment*, the unvested awards have been expensed in full in FY24 as no further service will be received by the Group from the relevant KMP.

		Short-term benefits			Post-employment benefits	Equity-based benefits				
		Cash salary <sup>(1)</sup>	Annual VR cash <sup>(2)</sup>	Non-monetary <sup>(3)</sup>	Superannuation <sup>(4)</sup>	Other long-term benefits <sup>(5)</sup>	Shares <sup>(6)</sup>	Rights <sup>(7)</sup>	Other remuneration	<sup>(8)</sup> Total <sup>(9)</sup>
Name		\$	\$	\$	\$	\$	\$	\$	\$	\$
Group CEO										
Andrew Irvine (for part year)	2024	1,185,922	506,250	-	13,475	11,011	-	1,265,987	-	2,982,645
Group Executives										
Sharon Cook	2024	933,233	364,500	84	27,292	12,378	-	1,275,117	-	2,612,604
	2023	941,248	460,097	-	25,123	10,315	6,691	913,654	-	2,357,128
Shaun Dooley	2024	1,228,531	386,100	-	27,097	43,361	-	1,495,119	-	3,180,208
	2023	1,194,244	435,881	-	24,944	41,735	-	1,022,839	-	2,719,643
Nathan Goonan	2024	1,123,073	571,050	-	27,175	17,824	-	1,431,326	-	3,170,448
	2023	860,389	532,508	415	25,160	17,423	2,164	932,098	-	2,370,157
Andrew Irvine (for part year)	2024	574,878	251,797	-	13,623	11,132	63,176	1,134,795	-	2,049,401
	2023	1,139,383	719,550	50,000	24,940	8,651	259,642	1,270,779	-	3,472,945
Les Matheson	2024	1,141,221	480,938	22	27,214	11,071	-	1,536,130	-	3,196,596
	2023	1,022,367	532,744	9,488	25,050	7,570	-	1,030,559	-	2,627,778
Rachel Slade	2024	1,204,136	526,500	3,691	27,097	17,820	-	1,700,529	-	3,479,773
	2023	1,162,972	664,200	415	24,940	14,748	7,659	1,246,085	-	3,121,019
Patrick Wright	2024	1,547,706	622,688	78,861	26,863	19,031	-	2,876,466	-	5,171,615
	2023	1,495,553	795,656	84,477	24,721	16,287	39,497	1,567,781	-	4,023,972
Daniel Huggins	2024	1,098,849	565,176	-	105,239	-	-	1,326,301	-	3,095,565
	2023	997,754	608,240	1,461	100,259	-	19,484	757,763	-	2,484,961
Sarah White	2024	873,639	382,725	-	27,348	30,019	114,285	586,259	-	2,014,275
	2023	110,342	-	-	-	1,750	17,819	26,705	-	156,616

## Remuneration Report (cont.)

Name		Short-term benefits			Post-employment benefits	Other long-term benefits <sup>(5)</sup>	Equity-based benefits			<sup>(8)</sup> Total <sup>(9)</sup>
		Cash salary <sup>(1)</sup>	Annual VR cash <sup>(2)</sup>	Non-monetary <sup>(3)</sup>	Superannuation <sup>(4)</sup>		Shares <sup>(6)</sup>	Rights <sup>(7)</sup>	Other remuneration	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Ana Marinkovic (for part year)	2024	511,501	157,795	-	8,584	5,414	297,684	156,148	-	1,137,126
Cathryn Carver (for part year)	2024	307,341	105,366	-	4,646	4,369	271,835	91,485	-	785,042
<b>Former Group Executives</b>										
Ross McEwan (for part year) <sup>(10)</sup>	2024	906,844	511,783	17,708	15,069	12,551	-	6,322,640	239,463	8,026,058
	2023	2,383,654	1,350,000	626	24,554	20,463	-	2,396,795	-	6,176,092
David Gall (for part year) <sup>(11)</sup>	2024	904,309	449,152	5,459	25,190	14,135	-	3,765,290	642,000	5,805,535
	2023	1,176,909	691,875	2,257	29,903	18,880	-	1,303,310	-	3,223,134
Angela Mentis (for part year) <sup>(12)</sup>	2024	118,819	-	7,948	5,915	1,618	-	1,989,597	-	2,123,897
	2023	1,224,399	608,850	16,562	24,940	18,607	21,065	1,060,696	613,315	3,588,434
Susan Ferrier <sup>(13)</sup>	2023	759,132	329,598	3,972	25,160	6,661	107,481	567,918	566,986	2,366,908
Gary Lennon <sup>(14)</sup>	2023	1,128,646	583,481	1,267	25,014	17,372	7,724	858,372	562,205	3,184,081
<b>Total</b>	<b>2024</b>	<b>13,660,002</b>	<b>5,881,820</b>	<b>113,773</b>	<b>381,827</b>	<b>211,734</b>	<b>746,980</b>	<b>26,953,189</b>	<b>881,463</b>	<b>48,830,788</b>
Total	2023	15,596,992	8,312,680	170,940	404,708	200,462	489,226	14,955,354	1,742,506	41,872,868

(1) Includes cash allowances, payroll remediation payments, motor vehicle benefits and short-term compensated absences, such as annual leave entitlements accrued. Any related fringe benefits tax is included.

(2) The VR cash received in respect of 2024 is scheduled to be paid on 20 November 2024 in Australia and New Zealand.

(3) Includes relocation costs considered to provide a benefit to the individual (including temporary accommodation, furniture rental, utility costs, dependant travel costs, insurance, stamp duty, associated fringe benefit tax and other benefits). For international assignees this may also include the provision of health fund benefits and tax advisory services.

(4) Includes company contributions to superannuation and allocations by employees made by way of salary sacrifice of post-tax fixed remuneration.

(5) Includes long service leave entitlements accrued based on an actuarial calculation.

(6) 2024 expense based on the grant date fair value, amortised on a straight line basis over the vesting period for:

(a) Commencement shares granted to Andrew Irvine in November 2020. 21% of the shares were restricted until December 2020, 21% until December 2021, 24% until December 2022, 31% until December 2023 and 3% in December 2024. The shares are subject to continued employment, malus and clawback provisions.

(b) 2020, 2021, 2022 and 2023 VR deferred shares granted in February 2021, February 2022, February 2023 and February 2024 respectively to Sarah White for performance in her previous role, restricted until November 2023 (2020 VR), November 2024 (2021 VR), November 2025 (2022 VR) and November 2026 (2023 VR).

(c) 2022 Annual Equity Award granted in November 2022 to Sarah White for performance in her previous role, restricted until November 2023, November 2024 and November 2025.

(d) 2020, 2021, 2022 and 2023 VR deferred shares granted in February 2021, February 2022, February 2023 and February 2024 respectively to Ana Marinkovic for performance in her previous role, restricted until November 2023 (2020 VR), November 2024 (2021 VR), November 2025 (2022 VR) and November 2026 (2023 VR).

(e) 2021 recognition awards granted in August 2021 and November 2021 to Ana Marinkovic, restricted until July 2024 and November 2023 respectively for performance in her previous role.

(f) 2022, 2023 and 2024 Annual Equity Award granted in May 2022, February 2023 and February 2024 respectively to Ana Marinkovic for performance in her previous role, vesting across 3 years.

(g) 2022, 2023 and 2024 Annual Equity Award granted in Nov 2021, February 2023 and February 2024 respectively to Cathryn Carver for performance in her previous role, vesting across 3 years.

(h) 2021 recognition awards granted in November 2021 to Cathryn Carver, restricted until November 2023 and November 2024 respectively for performance in her previous role.

(i) 2019, 2020, 2021, 2022 and 2023 VR deferred shares granted in February 2020, February 2021, February 2022, February 2023 and February 2024 respectively to Cathryn Carver for performance in her previous role, restricted until November 2022 (2019 VR), November 2023 (2020 VR), November 2024 (2021 VR), November 2025 (2022 VR) and November 2026 (2023 VR).

(7) 2024 expense based on the grant date fair value, amortised on a straight line basis over the vesting period for:

(a) 2024 deferred VR rights scheduled to be granted in December 2024. The deferred VR rights are restricted for up to two years, with 50% scheduled to vest in November 2025 and 50% in November 2026. The deferred rights are subject to continued employment, malus and clawback.

(b) 2023 deferred VR rights granted in February 2024. The deferred VR rights are restricted for up to four years, with 25% scheduled to vest in November 2024, 25% in November 2025, 25% in November 2026 and 25% in November 2027. The deferred rights

## Remuneration Report (cont.)

are subject to continued employment, malus and clawback.

(c) 2022 deferred VR rights granted in February 2023. The deferred VR rights are restricted for up to four years, with 25% scheduled to vest in November 2023, 25% in November 2024, 25% in November 2025 and 25% in November 2026. The deferred rights are subject to continued employment, malus and clawback.

(d) 2021 deferred VR rights granted in February 2022, with 25% vested in November 2022, 25% scheduled to vest in November 2023, 25% in November 2024 and 25% in November 2025. The deferred rights are subject to continued employment, malus and clawback.

(e) LTVR performance rights granted in February 2020, February 2021, February 2022 and February 2023 respectively.

(f) 2024 LTVR and LTEA performance rights granted in February 2024.

(g) 2025 LTVR and LTEA performance rights scheduled to be granted in December 2024.

- (8) The percentage of 2024 total remuneration which was performance-based was: Andrew Irvine 65%, Sharon Cook 63%, Shaun Dooley 59%, Nathan Goonan 63%, Les Matheson 63%, Rachel Slade 64%, Patrick Wright 68%, Daniel Huggins 61%, Sarah White 54%, Ana Marinkovic 54%, Cathryn Carver 60%, Ross McEwan 85%, David Gall 75%, Angela Mentis 94%.
- (9) In addition to the remuneration benefits below, NAB paid an insurance premium for a contract insuring the Group CEO and Group Executives as officers. It is not possible to allocate the benefit of this premium between individuals. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the premium paid.
- (10) On his retirement on 1 July 2024, Ross McEwan received a \$239,463 payment in respect of statutory entitlements. Mr McEwan retained his 2021 deferred VR rights, 2022 deferred VR rights, 2023 deferred VR rights, his LTVR rights granted in 2020-2023 and his 2024 LTEA/LTVR rights. The value of the retained equity has been fully accounted for on retirement, being \$6,322,240. That equity remains subject to the relevant performance measures and restriction periods.
- (11) David Gall ceased employment with NAB effective 1 October 2024. In accordance with the terms of NAB's VR programs, Mr Gall retained all unvested short term and long-term VR awards. The value of the retained equity has been fully accounted for on cessation, being \$3,765,290. That equity remain subject to the relevant performance measures, restrictions and vesting requirements under the terms of the awards. Mr Gall also received a \$642,000 payment in respect of statutory entitlements, support to transition to external opportunities and in recognition of his contribution to the Group. Payments made in connection with Mr Gall's cessation complied with the termination benefits regime in the Corporations Act 2001 (Cth). Mr Gall remained eligible to participate in the FY24 Annual VR plan. Mr Gall's Annual VR will be delivered in cash (60%) and deferred cash (40%), vesting in two equal annual tranches.
- (12) On her retirement on 31 October 2023, Angela Mentis received a \$613,315 payment in respect of statutory entitlements and in recognition of her contribution to the Group. Ms Mentis retained her 2021 deferred VR rights, 2022 deferred VR rights and her LTVR rights granted in 2020-2023. The value of the retained equity has been fully accounted for on retirement, being \$1,989,597. That equity remains subject to the relevant performance measures and restriction periods.
- (13) On her retirement on 31 October 2023, Susan Ferrier received a \$566,986 payment in respect of statutory entitlements, support for transition to retirement and in recognition of her contribution to the Group. Ms Ferrier retained her 2021 deferred VR rights, 2021 recognition shares, 2022 deferred VR rights and her LTVR rights granted in 2021-2023. The value of the retained equity has been fully accounted for on retirement, being \$1,308,298. That equity remains subject to the relevant performance measures and restriction periods.
- (14) On his retirement on 1 October 2023, Gary Lennon received a \$562,205 payment in respect of statutory entitlements and in recognition of his contribution to the Group. Mr Lennon retained his 2021 deferred VR rights, 2022 deferred VR rights and his LTVR rights granted in 2020-2023. The value of the retained equity has been fully accounted for on retirement, being \$1,708,675. That equity remains subject to the relevant performance measures and restriction periods.

## Remuneration Report (cont.)

### 6.2 Value of shares and rights

The following table shows the number and value of shares and rights that were granted by NAB and held by the Group CEO and each Group Executive under NAB's employee equity plans during the year to 30 September 2024. Rights refer to deferred VR rights, LTI performance rights and any other deferred rights or performance rights provided under a current or previous VR plan. A right is a right to receive one NAB share subject to the satisfaction of the relevant performance and service conditions. The grant value shown is the full accounting value to be expensed over the vesting period, which is generally longer than the current year. The Group CEO and Group Executives did not pay any amounts for rights that vested and were exercised during 2024. There are no amounts unpaid on any of the shares exercised.

There have been no changes to the terms and conditions of these awards, or any other awards since the awards were granted.

All rights that vest are automatically exercised when they vest. For the awards allocated during the year to 30 September 2024, the maximum number of shares or rights that may vest is shown for the Group CEO and each Group Executive. The maximum value of the equity awards is the number of shares or rights subject to NAB's share price at the time of vesting. The minimum number of shares or rights and the value of the equity awards is zero if the equity is fully forfeited or lapsed.

Name		Total		2024				
		Granted <sup>(1)</sup>	Grant date	Granted	Forfeited / lapsed	Forfeited / lapsed <sup>(2)</sup>	Vested <sup>(3)</sup>	Vested <sup>(4)</sup>
		No.		\$	No.	\$	No	\$
<b>Group CEO</b>								
Andrew Irvine (for part year)	LTI - LTEA rights	45,056	22-02-2024	1,303,020	-	-	-	-
	LTI - LTVR rights	45,056	22-02-2024	1,303,020	-	-	-	-
<b>Group Executives</b>								
Sharon Cook	LTVR Rights	30,150	26-02-2020	-	-	-	30,150	916,259
	LTVR Rights	65,036	24-02-2021	-	-	-	-	-
	Deferred VR rights	10,808	23-02-2022	-	-	-	3,603	101,172
	LTVR Rights	42,483	23-02-2022	-	-	-	-	-
	Deferred VR rights	15,162	23-02-2023	-	-	-	3,791	106,451
	LTVR rights	43,485	23-02-2023	-	-	-	-	-
	Deferred VR rights	15,908	22-02-2024	460,059	-	-	-	-
	LTI - LTEA rights	24,204	22-02-2024	699,980	-	-	-	-
	LTI - LTVR rights	24,204	22-02-2024	699,980	-	-	-	-
Shaun Dooley	LTVR rights	33,500	26-02-2020	-	-	-	33,500	1,018,065
	LTVR rights	72,262	24-02-2021	-	-	-	-	-
	Deferred VR rights	11,559	23-02-2022	-	-	-	3,853	108,192
	LTVR rights	51,924	23-02-2022	-	-	-	-	-
	Deferred VR rights	14,299	23-02-2023	-	-	-	3,575	100,386
	LTVR rights	54,929	23-02-2023	-	-	-	-	-
	Deferred VR rights	15,068	22-02-2024	435,767	-	-	-	-
	LTI - LTEA rights	31,466	22-02-2024	909,997	-	-	-	-
	LTI - LTVR rights	31,466	22-02-2024	909,997	-	-	-	-
Nathan Goonan	LTVR rights	65,036	24-02-2021	-	-	-	-	-
	Deferred VR rights	10,808	23-02-2022	-	-	-	3,603	101,172
	LTVR rights	42,483	23-02-2022	-	-	-	-	-
	Deferred VR rights	14,364	23-02-2023	-	-	-	3,591	100,835
	LTVR rights	41,197	23-02-2023	-	-	-	-	-
	Deferred VR rights	18,412	22-02-2024	532,475	-	-	-	-
	LTI - LTEA rights	28,440	22-02-2024	822,485	-	-	-	-
	LTI - LTVR rights	28,440	22-02-2024	822,485	-	-	-	-

## Remuneration Report (cont.)

		Total		2024				
Name		Granted <sup>(1)</sup>	Grant date	Granted	Forfeited / lapsed	Forfeited / lapsed <sup>(2)</sup>	Vested <sup>(3)</sup>	Vested <sup>(4)</sup>
		No.		\$	No.	\$	No	\$
Andrew Irvine (for part year)	Commencement shares	37,594	6-11-2020	-	-	-	34,239	1,051,137
	LTVR Rights	86,714	24-02-2021	-	-	-	-	-
	Deferred VR rights	21,445	23-02-2022	-	-	-	7,149	200,744
	LTVR Rights	56,644	23-02-2022	-	-	-	-	-
	Deferred VR rights	22,982	23-02-2023	-	-	-	5,746	161,348
	LTVR Rights	54,929	23-02-2023	-	-	-	-	-
	Deferred VR rights	24,880	22-02-2024	719,530	-	-	-	-
Les Matheson	LTVR rights	75,875	24-02-2021	-	-	-	-	-
	Deferred VR rights	10,816	23-02-2022	-	-	-	3,606	101,256
	LTVR rights	49,564	23-02-2022	-	-	-	-	-
	Deferred VR rights	16,758	23-02-2023	-	-	-	4,190	117,655
	LTVR rights	48,063	23-02-2023	-	-	-	-	-
	Deferred VR rights	18,420	22-02-2024	532,706	-	-	-	-
	LTI - LTEA rights	27,834	22-02-2024	804,959	-	-	-	-
	LTI - LTVR rights	27,834	22-02-2024	804,959	-	-	-	-
Rachel Slade	LTVR rights	39,195	26-02-2020	-	-	-	39,195	1,191,136
	LTVR rights	86,714	24-02-2021	-	-	-	-	-
	Deferred VR rights	21,445	23-02-2022	-	-	-	7,149	200,744
	LTVR rights	56,644	23-02-2022	-	-	-	-	-
	Deferred VR rights	20,109	23-02-2023	-	-	-	5,028	141,186
	LTVR rights	54,929	23-02-2023	-	-	-	-	-
	Deferred VR rights	22,964	22-02-2024	664,119	-	-	-	-
	LTI - LTEA rights	29,770	22-02-2024	860,948	-	-	-	-
Patrick Wright	LTI - LTVR rights	29,770	22-02-2024	860,948	-	-	-	-
	LTVR Rights	65,326	26-02-2020	-	-	-	65,326	1,985,257
	LTVR Rights	108,393	24-02-2021	-	-	-	-	-
	Deferred VR rights	26,807	23-02-2022	-	-	-	8,936	250,923
	LTVR rights	70,806	23-02-2022	-	-	-	-	-
	Deferred VR rights	23,940	23-02-2023	-	-	-	5,985	168,059
	LTVR rights	68,661	23-02-2023	-	-	-	-	-
	Deferred VR rights	27,512	22-02-2024	795,647	-	-	-	-
Daniel Huggins	Recognition Rights	77,800	22-02-2024	2,249,976	-	-	-	-
	LTI - LTEA rights	37,214	22-02-2024	1,076,229	-	-	-	-
	LTI - LTVR rights	37,214	22-02-2024	1,076,229	-	-	-	-
	LTVR rights	54,019	23-02-2022	-	-	-	-	-
	Deferred VR rights	18,997	23-02-2023	-	-	-	4,750	133,380
	LTVR rights	48,340	23-02-2023	-	-	-	-	-
	Deferred VR rights	21,188	22-02-2024	612,757	-	-	-	-
	LTI - LTEA rights	28,784	22-02-2024	832,433	-	-	-	-
Sarah White	LTI - LTVR rights	28,784	22-02-2024	832,433	-	-	-	-
	General employee shares	43	9-12-2020	-	-	-	43	1,008
	Deferred VR shares	1,442	24-02-2021	-	-	-	1,442	40,491
	Deferred VR shares	3,956	23-02-2022	-	-	-	-	-
	Deferred VR shares	1,950	10-11-2022	-	-	-	650	18,252
	Deferred VR shares	3,948	23-02-2023	-	-	-	-	-
	LTI - LTEA rights	21,784	22-02-2024	629,993	-	-	-	-
	LTI - LTVR rights	21,784	22-02-2024	629,993	-	-	-	-
	Deferred VR shares	4,469	22-02-2024	150,203	-	-	-	-

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		Total		2024				
Name		Granted <sup>(1)</sup>	Grant date	Granted	Forfeited / lapsed	Forfeited / lapsed <sup>(2)</sup>	Vested <sup>(3)</sup>	Vested <sup>(4)</sup>
		No.		\$	No.	\$	No	\$
Ana Marinkovic (for part year)	General employee shares	43	9-12-2020	-	-	-	43	1,008
	Deferred VR shares	5,701	24-02-2021	-	-	-	5,701	160,084
	Recognition shares	3,668	18-08-2021	-	-	-	3,668	132,305
	Recognition shares	34,978	12-11-2021	-	-	-	17,489	491,091
	Deferred VR shares	13,039	23-02-2022	-	-	-	-	-
	Deferred VR shares	4,014	6-05-2022	-	-	-	2,007	56,357
	Deferred VR shares	13,040	23-02-2023	-	-	-	2,302	64,640
	Deferred VR shares	16,562	22-02-2024	556,649	-	-	-	-
Cathryn Carver (for part year)	General employee shares	43	9-12-2020	-	-	-	43	1,008
	Deferred VR shares	7,778	10-11-2021	-	-	-	3,889	109,203
	Recognition shares	34,978	12-11-2021	-	-	-	17,489	491,091
	Deferred VR shares	11,212	24-02-2021	-	-	-	11,212	314,833
	Deferred VR shares	28,512	23-02-2022	-	-	-	-	-
	Deferred VR shares	25,080	23-02-2023	-	-	-	3,780	106,142
	Deferred VR shares	27,972	22-02-2024	940,139	-	-	-	-
<b>Former Group Executives</b>								
Ross McEwan (for part year)	LTVR rights	180,655	24-02-2021	-	-	-	-	-
	Deferred VR rights	41,104	23-02-2022	-	-	-	13,702	384,752
	LTVR rights	118,010	23-02-2022	-	-	-	-	-
	Deferred VR rights	47,664	23-02-2023	-	-	-	11,916	334,601
	LTVR rights	111,645	23-02-2023	-	-	-	-	-
	Deferred VR rights	46,680	22-02-2024	1,349,986	-	-	-	-
	LTI - LTEA rights	45,383	22-02-2024	1,312,476	-	-	-	-
	LTI - LTVR rights	45,383	22-02-2024	1,312,476	-	-	-	-
David Gall (for part year)	LTVR rights	52,261	26-02-2020	-	-	-	52,261	1,588,212
	LTVR rights	86,714	24-02-2021	-	-	-	-	-
	Deferred VR rights	22,303	23-02-2022	-	-	-	7,435	208,775
	LTVR rights	56,644	23-02-2022	-	-	-	-	-
	Deferred VR rights	22,025	23-02-2023	-	-	-	5,507	154,637
	LTVR rights	54,929	23-02-2023	-	-	-	-	-
	Deferred VR rights	23,920	22-02-2024	691,766	-	-	-	-
	LTI - LTEA rights	29,770	22-02-2024	860,948	-	-	-	-
	LTI - LTVR rights	29,770	22-02-2024	860,948	-	-	-	-
Angela Mentis (for part year)	LTVR rights	52,261	26-02-2020	-	-	-	52,261	1,588,212
	LTVR rights	86,714	24-02-2021	-	-	-	-	-
	Deferred VR rights	24,327	23-02-2022	-	-	-	8,109	227,701
	LTVR rights	56,644	23-02-2022	-	-	-	-	-
	Deferred VR rights	19,152	23-02-2023	-	-	-	4,788	134,447
	LTVR rights	54,929	23-02-2023	-	-	-	-	-
	LTVR rights	47,906	26-02-2020	-	-	-	47,906	1,455,863
Gary Lennon	LTVR rights	79,488	24-02-2021	-	-	-	-	-
	Deferred VR rights	15,726	23-02-2022	-	-	-	5,242	147,195
	LTVR rights	51,924	23-02-2022	-	-	-	-	-
	LTVR rights							

## Remuneration Report (cont.)

Name		Total		2024				
		Granted <sup>(1)</sup>	Grant date	Granted	Forfeited / lapsed	Forfeited / lapsed <sup>(2)</sup>	Vested <sup>(3)</sup>	Vested <sup>(4)</sup>
		No.		\$	No.	\$	No	\$
	Deferred VR rights	19,311	23-02-2023	-	-	-	4,828	135,570
	LTVR rights	50,352	23-02-2023	-	-	-	-	-
Susan Ferrier	LTVR Rights	65,036	24-02-2021	-	-	-	-	-
	Recognition shares	11,570	24-02-2021	-	-	-	11,570	351,612
	Deferred VR rights	9,457	23-02-2022	-	-	-	3,153	88,536
	LTVR rights	42,483	23-02-2022	-	-	-	-	-
	Deferred VR rights	14,364	23-02-2023	-	-	-	3,591	100,835
	LTVR rights	41,197	23-02-2023	-	-	-	-	-

(1) The following securities have been granted during 2024:

- a) LTVR and LTEA rights allocated in February 2024 (in respect of 2024) to the Group CEO and all Group Executives at the time of allocation. The performance rights are subject to service and performance measures.
- b) Deferred VR rights allocated in February 2024 (in respect of 2023) to the Group CEO and all Group Executives at the time of allocation. The rights vest annually in four equal tranches between November 2024 and November 2027.
- c) Deferred VR shares allocated in February 2024 (in respect of 2023) to Sarah White, Ana Marinkovic and Cathryn Carver for their roles prior to becoming a KMP.

(2) Calculated using NAB's closing share price on the forfeiture / lapsing date.

(3) The following securities have vested during 2024:

- a) Deferred VR rights allocated in February 2022 and February 2023 partially vested in November 2023.
- b) LTVR rights allocated in February 2020 vested in December 2023 for Angela Mentis, David Gall, Gary Lennon, Patrick Wright, Rachael Slade, Sharon Cook and Shaun Dooley.
- c) Recognition shares allocated in August 2021 and November 2021 vested in July 2024 and November 2023 respectively for Ana Marinkovic.
- d) Recognition shares allocated in February 2021 vested in November 2023 for Susan Ferrier.
- e) Deferred VR shares allocated in February 2021 vested in November 2023 for Ana Marinkovic, Cathryn Carver and Sarah White.
- f) Deferred VR shares allocated in November 2021 and February 2023 vested in November 2023 for Cathryn Carver.
- g) Deferred VR shares allocated in May 2022 and February 2023 vested in November 2023 for Ana Marinkovic.
- h) Deferred VR shares allocated in November 2022 vested in November 2023 for Sarah White.
- i) Commencement shares allocated in November 2020 vested in December 2023 for Andrew Irvine.
- j) General employee shares granted to Ana Marinkovic, Cathryn Carver and Sarah White in December 2020, fully vested in December 2023.

(4) Calculated using NAB's closing share price on the vesting date.

### 6.3 Determining the value of equity remuneration

The number of shares and rights provided to the Group CEO and Group Executives by NAB are determined using a face value methodology. The table below shows the fair value of shares and rights granted by NAB during 2024 in accordance with statutory requirements. The grant date fair value of each share is determined by the market value of NAB shares and is generally a five day weighted average share price. The grant date fair value of shares and rights with market performance measures is determined using a simulated version of the Black-Scholes model.

No performance options have been granted during the year. Shares and rights granted during 2024 were granted at no cost to the Group CEO or Group Executive and have a zero exercise price.

Type of allocation	Award type	Grant date	Grant share price <sup>(1)</sup>	Fair value	Restriction period end <sup>(2)</sup>
			\$	\$	
Deferred VR <sup>(3)</sup>	Performance rights	22 February 2024	33.48	28.92	15 November 2024 – 15 November 2027
Deferred VR <sup>(4)</sup>	Shares	22 February 2024		27.87	15 November 2026
General Employee Share Offer	Shares	19 December 2023		29.71	19 December 2026
Performance Rights <sup>(5)</sup>	Performance rights	22 February 2024	33.48	28.92	22 December 2027 – 22 December 2028
Long-Term Equity Award <sup>(6)</sup>	Performance rights	22 February 2024	33.48	27.65	22 December 2027 – 22 December 2029
Long-Term Variable Reward <sup>(6)</sup>	Performance rights	22 February 2024	33.48	18.40	22 December 2027 – 22 December 2029

(1) The grant share price is NAB's closing share price at the date of valuation (being the grant date of the relevant award). The grant share price was used to determine the fair value for the LTEA and LTVR performance rights.

(2) Any performance rights that vest are automatically exercised at the end of the relevant restriction period for each tranche. The end of the restriction period for the performance rights is also the expiry date for those performance rights. Awards may be released from the restriction period over several years on a pro-rata basis and the range presented represents the earliest and latest vesting tranches.

(3) The number of deferred rights allocated to each eligible participant was calculated using the weighted average share price over the five trading days up to 30 September 2023, inclusive. The deferred rights are split across four equal tranches vesting on 15 November in 2024, 2025, 2026 and 2027.

(4) Deferred shares provided to Sarah White, Ana Marinkovic and Cathryn Carver relating to the period prior to becoming a KMP.

(5) Patrick Wright received performance rights relating to technology modernisation as set out in Section 2.3. The performance rights are split across two equal tranches vesting on December 2027 and 2028.

(6) The number of LTI performance rights allocated to each eligible participant was calculated using the weighted average share price over the five trading days up to 30 September 2023, inclusive. For the Group CEO, the awards are split across three equal tranches with restriction periods ending on 22 December in 2027, 2028 and 2029. For all other Group Executives, the awards are split across two equal tranches with restriction periods ending on 22 December in 2027 and 2028.



### Hedging policy

Directors and employees are prohibited from protecting the value of their equity awards by hedging. Further details are available in the Group Securities Trading Policy.

NAB's Group Securities Trading Policy explains the law and the Policy our colleagues must comply with when trading in NAB securities. All employees are prohibited from using derivatives in relation to elements of their remuneration that are unvested. In addition, closely related parties of KMP are prohibited from using derivatives or otherwise entering into hedging arrangements in relation to elements of their remuneration that are unvested or which have vested but remain subject to forfeiture conditions.

The Group Securities Trading Policy is available at [nab.com.au/content/dam/nabrwd/documents/policy/corporate/group-securities-trading-policy.pdf](http://nab.com.au/content/dam/nabrwd/documents/policy/corporate/group-securities-trading-policy.pdf).

## 6.4 Rights holdings

Rights were granted to the Group CEO and Group Executives in 2024 under the Annual VR, LTVR and LTEA plans. No rights or performance options (i.e. entitlements to NAB shares) are granted to the Group CEO or Group Executives' related parties.

No performance options (i.e. a right requiring payment of a subscription price on vesting) are currently held by the Group CEO or Group Executives. The number of rights that vested during the year was equivalent to the number of rights that were exercised during the year. As at 30 September 2024, no rights held by the Group CEO or Group Executives were: (i) vested and exercisable; nor (ii) vested but not exercisable.

Name	Balance at beginning of year <sup>(1)</sup> No.	Granted during year as remuneration No.	Exercised during year No.	Forfeited / lapsed or expired during year No.	Balance at end of year <sup>(2)</sup> No.
<b>Group CEO</b>					
Andrew Irvine	242,714	114,992	(12,895)	-	344,811
<b>Group Executives</b>					
Sharon Cook	207,124	64,316	(37,544)	-	233,896
Shaun Dooley	238,473	78,000	(40,928)	-	275,545
Nathan Goonan	173,888	75,292	(7,194)	-	241,986
Les Matheson	201,076	74,088	(7,796)	-	267,368
Rachel Slade	279,036	82,504	(51,372)	-	310,168
Patrick Wright	363,933	179,740	(80,247)	-	463,426
Dan Huggins	121,356	78,756	(4,750)	-	195,362
Sarah White	-	43,568	-	-	43,568
Ana Marinkovic (for part year)	-	-	-	-	-
Cathryn Carver (for part year)	-	-	-	-	-
<b>Former Group Executives</b>					
Ross McEwan (for part year)	499,078	137,446	(25,618)	-	610,906
David Gall (for part year)	294,876	83,460	(65,203)	-	313,133
Angela Mentis (for part year)	294,027	-	-	-	294,027

(1) Balance may include rights granted prior to individuals becoming KMP. For individuals who became KMP during 2024, the balance is at the date they became KMP.

(2) For Executives who ceased being KMP during 2024, the balance is as at the date they ceased being KMP.

## 6.5 Group CEO and Group Executives' share ownership

The number of NAB shares held (directly and nominally) by the Group CEO and each Group Executive or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

Name	Balance at beginning of year <sup>(1)</sup> No.	Granted during year as remuneration No.	Received during year on exercise of rights No.	Other changes during year No.	Balance at end of year <sup>(2)</sup> No.
<b>Group CEO</b>					
Andrew Irvine	37,594	-	12,895	-	50,489
<b>Group Executives</b>					
Sharon Cook	11,850	-	37,544	-	49,394
Shaun Dooley	74,957	-	40,928	82	115,967
Nathan Goonan	7,193	-	7,194	-	14,387
Les Matheson	3,606	-	7,796	(7,796)	3,606
Rachel Slade	55,584	-	51,372	51,372	158,328
Patrick Wright	77,000	-	80,247	(155,247)	2,000
Dan Huggins	-	-	4,750	(4,750)	-
Sarah White	11,992	4,469	-	(2,788)	13,673
Ana Marinkovic (for part year)	100,402	-	85,529	(99,395)	86,536
Cathryn Carver (for part year)	99,195	-	-	-	99,195
<b>Former Group Executives</b>					
Ross McEwan (for part year)	67,599	-	25,618	-	93,217
David Gall (for part year)	119,948	-	65,203	3,461	188,612
Angela Mentis (for part year)	204,414	-	-	-	204,414

(1) Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during 2024, the balance is at the date they became KMP.

(2) NAB maintains a minimum shareholding policy. Holdings included in meeting the minimum shareholding requirement are NAB shares, unvested deferred shares and deferred rights not subject to further performance conditions held by the executive and shares held by a closely related party or self-managed superannuation fund for the benefit of the executive. Refer to section 6.6 for further details. The Group CEO and Group Executives have all met or are on track to meet the minimum shareholding requirement.

(3) For Executives who ceased being KMP during 2024, the balance is as at the date they ceased being KMP.

## 6.6 Group CEO and Group Executive contract terms

The Group CEO and Group Executives are employed on the following contractual terms:

Contractual term	Arrangement
<b>Duration</b>	• Permanent ongoing employment
<b>Notice period<sup>(1)</sup></b>	• 26 weeks
<b>Other key arrangements on separation</b>	<ul style="list-style-type: none"> <li>• If the Group CEO or a Group Executive resigns they do not receive any annual or long-term variable reward in that year and any unvested awards are forfeited.</li> <li>• If the Group CEO or a Group Executive ceases employment for any reason other than resignation (for example, retrenchment or retirement), they will retain all of their unvested awards unless the Board exercises its discretion to determine a different treatment.<sup>(2)</sup></li> <li>• All statutory entitlements are paid.</li> </ul>
<b>Change of control</b>	• If a change of control occurs, the Board has discretion to determine the treatment of unvested shares and rights. Vesting of shares and rights will not be automatic or accelerated and the Board will retain discretion in relation to the vesting outcome including absolute discretion to forfeit all shares and rights.
<b>Post-employment obligations</b>	• Non-compete and non-solicitation obligations apply.
<b>Minimum shareholding policy</b>	<ul style="list-style-type: none"> <li>• The Group CEO is required to hold NAB shares to the value of two times FR and Group Executives are required to hold NAB shares equal to their individual FR.</li> <li>• The Group CEO and Group Executives are required to satisfy the minimum shareholding requirement within a five-year period from the date of commencement in their role.</li> <li>• Holdings included in meeting the minimum shareholding requirement are NAB shares, unvested deferred shares and deferred rights not subject to further performance conditions held by the executive and shares held by a closely related party or self-managed superannuation fund for the benefit of the executive.</li> </ul>

(1) Payment in lieu of notice for some or all of the notice period may be approved by the Board in certain circumstances. Termination payments are not paid on resignation, summary termination or termination for unsatisfactory performance, although the Board may determine exceptions to this.

(2) Any unvested awards retained will be held by the Group CEO or Group Executive on the same terms. Unvested LTI awards retained (including the LTEA and LTVR components) will remain subject to the performance measure, with that measure tested in accordance with the normal timetable.

## Section 7 – Non-executive director remuneration

### 7.1 Fee policy and pool

Non-executive directors receive fees to recognise their contribution to the work of the Board. Additional fees are paid, where applicable, for serving on Board committees, on Boards of controlled entities and internal advisory boards. Fees include NAB's compulsory contributions to superannuation. Fees are set to reflect the time commitment and responsibilities of the role. The Board undertook a review of the quantum of Board fees in December 2023 and based on this review, the Board approved an increase to Board fees effective 1 January 2024. The Board fees were last reviewed in 2022 with no increase in 2023.

To maintain independence and objectivity, non-executive directors do not receive any performance related remuneration. Non-executive directors do not receive any termination payments.

The total amount of non-executive directors' remuneration is capped at a maximum aggregate fee pool that is approved by shareholders. The current aggregate fee pool of \$4.5 million per annum was approved by shareholders at NAB's 2008 AGM.

The total Board and committee fees, including superannuation, paid to non-executive directors in 2024 are within the approved aggregate fee pool.

The following table shows the 2024 non-executive director Board and committee fee policy structure (effective from 1 January 2024).

	2024		2023	
	Chair (\$pa)	Non-executive director (\$pa)	Chair (\$pa)	Non-executive director (\$pa)
Board	850,000	245,000	825,000	240,000
Audit Committee	65,000	32,500	65,000	32,500
Risk & Compliance Committee	65,000	32,500	65,000	32,500
People & Remuneration Committee	65,000	32,500	55,000	27,500
Customer Committee	45,000	22,500	40,000	20,000
Nomination & Governance Committee	–	10,000	–	10,000

### 7.2 Minimum shareholding policy

To align with shareholder interests, the Board has adopted a policy that non-executive directors must hold a minimum number of NAB ordinary shares equal in value to the Chair's and other directors' respective annual Board fees within five years of appointment.

Under the policy, the minimum number of shares required to be held is based on the amount outlaid to buy the shares. As a result, the number of shares a non-executive director must hold is different for each director.

Apart from more recent appointees, all other non-executive directors have met the minimum shareholding requirement in full.

## Remuneration Report (cont.)

### 7.3 Statutory remuneration

The fees paid to the non-executive directors are set out in the table below.

Name		Short-term benefits		Post-employment benefits	Total
		Cash salary <sup>(1)</sup> and fees <sup>(2)</sup>	Non-monetary <sup>(3)</sup>	Superannuation <sup>(4)</sup>	
		\$	\$	\$	\$
<b>Non-executive directors</b>					
Philip Chronican (Chair)	2024	815,718	2,079	28,032	845,829
	2023	799,181	415	25,819	825,415
Kathryn Fagg	2024	305,044	-	28,032	333,076
	2023	276,319	-	25,819	302,138
Anne Loveridge	2024	320,813	368	-	321,181
	2023	318,677	415	6,323	325,415
Douglas McKay <sup>(5)</sup>	2024	472,927	5,658	28,032	506,617
	2023	557,145	415	25,819	583,379
Simon McKeon	2024	293,773	-	28,032	321,805
	2023	289,181	-	25,819	315,000
Ann Sherry	2024	290,718	3,920	28,032	322,670
	2023	281,681	415	25,819	307,915
Alison Kitchen	2024	291,760	-	28,032	319,792
	2023	2,923	-	321	3,244
Carolyn Kay	2024	289,431	-	20,549	309,980
	2023	41,890	-	3,998	45,888
Christine Fellowes	2024	263,458	-	27,743	291,201
	2023	82,007	-	8,500	90,507
<b>Former non-executive directors</b>					
David Armstrong (for part year)	2024	70,982	1,436	-	72,418
	2023	337,500	-	-	337,500
Peeyush Gupta (for part year)	2024	58,261	1,436	5,886	65,583
	2023	277,043	-	25,819	302,862
<b>Total</b>	<b>2024</b>	<b>3,472,885</b>	<b>14,897</b>	<b>222,370</b>	<b>3,710,152</b>
<b>Total</b>	<b>2023</b>	<b>3,263,547</b>	<b>1,660</b>	<b>174,056</b>	<b>3,439,263</b>

(1) The portion of fees in connection with their roles, duties and responsibilities as a non-executive director, and includes attendance at meetings of the Board, Board committees and boards of controlled entities, received as cash.

(2) In December 2023, the Board approved increases to non-executive director fees, effective from 1 January 2024. Refer to section 7.1 for further details.

(3) Relates to gifts and other incidental benefits for the individual.

(4) Reflects compulsory company contributions to superannuation. David Armstrong and Anne Loveridge elected to receive all or part of their payments in fees and therefore received reduced or nil superannuation contributions during this period.

(5) Douglas McKay received fees of \$220,000 in his capacity as Chair of Bank of New Zealand, which were paid in NZD.

## 7.4 Non-executive directors' share ownership and other interests

The number of NAB shares held (directly and nominally) by each non-executive director of NAB and the Group or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below. No rights or performance options are granted to non-executive directors or their related parties.

Name	Balance at beginning of year <sup>(1)</sup> No.	Acquired No.	Other changes during year No.	Balance at end of year <sup>(2)</sup> No.
<b>Non-executive directors</b>				
Philip Chronican (Chair)	42,120	-	-	42,120
Kathryn Fagg	9,426	-	-	9,426
Anne Loveridge	12,120	-	-	12,120
Douglas McKay	11,972	-	-	11,972
Simon McKeon	15,000	-	-	15,000
Ann Sherry	12,698	-	-	12,698
Alison Kitchen	-	6,120	-	6,120
Carolyn Kay	5,567	7,659	-	13,226
Christine Fellowes	3,438	1,457	-	4,895
<b>Former Non-executive directors</b>				
David Armstrong (for part year)	21,926	650	-	22,576
Peeyush Gupta (for part year)	9,571	-	-	9,571

(1) Balance may include shares held prior to individuals becoming a non-executive director.

(2) All non-executive directors met or are on track to meet the minimum shareholding requirements for the year.

(3) For non-executive directors who ceased being KMP during 2024, the balance is as at the date they ceased being KMP.

## Section 8 - Loans, other transactions and other interests

### 8.1 Loans

Loans made to non-executive directors of NAB are made in the ordinary course of business on terms equivalent to those that prevail in arm's length transactions. Loans to the Group CEO and Group Executives may be made on similar terms and conditions generally available to other employees of the Group. Loans to KMP of NAB and the Group may be subject to restrictions under applicable laws and regulations including the *Corporations Act 2001* (Cth). The opening balance is 1 October and closing balance is 30 September, or the date of commencement or cessation of a KMP.

#### Total aggregated loans provided to KMP and their related parties

	Terms and conditions	Balance at beginning of year <sup>(1)</sup>	Interest charged <sup>(2)</sup>	Interest not charged <sup>(2)</sup>	Write-off <sup>(2)</sup>	Balance at end of year <sup>(3)</sup>
NAB and the Group		\$	\$	\$	\$	\$
KMP <sup>(4)</sup>	Normal	13,664,729	452,711	-	-	13,168,175
	Employee	29,819,756	956,169	-	-	35,370,257
Other related parties <sup>(5)</sup>	Normal	20,633,322	651,143	-	-	17,670,165

(1) For KMPs who commenced during the year, the balance is as at the date they became a KMP.

(2) Relates to the period during which the Group Executive was KMP.

(3) For KMPs who ceased during the year, the balance is as at the date they ceased to be a KMP.

(4) The aggregated loan balance at the end of the year includes loans issued to 18 KMP.

(5) Includes the KMP's related parties, which includes their close family members or any entity they or their close family members control, jointly control or significantly influence.

#### Aggregated loans to KMP and their related parties above \$100,000

	KMP and related parties					KMP
	Balance at beginning of year <sup>(1)</sup>	Interest charged <sup>(2)</sup>	Interest not charged	Write-off	Balance at end of year <sup>(3)</sup>	Highest indebtedness during 2024 <sup>(4)</sup>
NAB and the Group	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>						
David Armstrong (for part year)	988,994	10,398	-	-	1,003,729	-
Kathryn Fagg	2,755,514	72,459	-	-	2,654,108	2,754,830
Doug McKay	2,226,851	101,156	-	-	1,501,249	50,435
Carolyn Kay	719,290	35,536	-	-	665,054	710,237
Simon McKeon	1,742,185	102,693	-	-	1,719,859	1,742,185
<b>Group CEO</b>						
Andrew Irvine	14,374,813	395,610	-	-	15,478,449	15,673,507
<b>Group Executives</b>						
Sharon Cook	3,354,097	118,510	-	-	3,242,351	1,004,112
Shaun Dooley	1,047,745	30,346	-	-	1,013,517	580,372
Nathan Goonan	4,273,509	178,578	-	-	4,158,047	4,279,067
Daniel Huggins	4,938,801	258,540	-	-	4,808,869	4,844,677
Les Matheson	3,655,493	182,498	-	-	2,418,088	68,363
Rachel Slade	5,240,616	165,916	-	-	5,102,986	5,266,427
Patrick Wright	3,006,150	38,726	-	-	2,577,515	22,591
Sarah White	3,448,696	130,361	-	-	3,492,274	3,492,274
Ana Marinkovic (for part year)	3,095,388	92,434	-	-	6,930,380	6,930,031
Cathryn Carver (for part year)	3,180,327	38,702	-	-	3,439,014	2,356,565
<b>Former Group Executives</b>						
Ross McEwan (for part year)	1,090,667	25,087	-	-	1,267,174	950,500
David Gall (for part year)	4,338,972	78,325	-	-	4,084,474	709,231
Angela Mentis (for part year)	639,676	4,150	-	-	650,130	15,190

(1) For KMPs who commenced during the year, the balance is as at the date they became a KMP.

(2) The interest charged may include the impact of interest offset facilities and only relates to the period during which the non-executive director, Group CEO or Group Executive was KMP.

(3) For KMPs who ceased during the year, the balance is as at the date they ceased to be a KMP.

(4) Represents aggregate highest indebtedness of the KMP during 2024. All other items in this table relate to the KMP and their related parties.



## 8.2 Other transactions

From time to time various KMP and their related parties will hold investments in funds that are either managed, related to or controlled by the Group. All such transactions with KMP and their related parties are made on terms equivalent to those that prevail in arm's length transactions.

All other transactions that have occurred with KMP are made on terms equivalent to those that prevail in arm's length transactions. These transactions generally involve the provision of financial and investment services including services to eligible international assignees ensuring they are neither financially advantaged nor disadvantaged by their relocation. All such transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are trivial in nature when they are considered of little or no interest to the users of the Remuneration Report in making and evaluating decisions about the allocation of scarce resources. Transactions are domestic in nature when they relate to personal household activities.

## 8.3 Other equity instrument holdings

In the year ending 30 September 2024, no KMP or their related parties held or transacted any equity instruments (either directly or indirectly) other than the NAB shares and equity-based compensation disclosed in Sections 6 and 7.

## 8.4 Other relevant interests

Each KMP or their related parties from time to time invest in various debentures, registered schemes and securities offered by NAB and certain subsidiaries of NAB. The level of interests held directly and indirectly as at 30 September 2024 were:

Name	Nature of product	Relevant Interest (Units)
<b>Non-executive directors</b>		
Ann Sherry	NAB Capital Notes 3	1,500
<b>Group Executives</b>		
Sharon Cook	NAB Capital Notes 3	2,000

There are no contracts, other than those disclosed in Table 8.4 immediately above, to which directors are a party, or under which the directors are entitled to a benefit and that confer the right to call for, or deliver shares in, debentures of, or interests in, a registered scheme made available by NAB or a related body corporate. All of the directors have disclosed interests in organisations not related to the Group and are to be regarded as interested in any contract or proposed contract that may be made between NAB and any such organisations.

**Annex B Financial Statements**  
**(extracts from the Group's 2024 Annual Report)**

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## Income statements

For the year ended 30 September	Note	Group		Company	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
Interest income					
Effective interest rate method		52,012	46,358	48,036	42,478
Fair value through profit or loss		6,285	1,714	5,745	1,404
Interest expense		(41,540)	(31,265)	(41,056)	(30,894)
<b>Net interest income</b>	3	<b>16,757</b>	16,807	<b>12,725</b>	12,988
Other income	4	3,889	3,841	5,572	10,301
Operating expenses	5	(10,026)	(9,382)	(8,832)	(8,423)
Credit impairment charge	17	(741)	(816)	(619)	(654)
<b>Profit before income tax</b>		<b>9,879</b>	10,450	<b>8,846</b>	14,212
Income tax expense	6	(2,798)	(2,980)	(1,952)	(2,200)
<b>Net profit for the year from continuing operations</b>		<b>7,081</b>	7,470	<b>6,894</b>	12,012
Net loss after tax for the year from discontinued operations		(103)	(51)	-	-
<b>Net profit for the year</b>		<b>6,978</b>	7,419	<b>6,894</b>	12,012
Attributable to non-controlling interests		18	5	-	-
Attributable to owners of the Company		6,960	7,414	6,894	12,012
<b>Earnings per share</b>		<b>cents</b>	<b>cents</b>		
Basic	7	224.6	236.4		
Diluted	7	222.7	228.7		
Basic from continuing operations	7	227.9	238.0		
Diluted from continuing operations	7	225.8	230.2		

## Statements of comprehensive income

For the year ended 30 September	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Net profit for the year from continuing operations</b>	<b>7,081</b>	<b>7,470</b>	<b>6,894</b>	<b>12,012</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes attributable to the Group's own credit risk on financial liabilities designated at fair value	(87)	(67)	(95)	(70)
Revaluation of land and buildings	(2)	(4)	-	-
Revaluation of equity instruments at fair value through other comprehensive income	4	17	5	16
Tax on items transferred directly to equity	26	20	26	22
<b>Total items that will not be reclassified to profit or loss</b>	<b>(59)</b>	<b>(34)</b>	<b>(64)</b>	<b>(32)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Cash flow hedge reserve	2,101	66	2,152	303
Cost of hedging reserve <sup>(1)</sup>	(198)	(160)	(87)	(44)
Foreign currency translation reserve:				
Currency adjustments on translation of foreign operations	(222)	709	(41)	117
Transfer to the income statement on disposal or partial disposal of foreign operations	-	(29)	-	(29)
Debt instruments at fair value through other comprehensive income reserve:				
Revaluation losses	(520)	(14)	(520)	(14)
Losses transferred to income statement	104	(32)	104	(32)
Tax on items transferred directly to equity	(445)	38	(492)	(63)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>820</b>	<b>578</b>	<b>1,116</b>	<b>238</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>761</b>	<b>544</b>	<b>1,052</b>	<b>206</b>
<b>Total comprehensive income for the year from continuing operations</b>	<b>7,842</b>	<b>8,014</b>	<b>7,946</b>	<b>12,218</b>
Net loss after tax for the year from discontinued operations	(103)	(51)	-	-
<b>Total comprehensive income for the year</b>	<b>7,739</b>	<b>7,963</b>	<b>7,946</b>	<b>12,218</b>
Attributable to non-controlling interests <sup>(2)</sup>	18	13	-	-
<b>Total comprehensive income attributable to owners of the Company</b>	<b>7,721</b>	<b>7,950</b>	<b>7,946</b>	<b>12,218</b>

(1) During the 2024 financial year, approximately \$4 million was reclassified out of the cost of hedging reserve and into profit or loss in the Group, as a result of early termination of a hedging instrument.

(2) The Group includes \$nil (2023: \$8 million) relating to foreign currency translation of the non-controlling interests in BNZ.

## Balance sheets

As at 30 September	Note	Group		Company	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Assets</b>					
Cash and liquid assets <sup>(1)</sup>	8	2,499	24,699	2,318	23,959
Due from other banks	8	110,438	117,306	105,061	106,955
Collateral placed		9,633	11,286	8,929	10,214
Trading assets	9	133,606	101,168	120,517	90,417
Derivative assets	18	28,766	34,269	28,458	33,784
Debt instruments	10	41,999	46,357	41,983	46,336
Other financial assets	11	769	1,430	769	1,708
Loans and advances	12	732,692	702,702	634,346	607,684
Current tax assets		25	20	25	19
Due from controlled entities		-	-	51,039	43,577
Deferred tax assets	6	3,181	3,499	2,802	3,059
Property, plant and equipment		2,865	3,016	2,220	1,935
Investments in controlled entities		-	-	11,076	10,025
Goodwill and other intangible assets	22	5,224	4,952	2,661	2,392
Other assets	23	8,551	8,379	6,884	7,717
<b>Total assets</b>		<b>1,080,248</b>	<b>1,059,083</b>	<b>1,019,088</b>	<b>989,781</b>
<b>Liabilities</b>					
Due to other banks <sup>(1)</sup>	8	12,328	39,516	7,909	33,965
Collateral received		5,151	10,672	4,180	9,281
Other financial liabilities	16	70,272	66,352	62,836	51,745
Deposits and other borrowings	13	712,566	682,120	636,565	608,641
Derivative liabilities	18	32,576	35,633	33,013	36,110
Current tax liabilities		1,042	1,012	864	978
Provisions	24	1,804	1,852	1,466	1,651
Due to controlled entities		-	-	51,830	44,059
Bonds, notes and subordinated debt	14	156,294	135,645	140,556	124,329
Debt issues	15	9,560	8,561	9,560	8,561
Other liabilities	25	16,442	16,217	12,984	13,938
<b>Total liabilities</b>		<b>1,018,035</b>	<b>997,580</b>	<b>961,763</b>	<b>933,258</b>
<b>Net assets</b>		<b>62,213</b>	<b>61,503</b>	<b>57,325</b>	<b>56,523</b>
<b>Equity</b>					
Contributed equity	27	36,581	38,546	35,795	37,760
Reserves	29	(362)	(1,192)	(434)	(1,565)
Retained profits		25,236	23,800	21,964	20,328
<b>Total equity (attributable to owners of the Company)</b>		<b>61,455</b>	<b>61,154</b>	<b>57,325</b>	<b>56,523</b>
Non-controlling interests	28	758	349	-	-
<b>Total equity</b>		<b>62,213</b>	<b>61,503</b>	<b>57,325</b>	<b>56,523</b>

(1) During the 2023 financial year, the Group and the Company established new portfolios of reverse repurchase and repurchase agreements which are held for trading. New transactions under these agreements are measured at fair value through profit or loss and are included in *Note 9 Trading assets* and *Note 16 Other financial liabilities*.

## Statements of cash flows

For the year ended 30 September	Note	Group		Company	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Cash flows from operating activities</b>					
Interest received		58,715	47,338	54,250	43,275
Interest paid		(40,575)	(28,548)	(40,251)	(28,555)
Dividends received		4	2	3,108	2,053
Net trading income received		405	4,993	65	4,083
Other income received		2,392	2,572	1,752	1,704
Operating expenses paid		(7,712)	(7,614)	(6,585)	(6,598)
Income tax paid		(2,834)	(2,973)	(2,208)	(2,034)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>10,395</b>	<b>15,770</b>	<b>10,131</b>	<b>13,928</b>
<b>Changes in operating assets and liabilities</b>					
Net (increase) / decrease in					
Collateral placed		1,637	2,075	1,283	528
Deposits with central banks and other regulatory authorities		2,934	10,490	2,934	10,490
Trading assets		(31,708)	(58,148)	(29,764)	(53,920)
Other financial assets designated at fair value		610	682	54	1,036
Loans and advances		(32,547)	(15,854)	(27,953)	(13,534)
Other assets		999	(237)	1,346	(432)
Net increase / (decrease) in					
Collateral received		(5,513)	(6,893)	(5,111)	(6,297)
Deposits and other borrowings		31,687	(9,157)	28,195	(12,366)
Other financial liabilities		7,452	44,592	10,752	43,099
Other liabilities		(2,807)	296	(3,660)	814
Net funds advanced to and receipts from other banks		(23,145)	(10,468)	(23,209)	(10,857)
Net movement in derivative assets and liabilities		4,225	153	2,794	2,300
<b>Changes in operating assets and liabilities arising from cash flow movements</b>		<b>(46,176)</b>	<b>(42,469)</b>	<b>(42,339)</b>	<b>(39,139)</b>
<b>Net cash provided by / (used in) operating activities</b>	37	<b>(35,781)</b>	<b>(26,699)</b>	<b>(32,208)</b>	<b>(25,211)</b>
<b>Cash flows from investing activities</b>					
Movement in debt instruments					
Purchases		(27,966)	(34,455)	(27,957)	(34,435)
Proceeds from disposal and maturity		33,927	31,296	33,914	31,280
Net movement in other debt and equity instruments		69	59	94	(32)
Net movement in amounts due from controlled entities		-	-	(770)	(3,320)
Net movement in shares in controlled entities		-	-	611	5
Net movement in shares in associates and joint ventures		(4)	-	-	-
Proceeds from sale of controlled entities and business closures, net of costs and cash disposed		104	82	-	82
Purchase of property, plant, equipment and software		(1,440)	(1,192)	(1,168)	(900)
Proceeds from sale of property, plant, equipment and software, net of costs		1	-	-	-
<b>Net cash provided by / (used in) investing activities</b>		<b>4,691</b>	<b>(4,210)</b>	<b>4,724</b>	<b>(7,320)</b>



## Statements of cash flows

For the year ended 30 September	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Cash flows from financing activities</b>				
Repayments of bonds, notes and subordinated debt	(26,638)	(31,143)	(20,734)	(26,937)
Proceeds from issue of bonds, notes and subordinated debt, net of costs <sup>(1)</sup>	42,783	42,827	37,655	38,948
Payments for share buy-back	(2,077)	(904)	(2,077)	(904)
Purchase of shares for dividend reinvestment plan neutralisation	(509)	(693)	(509)	(693)
Purchase of treasury shares for employee share offer	(25)	(23)	(25)	(23)
Proceeds from debt issues, net of costs	999	1,243	999	1,243
Proceeds from issue of BNZ perpetual preference shares	404	336	-	-
Dividends and distributions paid (excluding dividend reinvestment plan)	(4,700)	(4,339)	(4,682)	(4,334)
Repayments of other financing activities	(321)	(328)	(283)	(284)
<b>Net cash provided by / (used in) financing activities</b>	<b>9,916</b>	<b>6,976</b>	<b>10,344</b>	<b>7,016</b>
Net increase / (decrease) in cash and cash equivalents	(21,174)	(23,933)	(17,140)	(25,515)
Cash and cash equivalents at beginning of period	40,589	62,179	31,781	55,183
Effects of foreign exchange rates on cash and cash equivalents	(579)	2,343	(496)	2,113
<b>Cash and cash equivalents at end of year</b>	<b>37</b>	<b>18,836</b>	<b>14,145</b>	<b>31,781</b>

(1) Includes RBNZ's FLP.

## Statements of changes in equity

Group	Contributed equity <sup>(1)</sup> \$m	Reserves <sup>(2)</sup> \$m	Retained profits \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
<b>Year to 30 September 2023</b>						
Balance at 1 October 2022	39,399	(1,839)	21,472	59,032	-	59,032
Net profit for the year from continuing operations	-	-	7,465	7,465	5	7,470
Net loss for the year from discontinued operations	-	-	(51)	(51)	-	(51)
Other comprehensive income for the year from continuing operations	-	583	(47)	536	8	544
<b>Total comprehensive income for the year</b>	-	583	7,367	7,950	13	7,963
<b>Transactions with owners, recorded directly in equity</b>						
Contributions by and distributions to owners						
Share buy-back	(904)	-	-	(904)	-	(904)
Purchase of treasury shares for employee share offer <sup>(3)</sup>	(23)	-	-	(23)	-	(23)
Transfer from / (to) retained profits	-	7	(7)	-	-	-
Transfer from / (to) equity-based compensation reserve	74	(74)	-	-	-	-
Equity-based compensation	-	131	-	131	-	131
Dividends and distributions paid <sup>(4)</sup>	-	-	(5,027)	(5,027)	(5)	(5,032)
Other equity movements						
Issue of BNZ perpetual preference shares	-	-	(5)	(5)	341	336
<b>Balance at 30 September 2023</b>	<b>38,546</b>	<b>(1,192)</b>	<b>23,800</b>	<b>61,154</b>	<b>349</b>	<b>61,503</b>
Restatement for adoption of AASB 17 <i>Insurance Contracts</i> <sup>(5)</sup>	-	-	(271)	(271)	-	(271)
<b>Restated balance as at 1 October 2023</b>	<b>38,546</b>	<b>(1,192)</b>	<b>23,529</b>	<b>60,883</b>	<b>349</b>	<b>61,232</b>
<b>Year to 30 September 2024</b>						
Net profit for the year from continuing operations	-	-	<b>7,063</b>	<b>7,063</b>	<b>18</b>	<b>7,081</b>
Net loss for the year from discontinued operations	-	-	<b>(103)</b>	<b>(103)</b>	-	<b>(103)</b>
Other comprehensive income for the year from continuing operations	-	<b>822</b>	<b>(61)</b>	<b>761</b>	-	<b>761</b>
<b>Total comprehensive income for the year</b>	-	<b>822</b>	<b>6,899</b>	<b>7,721</b>	<b>18</b>	<b>7,739</b>
<b>Transactions with owners, recorded directly in equity</b>						
Contributions by and distributions to owners						
Share buy-back	<b>(2,077)</b>	-	-	<b>(2,077)</b>	-	<b>(2,077)</b>
Purchase of treasury shares for employee share offer <sup>(6)</sup>	<b>(25)</b>	-	-	<b>(25)</b>	-	<b>(25)</b>
Transfer from / (to) retained profits	-	<b>(4)</b>	<b>4</b>	-	-	-
Transfer from / (to) equity-based compensation reserve	<b>137</b>	<b>(137)</b>	-	-	-	-
Equity-based compensation	-	<b>149</b>	-	<b>149</b>	-	<b>149</b>
Dividends and distributions paid <sup>(4)</sup>	-	-	<b>(5,191)</b>	<b>(5,191)</b>	<b>(18)</b>	<b>(5,209)</b>
Other equity movements						
Issue of BNZ perpetual preference shares <sup>(7)</sup>	-	-	<b>(5)</b>	<b>(5)</b>	<b>409</b>	<b>404</b>
<b>Balance as at 30 September 2024</b>	<b>36,581</b>	<b>(362)</b>	<b>25,236</b>	<b>61,455</b>	<b>758</b>	<b>62,213</b>

(1) Refer to Note 27 *Contributed equity* for further details.(2) Refer to Note 29 *Reserves* for further details.

(3) This represents an on-market purchase of 748,032 shares at an average price of \$30.70 per share.

(4) Refer to Note 30 *Dividends* for further details.(5) Refer to Note 1 *Basis of preparation* for further details.

(6) This represents an on-market purchase of 862,221 shares at an average price of \$29.17 per share.

(7) Refer to Note 28 *Non-controlling interests* for further details.

## Statements of changes in equity

<b>Company</b>	<b>Contributed equity<sup>(1)</sup></b>	<b>Reserves<sup>(2)</sup></b>	<b>Retained profits</b>	<b>Total equity</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Year to 30 September 2023</b>				
Balance at 1 October 2022	38,613	(1,874)	13,389	50,128
Net profit for the year from continuing operations	-	-	12,012	12,012
Other comprehensive income for the year from continuing operations	-	254	(48)	206
<b>Total comprehensive income for the year</b>	-	254	11,964	12,218
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners				
Share buy-back	(904)	-	-	(904)
Purchase of treasury shares for employee share offer <sup>(3)</sup>	(23)	-	-	(23)
Transfer from / (to) retained profits	-	(2)	2	-
Transfer from / (to) equity-based compensation reserve	74	(74)	-	-
Equity-based compensation	-	131	-	131
Dividends and distributions paid <sup>(4)</sup>	-	-	(5,027)	(5,027)
<b>Balance at 30 September 2023</b>	<b>37,760</b>	<b>(1,565)</b>	<b>20,328</b>	<b>56,523</b>
<b>Year to 30 September 2024</b>				
Net profit for the year from continuing operations	-	-	<b>6,894</b>	<b>6,894</b>
Other comprehensive income for the year from continuing operations	-	<b>1,121</b>	<b>(69)</b>	<b>1,052</b>
<b>Total comprehensive income for the year</b>	-	<b>1,121</b>	<b>6,825</b>	<b>7,946</b>
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners				
Share buy-back	<b>(2,077)</b>	-	-	<b>(2,077)</b>
Purchase of treasury shares for employee share offer <sup>(5)</sup>	<b>(25)</b>	-	-	<b>(25)</b>
Transfer from / (to) retained profits	-	<b>(2)</b>	<b>2</b>	-
Transfer from / (to) equity-based compensation reserve	<b>137</b>	<b>(137)</b>	-	-
Equity-based compensation	-	<b>149</b>	-	<b>149</b>
Dividends and distributions paid <sup>(4)</sup>	-	-	<b>(5,191)</b>	<b>(5,191)</b>
<b>Balance as at 30 September 2024</b>	<b>35,795</b>	<b>(434)</b>	<b>21,964</b>	<b>57,325</b>

(1) Refer to Note 27 Contributed equity for further details.

(2) Refer to Note 29 Reserves for further details.

(3) This represents an on-market purchase of 748,032 shares at an average price of \$30.70 per share.

(4) Refer to Note 30 Dividends for further details.

(5) This represents an on-market purchase of 862,221 shares at an average price of \$29.17 per share.

## Introduction

### Note 1

#### Basis of preparation

This is the financial report of National Australia Bank Limited (the Company) together with its controlled entities (Group) for the year ended 30 September 2024. The Company, incorporated and domiciled in Australia, is a for-profit company limited by shares which are publicly traded on the Australian Securities Exchange.

The directors resolved to authorise the issue of the financial report on 7 November 2024. The directors have the power to amend and reissue the financial report.

The financial report includes information to the extent the Group considers it material and relevant to the understanding of users. Disclosed information is considered material and relevant if, for example:

- The dollar amount is significant in size or by nature.
- The Group's results cannot be understood by users without the specific disclosure.
- The information is important to help users understand the impact of significant changes in the Group's business during the financial year, for example, a business acquisition, disposal, or an impairment / write-down.
- The information relates to an aspect of the Group's operations which is important to its future performance.
- The information is required under legislative requirements of the *Corporations Act 2001* (Cth), the *Banking Act 1959* (Cth) or by the Group's principal regulators, including the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

#### Basis of preparation

This general purpose financial report has been prepared by a for-profit company, in accordance with the requirements of the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB). Compliance with standards and interpretations issued by the AASB ensures that this financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Amounts are presented in Australian dollars (unless otherwise stated), which is the Company's functional and presentation currency. These amounts have been rounded to the nearest million dollars (\$m), except where indicated, as allowed by ASIC Corporations Instrument 2016/191.

Unless otherwise stated, comparative information has been restated for any changes to presentation made in the current year. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the Group's income statement and statement of comprehensive income.

To comply with its obligations as an Australian Financial Services Licence holder, the Group includes the separate financial statements of the Company in this financial report, which is permitted by ASIC Corporations (Parent Entity Financial Statements) Instrument 2021/195.

#### Basis of measurement

The financial report has been prepared under the historical cost convention, except for:

- Certain assets and liabilities (including derivative instruments) measured at fair value through profit or loss, or at fair value through other comprehensive income.
- Financial assets and liabilities that are otherwise measured on an amortised cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge relationships.

#### Accounting policies

The Group adopted AASB 17 *Insurance Contracts* (AASB 17) effective 1 October 2023. The impact from the adoption of AASB 17 was limited to a reduction of \$271 million in the carrying value of the Group's equity-accounted investment in MLC Life (included in *Note 23 Other assets*), with a corresponding decrease in retained profits.

Except as explained above, the accounting policies and methods of computation applied in this report are consistent with those applied in the Group's 2023 Annual Report. There were no other amendments to Australian Accounting Standards adopted during the year that have a material impact on the Group.

#### Critical accounting judgements and estimates

In the process of applying the Group's accounting policies, management have made a number of judgements and assumptions and applied estimates of future events. Some of these areas include:

- Impairment charges on loans and advances.
- Fair value of financial assets and liabilities.
- Impairment assessment of goodwill and other intangible assets.
- Determination of income tax.
- Provisions for customer-related remediation and other regulatory matters.

Further details of these critical accounting judgements and estimates are provided in the respective notes to the financial statements.

## Note 1 Basis of preparation (cont.)

### Future accounting developments

AASB 18 *Presentation and Disclosure in Financial Statements* was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements* and will be effective for the Group from 1 October 2027. AASB 18 introduces enhanced presentation requirements in the financial statements, including new categories and subtotals in the income statement, disclosures about management-defined performance measures (i.e. cash earnings), and enhanced guidance on the grouping of information. The Group is currently assessing the impact of this new Standard.

There are no other new standards or amendments to existing standards that are not yet effective which are expected to have a material impact on the Group's financial statements.

Financial performance

Overview

A description of the operating activities of each reportable segment is provided below:

- *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.
- *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.
- *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.
- *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.
- *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.

During the year, the Group transferred some customer lending and deposit portfolios between Personal Banking and Business and Private Banking. There have also been some unrelated refinements to the allocation of support costs which resulted in some costs previously recognised in Corporate Functions and Other being allocated to Business and Private Banking. Comparative information has been restated to reflect these changes. Other than the above changes, the Group's reportable segments are consistent with the 2023 Annual Report.

The Group evaluates performance on the basis of cash earnings as it better reflects what is considered to be the underlying performance of the Group. Cash earnings is a non-IFRS key financial performance measure used by the Group and the investment community.

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. Cash earnings for the year ended 30 September 2024 has been adjusted for hedging and fair value volatility, amortisation of acquired intangible assets, 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.

The Group earns the vast majority of its revenue in the form of net interest income, being the difference between interest earned on financial assets and interest paid on financial liabilities and other financing costs.

## Note 2

## Segment information

	2024					
	Business and Private Banking	Personal Banking	Corporate and Institutional Banking	New Zealand Banking	Corporate Functions and Other <sup>(1)</sup>	Total Group
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Reportable segment information</b>						
Net interest income	7,268	3,953	2,550	2,669	314	16,754
Other income	1,031	626	1,346	545	(52)	3,496
<b>Net operating income</b>	<b>8,299</b>	<b>4,579</b>	<b>3,896</b>	<b>3,214</b>	<b>262</b>	<b>20,250</b>
Operating expenses	(3,111)	(2,618)	(1,445)	(1,185)	(1,068)	(9,427)
<b>Underlying profit / (loss)</b>	<b>5,188</b>	<b>1,961</b>	<b>2,451</b>	<b>2,029</b>	<b>(806)</b>	<b>10,823</b>
Credit Impairment (charge) / write-back	(523)	(288)	7	(129)	205	(728)
<b>Cash earnings / (loss) before tax and distributions</b>	<b>4,665</b>	<b>1,673</b>	<b>2,458</b>	<b>1,900</b>	<b>(601)</b>	<b>10,095</b>
Income tax (expense) / benefit	(1,408)	(499)	(686)	(549)	167	(2,975)
<b>Cash earnings / (loss) before non-controlling interests</b>	<b>3,257</b>	<b>1,174</b>	<b>1,772</b>	<b>1,351</b>	<b>(434)</b>	<b>7,120</b>
Non-controlling interests	-	-	-	(18)	-	(18)
<b>Cash earnings / (loss)</b>	<b>3,257</b>	<b>1,174</b>	<b>1,772</b>	<b>1,333</b>	<b>(434)</b>	<b>7,102</b>
Hedging and fair value volatility	(11)	1	-	16	(12)	(6)
Other non-cash earnings items	(9)	(13)	-	24	(35)	(33)
<b>Net profit / (loss) for the year from continuing operations</b>	<b>3,237</b>	<b>1,162</b>	<b>1,772</b>	<b>1,373</b>	<b>(481)</b>	<b>7,063</b>
Net loss from discontinued operations attributable to owners of the Company	-	-	-	-	(103)	(103)
<b>Net profit / (loss) attributable to owners of the Company</b>	<b>3,237</b>	<b>1,162</b>	<b>1,772</b>	<b>1,373</b>	<b>(584)</b>	<b>6,960</b>
<b>Reportable segment assets<sup>(2)</sup></b>	<b>262,096</b>	<b>260,056</b>	<b>278,047</b>	<b>120,389</b>	<b>159,660</b>	<b>1,080,248</b>

(1) Corporate Functions and Other includes eliminations.

(2) Reportable segment assets include inter-company balances which are eliminated within the Corporate Functions and Other segment.



## Note 2 Segment information (cont.)

	2023					
	Business and Private Banking <sup>(1)</sup>	Personal Banking <sup>(1)</sup>	Corporate and Institutional Banking <sup>(1)</sup>	New Zealand Banking <sup>(1)</sup>	Corporate Functions and Other <sup>(1)(2)</sup>	Total Group
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Reportable segment information</b>						
Net interest income	7,232	4,367	2,304	2,673	231	16,807
Other income	989	554	1,584	545	175	3,847
<b>Net operating income</b>	8,221	4,921	3,888	3,218	406	20,654
Operating expenses	(2,996)	(2,561)	(1,428)	(1,129)	(909)	(9,023)
<b>Underlying profit / (loss)</b>	5,225	2,360	2,460	2,089	(503)	11,631
Credit Impairment (charge) / write-back	(564)	(291)	(32)	(141)	226	(802)
<b>Cash earnings / (loss) before tax and distributions</b>	4,661	2,069	2,428	1,948	(277)	10,829
Income tax (expense) / benefit	(1,403)	(608)	(588)	(549)	55	(3,093)
<b>Cash earnings / (loss) before non-controlling interests</b>	3,258	1,461	1,840	1,399	(222)	7,736
Non-controlling interests	-	-	-	(5)	-	(5)
<b>Cash earnings / (loss)</b>	3,258	1,461	1,840	1,394	(222)	7,731
Hedging and fair value volatility	(2)	(6)	(97)	(6)	82	(29)
Other non-cash earnings items	(9)	(17)	-	-	(211)	(237)
<b>Net profit / (loss) for the year from continuing operations</b>	3,247	1,438	1,743	1,388	(351)	7,465
Net loss from discontinued operations attributable to owners of the Company	-	-	-	-	(51)	(51)
<b>Net profit / (loss) attributable to owners of the Company</b>	3,247	1,438	1,743	1,388	(402)	7,414
<b>Reportable segment assets<sup>(3)</sup></b>	246,585	256,800	276,679	120,988	158,031	1,059,083

(1) Restated for changes to segments.

(2) Corporate Functions and Other includes eliminations.

(3) Reportable segment assets include inter-company balances which are eliminated within the Corporate Functions and Other segment.

### Major customers

No single customer contributes revenue greater than 10% of the Group's revenues.

### Geographical information

The Group has operations in Australia (the Company's country of domicile), New Zealand, Europe, the United States and Asia. The allocation of income and non-current assets is based on the geographical location in which transactions are booked.

	Group			
	Income		Non-current assets <sup>(1)</sup>	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Australia	16,255	16,674	6,891	7,115
New Zealand	3,339	3,218	1,612	1,275
Other International	1,374	1,051	152	118
<b>Total before inter-geographic eliminations</b>	<b>20,968</b>	<b>20,943</b>	<b>8,655</b>	<b>8,508</b>
Elimination of inter-geographic items	(322)	(295)	-	-
<b>Total</b>	<b>20,646</b>	<b>20,648</b>	<b>8,655</b>	<b>8,508</b>

(1) Non-current assets include goodwill and other intangible assets, property, plant and equipment and investments in joint ventures and associates.

## Note 3

## Net interest income

**Accounting policy**

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest method measures the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate discounts the estimated stream of future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial instrument.

Fees and costs which form an integral part of the effective interest rate of a financial instrument (for example, loan origination fees) are recognised using the effective interest method and recorded in interest income or expense depending on whether the underlying instrument is a financial asset or liability.

Included in net interest income are interest income and expense on trading assets, hedging instruments and financial instruments measured at fair value through profit or loss.

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Interest income</b>				
Effective interest rate method				
Amortised cost				
Due from other banks	5,398	5,253	4,926	4,713
Loans and advances	43,302	35,807	36,700	30,175
Due from controlled entities	-	-	3,349	2,586
Other interest income	1,036	3,554	787	3,261
Fair value through other comprehensive income				
Debt instruments	2,276	1,744	2,274	1,743
Total effective interest method	52,012	46,358	48,036	42,478
Fair value through profit or loss				
Trading instruments	6,225	1,607	5,685	1,328
Other financial assets	60	107	60	76
Total fair value through profit or loss	6,285	1,714	5,745	1,404
<b>Total interest income</b>	<b>58,297</b>	<b>48,072</b>	<b>53,781</b>	<b>43,882</b>
<b>Interest expense</b>				
Effective interest rate method				
Amortised cost				
Due to other banks	726	1,705	562	1,525
Deposits and other borrowings	25,600	19,889	22,410	17,636
Bonds, notes and subordinated debt	9,539	7,083	8,649	6,413
Due to controlled entities	-	-	4,571	3,515
Debt issues	475	362	475	362
Other interest expense	419	640	319	555
Total effective interest method	36,759	29,679	36,986	30,006
Fair value through profit or loss				
Trading instruments	63	51	63	51
Other financial liabilities	4,322	1,163	3,611	465
Total fair value through profit or loss	4,385	1,214	3,674	516
Bank levy	396	372	396	372
<b>Total interest expense</b>	<b>41,540</b>	<b>31,265</b>	<b>41,056</b>	<b>30,894</b>
<b>Net interest income</b>	<b>16,757</b>	<b>16,807</b>	<b>12,725</b>	<b>12,988</b>

## Note 4

### Other income

#### Accounting policy

Categories of other income are measured as follows:

Item	Measurement basis
<b>Trading instruments</b>	<b>Trading derivatives</b> - Total fair value change (including interest income or expense). <b>Trading assets</b> - All fair value changes except for interest income or expense, which is recognised within net interest income.
<b>Hedge ineffectiveness</b>	Represents hedge ineffectiveness arising from hedge accounting, which are the fair value movements (excluding interest income or expense) that do not offset the hedged risk.
<b>Financial instruments designated at fair value</b>	Includes fair value movements on such items, other than interest income or interest expense and fair value movements attributable to the Group's own credit risk on financial liabilities.
<b>Dividend revenue</b>	Dividend revenue is recognised in the income statement when the Group's right to receive the dividend is established.
<b>Lending fees and other fees and commissions</b>	Unless they form an integral part of the effective interest rate, fees and commissions are recognised on an accruals basis when the service has been provided or on completion of the underlying transaction. Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.  When a third party is involved in providing goods or services to the Group's customer, the Group assesses whether the nature of the arrangement with its customer is as a principal or an agent of the third party. When the Group is not acting in a principal capacity, the income earned by the Group is net of the amounts paid to the third party provider. The net consideration represents the Group's income for facilitating the transaction.
<b>Net investment management income</b>	Investment management income is recognised on an accruals basis as the services are provided and is presented net of direct and incremental investment management expenses incurred in the provision of these services.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Net fees and commissions</b>				
Lending fees	1,202	1,141	976	932
Other fees and commissions <sup>(1)</sup>	936	893	673	667
Net investment management income				
Investment management income	284	304	-	-
Investment management expense	(163)	(155)	-	-
<b>Total net fees and commissions</b>	<b>2,259</b>	<b>2,183</b>	<b>1,649</b>	<b>1,599</b>
<b>Gains less losses on financial instruments at fair value</b>				
Trading instruments	2,097	1,141	1,363	813
Hedge ineffectiveness	(21)	(21)	(16)	(27)
Financial instruments designated at fair value	(798)	390	(446)	416
<b>Total gains less losses on financial instruments at fair value</b>	<b>1,278</b>	<b>1,510</b>	<b>901</b>	<b>1,202</b>
<b>Other operating income</b>				
Dividends <sup>(2)</sup>	4	2	3,108	7,423
Share of profit from associates and joint ventures	-	25	-	-
Other <sup>(3)(4)</sup>	348	121	(86)	77
<b>Total other operating income</b>	<b>352</b>	<b>148</b>	<b>3,022</b>	<b>7,500</b>
<b>Total other income</b>	<b>3,889</b>	<b>3,841</b>	<b>5,572</b>	<b>10,301</b>

(1) In the 2024 financial year, the Group recognised customer-related remediation charges of \$35 million (2023: \$29 million) and the Company recognised customer-related remediation charges of \$82 million (2023: \$39 million) in other fees and commissions. Customer-related remediation charges in the Company include MLC Wealth-related matters which are presented in discontinued operations at the Group level.

(2) In the 2023 financial year, the Company received a dividend of \$5.4 billion from National Equities Limited (following a dividend payment by BNZ) which was reinvested into additional ordinary shares.

(3) 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. Refer to *Note 32 Interest in subsidiaries and other entities* for further information.

(4) 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.

## Note 5

### Operating expenses

#### **Accounting policy**

Operating expenses are recognised as services are provided to the Group, over the period in which an asset is consumed or once a liability is created.

Amounts received by the Group as a reimbursement for costs incurred are recognised as a reduction of the related expense.

#### ***Annual leave, long service leave and other personnel expenses***

Salaries, annual leave and other employee entitlements expected to be paid or settled within 12 months of employees rendering service are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled. A liability is recognised for the amount expected to be paid under short-term cash bonuses when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. All other employee entitlements that are not expected to be paid or settled within 12 months of the reporting date are measured at the present value of net future cash flows. Employee entitlements to long service leave are accrued using an actuarial calculation, which includes assumptions regarding employee departures, leave utilisation and future salary increases.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Refer to *Note 24 Provisions* for balances of provisions for employee entitlements.

## Note 5 Operating expenses (cont.)

	Group <sup>(1)</sup>		Company <sup>(1)(2)</sup>	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Personnel expenses</b>				
Salaries and related on-costs	4,399	4,353	3,564	3,590
Superannuation costs-defined contribution plans	396	366	370	348
Performance-based compensation	596	557	535	510
Other expenses	475	215	394	196
<b>Total personnel expenses</b>	<b>5,866</b>	<b>5,491</b>	<b>4,863</b>	<b>4,644</b>
<b>Occupancy and depreciation expenses</b>				
Rental expense	99	100	118	209
Depreciation and impairment	434	440	333	274
Other expenses	58	57	49	53
<b>Total occupancy and depreciation expenses</b>	<b>591</b>	<b>597</b>	<b>500</b>	<b>536</b>
<b>Technology expenses</b>				
Computer equipment and software	1,019	888	811	740
Amortisation of software	681	577	577	500
Depreciation of IT equipment	154	156	132	136
Data communication and processing charges	118	126	103	109
Communications	56	58	45	44
Impairment losses recognised	8	11	9	2
<b>Total technology expenses</b>	<b>2,036</b>	<b>1,816</b>	<b>1,677</b>	<b>1,531</b>
<b>General expenses</b>				
Fees and commissions expense	23	18	24	17
Amortisation of acquired intangible assets <sup>(3)</sup>	43	43	18	19
Advertising and marketing	209	220	157	166
Operational risk event losses and customer-related remediation <sup>(4)</sup>	136	103	185	72
Postage and stationery	88	92	77	81
Professional fees	646	711	585	679
Impairment losses recognised	-	-	-	10
Other expenses	388	291	746	668
<b>Total general expenses</b>	<b>1,533</b>	<b>1,478</b>	<b>1,792</b>	<b>1,712</b>
<b>Total operating expenses</b>	<b>10,026</b>	<b>9,382</b>	<b>8,832</b>	<b>8,423</b>

(1) During the 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) Operating expenses in the Company include amounts which are presented in discontinued operations at the Group level.

(3) Relates to the amortisation of intangible assets acquired in business combinations, including software, customer relationships and core deposits.

(4) In the 2024 financial year, the Group recognised \$40 million (2023: \$20 million) of costs for executing customer-related remediation programs. The company recognised \$76 million (2023: \$45 million) of costs for customer-related remediation, including MLC Wealth related matters.

## Note 6

## Income tax

**Accounting policy**

Income tax expense (or benefit) is the tax payable (or receivable) on the current year's taxable income based on the applicable tax rate in each jurisdiction, adjusted by changes in deferred tax assets and liabilities. Income tax expense is recognised in the income statement except when the tax relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted as at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset where there is a legally enforceable right to offset current tax assets and current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

The Company and its wholly owned Australian subsidiaries are part of a tax consolidated group. The Company is the head entity in the tax consolidated group. The members of the tax consolidated group have entered into tax funding and tax sharing agreements, which set out the funding obligations of members. Any current tax liabilities / assets and deferred tax assets from unused tax losses of subsidiaries in the tax consolidated group are recognised by the Company and funded in line with the tax funding arrangements.

**Critical accounting judgements and estimates**

The Group undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Group estimates the amount expected to be paid to tax authorities based on its understanding and interpretation of relevant tax laws. The effect of uncertainty over income tax treatments is reflected in determining the relevant taxable profit or tax loss, tax bases, unused tax losses and unused tax credits or tax rates. Uncertain tax positions are presented as current or deferred tax assets or liabilities as appropriate.

**Income tax expense**

The income tax expense for the year reconciles to the profit before income tax as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Profit before income tax</b>	<b>9,879</b>	10,450	<b>8,846</b>	14,212
Prima facie income tax expense at 30%	<b>2,964</b>	3,135	<b>2,654</b>	4,264
Tax effect of permanent differences:				
Assessable foreign income	<b>16</b>	11	<b>16</b>	11
Foreign tax rate differences	<b>(76)</b>	(68)	<b>(28)</b>	(24)
Adjustments to deferred tax balances for tax losses and timing differences	<b>(120)</b>	(142)	<b>(120)</b>	(142)
Foreign branch income not deductible / (assessable)	<b>(18)</b>	6	<b>(18)</b>	6
Over provision in prior years	<b>(15)</b>	(11)	<b>(14)</b>	(11)
Offshore banking unit adjustment	-	(77)	-	(65)
Restatement of deferred tax balances for tax rate changes	<b>1</b>	(1)	<b>1</b>	(1)
Non-deductible interest on convertible instruments	<b>143</b>	109	<b>143</b>	109
Dividend income adjustments	-	-	<b>(607)</b>	(1,954)
Gain on disposal of New Zealand Wealth businesses	<b>(114)</b>	-	<b>(82)</b>	-
Other	<b>17</b>	18	<b>7</b>	7
<b>Income tax expense</b>	<b>2,798</b>	2,980	<b>1,952</b>	2,200
Current tax expense	<b>2,950</b>	3,081	<b>2,118</b>	2,323
Deferred tax benefit	<b>(152)</b>	(101)	<b>(166)</b>	(123)
<b>Total income tax expense</b>	<b>2,798</b>	2,980	<b>1,952</b>	2,200

## Note 6 Income tax (cont.)

### Deferred tax assets and liabilities

The balance comprises temporary differences attributable to:

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Deferred tax assets</b>				
Individually assessed provision for credit impairment	224	159	189	137
Collective provision for credit impairment	1,524	1,485	1,270	1,239
Employee entitlements	267	275	242	257
Tax losses	105	131	100	121
Unrealised derivatives in funding vehicles	-	39	-	-
Other provisions <sup>(1)</sup>	162	162	153	151
Depreciation	391	327	378	244
Reserves				
Cash flow hedge reserve	87	732	78	724
Other reserves	222	45	195	42
Other <sup>(1)</sup>	307	253	296	244
<b>Total deferred tax assets</b>	<b>3,289</b>	<b>3,608</b>	<b>2,901</b>	<b>3,159</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(108)	(109)	(99)	(100)
<b>Net deferred tax assets</b>	<b>3,181</b>	<b>3,499</b>	<b>2,802</b>	<b>3,059</b>
<b>Deferred tax liabilities</b>				
Intangible assets	29	32	24	27
Defined benefit superannuation plan assets	14	12	12	10
Reserves	-	28	-	28
Other	65	37	63	35
<b>Total deferred tax liabilities</b>	<b>108</b>	<b>109</b>	<b>99</b>	<b>100</b>
Deferred tax liabilities set off against deferred tax assets pursuant to set-off provisions	(108)	(109)	(99)	(100)
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Deferred tax assets relating to certain provisions previously included within 'Other' are included within 'Other provisions' for the September 2024 financial year. Comparative information has been restated accordingly.

### Deferred tax assets not brought to account

Deferred tax assets have not been brought to account for the following realised losses as the utilisation of the losses is not regarded as probable:

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Capital gains tax losses	1,801	1,909	1,801	1,909
Income tax losses	41	125	41	125

Income tax losses of \$36 million for the Group and Company are expected to expire in the September 2036 financial year. Capital gains tax losses of the Group and Company do not have any expiry date.



**Note 7****Earnings per share**

	<b>Group</b>			
	<b>Basic</b>		<b>Diluted</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Earnings (\$m)</b>				
Net profit attributable to owners of the Company	<b>6,960</b>	7,414	<b>6,960</b>	7,414
Potential dilutive adjustments				
Interest expense on convertible notes <sup>(1)</sup>	-	-	<b>374</b>	371
<b>Adjusted earnings</b>	<b>6,960</b>	7,414	<b>7,334</b>	7,785
Net loss from discontinued operations attributable to owners of the Company	<b>103</b>	51	<b>103</b>	51
<b>Adjusted earnings from continuing operations</b>	<b>7,063</b>	7,465	<b>7,437</b>	7,836
<b>Weighted average number of ordinary shares (millions)</b>				
Weighted average number of ordinary shares (net of treasury shares)	<b>3,099</b>	3,136	<b>3,099</b>	3,136
Weighted average number of dilutive potential ordinary shares				
Convertible notes <sup>(1)</sup>	-	-	<b>184</b>	258
Share-based payments	-	-	<b>10</b>	10
<b>Total weighted average number of ordinary shares</b>	<b>3,099</b>	3,136	<b>3,293</b>	3,404
<b>Earnings per share attributable to owners of the Company (cents)</b>	<b>224.6</b>	236.4	<b>222.7</b>	228.7
Earnings per share from continuing operations	<b>227.9</b>	238.0	<b>225.8</b>	230.2
Earnings per share from discontinued operations	<b>(3.3)</b>	(1.6)	<b>(3.1)</b>	(1.5)

(1) NAB Capital Notes 3 are potentially dilutive instruments as they may convert into ordinary shares in the future. These convertible notes have been excluded from the calculation of diluted earnings per share for the 2024 financial year as they were antidilutive, however they could potentially dilute basic earnings per share in the future. Refer to *Note 15 Debt issues* for further details on convertible notes.

## Financial instruments

### Overview

Financial instruments represent the majority of the Group's balance sheet, including loans and advances, deposits, trading assets and derivatives.

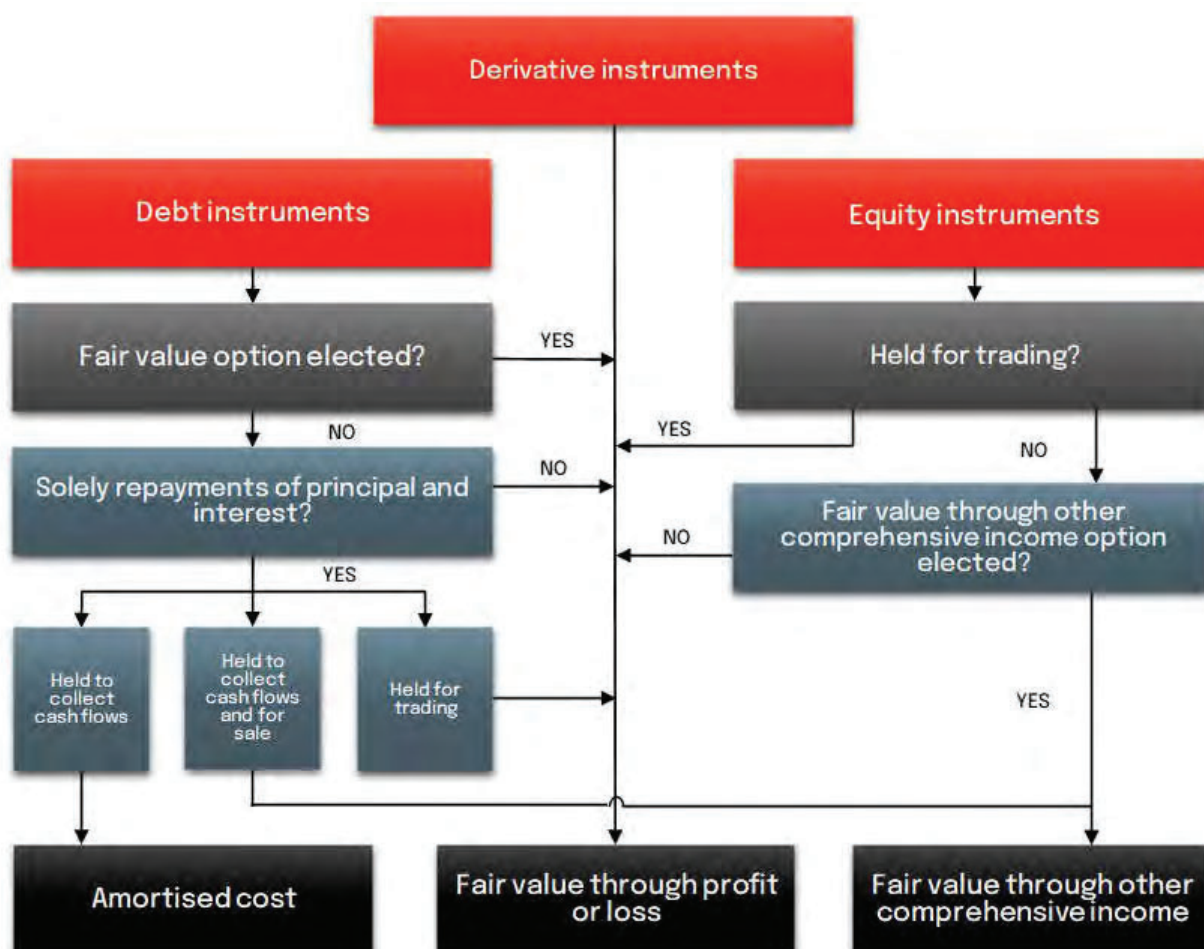
#### Initial recognition of financial instruments

A financial asset or financial liability is recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group recognises regular way transactions on the trade date.

All financial instruments are initially recognised at fair value. Directly attributable transaction costs are added to or deducted from the carrying value of the asset or liability on initial recognition, unless the instrument is measured at fair value through profit or loss, in which case they are recognised in profit or loss.

#### Classification

Subsequently, financial instruments are measured either at amortised cost or fair value depending on their classification. Classification of financial assets is driven by the Group's business model for managing the asset and the contractual cash flows of the asset. The Group uses the following flowchart to determine the appropriate classification for financial assets.



Non-derivative financial liabilities are measured at amortised cost unless the Group elects to measure the financial liability at fair value through profit or loss. The Group will elect to measure a financial liability at fair value through profit or loss if such measurement significantly reduces or eliminates an accounting mismatch.

Refer to the table at the end of this section for a summary of the classification of the Group's financial instruments.

### Overview (cont.)

#### Measurement

##### ***Financial instruments measured at amortised cost***

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of transaction costs, premiums or discounts using the effective interest method, and for financial assets, adjusted for any credit impairment.

##### ***Financial assets measured at fair value through other comprehensive income***

Gains or losses arising from changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in a separate component of equity. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

Investments in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which AASB 3 *Business Combinations* applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. Amounts recognised in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

##### ***Financial instruments at fair value through profit or loss***

Changes in the fair value of financial assets are recognised in profit or loss.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit risk is calculated by determining the changes in own credit spreads and is recognised separately in other comprehensive income.

##### ***Derivative financial instruments and hedge accounting***

Derivative financial instruments are contracts whose value is derived from an underlying price, index or other variable, and include instruments such as swaps, forward rate agreements, futures and options.

All derivatives are recognised initially on the balance sheet at fair value and are subsequently measured at fair value through profit or loss, except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. Derivatives are presented as assets when their fair value is positive and as liabilities when their fair value is negative.

The method of recognising the resulting fair value gain or loss on a derivative depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Refer to *Note 18 Derivatives and hedge accounting*.

##### ***Derecognition of financial instruments***

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

##### ***Reverse repurchase and repurchase agreements (and similar lending and borrowing)***

The Group executes reverse repurchase agreements where it purchases a security under an agreement to resell that security at a predetermined price. These securities are not recognised on the balance sheet because the Group does not acquire the risks and rewards of ownership of the security. Consideration paid for the purchase is accounted for as a reverse repurchase agreement and classified as a financial asset. Reverse repurchase agreements that are part of a portfolio of financial instruments managed together for short-term profit taking are measured at fair value through profit or loss and are included within *Note 9 Trading assets*. All other reverse repurchase agreements are measured at amortised cost.

The Group also executes repurchase agreements, where it sells a security under an agreement to repurchase that security at a predetermined price. These securities are not derecognised from the balance sheet because the Group retains substantially all of the risks and rewards of ownership of the security. Consideration received for the sale is accounted for as a repurchase agreement and classified as a financial liability. Repurchase agreements that are part of a portfolio of financial instruments managed together for short-term profit taking are measured at fair value through profit or loss and are included within *Note 16 Other financial liabilities*. All other repurchase agreements are measured at amortised cost.

## Overview (cont.)

## Summary of classification and measurement basis

## Financial assets

Type of instrument	Classification and measurement	Reason	Note
Loans and advances (customer loans and facilities)	Amortised cost	Cash flows represent solely payments of principal and interest, held with the objective to collect contractual cash flows	<i>Note 12 Loans and advances</i>
Trading assets (bonds, reverse repurchase agreements, notes or securities issued by government, financial institutions or other corporates)	Fair value through profit or loss	Principal purpose is selling or repurchasing in the near term, or part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking	<i>Note 9 Trading assets</i>
Other financial assets		Cash flows are not solely payments of principal and interest or designated at fair value through profit or loss to eliminate an accounting mismatch	<i>Note 11 Other financial assets</i>
Debt instruments (bonds, notes or securities issued by government, financial institutions or other corporates)	Fair value through other comprehensive income	Cash flows represent solely payments of principal and interest, held with the objective to both collect contractual cash flows and to sell	<i>Note 10 Debt instruments</i>
Derivatives (forwards, swaps, futures, options)	Fair value <sup>(1)</sup>	Trading derivatives - not in a qualifying hedging relationship	<i>Note 18 Derivatives and hedge accounting</i>
		Hedging derivatives - designated in a qualifying hedging relationship	

## Financial liabilities

Type of instrument	Classification and measurement	Reason	Note
Deposits and other borrowings (deposits, commercial paper, repurchase agreements)	Amortised cost	Not designated at fair value through profit or loss	<i>Note 13 Deposits and other borrowings</i>
Bonds and notes			<i>Note 14 Bonds, notes and subordinated debt</i>
Convertible notes			<i>Note 15 Debt issues</i>
Certain bonds, notes and deposits	Fair value through profit or loss <sup>(2)</sup>	Designated at fair value through profit or loss to eliminate an accounting mismatch	<i>Note 16 Other financial liabilities</i>
Repurchase agreements, securities sold short, other financial liabilities	Fair value through profit or loss	Part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking	
Derivatives (forwards, swaps, futures, options)	Fair value <sup>(1)</sup>	Trading derivatives - not in a qualifying hedging relationship	<i>Note 18 Derivatives and hedge accounting</i>
		Hedging derivatives - designated in a qualifying hedging relationship	

(1) Fair value movements on trading derivatives are recognised in profit or loss. The recognition of the fair value movements on hedging derivatives will depend on the type of hedge (i.e. fair value hedge or cash flow hedge). Refer to *Note 18 Derivatives and hedge accounting*.

(2) Except for fair value movements attributable to changes in the Group's own credit risk which are recognised in other comprehensive income.

## Note 8

### Cash and balances with other banks

#### Accounting policy

Cash and liquid assets, and balances with other banks are initially measured at fair value and subsequently at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents include cash and liquid assets (including reverse repurchase agreements and short-term government securities) and amounts due from other banks net of amounts due to other banks that are highly liquid, readily convertible to known amounts of cash within three months and are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes). Refer to *Note 37 Notes to the statement of cash flows* for a detailed reconciliation of cash and cash equivalents.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Cash and liquid assets</b>				
Coins, notes and cash at bank	1,149	1,030	1,057	937
Reverse repurchase agreements <sup>(1)</sup>	-	21,808	-	21,350
Other (including bills receivable and remittances in transit)	1,350	1,861	1,261	1,672
<b>Total cash and liquid assets</b>	<b>2,499</b>	<b>24,699</b>	<b>2,318</b>	<b>23,959</b>
<b>Due from other banks</b>				
Central banks	99,577	105,034	95,105	95,638
Other banks <sup>(1)</sup>	10,861	12,272	9,956	11,317
<b>Total due from other banks</b>	<b>110,438</b>	<b>117,306</b>	<b>105,061</b>	<b>106,955</b>
<b>Due to other banks</b>				
Central banks <sup>(2)</sup>	6,069	25,394	2,872	21,041
Other banks <sup>(1)</sup>	6,259	14,122	5,037	12,924
<b>Total due to other banks</b>	<b>12,328</b>	<b>39,516</b>	<b>7,909</b>	<b>33,965</b>

(1) During the 2023 financial year, the Group and the Company established new portfolios of reverse repurchase and repurchase agreements which are held for trading. New transactions under these agreements are measured at fair value through profit or loss and are included in *Note 9 Trading assets* and *Note 16 Other financial liabilities*.

(2) Included within amounts due to central banks is \$3,102 million (2023: \$21,869 million) for the Group and \$nil (2023: \$17,596 million) for the Company relating to the TFF provided by the RBA and the TLF, FLP provided by the RBNZ.

## Note 9

### Trading assets

#### Accounting policy

Trading assets comprise assets that are classified as held for trading because they are acquired or incurred principally for the purpose of selling or repurchasing in the near term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking. Trading assets are measured at fair value through profit or loss. Trading assets include commodities measured at fair value less cost to sell in accordance with AASB 102 *Inventories*.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Trading assets</b>				
Government bonds, notes and securities	27,562	29,237	23,758	26,690
Semi-government bonds, notes and securities	12,539	10,092	9,574	6,887
Corporate / financial institution bonds, notes and securities	5,331	5,360	3,348	3,392
Reverse repurchase agreements <sup>(1)</sup>	87,815	55,403	83,481	52,373
Commodity inventory at fair value	73	610	73	610
Other bonds, notes, securities, equities and other assets	286	466	283	465
<b>Total trading assets</b>	<b>133,606</b>	<b>101,168</b>	<b>120,517</b>	<b>90,417</b>

(1) During the 2023 financial year, the Group and the Company established a new portfolio of reverse repurchase agreements which are held for trading.

## Note 10

### Debt instruments

#### Accounting policy

Debt instruments are measured at fair value through other comprehensive income as they are held in a business model with the objective of both collecting contractual cash flows and realising assets through sale and they have contractual cash flows which are considered to be solely payments of principal and interest.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Debt instruments</b>				
Government bonds, notes and securities	1,554	2,691	1,545	2,691
Semi-government bonds, notes and securities	31,285	28,892	31,285	28,892
Corporate / financial institution bonds, notes and securities	6,393	8,238	6,393	8,238
Other bonds, notes and securities	2,767	6,536	2,760	6,515
<b>Total debt instruments</b>	<b>41,999</b>	<b>46,357</b>	<b>41,983</b>	<b>46,336</b>

## Note 11

### Other financial assets

#### Accounting policy

Other financial assets are measured at fair value through profit or loss. Changes in fair value and transaction costs are recognised in the income statement. Financial assets are measured at fair value through profit or loss when they have contractual cash flow characteristics that are not considered to be solely payments of principal and interest or they have been designated as such to eliminate or reduce an accounting mismatch.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Other financial assets</b>				
Loans at fair value	576	1,243	576	682
Other financial assets at fair value	193	187	193	1,026
<b>Total other financial assets</b>	<b>769</b>	<b>1,430</b>	<b>769</b>	<b>1,708</b>

The maximum credit exposure of loans (excluding any undrawn facility limits) included in other financial assets is \$576 million (2023: \$1,243 million) for the Group and \$576 million (2023: \$682 million) for the Company.

## Note 12

## Loans and advances

**Accounting policy**

Loans and advances are financial assets for which the contractual cash flows are solely payments of principal and interest and that are held in a business model with the objective of collecting contractual cash flows.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance, which are primarily brokerage and origination fees. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any provision for credit impairment.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Loans and advances</b>				
Housing loans	416,758	406,298	361,195	352,113
Other term lending	279,441	261,520	239,250	223,490
Asset and lease financing	18,879	17,214	18,822	17,158
Overdrafts	5,886	5,459	3,870	3,420
Credit card outstandings	9,455	9,528	8,725	8,609
Other lending	7,211	7,209	6,767	6,766
<b>Total gross loans and advances</b>	<b>737,630</b>	<b>707,228</b>	<b>638,629</b>	<b>611,556</b>
Unearned income and deferred net fee income	(2,003)	(1,453)	(2,126)	(1,536)
Capitalised brokerage costs	2,986	2,512	2,808	2,357
Provision for credit impairment	(5,921)	(5,585)	(4,965)	(4,693)
<b>Total net loans and advances</b>	<b>732,692</b>	<b>702,702</b>	<b>634,346</b>	<b>607,684</b>

## Note 13

## Deposits and other borrowings

**Accounting policy**

Deposits and other borrowings are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Deposits and other borrowings</b>				
Term deposits	207,016	191,924	171,638	159,535
On-demand and short-term deposits	309,218	299,969	280,395	272,035
Certificates of deposit	65,504	55,290	65,504	55,290
Deposits not bearing interest	96,561	95,491	85,159	82,754
Commercial paper and other borrowings	34,267	35,255	33,869	34,835
Repurchase agreements <sup>(1)</sup>	-	4,191	-	4,192
<b>Total deposits and other borrowings</b>	<b>712,566</b>	<b>682,120</b>	<b>636,565</b>	<b>608,641</b>

(1) During the 2023 financial year, the Group and the Company established a new portfolio of repurchase agreements which are held for trading. New transactions under these agreements are measured at fair value through profit or loss and are included in Note 16 Other financial liabilities.



## Note 14

### Bonds, notes and subordinated debt

#### Accounting policy

Bonds, notes and subordinated debt are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Premiums, discounts and associated issue expenses are recognised using the effective interest method through the income statement from the date of issue.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Bonds, notes and subordinated debt</b>				
Medium-term notes	97,420	83,218	88,717	76,801
Securitisation notes	3,548	2,593	-	-
Covered bonds	32,916	30,093	29,429	27,787
Subordinated medium-term notes	22,410	19,741	22,410	19,741
<b>Total bonds, notes and subordinated debt</b>	<b>156,294</b>	<b>135,645</b>	<b>140,556</b>	<b>124,329</b>
<b>Issued bonds, notes and subordinated debt by currency</b>				
AUD	48,683	40,873	45,095	38,245
USD	56,896	46,363	50,189	40,838
EUR	29,151	24,979	24,557	22,487
GBP	11,610	10,342	11,633	10,389
JPY	1,876	3,952	1,876	3,952
CHF	3,344	3,756	2,479	3,011
Other	4,734	5,380	4,727	5,407
<b>Total bonds, notes and subordinated debt</b>	<b>156,294</b>	<b>135,645</b>	<b>140,556</b>	<b>124,329</b>

## Note 14 Bonds, notes and subordinated debt (cont.)

### Subordinated medium-term notes

Currency	Notional amount Currency amount (m) <sup>(1)</sup>	Rate	First optional call date <sup>(2)</sup>	Maturity date <sup>(3)</sup>	Group		Company	
					2024 \$m	2023 \$m	2024 \$m	2023 \$m
AUD	1,000	Float	n/a	Matured 2024	-	1,000	-	1,000
CAD	1,000	Fixed	2025	2030	1,055	1,080	1,055	1,080
AUD	1,250	Float	2025	2030	1,250	1,250	1,250	1,250
USD	1,500	Fixed	n/a	2030	1,838	1,785	1,838	1,785
GBP	600	Fixed	2026	2031	1,085	994	1,085	994
AUD	1,175	Float	2026	2031	1,175	1,175	1,175	1,175
AUD	225	Fixed	2026	2031	214	205	214	205
USD	1,250	Fixed	n/a	2031	1,597	1,561	1,597	1,561
AUD	275	Fixed	2027	2032	270	262	270	262
JPY	17,000	Fixed	2027	2032	171	174	171	174
AUD	1,000	Fixed	2027	2032	1,000	1,000	1,000	1,000
AUD	250	Float	2027	2032	250	250	250	250
HKD	382	Fixed	2027	2032	71	71	71	71
AUD	950	Fixed	2028	2033	950	950	950	950
AUD	300	Float	2028	2033	300	300	300	300
HKD	640	Fixed	2028	2033	122	122	122	122
USD	1,250	Fixed	n/a	2033	1,815	1,796	1,815	1,796
AUD	1,100	Float	2029	2034	1,100	-	1,100	-
AUD	650	Fixed	2029	2034	650	-	650	-
USD	1,500	Fixed	2029	2034	2,017	2,004	2,017	2,004
AUD	205	Fixed	n/a	2035	205	205	205	205
USD	1,250	Fixed	2032	2037	1,591	1,549	1,591	1,549
AUD	85	Fixed	n/a	2037	85	85	85	85
AUD	1,250	Fixed	2034	2039	1,250	-	1,250	-
AUD	215	Fixed	n/a	2040	138	122	138	122
AUD	245	Fixed	n/a	2040	157	140	157	140
AUD	100	Fixed	n/a	2040	64	57	64	57
USD	1,250	Fixed	n/a	2041	1,292	1,206	1,292	1,206
AUD	195	Fixed	n/a	2041	195	195	195	195
AUD	203	Fixed	n/a	2042	203	203	203	203
AUD	300	Float	2038	2043	300	-	300	-
<b>Total</b>					<b>22,410</b>	<b>19,741</b>	<b>22,410</b>	<b>19,741</b>

(1) Subordinated medium-term notes qualify as Tier 2 capital.

(2) Reflects calendar year of first optional call date (subject to APRA's prior written approval).

(3) Reflects calendar year of maturity date.

## Note 15

### Debt issues

#### Accounting policy

Convertible notes are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Debt issues</b>				
Convertible notes	9,560	8,561	9,560	8,561
<b>Total debt issues</b>	<b>9,560</b>	<b>8,561</b>	<b>9,560</b>	<b>8,561</b>

The table below highlights the key features of the Group's debt issuances.

Convertible notes <sup>(1)</sup>	Outstanding amount	Issued date	Interest payment frequency (in arrears)	Interest rate (per annum)	Maturity / Conversion	
					Mandatory conversion <sup>(2)</sup>	Issuer conversion option <sup>(3)</sup>
NAB Capital Notes 3	\$1.87bn	20 March 2019	Quarterly	4.00% above 3 month BBSW	19 June 2028	17 June 2026
NAB Capital Notes 5	\$2.39bn	17 December 2020	Quarterly	3.50% above 3 month BBSW	17 December 2029	17 December 2027
NAB Capital Notes 6	\$2.00bn	7 July 2022	Quarterly	3.15% above 3 month BBSW	17 September 2032	17 December 2029 <sup>(4)</sup>
NAB Capital Notes 7	\$1.25bn	14 September 2023	Quarterly	2.80% above 3 month BBSW	17 June 2033	17 September 2030 <sup>(5)</sup>
NAB Capital Notes 8	\$1.00bn	6 June 2024	Quarterly	2.60% above 3 month BBSW	18 December 2034	17 March 2032 <sup>(6)</sup>
NAB Wholesale Capital Notes	\$0.5bn	12 December 2019	Semi-annually until the optional call date. Quarterly thereafter.	4.95% until the optional call date, 3.75% above 3 month BBSW thereafter.	12 December 2031	12 December 2029
NAB Wholesale Capital Notes 2	\$0.6bn	17 July 2020	Quarterly	4.00% above 3 month BBSW	17 July 2027	17 July 2025

(1) All convertible notes are treated as AT1 capital.

(2) The mandatory conversion into ordinary shares is subject to certain conditions.

(3) The Issuer Conversion Option is subject to certain conditions, including APRA approval.

(4) First optional conversion date of 17 December 2029, with subsequent optional conversion dates on 17 March 2030, 17 June 2030 and 17 September 2030.

(5) First optional conversion date of 17 September 2030, with subsequent optional conversion dates on 17 December 2030, 17 March 2031 and 17 June 2031.

(6) First optional conversion date of 17 March 2032, with subsequent optional conversion dates on 17 June 2032, 17 September 2032 and 17 December 2032.

**Note 16****Other financial liabilities****Accounting policy**

In certain circumstances, the Group fair values financial liabilities.

Some financial liabilities are measured at fair value through profit or loss because they are part of a portfolio of financial instruments that are managed together and for which there is evidence of a pattern of short-term profit taking. For these, changes in fair value due to own credit risk is recognised through profit or loss.

Some financial liabilities are designated at fair value through profit or loss from initial recognition. This option is applied where it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise. For these, changes in fair value due to own credit risk is recognised in other comprehensive income.

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Other financial liabilities designated at fair value</b>				
Bonds, notes and subordinated debt	<b>10,287</b>	13,741	<b>4,885</b>	4,371
Deposits and other borrowings				
Certificates of deposit	<b>1,379</b>	1,477	-	-
Commercial paper and other borrowings	<b>433</b>	854	-	-
<b>Other financial liabilities measured at fair value</b>				
Repurchase agreements <sup>(1)</sup>	<b>54,677</b>	42,547	<b>54,593</b>	39,860
Securities sold short	<b>1,947</b>	6,697	<b>1,809</b>	6,476
Other financial liabilities	<b>1,549</b>	1,036	<b>1,549</b>	1,038
<b>Total other financial liabilities</b>	<b>70,272</b>	66,352	<b>62,836</b>	51,745

(1) During the 2023 financial year, the Group and the Company established a new portfolio of repurchase agreements which are held for trading. New transactions under these agreements are measured at fair value through profit or loss.

The change in fair value of bonds, notes and subordinated debt attributable to changes in credit risk amounted to a loss for the 2024 financial year of \$87 million (2023: \$67 million loss) for the Group and a loss of \$95 million (2023: \$75 million loss) for the Company. The cumulative change in fair value of bonds, notes and subordinated debt attributable to changes in credit risk amounted to a loss of \$166 million (2023: \$79 million loss) for the Group and a loss of \$134 million (2023: \$39 million loss) for the Company. The contractual amount to be paid at the maturity of the bonds, notes and subordinated debt is \$10,561 million (2023: \$14,964 million) for the Group and \$5,238 million (2023: \$5,335 million) for the Company.

## Note 17

### Provision for credit impairment on loans at amortised cost

#### Accounting policy

The Group applies a three-stage approach to measuring expected credit losses (ECL) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost and fair value through other comprehensive income.
- Loan commitments.
- Financial guarantee contracts.

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis.

Stage	Measurement basis
<b>Performing - 12-month ECL (Stage 1)</b>	The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
<b>Performing - Lifetime ECL (Stage 2)</b>	ECL associated with the probability of default events occurring throughout the life of an instrument.
<b>Non-performing - Lifetime ECL (Stage 3)</b>	Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

At each reporting date, the Group assesses the default risk of exposures in comparison to the default risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If no significant increase in default risk is observed, the exposure will remain in Stage 1. If the default risk of an exposure has increased significantly since initial recognition, the exposure will migrate to Stage 2. Should an exposure become non-performing it will migrate to Stage 3.

For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and also forward looking analysis.

ECL are derived from probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are performing at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- Financial assets that are non-performing at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

#### Credit quality of financial assets

The Group's internally developed credit rating system utilises historical default data drawn from a number of sources to assess the potential default risk of lending, or other financial services products, provided to counterparties or customers. The Group has defined counterparty probabilities of default across retail and non-retail loans and advances, including performing (pre-default) and non-performing (post-default) rating grades. In assessing for credit impairment of financial assets under the ECL model, the Group aligns credit impairment with the definition of default prescribed in its Credit Policy and Procedures.

#### Assessment of significant increase in credit risk

When determining whether the default risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information, including expert credit risk assessment, forward looking information and analysis based on the Group's historical default experience.

- For retail and non-retail facilities, internally derived credit ratings, as described above, represent a key determinant of default risk. The Group assigns each customer a credit rating at initial recognition based on available information. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date, relative to the credit rating at the date of initial recognition.

## Note 17 Provision for credit impairment on loans at amortised cost (cont.)

- In addition, the Group considers that significant increase in credit risk occurs when a facility is more than 30 days past due.

### **Definition of default**

Default occurs when a loan obligation is contractually 90+ days 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. Exposures which are in default align to the non-performing exposures definition in APS 220 *Credit Risk Management*.

### **Calculation of ECL**

- ECL are calculated using three main parameters being probability of default (PD), loss given default (LGD) and exposure at default (EAD). These parameters are generally derived from internally developed statistical models combined with historical, current and forward looking information, including macro-economic data.
- For accounting purposes, the 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining expected lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.
- The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.
- The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility.
- The 12-month ECL is equal to the discounted sum over the next 12-months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the expected remaining life multiplied by LGD and EAD.

### **Incorporation of forward looking information**

- The Group uses internal subject matter experts from Risk, Economics and customer divisions to consider a range of relevant forward looking data, including macro-economic forecasts and assumptions, for the determination of general economic adjustments and any idiosyncratic or targeted portfolio / industry adjustments, to support the calculation of ECL.
- Forward looking provisions for both general macro-economic adjustments (EA) and more targeted portfolio / industry forward looking adjustments (FLAs), reflect reasonable and supportable forecasts of potential future conditions that are not captured within the base ECL calculations.
- Macro-economic factors taken into consideration include (but are not limited to) the cash rate, unemployment rates, GDP growth rates, inflation and residential and commercial property prices, and require an evaluation of both the current and forecast direction of the macro-economic cycle.
- Incorporating forward looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECL. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

### **Critical accounting judgements and estimates**

Judgement is applied in determining ECL using objective, reasonable and supportable information about current and forecast economic conditions. Macro-economic variables used in these scenarios include (but are not limited to) the cash rate, unemployment rates, GDP growth rates, inflation and residential and commercial property prices. When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Group's historical loss experience.

## Note 17 Provision for credit impairment on loans at amortised cost (cont.)

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Credit impairment charge on loans and advances at amortised cost</b>				
New and increased provisions (net of collective provision releases)	968	1,043	815	820
Write-backs of individually assessed provisions	(132)	(148)	(106)	(93)
Recoveries of amounts previously written-off	(95)	(79)	(90)	(73)
<b>Total charge to the income statement</b>	<b>741</b>	<b>816</b>	<b>619</b>	<b>654</b>

	Stage 1	Stage 2	Stage 3		
	Performing 12-mth ECL	Performing Lifetime ECL	Non-performing Lifetime ECL		
	Collective	Collective	Collective	Individually assessed	Total
	\$m	\$m	\$m	\$m	\$m
<b>Group</b>					
<b>Balance at 1 October 2022</b>	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
<b>Balance as at 30 September 2023</b>	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
<b>Balance as at 30 September 2024</b>	<b>666</b>	<b>3,400</b>	<b>1,099</b>	<b>756</b>	<b>5,921</b>

### Impact of movements in gross carrying amount on provision for ECL for the Group

Provision for credit impairment reflects ECL measured using the three-stage approach. The below explains how significant changes in the gross carrying amount of loans and advances during the 2024 financial year have contributed to the changes in the provision for credit impairment for the Group under the ECL model.

Overall, the total provision for credit impairment increased by \$336 million compared to the balance as at 30 September 2023; Individually assessed provisions increased by \$217 million compared to the balance as at 30 September 2023, mainly due to new and increased individually assessed provisions raised in Business and Private Banking; and Collective provisions increased by \$119 million compared to the balance as at 30 September 2023, comprised of:

- Collective provision performing - 12-months ECL (Stage 1) increased by \$137 million as a result of:
  - \$211 billion of loans and advances that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement, including the impact of methodology refinements.
  - This was partially offset by:
    - \$160 billion of loans and advances that were repaid, experienced movement in underlying account balances during the period or migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality.
- Collective provision performing - Lifetime ECL (Stage 2) decreased by \$140 million as a result of:
  - \$105 billion of loans and advances that migrated to Stage 1 as a result of improved credit quality, including the impact of methodology refinements or into Stage 3 due to deterioration in credit quality, were repaid or experienced movement in underlying account balances during the period.
  - A decrease in net forward looking provisions, including the impact of methodology refinements.



## Note 17 Provision for credit impairment on loans at amortised cost (cont.)

- This was partially offset by:
  - \$83 billion of loans and advances that were originated and migrated over the year to Stage 2, including the impact of forward looking economic information applied in the ECL model or migrated to Stage 2 as a result of loans and advances transferred from Stage 1 or Stage 3.
- Collective provision non-performing - Lifetime ECL (Stage 3) increased by \$122 million as a result of:
  - \$8 billion of loans and advances that experienced movement in underlying account balances during the period or were transferred into Stage 3 from Stage 1 and Stage 2 due to credit quality deterioration.
  - This was partially offset by:
    - \$6 billion of loans and advances that were repaid or migrated to Stage 1 or Stage 2 due to credit quality improvement or migrated to individually credit assessed with individually assessed provisions raised.
    - A decrease in net forward looking provisions, including the impact of methodology refinements.

### 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):

	Group	
	2024	2023
	\$m	\$m
<b>Total provisions for ECL</b>		
Probability weighted	5,921	5,585
100% Base case	4,116	4,000
100% Downside	8,333	7,546

Applying the average provision coverage ratios by stage, if 1% of the Group's Stage 1 gross loans and advances, contingent liabilities and credit commitments were included as Stage 2 the provision for ECL as at September 2024 would increase by \$130 million (September 2023: \$111 million).

Applying the average provision coverage ratios by stage, if 1% of the Group's Stage 2 gross loans and advances, contingent liabilities and credit commitments were included as Stage 1 the provision for ECL as at September 2024 would decrease by \$32 million (September 2023: \$34 million).

## Note 17 Provision for credit impairment on loans at amortised cost (cont.)

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

	2024 %	2023 %
<b>Macro-economics scenario weightings</b>		
Upside	2.5	2.5
Base case	55.0	52.5
Downside	42.5	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:

	Group 2024 \$m	2023 \$m
<b>Total provision for ECL for key portfolios</b>		
Housing	1,246	1,424
Business	4,245	3,744
Others	430	417
<b>Total</b>	<b>5,921</b>	<b>5,585</b>

Company	Stage 1 Performing 12-mth ECL	Stage 2 Performing Lifetime ECL	Stage 3 Non-performing Lifetime ECL		Total \$m
	Collective	Collective	Collective	Individually assessed	
	\$m	\$m	\$m	\$m	
<b>Balance at 1 October 2022</b>	385	2,758	747	442	4,332
Changes due to financial assets recognised in the opening balance that have:					
Transferred to performing - 12-mth ECL - collective	223	(212)	(11)	-	-
Transferred to performing - Lifetime ECL - collective	(18)	88	(70)	-	-
Transferred to non-performing - Lifetime ECL - collective	(1)	(42)	43	-	-
Transferred to non-performing - Lifetime ECL - individually assessed	-	(11)	(32)	43	-
New and increased provisions (net of collective provision releases)	(135)	360	160	435	820
Write-backs of individually assessed provisions	-	-	-	(93)	(93)
Write-offs from individually assessed provisions	-	-	-	(367)	(367)
Foreign currency translation and other adjustments	-	-	-	1	1
<b>Balance as at 30 September 2023</b>	454	2,941	837	461	4,693
Changes due to financial assets recognised in the opening balance that have:					
Transferred to performing - 12-mth ECL - collective	359	(337)	(22)	-	-
Transferred to performing - Lifetime ECL - collective	(41)	142	(101)	-	-
Transferred to non-performing - Lifetime ECL - collective	(2)	(79)	81	-	-
Transferred to non-performing - Lifetime ECL - individually assessed	-	(20)	(65)	85	-
New and increased provisions (net of collective provision releases)	(215)	97	277	656	815
Write-backs of individually assessed provisions	-	-	-	(106)	(106)
Write-offs from individually assessed provisions	-	-	-	(458)	(458)
Foreign currency translation and other adjustments	9	12	3	(3)	21
<b>Balance as at 30 September 2024</b>	<b>564</b>	<b>2,756</b>	<b>1,010</b>	<b>635</b>	<b>4,965</b>

### Note 17 Provision for credit impairment on loans at amortised cost (cont.)

#### Impact of movements in gross carrying amount on provision for ECL for the Company

Provision for credit impairment reflects ECL measured using the three-stage approach. The below explains how significant changes in the gross carrying amount of loans and advances during the 2024 financial year have contributed to the changes in the provision for credit impairment for the Company under the ECL model.

Overall, the total provision for credit impairment increased by \$272 million compared to the balance as at 30 September 2023; Individually assessed provisions increased by \$174 million compared to the balance as at 30 September 2023, mainly due to new and increased individually assessed provisions raised in Business and Private Banking; and Collective provisions increased by \$98 million compared to the balance as at 30 September 2023, comprised of:

- Collective provision performing – 12-months ECL (Stage 1) increased by \$110 million due to:
  - \$180 billion of loans and advances that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement, including the impact of methodology refinements.
  - This was partially offset by:
    - \$139 billion of loans and advances that were repaid, experienced movement in underlying account balances during the period or migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality.
- Collective provision performing – Lifetime ECL (Stage 2) decreased by \$185 million due to:
  - \$92 billion of loans and advances that were repaid, experienced movement in underlying account balances during the period, migrated to Stage 1 as a result of improved credit quality, including the impact of methodology refinements or into Stage 3 due to deterioration in credit quality.
  - A decrease in net forward looking provisions, including the impact of methodology refinements.
  - This was partially offset by:
    - \$67 billion of loans and advances that were originated and migrated over the year to Stage 2, including the impact of forward looking economic information applied in the ECL model or migrated to Stage 2 as a result of loans and advances transferred from Stage 1 or Stage 3.
- Collective provision non-performing – Lifetime ECL (Stage 3) increased by \$173 million due to:
  - \$7 billion of existing loans and advances that were transferred into Stage 3 from Stage 1 and Stage 2 due to credit quality deterioration or experienced movement in underlying account balances during the period.
  - This was partially offset by:
    - \$5 billion of loan and advances that were repaid, migrated to Stage 1 or Stage 2 due to credit quality improvement or migrated to individually credit assessed with individually assessed provisions raised.
    - A decrease in net forward looking provisions, including the impact of methodology refinements.

#### Write-offs still under enforcement activity

The contractual amount outstanding on loans and advances that were written off during the 2024 financial year, which are still subject to enforcement activity, was \$26 million (2023: \$9 million) for the Group and \$25 million (2023: \$8 million) for the Company.

**Note 18****Derivatives and hedge accounting****Accounting policy****Trading derivatives**

Trading derivatives are not in a qualifying hedging relationship and are measured at fair value through profit or loss.

**Hedge accounting**

The Group utilises the following types of hedge relationships in managing its exposure to risk. At inception of all hedge relationships the Group documents the relationship between the hedging instrument and hedged item, the risk being hedged, the Group's risk management objective and strategy and how effectiveness will be measured throughout the hedge relationship.

	<b>Cash flow hedge</b>	<b>Fair value hedge</b>
<b>Objective</b>	To hedge changes to cash flows arising from interest rate and foreign currency risk.	To hedge fair value changes to recognised assets and liabilities arising from interest rate and foreign currency risk.
<b>Methods for testing hedge effectiveness</b>	Critical terms matching, regression analysis or cumulative dollar offset.	Critical terms matching or cumulative dollar offset.
<b>Potential sources of ineffectiveness</b>	Primarily mismatches in terms of the hedged item and the hedging instrument. Discounting basis between the hedged item and hedging instrument.	Primarily mismatches in terms of the hedged item and the hedging instrument, prepayment risk and reset risk. Discounting basis between the hedged item and hedging instrument.
<b>Recognition of effective hedge portion</b>	Fair value changes of the hedging instrument associated with the hedged risk are recognised in the cash flow hedge reserve in equity.	Fair value changes of the hedging instrument and those arising from the hedged risk on the hedged item are recognised in the income statement.
<b>Recognition of ineffective hedge portion</b>	Recognised in the income statement as ineffectiveness arises.	
<b>Hedging instrument expires, is sold, or when hedging criteria are no longer met</b>	Transferred to the income statement as / when the hedged item affects the income statement. If the hedged item is no longer expected to occur the effective portion accumulated in equity is transferred to the income statement immediately.	Cumulative hedge adjustment to the hedged item is amortised to the income statement on an effective yield basis.
<b>Cost of hedging reserve</b>	For qualifying hedging instruments, the Group excludes foreign currency basis spreads from hedge designations. Any change in the fair value of these hedging instruments for changes in cross currency basis spreads is deferred to the cost of hedging reserve and released to profit or loss either when the hedged exposure affects profit or loss or on a systematic basis over the life of the hedge. The cumulative movements are expected to be nil by maturity of the hedging instruments.	

## Note 18 Derivatives and hedge accounting (cont.)

### Derivative assets and liabilities

The tables below set out total derivative assets and liabilities disclosed as trading and hedging derivatives.

#### Total derivatives

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Trading derivatives	26,759	30,770	27,026	31,122	27,161	31,079	29,678	33,587
Hedging derivatives	2,007	3,499	5,550	4,511	1,297	2,705	3,335	2,523
<b>Total derivatives</b>	<b>28,766</b>	<b>34,269</b>	<b>32,576</b>	<b>35,633</b>	<b>28,458</b>	<b>33,784</b>	<b>33,013</b>	<b>36,110</b>

#### Trading derivatives

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Foreign exchange rate-related contracts</b>								
Spot and forward contracts	10,325	11,514	11,079	10,284	9,795	11,209	10,360	10,022
Cross currency swaps	8,206	8,656	8,358	7,969	10,087	10,545	12,134	11,446
Options / swaptions	68	138	127	133	69	136	127	133
<b>Total foreign exchange rate-related contracts</b>	<b>18,599</b>	<b>20,308</b>	<b>19,564</b>	<b>18,386</b>	<b>19,951</b>	<b>21,890</b>	<b>22,621</b>	<b>21,601</b>
<b>Interest rate-related contracts</b>								
Swaps	6,575	8,710	5,970	10,671	5,605	7,429	5,554	9,919
Options / swaptions	846	1,148	1,062	1,393	846	1,148	1,060	1,389
<b>Total interest rate-related contracts</b>	<b>7,421</b>	<b>9,858</b>	<b>7,032</b>	<b>12,064</b>	<b>6,451</b>	<b>8,577</b>	<b>6,614</b>	<b>11,308</b>
Credit derivatives	255	146	300	134	255	146	300	134
Commodity derivatives	479	453	128	533	499	461	141	541
Other derivatives	5	5	2	5	5	5	2	3
<b>Total trading derivatives</b>	<b>26,759</b>	<b>30,770</b>	<b>27,026</b>	<b>31,122</b>	<b>27,161</b>	<b>31,079</b>	<b>29,678</b>	<b>33,587</b>

## Note 18 Derivatives and hedge accounting (cont.)

### Risk management strategy for hedge accounting

#### *Overview*

The Group's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in Australian or New Zealand dollars. For Australian and New Zealand denominated exposures the Group will enter into interest rate swaps where the exposure is to a fixed interest rate. In some instances, cash flow hedges of interest rate risk are also used to arrive at a net variable rate position. Foreign currency exposures are swapped to Australian or New Zealand dollars using cross-currency swaps and interest rate swaps. The material risks and the risk management strategy are explained further below.

#### *Cash flow hedges – interest rate risk*

The Group manages interest rate risk exposure on deposits and loans via interest rate derivatives. The Group accounts for these hedge relationships as a macro cash flow hedge. The gross exposures are allocated to time buckets based on expected repricing dates, with interest rate derivatives allocated to hedge accordingly. The benchmark interest rate is hedged which represents the largest component of changes in fair value and is observable in relevant financial markets.

#### *Cash flow hedges – foreign currency risk*

The Group is exposed to foreign currency risk on credit margin cash flows and foreign currency risk on the principal cash flows, both of which arise from foreign currency debt issuances. The Group is also exposed to foreign currency risk on certain operating costs. The Group uses foreign currency derivatives to manage changes between the foreign currency and Australian and New Zealand dollars for the above mentioned cash flows.

#### *Fair value hedges – interest rate risk*

Interest rate risk arises on fixed rate bonds, notes and subordinated debt issuances, fixed rate debt instruments held for liquidity purposes and fixed rate loans and advances. The Group hedges its interest rate risk on these instruments with relevant interest rate derivatives to reduce its exposure to changes in fair value due to interest rate fluctuations.

With all the fair value hedges, the benchmark interest rate is hedged which represents the largest component of changes in fair value and is observable in relevant financial markets.

## Notes to the financial statements

### Note 18 Derivatives and hedge accounting (cont.)

#### Hedging derivatives

Hedging derivative assets and liabilities are disclosed by the hedged risk and type of hedge relationship in which they are designated. The Group may designate separate derivatives to hedge different risk components of one hedged item. In such a scenario the notional amount of hedging derivatives will, in sum, exceed the notional amount of the hedged item. In the case of cross-currency swaps, the Group can designate a single instrument to hedge both interest rate risk in a fair value hedge and currency risk in a cash flow hedge.

			Group				Company			
	Hedging instrument	Risk	2024		2023		2024		2023	
			Carrying amount	Notional	Carrying amount	Notional	Carrying amount	Notional	Carrying amount	Notional
			\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative assets										
Cash flow hedges	Interest rate swaps	Interest	-	264,288	-	177,400	-	252,314	-	159,050
Cash flow hedges	Cross-currency swaps	Currency	1,894	55,741	3,370	90,389	1,223	32,809	2,576	70,629
Cash flow hedges	Foreign exchange contracts	Currency	1	226	98	7,908	1	226	98	7,908
Fair value hedges	Interest rate swaps	Interest	102	87,680	28	67,540	63	72,387	28	65,635
Fair value and cash flow hedges	Cross-currency swaps	Interest and currency	10	598	1	21	10	598	1	21
Cash flow hedges	Futures <sup>(1)</sup>	Interest	-	66	2	1,866	-	66	2	1,866
Total derivative assets			2,007	408,599	3,499	345,124	1,297	358,400	2,705	305,109
Derivative liabilities										
Cash flow hedges	Interest rate swaps	Interest	3	218,005	3	165,627	3	199,437	3	152,929
Cash flow hedges	Cross-currency swaps	Currency	4,598	132,755	2,580	94,734	3,036	90,308	1,844	56,839
Cash flow hedges	Foreign exchange contracts	Currency	146	3,930	151	15,864	146	3,930	151	15,864
Fair value hedges	Interest rate swaps	Interest	106	79,733	425	108,249	78	63,348	290	81,548
Fair value and cash flow hedges	Cross-currency swaps	Interest and currency	697	5,378	1,352	6,773	72	931	235	1,934
Cash flow hedges	Futures <sup>(1)</sup>	Interest	-	1,153	-	465	-	1,153	-	465
Total derivative liabilities			5,550	440,954	4,511	391,712	3,335	359,107	2,523	309,579

(1) Futures notional amounts are netted for presentation purposes.



## Note 18 Derivatives and hedge accounting (cont.)

The following table shows the maturity profile of hedging instruments based on their notional amounts.

	2024				2023			
	0 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	Total \$m	0 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	Total \$m
<b>Group</b>								
Interest rate swaps	384,458	210,694	54,554	649,706	235,775	229,751	53,290	518,816
Foreign exchange contracts	4,120	36	-	4,156	23,714	58	-	23,772
Futures	1,171	48	-	1,219	1,681	650	-	2,331
Cross-currency swaps - interest and currency	2,236	3,440	300	5,976	744	5,746	304	6,794
Cross-currency swaps - currency	35,147	121,154	32,195	188,496	28,518	120,530	36,075	185,123
<b>Company</b>								
Interest rate swaps	368,551	169,000	49,937	587,488	220,232	191,754	47,176	459,162
Foreign exchange contracts	4,120	36	-	4,156	23,714	58	-	23,772
Futures <sup>(1)</sup>	1,171	48	-	1,219	1,681	650	-	2,331
Cross-currency swaps - interest and currency	647	581	300	1,528	404	1,247	304	1,955
Cross-currency swaps - currency	28,872	70,799	23,445	123,116	26,676	75,784	25,008	127,468

(1) Futures notional amounts are netted for presentation purposes.

## Note 18 Derivatives and hedge accounting (cont.)

The average rate for major currencies of the final exchange of cross-currency swaps designated in hedge accounting relationships is as follows:

	Group		Company	
	2024	2023	2024	2023
USD:AUD	1.437	1.416	1.429	1.412
EUR:AUD	1.538	1.514	1.579	1.546
GBP:AUD	1.874	1.867	1.892	1.861
USD:NZD	1.508	1.488	n/a	n/a
CHF:NZD	1.554	1.554	n/a	n/a
EUR:NZD	1.724	1.715	n/a	n/a

The range of executed rates for interest rate swaps in hedge accounting relationships for major currencies is as follows:

	Group				Company			
	2024		2023		2024		2023	
	Fair value hedges %	Cash flow hedges %	Fair value hedges %	Cash flow hedges %	Fair value hedges %	Cash flow hedges %	Fair value hedges %	Cash flow hedges %
NZD interest rates	0.25 to 3.05	0.04 to 7.30	1.95 to 3.05	0.04 to 7.30	1.95 to 3.05	-	1.95 to 3.05	-
USD interest rates	0.61 to 5.08	-	0.61 to 4.85	-	0.61 to 2.73	-	0.61 to 2.73	-
AUD interest rates	0.40 to 3.19	0.15 to 7.02	0.40 to 4.37	0.06 to 7.02	0.40 to 3.19	0.15 to 7.02	0.40 to 3.99	0.06 to 7.02
EUR interest rates	(0.19) to 3.71	-	(0.22) to 3.71	-	(0.19) to 2.61	-	(0.22) to 2.61	-

## Notes to the financial statements

### Note 18 Derivatives and hedge accounting (cont.)

#### Hedged items

The balance of the cash flow hedge reserve, which represents the effective portion of the movements in the hedging instrument, is presented in *Note 29 Reserves*. The movements in hedging instruments recognised in other comprehensive income are reported in the statement of other comprehensive income. As at 30 September, the amounts recognised in the Group's cash flow hedge reserve for which hedge accounting is no longer applied is a loss of \$16 million (2023: loss of \$11 million).

The following table shows the carrying amount of fair value hedged items in hedge relationships, and the accumulated amount of fair value hedge adjustments in these carrying amounts. The Group does not hedge its entire exposure to a class of financial instruments, therefore the carrying amounts below do not equal the total carrying amounts disclosed in other notes.

	Group				Company			
	2024	Fair value hedge adjustments	2023	Fair value hedge adjustments	2024	Fair value hedge adjustments	2023	Fair value hedge adjustments
	Carrying amount \$m	\$m	Carrying amount \$m	\$m	Carrying amount \$m	\$m	Carrying amount \$m	\$m
<b>Debt instruments<sup>(1)</sup></b>								
Semi-government bonds, notes and securities	27,012	-	22,872	-	27,003	-	22,872	-
<b>Loans and advances</b>								
Other term lending	725	(16)	763	(54)	725	(16)	763	(54)
<b>Bonds, notes and subordinated debt</b>								
Medium-term notes	50,516	(670)	46,451	(2,876)	41,813	(558)	40,033	(2,348)
Covered bonds <sup>(2)</sup>	25,652	(246)	22,969	(1,463)	-	-	-	-
Subordinated medium-term notes	13,497	(1,667)	13,128	(2,906)	13,497	(1,667)	13,128	(2,906)

(1) The carrying amount of debt instruments at fair value through other comprehensive income does not include a fair value hedge adjustment as the hedged asset is measured at fair value. The accounting for the hedge relationship results in a transfer from other comprehensive income to the income statement.

(2) The Company does not apply hedge accounting to covered bonds, however these are designated for hedge accounting purposes at the Group level.

## Note 18 Derivatives and hedge accounting (cont.)

### Hedge ineffectiveness

Fair value and cash flow hedge relationships result in the following changes in value used as the basis for recognising hedge ineffectiveness for the years ended 30 September:

	Change in fair value on hedging instruments		Change in fair value on hedged items		Hedge ineffectiveness recognised in income statement	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Group</b>						
Fair value hedges (interest rate risk)	2,171	(1,660)	(2,205)	1,610	(34)	(50)
Cash flow hedges (interest rate risk)	2,288	151	(2,287)	(149)	1	2
Cash flow hedges (currency risk)	(4,276)	3,065	4,288	(3,038)	12	27
Fair value and cash flow hedges (interest rate and currency risk)	45	21	(45)	(21)	-	-
<b>Total</b>	<b>228</b>	<b>1,577</b>	<b>(249)</b>	<b>(1,598)</b>	<b>(21)</b>	<b>(21)</b>
<b>Company</b>						
Fair value hedges (interest rate risk)	596	(1,488)	(624)	1,439	(28)	(49)
Cash flow hedges (interest rate risk)	2,307	352	(2,307)	(352)	-	-
Cash flow hedges (currency risk)	(3,417)	1,502	3,429	(1,480)	12	22
<b>Total</b>	<b>(514)</b>	<b>366</b>	<b>498</b>	<b>(393)</b>	<b>(16)</b>	<b>(27)</b>

The below tables present movements in the cash flow hedge reserve for each type of hedged risk.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Cash flow hedge (interest rate risk)</b>				
Cash flow hedges - gains / (losses) recognised in other comprehensive income	1,214	(292)	1,091	(357)
Amount reclassified from the cash flow hedge reserve to income statement	1,067	427	1,217	711
	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Cash flow hedge (currency risk)</b>				
Cash flow hedges - gains / (losses) recognised in other comprehensive income	(4,300)	3,034	(3,428)	1,480
Amount reclassified from the cash flow hedge reserve to income statement	4,120	(3,103)	3,272	(1,531)

## Note 19

# Financial risk management

### Overview of Risk Management Framework

Risk is the potential for harm and an inherent part of the Group's business. The Group's ability to manage risk effectively is critical to being a safe and secure bank that can serve customers well and help our communities prosper. The Group's risk management is in line with APRA Prudential Standard CPS 220 *Risk Management*.

The Group's Risk Management Framework (RMF) consists of systems, structures, policies, processes and people within the Group that manage the Group's material risks. The RMF is comprehensively reviewed every three years for appropriateness, effectiveness and adequacy by an operationally independent party. The Board is ultimately responsible for the Risk Management Framework and oversees its operation by management. In addition, directors and senior executives are held accountable for the parts of the Group's operations they manage or control.

The Group applies a 'Three Lines of Accountability' operating model in relation to the management of risk. The overarching principle of the model is that risk management capability must be embedded within the business to be effective. The role of each line is:

- First Line – Businesses own risks and obligations, and the controls and mitigation strategies that help manage them.
- Second Line – A functionally segregated Risk function develops risk management frameworks, defines risk boundaries, provides objective review and challenge regarding the effectiveness of risk management within the first line businesses, and executes specific risk management activities where a functional segregation of duties and/or specific risk capability is required.
- Third Line – An independent Internal Audit function reporting to the Board monitors the end-to-end effectiveness of risk management and compliance with the RMF.

Further risk management information for the Group is set out in *Risk management overview*.

### Credit risk

#### Credit risk overview, management and control responsibilities

Credit is any transaction that creates an actual or potential obligation for a counterparty or a customer to pay the Group. Credit risk is the potential that a counterparty or customer will fail to meet its obligations to the Group in accordance with the agreed terms. Lending activities account for most of the Group's credit risk, however other sources of credit risk also exist throughout the activities of the Group. These activities include the trading book, and other financial instruments and loans (including, but not limited to, acceptances, placements, inter-bank transactions, trade financing, foreign exchange transactions, swaps, bonds and options), as well as in the extension of commitments and guarantees and the settlement of transactions.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to existing or potential counterparties or customers, groups of related counterparties or groups of related customers, and to geographical and industry segments. Such risks are monitored on an ongoing basis and are subject to annual or more frequent review.

In general, the Group does not take possession of collateral it holds as security or call on other credit enhancements that would result in recognition of an asset on the balance sheet.

Exposure to credit risk is managed through regular analysis of the ability of existing or potential counterparties, customers, groups of related counterparties or groups of related customers to meet repayment obligations, primarily interest and principal, and by changing credit limits where appropriate. Exposure to credit risk is also managed in part, by obtaining collateral and corporate and personal guarantees.

The Group further restricts its exposure to credit losses by entering into master netting arrangements for derivatives, repurchase and securities lending transactions with counterparties with which it undertakes a significant volume of transactions. The credit risk associated with contracts favourable to a Group entity is reduced by a master netting arrangement to the extent that if a counterparty failed to meet its obligations in accordance with agreed terms, all contracts with a counterparty can be terminated and settled on a net basis.

### ESG risks

The Group is exposed to ESG and other emerging risks. The following items are examples of how these risks may impact the Group:

- Increases in the frequency and severity of climatic events could impact customers' ability to service their loans or the value of the collateral held to secure the loans.
- Action taken by governments, regulators and society more generally, to transition to a low-carbon economy, could impact the ability of some customers to generate long-term returns in a sustainable way or lead to certain assets being stranded in the future.
- Failure to comply with environmental and social legislation (emerging and current) may impact customers' ability to generate sustainable returns and service their loans.
- If customers don't hold appropriate levels of insurance for physical assets against certain risks, this may impact the value the Group can recover in the event of certain natural disasters.

The Group considers these risks as part of the credit risk assessment and due diligence process before relevant customers are granted credit and for new product development. The Group also manages its total credit portfolio within established risk appetite and limits, particularly for specific industries or regions that are more exposed to these types of risks. In addition, the Group may recognise FLAs to the provision for credit impairment for the impact of adverse climate events. There were no such provisions required in the year ended 30 September 2024.

## Note 19 Financial risk management (cont.)

### Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances, there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees are called upon. For irrevocable loan commitments and other credit-related commitments, the maximum exposure to credit risk is the full amount of committed facilities.

The table below shows the Group's maximum exposure to credit risk for on-balance sheet and off-balance sheet positions before taking into account any collateral held or other credit enhancements.

		Group		Company	
	Footnote	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Financial assets					
Cash and liquid assets	(a)	1,350	23,669	1,261	23,022
Due from other banks	(b)	110,438	117,306	105,061	106,955
Collateral placed	(c)	9,633	11,286	8,929	10,214
Trading assets	(d)	133,606	101,168	120,517	90,417
Derivative assets	(d)	28,766	34,269	28,458	33,784
Debt instruments	(e)	41,999	46,357	41,983	46,336
Other financial assets	(f)	769	1,430	769	1,708
Gross loans and advances	(f)	737,630	707,228	638,629	611,556
Due from controlled entities	(g)	-	-	51,039	43,577
Other assets	(g)	6,733	6,869	5,759	6,572
Total		1,070,924	1,049,582	1,002,405	974,141
Bank guarantees and letters of credit	(h)	26,597	26,321	24,860	24,637
Credit commitments	(h)	210,124	208,853	190,297	188,268
Total		236,721	235,174	215,157	212,905
Total credit risk exposure		1,307,645	1,284,756	1,217,562	1,187,046

(a) The balance of **Cash and liquid assets** that is exposed to credit risk is comprised primarily of bills receivable and remittances in transit. In the September 2023 financial year the balance also included reverse repurchase agreements.

(b) The balance of **Due from other banks** that is exposed to credit risk is comprised of securities borrowing agreements and reverse repurchase agreements, as well as balances held with central supervisory banks and other interest earning assets. Securities borrowing agreements and reverse repurchase agreements are collateralised with highly liquid securities and the collateral is in excess of the borrowed or loaned amount. Balances held with central supervisory banks and other interest earning assets that are due from other banks are managed based on the counterparty's creditworthiness. The Group utilises master netting arrangements where possible to reduce its exposure to credit risk.

(c) The maximum exposure to credit risk from **Collateral placed** is the collateral placed with the counterparty before consideration of any netting arrangements.

(d) At any one time, the maximum exposure to credit risk from **Trading assets** and **Derivative assets** is limited to the current fair value of instruments that are favourable to the Group less collateral obtained. This credit risk is managed as part of the overall lending limits with customers, together with potential exposures from market movements.

The Group uses documentation including International Swaps and Derivatives Association (ISDA) Master Agreements to document derivative activities. Under ISDA Master Agreements, if a default of a counterparty occurs, all contracts with the counterparty are terminated. They are then settled on a net basis at market levels current at the time of default. The Group also executes Credit Support Annexes in conjunction with ISDA Master Agreements.

Credit risk from over-the-counter trading and hedging derivatives is mitigated where possible through netting arrangements whereby derivative assets and liabilities with the same counterparty can be offset in certain circumstances. Derivatives that are cleared through a central clearing counterparty or an exchange have less credit risk than over-the-counter derivatives and are subject to relevant netting and collateral agreements. For these, where settled to market has been applied, the unrealised or outstanding fair value of derivative assets and liabilities are settled daily through cash receipts and payments, further reducing credit risk.

Collateral is obtained against derivative assets, depending on the creditworthiness of the counterparty and / or the nature of the transaction.

(e) **Debt instruments** are generally comprised of government, semi-government, corporate and financial institution bonds, notes and securities. The amount of collateral held against such instruments will depend on the counterparty and the nature of the specific financial instrument.

The Group may utilise credit default swaps, guarantees provided by central banks, other forms of credit enhancements or collateral to minimise the Group's exposure to credit risk.

## Note 19 Financial risk management (cont.)

- (f) **Gross loans and advances and Other financial assets** primarily comprise general lending and line of credit products. The distinction is due to accounting classification and measurement. These lending products will generally have a significant level of collateralisation depending on the nature of the product.

Other lending to non-retail customers may be provided on an unsecured basis or secured (partially or fully) by acceptable collateral defined in specific Group credit policy and business unit procedures. Collateral is generally comprised of business assets, inventories and in some cases personal assets of the borrower. The Group manages its exposure to these products by completing a credit evaluation to assess the customer's character, industry, business model and capacity to meet their commitments without distress. Collateral provides a secondary source of repayment for funds advanced in the event that a customer cannot meet their contractual repayment obligations. For amounts due from customers on acceptances the Group generally has recourse to guarantees, underlying inventories or other assets in the event of default which significantly mitigates the credit risk associated with accepting the customer's credit facility with a third party.

Housing loans are secured against residential property as collateral and, where applicable, Lenders Mortgage Insurance (LMI) is obtained by the Group (mostly in Australia) to cover any shortfall in outstanding loan principal and accrued interest. LMI is generally obtained for residential mortgages with a Loan to Valuation Ratio (LVR) in excess of 80%. The financial effect of these measures is that remaining credit risk on residential mortgage loans is minimal. Other retail lending products are mostly unsecured (e.g., credit card outstandings and other personal lending).

- (g) The balance of **Other assets** which is exposed to credit risk includes securities sold not delivered, interest receivable accruals and other receivables. Interest receivable accruals are subject to the same collateral as the underlying borrowings. Other receivables will mostly be unsecured. There are typically no collateral or other credit enhancements obtained in respect of amounts **Due from controlled entities**.

- (h) **Bank guarantees and letters of credit** are comprised primarily of guarantees to customers, standby or documentary letters of credit and performance related contingencies. The Group will typically have recourse to specific assets pledged as collateral in the event of a default by a party for which the Group has guaranteed its obligations to a third party and therefore tend to carry the same credit risk as loans.

**Credit commitments** represent binding commitments to extend credit where the Group is potentially exposed to loss of an amount equal to the total unused commitments. However, the likely amount of loss is generally less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because, in general, longer-term commitments have a greater degree of credit risk than shorter term commitments.



## Note 19 Financial risk management (cont.)

### Offsetting financial assets and liabilities

The tables below present the amounts of financial instruments that have been offset on the balance sheet, as well as those amounts that are subject to enforceable master netting arrangements or similar agreements. The tables exclude financial instruments that are not subject to offsetting arrangements but are instead only subject to collateral arrangements.

The 'Net amounts' presented in the tables are not intended to represent the Group's actual exposure to credit risk. The Group utilises a wide range of strategies to mitigate credit risk in addition to netting and collateral arrangements, including placing limits on the amount of risk accepted in relation to counterparties, customers, groups of related counterparties or customers and geographical and industry segments.

The amounts recognised on the balance sheet are presented in the 'Total balance sheet amount' column in the tables below, and comprise the sum of the 'Net amount reported on balance sheet' and 'Amounts not subject to enforceable netting arrangements'.

Group	2024								
	Subject to enforceable netting arrangements								Total balance sheet amount
	Amounts offset on balance sheet			Amounts not offset on balance sheet					
	Gross amount	Amount offset	Net amount reported on balance sheet	Financial Instruments	Non- cash collateral	Cash collateral	Net Amount	Amounts not subject to enforceable netting arrangements	
\$m									
Derivative assets <sup>(1)(2)</sup>	33,021	(8,763)	24,258	(16,234)	(112)	(5,038)	2,874	4,508	28,766
Reverse repurchase agreements	106,934	(16,663)	90,271	-	(90,271)	-	-	-	90,271
Loans and advances	4,910	(4,798)	112	-	-	-	112	738,094	738,206
Total assets	144,865	(30,224)	114,641	(16,234)	(90,383)	(5,038)	2,986	742,602	857,243
Derivative liabilities <sup>(1)(2)</sup>	(35,761)	8,763	(26,998)	16,144	60	8,732	(2,062)	(5,578)	(32,576)
Repurchase agreements	(74,444)	16,663	(57,781)	-	57,781	-	-	-	(57,781)
Deposits and other borrowings	(9,257)	4,798	(4,459)	-	-	-	(4,459)	(709,919)	(714,378)
Total liabilities	(119,462)	30,224	(89,238)	16,144	57,841	8,732	(6,521)	(715,497)	(804,735)
Company									
Derivative assets <sup>(1)(2)</sup>	23,924	-	23,924	(14,487)	(112)	(4,072)	5,253	4,534	28,458
Reverse repurchase agreements	101,320	(15,384)	85,936	-	(85,936)	-	-	-	85,936
Loans and advances	4,347	(4,324)	23	-	-	-	23	639,182	639,205
Total assets	129,591	(19,708)	109,883	(14,487)	(86,048)	(4,072)	5,276	643,716	753,599
Derivative liabilities <sup>(1)(2)</sup>	(26,714)	-	(26,714)	14,409	60	8,388	(3,857)	(6,299)	(33,013)
Repurchase agreements	(69,977)	15,384	(54,593)	-	54,593	-	-	-	(54,593)
Deposits and other borrowings	(6,638)	4,324	(2,314)	-	-	-	(2,314)	(634,251)	(636,565)
Total liabilities	(103,329)	19,708	(83,621)	14,409	54,653	8,388	(6,171)	(640,550)	(724,171)

(1) As at 30 September 2024, the amount offset for derivative assets includes \$419 million (Company: \$nil) of cash collateral netting and the amount offset for derivative liabilities includes \$77 million (Company: \$nil) of cash collateral netting.

(2) The decrease in 'Gross amount' and 'Amount offset' for derivative assets and derivative liabilities since 30 September 2023 was driven by an increase in the number of centrally cleared derivatives subject to settled-to-market arrangements.

## Note 19 Financial risk management (cont.)

2023									
Group	Subject to enforceable netting arrangements								
	Amounts offset on balance sheet			Amounts not offset on balance sheet					
	Gross amount	Amount offset	Net amount reported on balance sheet	Financial Instruments	Non-cash collateral	Cash collateral	Net Amount	Amounts not subject to enforceable netting arrangements	Total balance sheet amount
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative assets <sup>(1)</sup>	157,389	(127,890)	29,499	(14,611)	(362)	(10,164)	4,362	4,770	34,269
Reverse repurchase agreements	95,197	(14,542)	80,655	-	(80,655)	-	-	-	80,655
Loans and advances	5,748	(5,705)	43	-	-	-	43	708,428	708,471
<b>Total assets</b>	<b>258,334</b>	<b>(148,137)</b>	<b>110,197</b>	<b>(14,611)</b>	<b>(81,017)</b>	<b>(10,164)</b>	<b>4,405</b>	<b>713,198</b>	<b>823,395</b>
Derivative liabilities <sup>(1)</sup>	(154,459)	127,891	(26,568)	14,611	210	9,171	(2,576)	(9,065)	(35,633)
Repurchase agreements	(88,674)	14,542	(74,132)	-	74,132	-	-	-	(74,132)
Deposits and other borrowings	(9,122)	5,705	(3,417)	-	-	-	(3,417)	(681,034)	(684,451)
<b>Total liabilities</b>	<b>(252,255)</b>	<b>148,138</b>	<b>(104,117)</b>	<b>14,611</b>	<b>74,342</b>	<b>9,171</b>	<b>(5,993)</b>	<b>(690,099)</b>	<b>(794,216)</b>
<b>Company</b>									
Derivative assets <sup>(1)</sup>	143,179	(114,623)	28,556	(12,808)	(83)	(8,822)	6,843	5,228	33,784
Reverse repurchase agreements	91,333	(14,166)	77,167	-	(77,167)	-	-	-	77,167
Loans and advances	4,203	(4,191)	12	-	-	-	12	612,226	612,238
<b>Total assets</b>	<b>238,715</b>	<b>(132,980)</b>	<b>105,735</b>	<b>(12,808)</b>	<b>(77,250)</b>	<b>(8,822)</b>	<b>6,855</b>	<b>617,454</b>	<b>723,189</b>
Derivative liabilities <sup>(1)</sup>	(141,028)	114,624	(26,404)	12,808	210	8,701	(4,685)	(9,706)	(36,110)
Repurchase agreements	(81,339)	14,166	(67,173)	-	67,173	-	-	-	(67,173)
Deposits and other borrowings	(6,163)	4,191	(1,972)	-	-	-	(1,972)	(606,669)	(608,641)
<b>Total liabilities</b>	<b>(228,530)</b>	<b>132,981</b>	<b>(95,549)</b>	<b>12,808</b>	<b>67,383</b>	<b>8,701</b>	<b>(6,657)</b>	<b>(616,375)</b>	<b>(711,924)</b>

(1) As at 30 September 2023, the amount offset for derivative assets includes \$9,495 million (Company: \$8,377 million) of cash collateral netting and the amount offset for derivative liabilities includes \$4,828 million (Company: \$4,758 million) of cash collateral netting.

### Derivative assets and derivative liabilities

Derivative assets and derivative liabilities are only offset on the balance sheet where the Group has a legally enforceable right to offset in all circumstances and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The Group has applied offsetting to certain centrally cleared derivatives and their associated collateral amounts which satisfy the AASB 132 *Financial Instruments: Presentation* requirements. For centrally cleared derivatives subject to settled-to-market arrangements, the unrealised fair values are settled daily through cash receipts and payments.

### Reverse repurchase and repurchase agreements

Reverse repurchase and repurchase agreements will typically be subject to Global Master Repurchase Agreements or similar agreements whereby all outstanding transactions with the same counterparty can only be offset and closed out upon a default or insolvency event. In some instances, the agreement provides the Group with a legally enforceable right to offset in all circumstances. In such a case and where there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously, the amounts with that counterparty are offset on the balance sheet.

Where the Group has a right to offset on default or insolvency only, the related non-cash collateral amounts comprise highly liquid securities, either obtained or pledged, which can be realised in the event of a default or insolvency by one of the counterparties. The value of such securities obtained or pledged must at least equate to the value of the exposure to the counterparty, therefore the net exposure is considered to be nil.

### Loans and advances, deposits and other borrowings

The amounts offset for loans and advances and deposits and other borrowings represent amounts subject to set-off agreements that satisfy the AASB 132 requirements. The 'Net amounts reported on balance sheet' are included within 'Overdrafts' in *Note 12 Loans and Advances* and 'On-demand and short-term deposits' and 'Deposits not bearing interest' in *Note 13 Deposits and other borrowings*. The 'Amounts not subject to enforceable netting arrangements' represent all other loans and advances and deposits and other borrowings of the Group, including those measured at fair value.

## Note 19 Financial risk management (cont.)

### Credit risk exposure by risk grade

The following tables show the credit quality of credit risk exposures to which the expected credit loss model is applied, for both recognised and unrecognised financial assets, based on the following risk grades:

- Senior investment grade: broadly corresponds with Standard & Poor's ratings of AAA to A- (internal rating 1 to 5).
- Investment grade: broadly corresponds with Standard & Poor's ratings of BBB+ to BBB- (internal rating 6 to 11).
- Sub-investment grade: broadly corresponds with Standard & Poor's ratings of BB+ (internal rating 12 to 23).
- Default: broadly corresponds with Standard & Poor's rating of D (internal rating 98 and 99).

Notional stage allocations (Stage 1 and Stage 2) for credit risk exposures incorporate the impact of forward looking economic information applied in the expected credit loss model. Refer to the Accounting Policy section of *Note 17 Provision for credit impairment on loans at amortised cost* for further details.

Group	Stage 1 Performing		Stage 2 Performing		Stage 3 Non-performing		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Gross loans and advances</b>								
Senior investment grade	136,091	124,634	434	2,356	-	-	136,525	126,990
Investment grade	288,298	277,097	18,541	27,385	-	-	306,839	304,482
Sub-investment grade	146,773	126,373	137,653	141,747	-	-	284,426	268,120
Default	-	-	-	-	9,840	7,636	9,840	7,636
<b>Total gross loans and advances</b>	<b>571,162</b>	<b>528,104</b>	<b>156,628</b>	<b>171,488</b>	<b>9,840</b>	<b>7,636</b>	<b>737,630</b>	<b>707,228</b>
<b>Contingent liabilities and credit commitments</b>								
Senior investment grade	90,818	88,046	1,033	3,442	-	-	91,851	91,488
Investment grade	82,754	75,102	7,503	12,832	-	-	90,257	87,934
Sub-investment grade	27,764	25,753	26,459	29,643	-	-	54,223	55,396
Default	-	-	-	-	390	356	390	356
<b>Total contingent liabilities and credit commitments</b>	<b>201,336</b>	<b>188,901</b>	<b>34,995</b>	<b>45,917</b>	<b>390</b>	<b>356</b>	<b>236,721</b>	<b>235,174</b>
<b>Total gross loans and advances, contingent liabilities and credit commitments</b>	<b>772,498</b>	<b>717,005</b>	<b>191,623</b>	<b>217,405</b>	<b>10,230</b>	<b>7,992</b>	<b>974,351</b>	<b>942,402</b>
<b>Debt instruments</b>								
Senior investment grade	41,999	46,357	-	-	-	-	41,999	46,357
Investment grade	-	-	-	-	-	-	-	-
Sub-investment grade	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
<b>Total debt instruments</b>	<b>41,999</b>	<b>46,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,999</b>	<b>46,357</b>

## Note 19 Financial risk management (cont.)

Company	Stage 1 Performing		Stage 2 Performing		Stage 3 Non-performing		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Gross loans and advances</b>								
Senior investment grade	97,682	88,177	379	1,257	-	-	98,061	89,434
Investment grade	270,869	255,873	13,163	22,003	-	-	284,032	277,876
Sub-investment grade	130,007	114,773	117,736	122,956	-	-	247,743	237,729
Default	-	-	-	-	8,793	6,517	8,793	6,517
<b>Total gross loans and advances</b>	<b>498,558</b>	<b>458,823</b>	<b>131,278</b>	<b>146,216</b>	<b>8,793</b>	<b>6,517</b>	<b>638,629</b>	<b>611,556</b>
<b>Contingent liabilities and credit commitments</b>								
Senior investment grade	84,903	82,623	978	2,484	-	-	85,881	85,107
Investment grade	76,081	68,954	5,295	10,087	-	-	81,376	79,041
Sub-investment grade	25,151	22,744	22,364	25,665	-	-	47,515	48,409
Default	-	-	-	-	385	348	385	348
<b>Total contingent liabilities and credit commitments</b>	<b>186,135</b>	<b>174,321</b>	<b>28,637</b>	<b>38,236</b>	<b>385</b>	<b>348</b>	<b>215,157</b>	<b>212,905</b>
<b>Total gross loans and advances, contingent liabilities and credit commitments</b>	<b>684,693</b>	<b>633,144</b>	<b>159,915</b>	<b>184,452</b>	<b>9,178</b>	<b>6,865</b>	<b>853,786</b>	<b>824,461</b>
<b>Debt instruments</b>								
Senior investment grade	41,983	46,336	-	-	-	-	41,983	46,336
Investment grade	-	-	-	-	-	-	-	-
Sub-investment grade	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
<b>Total debt instruments</b>	<b>41,983</b>	<b>46,336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,983</b>	<b>46,336</b>

### Concentration of exposure

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors and have similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions.

The diversification and size of the Group is such that its lending is widely spread both geographically and in terms of the types of industries it serves.

## Note 19 Financial risk management (cont.)

### Industry concentration of financial assets

	Net loans and advances <sup>(1)</sup>		Other financial assets <sup>(2)</sup>		Contingent liabilities and credit commitments		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Group</b>								
Accommodation and hospitality	10,795	9,337	-	-	2,181	2,101	12,976	11,438
Agriculture, forestry, fishing and mining	58,807	55,912	-	-	13,234	14,112	72,041	70,024
Business services and property services	19,682	19,266	-	-	9,714	8,754	29,396	28,020
Commercial property	73,828	70,739	-	-	14,462	12,660	88,290	83,399
Construction	9,315	8,500	-	-	7,753	7,109	17,068	15,609
Financial and insurance	45,407	38,456	126,377	137,048	46,373	49,722	218,157	225,226
Government and public authorities	1,116	1,820	32,899	31,005	2,870	2,884	36,885	35,709
Manufacturing	13,733	13,383	-	-	8,052	8,313	21,785	21,696
Personal	11,374	12,161	-	-	21,185	18,594	32,559	30,755
Residential mortgages	415,303	404,870	2,767	6,489	65,437	68,943	483,507	480,302
Retail and wholesale trade	22,410	20,679	-	-	12,938	12,699	35,348	33,378
Transport and storage	14,747	15,662	-	-	9,843	9,246	24,590	24,908
Utilities	12,097	10,818	-	157	10,005	7,187	22,102	18,162
Other	23,671	21,283	27	250	12,674	12,850	36,372	34,383
<b>Total</b>	<b>732,285</b>	<b>702,886</b>	<b>162,070</b>	<b>174,949</b>	<b>236,721</b>	<b>235,174</b>	<b>1,131,076</b>	<b>1,113,009</b>
<b>Company</b>								
Accommodation and hospitality	9,461	8,103	-	-	2,017	1,955	11,478	10,058
Agriculture, forestry, fishing & mining	44,343	41,642	-	-	11,311	11,963	55,654	53,605
Business services and property services	18,104	17,640	-	-	8,910	7,851	27,014	25,491
Commercial property	66,658	63,613	-	-	13,406	11,196	80,064	74,809
Construction	7,871	7,072	-	-	6,702	6,118	14,573	13,190
Financial & insurance	42,847	36,369	120,447	125,643	44,888	47,114	208,182	209,126
Government & public authorities	1,113	1,753	32,740	30,987	2,191	2,224	36,044	34,964
Manufacturing	10,616	10,189	-	-	5,816	6,374	16,432	16,563
Personal	10,598	11,194	-	-	19,162	16,460	29,760	27,654
Residential mortgages	359,901	350,823	2,759	6,467	61,156	65,403	423,816	422,693
Retail and wholesale trade	18,059	16,638	-	-	10,975	10,695	29,034	27,333
Transport and storage	12,907	13,914	-	-	8,371	7,738	21,278	21,652
Utilities	10,638	9,775	-	157	8,965	6,612	19,603	16,544
Other	21,124	18,820	27	251	11,287	11,202	32,438	30,273
<b>Total</b>	<b>634,240</b>	<b>607,545</b>	<b>155,973</b>	<b>163,505</b>	<b>215,157</b>	<b>212,905</b>	<b>1,005,370</b>	<b>983,955</b>

(1) Net loans and advances includes loans at fair value.

(2) Other financial assets represents amounts due from other banks, debt instruments and collateral placed.

## Note 19 Financial risk management (cont.)

### Geographic concentration of financial assets

	Australia		New Zealand		Other International	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Group</b>						
Cash and liquid assets	1,240	4,345	-	36	110	19,288
Due from other banks	84,039	92,378	5,216	10,140	21,183	14,788
Collateral placed	8,518	8,709	679	1,030	436	1,547
Trading assets	70,065	65,086	8,808	7,782	54,733	28,300
Derivative assets	21,806	24,329	2,151	2,720	4,809	7,220
Debt instruments	34,037	35,377	9	-	7,953	10,980
Other financial assets	769	869	-	561	-	-
Loans and advances	613,248	588,961	97,473	94,206	21,971	19,535
Other assets	5,541	6,110	1,664	764	1,135	1,321
<b>Total</b>	<b>839,263</b>	<b>826,164</b>	<b>116,000</b>	<b>117,239</b>	<b>112,330</b>	<b>102,979</b>
<b>Company</b>						
Cash and liquid assets	1,228	4,259	-	-	33	18,763
Due from other banks	84,039	92,371	-	-	21,022	14,584
Collateral placed	8,506	8,701	-	-	423	1,513
Trading assets	70,063	65,086	-	-	50,454	25,331
Derivative assets	23,498	26,247	-	-	4,960	7,537
Debt instruments	34,038	35,378	-	-	7,945	10,958
Other financial assets	769	869	-	-	-	839
Loans and advances	612,805	588,288	-	-	21,541	19,396
Other assets	5,850	6,255	-	-	863	1,300
<b>Total</b>	<b>840,796</b>	<b>827,454</b>	<b>-</b>	<b>-</b>	<b>107,241</b>	<b>100,221</b>

### Market risk

#### Market risk overview and management

Market risk primarily stems from the Group's trading and balance sheet management activities, the impact of changes and correlation between interest rates, foreign exchange rates, credit spreads and volatility in bond, commodity or equity prices.

Market risk is represented by the below two categories:

Traded Market Risk	Non-Traded Market Risk
<p>Traded Market Risk is the potential for gains or losses to arise from trading activities undertaken by the Group as a result of movements in market prices. The trading activities of the Group are principally carried out by Corporate and Institutional Banking.</p> <p>Trading activities represent dealings that encompass both active management of market risk and supporting client sales businesses. The types of market risk arising from these activities include interest rate, foreign exchange, commodity, equity price, credit spread and volatility risk.</p>	<p>The Group has exposure to non-traded market risk, primarily Interest Rate Risk in the Banking Book (IRRBB). IRRBB is the risk that the Group's earnings or economic value will be affected or reduced by changes in interest rates. The sources of IRRBB are as follows:</p> <ul style="list-style-type: none"> <li>Repricing risk, arising from changes to the overall level of interest rates and inherent mismatches in the repricing term of banking book items.</li> <li>Yield curve risk, arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.</li> <li>Basis risk, arising from differences between the actual and expected interest margins on banking book items over the implied cost of funds of those items.</li> <li>Optionality risk, arising from the existence of stand-alone or embedded options in banking book items, to the extent that the potential for those losses is not included in the above risks.</li> </ul>

#### Measurement of market risk

The Group primarily manages and controls market risk using Value at Risk (VaR), which is a standard measure used throughout the industry. VaR gauges the Group's possible loss for the holding period based on historical market movements. VaR is measured at a 99% confidence interval. This means that there is a 99% chance that the loss will not exceed the VaR estimate during the holding period.

The Group employs other risk measures to supplement VaR, with appropriate limits to manage and control risks, and communicate the specific nature of market exposures to management, the Board Risk & Compliance Committee and ultimately the Board. These supplementary measures include stress testing, stop loss, position and sensitivity limits.

## Note 19 Financial risk management (cont.)

### Traded market risk

The VaR methodology involves multiple revaluations of the trading books using 550 days of historical pricing shifts. The pricing data is rolled daily.

The use of VaR methodology has limitations, which include:

- The historical data used to calculate VaR is not always an appropriate proxy for current market conditions. If market volatility or correlation conditions change significantly, losses may occur more frequently and to a greater magnitude than the VaR measure suggests.
- VaR methodology assumes that positions are held for one day and may underestimate losses on positions that cannot be hedged or reversed inside that timeframe.
- VaR is calculated on positions at the close of each trading day and does not measure risk on intra-day positions.
- VaR does not describe the directional bias or size of the positions generating the risk.

The table below shows the Group and Company VaR for the trading portfolio, including both physical and derivative positions:

	Group								Company							
	As at 30 September		Average value		Minimum value		Maximum value		As at 30 September		Average value		Minimum value		Maximum value	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Value at Risk at a 99% confidence level</b>																
Foreign exchange risk	3.5	3.3	3.0	2.7	1.0	1.0	7.3	5.7	3.4	3.7	2.7	2.2	0.9	0.8	7.1	5.0
Interest rate risk	6.9	6.7	7.3	8.4	4.7	5.3	14.7	17.8	8.1	6.1	6.8	7.5	4.7	5.1	11.5	17.4
Volatility risk	1.0	1.8	1.1	1.8	0.7	0.9	1.9	2.7	1.0	1.8	1.1	1.8	0.7	0.9	1.9	2.8
Commodities risk	0.6	1.0	1.1	1.4	0.5	0.9	2.5	2.9	0.6	1.0	1.1	1.4	0.5	0.9	2.5	2.9
Credit risk	2.5	2.0	1.7	1.8	0.9	0.9	2.7	3.2	1.8	1.8	1.6	1.5	0.8	0.7	2.5	2.9
Inflation risk	1.7	2.3	1.7	2.4	1.4	1.6	2.3	3.4	1.7	2.3	1.7	2.4	1.4	1.6	2.3	3.4
Diversification benefit	(7.8)	(7.1)	(6.5)	(7.8)	n/a	n/a	n/a	n/a	(6.7)	(6.7)	(6.3)	(7.2)	n/a	n/a	n/a	n/a
<b>Total Diversified VaR at 99% confidence interval</b>	<b>8.4</b>	<b>10.0</b>	<b>9.4</b>	<b>10.7</b>	<b>6.7</b>	<b>7.2</b>	<b>16.8</b>	<b>20.3</b>	<b>9.9</b>	<b>10.0</b>	<b>8.7</b>	<b>9.6</b>	<b>6.4</b>	<b>6.8</b>	<b>13.7</b>	<b>17.5</b>
Other market risks	1.9	2.3	2.3	1.9	1.5	0.6	3.1	3.2	1.9	2.3	2.3	1.9	1.5	0.6	3.1	3.2
<b>Total</b>	<b>10.3</b>	<b>12.3</b>	<b>11.7</b>	<b>12.6</b>	<b>8.2</b>	<b>7.8</b>	<b>19.9</b>	<b>23.5</b>	<b>11.8</b>	<b>12.3</b>	<b>11.0</b>	<b>11.5</b>	<b>7.9</b>	<b>7.4</b>	<b>16.8</b>	<b>20.7</b>

## Note 19 Financial risk management (cont.)

### Non-traded market risk - Balance sheet risk management

The principal objective of balance sheet risk management is to maintain acceptable levels of interest rate and liquidity risk to mitigate the negative impact of movements in interest rates on the earnings and market value of the Group's banking book, while ensuring the Group maintains sufficient liquidity to meet its obligations as they fall due.

### Non-traded market risk - Interest rate risk management

IRRBB is measured, monitored, and managed from both an internal management and regulatory perspective. The Risk Management Framework incorporates both market valuation and earnings based approaches in accordance with the IRRBB Policy and Prudential Practice Guides. Risk measurement techniques include VaR, Earnings at Risk (EaR), interest rate risk stress testing, repricing analysis, cash flow analysis and scenario analysis. The IRRBB regulatory capital calculation incorporates repricing, yield curve, basis, and optionality risk, embedded gains / losses and any inter-risk and / or inter-currency diversification. The Group has been accredited by APRA to use its internal model for the measurement of IRRBB.

Key features of the internal interest rate risk management model include:

- Historical simulation approach utilising instantaneous interest rate shocks.
- Static balance sheet (i.e. any new business is assumed to be matched, hedged or subject to immediate repricing).
- VaR and EaR are measured on a consistent basis.
- 99% confidence level.
- Three month holding period.
- EaR utilises a 12 month forecast period.
- At least six years of business day historical data (updated daily).
- Investment term for capital is modelled with an established benchmark term of between one and five years.
- Investment term for core non-interest bearing assets and liabilities is modelled on a behavioural basis with a term that is consistent with sound statistical analysis.

The following table shows the Group and the Company aggregate VaR and EaR for the IRRBB:

	Group								Company							
	As at 30 September		Average value		Minimum value		Maximum value		As at 30 September		Average value		Minimum value		Maximum value	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Value at Risk</b>																
Australia	461.7	379.1	433.9	375.1	373.6	315.0	461.7	407.9	461.7	379.1	433.9	375.1	373.6	315.0	461.7	407.9
New Zealand	50.6	33.6	46.6	31.6	35.0	24.1	55.7	36.7	-	-	-	-	-	-	-	-
Other International	17.5	34.6	25.5	44.0	16.5	27.0	38.5	62.8	17.4	34.6	25.4	44.0	16.5	27.0	38.4	62.8
<b>Earnings at Risk<sup>(1)</sup></b>																
Australia	73.2	59.1	71.9	55.3	55.8	38.2	96.8	73.3	73.2	59.1	71.9	55.3	55.8	38.2	96.8	73.3
New Zealand	12.0	9.6	10.6	15.0	6.4	7.8	18.1	22.7	-	-	-	-	-	-	-	-
Other International	0.2	-	0.2	-	-	-	0.3	0.1	-	-	-	-	-	-	-	-

(1) EaR amounts calculated under the IRRBB model include Australian banking and other overseas banking subsidiary books, however exclude offshore branches.

### Residual value risk

As part of its normal lending activities, the Group takes residual value risk on assets such as industrial, mining, rail, aircraft, marine, technology, healthcare and other equipment. This exposes the Group to a potential fall in prices of these assets below the outstanding residual exposure at the facility expiry.



# Note 19 Financial risk management (cont.)

## Liquidity risk and funding mix

### Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as they mature and the payment of interest on borrowings.

These risks are governed by the Group's funding and liquidity risk appetite which is set by the Board. Group Treasury is responsible for the management of these risks. Objective review and challenge of the effectiveness of risk management is provided by Group Balance Sheet and Liquidity Risk Management with oversight by the Group Asset and Liability Committee. The Board has the ultimate responsibility to monitor and review the adequacy of the Group's funding and liquidity RMF and the Group's compliance with risk appetite.

Key principles adopted in the Group's approach to managing liquidity risk include:

- Monitoring the Group's liquidity position on a daily basis, using a combination of contractual and behavioural modelling of balance sheet and cash flow information.
- Maintaining a HQLA portfolio which supports intra-day operations and may be sold in times of market stress.
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations. The Group undertakes a conservative approach by imposing internal limits that are in addition to regulatory requirements.
- Maintaining a contingent funding plan designed to respond to an accelerated outflow of funds from the Group.
- Requiring the Group to have the ability to meet a range of survival horizon scenarios, including name-specific and general liquidity stress scenarios.

The Group maintained funding and liquidity metrics well above regulatory minimums throughout the 2024 financial year.

The liquid asset portfolio held as part of these principles is well diversified by currency, counterparty and product type with the mix consistent with the liquidity risks of the Group. The composition of the portfolio includes cash, government securities and highly rated investment grade paper. The market value of total on-balance sheet liquid assets held as at 30 September 2024 was \$224,612 million (2023: \$222,463 million). In addition, the Group holds internal RMBS as a source of contingent liquidity. As at 30 September 2024, the cash value of unencumbered internal RMBS held and available was \$99,404 million (2023: \$80,089 million).

### Funding mix

The Group's funding is comprised of a mix of deposits, term wholesale funding, short-term wholesale funding and equity. The Group manages this within risk appetite settings to ensure suitable funding of its asset base and to enable it to respond to changing market conditions and regulatory requirements.

The Group maintains a strong focus on stable deposits both from a growth and quality perspective and continues to utilise deposits as a key funding source for funded assets.

The Group supplements deposit-raising via its term funding programmes, raising \$37,493 million<sup>(1)</sup> of term wholesale funding in the 2024 financial year (2023: \$40,254 million<sup>(1)(2)</sup>). The weighted average maturity of term wholesale funding issued by the Group was 5.0<sup>(3)</sup> years to first call (2023: 4.3<sup>(3)</sup> years). In addition, during the 2024 financial year, the Group continued to access international and domestic short-term wholesale markets.

On 19 March 2020, the RBA announced the establishment of the TFF for the Australian banking system to support ADIs in providing credit into the economy. The TFF provided access to three-year secured funding, supporting lending to the Group's customers and reducing wholesale funding refinancing risks at the time. As at 30 September 2024, the full TFF allocation has been repaid.

### Contractual maturity of assets and liabilities

The following tables show an analysis of contractual maturities of assets and liabilities at the reporting date. The Group expects that certain assets and liabilities will be recovered or settled at maturities which are different to their contractual maturities, including deposits where the Group expects as part of normal banking operations that a large proportion of these balances will roll over.

(1) Excludes AT1 Capital.

(2) Includes FLP.

(3) Excludes AT1 capital, Residential Mortgage Backed Securities (RMBS) and FLP.

## Note 19 Financial risk management (cont.)

	Less than 12 months		Greater than 12 months		No specific maturity		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Group</b>								
<b>Assets</b>								
Cash and liquid assets	2,499	24,699	-	-	-	-	2,499	24,699
Due from other banks	110,248	116,984	190	322	-	-	110,438	117,306
Collateral placed	9,633	11,286	-	-	-	-	9,633	11,286
Trading assets	96,961	66,717	36,645	34,434	-	17	133,606	101,168
Derivative assets	62	236	1,945	3,263	26,759	30,770	28,766	34,269
Debt instruments	5,226	6,505	36,773	39,852	-	-	41,999	46,357
Other financial assets	293	858	476	572	-	-	769	1,430
Loans and advances	150,969	130,430	572,268	562,744	9,455	9,528	732,692	702,702
All other assets	7,624	7,429	-	97	12,222	12,340	19,846	19,866
<b>Total assets</b>	<b>383,515</b>	<b>365,144</b>	<b>648,297</b>	<b>641,284</b>	<b>48,436</b>	<b>52,655</b>	<b>1,080,248</b>	<b>1,059,083</b>
<b>Liabilities</b>								
Due to other banks	10,788	37,200	1,540	2,316	-	-	12,328	39,516
Collateral received	5,151	10,672	-	-	-	-	5,151	10,672
Other financial liabilities	60,261	52,386	10,011	13,966	-	-	70,272	66,352
Deposits and other borrowings	650,126	631,645	62,440	50,475	-	-	712,566	682,120
Derivative liabilities	1,470	985	4,080	3,526	27,026	31,122	32,576	35,633
Bonds, notes and subordinated debt	28,847	20,848	127,447	114,797	-	-	156,294	135,645
Debt issues	-	-	-	-	9,560	8,561	9,560	8,561
All other liabilities	12,611	12,726	4,064	4,456	2,613	1,899	19,288	19,081
<b>Total liabilities</b>	<b>769,254</b>	<b>766,462</b>	<b>209,582</b>	<b>189,536</b>	<b>39,199</b>	<b>41,582</b>	<b>1,018,035</b>	<b>997,580</b>
<b>Net (liabilities) / assets</b>	<b>(385,739)</b>	<b>(401,318)</b>	<b>438,715</b>	<b>451,748</b>	<b>9,237</b>	<b>11,073</b>	<b>62,213</b>	<b>61,503</b>
<b>Company</b>								
<b>Assets</b>								
Cash and liquid assets	2,318	23,959	-	-	-	-	2,318	23,959
Due from other banks	104,873	106,634	188	321	-	-	105,061	106,955
Collateral placed	8,929	10,214	-	-	-	-	8,929	10,214
Trading assets	90,222	61,684	30,295	28,716	-	17	120,517	90,417
Derivative assets	147	571	1,150	2,134	27,161	31,079	28,458	33,784
Debt instruments	5,219	6,499	36,764	39,837	-	-	41,983	46,336
Other financial assets	293	1,147	476	561	-	-	769	1,708
Loans and advances	124,015	108,016	501,606	491,059	8,725	8,609	634,346	607,684
All other assets	5,710	6,472	506	609	70,491	61,643	76,707	68,724
<b>Total assets</b>	<b>341,726</b>	<b>325,196</b>	<b>570,985</b>	<b>563,237</b>	<b>106,377</b>	<b>101,348</b>	<b>1,019,088</b>	<b>989,781</b>
<b>Liabilities</b>								
Due to other banks	7,713	33,965	196	-	-	-	7,909	33,965
Collateral received	4,180	9,281	-	-	-	-	4,180	9,281
Other financial liabilities	56,396	42,512	6,440	9,233	-	-	62,836	51,745
Deposits and other borrowings	576,550	560,238	60,015	48,403	-	-	636,565	608,641
Derivative liabilities	935	957	2,400	1,566	29,678	33,587	33,013	36,110
Bonds, notes and subordinated debt	27,515	20,587	113,041	103,742	-	-	140,556	124,329
Debt issues	-	-	-	-	9,560	8,561	9,560	8,561
All other liabilities	11,023	11,567	2,617	3,324	53,504	45,735	67,144	60,626
<b>Total liabilities</b>	<b>684,312</b>	<b>679,107</b>	<b>184,709</b>	<b>166,268</b>	<b>92,742</b>	<b>87,883</b>	<b>961,763</b>	<b>933,258</b>
<b>Net (liabilities) / assets</b>	<b>(342,586)</b>	<b>(353,911)</b>	<b>386,276</b>	<b>396,969</b>	<b>13,635</b>	<b>13,465</b>	<b>57,325</b>	<b>56,523</b>

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**Note 20****Fair value of financial instruments****Accounting policy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined with reference to the quoted bid or offer price in the most advantageous active market to which the Group has immediate access. An adjustment for credit risk (CVA) is also incorporated into the fair value as appropriate as well as an adjustment for funding costs (FVA) related to uncollateralised over-the-counter derivatives. The fair value measurement technique of each class of instrument is described below.

<b>Instrument</b>	<b>Fair value measurement technique</b>
<b>Loans and advances</b>	The fair value of loans and advances that are priced based on a variable rate with no contractual repricing tenor is assumed to equate to the carrying value. The fair value of all other loans and advances is calculated using discounted cash flow models based on the maturity of the loans and advances. The discount rates applied are based on interest rates at the reporting date for similar types of loans and advances, if the loans and advances were performing at the reporting date.
<b>Deposits and other borrowings</b>	The fair value of deposits and other borrowings that are non-interest bearing or at call, is assumed to equate to the carrying value. The fair value of other deposits and other borrowings is calculated using discounted cash flow models based on the deposit type and maturity.
<b>Bonds, notes and subordinated debt and debt issues</b>	The fair values of bonds, notes and subordinated debt and debt issues are calculated based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments and appropriate credit spreads, or in some instances are calculated based on market quoted prices when there is sufficient liquidity in the market.
<b>Derivatives</b>	The fair values of trading and hedging derivative assets and liabilities are obtained from quoted closing market prices at the reporting date, discounted cash flow models or option pricing models as appropriate.
<b>Trading assets and debt instruments</b>	The fair values of trading assets and debt instruments are based on quoted closing market prices at the reporting date. Where securities are unlisted and quoted market prices are not available, the Group obtains the fair value by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.
<b>Equity instruments</b>	The fair value of equity instruments at fair value through other comprehensive income is estimated on the basis of the actual and forecasted financial position and results of the underlying assets or net assets taking into consideration their risk profile.
<b>Other financial assets and liabilities</b>	The fair values of other financial assets and liabilities are based on quoted closing market prices and data or valuation techniques, appropriate to the nature and type of the underlying instrument.
<b>Due to controlled entities and due from controlled entities</b>	Includes reverse repurchase agreements and repurchase agreements that are classified as held for trading and measured at fair value through profit and loss. The fair values are based on a discounted cash flow model using an appropriate yield curve.

The carrying amounts of cash and liquid assets, due from and to other banks, other assets, other liabilities and amounts due from and to controlled entities, approximate their fair value as they are short-term in nature or are receivable or payable on demand.

Guarantees, letters of credit, performance related contingencies and credit related commitments are generally not sold or traded and estimated fair values are not readily ascertainable. The fair value of these items are not calculated, as very few of the commitments extending beyond six months would commit the Group to a predetermined rate of interest, and the fees attaching to these commitments are the same as those currently charged for similar arrangements.

Fair value for a net open position is the offer price for a financial liability and the bid price for a financial asset, multiplied by the number of units of the instrument issued or held.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period in which the transfer occurs.

**Critical accounting judgements and estimates**

A significant portion of financial instruments are carried on the balance sheet at fair value.

Where no active market exists for a particular asset or liability, the Group uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at the reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

## Note 20 Fair value of financial instruments (cont.)

### Fair value hierarchy

The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy is as follows:

- Level 1 – Financial instruments that have been valued by reference to unadjusted quoted prices for identical financial assets or financial liabilities in active markets. Financial instruments included in this category are Commonwealth of Australia and New Zealand government bonds, and spot and exchange traded derivatives.
- Level 2 – Financial instruments that have been valued through valuation techniques incorporating inputs other than quoted prices within Level 1 that are observable for the financial asset or financial liability, either directly (as prices) or indirectly (derived from prices). Financial instruments included in this category are over-the-counter trading and hedging derivatives, semi-government bonds, financial institution and corporate bonds, mortgage-backed securities, loans measured at fair value, and issued bonds, notes and subordinated debt measured at fair value.
- Level 3 – Financial instruments that have been valued through valuation techniques incorporating inputs that are not based on observable market data. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. Financial instruments included in this category are bespoke trading derivatives, trading derivatives where the credit valuation adjustment is considered unobservable and significant to the valuation, and certain asset-backed securities valued using unobservable inputs, and equity instruments.

Transfers into and out of Level 3 take place when there are changes to the inputs in the valuation technique. Where inputs are no longer observable the fair value measurement is transferred into Level 3. Conversely, a measurement is transferred out of Level 3 when inputs become observable.

The Group's exposure to fair value measurements based in full or in part on unobservable inputs is restricted to a small number of financial instruments, which comprise an insignificant component of the portfolios in which they belong. As such, a change in the assumption used to value the instruments as at 30 September 2024 attributable to reasonably possible alternatives would not have a material effect.

### Fair value of financial instruments, carried at amortised cost

The financial assets and financial liabilities listed in the table below are carried at amortised cost. While this is the value at which the Group expects the assets to be realised and the liabilities to be settled, the table below includes their fair values as at 30 September:

	2024					2023				
	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Group</b>										
<b>Financial assets</b>										
Loans and advances	732,692	-	5,970	726,039	732,009	702,702	-	5,530	693,672	699,202
<b>Total financial assets</b>	732,692	-	5,970	726,039	732,009	702,702	-	5,530	693,672	699,202
<b>Financial liabilities</b>										
Deposits and other borrowings	712,566	-	715,221	-	715,221	682,120	-	683,857	-	683,857
Bonds, notes and subordinated debt	156,294	-	156,913	368	157,281	135,645	-	135,405	7	135,412
Debt issues	9,560	8,914	1,059	-	9,973	8,561	7,802	1,040	-	8,842
<b>Total financial liabilities</b>	878,420	8,914	873,193	368	882,475	826,326	7,802	820,302	7	828,111
<b>Company</b>										
<b>Financial assets</b>										
Loans and advances	634,346	-	3,865	630,054	633,919	607,684	-	3,414	602,221	605,635
<b>Total financial assets</b>	634,346	-	3,865	630,054	633,919	607,684	-	3,414	602,221	605,635
<b>Financial liabilities</b>										
Deposits and other borrowings	636,565	-	639,142	-	639,142	608,641	-	610,438	-	610,438
Bonds, notes and subordinated debt	140,556	-	141,296	-	141,296	124,329	-	122,888	-	122,888
Debt issues	9,560	8,914	1,059	-	9,973	8,561	7,802	1,040	-	8,842
<b>Total financial liabilities</b>	786,681	8,914	781,497	-	790,411	741,531	7,802	734,366	-	742,168

## Note 20 Fair value of financial instruments (cont.)

### Fair value measurements recognised on the balance sheet

	2024				2023			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Group</b>								
<b>Financial assets</b>								
Trading assets	27,550	106,056	-	133,606	30,482	70,686	-	101,168
Debt instruments	1,553	40,198	248	41,999	2,691	43,377	289	46,357
Other financial assets	-	576	193	769	-	1,243	187	1,430
Derivative assets	-	28,350	416	28,766	-	33,946	323	34,269
Equity instruments <sup>(1)</sup>	-	-	290	290	-	-	257	257
<b>Total financial assets measured at fair value</b>	<b>29,103</b>	<b>175,180</b>	<b>1,147</b>	<b>205,430</b>	<b>33,173</b>	<b>149,252</b>	<b>1,056</b>	<b>183,481</b>
<b>Financial liabilities</b>								
Other financial liabilities	1,043	69,229	-	70,272	5,453	60,899	-	66,352
Derivative liabilities	-	32,311	265	32,576	-	35,362	271	35,633
<b>Total financial liabilities measured at fair value</b>	<b>1,043</b>	<b>101,540</b>	<b>265</b>	<b>102,848</b>	<b>5,453</b>	<b>96,261</b>	<b>271</b>	<b>101,985</b>
<b>Company</b>								
<b>Financial assets</b>								
Trading assets	23,744	96,773	-	120,517	27,935	62,482	-	90,417
Debt instruments	1,545	40,190	248	41,983	2,691	43,356	289	46,336
Other financial assets	-	576	193	769	-	1,521	187	1,708
Derivative assets	-	28,042	416	28,458	-	33,461	323	33,784
Equity instruments <sup>(1)</sup>	-	-	139	139	-	-	122	122
Due from controlled entities	-	7,154	-	7,154	-	1,238	-	1,238
<b>Total financial assets measured at fair value</b>	<b>25,289</b>	<b>172,735</b>	<b>996</b>	<b>199,020</b>	<b>30,626</b>	<b>142,058</b>	<b>921</b>	<b>173,605</b>
<b>Financial liabilities</b>								
Other financial liabilities	955	61,881	-	62,836	5,254	46,491	-	51,745
Derivative liabilities	-	32,748	265	33,013	-	35,839	271	36,110
Due to controlled entities	-	2,650	-	2,650	-	1,159	-	1,159
<b>Total financial liabilities measured at fair value</b>	<b>955</b>	<b>97,279</b>	<b>265</b>	<b>98,499</b>	<b>5,254</b>	<b>83,489</b>	<b>271</b>	<b>89,014</b>

(1) Includes equity instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss.

There were no material transfers between Level 1 and Level 2 during either the 2023 or 2024 financial year for the Group or the Company.

## Note 20 Fair value of financial instruments (cont.)

The table below summarises changes in fair value classified as Level 3:

	Assets						Liabilities	
	Derivatives		Debt instruments		Other <sup>(1)</sup>		Derivatives	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Group</b>								
Balance at the beginning of year	323	449	289	723	444	508	271	369
Gains / (losses) on assets and (gains) / losses on liabilities recognised:								
In profit or loss	(21)	(20)	-	-	8	7	(11)	(18)
In other comprehensive income	-	-	(1)	5	4	17	-	-
Purchases and issues	1	25	6	77	35	59	-	-
Sales and settlements	(12)	-	(225)	(237)	(7)	(112)	-	-
Transfers into Level 3	131	20	245	72	-	-	5	-
Transfers out of Level 3	(7)	(153)	(65)	(351)	-	(49)	-	(81)
Foreign currency translation adjustments	1	2	(1)	-	(1)	14	-	1
<b>Balance at end of year</b>	<b>416</b>	<b>323</b>	<b>248</b>	<b>289</b>	<b>483</b>	<b>444</b>	<b>265</b>	<b>271</b>
Gains / (losses) on assets and (gains) / losses on liabilities for the reporting period related to financial instruments held at the end of the reporting period recognised:								
In profit or loss	(21)	(20)	-	-	8	7	(11)	(18)
In other comprehensive income	-	-	(1)	5	4	17	-	-
<b>Company</b>								
Balance at the beginning of year	323	449	289	723	309	407	271	369
Gains / (losses) on assets and (gains) / losses on liabilities recognised:								
In profit or loss	(21)	(20)	-	-	8	7	(11)	(18)
In other comprehensive income	-	-	(1)	5	5	16	-	-
Purchases and issues	1	25	6	77	9	20	-	-
Sales and settlements	(12)	-	(225)	(237)	-	(105)	-	-
Transfers into Level 3	131	20	245	72	-	-	5	-
Transfers out of Level 3	(7)	(153)	(65)	(351)	-	(49)	-	(81)
Foreign currency translation adjustments	1	2	(1)	-	1	13	-	1
<b>Balance at end of year</b>	<b>416</b>	<b>323</b>	<b>248</b>	<b>289</b>	<b>332</b>	<b>309</b>	<b>265</b>	<b>271</b>
Gains / (losses) on assets and (gains) / losses on liabilities for the reporting period related to financial instruments held at the end of the reporting period recognised:								
In profit or loss	(21)	(20)	-	-	8	7	(11)	(18)
In other comprehensive income	-	-	(1)	5	5	16	-	-

(1) Includes other financial assets and equity instruments.

**Note 21****Financial asset transfers**

The Group and the Company enter into transactions by which they transfer financial assets to counterparties or to structured entities. Financial assets that do not qualify for derecognition are typically associated with repurchase agreements, covered bonds and securitisation program arrangements. The following table sets out the carrying amount of financial assets that did not qualify for derecognition and their associated liabilities. Where relevant, the table also sets out the net position of the fair value of financial assets where the counterparty to the associated liabilities has recourse only to the transferred assets.

	<b>Group</b>						<b>Company</b>					
	<b>Repurchase agreements<sup>(1)</sup></b>		<b>Covered bonds</b>		<b>Securitisation</b>		<b>Repurchase agreements<sup>(1)</sup></b>		<b>Covered bonds</b>		<b>Securitisation<sup>(2)</sup></b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount of transferred assets	<b>45,705</b>	61,185	<b>45,713</b>	40,508	<b>3,484</b>	2,545	<b>41,188</b>	55,299	<b>40,009</b>	33,439	<b>3,590</b>	2,738
Carrying amount of associated liabilities	<b>44,668</b>	52,684	<b>34,287</b>	33,617	<b>3,484</b>	2,545	<b>41,103</b>	47,891	<b>29,395</b>	27,701	<b>3,590</b>	2,738
<b>For those liabilities that have recourse only to the transferred assets</b>												
Fair value of transferred assets	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>3,481</b>	2,532	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>3,588</b>	2,729
Fair value of associated liabilities	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>3,506</b>	2,541	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>3,609</b>	2,706
<b>Net position</b>	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>(25)</b>	(9)	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>(21)</b>	23

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

(2) Securitisation assets exclude \$122,214 million of assets (2023 \$124,807 million) where the Company holds all of the issued instruments of the securitisation vehicle.

## Other assets and liabilities

### Note 22

## Goodwill and other intangible assets

### Accounting policy

#### Goodwill

Goodwill arises on the acquisition of an entity and represents the excess of the consideration paid over the fair value of the identifiable net assets acquired.

#### Software costs

External and internal costs that are incurred to acquire or develop software are capitalised and recognised as an intangible asset. Capitalised software costs and other intangible assets are amortised on a systematic basis once deployed, using the straight-line method over their expected useful lives which are between three and ten years.

#### Impairment of intangible assets

Assets with an indefinite useful life, including goodwill, are not subject to amortisation and are tested on an annual basis for impairment, and additionally whenever an indication of impairment exists. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which that asset belongs.

Goodwill impairment is assessed for each CGU or group of CGUs that represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

#### Recoverable amounts of CGUs

The recoverable amount of a CGU is determined using either value in use or fair value less costs of disposal. Assumptions for determining the recoverable amount of each CGU are based on past experience and expectations for the future. Cash flow projections for value in use are based on the latest management approved forecasts and are then extrapolated using a constant growth rate for up to a further five years. These forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each CGU.

The discount rate used reflects the market determined post-tax discount rate which is adjusted for specific risks relating to the CGUs and the countries in which they operate. The growth rate applied to extrapolate cash flows beyond the forecast period are based on forecast assumptions of the CGUs' long-term performance in their respective markets.

#### Critical accounting judgements and estimates

The measurement of goodwill is subject to a number of key judgements and estimates. These include:

- The allocation of goodwill to CGUs on initial recognition.
- The re-allocation of goodwill in the event of disposal or reorganisation.
- The appropriate cash flow forecasts, growth rates and discount rates.

Further details about these items are provided below.



## Note 22 Goodwill and other intangible assets (cont.)

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Goodwill and other intangible assets</b>				
Goodwill	2,070	2,070	80	80
Internally generated software	2,774	2,484	2,308	2,052
Acquired software	239	238	147	115
Customer relationships, core deposits and other acquired intangible assets	141	160	126	145
<b>Total goodwill and other intangible assets</b>	<b>5,224</b>	<b>4,952</b>	<b>2,661</b>	<b>2,392</b>
At cost	12,235	11,560	8,798	7,949
Deduct: Accumulated amortisation / impairment losses	(7,011)	(6,608)	(6,137)	(5,557)
<b>Total goodwill and other intangible assets</b>	<b>5,224</b>	<b>4,952</b>	<b>2,661</b>	<b>2,392</b>

## Reconciliation of movements in goodwill and internally generated software

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Goodwill</b>				
Balance at beginning of year	2,070	2,089	80	99
Acquisition of controlled entities and business combinations <sup>(1)</sup>	-	(19)	-	(19)
<b>Balance at end of year</b>	<b>2,070</b>	<b>2,070</b>	<b>80</b>	<b>80</b>
<b>Internally generated software</b>				
Balance at beginning of year	2,484	2,174	2,052	1,837
Additions from internal development	1,000	863	821	702
Disposals, impairments and write-offs	(51)	(9)	(9)	(2)
Amortisation	(655)	(558)	(555)	(485)
Foreign currency translation adjustments	(4)	14	(1)	-
<b>Balance at end of year</b>	<b>2,774</b>	<b>2,484</b>	<b>2,308</b>	<b>2,052</b>

(1) Acquisition of controlled entities and business combinations in 2023 relate 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.

## Note 22 Goodwill and other intangible assets (cont.)

### Goodwill allocation to CGUs

The key assumptions used in determining the recoverable amount of CGUs, to which goodwill has been allocated, are as follows:

	Goodwill		Discount rate per annum	Terminal growth rate per annum
	2024 \$m	2023 \$m	2024 %	2024 %
<b>CGUs</b>				
Business and Private Banking	94	94	10.1	3.4
New Zealand Banking	258	258	10.6	3.1
Personal Banking	1,592	1,592	10.1	3.4
ubank	126	126	10.6	3.4
<b>Total goodwill</b>	<b>2,070</b>	<b>2,070</b>	<b>n/a</b>	<b>n/a</b>

## Note 23 Other assets

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Other assets</b>				
Accrued interest receivable	2,274	2,527	2,026	2,285
Prepayments	359	328	286	264
Receivables	362	349	154	102
Other debt instruments at amortised cost	-	97	505	608
Equity instruments at fair value through other comprehensive income	275	245	125	111
Investments in associates and joint ventures <sup>(1)</sup>	538	515	477	477
Securities sold not delivered	3,941	3,742	2,944	3,447
Other	802	576	367	423
<b>Total other assets</b>	<b>8,551</b>	<b>8,379</b>	<b>6,884</b>	<b>7,717</b>

(1) Refer to section (b) in Note 32 Interest in subsidiaries and other entities for further details.

## Note 24

### Provisions

#### Accounting policy

##### Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not discounted to the present value of their expected net future cash flows except where the time value of money is material.

##### Operational risk event losses

Provisions are recognised for non-lending losses which include losses arising from specific legal actions not directly related to amounts of principal outstanding for loans and advances, and losses arising from forgeries, fraud and the correction of operational issues.

##### Customer-related remediation

Provisions for customer-related remediation include provisions for potential refunds and other compensation to customers as well as associated program costs.

#### Critical accounting judgements and estimates

Provisions are held in respect of a range of future obligations such as employee entitlements, restructuring costs, customer-related remediation and litigation and regulatory investigations. The recognition and measurement of some of these provisions involves significant judgement about the existence of a present obligation, the likely outcome of various future events and the related estimated future cash flows. If the future events are uncertain or where the outflows cannot be reliably measured a contingent liability is disclosed, refer to *Note 31 Commitments and contingent liabilities*.

Payments that are expected to be incurred after more than one year from the reporting date are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

In relation to customer-related remediation, determining the amount of the provision requires the exercise of significant judgement. This includes forming a view on a number of different estimates, including the number of impacted customers, average refund per customer and the associated costs required to complete the remediation activities. The appropriateness of underlying assumptions is reviewed on a regular basis against actual experience and other available evidence, and adjustments are made to the provision where required.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Provisions</b>				
Employee entitlements	958	1,021	816	872
Operational risk event losses	63	43	61	25
Customer-related remediation	276	305	122	305
Other	507	483	467	449
<b>Total provisions</b>	<b>1,804</b>	<b>1,852</b>	<b>1,466</b>	<b>1,651</b>

#### Reconciliation of movements in provisions

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Operational risk event losses</b>				
Balance at beginning of year	43	47	25	29
Provisions made	118	90	112	68
Payments out of provisions	(94)	(94)	(76)	(72)
Provisions no longer required and net foreign currency movements	(4)	-	-	-
<b>Balance at end of year</b>	<b>63</b>	<b>43</b>	<b>61</b>	<b>25</b>
<b>Customer-related remediation</b>				
Balance at beginning of year	305	557	305	554
Provisions made	188	87	120	86
Payments out of provisions	(217)	(339)	(170)	(335)
Transfers to Due to controlled entities	-	-	(133)	-
<b>Balance at end of year</b>	<b>276</b>	<b>305</b>	<b>122</b>	<b>305</b>

## Note 25

### Other liabilities

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Other liabilities</b>				
Accrued interest payable	5,561	4,599	4,821	4,011
Payables and accrued expenses	1,074	1,094	810	684
Securities purchased not delivered	4,256	5,341	3,484	5,048
Lease liabilities	2,072	2,259	1,609	1,816
Trail commission payable	2,018	1,795	1,512	1,330
Other	1,461	1,129	748	1,049
<b>Total other liabilities</b>	<b>16,442</b>	<b>16,217</b>	<b>12,984</b>	<b>13,938</b>

## Note 26

## Leases

**Accounting policy**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. For leases of land and buildings where the Group is the lessee, the Group has elected not to separate non-lease components, and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently measured under the cost model and depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is reviewed for impairment and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the Group's incremental borrowing rate which is based on the Group's funds transfer pricing curve. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification that is not accounted for as a separate lease, there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group does not include extension options in the measurement of the lease liability until such time that it is reasonably certain that the options will be exercised.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Where this is the case, the lease is a finance lease. All other leases are classified as operating leases.

**Effect of leases on the balance sheets**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Right-of-use assets</b>				
Property, plant and equipment				
Buildings	<b>1,709</b>	1,912	<b>1,291</b>	1,481
Technology	<b>42</b>	47	<b>37</b>	45
<b>Total right-of-use assets</b>	<b>1,751</b>	1,959	<b>1,328</b>	1,526
Additions to right-of-use assets during the period	<b>143</b>	334	<b>76</b>	121
<b>Lease liabilities</b>				
Other liabilities	<b>2,072</b>	2,259	<b>1,609</b>	1,816
<b>Total lease liabilities</b>	<b>2,072</b>	2,259	<b>1,609</b>	1,816

## Note 26 Leases (cont.)

### Effect of leases on the income statements

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Depreciation</b>				
Buildings	309	318	257	264
Technology	20	20	18	18
<b>Total depreciation on right-of-use assets</b>	<b>329</b>	<b>338</b>	<b>275</b>	<b>282</b>
<b>Interest</b>				
Interest expense on lease liabilities	61	49	37	39
<b>Total interest expense on lease liabilities</b>	<b>61</b>	<b>49</b>	<b>37</b>	<b>39</b>
<b>Short-term lease expense</b>				
Short-term lease expense	5	7	3	4
<b>Total short-term lease expense</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>4</b>

### Future cash flow effect of leases

The table below is a maturity analysis of future lease payments in respect of existing lease arrangements on an undiscounted basis.

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Due within one year	360	361	307	306
Due after one year but no later than five years	1,039	1,151	871	974
Due after five years	1,018	1,176	554	686
<b>Total future lease payments</b>	<b>2,417</b>	<b>2,688</b>	<b>1,732</b>	<b>1,966</b>

## Capital management

### Note 27

#### Contributed equity

In accordance with the *Corporations Act 2001* (Cth), the Company does not have authorised capital and all ordinary shares have no par value. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included within equity. Holders of ordinary shares are entitled to receive dividends as determined from time to time and are entitled to one vote, on a show of hands or on a poll, for each fully paid ordinary share held at shareholders' meetings. In the event of a winding-up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Issued and paid-up ordinary share capital</b>				
Ordinary shares, fully paid	36,581	38,546	35,795	37,760
<b>Total contributed equity</b>	<b>36,581</b>	<b>38,546</b>	<b>35,795</b>	<b>37,760</b>

#### Reconciliation of movement in ordinary shares

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Balance at beginning of year	38,546	39,399	37,760	38,613
Shares issued:				
Transfer from equity-based compensation reserve	137	74	137	74
Purchase of treasury shares for employee share offer	(25)	(23)	(25)	(23)
Share buy-back	(2,077)	(904)	(2,077)	(904)
<b>Balance at end of year</b>	<b>36,581</b>	<b>38,546</b>	<b>35,795</b>	<b>37,760</b>

## Note 27 Contributed equity (cont.)

The number of ordinary shares on issue for the last two years as at 30 September was as follows:

	Company	
	2024 No. '000	2023 No. '000
<b>Ordinary shares, fully paid</b>		
Balance at beginning of year	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
Share buy-back	(60,690)	(29,833)
<b>Total ordinary shares, fully paid</b>	<b>3,074,038</b>	<b>3,128,949</b>
<b>Ordinary shares, partly paid to 25 cents</b>		
Balance at beginning of year	9	12
Paying up of partly paid shares	(9)	(3)
<b>Total ordinary shares, partly paid to 25 cents</b>	<b>-</b>	<b>9</b>
<b>Total ordinary shares (including treasury shares)</b>	<b>3,074,038</b>	<b>3,128,958</b>
Less: Treasury shares	(8,642)	(8,137)
<b>Total ordinary shares (excluding treasury shares)</b>	<b>3,065,396</b>	<b>3,120,821</b>

## Note 28

### Non-controlling interests

Non-controlling interests represent the share in the net assets of controlled entities attributable to equity interests which the Company does not own directly or indirectly.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Non-controlling interests</b>				
BNZ perpetual preference shares	758	349	-	-
<b>Total</b>	<b>758</b>	<b>349</b>	<b>-</b>	<b>-</b>

#### Bank of New Zealand preference shares

BNZ perpetual preference shares (PPS) are issued by Bank of New Zealand (BNZ), a wholly owned subsidiary of the Group. These PPS are classified as non-controlling interests to the Group. On 21 August 2024, BNZ issued an additional NZD \$450 million of PPS. The balance as at 30 September 2024 represents an AUD equivalent of \$750 million of PPS issued and \$8 million foreign currency translation differences between AUD and NZD.

The key terms of the PPS are summarised below:

#### PPS distributions

Distributions on the PPS are discretionary and non-cumulative. If a PPS distribution is not paid, there are certain restrictions on the ability of BNZ to pay a dividend on its ordinary shares. Holders of the PPS have no other rights to participate in the profits or property of BNZ.

Any distributions will comprise a cash amount and imputation credits.

#### Redemption

The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by BNZ.

BNZ may 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.



## Note 29

### Reserves

#### Accounting policy

##### *Foreign currency translation reserve*

Exchange differences arising on translation of the Group's foreign operations, any offsetting gains or losses on net investment hedges and any associated tax effect are reflected in the foreign currency translation reserve.

The results and financial position of the Group entities that have a functional currency different from Australian dollars are translated into Australian dollars as follows:

- Assets and liabilities are translated at the closing exchange rate at the balance sheet date.
- Income and expenses are translated at average exchange rates for the period.
- All resulting exchange differences are recognised in the foreign currency translation reserve.

A cumulative credit balance in this reserve would not normally be regarded as available for payment of dividends until such gains are realised and recognised in the income statement on sale or disposal of the foreign operation.

##### *Asset revaluation reserve*

The asset revaluation reserve is used to record revaluation adjustments on land and buildings. When an asset is sold or disposed of the related balance in the reserve is transferred directly to retained profits.

##### *Cash flow hedge reserve and cost of hedging reserve*

The cash flow hedge reserve includes fair value gains and losses associated with the effective portion of designated cash flow hedging instruments, net of tax. For hedging instruments in designated hedge accounting relationships, the cost of hedging reserve records fair value gains and losses on forward contracts due to changes in market forward points and fair value gains and losses on cross currency swaps due to changes in market cross-currency basis spreads. These cumulative movements generally reduce to nil by maturity of these hedging instruments.

##### *Equity-based compensation reserve*

The equity-based compensation reserve comprises the fair value of shares and rights provided to employees.

##### *Debt instruments at fair value through other comprehensive income reserve*

The reserve includes all changes in the fair value of investments in debt instruments that are measured at fair value through other comprehensive income, other than impairment losses, foreign exchange gains and losses, interest income and net of any related hedge accounting adjustments. The cumulative amount recognised in the reserve is transferred to profit or loss when the related asset is derecognised.

##### *Equity instruments at fair value through other comprehensive income reserve*

The Group has made an irrevocable election to measure certain investments in equity instruments that are not held for trading purposes at fair value through other comprehensive income. Changes in the fair value of these investments are recognised in this reserve, while dividends are recognised in profit or loss. The cumulative amount recognised in the reserve is transferred directly to retained profits when the related asset is derecognised.

## Note 29 Reserves (cont.)

### Reserves

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Foreign currency translation reserve	(66)	156	(175)	(134)
Asset revaluation reserve	19	21	-	-
Cash flow hedge reserve	(145)	(1,611)	(184)	(1,688)
Cost of hedging reserve	(173)	(34)	(66)	(5)
Equity-based compensation reserve	249	237	249	237
Debt instruments at fair value through other comprehensive income reserve	(283)	5	(283)	5
Equity instruments at fair value through other comprehensive income reserve	37	34	25	20
<b>Total reserves</b>	<b>(362)</b>	<b>(1,192)</b>	<b>(434)</b>	<b>(1,565)</b>

### Foreign currency translation reserve

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Balance at beginning of year	156	(516)	(134)	(222)
Transfer from retained profits	-	-	-	-
Currency adjustments on translation of foreign operations, net of hedging	(222)	701	(41)	117
Transfer to the income statement on disposal or partial disposal of foreign operations	-	(29)	-	(29)
<b>Balance at end of year</b>	<b>(66)</b>	<b>156</b>	<b>(175)</b>	<b>(134)</b>

## Note 30 Dividends

	Amount per share cents	Total amount \$m
<b>Dividends paid</b>		
<b>For the year ended 30 September 2024</b>		
Final dividend determined in respect of the year ended 30 September 2023 <sup>(1)</sup>	84	2,626
Interim dividend determined in respect of the year ended 30 September 2024 <sup>(2)</sup>	84	2,606
Deduct: Bonus shares in lieu of dividend	n/a	(41)
Dividends paid by the Company during the year ended 30 September 2024	n/a	5,191
Add: Dividends paid to non-controlling interests in controlled entities	n/a	18
<b>Total dividends paid by the Group (before dividend reinvestment plan)</b>	<b>n/a</b>	<b>5,209</b>
<b>For the year ended 30 September 2023</b>		
Final dividend determined in respect of the year ended 30 September 2022 <sup>(3)</sup>	78	2,460
Interim dividend determined in respect of the year ended 30 September 2023 <sup>(4)</sup>	83	2,605
Deduct: Bonus shares in lieu of dividend	n/a	(38)
Dividends paid by the Company during the year ended 30 September 2023	n/a	5,027
Add: Dividends paid to non-controlling interest in controlled entities	n/a	5
<b>Total dividends paid by the Group (before dividend reinvestment plan)</b>	<b>n/a</b>	<b>5,032</b>

(1) The DRP in respect of the final 2023 dividend was satisfied in full through the on market purchase and transfer of 6,807,692 shares at \$28.32 to participating shareholders.

(2) The DRP in respect of the interim 2024 dividend was satisfied in full through the on market purchase and transfer of 9,239,285 shares at \$34.20 to participating shareholders.

(3) The DRP in respect of the final 2022 dividend was satisfied in full through the on market purchase and transfer of 8,461,188 shares at \$31.41 to participating shareholders.

(4) The DRP in respect of the interim 2023 dividend was satisfied in full through the on market purchase and transfer of 16,214,333 shares at \$26.31 to participating shareholders.

Dividends paid during 2024 were fully franked at a tax rate of 30% (2023: 30%).

## Note 30 Dividends (cont.)

### Final dividend

On 7 November 2024, the directors determined the following dividend:

	Amount per share cents	Total amount \$m	Franked amount per share %
Final dividend determined in respect of the year ended 30 September 2024	85	2,613	100

The 2024 final dividend is payable on 16 December 2024. 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 financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 September 2024 and will be recognised in subsequent financial reports.

### Australian franking credits

The franking credits available to the Company as at 30 September 2024 are estimated to be \$500 million (2023: \$768 million) after allowing for Australian tax payable in respect of the current reporting period profit and the receipt of dividends recognised as a receivable at reporting date.

The final 2024 dividend will utilise the balance of franking credits available as at 30 September 2024. The Company's franking account will fluctuate during the year depending on the timing of tax and dividend payments. A surplus franking account balance is only required as at 30 June each year for the purpose of complying with Australian income tax legislation. Instalment tax payments made after 30 September 2024 will generate sufficient franking credits to enable the final 2024 dividend to be fully franked and comply with the income tax legislation.

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

### New Zealand imputation credits

The New Zealand imputation credits available to the Company as at 30 September 2024 are estimated to be NZD \$1,858 million (2023: NZD \$2,273 million).

The Company is able to attach available New Zealand imputation credits to dividends paid. As a result, New Zealand imputation credits of NZD \$0.15 per share will be attached to the final 2024 dividend payable by the Company. New Zealand imputation credits are only relevant for shareholders who are required to file New Zealand income tax returns.

## Unrecognised items

### Note 31

## Commitments and contingent liabilities

### Accounting policy

The Group discloses certain items as contingent liabilities, as they are either possible obligations whose existence will be confirmed only by uncertain future events, or they are present obligations where a transfer of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless an outflow of economic resources is remote.

### Commitments

Financial assets are pledged as collateral predominantly under repurchase agreements with other banks. The financial assets pledged by the Group are strictly for the purpose of providing collateral for the counterparty. These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities, as well as requirements determined by exchanges where the Group acts as an intermediary. Repurchase agreements that do not qualify for derecognition are reported in *Note 21 Financial asset transfers*.

### Bank guarantees and letters of credit

The Group provides guarantees in its normal course of business on behalf of its customers. Guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. Guarantees are primarily issued to support direct financial obligations such as commercial bills or other debt instruments issued by a counterparty. The Group has four principal types of guarantees:

- Bank guarantees.
- Standby letters of credit.
- Documentary letters of credit.
- Performance-related contingencies.

The Group considers all bank guarantees and letters of credit as “at call” for liquidity management purposes because it has no control over when the holder might call upon the instrument.

	Group		Company	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Bank guarantees and letters of credit</b>				
Bank guarantees	5,568	5,249	5,679	5,421
Standby letters of credit	7,250	7,380	7,246	7,380
Documentary letters of credit	1,863	2,767	1,810	2,434
Performance-related contingencies	11,916	10,925	10,125	9,402
<b>Total bank guarantees and letters of credit</b>	<b>26,597</b>	<b>26,321</b>	<b>24,860</b>	<b>24,637</b>

### Clearing and settlement obligations

The Group is subject to a commitment in accordance with the rules governing clearing and settlement arrangements contained in the Australian Payments Network Regulations for the Australian Paper Clearing System, the Bulk Electronic Clearing System, the Consumer Electronic Clearing System and the High Value Clearing System which could result in a credit risk exposure and loss in the event of a failure to settle by a member institution. The Group also has a commitment in accordance with the Austraclear System Regulations and the Continuous Linked Settlement Bank Rules to participate in loss-sharing arrangements in the event that another financial institution fails to settle.

The Group is a member of various central clearing houses, most notably the London Clearing House (LCH) SwapClear and RepoClear platforms and the ASX Over-The-Counter Central Counterparty, which enables the Group to centrally clear derivative and repurchase agreement instruments respectively. As a member of these central clearing houses, the Group is required to make a default fund contribution. The exposure to risk associated with this commitment is reflected for capital adequacy purposes in the Group's Pillar 3 reporting. In the event of a default of another clearing member, the Group could be required to commit additional funds to the default fund contribution.

### Credit-related commitments

Binding credit-related commitments to extend credit are agreements to lend to a customer provided that there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the customer. Since many of the commitments are expected to expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements. Nevertheless, credit-related commitments are considered “at call” for liquidity management purposes.

## Note 31 Commitments and contingent liabilities (cont.)

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Credit-related commitments</b>				
Binding credit commitments	210,124	208,853	190,297	188,268
<b>Total credit-related commitments</b>	<b>210,124</b>	<b>208,853</b>	<b>190,297</b>	<b>188,268</b>
<b>Credit-related commitments by geographical location</b>				
Australia	167,797	165,594	166,798	164,994
New Zealand	18,636	19,985	-	-
Other International	23,691	23,274	23,499	23,274
<b>Total credit-related commitments</b>	<b>210,124</b>	<b>208,853</b>	<b>190,297</b>	<b>188,268</b>

### Parent entity guarantees and undertakings

The Company has provided the following guarantees and undertakings relating to entities in the Group. These guarantees and undertakings are not included in the previous tables in this note:

- The Company will guarantee up to \$14,431 million (2023: \$15,440 million) of commercial paper issuances by National Australia Funding (Delaware) Inc. Commercial paper of \$398 million (2023: \$419 million) has been issued.
- The Company is responsible to its customers for any direct loss suffered as a result of National Nominees Limited failing to perform its obligations to the Company.
- The Company has issued letters of support and given guarantees and indemnities in respect of certain subsidiaries and associates in the normal course of business or arising from contractual or legislative commitments. The letters of support and provision of guarantees and indemnities recognises that the Company has a responsibility to ensure that those subsidiaries and associates continue to meet their obligations.

### Contingent liabilities

The Group is exposed to contingent risks and liabilities arising from the conduct of its business including:

- Actual and potential disputes, claims and legal proceedings.
- Investigations into past conduct, including actual and potential regulatory breaches carried out by regulatory authorities on either an industry-wide or Group-specific basis.
- Internal investigations and reviews into past conduct, including actual and potential regulatory breaches, carried out by or on behalf of the Group.
- Contracts that involve giving contingent commitments such as warranties, indemnities or guarantees.

There are contingent liabilities in respect of all such matters. Such matters are often highly complex and uncertain. Where appropriate, provisions have been made. The aggregate potential liability of the Group in relation to these matters cannot be accurately assessed.

Further details on some specific contingent liabilities that may impact the Group are set out below.

### Legal proceedings

#### United Kingdom matters

Nine separate claims (comprising 904 individual claimants) focused on Tailored Business Loans (TBLs) have been commenced against the Company and Clydesdale Bank Plc, now owned by Virgin Money UK Plc and trading as Virgin Money (Virgin Money) by former customers of Virgin Money, represented by RGL Management Limited (a claims management company) (RGL) and law firm Fladgate LLP, in the English Courts. The cases involving four individual claimants (being the first and fourth claims) proceeded to a 12 week trial which commenced on 2 October 2023, effectively as test cases. The cases of the remaining individual claimants are currently stayed pending the outcome of the first and fourth claims.

The claims concern TBLs which customers entered into with Virgin Money and in respect of which NAB employees performed various functions. The claimants allege they were misled about: (1) the cost of repaying (or restructuring) their TBLs early; and (2) the composition of fixed interest rates/other rates offered under the TBLs. The alleged misconduct is said to give rise to several causes of action, including negligent misstatement, misrepresentation and deceit.

On 19 March 2024 the English High Court delivered its judgment in the first and fourth claims dismissing all claims made against the Company and Virgin Money. In July 2024 NAB received an interim costs award payment of £9.125 million (\$18 million). The claimants have received permission to appeal. A date has not yet been fixed for the appeal hearing.

#### Walton Construction Group class action

In January 2022, a class action complaint was filed in the Federal Court by subcontractors of Walton Construction Group (WCG) regarding the Company's alleged conduct in the period prior to the collapse of WCG. It is alleged that the Company's conduct contributed to losses incurred by subcontractors following the liquidation of WCG. The Company filed and served its defence to the claims on 16 December 2022, however, the Applicants filed an Amended Statement of Claim in March 2024. The Company filed its defence in July 2024 denying all allegations. The potential outcome and total costs associated with the claims under this class action remain uncertain.

## Note 31 Commitments and contingent liabilities (cont.)

### Regulatory activity, compliance investigations and associated proceedings

#### Anti-Money Laundering and Counter-Terrorism Financing program uplift and compliance issues

The Group continues to enhance its systems and processes to comply with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) requirements. The Group continues to keep AUSTRAC informed of its progress. In addition to an ongoing general uplift in capability, the Group is remediating specific known compliance issues and weaknesses. The Group has reported a number of compliance issues to relevant regulators, including in relation to 'Know Your Customer' (KYC) requirements (particularly with enhanced customer due diligence for non-individual customers), systems and process issues that impacted some aspects of transaction monitoring and reporting, and other financial crime risks. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional uplifting and strengthening may be required.

On 29 April 2022, the Company entered into an enforceable undertaking (EU) with AUSTRAC to address AUSTRAC's concerns with the Group's compliance with certain AML and CTF requirements. In accepting the EU, AUSTRAC stated that the regulator had "formed the view at the start of the investigation that a civil penalty proceeding was not appropriate at that time" and that it had "not identified any information during the investigation to change that view". Under the terms of the EU, the Company and certain subsidiaries are required to:

- Complete a Remedial Action Plan (RAP) approved by AUSTRAC.
- Address to AUSTRAC's satisfaction any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

While the Company has completed the delivery of its required activities under the RAP, some activities are yet to be reviewed by the external auditor of the RAP. The conclusion or otherwise of the EU will be determined by AUSTRAC.

The total costs associated with the above remain uncertain.

#### Banking matters

A number of reviews into banking-related matters are being carried on across the Group, both internally and in some cases by regulatory authorities, including matters regarding:

- Incorrect fees being applied in connection with certain products.
- Incorrect interest rates being applied in relation to certain products.
- Capturing customer consent to receive electronic statements and inconsistencies with recording statement preferences.
- Compliance with financial hardship obligations.
- Issues with treatment of deregistered companies identified in the customer base.

The potential outcome and total costs associated with these matters remains uncertain.

#### Employment matters

The Group continues to review its processes for compliance with obligations under Australian employment laws and its enterprise agreements. The Group is engaging with the Fair Work Ombudsman (FWO) on its progress in respect of these matters. The Group has reported a number of compliance issues to the FWO and the associated remediation work is ongoing. As this work progresses, further compliance issues may be identified and reported to the FWO and additional remediation may be required. There remains potential for further developments regarding these issues, including enforcement action by the FWO or other legal actions and penalties, so the final outcome and total costs associated with these issues remain uncertain.

In March 2023, the Finance Sector Union (FSU) filed proceedings against NAB and MLC Wealth Limited in the Federal Court alleging that those parties had breached provisions of the Fair Work Act which prohibit an employer from requesting or requiring an employee to work unreasonable additional hours. The claim relates to four current and former employees. The FSU is seeking declarations that NAB and MLC Wealth Limited breached the Fair Work Act, the imposition of penalties in respect of the alleged breaches, as well as compensation for loss and damage to the four named current and former employees and the payment of legal costs. The final outcome and total costs associated with this matter remain uncertain.

#### Wealth - Advice review

In October 2015, the Group began contacting certain groups of customers where there was a concern that they may have received non-compliant financial advice since 2009 to: (a) assess the appropriateness of that advice; and (b) identify whether customers had suffered loss as a result of non-compliant advice that would warrant compensation. These cases have progressed, or are now progressing, through the Customer Response Initiative review program, the scope of which includes the advice businesses of MLC Advice (formerly known as NAB Financial Planning), NAB Advice Partnerships and JBWere, with compensation offered and paid in a number of cases<sup>(1)</sup>. Where customer compensation is able to be reliably estimated, provisions have been recognised. The final outcome and total costs associated with this work remain uncertain.

#### Wealth - Adviser service fees

The Group is undertaking a remediation program in relation to financial advice fees paid by customers pursuant to ongoing service arrangements. This matter relates to JBWere and the various advice businesses, which were operated by the Group prior to completion of the MLC Wealth Transaction discussed below, including MLC Advice and NAB Advice Partnerships.<sup>(1)</sup> Payments with respect to MLC Advice are now complete. Payments with respect to NAB Advice Partnerships are largely complete.

(1) While the businesses of MLC Advice and NAB Advice Partnerships have been sold to Insignia Financial Ltd pursuant to the MLC Wealth Transaction (defined below), the Group has retained the companies that operated the advice business, such that the Group has retained all liabilities associated with the conduct of these businesses pre-completion of the MLC Wealth Transaction. JBWere is not within the scope of the MLC Wealth Transaction.



### Note 31 Commitments and contingent liabilities (cont.)

JBWere is identifying potentially impacted customers, assessing impacts to those customers and has made remediation payments in some cases.

While the Group has taken provisions in relation to these matters based on current information, there remains the potential for further developments and the potential outcomes and total costs associated with these matters remains uncertain.

#### **Contingent tax risk**

The tax affairs of the Group are subject to regular reviews by the Australian Taxation Office as well as the Revenue Offices of the various Australian States and Territories. These reviews cover various aspects of NAB's tax affairs including prior tax returns lodged and compliance with various customer data reporting regimes. The reviews described above may result in additional tax-related liabilities (including interest and penalties). Where appropriate, provisions have been made. The potential outcome and total costs associated with these activities remain uncertain.

#### **Contractual commitments**

##### ***FirstCape transaction***

On 30 April 2024, National Australia Group (NZ) Limited (NAGNZ) and BNZ completed the sale of the entities comprising the Group's New Zealand wealth businesses to FirstCape Limited (FirstCape). The transaction resulted in the combination of those businesses with Jarden Wealth and Asset Management Holdings Limited's (Jarden Wealth) wealth advice and asset management businesses in New Zealand. The ultimate holding company of FirstCape is FirstCape Group Limited (FirstCape Group). FirstCape Group is jointly owned by NAGNZ, Jarden Wealth and Pacific Equity Partners. Under the sale agreements, NAGNZ and BNZ have provided certain warranties and indemnities in favour of FirstCape under which NAGNZ or BNZ may be liable to FirstCape. The potential outcome and total costs associated with these warranties and indemnities remain uncertain.

##### ***MLC Wealth Transaction***

On 31 May 2021, the Group completed the sale of MLC Wealth, comprising its advice, platforms, superannuation and investments, and asset management businesses to Insignia Financial Ltd (MLC Wealth Transaction). As part of the MLC Wealth Transaction, the Company has provided Insignia Financial Ltd with indemnities relating to certain pre-completion matters, including:

- A remediation program relating to workplace superannuation (including matters where some employer superannuation plans and member entitlements were not correctly set up in the administration systems, and matters relating to disclosure and administration of certain features of the super product such as insurance and fees).
- Breaches of anti-money laundering laws and regulations.
- Regulatory fines and penalties.
- Certain litigation and regulatory investigations (including the NULIS and MLCN class actions described below).

The Company also provided covenants and warranties in favour of Insignia Financial Ltd. A breach or triggering of these contractual protections may result in the Company being liable to Insignia Financial Ltd. The claims periods for some of these covenants, warranties and indemnities have expired.

As part of the MLC Wealth Transaction, the Group retained the companies that operated the advice business, such that the Group has retained all liabilities associated with the conduct of that business pre-completion.

The Company has also agreed to provide Insignia Financial Ltd with certain transitional services and continuing access to records, as well as support for data migration activities. The Company may be liable to Insignia Financial if it fails to perform its obligations under these agreements.

The final financial impact associated with the MLC Wealth Transaction remains uncertain and subject to other contingencies as outlined above.

##### ***NULIS and MLCN - class actions***

In October 2019, litigation funder Omni Bridgeway (formerly IMF Bentham) and William Roberts Lawyers commenced a class action against NULIS Nominees (Australia) Limited (NULIS) alleging breaches of NULIS's trustee obligations to act in the best interests of the former members of The Universal Super Scheme in deciding to maintain grandfathered commissions on their transfer into the MLC Super Fund on 1 July 2016. NULIS filed its first defence in the proceeding in February 2020. An initial trial to make determinations on the individual claims of the applicant and one sample group member was held on 9 October 2023. Judgment has been reserved.

In January 2020, Maurice Blackburn commenced a class action in the Supreme Court of Victoria against NULIS and MLC Nominees Pty Ltd (MLCN) alleging breaches of NULIS's trustee obligations in connection with the speed with which NULIS and MLCN effected transfers of members' accrued default amounts to the MySuper product. The matter is listed for trial commencing on 18 November 2024.

The potential outcomes and total costs associated with these matters remains uncertain. While NULIS and MLCN are no longer part of the Group following completion of the MLC Wealth Transaction, the Company remains liable for the costs associated with, and retains conduct of, these matters pursuant to the terms of the MLC Wealth Transaction.

## Other disclosures

## Note 32

## Interest in subsidiaries and other entities

## Accounting policy

**Investments in controlled entities**

Controlled entities are all those entities (including structured entities) to which the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An assessment of control is performed on an ongoing basis. Entities are consolidated from the date on which control is obtained by the Group. Entities are deconsolidated from the date that control ceases. The effects of transactions between entities within the Group are eliminated in full upon consolidation.

**Investments in associates and joint ventures**

Associates and joint ventures are entities over which the Group has significant influence or joint control, but no control. The Group's investments in associates and joint ventures are accounted for using the equity method, with the carrying amount of the investment increased or decreased to recognise the Group's share of the profit or loss of the investee.

**Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities generally have restricted activities and a narrow and well-defined objective which is created through contractual arrangement. Depending on the Group's power over the relevant activities of the structured entity and its exposure to and ability to influence its own returns, it may or may not consolidate the entity.

Unconsolidated structured entities refer to all structured entities that are not controlled by the Group. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions or for specific investment opportunities.

Interests in unconsolidated structured entities include, but are not limited to, debt and equity investments, guarantees, liquidity arrangements, commitments, fees from investment structures, and derivative instruments that expose the Group to the risks of the unconsolidated structured entities. Interests do not include plain vanilla derivatives (e.g. interest rate swaps and cross currency swaps) and positions where the Group:

- Creates rather than absorbs variability of the unconsolidated structured entity.
- Provides administrative, trustee or other services as agent to third party managed structured entities.

Involvement is considered on a case by case basis, taking into account the nature of the structured entity's activities. This excludes involvement that exists only because of typical customer-supplier relationships.

**(a) Investments in controlled entities**

The following table presents the material controlled entities as at 30 September 2024:

Entity name	Ownership %	Incorporated / formed in
<b>National Equities Limited</b>	100	Australia
National Australia Group (NZ) Limited	100	New Zealand
Bank of New Zealand	100	New Zealand

**Significant restrictions**

Subsidiary companies that are subject to prudential regulation are required to maintain minimum capital and other regulatory requirements that may restrict the ability of these entities to make distributions of cash or other assets to the parent company. These restrictions are managed in accordance with the Group's normal risk management policies set out in *Note 19 Financial risk management* and capital adequacy requirements in *Note 36 Capital adequacy*.



## Note 32 Interest in subsidiaries and other entities (cont.)

### (b) Investments in associates and joint ventures

Entity name	Group				
	2024 \$m	2023 \$m	Ownership as at 30 Sep 2024	Country of incorporation	Principal activity
MLC Life <sup>(1)</sup>	237	515	20%	Australia	Life insurance
FirstCape <sup>(2)</sup>	301	-	45%	New Zealand	Wealth management
<b>Total</b>	<b>538</b>	<b>515</b>			

(1) Includes a reduction of \$271 million due to the restatement for adoption of AASB 17 *Insurance Contracts*. Refer to Note 1 *Basis for preparation*.

(2) The Group acquired a 45% interest in FirstCape on 30 April 2024.

#### Significant restrictions

Assets in a statutory fund of MLC Life can only be used to meet the liabilities and expenses of that fund, to acquire investments to further the business of that fund, or to make profit distributions when solvency and capital adequacy requirements of the *Life Insurance Act 1995* (Cth) are met. This may impact MLC Life's ability to transfer funds to the Group in the form of dividends. In addition, in certain circumstances the payment of dividends may require approval by APRA.

#### Transactions

Under a financial services agreement and certain linked arrangements, the Group provides MLC Life with certain financial services on an arm's length basis, including custody, transactional banking facilities, fixed income and currency services.

There are commercial agreements between BNZ and FirstCape, under which fees are charged by FirstCape to BNZ for managing specific BNZ branded wealth products, and fees are also charged by BNZ to FirstCape for distributing specific BNZ branded wealth products. Separately, BNZ provides banking services to FirstCape, interest and fees are charged on these services. All services are provided on an arm's length basis.

In addition, FirstCape has committed cash advance facilities with BNZ, with limits totalling \$129 million, currently \$44 million has been drawn down.

## Note 32 Interest in subsidiaries and other entities (cont.)

### (c) Consolidated structured entities

The Group has interests in the following types of consolidated structured entities:

Type	Details
Securitisation	<p>The Group engages in securitisation activities for funding, liquidity and capital management purposes. The Group principally packages and sells residential mortgage loans as securities to investors through a series of bankruptcy remote securitisation vehicles. The Group is entitled to any residual income after all payments to investors and costs related to the program have been met. The note holders only have recourse to the pool of assets. The Group is considered to hold the majority of the residual risks and benefits of the vehicles. All relevant financial assets continue to be held on the Group balance sheet, and a liability is recognised for the proceeds of the funding transaction.</p> <p>The Group provides liquidity facilities to the securitisation vehicles. These facilities can only be drawn to manage the timing mismatch of cash inflows from securitised loans and cash outflows due to investors. The Group also provides redraw facilities to certain securitisation vehicles to manage the timing mismatch of principal collections from securitised loans and cash outflows in respect of customer redraws. The aggregate limit of these liquidity and redraw facilities as at 30 September 2024 is \$1,351 million.</p>
Covered bonds	<p>The Group is entitled to any residual income after all payments due to covered bonds investors and costs related to the program have been met. Residential mortgage loans are assigned to a bankruptcy remote structured entity, which provides guarantees on the payments to covered bondholders. The covered bondholders have recourse to the Group and, following certain trigger events including payment default, the covered pool of assets.</p>

### (d) Unconsolidated structured entities

The Group has interests in the following types of unconsolidated structured entities:

Type	Details
Securitisation	<p>The Group engages with third party (client) securitisation vehicles by providing warehouse facilities, liquidity support and derivatives. The Group invests in residential mortgage and asset-backed securities.</p>
Other financing	<p>The Group provides tailored lending to limited recourse single purpose vehicles which are established to facilitate asset financing for clients. The assets are pledged as collateral to the Group. The Group engages in raising finance for leasing assets such as aircraft, trains, shipping vessels and other infrastructure assets. The Group may act as a lender, arranger or derivative counterparty to these vehicles.</p> <p>Other financing transactions are generally senior, secured self-liquidating facilities in compliance with Group credit lending policies. Regular credit and financial reviews of the borrowers are conducted to ensure collateral is sufficient to support the Group's maximum exposures.</p>
Investment funds	<p>The Group has direct interests in unconsolidated investment funds. The Group's interests include holding units and receiving fees for services. The Group's interest in unconsolidated investment funds is immaterial.</p>

## Note 32 Interest in subsidiaries and other entities (cont.)

The table below shows the carrying value and maximum exposure to loss of the Group's interests in unconsolidated structured entities:

	Group					
	Securitisations		Other financing		Total	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Loans and advances	24,108	19,833	2,497	2,564	26,605	22,397
Debt instruments	2,767	6,536	-	-	2,767	6,536
<b>Total carrying value of assets in unconsolidated structured entities</b>	<b>26,875</b>	<b>26,369</b>	<b>2,497</b>	<b>2,564</b>	<b>29,372</b>	<b>28,933</b>
Commitment / contingencies	8,133	7,486	202	62	8,335	7,548
<b>Total maximum exposure to loss in unconsolidated structured entities</b>	<b>35,008</b>	<b>33,855</b>	<b>2,699</b>	<b>2,626</b>	<b>37,707</b>	<b>36,481</b>

Exposure to loss is managed as part of the Group's risk management framework. The Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments, financial guarantees, and liquidity support. Consequently, the Group has presented these measures rather than the total assets of the unconsolidated structured entities. Refer to *Note 19 Financial risk management* for further details. Income earned from interests in unconsolidated structured entities primarily results from interest income, mark-to-market movements and fees and commissions.

The majority of the Group's exposures are senior investment grade, but in some limited cases, the Group may be required to absorb losses from unconsolidated structured entities before other parties because the Group's interests are subordinated to others in the ownership structure. The table below shows the credit quality of the Group's exposures in unconsolidated structured entities:

	Group					
	Securitisations		Other financing		Total	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Senior investment grade	26,866	26,358	606	708	27,472	27,066
Investment grade	6	9	1,618	1,352	1,624	1,361
Sub-investment grade	3	2	273	504	276	506
<b>Total<sup>(1)</sup></b>	<b>26,875</b>	<b>26,369</b>	<b>2,497</b>	<b>2,564</b>	<b>29,372</b>	<b>28,933</b>

(1) Of the total, \$29,230 million (2023: \$28,798 million) represents the Group's interest in senior notes and \$142 million in subordinated notes (2023: \$135 million).

**Note 33****Related party disclosures**

The Group provides a range of services to related parties including the provision of banking facilities and standby financing arrangements. Other dealings include granting loans and accepting deposits, and the provision of finance. These transactions are normally entered into on terms equivalent to those that prevail on an arm's length basis in the ordinary course of business.

Other transactions with controlled entities may involve provision of data processing services or access to intellectual or other intangible property rights. Charges for these transactions are normally on an arm's length basis or are otherwise on the basis of equitable rates agreed between the parties. The Company also provides various administrative services to the Group, which may include accounting, secretarial and legal. Fees may be charged for these services.

Loans made to subsidiaries are generally entered into on terms equivalent to those that prevail on an arm's length basis, except that there are often no fixed repayment terms for the settlement of loans between parties. Outstanding balances are unsecured and are repayable in cash.

The Company may incur costs on behalf of controlled entities in respect of customer-related remediation, regulatory activity, compliance investigations and associated proceedings. Refer to *Note 31 Commitments and contingent liabilities* for further details in respect of these matters.

**Subsidiaries**

The table below shows the net amounts payable to subsidiaries for the years ended 30 September:

	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>
Balance at beginning of year	(482)	(3,413)
Net cash outflows / (inflows)	770	3,320
Net foreign currency translation movements and other amounts receivable	(1,079)	(389)
<b>Balance at end of year</b>	<b>(791)</b>	<b>(482)</b>

The table below shows material transactions with subsidiaries for the years ended 30 September:

	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>
Net interest expense	(1,222)	(929)
Net management fees (expense) <sup>(1)</sup>	(476)	(483)
Dividend revenue	3,105	7,421

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

**Superannuation plans**

The following payments were made to superannuation plans sponsored by the Group:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Payment to:</b>				
National Australia Bank Group Superannuation Fund A	297	298	297	298
Other	11	9	11	9

Transactions between the Group and superannuation plans sponsored by the Group were made on commercial terms and conditions.

## Note 33 Related party disclosures (cont.)

### Key Management Personnel (KMP)

The list of the Company's KMP is assessed each year and comprises the non-executive directors of the Company, the Group CEO (an executive director of the Company) and those employees of the Group who have authority and responsibility for planning, directing and controlling the activities of both the Company and the Group. Details of KMP are set out in Section 6.1 and Section 7.3 of the *Remuneration Report* included in the *Report of the Directors*.

### Remuneration

Total remuneration of KMP is included within total personnel expenses in *Note 5 Operating expenses*. The total remuneration is as follows:

	Group	
	2024	2023
	\$	\$
<b>Short-term benefits</b>		
Cash salary	17,132,887	18,860,539
Variable reward cash	5,881,820	8,312,680
Non-monetary	128,670	172,600
<b>Post-employment benefits</b>		
Superannuation	604,197	578,764
<b>Other long-term benefits</b>		
Other long-term benefits	211,734	200,462
<b>Equity-based benefits</b>		
Shares	746,980	489,226
Performance rights	26,953,189	14,955,354
<b>Other</b>		
Other remuneration	881,463	1,742,506
<b>Total</b>	<b>52,540,940</b>	<b>45,312,131</b>

Performance rights and shareholdings of KMP are set out in the *Remuneration Report* included in the *Report of the Directors*.

### Loans to KMP and their related parties

During the 2024 financial year, loans made to KMP and other related parties of the Group and Company were \$9 million (2023: \$21 million). Loans to non-executive directors of the Company are made in the ordinary course of business on terms equivalent to those that prevail in arm's length transactions. Loans to the Group CEO and Group Executives may be made on similar terms and conditions generally available to other employees of the Group. Loans may be secured or unsecured depending on the nature of the lending product advanced. As at 30 September 2024, the total loan balances outstanding were \$66 million (2023: \$59 million).

No amounts were written off in respect of any loans made to directors or other KMP of the Group and Company during the current or prior reporting period.

Further details regarding loans advanced to KMP of the Group and Company are included in the *Remuneration Report* within the *Report of the Directors*.

## Note 34

### Remuneration of external auditor

	Group		Company	
	2024 \$'000	2023 <sup>(1)</sup> \$'000	2024 \$'000	2023 <sup>(1)</sup> \$'000
<b>EY Australia – consolidated entities</b>				
Audit services	13,323	12,862	10,992	10,527
<b>Total audit services</b>	13,323	12,862	10,992	10,527
Audit-related services				
Other statutory assurance services <sup>(2)</sup>	4,857	4,910	4,549	4,610
Other assurance services <sup>(3)</sup>	1,270	750	1,234	693
<b>Total audit-related services</b>	6,127	5,660	5,783	5,303
Other services				
Taxation-related services	41	50	41	50
Non-audit services <sup>(4)</sup>	6	500	6	500
<b>Total other services</b>	47	550	47	550
<b>Total Australia</b>	19,497	19,072	16,822	16,380
<b>EY Overseas – consolidated entities</b>				
Audit services	4,103	4,152	1,874	1,991
<b>Total audit services</b>	4,103	4,152	1,874	1,991
Audit-related services				
Other statutory assurance services <sup>(2)</sup>	439	648	428	355
Other assurance services <sup>(3)</sup>	387	379	-	-
<b>Total audit-related services</b>	826	1,027	428	355
Other services				
Taxation-related services	8	5	-	-
Non-audit services <sup>(4)</sup>	13	56	-	-
<b>Total other services</b>	21	61	-	-
<b>Total Overseas</b>	4,950	5,240	2,302	2,346
<b>Total Australia and Overseas</b>	24,447	24,312	19,124	18,726
Fees paid to the external auditor for services to non-consolidated entities of the Group	215	673	-	-
<b>Total remuneration paid to the external auditor</b>	24,662	24,985	19,124	18,726

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

(2) Other statutory assurance services relate to engagements required under prudential standards and other legislative or regulatory requirements.

(3) Other assurance services include assurance and attestation relating to climate and sustainability reporting, comfort letters over financing programmes as well as agreed upon procedures.

(4) The Board Audit Committee considered all non-audit services and were satisfied that these are compatible with maintaining audit independence.

Total remuneration paid to another audit firm where EY is in a joint audit arrangement for the audit of a Group subsidiary is \$108,000 (2023: \$104,000).

A description of the Board Audit Committee's pre-approval policies and procedures are set out in *Assurance and Control* in the *Corporate Governance Statement* and included in the *Report of the Directors*.

## Note 35

### Equity-based plans

#### Accounting policy

The value of shares and rights provided to employees are measured by reference to their grant date fair value. The grant date fair value of each share is determined by the market value of NAB shares and is generally a five-day weighted average share price. The grant date fair value of shares and rights with market performance hurdles is determined using a simulated version of the Black-Scholes model.

With the exception of general employee shares in Australia, the expense for each tranche of shares or rights granted is recognised in the income statement on a straight-line basis, adjusted for forfeitures, over the vesting period for the shares or rights. The expense for general employee shares in Australia is recognised in the income statement in the year the shares are granted as they are not subject to forfeiture. A corresponding increase is recorded in the equity-based compensation reserve.

#### Critical accounting judgements and estimates

The key estimates and inputs used in the Black-Scholes model vary depending on the award and type of security granted. They include the NAB share price at the time of the grant, exercise price of the rights (which is nil), the expected volatility of NAB's share price, the risk-free interest rate and the expected dividend yield on NAB shares for the life of the rights. When estimating expected volatility, historic daily share prices are analysed to arrive at annual and cumulative historic volatility estimates (which may be adjusted for any abnormal periods or non-recurring significant events). Trends in the data are analysed to estimate volatility movements in the future for use in the numeric pricing model. The simulated version of the Black-Scholes model takes into account both the probability of achieving market performance conditions and the potential for early exercise of vested rights.

While market performance conditions are incorporated into the grant date fair values, non-market conditions are not taken into account when determining the fair value and expected time to vesting of shares and rights. Instead, non-market conditions are taken into account by adjusting the number of shares and rights included in the measurement of the expense so that the amount recognised in the income statement reflects the number of shares or rights that actually vest.

Under the Group's employee equity plans, employees of the Group are awarded shares and rights. An employee's right to participate in a plan is often dependent on their performance or the performance of the Group, and shares and rights awarded under the plans are often subject to service and/or performance conditions.

Generally, a right entitles its holder to be allocated one share when the right vests and is exercised. However, under certain bespoke plans, a right entitles its holder to be allocated a number of shares equal to a predetermined value on vesting and exercise of the right.

The Board determines the maximum total value of shares or rights offered under each plan having regard to the rules of the relevant plan and, where required, the method used in calculating the fair value per security. Under ASX Listing Rules, shares and rights may not be issued to the Company's directors under an employee equity plan without specific shareholder approval.

Under the terms of most offers, there is a period during which shares are held on trust for the employee they are allocated to and cannot be dealt with, or rights granted to an employee cannot be exercised, by that employee. There may be forfeiture or lapse conditions which apply to shares or rights allocated to an employee (as described below), including as a result of the employee ceasing employment with the Group during those periods or conduct standards not being met. Shares allocated to employees are eligible for any cash dividends paid by the Company on those shares from the time those shares are allocated to the trustee on their behalf. Rights granted to employees are not eligible for any cash dividends paid by the Company. In some limited circumstances, there may be a cash dividend equivalent payment made in the event that rights vest.

The table below sets out details of the Group's employee equity plans that are offered on a regular basis. As noted above, the Group also offers bespoke plans in certain circumstances, including in connection with material transactions, as a retention mechanism and to encourage the achievement of certain specific business growth targets.

## Note 35 Equity-based plans (cont.)

	Variable Reward (VR)	Long-term Variable Reward (LTVR) (Up to 30 September 2023)	Long-term Incentive (LTI) – LTEA and LTVR (From 1 October 2023)	Annual Equity Award (AEA)	Commencement awards	Recognition/ Retention awards	General employee shares
Description	<p>A proportion of an employee's annual VR is provided in equity and is deferred for a specified period. The deferred amount and the deferral period is different based on the incentive plan participated in, and the level of risk, responsibility and seniority of the employees.</p> <p>VR was referred to as 'short-term incentive' before the 2019 financial year.</p>	<p>LTVRs (including prior year Long-term Incentive (LTI) grants) are awarded to encourage long-term decision-making critical to creating long-term value for shareholders through the use of challenging long-term performance hurdles.</p>	<p>LTI consists of two equally weighted components:</p> <p><b>Long-term Equity Award (LTEA)</b> – Represents the non-financial measure component of LTI, focused on risk. It is awarded to ensure risk management is front of mind in making long-term decisions and encourage the creation of safe, sustainable growth in shareholder value.</p> <p><b>Long-term Variable Reward (LTVR)</b> – Represents the financial measure component of LTI. It is awarded to encourage long-term decision-making critical to creating long-term value for shareholders.</p>	<p>Annual awards of deferred shares under the AEA to create shareholder alignment, drive continued sustainable performance and emphasise focus on risk management and good conduct and behaviour outcomes. Deferred shares are subject to restrictions and certain forfeiture or lapsing conditions, including forfeiture or lapsing on resignation from the Group, or if conduct standards are not met.</p>	<p>Provided to enable the buy-out of equity or other incentives from an employee's previous employment.</p>	<p>Offered to key individuals in roles where retention is critical over the medium-term (generally between two and three years).</p>	<p>Shares up to a target value of \$1,000 are offered to eligible employees.</p>
Eligibility	<p>Certain employees based in Australia and certain overseas jurisdictions having regard to their individual performance and the performance of the Group.</p>	<p>The ELT up to and including the 2023 financial year (except for the 2018 financial year when no LTVRs were awarded).</p>	<p>The ELT from the 2024 financial year onwards, subject to pre-grant assessments undertaken by the Board.</p>	<p>Certain employees appointed to Group 5 and 6 roles based in Australia and certain overseas jurisdictions.</p>	<p>Provided on a case by case basis, with the recommendation of the People &amp; Remuneration Committee and the approval of the Board.</p>	<p>Provided on a case by case basis, with the recommendation of the People &amp; Remuneration Committee and the approval of the Board.</p>	<p>Permanent employees in Australia.</p>



## Note 35 Equity-based plans (cont.)

	Variable Reward (VR)	Long-term Variable Reward (LTVR) (Up to 30 September 2023)	Long-term Incentive (LTI) – LTEA and LTVR (From 1 October 2023)	Annual Equity Award (AEA)	Commencement awards	Recognition/Retention awards	General employee shares
Type of equity-based payment	Generally shares. However, rights are also granted for jurisdictional reasons.	Performance rights.	Performance rights.	Generally shares.	Generally shares. However, rights are also granted in some circumstances.	Generally shares. However, rights are also granted in some circumstances.	Shares.
Service conditions and performance hurdles	Deferred shares or rights are forfeited or lapsed during the vesting period if: <ul style="list-style-type: none"> <li>The employee resigns.</li> <li>The employee does not meet conduct standards.</li> <li>The employee's employment with the Group is terminated, subject to certain exclusions.</li> </ul>	During the vesting period, all of an executive's performance rights will lapse on the executive's resignation from the Group. Performance rights will also lapse if conduct standards or performance hurdles are not met. The Board has absolute discretion to determine vesting or lapsing outcomes for the performance rights.	During the performance period and post-vesting deferral period, all of an executive's performance rights will lapse on the executive's resignation from the Group.  Performance rights will also lapse if risk management, conduct standards or performance hurdles are not met. The Board has absolute discretion to determine vesting or lapsing outcomes for the performance rights.	Deferred shares are subject to restrictions and certain forfeiture or lapsing conditions, including forfeiture or lapsing on resignation from the Group, or if conduct standards are not met.	Shares or rights are subject to restrictions and certain forfeiture or lapsing conditions, including forfeiture or lapsing on resignation from the Group or if conduct standards are not met.	Shares or rights are subject to restrictions and certain forfeiture or lapsing conditions, including forfeiture or lapsing on resignation from the Group or if conduct standards are not met.	Shares are subject to restrictions on dealing for three years and are not subject to forfeiture.

## Note 35 Equity-based plans (cont.)

	Variable Reward (VR)	Long-term Variable Reward (LTVR) (Up to 30 September 2023)	Long-term Incentive (LTI) – LTEA and LTVR (From 1 October 2023)	Annual Equity Award (AEA)	Commencement awards	Recognition/ Retention awards	General employee shares
Vesting, performance or deferral period	Defined period which differs based on the VR plan participated in and the employee's seniority. The period aligns with the level of risk, impact of the role on business performance and results and regulatory requirements. The vesting period will generally be between one and seven years.	Defined period set at time of grant, generally between four and five years.	Defined performance period of four years, followed by a further two years (for CEO) or one year (all other ELT) restriction period.  A risk and conduct assessment will be undertaken by the Board prior to vesting.	Defined period set at time of grant. Deferred Shares vest in equal tranches over three years.	Defined period set at time of grant, based on satisfactory evidence of foregone awards from previous employment.	Defined period set at time of grant.	Three years.
Exercise period (only applicable for rights)	If the applicable conditions are met, deferred rights will vest and each right will be automatically exercised.  n/a for share grants.	Performance rights will be automatically exercised if they vest.	Performance rights will be automatically exercised if they vest.	n/a	If the applicable conditions are met, rights will vest and each right will be automatically exercised.  n/a for share grants.	If the applicable conditions are met, rights will vest and each right will be automatically exercised.  n/a for share grants.	n/a
Board discretion	<p>The Board regularly reviews Group performance for risk, reputation, conduct and performance considerations and has the ability to:</p> <ul style="list-style-type: none"> <li>Extend the vesting, performance or deferral period beyond the original period for the ELT, other Accountable Persons and, in certain circumstances, other employees.</li> <li>Forfeit or lapse the deferred shares or rights.</li> <li>Clawback the deferred shares or rights from the ELT, other Accountable Persons and in certain circumstances, other employees.</li> </ul> <p>In addition, the Board generally has discretion to determine the treatment of unvested shares and rights at the time a change of control event occurs. Vesting of shares and rights will not be automatic or accelerated and the Board will retain discretion in relation to the vesting outcome including absolute discretion to forfeit all shares and rights.</p>						n/a

## Notes to the financial statements

### Note 35 Equity-based plans (cont.)

#### Employee share plan

	2024		2023	
	Fully paid ordinary shares granted during the year	Weighted average grant date fair value	Fully paid ordinary shares granted during the year	Weighted average grant date fair value
	No.	\$	No.	\$
<b>Employee share plans</b>				
Variable reward deferred shares	2,791,448	27.88	2,666,264	30.60
Commencement and recognition shares	302,673	33.10	235,641	30.23
General employee shares	827,475	29.71	747,328	30.71
Annual Equity Award shares	908,428	29.01	771,935	29.11

The closing market price of NAB shares as at 30 September 2024 was \$37.35 (2023: \$29.07). The volume weighted average share price during the year ended 30 September 2024 was \$33.26 (2023: \$28.86).

#### Rights movements

	2024	2023
<b>Number of rights</b>		
Opening balance as at 1 October	3,846,620	2,935,432
Granted <sup>(1)</sup>	1,253,851	1,194,372
Forfeited <sup>(1)</sup>	(204,536)	(116,286)
Exercised	(583,089)	(166,898)
<b>Closing balance as at 30 September</b>	<b>4,312,846</b>	<b>3,846,620</b>
<b>Exercisable as at 30 September</b>	<b>-</b>	<b>-</b>

(1) Where rights have been allocated or forfeited to a predetermined value, the total number granted or forfeited has been estimated using a share price of \$33.26, being the volume weighted average share price of NAB shares during the financial year ended 30 September 2024 (2023: \$28.86).

	2024		2023	
	Outstanding at 30 Sep	Weighted average remaining life	Outstanding at 30 Sep	Weighted average remaining life
	No.	months	No.	months
<b>Terms and conditions</b>				
Market hurdle	2,886,199	18	2,867,981	23
Non-market hurdle <sup>(1)</sup>	427,505	46	211,210	8
Individual hurdle <sup>(1)</sup>	999,142	18	767,429	17

(1) Where rights have been allocated or forfeited to a predetermined value, the total number granted or forfeited has been estimated using a share price of \$33.26, being the volume weighted average share price of NAB shares during the financial year ended 30 September 2024 (2023: \$28.86).

## Note 35 Equity-based plans (cont.)

### Information on fair value calculation

The table below shows the significant assumptions used as inputs into the grant date fair value calculation of rights granted during each of the last two years. In the following table, values have been presented as weighted averages, but the specific values for each grant are used for the fair value calculation. The table also shows a 'no hurdle' value for rights that do not have any market-based performance hurdles attached. The 'no hurdle' value is calculated as the grant date fair value of the rights, and in most instances is adjusted for expected dividends over the vesting period.

	2024	2023
<b>Weighted average values</b>		
Contractual life (years)	3.4	3.3
Risk-free interest rate (per annum) (%)	3.87	3.45
Expected volatility of share price (%)	15	31
Closing share price on grant date (\$)	31.30	30.12
Dividend yield (per annum) (%)	5.31	5.00
Fair value of rights with a market hurdle (\$)	18.40	11.62
Fair value of rights without a market hurdle (\$)	25.72	27.35
<b>Expected time to vesting (years)</b>	<b>3.39</b>	3.18

## Note 36

### Capital adequacy

As an ADI, the Company is subject to regulation by APRA under the authority of the *Banking Act 1959* (Cth). APRA has set minimum Prudential Capital Requirements (PCR) for ADIs consistent with the Basel Committee on Banking Supervision capital adequacy framework. PCR are expressed as a percentage of total RWA. APRA requirements are summarised below:

CET1 capital	Tier 1 capital	Total 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 <i>Capital Adequacy: Measurement of Capital</i> .	CET1 capital plus AT1 capital. AT1 capital comprises high quality components of capital that satisfy the following essential characteristics: <ul style="list-style-type: none"> <li>• Provide a permanent and unrestricted commitment of funds,</li> <li>• are freely available to absorb losses,</li> <li>• rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer,</li> <li>• provide for fully discretionary capital distributions.</li> </ul>	Tier 1 capital plus Tier 2 capital. Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements of Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

#### Reporting levels

Regulatory capital requirements are measured on a Level 1 and Level 2 basis. Level 1 comprises the Company and Extended Licenced Entities approved by APRA. Level 2 comprises the Company and the entities it controls, excluding securitisation special purpose vehicles (SPVs) to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120 *Securitisation* and funds management entities.

#### APRA minimum requirements

APRA's revised capital framework has applied since 1 January 2023. Under this framework, APRA's minimum PCR as a percentage of the ADI's total RWA are: 4.5% of RWA for CET1 capital, 6% for Tier 1 capital and 8% for Total Capital. To comply with APRA's Loss Absorbing Capacity requirements, domestic systemically important banks (which includes the Company) are required to hold an additional 3% of Total Capital from 1 January 2024 and 4.5% of Total Capital from 1 January 2026.

An ADI must hold a capital conservation buffer above the PCR for CET1 capital. The capital conservation buffer is 3.75% of the ADI's total RWA. As a D-SIB in Australia, the Group is also required to hold an additional buffer of 1% in CET1 capital.

In addition, APRA requires the Group to hold a countercyclical capital buffer set on a jurisdictional basis, with a default setting of 1% for Australia.

APRA may determine higher PCRs for an ADI and may change an ADI's PCRs at any time. A breach of the required ratios under APRA's prudential standards may trigger legally enforceable directions by APRA, which can include a direction to raise additional capital.

#### 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 within the Group's balance sheet risk appetite. This approach is consistent across the Group's subsidiaries.

Capital ratios are monitored against operating targets that are set by the Board above minimum capital requirements set by APRA.

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 target range remains at 11.00–11.50%.

## Note 37

## Notes to the statement of cash flows

## Reconciliation of net profit attributable to owners the Company to net cash provided by / (used in) operating activities

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Net profit attributable to owners of the Company	6,960	7,414	6,894	12,012
Add / (deduct) non-cash items in the income statement:				
(Increase) in interest receivable	(210)	(1,086)	(194)	(995)
Increase in interest payable	964	2,717	807	2,339
Increase in unearned income and deferred net fee income	552	381	594	419
Fair value movements on assets, liabilities and derivatives held at fair value	(872)	3,482	(836)	2,879
Increase in provisions	1,080	834	1,005	813
Equity-based compensation recognised in equity or reserves	149	131	149	131
Superannuation costs - defined benefit plans	(5)	(2)	(7)	(2)
Impairment losses on non-financial assets	10	13	11	14
Credit impairment charge	836	895	709	727
Gain on disposal of loans and advances	(2)	-	(2)	-
Depreciation and amortisation expense	1,310	1,214	1,058	927
(Increase) / decrease in other assets	93	150	1	(5,430)
Increase / (decrease) in other liabilities	(100)	(293)	94	(8)
Increase / (decrease) in income tax payable	80	77	(96)	289
(Increase) in deferred tax assets	(212)	(109)	(180)	(134)
Increase in deferred tax liabilities	59	8	15	11
Operating cash flow items not included in profit	(46,176)	(42,474)	(42,339)	(39,141)
Investing or financing cash flows included in profit				
(Gain) on sale of controlled entities, before income tax	(407)	(29)	(2)	(29)
(Gain) / loss on sale of other debt and equity instruments	97	(32)	97	(32)
(Gain) / loss on sale of property, plant, equipment and other assets	13	10	14	(1)
<b>Net cash provided by / (used in) operating activities</b>	<b>(35,781)</b>	<b>(26,699)</b>	<b>(32,208)</b>	<b>(25,211)</b>

## Note 37 Notes to the statement of cash flows (cont.)

### Reconciliation of liabilities arising from financing activities

	Group				Company			
	Bonds, notes and subordinated debt		Debt issues	Lease liabilities	Bonds, notes and subordinated debt		Debt issues	Lease liabilities
	At fair value	At amortised cost			At fair value	At amortised cost		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Balance as at 1 October 2022</b>	15,061	119,283	7,318	2,238	4,479	109,674	7,318	1,978
Cash flows								
Proceeds from issue	1,466	41,361	1,243	-	78	38,870	1,243	-
Repayments	(3,325)	(27,819)	-	(328)	(93)	(26,844)	-	(284)
Non-cash changes								
Additions to lease liabilities	-	-	-	333	-	-	-	120
Fair value changes, including fair value hedge adjustments	(99)	(817)	-	-	(159)	(623)	-	-
Foreign currency translation and other adjustments	638	3,637	-	16	66	3,252	-	2
<b>Balance as at 30 September 2023</b>	13,741	135,645	8,561	2,259	4,371	124,329	8,561	1,816
Cash flows								
Proceeds from issue	960	41,823	1,000	-	187	37,468	1,000	-
Repayments	(4,997)	(21,641)	-	(321)	(128)	(20,606)	-	(283)
Non-cash changes								
Additions to lease liabilities	-	-	-	142	-	-	-	78
Fair value changes, including fair value hedge adjustments	979	4,614	-	-	723	2,952	-	-
Foreign currency translation and other adjustments	(396)	(4,147)	(1)	(8)	(268)	(3,587)	(1)	(2)
<b>Balance as at 30 September 2024</b>	10,287	156,294	9,560	2,072	4,885	140,556	9,560	1,609

## Note 37 Notes to the statement of cash flows (cont.)

### Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash and liquid assets and amounts due from other banks (including reverse repurchase agreements and short-term government securities) net of amounts due to other banks that are readily convertible to known amounts of cash within three months.

Cash and cash equivalents as shown in the cash flow statement is reconciled to the related items on the balance sheet as follows:

	Group		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Assets</b>				
Cash and liquid assets	2,499	24,699	2,318	23,959
Treasury and other eligible bills	275	53	-	-
Due from other banks (excluding mandatory deposits with supervisory central banks)	22,523	28,114	17,164	17,772
<b>Total cash and cash equivalent assets</b>	<b>25,297</b>	<b>52,866</b>	<b>19,482</b>	<b>41,731</b>
<b>Liabilities</b>				
Due to other banks	(6,461)	(12,277)	(5,337)	(9,950)
<b>Total cash and cash equivalents</b>	<b>18,836</b>	<b>40,589</b>	<b>14,145</b>	<b>31,781</b>

### Non-cash investing activities

In the 2023 financial year, the Company received a dividend of \$5.4 billion from National Equities Limited (following a dividend payment by BNZ) which was reinvested into additional ordinary shares. These transactions were settled on a net basis and no cash was transferred. As these are transactions between entities within the Group they are eliminated in full upon consolidation.

## Note 38

### Events subsequent to reporting date

There are no items, transactions or events of a material or unusual nature that have arisen in the interval between 30 September 2024 and the date of this report that, in the opinion of the directors, have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.



## Consolidated entity disclosure statement

Below is the Group consolidated entity disclosure statement as required by s295(3A) of the *Corporations Act 2001* (Cth).

Entity name	Entity type	Body Corporates		Tax residency <sup>(1)</sup>	
		Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
National Australia Bank Limited	Body corporate	Australia	N/A	Australian	N/A
86 400 Holdings Ltd	Body corporate	Australia	100%	Australian	N/A
86 400 Pty Ltd	Body corporate	Australia	100%	Australian	N/A
86 400 Technology Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Advantage Financial Services Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Advantage Financial Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
AFSH Nominees Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Apogee Financial Planning Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Bank of New Zealand	Body corporate	New Zealand	100%	Foreign	New Zealand
BNZ Branch Properties Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
BNZ Equity Investment No. 2 Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
BNZ Facilities Management Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
BNZ InterNational Funding Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
BNZ Investments Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
BNZ Property Investments Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Diners Club Pty Limited	Body corporate	Australia	100%	Australian	N/A
Equity Management Unit Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
GPL (VIC) Pty Ltd	Body corporate	Australia	100%	Australian	N/A
GWM Adviser Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
HICAPS Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Invia Custodian Pty. Limited	Body corporate	Australia	100%	Australian	N/A
JBWere (NZ) Holdings Limited	Body corporate	New Zealand	100%	Foreign	New Zealand
JBWere Ltd	Body corporate	Australia	100%	Australian	N/A
Lantern Claims Pty. Limited	Body corporate	Australia	100%	Australian	N/A
Medfin Australia Pty Limited	Body corporate	Australia	100%	Australian	N/A
Meritum Financial Group Pty Ltd	Body corporate	Australia	100%	Australian	N/A
NAB Global Innovation Centre India Private Limited	Body corporate	India	100%	Foreign	India
NAB Investments Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
NAB Japan Securities Limited	Body corporate	Japan	100%	Foreign	Japan
NAB Properties Australia Pty Ltd	Body corporate	Australia	100%	Australian	N/A
NABSecurities LLC <sup>(2)</sup>	Body corporate	United States	100%	Foreign	United States
NAB Trust Services Limited <sup>(3)</sup>	Body corporate	Australia	100%	Australian	N/A
NAB Ventures Pty Limited	Body corporate	Australia	100%	Australian	N/A
National Australia Bank Europe S.A.	Body corporate	France	100%	Foreign	France
National Australia Corporate Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
National Australia Finance (Commercial Leasing) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Europe Holdings) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Infrastructure Leasing No 2) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Funding (Delaware) Inc.	Body corporate	United States	100%	Foreign	United States
National Australia Group (NZ) Limited	Body corporate	New Zealand	100%	Foreign	New Zealand
National Australia Investment Capital Pty Ltd	Body corporate	Australia	100%	Australian	N/A
National Australia Managers Limited	Body corporate	Australia	100%	Australian	N/A
National Equities Limited	Body corporate	Australia	100%	Australian	N/A
National Margin Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
National Nominees Limited	Body corporate	Australia	100%	Australian	N/A
Nautilus Insurance Pte Limited	Body corporate	Singapore	100%	Foreign	Singapore
NBA Properties Pty Ltd	Body corporate	Australia	100%	Australian	N/A

# Consolidated entity disclosure statement

Entity name	Entity type	Body Corporates		Tax residency <sup>(1)</sup>	
		Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
NMS Nominees Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Partown Pty. Limited	Body corporate	Australia	100%	Australian	N/A
Sapient Pty Limited	Body corporate	Australia	100%	Australian	N/A
Tasovac Pty Limited	Body corporate	Australia	100%	Australian	N/A
The Deep in Hull Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
Vietnam Software Development Center Co., Ltd	Body corporate	Vietnam	100%	Foreign	Vietnam
Wealthhub Securities Limited	Body corporate	Australia	100%	Australian	N/A
Wealthhub Securities Nominees Pty Limited	Body corporate	Australia	100%	Australian	N/A
BNZ Covered Bond Trust	Trust	N/A	N/A	Foreign	New Zealand
BNZ Term Pie Unit Trust	Trust	N/A	N/A	Foreign	New Zealand
BNZ RMBS Trust Series 2008-1	Trust	N/A	N/A	Foreign	New Zealand
CBSS Millennium Series BB Trust	Trust	N/A	N/A	Australian	N/A
Foxtel Receivables Trust	Trust	N/A	N/A	Australian <sup>(4)</sup>	N/A
NAB Covered Bond Trust	Trust	N/A	N/A	Australian	N/A
Securitised Australian Mortgage Trust 2017-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2012-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2015-2	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2016-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2018-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2018-2	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2022-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2023-1	Trust	N/A	N/A	Australian	N/A
National RMBS Trust 2024-1	Trust	N/A	N/A	Australian	N/A
<b>Entities in liquidation</b>					
Custom Credit Corporation Ltd	Body corporate	Australia	100%	Australian	N/A
Custom Credit Holdings Ltd	Body corporate	Australia	100%	Australian	N/A
NAB Europe Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Vessel Leasing No 1) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Vessel Leasing No 5) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Vessel Leasing No 6) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National Australia Finance (Vessel Leasing) Limited	Body corporate	United Kingdom	100%	Foreign	United Kingdom
National OBU Pty Limited	Body corporate	Australia	100%	Australian	N/A
National Wealth Management International Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Nautilus NAB Limited	Body corporate	Ireland	100%	Foreign	Ireland
Plan Australia Operations Pty. Ltd.	Body corporate	Australia	100%	Australian	N/A
The Bank of Victoria	Body corporate	Australia	100%	Australian	N/A
Titan Securitisation Limited	Body corporate	Australia	0% <sup>(5)</sup>	Australian <sup>(4)</sup>	N/A

(1) All Australian entities are part of the NAB tax consolidated group unless otherwise stated.

(2) The entity is a disregarded entity for U.S. Federal tax purposes and is not a U.S. Person. However income of the entity is incorporated into the tax calculation of NAB's US branch for the purposes of Federal Income Tax and State and local taxes.

(3) This entity also acts as trustee for Foxtel Receivables Trust.

(4) This entity is not part of the NAB tax consolidated group.

(5) This entity is consolidated as it is controlled by the NAB Group.

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**Annex C Audit Report**  
**(extracts from the Group's 2024 Annual Report)**

## Auditor's Independence Declaration to the Directors of National Australia Bank Limited

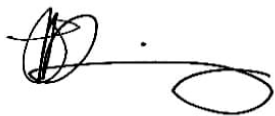
As lead auditor for the audit of the financial report of National Australia Bank Limited for the financial year ended 30 September 2024, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of National Australia Bank Limited and the entities it controlled during the financial year.



Ernst & Young



T M Dring  
Partner  
7 November 2024

# Directors' declaration

The directors of National Australia Bank Limited declare that:

- (a) in the opinion of the directors, the financial statements and notes for the year ended 30 September 2024, as set out on pages 167 to 261, are in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) in compliance with Australian Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards as stated in *Note 1 Basis of preparation*, and any further requirements of the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the financial position of the Company and the Group as at 30 September 2024, and of the performance of the Company and the Group for the year ended 30 September 2024.
- (b) in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) for the year ended 30 September 2024.
- (d) the consolidated entity disclosure statement, as required by Section 295(3A) of the *Corporations Act 2001* (Cth) and as set out on pages 262 to 263, is true and correct.

Signed in accordance with a resolution of the directors.



Philip Chronican  
Chair  
7 November 2024



Andrew Irvine  
Group Chief Executive Officer  
7 November 2024

# Independent auditor's report to the Members of National Australia Bank Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the Financial Report of National Australia Bank Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- ▶ The Group consolidated and Company balance sheets as at 30 September 2024;
- ▶ The Group consolidated and Company income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the year then ended;
- ▶ Notes to the financial statements, including material accounting policy information;
- ▶ The consolidated entity disclosure statement; and
- ▶ The Directors' declaration.

In our opinion, the accompanying Financial Report is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's and the Group's balance sheets as at 30 September 2024 and of their financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current year. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. The key audit matters identified below, unless otherwise stated, relate to both the Company and the Group.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.

Why significant	How our audit addressed the key audit matter
<p><b>Provision for credit impairment</b></p> <p>As at 30 September 2024 the Group has a provision for credit impairment of \$5,921 million as disclosed in Note 17 <i>Provision for credit impairment on loans at amortised cost</i>. The provision for credit impairment is measured in accordance with the requirements of AASB 9 <i>Financial Instruments</i> (AASB 9).</p> <p>Key areas of significant judgment included:</p> <ul style="list-style-type: none"> <li>▶ the application of the impairment requirements of AASB 9 within the expected credit loss (ECL) methodology;</li> <li>▶ the identification of exposures with a significant increase in credit risk;</li> <li>▶ assumptions used in ECL models (for exposures assessed on an individual or collective basis); and</li> <li>▶ forward-looking provisions held to reflect the impact of current and anticipated external factors, including multiple economic scenarios and the weightings applied for each of these scenarios.</li> </ul> <p>This was a key audit matter due to the value of the provision, and the degree of judgment and estimation uncertainty associated with the provision calculation.</p>	<p>Our audit procedures included the following:</p> <p>We assessed the alignment of the Group's ECL model and its underlying methodology against the requirements of AASB 9.</p> <p>In conjunction with our actuarial and economic specialists, we assessed the following for exposures evaluated on a collective basis:</p> <ul style="list-style-type: none"> <li>▶ significant modelling and macroeconomic assumptions, including the reasonableness of forward-looking information and scenarios;</li> <li>▶ the determination of significant increase in credit risk;</li> <li>▶ the appropriateness and sensitivity of collective provisions to changes in ECL measurement methodology and modelling assumptions;</li> <li>▶ the mathematical accuracy of management's model; and</li> <li>▶ the basis for and data used to determine forward-looking adjustments.</li> </ul> <p>We assessed a sample of exposures on an individual basis by:</p> <ul style="list-style-type: none"> <li>▶ assessing the reasonableness and timeliness of internal credit quality assessments based on the borrowers' particular circumstances; and</li> <li>▶ evaluating the associated provisions by assessing the reasonableness of key inputs into the credit impairment calculation, focusing on high-risk industries, work out strategies, collateral values, and the value and timing of recoveries.</li> </ul> <p>In conjunction with our IT and actuarial specialists, we assessed the effectiveness of relevant controls relating to:</p> <ul style="list-style-type: none"> <li>▶ capture of data, including loan origination and transactional data, ongoing internal credit quality assessments, storage of data in data warehouses, and interfaces with the provision calculation engine;</li> <li>▶ ongoing monitoring and validation of ECL models;</li> <li>▶ review and approval of economic scenarios assumptions, and weightings.</li> </ul> <p>We assessed the processes used to identify and evaluate climate-related risks associated with the provision for credit impairment.</p> <p>We assessed the adequacy and appropriateness of the disclosures related to credit impairment within the Notes to the financial statements.</p>

Why significant	How our audit addressed the key audit matter
<b>Impairment assessment of goodwill</b>	
<p>The Group has recognised goodwill of \$2,070 million as at 30 September 2024.</p> <p>As disclosed in Note 22 <i>Goodwill and other intangible assets</i>, the Group performs an annual impairment assessment, or more frequently if there is an indication that goodwill may be impaired. This involves a comparison of the carrying value of the cash generating unit (CGU) to which the goodwill has been attributed with its recoverable amount. Judgement is involved in assessing the CGUs identified by the Group.</p> <p>Recoverable amounts were determined using a value in use (VIU) basis for all CGUs. The determination of recoverable amounts incorporated a range of key assumptions, including:</p> <ul style="list-style-type: none"> <li>▶ future cash flows;</li> <li>▶ discount rate; and</li> <li>▶ terminal growth rate.</li> </ul> <p>The impairment assessment of goodwill was a key audit matter due to the degree of estimation uncertainty associated with the assumptions applied in the impairment assessment.</p>	<p>Our audit procedures included the following:</p> <p>We assessed the appropriateness of the CGUs identified to which goodwill was allocated.</p> <p>We assessed whether the VIU calculation methodology used by the Group for the impairment assessment of goodwill was in accordance with the requirements of Australian Accounting Standards.</p> <p>We agreed forecast cash flows to the most recent Board or management approved cash flow forecasts and assessed the historical forecasting accuracy by performing a comparison of recent forecasts to actual results.</p> <p>We involved our valuation specialists to assess the key assumptions used in the impairment assessment, including future cash flow forecasts, discount rates and terminal growth rates, and to test the mathematical accuracy of the impairment models.</p> <p>We assessed the Group's current market capitalisation against the recoverable amount implied by the Group's VIU calculation and benchmarked the implied valuation multiples to comparable company valuation multiples.</p> <p>We assessed the adequacy and appropriateness of the disclosures related to the impairment assessment of goodwill within the Notes to the financial statements.</p>



Why significant	How our audit addressed the key audit matter
<b>Information Technology (IT) systems and controls over financial reporting</b>	
<p>A significant part of the financial reporting process is primarily reliant on IT systems with automated processes and controls relating to the capture, storage and extraction of a high volume of information.</p> <p>A fundamental component of these IT systems and controls is ensuring that risks relating to inappropriate user access management, unauthorised program changes and IT operating protocols are addressed.</p> <p>This was identified as a key audit matter as our audit approach is dependent on the effective operation of the IT controls.</p>	<p>Our audit procedures included the following:</p> <p>We focused on those IT systems and controls that are significant to the financial reporting process.</p> <p>We involved our IT specialists, as audit procedures over IT systems and controls require specific expertise.</p> <p>We assessed the design, implementation, and operating effectiveness of IT controls, including those related to:</p> <ul style="list-style-type: none"> <li>▶ General security settings and authentication</li> <li>▶ User access management and revalidation</li> <li>▶ Change and release management</li> <li>▶ IT operations</li> </ul> <p>Where we identified design and/or operating deficiencies in the IT control environment, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ we assessed the integrity and reliability of the systems and data related to financial reporting; and</li> <li>▶ where automated procedures were supported by systems with identified deficiencies, we either 1) assessed compensating or mitigating controls that were not reliant on the IT control environment, 2) performed direct testing of IT application controls and/or IT dependent manual controls, or 3) varied the nature, timing and extent of substantive procedures performed.</li> </ul>

### **Information other than the Financial Report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2024 Annual Report, but does not include the Financial Report and our auditor's report thereon.

Our opinion on the Financial Report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of:

- ▶ The Financial Report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the Directors determine is necessary to enable the preparation of:

- ▶ The Financial Report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 119 to 161 of the Directors' report for the year ended 30 September 2024.

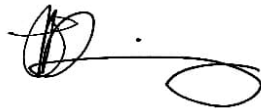
In our opinion, the Remuneration Report of National Australia Bank Limited for the year ended 30 September 2024, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



T M Dring  
Partner  
Melbourne  
7 November 2024

# 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.

## 86 400

86 400 refers to 86 400 Holdings Limited, 86 400 Pty Ltd and 86 400 Technology Pty Ltd, the entities acquired by the Group in May 2021.

## 90+ days past due (DPD) assets

90+ DPD assets consist of assets that are contractually 90 days or more past due, but not impaired.

## AAS

Australian Accounting Standards

## AASB

Australian Accounting Standards Board.

## Accountable Person

An accountable person for the purposes of the Banking Act 1959 (Cth).

## 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.

## ADR

American Depositary Receipt.

## 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.

## AGM

Annual General Meeting of National Australia Bank Limited.

## AML

Anti-Money Laundering.

## Annual Variable Reward (VR)

An 'at risk' opportunity for individuals to receive an annual performance-based reward. The actual VR that an individual will receive in any particular year will reflect both business and individual performance.

## APRA

Australian Prudential Regulation Authority.

## APS

Prudential Standards issued by APRA applicable to ADIs.

## ASIC

Australian Securities and Investments Commission.

## 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.

## Bank levy

A levy imposed under the Major Bank Levy Act 2017 (Cth) on ADIs with total liabilities of more than \$100 billion.

## 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.

## BBSW

Bank Bill Swap Rate.

## BEAR

Banking Executive Accountability Regime.

## BEAR Accountable Person

For the purposes of BEAR, NAB has registered certain individuals (the directors, Group Executives, Executive Internal Audit and Executive Group Money Laundering Reporting Officer) as 'Accountable Persons' with APRA.

## BNZ

Bank of New Zealand, a subsidiary of National Australia Bank Group.

## 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 on 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 ROE)

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

## CGU

Cash-generating unit.

## 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 (CTI)

Represents operating expenses as a percentage of operating revenue.

## CQIB

Career Qualified in Banking program.

## 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 Systemically 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 2022 full year, these include convertible notes and notes issued under employee incentive schemes. The September 2021 full year also includes convertible preference shares.

## 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.

## DLP

Distinctive Leadership program.

## EaR

Earnings at risk.

## Earnings per share (EPS) - 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 (EPS) - 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.

**Environmental reporting year**

Environmental reporting period from 1 July to 30 June. Aligned with the National Greenhouse and Energy Reporting Act 2007 (Cth).

**Executive Leadership Team (ELT)**

Executive Leadership Team means the Group CEO and the Group Executives.

**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.

**Fair value (for the purposes of equity awards set out in the Remuneration Report)**

The value of the awards provided are measured by reference to the grant date fair value of the shares and performance rights provided to employees. The grant date fair value of each share is determined by the market value of NAB shares, and is generally a five-day weighted average share price. The fair value of the shares and performance rights with market performance hurdles is determined using a simulated version of the Black-Scholes model.

**FAR**

Financial Accountability Regime.

**FAR accountable person**

For the purposes of the FAR, NAB has registered certain individuals (the directors, Group Executives, Executive Internal Audit and Executive Group Money Laundering Reporting Officer) as 'Accountable Persons' with APRA and ASIC.

**FINSIA**

Financial Services Institute of Australasia.

**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.

**Fixed Remuneration (FR)**

Base salary and superannuation paid regularly during the year.

**FLP**

Funding for Lending Program.

**Forward looking adjustments (FLAs)**

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.

**Greenhouse gas (GHG) emissions**

Gaseous pollutants released into the atmosphere that amplify the greenhouse effect. Gases responsible include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

**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.

**Group Executives**

The Executive Leadership Team, excluding the Group CEO.

**Group Performance Indicators (GPI)**

A scorecard of financial and non-financial performance measures linked to the Group's key strategic priorities, overlaid by a qualitative assessment. The GPI is used to assess the Group's performance for the purpose of the Annual VR Plan.

**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.

**HICAPS**

Health Industry Claims and Payments Service.

**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).

**Imputation credit**

Tax credit passed on to shareholders who receive partially or fully franked dividend / distribution.

**Key Management Personnel (KMP)**

NAB's Key Management Personnel (KMP) is assessed each year and comprises the non-executive directors of NAB, the Group CEO (an executive director of NAB) and those employees of the Group who have authority and responsibility for planning, directing and controlling the activities of both NAB and the Group.

**LanternPay**

LanternPay is a digital health claiming technology business operated by Lantern Claims Pty Ltd (Lantern Claims), acquired by the Group on 1 April 2022.

**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.

**Long Term Variable Reward (LTVR)**

An 'at risk' opportunity for the ELT to receive a long-term performance-based reward, vesting after a four-year performance period subject to the applicable performance hurdle. The actual LTVR that an individual will receive on vesting will reflect achievement of the performance hurdle.

**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**

'NAB' or the 'Company' means National Australia Bank Limited ABN 12 004 044 937.

**NAB Foundation**

A registered charity which does not form part of the Group.



**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**

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.

**NZBA**

Net Zero Banking Alliance.

**Official Cash Rate**

Official Cash Rate is an interest rate set by the Reserve Bank of New Zealand.

**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.

**Royal Commission**

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry established on 14 December 2017 by the Governor-General of the Commonwealth of Australia to conduct a formal public inquiry into Australian financial institutions.

**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 to the assessment of 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.

**Standardised Measurement Approach (SMA)**

An approach used to calculate the capital requirement for operational risk based on a business indicator, a financial statement proxy of operational risk exposure. This approach was applied by the Group from 1 January 2022.

**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.

**Structured entity**

An entity created to accomplish a narrow well-defined objective (e.g. securitisation of financial assets). A structured entity may take the form of a corporation, trust, partnership or unincorporated entity. Structured entities are often created with legal arrangements that impose strict limits on the activities of the structured entity.

**TCFD**

The Financial Stability Board Task Force on Climate-related Financial Disclosures.

**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.

**Top quartile**

Top quartile comparison is based upon Glint's client group (domestic and global, from all industries).

**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.

**Total Shareholder Return (TSR)**

The return that a shareholder receives through dividends (and any other distributions) together with capital gains over a specific period.

**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.