

2025 Half Year U.S. Disclosure Document

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2025 Half Year U.S. Disclosure Document

2025 Half Year U.S. Disclosure Document

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Overview

This 2025 Half Year U.S. Disclosure Document has been prepared for use in conjunction with the Group's U.S. debt funding program offering documents to supplement and update the disclosures contained or incorporated by reference therein for the Group's results for the half year ended March 31, 2025. *Sections 1 to 5* of this document are extracted from the Group's results for the half year ended March 31, 2025 published on May 7, 2025.

A reference in this 2025 Half 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 2025 Half Year U.S. Disclosure Document are expressed in Australian dollars unless otherwise stated.

Presentation of information

The financial information presented in this 2025 Half 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 interim financial statements and related footnote 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.

Included as part of *Section 4* of this 2025 Half Year U.S. Disclosure Document are the Group's unaudited consolidated interim financial statements for the half year ended March 31, 2025. The other information included in this 2025 Half Year U.S. Disclosure Document is based on the consolidated interim financial statements of the Group, which have been reviewed by EY.

Certain financial information included in this 2025 Half Year U.S. Disclosure Document is presented on a cash earnings basis. See page 8 "Information about cash earnings and other non-IFRS measures".

All amounts have been rounded to the nearest million dollars, except where indicated. The abbreviations \$m and \$bn represent millions and thousands of millions (i.e. billions) of Australian dollars respectively. Any discrepancies between total and sums of components in tables contained in this document are due to rounding.

This 2025 Half Year U.S. Disclosure Document should be read in conjunction with the Group's 2024 U.S. Disclosure Document, including the Group's audited financial statements for the year ended September 30, 2024 contained therein.

Information in this document is presented on a continuing operations basis, unless otherwise stated. Continuing operations are the components of the Group which are not discontinued operations.

Comparative information

References in this document to the March 2025 half year are references to the six months ended March 31, 2025. References to the September 2024 half year and March 2024

half year are references to the six months ended September 30, 2024 and March 31, 2024, respectively.

Forward-looking statements

This 2025 Half Year U.S. Disclosure Document contains certain 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. The United States Private Securities Litigation Reform Act 1995 provides a safe harbour for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation, so long as the information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information.

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, or guidance on, future earnings and financial position and performance are also forward-looking statements.

Users 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 contained in this 2025 Half Year U.S. Disclosure Document. Examples of certain of these factors which could cause actual results to differ materially are set out in the section entitled *Risk Factors* in the offering documents for the Group's U.S. debt funding programs. There can be no assurance that actual outcomes will not differ materially from these statements contained in this 2025 Half Year U.S. Disclosure Document. This 2025 Half Year U.S. Disclosure Document should be read in conjunction with any risk factors discussed in the offering documents for the Group's U.S. debt funding programs.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation, 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 and changes in global trade policies.

Use of internet addresses

This document contains inactive textual addresses to internet websites. Any websites or information that is referenced in or accessible from this document do not form part of and are not included or incorporated by reference into this 2025 Half Year U.S. Disclosure Document unless expressly stated otherwise in this document.

Use of non-GAAP performance measures

Non-IFRS key financial performance measures used by the Group

included as *Section 4* of this 2025 Half Year U.S. Disclosure Document.

Certain financial measures detailed in this 2025 Half 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 measure 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.

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

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 AAS. Potential investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial measures and ratios included in this document.

Non-IFRS/GAAP financial measures included in this 2025 Half Year U.S. Disclosure Document include cash earnings measures derived on a cash earnings basis, such as net interest margin, and certain average balances, including total average equity (attributable to owners of the Company), total average assets and average interest earning assets which are based on daily average balances.

Except for the information in *Section 4 and 5* in this document, the information in this 2025 Half Year U.S. Disclosure Document is presented on a cash earnings basis. This means that revenue and expenses have been adjusted from the statutory amounts disclosed in the Group's 2025 Half Year Results.

Cash earnings is calculated by adjusting statutory net profit from continuing operations for certain non-cash earnings items. Non-cash earnings items are considered separately and excluded when assessing performance and analysing the underlying trends in the business. These include items such as hedging and fair value volatility, the amortisation of acquired intangible assets, and gains or losses and certain other items associated with the acquisition, integration, disposal or closure of Group businesses. Cash earnings does not purport to represent the cash flows, funding or liquidity position of the Group, nor any amount represented on a statement of cash flows. It is not a statutory financial measure and is not presented in accordance with AAS and is not audited or reviewed in accordance with AAS.

Cash earnings for the March 2025 half year has been adjusted for the following: hedging and fair value volatility, amortisation of acquired intangible assets and acquisitions, integration, disposals and business closures. Further information regarding each of these adjustments is included on page 94.

For information regarding net interest margin and average balances, which are non-IFRS measures, see page 8.

A reconciliation of cash earnings to statutory net profit is set out on pages 95 to 96. In addition, a discussion of non-cash earnings items is set out on page 94.

Non-IFRS/GAAP financial measures should be read in conjunction with and are qualified in their entirety by reference to the Group's 2025 Half Year Financial Report

Non-cash earnings items – selected financial comparison

Set out below for each non-cash earnings item is a comparison of the amounts for the half year ended March 31, 2025 to the half year ended September 30, 2024, and to the half year ended March 31, 2024.

Further information about each non-cash earnings item is set out on page 94 of *Section 5* of this 2025 Half Year U.S. Disclosure Document.

March 2025 half year v March 2024 half year

Hedging and fair value volatility: There is a \$nil difference between cash earnings and statutory earnings as a result of fair value and hedge ineffectiveness. This increased by \$14 million (\$19 million pre-tax) compared to March 2024.

Amortisation of acquired intangible assets of \$16 million (\$23 million pre-tax), increased by \$1 million (\$2 million pre-tax).

Acquisitions, disposals and business closures of \$136 million (\$196 million pre-tax), increased by \$133 million (increased by \$75 million pre-tax).

March 2025 half year v September 2024 half year

Hedging and fair value volatility: There is a \$nil difference between cash earnings and statutory earnings as a result of fair value and hedge ineffectiveness. This decreased by \$20 million (\$19 million pre-tax) compared to September 2024.

Amortisation of acquired intangible assets of \$16 million (\$23 million pre-tax), increased by \$2 million (\$2 million pre-tax).

Acquisitions, disposals and business closures of \$136 million (\$196 million pre-tax), increased by \$135 million (\$143 million pre-tax).

Group selected financial information

The Group performance results within *Section 1* (refer to pages 9 to 11) are calculated on a cash earnings basis unless otherwise stated. The table below shows those indicators that differ when calculated on a statutory basis using net profit attributable to owners of the Company from continuing operations.

Group performance indicators – statutory basis

	Half Year to		
	Mar 25 ⁽¹⁾	Sep 24 ⁽¹⁾	Mar 24 ⁽¹⁾
Key indicators			
Net profit on average equity	11.2%	11.4%	11.7%
Net profit on average risk-weighted assets	1.63%	1.66%	1.64%
Profitability, performance and efficiency measures			
Dividend payout ratio	75.9%	74.5%	73.8%
Net profit on average assets	0.62%	0.65%	0.66%
Net profit per average FTE (\$'000)	175	182	185
Net interest margin	1.70%	1.70%	1.72%
Cost to income ratio	49.0%	49.7%	47.4%

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

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Information about cash earnings and other non-IFRS measures

This section provides information about cash earnings, a key performance measure used by the Group, including information on how cash earnings is calculated and a reconciliation of cash earnings to statutory net profit. It also provides information about certain other key non-IFRS measures used by the Group and disclosed in these 2025 Half Year Results. The non-IFRS measures have been applied consistently with the September 2024 financial year.

Non-IFRS key financial performance measures used by the Group

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

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

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

Information about cash earnings

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

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

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

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

Cash earnings for the March 2025 half year exclude the following:

- hedging and fair value volatility,
- amortisation of acquired intangible assets, and
- acquisitions, integration, disposals and business closures.

Reconciliation to statutory net profit

The statutory net profit for the period is the sum of both net profit / (loss) from continuing operations and discontinued operations. The Group's consolidated financial statements are included in *Section 4 Financial report* of the 2025 Half Year Results. They are prepared in accordance with the *Corporations Act 2001* (Cth) and applicable Australian Accounting Standards, and reviewed by the auditor, EY, in accordance with Australian Auditing Standards.

A reconciliation of cash earnings to statutory net profit is set out on page 9, and full reconciliations between statutory net profit and cash earnings are included in *Section 5 Supplementary information* on pages 95 to 96.

Page 94 contains a description of non-cash earnings items for the March 2025 half year.

Information about net interest margin

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

Information about average balances

Average balances, including total average equity (attributable to owners of the Company), total average assets and average interest earning assets are based on daily statutory average balances (the exception is average risk-weighted assets (RWA) which is calculated with reference to the RWA at the reporting date and the two preceding quarter-ends).

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

Comparative information

References in this document to the March 2025 half year are references to the six months ended 31 March 2025.

References to the September 2024 half year and March 2024 half year are references to the six months ended 30 September 2024 and 31 March 2024, respectively.

Group performance results

	Half Year to				
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Net interest income	8,445	8,357	8,397	1.1	0.6
Other operating income	1,836	1,755	1,741	4.6	5.5
Net operating income	10,281	10,112	10,138	1.7	1.4
Operating expenses	(4,818)	(4,750)	(4,677)	1.4	3.0
Underlying profit	5,463	5,362	5,461	1.9	-
Credit impairment charge	(348)	(365)	(363)	(4.7)	(4.1)
Cash earnings before income tax	5,115	4,997	5,098	2.4	0.3
Income tax expense	(1,512)	(1,434)	(1,541)	5.4	(1.9)
Cash earnings before non-controlling interests	3,603	3,563	3,557	1.1	1.3
Less: Non-controlling interests	(20)	(9)	(9)	large	large
Cash earnings	3,583	3,554	3,548	0.8	1.0
<i>Non-cash earnings items (after tax):</i>					
Hedging and fair value volatility	-	(20)	14	large	large
Amortisation of acquired intangible assets	(16)	(14)	(15)	14.3	6.7
Acquisitions, integration, disposals and business closures	(136)	(1)	(3)	large	large
Net profit attributable to owners of the Company from continuing operations	3,431	3,519	3,544	(2.5)	(3.2)
Net loss attributable to owners of the Company from discontinued operations	(24)	(53)	(50)	(54.7)	(52.0)
Net profit attributable to owners of the Company	3,407	3,466	3,494	(1.7)	(2.5)
Cash earnings / (loss) by division:					
Business and Private Banking	1,634	1,611	1,646	1.4	(0.7)
Personal Banking	576	618	556	(6.8)	3.6
Corporate and Institutional Banking	909	873	899	4.1	1.1
New Zealand Banking	707	636	697	11.2	1.4
Corporate Functions and Other	(243)	(184)	(250)	32.1	(2.8)
Cash earnings	3,583	3,554	3,548	0.8	1.0

Shareholder summary

	Half Year to				
	Mar 25	Sep 24	Mar 24	Mar 25 v Sep 24	Mar 25 v Mar 24
Group - Including discontinued operations					
Dividend per share (cents)	85	85	84	-	1
Statutory dividend payout ratio	76.4%	75.6%	74.9%	80 bps	150 bps
Statutory earnings per share - basic (cents)	111.2	112.4	112.2	(1.2)	(1.0)
Statutory earnings per share - diluted (cents)	109.2	111.4	110.4	(2.2)	(1.2)
Statutory return on equity	11.1%	11.3%	11.5%	(20 bps)	(40 bps)
Net tangible assets per ordinary share (\$)	18.55	18.29	18.16	1.4%	2.1%
Group - Continuing operations					
Cash dividend payout ratio	72.7%	73.8%	73.7%	(110 bps)	(100 bps)
Statutory dividend payout ratio from continuing operations	75.9%	74.5%	73.8%	140 bps	210 bps
Statutory earnings per share from continuing operations - basic (cents)	112.0	114.1	113.8	(2.1)	(1.8)
Statutory earnings per share from continuing operations - diluted (cents)	109.9	113.0	111.9	(3.1)	(2.0)
Cash earnings per share - basic (cents)	116.9	115.2	114.0	1.7	2.9
Cash earnings per share - diluted (cents)	114.5	114.1	112.0	0.4	2.5
Cash return on equity	11.7%	11.6%	11.7%	10 bps	-

Review of Group performance results

March 2025 v March 2024

Statutory net profit decreased by \$87 million or 2.5%.

Cash earnings increased by \$35 million or 1.0%.

Net interest income increased by \$48 million or 0.6%. This includes a decrease of \$105 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of \$153 million or 1.8% was driven by higher average interest earning assets, up 2.1%. This was partially offset by margin decline of 2 basis points. The margin decline was primarily due to deposit impacts, higher wholesale funding costs and lower lending margins, partially offset by higher earnings on deposit and capital replicating portfolios together with higher Markets and Treasury income.

Other operating income increased by \$95 million or 5.5%. This includes an increase of \$105 million due to movements in economic hedges, offset in net interest income, and an increase in customer-related remediation, together with the fee reduction impact from the winding down and disposal of Group businesses. Excluding these movements, the underlying increase of \$92 million or 5.5% was primarily due to higher NAB risk management income in Treasury, and higher fees and commissions income.

Operating expenses increased by \$141 million or 3.0%. This was primarily driven by higher personnel costs due to an increase in salary and related expenses. This was combined with continued investment in technology and compliance capabilities together with financial crime related costs. These impacts were partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations, combined with lower costs related to the enforceable undertaking (EU) with Australian Transaction Reports and Analysis Centre (AUSTRAC).

Credit impairment charge decreased by \$15 million driven by a lower level of collective credit impairment charges. This was partially offset by a higher level of individually assessed credit impairment charges primarily in the Australian business lending portfolio.

Income tax expense decreased by \$29 million or 1.9% driven by a lower effective tax rate.

March 2025 v September 2024

Statutory net profit decreased by \$59 million or 1.7%.

Cash earnings increased by \$29 million or 0.8%.

Net interest income increased by \$88 million or 1.1%. This includes a decrease of \$21 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of \$109 million or 1.3% was driven by higher average interest earning assets, up 1.6%. Net interest margin was flat primarily due to higher earnings on deposit and capital replicating portfolios and higher Markets and Treasury income. These increases were offset by deposit impacts, higher wholesale funding costs and lower lending margins.

Other operating income increased by \$81 million or 4.6%. This includes an increase of \$21 million due to movements in economic hedges, offset in net interest income, and an increase in customer-related remediation, together with the fee reduction impact from the winding down and disposal of Group businesses. Excluding these movements, the underlying increase of \$111 million or 6.8% was primarily due to higher NAB risk management income in Treasury, partially offset by lower fees and commissions income.

Operating expenses increased by \$68 million or 1.4%. This was primarily driven by higher personnel costs due to an increase in salary and related expenses. This was combined with increased technology and financial crime related costs. These impacts were partially offset by productivity benefits achieved through process improvements and simplification of the Group's operations and lower EU related costs.

Credit impairment charge decreased by \$17 million driven by a lower level of individually assessed credit impairment charges, partially offset by a lower level of collective credit impairment write-back.

Income tax expense increased by \$78 million or 5.4% due to a higher effective tax rate and higher cash earnings before income tax.

Key performance indicators

	Half Year to			Mar 25 v	
	Mar 25	Sep 24	Mar 24	Sep 24	Mar 24
Group performance - statutory basis					
Statutory earnings on average assets	0.62%	0.64%	0.65%	(2 bps)	(3 bps)
Statutory earnings on average risk-weighted assets	1.61%	1.63%	1.61%	(2 bps)	-
Statutory earnings per average FTE (\$'000)	174	180	182	(3.3%)	(4.4%)
Cost to income ratio	49.0%	49.7%	47.4%	(70 bps)	160 bps
Net interest margin	1.70%	1.70%	1.72%	-	(2 bps)
Group performance - cash earnings basis					
Cash earnings on average assets	0.65%	0.66%	0.66%	(1 bp)	(1 bp)
Cash earnings on average risk-weighted assets	1.70%	1.68%	1.64%	2 bps	6 bps
Cash earnings per average FTE (\$'000)	183	184	185	(0.5%)	(1.1%)
Cost to income ratio	46.9%	47.0%	46.1%	(10 bps)	80 bps
Net interest margin	1.70%	1.70%	1.72%	-	(2 bps)
Level 2 Group capital					
CET1 capital ratio	12.01%	12.35%	12.15%	(34 bps)	(14 bps)
Tier 1 capital ratio	14.26%	14.67%	14.13%	(41 bps)	13 bps
Total capital ratio	21.02%	20.92%	20.27%	10 bps	75 bps
Risk-weighted assets (\$bn)	426.4	413.9	432.6	3.0%	(1.4%)
Volumes (\$bn)					
Gross loans and acceptances (GLAs)	756.3	738.2	725.3	2.5%	4.3%
Average interest earning assets	997.1	981.0	976.4	1.6%	2.1%
Total average assets	1,101.0	1,076.1	1,073.4	2.3%	2.6%
Total customer deposits	637.9	612.8	596.5	4.1%	6.9%
Asset quality					
Impaired assets to GLAs	0.22%	0.20%	0.15%	2 bps	7 bps
Default but not impaired assets to GLAs ⁽¹⁾	1.27%	1.19%	1.05%	8 bps	22 bps
Collective provision to credit risk-weighted assets	1.42%	1.47%	1.47%	(5 bps)	(5 bps)
Total provision to credit risk-weighted assets	1.67%	1.69%	1.62%	(2 bps)	5 bps
Full-time equivalent employees (FTE)					
Group - Continuing operations (spot)	39,976	38,996	38,499	2.5%	3.8%
Group - Continuing operations (average)	39,314	38,638	38,409	1.7%	2.4%
Group - Including discontinued operations (spot)	40,153	39,240	38,879	2.3%	3.3%
Group - Including discontinued operations (average)	39,525	38,933	38,798	1.5%	1.9%

(1) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held.

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
Market share			
Australia⁽¹⁾			
Business lending ⁽²⁾	21.2%	21.4%	21.6%
Business deposits ⁽²⁾	21.8%	21.4%	21.5%
Housing lending	14.3%	14.3%	14.6%
Household deposits	14.0%	13.8%	13.9%
New Zealand⁽³⁾			
Housing lending	16.9%	16.7%	16.7%
Agribusiness	21.7%	21.6%	21.6%
Business lending	22.9%	22.9%	22.5%
Total deposits	18.5%	18.3%	18.2%

(1) Source: Australian Prudential Regulation Authority (APRA) monthly Authorised Deposit-taking Institution (ADI) statistics.

(2) Represents business deposits and lending to non-financial businesses and community service organisations. Comparative information has been restated to align to the presentation in the current period.

(3) Source: Reserve Bank of New Zealand (RBNZ).

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
Distribution			
Number of retail branches and business banking centres			
Australia	484	485	493
New Zealand	125	126	127

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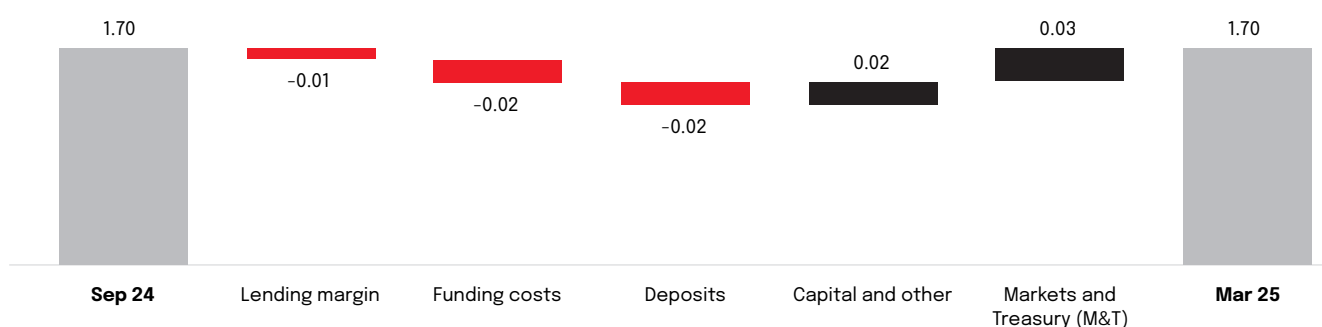
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Net interest income

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25	Sep 24	Mar 24		
Net interest income (\$m)	8,445	8,357	8,397	1.1	0.6
Average interest earning assets (\$bn)	997.1	981.0	976.4	1.6	2.1
Group net interest margin (%)	1.70	1.70	1.72	-	(2 bps)
Net interest margin by division (%)					
Business and Private Banking	2.98	3.03	3.08	(5 bps)	(10 bps)
Personal Banking	1.73	1.75	1.74	(2 bps)	(1 bp)
Corporate and Institutional Banking	1.07	1.05	1.04	2 bps	3 bps
New Zealand Banking	2.37	2.34	2.37	3 bps	-

Group net interest margin movement



March 2025 v March 2024

Net interest income increased by \$48 million or 0.6%. This includes a decrease of \$105 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of \$153 million or 1.8% was due to higher average interest earning assets, partially offset by lower net interest margin.

Average interest earning assets increased by \$20.7 billion or 2.1% reflecting growth primarily in business lending and, to a lesser extent, in housing lending.

The Group's **net interest margin** decreased by 2 basis points. Excluding an increase of 1 basis point in Markets and Treasury, the underlying margin was down 3 basis points due to:

- a decrease of 4 basis points mainly driven by higher deposit costs including competitive pressures, combined with deposit mix impacts largely in Australia, partially offset by higher earnings on the deposit replicating portfolio (+4bps),
- a decrease of 3 basis points driven by higher wholesale funding costs, and
- a decrease of 2 basis points in lending margin primarily driven by competitive pressures.

These decreases were partially offset by:

- an increase of 5 basis points driven by higher earnings on the capital replicating portfolio,
- an increase of 1 basis point driven by a lower mix of lower yielding high-quality liquid assets (HQLA).

The increase of 1 basis point in Markets and Treasury was due to:

- an increase of 3 basis points driven by higher NAB risk management income in Markets and Treasury,
- a decrease of 2 basis points driven by economic hedges offset in other operating income.

Refer to *Section 3 Divisional review* for further details about the net interest margin by division.

March 2025 v September 2024

Net interest income increased by \$88 million or 1.1%. This includes a decrease of \$21 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of \$109 million or 1.3% was due to higher average interest earning assets. The net interest margin was flat.

Average interest earning assets increased by \$16.1 billion or 1.6% reflecting growth primarily in business lending and, to a lesser extent, in housing lending, together with growth in average interest earning assets in Markets and Treasury.

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

- a decrease of 2 basis points driven by higher wholesale funding costs,
- a decrease of 2 basis points mainly driven by higher deposit costs including competitive pressures, combined with deposit mix impacts largely in Australia, partially offset by higher earnings on the deposit replicating portfolio (+2bps),
- a decrease of 1 basis point in lending margin primarily driven by competitive pressures.

These decreases were partially offset by an increase of 2 basis points driven by higher earnings on the capital replicating portfolio.

The increase of 3 basis points in Markets and Treasury was due to higher NAB risk management income in Markets and Treasury.

Refer to *Section 3 Divisional review* for further details about the net interest margin by division.

Other operating income

	Half Year to				
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Net fees and commissions	1,071	1,128	1,143	(5.1)	(6.3)
Trading income	758	656	612	15.5	23.9
Other	7	(29)	(14)	large	large
Total other operating income	1,836	1,755	1,741	4.6	5.5

March 2025 v March 2024

Other operating income increased by \$95 million or 5.5%.

Fees and commissions decreased by \$72 million or 6.3%. Included in the March 2025 half year is a charge of \$63 million (March 2024 half year: \$7 million) for customer-related remediation and a decrease of \$46 million related to the fee reduction impact from the winding down and disposal of Group businesses. Excluding these items, the underlying increase of \$30 million or 2.7% was primarily driven by higher fee income in cards and business lending, partially offset by lower fee income in merchant acquiring due to higher scheme fees.

Trading income increased by \$146 million or 23.9%. This includes an increase of \$105 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying increase of \$41 million or 7.0% was primarily due to higher NAB risk management income in Treasury.

Other income increased by \$21 million primarily due to higher earnings relating to the investment in MLC Life and FirstCape, partially offset by higher realised losses on bond sales in Treasury (high-quality liquids portfolio).

March 2025 v September 2024

Other operating income increased by \$81 million or 4.6%.

Fees and commissions decreased by \$57 million or 5.1%. Included in the March 2025 half year is a charge of \$63 million (September 2024 half year: \$28 million) for customer-related remediation, as well as a decrease of \$16 million related to the fee reduction impact from the winding down and disposal of Group businesses. Excluding these items, the underlying decrease of \$6 million or 0.5% was primarily driven by lower fee income in merchant acquiring due to higher scheme fees, lower housing lending and deposits fee income, partially offset by higher fee income in cards and business lending.

Trading income increased by \$102 million or 15.5%. This includes an increase of \$21 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying increase of \$81 million or 14.9% was primarily due to higher NAB risk management income in Treasury.

Other income increased by \$36 million primarily due to lower realised losses on bond sales in Treasury (high-quality liquids portfolio) combined with higher earnings relating to the investment in MLC Life.

Markets and Treasury income

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net interest income	303	165	259	83.6	17.0
Other operating income	705	573	597	23.0	18.1
Total Markets and Treasury income	1,008	738	856	36.6	17.8
Customer risk management ⁽¹⁾					
Foreign exchange	286	279	267	2.5	7.1
Rates	117	131	136	(10.7)	(14.0)
Total customer risk management income	403	410	403	(1.7)	-
NAB risk management ⁽²⁾					
Markets	220	193	180	14.0	22.2
Treasury	382	150	265	large	44.2
Total NAB risk management income	602	343	445	75.5	35.3
Derivative valuation adjustment⁽³⁾	3	(15)	8	large	(62.5)
Total Markets and Treasury income	1,008	738	856	36.6	17.8
Average Markets traded market risk Value at Risk (VaR)⁽⁴⁾	7.9	8.3	9.4	(4.8)	(16.0)

(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 New Zealand Banking and 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.

March 2025 v March 2024

Markets and Treasury income increased by \$152 million or 17.8% primarily due to higher NAB risk management income.

Customer risk management income was flat due to higher foreign exchange sales offset by lower interest rate sales.

NAB risk management income increased by \$157 million or 35.3% primarily due to higher interest rate risk management income across Markets and Treasury and a \$54 million gain on Subordinated Loan Notes issued by Insignia Financial Ltd⁽¹⁾, partially offset by higher realised losses on bond sales in Treasury (high-quality liquids portfolio).

Derivative valuation adjustment decreased by \$5 million primarily due to an unfavourable movement in the credit valuation adjustment.

March 2025 v September 2024

Markets and Treasury income increased by \$270 million or 36.6% primarily due to higher NAB risk management income.

Customer risk management income decreased by \$7 million or 1.7% primarily due to lower interest rate sales, partially offset by higher foreign exchange sales.

NAB risk management income increased by \$259 million or 75.5% primarily due to higher interest rate risk management income across Markets and Treasury, improved mark-to-market impact of bonds in Treasury, a \$54 million gain on Subordinated Loan Notes issued by Insignia Financial Ltd⁽¹⁾, and lower realised losses on bond sales in Treasury (high-quality liquids portfolio).

Derivative valuation adjustment increased by \$18 million primarily due to a favourable movement in the credit valuation adjustment.

(1) As part of its financing of the acquisition of MLC Wealth, Insignia Financial Ltd issued \$200 million of five-year structured Subordinated Loan Notes to NAB. NAB requested early redemption of the notes in March 2025, which was declined by Insignia Financial Ltd. As a result of the request for redemption the total return amount of the notes has been determined and the resultant fair value gain was recognised. The notes (including the increased total return amount) will be repaid in May 2026. For further details about the MLC Wealth Transaction, refer to *Note 13 Commitments and contingent liabilities*.

Operating expenses

	Half Year to				
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Personnel expenses	2,824	2,801	2,788	0.8	1.3
Occupancy and depreciation expenses	302	291	300	3.8	0.7
Technology expenses	1,038	1,042	994	(0.4)	4.4
General expenses	654	616	595	6.2	9.9
Total operating expenses	4,818	4,750	4,677	1.4	3.0

March 2025 v March 2024

Operating expenses increased by \$141 million or 3.0%.

Personnel expenses increased by \$36 million or 1.3%. The increase was primarily driven by higher salary and related expenses. This was combined with continued investment in technology and compliance capabilities together with financial crime related costs. These impacts were partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations and lower EU related costs.

Occupancy and depreciation expenses increased by \$2 million or 0.7%.

Technology expenses increased by \$44 million or 4.4%. The increase was primarily due to costs associated with software licences, maintenance and cloud consumption, combined with higher software amortisation. These impacts were partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

General expenses increased by \$59 million or 9.9%. This was primarily due to higher costs related to scams and fraud and marketing costs. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.

March 2025 v September 2024

Operating expenses increased by \$68 million or 1.4%.

Personnel expenses increased by \$23 million or 0.8%. The increase was primarily driven by an increase in salary and related expenses. This was combined with increased technology and financial crime related costs. These impacts were partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations and lower EU related costs.

Occupancy and depreciation expenses increased by \$11 million or 3.8%. This was driven by lease and facility costs associated with commercial buildings.

Technology expenses decreased by \$4 million or 0.4%.

General expenses increased by \$38 million or 6.2%. This was primarily due to higher costs related to scams and fraud together with higher professional fees. This was partially offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations and lower marketing costs.

Investment spend and capitalised software

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Expensed	312	303	322	3.0	(3.1)
Capitalised software and fixed assets	462	601	412	(23.1)	12.1
Total investment spend	774	904	734	(14.4)	5.4
<i>Represented by:</i>					
Infrastructure	241	310	238	(22.3)	1.3
Compliance and risk	272	321	233	(15.3)	16.7
Customer experience, efficiency and sustainable revenue	261	273	263	(4.4)	(0.8)
Total investment spend	774	904	734	(14.4)	5.4

Investment spend is 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. It includes the amounts that relate to continuous improvement of deployed software and technology resilience. Investment spend for the Group was \$774 million for the March 2025 half year.

March 2025 v March 2024

Investment spend increased by \$40 million or 5.4%, mainly driven by increased investment in compliance and risk initiatives.

Investment in **infrastructure** initiatives was broadly flat. There is continued investment in technology resilience and simplification, data platforms and capabilities, cyber security and cloud migration. There has also been higher spend in technology modernisation.

Investment in **compliance and risk** initiatives increased by \$39 million or 16.7%, reflecting continued investment in meeting regulatory commitments and managing risk across the Group. This includes uplifting financial crime prevention capabilities, enhancing fraud and scam protection, improving payments resilience and stability, and strengthening the Group's control environment to ensure compliance with industry standards and regulations.

Investment in **customer experience, efficiency and sustainable revenue** initiatives was flat. There is continued investment in technology resilience and core strategic priorities, such as Personal Banking, lending platforms including home and business lending, business transaction banking capabilities, and enhanced customer experience in digital channels.

March 2025 v September 2024

Investment spend decreased by \$130 million or 14.4%, mainly driven by the timing of spend.

Investment in **infrastructure** initiatives decreased by \$69 million or 22.3%, primarily driven by timing of spend on the Group's branch network, combined with technology simplification and refresh activities. There is continued investment in cyber security and cloud migration, combined with higher spend in technology modernisation.

Investment in **compliance and risk** initiatives decreased by \$49 million or 15.3% due to timing of spend. There is continued investment in uplifting financial crime prevention capabilities, enhancing fraud and scam protection, improving payments resilience and stability, and strengthening the Group's control environment to ensure compliance with industry standards and regulations.

Investment in **customer experience, efficiency and sustainable revenue** initiatives decreased by \$12 million or 4.4%, primarily due to timing of spend. There is continued investment in technology resilience and core strategic priorities, such as Personal Banking, lending platforms including home and business lending, and enhanced customer experience in digital channels.

Capitalised software

The movement in capitalised software is as follows:

	Half Year to				
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Balance at beginning of period	3,013	2,809	2,722	7.3	10.7
Additions	529	622	434	(15.0)	21.9
Disposals and write-offs	(4)	(49)	(2)	(91.8)	large
Amortisation	(365)	(364)	(342)	0.3	6.7
Foreign currency translation adjustments	(5)	(5)	(3)	-	66.7
Capitalised software	3,168	3,013	2,809	5.1	12.8

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

- Additions include the capitalised component of *Investment spend* on page 18 together with capitalised software in respect of acquisitions (including the acquisition of the Citi consumer business). Acquisition-related capitalised software was \$64 million for the March 2025 half year (September 2024 half year: \$66 million and March 2024 half year: \$58 million).
- Amortisation is included in 'Technology expenses' and 'General expenses' within 4 *Operating expenses*.

Taxation

	Half Year to				
	Mar 25	Sep 24	Mar 24	Mar 25 v Sep 24	Mar 25 v Mar 24
Income tax expense (\$m)	1,512	1,434	1,541	5.4%	(1.9%)
Effective tax rate (%)	29.6	28.7	30.2	90 bps	(60 bps)

March 2025 v March 2024

Income tax expense decreased by \$29 million or 1.9% due to the lower effective tax rate.

The **effective tax rate** decreased by 60 basis points to 29.6% due to:

- an increase in income from offshore jurisdictions taxed at rates lower than Australia's corporate tax rate, and
- an increase in the adjustment for prior year over provisions of income tax.

These decreases to the effective tax rate are partially offset by the non-recurrence of the March 2024 half year adjustment to recognise a deferred tax asset for U.S. tax losses.

March 2025 v September 2024

Income tax expense increased by \$78 million or 5.4% due to the higher effective tax rate and higher cash earnings before income tax.

The **effective tax rate** increased by 90 basis points to 29.6% primarily due to the non-recurrence of the September 2024 half year adjustment to recognise a deferred tax asset for U.S. tax losses.

Lending

	As at			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	31 Mar 25 \$bn	30 Sep 24 \$bn	31 Mar 24 \$bn		
Housing					
Business and Private Banking	107.7	105.2	103.6	2.4	4.0
Personal Banking	247.0	243.0	242.1	1.6	2.0
New Zealand Banking	56.5	55.2	53.9	2.4	4.8
Corporate Functions and Other	15.1	13.4	13.5	12.7	11.9
Total housing	426.3	416.8	413.1	2.3	3.2
Non-housing					
Business and Private Banking	161.4	158.4	152.4	1.9	5.9
Personal Banking	9.4	9.5	9.7	(1.1)	(3.1)
Corporate and Institutional Banking	116.4	110.6	107.7	5.2	8.1
New Zealand Banking	42.8	42.9	42.4	(0.2)	0.9
Total non-housing	330.0	321.4	312.2	2.7	5.7
Gross loans and advances	756.3	738.2	725.3	2.5	4.3

March 2025 v March 2024

Lending increased by \$31.0 billion or 4.3% including an increase of \$0.6 billion driven by exchange rate movements.

Housing lending increased by \$13.2 billion or 3.2% mainly due to:

- an increase of \$4.9 billion or 2.0% in Personal Banking driven by growth in both owner occupier and investor lending.
- an increase of \$4.1 billion or 4.0% in Business and Private Banking due to growth in both owner occupier and investor lending.
- an increase of \$2.6 billion or 4.8% in New Zealand Banking, including a decrease of \$0.5 billion driven by exchange rate movements. The underlying increase of \$3.1 billion was driven by growth in both owner occupier and investor lending.
- an increase of \$1.6 billion or 11.9% in Corporate Functions and Other reflecting growth in ubank.

Non-housing lending increased by \$17.8 billion or 5.7% mainly due to:

- an increase of \$9.0 billion or 5.9% in Business and Private Banking driven by growth in business lending across a broad range of sectors, despite subdued growth in agriculture.
- an increase of \$8.7 billion or 8.1% in Corporate and Institutional Banking, including an increase of \$1.5 billion driven by exchange rate movements. The underlying increase of \$7.2 billion was primarily due to growth in corporate, infrastructure and funds segments.
- an increase of \$0.4 billion or 0.9% in New Zealand Banking, including a decrease of \$0.4 billion driven by exchange rate movements. The underlying increase of \$0.8 billion was driven by growth in business lending.
- a decrease of \$0.3 billion or 3.1% in Personal Banking driven by contraction in unsecured lending.

March 2025 v September 2024

Lending increased by \$18.1 billion or 2.5% including an increase of \$1.8 billion driven by exchange rate movements.

Housing lending increased by \$9.5 billion or 2.3% mainly due to:

- an increase of \$4.0 billion or 1.6% in Personal Banking due to growth in both owner occupier and investor lending.
- an increase of \$2.5 billion or 2.4% in Business and Private Banking due to growth in both owner occupier and investor lending.
- an increase of \$1.7 billion or 12.7% in Corporate Functions and Other reflecting growth in ubank.
- an increase of \$1.3 billion or 2.4% in New Zealand Banking, including a decrease of \$0.6 billion driven by exchange rate movements. The underlying increase of \$1.9 billion was driven by growth in both owner occupier and investor lending.

Non-housing lending increased by \$8.6 billion or 2.7% mainly due to:

- an increase of \$5.8 billion or 5.2% in Corporate and Institutional Banking, including an increase of \$2.9 billion driven by exchange rate movements. The underlying increase of \$2.9 billion was primarily due to growth in the corporate and infrastructure segments.
- an increase of \$3.0 billion or 1.9% in Business and Private Banking driven by growth in business lending across a broad range of sectors, despite subdued growth in agriculture.
- a decrease of \$0.1 billion or 0.2% in New Zealand Banking, including a decrease of \$0.5 billion driven by exchange rate movements. The underlying increase of \$0.4 billion was driven by growth in business lending.
- a decrease of \$0.1 billion or 1.1% in Personal Banking driven by contraction in unsecured lending.

Customer deposits

	As at				
	31 Mar 25 \$bn	30 Sep 24 \$bn	31 Mar 24 \$bn	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Business and Private Banking	232.6	221.3	213.9	5.1	8.7
Personal Banking	171.1	163.3	157.2	4.8	8.8
Corporate and Institutional Banking	134.2	131.8	131.6	1.8	2.0
New Zealand Banking	77.6	75.6	73.5	2.6	5.6
Corporate Functions and Other	22.4	20.8	20.3	7.7	10.3
Total customer deposits	637.9	612.8	596.5	4.1	6.9

March 2025 v March 2024

Customer deposits increased by \$41.4 billion or 6.9% including a decrease of \$0.4 billion driven by exchange rate movements. The increase is due to:

- an increase of \$18.7 billion or 8.7% in Business and Private Banking driven by underlying growth in on-demand deposits of \$9.4 billion, term deposits of \$7.1 billion and non-interest bearing accounts including offsets of \$2.2 billion.
- an increase of \$13.9 billion or 8.8% in Personal Banking driven by underlying growth in on-demand deposits of \$9.3 billion, term deposits of \$2.7 billion and non-interest bearing accounts of \$1.9 billion.
- an increase of \$4.1 billion or 5.6% in New Zealand Banking, including a decrease of \$0.7 billion driven by exchange rate movements. The underlying increase of \$4.8 billion was driven by growth in term deposits of \$2.0 billion, non-interest bearing accounts of \$1.5 billion and on-demand deposits of \$1.3 billion.
- an increase of \$2.6 billion or 2.0% in Corporate and Institutional Banking, including an increase of \$0.3 billion driven by exchange rate movements. The underlying increase of \$2.3 billion was primarily driven by higher structured deposits of \$5.1 billion and term deposits of \$2.3 billion, partially offset by the anticipated run-off in the asset servicing business of \$3.8 billion and lower transactional deposits of \$1.3 billion.
- an increase of \$2.1 billion or 10.3% in Corporate Functions and Other primarily driven by growth in on-demand deposits in ubank.

March 2025 v September 2024

Customer deposits increased by \$25.1 billion or 4.1% including a decrease of \$0.2 billion driven by exchange rate movements. The increase is due to:

- an increase of \$11.3 billion or 5.1% in Business and Private Banking driven by underlying growth in on-demand deposits of \$6.2 billion, term deposits of \$3.2 billion and non-interest bearing accounts including offsets of \$1.9 billion.
- an increase of \$7.8 billion or 4.8% in Personal Banking driven by underlying growth in on-demand deposits of \$5.0 billion, non-interest bearing accounts of \$1.7 billion and term deposits of \$1.1 billion.
- an increase of \$2.4 billion or 1.8% in Corporate and Institutional Banking, including an increase of \$0.6 billion driven by exchange rate movements. The underlying increase of \$1.8 billion was primarily driven by higher structured deposits of \$2.8 billion and transactional deposits of \$2.2 billion, partially offset by the anticipated run-off in the asset servicing business of \$1.6 billion and lower term deposits of \$1.6 billion.
- an increase of \$2.0 billion or 2.6% in New Zealand Banking, including a decrease of \$0.8 billion driven by exchange rate movements. The underlying increase of \$2.8 billion was driven by growth in non-interest bearing accounts of \$2.4 billion and term deposits of \$0.4 billion.
- an increase of \$1.6 billion or 7.7% in Corporate Functions and Other primarily driven by growth in on-demand deposits in ubank.

Asset quality

Credit impairment charge

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Individually assessed credit impairment charge					
New and increased	497	544	319	(8.6)	55.8
Write-backs	(81)	(60)	(72)	35.0	12.5
Recoveries of amounts previously written off	(26)	(37)	(58)	(29.7)	(55.2)
Total individually assessed credit impairment charge	390	447	189	(12.8)	large
Collective credit impairment (write-back) / charge	(42)	(82)	174	(48.8)	large
Total credit impairment charge	348	365	363	(4.7)	(4.1)

	Half Year to			Mar 25 v Sep 24	Mar 25 v Mar 24
	Mar 25 %	Sep 24 %	Mar 24 %		
Credit impairment charge to GLAs - annualised	0.09	0.10	0.10	(1 bp)	(1 bp)
Net write-offs to GLAs - annualised	0.06	0.06	0.05	-	1 bp

March 2025 v March 2024

Credit impairment charge decreased by \$15 million or 4.1% to \$348 million, driven by a lower level of collective credit impairment charges. This was partially offset by a higher level of individually assessed credit impairment charges primarily in the Australian business lending portfolio.

Individually assessed credit impairment charge increased by \$201 million to \$390 million mainly due to:

- an increased charge in Corporate and Institutional Banking for the impairment of a small number of customers, combined with the non-recurrence of write-backs and recoveries for a small number of larger customers in the March 2024 half year, and
- an increased charge in Business and Private Banking due to an increased level of impairment activity.

Collective credit impairment charge decreased by \$216 million to a write-back of \$42 million.

The write-back for the March 2025 half year of \$42 million reflects a net release of forward-looking provisions, mainly reflecting anticipated asset quality deterioration transitioning from the forward outlook to the current period, and a partial release of the New Zealand Agri forward-looking adjustment (FLA). This was partially offset by deterioration in asset quality across the Australian lending portfolio combined with volume growth in the Australian business lending portfolio.

The charge for the March 2024 half year was \$174 million mainly due to volume growth in Business and Private Banking, combined with deterioration in asset quality in the Australian retail portfolio. This was partially offset by the impact of house price increases and a net release of forward-looking provisions, including releases from the Australian mortgage and Australian energy FLAs reflecting the improved outlook for these sectors.

The Group ratio of **net write-offs to GLAs** increased by 1 basis point to 0.06% mainly due to a slightly higher level of write-off activity for the Australian unsecured retail portfolio, combined with the non-recurrence of recoveries for a small number of larger customers in Corporate and Institutional Banking in the March 2024 half year.

March 2025 v September 2024

Credit impairment charge decreased by \$17 million or 4.7% to \$348 million, driven by a lower level of individually assessed credit impairment charges, partially offset by a lower level of collective credit impairment write-back.

Individually assessed credit impairment charge decreased by \$57 million or 12.8% to \$390 million, mainly due to a lower level of charge in Business and Private Banking. This was partially offset by the impairment of a small number of customers in Corporate and Institutional Banking in the current period.

Collective credit impairment charge increased by \$40 million to a write-back of \$42 million.

The write-back for the March 2025 half year of \$42 million reflects a net release of forward-looking provisions, mainly reflecting anticipated asset quality deterioration transitioning from the forward outlook to the current period, and a partial release of the New Zealand Agri FLA. This was partially offset by deterioration in asset quality across the Australian lending portfolio combined with volume growth in the Australian business lending portfolio.

The write-back for the September 2024 half year was \$82 million driven by a net release of 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 Group ratio of **net write-offs to GLAs** was flat at 0.06%.

Provision for credit impairment

	As at				
	31 Mar 25	30 Sep 24	31 Mar 24	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	\$m	\$m	\$m		
Collective provision for credit impairment ⁽¹⁾	5,117	5,165	5,351	(0.9)	(4.4)
Individually assessed provision for credit impairment	920	756	546	21.7	68.5
Total provision for credit impairment	6,037	5,921	5,897	2.0	2.4

	As at				
	31 Mar 25	30 Sep 24	31 Mar 24	Mar 25 v Sep 24	Mar 25 v Mar 24
	%	%	%		
Total provision to GLAs	0.80	0.80	0.81	-	(1 bp)
Total provision to credit risk-weighted assets	1.67	1.69	1.62	(2 bps)	5 bps
Individually assessed provision to impaired assets	55.8	51.4	50.6	440 bps	520 bps
Collective provision to credit risk-weighted assets	1.42	1.47	1.47	(5 bps)	(5 bps)
Collective provision to GLAs	0.68	0.70	0.74	(2 bps)	(6 bps)

(1) March 2025 and September 2024 do not include collective provisions on derivatives at fair value. March 2024 includes \$105 million of collective provisions on derivatives at fair value.

March 2025 v March 2024

Provision for credit impairment increased by \$140 million or 2.4% to \$6,037 million.

Individually assessed provision increased by \$374 million or 68.5% to \$920 million, primarily driven by new and increased provisions raised for customers in the Group's business lending portfolio, mainly in Business and Private Banking.

Collective provision decreased by \$234 million or 4.4% to \$5,117 million. This was mainly due to:

- a decrease of \$368 million in net forward-looking provisions mainly reflecting anticipated asset quality deterioration transitioning from the forward outlook to the current period. This includes a net release of \$146 million from target sector FLAs, combined with a 2.5% reduction in the downside scenario weighting and the impact of methodology refinements in the September 2024 half year, and
- a decrease in provisions held due to the impact of model changes on provisions for the Group's underlying lending portfolio in the September 2024 half year.

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 the Business and Private Banking portfolio, and
- 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 decreased by 5 basis points to 1.42% predominantly due to a decrease in provisions, partially offset by a decrease in credit risk-weighted assets.

March 2025 v September 2024

Provision for credit impairment increased by \$116 million or 2.0% to \$6,037 million.

Individually assessed provision increased by \$164 million or 21.7% to \$920 million, primarily driven by new and increased provisions raised for customers in the Australian business lending portfolio in both Business and Private Banking and Corporate and Institutional Banking.

Collective provision decreased by \$48 million or 0.9% to \$5,117 million. This was mainly due to:

- a decrease of \$194 million in net forward-looking provisions mainly reflecting anticipated asset quality deterioration transitioning from the forward outlook to the current period, and a partial release of the New Zealand Agri FLA.

This was partially offset by:

- an increase in provisions held for the Australian business lending portfolio, mainly due to volume growth and deterioration in asset quality, partially offset by the release of provisions held for customers that transferred to individually assessed during the March 2025 half year, and
- an increase in provisions held for the Australian mortgage portfolio due to an increase in arrears.

The **collective provision to credit risk-weighted assets** ratio decreased by 5 basis points to 1.42% due to an increase in credit risk-weighted assets, combined with a decrease in provisions.

Non-performing exposures

	As at			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m		
Impaired assets	1,648	1,471	1,079	12.0	52.7
Default but not impaired assets ⁽¹⁾	9,613	8,759	7,612	9.7	26.3
Non-performing exposures	11,261	10,230	8,691	10.1	29.6
<i>Of which: 90+ days past due but not impaired⁽¹⁾</i>	5,879	5,482	4,651	7.2	26.4

	As at			Mar 25 v Sep 24	Mar 25 v Mar 24
	31 Mar 25 %	30 Sep 24 %	31 Mar 24 %		
Impaired assets to GLAs	0.22	0.20	0.15	2 bps	7 bps
Default but not impaired assets to GLAs ⁽¹⁾	1.27	1.19	1.05	8 bps	22 bps
Non-performing exposures to GLAs	1.49	1.39	1.20	10 bps	29 bps
<i>Of which: 90+ days past due but not impaired to GLAs⁽¹⁾</i>	0.78	0.74	0.64	4 bps	14 bps

(1) Includes loans that have been classified as restructured in accordance with APS 220 Credit Risk Management which are assessed as no loss based on security held.

March 2025 v March 2024

Non-performing exposures increased by \$2,570 million or 29.6% to \$11,261 million. This mainly reflects broad-based deterioration in the Business and Private Banking business lending portfolio, combined with higher arrears for the Australian mortgage portfolio.

The ratio of **impaired assets to GLAs** increased by 7 basis points to 0.22%. This mainly reflects the impairment of customers in the Australian business lending portfolio, primarily in Business and Private Banking including a small number of larger customers in the September 2024 half year.

The ratio of **default but not impaired assets to GLAs** increased by 22 basis points to 1.27%. This mainly reflects broad-based deterioration in the Business and Private Banking business lending portfolio, combined with higher arrears for the Australian mortgage portfolio.

March 2025 v September 2024

Non-performing exposures increased by \$1,031 million or 10.1% to \$11,261 million. This mainly reflects broad-based deterioration in the Business and Private Banking business lending portfolio, and to a lesser extent, higher arrears for the Australian mortgage portfolio.

The ratio of **impaired assets to GLAs** increased by 2 basis points to 0.22%. This mainly reflects the impairment of customers in the Australian business lending portfolio in both Business and Private Banking and Corporate and Institutional Banking.

The ratio of **default but not impaired assets to GLAs** increased by 8 basis points to 1.27%. This mainly reflects broad-based deterioration in the Business and Private Banking business lending portfolio, and to a lesser extent, higher arrears for the Australian mortgage 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

Key reforms that may affect the Group's capital and liquidity include:

Increased loss-absorbing capacity for ADIs

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

Additional Tier 1 capital changes

In December 2024, APRA confirmed it will phase out the use of Additional Tier 1 (AT1) capital from 1 January 2027. Under APRA's approach, large, internationally active banks including NAB will replace 1.5% AT1 capital with 0.25% Common Equity Tier 1 (CET1) capital and 1.25% Tier 2 capital. Until 2032, existing AT1 capital instruments will be eligible to be included as Tier 2 capital until an instrument's first call date. This change is intended to ensure that the capital strength of the Australian banking system operates more effectively in a stress scenario. APRA plans to finalise amendments to prudential standards to reflect the change by the end of 2025.

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. Internal models used in the calculation of IRRBB capital will require re-accreditation by APRA.

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.

Reserve Bank of New Zealand capital review

In December 2019, the RBNZ finalised its review of the 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.

In March 2025, the RBNZ announced its intention to conduct a review of key capital settings.

Liquidity requirements

APRA will conduct a comprehensive review of APS 210 *Liquidity*, with industry engagement expected to commence this calendar year.

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 CET1 ratio operating target has increased by 25bps to greater than 11.25% to reflect APRA's decision to phase out AT1 capital from January 2027.

On 12 March 2025, the Group completed the on-market buy-back that was announced on 15 August 2023 and subsequently increased on 2 May 2024 to \$3 billion. Through this buy-back, the Group has bought back and cancelled 87,824,707 ordinary shares up to 31 March 2025, including 16,572,039 ordinary shares (\$0.6 billion or 0.15% of CET1 capital) in the March 2025 half year.

Pillar 3 disclosures

Further disclosures with respect to capital adequacy and risk management are included in the March 2025 Pillar 3 Report as required by APS 330 *Public Disclosure*.

Capital ratios

	As at				
	31 Mar 25	30 Sep 24	31 Mar 24	Mar 25 v	Mar 25 v
	%	%	%	Sep 24	Mar 24
Capital ratios					
CET1	12.01	12.35	12.15	(34 bps)	(14 bps)
Tier 1	14.26	14.67	14.13	(41 bps)	13 bps
Total capital	21.02	20.92	20.27	10 bps	75 bps
	As at				
	31 Mar 25	30 Sep 24	31 Mar 24	Mar 25 v	Mar 25 v
	\$m	\$m	\$m	Sep 24 %	Mar 24 %
Risk-weighted assets					
Credit risk	360,486	350,891	363,873	2.7	(0.9)
Market risk	12,094	11,427	11,171	5.8	8.3
Operational risk	37,985	36,102	36,102	5.2	5.2
Interest rate risk in the banking book	14,624	15,526	21,407	(5.8)	(31.7)
Floor adjustment	1,256	-	-	large	large
Total risk-weighted assets	426,445	413,946	432,553	3.0	(1.4)
	As at				
	31 Mar 25	30 Sep 24	31 Mar 24	Mar 25 v	Mar 25 v
				Sep 24	Mar 24
Leverage ratio					
Tier 1 capital (\$m)	60,826	60,728	61,133	0.2%	(0.5%)
Total exposures (\$m)	1,210,737	1,191,855	1,198,406	1.6%	1.0%
Leverage ratio (%)	5.02	5.10	5.10	(8 bps)	(8 bps)

Movements in CET1 capital ratio %



(1) Excludes foreign exchange (FX) translation.

Capital movements during the March 2025 half year

The Group's CET1 capital ratio was 12.01% as at 31 March 2025. The key movements in capital over the March 2025 half year included:

- cash earnings less the 2024 final dividend resulting in an increase of 23 basis points,
- an increase in credit RWA decreasing the CET1 capital ratio by 22 basis points, driven by:
 - volume growth contributing to a decrease of 26 basis points,
 - asset quality deterioration contributing to a decrease of 6 basis points,
 - model and methodology changes contributing to an increase of 9 basis points,
- derivatives (excluding foreign exchange translation) contributing to an increase of 1 basis point,
- an increase in other (non-credit) RWA decreasing the CET1 capital ratio by 8 basis points, driven mainly by:
 - operational risk contributing to a decrease of 5 basis points,
 - the capital floor adjustment contributing to a decrease of 4 basis points,
 - traded market risk contributing to a decrease of 2 basis points,
 - interest rate risk in the banking book contributing to an increase of 3 basis points,
- the impact of the final \$0.6 billion of the on-market buy-back completed in the March 2025 half year resulting in a decrease of 15 basis points,

Capital management and funding (cont.)

- other items decreasing the CET1 capital ratio by 12 basis points, including net foreign exchange translation, non-cash earnings, capitalised software and other miscellaneous items.

Dividend and Dividend Reinvestment Plan (DRP)

The interim dividend in respect of the March 2025 half year has been determined at 85 cents, 100% franked, payable on 2 July 2025.

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. The DRP discount for the 2025 interim dividend is nil. Eligible shareholders have the ability to participate in the DRP for the 2025 interim 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.

Tier 2 capital initiatives

On 14 January 2025, NAB issued US\$1.25 billion of Subordinated Notes.

Further detail on the Group's Subordinated Notes issuance is available at nabcapital.com.au.

BNZ capital initiatives

On 28 January 2025, BNZ issued US\$500 million of Subordinated Notes which qualify as Tier 2 capital for BNZ under RBNZ rules, but do not contribute to the Group's Total capital position under APRA rules.

Funding and liquidity

The Group monitors the composition and stability of funding and liquidity through the Group's 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 in order to mitigate the risk of future funding stress.

At 31 March 2025, the Group's NSFR was 119%, up 2% compared to 30 September 2024. Increases in available stable funding (ASF) from deposits and wholesale funding were partially offset by increases in required stable funding (RSF) from increased lending volumes and a changing mix of regulatory liquid assets.

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.

The Group's deposit strategy is to grow a stable and reliable deposit base informed by market conditions, funding requirements and customer relationships.

Over the March 2025 half year, the SFI increased to 105%.

Group funding metrics

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	%	%	%
CFI	84	83	82
TFI	21	20	21
SFI	105	103	103
NSFR	119	117	118

Term wholesale funding

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

In the March 2025 half year, NAB accessed term wholesale funding markets across a range of products and currencies. This was against a backdrop of increasing volatility, driven by investor uncertainty regarding the impact of increased tariffs and restrictive global trade policies on global GDP growth and central bank settings.

The Group raised \$20.4 billion of term wholesale funding during the March 2025 half year of which NAB raised \$18.7 billion, including \$2.0 billion of Tier 2 subordinated debt and BNZ raised \$1.7 billion of term wholesale funding, including \$0.8 billion of Tier 2 subordinated debt.

The weighted average maturity of term wholesale funding issued by the Group in the March 2025 half year was approximately 5.0 years.

The weighted average remaining maturity of the Group's term wholesale funding portfolio is approximately 3.4⁽¹⁾ years.

Term funding markets continue to be influenced by the economic environment, credit conditions, investor sentiment and monetary, fiscal and trade policy settings.

Term wholesale funding issuance by deal type

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	%	%	%
Senior unsecured	78	73	70
Subordinated debt	14	9	9
Covered bonds	8	13	21
RMBS	-	5	-
Total	100	100	100

Term wholesale funding issuance by currency

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	%	%	%
USD	42	37	40
AUD	44	45	47
EUR	9	15	10
NZD	4	2	3
Other	1	1	-
Total	100	100	100

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

Short-term wholesale funding

During the March 2025 half year, the Group accessed international and domestic short-term funding through wholesale markets. In addition, the Group has 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 TLF and FLP, are materially offset by reverse repurchase agreements with similar tenors.

Liquidity Coverage Ratio

The LCR measures the adequacy of high-quality liquid assets (HQLA) available to meet net cash outflows over a 30-day period, during a severe liquidity stress scenario. HQLA primarily consists of cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns.

In addition to HQLA, other regulatory liquid assets include Alternative Liquid Assets (ALA). ALA are comprised of RBNZ repo-eligible securities that are eligible for inclusion under APS 210 *Liquidity*.

The Group maintains a well-diversified liquid asset portfolio to support regulatory and internal requirements in the regions in which it operates. Liquid assets are measured at fair value with valuation changes recognised immediately through either the income statement or other comprehensive income. The average value of regulatory liquid assets held through the March 2025 quarter was \$212 billion and included \$209 billion of HQLA and \$3 billion of ALA, primarily RBNZ securities.

A detailed breakdown of quarterly average net cash outflows is provided in the March 2025 Pillar 3 Report.

	Quarterly average		
	31 Mar 25	30 Sep 24	31 Mar 24
Liquidity Coverage Ratio			
LCR liquid assets (\$bn)			
High-quality liquid assets	209	212	205
Alternative liquid assets	3	3	2
Total LCR liquid assets	212	215	207
Net cash outflows (\$bn)	152	157	149
Quarterly average LCR (%)	139	137	139

Credit ratings

NAB is rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings.

National Australia Bank credit ratings

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

Goodwill and other intangible assets

Goodwill

There were no movements in the goodwill balance during this period.

The goodwill balance is as follows:

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Balance at beginning of period	2,070	2,070	2,070
Goodwill	2,070	2,070	2,070

Other intangible assets

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

The movement in other intangible assets is as follows:

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Balance at beginning of period	141	151	160
Amortisation ⁽¹⁾	(8)	(10)	(9)
Other intangible assets	133	141	151

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

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Business and Private Banking

Business and Private Banking focuses on NAB's priority small and medium (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.

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net interest income	3,646	3,669	3,599	(0.6)	1.3
Other operating income	500	517	514	(3.3)	(2.7)
Net operating income	4,146	4,186	4,113	(1.0)	0.8
Operating expenses	(1,568)	(1,560)	(1,551)	0.5	1.1
Underlying profit	2,578	2,626	2,562	(1.8)	0.6
Credit impairment charge	(237)	(322)	(201)	(26.4)	17.9
Cash earnings before income tax	2,341	2,304	2,361	1.6	(0.8)
Income tax expense	(707)	(693)	(715)	2.0	(1.1)
Cash earnings	1,634	1,611	1,646	1.4	(0.7)
Volumes (\$bn)					
Housing lending	107.7	105.2	103.6	2.4	4.0
Business lending	158.0	155.0	148.9	1.9	6.1
Other lending	3.4	3.4	3.5	-	(2.9)
Gross loans and acceptances	269.1	263.6	256.0	2.1	5.1
Average interest earning assets	245.7	241.8	233.7	1.6	5.1
Total assets	267.6	262.1	255.1	2.1	4.9
Customer deposits	232.6	221.3	213.9	5.1	8.7
Total risk-weighted assets	151.1	146.7	155.3	3.0	(2.7)

	Half Year to			Mar 25 v Sep 24	Mar 25 v Mar 24
	Mar 25	Sep 24	Mar 24		
Performance measures					
Cash earnings on average assets (%)	1.25	1.25	1.32	-	(7 bps)
Cash earnings on average risk-weighted assets (%)	2.19	2.14	2.17	5 bps	2 bps
Net interest margin (%)	2.98	3.03	3.08	(5 bps)	(10 bps)
Cost to income ratio (%)	37.8	37.3	37.7	50 bps	10 bps
Funds under management (spot) (\$m)	43,941	42,376	52,880	3.7%	(16.9%)
Asset quality (%)					
Impaired assets to GLAs	0.43	0.39	0.26	4 bps	17 bps
Default but not impaired assets to GLAs ⁽¹⁾	1.98	1.73	1.53	25 bps	45 bps
Credit impairment charge to GLAs - annualised	0.18	0.24	0.16	(6 bps)	2 bps

(1) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held.

March 2025 v March 2024

Cash earnings decreased by \$12 million or 0.7%, primarily driven by higher credit impairment charges and operating expenses, partially offset by higher net operating income.

Key movements	Key drivers
Net interest income up \$47m, 1.3%	<ul style="list-style-type: none"> Net interest margin decreased by 10 basis points primarily reflecting competitive pressures impacting both the business and housing lending portfolios, higher wholesale funding costs and higher deposit costs primarily driven by mix due to term deposit growth. This was partially offset by higher earnings on deposit and capital replicating portfolios and favourable portfolio mix from stronger deposit volume growth relative to lending growth. Average interest earning assets increased by \$12.0 billion or 5.1% reflecting growth in both business and housing lending.
Other operating income down \$14m, 2.7%	<ul style="list-style-type: none"> Includes a \$19 million decrease related to the disposal of the New Zealand wealth business. Underlying increase of \$5 million was driven by higher revenue from foreign exchange and increased trading activity in the wealth business, partially offset by lower fee income in merchant acquiring due to higher scheme fees.
Operating expenses up \$17m, 1.1%	<ul style="list-style-type: none"> Includes a \$10 million decrease related to the disposal of the New Zealand wealth business. Underlying increase of \$27 million was primarily due to higher salary and related expenses, investment to support business growth and financial crime related costs, together with continued investment in technology and compliance capabilities. This was partially offset by productivity benefits achieved through continued simplification of the Group's operations, including realisation of operational process improvements.
Credit impairment charge up \$36m, 17.9%	<ul style="list-style-type: none"> Higher individually assessed provision charges due to increased impairments, partially offset by lower collective provision charges due to lower levels of volume growth in the business lending portfolio.
Risk-weighted assets down \$4.2bn, 2.7%	<ul style="list-style-type: none"> Decrease in risk-weighted assets was driven by model methodology changes, partially offset by growth in business lending volumes and deterioration in asset quality.

March 2025 v September 2024

Cash earnings increased by \$23 million or 1.4%, primarily driven by lower credit impairment charges, partially offset by lower net operating income and higher operating expenses.

Key movements	Key drivers
Net interest income down \$23m, 0.6%	<ul style="list-style-type: none"> Net interest margin decreased by 5 basis points primarily reflecting competitive pressures impacting both the business and housing lending portfolios, higher wholesale funding costs and higher deposit costs primarily driven by mix due to term deposit growth. This was partially offset by higher earnings on deposit and capital replicating portfolios and favourable portfolio mix from stronger deposit volume growth relative to lending growth. Average interest earning assets increased by \$3.9 billion or 1.6% reflecting growth in both business and housing lending.
Other operating income down \$17m, 3.3%	<ul style="list-style-type: none"> Includes a \$2 million decrease related to the disposal of the New Zealand wealth business. Underlying decrease of \$15 million was primarily driven by lower fee income in merchant acquiring due to higher scheme fees, combined with lower deposit fee income. This was partially offset by higher revenue from increased trading activity in the wealth business.
Operating expenses up \$8m, 0.5%	<ul style="list-style-type: none"> Includes a \$2 million decrease related to the disposal of the New Zealand wealth business. Underlying increase of \$10 million was primarily due to higher salary and related expenses, investment to support business growth together with increased financial crime related and technology costs. This was partially offset by productivity benefits achieved through continued simplification of the Group's operations, including realisation of operational process improvements.
Credit impairment charge down \$85m, 26.4%	<ul style="list-style-type: none"> Lower individually assessed provision charges primarily due to the non-recurrence of the impairment of a small number of larger customers in the September 2024 half year.
Risk-weighted assets up \$4.4bn, 3.0%	<ul style="list-style-type: none"> Increase in risk-weighted assets was due to growth in business lending volumes, combined with deterioration in asset quality.

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.

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net interest income	1,963	1,978	1,975	(0.8)	(0.6)
Other operating income	330	339	287	(2.7)	15.0
Net operating income	2,293	2,317	2,262	(1.0)	1.4
Operating expenses	(1,312)	(1,310)	(1,308)	0.2	0.3
Underlying profit	981	1,007	954	(2.6)	2.8
Credit impairment charge	(158)	(127)	(161)	24.4	(1.9)
Cash earnings before income tax	823	880	793	(6.5)	3.8
Income tax expense	(247)	(262)	(237)	(5.7)	4.2
Cash earnings	576	618	556	(6.8)	3.6
Volumes (\$bn)					
Housing lending	247.0	243.0	242.1	1.6	2.0
Other lending	9.4	9.5	9.7	(1.1)	(3.1)
Gross loans and acceptances	256.4	252.5	251.8	1.5	1.8
Average interest earning assets	227.5	226.3	226.4	0.5	0.5
Total assets	263.6	260.1	258.9	1.3	1.8
Customer deposits	171.1	163.3	157.2	4.8	8.8
Total risk-weighted assets	83.1	81.7	82.1	1.7	1.2

	Half Year to			Mar 25 v Sep 24	Mar 25 v Mar 24
	Mar 25 %	Sep 24 %	Mar 24 %		
Performance measures					
Cash earnings on average assets	0.44	0.48	0.43	(4 bps)	1 bp
Cash earnings on average risk-weighted assets	1.40	1.52	1.37	(12 bps)	3 bps
Net interest margin	1.73	1.75	1.74	(2 bps)	(1 bp)
Cost to income ratio	57.2	56.5	57.8	70 bps	(60 bps)
Asset quality (%)					
Impaired assets to GLAs	0.03	0.03	0.04	-	(1 bp)
Default but not impaired assets to GLAs ⁽¹⁾	1.34	1.31	1.12	3 bps	22 bps
Credit impairment charge to GLAs - annualised	0.12	0.10	0.13	2 bps	(1 bp)

(1) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held.

March 2025 v March 2024

Cash earnings increased by \$20 million or 3.6%, primarily driven by higher net operating income.

Key movements	Key drivers
Net interest income down \$12m, 0.6%	<ul style="list-style-type: none"> Net interest margin decreased by 1 basis point driven by deposit mix impacts as customers shift to higher yielding savings and term deposits, along with higher wholesale funding costs and competitive pressures impacting the housing lending portfolio. This was partially offset by higher earnings on deposit and capital replicating portfolios and favourable portfolio mix from stronger deposit volume growth relative to lending growth. Average interest earning assets increased by \$1.1 billion or 0.5% reflecting growth in housing lending.
Other operating income up \$43m, 15.0%	<ul style="list-style-type: none"> The increase was driven by higher fee income relating to cards as a result of increased volumes and higher foreign exchange. This was partially offset by higher credit card loyalty costs as customer preference shifts to higher earning reward cards.
Operating expenses up \$4m, 0.3%	<ul style="list-style-type: none"> Operating expenses were broadly flat. There was an increase primarily driven by higher personnel costs due to investment in proprietary lenders and frontline bankers, and an increase in salary and related expenses, together with higher financial crime related costs and continued investment in technology and compliance capabilities. This was offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations, and synergies achieved through the integration of the Citi consumer business.
Credit impairment charge down \$3m, 1.9%	<ul style="list-style-type: none"> Lower level of collective impairment charges for the unsecured retail portfolio were partially offset by the non-recurrence of the impact of house price increases in the March 2024 half year, combined with higher individually assessed charges for the unsecured retail portfolio.
Risk-weighted assets up \$1.0bn, 1.2%	<ul style="list-style-type: none"> Increase in risk-weighted assets was due to volume growth and higher operational risk RWAs, partially offset by model and methodology changes.

March 2025 v September 2024

Cash earnings decreased by \$42 million or 6.8%, primarily driven by lower net operating income, combined with higher credit impairment charges.

Key movements	Key drivers
Net interest income down \$15m, 0.8%	<ul style="list-style-type: none"> Net interest margin decreased by 2 basis points driven by deposit mix impacts as customers shift to higher yielding savings and term deposits, along with higher wholesale funding costs and competitive pressures impacting the housing lending portfolio. This was partially offset by higher earnings on deposit and capital replicating portfolios and favourable portfolio mix from stronger deposit volume growth relative to lending growth. Average interest earning assets increased by \$1.2 billion or 0.5% reflecting growth in housing lending.
Other operating income down \$9m, 2.7%	<ul style="list-style-type: none"> The decrease was driven by higher credit card loyalty costs as customer preference shifts to higher earning reward cards and lower housing lending fees. This was partially offset by higher card fee income as a result of increased volumes and higher foreign exchange.
Operating expenses up \$2m, 0.2%	<ul style="list-style-type: none"> Operating expenses were broadly flat. There was an increase primarily driven by higher personnel costs due to investment in proprietary lenders and frontline bankers, and an increase in salary and related expenses, together with increased financial crime related and technology costs. This was offset by productivity benefits achieved through continued process improvements and simplification of the Group's operations.
Credit impairment charge up \$31m, 24.4%	<ul style="list-style-type: none"> Higher collective provision charges were mainly due to the mortgage portfolio.
Risk-weighted assets up \$1.4bn, 1.7%	<ul style="list-style-type: none"> Increase in risk-weighted assets was due to volume growth and higher operational risk RWAs, partially offset by model and methodology changes.

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.

	Half Year to				
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
Net interest income	1,377	1,271	1,279	8.3	7.7
Other operating income	643	676	670	(4.9)	(4.0)
Net operating income	2,020	1,947	1,949	3.7	3.6
Operating expenses	(696)	(710)	(735)	(2.0)	(5.3)
Underlying profit	1,324	1,237	1,214	7.0	9.1
Credit impairment (charge) / write-back	(73)	(30)	37	large	large
Cash earnings before income tax	1,251	1,207	1,251	3.6	-
Income tax expense	(342)	(334)	(352)	2.4	(2.8)
Cash earnings	909	873	899	4.1	1.1
Net operating income					
Lending and deposits income	1,530	1,498	1,463	2.1	4.6
Markets income (ex derivative valuation adjustment)	329	299	294	10.0	11.9
Derivative valuation adjustment ⁽¹⁾	6	(9)	9	large	(33.3)
Other income	155	159	183	(2.5)	(15.3)
Total net operating income	2,020	1,947	1,949	3.7	3.6
Volumes (\$bn)					
Business lending	116.1	110.3	107.3	5.3	8.2
Other lending	0.3	0.3	0.4	-	(25.0)
Gross loans and acceptances	116.4	110.6	107.7	5.2	8.1
Average interest earning assets	257.9	242.8	245.2	6.2	5.2
Average interest earning assets (ex Markets)	122.3	118.4	119.7	3.3	2.2
Total assets	291.1	278.0	266.5	4.7	9.2
Customer deposits	134.2	131.8	131.6	1.8	2.0
Total risk-weighted assets	103.3	99.7	100.0	3.6	3.3

	Half Year to				
	Mar 25 %	Sep 24 %	Mar 24 %	Mar 25 v Sep 24	Mar 25 v Mar 24
Performance measures					
Cash earnings on average assets	0.62	0.63	0.64	(1 bp)	(2 bps)
Cash earnings on average risk-weighted assets	1.76	1.74	1.83	2 bps	(7 bps)
Net interest margin	1.07	1.05	1.04	2 bps	3 bps
Net interest margin (ex Markets)	2.12	2.14	2.08	(2 bps)	4 bps
Cost to income ratio	34.5	36.5	37.7	(200 bps)	(320 bps)
Asset quality (%)					
Impaired assets to GLAs	0.13	0.06	0.06	7 bps	7 bps
Default but not impaired assets to GLAs ⁽²⁾	0.08	0.14	0.09	(6 bps)	(1 bp)
Credit impairment charge / (write-back) to GLAs - annualised	0.13	0.05	(0.07)	8 bps	20 bps

(1) Derivative valuation adjustment is shown net of hedging costs or benefits and includes credit valuation adjustments and funding valuation adjustments.

(2) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held.

March 2025 v March 2024

Cash earnings increased by \$10 million or 1.1%, primarily driven by higher net operating income and lower operating expenses, partially offset by higher credit impairment charges.

Key movements	Key drivers
Net interest income up \$98m, 7.7%	<ul style="list-style-type: none"> Includes a decrease of \$19 million due to movements in economic hedges offset in other operating income. The underlying increase of \$117 million was primarily due to higher lending volumes, higher net interest margin (ex Markets) and increased Markets income. Net interest margin (ex Markets) increased by 4 basis points to 2.12% due to higher earnings on the capital replicating portfolio and improved lending mix, partially offset by deposit mix impacts including the anticipated run-off in the asset servicing business. Average interest earning assets (ex Markets) increased by \$2.6 billion or 2.2%. The underlying increase of \$1.4 billion excluding exchange rate movements was primarily due to gross loans and advances growth in corporate and funds segments, partially offset by a reduction in bonds.
Other operating income down \$27m, 4.0%	<ul style="list-style-type: none"> Includes an increase of \$19 million due to movements in economic hedges offset in net interest income. The underlying decrease of \$46 million was primarily due to lower Markets income and the winding down of the asset servicing business, partially offset by higher business lending income.
Operating expenses down \$39m, 5.3%	<ul style="list-style-type: none"> The decrease was primarily driven by productivity benefits achieved through continued process improvements and simplification of the Group's operations in addition to the disciplined execution of winding down the asset servicing business.
Credit impairment charge up \$110m	<ul style="list-style-type: none"> The increase was primarily due to higher individually assessed provision charges reflecting impairments for a small number of larger customers in addition to the non-recurrence of individually assessed recoveries and write-backs from the March 2024 half year.
Risk-weighted assets up \$3.3bn, 3.3%	<ul style="list-style-type: none"> The increase in risk-weighted assets was primarily due to increased business lending volumes and foreign exchange movements, partially offset by model and methodology changes.

March 2025 v September 2024

Cash earnings increased by \$36 million or 4.1%, primarily driven by higher net operating income and lower operating expenses, partially offset by higher credit impairment charges.

Key movements	Key drivers
Net interest income up \$106m, 8.3%	<ul style="list-style-type: none"> Includes an increase of \$7 million due to movements in economic hedges offset in other operating income. The underlying increase of \$99 million was primarily due to higher lending volumes and higher Markets income, partially offset by lower net interest margin (ex Markets). Net interest margin (ex Markets) decreased by 2 basis points to 2.12% driven by deposit mix impacts including the anticipated run-off in the asset servicing business, and higher deposit costs, partially offset by higher earnings on the capital replicating portfolio and improved lending mix. Average interest earning assets (ex Markets) increased by \$3.9 billion or 3.3%. The underlying increase of \$2.3 billion excluding exchange rate movements was primarily due to gross loans and advances growth in the corporate segment.
Other operating income down \$33m, 4.9%	<ul style="list-style-type: none"> Includes a decrease of \$7 million due to movements in economic hedges offset in net interest income. The underlying decrease of \$26 million was primarily due to lower Markets income and the winding down of the asset servicing business, partially offset by higher derivative valuation adjustment and increased business lending income.
Operating expenses down \$14m, 2.0%	<ul style="list-style-type: none"> The decrease was primarily driven by productivity benefits achieved through continued process improvements and simplification of the Group's operations in addition to the disciplined execution of winding down the asset servicing business.
Credit impairment charge up \$43m	<ul style="list-style-type: none"> The increase was primarily due to higher individually assessed provision charges reflecting impairments for a small number of larger customers, partially offset by lower collective provision charges.
Risk-weighted assets up \$3.6bn, 3.6%	<ul style="list-style-type: none"> The increase in risk-weighted assets was primarily driven by an increase in business lending volumes and foreign exchange movements.

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. New Zealand Banking includes the Bank of New Zealand's Markets Trading operations and enabling units.

Results presented in New Zealand dollars. Refer to page 40 for results in Australian dollars and page 96 for FX rates.

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net interest income	1,485	1,434	1,461	3.6	1.6
Other operating income	269	291	300	(7.6)	(10.3)
Net operating income	1,754	1,725	1,761	1.7	(0.4)
Operating expenses	(668)	(644)	(641)	3.7	4.2
Underlying profit	1,086	1,081	1,120	0.5	(3.0)
Credit impairment write-back / (charge)	27	(76)	(65)	large	large
Cash earnings before income tax	1,113	1,005	1,055	10.7	5.5
Income tax expense	(311)	(300)	(296)	3.7	5.1
Cash earnings before non-controlling interests	802	705	759	13.8	5.7
Non-controlling interests	(21)	(11)	(9)	90.9	large
Cash earnings	781	694	750	12.5	4.1
Volumes (\$bn)					
Housing lending	62.1	60.1	58.8	3.3	5.6
Business lending	46.1	45.9	45.2	0.4	2.0
Other lending	0.9	0.8	0.9	12.5	-
Gross loans and acceptances	109.1	106.8	104.9	2.2	4.0
Average interest earning assets	125.9	122.6	123.4	2.7	2.0
Total assets	133.5	131.0	128.9	1.9	3.6
Customer deposits	85.4	82.3	80.0	3.8	6.8
Total risk-weighted assets	65.6	64.5	67.7	1.7	(3.1)

	Half Year to			Mar 25 v Sep 24	Mar 25 v Mar 24
	Mar 25 %	Sep 24 %	Mar 24 %		
Performance measures					
Cash earnings on average assets	1.16	1.07	1.14	9 bps	2 bps
Cash earnings on average risk-weighted assets	2.39	2.09	2.21	30 bps	18 bps
Net interest margin	2.37	2.34	2.37	3 bps	-
Cost to income ratio	38.1	37.3	36.4	80 bps	170 bps
Asset quality (%)					
Impaired assets to GLAs	0.26	0.29	0.26	(3 bps)	-
Default but not impaired assets to GLAs ⁽¹⁾	0.72	0.72	0.79	-	(7 bps)
Credit impairment (write-back) / charge to GLAs - annualised	(0.05)	0.14	0.12	(19 bps)	(17 bps)

(1) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held. Comparative information has been restated accordingly.

March 2025 v March 2024

Cash earnings increased by \$31 million or 4.1%, primarily driven by credit impairment write-backs, partially offset by higher operating expenses, higher distributions to non-controlling interests and lower net operating income.

Key movements	Key drivers
Net interest income up \$24m, 1.6%	<ul style="list-style-type: none"> Net interest margin is flat driven by higher housing lending, higher Treasury income and higher earnings on the capital replicating portfolio, offset by competitive pressures impacting deposits. Average interest earning assets increased by \$2.5 billion or 2.0%. This reflected growth in housing and business lending, partially offset by a reduction in liquid assets.
Other operating income down \$31m, 10.3%	<ul style="list-style-type: none"> The decrease was primarily due to lower Treasury income, and lower wealth management income. This was partially offset by higher business lending income along with higher earnings relating to the investment in FirstCape acquired on 30 April 2024.
Operating expenses up \$27m, 4.2%	<ul style="list-style-type: none"> The increase was primarily driven by higher software and technology spend, higher salary and related expenses combined with continued investment in strategic priorities, partially offset by productivity benefits achieved through continued process improvement and simplification of the Group's operations.
Credit impairment charge down \$92m	<ul style="list-style-type: none"> Lower credit impairment charges were due to the write back of collective provisions from improved base and forward-looking macro-economic indicators and a partial release of the Agri FLA. This was partially offset by lending growth and underlying asset quality deterioration.
Total risk-weighted assets down \$2.1bn, 3.1%	<ul style="list-style-type: none"> The decrease in risk-weighted assets was driven by lower interest rate risk in the banking book, partially offset by growth in both housing and business lending.

March 2025 v September 2024

Cash earnings increased by \$87 million or 12.5%, primarily driven by credit impairment write-backs and higher net operating income, partially offset by higher operating expenses.

Key movements	Key drivers
Net interest income up \$51m, 3.6%	<ul style="list-style-type: none"> Net interest margin increased 3 basis points and was driven by higher housing lending, higher Treasury income and higher earnings on the capital replicating portfolio, partially offset by competitive pressures impacting deposits. Average interest earning assets increased by \$3.3 billion or 2.7%. This reflected growth in housing lending, liquid assets and business lending.
Other operating income down \$22m, 7.6%	<ul style="list-style-type: none"> The decrease was primarily due to lower Treasury income and lower fee income in merchant acquiring due to higher scheme fees.
Operating expenses up \$24m, 3.7%	<ul style="list-style-type: none"> The increase was driven by higher software amortisation costs, higher salary and related expenses and increased occupancy costs, partially offset by productivity benefits achieved through continued process improvement and simplification of the Group's operations.
Credit impairment charge down \$103m	<ul style="list-style-type: none"> Lower credit impairment charges were due to the write-back of collective provisions from improved base and forward-looking macro-economic indicators and a partial release of the Agri FLA combined with lower individually assessed charges. This was partially offset by lending growth and underlying asset quality deterioration.
Total risk-weighted assets up \$1.1bn, 1.7%	<ul style="list-style-type: none"> The increase in risk-weighted assets was primarily due to increased lending volumes.

New Zealand Banking (cont.)

Results presented in Australian dollars. Refer to page 38 for results in New Zealand dollars.

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net interest income	1,345	1,311	1,358	2.6	(1.0)
Other operating income	243	267	278	(9.0)	(12.6)
Net operating income	1,588	1,578	1,636	0.6	(2.9)
Operating expenses	(605)	(590)	(595)	2.5	1.7
Underlying profit	983	988	1,041	(0.5)	(5.6)
Credit impairment write-back / (charge)	25	(68)	(61)	large	large
Cash earnings before income tax	1,008	920	980	9.6	2.9
Income tax expense	(281)	(275)	(274)	2.2	2.6
Cash earnings before non-controlling interests	727	645	706	12.7	3.0
Non-controlling interests	(20)	(9)	(9)	large	large
Cash earnings	707	636	697	11.2	1.4

Impact of foreign exchange rate movements

Favourable / (unfavourable)	Half Year since Sep 24	Mar 25 v Sep 24	Year since Mar 24	Mar 25 v Mar 24
	\$m	ex FX %	\$m	ex FX %
31 March 2025				
Net interest income	(14)	3.7	(35)	1.6
Other operating income	(3)	(7.9)	(7)	(10.1)
Operating expenses	7	3.7	16	4.4
Credit impairment charge	(1)	large	(1)	large
Income tax expense	4	3.6	8	5.5
Non-controlling interests	-	large	1	large
Cash earnings	(7)	12.3	(18)	4.0

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 31 March 2025, NAB had hedges in place at a weighted average forward rate of AUD/NZD 1.0916.

Corporate Functions and Other

Corporate Functions and Other includes ubank and enabling units that support all businesses except New Zealand Banking, including Treasury, Technology and Enterprise Operations, Strategy and Innovation, Data, Digital and Analytics, Support Units and eliminations.

	Half Year to			Mar 25 v Sep 24 %	Mar 25 v Mar 24 %
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m		
Net operating income	234	84	178	large	31.5
Operating expenses	(637)	(580)	(488)	9.8	30.5
Underlying loss	(403)	(496)	(310)	(18.8)	30.0
Credit impairment write-back	95	182	23	(47.8)	large
Cash loss before income tax	(308)	(314)	(287)	(1.9)	7.3
Income tax benefit	65	130	37	(50.0)	75.7
Cash loss	(243)	(184)	(250)	32.1	(2.8)

March 2025 v March 2024

Cash loss decreased by \$7 million, primarily driven by higher net operating income, credit impairment write-backs and income tax benefit, partially offset by higher operating expenses.

Key movements	Key drivers
Net operating income up \$56m, 31.5%	<ul style="list-style-type: none"> Includes customer-related remediation charges of \$56 million in the March 2025 half year (March 2024 half year: \$nil). Excluding customer-related remediation, the underlying increase of \$112 million was primarily driven by higher NAB risk management income in Treasury combined with higher earnings relating to the investment in MLC Life.
Operating expenses up \$149m, 30.5%	<ul style="list-style-type: none"> Includes customer-related remediation charges of \$20 million in the March 2025 half year (March 2024 half year: \$20 million). Includes \$17 million in the March 2025 half year relating to costs of compliance activities under the terms of the EU with AUSTRAC (March 2024 half year: \$48 million). Excluding these items, the underlying increase of \$180 million was mainly driven by higher salary and related expenses, together with continued investment in technology and compliance capabilities.
Credit impairment write-back up \$72m	<ul style="list-style-type: none"> The increase was due to a higher level of net releases for the forward-looking economic adjustment, partially offset by a lower level of net releases of FLAs held for targeted sectors.

March 2025 v September 2024

Cash loss increased by \$59 million, primarily driven by lower credit impairment write-backs, a lower income tax benefit and higher operating expenses, partially offset by higher net operating income.

Key movements	Key drivers
Net operating income up \$150m	<ul style="list-style-type: none"> Includes customer-related remediation charges of \$56 million in the March 2025 half year (September 2024 half year: \$21 million). Excluding customer-related remediation, the underlying increase of \$185 million was primarily driven by higher NAB risk management income in Treasury combined with higher earnings relating to the investment in MLC Life.
Operating expenses up \$57m, 9.8%	<ul style="list-style-type: none"> Includes customer-related remediation charges of \$20 million in the March 2025 half year (September 2024 half year: \$20 million). Includes \$17 million in the March 2025 half year relating to costs of compliance activities under the terms of the EU with AUSTRAC (September 2024 half year: \$41 million). Excluding these items, the underlying increase of \$81 million was mainly driven by higher salary and related expenses, together with continued investment in technology.
Credit impairment write-back down \$87m, 47.8%	<ul style="list-style-type: none"> The decrease was due to the non-recurrence of the impact of model and methodology changes in the September 2024 half and a lower level of net releases of FLAs held for targeted sectors, partially offset by a higher level of net releases for the forward-looking economic adjustment.

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2025 Half Year U.S. Disclosure Document

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Report of the Directors

The directors of National Australia Bank Limited (NAB) (ABN 12 004 044 937) present their report, together with the interim financial statements of NAB and its controlled entities (Group) for the half year ended 31 March 2025.

Directors

Directors who held office at any time during or since the end of the March 2025 half year are:

Philip Chronican

Director since May 2016 and Chair of the Board since November 2019

Andrew Irvine

Managing Director and Group Chief Executive Officer (CEO) since April 2024

Kathryn Fagg

Director since December 2019

Christine Fellowes

Director since June 2023

Warwick Hunt

Director since December 2024

Carolyn Kay

Director since July 2023

Alison Kitchen

Director since September 2023

Anne Loveridge

Director since December 2015. Ms Loveridge retired from the Board in December 2024.

Douglas McKay

Director since February 2016. Mr McKay retired from the Board in December 2024.

Simon McKeon

Director since February 2020

Ann Sherry

Director since November 2017

Rounding of amounts

Pursuant to the ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, amounts in this report and the accompanying financial statements have been rounded to the nearest million dollars, except where indicated.

Significant changes in the state of affairs

On 17 March 2025, NAB announced the following changes to its Executive Leadership Team (ELT):

- Nathan Goonan resigned as Group Chief Financial Officer (Group CFO) effective 18 March 2025.
- Rachel Slade ceased to be Group Executive, Business and Private Banking effective 18 March 2025.
- Andrew Auerbach will join NAB as Group Executive, Business and Private Banking commencing 16 June 2025.

The following transition arrangements to the ELT were effective 18 March 2025:

- Michael Saadie, Executive, Private Wealth and CEO of JBWere, is acting as Group Executive, Business and Private Banking until 16 June 2025.
- Shaun Dooley, Group Chief Risk Officer (Group CRO), is acting as Group CFO while NAB recruits a new Group CFO.
- Peter Whitelaw, Executive, Chief Resilience Risk Officer, is acting as Group CRO.

On 11 December 2024, NAB announced it has entered into an agreement to sell its remaining 20 per cent stake in MLC Limited (MLC Life) to Nippon Life Insurance Company (Nippon Life) for \$500 million⁽¹⁾. The proposed sale is subject to satisfaction of certain conditions, including completion of the acquisition of the Resolution Life Group by Nippon Life, and regulatory approvals.

On 12 March 2025, the Group completed its \$3 billion announced on-market ordinary share buy-back, resulting in the buy-back and cancellation of 87.8 million ordinary shares. \$0.6 billion of those shares were bought back in the March 2025 half year.

There have been no other significant changes in the Group's state of affairs during the March 2025 half year.

Review of operations and financial performance

	Half Year to	
	Mar 25	Sep 24
	\$m	\$m
Net interest income	8,450	8,359
Other operating income	1,832	2,117
Net operating income	10,282	10,476
Operating expenses	(5,038)	(5,207)
Credit impairment charge	(348)	(365)
Profit before income tax	4,896	4,904
Income tax expense	(1,445)	(1,376)
Net profit for the period from continuing operations	3,451	3,528
Net loss after tax for the period from discontinued operations	(24)	(53)
Net profit for the period	3,427	3,475
Attributable to non-controlling interests	20	9
Attributable to owners of the Company	3,407	3,466

Net profit for the period attributable to owners of the Company decreased by \$59 million or 1.7% compared to the September 2024 half year. Net profit from continuing operations decreased by \$77 million or 2.2% compared to the September 2024 half year primarily due to lower net operating income and higher effective tax rate, partially offset by lower operating expenses and credit impairment charges.

Net interest income increased by \$91 million or 1.1%. This includes a decrease of \$21 million due to movements in economic hedges, offset in other operating income. Excluding this movement, the underlying increase of \$112 million or 1.3% was primarily driven by higher average interest earning assets, up 1.6%. Net interest margin was flat primarily due to higher earnings on deposit and capital replicating portfolios and higher Markets and Treasury income. These increases were partially offset by deposit impacts, higher wholesale funding costs and lower lending margins.

Other operating income decreased by \$285 million or 13.5%. This includes an increase of \$21 million due to movements in economic hedges, offset in net interest income. Excluding this movement, the underlying decrease of \$306 million or 15.2% was primarily driven by the non-recurrence of the sale of the NZ Wealth businesses, an increase in customer-related remediation, and the fee reduction impact from the winding down and disposal of Group businesses, combined with lower fee income in merchant acquiring. These decreases

(1) The sale price assumes the proposed sale completes on 31 December 2025 and is subject to adjustment if the eventual completion date differs from this date.

were partially offset by higher NAB risk management income in Treasury.

Operating expenses decreased by \$169 million or 3.2%. This includes decreased spend associated with the acquisition, integration and closure of Group businesses combined with productivity benefits achieved through continued process improvements and simplification of the Group's operations. These impacts were partially offset by higher personnel costs due to an increase in salary and related expenses, together with continued uplift in technology and financial crime related costs.

Credit impairment charge decreased by \$17 million driven by a lower level of individually assessed credit impairment charges, partially offset by a lower level of collective credit impairment write-back.

Income tax expense increased by \$69 million or 5.0% driven by a higher effective tax rate.

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 costs associated with managing the run-off of the MLC Wealth retained entities and MLC Wealth customer-related remediation.

Review of divisional results

March 2025 v September 2024

Business and Private Banking

Net profit increased by \$23 million or 1.4%, primarily driven by lower credit impairment charges, partially offset by lower net operating income and higher operating expenses.

Personal Banking

Net profit decreased by \$43 million or 7.0%, primarily driven by lower net operating income, combined with higher credit impairment charges and broadly flat operating expenses.

Corporate and Institutional Banking

Net profit increased by \$34 million or 3.9%, primarily driven by higher net operating income and lower operating expenses, partially offset by higher credit impairment charges.

New Zealand Banking

Net profit increased by \$31 million or 4.6%, primarily driven by lower credit impairment charges and lower operating expenses, partially offset by lower operating income.

Corporate Functions and Other

Net loss increased by \$104 million, primarily driven by lower operating income, credit impairment write-backs and lower income tax benefits, partially offset by lower operating expenses.

Group balance sheet review

	As at	
	31 Mar 25	30 Sep 24
	\$m	\$m
Assets		
Cash and liquid assets	1,433	2,499
Due from other banks	94,865	110,438
Collateral placed	6,971	9,633
Trading assets	153,947	133,606
Derivative assets	24,243	28,766
Debt instruments	44,597	41,999
Other financial assets	764	769
Loans and advances	750,821	732,692
All other assets	17,755	19,846
Assets held for sale	243	-
Total assets	1,095,639	1,080,248
Liabilities		
Due to other banks	12,489	12,328
Collateral received	4,721	5,151
Other financial liabilities	72,887	70,272
Deposits and other borrowings	720,886	712,566
Derivative liabilities	23,473	32,576
Bonds, notes and subordinated debt	171,908	156,294
Debt issued	9,566	9,560
All other liabilities	16,790	19,288
Total liabilities	1,032,720	1,018,035
Total equity	62,919	62,213
Total liabilities and equity	1,095,639	1,080,248

Assets

Total assets increased by \$15,391 million or 1.4% compared to 30 September 2024. The key movements are as follows:

- Cash and liquid assets decreased by \$1,066 million or 42.7% primarily due to reductions in operating cash balances.
- Due from other banks decreased by \$15,573 million or 14.1% primarily due to a decrease in the Exchange Settlement Account (ESA) balance with the RBA, partially offset by an increase in holdings with other central banks.
- Collateral placed decreased by \$2,662 million or 27.6% as a result of a decrease in derivative liabilities.
- Trading assets increased by \$20,341 million or 15.2% primarily driven by an increase in reverse repurchase agreements at fair value through profit or loss and an increase in government and semi-government bonds, notes and securities.
- Derivative assets decreased by \$4,523 million or 15.7% primarily driven by foreign exchange rate and interest rate movements and contract maturities during the period.
- Debt instruments increased by \$2,598 million or 6.2% primarily due to net new purchases of semi-government bonds.
- Loans and advances increased by \$18,129 million or 2.5% due to growth in both housing and non-housing lending.

Liabilities

Total liabilities increased by \$14,685 million or 1.4% compared to 30 September 2024. The key movements are as follows:

Report of the Directors (cont.)

- Due to other banks increased by \$161 million or 1.3% primarily due to an increase in amounts owed through transactional accounts to other banks.
- Collateral received decreased by \$430 million or 8.3% as a result of a decrease in derivative assets.
- Other financial liabilities increased by \$2,615 million or 3.7% primarily due to an increase in short sold securities.
- Deposits and other borrowings increased by \$8,320 million or 1.2% due to an increase in customer deposits, partially offset by decreases in certificates of deposit and other borrowings.
- Derivative liabilities decreased by \$9,103 million or 27.9% primarily driven by foreign exchange rate movements and contract maturities during the period.
- Bonds, notes, and subordinated debt increased by \$15,614 million or 10.0% mainly driven by net new issuances of medium term debt.

Equity

Total equity increased by \$706 million or 1.1% compared to 30 September 2024. The key movements are as follows:

- Contributed equity decreased by \$462 million or 1.3% primarily driven by share buy-backs during the period.
- Reserves increased by \$306 million primarily due to movement in the cash flow hedge reserve.
- Retained profits increased by \$870 million or 3.4% reflecting current period statutory profits, partially offset by dividends paid.

Economic outlook

The outlook for the Group's financial performance and outcomes may be impacted by a range of factors including:

- consumption and investment decisions by households and businesses, the degree of normalisation in inflation and the resulting RBA policy response,
- the impact on financial conditions and the economy from changes in monetary policy by other central banks and from government policies in Australia and overseas. In particular, policy changes underway in the US and related responses, including trade policy, and associated uncertainty, financial market volatility, and negative sentiment impacts are likely to drag on global growth among other impacts. The full extent and timing of these US policy changes is highly uncertain, and
- other geopolitical events and their impact on global growth, financial markets, domestic confidence, and key sectors for Australia.

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 31 March 2025 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.

Corporate governance

The Board has received the relevant assurances required under Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations jointly from the Group CEO and the Group CFO in respect to the half year financial report for the period ended 31 March 2025.

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 that 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 online in the Corporate Governance section of the NAB website at nab.com.au/about-us/corporate-governance.

Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* (Cth) is set out on page 48 and forms part of this report.

Directors' signatures

Signed in accordance with the resolution of the directors:



Philip Chronican
Chair



Andrew Irvine
Group Chief Executive Officer

7 May 2025

Forward-looking statements

This report contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "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. Users are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine and Middle Eastern conflicts and other geopolitical tensions, the Australian and global economic environment and capital market conditions and changes in global trade policies. Further information is contained in the Group's Half Year 2025 Risk Factor Report released to ASX on 7 May 2025 and the Group's Annual Report for the 2024 financial year, available at nab.com.au/annualreports.



**Shape the future
with confidence**

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Auditor's independence declaration to the directors of National Australia Bank Limited

As lead auditor for the review of the half-year financial report of National Australia Bank Limited for the half-year ended 31 March 2025, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of National Australia Bank Limited and the entities it controlled during the financial period.

Ernst & Young

T M Dring
Partner
7 May 2025

Consolidated financial statements

Income statement

	Note	Half Year to		
		Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Interest income				
Effective interest rate method		25,625	26,175	25,837
Fair value through profit or loss		3,563	3,434	2,851
Interest expense		(20,738)	(21,250)	(20,290)
Net interest income		8,450	8,359	8,398
Other operating income	3	1,832	2,117	1,772
Operating expenses	4	(5,038)	(5,207)	(4,819)
Credit impairment charge	8	(348)	(365)	(376)
Profit before income tax		4,896	4,904	4,975
Income tax expense	5	(1,445)	(1,376)	(1,422)
Net profit for the period from continuing operations		3,451	3,528	3,553
Net loss after tax for the period from discontinued operations ⁽¹⁾		(24)	(53)	(50)
Net profit for the period		3,427	3,475	3,503
Attributable to non-controlling interests		20	9	9
Attributable to owners of the Company		3,407	3,466	3,494
Earnings per share		cents	cents	cents
Basic		111.2	112.4	112.2
Diluted		109.2	111.4	110.4
Basic from continuing operations		112.0	114.1	113.8
Diluted from continuing operations		109.9	113.0	111.9

(1) Discontinued operations in the March 2025 half year primarily relate to costs associated with managing the run-off of the MLC Wealth retained entities and MLC Wealth customer-related remediation.

Statement of comprehensive income

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Net profit for the period from continuing operations	3,451	3,528	3,553
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value changes attributable to the Group's own credit risk on financial liabilities designated at fair value	77	(32)	(55)
Revaluation of land and buildings	-	-	(2)
Equity instruments at fair value through other comprehensive income reserve:			
Revaluation gains	2	2	2
Tax on items transferred directly to equity	(23)	9	17
Total items that will not be reclassified to profit or loss	56	(21)	(38)
Items that will be reclassified subsequently to profit or loss			
Cash flow hedge reserve	409	794	1,307
Cost of hedging reserve	(90)	20	(218)
Foreign currency translation reserve:			
Currency adjustments on translation of foreign operations, net of hedging	118	(78)	(144)
Debt instruments at fair value through other comprehensive income reserve:			
Revaluation losses	(24)	(380)	(140)
Losses from sale transferred to the income statement	50	72	32
Tax on items transferred directly to equity	(103)	(150)	(295)
Total items that will be reclassified subsequently to profit or loss	360	278	542
Other comprehensive income for the period, net of income tax	416	257	504
Total comprehensive income for the period from continuing operations	3,867	3,785	4,057
Net loss after tax for the period from discontinued operations	(24)	(53)	(50)
Total comprehensive income for the period	3,843	3,732	4,007
Attributable to non-controlling interests ⁽¹⁾	12	14	4
Total comprehensive income for the period attributable to owners of the Company	3,831	3,718	4,003

(1) Includes a \$8 million loss (September 2024: \$5 million gain, March 2024: \$5 million loss) relating to foreign currency translation of the non-controlling interests in BNZ.

Balance sheet

		As at		
	Note	31 Mar 25	30 Sep 24	31 Mar 24
		\$m	\$m	\$m
Assets				
Cash and liquid assets		1,433	2,499	4,992
Due from other banks		94,865	110,438	125,469
Collateral placed		6,971	9,633	7,413
Trading assets		153,947	133,606	122,796
Derivative assets		24,243	28,766	24,690
Debt instruments		44,597	41,999	45,161
Other financial assets		764	769	843
Loans and advances		750,821	732,692	719,877
Current tax assets		39	25	25
Deferred tax assets		3,022	3,181	3,181
Property, plant and equipment		2,725	2,865	2,935
Goodwill and other intangible assets		5,371	5,224	5,030
Assets held for sale		243	-	-
Other assets		6,598	8,551	8,593
Total assets		1,095,639	1,080,248	1,071,005
Liabilities				
Due to other banks		12,489	12,328	33,606
Collateral received		4,721	5,151	6,272
Other financial liabilities		72,887	70,272	72,535
Deposits and other borrowings	10	720,886	712,566	695,537
Derivative liabilities		23,473	32,576	24,450
Current tax liabilities		496	1,042	514
Provisions		1,478	1,804	1,437
Bonds, notes and subordinated debt		171,908	156,294	150,375
Debt issued		9,566	9,560	8,566
Other liabilities		14,816	16,442	16,003
Total liabilities		1,032,720	1,018,035	1,009,295
Net assets		62,919	62,213	61,710
Equity				
Contributed equity	11	36,119	36,581	37,664
Reserves	11	(56)	(362)	(680)
Retained profits		26,106	25,236	24,382
Total equity (attributable to owners of the Company)		62,169	61,455	61,366
Non-controlling interests		750	758	344
Total equity		62,919	62,213	61,710

Condensed statement of cash flows

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Cash flows from operating activities			
Interest received	29,694	29,385	29,330
Interest paid	(20,917)	(20,638)	(19,937)
Dividends received	1	1	3
Other cash flows from operating activities before changes in operating assets and liabilities	4,228	(2,459)	(2,456)
Income tax paid	(1,953)	(970)	(1,864)
Changes in operating assets and liabilities arising from cash flow movements	(13,049)	(13,572)	(32,604)
Net cash used in operating activities	(1,996)	(8,253)	(27,528)
Cash flows from investing activities			
Movement in debt instruments:			
Purchases	(14,865)	(10,735)	(17,231)
Proceeds from disposal and maturity	12,689	14,047	19,880
Net movement in controlled entities, associates and joint ventures, and other debt and equity instruments	(17)	85	84
Purchase of property, plant, equipment and software	(542)	(929)	(511)
Proceeds from sale of property, plant, equipment and software, net of costs	2	1	-
Net cash (used in) / provided by investing activities	(2,733)	2,469	2,222
Cash flows from financing activities			
Repayments of bonds, notes and subordinated debt	(14,507)	(13,251)	(13,387)
Proceeds from issue of bonds, notes and subordinated debt, net of costs	21,581	18,628	24,155
Payments for share buy-back	(616)	(1,094)	(983)
Purchase of shares for dividend reinvestment plan neutralisation	(191)	(316)	(193)
Purchase of shares for employee share offer plan neutralisation	-	-	(25)
Proceeds from issue of BNZ perpetual preference shares	-	404	-
Proceeds from debt issued, net of costs	-	999	-
Dividends and distributions paid (excluding dividend reinvestment plan)	(2,422)	(2,279)	(2,421)
Repayments of other financing activities	(162)	(159)	(162)
Net cash provided by financing activities	3,683	2,932	6,984
Net decrease in cash and cash equivalents	(1,046)	(2,852)	(18,322)
Cash and cash equivalents at beginning of period	18,836	22,484	40,589
Effects of foreign exchange rates on cash and cash equivalents	1,109	(796)	217
Cash and cash equivalents at end of period	18,899	18,836	22,484

Statement of changes in equity

	Contributed equity	Reserves	Retained profits	Total	Non-controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 October 2023	38,546	(1,192)	23,529	60,883	349	61,232
Net profit for the period from continuing operations	-	-	3,544	3,544	9	3,553
Net loss for the period from discontinued operations	-	-	(50)	(50)	-	(50)
Other comprehensive income for the period from continuing operations	-	547	(38)	509	(5)	504
Total comprehensive income for the period	-	547	3,456	4,003	4	4,007
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Purchase of treasury shares for employee share offer ⁽¹⁾	(25)	-	-	(25)	-	(25)
Share buy-back	(983)	-	-	(983)	-	(983)
Transfer from / (to) retained profits	-	(2)	2	-	-	-
Transfer from / (to) equity-based compensation reserve	126	(126)	-	-	-	-
Equity-based compensation	-	93	-	93	-	93
Dividends and distributions paid	-	-	(2,605)	(2,605)	(9)	(2,614)
Balance at 31 March 2024	37,664	(680)	24,382	61,366	344	61,710
Net profit for the period from continuing operations	-	-	3,519	3,519	9	3,528
Net loss for the period from discontinued operations	-	-	(53)	(53)	-	(53)
Other comprehensive income for the period from continuing operations	-	275	(23)	252	5	257
Total comprehensive income for the period	-	275	3,443	3,718	14	3,732
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Share buy-back	(1,094)	-	-	(1,094)	-	(1,094)
Transfer from / (to) retained profits	-	(2)	2	-	-	-
Transfer from / (to) equity-based compensation reserve	11	(11)	-	-	-	-
Equity-based compensation	-	56	-	56	-	56
Dividends and distributions paid	-	-	(2,586)	(2,586)	(9)	(2,595)
Other equity movements						
Issue of BNZ perpetual preference shares	-	-	(5)	(5)	409	404
Balance at 30 September 2024	36,581	(362)	25,236	61,455	758	62,213
Net profit for the period from continuing operations	-	-	3,431	3,431	20	3,451
Net loss for the period from discontinued operations	-	-	(24)	(24)	-	(24)
Other comprehensive income for the period from continuing operations	-	368	56	424	(8)	416
Total comprehensive income for the period	-	368	3,463	3,831	12	3,843
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Share buy-back	(616)	-	-	(616)	-	(616)
Transfer from / (to) equity-based compensation reserve	154	(154)	-	-	-	-
Equity-based compensation	-	92	-	92	-	92
Dividends and distributions paid	-	-	(2,593)	(2,593)	(20)	(2,613)
Balance at 31 March 2025	36,119	(56)	26,106	62,169	750	62,919

(1) This represents an on-market purchase of 862,221 shares at an average price of \$29.17 per share.

Notes to the consolidated financial statements

Note 1 Basis of preparation

This interim financial report (the report) for the half year reporting period ended 31 March 2025 has been prepared in accordance with the Australian Securities Exchange (ASX) Listing Rules, *the Corporations Act 2001* (Cth) and AASB 134 *Interim Financial Reporting*.

This report has been prepared under the historical cost basis, as modified by the fair value accounting of certain assets and liabilities where required or permitted by standards and interpretations issued by the AASB.

This report does not contain all disclosures of the type normally found within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the annual financial report. This report should be read in conjunction with the Group's 2024 Annual Report and any public announcements made up until the date of this interim financial report.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as 'Net loss after tax for the period from discontinued operations' in the income statement.

Accounting policies

The accounting policies and methods of computation applied in this report are consistent with those applied in the Group's 2024 Annual Report. There were no substantial amendments to Australian Accounting Standards adopted during the period that have a material impact on the Group.

Critical accounting judgements and estimates

The preparation of this report requires the use of critical accounting estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Except as explained below, there have been no significant changes to the accounting estimates, judgements and assumptions used in preparing this report compared to those applied in the preparation of the 2024 Annual Report.

Measurement of expected credit losses

While the methodologies applied in the expected credit loss (ECL) calculations remained unchanged from those applied in the 2024 Annual Report, the Group has incorporated updated estimates, assumptions and judgements in the measurement of ECL in this interim financial report. These are explained further in *Note 8 Provision for credit impairment*.

Proposed disposal of investment in MLC Life

The Group's investment in MLC Life has been classified as held for sale, as NAB has entered into an agreement to sell its remaining 20 per cent stake in MLC Life to Nippon Life. The proposed sale is subject to satisfaction of certain conditions including completion of the acquisition of the Resolution Life Group by Nippon Life, and regulatory approvals. The proposed sale is expected to complete in the second half of calendar year 2025.

Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, all amounts have been rounded to the nearest million dollars, except where indicated.

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.

Note 2 Segment information

Overview

For the March 2025 half year, the Group's segment information is presented based on the following reportable segments: Business and Private Banking, Personal Banking, Corporate and Institutional Banking, New Zealand Banking, and Corporate Functions and Other.

The Group's segments are consistent with the 2024 Annual Report.

Information about cash earnings

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 considered separately and excluded when assessing performance and analysing the underlying trends in the business. Cash earnings 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 in the statement of cash flows.

Major customers

No single customer contributes revenue greater than 10% of the Group's revenues.

Reportable segments

	Half Year to March 2025					Total Group \$m
	Business and Private Banking \$m	Personal Banking \$m	Corporate and Institutional Banking \$m	New Zealand Banking \$m	Corporate Functions and Other \$m	
Reportable segment information						
Net interest income	3,646	1,963	1,377	1,345	114	8,445
Other operating income	500	330	643	243	120	1,836
Net operating income	4,146	2,293	2,020	1,588	234	10,281
Operating expenses	(1,568)	(1,312)	(696)	(605)	(637)	(4,818)
Underlying profit / (loss)	2,578	981	1,324	983	(403)	5,463
Credit impairment (charge) / write-back	(237)	(158)	(73)	25	95	(348)
Cash earnings / (loss) before income tax	2,341	823	1,251	1,008	(308)	5,115
Income tax (expense) / benefit	(707)	(247)	(342)	(281)	65	(1,512)
Cash earnings / (loss) before non-controlling interests	1,634	576	909	727	(243)	3,603
Less: Non-controlling interests	-	-	-	(20)	-	(20)
Cash earnings / (loss)	1,634	576	909	707	(243)	3,583
Hedging and fair value volatility	(3)	-	(4)	(2)	9	-
Other non-cash earnings items	(6)	(8)	-	(2)	(136)	(152)
Net profit / (loss) for the period from continuing operations	1,625	568	905	703	(370)	3,431
Net loss attributable to owners of the Company from discontinued operations	-	-	-	-	(24)	(24)
Net profit / (loss) attributable to the owners of the Company	1,625	568	905	703	(394)	3,407
Reportable segment assets⁽¹⁾	267,630	263,610	291,119	121,281	151,999	1,095,639

(1) Reportable segment assets include inter-company balances which are eliminated within the Corporate Functions and Other segment.

Note 2 Segment information (cont.)

	Half Year to September 2024					
	Business and Private Banking	Personal Banking	Corporate and Institutional Banking	New Zealand Banking	Corporate Functions and Other	Total Group
	\$m	\$m	\$m	\$m	\$m	\$m
Reportable segment information						
Net interest income	3,669	1,978	1,271	1,311	128	8,357
Other operating income	517	339	676	267	(44)	1,755
Net operating income	4,186	2,317	1,947	1,578	84	10,112
Operating expenses	(1,560)	(1,310)	(710)	(590)	(580)	(4,750)
Underlying profit / (loss)	2,626	1,007	1,237	988	(496)	5,362
Credit impairment (charge) / write-back	(322)	(127)	(30)	(68)	182	(365)
Cash earnings / (loss) before income tax	2,304	880	1,207	920	(314)	4,997
Income tax (expense) / benefit	(693)	(262)	(334)	(275)	130	(1,434)
Cash earnings / (loss) before non-controlling interests	1,611	618	873	645	(184)	3,563
Less: Non-controlling interests	-	-	-	(9)	-	(9)
Cash earnings / (loss)	1,611	618	873	636	(184)	3,554
Hedging and fair value volatility	(5)	-	(2)	12	(25)	(20)
Other non-cash earnings items	(4)	(7)	-	24	(28)	(15)
Net profit / (loss) for the period from continuing operations	1,602	611	871	672	(237)	3,519
Net loss attributable to owners of the Company from discontinued operations	-	-	-	-	(53)	(53)
Net profit / (loss) attributable to the owners of the Company	1,602	611	871	672	(290)	3,466
Reportable segment assets⁽¹⁾	262,096	260,056	278,047	120,389	159,660	1,080,248

(1) Reportable segment assets include inter-company balances which are eliminated within the Corporate Functions and Other segment.

Note 2 Segment information (cont.)

	Half Year to March 2024					
	Business and Private Banking	Personal Banking	Corporate and Institutional Banking	New Zealand Banking	Corporate Functions and Other	Total Group
	\$m	\$m	\$m	\$m	\$m	\$m
Reportable segment information						
Net interest income	3,599	1,975	1,279	1,358	186	8,397
Other operating income	514	287	670	278	(8)	1,741
Net operating income	4,113	2,262	1,949	1,636	178	10,138
Operating expenses	(1,551)	(1,308)	(735)	(595)	(488)	(4,677)
Underlying profit / (loss)	2,562	954	1,214	1,041	(310)	5,461
Credit impairment (charge) / write-back	(201)	(161)	37	(61)	23	(363)
Cash earnings / (loss) before income tax	2,361	793	1,251	980	(287)	5,098
Income tax (expense) / benefit	(715)	(237)	(352)	(274)	37	(1,541)
Cash earnings / (loss) before distributions	1,646	556	899	706	(250)	3,557
Less: Non-controlling interests	-	-	-	(9)	-	(9)
Cash earnings / (loss)	1,646	556	899	697	(250)	3,548
Hedging and fair value volatility	(6)	1	2	4	13	14
Other non-cash earnings items ⁽¹⁾	(5)	(6)	-	-	(7)	(18)
Net profit / (loss) for the period from continuing operations	1,635	551	901	701	(244)	3,544
Net loss attributable to owners of the Company from discontinued operations	-	-	-	-	(50)	(50)
Net profit / (loss) attributable to the owners of the Company	1,635	551	901	701	(294)	3,494
Reportable segment assets⁽²⁾	255,116	258,948	266,538	118,206	172,197	1,071,005

(1) Corporate Functions and Other includes the effect of recognising a deferred tax asset in respect of previously unrecognised capital losses.

(2) Reportable segment assets include inter-company balances which are eliminated within the Corporate Functions and Other segment.

Note 3 Other operating income

	Half Year to		
	Mar 25	Sep 24	Mar 24
	\$m	\$m	\$m
Net fees and commissions			
Lending fees	600	605	597
Other fees and commissions ⁽¹⁾	421	468	468
Net investment management income			
Investment management income	116	123	161
Investment management expense	(66)	(80)	(83)
Total net fees and commissions	1,071	1,116	1,143
Gains less losses on financial instruments at fair value			
Trading instruments	473	966	1,131
Hedge ineffectiveness	17	(5)	(16)
Financial instruments designated at fair value	263	(326)	(472)
Total gains less losses on financial instruments at fair value	753	635	643
Other income			
Dividends	1	1	3
Share of profit or loss from associates and joint ventures	18	10	(10)
Other ⁽²⁾	(11)	355	(7)
Total other income	8	366	(14)
Total other operating income	1,832	2,117	1,772

(1) Includes customer-related remediation charges of \$63 million (September 2024: \$28 million, March 2024: \$7 million) recognised as a reduction of fees and commissions. Discontinued operations include \$14 million of MLC Wealth customer-related remediation (September 2024: \$20 million, March 2024: \$26 million).

(2) Half year ended September 2024 includes a gain of \$395 million in respect of the sale of New Zealand wealth businesses in April 2024.

Note 4 Operating expenses

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Personnel expenses			
Salaries and related on-costs	2,210	2,191	2,208
Superannuation costs-defined contribution plans	213	199	197
Performance-based compensation	306	285	311
Other expenses	208	350	125
Total personnel expenses	2,937	3,025	2,841
Occupancy and depreciation expenses			
Rental expense	54	49	50
Depreciation and impairment	216	218	216
Other expenses	32	24	34
Total occupancy and depreciation expenses	302	291	300
Technology expenses			
Computer equipment and software	519	520	499
Amortisation of software	350	351	330
Depreciation of IT equipment	77	79	75
Data communication and processing charges	61	57	61
Communications	28	29	27
Impairment losses recognised	4	6	2
Total technology expenses	1,039	1,042	994
General expenses			
Fees and commissions expense	16	11	12
Amortisation of acquired intangible assets ⁽¹⁾	23	22	21
Advertising and marketing	100	117	92
Operational risk event losses and customer-related remediation	86	77	59
Postage and stationery	42	45	43
Professional fees	333	325	321
Other expenses	160	252	136
Total general expenses	760	849	684
Total operating expenses	5,038	5,207	4,819

(1) Relates to the amortisation of intangible assets acquired in business combinations, including software, customer relationships and core deposits.

Note 5 Income tax expense

Reconciliation of income tax expense shown in the income statement with prima facie tax payable on the pre-tax accounting profit

	Half Year to		
	Mar 25	Sep 24	Mar 24
	\$m	\$m	\$m
Profit before income tax	4,896	4,904	4,975
Prima facie income tax expense at 30%	1,469	1,471	1,493
Tax effect of permanent differences:			
Assessable foreign income	7	8	8
Foreign tax rate differences	(45)	(38)	(38)
Foreign branch income not assessable	(16)	(10)	(8)
Under / (over) provision in prior years ⁽¹⁾	(40)	7	(2)
Restatement of deferred tax balances for tax rate changes	2	1	-
Non-deductible interest on convertible instruments	77	75	68
Adjustments to deferred tax balances for tax losses	-	(99)	(21)
Gain on disposal of New Zealand wealth businesses	-	(34)	(80)
Other ⁽¹⁾	(9)	(5)	2
Total income tax expense	1,445	1,376	1,422
Effective tax rate (%)	29.5%	28.1%	28.6%

(1) In the March 2025 half year, adjustments relating to certain items have been disaggregated from 'Other' and presented separately in the reconciliation. Prior period amounts have been restated accordingly.

Note 6 Dividends and distributions

The Group has recognised the following dividends and distributions:

	Half Year to					
	Mar 25	Mar 25	Sep 24	Sep 24	Mar 24	Mar 24
	Amount per share	Total amount ⁽¹⁾	Amount per share	Total amount ⁽²⁾	Amount per share	Total amount ⁽³⁾
	cents	\$m	cents	\$m	cents	\$m
Dividends on ordinary shares						
Dividend (in respect of prior periods)	85	2,612	84	2,606	84	2,626
Deduct: Bonus shares in lieu of dividend	n/a	(19)	n/a	(20)	n/a	(21)
Dividends paid by the Company	n/a	2,593	n/a	2,586	n/a	2,605
Add: Distributions paid to non-controlling interest in controlled entities	n/a	20	n/a	9	n/a	9
Total dividends and distributions paid by the Group	n/a	2,613	n/a	2,595	n/a	2,614

(1) The DRP in respect of the final 2024 dividend was satisfied in full through the on-market purchase and transfer of 4,843,438 shares at \$39.44 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 2023 dividend was satisfied in full through the on-market purchase and transfer of 6,807,692 shares at \$28.32 to participating shareholders.

Franked dividends paid during the period were fully franked at a tax rate of 30% (2024: 30%).

Interim dividend

On 7 May 2025, the directors determined the following dividend:

	Amount per share	Total amount	Franked amount per share
	cents	\$m	%
Interim dividend determined in respect of the half year ended 31 March 2025	85	2,603	100

The 2025 interim dividend is payable on 2 July 2025. The DRP discount for the 2025 interim dividend is nil. Eligible shareholders have the ability to participate in the DRP for the 2025 interim 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 half year ended 31 March 2025 and will be recognised in subsequent financial reports.

Note 7 Loans and advances

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Loans and advances			
Housing loans	426,277	416,758	413,075
Other term lending	287,170	279,987	270,955
Asset and lease financing	19,089	18,879	18,186
Overdrafts	5,962	5,886	5,588
Credit card outstandings	9,411	9,455	9,789
Other lending	8,345	7,211	7,687
Fair value adjustment	26	30	12
Gross loans and advances	756,280	738,206	725,292
<i>Represented by:</i>			
Loans and advances at fair value ⁽¹⁾	510	576	649
Loans and advances at amortised cost	755,770	737,630	724,643
Gross loans and advances	756,280	738,206	725,292
Unearned income and deferred net fee income	(2,019)	(2,003)	(1,655)
Capitalised brokerage costs	3,107	2,986	2,656
Provision for credit impairment	(6,037)	(5,921)	(5,767)
Net loans and advances	751,331	733,268	720,526
Securitised loans and loans supporting covered bonds⁽²⁾	44,435	49,197	44,617

	As at 31 March 2025			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
By product and geographic location				
Housing loans	369,806	56,471	-	426,277
Other term lending	223,688	39,430	24,052	287,170
Asset and lease financing	19,029	-	60	19,089
Overdrafts	3,878	2,074	10	5,962
Credit card outstandings	8,705	706	-	9,411
Other lending	7,437	482	426	8,345
Fair value adjustment	26	-	-	26
Gross loans and advances	632,569	99,163	24,548	756,280
<i>Represented by:</i>				
Loans and advances at fair value ⁽¹⁾	510	-	-	510
Loans and advances at amortised cost	632,059	99,163	24,548	755,770
Gross loans and advances	632,569	99,163	24,548	756,280

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Balance sheet* in the consolidated financial statements.

(2) Loans supporting securitisation and covered bonds are included within 'Net loans and advances'.

Note 7 Loans and advances (cont.)

	As at 30 September 2024			
	Australia \$m	New Zealand \$m	Other International \$m	Total Group \$m
By product and geographic location				
Housing loans	361,549	55,209	-	416,758
Other term lending	218,592	39,721	21,674	279,987
Asset and lease financing	18,822	-	57	18,879
Overdrafts	3,858	2,016	12	5,886
Credit card outstandings	8,733	722	-	9,455
Other lending	6,365	445	401	7,211
Fair value adjustment	30	-	-	30
Gross loans and advances	617,949	98,113	22,144	738,206
<i>Represented by:</i>				
Loans and advances at fair value ⁽¹⁾	576	-	-	576
Loans and advances at amortised cost	617,373	98,113	22,144	737,630
Gross loans and advances	617,949	98,113	22,144	738,206
	As at 31 March 2024			
	Australia \$m	New Zealand \$m	Other International \$m	Total Group \$m
By product and geographic location				
Housing loans	359,128	53,940	7	413,075
Other term lending	210,214	39,172	21,569	270,955
Asset and lease financing	18,129	-	57	18,186
Overdrafts	3,642	1,941	5	5,588
Credit card outstandings	9,033	756	-	9,789
Other	7,030	417	240	7,687
Fair value adjustment	12	-	-	12
Gross loans and advances	607,188	96,226	21,878	725,292
<i>Represented by:</i>				
Loans and advances at fair value ⁽¹⁾	649	-	-	649
Loans and advances at amortised cost	606,539	96,226	21,878	724,643
Gross loans and advances	607,188	96,226	21,878	725,292

(1) On the balance sheet, this amount is included within 'Other financial assets'. Refer to *Balance sheet* in the consolidated financial statements.

Note 8 Provision for credit impairment

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.

Key estimates and assumptions

- In determining ECL, management judgement is applied, using objective, reasonable and supportable information about current and forecast economic conditions and granular probability of default and loss given default assumptions.
- Macro-economic variables used in these scenarios include (but are not limited to) cash rates, unemployment rates, GDP growth rates and 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.

Credit impairment charge

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Credit impairment charge			
New and increased provisions (net of collective provision releases)	455	462	506
Write-backs of individually assessed provisions	(81)	(60)	(72)
Recoveries of amounts previously written-off	(26)	(37)	(58)
Total charge to the income statement	348	365	376

Provision for credit impairment on loans and advances at amortised cost, guarantees and credit-related commitments

	As at								
	31 Mar 25			30 Sep 24			31 Mar 24		
	Collective provision	Individually assessed provision	Total	Collective provision	Individually assessed provision	Total	Collective provision	Individually assessed provision	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Loans and advances at amortised cost	4,532	920	5,452	4,557	756	5,313	4,629	546	5,175
Guarantees and credit-related commitments	585	-	585	608	-	608	592	-	592
Total	5,117	920	6,037	5,165	756	5,921	5,221	546	5,767

Note 8 Provision for credit impairment (cont.)

	Stage 1 Performing 12-mth ECL	Stage 2 Performing Lifetime ECL	Stage 3 Non-performing Lifetime ECL		
	Collective	Collective	Collective	Individually assessed	Total
	\$m	\$m	\$m	\$m	\$m
Balance at 1 October 2023	529	3,540	977	539	5,585
Changes due to financial assets recognised in the opening balance that have:					
Transferred to Performing - 12-mth ECL - collective	236	(223)	(13)	-	-
Transferred to Performing - Lifetime ECL - collective	(35)	119	(84)	-	-
Transferred to Non-performing - Lifetime ECL - collective	(1)	(66)	67	-	-
Transferred to Non-performing - Lifetime ECL - individually assessed	-	(14)	(62)	76	-
New and increased provisions (net of collective provision releases)	(189)	242	210	243	506
Write-backs of individually assessed provisions	-	-	-	(72)	(72)
Write-offs from individually assessed provisions	-	-	-	(239)	(239)
Foreign currency translation and other adjustments	-	(10)	(2)	(1)	(13)
Balance at 31 March 2024	540	3,588	1,093	546	5,767
Changes due to financial assets recognised in the opening balance that have:					
Transferred to Performing - 12-mth ECL - collective	325	(257)	(68)	-	-
Transferred to Performing - Lifetime ECL - collective	(45)	129	(84)	-	-
Transferred to Non-performing - Lifetime ECL - collective	(1)	(83)	84	-	-
Transferred to Non-performing - Lifetime ECL - individually assessed	-	(25)	(77)	102	-
New and increased provisions (net of collective provision releases)	(162)	34	148	442	462
Write-backs of individually assessed provisions	-	-	-	(60)	(60)
Write-offs from individually assessed provisions	-	-	-	(273)	(273)
Foreign currency translation and other adjustments	9	14	3	(1)	25
Balance at 30 September 2024	666	3,400	1,099	756	5,921
Changes due to financial assets recognised in the opening balance that have:					
Transferred to Performing - 12-mth ECL - collective	500	(483)	(17)	-	-
Transferred to Performing - Lifetime ECL - collective	(82)	196	(114)	-	-
Transferred to Non-performing - Lifetime ECL - collective	(2)	(159)	161	-	-
Transferred to Non-performing - Lifetime ECL - individually assessed	-	(43)	(53)	96	-
New and increased provisions (net of collective provision releases)	(431)	283	202	401	455
Write-backs of individually assessed provisions	-	-	-	(81)	(81)
Write-offs from individually assessed provisions	-	-	-	(251)	(251)
Foreign currency translation and other adjustments	-	(4)	(2)	(1)	(7)
Balance at 31 March 2025	651	3,190	1,276	920	6,037

Note 8 Provision for credit impairment (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 portfolios.

The following table shows the key macro-economic variables for the Australian economy used in the base case and downside scenarios as at 31 March 2025.

	Base case			Downside		
	Financial year			Financial year		
	2025	2026	2027	2025	2026	2027
	%	%	%	%	%	%
GDP change (year ended September)	1.9	2.3	2.3	1.1	(3.1)	-
Unemployment (as at 30 September)	4.3	4.1	4.2	4.7	7.9	9.1
House price change (year ended September)	4.1	3.0	3.0	(7.6)	(28.1)	(5.2)

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		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Total provisions for ECL			
Probability weighted	6,037	5,921	5,767
100% Base case	3,949	4,116	3,890
100% Downside	8,878	8,333	8,079

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

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	%	%	%
Macro-economic scenario weightings			
Upside	2.5	2.5	2.5
Base case	55.0	55.0	52.5
Downside	42.5	42.5	45.0

- The March 2025 total provisions for ECL in the 100% base case has decreased since September 2024 mainly due to a net reduction of forward looking provisions reflecting anticipated asset quality deterioration transitioning from the forward outlook to the current period. This was partially offset by an increase in provisions held due to deterioration in asset quality across the Australian lending portfolio combined with volume growth in the Australian business lending portfolio.
- The March 2025 total provisions for ECL in the 100% downside scenario has increased since September 2024, largely reflecting an increase in provisions held due to deterioration in asset quality across the Australian lending portfolio combined with volume growth in the Australian business lending portfolio.
- For the Australian portfolio, the upside, downside and base case scenario weightings have remained constant compared with September 2024.

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

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Total provision for ECL for key portfolios			
Housing	1,292	1,246	1,404
Business	4,343	4,245	3,928
Others	402	430	435
Total	6,037	5,921	5,767

Note 9 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		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Summary of non-performing exposures			
Impaired assets	1,648	1,471	1,079
Default but not impaired assets ⁽¹⁾	9,613	8,759	7,612
Non-performing exposures	11,261	10,230	8,691

(1) Includes loans that have been classified as restructured in accordance with APS 220 *Credit Risk Management* which are assessed as no loss based on security held.

	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
Movement in non-performing exposures				
Non-performing exposures as at 1 October 2023	6,889	1,087	16	7,992
New defaults	3,248	503	-	3,751
Returned to performing	(1,269)	(483)	-	(1,752)
Repaid or other exposure changes	(976)	(83)	(2)	(1,061)
Written-off	(213)	(26)	-	(239)
Non-performing exposures as at 31 March 2024	7,679	998	14	8,691
New defaults	3,989	207	74	4,270
Returned to performing	(1,389)	(162)	-	(1,551)
Repaid or other exposure changes	(817)	(21)	(69)	(907)
Written-off	(245)	(23)	(5)	(273)
Non-performing exposures as at 30 September 2024	9,217	999	14	10,230
New defaults	4,032	351	-	4,383
Returned to performing	(1,436)	(285)	(2)	(1,723)
Repaid or other exposure changes	(1,315)	(63)	-	(1,378)
Written-off	(229)	(22)	-	(251)
Non-performing exposures 31 March 2025	10,269	980	12	11,261

Notes to the consolidated financial statements (cont.)

Credit risk exposures by risk grade

The following table shows the credit quality of credit risk exposures to which the expected credit loss model is applied, based on the following risk grades:

- Senior investment grade: broadly corresponds with Standard & Poor's ratings of AAA to A- (internal rating 1 to 6⁽¹⁾).
- Investment grade: broadly corresponds with Standard & Poor's ratings of BBB+ to BBB- (internal rating 7 to 11⁽¹⁾).
- Sub-investment grade: broadly corresponds with Standard & Poor's ratings of BB+ to CCC- (internal rating 12 to 23).
- Default: broadly corresponds with Standard & Poor's rating of D (internal rating 98 and 99).

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.

Group	Stage 1 Performing			Stage 2 Performing			Stage 3 Non-performing			Total		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Loans and advances at amortised cost												
Senior investment grade	150,085	136,091	129,134	996	434	610	-	-	-	151,081	136,525	129,744
Investment grade	283,011	288,298	288,447	18,643	18,541	19,235	-	-	-	301,654	306,839	307,682
Sub-investment grade	154,280	146,773	140,166	137,935	137,653	138,796	-	-	-	292,215	284,426	278,962
Default	-	-	-	-	-	-	10,820	9,840	8,255	10,820	9,840	8,255
Total loans and advances at amortised cost	587,376	571,162	557,747	157,574	156,628	158,641	10,820	9,840	8,255	755,770	737,630	724,643
Guarantees and credit-related commitments												
Senior investment grade	101,585	90,818	90,830	1,469	1,033	2,088	-	-	-	103,054	91,851	92,918
Investment grade	76,519	82,754	81,008	7,757	7,503	7,491	-	-	-	84,276	90,257	88,499
Sub-investment grade	28,720	27,764	26,285	28,136	26,459	26,609	-	-	-	56,856	54,223	52,894
Default	-	-	-	-	-	-	441	390	436	441	390	436
Total guarantees and credit-related commitments	206,824	201,336	198,123	37,362	34,995	36,188	441	390	436	244,627	236,721	234,747
Total loans and advances at amortised cost, guarantees and credit-related commitments	794,200	772,498	755,870	194,936	191,623	194,829	11,261	10,230	8,691	1,000,397	974,351	959,390
Debt instruments												
Senior investment grade	44,597	41,999	45,161	-	-	-	-	-	-	44,597	41,999	45,161
Total debt instruments	44,597	41,999	45,161	-	-	-	-	-	-	44,597	41,999	45,161

(1) March 2025 Senior investment grade and Investment grade have been revised to align with the Probability of default (PD) bandings in the revised Pillar 3. Credit risk grades prior to March 2025: Senior investment grade (internal rating 1 to 5) and Investment grade (internal rating 6 to 11).

Note 10 Deposits and other borrowings

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Deposits and other borrowings			
Term deposits ⁽¹⁾	207,653	204,526	193,597
On-demand and short-term deposits ⁽¹⁾⁽²⁾	272,423	285,474	282,529
Certificates of deposit	54,903	66,894	66,951
Deposits not bearing interest ⁽²⁾⁽³⁾	128,655	96,561	96,508
Structured deposits ⁽¹⁾	29,166	26,234	23,913
Commercial paper and other borrowings	30,076	34,700	33,586
Repurchase agreements	-	-	96
Fair value adjustment	(7)	(11)	(5)
Total deposits and other borrowings	722,869	714,378	697,175
<i>Represented by:</i>			
Total deposits and other borrowings at fair value ⁽⁴⁾	1,983	1,812	1,638
Total deposits and other borrowings at amortised cost	720,886	712,566	695,537
Total deposits and other borrowings	722,869	714,378	697,175

	As at 31 March 2025			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
By product and geographic location				
Term deposits ⁽¹⁾	166,197	35,419	6,037	207,653
On-demand and short-term deposits ⁽¹⁾⁽²⁾	242,712	28,427	1,284	272,423
Certificates of deposit	21,370	716	32,817	54,903
Deposits not bearing interest ⁽²⁾⁽³⁾	114,864	13,789	2	128,655
Structured deposits ⁽¹⁾	29,166	-	-	29,166
Commercial paper and other borrowings	28,644	1,273	159	30,076
Fair value adjustment	-	(7)	-	(7)
Total deposits and other borrowings	602,953	79,617	40,299	722,869
<i>Represented by:</i>				
Total deposits and other borrowings at fair value ⁽⁴⁾	-	1,983	-	1,983
Total deposits and other borrowings at amortised cost	602,953	77,634	40,299	720,886
Total deposits and other borrowings	602,953	79,617	40,299	722,869

(1) During the period, the Group revised its presentation of deposit categories to present structured deposits separately. Comparative information has been restated accordingly.

(2) During the period the terms and conditions related to certain transaction accounts totalling \$25,777 million were amended and, as a result of these changes, the products no longer met the criteria for 'On-demand and short-term deposits' and as such were moved to 'Deposits not bearing interest'.

(3) Deposits not bearing interest include mortgage offset accounts.

(4) On the balance sheet, this amount is included within 'Other financial liabilities'. Refer to *Balance sheet* in the consolidated financial statements.

Note 10 Deposits and other borrowings (cont.)

	As at 30 September 2024			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
By product and geographic location				
Term deposits ⁽¹⁾	163,890	35,378	5,258	204,526
On-demand and short-term deposits ⁽¹⁾	255,138	28,830	1,506	285,474
Certificates of deposit	29,777	1,390	35,727	66,894
Deposits not bearing interest ⁽²⁾	85,163	11,395	3	96,561
Structured deposits ⁽¹⁾	26,234	-	-	26,234
Commercial paper and other borrowings	33,869	433	398	34,700
Fair value adjustment	-	(10)	(1)	(11)
Total deposits and other borrowings	594,071	77,416	42,891	714,378
<i>Represented by:</i>				
Total deposits and other borrowings at fair value ⁽³⁾	-	1,812	-	1,812
Total deposits and other borrowings at amortised cost	594,071	75,604	42,891	712,566
Total deposits and other borrowings	594,071	77,416	42,891	714,378
	As at 31 March 2024			
	Australia	New Zealand	Other International	Total Group
	\$m	\$m	\$m	\$m
By product and geographic location				
Term deposits	154,897	33,666	5,034	193,597
On-demand and short-term deposits ⁽¹⁾	252,549	27,259	2,721	282,529
Certificates of deposit	34,671	955	31,325	66,951
Deposits not bearing interest ⁽²⁾	84,037	12,464	7	96,508
Structured deposits ⁽¹⁾	23,913	-	-	23,913
Commercial paper and other borrowings	32,762	688	136	33,586
Repurchase agreements	-	-	96	96
Fair value adjustment	-	(5)	-	(5)
Total deposits and other borrowings	582,829	75,027	39,319	697,175
<i>Represented by:</i>				
Total deposits and other borrowings at fair value ⁽³⁾	-	1,638	-	1,638
Total deposits and other borrowings at amortised cost	582,829	73,389	39,319	695,537
Total deposits and other borrowings	582,829	75,027	39,319	697,175

(1) During the period, the Group revised its presentation of deposit categories to present structured deposits separately. Comparative information has been restated accordingly.

(2) Deposits not bearing interest include mortgage offset accounts.

(3) On the balance sheet, this amount is included within 'Other financial liabilities'. Refer to *Balance sheet* in the consolidated financial statements.

Note 11 Contributed equity and reserves

	As at		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Contributed equity			
Ordinary shares, fully paid	36,119	36,581	37,664
Total contributed equity	36,119	36,581	37,664

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Movement in issued and paid-up ordinary share capital			
Balance at beginning of period	36,581	37,664	38,546
Shares issued:			
Transfer from equity-based compensation reserve	154	11	126
Purchase of treasury shares for employee share offer	-	-	(25)
Shares bought back	(616)	(1,094)	(983)
Balance at end of period	36,119	36,581	37,664

	As at		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Reserves			
Foreign currency translation reserve	60	(66)	16
Asset revaluation reserve	19	19	19
Cash flow hedge reserve	140	(145)	(699)
Cost of hedging reserve	(236)	(173)	(187)
Equity-based compensation reserve	187	249	204
Debt instruments at fair value through other comprehensive income reserve	(265)	(283)	(69)
Equity instruments at fair value through other comprehensive income reserve	39	37	36
Total reserves	(56)	(362)	(680)

Note 12 Fair value of financial instruments

(a) 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, certain asset-backed securities valued using unobservable inputs, and equity instruments.

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, rates of estimated credit losses and other valuation techniques, based on market conditions and risks existing at 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.

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.

Transfers into and out of Level 3 occur due to changes in whether the inputs to the valuation techniques are observable. 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 comprises an insignificant component of the portfolios in which they are held. As such, a change in the assumption used to value the instruments as at 31 March 2025 attributable to reasonably possible alternatives would not have a material impact on the Group.

(b) 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 the dates shown below:

	As at 31 March 2025		As at 30 September 2024		As at 31 March 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$m	\$m	\$m	\$m	\$m	\$m
Financial assets						
Loans and advances	750,821	750,355	732,692	732,009	719,877	718,072
Financial liabilities						
Deposits and other borrowings	720,886	723,635	712,566	715,221	695,537	697,831
Bonds, notes and subordinated debt	171,908	173,000	156,294	157,281	150,375	151,092
Debt issued	9,566	9,919	9,560	9,973	8,566	8,848

Note 12 Fair value of financial instruments (cont.)

(c) Fair value measurements recognised on the balance sheet

	As at 31 March 2025			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets				
Trading assets	29,421	124,526	-	153,947
Debt instruments	3,049	41,340	208	44,597
Other financial assets	-	764	-	764
Derivative assets	-	23,713	530	24,243
Equity instruments ⁽¹⁾	-	-	306	306
Total financial assets measured at fair value	32,470	190,343	1,044	223,857
Financial liabilities				
Other financial liabilities	2,209	70,678	-	72,887
Derivative liabilities	-	23,102	371	23,473
Total financial liabilities measured at fair value	2,209	93,780	371	96,360

	As at 30 September 2024			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets				
Trading assets	27,550	106,056	-	133,606
Debt instruments	1,553	40,198	248	41,999
Other financial assets	-	576	193	769
Derivative assets	-	28,350	416	28,766
Equity instruments ⁽¹⁾	-	-	290	290
Total financial assets measured at fair value	29,103	175,180	1,147	205,430
Financial liabilities				
Other financial liabilities	1,043	69,229	-	70,272
Derivative liabilities	-	32,311	265	32,576
Total financial liabilities measured at fair value	1,043	101,540	265	102,848

	As at 31 March 2024			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets				
Trading assets	25,936	96,860	-	122,796
Debt instruments	1,957	42,989	215	45,161
Other financial assets	-	649	194	843
Derivative assets	-	24,396	294	24,690
Equity instruments ⁽¹⁾	-	-	273	273
Total financial assets measured at fair value	27,893	164,894	976	193,763
Financial liabilities				
Other financial liabilities	2,354	70,181	-	72,535
Derivative liabilities	-	24,212	238	24,450
Total financial liabilities measured at fair value	2,354	94,393	238	96,985

(1) Includes fair value through profit or loss instruments.

There were no material transfers between Level 1 and Level 2 during the March 2025 half year for the Group.

Note 12 Fair value of financial instruments (cont.)

(c) Fair value measurements recognised on the balance sheet (cont.)

The table below summarises changes in fair value classified as Level 3:

	Half Year to March 2025			
	Assets			Liabilities
	Derivative	Debt instruments	Other ⁽¹⁾	Derivative
	\$m	\$m	\$m	\$m
Balance at the beginning of period	416	248	483	265
Gains / (losses) on assets and (gains) / losses on liabilities recognised:				
In profit or loss	112	-	1	104
In other comprehensive income	-	-	2	-
Purchases and issues	9	-	13	-
Sales and settlements	(1)	(55)	-	-
Transfers into Level 3	-	14	-	6
Transfers out of Level 3	(7)	-	(193)	(5)
Foreign currency translation adjustments	1	1	-	1
Balance at the end of period	530	208	306	371
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	112	-	1	104
In other comprehensive income	-	-	2	-

(1) Includes other financial assets and equity instruments.

Note 13 Commitments and contingent liabilities

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, and
- 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.

Credit-related commitments

Binding credit-related commitments to extend credit are agreements to lend to a customer so long as 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.

	As at		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Guarantees and credit-related commitments			
Bank guarantees and letters of credit	28,200	26,597	27,243
Binding credit commitments	216,427	210,124	207,504
Total guarantees and credit-related commitments	244,627	236,721	234,747

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, and
- 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 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 £9.5 million (\$19 million). The claimants received permission to appeal. The appeal will be heard in June 2025.

Note 13 Commitments and contingent liabilities (cont.)

ASIC hardship proceedings

In November 2024, ASIC commenced a civil penalty proceeding in the Federal Court against NAB and AFSH Nominees Pty Ltd (Advantagedge) alleging failures to provide hardship outcome notices in contravention of the *National Consumer Credit Protection Act 2009* (Cth). A Statement of Agreed Facts and Admissions was filed on 18 March 2025 and the proceeding has been listed for a penalty hearing on 13 June 2025. The final outcome and total costs associated with this matter remain uncertain.

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 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, and
- address to AUSTRAC's satisfaction any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

The Company has completed the delivery of its required activities under the RAP. On 30 April 2025, the external auditor of the RAP delivered its final report under the EU. 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, and
- 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 and associated remediation work is ongoing. The Group is engaging with the Fair Work Ombudsman (FWO) and has reported a number of compliance issues to the FWO. As this review 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⁽¹⁾. 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.

(1) While the businesses of MLC Advice and NAB Advice Partnerships relevant to these matters have been sold to Insignia Financial Ltd (formerly known as IOOF) pursuant to the MLC Wealth Transaction, 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 13 Commitments and contingent liabilities (cont.)

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.⁽¹⁾ Payments with respect to MLC Advice are now complete. Payments with respect to NAB Advice Partnerships are largely complete.

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. Similar reviews are also undertaken by the relevant revenue offices in overseas jurisdictions in which the Group operates. 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,
- breaches of anti-money laundering laws and regulations,
- regulatory fines and penalties, and
- 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 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 was delivered on 2 December 2024 in NULIS's favour, with final orders dismissing the proceeding and awarding costs to NULIS made on 12 February 2025. On 12 March 2025, the applicant filed an appeal of the judgment. A date for the appeal hearing is yet to be fixed.

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 parties reached a settlement in November 2024 which is subject to court approval. The settlement approval hearing was held on 16 April 2025 and judgment was reserved.

(1) While the businesses of MLC Advice and NAB Advice Partnerships relevant to these matters have been sold to Insignia Financial Ltd (formerly known as IOOF) pursuant to the MLC Wealth Transaction, 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.

Notes to the consolidated financial statements (cont.)

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.

Note 14 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 31 March 2025 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.

Directors' declaration

The directors of National Australia Bank Limited declare that:

- (a) in the opinion of the directors, the consolidated financial statements and the notes for the half year ended 31 March 2025, as set out on pages 49 to 78, are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) in compliance with Australian Accounting Standards (including Australian Accounting interpretations), and any further requirements of the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the financial position of the Group as at 31 March 2025, and of the performance of the Group for the six months ended 31 March 2025.
- (b) in the opinion of the directors, there are reasonable grounds to believe that NAB will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Philip Chronican
Chair
7 May 2025



Andrew Irvine
Group Chief Executive Officer
7 May 2025



**Shape the future
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Independent auditor's review report to the members of National Australia Bank Limited

Conclusion

We have reviewed the accompanying half-year financial report of National Australia Bank Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated balance sheet as at 31 March 2025, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

T M Dring
Partner
Melbourne
7 May 2025

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2025 Half Year U.S. Disclosure Document

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Average balance sheet and related interest

Average assets and interest income

	Half Year to Mar 25			Half Year to Sep 24			Half Year to Mar 24		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Average interest earning assets									
Due from other banks									
Australia	74,629	1,506	4.0	96,781	2,029	4.2	93,314	1,966	4.2
New Zealand	6,923	150	4.3	6,881	187	5.4	9,956	275	5.5
Other International	27,048	412	3.1	18,212	408	4.5	21,977	533	4.9
Total due from other banks	108,600	2,068	3.8	121,874	2,624	4.3	125,247	2,774	4.4
Trading assets and marketable debt securities									
Australia	107,692	2,747	5.1	94,922	2,589	5.5	98,081	2,232	4.6
New Zealand	9,536	199	4.2	9,084	185	4.1	8,725	187	4.3
Other International	67,455	1,699	5.1	63,104	1,733	5.5	55,986	1,580	5.6
Total trading assets and marketable debt securities	184,683	4,645	5.0	167,110	4,507	5.4	162,792	3,999	4.9
Loans and advances - housing									
Australia ⁽¹⁾	316,934	9,380	5.9	314,713	9,255	5.9	311,899	8,816	5.7
New Zealand ⁽¹⁾	53,068	1,638	6.2	52,209	1,623	6.2	51,957	1,513	5.8
Total loans and advances - housing	370,002	11,018	6.0	366,922	10,878	5.9	363,856	10,329	5.7
Loans and advances - non-housing									
Australia	257,245	8,906	6.9	250,410	8,760	7.0	242,403	8,382	6.9
New Zealand	42,307	1,414	6.7	42,292	1,674	7.9	42,382	1,763	8.3
Other International	24,373	811	6.7	21,677	811	7.5	20,433	763	7.5
Total loans and advances - non-housing	323,925	11,131	6.9	314,379	11,245	7.2	305,218	10,908	7.1
Other interest earning assets									
Australia	8,509	282	n/a	8,491	276	n/a	9,494	413	n/a
New Zealand	779	40	n/a	629	47	n/a	729	43	n/a
Other International	574	4	n/a	1,643	32	n/a	9,086	222	n/a
Total other interest earning assets	9,862	326	n/a	10,763	355	n/a	19,309	678	n/a
Total average interest earning assets and interest income by:									
Australia	765,009	22,821	6.0	765,317	22,909	6.0	755,191	21,809	5.8
New Zealand	112,613	3,441	6.1	111,095	3,716	6.7	113,749	3,781	6.6
Other International	119,450	2,926	4.9	104,636	2,984	5.7	107,482	3,098	5.8
Total average interest earning assets and interest income	997,072	29,188	5.9	981,048	29,609	6.0	976,422	28,688	5.9

(1) Net of mortgage offset accounts of \$51,141 million (September 2024: \$47,435 million, March 2024: \$45,986 million) in Australia and \$2,353 million (September 2024: \$2,319 million, March 2024: \$2,318 million) in New Zealand which are included in non-interest earning assets.

Average assets

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Average non-interest earning assets			
Other assets ⁽¹⁾	109,887	100,896	102,651
Total average non-interest earning assets	109,887	100,896	102,651
Average provision for credit impairment			
Australia	(4,991)	(4,900)	(4,784)
New Zealand	(947)	(906)	(869)
Other International	(46)	(44)	(44)
Total average provision for credit impairment	(5,984)	(5,850)	(5,697)
Total average assets	1,100,975	1,076,094	1,073,376

(1) Includes mortgage offset accounts of \$51,141 million (September 2024: \$47,435 million, March 2024: \$45,986 million) in Australia and \$2,353 million (September 2024: \$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 to Mar 25			Half Year to Sep 24			Half Year to Mar 24		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Average interest bearing liabilities									
Due to other banks									
Australia	13,606	385	5.7	18,914	395	4.2	30,497	384	2.5
New Zealand	4,817	60	2.5	4,682	78	3.3	5,319	92	3.5
Other International	25,063	645	5.2	26,311	737	5.6	27,559	729	5.3
Total due to other banks	43,486	1,090	5.0	49,907	1,210	4.8	63,375	1,205	3.8
On-demand and short-term deposits									
Australia ⁽¹⁾⁽²⁾	244,097	4,438	3.6	253,138	4,236	3.3	248,259	4,026	3.2
New Zealand	28,908	488	3.4	28,764	578	4.0	29,174	582	4.0
Other International	1,283	25	3.9	2,103	46	4.4	2,407	50	4.2
Total on-demand and short-term deposits	274,288	4,951	3.6	284,005	4,860	3.4	279,840	4,658	3.3
Certificates of deposit									
Australia	25,138	581	4.6	32,934	761	4.6	33,968	766	4.5
New Zealand	926	22	4.8	1,072	30	5.6	1,060	30	5.7
Other International	32,446	717	4.4	35,377	884	5.0	27,232	709	5.2
Total certificates of deposit	58,510	1,320	4.5	69,383	1,675	4.8	62,260	1,505	4.8
Term deposits									
Australia ⁽¹⁾	165,866	4,054	4.9	158,981	3,936	5.0	150,140	3,617	4.8
New Zealand	35,235	978	5.6	34,324	1,032	6.0	33,547	976	5.8
Other International	5,382	114	4.2	6,037	145	4.8	8,154	207	5.1
Total term deposits	206,483	5,146	5.0	199,342	5,113	5.1	191,841	4,800	5.0
Other borrowings									
Australia	39,193	1,142	5.8	37,237	1,185	6.4	37,479	1,084	5.8
New Zealand	996	22	4.4	718	21	5.8	974	26	5.3
Other International	19,656	548	5.6	20,994	638	6.1	23,201	742	6.4
Total other borrowings	59,845	1,712	5.7	58,949	1,844	6.3	61,654	1,852	6.0
Bonds, notes and subordinated debt									
Australia	139,088	4,299	6.2	128,874	4,211	6.5	121,599	4,046	6.7
New Zealand	19,439	489	5.0	19,469	610	6.3	20,525	650	6.3
Other International	19,317	431	4.5	17,461	403	4.6	15,188	347	4.6
Total bonds, notes and subordinated debt	177,844	5,219	5.9	165,804	5,224	6.3	157,312	5,043	6.4
Structured deposits									
Australia ⁽¹⁾	26,990	661	4.9	24,809	616	5.0	23,651	582	4.9
Total structured deposits	26,990	661	4.9	24,809	616	5.0	23,651	582	4.9
Other interest bearing liabilities									
Australia	18,803	588	n/a	16,498	658	n/a	17,181	585	n/a
New Zealand	1,641	42	n/a	1,717	50	n/a	1,652	46	n/a
Other International	343	9	n/a	212	-	n/a	316	14	n/a
Total other interest bearing liabilities	20,787	639	n/a	18,427	708	n/a	19,149	645	n/a
Total average interest bearing liabilities and interest expense by:									
Australia	672,781	16,148	4.8	671,385	15,998	4.8	662,774	15,090	4.6
New Zealand	91,962	2,101	4.6	90,746	2,399	5.3	92,251	2,402	5.2
Other International	103,490	2,489	4.8	108,495	2,853	5.3	104,057	2,798	5.4
Total average interest bearing liabilities and interest expense	868,233	20,738	4.8	870,626	21,250	4.9	859,082	20,290	4.7

(1) During the period, the Group revised its presentation of deposit categories to present structured deposits separately. Comparative information has been restated accordingly.

(2) During the period the terms and conditions related to certain transaction accounts were amended and, as a result of these changes, the products no longer met the criteria for 'On-demand and short-term deposits' and as such were moved to 'Deposits not bearing interest'.

Average liabilities and equity

	Half Year to		
	Mar 25 \$m	Sep 24 \$m	Mar 24 \$m
Average non-interest bearing liabilities			
Deposits not bearing interest			
Australia ⁽¹⁾⁽²⁾	105,661	84,063	83,625
New Zealand ⁽¹⁾	12,660	11,601	12,462
Other International	3	4	8
Total deposits not bearing interest	118,324	95,668	96,095
Other liabilities	52,357	47,880	57,147
Total average non-interest bearing liabilities	170,681	143,548	153,242
Total average liabilities	1,038,914	1,014,174	1,012,324
Average equity			
Total equity (parent entity interest)	61,314	61,482	60,704
Non-controlling interest in controlled entities	747	438	348
Total average equity	62,061	61,920	61,052
Total average liabilities and equity	1,100,975	1,076,094	1,073,376

(1) Includes mortgage offset accounts of \$51,141 million (September 2024: \$47,435 million, March 2024: \$45,986 million) in Australia and \$2,353 million (September 2024: \$2,319 million, March 2024: \$2,318 million) in New Zealand.

(2) During the period the terms and conditions related to certain transaction accounts were amended and, as a result of these changes, the products no longer met the criteria for 'On-demand and short-term deposits' and as such were moved to 'Deposits not bearing interest'.

Net interest margins and spreads

	Half Year to			Mar 25 v Sep 24	Mar 25 v Mar 24
	Mar 25 %	Sep 24 %	Mar 24 %		
Net interest spread	1.08	1.15	1.15	(7 bps)	(7 bps)
Benefit of net free liabilities, provisions and equity	0.62	0.55	0.57	7 bps	5 bps
Net interest margin - statutory basis	1.70	1.70	1.72	-	(2 bps)

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 for the Level 2 regulatory group respectively.

	As at		
	31 Mar 25	30 Sep 24	31 Mar 24
	\$m	\$m	\$m
Contributed equity	36,119	36,581	37,664
Reserves	(56)	(362)	(680)
Retained profits	26,106	25,236	24,382
Non-controlling interests	750	758	344
Total equity per consolidated balance sheet	62,919	62,213	61,710
Adjustments between the Group and Level 2 regulatory group balance sheets	2	7	3
Perpetual preference shares issued by subsidiaries not eligible as regulatory capital	(750)	(758)	(344)
Fee income eligible as regulatory capital	379	371	362
Goodwill and other intangible assets, net of tax	(2,215)	(2,231)	(2,247)
Investment in non-consolidated controlled entities	(10)	(10)	(10)
Deferred tax assets in excess of deferred tax liabilities	(2,728)	(2,780)	(2,606)
Capitalised expenses, net of deferred fee income ⁽¹⁾	(1,874)	(1,771)	(1,535)
Software, net of tax	(3,476)	(3,283)	(3,020)
Defined benefit superannuation plan asset, net of tax	(34)	(33)	(31)
Change in own creditworthiness, net of tax	64	118	96
Cash flow hedge reserve	(140)	145	699
Equity exposures	(864)	(827)	(502)
Other	(37)	(22)	(32)
CET1 capital	51,236	51,139	52,543
Additional Tier 1 capital instruments	9,610	9,610	8,610
Regulatory adjustments to Additional Tier 1 capital	(20)	(21)	(20)
Additional Tier 1 capital	9,590	9,589	8,590
Tier 1 capital	60,826	60,728	61,133
Tier 2 capital instruments	27,428	24,108	24,678
Provisions held against performing exposures under the IRB approach	1,363	1,681	1,742
Provisions held against performing exposures under the standardised approach	196	221	247
Regulatory adjustments to Tier 2 capital	(191)	(136)	(133)
Tier 2 capital	28,796	25,874	26,534
Total capital	89,622	86,602	87,667

(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*.

Capital adequacy (cont.)

	As at		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Risk-weighted assets			
Credit and counterparty credit risk			
Subject to advanced IRB approach			
Corporate (including SME)	107,882	104,089	106,746
Retail SME	10,817	10,327	10,443
Residential mortgage	109,020	104,004	107,716
Qualifying revolving retail	2,705	2,682	2,762
Other retail	1,940	1,922	1,873
Subject to foundation IRB approach			
Corporate	20,814	20,950	21,454
Sovereign	2,306	1,617	1,423
Financial institution	20,720	19,068	20,247
Total internal ratings-based approach	276,204	264,659	272,664
Specialised lending	3,041	2,609	3,090
Subject to standardised approach			
Corporate	6,598	7,693	6,897
Residential mortgage	2,826	3,212	6,558
Other retail	6,009	6,041	6,078
Other ⁽¹⁾	4,117	4,355	4,861
Total standardised approach	19,550	21,301	24,394
RBNZ regulated banking subsidiary	51,577	51,899	53,147
Credit valuation adjustment	4,570	5,054	4,639
Securitisation exposures in banking book	5,544	5,369	5,939
Total credit risk	360,486	350,891	363,873
Market risk	12,094	11,427	11,171
Operational risk	37,985	36,102	36,102
Interest rate risk in the banking book	14,624	15,526	21,407
Floor adjustment	1,256	-	-
Total risk-weighted assets	426,445	413,946	432,553

(1) Consists of cash items in the process of collection, premises and other fixed assets, and all other exposures.

	As at		
	31 Mar 25 %	30 Sep 24 %	31 Mar 24 %
Capital ratios			
CET1	12.01	12.35	12.15
Tier 1	14.26	14.67	14.13
Total capital	21.02	20.92	20.27

Earnings per share

	Half Year to					
	Basic			Diluted		
	Mar 25	Sep 24	Mar 24	Mar 25	Sep 24	Mar 24
Statutory earnings per share						
Earnings (\$m)						
Net profit attributable to owners of the Company	3,407	3,466	3,494	3,407	3,466	3,494
Potential dilutive adjustments						
Interest expense on convertible notes ⁽¹⁾	-	-	-	263	179	234
Adjusted earnings	3,407	3,466	3,494	3,670	3,645	3,728
Net loss from discontinued operations attributable to the owners of the Company	24	53	50	24	53	50
Adjusted earnings from continuing operations	3,431	3,519	3,544	3,694	3,698	3,778
Weighted average number of ordinary shares (millions)						
Weighted average number of ordinary shares (net of treasury shares)	3,064	3,085	3,113	3,064	3,085	3,113
Potential dilutive weighted average number of ordinary shares						
Convertible notes ⁽¹⁾	-	-	-	287	177	254
Share-based payments	-	-	-	9	10	9
Total weighted average number of ordinary shares	3,064	3,085	3,113	3,360	3,272	3,376
Earnings per share attributable to owners of the Company (cents)	111.2	112.4	112.2	109.2	111.4	110.4
Earnings per share from continuing operations (cents)	112.0	114.1	113.8	109.9	113.0	111.9

	Half Year to					
	Basic			Diluted		
	Mar 25	Sep 24	Mar 24	Mar 25	Sep 24	Mar 24
Cash earnings per share						
Earnings (\$m)						
Cash earnings ⁽²⁾	3,583	3,554	3,548	3,583	3,554	3,548
Potential dilutive adjustments						
Interest expense on convertible notes ⁽¹⁾	-	-	-	263	196	234
Adjusted cash earnings	3,583	3,554	3,548	3,846	3,750	3,782
Weighted average number of ordinary shares (millions)						
Weighted average number of ordinary shares (net of treasury shares)	3,064	3,085	3,113	3,064	3,085	3,113
Potential dilutive weighted average number of ordinary shares						
Convertible notes ⁽¹⁾	-	-	-	287	193	254
Share-based payments	-	-	-	9	10	9
Total weighted average number of ordinary shares	3,064	3,085	3,113	3,360	3,288	3,376
Cash earnings per share (cents)	116.9	115.2	114.0	114.5	114.1	112.0

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

(2) Refer to *Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings* for further details.

Return on equity

	Half Year to		
	Mar 25	Sep 24	Mar 24
Statutory return on equity			
Earnings (\$m)			
Net profit attributable to owners of the Company	3,407	3,466	3,494
Adjusted earnings	3,407	3,466	3,494
Average equity (\$m)			
Average equity	62,061	61,920	61,052
Less: Average non-controlling interests	(747)	(438)	(348)
Total average equity (attributable to owners of the Company)	61,314	61,482	60,704
Statutory return on equity	11.1%	11.3%	11.5%
	Half Year to		
	Mar 25	Sep 24	Mar 24
Cash return on equity			
Earnings (\$m)			
Cash earnings	3,583	3,554	3,548
Total average equity (attributable to owners of the Company) (\$m)	61,314	61,482	60,704
Cash return on equity	11.7%	11.6%	11.7%

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		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Funding sources			
Customer deposits	637,896	612,796	596,546
Term wholesale funding with greater than 12 months to maturity	155,274	146,404	148,508
Central bank funding facilities with greater than 12 months to maturity ⁽¹⁾	456	2,092	2,524
Term wholesale funding with less than 12 months to maturity	30,182	24,480	19,327
Central bank funding facilities with less than 12 months to maturity ⁽¹⁾	1,820	1,011	18,284
Short-term wholesale funding ⁽²⁾	100,721	115,321	114,503
Short-term collateral and settlements	7,937	7,439	8,850
Total funding sources	934,286	909,543	908,542
Equity	62,919	62,213	61,710
Total funding sources and equity	997,205	971,756	970,252

(1) Central bank funding facilities include the TLF and Funding for Lending Programme provided by the RBNZ and the TFF provided by the RBA.

(2) Includes certificate of deposits, commercial papers, due to other banks, 12 months medium-term notes and other financial liabilities.

Bonds, notes and subordinated debt

	As at		
	31 Mar 25 \$m	30 Sep 24 \$m	31 Mar 24 \$m
Bonds, notes and subordinated debt			
Medium-term notes	107,785	97,420	92,662
Securitisation notes	3,150	3,548	2,206
Covered bonds	34,747	32,916	33,222
Subordinated medium-term notes	26,226	22,410	22,285
Total bonds, notes and subordinated debt	171,908	156,294	150,375

Number of ordinary shares

	Half Year to		
	Mar 25 No. '000	Sep 24 No. '000	Mar 24 No. '000
Ordinary shares, fully paid			
Balance at beginning of period	3,074,038	3,102,760	3,128,949
Shares issued:			
Bonus share plan	493	578	736
Share-based payments	4,559	279	4,177
Paying up of partly paid shares	-	-	9
Shares bought back	(16,572)	(29,579)	(31,111)
Total ordinary shares, fully paid	3,062,518	3,074,038	3,102,760
Ordinary shares, partly paid to 25 cents			
Balance at beginning of period	-	-	9
Paying up of partly paid shares	-	-	(9)
Total ordinary shares, partly paid to 25 cents	-	-	-
Total ordinary shares (including treasury shares)	3,062,518	3,074,038	3,102,760
Less: Treasury shares	(7,624)	(8,642)	(8,607)
Total ordinary shares (excluding treasury shares)	3,054,894	3,065,396	3,094,153

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 March 2025 half year, there was \$nil impact on statutory profit 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 March 2025 half year, there was a decrease in statutory profit of \$23 million (\$16 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 March 2025 half year, this includes the following items:

- transaction and other costs directly associated with the acquisition and integration of Group businesses, primarily related to the integration of the Citi consumer business, and
- transaction and other costs directly associated with the disposal or closure of Group businesses.

In the March 2025 half year, there was a decrease in statutory profit of \$196 million (\$136 million after tax) related to acquisitions, integration, disposals and business closures.

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

	Half Year to March 2025				
	Statutory net profit from continuing operations	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, integration, disposals and business closures	Cash earnings
	\$m	\$m	\$m	\$m	\$m
Statutory net profit reconciliation					
Net interest income	8,450	(5)	-	-	8,445
Other operating income	1,832	5	-	(1)	1,836
Net operating income	10,282	-	-	(1)	10,281
Operating expenses	(5,038)	-	23	197	(4,818)
Profit before credit impairment charge	5,244	-	23	196	5,463
Credit impairment charge	(348)	-	-	-	(348)
Profit / (loss) before income tax	4,896	-	23	196	5,115
Income tax (expense) / benefit	(1,445)	-	(7)	(60)	(1,512)
Net profit / (loss) from continuing operations	3,451	-	16	136	3,603
Less: Non-controlling interests	(20)	-	-	-	(20)
Net profit attributable to owners of the Company from continuing operations	3,431	-	16	136	3,583
	Half Year to September 2024				
	Statutory net profit from continuing operations	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, integration, disposals and business closures	Cash earnings
	\$m	\$m	\$m	\$m	\$m
Statutory net profit reconciliation					
Net interest income	8,359	(2)	-	-	8,357
Other operating income	2,117	21	-	(383)	1,755
Net operating income	10,476	19	-	(383)	10,112
Operating expenses	(5,207)	-	21	436	(4,750)
Profit before credit impairment charge	5,269	19	21	53	5,362
Credit impairment charge	(365)	-	-	-	(365)
Profit before income tax	4,904	19	21	53	4,997
Income tax (expense) / benefit	(1,376)	1	(7)	(52)	(1,434)
Net profit from continuing operations	3,528	20	14	1	3,563
Less: Non-controlling interests	(9)	-	-	-	(9)
Net profit attributable to owners of the Company from continuing operations	3,519	20	14	1	3,554

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

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

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

Exchange rates

	Income statement - average			Balance sheet - spot		
	Half Year to			As at		
	Mar 25	Sep 24	Mar 24	31 Mar 25	30 Sep 24	31 Mar 24
One Australian dollar equals						
British pounds	0.5039	0.5188	0.5215	0.4850	0.5177	0.5160
Euros	0.6042	0.6109	0.6053	0.5799	0.6208	0.6043
United States dollars	0.6402	0.6644	0.6542	0.6286	0.6930	0.6512
New Zealand dollars	1.1044	1.0930	1.0761	1.1004	1.0885	1.0902

Glossary

12-month expected credit losses (ECL)

The portion of lifetime expected credit losses that represent the expected losses arising from default events that could occur within 12 months of the reporting date.

AASB

Australian Accounting Standards Board

Additional Tier 1 (AT1) capital

AT1 capital comprises high quality components of capital that provide a permanent and unrestricted commitment of funds, are freely available to absorb losses, rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer, and provide for fully discretionary capital distributions.

ADI

Authorised Deposit-taking Institution

Advanced Internal ratings-based (Advanced IRB)

The approach used by the Group, under approval from APRA, to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, loss given default and exposure at default.

AML

Anti-Money Laundering

APRA

Australian Prudential Regulation Authority

APS

Prudential Standards issued by APRA applicable to ADIs.

ASX

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

AUSTRAC

Australian Transaction Reports and Analysis Centre

Available stable funding (ASF)

The portion of an ADI's capital and liabilities expected to be reliably provided over a one-year time horizon.

Average interest earning assets

The average balance of assets held by the Group over the period that generate interest income, adjusted for discontinued operations.

BNZ

Bank of New Zealand

Business lending

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

Cash earnings

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

Cash earnings on average risk-weighted assets (RWA)

Calculated as cash earnings (annualised after tax) divided by average RWA. Average RWA is calculated with reference to the RWA at the reporting date and the two preceding quarter-ends.

Cash return on equity

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

Citi consumer business

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

Citigroup

Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

Common Equity Tier 1 (CET1) capital

The highest quality component of 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 paid-up ordinary share capital, retained profits and 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

Continuing operations

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

Core assets

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

Cost to income ratio

Represents operating expenses as a percentage of net operating income.

CTF

Counter-Terrorism Financing

Customer deposits

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

Customer funding index (CFI)

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

Customer risk management

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

D-SIB

Domestic systematically important bank

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 'Impaired assets'. Includes loans that have been classified as restructured in accordance with APS 220 Credit Risk Management which are assessed as no loss based on security held.

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 March 2025 half year, these include convertible notes and notes issued under employee incentive schemes.

Discontinued operations

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

Distributions

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

Dividend payout ratio

Dividend per ordinary share divided by earnings per share.

Earnings per share - basic

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

Earnings per share - diluted

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

Economic adjustments

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

Effective tax rate

Income tax expense divided by profit before income tax expense.

Enforceable Undertaking (EU)

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

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.

FirstCape

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

Forward-looking adjustment (FLA)

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

Foundation internal ratings-based (Foundation IRB)

An approach to calculate the capital requirement for credit risk, which utilises the outputs of internally developed models for probability of default, and supervisory estimates for loss given default and exposure at default.

Full-time equivalent employees (FTEs)

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

Gross domestic product (GDP)

GDP is the market value of finished goods and services produced within a country in a given period of time.

Gross loans and acceptances (GLAs)

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

Group

NAB and its controlled entities.

Hedging and fair value volatility

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

High-quality liquid assets (HQLA)

Consists primarily of cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns as defined in APS 210 Liquidity.

Housing lending

Mortgages secured by residential properties as collateral.

IFRS

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

Impaired assets

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

Internal ratings-based (IRB)

An approach to calculate capital requirements for credit risk exposures, which utilises the outputs of internally developed credit risk measurement models.

Leverage ratio

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

Lifetime expected credit losses (ECL)

The ECL that result from all possible default events over the expected life of a financial instrument.

Liquidity Coverage Ratio (LCR)

A metric that measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario.

Marketable debt securities

Comprises trading securities and debt instruments.

MLC Life

MLC Limited – an associate of the Group.

MLC Wealth

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

NAB

National Australia Bank Limited ABN 12 004 044 937

NAB risk management

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

Net interest margin (NIM)

Net interest income derived on a cash earnings basis expressed as a percentage of average interest earning assets.

Net Promoter Score (NPS)

Net Promoter[®] and NPS[®] are registered trademarks 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. NPS 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.

RBA

Reserve Bank of Australia

RBNZ

Reserve Bank of New Zealand

Required stable funding (RSF)

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

Restructured loans

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

Risk-weighted assets (RWA)

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

RMBS

Residential Mortgage Backed Securities

Securitisation

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

SME

Small and medium-sized enterprises

Stable funding index (SFI)

Term funding index (TFI) plus Customer funding index (CFI).

Standardised approach

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

Statutory net profit

Net profit attributable to owners of the Company.

Statutory return on equity

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

Structured deposits

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.

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 includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

Total average assets

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

Total capital

Tier 1 capital plus Tier 2 capital.

Total capital ratio

Total capital divided by risk-weighted assets.

Treasury shares

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

Underlying profit / loss

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

Value at Risk (VaR)

A mathematical technique that uses statistical analysis of historical data to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

Weighted average number of ordinary shares

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

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