

Bank of New Zealand

Supplemental Information

For the year ended September 30, 2021



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Presentation of Information

Basis of Presentation

Bank of New Zealand's financial reporting group consists of Bank of New Zealand ("BNZ"), all of its wholly owned entities and other entities consolidated for financial reporting purposes (together, the "Banking Group"). The consolidated financial statements of the Banking Group are prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"), the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

Certain differences exist between accounting principles generally accepted in the United States of America ("US GAAP") and NZ GAAP, NZ IFRS, IFRS and interpretations adopted by the IASB which might be material to the financial information presented in this document. The Banking Group has not prepared a reconciliation of its consolidated financial statements and related notes to the financial statements between NZ GAAP, NZ IFRS and US GAAP. In making an investment decision, investors must rely upon their own examination of the Banking Group, the terms of the offering and the financial information incorporated into the offering documents in connection with such offering. Potential investors should consult their own professional advisors for an understanding of these differences, and whether or not they affect the financial information presented in this document.

Information disclosed in this document is based on the Banking Group. It is different from the information disclosed under the New Zealand Banking segment ("NZ Banking") in the Annual Financial Report and Full Year Results of National Australia Bank Limited, the Banking Group's ultimate parent ("NAB"). NZ Banking excludes the group central operation units and markets trading operations of the Banking Group and includes NAB's insurance operation in New Zealand.

The consolidated full year financial statements of the Banking Group are audited by an external auditor in accordance with International Standards on Auditing (New Zealand), which differ from those applicable in the United States.

Certain Definitions

The Banking Group's financial year ends on September 30. The financial year ended September 30, 2021 is referred to as 2021 and other financial years are referred to in a corresponding manner.

Some information in this document has been derived from the consolidated financial statements of the Banking Group. Where certain items are not shown in the Banking Group's consolidated financial statements, they have been prepared for the purpose of this document. Accordingly, this information should be read in conjunction with and is qualified in its entirety by reference to the Banking Group's audited consolidated financial statements, which are included in the Disclosure Statement for the year ended September 30, 2021. In addition, in connection with an offer of notes by BNZ, under BNZ's Rule 144A sub-program which is associated with its US\$100,000,000,000 Global Medium Term Note Program, this information should be read in conjunction with the offering circular supplement for such notes, including the consolidated financial statements of the Banking Group contained in the Disclosure Statements incorporated therein.

In this document, unless the context otherwise requires:

- references to "Banking Group" are to Bank of New Zealand's financial reporting group, which consists of Bank of New Zealand, all of its wholly owned entities and other entities consolidated for financial reporting purposes;
- references to "BNZ" or the "Bank" are to Bank of New Zealand;
- references to "Disclosure Statements" are to the disclosure statements the Banking Group prepared for the relevant period in compliance with Reserve Bank of New Zealand requirements, which contain consolidated financial statements of BNZ for the periods specified and have been published and filed with the Commission de Surveillance du Secteur Financier (the "CSSF");
- references to "RBNZ" are to the Reserve Bank of New Zealand;
- references to "US\$", "USD" or "U.S. dollars" are to the lawful currency of the United States; and
- references to "\$", "New Zealand dollars", "NZD", "NZ\$" or "NZ dollars" are to the lawful currency of New Zealand.

Currency of Presentation and Exchange Rates

All currency amounts are expressed in New Zealand dollars unless otherwise stated. All amounts have been rounded to the nearest million dollars, except where otherwise indicated.

Average Balance Sheet and Related Interest

The following tables show the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or incurred by the Banking Group. Averages are predominantly daily averages.

	Banking Group								
	Average Balance	Interest	Average Rate (% p.a.)	Average Balance	Interest	Average Rate (% p.a.)	Average Balance	Interest	Average Rate (% p.a.)
Dollars in Millions	2021	2021	2021	2020	2020	2020	2019	2019	2019
Average interest earning assets									
Cash and due from central banks and other institutions	9,793	26	0.3%	6,949	48	0.7%	4,450	94	2.1%
Trading securities	8,346	44	0.5%	8,944	94	1.1%	7,341	146	2.0%
Loans and advances to customers	89,585	2,879	3.2%	87,105	3,456	4.0%	84,207	3,930	4.7%
Other interest earning assets ¹	307	19	N/A	931	21	N/A	1,137	25	N/A
Total average interest earning assets and interest income	108,031	2,968	2.7%	103,929	3,619	3.5%	97,135	4,195	4.3%
Total average non-interest earning assets	10,099			11,685			9,019		
Provision for credit impairment and credit risk adjustments	(843)			(767)			(629)		
Total average assets	117,287			114,847			105,525		
Average interest bearing liabilities									
Due to central banks and other institutions	4,369	6	0.1%	2,608	9	0.3%	2,216	26	1.2%
Deposits and other borrowings	65,020	427	0.7%	64,620	1,064	1.6%	60,728	1,432	2.4%
Bonds and notes	17,956	257	1.4%	19,971	348	1.7%	20,135	552	2.7%
Subordinated notes due to external investors	390	14	3.6%	548	31	5.7%	547	30	5.5%
Other interest bearing liabilities ²	3,271	83	N/A	3,068	85	N/A	2,399	94	N/A
Total average interest bearing liabilities and interest expense	91,006	787	0.9%	90,815	1,537	1.7%	86,025	2,134	2.5%
Total average non-interest bearing liabilities	16,588			15,291			11,698		
Total average liabilities	107,594			106,106			97,723		

¹ Includes net due from related entities.

² Includes net due to related entities (including subordinated debt). From 2020, this also includes lease liabilities following the adoption of NZ IFRS 16 from October 1, 2019. Comparative balances have not been restated. Under the New Zealand Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended), lease liabilities are classified as non-interest bearing in BNZ's Disclosure Statement for the year ended September 30, 2021.

	Banking Group		
	2021	2020	2019
Net yield on interest earning assets			
Net yield on interest earning assets ³	2.02%	2.00%	2.12%

³ Net interest income divided by total average interest earning assets.

Average Balance Sheet and Related Interest

Volume and Rate Analysis

The following table attributes variances in interest income and interest expense to changes in volume and rate. Volume and rate variances have been calculated on the movement in average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities.

	Banking Group					
	Increase/(Decrease) due to			Increase/(Decrease) due to		
	Change in	Change in	Total	Change in	Change in	Total
	Average Volume 2021	Average Rate 2021		Average Volume 2020	Average Rate 2020	
Dollars in Millions						
Interest earning assets						
Cash and due from central banks and other institutions	8	(30)	(22)	17	(63)	(46)
Trading securities	(3)	(47)	(50)	17	(69)	(52)
Loans and advances to customers (including impaired loans)	80	(657)	(577)	115	(589)	(474)
Other interest earning assets	(2)	-	(2)	(4)	-	(4)
Change in interest income	83	(734)	(651)	145	(721)	(576)
Interest bearing liabilities						
Due to central banks and other institutions	2	(5)	(3)	1	(18)	(17)
Deposits and other borrowings	3	(640)	(637)	64	(432)	(368)
Bonds and notes	(29)	(62)	(91)	(3)	(201)	(204)
Subordinated notes due to external investors	(6)	(11)	(17)	-	1	1
Other interest bearing liabilities	(2)	-	(2)	(9)	-	(9)
Change in interest expense	(32)	(718)	(750)	53	(650)	(597)
Change in net interest income/(expense)	115	(16)	99	92	(71)	21

Investment Portfolio

Total Investments

The following table shows the total value of the Banking Group's investment portfolio.

Dollars in Millions	Banking Group		
	2021	2020	2019
Trading securities	7,348	10,814	7,267
Total investments	7,348	10,814	7,267

Trading Securities

The following table shows the fair value of the Banking Group's holdings of trading securities.

Dollars in Millions	Banking Group		
	2021	2020	2019
Government bonds, notes and securities ¹	4,673	6,167	2,498
Semi-government bonds, notes and securities ²	1,336	2,949	2,850
Corporate and other institutions bonds, notes and securities	1,339	1,698	1,919
Total trading securities	7,348	10,814	7,267

¹ Government refers to the New Zealand Government.

² Includes securities issued by entities related to the New Zealand Government and overseas governments.

Maturity Profile of Trading Securities

The following table shows the contractual maturity and weighted average yield of the Banking Group's trading securities.

Dollars in Millions	Banking Group (2021)					Average Rate (% p.a.) ¹
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years and up to 10 Years	Over 10 Years	Total	
Trading securities						
Government bonds, notes and securities	3,440	447	394	392	4,673	0.3%
Semi-government bonds, notes and securities	15	734	533	54	1,336	0.9%
Corporate and other institutions bonds, notes and securities	1,033	292	13	1	1,339	1.0%
Total trading securities	4,488	1,473	940	447	7,348	0.5%

¹ For the purposes of this table, average rate is calculated as interest income divided by average volume.

Loan Portfolio

Loan Portfolio by Industry

The following table shows the Banking Group's portfolio of net loans and advances to customer by the customer's industry sector.

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Agriculture	13,792	14,003	14,963	14,672	14,358
Forestry and fishing	957	943	1,011	941	915
Mining	284	367	463	209	246
Manufacturing	3,237	3,186	3,371	3,429	3,076
Electricity, gas and water	557	714	740	683	743
Construction	1,125	1,054	1,300	1,147	1,032
Wholesale and retail trade	3,571	3,189	3,690	3,592	3,751
Accommodation, restaurants, culture and recreation	1,476	1,504	1,447	1,367	1,224
Transport and storage	1,923	1,953	2,166	2,003	1,591
Communications	344	287	242	156	173
Financial, investment and insurance	2,552	2,413	2,013	1,824	2,197
Property, business and personal services	10,178	10,036	10,727	10,386	10,246
Government, education, health and community services	1,850	2,289	2,089	1,954	1,549
Real estate - housing loans	52,728	45,850	42,883	39,727	37,358
Personal lending	855	1,061	1,385	1,447	1,445
Total gross loans and advances to customers	95,429	88,849	88,490	83,537	79,904
Deduct:					
Individually assessed allowance for credit impairment and credit risk adjustments on individual financial assets	134	237	157	105	104
Collectively assessed allowance for credit impairment and credit risk adjustments on groups of financial assets	644	673	500	498	477
Deferred and other unearned future income	(99)	(68)	(59)	(74)	(77)
Fair value hedge adjustments	29	(142)	(149)	(43)	(41)
Total deductions	708	700	449	486	463
Total net loans and advances to customers	94,721	88,149	88,041	83,051	79,441

Maturity Profile on Gross Loans and Advances to Customers

The following table shows the Banking Group's contractual maturity distribution of loans and advances to customers.

Dollars in Millions	Banking Group (2021)			
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years	Total
Agriculture	4,627	7,836	1,329	13,792
Forestry and fishing	682	261	14	957
Mining	248	34	2	284
Manufacturing	1,798	1,378	61	3,237
Electricity, gas and water	401	156	-	557
Construction	457	583	85	1,125
Wholesale and retail trade	1,532	1,924	115	3,571
Accommodation, restaurants, culture and recreation	455	953	68	1,476
Transport and storage	1,206	692	25	1,923
Communications	249	91	4	344
Financial, investment and insurance	2,370	174	8	2,552
Property, business and personal services	5,770	4,202	206	10,178
Government, education, health and community services	1,205	609	36	1,850
Real estate - housing loans	963	1,248	50,517	52,728
Personal lending	823	27	5	855
Total gross loans and advances to customers	22,786	20,168	52,475	95,429

Loan Portfolio

Sensitivities of Loans to Changes in Interest Rates

The following table shows the type of interest rate applicable to the Banking Group's contractual maturity distribution of loans and advances to customers.

Dollars in Millions	Banking Group (2021)			Total
	Up to 1 Year	Over 1 Year and up to 5 Years	Over 5 Years	
Variable interest rates	18,531	12,846	6,940	38,317
Fixed interest rates	4,255	7,322	45,535	57,112
Total gross loans and advances to customers	22,786	20,168	52,475	95,429

Risk Elements

The Banking Group continuously monitors its credit risk to counterparties through the examination of key risk indicators such as days past due, utilization, and behavioral scoring. In addition, the Strategic Business Services unit has specific responsibility for the management of accounts classified as categorized assets. These processes enable credit impairments to be identified at the earliest possible time. Credit impairment provisions are raised based on an expected credit loss model in line with the requirements of NZ IFRS 9. Recoverable amounts for impaired assets take into account the current market value of collateral held and the realizability of securities. The changes in value of financial assets designated at fair value through profit or loss that are attributable to changes in credit risk have been calculated using a statistical-based calculation that estimates expected losses attributable to adverse movement in credit risks.

Impaired Assets

The following table shows the Banking Group's impaired assets.

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Gross impaired assets¹					
Balance at beginning of year	600	653	265	250	253
Amounts written off	(92)	(78)	(66)	(68)	(49)
Loans newly classified into impaired assets categories during the year	152	350	580	271	268
Loans recovered or reclassified as non-impaired assets during the year	(429)	(325)	(126)	(188)	(222)
Total gross impaired assets balance at end of year	231	600	653	265	250
Deduct: Individually assessed allowance for credit impairment and credit risk adjustments on individual financial assets	134	237	157	105	104
Total net impaired assets	97	363	496	160	146

¹ Gross amounts are shown before taking into account any collateral held or other credit enhancements.

Past Due Assets Not Impaired

The following table shows the Banking Group's 90 days past due non-impaired assets.

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Total 90 days past due non-impaired assets	146	175	146	113	150

Additional Information on Impaired Assets

The following table shows additional information on impaired assets.

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Fair value of security ²	97	363	496	160	146

² For the purposes of this disclosure, where security held is valued at more than the corresponding credit exposure, coverage is capped at the value of the credit exposure.

Potential problem loans are those loans which are not impaired or past due, where the customer is in receivership, liquidation, statutory management or any other form of administration in New Zealand, or is in an equivalent form of voluntary or involuntary administration in an overseas jurisdiction. As at September 30, 2021, included within the Banking Group's loans and advances to customers were potential problem loans of \$6 million.

Loan Portfolio

Cross Border Outstandings

The following table shows cross border outstandings due from countries other than New Zealand where such outstandings individually exceed 0.75% of the Banking Group's total assets for the period specified.

Dollars in Millions	Banking Group		
	2021	2020	2019
Australia			
Banks and other financial institutions	280	208	723
Commercial and industrial	293	244	408
Total cross border outstanding	573	452	1,131
As a percentage of total assets	0.48%	0.40%	1.04%
United States			
Banks and other financial institutions	262	1,245	906
Commercial and industrial	65	54	57
Total cross border outstanding	327	1,299	963
As a percentage of total assets	0.27%	1.16%	0.88%

For the purposes of the above disclosure, cross border outstandings are based on the country of domicile of the counterparty or guarantor of the ultimate risk, and comprise loans and advances to customers, balances due from other institutions, acceptances and other monetary assets including trading derivative assets and reverse repurchase agreements. Local currency activities with local residents by foreign branches and subsidiaries are excluded.

The reporting threshold used above is for disclosure guidance only and is not intended as an indicator of a prudent level of lending by the Banking Group to any one country.

Summary of Loan Loss Experience

Provision for Credit Impairment and Credit Risk Adjustments on Financial Assets

The following table shows the reconciliation of movements in the Banking Group's provision for credit impairment and credit risk adjustments on financial assets.

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Specific provision for credit impairment and credit risk adjustments on individual financial assets					
Balance at beginning of year	237	157	105	104	100
Charge to income statement	(21)	148	107	50	31
Amounts written off	(92)	(78)	(66)	(68)	(49)
Recovery of amounts written off	12	12	15	23	24
Discount unwind	(2)	(2)	(4)	(4)	(2)
Balance at end of year	134	237	157	105	104
Collective provision for credit impairment and credit risk adjustments on groups of financial assets					
Balance at beginning of year	673	500	498	477	445
Charge/(credit) to income statement	(29)	173	2	21	32
Balance at end of year	644	673	500	498	477
Total provision for credit impairment and credit risk adjustments on financial assets	778	910	657	603	581

Provision for Credit Impairment and Credit Risk Adjustments on Financial Assets by Industry

The following table shows the Banking Group's provision for credit impairment and credit risk adjustments on financial assets by the customer's industry sector.

Dollars in Millions	Banking Group (2021)					Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Collectively assessed allowance Stage 2	Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets		
Agriculture	5	127	9	17	1	159	14.5
Forestry and fishing	1	6	2	-	-	9	1.0
Mining	1	3	1	-	-	5	0.3
Manufacturing	6	56	2	4	2	70	3.4
Electricity, gas and water	2	2	-	-	-	4	0.6
Construction	2	29	1	4	-	36	1.2
Wholesale and retail trade	6	63	1	7	-	77	3.7
Accommodation, restaurants, culture and recreation	2	24	2	5	-	33	1.5
Transport and storage	2	35	1	18	12	68	2.0
Communications	1	8	-	-	-	9	0.4
Financial, investment and insurance	4	7	-	-	-	11	2.7
Property, business and personal services	6	70	6	63	5	150	10.7
Government, education, health and community services	4	19	-	-	-	23	1.9
Real estate - housing loans	1	44	50	-	-	95	55.2
Personal lending	4	14	10	1	-	29	0.9
Total provision for credit impairment and credit risk adjustments on financial assets	47	507	85	119	20	778	100.0

Summary of Loan Loss Experience

Provision for Credit Impairment and Credit Risk Adjustments on Financial Assets by Industry *continued*

Banking Group (2020)

Dollars in Millions	Stage 1	Collectively assessed allowance Stage 2	Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
Agriculture	6	112	9	55	2	184	15.8
Forestry and fishing	2	6	2	-	-	10	1.1
Mining	2	2	-	5	-	9	0.4
Manufacturing	6	54	8	39	4	111	3.6
Electricity, gas and water	2	-	-	-	-	2	0.8
Construction	3	19	3	11	-	36	1.2
Wholesale and retail trade	6	54	7	22	-	89	3.6
Accommodation, restaurants, culture and recreation	1	26	4	6	-	37	1.7
Transport and storage	5	24	1	12	23	65	2.2
Communications	2	1	-	-	-	3	0.3
Financial, investment and insurance	5	7	-	23	-	35	2.7
Property, business and personal services	6	93	8	36	4	147	11.3
Government, education, health and community services	2	24	-	1	-	27	2.6
Real estate - housing loans	5	33	53	3	-	94	51.5
Personal lending	4	43	12	2	-	61	1.2
Total provision for credit impairment and credit risk adjustments on financial assets	57	498	107	215	33	910	100.0

Banking Group (2019)

Dollars in Millions	Stage 1	Collectively assessed allowance Stage 2	Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
Agriculture	7	69	8	64	4	152	16.9
Forestry and fishing	1	5	1	-	-	7	1.1
Mining	2	4	-	10	-	16	0.5
Manufacturing	11	41	3	8	4	67	3.8
Electricity, gas and water	2	1	-	-	-	3	0.8
Construction	4	18	1	7	1	31	1.5
Wholesale and retail trade	9	38	3	12	-	62	4.2
Accommodation, restaurants, culture and recreation	2	11	2	1	-	16	1.6
Transport and storage	3	15	1	1	1	21	2.4
Communications	2	1	-	-	-	3	0.3
Financial, investment and insurance	5	6	-	23	1	35	2.3
Property, business and personal services	8	77	10	27	1	123	12.1
Government, education, health and community services	4	14	-	-	-	18	2.4
Real estate - housing loans	1	53	7	2	-	63	48.5
Personal lending	10	16	13	1	-	40	1.6
Total provision for credit impairment and credit risk adjustments on financial assets	71	369	49	156	12	657	100.0

Summary of Loan Loss Experience

Provision for Credit Impairment and Credit Risk Adjustments on Financial Assets by Industry *continued*

Banking Group (2018)

Dollars in Millions	Collectively assessed allowance		Stage 3	Individually assessed allowance Stage 3	Credit Risk Adjustment on Financial Assets	Total	Percentage of Loans in Each Category to Gross Loans and Advances (%)
	Stage 1	Stage 2					
Agriculture	8	111	7	17	9	152	17.6
Forestry and fishing	1	2	1	1	-	5	1.1
Mining	-	2	-	10	-	12	0.3
Manufacturing	9	38	6	6	4	63	4.1
Electricity, gas and water	2	1	-	-	-	3	0.8
Construction	4	10	3	2	-	19	1.4
Wholesale and retail trade	9	42	3	11	1	66	4.3
Accommodation, restaurants, culture and recreation	2	12	1	1	-	16	1.6
Transport and storage	2	14	2	3	1	22	2.4
Communications	1	2	-	-	-	3	0.2
Financial, investment and insurance	7	13	1	23	1	45	2.2
Property, business and personal services	8	49	12	26	1	96	12.4
Government, education, health and community services	3	10	1	-	-	14	2.3
Real estate - housing loans	1	50	4	3	-	58	47.6
Personal lending	9	10	10	-	-	29	1.7
Total provision for credit impairment and credit risk adjustments on financial assets	66	366	51	103	17	603	100.0

Dollars in Millions	Banking Group				
	2021	2020	2019	2018	2017
Individually assessed for credit impairment and credit risk adjustments on individual financial assets					
Agriculture	16	56	64	19	26
Forestry and fishing	-	-	-	1	-
Mining	-	5	10	10	-
Manufacturing	4	39	8	6	12
Construction	4	11	7	2	2
Wholesale and retail trade	7	22	12	11	10
Accommodation, restaurants, culture and recreation	5	6	1	1	1
Transport and storage	30	33	1	3	4
Financial, investment and insurance	-	23	23	23	22
Property, business and personal services	65	37	27	26	20
Government, education, health and community services	1	1	-	-	-
Real estate - housing loans	1	2	3	3	7
Personal lending	1	2	1	-	-
Total specific provision for credit impairment and credit risk adjustments on individual financial assets	134	237	157	105	104
Total collective provision for credit impairment and credit risk adjustments on groups of financial assets	644	673	500	498	477
Total provision for credit impairment and credit risk adjustments on financial assets	778	910	657	603	581

Summary of Loan Loss Experience

Provision for Credit Impairment and Credit Risk Adjustments on Financial Assets by Industry *continued*

	Banking Group				
As a Percentage of Total Loans	2021	2020	2019	2018	2017
Gross loans and advances to customers					
Agriculture	14.5	15.8	16.9	17.6	18.0
Forestry and fishing	1.0	1.1	1.1	1.1	1.1
Mining	0.3	0.4	0.5	0.3	0.3
Manufacturing	3.4	3.6	3.8	4.1	3.9
Electricity, gas and water	0.6	0.8	0.8	0.8	0.9
Construction	1.2	1.2	1.5	1.4	1.3
Wholesale and retail trade	3.7	3.6	4.2	4.3	4.7
Accommodation, restaurants, culture and recreation	1.5	1.7	1.6	1.6	1.5
Transport and storage	2.0	2.2	2.4	2.4	2.0
Communications	0.4	0.3	0.3	0.2	0.2
Financial, investment and insurance	2.7	2.7	2.3	2.2	2.8
Property, business and personal services	10.7	11.3	12.1	12.4	12.8
Government, education, health and community services	1.9	2.6	2.4	2.3	1.9
Real estate - housing loans	55.2	51.5	48.5	47.6	46.8
Personal lending	0.9	1.2	1.6	1.7	1.8
Total gross loans and advances to customers	100.0	100.0	100.0	100.0	100.0

Net Charge-Offs to Gross Average Loans

The following table shows the details of the Banking Group's ratio of net charge-offs to gross average loans outstanding. Net charge-offs are total bad debts written off less bad debts recovered.

	Banking Group				
As a percentage of total gross average loans	2021	2020	2019	2018	2017
Ratio of net charge-offs to gross average loans outstanding during the year ¹	0.1	0.1	0.1	0.1	-

¹ Net charge-offs divided by gross average interest earning loans outstanding.

Bad Debts Written Off

The following table shows bad debts written off by customer industry sector.

	Banking Group				
Dollars in Millions	2021	2020	2019	2018	2017
Agriculture	24	21	4	12	2
Forestry and fishing	-	-	2	1	1
Mining	3	5	-	-	1
Manufacturing	12	3	1	10	3
Construction	7	3	3	2	1
Wholesale and retail trade	7	5	13	2	2
Accommodation, restaurants, culture and recreation	2	2	2	2	1
Transport and storage	1	1	1	1	1
Financial, investment and insurance	-	-	-	-	1
Property, business and personal services	10	2	4	5	4
Government, education, health and community services	-	-	1	-	1
Real estate - housing loans	1	2	4	3	4
Personal lending	25	34	31	30	27
Total bad debts written off	92	78	66	68	49

Summary of Loan Loss Experience

Bad Debts Recovered

The following table shows bad debts recovered by customer industry sector.

Dollars in Millions	2021	Banking Group			
		2020	2019	2018	2017
Agriculture	3	-	-	-	-
Mining	1	2	2	10	14
Wholesale and retail trade	-	-	-	2	-
Financial, investment and insurance	1	-	3	-	-
Personal lending	7	10	10	11	10
Total bad debts recovered	12	12	15	23	24

Deposits and Other Borrowings

The following table shows the Banking Group's liabilities in respect to deposits and other borrowings.

Dollars in Millions	Banking Group		
	2021	2020	2019
Term deposits	24,386	29,920	34,933
Certificates of deposit	2,435	924	1,349
On-demand and short-term deposits bearing interest	34,781	28,957	21,865
Deposits not bearing interest	12,077	8,703	6,267
Commercial paper	4,429	3,337	3,554
Total deposits and other borrowings	78,108	71,841	67,968

The following table shows the maturity profile of all certificates of deposit and term deposits issued with a value of \$100,000 or more.

		Banking Group (2021)			
		Over 3 Months and up to 6 Months	Over 6 Months and up to 1 Year	Over 1 Year	Total
Dollars in Millions	Up to 3 Months	6 Months	1 Year	1 Year	Total
Term deposits	8,180	6,116	4,473	1,367	20,136
Certificates of deposit	1,751	666	18	-	2,435
Total	9,931	6,782	4,491	1,367	22,571

Details of average deposits and short term borrowings are provided in the following table for the dates indicated. Averages are predominantly daily averages.

Dollars in Millions	Banking Group					
	Average Balance	Average Rate (% p.a.) ¹	Average Balance	Average Rate (% p.a.) ¹	Average Balance	Average Rate (% p.a.) ¹
	2021	2021	2020	2020	2019	2019
Term deposits	26,129	1.40%	33,376	2.64%	34,467	3.29%
Certificates of deposit	1,356	0.35%	1,722	0.85%	1,729	1.81%
On-demand and short-term deposits bearing interest	33,363	0.14%	25,755	0.43%	21,705	0.88%
Deposits not bearing interest	10,605	0.00%	7,302	0.00%	5,981	0.00%
	71,453		68,155		63,882	

¹For the purposes of this disclosure, average rate is calculated as interest expense divided by average volume.

Short Term Borrowings

The table below shows the Banking Group's commercial paper short term borrowings.

Dollars in Millions	Banking Group		
	2021	2020	2019
Balance outstanding at end of year	4,429	3,337	3,554
Maximum outstanding at any month end	5,358	5,007	3,554
Approximate average amount outstanding during the year	4,172	3,767	2,827
Approximate weighted average rate on average amount outstanding	0.23%	1.37%	2.67%

Return on Equity and Assets

The following table shows return on equity, return on assets and other ratios of the Banking Group.

	Banking Group		
	2021	2020	2019
Return on assets ¹	1.13%	0.66%	0.97%
Return on equity ²	13.64%	8.72%	13.10%
Dividend payout ratio ³	0.00% ⁵	0.00% ⁵	114.61% ⁶
Equity to assets ratio ⁴	8.26%	7.61%	7.39%

¹ Net profit after tax divided by total average assets.

² Net profit after tax divided by total average equity (total average assets minus total average liabilities).

³ Dividend per ordinary share divided by net profit per ordinary share.

⁴ Total average equity divided by total average assets.

⁵ No dividends were paid in the years ended September 30, 2021 and September 30, 2020.

⁶ On December 7, 2018, the Bank paid dividends of \$945 million on its ordinary shares and issued 600 million ordinary shares.

