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## **NATIONAL AUSTRALIA BANK LIMITED (NAB) RELEASES 2014 SUPPLEMENTAL INFORMATION**

NAB today releases its 2014 Supplemental Information report which provides certain statistical information regarding NAB. The Supplemental Information voluntarily continues the disclosure of some of the information NAB previously disclosed to the U.S. market in its U.S. periodic reports filed with the U.S. Securities Exchange Commission (SEC) when NAB was an SEC registrant.

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# 2014 Supplemental Information Regarding National Australia Bank Limited

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# Presentation of information

## Basis of presentation

This report is prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards issued by the International Accounting Standards Board. Certain differences exist between Australian Accounting Standards, International Financial Reporting Standards and the Generally Accepted Accounting Principles applicable in the United States of America (US GAAP) which might be material to the financial information herein.

The Group, being the Company and its controlled entities, has not prepared a reconciliation of its consolidated financial statements and related footnote disclosures between Australian Accounting Standards, International Financial Reporting Standards and US GAAP. In making an investment decision, 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 herein.

## Currency of presentation

All currency amounts are expressed in Australian dollars unless otherwise stated. All amounts have been rounded to the nearest million dollars, except where indicated. This report contains translations of certain Australian dollar amounts into US dollars at specified rates. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated. Unless otherwise stated, the translations of Australian dollars into US dollars have been made at the rate of US\$0.8737 = A\$1.00, the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York on September 30, 2014.

## Certain definitions

The Group's fiscal year ends on September 30. The fiscal year ended September 30, 2014 is referred to as 2014 and other fiscal years are referred to in a corresponding manner. 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 report are due to rounding.

The information presented in this report has been derived from the results announcements for the fiscal years 2010 through to 2014.

Other information herein has been derived from the audited annual financial report of the Group for each fiscal year. Where certain items are not shown in the Group's annual financial report, it has been prepared for the purpose of this report. Accordingly, this information should be read in conjunction with and is qualified in its entirety by reference to the annual financial report.

## Forward-looking statements

This report contains certain forward-looking statements within the meaning of section 21E of the United States *Securities Exchange Act* 1934. 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.

Accordingly, the words 'anticipate', 'believe', 'expect', 'project', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', and other similar expressions are intended to identify forward-looking statements. Indications of, guidance on, future earnings and financial position and performance are also forward-looking statements.

In this report, forward-looking statements may, without limitation, relate to statements regarding:

- Economic and financial forecasts, including but not limited to statements in the business overview
- Anticipated implementation of certain control systems and programs, including, but not limited to those described in risk management
- Certain plans, strategies and objectives of management.

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 report. For example:

- The economic and financial forecasts contained in this report will be affected by movements in interest and foreign currency exchange rates, which may vary significantly from current levels, as well as by general economic conditions in each of the Group's major markets. Such variations may materially impact the Group's financial condition and results of operations
- The implementation of control systems and programs will be dependent on such factors as the Group's ability to acquire or develop necessary technology or systems, its ability to attract and retain qualified personnel and the response of customers and third parties such as vendors
- The plans, strategies and objectives of management will be subject to, among other things, government regulation, which may change at any time and over which the Group has no control. In addition, the Group will continue to be affected by general economic conditions in Australia and worldwide, movements and conditions in capital markets, the competitive environment in each of its markets and political and regulatory policies.

There can be no assurance that actual outcomes will not differ materially from these statements contained in this report.

# Presentation of information

## Cautionary note regarding non-GAAP financial measures

In addition to selected financial information contained in our fiscal year 2014 and fiscal year 2013 annual financial report presented in accordance with Australian Accounting Standards and Interpretations by the AASB and International Financial Reporting Standards, we have included certain "non-GAAP financial measures" (as defined in Regulation G under the United States *Securities Act* 1933, as amended). These non-GAAP financial measures include cash earnings.

Cash earnings is a non-IFRS key financial performance measure used by NAB, the investment community and NAB's Australian peers with similar business portfolios. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the Group. Cash earnings is calculated by excluding some items which are included within the statutory net profit attributable to owners of the Company. Cash earnings does not purport to represent the cashflows, funding or liquidity position of the Group, nor any amount represented on a cash flow statement. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards.

Cash earnings for 2014 is defined as:

Net profit attributable to owners of the Company, adjusted for the items NAB considers appropriate to better reflect the underlying performance of the Group.

Adjusted for non-cash earnings items:

- Distributions
- Treasury shares
- Fair value and hedge ineffectiveness
- Discount Acquisition Cost (DAC) discount rate variation
- Amortisation of acquired intangible assets.

In the 2013 September year, cash earnings was adjusted for litigation expense and recovery. This item did not recur in the September 2014 year. Customer redress for Payment Protection Insurance has been recorded as operating expenses for cash earnings to be consistent with presentation in 2014. For statutory purposes these provisions were recorded as a charge to other operating income in 2013.

Details of non-cash earnings items are as follows:

### Distributions

Distributions relating to hybrid equity instruments are treated as an expense for cash earnings purposes and as a reduction in equity (dividend) for statutory reporting purposes. The distributions on other equity instruments are set out in Section 5, Note 6 Dividends and Distributions of the 2014 U.S. Debt Funding Information. The effect of this in the September 2014 full year is to reduce cash earnings by \$180 million.

### Treasury Shares

For statutory reporting purposes, the Group eliminates the effect on statutory income of the Group's life insurance business investment in National Australia Bank Limited shares. The elimination includes unrealised mark-to-market

movements arising from changes in the Company's share price, dividend income and realised profits and losses on the disposal of shares. In determining cash earnings in the September 2014 year, a net gain of \$22 million (\$43 million after tax) attributable to these adjustments has been included to ensure there is no asymmetric impact on profit because the treasury shares relate to life policy liabilities which are revalued in deriving income.

### Fair Value and Hedge Ineffectiveness

Fair value and hedge ineffectiveness causes volatility in statutory profit, which is excluded from cash earnings as it is income neutral over the full term of transactions. This arises from fair value movements relating to trading derivatives for risk management purposes; fair value movements relating to assets, liabilities and derivatives designated in hedge relationships; and fair value movements relating to assets and liabilities designated at fair value.

In the September 2014 year there was an increase in statutory profit of \$118 million (\$83 million after tax) from fair value and hedge ineffectiveness. This was largely due to the change in the fair value of derivatives used to manage the Group's long-term funding from movements in spreads between Australian and overseas interest rates, and mark-to-market movements of assets and liabilities designated at fair value reflecting current market conditions. In particular, the impact of interest rate and foreign exchange rate movements has resulted in mark-to-market gains on these derivatives and term funding issuances.

### DAC Discount Rate Variation

The DAC discount rate variation represents the impact on earnings of the change in value of deferred acquisition costs (net of reinsurance) included in insurance policy liabilities resulting from a movement in inflation and the risk free discount rate. This item resulted in a pre-tax loss of \$29 million (\$20 million after tax).

### Amortisation of Acquired Intangible Assets

The amortisation of acquired intangibles represents the amortisation of intangible assets arising from the acquisition of controlled entities and associates such as core deposit intangibles, mortgage servicing rights, brand names, value of business and contracts in force.

*The following non-cash earnings item was reported for September 30, 2013.*

### Litigation Expense and Recovery

Following the agreement to settle the Bell Resources litigation, the Group recognised an \$80 million receivable during the 2013 financial year relating to settlement proceeds. The recovery was partially offset by litigation expenses of \$25 million recognised during the March 2013 half year, relating to the final settlement of a class action against the Group, generating a net recovery of \$55 million (\$39 million after tax).

# Presentation of information

The Banking Cost to Income Ratio represents banking operating expenses (before inter-segment eliminations) as a percentage of banking operating revenue (before inter-segment eliminations).

Banking operations include the Group's:

- Deposit, lending and other banking services in Australian Banking, UK Banking, NAB UK Commercial Real Estate and NZ Banking;
- Wholesale operations comprising Global Capital Markets and Treasury, Specialised Finance, Financial Institutions business within Australian Banking; and
- Specialised Group Assets (SGA) operations and Group Funding within Corporate Functions and Other.

The Banking Cost to Income Ratio calculated on this basis is a standard efficiency measure used widely across the Australian banking industry.

These non-GAAP financial measures do not have a standardised meaning prescribed by either Australian Accounting Standards or International Financial Reporting Standards 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 Australian Accounting Standards or International Financial Reporting Standards. They are not audited or reviewed in line with Australian Auditing Standards. You are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included in our results announcements and this document.

For a reconciliation of operating segment cash earnings and Group cash earnings to our net profit attributable to owners of the Company, see Note 2 of our 2014 annual financial report (for the 2014 and 2013 fiscal years) and Note 2 of our 2013 annual financial report (for the 2012 fiscal year).

# Selected financial data

The Divisional performance table together with the Reconciliation of cash earnings to net profit attributable to owners of the Company presented on the following pages, have been derived from the fiscal year 2014 and fiscal year 2013 Results Announcements. Refer to the section Cautionary note regarding non-GAAP financial measures on page three for further details.

Other information hereunder has been derived from the audited financial report of the Group, or where certain items are not shown in the Group's financial report, it has been prepared for the purpose of this report. Accordingly, this information should be read in conjunction with and is qualified in its entirety by reference to the financial report.

	2014	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>	2012	2011	2010
	\$m	US\$m	\$m	\$m	\$m	\$m
<b>Income Statement Summary</b>						
Net interest income	13,739	12,004	13,351	13,242	13,034	12,256
Net life insurance income	542	473	479	740	360	813
Gains less losses on financial instruments at fair value	999	873	769	223	(329)	122
Other operating income	3,968	3,467	3,604	3,510	3,778	3,817
Operating expenses	(10,438)	(9,120)	(8,305)	(8,822)	(8,365)	(8,541)
Charge to provide for doubtful debts	(855)	(747)	(1,810)	(2,734)	(1,750)	(2,791)
<b>Profit before income tax expense</b>	<b>7,955</b>	<b>6,950</b>	<b>8,088</b>	<b>6,159</b>	<b>6,728</b>	<b>5,676</b>
Income tax expense	(2,657)	(2,321)	(2,725)	(2,076)	(1,508)	(1,451)
<b>Net profit</b>	<b>5,298</b>	<b>4,629</b>	<b>5,363</b>	<b>4,083</b>	<b>5,220</b>	<b>4,225</b>
Net profit/(loss) attributable to non-controlling interest in controlled entities	(3)	(3)	(8)	(1)	(1)	(1)
<b>Net profit attributable to owners of the Company</b>	<b>5,295</b>	<b>4,626</b>	<b>5,355</b>	<b>4,082</b>	<b>5,219</b>	<b>4,224</b>
Dividends paid/payable <sup>(3)</sup>	4,672	4,082	4,457	4,082	3,760	3,234

<sup>(1)</sup> Translated at the noon buying rate on September 30, 2014 of US\$0.8737 = A\$1.00.

<sup>(2)</sup> Restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(3)</sup> Dividend amounts for a year represent the final and interim dividend in respect of that year, irrespective of when they are declared, determined and publicly recommended, including the dividend reinvestment plan and excluding issues under the bonus share plan in lieu of cash. This includes payments to both ordinary and American depositary shareholders.

## Divisional Performance

The Group's reportable segments are business units engaged in providing either different products or services, or similar products and services in different geographical areas. The businesses are managed separately as each requires a strategy focused on the specific services provided for the economic, competitive and regulatory environment in which it operates.

Following the Group's organisational realignment of the Australian business announced in March 2013, the Group's business now consists of the following reportable segments: Australian Banking; NAB Wealth and NZ Banking.

In addition, information on the following segments that do not meet the threshold to be reportable segments are also included in this note to reconcile to Group information: UK Banking; NAB UK Commercial Real Estate and Corporate Functions and Other.

As a result of these changes, the presentation of segment information for the year ended September 30, 2013 has been amended and includes the following changes:

- Financial information previously presented for Personal Banking, Business Banking and Wholesale Banking is now presented on a combined basis as Australian Banking;
- Financial information for NAB Wealth no longer includes the NAB Private Wealth business which is now reported in Australian Banking; and
- Financial information presented for Corporate Functions and Other reflects changed attributions between Corporate Functions, Australian Banking and NAB Wealth.

Following the initial public offering of a minority shareholding in Great Western Bank (GWB) in the United States (US), GWB's operations have been included in Corporate Functions and Other. GWB's results will be separately reported to the market in line with its reporting obligations in the US.

# Selected financial data

	2014	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>
	\$m	US\$m	\$m
<b>Divisional performance (new basis)</b>			
Australian Banking	4,947	4,322	4,942
NAB Wealth	365	319	322
NZ Banking	738	645	649
UK Banking <sup>(4) (5)</sup>	284	248	124
NAB UK Commercial Real Estate <sup>(4)</sup>	42	36	(375)
Corporate Functions and Other <sup>(5) (6)</sup>	(1,012)	(884)	273
Distributions	(180)	(157)	(188)
<b>Cash earnings</b>	<b>5,184</b>	<b>4,529</b>	<b>5,747</b>
Non-cash earnings items	111	97	(392)
<b>Net profit attributable to owners of the Company</b>	<b>5,295</b>	<b>4,626</b>	<b>5,355</b>
		2013 <sup>(2)</sup>	2012 <sup>(3)</sup>
		\$m	\$m
<b>Divisional performance (old basis)</b>			
Business Banking		2,488	2,409
Personal Banking		1,228	1,045
Wholesale Banking		1,194	1,092
NAB Wealth		482	556
NZ Banking		649	575
UK Banking <sup>(4) (5)</sup>		124	(213)
NAB UK Commercial Real Estate <sup>(4)</sup>		(375)	-
Corporate Functions and Other <sup>(5) (6)</sup>		308	176
Distributions		(188)	(207)
<b>Cash earnings</b>		<b>5,910</b>	<b>5,433</b>
Non-cash earnings items		(555)	(1,351)
<b>Net profit attributable to owners of the Company</b>		<b>5,355</b>	<b>4,082</b>

<sup>(1)</sup> Translated at the noon buying rate on September 30, 2014 of US\$0.8737= A\$1.00.

<sup>(2)</sup> Restated to include Payment Protection Insurance provision charges in operating expenses for cash earnings purposes, and for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(3)</sup> Comparatives for 2012 have not been restated to include Payment Protection Insurance provision charges for cash earnings purposes and for the impact of adopting new accounting standards, as detailed in Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(4)</sup> Following the transfer of the NAB UK Commercial Real Estate (UK CRE) business from Clydesdale Bank PLC to the Company on October 5, 2012, the results of NAB UK CRE in 2014 and 2013 are separately reported and no longer included in UK Banking. 2012 has not been adjusted.

<sup>(5)</sup> In 2013 and 2014 Corporate Functions and Other includes the impacts of provisions taken for UK related payment protection insurance and interest rate hedging products.

<sup>(6)</sup> Corporate Functions and Other includes Group Funding, Specialised Group Assets, Great Western Bank and other support units.

# Selected financial data

## Reconciliation of cash earnings to net profit attributable to owners of the company

	2014	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>	2012 <sup>(3)</sup>	2011 <sup>(3)</sup>	2010 <sup>(3)</sup>
	\$m	US\$m	\$m	\$m	\$m	\$m
Net interest income	13,775	12,035	13,407	13,297	13,092	12,288
Other operating income	5,104	4,459	5,125	4,948	4,544	4,432
IoRE	34	30	31	30	7	7
<b>Net operating income</b>	<b>18,913</b>	<b>16,524</b>	18,563	18,275	17,643	16,727
Operating expenses	(10,180)	(8,894)	(8,410)	(7,828)	(7,974)	(7,862)
<b>Underlying profit</b>	<b>8,733</b>	<b>7,630</b>	10,153	10,447	9,669	8,865
Charge to provide for bad and doubtful debts	(877)	(766)	(1,934)	(2,615)	(1,822)	(2,263)
<b>Cash earnings before tax and distributions</b>	<b>7,856</b>	<b>6,864</b>	8,219	7,832	7,847	6,602
Income tax expense	(2,492)	(2,178)	(2,284)	(2,192)	(2,162)	(1,806)
<b>Cash earnings before distributions</b>	<b>5,364</b>	<b>4,686</b>	5,935	5,640	5,685	4,796
Distributions	(180)	(157)	(188)	(207)	(225)	(215)
<b>Cash earnings</b>	<b>5,184</b>	<b>4,529</b>	5,747	5,433	5,460	4,581
<i>Non-cash earnings items (after tax):</i>						
Distributions	180	157	188	207	225	215
Treasury shares	(43)	(38)	(413)	(155)	39	106
Fair value and hedge ineffectiveness	83	73	(151)	(270)	(181)	(357)
DAC discount rate variation	(20)	(17)	22	16	26	34
Hedging costs on SCDO assets	-	-	-	(99)	(127)	-
Litigation expense / recovery	-	-	39	(101)	(4)	(12)
Amortisation of acquired intangible assets	(89)	(78)	(77)	(99)	(82)	(73)
PPI and customer redress provisions	-	-	-	(239)	(117)	-
Impairment of goodwill and software	-	-	-	(349)	-	-
Restructure costs	-	-	-	(174)	-	-
Due diligence, acquisition and integration costs	-	-	-	(88)	(162)	(125)
Refund of tax on exchangeable capital units (ExCaps) settlement	-	-	-	-	142	-
Efficiency, quality and service initiatives (EQS)	-	-	-	-	-	(237)
Provision for tax NZ structured finance transactions	-	-	-	-	-	128
NAB Wealth reinsurance dispute	-	-	-	-	-	(36)
<b>Net profit attributable to owners of the Company</b>	<b>5,295</b>	<b>4,626</b>	5,355	4,082	5,219	4,224

<sup>(1)</sup> Translated at the noon buying rate on September 30, 2014 of US\$0.8737 = A\$1.00.

<sup>(2)</sup> Restated to include Payment Protection Insurance provision charges in operating expenses for cash earnings purposes, and for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(3)</sup> Prior comparatives for 2012 and 2011 have not been restated to include Payment Protection Insurance provision charges for cash earnings purposes, and 2012, 2011 and 2010 have not been restated for the impact of adopting new accounting standards, as detailed in Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.



# Selected financial data

	2014	2014 <sup>(1)</sup>	2013 <sup>(2)</sup>	2012 <sup>(3)</sup>	2011 <sup>(3)</sup>	2010 <sup>(3)</sup>
	\$m	US\$m	\$m	\$m	\$m	\$m
<b>Balance sheet summary</b>						
Investments relating to life insurance business	85,032	74,292	77,587	68,414	63,920	64,560
Loans and advances	434,725	379,819	412,301	394,735	382,369	354,835
Total assets	883,301	771,740	809,870	763,090	753,757	685,952
Total risk-weighted assets <sup>(4)</sup>	367,652	321,218	362,078	331,336	341,069	344,658
Deposits and other borrowings	476,208	416,063	445,042	419,921	402,964	353,232
Life policy liabilities	71,701	62,645	64,509	56,584	53,608	54,354
Bonds, notes and subordinated debt	118,165	103,241	110,717	103,372	99,768	93,203
Other debt issues	4,686	4,094	2,944	1,783	2,494	2,502
Net assets	47,908	41,857	46,376	43,803	42,188	38,954
Contributed equity	28,380	24,796	27,944	27,373	25,274	23,551
Ordinary shares	24,049	21,012	23,410	22,459	20,360	18,637
Other equity instruments <sup>(5)</sup>	4,331	3,784	4,534	4,914	4,914	4,914
Total equity (parent entity interest)	47,891	41,842	46,317	43,756	42,168	38,940
Non-controlling interest in controlled entities	17	15	59	47	20	14
Total equity	47,908	41,857	46,376	43,803	42,188	38,954

	2014	2013 <sup>(2)</sup>	2012 <sup>(3)</sup>	2011 <sup>(3)</sup>	2010 <sup>(3)</sup>
	%	%	%	%	%
<b>Selected financial ratios</b>					
Dividend payout ratio <sup>(6)</sup>	89.1	84.1	102.7	73.6	79.2
Average equity to average total assets <sup>(7)</sup>	4.9	4.9	4.9	5.0	5.0
Net profit on average assets <sup>(8)</sup>	0.59	0.64	0.51	0.71	0.60
Net profit on average equity <sup>(7) (8)</sup>	12.1	13.0	10.3	14.2	11.8

<sup>(1)</sup> Translated at the noon buying rate on September 30, 2014 of US\$0.8737 = A\$1.00.

<sup>(2)</sup> Restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(3)</sup> Prior comparatives for 2012, 2011 and 2010 have not been restated for the impact of adopting new accounting standards, as detailed in Note 1, 'Principal Accounting Policies' of the audited financial report of the Group.

<sup>(4)</sup> The Group's risk-weighted assets for the fiscal years ended September 30, 2010 through to September 30, 2012 are calculated in accordance with defined Basel II methodologies, with the exception of its subsidiary Great Western Bank which was treated as Basel I for the September 2010 fiscal year. Risk-weighted assets for the fiscal years ended September 30, 2014 and 30 September 2013 are calculated in accordance with defined Basel III methodologies.

<sup>(5)</sup> Other equity instruments comprise BNZ Income Securities, BNZ Income Securities 2, National Income Securities, Trust Preferred Securities, Trust Preferred Securities II and National Capital Instruments. The Company exercised its right to call the BNZ Income Securities 2 of \$203 million in 2014 and exercised its right to call the BNZ Income Securities of \$380 million in 2013.

<sup>(6)</sup> Dividend payout ratio is the dividend amounts for a year divided by earnings per share based on statutory net profit.

<sup>(7)</sup> Average equity has been adjusted for other equity instruments and any non-controlling interest in controlled entities.

<sup>(8)</sup> Net profit has been adjusted for distributions and dividends on other equity instruments.

	2014	2013	2012	2011	2010
<b>Exchange rates (average and closing per A\$1.00)</b>					
Average					
United States dollar	0.9205	0.9963	1.0290	1.0262	0.9002
Closing					
United States dollar	0.8760	0.9315	1.0460	0.9764	0.9660

	2014	2013	2012	2011	2010
<b>Noon buying rates (average and closing per A\$1.00)</b>					
Daily average					
United States dollar	0.9209	0.9957	1.0297	1.0271	0.9008
Closing					
United States dollar	0.8737	0.9342	1.0388	0.9744	0.9640

On November 14, 2014 the noon buying rate was US\$0.8737 per A\$1.00.

	2014					
	October	September	August	July	June	May
<b>United States dollar (per A\$1.00)</b>						
High	0.8904	0.9376	0.9352	0.9488	0.9430	0.9382
Low	0.8675	0.8737	0.9263	0.9301	0.9250	0.9215

# Business overview

## Introduction

The Group is an international financial services group that provides a comprehensive and integrated range of financial products and services.

The Company traces its history back to the establishment of The National Bank of Australasia in 1858. National Australia Bank Limited (NAB) is a public limited company, incorporated on June 23, 1893 in Australia, which is the Company's main domicile. Its registered office is 800 Bourke Street, Docklands Victoria 3008, Australia. The Company operates under the requirements of the *Banking Act 1959* (Cth) and the *Corporations Act 2001* (Cth).

In 1981 the National Bank of Australasia merged with the Commercial Banking Corporation of Sydney which was established in 1834.

## Strategic Highlights

2014 was a challenging year for the Group. The additional provisioning for UK conduct related matters, combined with capitalised software and Deferred Tax Asset provisions was disappointing. However, these issues are being dealt with transparently and appropriately, and the underlying performance of the Group remains strong.

The Group continued to better align the business to the changing economic landscape and customers' evolving needs. It continues to focus on enhancing the core Australian and New Zealand franchise.

At the same time the Group continues to manage its international portfolio for value.

In Australia, the Group has now fully implemented an integrated and simplified operating model that aligns the organisation to the external environment and evolving customer needs. The model features:

- More streamlined customer management divisions focused on managing and growing customer relationships
- A single product house to effectively coordinate and manage all product offerings and drive innovation
- A centralised operations, shared services and transformation division to drive greater scale and efficiency, and delivery of business-wide transformation
- Centralised support divisions, bringing together Risk, Finance & Strategy, People, Communications and Governance, to remove duplication and promote greater consistency.

Highlights of the Group's progress towards meeting its 2014 strategic priorities are outlined below.

### Focus on the core Australian and New Zealand franchise

The Group focused on enhancing the Australian and New Zealand franchise by strengthening its relationship with customers in a number of ways during the year. For example, NAB Connect was upgraded with enhanced functionality to provide better direct relationships with customers. In Business Banking, centralised metro and regional fulfilment centres have been created to support improved customer relationships. While BNZ continues to focus on

its mission of 'Being the Bank for New Zealand' by helping New Zealanders be good with money.

The Group also introduced 98 wealth advisors across the Australian Banking network, providing professional advice and meeting the needs of banking customers.

The Group also continues to focus on improving cost and efficiency – optimising the core business and providing customers with a better experience. Examples of simplifying and digitalising the business include:

- Rebranding broker originated mortgages from Homeside to NAB to leverage the strength of the Group's main brand and reduce complexity
- Upgrading the Australian Banking payments infrastructure to enable Intraday Settlement
- Consolidating a number of product information databases into one, enabling staff to serve customers more quickly; and in turn drastically reducing both the number of branch support calls to customer contact centres and the average length of calls
- Rolling out of another two NAB 'Smart Stores'- interactive and intelligent branch formats in which customers can either use the self-service channels on site, or be supported with help, guidance and advice from a NAB staff member.

On the digital front, the Group continues to drive resilience and capacity upgrades across its digital channels to support the rapid uptake of digital services by NAB customers. Mobile internet banking logins have increased by more than one third since 2013.

### Manage International Portfolio

In common with the wider UK retail banking sector, Clydesdale Bank continues to deal with historical redress issues in relation to Payment Protection Insurance and Interest Rate Hedging products, which negatively affected the results of the Group during the year. Excluding these impacts, the returns in UK Banking improved in line with the economic growth in that region. The NAB UK CRE portfolio is being wound down in an orderly manner, with a \$3.2 billion reduction in 2014 that was a function of run-off and the sale of part of the portfolio.

Similarly, the run-down of the Specialised Group Assets (SGA) portfolio continued in 2014, with total assets contracting from \$17.4 billion as at September 2009 to \$3.3 billion as at September 2014.

On October 15, 2014, the Group sold a minority stake (31.8%) in its US-based business Great Western Bank (GWB) through an initial public offering of shares in the US. The Group plans to sell 100% of the GWB business over time, subject to market conditions.

### Invest in people, culture and reputation

Key initiatives and highlights in 2014 included:

- To date, NAB has assisted more than 335,000 people with microfinance products through its partnership with Good Shepherd Microfinance, and has set an ambitious goal to reach one million people by 2018
- NAB continues to make progress towards its Group gender diversity targets, with women now representing 32% of Group subsidiary board members

# Business overview

- NAB has committed to contributing one million employee volunteer hours by 2018. Since 2002, over 922,000 volunteer hours have been contributed by NAB employees to the community.

## Maintain focus on risk and compliance

In 2014 the Group continued to embed risk awareness, accountability, management and compliance into all of its daily business activities. Key highlights in 2014 included:

- Launching Risk Ready, a refreshed mandatory risk management training program for new employees
- Commencing the development of a customised 'RiskSmart' system to assist with management of operational risk and compliance. The new system is expected to be deployed across the Group in 2015.

## Build balance sheet strength

The Group maintains a strong capital, funding and liquidity position, in line with its ongoing commitment to build balance sheet strength.

The Group's Common Equity Tier 1 (CET1) capital ratio was 8.63% at September 30, 2014.

During the year, the Group has accessed a diverse range of wholesale funding across senior and secured debt markets as well as the domestic retail hybrid market.

The Group is well placed to meet Basel III funding and liquidity reforms to be implemented on January 1, 2015.

The Group remains vigilant in its evaluation of the economic and regulatory environment, and continues to ensure the balance sheet remains strong to enable it to respond to changing market and regulatory conditions.

## Organisational structure and operating model

National Australia Bank Limited is the holding company for the Group, as well as the main operating company.

The Group, is a financial services organisation with over 42,800 employees, operating more than 1,750 stores and business banking centres, and has more than 529,500 shareholders.

The Group's main operations are based in Australia, with interests in New Zealand, Asia, the United Kingdom and the United States of America.

In 2014 the Group operated the following divisions:

- *Australian Banking* offers a range of banking products and services to retail and business customers, ranging from small and medium enterprises through to Australia's largest institutions. Australian Banking comprises the Personal and Business Banking franchises, Fixed Income, Currencies and Commodities (FICC), Specialised Finance, Debt Markets, Asset Servicing and Treasury.

- *NAB Wealth* provides superannuation, investments and insurance solutions to retail, corporate and institutional clients. NAB Wealth operates one of the largest networks of financial advisers in Australia.

- *NZ Banking* comprises the Retail, Business, Agribusiness, Corporate and Insurance franchises in New Zealand, operating under the Bank of New Zealand (BNZ) brand. It excludes BNZ's Markets.

- *UK Banking* operates under the Clydesdale and Yorkshire Bank brands, offering a range of banking services for both personal and business customers. These services are delivered through a network of retail branches, business and private banking centres, direct banking and broker channels.

- The *NAB UK Commercial Real Estate (NAB UK CRE)* portfolio business was created on October 5, 2012 with the transfer of £5.6 billion of commercial real estate loan assets from Clydesdale Bank plc to National Australia Bank Limited, managed via its London Branch. Approximately 4,600 customers were transferred from a position being managed across 70+ locations to being managed across three locations (London, Glasgow and Leeds). A team of some 180 dedicated loan specialists are responsible for the orderly wind-down of the portfolio, and for meeting both bank and customer obligations, including the requirement for fair treatment of customers.

- The Group's '*Corporate Functions*' business includes functions that support all businesses including Group Funding, Other Corporate Functions activities and the results of Specialised Group Assets (SGA) and Great Western Bank (GWB). Group Funding acts as the central vehicle for movements of capital and structural funding to support the Group's operations, together with capital and balance sheet management. Other Corporate Functions activities include Enterprise Services and Transformation, Australian Investment Committee and Support Units (which include Office of the CEO, Risk, Finance and Strategy and People, Communications and Governance).

# Liquidity, funding and capital resources

## Liquidity and funding

The Group's banking entities comply with the regulatory liquidity requirements of the banking regulators in Australia, the United Kingdom, New Zealand, the United States and other geographies in which the Group operates as required. The Group's Wealth Management businesses also comply with the regulatory liquidity requirements of their Australian Financial Services Licences and the requirements of their various non-Australian regulators. Liquidity within the Group is also managed in accordance with policies approved by the Board, with oversight from regional and Group Asset and Liability Management Committees.

The principal sources of liquidity for the Group are:

- Cash
- Amounts due to and from other banks
- Repurchase agreements
- Trading securities and investments - available for sale
- Proceeds from investments and repayments of customer lending facilities
- Collateral placed on derivatives
- Deposits
- NAB Wealth net operating income
- Proceeds from commercial paper, certificates of deposit, bonds, notes and subordinated debt issues
- Interest income
- Other operating income.

The Group's primary source of funding is from deposits and other borrowings which include on-demand and short-term deposits, term deposits, and bank issued certificates of deposit. Of total liabilities at September 30, 2014 of \$835,393 million (2013: \$763,494 million<sup>(1)</sup>; 2012: \$719,287 million), funding from customer deposits and certificates of deposit (including amounts accounted for at fair value) amounted to \$458,647 million (2013: \$428,444 million<sup>(1)</sup>; 2012: \$408,426 million) or 55% (2013: 56%<sup>(1)</sup>; 2012: 57%). Although a substantial portion of customer accounts are contractually repayable within one year, on-demand, or at short-notice, such customer deposit balances have provided a stable source of core long-term funding for the Group.

Deposits taken from the inter-bank market of \$45,204 million as at September 30, 2014 (2013: \$34,623 million<sup>(1)</sup>; 2012: \$28,691 million) supplement the Group's customer deposits. The Group also accesses the domestic and international debt capital markets under its various funding programmes. As at September 30, 2014, the Group had on issue \$134,791 million (2013: \$125,854 million<sup>(1)</sup>; 2012: \$115,345 million) of term debt securities (bonds, notes and subordinated debt including bonds, notes and subordinated debt accounted for at fair value) and the following funding programmes are available to fund the Group's general banking businesses:

### Short-term funding programmes

#### Euro Market

Limit	Type	Issuer(s)
USD5 billion	Euro-Commercial Paper Programme	Clydesdale Bank PLC
USD20 billion	Global Commercial Paper and Certificate of Deposit Programme	National Australia Bank Limited
USD10 billion	Global Commercial Paper Programme	BNZ International Funding Limited (acting through its London Branch and guaranteed by Bank of New Zealand)

#### United States

Limit	Type	Issuer(s)
USD10 billion	Commercial Paper Program	BNZ International Funding Limited (acting through its London Branch and guaranteed by Bank of New Zealand)
USD20 billion	Commercial Paper Program	National Australia Funding (Delaware) Inc. (guaranteed by National Australia Bank Limited)

#### New Zealand

Limit	Type	Issuer(s)
Unlimited	Debt Issuance Programme (certificate of deposits)	Bank of New Zealand

<sup>(1)</sup> 2013 has been restated for the impact of new accounting standards detailed in Note 1, Principal Accounting Policies, of the audited financial report of the Group

# Liquidity, funding and capital resources

Long-term funding programmes and issuing shelves

<b>Global</b>		
Limit	Type	Issuer(s)
NZD7 billion	BNZ Covered Bond Programme	Bank of New Zealand and BNZ International Funding Limited (acting through its London Branch) guaranteed by CBG Trustee Company Limited as Trustee of the BNZ Covered Bond Trust, and Bank of New Zealand in respect of covered bonds issued by BNZ International Funding Limited (acting through its London Branch)
EUR10 billion	Global Covered Bond Programme	Clydesdale Bank PLC (guaranteed by Clydesdale Covered Bonds No. 2 LLP)
USD100 billion <sup>(1)</sup>	Global Medium Term Note Programme	National Australia Bank Limited, Clydesdale Bank PLC and BNZ International Funding Limited (acting through its London Branch and guaranteed by Bank of New Zealand)
GBP20 billion	Lanark Master Trust PLC	Lanark Master Issuer PLC
GBP10 billion	Lannraig Master Trust PLC	Lannraig Master Issuer PLC
USD25 billion <sup>(2)</sup>	NAB Covered Bond Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
Unlimited	National RMBS Trust Programme	National Australia Bank Limited
Unlimited	National ABS Trust Programme	National Australia Bank Limited

<b>United States</b>		
Limit	Type	Issuer(s)
USD25 billion <sup>(2)</sup>	NAB Covered Bond Programme 144A	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
USD100 billion <sup>(1)</sup>	Global Medium Term Note Programme 144A	BNZ International Funding Limited (acting through its London Branch and guaranteed by Bank of New Zealand)
USD100 billion <sup>(1)</sup>	Global Medium Term Note Program 144A	National Australia Bank Limited
USD20 billion	US 3(a)(2) Program	National Australia Bank Limited (acting through its New York Branch)

<b>Australia</b>		
Limit	Type	Issuer(s)
Unlimited	Debt Issuance Programme	National Australia Bank Limited
USD25 billion <sup>(2)</sup>	NAB Covered Bond Programme	National Australia Bank Limited (guaranteed by Perpetual Corporate Trust Limited as trustee of the NAB Covered Bond Trust)
Unlimited	Medium Term Note Programme	National Wealth Management Holdings Limited

<b>New Zealand</b>		
Limit	Type	Issuer(s)
Unlimited	Debt Issuance Programme (medium term notes)	Bank of New Zealand

<b>Japan</b>		
Limit	Type	Issuer(s)
JPY500 billion	Samurai Shelf	National Australia Bank Limited
JPY300 billion	Uridashi Shelf	National Australia Bank Limited

<sup>(1)</sup> Refers to total Global Medium Term Note Programme (Reg S and 144A) limit for all three issuers in aggregate.

<sup>(2)</sup> Refers to total Covered Bond Programme (Reg S and 144A) limit.

# Liquidity, funding and capital resources

At September 30, 2014, the Group's issuing entities credit ratings were as follows:

<b>National Australia Bank Limited</b>	Short-term debt	Senior long-term debt
Standard & Poor's Corporation	A-1+	AA-
Moody's Investors Service, Inc.	P-1	Aa2
Fitch, Inc.	F1+	AA-
<b>Clydesdale Bank PLC</b>	Short-term debt	Senior long-term debt
Standard & Poor's Corporation	A-2	BBB+
Moody's Investors Service, Inc.	P-2	Baa2
Fitch, Inc.	F1	A
<b>Bank of New Zealand</b>	Short-term debt	Senior long-term debt
Standard & Poor's Corporation	A-1+	AA-
Moody's Investors Service, Inc.	P-1	Aa3
Fitch, Inc.	F1+	AA-
<b>BNZ International Funding Limited (guaranteed by Bank of New Zealand)</b>	Short-term debt	Senior long-term debt
Standard & Poor's Corporation	A-1+	AA-
Moody's Investors Service, Inc.	P-1	Aa3
<b>National Wealth Management Holdings Limited</b>	Short-term debt	Senior long-term debt
Standard & Poor's Corporation	A-1	A+

Ratings are not a recommendation to purchase, hold or sell securities, and may be changed, superseded or withdrawn at any time.

The ability to realise assets quickly is an important source of liquidity for the Group. The Group holds sizeable balances of marketable treasury and other eligible bills and debt securities which could be disposed of to provide additional funding should the need arise. As at September 30, 2014, the Group held \$117,279 million of liquid assets (2013: \$106,777 million; 2012: \$90,964 million). According to the Group Contingent Funding Plan (CFP), the Group Treasurer has the authority to direct any holder of unencumbered Liquid Assets in both NAB Ltd Treasury and Trading portfolio to realise those assets for cash and to make a utilisation request under NAB's Committed Liquidity Facility (CLF). In addition, the Group held \$517,693 million (2013: \$487,313 million<sup>(1)</sup>; 2012: \$457,762 million) of net loans and advances to customers (including loans accounted for at fair value), of which \$100,045 million (2013: \$106,098 million<sup>(1)</sup>; 2012: \$98,151 million) is due to mature within one year – although a proportion of these maturing customer loans will be extended in the normal course of business.

Furthermore, the Group has \$31,705 million of contingent liquidity (after applicable haircuts), in the form of securitisation deals, which it is able to draw upon through repurchase agreements with the Reserve Bank of Australia. Within the Group's Wealth Management business, the principal sources of liquidity are premiums received from policyholders, charges levied upon policyholders, investment income and proceeds from the sale and maturity of investments. The investment policies adhered to by the Group's life insurance companies consider the anticipated cash flow requirements by matching cash inflows with projected liabilities.

Based on the level of resources within the Group's businesses, and the ability of the Group to access wholesale money markets and issue debt securities should the need arise, overall liquidity is considered sufficient to meet current obligations to customers, policyholders and debt holders.

The following table sets out the amounts and maturities of the Group's contractual cash obligations for bonds, notes and subordinated debt, other debt issues, and other commitments as listed below at September 30, 2014:

	Payments due by period				Total
	Less than 1 year \$m	1 to 3 year(s) \$m	3 to 5 years \$m	After 5 years \$m	
Bonds, notes and subordinated debt – dated	30,846	48,092	28,720	27,133	134,791
Other debt issues – undated	-	-	-	4,686	4,686
Non-cancellable operating leases	417	703	520	1,053	2,693
Information technology and telecommunication services	385	506	104	10	1,005
Capital expenditure commitments	101	18	3	-	122
Operational, property and support services	128	85	-	-	213
<b>Total contractual cash obligations</b>	<b>31,877</b>	<b>49,404</b>	<b>29,347</b>	<b>32,882</b>	<b>143,510</b>

The above table excludes deposits and other liabilities taken in the normal course of banking business and short-term and undated liabilities, including life policy liabilities.

<sup>(1)</sup> 2013 has been restated for the impact of new accounting standards detailed in Note 1, Principal Accounting Policies, of the audited financial report of the Group

# Liquidity, funding and capital resources

The following table sets out the amounts and maturities of the Group's contingent liabilities and other commercial commitments at September 30, 2014:

	Amount of commitment expiration per period <sup>(1)</sup>				Total \$m
	Less than 1 year \$m	1 to 3 year(s) \$m	3 to 5 years \$m	After 5 years \$m	
<b>Contingent liabilities</b>					
Guarantees	2,737	778	376	354	4,245
Letters of credit	2,232	549	684	171	3,636
Performance-related contingencies	3,985	868	504	322	5,679
<b>Other commercial commitments</b>					
Underwriting facilities	-	2	-	-	2
Other binding credit commitments <sup>(2)</sup>	72,684	24,446	13,305	15,987	126,422
<b>Total commercial commitments</b>	<b>81,638</b>	<b>26,643</b>	<b>14,869</b>	<b>16,834</b>	<b>139,984</b>

<sup>(1)</sup> Credit-related commitments arise from contracts entered into in the normal course of business generally relating to financing needs of customers.

<sup>(2)</sup> In the normal course of business of the Group's life insurance business statutory funds, various types of investment contracts are entered into that give rise to contingent or future obligations.

## Description of off-balance sheet arrangements (special purpose entities)

The primary purposes of special purpose entities (SPEs) relating to the Group are to:

- Assist customers to securitise their assets
- Provide diversified funding sources to customers
- Tailor new products to satisfy customers' funding requirements
- Provide diversified funding sources to the Group.

The SPEs used for these activities are controlled by the Group under Australian Accounting Standards and International Financial Reporting Standards and are recorded on the balance sheet of the Group as consolidated entities.

# Liquidity, funding and capital resources

## Capital resources

The Group assesses its capitalisation against market, regulatory and ratings agency expectations, having regard to Australian and international peers, and the Group's own asset base, risk profile and capital structure. The Group believes it has sufficient capital to meet current and likely future commitments.

### Capital adequacy

As an Authorised Deposit-taking Institution (ADI), NAB is subject to regulation by the Australian Prudential Regulation Authority (APRA) under the authority of the *Banking Act 1959*. APRA has set minimum regulatory capital requirements for banks that are consistent with the Basel capital adequacy framework.

The Group's capital structure comprises various forms of capital. Common Equity Tier 1 (CET 1) capital comprises paid-up ordinary share capital, retained earnings plus certain other items recognised as capital. The ratio of such capital to risk weighted assets is called the CET 1 ratio. Additional Tier 1 capital comprises certain securities with required loss absorbing characteristics. Together these components of capital make up Tier 1 capital and the ratio of such capital to risk-weighted assets is called the Tier 1 capital ratio.

Tier 2 capital mainly comprises of subordinated instruments. Tier 2 capital contributes to the overall capital framework.

CET 1 contains the highest quality and most loss absorbent components of capital, followed by Additional Tier 1 capital and then followed by Tier 2 capital.

The sum of Tier 1 capital and Tier 2 capital is called Total Capital. The ratio of Total Capital to risk-weighted assets is called the Total Capital Ratio. The minimum CET 1 Ratio, Tier 1 Capital Ratio and Total Capital Ratio under APRA's Basel capital adequacy Prudential Standards are 4.5%, 6.0% and 8.0% respectively.

In addition to the minimum total capital base ratio described above, APRA sets a Prudential Capital Ratio at a level proportional to an ADI's overall risk profile. A breach of the required ratios under the prudential standards may trigger legally enforceable directions by APRA, which can include a direction to raise additional capital or to cease business.

From January 1, 2016, APRA will implement a capital conservation buffer of 2.5% of an ADI's total risk-weighted assets. In addition, for ADI's considered systemically important such as NAB, a further Domestic Systemically Important Bank (D-SIB) requirement of 1% will be added to the required capital conservation buffer.

Under APRA's Prudential Standards, life insurance and funds management entities activities are deconsolidated for the purposes of calculating capital adequacy and excluded from the risk based capital adequacy framework. The investment in these controlled entities is deducted 100% from CET 1 capital. Additionally, any profits from these activities included in the Group's results are excluded from the determination of CET 1 capital to the extent they have not been remitted to the Company.

### Capital ratios

Capital ratios are monitored against internal capital targets that are set over and above minimum capital requirements set by the Board. The capital ratios at September 30, 2014, and comparatives at September 30, 2013 are as follows:

	2014 %	2013 <sup>(1)</sup> %
Common Equity Tier 1 ratio	8.63	8.43
Tier 1 ratio	10.81	10.35
Total capital ratio	12.16	11.80

<sup>(1)</sup> 2013 has not been restated for the impact of adopting new accounting standards detailed in Note 1, Principal Accounting Policies, of the audited financial report of the Group.

The Group's published CET 1 target has been revised to operate between 8.75% and 9.25% from January 1, 2016, based on current regulatory requirements, to reflect the new D-SIB requirement of 1% announced by APRA in December 2013.

### Tier 1 capital initiatives

On December 17, 2013, the Company issued \$1.72 billion of Convertible Preference Shares II (NAB CPS II), which will mandatorily convert into ordinary shares on December 19, 2022, provided certain conditions are met. With the prior written approval from APRA, the Company also has the option to convert, redeem or resell the NAB CPS II on December 17, 2020 or on the occurrence of particular events, provided certain conditions are met. NAB CPS II may also convert in certain circumstances if required under the terms of the NAB CPS II. The issuance has supported the Group's Tier 1 and Total Capital position.

On June 30, 2014, National Australia Bank Limited exercised its right to call the BNZ Income Securities II Limited Perpetual Non-cumulative Shares of NZD 260 million, originally issued on June 26, 2009 and was previously included in Tier 1 capital for the National Australia Bank Limited Group.

### Dividend and Dividend Reinvestment Plan (DRP)

The Group periodically adjusts the DRP to reflect the capital position and outlook. The final dividend has been maintained at 99 cents and the Group will offer a 1.5% discount on the DRP, with no participation limit.

The Group has entered into an agreement to have the DRP on the final dividend partially underwritten to an amount of \$800 million over and above the participation in the DRP.



# Average balance sheet and related interest

The following tables set forth the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or incurred by the Group. Averages are predominantly daily averages. Amounts classified as Other International represent interest earning assets and interest bearing liabilities of the controlled entities and overseas branches domiciled in New Zealand, the United States and Asia. Impaired assets are included within loans and advances in interest earning assets.

## Average assets and interest income

	2014			2013			2012		
	Average balance \$m	Interest \$m	Average rate % pa	Average balance \$m	Interest \$m	Average rate % pa	Average balance \$m	Interest \$m	Average rate % pa
<b>Average interest earning assets</b>									
Due from other banks									
Australia	11,343	211	1.9	10,567	243	2.3	16,053	532	3.3
Europe	24,934	167	0.7	28,091	152	0.5	23,746	114	0.5
Other International	21,596	114	0.5	17,714	84	0.5	14,612	74	0.5
Marketable debt securities <sup>(1)</sup>									
Australia	57,588	1,999	3.5	45,121	1,720	3.8	38,516	1,692	4.4
Europe	8,829	127	1.4	10,149	144	1.4	14,619	241	1.6
Other International	12,990	260	2.0	11,533	199	1.7	13,610	220	1.6
Loans and advances - housing									
Australia	238,710	11,409	4.8	225,796	11,914	5.3	212,998	13,191	6.2
Europe	30,878	1,040	3.4	24,611	833	3.4	22,414	743	3.3
Other International	30,396	1,606	5.3	26,321	1,384	5.3	23,621	1,326	5.6
Loans and advances - non-housing <sup>(1)</sup>									
Australia	159,083	9,770	6.1	160,024	10,691	6.7	160,759	11,716	7.3
Europe	28,563	1,241	4.3	31,384	1,361	4.3	35,544	1,610	4.5
Other International	44,887	2,289	5.1	37,051	1,979	5.3	32,259	1,852	5.7
Other interest earning assets									
Australia	9,728	347	n/a	5,921	433	n/a	2,584	1,006	n/a
Europe	21,514	117	n/a	19,174	82	n/a	12,996	125	n/a
Other International	10,555	81	n/a	8,168	70	n/a	5,641	100	n/a
Total average interest earning assets and interest income by:									
Australia	476,452	23,736	5.0	447,429	25,001	5.6	430,910	28,137	6.5
Europe	114,718	2,692	2.3	113,409	2,572	2.3	109,319	2,833	2.6
Other International	120,424	4,350	3.6	100,787	3,716	3.7	89,743	3,572	4.0
Total average interest earning assets and interest income	711,594	30,778	4.3	661,625	31,289	4.7	629,972	34,542	5.5
<b>Average non-interest earning assets</b>									
Investments relating to life insurance business <sup>(1)(2)</sup>									
Australia	81,797			72,409			65,694		
Other International	63			51			43		
Other assets <sup>(1)</sup>	72,126			72,472			66,334		
Total average non-interest-earning assets	153,986			144,932			132,071		
Provision for doubtful debts									
Australia	(1,956)			(2,448)			(2,591)		
Europe	(1,312)			(1,265)			(731)		
Other International	(328)			(325)			(360)		
Total average assets	861,984			802,519			758,361		

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

<sup>(2)</sup> Included within investments relating to life insurance business are interest earning debt securities. The interest earned from these securities is reported in life insurance income, and has therefore been treated as non-interest earning for the purposes of this table.

# Average balance sheet and related interest

## Average liabilities and interest expense

	2014			2013			2012		
	Average balance \$m	Interest \$m	Average rate % pa	Average balance \$m	Interest \$m	Average rate % pa	Average balance \$m	Interest \$m	Average rate % pa
<b>Average interest bearing liabilities</b>									
Due to other banks									
Australia	26,195	610	2.3	20,770	512	2.5	22,674	863	3.8
Europe	11,890	31	0.3	10,124	29	0.3	11,281	21	0.2
Other International	4,752	67	1.4	3,455	52	1.5	4,664	62	1.3
On-demand and short-term deposits									
Australia	129,639	3,077	2.4	112,499	3,005	2.7	101,769	3,555	3.5
Europe <sup>(1)</sup>	28,878	83	0.3	23,483	73	0.3	25,053	171	0.7
Other International	29,804	366	1.2	23,171	289	1.2	19,280	227	1.2
Certificates of deposits									
Australia	34,925	922	2.6	29,760	912	3.1	29,709	1,271	4.3
Europe	22,336	60	0.3	27,682	84	0.3	29,929	141	0.5
Other International	8,518	83	1.0	11,944	99	0.8	23,742	150	0.6
Term deposits <sup>(2)</sup>									
Australia	114,434	4,268	3.7	115,190	5,117	4.4	106,844	5,930	5.6
Europe <sup>(1)</sup>	15,745	320	2.0	18,228	427	2.3	16,561	384	2.3
Other International	37,608	1,106	2.9	35,712	967	2.7	30,100	902	3.0
Other borrowings <sup>(2)</sup>									
Australia	2,594	57	2.2	2,196	66	3.0	3,949	134	3.4
Europe	7,076	38	0.5	6,972	27	0.4	2,344	10	0.4
Other International	26,394	43	0.2	24,567	59	0.2	19,023	60	0.3
Bonds, notes and subordinated debt <sup>(2)</sup>									
Australia	101,775	4,362	4.3	93,749	4,852	5.2	90,742	5,855	6.5
Europe	5,905	146	2.5	4,855	118	2.4	4,279	80	1.9
Other International	21,595	568	2.6	16,908	470	2.8	11,580	450	3.9
Other interest bearing liabilities									
Australia	3,283	443	n/a	6,347	485	n/a	8,126	716	n/a
Europe	570	28	n/a	865	19	n/a	399	12	n/a
Other International	1,682	361	n/a	1,606	276	n/a	2,548	306	n/a
Total average interest bearing liabilities and interest expense by:									
Australia	412,845	13,739	3.3	380,511	14,949	3.9	363,813	18,324	5.0
Europe	92,400	706	0.8	92,209	777	0.8	89,846	819	0.9
Other International	130,353	2,594	2.0	117,363	2,212	1.9	110,937	2,157	1.9
Total average interest bearing liabilities and interest expense	635,598	17,039	2.7	590,083	17,938	3.0	564,596	21,300	3.8
<b>Average non-interest bearing liabilities</b>									
Deposits not bearing interest									
Australia	24,271			20,760			17,387		
Europe	3,245			2,700			2,359		
Other International	3,749			3,306			2,748		
Life insurance policy liabilities									
Australia	68,197			59,576			55,050		
Other International	-			2			2		
Other liabilities <sup>(2)</sup>	80,105			81,826			73,875		
Total average non-interest-bearing liabilities	179,567			168,170			151,421		
Total average liabilities	815,165			758,253			716,017		
	2014			2013			2012		
	%			%			%		
Net yield on interest earning assets	1.93			2.02			2.10		

<sup>(1)</sup> 2013 has been restated for a reclassification from on-demand and short-term deposits to term deposits.

<sup>(2)</sup> 2013 has been restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

# Average balance sheet and related interest

## Average equity

	2014	2013	2012
	Average	Average	Average
	balance	balance	balance
	\$m	\$m	\$m
<b>Contributed equity <sup>(1)</sup></b>	<b>28,038</b>	<b>27,626</b>	<b>25,853</b>
Reserves	(995)	(2,137)	(1,430)
Retained profits <sup>(1)</sup>	19,758	18,726	17,885
<b>Parent entity interest</b>	<b>46,801</b>	<b>44,215</b>	<b>42,308</b>
Non-controlling interest in controlled entities	18	51	36
<b>Total average equity</b>	<b>46,819</b>	<b>44,266</b>	<b>42,344</b>
<b>Total average liabilities and equity</b>	<b>861,984</b>	<b>802,519</b>	<b>758,361</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

## Volume and rate analysis

The following table allocates movements in net interest income between changes in volume and changes in rate for the years ended September 30, 2014 and September 30, 2013. Volume and rate variances have been calculated on the movement in average balances and the change in interest rates on average interest earning assets and average interest bearing liabilities. The variance caused by changes of both volume and rate has been allocated in proportion to the relationship of the absolute dollar amounts of each change to the total.

	2014			2013		
	Increase/(decrease)			Increase/(decrease)		
	due to change in			due to change in		
	Average	Average	Total	Average	Average	Total
	balance	rate		balance	rate	
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Interest earning assets</b>						
Due from other banks						
Australia	17	(49)	(32)	(152)	(137)	(289)
Europe	(18)	33	15	23	15	38
Other International	19	11	30	15	(5)	10
Marketable debt securities <sup>(1)</sup>						
Australia	443	(164)	279	269	(241)	28
Europe	(19)	2	(17)	(67)	(30)	(97)
Other International	27	34	61	(35)	14	(21)
Loans and advances - housing						
Australia	657	(1,162)	(505)	759	(2,036)	(1,277)
Europe	211	(4)	207	75	15	90
Other International	215	7	222	146	(88)	58
Loans and advances - non housing <sup>(1)</sup>						
Australia	(63)	(858)	(921)	(54)	(971)	(1,025)
Europe	(122)	2	(120)	(182)	(67)	(249)
Other International	403	(93)	310	262	(135)	127
Other interest earning assets						
Australia	198	(284)	(86)	651	(1,224)	(573)
Europe	11	24	35	44	(87)	(43)
Other International	19	(8)	11	34	(64)	(30)
<b>Change in interest income</b>	<b>1,998</b>	<b>(2,509)</b>	<b>(511)</b>	<b>1,788</b>	<b>(5,041)</b>	<b>(3,253)</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

# Average balance sheet and related interest

## Volume and rate analysis (continued)

	2014			2013		
	Increase/(decrease)			Increase/(decrease)		
	due to change in			due to change in		
	Average balance	Average rate	Total	Average balance	Average rate	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Interest bearing liabilities</b>						
Due to other banks						
Australia	128	(30)	98	(67)	(284)	(351)
Europe	5	(3)	2	(2)	10	8
Other International	19	(4)	15	(17)	7	(10)
On-demand and short-term deposits						
Australia	429	(357)	72	348	(898)	(550)
Europe <sup>(1)</sup>	16	(6)	10	(10)	(88)	(98)
Other International	82	(5)	77	48	14	62
Certificates of deposits						
Australia	146	(136)	10	2	(361)	(359)
Europe	(15)	(9)	(24)	(10)	(47)	(57)
Other International	(31)	15	(16)	(89)	38	(51)
Term deposits <sup>(2)</sup>						
Australia	(34)	(815)	(849)	437	(1,250)	(813)
Europe <sup>(1)</sup>	(54)	(53)	(107)	39	4	43
Other International	53	86	139	157	(92)	65
Other borrowings <sup>(2)</sup>						
Australia	11	(20)	(9)	(53)	(15)	(68)
Europe	-	11	11	18	(1)	17
Other International	4	(20)	(16)	15	(16)	(1)
Bonds, notes and subordinated debt <sup>(2)</sup>						
Australia	391	(881)	(490)	189	(1,192)	(1,003)
Europe	26	2	28	12	26	38
Other International	124	(26)	98	171	(151)	20
Other interest bearing liabilities						
Australia	(303)	261	(42)	(144)	(87)	(231)
Europe	(8)	17	9	11	(4)	7
Other International	13	72	85	(136)	106	(30)
Change in interest expense	1,002	(1,901)	(899)	919	(4,281)	(3,362)
Change in net interest income	996	(608)	388	869	(760)	109

<sup>(1)</sup> 2013 has been restated for a reclassification from on-demand and short-term deposits to term deposits.

<sup>(2)</sup> 2013 has been restated for the impact of adopting new accounting standards. Refer to Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

## Loan fees

Included within interest income is \$331 million (2013: \$380 million; 2012: \$387 million) relating to loan fees which are amortised over the effective life of the loan.

# Investment portfolio

The following table shows the total value of the Group's investment portfolio as at the dates indicated:

	2014	2013 <sup>(1)</sup>	2012
	\$m	\$m	\$m
Trading securities	44,212	32,996	28,614
Investments - available for sale	43,386	34,886	28,985
Investments - held to maturity	2,919	4,758	9,762
Total investments	90,517	72,640	67,361

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial of the Group.

## Trading securities

The following table shows the fair value of the Group's holdings of trading securities as at the dates indicated:

	2014	2013	2012
	\$m	\$m	\$m
<b>Listed – Australia</b>			
Australian Commonwealth Government bonds and securities	14,876	8,764	4,219
Securities of Australian and semi-government authorities	5,126	1,987	3,460
Other government notes	-	-	1,673
Private corporations/other financial institutions' certificates of deposit	6,086	7,007	5,857
Private corporations/other financial institutions' bills	20	63	21
Private corporations/other financial institutions' bonds	2,526	1,906	2,552
Private corporations/other financial institutions' floating rate notes	9,468	6,950	5,317
Private corporations/other financial institutions' promissory notes	263	138	-
Private corporations/other financial institutions' Eurobonds	240	182	185
Other securities	664	440	880
	39,269	27,437	24,164
<b>Listed – Overseas</b>			
Securities of Australian and semi-government authorities	399	387	435
Securities of or guaranteed by New Zealand Government	877	958	288
New Zealand Government notes	1,460	786	1,375
Other government bonds and securities	20	200	512
Other government notes	11	63	19
Private corporations/other financial institutions' certificates of deposit	416	934	129
Private corporations/other financial institutions' bonds	390	676	217
Private corporations/other financial institutions' floating rate notes	373	456	115
Private corporations/other financial institutions' promissory notes	109	123	34
Private corporations/other financial institutions' medium term notes	629	558	456
	4,684	5,141	3,580
Total listed trading securities	43,953	32,578	27,744
<b>Unlisted – Australia</b>			
Private corporations/other financial institutions' bonds	31	31	25
Private corporations/other financial institutions' floating rate notes	-	-	9
Other securities	-	84	64
	31	115	98
<b>Unlisted – Overseas</b>			
Other government notes	-	-	371
Private corporations/other financial institutions' certificates of deposit	-	27	148
Private corporations/other financial institutions' bonds	5	23	182
Private corporations/other financial institutions' floating rate notes	2	205	-
Private corporations/other financial institutions' commercial paper	-	-	70
Private corporations/other financial institutions' medium term notes	221	48	1
	228	303	772
Total unlisted trading securities	259	418	870
Total trading securities <sup>(1)</sup>	44,212	32,996	28,614

<sup>(1)</sup> The amount that best represents the maximum credit exposure at reporting date is the carrying value of these assets.

# Investment portfolio

## Investments – available for sale

The following table shows the fair value of the Group's holdings of investments - available for sale as at the dates indicated:

	2014	2013	2012
	\$m	\$m	\$m
<b>Listed – Australia</b>			
Securities of Australian and semi-government authorities	22,309	18,630	11,456
Private corporations/other financial institutions' bonds	11	17	56
Private corporations/other financial institutions' floating rate notes	190	282	342
Other securities	6,060	4,088	3,744
	<b>28,570</b>	<b>23,017</b>	<b>15,598</b>
<b>Listed – Overseas</b>			
Securities of or guaranteed by UK Government	1,965	1,503	1,449
Other government bonds and securities	1,700	1,743	1,626
Other government treasury notes	67	76	-
Private corporations/other financial institutions' certificates of deposit	-	-	1,118
Private corporations/other financial institutions' bonds	3,850	1,465	982
Private corporations/other financial institutions' floating rate notes	454	524	892
Private corporations/other financial institutions' medium term notes	1,764	1,449	2,772
Other securities	942	869	585
	<b>10,742</b>	<b>7,629</b>	<b>9,424</b>
Total listed investments - available for sale	<b>39,312</b>	<b>30,646</b>	<b>25,022</b>
<b>Unlisted – Australia</b>			
Other securities	410	235	228
	<b>410</b>	<b>235</b>	<b>228</b>
<b>Unlisted – Overseas</b>			
Other government treasury notes	1,612	2,504	1,702
Private corporations/other financial institutions' certificates of deposit	341	276	348
Private corporations/other financial institutions' bonds	-	5	13
Private corporations/other financial institutions' floating rate notes	238	215	248
Private corporations/other financial institutions' commercial paper	313	236	415
Private corporations/other financial institutions' medium term notes	964	520	982
Other securities	196	249	27
	<b>3,664</b>	<b>4,005</b>	<b>3,735</b>
Total unlisted investments - available for sale	<b>4,074</b>	<b>4,240</b>	<b>3,963</b>
Total investments - available for sale	<b>43,386</b>	<b>34,886</b>	<b>28,985</b>

# Investment portfolio

## Investments – available for sale

### Maturities

The following table analyses the maturity (according to when they are expected to be recovered or settled) and weighted average yield of the Group's holdings of investments - available for sale at September 30, 2014:

	0 to 1 year		1 to 5 year(s)		5 to 10 years		Over 10 years <sup>(1)</sup>	
	\$m	yield pa	\$m	yield pa	\$m	yield pa	\$m	yield pa
<b>Australia</b>								
Securities of Australian and semi-government authorities	-	-	7,647	4.6%	13,078	5.1%	1,584	4.7%
Private corporations/other financial institutions' bonds	-	-	11	2.7%	-	-	-	-
Private corporations/other financial institutions' floating rate notes	94	4.5%	96	4.6%	-	-	-	-
Other securities <sup>(2)</sup>	295	3.0%	5,832	3.0%	5	-	338	-
	389		13,586		13,083		1,922	
<b>Overseas</b>								
Securities of or guaranteed by UK Government	-	-	372	0.5%	1,593	0.4%	-	-
Other government bonds and securities	35	5.0%	790	1.3%	313	2.0%	562	2.1%
Other government treasury notes	1,679	0.5%	-	-	-	-	-	-
Private corporations/other financial institutions' certificates of deposit	341	0.8%	-	-	-	-	-	-
Private corporations/other financial institutions' bonds	193	1.8%	3,548	1.4%	109	1.3%	-	-
Private corporations/other financial institutions' floating rate notes	228	0.4%	464	1.6%	-	-	-	-
Private corporations/other financial institutions' commercial paper	313	0.6%	-	-	-	-	-	-
Private corporations/other financial institutions' medium term notes	880	1.2%	1,698	1.4%	150	1.6%	-	-
Other securities <sup>(2)</sup>	407	0.7%	474	1.0%	6	1.7%	251	2.4%
	4,076		7,346		2,171		813	
Total maturities at carrying value	4,465		20,932		15,254		2,735	

<sup>(1)</sup> Equity investments, which have no maturity date, are categorised as maturing over 10 years.

<sup>(2)</sup> Other securities includes equity investments which have no contractual yields.

# Investment portfolio

## Investments – held to maturity

The following table shows the value of the Group's holdings of investments - held to maturity at the dates indicated, which are initially recognised at fair value and subsequently recorded at amortised cost using the effective interest method.

	2014 \$m	2013 <sup>(1)</sup> \$m	2012 \$m
<b>Listed – Overseas</b>			
Private corporations/other financial institutions' certificates of deposit	-	322	1,560
Private corporations/other financial institutions' floating rate notes	-	-	72
Private corporations/other financial institutions' medium term notes	-	-	311
	-	322	1,943
<b>Total listed investments - held to maturity <sup>(2)</sup></b>	<b>-</b>	<b>322</b>	<b>1,943</b>
<b>Unlisted – Australia</b>			
Other securities	391	442	983
	391	442	983
<b>Unlisted – Overseas</b>			
Private corporations/other financial institutions' certificates of deposit	-	454	2,966
Private corporations/other financial institutions' bonds	94	99	109
Private corporations/other financial institutions' floating rate notes	200	188	-
Private corporations/other financial institutions' commercial paper	-	-	48
Private corporations/other financial institutions' medium term notes	486	801	407
Other securities	1,748	2,452	3,306
	2,528	3,994	6,836
<b>Total unlisted investments - held to maturity</b>	<b>2,919</b>	<b>4,436</b>	<b>7,819</b>
<b>Total investments - held to maturity</b>	<b>2,919</b>	<b>4,758</b>	<b>9,762</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial of the Group.

<sup>(2)</sup> Listed overseas held to maturity assets are all nil as these balances have been reclassified to due from other banks.



# Investment portfolio

## Investments – held to maturity (continued)

### Market value information

	2014	2013 <sup>(2)</sup>	2012
	\$m	\$m	\$m
<b>Listed – Overseas</b>			
Private corporations/other financial institutions' certificates of deposit	-	323	1,561
Private corporations/other financial institutions' floating rate notes	-	-	72
Private corporations/other financial institutions' medium term notes	-	-	311
	-	323	1,944
<b>Total listed investments - held to maturity at market value <sup>(3)</sup></b>	<b>-</b>	<b>323</b>	<b>1,944</b>
<b>Unlisted – Australia</b>			
Other securities <sup>(1)</sup>	353	771	984
	353	771	984
<b>Unlisted – Overseas</b>			
Private corporations/other financial institutions' certificates of deposit	-	454	2,966
Private corporations/other financial institutions' bonds	93	99	111
Private corporations/other financial institutions' floating rate notes	200	188	-
Private corporations/other financial institutions' commercial paper	-	-	48
Private corporations/other financial institutions' medium term notes	486	802	407
Other securities	1,728	1,944	3,028
	2,507	3,487	6,560
<b>Total unlisted investments - held to maturity at market value</b>	<b>2,860</b>	<b>4,258</b>	<b>7,544</b>
<b>Total investments - held to maturity at market value</b>	<b>2,860</b>	<b>4,581</b>	<b>9,488</b>

<sup>(1)</sup> The fair value of the Synthetic Collateralised Debt Obligation (SCDO) asset held by a securitisation conduit as Investments - held to maturity reflects the Group's exposure subsequent to the risk mitigation strategy.

<sup>(2)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial of the Group.

<sup>(3)</sup> Listed overseas held to maturity assets are all nil as these balances have been reclassified to due from other banks.

# Investment portfolio

## Investments – held to maturity (continued)

### Maturities

The following table analysis the maturity (according to when they are expected to be recovered or settled) and weighted average yield of the Group's holdings of investments – held to maturity at September 30, 2014:

	0 to 1 year		1 to 5 year(s)		5 to 10 years		Over 10 years	
	\$m	yield pa	\$m	yield pa	\$m	yield pa	\$m	yield pa
<b>Australia</b>								
Other securities	16	4.1%	314	3.3%	23	3.4%	38	-
	16		314		23		38	
<b>Overseas</b>								
Private corporations/other financial institutions' bonds	-	-	94	1.6%	-	-	-	-
Private corporations/other financial institutions' floating rate notes	114	1.3%	86	1.3%	-	-	-	-
Private corporations/other financial institutions' medium term notes	486	1.3%	-	-	-	-	-	-
Other securities	-	-	262	2.3%	1,133	2.6%	353	0.8%
	600		442		1,133		353	
<b>Total maturities at carrying value</b>	<b>616</b>		<b>756</b>		<b>1,156</b>		<b>391</b>	

# Loan portfolio

## Loans and advances

The following table sets out the Group's portfolio of loans and advances, including provisions but net of unearned and deferred net fee income, for the years indicated:

	2014	2013 <sup>(1)</sup>	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Australia</b>					
Overdrafts	4,950	6,556	7,218	7,892	7,648
Credit card outstandings	6,129	5,972	6,153	6,050	5,517
Asset and lease financing	10,463	11,293	12,585	12,877	13,415
Housing loans	247,312	232,251	220,033	207,272	181,997
Other term lending	57,440	55,983	57,874	57,769	58,155
Other lending	3,696	3,833	4,718	4,493	4,247
Loans at fair value <sup>(2)</sup>	54,848	47,359	38,513	26,635	13,984
	<b>384,838</b>	<b>363,247</b>	<b>347,094</b>	<b>322,988</b>	<b>284,963</b>
<b>Overseas</b>					
Overdrafts	5,571	6,978	6,950	7,244	7,759
Credit card outstandings	1,869	1,895	1,762	1,853	1,910
Asset and lease financing	1,266	1,776	1,993	2,430	2,694
Housing loans	64,727	57,112	48,696	45,792	42,903
Other term lending	30,793	31,007	31,261	32,978	32,963
Other lending	4,740	3,092	1,630	1,986	2,395
Loans at fair value <sup>(2)</sup>	28,120	27,653	24,514	23,837	22,716
	<b>137,086</b>	<b>129,513</b>	<b>116,806</b>	<b>116,120</b>	<b>113,340</b>
Total gross loans and advances	<b>521,924</b>	<b>492,760</b>	<b>463,900</b>	<b>439,108</b>	<b>398,303</b>
Deduct: Unearned income and deferred net fee income	(1,113)	(1,429)	(1,917)	(2,287)	(2,494)
Provision for doubtful debts	(3,118)	(4,018)	(4,221)	(3,980)	(4,274)
Total net loans and advances	<b>517,693</b>	<b>487,313</b>	<b>457,762</b>	<b>432,841</b>	<b>391,535</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

<sup>(2)</sup> Loans at fair value represent "Other term lending" loans. This amount includes an unfavourable credit risk adjustment of \$422 million (2013: \$319 million; 2012: \$284 million; 2011: \$273 million; 2010: \$131 million) for Australia, and an unfavourable credit risk adjustment of \$384 million (2013: \$476 million; 2012: \$394 million; 2011: \$353 million; 2010: \$340 million) for Overseas.

Where a loan is held at fair value, a statistical-based calculation is used to estimate expected losses attributable to adverse movements in credit on the assets held. This adjustment to the credit quality of the asset is then applied to the carrying value of the loan held at fair value.

The diversification and size of the Group is such that its lending is widely spread both geographically and in terms of the types of industries served. In accordance with US SEC guidelines, the following table shows comparative year-end detail of the loan portfolio for the years indicated. The table also demonstrates the concentration of credit risk by industry with credit risk represented by the carrying value less provision for doubtful debts.

	2014	2013 <sup>(1)</sup>	2012	2011 <sup>(2)</sup>	2010
	\$m	\$m	\$m	\$m	\$m
<b>Australia</b>					
Government and public authorities	2,097	2,061	1,756	1,577	1,459
Agriculture, forestry, fishing and mining	17,572	16,946	15,812	12,551	10,676
Financial, investment and insurance	9,400	11,277	10,726	10,603	8,758
Real estate – construction	1,423	1,541	1,533	1,380	1,477
Manufacturing	6,225	5,867	6,436	5,876	4,763
Real estate – mortgage	247,312	232,251	220,033	207,272	181,997
Instalment loans to individuals and other personal lending (including credit cards)	9,118	9,028	9,305	9,476	9,107
Asset and lease financing	10,463	11,293	12,585	12,877	13,415
Other commercial and industrial	81,228	72,983	68,908	61,376	53,311
	<b>384,838</b>	<b>363,247</b>	<b>347,094</b>	<b>322,988</b>	<b>284,963</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

<sup>(2)</sup> During the year ended September 30, 2011 certain other reclassifications occurred to better align loan balances with regulatory classifications.

# Loan portfolio

## Loans and advances (continued)

	2014	2013 <sup>(1)</sup>	2012	2011 <sup>(2)</sup>	2010
	\$m	\$m	\$m	\$m	\$m
<b>Overseas</b>					
Government and public authorities	426	371	407	413	629
Agriculture, forestry, fishing and mining	16,515	15,820	13,591	12,333	11,478
Financial, investment and insurance	6,948	6,083	5,305	5,769	4,857
Real estate – construction	4,155	5,942	6,787	8,057	2,605
Manufacturing	4,739	4,446	3,581	4,441	3,797
Real estate – mortgage	64,728	57,112	48,696	45,792	42,903
Instalment loans to individuals and other personal lending (including credit cards)	4,723	4,938	5,215	6,141	6,373
Asset and lease financing	1,265	1,776	1,993	2,430	2,694
Other commercial and industrial	33,587	33,025	31,231	30,744	38,004
	137,086	129,513	116,806	116,120	113,340
Total gross loans and advances	521,924	492,760	463,900	439,108	398,303
Deduct: Unearned income and deferred net fee income	(1,113)	(1,429)	(1,917)	(2,287)	(2,494)
Provision for doubtful debts	(3,118)	(4,018)	(4,221)	(3,980)	(4,274)
Total net loans and advances	517,693	487,313	457,762	432,841	391,535

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial report of the Group.

<sup>(2)</sup> During the year ended September 30, 2011 certain reclassifications occurred to better align loan balances with regulatory classifications and changes to the Standard Industrial Classification of Economic Activities (SIC) 2007 codes issued by the UK Office for National Statistics.

The following tables show the contractual maturity distribution of loans and advances to customers and the nature of the interest rate applicable to such loans and advances for the Group as at September 30, 2014:

	0 to 1 year <sup>(1)</sup>	1 to 5 year(s)	Over 5 years <sup>(2)</sup>	Total
	\$m	\$m	\$m	\$m
<b>Maturity distribution of loans and advances</b>				
<b>Australia</b>				
Government and public authorities	25	190	1,882	2,097
Agriculture, forestry, fishing and mining	5,147	8,071	4,354	17,572
Financial, investment and insurance	5,801	2,568	1,031	9,400
Real estate – construction	758	543	122	1,423
Manufacturing	2,071	3,523	631	6,225
Real estate – mortgage	29,040	3,051	215,221	247,312
Instalment loans to individuals and other personal lending (including credit cards)	1,118	1,201	6,799	9,118
Asset and lease financing	1,270	8,743	450	10,463
Other commercial and industrial	25,493	46,100	9,635	81,228
	70,723	73,990	240,125	384,838
<b>Overseas</b>				
Government and public authorities	103	100	223	426
Agriculture, forestry, fishing and mining	5,075	6,713	4,727	16,515
Financial, investment and insurance	3,889	2,694	365	6,948
Real estate – construction	1,663	1,360	1,132	4,155
Manufacturing	2,813	1,630	296	4,739
Real estate – mortgage	1,622	3,446	59,660	64,728
Instalment loans to individuals and other personal lending (including credit cards)	2,430	273	2,020	4,723
Asset and lease financing	350	490	425	1,265
Other commercial and industrial	15,085	12,217	6,285	33,587
	33,030	28,923	75,133	137,086
Total gross loans and advances	103,753	102,913	315,258	521,924

<sup>(1)</sup> Overdrafts are not subject to a repayment schedule. Due to their characteristics, overdrafts are categorised as due within one year.

<sup>(2)</sup> Loans and advances which have no contractual maturity (including credit cards) are categorised as due over 5 years.

# Loan portfolio

## Loans and advances (continued)

	0 to 1 year <sup>(1)</sup>	1 to 5 year(s)	Over 5 years <sup>(2)</sup>	Total
	\$m	\$m	\$m	\$m
<b>Nature of interest rate applicable to loans and advances</b>				
Variable interest rates <sup>(3)</sup>				
Australia	33,017	3,997	187,174	224,188
Overseas	12,914	10,463	36,768	60,145
Fixed interest rates				
Australia	37,708	69,995	52,947	160,650
Overseas	20,114	18,458	38,369	76,941
<b>Total gross loans and advances</b>	<b>103,753</b>	<b>102,913</b>	<b>315,258</b>	<b>521,924</b>

<sup>(1)</sup> Overdrafts are not subject to a repayment schedule. Due to their characteristics, overdrafts are categorised as due within one year.

<sup>(2)</sup> Loans and advances which have no contractual maturity (including credit cards) are categorised as due over 5 years.

<sup>(3)</sup> For a range of credit products that are classified as variable, the Group is required to give a period of notice before a change in the applicable interest rate is effective.

## Asset quality disclosures

The following tables provide an analysis of the asset quality of the Group's loans and advances for the years indicated. Gross amounts are shown before taking into account any collateral held or other credit enhancements.

	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Total impaired assets <sup>(1) (2)</sup></b>					
Gross					
Australia	1,925	3,153	3,739	3,844	3,568
Overseas	2,197	3,194	2,804	2,542	2,480
	4,122	6,347	6,543	6,386	6,048
Specific provision for doubtful debts					
Australia	551	797	1,022	946	1,016
Overseas	903	1,233	961	600	508
	1,454	2,030	1,983	1,546	1,524
Net					
Australia	1,374	2,356	2,717	2,898	2,552
Overseas	1,294	1,961	1,843	1,942	1,972
<b>Total net impaired assets</b>	<b>2,668</b>	<b>4,317</b>	<b>4,560</b>	<b>4,840</b>	<b>4,524</b>

<sup>(1)</sup> Impaired assets consist of retail loans (excluding portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and interest; non-retail loans which are contractually past due 90 days and there is sufficient doubt about the ultimate collectability of principal and interest; and impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities are classified as impaired loans when they become 180 days past due (if not written off).

<sup>(2)</sup> Includes impaired off-balance sheet credit-related commitments amounting to \$22 million gross, \$22 million net (2013: \$30 million gross, \$30 million net, 2012: \$33 million gross, \$33 million net, 2011: \$21 million gross, \$21 million net; 2010: \$22 million gross, \$22 million net).

# Loan portfolio

## Asset quality disclosures (continued)

The following table provides information regarding non-impaired assets past due 90 days or more.

	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Non-impaired assets past due 90 days or more with adequate security <sup>(1)</sup></b>					
Australia	1,461	1,492	1,491	1,425	1,433
Overseas	621	725	700	550	520
<b>Total non-impaired assets past due 90 days or more with adequate security</b>	<b>2,082</b>	<b>2,217</b>	<b>2,191</b>	<b>1,975</b>	<b>1,953</b>
<b>Non-impaired portfolio managed facilities past due 90 to 180 days</b>					
Australia	233	215	135	122	123
Overseas	27	31	31	53	290
<b>Total non-impaired portfolio managed facilities past due 90 to 180 days</b>	<b>260</b>	<b>246</b>	<b>166</b>	<b>175</b>	<b>413</b>
<sup>(1)</sup> Includes nil for Australia (2013: nil, 2012: nil, 2011: nil, 2010: nil) and \$2m for Overseas (2013: \$1m, 2012: \$12 million, 2011: \$11 million, 2010: \$4 million) of non-impaired other financial assets at fair value past due 90 days or more with adequate security.					
	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Interest income received and foregone</b>					
<b>Interest and other income received and taken to the income statement on impaired assets</b>					
Overseas	3	3	6	8	3
	3	3	6	8	3
<b>Net interest and other income foregone on impaired assets</b>					
Australia	210	314	393	415	316
Overseas	77	108	86	88	80
	287	422	479	503	396
<b>Additional information in respect of impaired assets</b>					
<b>Fair value of security <sup>(1)</sup></b>					
Australia	1,532	2,120	2,951	2,837	2,447
Overseas	985	1,670	1,487	1,382	1,846
	2,517	3,790	4,438	4,219	4,293
<b>Loans newly classified into impaired asset categories during the year</b>					
Australia	1,236	2,361	2,410	2,884	2,850
Overseas	1,637	2,325	2,349	2,489	2,521
	2,873	4,686	4,759	5,373	5,371

<sup>(1)</sup> Fair value of security is the amount for which that security could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Amounts of security held in excess of the outstanding balance of individual impaired assets are not included in this table.

# Loan portfolio

## Cross border outstandings

The following table analyses the aggregate cross border outstandings due from countries other than Australia where such outstandings individually exceed 0.75% of the Group's total assets. For the purposes of this 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, balances due from other financial institutions, acceptances and other monetary assets including trading derivative assets and reverse repurchase agreements. Activities with local residents by the Group's foreign branches and subsidiaries are excluded.

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

		Public	Banks	Non-Private Bank	Total	% of total assets
		\$m	\$m	\$m	\$m	
As at September 30, 2014	Japan	5,830	997	287	7,114	0.8
	US	1,387	2,725	6,433	10,545	1.2
As at September 30, 2013	US	210	3,058	4,646	7,914	1.0
As at September 30, 2012	Japan	4,971	799	19	5,789	0.8
	US	48	4,680	2,012	6,740	0.9

For the fiscal years ending September 30, 2014, 2013 and 2012, there were no off-balance sheet commitments with individual countries exceeding 0.75% of the Group's total assets.

# Loan portfolio

## European exposures

This table includes exposures to European countries that are currently experiencing significant economic, fiscal and/or political strains such that likelihood of default would be higher than would be anticipated when such factors do not exist.

The exposures below represent gross exposures unless cash collateral has been pledged, which is the case for derivative asset exposures. The total exposures to these countries include both funded and unfunded exposures. The Group continues to monitor these exposures and notes, that due to the aggregate size and security with these exposures, they are not considered significant to the Group as a whole. In addition, the interest rate risk exposures on these positions are insignificant to the Group as a whole.

Non-derivative assets can include loans and advances, trading securities, available for sale securities, and held to maturity securities.

	Public	Banks	Non-Private Bank	Total
	\$m	\$m	\$m	\$m
As at September 30, 2014				
Belgium				
Non-derivative assets	-	-	70	70
Derivative assets	20	4	-	24
Cyprus				
Non-derivative assets	-	-	7	7
Greece				
Non-derivative assets	-	-	1	1
Ireland				
Non-derivative assets	-	-	430	430
Derivative assets	-	6	4	10
Italy				
Non-derivative assets	-	-	5	5
Derivative assets	-	4	-	4
Portugal				
Non-derivative assets	-	-	3	3
Spain				
Non-derivative assets	-	3	45	48
Derivative assets	-	47	-	47
Total European exposure	20	64	565	649



# Summary of loan loss experience

## Provision for doubtful debts

The following tables set forth details of the Group's provision for doubtful debts for the years indicated:

	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
Specific provision for doubtful debts	1,358	1,840	1,875	1,475	1,409
Collective provision for doubtful debts	1,760	2,178	2,346	2,505	2,865
Total provision for doubtful debts <sup>(1)(2)</sup>	3,118	4,018	4,221	3,980	4,274

<sup>(1)</sup> Not included in total provision for doubtful debts is \$96 million (2013: \$190 million; 2012: \$108 million; 2011: \$71 million; 2010: \$115 million) specific provision on loans at fair value; \$711 million (2013: \$605 million; 2012: \$570 million; 2011: \$555 million; 2010: \$356 million) collective provision on loans at fair value; and \$165 million (2013: \$176 million; 2012: \$226 million; 2011: \$338 million; 2010: \$349 million) collective provision on derivatives at fair value.

<sup>(2)</sup> Not included in total provision for doubtful debts are provisions on investments - held to maturity of \$26 million (2013: \$77 million; 2012: \$80 million; 2011: \$204 million; 2010: \$181 million).

### Reconciliation of movements in provision for doubtful debts

	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Specific provision</b>					
Balance at beginning of year	1,840	1,875	1,475	1,409	1,453
Transfer from collective provision	1,299	2,045	2,660	2,055	2,235
Bad debts recovered	185	160	160	184	177
Bad debts written off	(1,760)	(2,298)	(2,413)	(2,172)	(2,424)
Disposals	(221)	-	-	-	-
Foreign currency translation and other adjustments	15	58	(7)	(1)	(32)
Balance at end of year	1,358	1,840	1,875	1,475	1,409
<b>Collective provision</b>					
Balance at beginning of year	2,178	2,346	2,505	2,865	2,948
Acquisition of controlled entities	-	-	-	-	9
Transfer to specific provision	(1,299)	(2,045)	(2,660)	(2,055)	(2,235)
Charge to income statement <sup>(1)</sup>	863	1,799	2,521	1,723	2,236
Disposals	(18)	-	-	-	-
Foreign currency translation and other adjustments	36	78	(20)	(28)	(93)
Balance at end of year	1,760	2,178	2,346	2,505	2,865
Total provision for doubtful debts	3,118	4,018	4,221	3,980	4,274

<sup>(1)</sup> Excludes \$8 million write-back (2013: \$11 million, 2012: \$213 million; 2011: \$27 million; 2010: \$555 million of impairment charges) on Investments - held to maturity.

	2014	2013	2012	2011	2010
	%	%	%	%	%
Ratio of net charge-offs during the year to gross average loans outstanding during the year <sup>(1)(2)</sup>	0.31	0.44	0.46	0.48	0.58

<sup>(1)</sup> In the years ended September 30, 2014 and September 30, 2013, amounts due from customer acceptances was included in gross average loans outstanding.

<sup>(2)</sup> Net charge-offs for September 2014 and September 2013 include net charge-offs on fair value loans.

# Summary of loan loss experience

## Provision for doubtful debts (continued)

### Provision for doubtful debts by industry category

The following table provides an analysis of the Group's provision for doubtful debts by industry category for the years indicated:

	2014			Percentage of loans in each category to total loans
	Specific Provision	Collective Provision	Total	%
	\$m	\$m	\$m	
<b>Australia</b>				
Government and public authorities	-	1	1	0.4
Agriculture, forestry, fishing and mining	77	104	181	3.4
Financial, investment and insurance	19	33	52	1.8
Real estate - construction	9	10	19	0.3
Manufacturing	42	45	87	1.2
Real estate - mortgage	83	74	157	47.5
Instalment loans to individuals and other personal lending (including credit cards)	2	189	191	1.7
Asset and lease financing	40	51	91	2.0
Other commercial and industrial	279	660	939	15.5
	551	1,167	1,718	73.8
<b>Overseas</b>				
Government and public authorities	-	1	1	0.1
Agriculture, forestry, fishing and mining	16	37	53	3.2
Financial, investment and insurance	45	8	53	1.3
Real estate - construction	66	12	78	0.8
Manufacturing	18	22	40	0.9
Real estate - mortgage	53	12	65	12.4
Instalment loans to individuals and other personal lending (including credit cards)	5	85	90	0.9
Asset and lease financing	4	16	20	0.2
Other commercial and industrial	600	400	1,000	6.4
	807	593	1,400	26.2
Total provision for doubtful debts	1,358	1,760	3,118	100.0

	2013			
	Specific Provision	Collective Provision	Total	Percentage of loans in each category to total loans
	\$m	\$m	\$m	%
<b>Australia</b>				
Government and public authorities	-	1	1	0.4
Agriculture, forestry, fishing and mining	70	101	171	3.4
Financial, investment and insurance	26	28	54	2.2
Real estate - construction	16	10	26	0.3
Manufacturing	71	56	127	1.2
Real estate - mortgage	127	84	211	47.3
Instalment loans to individuals and other personal lending (including credit cards)	4	247	251	1.8
Asset and lease financing	38	54	92	2.3
Other commercial and industrial	445	787	1,232	14.8
	797	1,368	2,165	73.7

# Summary of loan loss experience

## Provision for doubtful debts (continued)

### Provision for doubtful debts by industry category (continued)

2013				
	Specific	Collective		Percentage of loans
	Provision	Provision	Total	in each category
	\$m	\$m	\$m	to total loans
				%
<b>Overseas</b>				
Government and public authorities	-	-	-	0.1
Agriculture, forestry, fishing and mining	52	35	87	3.2
Financial, investment and insurance	17	25	42	1.2
Real estate - construction	109	14	123	1.2
Manufacturing	15	29	44	0.9
Real estate - mortgage	55	19	74	11.6
Instalment loans to individuals and other personal lending (including credit cards)	7	105	112	1.0
Asset and lease financing	5	7	12	0.4
Other commercial and industrial	783	576	1,359	6.7
	1,043	810	1,853	26.3
<b>Total provision for doubtful debts</b>	<b>1,840</b>	<b>2,178</b>	<b>4,018</b>	<b>100.0</b>
2012				
	Specific	Collective		Percentage of loans
	Provision	Provision	Total	in each category
	\$m	\$m	\$m	to total loans
				%
<b>Australia</b>				
Government and public authorities	-	3	3	0.4
Agriculture, forestry, fishing and mining	72	115	187	3.4
Financial, investment and insurance	37	35	72	2.3
Real estate - construction	19	8	27	0.3
Manufacturing	123	66	189	1.4
Real estate - mortgage	129	94	223	47.5
Instalment loans to individuals and other personal lending (including credit cards)	5	195	200	2.0
Asset and lease financing	48	59	107	2.7
Other commercial and industrial	589	920	1,509	14.9
	1,022	1,495	2,517	74.9
<b>Overseas</b>				
Government and public authorities	-	-	-	0.1
Agriculture, forestry, fishing and mining	18	32	50	2.9
Financial, investment and insurance	31	13	44	1.1
Real estate - construction	74	22	96	1.5
Manufacturing	28	35	63	0.8
Real estate - mortgage	57	21	78	10.5
Instalment loans to individuals and other personal lending (including credit cards)	11	99	110	1.1
Asset and lease financing	9	19	28	0.4
Other commercial and industrial	625	610	1,235	6.7
	853	851	1,704	25.1
<b>Total provision for doubtful debts</b>	<b>1,875</b>	<b>2,346</b>	<b>4,221</b>	<b>100.0</b>

# Summary of loan loss experience

## Provision for doubtful debts (continued)

### Provision for doubtful debts by industry category (continued)

	2011			Percentage of loans in each category to total loans %
	Specific Provision \$m	Collective Provision \$m	Total \$m	
<b>Australia</b>				
Government and public authorities	-	3	3	0.4
Agriculture, forestry, fishing and mining	79	119	198	2.9
Financial, investment and insurance	69	43	112	2.4
Real estate - construction	16	12	28	0.3
Manufacturing	36	80	116	1.3
Real estate - mortgage	120	104	224	47.2
Instalment loans to individuals and other personal lending (including credit cards)	4	198	202	2.2
Asset and lease financing	48	69	117	2.9
Other commercial and industrial	574	1,106	1,680	14.0
	946	1,734	2,680	73.6
<b>Overseas</b>				
Government and public authorities	-	-	-	0.1
Agriculture, forestry, fishing and mining	23	39	62	2.8
Financial, investment and insurance	30	27	57	1.3
Real estate - construction	79	29	108	1.8
Manufacturing	18	42	60	1.0
Real estate - mortgage	70	12	82	10.4
Instalment loans to individuals and other personal lending (including credit cards)	6	17	23	1.4
Asset and lease financing	8	25	33	0.6
Other commercial and industrial	295	580	875	7.0
	529	771	1,300	26.4
Total provision for doubtful debts	1,475	2,505	3,980	100.0

	2010			Percentage of loans in each category to total loans
	Specific Provision	Collective Provision	Total	
	\$m	\$m	\$m	%
<b>Australia</b>				
Government and public authorities	-	3	3	0.4
Agriculture, forestry, fishing and mining	223	116	339	2.7
Financial, investment and insurance	92	33	125	2.2
Real estate - construction	11	13	24	0.4
Manufacturing	33	79	112	1.2
Real estate - mortgage	113	76	189	45.7
Instalment loans to individuals and other personal lending (including credit cards)	2	224	226	2.3
Asset and lease financing	158	85	243	3.4
Other commercial and industrial	384	1,340	1,724	13.2
	1,016	1,969	2,985	71.5

# Summary of loan loss experience

## Provision for doubtful debts (continued)

### Provision for doubtful debts by industry category (continued)

	2010			Percentage of loans in each category to total loans
	Specific Provision \$m	Collective Provision \$m	Total \$m	%
<b>Overseas</b>				
Government and public authorities	-	-	-	0.2
Agriculture, forestry, fishing and mining	15	33	48	2.9
Financial, investment and insurance	65	31	96	1.2
Real estate - construction	96	53	149	0.7
Manufacturing	12	51	63	1.0
Real estate - mortgage	55	19	74	10.8
Instalment loans to individuals and other personal lending (including credit cards)	6	92	98	1.6
Asset and lease financing	16	49	65	0.7
Other commercial and industrial	128	568	696	9.4
	393	896	1,289	28.5
<b>Total provision for doubtful debts</b>	<b>1,409</b>	<b>2,865</b>	<b>4,274</b>	<b>100.0</b>

### Bad debts written off and bad debts recovered by industry category

The following table provides an analysis of bad debts written off by industry category for the years indicated:

	2014 \$m	2013 \$m	2012 \$m	2011 \$m	2010 \$m
<b>Bad debts written off</b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	134	122	73	88	112
Financial, investment and insurance	15	13	25	44	107
Real estate - construction	20	19	10	14	8
Manufacturing	64	145	91	21	93
Real estate - mortgage	103	106	133	124	102
Instalment loans to individuals and other personal lending (including credit cards)	328	326	310	277	305
Asset and lease financing	38	66	49	45	60
Other commercial and industrial	404	667	718	769	582
	1,106	1,464	1,409	1,382	1,369
<b>Overseas</b>					
Agriculture, forestry, fishing and mining	48	28	20	11	16
Financial, investment and insurance	19	9	21	43	67
Real estate - construction	9	35	69	96	98
Manufacturing	14	44	64	11	56
Real estate - mortgage	26	34	45	37	26
Instalment loans to individuals and other personal lending (including credit cards)	105	108	126	170	246
Asset and lease financing	25	10	11	19	23
Other commercial and industrial	408	566	648	403	523
	654	834	1,004	790	1,055
<b>Total bad debts written off</b>	<b>1,760</b>	<b>2,298</b>	<b>2,413</b>	<b>2,172</b>	<b>2,424</b>

# Summary of loan loss experience

## Provision for doubtful debts (continued)

### Bad debts written off and bad debts recovered by industry category (continued)

#### Bad debts recovered by industry category

The following table provides an analysis of bad debts recovered by industry category for the years indicated:

	2014	2013	2012	2011	2010
	\$m	\$m	\$m	\$m	\$m
<b>Bad debts recovered</b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	10	2	1	-	-
Financial, investment and insurance	-	-	7	-	-
Manufacturing	6	-	3	-	12
Real estate - mortgage	5	6	7	4	1
Instalment loans to individuals and other personal lending (including credit cards)	44	85	53	45	39
Asset and lease financing	-	-	-	2	-
Other commercial and industrial	14	12	21	26	-
	79	105	92	77	52
<b>Overseas</b>					
Financial, investment and insurance	-	-	-	-	9
Real estate - construction	-	2	-	-	-
Instalment loans to individuals and other personal lending (including credit cards)	37	42	54	85	102
Other commercial and industrial	69	11	14	22	14
	106	55	68	107	125
<b>Total bad debts recovered</b>	<b>185</b>	<b>160</b>	<b>160</b>	<b>184</b>	<b>177</b>

# Deposits and other borrowings

The following table sets out the Group's liabilities in respect to deposits and other borrowings for the years indicated:

	2014	2013 <sup>(1)</sup>	2012
	\$m	\$m	\$m
<b>Australia</b>			
Deposits			
Term deposits	113,117	116,351	114,369
On-demand and short-term deposits	136,539	120,560	109,234
Certificates of deposit	37,215	29,752	26,257
Deposits not bearing interest	26,629	22,422	19,074
Borrowings	1,425	563	1,026
Securities sold under agreements to repurchase	1,612	2,091	2,733
	<b>316,537</b>	<b>291,739</b>	<b>272,693</b>
<b>Overseas</b>			
Deposits			
Term deposits	52,558	53,034	47,658
On-demand and short-term deposits	54,794	46,898	43,006
Certificates of deposit	30,364	32,932	43,235
Deposits not bearing interest	7,431	6,495	5,593
Borrowings	15,947	16,321	10,203
Securities sold under agreements to repurchase	7,831	5,460	4,135
Fair value adjustment	(21)	228	266
	<b>168,904</b>	<b>161,368</b>	<b>154,096</b>
<b>Total deposits and other borrowings</b>	<b>485,441</b>	<b>453,107</b>	<b>426,789</b>

<sup>(1)</sup> 2013 has been restated for the impact of adopting new accounting standards as detailed in Note 1, 'Principal Accounting Policies', of the audited financial report of the Group

## Maturities of deposits

The following table shows the maturity profile of all certificates of deposit, and additionally term deposits issued with a value of \$100,000 or more that are included within the deposits and other borrowings category at September 30, 2014:

	0 to 3 month(s)	3 to 6 months	6 to 12 months	Over 12 months	Total
	\$m	\$m	\$m	\$m	\$m
<b>Australia</b>					
Term deposits	59,929	26,217	13,808	3,643	103,597
Certificates of deposit	26,597	10,174	410	34	37,215
	86,526	36,391	14,218	3,677	140,812
<b>Overseas</b>					
Term deposits	22,094	10,442	8,893	5,718	47,147
Certificates of deposit	13,356	12,855	4,153	-	30,364
	35,450	23,297	13,046	5,718	77,511
	121,976	59,688	27,264	9,395	218,323

## Short-term borrowings

Short-term borrowings of the Group include the commercial paper programs of the Company, National Australia Funding (Delaware), Inc., BNZ International Funding Limited and Clydesdale Bank PLC. The following table sets forth information concerning the Group's commercial paper programs for the years indicated:

	2014	2013	2012
	\$m	\$m	\$m
<b>Commercial paper</b>			
Balance outstanding at balance date	16,854	17,255	10,730
Maximum outstanding at any month end	24,745	25,030	22,404
Approximate average amount outstanding during the year	18,331	17,657	15,313
Approximate weighted average interest rate on			
Balance outstanding at balance date (per annum)	0.2%	0.3%	0.4%
Average amount outstanding during the year (per annum)	0.2%	0.3%	0.4%