



7 May 2025

BNZ HY25: solid result in challenging economic environment

BNZ has reported a 4.8% decrease in underlying profit for the six months to 31 March 2025 to \$1,075 million, reflecting a challenging economic environment and a highly competitive banking sector.

BNZ's statutory net profit increased 4.3% on the prior year to \$795 million.

BNZ CEO Dan Huggins says, "overall, this is a solid result in the current economic environment. It supports our view that despite the current uncertainty driven by global trade and tariff tensions, New Zealand's economic fundamentals have improved.

"Looking beyond the current global volatility, we have confidence in the New Zealand economy and have delivered an impairment write back to reflect this."

"BNZ remains focused on supporting New Zealanders and New Zealand businesses," says Mr Huggins.

"This focus has seen more than 50,000 New Zealanders switch to BNZ in the first half of the financial year, as we continue to invest in more frontline bankers to improve customer service levels, reduce wait times, and open all our branches five days a week.

"It is also reflected in customer satisfaction, with BNZ moving into #1 position for our Consumer Net Promoter Score* (NPS)."

BNZ's total lending increased \$4.3 billion or 4.1% – with home lending up 5.6% and business lending up 2.0%.

BNZ also reported a significant increase in deposits up \$5.4 billion or 6.8%. Term deposits continued to be the most popular choice, while BNZ's Rapid Save – a market leading everyday high-interest rate savings account** - grew by \$1.7b or 13.7%.

Supporting growth

"The economy appears to be at a turning point, and while uncertainty remains, BNZ is well positioned to support its customers," says Mr Huggins.

"BNZ continues to make capital available for customers looking to invest in their business or buy their first or next home."

"We've supported nearly 6,000 New Zealanders with their home ownership ambitions in the first six months of the financial year, with first home buyers accounting for almost one third of all new home loans.

"As New Zealand's largest business bank, we understand that businesses will be at the forefront of our economic recovery. That's why we are always looking for new and innovative ways to support our customers to invest and grow."

BNZ backed Payap, New Zealand's first digital wallet and point of sale app utilising open banking and compatible with all New Zealand banks, is one of those innovations.

More than 10,000 business customers have already signed up for Payap, which will leverage the power of open banking to reduce merchant fees by up to 80% on transactions going through Payap.

BNZ continues to lead the market in open banking, with over 300,000 customers and 26 fintechs using BNZ's APIs.

Economic outlook

Mr Huggins says, "lower interest rates and strong conditions in the primary sector have helped support improvements in the New Zealand economy.

"However, trade tensions have created significant volatility and heightened uncertainty in global markets.

"We are watching these developments closely to gauge how this uncertainty impacts global growth and New Zealand's economic recovery. However, we remain optimistic about the country's long-term outlook and are committed to supporting New Zealand's growth aspirations."

ENDS

**Consumer NPS - Net Promoter Score. This measures the likelihood of a customer's recommendation to others.*

***BNZ Rapid Save winner of 2024 Canstar Outstanding Everyday Value Account.*

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An unaudited summary of financial information for the six months ended 31 March 2025 follows:

BNZ Banking Group

Income Statement Summary (NZ\$m)	Mar 25	Mar 24	Mar 25 v Mar 24 %
Net interest income	1,500	1,462	2.6
Gains less losses on financial instruments	82	144	(43.1)
Other operating income	165	164	0.6
Total operating income	1,747	1,770	(1.3)
Operating expenses	(672)	(641)	4.8
Underlying profit	1,075	1,129	(4.8)
Credit impairment write back / (charge)	28	(71)	(139.4)
Total operating profit before income tax expense	1,103	1,058	4.3
Income tax expense on operating profit	(308)	(296)	4.1
Net profit for the period¹	795	762	4.3

Reconciling items to statutory net profit (BNZ Banking Group)	Mar 25	Mar 24	Mar 25 v Mar 24 %
Cash earnings ² (NAB NZ Banking Reporting Segment)	781	750	4.1
Structural differences between NAB NZ Banking Reporting Segment and BNZ Banking Group ³	18	9	100.0
Cash earnings (BNZ Banking Group)	799	759	5.3
Fair value movements, hedging gains/(losses), and other reconciling items ⁴	(4)	3	Large
Net profit for the period¹	795	762	4.3

BNZ Banking Group Balance Sheet Summary (NZ\$bn)⁵			
Loans and advances to customers	108.5	104.2	4.1
Total assets	133.1	128.9	3.3
Deposits and other borrowings	87.6	81.8	7.1
Total liabilities	119.5	116.2	2.8
Total shareholders' equity	13.6	12.8	6.3

Performance Measures			
Net interest margin	2.40%	2.37%	3 bps
Cost to income ratio	38.5%	36.2%	230 bps
Return on Equity	11.9%	12.3%	(40 bps)

1. Statutory net profit has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). It complies with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards.

2. Cash earnings is a non-IFRS key financial performance measure used by BNZ for its internal management reporting as it better reflects what BNZ considers to be underlying performance. Cash earnings is not a statutory financial measure, is not presented in accordance with NZ GAAP and is not audited or reviewed in accordance with International Standards on Auditing (New Zealand).

3. NAB NZ Banking Reporting Segment consists of Partnership Banking, servicing retail, business and private customers; Corporate and Institutional Banking, servicing corporate and institutional customers, and the Markets operations in New Zealand. It also includes National Australia Bank's investment in FirstCape and the impact of distributions to non-controlling interests.

4. Unrealised fair value gains or losses on economic hedges that do not qualify for hedge accounting 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 asset and liabilities designated at fair value.

5. Spot volumes (unless otherwise stated).