

Norfina Limited (formerly Suncorp-Metway Limited) and subsidiaries

ABN 66 010 831 722

Consolidated interim financial report

For the 9 months ended 31 March 2025

Contents	Page
Review of operations	2
Consolidated interim statement of comprehensive income.....	4
Consolidated interim statement of financial position	5
Consolidated interim statement of changes in equity	6
Consolidated interim statement of cash flows.....	7
Notes to the consolidated interim financial statements	8
1. Reporting entity.....	8
2. Basis of preparation	8
3. Dividends	10
4. Segment reporting.....	10
5. Net operating income.....	11
6. Loans and advances.....	11
7. Provision for impairment on financial assets.....	12
8. Deposits	14
9. Share capital	14
10. Capital notes.....	15
11. Fair value of financial instruments.....	15
12. Related parties.....	17
13. Contingent liabilities	17
14. Subsequent events.....	18
Directors' declaration	19
Independent auditor's review report to the shareholder of Norfina Limited.....	20

Review of operations

Norfin Limited (the **Company**), formerly Suncorp-Metway Limited, is a public company domiciled in Australia. The Company and its subsidiaries are referred to as the **Group**.

The Company's immediate parent entity is SBGH Limited and its ultimate parent entity is ANZ Group Holdings Limited (**ANZ**). ANZ and its subsidiaries are collectively referred to as the **ANZ Group**. ANZ Group acquired 100% of the shares of SBGH Limited from Suncorp Group Limited (**SGL**) on 31 July 2024 (**completion date**). SGL and its subsidiaries are referred to as the **Suncorp Group**.

Overview of the Group

The Group recognised a net loss after tax attributable to owners of the Company of \$76 million for the interim period ended 31 March 2025 or a profit of \$242 million on an underlying earnings basis (March 2024: \$291 million profit). The result was impacted by one-off items related to the change in control from SGL to ANZ Group which were recognised in operating expenses and income tax expense respectively. The one-off items were partly offset by an increase in net operating income due to strong margin performance and growth in home lending and deposits.

Financial position and capital structure

Net assets of the Group are \$4,602 million (June 2024: \$4,465 million). The increase was a result of share capital issuances of \$184 million, partly offset by the total comprehensive loss for the period of \$25 million, and dividend payments on capital notes of \$22 million.

The Liquidity Coverage Ratio was maintained at an elevated level, averaging 146% over the period. The Net Stable Funding Ratio ended the period at 123%, demonstrating the continued strength of the Group's funding and liquidity position.

The regulatory Common Equity Tier 1 ratio is within the new Basel III target operating range of 10.5% - 11.0% of Risk Weighted Assets (previous target of 10.0% - 10.5%), at 10.67% (June 2024: 10.33%).

Review of principal businesses

Net interest income increased 10.0% to \$1,063 million (March 2024: \$966 million) with benefit from growth in home lending together with the net interest margin improving 10 basis points to 1.83%. The net interest margin improvement was driven by a shift in deposit mix to at-call savings and transaction deposit products and higher returns on the replicating portfolios and liquid assets, partly offset by higher wholesale funding costs.

Operating expenses increased 41.3% to \$825 million (March 2024: \$584 million) driven by one-off items related to the acquisition (refer to *Reconciliation of underlying earnings*), deal related costs (including technology), remediation costs, depreciation, and inflationary pressures, partly offset by continued cost disciplines. The cost to income ratio was 75.1% or 66.4% on an underlying earnings basis (March 2024: 58.3%).

The impairment expense on loans and advances of \$30 million (March 2024: \$2 million) reflects a \$16 million increase in the collective provision, a \$12 million increase in specific provisions and a \$2 million charge in actual net write-offs. The increase in the collective provision was the result of an increase in the proportion of exposures in Stage 2 and a modest worsening of the economic outlook for business lending customers, partially offset by the transfer of a large business lending exposure from collective to specific provisions. The increase in specific provisions was driven predominately by this transfer.

Loans and advances increased 3.2% to \$71,973 million (June 2024: \$69,715 million). The home lending portfolio grew 4.5% over the period, managing lending growth and margin outcomes in the context of a highly competitive mortgage market. Within the home lending portfolio, 79% (June 2024: 76%) was broker originated with the remainder being direct lending. The business lending portfolio contracted 2.2% over the period across all portfolios.

Deposits increased 2.9% to \$55,603 million (June 2024: \$54,011 million). At-call savings deposits grew 7.0% to \$19,145 million (June 2024: \$17,885 million) over the period, reflecting increased demand for higher yield deposit products. At-call transaction deposits grew 4.2% to \$20,365 million (June 2024: \$19,543 million), while term deposits contracted 3.0% to \$16,093 million (June 2024: \$16,583 million). The mix between the at-call transaction and term deposit portfolios was optimised during the period in response to market rate movements and customer trends.

Reconciliation of underlying earnings to the consolidated interim statement of comprehensive income

The consolidated interim statement of comprehensive income is prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Interpretations) which are compliant with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and Interpretations.

Underlying earnings is a non-IFRS measure which is presented to remove one-off items that resulted from the change in control of the Group from SGL to ANZ Group. The items do not reflect the performance of the Group during the current period as they are one-off (non-recurring) in nature, directly related to the change in control and as such will not repeat in future periods. Accordingly, the items are removed to provide a more effective comparison of performance across reporting periods.

The adjustments made in arriving at underlying earnings after tax are included in the (loss)/profit after tax per the consolidated statement of comprehensive income which is subject to review within the context of the external auditor's review of the consolidated interim financial statements. Underlying earnings after tax is not subject to review by the external auditor.

A reconciliation of underlying earnings to the (loss)/profit as per the consolidated interim statement of comprehensive income is presented below.

	Mar 2025 \$M	Mar 2024 \$M
Underlying earnings after tax	242	291
Accelerated amortisation expense ¹	(25)	-
Remeasurement of deposits ²	(38)	-
Goodwill write down ³	(21)	-
Tax base reset ⁴	(234)	-
(Loss) profit after tax per the consolidated interim statement of comprehensive income	(76)	291

1 The Group recognised accelerated amortisation expense of \$36 million (\$25 million net of tax) on internally developed software, reflecting alignment to the ANZ capitalisation policy. Refer note 2.1 for further detail.

2 The Group revised its measurement technique with respect to certain deposit liabilities, resulting in an expense of \$38 million being recognised in profit or loss. Refer note 2.1 for further detail.

3 Non-core subsidiaries of the Group were transferred from the Group to Suncorp Group prior to completion date (refer note 2.1). As a result, pre-acquisition goodwill of \$21 million related to these subsidiaries was written down during the period.

4 Reflects the net deferred tax expense recognised by the Group as a result of the tax values of certain assets and liabilities of the Group being reset on joining the ANZ tax-consolidation group on completion date. Refer note 2.1 for further detail.

Consolidated interim statement of comprehensive income

For the 9 months ended 31 March 2025

	Note	Mar 2025 \$M	Mar 2024 \$M
Interest income ¹	5.1	3,323	3,061
Interest expense	5.1	(2,260)	(2,095)
Net interest income	5.1	1,063	966
Other operating income ¹	5.2	36	35
Total net operating income		1,099	1,001
Operating expenses		(825)	(584)
Impairment expense on financial assets	7.2	(30)	(2)
Profit before income tax		244	415
Income tax expense		(320)	(124)
(Loss) profit for the period attributable to owners of the Company		(76)	291
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net change in fair value of cash flow hedges		120	173
Net change in fair value of investment securities		(12)	4
Income tax expense		(57)	(53)
Total other comprehensive income for the period		51	124
Total comprehensive (loss) income for the period attributable to owners of the Company		(25)	415

The consolidated interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

The comparative period has been restated to the nine months ended 31 March 2024.

¹ The Group revised the presentation of trail commission expense and business lending line fees, reclassifying these amounts from other operating income to interest income. The change in presentation resulted in nil impact on the total profit or loss of the Group. Comparatives have been restated.

Consolidated interim statement of financial position

As at 31 March 2025

	Note	Mar 2025 \$M	Jun 2024 \$M
Assets			
Cash and cash equivalents		1,009	1,745
Receivables due from other banks		693	739
Trading securities		1,998	2,154
Derivatives		299	283
Investment securities		10,997	9,849
Loans and advances	6	71,973	69,715
Due from related parties		-	115
Deferred tax assets		-	108
Other assets		456	266
Total assets		87,425	84,974
Liabilities			
Payables due to other banks		170	118
Deposits	8	55,603	54,011
Derivatives		202	304
Payables and other liabilities		1,145	632
Due to related parties		5	68
Deferred tax liabilities		66	-
Borrowings		25,032	24,776
Subordinated notes		600	600
Total liabilities		82,823	80,509
Net assets		4,602	4,465
Equity			
Share capital		2,938	2,754
Capital notes	10	560	560
Reserves		23	(28)
Retained profits		1,081	1,179
Total equity attributable to owners of the Company		4,602	4,465

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated interim statement of changes in equity

For the 9 months ended 31 March 2025

	Note	Share capital \$M	Capital notes \$M	Reserves \$M	Retained profits \$M	Total equity \$M
Balance as at 1 July 2023		2,754	560	(82)	1,070	4,302
Profit for the period		-	-	-	291	291
Total other comprehensive income for the period		-	-	124	-	124
Total comprehensive income for the period		-	-	124	291	415
<i>Transactions with owners, recorded directly in equity</i>						
Dividends paid	3	-	-	-	(263)	(263)
Balance as at 31 March 2024		2,754	560	42	1,098	4,454
Balance as at 1 July 2024		2,754	560	(28)	1,179	4,465
Loss for the period		-	-	-	(76)	(76)
Total other comprehensive income for the period		-	-	51	-	51
Total comprehensive income (loss) for the period		-	-	51	(76)	(25)
<i>Transactions with owners, recorded directly in equity</i>						
Shares issued	9.1	173	-	-	-	173
Dividends paid	3	-	-	-	(22)	(22)
Other movements ¹		11	-	-	-	11
Balance as at 31 March 2025		2,938	560	23	1,081	4,602

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.
The comparative period has been restated to the nine months ended 31 March 2024.

1 Represents the fair value of a common control transaction between the Company and its previous ultimate parent entity, Suncorp Group Limited (SGL). The transaction took place immediately prior to completion of the sale of the Company to ANZ Group Holdings Limited, and reflects an indemnity provided by SGL to the Company with respect to certain deposit liabilities.

Consolidated interim statement of cash flows

For the 9 months ended 31 March 2025

	Note	Mar 2025 \$M	Mar 2024 \$M
Cash flows from operating activities			
Interest received		3,303	2,975
Interest paid		(2,298)	(2,000)
Fees and other operating income received		62	163
Fees and operating expenses paid		(897)	(692)
Reimbursement to related parties for income tax payments		(119)	(127)
<i>Changes in operating assets and liabilities arising from cash flow movements</i>			
Trading securities		156	(770)
Loans and advances		(1,919)	(2,061)
Due from/to related parties		155	11
Deposits		1,603	2,435
Net cash from (used in) operating activities		46	(66)
Cash flows from investing activities			
Proceeds from the sale or maturity of investment securities		3,478	2,469
Payments for acquisition of investment securities		(4,235)	(5,750)
Payments for purchase of property, plant and equipment and intangible assets ¹		(109)	-
Net cash used in investing activities		(866)	(3,281)
Cash flows from financing activities			
Proceeds from borrowings		15,055	17,477
Repayment of borrowings, including transaction costs		(15,205)	(16,077)
Proceeds from issue of share capital		173	-
Payment of lease liabilities		(15)	-
Dividends paid	3	(22)	(263)
Net cash (used in) from financing activities		(14)	1,137
Net decrease in cash and cash equivalents		(834)	(2,210)
Cash and cash equivalents at the beginning of the period		2,366	4,594
Cash and cash equivalents at the end of the period		1,532	2,384
Cash and cash equivalents at the end of the period comprises:			
Cash and cash equivalents		1,009	1,766
Receivables due from other banks		693	815
Payables due to other banks		(170)	(197)
		1,532	2,384

The consolidated interim statement of cash flows is to be read in conjunction with the accompanying notes.

The comparative period has been restated to the nine months ended 31 March 2024.

¹ Suncorp Bank dedicated software and hardware assets were transferred from Suncorp Group to the Group immediately prior to completion date in accordance with the share sale and purchase agreement, related Restructure Agreement and Hardware Purchase Agreement. Refer note 2.1.

Notes to the consolidated interim financial statements

For the 9 months ended 31 March 2025

1. Reporting entity

Norfina Limited (the **Company**), formerly Suncorp-Metway Limited, is a public company domiciled in Australia. Its registered office is at ANZ Centre, 833 Collins Street, Docklands, Victoria, Australia 3008.

The consolidated interim financial statements for the 9 months ended 31 March 2025 comprise the Company and its subsidiaries (the **Group**) and were authorised for issue by the Board of Directors on 7 May 2025.

The Company's immediate parent entity is SBGH Limited and its ultimate parent entity is ANZ Group Holdings Limited (**ANZ**). ANZ and its subsidiaries are collectively referred to as the **ANZ Group**. ANZ Group acquired 100% of the shares of SBGH Limited from Suncorp Group Limited (**SGL**) on 31 July 2024 (**completion date**). SGL and its subsidiaries are referred to as the **Suncorp Group**.

The Group's principal activities during the course of the period were the provision of banking and related services to retail, commercial, small and medium enterprises and agribusiness customers in Australia.

The Company is an Authorised Deposit-taking Institution (**ADI**).

2. Basis of preparation

The consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full consolidated annual financial report and should be read in conjunction with the consolidated financial report of the Group for the financial year ended 30 June 2024. The consolidated financial report of the Group for the financial year ended 30 June 2024 is available at suncorpbank.com.au/about-us/investors/financial-reports-current.

Upon being acquired by ANZ Group, the Company changed its financial year end from 30 June to 30 September to align with the ANZ Group. Accordingly, the 2025 interim period comprises the nine months ended 31 March 2025. The comparative period has been restated to the nine months ended 31 March 2024.

All accounting policies applied by the Group in this consolidated interim financial report are the same as those applied in its consolidated financial report for the financial year ended 30 June 2024 with the exception of those listed at note 2.1.

All financial information presented has been rounded to the nearest one million dollars unless otherwise stated.

Where necessary, comparatives have been restated to conform to changes in presentation in the current period.

2.1 Changes resulting from acquisition by ANZ Group

Acquisition related changes

Immediately prior to completion date, in accordance with the share sale and purchase agreement (**SPA**), related Restructure Agreement and Hardware Purchase Agreement, Suncorp Group and the Group undertook a restructure, involving the transfer of certain agreements, securities and assets (collectively referred to as **items**) in connection with the implementation of the sale. The items and the corresponding accounting balances were transferred at their respective carrying values, resulting in nil impact on the net asset position of the Group at the point of transfer.

The items included:

- Suncorp Bank dedicated software assets, hardware assets, employment agreements and the corresponding liabilities transferred from Suncorp Group to the Group; and
- Dormant and non-core entities transferred from the Group to Suncorp Group.

Also in connection with the Restructure Agreement, intellectual property rights were reassigned to and from the Group to Suncorp Group.

In addition to the above, due from and due to related party balances with the Suncorp Group were settled immediately prior to completion date (refer to note 12) and, in accordance with the SPA, ANZ Group acquired the subordinated notes and capital notes (note 10) from SGL.

In connection with the sale, the Group has entered into the following agreements with Suncorp Group to receive and provide (as specified below) various services and access to trade marks post completion date (collectively referred to as **Service agreements**):

- Transitional services agreement (Group to receive);
- Transitional trade mark licence agreement (Group to receive); and
- Banking services agreement (Group to provide).

On completion date, the Company and its wholly-owned subsidiaries exited the SGL tax-consolidated group and joined the ANZ tax-consolidated group. On joining the ANZ tax-consolidated group, the tax values of certain assets and liabilities of the Company and its wholly-owned subsidiaries were reset. These changes are outlined below:

- Deferred acquisition and transaction costs recognised by the Company prior to completion date received a tax value of nil, resulting in the recognition of a deferred tax liability of \$98 million; and
- The tax base of derivatives, trading and investment securities were reset at completion date in accordance with the allocable cost amount process undertaken by ANZ on consolidation of Norfina as a new subsidiary member of the ANZ tax-consolidated group. This resulted in the derecognition of the existing net deferred tax asset and the recognition of a new deferred tax liability of \$136 million.

The above resulted in the recognition of income tax expense of \$261 million in the consolidated interim statement of comprehensive income, with \$234 million reflected in profit or loss and \$27 million in other comprehensive income.

Changes in accounting estimates and policies

A number of changes were implemented during the current interim period in order to align with the accounting policies and practices of ANZ Group. Where the change represents a change in accounting estimate, it affects the current interim period only.

Key changes are outlined below:

- The Group revised its accounting treatment of trail commission payable to mortgage brokers. The Group recognised a liability within 'payables and other liabilities' equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs within 'loans and advances'. Comparatives have not been restated.
- The Group recognised \$36 million of accelerated amortisation expense on internally developed software, reflecting alignment to the ANZ capitalisation policy. The acceleration reflects the shorter useful life of software caused by rapidly changing technology and business requirements.
- The Group revised its approach with respect to the measurement of certain deposit liabilities, resulting in an expense of \$38 million being reflected in profit or loss.

2.2 Use of estimates and judgements

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

The significant judgements made by management in applying the Group accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial report as at and for the financial year ended 30 June 2024.

The changes in estimates and the movements over the 9 months ended 31 March 2025 for the provision for impairment and gross carrying amount of loans and advances in different expected credit loss (ECL) stages are set out in note 7.

3. Dividends

	Note	Cents per share	\$M
Mar 2024			
Dividend payments on ordinary shares			
2023 final dividend		39	110
2024 interim dividend		46	131
Total dividend payments on ordinary shares			241
Total dividend payments on capital notes	10		22
Total dividends paid during the period ended 31 March 2024			263
Mar 2025			
Dividend payments on ordinary shares			
2024 final dividend ¹		-	-
Total dividend payments on ordinary shares			-
Total dividend payments on capital notes	10		22
Total dividends paid during the period ended 31 March 2025			22

¹ The directors determined that a 2024 final dividend would not be paid.

4. Segment reporting

The basis of segmentation and basis of measurement of segment results are the same as those applied by the Group in its consolidated financial report for the financial year ended 30 June 2024.

As the Group operates in only one segment, being Banking, the consolidated results of the Group are also its segment results for the current and prior periods. Further information with respect to the products offered to customers is disclosed in note 6 and note 8.

5. Net operating income

5.1. Net interest income

	Mar 2025 \$M	Mar 2024 \$M
Interest income		
Cash and cash equivalents	26	61
Receivables due from other banks	17	28
Trading securities	64	95
Investment securities	324	222
Loans and advances	2,892	2,655
Total interest income	3,323	3,061
Interest expense		
Deposits	(1,305)	(1,193)
Derivatives ¹	(16)	(90)
Borrowings		
at amortised cost	(910)	(748)
designated at fair value through profit or loss	-	(35)
Subordinated notes	(29)	(29)
Total interest expense	(2,260)	(2,095)
Net interest income	1,063	966

1 Represents the net interest income/expense from derivative instruments which are utilised to hedge interest rate risk in accordance with the Group's risk management practices.

5.2. Other operating income

	Mar 2025 \$M	Mar 2024 \$M
Banking fee and commission income	115	104
Banking fee and commission expense	(80)	(74)
Net banking fee and commission income	35	30
Net gains (losses) on:		
Trading securities at fair value through profit or loss	-	3
Borrowings at fair value through profit or loss	-	2
Derivative financial instruments at fair value through profit or loss	6	(1)
Amount recycled into profit or loss on derecognition of investment securities at fair value through other comprehensive income	(10)	(2)
Other revenue	5	3
	1	5
Total other operating income	36	35

6. Loans and advances

	Note	Mar 2025 \$M	Jun 2024 \$M
Retail loans			
Housing loans		52,568	50,518
Securitised housing loans and covered pool assets		7,022	6,494
Personal loans		12	19
		59,602	57,031
Business loans			
Commercial		5,343	5,431
SME		2,555	2,670
Agribusiness		4,712	4,797
		12,610	12,898
Gross loans and advances		72,212	69,929
Provision for impairment	7.1	(239)	(214)
Net loans and advances		71,973	69,715

	Mar 2025 \$M	Jun 2024 \$M
Geographic breakdown		
Queensland	31,361	31,171
New South Wales	21,924	20,500
Victoria	10,617	10,168
Western Australia	4,607	4,512
South Australia and other	3,703	3,578
Gross loans and advances	72,212	69,929

7. Provision for impairment on financial assets

7.1 Reconciliation of provision for impairment on financial assets

The table below shows the reconciliation of ECL, specific provision (SP) and gross carrying amount for loans and advances (GLA) for the 9 months ended 31 March 2025.

Consolidated	Collective provision								Total	
	Stage 1		Stage 2		Stage 3		Stage 3 SP		Total	
	GLA \$M	ECL \$M	GLA \$M	ECL \$M	GLA \$M	ECL \$M	GLA \$M	SP \$M	GLA \$M	Provision \$M
As at 1 July 2024	59,973	56	9,301	115	595	29	60	14	69,929	214
Transfers:										
Transfer to stage 1	1,943	17	(1,839)	(15)	(103)	(2)	(1)	-	-	-
Transfer to stage 2	(5,721)	(47)	5,795	49	(71)	(2)	(3)	-	-	-
Transfer to stage 3	(167)	(1)	(273)	(23)	367	5	73	19	-	-
New loans and advances originated	15,021	53	-	-	-	-	-	-	15,021	53
Net increase (release) of ECL/SP	-	(16)	-	36	-	17	-	(7)	-	30
Loans and advances derecognised	(10,466)	(12)	(2,118)	(32)	(133)	(11)	(21)	-	(12,738)	(55)
Unwind of discount	-	-	-	-	-	-	-	(3)	-	(3)
As at 31 March 2025	60,583	50	10,866	130	655	36	108	23	72,212	239
Provision for impairment on:										
Loans and advances	(44)		(119)		(36)		(23)		(222)	
Commitments & guarantees	(6)		(11)		-		-		(17)	
Net carrying amount as at 31 March 2025	60,533		10,736		619		85		71,973	

7.2 Impairment expense on financial assets

	Mar 2025 \$M	Mar 2024 \$M
Increase in collective provision for impairment	16	-
Increase in specific provision for impairment	12	-
Bad debts written off	2	2
Total impairment expense on financial assets	30	2

7.3 Expected credit loss model methodology, estimates and assumptions

Significant estimates, judgements and assumptions

The provision for impairment on financial assets is considered to be a significant accounting estimate and judgement as forecast macroeconomic conditions are a key factor in determining the ECL for loans and advances. The underlying economic forecast anticipates a stabilisation of the unemployment rate to 4.1% at December 2025. For residential, commercial and rural property prices we assume, on average, values will fall over the next two years. This assumption reflects a high weighting to downside risks such as potential adverse impacts on prices from the increased uncertainty in the global economic outlook. The ECL model calibration reflects the uncertain economic outlook.

Reported expected credit loss

The Group calculates the ECL by considering a distribution of economic outcomes, with the distribution of outcomes reflecting the Group's view of the likelihood of more adverse outcomes.

As the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn, AASB 9 *Financial Instruments* (AASB 9) requires the ECL to be a probability weighted outcome based on a range of possible outcomes.

Key assumptions underpinning the Group's reported ECL of \$216 million are presented in the table below. As an example of the downside allowance in the model, there is a 21% probability that house price falls will exceed 20% over FY25/FY26 while the weighted average fall is 6.6%.

	Model assumption		
	%		
	FY25	FY26	FY25/26
Property prices - residential - weighted average change	(3.6)	(3.1)	(6.6)
Property prices - commercial office - weighted average change	(3.9)	(3.5)	(7.3)
Property prices - rural - weighted average change	(3.2)	(4.8)	(7.8)
Unemployment rate ¹	4.1	4.0	n/a

¹ Unemployment rate reflects the forecast rate as at March 2025 and March 2026. The probability of default is driven by combinations of variables relevant for each portfolio, such as unemployment and property prices. These combinations form an Economic Cycle indicator for which there is a distribution of outcomes. As such, a weighted unemployment rate is not a direct model input.

Downside sensitivity expected credit loss

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, signifying no single analysis can fully demonstrate the sensitivity of the ECL to fluctuations in macroeconomic variables. As a result of economic uncertainty and the sensitivity to key macroeconomic variables, significant adjustments to the ECL could occur in future periods. To provide an indication of the impact of changes in key macroeconomic variables, a sensitivity analysis is conducted on the following key macroeconomic drivers to which the ECL is sensitive:

- residential and commercial property prices;
- the unemployment rate; and
- a combination of simultaneous adverse movements in the above variables.

The table below indicates how each of the aforementioned drivers would impact the profit (loss) before tax with a corresponding impact on the ECL at reporting date.

	Downside sensitivity	
	Movement in variable	Pre-tax impact Profit (loss) \$M
<i>Movement of variables in isolation</i>		
Property prices - residential	Decrease weighted average ~500 bps over 2 years from a fall of 6.6% to 11.6%	(13)
Property prices - non-residential	Commercial office: Decrease weighted average ~500 bps over 2 years from a fall of 7.3% to 12.3%	(11)
	Rural: Decrease weighted average ~500 bps over 2 years from a fall of 7.8% to 12.8%	
Unemployment rate	Increase ~100 bps over 1 year to an assumed rate of 5.0% at March 2026	(50)
<i>Movement of variables in combination</i>		
Property prices and unemployment rate all move in combination over the given timeframes	Adverse movements as above	(77)

8. Deposits

	Mar 2025 \$M	Jun 2024 \$M
At-call transactions deposits	20,365	19,543
At-call savings deposits	19,145	17,885
Term deposits	16,093	16,583
Total deposits	55,603	54,011

9. Share capital

9.1. Shares issued

On 19 November 2024, 4,000,000 new ordinary shares were issued at an issue price of \$10 per share to the parent entity, SBGH Limited.

On 1 May 2025, 13,300,000 new ordinary shares were issued at an issue price of \$10 per share to the parent entity, SBGH Limited. Proceeds from the share issuance were received by the Company on 28 March 2025 and were therefore reflected as share capital at reporting period end.

There have been no other issues or buy-backs of ordinary shares during the current or prior interim period. As at 31 March 2025, the number of ordinary shares on issue was 286,147,584 (30 June 2024: 282,147,584).

9.2. Capital adequacy

	Mar 2025 \$M	Jun 2024 \$M
Total assessed risk weighted assets	33,356	33,246
Risk weighted capital ratios	%	%
Common Equity Tier 1	10.67	10.33
Total Tier 1	12.35	12.01
Total Tier 2	2.50	2.50
Total risk weighted capital ratio	14.85	14.51

10. Capital notes

	Mar 2025		Jun 2024	
	No of notes	\$M	No of notes	\$M
Issued on 18 December 2017	1,750,000	175	1,750,000	175
Issued on 27 May 2019	350,000	35	350,000	35
Issued on 23 September 2021	3,500,000	350	3,500,000	350
Balance at the end of the financial period	5,600,000	560	5,600,000	560

	Mar 2025		Mar 2024	
	Cents per note	\$000	Cents per note	\$000
Dividend payments on capital notes				
<i>Issued on 18 December 2017</i>				
September quarter	142	2,477	139	2,433
December quarter	141	2,464	136	2,373
March quarter	140	2,451	140	2,447
<i>Issued on 27 May 2019</i>				
September quarter	142	495	139	487
December quarter	141	493	136	475
March quarter	140	490	140	489
<i>Issued on 23 September 2021</i>				
September quarter	128	4,490	126	4,407
December quarter	128	4,490	123	4,288
March quarter	127	4,450	127	4,436
Total dividend payments on capital notes		22,300		21,835

The capital notes are perpetual, subordinated notes issued to ANZ Group. The capital notes are unsecured and pay periodic, non-cumulative dividends to the holder, based on a set formula (bank bill swap rate + margin) x (1 - corporate tax rate). Such dividends are at the discretion of the directors of the Company.

11. Fair value of financial instruments

Fair values are categorised by a three-level hierarchy which identifies the inputs to valuation techniques used to measure fair value:

- Level 1: derived from quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date.
- Level 2: derived from other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.
- Level 3: fair value measurement is not based on observable market data. The valuation techniques include the use of discounted cash flow models.

Financial assets and liabilities measured at fair value

The following table presents the financial assets and liabilities that are measured at fair value categorised by fair value hierarchy.

	Mar 2025				Jun 2024			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets								
Trading securities	-	1,998	-	1,998	-	2,154	-	2,154
Investment securities ¹	7,468	3,529	-	10,997	8,269	1,580	-	9,849
Derivatives	1	298	-	299	2	281	-	283
	7,469	5,825	-	13,294	8,271	4,015	-	12,286
Financial liabilities								
Derivatives	-	202	-	202	-	304	-	304
	-	202	-	202	-	304	-	304

1 During the period, the Group aligned to ANZ Group's fair value hierarchy levelling methodology, resulting in a higher proportion of investment securities being classified as level 1. Comparative information has been revised.

During the current interim period, \$2,210 million of investment securities were transferred from Level 1 to Level 2 due to a change in the observability of valuation inputs. There were no other transfers during the current or prior interim period. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.

Financial assets and liabilities not measured at fair value

The table below discloses a comparison of carrying value and fair value of financial assets and liabilities that are not measured at fair value after initial recognition, where their carrying value is not a reasonable approximation of fair value. The significant assumptions and estimates used in determining their fair values are consistent with those used in the financial year ended 30 June 2024.

	Note	Carrying value \$M	Fair value			
			Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 March 2025						
Financial assets						
Loans and advances	6	71,973	-	-	71,956	71,956
		71,973	-	-	71,956	71,956
Financial liabilities						
Deposits	8	55,603	-	55,607	-	55,607
Borrowings		25,032	-	25,118	-	25,118
Subordinated notes		600	-	607	-	607
		81,235	-	81,332	-	81,332
As at 30 June 2024						
Financial assets						
Loans and advances	6	69,715	-	-	69,621	69,621
		69,715	-	-	69,621	69,621
Financial liabilities						
Deposits	8	54,011	-	53,946	-	53,946
Borrowings		24,776	-	24,821	-	24,821
Subordinated notes		600	-	611	-	611
		79,387	-	79,378	-	79,378

12. Related parties

On completion date, ANZ Group acquired from SGL 100% of the shares of SBGH Limited, the Company's immediate parent entity (refer note 1). Immediately prior to completion date, due from and due to related party balances with the Suncorp Group were settled. In accordance with the SPA, ANZ Group also acquired the subordinated notes and capital notes from SGL.

Suncorp Bank dedicated property assets and the corresponding liabilities were also transferred directly from Suncorp Group to ANZ Group at completion date in accordance with the SPA. Subsequent to completion date, the Group entered into an Intra Group Master Services Agreement (**IGSA**) with ANZ Group. As a result of the IGSA, Suncorp Bank dedicated leases were transferred from ANZ Group to the Group.

From completion date, the Company has a related party relationship with ANZ Group. During the period since completion date, the Company conducted transactions with ANZ Group entities on terms equivalent to those on an arm's length basis.

There have been no other transactions with related parties that are significant to understanding the changes in financial position and performance of the Group since 30 June 2024.

13. Contingent liabilities

There are contingent liabilities facing the Group in respect of the matters below. The Group is of the opinion that the outcome and total costs arising from these matters remains uncertain at this time and as such have not been provided for.

Regulatory and internal reviews

Reviews and enquiries from regulators may result in investigation and administrative costs, system changes, litigation, and regulatory enforcement action (and associated legal costs), compensation and/or remediation payments (including interest) or fines. The Group conducts its own internal reviews of its regulatory compliance, which it may disclose to the regulators, which may result in similar costs.

In recent periods, a number of regulators including Australian Securities and Investments Commission (**ASIC**), Australian Prudential Regulation Authority (**APRA**), Australian Competition and Consumer Commission, Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and the Australian Taxation Office (**ATO**) conducted reviews and made enquiries with the Group, which included identification of potential non-compliance. There were a number of instances of non-compliance and potential non-compliance identified and disclosed by the Group to various regulatory authorities including ASIC, APRA, Office of Australian Information Commissioner, AUSTRAC and the ATO.

The Company remains focused on maturing its Anti-Money Laundering and Counter-Terrorism Financing (**AML/CTF**) systems and controls. To ensure a strategic and holistic approach, management has established a Financial Crime Compliance Program of Action (**FCCPoA**). The FCCPoA incorporates the actions arising from AUSTRAC's AML/CTF Compliance Assessment Report findings in relation to the Company's AML/CTF Program as well as findings and recommendations from internal assurance and audit work. Management regularly reports to AUSTRAC on the progress of the FCCPoA.

Customer remediation and complaints

The Group is currently undertaking a number of programs of work to resolve prior issues that have impacted customers. Contingent liabilities may exist in respect of actual or potential claims, compensation payments and/or remediation payments (including interest) identified as part of existing programs of work or as part of future programs responding to regulatory or internal reviews.

The Australian Financial Complaints Authority (**AFCA**) has the power to award compensation within financial limits prescribed by its rules on complaints raised by customers and investigate matters they consider may be 'systemic'. The Group is working through individual cases that have been referred to AFCA.

An assessment of the likely cost to the Group of reviews and customer complaints has been made on a case by case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated and the outflow becomes probable, the amount has been provisioned.

Litigation

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot be readily quantified. Where considered appropriate, privileged legal advice has been obtained. The Group does not consider the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, likely to have a material effect on its operations or financial position.

An assessment of the likely cost to the Group of these matters has been made on a case by case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated and the outflow becomes probable, the amount has been provisioned.

Other

In the ordinary course of business, the Group enters into various types of investment contracts that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these types of transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposures.

14. Subsequent events

Other than the matter disclosed at note 9.1, there has not arisen in the interval between the end of the interim period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

The directors of Norfina Limited (the **Company**) declare that in their opinion:

- 1) The consolidated interim financial statements and notes set out on pages 4 to 18:
 - a. give a true and fair view of the Group's financial position as at 31 March 2025 and of its performance for the 9 months ended on that date; and
 - b. comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



PAUL O'SULLIVAN

Board Chairman

7 May 2025



CHRISTINE O'REILLY

Audit Committee Chairman

7 May 2025



Independent Auditor's Review Report

To the shareholder of Norfina Limited (formerly Suncorp-Metway Limited)

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying **Consolidated Interim Financial Report** of Norfina Limited (formerly Suncorp-Metway Limited).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Interim Financial Report of Norfina Limited does not comply with *Australian Accounting Standards*, including:

- giving a true and fair view of the **Group's** financial position as at 31 March 2025 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The **Consolidated Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 March 2025;
- Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 14 including selected explanatory notes; and
- The Directors' declaration.

The **Group** comprises Norfina Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 9 months to 31 March 2025.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



Responsibilities of the Directors for the Consolidated Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards*
- such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Consolidated Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Consolidated Interim Financial Report does not comply with Australian Accounting Standards including giving a true and fair view of the Group's financial position as at 31 March 2025 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

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

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten-like font.

KPMG

A handwritten signature in black ink, appearing to read 'Ben Flaherty'.

Ben Flaherty

Partner

Brisbane

7 May 2025