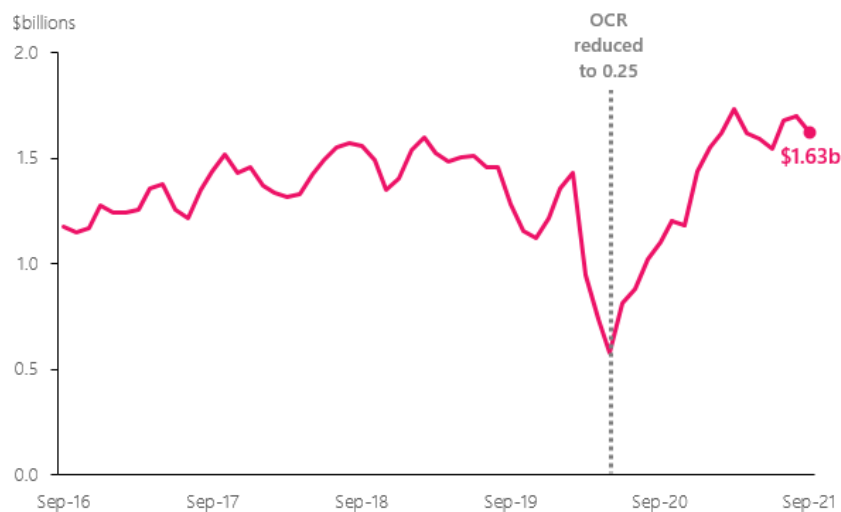


Income Statement summary

Key points for September 2021:

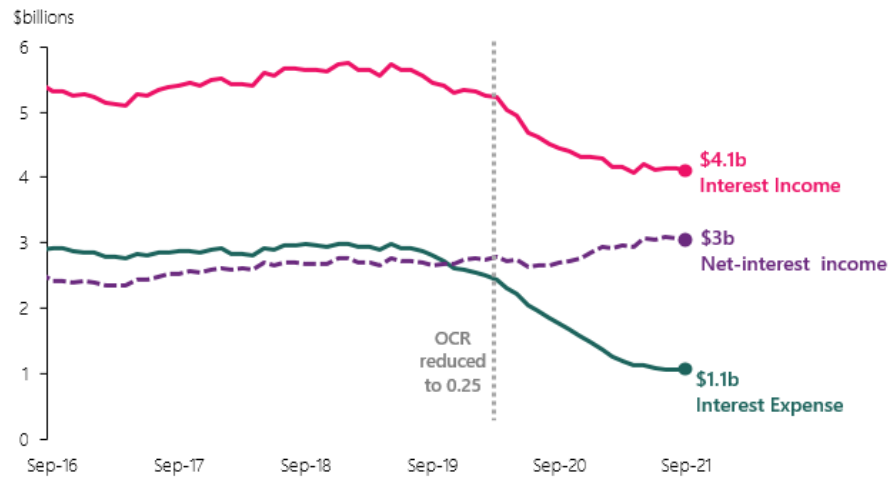
- Banking sector profit after tax was \$1.63 billion in September 2021, up \$81 million (5.2 percent) from \$1.55 billion in June 2021. This is the second highest quarterly profit on record. The increase in profit was largely driven by an increase in other income (+\$191m), mainly from derivatives and other fair value adjustments.
- Changes in interest income and interest expenses were minimal, but interest income fell more than interest expenses, which drove net interest income to fall \$11 million (0.4 percent) to \$3 billion. The net interest margin for the NZ banking system decreased by 6bp to 1.98%.
- The system-wide return on assets remained flat at 1.0% and the return on equity rose 10bp to 12.1%.
- Total operating expenses increased by \$47 million to \$1.67 billion, up for the second consecutive quarter. Fees and commission expenses increased \$24m in September (up 15 percent) while occupancy costs decreased by \$13 million.
- The proportion of occupancy costs to total operating expenses has been trending downwards over the past 5-6 years. Occupancy costs peaked at \$150 million in September 2016 and have fallen to \$101 million this quarter. Occupancy includes building costs such as branches and head offices, and will reflect the impact of branch closures and reduced branch operating hours.

NZ Banking System's profit after tax
3 month rolling totals



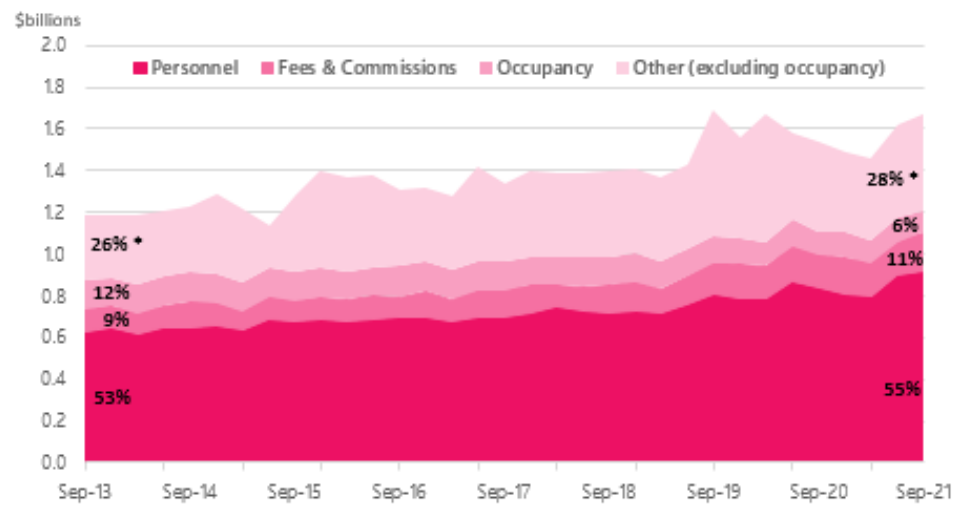
NZ Banking System's Interest Income and Expense

3 month rolling totals



Operating expenses by components and proportion to total operating expenses*

3 month rolling totals



Proportion of occupancy cost to total operating expenses

