

2.20 QW: What has been the total amount (for each of the past 5 years) of loans to small business that have been 'written off' by the bank for loans:

- a) residentially secured; and
- b) not residentially secured?

Answer

In answering this question, NAB has interpreted written off as being NAB's provision for bad and doubtful debt (B&DD) for business lending in the bank's nabbusiness division. This division is NAB's largest SME segment, supporting customers with lending typically up to \$25 million.

NAB has provided below an extract from NAB's relevant financial results for B&DDs. NAB's company structure changed during FY14 with financial performance restated back to FY13. Due to changes in the structure of nabbusiness the FY13 value is not completely like-for-like with the FY14 and later figures. Data prior to FY13 has not been restated to match the current company structure and thus has not been provided, due to a lack of comparability. Data for 2013, 2014 and 2015 is for NAB's full financial year. The data for 2016 is the six months to 31 March 2016 with data available for the full financial year following NAB's annual results announcement on 27 October 2016.

nabbusiness	FY13	FY14	FY15	1H16
B&DD (\$m)	339	207	76	40

The profile of NAB's B&DDs over the last four years highlights the cyclical nature of the economy and NAB's exposure to it. High levels of losses in earlier periods reflect the economic environment post the global financial crisis (GFC). Reduction in losses since then is both a function of a targeted improvement in NAB's risk profile and the normalisation of the economic cycle post-GFC.

As described in 2.19, NAB considers a customer's overall security position when assessing a business loan, not just the level of security of residential property and therefore this split is not available.