



Thursday, 13 October 2016

## **ASX Announcement**

# **NAB revised comparative financial information following sale of 80% of life insurance business**

On 3 October 2016, National Australia Bank Limited (NAB) announced the successful completion of the sale of 80% of NAB's life insurance business to Nippon Life. As a result of the sale, the life insurance components that were sold are classified as 'discontinued operations' for the reporting period ended 30 September 2016 with all comparative financial information restated in accordance with Australian Accounting Standard AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", and excluded from cash earnings.

NAB will report results for the period ended 30 September 2016 on 27 October 2016. As this will be the first time the results are presented with the life insurance operations being classified as 'discontinued operations', the accompanying information has been provided to show the impact of the discontinued operations on comparative financial information for the relevant 2015 and 2016 reporting periods.

The restatement of the comparative financial information has been undertaken in accordance with the presentation requirements of AASB 5. In some instances this will differ for cash earnings to what was previously reported between the investment business and insurance business to include the following:

- Items reclassified from insurance results to investment results as they do not form part of the discontinued operations and remain within the Group;
- Annuities and related products (closed non-super traditional products) are reclassified from investment results to discontinued operations as they form part of the sale; and
- The 20% stake in the life insurance business that is retained by NAB is accounted for as an associate with comparative information for prior periods restated to reflect the Group's share of profits in this holding for cash earnings only.

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### **NOTE ON CASH EARNINGS**

This comparative financial information pack is intended to be read in conjunction with the 31 March 2016 Results Announcement. Full details on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners for the period ended 31 March 2016 is set out on pages 2 to 7 of the 2016 Half Year Results Announcement under the heading "Profit Reconciliation".

## **Full Year Results 2016 - Prior Period Restatement**

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## Group Results

## Group Results

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Net interest income	6,600	12,498	6,288	6,210
Other operating income	2,109	4,507	2,248	2,259
<b>Net operating income</b>	<b>8,709</b>	<b>17,005</b>	<b>8,536</b>	<b>8,469</b>
Operating expenses	(3,755)	(7,278)	(3,668)	(3,610)
<b>Underlying profit</b>	<b>4,954</b>	<b>9,727</b>	<b>4,868</b>	<b>4,859</b>
Charge to provide for bad and doubtful debts	(375)	(748)	(349)	(399)
<b>Cash earnings before tax and distributions</b>	<b>4,579</b>	<b>8,979</b>	<b>4,519</b>	<b>4,460</b>
Income tax expense	(1,295)	(2,582)	(1,271)	(1,311)
<b>Cash earnings before distributions</b>	<b>3,284</b>	<b>6,397</b>	<b>3,248</b>	<b>3,149</b>
Distributions	(64)	(175)	(66)	(109)
<b>Cash earnings</b>	<b>3,220</b>	<b>6,222</b>	<b>3,182</b>	<b>3,040</b>
<i>Non-cash earnings items (after tax):</i>				
Distributions	64	175	66	109
Treasury shares	62	4	321	(317)
Fair value and hedge ineffectiveness	(60)	516	163	353
Amortisation of acquired intangible assets	(40)	(80)	(48)	(32)
Life insurance 20% share of profit	(22)	(37)	(20)	(17)
<b>Net profit from continuing operations</b>	<b>3,224</b>	<b>6,800</b>	<b>3,664</b>	<b>3,136</b>
Net profit / (loss) after tax from discontinued operations	(4,966)	(462)	(766)	304
<b>Net profit / (loss) attributable to owners of NAB</b>	<b>(1,742)</b>	<b>6,338</b>	<b>2,898</b>	<b>3,440</b>
<b>Represented by:</b>				
Australian Banking	2,694	5,101	2,536	2,565
NZ Banking	373	762	371	391
NAB Wealth	159	316	160	156
Corporate Functions and Other	58	218	181	37
Distributions & Eliminations	(64)	(175)	(66)	(109)
<b>Cash earnings</b>	<b>3,220</b>	<b>6,222</b>	<b>3,182</b>	<b>3,040</b>

## Shareholder Summary

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Dividend per share (cents)	99	198	99	99
Dividend payout ratio	80.9%	79.5%	79.8%	79.1%
Statutory earnings per share from continuing operations (cents) - basic	122.7	271.7	143.6	127.5
Statutory earnings per share from continuing operations (cents) - diluted	117.8	263.3	138.5	125.6
Cash earnings per share (cents) - basic	122.3	249.0	124.0	125.1
Cash earnings per share (cents) - diluted	117.5	242.1	120.2	123.2
Statutory return on equity	(8.3%)	15.2%	13.6%	18.9%
Cash return on equity (ROE)	14.3%	14.8%	14.6%	16.5%

## Group Results

### Key Performance Indicators

	<b>Half Year to Mar 16</b>	<b>Year to Sep 15</b>	<b>Half Year to Sep 15</b>	<b>Half Year to Mar 15</b>
Cash earnings on average assets	0.74%	0.72%	0.72%	0.72%
Cash earnings on average risk-weighted assets	1.80%	1.86%	1.85%	1.87%
Cash earnings on average FTE (\$000)	188	182	186	181
Banking cost to income ratio	41.6%	41.2%	41.5%	41.0%
Net tangible assets (NTA) per share (\$)	14.47	13.90	13.90	12.42

### Other Operating Income

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Fees and commissions	1,027	2,090	1,082	1,008
Trading income	350	764	349	415
Other	732	1,653	817	836
<b>Other operating income</b>	<b>2,109</b>	<b>4,507</b>	<b>2,248</b>	<b>2,259</b>

### Operating Expenses

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Personnel expenses	2,218	4,122	2,067	2,055
Occupancy related expenses	330	643	318	325
General expenses	1,207	2,513	1,283	1,230
<b>Total operating expenses</b>	<b>3,755</b>	<b>7,278</b>	<b>3,668</b>	<b>3,610</b>

### Investment Spend

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Infrastructure	206	637	333	304
Compliance / Operational Risk	166	310	183	127
Efficiency and Sustainable Revenue	89	96	54	42
Other	8	6	-	6
<b>Total Investment Spend</b>	<b>469</b>	<b>1,049</b>	<b>570</b>	<b>479</b>

### Taxation

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
Income tax expense (\$m)	1,295	2,582	1,271	1,311
Effective tax rate (%)	28.3	28.8	28.1	29.4

## Divisional Results

## NAB Wealth

	Half year to Mar 16 \$m	Year to Sep 15 \$m	Half year to Sep 15 \$m	Half year to Mar 15 \$m
Net investments income	560	1,136	552	584
Other operating income	38	72	42	30
<b>Net income</b>	<b>598</b>	<b>1,208</b>	<b>594</b>	<b>614</b>
Operating expenses	(388)	(786)	(382)	(404)
<b>Cash earnings before tax</b>	<b>210</b>	<b>422</b>	<b>212</b>	<b>210</b>
Income tax expense	(51)	(106)	(52)	(54)
<b>Cash earnings</b>	<b>159</b>	<b>316</b>	<b>160</b>	<b>156</b>

**Performance Measures <sup>(1)</sup>**

Funds under management (spot) (\$m) <sup>(2)</sup>	188,365	168,365	168,365	174,365
Funds under management (average) (\$m) <sup>(2)</sup>	179,665	167,045	173,926	160,171
Net funds flow (\$m)	168	(742)	240	(982)
Cost to income ratio (%)	64.9%	65.1%	64.3%	65.8%
Operating expenses to average FUM (bps) <sup>(2)</sup>	43	47	44	51
Investment income to average FUM (bps) <sup>(2)</sup>	62	68	63	73
Cash earnings per average FTE (\$'000s)	73	74	75	73
FTEs (spot)	4,567	4,215	4,215	4,234

<sup>(1)</sup> FUM excludes Trustee and Cash Management. FUM is reported on the basis of NAB Asset Management Ltd's proportional ownership interest rather than the total FUM of these businesses.

<sup>(2)</sup> FUM includes a boutique fund manager purchased during the March 2015 half year and JBWere FUM, 100% owned from January 2016.

Movement in Funds under Management and Administration (\$m)	As at Mar 15	Inflows	Outflows	Netflows	Investment earnings	Other	As at Mar 16
Retail Platforms	62,207	9,927	(7,746)	2,181	(2,528)	17,399	79,259
Business and Corporate Superannuation	36,739	4,114	(4,433)	(319)	(1,521)	48	34,947
Offsale Retail Products & Other	13,961	708	(1,899)	(1,191)	(153)	(899)	11,718
Retail	112,907	14,749	(14,078)	671	(4,202)	16,548	125,924
Wholesale	61,458	7,094	(7,357)	(263)	(148)	1,394	62,441
Total NAB Wealth ex Trustee and Cash Management	174,365	21,843	(21,435)	408	(4,350)	17,942	188,365

Movement in Funds under Management and Administration (\$m)	As at Sep 15	Inflows	Outflows	Netflows	Investment earnings	Other	As at Mar 16
Retail Platforms	59,383	4,784	(3,621)	1,163	1,240	17,473	79,259
Business and Corporate Superannuation	35,530	1,846	(1,978)	(132)	(436)	(15)	34,947
Offsale Retail Products & Other	12,422	279	(839)	(560)	239	(383)	11,718
Retail	107,335	6,909	(6,438)	471	1,043	17,075	125,924
Wholesale	61,030	4,125	(4,428)	(303)	503	1,211	62,441
Total NAB Wealth ex Trustee and Cash Management	168,365	11,034	(10,866)	168	1,546	18,286	188,365

Consolidated Financial Report

Income Statement

	Note	Half Year to	Year to	Half Year to	Half Year to
		Mar 16	Sep 15	Sep 15	Mar 15
		\$m	\$m	\$m	\$m
Interest income		13,905	28,347	13,802	14,545
Interest expense		(7,308)	(15,885)	(7,530)	(8,355)
Net interest income		6,597	12,462	6,272	6,190
Investment revenue <sup>(1)</sup>		1,529	5,007	(2,978)	7,985
Fee income		290	589	301	288
Change in life investment contract liabilities <sup>(1)</sup>		(1,228)	(4,221)	2,167	(6,388)
Movement in external unitholders' liability <sup>(1)</sup>		(209)	(715)	653	(1,368)
Net Insurance Income		24	41	22	19
Net investment and insurance income		406	701	165	536
Gains less losses on financial instruments at fair value	2	299	1,498	578	920
Other operating income	2	1,764	3,776	1,947	1,829
Total other income		2,063	5,274	2,525	2,749
Personnel expenses	3	(2,450)	(4,529)	(2,295)	(2,234)
Occupancy-related expenses	3	(245)	(478)	(240)	(238)
General expenses	3	(1,501)	(3,182)	(1,584)	(1,598)
Total operating expenses		(4,196)	(8,189)	(4,119)	(4,070)
Charge to provide for doubtful debts		(386)	(733)	(345)	(388)
Profit before income tax expense		4,484	9,515	4,498	5,017
Income tax expense	4	(1,257)	(2,709)	(831)	(1,878)
<b>Net profit for the period from continuing operations</b>		3,227	6,806	3,667	3,139
Profit / (loss) after tax for the period from discontinued operations		(4,966)	(414)	(735)	321
<b>Net profit / (loss) for the period</b>		(1,739)	6,392	2,932	3,460
Attributable to owners of NAB		(1,742)	6,338	2,898	3,440
Attributable to non-controlling interests		3	54	34	20
		<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
Basic earnings per share		(70.1)	252.7	113.1	140.4
Diluted earnings per share		(62.0)	245.4	109.8	137.9
		<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
Basic earnings per share from continuing operations		122.7	271.7	143.6	127.5
Diluted earnings per share from continuing operations		117.8	263.3	138.5	125.6

<sup>(1)</sup> Includes the impact of movements in life investment contracts to 1 July 2016 at which point the successor fund merger occurred and the related investment assets and investment contract liabilities were deconsolidated. The impact of movements in life insurance contracts has been included in discontinued operations.



## Notes to the Consolidated Income Statement

## 1 Segment Information

## Reportable Segments

## Half Year ended 31 March 2016

Segment Information	Cash Earnings	Net interest income	Total other income
	\$m	\$m	\$m
Australian Banking	2,694	5,701	1,300
NZ Banking	373	749	220
NAB Wealth	159	-	598
Corporate Functions & Other	58	150	10
Distributions / Eliminations	(64)	-	(19)
<b>Total</b>	<b>3,220</b>	<b>6,600</b>	<b>2,109</b>

## Year to 30 September 2015

Segment Information	Cash Earnings	Net interest income	Total other income
	\$m	\$m	\$m
Australian Banking	5,101	10,727	2,666
NZ Banking	762	1,504	434
NAB Wealth	316	-	1,208
Corporate Functions & Other	218	267	236
Distributions / Eliminations	(175)	-	(37)
<b>Total</b>	<b>6,222</b>	<b>12,498</b>	<b>4,507</b>

## Half Year ended 30 September 2015

Segment Information	Cash Earnings	Net interest income	Total other income
	\$m	\$m	\$m
Australian Banking	2,536	5,408	1,272
NZ Banking	371	753	219
NAB Wealth	160	-	594
Corporate Functions & Other	181	127	180
Distributions / Eliminations	(66)	-	(17)
<b>Total</b>	<b>3,182</b>	<b>6,288</b>	<b>2,248</b>

## Half Year ended 31 March 2015

Segment Information	Cash Earnings	Net interest income	Total other income
	\$m	\$m	\$m
Australian Banking	2,565	5,319	1,394
NZ Banking	391	751	215
NAB Wealth	156	-	614
Corporate Functions & Other	37	140	56
Distributions / Eliminations	(109)	-	(20)
<b>Total</b>	<b>3,040</b>	<b>6,210</b>	<b>2,259</b>

## Consolidated Financial Report

### Reconciliations between reportable segment information and statutory results

	<b>Half Year to Mar 16</b>	<b>Year to Sep 15</b>	<b>Half year to Sep 15</b>	<b>Half year to Mar 15</b>
<b>Reconciliation of other income</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Total other operating income	2,109	4,507	2,248	2,259
NAB Wealth net adjustment	358	755	(154)	909
Treasury shares	81	28	389	(361)
Fair value and hedge ineffectiveness	(56)	724	228	496
Amortisation of acquired intangible assets	(1)	(2)	(1)	(1)
Life insurance 20% share of profit	(22)	(37)	(20)	(17)
<b>Total other income on a statutory basis</b>	<b>2,469</b>	<b>5,975</b>	<b>2,690</b>	<b>3,285</b>

## 2 Other Income

	<b>Half Year to Mar 16 \$m</b>	<b>Year to Sep 15 \$m</b>	<b>Half Year to Sep 15 \$m</b>	<b>Half Year to Mar 15 \$m</b>
<b>Gains less losses on financial instruments at fair value</b>				
Trading securities	289	1,219	(285)	1,504
Trading derivatives:				
Trading and risk management purposes	199	(554)	677	(1,231)
Assets, liabilities and derivatives designated in hedge relationships	46	611	228	383
Assets and liabilities designated at fair value	(289)	360	29	331
Other	54	(138)	(71)	(67)
<b>Total gains less losses on financial instruments at fair value</b>	<b>299</b>	<b>1,498</b>	<b>578</b>	<b>920</b>
<b>Other operating income</b>				
Dividend revenue	11	26	18	8
Gains from sale of investments, loans, property, plant and equipment and other assets	32	168	29	139
Banking fees	438	868	444	424
Money transfer fees	291	589	297	292
Fees and commissions	750	1,586	830	756
Investment management fees	123	260	139	121
Other income	119	279	190	89
<b>Total other operating income</b>	<b>1,764</b>	<b>3,776</b>	<b>1,947</b>	<b>1,829</b>
<b>Total other income</b>	<b>2,063</b>	<b>5,274</b>	<b>2,525</b>	<b>2,749</b>

## Consolidated Financial Report

### 3 Operating Expenses

	Half Year to Mar 16 \$m	Year to Sep 15 \$m	Half Year to Sep 15 \$m	Half Year to Mar 15 \$m
<b>Personnel expenses</b>				
Salaries and related on-costs	1,864	3,515	1,767	1,748
Superannuation costs - defined contribution plans	137	263	134	129
Performance-based compensation:				
Cash	242	433	242	191
Equity-based compensation	96	113	47	66
Total performance-based compensation	338	546	289	257
Other expenses	111	205	105	100
<b>Total personnel expenses</b>	<b>2,450</b>	<b>4,529</b>	<b>2,295</b>	<b>2,234</b>
<b>Occupancy-related expenses</b>				
Operating lease rental expense	199	391	195	196
Other expenses	46	87	45	42
<b>Total occupancy-related expenses</b>	<b>245</b>	<b>478</b>	<b>240</b>	<b>238</b>
<b>General expenses</b>				
Fees and commission expense	127	272	132	140
Depreciation and amortisation of property, plant and equipment	131	271	146	125
Amortisation of intangible assets	179	288	162	126
Advertising and marketing	77	184	94	90
Charge to provide for operational risk event losses	18	89	60	29
Communications, postage and stationery	121	265	121	144
Computer equipment and software	309	632	321	311
Data communication and processing charges	42	86	49	37
Professional fees	236	508	241	267
Loss on disposal of property, plant and equipment and other assets	2	8	2	6
Impairment losses recognised	3	59	56	3
Other expenses	256	520	200	320
<b>Total general expenses</b>	<b>1,501</b>	<b>3,182</b>	<b>1,584</b>	<b>1,598</b>
<b>Total operating expenses</b>	<b>4,196</b>	<b>8,189</b>	<b>4,119</b>	<b>4,070</b>

## 4 Income Tax Expenses

	Half Year to Mar 16 \$m	Year to Sep 15 \$m	Half Year to Sep 15 \$m	Half Year to Mar 15 \$m
<b>Profit before income tax expense</b>	4,484	9,515	4,498	5,017
Deduct profit before income tax expense attributable to the statutory funds of the life insurance business and their controlled trusts <sup>(1)</sup>	(52)	(208)	418	(626)
Total profit excluding that attributable to the statutory funds of the life insurance business and their controlled trusts, before income tax expense	4,432	9,307	4,916	4,391
<b>Prima facie income tax at 30%</b>	1,330	2,792	1,475	1,317
Add/(deduct): Tax effect of amounts not deductible / (assessable):				
Assessable foreign income	3	7	3	4
Foreign tax rate differences	(30)	(32)	(4)	(28)
Foreign branch income not assessable	(33)	(107)	(51)	(56)
Under / (over) provision in prior years	(2)	(28)	(29)	1
Offshore banking unit income	(26)	(32)	(19)	(13)
Restatement of deferred tax balances for UK and US tax rate changes	-	2	-	2
Treasury shares adjustment	(6)	15	(49)	64
Non-deductible hybrid distributions	27	47	27	20
Deferred tax asset no longer recognised	25	50	14	36
Other	(12)	21	(18)	39
<b>Total income tax expense on profit excluding that attributable to the statutory funds of the life insurance business and their controlled trusts</b>	1,276	2,735	1,349	1,386
Income tax expense / (benefit) attributable to the statutory funds of the life insurance business and their controlled trusts <sup>(1)</sup>	(19)	(26)	(518)	492
<b>Total income tax expense</b>	1,257	2,709	831	1,878
<b>Effective tax rate, excluding statutory funds attributable to the life insurance business and their controlled trusts</b>	28.8%	29.4%	27.4%	31.6%

<sup>(1)</sup> Relates to BNZ Life Insurance.

## 1 Average Balance Sheet and Related Interest

### Average assets and interest income

	Half year ended Mar 16 \$m	Year ended Sep 15 \$m	Half year ended Sep 15 \$m	Half year ended Mar 15 \$m
<b>Total average interest earning assets and interest income</b>	683,910	658,134	666,505	650,025
<b>Average non-interest earning assets</b>				
Investments relating to life insurance / fund merger <sup>(1)</sup>				
Australia	86,790	85,521	86,872	84,163
New Zealand	66	67	70	63
Total investments relating to life insurance / fund merger	86,856	85,588	86,942	84,226
Other assets	106,262	124,084	128,102	121,144
<b>Total average non-interest earning assets</b>	193,118	209,672	215,044	205,370
Provision for doubtful debts				
Australia	(2,505)	(2,546)	(2,547)	(2,545)
New Zealand	(416)	(367)	(394)	(340)
Other International	(90)	(284)	(172)	(398)
Total provision for doubtful debts	(3,011)	(3,197)	(3,113)	(3,283)
<b>Total average assets</b>	874,017	864,609	878,436	852,112

<sup>(1)</sup> Fund merger refers to the successor fund merger that occurred on 1 July 2016 which resulted in the deconsolidation of non-interest earning assets and non-interest bearing liabilities from the Group.

### Average liabilities and equity

	Half year ended Mar 16 \$m	Year ended Sep 15 \$m	Half year ended Sep 15 \$m	Half year ended Mar 15 \$m
<b>Total average interest bearing liabilities and interest expense</b>	635,026	614,078	620,749	607,365
<b>Average non-interest bearing liabilities</b>				
Deposits not bearing interest				
Australia	34,438	30,120	31,721	28,510
New Zealand	3,550	2,709	2,777	2,641
Other International	4	10	10	11
Total deposits not bearing interest	37,992	32,839	34,508	31,162
Life insurance / fund merger policy liabilities <sup>(1)</sup>				
Australia	73,295	71,976	73,030	70,916
Total life insurance / fund merger policy liabilities	73,295	71,976	73,030	70,916
Other liabilities	80,901	101,462	105,151	103,038
<b>Total average non-interest bearing liabilities</b>	192,188	206,277	212,689	205,116
<b>Total average liabilities</b>	827,214	820,355	833,438	812,481
<b>Average equity</b>				
Contributed equity	33,225	29,418	30,367	24,280
Reserves	1,190	(264)	446	(504)
Retained profits	12,364	15,083	14,174	15,831
Parent entity interest	46,779	44,237	44,987	39,607
Non-controlling interest in controlled entities	24	17	11	24
<b>Total average equity</b>	46,803	44,254	44,998	39,631
<b>Total average liabilities and equity</b>	874,017	864,609	878,436	852,112

<sup>(1)</sup> Fund merger refers to the successor fund merger that occurred on 1 July 2016 which resulted in the deconsolidation of non-interest earning assets and non-interest bearing liabilities from the Group.

## 2 Earnings Per Share

<b>Statutory Earnings per Share</b>	<b>Half Year to Mar 16</b>		<b>Year to Sep 15</b>		<b>Half Year to Sep 15</b>		<b>Half Year to Mar 15</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
<b>Earnings (\$m)</b>								
Net profit / (loss) attributable to owners of NAB	(1,742)	(1,742)	6,338	6,338	2,898	2,898	3,440	3,440
Distributions on other equity instruments	(64)	(64)	(175)	(175)	(66)	(66)	(109)	(109)
Potential dilutive adjustments (after tax)								
Interest expense on convertible notes	-	29	-	30	-	29	-	1
Interest expense on convertible preference shares	-	65	-	135	-	65	-	70
Adjusted earnings	(1,806)	(1,712)	6,163	6,328	2,832	2,926	3,331	3,402
Net profit / (loss) attributable to owners of NAB from discontinued operations	(4,966)	(4,966)	(462)	(462)	(766)	(766)	304	304
Adjusted earnings from continuing operations	3,160	3,254	6,625	6,790	3,598	3,692	3,027	3,098
<b>Weighted average ordinary shares (no. '000)</b>								
Weighted average ordinary shares (net of treasury shares)	2,575,501	2,575,501	2,438,782	2,438,782	2,504,939	2,504,939	2,373,322	2,373,322
Potential dilutive weighted average ordinary shares								
Performance options and performance rights	-	4,349	-	3,705	-	3,607	-	4,060
Partly paid ordinary shares	-	35	-	45	-	45	-	48
Employee share plans	-	11,801	-	4,458	-	3,450	-	3,437
Convertible notes	-	50,031	-	23,617	-	44,896	-	1,742
Convertible preference shares	-	120,399	-	108,041	-	108,041	-	84,750
Total weighted average ordinary shares	2,575,501	2,762,116	2,438,782	2,578,648	2,504,939	2,664,978	2,373,322	2,467,359
<b>Earnings per share (cents) attributable to owners of NAB</b>								
Earnings per share from continuing operations (cents)	122.7	117.8	271.7	263.3	143.6	138.5	127.5	125.6
Earnings per share from discontinued operations (cents)	(192.8)	(179.8)	(18.9)	(17.9)	(30.6)	(28.7)	12.8	12.3

<b>Cash Earnings per Share</b>	<b>Half Year to Mar 16</b>		<b>Year to Sep 15</b>		<b>Half Year to Sep 15</b>		<b>Half Year to Mar 15</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
<b>Earnings (\$m)</b>								
Cash earnings from continuing operations	3,220	3,220	6,222	6,222	3,182	3,182	3,040	3,040
Potential dilutive adjustments (after tax)								
Interest expense on convertible notes	-	29	-	30	-	29	-	1
Interest expense on convertible preference shares	-	65	-	135	-	65	-	70
Adjusted cash earnings from continuing operations	3,220	3,314	6,222	6,387	3,182	3,276	3,040	3,111
<b>Weighted average ordinary shares (no. '000)</b>								
Weighted average ordinary shares	2,633,700	2,633,700	2,498,364	2,498,364	2,566,460	2,566,460	2,430,514	2,430,514
Potential dilutive weighted average ordinary shares								
Performance options and performance rights	-	4,349	-	3,705	-	3,607	-	4,060
Partly paid ordinary shares	-	35	-	45	-	45	-	48
Employee share plans	-	11,801	-	4,458	-	3,450	-	3,437
Convertible notes	-	50,031	-	23,617	-	44,896	-	1,742
Convertible preference shares	-	120,399	-	108,041	-	108,041	-	84,750
Total weighted average ordinary shares	2,633,700	2,820,315	2,498,364	2,638,230	2,566,460	2,726,499	2,430,514	2,524,551
<b>Earnings per share (cents) attributable to owners of NAB</b>								
Earnings per share from continuing operations (cents)	122.3	117.5	249.0	242.1	124.0	120.2	125.1	123.2

## Key Performance Measures

Key indicators	Half Year to	Year to	Half Year to	Half Year to
	Mar 16	Sep 15	Sep 15	Mar 15
	\$m	\$m	\$m	\$m
<b>Basic statutory earnings per ordinary share - cents</b>	(70.1)	252.7	113.1	140.4
<b>Basic statutory earnings per ordinary share - cents (continuing operations)</b>	122.7	271.7	143.6	127.5
Net profit/(loss) attributable to owners of NAB	(1,742)	6,338	2,898	3,440
Less: Distributions on other equity instruments (statutory basis)	(64)	(175)	(66)	(109)
Net profit/(loss) attributable to owners of NAB (adjusted)	(1,806)	6,163	2,832	3,331
Net profit attributable to owners of NAB (adjusted from continuing operations)	3,160	6,625	3,598	3,027
Net profit/(loss) attributable to owners of NAB (adjusted from discontinued operations)	(4,966)	(462)	(766)	304
Add: Interest expense on convertible notes	29	30	29	1
Add: Interest expense on convertible preference shares	65	135	65	70
Adjusted earnings (diluted)	(1,712)	6,328	2,926	3,402
Adjusted earnings (diluted- continuing operations)	3,254	6,790	3,692	3,098
Adjusted earnings (diluted- discontinued operations)	(4,966)	(462)	(766)	304
Weighted average ordinary shares (no. '000) (statutory basis)	2,575,501	2,438,782	2,504,939	2,373,322
Diluted weighted average ordinary shares (no. '000) (statutory basis)	2,762,116	2,578,648	2,664,978	2,467,359
<b>Diluted statutory earnings per ordinary share - cents</b>	(62.0)	245.4	109.8	137.9
<b>Diluted statutory earnings per ordinary share - cents (continuing operations)</b>	117.8	263.3	138.5	125.6
<b>Basic cash earnings per ordinary share - cents</b>	122.3	249.0	124.0	125.1
Cash earnings	3,220	6,222	3,182	3,040
Add: Interest expense on convertible notes	29	30	29	1
Add: Interest expense on convertible preference shares	65	135	65	70
Adjusted cash earnings (diluted)	3,314	6,387	3,276	3,111
Weighted average ordinary shares (no. '000) (cash earnings basis)	2,633,700	2,498,364	2,566,460	2,430,514
Diluted weighted average ordinary shares (no. '000) (cash earnings basis)	2,820,315	2,638,230	2,726,499	2,524,551
<b>Diluted cash earnings per share - cents</b>	117.5	242.1	120.2	123.2
<b>Statutory profit on average equity (Statutory return on equity)</b>	(8.3%)	15.2%	13.6%	18.9%
Net profit/(loss) attributable to owners of NAB (adjusted)	(1,806)	6,163	2,832	3,331
<b>Cash earnings on adjusted average equity (Cash return on equity)</b>	14.3%	14.8%	14.6%	16.5%
Cash earnings	3,220	6,222	3,182	3,040
Average equity	46,803	44,254	44,998	39,631
Less: Average non-controlling interest in controlled entities	(24)	(17)	(11)	(24)
Less: Average Trust Preferred Securities	(975)	(975)	(975)	(975)
Less: Average Trust Preferred Securities II	-	(469)	-	(970)
Less: Average National Income Securities	(1,945)	(1,945)	(1,945)	(1,945)
Less: Average National Capital Instruments	(397)	(397)	(397)	(397)
Adjusted average equity for earnings on average equity calculation (statutory basis)	43,462	40,451	41,670	35,320
Add: Average Treasury shares	1,491	1,721	1,844	1,689
Adjusted average equity for cash earnings on average equity calculation (cash earnings basis)	44,953	42,172	43,514	37,009



## Key Performance Measures

	Half Year to Mar 16	Year to Sep 15	Half Year to Sep 15	Half Year to Mar 15
	\$m	\$m	\$m	\$m
<b>Profitability, performance and efficiency measures</b>				
Dividend payout ratio	80.9%	79.5%	79.8%	79.1%
Dividend per share (cents)	99	198	99	99
Basic cash earnings per ordinary share - cents	122.3	249.0	124.0	125.1
<b>Cash earnings on average assets</b>	0.74%	0.72%	0.72%	0.72%
Cash earnings	3,220	6,222	3,182	3,040
Average assets	874,017	864,609	878,436	852,112
<b>Cash earnings on average risk-weighted assets</b>	1.80%	1.86%	1.85%	1.87%
Cash earnings	3,220	6,222	3,182	3,040
Risk-weighted assets	361,433	351,178	351,178	340,109
Risk-weighted assets (prior quarter)	362,479	340,242	340,242	320,065
Risk-weighted assets (prior half year)	351,178	340,109	340,109	318,405
Risk-weighted assets (prior third quarter)	n/a	320,065	n/a	n/a
Risk-weighted assets (prior year)	n/a	318,405	n/a	n/a
<b>Cash earnings per average FTE (\$000)</b>	188	182	186	181
Cash earnings	3,220	6,222	3,182	3,040
Full Time Equivalent Employees (FTE) (average)	34,330	34,148	34,148	33,741
<b>Banking cost to income ratio</b>	41.6%	41.2%	41.5%	41.0%
Group operating expenses	3,755	7,278	3,668	3,610
Less: NAB Wealth Operating expenses	(388)	(786)	(382)	(404)
Add: Eliminations	19	37	17	20
Banking operating expenses	3,386	6,529	3,303	3,226
Group net operating income	8,709	17,005	8,536	8,469
Less: NAB Wealth net operating income	(598)	(1,208)	(594)	(614)
Add: Eliminations	19	37	17	20
Banking net operating income	8,130	15,834	7,959	7,875
<b>Net tangible assets (NTA) per share (\$)</b>	14.47	13.90	13.90	12.42
Total equity / net assets	48,426	46,596	46,596	39,929
Less: non-controlling interest in controlled entities	(25)	(19)	(19)	(17)
Less: Trust Preferred Securities	(975)	(975)	(975)	(975)
Less: National Income Securities	(1,945)	(1,945)	(1,945)	(1,945)
Less: National Capital Instruments	(397)	(397)	(397)	(397)
Less: Goodwill and other intangible assets	(6,820)	(6,774)	(6,774)	(6,528)
Net tangible assets (NTA)	38,264	36,486	36,486	30,067
Ordinary shares - Including partly paid (no. '000)	2,644,997	2,625,828	2,625,828	2,421,179

**Key Performance Measures**

	<b>Half Year to Mar 16</b>	<b>Year to Sep 15</b>	<b>Half Year to Sep 15</b>	<b>Half Year to Mar 15</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Group Cash Earnings</b>				
Net interest income	6,600	12,498	6,288	6,210
Other operating income	2,109	4,507	2,248	2,259
<b>Net operating income</b>	<b>8,709</b>	<b>17,005</b>	<b>8,536</b>	<b>8,469</b>
Operating expenses	(3,755)	(7,278)	(3,668)	(3,610)
<b>Underlying profit</b>	<b>4,954</b>	<b>9,727</b>	<b>4,868</b>	<b>4,859</b>
Charge to provide for bad and doubtful debts	(375)	(748)	(349)	(399)
<b>Cash earnings before tax and distributions</b>	<b>4,579</b>	<b>8,979</b>	<b>4,519</b>	<b>4,460</b>
Income tax expense	(1,295)	(2,582)	(1,271)	(1,311)
<b>Cash earnings before distributions</b>	<b>3,284</b>	<b>6,397</b>	<b>3,248</b>	<b>3,149</b>
Distributions	(64)	(175)	(66)	(109)
<b>Cash earnings</b>	<b>3,220</b>	<b>6,222</b>	<b>3,182</b>	<b>3,040</b>
<i>Non-cash earnings items (after-tax):</i>				
Distributions	64	175	66	109
Treasury shares	62	4	321	(317)
Fair value and hedge ineffectiveness	(60)	516	163	353
Life insurance 20% share of profit	(22)	(37)	(20)	(17)
Amortisation of acquired intangible assets	(40)	(80)	(48)	(32)
Net profit from continuing operations	3,224	6,800	3,664	3,136
Net profit/(loss) after tax from discontinued operations	(4,966)	(462)	(766)	304
<b>Net profit / (loss) attributable to owners of NAB</b>	<b>(1,742)</b>	<b>6,338</b>	<b>2,898</b>	<b>3,440</b>
<b>Average equity data</b>				
Average interest-earnings assets	683,910	658,134	666,505	650,025
Average assets	874,017	864,609	878,436	852,112
Average equity	46,803	44,254	44,998	39,631
Average non-controlling interest in controlled entities	24	17	11	24
Average Trust Preferred Securities	975	975	975	975
Average Trust Preferred Securities II	-	469	-	970
Average National Income Securities	1,945	1,945	1,945	1,945
Average National Capital Instruments	397	397	397	397
Average Treasury shares	1,491	1,721	1,844	1,689
<b>Statutory earnings per share data</b>				
Basic weighted average ordinary shares (no. '000)	2,575,501	2,438,782	2,504,939	2,373,322
Diluted weighted average ordinary shares (no. '000)	2,762,116	2,578,648	2,664,978	2,467,359
Distributions on other equity instruments	64	175	66	109
Interest expense on convertible notes	29	30	29	1
Interest expense on convertible preference shares	65	135	65	70
<b>Cash Earnings per share data</b>				
Basic weighted average ordinary shares (no. '000)	2,633,700	2,498,364	2,566,460	2,430,514
Diluted weighted average ordinary shares (no. '000)	2,820,315	2,638,230	2,726,499	2,524,551
Interest expense on convertible notes	29	30	29	1
Interest expense on convertible preference shares	65	135	65	70
<b>Full Time Equivalent Employees (FTE) (average)</b>	<b>34,330</b>	<b>34,148</b>	<b>34,148</b>	<b>33,741</b>
<b>Banking cost to income ratio data</b>				
Group operating expenses	3,755	7,278	3,668	3,610
NAB Wealth operating expenses	(388)	(786)	(382)	(404)
Operating expenses / Net operating income eliminations	19	37	17	20
Group net operating income	8,709	17,005	8,536	8,469
NAB Wealth net operating income	598	1,208	594	614
<b>Net tangible assets per share data</b>				
Ordinary shares - Fully paid (no. '000)	2,644,943	2,625,764	2,625,764	2,421,112
Ordinary shares - Partly paid (no. '000)	54	64	64	67
Total equity / net assets	48,426	46,596	46,596	39,929
Non-controlling interest in controlled entities	25	19	19	17
Trust Preferred Securities	975	975	975	975
National Income Securities	1,945	1,945	1,945	1,945
National Capital Instruments	397	397	397	397
Goodwill and other intangible assets	6,820	6,774	6,774	6,528