



Thursday, 20 April 2017

ASX ANNOUNCEMENT

National Australia Bank (NAB) revised comparative financial information following organisational restructure

NAB has previously announced changes to its organisational structure as well as its Executive Leadership team effective from 1 August 2016. As a result of these announcements, the Group has changed its reporting to align to customer segments. This change has resulted in the following three new Australian reportable segments:

- **Business & Private Banking**, led by Angela Mentis, brings together the nabBusiness franchise with specialised Agriculture, Health, Government, Education and Community services along with Private Banking and JB Were, and small business.
- **Consumer Banking & Wealth Management**, led by Andrew Hagger, is responsible for the NAB Consumer Banking network, including UBank, and the distribution components of Wealth Management.
- **Corporate & Institutional Banking**, led by Mike Baird, is responsible for Corporate and Institutional customers and includes Fixed Income, Currencies and Commodities (FICC), Capital Financing and Asset Servicing businesses, and International Branches.

In accordance with *AASB 8 Operating Segments* NAB will report results for the half year ended 31 March 2017 on 4 May 2017 under this customer segment structure. As this will be the first time customer segment results are presented consistent with the organisational realignment, the accompanying financial information has been provided to show the impact of the organisational realignment on historic results for the relevant 2016 reporting periods.

The historical results presented also impact New Zealand Banking (with the inclusion of NZ Markets) and Corporate Functions (reflecting the inclusion of Australian Treasury and changed attributions consistent with the organisational realignment). There is no change to Group level financial information reported for the prior financial periods as a result of the organisational realignment to customer segments.

For further information:

Media

Mark Alexander
M: +61 (0) 412 171 447

Chris Owens
M: +61 (0) 409 945 476

Investor Relations

Ross Brown

M: +61 (0) 417 483 549

Natalie Coombe

M: +61 (0) 477 327 540

NOTE ON CASH EARNINGS

This comparative financial information pack is intended to be read in conjunction with the 30 September 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 30 September 2016 is set out on pages 2 to 8 of the 2016 Full Year Results Announcement under the heading "Profit Reconciliation".

2016 Prior Period Restatement - Results

Table of Contents

Group Review	1
Group Performance Results	1
Divisional Key Performance Indicators	2
Net Interest Margin	2
Lending	3
Customer Deposits	3
Divisional Results	4
Divisional Performance Summary	5
Business and Private Banking	7
Consumer Banking and Wealth Management	8
Corporate and Institutional Banking	10
New Zealand Banking	11
Corporate Functions and Other	13
Consolidated Financial Report	14
Notes to the Consolidated Income Statement	15
Supplementary Information	16
Australian Banking & Wealth	17

Group Review

Group Performance Results

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	12,930	6,330	6,600
Other operating income	4,503	2,394	2,109
Net operating income	17,433	8,724	8,709
Operating expenses	(7,438)	(3,683)	(3,755)
Underlying profit	9,995	5,041	4,954
Charge to provide for bad and doubtful debts	(800)	(425)	(375)
Cash earnings before tax and distributions	9,195	4,616	4,579
Income tax expense	(2,588)	(1,293)	(1,295)
Cash earnings before distributions	6,607	3,323	3,284
Distributions	(124)	(60)	(64)
Cash earnings	6,483	3,263	3,220
<i>Non-cash earnings items (after tax):</i>			
Distributions	124	60	64
Treasury shares	61	(1)	62
Fair value and hedge ineffectiveness	(126)	(66)	(60)
Life insurance 20% share of profit	(39)	(17)	(22)
Amortisation of acquired intangible assets	(83)	(43)	(40)
Net profit from continuing operations	6,420	3,196	3,224
Net (loss) after tax from discontinued operations	(6,068)	(1,102)	(4,966)
Net profit / (loss) attributable to owners of NAB	352	2,094	(1,742)
Represented by:			
Business and Private Banking	2,673	1,338	1,335
Consumer Banking and Wealth Management	1,565	798	767
Corporate and Institutional Banking	1,367	696	671
NZ Banking	804	426	378
Corporate Functions and Other	74	5	69
Cash earnings	6,483	3,263	3,220

Divisional Key Performance Indicators

	Year to Sep 16	Half Year to Sep 16	Half Year to Mar 16
Business and Private Banking (AU\$)			
Net operating income (\$m)	6,003	3,033	2,970
Cash earnings (\$m)	2,673	1,338	1,335
Cash earnings on average assets	1.46%	1.44%	1.47%
Cash earnings on average risk-weighted assets	2.54%	2.50%	2.58%
Net interest margin	2.79%	2.79%	2.80%
Cost to income ratio	34.1%	33.9%	34.3%
Consumer Banking and Wealth Management (AU\$)			
Net operating income (\$m)	5,368	2,678	2,690
Cash earnings (\$m)	1,565	798	767
Cash earnings on average assets (Consumer Banking)	0.79%	0.80%	0.78%
Cash earnings on average risk-weighted assets (Consumer Banking)	2.52%	2.40%	2.72%
Net interest margin (Consumer Banking)	2.07%	2.02%	2.12%
Cost to income ratio (Consumer Banking)	51.2%	51.2%	51.2%
Investment income to average FUM/A (bps) (Wealth Management)	60	60	59
Operating expenses to average FUM/A (bps) (Wealth Management)	40	38	41
Cost to income ratio (Wealth Management)	62.2%	60.2%	64.3%
Corporate and Institutional Banking (AU\$)			
Net operating income (\$m)	3,346	1,671	1,675
Cash earnings (\$m)	1,367	696	671
Cash earnings on average assets	0.50%	0.51%	0.48%
Cash earnings on average risk-weighted assets	1.06%	1.10%	1.03%
Net interest margin	0.81%	0.80%	0.83%
Net interest margin (ex markets)	1.50%	1.49%	1.50%
Cost to income ratio	38.8%	38.3%	39.3%
NZ Banking (NZ\$)			
Net operating income (NZ\$m)	2,181	1,104	1,077
Cash earnings (NZ\$m)	864	452	412
Cash earnings on average assets	1.17%	1.20%	1.14%
Cash earnings on average risk-weighted assets	1.57%	1.60%	1.53%
Net interest margin	2.24%	2.21%	2.27%
Cost to income ratio	39.8%	39.6%	39.9%

Net Interest Margin

	Year to Sep 16 %	Half Year to Sep 16 %	Half Year to Mar 16 %
Group net interest margin	1.88%	1.82%	1.93%
Business and Private Banking	2.79%	2.79%	2.80%
Consumer Banking and Wealth Management	2.07%	2.02%	2.12%
Corporate and Institutional Banking	0.81%	0.80%	0.83%
NZ Banking	2.24%	2.21%	2.27%

Lending

	As at 30 Sep 16 \$m	As at 31 Mar 16 \$m
Housing		
Business and Private Banking	88,012	85,614
Consumer Banking and Wealth Management	190,744	184,902
Corporate and Institutional Banking	2,370	2,487
NZ Banking	33,431	30,117
Total housing	314,557	303,120
Non-housing		
Business and Private Banking	100,186	98,624
Consumer Banking and Wealth Management	7,019	7,082
Corporate and Institutional Banking	85,115	87,419
NZ Banking	37,188	33,994
Corporate Functions and Other	1,695	2,074
Total non-housing	231,203	229,193
Gross loans and advances including acceptances	545,760	532,313

Customer Deposits

	As at 30 Sep 16 \$m	As at 31 Mar 16 \$m
Business and Private Banking	123,519	117,221
Consumer Banking and Wealth Management	110,400	106,741
Corporate and Institutional Banking	94,100	95,443
NZ Banking	48,160	43,941
Corporate Functions and Other	14,321	13,337
Total customer deposits	390,500	376,683

Divisional Results

Divisional Performance Summary	5
Business and Private Banking	7
Consumer Banking and Wealth Management	8
Corporate and Institutional Banking	10
New Zealand Banking	11
Corporate Functions and Other	13

2016

Divisional Performance Summary

Year ended	Business & Private Banking	Consumer Banking & Wealth Management	Corporate & Institutional Banking	NZ Banking	Corporate Functions & Other	Eliminations	Group Cash Earnings
30 September 2016	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	4,955	3,709	1,919	1,496	851	-	12,930
Other operating income	1,048	1,659	1,427	533	(113)	(51)	4,503
Net operating income	6,003	5,368	3,346	2,029	738	(51)	17,433
Operating expenses	(2,045)	(2,870)	(1,298)	(806)	(470)	51	(7,438)
Underlying profit	3,958	2,498	2,048	1,223	268	-	9,995
Charge to provide for bad and doubtful debts	(140)	(282)	(217)	(116)	(45)	-	(800)
Cash earnings before tax and distributions	3,818	2,216	1,831	1,107	223	-	9,195
Income tax expense	(1,145)	(651)	(464)	(303)	(25)	-	(2,588)
Cash earnings before distributions	2,673	1,565	1,367	804	198	-	6,607
Distributions	-	-	-	-	(124)	-	(124)
Cash earnings	2,673	1,565	1,367	804	74	-	6,483

Key balance sheet items (\$bn)							Total
Gross loans and acceptances	188.2	197.8	87.5	70.6	1.7	-	545.8
Customer deposits	123.5	110.4	94.1	48.2	14.3	-	390.5

Half year ended	Business & Private Banking	Consumer Banking & Wealth Management	Corporate & Institutional Banking	NZ Banking	Corporate Functions & Other	Eliminations	Group Cash Earnings
30 September 2016	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	2,502	1,827	947	760	294	-	6,330
Other operating income	531	851	724	276	46	(34)	2,394
Net operating income	3,033	2,678	1,671	1,036	340	(34)	8,724
Operating expenses	(1,027)	(1,422)	(640)	(409)	(219)	34	(3,683)
Underlying profit	2,006	1,256	1,031	627	121	-	5,041
Charge to provide for bad and doubtful debts	(96)	(120)	(82)	(39)	(88)	-	(425)
Cash earnings before tax and distributions	1,910	1,136	949	588	33	-	4,616
Income tax expense	(572)	(338)	(253)	(162)	32	-	(1,293)
Cash earnings before distributions	1,338	798	696	426	65	-	3,323
Distributions	-	-	-	-	(60)	-	(60)
Cash earnings	1,338	798	696	426	5	-	3,263

Key balance sheet items (\$bn)							Total
Gross loans and acceptances	188.2	197.8	87.5	70.6	1.7	-	545.8
Customer deposits	123.5	110.4	94.1	48.2	14.3	-	390.5

Divisional Performance Summary (continued)

Half year ended	Business & Private Banking	Consumer Banking & Wealth Management	Corporate & Institutional Banking	NZ Banking	Corporate Functions & Other	Eliminations	Group Cash Earnings
31 March 2016	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	2,453	1,882	972	736	557	-	6,600
Other operating income	517	808	703	257	(159)	(17)	2,109
Net operating income	2,970	2,690	1,675	993	398	(17)	8,709
Operating expenses	(1,018)	(1,448)	(658)	(397)	(251)	17	(3,755)
Underlying profit	1,952	1,242	1,017	596	147	-	4,954
Charge to provide for bad and doubtful debts	(44)	(162)	(135)	(77)	43	-	(375)
Cash earnings before tax and distributions	1,908	1,080	882	519	190	-	4,579
Income tax expense	(573)	(313)	(211)	(141)	(57)	-	(1,295)
Cash earnings before distributions	1,335	767	671	378	133	-	3,284
Distributions	-	-	-	-	(64)	-	(64)
Cash earnings	1,335	767	671	378	69	-	3,220
Key balance sheet items (\$bn)							Total
Gross loans and acceptances	184.2	192.0	89.9	64.1	2.1	-	532.3
Customer deposits	117.2	106.7	95.5	43.9	13.4	-	376.7

2016

Business and Private Banking

	Year to Sep 16	Half Year to Sep 16	Half Year to Mar 16
	\$m	\$m	\$m
Net interest income	4,955	2,502	2,453
Other operating income	1,048	531	517
Net operating income	6,003	3,033	2,970
Operating expenses	(2,045)	(1,027)	(1,018)
Underlying profit	3,958	2,006	1,952
Charge to provide for bad and doubtful debts	(140)	(96)	(44)
Cash earnings before tax	3,818	1,910	1,908
Income tax expense	(1,145)	(572)	(573)
Cash earnings	2,673	1,338	1,335

Volumes (\$bn)

Housing lending	88.0	88.0	85.6
Business lending	96.9	96.9	95.4
Other lending	3.3	3.3	3.2
Gross loans and acceptances	188.2	188.2	184.2
Average interest earning assets	177.3	179.3	175.3
Total assets	187.2	187.2	183.1
Customer deposits	123.5	123.5	117.2
Total risk-weighted assets	112.1	112.1	103.9

Performance Measures

Cash earnings on average assets	1.46%	1.44%	1.47%
Cash earnings on average risk-weighted assets	2.54%	2.50%	2.58%
Net interest margin	2.79%	2.79%	2.80%
Cost to income ratio	34.1%	33.9%	34.3%

Asset Quality

	As at 30 Sep 16	As at 31 Mar 16
90+DPD assets plus gross impaired assets to gross loans and acceptances	0.75%	0.77%
Bad and doubtful debt charge to gross loans and acceptances (annualised) ⁽¹⁾	0.07%	0.05%

⁽¹⁾ September 2016 metric refers to the full year ratio; the March 2016 metric refers to the half year ratio annualised.

Consumer Banking and Wealth Management

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	3,709	1,827	1,882
Net investment income	1,031	525	506
Other operating income	628	326	302
Net operating income	5,368	2,678	2,690
Operating expenses	(2,870)	(1,422)	(1,448)
Underlying profit	2,498	1,256	1,242
Charge to provide for bad and doubtful debts	(282)	(120)	(162)
Cash earnings before tax	2,216	1,136	1,080
Income tax expense	(651)	(338)	(313)
Cash earnings	1,565	798	767

Volumes (\$bn)

Housing lending	190.7	190.7	184.9
Other lending	7.1	7.1	7.1
Gross loans and acceptances	197.8	197.8	192.0
Average interest earning assets	179.3	181.0	177.6
Total assets	206.0	206.0	202.8
Customer deposits	110.4	110.4	106.7
Total risk-weighted assets	64.5	64.5	46.8

Performance Measures

Cash earnings on average assets (Consumer Banking)	0.79%	0.80%	0.78%
Cash earnings on average risk-weighted assets (Consumer Banking)	2.52%	2.40%	2.72%
Net interest margin (Consumer Banking)	2.07%	2.02%	2.12%
Cost to income ratio (Consumer Banking)	51.2%	51.2%	51.2%
Cost to income ratio (Wealth Management)	62.2%	60.2%	64.3%
Funds under management and administration (spot) (\$m)	177,418	177,418	169,797
Funds under management and administration (average) (\$m)	172,935	175,052	170,818
Operating expenses to average FUM/A (bps)	40	38	41
Investment income to average FUM/A (bps)	60	60	59

	As at 30 Sep 16	As at 31 Mar 16
Asset Quality		
90+DPD assets plus gross impaired assets to gross loans and acceptances	0.67%	0.64%
Bad and doubtful debt charge to gross loans and acceptances (annualised) ⁽¹⁾	0.14%	0.17%

⁽¹⁾ September 2016 metric refers to the full year ratio; the March 2016 metric refers to the half year ratio annualised.

Consumer Banking

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	3,709	1,827	1,882
Other operating income	560	296	264
Net operating income	4,269	2,123	2,146
Operating expenses	(2,186)	(1,088)	(1,098)
Underlying profit	2,083	1,035	1,048
Charge to provide for bad and doubtful debts	(282)	(120)	(162)
Cash earnings before tax	1,801	915	886
Income tax expense	(544)	(279)	(265)
Cash earnings	1,257	636	621

Wealth Management

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net investment income	1,031	525	506
Other operating income	68	30	38
Net operating income	1,099	555	544
Operating expenses	(684)	(334)	(350)
Cash earnings before tax	415	221	194
Income tax expense	(107)	(59)	(48)
Cash earnings	308	162	146

Corporate and Institutional Banking

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	1,919	947	972
Other operating income	1,427	724	703
Net operating income	3,346	1,671	1,675
Operating expenses	(1,298)	(640)	(658)
Underlying profit	2,048	1,031	1,017
Charge to provide for bad and doubtful debts	(217)	(82)	(135)
Cash earnings before tax	1,831	949	882
Income tax expense	(464)	(253)	(211)
Cash earnings	1,367	696	671

Net operating income

Lending and deposits income	1,927	931	996
Markets income (ex derivative valuation adjustments)	922	450	472
Derivative valuation adjustments ⁽¹⁾	51	52	(1)
Other income	446	238	208
Total net operating income	3,346	1,671	1,675

⁽¹⁾ Derivative valuation adjustments consist of CVA and FVA.

Volumes (\$bn)

Capital financing	24.8	24.8	23.1
Business lending	60.0	60.0	64.0
Other lending	2.7	2.7	2.8
Gross loans and acceptances	87.5	87.5	89.9
Average interest earning assets	235.9	237.2	234.6
Total assets	257.3	257.3	272.0
Customer deposits	94.1	94.1	95.5
Total risk-weighted assets	124.3	124.3	129.4

Performance Measures

Cash earnings on average assets	0.50%	0.51%	0.48%
Cash earnings on average risk-weighted assets	1.06%	1.10%	1.03%
Net interest margin	0.81%	0.80%	0.83%
Net interest margin (ex markets)	1.50%	1.49%	1.50%
Cost to income ratio	38.8%	38.3%	39.3%

Asset Quality

	As at 30 Sep 16	As at 31 Mar 16
90+DPD assets plus gross impaired assets to gross loans and acceptances	0.77%	0.64%
Bad and doubtful debt charge to gross loans and acceptances (annualised) ⁽¹⁾	0.25%	0.30%

⁽¹⁾ September 2016 metric refers to the full year ratio; the March 2016 metric refers to the half year ratio annualised.

New Zealand Banking

Presented in local currency

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	1,607	809	798
Other operating income	574	295	279
Net operating income	2,181	1,104	1,077
Operating expenses	(867)	(437)	(430)
Underlying profit	1,314	667	647
Charge to provide for bad and doubtful debts	(125)	(41)	(84)
Cash earnings before tax	1,189	626	563
Income tax expense	(325)	(174)	(151)
Cash earnings	864	452	412

Volumes (\$bn)

Housing lending	35.1	35.1	33.4
Business lending	37.7	37.7	36.4
Other lending	1.3	1.3	1.3
Gross loans and acceptances	74.1	74.1	71.1
Average interest earning assets	71.9	73.3	70.4
Total assets	77.5	77.5	74.0
Customer deposits	50.5	50.5	48.8
Total risk-weighted assets	57.5	57.5	55.7

Performance Measures

Cash earnings on average assets	1.17%	1.20%	1.14%
Cash earnings on average risk-weighted assets	1.57%	1.60%	1.53%
Net interest margin	2.24%	2.21%	2.27%
Cost to income ratio	39.8%	39.6%	39.9%
FTEs (spot)	4,963	4,963	5,012

Asset Quality

	As at 30 Sep 16	As at 31 Mar 16
90+DPD assets plus gross impaired assets to gross loans and acceptances	1.69%	1.43%
Bad and doubtful debt charge to gross loans and acceptances (annualised) ⁽¹⁾	0.17%	0.24%

⁽¹⁾ September 2016 metric refers to the full year ratio; the March 2016 metric refers to the half year ratio annualised.

New Zealand Banking

Presented in AUD

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income	1,496	760	736
Other operating income	533	276	257
Net operating income	2,029	1,036	993
Operating expenses	(806)	(409)	(397)
Underlying profit	1,223	627	596
Charge to provide for bad and doubtful debts	(116)	(39)	(77)
Cash earnings before tax	1,107	588	519
Income tax expense	(303)	(162)	(141)
Cash earnings	804	426	378

Corporate Functions and Other

	Year to	Half Year to	Half Year to
	Sep 16	Sep 16	Mar 16
	\$m	\$m	\$m
Net operating income	738	340	398
Operating expenses	(470)	(219)	(251)
Underlying profit	268	121	147
(Charge to provide for) / write-back of bad and doubtful debts	(45)	(88)	43
Cash earnings before tax	223	33	190
Income tax (expense) / benefit	(25)	32	(57)
Cash earnings before distributions	198	65	133
Distributions	(124)	(60)	(64)
Cash earnings	74	5	69

Consolidated Financial Report

Notes to the Consolidated Income Statement
Segment Information

15
15

Notes to the Consolidated Income Statement

1 Segment Information

Reportable Segments

Segment Information	Year ended 30 September 2016			
	Cash Earnings	Net interest income	Total other income	Total assets
	\$m	\$m	\$m	\$m
Business and Private Banking	2,673	4,955	1,048	187,200
Consumer Banking and Wealth Management	1,565	3,709	1,659	206,016
Corporate and Institutional Banking	1,367	1,919	1,427	257,303
NZ Banking	804	1,496	533	73,916
Corporate Functions and Other	74	851	(113)	104,177
Eliminations	-	-	(51)	(50,990)
Total	6,483	12,930	4,503	777,622

Segment Information	Half Year ended 30 September 2016			
	Cash Earnings	Net interest income	Total other income	Total assets
	\$m	\$m	\$m	\$m
Business and Private Banking	1,338	2,502	531	187,200
Consumer Banking and Wealth Management	798	1,827	851	206,016
Corporate and Institutional Banking	696	947	724	257,303
NZ Banking	426	760	276	73,916
Corporate Functions and Other	5	294	46	104,177
Eliminations	-	-	(34)	(50,990)
Total	3,263	6,330	2,394	777,622

Segment Information	Half Year ended 31 March 2016			
	Cash Earnings	Net interest income	Total other income	Total assets
	\$m	\$m	\$m	\$m
Business and Private Banking	1,335	2,453	517	183,130
Consumer Banking and Wealth Management	767	1,882	808	296,569
Corporate and Institutional Banking	671	972	703	272,046
NZ Banking	378	736	257	66,721
Corporate Functions and Other	69	557	(159)	99,939
Eliminations	-	-	(17)	(49,675)
Total	3,220	6,600	2,109	868,730

Supplementary Information

Australian Banking & Wealth

17

Australian Banking & Wealth

	Year to Sep 16 \$m	Half Year to Sep 16 \$m	Half Year to Mar 16 \$m
Net interest income			
Housing lending	3,372	1,632	1,740
Business lending	3,274	1,647	1,627
Other banking products	962	497	465
Deposits	2,733	1,382	1,351
NAB risk management	242	118	124
Total net interest income	10,583	5,276	5,307
Other operating income			
Housing lending	257	129	128
Business lending	623	304	319
Other banking products	924	476	448
Deposits	75	34	41
Customer Risk Management	656	354	302
NAB risk management	375	179	196
NAB Wealth income	1,203	609	594
Total other operating income	4,113	2,085	2,028
Bad and doubtful debt charge			
Specific charge to provide for bad and doubtful debts	859	449	410
Collective charge / (write-back) to provide for bad and doubtful debts	(220)	(151)	(69)
Total charge to provide for bad and doubtful debts	639	298	341
Housing lending	97	55	42
Business lending	308	141	167
Other banking products	234	102	132
Total charge to provide for bad and doubtful debts	639	298	341
Net interest margins			
Housing lending net interest margin	1.35%	1.28%	1.40%
Business lending net interest margin	1.81%	1.82%	1.80%
Volumes (\$bn)			
Housing lending	281.1	281.1	273.0
Business lending	181.8	181.8	182.7
Other lending	10.5	10.5	10.4
Gross loans and acceptances	473.4	473.4	466.1
Customer deposits	328.0	328.0	319.4