Full Year Results
2015

Incorporating the requirements of Appendix 4E

This full year results announcement incorporates the preliminary final report given to the Australian Securities Exchange (ASX) under listing rule 4.3A.

National Australia Bank Limited ABN 12 004 044 937

Results for announcement to the market

Report for the full year ended 30 September 2015

						30 September 2015 $m
Revenue from ordinary activities [1] [4]	page 66	up	7.0%	*	to	20,176
Profit after tax from ordinary activities attributable to owners of NAB [2]	page 66	up	19.7%	*	to	6,338
Net profit attributable to owners of NAB [2]	page 66	up	19.7%	*	to	6,338

* *On prior corresponding period (twelve months ended 30 September 2014).*

[1] *Required to be disclosed by ASX Listing Rule Appendix 4E. Reported as the sum of the following items from the Group's consolidated income statement: net interest income $13,982 million, net life insurance income $568 million and total other income $5,626 million. On a cash earnings basis revenue increased by 4.2%.*

[2] *Net profit attributable to owners of NAB was up 19.7% to $6,338 million, reflecting higher revenue, partially offset by higher income tax expense.*

Dividends	**Amount per share cents**	**Franked amount per share %**
Final dividend	99	100
Interim dividend	99	100
Record date for determining entitlements to the final dividend		9 November 2015

Highlights [3]

Group cash earnings [4]	up	15.5%	Cash earnings increased by $784 million or 15.5% compared to the September 2014 year. Excluding foreign exchange rate movements and specified items, cash earnings increased by $76 million or 1.2%. Details of the specified items for 2015 and 2014 can be found on page 20 of Section 3. The increase excluding specified items was largely driven by higher revenue combined with lower charges for bad and doubtful debts, partially offset by higher expenses. The difference between cash earnings and statutory net profit attributable to the owners of NAB were favourable movements in fair value and hedge ineffectiveness, partially offset by sale and demerger transaction costs. Refer to information on cash earnings on page 2 of Section 1, of the 2015 full year results.
Cash return on equity (ROE) [4]	up to	12.0%	Cash ROE increased by 40 basis points compared to September 2014.
Diluted cash earnings per share (cents) [4]	up to	227.6	Diluted cash earnings per share increased by 9.4% reflecting the Group's increase in cash earnings.
Banking cost to income ratio [4]	down	230 bps	The Group's banking cost to income ratio decreased by 230 basis points to 50.8%.
Common Equity Tier 1 capital ratio	up	161 bps	The Common Equity Tier 1 capital ratio (Basel III basis) is up 161 basis points to 10.24%.
Full time equivalent employees [4]	up	406	Full time equivalent employees increased to 41,826 reflecting investment in the Group's priority customer segments, including service roles to support customer needs and the hiring of additional front line bankers.

[3] *All growth rates are calculated on a cash earnings basis on the prior corresponding period (twelve months ended 30 September 2014).*

[4] *Information is presented on a continuing operations basis including prior period restatements.*

A Glossary of Terms is included in Section 7.

A reference in this Appendix 4E to the 'Group' is a reference to the Company and its controlled entities. All currency amounts are expressed in Australian dollars unless otherwise stated. References in this document to the September 2015 year are references to the twelve months ended 30 September 2015. Other twelve month periods are referred to in a corresponding manner. National Australia Bank Limited's consolidated financial statements, prepared in accordance with the *Corporations Act* 2001 (Cth), are included in Section 5. See page 118 for a complete index of ASX Appendix 4E requirements.

This page has been left blank intentionally.

Full Year Results

2015

Table of Contents

Section 1

Profit Reconciliation

Information about Cash Earnings 2

Section 2

Highlights

Group Performance 10
- Key Performance Measures 10
- Group Performance Indicators 10

Divisional Performance 11
- Divisional Results 11
- Divisional Performance Indicators 11

Restatement of Prior Period Financial Information 12
Net Profit Attributable to Owners of NAB 12
Shareholder Returns 12
Earnings Per Share 12
Strategic Highlights 13

Section 3

Review of Operating Environment, Group Operations and Results

Review of Group Operating Environment 16
Review of Group Operations and Results 18
Full Time Equivalent Employees 25
Investment Spend 26
Taxation 26
Lending 27
Goodwill and Other Intangible Assets 28
Customer Deposits 29
Asset Quality 30
Capital Management and Funding 32
Other Matters 36

Section 4

Review of Divisional Operations and Results

Divisional Performance Summary 38
Divisional Asset Quality Ratio Summary 42
Australian Banking 44
NZ Banking 52
NAB Wealth 56
UK Banking 59
Corporate Functions and Other 63

Section 5

Financial Report

Consolidated Financial Statements 66
Notes to the Consolidated Financial Statements 72

Section 6

Supplementary Information 101

Section 7

Glossary of Terms 121

This page has been left blank intentionally.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT

800 Bourke Street
Docklands VIC 3008
AUSTRALIA

www.nabgroup.com

Wednesday, 28 October 2015

ASX Announcement

NAB 2015 Full Year Results

Delivering on strategic agenda

Highlights

- Cash earnings[1] up 15.5%, or 2.4% excluding specified items[2]. Statutory net profit up 19.7% over the year
- All businesses contributing
- Final dividend 99 cents per share fully franked, as flagged in 1H15
- Sale of 80% of life insurance business and partnership with Nippon Life
- Intention to demerge and IPO CYBG[3] in February 2016
- Balance sheet remains strong, CET1 ratio of 10.2% and asset quality improved

Key points

Results for the 30 September 2015 full year are compared with 30 September 2014 full year unless otherwise stated.

- On a statutory basis, net profit attributable to the owners of the Company was $6.34 billion, an increase of $1.04 billion or 19.7%. Excluding discontinued operations[4], statutory net profit increased 22.7% to $6.36 billion.
- Cash earnings[1] were $5.84 billion, an increase of $0.78 billion or 15.5%. Excluding specified items[2], the increase was 2.4% over the year and 2.8% compared to the March 2015 half year. The main difference between statutory and cash earnings over the year relates to the effects of fair value and hedge ineffectiveness[1].
- On a cash earnings basis:
  - Revenue increased approximately 4%. Excluding gains from a legal settlement and the UK Commercial Real Estate loan portfolio sale and SGA asset sales, revenue rose approximately 3%, benefitting from higher lending balances, stronger Markets and Treasury income[5], increased NAB Wealth net income, and the impact of foreign exchange rates. Group net interest margin (NIM) declined 4 basis points, mainly due to competition for business lending.

[1] Refer to note on cash earnings, and fair value and hedge ineffectiveness on page 7 of this document.
[2] Specified items, which include UK conduct charges, have impacted expenses and cash earnings in FY14 and FY15, and are detailed on page 20 of the Full Year 2015 Results Announcement.
[3] Newly created holding company for Clydesdale Bank PLC and equivalent to the entity previously referred to as 'ListCo'.
[4] Included within discontinued operations are the post tax profit/loss of GWB and the post tax gain/loss recognised on the disposal of the assets relating to GWB.
[5] Markets and Treasury income represents Customer Risk Management and NAB Risk Management income.

  - Expenses fell approximately 1%, but excluding specified items[2] and foreign exchange rate impacts rose approximately 4%. Key drivers include investment in the Group's priority customer segments, increased technology costs, higher UK spend associated with preparing for separation, combined with wage increases.
  - Improved asset quality resulted in a total charge for Bad and Doubtful Debts (B&DDs) of $823 million, down approximately 5% due to lower charges in Australian Banking and UK Banking. The charge includes a collective provision overlay of $102 million for Australian agriculture and resource sectors, and an increase in New Zealand collective provision charges of NZ$78 million predominantly relating to the dairy sector.
- The Group's Common Equity Tier 1 (CET1) ratio was 10.2% as at 30 September 2015, an increase of 137 basis points from March 2015 mainly reflecting the rights issue proceeds. The Group's CET1 target ratio remains between 8.75% – 9.25%, based on current regulatory requirements. The CET1 ratio at 30 September 2015 is above the target range reflecting regulatory increases in mortgage risk weights from 2016 and the intended UK demerger.
- The final dividend is 99 cents per share (cps) fully franked, unchanged from the 2015 interim and 2014 final dividends.
- The Group maintains a well diversified funding profile and has raised approximately $26.5 billion of term wholesale funding in the 2015 financial year. The weighted average term to maturity of the funds raised by the Group over the 2015 financial year was 4.7 years. The stable funding index was 92.3% at 30 September 2015, 1.9 percentage points higher than at 30 September 2014.
- The Group's quarterly average liquidity coverage ratio as at 30 September 2015 was 115%.

Executive Commentary

"In 2015 we have been focused on delivering against our plan – driving improved performance in our Australian and New Zealand business, investing for growth, delivering significant technology milestones for our customers, building a stronger balance sheet and exiting our legacy and lower returning assets," NAB Group CEO Andrew Thorburn said.

"Improving the customer experience is a priority for us. In the first year of adopting the Net Promoter System (NPS)[6] our Australian and New Zealand businesses have oriented around it to drive a truly customer centric culture. NPS is now embedded in the 160 Performance Unit leader scorecards, ensuring the customer is central in our culture and helping us deliver continuous improvements to our customers.

"Our Wealth business has delivered significantly improved results since 2013 which has enabled us to secure the long term partnership we are announcing today with Nippon Life, one of the world's leading life insurers. Nippon Life will acquire 80% of NAB's life insurance business, while NAB will retain the remaining 20%. This partnership will enable us to continue to deliver insurance solutions to our customers while improving Wealth returns for shareholders.

---

[6] Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld

"Wealth products remain important to our business which is why today we are also announcing additional investment of at least $300 million in NAB Wealth over the next four years in our superannuation, platforms, advice and asset management business. This will allow us to deliver a great customer experience while driving a closer relationship between our banking and wealth businesses.

"We are also pleased to confirm the demerger and Initial Public Offering (IPO) of CYBG PLC (CYBG) which is expected to be complete in early February 2016. This follows the completion of the Great Western Bank (GWB) sell-down, the finalisation of the life reinsurance transaction, and the sale of most of our UK Commercial Real Estate portfolio.

"In Australia, Personal Banking has had another strong year with pleasing revenue growth and has also entered into an exclusive 10-year scheme partnership with Visa enabling significant future investment in the cards portfolio. While Business Banking trends in our priority SME segments are promising, including improved market share, the environment remains very competitive and we remain focused on improving performance further in this business. Our New Zealand business continues to perform, delivering good underlying profit growth against a backdrop of weaker milk prices.

"We have achieved significant technology milestones this year which will deliver a better experience for our customers. The Personal Banking Origination Platform (PBOP) is currently in pilot with contact centres and select branches originating and fulfilling personal products on the new platform, delivering enhanced customer functionality and reducing turnaround times. We also successfully migrated over 1,000 business applications and 3,500 servers to our new state-of-the-art data centre in September.

"Over the year we have continued to strengthen our balance sheet. The $5.5 billion capital raising in May means we are now well placed to absorb higher regulatory capital requirements in the future. In addition, a focus on maintaining risk standards has contributed to further improvements in asset quality.

"In 2016, our business will be stronger and more focused on delivering for our customers and our shareholders. We know our people are also aligned to achieving these goals. We will have exited all our low returning offshore businesses, allowing us to fully focus on serving our priority customer segments and leveraging the investments we have made in Australia and New Zealand," Mr Thorburn said.

<u>Sale of 80% of Life Insurance business and partnership with Nippon Life</u>

Consistent with our commitments to improve the returns from NAB Wealth and continue to provide wealth solutions for our customers, we are today announcing an agreement to sell 80% of NAB Wealth's life insurance business to Nippon Life Insurance Company (Nippon Life) for $2.4 billion[7]. This transaction, which is separate and in addition to the life reinsurance transaction[8] finalised in July 2015, represents an attractive long term partnership with a high quality partner. Nippon Life is

[7] Sale price is as at expected completion date in the second half of calendar 2016 and is post capital release from the reinsurance transaction announced May 2015. This amount will be adjusted for certain capital inflows and outflows, including any dividends paid to NAB by the life insurance business between 28 October 2015 and completion.
[8] Life reinsurance transaction arrangement with a major global reinsurer covering ~21% of retail advised insurance book.

one of the world's leading life insurers with 126 years of history and a strong focus on the customer. As part of the partnership NAB will enter a 20 year distribution agreement to provide life insurance products through its owned and aligned distribution networks.

NAB will retain existing ownership of its investments business which includes superannuation, platforms, advice and asset management.

The transaction will occur through the sale of 80% of MLC Limited after the extraction of NAB's superannuation and investments business and certain other restructuring steps. NAB will retain the MLC brand, although it will be licensed for use by the life insurance business for 10 years, and will continue to be applied as is currently the case in our superannuation, investments and advice business. The transaction is expected to be completed by the second half of calendar 2016 subject to certain conditions including regulatory approvals, establishment of the life insurance business as a standalone entity, extraction of the superannuation business from MLC Limited and the finalisation of certain agreements. NAB will retain responsibility for managing the life insurance business until completion.

The sale price[7] represents a FY15 implied PE of 19x for the 80% stake based on pro forma earnings of approximately $160 million. The transaction is expected to result in an indicative loss on sale of approximately $1.1 billion[9] inclusive of transaction and separation costs, based on expected completion life insurance net assets of $3.6 billion including $1.6 billion of allocated goodwill[10]. In addition, NAB's pro forma FY15 CET1 ratio is expected to increase by approximately 50 basis points after allowing for transaction and separation costs, with this increased capital expected to be retained by NAB to meet potential increased regulatory capital requirements.

One off post-tax costs of approximately $440 million[11] are expected to be incurred by NAB relating to separation, and the extraction and simplification of the superannuation business.

UK Update

In line with our strategy to focus on the Australian and New Zealand franchise, the Group has announced its intention to divest CYBG PLC (CYBG)[3], through a demerger and Initial Public Offering (IPO), in early February 2016. Significant progress has been made on the proposed transaction, including advanced engagement with key regulators and listing authorities in both jurisdictions.

The Group's intention is to pursue a demerger of approximately 75% of CYBG to NAB shareholders and a sale of the balance by way of IPO (up to approximately 25%) to institutional investors. It is proposed that CYBG will have a primary listing on the London Stock Exchange (LSE) and a CHESS Depositary Interest (CDI) listing on the Australian Securities Exchange (ASX).

The proposed demerger and IPO remains subject to a range of matters, including various court and regulatory approvals and NAB shareholder approval. Shareholder approval will be sought at a meeting expected to be in late January 2016.

---

[9] Actual loss will vary depending on level of earnings between signing and completion, the final allocation of goodwill at the time of deconsolidation, final transaction costs and a number of other items. The loss is expected to be reported in non cash earnings.
[10] The final allocation of goodwill is subject to change and will be determined at the time of deconsolidation.
[11] Included in indicative loss on sale of $1.1 billion; expected to be reported in non cash earnings.

As announced at the third quarter trading update on 10 August 2015, additional conduct provisions were expected to be required at the Full Year 2015 results in relation to both payment protection insurance (PPI) and interest rate hedging product (IRHP) costs. These additional provisions have now been determined and comprise the following:

- Provisions of £390 million (£323 million or A$704 million after tax) in relation to PPI reflecting the impact of the past business review and the consequent need to undertake further proactive customer contact, as well as costs to run the remediation program

- Provisions of £75 million (£63 million or A$135 million after tax) in relation to interest rate hedging products and fixed rate tailored business loans based on additional expected claims

As announced at the March 2015 Half Year results, in order to achieve the proposed CYBG demerger and IPO the UK PRA requires capital support for CYBG of £1.7 billion in relation to potential future legacy conduct costs. The provisions of £465 million recognised in the September 2015 half year will form part of the £1.7 billion support package and, combined with £120 million for CYBG's share of future conduct liabilities, will result in a capped indemnity from NAB of £1.115 billion upon separation[12]. Assuming no further pre-demerger provisions are raised, future legacy conduct costs will be shared 90.3%/9.7% between NAB and CYBG respectively.

On completion of the demerger, the capped indemnity amount of £1.115 billion[11] is expected to result in a deduction from NAB's CET1. To the extent that claims against NAB under the capped indemnity are ultimately less than £1.115 billion, this is expected to result in a commensurate CET1 benefit for NAB.

Business Unit Commentary

Australian Banking cash earnings were $5,111 million, an increase of 3% reflecting higher revenue and lower B&DD charges. Revenue rose 4% benefitting from stronger Markets and Treasury[5] performance combined with higher volumes of housing and business lending while NIM declined 3 basis points as a result of lending competition. Expenses rose 6% or 5% excluding the impact of changes in foreign exchange rates, with investment in front line banker roles in priority customer segments combined with higher project costs, partly offset by productivity savings. Asset quality metrics continued to improve and B&DD charges of $665 million fell 10% over the year and 18% over the March 2015 half year. This largely reflects lower new impaired loans, and is despite higher collective provision charges including a $102 million overlay for the agriculture and resource sectors.

NAB Wealth cash earnings increased 27% to $464 million benefitting from stronger insurance income and stable costs. Net income rose 10% reflecting higher premium pricing, improved insurance lapses and claims, and non-recurrence of insurance reserve strengthening in the prior year. While funds under management rose 8% with strong investment markets and the acquisition of Orchard Street Investment Management in the March 2015 half year, this was offset by lower IoRE[13] and lower investment margins mainly due to MySuper plan transitions and business mix changes.

[12] Unless other provisions are taken, and funded by NAB, prior to the demerger.
[13] Investment earnings on retained earnings.

NZ Banking local currency cash earnings of $823 million rose 2% over the year. Good underlying profit growth was partly offset by higher collective provision charges in the September 2015 half year predominantly relating to the dairy sector. Revenue rose 4% with improved lending volumes and higher margins. Cost growth was contained to 2%, while still investing in staff and technology to support the Auckland focused growth strategy.

UK Banking local currency cash earnings of £156 million were broadly flat. Mortgage volume growth and a halving of B&DD charges to £38 million reflecting asset quality improvements, were more than offset by higher costs particularly in the September 2015 half year, and lower margins. Costs rose 7% reflecting investment in the franchise and the impact of pre separation activities, which were partly offset by a one-off pension scheme gain.

Group Asset Quality

Group asset quality metrics continued to improve over the period. The ratio of Group 90+ days past due and gross impaired assets to gross loans and acceptances of 0.71% at 30 September 2015 was 14 basis points lower compared to 31 March 2015 and 48 basis points lower compared to 30 September 2014.

The ratio of collective provision to credit risk weighted assets was 1.01% unchanged from 31 March 2015. The ratio of specific provisions to impaired assets was 32.7% at 30 September 2015 compared to 36.0% at 31 March 2015.

For further information:

Media

Meaghan Telford
M: +61 (0) 457 551 211

Emily Ritchie
M: +61 (0) 477 389 438

Investor Relations

Ross Brown
M: +61 (0) 417 483 549

Natalie Coombe
M: +61 (0) 477 327 540

DISCLAIMER – FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Further information on important factors that could cause actual results to differ materially from those projected in such statements is contained in the Group's Annual Financial Report.

The Group expressly disclaims any obligation or undertaking to update, review or revise any of the forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.
To the maximum extent permitted by law, the Group, its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents:

- Exclude and disclaim all liability (including without limitation for negligence) for any expense, loss, damage or cost incurred as a result of the information in this announcement being inaccurate or incomplete in any way for any reason; and
- Make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this announcement.

NOTE ON CASH EARNINGS

Full detail 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 full year ended 30 September 2015 is set out on pages 2 to 8 of the 2015 Full Year Results Announcement under the heading "Profit Reconciliation".

The Group's results and Review of Divisional Operations and Results are presented on a cash earnings basis, unless otherwise stated. Cash earnings is a key financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. NAB also uses cash earnings for its internal management reporting, as it better reflects what NAB considers to be the underlying performance of the Group. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. "Cash earnings" is calculated by excluding discontinued operations and other items which are included within the statutory net profit attributable to owners of the Company. Section 5 of the Full Year Results Announcement sets out the Consolidated Income Statement of the Group, including statutory net profit. The Group's financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, will be released on 16 November 2015 in NAB's 2015 Annual Financial Report.

Treasury shares are shares in the NAB held by the Group's life insurance business and in trust by a controlled entity of the Group to meet the requirements of employee incentive schemes. The unrealised mark-to-market movements arising from changes in the share price, dividend income and realised profit and losses arising from the sale of shares held by the Group's life insurance business are eliminated for statutory reporting purposes.

Fair value and hedge ineffectiveness represents volatility attributable to the Group's application of the fair value option, ineffectiveness from designated accounting and economic hedge relationships and economic hedges of significant approved funding activities where hedge accounting has not been applied.

DISCLAIMER – MATTERS RELATING TO POTENTIAL DEMERGER AND IPO OF CYBG PLC

THIS ANNOUNCEMENT DOES NOT CONTAIN OR CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR ANY SECURITIES TO ANY PERSON IN ANY JURISDICTION. NOR IS IT CONTEMPLATED ANY RETAIL OFFER WILL BE MADE AS PART OF ANY IPO / INSTITUTIONAL OFFER.

The information contained in this announcement in relation to the potential demerger and IPO of CYBG PLC, the new proposed holding company for Clydesdale Bank, is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Neither this announcement nor the information contained herein is for publication, distribution or release, in whole or in part, directly or indirectly, in or into or from the United States (including its territories and possessions, any State of the United States and the District of Columbia), Canada, Japan or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute a disclosure document under the Australian Corporations Act 2001 (Cth) ("Corporations Act") or a product disclosure statement under Chapter 7 of the Corporations Act and will not be lodged with the Australian Securities and Investments Commission. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of any securities in Australia.

This announcement is not addressed to the public (i) in the United Kingdom or (ii) in any other Member State of the European Economic Area ("EEA"). In the event that an Institutional Offer proceeds, any investment in such offer may be made available only to (a) persons in member states of the EEA who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive

2003/71/EC as amended, including by Directive 2010/73/EC) ("Qualified Investors") and (b) in the UK to Qualified Investors who are (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order. This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this announcement relates is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons.

This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for any securities to any person in any jurisdiction, including the United States, Australia, Canada or Japan. No securities may be offered or sold, directly or indirectly, in the United States unless registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or offered in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act. No offer or sale of any securities has been registered under the US Securities Act or under the applicable securities laws of Australia, Canada or Japan.

To the maximum extent permitted by law, the Group, its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents:

- Exclude and disclaim all liability (including without limitation for negligence) for any expense, loss, damage or cost incurred as a result of the information in this announcement being inaccurate or incomplete in any way for any reason; and
- Make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this announcement.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly to the total figure given.

Section 1

Profit Reconciliation [1]

Information about Cash Earnings 2

[1] *Cash earnings information is presented on a continuing operations basis including prior period restatements.*

Information about Cash Earnings

This section provides information about cash earnings, a key performance measure used by NAB, including information on how cash earnings is calculated and reconciliation of cash earnings to net profit attributable to owners of NAB (statutory net profit).

Explanation and Definition of Cash Earnings

Cash earnings is a non-IFRS key financial performance measure used by NAB, the investment community and NAB's Australian peers with similar business portfolios. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the Group. Cash earnings is calculated by excluding discontinued operations and other items which are included within the statutory net profit attributable to owners of NAB. Cash earnings does not purport to represent the cash flows, funding or liquidity position of the Group, nor any amount represented on a cash flow statement. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards.

Cash earnings is defined as net profit attributable to owners of NAB from continuing operations, adjusted for the items NAB considers appropriate to better reflect the underlying performance of the Group. Cash earnings for the September 2015 full year has been adjusted for the following:

- Distributions.
- Treasury shares.
- Fair value and hedge ineffectiveness.
- Life insurance economic assumption variation.
- Amortisation of acquired intangible assets.
- Sale and demerger transaction costs.

In prior comparative periods, cash earnings has not been adjusted for sale and demerger transaction costs.

Reconciliation to Statutory Profit

Section 5 of the 2015 Full Year Results Announcement includes the Group's Income Statement, including statutory net profit. The Group's audited financial statements, prepared in accordance with the *Corporations Act* 2001 (Cth) and Australian Accounting Standards, will be published in its 2015 Annual Financial Report on 16 November 2015.

A reconciliation of cash earnings to statutory net profit attributable to owners of NAB (statutory net profit less non-controlling interest in controlled entities) is set out on page 3, and full reconciliations between statutory net profit and cash earnings are included in this section on pages 5-8 of the 2015 Full Year Results Announcement.

Page 4 contains a description of each non-cash earnings items for September 2015 and for the prior comparative periods.

Underlying Profit

Underlying profit is a performance measure used by NAB. It represents cash earnings before various items, including income tax expense and the charge to provide for bad and doubtful debts as presented in the table on page 3. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards.

Group Results [1]

The Group Results, Review of Divisional Operations and Results, are presented on a cash earnings basis unless otherwise stated.

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Net interest income	**14,017**	13,451	4.2	**7,072**	6,945	1.8
Other operating income	**5,262**	5,036	4.5	**2,662**	2,600	2.4
IoRE	**19**	34	(44.1)	**(5)**	24	large
Net operating income	**19,298**	18,521	4.2	**9,729**	9,569	1.7
Operating expenses	**(9,899)**	(9,987)	0.9	**(5,548)**	(4,351)	(27.5)
Underlying profit	**9,399**	8,534	10.1	**4,181**	5,218	(19.9)
Charge to provide for bad and doubtful debts	**(823)**	(869)	5.3	**(380)**	(443)	14.2
Cash earnings before tax and distributions	**8,576**	7,665	11.9	**3,801**	4,775	(20.4)
Income tax expense	**(2,562)**	(2,430)	(5.4)	**(1,168)**	(1,394)	16.2
Cash earnings before distributions	**6,014**	5,235	14.9	**2,633**	3,381	(22.1)
Distributions	**(175)**	(180)	2.8	**(66)**	(109)	39.4
Cash earnings	**5,839**	5,055	15.5	**2,567**	3,272	(21.5)
Non-cash earnings items (after tax):						
Distributions	**175**	180	(2.8)	**66**	109	(39.4)
Treasury shares	**4**	(43)	large	**321**	(317)	large
Fair value and hedge ineffectiveness	**497**	83	large	**143**	354	(59.6)
Life insurance economic assumption variation	**13**	(20)	large	**(12)**	25	large
Amortisation of acquired intangible assets	**(94)**	(74)	(27.0)	**(48)**	(46)	(4.3)
Sale and demerger transaction costs	**(77)**	-	large	**(77)**	-	large
Net profit from continuing operations	**6,357**	5,181	22.7	**2,960**	3,397	(12.9)
Net profit/loss after tax from discontinued operations [2]	**(19)**	114	large	**(62)**	43	large
Net profit attributable to owners of NAB	**6,338**	5,295	19.7	**2,898**	3,440	(15.8)

[1] *Information is presented on a continuing operations basis including prior period restatements.*

[2] *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

Non-cash Earnings Items

Distributions

Distributions relating to hybrid equity instruments are treated as an expense for cash earnings purposes and as a reduction in equity (dividend) for statutory reporting purposes. The distributions on other equity instruments are set out in *Section 5, Note 6 - Dividends and Distributions*. The effect of this in the September 2015 full year is to reduce cash earnings by $175 million.

Treasury Shares

For statutory reporting purposes, the Group eliminates the effect on statutory profit of the Group's life insurance business investment in NAB shares. The elimination includes unrealised mark-to-market movements arising from changes in NAB's share price, dividend income and realised profits and losses on the disposal of shares. This results in an accounting mismatch because the impact of the life policy liabilities supported by these shares is reflected in statutory profit. As such the statutory treasury shares elimination is reversed for cash earnings purposes. In the September 2015 year, there was an increase in statutory profit of $28 million ($4 million after tax) from these shares.

Fair Value and Hedge Ineffectiveness

Fair value and hedge ineffectiveness causes volatility in statutory profit, which is excluded from cash earnings as it is income neutral over the full term of transactions. This arises from fair value movements relating to trading derivatives for risk management purposes; fair value movements relating to assets, liabilities and derivatives designated in hedge relationships; and fair value movements relating to assets and liabilities designated at fair value.

In the September 2015 year there was an increase in statutory profit of $706 million ($497 million after tax) from fair value and hedge ineffectiveness. This was largely due to the change in the fair value of derivatives used to manage the Group's long-term funding from movements in spreads between Australian and overseas interest rates, and mark-to-market movements of assets and liabilities designated at fair value reflecting current market conditions. In particular, the impact of interest rate and foreign exchange movements has resulted in mark-to-market gains on these derivatives and term funding issuances.

Life Insurance Economic Assumption Variation

The life insurance economic assumption variation represents the net impact to statutory profit of the change in value of life insurance policy liabilities (net of reinsurance) and investments relating to life insurance business due to changes in economic assumptions (inflation and the risk free discount rate). In the September 2015 full year there was an increase in the statutory profit of $19 million ($13 million after tax) due to the life insurance economic assumption variation.

Amortisation of Acquired Intangible Assets

The amortisation of acquired intangibles represents the amortisation of intangible assets arising from the acquisition of controlled entities and associates such as core deposit intangibles, brand names, value of business and contracts in force. In the September 2015 full year there was a decrease in statutory profit of $122 million ($94 million after tax) due to the amortisation of acquired intangible assets.

Sale and demerger transaction costs

Sale and demerger transaction costs represent costs incurred in demerging the UK operations, Clydesdale Bank and Yorkshire Bank. In the September 2015 year there was a decrease in statutory profit of $77 million ($77 million after tax) due to sale and demerger transaction costs.

Reconciliation between Statutory Net Profit (after Tax) from Continuing Operations and Cash Earnings

Year ended 30 September 2015 [2]	Statutory Net Profit from continuing operations $m	NAB Wealth adj. [1] $m	Distri-butions $m	Treasury shares $m	Fair value and hedge ineffec. $m	Life insurance economic assumption $m	Amortisation of acquired intangible assets $m	Sale and demerger transaction costs $m	Cash Earnings $m
Net interest income	13,982	35	-	-	-	-	-	-	**14,017**
Net life insurance income	568	(521)	-	(28)	-	(19)	-	-	**-**
Other operating income	5,626	361	-	-	(727)	-	2	-	**5,262**
IoRE	-	19	-	-	-	-	-		**19**
Net operating income	20,176	(106)	-	(28)	(727)	(19)	2	-	**19,298**
Operating expenses	(10,252)	156	-	-	-	-	120	77	**(9,899)**
Profit/(loss) before charge to provide for doubtful debts	9,924	50	-	(28)	(727)	(19)	122	77	**9,399**
Charge to provide for doubtful debts	(844)	-	-	-	21	-	-	-	**(823)**
Profit/(loss) before tax	9,080	50	-	(28)	(706)	(19)	122	77	**8,576**
Income tax (expense)/benefit	(2,717)	(56)	-	24	209	6	(28)	-	**(2,562)**
Net profit/(loss) on continuing operations before distributions and non-controlling interest	6,363	(6)	-	(4)	(497)	(13)	94	77	**6,014**
Net profit attributable to non-controlling interest in controlled entities	(6)	6	-	-	-	-	-	-	**-**
Distributions	-	-	(175)	-	-	-	-	-	**(175)**
Net profit/(loss) attributable to owners of NAB from continuing operations	**6,357**	**-**	**(175)**	**(4)**	**(497)**	**(13)**	**94**	**77**	**5,839**

(1) *NAB Wealth statutory results include certain disclosures which do not exist in the cash earnings view, including net life insurance income (NLII) and policyholder amounts. The following adjustments are made to the statutory results for cash earnings purposes:*
a) NLII is a statutory disclosure requirement only, and as such, all items shown under NLII are reclassified for cash earnings purposes, as follows:
i) Most policyholder amounts offset within net life insurance income in the statutory results, except for policyholder tax which is reclassified and offset within NLII
ii) All remaining NLII amounts are then reclassified to other operating income, IoRE and operating expenses
b) Volume related expenses relating to entities outside of the life company are reclassified from operating expenses and net interest income to other operating income, consistent with the cash earnings view.

(2) *Information is presented on a continuing operations basis including prior period restatements.*

Year ended 30 September 2014 [2]	Statutory Net Profit from continuing operations $m	NAB Wealth adj. [1] $m	Distri-butions $m	Treasury shares $m	Fair value and hedge ineffec. $m	Life insurance economic assumption $m	Amortisation of acquired intangible assets $m	Cash Earnings $m
Net interest income	13,415	36	-	-	-	-	-	**13,451**
Net life insurance income	542	(593)	-	22	-	29	-	**-**
Other operating income	4,899	217	-	-	(96)	-	16	**5,036**
IoRE	-	34	-	-	-	-	-	**34**
Net operating income	18,856	(306)	-	22	(96)	29	16	**18,521**
Operating expenses	(10,227)	159	-	-	-	-	81	**(9,987)**
Profit/(loss) before charge to provide for doubtful debts	8,629	(147)	-	22	(96)	29	97	**8,534**
Charge to provide for doubtful debts	(847)	-	-	-	(22)	-	-	**(869)**
Profit/(loss) before tax	7,782	(147)	-	22	(118)	29	97	**7,665**
Income tax (expense)/benefit	(2,598)	144	-	21	35	(9)	(23)	**(2,430)**
Net profit/(loss) on continuing operations before distributions and non-controlling interest	5,184	(3)	-	43	(83)	20	74	**5,235**
Net profit attributable to non-controlling interest in controlled entities	(3)	3	-	-	-	-	-	**-**
Distributions	-	-	(180)	-	-	-	-	**(180)**
Net profit/(loss) attributable to owners of NAB from continuing operations	**5,181**	**-**	**(180)**	**43**	**(83)**	**20**	**74**	**5,055**

(1) *NAB Wealth statutory results include certain disclosures which do not exist in the cash earnings view, including net life insurance income (NLII) and policyholder amounts. The following adjustments are made to the statutory results for cash earnings purposes:*
a) NLII is a statutory disclosure requirement only, and as such, all items shown under NLII are reclassified for cash earnings purposes, as follows:
i) Most policyholder amounts offset within net life insurance income in the statutory results, except for policyholder tax which is reclassified and offset within NLII
ii) All remaining NLII amounts are then reclassified to other operating income, IoRE and operating expenses
b) Volume related expenses relating to entities outside of the life company are reclassified from operating expenses and net interest income to other operating income, consistent with the cash earnings view.

(2) *Information is presented on a continuing operations basis including prior period restatements.*

Profit Reconciliation

Half Year ended 30 September 2015 [2]	Statutory Net Profit from continuing operations $m	NAB Wealth adj. [1] $m	Distri-butions $m	Treasury shares $m	Fair value and hedge ineffec. $m	Life insurance economic assumption $m	Amortisation of acquired intangible assets $m	Sale and demerger transaction costs $m	Cash Earnings $m
Net interest income	7,056	16	-	-	-	-	-	-	**7,072**
Net life insurance income	93	279	-	(389)	-	17	-	-	**-**
Other operating income	2,692	190	-	-	(221)	-	1	-	**2,662**
IoRE	-	(5)	-	-	-	-	-	-	**(5)**
Net operating income	9,841	480	-	(389)	(221)	17	1	-	**9,729**
Operating expenses	(5,775)	93	-	-	-	-	57	77	**(5,548)**
Profit/(loss) before charge to provide for doubtful debts	4,066	573	-	(389)	(221)	17	58	77	**4,181**
Charge to provide for doubtful debts	(403)	-	-	-	23	-	-	-	**(380)**
Profit/(loss) before tax	3,663	573	-	(389)	(198)	17	58	77	**3,801**
Income tax (expense)/benefit	(701)	(575)	-	68	55	(5)	(10)	-	**(1,168)**
Net profit/(loss) on continuing operations before distributions and non-controlling interest	2,962	(2)	-	(321)	(143)	12	48	77	**2,633**
Net profit attributable to non-controlling interest in controlled entities	(2)	2	-	-	-	-	-	-	**-**
Distributions	-	-	(66)	-	-	-	-	-	**(66)**
Net profit/(loss) attributable to owners of NAB from continuing operations	**2,960**	**-**	**(66)**	**(321)**	**(143)**	**12**	**48**	**77**	**2,567**

(1) *NAB Wealth statutory results include certain disclosures which do not exist in the cash earnings view, including net life insurance income (NLII) and policyholder amounts. The following adjustments are made to the statutory results for cash earnings purposes:*
a) NLII is a statutory disclosure requirement only, and as such, all items shown under NLII are reclassified for cash earnings purposes, as follows:
i) Most policyholder amounts offset within net life insurance income in the statutory results, except for policyholder tax which is reclassified and offset within NLII
ii) All remaining NLII amounts are then reclassified to other operating income, IoRE and operating expenses
b) Volume related expenses relating to entities outside of the life company are reclassified from operating expenses and net interest income to other operating income, consistent with the cash earnings view.

(2) *Information is presented on a continuing operations basis including prior period restatements.*

Profit Reconciliation

Half Year ended 31 March 2015 [(2)]	**Statutory Net Profit from continuing operations $m**	**NAB Wealth adj.** [(1)] **$m**	**Distri-butions $m**	**Treasury shares $m**	**Fair value and hedge ineffec. $m**	**Life Insurance Economic Assumption $m**	**Amortisation of acquired intangible assets $m**	**Cash Earnings $m**
Net interest income	6,926	19	-	-	-	-	-	**6,945**
Net life insurance income	475	(800)	-	361	-	(36)	-	**-**
Other operating income	2,934	171	-	-	(506)	-	1	**2,600**
IoRE	-	24	-	-	-	-	-	**24**
Net operating income	10,335	(586)	-	361	(506)	(36)	1	**9,569**
Operating expenses	(4,477)	63	-	-	-	-	63	**(4,351)**
Profit/(loss) before charge to provide for doubtful debts	5,858	(523)	-	361	(506)	(36)	64	**5,218**
Charge to provide for doubtful debts	(441)	-	-	-	(2)	-	-	**(443)**
Profit/(loss) before tax	5,417	(523)	-	361	(508)	(36)	64	**4,775**
Income tax (expense)/benefit	(2,016)	519	-	(44)	154	11	(18)	**(1,394)**
Net profit/(loss) on continuing operations before distributions and non-controlling interest	3,401	(4)	-	317	(354)	(25)	46	**3,381**
Net profit attributable to non-controlling interest in controlled entities	(4)	4	-	-	-	-	-	**-**
Distributions	-	-	(109)	-	-	-	-	**(109)**
Net profit/(loss) attributable to owners of NAB from continuing operations	**3,397**	**-**	**(109)**	**317**	**(354)**	**(25)**	**46**	**3,272**

(1) *NAB Wealth statutory results include certain disclosures which do not exist in the cash earnings view, including net life insurance income (NLII) and policyholder amounts. The following adjustments are made to the statutory results for cash earnings purposes:*
a) NLII is a statutory disclosure requirement only, and as such, all items shown under NLII are reclassified for cash earnings purposes, as follows:
i) Most policyholder amounts offset within NLII in the statutory results, except for policyholder tax which is reclassified and offset within NLII
ii) All remaining NLII amounts are then reclassified to other operating income, IoRE and operating expenses
b) Volume related expenses relating to entities outside of the life company are reclassified from operating expenses and net interest income to other operating income, consistent with the cash earnings view.

(2) *Information is presented on a continuing operations basis including prior period restatements.*

Section 2

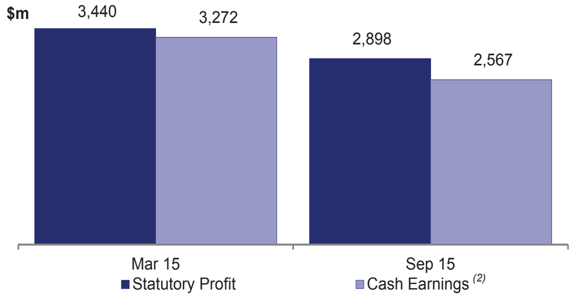
Highlights [(1)]

Group Performance	
Key Performance Measures	10
Group Performance Indicators	10
Divisional Performance	11
Divisional Results	11
Divisional Performance Indicators	11
Restatement of Prior Period Financial Information	12
Net Profit Attributable to Owners of NAB	12
Shareholder Returns	12
Earnings Per Share	12
Strategic Highlights	13

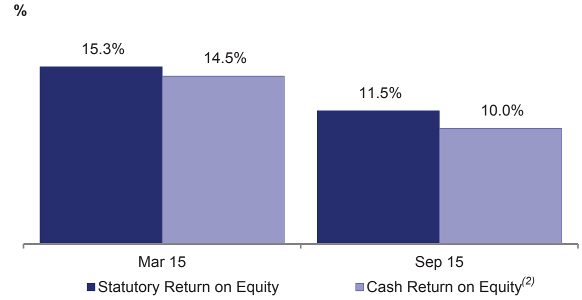
[(1)] *Cash earnings information is presented on a continuing operations basis including prior period restatements.*

Key Performance Measures [1]

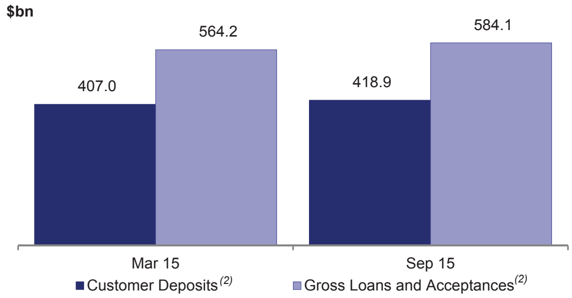
Statutory Profit and Cash Earnings - half year



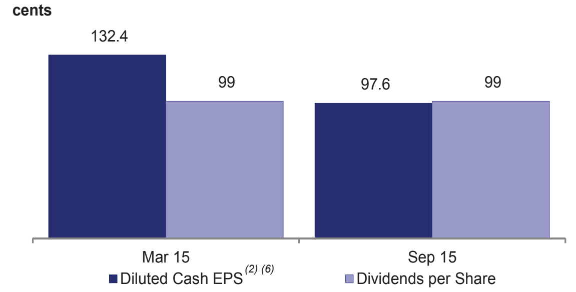
Cash Return on Equity (ROE) - half year annualised



Gross Loans and Acceptances and Customer Deposits



Diluted Cash EPS and Dividend per Share - half year



Group Performance Indicators [1]

	Year to		Half Year to	
	Sep 15	**Sep 14**	**Sep 15**	**Mar 15**
Key Indicators				
Statutory earnings per share (cents) - basic [6]	**252.7**	219.0	**113.1**	140.4
Statutory earnings per share (cents) - diluted [6]	**245.4**	215.4	**109.8**	137.9
Statutory earnings per share from continuing operations (cents) - basic [2] [6]	**253.5**	214.1	**115.5**	138.5
Statutory earnings per share from continuing operations (cents) - diluted [2] [6]	**246.1**	210.7	**112.1**	136.1
Cash earnings per share (cents) - basic [2]	**233.7**	211.2	**100.0**	134.6
Cash earnings per share (cents) - diluted [2]	**227.6**	208.0	**97.6**	132.4
Statutory return on equity	**13.1%**	12.1%	**11.5%**	15.3%
Cash return on equity (ROE) [2]	**12.0%**	11.6%	**10.0%**	14.5%
Profitability, performance and efficiency measures				
Dividend per share (cents)	**198**	198	**99**	99
Dividend payout ratio [2]	**84.7%**	93.8%	**99.0%**	73.6%
Cash earnings on average assets [2]	**0.62%**	0.59%	**0.53%**	0.71%
Cash earnings on average risk-weighted assets [2]	**1.51%**	1.38%	**1.29%**	1.74%
Cash earnings per average FTE ($'000) [2]	**140**	123	**122**	158
Banking cost to income (CTI) ratio [2]	**50.8%**	53.1%	**57.1%**	44.3%
Net interest margin	**1.87%**	1.91%	**1.85%**	1.89%
Capital				
Common Equity Tier 1 ratio	**10.24%**	8.63%	**10.24%**	8.87%
Tier 1 ratio	**12.44%**	10.81%	**12.44%**	11.13%
Total capital ratio	**14.15%**	12.16%	**14.15%**	12.81%
Risk-weighted assets [3] ($bn)	**399.8**	367.7	**399.8**	393.2
Volumes ($bn)				
Gross loans and acceptances [2] [3] [4]	**584.1**	537.6	**584.1**	564.2
Average interest earning assets [2]	**748.4**	703.0	**761.7**	735.4
Total average assets [2]	**945.0**	853.4	**962.0**	928.0
Total customer deposits [2] [3]	**418.9**	383.0	**418.9**	407.0
Asset quality				
90+ days past due and gross impaired assets to gross loans and acceptances [2]	**0.71%**	1.19%	**0.71%**	0.85%
Collective provision to credit risk-weighted assets [2]	**1.01%**	0.83%	**1.01%**	1.01%
Specific provision to gross impaired assets [2]	**32.7%**	35.5%	**32.7%**	36.0%
Other				
Funds under management and administration [5] ($bn)	**171.0**	158.1	**171.0**	177.1
Annual inforce premiums ($m)	**1,794.7**	1,690.6	**1,794.7**	1,788.3
Full Time Equivalent Employees (FTE) (spot) [2]	**41,826**	41,420	**41,826**	41,817
Full Time Equivalent Employees (FTE) (average) [2]	**41,849**	41,153	**42,107**	41,586

(1) *All key performance measures and Group performance indicators are calculated on a cash earnings basis unless otherwise stated. A Glossary of Terms is included in Section 7.*

(2) *Information is presented on a continuing operations basis, prior period numbers have been restated.*

(3) *Spot balance at reporting date.*

(4) *Including loans and advances at fair value.*

(5) *Excludes Trustee and Cash Management within NAB Wealth.*

(6) *Earnings per share is restated for prior periods by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2015 rights issue, as per AASB 133.*

Divisional Performance

Changes to the presentation of Divisional Financial Information

Following the sale of Great Western Bank (GWB) in the United States and subsequent loss of control of GWB on 3 August 2015, GWB's operations have been designated as 'discontinued operations' and excluded from Corporate Functions and Other. Prior period numbers have been restated to remove GWB from Corporate Functions and Other.

Divisional Results [(1)]

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Australian Banking	**5,111**	4,947	3.3	**2,537**	2,574	(1.4)
NZ Banking	**762**	738	3.3	**371**	391	(5.1)
NAB Wealth	**464**	365	27.1	**241**	223	8.1
UK Banking	**307**	284	8.1	**123**	184	(33.2)
Corporate Functions and Other [(2)]	**(630)**	(1,099)	42.7	**(639)**	9	large
Distributions	**(175)**	(180)	2.8	**(66)**	(109)	39.4
Cash earnings	**5,839**	5,055	15.5	**2,567**	3,272	(21.5)
Non-cash earnings items	**518**	126	large	**393**	125	large
Net profit attributable to owners of NAB from continuing operations	**6,357**	5,181	22.7	**2,960**	3,397	(12.9)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

Divisional Performance Indicators [(1)]

	Year to			Half Year to		
	Sep 15	Sep 14	Sep 15 v Sep 14	Sep 15	Mar 15	Sep 15 v Mar 15
Australian Banking (AU$)						
Cash earnings ($m)	**5,111**	4,947	3.3%	**2,537**	2,574	(1.4%)
Cash earnings on average assets	**0.68%**	0.72%	(4 bps)	**0.67%**	0.70%	(3 bps)
Cash earnings on average risk-weighted assets	**1.90%**	1.98%	(8 bps)	**1.82%**	1.97%	(15 bps)
Net interest margin	**1.58%**	1.61%	(3 bps)	**1.56%**	1.60%	(4 bps)
Net operating income ($m)	**13,408**	12,917	3.8%	**6,681**	6,727	(0.7%)
Cost to income ratio	**41.5%**	40.8%	(70 bps)	**42.3%**	40.6%	(170 bps)
NZ Banking (NZ$)						
Cash earnings (NZ$m)	**823**	807	2.0%	**405**	418	(3.1%)
Cash earnings on average assets	**1.20%**	1.24%	(4 bps)	**1.16%**	1.24%	(8 bps)
Cash earnings on average risk-weighted assets	**1.74%**	1.77%	(3 bps)	**1.69%**	1.79%	(10 bps)
Net interest margin	**2.39%**	2.34%	5 bps	**2.37%**	2.41%	(4 bps)
Net operating income (NZ$m)	**2,092**	2,003	4.4%	**1,058**	1,034	2.3%
Cost to income ratio	**39.5%**	40.2%	70 bps	**39.6%**	39.4%	(20 bps)
NAB Wealth (AU$)						
Cash earnings ($m)	**464**	365	27.1%	**241**	223	8.1%
Investment operating expenses to average FUM (bps)	**41**	46	5 bps	**40**	42	2 bps
Insurance cost to average inforce premium (%)	**14.2%**	14.4%	20 bps	**13.1%**	15.0%	190 bps
Cost to income ratio	**59.3%**	66.0%	670 bps	**58.5%**	60.2%	170 bps
UK Banking (£)						
Cash earnings (£m)	**156**	158	(1.3%)	**57**	99	(42.4%)
Cash earnings on average assets	**0.40%**	0.43%	(3 bps)	**0.29%**	0.52%	(23 bps)
Cash earnings on average risk-weighted assets	**0.66%**	0.66%	-	**0.48%**	0.84%	(36 bps)
Net interest margin	**2.13%**	2.22%	(9 bps)	**2.08%**	2.18%	(10 bps)
Net operating income (£m)	**953**	969	(1.7%)	**474**	479	(1.0%)
Cost to income ratio	**76.7%**	70.8%	(590 bps)	**83.1%**	70.4%	(1,270 bps)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Group Performance

Andrew Thorburn

Restatement of Prior Period Financial Information

Following the sale of GWB, the Group's Income Statement has been prepared on a continuing operations basis in accordance with Australian Accounting Standards, with prior year comparatives restated. The Balance Sheet has not been restated for the year ended 30 September 2014. The restated Income Statement is presented on page 66 and the Balance Sheet is presented on page 68.

Cash earnings, income statement, balance sheet components, and ratios within sections 1 to 4 and 6 of the 2015 Full Year Results Announcement have been restated where applicable for the year ended 30 September 2014, and half year ended 31 March 2015.

Net Profit Attributable to Owners of NAB

Net profit attributable to owners of NAB (statutory net profit) for the September 2015 full year increased by $1,043 million or 19.7% against the September 2014 full year, and decreased by $542 million or 15.8% against the March 2015 half year.

Excluding the impact of discontinued operations, net profit attributable to owners of NAB (statutory net profit) for the September 2015 full year increased by $1,176 million or 22.7% against the September 2014 full year, and decreased by $437 million or 12.9% against the March 2015 half year. The September 2015 result was materially impacted by specified items of $879 million, compared to $1,504 million in the September 2014 year. Details of these specified items are set out on page 20, Review of Group Operations and Results. Net profit attributable to owners of NAB is prepared in accordance with the *Corporations Act* 2001 (Cth), and Australian Accounting Standards.

Shareholder Returns

The Group's statutory return on equity increased by 100 basis points to 13.1% compared to the September 2014 year. The Group's cash return on equity increased by 40 basis points to 12.0% from the September 2014 year, and is down 450 basis points to 10.0% compared to the March 2015 half year. Excluding specified items in 2015 (detailed on page 20), the decrease when compared to the March 2015 half year reflects higher earnings and higher levels of capital.

The final dividend for September 2015 is 99 cents per share, consistent with the interim dividend for the March 2015 half year. This is in line with the September 2014 final dividend and represents a dividend payout ratio of 84.7% for the September 2015 full year on a cash earnings basis.

The dividend payment is 100% franked and will be paid on 15 December 2015. Shares will be quoted ex-dividend on 5 November 2015.

Earnings Per Share

Basic statutory earnings per share increased by 33.7 cents or 15.4% on the September 2014 year. Diluted earnings per share increased by 30.0 cents or 13.9%. This reflects the Group's increase in statutory profit.

Basic statutory earnings per share decreased by 27.3 cents or 19.4% on the March 2015 half year. Diluted earnings per share decreased by 28.1 cents or 20.4%.

Basic statutory earnings from continuing operations per share increased by 39.4 cents or 18.4% on the September 2014 year. Diluted earnings per share increased by 35.4 cents or 16.8%. This reflects the Group's increase in statutory profit.

Basic statutory earnings from continuing operations per share decreased by 23.0 cents or 16.6% on the March 2015 half year. Diluted earnings per share decreased by 24.0 cents or 17.6%.

Basic cash earnings per share increased by 22.5 cents or 10.7% on the September 2014 year. Diluted cash earnings per share increased by 19.6 cents or 9.4%. This reflects the Group's increase in cash earnings.

Basic cash earnings per share decreased by 34.6 cents or 25.7% on the March 2015 half year. Diluted cash earnings per share decreased by 34.8 cents or 26.3%.

Strategic Highlights

The Group is executing a refreshed strategy that has evolved in response to the changing business environment. The strategy aims to position the Group as Australia and New Zealand's most respected bank by achieving its objective and goals.

The Group's objective is to deliver superior returns to shareholders. To deliver its objective, the Group has outlined three goals:
- Turning our customers into advocates.
- Engaging our people.
- Generating an attractive return on equity.

During the 2015 financial year, the Group took positive steps towards achieving its goals:
- Customer advocacy as measured by Net Promoter Score (NPS) improved modestly for priority segments from -18 to -16.
- Employee engagement improved significantly from 42% for the year ended September 2014 to 52% for the year ended September 2015.
- The Group delivered a cash return on equity of 12.0% for the year ended September 2015, a modest improvement from September 2014.

In pursuing these goals, the Group is focused on delivering initiatives in line with the strategic themes outlined below.

Focusing on priority customer segments

The Group has focused resources on Australia and New Zealand. Within these markets, the Group is focused on the most attractive customer segments and where it is best positioned to compete.

Micro, small and medium business customers have been prioritised, given the Group's strong market position, particularly in the Agriculture and Health industries. Personal Banking also remains a priority, especially mortgage and debt free customers.

The Group is actively reweighting resources towards parts of the business that support the priority segments. The share of Australian Banking operational expenditure and number of full time employees dedicated to the priority segments increased during the 2015 financial year.

To allow greater focus on Australian and New Zealand customers, the Group is exiting some lower returning, non-core assets. During the 2015 financial year the Group took a number of strategic actions to affect this:
- Divesting Great Western Bank.
- Selling a £1.2 billion parcel of higher risk loans from the NAB UK Commercial Real Estate (NAB UK CRE) portfolio.
- Reducing the size of the SGA portfolio from $4.1 billion to $2.1 billion in risk weighted assets and transferring the ongoing management of the remaining portfolio to Australian Banking wholesale operations.

The Group is also committed to fully divesting its Clydesdale Bank and Yorkshire Bank operations and intends to exit through a demerger and IPO.

Delivering a great customer experience

Delivering a great customer experience is central to the Group's strategy. The Group has made substantial progress in improving customer experiences by simplifying interactions, accelerating innovation and deepening relationships.

During the 2015 financial year, the Group focused on solving customer pain points through the simplification of policies, processes, products and technology. As a result, approximately 500,000 customers' sales and service experiences per annum have been improved across a range of financial products including mortgages, business lending and credit cards.

The Group continued to improve customer experiences by strengthening its network of skilled bankers, including recruiting additional business banking relationship managers and mobile bankers. A major professional training program was implemented for our business bankers, along with NAB View, an improved customer information tool to better equip bankers with insights into specific customer needs.

The Group has continued to invest in and improve its internet banking and mobile app services and recently announced the launch of NAB Prosper, a new innovative solution that provides affordable, simple wealth advice for customers online. NAB Labs was established as a dedicated capability to drive innovation and customer-led design. The Group also recently announced the launch of a $50m innovation fund, NAB Ventures, and through commercial and equity investments it will further accelerate innovation by delivering access to new innovative capability, technology, intellectual property and business models.

Executing flawlessly and relentlessly

The Group is continuing to drive improved performance and execution.

During the 2015 financial year, the Group introduced a new performance management framework within its Australian operations. The new framework fosters greater performance discipline and accountability for leaders through more granular insights into business performance.

The Group continued to execute change with the finalisation of several large, transformative technology investments including commencement of the new Personal Banking Origination Platform pilot.

A key focus in the September 2015 full year has also been transforming processes to improve speed and reliability. Programs focussed on operational and management excellence have improved customer service outcomes in key areas such as business loan origination as well as delivering improved operational productivity.

Great people living the Group's values

The Group's people and culture are fundamental to driving performance and accelerating the execution of its strategy.

During the 2015 financial year, the Group reviewed its values to better reflect the culture that is required to deliver its strategy. The Group's five values are: *Passion for Customers; Will to Win; Be Bold; Respect for People;* and *Do the Right Thing*. The values create a direct link between the culture and the strategy and have been incorporated into employee's performance reviews, staff induction and training materials, and people coaching processes.

Maintaining foundations

The Group's strategy is supported by maintaining strength in its balance sheet, risk management capability and technology platforms.

The Group remained well capitalised in the September 2015 full year compared to historical levels and is operating above the Common Equity Tier 1 (CET1) target ratio of 8.75% - 9.25%, with a CET1 of 10.24% as of 30 September 2015.

Risk management continued to be a key focus for the Group. Asset Quality remained strong, reflecting the Group's actions to reduce risk over recent periods including reducing the Group's exposure to NAB UK CRE.

The Group continued to transform its IT platforms to support the strategy by making them more stable and reliable; improving simplicity and agility to support innovation; and improving the speed of return on IT investments.

Section 3

Review of Operating Environment, Group Operations and Results [1]

Review of Group Operating Environment	16
Review of Group Operations and Results	18
Full Time Equivalent Employees	25
Investment Spend	26
Taxation	26
Lending	27
Goodwill and Other Intangible Assets	28
Customer Deposits	29
Asset Quality	30
Capital Management and Funding [2]	32
Other Matters	36

(1) Cash earnings information is presented on a continuing operations basis including prior period restatements.

(2) APRA disclosure requirements have not been restated for continuing operations for prior periods, unless otherwise stated.

Review of Group Operating Environment

Global Business Environment

Global economic growth remains sluggish:
- Solid growth has continued in the United States and United Kingdom but is weak in Japan.
- The Euro-zone is slowly recovering despite on-going tensions around Greece.
- China's economy continues to slow. While growth is still high by world standards this hides the weakness in its commodity intensive sectors.
- Growth is modest across large parts of East Asia and weak in Latin America, while indicators for India are mixed.

This sluggish global environment, as well as new supply coming on stream or favourable crop outcomes, has led to some large falls in commodity prices. The Thomson Reuters commodity price index has fallen by over 40% from its post-Global Financial Crisis (GFC) peak, including 21% over the year to September 2015.

A number of factors have weighed on global financial markets in 2015, creating volatility at times. These include:
- Uncertainty over the pace of the Chinese economic slowdown, the plunge in Chinese stock prices from mid-June to August, and the August devaluation of the Yuan.
- Speculation over the timing of US Federal Reserve monetary policy tightening.
- The risk of a Greek exit from the Euro-zone.

The outlook is for global growth to continue tracking sideways. Recent activity and leading indicators provide no evidence that global growth is strengthening.

Australian Economy

The Australian economy is struggling to increase momentum, with income growth weak and structural changes underway at the industry and geographic level:
- GDP expanded by just 0.2% in the June quarter and 2.0% over the year.
- Real gross domestic income fell 0.2% over the period.

Weakness in national income reflects lower commodity prices which have caused a decline in the terms of trade. Commodity prices have been declining since mid-2011, and declined a further 21% over the year to September 2015 in world price terms.

Moderate GDP growth of 2.3% for 2015 is expected, with some improvement to 2.7% in 2016. This largely reflects strengthening exports, supported by sharp increases in mining capacity in recent years and depreciation of the Australian dollar which is benefiting sectors such as tourism. Expansionary financial conditions are also supporting service sectors, with business conditions particularly strong for recreation and personal services, finance, and business and property services.

The outlook for domestic final demand growth is subdued and is unlikely to significantly improve. It grew by just 1.2% over the year to the June quarter, well below its annual average over the last 20 years. This reflects:
- Declining business investment. There has been a large fall in mining investment, with survey data suggesting this will be repeated over the next year. While there was some improvement over the last year in non-mining investment, it remains below its pre-financial crisis level.
- Modest consumption growth, due to consumer caution and weak growth in household income.
- Strong dwelling investment which grew by 7% over the last year. Building approvals remain strong and the residential construction pipeline is elevated.

Dwelling prices in Australia rose 11% in the year to September:
- Sydney and Melbourne have seen the strongest gains. This reflects undersupply of housing (particularly in Sydney), and support from foreign and investor demand.
- However, prices have fallen in Perth, Adelaide, Hobart and Darwin.

Agricultural conditions are mixed. While overall rural commodity prices are lower than a year ago in world price terms, they are higher in Australian dollar terms. However, rainfall has been patchy and parts of the country are very dry. The current El Niño event represents a risk for the production outlook.

Conditions in the Australian labour market have stabilised:
- Employment growth strengthened to 2.0% over the year to September 2015, compared to less than 1% a year ago.
- The unemployment rate has been broadly unchanged over the last year at a little over 6%.

Total credit growth has been accelerating, although it remains modest by historical standards. Credit grew by slightly more than 6% over the year to August, up from 5% a year ago. By category, dwelling credit (particularly for investors) is the strongest, business credit growth is moderate, while other personal credit is almost flat.

Against the subdued economic outlook, the RBA has reduced its policy rate twice this year so far. The cash rate now stands at a historically low 2.0%.

New Zealand Economy

After several years of solid growth, which peaked in the December quarter 2014 at 3.5% year-on-year, the rate of expansion has slowed.

Some of the factors that were supporting New Zealand growth have gone, or are starting to go, into reverse:
- Dairy prices have fallen significantly.
- The boost to construction from the post-earthquake re-building of Canterbury may have peaked.

Moreover, a stronger El Niño weather pattern heightens drought risk in the first half of 2016.

Nevertheless, growth of 2.2% this year and 1.8% next year is expected due to support from:
- Still strong net immigration.
- The depreciation of the New Zealand dollar, which fell by over 15% between April 2014 and September 2015.
- Low interest rates.

Prices received by NZ commodity producers have recorded large falls and in September 2015 were down 29% from their February 2014 peak in world price terms. This is due to:

- Prices for dairy products falling by 52.5% over this period, although prices have recovered considerably from their August 2015 trough.
- Falls in forestry and aluminium prices, with prices of most other commodities, including meat, holding up.

The RBNZ has estimated that dairy farmer incomes for the 2014/15 season would be NZ$7 billion lower than the prior period, a reduction of over 40% from an estimated NZ$15.5 billion in dairy farmer income in 2013/14.

The concern is that this loss of income will affect other sectors of the economy, and this is already being reflected in lower business and consumer confidence.

The latest indicators of activity are mixed:
- Business investment growth has slowed but remains relatively high.
- Consumption growth has been solid.
- The growth rate in residential investment has been slowing, although new residential building consents spiked in July 2015, and remained high in August 2015.
- Canterbury region building consents have fallen this year as the reconstruction impulse peaks.

In contrast, secondary housing market activity has strengthened:
- Annual house price growth is now above 10%.
- Listings are rising, as are sales keeping the inventory of homes for sale low.

Employment growth in New Zealand has remained strong, although the annual growth rate has slowed. The unemployment rate has risen over the last three quarters due to strong labour force growth from:
- Rapid working age population growth – fuelled by strong net migration.
- A high workforce participation rate.

The RBNZ has lowered the official cash rate by 0.25 percentage points in each of its last three policy meetings citing a softening economy and low inflation. It is projecting that some further easing is likely.

Credit growth continues to trend up and, at 6.7% on a year earlier in August, it is at its highest rate since early 2009. Business investment (both agricultural and other business) and housing credit have all strengthened over 2015 to date.

United Kingdom Economy

United Kingdom economic growth has slowed modestly, but remains at solid levels, and is principally being driven by the services sector. Growth over the year to the June quarter slowed to 2.4%, its lowest level since mid 2013, but is still above its average over the last 30 years.

Consumption and business investment have been important drivers of domestic demand growth in 2015, but dwelling construction has been weak:
- Annual consumption growth in the June quarter was 3.1%, its highest level since the GFC. This may reflect high levels of consumer confidence, stronger wages growth, and the large fall in oil prices.
- After declining slightly over the second half of 2014, business investment in the first half of 2015 has been growing at a strong 8% annualised rate.
- Private dwelling investment started falling in mid 2014, following a period of strong growth.

Annual export volume growth has slowed since late 2014. This possibly reflects the appreciation of the sterling exchange rate by more than 15% since its 2013 trough, although the modest improvement in the Euro-zone economy, the United Kingdom's largest trading partner, over this period would have assisted exporters.

Property market conditions are generally improving:
- House prices are continuing to grow although at a more moderate pace than in 2014. However, the number of property transactions have started to rise again.
- Survey data suggests commercial property sales and rental demand are picking up and rents are rising as available space declines. Commercial property prices grew by more than 9% over the year to September, but remain well below their pre-financial crisis peaks.

The labour market has improved rapidly in recent years. However, the pace of improvement has moderated:
- The unemployment rate has fallen modestly over 2015 and was 5.4% in the three months to August.
- Employment growth has also moderated although it remains solid by historical standards.

In the Group's key markets in Northern England and Scotland, activity measures are mixed:
- Scottish GDP growth over the year to the June quarter 2015 was 1.9%, below the national rate and employment is flat. However, retail sales volume growth was solid in the June quarter, and house prices are rising.
- In Yorkshire and Humberside, house price growth is matching the national trend but employment has fallen over the past year.

Lending growth continues to recover slowly, but remains well below pre-financial crisis levels. This reflects weak growth in housing credit, stronger consumer credit and continuing (but gradually smaller) falls in business credit.

The Bank of England expects that GDP growth will settle at a little above 2.5% per year. Growth is expected to be driven by private spending, particularly investment, despite on-going fiscal consolidation. With the Bank of England also considering that slack in the economy has diminished substantially and that demand growth will be sufficient to return (currently near zero) inflation to its target of 2%, there is debate about when it will start raising rates. Most expect this to occur in 2016.

Outlook

The outlook for the Group's financial performance and outcomes is closely linked to the levels of economic activity in each of the Group's key markets as outlined above.

Review of Group Operations and Results

Craig Drummond

Group Results [(1)]

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15%**
Net interest income	**14,017**	13,451	4.2	**7,072**	6,945	1.8
Other operating income	**5,262**	5,036	4.5	**2,662**	2,600	2.4
IoRE	**19**	34	(44.1)	**(5)**	24	large
Net operating income	**19,298**	18,521	4.2	**9,729**	9,569	1.7
Operating expenses	**(9,899)**	(9,987)	0.9	**(5,548)**	(4,351)	(27.5)
Underlying profit	**9,399**	8,534	10.1	**4,181**	5,218	(19.9)
Charge to provide for bad and doubtful debts	**(823)**	(869)	5.3	**(380)**	(443)	14.2
Cash earnings before tax and distributions	**8,576**	7,665	11.9	**3,801**	4,775	(20.4)
Income tax expense	**(2,562)**	(2,430)	(5.4)	**(1,168)**	(1,394)	16.2
Cash earnings before distributions	**6,014**	5,235	14.9	**2,633**	3,381	(22.1)
Distributions	**(175)**	(180)	2.8	**(66)**	(109)	39.4
Cash earnings [(2)]	**5,839**	5,055	15.5	**2,567**	3,272	(21.5)
Non-cash earnings items	**518**	126	large	**393**	125	large
Net profit/(loss) from continuing operations	**6,357**	5,181	22.7	**2,960**	3,397	(12.9)
Net profit/(loss) from discontinued operations [(3)]	**(19)**	114	large	**(62)**	43	large
Net profit attributable to the owners of NAB	**6,338**	5,295	19.7	**2,898**	3,440	(15.8)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Cash earnings is a key financial performance measure used by the Group, the investment community and Australian peers. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards. For a full reconciliation between the Group's cash earnings and Net profit attributable to owners of NAB refer to pages 5 - 8 in Section 1.*

(3) *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

Cash Earnings [(1) (2)]

(1) *At constant exchange rates.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Includes distributions and eliminations. The results of Corporate Functions and Other includes the impacts of provisions taken for UK related payment protection insurance and interest rate hedging products.*

(4) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

Review of Group Operations and Results

Financial Analysis

September 2015 v September 2014

Net profit attributable to owners of NAB from continuing operations increased by $1,176 million or 22.7% compared to the September 2014 year. Excluding foreign exchange rate movements and specified items incurred during the September 2015 and September 2014 years (detailed on the next page), net profit attributable to owners of NAB from continuing operations increased by $465 million or 7.0% reflecting favourable movements in fair value and hedge ineffectiveness and higher revenue, partially offset by higher expenses. Net profit attributable to owners of the Company (statutory net profit) is prepared in accordance with the *Corporations Act* 2001 (Cth), and Australian Accounting Standards.

Cash earnings increased by $784 million or 15.5% compared to the September 2014 year. Excluding foreign exchange rate movements and specified items (detailed on the next page), cash earnings increased by $76 million or 1.2%. This was largely driven by higher revenue combined with lower charges for bad and doubtful debts, partially offset by higher expenses.

Cash earnings on average risk-weighted assets increased by 13 basis points, reflecting higher earnings, which were partially offset by higher risk-weighted assets.

Net interest income increased by $566 million or 4.2%. Excluding foreign exchange rate movements, net interest income increased by $358 million or 2.7% with $104 million of the increase relating to movements in economic hedges offset in other operating income. The remaining increase was driven by higher housing and business lending volumes, lower funding and deposit costs and favourable outcomes in interest rate risk management activities. These were partially offset by lower margins mainly in business lending combined with lower income from Group funding and hedging activities.

Other operating income from continuing operations increased by $226 million or 4.5%. Excluding foreign exchange rate movements other operating income increased by $122 million or 2.4%. This result includes a decrease of $104 million due to movements in economic hedges, offset in net interest income. The underlying increase was largely attributable to higher insurance income from NAB Wealth, coupled with higher sales of risk management products to the Group's customers and gains on the sale of loans in NAB UK CRE.

Operating expenses decreased by $88 million or 0.9%. Excluding foreign exchange rate movements and specified items (detailed on the next page), operating expenses increased by $343 million or 4.1%. This was driven by investment in the Group's priority segments, including additional service roles and capabilities to support customer needs and the hiring of additional front line business bankers, combined with higher technology costs, increased regulatory project spend and increased costs within UK Banking as they position themselves for separation.

The **charge to provide for bad and doubtful debts** decreased by $46 million or 5.3% ($50 million or 5.8% excluding foreign exchange rate movements). This was primarily due to lower charges in Australian Banking and UK Banking, reflecting improvement in asset quality.

September 2015 v March 2015

Net profit attributable to owners of NAB from continuing operations decreased by $437 million or 12.9% compared to the March 2015 half year. The September 2015 result was materially affected by additional provisions relating to UK conduct related matters included within specified items on the next page. Excluding foreign exchange rate movements and the impact of specified items, net profit attributable to owners of NAB from continuing operations increased by $345 million or 10.0%, largely reflecting the movement in treasury shares in the half.

Cash earnings decreased by $705 million or 21.5% compared to the March 2015 half year. Excluding foreign exchange rate movements and specified items (detailed on the next page), cash earnings increased by $65 million or 2.0%. This increase was largely driven by higher revenue combined with lower bad and doubtful debts, partially offset by higher expenses.

Cash earnings on average risk-weighted assets decreased by 45 basis points reflecting lower cash earnings and higher risk-weighted assets.

Net interest income increased by $127 million or 1.8%. Excluding foreign exchange rate movements, net interest income increased by $60 million or 0.9% due to growth in both housing and business lending volumes, coupled with lower funding and deposit costs. These increases were partially offset by lower margins mainly in business lending combined with the timing of the UK Financial Services Compensation Scheme (FSCS) Levy.

Other operating income increased by $62 million or 2.4%. Excluding foreign exchange rate movements, other operating income increased by $24 million or 0.9% mainly due to higher insurance income from NAB Wealth and increased transaction and lending fees in Australian Banking, combined with the settlement of a long standing legal dispute. These effects were largely offset by lower trading income and lower sales of risk management products to the Group's customers and one-off gains in the March 2015 half year from the sale of NAB UK CRE and SGA portfolios.

Operating expenses increased by $1,197 million or 27.5%. Excluding foreign exchange rate movements and specified items (detailed on the next page), operating expenses increased by $156 million or 3.6%. The increase reflects further investment in the Group's priority segments, including additional service roles to support customer needs and the hiring of additional front line business bankers, combined with higher technology costs, increased regulatory project spend, increased costs within UK Banking as they position themselves for separation and higher performance based incentives.

The **charge to provide for bad and doubtful debts** decreased by $63 million or 14.2%. Excluding foreign exchange rate movements, bad and doubtful debts decreased by $62 million or 14.0% due to continued improved asset quality across 2015.

Impact of Foreign Exchange Rate Movements

Excluding foreign exchange rate movements, cash earnings from continuing operations increased by $849 million or 16.8% on the September 2014 full year and decreased by $623 million or 19.0% on the March 2015 half year. Foreign exchange rate movements have had a unfavourable effect on the September 2015 full year result ($65 million) and on the September 2015 half year result ($82 million).

Pages 119 and 120 contain the September 2015 full year and March 2015 half year divisional performance summaries excluding foreign exchange rate movements.

Specified Items in September 2015 & September 2014

	Year to		Half year to	
	Sep 15 $m	**Sep 14 $m**	**Sep 15 $m**	**Mar 15 $m**
UK conduct - IRHP	**(163)**	(654)	**(163)**	-
UK conduct - PPI	**(849)**	(756)	**(849)**	-
UK conduct - fine	**(40)**	-	**-**	(40)
Capitalised software	**-**	(297)	**-**	-
R&D tax impact on opex	**-**	40	**-**	-
Operating expenses impact	**(1,052)**	(1,667)	**(1,012)**	(40)
Tax on specified items	**173**	363	**173**	-
NY DTA	**-**	(132)	**-**	-
R&D tax credits	**-**	(68)	**-**	-
Income tax expense impact	**173**	163	**173**	-
Cash earnings impact	**(879)**	(1,504)	**(839)**	(40)

During the year ended 30 September 2015, several specified items impacted on NAB's cash earnings all of which have been reported in the Corporate Functions and Other division:

- UK conduct charges IRHP – Additional provisions of $163 million (£75 million) in relation to customer redress and related costs for interest rate hedging products (IRHP) and fixed rate tailored business loans sold in the UK.
- UK conduct charges PPI – Additional provisions of $849 million (£390 million) in relation to customer redress and related costs for Payment Protection Insurance (PPI) sold in the UK.
- UK conduct fine - During the March 2015 half year, a $40 million (£21 million) fine was issued to Clydesdale Bank in relation to its management of PPI claims.

During the year ended 30 September 2014, several specified items had an impact on NAB's cash earnings, all of which were reported in the Corporate Functions and Other division:

- UK conduct charges IRHP – Additional provisions of $654 million (£365 million) in relation to customer redress and related costs for interest rate hedging products (IRHP) and fixed rate tailored business loans sold in the UK.
- UK conduct charges PPI – Additional provisions of $756 million (£420 million) in relation to customer redress and related costs for Payment Protection Insurance (PPI) sold in the UK.
- Capitalised software – Following an annual impairment assessment of capitalised software, an impairment charge of $297 million was taken against individually significant assets, predominantly in NAB Wealth and Australian Banking businesses and other smaller assets in the UK and NZ region. Included within the impairment charge was a charge of $106 million for certain assets relating to NextGen, other than the core banking platform assets where no impairment was required.
- R&D tax – As a result of a change in accounting policy for tax offsets, the Group is now recognising research and development (R&D) tax offsets as a reduction to the related software expense or carrying value of software assets. The impact of the changes was a $68 million increase in tax expense, a $40 million decrease in operating expenses, a $40 million reduction in the software assets and a $12 million decrease to the Deferred Tax Liability.
- NY DTA – Following an assessment of regulatory changes and business model changes in the USA and their impact on projections of future taxable income, and in turn the recoverability of the deferred tax assets (DTA) held in the New York (NY) branch, a DTA provision of $132 million (US$120 million) was taken during the September 2014 half year. The tax losses related to the DTA still remain available to the Group for up to 20 years.

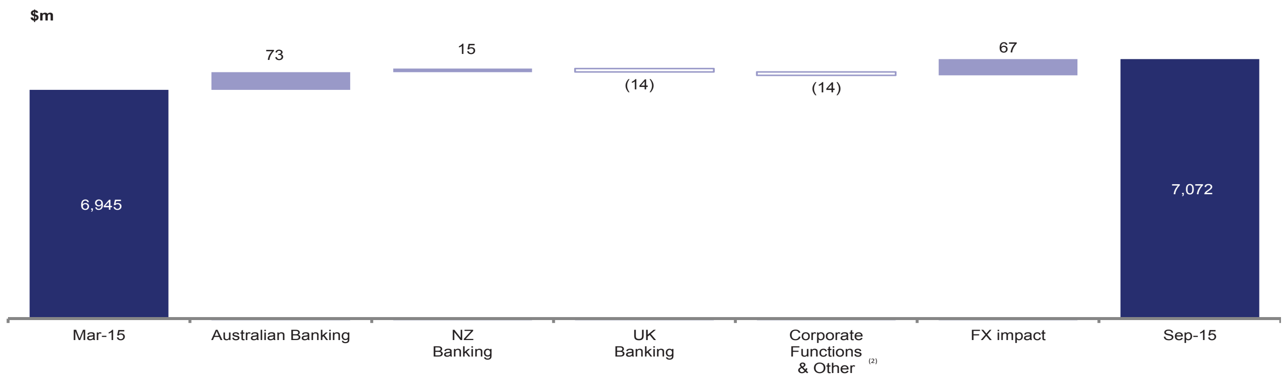
Net Interest Income [1]

	Year to			Half Year to		
	Sep 15	Sep 14	Sep 15 v Sep 14 %	Sep 15	Mar 15	Sep 15 v Mar 15 %
Net interest income ($m)	**14,017**	13,451	4.2	**7,072**	6,945	1.8
Average interest earning assets ($bn)	**748.4**	703.0	6.5	**761.7**	735.4	3.6
Net interest margin (%)	**1.87**	1.91	(4 bps)	**1.85**	1.89	(4 bps)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Net interest income and margin management are key areas of focus for the divisions. Group net interest margin represents an amalgam of the individual business outcomes and the analysis below is based on divisional drivers.

Net Interest Income - Contribution to Net Increase [(1) (2)]



(1) *At constant exchange rates.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

September 2015 v September 2014

Net interest income increased by $566 million or 4.2% compared to the September 2014 full year. Excluding foreign exchange rate movements, net interest income increased by $358 million or 2.7% due to the following movements:

- An increase of $403 million in Australian Banking, including a gain of $104 million which is offset by movements in economic hedges in other operating income. These movements relate to interest rate risk management activities within the funding, liquidity and banking book and hedges relating to bonds held in the Markets business. Excluding this, the increase in net interest income reflected growth in housing and business lending volumes, combined with lower funding and deposit costs. This was partially offset by lower lending margins as a result of competitive market pressures.
- An increase of $103 million in NZ Banking driven by growth in lending volumes combined with higher earnings on capital, partially offset by lower lending margins as a result of competitive market pressures.
- An increase of $7 million in UK Banking reflecting higher income from housing lending growth and lower deposit costs, partially offset by lower business lending income driven by a reduction in business lending balances due to subdued demand for business credit and the managed run-off of lower yielding assets.
- These increases were partially offset by a $155 million decrease in Corporate Functions & Other driven by lower income from Group funding and hedging activities, combined with lower income from the continued run-off of the NAB UK CRE and SGA portfolios.

September 2015 v March 2015

Net interest income increased by $127 million or 1.8% compared to the March 2015 half year. Excluding foreign exchange rate movements, net interest income increased by $60 million or 0.9%, due to the following movements:

- An increase of $73 million in Australian Banking, including a gain of $57 million which is offset by movements in economic hedges in other operating income. These movements relate to interest rate risk management activities within the funding, liquidity and banking book and hedges relating to bonds held in the Markets business. Excluding this, the increase in net interest income largely reflected growth in housing and business lending volumes, combined with lower funding and deposit costs. This was partially offset by lower business lending margins as a result of competitive market pressures and lower outcomes in interest rate risk management.
- An increase of $15 million in NZ Banking driven by growth in both business and housing lending volumes, combined with lower funding costs. This was partially offset by increased deposit costs during the September 2015 half year.
- These increases were partially offset by a decrease of $14 million in UK Banking driven by the timing of the FSCS levy, which is incurred in the second half of each financial year. Excluding the impact of the levy, net interest income increased by $11 million reflecting higher income from housing lending growth and lower deposit costs, partially offset by lower lending margins.
- A decrease of $14 million in Corporate Functions & Other driven by lower income from Group funding and hedging activities.

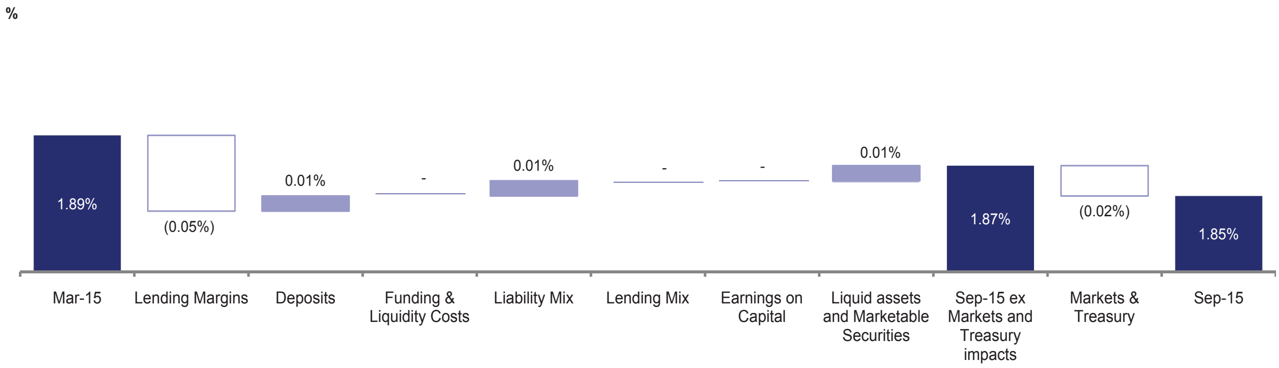
Net Interest Margin [1]

	Year to			Half Year to		
	Sep 15 %	**Sep 14 %**	**Sep 15 v Sep 14**	**Sep 15 %**	**Mar 15 %**	**Sep 15 v Mar 15**
Group net interest margin	**1.87**	1.91	(4 bps)	**1.85**	1.89	(4 bps)
Australian Banking [2]	**1.58**	1.61	(3 bps)	**1.56**	1.60	(4 bps)
NZ Banking	**2.39**	2.34	5 bps	**2.37**	2.41	(4 bps)
UK Banking	**2.13**	2.22	(9 bps)	**2.08**	2.18	(10 bps)

[1] *Information is presented on a continuing operations basis including prior period restatements.*

[2] *The Australian Banking division is described on page 44.*

Net Interest Margin [1]



[1] *Information is presented on a continuing operations basis including prior period restatements.*

September 2015 v September 2014

The Group's **net interest margin** decreased by four basis points compared to the September 2014 full year due to the following movements:

- A nine basis points decrease in lending margin, due to competitive market pressures affecting business lending margins in Australian Banking, coupled with margin compression in housing lending in Australian Banking and UK Banking.
- A four basis points increase relating to deposits as a result of lower term deposit and at call deposit costs, partially offset by a lower earnings rate on non-interest bearing deposits.
- A one basis point increase from funding and liquidity costs, mainly reflecting the decline in term funding costs.
- A three basis points increase from liability mix as a result of an increase in lower cost customer deposits.
- A two basis points decrease from lending mix as a result of an increase in the proportion of housing lending relative to business lending.
- A one basis point decrease due to a lower earnings rate on capital, reflecting the low interest rate environment.
- A one basis point increase from holding a lower proportion of liquid assets and marketable securities relative to total average interest earning assets.
- A one basis point decrease in Markets and Treasury mainly from holding a higher proportion of lower yielding assets for interest rate risk management activities.

September 2015 v March 2015

The Group's **net interest margin** decreased by four basis points compared to the March 2015 half year due to the following movements:

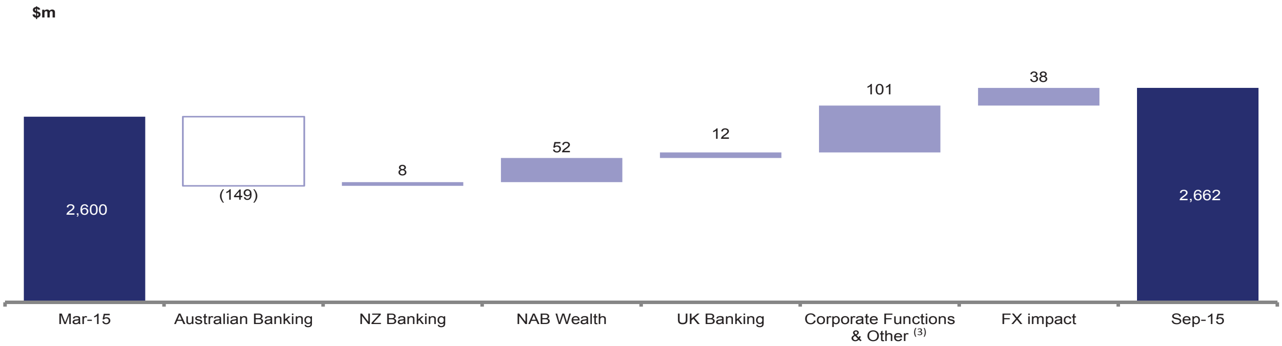
- A five basis points decrease in lending margin, due to competitive market pressures affecting business lending margins in Australian Banking, coupled with margin compression in housing lending in UK Banking.
- A one basis point increase relating to deposits as a result of lower term deposit and at call deposit costs, partially offset by a lower earnings rate on non-interest bearing deposits.
- A one basis point increase from liability mix as a result of an increase in lower cost customer deposits.
- A one basis points increase from holding a lower proportion of liquid assets and marketable securities relative to total average interest earning assets.
- A two basis points decrease in Markets and Treasury mainly from holding a lower proportion of average interest earning assets relative to Group average interest earning assets.

Other Operating Income [1]

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Fees and commissions	2,453	2,441	0.5	1,268	1,185	7.0
Trading income	844	892	(5.4)	388	456	(14.9)
Other	1,965	1,703	15.4	1,006	959	4.9
Other operating income	5,262	5,036	4.5	2,662	2,600	2.4

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Other Operating Income - Contribution to Net Increase [(1) (2)]



(1) *At constant exchange rates.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Includes eliminations.*

September 2015 v September 2014

Other operating income increased by $226 million or 4.5% compared to the September 2014 full year. Excluding the impact of foreign exchange, other operating income increased by $122 million or 2.4%.

Fees and commissions increased by $12 million or 0.5% compared to the September 2014 full year (decreased by $37 million or 1.5% excluding foreign exchange). Excluding the impact of foreign exchange, the underlying decrease was due to a reduction in account fees to improve customer outcomes and competitive positioning within UK Banking.

Trading income decreased by $48 million or 5.4% compared to the September 2014 full year ($60 million or 6.7% excluding the impact of foreign exchange). This result includes a decrease of $104 million due to movements in economic hedges, offset in net interest income. The underlying increase of $56 million was mainly due to an increase in the sales of risk management products to the Group's customers and improved trading performance.

Other income increased by $262 million or 15.4% compared to the September 2014 full year. Excluding the impact of foreign exchange, other income increased by $219 million or 12.9% mainly due to higher insurance income in NAB Wealth, combined with gains on the sale of loans in NAB UK CRE and assets in Australian Banking.

September 2015 v March 2015

Other operating income increased by $62 million or 2.4% compared to the March 2015 half year. Excluding the impact of foreign exchange, other operating income increased by $24 million or 0.9%.

Fees and commissions increased by $83 million or 7.0% compared to the March 2015 half year ($68 million or 5.7% excluding foreign exchange). Excluding the impact of foreign exchange, the underlying increase was due to a rise in transaction and lending fees in Australian Banking.

Trading income decreased by $68 million or 14.9% compared to the March 2015 half year ($69 million or 15.1% excluding the impact of foreign exchange). This result includes a decrease of $57 million due to movements in economic hedges, offset in net interest income. The underlying decrease of $11 million was mainly due to lower trading income and lower sales of risk management products to the Group's customers. This was partially offset by higher gains relating to Group funding and hedging activities and favourable impacts from credit valuation adjustments on derivatives.

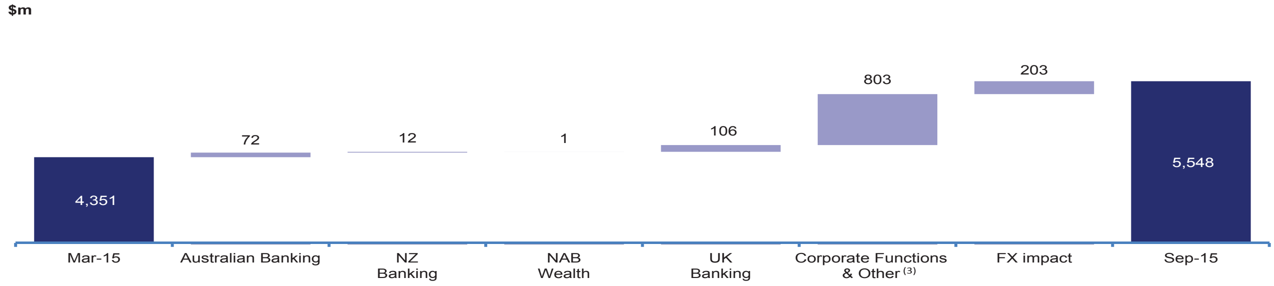
Other income increased by $47 million or 4.9% compared to the March 2015 half year. Excluding the impact of foreign exchange, other income increased by $25 million or 2.6% mainly due to the settlement of a long standing legal dispute, combined with higher insurance income, partially offset by gains in the March 2015 half relating to the sale of loans in NAB UK CRE and assets in Australian Banking.

Operating Expenses [1]

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Personnel expenses	**4,778**	4,696	(1.7)	**2,423**	2,355	(2.9)
Occupancy related expenses	**836**	805	(3.9)	**421**	415	(1.4)
General expenses	**4,285**	4,486	4.5	**2,704**	1,581	(71.0)
Total operating expenses	**9,899**	9,987	0.9	**5,548**	4,351	(27.5)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Operating Expenses - Contribution to Net Increase [1] [2]



(1) *At constant exchange rates.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

September 2015 v September 2014

Operating expenses have decreased by $88 million or 0.9% against September 2014. Excluding specified items (detailed on page 20) and the impact of foreign exchange, operating expenses increased by $343 million or 4.1%.

Personnel expenses increased by $82 million or 1.7%. Excluding the impact of specified items (detailed on page 20) and foreign exchange, personnel expenses decreased by $30 million or 0.6%. This decrease reflects productivity savings across the Group's businesses and lower performance based incentives. These impacts were partially offset by higher project spend, investment in the Group's priority segments, including additional service roles to support customer needs, the hiring of additional front line business bankers combined with Enterprise Bargaining Agreement wage increases.

Occupancy related expenses increased by $31 million or 3.9% ($12 million or 1.5% excluding foreign exchange). This increase reflects property rental increases and a new data centre.

General expenses decreased by $201 million or 4.5%. Excluding specified items (detailed on page 20) and the impact of foreign exchange, general expenses increased by $361 million or 12.9%. The increase reflects higher technology costs across the Group's businesses, higher costs in UK Banking as they position for separation, higher operational costs supporting regulatory projects and investment in service capability to support priority segments. These costs were partially offset by productivity savings across the Group's businesses.

September 2015 v March 2015

Operating expenses increased by $1,197 million or 27.5% against March 2015. Excluding specified items (detailed on page 20) and the impact of foreign exchange, operating expenses increased by $156 million or 3.6%.

Personnel expenses increased by $68 million or 2.9%. Excluding the impact of foreign exchange, personnel expenses increased by $38 million or 1.6% due to investment in the Group's priority segments, including additional service roles to support customer needs, the hiring of additional front line business bankers, combined with higher performance based incentive costs and a one-off pension scheme gain in the March 2015 half year that did not repeat. These impacts were partially offset by productivity savings across the Group's businesses.

Occupancy related expenses increased by $6 million or 1.4% (decreasing $1 million or 0.2% excluding foreign exchange). This decrease reflects productivity savings across the Group's businesses, partially offset by property rental increases.

General expenses increased by $1,123 million or 71.0%. Excluding specified items (detailed on page 20) and the impact of foreign exchange, general expenses increased by $119 million or 7.7%. The increase was driven by higher operational costs supporting regulatory projects combined with higher technology costs and higher costs in UK Banking as they position for separation. These costs were partially offset by productivity savings across the Group's businesses.

Full Time Equivalent Employees [1]

	As at				
	30 Sep 15	31 Mar 15	30 Sep 14	Sep 15 v Sep 14 %	Sep 15 v Mar 15 %
Australian Banking [2]	**24,770**	24,745	24,391	(1.6)	(0.1)
NZ Banking	**4,784**	4,737	4,718	(1.4)	(1.0)
NAB Wealth	**4,903**	4,932	4,840	(1.3)	0.6
UK Banking	**7,244**	7,249	7,278	0.5	0.1
Corporate Functions and Other [3]	**125**	154	193	35.2	18.8
Total full time equivalent employees (FTEs)	**41,826**	41,817	41,420	(1.0)	-
Average half year FTEs	**42,107**	41,586	41,548	(1.3)	(1.3)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *The Australian Banking division is described on page 44.*

(3) *Corporate Functions and Other includes NAB UK CRE. Other support function FTEs are fully attributed to the relevant business.*

September 2015 v September 2014

Total FTEs have increased by 406 compared to the September 2014 full year.

Key FTE movements in each business were as follows:

- Australian Banking FTEs increased by 379, reflecting investment in the Group's priority customer segments, including service roles to support customer needs and the hiring of additional front line bankers. These increases were partially offset by efficiency savings from strategic initiatives.
- NZ Banking FTEs increased by 66 to support priority segments.
- NAB Wealth FTEs increased by 63, largely due to regulatory and compliance activities, offset by benefits arising from process simplification.
- UK Banking FTEs decreased by 34, largely due to lower FTEs in the Retail Branch network as a result of the Branch restructure.
- Corporate Functions and Other FTEs decreased by 68, largely due to the wind down of SGA and the NAB UK CRE operations.

September 2015 v March 2015

Total FTEs have increased by 9 compared to the March 2015 half year.

Key FTE movements in each business were as follows:

- Australian Banking FTEs increased by 25, reflecting investment in the Group's priority customer segments, including service roles to support customer needs and the hiring of additional front line bankers.
- NZ Banking FTEs increased by 47 to support priority segments.
- NAB Wealth FTEs decreased by 29 mainly due to process simplification.
- UK Banking FTEs were relatively flat.
- Corporate Functions and Other FTEs decreased by 29, largely due to the wind down of SGA and the NAB UK CRE operations.

Investment Spend [1]

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
Infrastructure	**703**	798	(11.9)	**374**	329	13.7
Compliance / Operational Risk	**420**	297	41.4	**250**	170	47.1
Efficiency and Sustainable Revenue	**233**	195	19.5	**136**	97	40.2
Other	**24**	54	(55.6)	**12**	12	-
Total Investment Spend	**1,380**	1,344	2.7	**772**	608	27.0

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Investment spend is expenditure on projects and initiatives designed to enhance the customer experience, comply with legal and regulatory requirements, and improve capabilities and efficiencies in the Group's business processes. Investment spend for the September 2015 full year was $1,380 million, an increase of $36 million or 2.7% against September 2014, and an increase of $164 million or 27.0% on the March 2015 half year. This reflects ongoing investment in initiatives to deliver the Group's strategic objectives and meet the Group's compliance obligations.

September 2015 v September 2014

Investment in infrastructure projects decreased by $95 million or 11.9% against September 2014, largely due to both the delivery of major transformational programs and the delivery of strategic investment projects in NAB Wealth in the prior year. The key investment during the September 2015 financial year was the Personal Banking Origination Platform.

Spend on compliance and operational risk projects increased by $123 million or 41.4% against September 2014, driven by continued investment in implementing Payment Reforms issued by the RBA, Mortgage Market Review reporting rules issued by the FCA in the UK, along with ongoing spend to meet compliance requirements and regulatory reforms which include Dodd-Frank, Anti-Money Laundering, G20, and accounting standard changes.

Investment in efficiency and sustainable revenue projects increased by $38 million or 19.5% against September 2014 reflecting the Group's ongoing investment to improve customers' banking experience and mobile capability.

September 2015 v March 2015

Investment in infrastructure projects increased by $45 million or 13.7% against March 2015 half year, mainly driven by continued investment in infrastructure projects in Australia.

Spend on compliance and operational risk projects increased by $80 million or 47.1% for similar reasons to above as the Group continued to meet regulatory reforms and ensure compliance.

Investment in efficiency and sustainable revenue projects increased by $39 million or 40.2% largely for the same reasons outlined in the full year.

Taxation [1]

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15**
Income tax expense ($m)	**2,562**	2,430	(5.4%)	**1,168**	1,394	16.2%
Effective tax rate (%)	**29.9**	31.7	180 bps	**30.7**	29.2	(150 bps)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

September 2015 v September 2014

Cash earnings income tax expense for the September 2015 full year was $132 million or 5.4% higher than the September 2014 full year, consistent with the increase in cash earnings during the period. Excluding the impact of specified items (detailed on page 20) on the 2015 and 2014 financial years, the cash earnings income tax expense has increased, mainly due to the increase in cash earnings.

Cash earnings effective tax rate for the September 2015 year of 29.9% was 180 basis points lower than the September 2014 full year. Excluding the impact of specified items on the 2015 and 2014 financial years, the effective tax rate in the 2015 financial year has increased 60 basis points on the prior year due to the impact of non-deductible hybrid distributions and increased Group funding costs that have lower corporate tax rates.

September 2015 v March 2015

Cash earnings income tax expense for the September 2015 half year was $226 million or 16.2% lower than the March 2015 half year. Excluding the impact of specified items on both the September and March 2015 half years, the cash earning income tax expense in the September 2015 half year decreased due to the finalisation of prior year tax returns in the September 2015 half year.

Cash earnings effective tax rate for the September 2015 half year of 30.7% was 150 basis points higher than the March 2015 half year. Excluding the impact of specified items in both the September and March 2015 half years, the effective tax rate decreased 110 basis points due to the finalisation of prior year tax returns in the September 2015 half year.

Lending [1]

	As at				
	30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 v Mar 15 %
Housing					
Australian Banking [2]	**268,486**	260,593	249,633	7.6	3.0
NZ Banking	**29,122**	30,768	27,298	6.7	(5.3)
UK Banking	**44,357**	38,014	34,257	29.5	16.7
Corporate Functions and Other [3]	**-**	-	-	-	-
Total housing	**341,965**	329,375	311,188	9.9	3.8
Non-housing					
Australian Banking [2]	**190,400**	181,840	174,096	9.4	4.7
NZ Banking	**32,787**	34,072	30,070	9.0	(3.8)
NAB Wealth	**36**	60	59	(39.0)	(40.0)
UK Banking	**17,900**	16,724	17,190	4.1	7.0
Corporate Functions and Other [3]	**1,059**	2,132	4,985	(78.8)	(50.3)
Total non-housing	**242,182**	234,828	226,400	7.0	3.1
Gross loans and advances including acceptances	**584,147**	564,203	537,588	8.7	3.5

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *The Australian Banking business is described on page 44.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

September 2015 v September 2014

Lending (gross loans and advances including acceptances) increased by $46.6 billion or 8.7% on September 2014. Excluding foreign exchange, lending increased by $33.2 billion or 6.2%. This increase was primarily due to the continuing momentum in housing lending, partly offset by the continued run-off of the NAB UK CRE portfolio.

Housing lending increased by $30.8 billion or 9.9% on September 2014. Excluding foreign exchange, the increase was $23.4 billion or 7.5% mainly due to:
- An increase of $18.3 billion in Australian Banking, with strong growth in both the proprietary and broker channels.
- An increase of $3.8 billion in UK Banking, driven by improved growth in new lending, primarily via the broker channels.
- An increase of $1.3 billion in NZ Banking due to continued focus on growth in the Auckland market.

Non-housing lending increased by $15.8 billion or 7.0% on September 2014. Excluding foreign exchange, non-housing lending increased by $9.8 billion or 4.3% mainly due to:
- An increase of $13.6 billion in Australian Banking with growth in priority customer segments.
- An increase of $2.1 billion in NZ Banking as a result of growth in the business lending portfolio due to continued positive economic conditions.
- A decrease of $4.1 billion in Corporate Functions and Other due to sale of loans and continued attrition of the NAB UK CRE and SGA portfolios.
- A decrease of $1.8 billion in UK Banking due to the subdued demand for business credit in the UK market and the managed run-off of lower yielding assets.

September 2015 v March 2015

Lending (gross loans and advances including acceptances) increased by $19.9 billion or 3.5% on March 2015. Excluding foreign exchange, lending increased by $16.5 billion or 2.9%.

Housing lending increased by $12.6 billion or 3.8% on March 2015. Excluding foreign exchange, the increase was $10.0 billion or 3.0% mainly due to:
- Australian Banking increasing by $7.7 billion due to continued growth in both the proprietary and broker channels.
- An increase of $1.7 billion in UK Banking, which is consistent with the strategy to focus on growth in housing loans.
- An increase of $0.6 billion in NZ Banking due to continued focus on growth in the Auckland market.

Non-housing lending increased by $7.4 billion or 3.1% on March 2015. Excluding foreign exchange, non-housing lending increased by $6.6 billion or 2.8%, mainly due to:
- An increase of $7.2 billion in Australian Banking with improved growth in priority customer segments.
- An increase of $1.3 billion in NZ Banking due to continued positive economic conditions.
- A decrease of $1.2 billion in Corporate Functions and Other due to continued attrition of the NAB UK CRE and SGA portfolios.
- A decrease of $0.7 billion in UK Banking due to the subdued demand for business credit in the UK market and the managed run-off of lower yielding assets.

Goodwill and Other Intangible Assets [(1)]

Goodwill increased by $26 million or 0.6% from September 2014, due to the effects of foreign exchange and an acquisition in the NAB Wealth business.

Intangible assets comprise capitalised software and other intangible assets. Intangible assets increased by $479 million from September 2014. The increase was attributable to continued investment in the transformational agenda, which focused on the Personal Banking Origination Platform in the year, along with efficiency and compliance projects, partially offset by amortisation.

The Group continues to invest in software to support its strategic objectives. Major investments currently being undertaken are:

- In Australia, continued investment in the transformational agenda, including the Personal Banking Origination Platform, regulatory compliance initiatives, and enhancing the digital capabilities of the franchise.
- In the UK, continued investment in software to support regulatory and compliance initiatives, as well as investment in refreshing key banking systems.
- In New Zealand, continued spend on capabilities to support the implementation of the BNZ strategic plan.

The movement in capitalised software is as follows:

	Year ended		Half year ended	
	Sep 15 $m	**Sep 14 $m**	**Sep 15 $m**	**Mar 15 $m**
Balance at beginning of period	**2,126**	1,998	**2,318**	2,126
Additions	**804**	738	**461**	343
Disposals and write-offs	**(63)**	(342)	**(40)**	(23)
Amortisation	**(320)**	(296)	**(168)**	(152)
Foreign currency translation adjustments	**58**	28	**34**	24
Capitalised software	**2,605**	2,126	**2,605**	2,318

	Year ended		Half year ended	
	Sep 15 $m	**Sep 14 $m**	**Sep 15 $m**	**Mar 15 $m**
Capitalised software (UK)	**573**	396	**573**	459
Capitalised software (Group ex UK)	**2,032**	1,730	**2,032**	1,859
Capitalised software (Group)	**2,605**	2,126	**2,605**	2,318

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Customer Deposits [1]

	As at				
	30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 v Mar 15 %
Australian Banking	320,410	314,577	299,197	7.1	1.9
NZ Banking	41,619	43,817	39,463	5.5	(5.0)
UK Banking	56,867	48,617	44,334	28.3	17.0
Corporate Functions and Other [2]	2	9	3	(33.3)	(77.8)
Total customer deposits	418,898	407,020	382,997	9.4	2.9

[1] *Information is presented on a continuing operations basis including prior period restatements.*

[2] *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

September 2015 v September 2014

Customer deposits have increased by $35.9 billion or 9.4% since September 2014. Excluding foreign exchange, customer deposits have increased by $23.7 billion or 6.2%. This is as a result of the Group continuing to execute on its funding plan, which includes growth in sustainable customer deposits. Growth (excluding foreign exchange) was mainly due to:

- An increase of $17.9 billion or 6.0% in Australian deposits, reflecting continued growth in on demand deposits of $17.0 billion and in non-interest bearing deposits, predominately represented by offset accounts, of $6.7 billion. This was partially offset by a fall in term deposits.
- An increase of $4.5 billion or 10.1% in UK Banking, driven by an increase in on demand deposits of $4.6 billion partially offset by a decrease in term deposits.
- An increase of $1.4 billion or 3.5% in New Zealand. Banking. This was due to growth in both on demand and short-term deposits, partially offset by a decrease in term deposits.

September 2015 v March 2015

Customer deposits have increased by $11.8 billion or 2.9% since March 2015. Excluding foreign exchange, customer deposits have increased by $7.7 billion or 1.9%. Growth (excluding foreign exchange) was mainly attributable to:

- An increase of $4.4 billion or 1.4% in Australian Banking, driven by a $3.4 billion increase in non-interest bearing deposits, predominately represented by offset accounts, and a $1.6 billion increase in on-demand deposits.
- An increase of $2.3 billion or 4.6% in UK Banking, driven by a $1.8 billion increase in on-demand deposits.
- An increase of $1.1 billion or 2.4% in New Zealand Banking due to growth in both on demand and short-term deposits.

Asset Quality

Asset Quality trends continued to improve across the Group's major operating regions over the September 2015 full year.

Bad and Doubtful Debt Charge (1)

	Year to		Half Year to	
	Sep 15 (2) $m	Sep 14 $m	Sep 15 (2) $m	Mar 15 (2) $m
Specific charge to provide for bad and doubtful debts	736	1,323	344	392
Collective charge/(write-back) to provide for bad and doubtful debts	87	(446)	36	51
Total (write-back)/charge on investments - held to maturity	-	(8)	-	-
Total charge to provide for bad and doubtful debts	823	869	380	443

	Year to		Half Year to	
	Sep 15 (2)	Sep 14	Sep 15 (2)	Mar 15 (2)
Bad and doubtful debts charge to gross loans and acceptances (annualised)	0.14%	0.16%	0.13%	0.16%
Net write-offs to gross loans and acceptances (annualised) (3)	0.21%	0.30%	0.20%	0.22%

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Net write-offs include net write-off of fair value loans.*

Provisions for Bad and Doubtful Debts (1)

	As at		
	Sep 15 (2) $m	Mar 15 (2) $m	Sep 14 $m
Collective provision for bad and doubtful debts	3,494	3,361	2,586
Specific provision for bad and doubtful debts	671	899	1,450
Total provision for bad and doubtful debts (3)	4,165	4,260	4,036

	As at		
	Sep 15	Mar 15	Sep 14
Total provision to gross loans and acceptances	0.71%	0.76%	0.75%
Specific provision to gross impaired assets	32.7%	36.0%	35.5%
Collective provision to credit risk-weighted assets	1.01%	1.01%	0.83%
Collective provision to gross loans and acceptances (excluding impaired assets)	0.60%	0.60%	0.48%

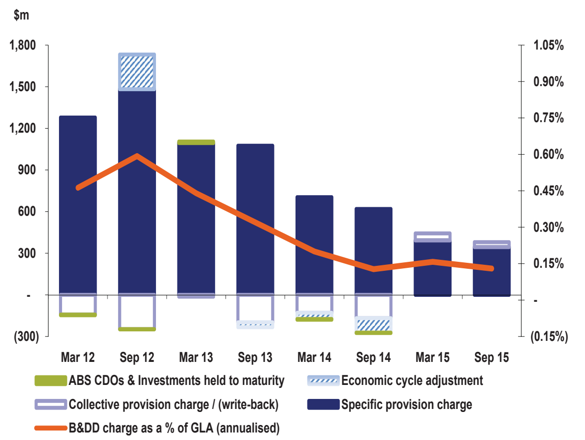
(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *September 2014 balance excludes provision on investments - held to maturity under AASB 139 ($26 million).*

Bad and Doubtful Debt Charge

Half Yearly Total Bad and Doubtful Debt Charge



The total B&DD charge for the September 2015 full year was $823 million, a decrease of $46 million or 5.3% when compared to the September 2014 full year. The total B&DD charge for the September 2015 half year was $63 million lower than the March 2015 half year.

Specific provision B&DD charges decreased by $587 million when compared to the September 2014 full year to $736 million and decreased by $48 million when compared to the March 2015 half year, with improvements across all major operating regions over the year driven by:

- Reductions in business lending impaired assets in Australian Banking and as a result of the sale of NAB UK CRE loans in the March 2015 half year.
- Reduced write-offs for the unsecured retail portfolio in Australian Banking.
- Improved economic conditions across the UK.

The September 2015 full year collective provision B&DD charge was $87 million. This included an overlay for the agriculture and resource sectors in Australian Banking attributable to continued low commodity prices, resource demand and recognition of drought conditions impacting some Australian regions and increased charges in NZ Banking due to the outlook for the dairy industry.

Provisions for Bad and Doubtful Debts

Total provisions for B&DDs increased $129 million to $4,165 million during the September 2015 full year due to an increase in collective provisions of $760 million on transition to AASB 9, partially offset by a decrease in NAB UK CRE total provisions (£262 million), resulting from loan sales in the March 2015 half year.

Specific provisions decreased by $779 million to $671 million for the September 2015 full year, largely driven by the disposal of the NAB UK CRE loans (£177 million) in the March 2015 half year and improvement in the performance of the business lending impaired portfolio in Australian Banking.

The Group coverage of specific provisions to gross impaired assets decreased from 35.5% at September 2014 to 32.7% at September 2015 mostly due to the write-off of several large single names.

Total collective provisions have increased since September 2014 by $908 million to $3,494 million at September 2015. Excluding the impact of the AASB 9 transitional adjustments and foreign exchange, the underlying increase of $27 million was mainly due to sector specific overlays raised in Australian Banking, increased provisions for the NZ dairy industry and an increase in the potential credit exposure on the Group's derivatives portfolio from market movements. This was partly offset by the sale of NAB UK CRE loans in the March 2015 half year.

The collective provision to credit risk weighted assets ratio has increased by 18 basis points from 0.83% at September 2014 to 1.01% at September 2015.

90+ Days Past Due and Gross Impaired Assets [(1)]

	As at		
	Sep 15 [(1)]	**Mar 15** [(1)]	**Sep 14** [(1)]
90+ days past due loans ($m)	**2,122**	2,279	2,329
Gross impaired assets ($m)	**2,050**	2,497	4,079
90+ days past due and gross impaired assets ($m)	**4,172**	4,776	6,408

	As at		
	Sep 15 [(1)]	**Mar 15** [(1)]	**Sep 14** [(1)]
90+ days past due loans to gross loans and acceptances	**0.36%**	0.40%	0.43%
Gross impaired assets to gross loans and acceptances	**0.35%**	0.45%	0.76%
90+ days past due and gross impaired assets to gross loans and acceptances	**0.71%**	0.85%	1.19%

(1) *Information is presented on a continuing operations basis including prior period restatements.*

90+ Days Past Due

The Group ratio of 90+ days past due loans to gross loans and acceptances (90+ DPD ratio) declined by seven basis points to 0.36% during the September 2015 full year, mainly driven by reductions across all of the Group's business lending portfolios, including the sale of NAB UK CRE loans in the March 2015 half year.

Gross Impaired Assets

The Group ratio of gross impaired assets to gross loans and acceptances (impaired asset ratio) decreased by 41 basis points to 0.35% during the September 2015 full year. The improvement was mainly driven by the Group's business lending portfolio, reflecting a general decrease in impairment activity and the sale of NAB UK CRE impaired assets (£430 million) in the March 2015 half year.

Net Write-Offs

The Group's net write-offs to gross loans and acceptances annualised ratio reduced by nine basis points to 0.21% during the September 2015 full year. The decline was experienced across all major operating regions.

The 12 month rolling net write-off rate for the Group's retail portfolio reduced by three basis points to 0.11% over the year to September 2015 and declined two basis points to 0.02% for the Group's housing portfolio.

Capital Management and Funding

Balance Sheet Management Overview

The Group maintains a strong capital, funding and liquidity position, in line with its ongoing commitment to balance sheet strength.

The Group maintains a well-diversified wholesale funding portfolio by accessing a range of funding across senior, subordinated and secured debt markets, as well as the domestic retail hybrid market.

The Group remains vigilant in its evaluation of the economic and regulatory environment, and continues to ensure that the balance sheet remains strong to enable it to respond to changing market and regulatory conditions.

Regulatory Reform

The quantitative requirements of APRA's liquidity standard, APS 210, came into force on 1 January 2015 requiring compliance with the Liquidity Coverage Ratio (LCR). Net Stable Funding Ratio (NSFR) rules are expected to be released by APRA during 2015/2016, with implementation expected in 2018. The Group's liquidity strategy remains focused on the quality of liquid assets and the stability of the funding that underpins the LCR.

The Group also remains focused on other areas of regulatory change. Key reforms that may affect its capital and funding include:

Basel III:
- APRA's disclosure requirements in relation to Leverage Ratio, Global Systemically Important Bank (G-SIB) indicators and LCR became effective 1 July 2015. The September 2015 Leverage Ratio and LCR will be disclosed in detail within NAB's full year Pillar 3 Report. The minimum leverage ratio is yet to be determined by APRA, with Pillar 1 compliance not expected until 1 January 2018.
- The Basel Committee on Banking Supervision's (BCBS) Fundamental Review of the Trading Book (FRTB) and review of the Credit Valuation Adjustment (CVA) framework is currently in consultation.

Federal Government's Financial System Inquiry (Inquiry):
- Released in December 2014, the Inquiry's final report included recommendations focused on financial system resilience, including ensuring unquestionably strong bank capital ratios, mortgage risk weights calibration and the implementation of a loss absorbing capacity framework.
- APRA's announcement in July 2015 of an increase in mortgage risk weights for internal ratings-based approach accredited Authorised Deposit taking Institutions (ADI) to an average 25% in response to a recommendation of the Inquiry. This change takes effect from 1 July 2016.
- In July 2015, APRA released the findings from a study comparing the capital position of the Australian major banks against international peers. APRA has indicated a final response will require further consideration.
- The Federal Government's response, released October 2015, was supportive of the resilience recommendations and APRA's approach to implementation.

Basel IV agenda:
- Themes driving the informally named 'Basel IV' BCBS proposals include transparency, consistency and credibility of IRB models. Draft proposals include revisions to the standardised approaches for calculating regulatory capital and the introduction of a capital floor framework and revisions to the interest rate risk in the banking book (IRRBB) framework.

Other regulatory changes

- APRA's notification regarding the definition of entities to be included within the Level 2 ADI Group, as previously announced on 5 May 2014. The change will remove over time the capital benefit that NAB gains from the debt on the National Wealth Management Holdings (NWMH) balance sheet, in accordance with the APRA approved transition period to December 2017. As of 30 September 2015, NWMH has $1.0 billion of debt remaining subject to transition, which is equivalent to 25 basis points of Common Equity Tier 1 (CET1) capital.
- APRA has confirmed a minimum 12 month transition period will be provided for Level 3 Conglomerate Supervision requirements. APRA's quantitative impact analysis suggests no potential Level 3 Group would be required to raise additional capital as a result of the implementation. Implementation has been deferred by APRA with a date to be advised.
- The PRA confirmed the UK Pillar 2 Framework in July 2015 with the publication of Policy Statement 17/15: "Assessing capital adequacy under Pillar 2 (PS17/15)". The statement confirms revised methodologies for assessing Credit, Concentration, Operational and Conduct risks and also covers capital buffers and confirms that the Capital Planning Buffer will be replaced by the CRD IV buffers (Capital Conservation Buffer, Counter-Cyclical Buffer, and Systemic Risk Buffer) that transition from 1 January 2016. These will provide a "floor" for Pillar 2B requirements, however the PRA will also make its own buffer assessment and if this is higher than the combined CRD IV buffers then an additional PRA buffer would be applied.
- The UK Government has enacted legislation to restrict to 50% the utilisation of tax losses realised by UK banks prior to 1 April 2015. This will prolong the expected period of time required to utilise deferred tax assets recognised on these tax losses. The UK Government has also announced a tax law change that will restrict tax relief for banks' conduct compensation payments to customers. The measure applies to compensation expenditure arising on or after 8 July 2015. Furthermore the existing Bank Levy will be reduced from 0.21% to 0.1% by 2021. However, from 1 January 2016 a new profit related surcharge of 8% will apply. It was also announced that the mainstream UK rate of corporation tax would fall from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

Capital Management

The Group's capital management strategy is focused on adequacy, efficiency and flexibility. The capital adequacy objective ensures sufficient capital is held in excess of internal risk-based required capital assessments and regulatory requirements, and is maintained in line with the Group's balance sheet risk appetite and investor expectations. This approach is consistent across the Group's subsidiaries.

The Group's CET1 operating target remains between 8.75% and 9.25%, based on current regulatory requirements. The Group will continue to regularly review operating target levels and aims to retain flexibility in executing capital initiatives to support balance sheet strength.

The Group's CET1 ratio for September 2015 exceeds the operating target in anticipation of the planned demerger of Clydesdale Bank and in response to APRA's recent announcements for ADI's to increase risk-weighted assets (RWA) for residential mortgage loans from 1 July 2016.

Capital Ratios

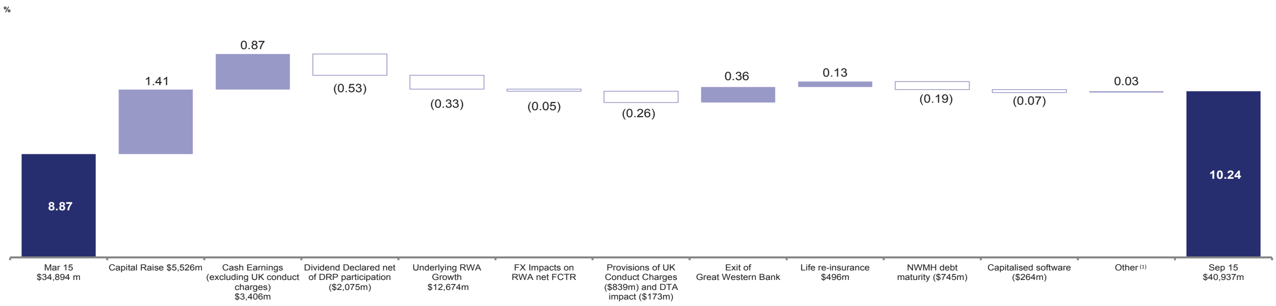
Capital ratios are set out below:

Capital Ratios	As at 30 Sep 15 %	31 Mar 15 %	30 Sep 14 %	Sep 15 v Sep 14	Sep 15 v Mar 15
Common Equity Tier 1 ratio	**10.24**	8.87	8.63	161 bps	137 bps
Tier 1 ratio	**12.44**	11.13	10.81	163 bps	131 bps
Total capital ratio	**14.15**	12.81	12.16	199 bps	134 bps

Risk-weighted assets	As at 30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 v Mar 15 %
Credit risk	**344,326**	340,227	318,374	8.2	1.2
Market risk	**5,793**	5,821	4,923	17.7	(0.5)
Operational risk	**40,000**	40,000	36,534	9.5	-
Interest rate risk in the banking book [(1)]	**9,639**	7,190	7,821	23.2	34.1
Total risk-weighted assets	**399,758**	393,238	367,652	8.7	1.7

(1) *Due to an IRRBB model enhancement reflected in the 30 September 2015 result, the equivalent March 2015 result would now be $11,581 million.*

Movements in Basel III Common Equity Tier 1 Ratio



(1) *Primarily includes movements in other capital deductions and transaction fees.*

Capital Movements During the Period

The Group's CET1 ratio was 10.24% at 30 September 2015. The key movements in capital in the September 2015 half year include:

- $5.5 billion capital raising (141 basis points).
- The exit of Great Western Bank in August 2015 (36 basis points).
- Cash earnings less interim dividend paid net of Dividend Reinvestment Plan (DRP) participation (34 basis points).
- Life re-insurance transaction release of CET1 (13 basis points).

This was partly offset by:

- RWA growth (excluding the exit of GWB and foreign exchange impacts) of $12.7 billion (33 basis points). The underlying RWA increase largely includes:
  - Credit Risk RWA of $9.9 billion; and
  - IRRBB RWA of $2.3 billion.
- Additional provisions for UK conduct charges including DTA impact totalling $1.0 billion (26 basis points).
- NWMH debt maturity of $0.7 billion (19 basis points).

Dividend and Dividend Reinvestment Plan (DRP)

The Group periodically adjusts the DRP to reflect the capital position and outlook. The final dividend is 99 cents and the DRP discount is nil with no participation limit.

UK Defined Benefit Pension Scheme

The Group's UK subsidiary, Clydesdale Bank, operates a Defined Benefit Pension Scheme ("the Scheme"). During the period 31 March 2015 to 30 September 2015, the Scheme's AASB 119 position decreased by £39 million to a surplus of £52 million and has no effect on the Group's capital position.

Pillar 3 Disclosures

Further disclosures with respect to capital adequacy and risk management will be made in the September 2015 Pillar 3 Report as required by APRA Prudential Standard APS 330 "Public Disclosure".

Funding

The Group continues to explore opportunities to enhance and diversify its funding sources.

Funding Indices

The Group employs a range of internal Board approved metrics to set its risk appetite and measure balance sheet strength. A key structural measure used is the Stable Funding Index (SFI), which is made up of the Customer Funding Index (CFI) and Term Funding Index (TFI). The CFI represents the proportion of the Group's core assets that are funded by customer deposits. Similarly, the TFI represents the proportion of the Group's core assets that are funded by term wholesale funding with a remaining term to maturity of greater than one year.

Funding indices have increased over the 2015 financial year with the Group CFI improving from 70.4% to 71.5%, while the Group SFI increased from 90.4% to 92.3%. The SFI was in part affected by a weaker Australian Dollar which has raised the value of term wholesale funding in Australian Dollar terms.

Group Funding Indices (CFI, TFI and SFI)

	As at			
	Sep 15	Sep 14	Sep 13	Sep 12
Group Funding Indicies	%	%	%	%
Customer Funding Index	**71.5**	70.4	69.4	66.3
Term Funding Index	**20.8**	20.0	19.8	19.3
Stable Funding Index	**92.3**	90.4	89.2	85.6

Customer Funding

The Group has continued to grow deposits over the 2015 financial year. Deposit raising is informed by current market conditions, funding requirements and the characteristics of funds raised.

The Monthly Banking Statistics published by APRA show that for the 12 months ended August 2015:

- Australian domestic household deposits have grown by 9.6% (0.9x system growth).
- Business deposits (excluding deposits from financial corporations and households) have grown by 6.6% (0.9x system growth).
- Financial corporation deposits have grown by 5.6% (3.6x system growth), noting financial corporation deposits include custodial, self-managed super funds and operational accounts.

Term Wholesale Funding

Global funding conditions have been relatively supportive of term issuance during the September 2015 year. Whilst conditions are reasonably stable, markets remain sensitive to ongoing macroeconomic, geopolitical and financial risks.

The Group maintains a well-diversified funding profile and has raised $26.5 billion during the September 2015 financial year (excluding NAB's Additional Tier 1 hybrid security).

During the 2015 financial year, NAB raised $20.9 billion, including $15.6 billion senior unsecured, $3.1 billion of secured funding (comprising both covered bonds and residential mortgage backed securities) and $2.2 billion of Tier 2 subordinated debt. In terms of subsidiaries, BNZ raised $3.2 billion and Clydesdale Bank raised $2.4 billion during the September 2015 financial year.

The weighted average maturity of term wholesale funding raised by the Group over the 2015 financial year was approximately 4.7 years to the first call date. The weighted average remaining maturity of the Group's term wholesale funding portfolio is 3.3 years (4.0 years for TFI qualifying debt, which only includes debt with more than 12 months remaining term to maturity). The weighted average maturity of term wholesale funding raised by NAB over financial year was approximately 5 years to the first call date, similar to the 2014 financial year. Term wholesale funding raised in foreign currency is swapped to Australian dollar terms at the time of issuance. The average cost of term wholesale funding raised by NAB (including the cost of swapping back to Australian dollars and fees) during the 2015 financial year was approximately 107 basis points (94 basis points excluding subordinated debt) over Bank Bill Swap Rate (BBSW), compared to an average cost of 83 basis points over BBSW in the 2014 financial year. The average cost of NAB's outstanding term funding portfolio for the 2015 financial year was 129 basis points over BBSW, compared to 138 basis points over BBSW for the previous financial year.

Full Year 2015 Wholesale Funding by Deal Type ($26.5 billion)

	As at		
Wholesale Funding by Deal Type	Sep 15	Mar 15	Sep 14
Senior Public Offshore	**47%**	47%	42%
Senior Public Domestic	**13%**	7%	21%
Secured Public Offshore	**10%**	13%	18%
Secured Public Domestic	**11%**	12%	6%
Private Placements	**11%**	8%	13%
Subordinated Debt	**8%**	13%	0%
Total	**100%**	100%	100%

Full Year 2015 Wholesale Funding by Currency ($26.5 billion)

Wholesale Funding by Currency	As at Sep 15	Mar 15	Sep 14
USD	**28%**	16%	34%
AUD	**21%**	21%	29%
EUR	**30%**	41%	20%
GBP	**8%**	8%	5%
JPY	**4%**	7%	5%
Other	**9%**	7%	7%
Total	**100%**	100%	100%

Short-term Wholesale Funding

The Group consistently accessed international and domestic short-term wholesale funding markets over 2015.

In addition, repurchase agreements entered into are materially offset by reverse repurchase agreements with similar maturity profiles as part of normal trading activities.

Liquid Asset Portfolio

The Group maintains well diversified and high quality liquid asset portfolios to support regulatory and internal requirements in the various countries in which it operates. Total liquid assets held as at 30 September 2015 were $124 billion (market value) excluding contingent liquidity, an increase of $7 billion from 30 September 2014 and a decrease of $1 billion from 31 March 2015.

Holdings of liquid assets include $104 billion of regulatory liquid assets (consisting both High Quality Liquid Assets and Committed Liquidity Facility eligible assets) as at the end of September 2015.

In addition to these liquid assets, the Group holds internal securitisation pools of Residential Mortgage Backed Securities (RMBS) as a source of contingent liquidity. These assets may also support the Committed Liquidity Facility. Internal RMBS held at 30 September 2015 was $44 billion (post applicable central bank haircut). This was an increase of $10 billion from 30 September 2014 and an increase of $4 billion from 31 March 2015.

Liquid assets that qualify for inclusion in the Group's LCR (net of applicable regulatory haircuts) were on average $150 billion for the quarter ended 30 September 2015 resulting in an average Group LCR of 115%.

Credit Ratings

The Group monitors rating agency developments closely and regularly communicates with them. Entities in the Group are rated by Standard and Poor's (S&P), Moody's Investor Service (Moody's) and Fitch Ratings (Fitch).

The Group's current long-term debt ratings are: National Australia Bank Limited AA-/Aa2/AA- (S&P/Moody's/Fitch); BNZ AA-/Aa3/AA-; Clydesdale Bank BBB+/Baa1/A; National Australia Group Europe Ltd BBB/A (S&P/Fitch); and National Wealth Management Holdings Limited A+ (S&P).

On 14 May 2015, S&P changed the outlook of Clydesdale Bank from stable to negative following the proposed separation from the Group and on 5 June 2015 it assigned a 'BBB/A-3' long- and short-term credit ratings to the UK-based holding company National Australia Group Europe Ltd (NAGE) and placed the outlook on negative.

On 22 May 2015, Fitch newly assigned NAGE, a long-term debt rating of 'A', short-term debt rating of 'F1' and a outlook to negative.

On 5 June 2015, Moody's upgraded the long-term debt rating of Clydesdale Bank from Baa2 to Baa1 and changed the outlook from negative to stable. Clydesdale Bank's subordinated debt ratings was downgraded to Ba1 (previously Baa3) and short-term debt ratings are unchanged.

Other Matters

Corporate Responsibility (CR)

NAB 'Wealth of Opportunity'

NAB's vision is to be the most respected bank in Australia and New Zealand. Corporate Responsibility (CR) contributes towards achieving this vision by building our reputation, helping us understand and mitigate environmental, social and governance risks and deepening customer and employee relationships.

'Wealth of Opportunity' is the framing of NAB's work to help people have a healthy relationship with money, cultivate prosperous communities and contribute to a future focused society.

The Group's 2015 CR performance highlights include:

Healthy relationship with money

The Group is committed to ensuring customers have the confidence to manage their finances, are supported in times of hardship, and have access to fair, affordable finance. The Group's commitment extends to using its finances responsibly to generate good returns for others:

- To date, NAB has assisted more than 394,000 people with microfinance products through its partnership with Good Shepherd Microfinance, making progress on the goal of providing fair and affordable microfinance to one million people on low incomes by 2018.
- NAB, in conjunction with the Centre for Social Impact, released Eight Years on the Fringe, a capstone report to our research on measuring financial exclusion that explored its relationship with other economic and social indicators.
- BNZ's Community finance initiative with Good Shepherd NZ has been successfully delivering no interest and reduced interest loans to low income New Zealanders for over a year and won the Institutional Banking Innovation award for this initiative at the 2015 Institute of Finance Professionals New Zealand (INFINZ) Awards. To date, approximately NZ$353,000 in loans have been provided to customers through this pilot.

Prosperous communities

The Group understands that investing and lending not only have the power to deliver financial returns, but also to help communities thrive. This means investing in industries, infrastructure and businesses that are at the heart of communities to generate positive financial and social returns for all:

- NAB is lending almost $2 billion a month to Australian businesses, which is double the original $1 billion per month target it made in November 2014.
- Since launching the first Reconciliation Action Plan in 2008, NAB now employs over 200 Indigenous Australians and has delivered over $12.75 million of safe and affordable microfinance products in conjunction with NAB's Indigenous Money Mentoring program.
- The Group's employees achieved the mission of contributing 1 million volunteering hours to the community equating to $50 million of community value.
- Since 2008, the MLC Community Foundation has invested a cumulative $7.8 million in not-for-profit organisations to assist various initiatives, programs and research projects addressing mental health.

Future focused nation

The Group continues to consider emerging risks and opportunities so that it can invest in future-proofing operations and supply chain, and provide products and services that help customers to do the same. Over the past two years the Group has championed the concept of Shared Value as a framework, leveraging our strengths to address social issues while creating value for our shareholders.

NAB has helped lead this conversation by sponsoring the launch of Shared Value Project's *State of Shared Value in Australia* report and Social Outcomes' *Shared Value in Australia* report, as well as hosting Mark Kramer, senior fellow at Harvard's Kennedy School of Government in a Creating Shared Value forum for customers, community and government partners.

The Group continues to demonstrate Shared Value creation by developing business opportunities that also create social or environmental value:

- Following the December 2014 launch of NAB's $300 million Climate Bond (the first by an Australian issuer into the local market and the first Climate Bond Standards certified bond issued by a bank globally), NAB acted as joint lead agent for the first Australian wind farm accessing the United States Private Placement (USPP) market, Hallett Hill 2, on behalf of the Infrastructure Capital Group.
- In partnership with Impact Investing Australia, NAB launched the NAB Impact Investment Readiness Fund to bridge the gap in the Australian market between mission-driven organisations in need of funding and investors actively seeking to make an impact through investment opportunities. Five organisations have been successful in obtaining a grant thus far, providing them with capacity building support to reach investment-ready stage and further their impact.
- NAB, with support from the Clean Energy Finance Corporation (CEFC), has launched a $120 million fund to provide customers with a 0.7% discount on standard loan rates for energy efficient upgrades that will help cut their energy costs and improve business performance. Since its release in 2015 customers have drawn down $57,407,862 worth of such loans.
- NAB has funded seven of the nine privately funded Environmental Upgrade Agreements to date, with a total investment of $13.7 million and collective operational savings of $0.78 million per annum for the buildings involved as a result of energy and maintenance efficiencies.

Section 4

Review of Divisional Operations and Results [(1)]

Divisional Performance Summary	38
Divisional Asset Quality Ratio Summary	42
Australian Banking	44
NZ Banking	52
NAB Wealth	56
UK Banking	59
Corporate Functions and Other	63

[(1)] *Cash earnings information is presented on a continuing operations basis including prior period restatements.*

Divisional Performance Summary

Year ended 30 September 2015 [(1)]	**Australian Banking** [(2)] **$m**	**NZ Banking $m**	**NAB Wealth $m**	**UK Banking $m**	**Corporate Functions & Other** [(3)] **$m**	**Distributions & Eliminations $m**	**Group Cash Earnings $m**
Net interest income	10,727	1,504	-	1,501	285	-	**14,017**
Other operating income	2,681	434	1,567	374	271	(65)	**5,262**
IoRE	-	-	19	-	-	-	**19**
Net operating income	13,408	1,938	1,586	1,875	556	(65)	**19,298**
Operating expenses	(5,558)	(766)	(941)	(1,437)	(1,262)	65	**(9,899)**
Underlying profit/(loss)	7,850	1,172	645	438	(706)	-	**9,399**
(Charge to provide for)/write-back of bad and doubtful debts	(665)	(124)	-	(75)	41	-	**(823)**
Cash earnings/(deficit) before tax and distributions	7,185	1,048	645	363	(665)	-	**8,576**
Income tax (expense)/benefit	(2,074)	(286)	(181)	(56)	35	-	**(2,562)**
Cash earnings/(deficit) before distributions	5,111	762	464	307	(630)	-	**6,014**
Distributions	-	-	-	-	-	(175)	**(175)**
Cash earnings/(deficit)	5,111	762	464	307	(630)	(175)	**5,839**

Key balance sheet items ($bn)							**Total**
Gross loans and acceptances (average)	442.6	61.0	-	55.5	2.3	-	**561.4**
Customer deposits (average)	315.3	41.5	-	49.2	-	-	**406.0**
Total risk-weighted assets (spot)	285.8	44.2	-	51.0	18.8	-	**399.8**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

Note: The Divisional Performance Summary excluding foreign exchange rate movements is shown on pages 119 to 120.

Divisional Performance Summary

Year ended 30 September 2014 [1]	Australian Banking [2] $m	NZ Banking $m	NAB Wealth $m	UK Banking $m	Corporate Functions & Other [3] $m	Distributions & Eliminations $m	Group Cash Earnings $m
Net interest income	10,277	1,382	-	1,367	425	-	**13,451**
Other operating income	2,640	449	1,406	376	224	(59)	**5,036**
IoRE	-	-	34	-	-	-	**34**
Net operating income	12,917	1,831	1,440	1,743	649	(59)	**18,521**
Operating expenses	(5,267)	(737)	(950)	(1,233)	(1,859)	59	**(9,987)**
Underlying profit	7,650	1,094	490	510	(1,210)	-	**8,534**
Charge to provide for bad and doubtful debts	(741)	(80)	-	(145)	97	-	**(869)**
Cash earnings before tax and distributions	6,909	1,014	490	365	(1,113)	-	**7,665**
Income tax (expense)/benefit	(1,962)	(276)	(125)	(81)	14	-	**(2,430)**
Cash earnings/(deficit)s before distributions	4,947	738	365	284	(1,099)	-	**5,235**
Distributions	-	-	-	-	-	(180)	**(180)**
Cash earnings/(deficit)	4,947	738	365	284	(1,099)	(180)	**5,055**
Key balance sheet items ($bn)							**Total**
Gross loans and acceptances (average)	413.2	57.6	-	48.3	7.5	-	**526.6**
Customer deposits (average)	298.6	38.9	-	42.2	-	-	**379.7**
Total risk-weighted assets (spot)	252.0	41.4	-	43.7	30.6	-	**367.7**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA. It includes the impacts of provisions taken for payment protection insurance and interest rate hedging products.*

Divisional Performance Summary

Half year ended 30 September 2015 [1]	**Australian Banking** [2] **$m**	**NZ Banking $m**	**NAB Wealth $m**	**UK Banking $m**	**Corporate Functions & Other** [3] **$m**	**Distributions & Eliminations $m**	**Group Cash Earnings $m**
Net interest income	5,408	753	-	773	138	-	**7,072**
Other operating income	1,273	219	810	200	198	(38)	**2,662**
IoRE	-	-	(5)	-	-	-	**(5)**
Net operating income	6,681	972	805	973	336	(38)	**9,729**
Operating expenses	(2,824)	(386)	(471)	(800)	(1,105)	38	**(5,548)**
Underlying profit	3,857	586	334	173	(769)	-	**4,181**
(Charge to provide for)/write-back of bad and doubtful debts	(299)	(80)	-	(31)	30	-	**(380)**
Cash earnings/(deficit)s before tax and distributions	3,558	506	334	142	(739)	-	**3,801**
Income tax (expense)/benefit	(1,021)	(135)	(93)	(19)	100	-	**(1,168)**
Cash earnings/(deficit) before distributions	2,537	371	241	123	(639)	-	**2,633**
Net profit - non-controlling interest	-	-	-	-	-	-	**-**
Distributions	-	-	-	-	-	(66)	**(66)**
Cash earnings/(deficit)	2,537	371	241	123	(639)	(66)	**2,567**
Key balance sheet items ($bn)							**Total**
Gross loans and acceptances (average)	452.3	61.2	-	58.2	1.2	-	**572.9**
Customer deposits (average)	321.6	41.3	-	52.6	-	-	**415.5**
Total risk-weighted assets (spot)	285.8	44.2	-	51.0	18.8	-	**399.8**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

Note: The Divisional Performance Summary excluding foreign exchange rate movements is shown on pages 119 to 120.

Divisional Performance Summary

Half year ended 31 March 2015 [1]	Australian Banking [2] $m	NZ Banking $m	NAB Wealth $m	UK Banking $m	Corporate Functions & Other [3] $m	Distributions & Eliminations $m	Group Cash Earnings $m
Net interest income	5,319	751	-	728	147	-	**6,945**
Other operating income	1,408	215	757	174	73	(27)	**2,600**
IoRE	-	-	24	-	-	-	**24**
Net operating income	6,727	966	781	902	220	(27)	**9,569**
Operating expenses	(2,734)	(380)	(470)	(637)	(157)	27	**(4,351)**
Underlying profit/(loss)	3,993	586	311	265	63	-	**5,218**
Charge to provide for bad and doubtful debts	(366)	(44)	-	(44)	11	-	**(443)**
Cash earnings/(deficit) before tax and distributions	3,627	542	311	221	74	-	**4,775**
Income tax (expense)/benefit	(1,053)	(151)	(88)	(37)	(65)	-	**(1,394)**
Cash earnings/(deficit) before distributions	2,574	391	223	184	9	-	**3,381**
Cash earnings - non-controlling interest	-	-	-	-	-	-	**-**
Distributions	-	-	-	-	-	(109)	**(109)**
Cash earnings/(deficit)	2,574	391	223	184	9	(109)	**3,272**
Key balance sheet items ($bn)							**Total**
Gross loans and acceptances (average)	432.8	60.8	-	52.7	3.4	-	**549.7**
Customer deposits (average)	308.9	41.8	-	45.7	-	-	**396.4**
Total risk-weighted assets (spot)	272.5	46.0	-	46.7	28.0	-	**393.2**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

Divisional Asset Quality Ratio Summary

As at September 2015 [1] [2]	Australian Banking [3] %	NZ Banking %	UK Banking %	Group %
90+DPD to gross loans and acceptances	0.36	0.29	0.50	0.36
Gross impaired assets to gross loans and acceptances	0.27	0.32	0.91	0.35
90+DPD plus gross impaired assets to gross loans and acceptances	0.63	0.61	1.41	0.71
Specific provision to gross impaired assets	27.7	42.6	39.2	32.7
Collective provision to credit risk weighted assets	0.92	0.84	1.13	1.01
Total provision to gross loans and acceptances	0.60	0.69	1.06	0.71
Net write-offs to gross loans and acceptances (annualised) [4] [5]	0.19	0.17	0.35	0.21
Total provisions to net write-offs (annualised) [2] [4] [5]	309	406	304	341
Bad and doubtful debt charge/(write-back) to gross loans and acceptances (annualised) [5]	0.14	0.20	0.13	0.14

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *September 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(4) *Net write-offs include net write-offs of fair value loans.*

(5) *September 2015 metrics refer to the full year ratio.*

As at 31 March 2015 [1] [2]	Australian Banking [3] %	NZ Banking %	UK Banking %	Group %
90+DPD to gross loans and acceptances	0.39	0.31	0.61	0.40
Gross impaired assets to gross loans and acceptances	0.37	0.46	0.99	0.45
90+DPD plus gross impaired assets to gross loans and acceptances	0.76	0.77	1.60	0.85
Specific provision to gross impaired assets	32.8	49.0	36.4	36.0
Collective provision to credit risk weighted assets	0.92	0.75	1.26	1.01
Total provision to gross loans and acceptances	0.63	0.71	1.18	0.76
Net write-offs to gross loans and acceptances (annualised) [4] [5]	0.21	0.08	0.45	0.22
Total provisions to net write-offs (annualised) [4] [5]	305	896	259	336
Bad and doubtful debt charge to gross loans and acceptances (annualised) [5]	0.17	0.14	0.17	0.16

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(4) *Net write-offs include net write-offs of fair value loans.*

(5) *March 2015 metrics refer to the March half year ratio annualised.*

As at 30 September 2014 [(1)]	Australian Banking [(2)] %	NZ Banking %	UK Banking %	Group %
90+DPD to gross loans and acceptances	0.40	0.32	0.66	0.43
Gross impaired assets to gross loans and acceptances	0.52	0.44	1.35	0.76
90+DPD plus gross impaired assets to gross loans and acceptances	0.92	0.76	2.01	1.19
Specific provision to gross impaired assets	31.7	42.9	37.6	35.5
Collective provision to credit risk weighted assets	0.66	0.67	0.95	0.83
Total provision to gross loans and acceptances	0.52	0.62	1.15	0.75
Net write-offs to gross loans and acceptances (annualised) [(3)] [(4)]	0.24	0.23	0.43	0.30
Total provisions to net write-offs (annualised) [(3)] [(4)]	218	265	268	246
Bad and doubtful debt charge to gross loans and acceptances (annualised) [(4)]	0.17	0.14	0.29	0.16

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Net write-offs include net write-offs of fair value loans.*

(4) *September 2014 metrics refer to the full year ratio.*

Australian Banking [(1)]

Antony Cahill, Angela Mentis, Gavin Slater, Renee Roberts

Australian Banking offers a range of banking products and services to retail and business customers ranging from small and medium enterprises through to some of Australia's largest institutions. Australian Banking comprises the Personal Banking and Business Banking franchises, Fixed Income, Currencies and Commodities (FICC), Capital Financing, Asset Servicing and Treasury.

	Year to			Half Year to		
	Sep 15 [(2)] $m	**Sep 14 $m**	**Sep 15 [(2)] v Sep 14 %**	**Sep 15 [(2)] $m**	**Mar 15 [(2)] $m**	**Sep 15 [(2)] v Mar 15 [(2)] %**
Net interest income	**10,727**	10,277	4.4	**5,408**	5,319	1.7
Other operating income	**2,681**	2,640	1.6	**1,273**	1,408	(9.6)
Net operating income	**13,408**	12,917	3.8	**6,681**	6,727	(0.7)
Operating expenses	**(5,558)**	(5,267)	(5.5)	**(2,824)**	(2,734)	(3.3)
Underlying profit	**7,850**	7,650	2.6	**3,857**	3,993	(3.4)
Charge to provide for bad and doubtful debts	**(665)**	(741)	10.3	**(299)**	(366)	18.3
Cash earnings before tax	**7,185**	6,909	4.0	**3,558**	3,627	(1.9)
Income tax expense	**(2,074)**	(1,962)	(5.7)	**(1,021)**	(1,053)	3.0
Cash earnings	**5,111**	**4,947**	**3.3**	**2,537**	**2,574**	**(1.4)**
Average Volumes ($bn)						
Housing lending	**260.2**	241.0	8.0	**265.6**	254.8	4.2
Business lending	**172.5**	162.3	6.3	**176.6**	168.0	5.1
Other lending	**9.9**	9.9	0.0	**10.1**	10.0	1.0
Gross loans and acceptances	**442.6**	413.2	7.1	**452.3**	432.8	4.5
Interest earning assets	**679.9**	639.5	6.3	**692.9**	667.2	3.9
Total assets	**747.5**	683.4	9.4	**757.1**	737.7	2.6
Customer deposits	**315.3**	298.6	5.6	**321.6**	308.9	4.1
Capital ($bn)						
Risk-weighted assets - credit risk (spot)	**258.2**	226.0	14.2	**258.2**	244.5	5.6
Total risk-weighted assets (spot)	**285.8**	252.0	13.4	**285.8**	272.5	4.9
Performance Measures						
Cash earnings on average assets	**0.68%**	0.72%	(4 bps)	**0.67%**	0.70%	(3 bps)
Cash earnings on average risk-weighted assets	**1.90%**	1.98%	(8 bps)	**1.82%**	1.97%	(15 bps)
Net interest margin	**1.58%**	1.61%	(3 bps)	**1.56%**	1.60%	(4 bps)
Cost to income ratio	**41.5%**	40.8%	(70 bps)	**42.3%**	40.6%	(170 bps)
'Jaws'	**(1.7%)**	(5.1%)	340 bps	**(4.0%)**	0.5%	(450 bps)
Cash earnings per average FTE ($'000s) [(3)]	**206**	204	1.0	**202**	210	(3.8)
FTEs (spot) [(3)]	**24,770**	24,391	(1.6)	**24,770**	24,745	(0.1)

(1) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *FTEs include FTEs attributable to Corporate Functions.*

	As at		
Market Share	**Aug 15**	**Mar 15**	**Sep 14**
Business lending [(1)]	**22.2%**	22.3%	22.6%
Business lending [(2)]	**21.4%**	21.3%	21.2%
Business deposits [(1)]	**20.6%**	20.2%	20.1%
Housing lending [(2)]	**14.8%**	14.9%	14.7%
Household deposits [(1)]	**14.7%**	14.9%	14.8%

(1) *Source: APRA Banking System.*

(2) *Source: RBA Financial System.*

	As at		
Distribution	**Sep 15**	**Mar 15**	**Sep 14**
Number of branches and business banking centres	**828**	852	862
Number of ATMs	**3,033**	3,034	3,068
Number of internet banking customers (million)	**3.49**	3.39	3.22

Australian Banking

Financial Analysis

September 2015 v September 2014

Cash earnings increased by $164 million or 3.3% when compared to the September 2014 full year (excluding foreign exchange impacts cash earnings increased by $132 million or 2.7%), driven by higher net operating income and a lower charge to provide for bad and doubtful debts, partially offset by higher expenses.

Cash earnings on average assets decreased by four basis points as average asset growth, driven by housing and business lending volume increases, outpaced the growth in cash earnings reflecting lower margins in the banking business.

Cash earnings on risk-weighted assets decreased by eight basis points as risk-weighted asset growth outpaced the growth in cash earnings, reflecting lower margins in the banking business.

Net interest income increased by $450 million or 4.4% ($403 million or 3.9% excluding foreign exchange), including a gain of $104 million, which is offset by movements in economic hedges in other operating income. Excluding this, net interest income increased by $346 million largely reflecting increased volumes in housing and business lending and deposits, combined with lower funding and deposit costs. This was partially offset by lower business and housing lending margins, coupled with a lower earnings rate on capital.

Average interest earning assets increased by $40.4 billion or 6.3%, largely due to an increase in housing lending and business lending combined with an increase in liquid assets to support Group liquidity.

Average customer deposits increased by $16.7 billion or 5.6% mainly as a result of an increase in on-demand deposits and transactional accounts.

Net interest margin decreased by three basis points as a result of competitive pressure on customer pricing, negatively impacting both the housing and business lending margins, partially offset by lower funding and deposit costs.

Other operating income increased by $41 million or 1.6% (decrease of $3 million or 0.1% excluding foreign exchange). The result includes a decrease of $104 million due to movements in economic hedges, offset in net interest income. The underlying increase of $145 million was driven by an improved trading performance, combined with increased sales of risk management products to the Group's customers.

Operating expenses increased by $291 million or 5.5% ($239 million or 4.5% excluding foreign exchange), mainly due to investment in the Group's priority customer segments, including additional service roles to support customer needs and hiring of additional frontline bankers. These costs were combined with Enterprise Bargaining Agreement wage increases, higher project spend and increased technology costs, partially offset by productivity savings.

The **charge to provide for bad and doubtful debts** decreased by $76 million or 10.3% compared to the September 2014 full year. This was due to lower specific charges for business lending and the unsecured retail portfolio, which were partially offset by higher collective charges which include an overlay for the agriculture and resource sectors.

September 2015 v March 2015

Cash earnings decreased by $37 million or 1.4% when compared to the March 2015 half (excluding foreign exchange impacts cash earnings decreased by $47 million or 1.8%), driven by higher expenses and lower net operating income, partially offset by a lower charge to provide for bad and doubtful debts.

Cash earnings on average assets decreased by three basis point reflecting lower margins in business lending.

Cash earnings on risk-weighted assets decreased by fifteen basis points as risk-weighted asset growth outpaced the growth in cash earnings reflecting lower margins in business lending.

Net interest income increased by $89 million or 1.7% ($73 million or 1.4% excluding foreign exchange) with an increase of $57 million being offset by movements in economic hedges in other operating income. Excluding this, net interest income increased by $32 million largely reflecting increased volumes in housing and business lending and deposits, combined with lower funding and deposit costs. This was partially offset by lower business lending margins, a lower earnings rate on capital and lower outcomes in interest rate risk management.

Average interest earning assets increased by $25.7 billion or 3.9%, largely due to an increase in housing lending and business lending combined with an increase in liquid assets to support Group liquidity.

Average customer deposits increased by $12.7 billion or 4.1% mainly as a result of an increase in on-demand deposits and transactional accounts.

Net interest margin decreased by four basis points as a result of competitive pressure in business lending, partially offset by lower funding costs.

Other operating income decreased $135 million or 9.6% ($149 million or 10.6% excluding foreign exchange). The result includes a decrease of $57 million due to movements in economic hedges, offset in net interest income. The underlying decrease of $78 million was a result of lower trading performance, combined with lower sales of risk management products to the Group's customers, partially offset by favourable impacts from credit valuation adjustments on derivatives.

Operating expenses increased by $90 million or 3.3% ($72 million or 2.6% excluding foreign exchange), mainly due to investment in the Group's priority customer segments, including additional service roles to support customer needs and hiring of additional frontline bankers. These costs were combined with higher performance based incentives, higher project and technology costs, partially offset by productivity savings.

The **charge to provide for bad and doubtful debts** decreased by $67 million or 18.3% when compared to the March 2015 half year. This was largely due to a continued decline in the level of specific charges for the business lending portfolio and increased collective provision write-backs for the housing lending portfolio. These were partly offset by increased specific charges within the unsecured retail portfolio, from a relatively low level.

Australian Banking

Net Interest Income

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Housing lending	**3,456**	3,269	5.7	**1,769**	1,687	4.9
Business lending	**3,471**	3,577	(3.0)	**1,700**	1,771	(4.0)
Other banking products [(1)]	**909**	867	4.8	**465**	444	4.7
Customer deposits	**1,915**	1,719	11.4	**994**	921	7.9
NAB risk management	**976**	845	15.5	**480**	496	(3.2)
Total net interest income	**10,727**	10,277	4.4	**5,408**	5,319	1.7

(1) *Other banking products includes personal lending, credit cards, investment securities and margin lending.*

Lending Margins

	Year to			Half Year to		
	Sep 15 %	Sep 14 %	Sep 15 v Sep 14 bps	Sep 15 %	Mar 15 %	Sep 15 v Mar 15 bps
Australian Banking net interest margin	**1.58%**	1.61%	(3 bps)	**1.56%**	1.60%	(4 bps)
Housing lending margin	**1.33%**	1.36%	(3 bps)	**1.33%**	1.33%	-
Business lending margin	**2.01%**	2.20%	(19 bps)	**1.92%**	2.11%	(19 bps)

September 2015 v September 2014

Net interest income increased by $450 million or 4.4% ($403 million or 3.9% excluding foreign exchange) when compared to the September 2014 full year.

Housing lending net interest income increased by $187 million or 5.7% driven by volume increases combined with lower funding costs, partially offset by competitive market pressure on customer pricing.

Housing lending margin decreased by three basis points largely due to competitive market pressure on pricing, partially offset by lower funding costs.

Business lending net interest income decreased by $106 million or 3.0% driven by competitive pressure on customer pricing combined with lower earnings on capital, partially offset by increased volumes and lower funding costs.

Business lending margin decreased by 19 basis points as a result of competitive pressure on customer pricing, changes in lending mix and lower earnings on capital, partially offset by lower funding costs.

Other banking products net interest income increased by $42 million or 4.8% due to higher non-lending income and volume growth, partially offset by competitive pressures on customer pricing in the unsecured lending portfolio.

Customer deposits net interest income increased by $196 million or 11.4% due to volume growth and repricing of on-demand deposit products.

NAB risk management income increased by $131 million or 15.5%. This result includes a $104 million increase, which is offset by movements on economic hedges in other operating income. The underlying increase of $27 million is mainly as a result of increased earnings on capital resulting from higher volumes, partially offset by a lower earnings rate on capital.

September 2015 v March 2015

Net interest income increased by $89 million or 1.7% ($73 million or 1.4% excluding foreign exchange) when compared to the March 2015 half year.

Housing lending net interest income increased by $82 million or 4.9% driven by volume increases combined with lower funding costs and portfolio repricing, partially offset by competitive market pressure on customer pricing.

Housing lending margin remained unchanged when compared to the March 2015 half year.

Business lending net interest income decreased by $71 million or 4.0% driven by competitive pressure on customer pricing combined with higher funding costs.

Business lending margin decreased by 19 basis points as a result of competitive pressure on customer pricing combined with lower earnings on capital and higher funding costs.

Other banking products net interest income increased $21 million or 4.7% due to higher non-lending income and volume growth.

Customer deposits net interest income increased by $73 million or 7.9% driven by increased volumes and repricing of on-demand deposit products.

NAB risk management income decreased by $16 million or 3.2%. This result includes a $57 million increase, which is offset by movements on economic hedges in other operating income. The underlying decrease of $73 million is mainly as a result of lower outcomes in interest rate risk management.

Australian Banking

Other Operating Income

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
Housing lending	**272**	266	2.3	**141**	131	7.6
Business lending	**585**	549	6.6	**309**	276	12.0
Other banking products [(1)]	**928**	924	0.4	**469**	459	2.2
Customer deposits	**86**	93	(7.5)	**43**	43	-
Customer risk management	**839**	790	6.2	**425**	414	2.7
NAB risk management	**(29)**	18	large	**(114)**	85	large
Total other operating income	**2,681**	2,640	1.6	**1,273**	1,408	(9.6)

[(1)] *Other banking products includes personal lending, credit cards, investment securities and margin lending.*

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
Fees and commissions	**1,726**	1,713	0.8	**895**	831	7.7
Trading income	**763**	780	(2.2)	**314**	449	(30.1)
Other	**192**	147	30.6	**64**	128	(50.0)
Total other operating income	**2,681**	2,640	1.6	**1,273**	1,408	(9.6)

September 2015 v September 2014

Other operating income increased by $41 million or 1.6% (decrease of $3 million or 0.1% excluding foreign exchange).

Housing lending income increased by $6 million or 2.3% when compared to the September 2014 full year as a result of increased volumes, partially offset by competitive market pressures on fees.

Business lending income increased by $36 million or 6.6% mainly as a result of increased lending volumes, combined with higher fees in Capital Financing. This was partially offset by competitive market pressures on pricing.

Other banking products income increased $4 million or 0.4% mainly as a result of higher transaction fees.

Customer deposits income decreased by $7 million or 7.5% as a result of lower account fees.

Customer risk management income increased by $49 million or 6.2% as a result of an increase in the sales of risk management products to the Group's customers.

NAB risk management income decreased by $47 million inclusive of a $104 million decrease as a result of movements on economic hedges, offset in net interest income. The underlying increase of $57 million is mainly as a result of improved trading performance and a gain on sale of assets made during the March 2015 half year.

September 2015 v March 2015

Other operating income decreased $135 million or 9.6% ($149 million or 10.6% excluding foreign exchange).

Housing lending income increased by $10 million or 7.6% when compared to the March 2015 half year as a result of increased volumes, partially offset by competitive market pressures on pricing.

Business lending income increased by $33 million or 12.0% as a result of increased lending volumes and fee collections, combined with higher fees in Capital Financing.

Other banking products income increased by $10 million or 2.2% as a result of higher transaction fees.

Customer deposits income remained flat on the March 2015 half year.

Customer risk management income increased by $11 million or 2.7% when compared to the March 2015 half year as a result of favourable impacts from credit valuation adjustments on derivatives, partially offset by a decrease in sales of risk management products to the Group's customers.

NAB risk management income decreased by $199 million with $57 million of the decrease as a result of movements on economic hedges, offset in net interest income. The underlying decrease of $142 million is mainly as a result of a lower trading performance and a gain on sale of investments made during the March 2015 half year.

Australian Banking

Operating Expenses

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14 %	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15 %
Personnel expenses	**3,187**	3,039	(4.9)	**1,625**	1,562	(4.0)
Occupancy related expenses	**522**	509	(2.6)	**261**	261	-
General expenses	**1,849**	1,719	(7.6)	**938**	911	(3.0)
Total operating expenses	**5,558**	5,267	(5.5)	**2,824**	2,734	(3.3)

September 2015 v September 2014

Operating expenses increased by $291 million or 5.5% when compared to the September 2014 full year ($239 million or 4.5% excluding foreign exchange).

Personnel expenses increased by $148 million or 4.9% ($115 million or 3.8% excluding foreign exchange). This was driven by investment in the Group's priority customer segments, including additional servicing roles to support customer needs and hiring of additional front line bankers, combined with Enterprise Bargaining Agreement wage increases. These costs were partially offset by productivity savings.

Occupancy related expenses increased by $13 million or 2.6%. This was driven by property rental increases and a new data centre partially offset by productivity savings.

General expenses increased by $130 million or 7.6% ($114 million or 6.6% excluding foreign exchange), driven by increased project spend, combined with investment in service capability to support priority customer segments, higher technology costs and non-recurrence of prior year GST rebates. These costs were partially offset by productivity savings.

September 2015 v March 2015

Operating expenses increased by $90 million or 3.3% when compared to the March 2015 half year ($72 million or 2.6% excluding foreign exchange).

Personnel expenses increased by $63 million or 4.0% ($52 million or 3.3% excluding foreign exchange). This was driven by investment in the Group's priority customer segments, including additional servicing roles to support customer needs and hiring of additional front line bankers, combined with higher performance based incentives. These costs were partially offset by productivity savings.

Occupancy related expenses remained flat when compared to the March 2015 half year.

General expenses increased by $27 million or 3.0% ($21 million or 2.3% excluding foreign exchange), driven by increased project and technology costs. These costs were partially offset by productivity savings and lower marketing spend.

Australian Banking

Bad and Doubtful Debt Charge

	Year to			Half Year to		
	Sep 15 (1) $m	**Sep 14 $m**	**Sep 15 (1) v Sep 14 %**	**Sep 15 (1) $m**	**Mar 15 (1) $m**	**Sep 15 (1) v Mar 15 (1) %**
Specific charge to provide for bad and doubtful debts	**532**	885	39.9	**243**	289	15.9
Collective (write-back)/charge to provide for bad and doubtful debts	**133**	(144)	large	**56**	77	27.3
Total charge to provide for bad and doubtful debts	**665**	741	10.3	**299**	366	18.3
Housing lending	**43**	50	14.0	**6**	37	83.8
Business lending	**409**	472	13.3	**180**	229	21.4
Other banking products (2)	**213**	219	2.7	**113**	100	(13.0)
Total charge to provide for bad and doubtful debts	**665**	741	10.3	**299**	366	18.3

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Other banking products includes personal lending, credit cards, investment securities and margin lending.*

September 2015 v September 2014

The charge to provide for bad and doubtful debts decreased by $76 million or 10.3% when compared to the September 2014 full year. This was largely due to:

- Lower specific charges for business lending and the unsecured retail portfolio.

This was partially offset by:

- Overlays raised for the agriculture and resource sectors, attributable to continued low commodity prices, resource demand and recognition of drought conditions impacting some regions
- Higher collective provision charges for the business lending and unsecured retail portfolios.

September 2015 v March 2015

The charge to provide for bad and doubtful debts declined by $67 million or 18.3% when compared to the March 2015 half year. This was largely due to:

- A continued decline in the level of specific charges for the business lending portfolio.
- Increased collective provision write-backs for the housing lending portfolio.

This was partially offset by:

- Increased specific charges within the unsecured retail portfolio, from a relatively low level.

Australian Banking

Asset Quality

	As at		
	Sep 15 (1)	**Mar 15** (1)	**Sep 14**
Specific provision for doubtful debts ($m)	**346**	532	698
Collective provision for doubtful debts ($m)	**1,956**	1,884	973
Collective provision on loans at fair value ($m)	**120**	119	357
Collective provision on derivatives at fair value ($m)	**312**	238	155
90+DPD assets ($m)	**1,620**	1,731	1,695
Gross impaired assets ($m)	**1,249**	1,621	2,200
90+DPD to gross loans and acceptances (1)	**0.36%**	0.39%	0.40%
Gross impaired assets to gross loans and acceptances	**0.27%**	0.37%	0.52%
90+DPD plus gross impaired assets to gross loans and acceptances	**0.63%**	0.76%	0.92%
Specific provision to gross impaired assets	**27.7%**	32.8%	31.7%
Net write-offs to gross loans and acceptances (annualised) (2)	**0.19%**	0.21%	0.24%
Total provision as a percentage of net write-offs (annualised) (1) (2)	**309%**	305%	218%
Total provision to gross loans and acceptances (1)	**0.60%**	0.63%	0.52%
Bad and doubtful debt charge to gross loans and acceptances (annualised) (2)	**0.14%**	0.17%	0.17%

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *September 2015 and September 2014 metrics refer to the full year ratio; the March 2015 metrics refer to the half year ratio annualised.*

The asset quality of the Australian Banking portfolio has continued to improve in the September 2015 half and full year.

Over the September 2015 full year the ratio of 90+ DPD assets plus gross impaired assets to gross loans and acceptances improved by 29 basis points to 0.63%. The reduction has been driven by declines in both 90+ DPD and gross impaired assets within the business lending portfolio. The level of new impaired assets were down 37% to $936 million during the full year.

Total provisions to gross loans and acceptances decreased by three basis points to 0.60% since March 2015, and increased by eight basis points against September 2014.

Total collective provisions for doubtful debts increased by $903 million against September 2014 to $2,388 million. This was largely driven by adoption of AASB 9 in the March 2015 half year combined with an increase in the potential credit exposure on the derivatives portfolio, driven by market movements, sector-specific overlays for agriculture and resources and foreign exchange movements.

Specific provisions decreased against both September 2014 and March 2015 to $346 million due to the continued reduction in gross impaired assets for business lending.

The coverage of specific provisions to gross impaired assets decreased by 400 basis points to 27.7% during the September 2015 full year. This was mostly due to the write-off of two large single names with high associated specific provision coverage.

During the September 2015 full year, the ratio of the bad and doubtful debt charge to gross loans and acceptances declined by three basis points to 0.14%, driven by lower specific provision charges within the business lending portfolio and the unsecured retail portfolio.

Australian Banking

Net Operating Income Analysis

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
By Product						
Housing lending	**3,728**	3,535	5.5	**1,910**	1,818	5.1
Business lending	**4,056**	4,126	(1.7)	**2,009**	2,047	(1.9)
Other banking products [(1)]	**1,837**	1,791	2.6	**934**	903	3.4
Customer deposits	**2,001**	1,812	10.4	**1,037**	964	7.6
Customer risk management	**839**	790	6.2	**425**	414	2.7
NAB risk management	**947**	863	9.7	**366**	581	(37.0)
Net operating income	**13,408**	12,917	3.8	**6,681**	6,727	(0.7)

(1) *Other banking products includes personal lending, credit cards, investment securities and margin lending.*

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
By Customer [(1)]						
Personal Banking	**4,577**	4,264	7.3	**2,352**	2,225	5.7
Business Banking	**7,884**	7,790	1.2	**3,963**	3,921	1.1
NAB risk management	**947**	863	9.7	**366**	581	(37.0)
Net Operating Income	**13,408**	12,917	3.8	**6,681**	6,727	(0.7)

(1) *Customer revenue numbers for 2014 have been restated to reflect the transfer of customers between Business Banking and Personal Banking, consistent with where customers were domiciled in the September 2015 year.*

Net Interest Margin

	Year to			Half Year to		
	Sep 15 %	**Sep 14 %**	**Sep 15 v Sep 14 bps**	**Sep 15 %**	**Mar 15 %**	**Sep 15 v Mar 15 bps**
Personal Banking Margin	**1.95%**	2.00%	(5 bps)	**1.94%**	1.96%	(2 bps)
Business Banking Margin	**2.33%**	2.43%	(10 bps)	**2.28%**	2.38%	(10 bps)

Bad and Doubtful Debt Charge

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
Personal Banking	**245**	237	(3.4)	**121**	124	2.4
Business Banking	**420**	504	16.7	**178**	242	26.4
Total charge to provide for doubtful debts	**665**	741	10.3	**299**	366	18.3

NZ Banking

Anthony Healy

NZ Banking comprises the Retail, Business, Agribusiness, Corporate and Insurance franchises in New Zealand, operating under the 'BNZ' brand. It excludes BNZ's Markets operations.

Results presented in local currency. See page 55 for results in Australian dollars and page 118 for foreign exchange rates.

	Year to			Half Year to		
	Sep 15 [(1)] NZ$m	Sep 14 NZ$m	Sep 15 [(1)] v Sep 14 %	Sep 15 [(1)] NZ$m	Mar 15 [(1)] NZ$m	Sep 15 [(1)] v Mar 15 [(1)] %
Net interest income	1,624	1,511	7.5	820	804	2.0
Other operating income	468	492	(4.9)	238	230	3.5
Net operating income	2,092	2,003	4.4	1,058	1,034	2.3
Operating expenses	(826)	(806)	(2.5)	(419)	(407)	(2.9)
Underlying profit	1,266	1,197	5.8	639	627	1.9
Charge to provide for bad and doubtful debts	(134)	(87)	(54.0)	(88)	(46)	(91.3)
Cash earnings before tax	1,132	1,110	2.0	551	581	(5.2)
Income tax expense	(309)	(303)	(2.0)	(146)	(163)	10.4
Cash earnings	823	807	2.0	405	418	(3.1)
Average Volumes (NZ$bn)						
Gross loans and acceptances	65.8	63.0	4.4	66.7	65.0	2.6
Interest earning assets	68.0	64.6	5.3	68.9	67.0	2.8
Total assets	68.6	64.9	5.7	69.5	67.7	2.7
Customer deposits	44.9	42.6	5.4	45.0	44.8	0.4
Capital (NZ$bn)						
Risk-weighted assets - credit risk (spot)	44.8	41.7	7.4	44.8	42.4	5.7
Total risk-weighted assets (spot)	48.6	46.4	4.7	48.6	47.0	3.4
Performance Measures						
Cash earnings on average assets	1.20%	1.24%	(4 bps)	1.16%	1.24%	(8 bps)
Cash earnings on average risk-weighted assets	1.74%	1.77%	(3 bps)	1.69%	1.79%	(10 bps)
Net interest margin	2.39%	2.34%	5 bps	2.37%	2.41%	(4 bps)
Cost to income ratio	39.5%	40.2%	70 bps	39.6%	39.4%	(20 bps)
'Jaws'	1.9%	-	190 bps	(0.6%)	2.3%	(290 bps)
Cash earnings per average FTE (NZ$'000s)	174	171	1.8	169	178	(5.1)
FTEs (spot)	4,784	4,718	(1.4)	4,784	4,737	(1.0)

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

	As at		
Market Share [(1)]	**Aug 15**	**Mar 15**	**Sep 14**
Housing lending	15.5%	15.8%	15.9%
Cards	20.2%	23.4%	23.9%
Agribusiness	22.2%	22.2%	22.3%
Business Lending	26.4%	26.5%	26.6%
Retail deposits [(2)]	17.5%	18.1%	18.8%

(1) *Source RBNZ: August 2015 (historical market share rebased with latest revised RBNZ published data).*

(2) *Retail deposits include business and personal deposits and exclude wholesale deposits.*

	As at		
Distribution	**Sep 15**	**Mar 15**	**Sep 14**
Number of retail branches	173	175	177
Number of ATMs	474	475	470
Number of internet banking customers ('000s)	686	670	647

NZ Banking

Financial Analysis (in local currency)

September 2015 v September 2014

Cash earnings increased by NZ$16 million or 2.0% driven by improved revenue, offset by higher operating expenses and increased charges for bad and doubtful debts.

Cash earnings on average risk-weighted assets decreased by three basis points to 1.74% due to growth in risk-weighted assets outpacing cash earnings growth.

Net interest income increased by NZ$113 million or 7.5% driven by the growth in asset volumes and an improved net interest margin.

Average volumes of **gross loans and acceptances** grew by NZ$2.8 billion or 4.4%. This growth was across both business and housing lending, however BNZ's lending market share [(1)] has decreased in the current year due to strong competition and strong growth in the broker channel which BNZ did not participate in until late May 2015. Average housing volumes grew by NZ$1.4 billion or 4.8%, and business lending by NZ$1.5 billion or 4.7%.

Average customer deposits grew by NZ$2.3 billion or 5.4%. Customer deposits growth slowed in the year, driven by an increased focus on higher quality personal deposits and managing deposit growth in line with asset growth. This resulted in an overall reduction in market share [(1)].

Net interest margin increased by five basis points to 2.39%, largely driven by lower funding costs and higher earnings on capital. This was partially offset by lower asset margins due to intense competitive pressures and the impact of mortgage customers' preference for lower margin fixed rate lending.

Other operating income decreased by NZ$24 million or 4.9% as a result of a change in the mix between margin and upfront fees, as well as lower interchange fee income.

Operating expenses increased by NZ$20 million or 2.5% mainly due to wage increases and increased technology and regulatory spend.

The **charge to provide for bad and doubtful debts** increased by NZ$47 million or 54.0% in the current year due to increased collective provision charges, mainly due to the outlook for the dairy industry.

[(1)] *Source RBNZ: August 2015.*

September 2015 v March 2015

Cash earnings decreased by NZ$13 million or 3.1% driven by increased charges for bad and doubtful debts and higher operating expenses, partially offset by improved revenue.

Cash earnings on average risk-weighted assets decreased by 10 basis points to 1.69% due to reduced cash earnings and increased risk-weighted assets.

Net interest income increased by NZ$16 million or 2.0% driven by the growth in asset volumes partly offset by lower net interest margin.

Average volumes of **gross loans and acceptances** increased by NZ$1.7 billion or 2.6%. Both the housing and business lending portfolio experienced steady growth supported by continued positive economic conditions. Housing average volumes grew by NZ$0.7 billion or 2.3% and business average volumes grew by NZ$1.1 billion or 3.4%.

Average customer deposits remained steady in the September 2015 half year, increasing by NZ$0.2 billion or 0.4%. Customer deposit growth slowed in the September 2015 half driven by increased focus on higher quality personal deposits and managing deposit costs.

Net interest margin decreased by four basis points to 2.37% driven by lower deposit margins due to competitive interest rates, particularly on term deposits.

Other operating income increased by NZ$8 million or 3.5% mainly as a result of returns from investments in associates.

Operating expenses increased by NZ$12 million or 2.9% mainly due to growth in personnel to support priority segments and increased regulatory spend.

The **charge to provide for bad and doubtful debts** increased by NZ$42 million or 91.3% in the current period due to increased collective provision charges, mainly due to the outlook for the dairy industry.

Other Items

Asset Quality

	As at		
	Sep 15 (1)	**Mar 15** (1)	**Sep 14**
Specific provision for doubtful debts (NZ$m)	**92**	151	116
Collective provision for doubtful debts (NZ$m)	**331**	279	128
Specific provision on loans at fair value (NZ$m)	**-**	-	4
Collective provision on loans at fair value (NZ$m)	**44**	37	150
90+DPD assets (NZ$m)	**196**	203	208
Gross impaired assets (NZ$m)	**216**	308	280
90+DPD to gross loans and acceptances	**0.29%**	0.31%	0.32%
Gross impaired assets to gross loans and acceptances	**0.32%**	0.46%	0.44%
90+DPD plus gross impaired asset to gross loans and acceptances	**0.61%**	0.77%	0.76%
Specific provision to gross impaired assets	**42.6%**	49.0%	42.9%
Net write-offs to gross loans and acceptances (annualised) (2)	**0.17%**	0.08%	0.23%
Total provision as a percentage of net write-offs (annualised) (1) (2)	**406%**	896%	265%
Total provision to gross loans and acceptances	**0.69%**	0.71%	0.62%
Bad and doubtful debt charge to gross loans and acceptances (annualised) (2)	**0.20%**	0.14%	0.14%

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *September 2015 and September 2014 metrics refer to the full year ratio; the March 2015 metrics refer to the half year ratio annualised.*

Compared with September 2014 full year, the level of 90+ DPD plus gross impaired assets has improved by 15 basis points from 0.76% to 0.61%, primarily driven by a reduction in impaired assets across the business, agriculture and retail portfolios, partially offset by an increase in corporate impaired assets.

The housing lending book has experienced continued improvement in asset quality over the year with a reduction in impaired asset and delinquency metrics. Rolling 12 month write-offs in the mortgage portfolio remained stable year on year at 0.03%.

Net write-offs for the September 2015 full year improved by six basis points compared to the September 2014 full year, with improvements predominantly across the Non Retail portfolio.

Over the September 2015 full year, the ratio of total provisions to gross loans and acceptances increased by seven basis points to 0.69%.

Total collective provisions for doubtful debts increased in 2015 by NZ$97 million to NZ$375 million. This was primarily driven by the adoption of AASB 9 in the March 2015 half year and increased collective provisions for the dairy industry in the September 2015 half year in anticipation of cash flow pressures resulting from current forecast payout levels. Specific provisions decreased by NZ$28 million over the year as a result of write-offs during the September 2015 half year.

Capital and Funding Position

BNZ maintains a robust capital structure, with a strong balance sheet that is well funded through diversified and stable funding sources.

BNZ's Core Funding Ratio (CFR) exceeded the RBNZ minimum requirement of 75% as at 30 September 2015. BNZ's Common Equity Tier 1, Tier 1 and Total capital ratios of 10.70%, 11.69% and 12.67% respectively as at 30 September 2015 were well above the RBNZ minimum capital ratio requirements of 7.00%, 8.50% and 10.50% respectively. BNZ's strong capital position supported the payment of NZ$345 million in ordinary dividends during the financial year.

BNZ remained active in term wholesale funding markets during the financial year, completing NZ$3.5 billion of term issuance in NZD, USD, EUR, CHF, HKD and AUD currencies, supporting its strategy of maintaining a diversified funding base.

Collectively, BNZ's funding and capital position is supportive of BNZ's long term credit ratings of AA-/Aa3/ AA- (S&P/Moody's/Fitch).

NZ Banking

Results presented in Australian dollars. *See page 52 for results in local currency.*

	Year to			Half Year to		
	Sep 15 $m	Sep 14 $m	Sep 15 v Sep 14%	Sep 15 $m	Mar 15 $m	Sep 15 v Mar 15%
Net interest income	1,504	1,382	8.8	753	751	0.3
Other operating income	434	449	(3.3)	219	215	1.9
Net operating income	1,938	1,831	5.8	972	966	0.6
Operating expenses	(766)	(737)	(3.9)	(386)	(380)	(1.6)
Underlying profit	1,172	1,094	7.1	586	586	-
Charge to provide for bad and doubtful debts	(124)	(80)	(55.0)	(80)	(44)	(81.8)
Cash earnings before tax	1,048	1,014	3.4	506	542	(6.6)
Income tax expense	(286)	(276)	(3.6)	(135)	(151)	10.6
Cash earnings	762	738	3.3	371	391	(5.1)

Impact of foreign exchange rate movements

Favourable/ (unfavourable) September 15	Year since Sep 14 $m	Sep 15 v Sep 14 Ex FX %	Half year since Mar 15 $m	Sep 15 v Mar 15 Ex FX %
Net interest income	19	7.5	(13)	2.0
Other operating income	5	(4.5)	(4)	3.7
Operating expenses	(10)	(2.6)	6	(3.2)
Charge to provide for bad and doubtful debts	(2)	(52.5)	1	(84.1)
Income tax expense	(3)	(2.5)	3	8.6
Cash earnings	9	2.0	(7)	(3.3)

NAB Wealth

Andrew Hagger

NAB Wealth provides superannuation, investments and insurance solutions to retail, corporate, and institutional clients. NAB Wealth operates one of the largest networks of financial advisers in Australia.

	Year to			Half Year to		
	Sep 15 $m	**Sep 14 $m**	**Sep 15 v Sep 14 %**	**Sep 15 $m**	**Mar 15 $m**	**Sep 15 v Mar 15 %**
Net investments income	**1,091**	1,082	0.8	**537**	554	(3.1)
Net insurance income	**476**	324	46.9	**273**	203	34.5
IoRE	**19**	34	(44.1)	**(5)**	24	large
Net income	**1,586**	1,440	10.1	**805**	781	3.1
Operating expenses	**(941)**	(950)	0.9	**(471)**	(470)	(0.2)
Cash earnings before tax	**645**	490	31.6	**334**	311	7.4
Income tax expense	**(181)**	(125)	(44.8)	**(93)**	(88)	(5.7)
Cash earnings	**464**	365	27.1	**241**	223	8.1
Represented by:						
Investments	**303**	305	(0.7)	**130**	173	(24.9)
Insurance	**161**	60	large	**111**	50	large
Cash earnings	**464**	365	27.1	**241**	223	8.1
Planned and Experience Analysis - Insurance						
Planned profit margins	**156**	124	25.8	**71**	85	(16.5)
Experience profit/(loss)	**5**	(64)	large	**40**	(35)	large
Insurance cash earnings	**161**	60	large	**111**	50	large
Performance Measures						
Funds under management (spot) ($m) [(1)]	**170,952**	158,052	8.2	**170,952**	177,076	(3.5)
Funds under management (average) ($m) [(1)]	**169,726**	153,254	10.7	**176,574**	162,884	8.4
Net funds flow ($m)	**(860)**	2,116	large	**182**	(1,042)	large
Cost to income ratio	**59.3%**	66.0%	670 bps	**58.5%**	60.2%	170 bps
Investment operating expenses to average FUM (bps)	**41**	46	5 bps	**40**	42	2 bps
Investment income to average FUM (bps)	**64**	71	(7 bps)	**61**	68	(7 bps)
Annual inforce premiums (spot) ($m)	**1,795**	1,691	6.2	**1,795**	1,788	0.4
Annual inforce premiums (average) ($m)	**1,743**	1,651	5.6	**1,792**	1,740	3.0
Insurance cost to average inforce premiums	**14.2%**	14.4%	20 bps	**13.1%**	15.0%	190 bps
Cash earnings per average FTE ($'000s)	**94**	75	25.3	**98**	91	7.7
FTEs (spot)	**4,903**	4,840	(1.3)	**4,903**	4,932	0.6

(1) *FUM excludes Trustee and Cash Management. FUM is reported on the basis of NAB Asset Management's proportional ownership interest rather than the total FUM of these businesses. FUM includes the fund manager Orchard Street Investment Management, purchased during the September 2015 year.*

Annual Inforce Premiums (spot)	**As at Sep 15 $m**	**As at Mar 15 $m**	**As at Sep 14 $m**	**Sep 15 v Mar 15 %**	**Sep 15 v Sep 14 %**
Retail insurance	**1,290**	1,275	1,260	**1.2**	2.4
Group insurance	**505**	513	431	**(1.6)**	17.2
Total	**1,795**	1,788	1,691	**0.4**	6.2

NAB Wealth - Interest on Retained Earnings (IoRE) by Asset Class

	Year to					
	Sep 15			**Sep 14**		
IoRE by Asset Class	**Actual Earnings $m**	**Weighted Asset Balance $m**	**Earnings Rate [(2)] %**	**Actual Earnings $m**	**Weighted Asset Balance $m**	**Earnings Rate [(2)] %**
Equity	**6**	**179**	**3.4**	24	179	13.4
Fixed interest	**9**	**82**	**11.0**	5	59	8.5
Cash	**4**	**126**	**3.2**	5	147	3.4
IoRE before Tax	**19**			34		

(2) *The earnings rate is an annualised rate.*

NAB Wealth

Financial Analysis

September 2015 v September 2014

Cash earnings increased by $99 million or 27.1% compared to the September 2014 full year, reflecting strong insurance results, positive investment markets and efficiencies in operating expenses.

Net investments income increased by $9 million or 0.8% compared to the September 2014 full year due to revenue growth from higher FUM as a result of strong investment markets for the first half of the year, partially offset by a lower performing investment market in the second half of the year and lower margins. Margins have declined since the end of September 2014 year, driven by MySuper plan transitions and a change in business mix to lower margin wholesale and institutional products, consistent with broader industry experience.

Net insurance income increased strongly by $152 million or 46.9% compared to the September 2014 full year. The increase was driven by management actions relating to claims performance and lapses, premium growth and pricing increases, combined with non-recurring insurance reserves.

Operating expenses decreased by $9 million or 0.9% compared to the September 2014 year primarily due to improved cost control across the business.

Average FUM increased by $16.5 billion or 10.7% primarily due to positive market performance as well as the purchase of the boutique fund manager Orchard Street Investment Management ($6.3bn).

Net funds flow was negative $860 million, a fall of $3.0 billion compared to the September 2014 full year due to fewer large institutional and wholesale client mandates and the contractual end of one institutional fund mandate ($1.4bn) in the March 2015 half year. Excluding this institutional mandate loss, underlying net funds flow were positive.

Insurance planned profit margins and experience profit/(loss)

Planned profit margins increased compared to the September 2014 full year primarily due to planned pricing increases.

Planned profit margins were achieved primarily due to pricing increases and favourable claims experience, partially offset by lapse experience not yet meeting long term actuarial assumptions.

Inforce premiums as at 30 September 2015 of $1.8 billion grew by $104 million or 6.2% compared to 30 September 2014 due to improved pricing of policies.

September 2015 v March 2015

Cash earnings increased by $18 million or 8.1% compared to the March 2015 half year. This was largely driven by improved insurance results, partially offset by lower performing investment markets.

Net investments income decreased by $17 million or 3.1% compared to the March 2015 half year due to lower margins.

Net insurance income increased by $70 million or 34.5% compared to the March 2015 half year. The increase was driven by management actions relating to claims and lapses, premium growth and pricing increases.

Operating expenses were flat compared to the March 2015 half year.

Average FUM increased by $13.7 billion or 8.4% primarily due to the inclusion of the boutique fund manager Orchard Street Investment Management for the entire period and market investment performance.

Net funds flow improved by $1.2 billion compared to the March 2015 half year, primarily due to the contractual end of an institutional fund mandate in the prior half year.

Insurance planned profit margins and experience profit/(loss)

Planned profit margins decreased compared to the March 2015 half year primarily due to changes to expected premiums assumptions.

Planned profit margins were achieved primarily due to favourable claims experience partially offset by lapse experience not yet meeting long term actuarial assumptions.

Inforce premiums as at 30 September 2015 of $1.8 billion grew by $7 million or 0.4% compared to 31 March 2015.

NAB Wealth

Funds Under Management

Movement in Funds under Management and Administration ($m)	As at Sep 14	Inflows	Outflows	Investment earnings	Other [(1)]	As at Sep 15
Retail [(2)]	105,765	15,195	(15,454)	5,535	(1,119)	**109,922**
Wholesale [(3)]	52,287	6,957	(7,558)	3,514	5,830	**61,030**
Total NAB Wealth ex Trustee and Cash Management	158,052	22,152	(23,012)	9,049	4,711	**170,952**

Movement in Funds under Management and Administration ($m)	As at Mar 15	Inflows	Outflows	Investment earnings	Other [(1)]	As at Sep 15
Retail [(2)]	115,618	7,863	(7,721)	(5,310)	(528)	**109,922**
Wholesale [(3)]	61,458	2,969	(2,929)	(651)	183	**61,030**
Total NAB Wealth ex Trustee and Cash Management	177,076	10,832	(10,650)	(5,961)	(345)	**170,952**

(1) *Other includes trust distributions.*

(2) *Retail includes corporate superannuation.*

(3) *Wholesale includes boutique fund manager Orchard Street Investment Management purchased during the September 2015 year.*

	As at		
FUM by Asset Class	**Sep 15**	**Mar 15**	**Sep 14**
Australian equities	**31%**	33%	32%
International equities	**24%**	25%	25%
Australian fixed interest	**15%**	16%	18%
International fixed interest	**9%**	8%	8%
Australian cash	**11%**	10%	12%
International direct property	**5%**	4%	-
International listed property	**2%**	2%	3%
Australian listed property	**3%**	3%	2%

	Funds under Management					
	Jun 15		Dec 14		Jun 14	
	Rank	Market Share %	Rank	Market Share %	Rank	Market Share %
Retail (excl. Cash)	**2**	**14.9**	2	15.0	2	15.2
Total Retail Superannuation	**2**	**19.1**	2	19.5	2	19.6
Total Wholesale	**4**	**5.6**	4	5.5	4	5.6

Source: Plan for Life Australian Retail & Wholesale Investments Market Share and Dynamics Report - June 2015. (Prior periods include re-statements of funds under management made by Plan for Life).

	Premiums in Force					
	Jun 15		Dec 14		Jun 14	
	Rank	Market Share %	Rank	Market Share %	Rank	Market Share %
Retail insurance	**2**	**15.0**	2	15.2	2	15.6
Group insurance	**5**	**9.3**	5	9.5	5	9.0

Source: DEXX&R Life Analysis - June 2015. (Prior periods include re-statements of premiums inforce and share of new business made by DEXX&R).

	Share of New Business					
	Jun 15		Dec 14		Jun 14	
	Rank	Market Share %	Rank	Market Share %	Rank	Market Share %
Retail insurance	**1**	**15.4**	2	15.1	2	14.7
Group insurance	**3**	**18.5**	3	13.3	4	10.9

Source: DEXX&R Life Analysis - June 2015. (Prior periods include re-statements of premiums inforce and share of new business made by DEXX&R).

UK Banking

David Duffy

UK Banking operates under the Clydesdale Bank and Yorkshire Bank brands offering a range of banking services for both personal and business customers. These services are delivered through a network of retail branches, business and private banking centres, direct banking and broker channels.

Results presented in local currency. See page 62 for results in Australian dollars

	Year to			Half Year to		
	Sep 15 (1) £m	Sep 14 £m	Sep 15 (1) v Sep 14 %	Sep 15 (1) £m	Mar 15 (1) £m	Sep 15 (1) v Mar 15 (1) %
Net interest income	764	759	0.7	378	386	(2.1)
Other operating income	189	210	(10.0)	96	93	3.2
Net operating income	953	969	(1.7)	474	479	(1.0)
Operating expenses	(731)	(686)	(6.6)	(394)	(337)	(16.9)
Underlying profit	222	283	(21.6)	80	142	(43.7)
Charge to provide for bad and doubtful debts	(38)	(80)	52.5	(14)	(24)	41.7
Cash earnings before tax	184	203	(9.4)	66	118	(44.1)
Income tax expense	(28)	(45)	37.8	(9)	(19)	52.6
Cash earnings	**156**	**158**	**(1.3)**	**57**	**99**	**(42.4)**
Average Volumes (£bn)						
Gross loans and acceptances	28.2	26.8	5.2	28.5	28.0	1.8
Interest earning assets	35.8	34.2	4.7	36.2	35.5	2.0
Total assets	38.8	37.1	4.6	39.1	38.5	1.6
Customer deposits (2)	25.0	23.4	6.8	25.8	24.2	6.6
Capital (£bn)						
Risk-weighted assets - credit risk (spot)	17.9	18.7	(4.3)	17.9	18.4	(2.7)
Total risk-weighted assets (spot)	23.6	23.5	0.4	23.6	24.1	(2.1)
Performance Measures						
Cash earnings on average assets	0.40%	0.43%	(3 bps)	0.29%	0.52%	(23 bps)
Cash earnings on average risk-weighted assets	0.66%	0.66%	-	0.48%	0.84%	(36 bps)
Net interest margin	2.13%	2.22%	(9 bps)	2.08%	2.18%	(10 bps)
Cost to income ratio	76.7%	70.8%	(590 bps)	83.1%	70.4%	large
'Jaws'	(8.3%)	3.2%	large	(17.9%)	1.3%	large
Cash earnings per average FTE (£'000s)	22	22	-	16	27	(40.7)
FTEs (spot)	7,244	7,278	0.5	7,244	7,249	0.1

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Customer deposits includes retail and institutional deposits.*

	As at		
Distribution	**Sep 15**	**Mar 15**	**Sep 14**
Number of retail branches (1)	271	294	296
Number of ATMs	894	888	859
Number of internet banking customers (no. '000s)	689	659	623

(1) *Retail branches include both stores and kiosks.*

UK Banking

Financial Analysis (in local currency)

September 2015 v September 2014

Cash earnings at £156 million have decreased £2 million or 1.3% when compared to the September 2014 full year, primarily driven by reduced other operating income and increased expenses, partially offset by lower bad and doubtful debt charges.

Cash earnings on risk weighted assets has remained flat at 0.66% reflecting lower cash earnings offset by a reduction in risk weighted assets.

Net interest income increased by £5 million or 0.7%. This was driven by higher income from housing lending and lower funding costs driven by improved deposit mix. These results were partially offset by lower business lending income driven by a reduction in business lending balances due to the managed run-off of lower yielding assets and subdued demand for business credit.

The **net interest margin** decreased by 9 basis points. This was driven by lower lending margins due to competitive pressures. This effect was partially mitigated by lower funding costs.

Average gross loans and acceptances increased by £1.4 billion or 5.2%. UK housing lending growth was strong at £2.4 billion or 14.1%, increasing market share by 17 basis points to 1.55% [(1)]. The performance was driven by front book acquisition of 2.4% of UK housing market gross new lending [(1)] in line with the March 2015 half, and lower attrition. This was partially offset by a reduction in business lending balances of £1 billion or 12.2%, due to the managed run-off of lower yielding assets and the subdued demand for credit.

Average customer deposits increased by £1.6 billion or 6.8%. Deposit mix improved with growth in current and savings accounts and a reduction in higher cost term deposits.

Other operating income decreased by £21 million or 10.0% in line with expectations following the bank's decision to reduce fees to improve the competitiveness of its current account proposition.

Operating expenses [(2)] increased by £45 million or 6.6% driven by restructuring and pre separation costs combined with an increase in marketing and investment costs supporting business growth. These effects were partially offset by a one-off pension scheme gain and charges of £13 million for conduct issues in the prior year that did not recur.

The **charge to provide for bad and doubtful debts** decreased by £42 million or 52.5%. This was primarily driven by a reduction in business lending charges as a result of the improving operating environment across all asset classes.

September 2015 v March 2015

Cash earnings decreased by £42 million or 42.4% to £57 million mainly due to increased expenses, partially offset by lower bad and doubtful debt charges.

Cash earnings on risk weighted assets decreased by 36 points to 0.48%. This reflects the lower cash earnings partially offset by a reduction in risk weighted assets.

Net interest income decreased by £8 million or 2.1%. This was driven by the cost of the Financial Services Compensation Scheme (FSCS) levy of £13.5 million, which is recognised in the second half of each financial year and by reduced business lending income. This was partially offset by higher housing lending income and lower funding costs.

The **net interest margin** decreased by 10 basis points. This was driven by the impact of the FSCS levy and lower lending margins due to competitive pressures.

Average gross loans and acceptances increased by £0.5 billion or 1.8% driven by continued strong performance in housing lending partially offset by a reduction in business lending balances as a result of the managed run-off of lower yielding assets.

Average customer deposits increased by £1.6 billion or 6.6%. Deposit mix improved driven by growth in current accounts and savings accounts, alongside more modest growth in retail term deposits.

Other operating income increased by £3 million or 3.2%. This has been driven by increased commission on customer foreign exchange and interest rate protection partially offset by the timing of insurance profit share income.

Operating expenses [(2)] increased by £57 million or 16.9%. This increase was primarily due to pre separation costs and franchise investment in the second half combined with higher marketing and a one-off pension scheme gain in the first half that did not recur.

The **charge to provide for bad and doubtful debts** decreased by £10 million or 41.7%. This was primarily due to a reduction in business lending losses as a result of asset quality improvements. Housing lending losses remained broadly stable.

[(1)] *Source: Council of Mortgage Lenders (UK) August 2015.*

[(2)] *Conduct charges relating to interest rate hedging products, payment protection insurance and the UK fine have been incurred within Corporate Functions and Other divisional results.*

Other Items

Asset Quality

	As at		
	Sep 15 [(1)]	**Mar 15** [(1)]	**Sep 14**
Specific provision for doubtful debts (£m)	**92**	85	111
Collective provision for doubtful debts (£m)	**174**	190	134
Specific provision on loans at fair value (£m)	**11**	17	30
Collective provision on loans at fair value (£m)	**27**	41	44
90+DPD assets (£m)	**143**	173	182
Gross impaired assets (£m)	**263**	280	375
90+DPD to gross loans and acceptances	**0.50%**	0.61%	0.66%
Gross impaired assets to gross loans and acceptances	**0.91%**	0.99%	1.35%
90+DPD plus gross impaired assets to gross loans and acceptances	**1.41%**	1.60%	2.01%
Specific provision to gross impaired assets	**39.2%**	36.4%	37.6%
Net write-offs to gross loans and acceptances (annualised) [(2)]	**0.35%**	0.45%	0.43%
Total provision as a percentage of net write-offs (annualised) [(2)]	**304%**	259%	268%
Total provision to gross loans and acceptances	**1.06%**	1.18%	1.15%
Bad and doubtful debt charge to gross loans and acceptances (annualised) [(2)]	**0.13%**	0.17%	0.29%

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *September 2015 and September 2014 metrics refer to the full year ratio; the March 2015 metrics refer to the half year ratio annualised.*

The UK economy continues to improve and as a result, a number of key asset quality measures are now approaching a cyclical low.

Retail asset quality remains strong and lower default rates continued to be observed. Housing lending impaired loans remain subdued against a growing portfolio supported by the prolonged period of low interest rates and recovery in residential property prices. 90+DPD assets have reduced over the year to September 2015 for both housing loans and the unsecured portfolios.

Non-retail asset quality metrics have responded positively to the improvement in the environment combined with management actions, however the portfolio remains sensitive to economic conditions.

The collective provision for bad and doubtful debts increased in the 12 months to September 2015. On 1 October 2014 the Group adopted AASB 9 which increased collective provisions by £59 million. During the year collective provisions decreased by £19 million as a result of improvement in non-retail asset quality, continued reduction of the business lending portfolio and improved delinquency profile of the personal lending portfolios.

The ratio of total provisions to gross loans and acceptances decreased by 9 basis points, to 1.06%, in the year to September 2015. The improvement in economic conditions and better management of the portfolio has led to a reduction in specific provisioning. The continued change in the portfolio mix with reduced business lending and increased housing lending has also contributed reflecting the lower provision level required for housing loans.

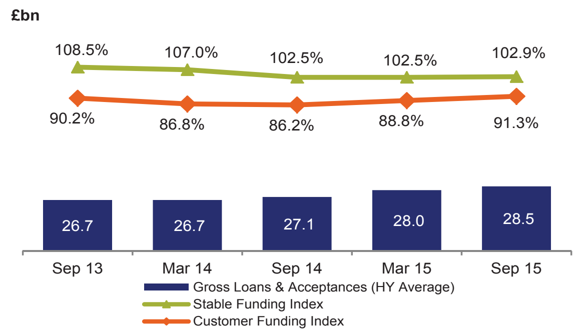
Capital and funding position

The National Australia Group Europe Limited (NAGE) Common Equity Tier 1 (CET1) ratio increased from 9.37% at September 2014 to 13.2% at September 2015. This reflects the Group's response to changes in the Prudential Regulatory Authority's (PRA) prudential capital requirements and ordinary share issuance to increase Core Equity Tier 1 capital to the target range identified as part of the demerger and IPO.

Accordingly in December 2014, a capital re-structure was completed to ensure that the PRA's prudential capital requirements continue to be met. As part of this re-structure, the NAGE Group repaid £650 million of Tier 2 capital in the form of Subordinated Loan Debt and issued £350 million of ordinary shares and £150 million of Capital Requirements Directive IV compliant Additional Tier 1 (AT1) Perpetual Capital Notes to the NAB Group. In September 2015 ordinary shares of £620 million were issued in preparation for the demerger and IPO.

The NAGE Group continues to source term funding through Clydesdale Bank's Covered Bond and Securitisation programmes with c. £708 million raised in December 2014 and a further c. £498 million in August 2015. Funding from NAB has continued to reduce with the maturity, as planned, of medium term senior funding (£312 million) on 1 July 2015 and the early repayment of £429 million of medium term senior funding in September 2015, one year before the scheduled maturity in September 2016.

Stable Funding and Customer Funding Indices



Clydesdale Bank's Customer Funding Index (CFI) has increased from 86.2% at September 2014 to 91.3% at September 2015. This was driven by strong growth in customer deposits and the run-off of non-core lending portfolios, partly offset by mortgage lending growth. The Stable Funding Index (SFI) has marginally increased between September 2014 (102.5%) and September 2015 (102.9%), as the increase in CFI has been offset by maturing term funding.

UK Banking

Results presented in Australian dollars. See page 59 for results in local currency.

	Year to			Half Year to		
	Sep 15 [1] $m	Sep 14 $m	Sep 15 [1] v Sep 14 %	Sep 15 [1] $m	Mar 15 [1] $m	Sep 15 [1] v Mar 15 [1] %
Net interest income	1,501	1,367	9.8	773	728	6.2
Other operating income	374	376	(0.5)	200	174	14.9
Net operating income	1,875	1,743	7.6	973	902	7.9
Operating expenses	(1,437)	(1,233)	(16.5)	(800)	(637)	(25.6)
Underlying profit	438	510	(14.1)	173	265	(34.7)
Charge to provide for bad and doubtful debts	(75)	(145)	48.3	(31)	(44)	29.5
Cash earnings before tax	363	365	(0.5)	142	221	(35.7)
Income tax expense	(56)	(81)	30.9	(19)	(37)	48.6
Cash earnings	307	284	8.1	123	184	(33.2)

[1] *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Impact of foreign exchange rate movements

Favourable/ (unfavourable) September 15	Year since Sep 14 $m	Sep 15 v Sep 14 Ex FX %	Half year since Mar 15 $m	Sep 15 v Mar 15 Ex FX %
Net interest income	127	0.5	59	(1.9)
Other operating income	31	(8.8)	14	6.9
Operating expenses	(121)	(6.7)	(57)	(16.6)
Charge to provide for bad and doubtful debts	(7)	53.1	(3)	36.4
Income tax expense	(5)	37.0	(2)	54.1
Cash earnings	25	(0.7)	11	(39.1)

Corporate Functions and Other

The Group's 'Corporate Functions' business includes functions that support all businesses including Group Funding, Other Corporate Functions activities and the results of Specialised Group Assets (SGA) and NAB UK CRE as well as any specified items (see page 20) during the period. Group Funding acts as the central vehicle for movements of capital and structural funding to support the Group's operations, together with capital and balance sheet management. Other Corporate Functions activities include Enterprise Services and Transformation, Australian Investment Committee and Support Units (which include Office of the CEO, Risk, Finance and Strategy, People and Governance and Reputation).

	Year to			Half Year to		
	Sep 15 (1) $m	Sep 14 $m	Sep 15 (1) v Sep 14 %	Sep 15 (1) $m	Mar 15 (1) $m	Sep 15 (1) v Mar 15 (1) %
Net operating income	556	649	(14.3)	336	220	52.7
Operating expenses	(1,262)	(1,859)	32.1	(1,105)	(157)	large
Underlying profit/(loss)	(706)	(1,210)	41.7	(769)	63	large
(Charge to provide for)/write-back of bad and doubtful debts	41	97	57.7	30	11	large
Cash earnings before tax, non controlling interest and distributions	(665)	(1,113)	40.3	(739)	74	large
Income tax benefit/(expense)	35	14	large	100	(65)	large
Cash earnings before non-controlling interest and distributions	(630)	(1,099)	42.7	(639)	9	large
Cash earnings/(deficit)	(630)	(1,099)	42.7	(639)	9	large

(1) *Information is presented on a continuing operations basis including prior period restatements.*

September 2015 v September 2014

Cash earnings increased by $469 million against the September 2014 full year. Excluding the impact of specified items (detailed on page 20) and foreign exchange, cash earnings decreased by $183 million to $222 million. This decrease was driven by a lower net operating income and an increase in operating expenses, partially offset by lower writebacks of bad and doubtful debts.

Net operating income decreased by $93 million against September 2014. Excluding the impact of foreign exchange, net operating income decreased by $136 million driven by lower income from Group funding and hedging activities, combined with lower operating income from NAB UK CRE and SGA as a result of continued run off of the portfolios. These were partially offset by a gain on settlement of a long standing legal dispute combined with gains relating to the sale of loans within the NAB UK CRE and SGA portfolios.

Operating expenses decreased by $597 million. Excluding the impact of specified items (detailed on page 20) and foreign exchange, operating expenses increased by $12 million. This was due to transactional costs in relation to the UK Banking demerger and NAB UK CRE restructuring costs. These were partially offset by lower operating costs from NAB UK CRE and SGA as a result of continued run off of the portfolios.

The **writebacks of bad and doubtful debts** decreased by $56 million due to the release of the Group economic cycle adjustment in the full year to September 2014 that did not recur in the full year to September 2015.

Income tax benefit increased by $21 million. Excluding the impact of specified items (detailed on page 20) and foreign exchange, an income tax expense of $124 million was incurred in the year, a decrease of $25 million on the prior year.

September 2015 v March 2015

Cash earnings decreased by $648 million against the March 2015 half year. Excluding the impact of specified items (detailed on page 20) and foreign exchange, cash earnings increased $134 million to $183 million. This increase was driven by an increase in net operating income and lower operating expenses and an increase in bad and doubtful debt writebacks.

Net operating income increased by $116 million. Excluding the impact foreign exchange, net operating income increased by $100 million driven by higher income from Group funding and hedging activities, combined with a gain on settlement of a long standing legal dispute. These items were partially offset by gains in the half year to March 2015 relating to the sale of loans within the NAB UK CRE and SGA portfolios that did not recur.

Operating expenses increased by $948 million. Excluding the impact of specified items (detailed on page 20) and foreign exchange, operating expenses decreased by $22 million. This was mainly due to transactional costs in relation to the UK Banking separation and NAB UK CRE restructuring costs that did not recur.

The **writebacks of bad and doubtful debts** increased by $19 million due to NAB UK CRE as a result of continued run off of the portfolio.

Income tax benefit increased by $165 million. Excluding the impact of specified items (detailed on page 20) and foreign exchange, an income tax expense of $70 million was incurred in the half, an increase of $5 million on the prior half.

This page has been left blank intentionally.

Section 5

Financial Report [1]

Consolidated Financial Statements	66
Income Statement	66
Statement of Comprehensive Income	67
Balance Sheet	68
Condensed Cash Flow Statement	69
Statement of Changes in Equity	70
Notes to the Consolidated Financial Statements	72
1. Principal Accounting Policies	72
2. Segment Information	74
3. Other Income	76
4. Operating Expenses	77
5. Income Tax Expense	78
6. Dividends and Distributions	79
7. Loans and Advances including Acceptances	80
8. Provision for Doubtful Debts	82
9. Asset Quality	85
10. Deposits and Other Borrowings	87
11. Contributed Equity and Reserves	89
12. Notes to the Condensed Cash Flow Statement	92
13. Contingent Liabilities	93
14. Discontinued Operations	95
15. Events Subsequent to Reporting Date	98
Compliance Statement	99

[1] *In accordance with AASB standards the income statement and notes thereto have been presented on a continuing operations basis including prior period restatements. Balance sheet items and notes have not been restated unless otherwise stated.*

Income Statement

		Year to		Half Year to	
	Note	Sep 15 (1) $m	Sep 14 (1) $m	Sep 15 (1) $m	Mar 15 (1) $m
Interest income		**30,419**	30,419	**14,887**	15,532
Interest expense		**(16,437)**	(17,004)	**(7,831)**	(8,606)
Net interest income		**13,982**	13,415	**7,056**	6,926
Premium and related revenue		**1,725**	1,632	**875**	850
Investment revenue		**5,280**	7,387	**(3,070)**	8,350
Fee income		**600**	576	**306**	294
Claims expense		**(843)**	(961)	**(402)**	(441)
Change in policy liabilities		**(4,501)**	(5,918)	**2,213**	(6,714)
Policy acquisition and maintenance expense		**(972)**	(945)	**(482)**	(490)
Investment management expense		**(6)**	(13)	**-**	(6)
Movement in external unitholders' liability		**(715)**	(1,216)	**653**	(1,368)
Net life insurance income		**568**	542	**93**	475
Gains less losses on financial instruments at fair value	3	**1,578**	999	**607**	971
Other operating income	3	**4,048**	3,900	**2,085**	1,963
Total other income		**5,626**	4,899	**2,692**	2,934
Personnel expenses	4	**(4,635)**	(4,429)	**(2,365)**	(2,270)
Occupancy-related expenses	4	**(633)**	(628)	**(324)**	(309)
General expenses	4	**(4,984)**	(5,170)	**(3,086)**	(1,898)
Total operating expenses		**(10,252)**	(10,227)	**(5,775)**	(4,477)
Charge to provide for doubtful debts	8	**(844)**	(847)	**(403)**	(441)
Profit before income tax expense		**9,080**	7,782	**3,663**	5,417
Income tax expense	5	**(2,717)**	(2,598)	**(701)**	(2,016)
Net profit for the period from continuing operations		**6,363**	5,184	**2,962**	3,401
Profit or loss after tax for the period from discontinued operations (2)		**29**	114	**(30)**	59
Net profit for the period		**6,392**	5,298	**2,932**	3,460
Attributable to owners of NAB		**6,338**	5,295	**2,898**	3,440
Attributable to non-controlling interests		**54**	3	**34**	20
		cents	**cents**	**cents**	**cents**
Basic earnings per share		**252.7**	219.0	**113.1**	140.4
Diluted earnings per share		**245.4**	215.4	**109.8**	137.9
Basic earnings per share from continuing operations		**253.5**	214.1	**115.5**	138.5
Diluted earnings per share from continuing operations		**246.1**	210.7	**112.1**	136.1

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the net assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

Statement of Comprehensive Income

	Note	Year to Sep 15 [1] [2] $m	Year to Sep 14 [1] $m	Half Year to Sep 15 [1] [2] $m	Half Year to Mar 15 [1] [2] $m
Net profit for the period from continuing operations		6,363	5,184	2,962	3,401
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial (losses)/gains on defined benefit superannuation plans	11	(79)	49	(67)	(12)
Fair value changes on financial liabilities designated at fair value attributable to the Group's own credit risk	11	165	(44)	92	73
Revaluation of land and buildings	11	1	3	1	-
Exchange differences on translation of other contributed equity		229	81	90	139
Equity instruments at fair value through other comprehensive income reserve:					
Revaluation gains	11	218	-	175	43
Tax on items transferred directly (from)/to equity		(35)	(6)	(20)	(15)
Total items that will not be reclassified to profit or loss		499	83	271	228
Items that will be reclassified subsequently to profit or loss					
Cash flow hedges:					
Gains/(losses) on cash flow hedging instruments	11	137	(119)	21	116
Gains transferred to the income statement	11	(36)	(84)	(14)	(22)
Exchange differences on translation of foreign operations		672	404	11	661
Investments - available for sale:					
Revaluation gains	11	-	262	-	-
Gains from sale transferred to the income statement	11	-	(94)	-	-
Impairment transferred to the income statement	11	-	4	-	-
Debt instruments at fair value through other comprehensive income reserve:					
Revaluation (losses)/gains	11	(3)	-	(156)	153
Gains from sale transferred to the income statement	11	(71)	-	(4)	(67)
Loss allowance on debt instruments at fair value through other comprehensive income	11	1	-	1	-
Tax on items transferred directly (from)/to equity		(30)	(34)	71	(101)
Total items that will be reclassified subsequently to profit or loss		670	339	(70)	740
Other comprehensive income for the period, net of income tax		1,169	422	201	968
Total comprehensive income for the period from continuing operations		7,532	5,606	3,163	4,369
Net profit/(loss) for the year from discontinued operations [3]		29	114	(30)	59
Other comprehensive income for the period from discontinued operations, net of income tax [3]		186	90	99	87
Total comprehensive income for the period [4]		7,747	5,810	3,232	4,515
Attributable to owners of NAB		7,525	5,807	3,109	4,416
Attributable to non-controlling interests		222	3	123	99

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

(4) *Total comprehensive income for the half year to March 2015 has been restated by $23 million to reflect the release of reserves related to discontinued operations through other comprehensive income as opposed to transfer from / (to) retained profits in the statement of changes in equity.*

Balance Sheet

		As at		
	Note	30 Sep 15 (1) $m	31 Mar 15 (1) $m	30 Sep 14 $m
Assets				
Cash and liquid assets		**30,934**	32,967	41,034
Due from other banks		**50,595**	57,042	39,088
Trading derivatives		**78,384**	76,872	57,389
Trading securities		**42,937**	40,886	44,212
Debt instruments at fair value through other comprehensive income		**45,189**	47,099	-
Investments - available for sale		**-**	-	43,386
Investments - held to maturity		**-**	-	2,919
Investments relating to life insurance business		**89,350**	92,965	85,032
Other financial assets at fair value		**29,696**	31,426	84,488
Hedging derivatives		**11,599**	9,479	5,488
Loans and advances		**532,784**	517,680	434,725
Due from customers on acceptances		**19,437**	21,649	23,437
Property, plant and equipment		**1,741**	1,948	1,952
Goodwill and other intangible assets		**7,347**	8,030	7,720
Deferred tax assets		**2,141**	1,381	1,617
Other assets (2)		**12,918**	19,163	10,814
Total assets		**955,052**	958,587	883,301
Liabilities				
Due to other banks		**54,405**	47,946	45,204
Trading derivatives		**74,442**	76,913	55,858
Other financial liabilities at fair value		**30,046**	30,678	28,973
Hedging derivatives		**4,539**	5,448	3,445
Deposits and other borrowings	**10**	**489,010**	503,977	476,208
Life policy liabilities		**76,311**	78,596	71,701
Current tax liabilities		**1,114**	694	729
Provisions		**3,575**	2,518	2,914
Bonds, notes and subordinated debt		**130,518**	124,544	118,165
Other debt issues		**6,292**	6,129	4,686
External unitholders' liability		**14,520**	14,811	14,123
Other liabilities (3)		**14,767**	16,465	13,387
Total liabilities		**899,539**	908,719	835,393
Net assets		**55,513**	49,868	47,908
Equity				
Contributed equity	**11**	**34,651**	29,031	28,380
Reserves	**11**	**(362)**	(656)	(866)
Retained profits	**11**	**21,205**	20,867	20,377
Total equity (parent entity interest)		**55,494**	49,242	47,891
Non-controlling interest in controlled entities		**19**	626	17
Total equity		**55,513**	49,868	47,908

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Includes current tax assets and other new asset categories under AASB 9 (other debt instruments at amortised cost, equity instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss).*

(3) *Includes liability on acceptances, deferred tax liabilities and defined benefit superannuation plan liabilities.*

Condensed Cash Flow Statement

	Note	Year to		Half Year to	
		Sep 15 (1) $m	Sep 14 (1) $m	Sep 15 (1) $m	Mar 15 (1) $m
Cash flows from operating activities					
Interest received		**30,703**	30,369	**15,239**	15,464
Interest paid		**(17,008)**	(17,146)	**(8,268)**	(8,740)
Dividends received		**35**	16	**27**	8
Income taxes paid		**(2,428)**	(2,709)	**(891)**	(1,537)
Other cash flows from operating activities before changes in operating assets and liabilities		**882**	(4,073)	**(281)**	1,163
Changes in operating assets and liabilities arising from cash flow movements		**(25,274)**	(13,692)	**(23,124)**	(2,150)
Net cash (used in)/provided by operating activities		**(13,090)**	(7,235)	**(17,298)**	4,208
Net cash used in investing activities (2)		**(1,830)**	(7,042)	**(31)**	(1,799)
Cash flows from financing activities					
Repayments of bonds, notes and subordinated debt		**(29,941)**	(24,884)	**(16,401)**	(13,540)
Proceeds from issue of bonds, notes and subordinated debt, net of costs		**27,381**	28,211	**10,087**	17,294
Proceeds from issue of ordinary shares, net of costs		**6,246**	9	**5,446**	800
Repayments of BNZ income securities, net of costs		**-**	(203)	**-**	-
Repayments of other contributed equity, net of costs		**(1,014)**	-	**-**	(1,014)
Proceeds from sale of interest in a subsidiary, net of costs		**942**	-	**573**	369
Proceeds from other debt issues, net of costs		**1,336**	1,699	**5**	1,331
Purchase of shares for dividend reinvestment plan neutralisation		**-**	(309)	**-**	-
Dividends and distributions paid (excluding dividend reinvestment plan)		**(3,624)**	(3,973)	**(2,070)**	(1,554)
Net cash provided by/(used in) financing activities		**1,326**	550	**(2,360)**	3,686
Net (decrease)/increase in cash and cash equivalents		**(13,594)**	(13,727)	**(19,689)**	6,095
Cash and cash equivalents at beginning of period		**26,517**	37,341	**35,762**	26,517
Effects of exchange rate changes on balance of cash held in foreign currencies		**7,605**	2,903	**4,455**	3,150
Cash and cash equivalents at end of period	12	**20,528**	26,517	**20,528**	35,762

(1) *The cash flow statement includes the net cash inflow/(outflow) from operating, investing and financing activities of discontinued operations. Loss of control of GWB occurred on 3 August 2015. Refer to Note 14 - Discontinued operations on page 95 for further information.*

(2) *The September 2015 half includes $158 million of net proceeds from the sale of remaining interest in discontinued operations. The net proceeds are net of transaction costs and are further reduced by cash and cash equivalents disposed of $343 million. Refer to Note 14 - Discontinued operations on page 95 for further information.*

Statement of Changes in Equity

Group – Yearly

	Contributed equity [(1)] $m	Reserves [(1) (2)] $m	Retained profits [(1) (2)] $m	Total [(2)] $m	Non-controlling interest in controlled entities $m	Total equity [(2)] $m
Balance at 1 October 2013	27,944	(1,420)	19,793	46,317	59	**46,376**
Net profit for the year from continuing operations	-	-	5,181	5,181	3	**5,184**
Net profit for the year from discontinued operations	-	-	114	114	-	**114**
Other comprehensive income for the year from continuing operations	-	423	(1)	422	-	**422**
Other comprehensive income for the year from discontinued operations	-	90	-	90	-	**90**
Total comprehensive income for the year	-	513	5,294	5,807	3	**5,810**
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares	677	-	-	677	-	**677**
Exercise of executive share options	9	-	-	9	-	**9**
Buyback of BNZ Income Securities	(203)	-	-	(203)	-	**(203)**
Transfer from equity-based compensation reserve	182	(182)	-	-	-	**-**
Treasury shares adjustment relating to life insurance business	80	-	-	80	-	**80**
On market purchase of shares for dividend reinvestment plan neutralisation	(309)	-	-	(309)	-	**(309)**
Transfer from/(to) retained profits	-	60	(60)	-	-	**-**
Equity-based compensation	-	163	-	163	-	**163**
Dividends paid	-	-	(4,470)	(4,470)	-	**(4,470)**
Distributions on other equity instruments	-	-	(180)	(180)	-	**(180)**
Changes in ownership interests [(3)]						
Movement of non-controlling interest in controlled entities	-	-	-	-	(45)	**(45)**
Balance at 30 September 2014	28,380	(866)	20,377	47,891	17	**47,908**
Restated for adoption of new accounting standards [(2)]	-	(587)	(465)	(1,052)	-	**(1,052)**
Net profit for the year from continuing operations	-	-	6,357	6,357	6	**6,363**
Net profit for the year from discontinued operations	-	-	(19)	(19)	48	**29**
Other comprehensive income for the year from continuing operations	-	1,098	71	1,169	-	**1,169**
Other comprehensive income for the year from discontinued operations	-	18	-	18	168	**186**
Total comprehensive income for the year	-	1,116	6,409	7,525	222	**7,747**
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares	1,937	-	-	1,937	-	**1,937**
Redemption of Trust Preferred Securities II	(1,014)	-	(8)	(1,022)	-	**(1,022)**
Rights Issue	5,446	-	-	5,446	-	**5,446**
Transfer from equity-based compensation reserve	182	(182)	-	-	-	**-**
Treasury shares adjustment relating to life insurance business	(280)	-	-	(280)	-	**(280)**
Transfer from/(to) retained profits	-	37	(37)	-	-	**-**
Equity-based compensation	-	120	-	120	-	**120**
Dividends paid	-	-	(4,573)	(4,573)	(13)	**(4,586)**
Distributions on other equity instruments	-	-	(175)	(175)	-	**(175)**
Discontinued operations [(4)]	-	-	(323)	(323)	(207)	**(530)**
Balance at 30 September 2015	34,651	(362)	21,205	55,494	19	**55,513**

(1) *Refer to Note 11 - Contributed equity and reserves for detail.*

(2) *September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Change in ownership interests in controlled entities that does not result in a loss of control.*

(4) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

Statement of Changes in Equity

Group – Half Yearly

	Contributed equity [(1)] $m	Reserves [(1) (2)] $m	Retained profits [(1) (2)] $m	Total [(2)] $m	Non-controlling interest in controlled entities $m	Total equity [(2)] $m
Balance at 1 October 2014	28,380	(866)	20,377	47,891	17	**47,908**
Restated for adoption of new accounting standards [(2)]		(587)	(465)	(1,052)	-	**(1,052)**
Net profit for the year from continuing operations	-	-	3,397	3,397	4	**3,401**
Net profit for the year from discontinued operations	-	-	43	43	16	**59**
Other comprehensive income for the year from continuing operations	-	921	47	968	-	**968**
Other comprehensive income for the year from discontinued operations	-	8	-	8	79	**87**
Total comprehensive income for the period	-	929	3,487	4,416	99	**4,515**
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares	1,615	-	-	1,615	-	**1,615**
Redemption of Trust Preferred Securities II	(1,014)	-	(8)	(1,022)	-	**(1,022)**
Transfer from equity-based compensation reserve	186	(186)	-	-	-	**-**
Treasury shares adjustment relating to life insurance business	(136)	-	-	(136)	-	**(136)**
Transfer from/(to) retained profits [(5)]	-	(20)	20	-	-	**-**
Equity-based compensation	-	74	-	74	-	**74**
Dividends paid	-	-	(2,257)	(2,257)	(3)	**(2,260)**
Distributions on other equity instruments	-	-	(109)	(109)	-	**(109)**
Discontinued operations [(4)]	-	-	(178)	(178)	515	**337**
Changes in ownership interests [(3)]						
Movement of non-controlling interest in controlled entities	-	-	-	-	(2)	**(2)**
Balance at 31 March 2015	29,031	(656)	20,867	49,242	626	**49,868**
Net profit for the year from continuing operations	-	-	2,960	2,960	2	**2,962**
Net profit for the year from discontinued operations	-	-	(62)	(62)	32	**(30)**
Other comprehensive income for the year from continuing operations	-	177	24	201	-	**201**
Other comprehensive income for the year from discontinued operations	-	10	-	10	89	**99**
Total comprehensive income for the period	-	187	2,922	3,109	123	**3,232**
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares	322	-	-	322	-	**322**
Rights Issue	5,446	-	-	5,446	-	**5,446**
Transfer from equity-based compensation reserve	(4)	4	-	-	-	**-**
Treasury shares adjustment relating to life insurance business	(144)	-	-	(144)	-	**(144)**
Transfer from/(to) retained profits	-	57	(57)	-	-	**-**
Equity-based compensation	-	46	-	46	-	**46**
Dividends paid	-	-	(2,316)	(2,316)	(10)	**(2,326)**
Distributions on other equity instruments	-	-	(66)	(66)	-	**(66)**
Discontinued operations [(4)]	-	-	(145)	(145)	(722)	**(867)**
Changes in ownership interests [(3)]						
Movement of non-controlling interest in controlled entities	-	-	-	-	2	**2**
Balance at 30 September 2015	34,651	(362)	21,205	55,494	19	**55,513**

(1) *Refer to Note 11 - Contributed equity and reserves for detail.*

(2) *Restated for the impact of adopting new accounting standards as detailed in Note 1 - Principal accounting policies on page 72.*

(3) *Change in ownership interests in controlled entities that does not result in a loss of control.*

(4) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

(5) *Total comprehensive income for the half year to March 2015 has been restated by $23 million to reflect the release of reserves related to discontinued operations through other comprehensive income as opposed to transfer from / (to) retained profits in the statement of changes in equity.*

1. Principal Accounting Policies

The preliminary financial report for the year ended 30 September 2015 has been prepared in accordance with the Australian Securities Exchange (ASX) Listing Rules.

This report does not, and cannot be expected to, contain all disclosures of the type normally found within an annual financial report and it is not designed or intended to be a suitable substitute for the 2015 Annual Financial Report.

This report should be read in conjunction with the annual financial report for the year ended 30 September 2014, the 31 March 2015 half year results, any public announcements made by the Group during the year and when released, the 2015 Annual Financial Report.

This report has been prepared on the basis of accounting policies consistent with those applied in the 2014 Annual Financial Report, except as disclosed.

Discontinued operations are excluded from the results of the continuing operation and are presented as a single amount as profit or loss after tax from discontinued operations in the Income Statement. Additional disclosures are provided in *Note 14 - Discontinued operations.*

a) New and amended standards and interpretations

AASB 9 'Financial Instruments' (2014)

The Group has elected to early adopt AASB 9 which is applied retrospectively from 1 October 2014. In accordance with the transition requirements comparatives are not restated. The Group elected an accounting policy choice under AASB 9 to continue to apply the hedge accounting requirements under AASB 139 'Financial Instruments: Recognition and measurement'.

The adoption of AASB 9 resulted in the following changes to the Group's accounting policies:

Financial assets

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The following summarises the key changes:

- The Held to Maturity and Available for Sale (AFS) financial asset categories were removed.
- A new asset category measured at Fair Value through Other Comprehensive Income (FVOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. A significant portion of the Group's AFS debt instruments were classified in this category.
- A new asset category for non-traded equity investments measured at FVOCI was introduced. A significant portion of the Group's AFS equity instruments were classified in this category.
- At transition, the Group elected to revoke previous fair value option designations that previously measured specific lending portfolios at Fair Value through Profit or Loss (FVTPL). These portfolios are subsequently accounted for at amortised cost.

Financial liabilities

Classification of financial liabilities remained largely unchanged for the Group. Financial liabilities continue to be measured at either amortised cost or FVTPL. The criteria for designating a financial liability at FVTPL by applying the fair value option also remains unchanged. The Group elected to revoke the previous fair value option designation for certain financial liabilities and subsequently classified these as deposits and other borrowings accounted for at amortised cost.

Changes to impairment of financial assets

The AASB 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under AASB 139. Key changes in the Group's accounting policy for impairment of financial assets are listed below:

The Group applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

i) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under AASB 139, the Group's methodology for specific provisions remains unchanged. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. AASB 9 introduces the use of macroeconomic factors which include, but are not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

In the case of the new asset category for debt instruments measured at FVOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Group recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

Overall, impairment under AASB 9 results in earlier recognition of credit losses than under AASB 139.

Transition impact

The overall impact of the adoption of AASB 9 for 30 September 2015 was a decrease in net assets of $1,052 million (post-tax). All adjustments that arose as a result of adopting AASB 9 are recognised in either retained earnings or an appropriate equity reserve.

Opening retained earnings decreased by $465 million (post-tax) arising from:
- A decrease of $220 million from the re-measurement of financial asset and financial liability classification changes (described above).
- An increase in the provisioning for doubtful debts on assets held at amortised cost and FVOCI of $831 million.
- Offset by a release of $586 million to the general reserve for credit losses.

Other equity reserves decreased by $1 million (post tax).

b) Critical accounting assumptions and estimates

The preparation of this report requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amounts of liabilities. Areas where assumptions are significant and are based on best estimates to the Group include:
- Provision for doubtful debts.
- Provisions for UK conduct related matters, including payment protection insurance and interest rate hedging product provisions.
- Life insurance and life investment contract liabilities
- Fair value of financial assets and liabilities.
- Recoverability of deferred tax assets and measurement of current and deferred tax liabilities.
- The impairment of goodwill and other identifiable intangible assets with indefinite useful lives.

With the exception of the assumptions used for the calculation for provision for doubtful debts arising from the adoption of AASB 9, no other significant change has occurred in this financial reporting year from those applied in the 2014 Annual Financial Report.

c) Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

2. Segment Information

The Group evaluates reportable segments' performance on the basis of cash earnings. Cash earnings represents the net profit attributable to owners of NAB from continuing operations, adjusted for certain non-cash items, distributions, and significant items.

The Group's business now consists of the following reportable segments: Australian Banking; NZ Banking; and NAB Wealth. In addition, information on the following segments that do not meet the threshold to be reportable segments are included in this note to reconcile to Group information: UK Banking and Corporate Functions and Other.

Major Customers

Revenues from no one single customer amount to greater than 10% of the Group's revenues.

Reportable Segments

	Year ended 30 September 2015 [(2)]			
Segment Information	**Cash Earnings [(1)] $m**	**Net interest income [(1)] $m**	**Total other income [(1)] $m**	**Total assets $m**
Australian Banking	5,111	10,727	2,681	738,847
NZ Banking	762	1,504	434	64,481
NAB Wealth	464	-	1,586	101,246
UK Banking	307	1,501	374	83,824
Corporate Functions and Other [(3)]	(630)	285	271	30,594
Distributions/Eliminations	(175)	-	(65)	(63,940)
Total	5,839	14,017	5,281	955,052

	Year ended 30 September 2014			
Segment Information	**Cash Earnings [(1)] $m**	**Net interest income [(1)] $m**	**Total other income [(1)] $m**	**Total assets $m**
Australian Banking	4,947	10,277	2,640	702,266
NZ Banking	738	1,382	449	59,872
NAB Wealth	365	-	1,440	96,886
UK Banking	284	1,367	376	69,972
Corporate Functions and Other [(3)]	(1,099)	425	224	25,734
Distributions/Eliminations	(180)	-	(59)	(71,429)
Total	5,055	13,451	5,070	883,301

	Half Year ended 30 September 2015 [(2)]			
Segment Information	**Cash Earnings [(1)] $m**	**Net interest income [(1)] $m**	**Total other income [(1)] $m**	**Total assets $m**
Australian Banking	2,537	5,408	1,273	738,847
NZ Banking	371	753	219	64,481
NAB Wealth	241	-	805	101,246
UK Banking	123	773	200	83,824
Corporate Functions and Other [(3)]	(639)	138	198	30,594
Distributions/Eliminations	(66)	-	(38)	(63,940)
Total	2,567	7,072	2,657	955,052

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Corporate Functions and Other includes the impacts of provisions taken for UK related payment protection insurance and interest rate hedging products.*

Segment Information	Cash Earnings (1) $m	Net interest income (1) $m	Total other income (1) $m	Total assets $m
	Half Year ended 31 March 2015 (2)			
Australian Banking	2,574	5,319	1,408	748,124
NZ Banking	391	751	215	67,557
NAB Wealth	223	-	781	105,017
UK Banking	184	728	174	75,810
Corporate Functions and Other	9	147	73	47,637
Distributions/Eliminations	(109)	-	(27)	(85,558)
Total	3,272	6,945	2,624	958,587

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Reconciliations between reportable segment information and statutory results (1)

Reconciliation of cash earnings to Net profit attributable to owners of NAB	Year to Sep 15 (2) $m	Year to Sep 14 $m	Half Year to Sep 15 (2) $m	Half Year to Mar 15 (2) $m
Group cash earnings	**5,839**	5,055	**2,567**	3,272
Non-cash earnings items (after tax):				
Distributions	**175**	180	**66**	109
Treasury shares	**4**	(43)	**321**	(317)
Fair value and hedge ineffectiveness	**497**	83	**143**	354
Life insurance economic assumption variation	**13**	(20)	**(12)**	25
Amortisation of acquired intangible assets	**(94)**	(74)	**(48)**	(46)
Sale and demerger transaction costs	**(77)**	-	**(77)**	-
Net profit/loss from discontinued operations	**(19)**	114	**(62)**	43
Net profit attributable to owners of NAB	**6,338**	5,295	**2,898**	3,440

Reconciliation of net interest income	Year to Sep 15 (2) $m	Year to Sep 14 $m	Half Year to Sep 15 (2) $m	Half Year to Mar 15 (2) $m
Net interest income on a cash earnings basis	**14,017**	13,451	**7,072**	6,945
NAB Wealth net adjustment (4)	**(35)**	(36)	**(16)**	(19)
Net interest income on a statutory basis	**13,982**	13,415	**7,056**	6,926

Reconciliation of other income and IoRE	Year to Sep 15 (2) $m	Year to Sep 14 $m	Half Year to Sep 15 (2) $m	Half Year to Mar 15 (2) $m
Other operating income on cash earnings basis (3)	**5,262**	5,036	**2,662**	2,600
IoRE	**19**	34	**(5)**	24
Total other operating income and IoRE	**5,281**	5,070	**2,657**	2,624
NAB Wealth net adjustment (4)	**141**	342	**(464)**	605
Treasury shares	**28**	(22)	**389**	(361)
Fair value and hedge ineffectiveness	**727**	96	**221**	506
Life insurance economic assumption variation	**19**	(29)	**(17)**	36
Amortisation of acquired intangible assets	**(2)**	(16)	**(1)**	(1)
Total other income and Net life insurance income on a statutory basis	**6,194**	5,441	**2,785**	3,409

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Includes eliminations and distributions.*

(4) *The NAB Wealth net adjustment represents a reallocation of the income statement of the NAB Wealth business prepared on a cash earnings basis into the appropriate statutory income lines.*

3. Other Income [1]

	Year to		Half Year to	
	Sep 15 $m	Sep 14 $m	Sep 15 $m	Mar 15 $m
Gains less losses on financial instruments at fair value				
Trading securities	**1,219**	812	**(285)**	1,504
Trading derivatives:				
Trading and risk management purposes	**(421)**	243	**786**	(1,207)
Assets, liabilities and derivatives designated in hedge relationships [2]	**614**	251	**213**	401
Assets and liabilities designated at fair value	**302**	(270)	**(34)**	336
Other	**(136)**	(37)	**(73)**	(63)
Total gains less losses on financial instruments at fair value	**1,578**	999	**607**	971
Other operating income				
Dividend revenue	**26**	16	**18**	8
Gains from sale of investments, loans, property, plant and equipment and other assets	**168**	134	**29**	139
Banking fees	**887**	902	**453**	434
Money transfer fees	**660**	673	**336**	324
Fees and commissions	**1,856**	1,776	**966**	890
Investment management fees	**264**	238	**141**	123
Fleet management fees	**32**	30	**16**	16
Other income	**155**	131	**126**	29
Total other operating income	**4,048**	3,900	**2,085**	1,963
Total other income	**5,626**	4,899	**2,692**	2,934

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Represents hedge ineffectiveness of designated hedging relationships, plus economic hedges of long-term funding that do not meet the requirements for hedge accounting.*

4. Operating Expenses [(1)]

	Year to		Half Year to	
	Sep 15 $m	Sep 14 $m	Sep 15 $m	Mar 15 $m
Personnel expenses				
Salaries and related on-costs	**3,518**	3,315	**1,768**	1,750
Superannuation costs - defined contribution plans	**295**	273	**151**	144
Superannuation costs - defined benefit plans	**20**	51	**25**	(5)
Performance-based compensation:				
Cash	**416**	377	**245**	171
Equity-based compensation	**126**	151	**53**	73
Total performance-based compensation	**542**	528	**298**	244
Other expenses	**260**	262	**123**	137
Total personnel expenses	**4,635**	4,429	**2,365**	2,270
Occupancy-related expenses				
Operating lease rental expense	**461**	496	**232**	229
Other expenses	**172**	132	**92**	80
Total occupancy-related expenses	**633**	628	**324**	309
General expenses				
Fees and commission expense	**272**	319	**132**	140
Depreciation and amortisation of property, plant and equipment	**322**	295	**172**	150
Amortisation of intangible assets	**420**	378	**222**	198
Depreciation on leased vehicle assets	**5**	7	**2**	3
Operating lease rental expense	**31**	28	**14**	17
Advertising and marketing	**248**	242	**130**	118
Charge to provide for operational risk event losses [(2)]	**1,146**	1,536	**1,071**	75
Communications, postage and stationery	**313**	299	**144**	169
Computer equipment and software	**680**	605	**339**	341
Data communication and processing charges	**116**	94	**66**	50
Transport expenses	**99**	92	**51**	48
Professional fees	**641**	411	**367**	274
Travel	**89**	83	**51**	38
Loss on disposal of property, plant and equipment and other assets	**8**	6	**2**	6
Impairment losses recognised	**79**	294	**76**	3
Other expenses	**515**	481	**247**	268
Total general expenses	**4,984**	5,170	**3,086**	1,898
Total operating expenses	**10,252**	10,227	**5,775**	4,477

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Charge to provide for operational risk event losses includes an additional provision in relation to UK payment protection insurance (PPI) of $849 million and for interest rate hedging products (IRHP) of $163 million for the September 2015 full year. The September 2014 comparatives includes $756 million for PPI and $654 million for IRHP.*

5. Income Tax Expense

Reconciliation of income tax expense shown in the income statement with prima facie tax payable on the pre-tax accounting profit [(1)]

	Year to		Half Year to	
	Sep 15 $m	Sep 14 $m	Sep 15 $m	Mar 15 $m
Profit before income tax expense	**9,080**	7,782	**3,663**	5,417
Deduct profit before income tax expense attributable to the statutory funds of the life insurance business and their controlled trusts	**(512)**	(464)	**271**	(783)
Total profit excluding that attributable to the statutory funds of the life insurance business and their controlled trusts, before income tax expense	**8,568**	7,318	**3,934**	4,634
Prima facie income tax at 30%	**2,570**	2,195	**1,180**	1,390
Add/(deduct): Tax effect of amounts not deductible/(assessable):				
Assessable foreign income	**7**	8	**3**	4
Foreign tax rate differences	**23**	49	**75**	(52)
Foreign branch income not assessable	**(107)**	(98)	**(51)**	(56)
Under/(over) provision in prior years	**(59)**	(37)	**(50)**	(9)
Offshore banking unit income	**(32)**	(35)	**(19)**	(13)
Restatement of deferred tax balance for UK and US tax rate changes	**2**	42	**1**	1
Treasury shares adjustment	**15**	27	**(49)**	64
Non-deductible hybrid distributions	**47**	35	**27**	20
Deferred tax asset no longer recognised	**81**	142	**45**	36
Other	**72**	47	**31**	41
Total income tax expense on profit excluding that attributable to the statutory funds of the life insurance business and their controlled trusts	**2,619**	2,375	**1,193**	1,426
Income tax expense/(benefit) attributable to the statutory funds of the life insurance business and their controlled trusts	**98**	223	**(492)**	590
Total income tax expense	**2,717**	2,598	**701**	2,016
Effective tax rate, excluding statutory funds attributable to the life insurance business and their controlled trusts	**30.6%**	32.5%	**30.3%**	30.8%

(1) *Information is presented on a continuing operations basis including prior period restatements.*

6. Dividends and Distributions

Dividends paid on ordinary shares by the Group:

	Year To			
	30 Sep 15		30 Sep 14	
	Amount per share cents	Total amount $m	Amount per share cents	Total amount $m
Final dividend	99	2,343	97	2,279
Interim dividend	99	2,397	99	2,330
Deduct: Bonus shares in lieu of dividend	n/a	(70)	n/a	(56)
Dividends paid by the Company		4,670		4,553
Deduct: Dividends on treasury shares		(97)		(95)
Add: Dividends paid by non-controlling interest in controlled entities [(1)]		13		-
Total dividends paid by the Group during the year ended 30 September 2015		4,586		4,458

(1) *Includes dividends paid by non-controlling interest in GWB of $9 million up to the date of disposal. Refer to Note 14 - Discontinued operations for further details.*

Franked dividends declared or paid during the year were fully franked at a tax rate of 30% (2014: 30%).

Final Dividend

On 28 October 2015, the directors declared the following dividend:

	Amount per share cents	Franked amount per share %	Foreign income per share %	Total amount $m
Final dividend declared in respect of the year ended 30 September 2015	99	100	Nil	2,600

The 2015 final dividend will be fully franked for Australian tax purposes. New Zealand imputation credits of NZ$0.07 per share will also be attached to the 2015 final dividend. The record date for determining entitlements to the 2015 final dividend is 9 November 2015. The final dividend has been declared by the directors of the Company and is payable on 15 December 2015. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 September 2015 and will be recognised in subsequent financial reports.

	Year to			
	30 Sep 15		30 Sep 14	
Dividends on preference shares	Amount per security cents [(1)]	Total amount $m	Amount per security cents [(1)]	Total amount $m
BNZ Income Securities 2 [(2)]	-	-	4.62	12
Total dividends on preference shares		-		12

(1) *$A equivalent.*

(2) *On 30 June 2014, the Company exercised its right to call on the BNZ Income Securities 2.*

	Year to			
	30 Sep 15		30 Sep 14	
Distributions on other equity instruments	Amount per security $	Total amount $m	Amount per security $	Total amount $m
National Income Securities	3.70	74	3.90	78
Trust Preferred Securities [(1)]	110.00	44	100.00	40
Trust Preferred Securities II [(1)]	53.75	43	60.00	48
National Capital Instruments	1,750.00	14	1,750.00	14
Total distributions on other equity instruments		175		180

(1) *$A equivalent.*

Dividend and distribution plans

The dividend is paid in cash or as part of a dividend plan. Cash dividends are paid by way of direct credit or cash equivalents. The dividend plans in operation are the Dividend Reinvestment Plan and the Bonus Share Plan (closed to new participants).

The last date for receipt of election notices for the Dividend Reinvestment Plan and Bonus Share Plan is 5pm (Australian Eastern Daylight Time) on 10 November 2015.

7. Loans and Advances including Acceptances

	As at		
	30 Sep 15 [(1)] **$m**	**31 Mar 15** [(1)] **$m**	**30 Sep 14 $m**
Housing loans	**341,965**	330,340	312,039
Other term lending	**184,220**	182,263	170,105
Asset and lease financing	**11,764**	11,444	11,729
Overdrafts	**8,912**	9,214	10,521
Credit card outstandings	**8,078**	8,310	7,998
Other	**8,815**	9,199	8,946
Fair value adjustment	**956**	1,071	586
Gross loans and advances	**564,710**	551,841	521,924
Acceptances	**19,437**	21,649	23,437
Gross loans and advances including acceptances	**584,147**	573,490	545,361
Represented by:			
Loans and advances at fair value [(2)]	**27,545**	29,512	82,968
Loans and advances at amortised cost	**537,165**	522,329	438,956
Acceptances	**19,437**	21,649	23,437
Gross loans and advances including acceptances	**584,147**	573,490	545,361
Unearned income and deferred net fee income	**(861)**	(906)	(1,113)
Provision for doubtful debts	**(3,520)**	(3,743)	(3,118)
Net loans and advances including acceptances	**579,766**	568,841	541,130
Securitised loans and loans supporting covered bonds [(3)]	**44,411**	40,685	35,169

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *On the balance sheet, this amount is also included within other financial assets at fair value. This amount is included in the product and geographical analysis below.*

(3) *Loans supporting securitisations and covered bonds are included within the balance of net loans and advances including acceptances.*

By product and geographic location	**Australia $m**	**Europe $m**	**New Zealand $m**	**United States $m**	**Asia $m**	**Total Group $m**
As at 30 September 15 [(1)]						
Housing loans	265,928	44,357	29,122	-	2,558	**341,965**
Other term lending	129,459	19,209	29,442	2,286	3,824	**184,220**
Asset and lease financing	10,252	1,505	5	-	2	**11,764**
Overdrafts	4,185	2,718	2,009	-	-	**8,912**
Credit card outstandings	6,218	813	1,047	-	-	**8,078**
Other	4,357	922	605	-	2,931	**8,815**
Fair value adjustment	753	80	123	-	-	**956**
Gross loans and advances	421,152	69,604	62,353	2,286	9,315	**564,710**
Acceptances	19,428	9	-	-	-	**19,437**
Gross loans and advances including acceptances	440,580	69,613	62,353	2,286	9,315	**584,147**
Represented by:						
Loans and advances at fair value	18,237	2,824	6,484	-	-	**27,545**
Loans and advances at amortised cost	402,915	66,780	55,869	2,286	9,315	**537,165**
Acceptances	19,428	9	-	-	-	**19,437**
Gross loans and advances including acceptances	440,580	69,613	62,353	2,286	9,315	**584,147**

(1) *September 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

By product and geographic location	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total Group $m
As at 31 March 15 [(1)]						
Housing loans	258,154	38,014	30,768	965	2,439	**330,340**
Other term lending	119,968	17,848	30,564	9,810	4,073	**182,263**
Asset and lease financing	10,190	1,244	8	-	2	**11,444**
Overdrafts	4,503	2,580	2,072	7	52	**9,214**
Credit card outstandings	6,266	702	1,298	44	-	**8,310**
Other	3,951	899	567	1	3,781	**9,199**
Fair value adjustment	837	124	53	57	-	**1,071**
Gross loans and advances	403,869	61,411	65,330	10,884	10,347	**551,841**
Acceptances	21,638	11	-	-	-	**21,649**
Gross loans and advances including acceptances	425,507	61,422	65,330	10,884	10,347	**573,490**
Represented by:						
Loans and advances at fair value	18,254	3,092	6,777	1,389	-	**29,512**
Loans and advances at amortised cost	385,615	58,319	58,553	9,495	10,347	**522,329**
Acceptances	21,638	11	-	-	-	**21,649**
Gross loans and advances including acceptances	425,507	61,422	65,330	10,884	10,347	**573,490**

(1) *March 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

By product and geographic location	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total Group $m
As at 30 September 14						
Housing loans	247,312	34,257	27,298	851	2,321	**312,039**
Other term lending	111,787	19,579	26,541	8,366	3,832	**170,105**
Asset and lease financing	10,463	1,255	7	-	4	**11,729**
Overdrafts	4,950	3,699	1,849	6	17	**10,521**
Credit card outstandings	6,129	677	1,157	35	-	**7,998**
Other	3,696	842	945	-	3,463	**8,946**
Fair value adjustment	501	191	(114)	8	-	**586**
Gross loans and advances	384,838	60,500	57,683	9,266	9,637	**521,924**
Acceptances	23,427	10	-	-	-	**23,437**
Gross loans and advances including acceptances	408,265	60,510	57,683	9,266	9,637	**545,361**
Represented by:						
Loans and advances at fair value	54,848	3,833	23,162	1,125	-	**82,968**
Loans and advances at amortised cost	329,990	56,667	34,521	8,141	9,637	**438,956**
Acceptances	23,427	10	-	-	-	**23,437**
Gross loans and advances including acceptances	408,265	60,510	57,683	9,266	9,637	**545,361**

8. Provision for Doubtful Debts

	As at		
	30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m
Specific provision for doubtful debts - Lifetime Expected Credit Losses (ECL)	**637**	872	1,358
Collective provision for doubtful debts - Lifetime ECL	**2,428**	2,287	-
Collective provision for doubtful debts - 12-months ECL	**455**	584	-
Total collective provision for doubtful debts (1)	**2,883**	2,871	1,760
Total provision for doubtful debts	**3,520**	3,743	3,118
Specific provision on loans at fair value (2)	**34**	35	96
Collective provision on loans and derivatives at fair value and other debt instruments (2) (3)	**611**	573	876
Total provision for doubtful debts and provisions held on assets at fair value (4)	**4,165**	4,351	4,090

(1) *The opening balance for the collective provision of doubtful debts measured under AASB 139 is now presented as 12-months and Lifetime expected credit losses following the adoption of AASB 9, with no restatement to prior period comparatives. Refer to Note 1(a) for information of the adoption of AASB 9.*

(2) *Included within the carrying value of other financial assets at fair value.*

(3) *Included within this amount is a collective provision relating to derivatives of $322 million, (March 2015 $255 million, September 2014 $165 million). The September 2015 balance includes provisions on other debt instruments at amortised cost of $nil (March $1 million), and other debt instruments at fair value through other comprehensive income of $1 million (March $6 million) under AASB 9.*

(4) *September 2014 total provisions for doubtful debts excludes provisions on investments - held to maturity under AASB 139 ($26 million).*

Movement in provisions for doubtful debts

	Year to Sep 15					
	Collective provision 12-mth ECL $m	Collective provision Lifetime ECL not credit impaired $m	Collective provision Lifetime ECL credit impaired $m	Collective provision (1) $m	Specific provision Lifetime ECL credit impaired $m	Total $m
Balance at the beginning of period	-	-	-	1,760	1,358	**3,118**
Restated for adoption of new accounting standards (1)	559	1,639	567	(1,760)	(322)	**683**
Changes due to financial assets recognised in the opening balance that have:						
Transferred to 12-mth ECL	480	(450)	(30)	-	-	**-**
Transferred to Lifetime ECL not credit impaired	(56)	119	(63)	-	-	**-**
Transferred to Lifetime ECL credit impaired - collective provision	(4)	(57)	61	-	-	**-**
Transferred to Lifetime ECL credit impaired - specific provision	(3)	(67)	(132)	-	202	**-**
Bad debts recovered	-	-	-	-	129	**129**
Bad debts written-off	-	-	-	-	(1,300)	**(1,300)**
Charge to income statement from continuing operations	(517)	808	23	-	530	**844**
Charge to income statement from discontinued operations	(3)	6	-	-	15	**18**
Derecognised in respect of the disposal group (2)	(27)	(52)	(1)	-	(13)	**(93)**
Foreign currency translation and other adjustments	26	42	15	-	38	**121**
Total provision for doubtful debts	455	1,988	440	-	637	**3,520**

(1) *The opening balance for the collective provision of doubtful debts measured under AASB 139 is now presented as 12-months and Lifetime expected credit losses following the adoption of AASB 9, with no restatement to prior period comparatives. Refer to Note 1(a) for information of the adoption of AASB 9.*

(2) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

	Year to Sep 14		
	Collective $m	Specific $m	Total $m
Opening balance	2,178	**1,840**	4,018
Transfer to/(from) specific/collective provision	(1,299)	**1,299**	-
Bad debts recovered	-	**185**	185
Bad debts written off	-	**(1,760)**	(1,760)
Charge to income statement from continuing operations	855	**-**	855
Charge to income statement from discontinued operations	8	**-**	8
Disposals	(18)	**(221)**	(239)
Foreign currency translation and other adjustments	36	**15**	51
Total provision for doubtful debts	1,760	**1,358**	3,118

8. Provision for Doubtful Debts (continued)

	Half Year to 30 Sep 15				
	Collective provision 12-mth ECL $m	Collective provision Lifetime ECL not credit impaired $m	Collective provision Lifetime ECL credit impaired $m	Specific provision Lifetime ECL credit impaired $m	Total $m
Opening balance	584	1,801	486	872	**3,743**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-mth ECL	377	(359)	(18)	-	**-**
Transferred to Lifetime ECL not credit impaired	(46)	97	(51)	-	**-**
Transferred to Lifetime ECL credit impaired - collective provision	(2)	(66)	68	-	**-**
Transferred to Lifetime ECL credit impaired - specific provision	(1)	(50)	(103)	154	**-**
Bad debts recovered	-	-	-	57	**57**
Bad debts written-off	-	-	-	(636)	**(636)**
Charge to income statement from continuing operations	(437)	593	53	194	**403**
Charge to income statement from discontinued operations [(1)]	(3)	7	-	2	**6**
Derecognised in respect of the group disposal [(1)]	(27)	(52)	(1)	(13)	**(93)**
Foreign currency translation and other adjustments	10	17	6	7	**40**
Total provision for doubtful debts	455	1,988	440	637	**3,520**

(1) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

	Half Year to 31 Mar 15					
	Collective provision 12-mth ECL $m	Collective provision Lifetime ECL not credit impaired $m	Collective provision Lifetime ECL credit impaired $m	Collective provision [(1)] $m	Specific provision Lifetime ECL credit impaired $m	Total $m
Balance at the beginning of period	-	-	-	1,760	1,358	**3,118**
Restated for adoption of new accounting standards [(1)]	559	1,639	567	(1,760)	(322)	**683**
Changes due to financial assets recognised in the opening balance that have: [(2)]						
Transferred to 12-mth ECL	317	(298)	(19)	-	-	**-**
Transferred to Lifetime ECL not credit impaired	(44)	95	(51)	-	-	**-**
Transferred to Lifetime ECL credit impaired - collective provision	(3)	(52)	55	-	-	**-**
Transferred to Lifetime ECL credit impaired - specific provision	-	(46)	(102)	-	148	**-**
Bad debts recovered	-	-	-	-	72	**72**
Bad debts written-off	-	-	-	-	(664)	**(664)**
Charge to income statement from continuing operations	(261)	439	27	-	236	**441**
Charge to income statement from discontinued operations [(3)]	-	(1)	-	-	13	**12**
Foreign currency translation and other adjustments	16	25	9	-	31	**81**
Total provision for doubtful debts	584	1,801	486	-	872	**3,743**

(1) *The opening balance for the collective provision of doubtful debts measured under AASB 139 is now presented as 12-months and Lifetime expected credit losses following the adoption of AASB 9, with no restatement to prior period comparatives. Refer to Note 1(a) for information of the adoption of AASB 9.*

(2) *The impact of forward looking information previously reflected in the charge to the income statement is now presented in the transfer of opening balances between the three stages. The 31 March 2015 information has been restated to accord with changes in the presentation made in the current period.*

(3) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

8. Provision for Doubtful Debts (continued)

Charge to provide for doubtful debts [1]

	Year to		Half Year to	
Total charge for doubtful debts by geographic location	**Sep 15 $m**	**Sep 14 $m**	**Sep 15 $m**	**Mar 15 $m**
Australia	**683**	601	**305**	378
Europe	**50**	153	**22**	28
New Zealand	**119**	68	**75**	44
United States	**(1)**	1	**(7)**	6
Asia	**(7)**	32	**8**	(15)
Total charge to provide for doubtful debts excluding investments - held to maturity	**844**	855	**403**	441
Total (write-back)/charge on investments - held to maturity	**-**	(8)	**-**	-
Total charge to provide for doubtful debts	**844**	847	**403**	441

(1) *Information is presented on a continuing operations basis including prior period restatements.*

9. Asset Quality

Impaired assets consist of retail loans (excluding unsecured portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and interest revenue, non-retail loans which are contractually past due 90 days and there is sufficient doubt about the ultimate collectability of principal and interest, and impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities are classified as impaired loans when they become 180 days past due (if not written-off).

	As at		
Summary of total impaired assets	**30 Sep 15 $m**	**31 Mar 15 $m**	**30 Sep 14 $m**
Impaired assets [(1)]	**1,990**	2,478	3,926
Restructured loans [(2)]	**60**	80	196
Gross total impaired assets [(3)]	**2,050**	2,558	4,122
Specific provision - total impaired assets	**(671)**	(907)	(1,454)
Net total impaired assets	**1,379**	1,651	2,668

(1) *September 2014 impaired assets do not include impaired conduit assets classified as investments held to maturity under AASB 139 ($96 million). These conduit assets were reclassified to financial assets at fair value through profit or loss upon transition to AASB 9, and subsequently sold during the period ending 31 March 2015.*

(2) *These loans represent facilities which have been classified as restructured for reasons relating to the financial difficulty of the counterparty. The restructured loans include $nil of restructured fair value assets (March 2015 $6 million, September 2014 $7 million).*

(3) *Gross impaired assets include $58 million of gross impaired other financial assets at fair value (March 2015 $73 million, September 2014 $187 million).*

Movement in gross impaired assets	**Australia $m**	**Europe $m**	**New Zealand $m**	**United States $m**	**Asia $m**	**Total Group $m**
Balance as at 31 March 2014	2,356	2,754	374	62	68	**5,614**
New	679	540	151	-	-	**1,370**
Written-off	(411)	(192)	(75)	(2)	(2)	**(682)**
Returned to performing or repaid	(699)	(489)	(185)	(19)	(10)	**(1,402)**
Disposals	-	(844)	-	-	-	**(844)**
Foreign currency translation adjustments	-	78	(16)	1	3	**66**
Balance as at 30 September 2014	1,925	1,847	249	42	59	**4,122**
New	474	155	125	29	1	**784**
Written-off	(290)	(203)	(30)	(8)	-	**(531)**
Returned to performing or repaid	(624)	(336)	(67)	(10)	(54)	**(1,091)**
Disposals	-	(834)	-	-	-	**(834)**
Foreign currency translation adjustments	-	74	26	7	1	**108**
Balance at 31 March 2015	1,485	703	303	60	7	**2,558**
New	460	114	99	15	-	**688**
Written-off	(249)	(142)	(68)	(2)	-	**(461)**
Returned to performing or repaid	(455)	(153)	(117)	(9)	(2)	**(736)**
Derecognised in respect of the disposal group [(1)]	-	-	-	(70)	-	**(70)**
Foreign currency translation adjustments	-	82	(20)	6	3	**71**
Gross impaired assets at 30 September 2015 [(1)]	1,241	604	197	-	8	**2,050**

(1) *Includes discontinued operations of GWB. Refer to Note 14 - Discontinued operations for further details.*

Gross impaired assets to gross loans & acceptances - by geographic location	As at 30 Sep 15 [(1)] %	31 Mar 15 [(1)] %	30 Sep 14 %
Australia	**0.28**	0.35	0.47
Europe	**0.87**	1.14	3.05
New Zealand	**0.32**	0.46	0.44
United States	**-**	0.55	0.45
Asia	**0.09**	0.07	0.61
Total gross impaired assets to gross loans & acceptances	**0.35**	0.45	0.76

(1) March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.

Group coverage ratios	As at 30 Sep 15 [(1)] %	31 Mar 15 [(1)] %	30 Sep 14 %
Net impaired assets to total equity (parent entity interest) [(2)]	**2.5**	3.4	5.6
Specific provision to gross impaired assets	**32.7**	35.5	35.3
Collective provision to credit risk-weighted assets [(3)]	**1.01**	1.01	0.83
90+ days past due plus gross impaired assets to gross loans and acceptances	**0.71**	0.85	1.19
Bad and doubtful debts charge to gross loans and acceptances (annualised) [(4)] [(6)]	**0.14**	0.16	0.16
Net write-offs to gross loans and acceptances (annualised) [(4)] [(6)]	**0.21**	0.22	0.30
Total provision as a percentage of net write-offs (annualised) [(4)] [(5)] [(6)]	**341**	336	246
Total provision to gross loans and acceptances [(5)]	**0.71**	0.76	0.75

(1) March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.

(2) Net impaired assets for September 2015 include $24 million of net impaired fair value assets (March 2015 $38 million, September 2014 $91 million).

(3) Includes collective provision against loans at amortised cost and collective provisions held on loans and derivatives at fair value and other debt instruments.

(4) September 2015 and 2014 metrics refer to the full year ratio. March 2015 metrics refer to the half year ratio annualised.

(5) Includes total provision against loans at amortised cost and total provisions held on loans and derivatives at fair value and other debt instruments.

(6) Information is presented on a continuing operations basis including prior period restatements.

The amounts below are not classified as impaired assets and therefore are not included in the summary on the previous page.

Summary of 90+ days past due loans	As at 30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m
Total assets past due 90 days or more with adequate security	**1,862**	2,018	2,082
Total portfolio managed facilities past due 90 to 180 days	**260**	274	260
Total 90+ days past due loans	**2,122**	2,292	2,342
Total 90+ days past due loans to gross loans and acceptances (%)	**0.36**	0.40	0.43

90+ days past due loans - by geographic location	As at 30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m
Australia	**1,620**	1,731	1,692
Europe	**324**	349	449
New Zealand	**178**	199	186
United States	**-**	13	13
Asia	**-**	-	2
90+ day past due loans	**2,122**	2,292	2,342

10. Deposits and Other Borrowings

	30 Sep 15 [(1)] $m	31 Mar 15 [(1)] $m	30 Sep 14 $m
	As at		
Term deposits	**161,020**	162,865	165,675
On-demand and short-term deposits	**216,719**	215,579	191,333
Certificates of deposit	**40,251**	59,074	67,579
Deposits not bearing interest	**41,138**	38,380	34,060
Total deposits	**459,128**	475,898	458,647
Borrowings	**29,177**	26,401	17,372
Securities sold under agreements to repurchase	**8,917**	10,645	9,443
Fair value adjustment	**16**	6	(21)
Total deposits and other borrowings	**497,238**	512,950	485,441
Represented by:			
Total deposits and other borrowings at fair value [(2)]	**8,228**	8,973	9,233
Total deposits and other borrowings at amortised cost	**489,010**	503,977	476,208
Total deposits and other borrowings	**497,238**	512,950	485,441

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Included within the carrying value of other financial liabilities at fair value. These amounts are included in the product and geographical analysis below.*

By product and geographic location	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total Group $m
As at 30 September 2015 [(1)]						
Term deposits	111,341	14,169	22,529	289	12,692	**161,020**
On-demand and short-term deposits	157,297	41,539	16,582	1	1,300	**216,719**
Certificates of deposit	31,686	4,970	1,560	2,035	-	**40,251**
Deposits not bearing interest	33,396	4,296	3,352	-	94	**41,138**
Total deposits	333,720	64,974	44,023	2,325	14,086	**459,128**
Borrowings	24,806	-	3,014	1,357	-	**29,177**
Securities sold under agreements to repurchase	1,299	2,004	-	5,614	-	**8,917**
Fair value adjustment	-	9	7	-	-	**16**
Total deposits and other borrowings	359,825	66,987	47,044	9,296	14,086	**497,238**
Represented by:						
Total deposits and other borrowings at fair value	-	142	8,086	-	-	**8,228**
Total deposits and other borrowings at amortised cost	359,825	66,845	38,958	9,296	14,086	**489,010**
Total deposits and other borrowings	359,825	66,987	47,044	9,296	14,086	**497,238**

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

By product and geographic location	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total Group $m
As at 31 March 2015 [(1)]						
Term deposits	110,595	12,425	24,577	2,786	12,482	**162,865**
On-demand and short-term deposits	148,544	35,016	17,306	13,837	876	**215,579**
Certificates of deposit	33,242	20,229	2,163	3,440	-	**59,074**
Deposits not bearing interest	30,029	3,611	2,897	1,817	26	**38,380**
Total deposits	322,410	71,281	46,943	21,880	13,384	**475,898**
Borrowings	19,720	-	2,682	3,999	-	**26,401**
Securities sold under agreements to repurchase	1,375	2,411	-	6,859	-	**10,645**
Fair value adjustment	-	10	(4)	-	-	**6**
Total deposits and other borrowings	343,505	73,702	49,621	32,738	13,384	**512,950**
Represented by:						
Total deposits and other borrowings at fair value	-	148	8,825	-	-	**8,973**
Total deposits and other borrowings at amortised cost	343,505	73,554	40,796	32,738	13,384	**503,977**
Total deposits and other borrowings	343,505	73,702	49,621	32,738	13,384	**512,950**

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

By product and geographic location	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total Group $m
As at 30 September 2014						
Term deposits	113,117	13,724	23,630	3,601	11,603	**165,675**
On-demand and short-term deposits	136,539	30,558	14,424	9,031	781	**191,333**
Certificates of deposit	37,215	22,723	1,451	6,190	-	**67,579**
Deposits not bearing interest	26,629	3,434	2,420	1,495	82	**34,060**
Total deposits	313,500	70,439	41,925	20,317	12,466	**458,647**
Borrowings	1,425	-	2,983	12,964	-	**17,372**
Securities sold under agreements to repurchase	1,612	1,955	-	5,876	-	**9,443**
Fair value adjustment	-	(20)	(1)	-	-	**(21)**
Total deposits and other borrowings	316,537	72,374	44,907	39,157	12,466	**485,441**
Represented by:						
Total deposits and other borrowings at fair value	-	598	8,635	-	-	**9,233**
Total deposits and other borrowings at amortised cost	316,537	71,776	36,272	39,157	12,466	**476,208**
Total deposits and other borrowings	316,537	72,374	44,907	39,157	12,466	**485,441**

11. Contributed Equity and Reserves

Contributed equity	As at 30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m
Issued and paid-up ordinary share capital			
Ordinary shares, fully paid	**31,334**	25,714	24,049
Other contributed equity			
National Income Securities	**1,945**	1,945	1,945
Trust Preferred Securities	**975**	975	975
Trust Preferred Securities II [(1)]	**-**	-	1,014
National Capital Instruments	**397**	397	397
Total contributed equity	**34,651**	29,031	28,380

(1) *Trust Preferred Securities II were redeemed on 23 March 2015.*

Movements in issued and paid-up ordinary share capital	Year to Sep 15 $m	Year to Sep 14 $m	Half Year to Sep 15 $m	Half Year to Mar 15 $m
Ordinary share capital				
Balance at beginning of period	**24,049**	23,410	**25,714**	24,049
Shares issued:				
Dividend reinvestment plan (DRP)	**1,137**	677	**322**	815
DRP underwritten allotments	**800**	-	**-**	800
Rights issue	**5,446**	-	**5,446**	-
Exercise of executive share options	**-**	9	**-**	-
Transfer from equity-based compensation reserve	**182**	182	**(4)**	186
Treasury shares adjustment relating to life insurance business	**(280)**	80	**(144)**	(136)
On market purchase of shares for dividend reinvestment plan neutralisation	**-**	(309)	**-**	-
Balance at end of period	**31,334**	24,049	**31,334**	25,714

Reserves	As at 30 Sep 15 [(1)] $m	31 Mar 15 [(1)] $m	30 Sep 14 $m
Asset revaluation reserve	**75**	81	81
Foreign currency translation reserve	**(1,091)**	(1,192)	(1,936)
Cash flow hedge reserve	**110**	51	(55)
Equity based compensation reserve	**204**	162	277
General reserve for credit losses	**64**	-	601
Available for sale investments reserve	**-**	-	166
Debt instruments at fair value through other comprehensive income reserve	**56**	178	-
Equity instruments at fair value through other comprehensive income reserve	**220**	64	-
Total reserves	**(362)**	(656)	(866)

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Movements in reserves	Year to Sep 15 $m	Year to Sep 14 $m	Half Year to Sep 15 $m	Half Year to Mar 15 $m
Asset revaluation reserve				
Balance at beginning of period	**81**	79	**81**	81
Revaluation of land and buildings	**1**	3	**1**	-
Transfer to retained profits	**(1)**	(2)	**(1)**	-
Tax on revaluation adjustments	**-**	1	**-**	-
Released on divestment of discontinued operation [(1)]	**(6)**	-	**(6)**	-
Balance at end of period	**75**	81	**75**	81

(1) *Contains balances previously disclosed as 'Released on disposal of non-controlling interest'. Refer to Note 14 - Discontinued operations for further details.*

Movements in reserves	Year to Sep 15 $m	Year to Sep 14 $m	Half Year to Sep 15 $m	Half Year to Mar 15 $m
Foreign currency translation reserve				
Balance at beginning of period	**(1,936)**	(2,501)	**(1,192)**	(1,936)
Currency translation adjustments	**1,067**	574	**190**	877
Attributable to non-controlling interest	**(166)**	-	**(89)**	(77)
Released on divestment of discontinued operation [(2) (3)]	**(46)**	-	**(31)**	(15)
Tax on foreign currency translation reserve	**(10)**	(9)	**31**	(41)
Balance at end of period	**(1,091)**	(1,936)	**(1,091)**	(1,192)
Cash flow hedge reserve				
Balance at beginning of period	**(55)**	105	**51**	(55)
Gains/(losses) on cash flow hedging instruments	**137**	(119)	**21**	116
Gains transferred to the income statement	**(36)**	(84)	**(14)**	(22)
Tax on cash flow hedging instruments	**(9)**	43	**2**	(11)
Released on divestment of discontinued operation [(2)]	**73**	-	**50**	23
Balance at end of period	**110**	(55)	**110**	51
Equity based compensation reserve				
Balance at beginning of period	**277**	296	**162**	277
Equity-based compensation	**120**	163	**46**	74
Transfer to contributed equity	**(182)**	(182)	**4**	(186)
Transfer of options and rights lapsed to retained profits	**(11)**	-	**(6)**	(5)
Tax on equity-based compensation	**-**	-	**(2)**	2
Balance at end of period	**204**	277	**204**	162
General reserve for credit losses				
Balance at beginning of period	**601**	539	**-**	601
Restated for adoption of new accounting standards [(1)]	**(586)**	-	**-**	(586)
Transfer from/(to) retained profits	**49**	62	**64**	(15)
Balance at end of period	**64**	601	**64**	-
Available for sale investments reserve				
Balance at beginning of period	**166**	62	**-**	166
Restated for adoption of new accounting standards [(1)]	**(166)**	-	**-**	(166)
Revaluation gains	**-**	263	**-**	-
Gains from sale transferred to the income statement	**-**	(94)	**-**	-
Impairment transferred to the income statement	**-**	4	**-**	-
Tax on available for sale investments reserve	**-**	(69)	**-**	-
Balance at end of period	**-**	166	**-**	-
Debt instruments at fair value through other comprehensive income reserve				
Balance at beginning of period	**-**	-	**178**	-
Restated for adoption of new accounting standards [(1)]	**143**	-	**-**	143
Revaluation (losses)/gains	**(3)**	-	**(156)**	153
Gains from sale transferred to the income statement	**(69)**	-	**(4)**	(65)
Loss allowance on debt instruments at fair value through other comprehensive income	**1**	-	**1**	-
Tax on debt instruments at fair value through other comprehensive income reserve	**(11)**	-	**40**	(51)
Attributable to non-controlling interest	**(2)**	-	**-**	(2)
Released on divestment of discontinued operation [(2)]	**(3)**	-	**(3)**	-
Balance at end of period	**56**	-	**56**	178

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Contains balances previously disclosed as 'Released on disposal of non-controlling interest'. Refer to Note 14 - Discontinued operations for further details.*

(3) *March 2015 comparative has been restated to accord with current period presentation.*

Movements in reserves	Year to Sep 15 [(1)] $m	Year to Sep 14 $m	Half Year to Sep 15 [(1)] $m	Half Year to Mar 15 [(1)] $m
Equity instruments at fair value through other comprehensive income reserve				
Balance at beginning of period	**-**	-	**64**	-
Restated for adoption of new accounting standards [(1)]	**22**	-	**-**	22
Revaluation gains	**218**	-	**175**	43
Tax on equity instruments at fair value through other comprehensive income reserve	**(20)**	-	**(19)**	(1)
Balance at end of period	**220**	-	**220**	64

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Reconciliation of movement in retained profits	Year to Sep 15 [(1)] $m	Year to Sep 14 $m	Half Year to Sep 15 [(1)] $m	Half Year to Mar 15 [(1)] $m
Balance at beginning of period	**20,377**	19,793	**20,867**	20,377
Restated for adoption of new accounting standards [(1)]	**(465)**	-	**-**	(465)
Actuarial (losses)/gains on defined benefit superannuation plans	**(79)**	49	**(67)**	(12)
Fair value changes on financial liabilities designated at fair value attributable to the Group's own credit risk	**165**	(44)	**92**	73
Tax on items taken directly from equity	**(15)**	(6)	**(1)**	(14)
Net profit attributable to owners of NAB from continuing operations	**6,357**	5,181	**2,960**	3,397
Net profit attributable to owners of NAB from discontinued operations	**(19)**	114	**(62)**	43
Transfer (to)/from general reserve for credit losses	**(49)**	(62)	**(64)**	15
Transfer from asset revaluation reserve	**1**	2	**1**	-
Transfer of options and rights lapsed from equity-based compensation reserve	**11**	-	**6**	5
Dividends paid	**(4,573)**	(4,470)	**(2,316)**	(2,257)
Distributions on other equity instruments	**(175)**	(180)	**(66)**	(109)
Loss on disposal of interest in subsidiary [(2)]	**(323)**	-	**(145)**	(178)
Reclassification of Trust Preferred Securities II transaction costs [(3)]	**(8)**	-	**-**	(8)
Balance at end of period	**21,205**	20,377	**21,205**	20,867

(1) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(2) *Contains balances previously disclosed as 'Released on disposal of non-controlling interest'. Refer to Note 14 - Discontinued operations for further details.*

(3) *Relates to the reclassification of issuance related transaction costs previously deducted from the Trust Preferred Securities II equity instrument which was redeemed during the period.*

12. Notes to the Condensed Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash within three months and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes) and include cash and liquid assets, amounts due from other banks (including securities held under reverse repurchase agreements and short-term government securities), net of amounts due to other banks.

Cash and cash equivalents as shown in the condensed cash flow statement is reconciled to the related items on the balance sheet as follows:

	As at		
Cash and cash equivalents	**30 Sep 15 $m**	**31 Mar 15 $m**	**30 Sep 14 $m**
Assets			
Cash and liquid assets	**30,934**	32,967	41,034
Treasury and other eligible bills	**1,371**	1,132	885
Due from other banks (excluding mandatory deposits with supervisory central banks)	**40,775**	47,248	27,479
Total cash and cash equivalents assets	**73,080**	81,347	69,398
Liabilities			
Due to other banks	**(52,552)**	(45,585)	(42,881)
Total cash and cash equivalents	**20,528**	35,762	26,517

Included within cash and liquid assets are cash and liquid assets within the Group's life insurance business statutory funds of $2,453 million (March 2015 $1,938 million, September 2014 $2,099 million) which are subject to restrictions imposed under the *Life Insurance Act* 1995 (Cth) and other restrictions and therefore are not available for use in operating, investing or financing activities of other parts of the Group.

(b) Non-cash financing and investing transactions

	Year to		Half Year to	
	Sep 15 $m	**Sep 14 $m**	**Sep 15 $m**	**Mar 15 $m**
New share issues				
Dividend reinvestment plan	**1,137**	677	**322**	815

13. Contingent Liabilities

(i) Legal proceedings

Entities within the Group are defendants from time to time in legal proceedings arising from the conduct of their business.

There are contingent liabilities in respect of claims, potential claims and court proceedings against entities of the Group. Where appropriate, provisions have been made. The aggregate of potential liability in respect thereof cannot be accurately assessed.

(ii) Class actions

On 16 December 2011, Steven Farey and Others commenced a class action proceeding against the Group in relation to the payment of exception fees, along with similar actions against other financial institutions. The quantum of the claim against the Group has not yet been identified in the proceeding. The Group has not been required to file a defence as the proceeding has been stayed until 1 December 2015 pending the resolution of the exception fees class action against ANZ Banking Group Limited (ANZ). The ANZ action commenced in September 2010 and is effectively a ‘test case’ for exception fee claims against Australian banks. On 8 April 2015, the Full Court of the Federal Court delivered judgement on an appeal in the ANZ action. The Court found in favour of ANZ. On 11 September 2015 the applicants were granted special leave to appeal to the High Court of Australia.

In March 2013, a potential representative action against New Zealand banks (including NAB’s subsidiary BNZ) was announced in relation to certain fees. Litigation Lending Services (NZ) Limited is funding the actions. On 20 August 2014, representative proceedings were filed against BNZ. On 24 September 2014 and again on 30 April 2015, these proceedings were stayed pending the outcome of proceedings in Australia. The potential outcome of these proceedings cannot be determined with any certainty at this stage.

(iii) United Kingdom Financial Services Compensation Scheme

The United Kingdom (UK) Financial Services Compensation Scheme (FSCS) provides compensation to depositors in the event that a financial institution is unable to repay amounts due. Following the failure of a number of financial institutions in the UK, claims were triggered against the FSCS, initially to pay interest on borrowings which the FSCS has raised from the UK Government to support the protected deposits.

During 2015, the FSCS levy was also invoiced to institutions for the third of three annual levies to cover capital repayments to the UK Government. The principal of these borrowings, which remains after the three annual levies have been paid, is anticipated to be repaid from the realisation of the assets of the defaulted institutions. The FSCS has however confirmed that the size of the future levies will be kept under review in light of developments from the insolvent estates.

The FSCS has estimated levies due to 31 March 2016 and an accrual of $19 million (£9 million) is held for the Group’s calculated liability to that date. The ultimate FSCS levy as a result of the failures is uncertain.

(iv) Claims for potential mis-selling of payment protection insurance

In common with the wider UK retail banking sector, Clydesdale Bank continues to deal with complaints and redress issues arising out of historic sales of payment protection insurance (PPI).

As at 30 September 2015, a provision of $1,674 million (£774 million) is held with respect to complaints and redress issues arising out of historic sales of PPI. This includes a charge of £390 million during the September 2015 half, which incorporates the requirement for further proactive customer contact determined by the Group undertaking a past business review, as well as changes in complaint levels, changes in the cost of redress and increasing costs of the programme. This provision is based on a number of assumptions derived from a combination of past experience, estimated future experience, industry comparison and the exercise of judgement. There remain risks and uncertainties in relation to these assumptions and consequently in relation to ultimate costs of redress and related costs, including the number of PPI claims (including the extent to which this is influenced by the activity of claims management companies), the number of those claims that ultimately will be upheld, the amount that will be paid in respect of those claims, the impact of the Supreme Court decision in Plevin v Paragon Personal Finance Ltd (Plevin) referenced below (including the impact of any new Financial Conduct Authority (FCA) rules or guidance issued further to that decision) and any additional amounts that may need to be paid in respect of previously handled claims.

The November 2014 case of Plevin held that, judged on its own facts, non-disclosure of the amount of commission payable in that case in connection with the sale of single premium PPI to a customer, created an unfair relationship under Section 140A (s.140A) of the *Consumer Credit Act* 1974 (CCA).

On 2 October 2015 the FCA announced its intention to issue consultations, before the end of the calendar year, in relation to the introduction of a deadline by which consumers would need to make their PPI complaints and also in relation to how FCA regulated firms should handle PPI complaints fairly in light of Plevin. The principal elements of the consultations include (i) a deadline for PPI complaints falling two years from the date the proposed rule comes into force (not anticipated to be before April or May 2016) and (ii) a proposal that a UK regulated firm should presume, when assessing a complaint, that a failure to disclose a commission of 50% or more gave rise to an unfair relationship under s.140A. The proposed rules and guidance in (ii) would only apply to PPI complaints where a claim could be made against a lender under s.140A (i.e. where sums were payable (or capable of being payable) under the underlying credit agreement on or after 6 April 2008). The proposed PPI complaint deadline would also apply to the handling of these complaints. Noting that the consultation documents have not been published and that the final rules and guidance may therefore change from that proposed, it is too early to estimate the impact of these matters. Accordingly, no adjustment to the PPI provision has been recorded in relation to these matters.

The eventual costs of PPI redress and complaint handling may differ materially from the amount estimated and a further provision may be required. Accordingly, the final amount required to settle the Group's potential PPI liabilities remains uncertain.

The Group will continue to reassess the adequacy of the provision for these matters and the assumptions underlying the provision calculation based on experience and other relevant factors as matters develop.

(v) Review of sales of certain interest rate hedging products

On 29 June 2012 the UK Financial Services Authority (FSA, now the Financial Conduct Authority) announced that it had reached agreement with a number of UK banks in relation to a review and redress exercise on sales of certain interest rate hedging products to small and medium businesses. Clydesdale Bank agreed to participate in this exercise, as announced by the FSA on 23 July 2012, and has implemented a program to identify small and medium sized customers that may have been affected and where due, pay financial redress.

The exercise incorporates certain of the Group's tailored business loan (TBLs) products as well as the standalone hedging products identified in the FSA's notice. The exercise was formally closed to new claims on 31 March 2015.

In addition, Clydesdale Bank is responding to complaints relating to fixed-rate TBLs not currently in scope of the review noted above.

Based on a number of factors relating to offers of redress, compensation, offers of alternative products, consequential loss claims and administrative costs for interest rate hedging products and in-scope TBLs, and the complaints-led review of certain fixed-rate TBLs, a provision of $415 million (£192 million) is held as at 30 September 2015, including a charge in the September 2015 half of $163 million (£75 million). The extent of future complaints relating to fixed-rate TBLs, and the total costs relating to current complaints, are uncertain and further provisions may be required.

The Group will continue to reassess the adequacy of the provision for this matter and the assumptions underlying the provision calculation based upon experience and other relevant factors as matters develop.

(vi) Other UK conduct related matters

Since 1 April 2013, Clydesdale Bank has been regulated by the FCA and the Prudential Regulation Authority (PRA). The FCA is a proactive regulator focused on conduct issues, and this may impact upon the manner in which the Group's UK operations deal with, and the ultimate extent of, conduct related customer redress and associated costs. The current provision held in respect of UK conduct related matters, other than payment protection insurance and interest rate hedging products (including out-of-scope TBLs), is $43 million (£20 million). The total cost associated with these and other conduct related matters is uncertain.

(vii) Industry reviews by Australian regulators

Regulators globally are continuing their investigation into manipulation of financial benchmarks and markets. In Australia this includes examining potential wrongdoing in the bank bill swap reference rate and foreign exchange markets. NAB is responding to inquiries by Australian regulators as part of these investigations. Responding to these inquiries involves significant time and cost, although the final outcomes (including potential regulatory fines, undertakings or sanctions) and total cost associated with these reviews is uncertain.

(viii) Wealth advice review

Since September 2014, the Senate Economics References Committee has been conducting an inquiry into aspects of the financial advice industry, including potential unethical or misleading financial advice and compensation processes for consumers impacted by that advice. The Committee is due to report by 1 February 2016. NAB appeared before the Committee on 6 March 2015 and committed to write to customers where misconduct has occurred in the last five years.

On 21 October 2015, NAB announced it has started contacting customers who may have received non-compliant advice since 2009 and that customers who have suffered loss due to inappropriate advice will be compensated.

The outcomes and total cost associated with this work is uncertain. NAB is also aware that two plaintiff law firms have advertised that they are investigating claims on behalf of NAB customers who have suffered losses as a result of financial advice received from NAB advisers. No formal action has yet been taken against the Group in this regard.

14. Discontinued Operations

During the financial year to 30 September 2015, the Group divested its holding in Great Western Bancorp, Inc. (GWB), a US based subsidiary of the Group resulting in discontinued operations. This operating segment was not previously classified as held-for-sale or as a discontinued operation. The operating segment previously formed part of the Corporate Functions & Other reportable segment (refer to Note 2 Segment information). The comparative Income Statements and Statements of Other Comprehensive Income of the Group have been restated to show the discontinued operations separately from continuing operations.

The overall divestment of GWB was achieved in stages commencing with an initial and secondary public offering (see 14.1) and a final offering in which the Group lost of control over and de-consolidated it's subsidiary (see 14.2).

14.1 Sale of interest in a subsidiary

On 15 October 2014, an initial public offering was undertaken in respect of GWB in which the Group sold 31.8% of the common stock.

On 6 May 2015, a secondary public offering was finalised with the Group selling a further 39.7% of common stock.

Total net cash consideration proceeds received from these transactions was $955 million[(1)].

A change in ownership without loss of control has been treated as an equity transaction and the loss on sale is recognised in retained earnings. The total accounting loss recognised in retained earnings in respect of these two offerings was $329 million [(2)]. The accounting loss recognised in retained earnings included a proportional release of Foreign Currency Translation Reserves (FCTR) and other comprehensive income reserves[(3)] related to the US foreign operations.

14.2 Loss of control of a subsidiary

On 3 August 2015, shortly after the Group finalised the divestment of its remaining 28.5% interest, the Group lost control over and de-consolidated GWB (including the subsidiary entities of GWB) being the GWB Consolidated Group (GWB Group).

The total accounting loss recognised in the Group's income statement in respect of the final offering in which the Group lost control was $83 million, which included a release of any remaining FCTR and other comprehensive income reserves [(3)] related to the US foreign operations.

The total FCTR (inclusive of net investment hedge adjustments) which was recycled to the Group's income statement was $13 million gain. Total FCTR released (either to the income statement or proportionally to retained earnings) from the overall divestment of GWB Group was a $46 million gain.

Total net cash consideration proceeds received from the final sell down where the Group lost control was $509 million [(1)]. The amount of cash and cash equivalents in the consolidated GWB Group as of the date when control was lost was $343 million.

Total dividends paid to the Non-Controlling Interests of the GWB Group for the period from 15 October 2014 up until the loss of control date was $9 million.

(1) Comprises of gross proceeds less underwriting fees but excludes transaction costs.
(2) Amount excludes a $6 million favourable Asset Revaluation Reserve release to retained earnings at the point of loss of control.
(3) Includes a $73 million Cash Flow Hedge Reserve loss arising from a cash flow hedge of foreign currency exposures on the original acquisition price of GWB Group in 2008.

14.3 Analysis of profit for the year from discontinued operations

The results of GWB discontinued operations for the period up to the loss of control date included in the Group's income statement are set out below, including full year comparative information.

	Group	
	2015 $m	2014 $m
Net interest income	**314**	324
Total other income	**73**	68
Total other operating expenses	**(200)**	(211)
Charge to provide for doubtful debts	**(18)**	(8)
Profit before income tax	**169**	173
Income tax expense	**(57)**	(59)
Net profit from discontinued operations before disposal of subsidiary	**112**	114
Attributable to owners of NAB	**64**	114
Attributable to non-controlling interests	**48**	-
Loss on disposal of subsidiary	**(83)**	-
Net profit from discontinued operations	**29**	114
Net loss from discontinued operations (attributable to Owners of NAB)	**(19)**	-
Net profit from discontinued operations (attributable to non-controlling interests)	**48**	-

14.4 Cash flow from/(used in) discontinued operations

The results of cash flows from/(used in) of GWB discontinued operations for the period up to the loss of control date included in the Group's cash flow statement, are set out below, including full year comparative information.

	2015 $m	2014 $m
Net cash from/(used in) operating activities	**33**	(256)
Net cash from/(used in) investing activities	**(171)**	129
Net cash from/(used in) financing activities	**115**	98
Net cash inflows/(outflows)	**(23)**	(29)

14.5 Effect of disposal on the financial position of the Group

The assets and liabilities of GWB discontinued operations removed from the Group's balance sheet as at the loss of control date (3 August 2015) is set out below. In line with accounting standard requirements the comparative information on the Group's balance sheet for GWB discontinued operations has not been restated.

	2015 $m
Assets	
Cash and liquid assets	**156**
Due from other banks	**187**
Debt instruments at fair value through other comprehensive income	**1,951**
Other financial assets at fair value	**1,468**
Loans and advances	**8,416**
Property, plant and equipment	**127**
Goodwill and other intangible assets	**954**
Deferred tax assets	**48**
Other assets	**129**
Total assets	**13,436**
Liabilities	
Trading derivatives	**51**
Deposits and other borrowings	**11,159**
Current tax liabilities	**3**
Provisions	**7**
Due to controlled entities	**2**
Bonds, notes and subordinated debt	**124**
Other liabilities	**55**
Total liabilities	**11,401**
Net assets	**2,035**

15. Events Subsequent to Reporting Date

Sale of 80% of Life Insurance Business

On 28 October 2015 NAB announced it has entered into an agreement to sell 80% of NAB Wealth's life insurance business to Nippon Life Insurance Company for $2.4 billion, while NAB will retain the remaining 20%. The purchase price is an estimate and may be adjusted for certain capital inflows and outflows between signing and completion, including dividends paid by the life insurance business. As part of the agreement, NAB will enter a 20 year distribution agreement to provide life insurance products through its owned and aligned distribution networks. NAB will retain ownership of its investments business which includes superannuation, platforms, advice and asset management. The transaction will occur through the sale of 80% of MLC Limited after the extraction of NAB's superannuation and investments business and certain other restructuring steps. NAB will retain the MLC brand, although it will be licensed for use by the life insurance business for 10 years.

The transaction is expected to be completed in late 2016 subject to certain conditions including regulatory approvals, establishment of the life insurance business as a standalone entity, extraction of the superannuation business from MLC Limited and the finalisation of certain agreements. NAB will retain responsibility for managing the life insurance business until completion, subject to certain restrictions on carrying out material transactions and transactions outside the ordinary course of business.

An indicative loss on sale of $1.1 billion is anticipated as a result of the transaction. The final loss on sale will vary depending on the level of earnings between signing and completion, the final allocation of goodwill at the time of deconsolidation, final transaction costs and a number of other items.

Other than the matter referred to above, no other matter, item, transaction or event of a material or unusual nature has arisen in the interval between end of the reporting period (30 September 2015) and the date of this report that, in the opinion of the directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Compliance Statement

The preliminary final report for the year ended 30 September 2015 is prepared:

- In accordance with the ASX Listing Rules.
- In accordance with the recognition and measurement requirements of applicable Australian Accounting Standards.
- Based on the financial statements of the Group, which are in the process of being audited.

This report should be read in conjunction with any announcements to the market made by the Group during the period.

Louise Thomson
Company Secretary
28 October 2015

This page has been left blank intentionally.

Section 6

Supplementary Information [1]

1. Net Interest Margins and Spreads	102
2. Loans and Advances by Industry and Geography	103
3. Average Balance Sheet and Related Interest	105
4. Capital Adequacy - Basel III [2]	111
5. Earnings Per Share	113
6. Net Tangible Assets	115
7. Asset Funding	116
8. Number of Ordinary Shares	117
9. Exchange Rates	118
10. ASX Appendix 4E	118
11. Divisional Performance Summary Excluding Foreign Currency Movements	119

[1] *Cash earnings information is presented on a continuing operations basis including prior period restatements.*

[2] *APRA disclosure requirements have not been restated for continuing operations for prior periods, unless otherwise stated.*

1. Net Interest Margins and Spreads

Group [(1)]	Year to Sep 15 %	Year to Sep 14 %	Year to Sep 15 v Sep 14	Half Year to Sep 15 %	Half Year to Mar 15 %	Half Year to Sep 15 v Mar 15
Net interest spread [(2)]	**1.61**	1.62	(1 bps)	**1.60**	1.62	(2 bps)
Benefit of net free liabilities, provisions and equity	**0.26**	0.29	(3 bps)	**0.25**	0.27	(2 bps)
Net interest margin - statutory basis [(3)]	**1.87**	1.91	(4 bps)	**1.85**	1.89	(4 bps)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Net interest spread represents the difference between the average interest rate earned and the average interest rate incurred on funds.*

(3) *Net interest margin (NIM) is net interest income as a percentage of average interest earning assets.*

Year ended September 2015 v Year ended September 2014

Contribution to Group Margin [(1)]	Impact of Change in NIM [(2) (3)]	Impact of Change in Mix [(4)]	Impact on Group NIM
Australian Banking	(4 bps)		**(4 bps)**
NZ Banking			**-**
UK Banking			**-**
Other [(5)]			**-**
Group (excluding Liquid Assets, and Markets & Treasury)	(4 bps)	-	**(4 bps)**
Total Liquid Assets and Marketable Securities [(6)]		1 bps	**1 bps**
Markets & Treasury	(5 bps)	4 bps	**(1 bps)**
Total Group	(9 bps)	5 bps	**(4 bps)**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *The increase/(decrease) in net interest margin assuming no change in mix of average interest earning assets (AIEA).*

(3) *Impact of Change in NIM represents the effect of each division's NIM movement on the Group's NIM. These amounts do not reflect each individual division's NIM movement.*

(4) *The increase/(decrease) in net interest margin caused by changes in divisional mix of AIEA.*

(5) *Includes NAB UK CRE, other supporting units and eliminations.*

(6) *Liquid Assets and Marketable Securities volume impact only.*

Half year ended September 2015 v Half year ended March 2015

Contribution to Group Margin [(1)]	Impact of Change in NIM [(2) (3)]	Impact of Change in Mix [(4)]	Impact on Group NIM
Australian Banking	(4 bps)		**(4 bps)**
NZ Banking			**-**
UK Banking			**-**
Other [(5)]	1 bps		**1 bps**
Group (excluding Liquid Assets, and Markets & Treasury)	(3 bps)	-	**(3 bps)**
Total Liquid Assets and Marketable Securities [(6)]		1 bps	**1 bps**
Markets & Treasury		(2 bps)	**(2 bps)**
Total Group	(3 bps)	(1 bps)	**(4 bps)**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *The increase/(decrease) in net interest margin assuming no change in mix of average interest earning assets (AIEA).*

(3) *Impact of Change in NIM represents the effect of each division's NIM movement on the Group's NIM. These amounts do not reflect each individual division's NIM movement.*

(4) *The increase/(decrease) in net interest margin caused by changes in divisional mix of AIEA.*

(5) *Includes NAB UK CRE, other supporting units and eliminations.*

(6) *Liquid Assets and Marketable Securities volume impact only.*

2. Loans and Advances by Industry and Geography

As at 30 September 2015 (1) (2)	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total $m
Real estate - mortgage	265,928	44,357	29,122	-	2,558	**341,965**
Other commercial and industrial	55,267	9,124	7,545	303	4,057	**76,296**
Commercial property services	53,838	1,262	6,827	7	388	**62,322**
Agriculture, forestry, fishing and mining	21,768	3,277	12,814	-	102	**37,961**
Financial, investment and insurance	12,949	4,072	933	1,933	1,228	**21,115**
Asset and lease financing	10,252	1,505	5	-	2	**11,764**
Instalment loans to individuals and other personal lending (including credit cards)	9,299	3,188	1,400	-	1	**13,888**
Manufacturing	7,515	1,255	2,823	-	979	**12,572**
Real estate - construction	1,623	1,514	778	-	-	**3,915**
Government and public authorities	2,141	59	106	43	-	**2,349**
Gross loans and advances including acceptances (3)	440,580	69,613	62,353	2,286	9,315	**584,147**
Deduct:						
Unearned income and deferred net fee income	(701)	(162)	41	(15)	(24)	**(861)**
Provisions for doubtful debts	(2,472)	(608)	(384)	(8)	(48)	**(3,520)**
Total net loans and advances including acceptances	437,407	68,843	62,010	2,263	9,243	**579,766**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Includes loans at fair value.*

As at 31 March 2015 (1) (2)	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total $m
Real estate - mortgage	258,154	38,014	30,768	-	2,439	**329,375**
Other commercial and industrial	53,876	8,518	7,471	144	4,022	**74,031**
Commercial property services	50,572	1,294	7,138	8	389	**59,401**
Agriculture, forestry, fishing and mining	20,203	3,074	12,843	1	80	**36,201**
Financial, investment and insurance	12,083	3,078	1,328	1,402	2,152	**20,043**
Asset and lease financing	10,190	1,244	8	-	2	**11,444**
Instalment loans to individuals and other personal lending (including credit cards)	9,328	3,189	1,647	-	1	**14,165**
Manufacturing	7,397	1,297	3,247	-	1,262	**13,203**
Real estate - construction	1,678	1,645	884	-	-	**4,207**
Government and public authorities	2,026	69	(4)	42	-	**2,133**
Gross loans and advances including acceptances (3)	425,507	61,422	65,330	1,597	10,347	**564,203**
Deduct:						
Unearned income and deferred net fee income	(739)	(145)	20	(9)	(24)	**(897)**
Provisions for doubtful debts	(2,534)	(669)	(422)	(13)	(26)	**(3,664)**
Total net loans and advances including acceptances	422,234	60,608	64,928	1,575	10,297	**559,642**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Includes loans at fair value.*

As at 30 September 2014 (1)	Australia $m	Europe $m	New Zealand $m	United States $m	Asia $m	Total $m
Real estate - mortgage	247,312	34,257	27,298	-	2,321	**311,188**
Other commercial and industrial	52,284	8,735	6,694	136	4,021	**71,870**
Commercial property services	48,527	2,673	6,611	8	371	**58,190**
Agriculture, forestry, fishing and mining	19,729	3,142	11,419	-	40	**34,330**
Financial, investment and insurance	9,893	2,761	946	1,309	1,913	**16,822**
Asset and lease financing	10,463	1,255	7	-	4	**11,729**
Instalment loans to individuals and other personal lending (including credit cards)	9,132	3,181	1,452	-	-	**13,765**
Manufacturing	7,256	1,393	2,388	(1)	967	**12,003**
Real estate - construction	1,535	3,009	741	-	-	**5,285**
Government and public authorities	2,134	104	127	41	-	**2,406**
Gross loans and advances including acceptances (2)	408,265	60,510	57,683	1,493	9,637	**537,588**
Deduct:						
Unearned income and deferred net fee income	(954)	(137)	17	(6)	(26)	**(1,106)**
Provisions for doubtful debts	(1,715)	(1,092)	(218)	(5)	(40)	**(3,070)**
Total net loans and advances including acceptances	405,596	59,281	57,482	1,482	9,571	**533,412**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Includes loans at fair value.*

3. Average Balance Sheet and Related Interest

The following tables set out the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or incurred by the Group. Averages are predominantly daily averages. Amounts classified as Other International represent interest earning assets and interest bearing liabilities of the controlled entities and overseas branches domiciled in New Zealand, the United States and Asia. Impaired assets are included within loans and advances in interest earning assets.

Average assets and interest income

	Year ended Sep 15 (1) (2)			Year ended Sep 14 (1)		
	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
Average interest earning assets						
Due from other banks						
Australia	13,163	256	1.9	11,343	211	1.9
Europe	26,572	180	0.7	24,934	167	0.7
Other International	20,458	163	0.8	21,596	114	0.5
Marketable debt securities						
Australia	67,922	2,059	3.0	57,588	1,999	3.5
Europe	9,510	101	1.1	8,829	127	1.4
Other International	12,085	259	2.1	11,447	230	2.0
Loans and advances - housing						
Australia	257,699	11,308	4.4	238,710	11,409	4.8
Europe	38,478	1,271	3.3	30,878	1,040	3.4
Other International	31,438	1,719	5.5	29,601	1,577	5.3
Loans and advances - non-housing						
Australia	166,458	9,303	5.6	159,083	9,770	6.1
Europe	24,438	1,057	4.3	28,563	1,241	4.3
Other International	41,829	2,160	5.2	38,581	1,989	5.2
Other interest earning assets						
Australia	8,154	330	n/a	9,728	347	n/a
Europe	19,682	129	n/a	21,514	117	n/a
Other International	10,518	124	n/a	10,555	81	n/a
Total average interest earning assets and interest income by:						
Australia	513,396	23,256	4.5	476,452	23,736	5.0
Europe	118,680	2,738	2.3	114,718	2,692	2.3
Other International	116,328	4,425	3.8	111,780	3,991	3.6
Total average interest earning assets and interest income	748,404	30,419	4.1	702,950	30,419	4.3
Average non-interest earning assets						
Investments relating to life insurance business (3)						
Australia	89,578			81,797		
Other International	67			63		
Other assets	110,658			72,133		
Total average non-interest earning assets	200,303			153,993		
Provision for doubtful debts						
Australia	(2,546)			(1,956)		
Europe	(745)			(1,312)		
Other International	(405)			(279)		
Total average assets	945,011			853,396		

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *September 2015 results reflect the adoption of AASB 9. Prior periods have not been restated.* *Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Included within investments relating to life insurance business are interest earning debt securities. The interest earned from these securities is reported in life insurance income, and has therefore been treated as non-interest earning for the purposes of this note.*

Average liabilities and interest expense

	Year ended Sep 15 (1) (2)			Year ended Sep 14 (1)		
	Average balance $m	**Interest $m**	**Average rate %**	**Average balance $m**	**Interest $m**	**Average rate %**
Average interest bearing liabilities						
Due to other banks						
Australia	**27,705**	**573**	**2.1**	26,195	610	2.3
Europe	**17,711**	**55**	**0.3**	11,890	31	0.3
Other International	**4,864**	**58**	**1.2**	4,752	67	1.4
On-demand and short-term deposits						
Australia	**149,002**	**3,103**	**2.1**	129,639	3,077	2.4
Europe	**35,496**	**130**	**0.4**	28,878	83	0.3
Other International	**24,216**	**419**	**1.7**	25,510	356	1.4
Certificates of deposit						
Australia	**33,850**	**855**	**2.5**	34,925	922	2.6
Europe	**17,533**	**57**	**0.3**	22,336	60	0.3
Other International	**5,455**	**82**	**1.5**	8,518	83	1.0
Term deposits						
Australia	**110,415**	**3,657**	**3.3**	114,434	4,268	3.7
Europe	**13,542**	**271**	**2.0**	15,745	320	2.0
Other International	**36,751**	**1,155**	**3.1**	35,534	1,087	3.1
Other borrowings						
Australia	**18,745**	**165**	**0.9**	2,594	57	2.2
Europe	**5,207**	**36**	**0.7**	7,076	38	0.5
Other International	**20,247**	**69**	**0.3**	26,226	39	0.1
Bonds, notes and subordinated debt						
Australia	**110,319**	**4,062**	**3.7**	101,775	4,362	4.3
Europe	**7,605**	**160**	**2.1**	5,905	146	2.5
Other International	**23,262**	**601**	**2.6**	21,534	566	2.6
Other interest bearing liabilities						
Australia	**3,973**	**452**	**n/a**	3,283	443	n/a
Europe	**1,892**	**27**	**n/a**	570	28	n/a
Other International	**1,390**	**450**	**n/a**	1,294	361	n/a
Total average interest bearing liabilities and interest expense by:						
Australia	**454,009**	**12,867**	**2.8**	412,845	13,739	3.3
Europe	**98,986**	**736**	**0.7**	92,400	706	0.8
Other International	**116,185**	**2,834**	**2.4**	123,368	2,559	2.1
Total average interest bearing liabilities and interest expense	**669,180**	**16,437**	**2.5**	628,613	17,004	2.7

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *September 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Average liabilities and equity

	Year ended	
	Sep 15 (1) (2) $m	**Sep 14 (1) $m**
Average non-interest bearing liabilities		
Deposits not bearing interest		
Australia	**30,120**	24,271
Europe	**3,786**	3,245
Other International	**2,719**	2,400
Life insurance policy liabilities		
Australia	**75,880**	68,197
Other liabilities	**112,529**	80,136
Total average non-interest bearing liabilities	**225,034**	178,249
Total average liabilities	**894,214**	806,862
Average equity		
Contributed equity	**31,359**	28,038
Reserves	**(836)**	(1,082)
Retained profits	**20,257**	19,560
Parent entity interest	**50,780**	46,516
Non-controlling interest in controlled entities	**17**	18
Total average equity	**50,797**	46,534
Total average liabilities and equity	**945,011**	853,396

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *September 2015 results reflect the adoption of AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

Average assets and interest income

	Half Year ended Sep 15 [(1)]			Half Year ended Mar 15 [(1)]		
	Average balance $m	**Interest $m**	**Average rate %**	**Average balance $m**	**Interest $m**	**Average rate %**
Average interest earning assets						
Due from other banks						
Australia	**14,178**	**126**	**1.8**	12,142	130	2.1
Europe	**29,837**	**88**	**0.6**	23,289	92	0.8
Other International	**20,362**	**77**	**0.8**	20,554	86	0.8
Marketable debt securities						
Australia	**68,055**	**970**	**2.8**	68,139	1,089	3.2
Europe	**9,662**	**48**	**1.0**	9,368	53	1.1
Other International	**11,883**	**137**	**2.3**	12,289	122	2.0
Loans and advances - housing						
Australia	**263,056**	**5,511**	**4.2**	252,312	5,797	4.6
Europe	**41,063**	**676**	**3.3**	35,878	595	3.3
Other International	**31,558**	**849**	**5.4**	31,318	870	5.6
Loans and advances - non-housing						
Australia	**169,307**	**4,530**	**5.3**	163,593	4,773	5.9
Europe	**24,520**	**524**	**4.3**	24,355	533	4.4
Other International	**42,453**	**1,059**	**5.0**	41,201	1,101	5.4
Other interest earning assets						
Australia	**8,433**	**142**	**n/a**	7,822	188	n/a
Europe	**17,746**	**73**	**n/a**	21,628	56	n/a
Other International	**9,586**	**77**	**n/a**	11,505	47	n/a
Total average interest earning assets and interest income by:						
Australia	**523,029**	**11,279**	**4.3**	504,008	11,977	4.8
Europe	**122,828**	**1,409**	**2.3**	114,518	1,329	2.3
Other International	**115,842**	**2,199**	**3.8**	116,867	2,226	3.8
Total average interest earning assets and interest income	**761,699**	**14,887**	**3.9**	735,393	15,532	4.2
Average non-interest earning assets						
Investments relating to life insurance business [(2)]						
Australia	**90,812**			88,337		
Other International	**70**			63		
Other assets	**113,031**			107,917		
Total average non-interest earning assets	**203,913**			196,317		
Provision for doubtful debts						
Australia	**(2,547)**			(2,545)		
Europe	**(667)**			(824)		
Other International	**(432)**			(379)		
Total average assets	**961,966**			927,962		

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Included within investments relating to life insurance business are interest earning debt securities. The interest earned from these securities is reported in life insurance income, and has therefore been treated as non-interest earning for the purposes of this note.*

Average liabilities and interest expense

	Half Year ended Sep 15 (1)			Half Year ended Mar 15 (1)		
	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
Average interest bearing liabilities						
Due to other banks						
Australia	**28,030**	**267**	**1.9**	27,379	306	2.2
Europe	**17,981**	**29**	**0.3**	17,440	26	0.3
Other International	**5,113**	**28**	**1.1**	4,613	30	1.3
On-demand and short-term deposits						
Australia	**154,023**	**1,471**	**1.9**	143,953	1,632	2.3
Europe	**38,015**	**77**	**0.4**	32,963	53	0.3
Other International	**25,279**	**205**	**1.6**	23,147	214	1.9
Certificates of deposit						
Australia	**33,345**	**391**	**2.3**	34,358	464	2.7
Europe	**14,175**	**25**	**0.4**	20,909	32	0.3
Other International	**4,597**	**39**	**1.7**	6,317	43	1.4
Term deposits						
Australia	**109,808**	**1,709**	**3.1**	111,026	1,948	3.5
Europe	**13,478**	**132**	**2.0**	13,607	139	2.0
Other International	**36,506**	**557**	**3.0**	36,998	598	3.2
Other borrowings						
Australia	**24,656**	**100**	**0.8**	12,802	65	1.0
Europe	**5,403**	**17**	**0.6**	5,009	19	0.8
Other International	**16,925**	**45**	**0.5**	23,588	24	0.2
Bonds, notes and subordinated debt						
Australia	**112,731**	**1,931**	**3.4**	107,895	2,131	4.0
Europe	**7,860**	**81**	**2.1**	7,348	79	2.2
Other International	**23,017**	**293**	**2.5**	23,508	308	2.6
Other interest bearing liabilities						
Australia	**4,434**	**185**	**n/a**	3,507	267	n/a
Europe	**2,552**	**27**	**n/a**	1,228	-	n/a
Other International	**1,430**	**222**	**n/a**	1,348	228	n/a
Total average interest bearing liabilities and interest expense by:						
Australia	**467,027**	**6,054**	**2.6**	440,920	6,813	3.1
Europe	**99,464**	**388**	**0.8**	98,504	348	0.7
Other International	**112,867**	**1,389**	**2.5**	119,519	1,445	2.4
Total average interest bearing liabilities and interest expense	**679,358**	**7,831**	**2.3**	658,943	8,606	2.6

(1) *Information is presented on a continuing operations basis including prior period restatements.*

Average liabilities and equity

	Half year ended	
	Sep 15 (1) $m	**Mar 15 (1) $m**
Average non-interest bearing liabilities		
Deposits not bearing interest		
Australia	**31,721**	28,510
Europe	**3,980**	3,591
Other International	**2,787**	2,651
Life insurance policy liabilities		
Australia	**76,953**	74,800
Other liabilities	**114,590**	111,481
Total average non-interest bearing liabilities	**230,031**	221,033
Total average liabilities	**909,389**	879,976
Average equity		
Contributed equity	**32,282**	29,103
Reserves	**(217)**	(985)
Retained profits	**20,501**	19,844
Parent entity interest	**52,566**	47,962
Non-controlling interest in controlled entities	**11**	24
Total average equity	**52,577**	47,986
Total average liabilities and equity	**961,966**	927,962

(1) *Information is presented on a continuing operations basis including prior period restatements.*

4. Capital Adequacy - Basel III

The APRA Basel III capital standards have been in effect since 1 January 2013. Under APRA's Prudential Standards, Wealth Management activities are de-consolidated from the Group for the purposes of calculating capital adequacy and excluded from the risk based capital adequacy framework. Under Basel III the investment in Wealth Management entities is deducted from Common Equity Tier 1 (CET1) capital. Additionally, any profits from these activities included in the Group's results are excluded from CET1 capital to the extent that they have not been remitted to NAB. The principal Wealth Management entities are separately regulated and need to meet APRA's prudential standards. The Group conservatively manages the Wealth Management capital adequacy and solvency position separately from the banking business, with a capital buffer in excess of minimum regulatory requirements.

	As at		
Reconciliation to shareholders' funds	**30 Sep 15 $m**	**31 Mar 15 $m**	**30 Sep 14 $m**
Contributed equity	**34,651**	29,031	28,380
Reserves	**(362)**	(656)	(866)
Retained profits	**21,205**	20,867	20,377
Non-controlling interest in controlled entities	**19**	626	17
Total equity per consolidated balance sheet	**55,513**	49,868	47,908
Equity-accounted Additional Tier 1 capital before application of Basel III transitional arrangements	**(3,317)**	(3,317)	(4,331)
Non-controlling interest in controlled entities	**(19)**	(377)	(17)
Treasury shares	**1,686**	1,911	1,570
Eligible deferred fee income	**-**	-	-
General reserve for credit losses	**(64)**	-	(601)
Deconsolidation of Wealth Management equity	**(230)**	(233)	(203)
Common Equity Tier 1 Capital before regulatory adjustments	**53,569**	47,852	44,326
Banking goodwill and other intangibles	**(550)**	(1,482)	(1,374)
Wealth Management goodwill and other intangibles	**(4,030)**	(4,034)	(4,081)
Investment in non-consolidated controlled entities (net of intangible component)	**(1,651)**	(1,926)	(1,879)
DTA in excess of DTL	**(2,049)**	(1,891)	(1,743)
Capitalised expenses	**(310)**	(257)	(139)
Capitalised software (excluding Wealth Management)	**(2,558)**	(2,294)	(2,073)
Defined benefit pension scheme surplus	**(131)**	(195)	(112)
Change in own creditworthiness	**98**	203	253
Cash flow hedge reserve	**(112)**	(56)	49
Equity exposures	**(737)**	(598)	(585)
Expected loss in excess of eligible provisions	**-**	(90)	(337)
Other	**(602)**	(338)	(591)
Common Equity Tier 1 Capital	**40,937**	34,894	31,714
Transitional Additional Tier 1 Capital instruments	**4,240**	4,240	4,845
Basel III eligible Additional Tier 1 Capital instruments	**4,574**	4,574	3,199
Eligible Additional Tier 1 Capital for non-controlling interest	**-**	44	-
Regulatory adjustments to Additional Tier 1 Capital	**(8)**	-	-
Additional Tier 1 Capital	**8,806**	8,858	8,044
Tier 1 Capital	**49,743**	43,752	39,758
Collective provision for doubtful debts - Standardised approach	**566**	551	548
IRB approach surplus provisions on non-defaulted exposures	**85**	-	-
Transitional Tier 2 Capital instruments	**3,935**	3,935	4,498
Basel III eligible Tier 2 Capital instruments	**2,302**	2,160	-
Eligible Tier 2 Capital for non-controlling interest	**-**	59	-
Regulatory adjustments to Tier 2 Capital	**(81)**	(102)	(83)
Tier 2 Capital	**6,807**	6,603	4,963
Total Capital	**56,550**	50,355	44,721
Risk-weighted assets			
Credit risk	**344,326**	340,227	318,374
Market risk	**5,793**	5,821	4,923
Operational risk	**40,000**	40,000	36,534
Interest rate risk in the banking book [(1)]	**9,639**	7,190	7,821
Total risk-weighted assets	**399,758**	393,238	367,652
Risk-based regulatory capital ratios			
Common Equity Tier 1	**10.24%**	8.87%	8.63%
Tier 1	**12.44%**	11.13%	10.81%
Total Capital	**14.15%**	12.81%	12.16%

[(1)] *Due to an IRRBB model enhancement reflected in the 30 September 2015 result, the equivalent March 2015 result would now be $11,581 million.*

	Risk-Weighted Assets as at			Exposures as at		
	30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m	30 Sep 15 $m	31 Mar 15 $m	30 Sep 14 $m
Credit risk (1)						
IRB approach						
Corporate (including SME) (2)	**128,382**	122,190	111,078	**261,339**	248,954	234,372
Sovereign	**1,679**	1,762	1,608	**71,477**	75,753	65,322
Bank	**12,291**	12,711	11,341	**81,055**	79,920	66,908
Residential Mortgage	**60,783**	60,987	58,274	**340,777**	334,743	317,400
Qualifying revolving retail	**3,782**	3,773	3,641	**11,272**	11,169	10,882
Retail SME	**6,470**	6,667	6,165	**16,227**	16,323	16,194
Other retail	**3,429**	3,590	3,255	**4,432**	4,829	4,522
Total IRB approach	**216,816**	211,680	195,362	**786,579**	771,691	715,600
Specialised lending (SL)	**58,376**	53,415	52,542	**66,039**	62,721	62,138
Standardised approach						
Australian and foreign governments	**55**	205	86	**14,499**	17,605	12,304
Bank	**189**	222	107	**1,157**	2,490	1,650
Residential mortgage	**20,877**	19,603	18,773	**53,430**	47,919	44,423
Corporate	**20,896**	26,671	25,451	**80,962**	68,386	67,745
Other	**3,404**	3,349	3,298	**3,999**	3,934	3,870
Total standardised approach	**45,421**	50,050	47,715	**154,047**	140,334	129,992
Other						
Securitisation	**2,515**	2,701	4,210	**18,277**	18,341	16,990
Credit value adjustments	**13,940**	13,383	10,340	**-**	-	-
Central counterparty default fund contribution guarantee	**557**	343	344	**-**	-	-
Other (3)	**6,701**	8,655	7,861	**10,497**	11,364	10,182
Total other	**23,713**	25,082	22,755	**28,774**	29,705	27,172
Total credit risk	**344,326**	340,227	318,374	**1,035,439**	1,004,451	934,902
Market risk	**5,793**	5,821	4,923			
Operational risk	**40,000**	40,000	36,534			
Interest rate risk in the banking book (4)	**9,639**	7,190	7,821			
Total risk-weighted assets & exposures	**399,758**	393,238	367,652			

(1) *Risk-Weighted Assets which are calculated in accordance with APRA's requirements under the Basel Accord, are required to incorporate a scaling factor of 1.06 to assets that are not subject to specific risk-weights.*

(2) *Corporate (including SME) consists of corporations, partnerships or proprietorships not elsewhere classified and includes non-banking entities held by banks.*

(3) *Other includes non-lending asset exposures.*

(4) *Due to an IRRBB model enhancement reflected in the 30 September 2015 result, the equivalent March 2015 result would now be $11,581 million.*

5. Earnings Per Share

	Year to			
	Sep 15		Sep 14 [3]	
Earnings per Share	**Basic**	**Diluted**	**Basic**	**Diluted**
Earnings ($m)				
Net profit attributable to owners of NAB	**6,338**	**6,338**	5,295	5,295
Distributions on other equity instruments	**(175)**	**(175)**	(192)	(192)
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	**30**	-	-
Interest expense on convertible preference shares	**-**	**135**	-	124
Adjusted earnings	**6,163**	**6,328**	5,103	5,227
Net profit attributable to owners of NAB from discontinued operations [1]	**(19)**	**(19)**	114	114
Adjusted earnings from continuing operations [2]	**6,182**	**6,347**	4,989	5,113
Weighted average ordinary shares (no. '000)				
Weighted average ordinary shares (net of treasury shares)	**2,438,782**	**2,438,782**	2,329,985	2,329,985
Potential dilutive weighted average ordinary shares				
Performance options and performance rights	**-**	**3,705**	-	6,799
Partly paid ordinary shares	**-**	**45**	-	49
Employee share plans	**-**	**4,458**	-	4,480
Convertible notes	**-**	**23,617**	-	-
Convertible preference shares	**-**	**108,041**	-	85,803
Total weighted average ordinary shares	**2,438,782**	**2,578,648**	2,329,985	2,427,116
Earnings per share (cents) attributable to owners of NAB	**252.7**	**245.4**	219.0	215.4
Earnings per share from continuing operations (cents)	**253.5**	**246.1**	214.1	210.7
Earnings per share from discontinued operations (cents)	**(0.8)**	**(0.7)**	4.9	4.7

(1) *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Earnings per share is restated by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2015 rights issue, as per AASB 133.*

	Half Year to			
	Sep 15		Mar 15 [3]	
Earnings per Share	**Basic**	**Diluted**	**Basic**	**Diluted**
Earnings ($m)				
Net profit attributable to owners of NAB	**2,898**	**2,898**	3,440	3,440
Distributions on other equity instruments	**(66)**	**(66)**	(109)	(109)
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes [4]	**-**	**29**	-	1
Interest expense on convertible preference shares [4]	**-**	**65**	-	70
Adjusted earnings	**2,832**	**2,926**	3,331	3,402
Net profit attributable to owners of NAB from discontinued operations [1]	**(62)**	**(62)**	43	43
Adjusted earnings from continuing operations [2]	**2,894**	**2,988**	3,288	3,359
Weighted average ordinary shares (no. '000)				
Weighted average ordinary shares (net of treasury shares)	**2,504,939**	**2,504,939**	2,373,322	2,373,322
Potential dilutive weighted average ordinary shares				
Performance options and performance rights	**-**	**3,607**	-	4,060
Partly paid ordinary shares	**-**	**45**	-	48
Employee share plans	**-**	**3,450**	-	3,437
Convertible notes [4]	**-**	**44,896**	-	1,742
Convertible preference shares [4]	**-**	**108,041**	-	84,750
Total weighted average ordinary shares	**2,504,939**	**2,664,978**	2,373,322	2,467,359
Earnings per share (cents) attributable to owners of NAB	**113.1**	**109.8**	140.4	137.9
Earnings per share from continuing operations (cents)	**115.5**	**112.1**	138.5	136.1
Earnings per share from discontinued operations (cents)	**(2.4)**	**(2.3)**	1.9	1.8

(1) *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Earnings per share is restated by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2015 rights issue, as per AASB 133.*

(4) *The March 2015 convertible notes and convertible preference shares figures have been restated to separately disclose the convertible notes issued in March 2015 (previously reported as convertible preference shares).*

	Year to			
	Sep 15 (1) (2)		Sep 14 (2) (3)	
Cash Earnings per Share	**Basic**	**Diluted**	**Basic**	**Diluted**
Earnings ($m)				
Cash earnings (1)	**5,839**	**5,839**	5,055	5,055
Distributions on other equity instruments	**-**	**-**	(12)	(12)
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	**30**	-	-
Interest expense on convertible preference shares	**-**	**135**	-	124
Adjusted cash earnings	**5,839**	**6,004**	5,043	5,167
Weighted average ordinary shares (no. '000)				
Weighted average ordinary shares	**2,498,364**	**2,498,364**	2,387,316	2,387,316
Potential dilutive weighted average ordinary shares				
Performance options and performance rights	**-**	**3,705**	-	6,799
Partly paid ordinary shares	**-**	**45**	-	49
Employee share plans	**-**	**4,458**	-	4,480
Convertible notes	**-**	**23,617**	-	-
Convertible preference shares	**-**	**108,041**	-	85,803
Total weighted average ordinary shares	**2,498,364**	**2,638,230**	2,387,316	2,484,447
Earnings per share (cents) attributable to owners of NAB	**233.7**	**227.6**	211.2	208.0

(1) *Refer to Profit Reconciliation section for reconciliation of cash earnings to Net profit attributable to owners of NAB.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Earnings per share is restated by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2015 rights issue, as per AASB 133.*

	Half Year to			
	Sep 15 (1) (2)		Mar 15 (1) (2) (3)	
Cash Earnings per Share	**Basic**	**Diluted**	**Basic**	**Diluted**
Earnings ($m)				
Cash earnings (1)	**2,567**	**2,567**	3,272	3,272
Distributions on other equity instruments	**-**	**-**	-	-
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes (4)	**-**	**29**	-	1
Interest expense on convertible preference shares (4)	**-**	**65**	-	70
Adjusted cash earnings	**2,567**	**2,661**	3,272	3,343
Weighted average ordinary shares (no. '000)				
Weighted average ordinary shares	**2,566,460**	**2,566,460**	2,430,514	2,430,514
Potential dilutive weighted average ordinary shares				
Performance options and performance rights	**-**	**3,607**	-	4,060
Partly paid ordinary shares	**-**	**45**	-	48
Employee share plans	**-**	**3,450**	-	3,437
Convertible notes (4)	**-**	**44,896**	-	1,742
Convertible preference shares (4)	**-**	**108,041**	-	84,750
Total weighted average ordinary shares	**2,566,460**	**2,726,499**	2,430,514	2,524,551
Earnings per share (cents) attributable to owners of NAB	**100.0**	**97.6**	134.6	132.4

(1) *Refer to Profit Reconciliation section for reconciliation of cash earnings to Net profit attributable to owners of NAB.*

(2) *Information is presented on a continuing operations basis including prior period restatements.*

(3) *Earnings per share is restated by adjusting the weighted average number of ordinary shares in order to incorporate the bonus element in the 2015 rights issue, as per AASB 133.*

(4) *The March 2015 convertible notes and convertible preference shares figures have been restated to separately disclose the convertible notes issued in March 2015 (previously reported as convertible preference shares).*

6. Net Tangible Assets

	As at		
	30 Sep 15 (1) (2)	31 Mar 15 (1) (2)	30 Sep 14(1)
Net tangible assets per ordinary share ($) (3)	**17.07**	16.02	15.39

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Represents net assets excluding intangible assets, non-controlling interests, preference shares and other equity instruments divided by ordinary shares on issue at the end of the year.*

7. Asset Funding

Core assets	Sep 15 (1) (2) $m	Mar 15 (1) (2) $m	Sep 14 (1) $m	Sep 15 (1) vs Sep 14 %	Sep 15 (1) vs Mar 15 %
	As at				
Gross loans and advances	**537,165**	514,430	432,307	24.3	4.4
Loans at fair value	**27,545**	28,124	81,843	(66.3)	(2.1)
Other financial assets at fair value	**590**	781	-	large	(24.5)
Due from customers on acceptances	**19,437**	21,649	23,437	(17.1)	(10.2)
Investments held to maturity	**-**	-	2,919	-	-
Other debt instruments at amortised cost	**618**	1,151	-	large	(46.3)
Total core assets	**585,355**	566,135	540,506	8.3	3.4
Customer deposits					
On-demand and short-term deposits	**216,530**	209,324	186,501	16.1	3.4
Term deposits	**157,572**	156,993	159,125	(1.0)	0.4
Deposits not bearing interest	**41,138**	36,564	32,566	26.3	12.5
Customer deposits at fair value	**3,658**	4,139	4,805	(23.9)	(11.6)
Total customer deposits	**418,898**	407,020	382,997	9.4	2.9
Wholesale funding					
Bonds, notes and subordinated debt	**130,518**	124,471	118,101	10.5	4.9
Other debt issues	**6,292**	6,129	4,686	34.3	2.7
Preference shares and other contributed equity	**3,317**	3,317	4,331	(23.4)	-
Certificates of deposit	**38,691**	56,912	66,127	(41.5)	(32.0)
Securities sold under repurchase agreements	**8,917**	10,645	9,443	(5.6)	(16.2)
Due to other banks - Securities sold under repurchase agreements	**24,275**	24,391	25,341	(4.2)	(0.5)
Due to other banks	**30,130**	23,555	19,864	51.7	27.9
Other borrowings	**26,162**	23,522	14,249	83.6	11.2
Other financial liabilities at fair value	**26,388**	26,539	24,167	9.2	(0.6)
Total wholesale funding	**294,690**	299,481	286,309	2.9	(1.6)
Total funding liabilities	**713,588**	706,501	669,306	6.6	1.0
Total equity excluding preference shares and other contributed equity	**52,196**	45,757	43,199	20.8	14.1
Life insurance liabilities (3)	**90,831**	93,407	85,824	5.8	(2.8)
Other liabilities	**98,437**	101,223	75,605	30.2	(2.8)
Total liabilities and equity	**955,052**	946,888	873,934	9.3	0.9
Wholesale funding by maturity					
Short-term funding	**101,900**	111,402	107,781	(5.5)	(8.5)
Securities sold under repurchase agreements	**33,192**	35,036	34,784	(4.6)	(5.3)
Term funding					
less than 1 year residual maturity	**37,893**	30,355	34,042	11.3	24.8
greater than 1 year residual maturity	**121,705**	122,688	109,702	10.9	(0.8)
Total wholesale funding by maturity	**294,690**	299,481	286,309	2.9	(1.6)

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *March 2015 and September 2015 results have been prepared in accordance with AASB 9. Prior periods have not been restated. Refer to Note 1 - Principal accounting policies on page 72 for further information.*

(3) *Comprises life policy liabilities and external unitholders' liability.*

8. Number of Ordinary Shares

	Year to	
	Sep 15 No. '000	Sep 14 No. '000
Ordinary shares, fully paid		
Balance at beginning of period	**2,365,791**	2,348,903
Shares issued:		
Rights issue	**193,912**	-
Dividend reinvestment plan	**35,057**	19,971
DRP underwritten allotments	**24,603**	-
Bonus share plan	**2,095**	1,674
Employee share plans	**3,540**	3,175
Performance options and performance rights	**761**	1,065
Paying up of partly paid shares	**5**	20
On market purchase of shares for dividend reinvestment plan neutralisation	**-**	(9,017)
	2,625,764	2,365,791
Ordinary shares, partly paid to 25 cents		
Balance at beginning of period	**69**	89
Paying up of partly paid shares	**(5)**	(20)
	64	69
Total number of ordinary shares on issue at end of period (including treasury shares)	**2,625,828**	2,365,860
Less: Treasury shares	**(62,955)**	(55,689)
Total number of ordinary shares on issue at end of period (excluding treasury shares)	**2,562,873**	2,310,171

	Half Year to	
	Sep 15 No. '000	Mar 15 No. '000
Ordinary shares, fully paid		
Balance at beginning of period	**2,421,112**	2,365,791
Shares issued:		
Rights issue	**193,912**	-
Dividend reinvestment plan	**9,518**	25,539
DRP underwritten allotments	**-**	24,603
Bonus share plan	**949**	1,146
Employee share plans	**226**	3,314
Performance options and performance rights	**44**	717
Paying up of partly paid shares	**3**	2
	2,625,764	2,421,112
Ordinary shares, partly paid to 25 cents		
Balance at beginning of period	**67**	69
Paying up of partly paid shares	**(3)**	(2)
	64	67
Total number of ordinary shares on issue at end of period (including treasury shares)	**2,625,828**	2,421,179
Less: Treasury shares	**(62,955)**	(58,231)
Total number of ordinary shares on issue at end of period (excluding treasury shares)	**2,562,873**	2,362,948

9. Exchange Rates

	Income Statement - average				Balance Sheet - spot		
	Year to		Half Year to		As at		
One Australian dollar equals	Sep 15	Sep 14	Sep 15	Mar 15	Sep 15	Mar 15	Sep 14
British pounds	**0.5087**	0.5557	**0.4881**	0.5298	**0.4623**	0.5167	0.5384
Euros	**0.6848**	0.6784	**0.6783**	0.6915	**0.6242**	0.7077	0.6900
United States dollars	**0.7864**	0.9205	**0.7520**	0.8214	**0.7010**	0.7638	0.8760
New Zealand dollars	**1.0799**	1.0936	**1.0890**	1.0702	**1.1001**	1.0203	1.1210

10. ASX Appendix 4E

Cross Reference Index	Page
Results for Announcement to the Market (4E Item 2)	Inside front cover
Income Statement (4E Item 3)	66
Balance Sheet (4E Item 4)	68
Condensed Cash Flow Statement (4E Item 5)	69
Statement of Changes in Equity (4E Item 6)	70-71
Dividends (4E Item 7)	79
Dividend dates (4E Item 7)	Inside front cover
Dividend Reinvestment Plan (4E Item 8)	79
Net tangible assets per ordinary share (4E Item 9)	115
Details of entities over which control has been gained or lost (4E Item 10)	95
The Group has not gained control over any material entities during the year ended 30 September 2015	
Details of associates and joint venture entities (4E Item 11)	n/a
The Group held no material investments in associates or joint venture entities as at 30 September 2015	
Other significant information (4E Item 12)	98
Commentary on Results (4E Item 14)	Inside front cover, Section 2 to 4, Note 6 Section 5
Compliance Statement (4E Item 15)	99

11. Divisional Performance Summary Excluding Foreign Currency Movements

Year ended 30 September 2015 [(1)] at 30 September 2014 FX rates	Australian Banking [(2)] $m	NZ Banking $m	NAB Wealth [(3)] $m	UK Banking $m	Corporate Functions & Other [(4)] $m	Distributions & Eliminations $m	Group Cash Earnings $m
Net interest income	10,680	1,485	-	1,374	270	-	**13,809**
Other operating income	2,637	429	1,566	343	243	(60)	**5,158**
IoRE	-	-	19	-	-	-	**19**
Net operating income	13,317	1,914	1,585	1,717	513	(60)	**18,986**
Operating expenses	(5,506)	(756)	(941)	(1,316)	(1,078)	60	**(9,537)**
Underlying profit/(loss)	7,811	1,158	644	401	(565)	-	**9,449**
(Charge to provide for)/write-back of bad and doubtful debts	(666)	(122)	-	(68)	37	-	**(819)**
Cash earnings/(deficit) before tax and distributions	7,145	1,036	644	333	(528)	-	**8,630**
Income tax (expense)/benefit	(2,066)	(283)	(181)	(51)	19	-	**(2,562)**
Cash earnings/(deficit) before distributions	5,079	753	463	282	(509)	-	**6,068**
Distributions	-	-	-	-	-	(164)	**(164)**
Cash earnings/(deficit)	5,079	753	463	282	(509)	(164)	**5,904**

(1) *Information is presented on a continuing operations basis including prior period restatements.*

(2) *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

(3) *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

(4) *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

Half Year ended 30 September 2015 [1] at 31 March 2015 FX rates	Australian Banking [2] $m	NZ Banking $m	NAB Wealth [3] $m	UK Banking $m	Corporate Functions & Other [4] $m	Distributions & Eliminations $m	Group Cash Earnings $m
Net interest income	5,392	766	-	714	133	-	**7,005**
Other operating income	1,259	223	809	186	187	(40)	**2,624**
IoRE	-	-	(5)	-	-	-	**(5)**
Net operating income	6,651	989	804	900	320	(40)	**9,624**
Operating expenses	(2,806)	(392)	(471)	(743)	(973)	40	**(5,345)**
Underlying profit/(loss)	3,845	597	333	157	(653)	-	**4,279**
(Charge to provide for)/write-back of bad and doubtful debts	(300)	(81)	-	(28)	28	-	**(381)**
Cash earnings/(deficit) before tax and distributions	3,545	516	333	129	(625)	-	**3,898**
Income tax (expense)/benefit	(1,018)	(138)	(93)	(17)	80	-	**(1,186)**
Cash earnings/(deficit) before distributions	2,527	378	240	112	(545)	-	**2,712**
Distributions	-	-	-	-	-	(63)	**(63)**
Cash earnings/(deficit)	2,527	378	240	112	(545)	(63)	**2,649**

[1] *Information is presented on a continuing operations basis including prior period restatements.*

[2] *Australian Banking includes the Australian banking operations, offshore branches and New Zealand markets operations.*

[3] *Corporate Functions and Other includes Group Funding, NAB UK CRE, specified items, other supporting units and the results of SGA.*

[4] *Included within discontinued operations are the post-tax profit / loss of discontinued operations of GWB and the post-tax gain / loss recognised on the disposal of the assets relating to the discontinued operations. Refer to Note 14 - Discontinued operations for further details.*

Section 7

Glossary of Terms

Terms	Description
12-months expected credit losses (ECL)	The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
90+ days past due	Assets 90+ days past due consist of well-secured assets that are more than 90 days past due and portfolio-managed facilities that are not well secured and between 90 and 180 days past due.
AASB	Australian Accounting Standards Board.
ABS CDO	Asset-backed securities collateralised debt obligation.
APRA	Australian Prudential Regulation Authority.
APS	Prudential Standards issued by APRA applicable to Authorised Deposit-taking Institutions.
ASX	Australian Securities Exchange Limited.
Average assets	Represents the average of assets over the period adjusted for disposed operations. Disposed operations include any operations that will not form part of the continuing Group. These include operations sold and those which have been announced to the market that have yet to reach completion.
Average interest earning assets	The average balance of assets held by the Group that generate interest income.
Banking	Banking operations include the Group's: - Retail and Non-Retail deposits, lending and other banking services in Australian Banking, UK Banking, NZ Banking and NAB Wealth - Wholesale operations comprising Global Capital Markets and Treasury, Specialised Finance and Financial Institutions business within Australian Banking, and - NAB UK CRE operations and Group Funding within Corporate Functions and Other.
Banking cost to income ratio	Represents banking operating expenses (before inter-segment eliminations) as a percentage of banking operating revenue (before inter-segment eliminations).
Basel III	Basel III is a global regulatory framework designed to increase the resilience of banks and banking systems and is effective for Australian Banks from 1 January 2013.
BBSW	Bank Bill Swap Rate.
BNZ	Bank of New Zealand.
Business lending	Lending to non-retail customers including overdrafts, asset and lease financing, term lending, bill acceptances, foreign currency loans, international and trade finance, securitisation and specialised finance.
Cash earnings	Refer to page 2, Section 1 - Profit Reconciliation for information about, and the definition of cash earnings.
Cash earnings on risk-weighted assets	Calculated as cash earnings (annualised) divided by average risk-weighted assets. Average risk-weighted assets are calculated as the average of the current and previous two quarters' risk-weighted assets.
Cash earnings per share - basic	Calculated as cash earnings adjusted for distributions on other equity instruments, divided by the weighted average number of ordinary shares adjusted to include treasury shares held by the Group's life insurance business.
Cash earnings per share - diluted	Calculated as cash earnings adjusted for distributions on other equity instruments and interest expense on dilutive potential ordinary shares. This adjusted cash earnings is divided by the weighted average number of ordinary shares, adjusted to include treasury shares held by the Group's life insurance business and dilutive potential ordinary shares.
Cash return on equity (ROE)	Calculated as cash earnings (annualised) divided by average shareholders' equity, excluding non-controlling interests and other equity instruments and adjusted for treasury shares.
Clydesdale Bank	Clydesdale Bank plc.
Common Equity Tier 1 (CET1) capital	Common Equity Tier 1 (CET1) capital is recognised as the highest quality component of capital. It is subordinated to all other elements of funding, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. It is predominately comprised of common shares; retained earnings; undistributed current year earnings; as well as other elements as defined under APS111 - Capital Adequacy: Measurement of Capital.
Common Equity Tier 1 ratio	Common Equity Tier 1 as defined by APRA divided by risk-weighted assets.
Company	National Australia Bank Limited ABN 12 004 044 937.
Conduit assets	Special Purpose Entity (SPE) used to fund assets through the issuance of asset-backed commercial paper or medium-term notes.
Continuing operations	Continuing operations are the components of the Group which are not discontinued operations.
Core assets	Represents gross loans and advances including acceptances, financial assets at fair value, and other debt instruments at amortised cost (classified in comparative periods as investments held to maturity).
Core Funding Ratio (CFR)	The Core Funding Ratio (CFR) is the total retail funding plus wholesale funding maturing over one year as a percentage of total loans and advances included in BNZ's most recent disclosure statement. The CFR is a minimum quantitative ratio for liquidity risk imposed on a number of locally-incorporated banks by RBNZ, including BNZ.
Credit-impaired financial asset	A financial asset that is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.
Customer deposits	Interest bearing, non-interest bearing and term deposits (including retail and corporate deposits).
Customer Funding Index (CFI)	Customer deposits (excluding certain short dated institutional deposits used to fund liquid assets) divided by core assets.
Customer risk management	Activities to assist customers to manage their financial risks (predominantly foreign exchange and interest rate risks).
Discontinued operations	Discontinued operations are a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, which is part of a single co-ordinated plan for disposal.
Distributions	Payments to holders of other equity instrument issues such as National Income Securities, Trust Preferred Securities, Trust Preferred Securities II and National Capital Instruments.
Dividend payout ratio	Dividends paid on ordinary shares divided by cash earnings per share.
Earnings per share	Basic and diluted earnings per share calculated in accordance with the requirements of AASB 133 "Earnings per Share".
Effective tax rate	Income tax expense divided by profit before income tax expense.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.
Fair value and hedge ineffectiveness	Represents volatility attributable to the Group's application of the fair value option, ineffectiveness from designated accounting and economic hedge relationships and economic hedges of significant approved funding activities where hedge accounting has not been applied.
FCA	Financial Conduct Authority (formerly the UK Financial Services Authority).
FSA	United Kingdom Financial Services Authority. Effective from 1 April 2013, the FSA has been abolished and replaced with two successor organisations. The Prudential Regulation Authority (PRA) will ensure the stability of financial services firms and the Financial Conduct Authority (FCA) will provide oversight and regulate conduct in the financial services industry.
Full-time equivalent employees (FTEs)	Includes all full-time staff, part-time, temporary, fixed term and casual staff equivalents, as well as agency temps and external contractors either self-employed or employed by a third party agency. Note: This does not include consultants, IT professional services, outsourced service providers and non-executive directors.
FSCS	United Kingdom Financial Services Compensation Scheme.

FUM	Funds under management.
GDP	Gross domestic product (GDP) is the market value of the finished goods and services produced within a country in a given period of time.
General reserve for credit losses (GRCL)	The general reserve for credit losses (GRCL) is an estimate of the reasonable and prudent expected credit losses over the remaining life of the portfolio and on non-defaulted assets. The reserve is a compliance requirement under APS 220 - Credit Quality. The GRCL is calculated as a collective provision for doubtful debts, excluding securitisation and provision on default no-loss assets. The difference between the GRCL and accounting collective provision is covered with an additional top-up, created through a transfer from retained earnings to a reserve, to reflect losses expected as a result of future events that are not recognised in the Group's collective provision for accounting purposes.
GST	Australian Goods and Services Tax (GST) is a value added tax of 10% on most goods and services sales.
Group	NAB and its controlled entities.
Great Western Bank (GWB)	Great Western Bancorp, Inc.
Housing lending	Mortgages secured by residential properties as collateral.
IFRS	International Financial Reporting Standards.
Impaired assets	Consist of: - Retail loans (excluding unsecured portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and arrears of interest revenue - Non-retail loans which are contractually past due and there is sufficient doubt about the ultimate collectability of principal and interest, and - Impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities are also classified as impaired assets when they become 180 days past due (if not written off).
Insurance	Includes the provision of personal and group insurance by NAB Wealth.
Investment earnings on Retained Earnings (IoRE)	Investment earnings (gross of tax) on shareholders' retained earnings, comprising investment earnings on surplus assets which are held in the statutory funds to meet capital adequacy requirements under the Life Insurance Act 1995 (Cth).
IRB approach	The internal ratings based (IRB) approach refers to the processes employed by the Group to estimate credit risk. This is achieved through the use of internally developed models to assess the potential credit losses using the outputs from the probability of default, loss given default and exposure at default models.
'Jaws'	The difference between the percentage growth in revenue on the preceding period and the percentage growth in the expenses on the preceding period, calculated on a cash earnings basis.
Life insurance economic assumption variation	The net impact on statutory profit of the change in value of life insurance policy liabilities (net of reinsurance) and investments relating to life insurance business due to changes in economic assumptions (inflation and the risk free discount rate).
Lifetime expected credit losses (ECL)	The expected credit losses that result from all possible default events over the expected life of a financial instrument.
Liquidity Coverage Ratio (LCR)	LCR is a new measure announced as part of the Basel III liquidity reforms that came into force on 1 January 2015. The ratio measures the amount of high quality liquid assets held that can be converted to cash easily and immediately in private markets, to total net cash flows required to meet the Group's liquidity needs for a 30 day calendar liquidity stress scenario.
Marketable debt securities	Comprises trading securities, debt instruments at fair value through other comprehensive income and other debt instruments at amortised cost (classified in comparative periods as investments - available for sale and investments - held to maturity respectively).
NAB	National Australia Bank Limited ABN 12 004 044 937.
NAB UK Commercial Real Estate (NAB UK CRE)	NAB UK CRE was created on 5 October 2012 following the transfer of certain commercial real estate loan assets from Clydesdale Bank to NAB. These loan assets are managed by the NAB London Branch.
NAB risk management	Management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises.
Net interest margin (NIM)	Net interest income as a percentage of average interest earning assets.
Net profit attributable to non-controlling interest	Reflects the allocation of profit to non-controlling interests in the Group.
Net profit attributable to owners of NAB	Represents the Group's statutory profit after tax and reflects the amount of net profit that is attributable to owners.
Net Promoter Score	The Net Promoter Score measures how likely a customer would be to recommend NAB to a friend or colleague on a scale of 0 - 10. The overall score is calculated by subtracting the percentage of customers that answer 6 or below ('detractors') from the percentage of customers that answer 9 or 10 ('promoters').
Official cash rate in New Zealand	The Official Cash Rate (OCR) is the interest rate set by the Reserve Bank of New Zealand to meet the inflation target specified in the Policy Targets Agreement (PTA). The current PTA, signed in September 2012, defines price stability as annual increases in the Consumers Price Index (CPI) of between 1 and 3 per cent on average over the medium term, with a focus on keeping future average inflation near the 2 percent target midpoint.
Other banking products	Personal lending, credit cards (consumer and commercial), investment securities and margin lending.
PRA	United Kingdom Prudential Regulation Authority.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Risk-weighted assets (RWA)	A quantitative measure of the Group's risk, required by the APRA risk-based capital adequacy framework, covering credit risk for on- and off-balance sheet exposures, market risk, operational risk and interest rate risk in the banking book.
Securitisation	Structured finance technique which involves pooling, packaging cash-flows and converting financial assets into securities that can be sold to investors.
SGA	Specialised Group Assets.
Stable Funding Index (SFI)	Term Funding Index (TFI) plus Customer Funding Index (CFI).
Statutory funds	A statutory fund is a fund that: - is established in the records of a life company, and - relates solely to the life insurance business of the company or a particular part of it's business.
Term Funding Index (TFI)	Term wholesale funding (with a remaining maturity to first call date greater than 12 months) divided by core assets.
Tier 1 capital	Tier 1 capital comprises Common Equity Tier 1 (CET1) capital and instruments issued by the Group that meet the criteria for inclusion as Addition Tier 1 capital set out in APS111 - Capital Adequacy: Measurement of Capital.
Tier 1 capital ratio	Tier 1 Capital as defined by APRA divided by risk-weighted assets.
Total capital ratio	Total capital ratio is the sum of Tier 1 capital and Tier 2 capital, as defined by APRA, divided by risk-weighted assets.
Treasury shares	Shares in NAB held by the Group's life insurance business and in trust by a controlled entity of the Group to meet the requirements of employee incentive schemes. The unrealised mark-to-market movements arising from changes in the share price, dividend income and realised profit and losses arising from the sale of shares held by the Group's life insurance business are eliminated for statutory reporting purposes.
Weighted average number of ordinary shares	Calculated in accordance with the requirements of AASB 133 'Earnings per Share.