Full year results 2022

Management discussion and analysis

National Australia Bank Limited ABN 12 004 044 937

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Full year results 2022

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Full Year Results Summary 2022

2022 Financial Highlights

$6,891M
Statutory net profit
Up 8.3% v FY21

$7,104M
Cash earnings[1]
Up 8.3% v FY21

78CPS
Final dividend
100% franked

11.51%
Group Common Equity Tier 1 (CET1) ratio[2]

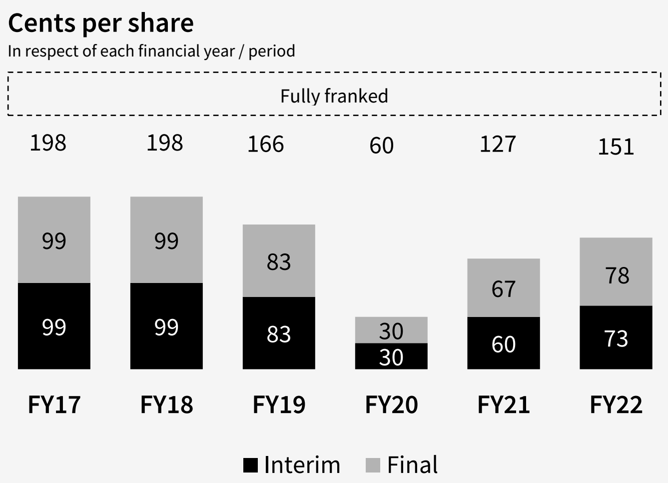
"Our FY22 results are pleasing. Compared with FY21, cash earnings rose 8.3% and all businesses contributed to underlying profit growth of 11.5%. This outcome reflects continued execution of our strategy including targeted volume growth and a disciplined approach to managing costs while investing for growth. After 11 years of interest rate reductions, earnings have also benefitted in FY22 from the rising interest rate environment.

An ongoing focus on strong balance sheet settings has been key to delivering sustainable growth and keeping the bank safe. Capital levels remain above our targets after completing $3.9 billion of on-market share buy-backs over FY22. Collective provision coverage continues to be well above pre COVID-19 levels.

Maintaining these settings is important during the current economic uncertainty, with higher interest rates and higher inflation likely to challenge some customers. However, strong employment conditions along with substantial household and business savings give us confidence in the resilience of our customers and the broader economy.

Our strategy is long term, and is not dependent on any particular operating environment or economic conditions. It is centred around an enduring ambition to improve the outcomes for our customers and colleagues. We have made good progress over the past two years which positions us well for a changing environment. However, there is more we can do. We will continue to remain focused on the disciplined execution of our strategy to support sustainable growth in earnings and shareholder returns over time."
Ross McEwan NAB CEO

Dividends



Supporting our customers & communities

- Strategic Net Promoter Scores (NPS) from September 2021 to September 2022 increased for Consumer NPS from -1 to 0 (ranked 1st of major banks) while Business NPS declined from -3 to -5 (ranked 2nd of major banks)[3]
- Helping home loan customers in a rising interest rate environment including more active early notification of fixed rate term expiry and targeted variable rate offers, flexible management via the NAB Mobile App, and early engagement with those facing potential repayment risk
- Making payments simpler and easier for small business with the launch of NAB Easy Tap which turns a merchant's Android phone into an EFTPOS reader for contactless card payments
- Providing support for customers to decarbonise and build resilience with lower variable rates for eligible home loan customers on homes that meet energy efficient criteria[4]

[1] Refer cash earnings note and reconciliation on page 6.
[2] CET1 capital ratio on a Level 2 basis, under current APRA capital standards.
[3] 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. Sourced from DBM Consultants Business and Consumer Atlas, measured on 6 month rolling average. A number of changes have been made to our Strategic NPS measure to align more closely to the Group Strategy. Business NPS is now based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k-$5m turnover), Medium ($5m-$50m turnover), Large ($50m+). Consumer NPS now excludes consumers with Personal income of $260k+ and/or investible assets $1m+. History has been restated. Ranking based on absolute scores, not statistically significant differences.
[4] Properties must have a minimum NatHERS 7-star rating or a Green Building Council of Australia Green Star rating.

NAB 2022 FULL YEAR RESULTS

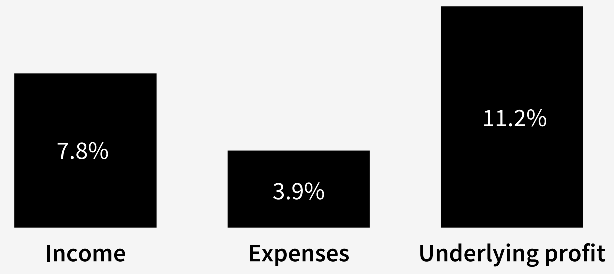
The September 2022 full year results are compared with the September 2021 full year results for continuing operations unless otherwise stated. Operating Performance and Asset Quality are expressed on a cash earnings basis. All figures include the impact of Citigroup's Australian consumer business (the Citi consumer business), acquired by the Group on 1 June 2022 unless otherwise stated.

Operating performance FY22 v FY21

- Revenue increased 8.9%. Excluding the impact of the Citi consumer business, revenue rose 7.8% mainly reflecting higher volumes and slightly higher margins excluding Markets & Treasury (M&T).
- Gross loans and advances (GLAs) increased 9.3% and deposits rose 13.3%. Excluding the impact of the Citi consumer business, GLAs increased 7.3% (with housing lending up 5.6% and non-housing lending up 9.6%) and deposits rose 11.4%.
- Net Interest Margin (NIM) decreased 6 basis points (bps) to 1.65%. Excluding a 1 bp increase from the Citi consumer business and an 8 bps reduction from M&T which includes the impact of holding higher liquid assets, NIM rose 1 bp. This primarily reflects higher earnings on deposits and capital as a result of the rising interest rate environment, mostly offset by home lending competition.
- Expenses increased 5.8%. Excluding the impact of the Citi consumer business, expenses rose 3.9% with key drivers including higher remuneration and volume related costs, higher technology and investment costs and increased financial crime and remediation spend, partly offset by productivity benefits.

FY22 v FY21 drivers of cash earnings change

(ex the Citi consumer business)

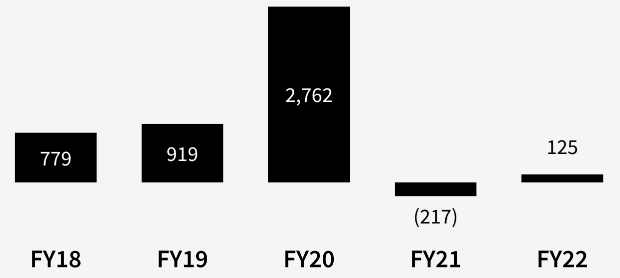


"Execution of our strategy has delivered good volume momentum. This, combined with benefits from a rising interest rate environment and a balanced approach to cost discipline while investing for growth, has driven strong underlying profit growth in FY22."

Asset quality FY22 v FY21

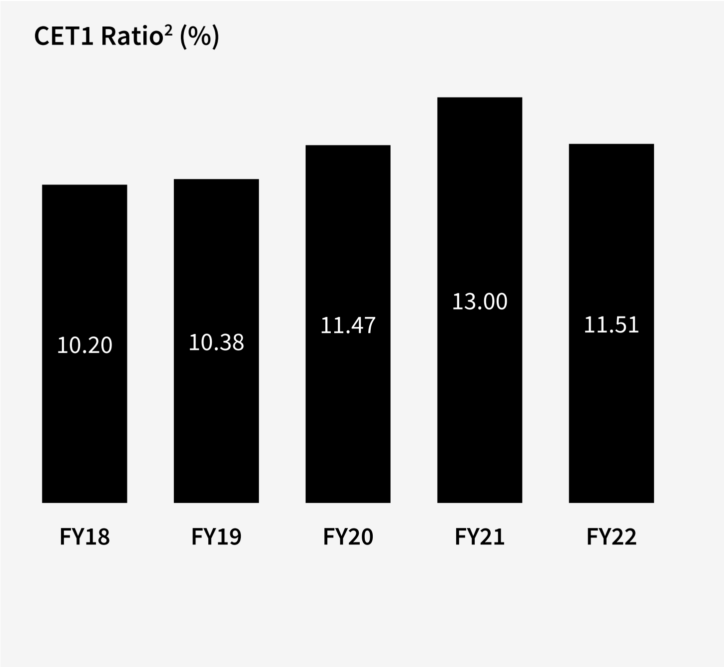
- Credit impairment charge (CIC) was $125 million, versus a FY21 write-back of $217 million. The FY22 charge includes a $6 million release from forward looking provisions, with underlying charges reflecting the combined impact of continued low specific charges, improved asset quality and volume growth.
- The $6 million release from forward looking provisions includes a net release of $254 million from provisions for target sector forward looking adjustments. This has been mostly offset by a $248 million top-up to the economic adjustment to reflect increased downside risks, including the potential impacts of higher interest rates and higher inflation.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances reduced 28 bps to 0.66%. Key drivers include improved delinquencies across the Australian home lending portfolio combined with lower levels of impaired assets due to workouts in the business lending portfolio.

Credit impairment charges/(writebacks) ($ millions)



90+ Days past due & Gross impaired assets/Gross loans and acceptances (%)

"Despite improved FY22 asset quality outcomes, the potential impact of higher interest rates and higher inflation on the outlook is uncertain, with a wide range of plausible outcomes. To reflect this, collective provisions remain prudently set at 1.31% of credit risk weighted assets."



Key ratios as at 30 September 2022

- Group Common Equity Tier 1 (CET1) ratio[2] of 11.51%, down 149 bps from September 2021 primarily reflecting the impact of the on-market share buy-back in FY22 totalling $3.9 billion (94 bps), combined with the Citi consumer business acquisition (30 bps)
- Estimated proforma Group CET1 ratio of approximately 11.8% reflecting $0.6 billion balance of shares to be acquired under the on-market share buy-back[5] (13 bps) combined with an estimated uplift for the impact of APRA's revised capital framework effective from 1 January 2023 of approximately 40 bps[6]
- Leverage ratio (APRA basis) of 5.1%
- Liquidity coverage ratio (LCR) quarterly average of 137%
- Net Stable Funding Ratio (NSFR) of 119%

Divisional performance – Cash Earnings

	FY22 ($m)	% Change FY22 v FY21	Key drivers FY22 v FY21
Business & Private Banking	3,013	21.5	Strong earnings growth driven by higher revenue reflecting strong volume growth and higher margins, combined with lower credit impairment charges. These results were partly offset by higher operating expenses including additional bankers and resources to support growth, the impact of the LanternPay acquisition and investment in technology capabilities.
Personal Banking (ex the Citi consumer business, down 4.4%)	1,591	(3.6)	Earnings declined primarily reflecting the impact of home lending competition on margins. Excluding the impact of the Citi consumer business, revenue declined with lower margins more than offsetting disciplined volume growth over the year. A lower level of credit impairment write-backs was also a key driver. These impacts were partly offset by lower operating costs.
Corporate & Institutional Banking	1,628	34.9	Strong earnings growth with higher revenue mainly reflecting strong volume growth and higher margins, combined with lower credit impairment charges.
New Zealand Banking (NZ$m)	1,403	14.1	Strong earnings growth with revenue increasing due to growth in volumes and higher margins. This was partly offset by higher credit impairment charges and higher operating expenses including investment to support growth and to strengthen compliance and controls.

[5] On 24 March 2022 the Group announced the completion of its $2.5 billion on-market share buy-back (announced on 30 July 2021), and a further on-market buy-back of up to $2.5 billion. The further buy-back commenced on 6 May 2022 and is expected to be undertaken over approximately 12 months. As at 30 September 2022 $1.9 billion (65,404,623 ordinary shares) had been acquired under the further buy-back.
[6] The impact of APRA's revised capital framework is an estimate only and may be subject to change based on NAB's final implementation of the revised APRA standards.

Strategic overview

A clear focus on executing our strategy in FY22 has seen us make good progress towards our strategic objectives. This includes improving shareholder returns with cash EPS up 11% versus FY21 and cash ROE higher at 11.7% compared with 10.7% in FY21.

Delivering better outcomes for customers and colleagues is at the core of our strategy. It requires a relentless focus on getting the basics right, simplifying, automating and digitising to provide faster, more seamless experiences, and leveraging data and analytics. In FY22 we achieved customer net promoter scores (NPS)[3] which ranked first or second of major banks across key segments. While this is pleasing, we have more to do to achieve our objective of being number one of major banks with positive NPS. Over the 12 months to September 2022, Consumer NPS rose from -1 to 0 and remained number one of major banks, while Business NPS declined from -3 to -5 and remained second of major banks. Strong customer outcomes in Corporate and Institutional Banking (C&IB) were a highlight of FY22, with Institutional NPS[7] up 4 points to 41 and continuing to rank first of major banks, and Relationship Strength Index[8] up 18 points lifting our ranking from second to first of major banks. On colleague engagement, our most recent score is broadly unchanged at 76, versus 77 in July 2021, but short of the latest top quartile score of 78 which remains our ambition.

These results helped drive continued momentum across our business in FY22.

In our market leading SME franchise, Business & Private Banking, we are extending our relationship-led approach, increasingly enabled by digital, data and analytics. Investments in faster, more seamless banking experiences and the addition of more than 300 customer facing roles supported growth across our business in FY22. This includes SME business lending up 13% and market share gains over the 12 months to September 2022, new Business Everyday Account openings 11% higher in FY22 versus FY21, and transaction accounts originated digitally rising from 33% to 40% over the year to September 2022. Improving our payments and transaction offerings remained a priority in FY22. A more straight forward process is making it easier to open a business transaction account, and small businesses customers are benefitting from the launch of simple, easy payment solutions including the NAB Hive merchant portal which lets customers manage business and payment needs via a flexible digital portal, and NAB Easy Tap which turns a merchant's Android phone into an EFTPOS reader for contactless card payments. Business lending digital initiatives also featured in FY22 including increased digital documentation and expansion of our digital small business lending platform, Quickbiz.

In Personal Banking, we remain focused on delivering simpler, more digital banking experiences. In FY22, simple everyday banking products opened digitally increased to 71% from 65% in FY21, and integration of the Citi consumer business is underway, supporting investment in new technology, market leading digital offerings and product innovation in unsecured personal lending. In home lending, process and technology improvements and further development of our simple and digital home loan platform are delivering better service outcomes in FY22. Unconditional approval times reduced compared with FY21, while broker NPS and settlement quality both improved over the same period. This helped support Australian home lending growth of 7% and market share gains over FY22[9]. It also means we are well positioned for a changing Australian home lending market with slowing credit demand combined with heightened refinancing activity and competitive pressures expected.

Performance across our other businesses was strong in FY22. C&IB's strategy of disciplined growth and leveraging transactional banking delivered improved returns and customer outcomes. In a difficult market New Zealand Banking achieved good SME business lending growth and disciplined home lending growth. ubank accelerated new customer acquisition growth in its target segment of customers less than 35 years old, supported by refreshed branding and digital features.

As we increasingly simplify, automate and digitise, we are becoming more efficient. In a period of strong volume growth, this helped limit FY22 cost growth to 3.9% (excluding the Citi consumer business), reflecting a balance between investing for sustainable growth while maintaining cost discipline. Continued progress of our productivity agenda yielded FY22 savings of $465 million. In FY22 we also absorbed a top-up to payroll and customer-related remediation provisions of $100 million and additional spend of $103 million for financial crime remediation relating mainly to our AUSTRAC Enforceable Undertaking (EU) requirements. Looking to FY23, we are targeting further productivity savings of approximately $400 million, supporting a lower expected cost to income ratio[10].

Investment underpins our ability to deliver on our strategy and grow while remaining safe and resilient. In FY22, investment spend increased from $1,259 million in FY21 to $1,393 million and included ongoing development of an end-to-end single digital home lending platform, enhanced use of data and analytics, improving our merchant offering, and further uplifting systems, processes and the control environment with an increased focus on cyber and financial crime prevention (including AUSTRAC EU-related undertakings). In FY23 we expect to increase investment spend by approximately $100 million to help prevent the growing threat of financial crime, fraud and scams, while maintaining our discretionary project spend to support long term growth[10].

Maintaining strong balance sheet settings and managing risk responsibly are critical to our ability to grow safely and sustainably. Despite asset quality improving in FY22, our collective provisions as a ratio of credit risk weighted assets remain well above pre COVID-19 levels at 1.31%. The share of lending funded by customer deposits grew again to 81% at September 2022 and term wholesale funding issuance increased in FY22 to $39 billion[11] across a range of products, currencies and tenors. In FY22 we continued to target a CET1 ratio of 10.75-11.25%[2], reflecting a balance between maintaining a strong balance sheet while improving shareholder returns. Over FY22, Group CET1 reduced 149 bps to 11.51%[2] primarily reflecting $3.9 billion of shares bought back and purchase of the Citi consumer business. From 1 January 2023 our CET1 target range will move to 11.00-11.50% to align with the new calculation methodology under APRA's revised capital framework. Adjusting for the remaining $0.6 billion buy-back (13 bps) and an estimated uplift of approximately 40 bps[6] as a result of the new framework, proforma CET1 is approximately 11.8%.

We enter FY23 well positioned for what is likely to be a more challenging environment. Our business has growth momentum aligned to our strategy, supported by focused and persistent investment and prudent balance sheet settings. Disciplined execution of our strategy remains our key priority to further improve customer and colleague outcomes, drive sustainable growth and improve returns to shareholders.

The value the Group creates		
Supporting customers		
· **$104 billion** in new home lending[1]	· **$567 billion** in deposits managed for retail and business customers.	· **$122 billion** in new business lending.

The Group's economic value distributed		
Suppliers	Payments made for the provision of utilities, goods and services.	**$5.4bn**
Community investment	Community partnerships, donations, grants, in-kind support and volunteering.[2]	**$45.7m**
Shareholders	Dividend payments to more than 595,000 registered shareholders.	**$4.5bn**
Colleagues	Colleague salaries, superannuation contributions and incentives.	**$4.8bn**
Governments	Payments made to governments in the form of the Bank Levy ($347 million paid) plus $2.2 billion in income taxes, goods and services taxes, fringe benefit taxes and payroll taxes among others.	**$2.5bn**
	Total economic value distributed	**$17.2bn**

(1) Excludes 86 400 platform and the Citi consumer business.

(2) For a detailed breakdown of the categories included within the Group's community investment, see the 'Community' tab in the 2022 Sustainability Data Pack.

Economic outlook

"In Australia, consumption and overall growth are expected to soften from September 2022 as the impact of higher interest rates and inflation impact household budgets more heavily. This sees forecast real GDP growth slowing from 2.8% over 2022 to around 1% over each of the next two years and the unemployment rate drifting up to around 4.5% by end 2024 after troughing around 3.4%. Inflationary outcomes – particularly wages growth and global pressures - will be key to this outlook. While there are number of uncertainties in the outlook, the most likely scenario has forecast inflation peaking in the December 2022 quarter before easing through 2023. This would see the cash rate peak at 3.6% in March 2023, but a more inflationary outcome would likely mean greater monetary policy tightening and a more pronounced economic correction.

In New Zealand, capacity constraints, reflected in a very low unemployment rate, and stubbornly high inflation continue to challenge the economy. As a result, monetary policy tightening is continuing, contributing to weak consumer and business confidence and falling house prices. These impacts together with a slowing global economy are expected to lead to a correction in New Zealand economic activity in 2023, including some quarters of modestly negative GDP growth."

[7] Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2022. Ranking against the four major domestic banks. 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.
[8] Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2022. Ranking against all Banks, Relationship Strength Index (RSI) is based on the results of key qualitative measures.
[9] Excludes impact of Citi consumer business balances acquired by NAB Group on 1 June 2022.
[10] Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7.
[11] Includes RBNZ's Funding for Lending Programme (FLP).

Group Performance results

Cash earnings is a non-IFRS key financial performance measure used by NAB and the investment community. 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 not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The 2022 Full Year Results Management Discussion and Analysis provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and full reconciliation of statutory net profit attributable to owners of NAB on pages 72 to 74.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**14,852**	13,797	7.6	**7,767**	7,085	9.6
Other operating income	**3,444**	3,009	14.5	**1,701**	1,743	(2.4)
Net operating income	**18,296**	16,806	8.9	**9,468**	8,828	7.2
Operating expenses	**(8,274)**	(7,817)	5.8	**(4,311)**	(3,963)	8.8
Underlying profit	**10,022**	8,989	11.5	**5,157**	4,865	6.0
Credit impairment (charge)/writeback	**(125)**	217	large	**(123)**	(2)	large
Cash earnings before tax and distributions	**9,897**	9,206	7.5	**5,034**	4,863	3.5
Income tax expense	**(2,793)**	(2,635)	6.0	**(1,410)**	(1,383)	2.0
Cash earnings before distributions	**7,104**	6,571	8.1	**3,624**	3,480	4.1
Distributions	**-**	(13)	large	**-**	-	-
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1
Non-cash earnings items (after tax)[12]	**(44)**	(87)	(49.4)	**(135)**	91	large
Net profit from continuing operations	**7,060**	6,471	9.1	**3,489**	3,571	(2.3)
Net loss after tax from discontinued operations[13]	**(169)**	(107)	57.9	**(149)**	(20)	large
Net profit attributable to owners of NAB	**6,891**	6,364	8.3	**3,340**	3,551	(5.9)
Represented by:						
Business and Private Banking	**3,013**	2,480	21.5	**1,584**	1,429	10.8
Personal Banking	**1,591**	1,650	(3.6)	**803**	788	1.9
Corporate and Institutional Banking	**1,628**	1,207	34.9	**822**	806	2.0
New Zealand Banking	**1,295**	1,154	12.2	**665**	630	5.6
Corporate Functions and Other	**(423)**	67	large	**(250)**	(173)	44.5
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1

Shareholder Summary

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21	Sep 22	Mar 22	Sep 22 v Mar 22
Group – including discontinued operations						
Dividend per share (cents)	**151**	127	24	**78**	73	5
Statutory dividend payout ratio	**70.5%**	65.8%	470 bps	**74.4%**	66.9%	750 bps
Statutory earnings per share (cents) – basic	**214.1**	193.0	21.1	**104.8**	109.1	(4.3)
Statutory earnings per share (cents) – diluted	**205.6**	185.2	20.4	**101.0**	104.8	(3.8)
Statutory return on equity	**11.3%**	10.4%	90 bps	**11.1%**	11.5%	(40 bps)
Net tangible assets per ordinary share ($)	**17.24**	17.88	(3.6%)	**17.24**	17.67	(2.4%)
Group – continuing operations						
Cash dividend payout ratio	**68.4%**	63.7%	470 bps	**68.5%**	68.3%	20 bps
Statutory dividend payout ratio from continuing operations	**68.9%**	64.7%	420 bps	**71.2%**	66.5%	470 bps
Statutory earnings per share from continuing operations (cents) – basic	**219.3**	196.3	23.0	**109.5**	109.7	(0.2)
Statutory earnings per share from continuing operations (cents) – diluted	**210.5**	188.2	22.3	**105.3**	105.4	(0.1)
Cash earnings per share (cents) – basic	**220.7**	199.3	21.4	**113.8**	106.9	6.9
Cash earnings per share (cents) – diluted	**211.7**	191.0	20.7	**109.2**	102.8	6.4
Cash return on equity (ROE)	**11.7%**	10.7%	100 bps	**12.1%**	11.3%	80 bps

[12] Refer to NAB's 2022 Full Year Results Management Discussion and Analysis Section 4 for further information.
[13] Refer to NAB's 2022 Annual Report Note 37 Discontinued Operations for further information.

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This announcement has been authorised for release by the Board

Disclaimer – forward looking statements

This Result Summary and the 2022 Full Year Results Management Discussion and Analysis contain 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", “target”, "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. You are cautioned not to place undue reliance on such 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.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group’s financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the COVID-19 pandemic, the conflict between Russia and Ukraine and other geopolitical tensions, the Australian and global economic environment and capital market conditions. Further information is contained in the Group’s Annual Report for the 2022 financial year, available at www.nab.com.au.

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Information about cash earnings and other non-IFRS measures

This section provides information about cash earnings, a key performance measure used by the Group, including information on how cash earnings is calculated and a reconciliation of cash earnings to statutory net profit. It also provides information about certain other key non-IFRS measures used by the Group and disclosed in this 2022 Full Year Results Management Discussion and Analysis.

Non-IFRS key financial performance measures used by the Group

Certain financial measures detailed in this 2022 Full Year Results Management Discussion and Analysis are not accounting measures within the scope of International Financial Reporting Standards (IFRS). Management use these financial measures to evaluate the Group's overall financial performance and position and believe the presentation of these financial measures provides useful information to analysts and investors regarding the results of the Group's operations.

The Group regularly reviews the non-IFRS measures included in its reporting documents to ensure that only relevant financial measures are incorporated.

Further details in relation to these financial measures is set out below and in the *Glossary*.

Information about cash earnings

Cash earnings is a non-IFRS key performance measure used by the Group and the investment community.

The Group also uses cash earnings for its internal management reporting as it better reflects what is considered to be the underlying performance of the Group. Cash earnings is calculated by adjusting statutory net profit from continuing operations for certain non-cash earnings items. Non-cash earnings items are those items which are considered separately when assessing performance and analysing the underlying trends in the business. These include items such as hedging and fair value volatility, the amortisation of acquired intangible assets and gains or losses and certain other items associated with acquisitions, disposals and business closures.

Cash earnings does not purport to represent the cash flows, funding or liquidity position of the Group, nor any amount represented on a statement of cash flows. It is not a statutory financial measure and is not presented in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) and is not audited or reviewed in accordance with Australian Auditing Standards.

The Group results are presented on a cash earnings basis unless otherwise stated.

Cash earnings for the September 2022 full year has been adjusted for the following:

- hedging and fair value volatility
- amortisation of acquired intangible assets
- acquisitions, disposals and business closures.

Reconciliation to statutory net profit

The statutory net profit for the period is the sum of both net profit / (loss) from continuing operations and discontinued operations. The Group's audited financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the AASB, can be found in the 2022 Annual Report.

A reconciliation of cash earnings to statutory net profit is set out on page 11, and full reconciliations between statutory net profit and cash earnings are included in Section 4 Supplementary Information on pages 73 to 74.

Page 72 contains a description of non-cash earnings items for the September 2022 full year.

Information about net interest margin

Net interest margin is a non-IFRS key performance measure that is calculated as net interest income (derived on a cash earnings basis) expressed as a percentage of average interest earning assets.

Information about average balances

Average balances, including average equity (adjusted), total average assets and average interest earning assets are based on daily statutory average balances.

This methodology produces numbers that more accurately reflect seasonality, timing of accruals and restructures (including discontinued operations), which would otherwise not be reflected in a simple average.

Comparative information

References in this document to the September 2022 full year are references to the twelve months ended 30 September 2022. Other twelve month periods referred to in this document are referred to in a corresponding manner. References in this document to the September 2022 half year are references to the six months ended 30 September 2022. Other six month periods referred to in this document are referred to in a corresponding manner.

Group performance results

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Net operating income	**18,296**	16,806	8.9	**9,468**	8,828	7.2
Operating expenses	**(8,274)**	(7,817)	5.8	**(4,311)**	(3,963)	8.8
Underlying profit	**10,022**	8,989	11.5	**5,157**	4,865	6.0
Credit impairment (charge) / write-back	**(125)**	217	large	**(123)**	(2)	large
Cash earnings before tax and distributions	**9,897**	9,206	7.5	**5,034**	4,863	3.5
Income tax expense	**(2,793)**	(2,635)	6.0	**(1,410)**	(1,383)	2.0
Cash earnings before distributions	**7,104**	6,571	8.1	**3,624**	3,480	4.1
Distributions	**-**	(13)	large	**-**	-	-
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1
Non-cash earnings items (after tax):						
Distributions	**-**	13	large	**-**	-	-
Hedging and fair value volatility	**69**	(63)	large	**(114)**	183	large
Amortisation of acquired intangible assets	**(17)**	(4)	large	**(11)**	(6)	83.3
Acquisitions, disposals and business closures[1]	**(96)**	(33)	large	**(10)**	(86)	(88.4)
Net profit from continuing operations	**7,060**	6,471	9.1	**3,489**	3,571	(2.3)
Net loss attributable to owners of NAB from discontinued operations	**(169)**	(107)	57.9	**(149)**	(20)	large
Net profit attributable to owners of NAB	**6,891**	6,364	8.3	**3,340**	3,551	(5.9)
Cash earnings by division:						
Business and Private Banking	**3,013**	2,480	21.5	**1,584**	1,429	10.8
Personal Banking	**1,591**	1,650	(3.6)	**803**	788	1.9
Corporate and Institutional Banking	**1,628**	1,207	34.9	**822**	806	2.0
New Zealand Banking	**1,295**	1,154	12.2	**665**	630	5.6
Corporate Functions and Other	**(423)**	67	large	**(250)**	(173)	44.5
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1

(1) Acquisitions, disposals and business closures was previously labelled as Acquisition, integration and transaction costs. Refer to Section 4 Non-cash earnings items for further detail about the composition of this amount.

Shareholder summary

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21	Sep 22	Mar 22	Sep 22 v Mar 22
Group - Including discontinued operations						
Dividend per share (cents)	**151**	127	24	**78**	73	5
Statutory dividend payout ratio	**70.5%**	65.8%	470 bps	**74.4%**	66.9%	750 bps
Statutory earnings per share (cents) - basic	**214.1**	193.0	21.1	**104.8**	109.1	(4.3)
Statutory earnings per share (cents) - diluted	**205.6**	185.2	20.4	**101.0**	104.8	(3.8)
Statutory return on equity	**11.3%**	10.4%	90 bps	**11.1%**	11.5%	(40 bps)
Net tangible assets per ordinary share ($)	**17.24**	17.88	(3.6%)	**17.24**	17.67	(2.4%)
Group - Continuing operations						
Cash dividend payout ratio	**68.4%**	63.7%	470 bps	**68.5%**	68.3%	20 bps
Statutory dividend payout ratio from continuing operations	**68.9%**	64.7%	420 bps	**71.2%**	66.5%	470 bps
Statutory earnings per share from continuing operations (cents) - basic	**219.3**	196.3	23.0	**109.5**	109.7	(0.2)
Statutory earnings per share from continuing operations (cents) - diluted	**210.5**	188.2	22.3	**105.3**	105.4	(0.1)
Cash earnings per share (cents) - basic	**220.7**	199.3	21.4	**113.8**	106.9	6.9
Cash earnings per share (cents) - diluted	**211.7**	191.0	20.7	**109.2**	102.8	6.4
Cash return on equity	**11.7%**	10.7%	100 bps	**12.1%**	11.3%	80 bps

Review of Group performance results

The Group's performance includes the financial performance of the Citigroup's Australian consumer business (Citi consumer business), acquired by the Group effective 1 June 2022, unless otherwise stated.

September 2022 v September 2021

Statutory net profit increased by $527 million or 8.3%. Excluding the impact of discontinued operations, statutory net profit increased by $589 million or 9.1%.[1]

Cash earnings increased by $546 million or 8.3%.

Net interest income increased by $1,055 million or 7.6%. Excluding the Citi consumer business, net interest income increased by $916 million or 6.6%. This includes a decrease of $155 million due to movements in economic hedges, offset in other operating income. Excluding these movements, the underlying increase of $1,071 million or 7.8% was primarily due to higher average lending volumes, higher earnings on deposits and capital driven by the rising interest rate environment and lower funding costs. These movements were partially offset by lower housing lending margins and lower NAB risk management income in Markets and Treasury.

Other operating income increased by $435 million or 14.5%. Excluding the Citi consumer business, other operating income increased by $394 million or 13.1%. This includes an increase of $155 million due to movements in economic hedges, offset in net interest income. Excluding these movements, the underlying increase of $239 million or 7.9% was primarily due to higher NAB risk management income in Markets and Treasury, partially offset by a lower derivative valuation adjustment.

Operating expenses increased by $457 million or 5.8%. Excluding the Citi consumer business, operating expenses increased by $307 million or 3.9%. The increase was primarily driven by higher personnel expenses due to additional bankers and resources to support growth, combined with salary increases and continued investment in technology capabilities, compliance and remediation. This was partially offset by productivity benefits achieved through simplification of the Group's operations and lower performance-based compensation.

Credit impairment charge increased by $342 million including a net $16 million decrease in charges for forward looking provisions. Excluding forward looking provisions, the underlying charges have increased by $358 million primarily driven by the non-recurrence of collective provision releases for the Australian unsecured retail portfolio and model overlays in the prior period.

September 2022 v March 2022

Statutory net profit decreased by $211 million or 5.9%. Excluding the impact of discontinued operations, statutory net profit decreased by $82 million or 2.3%.[1]

Cash earnings increased by $144 million or 4.1%.

Net interest income increased by $682 million or 9.6%. Excluding the Citi consumer business, net interest income increased by $543 million or 7.7%. This includes a decrease of $171 million due to movements in economic hedges, offset in other operating income. Excluding these movements, the underlying increase of $714 million or 10.1% was primarily due to higher average lending volumes and higher earnings on deposits and capital driven by the rising interest rate environment. These movements were partially offset by lower housing lending margins and higher funding costs.

Other operating income decreased by $42 million or 2.4% Excluding the Citi consumer business, other operating income decreased by $83 million or 4.8%. This includes an increase of $171 million due to movements in economic hedges, offset in net interest income. Excluding these movements, the underlying decrease of $254 million or 14.6% was primarily due to lower NAB risk management income in Markets and Treasury combined with a decrease in merchant acquiring income from increased scheme fees and an increase in customer-related remediation.

Operating expenses increased by $348 million or 8.8%. Excluding the Citi consumer business, operating expenses increased by $198 million or 5.0%. The increase was primarily driven by higher personnel and general expenses due to additional bankers and resources to support growth, combined with salary increases and continued investment in technology capabilities, compliance and remediation. This was partially offset by productivity benefits achieved through simplification of the Group's operations and lower performance-based compensation.

Credit impairment charge increased by $121 million including a net $140 million decrease in charges for forward looking provisions. Excluding forward looking provisions, the underlying charges have increased by $261 million primarily driven by a lower level of collective provision releases for the Australian lending portfolio.

(1) The results of discontinued operations primarily relate to costs associated with managing the run-off of the MLC Wealth retained entities, combined with a re-assessment of customer-related and payroll remediation.

Key performance indicators

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21	Sep 22	Mar 22	Sep 22 v Mar 22
Group performance - cash earnings basis						
Cash earnings on average assets	**0.72%**	0.74%	(2 bps)	**0.70%**	0.73%	(3 bps)
Cash earnings on average risk-weighted assets	**1.63%**	1.56%	7 bps	**1.63%**	1.63%	-
Cash earnings per average FTE ($'000)	**212**	206	2.9%	**212**	213	(0.5%)
Cost to income (CTI) ratio	**45.2%**	46.5%	(130 bps)	**45.5%**	44.9%	60 bps
Net interest margin	**1.65%**	1.71%	(6 bps)	**1.67%**	1.63%	4 bps
Total Group capital						
CET1 capital ratio	**11.51%**	13.00%	(149 bps)	**11.51%**	12.48%	(97 bps)
Tier 1 capital ratio	**13.14%**	14.64%	(150 bps)	**13.14%**	14.07%	(93 bps)
Total capital ratio	**18.17%**	18.91%	(74 bps)	**18.17%**	18.55%	(38 bps)
Risk-weighted assets ($bn)	**449.9**	417.2	7.8%	**449.9**	431.9	4.2%
Volumes ($bn)						
Gross loans and acceptances (GLAs)	**687.7**	629.1	9.3%	**687.7**	659.7	4.2%
Average interest earning assets	**900.3**	805.0	11.8%	**928.0**	872.4	6.4%
Total average assets	**991.5**	889.6	11.5%	**1,026.4**	956.4	7.3%
Total customer deposits	**566.7**	500.3	13.3%	**566.7**	530.4	6.8%
Asset quality						
90+ days past due (DPD) and gross impaired assets to GLAs	**0.66%**	0.94%	(28 bps)	**0.66%**	0.75%	(9 bps)
Collective provision to credit risk-weighted assets	**1.31%**	1.35%	(4 bps)	**1.31%**	1.31%	-
Total provision to credit risk-weighted assets	**1.46%**	1.55%	(9 bps)	**1.46%**	1.48%	(2 bps)
Full-time equivalent employees (FTE)						
Group - Continuing operations (spot)	**35,128**	32,741	7.3%	**35,128**	32,932	6.7%
Group - Continuing operations (average)	**33,530**	31,897	5.1%	**34,174**	32,801	4.2%
Group - Including discontinued operations (spot)	**35,558**	33,275	6.9%	**35,558**	33,433	6.4%
Group - Including discontinued operations (average)	**34,022**	34,217	(0.6%)	**34,632**	33,329	3.9%

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
Market share			
Australia[1]			
Business lending[2]	**21.6%**	22.3%	22.0%
Business deposits[2]	**20.1%**	20.1%	19.2%
Housing lending[2]	**14.9%**	14.5%	14.4%
Household deposits[2]	**13.8%**	13.3%	13.3%
New Zealand[3]			
Housing lending	**16.3%**	16.5%	16.5%
Agribusiness	**21.4%**	20.8%	20.7%
Business lending	**22.4%**	22.5%	22.5%
Retail deposits	**17.8%**	17.9%	17.9%

(1) 30 September 2022 includes the Citi consumer business.
(2) Source: Australian Prudential Regulation Authority (APRA) monthly Authorised Deposit-taking Institution (ADI) statistics.
(3) Source: Reserve Bank of New Zealand (RBNZ).

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
Distribution			
Number of retail branches and business banking centres			
Australia	**578**	592	608
New Zealand	**136**	138	140

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Full year results 2022

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Net interest income

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21 %	Sep 22	Mar 22	Sep 22 v Mar 22 %
Net interest income (excluding Citi consumer business) ($m)	**14,713**	13,797	6.6	**7,628**	7,085	7.7
Citi consumer business net interest income ($m)	**139**	-	large	**139**	-	large
Net interest income ($m)	**14,852**	13,797	7.6	**7,767**	7,085	9.6
Average interest earning assets ($bn)	**900.3**	805.0	11.8	**928.0**	872.4	6.4
Net interest margin (%)	**1.65**	1.71	(6 bps)	**1.67**	1.63	4 bps

September 2022 v September 2021

Net interest income increased by $1,055 million or 7.6%. Excluding the Citi consumer business, net interest income increased by $916 million or 6.6%. This includes a decrease of $155 million due to movements in economic hedges, offset in other operating income. Excluding these movements, the underlying increase of $1,071 million or 7.8% was due to:

- Higher average lending volumes.
- Higher earnings on deposits driven by the rising interest rate environment, lower term deposit costs and favourable deposit mix.
- Higher earnings rate on capital driven by the rising interest rate environment.
- Lower funding costs.

The underlying increase was partially offset by:

- Competitive pressures impacting housing lending margins.
- The impact of changes in customer preferences towards lower margin fixed rate housing loans.
- Lower NAB risk management income in Markets and Treasury.
- Timing differences between interest rate increases and pricing changes.

September 2022 v March 2022

Net interest income increased by $682 million or 9.6%. Excluding the Citi consumer business, net interest income increased by $543 million or 7.7%. This includes a decrease of $171 million due to movements in economic hedges, offset in other operating income. Excluding these movements, the underlying increase of $714 million or 10.1% was due to:

- Higher average lending volumes.
- Higher earnings on deposits driven by the rising interest rate environment and lower term deposit costs.
- Higher earnings rate on capital driven by the rising interest rate environment.

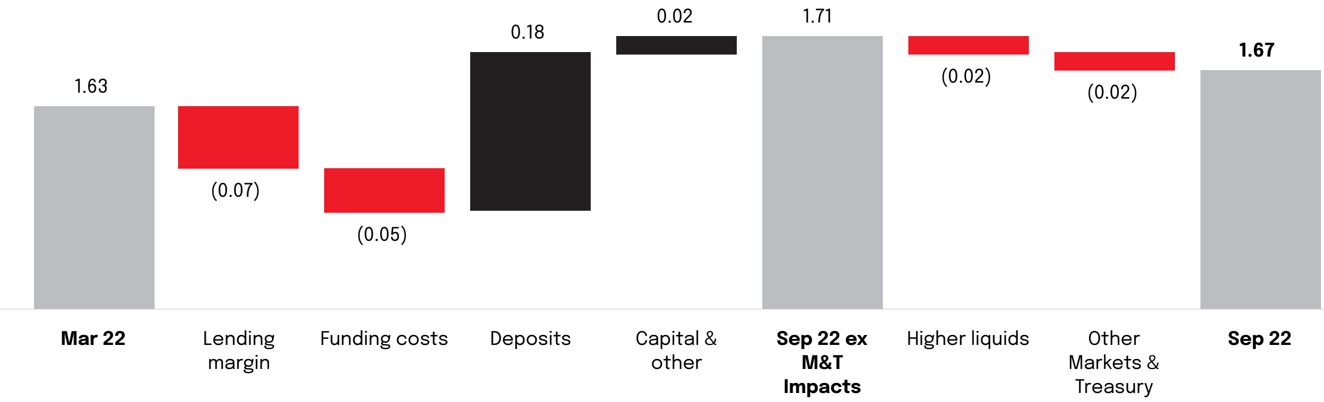
The underlying increase was partially offset by:

- Competitive pressures impacting housing lending margins.
- Higher funding costs.
- Timing differences between interest rate increases and pricing changes.

Net interest margin

	Year to			Half Year to		
	Sep 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 %	Mar 22 %	Sep 22 v Mar 22
Group net interest margin	**1.65**	1.71	(6 bps)	**1.67**	1.63	4 bps
Business and Private Banking	**2.92**	2.84	8 bps	**3.00**	2.82	18 bps
Personal Banking	**1.96**	2.03	(7 bps)	**1.99**	1.93	6 bps
Corporate and Institutional Banking	**0.75**	0.74	1 bp	**0.75**	0.74	1 bp
New Zealand Banking	**2.48**	2.29	19 bps	**2.57**	2.38	19 bps

Group net interest margin movement (%)



September 2022 v September 2021

The Group's **net interest margin** decreased by 6 basis points. Excluding a decrease of 8 basis points in Markets and Treasury, the underlying margin was up 2 basis points due to the following items:

- A decrease of 13 basis points in lending margin primarily driven by a decline in housing margins which reflected competitive pressures, the impact of changes in customer preferences towards lower margin fixed rate housing loans and the impact of timing differences between interest rate increases and pricing changes.
- An increase of 14 basis points due to higher earnings on deposits driven by the rising interest rate environment, lower term deposit costs, deposit repricing and favourable deposit mix.
- An increase of 1 basis point due to higher earnings on capital driven by the rising interest rate environment.

The decrease of 8 basis points in Markets and Treasury was due to:

- A decrease of 4 basis points driven by higher volumes of lower yielding high-quality liquid assets (HQLA).
- A decrease of 2 basis points driven by lower NAB risk management income.
- A decrease of 2 basis points driven by movements in economic hedges, offset in other operating income.

September 2022 v March 2022

The Group's **net interest margin** increased by 4 basis points. Excluding a decrease of 4 basis points in Markets and Treasury, the underlying movement was up 8 basis points due to the following items:

- A decrease of 7 basis points in lending margin primarily driven by a decline in housing margins which reflected competitive pressures and the impact of timing differences between increases in interest rates and pricing changes.
- A decrease of 5 basis points due to higher funding costs.
- An increase of 18 basis points due to higher earnings on deposits driven by the rising interest rate environment and lower term deposit costs.
- An increase of 2 basis points due to higher earnings on capital driven by the rising interest rate environment.

The decrease of 4 basis points in Markets and Treasury was due to:

- A decrease of 2 basis points driven by higher volumes of lower yielding HQLA.
- A decrease of 2 basis points driven by movements in economic hedges, offset in other operating income.

Other operating income

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Fees and commissions	**2,078**	2,088	(0.5)	**1,009**	1,069	(5.6)
Trading income	**978**	682	43.4	**500**	478	4.6
Other	**347**	239	45.2	**151**	196	(23.0)
Other operating income (excluding Citi consumer business)	**3,403**	3,009	13.1	**1,660**	1,743	(4.8)
Citi consumer business other operating income	**41**	-	large	**41**	-	large
Total other operating income	**3,444**	3,009	14.5	**1,701**	1,743	(2.4)

September 2022 v September 2021

Other operating income increased by $435 million or 14.5%. Excluding the Citi consumer business, other operating income increased by $394 million or 13.1%.

Fees and commissions decreased by $10 million or 0.5%. Included in the September 2022 full year is a charge of $71 million (September 2021 full year: $60 million) for customer-related remediation. Excluding the $11 million increase in customer-related remediation and a $14 million decrease in fee income due to the sale of the broker aggregation businesses during the September 2021 full year, the underlying increase was $15 million. This increase was primarily due to higher fee income reflecting strong volume growth in business lending, partially offset by lower non-lending income.

Trading income increased by $296 million or 43.4%. This includes an increase of $155 million due to movements in economic hedges, offset in net interest income. Excluding these movements, the underlying increase of $141 million was primarily due to higher NAB risk management income in Markets, partially offset by a lower derivative valuation adjustment.

Other income increased by $108 million or 45.2% primarily due to realised gains on bond sales in Treasury (high-quality liquids portfolio).

September 2022 v March 2022

Other operating income decreased by $42 million or 2.4%. Excluding the Citi consumer business, other operating income decreased by $83 million or 4.8%.

Fees and commissions decreased by $60 million or 5.6%. Included in the September 2022 half year is a charge of $50 million (March 2022 half year: $21 million) for customer-related remediation. Excluding the $29 million increase in customer-related remediation, the underlying decrease was $31 million. This decrease was primarily due to lower merchant acquiring income from increased scheme fees.

Trading income increased by $22 million or 4.6%. This includes an increase of $171 million due to movements in economic hedges, offset in net interest income. Excluding these movements, the underlying decrease of $149 million was primarily due to lower NAB risk management income in Markets and Treasury.

Other income decreased by $45 million or 23.0% primarily due to the impact of one-off gains in the prior period relating to the payment systems merger, combined with a decrease in equity accounted earnings from the investment in MLC Life.

Markets and Treasury income

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**196**	576	(66.0)	**35**	161	(78.3)
Other operating income	**1,179**	812	45.2	**587**	592	(0.8)
Total Markets and Treasury income	**1,375**	1,388	(0.9)	**622**	753	(17.4)
Customer risk management[(1)]						
Foreign exchange	**531**	440	20.7	**269**	262	2.7
Rates	**267**	271	(1.5)	**128**	139	(7.9)
Total customer risk management income	**798**	711	12.2	**397**	401	(1.0)
NAB risk management[(2)]						
Markets	**323**	218	48.2	**124**	199	(37.7)
Treasury	**308**	380	(18.9)	**138**	170	(18.8)
Total NAB risk management income	**631**	598	5.5	**262**	369	(29.0)
Derivative valuation adjustment[(3)]	**(54)**	79	large	**(37)**	(17)	large
Total Markets and Treasury income	**1,375**	1,388	(0.9)	**622**	753	(17.4)
Average Markets traded market risk Value at Risk (VaR)[(4)]	**10.9**	17.0	(35.9)	**9.8**	12.0	(18.3)

(1) Customer risk management includes other operating income and reflects customer risk management in respect of Personal Banking, Business and Private Banking, Corporate and Institutional Banking and New Zealand Banking.
(2) NAB risk management includes net interest income and other operating income and is defined as management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises. Markets forms part of Corporate and Institutional Banking revenue. Treasury forms part of Corporate Functions and Other revenue.
(3) Derivative valuation adjustments, which include credit valuation adjustments and funding valuation adjustments, are shown net of hedging costs or benefits.
(4) Excludes the impact of hedging activities related to derivative valuation adjustments.

September 2022 v September 2021

Markets and Treasury income decreased by $13 million or 0.9% primarily due to a lower derivative valuation adjustment and Treasury risk management income, largely offset by higher Markets risk management income and customer risk management income.

Customer risk management income increased by $87 million or 12.2% primarily driven by higher foreign exchange sales.

NAB risk management income increased by $33 million or 5.5% due to higher interest rate and foreign exchange risk management income in Markets, partially offset by lower Treasury risk management income.

Derivative valuation adjustment decreased by $133 million primarily due to credit spreads tightening in the September 2021 full year and a widening of funding spreads and increased market volatility in the September 2022 full year.

September 2022 v March 2022

Markets and Treasury income decreased by $131 million or 17.4% primarily due to lower NAB risk management income.

Customer risk management income decreased by $4 million or 1.0% primarily driven by lower income from interest rate sales.

NAB risk management income decreased by $107 million or 29.0% due to the ongoing impacts of surplus liquidity in the system and a challenging trading environment.

Derivative valuation adjustment decreased by $20 million driven by an increase in market volatility in the September 2022 half year.

Operating expenses

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Personnel expenses	**4,786**	4,566	4.8	**2,360**	2,426	(2.7)
Occupancy and depreciation expenses	**719**	762	(5.6)	**369**	350	5.4
General expenses	**2,619**	2,489	5.2	**1,432**	1,187	20.6
Operating expenses (excluding Citi consumer business)	**8,124**	7,817	3.9	**4,161**	3,963	5.0
Citi consumer business operating expenses	**150**	-	large	**150**	-	large
Total operating expenses	**8,274**	7,817	5.8	**4,311**	3,963	8.8

September 2022 v September 2021

Operating expenses increased by $457 million or 5.8%. Excluding the Citi consumer business, operating expenses increased by $307 million or 3.9%.

Personnel expenses increased by $220 million or 4.8%. The increase was primarily due to additional bankers and resources to support growth, combined with salary increases and additional resources associated with continued investment in technology capabilities, compliance and remediation. This was partially offset by productivity benefits achieved through simplification of the Group's operations and lower performance-based compensation.

Occupancy and depreciation expenses decreased by $43 million or 5.6%. The decrease was driven by productivity benefits associated with branch closures and lease renegotiations, lower depreciation and savings associated with the exit of commercial and network properties. This was partially offset by lease and facility costs associated with the new commercial buildings in Sydney and Melbourne.

General expenses increased by $130 million or 5.2%. The increase was primarily due to continued investment in technology capabilities and growth, combined with costs associated with remediation and compliance including activities under the terms of the Enforceable Undertaking (EU) with the Australian Transaction Reports and Analysis Centre (AUSTRAC). This was partially offset by third party productivity savings.

September 2022 v March 2022

Operating expenses increased by $348 million or 8.8%. Excluding the Citi consumer business, operating expenses increased by $198 million or 5.0%.

Personnel expenses decreased by $66 million or 2.7%. The decrease was primarily due to productivity benefits achieved through simplification of the Group's operations and lower performance-based compensation. This was partially offset by additional bankers and resources to support growth, combined with salary increases and additional resources associated with continued investment in technology capabilities, compliance and remediation.

Occupancy and depreciation expenses increased by $19 million or 5.4%. The increase was driven by lease and facility costs associated with the new commercial buildings in Sydney and Melbourne. This was partially offset by productivity benefits associated with branch closures, lease renegotiations and savings associated with the exit of commercial and network properties.

General expenses increased by $245 million or 20.6%. The increase was primarily due to continued investment in technology capabilities and growth, combined with costs associated with remediation and compliance including activities under the terms of the EU with AUSTRAC. This was partially offset by third party productivity savings.

Investment spend

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Expensed	**693**	692	0.1	**316**	377	(16.2)
Capitalised software and fixed assets	**700**	567	23.5	**428**	272	57.4
Total investment spend	**1,393**	1,259	10.6	**744**	649	14.6
Represented by:						
Infrastructure	**515**	471	9.3	**289**	226	27.9
Compliance and risk	**399**	403	(1.0)	**204**	195	4.6
Customer experience, efficiency and sustainable revenue	**479**	385	24.4	**251**	228	10.1
Total investment spend	**1,393**	1,259	10.6	**744**	649	14.6

Investment spend is expenditure on 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 excludes expenditure in respect of NAB's new unsecured lending platform.

September 2022 v September 2021

Investment spend increased by $134 million or 10.6%. This was driven by further investment in customer experience and growth opportunities, including investment in home lending, business lending and merchant services capabilities, investment in data capability and additional investment to improve financial crime systems and controls.

Investment in **infrastructure** initiatives increased by $44 million or 9.3%. There is continued investment in technology simplification and refresh activity, as well as investment in NAB's cloud migration strategy and cyber security.

Investment in **compliance and risk** initiatives decreased by $4 million or 1.0%. There is continued investment in meeting regulatory commitments, including investments to improve financial crime systems and controls, uplifting cyber security and managing risk across the Group.

Investment in **customer experience, efficiency and sustainable revenue** initiatives increased by $94 million or 24.4%. The increase was primarily driven by investment in business lending and merchant services capabilities, as well as continued investment in home lending and the enterprise customer onboarding experience.

September 2022 v March 2022

Investment spend increased by $95 million or 14.6%. This was driven by further investment in customer experience and growth opportunities, including investment in home lending, business lending and merchant services capabilities, the timing of the spend on the Group's branch network including frontline technology and additional investments to improve financial crime systems and controls.

Investment in **infrastructure** initiatives increased by $63 million or 27.9%. The increase was primarily driven by investment in technology refresh activity as well as the timing of the spend on the Group's branch network including frontline technology.

Investment in **compliance and risk** initiatives increased by $9 million or 4.6%. The increase was primarily driven by investment in meeting regulatory commitments, including investments to improve financial crime systems and controls, uplifting cyber security and managing risk across the Group.

Investment in **customer experience, efficiency and sustainable revenue** initiatives increased by $23 million or 10.1%. The increase was primarily driven by investment in business lending and merchant services capabilities as well as continued investment in home lending and the enterprise customer onboarding experience.

Taxation

	Year to			Half Year to		
			Sep 22 v			Sep 22 v
	Sep 22	Sep 21	Sep 21	Sep 22	Mar 22	Mar 22
Income tax expense ($m)	**2,793**	2,635	6.0%	**1,410**	1,383	2.0%
Effective tax rate (%)	**28.2**	28.6	(40 bps)	**28.0**	28.4	(40 bps)

September 2022 v September 2021

Cash earnings income tax expense increased by $158 million or 6.0% primarily due to higher cash earnings before tax.

The **cash earnings effective tax rate** decreased by 40 basis points to 28.2% primarily due to higher net earnings of the concessionally taxed offshore banking unit. The higher net earnings of the offshore banking unit were driven by the release of credit impairment charges in the current period.

September 2022 v March 2022

Cash earnings income tax expense increased by $27 million or 2.0% due to higher cash earnings before tax.

The **cash earnings effective tax rate** decreased by 40 basis points to 28.0%, due to an increase in net earnings attributed to the concessionally taxed offshore banking unit and the recognition in the current period of a deferred tax asset for prior period UK tax losses.

Lending

	As at				
	30 Sep 22 $bn	31 Mar 22 $bn	30 Sep 21 $bn	Sep 22 v Sep 21 %	Sep 22 v Mar 22 %
Housing					
Business and Private Banking	**100.1**	94.9	88.5	13.1	5.5
Personal Banking	**230.5**	218.3	212.0	8.7	5.6
Corporate and Institutional Banking	-	0.1	0.1	large	large
New Zealand Banking	**48.3**	50.6	50.3	(4.0)	(4.5)
Corporate Functions and Other	**10.2**	9.9	9.1	12.1	3.0
Total housing	**389.1**	373.8	360.0	8.1	4.1
Non-housing					
Business and Private Banking	**135.9**	127.9	119.8	13.4	6.3
Personal Banking	**8.5**	4.4	4.2	large	93.2
Corporate and Institutional Banking	**114.8**	113.0	104.4	10.0	1.6
New Zealand Banking	**39.4**	40.5	40.4	(2.5)	(2.7)
Corporate Functions and Other	-	0.1	0.3	large	large
Total non-housing	**298.6**	285.9	269.1	11.0	4.4
Gross loans and advances	**687.7**	659.7	629.1	9.3	4.2

September 2022 v September 2021

Lending increased by $58.6 billion or 9.3% including a decrease of $5.9 billion driven by exchange rate movements.

Housing lending increased by $29.1 billion or 8.1% mainly due to:

- An increase of $18.5 billion or 8.7% in Personal Banking, driven by growth in both owner occupier and investor lending, with increases of $15.6 billion in variable rate loans and $2.9 billion in fixed rate loans. This includes the impact of the acquisition of the Citi consumer business of $9.0 billion.
- An increase of $11.6 billion or 13.1% in Business and Private Banking driven by growth in both owner occupier and investor lending, with increases of $9.9 billion in variable rate loans and $1.7 billion in fixed rate loans.
- An increase of $1.1 billion or 12.1% in Corporate Functions and Other reflecting growth in the ubank business.
- A decrease of $2.0 billion or 4.0% in New Zealand Banking, including a decrease of $4.1 billion driven by exchange rate movements. The underlying increase of $2.1 billion reflects growth in both proprietary and broker channels.

Non-housing lending increased by $29.5 billion or 11.0% mainly due to:

- An increase of $16.1 billion or 13.4% in Business and Private Banking driven by above system growth in business lending.
- An increase of $10.4 billion or 10.0% in Corporate and Institutional Banking, including an increase of $1.5 billion driven by exchange rate movements. The underlying increase of $8.9 billion primarily reflects an increase in securitisation, partially offset by ongoing disciplined portfolio management.
- An increase of $4.3 billion in Personal Banking primarily driven by the impact of the acquisition of the Citi consumer business of $3.8 billion.
- A decrease of $1.0 billion or 2.5% in New Zealand Banking, including a decrease of $3.3 billion driven by exchange rate movements. The underlying increase of $2.3 billion reflects growth in business lending and credit card lending.

September 2022 v March 2022

Lending increased by $28.0 billion or 4.2% including a decrease of $1.7 billion driven by exchange rate movements.

Housing lending increased by $15.3 billion or 4.1% mainly due to:

- An increase of $12.2 billion or 5.6% in Personal Banking, driven by growth in both owner occupier and investor lending, with an increase of $19.0 billion in variable rate loans, partially offset by a decline of $6.8 billion in fixed rate loans. This includes the impact of the acquisition of the Citi consumer business of $9.0 billion
- An increase of $5.2 billion or 5.5% in Business and Private Banking driven by growth in both owner occupier and investor lending, with an increase of $7.4 billion in variable rate loans, partially offset by a decline of $2.2 billion in fixed rate loans.
- An increase of $0.3 billion or 3.0% in Corporate Functions and Other reflecting growth in the ubank business.
- A decrease of $2.3 billion or 4.5% in New Zealand Banking, including a decrease of $2.6 billion driven by exchange rate movements. The underlying increase of $0.3 billion reflects growth in both proprietary and broker channels.

Non-housing lending increased by $12.7 billion or 4.4% mainly due to:

- An increase of $8.0 billion or 6.3% in Business and Private Banking driven by above system growth in business lending.
- An increase of $4.1 billion or 93.2% in Personal Banking primarily driven by the impact of the acquisition of the Citi consumer business of $3.8 billion.
- An increase of $1.8 billion or 1.6% in Corporate and Institutional Banking, including an increase of $3.1 billion driven by exchange rate movements. The underlying decrease of $1.3 billion reflects disciplined portfolio management partially offset by an increase in securitisation.
- A decrease of $1.1 billion or 2.7% in New Zealand Banking, including a decrease of $2.2 billion driven by exchange rate movements. The underlying increase of $1.1 billion was driven by growth in business lending and credit card lending.

Goodwill and other intangible assets

Goodwill

Goodwill increased by $125 million compared to the September 2021 full year and March 2022 half year due to the Group's acquisition of the Citi consumer business and the acquisition of Lantern Claims Pty Ltd, a company that operates the digital health claiming technology business LanternPay (LanternPay). Goodwill has been recognised on a provisional basis for the Citi consumer business, pending the finalisation of the completion accounts.

The movement in goodwill is as follows:

	Year ended		Half Year ended	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Balance at beginning of period	**1,964**	1,838	**1,964**	1,964
Additions from business combinations	**125**	126	**125**	-
Goodwill	**2,089**	1,964	**2,089**	1,964

Other intangible assets

Intangible assets are comprised of capitalised software and other intangible assets.

The movement in capitalised software is as follows:

	Year ended		Half Year ended	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Balance at beginning of period	**2,133**	1,955	**2,197**	2,133
Additions from business combinations	**40**	116	**40**	-
Additions	**766**	530	**447**	319
Disposals and write-offs	**(23)**	(13)	**(22)**	(1)
Amortisation	**(538)**	(460)	**(290)**	(248)
Foreign currency translation adjustments	**4**	5	**10**	(6)
Capitalised software	**2,382**	2,133	**2,382**	2,197

Further details on material movements in capitalised software are as follows:

- Additions from business combinations - the fair value of software acquired as part of the LanternPay acquisition in Business and Private Bank in the September 2022 half year.
- Additions includes *Investment spend* on page 21 and $23 million in respect of the new unsecured lending platform.
- Amortisation - included as part of operating expenses.

The movement in other intangible assets is as follows:

	Year ended		Half Year ended	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Balance at beginning of period	**16**	16	**16**	16
Additions from business combinations	**171**	-	**171**	-
Amortisation	**(6)**	-	**(6)**	-
Other intangible assets	**181**	16	**181**	16

Additions from business combinations include the fair value of customer relationships and core deposit intangibles acquired with the Citi consumer business.

Customer deposits

	As at				
	30 Sep 22 $bn	**31 Mar 22 $bn**	**30 Sep 21 $bn**	**Sep 22 v Sep 21 %**	**Sep 22 v Mar 22 %**
Business and Private Banking	**191.3**	184.0	168.0	13.9	4.0
Personal Banking	**148.1**	133.3	127.7	16.0	11.1
Corporate and Institutional Banking	**146.2**	128.1	119.2	22.7	14.1
New Zealand Banking	**63.6**	66.9	65.5	(2.9)	(4.9)
Corporate Functions and Other	**17.5**	18.1	19.9	(12.1)	(3.3)
Total customer deposits	**566.7**	530.4	500.3	13.3	6.8

September 2022 v September 2021

Customer deposits increased by $66.4 billion or 13.3% primarily due to growth in term deposits and non-interest bearing accounts. This includes a decrease of $5.5 billion driven by exchange rate movements. The increase is due to:

- An increase of $27.0 billion or 22.7% in Corporate and Institutional Banking, including a decrease of $0.2 billion driven by exchange rate movements. The underlying increase of $27.2 billion was driven largely by an increase in term deposits.
- An increase of $23.3 billion or 13.9% in Business and Private Banking driven by an increase in term deposits of $17.0 billion and non-interest bearing accounts of $7.4 billion, partially offset by a decrease in on-demand deposits of $1.1 billion.
- An increase of $20.4 billion or 16.0% in Personal Banking, driven by growth in on-demand deposits of $8.5 billion, term deposits of $8.1 billion and non-interest bearing accounts of $3.8 billion. This includes the impact of the acquisition of the Citi consumer business of $9.5 billion.
- A decrease of $1.9 billion or 2.9% in New Zealand Banking, including a decrease of $5.3 billion driven by exchange rate movements. The underlying increase of $3.4 billion was driven by an increase in term deposits of $3.1 billion and non-interest bearing accounts of $0.6 billion, partially offset by a decrease in on-demand deposits of $0.3 billion.
- A decrease of $2.4 billion or 12.1% in Corporate Functions and Other, primarily driven by a reduction in wholesale deposits of $2.0 billion reflecting Treasury funding and liquidity management activities. A further decrease of $0.4 billion in ubank was driven by a reduction in term deposits of $2.0 billion, partially offset by an increase in on-demand deposits and non-interest bearing accounts of $1.6 billion.

September 2022 v March 2022

Customer deposits increased by $36.3 billion or 6.8% primarily due to growth in term deposits. This includes a decrease of $3.0 billion driven by exchange rate movements. The increase is due to:

- An increase of $18.1 billion or 14.1% in Corporate and Institutional Banking including an increase of $0.5 billion driven by exchange rate movements. The underlying increase of $17.6 billion was driven largely by an increase in term deposits.
- An increase of $14.8 billion or 11.1% in Personal Banking, driven by growth in term deposits of $8.9 billion, on-demand deposits of $3.3 billion and non-interest bearing accounts of $2.6 billion. This includes the impact of the acquisition of the Citi consumer business of $9.5 billion.
- An increase of $7.3 billion or 4.0% in Business and Private Banking primarily driven by an increase in term deposits of $13.5 billion and non-interest bearing accounts of $1.1 billion, partially offset by a reduction in on-demand deposits of $7.3 billion.
- A decrease of $0.6 billion or 3.3% in Corporate Functions and Other, primarily driven by a decrease in wholesale deposits of $0.5 billion reflecting Treasury funding and liquidity management activities. A further decrease of $0.1 billion in ubank was driven by a reduction in term deposits of $1.6 billion, partially offset by an increase in on-demand deposits and non-interest bearing accounts of $1.5 billion.
- A decrease of $3.3 billion or 4.9% in New Zealand Banking, including a decrease of $3.5 billion driven by exchange rate movements. The underlying increase of $0.2 billion was due to an increase in term deposits of $2.2 billion, partially offset by a reduction in on-demand deposits of $1.6 billion, and non-interest bearing accounts of $0.4 billion.

Asset quality

Credit impairment charge

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Specific credit impairment charge - new and increased	**402**	505	(20.4)	**209**	193	8.3
Specific credit impairment charge - write-backs	**(161)**	(270)	(40.4)	**(78)**	(83)	(6.0)
Specific credit impairment charge - recoveries	**(70)**	(54)	29.6	**(43)**	(27)	59.3
Specific credit impairment charge	**171**	181	(5.5)	**88**	83	6.0
Collective credit impairment charge / (write-back)	**(46)**	(398)	(88.4)	**35**	(81)	large
Total credit impairment charge / (write-back)	**125**	(217)	large	**123**	2	large

	Year to			Half Year to		
	Sep 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 %	Mar 22 %	Sep 22 v Mar 22
Credit impairment charge / (write-back) to GLAs - annualised	**0.02**	(0.03)	5 bps	**0.04**	-	large
Net write-offs to GLAs - annualised[(1)]	**0.04**	0.06	(2 bps)	**0.05**	0.04	1 bp

(1) Net write-offs include net write-offs of loans at fair value.

September 2022 v September 2021

Credit impairment charge increased by $342 million including a net $16 million decrease in charges for forward looking provisions. Excluding forward looking provisions, the underlying charges have increased by $358 million primarily driven by the non-recurrence of collective provision releases for the Australian unsecured retail portfolio and model overlays in the prior period.

Specific credit impairment charge decreased by $10 million or 5.5% driven by:

- Lower charges in Business and Private Banking due to a lower level of individual impaired exposures.
- Lower charges in Personal Banking primarily due to improved delinquencies in both the mortgage and unsecured retail portfolios.

This was partially offset by:

- Higher charges in New Zealand Banking due to the non-recurrence of write-backs for a small number of larger exposures in the prior period.
- Higher charges in Corporate and Institutional Banking relating to the impairment of a small number of larger exposures.

Collective credit impairment write-back decreased by $352 million driven by:

- Higher level of charges ($302 million) for the forward looking economic adjustment raised for uncertainty in the economic outlook including the potential impact of higher inflation and interest rates.
- Non-recurrence of releases for the Australian unsecured retail portfolio in the prior period.
- Non-recurrence of releases for model overlays in the prior period.

Partially offset by:

- Lower level of net charges ($318 million) for forward looking adjustments (FLAs) raised for targeted sectors.

The Group ratio of **net write-offs to GLAs** decreased by 2 basis points to 0.04% primarily due to a lower level of write-off activity for the Group's business lending portfolio.

September 2022 v March 2022

Credit impairment charge increased by $121 million including a net $140 million decrease in charges for forward looking provisions. Excluding forward looking provisions, the underlying charges have increased by $261 million primarily driven by a lower level of collective provision releases for the Australian lending portfolio.

Specific credit impairment charge increased by $5 million or 6.0% driven by the impact of the acquisition of the Citi consumer business, partially offset by a lower level of charges for the Australian mortgage portfolio.

Collective credit impairment charge increased by $116 million driven by:

- Non-recurrence of releases for the Australian mortgage portfolio due to the impact of house price increases in the prior period.
- Higher level of charges for the Australian business lending portfolio due to a lower level of releases relating to improved credit quality and volume growth.

This was partially offset by a higher level of net releases ($126 million) for FLAs raised for targeted sectors.

The Group ratio of **net write-offs to GLAs** increased by 1 basis point to 0.05% due to a small number of larger name write-offs in the Group's business lending portfolio.

Provision for credit impairment

	As at				
	Sep 22 $m	Mar 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 v Mar 22 %
Collective provision on loans at amortised cost	**4,541**	4,423	4,521	0.4	2.7
Collective provision on loans at fair value	**33**	38	39	(15.4)	(13.2)
Collective provision on derivatives at fair value	**252**	173	155	62.6	45.7
Total collective provision for credit impairment	**4,826**	4,634	4,715	2.4	4.1
Total specific provision for credit impairment[1]	**531**	622	664	(20.0)	(14.6)
Total provision for credit impairment	**5,357**	5,256	5,379	(0.4)	1.9

	As at				
	Sep 22 %	Mar 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 v Mar 22
Total provision to GLAs	**0.78**	0.80	0.86	(8 bps)	(2 bps)
Total provision to credit risk-weighted assets	**1.46**	1.48	1.55	(9 bps)	(2 bps)
Total provision to net write-offs - annualised[2]	**1,835**	2,184	1,494	large	large
Specific provision to gross impaired assets	**51.6**	54.9	52.8	(120 bps)	(330 bps)
Collective provision to credit risk-weighted assets	**1.31**	1.31	1.35	(4 bps)	-
Collective provision to GLAs	**0.70**	0.70	0.75	(5 bps)	-

(1) Includes $16 million (March 2022: $18 million, September 2021: $14 million) of specific provision on loans at fair value.
(2) Net write-offs include net write-offs of loans at fair value.

September 2022 v September 2021

Provisions for credit impairment decreased by $22 million or 0.4% to $5,357 million.

Specific provisions decreased by $133 million or 20.0% primarily due to work-outs in the business lending portfolio in Australia and New Zealand.

Collective provisions increased by $111 million or 2.4%. This was primarily due to:

- An increase of $233 million of collective provision forward looking economic adjustment raised for uncertainty in the economic outlook including the potential impact of higher inflation and interest rates.
- An increase in collective provisions for the Australian retail portfolio primarily due to the impact of the acquisition of the Citi consumer business.
- An increase in collective provisions held for the derivatives portfolio due to widening credit spreads.

This was partially offset by:

- Decrease of $254 million in net collective provision FLAs raised for targeted sectors.
- Collective provision releases for the Australian mortgage portfolio due to the impact of house price increases in the March 2022 half year and improved delinquencies.

The **collective provision to credit risk-weighted assets** ratio decreased by 4 basis points to 1.31% due to an increase in credit risk-weighted assets predominantly due to volume growth, partially offset by an increase in collective provisions.

September 2022 v March 2022

Provisions for credit impairment increased by $101 million or 1.9% to $5,357 million.

Specific provisions decreased by $91 million or 14.6% primarily due to work-outs for a small number of exposures in the business lending portfolio in Australia and New Zealand.

Collective provisions increased by $192 million or 4.1%. This was primarily due to:

- An increase of $107 million of collective provision forward looking economic adjustment raised for uncertainty in the economic outlook including the potential impact of higher inflation and interest rates.
- An increase in collective provisions held for the Australian retail portfolio primarily due to the impact of the acquisition of the Citi consumer business.
- An increase in collective provisions held for the Australian business lending portfolio due to volume growth.
- An increase in collective provisions held for the derivatives portfolio due to widening credit spreads.

This was partially offset by a decrease of $190 million in net collective provision FLAs raised for targeted sectors.

The **collective provision to credit risk risk-weighted assets** ratio is flat at 1.31% with an increase in collective provisions, offset by an increase in credit risk-weighted assets predominantly due to volume growth.

Non-performing exposures

	As at				
	Sep 22 $m	Mar 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 v Mar 22 %
90+ DPD assets	**3,481**	3,822	4,643	(25.0)	(8.9)
Gross impaired assets	**1,029**	1,134	1,258	(18.2)	(9.3)
90+ DPD and gross impaired assets	**4,510**	4,956	5,901	(23.6)	(9.0)
Default <90 DPD but not impaired assets	**1,993**	1,527	1,337	49.1	30.5
Non-performing exposures[(1)(2)]	**6,503**	6,483	7,238	(10.2)	0.3

	As at				
	Sep 22 %	Mar 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 v Mar 22
90+ DPD assets to GLAs	**0.51**	0.58	0.74	(23 bps)	(7 bps)
Gross impaired assets to GLAs	**0.15**	0.17	0.20	(5 bps)	(2 bps)
90+ DPD and gross impaired assets to GLAs	**0.66**	0.75	0.94	(28 bps)	(9 bps)
Default <90 DPD but not impaired assets to GLAs	**0.29**	0.23	0.21	8 bps	6 bps
Non-performing exposures to GLAs	**0.95**	0.98	1.15	(20 bps)	(3 bps)

(1) Non-performing exposures is aligned to the definitions in APS 220 *Credit Risk Management*.
(2) Includes $32 million (March 2022: $32 million, September 2021: $30 million) of non-performing loans at fair value.

September 2022 v September 2021

The Group ratio of **90+ DPD assets to GLAs** decreased by 23 basis points to 0.51%. This was primarily due to improved delinquencies across the Australian mortgage portfolio.

The Group ratio of **gross impaired assets to GLAs** decreased by 5 basis points to 0.15%. This was predominantly driven by work-outs in both the Business and Private Banking and New Zealand Banking business lending portfolios, combined with a reduction in impairments for the Australian mortgage portfolio.

The Group ratio of **default <90 DPD but not impaired assets to GLAs** increased by 8 basis points to 0.29%. This was driven by increases across the Group's lending portfolio primarily due to the impact of regulatory changes in APS 220 *Credit Risk Management* requiring an extension to the period over which exposures remain classified as non-performing before they can be reclassified to performing.

September 2022 v March 2022

The Group ratio of **90+ DPD assets to GLAs** decreased by 7 basis points to 0.51%. This was primarily due to improved delinquencies across the Australian mortgage portfolio, partially offset by a small number of larger exposures in the New Zealand Agriculture portfolio.

The Group ratio of **gross impaired assets to GLAs** decreased by 2 basis points to 0.15%. This was predominantly driven by work-outs in both the Business & Private Banking and New Zealand Banking business lending portfolios.

The Group ratio of **default <90 DPD but not impaired assets to GLAs** increased by 6 basis points to 0.29%. This was driven by increases across the Group's lending portfolio primarily due to the impact of regulatory changes in APS 220 *Credit Risk Management* requiring an extension to the period over which exposures remain classified as non-performing before they can be reclassified to performing.

Capital management and funding

Balance sheet management overview and regulatory reform

Balance sheet management overview

The Group has a strong capital and liquidity position, consistent with its commitment to balance sheet strength.

Regulatory reform

The Group remains focused on areas of regulatory change. Key reforms that may affect the Group's capital and funding include:

Revisions to the capital framework

- APRA has finalised prudential standards for the revised ADI capital framework, with the focus now shifting to implementation (from 1 January 2023). APRA's revisions to the framework include:
  - Improving flexibility via increasing regulatory capital buffers.
  - Implementing more risk-sensitive risk-weights.
  - Enhancing competition via a capital floor for internal ratings-based (IRB) ADIs.
  - Improving transparency and comparability through the disclosure of capital ratios under the standardised approach.

  Overall, these revisions will result in changes to the calculation and presentation of capital ratios. APRA has communicated that it is not seeking to further increase the overall level of capital in the banking system.
- APRA has provided Advanced Measurement Approach (AMA) accredited ADIs the option to apply Prudential Standard APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk* from either 1 January 2022 or 1 January 2023. The Group has applied the Standardised Measurement Approach (SMA) from 1 January 2022.
- The revised Prudential Standard APS 111 *Capital Adequacy: Measurement of Capital*, including changes to the treatment of equity investments in subsidiaries for the purpose of calculating Level 1 regulatory capital, became effective from 1 January 2022. The changes have been incorporated in the September 2022 Pillar 3 Report.
- APRA has introduced a minimum leverage ratio requirement of 3.5% for IRB ADIs and a revised leverage ratio exposure measurement methodology to be implemented from 1 January 2023. The Level 2 Group's leverage ratio as at 30 September 2022 is 5.06% (under the current methodology).
- APRA has announced its intention to finalise Prudential Standard APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* and consult on revisions to the market risk capital standards to implement the Basel Committee on Banking Supervision's fundamental review of the trading book.

Increased loss-absorbing capacity for ADIs

- In December 2021, APRA finalised requirements for the Australian loss-absorbing capacity framework. The final requirements represent a further 1.5% increase in the amount of Total capital required by domestic systemically important banks, with a total increase of 4.5% of risk-weighted assets required by January 2026. The interim requirement of an increase in the Total capital requirement of 3% of risk-weighted assets by 1 January 2024 remains in place.

RBNZ capital review

- In December 2019, the RBNZ finalised its review of the capital adequacy framework. The RBNZ amendments to the amount of regulatory capital required of locally incorporated banks include:
  - An increase in credit risk-weighted assets for banks that use the RBNZ's internal ratings-based approach due to:
    - The use of the standardised approach for bank and sovereign exposures, and the introduction of an overall minimum standardised floor, implemented on 1 January 2022.
    - An increase in the risk-weighted asset scalar implemented on 1 October 2022.
  - An increase in the Tier 1 capital requirement to 16% of risk-weighted assets, and an increase in the Total capital requirement to 18% of risk-weighted assets, to be phased in by 2028.

RBNZ actions to support the banking system

- From 1 July 2022, the RBNZ removed restrictions on the payment of dividends by New Zealand banks (including BNZ). The restrictions had previously been put in place in April 2020 in response to the impacts of COVID-19.

Committed Liquidity Facility (CLF) reduction

- On 10 September 2021, APRA announced that the CLF will be reduced to zero by the end of calendar year 2022 subject to financial market conditions. The CLF reduction is expected to be offset by ADIs increasing holdings of HQLA. APRA specified that ADIs should not rely on the CLF to meet the minimum 100% Liquidity Coverage Ratio (LCR) requirement from the beginning of 2022.

Further details on the regulatory changes impacting the Group are outlined in the September 2022 Pillar 3 Report.

Capital management

The Group's capital management strategy is focused on adequacy, efficiency and flexibility. The capital adequacy objective seeks to ensure sufficient capital is held in excess of IRB capital assessments and regulatory requirements, and is within the Group's balance sheet risk appetite. This approach is consistent across the Group's subsidiaries.

The Group's capital ratio operating targets are regularly reviewed in the context of the external economic and regulatory outlook with the objective of maintaining balance sheet strength. From 1 January 2023, the Group's CET1 target range will move to 11.00-11.50% to align with the new calculation methodology under APRA's revised capital framework.

On 30 July 2021, the Group announced its intention to buy back up to $2.5 billion of NAB ordinary shares on-market to progressively manage its CET1 capital ratio towards its target range. On 24 March 2022, the Group announced the completion of the $2.5 billion on-market buy-back, and announced the commencement of a further on-market buy-back of up to $2.5 billion. NAB commenced the further buy-back in mid-May 2022 and has bought back and cancelled 134,952,672 ordinary shares ($3.9 billion) in the full year ended 30 September 2022, including $1.9 billion (0.44% of CET1 capital) in the half year ended 30 September 2022.

On a pro forma basis, the Group's CET1 ratio as at 30 September 2022 is approximately 11.8%, including the remaining $0.6 billion of announced buy-backs and the estimated impact of the revised capital framework[1].

Pillar 3 disclosures

Further disclosures with respect to capital adequacy and risk management are included in the September 2022 Pillar 3 Report as required by APRA Prudential Standard APS 330 *Public Disclosure*.

(1) Impact of APRA's revised capital framework may be subject to change based on the Group's implementation of the revised standards.

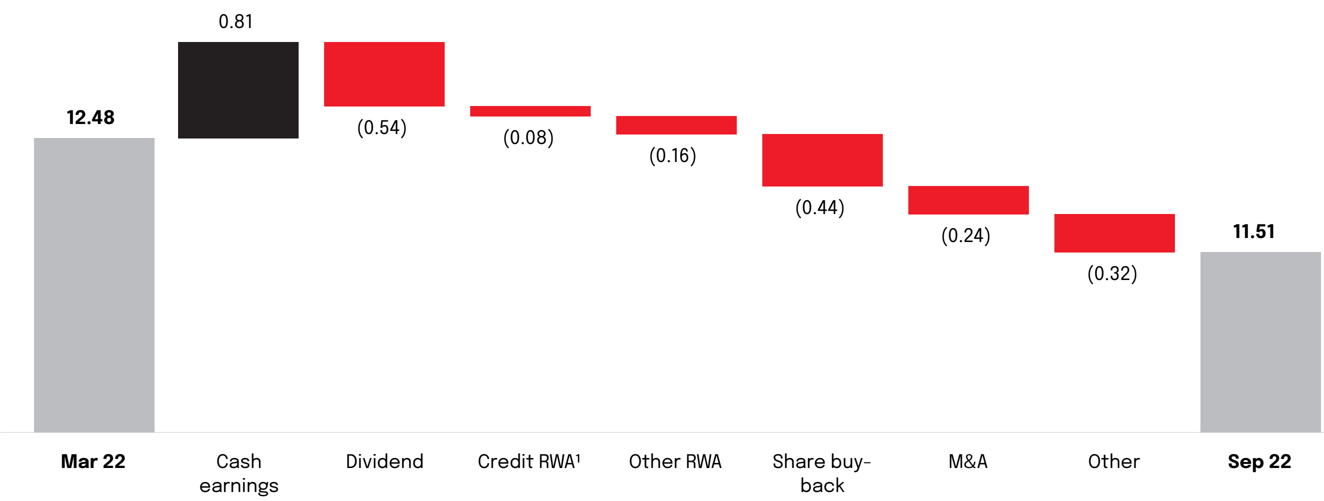
Capital ratios

	As at				
	30 Sep 22 %	31 Mar 22 %	30 Sep 21 %	Sep 22 v Sep 21	Sep 22 v Mar 22
Capital ratios					
CET1	**11.51**	12.48	13.00	(149 bps)	(97 bps)
Tier 1	**13.14**	14.07	14.64	(150 bps)	(93 bps)
Total capital	**18.17**	18.55	18.91	(74 bps)	(38 bps)

	As at				
	30 Sep 22 $m	31 Mar 22 $m	30 Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 v Mar 22 %
Risk-weighted assets					
Credit risk	**367,261**	355,102	348,041	5.5	3.4
Market risk	**7,907**	8,958	9,644	(18.0)	(11.7)
Operational risk[(1)]	**41,124**	41,124	47,866	(14.1)	-
Interest rate risk in the banking book	**33,626**	26,756	11,612	large	25.7
Total risk-weighted assets	**449,918**	431,940	417,163	7.9	4.2

(1) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA.

Movements in CET1 capital ratio (%)



(1) Excludes foreign exchange (FX) translation

Capital movements during the September 2022 half year

The Group's CET1 capital ratio was 11.51% as at 30 September 2022. The key movements in capital over the September 2022 half year included:

- Cash earnings less the 2022 interim dividend resulting in an increase of 27 basis points.
- An increase in credit risk-weighted assets decreased the CET1 capital ratio by 8 basis points, driven primarily by:
  - Volume growth contributing to a decrease of 16 basis points.
  - Derivatives (excluding FX translation) contributing to a decrease of 4 basis points.
  - Asset quality improvements contributing to an increase of 11 basis points.
  - Model and methodology changes contributing to an increase of 1 basis point.
- An increase in Other (non-credit) risk-weighted assets decreasing the CET1 capital ratio by 16 basis points, driven primarily by:
  - Interest rate risk in the banking book contributing to a decrease of 19 basis points.
  - Traded market risk contributing to an increase of 3 basis points.
- The impact of $1,903 million of the on-market buy-back completed in the half resulting in a decrease of 44 basis points.
- The impact of mergers and acquisition (M&A) activity including the acquisition of the Citi consumer business and the sale of BNZ Life resulting in a net decrease of 24 basis points.
- Other items decreased the CET1 capital ratio by 32 basis points, including deferred tax assets, net foreign exchange translation, non-cash earnings, and other miscellaneous items.

Dividend and Dividend Reinvestment Plan (DRP)

The final dividend in respect of the year ended 30 September 2022 has been increased to 78 cents, 100% franked, payable on 14 December 2022.

The extent to which future dividends on ordinary shares and distributions on frankable hybrids will be franked is not guaranteed and will depend on a number of factors, including capital management activities and the level of profits generated by the Group that will be subject to tax in Australia.

The Group periodically adjusts its DRP to reflect its capital position and outlook. In respect of the final dividend for the year ended 30 September 2022, the DRP discount is nil, with no participation limit. The Group expects to satisfy the DRP in full by an on-market purchase of shares.

Additional Tier 1 capital initiatives

On 7 July 2022, the Group redeemed $1,499 million of NAB Capital Notes 2 issued on 7 July 2016, in accordance with the redemption notice issued on 6 June 2022.

On 7 July 2022, the Group issued $2,000 million of NAB Capital Notes 6, which will mandatorily convert into NAB ordinary shares on 17 September 2032, provided certain conditions are met.

With APRA's prior written approval, NAB may elect to convert, redeem or resell these NAB Capital Notes 6 on 17 December 2029, 17 March 2030, 17 June 2030, 17 September 2030, or on the occurrence of particular events, provided certain conditions are met.

Tier 2 capital initiatives

The Group's Tier 2 capital initiatives during the September 2022 full year included the following:

- On 25 November 2021, NAB issued $195 million of Subordinated Notes.
- On 21 December 2021, NAB redeemed JPY10 billion of Subordinated Notes.
- On 12 January 2022, NAB issued US$1.25 billion of Subordinated Notes.
- On 24 February 2022, NAB issued $203 million of Subordinated Notes.
- On 27 April 2022, NAB redeemed the remaining US$4 million of the Perpetual Floating Rate Notes issued on 9 October 1986.
- On 20 July 2022, NAB issued $85 million of Subordinated Notes.
- On 22 July 2022, NAB issued JPY17 billion of Subordinated Notes.
- On 3 August 2022, NAB issued $1.25 billion and HKD382 million of Subordinated Notes.

Funding and liquidity

The Group monitors the composition and stability of funding and liquidity through the Board approved risk appetite which includes compliance with the regulatory requirements of APRA's LCR and Net Stable Funding Ratio (NSFR).

Funding

The Group employs a range of metrics to set its risk appetite and measure balance sheet strength. The NSFR measures the extent to which assets are funded with stable sources of funding to mitigate the risk of future funding stress.

As at 30 September 2022, the Group's NSFR was 119% down 4% compared to 30 September 2021, with the movement primarily driven by increases in required stable funding (RSF) associated with the reduction in the CLF.

Another key structural measure for balance sheet strength is the Stable Funding Index (SFI), which is comprised of the Customer Funding Index (CFI) and the Term Funding Index (TFI). The CFI represents the proportion of the Group's core assets that is funded by customer deposits. Similarly, the TFI represents the proportion of the Group's core assets that is funded by term wholesale funding with a remaining term to maturity of greater than 12 months, including Term Funding Facility (TFF), Term Lending Facility (TLF) and Funding for Lending Programme (FLP) drawdowns.

The Group's deposit strategy is to grow a stable and reliable deposit base informed by market conditions, funding requirements and customer relationships.

For the 30 September 2022 full year, the SFI remained at 101% as the increase in lending growth was funded by strong deposit inflows.

Group funding metrics

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	%	%	%
CFI	**81**	80	79
TFI	**20**	21	22
SFI	**101**	101	101
NSFR	**119**	123	123

Term wholesale funding

The Group maintains a well-diversified funding profile across issuance type, currency, investor location and tenor.

Through the financial year, global term funding conditions were characterised by greater volatility, a general widening in credit spreads and narrower issuance windows. More recent trends reflect elevated inflationary expectations, interest rate volatility and increased risk aversion from geopolitical events.

The Group raised $37.7 billion(1) of term wholesale funding during the September 2022 full year. NAB raised $32.8 billion of term wholesale funding, including $3.7 billion of Tier 2 subordinated debt, and BNZ raised $4.9 billion of term wholesale funding.

The weighted average maturity of term wholesale funding issued by the Group in the September 2022 full year was 5.0(2) years. The weighted average remaining maturity of the Group's term wholesale funding portfolio is 3.7(2) years.

Term funding markets continue to be influenced by the economic environment, investor sentiment, and monetary and fiscal policy settings.

(1) Excludes RBNZ's Funding for Lending Programme (FLP).
(2) Weighted average maturity excludes Additional Tier 1, Residential Mortgage Backed Securities, RBA Term Funding Facility and RBNZ funding facilities.

Term wholesale funding issuance by deal type

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	%	%	%
Senior unsecured	**67**	66	34
Subordinated debt	**10**	10	45
Covered bonds	**19**	24	21
RMBS	**4**	-	-
Total	**100**	100	100

Term wholesale funding issuance by currency

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	%	%	%
USD	**39**	46	33
AUD	**27**	21	32
EUR	**16**	11	21
GBP	**8**	14	9
NZD[1]	**3**	3	5
Other[1]	**7**	5	-
Total	**100**	100	100

(1) Comparative information has been restated. NZD issuance was previously included in other.

Short-term wholesale funding

For the 30 September 2022 full year, the Group accessed international and domestic short-term funding through wholesale markets. In addition, the Group has accessed secured short-term funding in the form of repurchase agreements primarily to support markets and trading activities. Repurchase agreements entered into, excluding those associated with the TFF, TLF and FLP, are materially offset by reverse repurchase agreements with similar tenors.

The increase in short-term funding in the September 2022 full year primarily supported higher holdings of HQLA to replace the $31 billion CLF reduction in calendar year 2022. The CLF has reduced by $23.25 billion over the year ended 30 September 2022.

Liquidity Coverage Ratio

The LCR measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario. HQLA consist of cash, central bank reserves along with highly rated government and central bank issuance. In addition to HQLA, other regulatory liquid assets include the Alternative Liquid Assets (ALA). ALA are comprised of internal Residential Mortgage Backed Securities (RMBS) and non-HQLA securities used to collateralise the CLF and RBNZ repo-eligible securities that are eligible for inclusion under Prudential Standard APS210 *Liquidity*.

The Group maintains a well-diversified liquid asset portfolio to support regulatory and internal requirements in the regions in which it operates. The average value of regulatory liquid assets held through the September 2022 quarter was $214 billion and included $200 billion of HQLA. The increase ($27 billion) in HQLA during the September 2022 half year was partially offset by a reduction ($11 billion) in the ALA driven by the phase out of the CLF. Quarterly average ALA for September 2022 full year were $14 billion and comprised unencumbered assets available to the CLF of $13 billion, and RBNZ securities of $1 billion.

A detailed breakdown of quarterly average net cash outflows is provided in the September 2022 Pillar 3 Report.

Quarterly average net cash outflows

	Quarterly average		
	30 Sep 22	31 Mar 22	30 Sep 21
	$bn	$bn	$bn
Liquidity Coverage Ratio			
High-quality liquid assets	**200**	173	163
Alternative liquid assets	**14**	25	28
Total LCR liquid assets	**214**	198	191
Net cash outflows	**157**	148	149
Quarterly average LCR (%)	**137**	134	128

Credit ratings

Entities in the Group are rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings.

National Australia Bank credit ratings

	Long Term	Short Term	Outlook
S&P Global Ratings	AA-	A-1+	(Stable)
Moody's Investors Service	Aa3	P-1	(Stable)
Fitch Ratings	A+	F1	(Stable)

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Full year results 2022

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Business and Private Banking

Business and Private Banking focuses on NAB's priority small and medium (SME) customer segments. This includes the NAB Business franchise, specialised Agriculture, Health, Government, Education and Community services along with Private Banking and JBWere, as well as the small business segment.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**6,074**	5,339	13.8	**3,242**	2,832	14.5
Other operating income	**962**	877	9.7	**479**	483	(0.8)
Net operating income	**7,036**	6,216	13.2	**3,721**	3,315	12.2
Operating expenses	**(2,664)**	(2,547)	4.6	**(1,369)**	(1,295)	5.7
Underlying profit	**4,372**	3,669	19.2	**2,352**	2,020	16.4
Credit impairment (charge) / write-back	**(60)**	(109)	(45.0)	**(87)**	27	large
Cash earnings before tax	**4,312**	3,560	21.1	**2,265**	2,047	10.6
Income tax expense	**(1,299)**	(1,080)	20.3	**(681)**	(618)	10.2
Cash earnings	**3,013**	2,480	21.5	**1,584**	1,429	10.8

Volumes ($bn)						
Housing lending	**100.1**	88.5	13.1	**100.1**	94.9	5.5
Business lending	**132.2**	116.6	13.4	**132.2**	124.3	6.4
Other lending	**3.7**	3.2	15.6	**3.7**	3.6	2.8
Gross loans and acceptances	**236.0**	208.3	13.3	**236.0**	222.8	5.9
Average interest earning assets	**208.3**	188.3	10.6	**215.2**	201.3	6.9
Total assets	**235.3**	208.2	13.0	**235.3**	222.2	5.9
Customer deposits	**191.3**	168.0	13.9	**191.3**	184.0	4.0
Total risk-weighted assets[(1)]	**142.2**	125.0	13.8	**142.2**	135.6	4.9

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21	Sep 22	Mar 22	Sep 22 v Mar 22
Performance Measures						
Cash earnings on average assets (%)	**1.36**	1.25	11 bps	**1.38**	1.34	4 bps
Cash earnings on average risk-weighted assets (%)	**2.23**	2.00	23 bps	**2.27**	2.18	9 bps
Net interest margin (%)	**2.92**	2.84	8 bps	**3.00**	2.82	18 bps
Cost to income ratio (%)	**37.9**	41.0	(310 bps)	**36.8**	39.1	(230 bps)
Funds under administration (spot) ($m)	**41,601**	40,721	2.2	**41,601**	42,820	(2.8)
Asset Quality (%)						
90+ DPD and gross impaired assets to GLAs	**0.91**	1.25	(34 bps)	**0.91**	1.07	(16 bps)
Credit impairment charge / (write-back) to GLAs - annualised	**0.03**	0.05	(2 bps)	**0.07**	(0.02)	9 bps

(1) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA. Refer to Section 2 Capital Management and Funding for further details.

September 2022 v September 2021

Cash earnings increased by $533 million or 21.5%, driven by higher revenue as a result of balance sheet growth and higher net interest margin, combined with a reduction in credit impairment charges. This was partially offset by increased operating expenses.

Key movements	Key drivers
Net interest income up $735m, 13.8%	• Net interest margin increased by 8 basis points due to higher earnings on deposits and capital driven by the rising interest rate environment. This was partially offset by competitive pressures in the housing lending portfolio. • Average interest earning assets increased by $20.0 billion or 10.6% reflecting above system growth in both business lending and housing lending. • Customer deposits increased by $23.3 billion or 13.9% driven by growth in term deposits and non-interest bearing accounts.
Other operating income up $85m, 9.7%	• Higher fee income reflecting strong volume growth across business lending and housing lending portfolios. • Higher foreign exchange revenue driven by increased customer hedging activity. • Higher JBWere income as a result of an increase in funds under administration and underwriting activity.
Operating expenses up $117m, 4.6%	• Higher personnel expenses due to additional bankers and resources to support growth, combined with salary increases, operating costs of LanternPay and continued investment in technology capabilities. • Partially offset by productivity benefits.
Credit impairment charge down $49m, 45.0%	• Lower specific provision charges due to a lower level of individual impaired exposures. • 90+ DPD and gross impaired assets to GLAs decreased by 34 basis points to 0.91%, primarily driven by improved delinquencies across business lending and housing lending portfolios.
Risk-weighted assets up $17.2bn, 13.8%	• Growth in business lending and housing lending volumes.

September 2022 v March 2022

Cash earnings increased by $155 million or 10.8%, driven by higher revenue as a result of balance sheet growth and higher net interest margin. This was partially offset by increased operating expenses and credit impairment charges.

Key movements	Key drivers
Net interest income up $410m, 14.5%	• Net interest margin increased by 18 basis points, due to higher earnings on deposits and capital driven by the rising interest rate environment. This was partially offset by higher funding costs and competitive pressures in the housing lending portfolio. • Average interest earning assets increased by $13.9 billion or 6.9% driven by above system growth in both business lending and housing lending. • Customer deposits increased by $7.3 billion or 4.0% driven by growth in term deposits, partially offset by a decline in on-demand deposits.
Other operating income down $4m, 0.8%	• Lower foreign exchange and rates sales, driven by lower volumes. • Lower merchant acquiring income from increased scheme fees. • Partially offset by higher fee income reflecting strong volume growth across business lending and commercial cards.
Operating expenses up $74m, 5.7%	• Higher personnel expenses due to additional bankers and resources to support growth, combined with salary increases, operating costs of LanternPay and continued investment in technology capabilities. • Partially offset by productivity benefits.
Credit impairment charge up $114m	• Higher collective provision charges due to a lower level of business lending releases relating to improved credit quality and volume growth in the business lending portfolio, combined with higher charges in the mortgage portfolio due to non-recurrence of releases. • 90+ DPD and gross impaired assets to GLAs decreased by 16 basis points to 0.91%, driven by improved delinquencies across business lending and housing lending portfolios.
Risk-weighted assets up $6.6bn, 4.9%	• Growth in business lending and housing lending volumes.

Personal Banking

Personal Banking provides banking products and services to customers including securing a home loan and managing personal finances through deposits, credit card or personal loan facilities. Customers are supported through a network of branches and ATMs, call centres, digital capabilities as well as through proprietary lenders and mortgage brokers. Personal Banking results include the financial performance of the Citi consumer business, acquired effective 1 June 2022.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**4,055**	3,962	2.3	**2,124**	1,931	10.0
Other operating income	**524**	483	8.5	**277**	247	12.1
Net operating income	**4,579**	4,445	3.0	**2,401**	2,178	10.2
Operating expenses	**(2,311)**	(2,197)	5.2	**(1,233)**	(1,078)	14.4
Underlying profit	**2,268**	2,248	0.9	**1,168**	1,100	6.2
Credit impairment (charge) / write-back	**5**	95	(94.7)	**(21)**	26	large
Cash earnings before tax	**2,273**	2,343	(3.0)	**1,147**	1,126	1.9
Income tax expense	**(682)**	(693)	(1.6)	**(344)**	(338)	1.8
Cash earnings	**1,591**	1,650	(3.6)	**803**	788	1.9

Volumes ($bn)						
Housing lending	**230.5**	212.0	8.7	**230.5**	218.3	5.6
Other lending	**8.5**	4.2	large	**8.5**	4.4	93.2
Gross loans and acceptances	**239.0**	216.2	10.5	**239.0**	222.7	7.3
Average interest earning assets	**206.6**	195.3	5.8	**212.6**	200.6	6.0
Total assets	**244.8**	222.5	10.0	**244.8**	229.1	6.9
Customer deposits	**148.1**	127.7	16.0	**148.1**	133.3	11.1
Total risk-weighted assets(1)	**84.2**	78.6	7.1	**84.2**	77.3	8.9

	Year to			Half Year to		
	Sep 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 %	Mar 22 %	Sep 22 v Mar 22
Performance Measures						
Cash earnings on average assets	**0.69**	0.76	(7 bps)	**0.67**	0.70	(3 bps)
Cash earnings on average risk-weighted assets	**1.97**	2.09	(12 bps)	**1.95**	2.02	(7 bps)
Net interest margin	**1.96**	2.03	(7 bps)	**1.99**	1.93	6 bps
Cost to income ratio	**50.5**	49.4	110 bps	**51.4**	49.5	190 bps

Asset Quality						
90+ DPD and gross impaired assets to GLAs	**0.73**	1.28	(55 bps)	**0.73**	0.94	(21 bps)
Credit impairment charge / (write-back) to GLAs - annualised	**-**	(0.04)	4 bps	**0.02**	(0.02)	4 bps

(1) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA. Refer to Section 2 Capital Management and Funding for further details.

September 2022 v September 2021

Cash earnings decreased by $59 million or 3.6%. Excluding the Citi consumer business cash earnings decreased by $73 million or 4.4%. This decrease was driven by the non-recurrence of collective provision releases in the prior period combined with lower revenue, partially offset by a decrease in operating expenses.

Key movements	Key drivers
Net interest income up $93m, 2.3% (ex Citi[1], down $46m, 1.2%)	• Net interest margin decreased by 7 basis points. Excluding the Citi consumer business, net interest margin decreased by 10 basis points, driven by home lending competitive pressures, the impact of changes in customer preferences towards lower margin fixed rate loans and timing differences between interest rate increases and pricing changes. This was partially offset by higher earnings on deposits due to the rising interest rate environment and lower funding costs in the housing lending portfolio. • Average interest earning assets increased by $11.3 billion or 5.8%, driven by growth from increased housing lending volumes. This includes the impact of the acquisition of the Citi consumer business of $4.1 billion. • Customer deposits increased by $20.4 billion or 16.0%, driven by growth from increases in on-demand deposits, term deposits and non-interest bearing accounts. This includes the impact of the acquisition of the Citi consumer business of $9.5 billion.
Other operating income up $41m, 8.5% (ex Citi[1], flat)	• Increased spend volumes and higher foreign exchange revenue. • Offset by lower fees due to the sale of the broker aggregation businesses in the prior period.
Operating expenses up $114m, 5.2% (ex Citi[1], down $36m, 1.6%)	• Productivity benefits, partially offset by higher personnel costs driven by additional bankers and resources to support growth, combined with salary increases and additional investment in technology capabilities.
Credit impairment write-back down $90m, 94.7%	• Lower level of write-backs due to non-recurrence of collective provision releases for the unsecured retail portfolio in the prior period, partially offset by lower specific charges due to improved delinquencies in both mortgage and unsecured retail portfolios. • 90+ DPD and gross impaired assets to GLAs decreased 55 basis points to 0.73% primarily driven by a decrease in 90+ DPD assets for the housing lending portfolio.
Risk-weighted assets up $5.6bn, 7.1% (ex Citi[1], down $3.6bn, 4.6%)	• Decrease in risk-weighted assets due to asset quality improvement and change to the internal allocation of operational risk relating to adoption of SMA, partially offset by mortgage lending growth.

(1) Citi consumer business.

September 2022 v March 2022

Cash earnings increased by $15 million or 1.9%. Excluding the Citi consumer business cash earnings increased by $1 million or 0.1%, driven by higher revenue, offset by increased operating expenses and credit impairment charges.

Key movements	Key drivers
Net interest income up $193m, 10.0% (ex Citi[1], up $54m, 2.8%)	• Net interest margin increased by 6 basis points. Excluding the Citi consumer business, net interest margin is flat, driven by higher earnings on deposits due to the rising interest rate environment. This was offset by competitive pressures, timing differences between interest rate increases and pricing changes and higher funding costs in the housing lending portfolio. • Average interest earning assets increased by $12.0 billion or 6.0%, driven by growth from increased housing lending volumes. This includes the impact of the acquisition of the Citi consumer business of $8.1 billion. • Customer deposits increased by $14.8 billion or 11.1%, driven by growth from increases in term deposits, on-demand deposits and non-interest bearing accounts. This includes the impact of the acquisition of the Citi consumer business of $9.5 billion.
Other operating income up $30m, 12.1% (ex Citi[1], down $11m, 4.5%)	• Lower cards interchange income driven by higher loyalty charges and seasonally lower cards spending.
Operating expenses up $155m, 14.4% (ex Citi[1], up $5m, 0.5%)	• Higher personnel costs driven by additional bankers and resources to support growth, combined with salary increases and additional investment in technology capabilities, partially offset by productivity benefits.
Credit impairment write-back down $47m	• Higher charges due to non-recurrence of collective provision releases for the mortgage portfolio in the prior period. This was partially offset by lower specific charges for the mortgage portfolio. • 90+ DPD and gross impaired assets to GLAs decreased 21 basis points to 0.73% primarily driven by a decrease in 90+ DPD assets for the mortgage portfolio.
Risk-weighted assets up $6.9bn, 8.9% (ex Citi[1], down $2.3bn, 3.0%)	• Decrease in risk weighted assets due to asset quality improvement and model methodology change, partially offset by mortgage lending growth.

(1) Citi consumer business.

Corporate and Institutional Banking

Corporate and Institutional Banking provides a range of products and services including client coverage, corporate finance, markets, asset servicing, transactional banking and enterprise payments. The division serves its customers across Australia, US, Europe and Asia, with specialised industry relationships and product teams. It includes Bank of New Zealand's Markets Trading operations.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**2,058**	1,918	7.3	**1,085**	973	11.5
Other operating income	**1,413**	1,304	8.4	**654**	759	(13.8)
Net operating income	**3,471**	3,222	7.7	**1,739**	1,732	0.4
Operating expenses	**(1,377)**	(1,369)	0.6	**(680)**	(697)	(2.4)
Underlying profit	**2,094**	1,853	13.0	**1,059**	1,035	2.3
Credit impairment (charge) / write-back	**26**	(186)	large	**7**	19	(63.2)
Cash earnings before tax	**2,120**	1,667	27.2	**1,066**	1,054	1.1
Income tax expense	**(492)**	(460)	7.0	**(244)**	(248)	(1.6)
Cash earnings	**1,628**	1,207	34.9	**822**	806	2.0
Net operating income						
Lending and deposits income	**2,547**	2,243	13.6	**1,322**	1,225	7.9
Markets income (ex derivative valuation adjustments)	**661**	550	20.2	**291**	370	(21.4)
Derivative valuation adjustment[1]	**(54)**	79	large	**(37)**	(17)	large
Other income	**317**	350	(9.4)	**163**	154	5.8
Total net operating income	**3,471**	3,222	7.7	**1,739**	1,732	0.4
Volumes ($bn)						
Business lending	**114.4**	104.2	9.8	**114.4**	112.7	1.5
Other lending	**0.4**	0.3	33.3	**0.4**	0.4	-
Gross loans and acceptances	**114.8**	104.5	9.9	**114.8**	113.1	1.5
Average interest earning assets	**275.7**	259.2	6.4	**286.7**	264.7	8.3
Total assets	**348.0**	276.4	25.9	**348.0**	304.0	14.5
Customer deposits	**146.2**	119.2	22.7	**146.2**	128.1	14.1
Total risk-weighted assets[2]	**117.8**	121.5	(3.0)	**117.8**	116.3	1.3

(1) Derivative valuation adjustments, which include credit valuation adjustments and funding valuation adjustments, are shown net of hedging costs or benefits.
(2) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA. Refer to Section 2 Capital Management and Funding for further details.

	Year to			Half Year to		
	Sep 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 %	Mar 22 %	Sep 22 v Mar 22
Performance Measures						
Cash earnings on average assets	**0.52**	0.41	11 bps	**0.49**	0.55	(6 bps)
Cash earnings on average risk-weighted assets	**1.36**	0.96	40 bps	**1.40**	1.34	6 bps
Net interest margin	**0.75**	0.74	1 bp	**0.75**	0.74	1 bp
Net interest margin (ex Markets)	**1.71**	1.68	3 bps	**1.76**	1.65	11 bps
Cost to income ratio	**39.7**	42.5	(280 bps)	**39.1**	40.2	(110 bps)
Asset Quality						
90+ DPD and gross impaired assets to GLAs	**0.17**	0.13	4 bps	**0.17**	0.13	4 bps
Credit impairment charge / (write-back) to GLAs - annualised	**(0.02)**	0.18	(20 bps)	**(0.01)**	(0.03)	2 bps

September 2022 v September 2021

Cash earnings increased by $421 million or 34.9%, driven by higher revenue and lower credit impairment charges.

Key movements	Key drivers
Net interest income up $140m, 7.3%	• Includes a decrease of $31 million due to movements in economic hedges offset in other operating income. • Underlying increase of $171 million primarily due to higher deposit and lending volumes, partially offset by lower Markets risk management income. • Net interest margin (ex Markets) increased by 3 basis point to 1.71% driven by the rising interest rate environment including a higher earnings rate on capital partially offset by an unfavourable deposits mix driven by growth in term deposits. • Gross loans and acceptances increased by $10.3 billion or 9.9%. Underlying increase of $8.8 billion excluding exchange rate movements primarily reflects an increase in securitisation, partially offset by ongoing disciplined portfolio management. • Customer deposits increased by $27.0 billion or 22.7%. The underlying increase of $27.2 billion excluding exchange rate movements was driven largely by an increase in term deposits.
Other operating income up $109m, 8.4%	• Includes an increase of $31 million due to movements in economic hedges offset in net interest income. • Underlying increase of $78 million due to higher Markets risk management income combined with higher business lending fees, partially offset by lower derivative valuation adjustments.
Operating expenses up $8m, 0.6%	• Higher personnel costs driven primarily by salary increases and additional resources to support growth, combined with increased investment in technology capabilities. This was partially offset by productivity benefits.
Credit impairment charge down $212m	• Excluding the non-recurrence of aviation charges of $248 million in the prior year, the underlying increase of $36 million is primarily due to a higher specific provision charge for the impairment of a small number of larger exposures.
Risk-weighted assets down $3.7bn, 3.0%	• Decrease due to changes in the internal allocation of operational risk following the adoption of SMA, market volatility and ongoing disciplined portfolio management, partially offset by growth in lending volumes.

September 2022 v March 2022

Cash earnings increased by $16 million or 2.0%, driven by lower operating expenses partially offset by a lower credit impairment write-back.

Key movements	Key drivers
Net interest income up $112m, 11.5%	• Includes a decrease of $50 million due to movements in economic hedges offset in other operating income. • Underlying increase of $162 million primarily due to higher net interest margins, higher lending and deposits volumes and an increase in Markets risk management income offset by higher funding costs. • Net interest margin (ex Markets) increased by 11 basis points to 1.76% driven by the rising interest rate environment on deposits and higher earnings rate on capital partially offset by higher funding costs. • Gross loans and acceptances increased by $1.7 billion or 1.5%. Underlying decrease of $1.4 billion excluding exchange rate movements reflects disciplined portfolio management partially offset by an increase in securitisation. • Customer deposits increased by $18.1 billion or 14.1%. The underlying increase of $17.6 billion excluding exchange rate movements was driven largely by an increase in term deposits.
Other operating income down $105m, 13.8%	• Includes an increase of $50 million due to movements in economic hedges offset in net interest income. • Underlying decrease of $155 million due to lower Markets risk management income, reflecting challenging trading conditions.
Operating expenses down $17m, 2.4%	• Productivity benefits achieved through simplification, partially offset by increased costs associated with continued investment in technology capabilities.
Credit impairment write-back down $12m, 63.2%	• The underlying decrease is primarily due to lower collective provision write-backs partially offset by a lower specific provision charge for the impairment of a small number of larger exposures.
Risk-weighted assets up $1.5bn, 1.3%	• Increase due to market volatility and foreign currency movements, partially offset by ongoing disciplined portfolio management.

New Zealand Banking

New Zealand Banking provides banking and financial services across customer segments in New Zealand. It consists of Partnership Banking, servicing retail, business and private customers; Corporate and Institutional Banking, servicing corporate and institutional customers, and includes Markets Sales operations in New Zealand. New Zealand Banking also includes the Wealth and Insurance franchises operating under the 'Bank of New Zealand' brand. It excludes the Bank of New Zealand's Markets Trading operations.

Results presented in New Zealand dollars. See page 44 for results in Australian dollars and page 75 for foreign exchange rates.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**2,494**	2,150	16.0	**1,314**	1,180	11.4
Other operating income	**561**	539	4.1	**280**	281	(0.4)
Net operating income	**3,055**	2,689	13.6	**1,594**	1,461	9.1
Operating expenses	**(1,053)**	(995)	5.8	**(543)**	(510)	6.5
Underlying profit	**2,002**	1,694	18.2	**1,051**	951	10.5
Credit impairment (charge) / write-back	**(50)**	13	large	**(30)**	(20)	50.0
Cash earnings before tax	**1,952**	1,707	14.4	**1,021**	931	9.7
Income tax expense	**(549)**	(477)	15.1	**(286)**	(263)	8.7
Cash earnings	**1,403**	1,230	14.1	**735**	668	10.0

Volumes ($bn)						
Housing lending	**54.8**	52.7	4.0	**54.8**	54.5	0.6
Business lending	**44.0**	41.5	6.0	**44.0**	42.8	2.8
Other lending	**0.9**	0.9	-	**0.9**	0.8	12.5
Gross loans and acceptances	**99.7**	95.1	4.8	**99.7**	98.1	1.6
Average interest earning assets	**100.7**	94.0	7.1	**101.8**	99.5	2.3
Total assets	**105.9**	101.3	4.5	**105.9**	104.5	1.3
Customer deposits	**72.3**	68.6	5.4	**72.3**	72.0	0.4
Total risk-weighted assets[1]	**63.4**	63.1	0.5	**63.4**	63.6	(0.3)

	Year to			Half Year to		
	Sep 22 %	Sep 21 %	Sep 22 v Sep 21	Sep 22 %	Mar 22 %	Sep 22 v Mar 22
Performance Measures						
Cash earnings on average assets	**1.35**	1.27	8 bps	**1.40**	1.30	10 bps
Cash earnings on average risk-weighted assets	**2.21**	1.95	26 bps	**2.31**	2.10	21 bps
Net interest margin	**2.48**	2.29	19 bps	**2.57**	2.38	19 bps
Cost to income ratio	**34.5**	37.0	(250 bps)	**34.1**	34.9	(80 bps)

Asset Quality						
90+ DPD and gross impaired assets to GLAs	**0.43**	0.40	3 bps	**0.43**	0.34	9 bps
Credit impairment charge / (write-back) to GLAs - annualised	**0.05**	(0.01)	6 bps	**0.06**	0.04	2 bps

(1) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA. Refer to Section 2 Capital Management and Funding for further details.

September 2022 v September 2021

Cash earnings increased by $173 million or 14.1%, driven by higher revenue, partially offset by higher credit impairment charges and higher operating expenses.

Key movements	Key drivers
Net interest income up $344m, 16.0%	• Net interest margin increased by 19 basis points driven by higher earnings on deposits and capital driven by the rising interest rate environment, partially offset by a decline in housing margins which reflected competitive pressures. • Average interest earning assets increased by $6.7 billion or 7.1% driven by growth in housing and business lending. • Customer deposits increased by $3.7 billion or 5.4% driven by an increase in term deposits and non-interest bearing accounts, partially offset by a decrease in on-demand deposits.
Other operating income up $22m, 4.1%	• Higher fee income reflecting strong volume growth in business lending portfolios, and higher sales of customer risk management products. • Partially offset by lower merchant service fee income.
Operating expenses up $58m, 5.8%	• Higher personnel expenses due to additional bankers and resources to strengthen the compliance environment and service growth combined with increased investment in strategic priorities. Partially offset by productivity benefits.
Credit impairment charge up $63m	• Increased credit impairment charge due to non-recurrence of write-backs for a small number of larger exposures and higher level of collective provision charges.
Total risk-weighted assets up $0.3bn, 0.5%	• Volume growth and increased interest rate risk in the banking book, partially offset by the removal of agribusiness supervisory overlay.

September 2022 v March 2022

Cash earnings increased by $67 million or 10.0%, driven by higher revenue, partially offset by higher expenses and higher credit impairment charges.

Key movements	Key drivers
Net interest income up $134m, 11.4%	• Net interest margin increased by 19 basis points driven by higher earnings on deposits and capital driven by the rising interest rate environment, partially offset by a decline in housing margins which reflected competitive pressures. • Average interest earning assets increased by $2.3 billion or 2.3% due to growth in housing and business lending. • Customer deposits increased by $0.3 billion or 0.4% driven by an increase in term deposits, partially offset by a reduction in on-demand deposits, and non-interest bearing accounts.
Other operating income down $1m, 0.4%	• Lower insurance and card interchange income, partially offset by higher sales of customer risk management products.
Operating expenses up $33m, 6.5%	• Higher personnel expenses due to additional bankers and resources to strengthen the compliance environment and service growth combined with increased investment in strategic priorities.
Credit impairment charge up $10m, 50.0%	• Higher level of collective provision charges, combined with a higher level of specific provision charges for a small number of business customers. • 90+ DPD and gross impaired assets to GLAs increased by 9 basis points primarily due to higher 90+ DPD for a small number of loans in the corporate agriculture portfolio.
Total risk-weighted assets down $0.2bn, 0.3%	• Lower operational risk allocation and focus on risk adjusted returns partially offset by volume growth and an increase in interest rate risk in the banking book.

Results presented in Australian dollars. See page 42 for results in New Zealand dollars.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**2,302**	2,017	14.1	**1,188**	1,114	6.6
Other operating income	**518**	505	2.6	**253**	265	(4.5)
Net operating income	**2,820**	2,522	11.8	**1,441**	1,379	4.5
Operating expenses	**(971)**	(933)	4.1	**(490)**	(481)	1.9
Underlying profit	**1,849**	1,589	16.4	**951**	898	5.9
Credit impairment (charge) / write-back	**(47)**	12	large	**(28)**	(19)	47.4
Cash earnings before tax	**1,802**	1,601	12.6	**923**	879	5.0
Income tax expense	**(507)**	(447)	13.4	**(258)**	(249)	3.6
Cash earnings	**1,295**	1,154	12.2	**665**	630	5.6

Impact of foreign exchange rate movements

Favourable / (unfavourable) **30 September 2022**	Year since Sep 21 $m	Sep 22 v Sep 21 ex FX %	Half Year since Mar 22 $m	Sep 22 v Mar 22 ex FX %
Net interest income	**(37)**	16.0	**(52)**	11.3
Other operating income	**(8)**	4.2	**(11)**	(0.4)
Operating expenses	**16**	5.8	**22**	6.4
Credit impairment charge	**1**	large	**1**	52.6
Income tax expense	**8**	15.2	**11**	8.0
Cash earnings	**(20)**	14.0	**(29)**	10.2

Corporate Functions and Other

Corporate Functions and Other includes ubank and enabling units that support all businesses including Treasury, Technology and Enterprise Operations, Strategy and Innovation, Data, Digital and Analytics, Support Units and eliminations.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net operating income	**390**	401	(2.7)	**166**	224	(25.9)
Operating expenses	**(951)**	(771)	23.3	**(539)**	(412)	30.8
Underlying loss	**(561)**	(370)	51.6	**(373)**	(188)	98.4
Total credit impairment (charge) / write-back	**(49)**	405	large	**6**	(55)	large
Cash earnings / (loss) before tax and distributions	**(610)**	35	large	**(367)**	(243)	51.0
Income tax benefit	**187**	45	large	**117**	70	67.1
Cash earnings / (loss) before distributions	**(423)**	80	large	**(250)**	(173)	44.5
Distributions	**-**	(13)	large	**-**	-	-
Cash earnings / (loss)	**(423)**	67	large	**(250)**	(173)	44.5

September 2022 v September 2021

Cash loss increased by $490 million, driven by higher credit impairment charges, higher operating expenses and lower NAB risk management income in Treasury, partially offset by a decrease in distributions.

Key movements	Key drivers
Net operating income down $11m, 2.7%	• Includes a charge of $68 million for customer-related remediation (September 2021 full year: $71 million). • Lower NAB risk management income in Treasury. • Partially offset by an increase in equity accounted earnings from the investment in MLC Life and a one-off gain from payment systems merger.
Operating expenses up $180m, 23.3%	• Includes payroll remediation costs of $55 million and customer-related remediation costs of $45 million in the September 2022 full year (September 2021 full year: $26 million in payroll remediation costs and $31 million customer-related remediation write-back). • Includes additional costs of $103 million in the September 2022 full year (September 2021 full year: $nil) relating to compliance activities under the terms of the EU with AUSTRAC.
Credit impairment charge up $454m	• Excluding the non-recurrence of $248 million FLA release (offset in Corporate and Institutional Banking) associated with the sale of part of the aviation portfolio in the prior year, the underlying increase was $206 million. Primarily due to a higher level of charges for the forward looking economic adjustment raised for uncertainty in the economic outlook including the potential impact of higher inflation and interest rates and the non-recurrence of releases of model overlays in the prior period. This was partially offset by net releases of FLAs held for targeted sectors.
Distributions down $13m	• Nil distributions in the September 2022 full year (September 2021 full year: $13 million due to the redemption of the National Income Securities).

September 2022 v March 2022

Cash loss increased by $77 million or 44.5%, driven by higher operating expenses and lower NAB risk management income in Treasury, partially offset by lower credit impairment charges.

Key movements	Key drivers
Net operating income down $58m, 25.9%	• Includes a charge of $48 million for customer-related remediation (March 2022 half year: $20 million). • Lower NAB risk management income in Treasury. • Lower other income due to the non-recurrence of a one-off gain from payment systems merger in the March 2022 half year and lower equity accounted earnings from the investment in MLC Life in the September 2022 half year.
Operating expenses up $127m, 30.8%	• Includes payroll remediation costs of $55 million and customer-related remediation costs of $45 million in the September 2022 half year (March 2022 half year: $nil for both payroll and customer-related remediation). • Includes additional costs of $70 million in the September 2022 half year (March 2022 half year: $33 million) relating to compliance activities under the terms of the EU with AUSTRAC.
Credit impairment charge down $61m	• Higher level of net releases of FLAs held for targeted sector, combined with a lower level of charges for the forward looking economic adjustment raised for uncertainty in the economic outlook in the September 2022 half year.

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Full year results 2022

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This document should be read in conjunction with the 2022 Annual Report and any announcements to the market made by the Group during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

The Group's consolidated financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the AASB can be found in the 2022 Annual Report.

Ernst & Young has audited the financial report contained within the 2022 Annual Report and has issued an unmodified audit report. This document has not been subject to audit by Ernst & Young.

Information in Section 4 is presented on a statutory basis unless otherwise stated.

1 Other income

	Year to		Half Year to	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Fees and commissions				
Lending fees[1]	**1,125**	1,054	**571**	554
Other fees and commissions[1]	**838**	908	**396**	442
Net investment management income				
Investment management income	**296**	278	**148**	148
Investment management expense	**(140)**	(152)	**(65)**	(75)
Total fees and commissions	**2,119**	2,088	**1,050**	1,069
Gains less losses on financial instruments at fair value				
Trading instruments	**(196)**	470	**(245)**	49
Hedge ineffectiveness[2]	**58**	(233)	**21**	37
Financial instruments designated at fair value	**1,205**	372	**561**	644
Total gains less losses on financial instruments at fair value	**1,067**	609	**337**	730
Other operating income				
Dividend revenue	**28**	12	**7**	21
Other income[3]	**516**	227	**341**	175
Total other operating income	**544**	239	**348**	196
Total other income	**3,730**	2,936	**1,735**	1,995

(1) Comparative information has been restated for the presentation of fees and commissions income. Lending fees was previously labelled as banking fees, and other fees and commissions incorporates both money transfer fees and fees and commissions.
(2) Represents hedge ineffectiveness of designated hedging relationships. In the 2021 full year, operational enhancements were implemented to reduce future volatility in earnings related to hedge accounting. This resulted in a one-off $245 million charge to statutory earnings.
(3) On 30 September 2022, the Group completed the disposal of the BNZ Life business (BNZ Life), resulting in an overall gain on disposal of $197 million in other income.

2 Operating expenses

	Year to		Half Year to	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Personnel expenses				
Salaries and related on-costs	**3,964**	3,483	**2,019**	1,945
Superannuation costs-defined contribution plans	**319**	302	**164**	155
Performance-based compensation	**517**	590	**232**	285
Other expenses	**177**	202	**94**	83
Total personnel expenses	**4,977**	4,577	**2,509**	2,468
Occupancy and depreciation expenses				
Rental expense	**103**	64	**50**	53
Depreciation and impairment	**577**	628	**290**	287
Other expenses	**42**	70	**32**	10
Total occupancy and depreciation expenses	**722**	762	**372**	350
General expenses				
Fees and commissions expense	**44**	47	**20**	24
Amortisation of intangible assets	**535**	417	**287**	248
Advertising and marketing	**187**	160	**119**	68
Charge / (release) to provide for operational risk event losses	**107**	85	**121**	(14)
Communications, postage and stationery	**137**	152	**71**	66
Computer equipment and software	**789**	740	**408**	381
Data communication and processing charges	**90**	77	**52**	38
Professional fees	**729**	558	**391**	338
Impairment losses recognised	**10**	16	**7**	3
Other expenses	**375**	272	**273**	102
Total general expenses	**3,003**	2,524	**1,749**	1,254
Total operating expenses	**8,702**	7,863	**4,630**	4,072

3 Loans and advances

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Loans and advances			
Housing loans	**389,124**	373,807	360,000
Other term lending	**262,380**	253,061	238,581
Asset and lease financing	**14,988**	14,394	13,879
Overdrafts	**4,689**	4,448	4,588
Credit card outstandings	**8,684**	5,144	4,871
Other lending	**7,867**	8,790	7,006
Fair value adjustment	**(17)**	37	131
Gross loans and advances	**687,715**	659,681	629,056
Represented by:			
Loans and advances at fair value(1)	**1,876**	1,979	2,556
Loans and advances at amortised cost	**685,839**	657,702	626,500
Gross loans and advances	**687,715**	659,681	629,056
Unearned income and deferred net fee income	**(349)**	(187)	(173)
Provision for credit impairment	**(5,056)**	(5,027)	(5,171)
Net loans and advances	**682,310**	654,467	623,712
Securitised loans and loans supporting covered bonds(2)	**38,820**	35,489	35,920

	As at 30 September 2022			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Housing loans	**340,840**	**48,261**	**23**	**389,124**
Other term lending	**204,054**	**36,948**	**21,378**	**262,380**
Asset and lease financing	**14,937**	**-**	**51**	**14,988**
Overdrafts	**2,811**	**1,870**	**8**	**4,689**
Credit card outstandings	**7,958**	**726**	**-**	**8,684**
Other lending	**6,992**	**399**	**476**	**7,867**
Fair value adjustment	**3**	**(20)**	**-**	**(17)**
Gross loans and advances	**577,595**	**88,184**	**21,936**	**687,715**
Represented by:				
Loans and advances at fair value(1)	**1,170**	**570**	**136**	**1,876**
Loans and advances at amortised cost	**576,425**	**87,614**	**21,800**	**685,839**
Gross loans and advances	**577,595**	**88,184**	**21,936**	**687,715**

(1) On the balance sheet, this amount is included within other financial assets. Refer to *7 Balance Sheet*.
(2) Loans supporting securitisation and covered bonds are included within the balance of net loans and advances.

Loans and advances (cont.)

	As at 31 March 2022			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Housing loans	323,171	50,608	28	373,807
Other term lending	193,269	38,042	21,750	253,061
Asset and lease financing	14,188	-	206	14,394
Overdrafts	2,639	1,801	8	4,448
Credit card outstandings	4,407	737	-	5,144
Other lending	7,952	387	451	8,790
Fair value adjustment	59	(22)	-	37
Gross loans and advances	545,685	91,553	22,443	659,681
Represented by:				
Loans and advances at fair value[1]	1,419	560	-	1,979
Loans and advances at amortised cost	544,266	90,993	22,443	657,702
Gross loans and advances	545,685	91,553	22,443	659,681

	As at 30 September 2021			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Housing loans	309,661	50,306	33	360,000
Other term lending	179,763	37,942	20,876	238,581
Asset and lease financing	13,474	-	405	13,879
Overdrafts	2,786	1,786	16	4,588
Credit card outstandings	4,158	713	-	4,871
Other lending	6,064	359	583	7,006
Fair value adjustment	145	(14)	-	131
Gross loans and advances	516,051	91,092	21,913	629,056
Represented by:				
Loans and advances at fair value[1]	1,678	878	-	2,556
Loans and advances at amortised cost	514,373	90,214	21,913	626,500
Gross loans and advances	516,051	91,092	21,913	629,056

(1) On the balance sheet, this amount is included within other financial assets. Refer to *7 Balance Sheet*.

4 Provision for credit impairment on loans at amortised cost

Expected Credit Losses (ECL) are derived from unbiased probability weighted estimates of loss. The measurement of ECL and assessment of significant increase in credit risk, considers information about current conditions, past events, as well as reasonable and supportable forecasts of future economic conditions. For further details please refer the accounting policy section of *Note 17 Provision for credit impairment on loans at amortised cost* in the 2022 Annual Report.

	Year to		Half Year to	
	Sep 22	Sep 21	Sep 22	Mar 22
	$m	$m	$m	$m
Credit impairment charge on loans at amortised cost				
New and increased provisions (net of collective provision releases)	**355**	122	**247**	108
Write-backs of specific provisions	**(161)**	(270)	**(78)**	(83)
Recoveries of specific provisions	**(70)**	(54)	**(43)**	(27)
Total charge / (write-back) to the income statement	**124**	(202)	**126**	(2)

	Stage 1	Stage 2	Stage 3		
	12-mth ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired		
	Collective provision	Collective provision	Collective provision	Specific provision	Total
Group - Yearly	$m	$m	$m	$m	$m
Balance at 1 October 2020	470	3,897	824	820	6,011
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL - collective provision	213	(197)	(16)	-	-
Transferred to Lifetime ECL not credit impaired - collective provision	(69)	240	(171)	-	-
Transferred to Lifetime ECL credit impaired - collective provision	(2)	(59)	61	-	-
Transferred to Lifetime ECL credit impaired - specific provision	(1)	(31)	(93)	125	-
New and increased provisions (net of collective provision releases)	(358)	(188)	281	387	122
Write-backs of specific provisions	-	-	-	(270)	(270)
Write-offs from specific provisions	-	-	-	(413)	(413)
Derecognised in respect of a sale of loans	-	(299)	-	-	(299)
Foreign currency translation and other adjustments	3	13	3	1	20
Balance at 30 September 2021	**256**	**3,376**	**889**	**650**	**5,171**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL - collective provision	**238**	**(221)**	**(17)**	**-**	**-**
Transferred to Lifetime ECL not credit impaired - collective provision	**(39)**	**155**	**(116)**	**-**	**-**
Transferred to Lifetime ECL credit impaired - collective provision	**(1)**	**(47)**	**48**	**-**	**-**
Transferred to Lifetime ECL credit impaired - specific provision	**-**	**(25)**	**(45)**	**70**	**-**
New and increased provisions (net of collective provision releases)	**(42)**	**22**	**47**	**328**	**355**
Write-backs of specific provisions	**-**	**-**	**-**	**(161)**	**(161)**
Write-offs from specific provisions	**-**	**-**	**-**	**(362)**	**(362)**
Foreign currency translation and other adjustments[1]	**36**	**16**	**11**	**(10)**	**53**
Balance at 30 September 2022	**448**	**3,276**	**817**	**515**	**5,056**

(1) Includes the impact on provisions from the acquisition of the Citi consumer business.

Provision for credit impairment on loans at amortised cost (cont.)

Group - Half Yearly	Stage 1 12-mth ECL Collective provision $m	Stage 2 Lifetime ECL not credit impaired Collective provision $m	Stage 3 Lifetime ECL credit impaired Collective provision $m	Stage 3 Lifetime ECL credit impaired Specific provision $m	Total $m
Balance at 1 October 2021	256	3,376	889	650	5,171
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL - collective provision	142	(133)	(9)	-	-
Transferred to Lifetime ECL not credit impaired - collective provision	(27)	114	(87)	-	-
Transferred to Lifetime ECL credit impaired - collective provision	(1)	(30)	31	-	-
Transferred to Lifetime ECL credit impaired - specific provision	-	(21)	(31)	52	-
New and increased provisions (net of collective provision releases)	(105)	83	(6)	136	108
Write-backs of specific provisions	-	-	-	(83)	(83)
Write-offs from specific provisions	-	-	-	(147)	(147)
Foreign currency translation and other adjustments	(1)	(14)	(3)	(4)	(22)
Balance at 31 March 2022	**264**	**3,375**	**784**	**604**	**5,027**
Changes due to financial assets recognised in the opening balance that have:					
Transferred to 12-months ECL - collective provision	**158**	**(153)**	**(5)**	**-**	**-**
Transferred to Lifetime ECL not credit impaired - collective provision	**(29)**	**82**	**(53)**	**-**	**-**
Transferred to Lifetime ECL credit impaired - collective provision	**(1)**	**(36)**	**37**	**-**	**-**
Transferred to Lifetime ECL credit impaired - specific provision	**-**	**(6)**	**(32)**	**38**	**-**
New and increased provisions (net of collective provision releases)	**19**	**(16)**	**72**	**172**	**247**
Write-backs of specific provisions	**-**	**-**	**-**	**(78)**	**(78)**
Write-offs from specific provisions	**-**	**-**	**-**	**(215)**	**(215)**
Foreign currency translation and other adjustments[1]	**37**	**30**	**14**	**(6)**	**75**
Balance at 30 September 2022	**448**	**3,276**	**817**	**515**	**5,056**

(1) Includes the impact on provisions from the acquisition of the Citi consumer business.

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ECL scenario analysis

The Group's ECL measurement is derived from a probability weighted average of three distinct scenarios (base case, upside and downside) applied across each of the Group's major loan portfolios, in addition to FLAs for emerging risk at an industry, geography or segment level. The probability of each scenario is determined by considering relevant macro-economic outlooks and their likely impact on the Group's credit portfolio.

The following table shows the key macro-economic variables for the Australian economy used in the base case and downside scenario as at 30 September 2022.

	Base case			Downside		
	Financial year			Financial year		
	2023	2024	2025	2023	2024	2025
	%	%	%	%	%	%
GDP change (year ended September)	1.7	1.7	2.3	(4.4)	0.8	2.7
Unemployment (as at 30 September)	4.0	4.2	4.2	8.5	10.1	9.7
House price change (year ended September)	(14.3)	3.0	3.0	(21.9)	(10.4)	1.5

The following table shows the reported total provisions for ECL based on the probability weighting of scenarios, with the sensitivity range reflecting the ECL impacts assuming a 100% weighting is applied to the base case scenario or the downside scenario (with all other assumptions held constant).

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Total provisions for ECL			
Probability weighted	**5,056**	5,027	5,171
100% Base case	**4,292**	4,063	4,291
100% Downside	**6,008**	6,447	6,984

The table below shows weightings applied to the Australian portfolio to derive the probability weighted ECL.

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	%	%	%
Macro-economics scenario weightings			
Upside	**2.5**	2.5	5.0
Base case	**52.5**	57.5	62.5
Downside	**45.0**	40.0	32.5

- The September 2022 total provisions for ECL in the 100% base case have increased since March 2022 primarily due to growth in the Australian business lending portfolio, the impact of the acquisition of the Citi consumer business and deterioration in the base case economic variables. This was partially offset by lower specific provisions due to work-outs for a small number of exposures in the business lending portfolio in Australia and New Zealand, combined with a net release of FLAs held for target sectors.
- The September 2022 total provisions for ECL in the 100% downside scenario have decreased since March 2022 primarily due to lower specific provisions due to work-outs for a small number of exposures in the business lending portfolio in Australia and New Zealand, a net release of FLAs held for target sectors and a reduction in the severity of the stress applied to the Australian business lending portfolio in the downside scenario.
- The downside scenario weighting for the Australian portfolio has increased from 40% as at March 2022 to 45% as at September 2022, reflecting increased downside risks including the potential impact of higher inflation and interest rates.

The table below provides a breakdown of the probability weighted ECL by key portfolios:

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Total provision for ECL for key portfolios			
Housing	**1,296**	1,117	1,248
Business	**3,429**	3,740	3,770
Others	**331**	170	153
Total	**5,056**	5,027	5,171

5 Asset quality

Impaired assets consist of retail loans (excluding unsecured portfolio managed facilities) which are contractually 90 days or more past due with security insufficient to cover principal and interest revenue or where sufficient doubt exists about the ability to collect principal and interest in a timely manner, non-retail loans which are contractually past due and / or where sufficient doubt exists about the ability to collect principal and interest in a timely manner, 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		
	30 Sep 22 $m	31 Mar 22 $m	30 Sep 21 $m
Summary of non-performing exposures			
Impaired assets	**985**	1,087	1,254
Restructured loans	**44**	47	4
Gross impaired assets	**1,029**	1,134	1,258
Default but not impaired assets[1]	**5,474**	5,349	5,980
Non-performing exposures[2][3]	**6,503**	6,483	7,238

(1) Current year default but not impaired loans include the impact of regulatory changes in APS 220 *Credit Risk Management* requiring an extension to the period over which exposures remain classified as non-performing before they can be reclassified to performing.
(2) Non-performing exposures is aligned to the definitions in APS 220 *Credit Risk Management*.
(3) Includes $32 million (March 2022: $32 million, September 2021: $30 million) of non-performing loans at fair value.

	Australia $m	New Zealand $m	Other International $m	Total Group $m
Movement in gross impaired assets				
Balance at 1 April 2021	1,198	453	18	**1,669**
New	256	27	3	**286**
Written-off	(136)	(39)	-	**(175)**
Returned to performing, repaid or no longer impaired	(303)	(232)	(2)	**(537)**
Foreign currency translation adjustments	-	13	2	**15**
Balance at 30 September 2021	1,015	222	21	**1,258**
New	211	12	-	**223**
Written-off	(61)	(20)	(1)	**(82)**
Returned to performing, repaid or no longer impaired	(226)	(32)	(1)	**(259)**
Foreign currency translation adjustments	-	(5)	(1)	**(6)**
Balance at 31 March 2022	939	177	18	**1,134**
New	193	27	3	**223**
Written-off	(91)	(31)	-	**(122)**
Returned to performing, repaid or no longer impaired	(181)	(16)	-	**(197)**
Foreign currency translation adjustments	-	(9)	-	**(9)**
Balance at 30 September 2022[1]	860	148	21	**1,029**

(1) Includes $29 million (March 2022: $30 million, September 2021: $30 million) of gross impaired fair value assets.

The defaulted loans below are not classified as impaired assets and therefore are not included in the above summary.

	As at		
	30 Sep 22 $m	31 Mar 22 $m	30 Sep 21 $m
Default but not impaired assets - by geographic location			
Australia	**4,923**	4,845	5,609
New Zealand	**534**	500	366
Other International	**17**	4	5
Default but not impaired assets[1][2]	**5,474**	5,349	5,980

(1) Includes $3 million (March 2022: $2 million, September 2021: $nil million) of default but not impaired loans at fair value.
(2) Current year default but not impaired loans include the impact of regulatory changes in APS 220 *Credit Risk Management* requiring an extension to the period over which exposures remain classified as non-performing before they can be reclassified to performing.

6 Deposits and other borrowings

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Deposits and other borrowings			
Term deposits	**156,049**	119,147	108,494
On-demand and short-term deposits	**310,347**	313,518	302,414
Certificates of deposit	**50,028**	59,493	47,519
Deposits not bearing interest(1)	**100,289**	97,772	89,350
Commercial paper and other borrowings	**46,357**	35,946	33,473
Repurchase agreements	**23,940**	34,847	30,348
Fair value adjustment	**(6)**	(18)	(3)
Total deposits and other borrowings	**687,004**	660,705	611,595
Represented by:			
Total deposits and other borrowings at fair value	**3,478**	5,925	6,552
Total deposits and other borrowings at amortised cost	**683,526**	654,780	605,043
Total deposits and other borrowings	**687,004**	660,705	611,595

	As at 30 September 2022			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Term deposits	**123,115**	**24,773**	**8,161**	**156,049**
On-demand and short-term deposits	**276,249**	**29,326**	**4,772**	**310,347**
Certificates of deposit	**27,663**	**1,473**	**20,892**	**50,028**
Deposits not bearing interest(1)	**89,022**	**11,260**	**7**	**100,289**
Commercial paper and other borrowings	**43,150**	**2,011**	**1,196**	**46,357**
Repurchase agreements	**4,751**	**9**	**19,180**	**23,940**
Fair value adjustment	**-**	**(6)**	**-**	**(6)**
Total deposits and other borrowings	**563,950**	**68,846**	**54,208**	**687,004**
Represented by:				
Total deposits and other borrowings at fair value	**-**	**3,478**	**-**	**3,478**
Total deposits and other borrowings at amortised cost	**563,950**	**65,368**	**54,208**	**683,526**
Total deposits and other borrowings	**563,950**	**68,846**	**54,208**	**687,004**

(1) Deposits not bearing interest include mortgage offset accounts.

Deposits and other borrowings (cont.)

	As at 31 March 2022			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Term deposits	90,939	23,475	4,733	119,147
On-demand and short-term deposits	276,948	32,543	4,027	313,518
Certificates of deposit	30,310	2,300	26,883	59,493
Deposits not bearing interest[1]	85,455	12,311	6	97,772
Commercial paper and other borrowings	31,346	3,643	957	35,946
Repurchase agreements	5,660	128	29,059	34,847
Fair value adjustment	-	(18)	-	(18)
Total deposits and other borrowings	520,658	74,382	65,665	660,705
Represented by:				
Total deposits and other borrowings at fair value	-	5,925	-	5,925
Total deposits and other borrowings at amortised cost	520,658	68,457	65,665	654,780
Total deposits and other borrowings	520,658	74,382	65,665	660,705

	As at 30 September 2021			
	Australia	New Zealand	Other International	Total Group
	$m	$m	$m	$m
By product and geographic location				
Term deposits	82,037	23,279	3,178	108,494
On-demand and short-term deposits	263,890	33,094	5,430	302,414
Certificates of deposit	30,384	2,326	14,809	47,519
Deposits not bearing interest[1]	77,812	11,528	10	89,350
Commercial paper and other borrowings	28,357	4,229	887	33,473
Repurchase agreements	2,898	117	27,333	30,348
Fair value adjustment	-	(3)	-	(3)
Total deposits and other borrowings	485,378	74,570	51,647	611,595
Represented by:				
Total deposits and other borrowings at fair value	-	6,552	-	6,552
Total deposits and other borrowings at amortised cost	485,378	68,018	51,647	605,043
Total deposits and other borrowings	485,378	74,570	51,647	611,595

(1) Deposits not bearing interest include mortgage offset accounts.

7 Balance sheet

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Assets			
Cash and liquid assets	**56,451**	44,164	50,832
Due from other banks	**141,861**	133,787	107,546
Collateral placed	**13,115**	10,009	6,430
Trading securities	**40,573**	45,961	50,020
Debt instruments	**42,080**	40,251	41,878
Other financial assets	**2,061**	2,180	2,794
Derivative assets	**61,016**	30,325	27,474
Loans and advances	**680,434**	652,488	621,156
Current tax assets	**16**	31	36
Deferred tax assets	**3,385**	2,934	2,953
Property, plant and equipment	**3,009**	3,086	2,814
Goodwill and other intangible assets	**4,652**	4,177	4,113
Other assets	**6,473**	6,483	7,922
Total assets	**1,055,126**	975,876	925,968
Liabilities			
Due to other banks	**74,679**	66,721	74,160
Collateral received	**17,245**	6,323	4,664
Other financial liabilities	**23,286**	25,682	27,046
Derivative liabilities	**57,486**	33,965	24,031
Deposits and other borrowings	**683,526**	654,780	605,043
Current tax liabilities	**1,011**	426	271
Provisions	**2,096**	1,785	2,834
Bonds, notes and subordinated debt	**119,283**	107,285	109,154
Other debt issues	**7,318**	6,835	6,831
Deferred tax liabilities	**-**	-	29
Other liabilities	**10,164**	11,045	9,126
Total liabilities	**996,094**	914,847	863,189
Net assets	**59,032**	61,029	62,779
Equity			
Contributed equity	**39,399**	41,291	43,247
Reserves	**(1,839)**	(702)	550
Retained profits	**21,472**	20,440	18,982
Total equity	**59,032**	61,029	62,779

8 Average balance sheet and related interest

Average assets and interest income

	Year ended Sep 22			Year ended Sep 21		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	$m	%	$m	$m	%
Average interest earning assets						
Due from other banks						
Australia	**94,705**	**566**	**0.6**	47,431	19	-
New Zealand	**10,868**	**162**	**1.5**	8,455	22	0.3
Other International	**29,080**	**202**	**0.7**	22,117	19	0.1
Total due from other banks	**134,653**	**930**	**0.7**	78,003	60	0.1
Marketable debt securities						
Australia	**70,737**	**1,050**	**1.5**	79,437	854	1.1
New Zealand	**6,868**	**91**	**1.3**	8,066	43	0.5
Other International	**10,562**	**66**	**0.6**	9,865	27	0.3
Total marketable debt securities	**88,167**	**1,207**	**1.4**	97,368	924	0.9
Loans and advances - housing						
Australia(1)	**287,046**	**8,107**	**2.8**	267,773	7,700	2.9
New Zealand(1)	**47,826**	**1,570**	**3.3**	44,378	1,394	3.1
Total loans and advances - housing	**334,872**	**9,677**	**2.9**	312,151	9,094	2.9
Loans and advances - non-housing						
Australia	**222,573**	**7,632**	**3.4**	197,443	6,150	3.1
New Zealand	**40,715**	**1,776**	**4.4**	39,607	1,286	3.2
Other International	**21,543**	**567**	**2.6**	18,082	377	2.1
Total loans and advances - non-housing	**284,831**	**9,975**	**3.5**	255,132	7,813	3.1
Other interest earning assets						
Australia	**16,300**	**179**	**n/a**	16,863	38	n/a
New Zealand	**1,247**	**23**	**n/a**	965	45	n/a
Other International	**40,227**	**387**	**n/a**	44,499	60	n/a
Total other interest earning assets	**57,774**	**589**	**n/a**	62,327	143	n/a
Total average interest earning assets and interest income by:						
Australia	**691,361**	**17,534**	**2.5**	608,947	14,761	2.4
New Zealand	**107,524**	**3,622**	**3.4**	101,471	2,790	2.7
Other International	**101,412**	**1,222**	**1.2**	94,563	483	0.5
Total average interest earning assets and interest income	**900,297**	**22,378**	**2.5**	804,981	18,034	2.2

(1) Net of mortgage offset accounts of $38,219 million (September 2021: $33,529 million) in Australia and $2,172 million (September 2021: $1,994 million) in New Zealand which are included in non-interest earning assets.

Average assets

	Year ended	
	$m	$m
Average non-interest earning assets		
Other assets(1)	**96,278**	90,256
Average provision for credit impairment		
Australia	**(4,319)**	(4,853)
New Zealand	**(694)**	(764)
Other International	**(55)**	(69)
Total average provision for credit impairment	**(5,068)**	(5,686)
Total average assets	**991,507**	889,551

(1) Includes mortgage offset accounts of $38,219 million (September 2021: $33,529 million) in Australia and $2,172 million (September 2021: $1,994 million) in New Zealand.

Average liabilities and interest expense

	Year ended Sep 22			Year ended Sep 21		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	$m	%	$m	$m	%
Average interest bearing liabilities						
Due to other banks						
Australia	47,415	162	0.3	35,071	49	0.1
New Zealand	5,102	36	0.7	3,968	5	0.1
Other International	17,163	177	1.0	14,490	37	0.3
Total due to other banks	69,680	375	0.5	53,529	91	0.2
On-demand and short-term deposits						
Australia	275,577	1,199	0.4	245,506	540	0.2
New Zealand	32,670	203	0.6	31,289	47	0.2
Other International	6,159	51	0.8	4,738	1	-
Total on-demand and short-term deposits	314,406	1,453	0.5	281,533	588	0.2
Certificates of deposit						
Australia	30,932	177	0.6	27,259	20	0.1
New Zealand	2,292	37	1.6	1,274	1	0.1
Other International	24,670	178	0.7	12,872	23	0.2
Total certificates of deposit	57,894	392	0.7	41,405	44	0.1
Term deposits						
Australia	96,091	817	0.9	89,770	519	0.6
New Zealand	23,733	422	1.8	24,499	343	1.4
Other International	5,333	67	1.3	4,140	17	0.4
Total term deposits	125,157	1,306	1.0	118,409	879	0.7
Other borrowings						
Australia	38,817	451	1.2	21,858	117	0.5
New Zealand	3,511	42	1.2	3,956	10	0.3
Other International	28,987	267	0.9	31,514	36	0.1
Total other borrowings	71,315	760	1.1	57,328	163	0.3
Bonds, notes and subordinated debt						
Australia	98,425	1,571	1.6	101,025	954	0.9
New Zealand	19,043	445	2.3	18,660	255	1.4
Other International	9,099	267	2.9	13,065	363	2.8
Total bonds, notes and subordinated debt	126,567	2,283	1.8	132,750	1,572	1.2
Other interest bearing liabilities						
Australia	15,565	937	n/a	12,152	891	n/a
New Zealand	1,381	21	n/a	968	6	n/a
Other International	562	11	n/a	199	7	n/a
Total other interest bearing liabilities	17,508	969	n/a	13,319	904	n/a
Total average interest bearing liabilities and interest expense by:						
Australia	602,822	5,314	0.9	532,641	3,090	0.6
New Zealand	87,732	1,206	1.4	84,614	667	0.8
Other International	91,973	1,018	1.1	81,018	484	0.6
Total average interest bearing liabilities and interest expense	782,527	7,538	1.0	698,273	4,241	0.6

Average liabilities and equity

	Year ended	
	Sep 22 $m	Sep 21 $m
Average non-interest bearing liabilities		
Deposits not bearing interest		
Australia[1]	**84,989**	70,440
New Zealand[1]	**11,965**	9,947
Other International	**8**	4
Total deposits not bearing interest	**96,962**	80,391
Other liabilities	**51,202**	48,998
Total average non-interest bearing liabilities	**148,164**	129,389
Total average liabilities	**930,691**	827,662
Average equity		
Total equity (parent entity interest)	**60,816**	61,888
Non-controlling interest in controlled entities	**-**	1
Total average equity	**60,816**	61,889
Total average liabilities and equity	**991,507**	889,551

(1) Includes mortgage offset accounts of $38,219 million (September 2021: $33,529 million) in Australia and $2,172 million (September 2021: $1,994 million) in New Zealand.

Average assets and interest income

	Half Year ended Sep 22			Half Year ended Mar 22		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	$m	%	$m	$m	%
Average interest earning assets						
Due from other banks						
Australia	105,420	559	1.1	83,931	7	-
New Zealand	11,727	127	2.2	10,004	35	0.7
Other International	29,083	179	1.2	29,078	23	0.2
Total due from other banks	146,230	865	1.2	123,013	65	0.1
Marketable debt securities						
Australia	68,995	667	1.9	72,488	383	1.1
New Zealand	6,336	59	1.9	7,403	32	0.9
Other International	10,573	51	1.0	10,552	15	0.3
Total marketable debt securities	85,904	777	1.8	90,443	430	1.0
Loans and advances - housing						
Australia(1)	294,534	4,516	3.1	279,518	3,591	2.6
New Zealand(1)	47,077	843	3.6	48,578	727	3.0
Total loans and advances - housing	341,611	5,359	3.1	328,096	4,318	2.6
Loans and advances - non-housing						
Australia	230,489	4,499	3.9	214,614	3,133	2.9
New Zealand	40,444	1,040	5.1	40,988	736	3.6
Other International	21,639	341	3.1	21,445	226	2.1
Total loans and advances - non-housing	292,572	5,880	4.0	277,047	4,095	3.0
Other interest earning assets						
Australia	21,022	147	n/a	11,551	32	n/a
New Zealand	1,423	18	n/a	1,069	5	n/a
Other International	39,243	338	n/a	41,219	49	n/a
Total other interest earning assets	61,688	503	n/a	53,839	86	n/a
Total average interest earning assets and interest income by:						
Australia	720,460	10,388	2.9	662,102	7,146	2.2
New Zealand	107,007	2,087	3.9	108,042	1,535	2.8
Other International	100,538	909	1.8	102,294	313	0.6
Total average interest earning assets and interest income	928,005	13,384	2.9	872,438	8,994	2.1

(1) Net of mortgage offset accounts of $39,453 million (March 2022: $36,978 million) in Australia and $2,168 million (March 2022: $2,177 million) in New Zealand.

Average assets

	Half Year ended	
	Sep 22	Mar 22
	$m	$m
Average non-interest earning assets		
Other assets	103,506	89,008
Total average non-interest earning assets	103,506	89,008
Average provision for credit impairment		
Australia	(4,332)	(4,305)
New Zealand	(685)	(702)
Other International	(57)	(55)
Total average provision for credit impairment	(5,074)	(5,062)
Total average assets	1,026,437	956,384

Average liabilities and interest expense

	Half Year ended Sep 22			Half Year ended Mar 22		
	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
Average interest bearing liabilities						
Due to other banks						
Australia	**48,492**	**130**	**0.5**	46,331	32	0.1
New Zealand	**5,367**	**28**	**1.0**	4,836	8	0.3
Other International	**18,907**	**152**	**1.6**	15,409	25	0.3
Total due to other banks	**72,766**	**310**	**0.8**	66,576	65	0.2
On-demand and short-term deposits						
Australia	**280,064**	**982**	**0.7**	271,066	217	0.2
New Zealand	**31,517**	**158**	**1.0**	33,828	45	0.3
Other International	**6,313**	**50**	**1.6**	6,004	1	-
Total on-demand and short-term deposits	**317,894**	**1,190**	**0.7**	310,898	263	0.2
Certificates of deposit						
Australia	**30,340**	**161**	**1.1**	31,527	16	0.1
New Zealand	**2,120**	**26**	**2.4**	2,464	11	0.9
Other International	**24,775**	**146**	**1.2**	24,565	32	0.3
Total certificates of deposit	**57,235**	**333**	**1.2**	58,556	59	0.2
Term deposits						
Australia	**107,288**	**671**	**1.2**	84,832	146	0.3
New Zealand	**24,276**	**267**	**2.2**	23,188	155	1.3
Other International	**7,040**	**60**	**1.7**	3,615	7	0.4
Total term deposits	**138,604**	**998**	**1.4**	111,635	308	0.6
Other borrowings						
Australia	**43,272**	**388**	**1.8**	34,337	63	0.4
New Zealand	**2,843**	**22**	**1.5**	4,183	20	1.0
Other International	**25,740**	**245**	**1.9**	32,251	22	0.1
Total other borrowings	**71,855**	**655**	**1.8**	70,771	105	0.3
Bonds, notes and subordinated debt						
Australia	**101,366**	**1,138**	**2.2**	95,468	433	0.9
New Zealand	**19,386**	**285**	**2.9**	18,699	160	1.7
Other International	**9,155**	**139**	**3.0**	9,042	128	2.8
Total bonds, notes and subordinated debt	**129,907**	**1,562**	**2.4**	123,209	721	1.2
Other interest bearing liabilities						
Australia	**18,414**	**548**	**n/a**	12,700	389	n/a
New Zealand	**1,660**	**16**	**n/a**	1,100	5	n/a
Other International	**786**	**8**	**n/a**	337	3	n/a
Total other interest bearing liabilities	**20,860**	**572**	**n/a**	14,137	397	n/a
Total average interest bearing liabilities and interest expense by:						
Australia	**629,236**	**4,018**	**1.3**	576,261	1,296	0.5
New Zealand	**87,169**	**802**	**1.8**	88,298	404	0.9
Other International	**92,716**	**800**	**1.7**	91,223	218	0.5
Total average interest bearing liabilities and interest expense	**809,121**	**5,620**	**1.4**	755,782	1,918	0.5

Average liabilities and equity

	Half Year ended	
	Sep 22	Mar 22
	$m	$m
Average non-interest bearing liabilities		
Deposits not bearing interest		
Australia(1)	**86,890**	83,078
New Zealand(1)	**11,814**	12,116
Other International	**7**	9
Total deposits not bearing interest	**98,711**	95,203
Other liabilities	**58,782**	43,524
Total average non-interest bearing liabilities	**157,493**	138,727
Total average liabilities	**966,614**	894,509
Average equity		
Total equity (parent entity interest)	**59,823**	61,875
Non-controlling interest in controlled entities	**-**	-
Total average equity	**59,823**	61,875
Total average liabilities and equity	**1,026,437**	956,384

(1) Includes mortgage offset accounts of $39,453 million (March 2022: $36,978 million) in Australia and $2,168 million (March 2022: $2,177 million) in New Zealand.

9 Net interest margins and spreads

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v	Sep 22	Mar 22	Sep 22 v
	%	%	Sep 21	%	%	Mar 22
Net interest spread	**1.52**	1.63	(11 bps)	**1.49**	1.56	(7 bps)
Benefit of net free liabilities, provisions and equity	**0.13**	0.08	5 bps	**0.18**	0.07	11 bps
Net interest margin - statutory basis	**1.65**	1.71	(6 bps)	**1.67**	1.63	4 bps

10 Capital adequacy

Regulatory capital is calculated in accordance with APS 111 *Capital Adequacy: Measurement of Capital*. The first table below is a reconciliation from total equity per the Group's balance sheet to capital for regulatory purposes, including CET1 capital, Tier 1 capital and Total capital. Capital for regulatory purposes is based on the Level 2 regulatory group which comprises NAB and its controlled entities, excluding securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief, insurance subsidiaries and superannuation and funds management entities. The second and third tables in this note provide risk-weighted assets for each risk type and key capital ratios respectively for the Level 2 regulatory group.

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Contributed equity	**39,399**	41,291	43,247
Reserves	**(1,839)**	(702)	550
Retained profits	**21,472**	20,440	18,982
Total equity per consolidated balance sheet	**59,032**	61,029	62,779
Adjustments between the Group and Level 2 regulatory group balance sheets	**(13)**	(69)	(70)
CET1 capital before regulatory adjustments	**59,019**	60,960	62,709
Goodwill and other intangible assets, net of tax	**(2,324)**	(2,038)	(2,045)
Investment in non-consolidated controlled entities	**(10)**	(20)	(20)
Deferred tax assets in excess of deferred tax liabilities	**(2,286)**	(2,082)	(2,555)
Capitalised expenses and deferred fee income	**(948)**	(847)	(801)
Software, net of tax	**(2,535)**	(2,377)	(2,339)
Defined benefit superannuation plan asset, net of tax	**(26)**	(28)	(27)
Change in own creditworthiness, net of tax	**9**	35	121
Cash flow hedge reserve	**1,667**	1,056	(86)
Equity exposures	**(685)**	(678)	(670)
Expected loss in excess of eligible provisions	**(34)**	(29)	(19)
Other	**(71)**	(28)	(34)
CET1 capital	**51,776**	53,924	54,234
Basel III eligible Additional Tier 1 capital instruments	**7,360**	6,859	6,859
Regulatory adjustments to Additional Tier 1 capital	**(24)**	(24)	(20)
Additional Tier 1 capital	**7,336**	6,835	6,839
Tier 1 capital	**59,112**	60,759	61,073
Basel III eligible Tier 2 capital instruments	**20,654**	17,611	16,051
Transitional Tier 2 capital instruments	**-**	-	44
Eligible provisions held against non-defaulted exposures under the IRB approach	**1,912**	1,790	1,766
Eligible provisions held against exposures under the standardised approach	**153**	67	61
Regulatory adjustments to Tier 2 capital	**(96)**	(117)	(96)
Tier 2 capital	**22,623**	19,351	17,826
Total capital	**81,735**	80,110	78,899

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	$m	$m	$m
Risk-weighted assets			
Credit risk			
Subject to the internal ratings-based approach			
Corporate (including SME)	**137,118**	133,619	128,615
Sovereign	**1,870**	1,625	1,608
Bank	**6,447**	6,426	6,404
Retail SME	**6,961**	6,916	6,330
Residential mortgage	**110,551**	112,447	110,557
Qualifying revolving retail	**2,248**	2,266	2,206
Other retail	**2,004**	2,060	2,030
Total internal ratings-based approach	**267,199**	265,359	257,750
Specialised lending	**62,003**	61,242	58,870
Subject to standardised approach			
Corporate	**5,144**	4,724	4,445
Residential mortgage	**5,308**	1,211	979
Other(1)	**4,402**	421	419
Total standardised approach(2)	**14,854**	6,356	5,843
Other			
Securitisation exposures	**6,472**	6,268	5,602
Credit valuation adjustment	**6,720**	5,951	7,619
Central counterparty default fund contribution guarantee	**99**	100	108
Other(3)	**9,914**	9,826	12,249
Total other	**23,205**	22,145	25,578
Total credit risk	**367,261**	355,102	348,041
Market risk	**7,907**	8,958	9,644
Operational risk(4)	**41,124**	41,124	47,866
Interest rate risk in the banking book	**33,626**	26,756	11,612
Total risk-weighted assets	**449,918**	431,940	417,163

(1) Consists of several regulatory prescribed portfolios, and other portfolios where the standardised approach is applied by the Group, including the unsecured lending portfolio from the acquisition of the Citi consumer business.
(2) The increase in credit risk-weighted assets subject to the standardised approach from 31 March to 30 September 2022 is mainly due to the acquisition of the Citi consumer business on 1 June 2022. The credit risk-weighted assets related to this acquisition was approximately $8.1 billion, based on the exposures as at 30 June 2022.
(3) Consists of other assets, claims and exposures and overlay adjustments for regulatory prescribed methodology requirements.
(4) Risk-weighted assets for operational risk as at 30 September 2022 and 31 March 2022 are measured under the SMA to operational risk. As at 30 September 2021, risk-weighted assets are measured under the AMA.

	As at		
	30 Sep 22	31 Mar 22	30 Sep 21
	%	%	%
Capital ratios			
CET1	**11.51**	12.48	13.00
Tier 1	**13.14**	14.07	14.64
Total capital	**18.17**	18.55	18.91

11 Earnings per share

	Year to			
	Basic		Diluted	
	Sep 22	Sep 21	Sep 22	Sep 21
Statutory earnings per share				
Earnings ($m)				
Net profit attributable to owners of NAB	**6,891**	6,364	**6,891**	6,364
Distributions on other equity instruments	**-**	(13)	**-**	(13)
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	-	**232**	194
Interest expense on convertible preference shares[1]	**-**	-	**-**	9
Adjusted earnings	**6,891**	6,351	**7,123**	6,554
Net loss attributable to owners of NAB from discontinued operations	**169**	107	**169**	107
Adjusted earnings from continuing operations	**7,060**	6,458	**7,292**	6,661
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares (net of treasury shares)	**3,219**	3,290	**3,219**	3,290
Potential dilutive weighted average number of ordinary shares				
Convertible notes	**-**	-	**240**	229
Convertible preference shares[1]	**-**	-	**-**	16
Share-based payments	**-**	-	**6**	5
Total weighted average number of ordinary shares	**3,219**	3,290	**3,465**	3,540
Earnings per share (cents) attributable to owners of NAB	**214.1**	193.0	**205.6**	185.2
Earnings per share (cents) from continuing operations	**219.3**	196.3	**210.5**	188.2

	Half Year to			
	Basic		Diluted	
	Sep 22	Mar 22	Sep 22	Mar 22
Statutory earnings per share				
Earnings ($m)				
Net profit attributable to owners of NAB	**3,340**	3,551	**3,340**	3,551
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	-	**128**	104
Adjusted earnings	**3,340**	3,551	**3,468**	3,655
Net loss attributable to owners of NAB from discontinued operations	**149**	20	**149**	20
Adjusted earnings from continuing operations	**3,489**	3,571	**3,617**	3,675
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares (net of treasury shares)	**3,186**	3,254	**3,186**	3,254
Potential dilutive weighted average number of ordinary shares				
Convertible notes	**-**	-	**243**	227
Share-based payments	**-**	-	**6**	6
Total weighted average number of ordinary shares	**3,186**	3,254	**3,435**	3,487
Earnings per share (cents) attributable to owners of NAB	**104.8**	109.1	**101.0**	104.8
Earnings per share (cents) from continuing operations	**109.5**	109.7	**105.3**	105.4

(1) On 17 December 2020, the Group redeemed the $1,717 million Convertible Preference Shares II issued on 17 December 2013, in accordance with the redemption notice issued on 5 November 2020.

Earnings per share (cont.)

	Year to			
	Basic		Diluted	
	Sep 22	Sep 21	Sep 22	Sep 21
Cash earnings per share				
Earnings ($m)				
Cash earnings[1]	**7,104**	6,558	**7,104**	6,558
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	-	**232**	194
Interest expense on convertible preference shares[2]	**-**	-	**-**	9
Adjusted cash earnings	**7,104**	6,558	**7,336**	6,761
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares (net of treasury shares)	**3,219**	3,290	**3,219**	3,290
Potential dilutive weighted average number of ordinary shares				
Convertible notes	**-**	-	**240**	229
Convertible preference shares[2]	**-**	-	**-**	16
Share-based payments	**-**	-	**6**	5
Total weighted average number of ordinary shares	**3,219**	3,290	**3,465**	3,540
Cash earnings per share (cents)	**220.7**	199.3	**211.7**	191.0

	Half Year to			
	Basic		Diluted	
	Sep 22	Mar 22	Sep 22	Mar 22
Cash earnings per share				
Earnings ($m)				
Cash earnings[1]	**3,624**	3,480	**3,624**	3,480
Potential dilutive adjustments (after tax)				
Interest expense on convertible notes	**-**	-	**128**	104
Adjusted cash earnings	**3,624**	3,480	**3,752**	3,584
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares (net of treasury shares)	**3,186**	3,254	**3,186**	3,254
Potential dilutive weighted average number of ordinary shares				
Convertible notes			**243**	227
Share-based payments	**-**	-	**6**	6
Total weighted average number of ordinary shares	**3,186**	3,254	**3,435**	3,487
Cash earnings per share (cents)	**113.8**	106.9	**109.2**	102.8

(1) Refer to Section 4 Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings for further details.
(2) On 17 December 2020, the Group redeemed the $1,717 million Convertible Preference Shares II issued on 17 December 2013, in accordance with the redemption notice issued on 5 November 2020.

12 Return on equity

	Year to		Half Year to	
	Sep 22	Sep 21	Sep 22	Mar 22
Statutory return on equity				
Earnings ($m)				
Net profit attributable to owners of NAB	6,891	6,364	3,340	3,551
Distributions on other equity instruments	-	(13)	-	-
Adjusted earnings	6,891	6,351	3,340	3,551
Average equity ($m)				
Average equity	60,816	61,889	59,823	61,875
Less: Average non-controlling interest in controlled entities	-	(1)	-	-
Less: Average National Income Securities	-	(732)	-	-
Average equity (adjusted)	60,816	61,156	59,823	61,875
Statutory return on equity	11.3%	10.4%	11.1%	11.5%

	Year to		Half Year to	
	Sep 22	Sep 21	Sep 22	Mar 22
Cash return on equity				
Earnings ($m)				
Cash earnings	7,104	6,558	3,624	3,480
Average equity (adjusted) ($m)	60,816	61,156	59,823	61,875
Cash return on equity	11.7%	10.7%	12.1%	11.3%

13 Funded balance sheet

The Group maintains a well-diversified funding profile across issuance type, currency, investor location and tenor.

The following table shows the Group's funding view of the balance sheet, once accounting related gross-ups and self-funded assets have been netted down.

	As at				
	30 Sep 22 $m	31 Mar 22 $m	30 Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 v Mar 22 %
Funding sources[1]					
Stable customer deposits[2]	**511,676**	495,431	461,841	10.8	3.3
Term wholesale funding with greater than 12 months to maturity	**103,179**	106,614	102,252	0.9	(3.2)
Central bank funding facilities[3]	**35,316**	34,904	34,409	2.6	1.2
Equity	**59,032**	61,029	62,779	(6.0)	(3.3)
Total stable funding	**709,203**	697,978	661,281	7.2	1.6
Short-term wholesale funding	**131,828**	116,188	105,994	24.4	13.5
Term wholesale funding with less than 12 months to maturity	**34,904**	22,564	31,773	9.9	54.7
Other deposits[4]	**55,009**	35,006	38,417	43.2	57.1
Other liabilities[5]	**-**	5,419	-	-	large
Total funding	**930,944**	877,155	837,465	11.2	6.1
Funded assets					
Liquid assets[6]	**220,415**	202,183	194,498	13.3	9.0
Other short-term assets[7]	**26,011**	21,679	14,718	76.7	20.0
Total short-term assets	**246,426**	223,862	209,216	17.8	10.1
Business and other lending[7]	**293,017**	279,486	264,489	10.8	4.8
Housing lending	**389,124**	373,807	360,000	8.1	4.1
Other assets[5]	**2,377**	-	3,760	(36.8)	large
Total long-term assets	**684,518**	653,293	628,249	9.0	4.8
Total funded assets	**930,944**	877,155	837,465	11.2	6.1

(1) Excludes repurchase agreements as they do not provide net funding.
(2) Includes operational deposits, non-financial corporate deposits and retail / SME deposits and excludes certain offshore deposits as defined in APRA Prudential Standard APS 210 *Liquidity*.
(3) Includes Term Funding Facility provided by the Reserve Bank of Australia, and the Term Lending Facility and Funding for Lending Programme provided by the Reserve Bank of New Zealand.
(4) Includes non-operational financial institution deposits and certain offshore deposits as defined in APRA Prudential Standard APS 210 *Liquidity*.
(5) The net position includes derivative assets and derivative liabilities, property, plant and equipment, all net of accruals, receivables and payables.
(6) Market value of marketable securities including HQLA, non-HQLA securities and commodities.
(7) Trade finance loans are included in other short-term assets, instead of business and other lending.

14 Number of ordinary shares

	Year to	
	Sep 22 No. '000	Sep 21 No. '000
Ordinary shares, fully paid		
Balance at beginning of period	**3,281,991**	3,290,093
Shares issued:		
Dividend reinvestment plan	**16,890**	10,949
Bonus share plan	**1,227**	1,058
Share-based payments	**5,547**	3,434
Paying up of partly paid shares	**-**	7
On-market purchase of shares for dividend reinvestment plan neutralisation	**(16,890)**	(6,173)
Shares bought back	**(134,952)**	(17,377)
Total ordinary shares, fully paid	**3,153,813**	3,281,991
Ordinary shares, partly paid to 25 cents		
Balance at beginning of period	**12**	19
Paying up of partly paid shares	**-**	(7)
Total ordinary shares, partly paid to 25 cents	**12**	12
Total ordinary shares (including treasury shares)	**3,153,825**	3,282,003
Less: Treasury shares	**(6,331)**	(6,005)
Total ordinary shares (excluding treasury shares)	**3,147,494**	3,275,998

	Half Year to	
	Sep 22 No. '000	Mar 22 No. '000
Ordinary shares, fully paid		
Balance at beginning of period	**3,218,298**	3,281,991
Shares issued:		
Dividend reinvestment plan	**8,343**	8,547
Bonus share plan	**592**	635
Share-based payments	**327**	5,220
On-market purchase of shares for dividend reinvestment plan neutralisation	**(8,343)**	(8,547)
Shares bought back	**(65,404)**	(69,548)
Total ordinary shares, fully paid	**3,153,813**	3,218,298
Ordinary shares, partly paid to 25 cents		
Balance at beginning of period	**12**	12
Total ordinary shares, partly paid to 25 cents	**12**	12
Total ordinary shares (including treasury shares)	**3,153,825**	3,218,310
Less: Treasury shares	**(6,331)**	(6,410)
Total ordinary shares (excluding treasury shares)	**3,147,494**	3,211,900

15 Non-cash earnings items

Distributions

Distributions relating to hybrid equity instruments were 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 *Note 29 Dividends and distributions* in the 2022 Annual Report. In the September 2022 full year, the effect on cash earnings is nil.

Hedging and fair value volatility

Hedging and fair value remeasurements cause volatility in statutory profit and are excluded from cash earnings. This volatility represents timing differences between the unrealised gains or losses recognised over the term of the transactions and the ultimate economic outcome which will only be realised in future. This volatility arises primarily from fair value movements relating to trading derivatives held 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 2022 full year, there was an increase in statutory profit of $78 million ($69 million after tax) from hedging and fair value volatility. The increase in the current period relates to mark-to-market gains on derivatives used to hedge the Group's long-term funding issuances.

Amortisation of acquired intangible assets

The amortisation of acquired intangible assets represents the amortisation of intangible assets arising from the acquisition of controlled entities and associates such as software, customer relationships and contracts in force.

In the September 2022 full year, there was a decrease in statutory profit of $25 million ($17 million after tax) due to the amortisation of acquired intangible assets.

Acquisitions, disposals and business closures

The net impact of acquisitions, disposals and business closures is excluded from cash earnings as they do not reflect the underlying earnings of the Group or the expected earnings from acquired businesses. This includes the following items:

- Gains or losses, including the impact of recycling foreign currency reserves, recognised on the disposal or closure of businesses, primarily related to the disposal of BNZ Life.
- Transaction and other costs directly associated with the acquisition and integration of Group businesses, primarily related to the acquisitions of 86 400, the Citi consumer business and LanternPay.
- Transaction costs associated with the acquisition, disposal or closure of Group businesses.

These amounts also include post-completion adjustments (such as purchase price adjustments and finalisation of accounting adjustments for goodwill).

In the September 2022 full year, there was a decrease in statutory profit of $206 million ($96 million after tax) related to acquisitions, disposals and business closures.

16 Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings

	Full Year to September 2022				
	Statutory net profit from continuing operations	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, disposals and business closures[1]	Cash earnings
	$m	$m	$m	$m	$m
Statutory net profit reconciliation					
Net interest income	14,840	12	-	-	14,852
Other operating income	3,730	(89)	-	(197)	3,444
Net operating income	18,570	(77)	-	(197)	18,296
Operating expenses	(8,702)	-	25	403	(8,274)
Profit / (loss) before credit impairment charge	9,868	(77)	25	206	10,022
Credit impairment charge	(124)	(1)	-	-	(125)
Profit / (loss) before tax	9,744	(78)	25	206	9,897
Income tax (expense) / benefit	(2,684)	9	(8)	(110)	(2,793)
Net profit / (loss) attributable to owners of NAB from continuing operations	7,060	(69)	17	96	7,104

	Full Year to September 2021					
	Statutory net profit from continuing operations	Distributions	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, disposals and business closures[1]	Cash earnings
	$m	$m	$m	$m	$m	$m
Statutory net profit reconciliation						
Net interest income	13,793	-	4	-	-	13,797
Other operating income	2,936	-	73	-	-	3,009
Net operating income	16,729	-	77	-	-	16,806
Operating expenses	(7,863)	-	-	6	40	(7,817)
Profit before credit impairment charge	8,866	-	77	6	40	8,989
Credit impairment write-back	202	-	15	-	-	217
Profit before tax	9,068	-	92	6	40	9,206
Income tax expense	(2,597)	-	(29)	(2)	(7)	(2,635)
Net profit on continuing operations before distributions	6,471	-	63	4	33	6,571
Distributions	-	(13)	-	-	-	(13)
Net profit / (loss) attributable to owners of NAB from continuing operations	6,471	(13)	63	4	33	6,558

(1) Acquisitions, disposals and business closures was previously labelled as Acquisition, integration and transaction costs.

Reconciliation between statutory net profit (after tax) from continuing operations and cash earnings (cont.)

	Half Year to September 2022				
	Statutory net profit from continuing operations	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, disposals and business closures(1)	Cash earnings
	$m	$m	$m	$m	$m
Statutory net profit reconciliation					
Net interest income	7,764	3	-	-	7,767
Other operating income	1,735	163	-	(197)	1,701
Net operating income	9,499	166	-	(197)	9,468
Operating expenses	(4,630)	-	16	303	(4,311)
Profit before credit impairment charge	4,869	166	16	106	5,157
Credit impairment (charge) / write-back	(126)	3	-	-	(123)
Profit before tax	4,743	169	16	106	5,034
Income tax expense	(1,254)	(55)	(5)	(96)	(1,410)
Net profit attributable to owners of NAB from continuing operations	3,489	114	11	10	3,624

	Half Year to March 2022				
	Statutory net profit from continuing operations	Hedging and fair value volatility	Amortisation of acquired intangible assets	Acquisitions, disposals and business closures(1)	Cash earnings
	$m	$m	$m	$m	$m
Statutory net profit reconciliation					
Net interest income	7,076	9	-	-	7,085
Other operating income	1,995	(252)	-	-	1,743
Net operating income	9,071	(243)	-	-	8,828
Operating expenses	(4,072)	-	9	100	(3,963)
Profit / (loss) before credit impairment charge	4,999	(243)	9	100	4,865
Credit impairment (charge) / write-back	2	(4)	-	-	(2)
Profit / (loss) before income tax	5,001	(247)	9	100	4,863
Income tax (expense) / benefit	(1,430)	64	(3)	(14)	(1,383)
Net profit / (loss) attributable to owners of NAB from continuing operations	3,571	(183)	6	86	3,480

(1) Acquisitions, disposals and business closures was previously labelled as Acquisition, integration and transaction costs.

17 Impact of exchange rate movements on Group results

The table below represents the foreign exchange rate differences arising on translation of the Group's foreign operations. The foreign exchange rate differences are calculated by translating into Australian dollars the cash earnings of Group entities that have a functional currency other than Australian dollars. The September 2022 full year is translated at average foreign exchange rates for the September 2021 full year and the September 2022 half year is translated at average foreign exchange rates for the March 2022 half year.

	Year to			Half Year to		
	Sep 22 v Sep 21 %	FX $m	Sep 22 v Sep 21 ex FX %	Sep 22 v Mar 22 %	FX $m	Sep 22 v Mar 22 ex FX %
Impact of exchange rate movements on Group results						
Net interest income	7.6	(25)	**7.8**	9.6	(51)	**10.3**
Other operating income	14.5	(2)	**14.5**	(2.4)	(19)	**(1.3)**
Net operating income	8.9	(27)	**9.0**	7.2	(70)	**8.0**
Operating expenses	5.8	11	**6.0**	8.8	28	**9.5**
Underlying profit	11.5	(16)	**11.7**	6.0	(42)	**6.9**
Credit impairment charge	large	2	**large**	large	2	**large**
Cash earnings before tax and distributions	7.5	(14)	**7.7**	3.5	(40)	**4.3**
Income tax expense	6.0	7	**6.3**	2.0	12	**2.8**
Cash earnings before distributions	8.1	(7)	**8.2**	4.1	(28)	**4.9**
Distributions	large	-	**large**	-	-	**-**
Cash earnings	8.3	(7)	**8.4**	4.1	(28)	**4.9**

18 Exchange rates

	Income statement - average				Balance sheet - spot		
	Year to		Half Year to		As at		
	Sep 22	Sep 21	Sep 22	Mar 22	30 Sep 22	31 Mar 22	30 Sep 21
One Australian dollar equals							
British pounds	0.5576	0.5493	0.5749	0.5401	0.5839	0.5707	0.5360
Euros	0.6581	0.6290	0.6748	0.6412	0.6614	0.6708	0.6216
United States dollars	0.7126	0.7519	0.6992	0.7262	0.6493	0.7486	0.7212
New Zealand dollars	1.0833	1.0663	1.1070	1.0593	1.1353	1.0760	1.0476

Glossary

12-month expected credit losses (ECL)
The portion of lifetime expected credit losses that represent the expected losses arising from default events that could occur within 12 months of the reporting date. The portion of lifetime expected credit losses that represent the expected losses arising from default events that could occur within 12 months of the reporting date.

86 400
86 400 refers to 86 400 Holdings Limited, 86 400 Pty Ltd and 86 400 Technology Pty Ltd, the entities acquired by the Group in May 2021.

90+ days past due (DPD) and gross impaired assets to GLAs
Calculated as the sum of '90+ DPD assets' and 'Gross impaired assets', divided by gross loans and acceptances.

90+ DPD assets
90+ DPD assets consist of assets that are contractually 90 days or more past due, but not impaired.

AASB
Australian Accounting Standards Board.

ADI
Authorised Deposit-taking Institution.

Advanced Measurement Approach (AMA)
An approach used to calculate the capital requirement for operational risk using a risk-based internal model designed to measure the scope of operational risk. This approach was applied by the Group until 31 December 2021.

AML
Anti-Money Laundering.

APRA
Australian Prudential Regulation Authority.

APS
Prudential Standards issued by APRA applicable to ADIs.

ASX
Australian Securities Exchange Limited (or the market operated by it).

AUSTRAC
Australian Transaction Reports and Analysis Centre.

Available stable funding (ASF)
The portion of an ADI's capital and liabilities expected to be reliably provided over a one-year time horizon.

Average equity (adjusted)
Average equity adjusted to exclude non-controlling interests and other equity instruments.

Average interest earning assets
The average balance of assets held by the Group over the period that generate interest income.

Basel III
Basel III is a global regulatory framework designed to increase the resilience of banks and banking systems and was effective for ADIs from 1 January 2013.

BNZ
Bank of New Zealand.

BNZ Life
BNZ Life was the Group's New Zealand life insurance business operating as BNZ Life. The sale of BNZ Life to New Zealand life insurance provider Partners Life completed on 30 September 2022.

Broker aggregation businesses
PLAN Australia, Choice and FAST.

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
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 2022 full year have been adjusted for the following:

- Hedging and fair value volatility
- Amortisation of acquired intangible assets
- Acquisitions, disposals and business closures.

Cash earnings on average risk-weighted assets
Calculated as cash earnings (annualised after tax) divided by average risk-weighted assets. Average risk-weighted assets are calculated as the average of the current and previous two quarter-end spot risk-weighted assets.

Cash return on equity
Cash earnings after tax expressed as a percentage of average equity (adjusted).

Citi consumer business
Citi consumer business refers to Citigroup's Australian consumer business, acquired by the Group in June 2022.

Citigroup
Citigroup Pty Limited and Citigroup Overseas Investment Corporation.

Committed liquidity facility (CLF)
A facility provided by the RBA to certain ADIs to assist them in meeting the Basel III liquidity requirements.

Common Equity Tier 1 (CET1) capital
CET1 capital ranks behind the claims of depositors and other creditors in the event of winding-up of the issuer, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. CET1 capital consists of the sum of paid-up ordinary share capital, retained profits plus certain other items as defined in APS 111 Capital Adequacy: Measurement of Capital.

Common Equity Tier 1 capital ratio
CET1 capital divided by risk-weighted assets.

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.

Cost to income ratio (CTI)
Represents operating expenses as a percentage of operating revenue.

CTF
Counter-Terrorism Financing.

Customer deposits
The sum of 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 support customers to manage their financial risks (predominantly foreign exchange and interest rate risks).

Default
Default occurs when a loan obligation is contractually 90 days or more past due, or when it is considered unlikely that the credit obligation to the Group will be paid in full without remedial action, such as realisation of security.

Default <90DPD but not impaired assets
Default <90DPD but not impaired assets consists of assets which are in default that are contractually less than 90 days past due but not impaired.

Default but not impaired assets
Calculated as the sum of '90+ DPD assets' and 'Default<90DPD but not impaired assets'.

Dilutive potential ordinary share
A financial instrument or other contract that may entitle its holder to ordinary shares and which would have the effect of decreasing earnings per share. For the Group in the September 2022 full year, these include convertible notes and notes issued under employee incentive schemes. The September 2021 full year also includes convertible preference shares.

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 coordinated plan for disposal.

Distributions
Payments to holders of equity instruments other than ordinary shares, including National Income Securities.

Dividend payout ratio
Dividends paid on ordinary shares divided by cash earnings per share.

Earnings per share (EPS) - basic
Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis), divided by the weighted average number of ordinary shares.

Earnings per share (EPS) - diluted
Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis), divided by the weighted average number of ordinary shares, after adjusting both earnings and the weighted average number of ordinary shares for the impact of dilutive potential ordinary shares.

Economic adjustments (EA)
The economic adjustment forms part of the provision for credit impairment derived from reasonable and supportable forecasts of potential future conditions (forward looking information) that is not captured within the underlying credit provision. It incorporates general macro-economic forward looking information (for example, GDP, unemployment and interest rates).

Effective tax rate
Income tax expense divided by profit before income tax expense.

Enforceable Undertaking (EU)
An enforceable undertaking under subsection 197(1) of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) entered into between NAB and AUSTRAC on 2 May 2022, in relation to concerns identified by AUSTRAC with the NAB Group's compliance with certain AML and CTF requirements which were the subject of a formal investigation by AUSTRAC.

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.

Forward looking adjustment (FLA)
Forward looking adjustments reflect part of the provision for credit impairment derived from reasonable and supportable forecasts of potential future conditions (forward looking information) that are not otherwise captured within the underlying credit provision or the EA. They incorporate more targeted sector-specific forward looking information.

Full-time equivalent employees (FTEs)
Includes all full-time, part-time, temporary, fixed term and casual employee equivalents, as well as agency temporary employees and external contractors either self-employed or employed by a third party agency. Note: this excludes consultants, IT professional services, outsourced service providers and non-executive directors.

Gross domestic product (GDP)
GDP is the market value of finished goods and services produced within a country in a given period of time.

Gross loans and acceptances (GLAs)
Total loans, advances and acceptances, including unearned and deferred fee income, excluding associated provisions for expected credit losses. Calculated as the sum of 'Acceptances', 'Loans and advances at fair value' and 'Loans and advances at amortised cost'.

Group
NAB and its controlled entities.

Hedging and fair value volatility
This volatility represents timing differences between the unrealised gains or losses recognised over the term of the transactions and the ultimate economic outcome which will only be realised in future. This volatility arises primarily from fair value movements relating to trading derivatives held 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.

High-quality liquid assets (HQLA)
Consists primarily of cash, deposits with central banks, Australian government and semi-government securities and securities issued by foreign sovereigns as defined in APS 210 Liquidity.

Housing lending
Mortgages secured by residential properties as collateral.

IFRS
international Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Impaired assets
Consists of: Retail loans (excluding unsecured portfolio managed facilities) which are contractually 90 days or more past due with security insufficient to cover principal and interest or where sufficient doubt exists about the ability to collect principal and interest in a timely manner. Non-retail loans which are contractually past due and / or where there is sufficient doubt the ability to collect principal and interest. Off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities that are 180 days or more past due (if not written off).

Internal ratings-based (IRB)
The process used to estimate credit risk through the use of internally developed models to assess potential credit losses using the outputs from the probability of default, loss given default and exposure at default models.

LanternPay
LanternPay is a digital health claiming technology business operated by Lantern Claims Pty Ltd (Lantern Claims), acquired by the Group on 1 April 2022.

Leverage ratio
Tier 1 capital divided by exposures as defined by APS 110 Capital Adequacy. It is a simple, non-risk based measure to supplement the risk-weighted assets based capital requirements. Exposures include on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures.

Lifetime expected credit losses (ECL)
The ECL that result from all possible default events over the expected life of a financial instrument.

Liquidity coverage ratio (LCR)
A metric that measures the adequacy of HQLA available to meet net cash outflows over a 30-day period during a severe liquidity stress scenario.

Marketable debt securities
Comprises trading securities and debt instruments.

MLC Life
MLC Limited.

MLC Wealth
MLC Wealth was the Group's Wealth division which provided superannuation, investments, asset management and financial advice to retail, corporate and institutional clients, supported by several brands including MLC, Plum and investment brands under MLC Asset Management. The sale of MLC Wealth to Insignia Financial Ltd completed on 31 May 2021.

NAB
National Australia Bank Limited ABN 12 004 044 937.

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 franchise.

Net interest margin
Net interest income derived on a cash earnings basis expressed as a percentage of average interest earning assets.

Net stable funding ratio (NSFR)
A ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF).

Non-performing exposures
Exposures which are in default aligned to the definition in APS 220 Credit Risk Management.

Payment systems merger
The amalgamation of Australia's three domestic payments organisations, BPAY Group Holding Pty Ltd and its subsidiaries (collectively referred to as BPAY), eftpos Payments Australia Limited (EPAL) and NPP Australia Limited (NPPA) as Australian Payments Plus.

RBA
Reserve Bank of Australia.

RBNZ
Reserve Bank of New Zealand.

Required stable funding (RSF)
The amount of stable funding an ADI is required to hold measured as a function of the liquidity characteristics and residual maturities of the various assets held by an ADI, including off-balance sheet exposures.

Risk-weighted assets (RWA)
A quantitative measure of 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.

SME
Small and medium-sized enterprises.

Stable funding index (SFI)
Term funding index (TFI) plus Customer funding index (CFI).

Standardised approach
An alternative approach to the assessment of credit risk which utilises regulatory prescribed risk-weights based on external ratings and / or the application of specific regulator defined metrics to determine risk-weighted assets.

Standardised Measurement Approach (SMA)
An approach used to calculate the capital requirement for operational risk based on a business indicator, a financial statement proxy of operational risk exposure. This approach was applied by the Group from 1 January 2022.

Statutory net profit
Net profit attributable to owners of NAB.

Statutory return on equity
Statutory earnings after tax expressed as a percentage of average equity (adjusted), calculated on a statutory basis.

Term funding index (TFI)
Term wholesale funding with remaining maturity to first call date greater than 12 months, including Term Funding Facility (TFF) drawdowns divided by core assets.

Tier 1 capital
Tier 1 capital comprises CET1 capital and instruments that meet the criteria for inclusion as Additional Tier 1 capital set out in APS 111 Capital Adequacy: Measurement of Capital.

Tier 1 capital ratio
Tier 1 capital divided by risk-weighted assets.

Tier 2 capital
Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements as Tier 1 capital but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

Total average assets
The average balance of assets held by the Group over the period, adjusted for discontinued operations.

Total capital
Tier 1 capital plus Tier 2 capital.

Total capital ratio
Total capital divided by risk-weighted assets.

Treasury shares
Shares issued to meet the requirements of employee incentive schemes which have not yet been distributed.

Underlying profit / loss
Underlying profit / loss is a performance measure used by NAB. It represents cash earnings / loss before various items, including income tax expense and the credit impairment charge. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards.

Weighted average number of ordinary shares
The number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.