

Third Quarter Trading Update

national
australia
bank



2022

The June 2022 quarter results are compared with the quarterly average of the March 2022 half year results for continuing operations unless otherwise stated. Cash and statutory earnings are rounded to the nearest \$50 million. Revenue, expenses and asset quality are expressed on a cash earnings basis. All figures include the impact of the acquisition of Citigroup's Australian consumer business (Citi acquisition) effective from 1 June 2022 unless otherwise stated.

3Q22 FINANCIAL HIGHLIGHTS

\$1.85BN

Unaudited statutory
net profit

\$1.80BN

Unaudited
Cash earnings¹

6.0%

Cash earnings growth
Vs 3Q21
(cash earnings before tax and
credit impairment charges
up 10%)

11.6%

Group Common Equity
Tier 1 ratio (CET1)

“Our performance this quarter is pleasing, highlighting the ongoing execution of our strategy including completing the acquisition of Citigroup's Australian consumer business (Citi acquisition). Cash earnings in 3Q22 rose 3% compared with the 1H22 quarterly average, and lending and deposit momentum continued (up 2% and 4% respectively over the June quarter excluding the Citi acquisition).

As the economy changes, continued low unemployment and healthy household and business balance sheets are helping mitigate the impacts of higher inflation and higher interest rates. The majority of our customers are well placed to manage these challenges, including approximately 70% of customer home loan repayments ahead of schedule². For those customers who need our support, we have a range of options available.

Our business is also in good shape for this evolving environment. Balance sheet settings remain strong and we are well advanced on our FY22 term wholesale funding task with \$34 billion raised by end June. Investments to deliver simpler, more digital experiences for customers and colleagues are supporting balanced growth and productivity benefits which are expected to exceed \$400 million³ in FY22.

We have a clear strategy and executing this with discipline is our key priority. We will continue to focus on getting the basics right, managing our bank safely and improving customer and colleague outcomes to deliver sustainable growth and improved shareholder returns.”

ROSS MCEWAN – NAB CEO

OPERATING PERFORMANCE EX CITI ACQUISITION⁴

Compared with the 1H22 quarterly average, cash earnings before tax and credit impairment charges increased 2%. Key drivers include:

- Revenue increased 2% with higher volumes partly offset by lower Markets & Treasury (M&T) income. Excluding M&T, revenue rose 3%;
- Net interest margin (NIM) was slightly lower. Excluding M&T, NIM was up slightly reflecting the benefit of a rising interest rate environment, partly offset by home lending competition and higher wholesale funding costs;
- Expenses increased 1% with additional FTE to support growth combined with higher personnel and leave costs, partly offset by productivity. FY22 cost growth is now expected to be approximately 3-4%^{3,5} which includes a top-up to payroll and customer-related remediation provisions of \$60-100 million for existing matters.

SUPPORTING OUR CUSTOMERS & COMMUNITIES

- Strategic Net Promoter Score (NPS)⁶ from March 2022 to June 2022 was stable for Consumer NPS at -1 (ranking remained 1st of major banks) and fell 6 points for Business NPS to -6 (ranking remained 2nd of major banks)
- Supporting customers manage higher interest rates and cost of living pressures with options such as adjusting loan repayments, accessing available redraw, fixing or splitting a loan, and hardship support via NAB Assist
- Helping flood impacted communities in NSW and Queensland with \$4.85 million disaster relief funding provided since end February and the rebuilding of our Lismore branch scheduled to re-open in August
- Continuing to demonstrate long term commitment to green financing, with NAB issuing a €1 billion green bond in May to help fund initiatives such as renewable energy projects and green buildings

¹ Refer note on cash earnings on page 4.

² By accounts. Refers to those greater than or equal to 1 month in advance. Includes offsets. Excludes Advantage book, line of credit, 86 400 and the Citi acquisition.

³ Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 4.

⁴ Refer page 3 for details of Operating Performance including the impact of the Citi acquisition.

⁵ Includes costs associated with delivering the AUSTRAC Enforceable Undertaking of \$80-120 million. Excludes large notable items and the impact of the Citi acquisition.

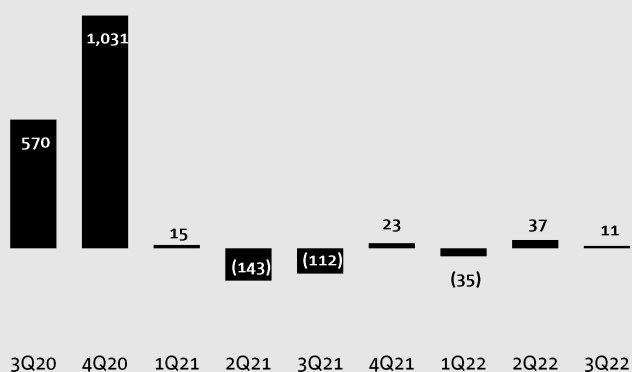
⁶ Net Promoter[®] and NPS[®] are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Sourced from DBM Consultants Business and Consumer Atlas, measured on 6 month rolling average. A number of changes have been made 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.

NAB 2022 THIRD QUARTER TRADING UPDATE

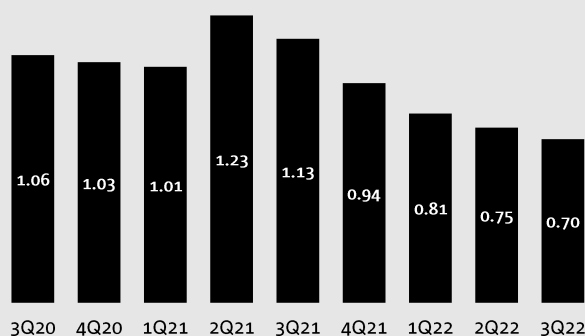
ASSET QUALITY

- Credit impairment charge (CIC) was \$11 million reflecting continued benign asset quality including low specific charges. There has been no impact on CICs from changes to assumptions used in the Economic Adjustment or Forward Looking Adjustments during the quarter.
- Compared with March 2022, the ratio of collective provisions to credit risk weighted assets decreased 1 basis point (bp) to 1.30%.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances declined 5 bps to 0.70%. This mainly reflects continued improvement across the Australian home loan portfolio, along with a continued low level of impaired assets in the business lending portfolio.

CREDIT IMPAIRMENT CHARGES/(WRITE-BACKS) (\$MILLIONS)

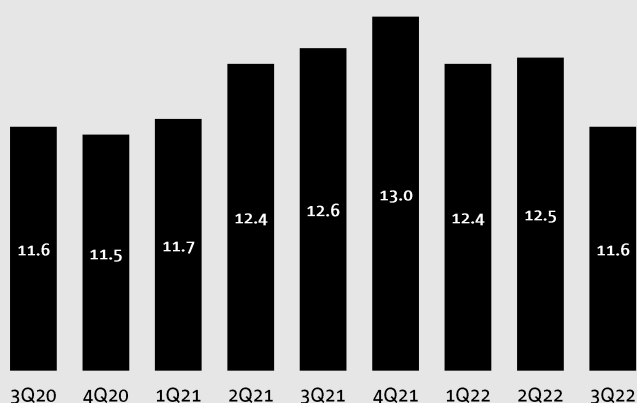


90+ DAYS PAST DUE & GROSS IMPAIRED ASSETS/GROSS LOANS AND ACCEPTANCES (%)



CAPITAL, FUNDING & LIQUIDITY

GROUP CET1 RATIO (%)



KEY RATIOS AS AT 30 JUNE 2022

- Group Common Equity Tier 1 (CET1) ratio of 11.6% compared with 12.5% at March 2022, including 54 bps impact from payment of the 2022 interim dividend, 19 bps impact of shares acquired under the ongoing on-market buy-back⁷ and 31 bps impact from the acquisition of Citigroup's Australian consumer business
- Estimated proforma Group CET1 ratio of 11.3% including the impact of the \$1.7 billion balance of the shares to be acquired under the on-market buy-back (~38 bps)⁷ and proceeds from the BNZ Life divestment (~6 bps)⁸
- Leverage ratio (APRA basis) of 5.1%
- Liquidity Coverage Ratio (LCR) quarterly average of 136%
- Net Stable Funding Ratio (NSFR) of 121%

⁷ On 24 March 2022 NAB 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 June 2022 \$0.8 billion (28.3 million shares) had been acquired under the further buy-back.

⁸ Sale of BNZ Life expected to complete in 2022 subject to regulatory approvals. Final capital impact of the transaction will be determined following completion.

NAB 2022 THIRD QUARTER TRADING UPDATE

ADDITIONAL INFORMATION – FINANCIAL IMPACT OF CITI ACQUISITION

The acquisition of Citigroup's Australian consumer business was effective from 1 June 2022. The below table outlines NAB's Operating Performance for 3Q22 compared with the 1H22 quarterly average both including and excluding the impact of the acquisition.

	1H22 quarterly average	3Q22 growth vs 1H22 quarterly average	
	\$m	Including Citi acquisition	Excluding Citi acquisition
Revenue	4,414	3%	2%
Expenses	1,982	3%	1%
Cash earnings before credit impairment charges and tax	2,432	3%	2%

Other key impacts on NAB's 3Q22 financial performance arising from the Citi acquisition include:

- A +1 bp contribution to NIM
- The addition of \$13.2 billion to gross lending balances (\$9.2 billion home loans and \$4.0 billion credit cards and other unsecured personal lending)
- The addition of \$9.4 billion to deposit balances
- There has been an immaterial impact on CICs, collective provisions to credit risk weight assets, 90+ days plus due and gross impaired assets to GLAs, unaudited cash earnings and statutory net profit. The net assets acquired at completion of the Citi acquisition included appropriate provisions for credit impairment.

NAB 2022 THIRD QUARTER TRADING UPDATE

FOR FURTHER INFORMATION

MEDIA

Mark Alexander

M: +61 (0) 412 171 447

Jo Beckwith

M: +61 (0) 411 208 101

INVESTOR RELATIONS

Sally Mihell

M: +61 (0) 436 857 669

Natalie Coombe

M: +61 (0) 477 327 540

This announcement has been authorised for release by Gary Lennon, Group Chief Financial Officer

DISCLAIMER – FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", "goal", "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 a number of other important 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, the Australian and global economic environment and capital market conditions. Further information is contained in the Group's Luxembourg Transparency Law disclosures released to the ASX on 5 May 2022 and the Group's Annual Financial Report for the 2021 financial year, which is available at www.nab.com.au.

NOTE ON CASH EARNINGS

The Group's results are presented on a cash earnings basis unless otherwise stated. Cash earnings is a key financial 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 NAB considers to be the underlying performance of the Group. It 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 Group's Half Year and Full Year Results Announcements provide details of how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation to statutory net profit attributable to owners of NAB. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited (full year) or reviewed (half year) by the Group's auditors in accordance with Australian Auditing Standards, are made available on the Group's website. The Group's 2022 Full Year Results Announcement is expected to be made available on or around 9 November 2022.