NAB Full Year 2022

Debt Investor Update

November 2022

Key messages

national australia bank

- Pleasing performance across our businesses
- Executing our strategy to drive ongoing momentum
- Delivering improved shareholder returns
- Ongoing cost discipline to help offset higher inflation in FY23
- Changing environment may challenge some customers, but strong savings and low unemployment support resilience overall
- NAB is well positioned for uncertain times – business mix, strategic momentum, strong balance sheet

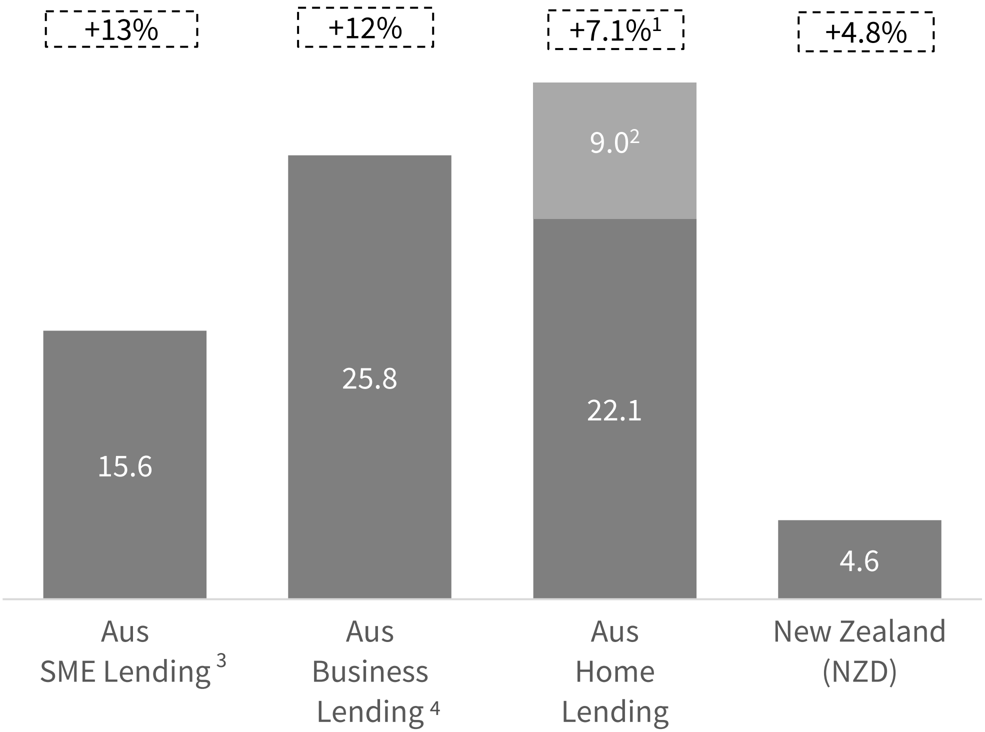
Strong financial results

Metric	FY22	FY21	FY22 v FY21
Statutory net profit ($m)	6,891	6,364	8.3%
Continuing operations (incl acquisition of Citi Consumer Business[1])			
Net operating income ($m)	18,296	16,806	8.9%
Operating expenses ($m)	(8,274)	(7,817)	5.8% (3.9% ex Citi[1])
Underlying profit ($m)	10,022	8,989	11.5%
Cash earnings[2] ($m)	7,104	6,558	8.3%
Cash ROE (%)	11.7	10.7	100 bps
Dividend (cents)	151	127	18.9%
Cash payout ratio[3]	68.4%	63.7%	7.4%

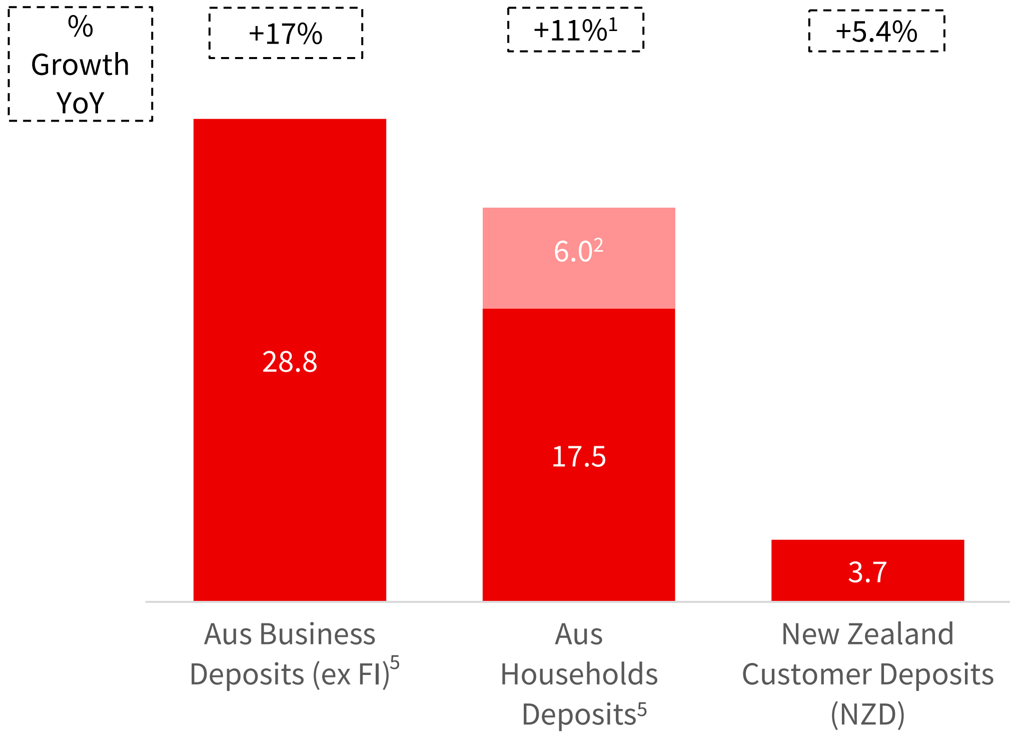
(1) Citi or Citi Consumer Business refers to Citigroup's Australian consumer business, acquired by the NAB Group on 1 June 22
(2) Refer to page 157 of NAB's 2022 Annual Report for definition of cash earnings and reconciliation to statutory net profit
(3) Based on basic cash Earnings per share (EPS)

Balance sheet growth aligned to strategy

GLA change YoY ($bn)



Deposits change YoY ($bn)



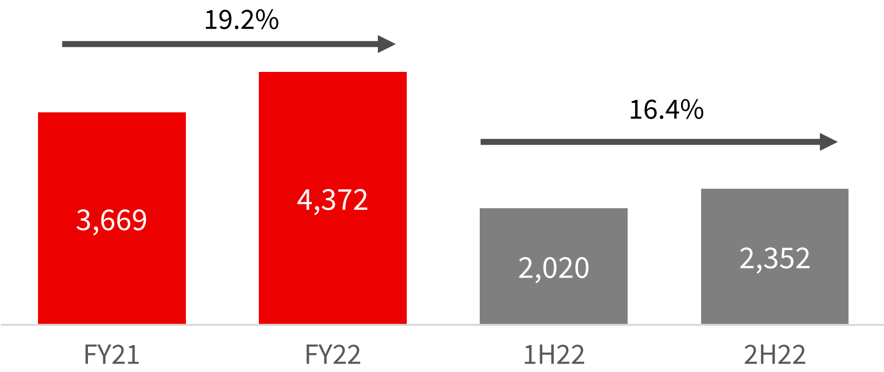
Aus SME Lending	Aus Business Lending	Aus Home Lending	New Zealand (NZD)		Aus Business Deposits (ex FI)	Aus Households Deposits	New Zealand Customer Deposits (NZD)
1.3x[6]	**0.9x**[5]	**1.1x**[1,5]	**0.8x** Housing[7] **1.0x** Business[7]	x system growth	**1.8x**	**1.1x**[1,5]	**0.9x**[7]

(1) Excludes impact of Citi Consumer Business balances acquired by NAB Group on 1 June 22
(2) Represents impact of Citi Consumer Business acquired by NAB Group on 1 June 22. APRA eligible deposits for Citi Consumer Banking include deposits to resident households only
(3) Denotes business lending in Business & Private Banking
(4) Denotes total business lending in Business & Private Banking and Corporate and Institutional Banking
(5) APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at Sep 2022
(6) Derived from RBA statistics. A business is classified as SME under the RBA if NAB has exposure to the business and the business has turnover of less than $50m. Latest market share at Aug 22
(7) RBNZ market share statistics. Latest data as at Sep 22

Underlying divisional profit

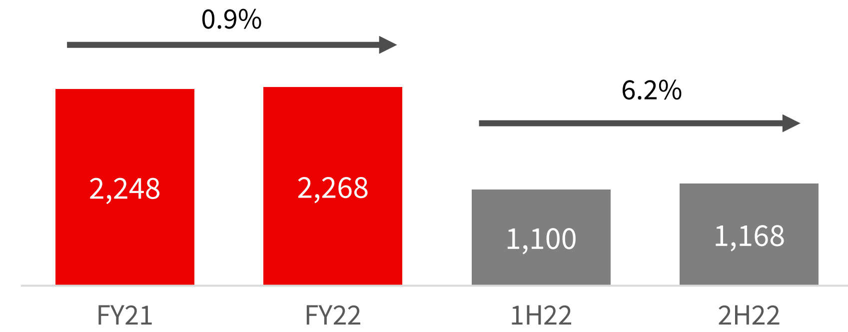
Business and Private Banking

($m)



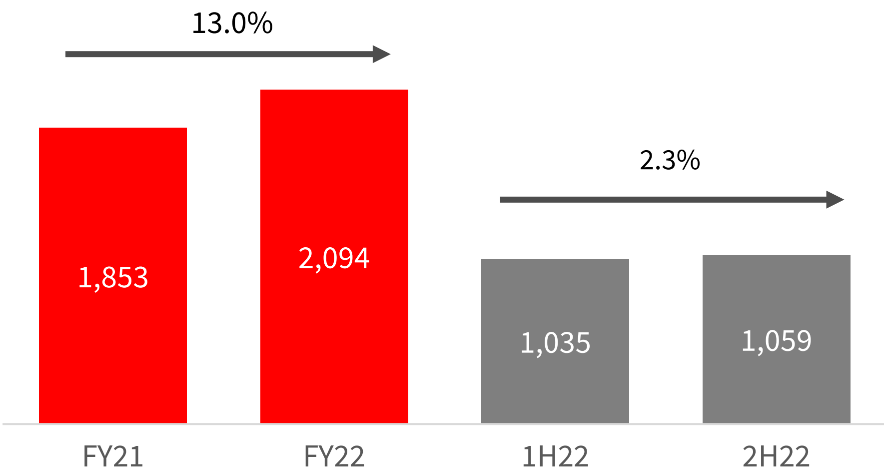
Personal Banking

($m)



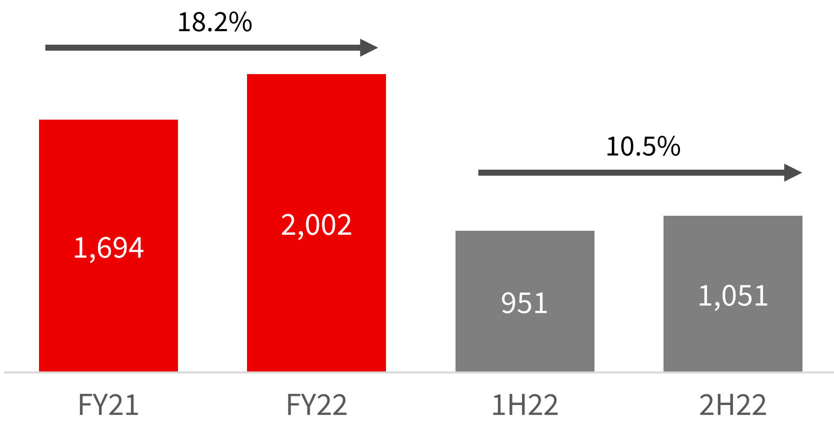
Corporate and Institutional Banking

($m)



New Zealand Banking[1]

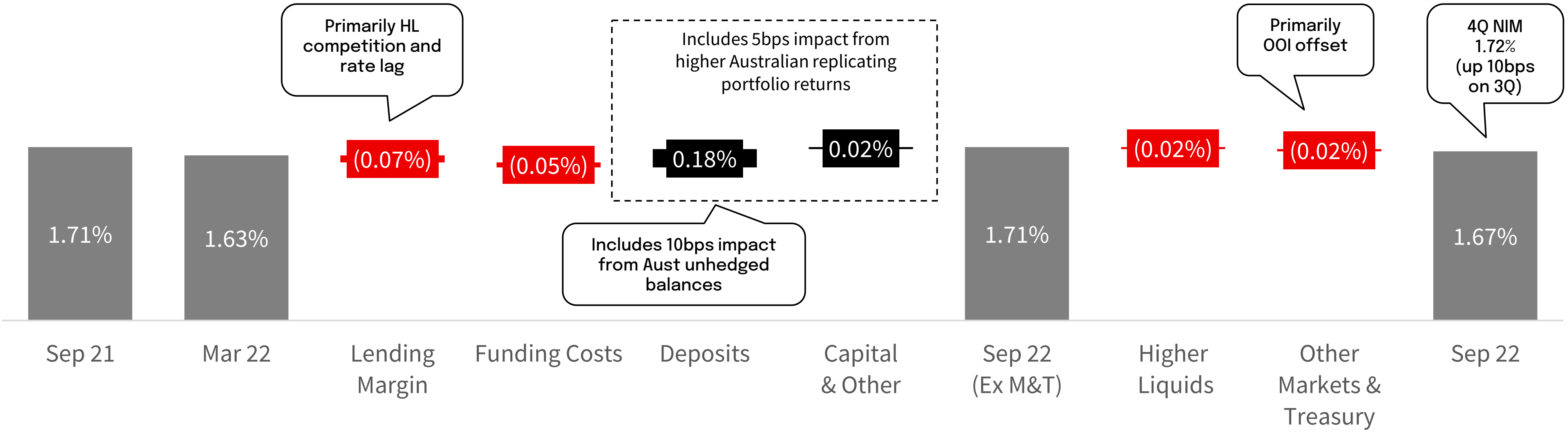
($m)



(1) New Zealand Banking results in local currency

Net interest margin

Net interest margin



Key considerations for FY23[1]

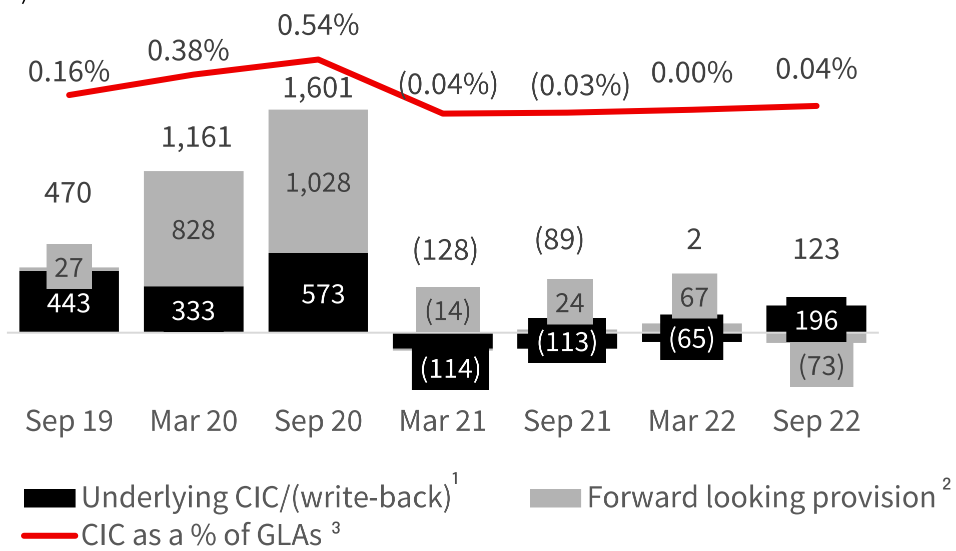
- Housing lending competitive pressures likely to intensify
- Deposit mix headwind accelerating, further increase in funding costs
- NIM impact of RBA cash rate increases on unhedged deposits expected to peak in 1H23; estimated benefit of cash rate increases from Oct 22 expected to be lower
- Benefit of higher swap rates on deposit and capital replicating portfolios over FY23 of ~10bps p.a. based on 30 Sep 22 swap rates[2]
- Liquids impact fairly neutral

(1) Refer to key risks, qualifications and assumptions in relation to forward looking statements on slides 74 - 76
(2) Based on 3 and 5 year swap rates for the Australian capital and deposit replicating portfolios respectively, AIEA and replicating portfolio volumes at 30 Sep 22

Continued low CICs and improved asset quality

Credit impairment charge (CIC)

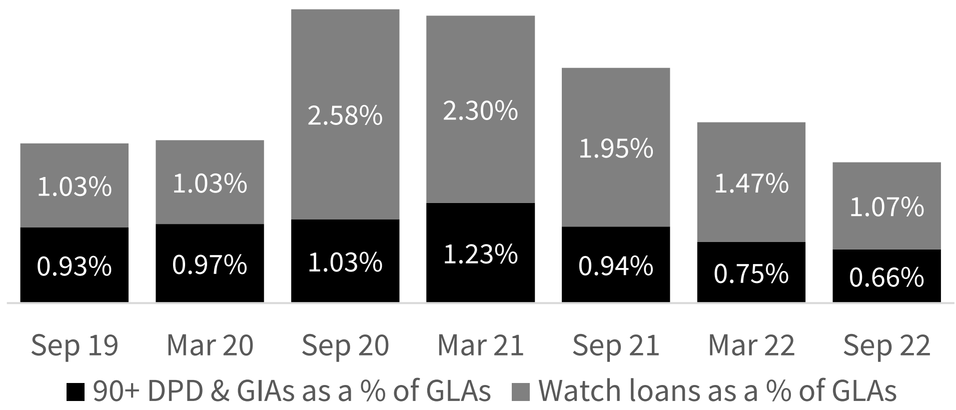
($m)



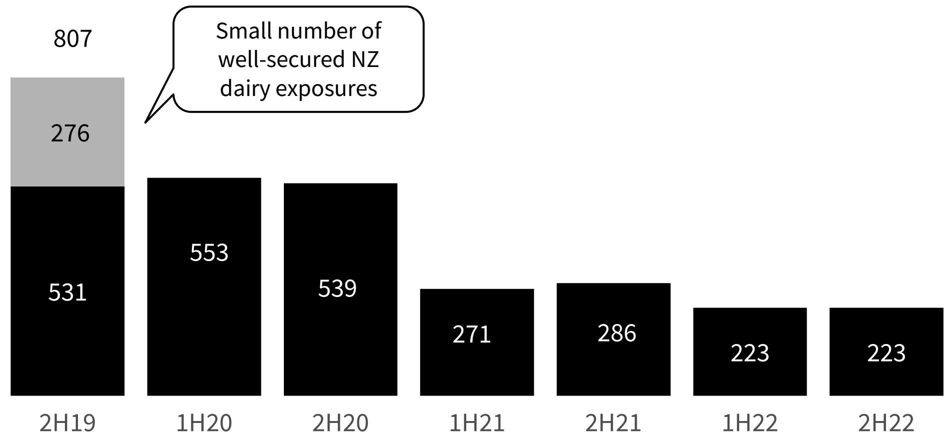
Key 2H22 considerations

- Underlying CIC of $196m reflecting continued low specific charges, improved asset quality and volume growth
- Forward looking write-back of $73m reflecting net FLA & EA movements
- 90+ DPD & GIA ratio lower reflecting:
  - Lower 90+ DPD ratio driven by improvement in Australian home lending
  - Lower GIA ratio with continued low levels of new impaired assets and further improvement in Business and Private Banking
- Reduction in Watch loans mainly driven by aviation portfolio

90+DPD, GIAs and watch loans as a % of GLAs[4]



New impaired assets ($m)



(1) Represents total credit impairment charge less forward looking provision
(2) Represents collective provision EA top-up and FLAs for targeted sectors
(3) Half year annualised
(4) Referral to Watch generally triggered by banker annual reviews through the year or as a result of performing customers experiencing cashflow pressures

Australian housing lending $329bn[1]

More challenging outlook

- Peak to trough expected **house price falls** ~20% (5% to end Sep 22)
- **Impact of higher cash rate** on repayments is accelerating
- Mitigants include:
  - Strong employment conditions expected in FY23
  - Offset balances 30% higher from Mar 20
  - Current low avg DLVR and negative equity

Continue to adjust settings and practices

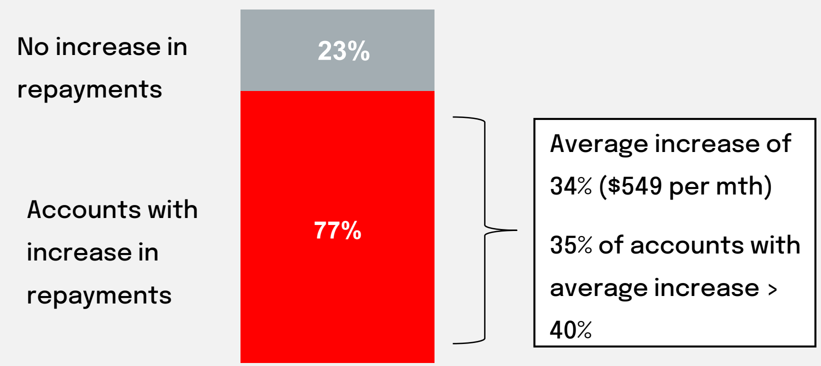
- **DTI decline** rule of >8x from May 22 for higher risk customers (> 9x for all others)
- **Serviceability assessment** buffer increased to 3% from Nov 21, floor increased to 5.75% from Sep 22[2]
- **Early engagement** with repayment risk customers

Scenario analysis to identify higher risk exposures

- **$177bn of loans** originated Aug 19-Jul 22 with average serviceability threshold <6%
- Monthly repayments adjusted for **3.60% cash rate**
- Higher risk exposures identified as <**12 months repayment buffers** and **DVLR >80%** with no LMI or FHB govt guarantee
  - **$1.0–$9.7bn** of balances with potential for loss
  - Most at-risk cohort **~$1bn** (0.3% of total HL book) have < 3 month repayment buffer and DLVR > 90%

Increase in VR P&I repayments at 3.60% cash rate[3]

Total VR P&I book ($178bn)



	Dynamic LVR with no LMI or FHB guarantee		
	> 80%	of which >85%	of which >90%
Repayment buffer < 12 months[3,4] (Total $89bn)	$9.7bn	$3.8bn	$1.3bn
***of which* Repayment buffer < 3 months[3,4] (Total $75bn)**	$8.3bn	$3.1bn	$1.0bn

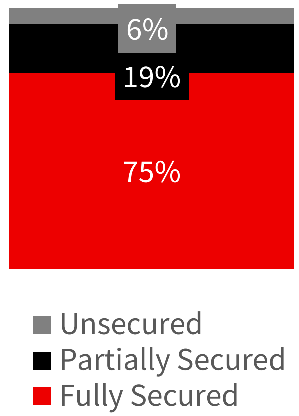
(1) Excludes 86 400 and Citi Consumer Business mortgages
(2) Buffer previously 2.5%, floor previously 4.95%
(3) Analysis assumes full pass through of cash rate increases to current customer rates. Increase relative to customer repayments in April 22
(4) Repayment buffer based on the sum of offset and redraw balances as a multiple of adjusted monthly repayments using a 3.60% cash rate

Business and Private Banking business lending $132bn[1]

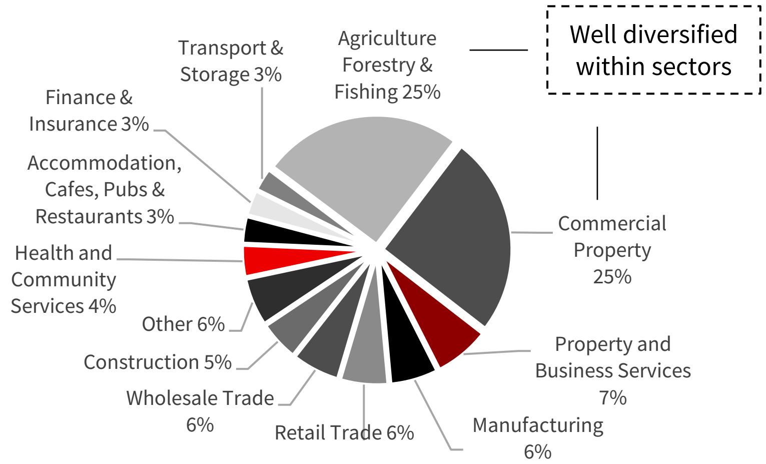
Strong origination practices

- **Well diversified, highly secured** portfolio with material discounts applied to market valuations
- All loans **assessed at minimum interest rates**, recently reviewed and materially increased
- **Maintaining front book asset quality** consistent with recent years despite strong FY22 lending growth

Security profile Sep 22[2]



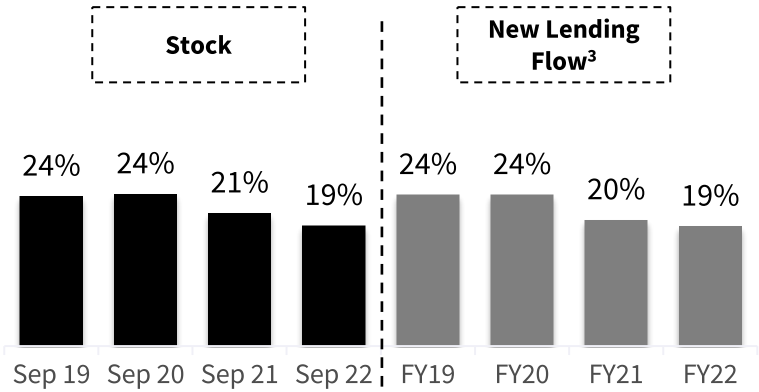
EAD by industry



Customers & book in good shape

- Strong sector **profitability** trends[4]
- B&PB **deposits up >25%** since Sep 20
- **Utilisation rates lower** than prior year comparative (PCP) and pre COVID-19 levels
- **PD** ≥ 2% exposures declining
- ~50% of $8.5bn higher risk balances in industries with **FLA coverage**

Exposures with probability of default (PD) ≥ 2%



Higher risk balances

$bn	Total balances with PD ≥ 2%
Not fully secured	~8.5
Of which: No security	~1.5

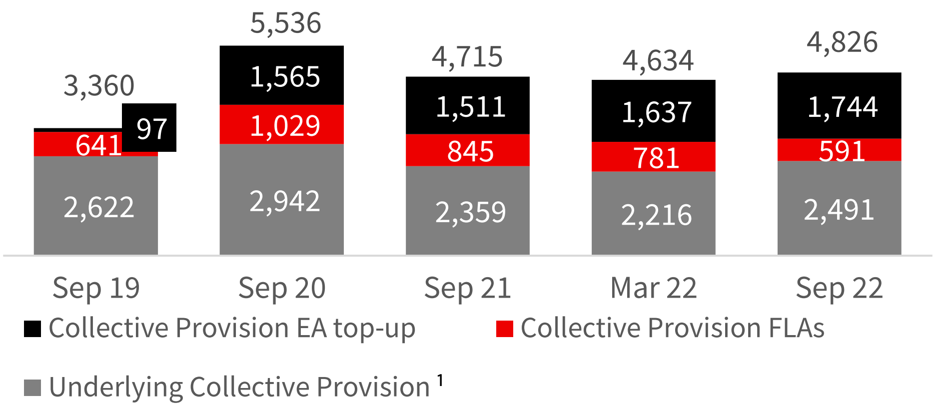
(1) Refers to business lending gross loans and advances in Business & Private Banking division
(2) Fully secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security. Majority of security is comprised of property assets including residential property
(3) New lending flow includes lending to new customers and increased lending to existing customers during the financial year
(4) NAB Group Economics Quarterly Business Survey

Strong provisioning maintained

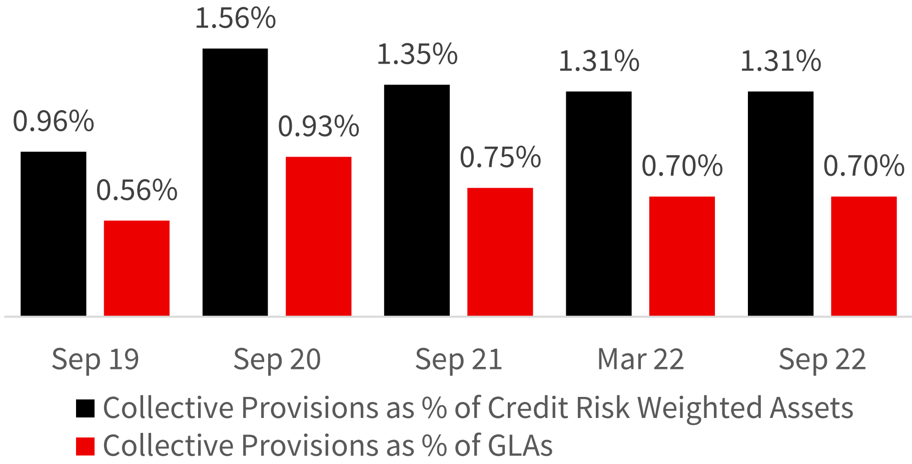
Collective provision balances

($m)

Sep 22 includes $1.6bn of additional forward looking provision vs Sep 19

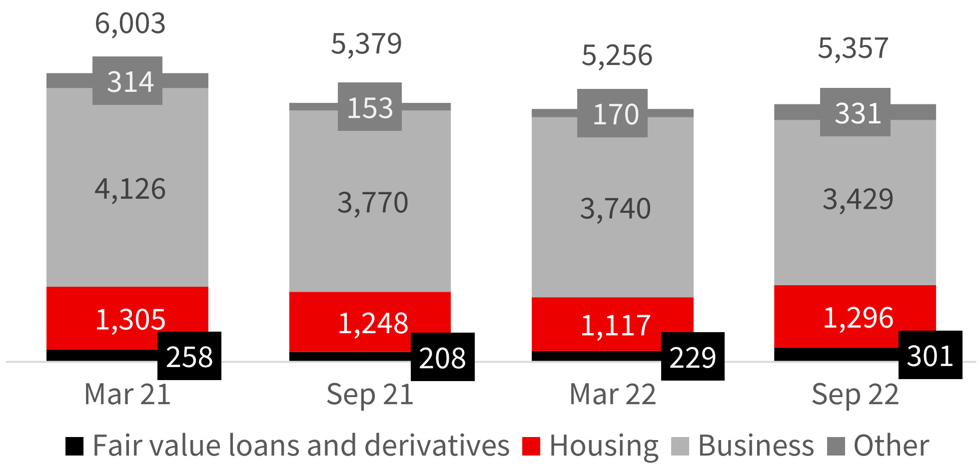


Collective provision coverage



Total provisions for expected credit losses

($m)



Prudent provisioning assumptions

- Downside EA weighting for Australia up from 40% at Mar 22 to 45% at Sep 22 and base case assumptions more stressed
- Net FLAs reduction $190m with release from some COVID-19 impacted sectors partially offset by new Aust energy FLA[2]

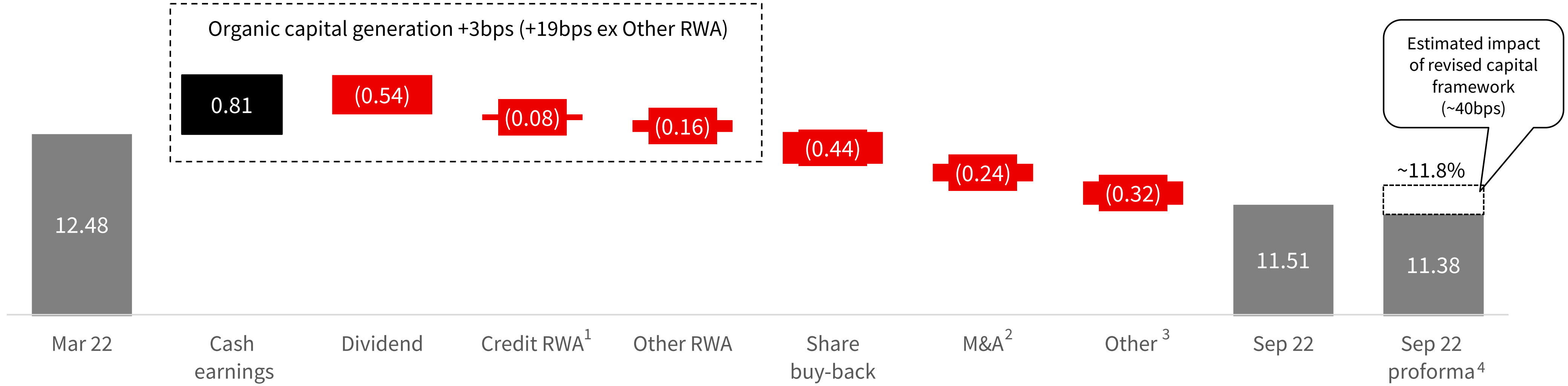
Key Australian economic assumptions considered in deriving ECL						
	Base case			Downside		
%	FY23	FY24	FY25	FY23	FY24	FY25
GDP change YoY	1.7	1.7	2.3	(4.4)	0.8	2.7
Unemployment	4.0	4.2	4.2	8.5	10.1	9.7
House price change YoY[3]	(14.3)	3.0	3.0	(21.9)	(10.4)	1.5

(1) Collective provision EA top-up Mar 22 and Sep 22 figures include $5m and $10m movements respectively due to foreign exchange
(2) Australian energy FLA in relation to Australian manufacturing and transport subsectors which have high energy consumption and limited ability to pass on higher expected energy costs
(3) House price change in addition to 5% decline to Sept 22

Capital remains above target range

Group Basel III Common Equity Tier 1 capital ratio

(%)

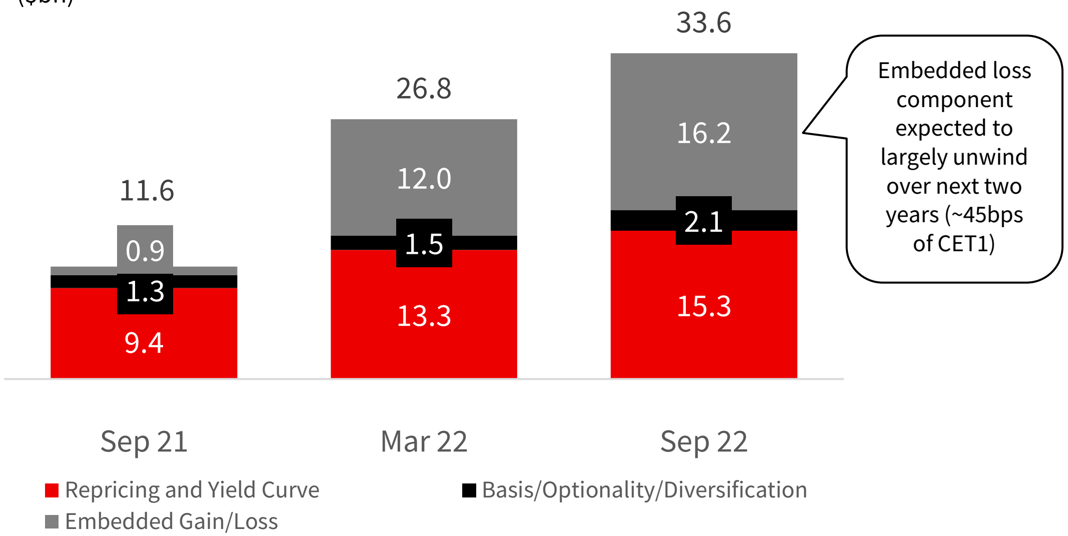


CET1 considerations

- Positive organic capital generation in 2H22
- Higher CRWA reflects increased volumes as a result of strong asset growth
- Other RWA mainly reflects higher IRRBB RWA
- $1.9 billion of shares bought back in 2H22 (44bps CET1)
- L1 CET1 of 11.24% at Sep 2022
- CET1 target range moves to 11.00-11.50% from 1 Jan 2023 to align with new calculation methodology under APRA's revised capital framework

IRRBB risk-weighted assets

($bn)



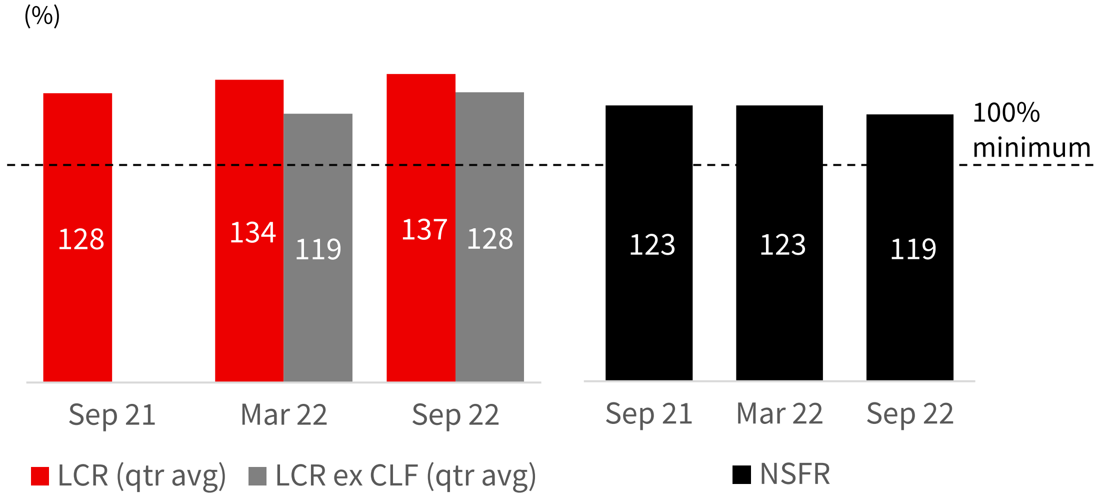
(1) Excludes FX translation
(2) Net -24bps CET1 impact from acquisition of Citi Consumer Business (-30bps) and sale of BNZ Life (+6bps)
(3) Includes -14bps net FX translation
(4) Pro forma capital includes the remaining $0.6bn of the $2.5bn buy-back announced in March 2022 (-13bps). The impact of APRA's revised capital framework may be subject to change based on NAB's implementation of the revised standards

Funding and liquidity strong

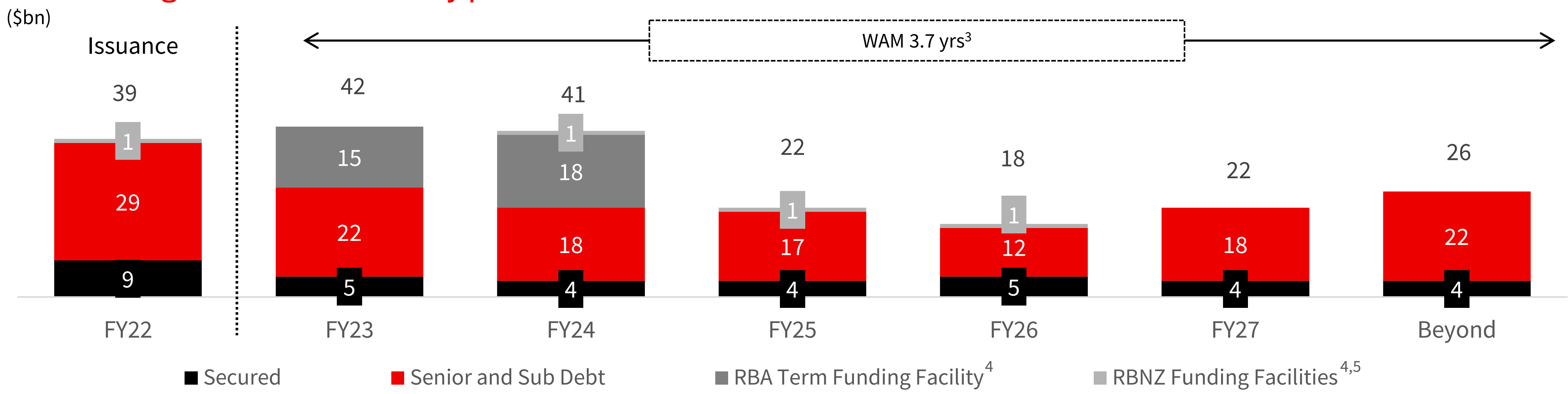
Key messages

- Strong funding and liquidity position, well above regulatory minimums despite market volatility and widening credit spreads
- The Group returned to more normalised term wholesale funding issuance volumes with issuance diversified across currencies and products
- Expect to continue to access term wholesale funding markets over FY23 to support refinancing requirements, balance sheet growth as well as the CLF and TFF transitions

Liquidity position well above regulatory minimums



Term funding issuance[1] & maturity profile[2]



(1) Includes senior unsecured, secured (covered and RMBS) and subordinated debt with an original term to maturity or call date of greater than 12 months, excludes Additional Tier 1 instruments. FX rate measured at time of issuance
(2) Maturity profile of funding with an original term to maturity greater than 12 months, excludes Additional Tier 1 and RMBS. Spot FX rate at 30 September 2022
(3) Remaining weighted average maturity, excludes Additional Tier 1, RMBS, RBA Term Funding Facility and RBNZ funding facilities
(4) Contractual maturity is based on drawdown date
(5) Includes RBNZ's Term Lending Facility (TLF) and Funding for Lending Programme (FLP)

AUSTRAC Enforceable Undertaking

Overview of Enforceable Undertaking

- Following its investigation, AUSTRAC accepted an Enforceable Undertaking (EU) from NAB in April 2022 to lift its compliance with AML/CTF laws
- Under the terms of the EU, NAB is required to implement a comprehensive Remedial Action Plan (RAP) involving improvements in its systems, controls and record-keeping, including:
  - NAB’s AML/CTF Program
  - Applicable customer identification procedures
  - Customer risk assessment and enhanced customer due diligence
  - Transaction monitoring
  - Governance and assurance
- External Auditor to provide a final report to NAB covering the period up to 31 March 2025
- The EU will end on the date that the AUSTRAC CEO provides written consent to the cancelling or withdrawal of the EU

Status as at September 2022

- An External Auditor was appointed in May and will report to NAB and AUSTRAC periodically. The Auditor has commenced engagement with NAB and AUSTRAC
- NAB has established a governance structure to oversee delivery of the RAP commitments and coordinate the completion of activities
- NAB continues to work closely with AUSTRAC to monitor and deliver agreed actions
- Many activities under the RAP have commenced and some have been completed (subject to confirmation by the External Auditor)
- Estimated costs of $80-$120m p.a. in FY23 and FY24 (in addition to $103m in FY22) to deliver the EU requirements, including:
  - Costs to complete the Customer Identify Remediation in progress
  - Additional FTE required to undertake activities in the timeframes required
  - Costs of the appointed Auditor
  - Ongoing costs associated with overseeing delivery of the RAP

Our progress on Climate

Key areas of focus in FY22

- Member of the Net Zero Banking Alliance
- Inaugural Climate Report published in FY22 reporting suite
    - articulates our Climate Strategy
    - includes decarbonisation targets for four emissions-intensive sectors

- Continue supporting customers with their transition plans

86 transition maturity assessments completed as we work with 100 of our largest GHG emitting customers

- Reducing our operational emissions

74% reduction in operational Scope 1 and Scope 2 GHG emissions against a 30 June 2015 baseline[1]

Continue to be a leader in Sustainable Finance

#1 Australian bank for Global renewables transactions[2]

$70.8bn in environmental financing since 2015, met and exceeded target of $70bn by 2025[3]

Ongoing focus on innovative sustainable financing

- Offering eligible home loan customers lower variable rates on homes that meet energy efficient criteria[4]
- Co-led North Queensland Airports (NQA) innovative sustainability-linked loan helping to address climate change, biodiversity and employment of First Nations peoples

Image: NQA Environment Manager with Dawul Wuru Aboriginal Corporation Senior Ranger and Dawul Wuru Aboriginal Corporation Project Manager

(1) Significant progress demonstrated since 2020 against the Group's science-based target to reduce operational Scope 1 and 2, however, performance has been influenced by COVID-19 impacts and we do not expect all of the reductions achieved to date to be permanent. Includes our net operational Scope 1 and 2 GHG emissions, 2021 and 2022 figures calculated using a market-based approach
(2) Rankings based on IJGlobal League Table MLA, Renewables, both cumulative data from 1 Jan 2010 to 30 Sept 22 and for the 12 months ending 30 Sep 22
(3) Represented as a cumulative flow of new environmental finance since 1 October 2015. Refer to the Group's 2022 Climate Report for reference to how the environmental financing target is calculated
(4) Customers with a Loan to Value Ratio greater than 80% making principal and interest repayments on a Base Variable Lending Rate home loan or Tailored Home Loan may be eligible for lower variable rates of up to 1% Properties must have a minimum NatHERS 7-star rating or a Green Building Council of Australia Green Star rating

We have a clear strategic ambition

Why we are here

To serve customers well and help our communities prosper

Who we are here for

Colleagues
Trusted professionals that are proud to be a part of NAB

Customers
Choose NAB because we serve them well every day

What we will be known for

Relationship-led
Relationships are our strength

1. Exceptional bankers
2. Unrivalled customer value (expertise, data and analytics)
3. Truly personalised experiences

Easy
Simple to deal with

1. Simple products and experiences
2. Seamless - everything just works
3. Fast and decisive

Safe
Responsible & secure business

1. Strong balance sheet
2. Leading, resilient technology and operations
3. Pre-empting risk and managing it responsibly

Long-term
A sustainable approach

1. Commercial responses to society's biggest challenges
2. Resilient and sustainable business practices
3. Innovating for the future

Where we will grow

Business & Private
Clear market leadership

Corporate & Institutional
Disciplined growth

Personal
Simple & digital

BNZ
Grow in Personal & SME

ubank
New customer acquisition

How we work

- Excellence for customers
- Grow together
- Be respectful
- Own it

Measures for success

- Engagement
- NPS growth
- Cash EPS growth
- Return on Equity

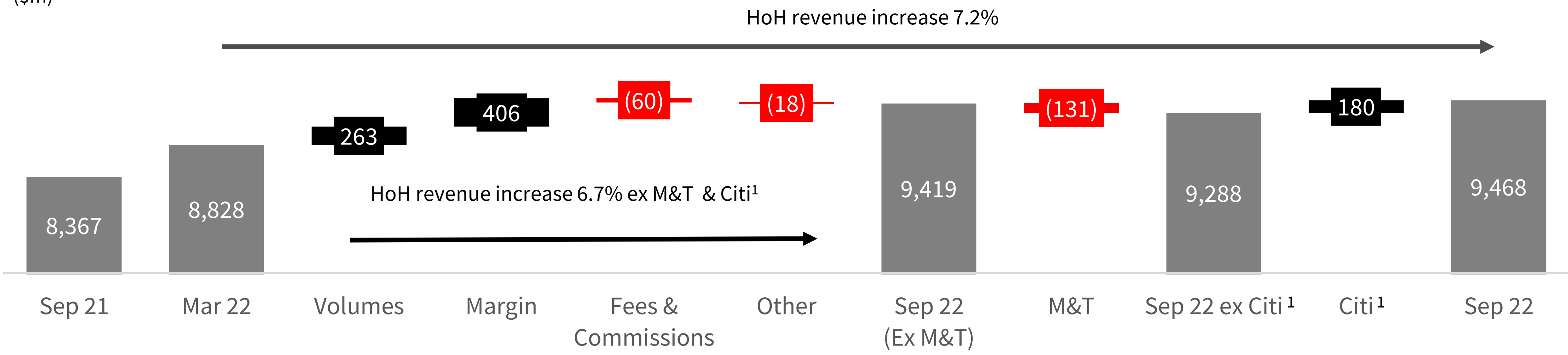
Additional information

FY22 Financials

Strong revenue growth

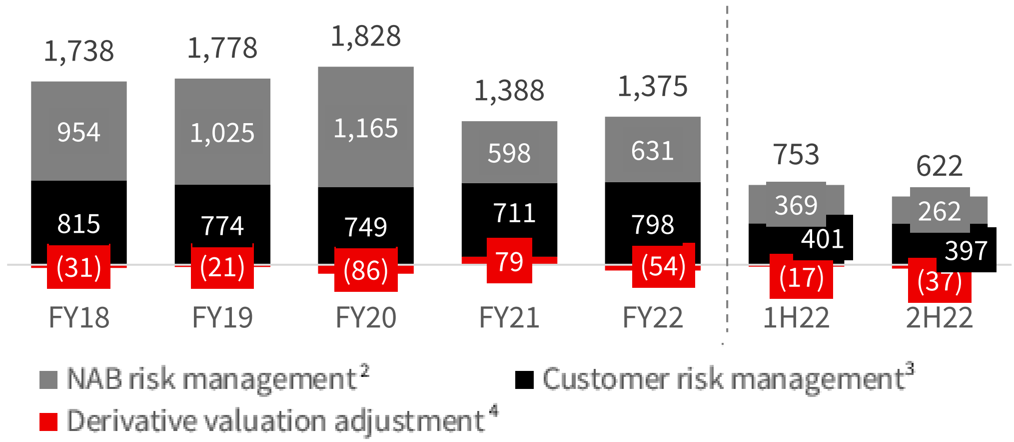
Net operating income

($m)



Markets & Treasury (M&T) income breakdown

($m)



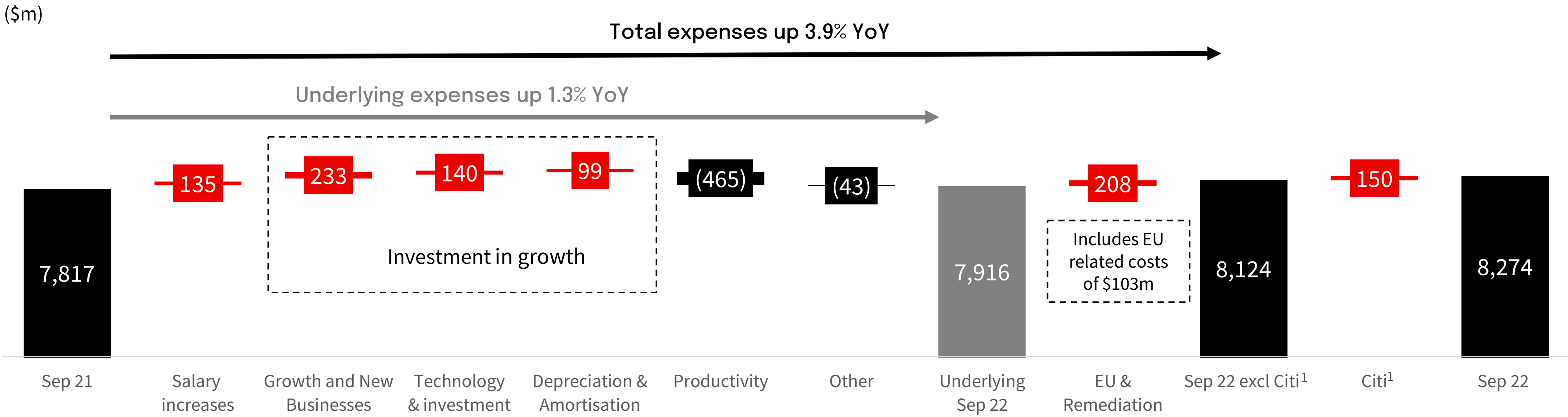
Key revenue drivers HoH

- NII growth driven by growth in volumes and margins
- Fees and commissions impacted by an increase in customer remediation of $29m
- Lower NAB Risk Management income reflects the ongoing impact of surplus liquidity in the system and a challenging trading environment

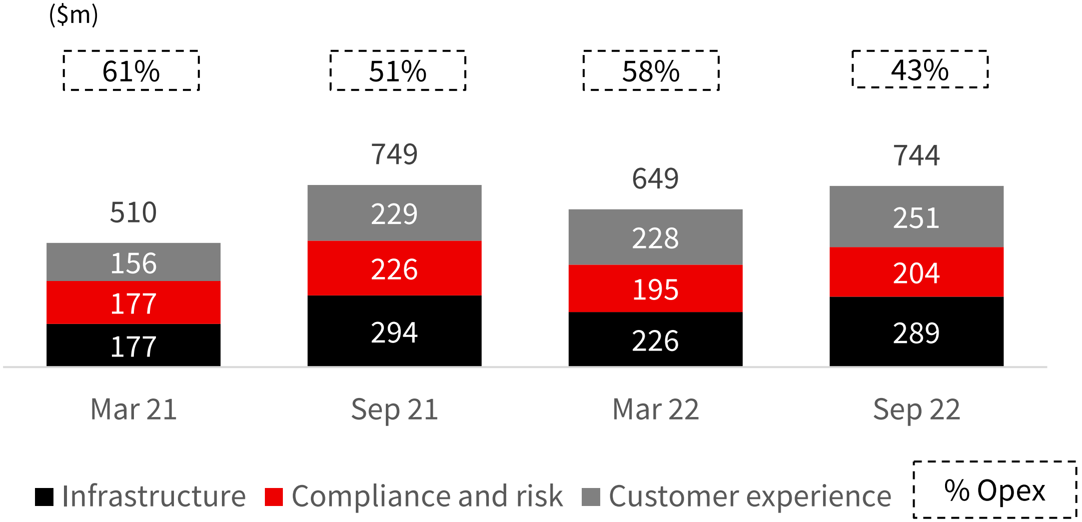
(1) Citi refers to Citigroup's Australian consumer business, acquired by the NAB Group on 1 June 22
(2) NAB risk management comprises NII and OOI and is defined as management of interest rate risk in the banking book (IRRBB), wholesale funding and liquidity requirements and trading market risk to support the Group's franchise
(3) Customer risk management comprises OOI
(4) Derivative valuation adjustments include credit valuation adjustments and funding valuation adjustments

Operating expenses

Operating expenses (YoY)



Investment spend



Comments

- FY22 underlying cost growth of 1.3% with productivity offsetting higher remuneration and investment
- Additional headwinds in FY23[2] include:
  - Higher inflationary pressure on wages and vendor costs
  - Higher depreciation & amortisation of ~$140m
- Targeting productivity savings of ~$400m in FY23[2]
- Overall Cost to Income ratio expected to trend lower in FY23[2,3]
- Investment spend expected to be ~$1.5bn in FY23[2]

(1) Citi refers to Citigroup's Australian consumer business, acquired by the NAB Group on 1 June 22
(2) Refer to key risks, qualifications and assumptions in relation to forward looking statements on slides 74 - 76
(3) Excluding any large notable items

Capital & Deposit hedges

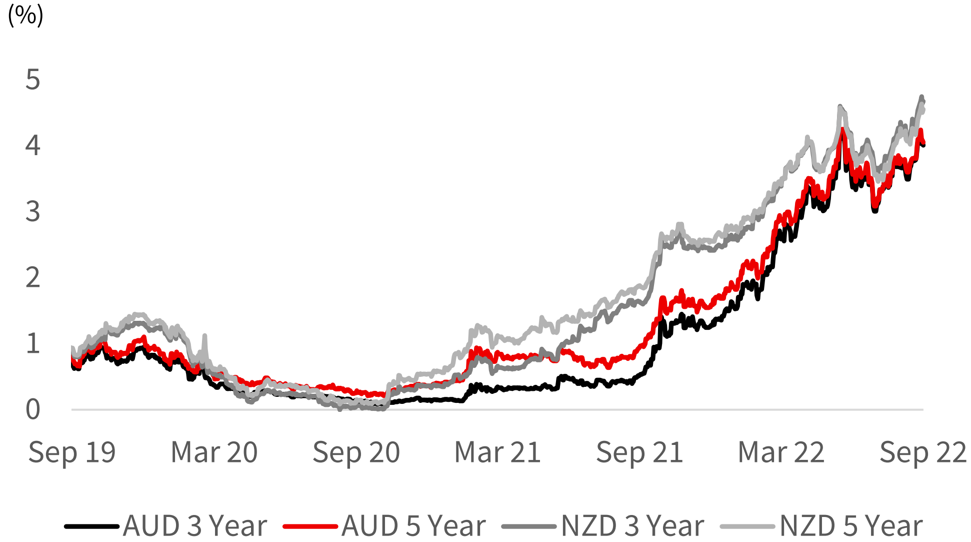
NAB replicating portfolios

Replicating portfolio		
	30 Sep 22 balance	Invested out to term of
Capital	AUD $42bn	3 years
Low rate deposits	AUD $80bn	5 years

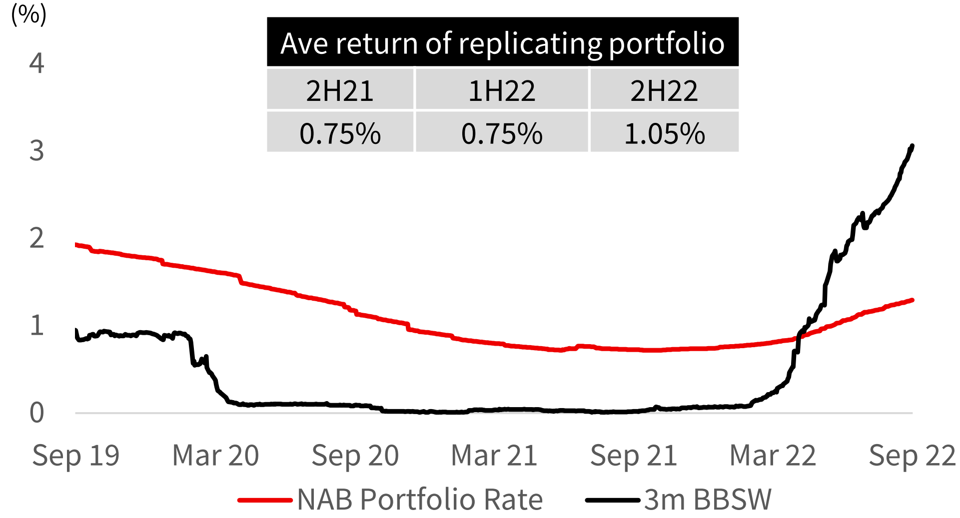
BNZ replicating portfolios

Replicating portfolio		
	30 Sep 22 balance	Invested out to term of
Capital	NZD $10bn	3 years
Low rate deposits	NZD $11bn	5 years

Swap rates[2]

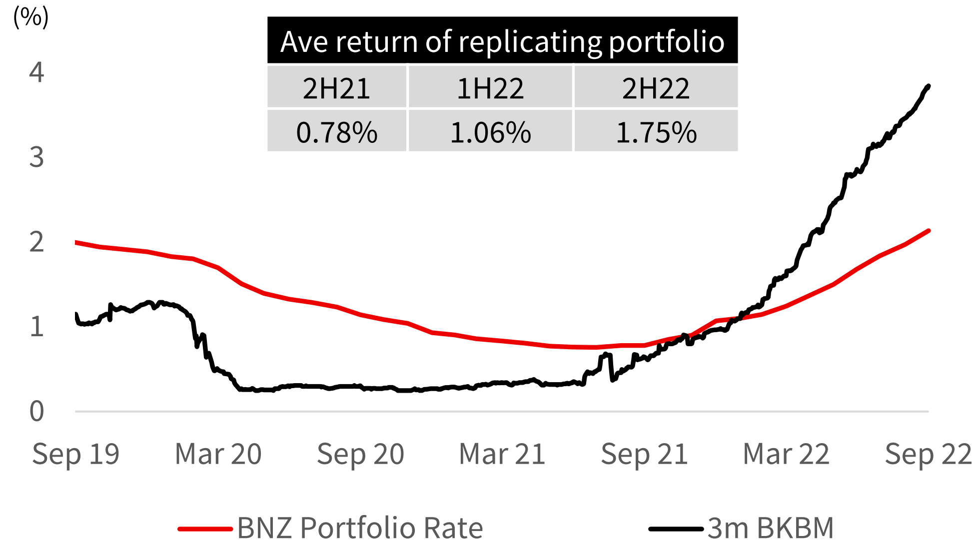


NAB replicating portfolios[1]



Ave return of replicating portfolio		
2H21	1H22	2H22
0.75%	0.75%	1.05%

BNZ replicating portfolios[3]

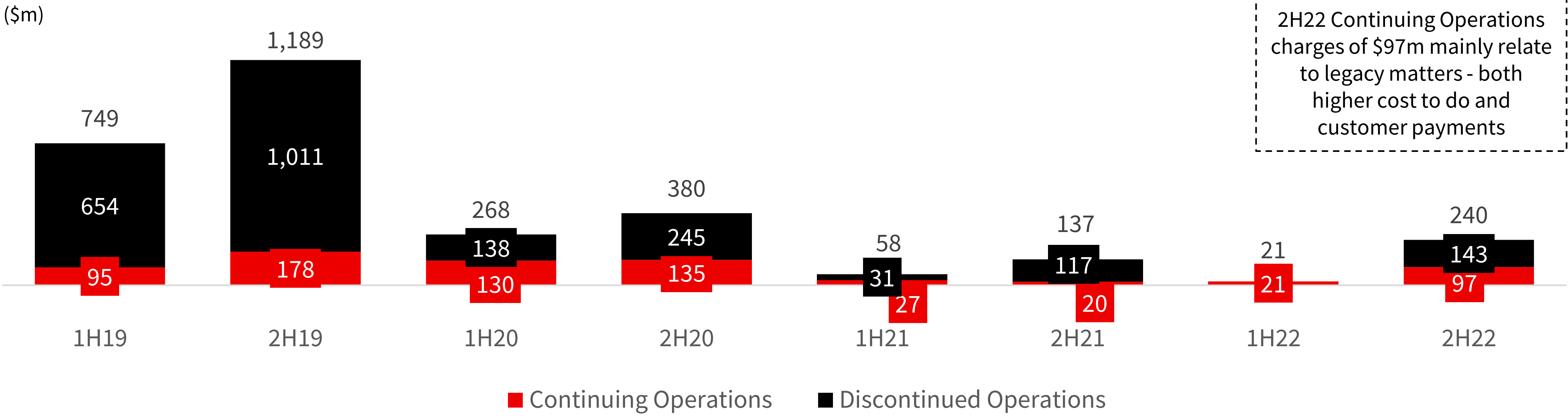


Ave return of replicating portfolio		
2H21	1H22	2H22
0.78%	1.06%	1.75%

(1) Blended replicating portfolio (Australia only). Replicating portfolio includes capital, non-interest bearing and rate insensitive deposits
(2) AUD Swap Rates sourced from Bloomberg and NZD Swap Rates sourced from Reuters
(3) Blended replicating portfolio (New Zealand only). Replicating portfolio includes capital, non-interest bearing and rate insensitive deposits

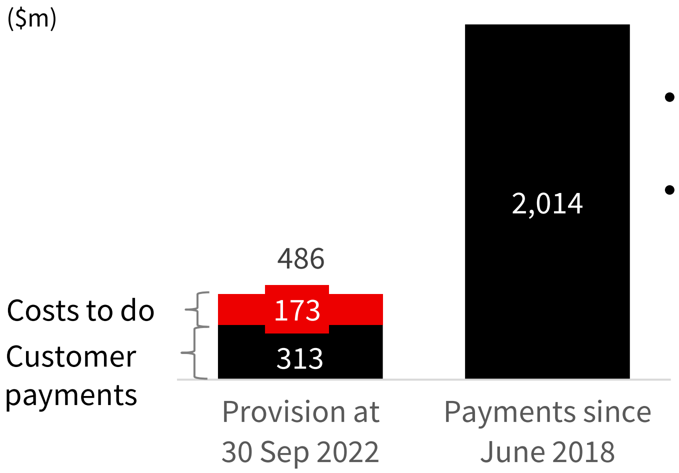
Customer-related and payroll remediation

Customer-related remediation provision charges[1]



2H22 Continuing Operations charges of $97m mainly relate to legacy matters - both higher cost to do and customer payments

Customer-related remediation provisioning and utilisation



- >896 colleagues dedicated to remediation activities
- >1.95m payments to customers since June 2018 totalling $2,014m – up 56% from FY21

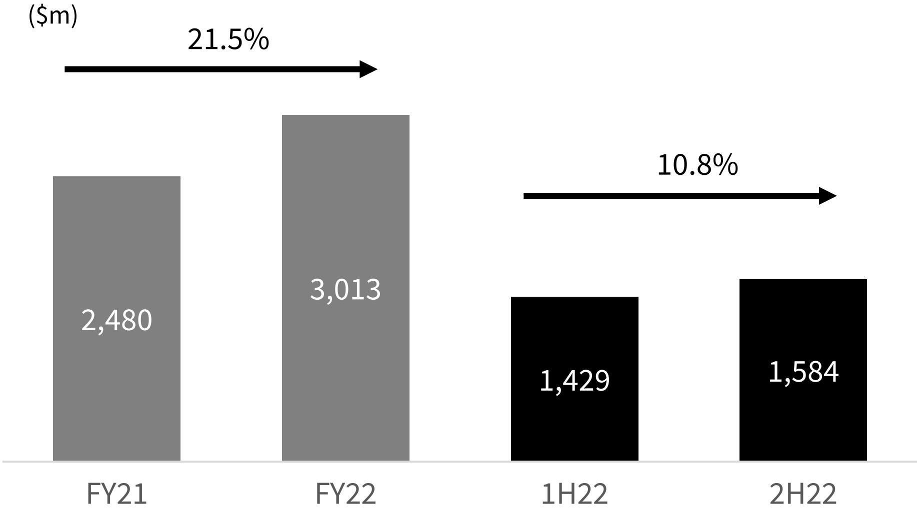
Payroll remediation

- Program expected to be materially completed in CY22
- 2H22 provision top-up of $72m (of which $17m for Discontinued Operations) for revised estimates to existing matters
- $131m payments to colleagues made

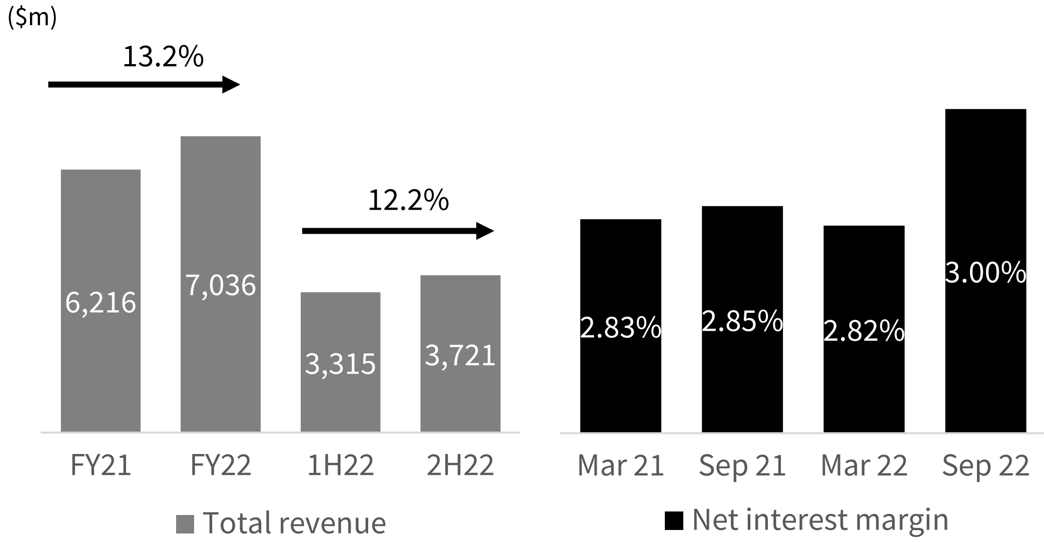
(1) Charges were included as large notable items in FY19 and FY20. Charges are shown pre-tax and include both operating expenses and contra revenue amounts; 1H19 and 2H19 have been restated for the presentation of MLC Wealth as a discontinued operation

Business and Private Banking

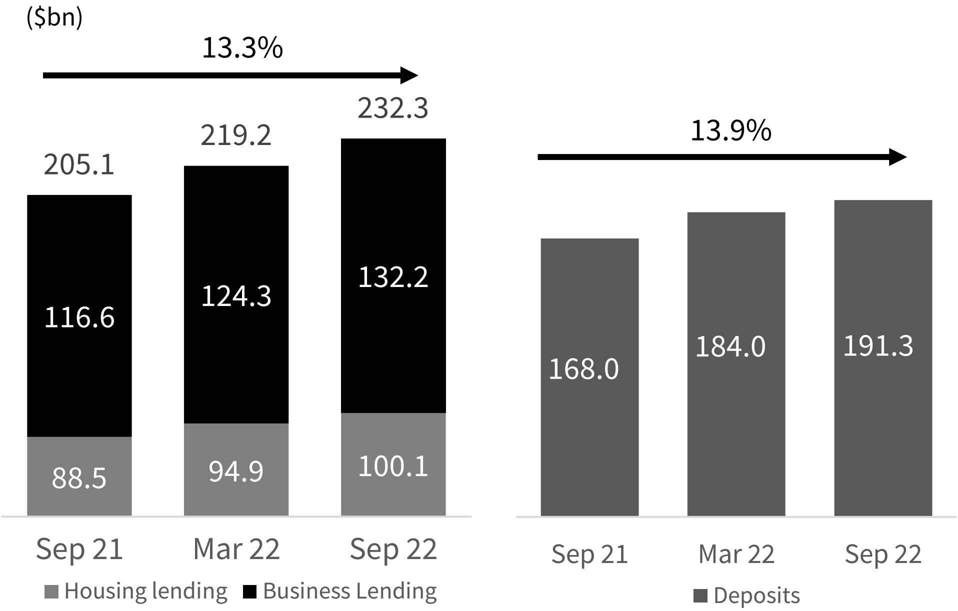
Cash earnings



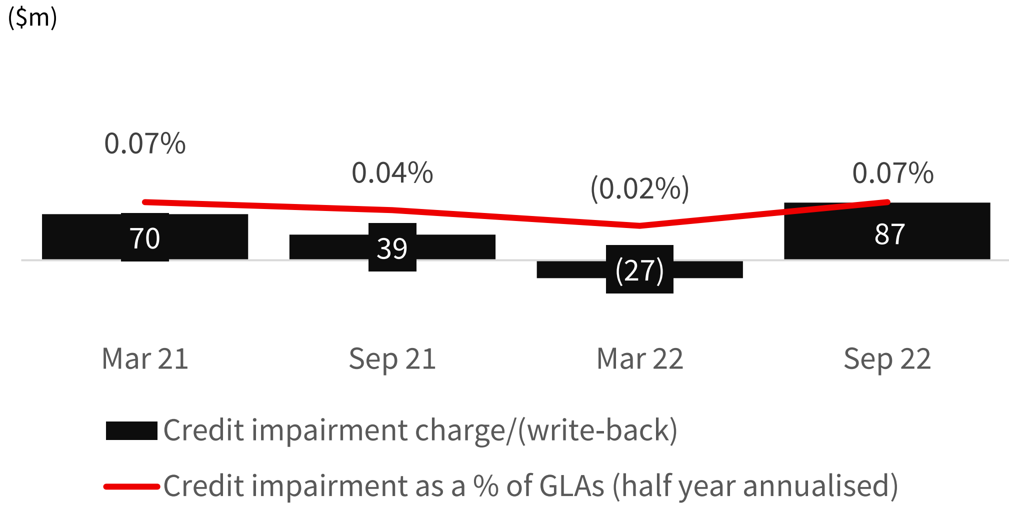
Revenue and margin



Business and housing lending GLAs and deposits

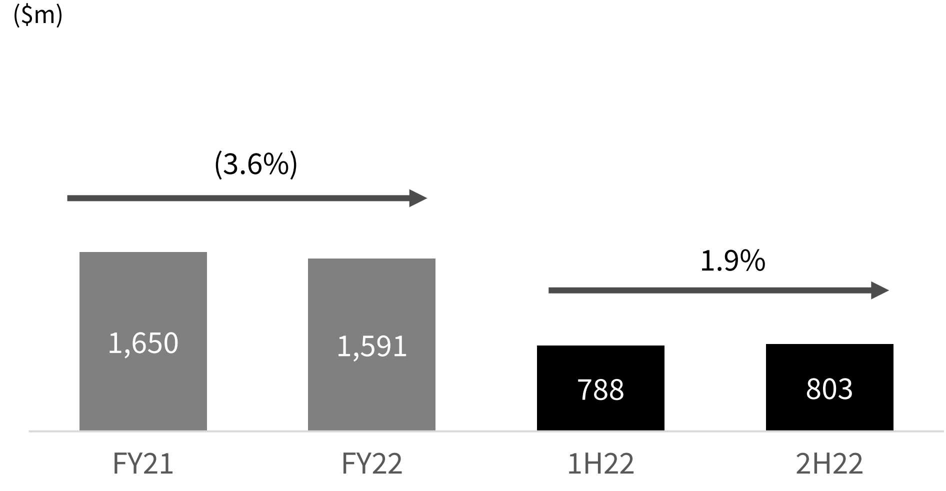


Credit impairment charges and as a % of GLAs

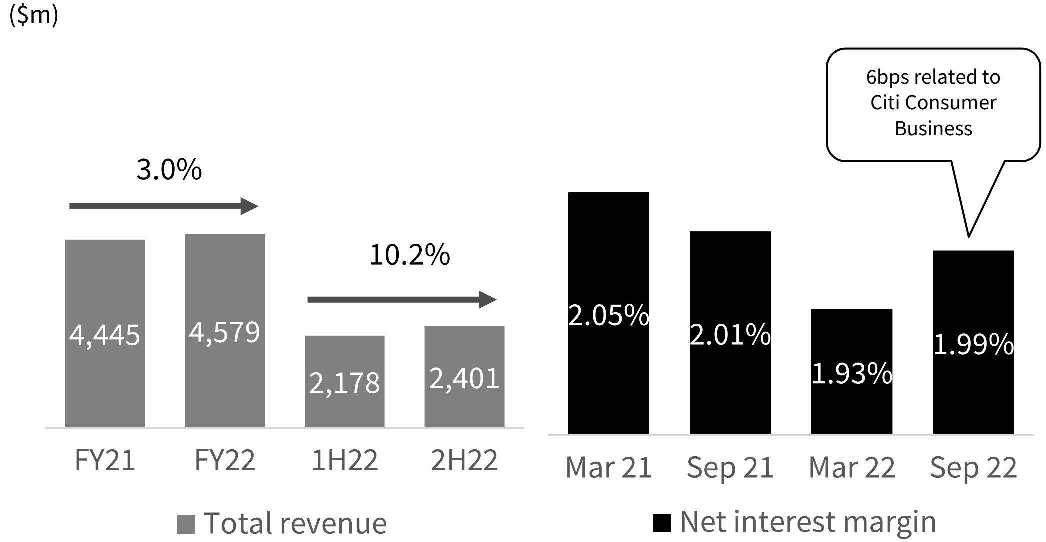


Personal Banking

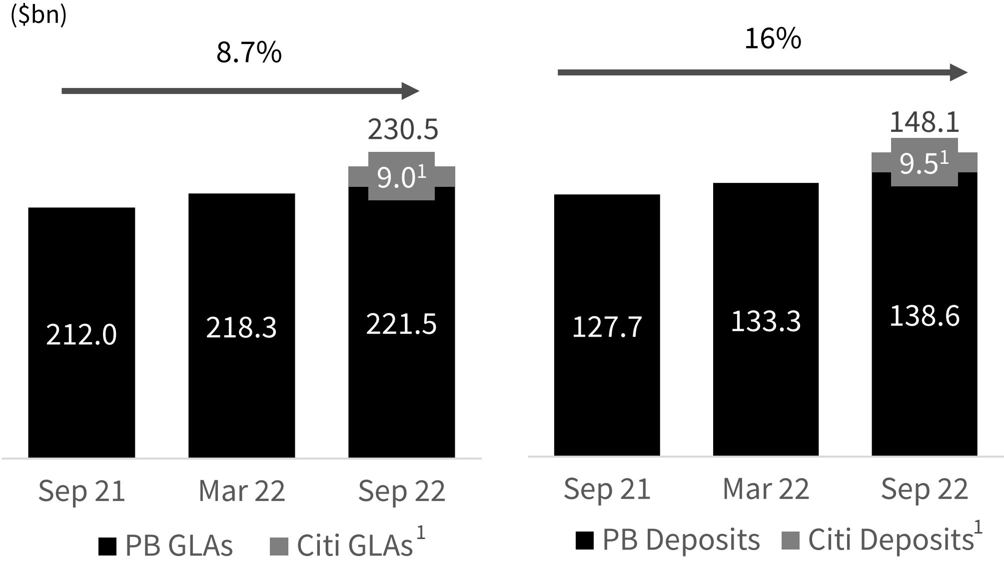
Cash earnings



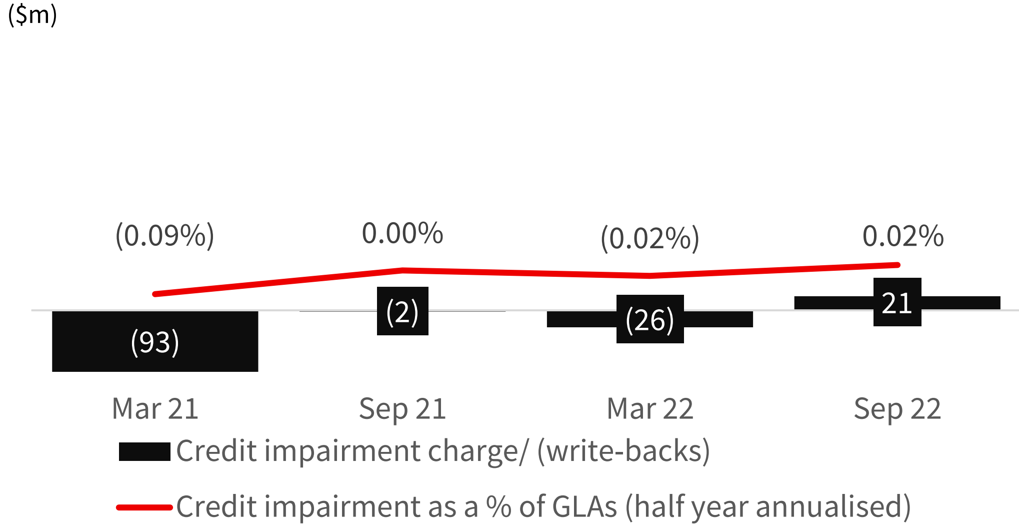
Revenue and margin



Housing lending GLAs and deposits



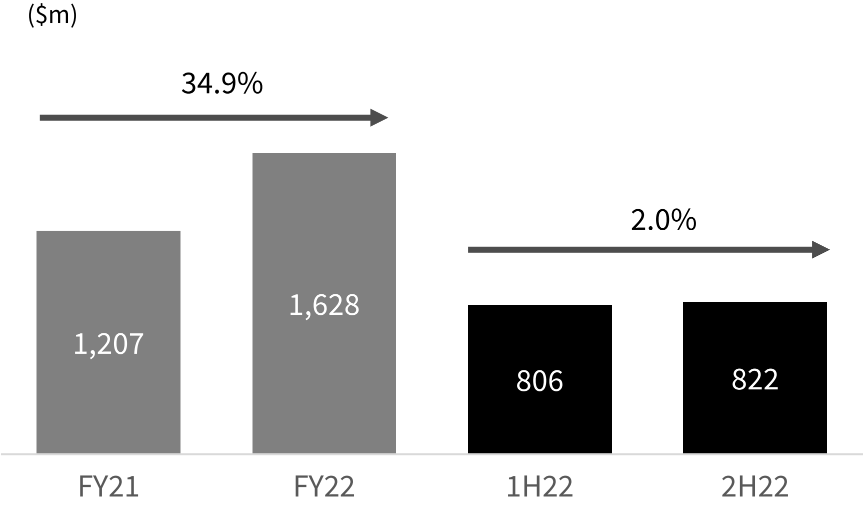
Credit impairment charges and as a % of GLAs



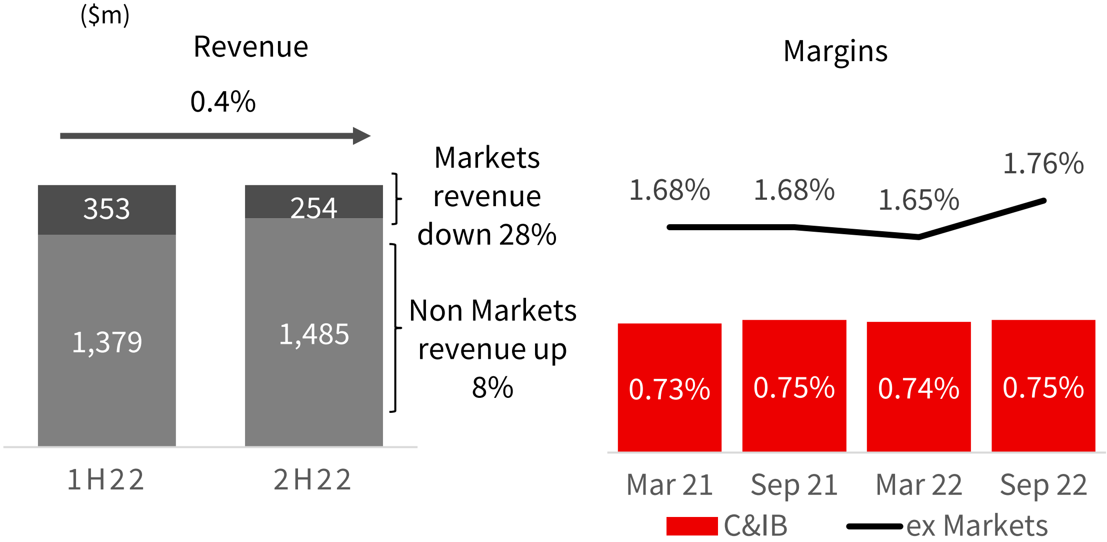
(1) Represents Citi Consumer Business balances acquired at completion on 1 June 22

Corporate and Institutional Banking

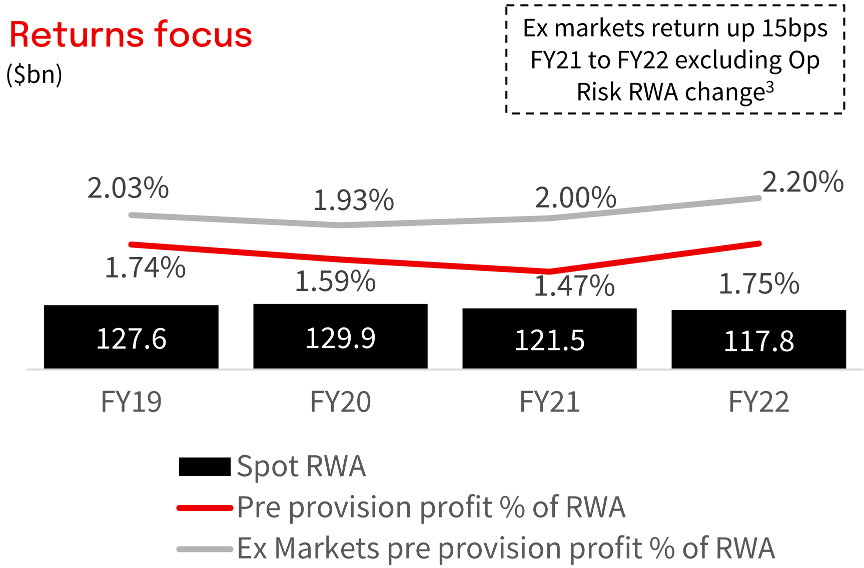
Cash earnings



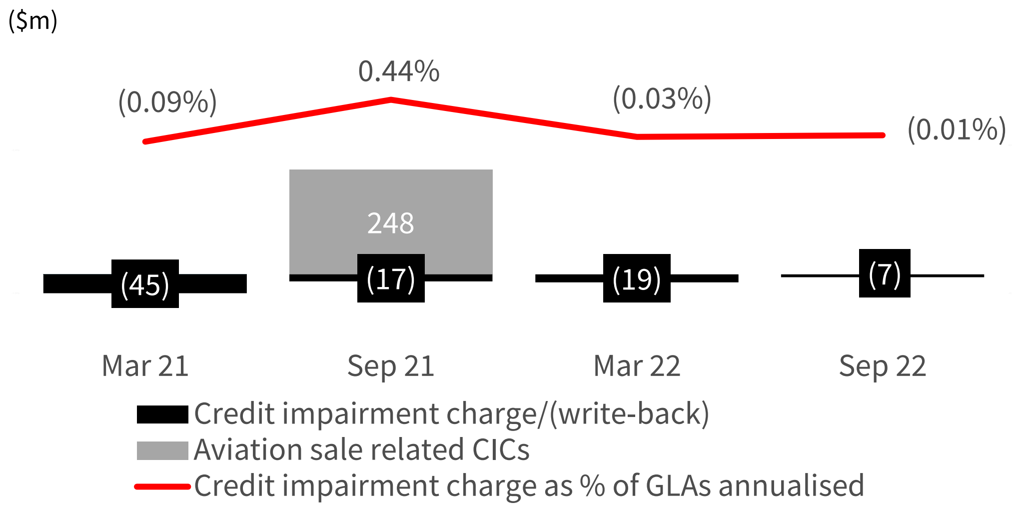
Margins and revenue breakdown



Returns focus



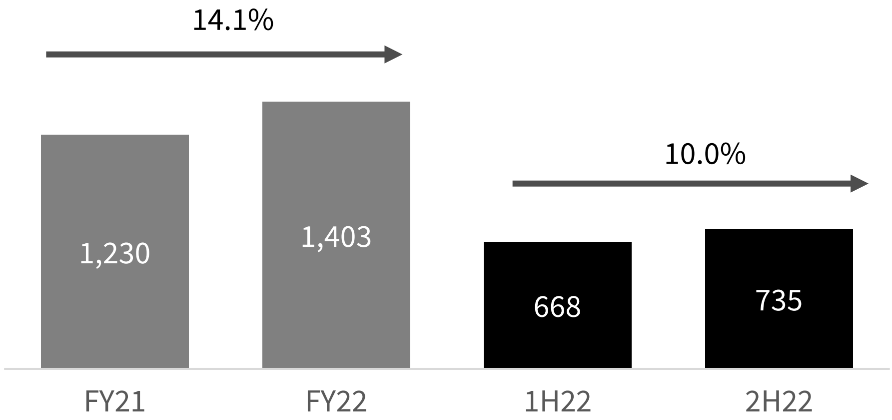
Credit impairment charges and as a % of GLAs



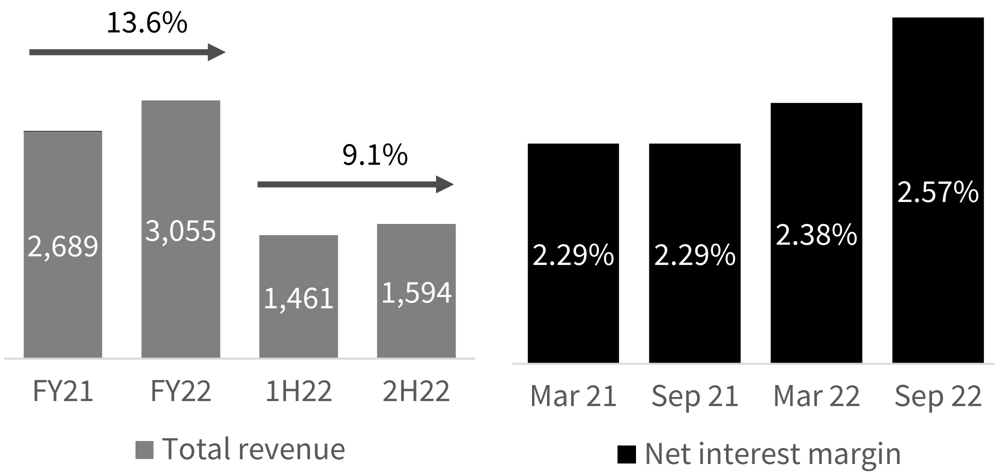
(1) Markets revenue represents Customer Risk Management revenue and NAB Risk Management Revenue. Includes derivative valuation adjustments
(2) Ex Markets pre provision profit % of RWA excludes Markets pre provision profit and average RWA
(3) Ex Markets Operational Risk RWA reduced $2.3bn Sep 21 to Mar 22 related to NAB's early adoption of APRA's Standardised Measurement Approach to Operational Risk and change in divisional allocation of Group Operational Risk RWA

New Zealand Banking

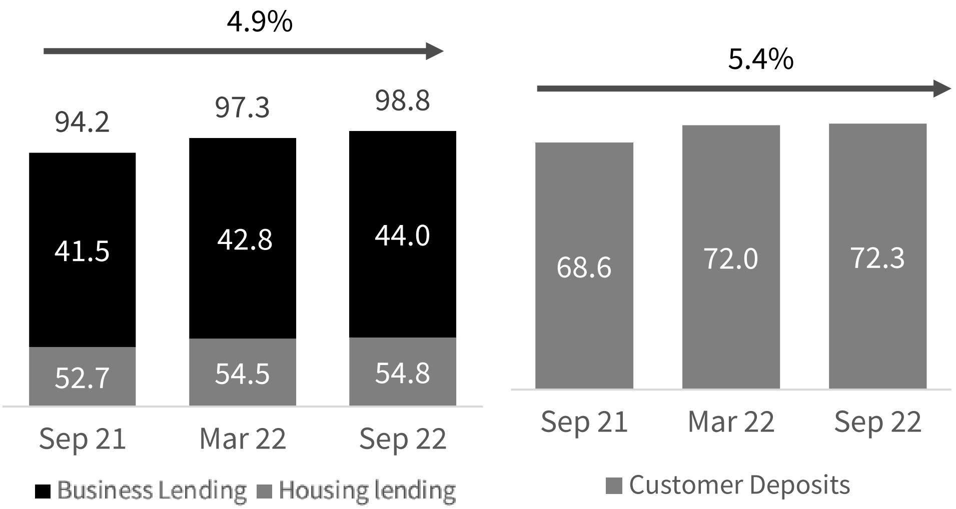
Cash earnings
(NZ$m)



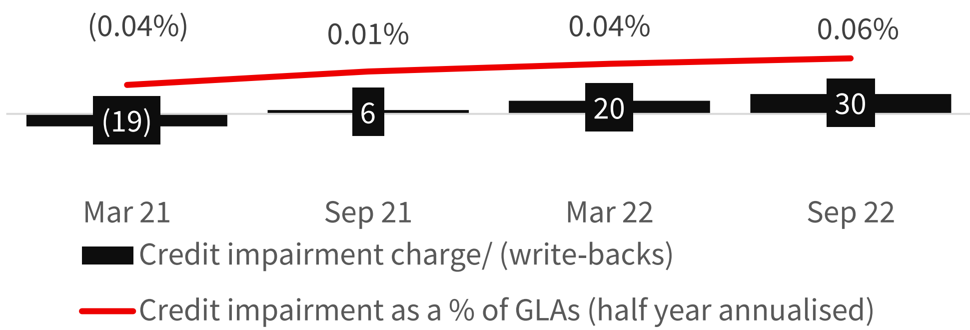
Revenue and margin
(NZ$m)



Business and housing lending GLAs
(NZ$bn)



Credit impairment charges and as a % of GLAs
(NZ$m)



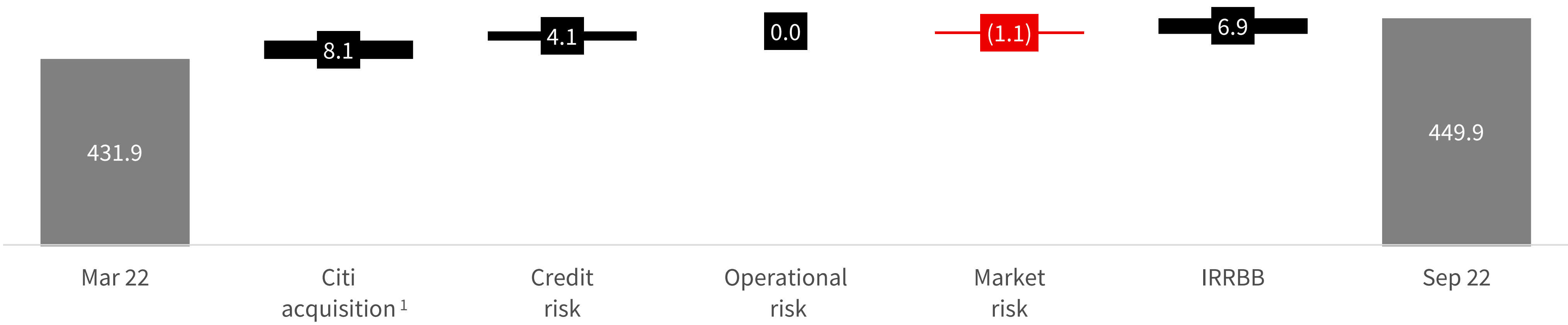
Additional information

Capital, Funding & Liquidity

Risk weighted assets

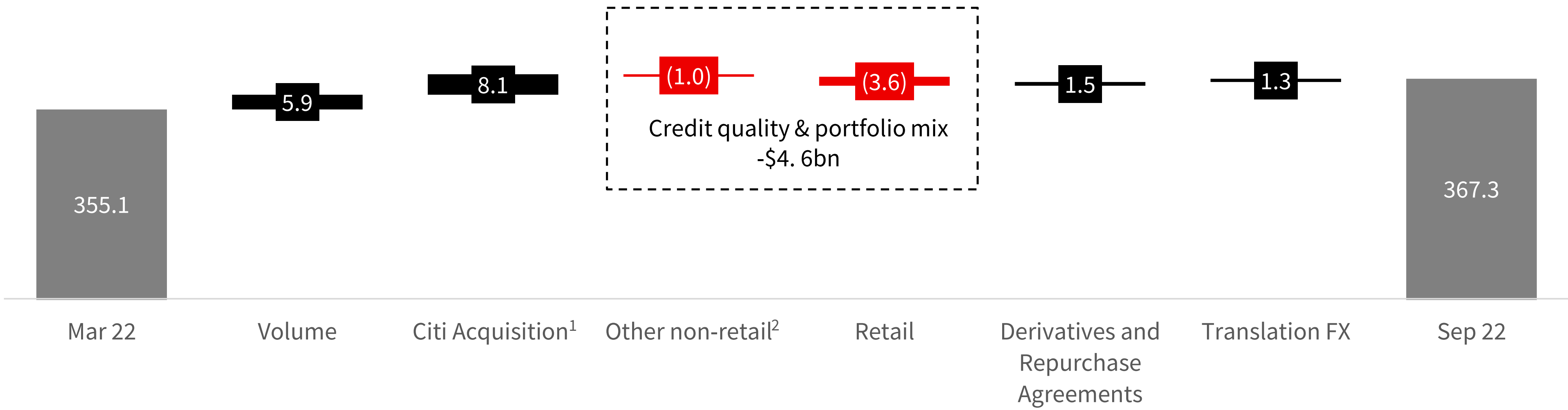
Total risk weighted assets

($bn)



Credit risk weighted assets

($bn)



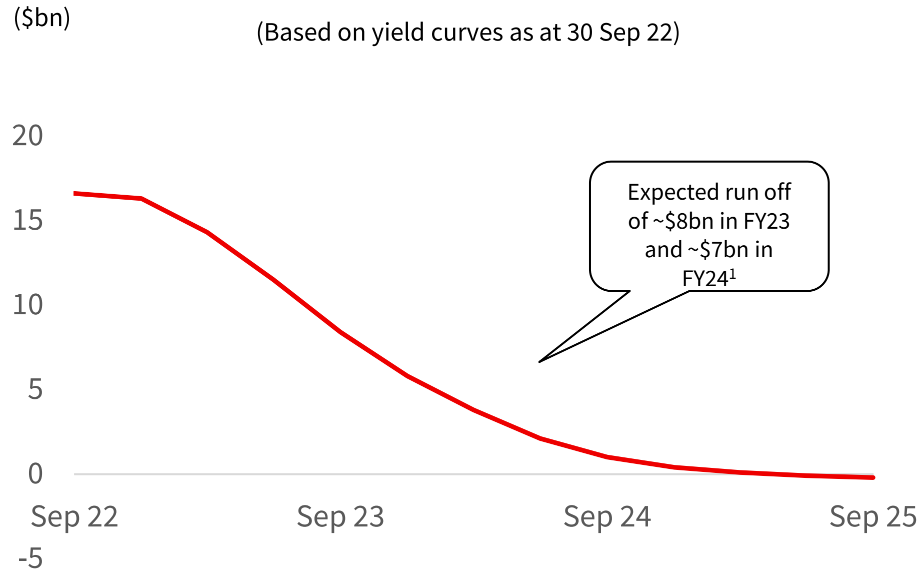
(1) Credit RWA impacts of Citi Consumer Business acquisition
(2) Includes changes in quality, portfolio mix and maturity

IRRBB risk weighted assets

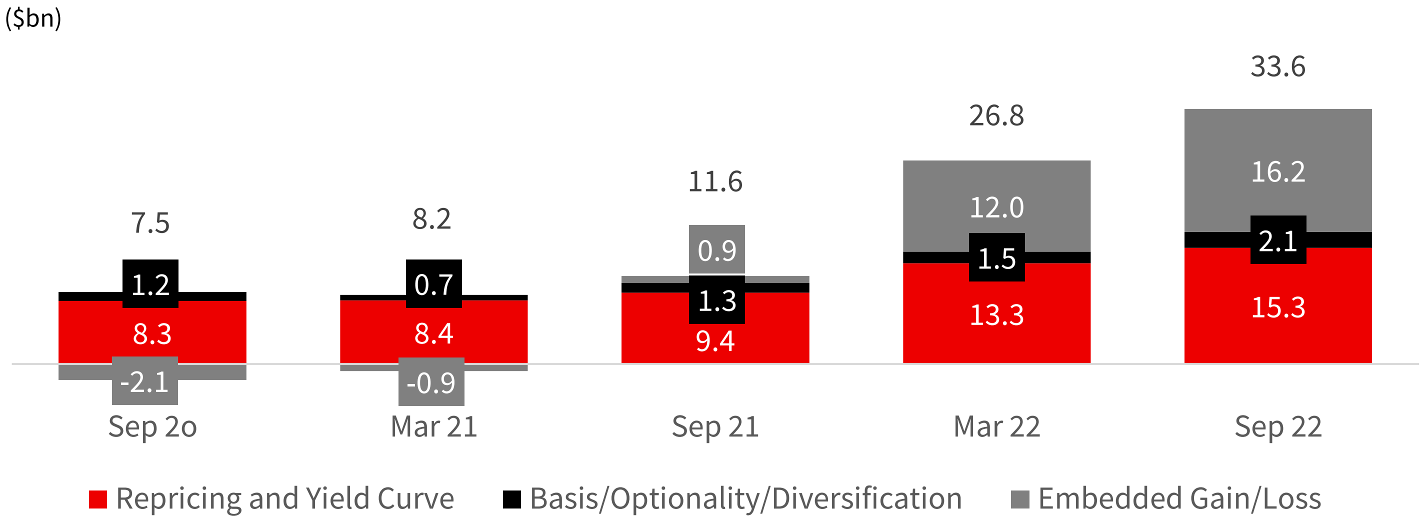
Key messages

- The Investment Term of Capital (IToC) smooths the impact of interest rate volatility on NAB's NIM and earnings profile. NAB currently applies a 3 year IToC
- IRRBB regulatory capital is calculated based on comparison to a 1 year investment term
- As swap rates have risen this has created a $16.2bn RWA requirement related to embedded losses (~45bps of CET1)
- This requirement is expected to largely unwind over the next two years based on current market pricing
- Repricing and yield curve RWA increases due to rate volatility expected to remain steady

Embedded Gain/Loss RWA Run off profile



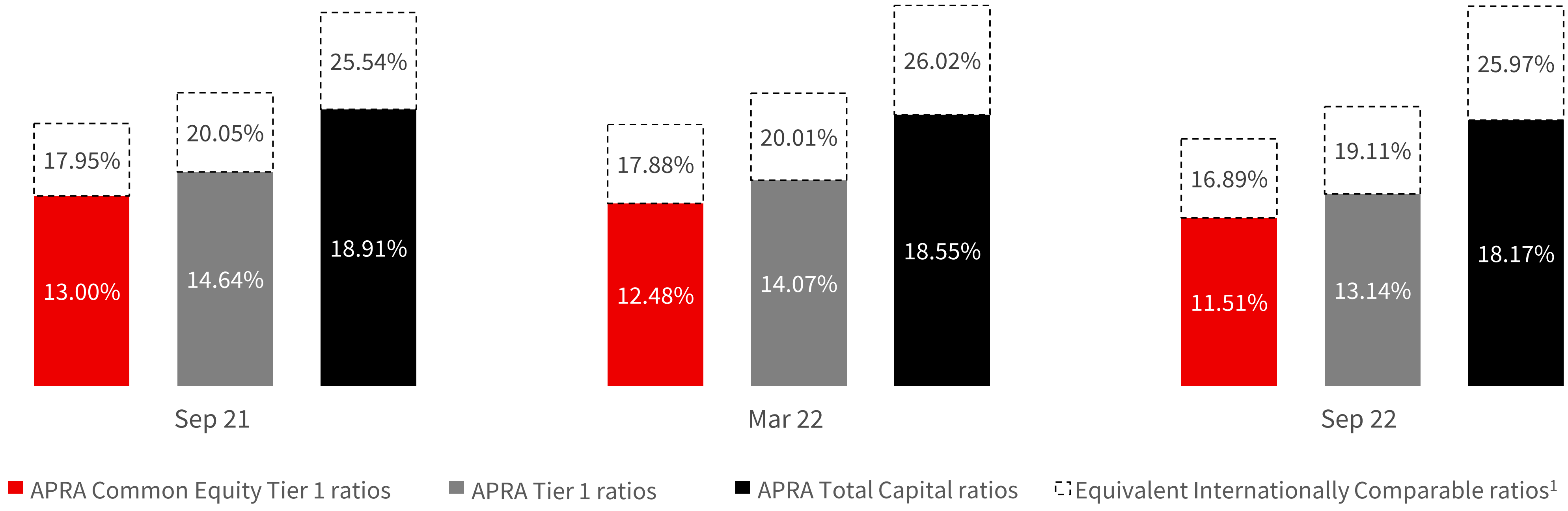
IRRBB risk weighted assets



Key Sensitivity for Embedded gains/loss:
+/- 10bps swap rates = $0.5bn IRRBB RWA

(1) Refer to key risks, qualifications and assumptions in relation to forward looking statements on slides 74 - 76

Group Basel III Capital Ratios



APRA to Internationally Comparable CET1 Ratio Reconciliation	**CET1**
Group CET1 ratio under APRA	11.51%
APRA's Basel capital adequacy standards require a 100% deduction from common equity for deferred tax assets, investments in non-consolidated subsidiaries and equity investments. Under Basel Committee on Banking Supervision (BCBS) such items are concessionally risk weighted if they fall below prescribed thresholds	+65bps
Mortgages – reduction in loss given default floor from 20% to 15% and adjustment for correlation factor	+172bps
Interest rate risk in the banking book (IRRBB) – removal of IRRBB risk weighted assets from Pillar 1 capital requirements	+124bps
Other adjustments including corporate lending adjustments and treatment of specialised lending	+177bps
Group Internationally Comparable CET1	16.89%

(1) Internationally Comparable CET1 ratios align with the APRA study entitled "International capital comparison study" released on 13 July 15

Key regulatory changes impacting capital and funding

Change	2HCY22	CY23	CY24	CY25	CY26
Capital Adequacy (APS 110)		Implementation			
Credit Risk (APS 112/113)		Implementation			
Operational Risk (APS 115) (implemented) [1]					
Market Risk (APS 116)		Finalise		Implementation	
Counterparty Credit Risk (APS 180)	Consult	Finalise		Implementation	
Interest Rate Risk in the Banking Book (APS 117)			Implementation		
Public Disclosures (APS 330)	Finalise		Implementation		
Credit Risk Management (APS 220) (implemented)[2]					
Loss-Absorbing Capacity			Implementation[3]		Implementation[3]
Remuneration (CPS 511)		Implementation			
Recovery and Resolution (CPS 190, CPG 900)	Consult	Finalise	Implementation		

APRA's revisions to ADI capital framework

- Revisions follow the 2017 APRA benchmark of 'unquestionably strong' capital ratios and APRA's discussion paper on 'a more flexible and resilient capital framework for ADIs' released in Dec 20
- Final prudential standards were released in Nov 21, with implementation from 1 Jan 23
- Reporting requirements finalised in Aug 22

APRA funding & liquidity changes

- In Sep 21, APRA announced the phasing out of the RBA's CLF by the end of Dec 22 subject to market conditions. The CLF reduction is expected to be offset by ADIs increasing holdings of HQLA. NAB's CLF is $7.8bn at 30 Sep 22
- APRA is engaging with industry on a Post Implementation Review of Basel III liquidity ratios to inform a broader review of liquidity requirements, scheduled for 2023

(1) APRA has provided Advanced Measurement Approach accredited ADIs the option to apply APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk from either 1 Jan 22 or 1 Jan 23. NAB implemented the Standardised Measurement Approach on 1 Jan 22
(2) Implemented 1 Sep 22
(3) In Dec 21, APRA finalised Loss-Absorbing Capacity requirements for D-SIBs, set as an increase to minimum Total Capital requirement of 4.5% of RWA from 1 Jan 26. D-SIBs are required to hold the interim setting of an increase to minimum Total Capital requirement of 3% of RWA by 1 Jan 24

APRA's revised capital framework– 'Unquestionably strong'

Summary

- APRA has finalised the revised ADI capital framework, with the aim to:
  - improve flexibility via increasing regulatory capital buffers.
  - implement more risk-sensitive risk-weights.
  - enhance competition via a capital floor for IRB ADIs.
  - improve transparency and comparability through the disclosure of capital ratios under the standardised approach.
- Overall, the revisions will result in a decrease in risk weights, offset by higher minimum capital ratios.
- APRA's new standards for capital adequacy and credit risk capital will come into effect from 1 Jan 23.

Key changes

Mortgages

- Lower risk Owner Occupier, P&I loans attract 1.4x scalar (1.7x scalar for other mortgages)
- Advanced banks can use internal Loss Given Default (LGD) models, subject to APRA approval
- "Non-standard mortgages"[1] attract 100% RWA
- Mortgages with LVR > 80% and LMI, attract 20% discount to LGD estimates

Corporate

- 'Slotting' approach removed and replaced by IRB Corporate modelling with 1.5x scalar
- Credit Conversion Factors (CCFs) for unutilised non-retail exposures reduce from 100% to 40%
- Unsecured non-retail LGDs reduce from 60% to 50%

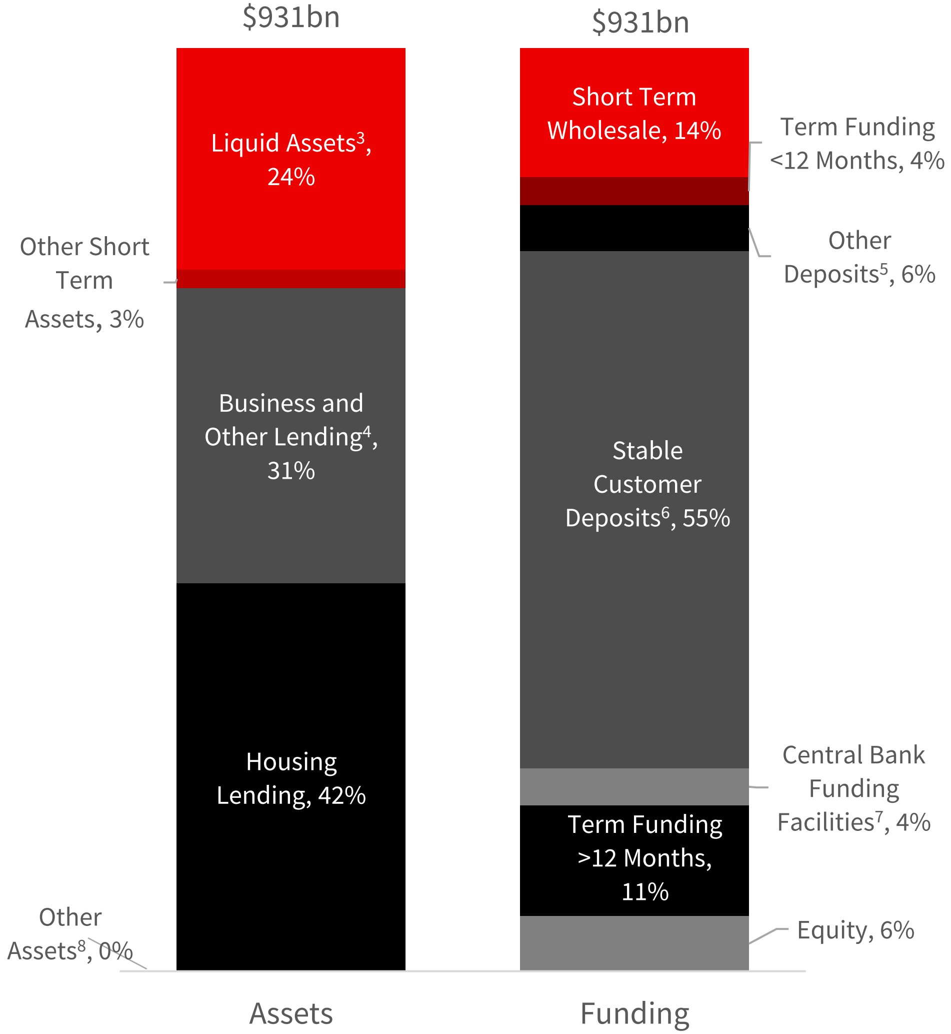
Other

- 100bps baseline setting for the Countercyclical Capital Buffer
- 475bps setting for Capital Conservation Buffers for D-SIB ADIs
- Therefore, minimum regulatory capital inclusive of buffers for D-SIB ADIs will increase to 10.25%[2]
- Operational Risk measurement moves to Standardised Measurement Approach (SMA)[3]
- RBNZ capital rules begin to apply for New Zealand credit risk exposures from 1 Jan 23 with APRA adjustments and floor

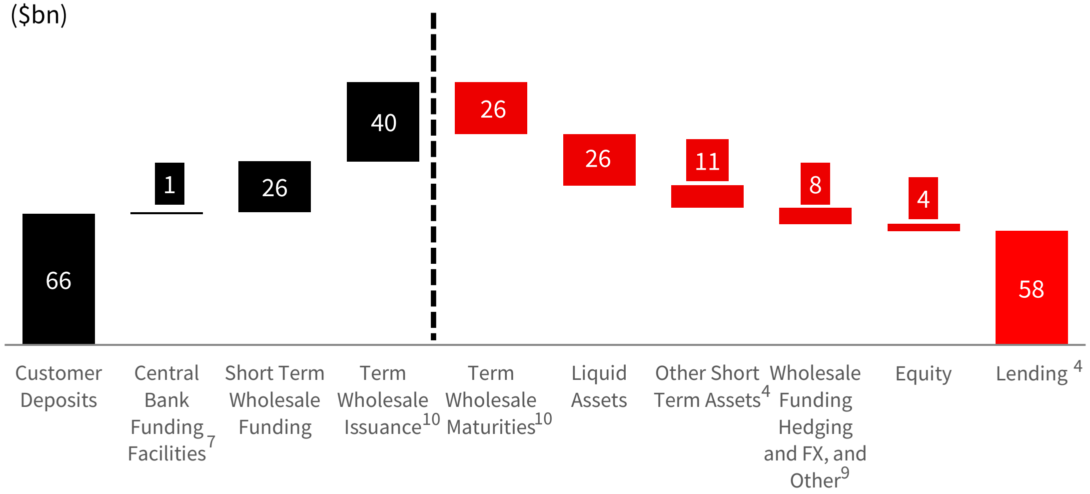
(1) Non standard mortgages are classified as mortgages with both an interest-only period of 5 years or more and an LVR above 80%
(2) APRA has noted their expectation that ADIs will operate within the regulatory buffer range in periods of stress
(3) APRA has provided Advanced Measurement Approach accredited ADIs the option to apply APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk from either 1 Jan 22 or 1 Jan 23. NAB implemented the Standardised Measurement Approach on 1 Jan 22

Asset Funding[1]

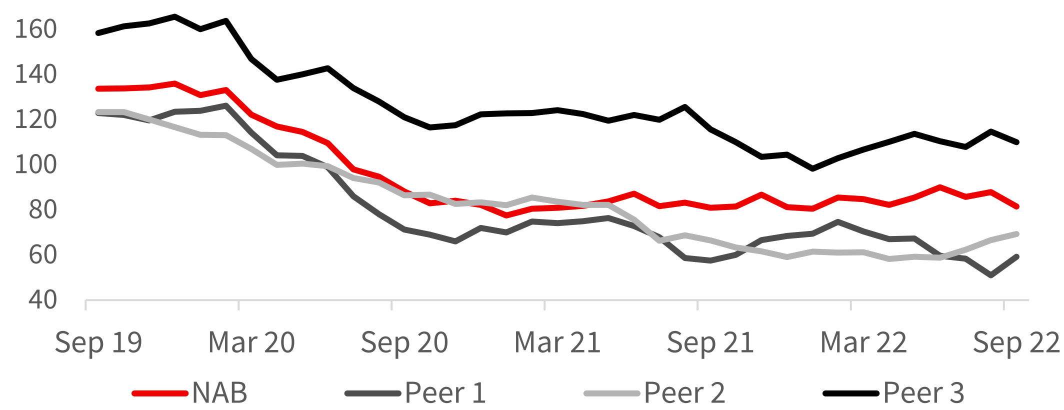
Funded balance sheet[2]



Source and use of funds, 12 months to 30 Sep 22



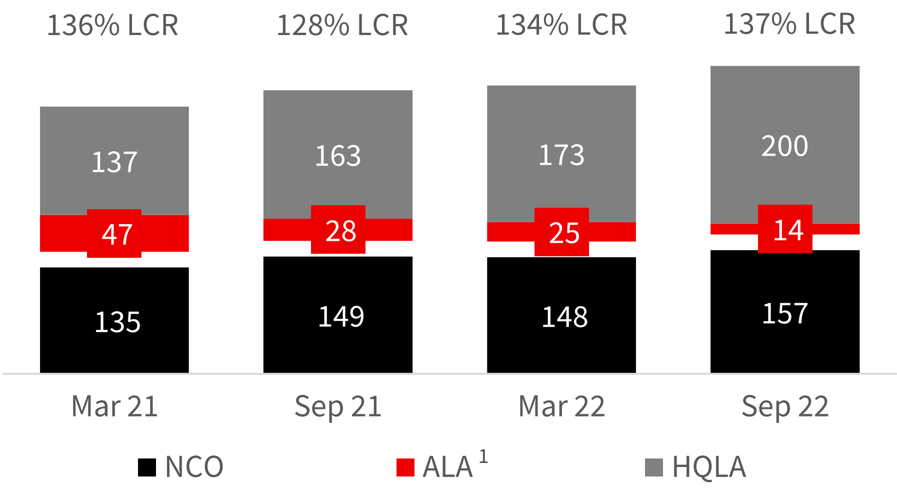
Australian core funding gap[11,12]



(1) All charts include Citi Consumer Business acquisition
(2) Excludes repurchase agreements as they do not provide net funding
(3) Market value of marketable securities including HQLA, non-HQLA securities and commodities
(4) Trade finance loans are included in other short-term assets, instead of business and other lending
(5) Includes non-operational financial institution deposits and certain offshore deposits as defined in APRA standard APS 210 *Liquidity*
(6) Includes operational deposits, non-financial corporate deposits and retail / SME deposits and excludes certain offshore deposits as defined in APRA standard APS 210 *Liquidity*
(7) Includes RBA's TFF and RBNZ's TLF and FLP
(8) The net position includes net derivatives, property, plant and equipment, all net of accruals, receivables and payables
(9) Includes the net movement of other assets and other liabilities, net derivatives, term wholesale funding hedging, fair value and FX adjustments
(10) Includes Additional Tier 1 capital instruments
(11) Australian core funding gap = Gross loans and advances plus Acceptances less Total deposits (excluding certificates of deposit)
(12) Statistics as at Sep 22

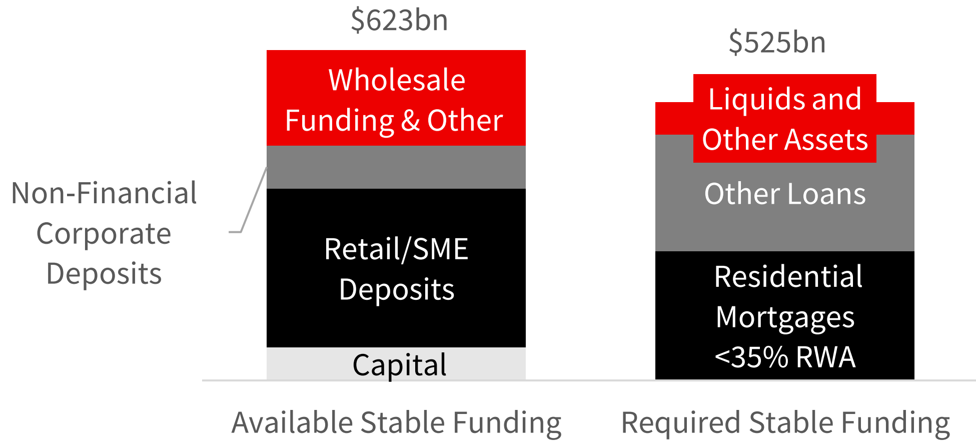
Liquidity

Liquidity coverage ratio (quarterly average)



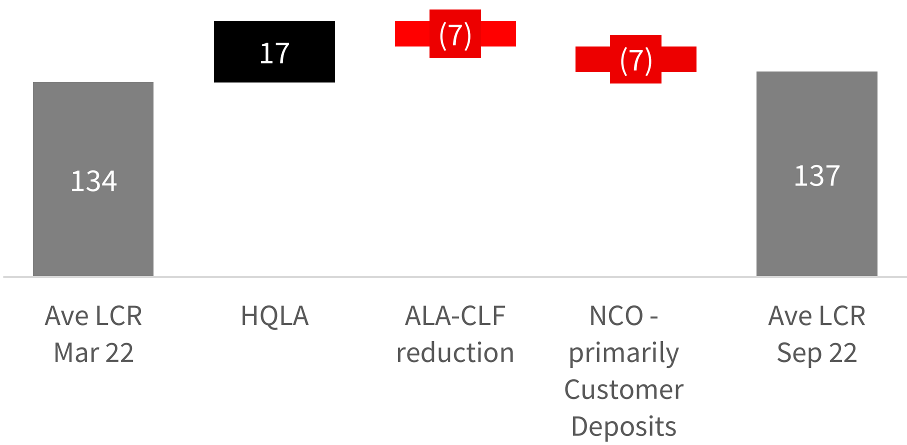
Net stable funding ratio composition

Group NSFR 119% as at 30 Sep 22



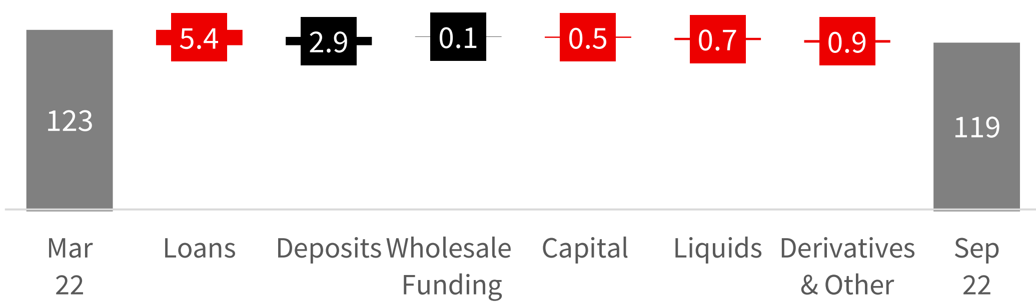
Liquidity coverage ratio movement

(%)



Net stable funding ratio movement

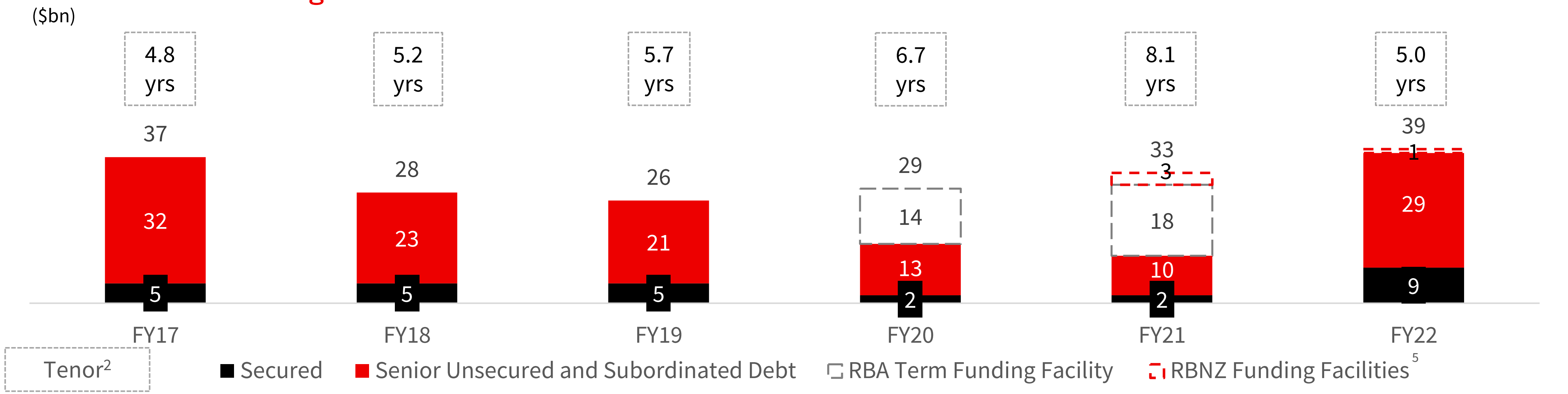
(%)



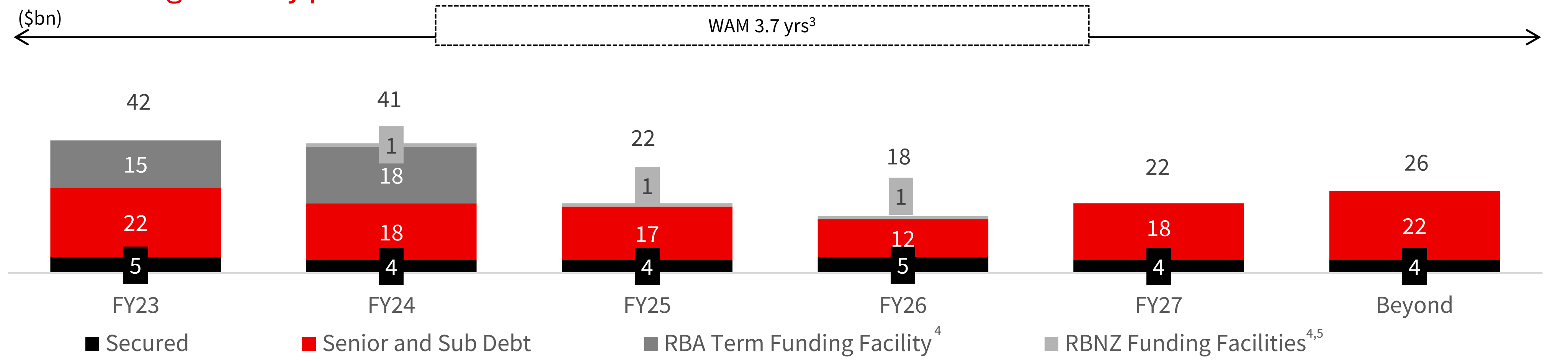
(1) CLF and TFF values used in LCR calculation are the undrawn portion of the facility
(2) Includes CLF reduction impacts

Term wholesale funding profile

Historical term funding issuance[1]



Term funding maturity profile[2]



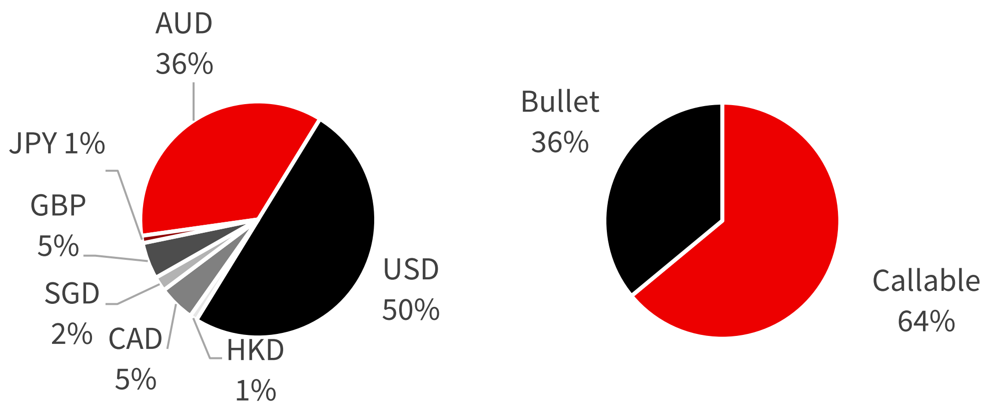
(1) Includes senior unsecured, secured (covered bonds and RMBS) and subordinated debt with an original term to maturity or call date of greater than 12 months, excludes Additional Tier 1 instruments. FX rate measured at time of issuance
(2) Weighted average maturity of new issuance, excludes Additional Tier 1, RMBS, RBA Term Funding Facility and RBNZ funding facilities
(3) Remaining weighted average maturity, excludes Additional Tier 1, RMBS, RBA Term Funding Facility and RBNZ funding facilities
(4) Contractual maturity is based on drawdown date
(5) Includes RBNZ's TLF and FLP

Loss-absorbing capacity

- Based on the Group's RWA and Total Capital position as at 30 Sep 22, NAB has met the incremental Group Total Capital requirement for Jan 24, and has a $6.6bn requirement by Jan 26
- $3.6bn of NAB's existing Tier 2 Capital has optional redemption dates prior to Jan 26, including $1.4bn before Jan 24[1]

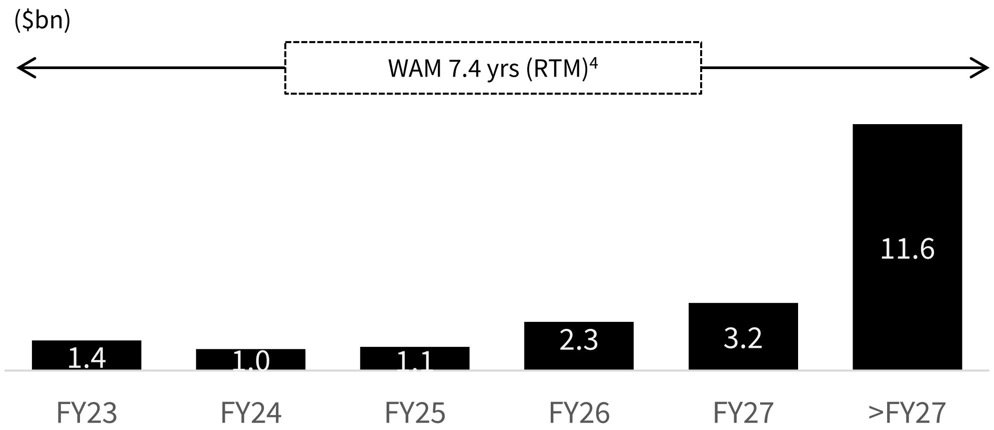
($bn)	Jan-24	Jan-26
Group RWA (at Sep 22)	449.9	449.9
Tier 2 Requirement (5.0% by Jan-24, 6.5% by Jan-26) [2]	22.5	29.2
Existing Tier 2 at Sep-22 (5.0%)	22.6	22.6
Current Shortfall	0	6.6

NAB Tier 2 outstanding issuance



APRA changes to major banks' capital structures[3]

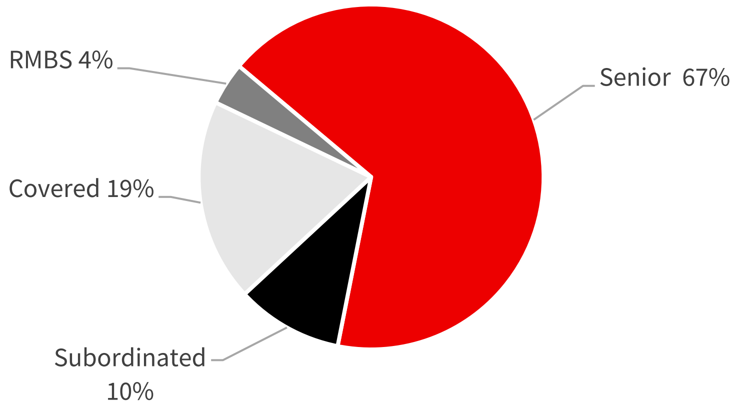
NAB Tier 2 maturities (to first call[1])



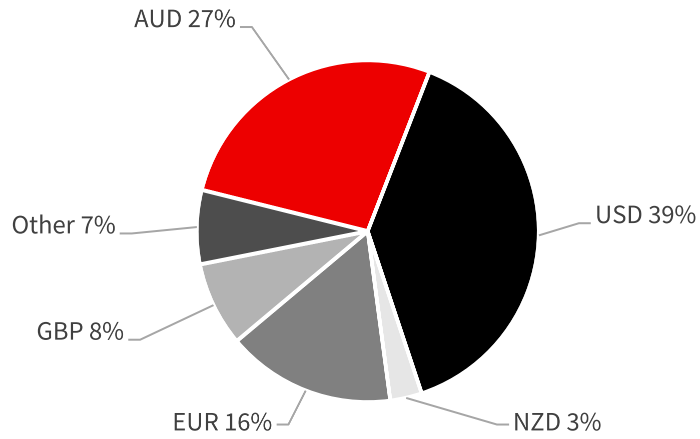
(1) Subject to the prior written approval required by APRA
(2) In Dec 21, APRA finalised Loss-Absorbing Capacity requirements for D-SIBs, set as an increase to minimum Total Capital requirement of 4.5% of RWA from 1 Jan 26. D-SIBs are required to hold the interim setting of an increase to minimum Total Capital requirement of 3% of RWA by 1 Jan 24. $1.9bn of surplus provisions are eligible for inclusion in Tier 2 Capital at 30 Sep 22
(3) Does not include changes from APRA's revised capital framework
(4) Weighted Average Maturity, based on remaining term to maturity or to first optional call date (subject to APRA approval)

Diversified & flexible term wholesale funding portfolio

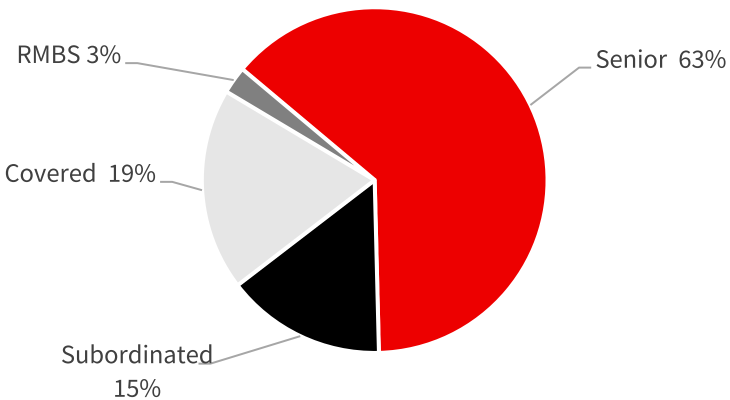
FY22 issuance by product type[1]



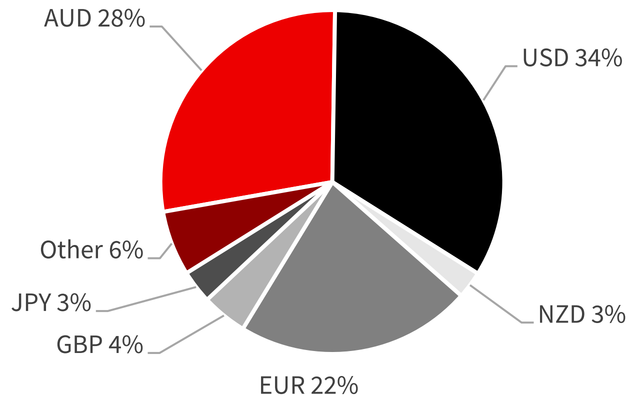
FY22 issuance by currency[1]



Outstanding issuance by product type[1]



Outstanding issuance by currency[1]



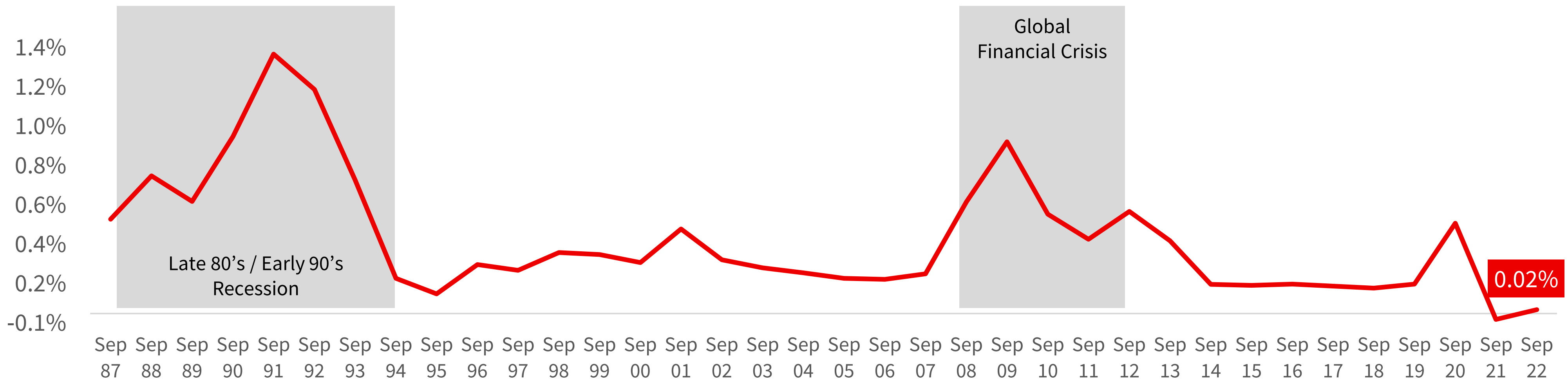
(1) Excludes Additional Tier 1, RBA Term Funding Facility and RBNZ funding facilities

Additional information

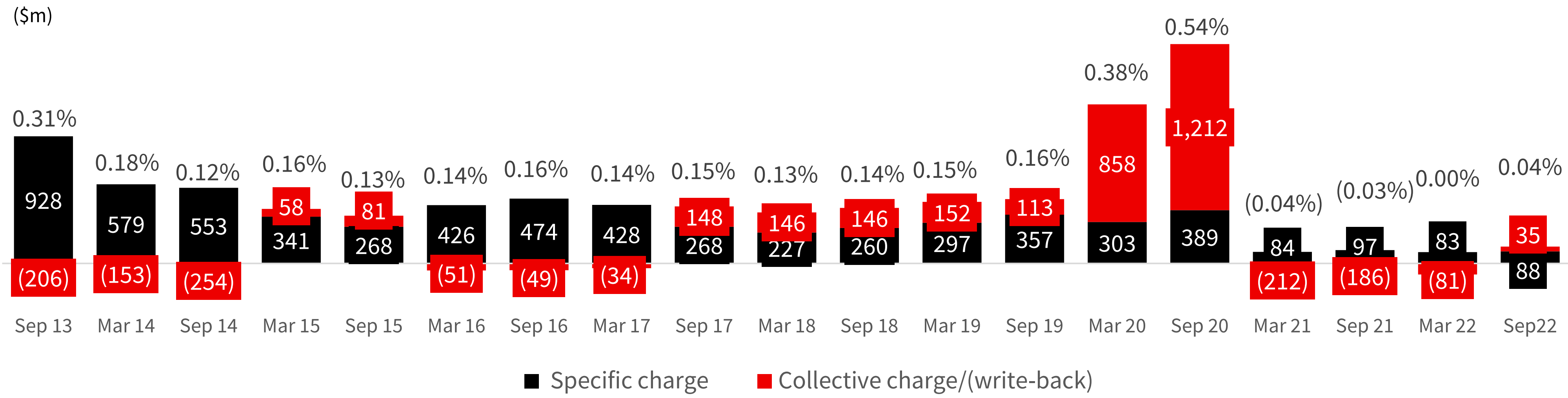
Group Asset Quality

Group credit impairment charge

Credit impairment charge as % of GLAs



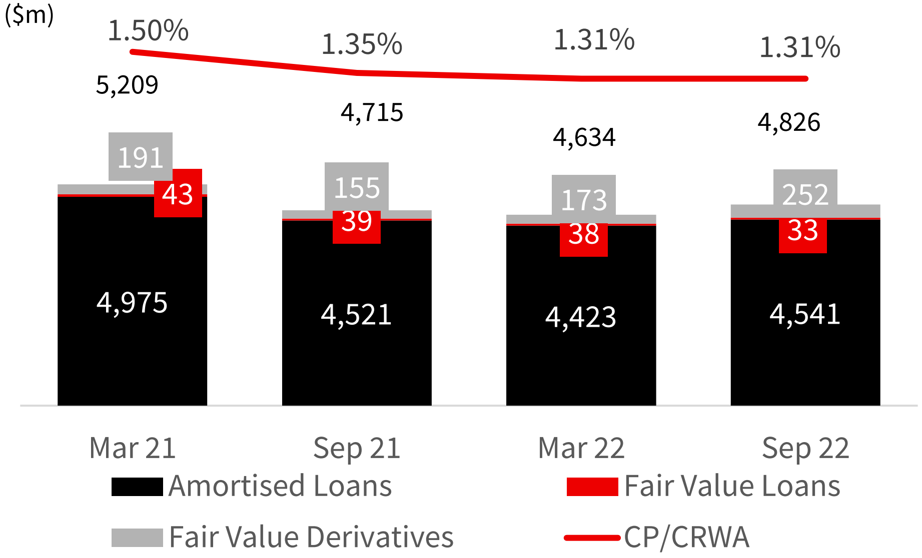
Credit impairment charge and as a % of GLAs[1]



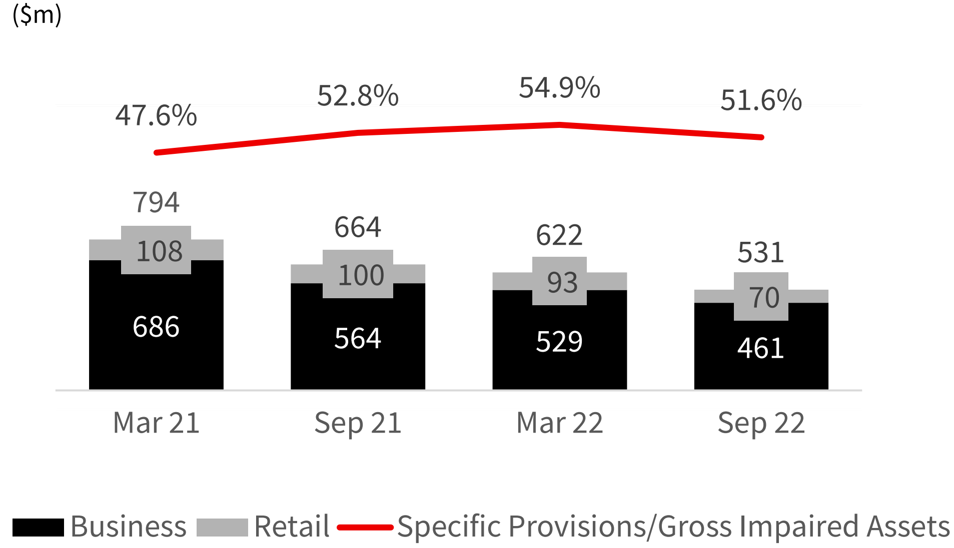
(1) Ratios for all periods refer to the half year ratio annualised

Group provisions

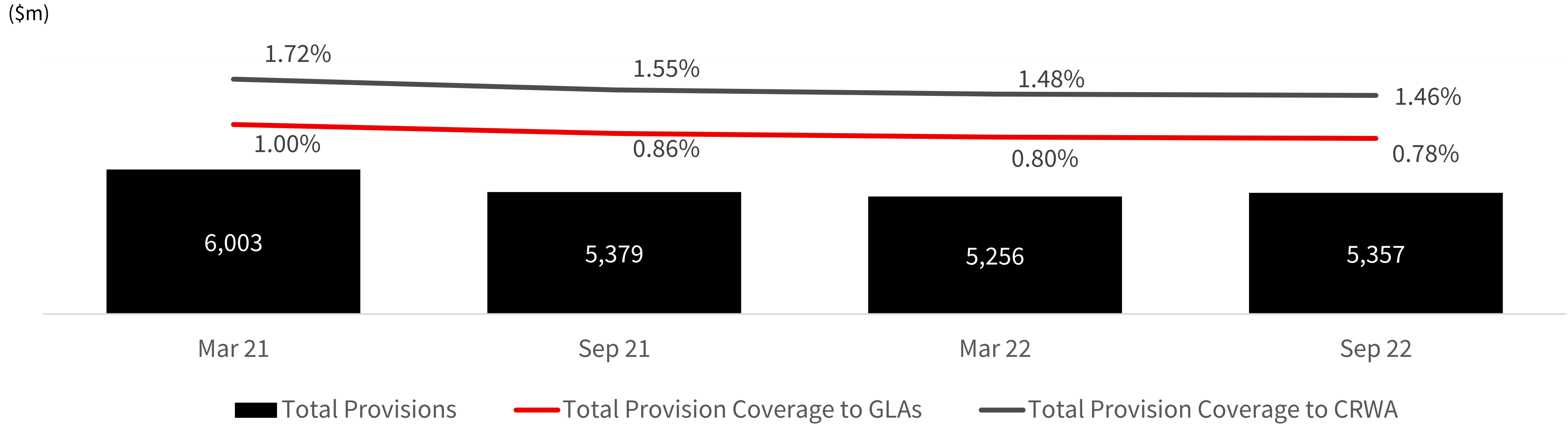
Collective provisions



Specific provisions



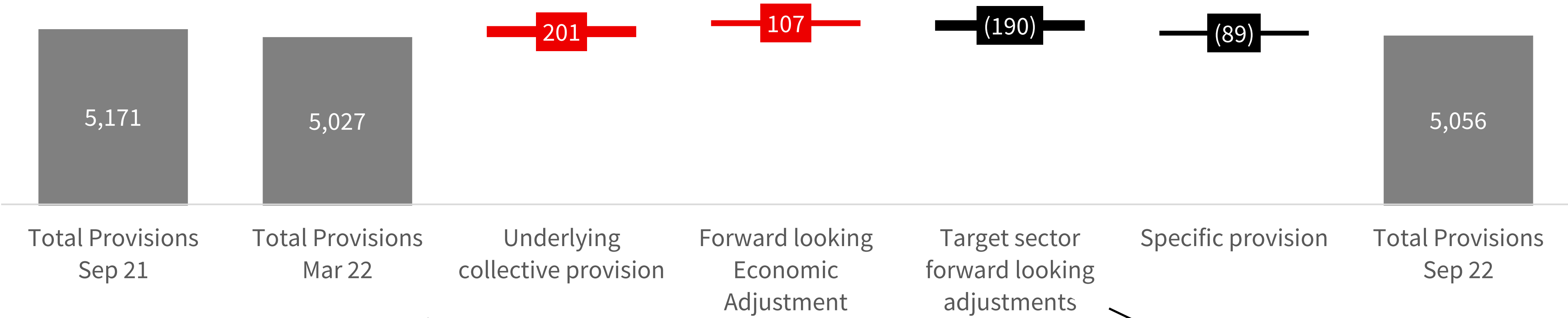
Total provisions



Provisions

Movement in provisions[1]

($m)



Underlying CP

- Model outcomes based on point-in-time data
- 2H22 increase reflects portfolio growth for Australian business lending and the acquisition of Citi Consumer Business

Economic adjustment (EA)

- Forward view of additional stress across portfolio, according to 3 probability weighted scenarios (upside, base case & downside)
- Scenarios based on forward looking macro economic data and granular PD and LGD assumptions
- EA top-up required where probability weighted EA higher over the period (and vice versa)
- 2H22 EA increase of $107m mainly reflects deterioration in the base case economic assumptions including Australian house price fall by 14.3% in 2023[2]

Target sector FLAs

- Considers forward looking stress incremental to EA changes
- $190m net release of target sector FLAs

(1) Excludes provisions on fair value loans and derivatives
(2) Australian base case weighting now 52.5% (from 57.5% at 1H22), upside weighting now 2.5% (no change from 1H22) and downside weighting now 45.0% (from 40.0% at 1H22). Collective provision EA top-up Sep 22 v Mar 22 includes $10m due to foreign exchange movements

ECL assessment

ECL scenarios & weightings

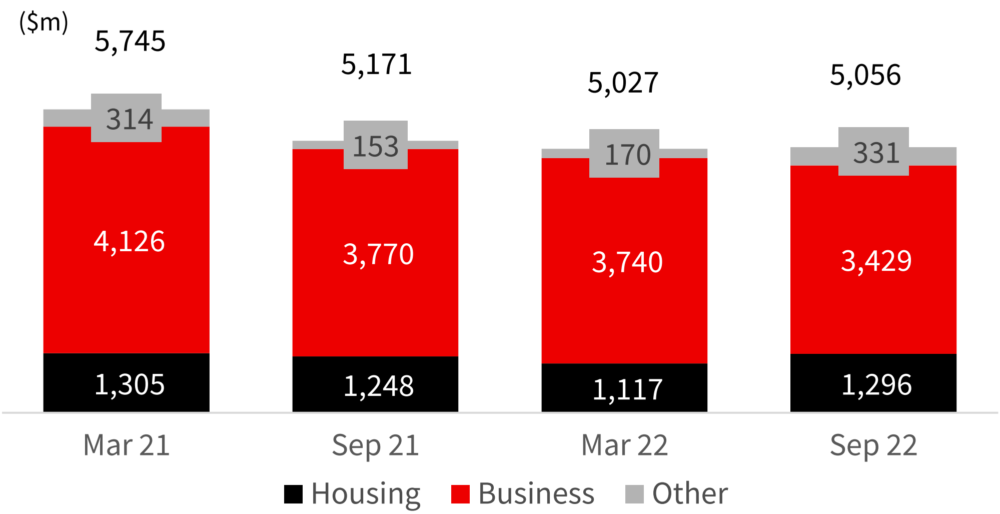
Total Provisions for ECL[1,2]			
$m	2H22 (probability weighted)	100% Base case	100% Downside
Total Group	5,056	4,292	6,008
Increase/(decrease) vs Mar 22	29	229	(439)

Macro economic scenario weightings[3]			
Australian Portfolio (%)	Upside	Base case	Downside
31 Mar 22	2.5	57.5	40.0
30 Sep 22	2.5	52.5	45.0

Key considerations

- Increase in ECL vs Mar 22 includes growth in the Australian business lending portfolio, the acquisition of the Citi Consumer Business and deterioration in the base case economic variables
- $89m SP reduction due to work-outs and low levels of new impairments
- $190m release from target sector FLAs
- $107m EA top up mainly reflecting increased stress in base case economics, including a reduction of 14.3% for Australian house prices in 2023

Total provisions for expected credit losses[1]

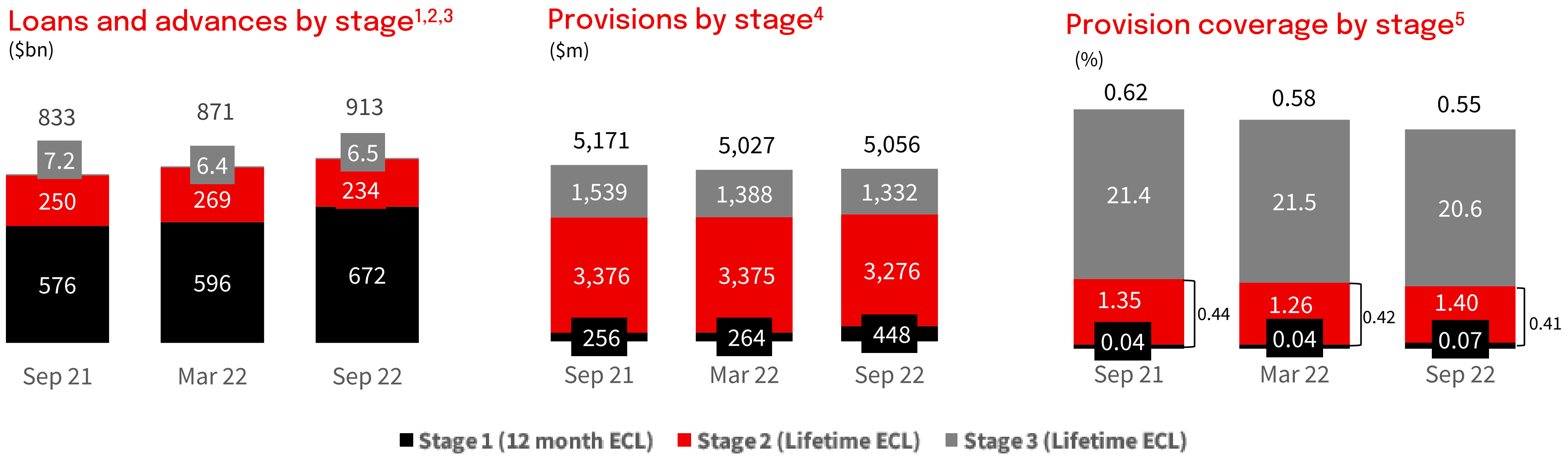


Economic assumptions

Australian economic assumptions considered in deriving ECL						
	Base case			Downside		
%	**FY23**	**FY24**	**FY25**	**FY23**	**FY24**	**FY25**
GDP change YoY	1.7	1.7	2.3	(4.4)	0.8	2.7
Unemployment	4.0	4.2	4.2	8.5	10.1	9.7
House price change YoY[4]	(14.3)	3.0	3.0	(21.9)	(10.4)	1.5

(1) ECL excludes provisions on fair value loans and derivatives. Sep 22 total provisions for Housing and Other includes the impact of the Citi Consumer Business acquisition
(2) Scenarios, prepared for purposes of informing forward looking provisions, rely on NAB Economics modelling and management judgement
(3) There is no change to the scenario weightings for New Zealand portfolio during 2H22. At Sep 22, these weightings are consistent with the Australian portfolio
(4) House price change in addition to 5% decline to Sep 022

ECL provisioning by stages



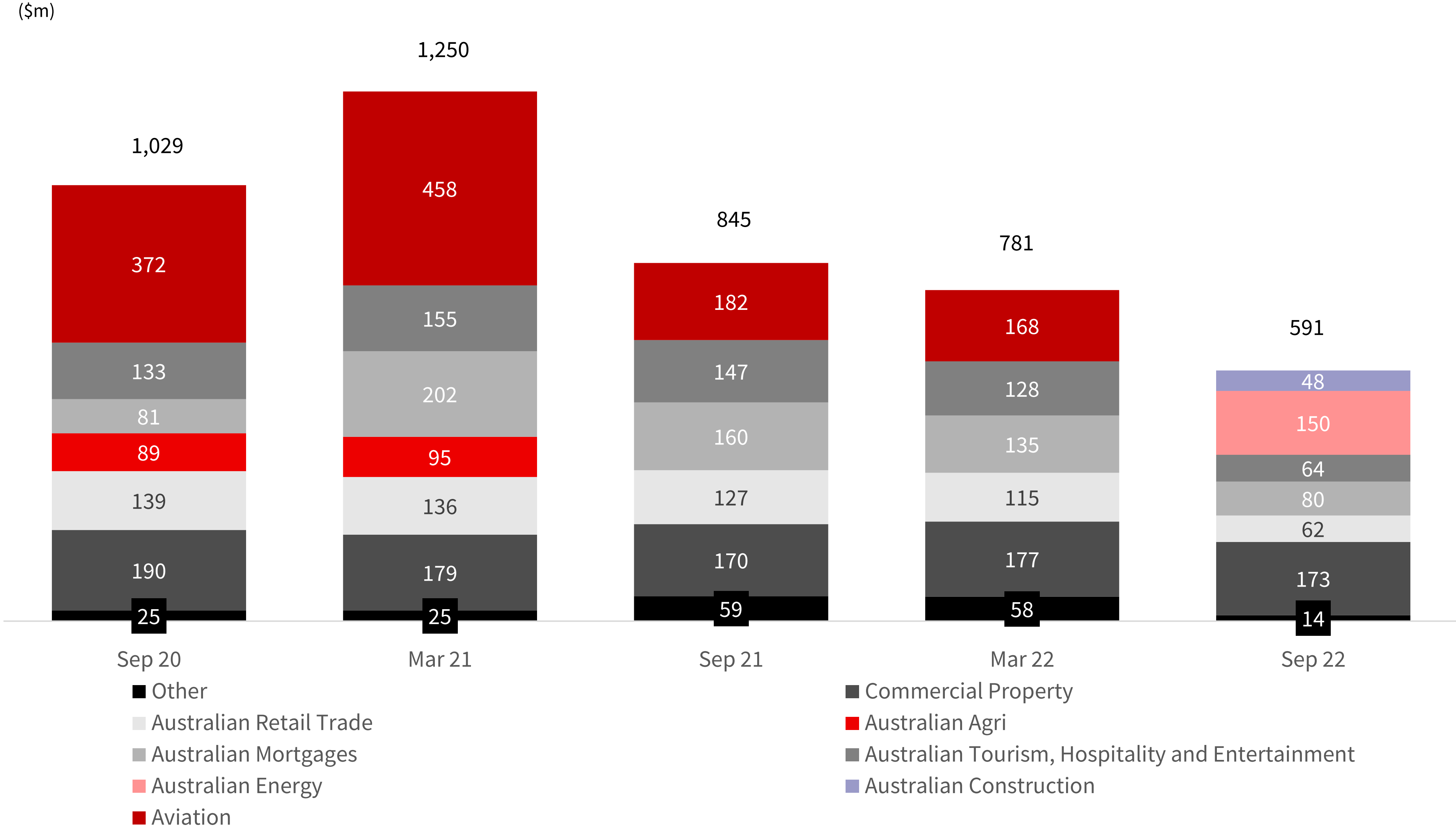
	Status	Type of provision
Stage 1 (12 month ECL)	Credit risk not increased significantly since initial recognition; performing	Collective
Stage 2 (Lifetime ECL)	Credit risk increased significantly since initial recognition but not credit impaired	Collective
Stage 3 (Lifetime ECL)	Credit impaired: default no loss Credit impaired: default with loss	Collective Specific

- Significant increase in credit risk determined by change in credit risk scores for business exposures and change in behavioural scoring outcomes for retail exposures. These rules are not prescribed by accounting standards
- Migration assumptions included in forward looking adjustments
- Stage 2 includes majority of forward looking adjustments

(1) Notional staging of loans and advances including contingent liabilities and credit-related commitments, incorporates forward looking stress applied in the ECL model
(2) Comparative information has been restated to align with the presentation in the current period where classifications have been revised to align to the definitions in APS 220 *Credit Risk Management*
(3) Current year Stage 3 loans include the impact of APS 220 regulatory changes requiring an extension to the period over which exposures remain classified as non-performing before they can be reclassified to performing
(4) Excludes collective provision on loans at fair value and derivatives which are not allocated to a stage under the ECL model
(5) Provision coverage: provisions as a percentage of loans and advances including contingent liabilities and credit-related commitments

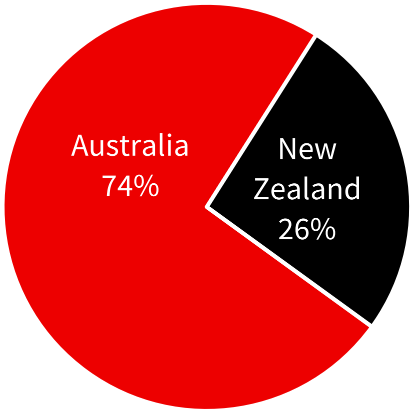
Target sector FLAs

Collective provision target sector FLAs



Group agriculture, forestry & fishing exposures[1]

Group EAD $58.5bn September 2022

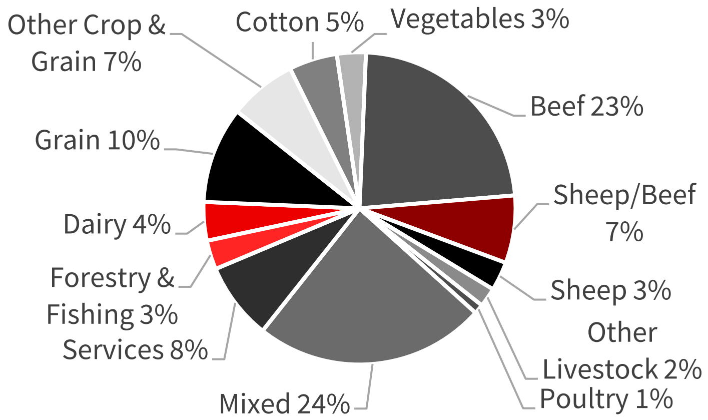


Key considerations

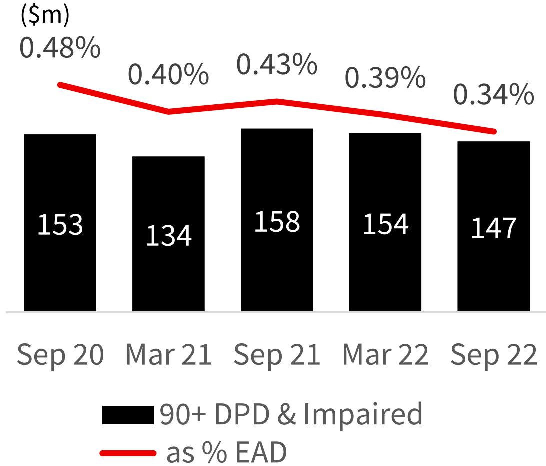
- Sector outlook is broadly positive in terms of main agricultural commodity prices, but headwinds exist in terms of elevated energy and fertiliser costs, labour shortages and rising interest rates
- A series of flood events in eastern Australia have damaged roads and infrastructure, hampering transport logistics and the harvest of the winter grain crop in some regions
- ~9% non retail EAD

Australian Agriculture, Forestry & Fishing

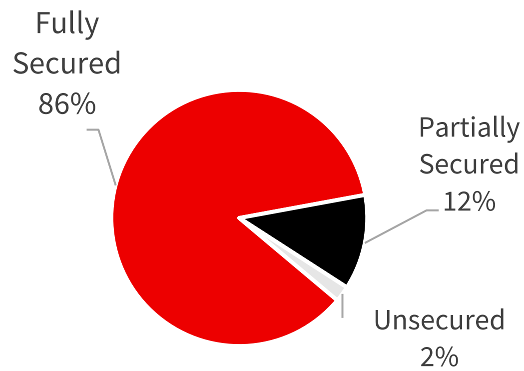
Diverse Portfolio EAD $43.1bn Sep 22



Australian Agriculture Asset Quality



Australian Agriculture Portfolio Well Secured[2]



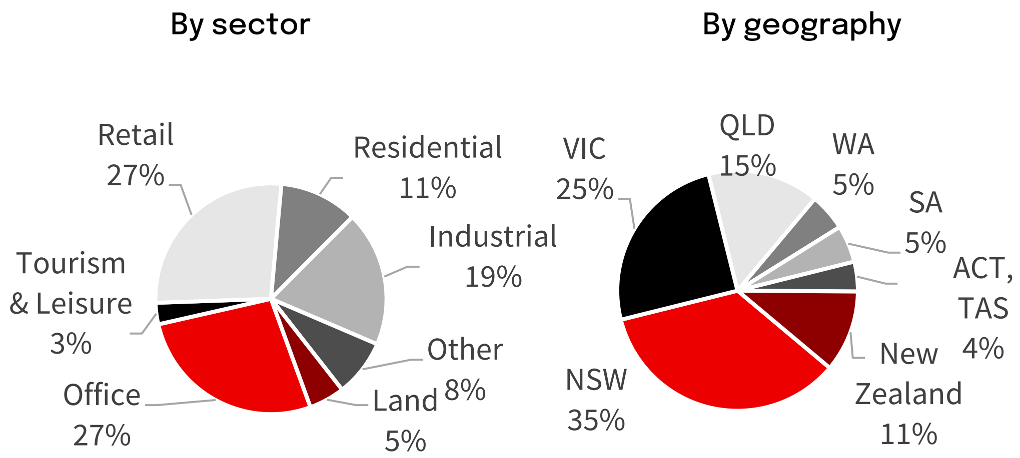
(1) Based on ANZSIC Level 1 classifications of the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties
(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Group commercial real estate (CRE)[1]

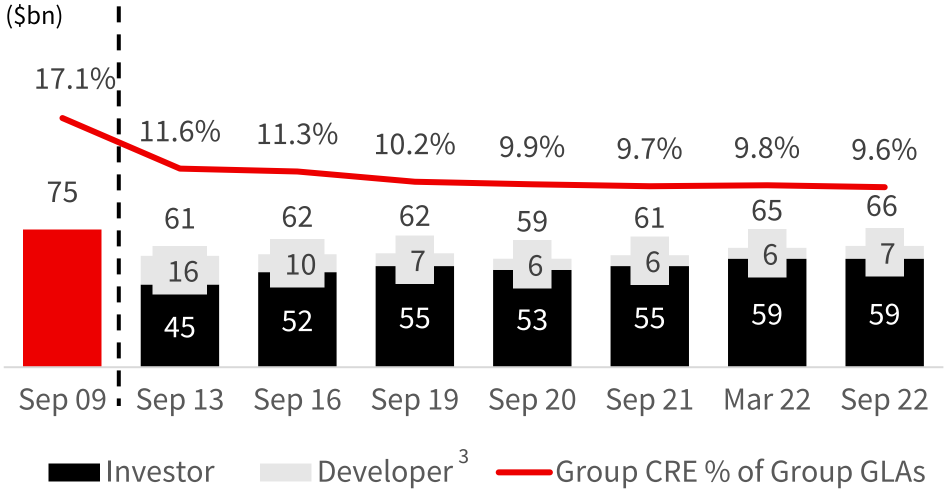
Gross loans & acceptances (GLAs)

	Aust	New Zealand	Total[2]
Total CRE (A$bn)	58.7	7.1	65.9
Increase/(decrease) from Sep 21 (A$bn)	5.5	(0.5)	5.1
% of geographical GLAs	10.2%	8.1%	9.6%
Change in % from Sep 21	(0.1%)	(0.3%)	(0.1%)

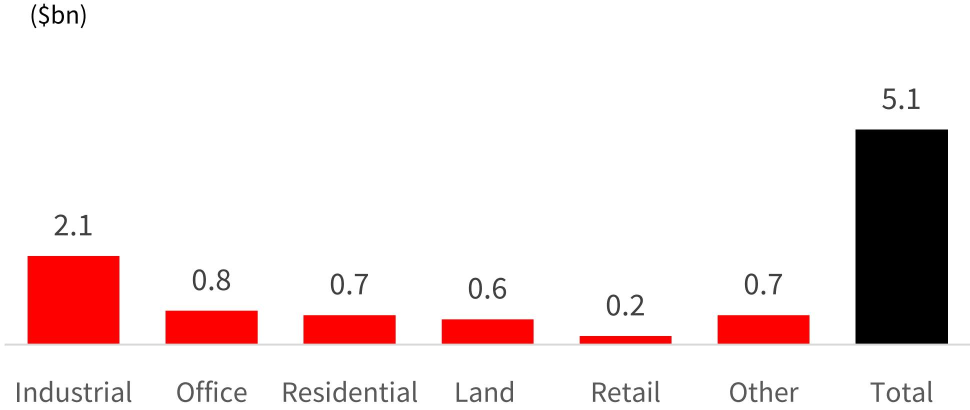
Breakdown by total GLAs ($65.9bn)



Balances over time



Change in balances Sep 21 - Sep 22



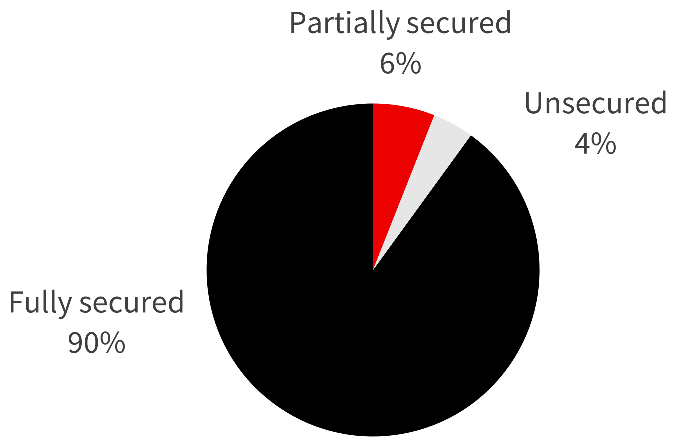
(1) Measured as balance outstanding as at 30 September 2022 per APRA Commercial Property ARF 230 definitions
(2) Includes overseas offices not separately disclosed
(3) Developer at Sep 22 includes $1.4bn for land development and $2.5bn for residential development in Australia

Group commercial real estate[1]

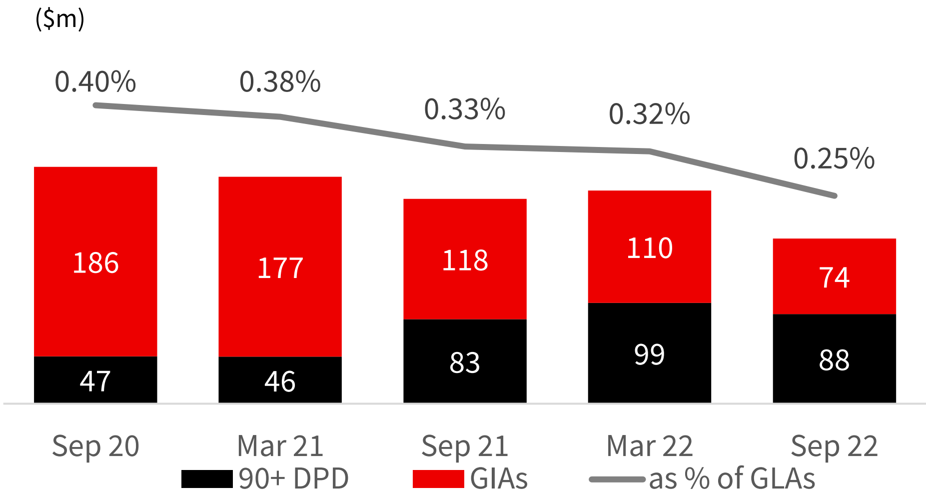
Key asset quality considerations

- Strong market activity over the past 18 months has started to slow, as participants monitor inflation and the rising interest rate environment; quality CRE assets with strong leasing profiles continue to be in demand by investors
- Impact of rising interest rates on property valuations and yields still to play out, as investors await stability in the interest rate environment
- 90% of CRE balances are fully secured[2]; unsecured volumes largely represent Institutional investment grade exposures
- 90+ DPD and Impaired exposures continue to trend lower
- FY22 growth biased towards the Industrial segment (~$2.1bn, or 40% of annual CRE portfolio growth) with segment supported by strong demand and rental growth expectations
- Modest annual growth in Australian development balances with project commencements impacted by higher construction costs, however demand for completed stock remains
- Provisioning includes $173m target sector FLA

Group CRE Security Profile[2]



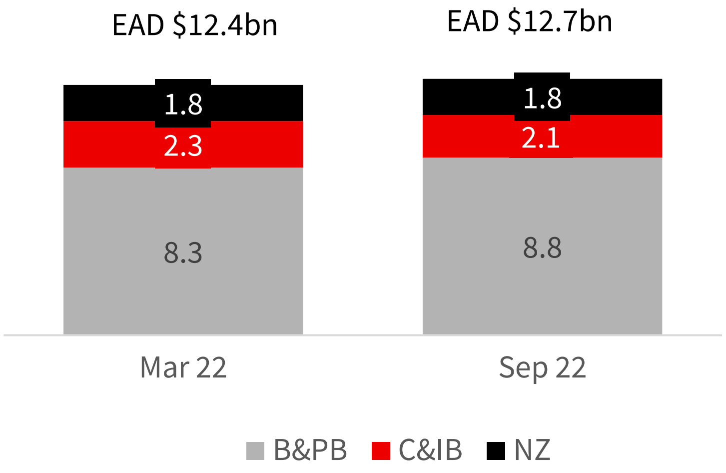
90+ DPD and GIAs and as % GLAs



(1) Measured as balance outstanding as at 30 Sep 22 per APRA Commercial Property ARF 230 definitions
(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Construction[1]

Exposure at default

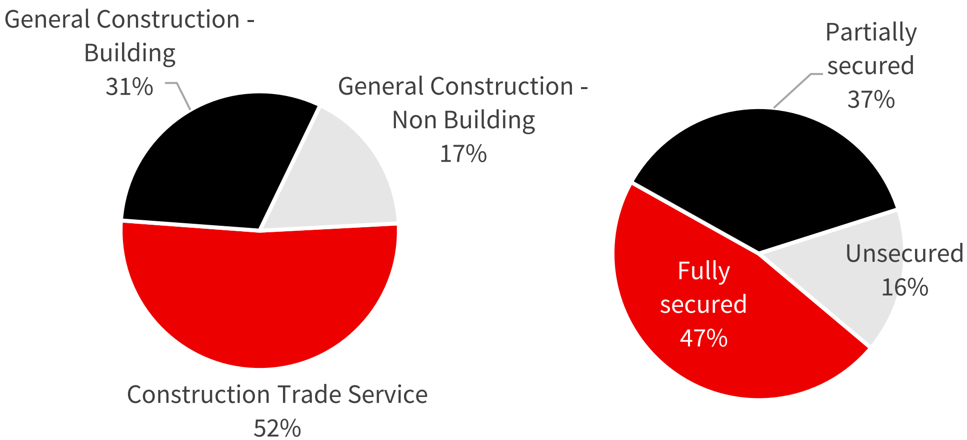


Key considerations

- Elevated shipping costs and supply chain issues are starting to moderate; labour shortages and costs remain a challenge
- ~2% non retail EAD including subcontractors and construction services
- Highly diversified and secured portfolio
- Provisioning includes $48m target sector FLA raised in 2H22
- >50% of C&IB exposures are contingent facilities e.g. performance guarantees

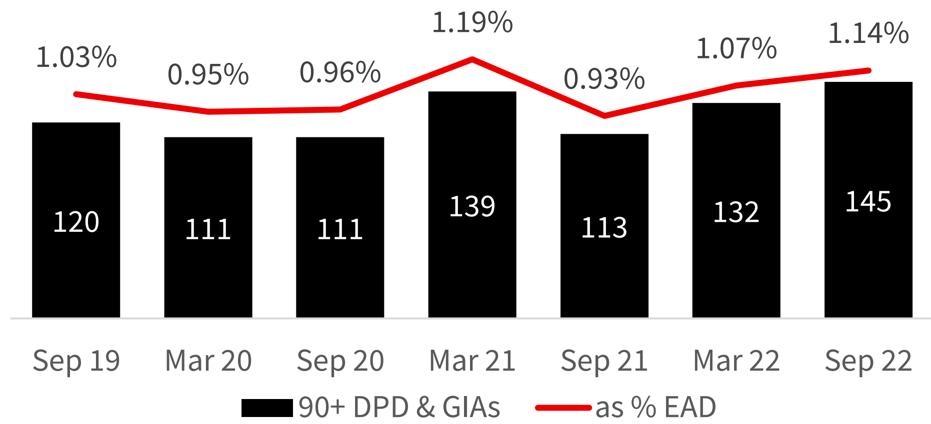
Australian Construction	B&PB	C&IB	Total
EAD ($bn)	8.8	2.1	10.9
# customers	~26k	~300	~26k
% Fully or Partially Secured	94%	48%	84%

EAD portfolio by sector and security[1,2]



90+ DPD and GIAs and as % of sector EAD

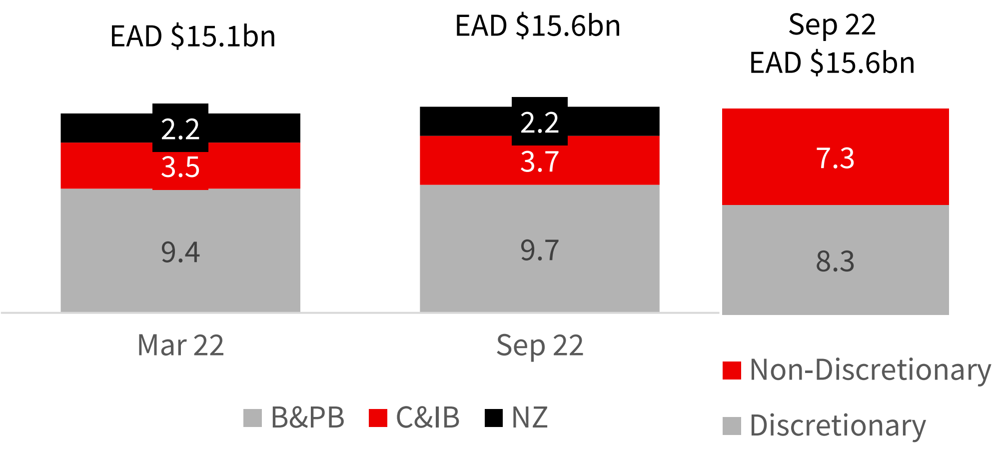
($m)



(1) Based on ANZSIC Level 1 classifications of the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties
(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Retail Trade[1]

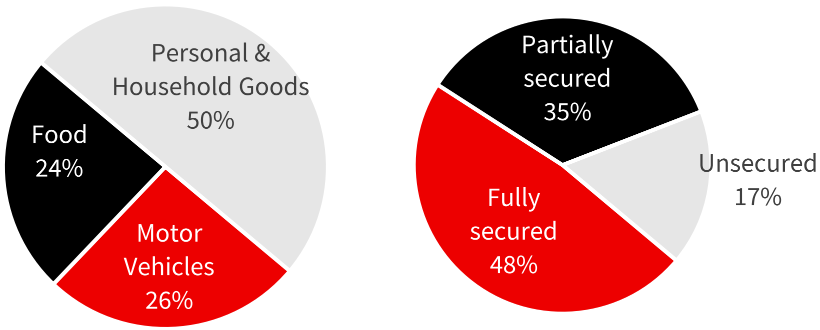
Exposure at default



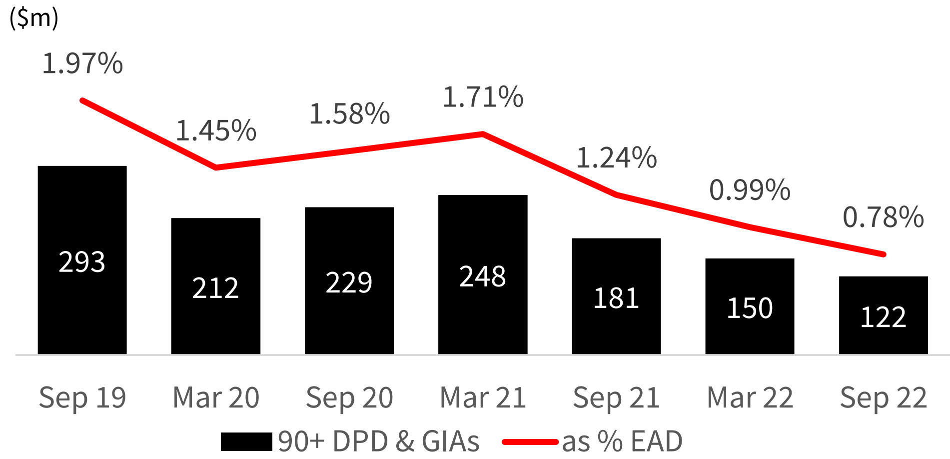
Key considerations

- While retail spending has remained robust, higher official interest rates are likely to put pressure on disposable income and lead to reduced spending, with the main impact on consumption growth expected across 2023
- Pent-up demand post COVID-19 now appears to be moderating. There is also evidence in certain segments of customers prioritising spending and 'trading down' purchases, and a trend of increased spend being directed towards services (including travel) rather than goods
- Provisioning includes $62m target sector FLA
- ~2% non retail EAD

EAD portfolio by sector and security[2]



90+ DPD and GIAs and as % of sector EAD

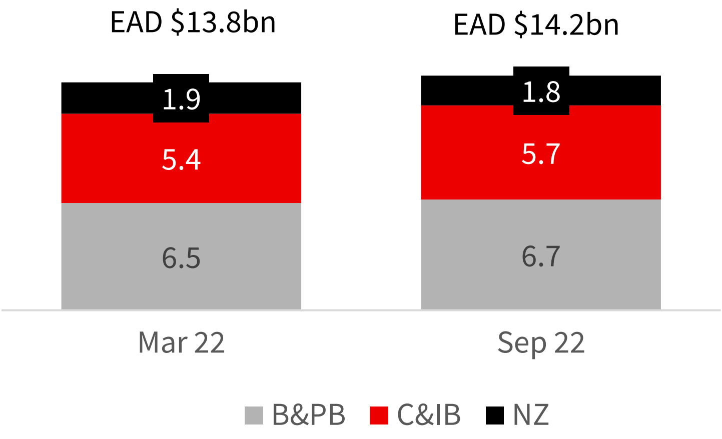


(1) Based on ANZSIC Level 1 classifications of the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties. Discretionary / Non-discretionary Retail Trade determined at an individual ANZSIC code level

(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Tourism, hospitality and entertainment[1]

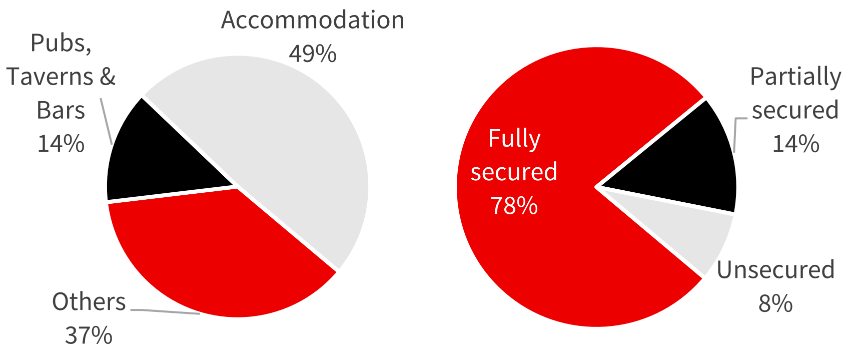
Exposure at default



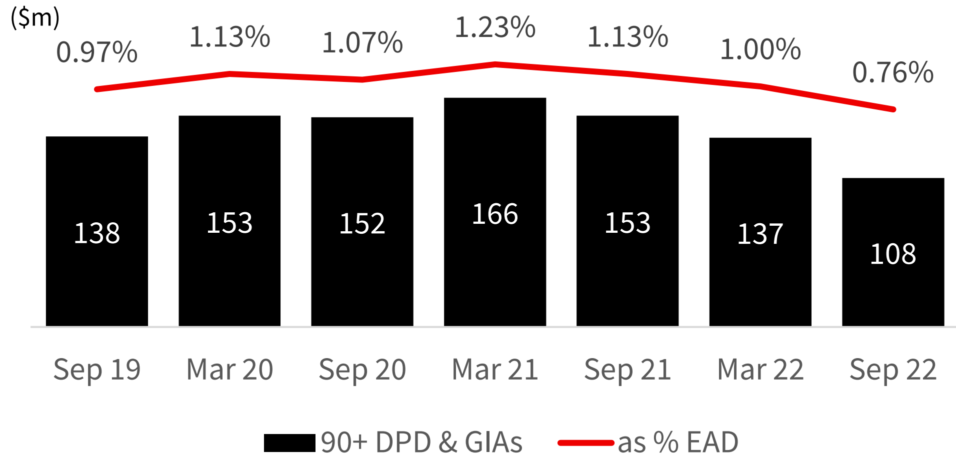
Key considerations

- Industry data suggests the outlook for Tourism & Entertainment continues to improve. Accommodation performance is region specific, with regional areas outperforming CBDs which remain more reliant on overseas tourists
- Consumer confidence, discretionary spending and the impact of higher costs of living and interest rates will influence the outlook for the sector. In addition, the availability of stock and staff continues to be a headwind to the sector
- ~2% of non retail EAD with ~16% of B&PB portfolio located in CBDs
- Provisioning includes $64m target sector FLA

EAD portfolio by sector and security[2]



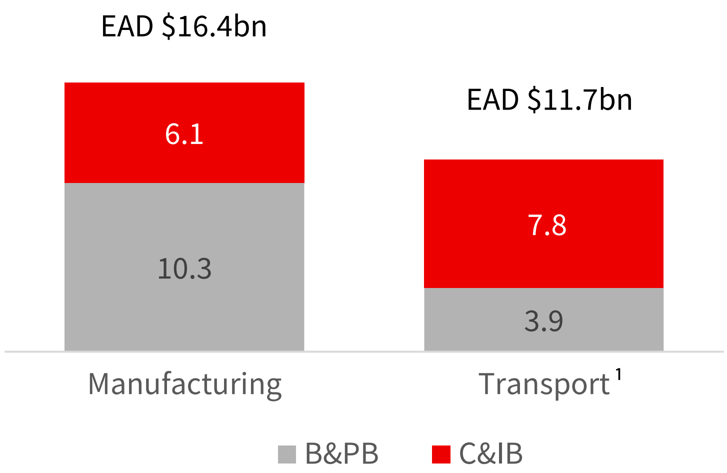
90+ DPD and GIAs and as % of sector EAD



(1) Based on the ANZSIC Level 1 classifications of accommodation and hospitality, plus cultural and recreational services; based on the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties
(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Australia Energy[1]

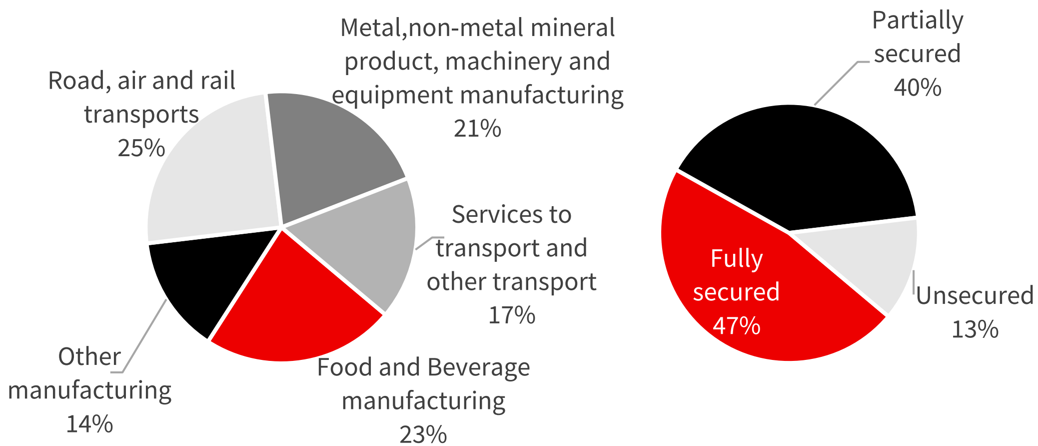
Exposure at default at Sep 22



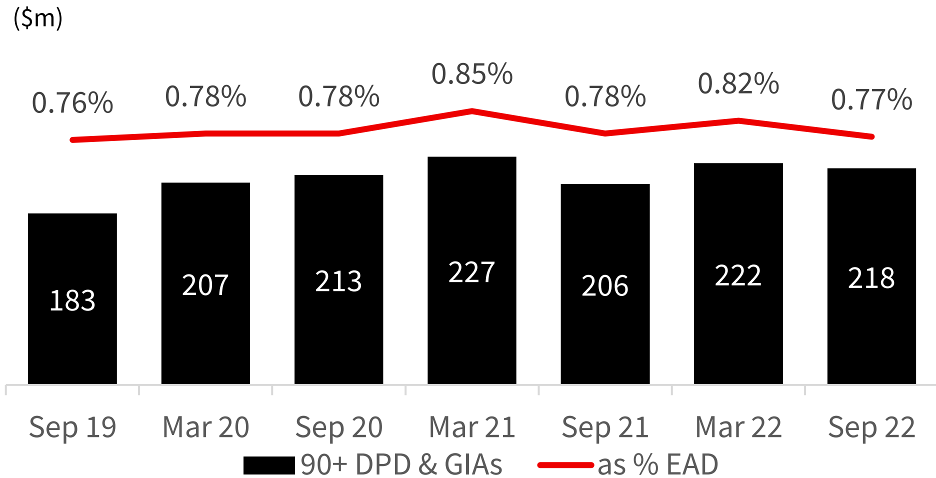
Key considerations

- Manufacturing and certain sub-sectors within Transport are expected to be disproportionately impacted by elevated and rising energy costs due to their high energy consumption
- Greatest concerns are for those customers who are unable to pass on increased costs
- Provisioning includes $150m of target sector FLA raised in 2H22
- ~4% of non retail EAD

EAD portfolio by sector and security[2]



90+ DPD and GIAs and as % of sector EAD



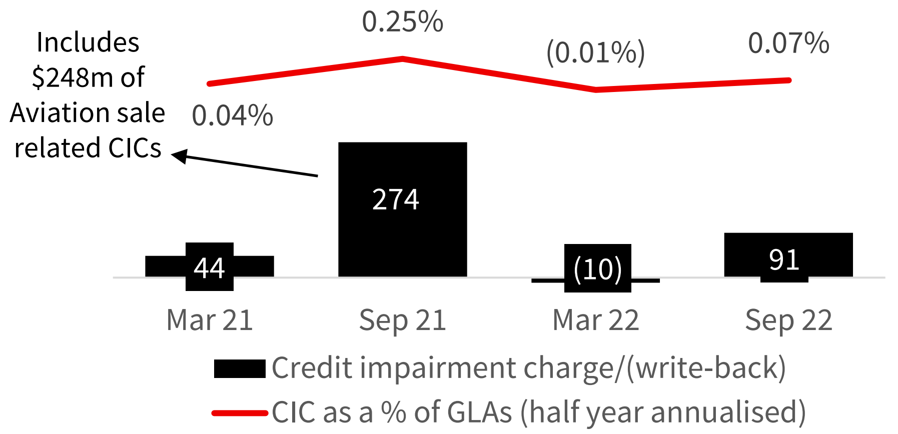
(1) Australian energy includes ANZSIC Level 1 classifications of Manufacturing and certain segments within Transport with high energy consumption, based on the counterparty to which the Group is exposed to credit risk, including guarantors and derivative counterparties

(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements may be in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

Business lending asset quality

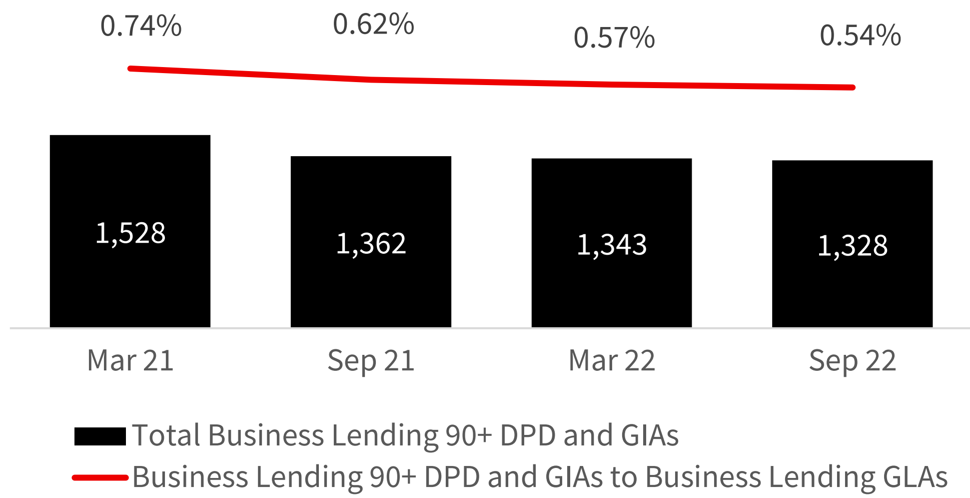
Business lending credit impairment charge and as a % of GLAs

($m)

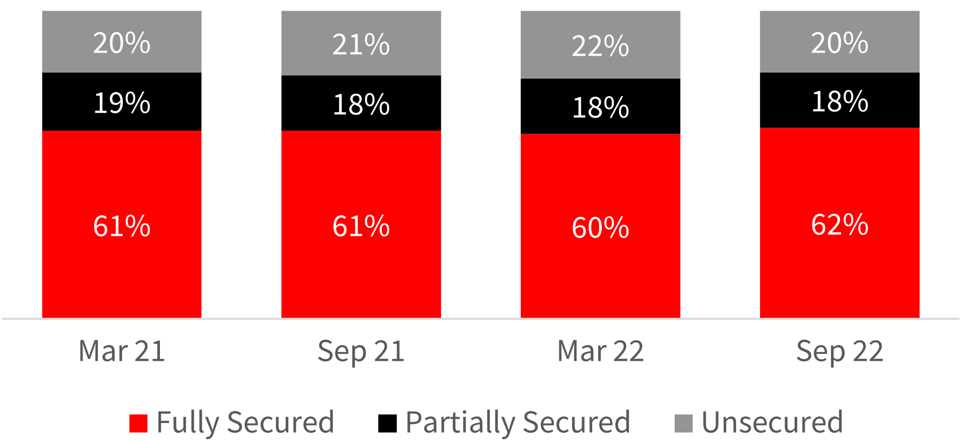


Business lending 90+DPD and GIAs and as % of GLAs

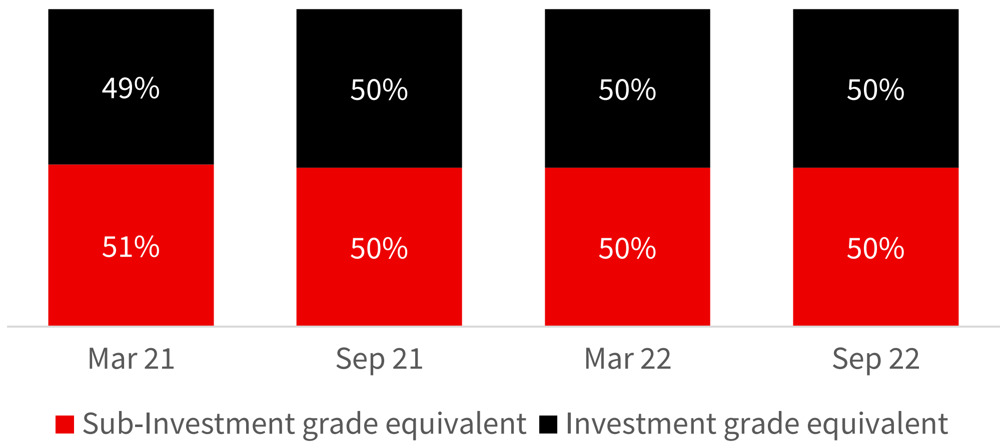
($m)



Total business lending security profile[1]



Business lending portfolio quality



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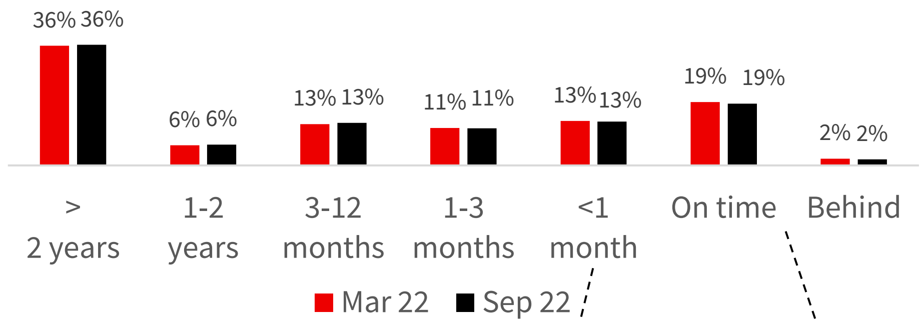
Additional information

Australian Housing Lending

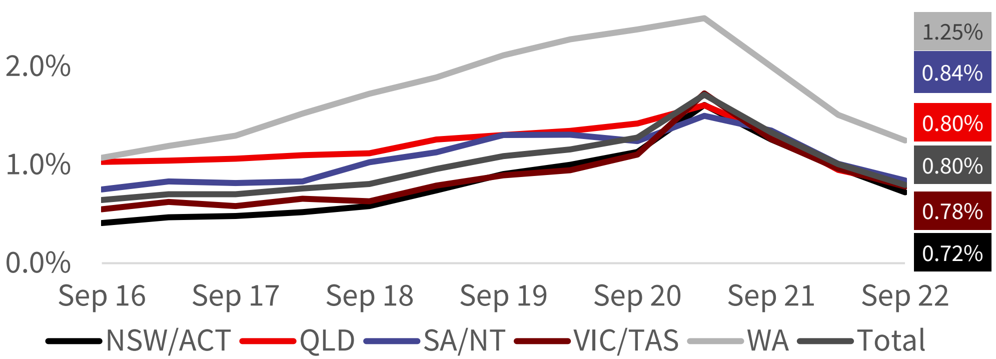
Housing lending portfolio profile

Offset and redraw balances multiple of monthly repayments[1]

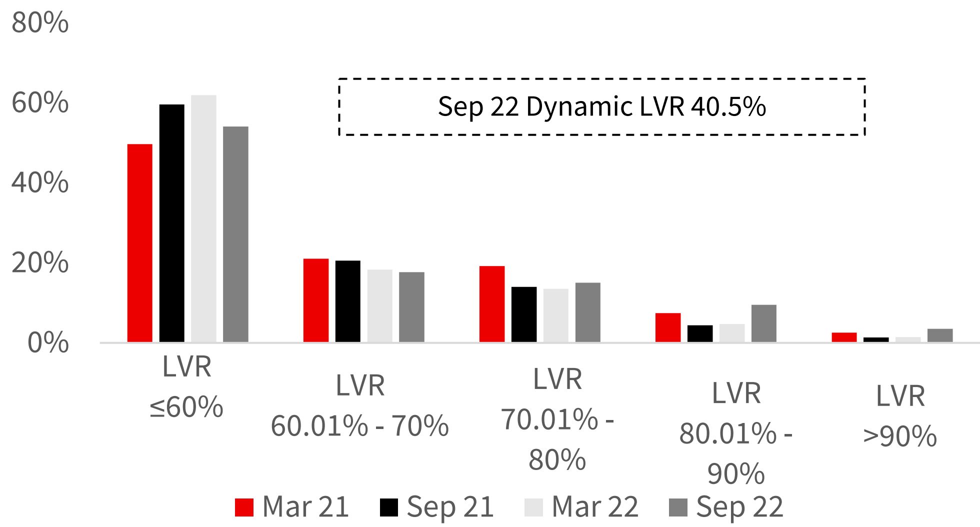


Profile of repayments <1 month, on time[1]

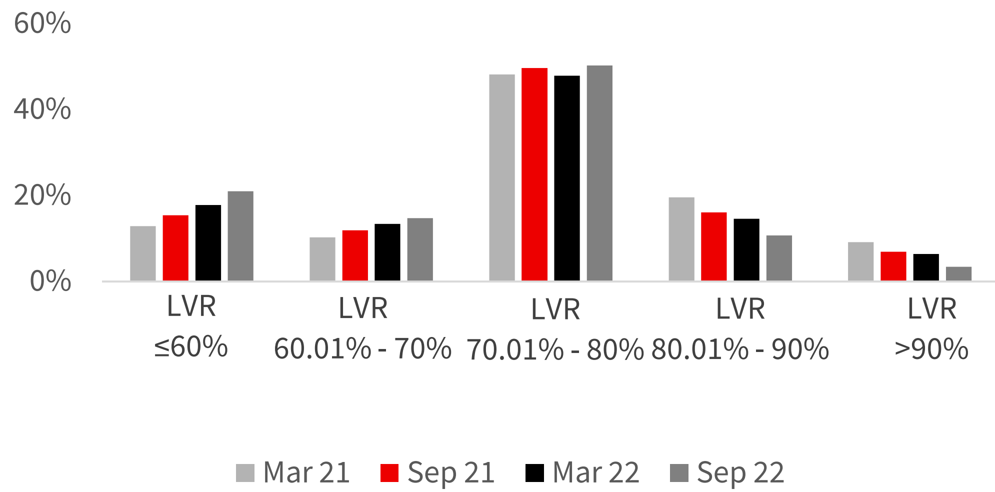
Housing lending 90+DPD & GIAs as a % of GLAs[2]



Dynamic LVR breakdown of drawn balance[2]



LVR breakdown at origination[2]



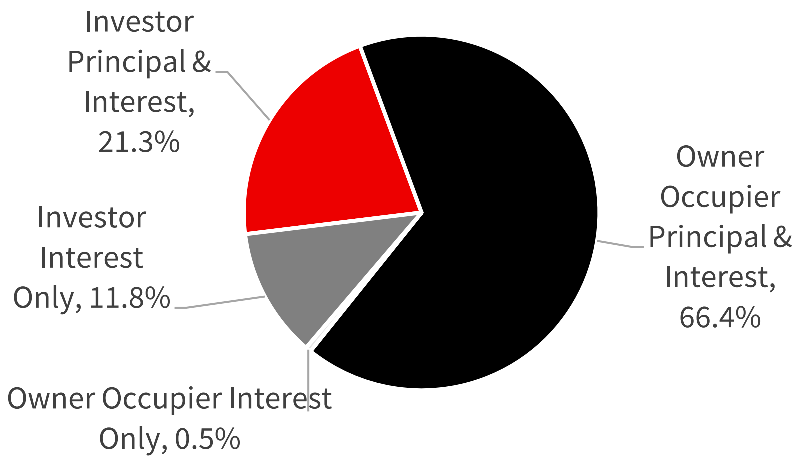
(1) By accounts. Includes offsets. Excludes line of credit, Citi Consumer Business and 86 400 platform
(2) Excludes 86 400 platform and Citi Consumer Business

Housing lending fixed rate portfolio profile[1]

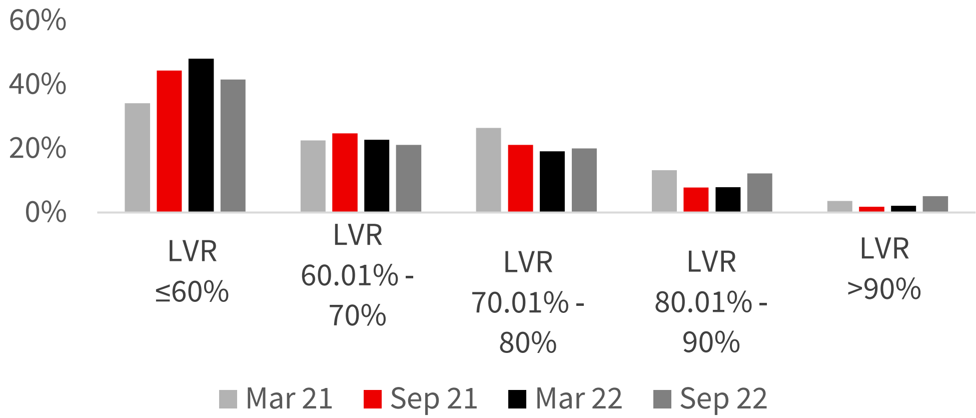
Fixed rate (FR) lending book

- $108bn FR book, rolls to VR loan at expiry
- ~78% of fixed rate loans expire over the next two years, with early engagement planning underway
- 63% originated since Oct 20
- 53% of customers also have a VR loan i.e. split loan
- All loans originated in past 2 years assessed on P&I basis using floor of at least 4.95% (5.75% from Sep 22) or buffer of at least 2.5% (3% from Nov 21) whichever is higher

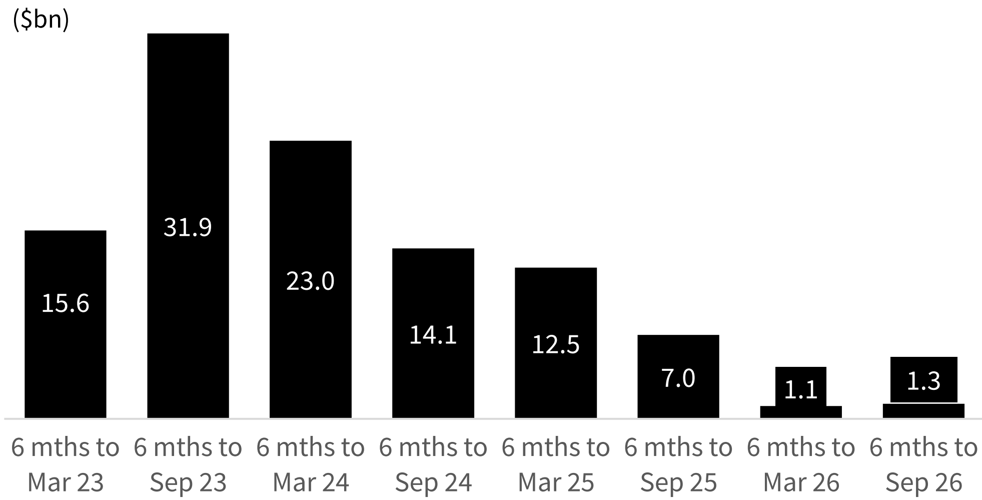
FR housing lending volume by borrower and repayment type



FR Dynamic LVR



FR home loan expiry profile



(1) Excludes 86 400 platform and Citi Consumer Business

Housing lending repayment profile

Key considerations

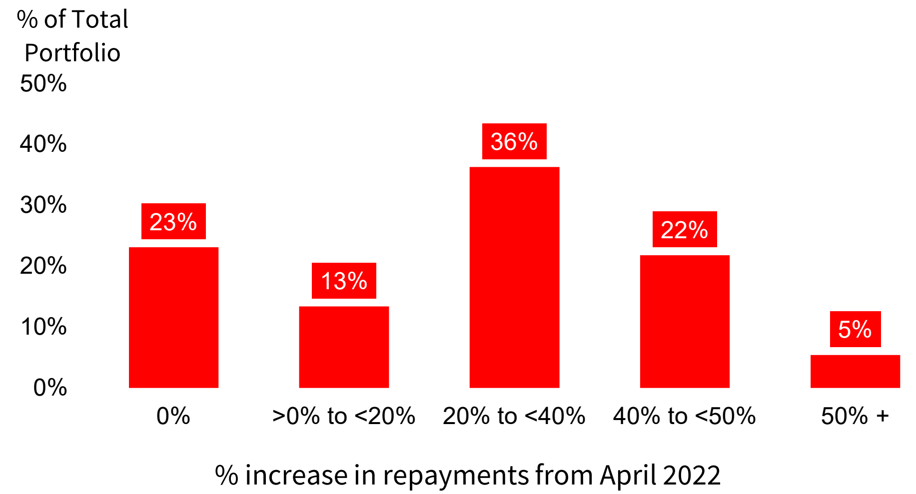
- All variable rate (VR) loan repayments will be reviewed at least once by early Jan 23 with payments adjusted accordingly; moving to quarterly repayment reviews from February (previously annual)
- $48bn FR loans expiring in FY23; 88% of all FR loans are P&I
- Early engagement commenced for customers identified as potentially at repayment risk

Profile of mortgage repayments at 3.60% cash rate[1,3]

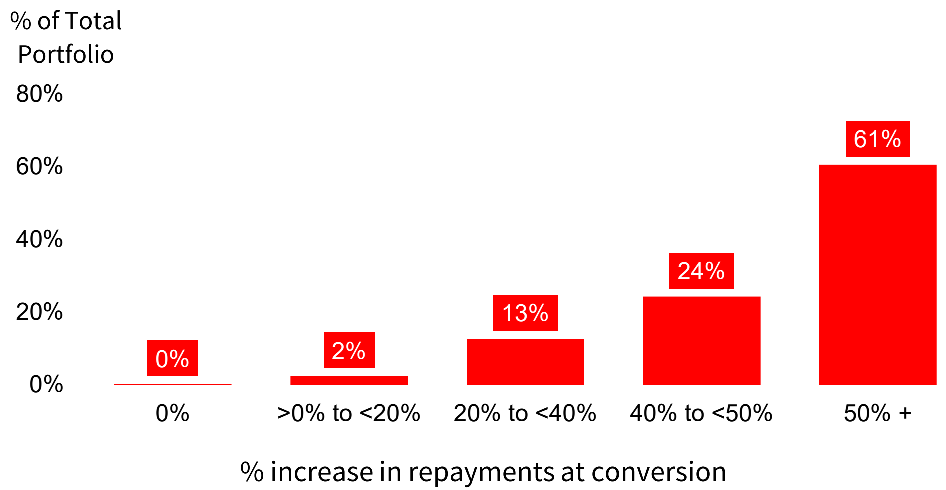
Repayment profile from April 22 at 3.60% cash rate	VR P&I $178bn	FR expiring by Sep 23 $32bn[4]
% of accounts with monthly repayment increase, **for which:**	77%	100%
- Avg monthly % increase	34%	70%
- Avg monthly $ increase	$549	$972
- % of accounts with >40% increase in monthly repayments	35%	85%

Profile of mortgage repayments at 3.60% cash rate[1,2,3]

Variable rate principal & interest book



Fixed rate book expiring by Sep 23[4]



(1) Excludes line of credit, 86 400 platform and Citi Consumer Business
(2) By account
(3) Analysis assumes full pass through of cash rate increases to current customer rates
(4) Fixed Rate loans drawn down since Aug 19 with expiry between Sep 22 and Sep 23

Housing lending practices & policies

Key origination requirements

Income	• Income verified using a variety of documents including payslips and/or checks on salary credits into customers' accounts • 20% shading applies to less certain incomes (temporarily increased to 30% in May 2020, reduced back to 20% in November 2020)
Household expenses	Assessed using the greater of: • Customers' declared living expenses, enhanced in 2016 to break down into granular sub categories • Household Expenditure Measure (HEM) benchmark plus specific customer declared expenses (e.g. private school fees). HEM is adjusted by income and household size
Serviceability	• Assess customers' ability to repay based on the higher of the customer rate plus serviceability buffer (3.0%[1]) or the floor rate (5.75%[2]) • Assess Interest Only loans on the full remaining Principal and Interest term
Existing debt	• Verify using declared loan statements and assess on the higher of the customer rate plus serviceability buffer (3.0%[1]) or the floor rate (5.75%[2]) • Assessment of customer credit cards assuming repayments of 3.8% per month of the limit • Assessment of customer overdrafts assuming repayments of 3.8% per month of the limit

Loan-to-value (LVR) limits

Principal & Interest – Owner Occupier	95%
Principal & Interest – Investor	90%
Interest Only – Owner Occupier	80%
Interest Only – Investor	90%
'At risk' postcodes	80%
'High risk' postcodes (e.g. mining towns)	70%

Other policies

- DTI decline rule of >8x from May 2022 for higher risk customers (> 9x for all others)
- Lenders' mortgage insurance (LMI) applicable for majority of lending >80% LVR
- LMI for inner city investment housing >70% LVR
- Apartment size to be 50 square metres or greater (including balconies and car park)
- NAB Broker applications assessed centrally – verification and credit decisioning
- Maximum Interest Only term for Owner Occupier borrowers of 5 years

(1) Serviceability buffer increased by 0.50% to 3.00% as of 1 Nov 21
(2) Serviceability floor increased by 0.80% to 5.75% as of 9 Sep 22

Housing lending key metrics[1]

Australian Housing Lending	Mar 21	Sep 21	Mar 22	Sep 22	Sep 21	Mar 22	Sep 22
	Portfolio				Drawdowns[2]		
Total Balances (spot) $bn	300	309	322	329	49	49	42
Average loan size $'000 per account	310	315	324	334	427	468	489
By product type							
- Variable rate	67.8%	61.3%	58.7%	63.4%	41.9%	53.3%	86.0%
- Fixed rate	27.3%	34.4%	37.4%	32.9%	56.9%	45.2%	12.5%
- Line of credit	4.9%	4.4%	4.0%	3.7%	1.2%	1.5%	1.5%
By borrower type							
- Owner Occupied	64.4%	65.4%	65.4%	65.5%	67.8%	62.5%	64.4%
- Investor	35.6%	34.6%	34.6%	34.5%	32.2%	37.5%	35.6%
By channel							
- Proprietary	60.0%	58.2%	55.8%	53.9%	48.8%	44.9%	40.7%
- Broker	40.0%	41.8%	44.2%	46.1%	51.2%	55.1%	59.3%
Interest only[3]	13.6%	12.7%	12.9%	13.4%	18.9%	22.5%	22.1%
Low Documentation	0.3%	0.3%	0.3%	0.2%			
Offset account balance ($bn)	33	34	38	39			
LVR at origination	69.5%	69.6%	69.5%	69.2%	72.1%	70.8%	68.2%
Dynamic LVR on a drawn balance calculated basis	42.3%	38.8%	37.9%	40.5%			
Customers with offset and redraw balances ≥1 month repayment[4]	66.6%	66.4%	65.6%	66.4%			
Offset and redraw balances multiple of monthly repayments	44.2	46.2	47.6	45.6			
90+ days past due	1.61%	1.24%	0.93%	0.73%			
Impaired loans	0.10%	0.10%	0.08%	0.06%			
Specific provision coverage ratio	32.8%	32.3%	34.0%	30.5%			
Loss rate[5]	0.01%	0.01%	0.01%	0.01%			
Number of properties in possession	113	169	155	135			

(1) Excludes 86 400 platform and Citi Consumer Business
(2) Drawdowns is defined as new lending excluding limit increases and redraws in the previous six month period
(3) Excludes line of credit products.
(4) Excludes line of credit
(5) 12 month rolling Net Write-offs / Spot Drawn Balances

Our ambition to build Australia's simplest home loan

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Simple home loans: A digital end-to-end platform with 'intervention by exception'

Stage 1 – Application	Stage 2 – to Unconditional Approval	Stage 3 – to Settlement

Lodge via Simple Home Loans platform
- Retail Bankers
- Business & Private Bankers

3rd party lodgement
- Brokers

Submit | Unconditional approval | Settlement

- **Application** – Fast applications with pre-populated data
- **Verification** – Automatically verified using data, manual by exception
- **Credit assessment** – Fast, automated decisions
- **Digital documentation** – Auto generate docs and send digitally
- **Fulfilment** – Auto verify digitally signed documents

FY22 progress

Stage 1 – Application	Stage 2 – to Unconditional Approval	Stage 3 – to Settlement
Retail– Stage 1 rollout complete	Stage 2 rollout ongoing	Targeting Stage 3 rollout across FY23 – FY24
B&PB – Stage 1 & 2 rollout ongoing		Targeting Stage 3 rollout across FY23 – FY24

Broker – end to end rollout commenced FY22 and continuing into FY23/FY24

Additional information

Sustainability

Sustainability is embedded in our Group Strategy

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Commercial responses to society's biggest challenges

Resilient and sustainable business practices

Innovating for the future

Our priorities

- Climate action
- Affordable and specialist housing
- Indigenous business

- Colleagues and culture
- Inclusive banking
- Environmental, Social and Governance (ESG) risk management
- Supply chain management
- Human rights, including modern slavery

- Our future core business and market-leading data analytics
- Partnerships that matter

Aligned to six key United Nations Sustainable Development Goals[1] – where we can make the biggest impact

(1) www.un.org/sustainabledevelopment

Four key pillars to our climate strategy

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Grow by supporting our customers to decarbonise and to build resilience

- Supporting customers with their transition plans and working with 100 of our largest GHG emitting customers – completed maturity transition assessments for 86
- A leader in sustainable finance solutions, providing $70.8bn in environmental financing since 2015[1], meeting and exceeding our target of $70bn by 2025
- Developing product offerings across divisions

Reducing financed emissions

- Member of Net Zero Banking Alliance
- Goal of aligning with pathways to net zero by 2050, consistent with limiting warming to 1.5°C above pre-industrial levels by 2100

We have set interim sector decarbonisation targets for four of our most emissions-intensive sectors.
Details available in our 2022 Climate Report

Investing in climate capabilities

- Investing in colleagues, technology and processes, and risk management
- Chief Climate Officer role created and recruitment process underway
- Completed the APRA-led Climate Vulnerability Assessment

Reducing operational emissions

- Certified carbon neutral in operations since 2010 through Climate Active[2]
- Sourced renewable energy for 72% of Group electricity consumption
- 74% reduction in operational GHG emissions against a 30 June 2015 baseline[3]

(1) Represented as a cumulative flow of new environmental finance since 1 October 2015. Refer to the Group's 2022 Climate Report for reference to how the environmental financing target is calculated
(2) Certified carbon neutral since 1 July 2010. NAB has a forward purchasing approach and forward purchased and retired offsets for the environmental reporting year (1 July 2010 to 30 June 2011) to be carbon neutral for 2011 and meet certification obligations, under the Australian Government's Carbon Neutral Program, now administered by Climate Active
(3) Significant progress demonstrated since 2020 against the Group's science-based target to reduce operational Scope 1 and 2, however, performance has been influenced by COVID-19 impacts and we do not expect all of the reductions achieved to date to be permanent. Includes our net operational Scope 1 and 2 GHG emissions, 2021 and 2022 figures calculated using a market-based approach

Grow by supporting our customers to decarbonise

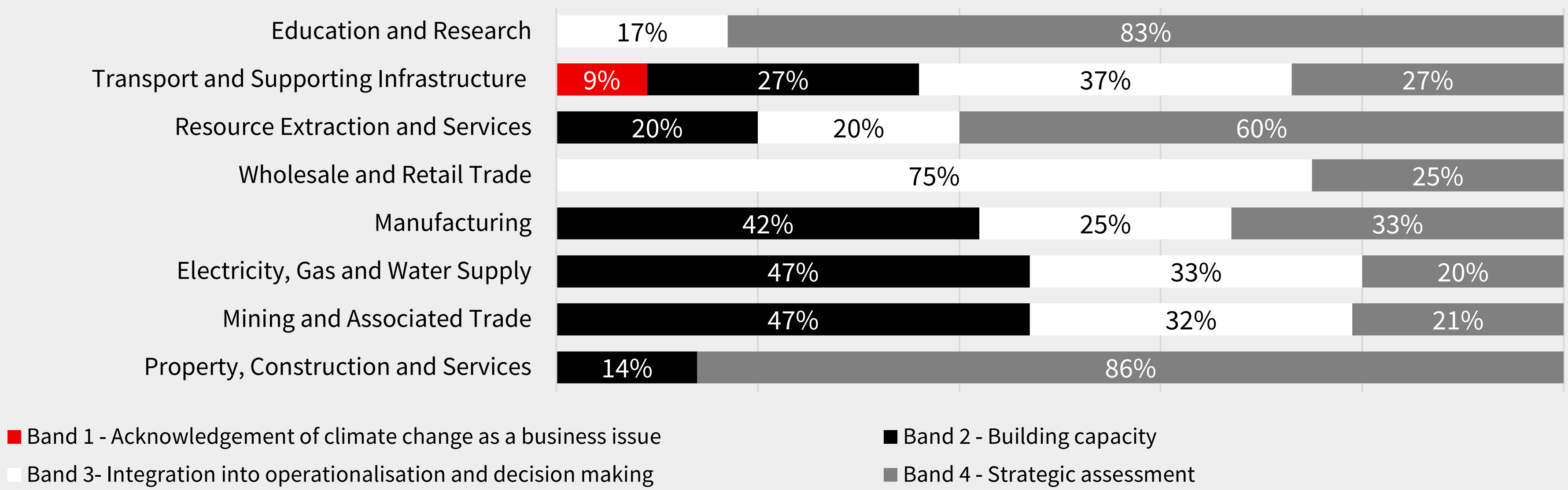
Supporting customers with their transition plans

- In 2020, set a target to work with 100 largest GHG emitting customers by September 2023 to support them as they develop or improve transition plans
- Completed transition maturity assessments for 86 of these customers
- Seek to further embed customer transition assessments in our processes

Transition maturity assessment completed for 86 customers

- 100% acknowledge climate change as a business issue
- 76% have committed to the Taskforce on Climate-Related Financial Disclosures (TCFD) framework
- 63% have set a goal to be net zero by 2050 or sooner

Transition maturity of 86 of our largest emitting customers by sector[1]



(1) The Diagnostic assists in the classification of transition maturity in the following bands: 0 – Unaware of (or not acknowledging) climate change as a business issue, 1 – Acknowledgement of climate change as a business issue, 2 – Building capacity, 3 – Integration into operational decision making, 4 – Strategic assessment. Percentage breakdown per sector may not sum to 100 due to rounding

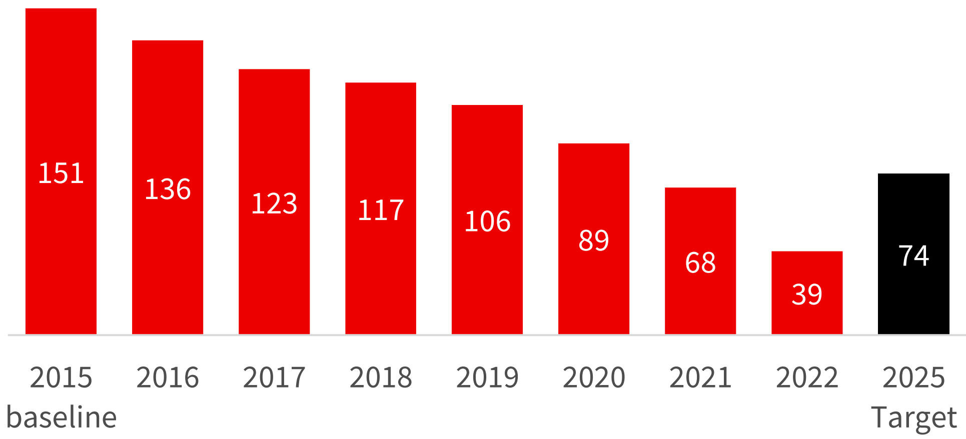
Reducing operational emissions

Working to achieve net zero emissions in our operations

- 74% reduction in Scope 1 and Scope 2 emissions as at 30 June 2022, against a 30 June 2015 baseline[1]
- 72% of electricity consumption from renewable sources, increased from 31% prior year, against target of 100% by 30 June 2025[2]
- Certified carbon neutral in operations since 2010 through Climate Active[3]
- Performance against targets has continued to be influenced by COVID-19 impacts (e.g. reduction in travel, building shutdowns), although efficiencies due to the consolidation of NAB's commercial office buildings have also reduced energy usage and associated emissions

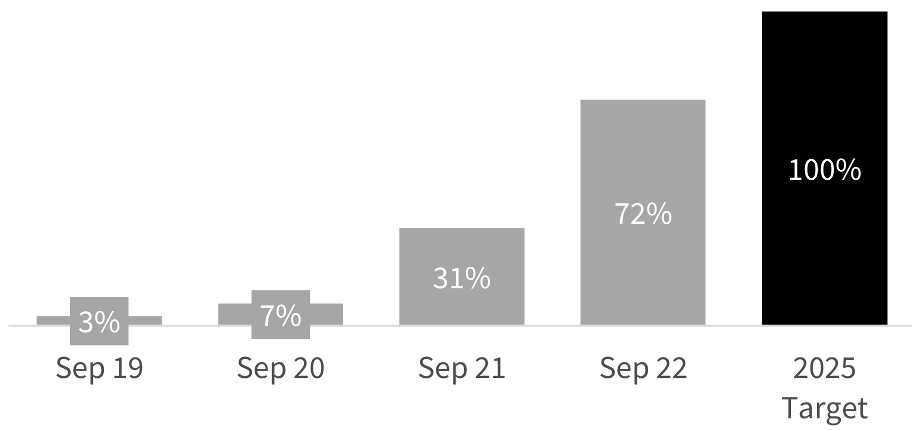
Group operational GHG emissions (Scope 1 & 2)[1]

(tCO_2-e 000's)



Group electricity consumption from renewable sources[2]

(% of total electricity consumption)



(1) Since 2020, significant progress has been made towards the Group's 2025 science-based target. Reduction achieved through additional sourcing of renewable energy, increased efficiency in property network and temporary reductions due to COVID-19. We do not expect all of the COVID-19 related reductions achieved to date to be permanent. Includes net operational Scope 1 and 2 GHG emissions, 2021 and 2022 figures calculated using a market-based approach. NAB will review this target in 2023. Refer to NAB's 2022 Sustainability Data Pack for more information, see nab.com.au/annualreports

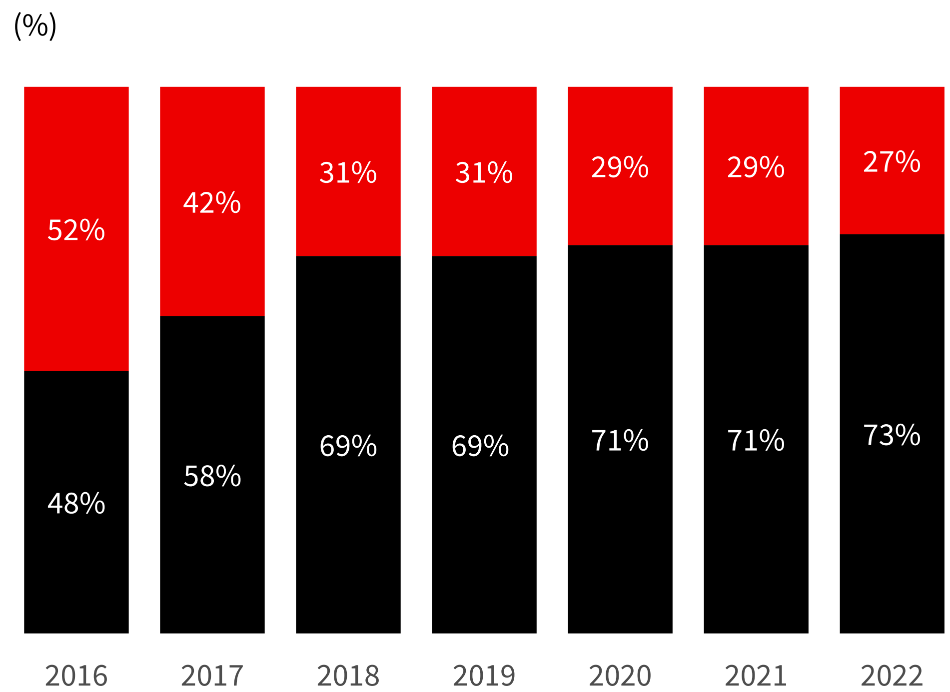
(2) NAB's operational environmental numbers are reported on a July-June performance period. Progress towards NAB's RE100 target has been influenced by COVID-19 and a resultant decrease in electricity consumption. We do not expect all progress achieved to date to be permanent

(3) Certified carbon neutral since 1 July 2010. NAB has a forward purchasing approach and forward purchased and retired offsets for the environmental reporting year (1 July 2010 to 30 June 2011) to be carbon neutral for 2011 and meet certification obligations, under the Australian Government's Carbon Neutral Program, now administered by Climate Active

Energy generation exposures

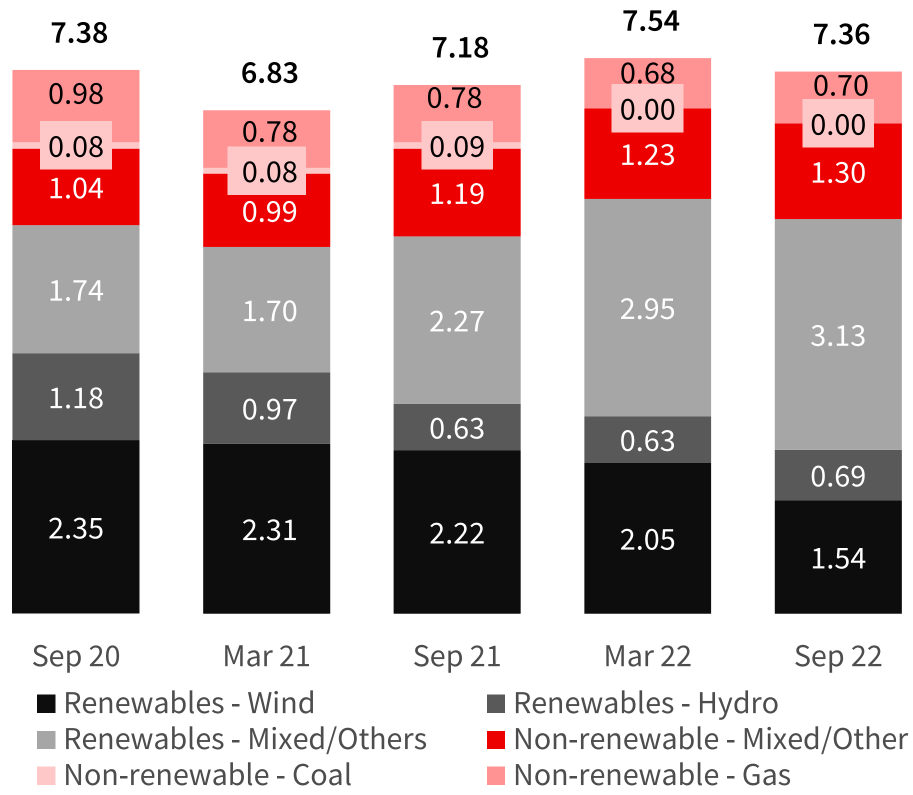
73% of energy generation financing is to renewables

Energy generation EAD split by renewable and non-renewable



Energy generation EAD by fuel source[1]

(AUD$bn)



- Steady increase in financing for renewable energy over time, to now be 73% of total energy generation
- Change in portfolio exposures by fuel source in past year primarily due to a decline in direct financing to wind projects, partially offset by increase in financing to customers classified as mixed portfolio of renewable generation

(1) NAB methodology (based upon the 1993 ANZSIC codes) at net EAD basis. Excludes exposure to counterparties predominantly involved in transmission and distribution. Vertically integrated retailers included and categorised as renewable where majority of their generation activities sourced from renewable energy. NAB has no direct lending to coal-fired power generation assets remaining, however there is indirect exposure to coal- fired power within the Mixed Fuel category as a result of NAB's corporate level exposure impact

Resources exposures

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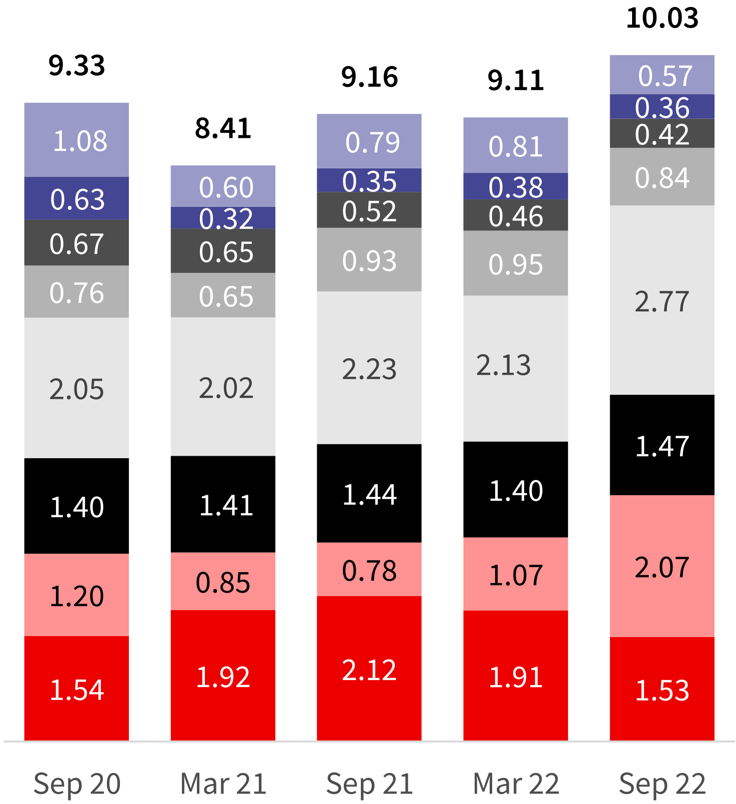
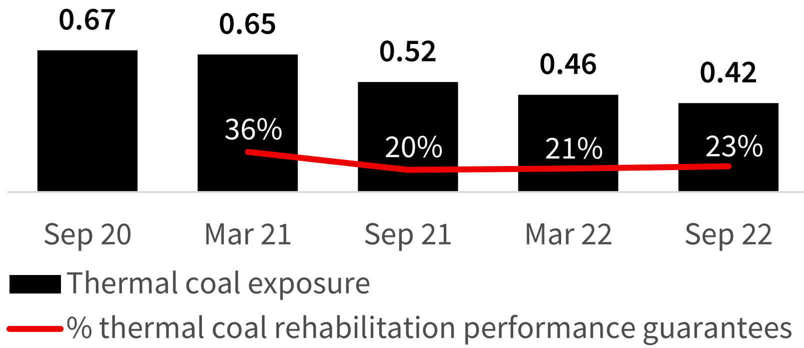
Resources (AUDbn) exposure by type



2H22 movement relates to market instruments, largely driven by significant passive movements in foreign exchange positions across existing portfolio

Thermal coal mining (AUDbn) exposure[2,3]



Oil & Gas extraction – lending only (USDbn) exposure[4]

- Oil and gas (lending exposures) presented in USD as majority of lending is denominated in USD
- NAB's NZBA-aligned oil and gas sector target (See Climate Report) guides intended financed emissions reduction

(1) Oil and gas extraction EAD includes lending (e.g. revolving/term lending and guarantees) and other markets-related exposures (e.g. derivatives, foreign exchange, repurchase agreements)
(2) Thermal coal EAD includes direct exposure to customers whose primary activity is thermal coal mining. EAD for these caps includes lending, derivatives and performance guarantees for the rehabilitation of existing assets. Excludes metallurgical coal mining and diversified mining customers. NAB's NZBA-aligned sector decarbonisation target includes diversified mining customers with revenue >5% from direct sale of thermal coal and excludes metallurgical coal mining customers
(3) % of thermal coal EAD for performance guarantees to rehabilitate existing assets available from March 2021
(4) Relevant exposure conversions based on rates of AUD/USD 0.72115 (Sep 21); AUD/USD 0.74855 (Mar 22); and AUD/USD 0.64925 (Sep 22)

ESG governance and performance

Board committees

Audit Committee Chair: David Armstrong	**Customer Committee** Chair: Ann Sherry	**Nomination & Governance Committee** Chair: Philip Chronican	**People & Remuneration Committee** Chair: Anne Loveridge	**Risk & Compliance Committee** Chair: Simon McKeon

Updates on ESG risks are provided to the Board Risk & Compliance Committee and Board as appropriate

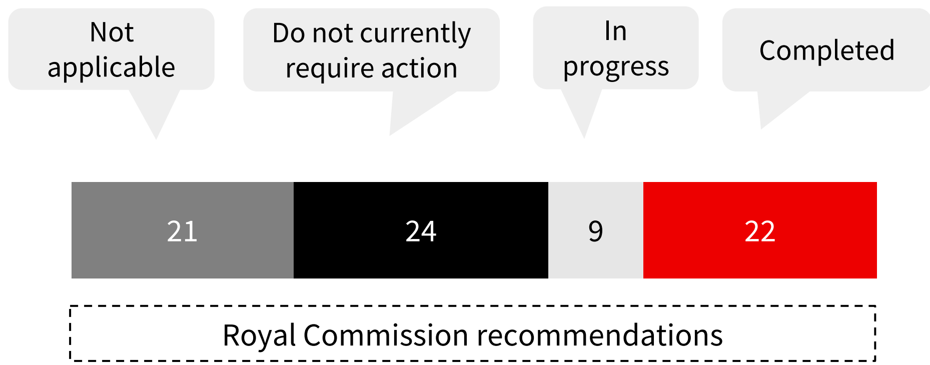
Executive ESG-related committees and councils

Sustainability Council Chair: Les Matheson	**Executive Risk & Compliance Committee** Chair: Shaun Dooley	**Group Asset & Liability Committee** Chair: Gary Lennon	**Group Credit & Market Risk Committee** Chair: David Gall

Implementation of APRA self-assessment actions and Royal Commission recommendations

- Of 26 actions identified in NAB's 2018 Self-Assessment, all are now embedded and closed
- NAB has provided evidence in support of closure to APRA and continues to engage with APRA regarding formal closure of the Governance and Risk Transformation program, which brought together the issues identified in the self-assessment
- Reform program has driven improvement in governance, accountability and culture, to address the root causes of past failings
- The voice of the customer is now firmly represented, executive accountabilities are clear due to updated operating model and risk committee governance structure has improved ownership and accountability for risks and issues

- Actively Implementing all applicable reforms following the Banking & Financial Services Royal Commission



Additional information

Economic data

Australia and NZ key economic indicators

Australian economic indicators (%)[1]

	CY20	CY21	CY22(f)	CY23(f)	CY24(f)
GDP growth[2]	-0.7	4.5	2.5	0.8	0.9
Unemployment[3]	6.8	4.7	3.5	4.2	4.5
Trimmed-mean inflation[4]	1.2	2.6	6.8	4.0	3.2
Cash rate target[3]	0.10	0.10	3.10	3.60	2.85

NZ economic indicators (%)[1]

	CY20	CY21	CY22(f)	CY23(f)	CY24(f)
GDP growth[2]	0.3	3.0	2.8	-0.1	2.5
Unemployment[3]	4.9	3.2	3.2	3.7	4.2
Inflation[4]	1.4	5.9	6.2	3.0	1.9
Cash rate (OCR)[3]	0.25	0.75	4.25	4.25	3.25

Australian system growth (%)[5]

	FY20	FY21	FY22	FY23(f)	FY24(f)
Housing	3.3	6.5	7.3	2.5	3.5
Personal	-12.9	-5.3	0.1	0.0	2.0
Business	1.9	4.5	14.7	3.6	3.0
Total lending	1.9	5.2	9.4	2.8	3.3
System deposits	11.8	8.2	7.6	1.9	2.1

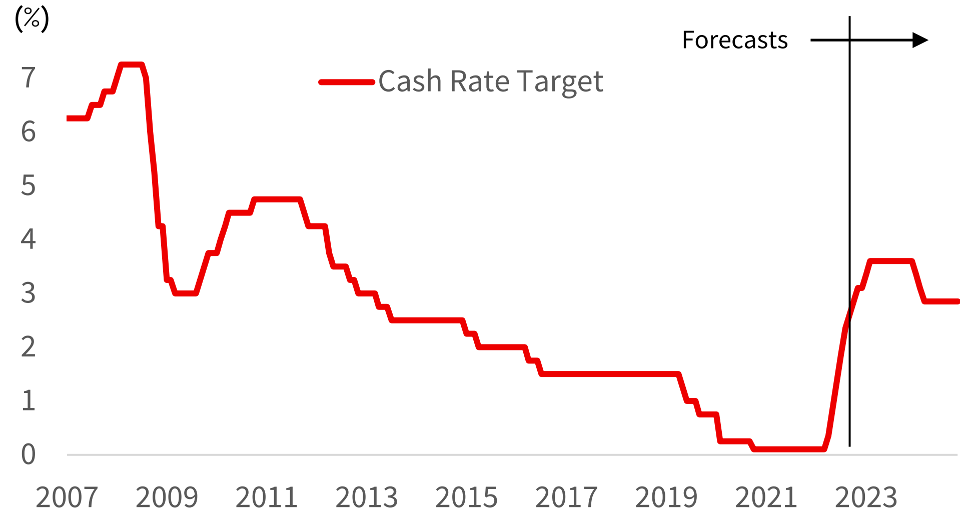
NZ system growth (%)[5]

	FY20	FY21	FY22	FY23(f)	FY24(f)
Housing	6.8	11.6	5.7	1.1	3.4
Personal	-11.5	-8.6	1.1	-0.4	-1.2
Business	-1.5	1.5	5.7	3.8	1.8
Total lending	2.9	7.3	5.6	2.0	2.7
Household retail deposits	9.4	4.5	7.7	2.0	2.7

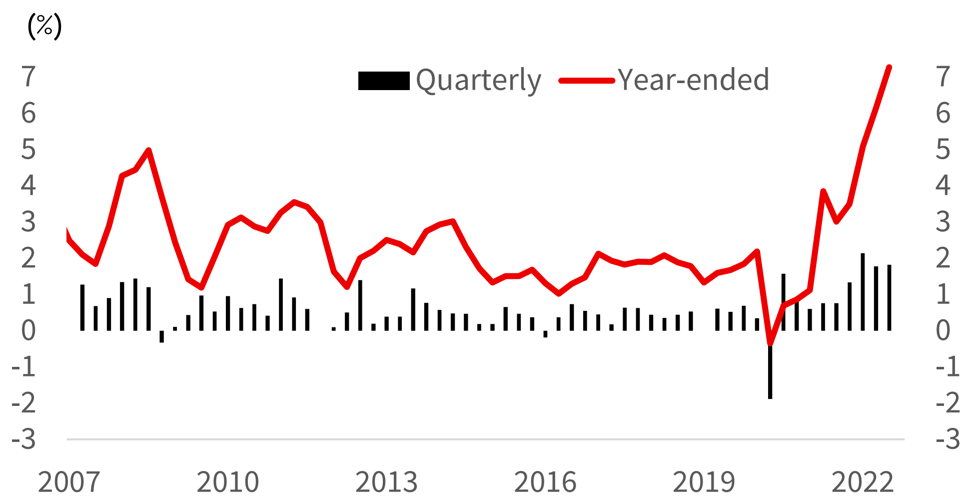
(1) Sources: ABS, Econdata DX, RBA, RBNZ, Stats NZ, NAB Economics
(2) December quarter on December quarter of previous year
(3) As at December quarter
(4) December quarter on December quarter of previous year. For Australia, trimmed-mean measure of underlying inflation
(5) Source: RBA, RBNZ, NAB. Bank fiscal year-ended (September). NZ business credit includes credit to Agriculture and is calculated from break adjusted data

Monetary Policy is tightening and inflation is high

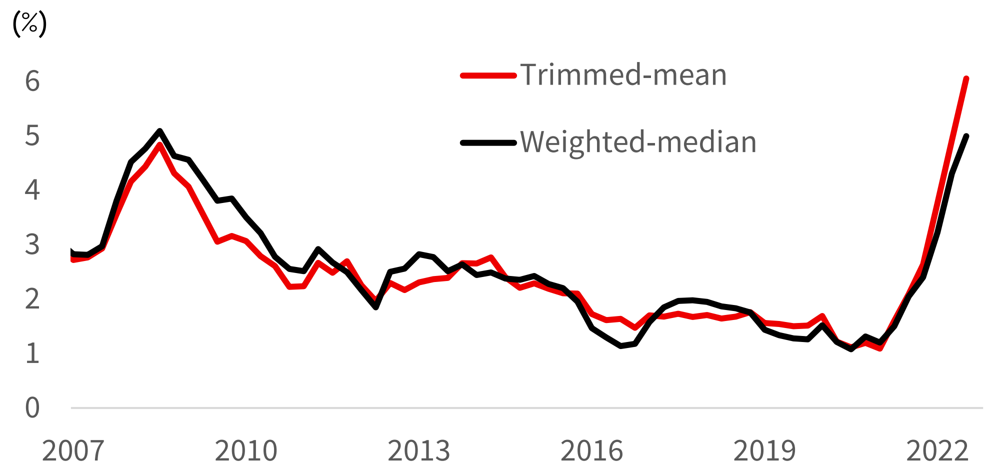
The cash rate expected to reach 3.6%[1]



Headline inflation is yet to peak[2]

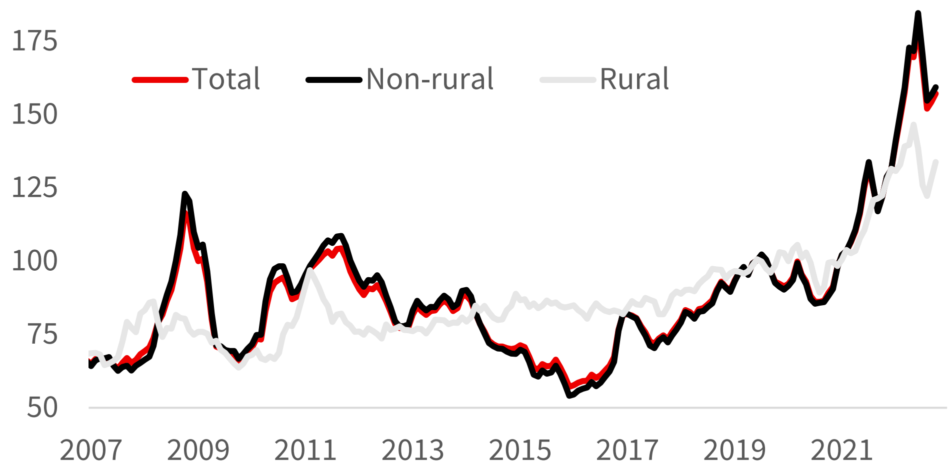


Underlying inflation is also strong[2]



Commodity prices are high[3]

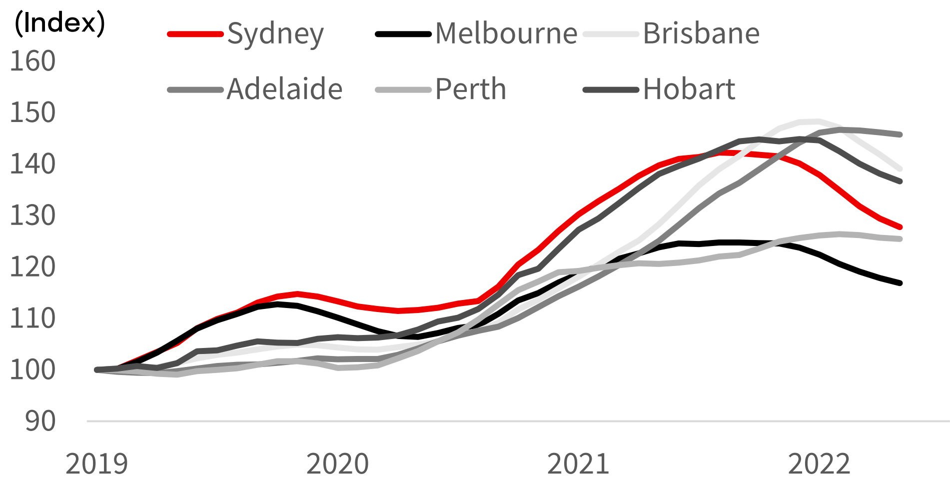
(Index 2010 = 100)



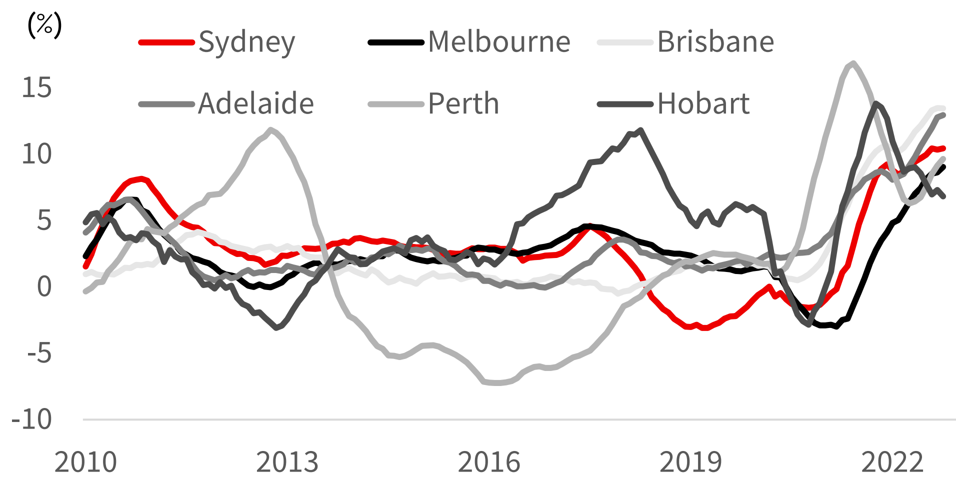
(1) Source: RBA, NAB Economics, Macrobond. Data to 1 Nov 22, NAB Economics forecasts thereafter
(2) Source: ABS, Macrobond. Data to Q3 2022
(3) Source: RBA. Macrobond. Data to 31 Oct 22

Housing market has softened but vacancies are low

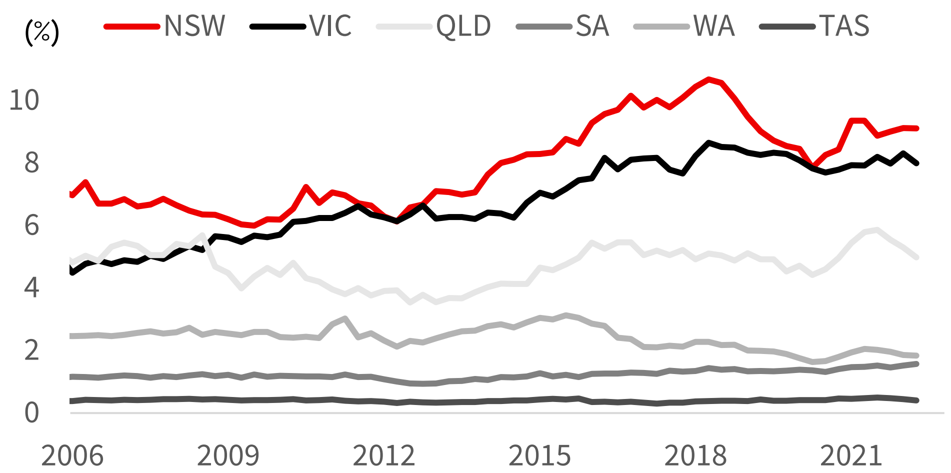
House prices are falling across the states[1]



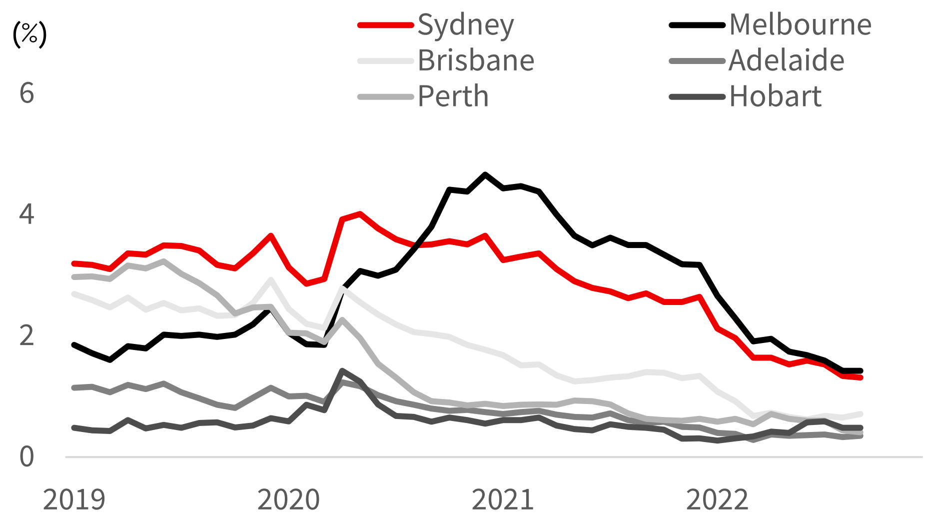
New rents growth has been strong[2]



Dwelling investment is high but easing[3]



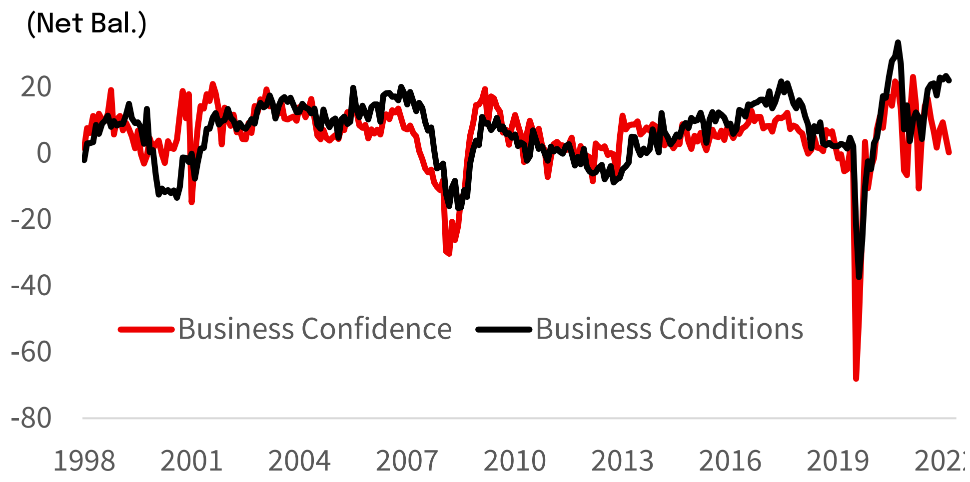
Rental vacancy rates are very low[4]



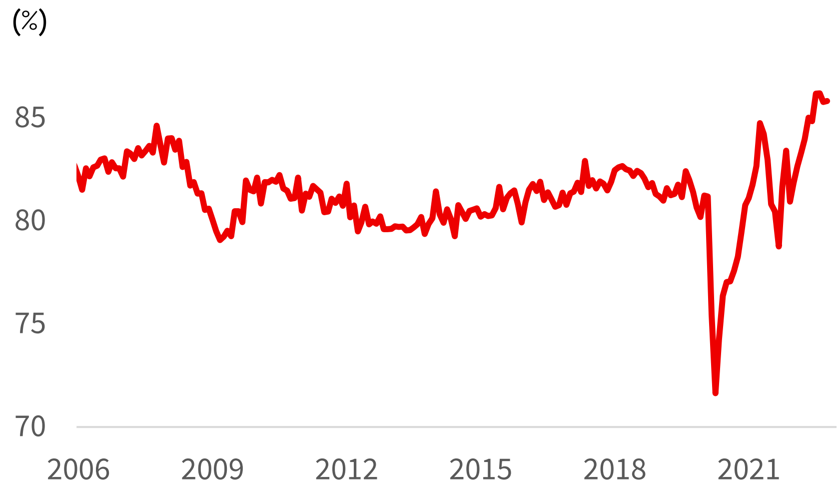
(1) Source: CoreLogic. Greater Capital City Hedonic Dwelling Price Index, Index June 2019 = 100. Data to 31 Oct 22
(2) Source: CoreLogic. Hedonic measure of advertised rents. Data to 31 Oct 22
(3) Source: ABS, Macrobond. Chain volume measure (reference year 2019-20). Data to Q2 2022
(4) Source: SQM Research, Macrobond. Data to 30 Sep 22

The business sector has remained resilient

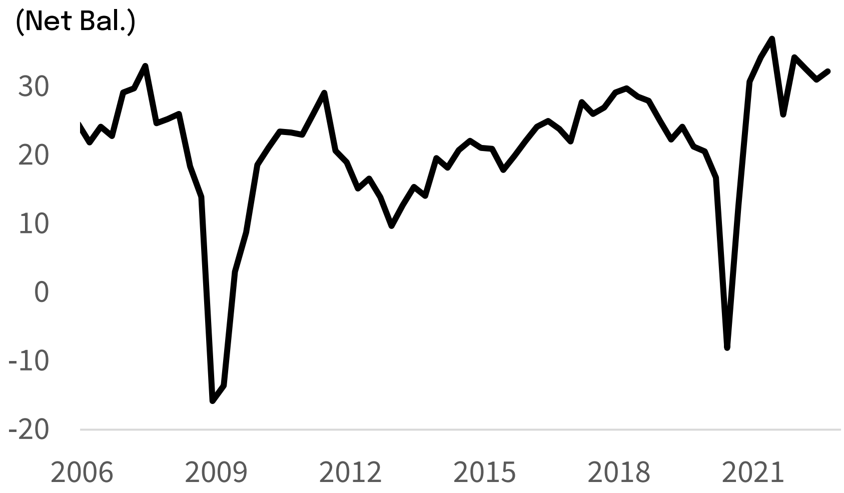
Conditions are high but confidence is soft[1]



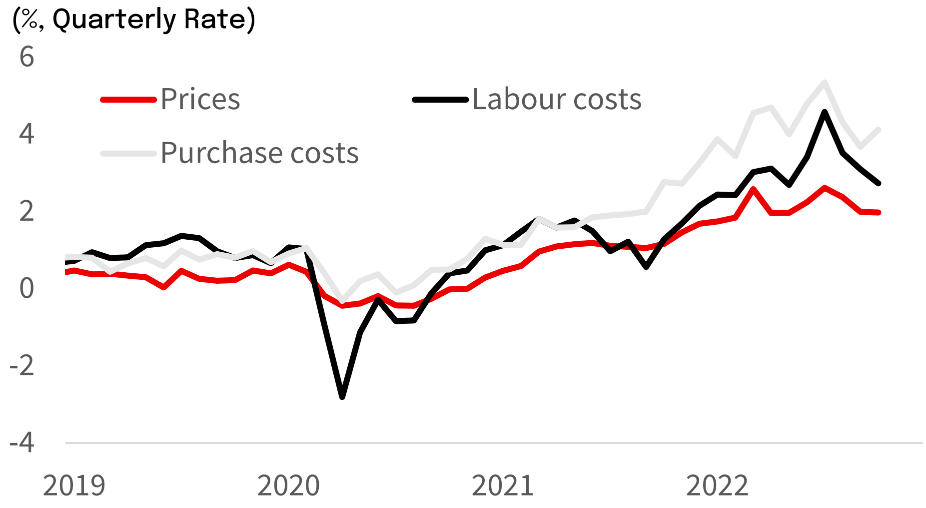
Capacity utilisation is high[1]



Investment Intentions are elevated[2]



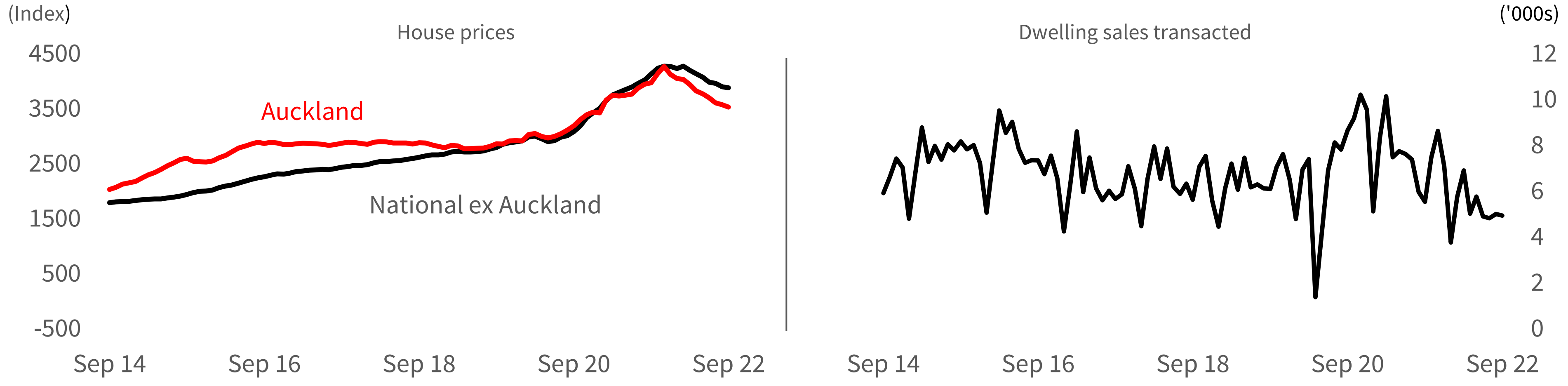
Price and cost growth measures remain elevated[1]



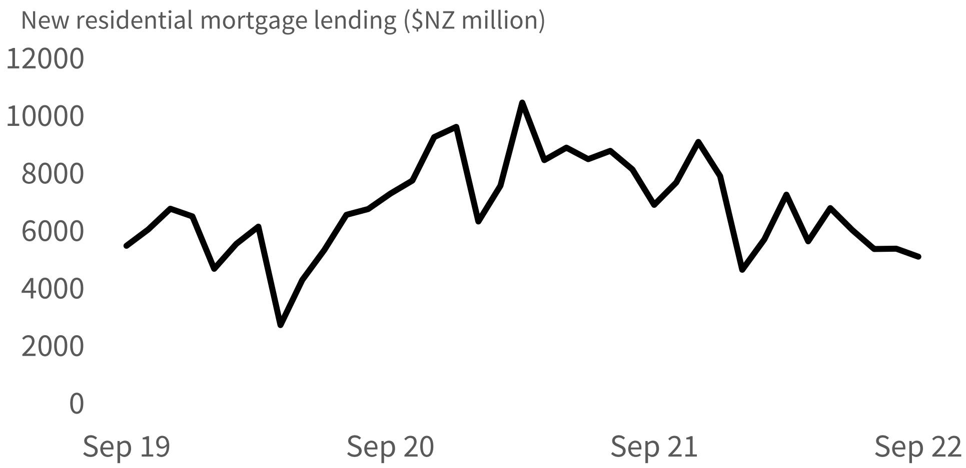
(1) Source: NAB Economics. All industry measures from the NAB Monthly Business Survey. Data to Oct 22.
(2) Source: NAB Economics. NAB Quarterly Survey measure of 12-month Capex expectations. Data to Q3 2022.

New Zealand housing

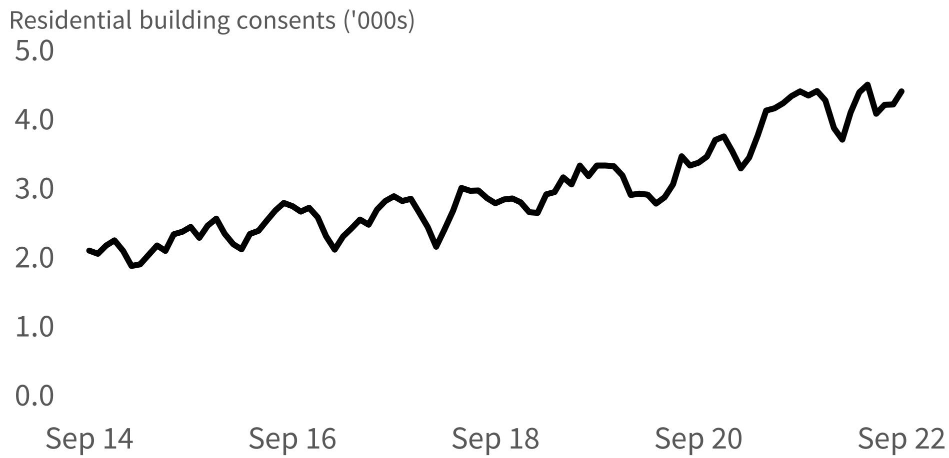
Housing Market – prices and sales volumes have fallen[1]



Slower pace of new lending driven by various factors[2]



Demand for new housing holding up[3]



(1) Source: Macrobond, REINZ
(2) Source: RBNZ
(3) Source: Refinitiv, Stats NZ. Three month moving average.

Abbreviations and disclaimers

Abbreviations

ALA	Alternative Liquid Assets
AML	Anti Money Laundering
APLMA	Asia Pacific Loan Market Association
CET1	Common Equity Tier 1 Capital
CIC	Credit impairment charge
CLF	Committed Liquidity Facility
CP	Collective Provision
CTI	Cost to income ratio
Citi or Citi Consumer Business	Citigroup's Australian consumer business, acquired by the NAB Group on 1 June 2022
DPD	Days Past Due
DLVR	Dynamic Loan to Value Ratio
DRP	Dividend Reinvestment Plan
DTI	Debt to income ratio
EAD	Exposure at Default
EA	Economic Adjustment
ECL	Expected Credit Losses
EPS	Earnings Per Share
EU	AUSTRAC Enforceable Undertaking
FTEs	Full-time Equivalent Employees
GHG	Greenhouse Gas
GIAs	Gross Impaired Assets
GLAs	Gross Loans and Acceptances
HEM	Household Expenditure Measure
HQLA	High Quality Liquid Assets
IRB	Internal Ratings Based approach

ICMA	International Capital Market Association
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LMA	Loan Market Association
LSTA	Loan Syndications and Trading Association
LVR	Loan to Value Ratio
MTM	Mark to market
NBI	Non Bearing Interest
NCO	Net Cash Outflow
NII	Net Interest Income
NPS	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
NSFR	Net Stable Funding Ratio
OIS	Overnight Index Swap
OOI	Other Operating Income
PD	Probability of Default
RMBS	Residential Mortgage Backed Securities
ROE	Return on Equity
RWAs	Risk-weighted assets
SFI	Stable Funding Index
SHL	Simple Home Loans
SME	Small and Medium Enterprise
TFF	Term Funding Facility

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(https://www.nab.com.au/content/dam/nabrwd/documents/policy/corporate/explanation-regarding-unregistered-credit-ratings.pdf)

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