Third Quarter Trading Update

2023

The June 2023 quarter results are compared with the quarterly average of the March 2023 half year results for continuing operations unless otherwise stated. Cash and statutory earnings are rounded to the nearest $50 million. Revenue, expenses and asset quality are expressed on a cash earnings basis. All figures include the impact of Citigroup's Australian consumer business (the Citi consumer business), acquired by the Group on 1 June 2022 unless otherwise stated.

3Q23 FINANCIAL HIGHLIGHTS

$1.75BN

Unaudited statutory net profit

$1.90BN

Unaudited Cash earnings[1]

5.8%

Cash earnings growth Vs 3Q22 (cash earnings before tax and credit impairment charges up 16%)

11.9%

Group Common Equity Tier 1 ratio (CET1)

"We have delivered a sound 3Q23 result, following a very strong 1H23 outcome. Our performance during these periods has benefited from the consistent and disciplined execution of our strategy, against a backdrop of higher interest rates but also slowing growth, inflationary pressures and elevated competition.

Growing our SME franchise remains a priority and over the June quarter SME business lending[2] rose 4%. During the same period, we chose to maintain our disciplined approach in the competitive Australian home lending market with below system growth[3] of 1%.

Our strategy is also delivering productivity, which is key to helping us manage inflationary impacts while still investing in our key priorities. We continue to target productivity savings of approximately $400 million in FY23[4].

We know this environment is challenging for our customers, but pleasingly, most are proving resilient with only a modest deterioration in asset quality in 3Q23. Consistent with our strategy, we are focused on keeping our customers and our bank safe and maintaining prudent risk and balance sheet settings. Capital levels remain healthy even after allowing for our latest on-market share buy-back announced today. Liquidity and collective provision coverage are strong and we raised $37 billion[5] of term funding by end July.

We will continue to execute our long term strategy with discipline and improve customer and colleague outcomes to deliver sustainable growth and improved shareholder returns."

ROSS MCEWAN – NAB CEO

OPERATING PERFORMANCE

Compared with the 1H23 quarterly average, cash earnings before tax and credit impairment charges declined 5%. Key drivers include:

- Gross loans and acceptances were broadly flat with growth in housing and Australian SME business lending offset by lower Corporate & Institutional volumes;
- Revenue declined 2% mainly reflecting lower margins;
- Net interest margin (NIM) declined 5 basis points (bps) to 1.72% reflecting continued home lending competition combined with higher deposit costs, partly offset by benefits of a higher interest rate environment;
- Expenses increased 3% with higher staff-related costs and continued investment in technology capabilities, partly offset by productivity.

SUPPORTING OUR CUSTOMERS & COMMUNITIES

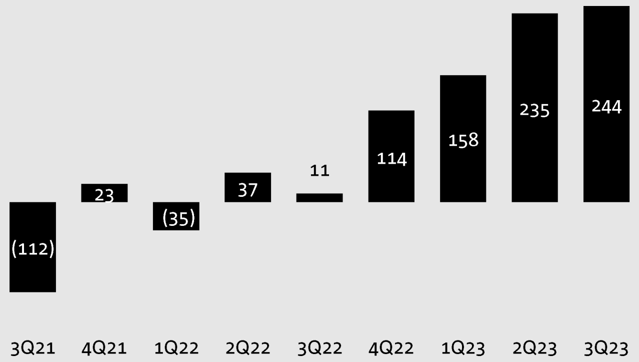
- Strategic Net Promoter Score® (NPS)[6] from March 2023 to June 2023 improved for Consumer NPS from -4 to -3 (ranking remained 2nd of major banks) and fell 1 point for Business NPS to +4 (ranking remained 2nd of major banks)
- Supporting our customers' financial wellbeing by proactively checking-in with more than 570,000 customers since May 2022 and offering support
- Keeping our customers and bank safe from frauds and scams by no longer sending links in unexpected text messages and introducing blocks on some cryptocurrency platforms where scams are more prevalent
- Partnering with Farming for the Future, an independent research program, to help farmers quantify and report on environmental resources and make informed choices about natural capital investment

[1] Refer note on cash earnings on page 3.
[2] SME business lending refers to business lending in NAB's Business & Private Banking division.
[3] System refers to APRA Monthly Approved Deposit-taking institution statistics. Latest data as at June 2023 (adjusted for reclassification of the Citi consumer business).
[4] Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 3.
[5] Includes RBNZ's Funding for Lending Program (FLP) of $1.2 billion.
[6] Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Sourced from DBM Business and Consumer Atlas (part of RFI Global), measured on 6 month rolling average. Business NPS is based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k-$5m turnover), Medium ($5m -$50m turnover), Large ($50m+). Consumer NPS excludes consumers with Personal income of $260k+ and/or investible assets $1m+. Ranking based on absolute scores, not statistically significant differences.

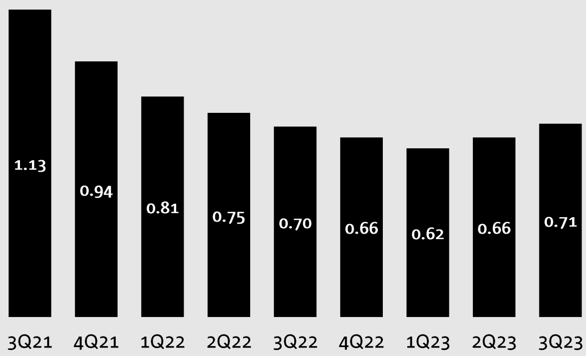
ASSET QUALITY

- Credit impairment charge (CIC) of $244 million reflects a modest deterioration in asset quality across the Group and volume growth. Specific charges, while higher, remain at low levels. There have been no changes to assumptions used in the Economic Adjustment or Forward Looking Adjustments during the quarter.
- Total provisions of $5,703m include $5,169m of collective provisions. Compared with March 2023, the ratio of collective provisions to credit risk weighted assets increased by 5 bps to 1.47%.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances increased 5 bps to 0.71%. This mainly reflects a modest deterioration in delinquencies across the Group's home loan and business lending portfolios.

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

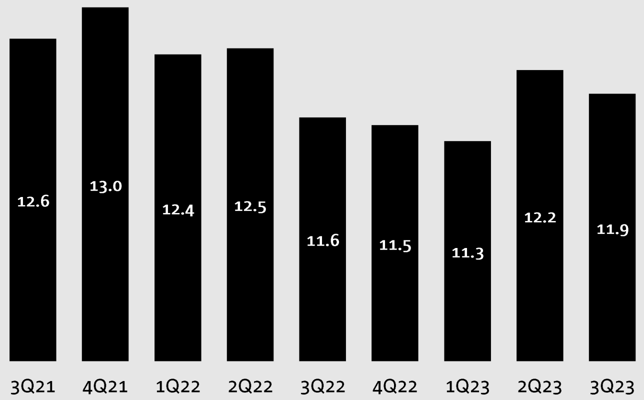


90+ DAYS PAST DUE & GROSS IMPAIRED ASSETS/GROSS LOANS AND ACCEPTANCES (%)



CAPITAL, FUNDING & LIQUIDITY

GROUP CET1 RATIO (%)[7]



KEY RATIOS AS AT 30 JUNE 2023

- Group (CET1) ratio of 11.9% compared with 12.2% at March 2023, including 60 bps impact from payment of the 2023 interim dividend
- Proforma CET1 ratio of 11.6% reflecting the impact of the $1.5 billion announced on-market share buy-back[8] (35 bps)
- Leverage ratio of 5.0%
- Liquidity Coverage Ratio (LCR) quarterly average of 137%
- Net Stable Funding Ratio (NSFR) of 119%

[7] CET1 capital ratio on a Level 2 basis. Ratios from 2Q23 under APRA's revised capital framework effective from 1 January 2023.
[8] On 15 August 2023 the Group announced its intention to acquire up to $1.5 billion ordinary shares via an on-market buy-back. The buy-back is expected to be undertaken over approximately 12 months.

FOR FURTHER INFORMATION

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This announcement has been authorised for release by Nathan Goonan, Group Chief Financial Officer.

DISCLAIMER – FORWARD LOOKING STATEMENTS

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

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group’s financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; the conflict between Russia and Ukraine, the Australian and global economic environment and capital market conditions. Further information is contained in the Group’s Luxembourg Transparency Law disclosures released to the ASX on 4 May 2023 and the Group’s Annual Report for the 2022 financial year, available at www.nab.com.au.

NOTE ON CASH EARNINGS

The Group’s results are presented on a cash earnings basis unless otherwise stated. Cash earnings is a key financial performance measure used by the Group and the investment community. The Group also uses cash earnings for its internal management reporting, as it better reflects what NAB considers to be the underlying performance of the Group. It is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The 2023 Half Year Results provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and a full reconciliation to statutory net profit attributable to owners of NAB on pages 96 to 98. The Group’s financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited (full year) or reviewed (half year) by the Group’s auditors in accordance with Australian Auditing Standards, are made available on the Group’s website. The 2023 Full Year Results - Management Discussion and Analysis is expected to be made available on or around 9 November 2023.