Half Year Results Summary

2024

National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian Credit Licence 230686, 2 May 2024.

1H24 KEY FINANCIAL INFORMATION

$3,494m
Statutory net profit

$3,548m
Cash earnings (i)
Down 3.1% v 2H23
Down 12.8% v 1H23

11.7%
Cash ROE

12.15%
Group Common Equity Tier 1 (CET1) ratio

(i) Refer cash earnings note and reconciliation on page 6.

"Our 1H24 financial performance has benefited from the disciplined execution of our strategy in a challenging environment. This has helped us manage the impacts of slowing economic growth and competitive pressures while also absorbing a higher effective tax rate. Compared with a very strong 1H23 result, cash earnings were 12.8% lower, but the decline was more modest versus 2H23, down 3.1%.

Consistent investment in our better returning segments is supporting good growth over the 12 months to March 2024. This includes 8.6% growth in Australian SME[1] business lending and 6.4% growth in Personal Banking and Business and Private Banking customer deposits. In other areas where returns are less attractive, a selective approach has resulted in more subdued growth including 3.7% in Australian home lending.

Staying safe and having prudent settings are non-negotiables for us. Our CET1 ratio is above our target range, supporting a $1.5 billion increase in our on-market share buy-back[2]. Liquidity and provisions remain strong and our FY24 term funding task is well progressed with $23 billion raised in 1H24.

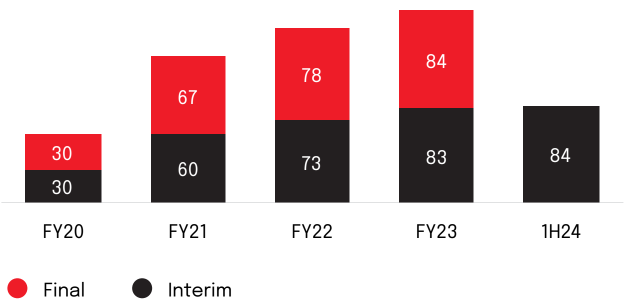
Our strategy, in place since April 2020, has positioned us strongly as a simpler bank with a clear focus on driving better outcomes for colleagues and customers and delivering sustainable growth and returns for shareholders. We are proud of our progress but there is more to do. We need to do better for customers and become even simpler while continuing to remove complexity across our Bank. While our strategic priorities will evolve, customers will remain at the centre of everything we do and there will be no change to our unwavering focus on accountability and execution.

We remain optimistic. Our Bank and most customers are in good shape and the outlook for the Australian economy remains resilient. We are well placed to continue managing our business for the long term."

- Andrew Irvine NAB CEO

Dividends

Cents per share (fully franked)
In respect of each financial year / period



Supporting our customers and communities

- Helping small businesses reduce time spent on administration tasks with the launch of NAB Bookkeeper which leverages AI to provide customers with real-time insights, automated accounting, invoicing, and tax calculations all in the one place via NAB's internet banking.
- Supporting commercial real estate (CRE) customers fund investments in eligible green buildings, or eligible retrofit projects intended to reduce greenhouse gas emissions, with the launch of NAB's Green Finance for CRE.
- Continuing to enhance fraud and scam protections for customers including the introduction of behavioural biometrics to detect more suspicious and anomalous behaviour on NAB Connect internet banking for business.
- Supporting communities with disaster relief grants to customers impacted by floods, fires and storms across 18 locations in Australia during 1H24, together with loan deferrals, reduced repayment arrangements and hardship support for eligible customers.

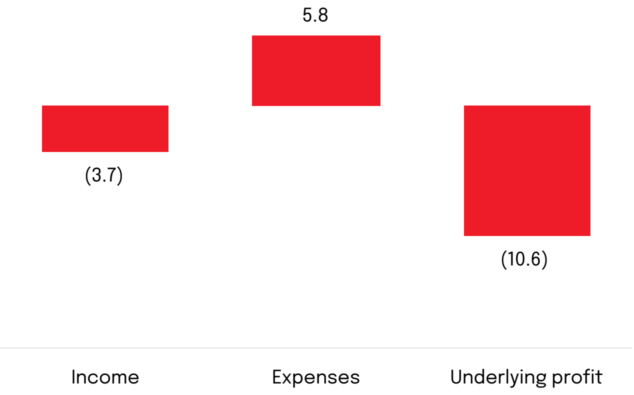
(1) SME refers to small and medium sized enterprise.
(2) On 15 August 2023 the Group announced its intention to acquire up to $1.5 billion ordinary shares via an on-market buy-back. NAB commenced the buy-back on 29 August 2023 and has bought back and cancelled 41,673,065 ordinary shares ($1.3 billion) up to 31 March 2024, including 31,110,882 ordinary shares ($1.0 billion) in the March 2024 half year. NAB has today announced an increase to the on-market buy-back by $1.5 billion with this additional buy-back activity expected to be undertaken over approximately 12 months from today.

The March 2024 half year results are compared with the March 2023 half year results for continuing operations unless otherwise stated. Operating performance and Asset quality are expressed on a cash earnings basis.

Operating performance 1H24 v 1H23

- Revenue decreased by 3.7% mainly reflecting lower margins and lower Markets and Treasury (M&T) income, partially offset by volume growth.
- Gross loans and advances (GLAs) increased by 3.5% and deposits rose 3.8%.
- Net Interest Margin (NIM) decreased by 5 basis points (bps) to 1.72%. Excluding a 5 bps increase from M&T, NIM declined 10 bps. This mainly reflects lending margin competitive pressures primarily relating to housing lending, along with higher term deposit costs and deposit mix impacts, partially offset by higher earnings on deposits and capital as a result of the rising interest rate environment.
- Expenses increased by 5.8% mainly reflecting continued uplift in technology and compliance capabilities including fraud and cyber security with associated higher average FTE and salary-related expenses. These impacts were partially offset by productivity benefits. Compared with 2H23, expense growth moderated to 1.6% or 2.5% excluding the impact of the one-off Compensation Scheme of Last Resort (CSLR) levy provision in 2H23.

1H24 v 1H23 drivers of cash earnings change (%)

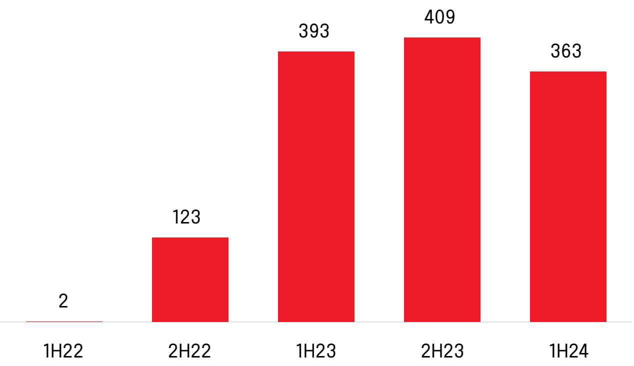


Revenue has softened from strong 1H23 levels as the benefits of a higher interest rate environment have been more than offset by competition. At the same time, cost pressures remained elevated. Disciplined execution of our strategy is helping us manage these impacts including continued delivery of productivity benefits along with good growth in Business and Private Banking while adopting a more selective approach to growth in sectors where returns are more challenged.

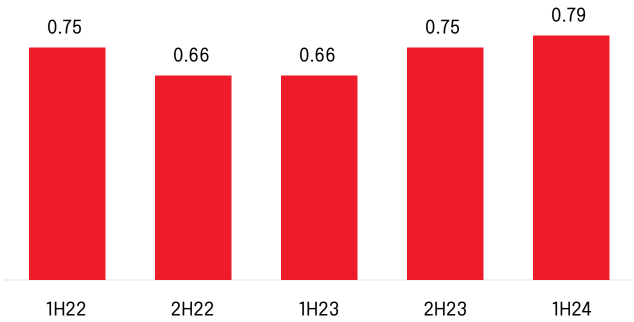
Asset quality 1H24 v 1H23

- Credit impairment charge (CIC) was $363 million, versus a 1H23 charge of $393 million. The 1H24 charge includes a $40 million release from forward looking provisions. Underlying charges primarily reflect volume growth, higher arrears and a modest increase in specific charges, partially offset by the impact of higher house prices.
- The $40 million release from forward looking provisions includes a net release of $93 million from provisions for target sector forward looking adjustments. This has been partially offset by a $53 million top-up to the economic adjustment.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances increased 13 bps to 0.79%. This mainly reflects higher arrears across the Australian home lending and business lending portfolios, partially offset by lower impaired assets.

Credit impairment charge ($m)



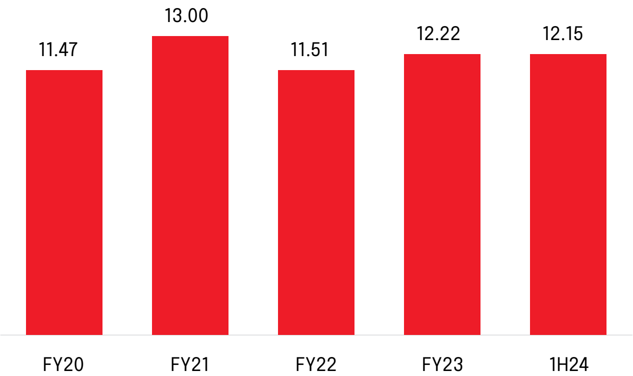
90+ days past due and gross impaired assets / gross loans and acceptances (%)



Our collective provisions remain prudently set at 1.47% of credit risk-weighted assets. The Australian economy is proving resilient and most customers are faring well in the current more challenging environment. However, there remains continued uncertainty in the outlook including the impacts of global instability and the ability of customers to manage the full extent of higher interest rates and elevated cost of living pressures.

Capital, funding and liquidity

Group CET1 ratio(i) (%)



(i) CET1 capital ratio on a Level 2 basis. From 1 January 2023 ratios are reported under APRA's revised capital framework.

Key ratios as at 31 March 2024

- Group Common Equity Tier 1 (CET1) ratio of 12.15%, down 7 bps from September 2023. This includes the benefit of lower IRRBB RWA (23 bps) and removal of APRA's Operational Risk overlay (17 bps) partially offset by $1.0 billion of shares bought back in 1H24 (23 bps)[1] along with volume growth and asset quality deterioration.
- Leverage ratio of 5.10%.
- Liquidity coverage ratio (LCR) quarterly average of 139%.
- Net Stable Funding Ratio (NSFR) of 118%.

Key divisional performance - Cash earnings

	1H24 ($m)	% change 1H24 v 1H23	Key drivers 1H24 v 1H23
Business and Private Banking	1,673	(2.4)	Modestly lower earnings with a decline in underlying profit partially offset by a reduction in credit impairment charges. Revenue decreased from strong 1H23 levels with strong volume growth but lower margins including the impact of competitive lending pressures, primarily relating to home lending. Expenses were higher including continued planned investment in the franchise.
Personal Banking	553	(29.6)	Lower earnings reflecting a decline in underlying profit. Revenue was weaker compared with strong 1H23 levels as competitive pressures more than offset disciplined volume growth and benefits from the higher interest rate environment. Cost growth was well managed.
Corporate and Institutional Banking	899	(2.8)	Modestly lower earnings reflecting a decrease in underlying profit and a higher effective tax rate due to the repeal of the offshore banking unit tax concession. This was partially offset by a write-back in credit impairment charges compared with a charge in the prior period. Revenue declined slightly as a result of lower Markets income partially offset by stronger margins.
New Zealand Banking (NZ $m)	750	(7.7)	Lower underlying profit as a result of increased expenses including higher salary and technology related costs and compliance obligations. Revenue was slightly lower with growth in volumes offset by a decline in margins. Credit impairment charges were broadly stable.

(1) On 15 August 2023 the Group announced its intention to acquire up to $1.5 billion ordinary shares via an on-market buy-back. NAB commenced the buy-back on 29 August 2023 and has bought back and cancelled 41,673,065 ordinary shares ($1.3 billion) up to 31 March 2024, including 31,110,882 ordinary shares ($1.0 billion) in the March 2024 half year.

Our 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
Personal & SME

ubank
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

Economic outlook(1)

In Australia, household consumption growth slowed sharply in the second half of 2023, impacted by interest rates and cost of living pressures. This is weighing on real GDP growth which is expected to remain below-trend over the near term. However, some relief is anticipated later this year with expected tax cuts and a forecast easing in monetary policy from November should inflation continue to moderate. Following 1.5% GDP growth over 2023, growth of 1.7% is forecast over 2024, before improving to around 2.25 % in 2025. Pressure has eased in the labour market and wage growth is expected to slow from elevated rates in 2023. The unemployment rate is expected to continue to drift higher, peaking at around 4.5% by end 2024, but most indicators of labour demand remain healthy suggesting employment will continue to grow.

In New Zealand, the impacts of significant monetary policy tightening and slower global economic growth are continuing to weigh on economic activity. Real GDP growth has contracted, falling 0.3% over 2023, and there is a risk of a further decline in the first half of 2024. Strong population growth is contributing to an easing in supply side and inflationary pressures and a softening in the labour market, with the unemployment rate forecast to peak near 5.5% in 2025. If sustained, this provides scope for monetary policy easing - currently expected towards the end of 2024 - and improved economic growth in 2025.

(1) References to years relate to calendar years. References to growth over a year relate to Dec quarter versus Dec quarter of previous year.

Strategic overview

While 1H24 has been a challenging time with significant competitive pressures and slowing growth, it is pleasing that all our divisions are continuing to execute well and in line with their strategic focus. This has delivered good balance sheet momentum in our targeted, higher returning sectors.

In Business and Private Banking (B&PB), our relationship-based approach increasingly enabled by digital, data and analytics continues to support good growth across our franchise. Despite a softer economic environment, business lending remained strong, up 8.6% over the year to March 2024, aided by increasing simplification and digitisation of our lending process. Deposit growth was also strong, up 6.4% over the year to March 2024, with continued focus on new transaction account openings. The rollout of innovative and enhanced solutions to help customers manage payments and cashflows remained a priority in 1H24 with key initiatives including enhancements to our ecommerce offering NAB Gateway and the launch of NAB Bookkeeper to reduce administration time for small business customers.

In Personal Banking we remained focused on providing simpler, more digital banking experiences. Simple everyday banking products opened digitally increased to 75% in 1H24, well up from 62% in FY20. This has supported good deposit growth of 6.4% over the year to March 2024. Our digital home lending platform continues to deliver faster turnaround times and better banker productivity. Rollout is progressing well across the broker channel with almost a quarter of broker home loans now submitted via the platform (up from 15% in 2H23). However, competitive dynamics in the Australian home lending market have been challenging. This has seen us adopt a selective approach to growth over the 12 months to March 2024 with balances rising 3.7% (representing 0.8x system growth levels[1]) and a deliberate skew to our B&PB channel where returns are stronger.

We are leveraging capability from recent acquisitions to drive growth in unsecured lending and ubank through better, more targeted customer propositions. Over 1H24, our credit card balances and market share increased and ubank recorded continued customer acquisition weighted towards its target segment of under 35-year-olds.

Corporate and Institutional Banking (C&IB) has maintained its returns-focused strategy. A disciplined approach to growth, combined with a focus on simplification and leveraging transactional banking capability has driven a 520 bps improvement in C&IB's returns over the three years to March 2024 despite only modest growth in lending balances.

New Zealand Banking (NZB) is making good progress against its strategic priorities of becoming a simpler, more digital bank and tilting to less capital intensive sectors over time. This is helping support returns in continued challenging economic conditions. Over the year to March 2024 NZB achieved good growth in the household sector, which remains a focus.

Having a healthy customer franchise and engaged colleagues are key to our ability to grow sustainably. This is supported by our consistent focus on improving customer and colleague experiences. Our most recent colleague engagement score of 77 is stable over 12 months and in line with the top quartile global benchmark[2]. Customer NPS[3] outcomes have been mixed over the 12 months to March 2024. Business NPS declined 8 points to +2 with NAB's ranking slipping from second to fourth of major banks. Over the same period, Mass Consumer NPS improved 1 point with NAB continuing to rank second of major banks, and High Net Worth and Mass Affluent NPS improved 6 points with NAB continuing to rank first of major banks. Delivering more consistent service experiences to all NAB customers is a priority and we clearly have work to do to achieve this.

Our investment to simplify and digitise our business is allowing our bankers to spend more time with customers and provide quicker responses, while letting customers increasingly self-serve when they want to. This is also making us more efficient, supporting productivity benefits of $189 million in 1H24, and helping us manage costs while continuing to invest. In FY24 we continue to target productivity benefits of approximately $400 million[4].

Constant and evolving threats from financial crime require ongoing vigilance. Since September 2021 we have prevented or recovered more than $260 million in scam losses for customers. We will continue to enhance our defences to keep our Bank and customers safe. Staying safe also requires that we maintain prudent balance sheet settings and consistently manage risk with discipline. As at 31 March 2024, collective provisions as a ratio of credit risk-weighted assets were 1.47% and the share of lending funded by customer deposits is 82% - both well above pre-COVID 19 levels. The removal of APRA's $500 million Operational Risk capital add-on, reflecting improvements to our governance, risk and culture since 2019, has been an important milestone this period adding to our strong capital position. Our CET1 ratio of 12.15% compares with a target range of 11.0-11.5%, supporting a $1.5 billion increase in our on-market share buy-back[5].

Our strategy, in place since April 2020, has served us well over four years. Despite significant shifts in our operating environment during this period, we have maintained a clear focus on delivering better outcomes for customers and colleagues while keeping our bank safe. This has been supported by disciplined execution and persistent investment, and seen our return on equity improve from 9.0% in 1H20 to 11.7% in 1H24. With our new Executive Leadership Team in place, we are considering how we evolve our strategic priorities. We start in a great place with strong, safe balance sheet settings and attractive growth options. While no major strategic pivots are needed, we are excited about opportunities to leverage the good work of the past several years to allow us to become even simpler and drive better outcomes for customers and colleagues while maintaining a disciplined approach. This will remain at the core of everything we do and underpin our ability to deliver sustainable growth and returns.

(1) APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at March 2024.
(2) Engagement scores refer to Glint 'Heartbeat' outcomes. Top quartile comparison is based on Glint's client group (domestic and global, from all industries).
(3) 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. A number of changes have been made to our Strategic NPS measure to align more closely to the Group Strategy. Business NPS is now based on (25:25:50) combined weighting of NAB turnover segments: Nano/Micro (Up to $1m turnover OR $1m to $5m turnover with no relationship management), Small ($1m-$5m turnover with relationship management), Medium & Large ($5m -$200m turnover). Mass Consumer NPS now excludes HNW&MA (consumers with Personal income of $260k+ and/or investible assets $2.5m+ and/or footings of over $850k). Ranking based on absolute scores, not statistically significant differences.
(4) Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7.
(5) On 15 August 2023 the Group announced its intention to acquire up to $1.5 billion ordinary shares via an on-market buy-back. NAB commenced the buy-back on 29 August 2023 and has bought back and cancelled 41,673,065 ordinary shares ($1.3 billion) up to 31 March 2024, including 31,110,882 ordinary shares ($1.0 billion) in the March 2024 half year. NAB has today announced an increase to the on-market buy-back by $1.5 billion with this additional buy-back activity expected to be undertaken over approximately 12 months from today.

Group performance results

Cash earnings is a non-IFRS key financial performance measure used by NAB and the investment community. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the Group. Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The 2024 Half Year Results provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and full reconciliation of statutory net profit attributable to owners of the Company on pages 96 to 98.

	Half Year to				
	Mar 24 $m	Sep 23 $m	Mar 23 $m	Mar 24 v Sep 23 %	Mar 24 v Mar 23 %
Net interest income	**8,397**	8,331	8,476	0.8	(0.9)
Other operating income	**1,741**	1,794	2,053	(3.0)	(15.2)
Net operating income	**10,138**	10,125	10,529	0.1	(3.7)
Operating expenses	**(4,677)**	(4,602)	(4,421)	1.6	5.8
Underlying profit	**5,461**	5,523	6,108	(1.1)	(10.6)
Credit impairment charge	**(363)**	(409)	(393)	(11.2)	(7.6)
Cash earnings before income tax	**5,098**	5,114	5,715	(0.3)	(10.8)
Income tax expense	**(1,541)**	(1,448)	(1,645)	6.4	(6.3)
Cash earnings before non-controlling interests	**3,557**	3,666	4,070	(3.0)	(12.6)
Non-controlling interests	**(9)**	(5)	-	80.0	large
Cash earnings	**3,548**	3,661	4,070	(3.1)	(12.8)
Non-cash earnings items (after tax)	**(4)**	(178)	(88)	(97.8)	(95.5)
Net profit attributable to owners of the Company from continuing operations	**3,544**	3,483	3,982	1.8	(11.0)
Net loss attributable to owners of the Company from discontinued operations	**(50)**	(36)	(15)	38.9	large
Net profit attributable to owners of the Company	**3,494**	3,447	3,967	1.4	(11.9)
Represented by:					
Business and Private Banking	**1,673**	1,604	1,714	4.3	(2.4)
Personal Banking	**553**	661	785	(16.3)	(29.6)
Corporate and Institutional Banking	**899**	915	925	(1.7)	(2.8)
New Zealand Banking	**697**	647	747	7.7	(6.7)
Corporate Functions and Other	**(274)**	(166)	(101)	65.1	large
Cash earnings	**3,548**	3,661	4,070	(3.1)	(12.8)

Shareholder summary

	Half Year to				
	Mar 24	Sep 23	Mar 23	Mar 24 v Sep 23	Mar 24 v Mar 23
Group - Including discontinued operations					
Dividend per share (cents)	**84**	84	83	-	1
Statutory dividend payout ratio	**74.9%**	76.3%	65.7%	(140 bps)	920 bps
Statutory earnings per share (cents) - basic	**112.2**	110.1	126.3	2.1	(14.1)
Statutory earnings per share (cents) - diluted	**110.4**	107.3	121.2	3.1	(10.8)
Statutory return on equity	**11.5%**	11.3%	13.3%	20 bps	(180 bps)
Net tangible assets per ordinary share ($)	**18.16**	17.96	18.04	1.1%	0.7%
Group - Continuing operations					
Cash dividend payout ratio	**73.7%**	71.8%	64.1%	190 bps	960 bps
Statutory dividend payout ratio from continuing operations	**73.8%**	75.5%	65.5%	(170 bps)	830 bps
Statutory earnings per share from continuing operations (cents) - basic	**113.8**	111.3	126.7	2.5	(12.9)
Statutory earnings per share from continuing operations (cents) - diluted	**111.9**	108.3	121.7	3.6	(9.8)
Cash earnings per share (cents) - basic	**114.0**	117.0	129.5	(3.0)	(15.5)
Cash earnings per share (cents) - diluted	**112.0**	113.6	124.3	(1.6)	(12.3)
Cash return on equity	**11.7%**	12.0%	13.7%	(30 bps)	(200 bps)

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This Results Summary has been authorised for release by the Board.

Disclaimer - Forward looking statements

This Result Summary and the 2024 Half Year Results contain statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", "target", "intend", "likely", "may", "will", "could" or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine and Israeli-Palestinian conflicts and other geopolitical tensions, the Australian and global economic environment and capital market conditions. Further information is contained in the Group's Luxembourg Transparency Law disclosures released to ASX on 2 May 2024 and the Group's Annual Report for the 2023 financial year, available at nab.com.au.