

2021 THIRD QUARTER TRADING UPDATE



The June 2021 quarter results are compared with the quarterly average of the March 2021 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.

3Q21 FINANCIAL HIGHLIGHTS

\$1.65BN

Unaudited statutory net profit

\$1.70BN

Unaudited Cash earnings¹

10.3%

Cash earnings growth Vs 3Q20

12.6%

Group Common Equity Tier 1 ratio (CET1)

“Our performance this quarter is encouraging. Cash earnings rose 10.3% compared with 3Q last year, supported by significantly better credit impairment outcomes.

Particularly pleasing is the strong momentum across our business. In Australia, housing lending rose 2% and SME business lending grew 4.3%, both outpacing system in recent months². Our New Zealand business also delivered robust growth with lending up 2.7%. These outcomes are a result of the decisions and investments we are making, which are having a positive impact for customers and colleagues.

We have a clear focus on where and how we will continue to grow. The exit of MLC Wealth is now complete, and the acquisitions of 86 400 and Citigroup’s Australian consumer business will help accelerate our growth strategy.

Continued COVID-19 outbreaks and lockdowns are creating uncertainty and challenges for some of our customers. Through this we will support them while keeping our bank safe. However, we remain optimistic about the long-term outlook for Australia and New Zealand. The strong economic momentum leading into this period, ongoing government support and customers’ relatively healthy starting positions give us confidence that once restrictions are eased, the economy will again bounce back.”

ROSS MCEWAN - NAB CEO

OPERATING PERFORMANCE

Compared with the 1H21 quarterly average, cash earnings increased 1% and cash earnings before tax and credit impairment charges decreased 1%:

- Revenue declined 1% with higher volumes and margins more than offset by lower Markets & Treasury (M&T) income which is being challenged by more limited trading opportunities given the impacts of current global monetary policy settings. Excluding M&T, revenue rose 1.9%;
- Net interest margin (NIM) was broadly stable. Excluding M&T and higher liquids, NIM increased modestly with lower deposit and funding costs partly offset by the impact of low interest rates combined with home lending competition and mix;
- Expenses fell 1% with higher technology and investment spend offset by productivity benefits. We continue to target FY21 expense growth limited to 0-2%³

SUPPORTING OUR CUSTOMERS & COMMUNITIES

- Strategic Net Promoter Score (NPS)⁴ fell 2 points from -7 in March to -9 in June, with NAB ranked second of the major banks
- Helping customers impacted by recent lockdowns with support options tailored to individual circumstances
- Investing a further \$100 million over FY21 (in addition to \$60 million in FY20) to transform and revitalise our branch network around Australia, with more meeting spaces and digital self-service bars, adapting to changing ways customers do their banking
- Supporting our customers achieve a net zero goal with Project Carbon - a platform launched in conjunction with three other global banks, which aims to create a thriving global marketplace for quality carbon offsets with clear and consistent pricing and standards

¹ Refer note on cash earnings on page 3.

² Based on APRA Monthly Authorised Deposit-Taking Institution statistics as at June 2021 for housing, and RBA Lending to Business – Business Finance Outstanding by Business Size and Industry data as at May 2021 for SME business lending.

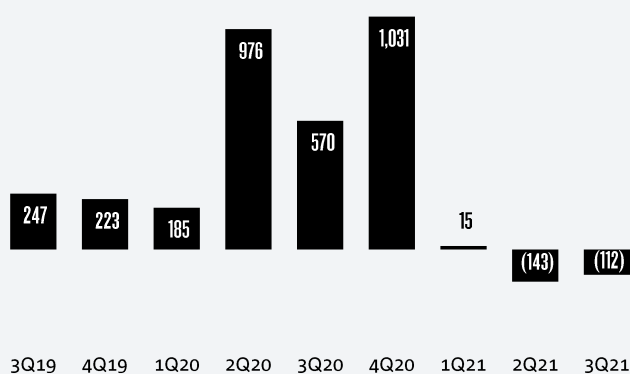
³ Excluding large notable items such as customer-related remediation costs.

⁴ Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Sourced from DBM Consultants Business and Consumer Atlas, measured on 6 month rolling average. Definition has been updated to give all customers in the Business and Consumer segments equal voice. The overall Strategic NPS result combines the Consumer (18+) and Business segments using a 50% weighting for each. History has been restated. Ranking based on [simple/absolute] scores, not statistically significant differences.

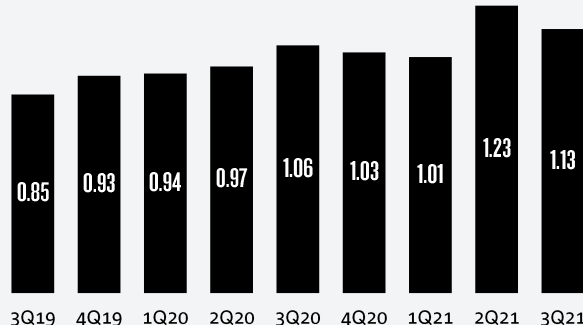
ASSET QUALITY

- Credit impairment charge (CIC) was a write-back of \$112 million reflecting improving asset quality across both housing and business lending combined with the impact of higher house prices and continued low specific charges. There has been no impact on CICs from changes to the Economic Adjustment or Forward Looking Adjustments during the quarter.
- Compared with March 2021, the ratio of collective provisions (CP) to credit risk weighted assets fell 13 basis points (bps) to 1.37%. The key driver has been the sale of approximately \$1.5 billion of aviation loans and associated CP reduction⁵ of approximately \$300 million in May, to de-risk the portfolio.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances decreased 10 bps to 1.13%. Key drivers include improved performance across the Australian home loan portfolio and lower levels of impaired assets in the business lending portfolio largely due to successful workouts and debt reductions.
- As at 31 July, total deferred loan balances associated with current lockdowns were less than \$1 billion.

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

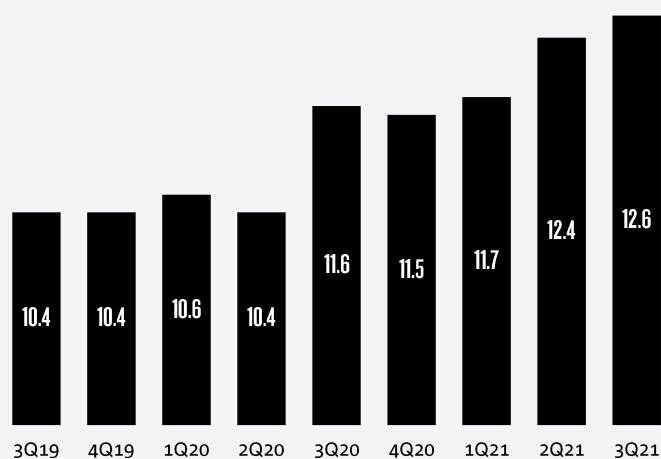


90+ DAYS PAST DUE & GROSS IMPAIRED ASSETS/GROSS LOANS AND ACCEPTANCES (%)



CAPITAL, FUNDING & LIQUIDITY

CET1 RATIO (%)



KEY RATIOS AS AT 30 JUNE 2021

- Group Common Equity Tier 1 (CET1) ratio of 12.6%, compared with 12.4% at March, including 47 bps impact from payment of the 2021 interim dividend and 31 bps net proceeds from sale of MLC Wealth less acquisition of 86 400
- Expected net proforma CET1 ratio reduction of ~85 bps from acquisition of Citigroup's Australian consumer business (~32 bps) and \$2.5 billion buy back (~60 bps) less proceeds from BNZ Life divestment (~7 bps)⁶
- Leverage ratio (APRA basis) of 5.8%
- Liquidity Coverage Ratio (LCR) quarterly average of 129%
- Net Stable Funding Ratio (NSFR) of 123%
- NAB has fully drawn its total Term Funding Facility (TFF) allowance of \$31.9 billion including supplementary and additional allowances totalling \$17.6 billion drawn down in FY21

⁵ Including \$248 million of target sector forward looking adjustments.

⁶ Acquisition of Citigroup Australian consumer business and sale of BNZ Life expected to complete in 2022 subject to relevant approvals. Final capital impact will be determined following completion. Buy-back expected to commence mid to late August 2021, and be undertaken over approximately over 12 months.

FOR FURTHER INFORMATION

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

DISCLAIMER – FORWARD LOOKING STATEMENTS

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

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the COVID-19 pandemic, the 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 6 May 2021 and the Group's Annual Financial Report for the 2020 financial year, which is available at www.nab.com.au.

NOTE ON CASH EARNINGS

The Group's results are presented on a cash earnings basis unless otherwise stated. Cash earnings is a key financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. 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. It is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The Group's Half Year and Full Year Results Announcements provide details of how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation to statutory net profit attributable to owners of NAB. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited (full year) or reviewed (half year) by the Group's auditors in accordance with Australian Auditing Standards, are made available on the Group's website. The Group's 2021 Full Year Results Announcement is expected to be made available on or around 9 November 2021.