NAB DEBT INVESTOR UPDATE

November 2020

KEY MESSAGES

Financial results reflect challenging environment

Balance sheet strength. Keep the bank safe

Supporting customers and colleagues

Strategic ambition is clear. Good progress made on execution

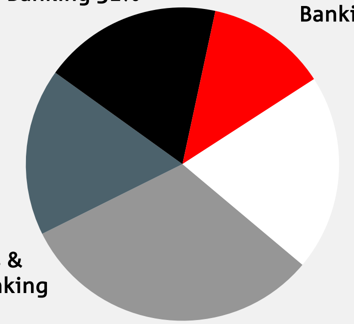
Focused now on building momentum in our core businesses

National Australia Bank

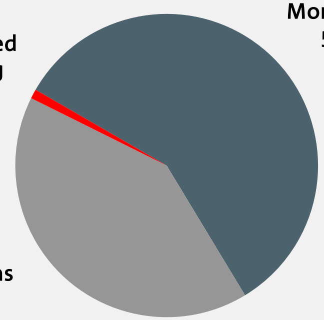
NAB AT A GLANCE

>34,000 Employees	~9 million Customers	859 Branches/Business centres	>160 years in operation

CASH EARNINGS DIVISIONAL SPLIT[1]



GROSS LOANS & ACCEPTANCES SPLIT



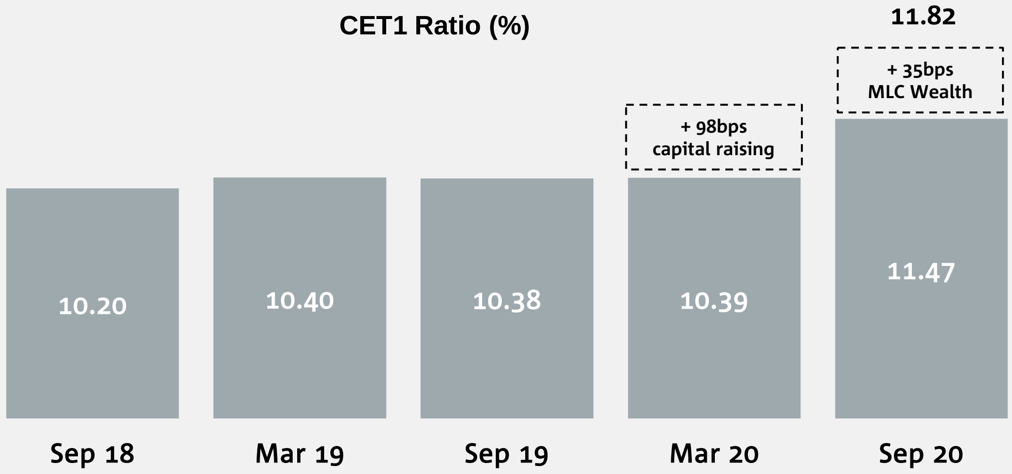
Key Financial Data	FY20
Cash Earnings	$3,710m
Cash Earnings[1]	$4,733m
Cash ROE[1]	8.3%
Gross Loans & Acceptances	$594bn
Non-performing loans to GLAs[2]	103bps
CET1 (APRA)	11.47%
NSFR (APRA)	127%
Australian Market Share	**As at September 2020**
Business lending[3]	21.5%
Housing lending[3]	14.6%
Personal lending[4]	9.2%

Credit Ratings NAB Ltd LT/ST	S&P AA-/A-1+ (Negative)	Moody's Aa3/P-1 (Stable)	Fitch A+/F1 (Negative)

(1) Numbers are shown excluding large notable items. Refer to page 118 of NAB's FY20 Investor Presentation for definition of cash earnings and reconciliation to statutory net profit
(2) 90+ days past due and gross impaired assets to gross loans and acceptances
(3) APRA Monthly Authorised Deposit-taking Institution statistics
(4) Personal loans business tracker reports provided by RFI, represents share of RFI defined peer group data. Market share is at Aug 20

BALANCE SHEET STRENGTH

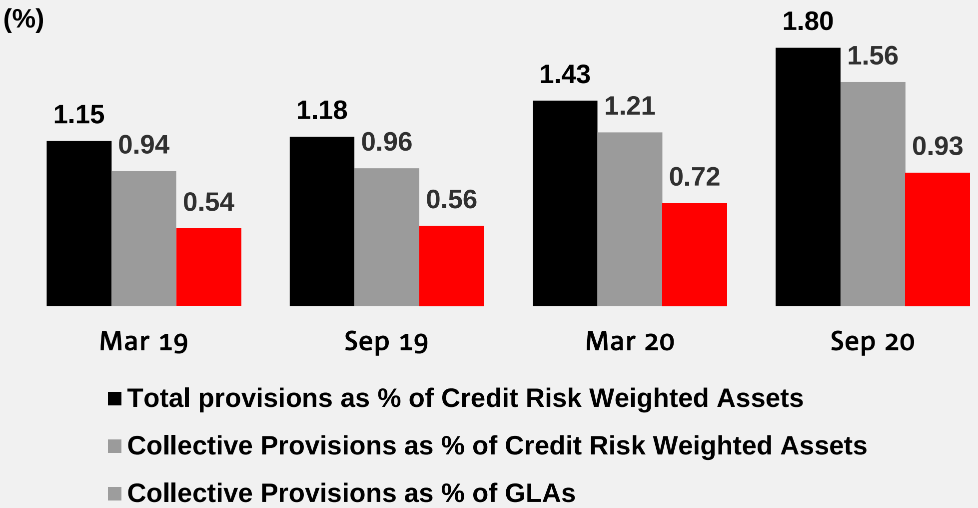
CAPITAL INCLUDES SUBSTANTIAL BUFFER



FUNDING & LIQUIDITY REMAINS STRONG

Metric (%)	Mar 19	Sep 19	Mar 20	Sep 20
LCR (quarterly average)	130	126	136	139
NSFR	112	113	116	127

STRENGTHENED PROVISIONING COVERAGE



COMMENTS

- $3bn institutional placement and $1.25bn share purchase plan successfully completed in 2H20
- Sale of MLC Wealth expected to provide additional 35bps of CET1 on completion[1]
- Shareholder dividends of 60cps declared in FY20
- Funding and Liquidity metrics remain well above minimum thresholds
- Further increased provisioning coverage in 2H20 including top up to forward looking provisions – CP/CRWA of 1.56% and CP/GLAs of 0.93%

(1) Completion remains subject to satisfaction of certain conditions, including regulatory approvals

WE HAVE A CLEAR STRATEGIC AMBITION

nab bnz UBANK JBWere

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
- ROE

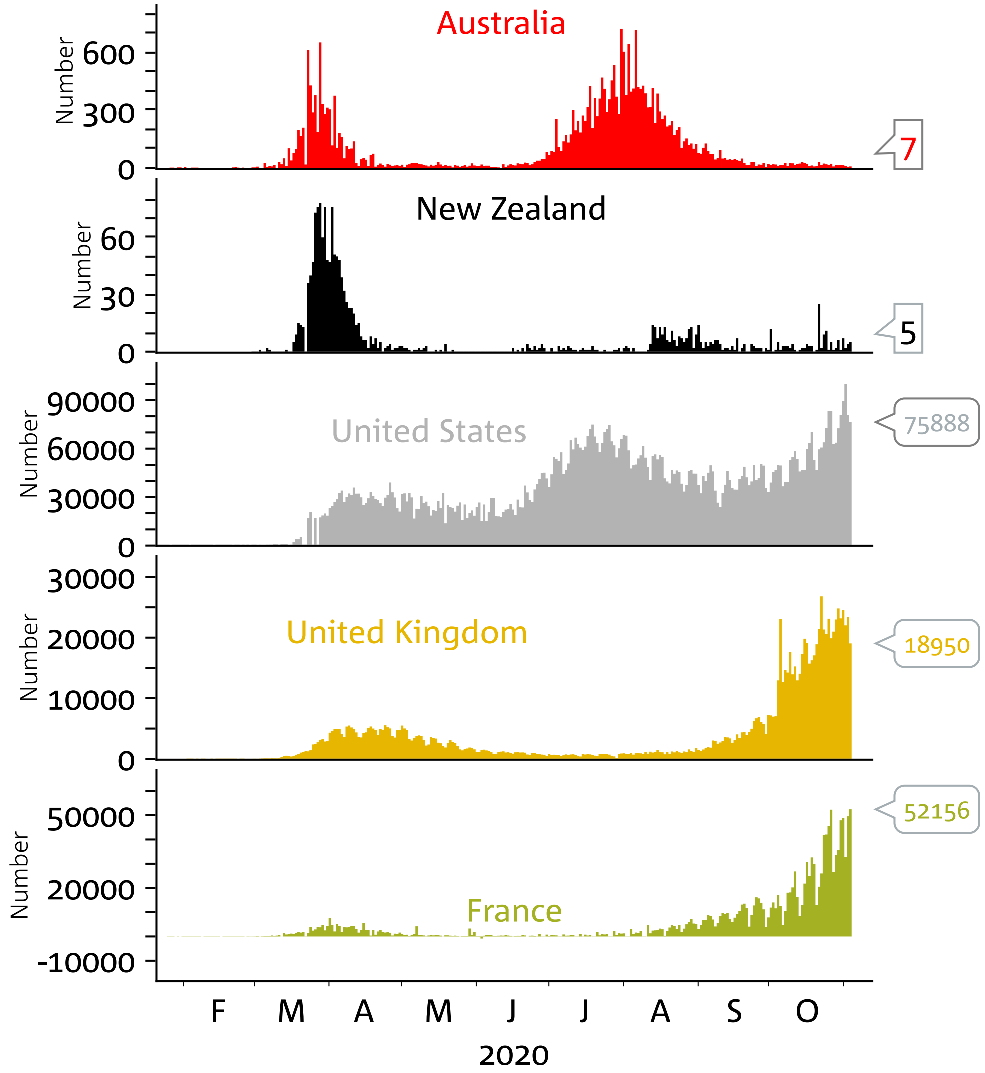
National Australia Bank

FOCUSED ON EXECUTION WITH GOOD PROGRESS TO DATE

- ✓ Implemented new customer-centric organisation structure with clear accountabilities
- ✓ Leadership team largely in place – clear understanding of key strategic priorities
- ✓ Investing in colleagues – launch of Career Qualified in Banking and single Leadership program
- ✓ Sale of MLC Wealth to IOOF to simplify business
- ✓ Strong technology foundations leading to improved resilience, lower cost and enhanced customer experience
- ✓ Accelerated roll-out of digital tools and new partnerships to enhance data & analytics capabilities

COVID-19 IN AUSTRALIA

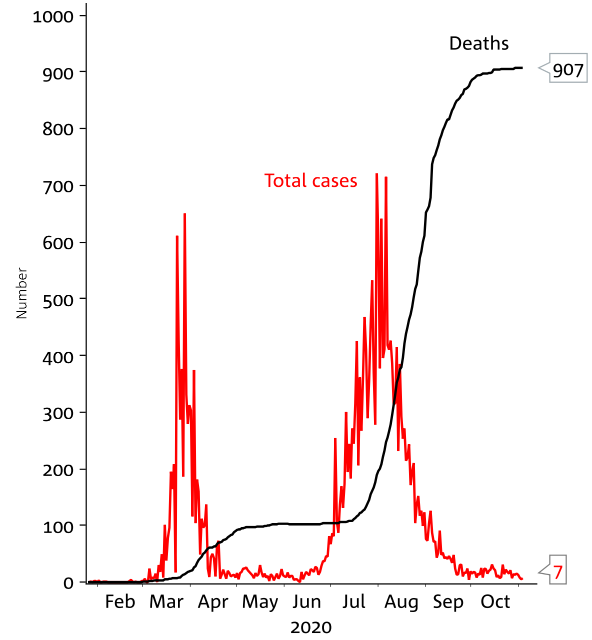
COVID-19 CASES AUSTRALIA COMPARISON[1]



COMMENTS

- Australia (excl. Victoria) has been largely open and virus free since July 2020.
- The 'second wave' in Victoria commenced in July 2020, instigating a 113 day lockdown.
- Federal government intends to reopen Australia to 'COVID Normal' by December 2020[2].
- Some state borders currently closed to domestic travel, some restrictions expected to ease end 2020[2].
- Safe Travel Zone with New Zealand[3] established.

COVID-19 CASES AND DEATHS AUSTRALIA[1]



(1) Complied by NAB using WHO data https://covid19.who.int/
(2) Framework for National Reopening https://www.health.gov.au/resources/publications/framework-for-national-reopening-october-2020
(3) https://www.pm.gov.au/media/safe-travel-zone-new-zealand

AUSTRALIAN GOVERNMENT ECONOMIC RESPONSE TO COVID-19[1]

SUPPORTING INDIVIDUALS & HOUSEHOLDS

- JobSeeker - financial help for unemployed people looking for work.
- JobKeeper - cover the costs of employees' wages for businesses impacted by COVID-19.
- Two $750 payments to social security, veteran and other income support recipients and eligible concession card holders.
- Temporary early release of superannuation.
- A 0.75bps reduction to the upper and lower social security deeming rates.

SUPPORTING BUSINESS

- JobKeeper – $70bn allocated for businesses.
- Temporary cash flow support of up to $100,000 for eligible SMEs and not-for-profits that employ staff.
- Increasing instant asset write-off threshold from $30,000 to $150,000 and expanding access.
- 15 month investment incentive (to 30 June 21) by accelerating depreciation deductions.
- SME Guarantee Scheme - Government providing a guarantee of 50% to lenders to support new loans to SME

SUPPORTING THE FLOW OF CREDIT

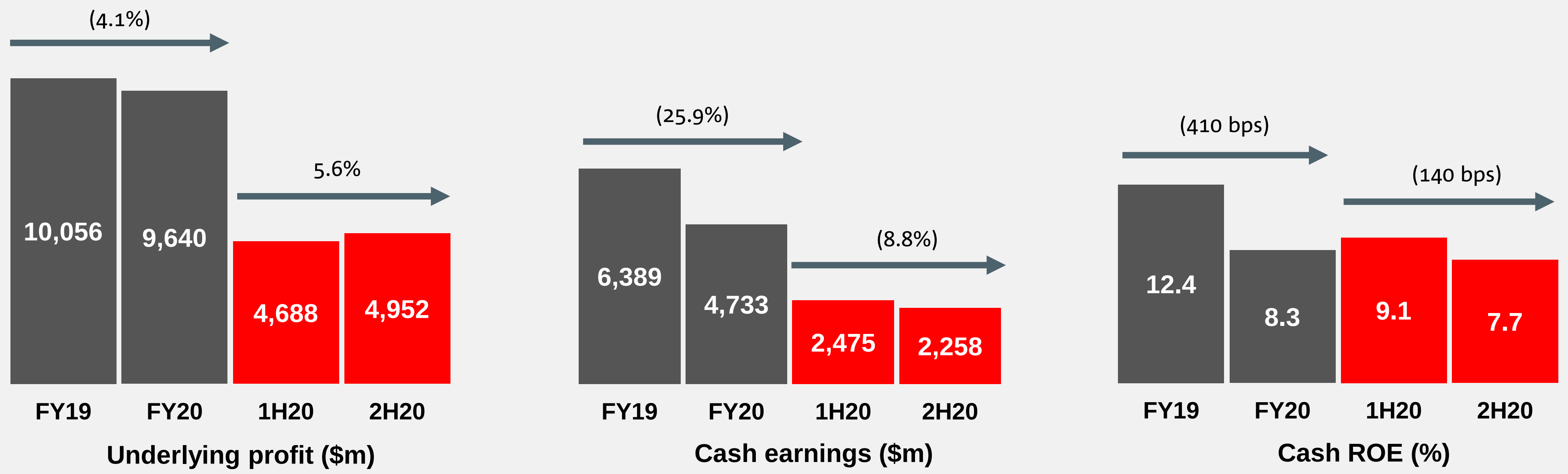
- Temporary exemption from responsible lending obligations for credit extended to existing small business customers.
- Term Funding Facility for the banking system.
- Australian Office of Financial Management (AOFM) investment in structured finance markets used by smaller lenders to support securitisations and warehouse facilities.
- Cash rate reduced to 0.10% in November 2020 and targeting a 0.10% yield on 3-year Australian Government Securities.
- In November, the RBA to purchase of $100bn of government bonds of maturities of ~5 to 10 years over 6 months.
- Temporary changes to APRA expectations regarding bank capital ratios.

(1) Information taken from the Australian Government Federal Treasury, 'Economic Response to the Coronavirus' https://treasury.gov.au/coronavirus as at 22 October 2020, and RBA website https://www.rba.gov.au/monetary-policy/int-rate-decisions/2020/ as at 4 November 2020,

FINANCIALS

GROUP FINANCIAL PERFORMANCE

GROWTH BY KEY FINANCIAL INDICATORS (EX LARGE NOTABLE ITEMS)

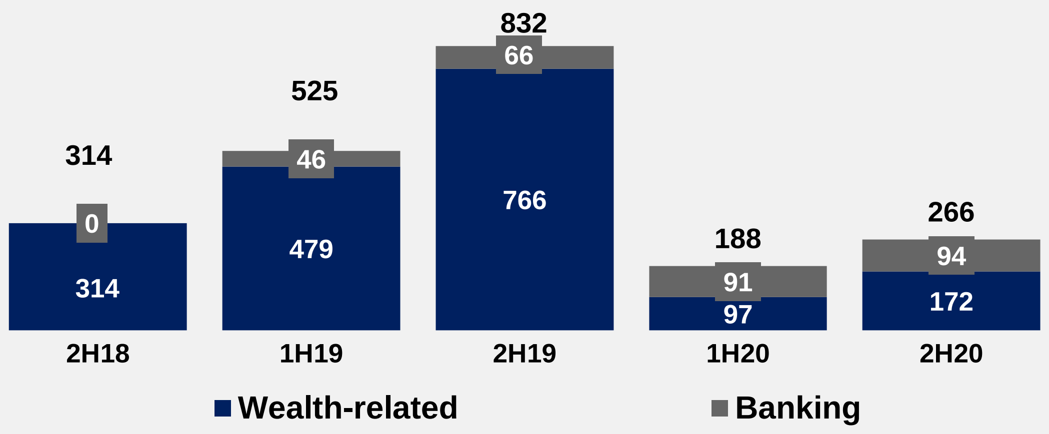


P&L key financial indicators	FY20 ($m)	FY20 v FY19	2H20 ($m)	2H20 v 1H20
Net Operating Income	17,319	(1.5%)	8,884	5.3%
Operating Expenses	7,679	2.0%	3,932	4.9%
Credit Impairment Charge	2,762	Large	1,601	37.9%

REMEDIATION AND LARGE NOTABLE ITEMS

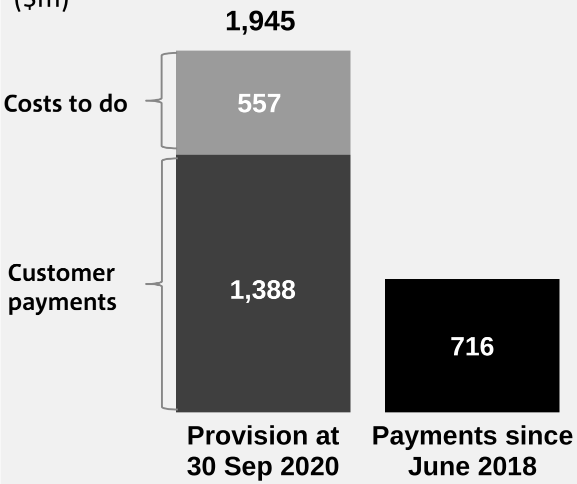
CUSTOMER-RELATED REMEDIATION PROVISION CHARGES[1]

($m)



PROVISIONING AND UTILISATION

($m)



- >1,200 colleagues dedicated to remediation activities across NAB and MLC Wealth
- Salaried planner adviser service fee program substantially complete
- 801k payments made to customers since June 2018 at a total value of $716m
- Continue to review means of accelerating payments to customers

PAYROLL REMEDIATION

- Extensive review into payments to both current and former Australian colleagues
- Range of potential payroll under and over payments issues; remediating under payments dating back to 1 October 2012
- 2H20 provisions of $128m before tax ($90m after tax) including $20m before tax ($14m after tax) in Discontinued Operations

IMPAIRMENT OF PROPERTY-RELATED ASSETS

- 2H20 charges of $134m before tax ($94m after tax)
- Primarily relates to plans to consolidate NAB's Melbourne office space with more colleagues expected to adopt a flexible and hybrid approach to working over the longer term
- Ongoing cost savings <$20m p.a reflecting ~7 year lease tail; offset by transitional property costs in FY21

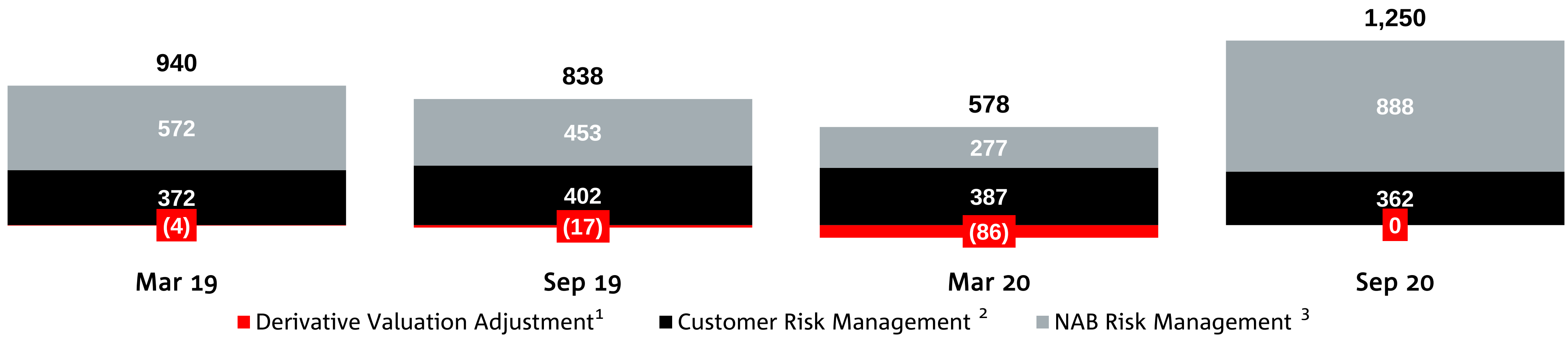
(1) Charges are post-tax and include amounts taken through discontinued operations. Wealth customer-related remediation transferred to Discontinued Operations following the announced agreement to sell 100% of MLC Wealth to IOOF Holdings Ltd (IOOF). Prior periods have been restated to include customer remediation charges for discontinued operations to be consistent with the current period presentation

MARKETS AND TREASURY INCOME

GROUP MARKETS & TREASURY INCOME

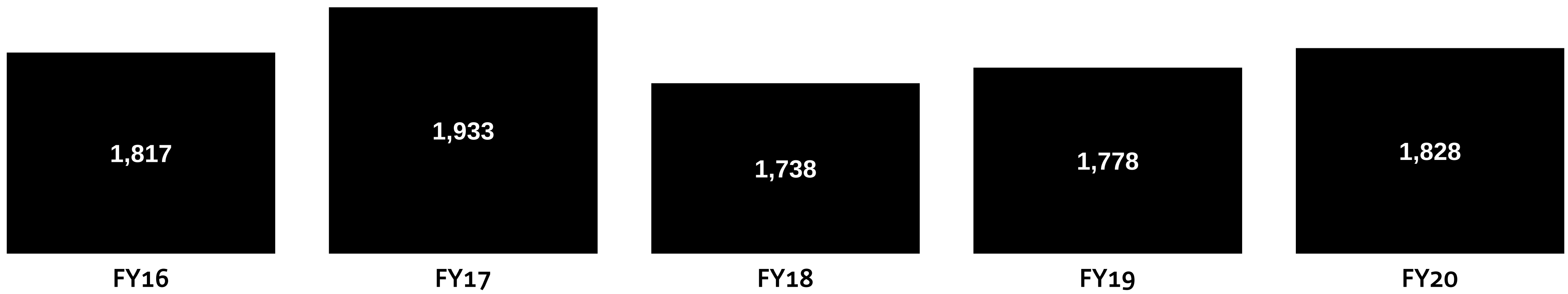
($m)

$160m mark-to-market losses on the high quality liquids portfolio from 1H20 have fully reversed in 2H20



GROUP MARKETS & TREASURY INCOME OVER TIME

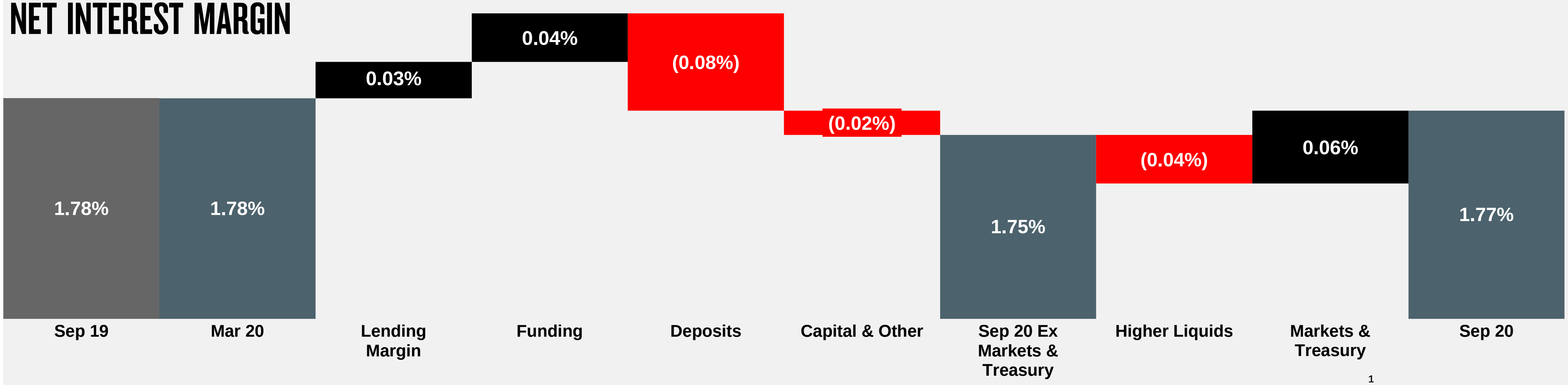
($m)



(1) Derivative valuation adjustments include credit valuation adjustments and funding valuation adjustments. In 2H20 the impact of a change in methodology to the credit valuation adjustment reduced income by $65m
(2) Customer risk management comprises NII and OOI
(3) NAB risk management comprises NII and OOI and is defined as management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises

NET INTEREST MARGIN

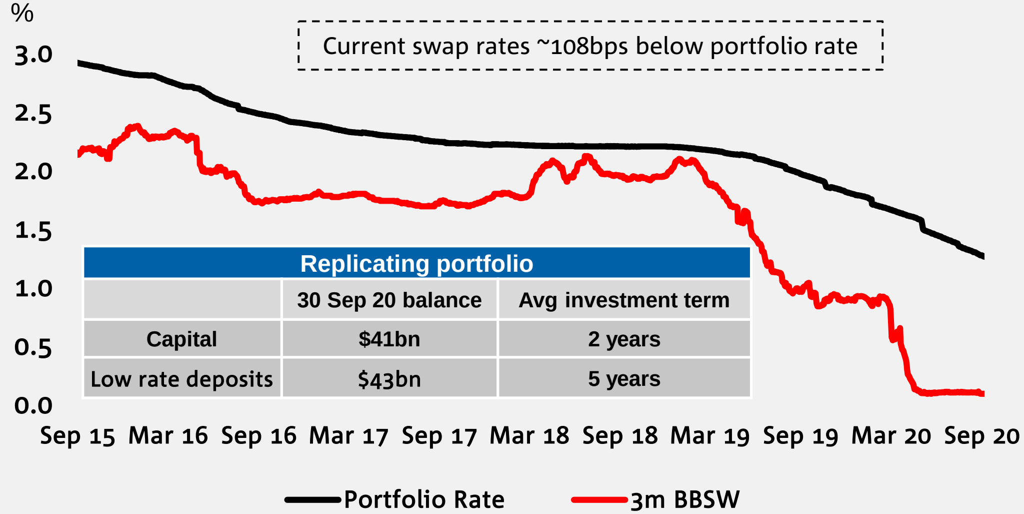
NET INTEREST MARGIN



KEY CONSIDERATIONS

- FY21 NIM impact from the low rate environment expected to be ~6bps[2]
- Competitive pressures and higher liquidity to remain a headwind, however lower funding costs and deposit mix provide a modest tailwind
- Bills-OIS sensitivity reduced – 17bps of spread[3] = 1bp of NIM (was 13bps spread in June)
- $84bn replicating portfolio provides 3.5 year average hedge for capital ($41bn) and low rate deposits ($43bn)

CAPITAL & DEPOSIT HEDGES – REPLICATING PORTFOLIOS[4]



Replicating portfolio		
	30 Sep 20 balance	Avg investment term
Capital	$41bn	2 years
Low rate deposits	$43bn	5 years

(1) Largely relates to NII/OOI offset
(2) Estimated impact of previously announced RBA and RBNZ cash rate cuts on Group NIM, including the deposits impact, lower expected replicating portfolio benefits, and impact of announced repricing. Excludes the impact of any future cash rate movements
(3) Based on September month average
(4) Blended replicating portfolio earnings rate (Australia only). Replicating portfolio includes capital and non-interest bearing deposits

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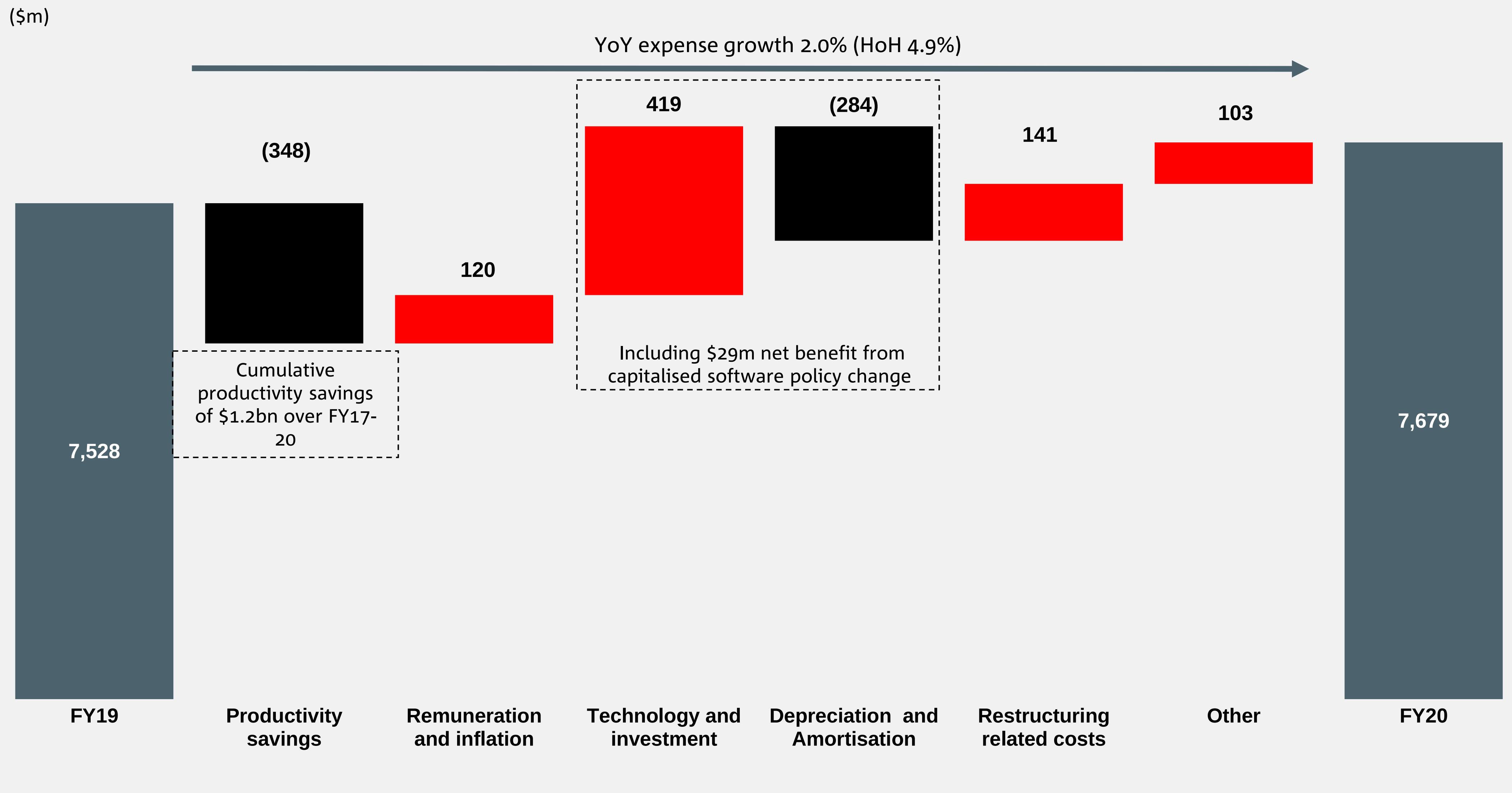
OPERATING EXPENSES

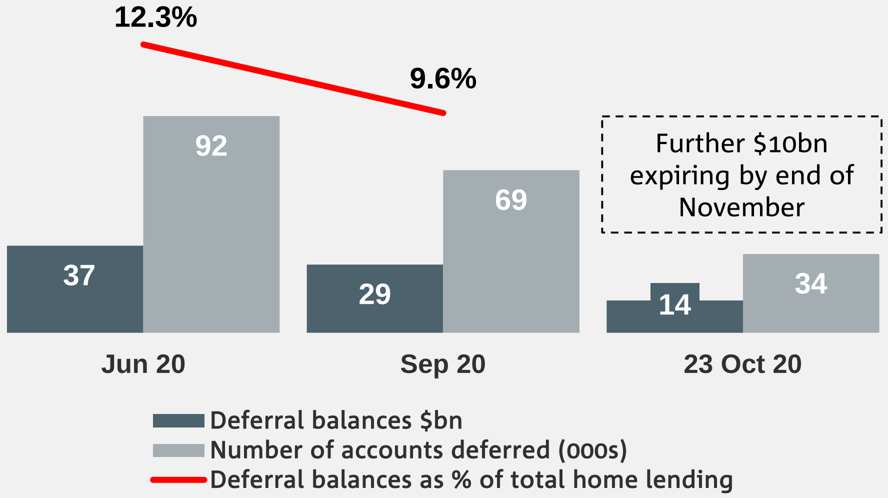
OPERATING EXPENSES (EX LARGE NOTABLE ITEMS)



COVID-19 IMPACTS, LOAN DEFERRALS AND PROVISIONS

AUSTRALIAN HOME LOAN DEFERRALS

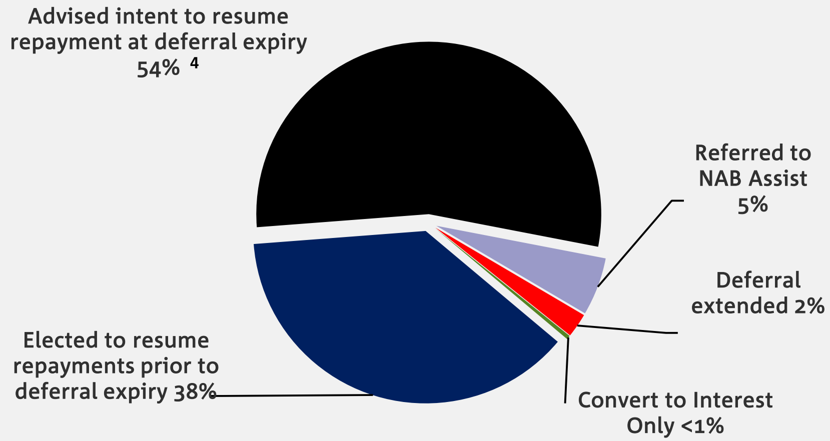
DEFERRAL BALANCES[1]



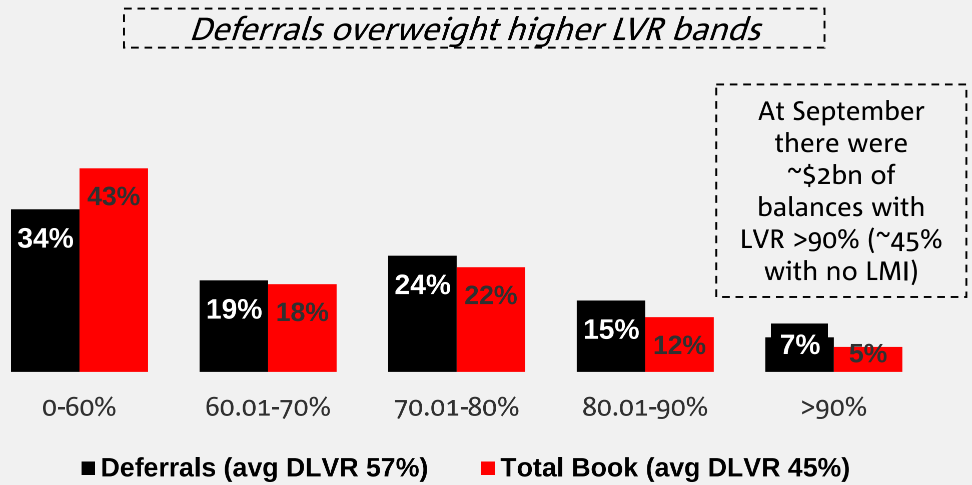
COMMENTS

- ~110k deferrals have been granted with ~75k no longer on deferral
- Home lending deferral extensions considered by NAB Assist on a case-by-case basis. Other options include 12 months Interest Only or restructure
- ~$2bn has been referred to NAB Assist of which ~$0.5bn deferral extensions have been granted (~1.2k accounts)[2]
- Victoria represents 41% of referrals to NAB Assist, 37% of deferral extensions granted and 33% of remaining deferral balances
- Customers referred to NAB Assist have a dynamic LVR of 63% and 9% have a dynamic LVR >90%

CUSTOMER DEFERRAL OUTCOMES[3]



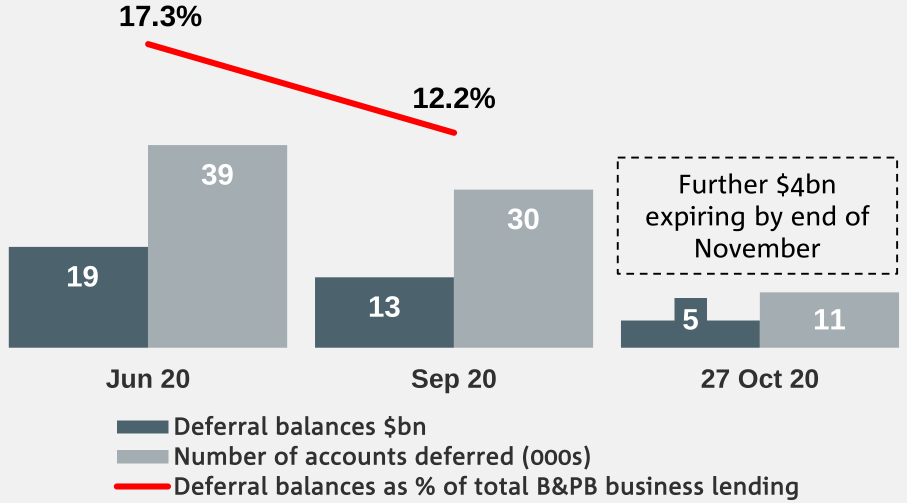
BALANCES BY DYNAMIC LVR[5]



(1) As at 23 October unless otherwise stated. Prepared using product based categorisation which differs to APRA reporting based on predominant loan purpose
(2) NAB branded Principal & Interest home loans only
(3) Percentages refer to deferral accounts. Excludes customers where outcome not known
(4) Based on customer conversations prior to expiry of deferral
(5) Represents balances of deferral customers as at 30 September 2020

AUSTRALIAN BUSINESS LOAN (B&PB) DEFERRALS[1]

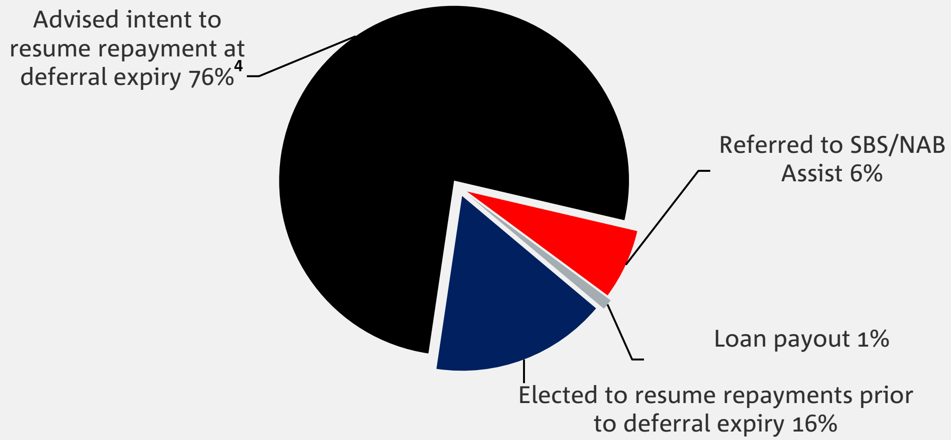
DEFERRAL BALANCES[2]



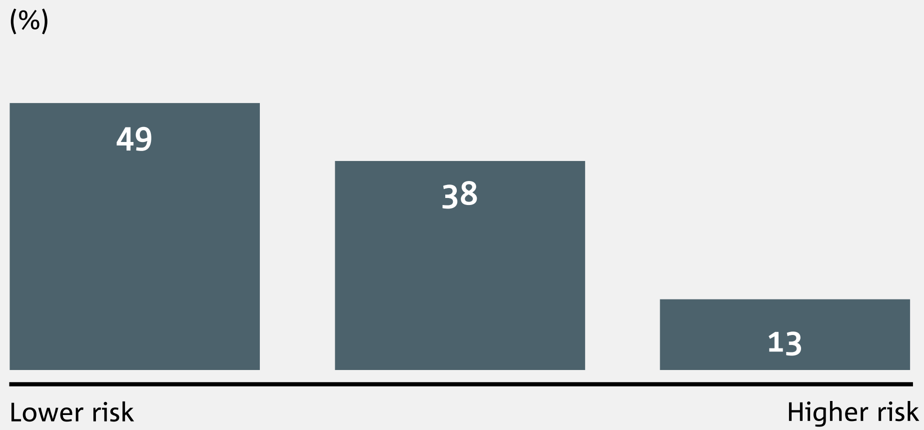
COMMENTS

- Deferral extensions considered by SBS/NAB Assist on a case-by-case basis. Other options include forbearance or restructure
- ~$0.8bn has been referred to SBS/NAB Assist and to date ~30% of these have been granted an extension
- Victoria represent >50% of balances referred to SBS/NAB Assist and 30% of remaining deferral balances
- Customers in Retail Trade, Tourism, Hospitality & Entertainment sectors represent 38% of balances referred to SBS/NAB Assist and 16% of remaining deferral balances

CUSTOMER DEFERRAL OUTCOMES[3]



RISK CATEGORISATION BY EXPOSURE AT DEFAULT[5]



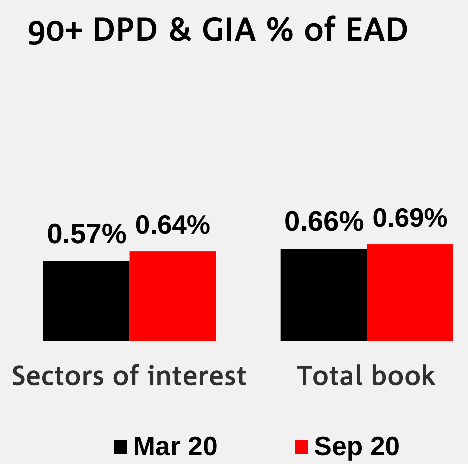
(1) As at 27 October unless otherwise stated. Refers to customers eligible to receive a business loan deferral – excludes institutional and corporate customers. B&PB refers to Business & Private Banking
(2) Prepared using product based categorisation which differs to APRA reporting based on predominant loan purpose
(3) Percentages refer to balances of deferrals. Excludes customers where outcome not known
(4) Based on customer conversations prior to expiry of deferral
(5) Categorisation is based on NAB's internal methodology, which considers items viewed as material drivers of risk profiles including industry sectors, turnover, payment behaviour and customer risk scores. Represents exposure of deferral customers as at 30 September 2020

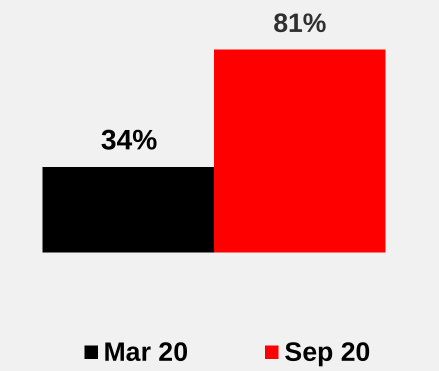
COVID-19 SECTORS OF INTEREST

KEY CONSIDERATIONS

- Continued close monitoring of exposures to sectors significantly impacted by COVID-19
- EAD broadly stable vs 1H20
- Asset quality deterioration worse than overall portfolio
- Additional FLAs vs 1H20 reflect incremental forward looking stress beyond that captured for total portfolio in EA top-up based on granular, bottom-up analysis

SECTORS OF INTEREST VS TOTAL BOOK





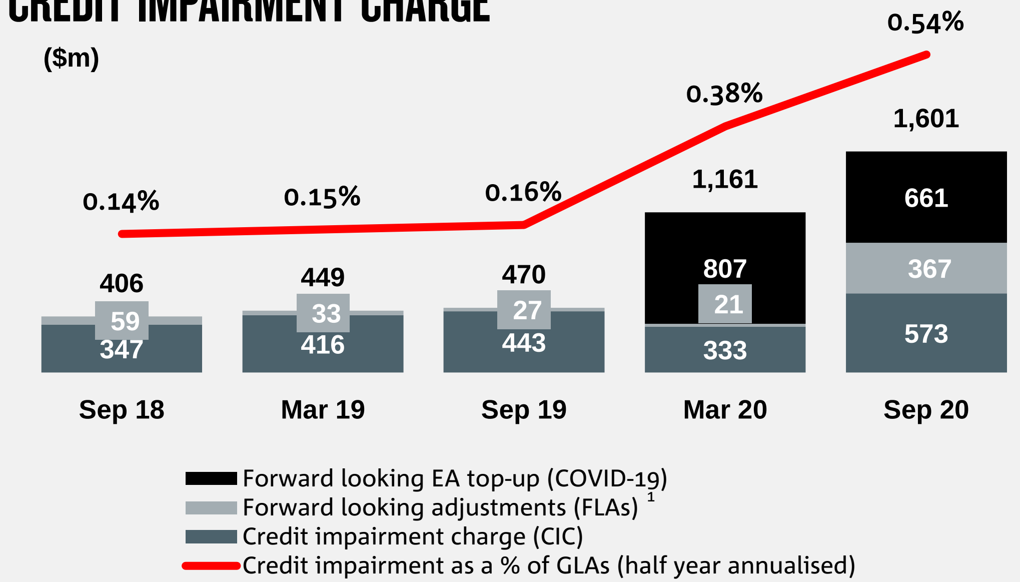
KEY METRICS SUMMARY

	EAD $bn		% of 90+DPD and GIA to EAD		Target sector FLAs $m	
	Mar 20	Sep 20	Mar 20	Sep 20	Mar 20	Sep 20
Retail trade	14.6	14.5	1.45	1.58	134	139
Tourism, hospitality and entertainment[1]	13.6	14.1	1.13	1.07	NIL	133
Air travel and related services	11.7	11.3	0.40	0.43	NIL	372
Office, retail, tourism and leisure CRE[2]	42.0	41.9	0.14	0.22	91	190
Total	**81.9**	**81.8**	**0.57**	**0.64**	**225**	**834**

(1) Tourism, hospitality and entertainment include regulatory industry classification of accommodation and hospitality, plus cultural and recreational services
(2) CRE EAD figures are limits based on ARF230 and the FLAs relate to the whole CRE portfolio with Office, Retail, Tourism and Leisure CRE most impacted by COVID-19 stress

HIGHER CREDIT IMPAIRMENT CHARGE AND PROVISIONS

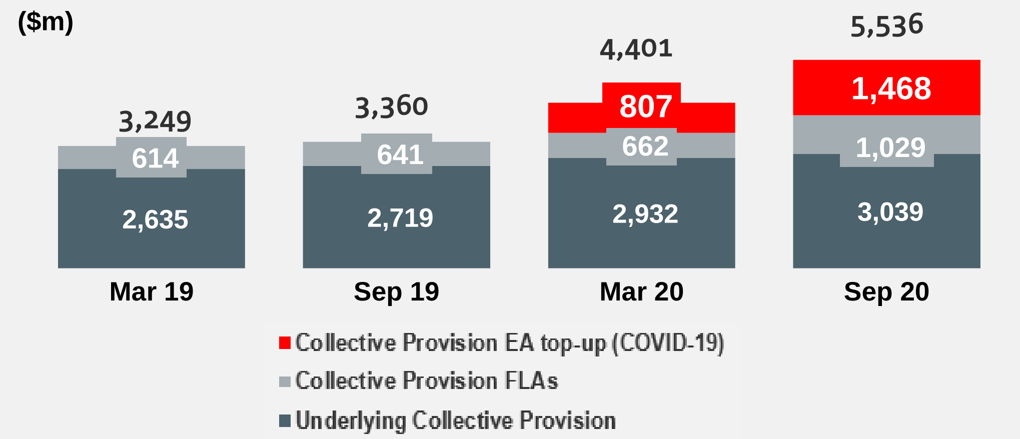
CREDIT IMPAIRMENT CHARGE



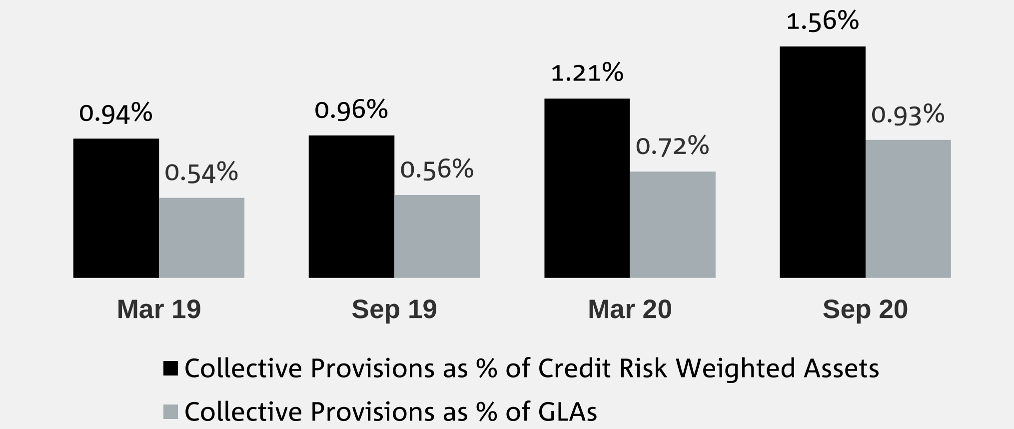
KEY CONSIDERATIONS 1H20 V 2H20

- Underlying CIC[2] of $573m or 19bps of GLAs, up 8bps from 1H20 reflecting net impact of re-ratings of performing exposures
- Net increase in target sector forward looking adjustment (FLAs) of $367m for Aviation, Tourism, Hospitality, Entertainment, Retail Trade and Commercial Property
- Increase in forward looking Economic Adjustment (EA) of $661m reflecting expectations for a more prolonged economic recovery and material uncertainty around the outlook including the shift from support to stimulus

COLLECTIVE PROVISION BALANCES



COLLECTIVE PROVISION COVERAGE



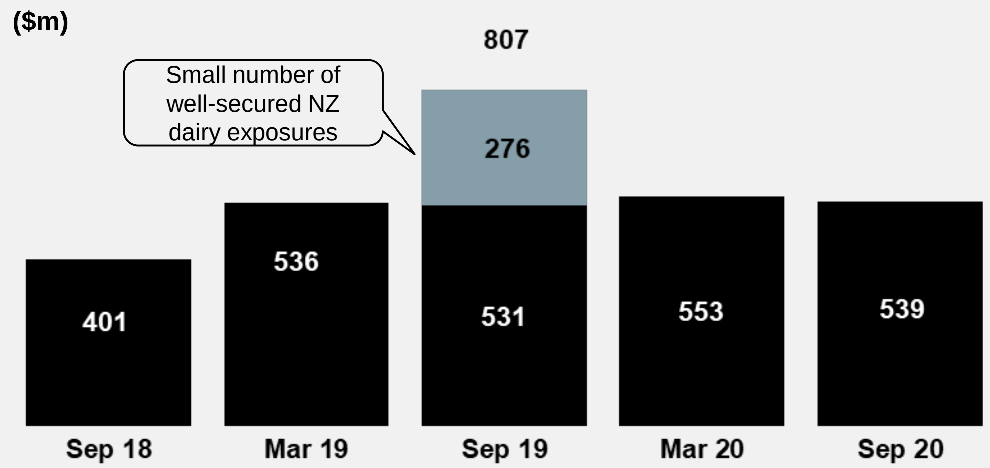
(1) Represents collective provision Forward Looking Adjustments (FLAs) for targeted sectors
(2) Represents total credit impairment charge less EA top-up and FLA increase as a percentage of GLAs (half year annualised)

MODEST ASSET QUALITY DETERIORATION BUT WATCH LOANS HIGHER

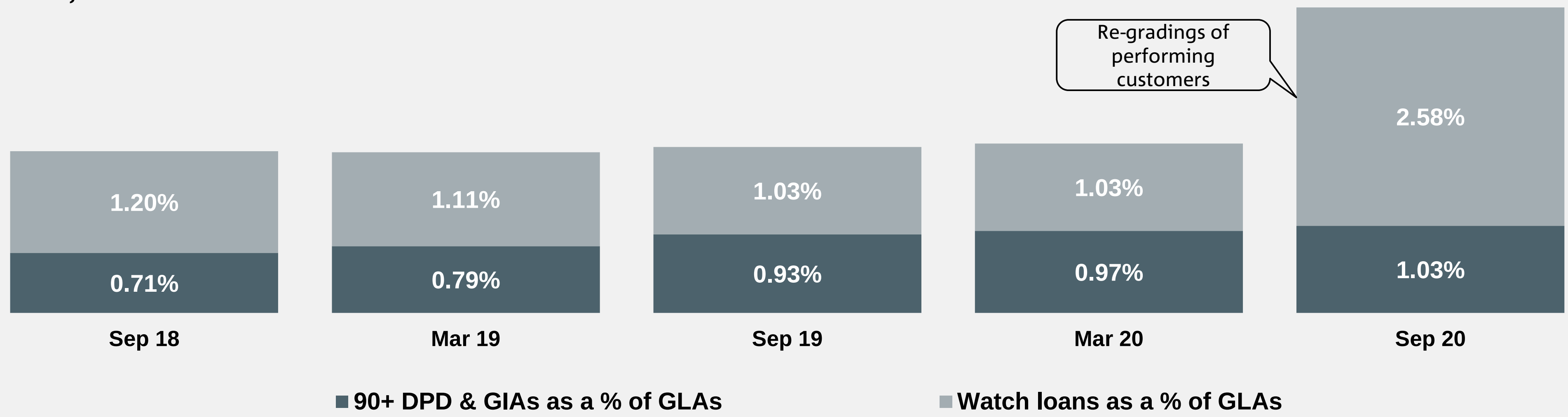
KEY CONSIDERATIONS

- 90+ DPD & GIA ratio uplift largely reflects increased delinquencies in Australian home loan portfolio where customers not part of deferrals
- Eligible deferral customers treated in accordance with APRA guidance, arrears profile frozen from date of deferral
- Material watch loan ratio uplift mainly reflects re-gradings of performing customers in industries heavily impacted by COVID-19 lockdowns e.g. Aviation
- New impaired assets broadly stable

NEW IMPAIRED ASSETS



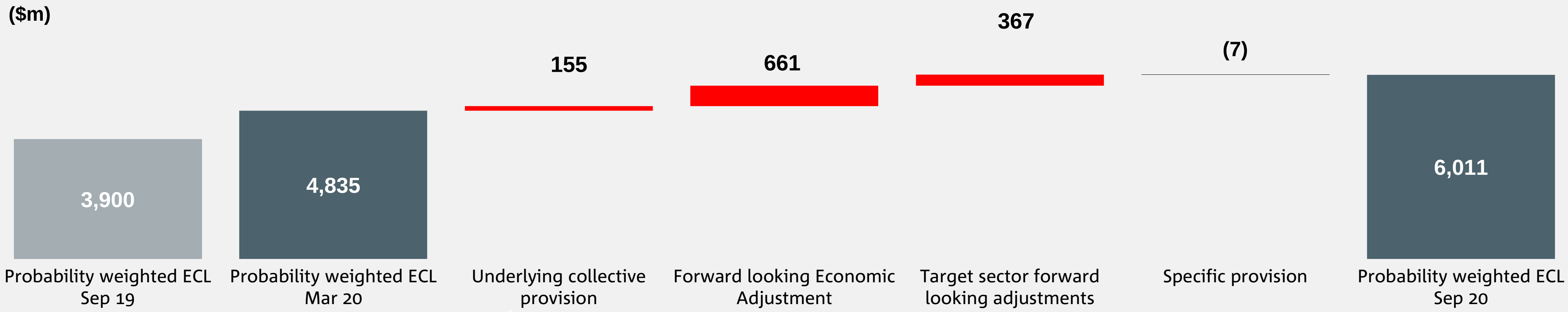
90+ DPD, GIAs & WATCH LOANS[1] AS A % OF GLAs



(1) Referral to Watch generally triggered by banker annual reviews through the year or as a result of customers experiencing cashflow pressures

EXPECTED CREDIT LOSSES (ECL) HIGHER

EXPECTED CREDIT LOSS (ECL) PROVISIONING PROCESS AND MOVEMENTS[1]



UNDERLYING CP

- Model outcomes based on point-in-time data
- Forms base-line

ECONOMIC ADJUSTMENT (EA)

- Minimum 6 monthly reviews
- Forward view of additional stress across portfolio from base-line, according to 3 scenarios (upside, base, downside) which are probability weighted
- 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)

TARGET SECTOR FLAs

- Considers forward looking stress incremental to EA top-up
- Specific to particular parts of the portfolio e.g. sector or region

(1) Expected credit losses (ECL) excludes collective provisions on fair value loans and derivatives

ECL ASSESSMENT

EXPECTED CREDIT LOSS (ECL) SCENARIOS

	Total Provisions for Expected Credit Losses (ECL)[1]		
$m	2H20 (probability weighted)	100% Base case	100% Downside
Housing	1,245	1,188	1,672
Business	4,252	3,925	5,501
Total Group	6,011	5,611	7,774
Change vs March 20	**1,176**	**1,220**	**(81)**

KEY CONSIDERATIONS

- Modest underlying CP uplift reflecting material levels of support (e.g. deferrals, JobKeeper etc) and liquidity
- Modest deterioration in economic assumptions – deeper trough in economic activity and slower recovery
- Introduced upside weighting to reflect material uncertainty over economic outlook including impact of stimulus
- Detailed analysis of exposures most at risk driving higher target sector FLAs
- Limited change in exposures (total and mix)

ECONOMIC ASSUMPTIONS

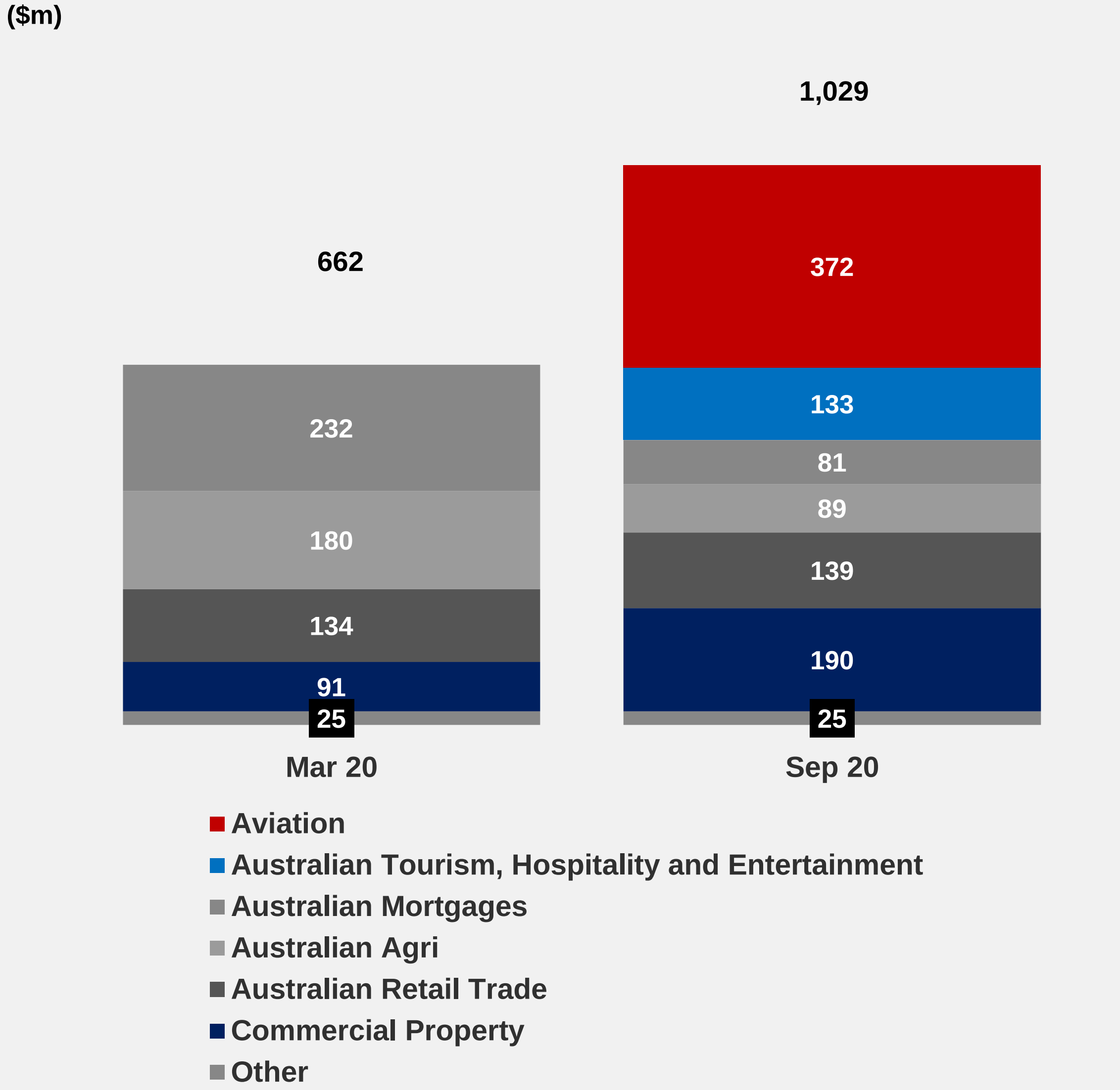
Economic assumptions considered in deriving ECL scenarios as at Sep 20						
	Base case			**Downside**		
%	**CY20**	**CY21**	**CY22**	**CY20**	**CY21**	**CY22**
GDP change (Year ended December)	**(5.7)**	**3.1**	**2.8**	**(8.0)**	**1.5**	**2.5**
Unemployment (end of year)	**9.2**	**7.6**	**6.6**	**12.0**	**12.8**	**9.9**
House price change (Peak-to-trough)	**(11.6)**			**(20.7)**		

Scenario weightings applied in probability weighted ECL for the Australian portfolio			
	Upside	**Base Case**	**Downside**
%	**2H20**	**2H20**	**2H20**
Housing	**15**	**60**	**25**
Business	**15**	**60**	**25**
Total Group	**15**	**60**	**25**

(1) Expected credit losses (ECL) excludes collective provisions on fair value loans and derivatives. Scenarios, prepared for purposes of informing forward looking provisions, rely on NAB Economics modelling and management judgement

TARGET SECTOR FORWARD LOOKING ADJUSTMENTS (FLAs) STRENGTHENED

COLLECTIVE PROVISION TARGET SECTOR FLAs

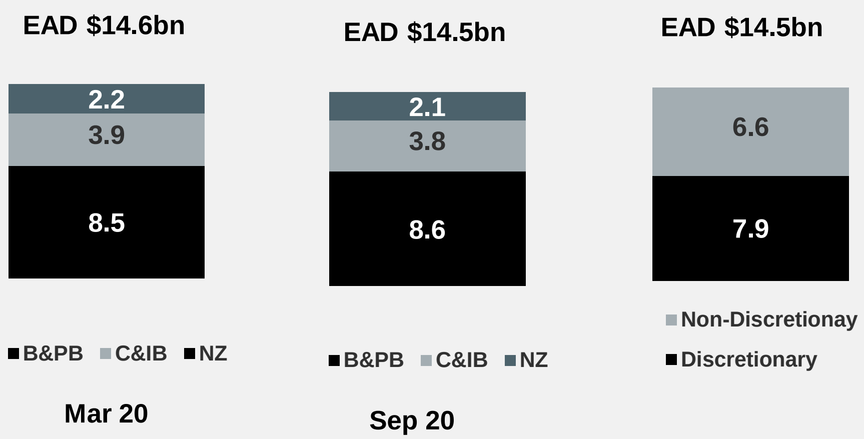


KEY CONSIDERATIONS

- FLAs capture risks incremental to that captured by broader EA top-up
- New Aviation FLA reflects slower recovery profile than broader economy given international and some domestic border closures
- New FLA for Tourism, Hospitality & Entertainment given COVID-19 restrictions on trade and activity
- Top-up to Commercial Property FLA to reflect potential COVID-19 impacts
- Partial release of Australian High Risk Mortgages FLAs given EA top-up, with an overall increase in the level of coverage for the mortgage portfolio
- Partial release of Australian Agri FLA given easing of drought conditions for the bulk of exposures

RETAIL TRADE[1]

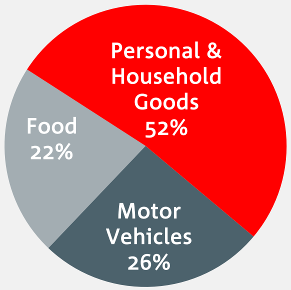
EXPOSURE AT DEFAULT

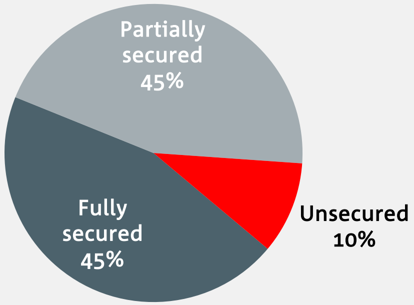


KEY CONSIDERATIONS

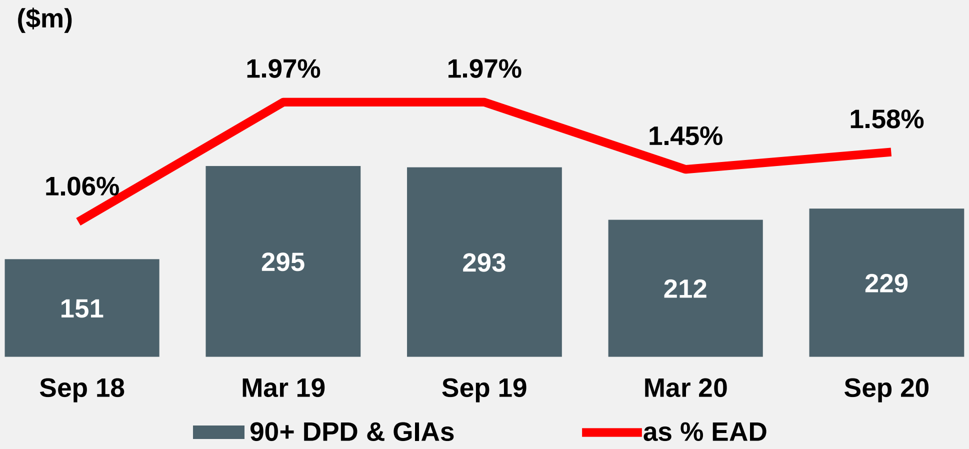
- ~3% of non retail EAD
- Retail Trade portfolio experience is mixed: ~46% is non-discretionary retail and likely to be less impacted
- Household consumption growth was already at slowest pace since 1990s recession pre COVID-19
- Provisioning includes $139m target sector FLA
- Personal & Household Goods includes: Pharmacy Retailers (41%), Apparel (13%), Furniture & Homewares (19%)
- Department store exposure ~$140m

EAD PORTFOLIO BY SECTOR AND SECURITY[2]





90+ DPD AND GIAs AND AS % OF SECTOR EAD

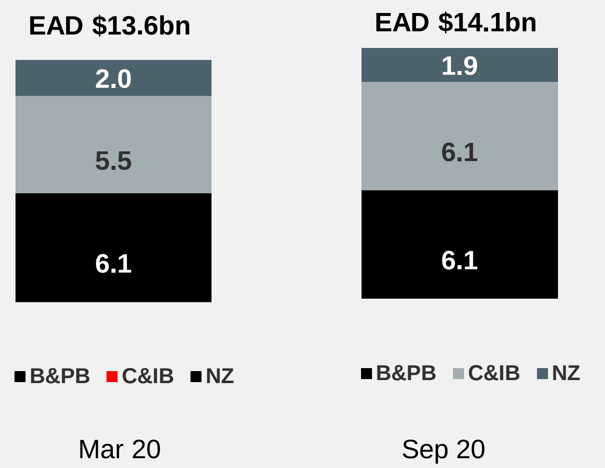


(1) Retail Trade is aligned to Regulatory Industry Classifications. Discretionary / Non-discretionary Retail Trade determined at an individual ANZSIC code level

(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 are normally 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]

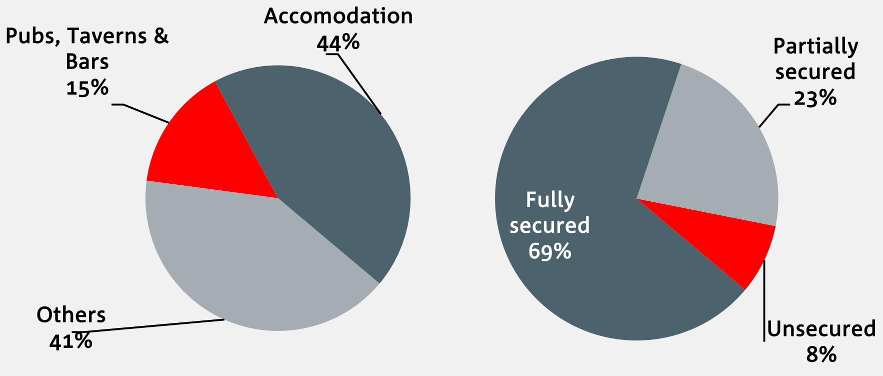
EXPOSURE AT DEFAULT



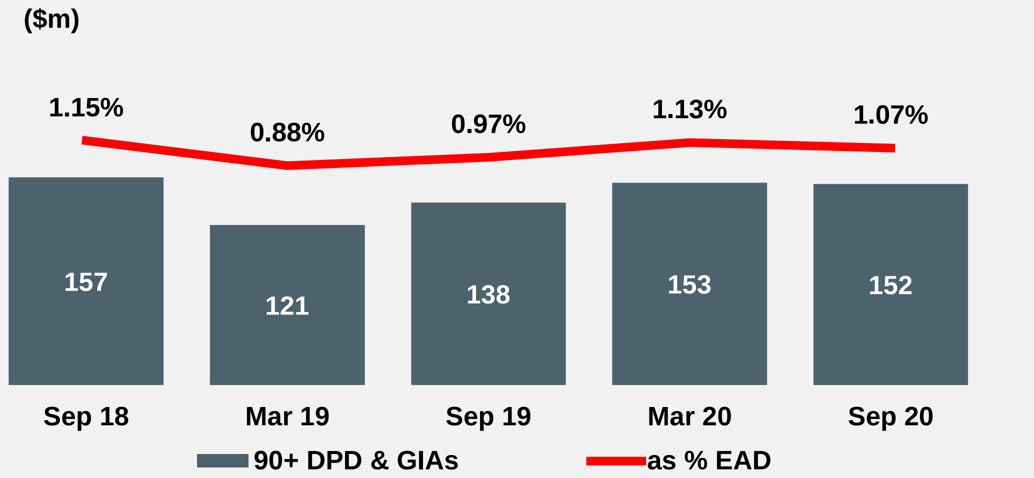
KEY CONSIDERATIONS

- ~3% of non retail EAD
- Industry outlook uncertain, with credit outcomes likely to be dependant on specific client-level circumstances including location and target market. Industry facing both short term impacts of COVID-19 restrictions on operations and capacity, and potential longer term structural change
- Extent of COVID-19 impacts dependent on location; for B&PB exposures[3]:
  - 13% in CBD
  - 23% in Victoria
- Collective provision coverage includes $133m of forward looking adjustments

EAD PORTFOLIO BY SECTOR AND SECURITY[2]



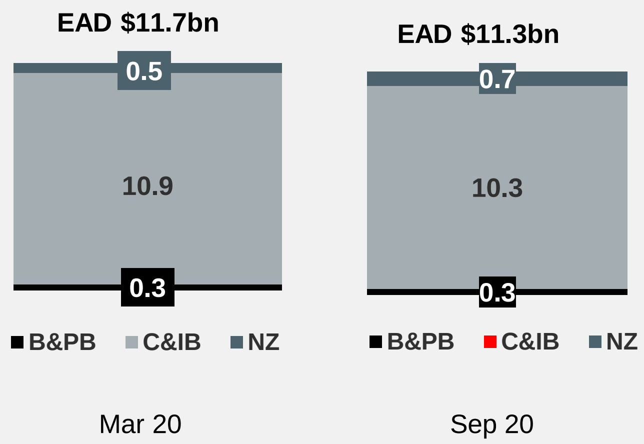
90+ DPD AND GIAs AND AS % OF SECTOR EAD



(1) Tourism, hospitality and entertainment include regulatory industry classification of accommodation and hospitality, plus cultural and recreational services
(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 are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security
(3) Corporate & Institutional Banking exposures have been excluded from location analysis given many involve a range of post codes

AIR TRAVEL AND RELATED SERVICES

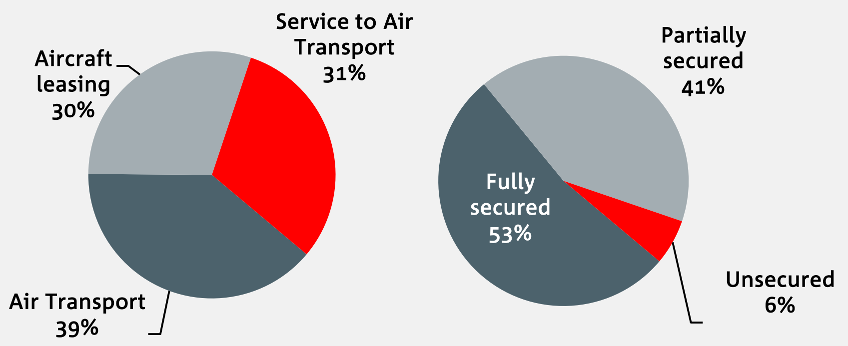
EXPOSURE AT DEFAULT



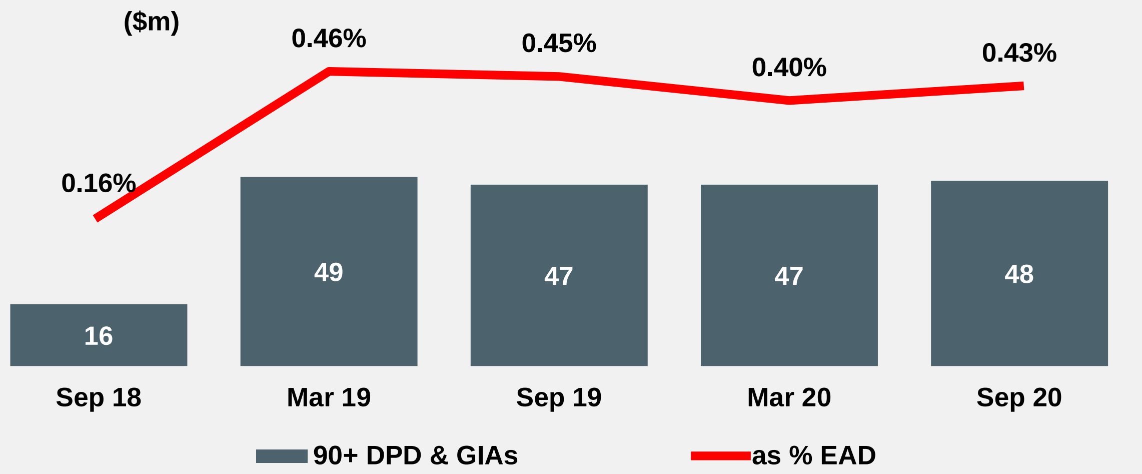
KEY CONSIDERATIONS

- ~2% of non retail EAD
- Ongoing disruption caused by COVID-19 related travel restrictions, with length and severity unknown
- Portfolio comprises of airlines which are usually national carriers and sovereign owned, airports, lessors and service companies supporting the aviation industry
- EAD reduction driven by FX movements partially offset by liquidity support provided to domestic airports
- Customer re-rating resulted in the Investment Grade proportion of the total portfolio decreasing from 82% to 50% over 2H20
- Collective provision coverage now includes $372m for the Aviation portfolio raised in 2H20

EAD PORTFOLIO BY SECTOR AND SECURITY[1]



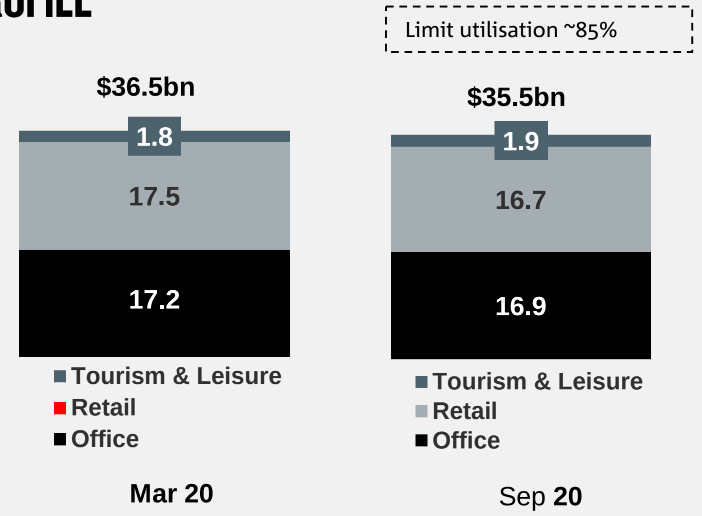
90+ DPD AND GIAs AND AS % OF SECTOR EAD



(1) 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 are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

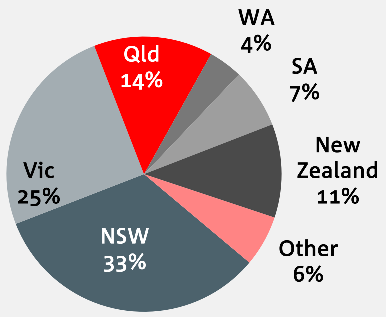
GROUP OFFICE, RETAIL, TOURISM & LEISURE COMMERCIAL REAL ESTATE[1]

GLA PROFILE

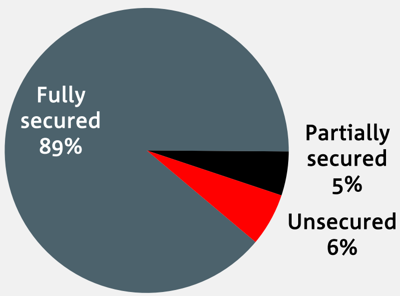


PORTFOLIO CHARACTERISTICS[1]

Geographic breakdown



Portfolio security[2]



KEY CONSIDERATIONS

- Office, Retail and Tourism & Leisure CRE viewed as most impacted parts of the Group CRE portfolio by COVID-19
- Borrower breakdown: Investor 96%, Developer 4%
- 90+ DPD and impaired assets collectively represent 0.22% ($91m) of limits, up from 0.14% at Mar 20
- Collective provision FLA increased by $99m to $190m[3]
- Retail, Tourism & Leisure face near term challenges related to lock-down and travel restrictions. A higher incidence of P&I deferral was observed for Australian Tourism & Leisure exposures relative to the broader Australian CRE portfolio
- Office faces more medium term uncertainties, dependent on timing and level of return to work and ultimate demand
  - ~50% of Australian portfolio is CBD based
  - ~60% of the Australian Corporate & Institutional Banking portfolio secured by premium and A-Grade offices

(1) Measured as balance outstanding as at 30 September 2020 per APRA Commercial Property ARF230 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 are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security. Unsecured proportion represents Institutional exposures that are weighted towards listed A-REITs and wholesale funds which are lowly geared and exhibit strong debt servicing.
(3) FLAs relate to the whole CRE portfolio with Office, Retail, Tourism and Leisure CRE most impacted by COVID-19 stress

GROUP COMMERCIAL REAL ESTATE[1]

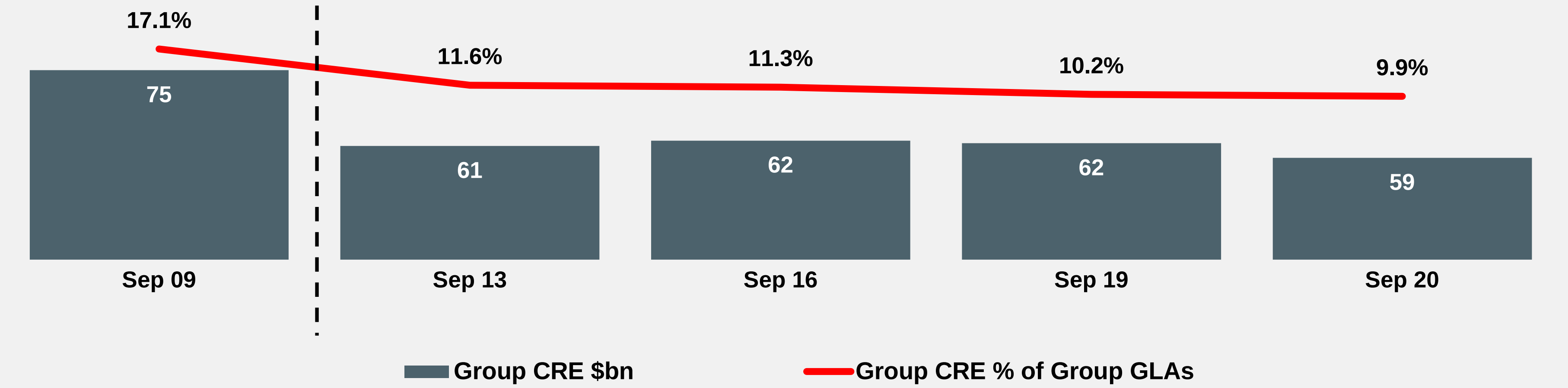
GROSS LOANS & ACCEPTANCES

	Aust	New Zealand	Other International	Total
TOTAL CRE (A$bn)	51.2	7.5	0.1	58.8
Increase/(decrease) on September 2019 (A$bn)	(2.0)	(0.7)	-	(2.7)
% of geographical GLAs	10.3%	9.1%	0.3%	9.9%
Change in % on September 2019	(0.3%)	(0.9%)	(0.2%)	(0.3%)

ASSET QUALITY

Trend	Mar 19	Sep 19	Mar 20	Sep 20
Impaired loans ratio	0.22%	0.25%	0.26%	0.32%
Specific Provision Coverage	34.4%	31.9%	32.2%	39.9%

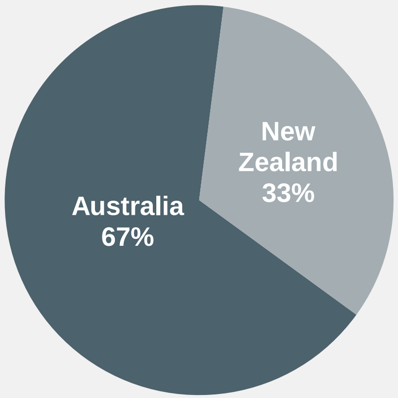
BALANCES OVER TIME



(1) Measured as balance outstanding as at 30 September 2020 per APRA Commercial Property ARF 230 definitions

GROUP AGRICULTURE, FORESTRY & FISHING EXPOSURES

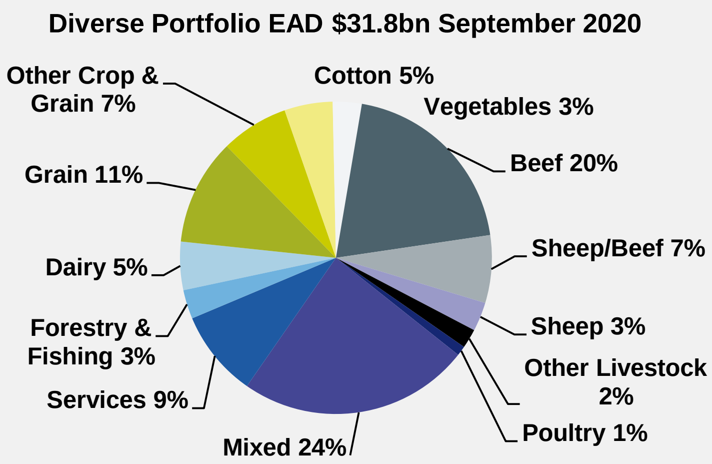
GROUP EAD $47.7BN SEPTEMBER 2020

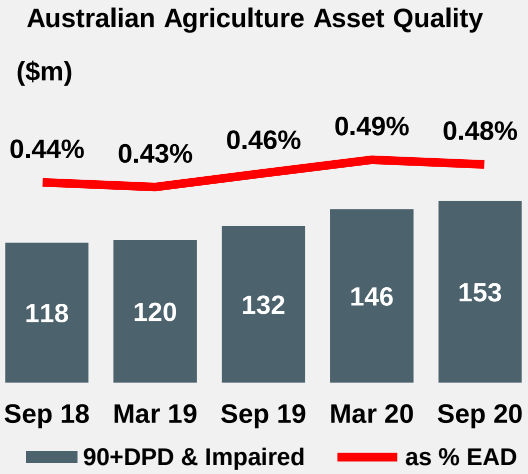


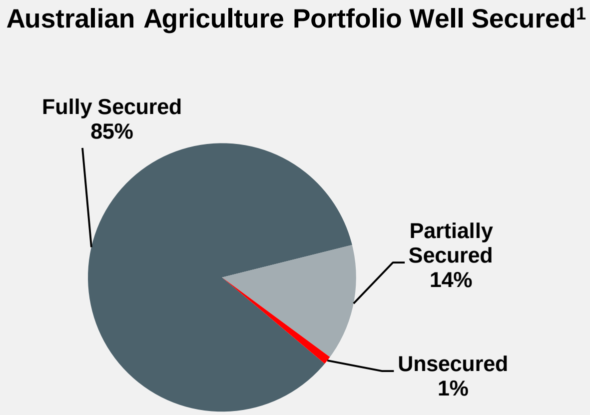
AUSTRALIAN DROUGHT CONSIDERATIONS

- Most drought-affected regions have seen good rainfall throughout 2020, which has improved the outlook for the sector
- Asset quality remains sound, noting that the sector faces some uncertainty due to of falling commodity prices and the potential impact from geopolitical tensions
- NAB continues supporting farming customers through disaster relief packages and a moratorium on branch closures in affected regions
- Collective provision forward looking adjustment reduced by $91m to $89m at 30 September 2020, reflecting easing of drought conditions for the bulk of exposures

AUSTRALIAN AGRICULTURE, FORESTRY & FISHING







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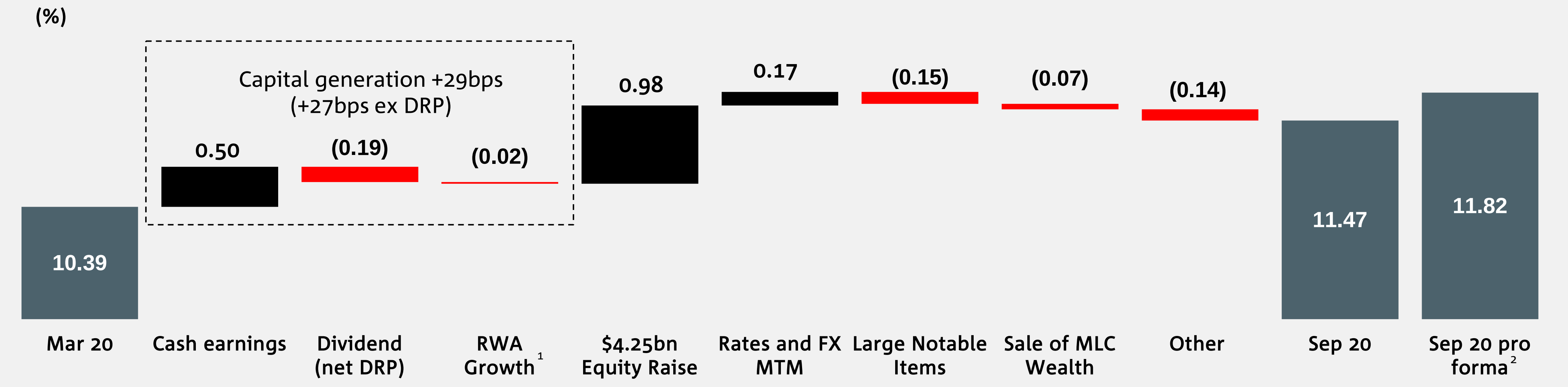
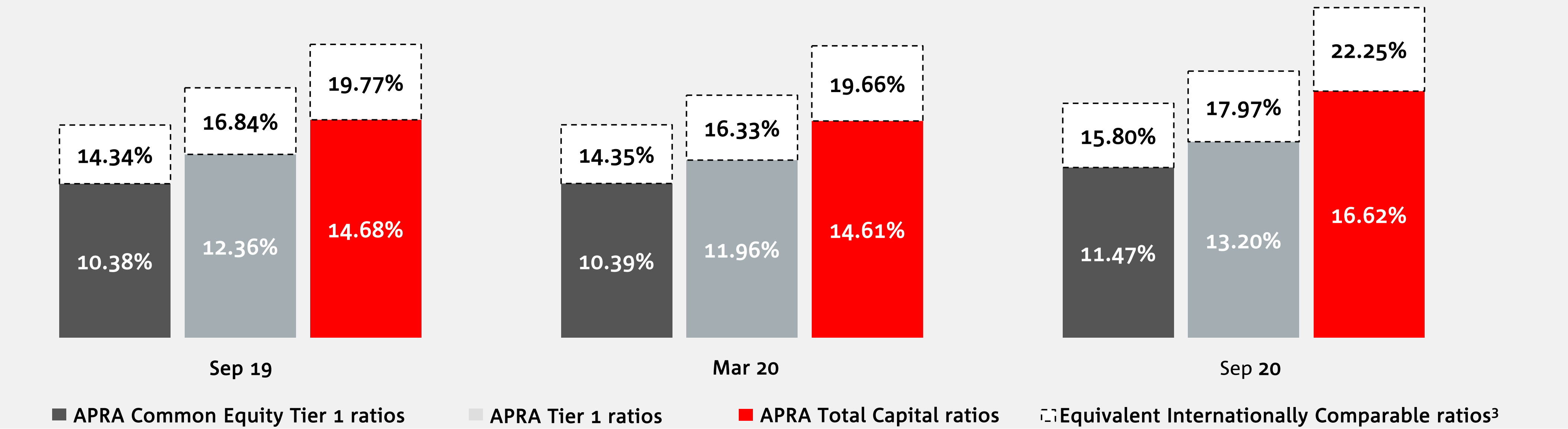
CAPITAL AND FUNDING

STRONG CAPITAL POSITION

GROUP BASEL III COMMON EQUITY TIER 1 CAPITAL RATIO



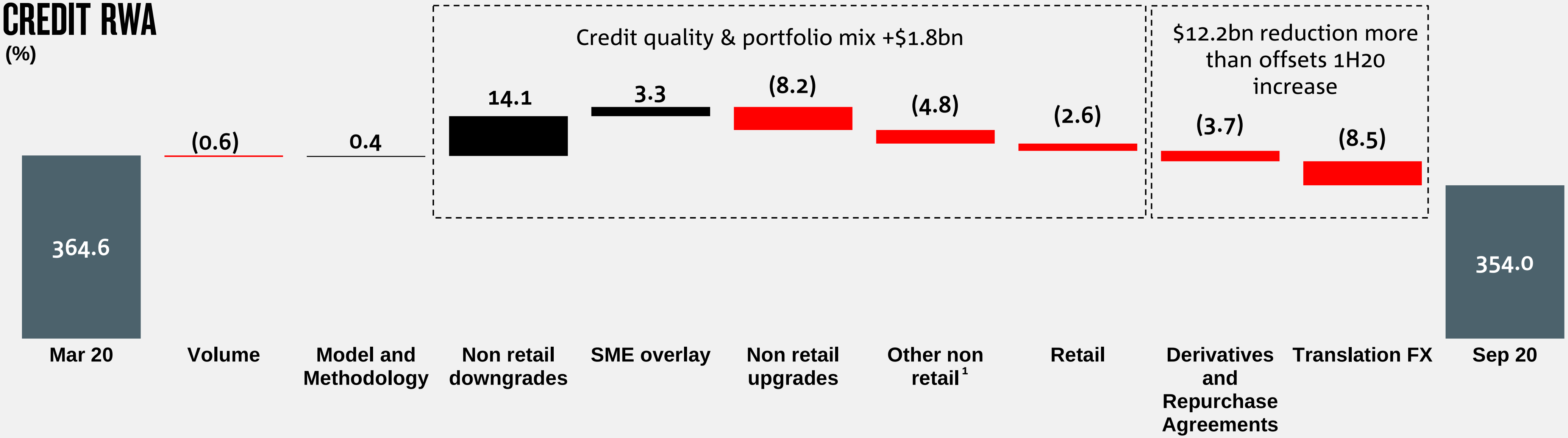


(1) Excludes FX translation
(2) Adjusted for completion of agreed sale of MLC Wealth
(3) Internationally Comparable CET1 ratios align with the APRA study entitled "International capital comparison study" released on 13 July 2015

CRWA AND SENSITIVITY

CREDIT RWA

(%)



CREDIT RWA SENSITIVITY

		Credit RWA/EAD (%)		
	Credit EAD $bn	Sep 20	Deterioration over 2 yrs under key scenarios	
			Low end	High end
Housing[2]	387	27	31	33
Business[2]	333	57	63	68
Total Group	**929**	**38**	**43**	**46**
CRWA increase $bn[3]			~37	~65
Pro forma CET1 impact[3]			~(80bps)	~(140bps)

- CRWA migration trending towards low end but outlook remains uncertain with impacts delayed by ongoing stimulus and support; 2H20 gross downgrades consumed ~40bps of CET1
- Large and 'high risk' customers reviewed; overlay held for expected deterioration in SME customers not yet reviewed
  - non retail ratings downgrades primarily customers in highly impacted sectors
  - ratings upgrades in retail (particularly mortgages supported by deferrals and higher household savings) and non retail (customers less impacted)

(1) Other includes portfolio mix and other risk factors
(2) Housing includes IRB Residential mortgages asset class. Business includes IRB Corporate (incl. Corporate SME) and Specialised Lending asset classes
(3) Based on capital scenario calculations at the onset of COVID-19 downturn

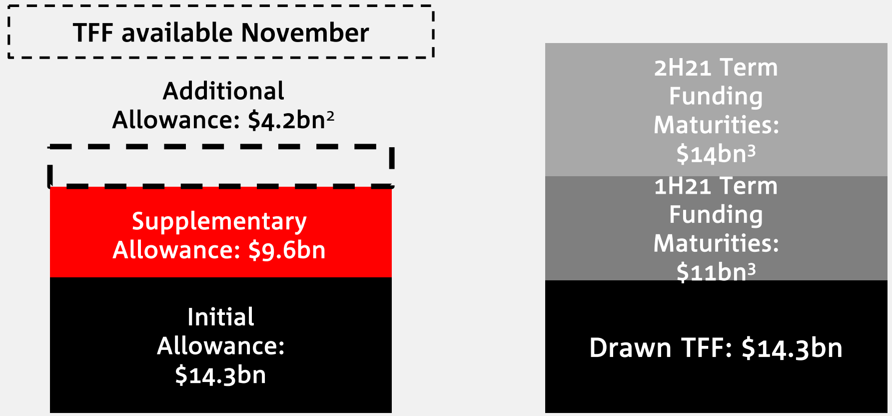
National Australia Bank

FUNDING & LIQUIDITY PROFILE

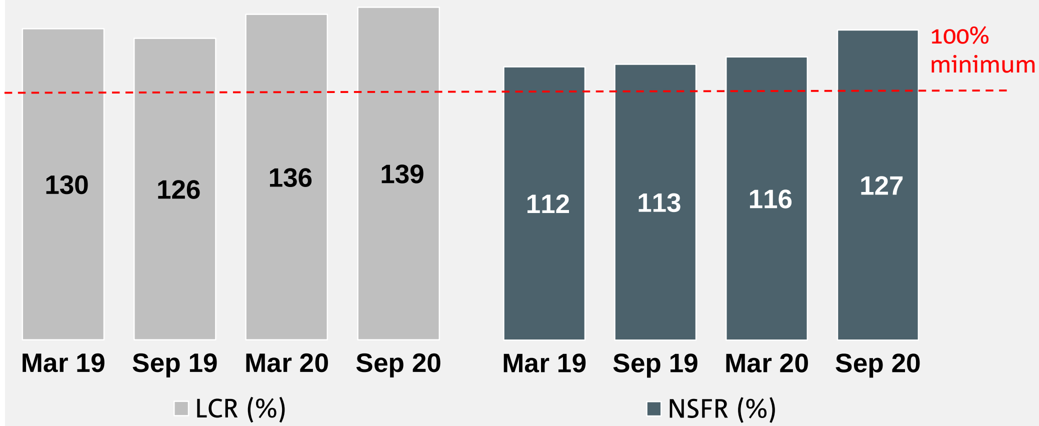
KEY MESSAGES

- Liquidity remains strong with significant surpluses above regulatory minimums.
- Strong deposit inflows continued in line with system trends.
- Term Funding Facility (TFF) of $25.4bn at 30 September, with the full Initial Allowance of $14.3bn drawn down. Supplementary Allowance of $9.6bn available from 1 October.
- TFF to be utilised to support lending and refinance wholesale funding maturities.

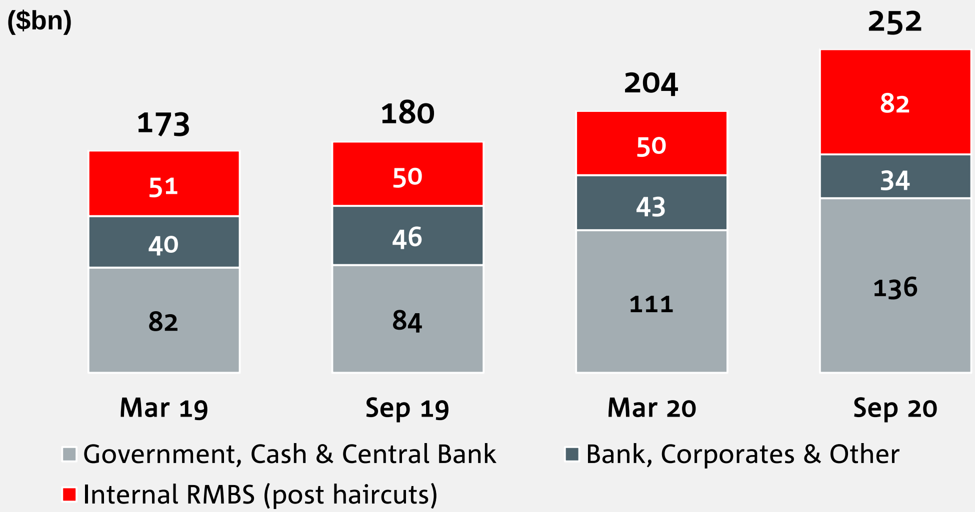
TERM FUNDING FACILITY



LCR[1] NSFR



LIQUID ASSET PORTFOLIO



(1) Quarterly average
(2) At 30 September 2020, NAB's Additional Allowance was $11.1bn. Available TFF as at September 2020 is used for the purposes of calculating NSFR and LCR, and did not include the Supplementary Allowance available from October 2020
(3) Excludes BNZ maturities. Spot FX

LOSS ABSORBING CAPACITY

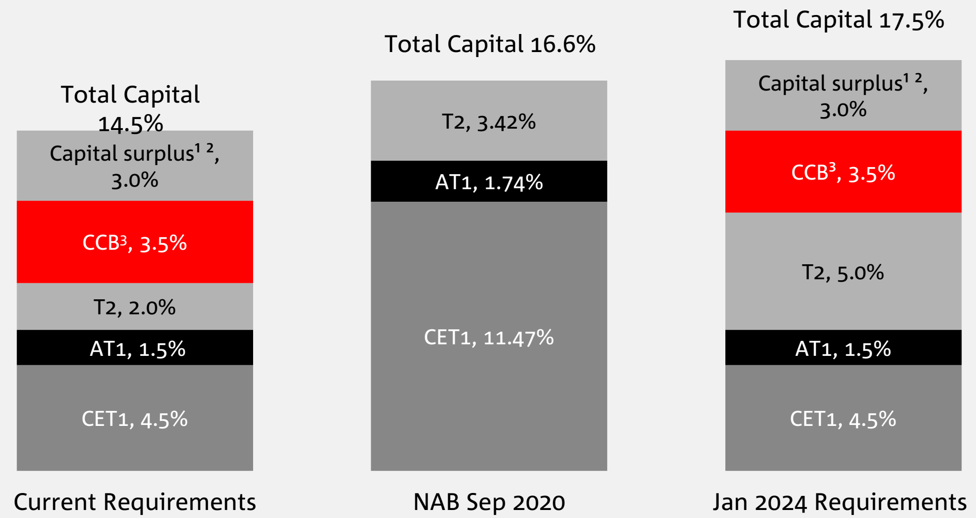
LOSS ABSORBING CAPACITY

- In July 2019, APRA announced a 3% increase to the Total Capital requirement for all domestic systemically important banks (D-SIBs) by 1 January 2024
- Based on NAB's 30 September 2020 RWA of A$425bn, this represents an incremental Group Total Capital requirement of approximately A$6.7bn prior to January 2024

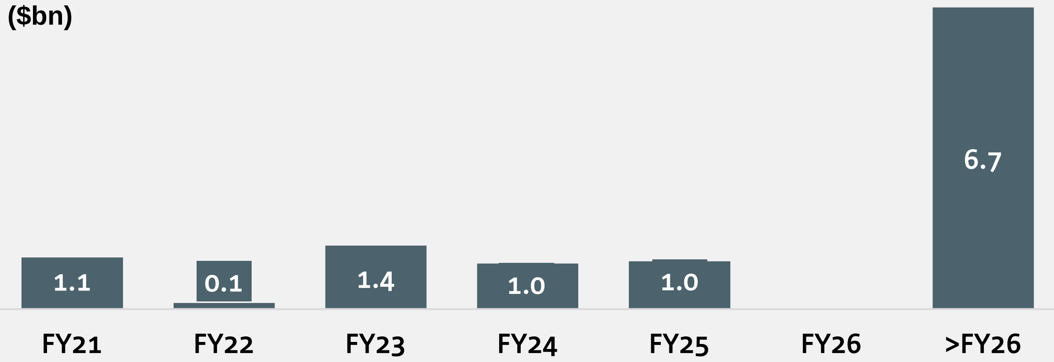
	Sep-20 ($bn)
Group RWA	425.1
T2 Requirement (5% by Jan-24)	21.3
Existing Tier 2 Capital (3.42%)[4]	14.5
Current Shortfall	6.8

- In FY20 NAB issued $5.3bn of Tier 2
- FY21 Tier 2 issuance expected to be ~$5bn
- Ahead of January 2024 APRA will consider "feasible alternative methods" for raising an additional 1% to 2% of RWA in loss-absorbing capacity, in consultation with industry and other interested stakeholders

APRA CHANGES TO MAJOR BANKS' CAPITAL STRUCTURES



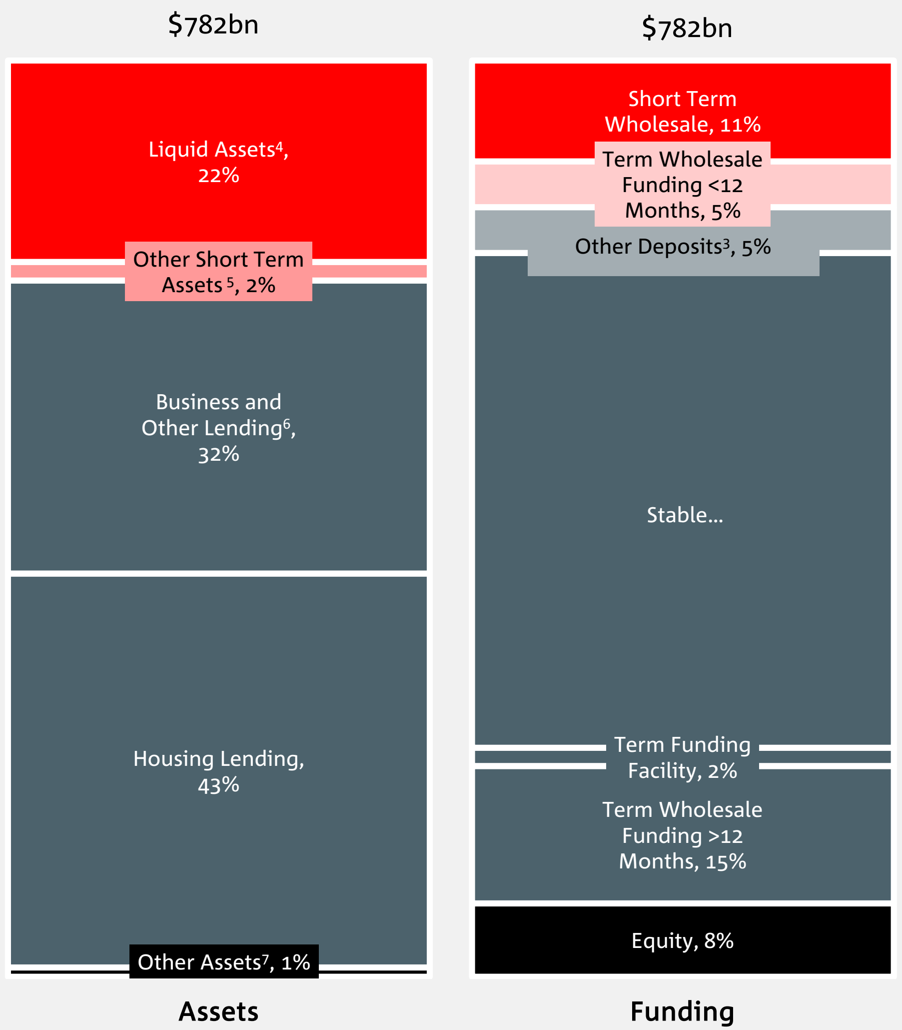
NAB TIER 2 MATURITIES (TO FIRST CALL)



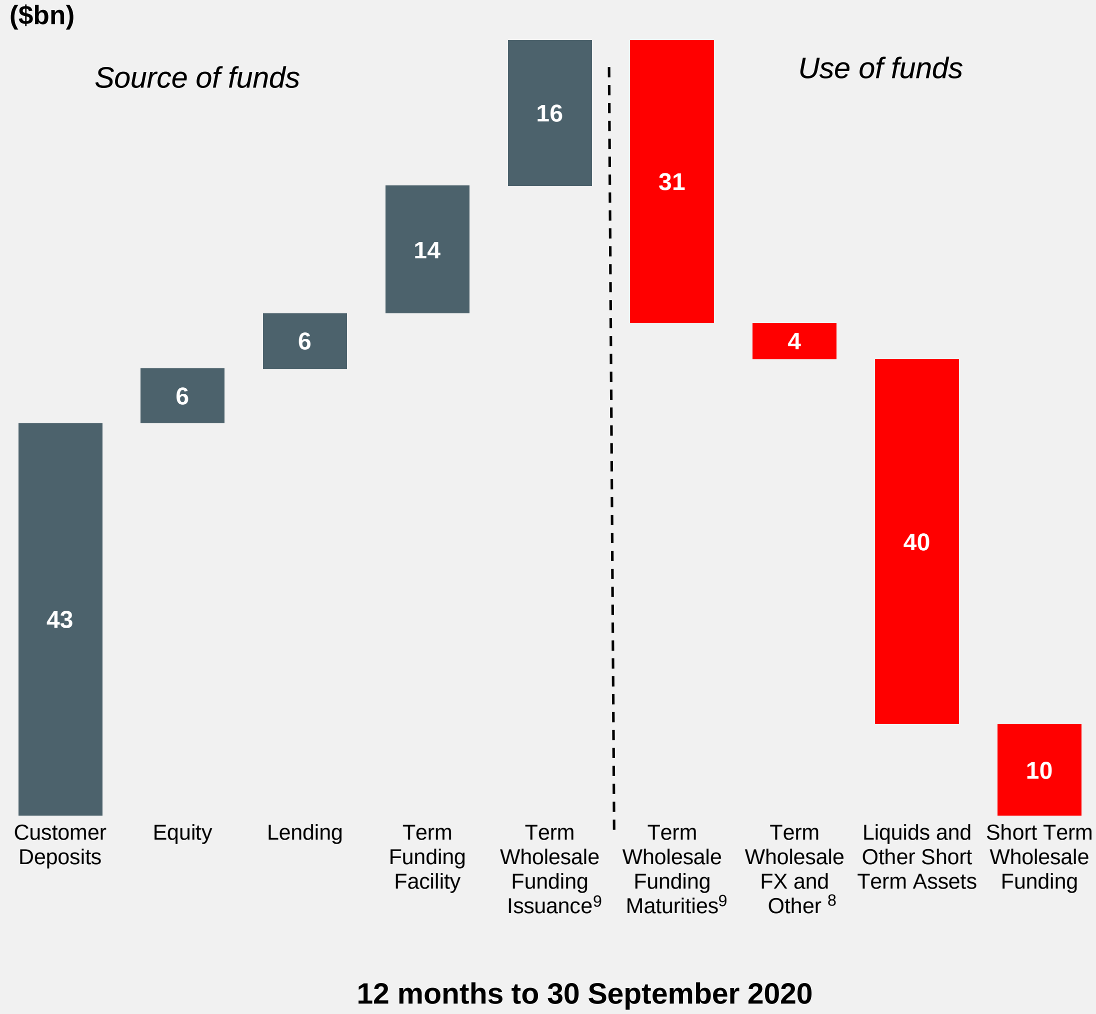
(1) Capital surplus of 3% is generally higher than the normal level for D-SIBs, as a result of the 'unquestionably strong' capital benchmarks
(2) Excludes any Pillar 2 requirements and additional 1%-2% RWA requirement through "feasible alternative methods"
(3) CCB is the Capital Conservation Buffer
(4) Includes $2.0bn provisions eligible for inclusion in Tier 2 Capital

ASSET FUNDING

FUNDED BALANCE SHEET[1]



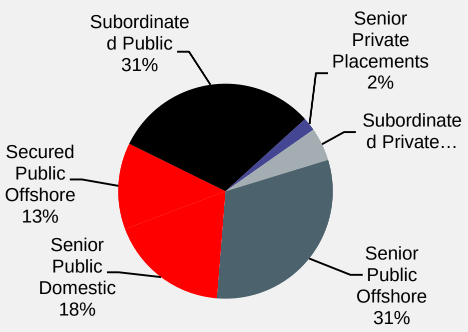
SOURCE AND USE OF FUNDS



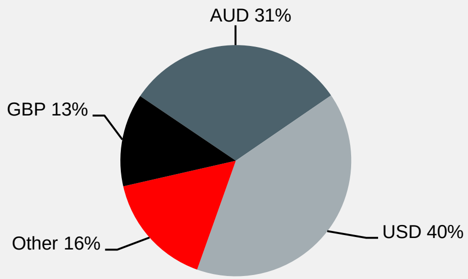
(1) Excludes repurchase agreements, trading and hedging derivatives, and any accruals, receivables and payables that do not provide net funding
(2) Includes operational deposits, non-financial corporate deposits and retail / SME deposits. Excludes certain offshore deposits
(3) Includes non-operational financial institution deposits and certain offshore deposits
(4) Market value of liquid assets including HQLA, non-HQLA and securities that are central bank repo-eligible
(5) Includes trade finance loans
(6) Excludes trade finance loans
(7) Includes net derivatives, goodwill, property, plant and equipment and net of accruals, receivables and payables
(8) Includes the net movement of other assets and other liabilities
(9) Includes Additional Tier 1 instruments

DIVERSIFIED AND FLEXIBLE TERM WHOLESALE FUNDING PORTFOLIO

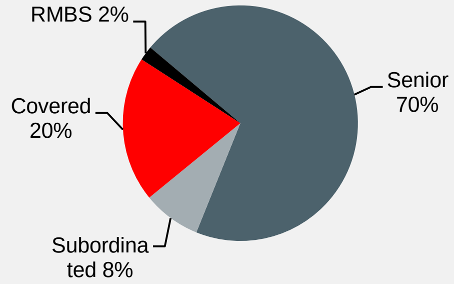
FY20 ISSUANCE BY PRODUCT TYPE



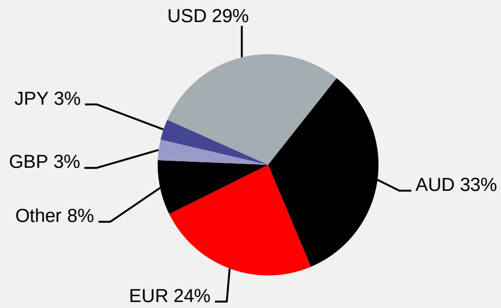
FY20 ISSUANCE BY CURRENCY



OUTSTANDING ISSUANCE BY PRODUCT TYPE[1]

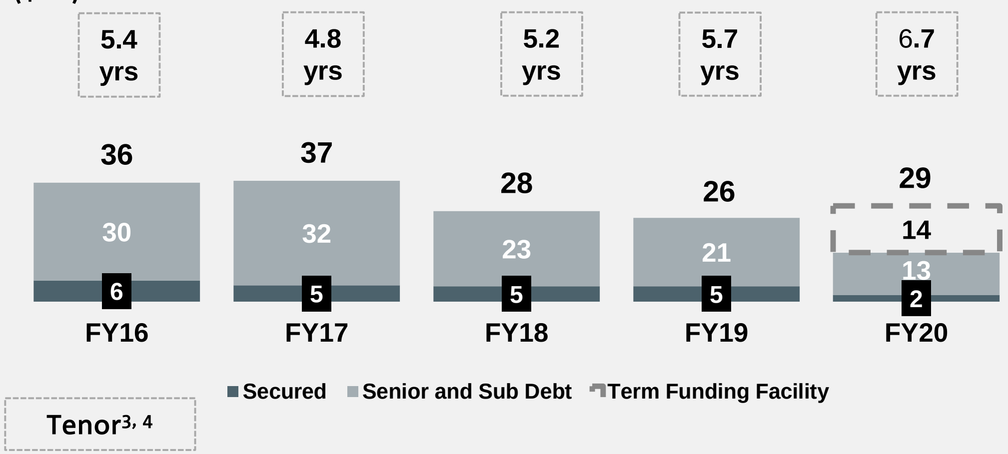


OUTSTANDING ISSUANCE BY CURRENCY



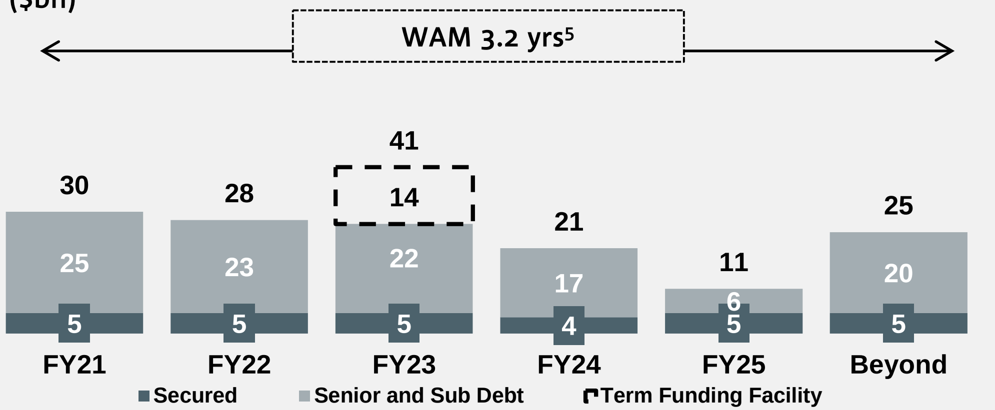
HISTORIC TERM FUNDING ISSUANCE[2]

($bn)



TERM FUNDING MATURITY PROFILE[3]

($bn)



(1) At 30 September AB has utilised 39% of its covered bond capacity. Capacity based on current rating agency over collateralisation (OC) and legislative limit
(2) Includes senior unsecured, secured (covered bonds and securitisation) and subordinated debt with an original term to maturity or call date of greater than 12 months, excludes Additional Tier 1 instruments
(3) Weighted average maturity (years) of funding issuance with an original term to maturity greater than 12 months
(4) Weighted average maturity and maturity profile excludes RMBS
(5) Weighted average maturity excludes TFF drawdowns

National Australia Bank

KEY REGULATORY CHANGES IMPACTING CAPITAL AND FUNDING

REGULATORY CHANGE DATES

Change	Original date	Amended date
APS 110 Capital Adequacy	1 Jan 2022	1 Jan 2023
APS 111 Measurement of Capital	1 Jan 2021	1 Jan 2022[1]
APS 112 Capital Adequacy: Standardised Approach to Credit Risk	1 Jan 2022	1 Jan 2023
APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk	1 Jan 2022	1 Jan 2023
APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk	1 Jan 2021 (AMA banks)	1 Jan 2023
APS 116 Capital Adequacy: Market Risk	1 Jan 2023	1 Jan 2024
APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book	1 Jan 2022	1 Jan 2023
APS 330 Public Disclosures	1 Jan 2022	1 Jan 2023
Loss Absorbing Capacity	1 Jan 2024	No change

(1) While not announced, APS111 expected to be delayed until January 2022

DEFERRAL OF REGULATORY CHANGE

- APRA has deferred its scheduled implementation of the Basel III reforms in Australia by one year, consistent with international implementation.
- The deferral supports ADIs in maintaining operations and supporting customers in response to COVID-19.
- APRA has reiterated it's view that ADIs currently hold sufficient capital to meet the new requirements.
- NAB remains committed to progressing APRA's regulatory change agenda.

APRA'S GUIDANCE ON CAPITAL MANAGEMENT

- On 7 April 2020, APRA announced its expectation that ADIs will seriously consider deferring decisions on the appropriate level of dividends until the outlook is clearer.
- Subsequently on 29 July 2020, APRA has advised that it expects that ADIs will retain at least half of their earnings for 2020.
- APRA has also confirmed that ADIs should utilise management buffers and stress testing to inform its capital management actions, and actively use capital management initiatives to at least partially offset any diminution in capital from distributions.

National Australia Bank

APPENDIX
NAB AND OUR COMMUNITY

OUR STRATEGY: LONG TERM APPROACH

SUSTAINABILITY IS EMBEDDED EXPLICITLY IN THE LONG-TERM PILLAR OF OUR GROUP STRATEGY, FOCUSED ON

COMMERCIAL RESPONSES TO SOCIETY'S BIGGEST CHALLENGES

Supporting a low-carbon economy, driving investment in natural assets, helping people reduce financial stress and creating more sustainable and inclusive communities.

Our priorities:
- Climate change
- Sustainable agriculture
- Financial health and resilience
- Indigenous economic participation
- Infrastructure and urbanisation

RESILIENT AND SUSTAINABLE BUSINESS PRACTICES

Managing our environmental, social and governance (ESG) risks and opportunities responsibly, and creating Australia's leading ESG risk capability.

Our priorities:
- Our people
- ESG risk management
- Supply chain management
- Human rights, including modern slavery
- Incentivising sustainable financing

INNOVATING FOR THE FUTURE

Driving investment in new, emerging and disruptive technologies, and partnering with customers, industry and government on critical thought leadership and disaster response initiatives.

Our priorities:
- Our future core business and market-leading data analytics
- Partnerships that matter
- Natural disaster preparedness, relief and recovery

ALIGNED TO SIX KEY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS[1] – WHERE WE CAN MAKE THE BIGGEST IMPACT

(1) www.un.org/sustainabledevelopment

National Australia Bank

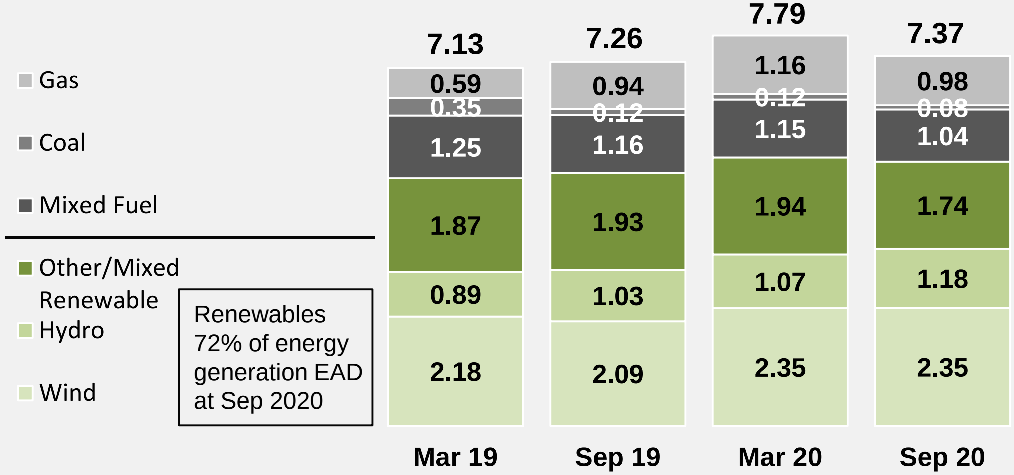
COMMERCIAL RESPONSES – CLIMATE CHANGE

OUR COMMITMENTS

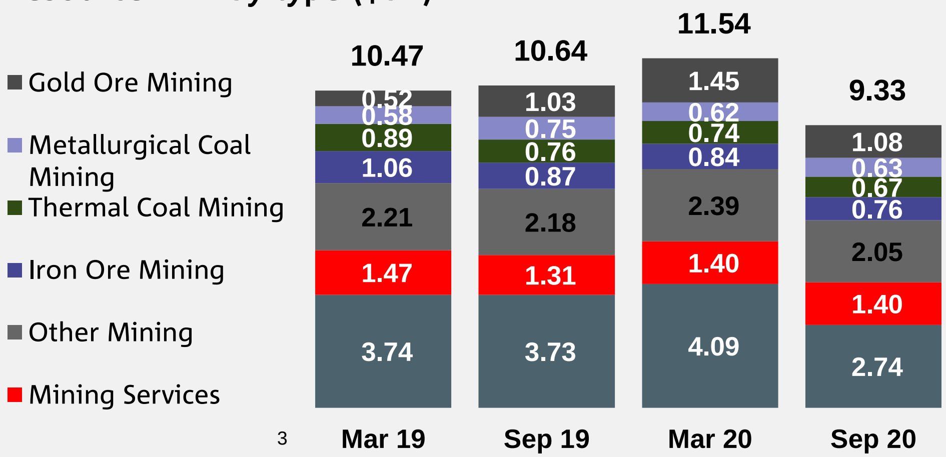
Commitment	Progress
Achieving a Paris Agreement aligned net zero emissions lending portfolio by 2050	Initial financed emissions estimate completed, pathway mapping under way (next slide)
Environmental financing target of $70bn by 2025	$42.5bn cumulative progress[1]
Cap thermal coal mining exposures at Sep 2019 levels, reduce thermal coal mining financing by 50% by 2028 to be effectively zero by 2035	11.4% ($87m) reduction from FY19. Expected 50% reduction by 2026, and effectively zero by 2030
Source 100% of our electricity consumption from renewable sources by 2025	7% of electricity use from renewable sources in FY20 | Signed up to RE100
8 Environmental operational performance targets: 2025	Detailed performance in 2020 Sustainability Report

OUR EXPOSURES

Energy generation EAD by fuel source[2] ($bn)



Resource EAD by type ($bn)



(1) Represented as a cumulative amount of new environmental finance since 1 October 2015. Detailed breakdown available in 2020 Sustainability Data Pack, available 11 November.
(2) 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. More detail at https://www.nab.com.au/about-us/social-impact.
(3) A significant contributor to the reduction of $1.3bn in the Resources portfolio since Sep-19 is AUD currency appreciation of USD denominated exposures and lower mark-to-market positions of treasury related products in the Oil & Gas extraction sector.

COMMERCIAL RESPONSES – CLIMATE CHANGE

SUPPORTING CUSTOMERS' TRANSITION

- Completed initial financed emissions estimate for key Australian customer segments: agribusiness, commercial real estate (office and retail), NGER exposed entities (power generation and resources, including mining, oil and gas) and residential (mortgages)1
- Emissions estimate indicates that NAB lends approximately $23,320 to these sectors in Australia for every tonne of GHG emissions released to atmosphere by customers in these industry segments
- This work provides a baseline for supporting customers' decarbonisation and will help us track decarbonisation of the Group's lending portfolio to net zero by 2050

FY20 HIGHLIGHTS

- First Australian bank to be a signatory of UN Principles for Responsible Banking Collective Commitment to Climate Action (CCCA) – participating with other member banks to deliver on CCCA commitments
- #1 Australian bank for global renewables transactions, and 20th largest lender to renewable energy industry in the world in FY202
- #1 Australian company in Corporate Knights 2020 Global 100 Most Sustainable Companies Index

FINANCED EMISSIONS ESTIMATE[1]

Industry sector	Emissions intensity EAD / tCO_2-e
Agriculture	$6,797
Residential (mortgages)	$46,009
Commercial Real Estate (office and retail)	$189,600
Power generation	$554
Resources (including mining, oil and gas)	$2,164

TOP RENEWABLE ENERGY PLAYERS – AUSTRALIA[3]

Cumulative value of deals in USDbn (2004 – 2020)

COMMERCIAL RESPONSES – SUPPORTING INDUSTRY AND COMMUNITIES

PROGRESS ON OUR COMMITMENTS

- >$1.2bn provided to support the growing fintech sector: part of 2020-2025 $2bn lending commitment to emerging technology companies
- >$11m lent to not-for-profit groups and other organisations to build affordable and specialist housing: part of 2020-2023 $2bn financing pledge
- $2.4m spent with Indigenous businesses: part of $2.6m by 2021 commitment
- 6,906 microfinance loans provided to Indigenous Australians[1]: part of commitment to provide 19,000 loans by 2021

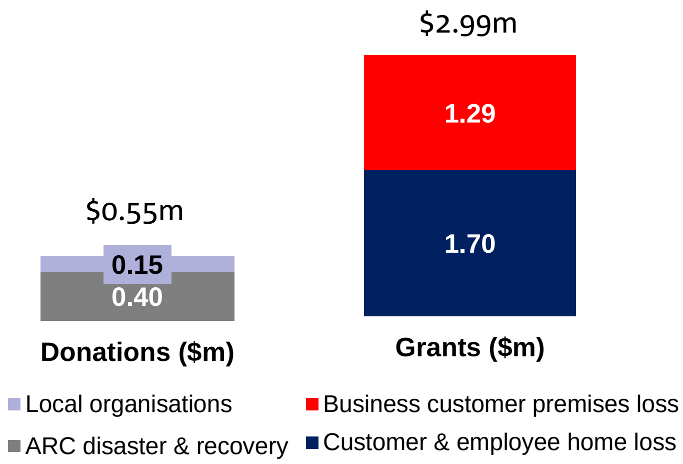
FINANCIAL HEALTH AND RESILIENCE

- 26,621 Australian customers referred to NAB Assist for hardship assistance, up 35% reflecting bushfires and COVID-19 support[2]
- First Australian bank to offer gambling control via app: >47,000 customers switched on blocks on >64,000 cards
- Expanded Indigenous Customer Service Line capability – can open customer accounts remotely using alternative forms of identification: >2,500 customers served in 2020
- Driving inclusive banking through our Reconciliation Action Plan, Accessibility Action Plan and Customers experiencing Vulnerability Framework

SUSTAINABLE AGRICULTURE

- Draft sustainable agriculture metrics agreed with ClimateWorks: a key step in NAB's Natural Capital Roadmap. In FY21, we will test with customers, farmers and industry to refine, and embed metrics
- Research project with CSIRO confirmed positive correlation of natural capital measures within Queensland grazing properties with financial performance, testing to explore links with bank data underway
- BNZ, in partnership with AgFirst Consulting, launched a series of natural capital factsheets to support Agribusiness customers with key environmental topics and on-farm impacts

BUSHFIRE RECOVERY AND ASSISTANCE



>1,500 grants provided

>1,700 days of bushfire related annual leave taken

~4,000 volunteering hours contributed

~$770k also collected via public fundraising for the Australian Red Cross

(1) Microfinance loans provided in partnership with Good Shepherd Australia and New Zealand (GSANZ), loans provided to Indigenous Australians are reported aligned to GSANZ's July-June reporting year

(2) Note this number reflects customers who have been referred to NAB Assist, and is not inclusive of customers with an active deferral as at 30 September 2020

National Australia Bank

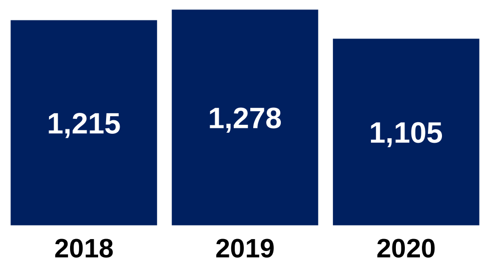
RESILIENT AND SUSTAINABLE BUSINESS PRACTICES

INVESTING IN OUR COLLEAGUES

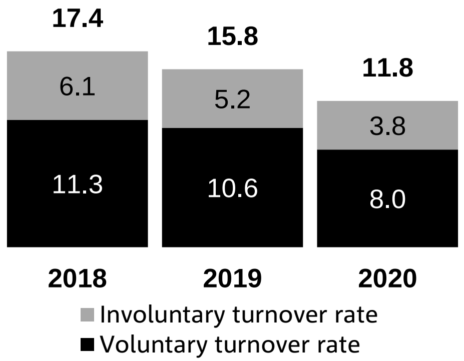
- In partnership with the Financial Services Institute of Australasia (FINSIA), investing $50m over three years in NAB workforce to be trained in the fundamentals of banking – an industry first in Australia and New Zealand
- Ongoing focus on upskilling technology capability with >1,400 industry-certified colleagues in Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform
- >50,000 hours of digital learning completed through deployment of six industry-leading platforms[1]

CODE OF CONDUCT AND TURNOVER

Breaches of Code Of Conduct (Australia)



Employee turnover rate (%) by exit type



INCLUSIVE WORKFORCE

- Engagement score of 76 (increase from 66 in 2019)[2]
- Offered 65 traineeships to Indigenous Australians and recruited 40 African-Australians in AAIP3
- 40% female representation on NAB Board4
- WGEA Employer of Choice for Gender Equality citation, ranked #14 in Equileap Gender Equality Global Report and member of 2020 Bloomberg Gender-Equality Index

INTEGRATING ESG

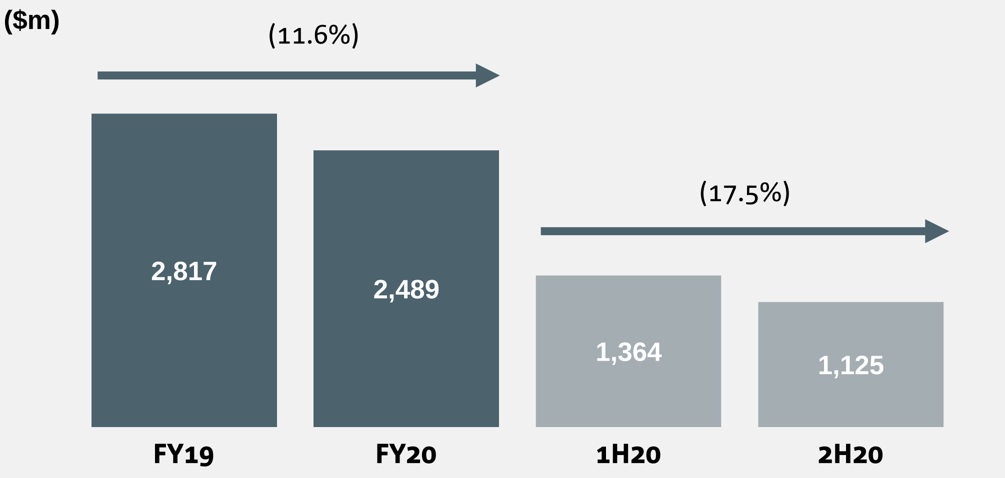
- Climate change incorporated in Board development agenda
- Incorporated climate change and modern slavery into Risk Awareness training for colleagues
- Developed a Human Impact Guide to help Financial Crime Operations (FCO) team members understand and recognise the range of situations or sectors which are most susceptible to human impact crimes. Modern slavery and human trafficking are examples of human impact crimes
- Sustainability Risk explicitly included as a Material Risk in NAB's Risk Management Strategy and Framework and further integrated ESG risk considerations within risk appetite statement

(1) NAB employees have access to 250,000 digital learning opportunities through LinkedIn Learning, Coursera, Pluralsight, Udemy, A-Cloud Guru and O'Reilly Safari Books
(2) 2020 Employee Engagement Survey conducted by Glint, score based on July 2020 survey. Australia and New Zealand colleagues, population excludes external contractors, consultants and temporary employees. 2020 methodology differs from prior years. The 2019 score has been restated using the updated methodology for comparative purposes. 2019 restatement falls outside the scope of EY assurance
(3) African Australian Inclusion Program - 500+ skilled African-Australians have gained paid corporate experience since program inception in 2009, with more than 50% of those who have completed the 6-month program still employed by NAB
(4) See 'Towards 2020: NAB's road to gender equality' for more information on our 2020 gender equality targets and commitments

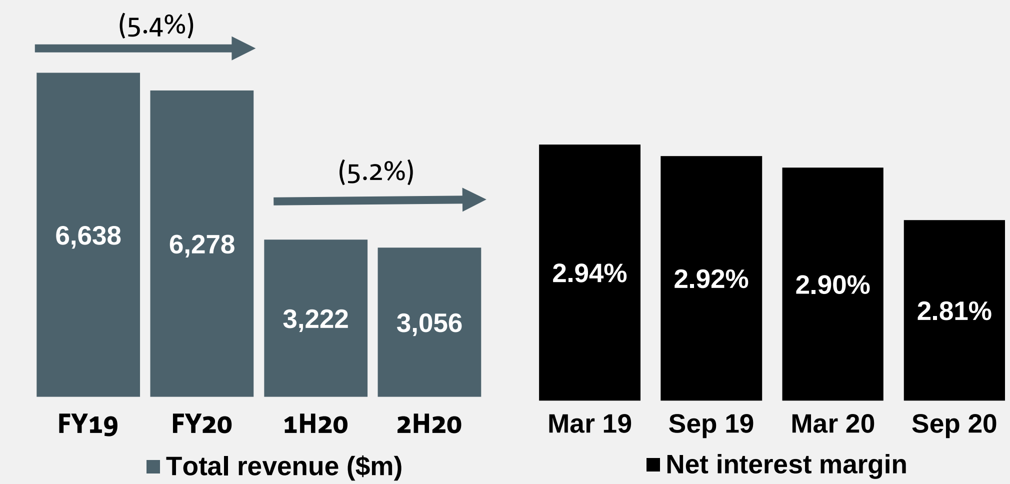
APPENDIX
DIVISIONAL RESULTS

BUSINESS & PRIVATE BANKING

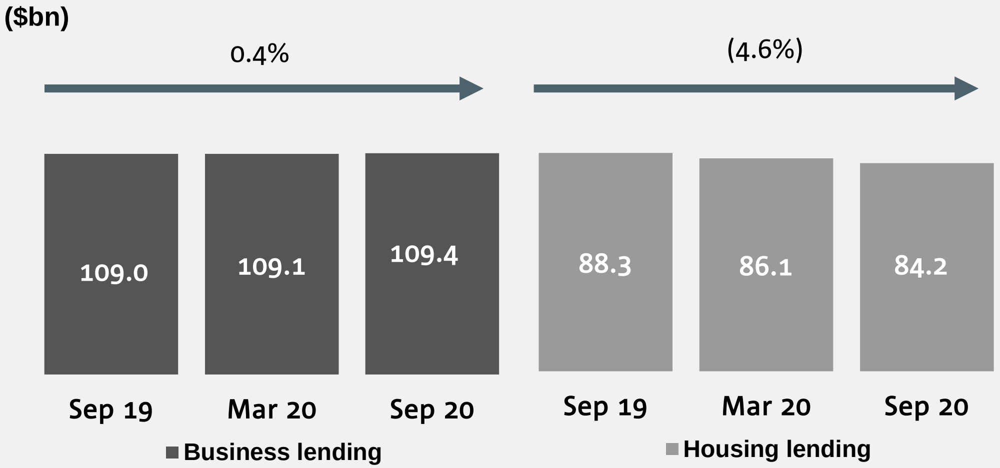
CASH EARNINGS



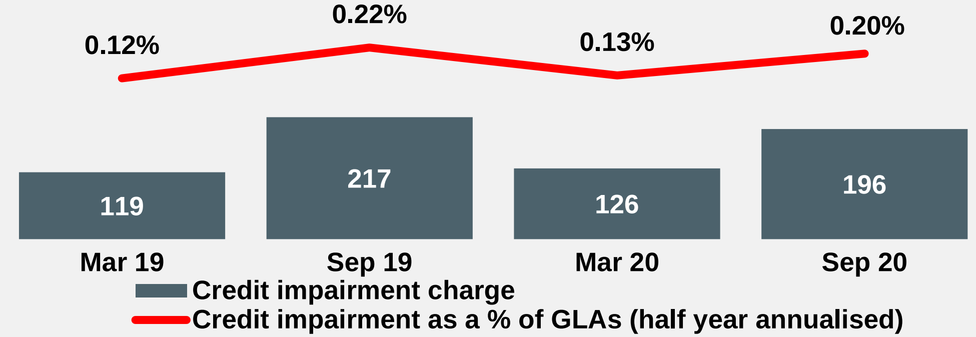
REVENUE AND MARGIN



BUSINESS AND HOUSING LENDING GLAs



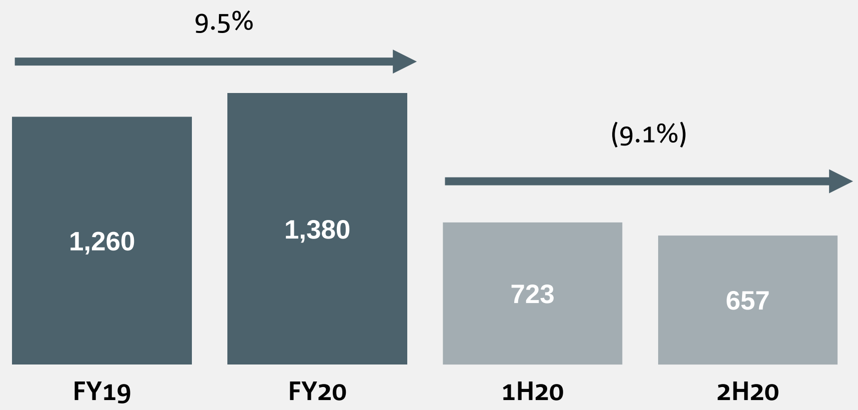
CREDIT IMPAIRMENT CHARGES AND AS A % OF GLAs



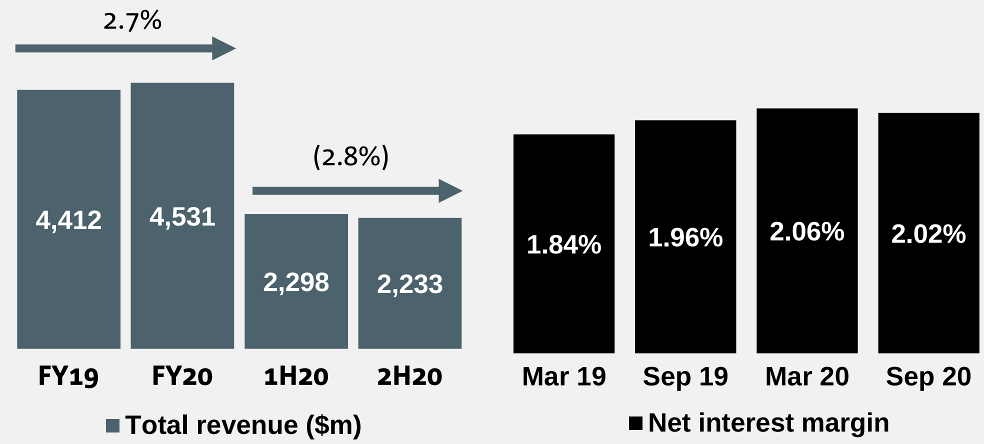
PERSONAL BANKING

CASH EARNINGS

($m)

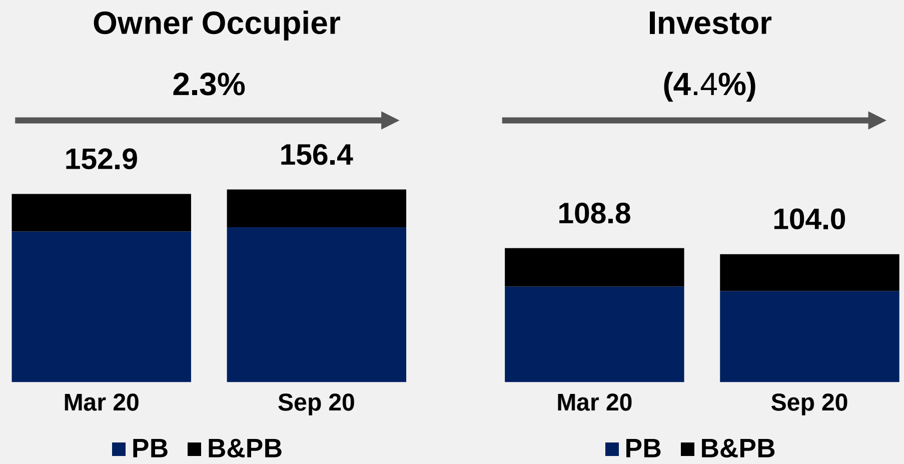


REVENUE AND MARGIN



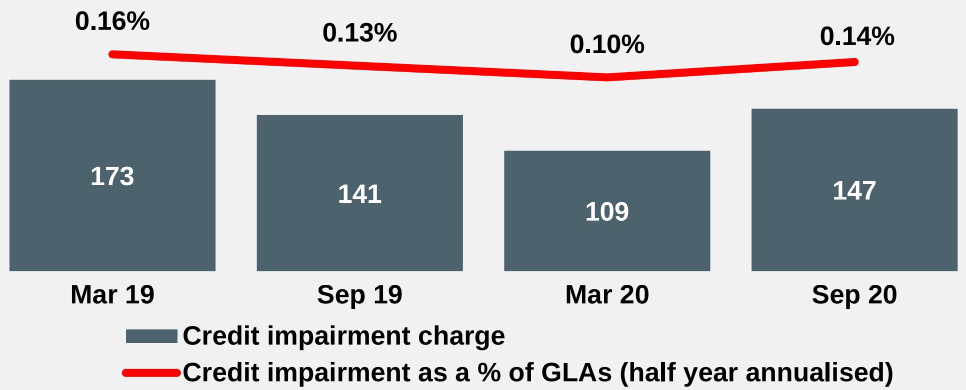
HOUSING LENDING VOLUME GROWTH[1]

($bn)



CREDIT IMPAIRMENT CHARGES AND AS A % OF GLAs

($m)

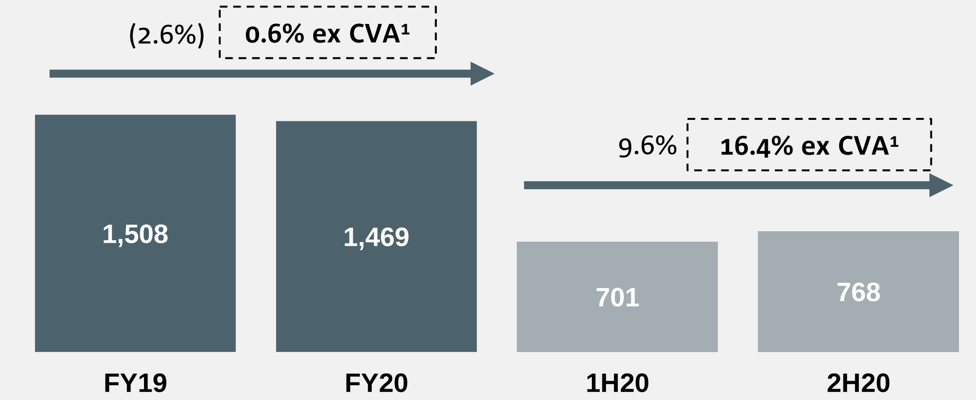


(1) APRA Monthly Authorised Deposit-taking Institution statistics September 2020. UBank included in Personal Banking

CORPORATE & INSTITUTIONAL BANKING

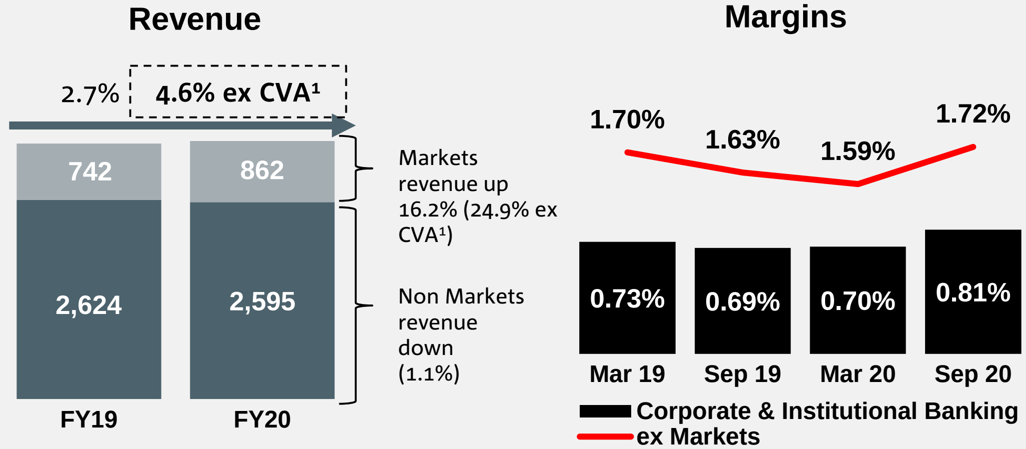
CASH EARNINGS

($m)

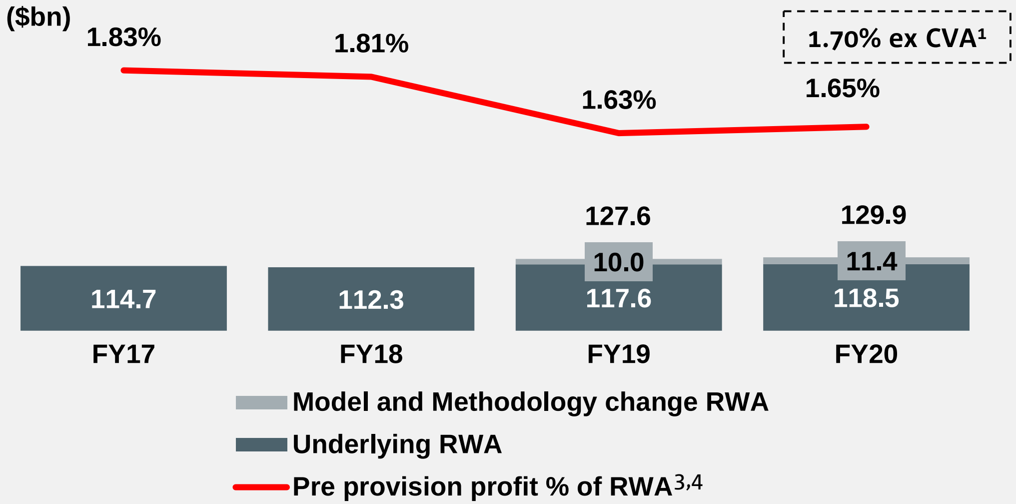


MARGINS AND REVENUE BREAKDOWN[2]

($m)

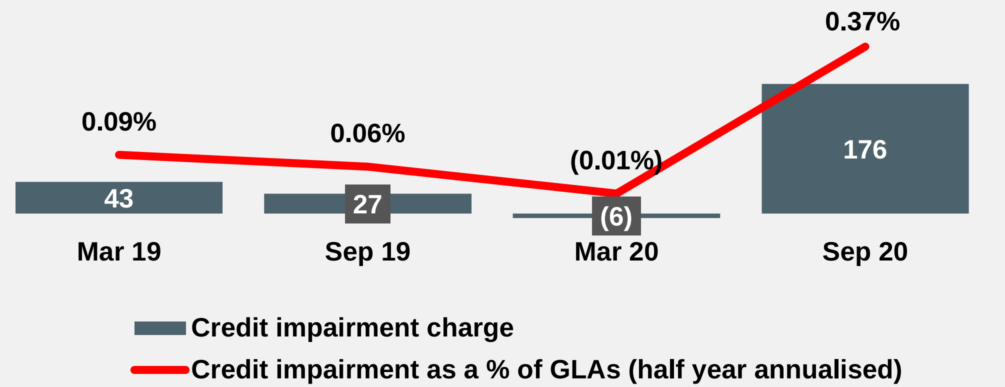


RETURNS FOCUS



CREDIT IMPAIRMENT CHARGES AND AS A % OF GLAs

($m)



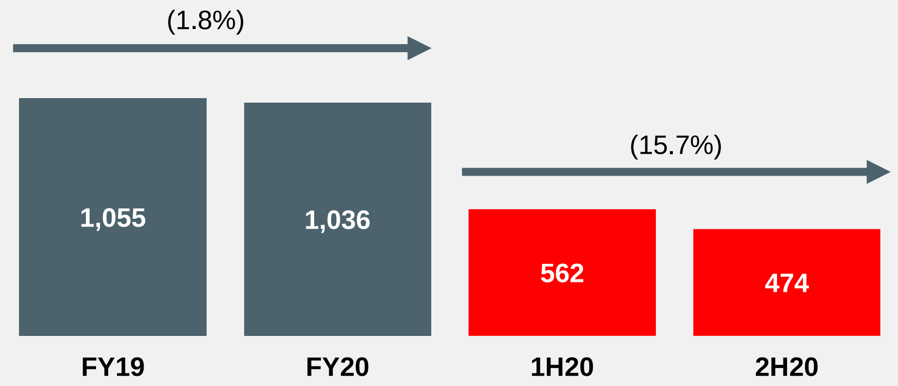
(1) Excludes CVA model change in 2H20 of $65m ($48m after tax)
(2) Markets revenue represents Customer Risk Management revenue and NAB Risk Management Revenue. Includes derivative valuation adjustments
(3) FY19 pre provision profit % of RWA impacted by 14bps due to model and methodology changes increasing RWAs by $10bn
(4) FY17-19 pre provision profit % of RWA restated to align to FY20 pre provision profit % based on spot RWAs

National Australia Bank

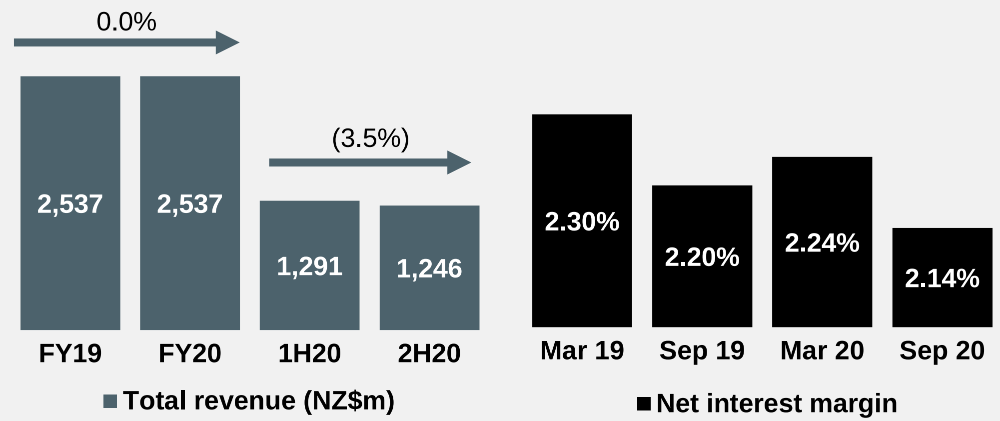
NEW ZEALAND BANKING

CASH EARNINGS

(NZ$m)

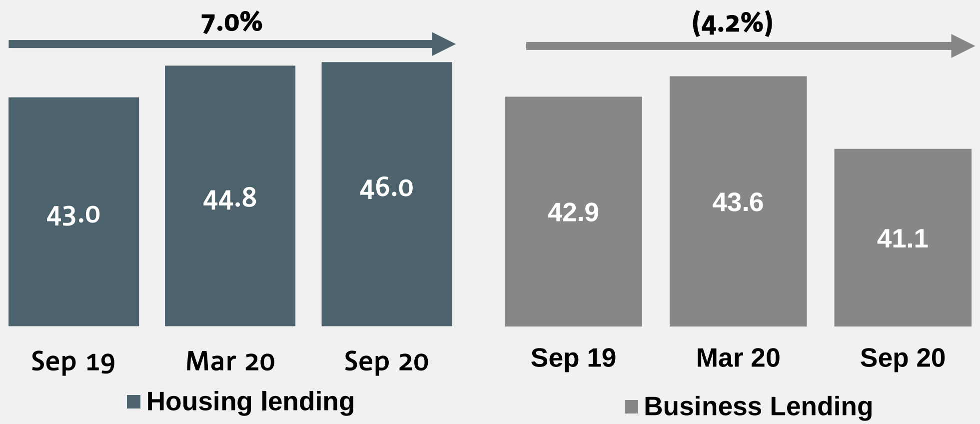


REVENUE AND MARGIN



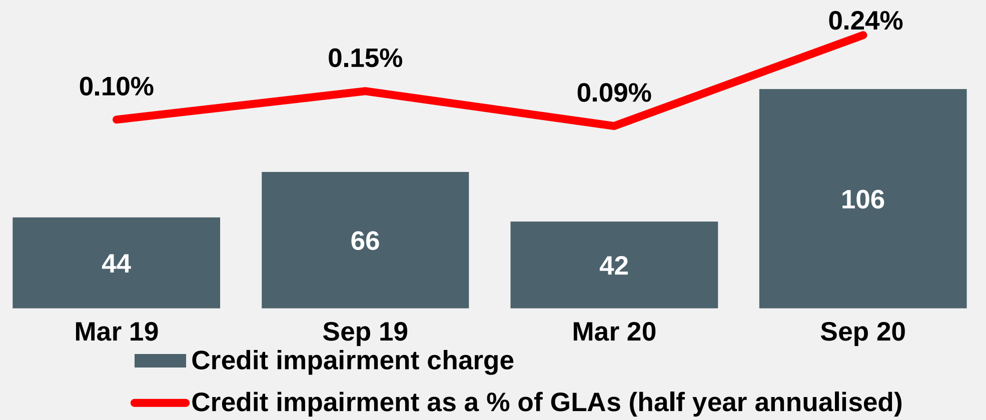
BUSINESS & HOUSING LENDING GLAs

(NZ$bn)



CREDIT IMPAIRMENT CHARGES AND AS A % OF GLAs

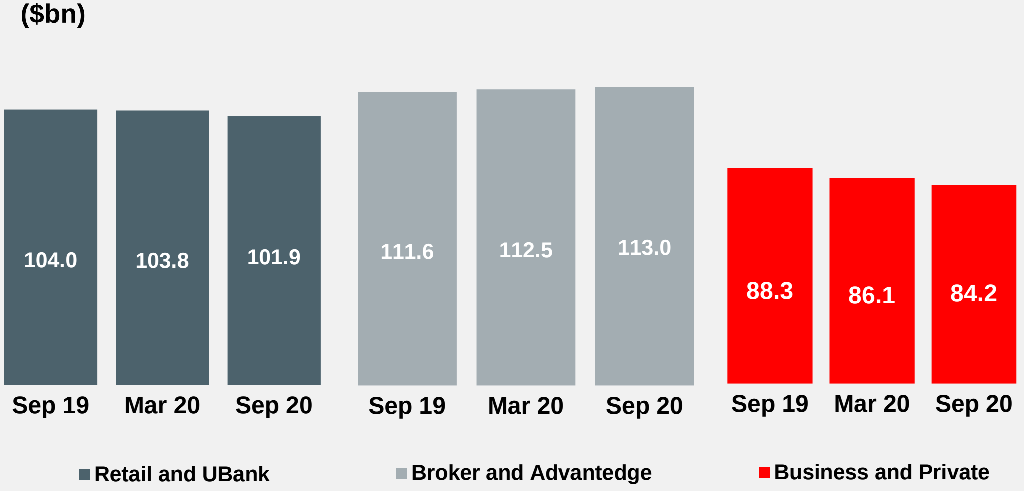
(NZ$m)



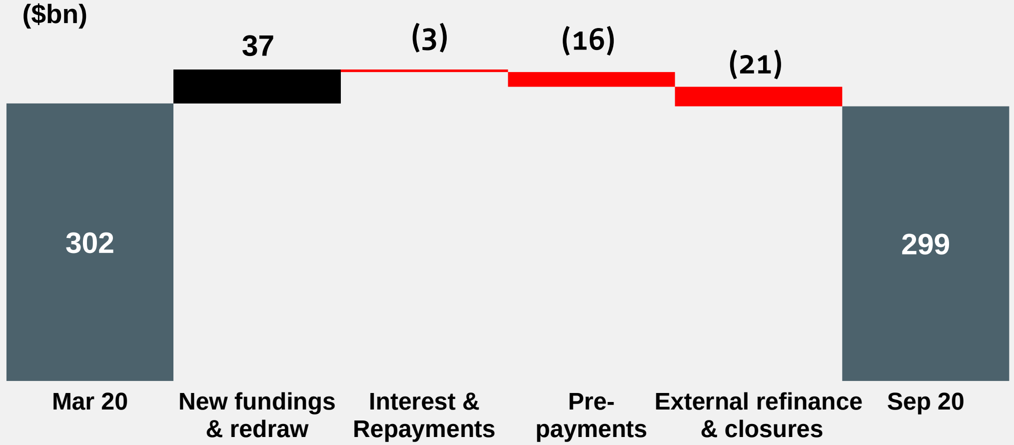
ADDITIONAL INFORMATION - ASSET QUALITY

HOUSING LENDING PORTFOLIO PROFILE

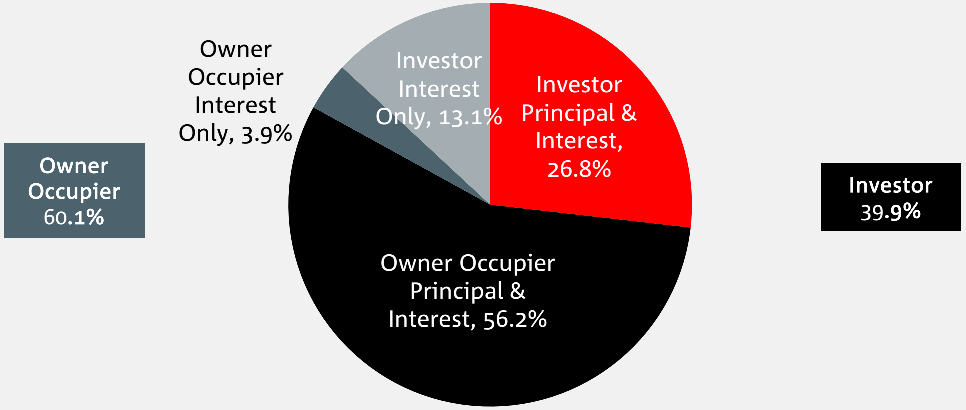
HOUSING LENDING BY CHANNEL[1]



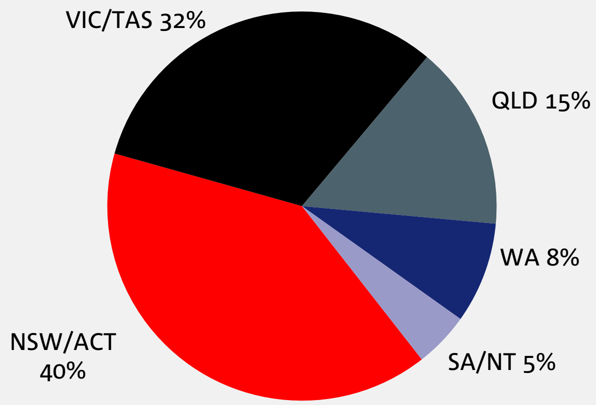
HOUSING LENDING FLOW MOVEMENTS[1]



HOUSING LENDING VOLUME BY BORROWER AND REPAYMENT TYPE[2]



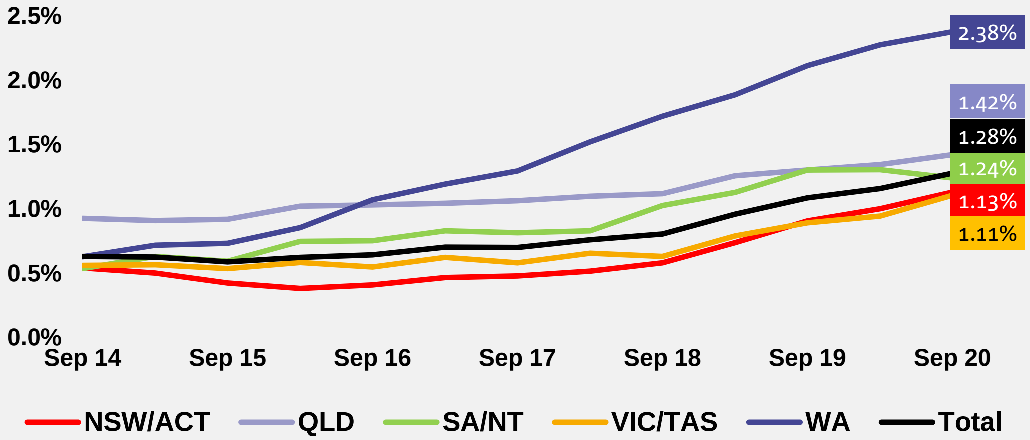
AUSTRALIAN MORTGAGES STATE PROFILE



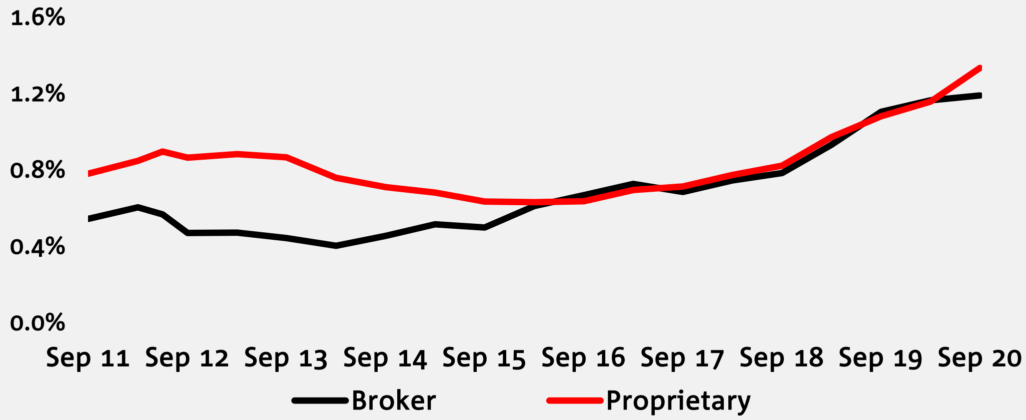
(1) Excludes Asia
(2) Only includes housing loans to households based on APRA ARF 720.1 reporting definitions, and excludes counterparties such as private trading corporations

HOUSING LENDING PORTFOLIO PROFILE

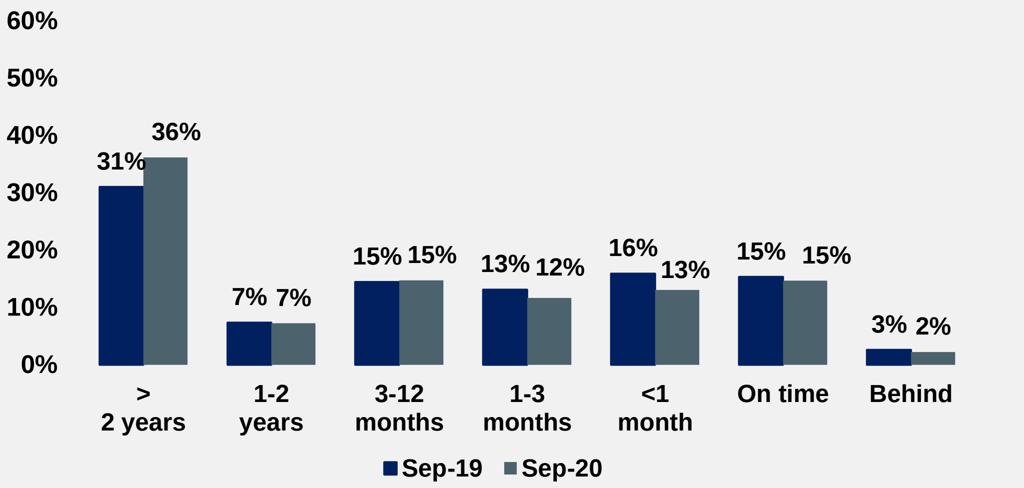
HOUSING LENDING 90+DPD & GIAs AS % OF GLAs



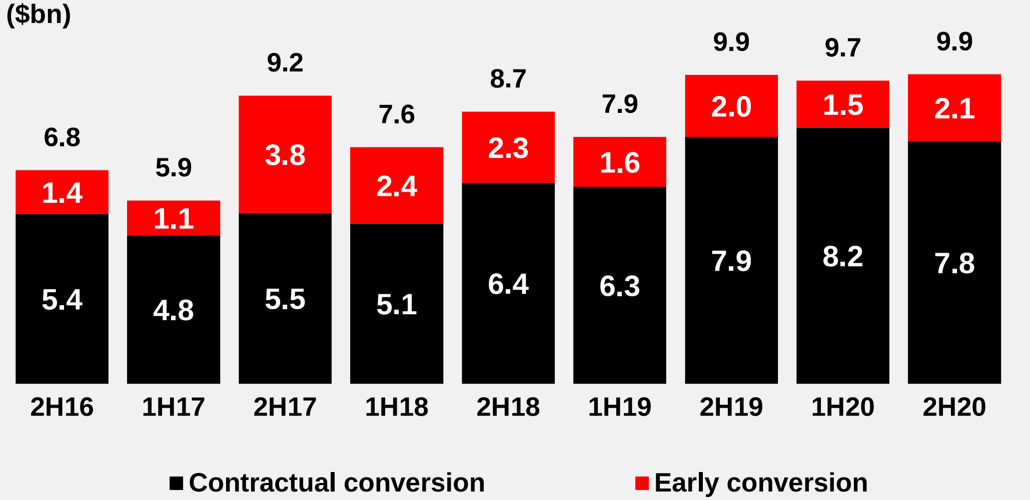
90+ DPD & GIAs AS % OF TOTAL HOUSING LENDING GLAs – BY CHANNEL



REPAYMENT BUFFERS[1]



INTEREST ONLY CONVERSIONS TO P&I



(1) Represents payments in advance by accounts. Includes offsets. Excludes Advantedge book and line of credit

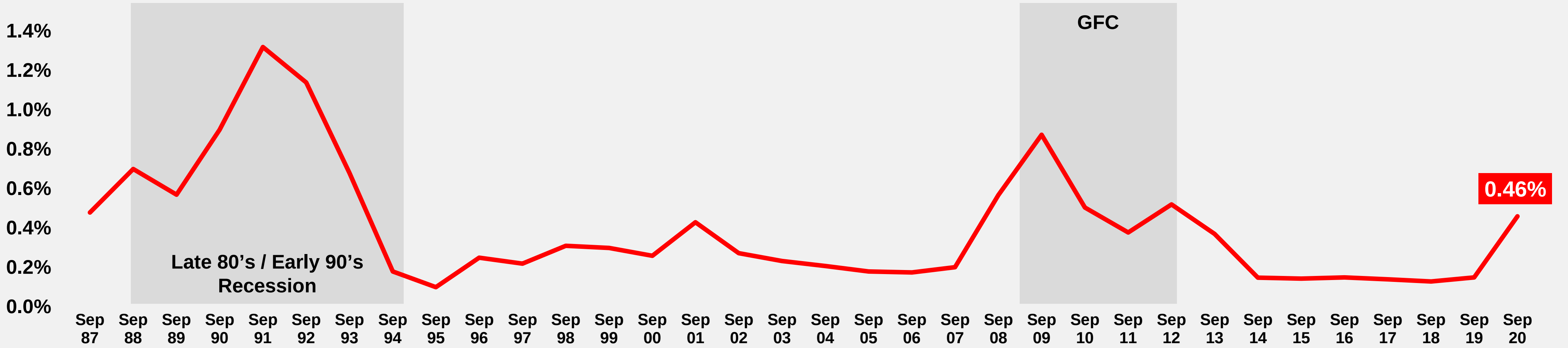
HOUSING LENDING KEY METRICS[1]

Australian Housing Lending	Mar 19	Sep 19	Mar 20	Sep 20	Sep 19	Mar 20	Sep 20
						Drawdowns[2]	
Total Balances (spot) $bn	307	304	302	299	22	27	29
Average loan size $'000	307	308	309	309	369	389	383
- Variable rate	72.0%	73.5%	75.9%	71.9%	73.0%	78.5%	64.0%
- Fixed rate	21.6%	20.4%	18.3%	22.8%	25.0%	20.4%	35.0%
- Line of credit	6.5%	6.1%	5.8%	5.3%	1.9%	1.1%	1.1%
By borrower type							
- Owner Occupied[3,4]	59.7%	56.9%	58.4%	60.1%	66.3%	67.7%	70.1%
- Investor[3,4]	40.3%	43.1%	41.6%	39.9%	33.7%	32.3%	29.9%
By channel							
- Proprietary	63.6%	63.3%	62.8%	62.2%	56.6%	54.6%	53.1%
- Broker	36.4%	36.7%	37.2%	37.8%	43.4%	45.4%	46.9%
Interest only[5]	22.4%	19.8%	17.2%	14.8%	19.7%	17.4%	17.9%
Low Documentation	0.5%	0.4%	0.4%	0.4%			
Offset account balance ($bn)	29.0	29.0	30.0	32.6			
LVR at origination	69.0%	69.0%	69.1%	69.2%			
Dynamic LVR on a drawn balance calculated basis	48.0%	47.6%	44.6%	45.5%			
Customers in advance ≥1 month[6] (including offset facilities)	65.5%	66.1%	66.5%	69.9%			
Avg # of monthly payments in advance[6] (including offset facilities)	33.7	34.3	36.3	43.4			
90+ days past due	0.86%	0.98%	1.04%	1.18%			
Impaired loans	0.09%	0.11%	0.12%	0.10%			
Specific provision coverage ratio	31.1%	33.4%	33.3%	35.4%			
Loss rate[7]	0.02%	0.02%	0.02%	0.02%			
Number of properties in possession[8]	291	320	268	155			
HEM reliance	32%	27%	33%	33%			

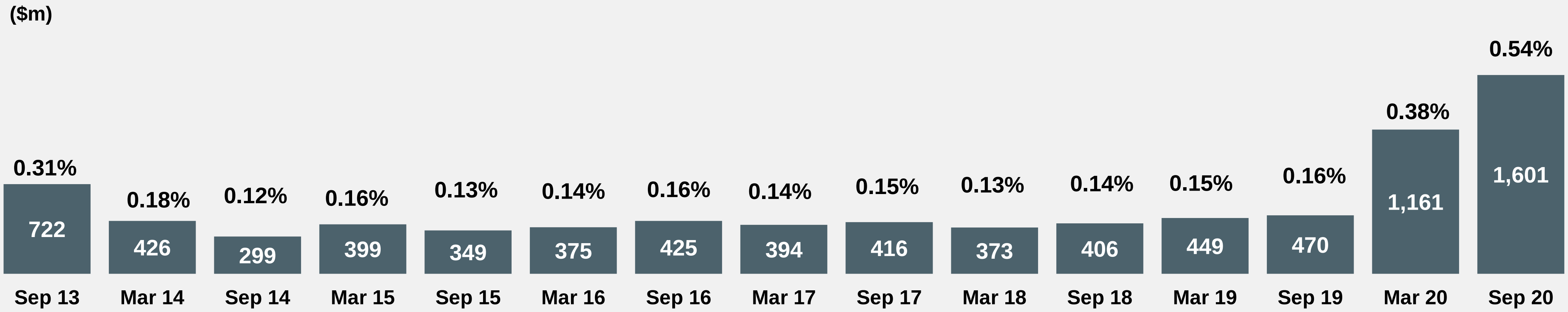
(1) Excludes Asia
(2) Drawdowns is defined as new lending excluding limit increases and redraws in the previous six month period
(3) Portfolio sourced from APRA Monthly Banking Statistics, Sep-19 restated to align with definitions of the APRA Monthly Authorised Deposit-taking Institution Statistics
(4) Drawdowns sourced from management data
(5) Excludes line of credit products
(6) Excludes Advantedge and line of credit
(7) 12 month rolling Net Write-offs / Spot Drawn Balances
(8) Reduction in properties in possession in Sep 20 reflects pause in legal activity due to COVID-19

GROUP CREDIT IMPAIRMENT CHARGE

CREDIT IMPAIRMENT CHARGE AS % OF GLAs



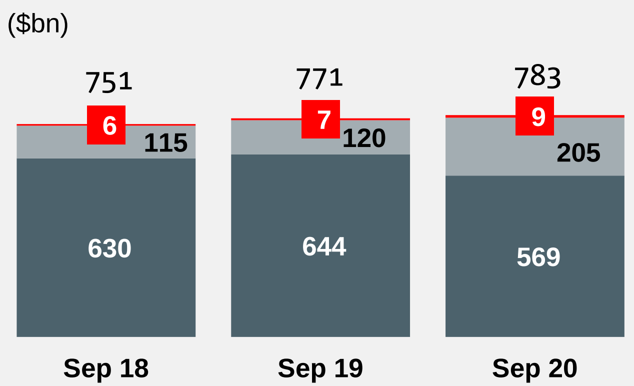
CREDIT IMPAIRMENT CHARGE AND AS % OF GLAs[1]



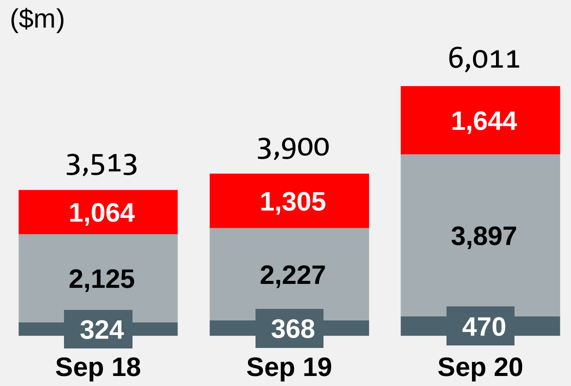
(1) Ratios for all periods refer to the half year ratio annualised

ECL PROVISIONING BY STAGES

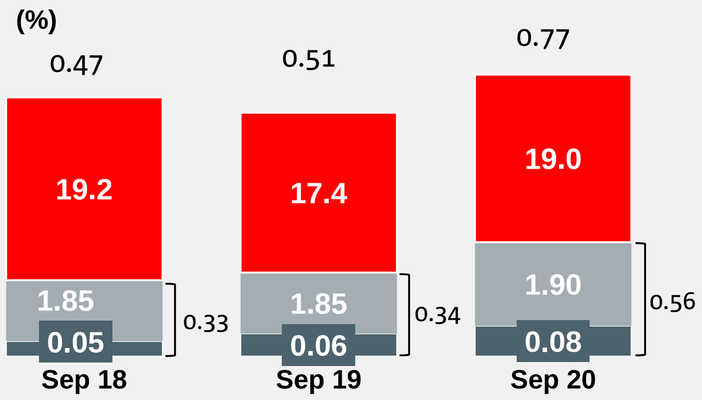
LOANS AND ADVANCES[1]



PROVISIONS BY STAGE[2]



PROVISION COVERAGE BY STAGE[3]



■ Stage 1 (12 month ECL) ■ Stage 2 (Lifetime ECL) ■ Stage 3 (Lifetime ECL)

	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 (SICR) 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
- No automatic migration from stage 1 to stage 2 as a result of COVID-19 repayment deferrals; migration assumptions included in forward looking adjustments
- Stage 2 includes majority of forward looking adjustments

(1) Notional staging of loans and advances incorporates forward looking stress applied in the expected credit loss model
(2) Excludes Collective Provision on loans at fair value and derivatives which are not allocated to a stage under the Expected Credit Loss (ECL) model
(3) Provision coverage: provisions as a percentage of loans and advances including contingent liabilities and credit-related commitments

APPENDIX
AUSTRALIAN ECONOMY

AUSTRALIA KEY ECONOMIC INDICATORS

- The pandemic has prompted a deep recession in Australia and across the world. However, while globally many advanced economies are battling a resurgence in COVID-19 cases, Australian community transmission is close to 0 after Victoria successfully contained its second wave.
- With the virus contained, the economic recovery is underway. However, the path to recovery is long and the outlook remains highly uncertain. NAB forecasts positive economic growth in Q3 2020, annual growth of 4.6% forecast for 2021 and 2.9% for 2022. Unemployment is expected to peak at 8.2% in Q1 2021 before steadily declining to 6.9% at the end of 2022. Amid weak growth and high unemployment, inflation is likely to remain weak, where we only expect inflation to reach 1.7% at the end of 2022.
- Economic policymakers are focused on reducing unemployment, which the RBA has dubbed a "national priority". As such, the RBA has cut the cash rate, 3-year yield and term funding facility rates to 0.1%. Further, the RBA has announced a QE program to buy $100bn worth of bonds (5% of GDP) in the 5-10 year maturity range for 6 months. Maintaining cheap credit should help the take-up of new incentives for investment and homebuilding, supporting the recovery.
- That said, in our view, fiscal policy will be the driver of economic stimulus. The government announced its new fiscal strategy for the recovery in its 2020-21 federal budget. As emergency support measures taper – such as the JobKeeper wage subsidy – the government has announced an additional $73.5bn (3.7% of GDP) worth of stimulus under its new JobMaker plan. This brings the total pandemic response to a huge $272bn, or 13.7% of GDP. These measures will be crucial for the period ahead as the economy moves through the recovery phase.

AUSTRALIAN ECONOMIC INDICATORS (%)[1]

	CY18	CY19	CY20(f)	CY21(f)	CY22(f)
GDP growth[2]	2.2	2.3	-4.7	4.6	2.9
Unemployment[3]	5.0	5.2	7.6	6.9	5.9
Core Inflation[4]	1.7	1.4	1.2	1.4	1.7
Cash rate target[3]	1.50	0.75	0.10	0.10	0.10

AUSTRALIAN SYSTEM GROWTH (%)[5]

	FY18	FY19	FY20	FY21(f)	FY22(f)
Housing	5.3	3.0	3.3	0.3	3.2
Personal	-1.4	-4.4	-12.5	-1.5	0.0
Business	4.5	3.3	2.0	1.8	4.2
Total lending	4.6	2.7	2.0	0.7	3.4
System deposits	2.1	3.8	11.7	0.7	3.4

(1) Sources: ABS, Econdata DX, RBA, RBNZ, Stats NZ, NAB
(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, average of trimmed mean and weighted median indices
(5) Source: RBA, RBNZ, NAB. Bank fiscal year-ended (September)

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NEW ZEALAND KEY ECONOMIC INDICATORS

- The New Zealand economy is returning from an unprecedented decline that was driven by the onset of COVID-19. A large gain in Q3 GDP is expected following on from Q2's 12.2% decline. Nonetheless, there remain major headwinds via the lack of international tourism with borders closed and a world still battling COVID-19. Business and consumer confidence have improved but are below average. Massive fiscal expansion and aggressive monetary easing has taken place, albeit with some of the initial fiscal responses to COVID-19 now being phased out. Economic activity is not seen returning to pre-COVID levels until mid-to-late 2022. Progress of the disease, the effectiveness of NZ's containment measures, and the timing of the release of a vaccine (or effective anti-viral medication) will have a major bearing on economic progress ahead.
- The RBNZ cut the official cash rate to 0.25% in response to the economic shock from COVID-19. The Bank also lowered the core funding ratio, relaxed home lending loan-to-value restrictions, delayed lifting capital requirements for NZ banks, and started a Large Scale Asset Purchase programme (with a limit of $100bn). The RBNZ is expected to announce details of its proposed Funding for Lending Programme in November and we expect the cash rate to be taken negative in early-2021. We expect the OCR to remain low for an extended period.
- NZ commodity export prices have, on average, held up reasonable well in the circumstances. Coupled with sharply lower oil prices, this has seen a record merchandise terms of trade.
- House sale volumes and prices have picked up strongly. Ultra-low interest rates seem to be more than offsetting the downward influences of higher unemployment and declining population growth.
- Annual employment growth was 1.5% in the year to Jun-20 and the unemployment rate was low at 4.0%. The unemployment rate is expected to rise over coming quarters before starting to ease.
- Credit aggregates show system lending growth has slowed toward 3%, from above 5% a year earlier. Growth has been strong in housing, while negative for business, agriculture, and consumer credit. Household deposit growth has strengthened from 5% a year ago.

NZ ECONOMIC INDICATORS (%)[1]

	CY18	CY19	CY20(f)	CY21(f)	CY22(f)
GDP growth[2]	3.3	1.8	-5.7	3.2	4.2
Unemployment[3]	4.4	4.1	6.6	6.4	4.6
Inflation[4]	1.9	1.9	0.8	0.9	1.6
Cash rate (OCR)[3]	1.75	1.0	0.25	-0.50	-0.25

NZ SYSTEM GROWTH (%)[5]

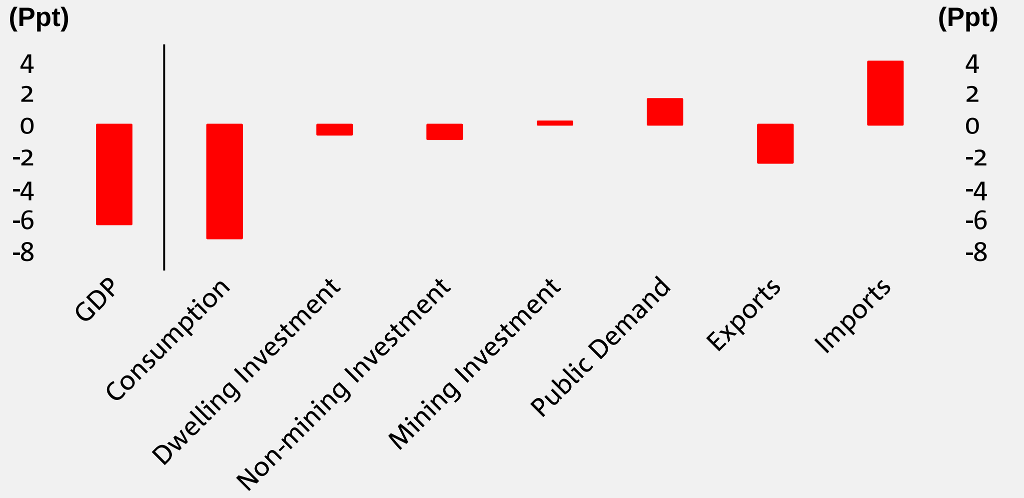
	FY18	FY19	FY20	FY21(f)	FY22(f)
Housing	6.0	6.5	6.8	4.0	4.0
Personal	4.7	0.1	-11.7	2.0	4.0
Business	4.1	4.8	-1.1	-3.0	3.5
Total lending	5.2	5.6	3.1	1.3	3.8
Household retail deposits	6.9	5.1	9.4	3.0	3.8

(1) Sources: ABS, Econdata DX, RBA, RBNZ, Stats NZ, NAB
(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, average of trimmed mean and weighted median indices
(5) Source: RBA, RBNZ, NAB. Bank fiscal year-ended (September)

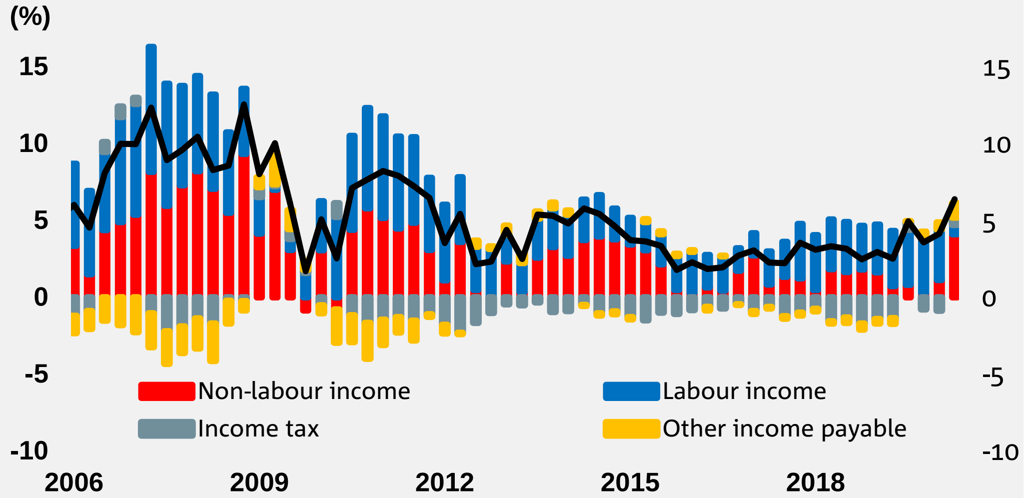
ACTIVITY IMPACTS OF COVID-19

- COVID-19 has caused significant disruptions to economic activity and weighed on household and business confidence. The weakness in activity has been broad-based across the private sector – with an outsized impact on services consumption
- While Australia has passed the trough in activity and will likely see growth in the September quarter, areas of stress remain
- Policy support via wage subsidies have been a key support to household income. With spending having been curtailed, the savings rate has increased sharply
- While unemployment has not risen as sharply as initially feared, broader measures of underutilisation hours and hours worked show a more significant deterioration
- Fiscal policy will need to play a key role in the low rates environment

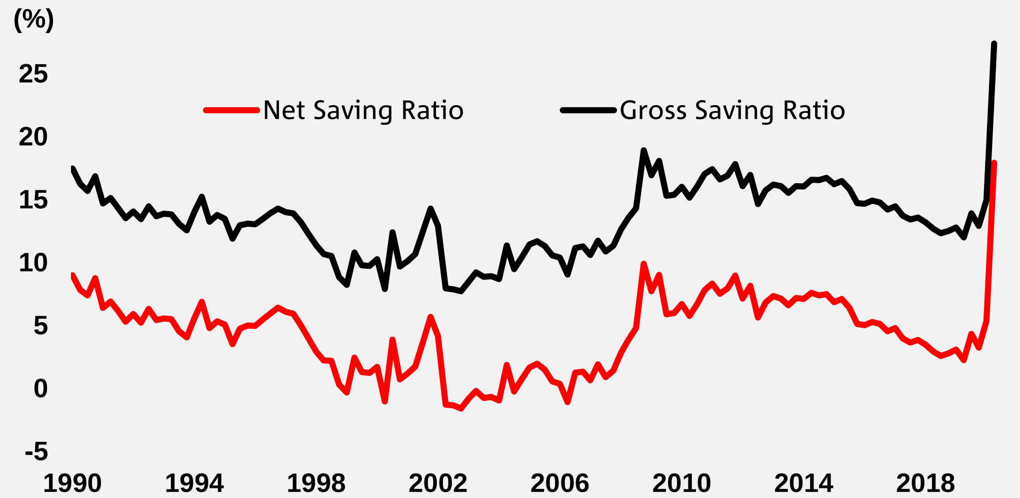
CONSUMPTION DRIVEN FALL IN OUTPUT[1]



HOUSEHOLD INCOMES HAVE BEEN SUPPORTED BY POLICY[2]



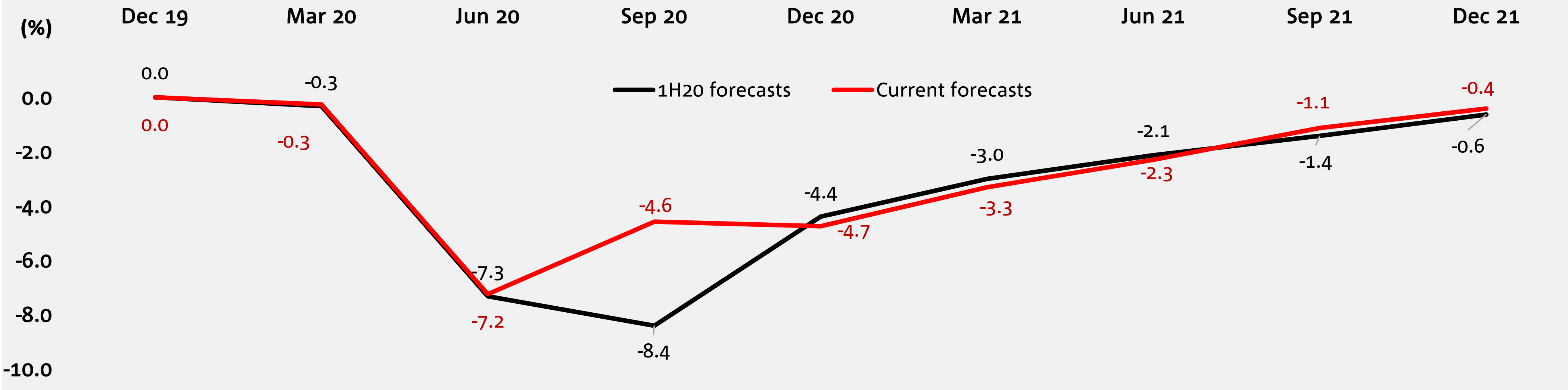
SUPPORT FOR HOUSEHOLDS HAS SEEN SAVINGS INCREASE[3]



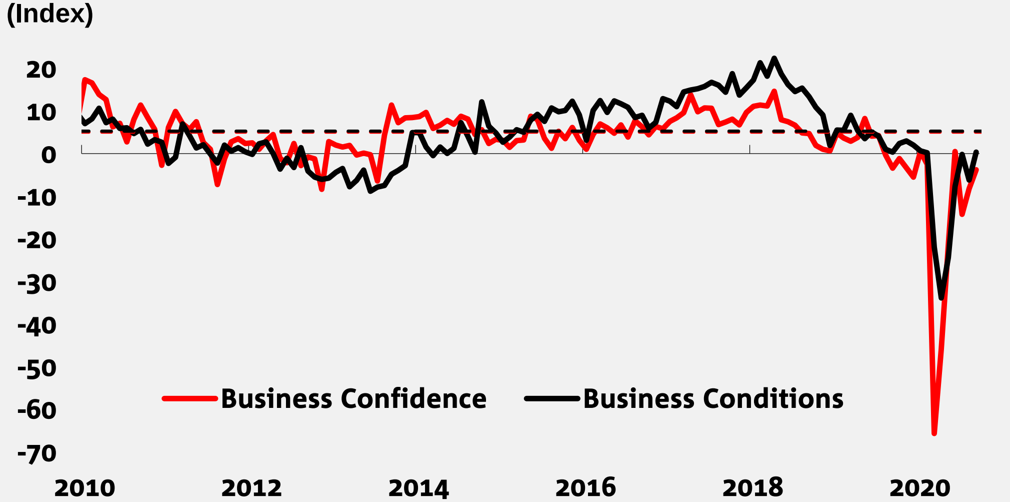
(1) Source: ABS, NAB. Data shows year-ended contributions to June quarter 2020
(2) Source: ABS, NAB. Year-ended growth. Data to June quarter 2020
(3) Source: ABS, NAB. Data to June quarter 2020

AUSTRALIA HAS PASSED THE TROUGH IN ACTIVITY

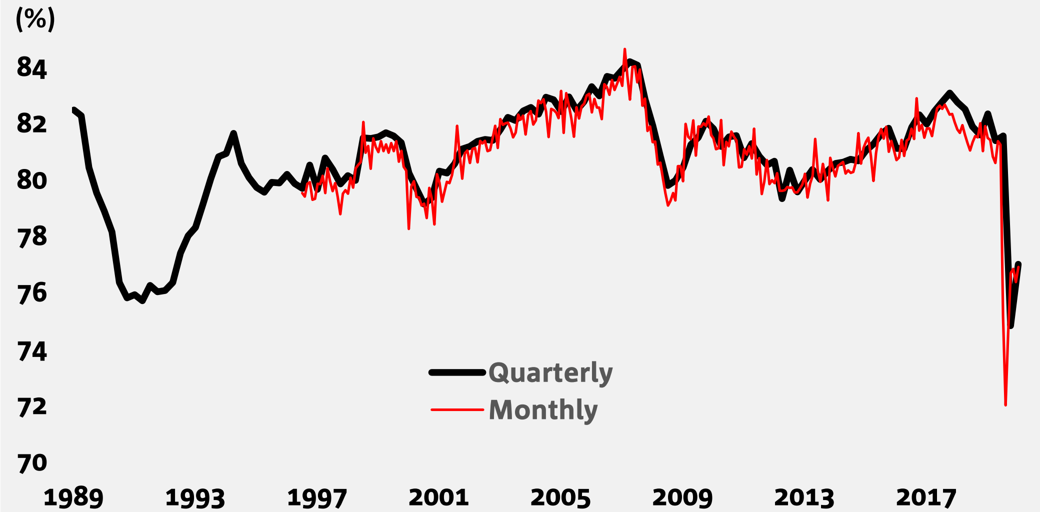
GDP TO GRADUALLY RECOVER FROM HERE[1]



CONFIDENCE AND CONDITIONS STILL BELOW AVERAGE[2]



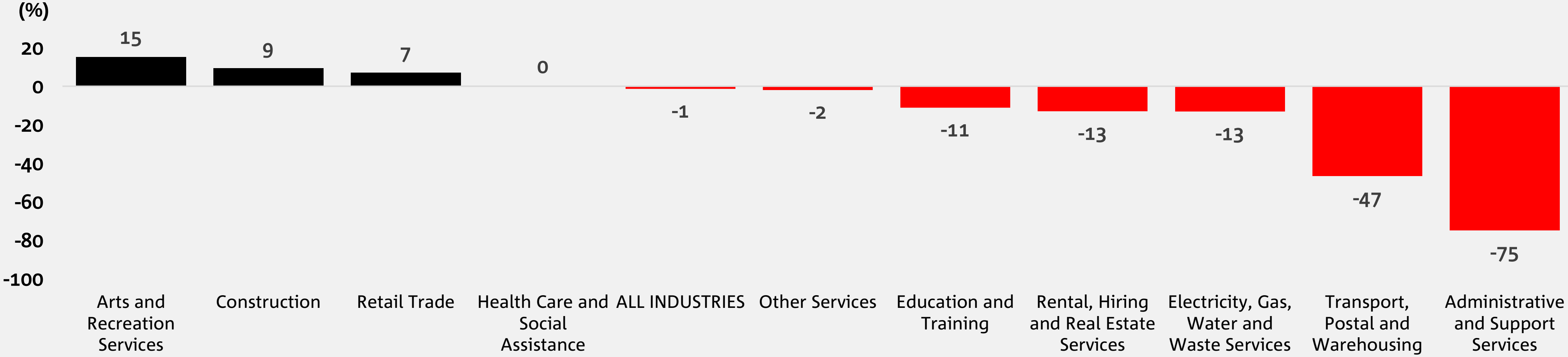
CAPACITY UTILISATION REMAINS LOW[2]



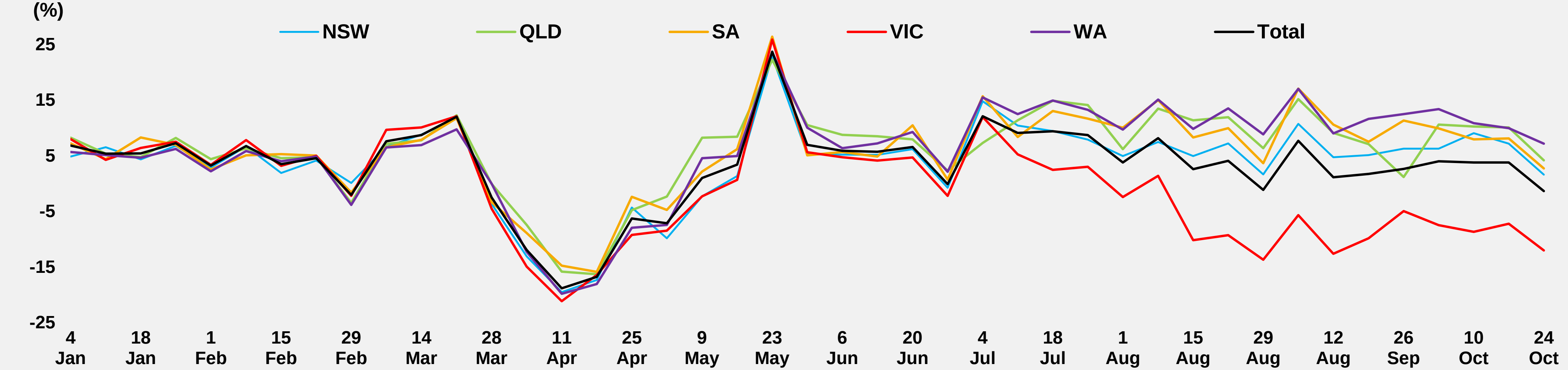
(1) Source: ABS, NAB. Percentage deviation from December 2019 level.
(2) Source: NAB. Data to September 2020

ALTHOUGH AREAS OF STRESS REMAIN

CHANGE IN CONSUMPTION SPEND BY INDUSTRY[1]



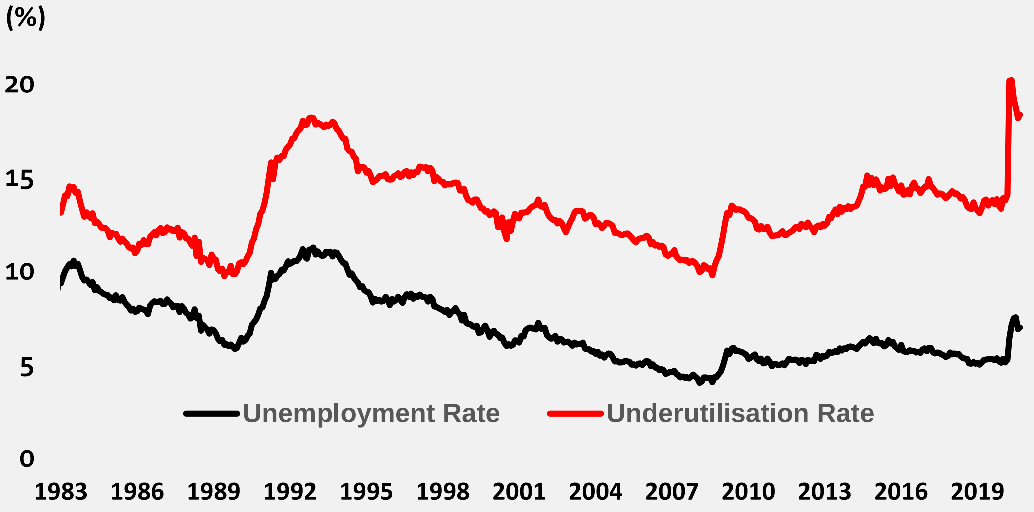
CONSUMER SPEND DATA BY STATE – VICTORIA LAGGING[2]



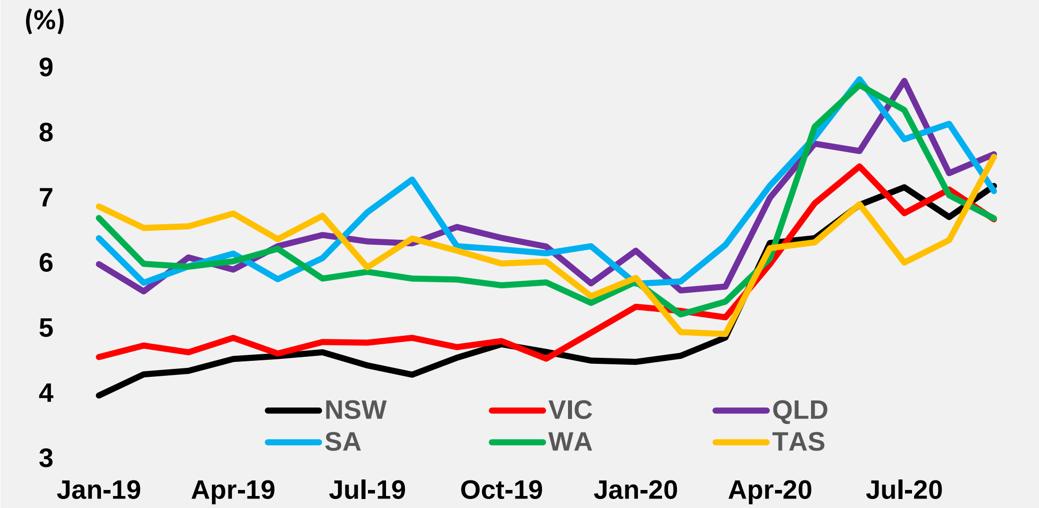
(1) Chart shows change in consumption spending on same week in the previous year by industry (Week ended 24 October 2020)
(2) Chart shows change in consumption spending on same week in the previous year by state (Week ended 24 October 2020)

LABOUR MARKET IMPACTS OF COVID-19

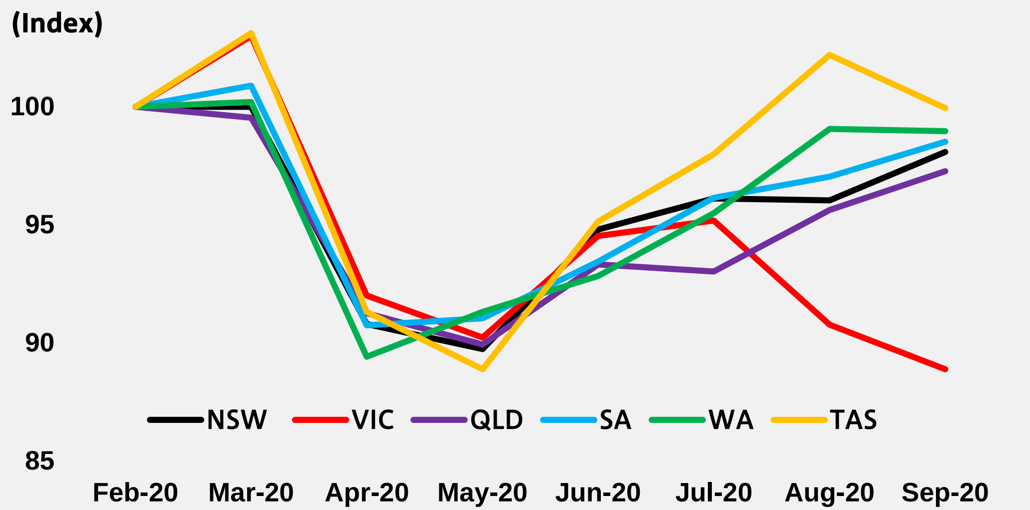
UNEMPLOYMENT AND UNDERUTILISATION HAVE RISEN[1]



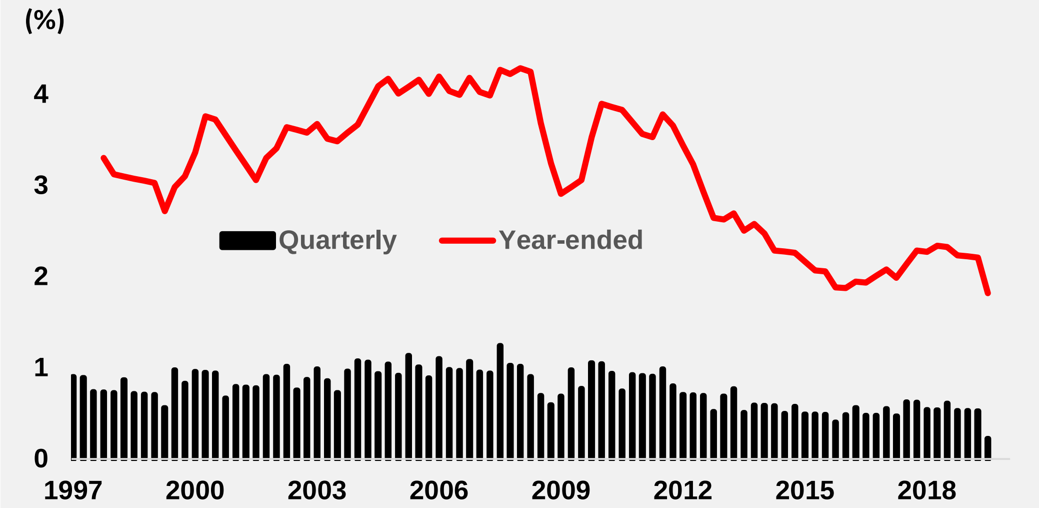
UNEMPLOYMENT HAS DETERIORATED ACROSS STATES[1]



HOURS WORKED HAVE REBOUNDED IN SOME STATES[2]



WAGE GROWTH HAS SLOWED SHARPLY[3]



(1) Source: ABS. Data to September 2020
(2) Source: ABS, NAB. February 2020 = 100, data to September 2020
(3) Source: ABS. Data to June quarter 2020

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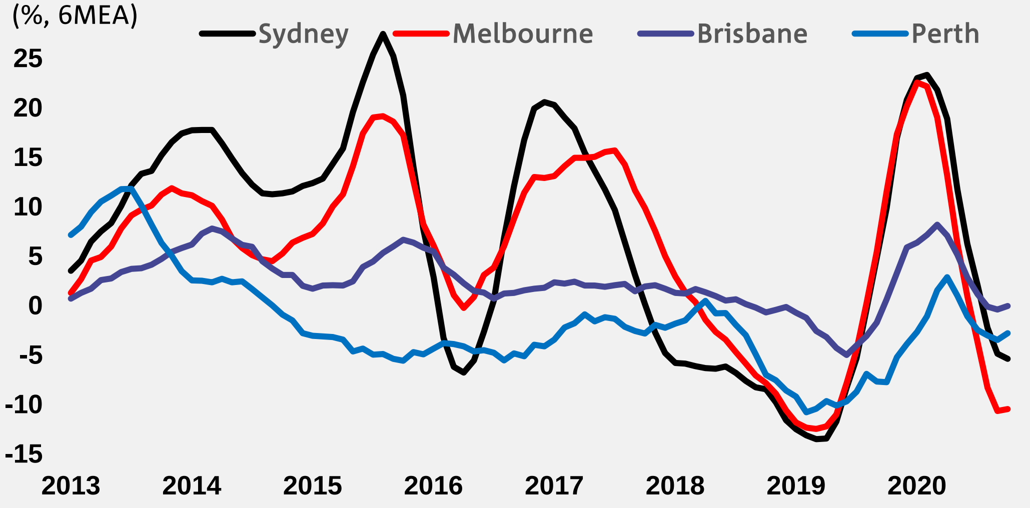
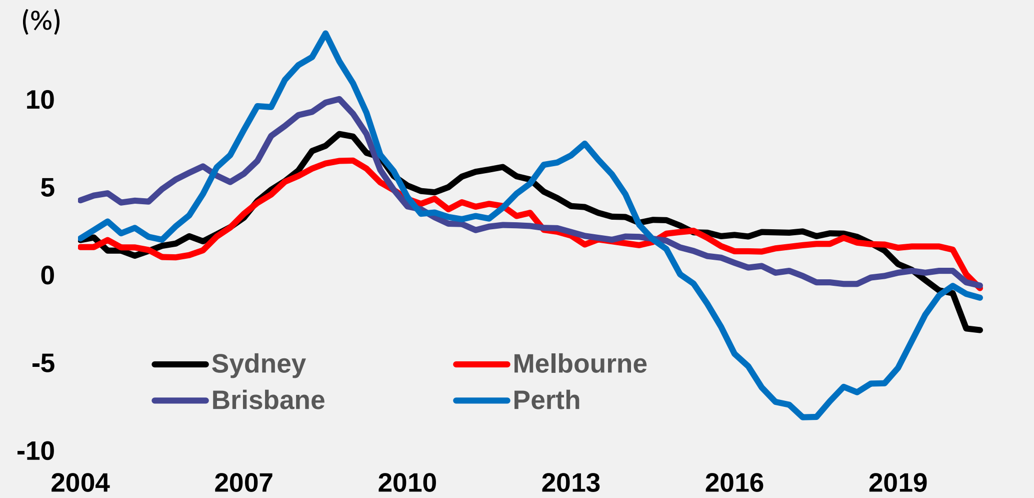
HOUSING MARKET HAS SOFTENED

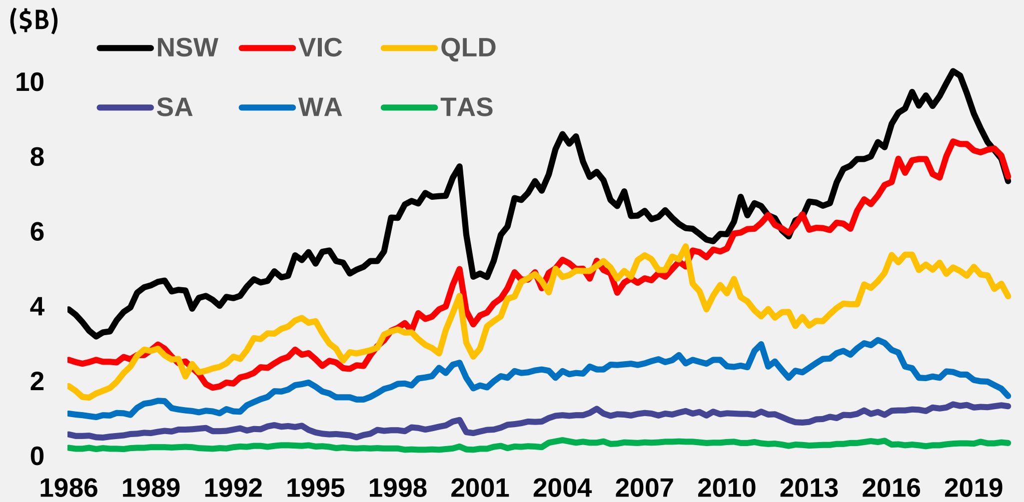
HOUSE PRICE GROWTH HAS SLOWED[1]



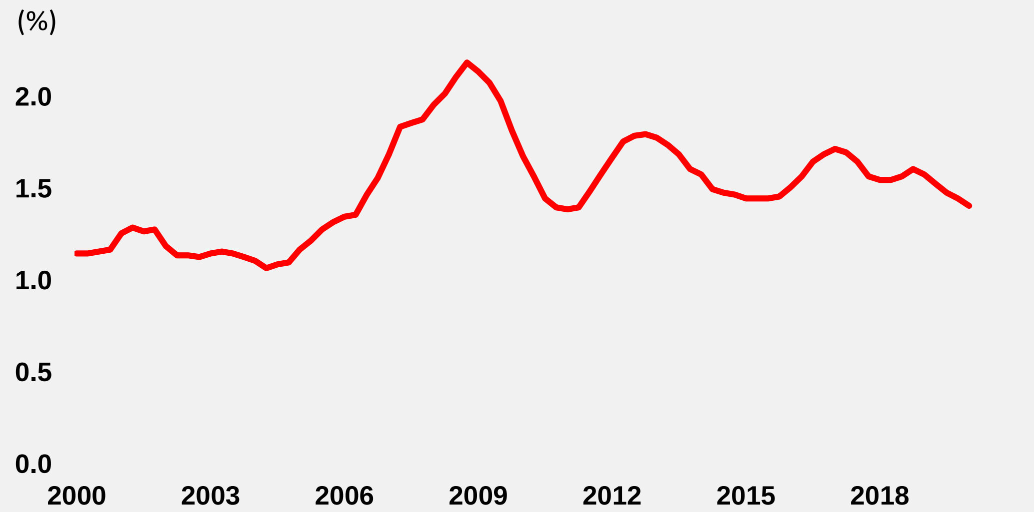
RENTS GROWTH CONTINUES TO BE WEAK[2]



DWELLING INVESTMENT IS FALLING[3]



POPULATION GROWTH IS SLOWING[4]



(1) Source: CoreLogic. 6-month-ended-annualised growth. Data to 31 October 2020
(2) Source: ABS
(3) Source: ABS. Chain volume measure (reference year 2017-18).
(4) Source: ABS. Year-ended growth. Data to Q1 2020

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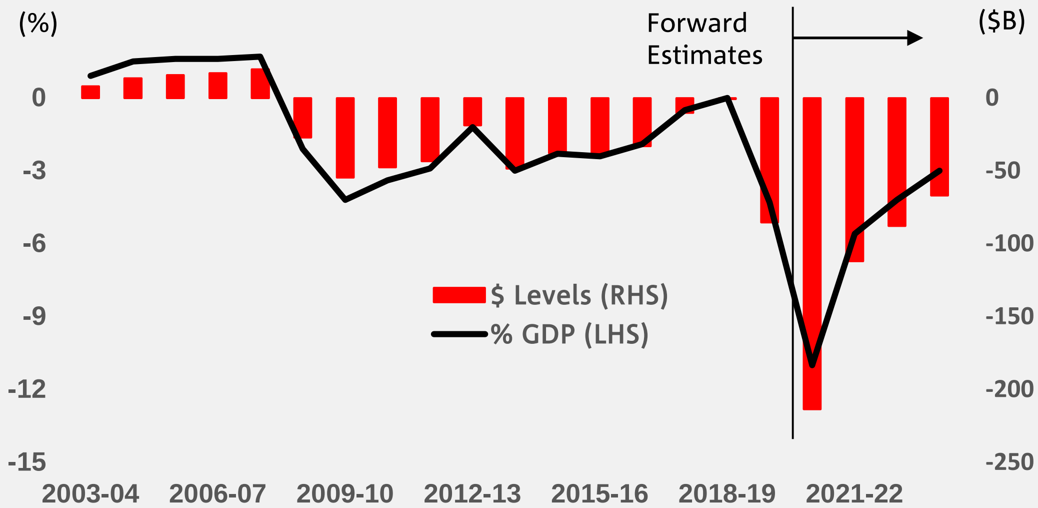
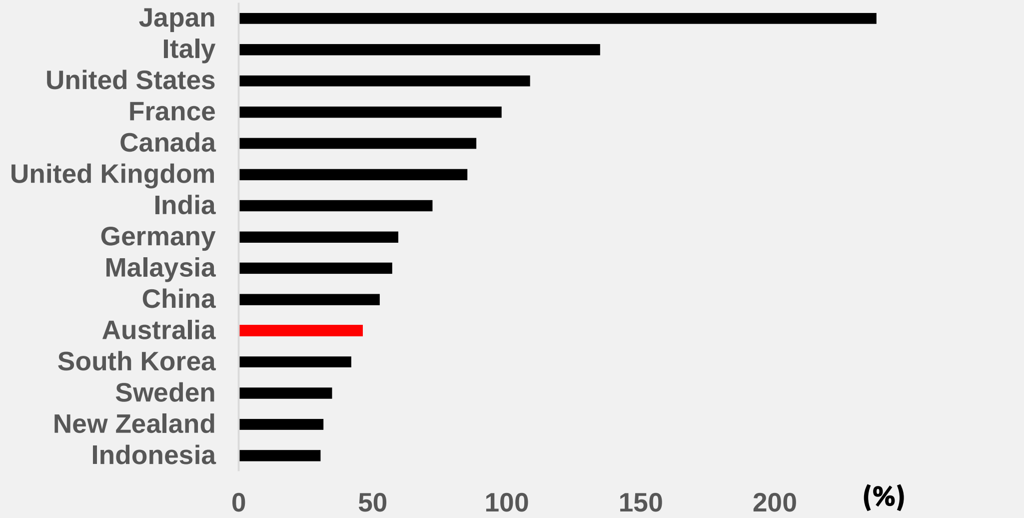
SIGNIFICANT POLICY SUPPORT DURING THE PANDEMIC

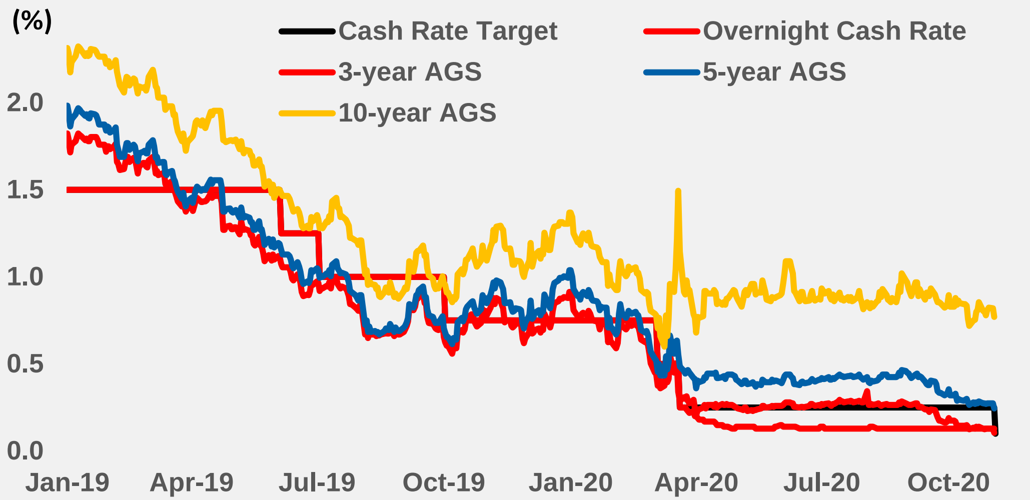
LARGE BUDGET DEFICITS EXPECTED IN THE NEAR TERM[1]



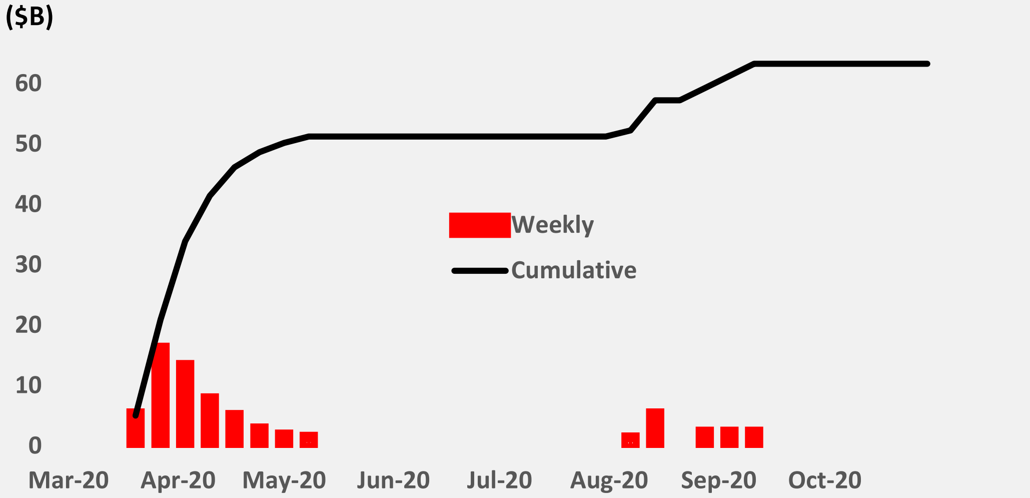
AUSTRALIA GOVERNMENT DEBT IS AT A LOW STARTING POINT[2]



CASH RATE AND BOND YIELDS ARE AT LOW LEVELS[3]



RBA HAS BEGUN BOND PURCHASES[4]



(1) Source: Commonwealth Treasury
(2) Source: IMF. Data are for 2019 shown as a share of GDP for each country
(3) Source: Macrobond. Data to 3 November 2020
(4) Source: RBA, NAB. Data to 3 November 2020

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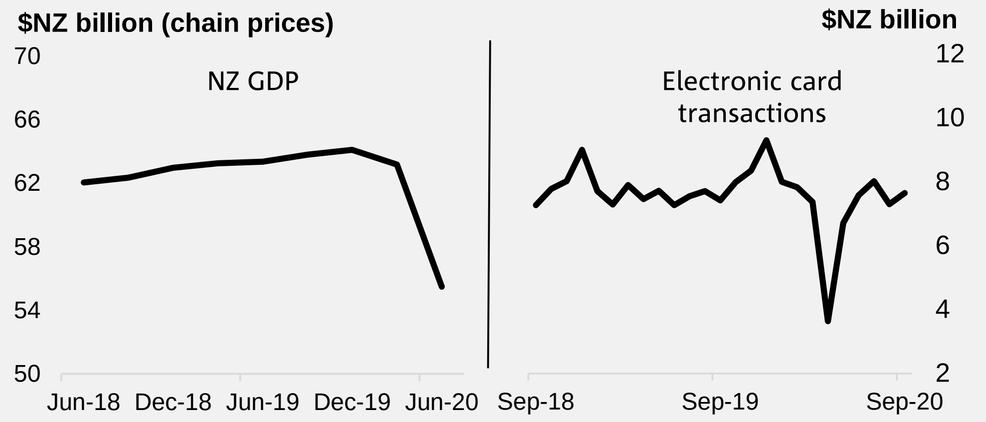
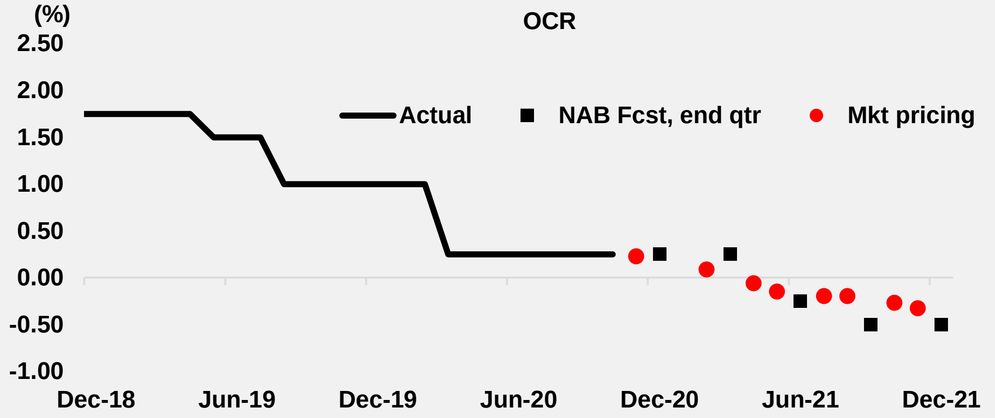
NEW ZEALAND

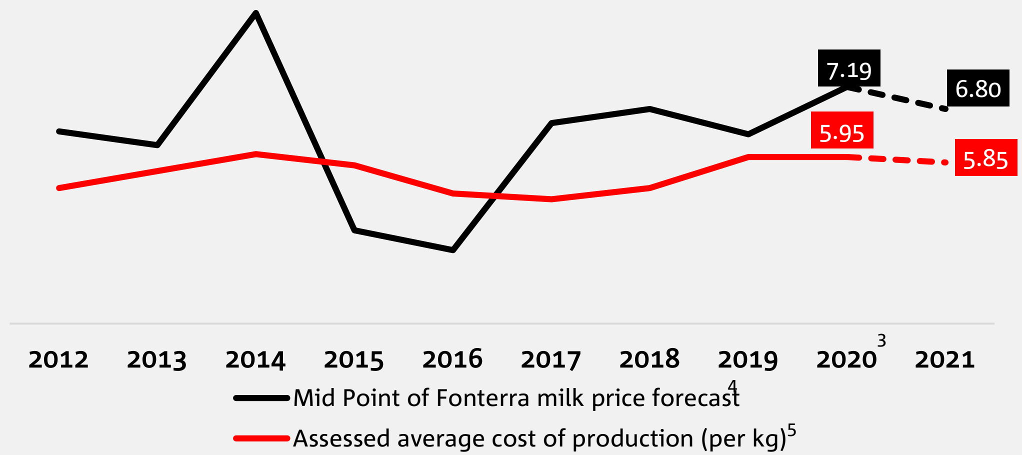
BIG FALL IN NZ GDP IN FIRST HALF OF CALENDAR 2020, RECOVERY UNDERWAY[1]



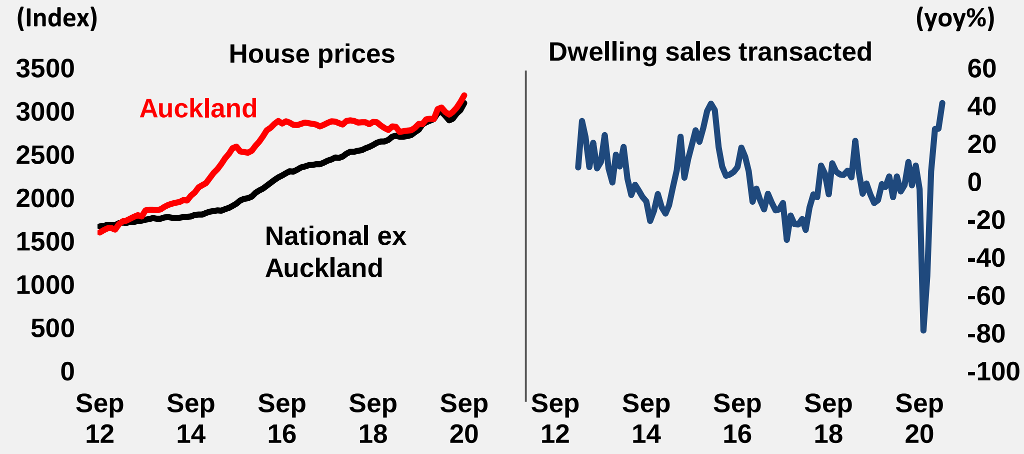
RBNZ EXPECTED TO MOVE TO NEGATIVE RATES[2]



DAIRY FARM VIABILITY



HOUSING MARKET BOUNCED BACK QUICKLY FROM IMPACT OF EARLY COVID-19 RESTRICTIONS[6]



(1) Source: Refinitiv, Statistics NZ. GDP data to Q2 2020, Electronic card transaction all industry data to September 2020
(2) Source: Refinitiv. NAB, OCR Market pricing from Refintiv Eikon Interest Rate Probability as at 3 November 2020
(3) 2020 figure includes Milk Price of $7.14 and Dividend of $0.05
(4) Source: Fonterra (milk price)
(5) Source: Dairy NZ (Forecast cost of production)
(6) Source: Refinitiv, REINZ

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NAB uses cash earnings (rather than statutory net profit attributable to owners of NAB) for its internal management reporting purposes and considers it a better reflection of the Group’s underlying performance. Accordingly, information is presented on a cash earnings basis unless otherwise stated.

Cash earnings is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. Cash earnings is calculated by excluding discontinued operations and certain other items which are included within the statutory net profit attributable to owners of NAB. Prior period non-cash earnings have been restated to exclude discontinued operations.

The definition of cash earnings is set out on page 2 of the Full Year Results Announcement, and a discussion of non-cash earnings items and a full reconciliation of the cash earnings to statutory net profit attributable to owners of NAB is set out on pages 98 - 100 of the 2020 Full Year Results Announcement.The Group’s financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and reviewed by the auditors in accordance with Australian Auditing Standards, are set out in the 2020 Full Year Results Announcement.

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