Full Year Results Summary 2022

2022 Financial Highlights

$6,891M
Statutory net profit
Up 8.3% v FY21

$7,104M
Cash earnings[1]
Up 8.3% v FY21

78CPS
Final dividend
100% franked

11.51%
Group Common Equity Tier 1 (CET1) ratio[2]

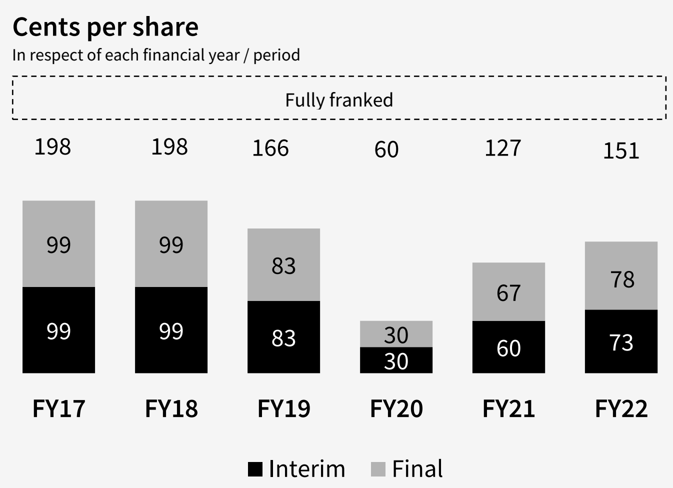
"Our FY22 results are pleasing. Compared with FY21, cash earnings rose 8.3% and all businesses contributed to underlying profit growth of 11.5%. This outcome reflects continued execution of our strategy including targeted volume growth and a disciplined approach to managing costs while investing for growth. After 11 years of interest rate reductions, earnings have also benefitted in FY22 from the rising interest rate environment.

An ongoing focus on strong balance sheet settings has been key to delivering sustainable growth and keeping the bank safe. Capital levels remain above our targets after completing $3.9 billion of on-market share buy-backs over FY22. Collective provision coverage continues to be well above pre COVID-19 levels.

Maintaining these settings is important during the current economic uncertainty, with higher interest rates and higher inflation likely to challenge some customers. However, strong employment conditions along with substantial household and business savings give us confidence in the resilience of our customers and the broader economy.

Our strategy is long term, and is not dependent on any particular operating environment or economic conditions. It is centred around an enduring ambition to improve the outcomes for our customers and colleagues. We have made good progress over the past two years which positions us well for a changing environment. However, there is more we can do. We will continue to remain focused on the disciplined execution of our strategy to support sustainable growth in earnings and shareholder returns over time."
Ross McEwan NAB CEO

Dividends



Supporting our customers & communities

- Strategic Net Promoter Scores (NPS) from September 2021 to September 2022 increased for Consumer NPS from -1 to 0 (ranked 1st of major banks) while Business NPS declined from -3 to -5 (ranked 2nd of major banks)[3]
- Helping home loan customers in a rising interest rate environment including more active early notification of fixed rate term expiry and targeted variable rate offers, flexible management via the NAB Mobile App, and early engagement with those facing potential repayment risk
- Making payments simpler and easier for small business with the launch of NAB Easy Tap which turns a merchant's Android phone into an EFTPOS reader for contactless card payments
- Providing support for customers to decarbonise and build resilience with lower variable rates for eligible home loan customers on homes that meet energy efficient criteria[4]

[1] Refer cash earnings note and reconciliation on page 6.
[2] CET1 capital ratio on a Level 2 basis, under current APRA capital standards.
[3] 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. A number of changes have been made to our Strategic NPS measure to align more closely to the Group Strategy. Business NPS is now based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k-$5m turnover), Medium ($5m-$50m turnover), Large ($50m+). Consumer NPS now excludes consumers with Personal income of $260k+ and/or investible assets $1m+. History has been restated. Ranking based on absolute scores, not statistically significant differences.
[4] Properties must have a minimum NatHERS 7-star rating or a Green Building Council of Australia Green Star rating.

NAB 2022 FULL YEAR RESULTS

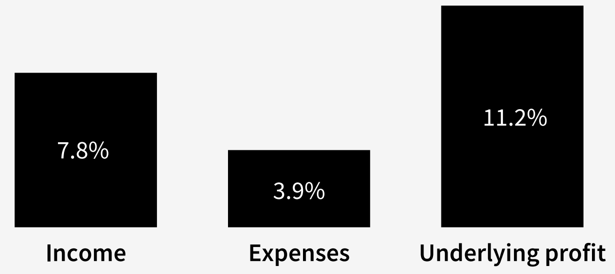
The September 2022 full year results are compared with the September 2021 full year results for continuing operations unless otherwise stated. Operating Performance and Asset Quality are expressed on a cash earnings basis. All figures include the impact of Citigroup's Australian consumer business (the Citi consumer business), acquired by the Group on 1 June 2022 unless otherwise stated.

Operating performance FY22 v FY21

- Revenue increased 8.9%. Excluding the impact of the Citi consumer business, revenue rose 7.8% mainly reflecting higher volumes and slightly higher margins excluding Markets & Treasury (M&T).
- Gross loans and advances (GLAs) increased 9.3% and deposits rose 13.3%. Excluding the impact of the Citi consumer business, GLAs increased 7.3% (with housing lending up 5.6% and non-housing lending up 9.6%) and deposits rose 11.4%.
- Net Interest Margin (NIM) decreased 6 basis points (bps) to 1.65%. Excluding a 1 bp increase from the Citi consumer business and an 8 bps reduction from M&T which includes the impact of holding higher liquid assets, NIM rose 1 bp. This primarily reflects higher earnings on deposits and capital as a result of the rising interest rate environment, mostly offset by home lending competition.
- Expenses increased 5.8%. Excluding the impact of the Citi consumer business, expenses rose 3.9% with key drivers including higher remuneration and volume related costs, higher technology and investment costs and increased financial crime and remediation spend, partly offset by productivity benefits.

FY22 v FY21 drivers of cash earnings change

(ex the Citi consumer business)

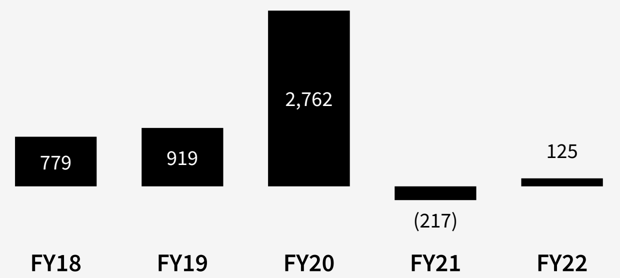


"Execution of our strategy has delivered good volume momentum. This, combined with benefits from a rising interest rate environment and a balanced approach to cost discipline while investing for growth, has driven strong underlying profit growth in FY22."

Asset quality FY22 v FY21

- Credit impairment charge (CIC) was $125 million, versus a FY21 write-back of $217 million. The FY22 charge includes a $6 million release from forward looking provisions, with underlying charges reflecting the combined impact of continued low specific charges, improved asset quality and volume growth.
- The $6 million release from forward looking provisions includes a net release of $254 million from provisions for target sector forward looking adjustments. This has been mostly offset by a $248 million top-up to the economic adjustment to reflect increased downside risks, including the potential impacts of higher interest rates and higher inflation.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances reduced 28 bps to 0.66%. Key drivers include improved delinquencies across the Australian home lending portfolio combined with lower levels of impaired assets due to workouts in the business lending portfolio.

Credit impairment charges/(writebacks) ($ millions)

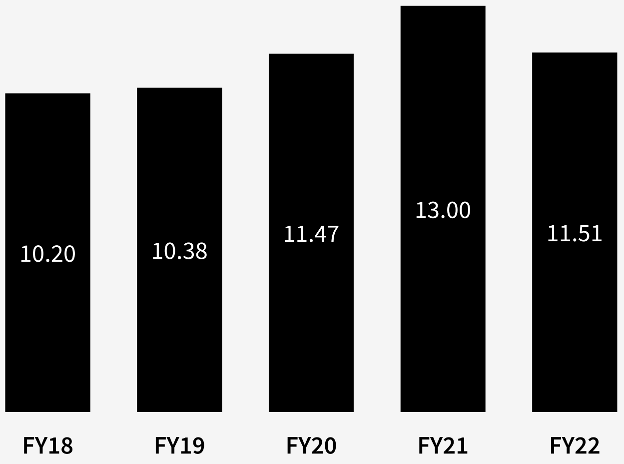


90+ Days past due & Gross impaired assets/Gross loans and acceptances (%)

"Despite improved FY22 asset quality outcomes, the potential impact of higher interest rates and higher inflation on the outlook is uncertain, with a wide range of plausible outcomes. To reflect this, collective provisions remain prudently set at 1.31% of credit risk weighted assets."

NAB 2022 Full Year Results

CET1 Ratio[2] (%)



Key ratios as at 30 September 2022

- Group Common Equity Tier 1 (CET1) ratio[2] of 11.51%, down 149 bps from September 2021 primarily reflecting the impact of the on-market share buy-back in FY22 totalling $3.9 billion (94 bps), combined with the Citi consumer business acquisition (30 bps)
- Estimated proforma Group CET1 ratio of approximately 11.8% reflecting $0.6 billion balance of shares to be acquired under the on-market share buy-back[5] (13 bps) combined with an estimated uplift for the impact of APRA's revised capital framework effective from 1 January 2023 of approximately 40 bps[6]
- Leverage ratio (APRA basis) of 5.1%
- Liquidity coverage ratio (LCR) quarterly average of 137%
- Net Stable Funding Ratio (NSFR) of 119%

Divisional performance – Cash Earnings

	FY22 ($m)	% Change FY22 v FY21	Key drivers FY22 v FY21
Business & Private Banking	3,013	21.5	Strong earnings growth driven by higher revenue reflecting strong volume growth and higher margins, combined with lower credit impairment charges. These results were partly offset by higher operating expenses including additional bankers and resources to support growth, the impact of the LanternPay acquisition and investment in technology capabilities.
Personal Banking (ex the Citi consumer business, down 4.4%)	1,591	(3.6)	Earnings declined primarily reflecting the impact of home lending competition on margins. Excluding the impact of the Citi consumer business, revenue declined with lower margins more than offsetting disciplined volume growth over the year. A lower level of credit impairment write-backs was also a key driver. These impacts were partly offset by lower operating costs.
Corporate & Institutional Banking	1,628	34.9	Strong earnings growth with higher revenue mainly reflecting strong volume growth and higher margins, combined with lower credit impairment charges.
New Zealand Banking (NZ$m)	1,403	14.1	Strong earnings growth with revenue increasing due to growth in volumes and higher margins. This was partly offset by higher credit impairment charges and higher operating expenses including investment to support growth and to strengthen compliance and controls.

[5] On 24 March 2022 the Group announced the completion of its $2.5 billion on-market share buy-back (announced on 30 July 2021), and a further on-market buy-back of up to $2.5 billion. The further buy-back commenced on 6 May 2022 and is expected to be undertaken over approximately 12 months. As at 30 September 2022 $1.9 billion (65,404,623 ordinary shares) had been acquired under the further buy-back.
[6] The impact of APRA's revised capital framework is an estimate only and may be subject to change based on NAB's final implementation of the revised APRA standards.

Strategic overview

A clear focus on executing our strategy in FY22 has seen us make good progress towards our strategic objectives. This includes improving shareholder returns with cash EPS up 11% versus FY21 and cash ROE higher at 11.7% compared with 10.7% in FY21.

Delivering better outcomes for customers and colleagues is at the core of our strategy. It requires a relentless focus on getting the basics right, simplifying, automating and digitising to provide faster, more seamless experiences, and leveraging data and analytics. In FY22 we achieved customer net promoter scores (NPS)[3] which ranked first or second of major banks across key segments. While this is pleasing, we have more to do to achieve our objective of being number one of major banks with positive NPS. Over the 12 months to September 2022, Consumer NPS rose from -1 to 0 and remained number one of major banks, while Business NPS declined from -3 to -5 and remained second of major banks. Strong customer outcomes in Corporate and Institutional Banking (C&IB) were a highlight of FY22, with Institutional NPS[7] up 4 points to 41 and continuing to rank first of major banks, and Relationship Strength Index[8] up 18 points lifting our ranking from second to first of major banks. On colleague engagement, our most recent score is broadly unchanged at 76, versus 77 in July 2021, but short of the latest top quartile score of 78 which remains our ambition.

These results helped drive continued momentum across our business in FY22.

In our market leading SME franchise, Business & Private Banking, we are extending our relationship-led approach, increasingly enabled by digital, data and analytics. Investments in faster, more seamless banking experiences and the addition of more than 300 customer facing roles supported growth across our business in FY22. This includes SME business lending up 13% and market share gains over the 12 months to September 2022, new Business Everyday Account openings 11% higher in FY22 versus FY21, and transaction accounts originated digitally rising from 33% to 40% over the year to September 2022. Improving our payments and transaction offerings remained a priority in FY22. A more straight forward process is making it easier to open a business transaction account, and small businesses customers are benefitting from the launch of simple, easy payment solutions including the NAB Hive merchant portal which lets customers manage business and payment needs via a flexible digital portal, and NAB Easy Tap which turns a merchant's Android phone into an EFTPOS reader for contactless card payments. Business lending digital initiatives also featured in FY22 including increased digital documentation and expansion of our digital small business lending platform, Quickbiz.

In Personal Banking, we remain focused on delivering simpler, more digital banking experiences. In FY22, simple everyday banking products opened digitally increased to 71% from 65% in FY21, and integration of the Citi consumer business is underway, supporting investment in new technology, market leading digital offerings and product innovation in unsecured personal lending. In home lending, process and technology improvements and further development of our simple and digital home loan platform are delivering better service outcomes in FY22. Unconditional approval times reduced compared with FY21, while broker NPS and settlement quality both improved over the same period. This helped support Australian home lending growth of 7% and market share gains over FY22[9]. It also means we are well positioned for a changing Australian home lending market with slowing credit demand combined with heightened refinancing activity and competitive pressures expected.

Performance across our other businesses was strong in FY22. C&IB's strategy of disciplined growth and leveraging transactional banking delivered improved returns and customer outcomes. In a difficult market New Zealand Banking achieved good SME business lending growth and disciplined home lending growth. ubank accelerated new customer acquisition growth in its target segment of customers less than 35 years old, supported by refreshed branding and digital features.

As we increasingly simplify, automate and digitise, we are becoming more efficient. In a period of strong volume growth, this helped limit FY22 cost growth to 3.9% (excluding the Citi consumer business), reflecting a balance between investing for sustainable growth while maintaining cost discipline. Continued progress of our productivity agenda yielded FY22 savings of $465 million. In FY22 we also absorbed a top-up to payroll and customer-related remediation provisions of $100 million and additional spend of $103 million for financial crime remediation relating mainly to our AUSTRAC Enforceable Undertaking (EU) requirements. Looking to FY23, we are targeting further productivity savings of approximately $400 million, supporting a lower expected cost to income ratio[10].

Investment underpins our ability to deliver on our strategy and grow while remaining safe and resilient. In FY22, investment spend increased from $1,259 million in FY21 to $1,393 million and included ongoing development of an end-to-end single digital home lending platform, enhanced use of data and analytics, improving our merchant offering, and further uplifting systems, processes and the control environment with an increased focus on cyber and financial crime prevention (including AUSTRAC EU-related undertakings). In FY23 we expect to increase investment spend by approximately $100 million to help prevent the growing threat of financial crime, fraud and scams, while maintaining our discretionary project spend to support long term growth[10].

Maintaining strong balance sheet settings and managing risk responsibly are critical to our ability to grow safely and sustainably. Despite asset quality improving in FY22, our collective provisions as a ratio of credit risk weighted assets remain well above pre COVID-19 levels at 1.31%. The share of lending funded by customer deposits grew again to 81% at September 2022 and term wholesale funding issuance increased in FY22 to $39 billion[11] across a range of products, currencies and tenors. In FY22 we continued to target a CET1 ratio of 10.75-11.25%[2], reflecting a balance between maintaining a strong balance sheet while improving shareholder returns. Over FY22, Group CET1 reduced 149 bps to 11.51%[2] primarily reflecting $3.9 billion of shares bought back and purchase of the Citi consumer business. From 1 January 2023 our CET1 target range will move to 11.00-11.50% to align with the new calculation methodology under APRA's revised capital framework. Adjusting for the remaining $0.6 billion buy-back (13 bps) and an estimated uplift of approximately 40 bps[6] as a result of the new framework, proforma CET1 is approximately 11.8%.

We enter FY23 well positioned for what is likely to be a more challenging environment. Our business has growth momentum aligned to our strategy, supported by focused and persistent investment and prudent balance sheet settings. Disciplined execution of our strategy remains our key priority to further improve customer and colleague outcomes, drive sustainable growth and improve returns to shareholders.

The value the Group creates		
Supporting customers		
$104 billion in new home lending[1]	**$567 billion** in deposits managed for retail and business customers.	**$122 billion** in new business lending.

The Group's economic value distributed		
Suppliers	Payments made for the provision of utilities, goods and services.	**$5.4bn**
Community investment	Community partnerships, donations, grants, in-kind support and volunteering.[2]	**$45.7m**
Shareholders	Dividend payments to more than 595,000 registered shareholders.	**$4.5bn**
Colleagues	Colleague salaries, superannuation contributions and incentives.	**$4.8bn**
Governments	Payments made to governments in the form of the Bank Levy ($347 million paid) plus $2.2 billion in income taxes, goods and services taxes, fringe benefit taxes and payroll taxes among others.	**$2.5bn**
	Total economic value distributed	**$17.2bn**

(1) Excludes 86 400 platform and the Citi consumer business.

(2) For a detailed breakdown of the categories included within the Group's community investment, see the 'Community' tab in the 2022 Sustainability Data Pack.

Economic outlook

"In Australia, consumption and overall growth are expected to soften from September 2022 as the impact of higher interest rates and inflation impact household budgets more heavily. This sees forecast real GDP growth slowing from 2.8% over 2022 to around 1% over each of the next two years and the unemployment rate drifting up to around 4.5% by end 2024 after troughing around 3.4%. Inflationary outcomes – particularly wages growth and global pressures - will be key to this outlook. While there are number of uncertainties in the outlook, the most likely scenario has forecast inflation peaking in the December 2022 quarter before easing through 2023. This would see the cash rate peak at 3.6% in March 2023, but a more inflationary outcome would likely mean greater monetary policy tightening and a more pronounced economic correction.

In New Zealand, capacity constraints, reflected in a very low unemployment rate, and stubbornly high inflation continue to challenge the economy. As a result, monetary policy tightening is continuing, contributing to weak consumer and business confidence and falling house prices. These impacts together with a slowing global economy are expected to lead to a correction in New Zealand economic activity in 2023, including some quarters of modestly negative GDP growth."

[7] Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2022. Ranking against the four major domestic banks. 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.
[8] Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2022. Ranking against all Banks, Relationship Strength Index (RSI) is based on the results of key qualitative measures.
[9] Excludes impact of Citi consumer business balances acquired by NAB Group on 1 June 2022.
[10] Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7.
[11] Includes RBNZ's Funding for Lending Programme (FLP).

NAB 2022 Full Year Results

Group Performance results

Cash earnings is a non-IFRS key financial performance measure used by NAB and the investment community. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the Group. Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. The 2022 Full Year Results Management Discussion and Analysis provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and full reconciliation of statutory net profit attributable to owners of NAB on pages 72 to 74.

	Year to			Half Year to		
	Sep 22 $m	Sep 21 $m	Sep 22 v Sep 21 %	Sep 22 $m	Mar 22 $m	Sep 22 v Mar 22 %
Net interest income	**14,852**	13,797	7.6	**7,767**	7,085	9.6
Other operating income	**3,444**	3,009	14.5	**1,701**	1,743	(2.4)
Net operating income	**18,296**	16,806	8.9	**9,468**	8,828	7.2
Operating expenses	**(8,274)**	(7,817)	5.8	**(4,311)**	(3,963)	8.8
Underlying profit	**10,022**	8,989	11.5	**5,157**	4,865	6.0
Credit impairment (charge)/writeback	**(125)**	217	large	**(123)**	(2)	large
Cash earnings before tax and distributions	**9,897**	9,206	7.5	**5,034**	4,863	3.5
Income tax expense	**(2,793)**	(2,635)	6.0	**(1,410)**	(1,383)	2.0
Cash earnings before distributions	**7,104**	6,571	8.1	**3,624**	3,480	4.1
Distributions	**-**	(13)	large	**-**	-	-
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1
Non-cash earnings items (after tax)[12]	**(44)**	(87)	(49.4)	**(135)**	91	large
Net profit from continuing operations	**7,060**	6,471	9.1	**3,489**	3,571	(2.3)
Net loss after tax from discontinued operations[13]	**(169)**	(107)	57.9	**(149)**	(20)	large
Net profit attributable to owners of NAB	**6,891**	6,364	8.3	**3,340**	3,551	(5.9)
Represented by:						
Business and Private Banking	**3,013**	2,480	21.5	**1,584**	1,429	10.8
Personal Banking	**1,591**	1,650	(3.6)	**803**	788	1.9
Corporate and Institutional Banking	**1,628**	1,207	34.9	**822**	806	2.0
New Zealand Banking	**1,295**	1,154	12.2	**665**	630	5.6
Corporate Functions and Other	**(423)**	67	large	**(250)**	(173)	44.5
Cash earnings	**7,104**	6,558	8.3	**3,624**	3,480	4.1

Shareholder Summary

	Year to			Half Year to		
	Sep 22	Sep 21	Sep 22 v Sep 21	Sep 22	Mar 22	Sep 22 v Mar 22
Group – including discontinued operations						
Dividend per share (cents)	**151**	127	24	**78**	73	5
Statutory dividend payout ratio	**70.5%**	65.8%	470 bps	**74.4%**	66.9%	750 bps
Statutory earnings per share (cents) – basic	**214.1**	193.0	21.1	**104.8**	109.1	(4.3)
Statutory earnings per share (cents) – diluted	**205.6**	185.2	20.4	**101.0**	104.8	(3.8)
Statutory return on equity	**11.3%**	10.4%	90 bps	**11.1%**	11.5%	(40 bps)
Net tangible assets per ordinary share ($)	**17.24**	17.88	(3.6%)	**17.24**	17.67	(2.4%)
Group – continuing operations						
Cash dividend payout ratio	**68.4%**	63.7%	470 bps	**68.5%**	68.3%	20 bps
Statutory dividend payout ratio from continuing operations	**68.9%**	64.7%	420 bps	**71.2%**	66.5%	470 bps
Statutory earnings per share from continuing operations (cents) – basic	**219.3**	196.3	23.0	**109.5**	109.7	(0.2)
Statutory earnings per share from continuing operations (cents) – diluted	**210.5**	188.2	22.3	**105.3**	105.4	(0.1)
Cash earnings per share (cents) – basic	**220.7**	199.3	21.4	**113.8**	106.9	6.9
Cash earnings per share (cents) – diluted	**211.7**	191.0	20.7	**109.2**	102.8	6.4
Cash return on equity (ROE)	**11.7%**	10.7%	100 bps	**12.1%**	11.3%	80 bps

[12] Refer to NAB's 2022 Full Year Results Management Discussion and Analysis Section 4 for further information.
[13] Refer to NAB's 2022 Annual Report Note 37 Discontinued Operations for further information.

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This announcement has been authorised for release by the Board

Disclaimer – forward looking statements

This Result Summary and the 2022 Full Year Results Management Discussion and Analysis contain statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", “target”, "intend", “likely”, "may", "will", “could” or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group’s financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the COVID-19 pandemic, the conflict between Russia and Ukraine and other geopolitical tensions, the Australian and global economic environment and capital market conditions. Further information is contained in the Group’s Annual Report for the 2022 financial year, available at www.nab.com.au.