Selected extracts of the 2023 Annual Report

(accessible)

National Australia Bank Limited

ABN 12 004 044 937

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# About this document

This document provides selected extracts of the 2023 Annual Report in an accessible format. The selected extracts include:

* 2023 At a glance
* Chair’s message and CEO’s message
* Our business
* Strategy
* What we will be known for
* Strategic highlights
* Operating environment

This document is not a concise report prepared under section 314(2) of the *Corporations Act 2001* (Cth) and does not contain all information, visual aids, charts, diagrams, images and financial reports which will provide important additional context and which may be relevant to shareholders of, or investors in, NAB. NAB has not prepared a concise report for the 2023 financial year. Further information about NAB and the Group’s 2023 financial year is set out in NAB’s 2023 Annual Reporting Suite, as described below. NAB has done its best to include certain extracts of the Annual Report which it considers will be of assistance but given the nature of this document, there are limitations in including all the information which may be relevant to a person reading this document.

# 2023 Annual Reporting Suite

## 2023 Annual Report

NAB’s **2023 Annual Report** provides information on the Group’s activities and performance during 2023. It outlines how NAB is creating value through its strategy, operating environment, governance, financial and non-financial activities. It is available online on [www.nab.com.au/annualreports](http://www.nab.com.au/annualreports) .

## Additional reporting suite documents

The 2023 Annual Report and the following documents form NAB’s 2023 Annual Reporting Suite, available online on www.nab.com.au/annualreports.

### 2023 Full Year Results Investor Presentation

Information designed for analysts and institutional investors which accompanies the Group's Full Year Results Presentation.

### 2023 Management Discussion and Analysis

Management discussion and analysis of the Group's results for the year ended 30 September 2023.

### 2023 Climate Report

Provides stakeholders with information on the Group's approach to climate change and how it manages associated risks and opportunities. The report is guided by the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

### 2023 Pillar 3 Report

Describes the Group's approach to risk management and provides details about risk exposures, capital adequacy and liquidity.

### 2023 Sustainability Data Pack

Provides further detail on the Group's Environmental, Social and Governance performance, in addition to the material themes covered in the Annual Report and the Climate Report.

## Certain definitions

The Group's financial year ends on 30 September. The financial year ended 30 September 2023 is referred to as 2023 and other financial years are referred to in a corresponding manner. Reference in this document to the year ended September 2023 are references to the twelve months ended 30 September 2023. Reference in this document to the environmental reporting year are references to the twelve months ended 30 June 2023. Other twelve month periods referred to in this document are referred to in a corresponding manner.

The abbreviations $m and $bn represent millions and thousands of millions (i.e. billions) of Australian dollars respectively.

Key terms used in this document are contained in the Glossary.

### Forward looking statements

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

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group’s financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia and Ukraine war, conflict in the Middle East and other geopolitical tensions, the Australian and global economic environment and capital market conditions. Further detail is contained in NAB’s 2023 Annual Report under *Disclosure on Risk factors*.

### Non-IFRS key financial performance measures used by the Group

Certain financial measures detailed in this document are not accounting measures within the scope of International Financial Reporting Standards (IFRS). Management use these financial measures to evaluate the Group’s overall financial performance and position and believe the presentation of these financial measures provides useful information to analysts and investors regarding the results of the Group's operations. These financial performance measures include: cash earnings, statutory return on equity, cash return on equity, net interest margin, average equity (adjusted), average interest earning assets and total average assets.

The Group regularly reviews the non-IFRS measures included in its reporting documents to ensure that only relevant financial measures are incorporated. Any non-IFRS measures included in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. The non-IFRS measures have not been presented in accordance with Australian Accounting Standards, nor audited or reviewed in accordance with Australian Auditing Standards unless they are included in the financial statements in NAB’s 2023 Annual Report.

### Information about cash earnings

Cash earnings is a non-IFRS key financial performance measure used by the Group and the investment community.

The Group also uses cash earnings for its internal management reporting as it better reflects what is considered to be the underlying performance of the Group. Cash earnings is calculated by adjusting statutory profit from continuing operations for certain non-cash earnings items. Non-cash earnings items are those items which are considered separately when assessing performance and analysing the underlying trends in the business. These include items such as hedging and fair value volatility, amortisation of acquired intangible assets and gains or losses and certain other items associated with acquisitions, disposals and business closures.

Cash earnings does not purport to represent the cash flows, funding or liquidity position of the Group, nor any amount represented on a statement of cash flows. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards and is not audited or reviewed in accordance with Australian Auditing Standards.

Cash earnings for the year ended 30 September 2023 has been adjusted for the following:

* hedging and fair value volatility
* amortisation of acquired intangible assets
* acquisitions, disposals and business closures.

# Overview

## 2023 at a glance

### Key financial performance measures

* $7.41 billion statutory net profit, 7.5% increase from 2022
* $7.73 billion cash earnings[[1]](#footnote-2), 8.8% increase from 2022
* $1.67 dividend declared per share (for the full year), $0.16 higher than 2022
* 12.22% common equity tier 1, 71 basis points increase from 2022
* 12.9% cash return on equity1, 120 basis points increase from 2022
* 238.0 cents diluted cash earnings per share1, 12.4% increase from 2022

### Other key performance measures

* Net Promoter Score (NPS) – Consumer [[2]](#footnote-3) [[3]](#footnote-4) -2, #1 among major Australian banks
* Net Promoter Score (NPS) – High Net Worth and Mass Affluent 2 [[4]](#footnote-5)  -7, equal #2 among major Australian banks
* Net Promoter Score (NPS) – Business2 [[5]](#footnote-6) 5, #2 among major Australian banks
* Relationship Strength Index – Corporate[[6]](#footnote-7), #2 among major Australian banks
* Supporting customers to decarbonise and build resilience - $4.5bn in NAB's new green lending, green CRE (REIT), securitisation, and underwriting and arranging activities[[7]](#footnote-8)
* $2.2bn - progress on affordable and specialist housing financing (cumulative target of $6bn by 2029)[[8]](#footnote-9)
* Colleague engagement score 78, 1 point above top quartile target score of 77[[9]](#footnote-10).

## Chair’s message

### By Philip Chronican, Chair

#### Strength and stability

Our consistent execution of the bank’s strategy over multiple years is continuing to benefit NAB’s customers, employees and shareholders. We are making steady progress in building the bank we want and that work continues.

Our executive leadership team is delivering consistently and demonstrating discipline in how the bank operates. This includes prioritising the experiences of our customers and our people. We are seeing the outcomes of this through our Net Promoter Score[[10]](#footnote-11) and market share while our employee engagement is growing. The calibre of our senior people has been demonstrated through internal appointments to senior executive roles during the year.

This capability has enabled us to grow the bank safely and support our customers in a complex economic environment.

We are improving the culture within NAB, with a strong focus on the impact we have in the communities we serve. Culture and risk management remain front of mind for all of us.

The outstanding regulatory issues identified through the Financial Services Royal Commission have largely been closed. Matters relating to NAB’s Enforceable Undertaking with AUSTRAC are progressing to plan.

Lessons learned guide our approach to keeping the bank safe, protecting customers and innovating to be a leading financial services provider.

#### Financially secure bank

An increase in underlying earnings this year reflects positive contributions from all businesses. The Board has determined dividends for the year of 167 cents per share, returning $5.2 billion in total to shareholders.

For the third consecutive year we have undertaken a share buy-back while maintaining healthy capital levels. This supports our ambition to progressively manage down our share count and support shareholder returns.

Over the three years to September 2023, total shareholder return was 85.8 per cent, against an average return of 65.2 per cent for NAB’s major bank peers.

The Board has determined executive and employee remuneration outcomes based on the bank’s performance against the targets set in NAB’s 2023 plan. These are aligned with shareholder outcomes and include financial performance, market share growth, customer outcomes and colleague engagement. These outcomes reflect good progress of our strategy. The Board is focused on maintaining responsible levels of executive remuneration.

#### Board renewal

We were pleased to announce the appointment of Christine Fellowes, Carolyn Kay and Alison Kitchen to the NAB Board, to be considered by NAB’s shareholders at our Annual General Meeting (AGM) in December. Our existing directors Simon McKeon and Ann Sherry will also stand for re-election with our full support.

At the same time and after having each served three terms of three years, David Armstrong and Peeyush Gupta will retire from the NAB Board at the conclusion of the AGM. On behalf of all shareholders, I thank them for their significant contributions in this period.

These changes are in line with NAB’s Board renewal strategy and desire to bring relevant new skills, experience and broader diversity to the Board.

#### Preparing for the future

We are focused on securing NAB’s position for the long term. The economic environment remains uncertain and there are new and emerging risks to be managed. While the Australian economy is slowing, it is still growing.

Australia is in a good position and we are cautiously optimistic for the future while being alert to geopolitical tensions and the impact that these may have.

We are modernising our technology and our digital, data and analytics capability.

At the same time, we are ensuring the bank is well prepared for further shifts in the global operating environment and acting to strengthen communities and build value for shareholders.

Where appropriate, we will engage in and take action to support broader community issues where there is benefit for our customers, community and the bank. These decisions are made after careful consideration of a range of views. During the year we supported the ‘Yes’ campaign on the referendum for an indigenous Voice. This was done because of our strong interest in addressing First Nations disadvantage in the communities in which we operate. We continue to work towards reconciliation through our own Reconciliation Action Plan and growing indigenous businesses.

Global decarbonisation is gathering pace and there is a growing urgency to transition economies faster.

What we achieve from now to 2030 is critically important and Australia needs to act quickly to set up our economy to capitalise on the opportunity before us.

This year NAB has set 2030 decarbonisation targets for another three emissions-intensive priority sectors: aluminium, iron and steel, and aviation. This builds on targets set last year for power generation, oil and gas, thermal coal mining and cement production. We plan to set targets for another three sectors by May next year, in line with our requirements as a member of the UN-convened Net Zero Banking Alliance and our ambition to align our lending portfolio to net zero emissions by 2050.

On behalf of the Board, I would like to thank you for your ongoing support as shareholders. I would also like to recognise NAB’s team of more than 38,000 for the work they do serving customers well and helping our communities prosper. We are fortunate to have Ross McEwan as CEO. Ross has never wavered from his intent to have NAB operating as a good bank that does the basics well for customers. NAB has come a long way in recent years. There’s still more to do, and we are pleased with the progress being made.

**Philip Chronican, Chair**

## CEO’s message

### By Ross McEwan, CEO

#### Building momentum and capability

NAB’s strategy is in its fourth year and our results demonstrate we are making progress to be a simpler, better performing bank.

Pleasingly we have delivered a strong financial performance this year with positive contributions across each of our divisions, in a more challenging environment.

We are seeing the benefits of the deliberate choices we are making about where we invest. Our leading Business and Private Banking division has continued its record of strong growth. This is a great business built on strong relationships and we are determined to make it even better.

The second half saw our financial results soften as the impact of higher rates and inflation increasingly weighed on households and the economy. We expect 2024 will remain challenging, reflecting continued slower economic growth and elevated inflation. Inflation has added cost pressures which we were able to offset partially through productivity savings in line with our target of $400 million. We will be disciplined on costs through 2024, while continuing to invest in the experience of customers and colleagues.

This year we delivered a simpler, more modern Enterprise Agreement that puts our colleagues in a better place than before.

Our focus on the skills, training and development of our bankers is supporting a more capable and engaged workforce that can meet more of our customers’ needs.

#### Well positioned to rebound

For many in Australia and New Zealand, 2023 has been challenging. The economies of both countries have slowed, and needed to, to counter inflation at levels not seen for three decades.

In Australia, the impact of 13 rate rises is being felt. The higher cost of living is the greatest driver of stress for consumers. This has changed how people are managing their money with Australians more engaged with their finances than previously. Most are maintaining a budget and cutting back on spending to focus on the things that matter to them.

I expect Australia will avoid recession, but it will continue to feel harder for a while yet.

Despite headwinds, business conditions remain above average and businesses I talk to are ambitious for growth. With strong migration levels, low unemployment and demand for our natural resources, Australia is well placed to rebound in the second half of next year.

In New Zealand, there are also reasons for optimism. High migration and low unemployment should support a return to growth during the next 12 months.

#### Supporting and protecting customers

Throughout the year NAB has been checking in with customers. While a small number have required support, the message we’ve mostly heard has been ‘thank you, but we’re doing ok’.

We increased the size of our NAB Assist team by 120 people to support those in greatest need. To those who need support our message is clear, please call us early.

We are working hard to fight the scams epidemic. We have a range of initiatives completed or underway to protect our customers from the multinational criminal groups that are relentlessly targeting Australians. Our improvements include being the first Australian bank to remove links from unsolicited text messages and the introduction of payment prompts to slow down digital payments that seem unusual.

#### Investing in the future and community

We are investing for the long-term benefit of customers, colleagues and the community.

Artificial intelligence offers the potential to support meaningful interactions with our customers and benefit both customers and colleagues. Our teams are working to get the right safeguards in place.

Housing affordability and supply has become one of the nation’s greatest challenges and urgent action is required to solve this problem. We work with NAB customer and partner, The Salvation Army, to provide relief to Australians in housing crisis or affected by homelessness.

We celebrated this year a 20-year partnership with Good Shepherd Australia New Zealand, having supported close to one million people experiencing vulnerability with more than $480 million low and no interest loans. This community partnership is now entering a new chapter with a focus on affordable housing.

We also announced a target to lend at least a further $6 billion by 2029 to help more Australians access specialist and affordable housing. We will assess new opportunities to work with government and industry on this.

In the communities in which we operate, natural disasters are all too frequent. NAB Foundation helps communities withstand and recover from natural disasters. The Foundation has partnered with Disaster Relief Australia to recruit and manage 3,000 community volunteers be on stand-by when needed.

Taking action on climate change is everyone’s job as Australia reaches a critical point in the transition to a net zero economy. We recognise our role to support our customers to get there.

We have an ambition to lend $1 billion over three years to First Nations businesses and have a specialist team leading this work. We recognise a strong First Nations business sector creates opportunities for communities to succeed and contributes to a strong Australian economy.

#### Looking ahead

The banks that perform best are the ones that get the basics right consistently and we are determined to do so for our customers and colleagues.

Thank you to our customers for choosing to bank with us and to my colleagues for their dedication this year. We look forward to continuing to serve you in 2024.

**Ross McEwan CBE, Group Chief Executive Officer**

# Our business

## Our business

We are here to serve customers well and help our communities prosper. More than 38,000[[11]](#footnote-12) colleagues provide about 10 million customers with secure, easy and reliable banking services.

Customer-facing units reflect the needs of customers and opportunities for safe growth. The four customer-facing units are supported by enabling units. These are Technology and Enterprise Operations; Digital, Data and Analytics; Finance; Risk; Commercial Services, People and Culture and the Chief Operating Office. ubank operates as a customer-facing unit under the leadership of the Chief Operating Office.

### Business & Private Banking

Clear market leadership

### Business and Private Banking focuses on NAB's priority small and medium (SME) customer segments. This includes diversified businesses, as well as specialised Agriculture, Health, Professional Services, Franchisees, Government, Education and Community service segments, along with Private Banking and JBWere. NAB works to deepen relationships with business customers as a trusted advisor in a dynamic economic environment. This year Business and Private Banking delivered more efficient processes such as digitised lending and deposits. The merchant offering has been strengthened, and a more integrated whole-of-NAB proposition for High Net Worth (HNW) clients created. As Australia’s largest business bank, NAB has grown faster than the overall banking system in business lending and business deposits during 2023. Progress to build a better business banking experience for customers and colleagues continues.

### Personal Banking

Simple and digital

### Personal Banking helps customers secure a home loan and manage personal finances through deposits, credit card or personal loan facilities. It includes the Citi consumer business, acquired in 2022. In the face of rising costs of living, Personal Banking has prioritised customer service by proactively contacting customers to offer support when there are signs they may be in difficulty. This has helped many customers get back on their feet. Personal Banking maintains a strong regional presence with more than half our branches located in regional and rural Australia. NAB serves customers through the mobile app, internet banking, branches and phone banking. NAB's Bank@Post partnership with Australia Post provides customers with access to a range of banking services across 3,400 locations. In 2023, NAB introduced a number of new initiatives to help protect customers from scams and fraud including removing links in text messages, increasing prompts for in-app payments and improved card features to block transactions.

### Corporate & Institutional Banking

Disciplined growth

### Corporate and Institutional Banking partners with customers globally to meet their most complex financial needs providing a range of products and services globally with offices in Australia, Asia, London, Paris, and New York. For 20 years, support has been provided to organisations through sustainable financing and more recently navigating the transition to net zero. Thanks to this work NAB has retained its position as the number one Australian Bank for global renewables transactions. NAB’s carbon markets business has commenced trading and sustainable finance has grown to more than $10 billion. By further investing in Transaction Banking and Payments, Corporate and Institutional Banking has maintained market leading positions in cash and liquidity management. NAB is ranked first in the Relationship Strength Index rating for Transaction Banking, Foreign Exchange, Interest Rate Derivatives and Debt Capital Markets.[[12]](#footnote-13) [[13]](#footnote-14)

### Bank of New Zealand (BNZ)

Personal and SME

BNZ serves more than 1.2 million customers across New Zealand with personal and business banking services, through a nationwide network of customer centres, digital and assisted channels. It is New Zealand’s largest business bank, one of the largest providers of agricultural financing and has continued to gain market share in personal and business segments. During 2023 BNZ has increased its focus on helping New Zealanders and businesses navigate continued economic uncertainty. It also provided support to customers during recent flooding and cyclone events.

# Strategy

## Strategic Ambition

To serve customers well and help our communities prosper.

NAB's strategic focus is on clear market leadership for Business and Private Banking; simple and digital experiences for Personal Banking; disciplined growth for Corporate and Institutional Banking; personal and SME growth for BNZ, and digital customer acquisition through ubank.

During the year NAB has made progress on the integration of acquired businesses. The completion of the 86 400 integration into ubank has delivered positive results, with an increase in the customer base and improved customer advocacy. Completing the integration of the Citi consumer business remains a priority. We have maintained prudent balance sheet settings including capital levels above our target range and strong provisioning coverage.

Disciplined execution of our strategy continues to be our focus. Our goal is to be ranked number one in NPS[[14]](#footnote-15) among the major Australian banks and to have our NPS in a positive territory. As at 30 September 2023, NAB was:

* **Consumer**: Ranked first in NPS among the major Australian banks14 [[15]](#footnote-16).
* **Corporate & Institutional**: Ranked second in Relationship Strength Index (RSI)[[16]](#footnote-17).
* **Business**: Ranked second in NPS among the major Australian banks14 [[17]](#footnote-18).
* **High Net Worth and Mass Affluent**: Ranked equal second in NPS among the major Australian banks 14 [[18]](#footnote-19).

While there have been some improvements across customer segments there is more work to be done across the business to consistently deliver excellence for customers and improve these outcomes. NAB achieved a colleague engagement score of 78 in the July 2023 survey, the highest since setting the strategy in 2020. NAB's average colleague engagement score for 2023 increased to 77[[19]](#footnote-20) (2022: 76).

For the year ended 30 September 2023, diluted cash earnings[[20]](#footnote-21) per share amounted to 238.0 cents, with cash return on equity19 of 12.9%. NAB has determined dividends for the year of 167 cents per share, an increase of 10.6%.

Disciplined execution and doing the basics well will be critical in delivering better outcomes for colleagues and customers. This will be supported by continued strengthening of NAB's technology, digital and data capabilities.

Delivering financial crime requirements and protecting customers is a critical priority for 2024. This includes delivering the agreed plan for the Australian Transaction Reports and Analysis Centre (AUSTRAC) Enforceable Undertaking (EU), anti- money-laundering and counter-terrorism financing (AML/CTF) compliance. In addition, we will strengthen ways in which we protect customers from scams and fraud.

## Our Strategic Ambition

## Why we are here

To serve customers well and help our communities prosper

## Who we are here for

* **Colleagues:** Trusted professionals who are proud to be a part of NAB
* **Customers:** Choose NAB because we serve them well every day

## What we will be known for

### Relationship-led

Relationships are our strength:

1. Exceptional bankers
2. Unrivalled customer value (expertise, data and analytics)
3. Truly personalised experiences

### Easy

Simple to deal with:

1. Simple products and experiences
2. Seamless – everything just works
3. Fast and decisive

### Safe

Responsible & secure business:

1. Strong balance sheet
2. Leading, resilient technology and operations
3. Pre-empting risk and managing it responsibly

### Long-term

A sustainable approach:

1. Commercial responses to society’s biggest challenges
2. Resilient and sustainable business practices
3. Innovating for the future

## Where we will grow

* **Business & Private:** Clear market leadership
* **Corporate & Institutional:** Disciplined growth
* **Personal:** Simple & digital
* **BNZ:** Personal & SME
* **ubank:** Customer acquisition

## How we work

* Excellence for customers
* Grow together
* Be respectful
* Own it

## Measures for success

* Engagement
* NPS growth
* Cash EPS growth
* Return on equity

# What we will be known for

## Relationship-led

Relationships are our strength. NAB strives to deliver the best banking experience for customers through these relationships.

### Developing exceptional bankers

NAB’s Career Qualified in Banking (CQiB) program continues to build colleagues' professionalism. Our aim is to have Australia’s most qualified bankers to help build better customer relationships. In partnership with Financial Services Institute of Australasia (FINSIA), NAB has enrolled more than 20,000 colleagues across the life of the program. More than 14,500 colleagues have now successfully graduated from the program, up from 8,000 in 2022.

Investment in leaders continues through Distinctive Leadership – the approach to leadership for everyone at NAB. 92% of people leaders have completed Distinctive Leadership training workshops – an increase from 69% in 2022. In 2023 the Distinctive Leadership experience was extended to all colleagues (not just people leaders) through digital learning modules.

NAB is investing in specialist banker capabilities, including:

* NAB’s lending academy, developing future Home Lending Executives.
* NAB's retail customer advisor learning pathway, a 6-month blended learning pathway supported by a dedicated Learning Mentor.
* NAB's re-designed Home Lending Fundamentals program, a secured lender accreditation program focused on skills broader than home lending, including customer conversation practice, time to practice on tools and greater alignment with ways of working.
* Agribusiness climate banker training (in partnership with Melbourne Business School) to over 350 of our business and private bankers and establishing a Corporate and Institutional Banking network of more than 100 sustainability champions.
* BNZ bankers have been trained as Nominated Representatives to meet obligations under the Financial Services Legislation Amendment Act.

### A more personalised experience

## NAB is investing in data and analytical capabilities to make banking more personal for customers. This includes personalised loyalty rewards, spending insights and faster credit decisions based on what we already know about our customers. Customers across the NAB and ubank brands can set savings goals on their accounts to work towards milestones and purchases that are important to them.

## To assist small business customers, NAB has launched the digital Small Biz Explorer experience which assesses business customers’ needs and recommends relevant products

## and services.

## BNZ rewards was launched as a new loyalty and rewards proposition for customers, and won the Canstar Most Satisfied Customers – Rewards Credit Card award.

## Easy

Customers expect better banking experiences, so NAB is making banking easier and faster for them.

### Simple products and a seamless experience

### NAB is working to make all our products easy to understand and use. In 2023, this work included more ways to manage home loans online, in-app notifications and expansion of digital wallet capabilities.

### Since the launch of NAB Messaging, NAB has served more than 500,000 customers through the channel, helping them manage banking enquiries in their own time. Customers can now 'leave a message' for NAB to respond to and get on with their day.

### NAB is building towards a one-way home lending application experience across all channels and an improved experience for customers, colleagues and brokers. NAB has demonstrated strong progress towards its aim of delivering Australia’s simplest home loan with 70% of all proprietary home loans and 15% of broker home loans now submitted via Simple Home Loans (SHL). ~70% of retail home loans submitted via SHL achieve time-to-unconditional-approval in less than a day[[21]](#footnote-22), while most of our broker customers receive unconditional approval same-day through SHL.

### Following the completion of the 86 400 integration in 2023, ubank customers can link accounts from other banks, superannuation and investment providers to see a full picture of their wealth.

### BNZ has delivered innovative solutions to help make it simpler and easier for customers to manage their finances. BNZ’s easy to use online repayment features enable customers to manage their mortgage repayments online. BNZ’s recently launched MyProperty empowers customers with more information so they can better plan ahead for future interest rate changes. BNZ has simplified fees across a range of products, including removing international payment fees and monthly account fees on BNZ’s TotalMoney account.

### Faster and decisive banking

Modernising NAB's technology is helping our colleagues serve customers faster. Home loan approval times for customers and brokers have improved, while automation and process improvements reduced onboarding time for Corporate and Institutional customers in 2023.

NAB’s instant credit decisioning capabilities are critical to providing customers with speed and certainty when they apply. A key focus has been on automating the customer authentication and verification journey, and pre-filling known customer data in applications. These improvements save time and make it easier for customers when applying for transaction accounts, savings and new products like NAB Now Pay Later.

## Safe

A responsible and secure business is essential to protect our customers and colleagues.

### Strong balance sheet

The Group implemented Australian Prudential Regulation Authority's (APRA) revised capital framework on 1 January 2023 and the Group remains well capitalised. The Common Equity Tier 1 (CET1) capital ratio remains strong at 12.22% on an APRA basis, with a capital surplus to the Group’s CET1 target range of 11.00-11.50% and strong provisioning levels (collective provisions at 1.47% of credit risk weighted assets). On 28 February 2023, the Group completed the $2.5 billion on-market capital buy-back announced in March 2022. On 15 August 2023, the Group announced a further $1.5 billion on-market capital buy-back, which commenced on 29 August 2023. A total of $0.9 billion of ordinary shares have been bought back and cancelled during 2023.

The Group maintains a strong funding and liquidity position, with a September 2023 quarterly average Liquidity Coverage Ratio (LCR) of 140% and 30 September 2023 Net Stable Funding Ratio (NSFR) of 116%. This is supported by $40 billion[[22]](#footnote-23) of term wholesale funding issuance during 2023 financial year as the Initial Allowance of the Term Funding Facility matured.

### Resilient technology and operations

NAB’s strategy is to develop leading resilient technology so that customers and colleagues can depend on us. There has been significant progress in reducing service interruptions with the number of critical and high incidents dropping 83% since 2018.

In 2023, NAB intensified focus on security in the face of ever- escalating cyber threats. This year 33 initiatives have been completed as part of a bank-wide strategy to address the global scam epidemic, including removing links in unexpected texts to customers. This work follows efforts by NAB, together with telecommunications providers, to prevent spoofing scams by stopping criminals infiltrating and impersonating phone numbers and legitimate text message threads.

Having a strong, capable and internal technology workforce is a key enabler of its strategy. NAB continues to insource key technology functions to get the right skills to operate sustainably. The infrastructure insourcing program is largely completed and the focus is now on further building strategic skill sets in cyber, data, digital and artificial intelligence (AI) which are critical to modern technology platforms. NAB's India and Vietnam-based innovation centres are a significant part of our strategy, increasing collaboration with Australia- based teams.

In 2018, NAB adopted a "cloud first" strategy. Since then,NAB has migrated over 77% of applications to cloud-based platforms. This has been critical in building more resilience in our systems.

## Long-term

Protecting the long-term interests of customers, colleagues, and communities.

### Responding to societal challenges

NAB's ambition is to drive commercial responses to societal challenges. Our priority areas are:

Climate action (page 37 of NAB’s 2023 Annual Report and refer to the Group’s 2023 Climate Report).

Affordable and specialist housing (page 29 of NAB’s 2023 Annual Report).

Indigenous economic advancement (page 28 of NAB’s 2023 Annual Report).

Tackling the biggest societal issues requires investment across business, government and society, which is why NAB is driving commercial responses and building partnerships.

### Sustainable business practices

NAB needs to get the basics right by maintaining sustainable business practices. NAB engages directly with stakeholders and participates in external assessments to understand views on our broad environmental, social and governance (ESG) performance. Key focus areas within this strategic pillar include:

Colleagues and culture.

Inclusive banking.

ESG risk management.

Supply chain management.

Human rights.

Information on how these areas are managed is outlined in the *What matters most* section on page 24 of NAB’s 2023 Annual Report. NAB's 2023 Sustainability Data Pack[[23]](#footnote-24) contains further detail on performance in these areas.

### Innovating for the future

NAB is continually assessing and exploring innovation themes that can deliver value to NAB and our stakeholders. In 2023, NAB began piloting several use cases of generative AI to improve colleague productivity and support bankers. NAB has explored ways to help customers understand their carbon emissions and partnered with Thriday to provide small and medium business customers with additional insights on their banking.

NAB's in-house venture capital fund, NAB Ventures, invests in early-stage businesses with innovative technologies and business models that address themes core to

NAB's strategic priorities. In 2023, NAB Ventures, made investments in Banked (Account-to-Account payments), Greener (sustainability platform) and Carbonplace (voluntary carbon credits platform).

# Strategic highlights[[24]](#footnote-25)

The close of 2023 marks the third full year under the Group’s refreshed long-term strategy. This strategy is centred on delivering better outcomes for customers and colleagues while keeping the bank safe. It is supported by disciplined execution and persistent investment to create a simpler, more streamlined business, which is more productive, resilient and efficient. Good progress has been made towards the Group's strategic objectives over the past three years with more to do. The Group remains focused on executing its strategy and building on the progress made in recent years.

The Group exists to serve customers well and help our communities prosper. To achieve this, the Group is focused on key priorities that it believes will make a real difference to its customers and colleagues, and support over time its aim to be known for being:

* Relationship-led; building on market leading expertise, data and insights.
* Easy; a simpler, more seamless and digitally enabled bank that gets things done faster.
* Safe; protect customers and colleagues through financial and operational resilience.
* Long-term; deliver sustainable outcomes for stakeholders.

Executing the Group’s strategy is expected to deliver better customer outcomes, more engaged colleagues and improved shareholder value. The Group will measure the success of its strategy and execution according to four key ambitions:

* Colleague Engagement – top quartile.
* Customer NPS – strategic NPS[[25]](#footnote-26) positive and ranked first of major Australian banks.
* Cash EPS growth[[26]](#footnote-27) – delivered through a focus on market share growth in target segments while managing risk and pricing disciplines, and a disciplined approach to managing costs and investment.
* Return on Equity (ROE)25 – targeting double digit cash ROE.

Execution of the Group's strategy over the past three years has positioned it well with strong, safe balance sheet settings and attractive growth options. This has allowed the Group to continue to grow in 2023, in a selective and targeted manner, despite a more challenging operating environment.

In Business and Private Banking, where the Group has the leading SME business lending market share, it is continuing to leverage growth opportunities across its franchise through a relationship-led approach increasingly enabled by digital, data and analytics. Following a strong growth year in 2022, business lending balances rose 8% over 2023 including 24% growth in small business lending, benefiting from simplified origination, enhanced digital capability and specialist local small business bankers. Heightened focus and increasing simplification and digitisation of the account opening process is also supporting strong growth in SME deposits. New business transaction account openings grew 50% over the three years to September 2023, including an 11% increase over the September 2023 financial year. Delivering better payments experiences remains a key priority and 2023 has seen the rollout of nextgen terminals for healthcare providers and SMEs, increased self service functionality via the Group's new payment portal and continued launch of innovative solutions such as NAB Flex-Flow Lending which gives merchant customers fast access to unsecured lending.

In Personal Banking, the Group remains focused on providing simpler, more digital banking experiences to drive quicker, better outcomes for customers and colleagues. Simple everyday banking products opened digitally increased to 74% in 2023 from 71% in 2022 and 62% in 2020. Australian home lending remains a key market, and the Group is continuing to invest to deliver better customer experiences including further progressing its simple and digital home loan initiative with rollout to brokers and Business and Private Banking underway in 2023. However, given a number of sector headwinds in 2023 including heightened refinancing activity and competitive pressures, the Group adopted a disciplined approach to originating new home loans, which saw its share of system growth[[27]](#footnote-28) reduce from 1.1x in 2022 to 0.7x in 2023.

The Group remains excited about growth in unsecured lending and ubank where it is leveraging capability from recent acquisitions to deliver better, more targeted customer propositions and diversify its portfolio. Over 2023, the Group's credit card balances and market share increased. Over the same period ubank recorded continued strong new customer acquisition with the addition of approximately 175,000 net new customers in 2023, weighted towards its target segment of 18 to 35 year-olds.

Corporate and Institutional Banking delivered improved returns and continued strong customer outcomes despite lower lending balances. In a difficult market, New Zealand Banking achieved good growth in home lending and deposits, while business lending was more subdued reflecting weak system growth and disciplined portfolio management.

Having a strong customer franchise and engaged colleagues are key to the Group's ability to grow sustainably, and is supported by a consistent focus on improving customer and colleague experiences. The Group's most recent colleague engagement score of 78 at July 2023 is up two points since August 2022 and one point higher than the top quartile benchmark[[28]](#footnote-29) which is consistent with its ambition. Customer outcomes in key segments in 2023 have remained first or second ranked versus major Australian bank peers. But there is more to do to achieve the Group's objective of being number one of the major Australian banks with positive NPS scores. Over the 12 months to September 2023, Business NPS improved from -5 to 5 with NAB continuing to rank second among major Australian banks while Consumer NPS declined from 0 to -2 with NAB ranking first among major Australian banks. Customer outcomes for 2023 in Corporate and Institutional Banking include Institutional NPS[[29]](#footnote-30) declining five points to 36 and Relationship Strength Index (RSI)[[30]](#footnote-31) declining 29 points to 593, in both cases reducing the Group's ranking versus major Australian banks from first to second, although pleasingly RSI continues to rank first across a range of specialist focus areas including Transactional Banking[[31]](#footnote-32) and Debt Capital Markets[[32]](#footnote-33).

A key focus of the Group's investment over recent years has been on simplifying, automating and digitising its business and increasing the use of data and analytics. These initiatives are delivering better outcomes for customers and colleagues by allowing bankers to spend more time with customers and provide more insights and quicker responses, while at the same time letting customers increasingly self serve when they want to. They are also making the Group more efficient, helping it manage costs while investing to grow. In 2023 the Group achieved productivity benefits of $398 million. During a period of elevated inflationary pressures, this allowed the Group to limit growth in cash costs in 2023 to 5.6%[[33]](#footnote-34) (excluding Citi consumer business costs and a provision of $40 million in respect of a one-off levy for the Compensation Scheme of Last Resort), while maintaining investment spend at approximately $1.4 billion. Looking to 2024, the Group expects to continue its balanced approach of maintaining cost discipline while investing for sustainable growth, and is targeting investment spend remaining at approximately $1.4 billion and further productivity savings of approximately $400 million.

Safety is a key pillar of the Group's long term strategy and keeping customers safe remains an important focus. Over 2023 the Group accelerated efforts to protect customers against the rapid rise in fraud and scams. This includes investment in customer awareness and education, 24/7 account monitoring, security alerts and proactive payment prompts, along with additional resourcing and working with telecommunication providers to help limit NAB-related spoofing calls and messages. More can and will be done at a customer, bank, industry, government and community level to deter criminals. The Group also recognises the current environment is more challenging for its customers including the impact of cost of living pressures. To support those customers needing help, the Group has increased resourcing in its customer assistance and hardship teams during 2023.

Safety also requires that the Group maintain prudent balance sheet settings and manage risk with discipline to ensure it can grow sustainably. At September 2023 collective provisions as a ratio of credit risk weighted assets were 1.47% and the share of lending funded by deposits was above 80% - both materially stronger than pre COVID-19 levels. Liquidity increased over 2023 and remains well above regulatory minimums and the Group continued to access term wholesale funding across a range of products, currencies and tenors, issuing $40 billion[[34]](#footnote-35) in 2023. The Group continues to target a CET1 capital ratio of 11-11.5% reflecting a balance between maintaining a strong balance sheet through the cycle while improving shareholder returns. Over 2023, Group CET1 ratio increased 71 basis points to 12.22% at September 2023. This includes a 47 basis point benefit from implementation of APRA's revised capital framework at 1 January 2023, partly offset by a reduction of 20 basis points from share buy-backs during the period. Adjusting for the remaining $1.2 billion share buy- back outstanding at September 2023, proforma Group CET1 is approximately 11.94%[[35]](#footnote-36).

Despite retaining strong balance sheet settings over 2023, the Group has delivered improved returns for shareholders consistent with its strategic ambition. These outcomes reflect the ongoing execution of the Group's strategy combined with benefits from the higher interest rate environment. Cash EPS[[36]](#footnote-37) increased 26% compared with 2022 and cash ROE35 increased to 12.9% compared with 11.7% in 2022. The final 2023 dividend has been set at 84 cents per share, bringing total dividends for the year ended 30 September 2023 to 167 cents per share which is 10.6% higher than 2022. This represents a 2023 cash earnings payout ratio of 67.7%, consistent with the Group's target dividend payout ratio which is guided by a range of 65% – 75% of cash earnings[[37]](#footnote-38), subject to Board determination based on circumstances at the relevant time.

# Operating environment

## Global business environment

Global economic growth has been volatile over recent quarters. This is in part due to the impact of China’s zero- COVID-19 policies, including a temporary bounce in the March quarter 2023 following their removal. Overall, average growth is expected to slow in calendar year 2023 and again in 2024, before a modest upturn in 2025. Growth over this period is expected to remain below the long-term average.

In part, the slowing trend for global growth reflects the impact of the rapid tightening in monetary policy (together with more restrictive lending standards by banks in many advanced economies) since early calendar year 2022, intended to control inflation. The outlook for China is weak, reflecting a downturn in its property sector, while domestic consumption and export demand is subdued.

Global consumer price growth has trended lower since the cycle peak of September 2022, as supply side pressures triggered by COVID-19 have gradually eased. However, inflation remains above central bank targets in most regions and global energy prices increased between late June and end of September 2023.

The slowing inflation trend in advanced economies has increased the likelihood that most major central banks have either reached the end of their tightening cycle or are near the peak.

Other risks to the outlook include the Russia-Ukraine war and conflict in the Middle East (including the potential impact on energy supply and prices) and geopolitical tensions between the United States and China.

## Australian economy

The Australian economy has continued to expand but growth has slowed. While the labour market remains tight, and inflation high, there are signs of easing labour market and price pressures.

Gross Domestic Product (GDP), after solid growth of 0.7% in the December quarter 2022, grew by a subdued 0.4% in both the March and June 2023 quarters. By expenditure component, between the September quarter 2022 and June quarter 2023:

* Household consumption particularly subdued, only growing 0.7%
* Residential investment fell 1.9%
* Business and government fixed capital investment, and exports grew strongly. Export growth was assisted by a continued recovery in overseas tourist and international student numbers.

Most industry sectors grew between the September quarter 2022 and June quarter 2023, with only four out of the 19 broad industry groups (utilities, wholesale trade, retail trade and professional services) seeing a fall in gross value added. Similarly, over the same period, state final demand grew in most state and territories, except for Tasmania and the Northern Territory where it declined.

Inflation has eased but remains high. In the September quarter 2023, the annual growth rate in the Consumer Price Index (CPI) was 5.4%, down from 7.8% in the December quarter 2022.

Household budgets have come under pressure from elevated inflation and rising interest payments. Household disposable income, after adjustment for inflation, declined by 4.2% between the March quarter 2022 and the June quarter 2023. Households have adjusted by slowing consumption growth and reducing their savings rate. Business operating profits have been volatile - while in the June quarter 2023 they were 11% below their June quarter 2022 level, reflecting a large fall in mining sector profits, the average level over the four quarters to June 2023 was 5.3% higher than in the previous year.

Agriculture conditions have been mixed. Prices have been falling for over a year; in September 2023 the NAB rural commodity price index was 34% below its June 2022 peak. However, the 2022-23 winter crop is estimated to have been the third consecutive record high, although a crop slightly below its average of the ten prior years is expected in 2023-24.

The labour market remains tight, but there are signs of easing:

* The unemployment rate was 3.6% in September 2023, low by historical standards but up slightly from October 2022 (3.4%).
* The number of job vacancies remained very high in the September quarter 2023 but has come off its peak, aided by strong population growth.
* The wage price index (excluding bonuses) grew by 3.6% between the June quarter 2022 and the June quarter 2023, up from 2.6% in the prior four-quarter period.

Dwelling prices have rebounded. After falling by 8.1% from their peak in April 2022, the eight capital city CoreLogic Hedonic Home Value Index increased by 7.9% between January 2023 and September 2023.

With high inflation still weighing on households, and the full impact of interest rate increases still coming through, GDP growth is expected to remain subdued over the rest of calendar year 2023 and 2024, leading to a rise in the unemployment rate.

The RBA increased the cash rate from 0.1% in April 2022 to 4.35% in November 2023. If the economy evolves as expected, the cash rate is likely at or near its peak, with the possibility of rate cuts starting from around the end of calendar year 2024.

Annual system credit growth has eased. Between September 2022 and September 2023:

* Housing and non-financial business credit growth slowed to 4.2% and 6.4% respectively (from 7.4% and 13.3% over the year to September 2022), only partially offset by stronger other personal credit growth (2.3%, up from -0.2%).
* However, housing credit growth may have stabilised, with the monthly growth rate largely unchanged since the end of calendar 2022.

## New Zealand economy

Growth in the New Zealand economy has slowed in recent quarters. While GDP increased by 0.9% in the June quarter 2023, over the last three quarters it only grew by 0.3%. The quarterly pattern of growth has been affected by the severe weather events that impacted the North Island in January (flooding) and February (Cyclone Gabrielle).

The slowdown in growth has occurred even as population growth has accelerated. Over the year to the June quarter 2023, the population grew by 2.1%, driven by high rates of net inward migration.

The weakening in economic growth, together with strong population growth, has seen labour market pressures ease, with businesses reporting much less difficulty in finding staff. In the September quarter 2023:

* Employment was 2.4% higher than in the September quarter 2022, slightly below growth in the working again population (2.6%) over the same period.
* The unemployment rate was 3.9%, up from 3.2% in the September quarter 2022 but still low by historical standards.

With the economy's capacity constraints abating, inflation has gradually fallen, but it remains high. In the September quarter 2023 annual CPI inflation was 5.6%, down from 7.3% in the June quarter 2022.

Commodity export prices fell 11.1% between September 2022 and September 2023 in New Zealand dollar terms, this included a 20.8% fall in dairy export prices. However, prices showed signs of stabilising at the end of this period.

Housing market activity has stabilised. The REINZ House Price Index fell 18% between November 2021 and May 2023, but has since (to September) increased 2.8%. Sales volumes remain low but have come off their trough of early 2023.

System credit grew by 2.4% over the year to September 2023, down from 5.6% over the year to September 2022 . This reflected slower housing credit (3.0% over year to September 2023) and non-agricultural business credit (0.9%) growth, although credit to agriculture, which had been negative, turned positive (1.4%).

The RBNZ increased the Official Cash Rate (OCR) from 0.25% to 5.50% between October 2021 and May 2023. The RBNZ is expected to remain on hold for some time. While there is some chance of the RBNZ tightening further, the most likely next change in the OCR is a cut.

Looking ahead, economic growth is likely to be weak into the first half of calendar 2024, before recovering, which is expected to lead to an increase in the unemployment rate. This outlook reflects the lagged impact of monetary policy tightening, curtailed commodity income, reductions in government spending, and weaker goods exports due to slow global growth and weather-related reductions in agricultural output. Fiscal policy settings are also uncertain with the formation of a new government following October’s election.

## Outlook

The outlook for the Group’s financial performance and outcomes is closely linked to the levels of economic activity in each of the Group’s key markets that are outlined above.

# Additional information

## Shareholder information

### Chair

Mr Philip Chronican

BCom (Hons), MBA (Dist), GAICD, SF Fin

### Group Chief Executive Officer and Managing Director

Mr Ross McEwan CBE

BBus

### Group Chief Financial Officer

Mr Nathan Goonan

BCom, BAgrSc (Hons)

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### Company Secretary

Mrs Louise Thomson, BBus (Dist), FGIA

### Group Investor Relations

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### Sustainability

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### Shareholder Centre website

The Group’s website at www.nab.com.au/shareholder has a dedicated separate section where shareholders can gain access to a wide range of information, including copies of recent announcements, annual financial reports as well as extensive historical information.

### Shareholder information line

There is a convenient 24 hours a day, 7 days a week automated service. To obtain the current balance of your securities and relevant payment details, telephone 1300 367 647 (Australia) or

+61 3 9415 4299 (outside Australia).

These services are secured to protect your interests. In all communications with the Share Registry, please ensure you quote your Securityholder Reference Number, or in case of broker sponsored shareholders, your Holder Identification Number.

### Principal Share Register

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### United Kingdom Share Register

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Website: [investorcentre.com/au](http://www.investorcentre.com/au)

### United States American Depositary Receipt (ADR) Depository Transfer Agent and Registrar contact details for NAB ADR holders

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## 

## Glossary

|  |  |
| --- | --- |
| Term | Definition |
| APRA | Australian Prudential Regulation Authority. |
| AUSTRAC | Australian Transaction Reports and Analysis Centre. |
| Cash earnings | Cash earnings is a non-IFRS key performance measure used by the Group and the investment community. Cash earnings is defined as net profit attributable to owners of the Company from continuing operations adjusted for non-cash items, including items such as hedging and fair value volatility, the amortisation of acquired intangible assets and gains or losses on certain other items associated with acquisitions, disposals and business closures. |
| Cash return on equity (RoE) | Cash earnings after tax expressed as a percentage of average equity (adjusted). |
| Citi consumer business | Citigroup Pty Limited and Citigroup Overseas Investment Corporation. |
| Common Equity Tier 1 (CET1) capital | CET1 capital ranks behind the claims of depositors and other creditors in the event of winding-up of the issuer, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. CET1 capital consists of the sum of paid-up ordinary share capital, retained profits and certain other items as defined in APS 111 *Capital Adequacy: Measurement of Capital.* |
| Common Equity Tier 1 ratio | CET1 capital divided by risk-weighted assets. |
| Continuing operations | Continuing operations are the components of the Group which are not discontinued operations. |
| Discontinued operations | Discontinued operations are a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, which is part of a single coordinated plan for disposal. |
| Earnings per share (EPS) – basic | Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis) divided by the weighted average number of ordinary shares. |
| Earnings per share (EPS) – diluted | Calculated as net profit attributable to ordinary equity holders of the parent (statutory basis) or cash earnings (cash earnings basis), divided by the weighted average number of ordinary shares, after adjusting both earnings and the weighted average number of ordinary shares for the impact of dilutive potential ordinary shares. |
| Financial year | Year ended 30 September 2023. |
| Full-time equivalent employees (FTEs) | Includes all full-time, part-time, temporary, fixed term and casual employee equivalents, as well as agency temporary employees and external contractors either self-employed or employed by a third-party agency. Note: this excludes consultants, IT professional services, outsourced service providers and non- executive directors. |
| Gross Domestic Product (GDP) | Gross Domestic Product (GDP) is the market value of the finished goods and services produced within a country in a given period of time. |
| Group | NAB and its controlled entities. |
| NAB | ‘NAB' or the 'Company' means National Australia Bank Limited ABN 12 004 044 937 |
| Net Promoter Score (NPS) | 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. Net Promoter Score measures the likelihood of a customer’s recommendation to others. |
| SME | Small and medium-sized enterprises. |
| Top quartile engagement | Top quartile comparison is based upon Glint’s client group (domestic and global, from all industries). |
| Weighted average number of ordinary shares | The number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period. |

1. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB is set out in *Note 2 Segment information* of the Financial Report on page 169 of NAB’s 2023 Annual Report. Statutory return on equity and statutory earnings per share (EPS) are also presented in NAB’s 2023 Annual Report on page 106. [↑](#footnote-ref-2)
2. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Inc., NICE Systems, Inc. and Fred Reichheld. [↑](#footnote-ref-3)
3. Sourced from DBM Consumer Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Consumer NPS excludes consumers with Personal income of $260k+ and/or investible assets $1m+. Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-4)
4. Sourced from DBM Consumer Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Based on all consumers, 18+, in either High Net Worth definition or Mass Affluent definition and on equal (50:50) combined weighting of included segments. Mass Affluent includes consumers with Personal income of $260k+ and investible assets less than $2.5m and/or investible assets $1m<$2.5m, High Net Worth includes consumers with Investible assets of $2.5m+. Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-5)
5. Sourced from DBM Business Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Business NPS is based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k - $5m turnover), Medium ($5m - $50m turnover), Large ($50m+). Ranking based on absolute scores, not statistically significant differences [↑](#footnote-ref-6)
6. Peter Lee Associates – Large Corporate and Institutional Relationship Banking Survey Australia 2023. Ranking against all banks included in survey. [↑](#footnote-ref-7)
7. Comprises CBI compliant and Green Bond Principles (GBP) aligned green lending associated with NAB’s Green Bond Framework, including renewables, green CRE (REIT) lending, low carbon transport, water infrastructure, electrical grids and storage and forestry, land conservation and restoration and green securitisation for new 2023 lending drawn amounts ($2.6 billion), sustainability-linked loan lending, based on proportion of KPIs that are environmentally related and new 2023 underwriting and arranging activities ($1.9 billion) as at 30 September 2023. For more information, refer to the Environmental financing section on page 55 and the Environmental financing methodology section on page 74 of NAB’s 2023 Climate Report. [↑](#footnote-ref-8)
8. Affordable and specialist housing includes affordable housing, specialist disability accommodation and sustainable housing. Refer to the *Affordable and specialist housing* section of NAB’s 2023 Annual Report on page 29 for further details. [↑](#footnote-ref-9)
9. 2023 Heartbeat Survey conducted by Glint, score based on July 2023 survey. Includes Australia and New Zealand colleagues, excludes external contractors, consultants and temporary colleagues. [↑](#footnote-ref-10)
10. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. [↑](#footnote-ref-11)
11. Number of full-time equivalent colleagues as at 30 September 2023, excluding discontinued operations. [↑](#footnote-ref-12)
12. Peter Lee Associates - 2023 surveys: Large Corporate and Institutional Transaction Banking, and Debt Capital Markets. [↑](#footnote-ref-13)
13. Peter Lee Associates - 2022 surveys: Foreign Exchange and Interest Rate Derivatives Ranking against the four major domestic banks. [↑](#footnote-ref-14)
14. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. [↑](#footnote-ref-15)
15. Sourced from DBM Consumer Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Consumer NPS excludes consumers with Personal income of $260k+ and/or investible assets $1m+. Ranking based on absolute scores, not statistically significant differences. Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-16)
16. Peter Lee Associates – Large Corporate and Institutional Relationship Banking Survey Australia 2023. Ranking against all banks included in survey. [↑](#footnote-ref-17)
17. Sourced from DBM Business Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Business NPS is based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k - $5m turnover), Medium ($5m - $50m turnover), Large ($50m+). Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-18)
18. Sourced from DBM Consumer Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Based on all consumers, 18+, in either High Net Worth definition or Mass Affluent definition and on equal (50:50) combined weighting of included segments. Mass Affluent includes consumers with Personal income of $260k+ and investible assets less than $2.5m and/or investible assets $1m<$2.5m, High Net Worth includes consumers with Investible assets of $2.5m+. Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-19)
19. 2023 Heartbeat Surveys conducted by Glint, score based on an average of the four surveys conducted in November 2022, February 2023, May 2023 and July 2023. Includes Australia and New Zealand colleagues, excludes external contractors, consultants and temporary colleagues. [↑](#footnote-ref-20)
20. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB is set out in Note 2 Segment information of the Financial Report on page 169. Statutory return on equity and statutory earnings per share (EPS) are presented on page 106 of NAB’s 2023 Annual Report. [↑](#footnote-ref-21)
21. Median average time. [↑](#footnote-ref-22)
22. Includes Funding for Lending Program (FLP) [↑](#footnote-ref-23)
23. Available at nab.com.au/annualreports. [↑](#footnote-ref-24)
24. Amounts presented in this section are based on cash earnings. [↑](#footnote-ref-25)
25. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Sourced from DBM Business and Consumer Atlas (part of RFI Global), measured on 6 month rolling average to September 2023. Business NPS is based on equal (25:25:25:25) combined weighting of NAB turnover segments: Micro (Up to $100k turnover), Small ($100k - $5m turnover), Medium ($5m - $50m turnover), Large ($50m+). Consumer NPS excludes consumers with Personal income of $260k+ and/or investible assets $1m+. Ranking based on absolute scores, not statistically significant differences. [↑](#footnote-ref-26)
26. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB is set out in *Note 2 Segment information* of the Financial Report on page 169 of NAB’s 2023 Annual Report. Statutory return on equity and statutory earnings per share (EPS) are also presented in NAB’s 2023 Annual Report on page 106. [↑](#footnote-ref-27)
27. APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at September 2023 (adjusted for reclassification of the Citi consumer business). 2022 multiple of system growth excludes impact of Citi consumer business balances acquired by NAB Group on 1 June 2022. [↑](#footnote-ref-28)
28. Engagement scores refer to Glint ‘Heartbeat’ outcomes. Top quartile comparison is based upon Glint’s client group (domestic and global, from all industries). [↑](#footnote-ref-29)
29. Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2023. 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. [↑](#footnote-ref-30)
30. Peter Lee Associates Australia - Corporate and Institutional Relationship Banking Survey 2023. Ranking against all banks included in survey. Relationship Strength Index (RSI) is based on the results of key qualitative measures [↑](#footnote-ref-31)
31. Peter Lee Associates Australia - Transaction Banking Survey 2023. Ranking against the four major domestic banks. [↑](#footnote-ref-32)
32. Peter Lee Associates Australia - Debt Capital Markets Survey 2023. Ranking against the four major domestic banks [↑](#footnote-ref-33)
33. On a cash earnings basis. On a statutory basis, expenses in 2023 increased by 7.8% compared with 2022. [↑](#footnote-ref-34)
34. Includes RBNZ’s Funding for Lending Programme (FLP) of $1.3 billion. [↑](#footnote-ref-35)
35. On 28 February 2023 the Group completed its $2.5 billion on-market share buy-back announced in March 2022. This includes $0.6 billion (19,270,329 ordinary shares) bought back and cancelled in the March 2023 half year. On 15 August 2023 the Group announced its intention to acquire up to $1.5 billion ordinary shares via an on-market buyback. This buy-back is expected to be undertaken over approximately 12 months, with approximately $0.3 billion (10,562,183 ordinary shares) acquired as at 30 September 2023. [↑](#footnote-ref-36)
36. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB is set out in Note 2 Segment information of the Financial Report on page 169 of NAB’s 2023 Annual Report. Statutory return on equity and statutory earnings per share (EPS) are also presented in NAB’s 2023 Annual Report on page 106. [↑](#footnote-ref-37)
37. Statutory dividend payout ratio is 70.6%. [↑](#footnote-ref-38)