2021 FULL YEAR RESULTS SUMMARY

National Australia Bank

2021 FINANCIAL HIGHLIGHTS

$6,364M
Statutory net profit

$6,558M
Cash earnings[1]
Up 76.8% v FY20

Up 38.6% v FY20 excluding FY20 large notable items[2]

67CPS
Final dividend
100% franked

13.00%
Group Common Equity Tier 1 (CET1) ratio

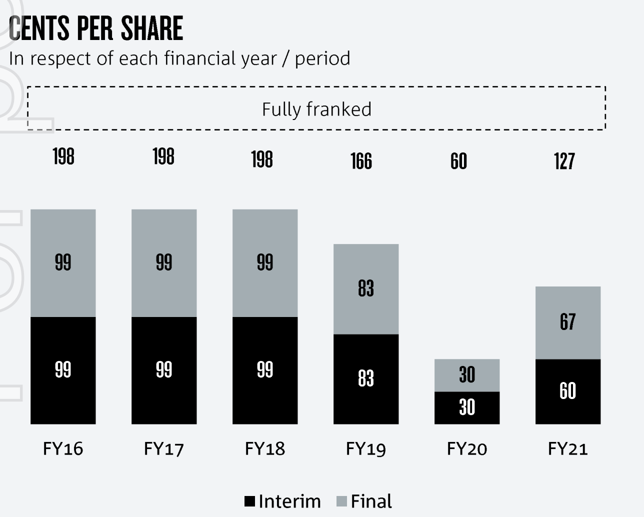
"Our results this year demonstrate we have navigated a challenging environment well while delivering better experiences for customers and colleagues, resulting in safe growth across our business. Asset quality outcomes improved, and cost growth was limited to 1.8% reflecting a balance between productivity and investment. FY21 has been a difficult period for Markets & Treasury income but excluding this, revenue was stable over the year and 2% higher in 2H21 compared with 1H21.

Our strategy is achieving results. While there is still much to do, I am encouraged by our progress as we execute with discipline and focus. Over the year, customer and colleague engagement scores increased, and we extended our market leadership in SME business with lending growth of 7%, well ahead of system[3]. Australian housing lending growth improved, up 4% over the year and outpacing system in the second half of FY21[3], and our New Zealand business delivered strong lending growth in FY21 of 8%.

The lift in our final dividend to 67 cents per share brings the increase in total dividends over the year to 112% and reflects our optimism about the future. Our bank has momentum, our strategy is clear and as lockdown restrictions ease, a pick-up in activity is expected. While some uncertainties exist in the outlook including the impact of tapering support, our balance sheet settings are strong and we are well positioned for the expected economic rebound in Australia and New Zealand."

ROSS MCEWAN NAB CEO

DIVIDENDS



SUPPORTING OUR CUSTOMERS & COMMUNITIES

- Strategic Net Promoter Score (NPS) increased 4 points from -11 in September 2020 to -7 in September 2021, with NAB ranked equal first of the major banks[4]
- Giving small businesses quicker and easier access to lending via the relaunched Quickbiz digital platform, featuring application through to cash disbursement within 20 minutes[5]
- Supporting colleagues to get vaccinated with flexible paid time off and a pilot workplace vaccination program
- Reaching a milestone in NAB's clean energy journey, having successfully closed 150 renewable energy finance transactions with $11.5 billion committed globally since 2003 - equivalent to 26GW of renewable energy capacity

[1] Refer cash earnings note and reconciliation on page 6.
[2] Cash earnings large notable items after tax in FY20: customer-related and payroll remediation $261m; capitalised software policy change $668m; impairment of property-related assets $94m.
[3] Based on APRA Monthly Authorised Deposit-Taking Institution statistics as at September 2021 for housing, and RBA Lending to Business – Business Finance Outstanding by Business Size and Industry data as at August 2021 for SME business lending.
[4] Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Sourced from DBM Consultants Business and Consumer Atlas, measured on 6 month rolling average. Net Promoter Score (NPS) is based on all customers' likelihood to recommend on a scale of 0 (not at all likely) to 10 (extremely likely). Definition has been updated to give all customers in the Business and Consumer segments equal voice. The overall Strategic NPS result combines the Consumer (18+) and Business segments using a 50% weighting for each. History has been restated. Ranking based on absolute scores, not statistically significant differences.
[5] Launching late calendar year 2021 initially for unsecured lending and existing customers only.

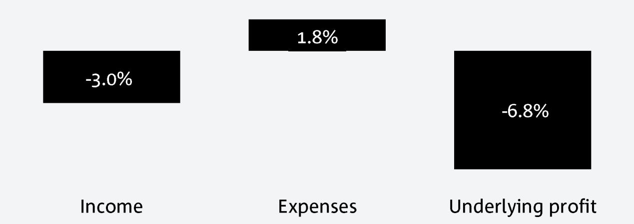
The September 2021 full year results are compared with the September 2020 full year results for continuing operations unless otherwise stated. Operating Performance and Asset Quality are expressed on a cash earnings basis.

OPERATING PERFORMANCE FY21 V FY20

- Revenue declined 2.2%. Excluding large notable items in FY20[6], revenue declined 3.0% with higher volumes more than offset by lower Markets & Treasury (M&T) income which was challenged by more limited trading opportunities.
- Gross loans and advances increased 5.9%, with housing lending up 5.3% and non-housing lending up 6.6%.
- Net Interest Margin (NIM) declined 6 basis points (bps) to 1.71%. Excluding a 6 bp reduction from M&T which includes the impact of holding higher liquid assets, NIM was flat reflecting lower funding and deposit costs and home loan repricing, partly offset by the impacts of the low interest rate environment combined with home lending competitive pressures and a mix shift towards more fixed rate lending.
- Expenses fell 13.2%. Excluding large notable items in FY20[6], expenses rose 1.8% with key drivers including higher performance-based compensation provisions and additional hires to support growth, partly offset by productivity benefits and lower restructuring related costs.

FY21 V FY20 DRIVERS OF CASH EARNINGS CHANGE

(ex FY20 large notable items[6])

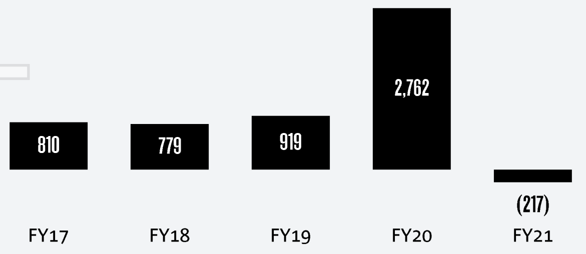


"Execution of our strategy is delivering good momentum with lending up 6% in FY21, while FY21 expense growth of 1.8% is consistent with our target of 0-2% (excluding large notable items) and reflects a balance between cost discipline and investing for growth. We continue to target lower absolute costs over 3-5 years relative to the FY20 base of $7.7bn[7]."

ASSET QUALITY FY21 V FY20

- Credit impairment charge (CIC) was a write-back of $217 million, versus a FY20 charge of $2,762 million. The significant improvement reflects a reduction in charges for forward looking provisions and lower underlying charges.
- The FY21 write-back of $217 million includes a net increase in charges for forward looking provisions of $10 million and an underlying write-back of $227 million which reflects improved asset quality across both housing and business lending combined with the impact of higher house prices and low specific charges.
- The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances reduced 9 bps to 0.94%. Key drivers include lower levels of impaired assets in the business lending portfolio largely due to successful workouts, partly offset by the impact of missed payments from customers exiting deferrals.

CREDIT IMPAIRMENT CHARGES/(WRITEBACKS) ($ MILLIONS)



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

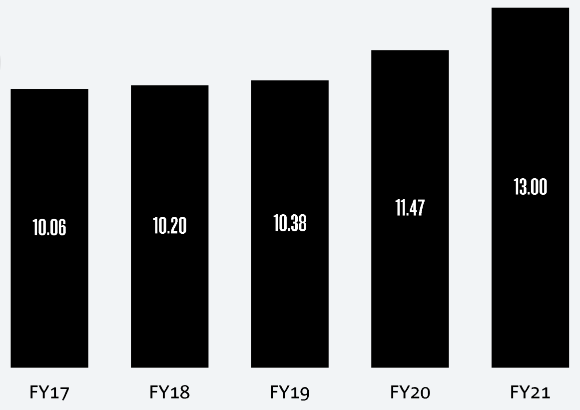
"The economic outlook is improving with restrictions easing. But uncertainties exist including the impact of tapering support and the extent and breadth of the rebound. To reflect this, collective provisions remain prudent at 1.35% of credit risk weighted assets."

[6] FY20 revenue excludes customer-related remediation $129m. FY20 expenses excludes customer-related and payroll remediation $244m; capitalised software policy change $950m and impairment of property-related assets $134m. Underlying profit represents cash earnings before credit impairment charges, income tax and distributions. Refer note on cash earnings and reconciliation on page 6.

[7] Excluding large notable items, the impact of the proposed acquisition of Citigroup's Australian consumer business and any potential non-recurring AML/KYC related costs including those incurred in addressing the issues subject to investigation by AUSTRAC, such as file remediation and other associated costs. Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7.

CAPITAL, FUNDING & LIQUIDITY

CET1 RATIO (%)



KEY RATIOS AS AT 30 SEPTEMBER 2021

- Group Common Equity Tier 1 (CET1) ratio of 13.00%, up 153 bps from September 2020
- Includes 29 bps net proceeds from sale of MLC Wealth less acquisition of 86 400
- Expected net proforma CET1 ratio reduction of ~75 bps from acquisition of Citigroup's Australian consumer business (~34 bps) and remaining $2.0 billion on-market share buy-back (~48 bps) less proceeds from BNZ Life divestment (~7 bps)[8]
- Leverage ratio (APRA basis) of 5.8%
- Liquidity coverage ratio (LCR) quarterly average of 128%
- Net Stable Funding Ratio (NSFR) of 123%

DIVISIONAL PERFORMANCE – CASH EARNINGS[9]

	FY21 ($M)	% CHANGE FY21 V FY20	KEY DRIVERS FY21 V FY20
Business & Private Banking	2,480	0.3	Broadly stable earnings reflecting lower credit impairment charges partly offset by higher operating expenses including investment in growth-related roles. Revenue declined 1% with volume growth offset by lower margins primarily reflecting the impact of the low interest rate environment.
Personal Banking	1,650	14.4	Higher earnings benefitting from lower credit impairment charges and volume growth in home lending. These impacts were partly offset by slightly lower margins and higher operating expenses including investment in growth-related roles.
Corporate & Institutional Banking	1,207	(14.8)	Earnings declined reflecting lower Markets income, combined with higher credit impairment charges relating to increased provisions associated with partial sale of an aviation portfolio (which have been offset by the release of provisions in Corporate Functions & Other).
New Zealand Banking (NZ$m)	1,230	18.7	A strong performance with earnings benefitting from lower credit impairment charges, combined with higher revenue reflecting volume growth and increased margins. This was partly offset by higher operating expenses including investment to support growth and to strengthen compliance and controls.

[8] Proposed acquisition of Citigroup's Australian consumer business and sale of BNZ Life expected to complete in 2022 subject to timing of relevant regulatory approvals. Final capital impact will be determined following completion. Buy-back commenced in August 2021 and is expected to be undertaken over approximately 12 months.
[9] Excludes large notable items in FY20 which form part of Corporate Functions and Other.

STRATEGIC OVERVIEW

The close of FY21 marks the first full year under our refreshed long term strategy. Despite challenges associated with COVID-19 this year, progress has been made against strategic objectives through disciplined execution, doing the basics well and supporting the needs of customers and colleagues. We know that there is more to do.

Our strategy provides clarity about where and how we will grow. We are focusing investment spend and management effort on key priorities, and executing more effectively. In FY21 we also took action to simplify and reshape our portfolio. The sale of MLC Wealth was completed, and we finalised the acquisition of 86 400 and announced the proposed acquisition of Citigroup's Australian consumer business to accelerate growth in UBank and Personal Banking respectively.

Our investments and actions are delivering improved customer and colleague outcomes. On the customer front, strategic NPS rose 4 points over the year to September 2021 to -7 and is equal highest of the major banks[4]. This is pleasing, but we have more to do to drive a positive NPS score and fully achieve our customer ambition. Our most recent colleague engagement score improved to 77, up from 75 in April and 66 in FY19, and is consistent with our ambition of being top quartile[10].

We have growth momentum across our business as a result of improved experiences for customers and colleagues.

We are investing in our leading SME franchise, Business & Private Banking, to grow by delivering differentiated and better banking experiences for customers and colleagues. Embedding performance disciplines and adding approximately 550 new customer facing roles have been important initiatives in FY21. Alongside this is an increasing focus on simplifying, automating and digitising to provide faster, more seamless banking experiences. This includes transforming small business lending via Quickbiz with straight-through processing enabling application through to cash disbursement within 20 minutes[5]. Leveraging data and analytics to provide insights, more personalised experiences and faster decisioning is also underway including the launch of new facility renewal and annual review processes which allow bankers to make faster assessments based on customer behavioural drivers. These investments and initiatives are driving growth momentum. In FY21, SME business lending increased 7% versus FY20, market share in both SME and agri lending improved over the year, and business transaction account openings were 18% above FY20 levels.

In Australia, we are improving growth in home lending by increasingly simplifying and digitising the experience. During FY21 we simplified and streamlined our home lending policies, rolled out digital application and decisioning tools and enhanced the ability for customers to self-serve via the NAB App. These initiatives are delivering quicker, better outcomes for customers and colleagues during a period of significant increase in application volumes. Examples over the year include a 50% reduction in the time taken for our bankers to submit home loan applications and approximately 30% faster unconditional approval times. Our Simple Home Loans digital application platform has been a key driver of these outcomes, enabling simple lending to be originated far more seamlessly. Applications eligible to be submitted through the platform have risen to approximately 80% for our proprietary network over FY21, with rollout to Broker and Business & Private Banking channels planned for FY22. While still early days, it is encouraging to see these initiatives are making a difference with our Australian home lending growth improving to 4% over FY21 and tracking ahead of system growth in 2H21.

Digital, data and analytics are critical enablers of our strategic ambitions. By increasingly leveraging these capabilities, we can deliver simpler, faster, safer and more personalised customer and colleague outcomes more efficiently. Progress is underway across all businesses. To ensure we maximise these opportunities, Angela Mentis has been appointed to the newly created Executive Leadership Role of Group Chief Data, Digital & Analytics Officer, elevating the strategic importance and growth potential of our data and digital strategies.

As we increasingly simplify, automate and digitise, not only are we improving outcomes for our customers and colleagues, we are also becoming more efficient. This, in conjunction with clearer accountabilities and performance disciplines, has allowed us to limit FY21 cost growth to 1.8% (excluding large notable items in FY20), consistent with our target of 0-2% for this year. This has been achieved with investment at similar levels to FY20, reflecting a balanced approach to investing for sustainable growth while maintaining cost discipline. For FY22, we are targeting broadly flat levels of costs[7] and investment spend. Investment underpins our ability to execute our strategy and grow while remaining safe and resilient. Key focus areas of spend for FY22 include progressing work on a single mortgage factory, continued cloud migration, uplifting our merchant offering, enhanced use of data and analytics, and ongoing investment in cyber and financial crime prevention. We continue to target lower absolute costs over three to five years compared with FY20[7].

During FY21 we adjusted our capital and dividend settings to reflect the importance of maintaining a strong balance sheet through the cycle while improving shareholder returns. We plan to manage CET1 over time towards a target range of 10.75-11.25% and for dividends to be guided by a payout ratio range of 65-75% of cash earnings, subject to Board determination based on circumstances at the time. Progress is underway and over FY21 we improved shareholder returns while retaining balance sheet strength. Cash ROE increased to 10.7% compared with 8.3% in FY20 and total dividends for FY21 of 127 cps are 112% higher than FY20 and represent a cash payout ratio of 64%. While September 2021 CET1 of 13.00% is above the top end of our range and higher over the year, actions underway are expected to progressively bring CET1 closer to our target range, including completion of the remaining $2.0 billion on-market share buy-back. This, along with completion of the proposed acquisition of Citigroup's Australian consumer business (less BNZ Life sale proceeds) is expected to reduce CET1 by approximately 75 bps.

While there is much to do to achieve our ambition, we are on the right track. Our actions and investments are translating into better colleague and customer experiences, growth momentum and improving shareholder returns. This, combined with an expected rebound in economic activity as lockdown restrictions ease, make us optimistic about the future.

[10] 2019 score of 66 represents a restated score of the AON survey into a Glint 'Heartbeat' score methodology. Top quartile comparison is based upon Glint's client group (domestic & global, from all industries).

OUR ECONOMIC VALUE DISTRIBUTED		
Suppliers	Payments made for the provision of utilities, goods and services.	**$4.5bn**
Community investment	Community partnerships, donations, grants, in-kind support and volunteering.[1]	**$64.6m**
Shareholders	Dividend payments to more than 618,000 shareholders.	**$2.9bn**
Colleagues	Colleague salaries, superannuation contributions and incentives.	**$4.4bn**
Governments	Payments made to governments in the form of the Bank Levy ($394 million paid) plus $2.3 billion in income taxes, goods and services taxes, fringe benefit taxes and payroll taxes among others.	**$2.7bn**
	Total economic value distributed	**$14.6bn**

OUR INDIRECT ECONOMIC CONTRIBUTION		
$98bn in new home lending. **$102bn** in new business lending.	**$500bn** in deposits managed for retail and business customers.	Provided **~$2.2bn** in deferrals during COVID-19.

1 For a detailed breakdown of the categories included within NAB's community investment, see the 'Community' tab in our **2021 Sustainability Data Pack**.

ECONOMIC OUTLOOK

"After a strong start to 2021, ongoing lockdowns in Sydney and Melbourne, together with periods of disruption elsewhere have postponed Australia's recovery until 2022. Large hits to economic activity are expected to see September quarter GDP down 3.8% and growth of 1.6% for 2021, before rebounding to 4.0% in 2022 with restrictions easing. Important in underpinning the rebound are healthy household balance sheets, ongoing policy support and a recent improvement in business confidence. Unemployment is forecast to follow a similar path to GDP, peaking at around 4.7% in late 2021, before resuming its downward trend and reaching 4.2% by end 2022. This is expected to drive a gradual strengthening in wage growth and inflation, and a move to higher cash rates from mid 2023.

New Zealand's recovery was well-advanced before recent lockdowns. While these have negatively impacted the economy, activity is expected to rebound as restrictions ease. Due to capacity constraints in the economy and elevated inflation, the central bank has recently commenced raising its overnight cash rate."

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 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 2021 Full Year Results Management Discussion & 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 75 to 77.

	Year to			Half Year to		
	Sep 21 $m	Sep 20 $m	Sep 21 v Sep 20 %	Sep 21 $m	Mar 21 $m	Sep 21 v Mar 21 %
Net interest income[11]	13,797	13,920	(0.9)	6,958	6,839	1.7
Other operating income[11]	3,009	3,399	(11.5)	1,409	1,600	(11.9)
Large notable items[12]	-	(129)	large	-	-	-
Net operating income	16,806	17,190	(2.2)	8,367	8,439	(0.9)
Operating expenses[11]	(7,817)	(7,679)	1.8	(3,954)	(3,863)	2.4
Large notable items[12]	-	(1,328)	large	-	-	-
Underlying profit	8,989	8,183	9.8	4,413	4,576	(3.6)
Credit impairment (charge)/writeback	217	(2,762)	large	89	128	(30.5)
Cash earnings before tax and distributions	9,206	5,421	69.8	4,502	4,704	(4.3)
Income tax expense	(2,635)	(1,672)	57.6	(1,287)	(1,348)	(4.5)
Cash earnings before distributions	6,571	3,749	75.3	3,215	3,356	(4.2)
Distributions	(13)	(39)	(66.7)	-	(13)	large
Cash earnings	6,558	3,710	76.8	3,215	3,343	(3.8)
Large notable items[12]	-	(1,023)	large	-	-	-
Cash earnings (excluding large notable items)[12]	*6,558*	*4,733*	*38.6*	*3,215*	*3,343*	*(3.8)*
Non-cash earnings items (after tax)	(87)	(212)	(59.0)	26	(113)	large
Net profit from continuing operations	6,471	3,498	85.0	3,241	3,230	0.3
Net loss after tax from discontinued operations[13]	(107)	(939)	(88.6)	(85)	(22)	large
Net profit attributable to owners of NAB	6,364	2,559	large	3,156	3,208	(1.6)
Represented by[14]:						
Business and Private Banking	2,480	2,472	0.3	1,264	1,216	3.9
Personal Banking	1,650	1,442	14.4	791	859	(7.9)
Corporate and Institutional Banking	1,207	1,416	(14.8)	425	782	(45.7)
New Zealand Banking	1,154	977	18.1	578	576	0.3
Corporate Functions and Other	67	(1,574)	large	157	(90)	large
Large notable items[12]	-	(1,023)	large	-	-	-
Cash earnings	6,558	3,710	76.8	3,215	3,343	(3.8)

SHAREHOLDER SUMMARY

	Year to			Half Year to		
	Sep 21	Sep 20	Sep 21 v Sep 20	Sep 21	Mar 21	Sep 21 v Mar 21
Group – including discontinued operations						
Dividend per share (cents)	127	60	67	67	60	7
Statutory dividend payout ratio	65.8%	73.1%	(730 bps)	69.9%	61.8%	810 bps
Statutory earnings per share (cents) – basic	193.0	82.1	110.9	95.9	97.1	(1.2)
Statutory earnings per share (cents) – diluted	185.2	80.5	104.7	92.1	92.7	(0.6)
Statutory return on equity	10.4%	4.4%	600 bps	10.2%	10.6%	(40 bps)
Group – continuing operations						
Cash dividend payout ratio	63.7%	49.6%	large	68.6%	59.1%	950 bps
Statutory dividend payout ratio from continuing operations	64.7%	53.2%	large	68.0%	61.3%	670 bps
Statutory earnings per share from continuing operations (cents) – basic	196.3	112.7	83.6	98.5	97.8	0.7
Statutory earnings per share from continuing operations (cents) – diluted	188.2	108.6	79.6	94.5	93.4	1.1
Cash earnings per share (cents) – basic	199.3	120.9	78.4	97.7	101.6	(3.9)
Cash earnings per share (cents) – diluted	191.0	116.2	74.8	93.7	96.9	(3.2)
Cash return on equity (ROE)	10.7%	6.5%	420 bps	10.3%	11.1%	(80 bps)
Group – continuing operations (excluding large notable items)[12]						
Cash dividend payout ratio	63.7%	38.9%	large	68.6%	59.1%	950 bps
Statutory dividend payout ratio from continuing operations	64.7%	41.1%	large	68.0%	61.3%	670 bps
Statutory earnings per share from continuing operations (cents) – basic	196.3	146.1	50.2	98.5	97.8	0.7
Statutory earnings per share from continuing operations (cents) – diluted	188.2	139.3	48.9	94.5	93.4	1.1
Cash earnings per share (cents) – basic	199.3	154.3	45.0	97.7	101.6	(3.9)
Cash earnings per share (cents) – diluted	191.0	146.9	44.1	93.7	96.9	(3.2)
Cash return on equity (ROE)	10.7%	8.3%	240 bps	10.3%	11.1%	(80 bps)

[11] Excluding large notable items. In the September 2021 full year, the Group did not recognise any amounts as large notable items.
[12] Refer to NAB's 2021 Full Year Results Management Discussion & Analysis Section 4 Large notable items for further information.
[13] Refer to NAB's 2021 Annual Financial Report Note 37 Discontinued Operations for further information.
[14] Comparative information has been restated to reflect a reallocation of operating expenses between business units in the March 2021 half year after the Group's organisational restructure.

FOR FURTHER INFORMATION

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This Results Summary has been authorised for release by Gary Lennon, Group Chief Financial Officer.

DISCLAIMER – FORWARD LOOKING STATEMENTS

This Result Summary and the 2021 Full Year Results Management Discussion & 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) the risks and uncertainties associated with the ongoing impacts of COVID-19, changes to the Australian and global economic environment and capital market conditions, changes to the operating and regulatory environment of the Group and changes to the financial position or performance of the Group. Further information is contained in the Group’s Annual Financial Report for the 2021 financial year, available at www.nab.com.au.