



National  
Australia  
Bank

# NAB DEBT INVESTOR UPDATE

May 2020

© 2020 National Australia Bank Limited ABN 12 004 044 937 (NAB or the Company). NAB Group is NAB and its controlled entities.

# KEY MESSAGES

---

**Sound underlying performance but COVID-19 impact at Group level**

**Outlook impacted by unprecedented environment**

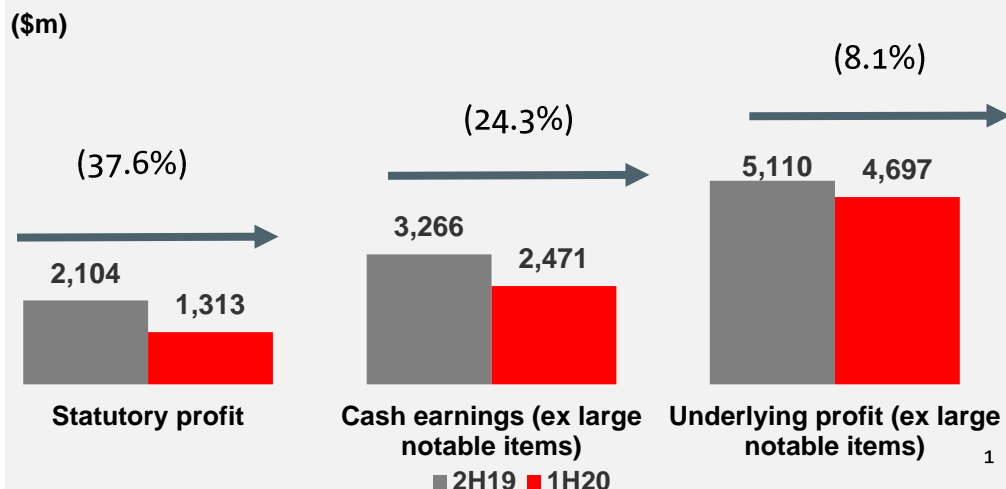
**Decisive action for uncertain times ahead**

**Rapid response to support customers and colleagues**

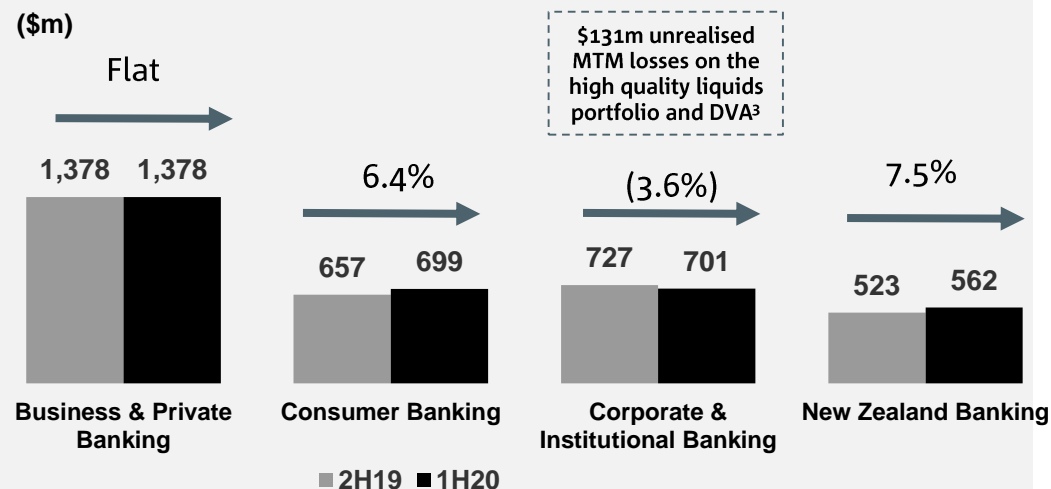
**Focused on future opportunities**

# SOUND DIVISIONAL PERFORMANCES BUT COVID-19 IMPACT AT GROUP LEVEL

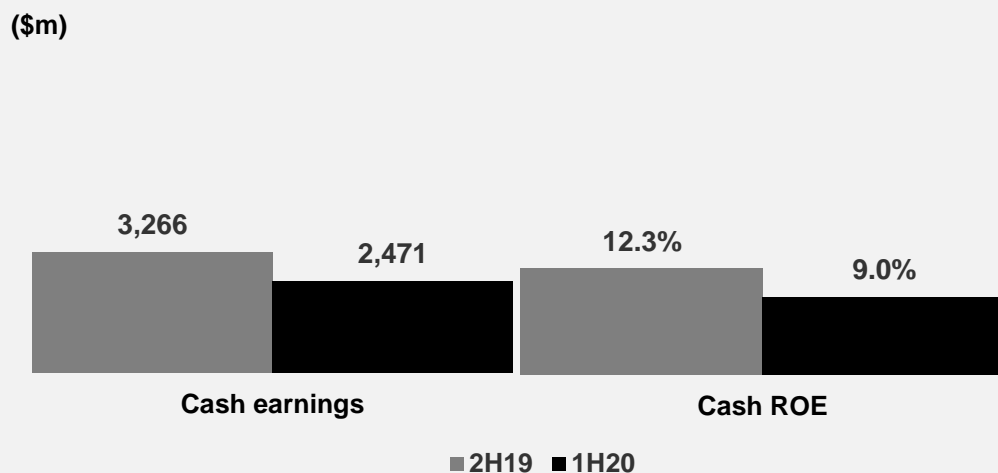
## GROUP EARNINGS



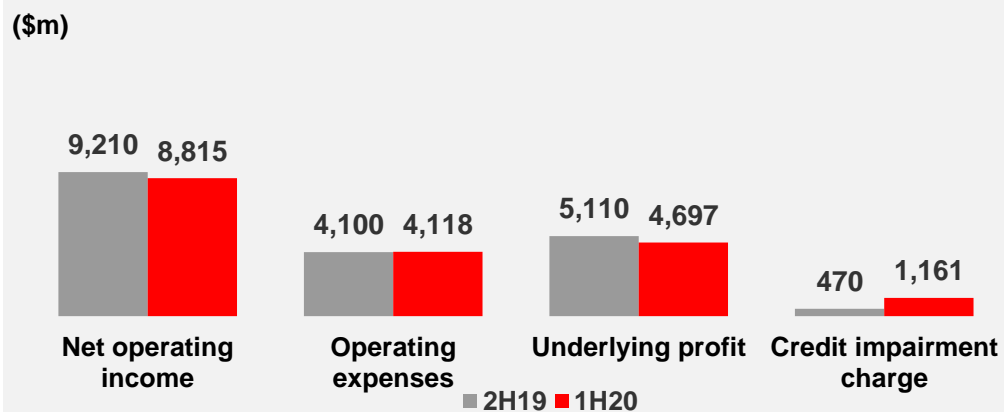
## DIVISIONAL EARNINGS<sup>2</sup>



## CASH EARNINGS AND ROE (EX LARGE NOTABLE ITEMS)



## GROWTH BY KEY FINANCIAL INDICATORS (EX LARGE NOTABLE ITEMS)



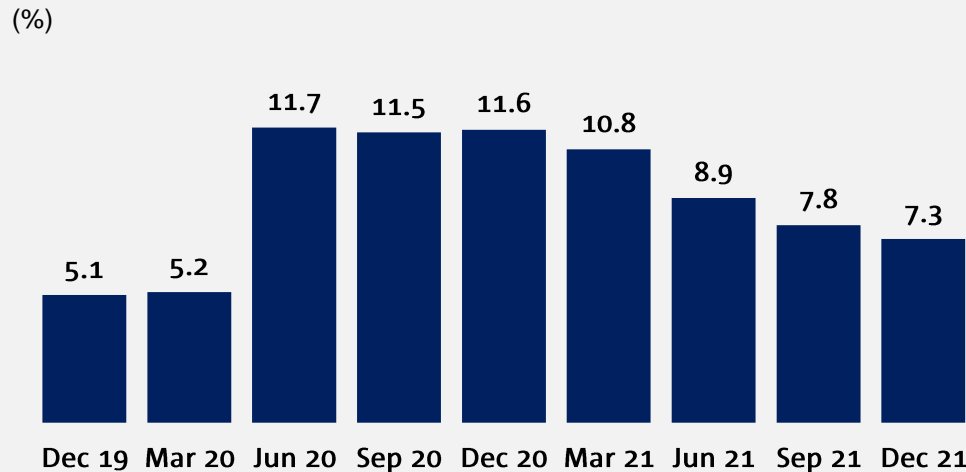
- (1) Refer to page 104 of NAB's 2020 Half Year Investor Presentation for definition of cash earnings and reconciliation to statutory profit  
 (2) Results in local currency. Divisional earnings exclude increase in forward looking collective provision economic adjustment  
 (3) Pre-tax impact in 1H20

# UNCERTAIN ECONOMIC OUTLOOK

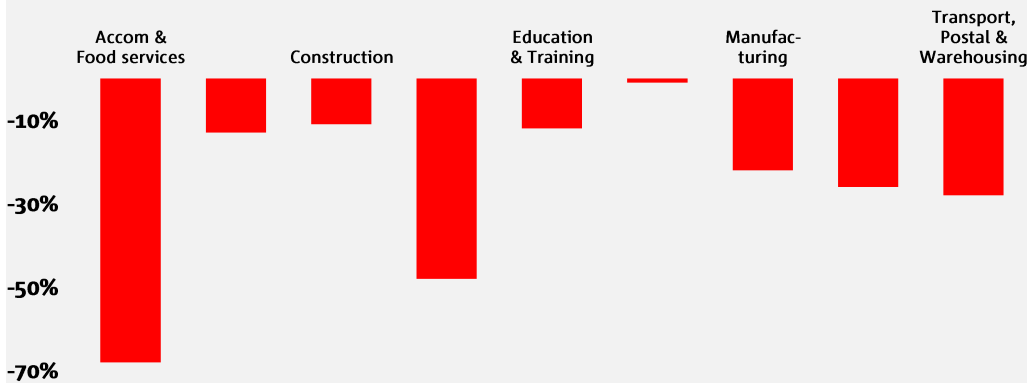
## COMMENTS

- Efforts to contain COVID-19 have had an unprecedented impact on the economy
- Duration and magnitude of impact highly uncertain – depends on the timing and phasing of the recovery and the effectiveness of government support
- Expect unemployment to rise sharply to 11.7% by June and progressively reduce in 2021<sup>1</sup>
- GDP expected to rebound in Q4 but some sectors will face longer term impacts and structural change

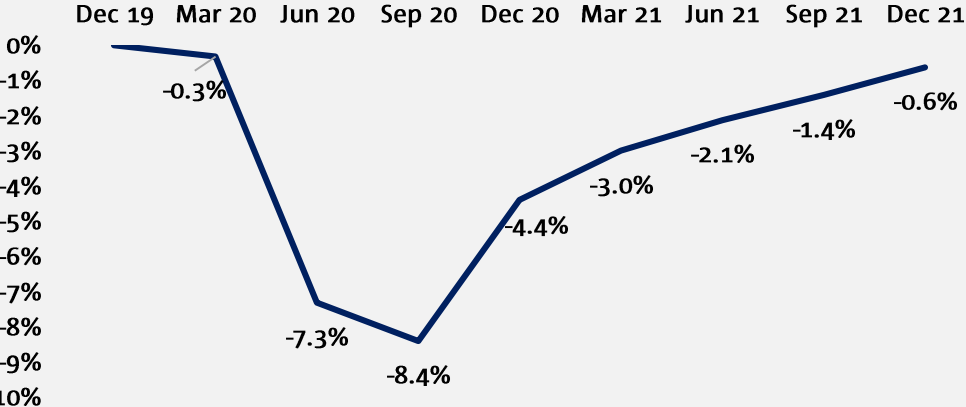
## UNEMPLOYMENT TO PEAK IN MID-2020<sup>1</sup>



## PAYMENT INFLOWS INTO NAB MERCHANTS – APRIL YOY<sup>2</sup>



## GDP BACK TO 'PRE COVID-19' LEVELS BY EARLY 2022<sup>3</sup>



(1) Source: NAB Economics – Mar-20 onwards represents forecasts  
 (2) Represents change in payment inflows by industry for the month of April 2020 compared to April 2019. April 2020 data extrapolated based on actuals to 19 April 2020. Payment Inflows are credits to a NAB merchant's account that are not financing credits from NAB or a transfer from related accounts  
 (3) Chart shows forecast GDP levels indexed to actual Dec-19 GDP. Forecasts are from NAB Economics

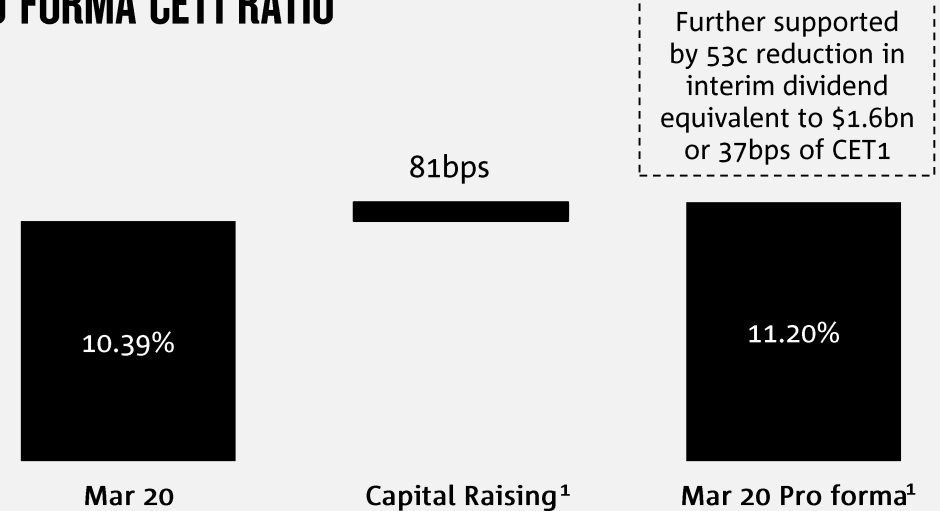


# DECISIVE ACTION FOR UNCERTAIN TIMES AHEAD

## CAPITAL RAISING

- Underwritten \$3bn institutional placement and non-underwritten share purchase plan targeting to raise approximately \$500m
- Provides a CET1 buffer in an uncertain environment and enables continued support for customers
- Sizing seeks to provide buffer to assist with credit losses and RWA increases which could occur under a range of scenarios including a severe and prolonged downturn
- Strong capital position post capital raising, with a pro forma CET1 of 11.20%<sup>1</sup>

## PRO FORMA CET1 RATIO

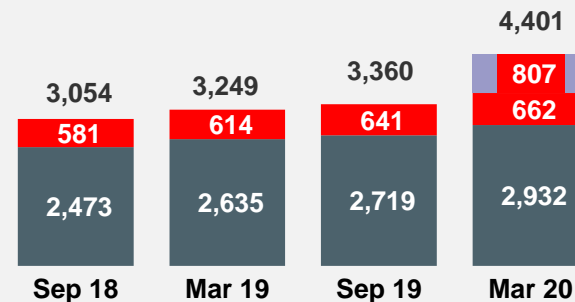


## DIVIDEND SETTINGS

- 30c Interim dividend, fully franked, reflecting a payout ratio of 35%<sup>2</sup>
- Difficult decision which reflects a balance between returning capital to our shareholders and retaining a strong balance sheet in this environment
- DRP open, 0% discount
- Currently expect to continue to pay a dividend but Board decision will be subject to regulatory requirements, the environment and performance at the time

## PROVISIONING STRENGTHENED

Collective provision balances (\$m)



- Economic Adjustment top-up (COVID-19) of \$807m
- Total EA balance \$1,473m, 33% of CP

(1) Assumes \$3bn placement and \$500m raised under share purchase plan

(2) Excluding large notable items

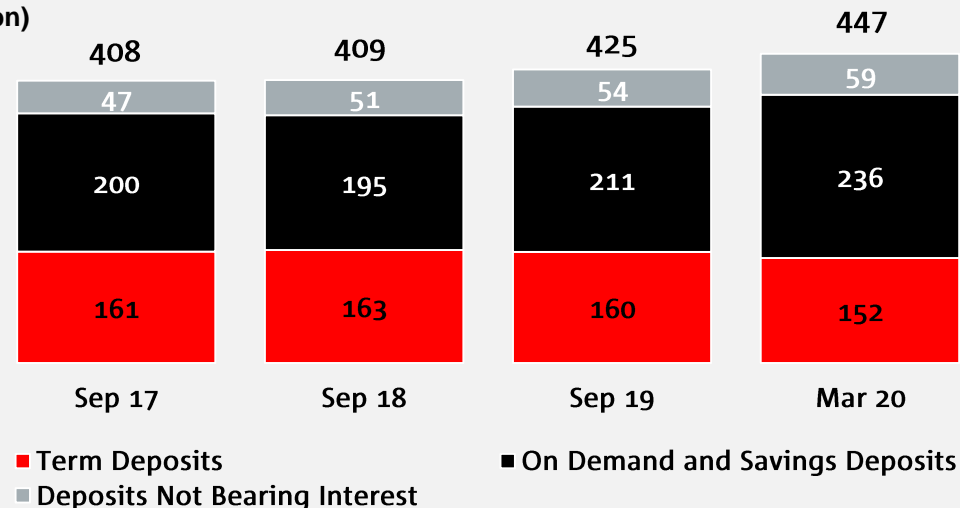
# FUNDING AND LIQUIDITY POSITION IS STRONG

## KEY MESSAGES

- Liquidity Coverage Ratio (136%)<sup>1</sup> and Net Stable Funding Ratio (116%) well above regulatory minimums
- Approved CLF of \$55.1bn for 2020
- \$12.2bn of term wholesale funding issued in 1H20, including \$2.5bn of subordinated debt<sup>2</sup>
- Strong deposit inflows since market volatility emerged, particularly from Corporate & Institutional customers
- RBA Term Funding Facility provides flexibility to manage refinancing risk
- High Quality Liquid Assets increased

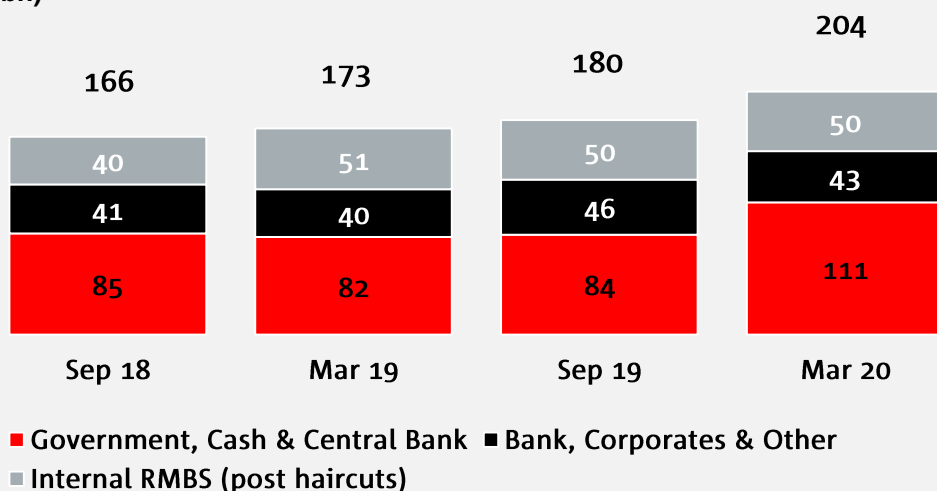
## DEPOSIT PORTFOLIO

(\$bn)

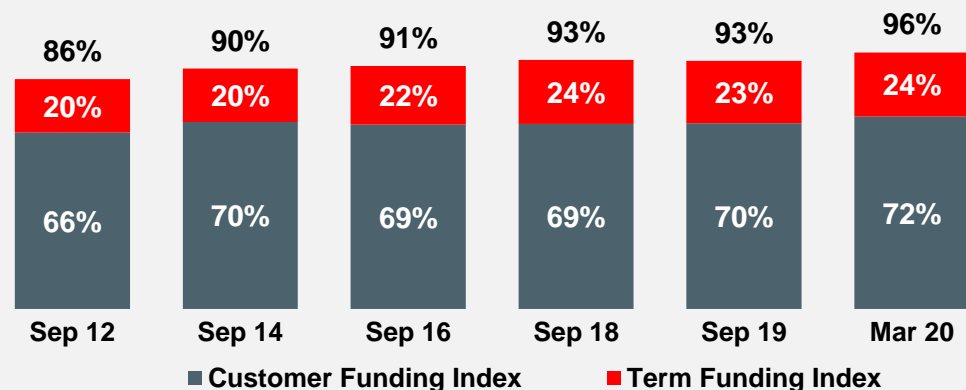


## LIQUID ASSET PORTFOLIO

(\$bn)



## GROUP STABLE FUNDING INDEX (SFI)

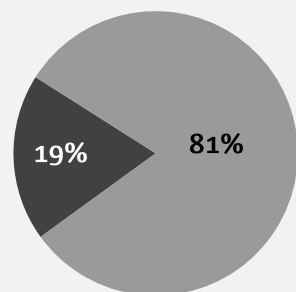


(1) Quarterly average  
 (2) Excludes Additional Tier 1

# SUPPORTING OUR COLLEAGUES AND OUR CUSTOMERS

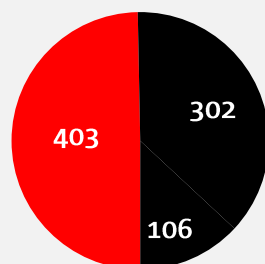
## OUR COLLEAGUES<sup>1</sup>

81% working remotely  
(> 32,000 Group headcount)



■ On premise ■ Remote

811 front line reassignments<sup>2</sup>



■ Operations & NAB Assist  
■ Consumer Banking  
■ Business & Private

- >1,250 customer-facing business colleagues have attended webinars on supportive customer conversations, and personal health and well-being
- >350 retail colleagues trained in Learning Hubs (temporarily closed branches) to support customers using different channels – e.g. online chat and customer calls
- Up to 10 business days pandemic leave available to all NAB colleagues

## OUR CUSTOMERS<sup>1</sup>

>1.5m Visits to our COVID-19 online support sites

>650k Inbound calls taken from business and consumer customers

REPAYMENT DEFERRALS<sup>2</sup>  
AS AT 17 APRIL 2020

APPROVED  
TO DATE

\$ BALANCES



Home loans<sup>3</sup>

>70k

\$26.5bn



Business loans<sup>4</sup>

>34k

\$17.4bn

>1.5k

NAB Business Support Loans approved (>\$150m) with NAB participating in the Government's SME guarantee scheme

>1.7m

Credit Card & Personal Loan accounts<sup>2</sup>

Offered reduction in minimum monthly repayment amount, late payment fee waiver and reduced credit card interest rate

(1) All figures as at 17 April 2020, includes BNZ unless otherwise stated

(2) Excludes BNZ

(3) Excludes NAB branded Interest Only home loans, temporarily unavailable due to automation of capture process. Includes all Advantagede loans.

(4) B&PB and NAB Corporate business accounts, including products such as leases. Customers may have a number of accounts.

# AUSTRALIAN GOVERNMENT ECONOMIC RESPONSE TO COVID-19<sup>1</sup>

## OVERVIEW

- Closed borders 20 March 2020.
- Social distancing and lockdown measures commenced 22 March 2020.
- Easing of restrictions for some Australian states from 1 May 2020.
- Total Government support of \$320bn, representing 16.4% of annual GDP.

## SUPPORTING FLOW OF CREDIT<sup>2</sup>

- Temporary exemption from responsible lending obligations for lenders providing credit to small businesses.
- Term Funding Facility for the banking system (refer slide 41).
- Australian Office of Financial Management (AOFM) \$15bn to invest in structured finance markets used by smaller lenders to support securitisations and warehouse facilities.
- RBA reduced cash rate to 0.25% in March 2020, and is taking active steps to target a 0.25% yield on 3-year Australian Government Securities.

## SUPPORTING HOUSEHOLDS<sup>2</sup>

- JobSeeker payment - financial help for unemployed people between 22 and Age Pension age, looking for work.
- JobKeeper payment - cover the costs of employees' wages for businesses impacted by COVID-19.
- Two \$750 payments to social security, veteran and other income support recipients and eligible concession card holders.
- Temporary early release of superannuation up to \$10,000 in 2019-20 and a further \$10,000 in 2020-21.
- A 0.75bps reduction in both the upper and lower social security deeming rates, benefiting ~900,000 income support recipients.

## SUPPORTING BUSINESSES<sup>2</sup>

- JobKeeper payment - \$130bn allocated for businesses to claim a fortnightly payment of \$1,500 per eligible employee.
- Temporarily cash flow support of up to \$100,000 for eligible SMEs and not-for-profits that employ staff.
- Temporarily increase of threshold that creditors can issue a statutory demand, and the time companies have to respond.
- Increasing instant asset write-off threshold from \$30,000 to \$150,000 and expanding access.
- Time limited 15 month investment incentive (to 30 June 2021) by accelerating depreciation deductions.

(1) As at 7 May 2020

(2) Information taken from the Australian Government Federal Treasury, 'Economic Response to the Coronavirus' <https://treasury.gov.au/coronavirus> as at 7 May 2020.



# TECHNOLOGY FOUNDATIONS ENABLED RAPID RESPONSE

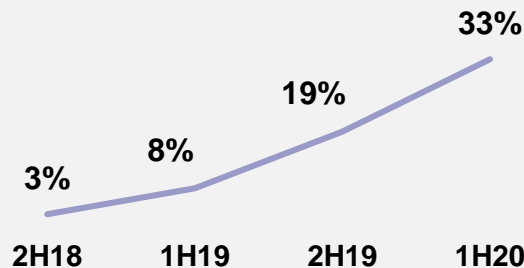
~5,000 → >30,000 colleagues<sup>1</sup> working remotely within **3 weeks**  
 30% → 98% operations colleagues<sup>2</sup> working remotely within **5 days**  
 0 → >25,000 COVID-19 related requests submitted online within first **7 days**

Critical technology reliability and security vigilance maintained throughout

## UNDERLYING INFRASTRUCTURE

- Physical networks redesigned in FY19 and enabled significant scale-up in capacity
- 33% of applications migrated to cloud and cloud capability critical to rapid increase in remote working
- Cloud-based deployment of patches secures colleagues working from home

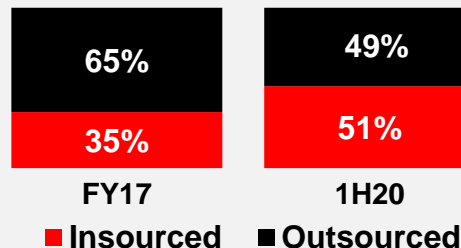
### Applications migrated to cloud



## INSOURCING CONTROL

- Strategic investment in insourcing technical expertise, now >50% in-house
- 42% reduction in key vendor infrastructure run costs since FY16
- Strategically insourced capabilities include; networks services and workplace technology

### Sourcing of technical FTE



## OUR PEOPLE AND TOOLS

- Strong skilled leaders making quick autonomous decisions
- Security tools allowing us to better repel COVID-19 related cyber threats<sup>3</sup>, now accounting for ~10-15% of daily security alerts
- All colleagues have remote access to cloud-based collaboration tools (Workplace and Microsoft Teams)
- Cloud-based digitisation tools enabled COVID-19 eforms to go live in <72hours



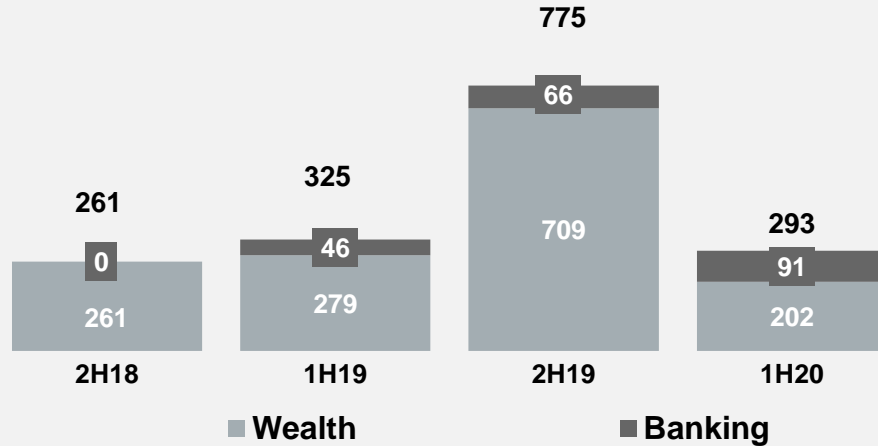
**Request support online**

(1) Includes all NAB and BNZ headcount  
 (2) Australian Business and Consumer operations, excludes Corporate & Institutional and BNZ  
 (3) Examples include malicious COVID-19 titled emails sent to colleagues and phishing related websites targeting customers

# LARGE NOTABLE ITEMS

## CUSTOMER-RELATED REMEDIATION PROVISION CHARGES<sup>1</sup>

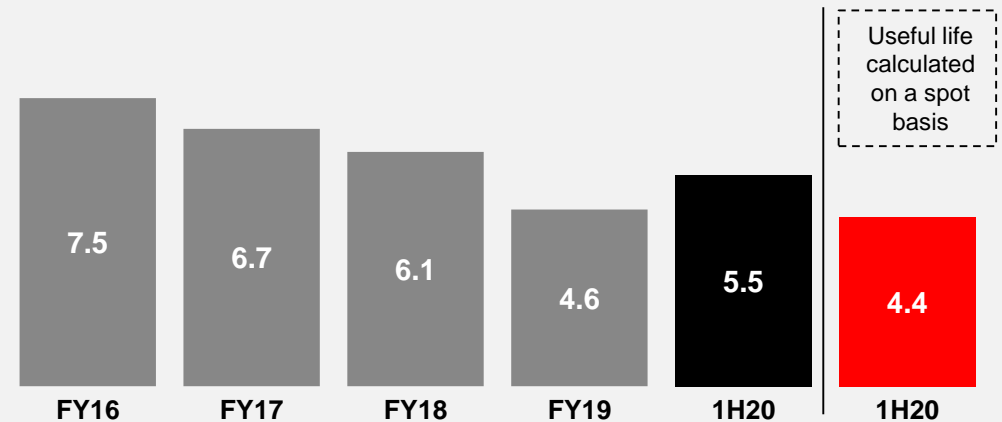
(\$m)



## CAPITALISED SOFTWARE POLICY CHANGE

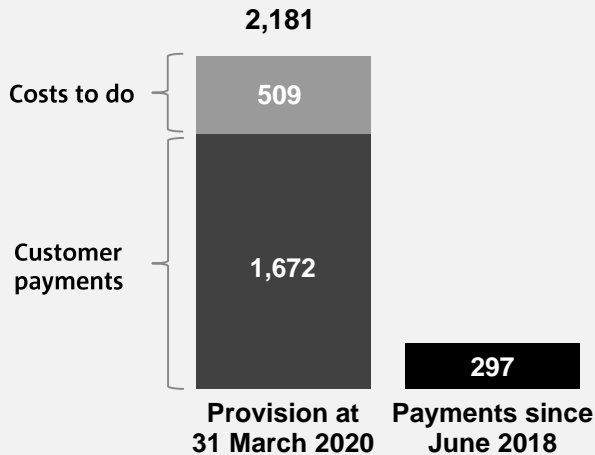
- Minimum threshold at which software is to be capitalised increased from \$2 million to \$5 million
- Reflects a change in approach to managing projects which is intended to uplift business accountability for projects less than \$5 million
- Policy change results in an implied useful life on a 'go forward' basis of 4.4 years

Average implied useful life of software<sup>2</sup>



## PROVISIONING AND UTILISATION

(\$m)



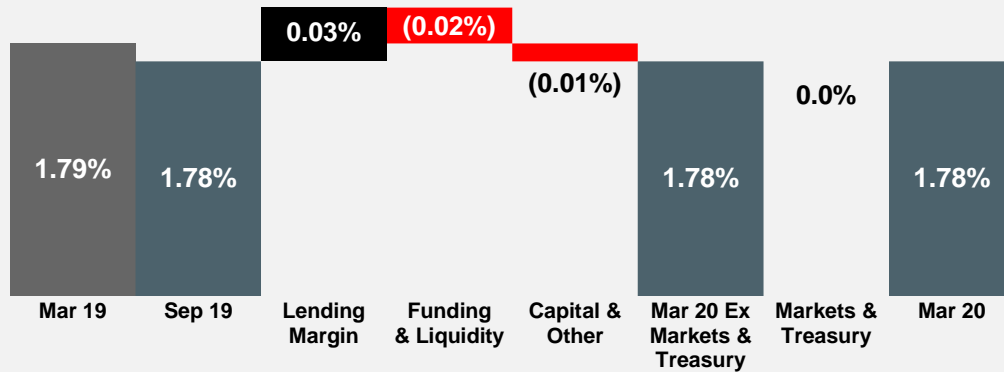
- >1,000 people dedicated to remediation activities across NAB and MLC Wealth
- ~561k payments made to customers since June 2018 at a total value of \$297m

(1) Charges are post-tax and exclude amounts taken through discontinued operations.

(2) Calculated using the average capitalised software balance for the period divided by an annualised amortisation charge excluding accelerated amortisation for FY19 and 1H20.

# NET INTEREST MARGIN

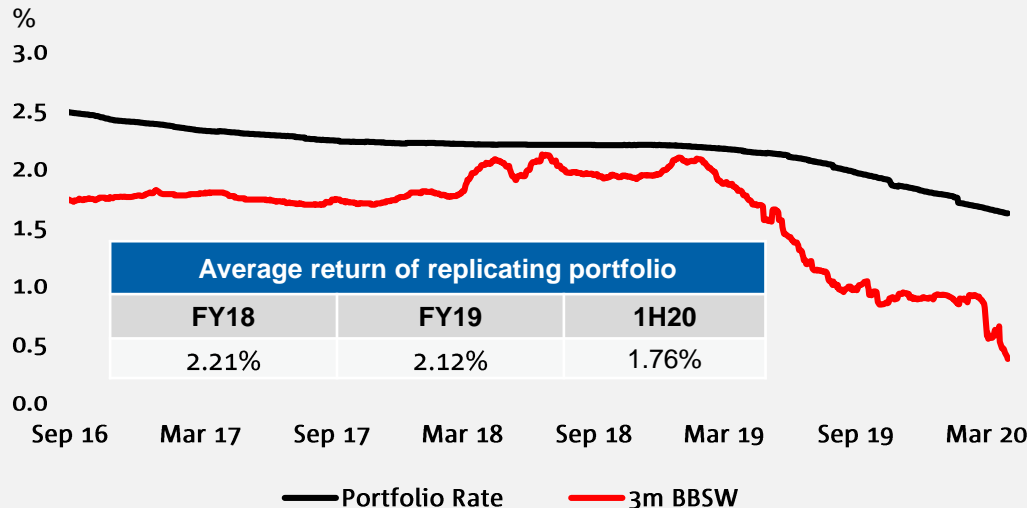
## NET INTEREST MARGIN



## KEY CONSIDERATIONS

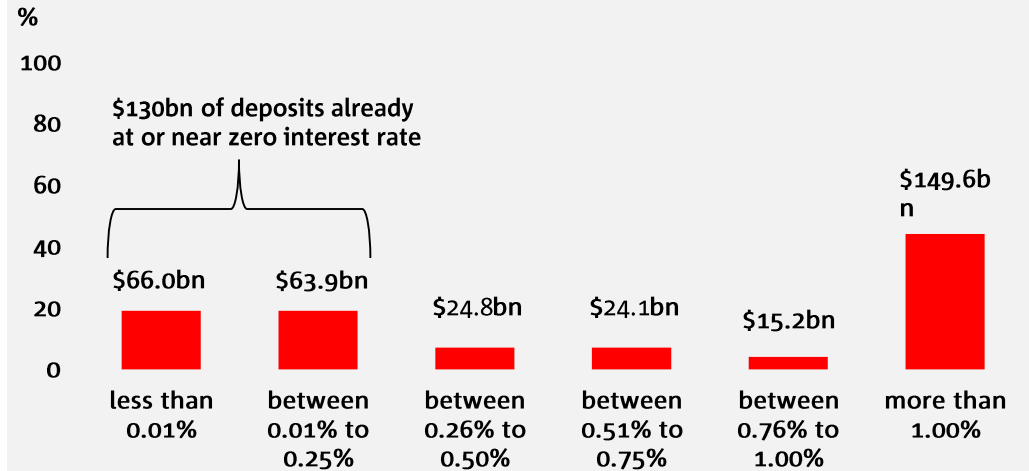
- 2H20 impact from low rate environment in Australia and NZ expected to be ~5bps HoH including replicating portfolio
- \$75bn replicating portfolio provides 3.6 year average hedge for capital (\$36bn) and low rate deposits (\$39bn); current swap rates ~125bps below portfolio rate
- Term deposits portfolio costs trending higher
- Access to TFF provides funding benefit over time
- Domestic short term wholesale funding costs at historic lows

## CAPITAL & DEPOSIT HEDGES – REPLICATING PORTFOLIOS<sup>1</sup>



(1) Blended replicating portfolio earnings rate (Australia only). Replicating portfolio includes capital and non-interest bearing deposits  
 (2) Australia only, as at 31 March 2020. Customer deposits exclude home loan offsets

## CUSTOMER DEPOSITS BY INTEREST RATE<sup>2</sup>

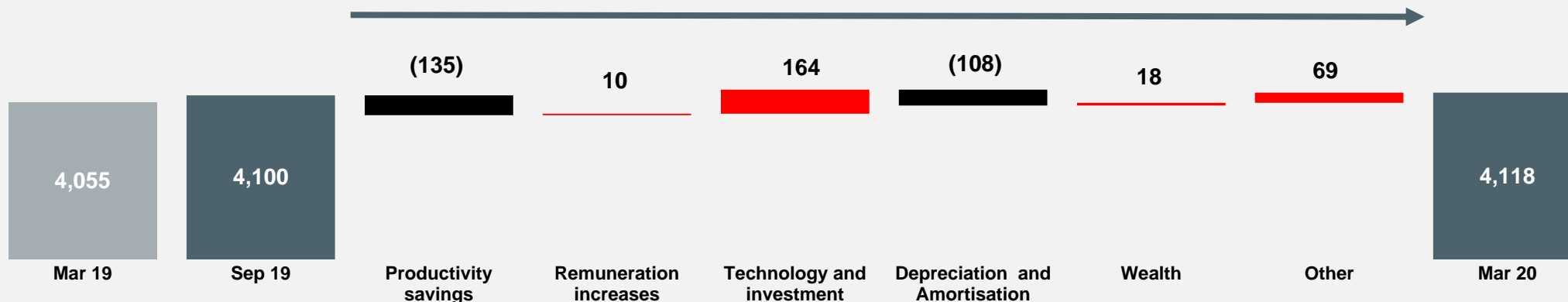


# OPERATING EXPENSES

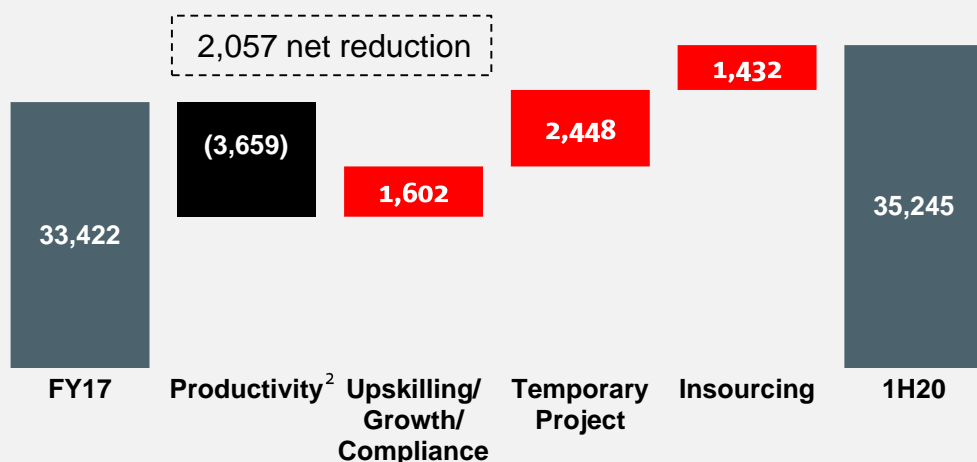
## OPERATING EXPENSES (EX LARGE NOTABLE ITEMS)

(\$m)

HoH expense growth 0.4% (PCP 1.6%)



## CUMULATIVE FTE CHANGE SINCE SEP 17



## FTE & OTHER CONSIDERATIONS<sup>1</sup>

- 1H20 productivity impacted by restructuring freeze for bushfires & COVID-19, plus hires in technology, operations and risk
- Upskilling/Growth/Compliance hires unlikely to increase
- Unlikely to achieve FY20 cumulative target of 4,000 FTE reduction by end FY20, but further opportunities exist into FY21
- Continue to target FY20 project investment spend of \$1.4-1.5bn (1H20 \$751m)

(1) Refer to key risks, qualifications and assumptions in relation for forward-looking statements on page 107

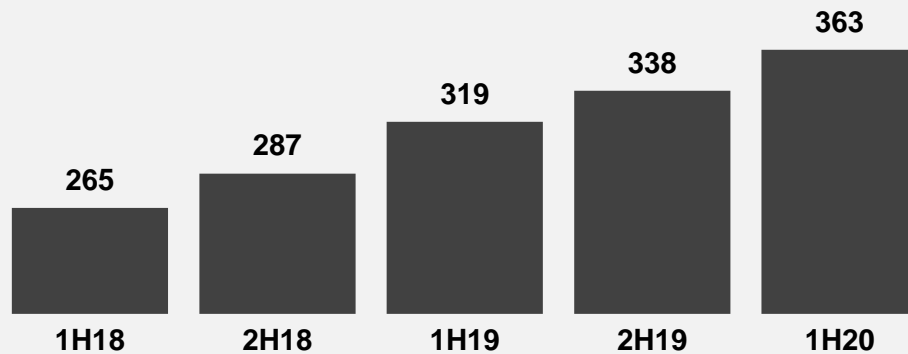
(2) Represents net of FTE simplification offset by BAU hires

# EVERYDAY CONSUMER DIGITAL EXPERIENCE AND SALES

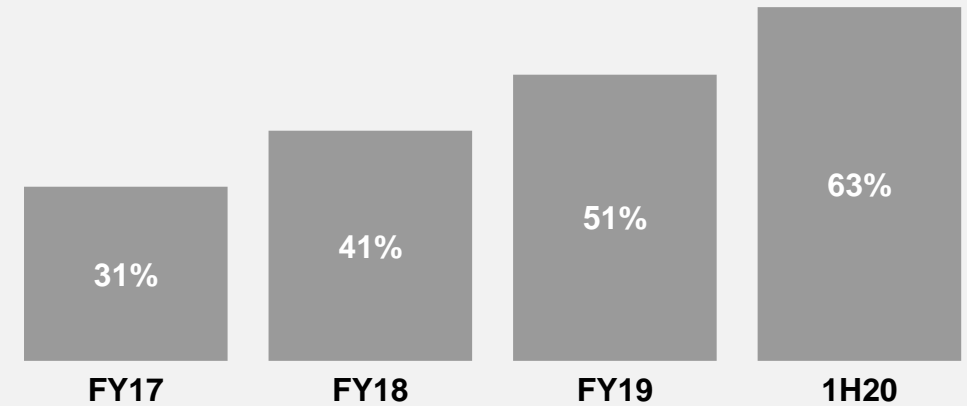
## MOBILE LOGINS

(m)

# LOGINS



## SIMPLE CONSUMER PRODUCT SALES VIA DIGITAL<sup>1</sup>



## MODIFY HOME LOAN REPAYMENTS ONLINE

- Edit Repayment functionality gives customers the ability to modify home loan repayments in real-time
- Allows changes to both amount and frequency of repayments

ⓘ You are contracted to pay \$1200 per month. Your next instalment date is 19 June 2020.

**FREQUENCY**

Frequency Monthly >

---

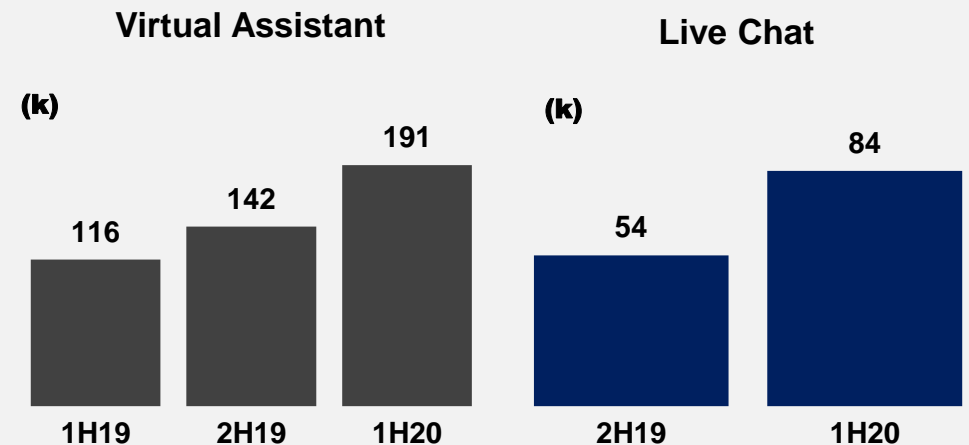
**AMOUNT**

Minimum Amount \$1200.00

Other Amount

Next

## INCREASING UPTAKE OF ONLINE CHAT CAPABILITIES

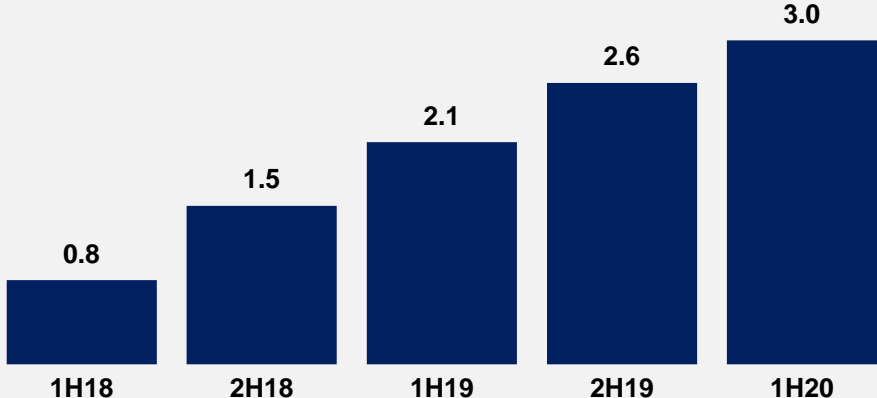


(1) Simple consumer product sales includes the opening of savings and transaction accounts, personal loans and credit cards across all segments and channels

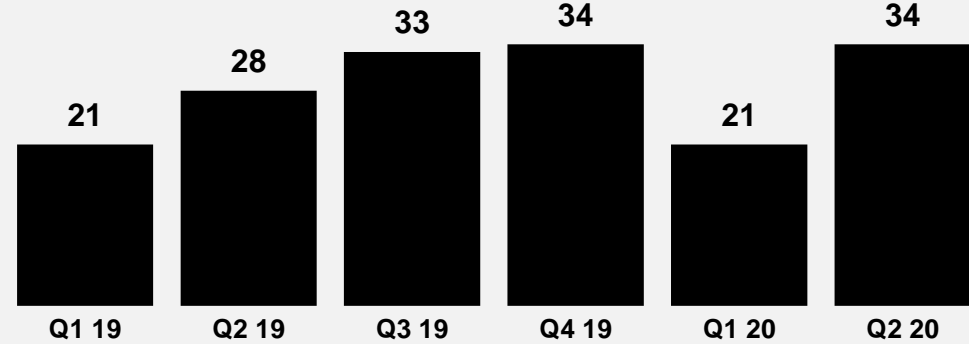
# DIGITAL EXPERIENCE FOR OUR BUSINESS CUSTOMERS

## NAB CONNECT APP LOGINS

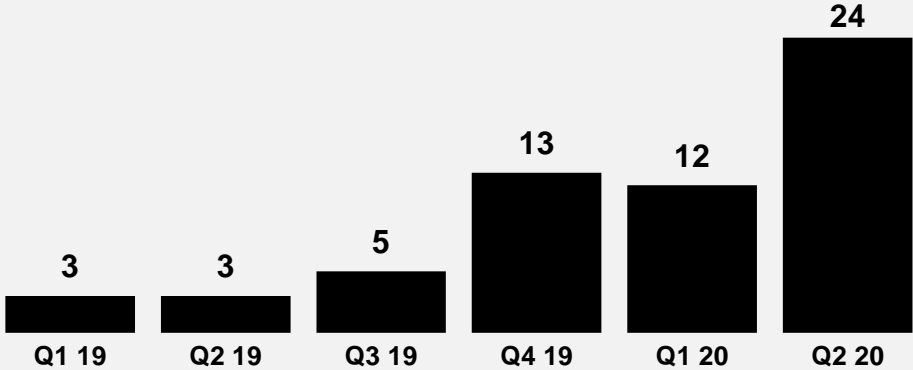
(m)



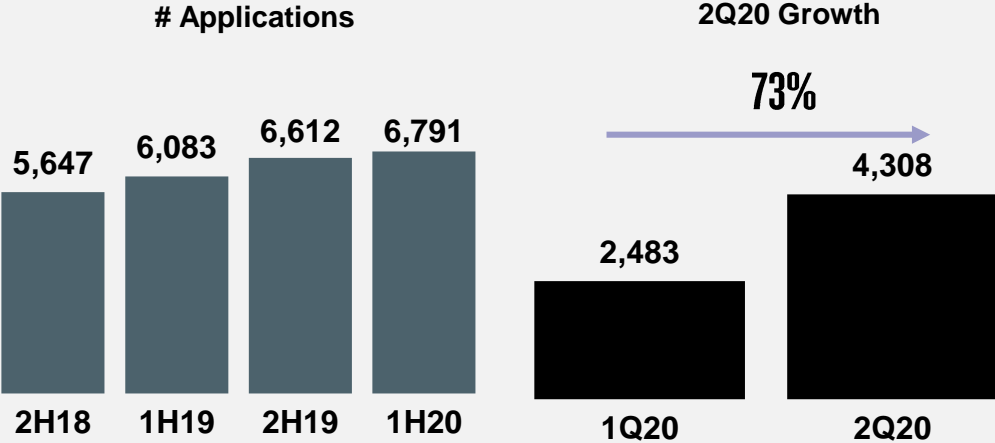
## NAB CONNECT APP FOR BUSINESS CUSTOMERS NPS<sup>1</sup>



## INTERNET BANKING FOR BUSINESS CUSTOMERS NPS<sup>1</sup> (NAB CONNECT)



## QUICKBIZ APPLICATION GROWTH



(1) 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



# WE HAVE OPPORTUNITIES TO GROW OUR CORE BUSINESSES

## OUR KEY AREAS OF FUTURE FOCUS

BUSINESS & PRIVATE BANKING	CORPORATE & INSTITUTIONAL BANKING	PERSONAL BANKING	BNZ	UBANK
<p><i>Clear market leadership<sup>1</sup></i></p> <p>Core of the NAB Group</p> <p>Industry-leading relationship bankers, enabled by data</p> <p>Integrated HNW proposition</p>	<p><i>Disciplined growth</i></p> <p>Highly professional relationship managers and specialists</p> <p>Leadership in infrastructure, investors, sustainability</p> <p>Enhanced transactional banking and asset distribution capability</p>	<p><i>Simple &amp; digital</i></p> <p>Radically simpler with digital-first propositions</p> <p>Easy customer experience</p> <p>One single mortgage experience for NAB</p>	<p><i>Grow in Personal &amp; SME</i></p> <p>Simpler, more focused bank</p> <p>Re-weighted to less capital intense segments</p> <p>Step change in digital banking capability</p>	<p><i>New customer acquisition</i></p> <p>New propositions driving customer acquisition</p> <p>Market leading digital experience</p> <p>Ambition to expand into micro-business</p>

(1) As measured by DBM BFSM market survey

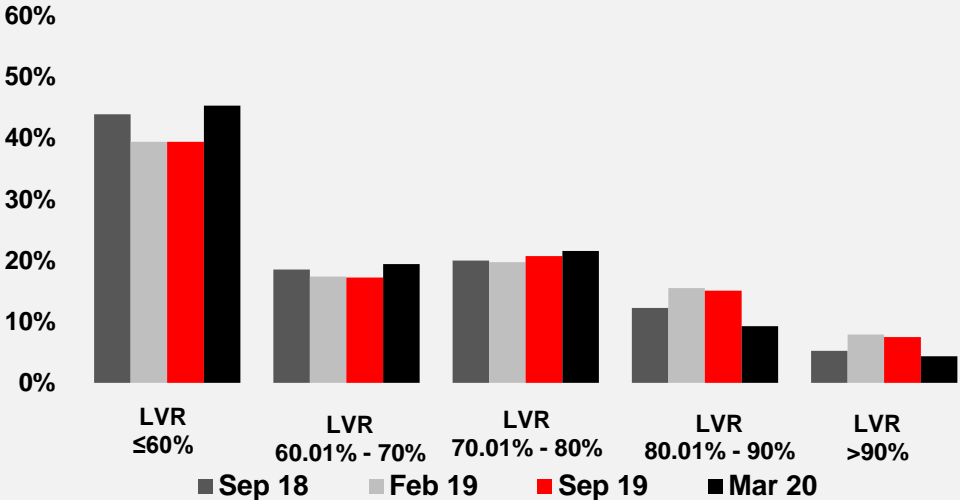
**HOUSING**



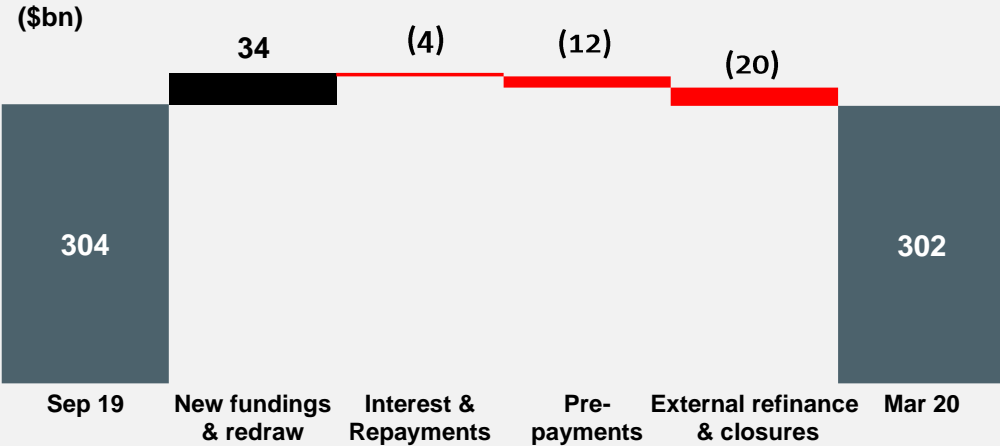


# HOUSING LENDING PORTFOLIO PROFILE

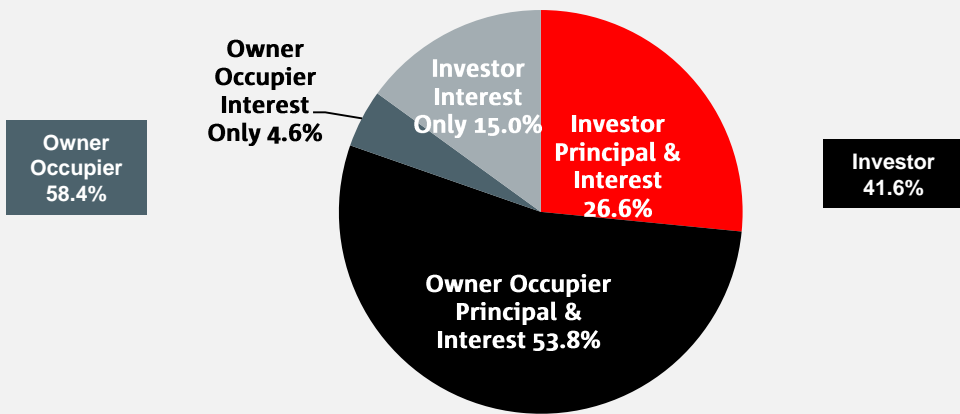
## DYNAMIC LVR BREAKDOWN OF DRAWN BALANCE



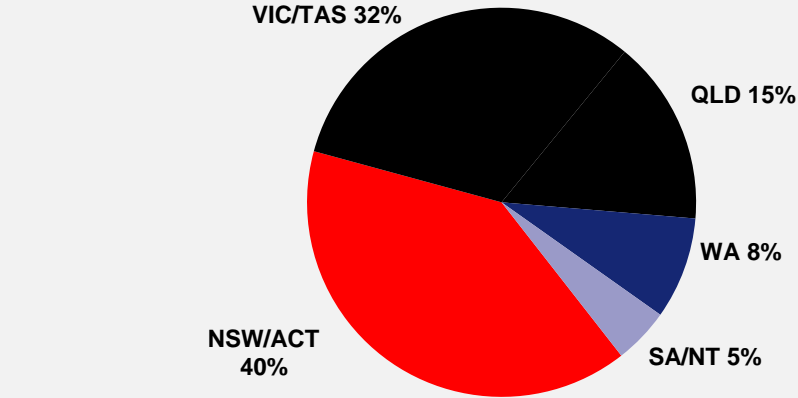
## HOUSING LENDING FLOW MOVEMENTS<sup>1</sup>



## HOUSING LENDING VOLUME BY BORROWER AND REPAYMENT TYPE<sup>2</sup>



## AUSTRALIAN MORTGAGES STATE PROFILE

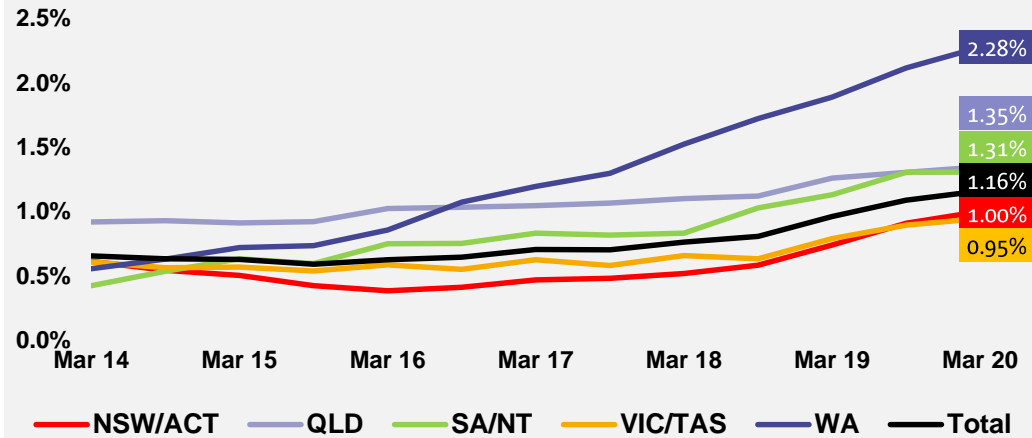


(1) Only includes housing loans to households based on APRA ARF 720.1 reporting definitions, and excludes counterparties such as private trading corporations

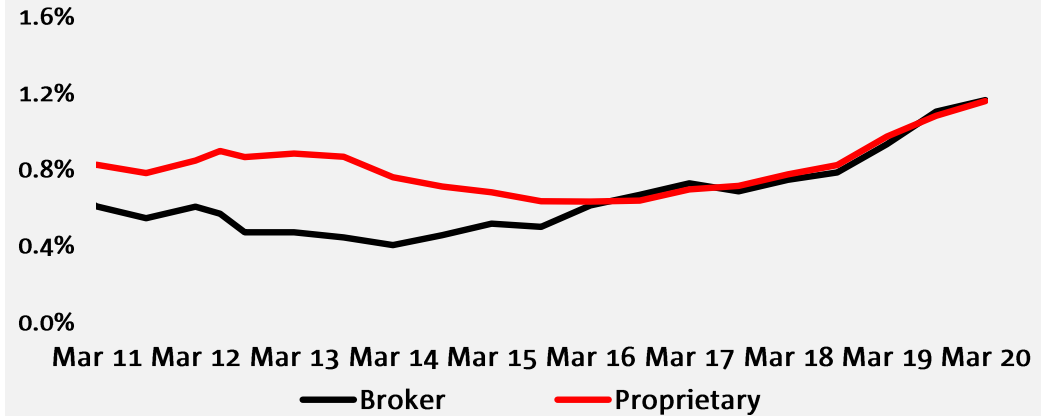


# HOUSING LENDING PORTFOLIO PROFILE

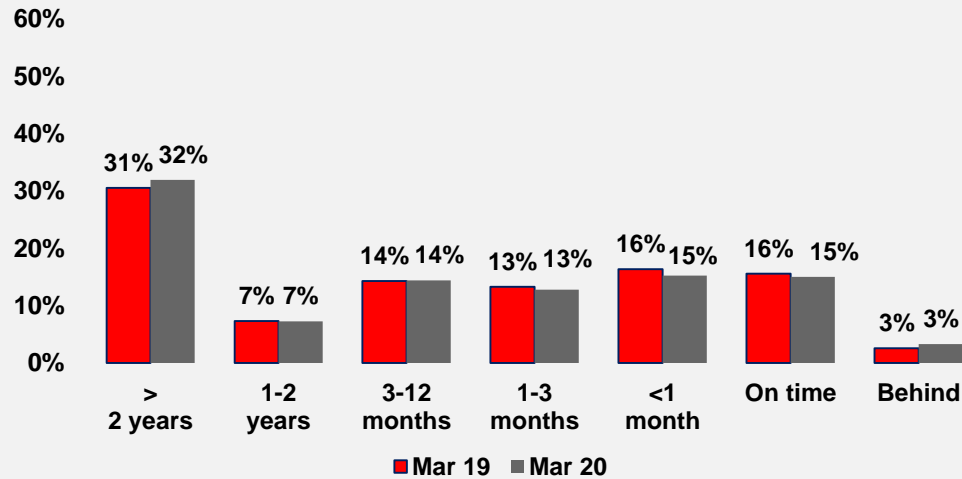
## HOUSING LENDING 90+DPD & GIAs AS % OF GLAs



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

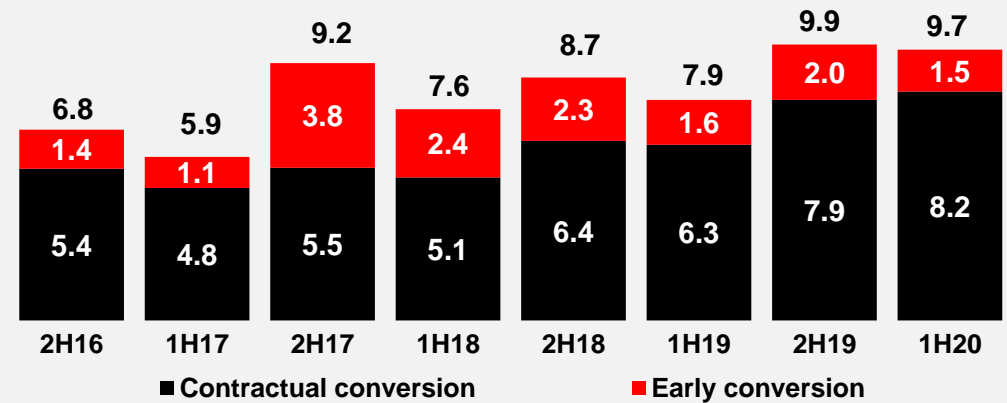


## REPAYMENT BUFFERS<sup>1</sup>



## INTEREST ONLY CONVERSIONS TO P&I

(\$bn)



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

# HOUSING LENDING KEY METRICS<sup>1</sup>

Australian Housing Lending	Sep 18	Mar 19	Sep 19	Mar 20		Mar 19	Sep 19	Mar 20
	<b>Portfolio</b>					<b>Drawdowns<sup>2</sup></b>		
Total Balances (spot) \$bn	303	307	304	302		27	22	27
Average loan size \$'000	306	307	308	309		368	369	389
- Variable rate	72.0%	72.0%	73.5%	75.9%		70.0%	73.0%	78.5%
- Fixed rate	21.1%	21.6%	20.4%	18.3%		28.2%	25.0%	20.4%
- Line of credit	6.9%	6.5%	6.1%	5.8%		1.9%	1.9%	1.1%
By borrower type								
- Owner Occupied <sup>3,4</sup>	59.1%	59.7%	56.9%	58.4%		66.9%	66.3%	67.7%
- Investor <sup>3,4</sup>	40.9%	40.3%	43.1%	41.6%		33.1%	33.7%	32.3%
By channel								
- Proprietary	64.5%	63.6%	63.3%	62.8%		53.8%	56.6%	54.6%
- Broker	35.5%	36.4%	36.7%	37.2%		46.2%	43.4%	45.4%
Interest only <sup>5</sup>	24.5%	22.4%	19.8%	17.2%		24.9%	19.7%	17.4%
Low Documentation	0.5%	0.5%	0.4%	0.4%				
Offset account balance (\$bn)	28.7	29.0	29.0	30.0				
LVR at origination	69.0%	69.0%	69.0%	69.1%				
Dynamic LVR on a drawn balance calculated basis	45.9%	48.0%	47.6%	44.6%				
Customers in advance $\geq 1$ month <sup>6</sup> (including offset facilities)	66.1%	65.5%	66.1%	66.5%				
Avg # of monthly payments in advance <sup>6</sup> (including offset facilities)	33.9	33.7	34.3	36.3				
90+ days past due	0.72%	0.86%	0.98%	1.04%				
Impaired loans	0.09%	0.09%	0.11%	0.12%				
Specific provision coverage ratio	33.7%	31.1%	33.4%	33.3%				
Loss rate <sup>7</sup>	0.02%	0.02%	0.02%	0.02%				
Number of properties in possession	277	291	320	268				
HEM reliance	31%	32%	27%	33%				

(1) Excludes Asia

(2) Drawdowns is defined as new lending excluding limit increases and redraws in the previous six month period

(3) Portfolio sourced from APRA Monthly Banking Statistics, Sep-19 restated to align with definitions of the APRA Monthly Authorised Deposit-taking Institution statistics

(4) Drawdowns sourced from management data

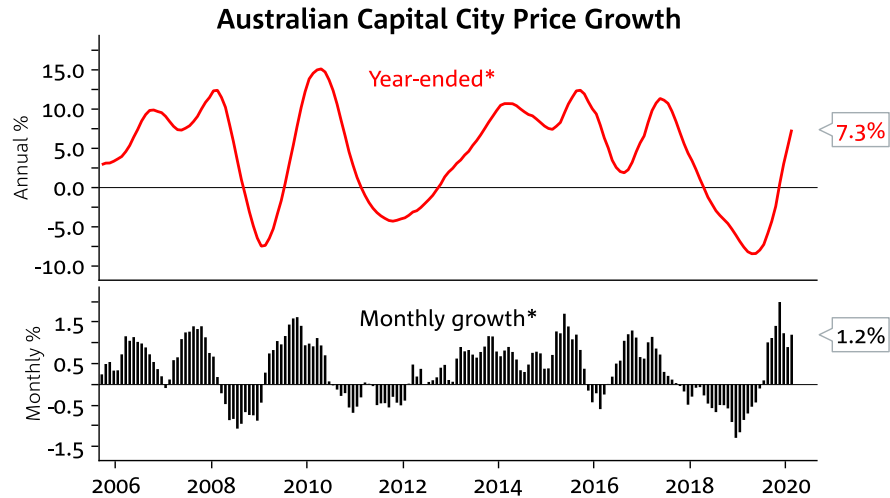
(5) Excludes line of credit products

(6) Excludes Advantedge and line of credit

(7) 12 month rolling Net Write-offs / Spot Drawn Balances

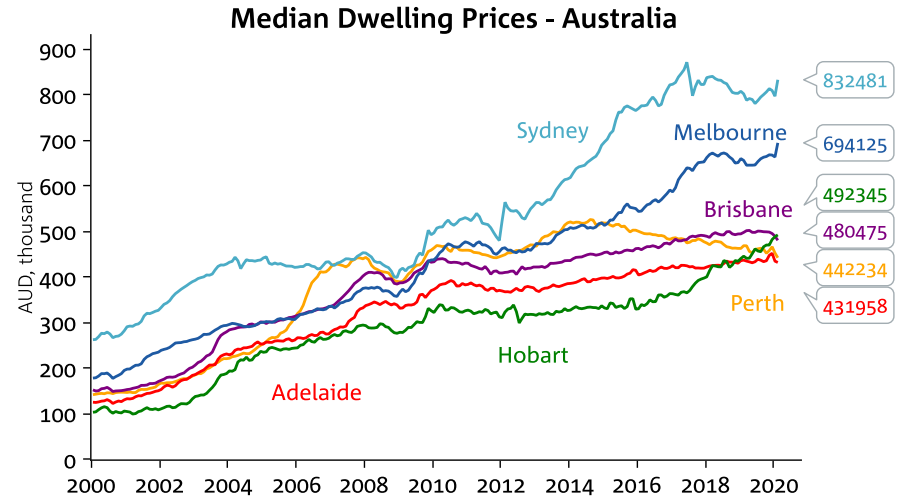
# HOUSE PRICES ARE LIKELY TO FALL 10 TO 15%

## HOUSE PRICES HAD RECOVERED EARLIER SHARP DECLINES



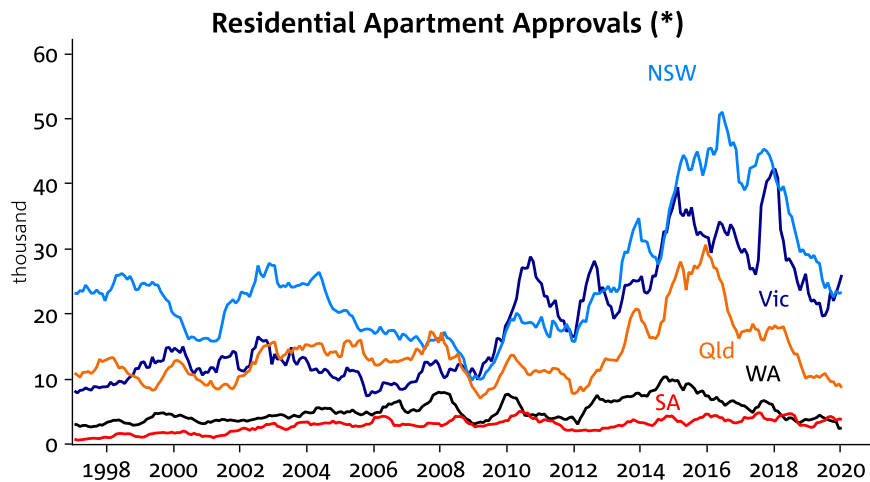
Source: National Australia Bank, CoreLogic

## SYDNEY AND MELBOURNE DRIVING TRENDS



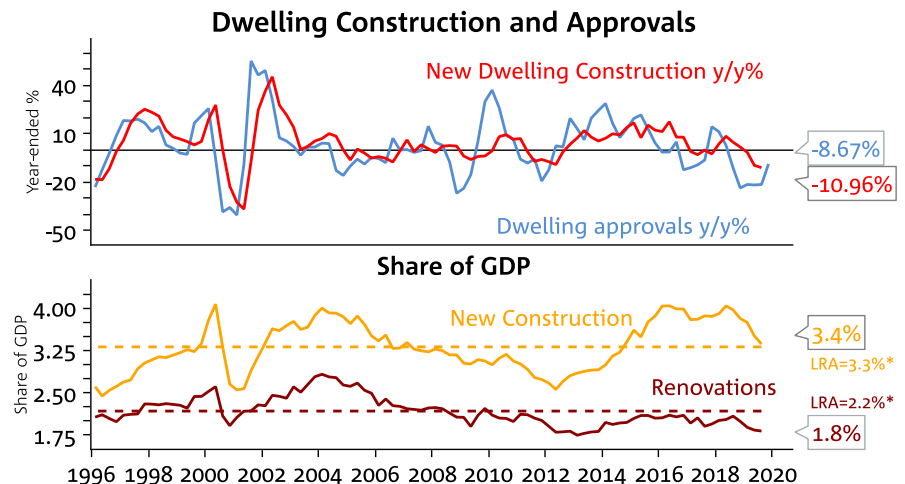
Source: National Australia Bank, CoreLogic

## APPROVALS WERE BEGINNING TO BOTTOM IN SOME PLACES

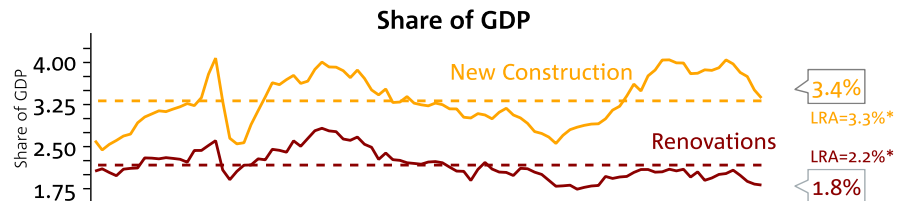


Source: National Australia Bank, Macrobond (\*) Also includes public sector approvals. Smoothed, annualised rates.

## CONSTRUCTION WEAKNESS TO EXTEND AS PRICES FALL

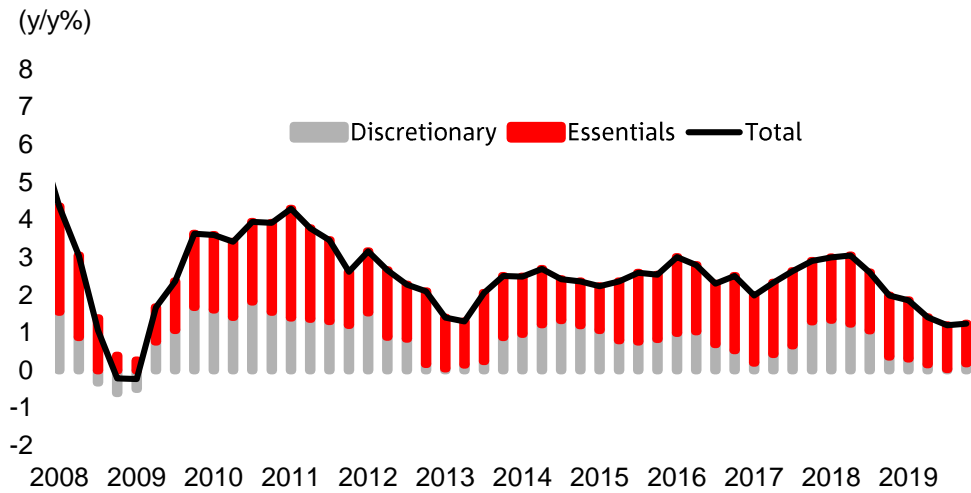


\* Long run average since 1996  
Source: National Australia Bank, Macrobond



# HOUSEHOLD SPENDING SUBDUED AND DEBT REMAINS HIGH

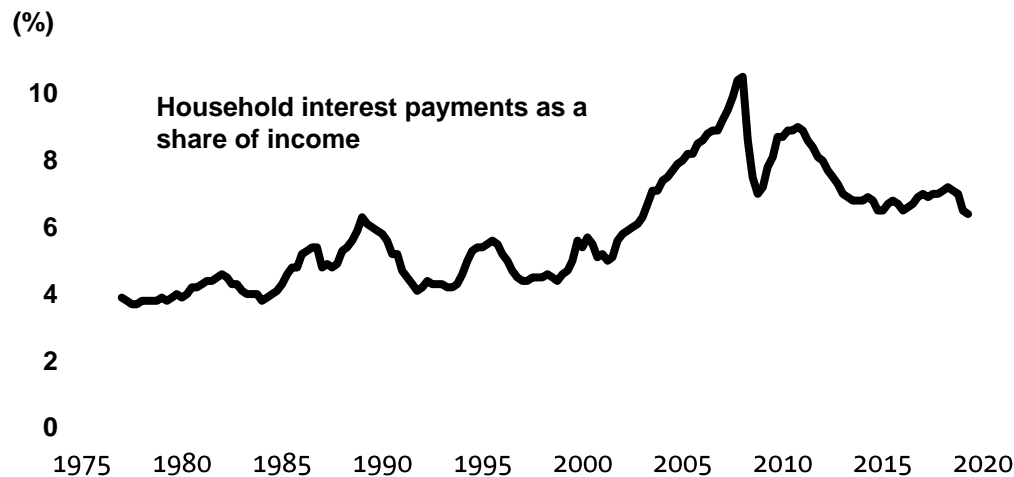
## HOUSEHOLD CONSUMPTION TO REMAIN SOFT<sup>1</sup>



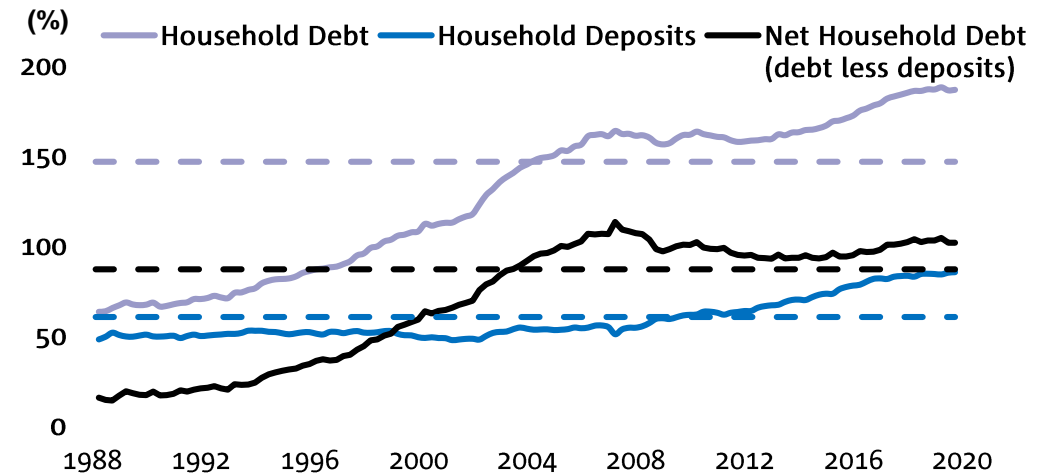
## PRIVATE WAGE GROWTH SUBDUED<sup>2</sup>



## HOUSEHOLD INTEREST PAYMENTS<sup>3</sup>



## HOUSEHOLD DEBT AND DEPOSITS<sup>4</sup>



\* Dotted lines are post inflation targeting averages; all metrics represented as a share of household income

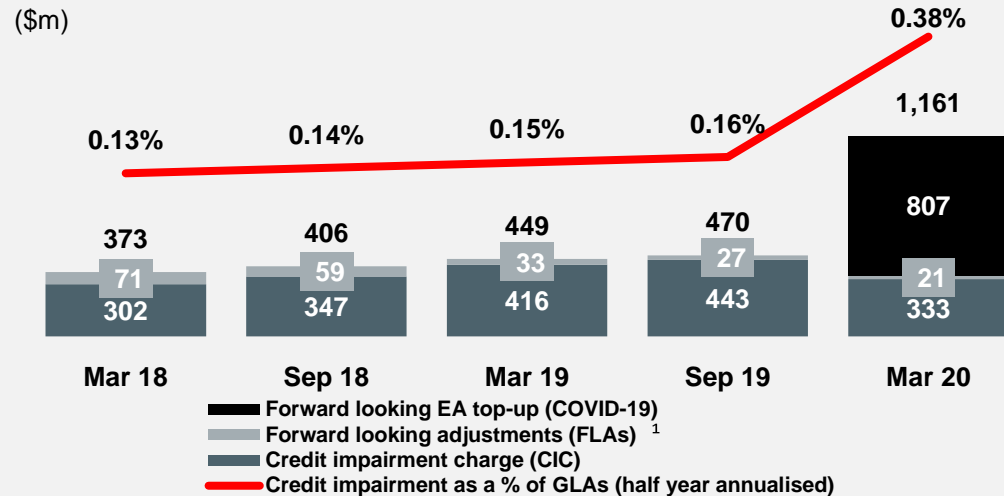
- (1) Source: ABS, NAB
- (2) Source: ABS, NAB. Actual data to 2019 Q4, NAB forecasts thereafter
- (3) Source: ABS, NAB. Actual data to 2019 Q4
- (4) Source: RBA, NAB. Actual data to 2019 Q4



# ASSET QUALITY

# ASSET QUALITY REMAINS SOUND BUT OUTLOOK UNCERTAIN

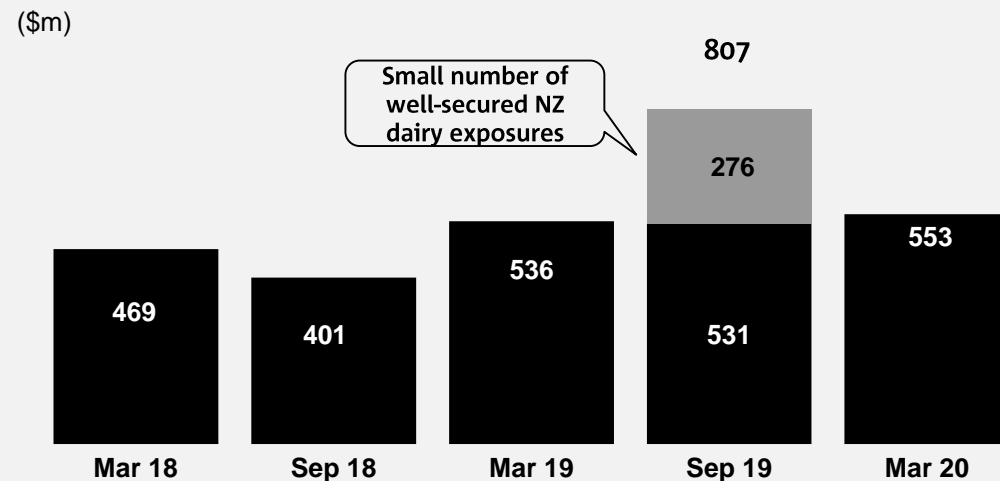
## CREDIT IMPAIRMENT CHARGE



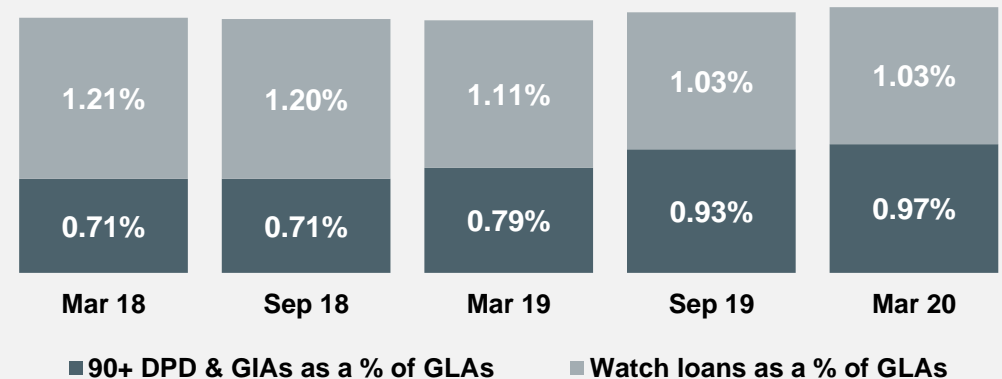
## ECONOMIC ADJUSTMENT CONSIDERATIONS

- Underlying CIC remains low at 12bps<sup>2</sup> of GLAs
- Increased likelihood in forward outlook of potential portfolio stress given assessment of broader macro economic environment over short and medium term
- Forward looking Economic Adjustment (EA) top-up of \$807m to reflect potential impact of COVID-19 on broader macro economic environment

## NEW IMPAIRED ASSETS



## 90+ DPD, GIAs & WATCH LOANS AS A % OF GLAs

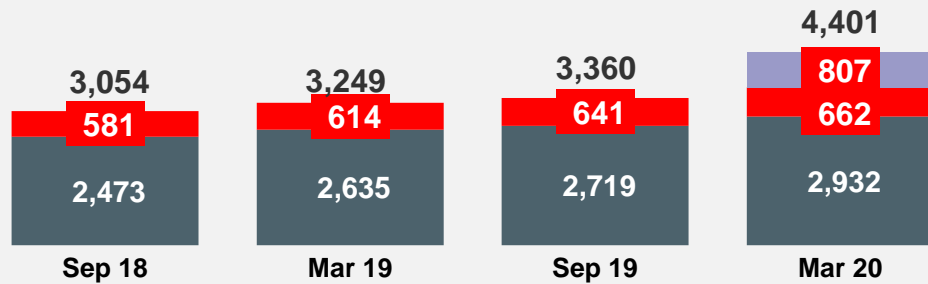


(1) Represents collective provision Forward Looking Adjustments (FLAs) for targeted sectors  
 (2) Represents total credit impairment charge less EA top-up as a percentage of GLAs (half year annualised)

# PROVISIONING STRENGTHENED

## COLLECTIVE PROVISION BALANCES

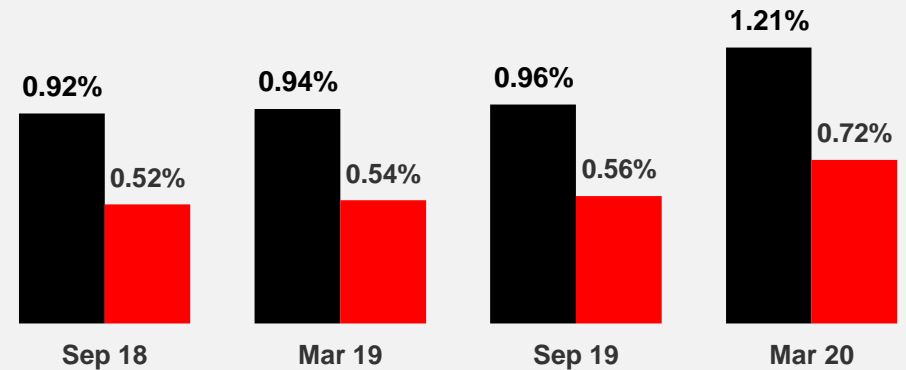
(\$m)



- Collective Provision EA top-up (COVID-19)
- Collective provision FLAs
- Collective provisions

Total EA balance  
\$1,473m,  
33% of CP

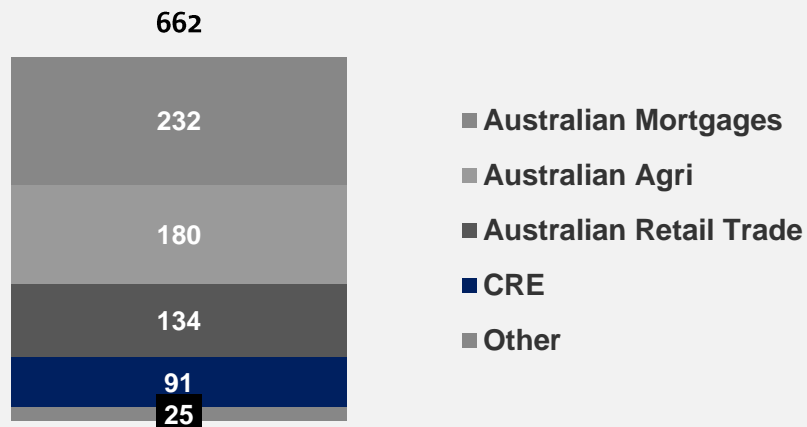
## COLLECTIVE PROVISIONS COVERAGE



- Collective Provisions as % of Credit Risk Weighted Assets
- Collective Provisions as % of GLAs

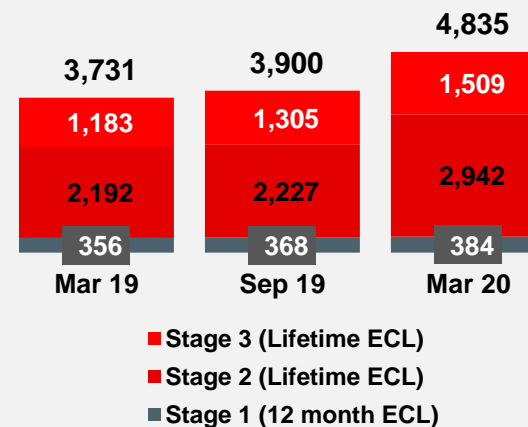
## TARGETED SECTOR FORWARD LOOKING ADJUSTMENTS

(\$m)



- Australian Mortgages
- Australian Agri
- Australian Retail Trade
- CRE
- Other

## PROVISIONS BY STAGE<sup>1</sup> – LOANS AT AMORTISED COST<sup>2</sup>



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

- 1H20 increase reflects EA top-up (COVID-19)
- No automatic migration from stage 1 to stage 2 as a result of COVID-19 repayment deferrals
- Stage 2 accounts for 61% of provisions, includes majority of FLAs and EA
- Stage 1 & Stage 2 CP cover to Credit Risk Exposures of 0.43%

(1) Stage 1: Credit risk not increased significantly since initial recognition. Stage 2: Credit risk increased significantly since initial recognition but not credit impaired. Stage 3: Credit impaired  
(2) Excludes Collective Provision on loans at fair value and derivatives which are not allocated to a stage under the Expected Credit Loss (ECL) model



# ECONOMIC ADJUSTMENT TOP-UP

## EXPECTED CREDIT LOSS (ECL) SENSITIVITY

\$m	Total Provisions for Expected Credit Losses (ECL) <sup>1</sup>		
	1H20 (probability weighted)	100% Base case	100% Severe Downside
Housing	1,150	968	3,395
Business	3,275	3,025	3,830
Total Group	4,835	4,391	7,855
<b>Implied EA top-up (change vs Sep 19)</b>	<b>807</b>	<b>363</b>	<b>3,827</b>

## KEY ASSUMPTIONS

	Base case		Severe downside		
	2020	2021	2020	2021	2022
GDP change YoY %	(3.0)	3.4	(3.0)	(2.5)	2.0
Unemployment %	11.6	7.3	7.4	10.0	10.4
House price change YoY %	(10.0)	2.6	(20.9)	(11.8)	2.5

## CONSIDERATIONS IN ESTIMATING EXPECTED CREDIT LOSSES

- Updated forward looking macro-economic data and assumptions including potential impacts of COVID-19 pandemic
- Incorporates assumptions about migration of exposures between Stage 1 (12 month expected losses) to Stage 2 (lifetime expected losses) and Stage 3 (lifetime expected losses), and payment deferral uptake and recoveries
- Uncertainty exists re duration of COVID-19 restrictions, impact of government stimulus and regulatory actions
- ECL outcome reflects impact of 3 probability weighted EA scenarios (base, upside, severe downside) plus FLAs for emerging risks at industry, geography or segment level
  - ECL base case reflects COVID-19 estimated impacts
  - ECL severe downside: more prolonged and severe downturn, sustained negative GDP change, elevated (double-digit) unemployment, acute asset value falls
- 1H20 EA top-up reflects deterioration in base case assumptions and increased weighting to severe downside scenario vs Sep 19

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

# CRWA SENSITIVITY

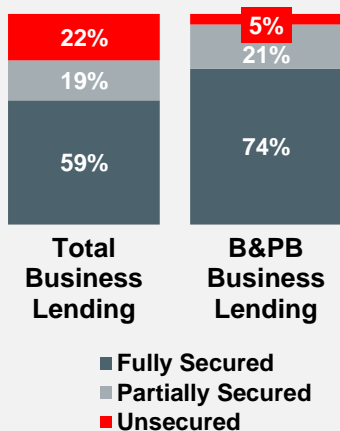
## CREDIT RWA SENSITIVITY

- 1% increase in density drives ~20bp CET1 ratio decline

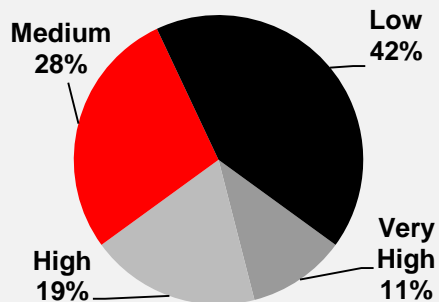
	Credit EAD \$bn	Credit RWA/EAD (%)		
		Mar 20	Deterioration over 2 yrs	
			Low end	High end
Housing <sup>1</sup>	389	28	31	35
Business <sup>1</sup>	351	56	63	72
<b>Total Group</b>	<b>937</b>	<b>39</b>	<b>43</b>	<b>48</b>
Pro forma Mar 20 CET1 impact			~(80bps)	~(180bps)

## SECTOR RISK AND SECURITY CONSIDERATIONS

Mar 20 security profile<sup>2</sup>



Non retail EAD by COVID-19 Industry risk classification<sup>3</sup>



## CRWA METHODOLOGY

- CRWA/EAD increases happen over time as deterioration occurs
- CRWA based on through-cycle PDs and downturn LGDs:
  - PDs increase as customer credit risk scores deteriorate
  - LGDs increase as value of security declines
- Housing key drivers: unemployment, house prices
- Business key drivers: range of increasing stress relating to COVID-19 industry risk categorisations

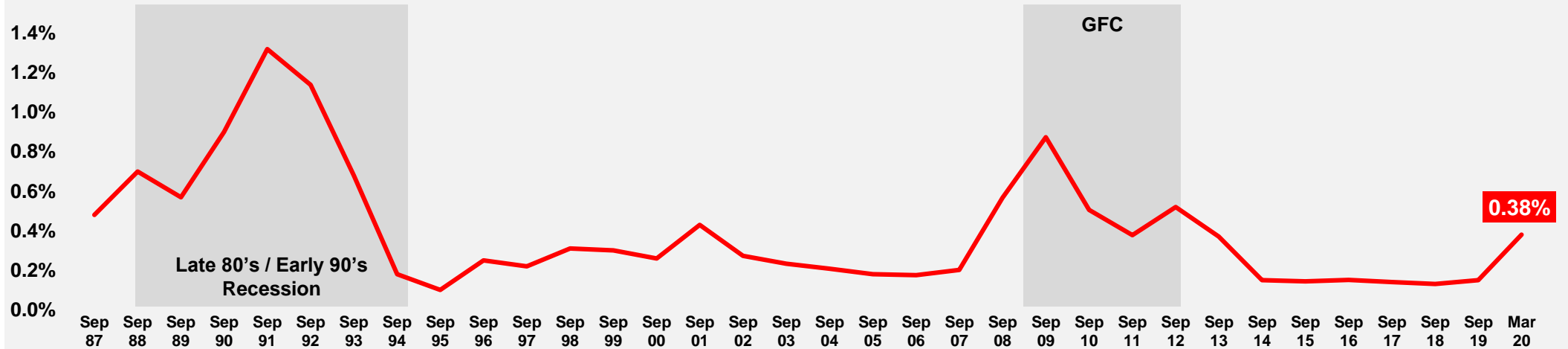
## COVID-19 MODELLING

- Business portfolio segmented into 4 'at-risk' classifications relating to potential COVID-19 impacts: Very High, High, Medium, Low
- Uncertainty exists regarding duration of COVID-19, resulting disruption to economy and efficacy of government stimulus
- Sensitivities reflect a sharp decline in 2020 environment with a broader business recovery in 2021, and include:
  - Range of PD stress depending on industry classification
  - Range of LGD stress reflecting ~30% asset price fall in High End scenario
  - Mortgage implied default rate (based on payment deferral & take-up assumptions) increasing by 3x for Low End and 6x for High End scenario
- CRWA/EAD increase expected to emerge over 2 year period

(1) Housing includes IRB Residential mortgages asset class. Business includes IRB Corporate (incl. Corporate SME) and Specialised Lending asset classes  
 (2) Australia only. Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security  
 (3) The classifications for each industry represent a ranked assessment of potential impact COVID-19 pandemic will have on their financial performance. These assessments remain highly uncertain, and are likely to change as the pandemic evolves

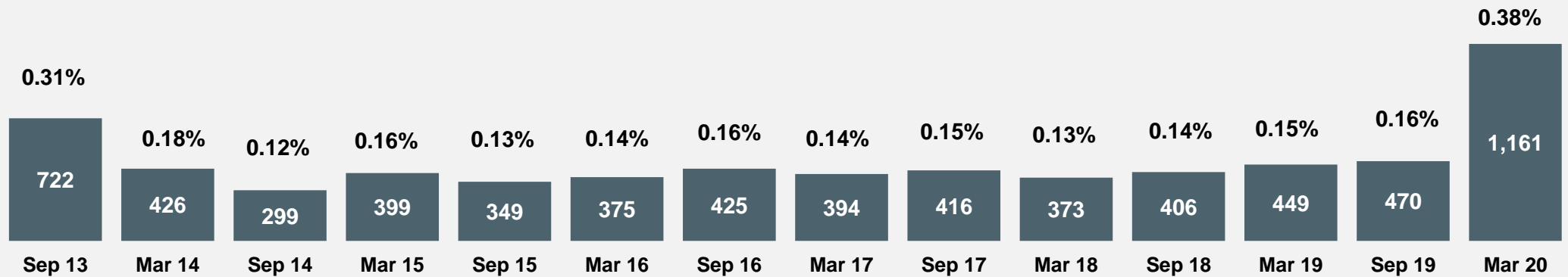
# GROUP CREDIT IMPAIRMENT CHARGE

## CREDIT IMPAIRMENT CHARGE AS % OF GLAs



## CREDIT IMPAIRMENT CHARGE AND AS % OF GLAs<sup>1</sup>

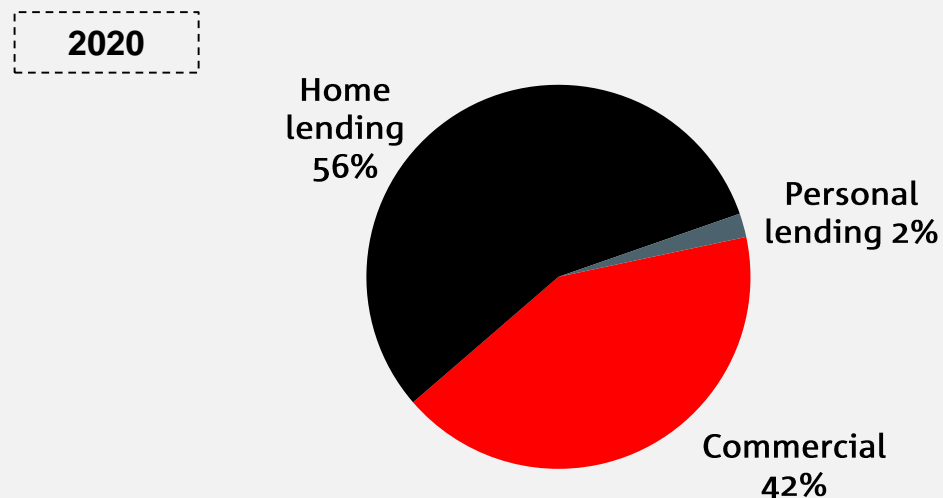
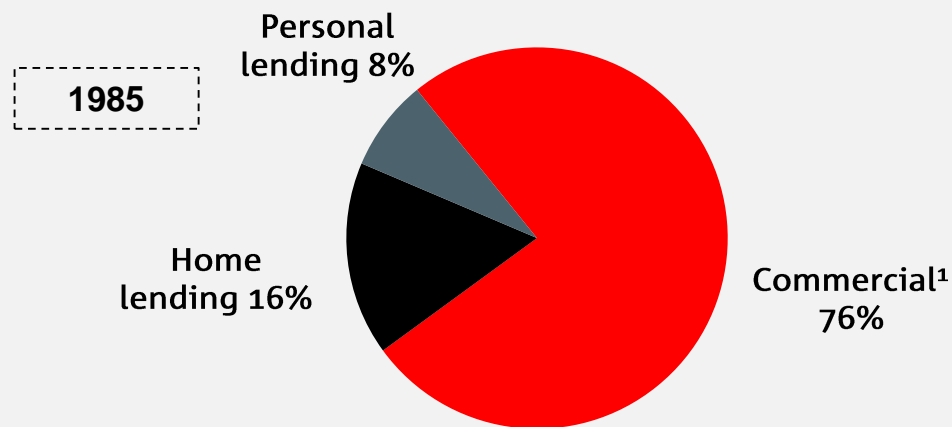
(\$m)



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

# GROUP ESTIMATED LONG RUN LOAN LOSS RATE 1985 TO 2020

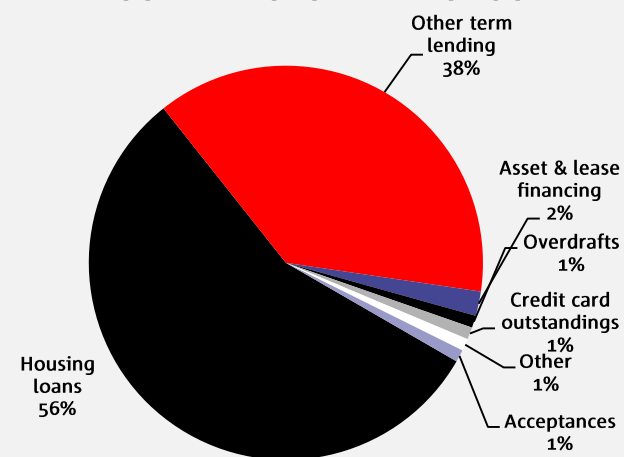
## GROUP BUSINESS MIX – GLAs BY CATEGORY



## ESTIMATING LONG RUN LOAN LOSS RATE

NAB Australian geography net write off rates as a % of GLAs 1985 - 2019 <sup>2</sup>	Long run average
Home lending <sup>3</sup>	0.03%
Personal lending <sup>3</sup>	1.51%
Commercial <sup>3</sup>	0.54%
Australian average (1985-2019)	0.34%
Group average <sup>4</sup> based on 2020 business mix	0.26%
Group average <sup>4</sup> based on 2020 business mix excluding 1991-1993 and 2008-2010	0.19%

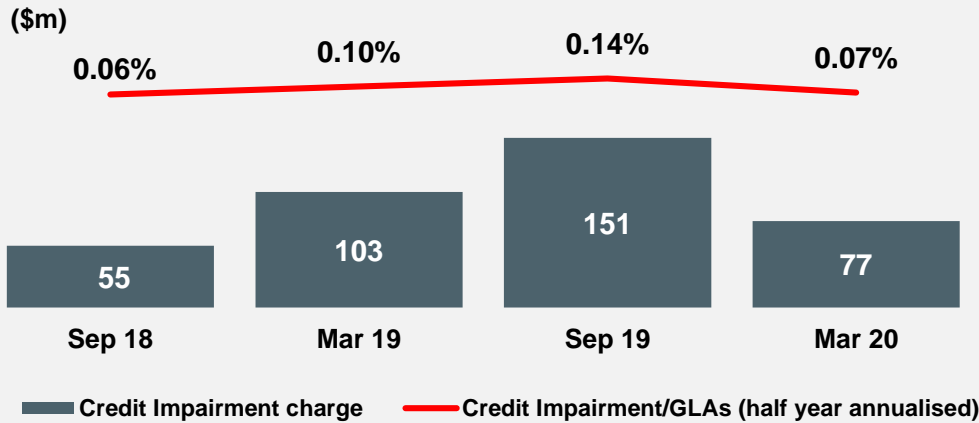
## GROSS LOANS AND ACCEPTANCES BY PRODUCT



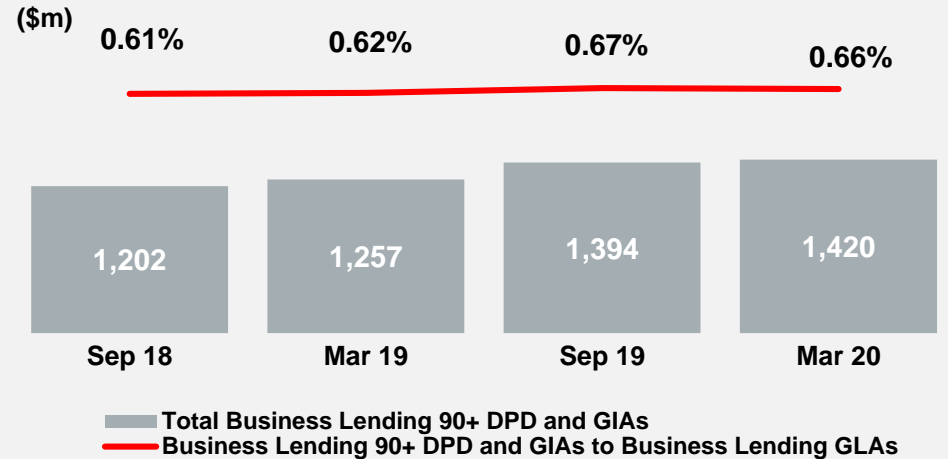
- (1) For 1985 Group business mix, all overseas GLAs are allocated to Commercial category  
 (2) Data used in calculation of net write off rate as a % of GLAs is based on NAB's Australian geography and sourced from NAB's Supplemental Information Statements (2007 - 2019) and NAB's Annual Financial Reports (1985 - 2006).  
 (3) Home lending represents "Real estate – mortgages" category; Personal lending represents "Instalment loans to individuals and other personal lending (including credit cards)" category; Commercial represents "all other industry lending categories" as presented in the source documents as described in note 2 above  
 (4) Group average is calculated by applying each of the Australian geography long run average net write off rates by product to the respective percentage of Group GLAs by product as at 31 March 2020. Commercial long run average net write off rate has been applied to acceptances

# BUSINESS LENDING ASSET QUALITY

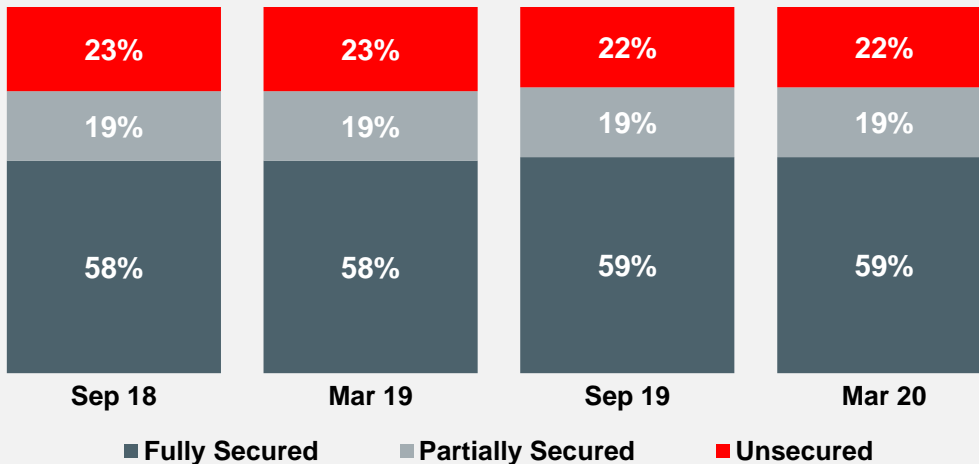
## BUSINESS LENDING CREDIT IMPAIRMENT CHARGE AND AS % OF GLAs



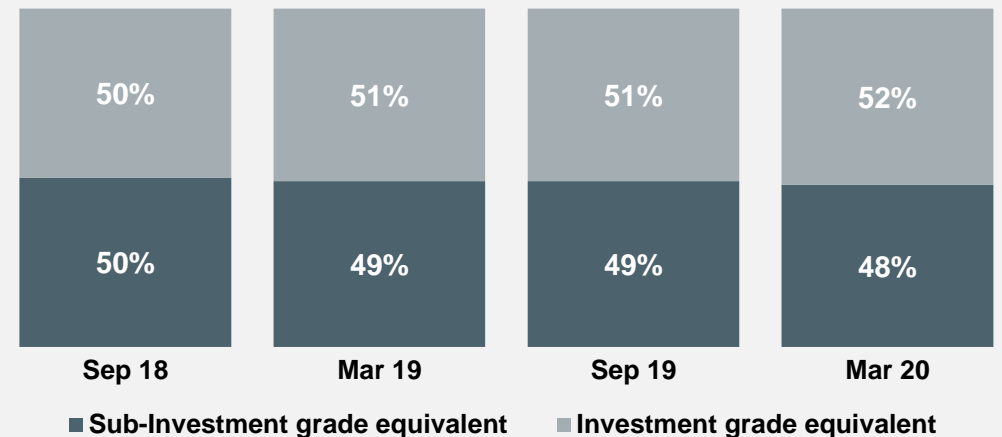
## BUSINESS LENDING 90+ DPD AND GIAs AND AS % OF GLAs



## TOTAL BUSINESS LENDING SECURITY PROFILE<sup>1</sup>



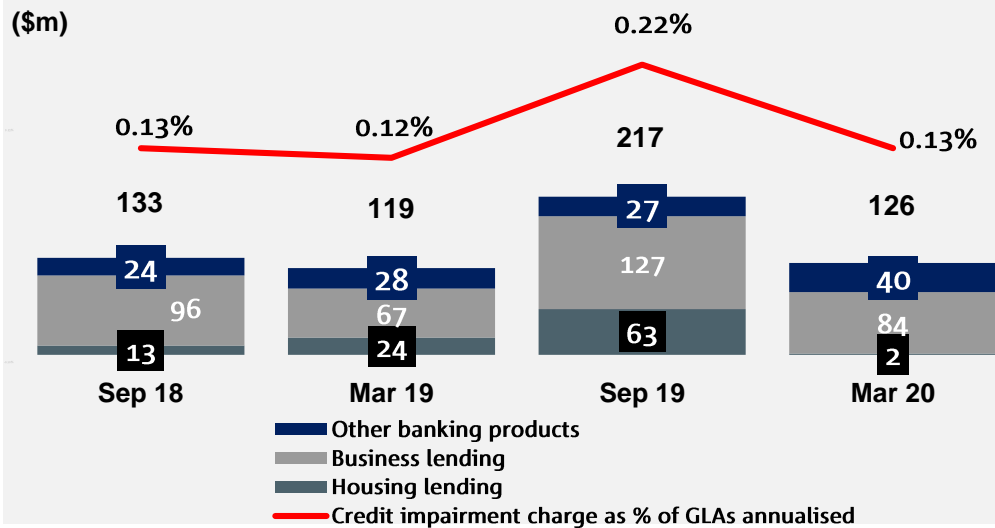
## BUSINESS LENDING PORTFOLIO QUALITY



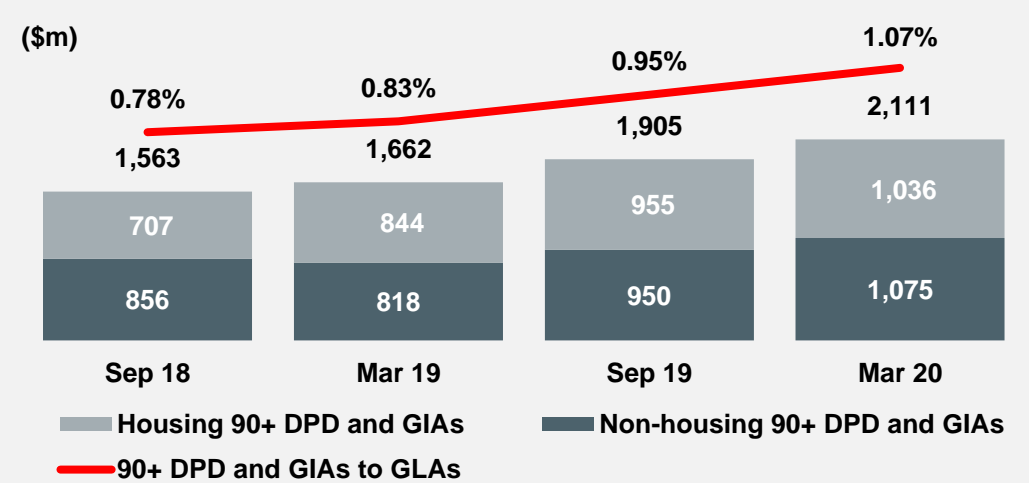
(1) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

# BUSINESS & PRIVATE BANKING (B&PB) ASSET QUALITY

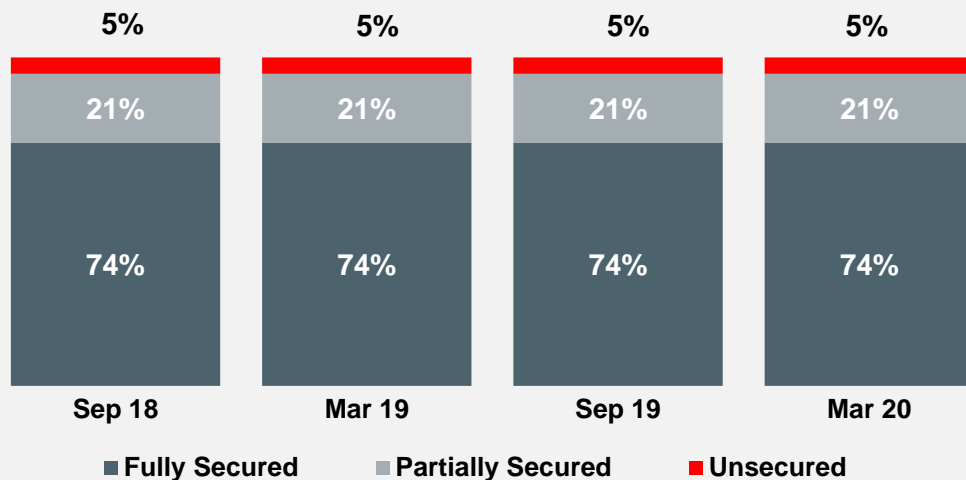
## B&PB CREDIT IMPAIRMENT CHARGE AND AS % OF GLAs



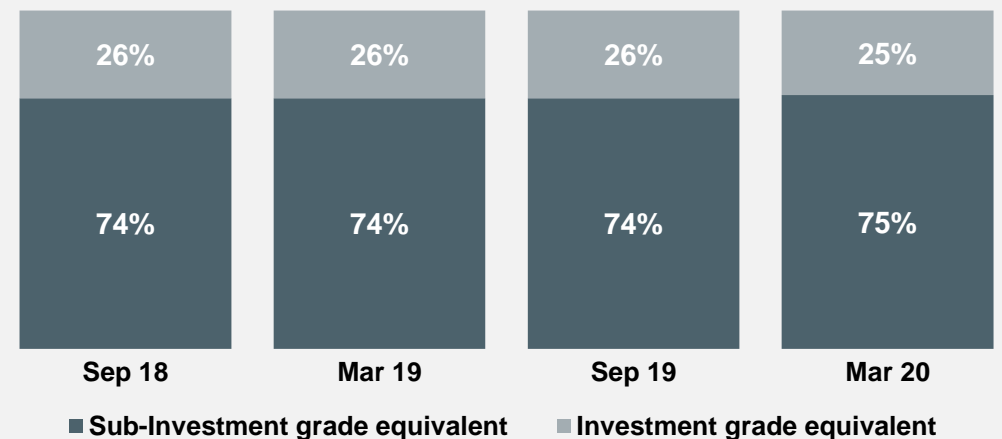
## B&PB 90+ DPD AND GIAs AND AS % OF GLAs



## B&PB BUSINESS LENDING SECURITY PROFILE<sup>1</sup>



## B&PB BUSINESS LENDING PORTFOLIO QUALITY

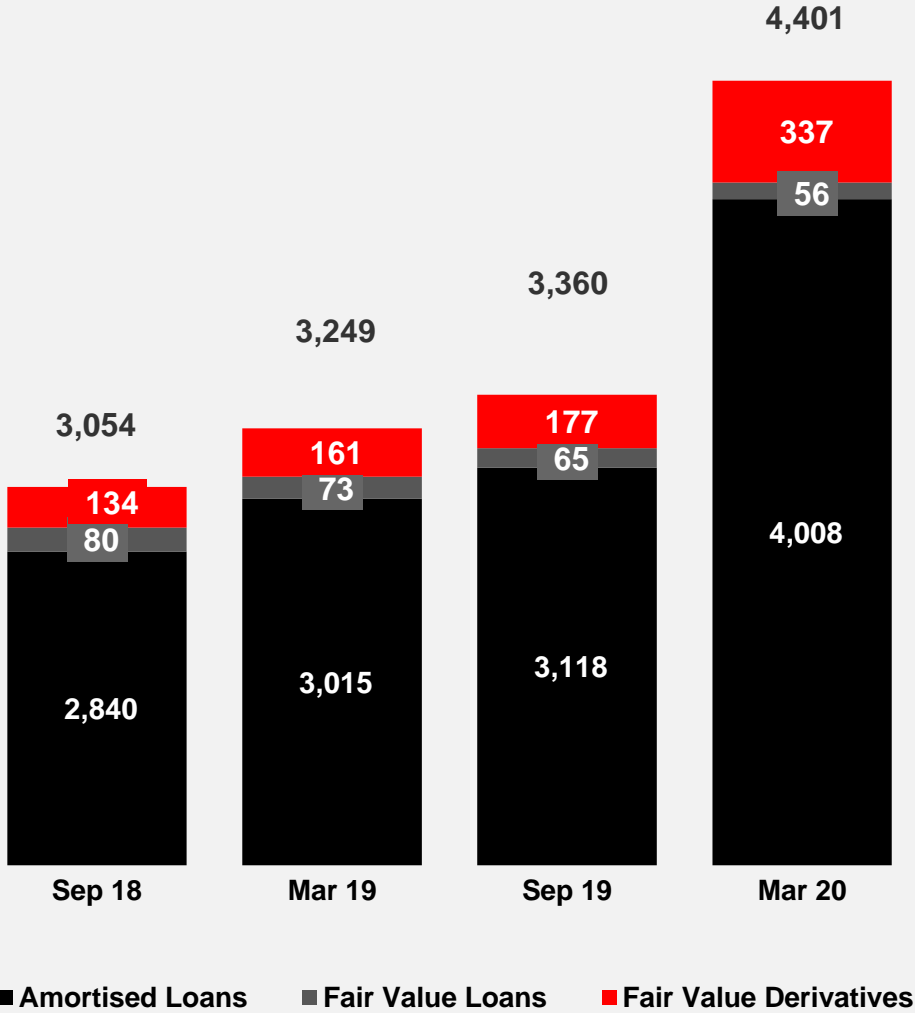


(1) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

# GROUP PROVISIONS

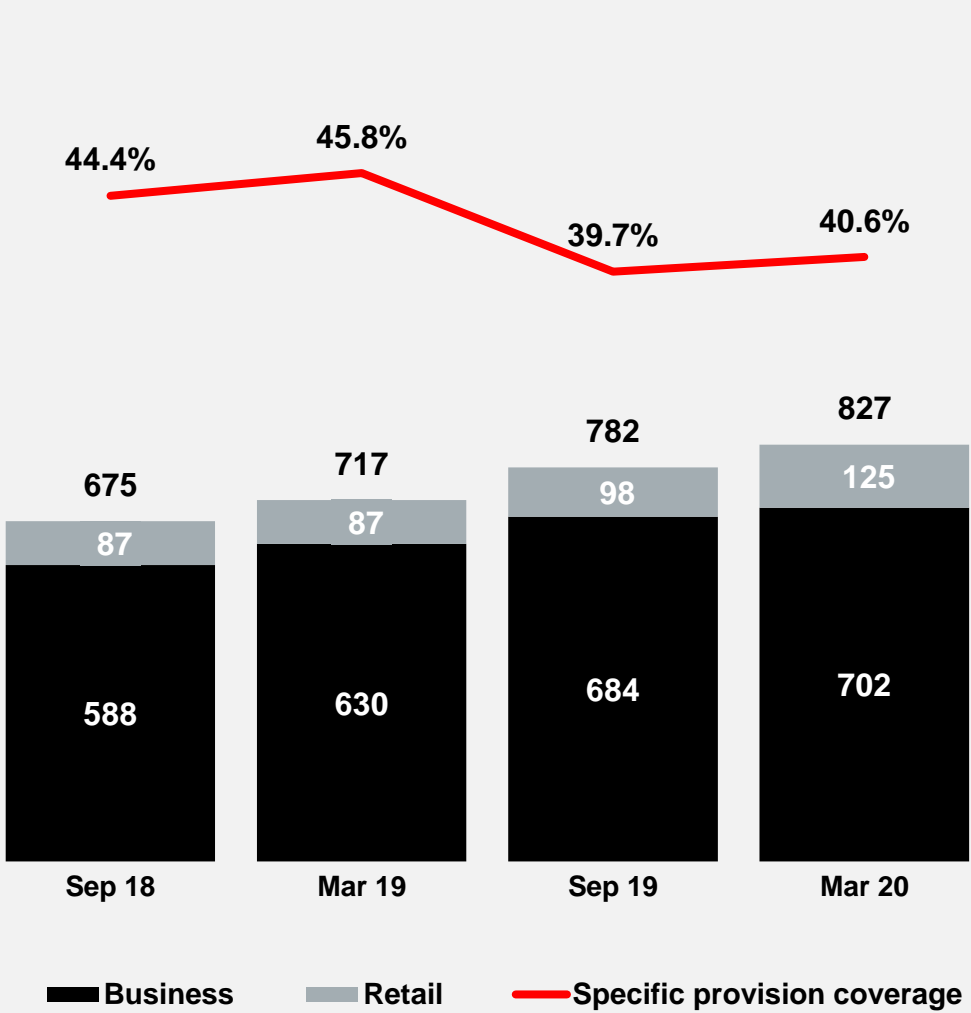
## COLLECTIVE PROVISION BALANCE

(\$m)



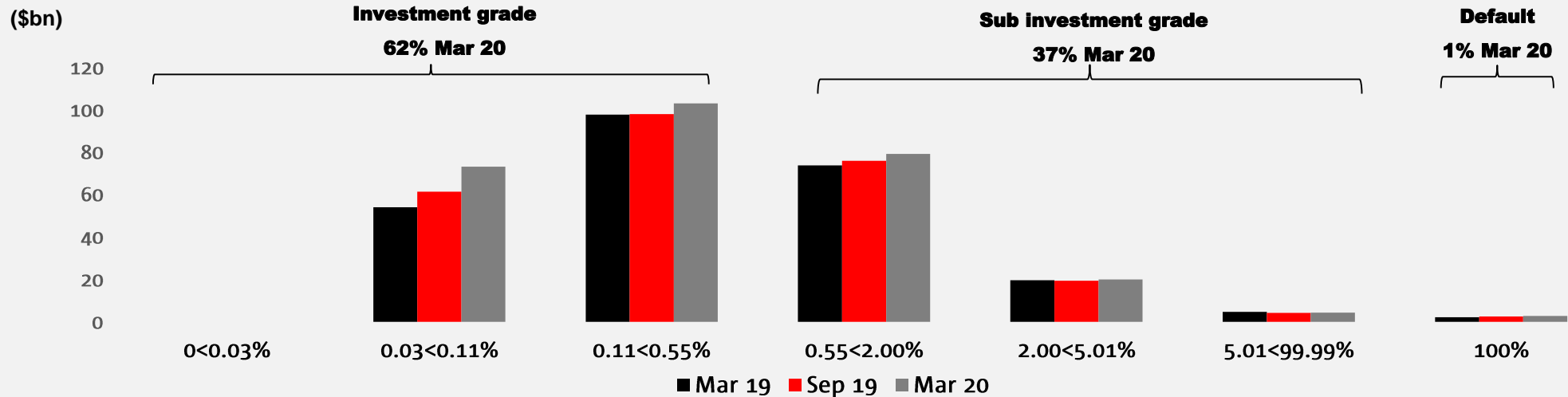
## SPECIFIC PROVISIONS

(\$m)

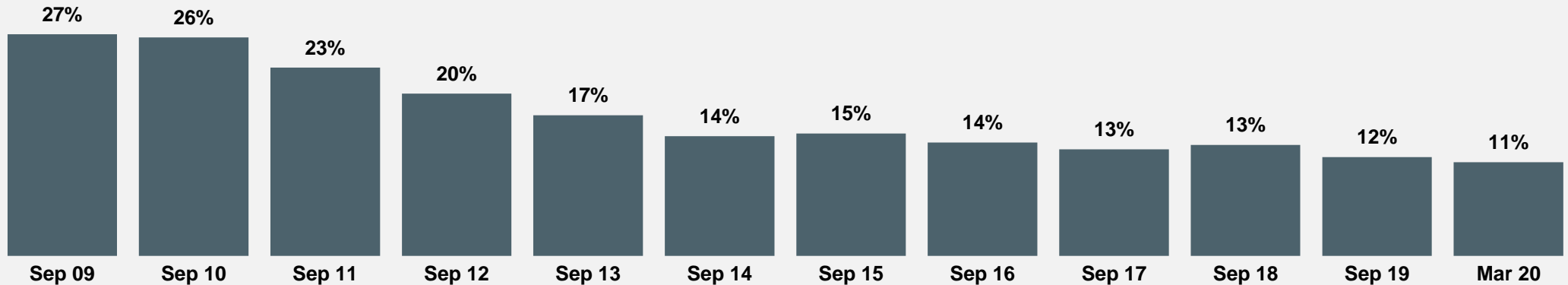


# PROBABILITY OF DEFAULT (PD) ANALYSIS

## NON RETAIL CORPORATE EAD<sup>1</sup> BY PROBABILITY OF DEFAULT



## AUSTRALIAN AND NEW ZEALAND BUSINESS EXPOSURES PD ≥ 2%

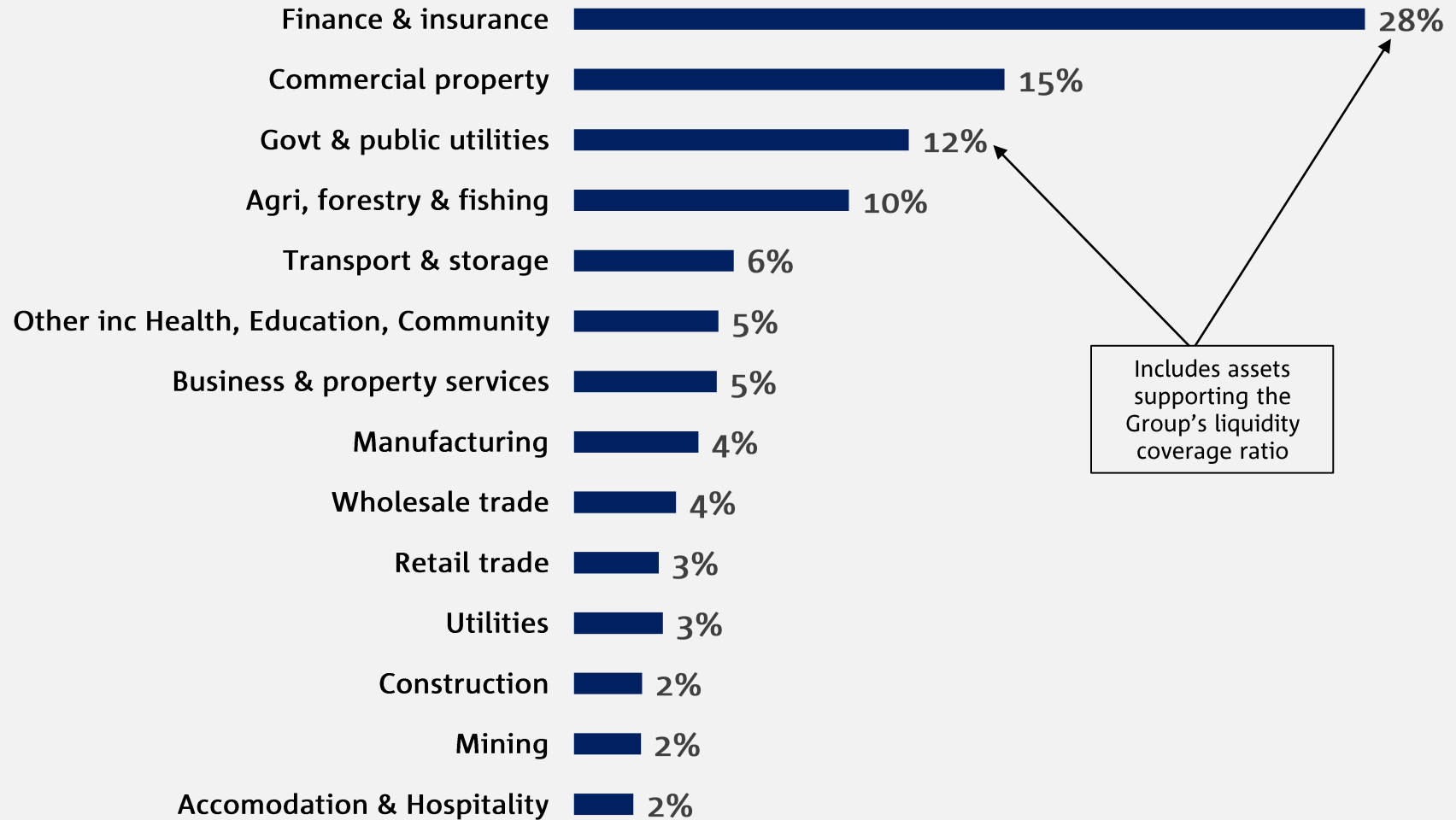


(1) For internal ratings based portfolios. Excluding Bank and Sovereign exposures. Total \$283bn at Mar-20, \$262bn at Sep-19, \$253bn at Mar-19



# BUSINESS LENDING CONSIDERATIONS

## NON RETAIL EAD BY INDUSTRY<sup>1</sup> - \$495BN

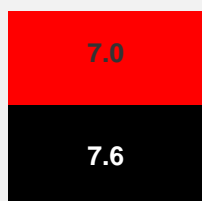


(1) Industry classifications are aligned to those disclosed in the 31 March 2020 Pillar 3 report – Table 4.1D

# COVID-19 SECTORS OF INTEREST

## RETAIL TRADE (~3% OF NON RETAIL EAD)

EAD \$14.6bn



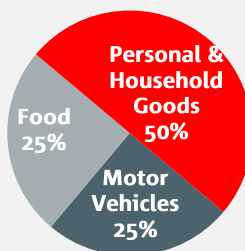
■ Non-Discretionary  
■ Discretionary

EAD \$14.6bn

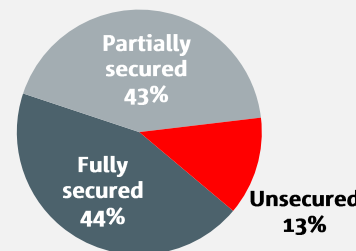


■ B&PB ■ C&IB ■ NZ

EAD Portfolio by sector Mar 20



Portfolio security Mar 20<sup>1</sup>



- Retail Trade portfolio experience is mixed: ~52% is discretionary retail, while non-discretionary component likely to be less impacted
- Department store exposure ~\$150m
- Household consumption growth was already at slowest pace since 1990s recession pre COVID-19
- Provisioning includes \$134m FLA

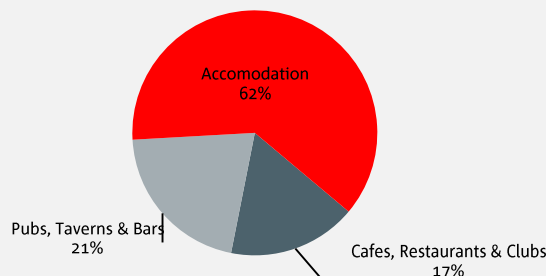
## ACCOMMODATION & HOSPITALITY<sup>2</sup> (~2% OF NON RETAIL EAD)

EAD \$10.2bn

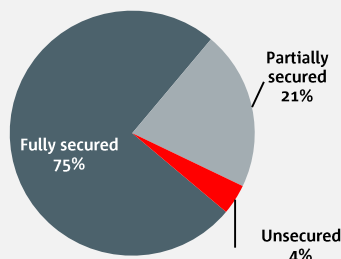


■ B&PB ■ C&IB ■ NZ

EAD Portfolio by sector Mar 20



Portfolio security Mar 20<sup>1</sup>



- Hospitality portfolio materially impacted by government restrictions
- Credit impacts will be dependent on length of continued shutdowns, speed of recovery and mitigating impact of government support

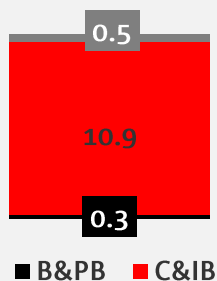
(1) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

(2) Retail Trade and Accommodation & Hospitality are aligned to Regulatory Industry Classifications. Discretionary / Non-discretionary Retail Trade determined at an individual ANZSIC code level

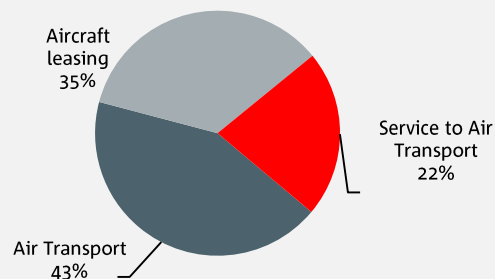
# COVID-19 SECTORS OF INTEREST

## AIR TRAVEL & RELATED SERVICES<sup>1</sup> (~2% OF NON RETAIL EAD)

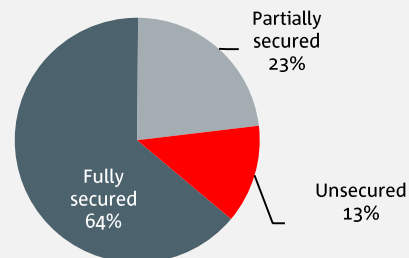
EAD \$11.7bn



EAD Portfolio by sector Mar 20



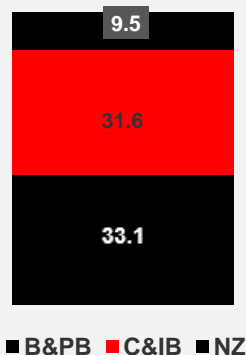
Portfolio security Mar 20<sup>2</sup>



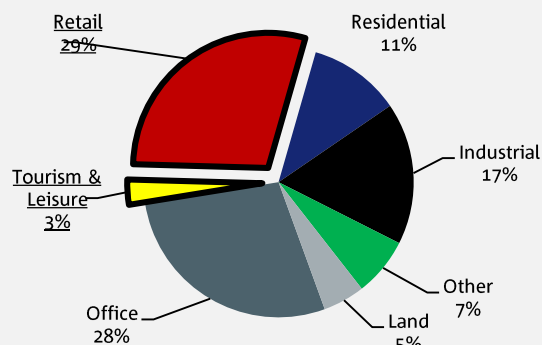
- Portfolio includes lending to airlines, aircraft leasing and airports
- Lending is to highly rated counterparties (82% Investment Grade)
- Rate of recovery post COVID-19 will be slower than for domestic industries

## COMMERCIAL REAL ESTATE<sup>3</sup> (~15% NON RETAIL EAD)

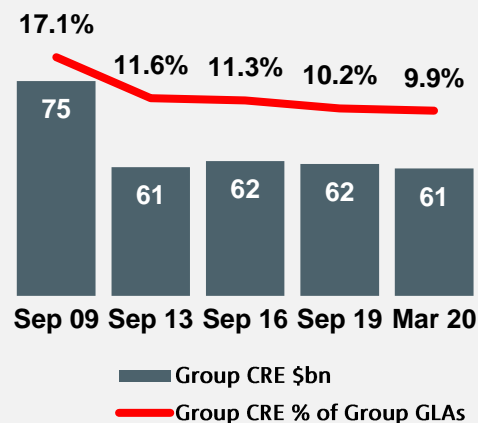
EAD \$74.2bn



Balances Sector breakdown Mar 20



Group balances over time



- CRE book remains diversified by geography and sector
- Largest sector exposures are in Retail & Tourism (32% of CRE balances) and Office (28%). Short term and long term impacts of COVID-19 across CRE book remain uncertain
- Portfolio is 89% investor, 11% developer
- Australian residential development apartment limits are down ~42% since March 2019

(1) Air Travel and related services defined based on relevant ANZSIC codes

(2) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

(3) Measured as EAD / drawn balances outstanding per APRA Commercial Property ARF 230 definitions

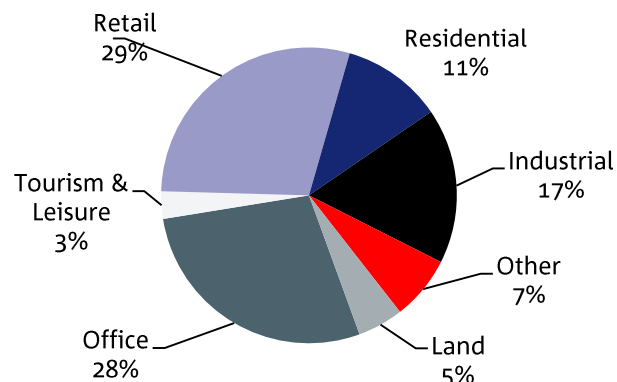
# GROUP COMMERCIAL REAL ESTATE<sup>1</sup>

Total \$60.8bn  
9.9% of Gross Loans & Acceptances

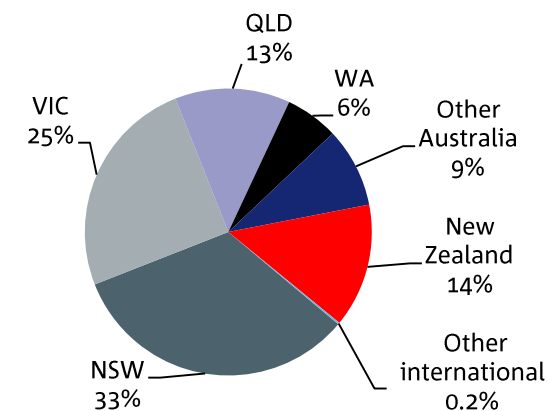
	Aust	New Zealand	Other International	Total
TOTAL CRE (A\$bn)	52.3	8.4	0.1	60.8
Increase/(decrease) on September 2019 (A\$bn)	(0.9)	0.2	-	(0.7)
% of geographical GLAs	10.3%	9.6%	0.8%	9.9%
Change in % on September 2019	(0.3%)	(0.4%)	0.3%	(0.3%)

Trend	Sep 18	Mar 19	Sep 19	Mar 20
Impaired loans ratio	0.27%	0.22%	0.25%	0.26%
Specific Provision Coverage	30.5%	34.4%	31.9%	32.2%

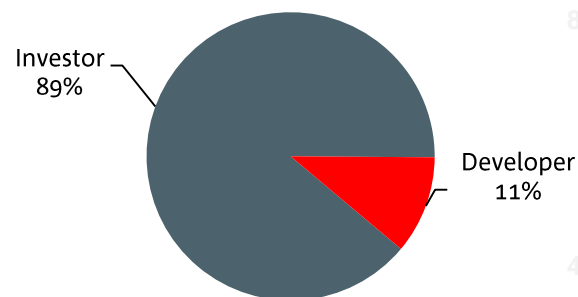
Sector breakdown



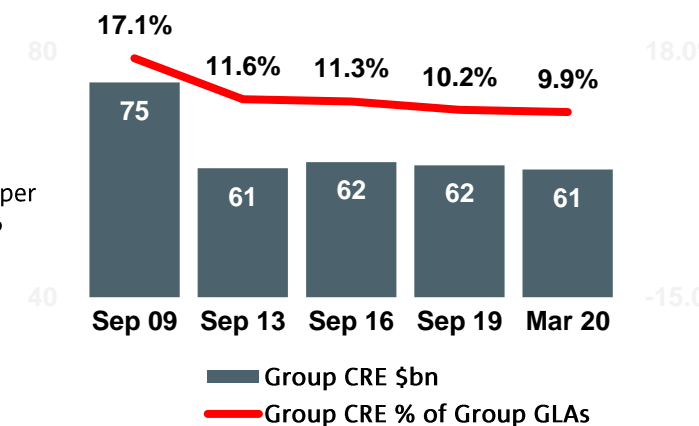
Geographic breakdown



Borrower breakdown



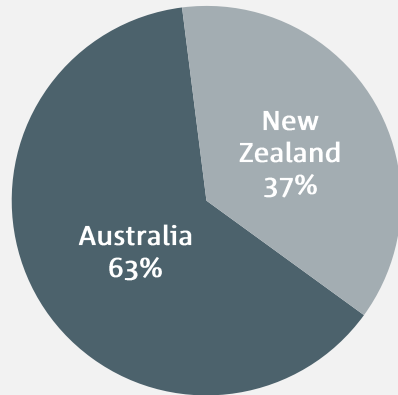
Group balances over time



(1) Measured as balance outstanding as at 31 March 2020 per APRA Commercial Property ARF 230 definitions

# GROUP AGRICULTURE, FORESTRY & FISHING EXPOSURES

## GROUP EAD \$47.5BN MARCH 2020

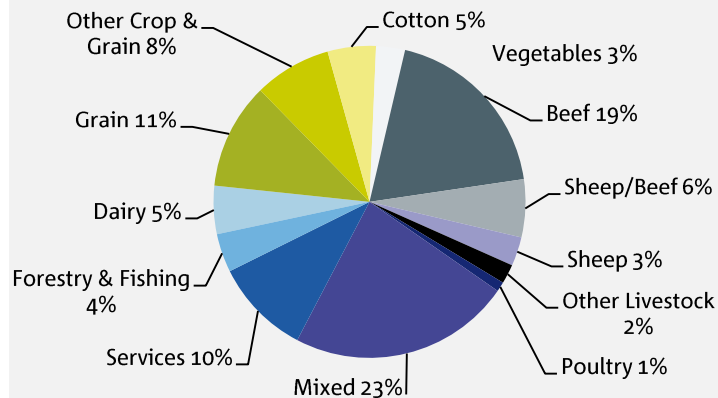


## AUSTRALIAN DROUGHT CONSIDERATIONS

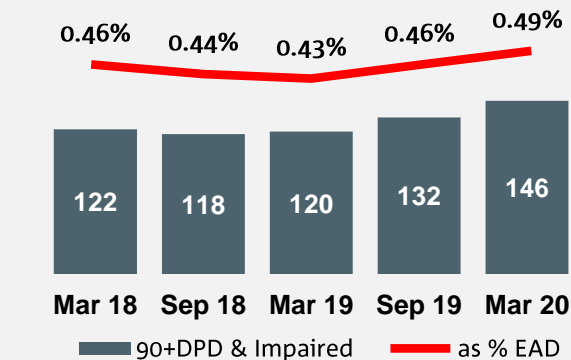
- NSW and QLD have seen good rainfall in recent months
- Asset quality remains sound, but follow up rain will be important for winter crops
- NAB continues supporting farming customers through disaster relief packages and a moratorium on branch closures in affected regions
- Collective provision forward looking adjustments of \$180m to address impact of extreme weather conditions

## AUSTRALIAN AGRICULTURE, FORESTRY & FISHING

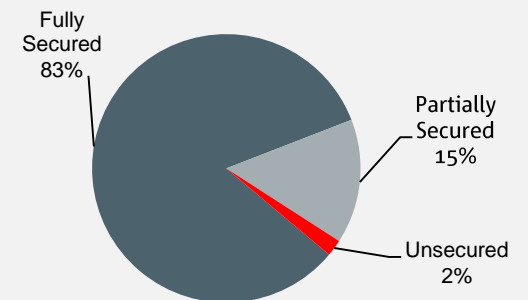
### Diverse Portfolio EAD \$30.0bn March 2020



### Australian Agriculture Asset Quality (\$m)



### Australian Agriculture Portfolio Well Secured<sup>(1)</sup>



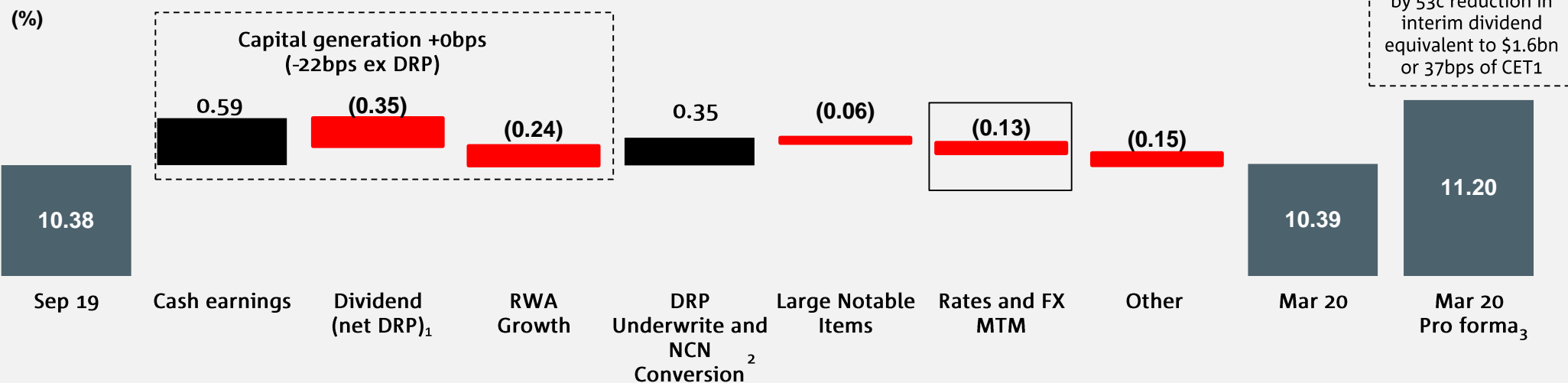
(1) Fully Secured is where the loan amount is less than 100% of the bank extended value of security; Partially Secured is where the loan amount is greater than 100% of the bank extended value of security; Unsecured is where no security is held and/or no value held against the security and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security



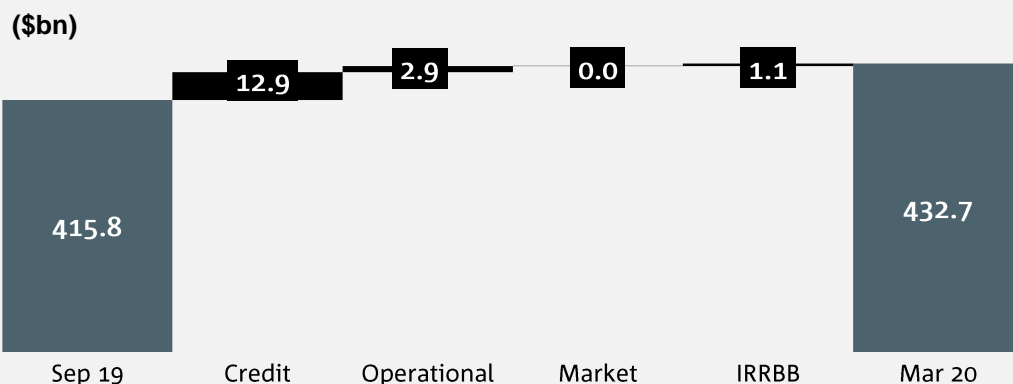
# CAPITAL AND FUNDING

# CAPITAL AND RISK WEIGHTED ASSETS

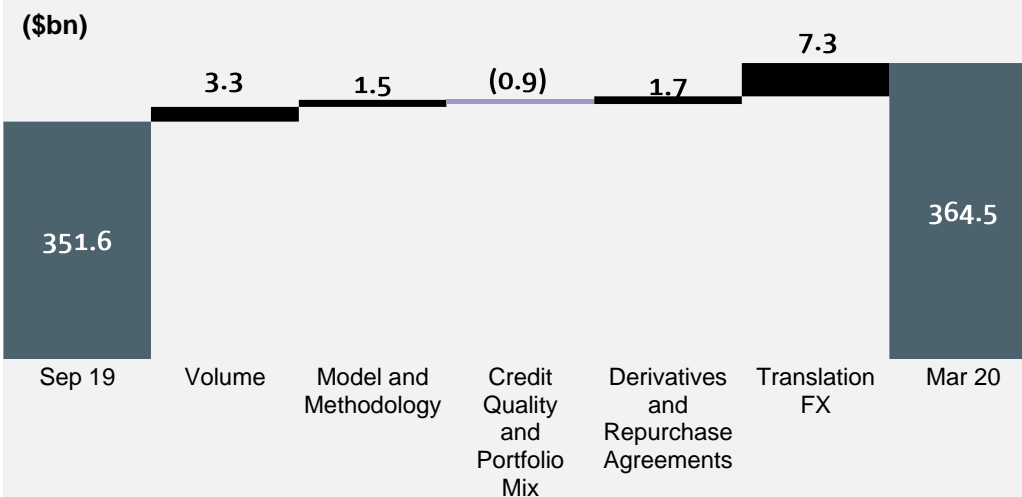
## GROUP BASEL III COMMON EQUITY TIER 1 CAPITAL RATIO



## GROUP RWA



## CREDIT RWA

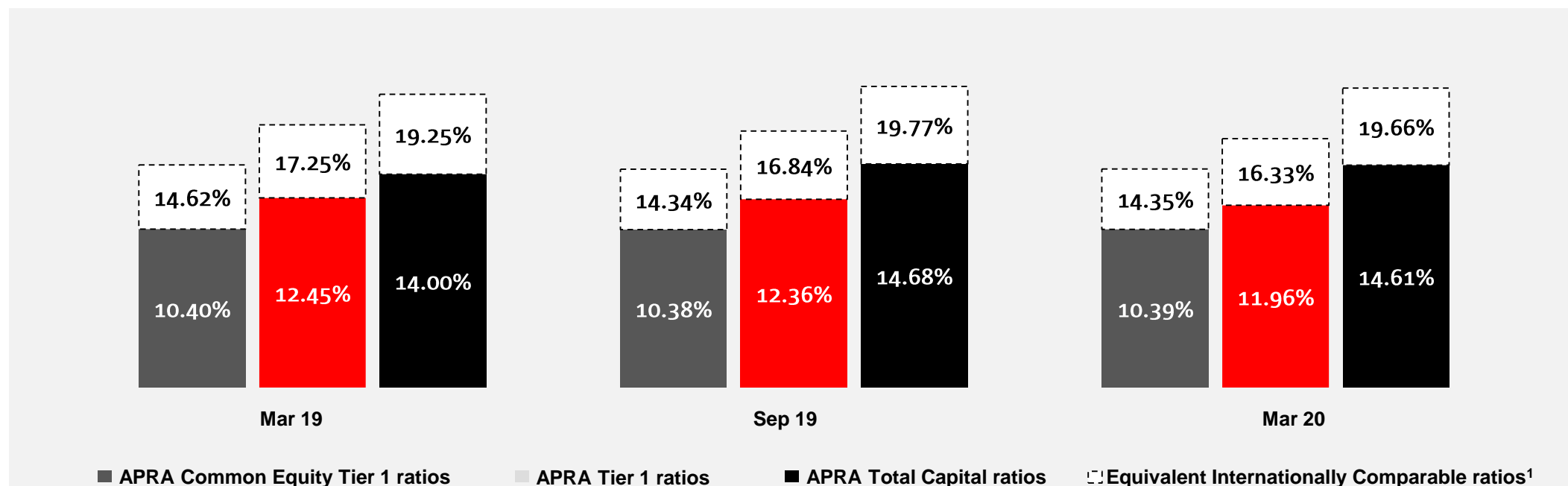


(1) Net of 1.5% discount

(2) DRP underwrite (17bps) and NCN conversion (18bps)

(3) Assumes \$3bn placement and \$500m raised under share purchase plan

# GROUP BASEL III CAPITAL RATIOS



## APRA to Internationally Comparable CET1 Ratio Reconciliation

	CET1
Group CET1 ratio under APRA	10.39%
APRA's Basel capital adequacy standards require a 100% deduction from common equity for deferred tax assets, investments in non consolidated subsidiaries and equity investments. Under Basel Committee on Banking Supervision (BCBS) such items are concessionally risk weighted if they fall below prescribed thresholds	+76bps
Mortgages – reduction in Loss given Default floor from 20% to 15% and adjustment for correlation factor	+151bps
Interest rate risk in the banking book (IRRBB) – removal of IRRBB risk weighted assets from Pillar 1 capital requirements	+24bps
Other adjustments including corporate lending adjustments and treatment of specialised lending	+145bps
Group Internationally Comparable CET1	14.35%

(1) Internationally Comparable CET1 ratios align with the APRA study entitled "International capital comparison study" released on 13 July 2015



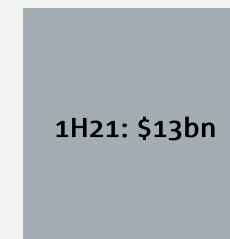
# RBA TERM FUNDING FACILITY

## KEY MESSAGES

- Objective of TFF is to reduce funding costs to support business lending, with an expected aggregate utilisation of A\$90bn.
  - 0.25% fixed rate with interest due at maturity.
  - Draws available from 6 April 2020.
  - 3 year tenor, with the ability to repay prior to maturity.
- The facility comprises an Initial Allowance and Additional Allowance
  - Initial Allowance calculated as 3% of Total Credit Outstanding to Australian resident households and non-related businesses. This must be drawn prior to 30 September 2020.
  - Additional Allowance is weighted towards business lending and can be drawn until 31 March 2021.
    - 1x the \$ increase in Large Business Credit Outstanding, turnover >A\$50m
    - 5x the \$ increase in SME Credit Outstanding, turnover <A\$50m
- Eligible collateral includes all currently repo-eligible securities, haircut as appropriate.

## TERM FUNDING FACILITY

TFF available at 6 April 2020 equivalent to NAB 2H20 term wholesale funding maturities



Term Funding Facility Term Funding Maturities<sup>1</sup> Term Funding Maturities<sup>1</sup>

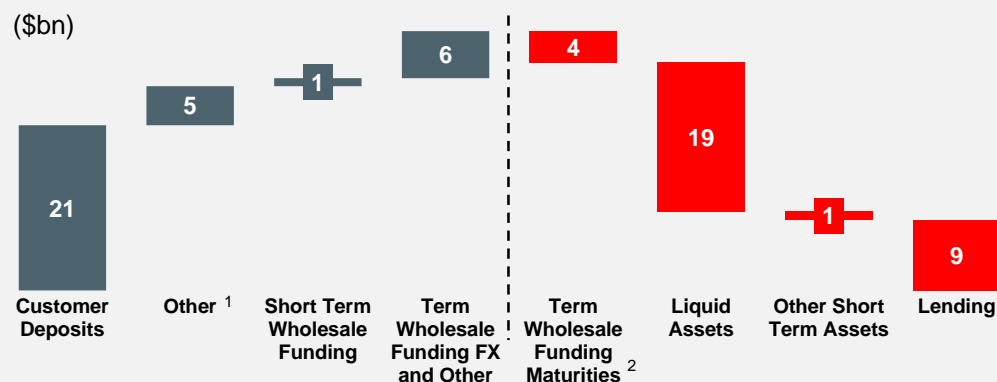
## REGULATORY DISCLOSURES

- APRA has allowed ADIs to include the volume of their TFF Initial Allowance (until 30 September 2020), and their Additional Allowance (until 31 March 2021), in LCR and NSFR reporting.
- The encumbrance of the internal RMBS when repo'd with the RBA will be exempt from NSFR as treatment considered exceptional central bank liquidity operations under APS 210
- Disclosure on TFF drawdown to be published monthly by RBA at an aggregate level.

(1) Excludes BNZ maturities

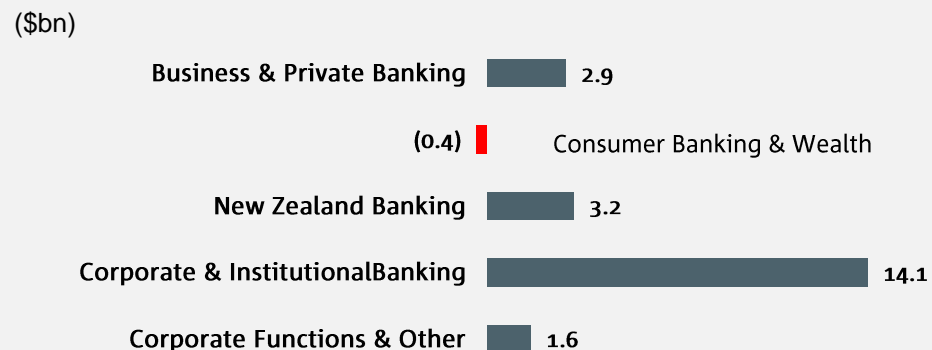
# MOVEMENTS IN MARCH

## SOURCES AND USES IN MARCH



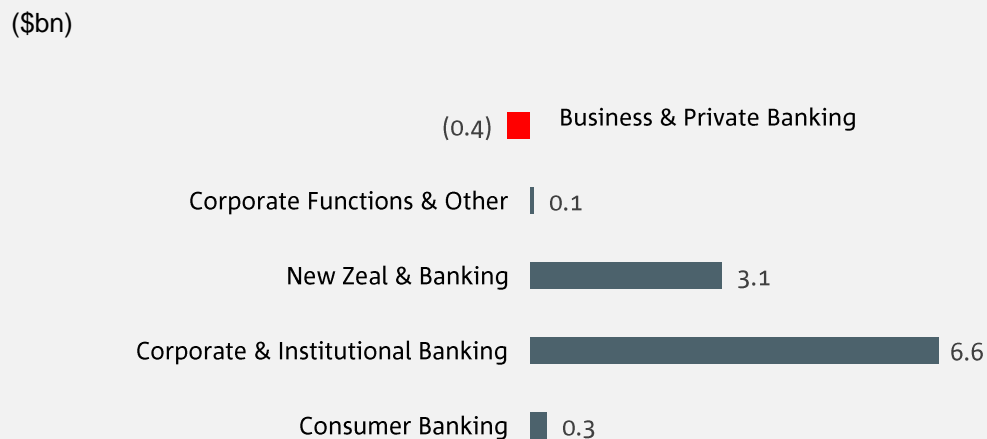
Movements over the month of March 2020

## DEPOSIT INFLOWS IN MARCH

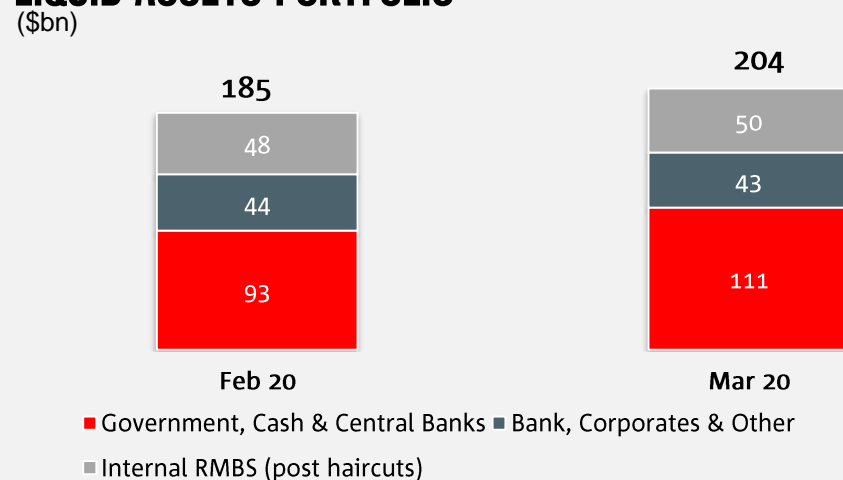


Movements over the month of March 2020

## LENDING GROWTH BY PRODUCT



## LIQUID ASSETS PORTFOLIO

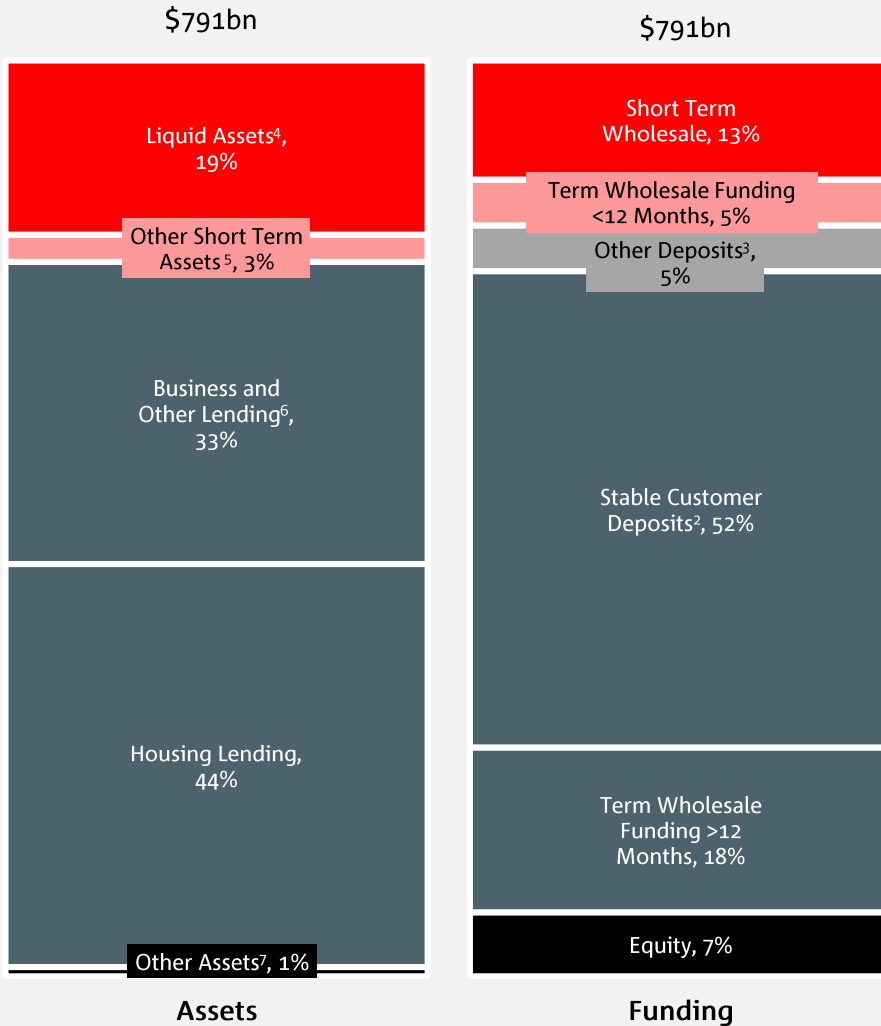


(1) Net movement of other assets and other liabilities. Other Assets consist of: Net Derivatives, PPE, Goodwill, DTA, other receivables, accrued interest receivables, securities sold not delivered, cash collateral and other assets with an offset for provision for doubtful debts and unearned income. Other Liability adjustments consist of: provisions, current taxes, cash collateral, accrued interest payable, accounts payable and accrued expenses and other liabilities, securities purchased not delivered.

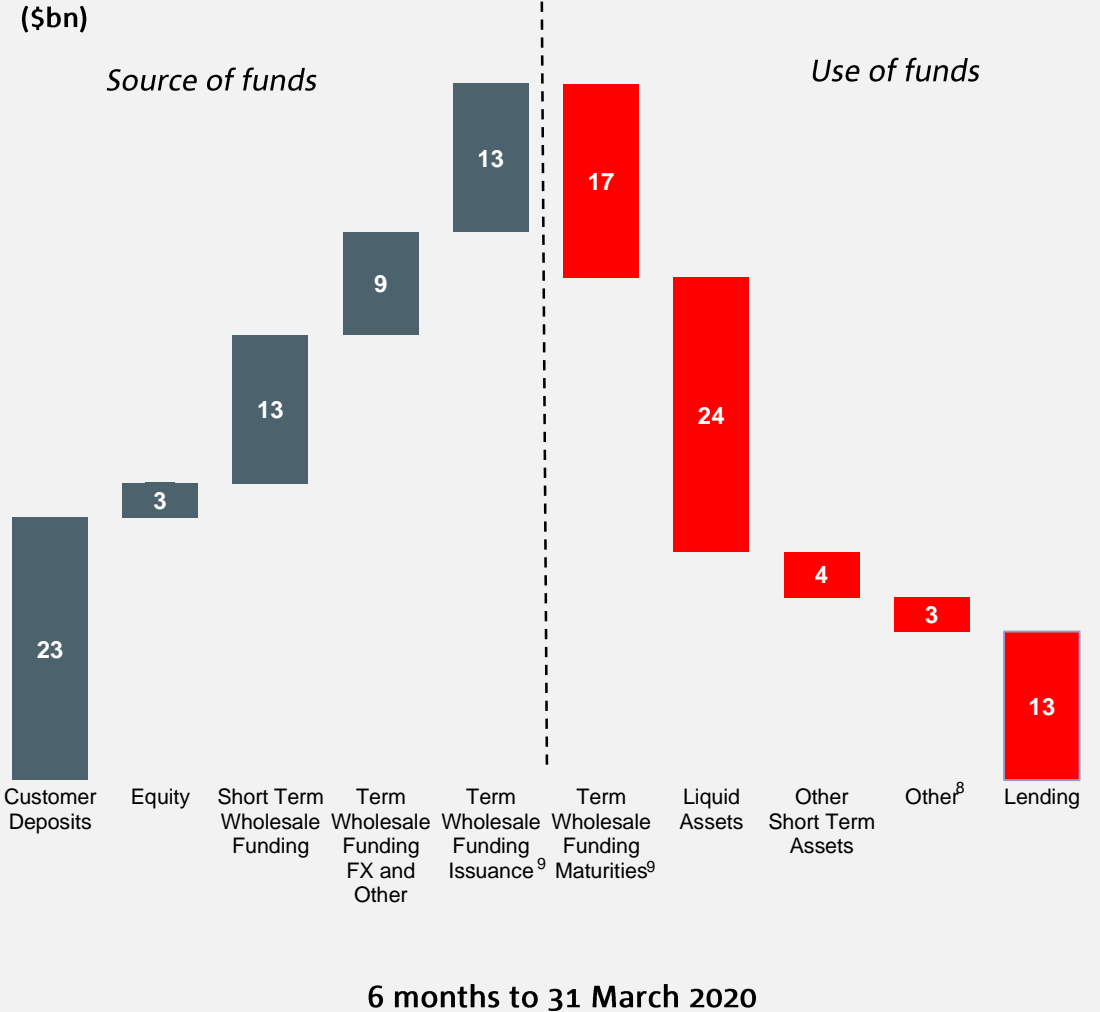
(2) Includes Additional Tier 1 instruments.

# ASSET FUNDING

## FUNDED BALANCE SHEET<sup>1</sup>



## SOURCE AND USE OF FUNDS

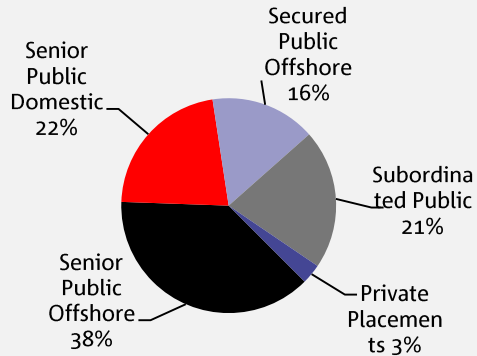


(1) Excludes repurchase agreements, trading and hedging derivatives, and any accruals, receivables and payables that do not provide net funding  
 (2) Includes operational deposits, non-financial corporate deposits and retail / SME deposits. Excludes certain offshore deposits  
 (3) Includes non-operational financial institution deposits and certain offshore deposits  
 (4) Market value of liquid assets including HQLA, non-HQLA and securities that are central bank repo-eligible

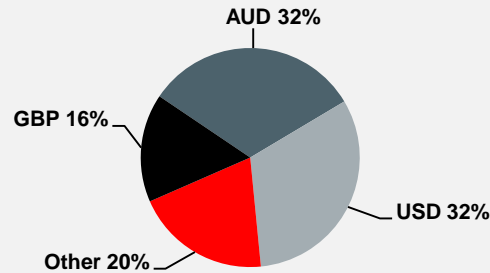
(5) Includes trade finance loans  
 (6) Excludes trade finance loans  
 (7) Includes net derivatives, goodwill, property, plant and equipment and net of accruals, receivables and payables  
 (8) Includes the net movement of other assets and other liabilities  
 (9) Includes Additional Tier 1 instruments

# DIVERSIFIED AND FLEXIBLE TERM WHOLESALE FUNDING PORTFOLIO

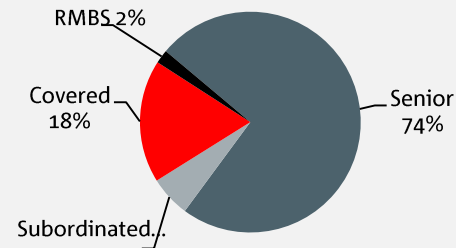
## 1H20 ISSUANCE BY PRODUCT TYPE



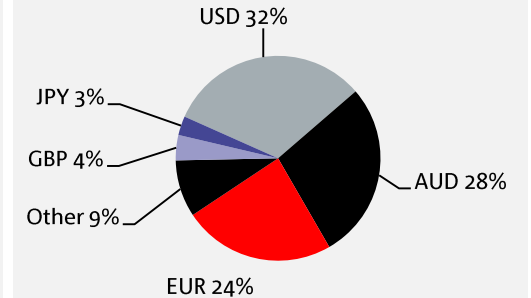
## 1H20 ISSUANCE BY CURRENCY



## OUTSTANDING ISSUANCE BY PRODUCT TYPE<sup>1</sup>

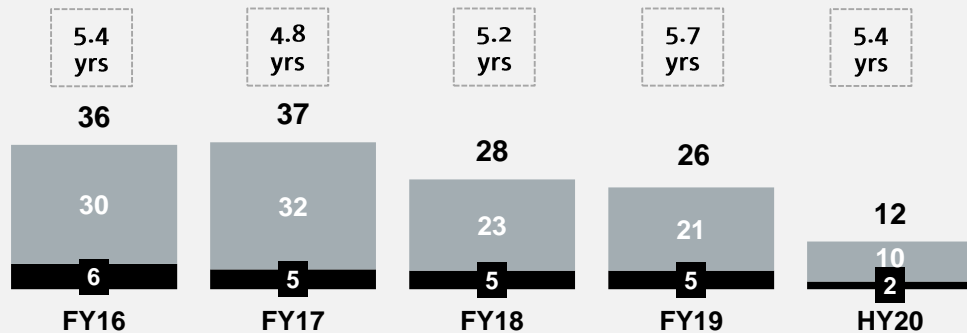


## OUTSTANDING ISSUANCE BY CURRENCY



## HISTORIC TERM FUNDING ISSUANCE<sup>2</sup>

(\$bn)

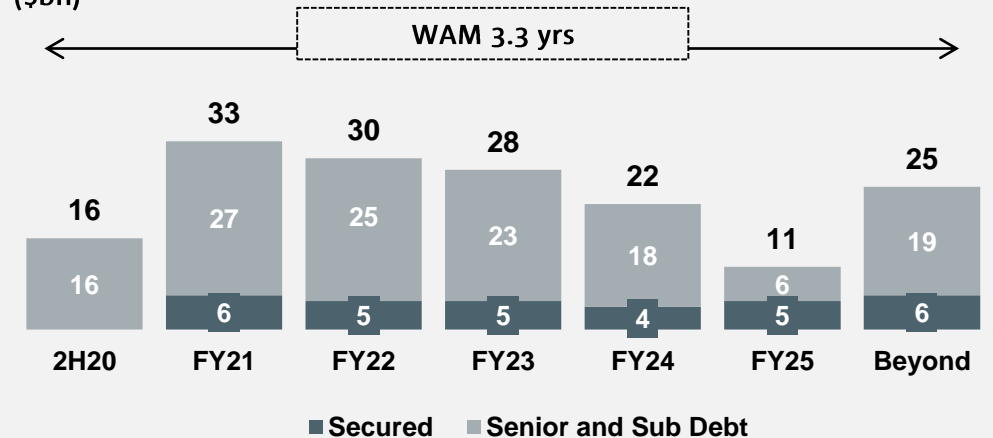


Tenor<sup>3, 4</sup>

■ Secured ■ Senior and Sub Debt

## TERM FUNDING MATURITY PROFILE<sup>3</sup>

(\$bn)



■ Secured ■ Senior and Sub Debt

(1) At 31 March 2020, NAB has utilised 42% of its covered bond capacity. Capacity based on current rating agency over collateralisation (OC) and legislative limit

(2) Includes senior unsecured, secured (covered bonds and securitisation) and subordinated debt with an original term to maturity or call date of greater than 12 months, excludes Additional Tier 1 instruments

(3) Weighted average maturity (years) of funding issuance with an original term to maturity greater than 12 months

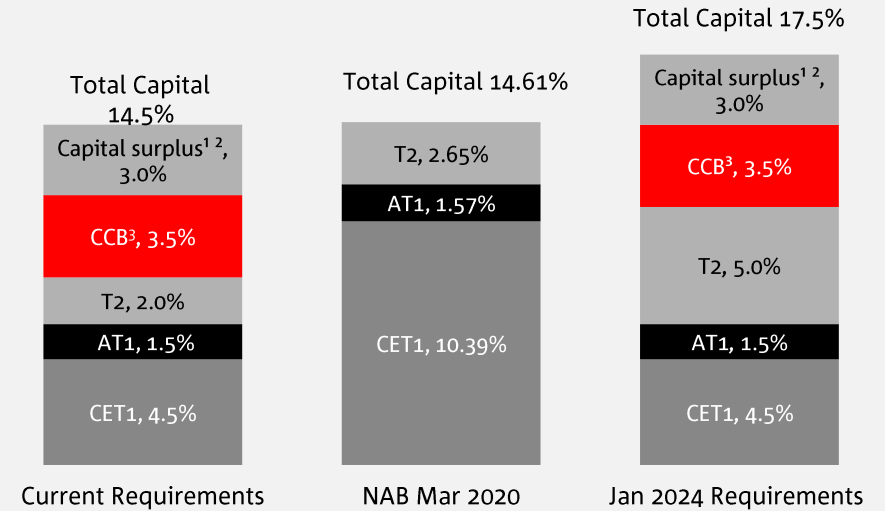
(4) Weighted average maturity and maturity profile excludes RMBS

# LOSS ABSORBING CAPACITY

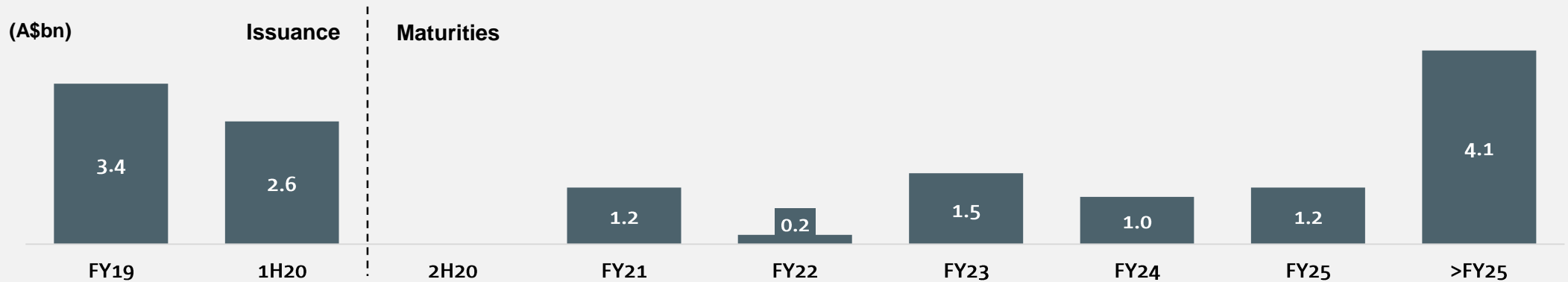
## LOSS ABSORBING CAPACITY

- In July 2019, APRA announced a 3% increase to the Total Capital requirement for all domestic systemically important banks (D-SIBs) by 1 January 2024.
- Based on NAB's 31 March 2020 RWA of A\$433bn, this represents an incremental Group Total Capital requirement of approximately A\$12.5bn prior to January 2024<sup>4</sup>.
- NAB Ltd issued A\$3 billion of LAC qualifying instruments in 1H20, A\$500 million Additional Tier 1 and A\$2.5 billion Tier 2.
- Ahead of January 2024 APRA will consider "feasible alternative methods" for raising an additional 1% to 2% of RWA in loss-absorbing capacity, in consultation with industry and other interested stakeholders.
- Current outstanding Tier 2 portfolio consists 100% of callable instruments.

## APRA CHANGES TO MAJOR BANKS' CAPITAL STRUCTURES



## NAB TIER 2 ISSUANCE AND MATURITIES (TO FIRST CALL)<sup>5</sup>



(1) Capital surplus of 3% is generally higher than the normal level for D-SIBs, as a result of the 'unquestionably strong' capital benchmarks

(2) Excludes any Pillar 2 requirements and additional 1%-2% RWA requirement through "feasible alternative methods"

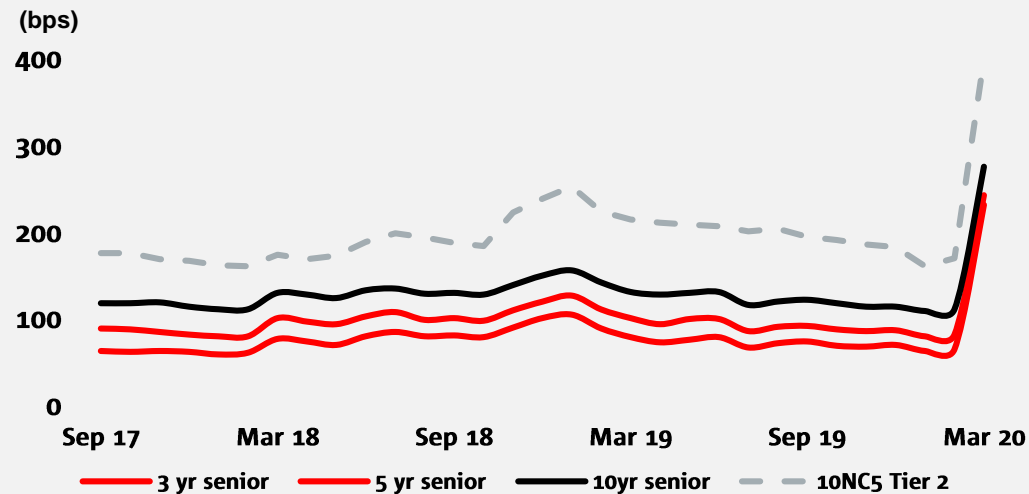
(3) CCB is the Capital Conservation Buffer

(4) Assumes no risk weighted asset growth over the transition period and no management buffer.

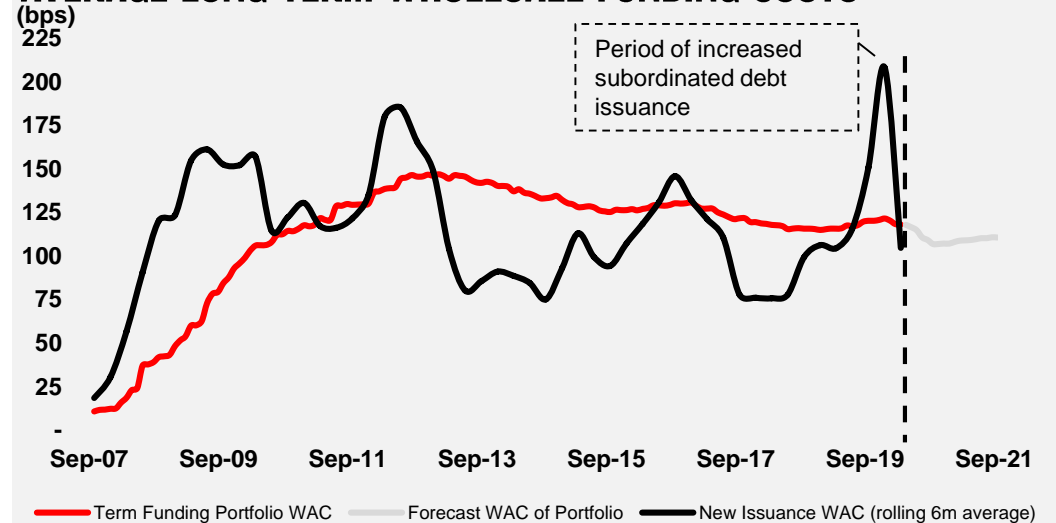
(5) As at 31 March FX rates.

# FUNDING COSTS

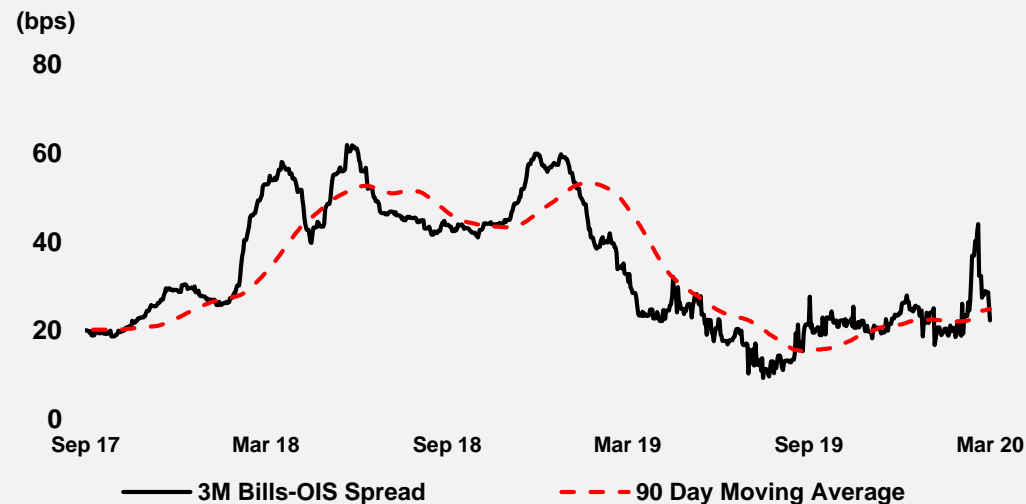
## INDICATIVE TERM WHOLESALE FUNDING ISSUANCE COSTS<sup>1</sup>



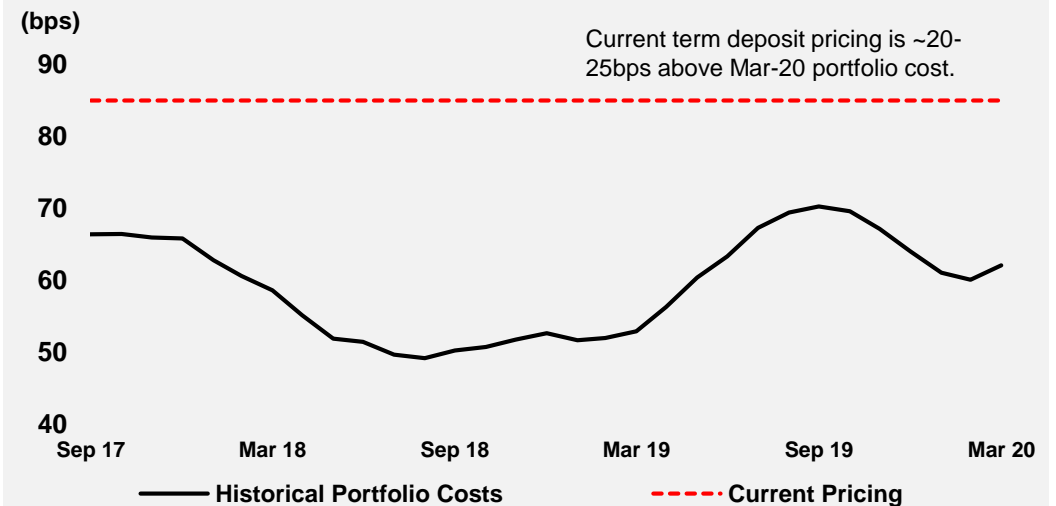
## AVERAGE LONG TERM WHOLESALE FUNDING COSTS<sup>2</sup>



## DOMESTIC SHORT TERM WHOLESALE FUNDING COSTS<sup>3</sup>



## TERM DEPOSIT PORTFOLIO COSTS<sup>4</sup>



- (1) Indicative Major Bank Wholesale Tier 2 Subordinated and Senior Unsecured Funding rates over 3m BBSW using a blend of multi-currency inputs (3 years, 5 years, 10-year non-call 5-year and 10 years)
- (2) NAB Ltd Term Wholesale Funding Costs (including subordinated debt) >12 Months at issuance (spread to 3 month BBSW). Average cost of new issuance is on a 6 month rolling basis.
- (3) Spread between 3 month AUD Bank Bills and Overnight Index Swaps (OIS). Source: Bloomberg
- (4) Management data. Term deposit portfolio cost over market reference rate. Australia only.

# REGULATORY CHANGES AND IMPLEMENTATION DEFERRAL

## REGULATORY CHANGE DATES

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

## DEFERRAL OF REGULATORY CHANGE

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

## APRA'S GUIDANCE ON CAPITAL MANAGEMENT

- On 7 April 2020, APRA announced its expectation that ADIs will seriously consider deferring decisions on the appropriate level of dividends until the outlook is clearer.
- APRA noted where dividends are approved, this should only be on the basis of robust stress testing results that have been discussed with APRA, and should be at a materially reduced level. Any dividend payments should be offset to the extent possible through the use of capital management initiatives.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



# OUR SOCIAL IMPACT STRATEGY

Our prioritised goals to address significant long-term environmental and social challenges facing our business and community

## Financial Health



Helping people reduce financial stress and feel more in control of their money

## Stronger Communities



Creating more sustainable, accessible and inclusive communities across Australia

## Banking On Nature



Driving investment in natural assets to improve the wellbeing of our communities, including natural disaster recovery and resilience

## Climate Action



Working with communities to ensure they are more resilient to climate change, and supporting a low-carbon economy

Aligned to five key United Nations Sustainable Development Goals<sup>1</sup>  
– where we can make the biggest impact



(1) [www.un.org/sustainabledevelopment](http://www.un.org/sustainabledevelopment)

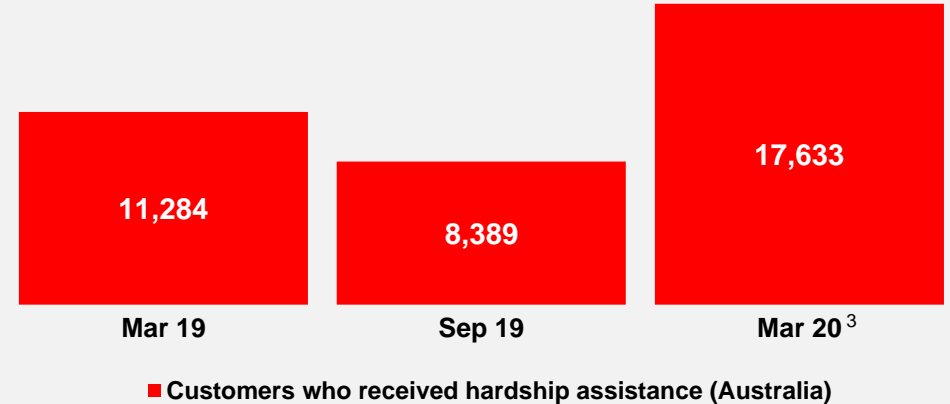
# FINANCIAL HEALTH

## 1H20 HIGHLIGHTS

- Australian customers who received hardship assistance up >50% v 1H19, reflecting bushfires and COVID-19 support
- To date customers using *Speckle* loans have saved >\$1.3m in fees compared with standard payday lenders<sup>1</sup>
- First Australian bank to offer gambling control via app - >20,000 customers switched on blocks on >25,000 cards
- Responded to >180 calls per month on Indigenous Customer Service Telephone Line, launched in 2H19

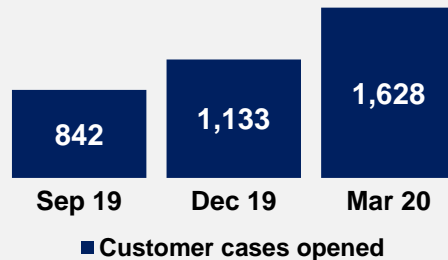
## FINANCIAL HARDSHIP ASSISTANCE

(#)



## CUSTOMER SUPPORT HUB

Specialist team of bankers dedicated to recognising and responding to signs a customer is experiencing vulnerability



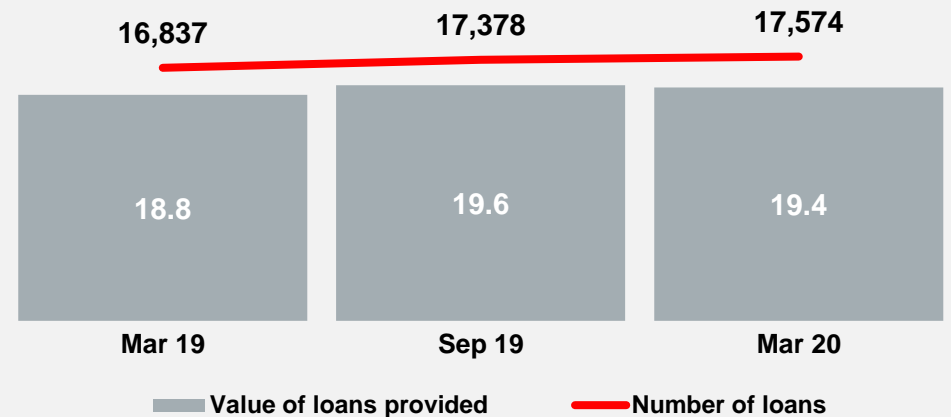
>30% cases relating to domestic and family violence

80% increase in Domestic and Family Violence Assistance Grants approved<sup>2</sup>

>360 referrals made to Uniting Kildonan's CareRing Program

## AUSTRALIAN MICROFINANCE LOANS

(# and \$m)



(1) NAB-backed Speckle is a social enterprise offering fast, online cash loans of up to \$2,000. Cumulative savings calculated from August 2017

(2) The DFVAG provides support for NAB customers who have recently experienced an escalation in physical violence and are assessed by CareRing as being at imminent risk of harm, but do not have the financial means or independence to escape/flee from the perpetrator. Percentage growth is based on grants approved in 1H20 v 2H19

(3) Increase in hardship assistance largely reflects impact of bushfires in Dec-19 to Jan-20 and COVID-19 up to Mar-20

# STRONGER COMMUNITIES

## 1H20 HIGHLIGHTS

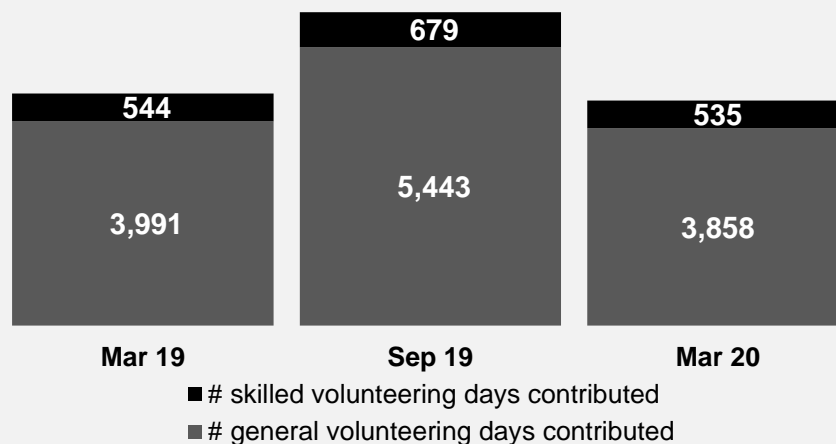
- >\$700k in NAB Foundation grants pledged to not-for-profit partners in April 2020 for COVID-19 support
- \$2bn lending commitment to emerging technology companies by 2025 on track, with >\$500m to date provided to support the growing fintech sector
- Increased direct and indirect spend with Indigenous businesses - \$1.3m in 1H20, exceeding FY20 \$800k target<sup>1</sup>
- Product managers required to integrate accessibility in all new and reviewed products; Welcoming Customers With Disability training developed for ~400 branch employees

## AFFORDABLE HOUSING

- \$2bn financing by 2023 pledged in Oct 19 to support the social and affordable housing sector in Australia
- Commitment addresses one of five key shifts identified in the Australian National Outlook 2019 report - a collaboration between CSIRO, NAB and 19 other non-government organisations

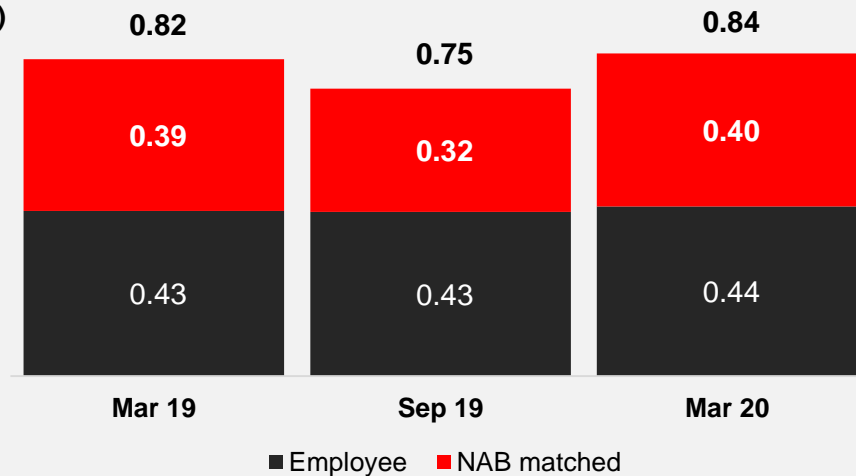
## VOLUNTEERING IN OUR AUSTRALIAN COMMUNITIES

(# days)



## WORKPLACE GIVING<sup>2</sup>

(\$m)



(1) See our 2019-2021 Reconciliation Action Plan and Progress Report for more information: <https://www.nab.com.au/about-us/social-impact/community/indigenous-australian-support>

(2) Australian employees regularly donate to >500 charities through payroll giving - NAB matches donations up to \$1,200 for each employee, every year

# BANKING ON NATURE

## 1H20 HIGHLIGHTS

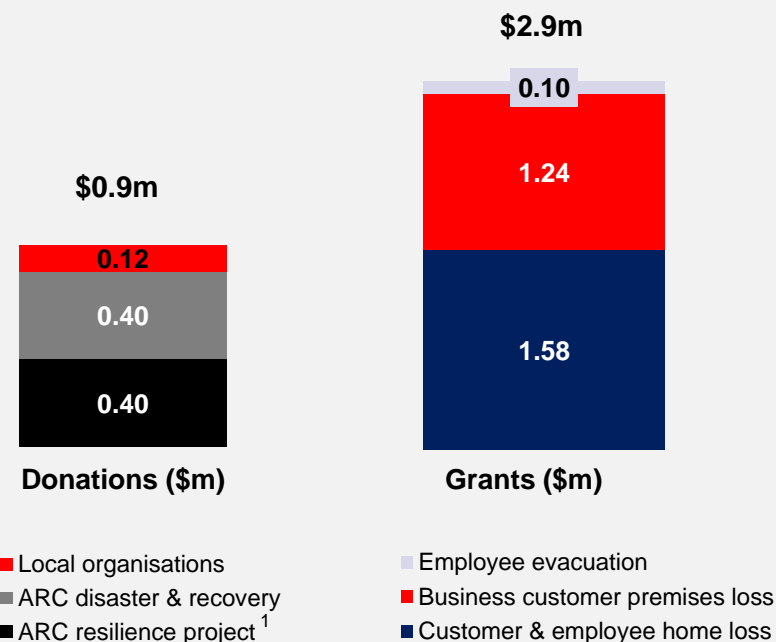
- Developing set of national sustainable agriculture metrics with ClimateWorks
- Phase II of research project with CSIRO underway linking positive correlation of land condition of Queensland grazing properties with financial performance
- In partnership with Food Agility, QUT and the Australian Wine Research Institute, embedded financial metrics alongside sustainability benchmarking data to improve industry understanding of sustainable vineyard management

## BUSHFIRE RECOVERY AND RESILIENCE PACKAGE

- **\$1m in donations** to Australian Red Cross (ARC) disaster preparedness, relief & recovery efforts, and to local organisations in impacted communities
- **\$4m contribution** to NAB Disaster Relief fund for (i) \$2,000 emergency relief and recovery grants to customers and employees, and to impacted businesses and farmers; and (ii) \$1,000 grants for displaced employees
- **Extra day's annual leave** given to permanent employees, and leave policy updated to support impacted communities

(1) This donation has been pledged to Australian Red Cross to support the Bushfire Resilience Pilot Project

## BUSHFIRE RECOVERY PACKAGE – 1H20 PROGRESS



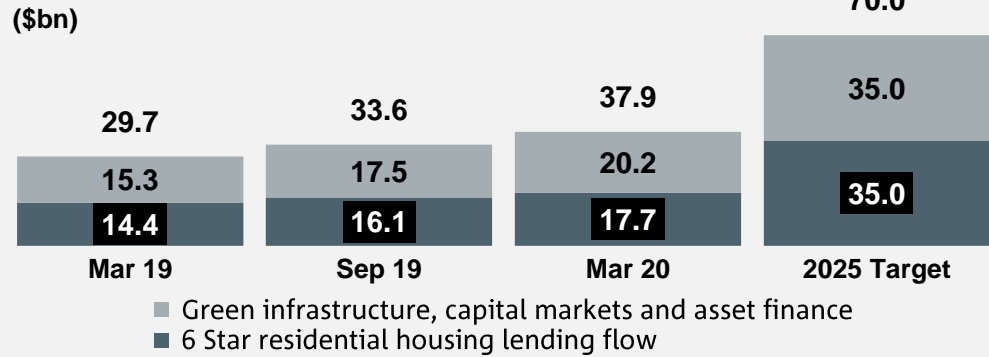
- **>1,500 grants** provided
- **>1,000 days** of bushfire related annual leave taken
- **~4,000 volunteering hours** contributed

# CLIMATE ACTION

## OUR COMMITMENTS

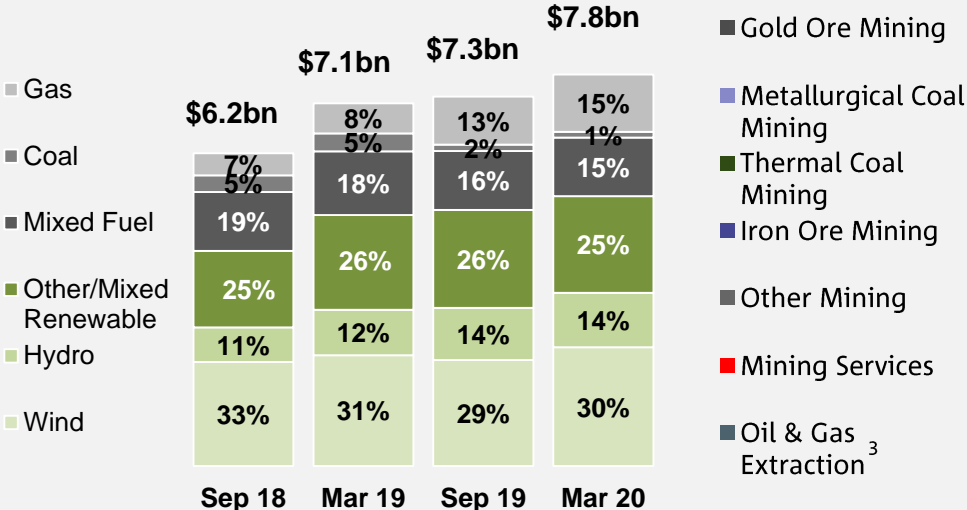
- Environmental financing target of \$70bn by 2025
- Source 100% of our electricity consumption from renewable sources by 2025 – signed up to ‘Renewable Energy 100’
- Cap thermal coal mining exposures at Sep 2019 levels and reduce thermal coal mining financing by 50% by 2028, intended to be effectively zero by 2035
- Not take on new-to-bank thermal coal mining customers

## ENVIRONMENTAL FINANCING (CUMULATIVE)<sup>1</sup>

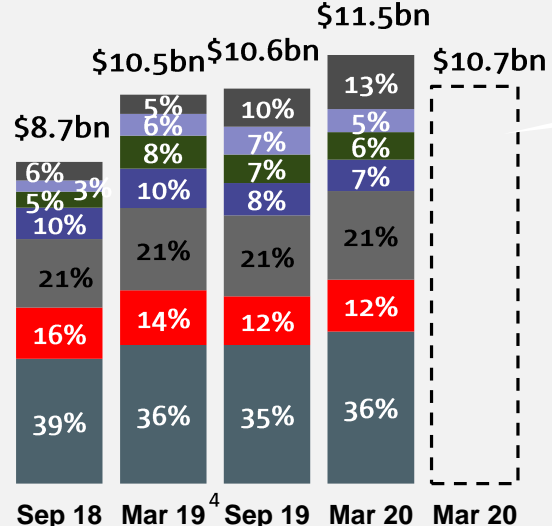


## OUR EXPOSURES

Energy generation EAD by fuel source<sup>2</sup>



Resource EAD by type



• Resource EAD \$10.7bn excluding impact of treasury related financial activity (+\$0.8bn)

• Thermal coal mining EAD down \$20m (-3%) from FY19 and \$150m (-17%) from 1H19

(1) Represented as a cumulative amount of new environmental finance since 1 October 2015  
 (2) NAB methodology (based upon the 1993 ANZSIC codes) at net EAD basis. Excludes exposure to counterparties predominantly involved in transmission and distribution. Vertically integrated retailers have been included and categorised as renewable where majority of their generation activities sourced from renewable energy. More detail at <https://www.nab.com.au/about-us/social-impact>  
 (3) Oil & Gas extraction exposure is largely to Liquefied Natural Gas projects and investment grade customers (92%)  
 (4) Of the \$1.8Bn increase in Resource Net EAD in 1H19, \$0.8Bn relates to model and regulatory prescribed methodology requirements (includes: Thermal Coal +\$0.2bn, Metallurgical Coal +\$0.2bn), and \$0.8Bn relates to Treasury related financial activity where NAB have qualifying securities



# CLIMATE ACTION

## 1H20 HIGHLIGHTS

- #1 Australian company in *Corporate Knights* 2020 Global 100 Most Sustainable Companies Index
- \$1.8bn TCorp Sustainability Bond which is Australia's largest ever green bond and was awarded the Sustainability Bond Of The Year by Environmental Finance - NAB acted as a Joint Lead Manager
- Increased our 2025 science-based GHG emissions (tCO<sub>2</sub>-e) reduction target from 21% to 51% against a restated 2015 baseline level<sup>1</sup>

## INDUSTRY LEADERSHIP AND COLLABORATION

- Work is ongoing for Phase 2 of UNEP FI Task Force on Climate Related Financial Disclosures (TCFD) pilot
- Scenario/physical risk analysis proceeding, and NAB is now part of an ABA Working Group
- First and only Australian bank to be a signatory of UN Principles for Responsible Banking *Collective Commitment to Climate Action* – participating with other member banks to deliver on CCCA commitments



## SUPPORTING RENEWABLE ENERGY INDUSTRY

- #1 arranger of project finance for Australian renewable energy since 2004<sup>2</sup>
- #2 Australian bank for global renewables transactions, and 33<sup>rd</sup> largest lender to renewable energy industry in the world in 1H20<sup>3</sup>

### Top renewable energy players – Australia<sup>2</sup>

Cumulative value of deals in USDbn (2004 – 2019)

National Australia Bank Ltd	2.6
Clean Energy Finance Corp	1.6
Mitsubishi UFJ Financial Group Inc	1.4
Westpac Banking Corp	1.3
Australia & New Zealand Banking Group Ltd	1.3
Commonwealth Bank of Australia	1.1
Sumitomo Mitsui Financial Group Inc	1.0
Mizuho Financial Group Inc	0.9
Societe Generale SA	0.9
BNP Paribas SA	0.8

(1) We have also set new targets for a range of environmental performance areas, including net energy use (GJ) (a 30% reduction) and office paper (tonnes) (a 20% reduction) from 2019 baseline levels. See our website [here](#) for further details

(2) Data Source: BloombergNEF Country Profile for Australia - Top Renewable Energy Players (2004 to 4Q 2019). Cumulative totals are in USD as at 31 December 2019. Totals do not include large hydro

(3) Rankings based on IJGlobal League Table, MLA, Renewables, Last 6 months ending 31 March 2020, Value of Deals (database searched on 16 April 2020)



# AUSTRALIAN ECONOMY

# AUSTRALIA KEY ECONOMIC INDICATORS

- The coronavirus pandemic has seen Australian governments put in place social distancing measures in a bid to limit case numbers. While the restrictions vary by state, the measures have been effective and new COVID-19 cases have slowed sharply.
- However, the pandemic and containment efforts have also seen an unprecedented shock to the economy. In NAB's view, Australia is in the midst of a deep recession.
- While the economic outlook is highly uncertain, NAB forecasts economic activity to fall 8.4% from its pre-virus level by Q3 2020, with a sharp 7% fall in GDP occurring in Q2. That will see a sharp rise in unemployment, to 11.7% by mid year.
- In response to the sharp contraction, the Reserve Bank of Australia and Commonwealth government have launched unprecedented stimulus. The cash rate sits at a record low 0.25% and the RBA now uses bond purchases (QE) to target a 3-year government bond yield of 0.25% as well as providing a term funding facility for banks. The government has announced massive fiscal stimulus, including a \$130bn wage subsidy programme, cashflow support for businesses and a temporary boost to welfare payments.
- The timing and path of the recovery are also highly uncertain. Even with substantial monetary and fiscal stimulus, the recovery will take years following the easing of restrictions. In our view, activity will only reach pre-virus levels in 2022. Further, it is likely unemployment will remain above 7% through to the end of 2021.

## AUSTRALIAN ECONOMIC INDICATORS (%)<sup>1</sup>

	CY17	CY18	CY19	CY20(f)	CY21(f)
GDP growth <sup>2</sup>	2.2	2.7	1.8	-4.3	3.5
Unemployment <sup>3</sup>	5.4	5.0	5.1	11.6	7.3
Core Inflation <sup>4</sup>	1.9	1.8	1.4	1.5	0.2
Cash rate <sup>3</sup>	1.50	1.50	0.75	0.25	0.25

## AUSTRALIAN SYSTEM GROWTH (%)<sup>5</sup>

	FY17	FY18	FY19	FY20(f)	FY21(f)
Housing	6.6	5.3	3.1	3.1	0.3
Personal	-0.9	-1.4	-4.4	-5.3	-0.4
Business	4.1	4.4	3.3	16.5	2.5
Total lending	5.3	4.6	2.7	7.0	1.0
System deposits	6.9	2.1	3.9	6.3	1.0

(1) Sources: ABS, Econdata DX, RBA, RBNZ, Stats NZ, NAB

(2) Average for year ended December on average of previous year

(3) As at December quarter

(4) CPI, December quarter on December quarter of previous year. For Australia, average of trimmed mean and weighted median indices

(5) Source: RBA, RBNZ, NAB. Bank fiscal year-ended (September)



# NEW ZEALAND KEY ECONOMIC INDICATORS

- The New Zealand economy is in the middle of an unprecedented decline, driven by the onset of COVID-19 and associated severe containment measures. International tourism has ceased. Business and consumer confidence have declined. Employment and investment intentions have collapsed as businesses try to cut costs. Unemployment is expected to rise aggressively. Population growth is expected to fall to 0.6% from 1.5% previously, as closed borders will see previously strong net migration fall to effectively zero. This will impede demand. Massive fiscal expansion and aggressive monetary easing has taken place. Societal and economic containment measures started to be relaxed from late April, with activity lifting from extreme lockdown lows. Overall the New Zealand economy is expected to record a small fall in the Mar-20 quarter, then record a large, double-digit, decline in the Jun-20 quarter, before beginning recovery.
- The RBNZ cut the official cash rate to 0.25% in response to the economic shock from COVID-19. The RBNZ said it would remain there for at least 12 months. We expect the OCR to remain low for an extended period.
- Separately, the RBNZ has begun quantitative easing. It has said it is willing to buy up to 40% to 50% of the projected government bond market. The Bank has lowered the core funding ratio, relaxed home lending loan-to-value restrictions, and delayed lifting capital requirements for NZ banks.
- New Zealand commodity export prices have been at buoyant levels, although are expected to ease on softening global market conditions. Sharply lower oil prices will limit any deterioration in the terms of trade.
- Pre-COVID, house sale volumes had picked up and house price inflation had risen strongly. In March, national house prices were up 9.3% y/y. The outlook is poor, but true price discovery will be problematic until sales volumes return post lockdown.
- Annual employment growth was 1.0% in the year to Dec-19, and the unemployment rate was low at 4.0%. The unemployment rate is expected to jump rapidly to around 10% during 2020 before starting to ease.
- Credit aggregates show system lending growth at 5.6% in the year to Mar-20, similar to 5.7% a year earlier. Growth has been a bit higher in housing, a bit slower in business and agriculture, while negative for consumer credit. Household deposit growth was 6.2% in the year to Mar-20, a little faster than the 5.3% recorded a year prior.

## NZ ECONOMIC INDICATORS (%)<sup>1</sup>

	CY17	CY18	CY19	CY20(f)	CY21(f)
GDP growth <sup>2</sup>	3.1	3.2	2.3	-9.1	1.4
Unemployment <sup>3</sup>	4.5	4.3	4.0	10.0	9.5
Inflation <sup>4</sup>	1.6	1.9	1.9	0.9	1.2
Cash rate (OCR) <sup>3</sup>	1.75	1.75	1.0	0.25	0.25

## NZ SYSTEM GROWTH (%)<sup>5</sup>

	FY17	FY18	FY19	FY20(f)	FY21(f)
Housing	6.6	6.0	6.5	7.3	2.9
Personal	7.8	4.7	0.1	-4.8	-5.5
Business	4.8	4.1	4.8	7.5	-4.0
Total lending	5.8	5.2	5.6	7.0	0.0
Household retail deposits	7.7	6.9	5.1	7.0	3.3

(1) Sources: ABS, Econdata DX, RBA, RBNZ, Stats NZ, NAB

(2) Average for year ended December on average of previous year

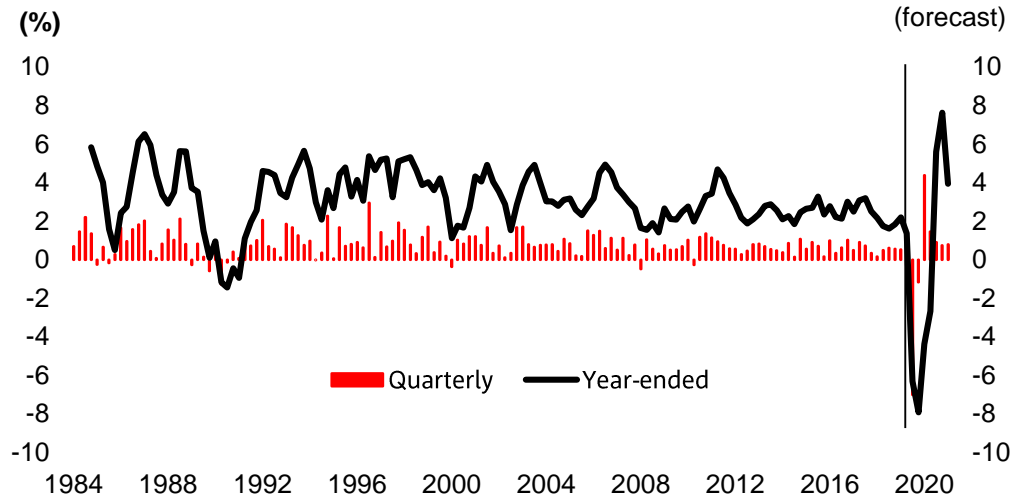
(3) As at December quarter

(4) CPI, December quarter on December quarter of previous year. For Australia, average of trimmed mean and weighted median indices

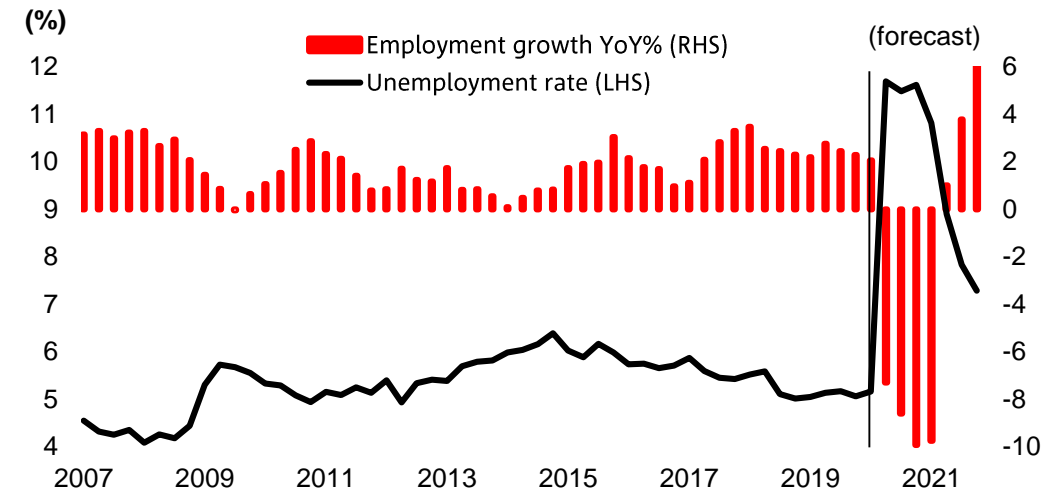
(5) Source: RBA, RBNZ, NAB. Bank fiscal year-ended (September)

# MATERIAL DOWNSIDE RISK TO THE ECONOMY FROM COVID-19

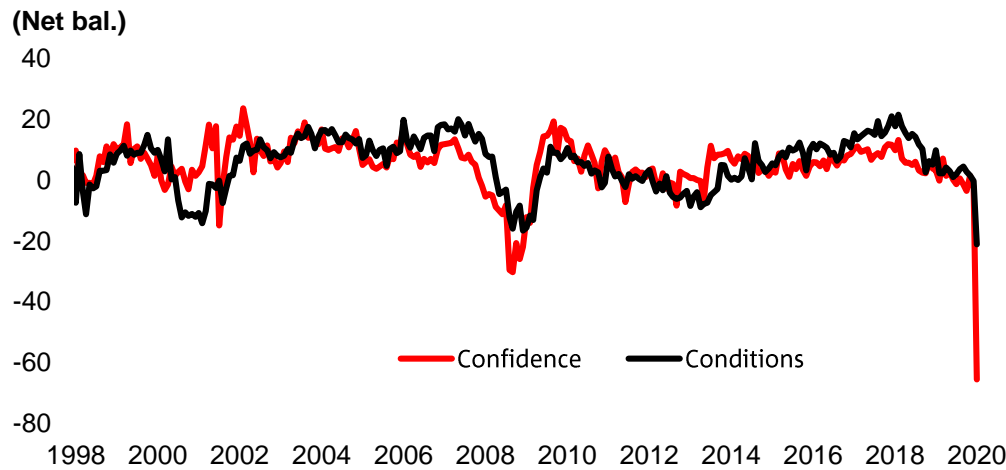
## GDP GROWTH FORECASTS<sup>1</sup>



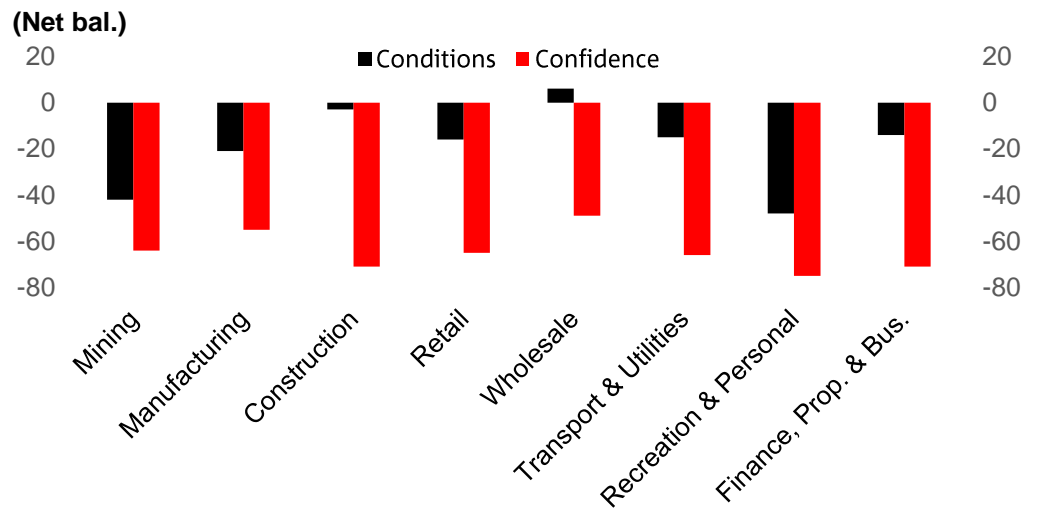
## LABOUR MARKET FORECASTS<sup>1</sup>



## BUSINESS CONFIDENCE AND CONDITIONS<sup>2</sup>



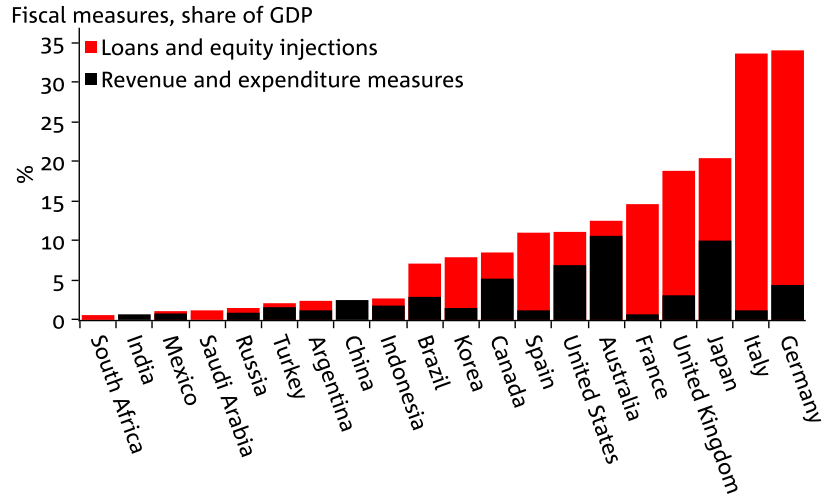
## BUSINESS CONFIDENCE AND CONDITIONS BY INDUSTRY<sup>2</sup>



(1) Source: ABS, NAB forecasts from Q1 2020 onwards  
 (2) Source: NAB Monthly Business Survey (March 2020)

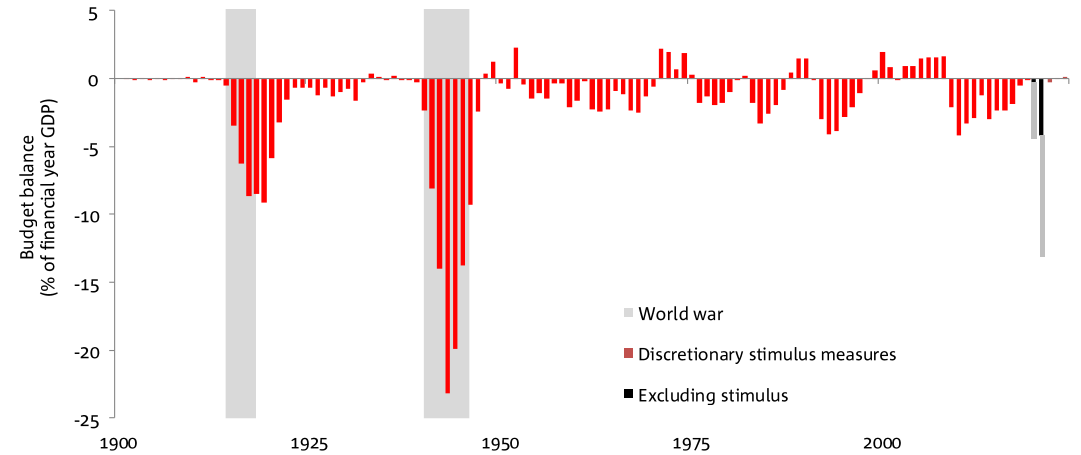
# BUT LARGE STIMULUS WILL HELP

## LARGE FISCAL STIMULUS HAS BEEN ANNOUNCED

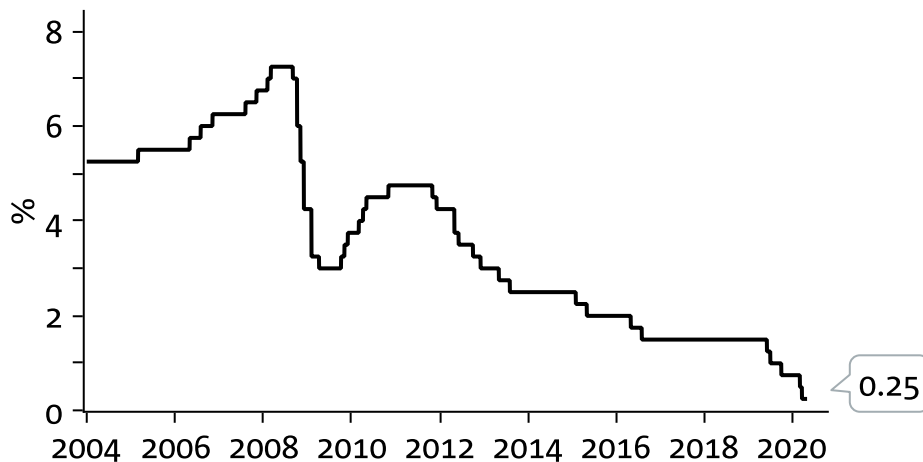


Source: National Australia Bank, IMF

## WHICH SHOULD SEE A HUGE FISCAL DEFICIT



## THE CASH RATE IS AT THE RBA'S FLOOR



Source: National Australia Bank, ABS

## AND THE 3-YEAR YIELD IS AT 0.25%



Source: National Australia Bank, Macrobond

# BUT LARGE STIMULUS WILL HELP

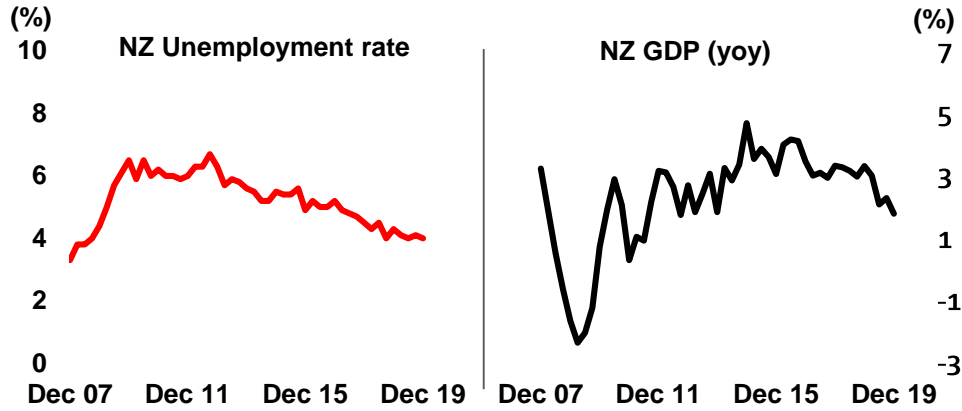
## THE GOVERNMENT'S STIMULUS PACKAGE

(Note: mostly front-loaded to Q2 2020 and 2020-2021)	1st package (\$b)	Separately announced (\$b)	2nd package (\$b)	Separately announced (\$b)	3rd package (\$b)	Separately announced (\$b)	Total (\$b)
<b>(A) Taxes / payments etc</b>							
<b>Households</b>							
1. Income support for individuals			14.1				14.1
2. Payments to households	4.8		4.0				8.8
3. Temporary early release of super			1.2				1.2
4. Temp. reduce super drawdown rates							na
5. Lower social security deeming rates		0.9					0.9
6. JobSeeker wage subsidy payment					130.0		130.0
6. Early childhood education and childcare						0.3	0.3
<b>Business</b>							
1. Boost cashflow for employers	6.7		25.2				31.9
2. Temp. relief for distressed businesses							na
3. Instant asset writeoff	0.7						0.7
4. Temporary depreciation allowance	3.2						3.2
5. Support for apprentices/trainees	1.3						1.3
6. Regional support	1.0						1.0
7. Support for airlines			0.7	0.3			1.0
<b>State Government</b>							
1. Health		2.4		1.1			3.5
2. Reimbursing state health spending							tbd
<b>Discretionary fund</b>							
1. Advance to finance minister						38.8	38.8
<b>Total</b>	<b>17.6</b>	<b>3.3</b>	<b>45.2</b>	<b>1.4</b>	<b>130.0</b>	<b>39.1</b>	<b>236.7</b>
<b>(% GDP)</b>	<b>0.9</b>	<b>0.2</b>	<b>2.3</b>	<b>0.1</b>	<b>6.5</b>	<b>2.0</b>	<b>11.8</b>
<b>(B) Balance-sheet support</b>							
1. Cash support for small- & medium-sized business			Up to 20				Up to 20
2. AOFM support for small lenders etc		Up to 15					Up to 15
3. RBA term loan facility		Up to 90					Up to 90
<b>Total</b>		<b>Up to 105</b>	<b>Up to 20</b>				<b>Up to 125</b>
<b>(% GDP)</b>		<b>Up to 5.3</b>	<b>Up to 1.0</b>				<b>Up to 6.3</b>

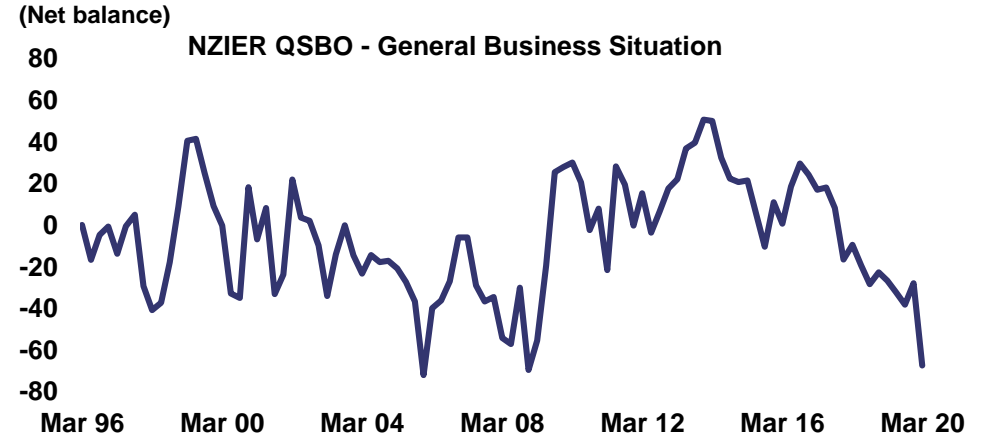
Source: Reserve Bank of Australia, Treasury, National Australia Bank

# NEW ZEALAND

## NZ GROWTH SLOWING PRE COVID-19; UNEMPLOYMENT LOW BUT LIKELY TO RISE RAPIDLY<sup>1</sup>

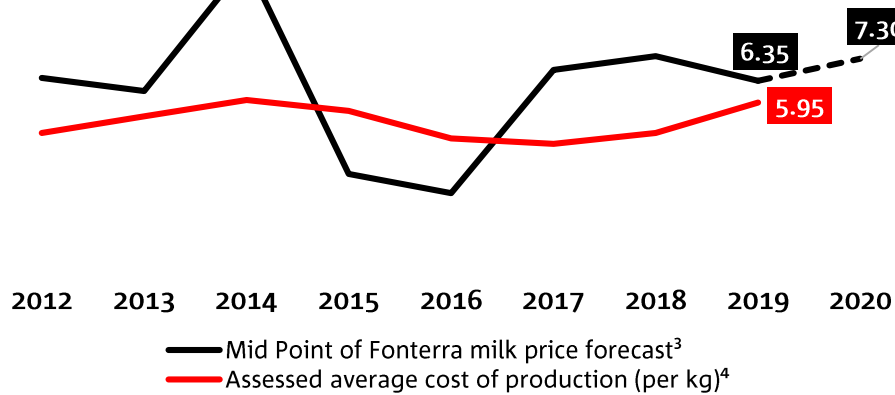


## BUSINESS SURVEYS FLAG BIG INITIAL IMPACT FROM COVID-19<sup>2</sup>

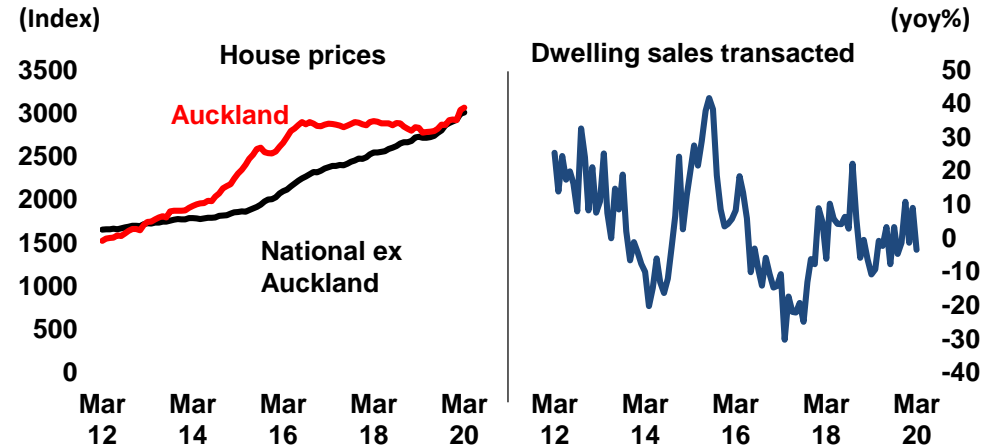


## DAIRY FARM VIABILITY

NZ\$



## HOUSING MARKET SOLID PRE COVID-19<sup>5</sup>



(1) Source: Refinitiv, Statistics NZ, Dec-19

(2) Source: NZIER

(3) Source: Fonterra forecast (milk price)

(4) Source: Dairy NZ estimate of average cost of production (includes interest, rent, tax and drawings)

(5) Source: Refinitiv, REINZ

# CONTACT DETAILS

---

For further information contact:

**Catriona Meharry**  
Group Treasurer  
+61 436 913 161

**Scott Mitchell**  
Head of Group Funding  
+61 3 9322 6593

**Sarah Stokie**  
Debt Investor Relations  
+61 477 721 489

Email: [nab.capital.and.funding@nab.com.au](mailto:nab.capital.and.funding@nab.com.au)

[sarah.m.stokie@nab.com.au](mailto:sarah.m.stokie@nab.com.au)

# DISCLAIMER

---

THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN THE UNITED STATES OR TO ANY "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT)) AND MAY NOT BE DISTRIBUTED OR RELEASED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES. ANY SECURITIES OR BORROWING PROGRAMMES DESCRIBED IN THIS PRESENTATION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS.

The presentation is for distribution only to persons who are not a "retail client" within the meaning of section 761G of the Corporations Act 2001 of Australia and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act 2001 of Australia and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Each person receiving this presentation confirms that they are a person who is entitled to do so under all applicable laws, regulations and directives in all applicable jurisdictions.

By accepting this presentation, the recipient acknowledges and agrees that it will not reproduce this presentation in whole or in part, that it shall not distribute or provide this document to any other person, that it will return any hardcopy of this presentation at the conclusion of the meeting or other presentation at which the presentation is furnished to the recipient, and that it will keep the presentation and any other information strictly confidential.

This presentation includes general background information about National Australia Bank Limited (NAB) and its controlled entities (the Group) current at the date of the presentation, May 2020 (unless otherwise stated herein). It is in a summary form and does not purport to be complete. It is intended to be read by professional and sophisticated investors in conjunction with the verbal presentation and other information publicly disclosed, including the Group's 2019 Annual Financial Report, 2020 Half Year Result Announcement and 2020 Half Year Pillar 3 Report. This presentation is not intended to be relied upon as advice to investors or potential investors. This presentation is not, in any jurisdiction, a recommendation, invitation or offer to buy securities and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate. If at any time there should commence an offering by NAB of securities of the sort described herein, any decision to invest in any such offer and to subscribe for or acquire such securities must be based wholly on the information contained in a final offering document issued in connection with any such offer and not on the contents of this presentation. Any statements as to past performance do not represent future performance.

This presentation includes credit ratings, which may only be distributed to a person who is permitted to receive a credit rating under the applicable law of the jurisdiction in which they are located. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

## DISCLAIMER (CONT.)

---

While care has been taken in preparing the information in this presentation, NAB does not warrant or represent that such information is accurate, reliable or complete, and it is subject to change without notice. Certain information in this presentation has been sourced from third parties. NAB takes no responsibility for the accuracy or completeness of such information. Neither NAB nor any entity in the Group (including, without limitation, each of their respective affiliates, shareholders, directors, officers, partners, employees, advisers and agents and any other person involved in the preparation of the presentation) accept any liability whatsoever for any direct, indirect or consequential damages for losses arising from any use or reliance on anything contained in, or omitted from, this presentation. Neither NAB nor any entity in the Group accepts any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of the presentation or this document, which may affect any matter referred to herein.

NAB uses cash earnings (rather than statutory net profit attributable to owners of NAB) for its internal management reporting purposes and considers it a better reflection of the Group's underlying performance. Accordingly, information is presented on a cash earnings basis unless otherwise stated. Cash earnings is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. Cash earnings is calculated by excluding discontinued operations and certain other items which are included within the statutory net profit attributable to owners of NAB. These non-cash earning items, and a reconciliation to statutory net profit attributable to owners of NAB, are presented in the table below. Prior period non-cash earnings have been restated to exclude discontinued operations. The definition of cash earnings, a discussion of non-cash earnings items is set out on page 2 of the 2020 Half Year Results Announcement and a full reconciliation of the cash earnings to statutory net profit attributable to owners of NAB is set out in Section 4 Supplementary Information on pages 100-102 of the 2020 Half Year Results Announcement. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and reviewed by the auditors in accordance with Australian Auditing Standards, are set out in the 2020 Half Year Results Announcement.

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

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and financial market conditions. Further information is contained in the Group's risk factor disclosure contained in the ASX announcement titled 'NAB releases Luxembourg Transparency Law Disclosures' dated 27 April 2020.