

ASX Code: NAB Price: \$30.95 12 Mth Target Price: \$25.75 Rating: Sell

Business Summary

National Australia Bank Limited (NAB) is a financial services group that provides a comprehensive and integrated range of banking and financial services including wealth management throughout Australia and New Zealand, with branches located in Asia, the United Kingdom (UK) and the United States (US).

Business and Private Banking: Business and Private Banking focusses on serving the needs of three of NAB's priority customer segments - small businesses, medium businesses and investors. Customers are served through an integrated banking model locally led by managing partners through business banking centres and through the small business customer hubs. This includes specialists in Health, Agribusiness, Government, Education, Community and Franchising (GECF), Professional Services and Commercial Real Estate. The division also serves high net worth customers through the Private Bank and JBWere.

Consumer Banking and Wealth comprises: Consumer Banking and Wealth comprises the NAB and UBank consumer banking divisions and the Wealth divisions of Advice, Asset Management and Superannuation. The division provides customers with access to independent advisers, including mortgage brokers and a financial planning network of selfemployed, aligned and salaried advisers in Australia.

Corporate and Institutional Banking: Corporate and Institutional Banking provides a range of lending and transactional products and services related to financial and debt capital markets, specialised capital, custody and alternative investments. The division serves its customers in Australia and globally, including branches in the US, UK and Asia, with specialised industry relationships and product teams.

Latest Research

Model Update

We make minor changes with cash earnings increasing by 0-2%. This is driven by 0-2 bps change in NIMs on account of lower asset drag (reflecting the latest

industry trends) and reduced term deposit switching costs (as TD mix reaches close to pre-Covid levels). No changes to TP or rating.

For more information see research 20 Nov 2023.

Snapshot

Date	16 January 2024
Market Cap.	\$96,564m
Shares on issue	3,120.0m
12 Month High	\$32.15
12 Month Low	\$25.10

Rating

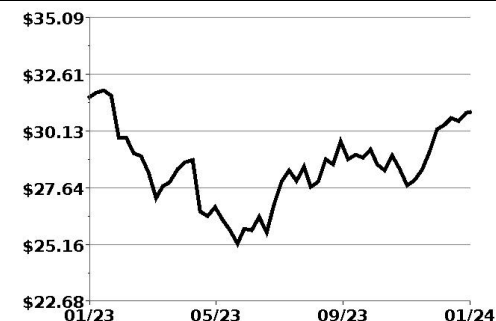
Rating	Sell
12 Mth Target Price	\$25.75
Capital Gain	-15.7%
Gross Yield	8.0%
Implied Total Return	-7.8%

Investment Fundamentals

FYE 30 Sep		2023A	2024F	2025F	2026F
Profit	\$m	7,731.0	7,050.0	7,049.0	7,295.0
Profit (norm)*	\$m	7,731.0	7,050.0	7,049.0	7,295.0
EPS*	¢	238.0	219.0	224.0	236.0
EPS Growth	%	12.3	-8.0	2.3	5.4
P/E*	x	12.8	14.0	13.6	12.9
P/E Relative	%	0.0	0.0	0.0	0.0
DPS	¢	167.0	169.0	171.0	173.0
Yield	%	5.5	5.5	5.6	5.7
Franking	%	100.0	100.0	100.0	100.0

* Adjusted for goodwill and unusual items
Source: Based on Citi estimates

Share Price Chart



Total Return on \$10,000 Investment



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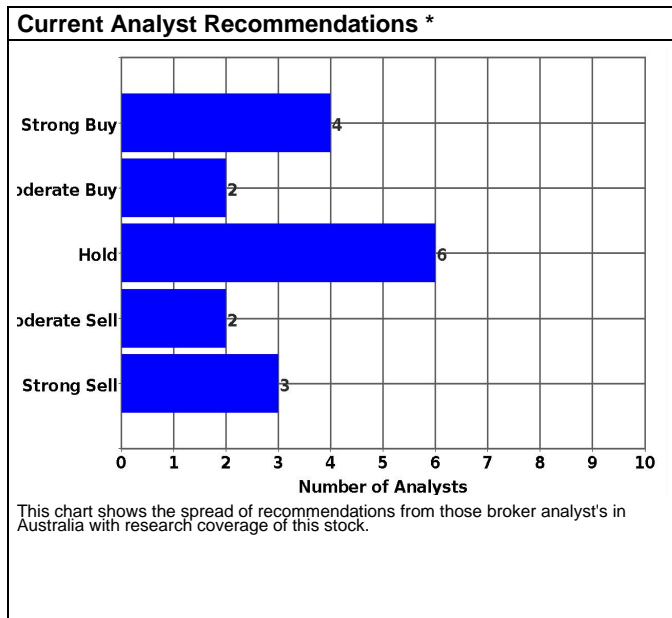
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Profit & Loss (\$M)					
	2019A	2020A	2021A	2022A	2023A
Net Interest Income	13,558	13,877	12,907	13,927	15,093
Provision for Doubt. Debts	-927	-2,752	202	-124	-816
Non Interest Income	4,373	3,384	3,822	4,643	5,555
Total Operating Income	17,004	14,509	16,931	18,446	19,832
Non Interest Expense	-9,794	-7,935	-7,715	-8,862	-9,340
Profit Before Tax	7,210	6,574	9,216	9,584	10,492
Income Tax	-2,066	-2,099	-2,633	-2,684	-2,980
Outside Equity Int.	-3	-4	-3	--	-5
Profit after Tax	5,141	4,471	6,580	6,900	7,507
Significant Items after Tax	-54	-977	-112	160	-42
Reported Profit after Tax	4,798	2,559	6,364	6,891	7,414
Preferred Dividends	-83	-39	-13	--	--

Cash Flow (\$M)					
	2019A	2020A	2021A	2022A	2023A
Interest Received	29,471	23,160	18,194	21,518	47,338
Interest Paid	-15,992	-10,151	-4,589	-6,544	-28,548
Net Operating Cashflow	10,410	33,892	759	28,221	-26,699
Capex	-1,135	-972	-858	-1,076	-1,192
Acquisitions & Investments	--	-21,214	-30,075	-36,884	-34,455
Sale of Invest. & Subsid.	25	21,411	27,238	29,258	31,437
Net Investing Cashflow	2,613	-702	-3,694	-8,703	-4,210
Proceeds from Issues	1,000	4,904	--	--	336
Dividends Paid	-3,266	-2,323	-2,682	-4,006	-4,339
Net Financing Cashflow	-5,771	-16,820	-22,045	6,009	6,976
Net Increase Cash	7,252	16,370	-24,980	25,527	-23,933
Cash at Beginning	37,946	47,026	62,041	37,881	62,179
Exchange Rate Adjust.	1,828	-1,355	820	-1,229	2,343
Cash at End	47,026	62,041	37,881	62,179	40,589

Ratios and Substantial Shareholders						
Profitability Ratios						
Net Interest Margin	%	1.73	1.72	1.48	1.44	1.52
Interest Spread	%	1.50	1.55	1.37	1.30	0.88
Non-Int Inc/Total Inc	%	25.72	23.32	22.57	25.17	28.01
Tot Op. Inc/Tot Assets	%	2.01	1.67	1.83	1.75	1.87
Return on Equity	%	9.25	7.30	10.48	11.69	12.28
Efficiency/Safety Ratios						
Cost to Income	%	48.40	38.65	43.62	44.84	42.23
Capital Adequacy Ratio	%	14.68	16.62	18.91	18.17	19.88
Top 5 Substantial Shareholders						
BlackRock Group					6.0%	
State Street Corporation and subsidiaries					5.2%	
The Vanguard Group, Inc					5.0%	

Balance Sheet (\$M)					
	2019A	2020A	2021A	2022A	2023A
Cash	2,256	2,846	1,668	2,666	2,891
Due from Other Banks	32,130	52,351	107,546	141,861	117,306
Trading Securities	155,564	171,105	144,328	138,985	171,278
Loans and Advances	594,510	582,485	621,156	680,434	702,702
Customer Acceptances	2,490	1,477	--	--	--
Total PP&E	1,117	2,374	2,814	3,009	3,016
Other Non Earning Assets	59,057	53,927	48,456	88,171	61,890
TOTAL ASSETS	847,124	866,565	925,968	1,055,126	1,059,083
Deposits	523,654	547,594	545,451	514,951	547,183
Due to Other Banks	34,273	50,556	74,160	74,679	39,516
Bonds & Notes	179,034	159,567	175,577	295,176	279,143
Bank Acceptances	--	--	--	--	--
Provisions	3,975	4,037	3,134	3,107	2,864
Other Liabilities	50,584	43,518	64,867	108,181	128,874
Total Liabilities	791,520	805,272	863,189	996,094	997,580
Net Assets	55,604	61,293	62,779	59,032	61,503
Share Capital	38,707	45,476	43,247	39,399	38,546
Reserves	306	99	550	-1,839	-1,192
Retained Earnings	16,583	15,717	18,982	21,472	23,800
Minorities	8	1	--	--	349
TOTAL S/H EQUITY	55,604	61,293	62,779	59,032	61,503



Principals & Directors	
Principals	
Company Secretary	Mrs Louise R Thomson
Directors	
Mr Ross Maxwell McEwan(Chief Executive Officer, Managing Director)	
Mr Philip Wayne Chronican(Non-Executive Director, Non-Executive Chairman)	
Ms Ann Sherry(Non-Executive Director)	
Ms Sarah (Carolyn) Hailes Kay(Non-Executive Director)	
Ms Alison Mary Kitchen(Non-Executive Director)	
Ms Kathryn Joy Fagg(Non-Executive Director)	
Ms Anne Joan Loveridge(Non-Executive Director)	
Mr Simon Vincent McKeon(Non-Executive Director)	
Mr Douglas Alexander McKay(Non-Executive Director)	
Ms Christine Louise Fellowes(Non-Executive Director)	

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