<u>Responses to questions on notice – Inquiry into financial regulatory framework and home ownership</u>

Senator Bragg: *How much capital are you holding against mortgages?*

Mr Nicholls: *We might need to take that question on notice.*

NAB response:

The total amount of capital NAB holds against mortgages depends on a range of factors including regulatory requirements, buffers to those requirements and the types of mortgages NAB originates.

As at 30 June 2024, NAB held ~$13bn of Common Equity Tier 1 capital to protect against credit risk in its Australian mortgage book. This is based on NAB's ~$357bn mortgage book, ~$106bn of credit risk weighted assets for Australian mortgages and a CET1 capital ratio of 12.6%. Further detail can be found in NAB's Third Quarter Pillar 3 Report 2024.

This capital is in addition to the provisions that NAB holds for its Australian mortgage book and the capital held for other items such as operational risk.

Senator Pocock: *What is your rate of profit on mortgages and lending to first home buyers?*

Mr Kerr: *That's not something we'd typically disclose. I'm happy to take that on notice.*

Senator Pocock: *If you could take that on notice. I'm interested in that for first home buyers, for other owner-occupiers and the rate of profit for those investing in other forms of property.*

Mr Kerr: *I'm happy to take that on notice.*

NAB response:

This information is commercial in confidence and is not publicly disclosed. NAB considers and reports mortgage profitability at a divisional level. NAB's home lending business is part of its Personal Banking division. For the six months to March 2024 (NAB's first half financial year), Personal Banking revenue was around $2.2bn with a net interest margin of 1.79%.

Additional detail on NAB's home lending can be found in NAB's 2024 Half Year Results Investor Presentation available online at 2024 Half Year Results Investor Presentation.