

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB23QW:

(a) Regarding principal and interest mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

(b) Regarding interest-only mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

(c) Regarding interest-bearing deposits, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

Answer:

- a) Over the June, July and October RBA rate changes, NAB 'principal and interest' customers have benefited from a 0.59% (both Owner Occupied and Investors) cumulative reduction in interest rates and payments. On an annualised basis, this is a reduction of \$899m of interest payments being paid by customers in this segment going forward.

Principal and Interest

Principal & Interest	Balances (Monthly Start)	Cumulative Rate Reduction	Reduction in Interest Charged (Annualised)
Jun-19	\$144.8 bn	0.25%	\$362m
Jul-19	\$146.7 bn	0.44%	\$645m
Oct-19	\$152.4 bn	0.59%	\$899m

- b) Over the June, July and October RBA rate changes, NAB 'interest only' customers have benefited from a 0.59% (Owner Occupied) and 0.74% (Investor and Line of Credit) cumulative reduction in interest rates and payments. On an annualised basis, this is a reduction of \$393m of interest payments being paid by customers in this segment going forward.

Interest Only Lending:

Owner Occupied	Outstandings (Monthly Start)	Cumulative Rate Reduction	Reduction in Interest Charged (Annualised)
Jun-19	\$13.2 bn	0.25%	\$33m
Jul-19	\$12.8 bn	0.44%	\$56m
Oct-19	\$11.6 bn	0.59%	\$68m

Investor and Line of Credit	Outstandings (Monthly Start)	Cumulative Rate Reduction	Reduction in Interest Charged (Annualised)
Jun-19	\$47.5 bn	0.25%	\$119m
Jul-19	\$47.0 bn	0.44%	\$207m
Oct-19	\$43.9 bn	0.74%	\$325m

c) The average daily interest paid from Oct-18 to May-19 was \$15.3m (or 1.82%). Following the two interest rate cuts in June and July 2019, this decreased to \$11.6m as at September (or 1.36%). Following the third interest rate cut in Oct 2019, this has decreased to \$9.4m as at December (or 1.12%). These deposits also assist to fund \$204bn in business lending and \$126bn in liquid assets.

	Total interest paying volume (\$b)	Total Interest Paid (\$m)	Average Rate Paid
Jun-19	\$308.6	\$421.7	1.66%
Jul-19	\$312.4	\$397.0	1.50%
Oct-19	\$311.6	\$325.7	1.23%