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HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB60QON:

Dr MULINO: ...Can I ask you this on notice? You're saying that you're going to be touching base with a lot of your SME clients and I think residential mortgage holders in another three months. I suspect you'll be having a lot of discussions in between. It would be really useful to get any kind of quantitative or qualitative update that you can provide on the sectoral and geographic breakdowns and, in particular, hotspots as to where there are particular concerns. Some of this will be obvious, like tourism in regional areas where people aren't allowed to travel, aviation and some parts of retail, but it would be interesting to get the breakdown given your breadth of business contact.

Mr McEwan: Very happy to do so.

Answer:

Business loan deferrals

As stated to the Committee on 11 September, nationally NAB had \$18.4bn in business loans deferrals across Business & Private Banking across 37,000 accounts as at 28 August 2020. By sector, commercial real estate represents 31% of these deferral balances. The next largest sector in dollar terms is discretionary retail trade, tourism, hospitality and entertainment representing 21% of deferral balances. By geography, the three largest jurisdictions of deferrals are in NSW, Victoria, and Queensland. 34% of deferral balances are in NSW, 30% in Victoria, and 20% in Queensland.

Home loan deferrals

As stated to the Committee on 11 September, mortgage deferral requests in Victoria now represent a larger percentage of total deferrals as customers in other states have cancelled deferrals at a faster rate.

Victoria represented around 58% of mortgage deferral requests in the week commencing 7 September but declined in overall number. Deferral requests either fell or remained steady in other states, with the sharpest decline in deferrals occurring in NSW.

Further information about NAB's mortgage and business lending portfolio will be included in NAB's full-year financial results published on 5 November.

Economic insights

According to data published by NAB Economics, for the week ending 12 September there was a 2.5% decrease year-on-year in overall consumption spending. Spending fell 15.4% in Victoria, weighing heavily on the national result. Geographically, spending growth was highest in Tasmania (+8.5%) and SA (+6.0%).

Payment inflows into NAB merchants rose 5.6% in the six-week rolling year-on-year terms in the week ending September 12. Removing ATO payments for JobKeeper, the increase was around 3.9%. By industry, inflows fell in hospitality (-11.9%), transport, postal and warehousing (-7.1%), and mining (-4.5%). The strongest growth was in retail trade (15.6%), other services (14.7%), construction (14.3%) and manufacturing (14.0%).