



National
Australia
Bank

SUMMARY REVIEW 2017

Sarah Moran
Girl Geek Academy
and NAB Employee

KEY RESULTS

14.0%

cash return on equity^{1,2}
30 basis points decrease
from 2016

59%

employee engagement score³
compared to top quartile
global benchmark of 67%

-13

priority segments net promoter score⁴
2 points increase from 2016, ranked #1
amongst major Australian banks

2017 CASH EARNINGS

A\$M

Consumer Banking & Wealth	1,633
Business & Private Banking	2,841
Corporate & Institutional Banking	1,535
New Zealand Banking	882
Corporate Functions & Other	(249)

\$6.64BN

cash earnings^{1,2}
2.5% increase from 2016

20.1%

total shareholder return (TSR)⁵
ranked #1 amongst major Australian banks

\$5.29BN

net profit attributable to the
owners of NAB
\$4.93bn increase from 2016⁶

\$1.98

dividend per share
consistent with 2016

514,575

low-income Australians
and New Zealanders
assisted with microfinance
products and services since 2005⁷

19,652

number of customers assisted
experiencing
financial hardship

1 Information is presented on a continuing operations basis including prior period restatements.

2 Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. NAB's audited financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, are set out in NAB's 2017 Annual Financial Report. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB is set out in Note 2 of NAB's 2017 Annual Financial Report. A reconciliation of cash earnings to statutory net profit attributable to the owners of NAB is also set out on page 4 of this 2017 Summary Review.

3 Source: Employee Engagement Survey conducted by Aon Hewitt. The engagement score indicates the percentage of employees at NAB that are strong advocates (SAY), demonstrate a commitment to NAB (STAY) and exert discretionary effort (STRIVE).

4 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. Priority segments Net Promoter Score (NPS) is a simple average of the NPS of four priority segments: NAB defined Home Owners and Investors, as well as Small Business (turnover \$100k-<\$5m) and Medium Business (turnover \$5m-<\$50m). The Priority Segment NPS data is based on six month moving averages from Roy Morgan Research and DBM BFSM Research as at 30 September 2017. 30 September 2016 NPS performance has been restated to reflect the change in priority segments. The 2016 priority segments were Mortgage Customers, Debt Free, Micro Business (<\$1m), Small Business (\$1m-<\$5m) and Medium Business (\$5m-<\$50m).

5 Source: IRESS. Total Shareholder Return (TSR) combines share price appreciation and dividends paid from 1 October 2016 to 30 September 2017 to show the total return expressed as a percentage.

6 The large increase in net profit attributable to owners of NAB mainly reflects the loss on CYBG demerger, provisions for conduct costs pursuant to claims under the Conduct Indemnity Deed with CYBG and the sale of 80% of Wealth's life insurance business in the 30 September 2016 full year, partially offset by provisions for conduct costs pursuant to claims under the Conduct Indemnity Deed with CYBG in the 30 September 2017 full year.

7 Delivered in partnership with Good Shepherd Microfinance (Australia) and Good Shepherd New Zealand. Cumulative data has been collected since 2005 in Australia and 2014 in New Zealand.

CHAIRMAN AND CEO MESSAGE



Ken Henry
Chairman

As the owners of NAB, you help us move Australia forward.

It is because of your investments in NAB that we are able to lend to our customers to start and grow their businesses, to realise their dreams of owning a home, and to build universities, hospitals, roads and airports. NAB backs customers who employ millions of Australians, and who contribute to building thriving communities and a stronger economy. We are committed to continuing to find new ways of backing our customers and their communities.

We are pleased this year to declare a final dividend of 99 cents per share, fully franked, adding to the interim dividend of the same amount earlier in the year. This has resulted in \$5.3 billion in dividends going to back you, our shareholders. We recognise the importance of delivering good returns to our shareholders and appreciate your continued support for the long-term sustainability of NAB.

OUR OPERATING ENVIRONMENT

We know that for some households and businesses stagnant wage growth, coupled with consumer caution, is causing some concerns. However, strong population and employment growth continue to support a resilient Australian economy. While business conditions are at highs not seen since before the global financial crisis, business confidence still remains below long-run averages. Clearly, there is more to do to help spur investment.

We are confident that Australia's economy will continue to grow, but we are not complacent. It is important NAB remains strong so we can back Australian businesses to translate these good conditions into real growth. While the Commonwealth Government's major bank levy was passed this year, we continue to advocate for a long-term and holistic approach to tax reform. And, we remain relentlessly focussed on delivering for our customers, their communities and the broader economy.

CONSISTENT AND DISCIPLINED DELIVERY

Our 2017 result represents another year of consistent delivery, and builds on three years of sustained, sound financial performance. Cash earnings of \$6.64 billion were up 2.5% over the year, with a strong performance in our business bank heartland; revenue growth and asset quality were also highlights. Deliberate choices made during 2017 see us continue to deliver on our commitment to reshape and simplify our business, with \$301 million in productivity savings delivered this year.

Pleasingly, we were ranked number one of the major banks by our customers in Priority Segments Net Promoter Score. But we know there is much more work to do before all of our customers feel confident recommending NAB to their family and friends.

This year, we have put considerable focus on innovating to help our customers.

With our QuickBiz product, we were the first Australian bank to offer a complete suite of unsecured, self-service digital financing facilities – recognising that our small business customers want simple and quick access to credit to grow their businesses faster and easier.

We expanded our HICAPS health offering to deliver a digital platform, meaning patients can now locate a practitioner, get a quote, pay for their consultation and claim their private health insurance benefit in the one mobile app.

And we've partnered with realestate.com.au to combine searching for property and getting a home loan in the one experience, improving the home buying journey.

Customers are our lifeblood. Without them, we don't have a business. We continue to invest in building and strengthening their trust and respect and we are committed to listening and responding to their feedback.

This year our business customers told us their contracts were too complex and too difficult to understand. So we overhauled and simplified our standard business contracts to make life easier for more than 130,000 Australian businesses.

We held in excess of 500 interviews this year with our customers to help improve their journeys with us, and addressed more than 200 of our customers' common 'pain points'.

Our people accept the professional obligations they owe to their customers. In recent years, there have been instances where we have not met the standards we and our customers expect. We take accountability and will learn from these experiences. Across the banking industry, the profession is working hard to continually improve the way banks operate. Customers need to be confident that every time they deal with their bank, they receive the products and services that best suit their needs.

We are proactive in our approach to the Australian Bankers' Association's initiatives to strengthen transparency, accountability and trust in our industry. This year we committed to implementing all the recommendations of the review into retail banking remuneration, implemented the background check protocol for recruitment, and continued to contribute to the redraft of the Code of Banking Practice.

ACCELERATING OUR PLAN¹

Australian businesses are operating in an environment that is shifting rapidly as technological disruption, new forms of competition and new regulation take hold. Large companies are changing and NAB is no different.

Customers no longer simply compare our services to those offered by our peers – they compare us to all the other experiences they have every day. They're asking for world-class digital capabilities and services that are faster, simpler and more responsive. They're asking to connect with us at any time of the day, and anywhere, through their mobile and digital devices.

This presents an exciting challenge for us. We see disruption of our industry not as a risk, but as an opportunity. Already, through partnerships and innovation, we are finding new ways to deliver for our customers – looking at the journeys they take with us to deliver faster, and making key things like opening new accounts and business transaction onboarding easier.

As we embrace change, we need to lift and accelerate delivery of our strategy. Our consistent, focussed performance over the last three years means that we are in a strong position to do so.

To create the bank our customers and people can be proud of, we are focussing on both productivity and growth initiatives. Over the next three years, we will invest an estimated additional \$1.5 billion to help our customers grow, create a simpler and stronger NAB, and develop our leaders and the capability of our bankers. This is the single biggest investment we have made in NAB. Much of this investment will be funded by savings and we are targeting more than \$1 billion in savings by the end of the 2020 financial year, to be delivered through simplifying and automating processes, reducing procurement and third party costs, and getting closer to our customers with a flatter organisational structure. Importantly, these savings support our accelerated strategy.

As we change for our customers we will need to reshape our workforce. There will be areas of NAB that will need fewer people and areas that will need different skillsets. This will result in a net reduction in employees currently targeted at approximately 4,000 people by the end of the 2020 financial year, which is expected to give rise to a restructuring provision of \$0.5-0.8 billion in the first half of the 2018 financial year. We are approaching these changes in our workforce with care, focus and respect. Part of our culture, underpinned by a strong set of values, is to do the right thing. We will live this in the way we assist people in gaining new skills and transitioning to new careers.

As we move into the next phase, positioning NAB for future growth, the Board expects to be able to maintain 2018 dividends at the same level as this year subject to no material change in the external environment and satisfactory Group financial performance.

1 Refer to key risks, qualifications and assumptions in relation to forward-looking statements in the Report of the Directors of the 2017 Annual Financial Report.

2 Infra-Deals (as at 11 October 2017) – Cumulative Results for 2007-2017 excluding Power.

To create the bank our customers and people can be proud of, we are focussing on both productivity and growth.

The acceleration of our strategy is ambitious – and it is necessary and key to the Bank's sustainability. Without it, we could not continue to deliver for all our stakeholders and achieve our vision of becoming Australia and New Zealand's most respected bank.

BACKING COMMUNITIES

It's critical NAB stays strong and stable. Strong banks support a strong economy and they help create vibrant communities. But a strong economy and vibrant communities are also indispensable contributors to our commercial performance. We owe our success to the people, businesses, and communities we've supported and partnered with for nearly 160 years.

Our commercial success is inseparable from the responsibility we have to make a significant and positive contribution to communities in Australia and New Zealand.

Each year at NAB we see many people in all areas of the bank deeply motivated by the value they can create for their customers and their communities. In NAB Assist, our dedicated specialists helped nearly 20,000 Australians facing financial difficulty this year, with around 90% back on track with their payments within 30 days. Our partnership with Good Shepherd Microfinance has supported over 500,000 people with microfinance loans since 2005. We are now quadrupling our annual target for new microfinance loans to 100,000 within two years, as part of our commitment to improve financial wellbeing.

In New Zealand, BNZ was Closed for Good for one day in August – an annual initiative which saw more than 3,000 of our people volunteer on more than 550 projects in communities right across New Zealand. Closed for Good remains New Zealand's single most intensive day of corporate volunteering.

NAB is also the lead arranger of project finance for Australian infrastructure projects² – building the roads, schools, hospitals and transport that power our communities. We will continue to look for ways where we can do more to help move our communities forward.

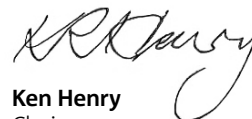
OUR PEOPLE

In December 2016, Danny Gilbert and Jillian Segal retired from the Board after serving for 12 years. On behalf of the Board, we thank Danny and Jillian for their service. In November 2017, we were delighted to have Ann Sherry join the Board. She brings deep experience in banking and will help us continue to drive a strong community and customer focus.

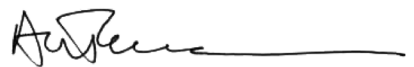
This year we welcomed Mike Baird, Sharon Cook and Patrick Wright to the NAB Executive Leadership Team; they bring exceptional track records of performance and are aligned to our values and our ambition.

At NAB, our culture is fundamental to our ability to deliver for our customers and shareholders, and our people are key to how we deliver. Our people are passionate, have deep relationships with our customers and are motivated by living our five core values each day. They are guided by our purpose to back the bold who move Australia forward. And they are determined to achieve our vision of being Australia and New Zealand's most respected bank.

We thank our customers, shareholders and our people for their support this year.



Ken Henry
Chairman



Andrew Thorburn
Group Chief Executive Officer

SHAREHOLDER INFORMATION

2017 ANNUAL REPORTING SUITE

You can view our 2017 Annual Reporting suite online at nabgroup.com/annualreports.

A printed copy of our 2017 Annual Financial Report and 2017 Summary Review can be requested from the Share Registry either by emailing nabservices@computershare.com.au or calling 1300 367 647 (within Australia) or +61 3 9415 4299 (from outside Australia).

Current and extensive historical information is posted and maintained on the website at nabgroup.com.

RECONCILIATION OF CASH EARNINGS TO STATUTORY NET PROFIT ^{1,2}	2017 A\$M	2016 A\$M
Cash earnings ('Cash Basis')	6,642	6,483
Non-cash earnings items (after tax):		
Distributions	98	124
Treasury shares	-	61
Fair value and hedge ineffectiveness	(500)	(126)
Life insurance 20% share of profit	-	(39)
Amortisation of acquired intangible assets	(62)	(83)
Net profit from continuing operations	6,178	6,420
Net loss after tax for the period from discontinued operations	(893)	(6,068)
Net profit attributable to owners of NAB ('Statutory Basis')³	5,285	352

1 For an explanation of cash earnings, refer to footnote 2 on page 1 of this 2017 Summary Review.

2 Information is presented on a continuing operations basis including prior period restatements.

3 Refer to footnote 6 on page 1 of this 2017 Summary Review.

HELPING CONVERT YOUR SHARES TO BENEFIT AUSTRALIAN CHARITIES

ShareGift Australia is a not-for-profit organisation providing shareholders with a facility to sell and donate parcels of shares to charity, free of brokerage or other administration charges.

To date, ShareGift Australia has donated more than \$1.62 million to over 470 charities, helping to unlock a growing stream of funds for the Australian community. ShareGift Australia is proudly supported by National Australia Bank Limited and is endorsed by The ASX Group and the Australian Shareholders' Association.

For further information about ShareGift Australia visit sharegiftaustralia.org.au or call 1300 731 632.

2018 FINANCIAL CALENDAR¹

Half Year Results and Interim Dividend Announcement	Thursday, 3 May 2018
Ex-dividend date for Interim Dividend	Tuesday, 15 May 2018
Record date for Interim Dividend	Wednesday, 16 May 2018
Payment date for Interim Dividend	Thursday, 5 July 2018
Full Year Results and Final Dividend Announcement	Thursday, 1 November 2018
Ex-dividend date for Final Dividend	Thursday, 8 November 2018
Record date for Final Dividend	Friday, 9 November 2018
Payment date for Final Dividend	Friday, 14 December 2018
Annual General Meeting – to be held in Melbourne	Wednesday, 19 December 2018

1 If there are any changes to these dates, the Australian Securities Exchange will be notified accordingly.

CONTACT DETAILS

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NAB'S INVESTOR APP

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