


Annual
Review
2011

 nab

The freedom
to go,
more reasons
to stay.

Since we broke
up, over 450,000
customers switched
to NAB.

No wonder we're
unpopular with
the other banks.

Contents

Chairman's message	2
Group CEO	3
CFO's report	5
Our Business	6

A snapshot of our business, our governance, risk management framework and how we have delivered against our strategy in 2011.

Our Performance	14
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A report on both our business and corporate responsibility performance, including the highlights and challenges faced.

Business Banking	14
Personal Banking	16
Wholesale Banking	18
MLC & NAB Wealth.....	20
UK Banking.....	21
NZ Banking	22
US Banking & Asia	23
Customer	24
People	26
Community.....	28
Environment.....	30
Supply Chain.....	31

Further Information	32
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We profile our Board and Executive Committee, financial highlights for the past five years and key information for shareholders.

“This year's result is really a reflection of the solid ground we have made against our strategic agenda. We have maintained our focus on Australia, improved reputation, carefully managed costs and ensured a sound balance sheet to produce a good result.”

Cameron Clyne, Group CEO

ADDITIONAL CORPORATE RESPONSIBILITY INFORMATION

Selected graphs and data presented in this report are included within our *Dig Deeper* papers. This suite of documents is designed to provide detailed information for analysts and stakeholders on our corporate responsibility performance. These papers should be referred to for further notes regarding the data, information on the 30 metrics selected for assurance and, in some instances, further historical trends. Our corporate responsibility content is guided by the Global Reporting Initiative's G3 guidelines. A full GRI content table can be found online at www.nabgroup.com/cr



ABOUT THIS REPORT

This Annual Review includes financial summaries and information from the Company's 2011 Annual Financial Report and 2011 Full Year Results Announcement. This is our second year providing an integrated report on our business – combining our previously separate Shareholder and Corporate Responsibility (CR) Review. This document is not a concise report prepared under section 314(2) of the *Corporations Act 2001* (Cth). The Company has not prepared a concise report for the 2011 financial year. All figures quoted are in Australian dollars unless otherwise stated. A reference to '\$' is to an amount in Australian dollars and a reference to '£' is to an amount in British pounds sterling. References to 'nab', 'NAB', the 'National', 'National Australia Bank' or the 'Company' are to National Australia Bank Limited ABN 12 004 044 937. The 'Group' refers to the National Australia Bank Limited and its controlled entities. All references are as at 30 September 2011 except where stated otherwise. Any references to changes (including an increase or decrease) relate to the previous year, unless otherwise stated.

Unless otherwise stated, information in this document is presented on a cash earnings basis. 'Cash earnings' is a key non-GAAP financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. 'Cash earnings' are calculated by excluding certain items which are otherwise included within the calculation of net profit attributable to owners of the Company, in order to better reflect what NAB considers to be the underlying performance of the Group. A more detailed definition of cash earnings and a full reconciliation of cash earnings to net profit are included within the 2011 Full Year Results Announcement. Section 5 of the 2011 Full Year Results Announcement includes the Consolidated Income Statement of the Group, including net profit.

ANNUAL FINANCIAL REPORT

The Group's audited financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, are published in our 2011 Annual Financial Report, which is available in hard copy on request and can be viewed at www.nabgroup.com/2011AnnualReport available from 14 November 2011.

2011 results

Cash earnings

19.2% increase from 2010

\$5.5^b

Dividend per share

20 cent increase from 2010

\$1.72

Return on equity

2% increase from 2010

15.2%

Tier 1 Capital Ratio

79 basis points increase from 2010

9.7%

Net profit

Attributable to owners of the Company
23.6% increase from 2010

\$5.2^b

OUR BUSINESSES

Cash earnings
(millions)

Business Banking	\$2,445
Personal Banking	\$932
Wholesale Banking	\$661
MLC & NAB Wealth	\$533
NZ Banking	NZ\$612
UK Banking	£183
Great Western Bank	US\$90

Source: NAB 2011 Full Year Results Announcement

Customer

Customer satisfaction
Personal Banking¹
(percentage points)

+3.8pp

Employee

Percentage of employees who believe
NAB helps our customers and communities²

85%

Community

Contribution to our communities

\$72.2m

HIGHLIGHTS

Marked two years of delivering against our Fair Value strategy

450,000 new customers since our innovative 'Break Up' and 'Unpopular' campaigns launched this year

EOWA Employer of Choice for Women in Australia for the fifth year in a row

Largest improvement in Personal Banking customer satisfaction of the major banks¹

First major Australian corporate to be certified carbon neutral under the Australian Government's National Carbon Offset Standard

Business Banking lending growth above market average³

Published our third Reconciliation Action Plan, setting out 22 commitments for the year ahead

¹ Roy Morgan Research, September 2011. Australian Main Financial Institutions, population aged 14+, six month moving average. Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC).

² 'Speak Up, Step Up' survey conducted by the Hay Group, March 2011 (with an 84% response rate).

³ RBA Financial System, August 2011.

Chairman's message



National Australia Bank performed well during the 2010/2011 year, with the financial results demonstrating strong progress against the strategic agenda announced in early 2009. Increased cash earnings reflect good momentum in the Australian banking operations and improved asset quality.

This result was achieved despite challenging market conditions. Weakness in financial markets was driven by concerns about subdued growth and a fear of double dip recessions in the United States and Euro-zone economies, and was later compounded by sovereign debt concerns. During the year market volatility returned to levels not seen since the depth of the global financial crisis.

The Australian economy performed well in comparison with most other developed economies but it was affected by the international political and economic environment. Sectors such as discretionary retail, tourism and some areas of manufacturing experienced very difficult trading conditions due to the strong Australian dollar and subdued demand. Elsewhere, sectors such as mining and some services reported reasonably strong growth.

While conditions have been challenging, the Bank has continued to focus on generating satisfactory returns for shareholders.

The Australian franchise remained the core strategic focus. Key drivers of the Group's earnings were continued leadership in Business Banking combined with strong growth in deposits and mortgages in Personal Banking. Activities to improve reputation continued during the year and were supported by an innovative and award winning marketing campaign.

Balance sheet strength was maintained with sound capital, funding and liquidity positions.

The final dividend rose by 4 cents to 88 cents per share fully franked. The total dividend for 2011 was 172 cents, an increase of 20 cents per share fully franked.

Australia has undoubtedly benefited from a strong regulatory framework. Increased capital, liquidity and deposit and term funding requirements are key aspects under consideration as part of the ongoing reform agenda. The Bank will continue to work with regulators and government to try to achieve a balance between the costs and benefits of proposed changes.

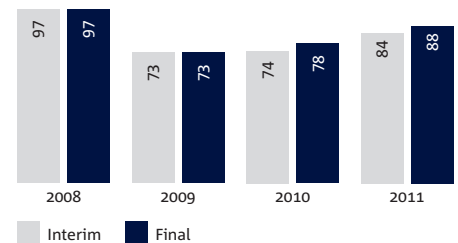
I would like to acknowledge the efforts of our people who have done so much to support the Bank's achievements.

In 2011 we stood by our community and our people in the face of significant natural disasters. In the past year we have supported those affected by the Queensland, New South Wales and Victorian floods, the Christchurch earthquake and the Japanese earthquake and tsunami. On behalf of the Board we wish those communities well as they rebuild.

I am delighted that Dr Ken Henry AC has agreed to join the Board from 1 November 2011. Dr Henry brings extensive experience in both domestic and international finance sector policy to National Australia Bank. Michael Ullmer retired as a Director during the year and, on behalf of the Directors, I would like to thank him for his significant contribution to the Company and the Board.

MICHAEL A CHANEY AO
Chairman

Dividend cents



Source: NAB internal

“Increased cash earnings reflect good momentum in the Australian banking operations and improved asset quality.”

Group CEO



“NAB’s Personal Banking customer satisfaction levels are at a 15-year high, with improvements above that of the other major Australian banks.”²

I am pleased to report a good 2011 result based on solid progress against our strategy. Our core Australian banking franchise was a major contributor, with market share gains combined with disciplined margin and cost management. In addition, New Zealand Banking, United Kingdom Banking and Great Western Bank all contributed to higher earnings. NAB has remained safe and secure in a challenging operating environment.

Our business unit performance has been supported by the Group’s continued focus on and investment in our people, culture and reputation.

This year, we recorded an improvement in employee engagement and for the fifth year in a row have been recognised as an EOWA Employer of Choice for Women. The Group has contributed over \$70m to the community, with a focus on education, inclusion and disaster relief, and NAB was the first major Australian corporate to be certified carbon neutral under the Federal Government’s National Carbon Offset Standard for business operations. Our commitment to Fair Value clearly differentiates NAB from our competitors and has been successfully supported by our ‘Break Up’ campaign, which won the 2011 Grand Prix for Public Relations at the Cannes Lions Festival.

The long-term success of our business depends on us doing the right thing by many – our shareholders, our customers, our community and our people. This is NAB’s second integrated report combining both our business and corporate responsibility outcomes for the year.

OUR BUSINESSES

BUSINESS BANKING

Business Banking recorded a strong increase in cash earnings, with growth in revenue well ahead of expense growth, while there was a small increase in the charge for bad and doubtful debts.

Business Banking has seen an increase in market share and was named as Australia’s leading business bank for the third consecutive year,¹ reflecting the Bank’s strategic focus on relationship banking combined with capabilities in specialised business segments.

The Customer-led Innovation Strategy (CIS) – which puts the customer at the centre of everything we do – has driven key developments in Business Banking. This year our bankers, specialists and senior leaders have completed specialised training to enhance their understanding of our customers’ financial needs.

Net interest margin increased due to repricing of the lending portfolio to reflect the market conditions. Despite intensified competition, the average volume of retail deposits increased by \$7.1 billion.

PERSONAL BANKING

The Australian banking franchise has been a core focus since 2009 and the Group has worked hard to rebase Personal Banking and improve market position and reputation.

I am pleased to report that the increase in cash earnings was driven by growth in home lending volumes at more than three times system growth, reflecting gains in reputation from NAB’s competitively priced products. NAB’s Personal Banking customer satisfaction levels are at a 15-year high, with improvements above that of the other major Australian banks.²

NAB’s strategy for fair exchange of value has been reinforced by a number of Personal Banking initiatives, including competitively priced products and services, and leading the industry by abolishing early exit fees. Since NAB’s innovative ‘Break Up’ and ‘Unpopular’ campaigns we have welcomed 450,000 new Business and Personal Banking customers.

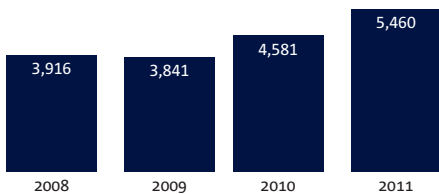
MLC & NAB WEALTH

A reduction in cash earnings in MLC & NAB Wealth was largely a result of challenging

¹ CFO Business Bank of the Year 2009, 2010, 2011.

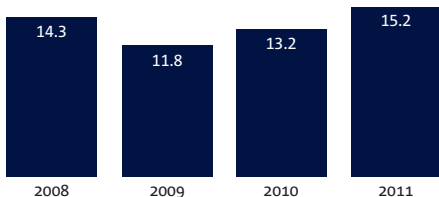
² Roy Morgan Research, September 2011. Australian Main Financial Institutions, population aged 14+, six month moving average. Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC).

Cash earnings
\$ millions



Source: NAB internal

Return on equity
%



Source: NAB internal

markets with lower earnings in the insurance business due to increased claims, changes in the lapse mix as well as the profile of the insurance book.

Wealth management capabilities were enhanced by developing our alliance with JBWere to provide direct equities broking and research, and in direct investment management through a number of acquisitions. The integration of Aviva is now largely complete.

Funds under management fell by 2.9% to \$112.7 billion as a result of deterioration in investment markets during the year and subdued discretionary flows across the industry. MLC & NAB Wealth was ranked first for funds under management in total wholesale superannuation and second in retail superannuation.¹

WHOLESALE BANKING

The reduction in cash earnings in Wholesale Banking was largely due to challenging markets and subdued economic conditions which resulted in lower Risk Income.

Wholesale Banking maintained its focus on optimising the core business and increased customer income by \$107 million. Specific initiatives included partnering with Business Banking on the CIS, leveraging strengths in project finance and targeting growth across infrastructure, energy and utilities, and natural resources.

INTERNATIONAL BUSINESSES

NAB's international businesses all contributed to the Group's cash earnings increase.

New Zealand Banking continued to be a well-managed business in a challenging environment, with improved earnings flowing from volume growth in variable rate housing products, repricing of the asset portfolio and a lower charge for bad and doubtful debts.

United Kingdom Banking, despite poor economic conditions, increased cash earnings to reflect modest revenue improvement and a lower charge for bad and doubtful debts.

Great Western Bank remained a sound, fully deposit funded bank with the integration of recent acquisitions a key focus during the 2011 financial year.

Specialised Group Assets, which was formed to actively manage the risk associated with non-franchise assets, also delivered an improved performance.

SUMMARY

This year's solid result has been driven by business unit progress against our strategic agenda. Our strategy is built around putting our customers at the centre of everything we do and helping them realise their potential. As we continue to navigate through challenging operating conditions, this will be the foundation for our future success.

CAMERON CLYNE
Group CEO

“Our strategy is built around putting our customers at the centre of everything we do and helping them realise their potential.”

¹ Plan for Life Australian Retail & Wholesale Investments Market Share & Dynamics Report, June 2011.

CFO's report

“Our focus is to continue to achieve consistent growth in earnings, with careful management of revenue and costs, to deliver sustainable returns.”

I am pleased to report that the Group has achieved a good result despite the challenging times. Group cash earnings increased by 19.2% from 2010 to \$5.5 billion, largely attributable to revenue momentum in Business Banking and Personal Banking. New Zealand Banking, United Kingdom Banking and Great Western Bank also contributed with higher earnings. Specialised Group Assets (SGA), our pool of assets in run-off, also performed much better. Bad and doubtful debts fell mainly due to improved asset quality in Personal Banking, United Kingdom Banking and New Zealand Banking and repayment of facilities in SGA.

Revenue increased by 5.7% to \$17.6 billion, largely as a result of strong momentum in Personal Banking and Business Banking in Australia. Wholesale Banking and MLC & NAB Wealth recorded lower cash earnings, largely due to economic uncertainty, low business and consumer confidence and weak investment markets.

COST MANAGEMENT

Disciplined cost management allowed room for continued investment in the Australian franchise, particularly in banking systems, as growth remained a core objective for the Group. In the year to 30 September 2011, the Group maintained positive revenue growth in excess of expenses growth, with only a 1.4% increase in expenses. Extending our commitment to accelerating efficiency, a Group-wide program to effect continuous improvement in cost and productivity, continued to deliver benefits to our people, our customers and our shareholders.

CAPITAL

Maintaining a robust, well-capitalised balance sheet has been a key objective for the Group for some time, and remained very much so in light of the resurgence of global economic uncertainty to a level not seen since the height of the global financial crisis. The Group maintained a strong liquidity position of \$95 billion at 30 September 2011. Over the year, the Group Tier 1 ratio increased from 8.91% to 9.70% and the Core Tier 1 ratio was up from 6.80% to 7.58%. While the extra capital put some pressure on the Group Return on Equity in the short term, we believe that capital strength should be the current priority.

FUNDING

We maintained a strong funding position, raising \$31.6 billion of term wholesale funding to 30 September 2011 and seeing strong customer deposit flows. The challenge throughout this reporting period and indeed for funding in the next year is the continued instability in the Euro-zone. That said, Australia's close economic links to Asia continued to provide a buffer against performance of European markets.

In a period of difficult global economic conditions, the Group has increased cash earnings and revenue, tightly managed expenses despite heightened reinvestment, increased capital strength, reduced bad and doubtful debts and maintained a strong funding position. The regulatory agenda is one which we continue to monitor closely. We are actively and proactively engaged with the regulators and have solid strategies to manage regulatory changes and challenges.

ASSET QUALITY

Asset quality improved across many of our businesses, which contributed to the fall of the bad and doubtful debts charge by \$441 million to \$1,822 million over the full year. The ratio of 90+ days past due and gross impaired assets to gross loans and acceptances declined 11 basis points to 1.77% at 30 September 2011.

FOCUS FOR THE FUTURE

Our focus is to continue to achieve consistent growth in earnings, with careful management of revenue and costs, to deliver sustainable returns. We will do this while maintaining a strong balance sheet and assimilating far-reaching regulatory change. Our future success is also integrally tied to our position as a responsible corporate citizen. Simply put, this means ensuring customers are at the heart of everything we do, investing in our people and addressing our broader responsibility to society.

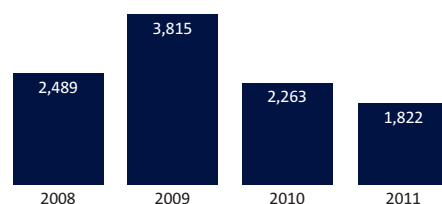


MARK JOINER
Executive Director Finance



Bad and doubtful debt

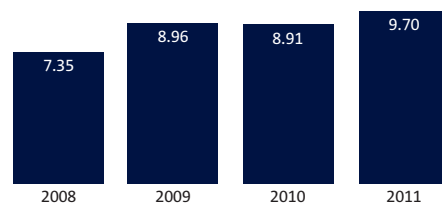
\$ millions



Source: NAB internal

Tier 1 capital ratio

%



Source: NAB internal

Ourbusiness

Who we are

National Australia Bank is a financial services organisation with over 12,100,000 customers and 50,000 people, operating more than 1,750 stores and Business Banking Centres globally.

Our major financial services franchises in Australia are complemented by businesses in New Zealand, Asia, the United Kingdom and the United States. Each of our brands is uniquely positioned, but built on a common commitment to provide our customers with quality products and services, fair fees and charges, and relationships built on the principles of help, guidance and advice.



Our goal and strategy

Our goal is to deliver sustainable, satisfactory returns to more than 470,000 shareholders.

We continue to execute our strategy announced in 2009 to achieve these outcomes. Our strategy is built around four priorities:

- **Focus on the strong Australian franchise and manage international positions for value**
- **Maintain balance sheet strength**
- **Reduce complexity and cost**
- **Enhance our reputation.**

Our responsibility

We recognise that a bank has a special responsibility.

Our business is founded on a belief in the potential of our customers and community – a belief that motivates our people to do the right thing.

This responsibility is an integral part of our strategy and our approach to Corporate Responsibility (CR).

Our approach to Corporate Responsibility

We articulate our approach to Corporate Responsibility (CR) across three core areas: getting the fundamentals right with our customers, being a good employer and addressing our broader responsibility to society.

Our CR activities are underpinned by strong governance and engagement with our stakeholders. We have internal mechanisms at every level of the organisation to shape and manage our approach to important CR issues. These include an internal CR Council – which comprises the Australian members of our Group Executive Committee – as well as a Customer Council. We also use external mechanisms such as our Social Responsibility Advisory Council and our Indigenous Advisory Council.

To complement our ongoing stakeholder engagement, we undergo an annual process to identify the CR issues of greatest significance to our stakeholders and our business. The outcomes of this process guide the content of our Annual Review and link to the metrics in our CR Scorecard reported to the CR Council.

In 2011, the process involved input from investors, community partners, suppliers, government, non-government organisations, internal stakeholder workshops and employee engagement sessions. Key issues that were rated as material to NAB by our stakeholders and our business leaders included customer service, community investment, responsible finance, organisational culture, and fees and charges.

Last year, we made 24 CR commitments for the year ahead. We have completed 15 of these and are on track to achieve the remaining nine within expected timeframes.

For more information on our CR approach and activities, including a full update on how we have progressed on our 2011 CR commitments, visit www.nabgroup.com/cr

CUSTOMER

Delivering fair value and quality advice.

Fees and Charges, Transparency, Access to Services, Assisting those Experiencing Hardship, Customer Service, Complaints Resolution, Responsible Finance, Responsible Lending, Financial Literacy, Responsible Investment, Ethics and Business Conduct, Innovation and Product Development, Security, Fraud and Anti-Money Laundering.

PEOPLE

Investing in the skills and capabilities of our employees.

Organisational Culture, Diversity and Inclusion, Talent Management, Health and Wellbeing, Learning and Development, Performance and Reward, Industrial Relations and Flexible Working.

COMMUNITY

Supporting communities, with a particular focus on inclusion and investing in our youth.

Community Investment, Volunteering, Reconciliation Action, and Disaster Relief.

SUPPLY CHAIN

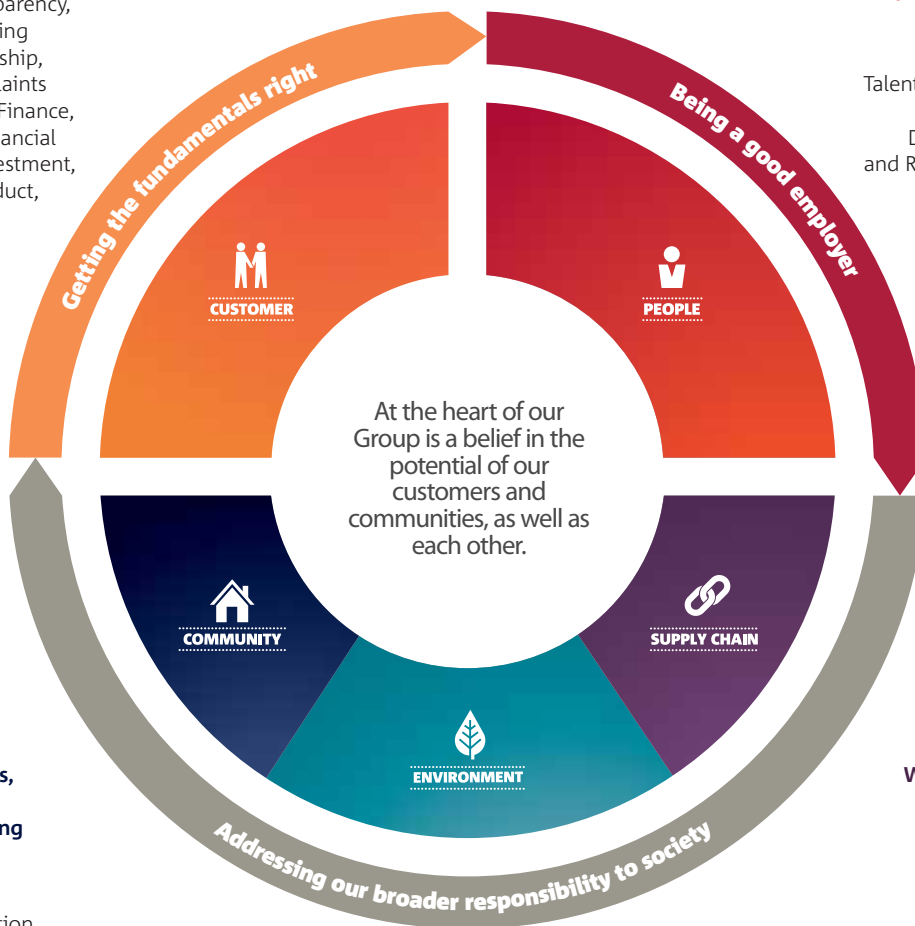
Working to have a positive impact through our purchasing decisions.

Managing the Impact of our Purchasing, Selecting Sustainable Suppliers, Responsible Procurement Practices, Offshoring and Outsourcing.

ENVIRONMENT

Working to manage the direct impact of our operations and the indirect impacts we have through our customers.

Environmental Impact of Operations, Managing Exposure to Environmental Risk, Financing Environmental Innovation and Business, Environmental Products and Services.



Governance

The Group's corporate governance framework plays a key role in supporting the Group's business operations and provides clear guidance on how authority is exercised within the Group.

Good corporate governance is a fundamental part of the culture and business practices of the Group. The Group's corporate governance framework provides for effective decision making about the affairs of the Group, through the following practices:

- Strategic and operational planning.
- Risk management and compliance.

- Financial management and external reporting.
- Succession planning and culture.

The Board of Directors of the Company (the Board) is assisted in discharging its duties through its committees. Accordingly, with the Audit, Risk, Remuneration and Nomination committees, the Board determines the most

appropriate corporate governance practices for the Group. Outside of the authorities and powers reserved by the Board, the Group CEO has carriage of the management and operations of the Group. Below the level of the Board, key management decisions are made by the Group CEO and other management committees and individual members of management to whom authority has been delegated.

Our corporate governance framework



*Covering areas such as conflicts of interest, remuneration, continuous disclosure, ethics and behaviours, code of conduct, whistleblower program and securities dealings.

The Board represents the Company's shareholders and is responsible for directing the Group's affairs by creating and delivering value through effective governance of the Group's business, while meeting the appropriate interests of its shareholders and other stakeholders through transparent reporting and active engagement.

The Group employs a range of communication approaches, including direct written communication with shareholders, publication of all relevant Group information in the Shareholder Centre section of the Group's website, and webcasting of

significant market briefings and meetings (including the annual general meeting for shareholders). Shareholders are able to communicate their views with the Board via the various channels available. The Company Secretary assists the Board in responding effectively to shareholders.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Company has complied with the amended ASX Corporate Governance Principles and Recommendations for the 2011 year.

The key aspects of the Group's corporate governance framework and practices for the 2011 year are outlined in the Company's detailed corporate governance statement, which is available in the 2011 Annual Financial Report or online at www.nabgroup.com/2011AnnualReport from 14 November 2011.

Riskmanagement

Effective risk management is fundamental to the ongoing success of the Group.

Our risk management function enables sustainable business performance by building and delivering strong risk capability, management and controls.

It is a challenging task, given an environment characterised by increased consumer and regulatory scrutiny, a much stronger focus on risk management and risk culture, and heightened sensitivity to and awareness of funding, liquidity and the broad spectrum of risk. Our challenge is to have the capacity and flexibility to support the business in this environment, while delivering on our strategic priorities.

In these volatile times, resilience to external shocks is the key to good risk management. Our risk function has established a Risk Appetite Framework which enables this.

OUR PRIORITIES

Our strategic priorities align with and support the Group's strategy. They are:

- **Make risk identification and management easier** by simplifying and streamlining policies, processes, procedures and reporting.
- **Enable a culture for success** by developing a high-calibre, engaged team with the expertise and ability to deliver effective risk management and develop a resilient risk culture.
- **Build quality engagement with business partners** by clearly defining our operations and engagement models and ensuring sound risk frameworks to support the business.
- **Make risk insightful** by delivering robust knowledge management practices and enhanced scenario analysis capabilities, and further embedding the organisation's risk appetite.

OUR APPROACH TO RISK MANAGEMENT

As well as maintaining oversight of our key risks at an enterprise level, our risk management capability is integrated into the day-to-day activities of our businesses.

Within every business, we have a Chief Risk Officer (CRO) who reports to both the Group CRO and the relevant Group Executive. The CROs sit on their individual business unit leadership teams and provide objective risk management advice. We manage risk through the Group Risk Inventory, which consists of our most significant risks.

The Group Risk Management Committee (GRMC), chaired by the Group CEO and made up of senior executives, is the principal risk strategy and policy decision-making management body for the business. The Board Risk Committee oversees the risk management framework and risk profile.

Highlights for 2011

- Initiated changes to our risk operating model to ensure that we continue to support the business while maintaining the independence and authority to review and challenge management decisions.
- Commenced a Group-wide program to strengthen the business's capability in managing risk through comprehensive risk profiling and monitoring of controls.
- Continued to work collaboratively with the business to ensure quick responses to difficult market conditions.
- Sharpened our focus on risk analysis by improving expertise and simplifying systems and processes, thus providing valuable insights for management and decision-making.
- Further enhanced our articulation of risk appetite, and its integration with the strategic planning process, to ensure our risk posture is within agreed parameters.
- Continued the re-positioning of the Group's credit risk profile post-GFC.
- Created a separate Operational Risk team that reports directly to the Group CRO and works to further embed operational risk management disciplines across the business.

Ourstrategy

OUR STRATEGIC PRIORITIES

At the beginning of 2009, we set our strategic direction based on four priorities. Those strategic priorities remain unchanged as we continue to execute and build on the momentum of that strategy:

1. Focus on the strong Australian franchise and manage international positions for value
2. Maintain balance sheet strength
3. Reduce complexity and cost
4. Enhance our reputation

1

Focus on the strong Australian franchise and manage international positions for value.

- Grow our leading position in Business Banking and Wealth Management
- Build momentum in Personal Banking business through a differentiated strategy
- Improve rates of cross-sell across the franchise

2011 HIGHLIGHTS

- Marked two years of delivering against our Fair Value philosophy, with more than 450,000 new customers since our 'Break Up' and 'Unpopular' campaigns in 2011
- Extended our leading market share position in Business Banking¹
- Gained market share in Personal Banking¹
- MLC & NAB Wealth increased adviser numbers from 1,727 to 1,864
- Tilted our portfolio to high return on equity segments
- Laid the foundations for achieving higher rates of cross-sell through investment in Customer-led Innovation Strategy (CIS)
- Increased cash earnings in our international businesses
- NAB customer satisfaction levels at a 15-year high, with improvement above that of the other major Australian banks²

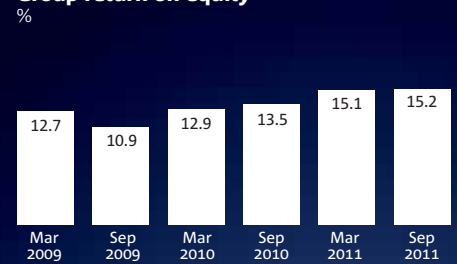
FOCUS GOING FORWARD

- Offer help, guidance and advice to customers when they need it, so they can better manage their money
- Ensure that customers are aware of the improvements and benefits of the full suite of our products and services
- Continue to grow the Australian franchise
- Continue to build our Asian capability to support Australian franchise customers

¹ APRA Monthly Banking Statistics, August 2011.

² Roy Morgan Research, September 2011. Australian Main Financial Institutions, population aged 14+, six month moving average. Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC).

Group return on equity



Source: NAB internal

Group net operating income

+5.7%

Source: NAB 2011 Full Year Results Announcement



BUSINESS BANKING

Beefcorp, producer of the award-winning Sher Wagyu beef, is a NAB client that took advantage of the NAB Agribusiness Growth Program. The program, aimed at helping primary producers strengthen and grow their business, is just one initiative NAB has introduced as it continues to build the Australian banking franchise.

"The Agribusiness Growth Program was helpful because you got away and did some work towards looking at your business using some formal business management tools. We can talk about different things in the industry with our NAB manager. It's an open and informal relationship." **Nick Sher**, Managing Director, Beefcorp

Despite deteriorating global macro and credit market conditions, we continue to maintain our focus on improving customer outcomes. Our strategy is built around putting our customers at the centre of everything we do and helping them realise their potential. This is the foundation of our future success.

2

Maintain balance sheet strength.

- Ensure the strength and security of our business by improving our capital and funding positions
- Diversify our funding sources
- Optimise the deployment of funding and capital across the franchise

2011 HIGHLIGHTS

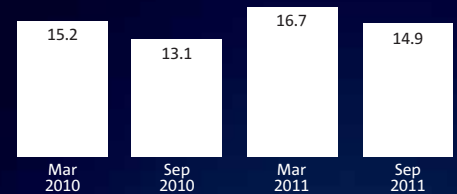
- Improved the quality of our deposit base
- Strengthened our capital, funding and liquidity positions
- Established the capability to issue covered bonds in Australia and became the first bank to issue covered bonds in New Zealand

FOCUS GOING FORWARD

- Ensure the Group is well prepared to meet the more stringent funding and capital requirements of Basel III
- Continue to optimise the deployment of funding and capital across the franchise

Term Funding Raised

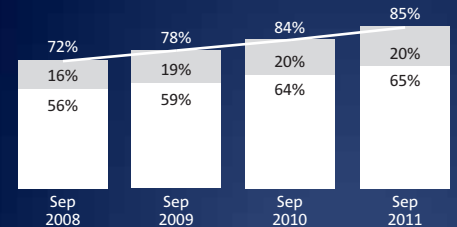
\$ billions



Source: NAB internal
The Group remains committed to exploring opportunities to enhance and add diversity to its funding sources

Group Funding Indices

%



■ CFI: Customer Funding Index
■ TFI: Term Funding Index
— SFI: Stable Funding Index

Source: NAB 2011 Full Year Results Announcement



WHOLESALE BANKING

NAB has taken a leading role in providing finance for the new Royal Adelaide Hospital Public Private Partnership (PPP) project. This project is the single largest infrastructure project in South Australia's history, the most technically advanced hospital project ever undertaken in Australia and the largest PPP completed this year.

"We were forming our consortia right at the height of the global financial crisis, so finance was difficult to raise. At the time, our total financing target was approaching \$3.5 billion and the relationship we have with NAB, and the leadership of the NAB team, was key to managing the group and getting the right solution for the deal." **Bevan Brunckhorst**, General Manager of Leighton Investment & Facility Management

3

Reduce complexity and cost.

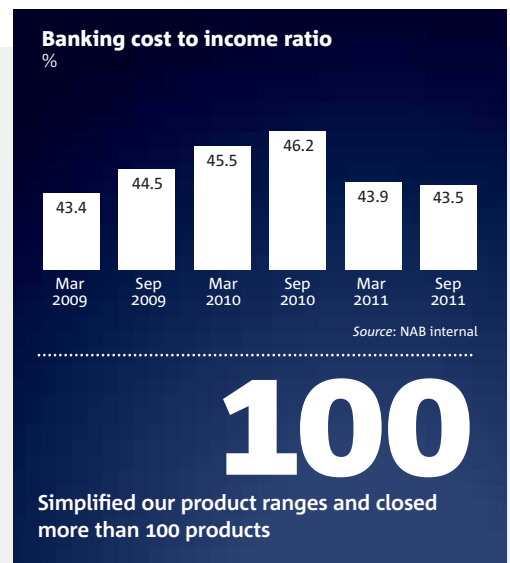
- Continually improve key areas of customer service
- Converge and simplify processes and ensure disciplined expense management
- Upgrade our technology with a multi-year program that will make us a more agile, efficient and competitive business by simplifying banking, finance and risk systems, processes and tools

2011 HIGHLIGHTS

- Simplified our product ranges
- Progressed simplification of the mortgage process for our customers and our frontline bankers
- Progressed technology upgrades in infrastructure, network, re-platforming program and customer process

FOCUS GOING FORWARD

- Continue to progress the upgrade of operations and replace ageing infrastructure
- Responsible management of costs within growth



MLC & NAB WEALTH

A core priority at MLC & NAB Wealth is to create market-leading online capability for financial advisers and customers. There are significant benefits for both our business and our customers in enabling more transactions to be completed online, including faster turnaround times and improvements to customer service, accuracy and efficiency.

“MLC Online Applications are invaluable in streamlining accurate business implementation – they completely cut out the need to mail paperwork, and enable new accounts to be set up on MLC’s system instantly, which reduces potential errors associated with manual administration. Ultimately, this helps advisers spend more time actually speaking with clients!”

Chris Gillis, NAB Financial Planning



“NAB’s strategy for fair exchange of value has been reinforced by a number of Personal Banking initiatives including competitively priced products and services, leading the industry by abolishing early exit fees.”

Cameron Clyne, Group CEO

4

Enhance our reputation.

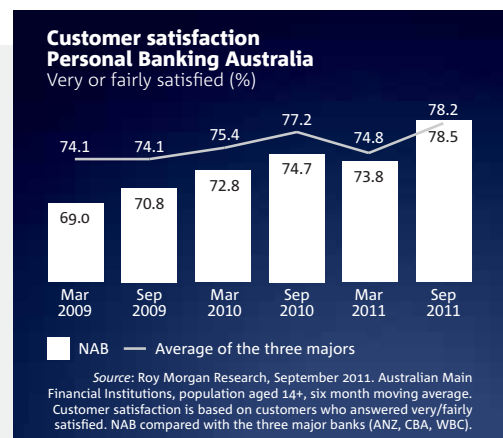
- Improving our customer outcomes
- Invest in our people – leadership and skill development, diversity and volunteering
- Address our broader responsibility in society – education, inclusion and environment

2011 HIGHLIGHTS

- Awarded ‘Best Low Fee Bank Account’ for NAB Classic Banking by *CHOICE* for the second consecutive year
- Removed mortgage exit fees and introduced fairer credit card charges
- Awarded ‘Most Satisfied Customers’ of the Major Banks by Canstar Blue
- Awarded ‘Best Career Development Program’ for the Academy (NAB’s learning and development centre) in the 2011 Australian Banking and Finance Awards
- Contributed over 25,000 volunteer days to the community, worth more than \$8 million
- Included in the Dow Jones Sustainability Index (Asia Pacific Index top-ten leaders and the World Index), and the Carbon Disclosure Project Performance and Disclosure Indices
- Published our third Reconciliation Action Plan, setting out 22 commitments for the year ahead

FOCUS GOING FORWARD

- Continue delivering our promise of ‘More Give, Less Take’ to show we stand for fairer and better banking
- Achieve our Greenhouse Reduction and Beyond Carbon Neutral targets by 2013
- Create a more diverse workforce through initiatives that help achieve our disclosed diversity targets
- Continue to focus on issues of inclusion, hardship and education in our wider community



PERSONAL BANKING

By listening to our customers and maintaining our commitment to ‘do the right thing’, we have enhanced our reputation and expanded the NAB family. Ms Silvester, from Forest Hill in Victoria, broke up with Westpac after 30 years.

“I just got sick of paying this extra money each month and I just felt I wasn’t getting the personal service.” **Ms Silvester**, new NAB customer

“We put the customer at the centre of everything we do, which allows us to strengthen our relationships with customers and enhance our understanding of their financial needs. This strong relationship approach has seen us increase market share and be named Australia’s leading business bank for the third consecutive year.”¹ **Joseph Healy**, Group Executive, Business Banking

Business Banking

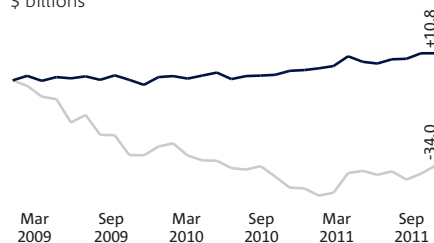
RESULTS

A\$

Cash earnings	\$2,445m, up 11.5%
Operating expenses	Increased by 2.9%
Business lending market share ²	24.4%
Business deposits market share ²	20.5%

Business lending growth

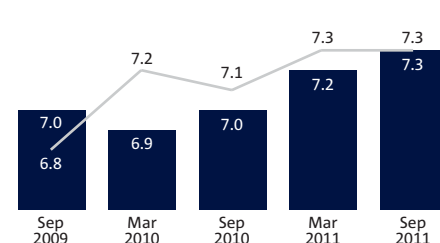
\$ billions



— NAB adjusted data
— Australian Banking Market ex NAB

Source: APRA Monthly Banking Statistics/NAB. Includes all Australian Deposit-taking Institutions (ADIs) reporting to APRA (excludes non-banks such as building societies and credit unions)

Customer satisfaction



■ NAB — Average of the three majors

Source: DBM Business Financial Services Monitor September 2011 – Medium Business (Turnover \$5–\$50m); Overall Satisfaction with main financial institution based on a scale from 1–10 (Extremely dissatisfied to Extremely satisfied). Based on a six month rolling average. Three majors are ANZ, Commonwealth and Westpac

CASH EARNINGS

+11.5%

DEPOSITS MARKET SHARE²

20.5%

LENDING MARKET SHARE²

24.4%



Inspiring businesses to start a new relationship

Adelaide Commercial Flooring broke up with Bank SA after NAB was able to provide faster and more efficient service on a particular transaction. The experience was so positive that Adelaide Commercial Flooring moved all of its business and personal banking to NAB. To top it off, the company became an advocate for our ‘Break Up’ campaign.

“We feel like we have got support now – like if something was going to change at our business and the way the current climate is, we’ve got the support. We just didn’t have it with our other bank at all.” **Kylie Richards**, Adelaide Commercial Flooring



Joseph Healy
Group Executive, Business Banking



We are Australia's leading Business Bank.² With a frontline spanning 133 Business Banking Centres and covering more than 400 stores Australia-wide, our team comprises more than 5,300 business and specialist bankers nationally. We provide a full range of commercial services to our 684,000 customers, who range from small businesses through to Australia's largest corporations. Our team provides specialist expertise in key sectors, including agribusiness, healthcare, property, infrastructure, natural resources, education, government and professional services.

Business Banking performed strongly in 2011, delivering cash earnings of \$2,445 million, up 11.5% on the previous year, driven by strong underlying profit growth. A continued focus on disciplined expense management, while maintaining momentum on strategic initiatives including an investment in frontline bankers, has resulted in a moderate expense growth of 2.9%. Over the past year, our leading share of the business lending market grew from 22.8% to 24.4% in a subdued business credit environment.

STRATEGY

In 2011, we continued to build on our strategy, underpinned by a focus on our customers and a traditional relationship banking approach.

- **World-class relationship banking.** Our Customer-led Innovation Strategy (CIS) – which puts the customer at the centre of everything we do – is paramount to the way we do business. CIS enables us to strengthen our relationships with our customers so we can better understand their business needs and aspirations. It is crucial in leveraging the excellent market share gains we have made and is the key to more customers.
- **Supporting Australian businesses.** As Australia's leading Business Bank, our role in supporting the Group is based on consistent execution of our strategy of supporting Australian business. No trade-offs are made – we continue to

grow our business AND manage risk AND margins AND costs.

PERFORMANCE

This year, we continued to build on our track record of supporting customers in all market conditions. Between November 2008 and August 2011, we increased business lending by over \$9.5 billion, while the rest of the Australian banking market decreased its lending by \$87.0 billion. We have also grown market share and maintained our margins in a competitive market.

As part of our CIS, our bankers, specialists and senior leaders have completed world-class sales training, which provides them with the tools and resources to understand the full range of our customer needs. We have made inroads into improving customer satisfaction and we strive to improve this further.

Our strong team of frontline business bankers has allowed us to deliver on our commitment to provide Australian businesses with the support and guidance they need to navigate through economic and environmental challenges.

Through sound risk and capital management practices, we have been able to actively address bad and doubtful debts and ensure that risk settings reflect current market conditions.

We have maintained a strong position in business deposit market share, with average business deposits growing by 9.1% over the financial year. Our Customer Funding Index (CFI) as at 30 September 2011, improved on the September 2010 year end by 510 basis points to 51.4%, owing to an increase in transactional and deposit balances across all segments.

Our Small and Emerging Business division made significant progress this year. Improving our service delivery to this segment remains a priority.

We have also strengthened our focus on Efficiency and Quality Services (EQS) initiatives. As well as rationalising our product

set, we have implemented 'More Time, Quality Time' initiatives, which are intended to free up our bankers' capacity and allow them more contact time with customers. This has been a key contributor to our cost-to-income ratio falling below 30%.

Recognising the sophisticated needs of some of our larger clients, we have worked to develop a market-leading advisory business. In line with our relationship-based approach, the advisory platform aims to facilitate more strategic customer engagements. Our focus is to understand our customers' business so that we can provide the most appropriate strategic and financial solutions for their specific needs.

In our support for Indigenous communities, a further strategic commitment was included in our 2011 Reconciliation Action Plan. NAB has signed a memorandum of understanding with the Northern Land Council to work in partnership to build commercial capacity and support sustainable economic and social outcomes resulting from native title determinations.

OUTLOOK

Our priorities for 2012 include:

- Building on our relationship-banking approach by ensuring continued investment in, and embedding of, the cultural change being achieved through our CIS
- Continuing our business transformation journey with the aim of shifting administrative tasks from front to middle/back offices, increasing banker productivity, improving operational scale efficiency and enhancing customer service
- Undertaking portfolio optimisation initiatives intended to enhance ROE, streamline internal processes, price appropriately for risk and strengthen the balance sheet for a Basel III environment
- Targeting particular growth segments, given the current low-revenue growth cycle and 'two-speed economy'

¹ CFO Business Bank of the Year, 2009, 2010, 2011.

² APRA Monthly Banking Statistics, August 2011.

“Our Fair Value philosophy is good for customers and good for our business. As we evolve Fair Value, we’re proving that it is much more than our stance on fair fees, charges and a competitive standard variable rate. It’s about deepening our relationship with customers and connecting them with the right products through help, guidance and advice at the right time of their lives.” **Lisa Gray**, Group Executive, Personal Banking

Personal Banking

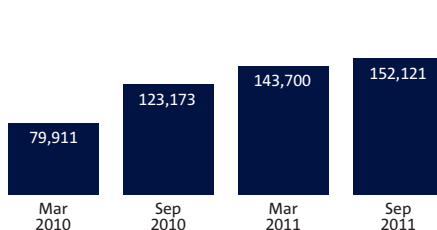
RESULTS

A\$

Cash earnings	\$932m, up 25.4%
Operating expenses	Increased by 5.4%
Home Loan market share ¹	3.3 times system growth
Average retail deposits ²	16.7% increase to \$70.0 billion

Net transaction account growth

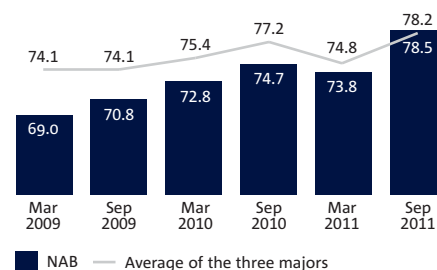
Numbers



Source: NAB Group 2011 Full Year Results Announcement

Customer satisfaction

Very or fairly satisfied (%)



Source: Roy Morgan Research, September 2011. Australian Main Financial Institutions, population aged 14+, six month moving average. Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC)

CASH EARNINGS

+25.4%

NET NEW TRANSACTION ACCOUNTS

+46%

NET OPERATING INCOME

+10.0%



Making our 'Break Up' public

On Valentine's Day 2011, NAB broke up with the other banks

Our innovative and interactive campaign highlighted our commitment to making banking better and fairer for everyone. Through social media, giant break-up letters plastered on the sides of buildings and break-up banners flown through capital cities, we put a proposition to our customers based on our Fair Value philosophy.

We have had more than 450,000 Personal Banking and Business Banking customers join NAB since our 'Break Up' and 'Unpopular' campaigns. Harriet from Rosebud on Victoria's Mornington Peninsula was one of them.

"I came in, I saw the staff and they actually covered more than the break-up fees regarding how to move across. The other banks that I was with didn't have any communication; they weren't helpful at all – and that's major when you are dealing with a bank."

Harriet, new NAB customer



Lisa Gray
Group Executive, Personal Banking



Our Personal Banking division provides high-quality financial products and services to 4.5 million retail and small business customers. With more than 10,500 people across Personal Banking, we provide products and services through a range of distribution channels and brands, including NAB, Homeside and UBank, as well as the broker and 'mortgage manager' brands operated by our Advantedge business.

This year saw Personal Banking's cash earnings increase by 25.4%, driven by higher revenue from increased home lending volumes.

With significant improvements in customer satisfaction, 46% growth in net new transaction accounts, and 3.3 times the market growth rate in mortgage lending¹, Personal Banking is in a good position to continue to focus on executing our strategy.

STRATEGY

Our strategy is built around three main components:

1. Restoring our core business through a renewed focus on customer service – by building the capabilities of our people and improving the end-to-end customer experience – to better serve existing customers, gain new customers and differentiate our reputation
2. Investing in portfolio 'gaps' to strengthen distribution through broker channels, grow our credit card business, and enhance and expand our Small Business offering in collaboration with Business Banking
3. Building for longer-term growth through new consumer-driven models and a stronger connection with our MLC & NAB Wealth and Business Banking offerings.

PERFORMANCE

2011 marked two years of delivering our Fair Value philosophy, the guiding principle for our commitment to 'More Give, Less Take'.

Offering our customers a fair exchange of value for the products and services we provide has been reinforced across numerous initiatives, with customers at the centre of everything we do.

Between June 2009 and September 2011, we have offered the lowest standard variable mortgage rate of the major Australian banks. And in December 2010, we led the industry by abolishing early exit fees on new and existing NAB home loans (after which the Federal Government banned mortgage early exit fees for existing customers, effective 1 July 2011). More broadly, we remain dedicated to providing competitively priced products and continuing to improve on customer experience and satisfaction. Highlights from the year include:

- Providing innovation in services for mobile devices used for NAB banking, including iPhone, iPad and Android applications
- Making our credit card payment hierarchy fairer
- Welcoming more than 450,000 new Personal and Business Banking customers across NAB since our 'Break Up' and 'Unpopular' campaigns
- Being named 2011 'Home Lender of the Year' by *Money Magazine*
- Launching the first UBank home loan – UHomeLoan – which offers a quick, easy, low-rate alternative home loan
- Being awarded Canstar Cannex 'Innovation Award for Credit Card Payment Allocation'
- Being awarded *CHOICE's* 'Best Low Fee Bank Account' for NAB Classic Banking for the second consecutive year
- Being awarded Best Bank by *Your Mortgage Magazine*.

Working closely with Business Banking, our Small Business division made significant progress this year. We recruited new business bankers to stores and launched a dedicated online hub. The Customer Contact Centre support for our customers and bankers

has improved significantly; we now offer seven-day-a-week access and extended hours for our customers to contact us.

Importantly, our performance across Personal Banking has been consistent with our Fair Value philosophy.

This June, for the first time ever, our total home loans outstanding – across NAB, Homeside and Advantedge – exceeded \$200 billion. For the entire year, Personal Banking performance was above system mortgage growth and the latest data shows our performance at 3.3 times system mortgage growth.¹ There has also been strong growth in deposits, with average deposit volumes 16.7% higher than last year.

Credit card services have been a major focus this year. It is pleasing to see card volume growth up 9.4% as a result of initiatives introduced this year. We modified the hierarchy of payments such that customers are able to make lower interest payments, and turnaround times for card applications have improved. We also received Canstar Cannex's 2011 'Innovation Award' for our Credit Card Payment Allocation.

OUTLOOK

We remain committed to Fair Value and continue to improve on the customer experience. We will focus on developing deeper relationships with our customers and identifying cross-selling opportunities, while continuing to take competitive offers to market. We will continue to provide our customers with the help, guidance and advice they need to better manage their money. We are also focused on making banking simpler and easier for our customers, regardless of which channel they choose.

And we will continue to invest in the capability of our people and in the simplification of our processes to further improve the customer experience.

¹ RBA Financial System, August 2011.

² NAB 2011 Full Year Results Announcement.

“Since 2009, we have focused all of our efforts on satisfying the needs of our customers and providing a one stop shop for the management of financial risks. Doing this has made us a market leader in the capabilities most relevant to customers at a time when global and local uncertainties have been and continue to be very high.” **Rick Sawers**, Group Executive, Wholesale Banking

Wholesale Banking

RESULTS

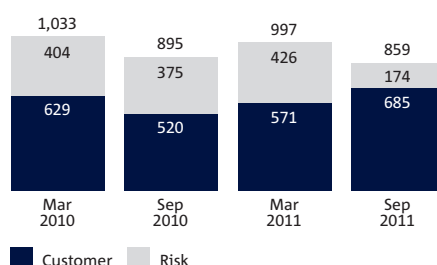
A\$

Cash earnings \$661m, down 6.2%

Operating expenses Increased by 0.1%

Customer vs risk income

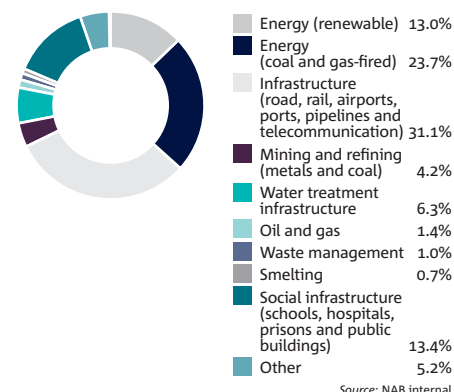
\$ millions



Note: Customer comprises Sales, Asset Servicing, Specialised Finance and Financial Institutions Group. Risk comprises Fixed Income, Currencies & Commodities (FICC), formerly known as Global Markets Trading and Treasury
Source: NAB internal

Project finance by sector

as a % Total Portfolio Value



CUSTOMER INCOME

+9.3%

AUSTRALIAN BANK IN SYNDICATED LOAN ARRANGING CAPABILITY – RANKED⁴

#1

ASSET SERVICING BUSINESS IN AUSTRALIA – RANKED⁷

#1



Investing in our relationships

The hard work of the past three years has paid off, with NAB now amongst the top of the pack for syndicated loan arrangements. This year, NAB's existing business relationship with TRUenergy led to a \$2.05 billion syndicated loan arrangement.

“I think that's where NAB has really excelled. It understands, not only TRUenergy, but it actually understands this industry. Our relationship with NAB is an important one because NAB is able to bring other banks along on the journey.” **Kevin Holmes**, CFO, TRUenergy



Rick Sawers
Group Executive, Wholesale Banking



Wholesale Banking is focused on deepening NAB's end-to-end customer relationships by meeting more of our customers' needs. We provide a range of funding, risk management and investment solutions to business, personal and wealth clients of NAB. Our 2,095 product specialists, relationship management specialists and support people work across operations in Australia, New Zealand, Asia, the UK and the US.

Our products and services include:

- Lending, advisory and transaction services
- Funding and investment solutions
- Market risk and global capital markets advice and solutions
- Asset servicing for super funds, investment managers, government entities and global banks
- Research into markets and economic issues
- Management of NAB's relationships with banks, diversified financial institutions, funds and insurers, and management of the Group's liquidity, funding and risk profile.

Cash earnings declined by 6.2% during the year, mainly due to lower revenue in the Risk businesses (comprising Fixed Income, Currencies & Commodities¹ and Treasury) resulting from a difficult market environment following European sovereign debt concerns and the deteriorating economic environment. This was partially offset by increased revenue in the Customer businesses (Sales, Global Capital Markets,² Asset Servicing, Specialised Finance and the Financial Institutions Group), which improved by 9.3%, and by a lower bad and doubtful debt charge.

STRATEGY

Our objective is to drive value through the Group's core customer franchises by providing a wider range of financing and risk management solutions to customers in Business Banking, Personal Banking and Wealth. Having established our Franchise Focus strategy in 2009, we are making good progress in deepening NAB's existing customer relationships through:

- Providing a broader range of foreign exchange (FX) and interest rate risk management products to business customers
- Building on our position within the fast growing infrastructure and natural resources sectors
- Providing customers with access to the capital markets by further leveraging our leading debt capital raising and distribution capabilities
- Driving greater efficiencies across the business and optimising our balance sheet.

PERFORMANCE

This year, we have focused on optimising our business performance, with several key achievements to date.

We have partnered with Business Banking to increase the sales of existing and new products to our business customers. As a result, we have successfully grown market share and are ranked number one across several key product areas (including being the number one ranked provider of interest rate swaps³). Specialised Finance continues to play an important role in project finance across the infrastructure, energy and utilities, and natural resources sectors. We have established an integrated advisory team with Business Banking, which now has one of the largest pools of finance and risk advisers in Australia. Some of the key transactions in which we acted as a Mandated Lead Arranger in 2011 include:

- \$2.6 billion Royal Adelaide Hospital Public Private Partnership (PPP), Australia's biggest public-private hospital partnership and the largest PPP this year
- \$1.2 billion acquisition of the Port of Brisbane by QPH consortium
- \$745 million Single LEAP 2 PPP (Plenary Living Consortium) in Australian Defence personnel accommodation.

We have continued to strengthen NAB's debt capital raising and distribution capability and are now ranked as the number one Australian bank in Syndicated Loan Arranging Capability,⁴

and the number one ranked book runner of Australian syndicated loans.⁵ We are also the leading Australian bank in the US Private Placement market.⁶

By leveraging NAB's leading Asset Servicing business we have increased cross-sell of banking and financial risk management products to funds and financial institutions (FI) customers. A highlight of the year was our joint launch, together with BNY Mellon, of new private equity administration products and middle office services for superannuation and fund manager customers.

Our partnership with Business Banking in developing the Business Market Loan product has drawn attention to our status as the only Australian bank to offer a simple interest loan product with the ability to incorporate hedging strategies, ahead of our competitors.

Our commitment to deeper relationships also extends to the broader community in Australia and internationally. As part of an ongoing partnership established in 2008, our United Kingdom team works with St Joseph's Hospice, an organisation dedicated to easing pain and bringing comfort to patients and their families from across east and north-east London. We work closely with the Hospice on fundraising and volunteering activities, with the aim of continuing to find new ways in which we can share our expertise.

OUTLOOK

In 2012, we will continue to build on our strategy with initiatives that include:

- Taking an industry lead in Basel III awareness through education sessions with internal relationship managers and NAB's clients
- Further developing our Global Capital Market business by intermediating clients, facilitating distribution of NAB balance sheet assets and developing an innovative range of structured investment and deposit products
- Further building our global infrastructure and natural resources capabilities, including advisory services.

¹ Formerly part of Global Markets Trading.

² Formerly part of Global Markets.

³ East & Partners, Australia's Corporate Banking Survey, July 2011 (Percent Primary Relationship – Corporate).

⁴ Peter Lee Associates – Large Corporate & Institutional Relationship Banking Australia Survey, 2011.

⁵ Dealogic Global Loan Review, first half 2011.

⁶ Thomson Reuters US Private Placement Review Full Year 2010.

⁷ Australian Custodial Services Association, Total Assets Under Custody for Australian Investors, June 2011.

MLC & NAB Wealth



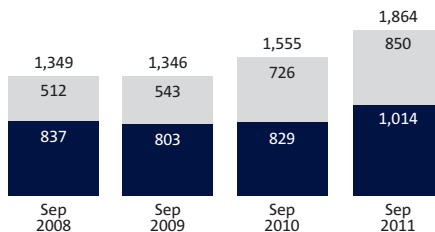
RESULTS

A\$

Cash earnings	\$533m, down 12.5%
Operating expenses	Increased by 1.3%
Funds under management	Decreased by 2.9% to \$112.7b
Inforce premiums	Increased by 4.2% to \$1.466m

Growth in adviser numbers

Numbers

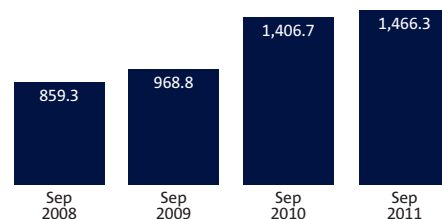


■ Salaried ■ MLC & NAB Wealth Licensees

Source: NAB internal

Inforce premiums

\$ millions



Source: NAB internal



“We passionately believe in the value of financial advice and helping more Australians achieve a comfortable retirement. We are transforming our insurance, investment and superannuation products and are delivering quality financial advice through a growing network of professional financial planners.”

Steve Tucker,
Group Executive,
MLC & NAB Wealth

MLC & NAB Wealth is a market leader in wealth management, managing approximately \$113 billion on behalf of individual investors and corporate customers. We have one of the largest financial planning networks in Australia. We are also a leader in the provision of superannuation, pension and personal insurance products, and we are one of the largest providers of ‘manager-of-managers’ investment solutions globally.

STRATEGY

We have continued to deliver against our strategy:

1. Expanding our leadership positions in investments and insurance with new products and services for customers
2. Creating market-leading private wealth capability with JBWere and NAB Private Wealth
3. Expanding our investment management capability by investing in quality boutique investment management firms
4. Growing our network of professional financial planners.

PERFORMANCE

The reduction in cash earnings in 2011 was largely a result of lower earnings in the insurance business and volatile investment markets. Funds under management fell as a result of deterioration in markets in the second half of the year and subdued discretionary flow across the industry.

Bringing together the best of Aviva and MLC, we have launched MLC Wrap, a market-leading investment platform, and MLC Insurance, a new total insurance solution for financial advisers and customers.

Helping more NAB customers to benefit from financial advice and wealth management products remains a core priority for us, with 22% of

insurance sales and 32% of investment sales generated through NAB Financial Planning.

During the year, NAB Private Wealth launched a dedicated offer for high net worth clients in Australia, and focused on providing private wealth advice to more of NAB Business Bank’s clients.

Our strategic alliance with JBWere has expanded our capabilities in direct equities broking and research, which are critical services for high net worth clients.

We have continued to establish partnerships with quality investment management firms, via nabinvest acquiring equity positions in 14 boutique investment firms globally, including six new firms in the past 12 months.

For the past five years, MLC & NAB Wealth has led the wealth management industry in improving trust in financial advice. The Government’s Future of Financial Advice (FoFA) reforms reinforce the decisions that we took several years ago to reposition our business model to fee-for-service. MLC & NAB Wealth has added 309 financial planners to its network during the past 12 months.

The integration of Aviva is now largely complete and has outperformed our expectations, delivering new products and significant cost synergies for the Group.

OUTLOOK

Our priorities for the year ahead will build on the momentum established this year:

- Continuing to strengthen our insurance and investment platforms and delivering quality financial advice to more Australians
- Delivering leading private wealth capability through JBWere and NAB Private Wealth
- Growing our investment management business.

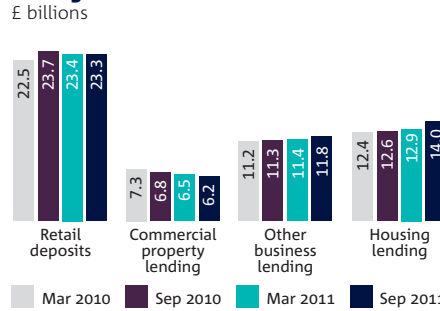
UK Banking



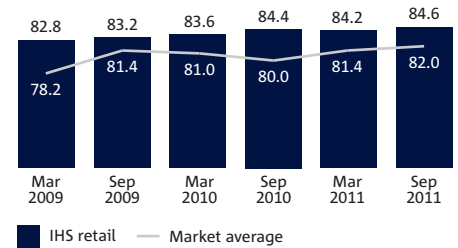
RESULTS

£	
Cash earnings	£183m, up 55.1%
Operating expenses	Increased by 2.0%
Average housing lending	Increased by 5.6% to £14.0b
Average retail deposits	Increased by 0.9% to £23.3b

Average volumes



Customer engagement*



*Customer engagement is comprised of seven key attributes, including satisfaction, advocacy, loyalty, rapport, emotion, value and trust. Data is for personal banking customers who transact via branch
Source: NAB internal

In the United Kingdom, we operate under the Yorkshire Bank and Clydesdale Bank brands, offering a range of services for personal and business banking customers. Over 9,900 people serve more than 2.7 million customers through over 330 retail stores, more than 70 Financial Solutions Centres, and a direct banking operation and broker network.

UK Banking continued to strengthen its franchises and support for customers against a backdrop of continued economic uncertainty. Increased cash earnings reflect management action to improve income levels and lower charges to provide for bad and doubtful debts, which declined by 14.7%.

STRATEGY

As part of our prudent approach, we will focus on three priority areas in the year ahead:

- Creating a unique customer experience and getting it right for customers
- Further strengthening the United Kingdom risk framework in a changing regulatory environment
- Delivering improved and sustainable returns for shareholders.

PERFORMANCE

During the year, we undertook a prudent response to the protracted economic uncertainty in the United Kingdom by maintaining a conservative level of liquidity and further strengthening capital ratios.

We continued to demonstrate strong support for customers. Despite subdued market demand for credit, our banks continued to attract growing numbers of mortgage customers, as well as small and mid-corporate trading businesses. In addition to advancing £2.7 billion of new lending in the year, we delivered our two-year commitment to make

£10 billion of new lending available for business and personal customers. This was achieved at the end of June 2011 – three months ahead of schedule – and helped support our customers at a time when they needed it most. Despite intense market competition, average retail customer deposits grew by £200 million to £23.3 billion.

Delivery of an enhanced customer offering continued to be a key focus in 2011. In February, we built on the success of our existing internet platform with the launch of BusinessOnline, which has extended the functionality and payment options for our business customers.

This year, our retail business delivered a strong performance, which included:

- Growth in mortgages and key savings products
- Continuation of the Our Promise program, aimed at delivering a consistently good customer experience
- Launch of an expanded small business service
- Continuation of the Investing for Growth initiative for larger trading businesses.

OUTLOOK

The slow pace and fragile nature of national economic recovery will continue to present significant challenges for our customers and our business in the year ahead. Given these challenges, we will maintain our prudent and careful approach to sustaining the strength of our balance sheet. Our focus remains on long-term security and stability as a priority over short-term profits.



“Demonstrating clear support for our customers in a period of protracted economic uncertainty, a prudent and careful approach has been taken to maintain a strong capital position and to further strengthen and reshape our balance sheet.”

David Thorburn,
Group Executive,
Europe

NZ Banking



RESULTS NZ\$

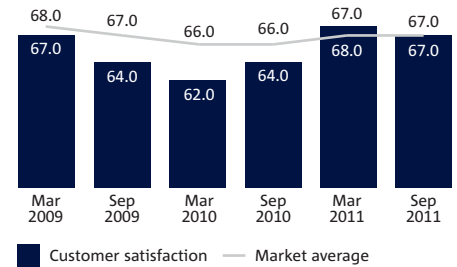
Cash earnings	\$612m, up 16.8%
Operating expenses	Increased by 2.0%
Lending market share ¹	20.2%
Deposits market share ¹	18.2%

¹ Reserve Bank of New Zealand – August 2011 and BNZ internal data.

NZ Banking income/expenses NZ\$ millions



Customer satisfaction (Retail) Excellent or very good (%)



“In New Zealand, our ability to provide innovative customer solutions has allowed us to continue to improve our financial, operational and customer outcomes. Customer deposits also continued to grow strongly, resulting in market share growth.”

Andrew Thorburn,
Group Executive,
New Zealand, Asia
and the United States

In New Zealand, we operate under the Bank of New Zealand (BNZ) brand, offering retail, small business, commercial, corporate, agribusiness, institutional and investment and insurance services. Over 5,300 people service 1.2 million customers through our 179 retail stores, small business specialists, partners' business centres, and institutional and private banking teams.

Cash earnings increased by 16.8% compared to the previous year, to NZ\$612 million. This represents a strong performance in an environment where overall system credit growth has remained heavily subdued following the Christchurch earthquake and global economic uncertainties. Margin improvement and lower bad and doubtful debt charges have both contributed to the improved earnings result.

STRATEGY

Our overarching strategic priority remains unchanged – to help our customers achieve success for themselves and for New Zealand over the long term. We do this by focusing on:

- Maintaining our balance sheet strength
- Improving efficiencies
- Leveraging investment in our retail, small business and partners' distribution businesses
- Enhancing the customer experience.

PERFORMANCE

Our continued focus on delivering innovative offers and enhancing the customer experience has resulted in an increase in customer satisfaction and advocacy metrics. Customer satisfaction in the partners' business market, as measured by TNS Business Finance Monitor, increased significantly from 68% to 74% in the 12 months to September 2011.

Retail customer satisfaction, as measured by Nielsen Consumer Finance Monitor, was stable at 67% in the same period.

Our improvement in customer metrics has translated into market-share growth in a number of key product and customer segments, including housing and small business. Market share of customer deposits also continues to grow strongly, further strengthening our balance sheet.

We remain committed to putting the customer at the heart of our business. As part of a range of customer-focused initiatives, we continue to transform our retail stores and partners' business centres. This has been complemented by investment in our self-service channels, including the launch of our BNZ mobile banking services and enhancement of the BNZ website, which won the NetGuide Web 'Best Financial Website' award. We have also grown our dedicated small business service, launched the Small Business Edge offering and won the inaugural Canstar Cannex 'Best Value Small Business Bank in New Zealand' award.

In addition, during the year we won the KangaNews awards for New Zealand 'Domestic Bond Issuer of the Year' and New Zealand 'Domestic Bond Deal of the Year'.

We were named 'Business Herald Bank of the Year' by the Institute of Finance Professionals New Zealand at the annual INFINZ Awards, with the judges acknowledging our innovative financing solutions and support for local communities.

OUTLOOK

In 2012, our emphasis will be on:

- Accelerating our customer experience journey to further increase customer satisfaction and advocacy metrics
- Maintaining our strong balance sheet by further growing customer deposits and diversifying our funding.

US Banking & Asia



“In the United States at Great Western Bank, we have successfully integrated last year’s acquisition of TierOne assets and F&M Bank and delivered a solid financial result in a challenging US economy.” **Andrew Thorburn**, Group Executive, New Zealand, Asia and the United States

GREAT WESTERN BANK RESULTS US\$

Cash earnings	\$90m, up 34.3%
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GREAT WESTERN BANK

In the United States, we operate under the Great Western Bank (GWB) brand. Over 1,500 people work in more than 190 branches across seven states in the midwestern US, servicing over 400,000 customers. We operate a diversified business that includes retail, business, agribusiness and wealth management products.

STRATEGY

We aim to become one of the leading banks in the midwestern US through a commitment to organic growth and strategically aligned acquisitions. Our strategic priorities are based on the following objectives:

- Sales and service
- Talent
- Agribusiness focus
- Return on Equity.

PERFORMANCE

GWB cash earnings increased by 34.3% to \$90 million, predominantly reflecting the full year effect of the TierOne assets and F&M Bank acquisitions. Lending remained fully deposit funded. The charge for doubtful debts increased, driven by the revaluation of the TierOne loan portfolio carried at fair value, which is largely offset in revenue.

In 2011, we have sustained our growth in a sluggish US economy. The US economy remains depressed, and business confidence in the economy is fragile. In addition to challenging economic conditions, new industry rules and additional compliance obligations have been introduced by the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

We continue to outperform peers on key asset quality and earnings measures, particularly on a cash earnings basis.¹ Continued growth in crop and ranch production supports our focus on agribusiness lending. GDP growth in footprint has consistently outperformed the US average in the last two years. The impact of the recession has been somewhat contained due to local economic concentrations in relatively stable markets (agriculture) and limited exposure to the real estate crisis.

This year, we introduced a customer satisfaction survey to measure the level of service provided to customers through our store network. Customer satisfaction remains high, with an overall index score of 91.5 on service against a national average of 89.5.²

ASIA

Our Asian operations comprise three lines of business – Wholesale Banking, Business and Institutional Banking, and Personal Banking. Over 400 people work across offices in Hong Kong, Singapore, Japan, China and India. We provide services to more than 20,000 individual and corporate customers.

Our expansion into the rapidly growing Chinese and Indian economies has been a highlight of the year and we were granted branch licences to open our first offices in China and India. We have also received approval to open a representative office in Indonesia, further expanding our footprint in the region.

STRATEGY

Our strategy is to expand our customer base and build on the opportunities presented by the banking activity arising from flows of business, trade, investment and people between Australia/New Zealand and Asia. We do this through the provision of solutions in Wholesale Banking, Markets, and Business and Institutional Banking, as well as trade finance, specialised finance, healthcare finance, and expatriate and migrant banking solutions. We operate in the key liquidity hubs of Singapore and Hong Kong, and in Australia’s major trading partners Japan, China and India.

PERFORMANCE

2011 saw continued balance sheet growth in our Asian businesses. Our core lending increased by 59% and customer deposits by 6% compared to September 2010. Trade Finance has also grown considerably in the region, building significant bridges between NAB Asia and the rest of the Group.

The year has also seen us recognised with some major awards, including *Asiamoney’s* ‘Best Australian Dollar Cash Management Services’ award for the fifth consecutive year. We were also named ‘Best Trade Finance Bank, Australia’ 2011 at the Asian Banker awards.

¹ GWB analysis of FDIC federal regulated banks with asset size between US\$5 billion to US\$10 billion as of June 2011.

² Statistics based on research conducted by The MSR Group for Great Western Bank and compared to results of The MSR Group’s APECS® National Banking Study conducted with over 2,400 retail banking consumers across the US over the same time period.

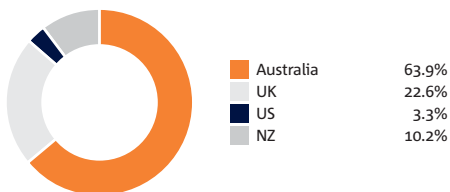
Committed to getting the fundamentals right

We have stuck by our Fair Value philosophy and actively addressed the issues that customers care about most.



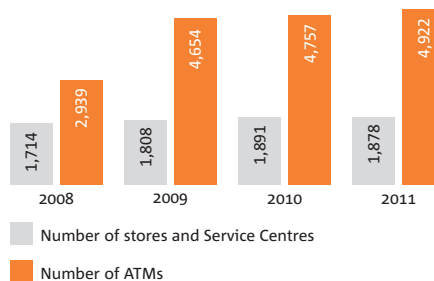
Customer

Distribution of customers by geography %



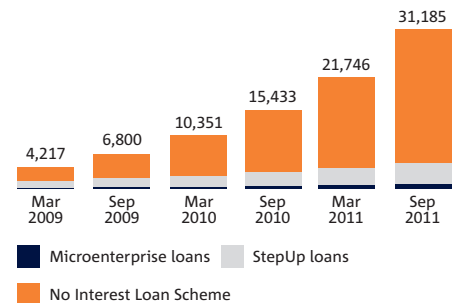
Footnote: Asia < 1%, excluded
Source: NAB internal

Services for customers Across the Group



Source: NAB internal

Number of microfinance loans Cumulative since program inception



Footnote: Previously reported figures have been updated due to improved reporting for the programs.

Giving customers a fresh start

"It's hard starting over again and there aren't choices for people like me to get a loan. Getting the No Interest Loan Scheme (NILS) loan from Good Shepherd was such a relief, it made me feel like I was accomplishing something myself. Now I have a new lounge and rug and don't feel depressed when I look at my home. It's great that NAB is doing this."

Marisol, a NILS customer



'More Give, Less Take' The 2011 journey to fairer banking.



ACHIEVEMENTS AND CHALLENGES

Building on 'More Give, Less Take'

Since the launch of our innovative marketing campaigns, we have welcomed more than 450,000 new customers. Personal Banking customer satisfaction levels are at a 15-year high, with improvement above that of the other major Australian banks.¹

This year, we marked two years of living our Fair Value philosophy. With customers at the centre of everything we do, we were named the 'Home Loan Lender of the Year', by *Money Magazine*.

We removed home loan early exit fees and simplified our fee structures for mortgage and NAB Broker customers. In credit cards, we made our payment hierarchy fairer, resulting in our customers paying less interest. We realise this is all part of an ongoing journey to respond to the needs of our customers. In November 2010, in addition to an interest rate rise, in the same month many customers experienced interruptions to payments due to a batch processing issue. This resulted in an increase in complaints which NAB worked to respond to as quickly as possible. For more detailed coverage on our Customer topics, see our Customer *Dig Deeper* paper available online at www.nabgroup.com/cr

Our commitment to listen and respond more effectively to customers is reflected in the rollout of a new complaints tracking system across Business and Personal Banking in Australia. This allows us to more effectively track, manage and escalate complaints and refer them to our NAB Resolve team. We continue to report on customer experience at monthly Customer Councils.

FINANCIAL HARDSHIP AND DEBT COLLECTION

We place great emphasis on showing compassion and support in our management of those experiencing financial hardship. Our approach – built around our broader customer focus – includes raising awareness

and providing training. Through NAB Care, we have a specialised team focused on helping customers through financial hardship.

Through our CEO consumer briefings with community leaders, we listen to diverse segments of the community about the areas in which they want us to improve. Our responses have included starting a NAB Care Awareness program to raise awareness about our hardship offering.

In Australia, we have helped our customers better understand financial products and services by launching the Online Help and Education sections of our website, and we have updated our small business online hub. In the United Kingdom, we have launched the interactive MoneyGuide website, which provides customers with information about improving their financial health.

RESPONSIBLE LENDING

In July, we launched the first, most detailed measurement of financial exclusion in Australia. The research, conducted by the Centre for Social Impact on our behalf, found that around 2,650,000 people, or 15.6% of the adult population in Australia, were either fully or severely excluded from financial services in 2010.²

We support a suite of microfinance products designed to assist people excluded from mainstream financial services. These are outlined in our Customer *Dig Deeper* paper, one of a suite of publications designed to provide detailed information for analysts and stakeholders about our performance. We have committed \$130 million in lending to support microfinance programs and have written over 15,000 loans this year. We are also supporting the Government's Community Development Financial Institution (CDFI) pilot, which tests the potential of the community finance model to provide disadvantaged Australians with access to financial services.

Our project finance activities reside within Wholesale Banking. We apply a specialised

finance environmental risk policy to all project finance deals and we are a signatory to the Equator Principles. Our reporting against these voluntary standards for social and environmental risk in project financing can be found in our Customer *Dig Deeper* paper, with more information on environmental products and services in our Environment *Dig Deeper* paper (available at www.nabgroup.com/cr).

This year, we built an Environmental, Social and Governance (ESG) risk module into our annual compliance training, and a number of our employees also attended Environmental and Social Risk Assessment training offered by the UN Environment Program Finance Initiative.

As customers increase their use of self-service banking channels, including ATMs and online services, we are working to better protect customer accounts by monitoring emerging threats and enhancing our fraud prevention and detection systems. All customer transactions are monitored to ensure that any suspicious activity is flagged. In Australia, SMS-based authentication for online transactions combined with customer support (available 24 hours a day, seven days a week) monitors our ongoing protection.

Futurefocus

- Continue to implement our Customer-led Innovation Strategy (CIS) to better identify customer needs, develop deep and significant customer relationships and continue to deliver improved Total Customer Returns.
- Develop tools and services that help our customers make better financial decisions and better manage their financial situation. In particular for Australia, provide knowledge support tools, improved self-service tools and online educational information.
- Continue to grow our world leading microfinance program to help more than 20,000 people in 2012, including providing advice to 4,000 indigenous clients, and publish an annual index on the extent of financial exclusion in Australia.
- Improve our Customer Hardship offering in Australia, particularly through enhanced training for relevant staff and improve external awareness of assistance available.



¹ Roy Morgan Research, September 2011. Australian Main Financial Institutions, population aged 14+, six month moving average.

Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC).

² The Centre for Social Impact, 'Measuring financial exclusion in Australia', May 2011.

Committed to being a great employer

NAB plays a significant role in the lives of our 50,000 employees. Our focus on leadership, culture and capability supports our business strategy to become a great place to work and an organisation with which our customers want to do business.

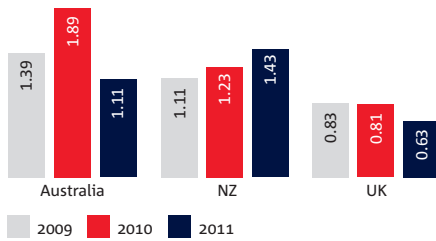


People



Lost time injury frequency rate

Number of work-related lost-time injuries per million hours worked



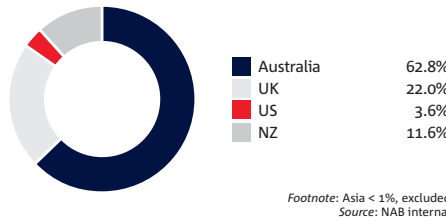
Source: NAB internal

Australia: Past results have been revised upwards due to additional lost time injuries from past reporting periods. Current-year results are also likely to be revised upwards due to a number of incidents being assessed as lost time injuries after year end. As at 30 September, there were six undetermined incidents that were awaiting assessment from NAB as to whether they actually incurred lost time.

New Zealand: Past results have been recalibrated to bring it in line with Group methodology. Different calculation methodologies and lost time injury definitions are used by Australia and New Zealand compared to the UK. Refer to the People Dig Deeper paper for further details.

Employee distribution

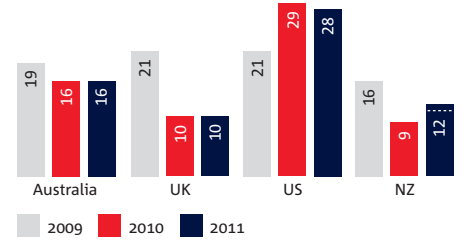
% by region – based on full-time equivalent



Footnote: Asia < 1%, excluded
Source: NAB internal

Employee turnover by region

% by region



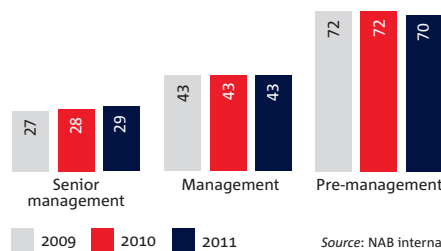
Footnote: All data includes voluntary and involuntary leavers, with the exception of New Zealand for years 2009 and 2010, which shows voluntary turnover only. The dotted bar shows results for voluntary turnover only.

84%

of employees feel their manager supports them to work with a degree of flexibility¹

Female representation

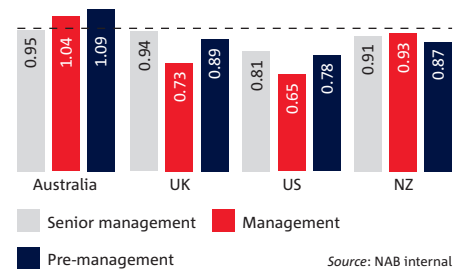
% by employment level



Source: NAB internal

Female vs male ratio of average remuneration

% by employment level



Source: NAB internal

Employer of Choice for Women

“The Equal Opportunity for Women in the Workplace Agency has recognised NAB for the last five years as an EOWA Employer of Choice for Women. The citation is currently (in 2011) held by only 99 organisations in Australia. This award recognises the efforts NAB has made, championed by our CEO, in creating an inclusive culture, and the outcomes it has achieved for its people, especially for women.” **Jess Murphy**, Group Diversity & Inclusion, National Australia Bank



DEVELOPING OUR WORKPLACE

This year saw the introduction of a Group-wide approach to identifying and developing employees who are both high-performing and have potential to take on greater responsibility in the future. Our talent and leadership programs focus on building the capability and leadership skills of our people at various levels of the organisation.

Investing in diversity – Attracting and supporting a diverse workforce is critical to our business success, and we have a focus on gender, age and flexibility. We have set measurable objectives for the number of women in senior executive positions, board positions, our graduate program and core talent development programs.

Importantly, we are working with senior leaders to remove the possibility of ingrained bias in workplace situations, such as recruitment. Our ‘Consciously Addressing Unconscious Bias’ program has been rolled out in Australia and we propose to extend it to New Zealand and Asia during the 2012 financial year.

We are also conducting our second gender pay equity audit, in partnership with the Finance Sector Union (FSU), to identify and address any barriers to equity. In Australia, our recruitment procedures require that both men and women be short-listed for senior roles and that they both make hiring decisions together, while programs such as ‘Realise’ and ‘Board Ready’ prepare women for the transition to senior management, subsidiary board positions and community partner directorships.

We launched the MyFuture program in 2011, which assists mature-age employees and their managers to make informed decisions and plan for the future, whether it be working differently or more flexibly, having a break to recharge, or planning when and how to retire. We have made significant progress in this area, receiving international recognition for the MyFuture program with AARP’s ‘Best Employers for Workers Over 50’ award – International.

CREATING A HIGH-PERFORMING CULTURE

This year’s ‘Speak Up, Step Up’ survey results showed that employee engagement is above the average for financial services companies around the world.¹ We had a strong response rate of 84%, and saw an increase in both engagement and enablement from last year. We also saw improvements in dimensions including working together, increased understanding of organisational strategy, and trust in leadership.

Setting up our workplace – New Enterprise Agreements (EAs) have been set up in Australia and New Zealand. These have delivered a number of workplace changes that will drive a flexible and supportive work environment.

Health and wellbeing – This year, we launched the My Health and Wellbeing online portal, which provides all Australian employees with free access to health information, interactive tools and monitoring applications. A range of initiatives support our people, including access to confidential external counselling, information sessions and seminars, and we have a partnership with Mental Health@Work in Australia. Our two primary partners with the MLC Foundation this year were Lifeline Australia and the Garvan Institute.

The lost time injury frequency rate (LTIFR) in Australia is 1.11.² We are determined to reduce it further, taking the view that all injuries are preventable. BNZ’s My Wellbeing program and Habit at Work injury prevention program were recognised by the World Health Organization for their flexibility and adaptability to diverse cultures and workplaces.

BUILDING CAPABILITY

Building the capability of our employees remains a key priority in meeting the needs of our customers. Our approach to supporting careers and development was awarded the ‘Best Career Development Program’ in the 2011 Australian Banking and Finance Awards and this year it was extended to the United Kingdom. A focus on equity of access for employees in rural and regional areas has

also seen growth in the use of podcasts, e-learning modules and online ‘virtual classrooms’.

We continue to integrate our community initiatives with the development of our people through a range of opportunities, such as mentoring programs, buddy systems and board positions with our community partners. One example of this, our partnership with Earthwatch Australia, has now entered its fifth year.

Futurefocus

Addressing critical issues like diversity, talent development and capability building are long-term commitments. These will remain a core part of our wider business strategy over coming years. It is important that we listen and respond to our people as challenges and issues arise, which is why we will continue our employee survey to understand what is helping or hindering them in their jobs.

- Continue to create a more diverse workforce through initiatives that help achieve our disclosed diversity targets with a focus on gender, age and flexibility.
- Identify, develop and retain talent, particularly in leadership positions and key workforces, by fully embedding the new talent framework across all regions.
- Undertake our Group-wide employee survey that measures change in engagement, and enablement and develop plans for ongoing improvement.
- Increase accessibility and the percentage of eligible Australian employees attending leadership capability training through the digital channels of The Academy, NAB’s learning and development centre.

GROUP GENDER DIVERSITY TARGETS

Measurable objective	Progress (as at 30 September 2011)
Increase the proportion of women in executive management (the top three layers of the organisation ³) from 23% to 33% by 2015.	28% of the Group’s executive management were women compared with our starting position of 23% in the 2010 financial year. ⁴
Increase the proportion of women on Group subsidiary boards from 14% to 30% by 2015.	The Company has actively encouraged and supported women to join Group subsidiary boards during the year. Of the total number of subsidiary directors, the proportion of women has increased from 14% on 1 October 2010 to 20% on 30 September 2011.
Increase the number of female non-executive directors on the Board as vacancies and circumstances allow, with the aim of achieving a representation of at least 30%.	The proportion of female non-executive directors on the Board at 30 September 2011 was 20%.
Strengthen the talent pipeline by targeting a 50/50 gender balance in the Australian graduate program intake, and an even representation of both women and men on NAB’s core talent development programs (Elevate, Ignite and Accelerate) from 2011 onwards.	Graduate program: 44% of the graduates who accepted positions in the Company’s 2012 graduate program are women, compared with 40% for the 2011 program. Core talent development programs: For the 2011 financial year, 47% of the talent development program participants were women, up from 40% in the 2010 financial year.

¹ ‘Speak Up, Step Up’ survey, conducted by Hay Group, March 2011.

² The 1.11 calculation is worked out by multiplying the Lost Time Injuries by 1,000,000 and dividing it by Full Time Equivalent employees multiplied by 40-hour working week and 46 weeks per year. Please refer to the People *Dig Deeper* paper for further details on the definition and calculation.

³ Executive management positions (also known as senior executive positions) are those held by Group Executive Committee members, Group Executive Committee members’ direct reports, and their direct reports. Note: Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in the data.

⁴ As at June 2010.

Committed to our communities

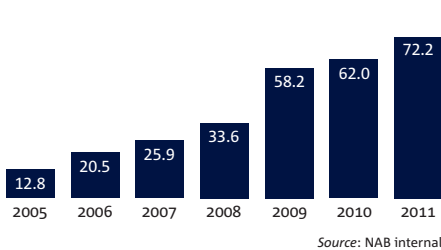
We understand and acknowledge the special role a bank has in the community and broader economy. As such, we are focused on developing deeper relationships with our communities through support, partnerships and initiatives that focus on education, financial and social inclusion.



Community

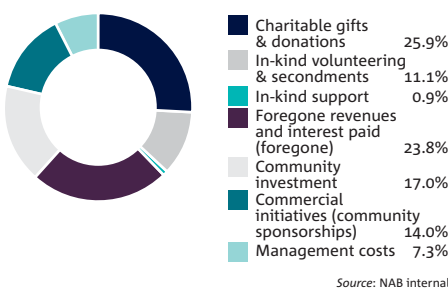
Group community contribution

\$ millions



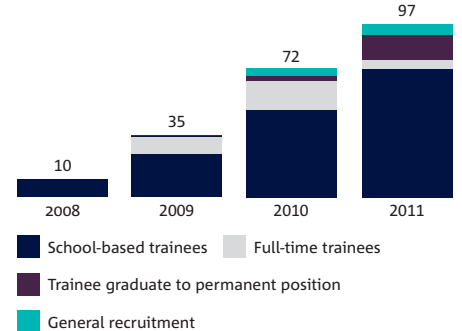
Community investment focus areas

%



Indigenous recruitment

Australia



Source: NAB internal
Footnote: Our reporting was improved this year to highlight trainees who secure permanent positions upon graduating from their traineeship

NUMBER OF VOLUNTEER DAYS CONTRIBUTED TO THE COMMUNITY IN 2011

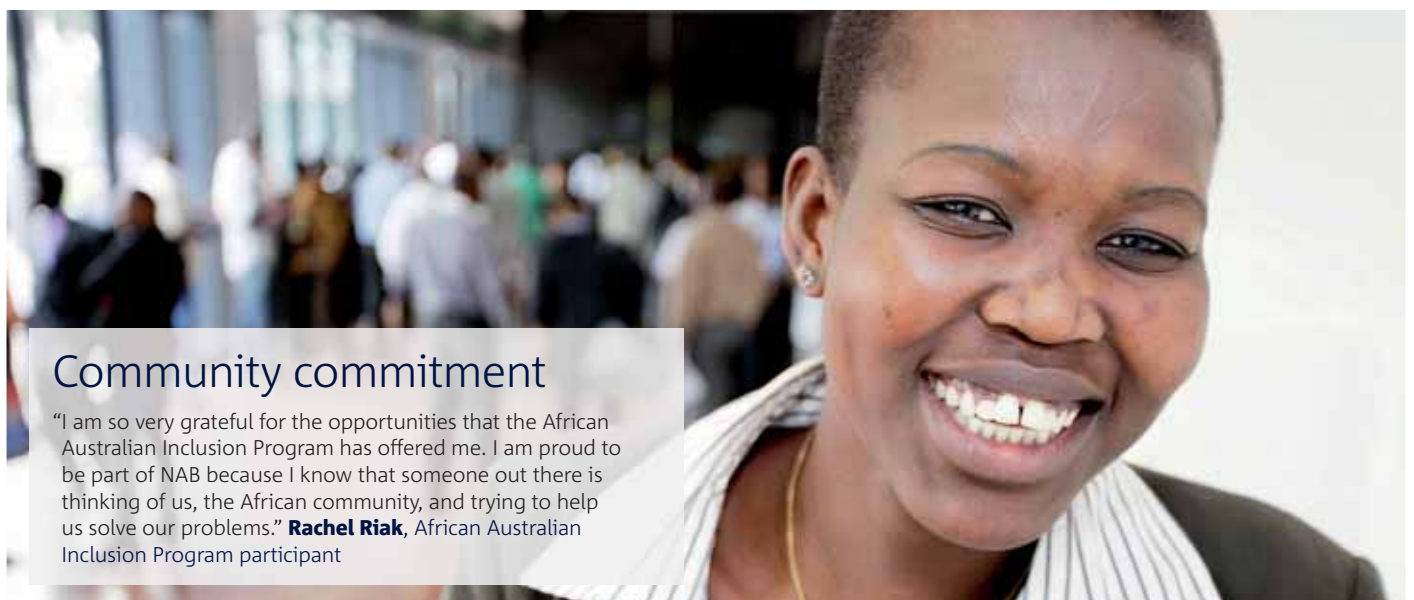
25,633

INCREASE IN THE NUMBER OF VOLUNTEER DAYS CONTRIBUTED TO THE COMMUNITY FROM 2010 TO 2011

23.7%

VALUE OF VOLUNTEER DAYS CONTRIBUTED

\$8.03m



Community commitment

"I am so very grateful for the opportunities that the African Australian Inclusion Program has offered me. I am proud to be part of NAB because I know that someone out there is thinking of us, the African community, and trying to help us solve our problems." **Rachel Riak**, African Australian Inclusion Program participant



ACHIEVEMENTS AND CHALLENGES

Support for Indigenous communities –

In Australia, we launched our third Reconciliation Action Plan (RAP) in April this year, which includes a renewed commitment to three areas: financial inclusion, access to real jobs and cultural awareness.

We have seen steady progress in each of these areas over the last year. Our network of NAB Indigenous Money Mentors has assisted more than 2,000 clients and we are expanding this further in 2012, as well as increasing our support for Indigenous business.

Our Indigenous employment figures continue to grow. This year, we have 72 school-based and full-time trainees, and we have recruited 14 trainees into permanent roles and six candidates via general recruitment. Converting successfully completed traineeships to permanent jobs in the business is challenging, particularly due to ongoing changes in our store network. We remain committed to improving the conversion rate and helping our Indigenous employees to continue building their career at NAB.

Emergency relief – Sadly, this has been a year marked by natural disasters, including the Queensland, New South Wales and Victorian floods, and earthquakes in New Zealand and Japan. Responding to these crises has been a major focus of our community support this year.

Together with our partners, we have supported local communities in the face of significant crises and natural disasters including the floods in Queensland, New South Wales and Victoria. In February, we set aside \$1 million to establish the NAB Community Fund for Queensland flood victims, and have pledged a further \$4 billion in lending to support Queensland businesses. NAB employees contributed over \$450,000 to the disaster relief effort, which was matched by NAB. We also created a fund of up to \$15 million for ex-gratia payments to NAB Home Insurance customers affected by Queensland's natural disasters whose policies did not cover the losses.

BNZ has undertaken a range of relief initiatives in Christchurch, including donations of more than \$2 million to organisations such as Women's Refuge and Canterbury Society for the Prevention of Cruelty to Animals, enabled \$2.4 million to be raised for the Red Cross through our Appeal Account. Our Asian offices raised money and donated goods for the Japanese Red Cross Earthquake appeal,

and our United States employees lent support to those affected by flooding of the Missouri River.

We are now enhancing our emergency response process to ensure that we are well placed to provide targeted support and relief to our customers, employees and communities when a crisis occurs.

Youth and education – While we have been responsive in times of need, our flagship programs continue to have significant impact.

NAB Schools First, one of NAB's most significant community investments, rewards innovative partnerships between schools and their communities to improve student learning beyond the classroom. In the past three years, NAB Schools First has provided \$15 million to 310 schools, and the program has engaged approximately 1,800 NAB staff.

Through NAB AFL Auskick, around 168,000 children attend more than 2,800 Auskick centres across the country to learn basic football skills, as well as values such as teamwork and commitment, from over 20,000 volunteers.

Overall, we have contributed a total of \$72.2 million in communities, with a continued emphasis on education and inclusion.

Inclusion – As part of our commitment to financial and social inclusion, we support a range of initiatives to help our customers and community members achieve financial stability.

Our microfinance program, described further in the Customer pages, continues to grow. Over 15,000 loans have been written this year and we are active in raising awareness about exploitative lending practices.

As a way to create opportunities for people experiencing disadvantage to gain access to mainstream employment, our African Australian Inclusion Program (AAIP) – a partnership with Jesuit Social Services – provides African Australians with a six-month paid work placement at NAB. Fifty-four people have been enrolled in the program to date. Of the 37 participants who have completed the program, over 70% have secured ongoing employment with us. The AAIP won a 2011 Melbourne Award for its contribution to the community.

Developing employability skills in young people is a critical issue in the United Kingdom. Our Clydesdale and Yorkshire Banks have provided 59 six-week paid internships that offer real work experience to young people through Career Academies UK, a

charity that works with the business and education sectors to raise the aspirations of 16- to 19-year-olds. A number of these students have been offered full-time roles at the end of their studies.

Local Community Partnerships – We have developed a range of partnerships with Local Community Partners, through which we provide volunteer services and a range of grassroots projects. In Australia, we contributed more than 15,000 volunteer days and 41% of employees have taken volunteer leave since October 2010. In New Zealand, Closed for Good enabled 2,934 BNZ employees to spend a day working on community projects.

Our MLC Community Foundation, which is focused on mental health-related issues, provides monetary assistance, advocacy and capacity-building activities for community groups that support Australians.

In Australia, approximately \$1 million has been provided for the Charities Aid Foundation through employee donations and matched Company contributions, and in the United Kingdom, over £250,000 is given each year to a number of charities through 'Give As You Earn'. We have also facilitated giving through our retail network such as \$600,000 for the Queensland floods. In the UK over £1.9 million has been raised for Charity Partner, Help the Hospices and 116 local hospices.

Futurefocus

- Maintain a solid level of community contributions and continue to develop NAB's flagship programs.
- Shift the focus of employee volunteering programs in Australia and New Zealand to skilled volunteering.
- Continue to increase the uptake of employee matched giving and payroll giving programs.
- Conduct an enterprise-wide review of NAB's involvement with the education sector and update our strategy.
- Continue to increase the number of Indigenous traineeships converted to permanent employees.

Committed to the environment

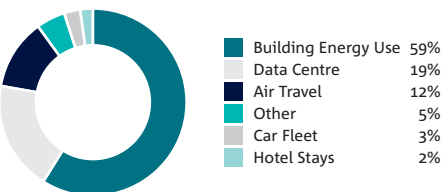
We are committed to managing the impact of our business on the environment. We have a role to play in the long-term sustainability of our planet and its natural resources by reducing the direct and indirect environmental effects of our operations. A sustainable approach to managing our business is important not only for the environment but also for the long-term growth and resilience of our business.



Environment

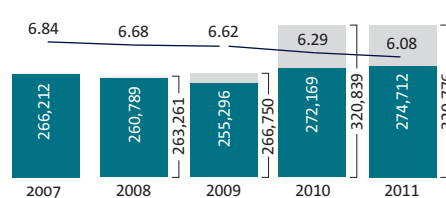


GHG emissions by generating activity¹



Source: NAB internal
The 'Other' category in NAB's 2011 carbon inventory includes emissions from A3 & A4 office paper purchased, waste to landfill, fugitive emissions from refrigeration and HVAC in buildings and cars, employee vehicle claims, taxi use and rental cars – each of which represents no greater than 2%.

Total GHG emissions and GHG per full-time equivalent²



■ Gross GHG emissions (based on original scope)
■ Additional emissions as a result of increased scope
— Gross emissions per FTE (based on original scope)

Source: NAB internal

Gross Group GHG emissions¹

	2009	2010	2011
Australia	210,749	255,154	248,433
United Kingdom	34,623	37,457	37,635
New Zealand	12,434	13,095	12,561
United States	8,944	13,409	20,051 ³
Asia	-	1,724	2,096 ³
TOTAL	266,750	320,839	320,776

ACHIEVEMENTS AND CHALLENGES

Carbon neutral and beyond

In September 2010 we became the first Australian bank to operate on a carbon neutral basis and, in December 2010, we became the first major corporate to be certified carbon neutral under the Australian Government's National Carbon Offset Standard. BNZ is also the first carbon neutral bank in New Zealand and remains one of the largest organisations in the country to have achieved carbon neutrality. Our primary focus has been on making our operations more energy efficient, particularly in Australia, where most of our greenhouse gas emissions are generated.

We have set a new Group reduction target of 9.2% per full time equivalent employee by 2013 for carbon emissions from our building portfolios across Australia, New Zealand and the United Kingdom, along with Beyond Carbon Neutral targets in Australia and the United Kingdom. A full list of targets can be found at: www.nabgroup.com/cr

This year, we have achieved a net reduction in greenhouse gas emissions from our building portfolios of 988 tCO₂-e (around 0.4%).

In working towards reducing carbon emissions, we have continued with refurbishments to some of our Australian office buildings and retail stores.

In Australia, our cumulative reduction in carbon emissions from buildings since 2006 has now reached a total of around 64,000 tonnes tCO₂-e and we are now delivering significant cost savings. Our tri-generation plant contributes the bulk of this reduction. Our two largest data centres account for about 43% of our Australian building energy use.

In New Zealand, we have implemented a new environmental reporting system.

In addition to minimising our carbon footprint, we are continuing to explore ways to reduce our waste. In Australia, since our PaperCuts program began in 2009, we have increased the uptake of Smart Statements and electronic communications by shareholders, and reduced office paper use through the My PaperCuts Online Employee Challenge.

Leading the way

"Low Carbon Australia congratulates NAB for its leadership in demonstrating corporate responsibility by achieving carbon neutral certification of its Australian business operations. This is a significant achievement which reflects the culture of the organisation. NAB's journey to carbon neutrality has been realised through comprehensive engagement throughout the Company, a mark of true engagement on sustainability. NAB is a standout example of a large Australian company responding to the reality of climate change." **Meg McDonald**, Chief Executive Officer, Low Carbon Australia



¹ Data for year ending 30 June.

² We expanded the scope of our inventory to include additional sources of GHG emissions in 2008, 2009, 2010 and 2011.

³ Original scope means GHG emissions from the building portfolio, vehicle fleet and air travel. Data for year ending 30 June 2011.

³ Our GHG emissions increased in the US and Asia primarily as a result of acquisition and expansion activities. Further information is available in our Environment *Dig Deeper* paper. Data for year ending 30 June 2011.

The United Kingdom has implemented a new Mixed Dry Recyclate waste management system and Great Western Bank has introduced a recycling scheme.

It is imperative that we think beyond just a low-carbon economy to one based on sustainable economic growth and development. Going forward, NAB will be more closely monitoring the impact of our operations on biodiversity and ecosystems, and looking to enhance the way we identify and manage the environmental risk of our operations and those of our customers and suppliers.

Customer solutions – investment in renewable energy and energy efficiency –

Learning from our own commitment to become carbon neutral, we have continued to develop solutions to help customers move to a lower-carbon economy. In November 2010, NAB entered a partnership with Low Carbon Australia (previously the Australian Carbon Trust, a Government enterprise) and Eureka Funds Management to establish funding for environmental and energy-efficient works in commercial buildings, as a way of assisting businesses to reduce their energy usage, energy costs and carbon emissions.

In the United Kingdom, work continues on development of a small-scale project finance product for renewable energy.

¹ Target is set against a 2010 baseline.

Information on how we manage our environmental and social risk and our Equator Principles commitments can be found in our Customer pages 24–25 and online in our Customer *Dig Deeper* paper, which provides more detailed information on our performance.

Making it our business – This year has seen significant action in Australia in relation to climate change policy. NAB has played an advocacy role in assisting business to identify opportunities for moving to a lower-carbon economy, and we have contributed to policy development by participating in government consultation processes. During the year, we:

- Commissioned research by ClimateWorks on the marginal cost abatement curve for carbon reduction and energy-efficiency opportunities, in the retail and healthcare sector
- Commissioned a paper by the Republic of Everyone on ‘Changing the Carbon Conversation’, which identifies ways to better communicate the business benefits of a transition to a low-carbon economy
- Participated in forums including the Australian Government’s Climate Change Business Roundtable and the Australian Financial Markets Association Carbon Working Group.

Futurefocus

- Achieve Group reduction target for GHG emissions from buildings-based energy use of 9.2% per full time equivalent employees by 2013.¹
- Set environmental performance targets for all regions. (Public targets for Australia and the UK were published in December 2010. We are now looking to publish commitments for all other regions.)
- Roll out refreshed compulsory compliance training incorporating ESG risk awareness for all Australian employees. Conduct ESG awareness sessions and training for risk and banking personnel in New Zealand.
- Refresh employee engagement programs in Australia and New Zealand.

Carbon neutral

Details about our carbon inventory, reporting boundaries and methodologies can be found on our Group website at: www.nabgroup.com/cr Further detail about our GHG emissions and environmental performance is also available in our Environment *Dig Deeper* paper.



We are committed to making a positive impact with our purchasing decisions.

Supplychain

As a global business, more than 24,000¹ businesses supply us with over \$4 billion¹ of goods and services each year. Our Supplier Sustainability Principles, introduced in Australia in 2009, state minimum ethical and functional requirements for our suppliers. We now have 144 signatories¹ to Supplier Sustainability Principles. BNZ is also rolling out a set of supplier due diligence criteria.

More broadly, we aim to ensure that our procurement decisions support the community. Our Social Enterprise Procurement Panel includes minority suppliers such as Indigenous businesses and social enterprises in the mix of organisations from which we purchase goods and services. This allows our purchasing power to generate positive social outcomes in the community.

NAB has been recognised as the largest accredited Fair Trade workplace in the world and in 2011 we introduced our new Diversity and Inclusion Service Provider Principles, which will require our preferred external

recruitment suppliers to demonstrate their commitment to diversity and inclusion.

In New Zealand, our supplier due diligence criteria have been updated to include information on carbon emissions. We also participated in the Carbon Disclosure Project supply-chain project for the third year, which this year included our Australian suppliers for the first time, alongside our United Kingdom business. Finally, in the United States, we have entered into a contract to use recycled paper going forward.



Supporting Fair Trade

“The social procurement switch to serving Fair Trade tea, coffee, hot chocolate and sugar in all of its branches is strongly supported by NAB’s employees. The creation of a Social Procurement Panel distinguishes NAB and illustrates its understanding of how to support local economies and suppliers in a more embedded way than reliance on sponsorship and grants. I congratulate NAB on its most impressive progress and commitment in these areas.”

Cheryl Kernot, Chair of Fair Trade Association of Australia and New Zealand

Futurefocus

- Develop a target percentage of total spend with signatories to the Australia and BNZ supplier sustainability principles.
- Implement NAB Diversity and Inclusion Service Provider Principles, which set clear expectations about suppliers’ commitment to diversity and inclusion.
- Review and update United Kingdom procurement processes to capture requirements of new Group Diversity policies and the United Kingdom *Equality Act 2012* by September 2012.

¹ Supply-chain data in Australia is based on 11-month data with 1 month estimate due to timing requirements of reporting. Data does not include the US and Asia operations, due to limited reporting capability in these locations.

Board of Directors

Further information on the Board of Directors and the Executive Team, including their experience and remuneration, can be found in the Report of the Directors (which includes the Remuneration Report) in the Annual Financial Report at www.nabgroup.com/2011AnnualReport available from 14 November 2011.



Top: Michael Chaney – Chairman

Centre: Cameron Clyne, Patricia Cross, Daniel Gilbert, Mark Joiner, Ken Henry, Paul Rizzo

Bottom: Jillian Segal, John Thorn, Geoffrey Tomlinson, John Waller, Sir Malcolm Williamson, Anthony Yuen



MICHAEL CHANEY AO

BSc, MBA, Hon. LLD W.Aust, FAICD

Chairman since 2005, Michael joined the Board in 2004. He was previously MD and CEO of Wesfarmers for over 13 years. Michael is Chairman of Woodside Petroleum and Gresham Partners Holdings, and Chancellor of the University of WA.

CAMERON CLYNE

BA Managing Director and Group CEO since 2009, Cameron joined the Group in 2004. His previous positions with the Group were CEO of BNZ, where he delivered a strong operational performance in a challenging market, and Executive General Manager, Projects. Prior to that, Cameron spent 12 years with PricewaterhouseCoopers, culminating in leading the Financial Services Industry practice in Asia Pacific, prior to the acquisition by IBM Consulting.

PATRICIA CROSS

BSc (Hons), FAICD Chair of the Remuneration Committee, Patricia joined the Board in 2005. She has over 30 years' experience in international banking and finance, and is a Director of JBWere (a subsidiary of NAB Group), Qantas, Methodist Ladies College and Grattan Institute.

DANIEL GILBERT AM

LLB Chair of the Board Information Technology Committee since 2011, Danny joined the Group in 2004. Danny co-founded the law firm Gilbert + Tobin and has over 30 years' experience in commercial law. He is Co-Chair of NAB's Indigenous Advisory Group, and Chairman of the National Museum of Australia and of the Cape York Institute for Policy and Leadership.

DR KENNETH HENRY AC

BCom, PhD, DBA h.c A non-executive Director since November 2011. He was previously

Secretary of the Department of the Treasury, a member of the RBA Board, Board of Taxation, Council of Financial Regulators, Defence Procurement Advisory Committee and Council of Infrastructure Australia, and Chair of Australia's Future Tax System Review.

MARK JOINER

ACA, MBA Currently Executive Director, Finance of NAB Group and Chairman of JBWere, Mark joined the Group in 2006 and became CFO in 2007. Mark was previously CFO and Head of Strategy and M&A for Citigroup's Global Wealth Management business. Before entering banking, he was a senior partner and board member at Boston Consulting Group.

PAUL RIZZO

BCom, MBA Chair of the Board Risk Committee since 2006, Paul joined the Board in 2004. Paul has over 40 years' experience in banking and finance. Formerly Dean and Director of Melbourne Business School, Group Managing Director, Finance and Administration, Telstra Corporation Limited, senior roles at Commonwealth Bank of Australia, Chief Executive Officer of State Bank of Victoria and 24 years with Australia and New Zealand Banking Group Ltd.

JILLIAN SEGAL AM

BA, LLB, LLM (Harvard), FAICD A non-executive Director since 2004, Jillian has over 20 years' experience as a lawyer and regulator. She is a Director of ASX Limited and of the Garvan Institute of Medical Research, Chairman of the General Sir John Monash Foundation, Deputy Chancellor of UNSW and a member of the Australian Government's Remuneration Tribunal.

JOHN THORN

FCA, FAICD Chair of the Board Audit Committee since 2004, John joined the Group

in 2003. He is a Director of Amcor, Caltex Australia and Salmat, and was previously a partner of PricewaterhouseCoopers for over 20 years.

GEOFFREY TOMLINSON

BEC A non-executive Director since 2000, Geoffrey has 29 years with the National Mutual Group, six years as Group Managing Director and Chief Executive Officer until 1998. He is Chairman of National Wealth Management Holdings and MLC Wealth Management (formerly Aviva Australia Holdings Ltd) and Director of MLC, MLC Holdings, MLC Investments, MLC Lifetime Company, WM Life Australia and Navigator Australia (all subsidiaries of the Company).

JOHN WALLER

BCom A non-executive Director since 2009, John has over 20 years' experience with PricewaterhouseCoopers in New Zealand. He is Chairman of BNZ (a subsidiary of NAB Group) and is a Director of Fonterra Co-operative Group, Alliance Group, Donaghys, JAW Advisory and Sky Network Television.

SIR MALCOLM WILLIAMSON

A non-executive Director since 2004, Sir Malcolm has over 50 years' experience in banking and finance in the United Kingdom and United States. He is Chairman of National Australia Group Europe and Clydesdale Bank PLC (subsidiaries of NAB Group), Signet Jewelers, SAV Credit and Friends Life Group PLC.

ANTHONY YUEN

B. Soc.Scs & Law A non-executive Director since 2010, Anthony has 37 years' experience in banking and finance, including senior executive roles in Asia with Bank of America, National Westminster Bank and Royal Bank of Scotland. He is a member of the Supervisory Committee of the ABF Hong Kong Bond Index Fund.

Executive Team

CAMERON CLYNE

Group CEO Under Cameron's leadership, numerous key initiatives have been delivered in line with our strategic priorities, which include attracting more customers, managing costs, and investing in our people, culture and reputation. In 2012, Cameron will continue to focus the Group on growing shareholder returns and customer numbers.

LISA GRAY

Group Executive, Personal Banking In 2011, Lisa led Personal Banking in improving market share, strengthening customer relationships and further embedding Fair Value into our culture and decision making. In 2012, Lisa will continue to focus on providing customers with valued help, guidance and advice.

ANDREW HAGGER

Group Executive, People, Marketing & Communications Andrew is responsible for protecting and enhancing the brands and reputation of the Group. In 2011, he led development of the award-winning 'Break Up' advertising campaign and our extensive Corporate Responsibility commitments. Responsibility for People and Culture was added to his portfolio from 1 October 2011.

JOSEPH HEALY

Group Executive, Business Banking Joseph has led strong growth of Business Banking in 2011, having increased market share and revenues in a subdued business credit environment. In 2012, he will continue to put customers at the centre of everything we do, leveraging investment in the Customer-led Innovation Strategy.

MICHAELA HEALEY

Group Executive, Governance Michaela has led the governance and legal teams in further building the integrity and transparency of the Group and providing services that support our customer initiatives. Michaela remains committed to sustainability and efficiency initiatives and positive outcomes for our shareholders, customers and employees.

MARK JOINER

Executive Director Finance As leader of the Group Strategy and Finance function, a major focus for Mark has been maintaining a strong, well capitalised and funded balance sheet, to keep the bank safe and able to support customers through continued global economic uncertainty. This will remain a key focus for Mark in 2012, as well as driving and implementing our business strategy in partnership with his Executive Committee colleagues.

BRUCE MUNRO

Group Chief Risk Officer During 2011, Bruce has continued to improve the risk management capability of the organisation, both in the Risk function and frontline businesses, and to reposition our risk profile to suit the ongoing volatility of market conditions. Bruce expects to maintain this focus in 2012.

RICK SAWERS

Group Executive, Wholesale Banking Rick's experience in operating businesses in rapidly changing markets and business environments has come to the fore since the global financial crisis. While continuing to provide risk investment and funding solutions to our clients, Rick's focus is turning to creating benefit from Basel III, building out the fixed income market in Australia, and optimising infrastructure and natural resources opportunities.

GAVIN SLATER

Group Executive, Group Business Services In 2011, Gavin continued to direct operational and technology activities and progressed large-scale, multi-year transformation programs for our technology infrastructure, networks, core banking and wealth systems, including key product delivery operations. He will continue this focus in 2012.

ANDREW THORBURN

Group Executive, New Zealand, Asia and the United States In 2011, Andrew has continued to embed the blueprint for BNZ's future success, focusing on high-growth and high-return sectors. In 2012, he will continue to develop leadership capability across all three regions, lead BNZ's customer experience program, integrate recent Company acquisitions in the US, and work with the Asian executive team to build capability across a larger geographic footprint.

DAVID THORBURN

Group Executive, Europe On taking up his role on 1 July, David's priorities were to create a unique customer experience, further strengthen the United Kingdom risk framework and deliver sustainable shareholder returns. With the slow pace of United Kingdom economic recovery set to continue in 2012, David will drive these strategic priorities forward to ensure long-term security and stability.

STEVE TUCKER

Group Executive, MLC & NAB Wealth During 2011, Steve focused on attracting new clients and financial planners to the business, delivering improved products and services, and leveraging the capability acquired through Aviva Australia and JBWere. In 2012, he will continue to pursue our growth strategy in financial advice, superannuation and insurance, expand our private wealth capability and grow the direct investment management business.



Performance summary

GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

\$m	2011	2010	2009	2008	2007
Net interest income	13,092	12,288	12,072	11,142	9,765
Other operating income	3,016	2,838	3,766	3,015	3,519
MLC net operating income	1,486	1,512	1,068	1,257	1,286
Net operating income	17,594	16,638	16,906	15,414	14,570
Operating expenses	(7,974)	(7,862)	(7,580)	(7,276)	(7,428)
Charge to provide for bad and doubtful debts	(1,822)	(2,263)	(3,815)	(2,489)	(790)
Cash earnings before tax, IoRE and distributions	7,798	6,513	5,511	5,649	6,352
Income tax expense	(2,142)	(1,777)	(1,451)	(1,408)	(1,722)
Cash earnings before IoRE and distributions	5,656	4,736	4,060	4,241	4,630
Net profit – minority interest	(1)	(1)	-	1	-
IoRE	30	61	26	(14)	39
Distributions	(225)	(215)	(245)	(312)	(283)
Cash earnings – ongoing operations	5,460	4,581	3,841	3,916	4,386
Disposed operations	-	-	-	3	8
Cash earnings	5,460	4,581	3,841	3,919	4,394
Non-cash earnings items (after tax)	(241)	(357)	(1,252)	617	184
Net profit attributable to members of the Company	5,219	4,224	2,589	4,536	4,578

SELECTED PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 SEPTEMBER

	2011	2010	2009	2008	2007
Key indicators					
Cash earnings per share (cents) – basic	249.9	214.5	198.4	238.4	270.1
Cash earnings per share (cents) – diluted	247.5	212.8	197.5	237.3	268.5
Cash return on equity (ROE)	15.2%	13.2%	11.8%	14.3%	17.1%
Profitability, performance and efficiency measures					
Dividends per share (cents)	172	152	146	194	182
Dividend payout ratio	68.8%	70.9%	73.6%	81.4%	67.4%
Cash earnings on average assets	0.78%	0.69%	0.56%	0.64%	0.84%
Banking cost to income ratio	43.5%	45.9%	43.9%	46.9%	50.8%
Capital	Basel II	Basel II	Basel II	Basel II	Basel I¹
Tier 1 ratio	9.70%	8.91%	8.96%	7.35%	6.67%
Total capital ratio	11.26%	11.36%	11.48%	10.93%	9.99%
Risk weighted assets (\$b)	341.1	344.7	342.5	343.5	355.3
Volumes					
Average interest earning assets (\$b)	580.6	546.6	559.4	506.5	429.1
Asset quality					
Gross impaired assets to gross loans and acceptances	1.32%	1.35%	1.26%	0.49%	0.28%
Collective provision to credit risk-weighted assets (excluding housing) ⁽¹⁾	1.45%	1.48%	1.46%	1.07%	n/a
Specific provision to gross impaired assets	24.2%	25.2%	28.2%	30.0%	28.1%
Other					
Full-time equivalent employees (no.) (spot)	44,645	45,198	38,953	39,729	38,822

¹ The Group was accredited under Basel II during the September 2008 year. Comparative information is not available for 2007.

BALANCE SHEET SUMMARY AS AT 30 SEPTEMBER

\$m	2011	2010	2009	2008	2007 ¹
Assets					
Cash and liquid assets	27,093	26,072	25,834	18,209	12,796
Due from other banks	47,106	37,679	33,265	46,996	25,144
Marketable debt securities	65,460	54,182	47,681	39,463	40,682
Other financial assets at fair value	51,756	37,409	31,530	30,600	25,189
Loans and advances including acceptances	425,386	404,513	399,809	406,456	366,525
Investments relating to life insurance business	63,920	64,560	54,254	52,896	62,630
Other assets	73,036	61,537	61,747	62,179	41,254
Total assets	753,757	685,952	654,120	656,799	574,220
Liabilities					
Due to other banks	40,162	37,612	36,148	52,423	42,566
Other financial liabilities at fair value	23,726	19,887	21,311	23,584	21,850
Deposits and other borrowings	402,964	353,232	336,188	327,466	263,742
Liability on acceptances	10,633	12,549	16,891	16,075	30,443
Bonds, notes and subordinated debt	99,768	93,203	90,792	98,239	80,983
Life policy liabilities	53,608	54,354	47,314	46,150	53,097
Other liabilities	80,708	76,161	67,641	60,016	51,654
Total liabilities	711,569	646,998	616,285	623,953	544,335
Net assets	42,188	38,954	37,835	32,846	29,885
Equity					
Equity (parent entity interest)	42,168	38,940	37,815	32,790	29,571
Minority interest in controlled entities	20	14	20	56	314
Total equity	42,188	38,954	37,835	32,846	29,885

¹ The policy in relation to consolidation as it applies to special purpose entities changed during the 2008 year. 2007 comparative information was restated to reflect this.

CORPORATE RESPONSIBILITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 SEPTEMBER

	2011	2010	2009
Customer satisfaction Personal Banking, Australia (percentage point change)	3.8%	3.9%	1.7%
Microfinance loans written	15,752	8,633	4,292
Employee engagement improvement (percentage point change)	1%	1%	N/A
Employee turnover (%)	16%	16%	19%
Total community contribution (millions)	\$72.2	\$61.9	\$58.2
Total number of days volunteered	25,633	20,718	12,487
Number of Indigenous employees recruited	97	72	35
Gross GHG emissions (tCO ₂ -e)	320,776	320,839	266,750
Number of signatories to Supplier Sustainability Principles (Australia)	144	85	N/A

The financial data presented in our Annual Review is aligned to our management view rather than the statutory Annual Financial Report. As such, information in this Review is presented on a cash earnings basis. "Cash earnings" is a key non-GAAP financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. Cash earnings are calculated by excluding certain items which are otherwise included within the calculation of new profit attributable to owners of the company, in order to better reflect what NAB considers to be the underlying performance of the Group. Cash earnings does not refer to or in any way purport to represent the cash flows, funding or liquidity position of the Group. A more detailed definition of cash earnings, and a full reconciliation of cash earnings to net profit, is included in the 2011 Full Year Results Announcement, available at www.nabgroup.com

Independent Limited Assurance Report in relation to National Australia Bank Limited's 2011 Corporate Responsibility Reporting



To the Management and Directors of National Australia Bank Limited ('NAB'),

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below and as presented in the NAB 2011 Annual Review and *Dig Deeper* papers, has not been reported and presented fairly, in all material respects, in accordance with the criteria below.

SUBJECT MATTER

The subject matter ("Subject Matter") for our limited assurance engagement included for the year ended 30 September 2011:

- The corporate responsibility disclosures in the Annual Review and *Dig Deeper* papers in order to determine whether all of the material corporate responsibility issues for NAB have been included, and
- 30 key metrics and the performance disclosures included in the Annual Review and *Dig Deeper* papers related to these key metrics.

These metrics were selected based on NAB's materiality assessment and corporate responsibility issues. Its process for identifying the metrics selected is recorded in the 'Our Approach to Corporate Responsibility' section of the Annual Review and online at www.nabgroup.com/cr. A list of the 30 key metrics that Ernst & Young has provided assurance over can be found at www.nabgroup.com/cr

The Subject Matter did not include:

- Data sets, statements, information, systems or approaches relating to areas other than the metrics selected
- Management's forward looking statements
- Any comparisons made against historical data

CRITERIA

The following criteria have been applied to the Subject Matter described above:

1. The Global Reporting Initiative Sustainability Reporting Guidelines ('GRI G3') principle of materiality
2. NAB's reported criteria for the key metrics detailed online at www.nabgroup.com/cr

THE RESPONSIBILITY OF MANAGEMENT

The management of NAB is responsible for the preparation and presentation of the Subject Matter in the Annual Review and *Dig Deeper* papers in accordance with the above criteria, and is also responsible for the

selection of methods used in the criteria. No conclusion is expressed as to whether the selected methods used are appropriate for the purpose described above. Further, NAB's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement in accordance with the International Federation of Accountants' *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000') and in accordance with the terms of reference for this engagement as agreed with NAB.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

WORK PERFORMED

In order to form our conclusions we undertook the following limited assurance procedures:

- Interviews with NAB executive management and other key personnel relating to NAB's identification and inclusion of material issues in the Annual Review and *Dig Deeper* papers, a media review to determine external views on the material issues, attending a stakeholder engagement event,

and checking the Annual Review content as part of a peer review

- Conducting limited assurance procedures for the 30 key metrics selected through checking for the correct application of methodologies, undertaking analytical reviews, identifying and testing assumptions supporting calculations, testing a sample of underlying source information, assessing the reliability of specific corporate responsibility performance information, and checking the Annual Review and *Dig Deeper* papers to determine whether material risks and opportunities, and performance issues identified during our procedures, had been adequately disclosed.

For further details regarding the procedures performed refer to the full independent assurance report at www.nabgroup.com/cr

USE OF OUR REPORT

We disclaim any assumption of responsibility for any reliance on this assurance statement or on the Subject Matter to which it relates, to any person other than management and directors of NAB, or for any purpose other than that for which it was prepared.

INDEPENDENCE, COMPETENCE AND EXPERIENCE

In conducting our assurance engagement we have met the independence requirements of the APES 110 *Code of Ethics for Professional Accountants*. We have the required competencies and experience to conduct this assurance engagement.

LIMITED ASSURANCE CONCLUSION

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Subject Matter has not been reported and presented fairly, in all material respects, in accordance with the criteria above.

MATTERS RELATING TO ELECTRONIC PRESENTATION OF INFORMATION

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the Annual Review and *Dig Deeper* papers after the date of this assurance statement.

ERNST & YOUNG
Melbourne, Australia
28 October 2011

Shareholder information

2011 ANNUAL FINANCIAL REPORT

A copy of our Annual Financial Report is available to all shareholders upon request. You can view our report online at www.nabgroup.com/2011AnnualReport or request a printed copy from the Share Registry either by email at nabservices@computershare.com.au or by telephone on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia). Current and extensive historical information is posted and maintained on the website at www.nabgroup.com

ANNUAL GENERAL MEETING 2011

When: Thursday, 15 December 2011

Where: Adelaide Convention Centre

Address: North Terrace
Adelaide, South Australia
Australia

Time: 9.30 am (Australian Central Daylight Time – Adelaide time)

Registered office

Level 4 (UB4440)
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DOCKLANDS VIC 3008
Australia
Tel: 1300 889 398

Company Secretary

Michaela J Healey LLB, FCIS
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DOCKLANDS VIC 3008
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Tel: 1300 889 398

Auditor

Ernst & Young
Chartered Accountants
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CONTACT DETAILS

Principal Share Register

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Australia

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Australia
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Fax: +61 3 9473 2500

Telephone and fax (outside Australia)

Tel: +61 3 9415 4299
Fax: +61 3 9473 2500
Email: nabservices@computershare.com.au
Website: www.nabgroup.com

United Kingdom Share Register

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2012 FINANCIAL CALENDAR*

10 MAY 2012

Half Year Results Announcement

6 JUNE 2012

Record date for the interim dividend

16 JULY 2012

Payment date for the interim dividend

25 OCTOBER 2012

Full Year Results Announcement

15 NOVEMBER 2012

Record date for the final dividend

13 DECEMBER 2012

Annual General Meeting

18 DECEMBER 2012

Payment date for the final dividend

*Dates are subject to change.

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Index

A		M	
Asia	10, 23, 29, 30	Market share	14, 15, 16, 17, 19, 22
B		MLC & NAB Wealth	20
Break Up campaign	3, 14, 16, 17	N	
Business Banking	3, 10, 14	New Zealand (NZ) Banking	22
C		O	
Carbon neutral	30	Our Business	6-7
CFO's report	5	P	
Chairman's message	2	People	26-27
Community	28	Performance	14-32
Corporate responsibility	7, 24-31	Personal Banking	3, 16, 25
Cost management	5, 10, 12	R	
Culture	7, 8, 9, 27	Relationship banking	15
Customer	6, 7, 24	Reputation	3, 13
Customer-led Innovation Strategy (CIS)	3, 10, 15, 25	Risk management	9
Customer service	7, 12, 15, 17	S	
E		Shareholders	6, 8, inside back cover
Economy	2, 23	Strategy	6, 10-13
Emergency relief	29	Supply Chain	31
Environment	7, 30-31	U	
F		United Kingdom (UK) Banking	21
Fair Value	7, 16, 17, 24, 25	US Banking	23
Financial hardship	25	W	
G		Wholesale Banking	18-19
Governance	8	Y	
Group CEO	3	Youth and education	29
I			
Inclusion	29		
Indigenous communities	29		

ABBREVIATIONS

BNZ – Bank of New Zealand	FTE – Full-time equivalent employee/s
CFI – Customer Funding Index	FX – Foreign exchange
CIS – Customer-led Innovation Strategy	GRI – Group Risk Index
CRO – Chief Risk Officer	GRMC – Group Management Committee
CVA – Customer Value Add	GWB – Great Western Bank
EQS – Efficiency & Quality Services	iFS – Financial Solution Centres
ESG – Environment, Social & Governance	PPP – Public Private Partnership
FoFA – Future of Financial Advice	ROE – Return on Equity

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Corporate Responsibility Scorecard

DIG DEEPER PAPER	CORPORATE RESPONSIBILITY METRICS	TRENDS	
	Customer satisfaction Personal Banking, Australia (percentage point change)	▲	3.8pp
	Microfinance loans written (per cent increase)	▲	82%
	Employee engagement (percentage point change)	▲	1%
	Employee turnover (Australia)	–	16%
	Total community contributions	▲	\$72.2 million
	Total number of days volunteered	▲	25,633
	Number Indigenous employees recruited	▲	97
	Gross greenhouse gas emissions tCO ₂ -e	▼	320,776
	Number of signatories to Sustainable Supplier Principles (Australia)	▲	144

For more information on our corporate responsibility performance please read our *Dig Deeper* papers, available online at www.nabgroup.com/cr

www.nabgroup.com

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