

Summary Review 2015



“ We are focused on delivering a great customer experience through improving the performance of our Australian and New Zealand business, maintaining a strong balance sheet, investing in digital technology and enhancing the capabilities of our people. ”

Andrew Thorburn, Group CEO

Key results

12.0%
cash return on equity¹
40 basis points increase from 2014

\$5.84bn
cash earnings^{1,2}
15.5% increase from 2014

\$1.98
dividend per share
consistent with 2014

\$6.34bn
net profit attributable to the owners of NAB
19.7% increase from 2014

-16
priority segments net promoter score³
improvement from -18 in 2014

52%
employee engagement score⁴
10 percentage point increase from 2014

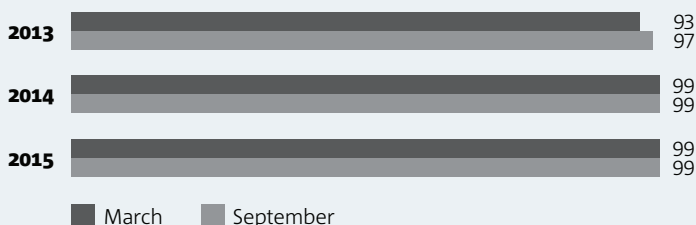
394,277
low-income Australians
assisted with microfinance products and services⁵

1,084,712
volunteer hours
contributed by our Australian employees since 2002

You can get more in-depth information about NAB's performance, strategy and leadership in our 2015 Annual Reporting Suite from 16 November 2015 at nabgroup.com/annualreports

Cash earnings ²	A\$m
Australian Banking	\$5,111
NZ Banking	\$762
NAB Wealth	\$464
UK Banking	\$307
Corporate Functions and Other	(\$630)

Dividend per share (cents)



1 Includes specified items as detailed on page 20 of the 2015 Full Year Results Announcement.

2 **Explanation and definition of cash earnings:** Cash earnings is a non-IFRS key financial performance measure used by NAB, the investment community and NAB's Australian peers with similar business portfolios. NAB also uses cash earnings for its internal management reporting as it better reflects what NAB considers to be the underlying performance of the NAB Group. Cash earnings is calculated by excluding discontinued operations and other items which are included within the statutory net profit attributable to owners of NAB. Cash earnings does not purport to represent the cash flows, funding or liquidity position of the NAB Group, nor any amount represented on a cash flow statement. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. Cash earnings is defined as net profit attributable to owners of NAB from continuing operations, adjusted for the items NAB considers appropriate to better reflect the underlying performance of the NAB Group. In September 2015, cash earnings has been adjusted for the following: Distributions, Treasury shares, Fair value and hedge ineffectiveness, Life insurance economic assumption variation, Amortisation of acquired intangible assets and Sale and demerger transaction costs. **Reconciliation to Statutory Profit:** Section 5 of the 2015 Full Year Results Announcement includes the NAB Group's Income Statement, including statutory net profit. The NAB Group's audited financial statements, prepared in accordance with the *Corporations Act 2001 (Cth)* and Australian Accounting Standards, will be published in its 2015 Annual Financial Report on 16 November 2015. A reconciliation of cash earnings to statutory net profit attributable to the owners of NAB (statutory net profit less non-controlling interest in controlled entities) is set out on page 4 of this 2015 Summary Review, and full reconciliations between statutory net profit and cash earnings are included on pages 5-8 of the 2015 Full Year Results Announcement. Page 4 of the 2015 Full Year Results Announcement contains a description of each non-cash earnings item for September 2015 and for the prior comparative periods.

3 Net Promoter Score (NPS) measures how likely a customer would be to recommend NAB to a friend or colleague on a scale of 0-10. The overall score is calculated by subtracting the percentage of customers that answer 6 or below ('detractors') from the percentage of customers that answer 9 or 10 ('promoters'). Priority Segments NPS is a simple average of the NPS scores of four priority segments: Mortgage Customers, Micro Business (<\$1m), Small Business (\$1m-<\$5m) and Medium Business (\$5m-<\$50m). The Priority Segments NPS data is based on six month moving averages from Roy Morgan Research and DBM BFSM Research. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld.

4 Source: 'Speak Up, Step Up' survey conducted by Right Management in May 2015.

5 In partnership with Good Shepherd Microfinance.

Chairman's message



“As I retire from the Board I am pleased to report that NAB is in good shape. We have a strong balance sheet, are well-positioned for growth and are close to exiting our low-returning legacy assets.”

Michael Chaney

Over the last twelve months, we have made great inroads into repositioning our business to focus on our strengths and our balance sheet.

In anticipation of regulatory changes recommended by the Financial System Inquiry and Basel Committee, we raised \$5.5 billion in capital through a rights issue during the year, which has placed NAB in a strong position to withstand future challenges. This was also supported by capital released through the full divestment of our US subsidiary, Great Western Bancorp Inc, the reduction of our UK commercial real estate exposure, and a major life insurance reinsurance transaction. The capital freed up through these measures will enable us to make further investments in our core businesses.

We also announced the sale of 80% of our life insurance business to global life insurer, Nippon Life, and the creation of a long term partnership with that company. This arrangement will allow us to continue to provide innovative insurance solutions to

our customers, streamline our wealth business and improve shareholder returns.

The demerger and IPO of our UK operations, Clydesdale Bank and Yorkshire Bank, has been extremely complex but is on track to be completed early next year, subject to shareholder and regulatory approval.

NAB's Australian and New Zealand businesses performed well in an environment characterised by a subdued economy, increased competition and new regulatory imposts.

We have significantly invested in our Business Bank. We are starting to see the results of this through increased market share in our priority segments¹ and are confident that we are well-positioned for growth, despite intense competition from our peers.

Our Personal Bank continues to be a strong performer, with year on year revenue growth of 7.3%.²

Over the last four years we have strongly focused on improving our asset quality, which has made NAB a stronger business.

Cash earnings in 2015 were up 15.5% to \$5.84 billion and statutory net profit attributable to the owners of NAB was \$6.34 billion, up 19.7% from last year.

The Board declared a final dividend of 99 cents per share, fully franked, which has been maintained whilst additional capital was issued.

Global growth continues to be disappointingly below trend. While the pace of growth in advanced economies has increased somewhat, emerging markets are slowing, with falling global trade volumes and uncertainty about how sharp the slow-down in China will be. We are expecting fairly flat global growth over the next couple of years.

In Australia, the economy remains mixed, with mining investment declining but growing momentum in other sectors, particularly the service and tourism sectors. GDP growth is moderate at 2.3% but we are forecasting a gradual increase to 3.2% in 2017.³ That in part reflects continuing low interest rates, lower currency and expected ramp up in mining exports.

Growth in Australia is increasingly reliant on successful reform of our taxation, workplace and education systems, on improved innovation practices and competition reforms. We urge governments to unite in tackling these issues.

On my retirement from the Board, I pay tribute to the efforts of successive management teams and directors during my 10-year tenure as Chairman, in particular the leadership of CEOs

Cameron Clyne and Andrew Thorburn. These efforts have often been overshadowed by significant challenges including the Global Financial Crisis, the UK subdued economic environment and conduct issues.

While I acknowledge that NAB's shareholder returns have not been at the level we would have liked relative to our competitors, in part because of the time it has taken to deal with our legacy assets, I am confident that NAB is well-positioned and we have the right strategy and management in place for future growth.

In the last twelve months we have seen some changes to the Board.

In December 2014, John Thorn and Geoff Tomlinson retired and I paid tribute to their substantial contributions in last year's report. John Waller retired in July 2015. He was a great director and representative of BNZ: considered, thoughtful, challenging and supportive. Paul Rizzo will retire at this year's AGM and brought a wealth of banking and diverse corporate experience to our deliberations. Paul was a diligent chair of the Board's Risk Committee for much of his tenure and he will be greatly missed.

Peeyush Gupta joined our Board in November 2014. Anne Loveridge will join the Board in December 2015, after retiring as Deputy Chair of PricewaterhouseCoopers in Australia. Doug McKay, who replaced John Waller as the Chairman of BNZ, will join the Board in February 2016. They each bring relevant skills and experience as well as diverse perspectives to the Board.

I am delighted to be succeeded in the Chair in December by Dr Ken Henry AC. Ken joined the Board in November 2011 following a decade as Secretary of the Commonwealth Treasury and was a member of the Board of the Reserve Bank of Australia. Since joining our Board, Ken has demonstrated an exceptionally strong understanding of financial and regulatory environments and of the issues and challenges facing financial institutions in this fast changing world.

In closing, I thank our shareholders, customers, my fellow directors and members of management for their support over the last decade. I also thank our over 40,000 people for their hard work and dedication to the company.

Michael Chaney
Chairman

¹ September 2015. DB Financial Services Monitor, APRA aligned lending dollars, NAB Lending Market Share.

² Based on unaudited management information data.

³ Internal – Group Economics.

CEO's message



"We are focused on delivering a great customer experience through improving the performance of our Australian and New Zealand business, maintaining a strong balance sheet, investing in digital technology and enhancing the capabilities of our people."

Andrew Thorburn

Twelve months ago we clearly set out our strategic plan. I am pleased with the progress we are making against our priorities.

Performance and results

Our Australian and New Zealand business is performing well with all of our business units contributing to our results.

Our Wealth business has shown a significant improvement since 2013, which has enabled us to secure a long term partnership with Nippon Life, one of the world's leading life insurers. This partnership will allow us to continue to deliver insurance solutions to our customers while improving Wealth returns for shareholders.

Wealth products remain crucial to our business and our customers, which is why we are injecting an additional \$300 million into NAB Wealth in our superannuation platforms, advice and asset management business over the next four years. This will allow us to deliver a great customer experience while driving a closer relationship between our banking and wealth businesses.

Our leadership team has put in a significant effort to address legacy assets and pleasingly for our shareholders the demerger and IPO of our UK operations, Clydesdale Bank and Yorkshire Bank, is expected to be completed in early February 2016.

Personal Banking has had another strong year and while Business Banking trends in our priority SME segments are promising, the environment remains very competitive and we remain focused on driving better performance in this business. We've put more than 330 additional bankers on the frontline and invested in their capability in our priority segments, which are SMEs, micro-business, debt free and mortgage customers.

In 2015, we have achieved significant technology milestones, which will deliver a better customer experience. Currently in pilot, the rollout of the Personal Banking Origination Platform (PBOP) will allow our personal banking customers to use one platform to apply for multiple products. This will result in quicker decision times and customers will be able to track the progress of their application. We have also successfully modernised our data centres, which will future proof our business. We value the trust our customers place in us and we're putting the right technology and teams in place to protect our customers' information as well as delivering a faster and more reliable service.

Customer-led innovation is crucial in the rapidly changing digital space and I'm proud of the work of our innovation hub, NAB Labs, which develops new customer focused concepts that can be rapidly commercialised.

Over the year we have continued to strengthen our balance sheet. In May, in anticipation of regulatory change and to facilitate our exit from the UK, we announced the raising of \$5.5 billion in capital through a fully underwritten rights issue. In addition, a focus on maintaining risk standards has contributed to further improvements in asset quality.

This was our first year of adopting the Net Promoter System (NPS), which measures the strength of our customers' advocacy. NPS is now embedded in our leaders' scorecards, helping us to deliver for our customers.

We've also put a renewed focus on culture, articulating five values: Passion for customers, Will to win, Be bold, Respect for people and Do the right thing. Living these values consistently will create value for our customers and shareholders. I am very pleased with the significant improvement in our employee engagement, which is up ten percentage points and above the financial services average.

Future focus

Our vision is to be the most respected bank in Australia and New Zealand.

In 2016, our business will be stronger. We will be focused on improved and consistent returns for our shareholders and delivering a great customer experience.

We want to make it easy for our customers, and to support them through specialist advice and insights. We will continue the focus on our priority segments, where we have capability, passion and can win.

We will also focus on future proofing our business with a focus on three key elements: technology simplification, process excellence and our footprint for a digital world.

As a Bank, we have some significant and specific risks and these need to be handled with discipline and rigour. This means we will constantly focus on areas such as capital allocation, return for risk and maintaining a strong balance sheet.

Our people are a top priority, building their capabilities and mindset will be a key driver of our performance and success.

Our leadership in the community is important and we will continue to work with Good Shepherd Microfinance to assist vulnerable Australians and those that are financially excluded. We have a target by 2018 to support one million Australians who are financially excluded and we are on track to do so.

We also want to continue to be social innovators and develop funding solutions for the renewable energy industry. We launched a \$300 million dollar climate bond, the first by an Australian issuer into the local market.

Finally, I want to thank our people for their incredible effort and hard work this year and their passion for our customers.

I would like to thank departing Chairman, Michael Chaney, for his sound stewardship of the Bank over the last decade. He has overseen the Bank during some significant challenges including the Global Financial Crisis. NAB is in a much stronger position today, with a more focused strategy and stronger balance sheet. We wish him well for the future.

It is a privilege to be the CEO of this great business. We have made significant progress this year and I am excited and energised by the year ahead. We still have a lot to achieve but my leadership team and I are committed to improving returns for you, our loyal shareholders.

Andrew Thorburn
Group CEO

Shareholder information

2015 Annual Reporting Suite

You can view our 2015 Annual Reporting Suite online at nabgroup.com/annualreports or request a printed copy of our 2015 Annual Financial Report and 2015 Summary Review from the Share Registry either by email at nabservices@computershare.com.au or by calling 1300 367 647 (within Australia) or +61 3 9415 4299 (from outside Australia). Current and extensive historical information is posted and maintained on the website at nabgroup.com.

Helping convert your shares to benefit Australian charities

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

To date, ShareGift Australia has donated more than \$1,000,000 to over 390 charities, helping to unlock a new stream of funds for the Australian community. ShareGift Australia is proudly supported by NAB and is endorsed by The ASX Group and the Australian Shareholders' Association.

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

Annual General Meeting

When

Thursday, 17 December 2015

Time

9.30am (Australian Western Standard Time – Perth time)

Where

Riverside Theatre, Perth Convention and Exhibition Centre

Address

21 Mounts Bay Road, Perth, Western Australia, Australia

Dividend package

NAB provides its shareholders with a range of options when it comes to receiving dividends. For more information, please call 1300 367 647 or visit nabgroup.com/shareholder.

Join us in cutting paper use

Many shareholders have chosen to receive electronic rather than paper communications through NAB's PaperCuts program.

Join them and help us cut paper use by following the prompts at computershare.com.au/easyupdate/nab or by calling 1300 367 647 within Australia. When calling from outside Australia, please call +61 3 9415 4299.

Reconciliation of cash earnings to statutory net profit ^{1,2}	2015 A\$m	2014 A\$m
Cash earnings ('Cash Basis')	5,839	5,055
Non-cash earnings items (after tax)		
Distributions	175	180
Treasury shares	4	(43)
Fair value and hedge ineffectiveness	497	83
Life insurance economic assumption variation	13	(20)
Amortisation of acquired intangible assets	(94)	(74)
Sale and demerger transaction costs	(77)	–
Net profit from continuing operations	6,357	5,181
Net (loss)/profit after tax from discontinued operations	(19)	114
Net profit attributable to owners of NAB ('Statutory Basis')	6,338	5,295

1 Section 5 of the 2015 Full Year Results Announcement includes the NAB Group's Income Statement, including statutory net profit. The NAB Group's audited financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, will be published in its 2015 Annual Financial Report on 16 November 2015. **Full reconciliations** between statutory net profit and cash earnings are included on pages 5–8 of the 2015 Full Year Results Announcement. Page 4 of the 2015 Full Year Results Announcement contains a description of each non-cash earnings item for September 2015 and for the prior comparative periods.

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

2016 Financial Calendar³

Half Year Results and Interim Dividend Announcement **Thursday, 5 May 2016**

Ex-dividend date for Interim Dividend Tuesday, 17 May 2016

Record date for Interim Dividend Wednesday, 18 May 2016

Payment date for Interim Dividend Tuesday, 5 July 2016

Full Year Results and Final Dividend Announcement **Thursday, 27 October 2016**

Ex-dividend date for Final Dividend Friday, 4 November 2016

Record date for Final Dividend Monday, 7 November 2016

Payment date for Final Dividend Tuesday, 13 December 2016

Annual General Meeting – to be held at the Adelaide Convention & Exhibition Centre **Friday, 16 December 2016**

³ If there are any changes to these dates, the Australian Securities Exchange will be notified accordingly.

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