

ASX ANNOUNCEMENT*Thursday, 24 April 2014***NAB historical financial information presented in 2014 financial year reporting format**

National Australia Bank Limited (NAB) plans to report results for the six months ended 31 March 2014 on 8 May 2014. As this will be the first time divisional results are presented consistent with the organisational realignment of the Australian business announced in March 2013, the accompanying financial information has been provided to show the impact of the organisational realignment on historic results for the six months ended 31 March 2013 and the six months ended 30 September 2013. The organisational realignment of the Australian business includes a new Australian Banking division, comprising the previous Personal Banking, Business Banking and Wholesale Banking divisions plus Private Wealth (formerly part of NAB Wealth). The historical results presented for Corporate Functions also reflect changed attributions between Corporate Functions, Australian Banking and NAB Wealth, consistent with the organisational realignment of the Australian business. The organisational realignment has had no impact on the results for NAB's offshore business units (NZ Banking, UK Banking, NAB UK CRE, and Great Western Bank). There is no change to Group level financial information reported for the prior financial periods as a result of the organisational realignment of the Australian business. The information is being provided to allow comparison between the 2014 financial results and prior periods.

Additionally, from 1 October 2013, NAB has applied amendments to accounting standard AASB 119 'Employee Benefits' and new accounting standard AASB 10 'Consolidated Financial Statements'. Results for the six months ended 31 March 2013 and the six months ended 30 September 2013 have been restated to reflect these changes to accounting policy in the accompanying financial information.¹

- AASB 119 relates to the treatment of defined benefit pension plans and impacts UK Banking. This has resulted in certain costs in respect of Clydesdale Bank's defined benefit pension plan, previously taken directly through retained earnings, now being included in cash earnings. The impact is a reduction in statutory and cash earnings for both UK Banking and the Group of \$26 million (£16 million) for the twelve months ended 30 September 2013. There is no impact on total retained earnings.
- AASB 10 introduced a new control model, and resulted in consolidation of some entities not previously consolidated (particularly for NAB Wealth) and de-consolidation of other entities no longer required to be consolidated. While this has had no impact on cash earnings, it has led to an equal and offsetting increase to assets and liabilities on the balance sheet and a reduction in statutory net profit after tax of \$71 million for the twelve months ended 30 September 2013, relating to the elimination of the impact of treasury shares.

¹ The Group's half year financial statements, including the restated information, will be included in Section 5 of the 2014 Half Year Results Announcement, which will be reviewed by the auditors in accordance with Australian Auditing Standards and published on 8 May 2014.

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Note on Cash Earnings

Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners for the full year ended 30 September 2013 (which does not reflect the restatement discussed in this announcement) is set out on pages 2 to 8 of the 2013 Full Year Results Announcement under the heading "Profit Reconciliation".

The Group's results and Review of Divisional Operations and Results are presented on a cash earnings basis, unless otherwise stated. Cash earnings is a key financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. NAB also uses cash earnings for its internal management reporting, as it better reflects what NAB considers to be the underlying performance of the Group. 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 calculated by excluding some items which are included within the statutory net profit attributable to owners of the Company. The Group's audited 2013 financial statements, which are prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, are included in the 2013 Annual Financial Report (which does not reflect the restatement discussed in this announcement).