2018 FINANCIAL HIGHLIGHTS

$5,554M
Statutory net profit

$5,702M
Cash earnings[1]
Down 14.2% v FY17

$6,493m cash earnings ex restructuring-related costs of $755m and customer-related remediation of $360m
Down 2.2% v 2017

99CPS
Final dividend 100% franked

10.20%
Group Common Equity Tier 1 (CET1) ratio

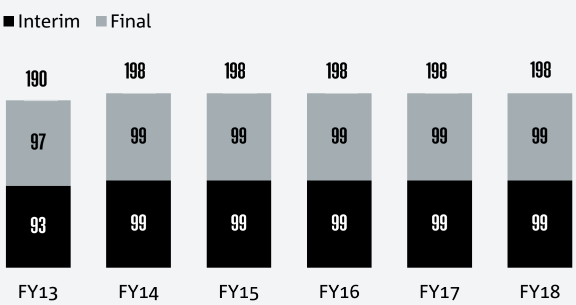
> We are making progress to be a better bank for our customers, employees and owners. While 2018 has been a challenging year, our transformation is on track and benefits are emerging as we become simpler and faster.
>
> Our FY18 result was impacted by restructuring-related costs and customer-related remediation, with cash earnings 14% lower than FY17. Excluding these items, cash earnings declined 2% due to higher investment spend as we accelerate investment to transform our business. Pleasingly, revenue was higher with good lending growth and stable margins.
>
> Asset quality and balance sheet metrics remain sound, and we have a clear path to achieving APRA's unquestionably strong CET1 target of 10.5% by January 2020.
>
> Performance of our Business & Private Banking division, our leading SME franchise, was a real highlight with strong revenue and business lending growth.
>
> We are listening and responding to customers, including to Royal Commission issues, and are proactively taking steps to be more customer focussed, as we strive to be Australia's leading bank, trusted by customers for exceptional service.

ANDREW THORBURN
NAB CEO

DELIVERING FOR OUR SHAREHOLDERS

DIVIDENDS DECLARED (CPS)

In respect of each financial year period



BACKING OUR CUSTOMERS & THE COMMUNITY IN 2018

- Priority Segments Net Promoter Score (NPS)[2] for September 2018 down 4 points over the year to -16, partly reflecting an overall industry decline, with NAB now second of major banks
- 97% of staff from FY19 rewarded on balance of outcomes and behaviours under the Group Variable Reward Plan and not specialist sales incentives (85% in FY18)
- Established a centre for customer remediation to fix customer issues faster
- Supporting rural and regional customers with a drought assistance package including a commitment to not close branches in drought declared areas

[1] Refer cash earnings note and reconciliation on page 6.
[2] Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Priority Segments Net Promoter Score (NPS) is a simple average of the NPS scores of four priority segments: NAB defined Home Owners (Home Loan @ Bank) and Investors, as well as Small Business ($0.1m-<$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.

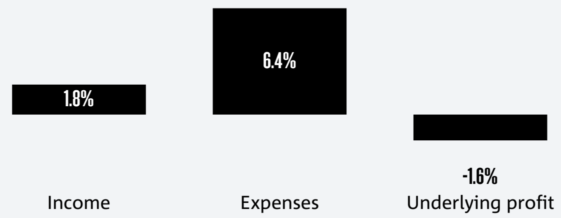
The September 2018 full year results are compared with the September 2017 full year results for continuing operations unless otherwise stated, and reflect revisions to prior comparative financial information as detailed in NAB's ASX announcements on 20 April 2017. Operating Performance and Asset Quality are expressed on a cash earnings basis.

OPERATING PERFORMANCE FY18 V FY17

- Revenue up 0.5%, but excluding customer-related remediation rose 1.8% mainly reflecting growth in housing and business lending and stable margins, partly offset by lower Markets & Treasury[3] income.
- Net Interest Margin was flat at 1.85% but excluding Markets and Treasury increased 3 basis points (bps), reflecting the impact of prior period repricing and lower funding costs, partly offset by the bank levy and home lending competition.
- Expenses rose 17.8%, but excluding restructuring-related costs and customer-related remediation increased 6.4%, mainly due to acceleration of investment spend announced in FY17.

FY18 V FY17 DRIVERS OF CASH EARNINGS CHANGE

(ex restructuring-related costs and customer-related remediation[4])



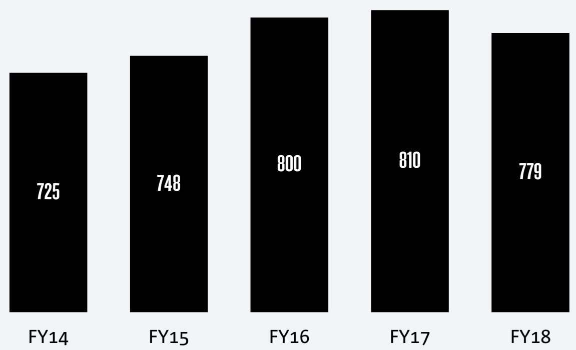
"FY18 expense growth of 6.4%[4] reflects additional investment in customer and technology initiatives. This is consistent with our commitment to reshape and simplify our business, and within previously announced FY18 expense guidance of 5-8%[5].

We continue to target broadly flat expenses over FY19-20[5]."

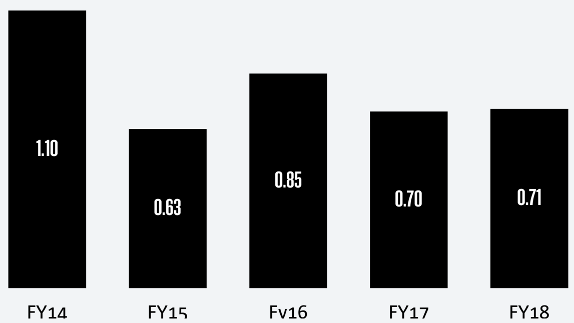
ASSET QUALITY FY18 V FY17

- Credit impairment charges declined 3.8% to $779 million, and as a percentage of gross loans and acceptances declined 1bp to 13bps.
- FY18 charges include $130 million of additional collective provision forward looking adjustments for targeted sectors experiencing elevated levels of risk.
- Asset quality remained broadly stable with the ratio of 90+ days past due and gross impaired assets to gross loans and acceptances up 1bp to 0.71%.

CREDIT IMPAIRMENT CHARGES ($ MILLIONS)



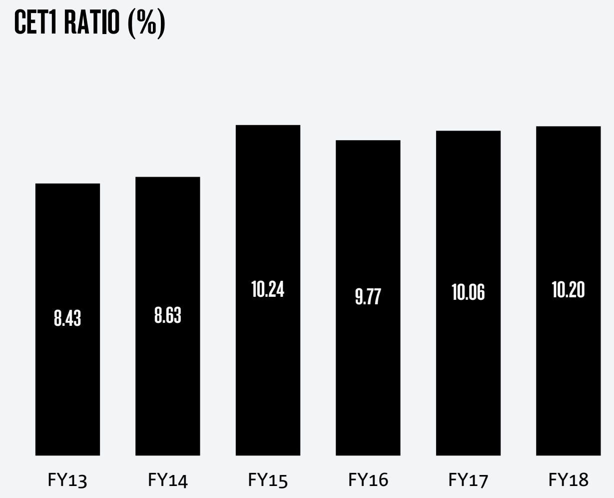
90+ DAYS PAST DUE & GROSS IMPAIRED ASSETS/GROSS LOANS AND ACCEPTANCES (%)



"Asset quality remained stable, benefitting from sound economic conditions and prudent risk settings. Collective provision forward looking adjustments for targeted sectors were increased over FY18 and now stand at $581 million."

[3] Markets and Treasury income represents customer risk management and NAB risk management income.
[4] FY18 revenue excludes customer-related remediation of $249 million. FY18 expenses exclude customer-related remediation costs of $111 million and restructuring-related costs of $755 million. Underlying profit represents cash earnings before credit impairment charges, income tax and distributions. Refer note on cash earnings and reconciliation on page 6.
[5] Excluding 1H18 restructuring-related costs and large notable expenses which include significant customer-related remediation costs. Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7.

CAPITAL, FUNDING & LIQUIDITY



KEY RATIOS AS AT 30 SEPTEMBER 2018

- Group Common Equity Tier 1 (CET1) ratio of 10.20%, up 14bps from September 2017
- DRP discount of 1.5% on final FY18 dividend[6] and sale of CIIT[7] expected to add 30bps CET1 in 1H19
- Expect to meet APRA's 'unquestionably strong' target of 10.5% in an orderly manner by January 2020
- Leverage ratio (APRA basis) of 5.4%
- Liquidity coverage ratio (LCR) quarterly average of 129%
- Net Stable Funding Ratio (NSFR) of 113%

DIVISIONAL PERFORMANCE – CASH EARNINGS[8]

	FY18 ($M)	% CHANGE FY18 V FY17	HIGHLIGHTS FY18 V FY17
Business & Private Banking	2,911	2.5	Increased earnings with good revenue growth reflecting stronger SME business lending and higher margins, partly offset by increased operating expenses due to acceleration of investment spend combined with higher credit impairment charges.
Consumer Banking & Wealth	1,539	(5.8)	Lower earnings due to a decline in the housing margin and an acceleration of investment spend in new capabilities to improve customer experience and deliver the new payments platform. Housing margins declined due to intense competition and a change in lending mix.
Corporate & Institutional Banking	1,541	0.4	A stable result with increased non-Markets revenue and lower credit impairment charges, offset by lower Markets revenue and accelerated investment spend.
New Zealand Banking (NZ$M)	1,004	6.7	A strong result with increased revenue benefitting from higher margins and good lending growth, partly offset by accelerated investment.

[6] Assuming a DRP participation rate of 35%.
[7] China Industrial International Trust.
[8] Excludes restructuring-related costs and customer-related remediation which form part of Corporate Functions and Other.

STRATEGIC OVERVIEW[9]

A year on from announcing the acceleration of our strategy, we are becoming a simpler bank, providing faster and better outcomes, with greater focus on our customers. Our transformation is the right plan, particularly given the challenging operating environment, and is on track and making good progress. This includes a $1.5 billion increase in investment over the three years to September 2020 bringing total investment spend to approximately $4.5 billion. During FY18 we invested $1.5 billion, focussed on delivering a better customer experience and more reliable and resilient technology.

An important focus of our accelerated investment is Best Business Bank – a significant uplift in capability and innovation in our already leading SME franchise. For our small business customers, Quickbiz is increasingly providing fast digital access to unsecured lending, now 35% of all new small business lending accounts, and our metropolitan-based small business customers are being serviced via a new customer hub open 7 days a week with extended operating hours. In conjunction with increasing geographic expansion of our specialised banking services, our bankers now have greater capacity to support the needs of more complex customers with revenue per relationship banker 10% higher over FY18.

Our simplification agenda is gaining traction. Over FY18 we simplified our product offering reducing product numbers from approximately 600 to fewer than 500. IT applications fell 5% and 3% were migrated to the Cloud creating more flexible, lower cost technology platforms. Over-the-counter transactions fell by 15% as we rolled out more Smart ATMs.

To support strong population growth in Greater Western Sydney and Greater Melbourne[10], we have added or relocated 40 bankers to service these growth corridors, combined with 7 new or refreshed points of presence. UBank, our digital bank, is accelerating its standalone attacker strategy with a 17% increase in customers over FY18 and home lending growth 4 times system rates in 2H18. During FY18 we also closed 63 global infrastructure deals worth approximately $48 billion in total project debt, leveraging the Group's top 15 global position in infrastructure financing[11].

The reshaping of our workforce is progressing. During FY18 approximately 1,900 FTE employees left NAB against a target of 6,000 by FY20. Restructuring-related costs of $755 million raised in 1H18 relate primarily to costs associated with workforce reductions. We are committed to treating these employees with care and respect, and most of those impacted accessed support and career transition services from The Bridge. Within its first six months of operation 40% of Bridge users successfully transitioned to their desired pathways, including new positions, vocational training, self-employment or retirement. Our transformation requires new skills and during FY18 we hired nearly 200 new FTE employees as we build towards our target of up to 2,000, and insourced 542 roles bolstering technology, operations, data analytics and digital capabilities.

We continue to expect cumulative cost savings of at least $1 billion by 30 September 2020, as we simplify and automate processes, reduce procurement and third party costs, and get closer to customers with a flatter organisational structure. In FY18 cost savings of approximately $320 million were achieved. FY18 expense growth of 6.4% (excluding restructuring-related provisions and customer-related remediation) is consistent with our accelerated investment and our FY17 announced expectation of 5-8% expense growth. We continue to target FY19 and FY20 expenses to remain broadly flat excluding large notable expenses[12].

Since announcing the reshaping of our wealth business, we have made good progress towards separating MLC ahead of a targeted public market listing by the end of 2019 calendar year, including appointment of Geoff Lloyd as MLC CEO.

We are operating in a challenging environment and remain alert to risks. The Royal Commission has raised instances where we failed to treat customers with care and respect. We are determined to put things right and are taking steps to build a better bank. In 2H18 we recognised customer-related remediation of $360 million[13] including refunds and compensation to customers impacted by issues in NAB Wealth. From 1 October 2018, 97% of staff will be rewarded on a balance of outcomes and behaviours under the Group Variable Reward Plan and not specialist sales incentives, up from 85% in the September 2018 full year.

There is still much to do to become the bank we want to be for our customers but we are confident we are making good progress and have the right strategy and team in place to achieve our vision of being Australia's leading bank, trusted by customers for exceptional service.

KEY LONG TERM OBJECTIVES[9]

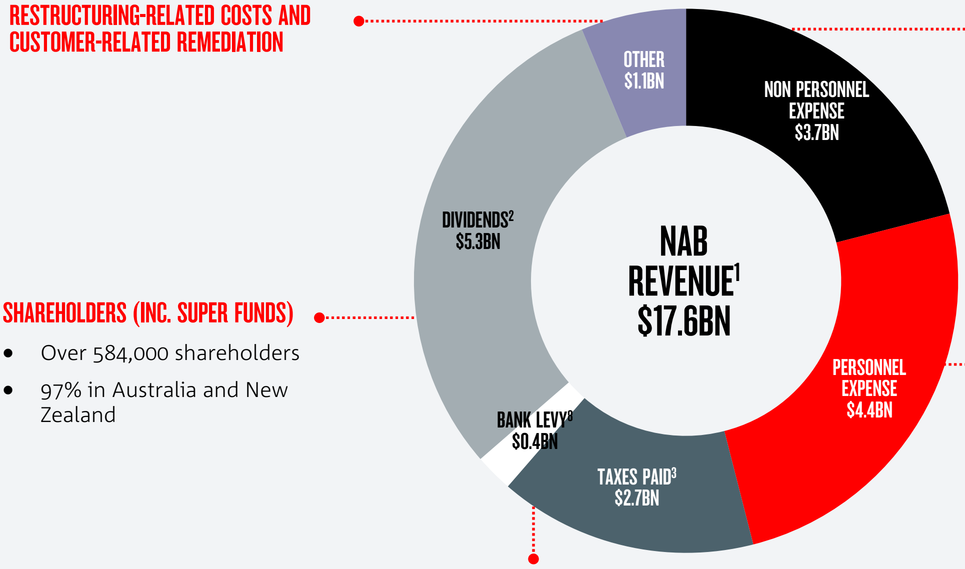
NPS	COST TO INCOME RATIO	ROE	EMPLOYEE ENGAGEMENT
Positive and #1 of major Australian banks for our priority segments	Towards 35%	#1 of major Australian banks	Top quartile

[9] Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 7
[10] Forecast growth of 0.9 million people in 5 years in Greater Western Sydney and Greater Melbourne. Source: Melbourne: "Victoria in Future 2016", Dept of Environment, Land, Water and Planning. Sydney: "2016 New South Wales State and Local Government Area Population Projections", NSW Govt – Planning & Environment
[11] IJGlobal League tables (2018)
[12] Notable expenses includes significant customer-related remediation
[13] Excludes costs of $75 million reported in Discontinued Operations

NAB'S ROLE IN THE COMMUNITY

NAB REVENUE

- Supports all stakeholders and business partners
- Is shown after interest payments to 4.8 million Australian and New Zealand retail and business deposit customers who have deposited over $405 billion with us



SUPPLIERS & COMMUNITY

- +1,800 supplier agreements
- +31,700 microfinance loans provided[5]
- Carbon neutral since 2010, 78% of Australian key office buildings[5] are Green Star Rated
- +$6m in-kind value of volunteering to charitable organisations

SHAREHOLDERS (INC. SUPER FUNDS)

- Over 584,000 shareholders
- 97% in Australia and New Zealand

OUR PEOPLE

- Employ 33,283 people[7]
- Over 50% of our workforce directly engages with customers
- Focussed on building the talent and capability to move NAB forward

GOVERNMENT

- Australia's third largest income tax payer[4]
- Signatory to the Voluntary Tax Transparency Code

Figures based on NAB's FY18 cash earnings

1. Revenue shown net of $0.8bn of credit impairment charges and gross of $0.4bn of Bank Levy
2. Dividends declared in respect of FY18
3. Includes income tax, GST, FBT, payroll tax and other taxes borne by NAB that were paid during the twelve months ended 30 September 2018
4. Based on ATO's "Report of Entity Tax Information" for the 2015-16 income year released on 7 December 2017
5. To Australians, delivered in partnership with Good Shepherd Microfinance
6. 'Key office buildings' are all NAB commercial tenancies over 4,000m^2
7. Represents full time equivalent employees as at 30 September 2018 for NAB Group
8. Bank Levy paid in FY18

ECONOMIC OUTLOOK

"The outlook for the Australian and New Zealand economies remains positive. In Australia, solid economic growth is supported by strong government infrastructure spending, mining exports and improving non mining business investment. Increasing potential also exists for a pick-up in mining investment. Solid population growth and low unemployment continue to limit risks from a slowing housing cycle, and while the consumer sector remains subdued, a modest increase in wages growth is expected with a tightening labour market."

GROUP PERFORMANCE RESULTS[14]

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. Cash earnings is not a statutory financial measure, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. Full detail on how cash earnings is defined, a discussion of non-cash earnings items and a full reconciliation of statutory net profit attributable to owners of NAB for the year ended 30 September 2018 is set out on pages 2 to 8 of the 2018 Full Year Results Announcement under the heading "Profit Reconciliation".

	Year to			Half Year to		
	Sep 18 $m	Sep 17 $m	Sep 18 v Sep 17 %	Sep 18 $m	Mar 18 $m	Sep 18 v Mar 18 %
Net interest income	13,467	13,166	2.3	6,717	6,750	(0.5)
Other operating income[15]	4,759	4,729	0.6	2,416	2,343	3.1
Customer-related remediation[16]	(249)	-	large	(249)	-	large
Net operating income	17,977	17,895	0.5	8,884	9,093	(2.3)
Operating expenses[17]	(8,126)	(7,635)	6.4	(4,137)	(3,989)	3.7
Restructuring-related costs[18]	(755)	-	large	-	(755)	large
Customer-related remediation[18]	(111)	-	large	(111)	-	large
Underlying profit	8,985	10,260	(12.4)	4,636	4,349	6.6
Credit impairment charge	(779)	(810)	(3.8)	(406)	(373)	8.8
Cash earnings before tax and distributions	8,206	9,450	(13.2)	4,230	3,976	6.4
Income tax expense	(2,404)	(2,710)	(11.3)	(1,236)	(1,168)	5.8
Cash earnings before distributions	5,802	6,740	(13.9)	2,994	2,808	6.6
Distributions	(100)	(98)	2.0	(51)	(49)	4.1
Cash earnings	5,702	6,642	(14.2)	2,943	2,759	6.7
Cash earnings (excluding restructuring-related costs and customer-related remediation)	6,493	6,642	(2.2)	3,204	3,289	(2.6)
Non-cash earnings items (after tax):						
Distributions	100	98	2.0	51	49	4.1
Fair value and hedge ineffectiveness	182	(500)	large	101	81	24.7
Amortisation of acquired intangible assets	(30)	(62)	(51.6)	(15)	(15)	-
MLC Wealth divestment transaction costs	(12)	-	large	(12)	-	large
Net profit from continuing operations	5,942	6,178	(3.8)	3,068	2,874	6.8
Net loss after tax from discontinued operations	(388)	(893)	(56.6)	(97)	(291)	(66.7)
Net profit attributable to owners of NAB	5,554	5,285	5.1	2,971	2,583	15.0
Represented by:						
Business and Private Banking	2,911	2,841	2.5	1,429	1,482	(3.6)
Consumer Banking and Wealth	1,539	1,633	(5.8)	735	804	(8.6)
Corporate and Institutional Banking	1,541	1,535	0.4	763	778	(1.9)
NZ Banking	922	882	4.5	470	452	4.0
Corporate Functions and Other[17]	(420)	(249)	(68.7)	(193)	(227)	15.0
Restructuring-related costs	(530)	-	large	-	(530)	large
Customer-related remediation	(261)	-	large	(261)	-	large
Cash earnings	5,702	6,642	(14.2)	2,943	2,759	6.7

SHAREHOLDER SUMMARY

	Year to			Half Year to		
	Sep 18	Sep 17	Sep 18 v Sep 17	Sep 18	Mar 18	Sep 18 v Mar 18
Group						
Dividend per share (cents)	198	198	-	99	99	-
Dividend payout ratio	94.1%	79.4%	large	91.5%	96.9%	(540 bps)
Statutory earnings per share (cents) – basic	201.3	194.7	6.6	107.3	93.9	13.4
Statutory earnings per share (cents) – diluted	194.0	189.1	4.9	103.4	91.1	12.3
Statutory earnings per share from continuing operations (cents) – basic	215.6	228.2	(12.6)	110.9	104.7	6.2
Statutory earnings per share from continuing operations (cents) – diluted	207.2	220.1	(12.9)	106.6	101.0	5.6
Cash earnings per share (cents) – basic	210.4	249.3	(38.9)	108.2	102.2	6.0
Cash earnings per share (cents) – diluted	202.4	239.7	(37.3)	104.1	98.8	5.3
Statutory return on equity	11.2%	10.9%	30 bps	11.9%	10.5%	140 bps
Cash return on equity (ROE)	11.7%	14.0%	(230 bps)	12.0%	11.4%	60 bps
Group (excluding restructuring-related costs and customer-related remediation)						
Dividend payout ratio	82.6%	79.4%	320 bps	84.0%	81.2%	280 bps
Statutory earnings per share (cents) – basic	230.5	194.7	35.8	116.9	113.5	3.4
Statutory earnings per share (cents) – diluted	220.9	189.1	31.8	112.2	109.2	3.0
Statutory earnings per share from continuing operations (cents) – basic	244.8	228.2	16.6	120.5	124.3	(3.8)
Statutory earnings per share from continuing operations (cents) – diluted	234.1	220.1	14.0	115.5	119.2	(3.7)
Cash earnings per share (cents) – basic	239.6	249.3	(9.7)	117.8	121.9	(4.1)
Cash earnings per share (cents) – diluted	229.3	239.7	(10.4)	113.0	117.0	(4.0)
Statutory return on equity	12.8%	10.9%	190 bps	13.0%	12.6%	40 bps
Cash return on equity (ROE)	13.3%	14.0%	(70 bps)	13.1%	13.6%	(50 bps)

[14] Information is presented on a continuing operations basis.
[15] Excluding customer-related remediation.
[16] Refer to NAB's 2018 Full Year Results Announcement Note 3 Other Income for further information.
[17] Excluding restructuring-related costs and customer-related remediation.
[18] Refer to NAB's 2018 Full Year Results Announcement Note 4 Operating Expenses for further information.

FOR FURTHER INFORMATION

MEDIA

Mark Alexander
M: +61 (0) 412 171 447

Jessica Forrest
M: +61 (0) 457 536 958

INVESTOR RELATIONS

Ross Brown
M: +61 (0) 417 483 549

Natalie Coombe
M: +61 (0) 477 327 540

DISCLAIMER – FORWARD LOOKING STATEMENTS

This announcement and the 2018 Full Year Results Announcement contain statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", “target”, "intend", “likely”, "may", "will", “could” or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

This announcement and the 2018 Full Year Results Announcement describe certain initiatives relating to the Group’s strategic agenda (“Program”), including certain forward looking statements. These statements are subject to a number of risks, assumptions and qualifications, including: (1) detailed business plans have not been developed for the entirety of the Program, and the full scope and cost of the Program may vary as plans are developed and third parties engaged; (2) the Group’s ability to execute and manage the Program in a sequenced, controlled and effective manner and in accordance with the relevant project and business plan (once developed); (3) the Group’s ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with the Program plan (including, in relation to CTI and ROE targets, the extension of improvements beyond the current Program plan); (4) the Group’s ability to meet its internal net FTE reduction targets; (5) the Group’s ability to recruit and retain FTE and contractors with the requisite skills and experience to deliver Program initiatives; (6) there being no significant change in the Group’s financial performance or operating environment, including the economic conditions in Australia and New Zealand, changes to financial markets and the Group’s ability to raise funding and the cost of such funding, increased competition, changes in interest rates and changes in customer behaviour; (7) there being no material change to law or regulation or changes to regulatory policy or interpretation, including relating to the capital and liquidity requirements of the Group; (8) for the purpose of calculating FTE cost savings and redundancy costs, the Group has assumed an average FTE cost based on Group-wide averages, and such costs are not calculated by reference to specific productivity initiatives or individual employee entitlements; and (9) NAB’s proposed divestment of its wealth management businesses (excluding JBWere and nabtrade) may have an impact on the timing, scope and cost of the Program, however the impact cannot be quantified at this time.

Further information on important factors that could cause actual results to differ materially from those projected in such statements is contained in the Group’s Luxembourg Transparency Law disclosures released to the ASX on 3 May 2018 and the Group’s Annual Financial Report for the 2018 financial year, which will be available at www.nab.com.au on 16 November 2018.