The December 2017 quarter results are compared with the quarterly average of the September 2017 half year results for continuing operations unless otherwise stated. Cash and statutory earnings are rounded to the nearest $50 million. Revenue, expenses and asset quality are expressed on a cash earnings basis.

1Q18 FINANCIAL HIGHLIGHTS

$1.65BN Unaudited statutory net profit	**$1.65BN** Unaudited Cash earnings[1]
3% Cash earnings growth vs 1Q17	**10.2%** Group Common Equity Tier 1 ratio (CET1)

"The acceleration of our strategy is well underway and we are pleased with early progress. We are on track to deliver the targets announced with the FY17 results, including an estimated $1.5 billion increase in investment by the end of FY20. Cost savings of more than $1 billion continue to be targeted by end FY20[2].

We are providing a better experience for our customers by simplifying our business and reshaping our workforce. Our Priority Segments Net Promoter Score (NPS)[3] further improved over 1Q18. It is again first of the major banks and by a wider margin than in September 2017.

Our financial performance for 1Q18 has been sound. Revenue is up, and asset quality and balance sheet strength are again highlights.

Against a favourable economic backdrop including improving business confidence and continued strength in business conditions, we are optimistic about growing our bank by serving our customers better."

ANDREW THORBURN
NAB CEO

OPERATING PERFORMANCE

- Cash earnings declined by 1%, but up 3% versus the prior corresponding period.
- Revenue up 1% with good growth in Business & Private Banking and Corporate & Institutional Banking revenue.
- Net interest margin declined but excluding Markets & Treasury impacts was broadly stable, notwithstanding full period impact of the Bank Levy and competitive pressures in home lending.
- Expenses rose 4% due to higher investment spend and personnel costs including Enterprise Bargaining Agreement increases. Continue to expect FY18 expenses to grow 5-8% in FY18 then targeted to remain broadly flat over FY19-20[2].

BACKING OUR CUSTOMERS & THE COMMUNITY

- Continued focus on customer experience sees Priority Segments NPS[3] improve from -12 in September to -8 in December; at the same time major bank peer average score improved from -15 to -14.
- More of our small business customers have access to faster, simpler unsecured credit with QuickBiz Loan limits increasing from $50K to $100K. Approximately one third of all new business lending accounts for small business customers[4] now written via QuickBiz.
- Delivering new customer experiences, such as voice-enabled personalised banking information through Amazon Alexa and Google Assistant, as we double investment in NAB Labs over FY18.

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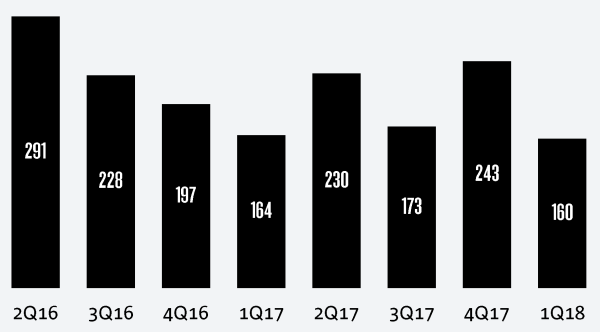
[1] Refer note on cash earnings on page 3
[2] Refer note on forward-looking statements on page 3. Timing and amount of investment spend may vary depending on the operating environment. Expense expectations exclude restructuring provision and large one-off expenses
[3] Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. Priority Segment Net Promoter Score (NPS) is a simple average of the NPS scores of four priority segments: Home Owners, Investors, 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
[4] Small business customers defined as less than $1 million of aggregate business lending (excluding customers from specialised channels eg Agri, Health, etc)

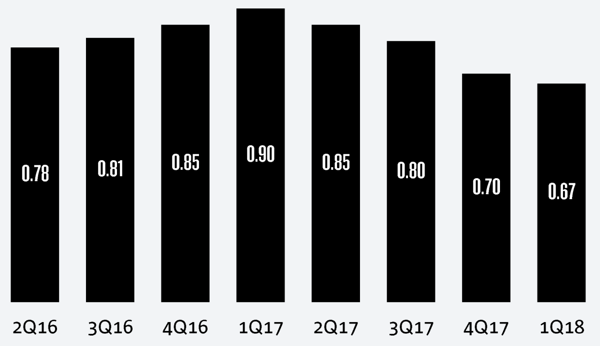
ASSET QUALITY

- Bad and doubtful debt (B&DD) charges fell 23% to $160 million. Key drivers include the non-repeat of collective provision (CP) overlays raised in 2H17, combined with lower specific charges, partly offset by CP increases for planned mortgage model changes.
- Asset quality improved with the ratio of 90+ days past due and gross impaired assets to gross loans and acceptances down 3 bps to 0.67%, benefitting mainly from continued improvement in conditions for New Zealand dairy customers.

BAD & DOUBTFUL DEBT CHARGES ($MILLIONS)

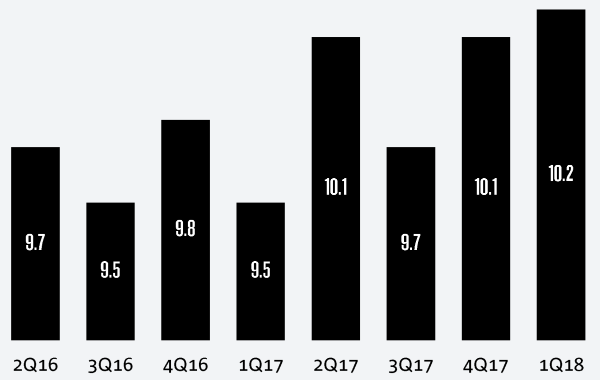


90+ DPD & GIAS/GLAS (%)



CAPITAL, FUNDING & LIQUIDITY

CET1 RATIO (%)



KEY RATIOS AS AT 31 DECEMBER 2017

- Group Common Equity Tier 1 (CET1) ratio of 10.2%, with the increase from September 2017 benefitting from lower Risk Weighted Assets and the 1.5% Dividend Reinvestment Plan discount for the FY17 final dividend
- 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 126%
- Net Stable Funding Ratio (NSFR) of 110%

FOR FURTHER INFORMATION

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DISCLAIMER – FORWARD LOOKING STATEMENTS

This announcement contains 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.

Page 1 of this announcement describes certain initiatives relating to the Group's strategic agenda, including certain forward-looking statements which were first announced at the Group's 2017 Full Year Results Announcement. These statements are subject to a number of risks, assumptions and qualifications. Please refer to the Group's 2017 Full Year Results Announcement for a description of the key risks, assumptions and qualifications.

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 2017 Annual Financial Report, which is available at www.nab.com.au.

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 of NAB for the full year ended 30 September 2017 is set out on pages 2 to 8 of the 2017 Full Year Results Announcement under the heading "Profit Reconciliation".

The Group's 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, is not presented in accordance with Australian Accounting Standards, and is not audited or reviewed in accordance with Australian Auditing Standards. "Cash earnings" is calculated by excluding discontinued operations and certain other items which are included within the statutory net profit attributable to owners of NAB. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited by the auditors in accordance with Australian Auditing Standards, were published in the Group's 2017 Annual Financial Report.