

Philip Chronican
Group CEO

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Australia
www.nab.com.au/shareholder



12 March 2019

Dear Shareholder

I am writing to you as interim Chief Executive Officer of NAB and after being selected as NAB's next Chairman.

This follows an extremely challenging period for NAB and the resignations of CEO Andrew Thorburn and Chairman Ken Henry.

I will be focussed on earning trust for our bank during my time holding these privileged positions.

The enormity of this task is not lost on me, because the Royal Commission is right. There is a big gap between where we are today and where we need to be.

We have let down our customers. We have let down you, our owners. And we have let down the community. We have also let down our people on the frontline who do a great job, day in, day out, serving customers.

I am confident in the strategic direction we have for NAB. My expectation of the bank's leaders is that they implement our strategy with greater accountability and focus.

We also have to focus on earning back trust. That begins with making sure we fix the issues that caused our failures and we pay back customers who are owed compensation as soon as possible.

Since June last year, we have returned more than \$110 million to more than 310,000 customers – and we are stepping up the pace. We are confident that the recommendations made by the Commission will lead to a better financial services industry. I expect that at NAB we will lead the change the community wants to see.

We have started this work. Last year, we set out a reform program for how we want to operate – to make our organisation a better one and by focussing on culture, accountability and governance.

This reform program and the Royal Commission's Final Report set out a clear way forward for NAB to earn trust and build a culture that puts the customer first. It will not be enough to focus on customers; we need to obsess about getting it right for them every single time.

I know you are demanding we address executive remuneration. The Board heard loud and clear that the 2018 remuneration outcomes did not meet your expectations or the community's expectations.

We are changing our framework to ensure it provides the right balance of financial metrics, customer outcomes and the management of non-financial risks over the long and short-term. And we will make sure compensation appropriately reflects the individual and collective performance of the Executive Team.

During my time as interim CEO, and before assuming the Chairman's role later in 2019, a working committee of the Board has the responsibility to make recommendations to the full Board on the selection of our new CEO. In addition, the Board has identified renewal as a priority for 2019.

Thank you for your ongoing support of NAB. The Board and I know the significance of the challenge ahead. We also know what needs to be done. I am confident NAB will earn your trust and I look forward to sharing our progress at our Half Year Results in May.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Chronican', with a long horizontal flourish extending to the right.

Philip Chronican
Group CEO