

We are National Australia Bank Limited, an Australian-based financial services organisation.

Welcome to our third integrated Annual Review. This review provides you with information on the opportunities and challenges in our operating environment, our strategy and our performance. It's about giving you the big picture, beyond just the numbers, and it's a chance for you to hear directly from our Chairman, Michael Chaney, and Group CEO, Cameron Clyne.

We have engaged both formally and informally with our investors, analysts, employees, consumer advocate groups and community groups to ensure that this report is focused on the issues that matter most. Our approach has also been informed by the International Integrated Reporting Council's (IIRC) guidance on integrated reporting. As one of only 80 members of the IIRC Pilot Program, we are actively participating in the development of this reporting framework.

It's great to be recognised for the improvements we have made to the way we do business and the impact that we have had on our customers, our people and our communities.

- Winner of Best Business Lender, AB+F Corporate and Business Banking Awards 2011.
- The Adviser's Third Party Banking Report – Major Lenders, 2012. Homeside ranked first.
- Best Regional Mortgage Lender – Yorkshire Bank and Best Mortgage Lender Scotland – Clydesdale Bank (Your Mortgage Awards).
- Winner of Outstanding Wealth/Investment Adviser (Australian Private Banking Awards).
- Money magazine 2012 'Socially Responsible Bank of the Year (Listed)'.
- The only Australian bank listed in the top 20 of the Bloomberg Markets Magazine 'The World's Greenest Banks'.
- Recognised in 2012 in the Ethisphere Institute's 'World's Most Ethical Companies' for the second year running.

Introducing nabtrade The new way to trade



nabtrade makes online trading simpler and smarter. nabtrade has been shaped by the needs of online investors, based on extensive user research.

New features

- **More research**
Quality providers and more ASX research recommendations than any other Australian online broker.*
- **Innovative tools**
To seize opportunities as they happen.
- **Simple and intuitive trading experience**
With aggregated information and the ability to customise trading, research and total wealth dashboards.

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Important information

* As at 22 October 2012. The nabtrade service (nabtrade) is provided by WealthHub Securities Limited ABN 83 089 718 249, AFSL No. 230704, a Market Participant under the ASIC Market Integrity Rules and a wholly owned subsidiary of NAB. NAB doesn't guarantee the obligations or performance of its subsidiaries or the products or services its subsidiaries offer. The information about nabtrade is general only and before acting on it you should consider whether it is appropriate for your individual financial circumstances and objectives. You can obtain the relevant Product Disclosure Statements and terms and conditions at www.nabtrade.com.au or by calling 131 380 (Australia only).



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About this Annual Review

This Annual Review includes financial summaries and information from the Company's 2012 Annual Financial Report and 2012 Full Year Results Announcement. This is our third year of providing an integrated report on our business. Our 2011 integrated Annual Review supplemented with *Dig Deeper* papers received the Australasian Reporting Awards Sustainability Reporting Award (Private Sector). This document is not a concise report prepared under section 314(2) of the *Corporations Act 2001 (Cth)*. The Company has not prepared a concise report for the 2012 financial year. All figures quoted are in Australian dollars unless otherwise stated. A reference to '\$' is to an amount in Australian dollars and a reference to '£' is to an amount in British pounds sterling. References to 'nab', 'NAB', the 'National', 'National Australia Bank' or the 'Company' are to National Australia Bank Limited ABN 12 004 044 937. The 'Group' refers to the National Australia Bank Limited and its controlled entities. All references are as at 30 September 2012 except where stated otherwise. Any references to changes (including an increase or decrease) relate to the previous year, unless otherwise stated. Unless otherwise stated, information in this document is presented on a cash earnings basis. Cash earnings is a key financial performance measure used by NAB, the investment community and NAB's Australian peers with a similar business portfolio. It is calculated by excluding certain items which are included within the statutory net profit attributable to owners of the Company. These specified items are excluded in order to better reflect what NAB considers to be the underlying performance of the Group. It is not a statutory measure and it is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. Many of the adjustments are more effectively applied on a consolidated basis and therefore at a divisional level cash earnings reflect the performance of the business segment as it is managed. It does not refer to, or in any way purport to represent the cash flows, funding or liquidity position of the Group. It does not refer to any amount represented on a cash flow statement. A full reconciliation of cash earnings to net profit attributable to owners of the Company is included on page 21. Section 5 of the 2012 Full Year Results Announcement includes the Consolidated Income Statement of the Group, including statutory net profit attributable to owners of the Company.

Annual Financial Report

The Group's audited financial statements, prepared in accordance with the *Corporations Act 2001 (Cth)* and Australian Accounting Standards, are published in our 2012 Annual Financial Report, which is available in hard copy on request and can be viewed at www.nabgroup.com from 19 November 2012.

Additional Corporate Responsibility Information

Information in this report is also included in our *Dig Deeper* papers available online from 12 November 2012 which provide detailed information for analysts and other stakeholders on our Corporate Responsibility (CR) performance, including historic trends. Further information about our approach to CR, including independent assurance, and a copy of our full GRI Index (applying the Global Reporting Initiative's G3 guidelines) can be viewed at www.nabgroup.com/annualreport

2012 Results

Cash earnings

0.5% decrease from 2011

\$5.4^b

Dividend per share

8 cent increase from 2011

\$1.80

Cash return on equity

1 percentage point decrease from 2011

14.2%

Business unit cash earnings (millions)

Business Banking	\$2,409
Personal Banking	\$1,045
Wholesale Banking	\$1,092
NAB Wealth	\$556
NZ Banking	\$575
UK Banking	\$(213)
Great Western Bank	\$98

Source: NAB 2012 Full Year Results Announcement

Community

Contribution to our communities this year¹ 23% decrease from 2011

\$55.7^m

Net profit

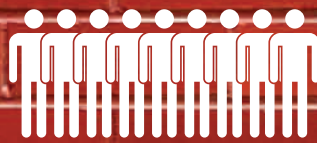
Attributable to owners of the company 21.8% decrease from 2011

\$4.1^b

Employee

Employee engagement result in this year's 'Speak Up, Step Up' survey² 1 percentage point increase from 2011

70%



Environment

Invested in renewable energy over the past six years

\$1.3^b

Customer Funding Index³

1 percentage point increase from 2011

66%

Highlights

#1 in Personal Banking customer satisfaction⁴

Equal #1 in Business Bank customer satisfaction⁵

One million new customers since our 'Break Up' campaign commenced in 2011⁶

Launched nabtrade – an innovative online trading platform

EOWA Employer of Choice for Women (6th year running)⁷

65% increase in Wholesale Banking cash earnings over the year

Australia's leading financier (by market share) of renewable energy in Australia⁸

Awarded 5 Star GBCA Green Star Interiors (Australian excellence) for two of our major office refurbishments⁹

¹ While our overall community investment contribution has dropped this year (as a result of no significant natural disasters in our region), we have maintained our commitment to and investment in our major community programs.

² 'Speak Up, Step Up' survey conducted by Hay Group, March 2012 with an 85% response rate.

³ Customer Funding Index is defined as Customer Deposits divided by Core Assets.

⁴ Source: Roy Morgan Research, September 2012. Australian Main Financial Institutions, population aged 14+, six-month moving average. Customer satisfaction is based on customers who answered very/fairly satisfied. NAB compared with the three major banks (ANZ, CBA, WBC).

⁵ Source: DBM Business Financial Services Monitor September 2012 - Whole of Market (Australian Business Banking) six month rolling averages. Overall satisfaction with main financial institution based on a scale from 0-10 (extremely dissatisfied to extremely satisfied). Ranking based on statistically significant differences.

⁶ Refers to new Business and Personal Customer profiles opened in Australia since 14 February 2011. This figure does not reflect closed customer profiles and is therefore not an indication of the overall increase in customer numbers.

⁷ As recognised by the Equal Opportunity for Women in the Workplace Agency for 2012.

⁸ Source: Project Finance International 2006-12, NAB analysis.

⁹ Assessed by the Green Building Council of Australia for interiors of our sites at 500 Bourke Street, Melbourne and 22 King Street, Adelaide.

Our business

Who we are

National Australia Bank is a financial services organisation with over 43,000 people, operating more than 1,800 stores and business banking centres, and is responsible to more than 480,000 shareholders.

While our core franchise is Australian-based, we also have interests in New Zealand, Asia, the United Kingdom and the United States. Each of our brands is built with a common aim: to have fair products and services, fair fees and charges and world-class relationships built on the principles of help, guidance and advice.

Our goal

Our goal is to deliver sustainable and satisfactory returns to our investors. We believe that what is good for our customers is also good for business. So by focusing on the customer, offering fair products and services – and by simply being a better bank for our people and the community – we can achieve great results for all our stakeholders.

We are not just looking at the short term – our strategy is about planning for the future. That is why we will continue to build on and deliver the strategy we announced in 2009 to:

- focus on our strong Australian franchise and manage international businesses for value.
- maintain balance sheet strength.
- reduce complexity and cost.
- enhance our reputation.

Our responsibility

Our purpose is to do the right thing and help our people and customers realise their potential. This is part of who we are and guides how we do business.

Our corporate responsibility (CR) approach is founded on this purpose. It is focused on getting the fundamentals right for our customers, being a good employer and addressing our broader responsibility to society.

We believe that when we get it right for our customers and make NAB a great place to work, our investors stand to benefit. Put simply, our purpose and commitment to CR is good for our business.

As part of our approach to integrated reporting, we have incorporated our CR strategy and performance throughout this review. Further information on our approach can be found on pages 26-27 and in our series of *Dig Deeper* papers (available at www.nabgroup.com/annualreport).