

ASX ANNOUNCEMENT*Wednesday, 13 March 2013***National Australia Bank announces technology and strategy update**

National Australia Bank today provided a technology and strategy update, outlining changes to its organisational structure, operating model and its Group Executive team focussed on delivering benefits for customers and shareholders.

In announcing the changes, NAB Group Chief Executive Officer Cameron Clyne said NAB's strategy over the past four years had led to a significant transformation of the bank resulting in good progress in the core Australian franchise.

The ongoing success of the Australian bank, combined with the progress of our technology transformation makes it the right time to get ahead of the changing economic, demographic and regulatory environment and take the logical next step in the bank's strategy.

"Since 2009 we have made the hard but right decisions to deliver a more balanced and sustainable Australian franchise with greater balance sheet strength, a stronger reputation and improved productivity. Our total technology transformation program is progressing well with the core infrastructure upgrade nearing completion and NextGen well advanced."

"The opportunities created by this investment in technology enable us to align our business structure to the changing environment and changing customer behaviours. In a digitised world, we need to ensure we can meet the future needs of our customers regardless of when, how and where they choose to deal with us.

"The changes announced today, combined with continued investment in the business of over \$1 billion per annum, will reduce complexity and duplication across NAB, provide a better, simpler and easier-to-access product suite, provide more straight-through processing as well as ensure the more effective use of data and analytics to provide the right solutions for customers at the right time," Mr Clyne said.

By the end of the fifth year, these initiatives are expected to have generated annual cost savings of approximately \$800 million. These savings will be partly offset by higher software amortisation charges, reinvestment and implementation costs. Implementation costs will be included in cash earnings. NAB will continue to manage to positive jaws¹, although some upfront implementation costs make this less likely in 2013.

NAB's updated strategy aligns the business to the changing landscape and customer needs by focussing on:

- simplification and digitisation, including simpler and fewer products, less complexity in our technology and more centralisation in operations and support functions;
- customer management, including better aligning our business to the changing needs of our customers, whether it is direct channels, re-configured store layouts or better use of data; and

¹ "Jaws" represents the difference between the percentage growth in revenue on the preceding period and the percentage growth in expenses on the preceding period, calculated on a cash earnings basis.

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- further capitalising on our customers' links to Asia and better servicing the ageing population and superannuation industry.

Mr Clyne said today's changes would enable more customer self-service in the future, freeing bankers to focus on building relationships with customers as well as allowing NAB to maximise opportunities in the growing digital and superannuation markets and with the bank's Asia-active customers.

To effectively deliver this strategy a more integrated operating model with common product platforms and a single back-end process is required. To support the new operating model, the following changes will be made to the Group Executive:

- **Rick Sawers**, who is currently Group Executive of Wholesale Banking, will take on the new role of **Group Executive, Product & Markets**. This new role will have responsibility for optimising the product range of the Group, including Personal, Business and Markets. This function will consolidate, simplify and improve our product suite as well as maintaining the momentum of our Markets' business.
- **Lisa Gray**, currently Group Executive Personal Banking, will take on the new role of **Group Executive, Enterprise Services and Transformation**. The investment in our technology transformation and the consolidation of systems allows us to bring together a wider range of operations, technology and project functions. By consolidating these functions we will simplify our processes, reduce duplication and improve customer experience.
- **Gavin Slater**, who has overseen our technology transformation as Group Executive Group Business Services, will now take on the role of **Group Executive, Personal Banking**.
- **Joseph Healy** will remain in the role of **Group Executive, Business Banking**, with the additional responsibilities of Asia, Private Banking and Financial Institutions Group.
- **Andrew Hagger**, currently Group Executive People, Marketing & Communications will take on the role of **Group Executive, NAB Wealth**, replacing **Steve Tucker**, who will leave NAB after 25 years with the company.
- **Michaela Healey**, currently Group Executive, Group Governance & Legal, will take on the expanded role of **Group Executive, People, Communications & Governance**.
- **Bruce Munro** will continue in his role as **Chief Risk Officer**, while **Andrew Thorburn**, currently responsible for NZ Banking will also remain in his role.

Mr Clyne also said that **Mark Joiner, Executive Director, Finance**, would retire by the end of 2013 after seven years with NAB. He said NAB would conduct an internal and external search for a replacement for Mr Joiner.

"Mark has played an integral role in steering the bank through a challenging period in banking, as well as providing great strategic vision. His energy and advice will be greatly missed," Mr Clyne said.

"The current intent is for Mark to continue his involvement with NAB by remaining as Chairman of JBWere."

Mr Clyne also paid tribute to Mr Tucker. "Steve has given 25 years of service to MLC and NAB, including almost nine years as CEO of MLC, and has led the way in championing greater transparency and fairness which has provided benefits for all customers across the wealth industry, not just our customers. I would like to thank Steve for his contribution."

The Group Executive changes will take effect from April 2013 to enable an orderly transition. NAB will operate under this structure from April and any changes to NAB's financial

reporting are not expected to take effect until the 2014 financial year. There is no change in UK Banking with David Thorburn continuing to lead that business.

“These changes are designed to give us a stronger platform for our business, to ensure we are able to provide for our customers’ changing needs and behaviours in an increasingly digitised world while enabling us to use the benefits of our investment in technology to continue to tightly manage our costs over the longer term,” Mr Clyne said.

“Our people have worked hard to ensure our Australian franchise is in good shape. We have momentum and our technology now gives us the capability to change our business structure in a way that continues to build on that hard-won momentum.”

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