

Independent limited assurance report in relation to National Australia Bank Limited's 2016 Annual Review

To the Management and Directors of National Australia Bank Limited ('NAB'),

Scope

We have carried out an independent limited assurance engagement in order to state that nothing has come to our attention that causes us to believe that:

- ▶ NAB has not presented its material sustainability issues and that the associated Performance Metrics and Disclosures are not complete in its 2016 Annual Review, and
- ▶ the Performance Metrics and Disclosures as detailed below, have not been reported and presented fairly, in all material respects, in accordance with the criteria.

The Performance Metrics and Disclosures for the year ended 30 September 2016 are comprised of:

- ▶ 25 key non-financial metrics and the performance disclosures included in the 2016 Annual Review (the 'Report') related to these key metrics. Refer Attachment A for a full list of the 25 metrics included in our assurance engagement¹, and
- ▶ the financial metrics included in the 2016 Annual Review in the Group Financial Performance table on page 33 of the Annual Review.

Our assurance did not include:

- ▶ Data sets, statements, information, systems or approaches relating to areas other than Performance Metrics and Disclosures selected
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data. For metrics expressed as a cumulative total, our assurance included testing of the current reporting period data, and the summation of prior reporting period data² only.

Criteria

The following criteria have been applied to the Report and Performance Metrics and Disclosures described above:

- ▶ Global Reporting Initiative Sustainability Reporting Guidelines' ('GRI G4') principles of materiality and completeness
- ▶ NAB's reported criteria for the key non-financial metrics detailed within the Report
- ▶ NAB's accounting policies as defined in NAB's AFR and financial reporting policies and principles per NAB's 2016 Results Announcement as detailed online at www.nabgroup.com (together 'the Criteria').

The responsibility of management

NAB management is responsible for the preparation and presentation of the Performance Metrics and Disclosures in the Report in accordance with the above Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods used are appropriate for the purpose described above. Further, NAB management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Performance Metrics and Disclosures that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance practitioner's responsibility

Our responsibility is to express a limited assurance conclusion in accordance with the terms of reference for this limited assurance engagement as agreed with NAB, and in accordance with the International Federation of Accountants' *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'). Our responsibility is also to express a limited assurance conclusion based on our non-financial metric assurance engagement in accordance with *Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report*.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. A limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than the work undertaken for a reasonable assurance engagement. As such the level of assurance is lower than would be the case for a reasonable assurance engagement. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of Performance Metrics and Disclosures, whether

¹ The selected sustainability disclosures for inclusion in the scope were determined based on the outcomes of NAB's annual materiality assessment.

² For the 'cumulative number of volunteer hours' metrics, EY has previously provided limited assurance over the data from 2011 to 2015.

due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Work performed

Our assurance procedures included, but were not limited to:

- ▶ Conducting limited assurance procedures relating to NAB's identification and inclusion of material sustainability issues in the Annual Review, including:
 - ▶ Gaining an understanding of NAB's business and approach to sustainability
 - ▶ Conducting interviews with NAB executive management and other key personnel relating to NAB's identification and inclusion of material sustainability issues in the Annual Review in line with the GRI materiality and completeness principles
 - ▶ Conducting checks such as a media review and comparison of peer reporting to understand whether NAB included and reported its material sustainability issues in line with the GRI materiality and completeness principles
- ▶ Conducting limited assurance procedures over the non-financial metrics # 18 and # 19, through checking that the metrics had been correctly transcribed from third party reports into the Report
- ▶ Conducting limited assurance procedures over the other non-financial and financial Performance Metrics and Disclosures, including:
 - ▶ Checking that the calculation criteria have been correctly applied as per the methodologies for the non-financial metrics within the report and for the financial metrics as defined in NAB's accounting and financial policies and 2016 Results Announcement online at www.nabgroup.com
 - ▶ Undertaking analytical procedures to support the reasonableness of the data
 - ▶ Identifying and testing assumptions supporting calculations
 - ▶ Testing, on a sample basis, underlying source information to check accuracy of the data
 - ▶ Checking the clerical accuracy of financial metrics
 - ▶ Where applicable agreeing financial metrics to core financial systems and the 2016 Results Announcement
 - ▶ Testing, on a sample basis, the accuracy and balance of performance statements within the Report associated with the key non-financial metrics.

Use of our report

We disclaim any assumption of responsibility for any reliance on this assurance statement or on the Performance Metrics and Disclosures to which it relates, to any person other than management and directors of NAB, or for any purpose other than that for which it was prepared.

Independence, competence and experience

In conducting our engagement we have met the independence requirements of the APES 110 *Code of Ethics for Professional Accountants*. We have the required competencies and experience to conduct this assurance engagement.

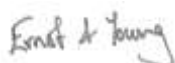
Limited assurance conclusion

Based on our procedures, nothing has come to our attention that causes us to believe that:

- ▶ NAB has not included its material sustainability issues and that the associated Performance Metrics and Disclosures are not complete in its 2016 Annual Review (as defined by the GRI G4 principles of materiality and completeness), and
- ▶ the Performance Metrics and Disclosures detailed above, have not been reported and presented fairly, in all material respects, in accordance with the Criteria.

Electronic presentation of information

Our engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the Report after the date of this assurance statement.



Ernst & Young
Melbourne, Australia
14 November 2016



Terence Jeyaretnam
Partner

Attachment A

List of Non-Financial Performance Metrics and Disclosures assured as part of our limited assurance engagement:

#	Non-Financial Performance Metric
Governance	
1	Code of Conduct breaches (includes discrimination incidences) (Australia only)
Customer	
2	Number of branches and business banking centres (Group)
3	Number of ATMs (by accessibility type) (Group)
4	Net promoter score (by segment: mortgage, micro, small, medium, priority Segments) (Australia only)
5	Total customer complaints (by category - showing percentage change) (Australia only)
6	Number of customers assisted experiencing financial hardship (Australia only)
7	Cure rates for NAB assist customer accounts (30 days and 90 days) (Australia only)
8	Cumulative number of low income Australians assisted with products / services (Australia only)
9	Total number and dollar value of microfinance loans written (by type) (Australia only)
10	Share of active users for retail internet banking usage (Australia only)
People	
11	Total workforce (by FTE, headcount, age group, gender, employment type) (Group)
12	Female representation in total workforce (Group)
13	Female representation in executive management (Group)
14	Percentage of total workforce over 50 (Group)
15	Total number and rate of employee turnover (by region, voluntary/involuntary, age and gender) (Group)
16	Total retention rate of high performers (exceeds A,B) (Australia only)
17	Return to work rate (from primary carers leave, long service leave and parental leave) (Australia only)
18	SUSU: overall engagement score (right management model) (Group)
19	SUSU: Living our values score (right management model) (Australia only)
20	Female representation on Group subsidiary boards (Group)
21	Absenteeism (Australia and New Zealand only)
Community	
22	Community investment (by dollar value, region, type, focus area) (Group)
23	Cumulative number of volunteer hours (Australia only)
24	Number and dollar value of volunteering days (skilled and general) (Group)
Supply Chain	
25	Percentage of critical / material / strategic suppliers that are signatories to supplier sustainability principles (Group)