



Tuesday, 16 October 2018

## ASX Announcement

### NAB announces additional costs for customer remediation matters

National Australia Bank Ltd (NAB) today announced additional costs of \$314 million after tax in connection with its customer remediation program. This will reduce 2H18 cash earnings by an estimated \$261 million and earnings from discontinued operations by an estimated \$53 million.

As outlined in the third quarter trading update, these additional costs arise primarily in relation to several customer remediation matters including:

- Refunds and compensation to customers impacted by issues in NAB's Wealth business, including advisor service fees, plan service fees, the Wealth advice review and other Wealth related issues;
- Costs for implementing remediation processes; and
- Other costs associated with regulatory compliance matters.

NAB's Chief Executive Officer, Andrew Thorburn said: "Where we have let customers down we are determined to put things right. We have made good progress in resolving a number of issues that impacted our customers and we want to compensate them as quickly as possible."

Of the cash earnings impact, approximately 69% of these costs will impact revenue, with the balance reported in expenses. As outlined in the third quarter trading update, these additional costs will be excluded from the FY18 expense growth guidance of 5-8%. Costs associated with responding to the Royal Commission are not included in these additional charges.

NAB remains well positioned to meet APRA's 'unquestionably strong' benchmark in an orderly manner by January 2020.

These customer remediation programs are expected to continue into FY19, with potential for further costs, which remain uncertain at this point in time.

Further detail will be provided when NAB releases its 2018 Full Year results on 1 November 2018.

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This announcement relates to the disclosure of information that qualified or may have qualified as inside information within the meaning of Article 7 of the Market Abuse Regulation (EU) 596/2014.