2010 FULL YEAR RESULTS

Investor presentation

27 October 2010

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National Australia Bank Limited ABN 12 004 044 937

nab · MLC · Clydesdale Bank · Yorkshire Bank · Bank of New Zealand · Great Western Bank

Solid result – well positioned for the future

	Sep 10 Full year	Change on Sep 09	Sep 10 Half year	Change on Mar 10
Revenue ($m)	16,638	(1.6%)	8,401	2.0%
Cash earnings ($m)	4,581	19.3%	2,388	8.9%
Tier 1 ratio	8.91%	(5bps)	8.91%	(18bps)
Dividend (100% franked) (cps)	152	6	78	4
Cash ROE (%)	13.2%	140bps	13.5%	60bps

Financial highlights

- Increased cash earnings
- ROE improving
- Strong balance sheet
- Increased dividend

Increasingly optimistic on outlook

- Risk of double dip recession subsiding
- Regulatory and political landscape uncertain

Sustainable progress

- Reputation strengthened
- Momentum in Australian business
- Cross sell agenda embedded

Macro outlook still uncertain

Economic outlook	▸ Global recovery underway ▸ US stimulus efforts continue ▸ UK budget measures as expected ▸ Multi-speed Australian economy ▸ Australian business confidence and conditions improving
Banking regulation	▸ Capital impact becoming clearer ▸ Liquidity – solution yet to be determined ▸ Australian Government and regulators need to consider a wider range of alternatives
Political environment	▸ Focus on financial services sector ▸ Potential for competition and consumer regulation ▸ NAB relatively well positioned

Strong progress against priorities

Reputation / customers	Rebalancing portfolio	Investing for the future	Balance sheet strength
▸ Leading Business Bank reputation – active support of customers during GFC ▸ Won 8 AB&F* awards and Business Bank of the Year – CFO Magazine ▸ Personal Bank closing the gap on customer satisfaction ▸ MLC attracting advisers ▸ Broader community advocacy ▸ Carbon neutrality	▸ Strong mortgage growth in Personal Bank proprietary and broker channels ▸ Business Bank momentum in slow market ▸ Wealth position enhanced by Aviva, JBWere and nabInvest ▸ Managing UK and GWB optionality ▸ Tight management of SGA – some rundown	▸ Disciplined underlying cost management creating capacity for increased investment ▸ Mortgage transformation – early progress ▸ Completed 1st phase of NextGen – 2nd underway ▸ Innovations being leveraged across the Group	▸ Maintained AA rating ▸ Strong Tier 1 capital position ▸ Strong funding position (CFI > 60%, SFI > 80%) ▸ Well positioned for regulatory change

Leadership, culture and talent

- Improved employee engagement
- Strong cross business unit collaboration
- Investment in enterprise leadership

* Australian Banking & Finance Corporate and Business Banking Awards

Transformation program

	2010 Achievements	2011 Priorities
Customer experience	‣ Customer satisfaction gap narrowed ‣ Strong wealth adviser growth	‣ WealthHub ‣ Continued development of NextGen release 2 capability – UBank, Broker and Redstar ‣ Customer-led innovation
Simplicity, efficiency & risk mitigation	‣ Mortgage processing – productivity, policy simplification, improved conversion rate ‣ Technology incidents down >30% ‣ Network upgrade ‣ Enterprise convergence	‣ Infrastructure and network transformation ‣ Docklands 2 commenced ‣ Payments transformation - SWIFT Gateway ‣ Product rationalisation ‣ Mortgage Transformation Program
Enterprise systems & information	‣ Securitisation engine implemented ‣ Single Australian/NZ SAP upgrade ‣ Upgrade to nab.com.au website	‣ Delivery of key NextGen information capability > Single Australian/NZ General Ledger > Campaign management ‣ Implementation of a 'requisition to pay' system
Employee experience	‣ Significant improvement in employee engagement ‣ Carbon neutral ‣ 2010 Employer of Choice for Women (EOWA)	‣ Capability development – Academy, operations and service ‣ Diversity

2011 outlook

- Continued focus on progressing strategic priorities
- Navigate economic, regulatory and political uncertainty
- NAB well positioned

FY10 Financials

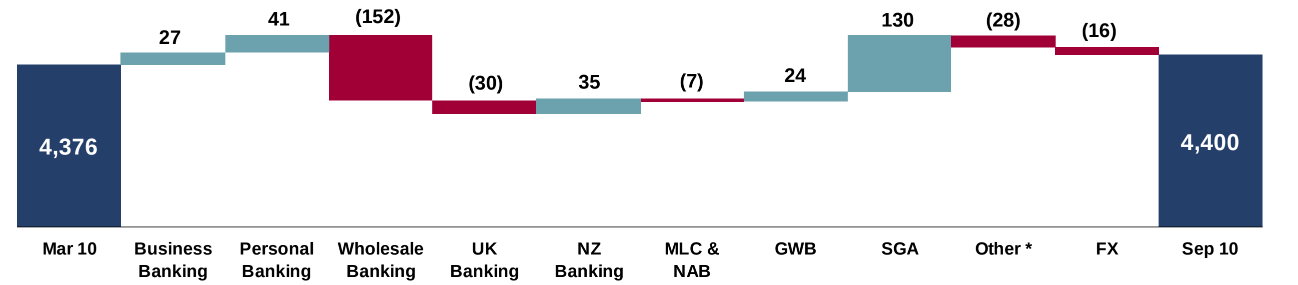
Group financial result

$m	Sep 10 Full year	Change on Sep 09	Sep 10 Half year	Change on Mar 10
Net interest income	12,288	1.8%	6,174	1.0%
Other operating income (incl MLC)	4,350	(10.0%)	2,227	4.9%
Net operating income	16,638	(1.6%)	8,401	2.0%
Operating expenses	(7,862)	(3.7%)	(4,001)	(3.6%)
Underlying profit	8,776	(5.9%)	4,400	0.5%
B&DDs	(2,263)	40.7%	(1,033)	16.0%
Cash earnings	4,581	19.3%	2,388	8.9%
Cash ROE (%)	13.2%	140bps	13.5%	60bps
NIM (%)	2.25%	9bps	2.24%	(2bps)
Tier 1 ratio	8.91%	(5bps)	8.91%	(18bps)

Business unit contributions

Home currency				
(m)	Sep 10 Full Year	Change on Sep 09	Sep 10 Half Year	Change on Mar 10
Cash earnings				
Business Banking	2,193	37.1%	1,098	0.3%
Personal Banking	743	(15.1%)	426	34.4%
Wholesale Banking	705	(38.6%)	302	(25.1%)
UK Banking	£118	53.2%	£57	(6.6%)
NZ Banking	NZ$524	1.4%	NZ$269	5.5%
MLC & NAB Wealth	549	32.9%	285	8.0%
Specialised Group Assets	(262)	54.6%	(45)	79.3%
Other^	33	large	11	(50.0%)
Group cash earnings	4,581	19.3%	2,388	8.9%

Underlying profit – attribution analysis by business ($m, constant currency)



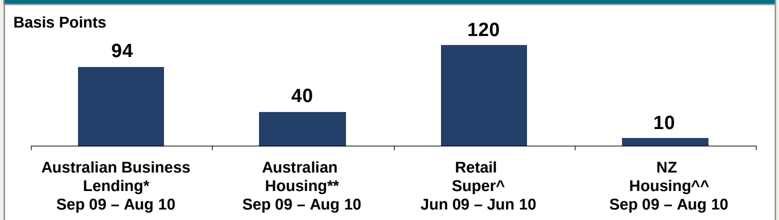
* Includes Group Treasury and Other

^ Other comprises Group Funding, Group Business Services, other supporting units, Asia Banking, GWB, IoRE and minority interest within MLC & NAB Wealth

Key elements of the result (1)

Average GLAs (FX & acquisitions reported separately)

Change in market share



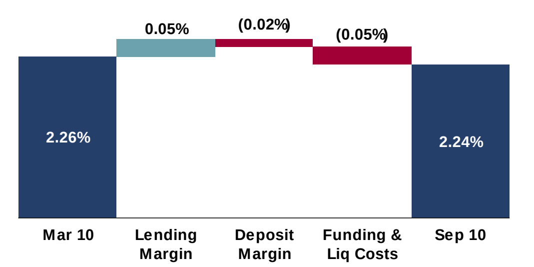
* APRA monthly banking statistics. Represents APRA data adjusted historically to include Business Markets Flexible Rate Loans

** RBA Financial System / NAB including wholesale banking data as at Aug 2010

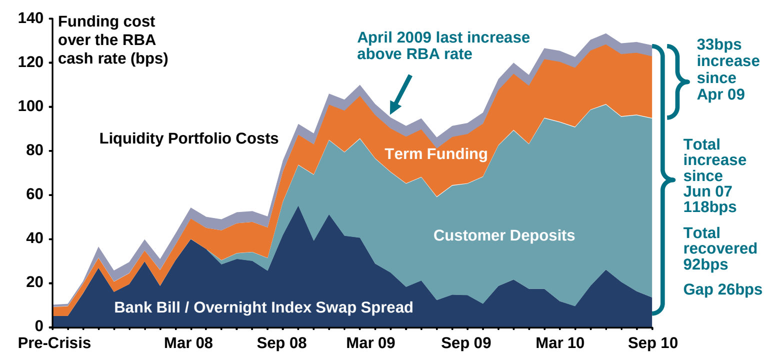
^ Plan for Life Australian retail & wholesale investments market share & dynamics report - 2010

^^ RBNZ – Aug 2010

Group net interest margin – attribution analysis



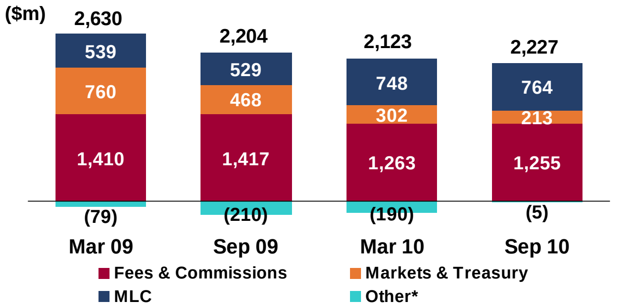
Increased cost of funding an Australian variable rate mortgage



Based on management estimates. Applies to NAB Ltd only

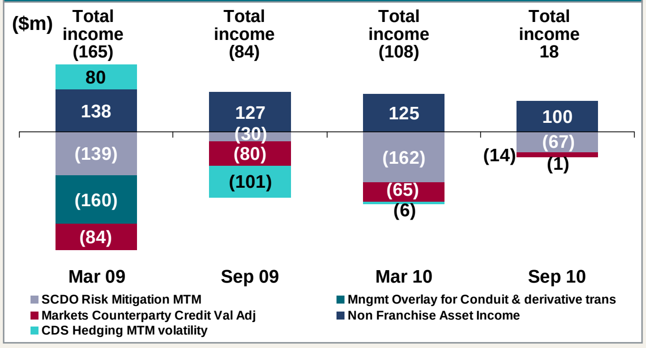
Key elements of the result (2)

Other operating income

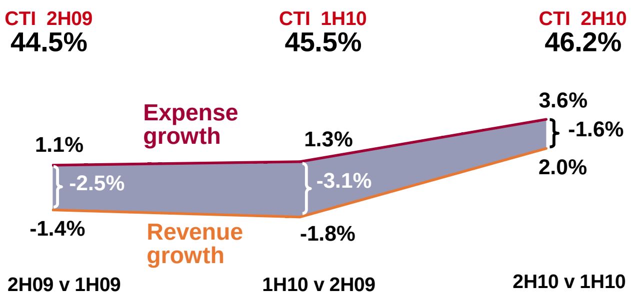


* Includes SGA, Group Treasury and Other

SGA portfolio income

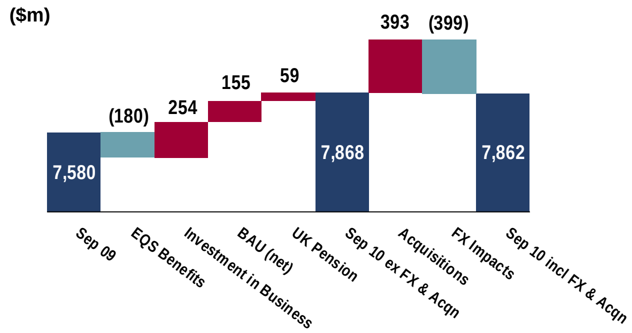


Jaws and banking CTI momentum



CTI – Banking Cost to Income Ratio

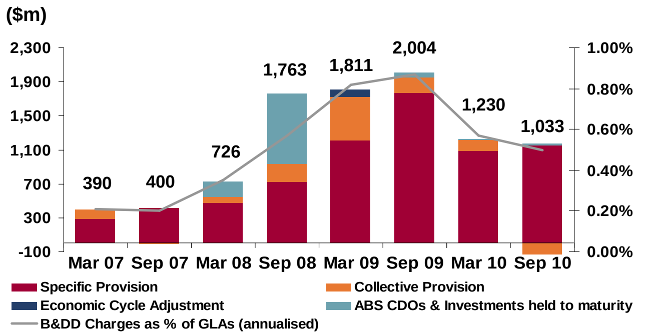
Operating expenses



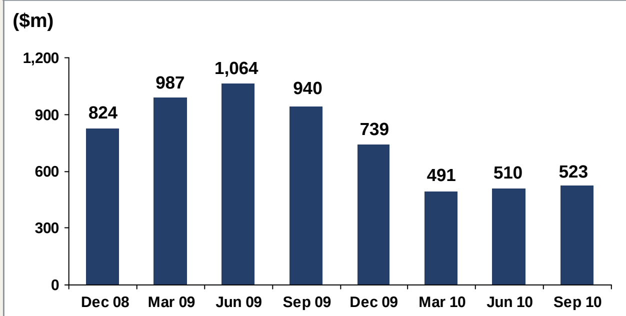
National Australia Bank

B&DD charge and asset quality

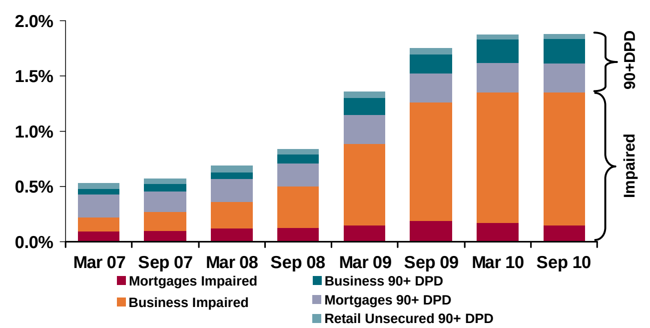
B&DD charge – half yearly



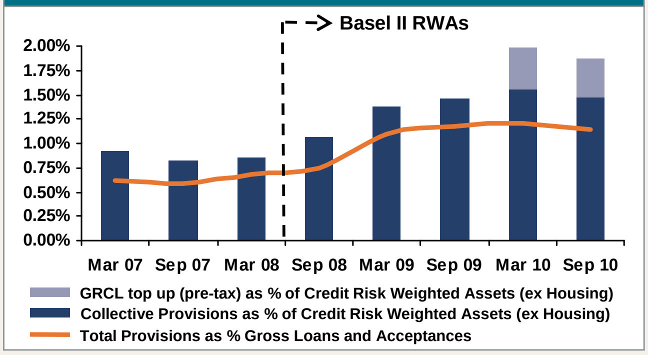
B&DD charge – quarterly



90+DPD & impaired assets as a % of gross loans and acceptances by product

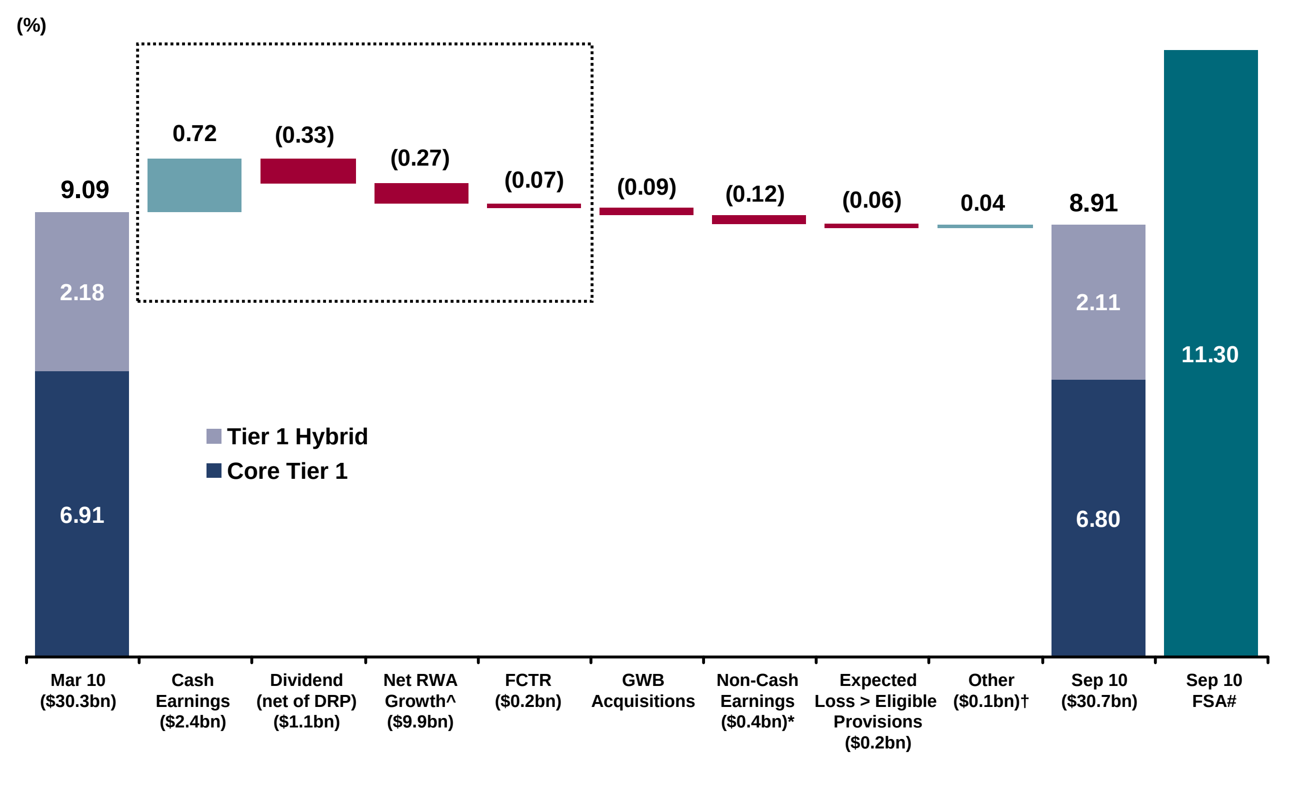


Coverage ratios



National Australia Bank

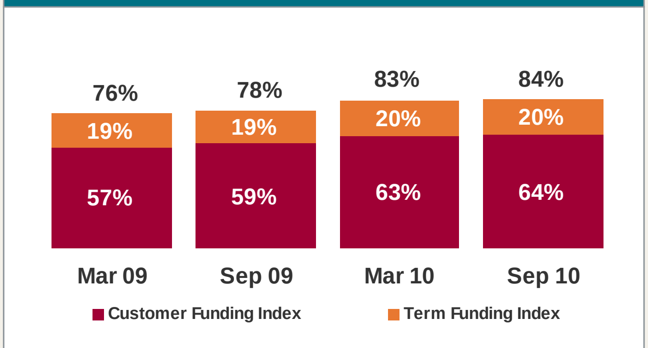
Tier 1 capital position



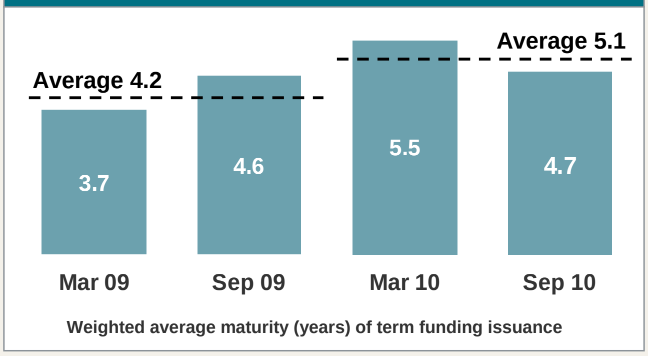
^ Net RWA growth excludes GWB acquisitions ($2.0bn)
* Non-cash earnings effect on Tier 1 after adjusting for Distributions and Treasury Shares
† Other consists primarily Wealth Management adjustments (1bp) and other immaterial movements
# FSA calculation is approximate

Funding and liquidity

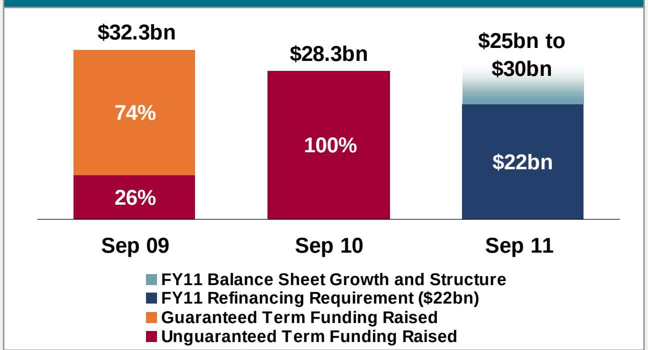
Group Stable Funding Index (SFI)



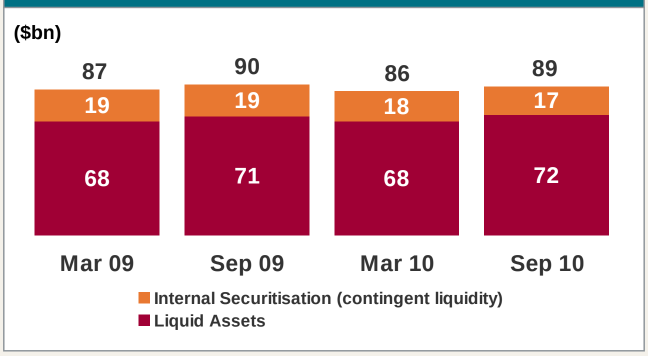
Term funding tenor



Term funding

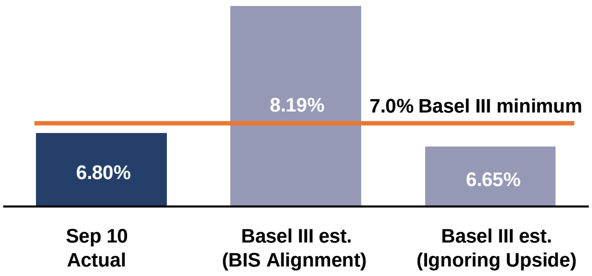


Liquid asset holdings



Regulatory reform

Core Tier 1



- Impact manageable
- Extent of Australian Basel III harmonisation uncertain
- Potential for early adoption by APRA, 1 Jan 2013
- Leverage ratio a backstop (not a constraint)

Liquidity Coverage Ratio

- Funding and liquidity impacts more significant
- Liquidity is mainly a composition issue for the industry
- “Australia solution” uncertain
- Expected implementation 1 Jan 2015 after observation period

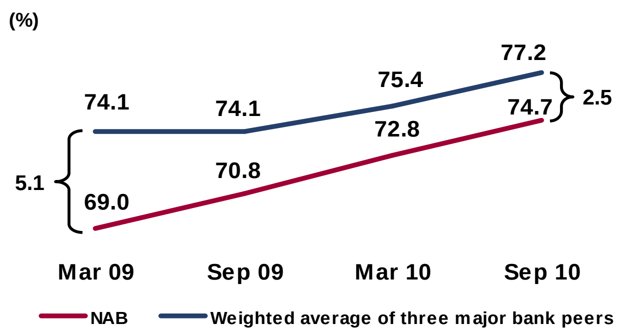
Net Stable Funding Ratio

- Direction consistent with our disciplined approach to balance sheet management
  - > Reduce reliance on short term funding
  - > Extend duration of term funding
  - > Deposit gathering culture
- Impact delayed to 2018, subject to transition / recalibration
- Our focus on balance sheet strength and extended timeframes will assist transition

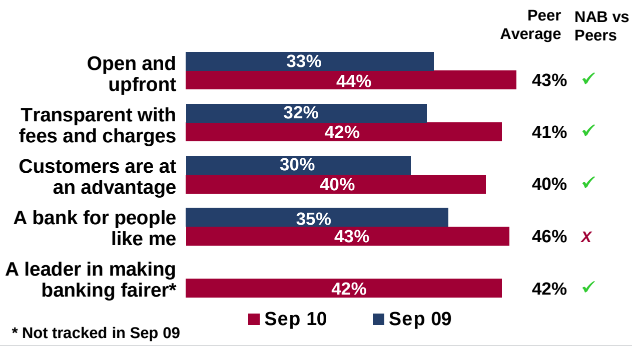
Note: Supervisory confirmation required

Personal Banking

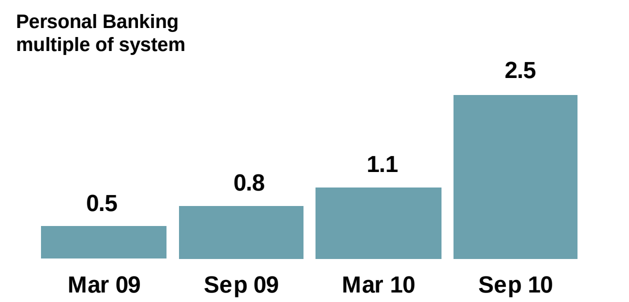
MFI customer satisfaction[1]



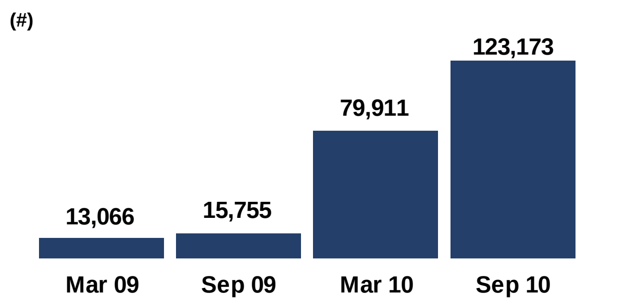
Sweeney research brand tracker[3]



Home loan share of system growth[2]



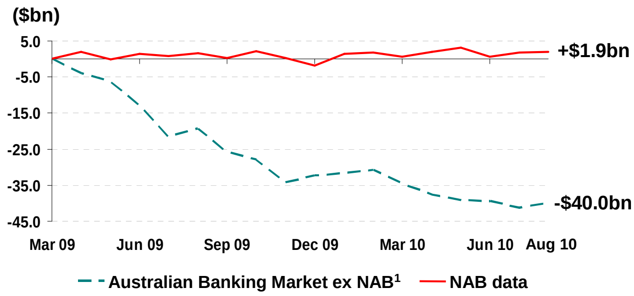
Net transaction account growth



(1) Roy Morgan Research, Australian Main Financial Institution Population aged 14+, 6 month rolling average. Customer satisfaction is based on customers who answered very/fairly satisfied
(2) RBA Financial System. Note: Mar 10 of 1.1 has been restated from previously reported 1.2 to exclude Advantedge. Sep 10 also excludes Advantedge
(3) Sweeney Research Brand Tracker, 3 months ended Sep 2010

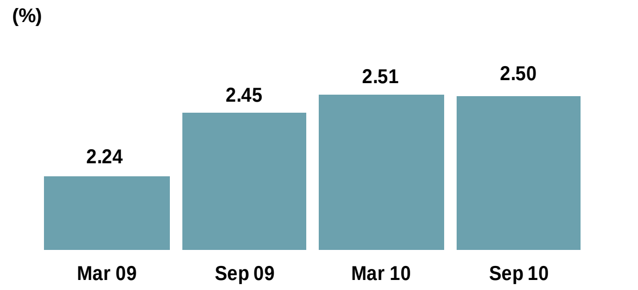
Other Australian franchises

Business lending Mar 09 - Aug 10
NAB Business Lending inc Bill Acceptances Volume Growth

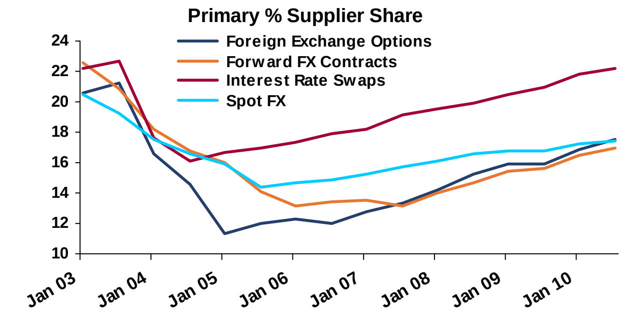


(1) APRA Monthly Banking Statistics Mar 2009 - Aug 2010. Lending represents loans & advances to non-financial corporations plus bill acceptances of customers

Business Banking net interest margin



Wholesale Banking
Risk Management Solutions - Partnering with bank wide franchises



Source: East & Partners' Australian Corporate Banking Markets – July 2010

MLC & NAB Wealth

- Market share up reflecting return to positive net flows
- Unprecedented interest from advisers in joining MLC (adviser numbers up 69 over the half)
- Aviva integration ahead of expectations
  - > Adviser and client retention over initial forecasts
- JBWere integration complete
  - > Private client platform to be launched next year
- Continued flat costs

International businesses

NZ Banking
- Solid financial performance
- Strong risk management and stable asset quality
- Culture of continuous improvement and innovation

UK Banking
- UK economy in recovery but economic activity below pre-crisis peak
- Recovery in profitability - Cash Earnings £118m (up 53%)
- Reshaping and strengthening of the balance sheet to support future growth
- Asset quality lags economic recovery but signs of stabilisation

Great Western Bank
- Continued organic growth momentum despite depressed economic environment
- Two strategic acquisitions on attractive terms added to footprint
- Over 100% deposit funded

SGA
- Well managed portfolio with run-off progress made
- Significantly less of an earnings drag

Summary and outlook

- Reasonable momentum and upside potential – mainly through the Australian franchises
- Disciplined with costs; will manage to jaws
- Balance sheet settings remain strong and provide capacity for growth
- Risks are being closely managed
- Regulatory, political and economic factors will continue to present challenges

National Australia Bank

Questions

nab MLC Clydesdale Bank Yorkshire Bank Bank of New Zealand Great Western Bank

National Australia Bank

Additional Information

Business Banking

Personal Banking

Wholesale Banking

MLC & NAB Wealth

NZ Banking

UK Banking

Specialised Group Assets

Asset Quality

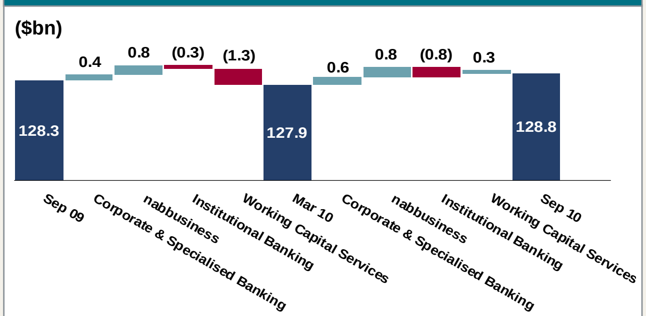
Capital and Funding

Economic Outlook

nab | MLC | Clydesdale Bank | Yorkshire Bank | Bank of New Zealand | Great Western Bank

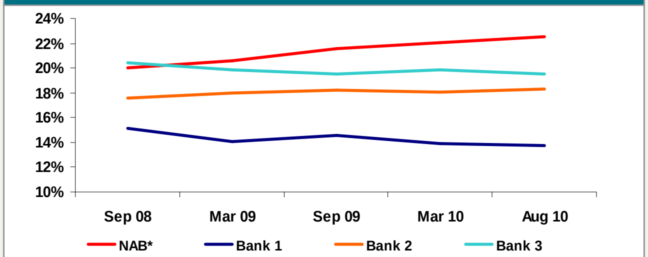
Business Banking

Business lending volumes[1]



Business lending market share Sep 08 - Aug 10

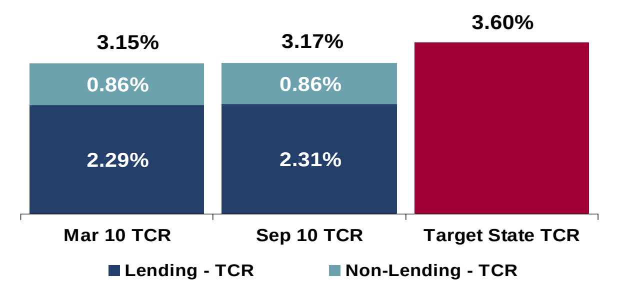
Business Lending inc Bill Acceptances Volume Growth



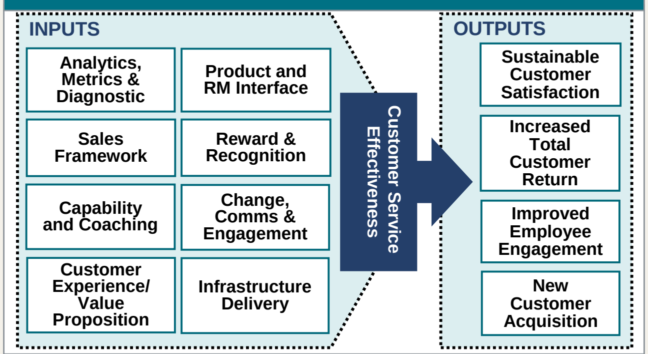
Source: APRA Monthly Banking Statistics Sep 2008 - Aug 2010. Lending represents loans & advances to non-financial corporations plus bill acceptances of customers.

* Represents APRA data adjusted historically to include Business Markets Flexible Rate Loans

Enterprise cross-sell focus – Total Customer Returns[2]



CIS work streams: a multidimensional approach

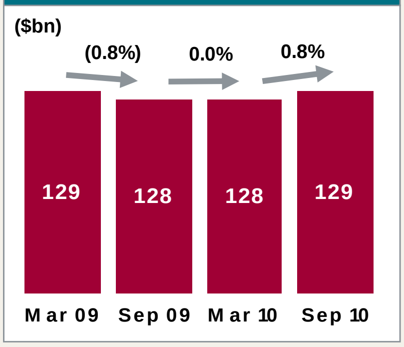


(1) Updated to reflect transfers of customers between business units

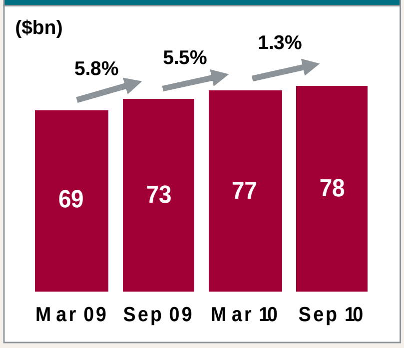
(2) Total enterprise revenue/lending assets

Business Banking

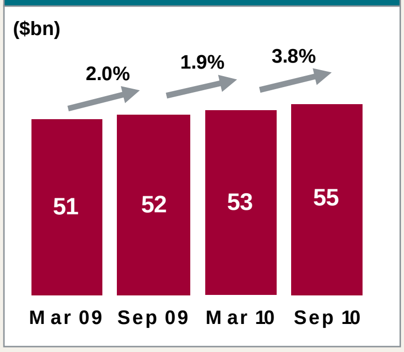
Business lending



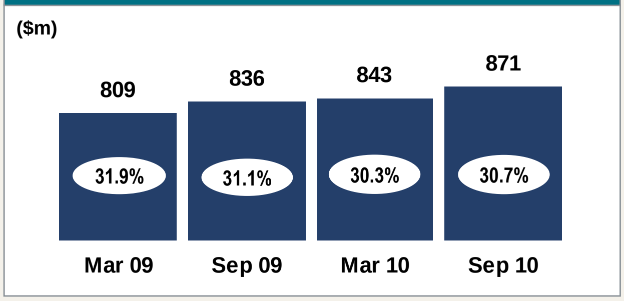
Customer deposits



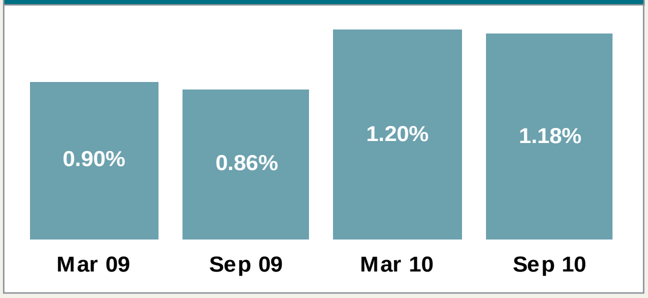
Housing lending



Costs



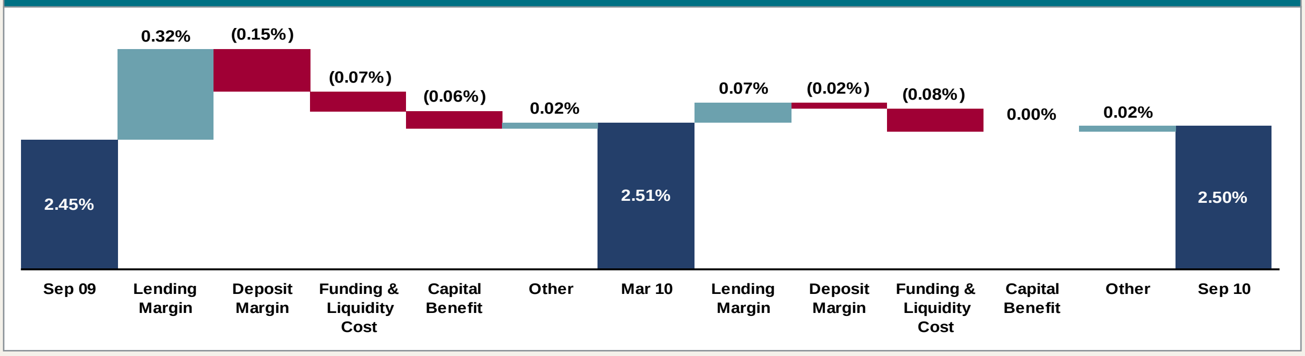
Cash earnings on average assets



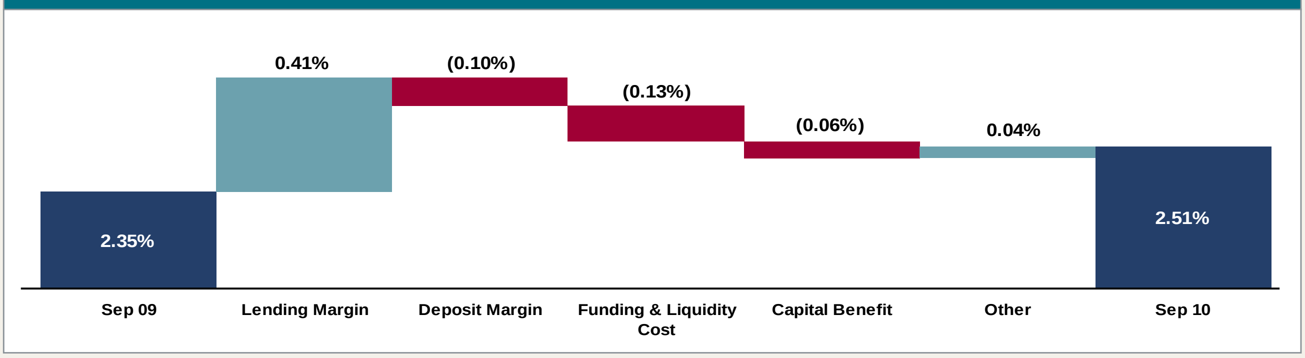
X% Cost to Income Ratio

Business Banking: Net interest margin

September 10 v March 10

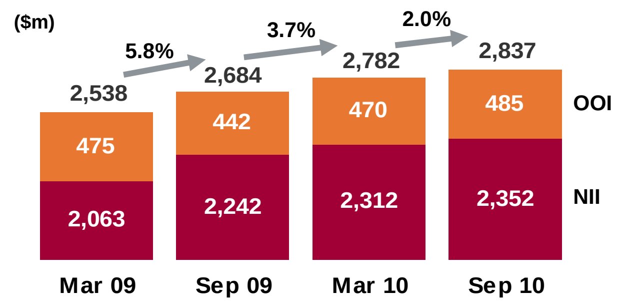


September 10 v September 09

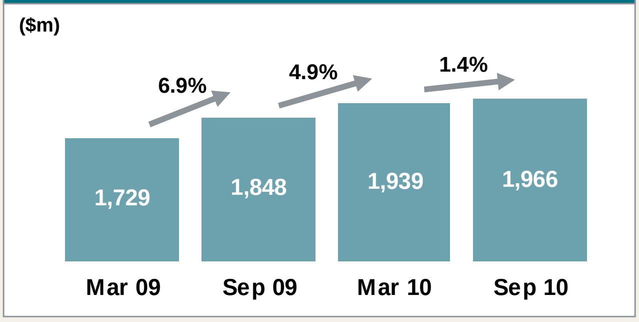


Business Banking

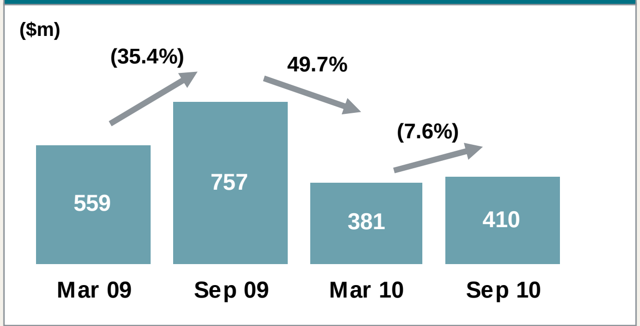
Revenue



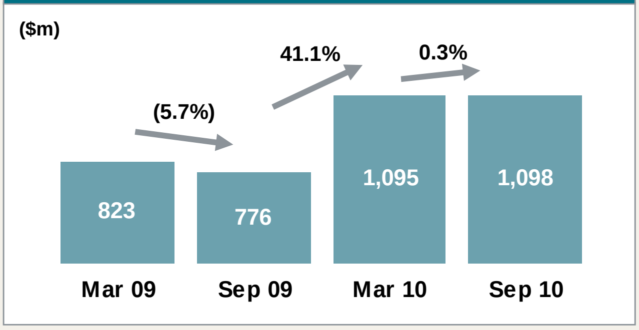
Underlying profit



B&DD charge

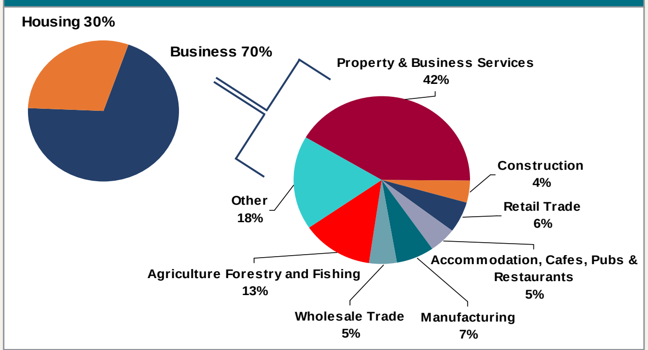


Cash earnings

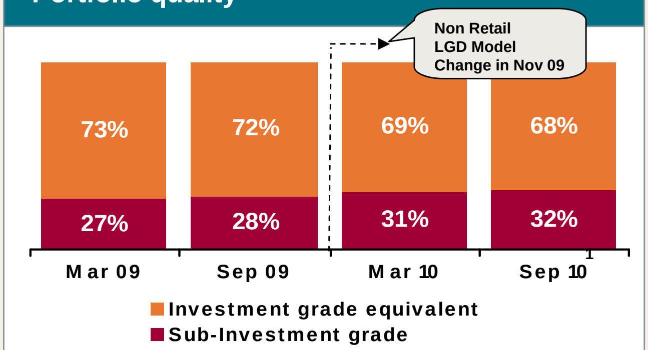


Business Banking

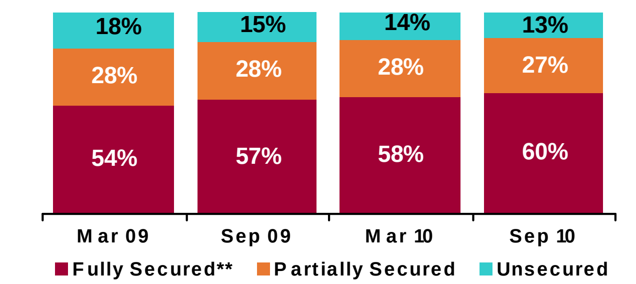
Diverse assets^



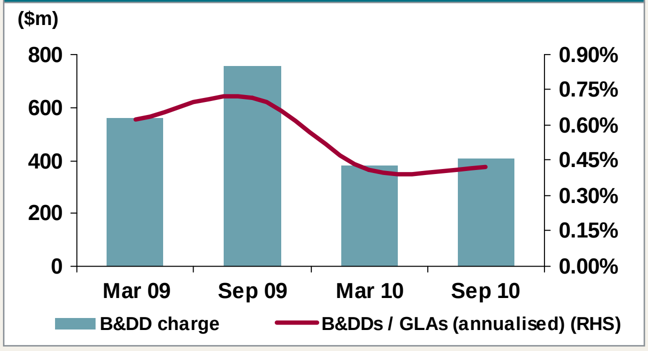
Portfolio quality*



Well secured – business products



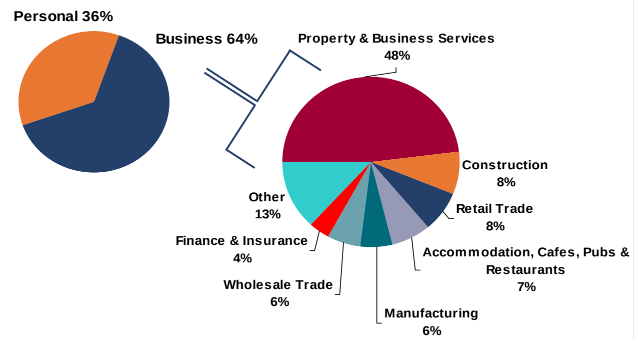
B&DD charges stabilised



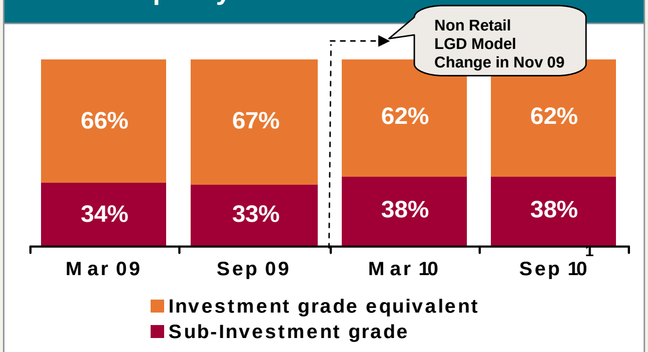
^ Based on product split
* Based upon expected loss which is the product of probability of default x exposure at default x loss given default
** Based upon security categories in internal ratings systems

Business Banking: SME Business*

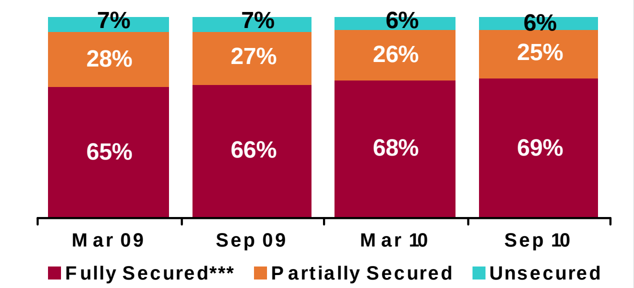
Diverse assets^



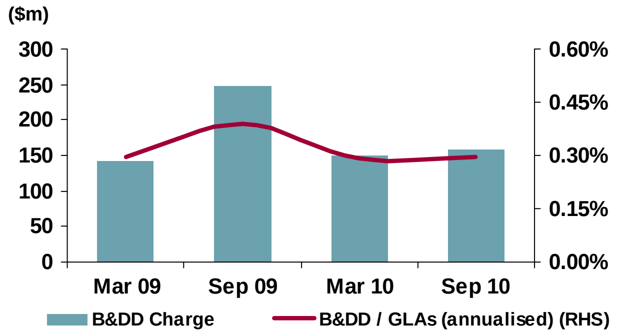
Portfolio quality**



Well secured – business products



B&DD charges stabilised



^ Based on customer split
* SME business data reflects the nabbusiness segment of Business Banking which supports business customers with lending typically up to $25m, excluding the Specialised Businesses
** Based upon expected loss which is the product of probability of default x exposure at default x loss given default
*** Based upon security categories in internal ratings systems

National Australia Bank

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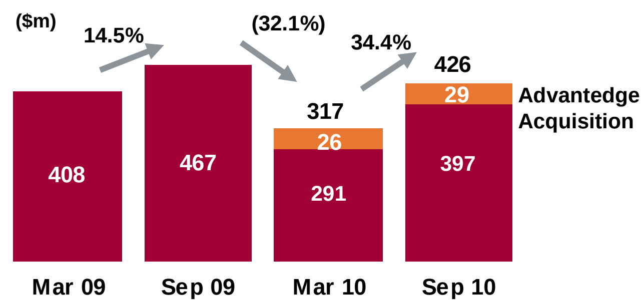
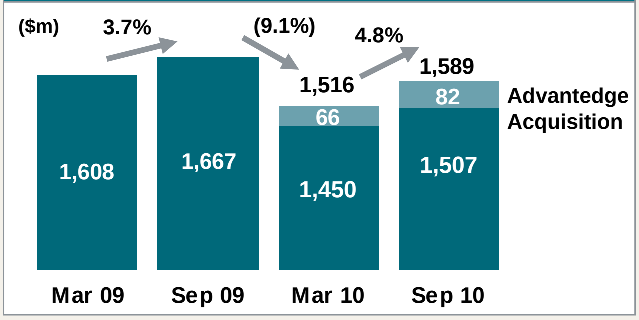
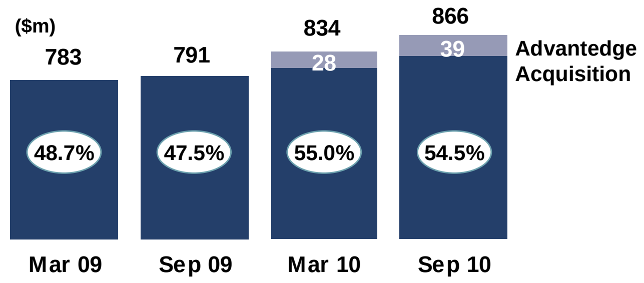
Cash earnings



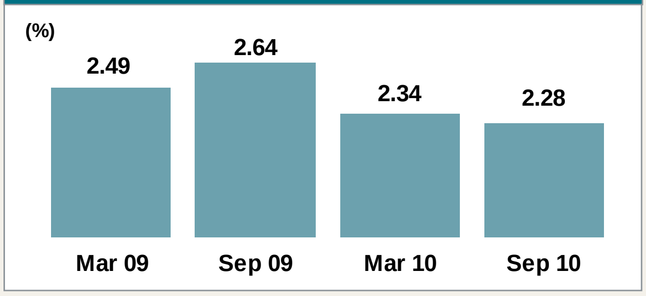
Revenue



Costs



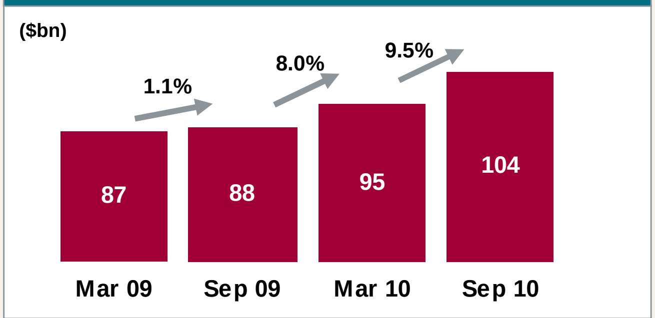
Net interest margin



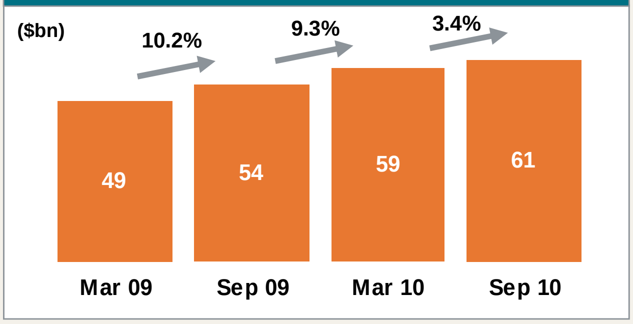
X% Cost to Income Ratio

Personal Banking

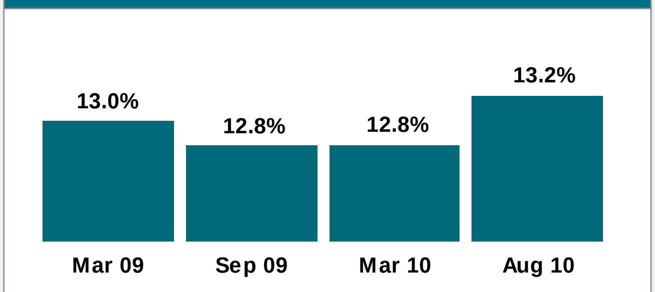
Housing loans



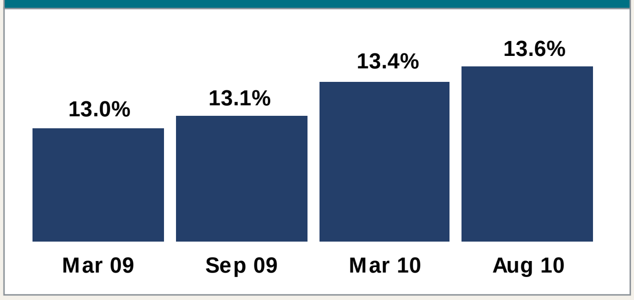
Customer deposits



Housing loan market share[1]



Household deposits market share[2]

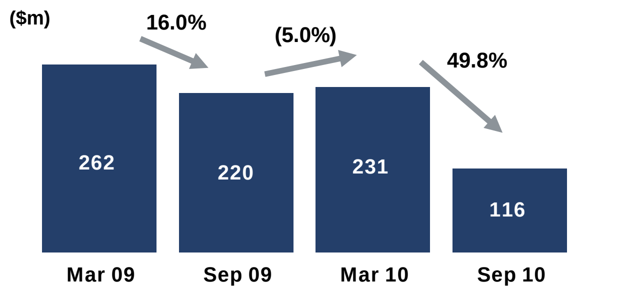


(1) RBA Financial System, NAB including Wholesale Banking as at Aug 2010, Mar 2010 restated to exclude Advantedge

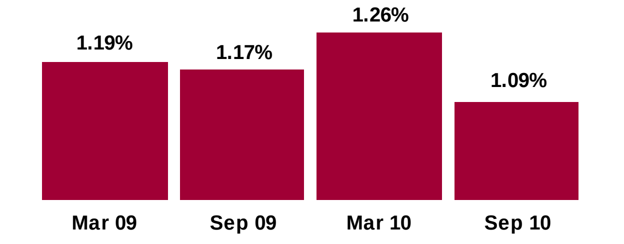
(2) APRA Banking System, NAB including Wholesale Banking as at Aug 2010

Personal Banking: Asset quality

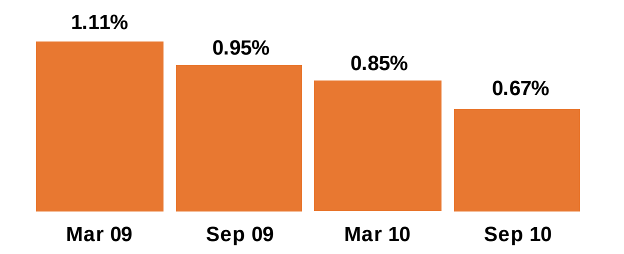
B&DD charge



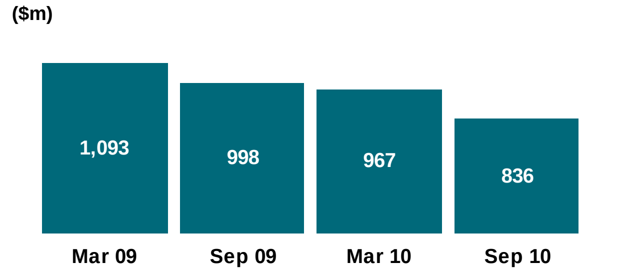
Cards & personal loans 90+ DPD



Mortgage 90+ DPD and impaired

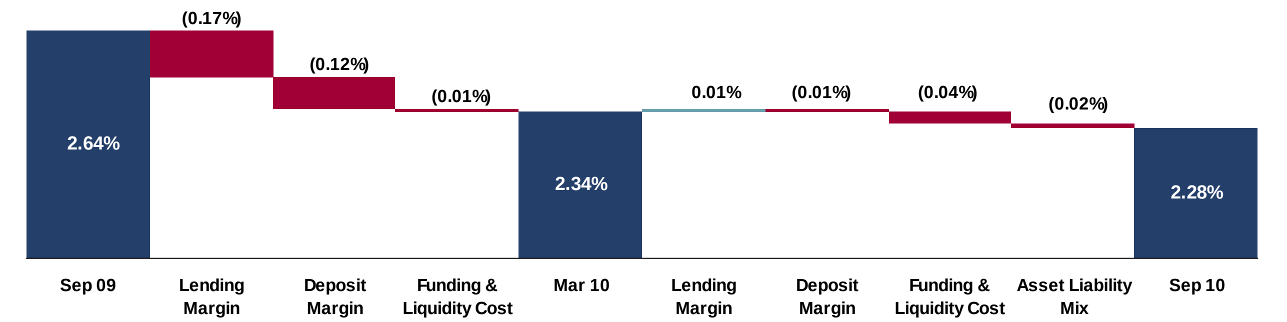


Total 90+ DPD and impaired

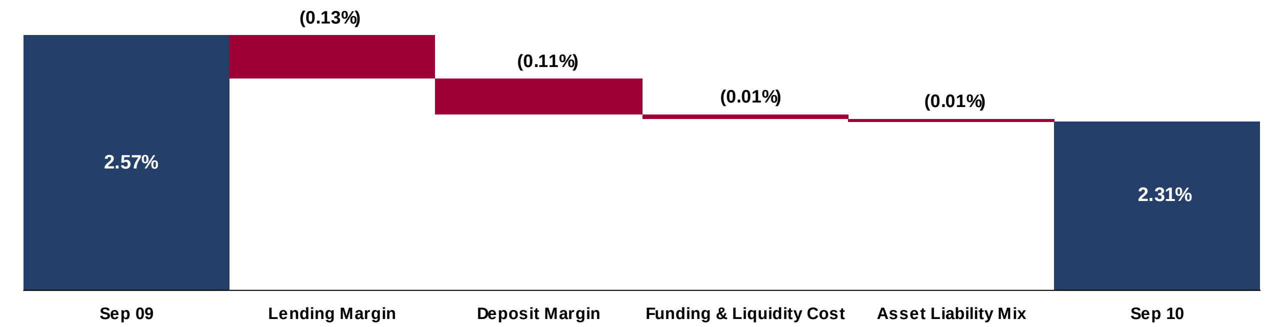


Personal Banking: Net interest margin

September 10 v March 10

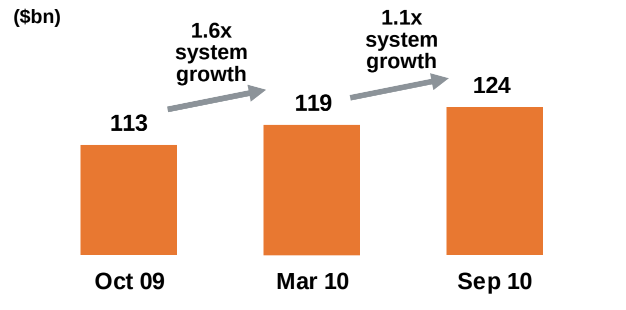


September 10 v September 09

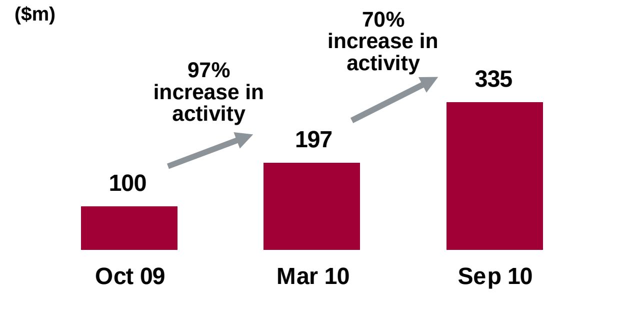


Advantedge operating performance

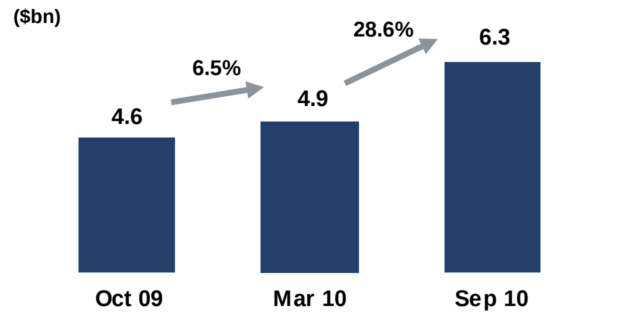
Home loans under administration - aggregator businesses



Monthly settlement volumes



Home loans under management (spot)

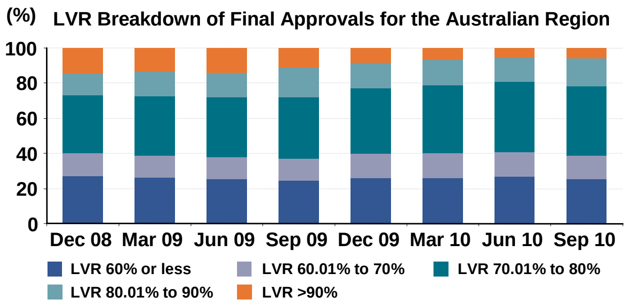


- Business made $55m cash earnings for the 11 months of ownership in FY10
- Maintained key staff and brokers
- Lending volumes continuing to increase in response to new competitively priced products

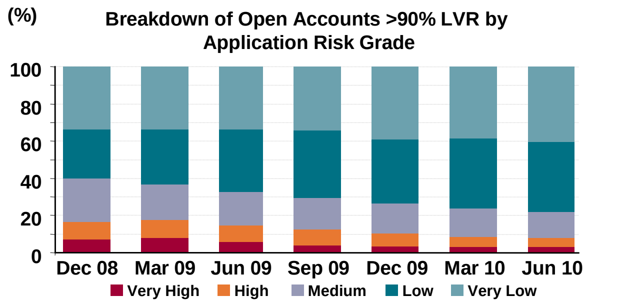
nab
National Australia Bank

Change in profile of mortgage approvals

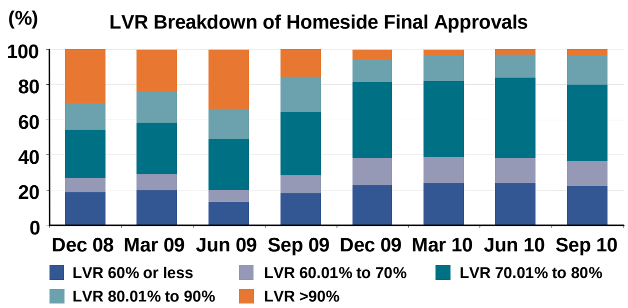
LVR distributions: all channels



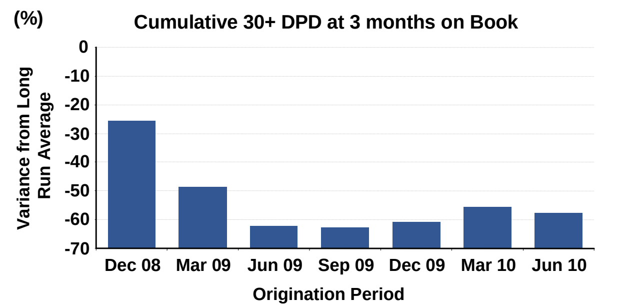
Risk grade distribution of 90+ LVR



LVR distributions: broker channel



Residential mortgage portfolio (Australian Region)



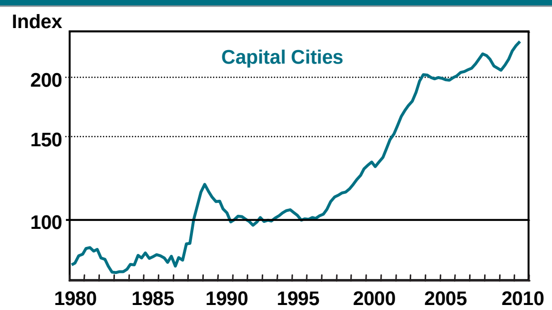
nab
Excludes Advantedge
National Australia Bank

Australian house prices have reflected lower rates, inflation and greater borrowing ability

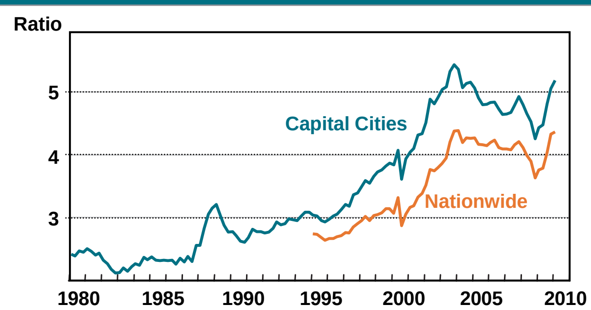
- Key dynamics of housing prices over the past 30 years have reflected
  - > Fundamental lowering of inflation which has increased borrowers ability to service mortgages
  - > A belief that housing is a good investment in the long-run and favourable tax treatment for investment housing
  - > The increased servicing ability has seen debt levels as a percentage of income move from low levels to relatively high levels by global standards
  - > However servicing ratio (debt repayments as a percent of income) still reasonable provided incomes are maintained
  - > And the stock of debt as a percentage of the value of the assets is moderate

Housing prices and debt

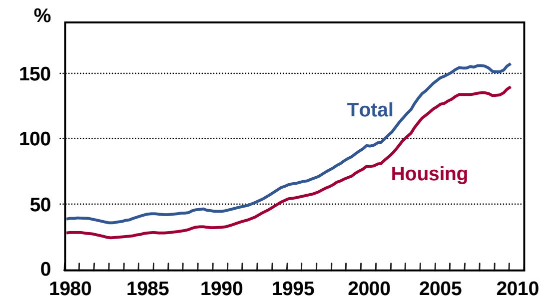
Real dwelling prices
1993 = 100, log scale



Dwelling price-to-income ratio



Household debt-to-income ratio



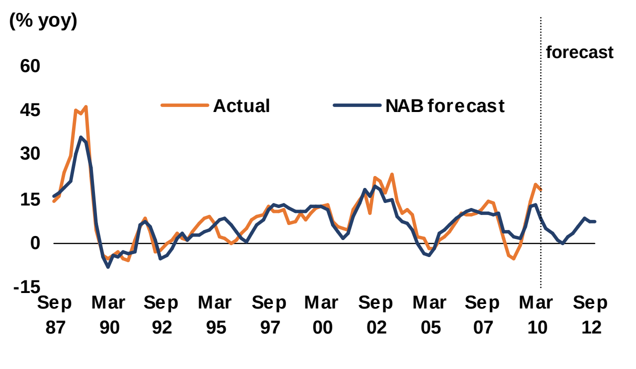
- RBA recent research has shown a flattening in some key measures of house price to incomes and servicing ability
- House price growth was most marked from mid 1990s to 2005
- House price to income below recent peaks and at globally reasonable levels
- Debt servicing burden flattening

Note: Income is disposable income after tax and before interest payments. Household sector excludes unincorporated enterprises

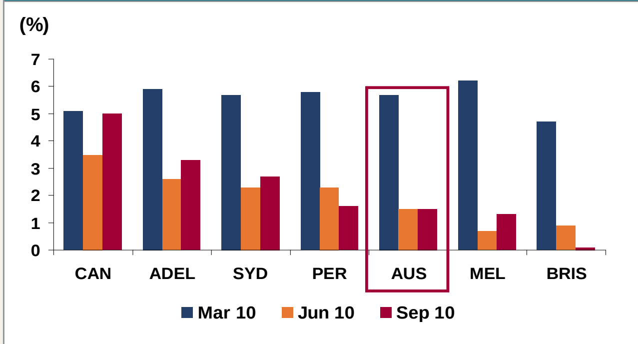
Sources: ABS, APM, RBA, REIA

Prospects for house prices

Australian house prices – 12 months



House price expectations – Next 12 months



Source: NAB Quarterly Residential Survey Q3 2010

- Key drivers
  - > Unemployment
  - > Real rates
  - > Supply/demand dynamics

- Survey suggests expectations have decreased significantly in mid 2010
- Despite survey findings, 2011 NAB house price growth expectation is 5 - 7%
- Large increases in prices and housing credit less likely

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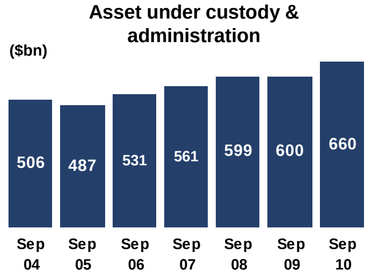
Offering products and solutions to NAB's business, personal and wealth customers

Funding solutions	Investment solutions	Client Risk Management solutions	Asset Servicing	Research
Debt capital markets, specialised finance, loan syndicates, property equity and advisory, securitisation	Short and long term investment products including capital protected products, property investments and debt-equity hybrids	Client risk management solutions for exposure to fluctuations in interest rates, currencies and commodity prices	Custodian for superfunds, investment managers, government entities and global banks	Providing quality research and insights into Banking / Finance markets

Securities custody business

- Delivering synergies with the Group's Wealth and Financial Institutions Group franchises to maximise opportunities from global wealth pools
- Well placed to benefit from proposed changes to superannuation contribution (Cooper report)
- BNY Mellon discussions ongoing to enhance the range of products and services available to clients



Leading debt capital solutions

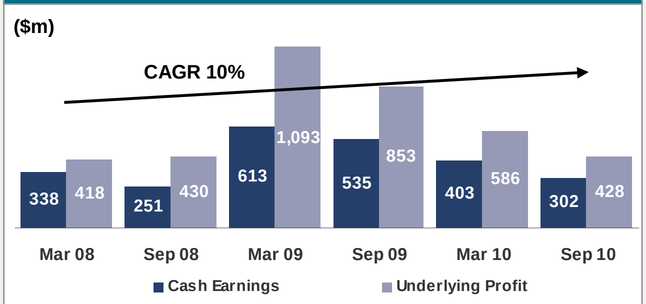
NAVY	southernway	me Bank	Telstra	Origin energy	PRIMARY HEALTH CARE LIMITED
Royal Australian Navy (RAN); A$200m; Sole Arranger Structured Asset Finance facilities to fund naval fleet maintenance vessels; September 2010	Peninsula Link; A$765m; Project Finance Facilities; Mandated Lead Arranger; January 2010	Mandate 1st multi-currency Australian issue since GFC; A$1.2bn; US$ & A$ prime residential mortgage-backed securities; July 2010	A$150m; 10 year MTN private placement; NAB Arranger; June 2010	A$2.3bn & US$200m; Syndicated Loan Facility; Mandated Lead Arranger, Bookrunner & Agent; April 2010	Mandate 1st retail bond in Australian DCM to utilise ASIC prospect relief; A$150m; A$ retail bond - Primary Bond Series A; September 2010

- Top-ranked book runner of Australian securitisation deals, managing A$2.3bn over 10 deals[1]
- NAB is the only Australian bank to place in the top 10 cross border US Private Placements league table over a period of 4 years[2]
- #2 on Dealogic's[3] mandated lead arranger league table for Australasian project finance deals, leading US$1.0bn over 13 transactions (10.3% of the market)

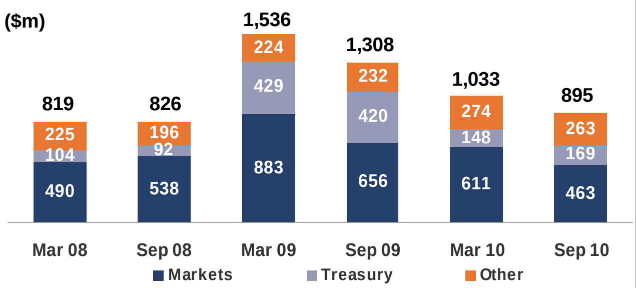
Source: [1] Insto: 1 January - 31 December 2009; [2] Thomson Reuters 30 June 2010; [3] Dealogic Global Project Finance Review – First Nine Months 2010

Wholesale Banking

Cash earnings and underlying profit

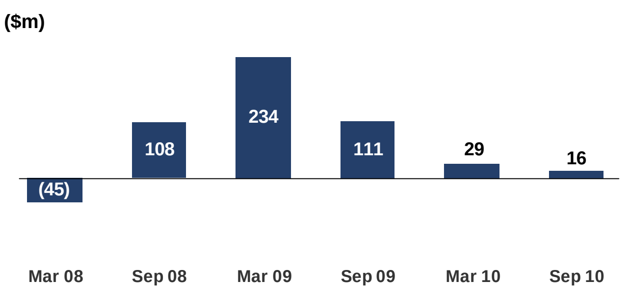


Revenue by line of business



Other comprises of Asset Servicing, Specialised Finance and Financial Institutions

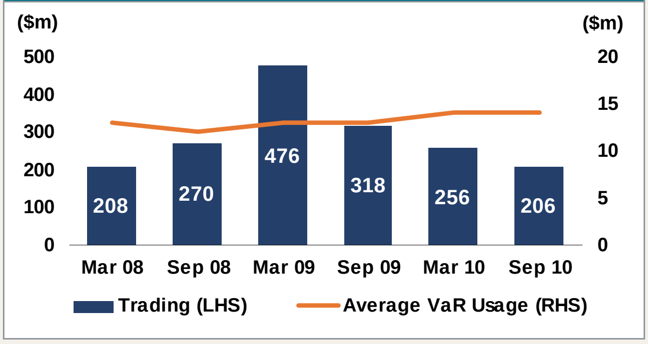
B&DD charge



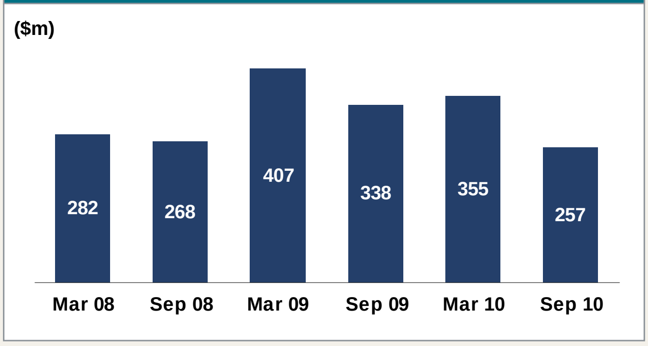
- Cash earnings 10% CAGR on September 2008 levels
- Revenue normalised following standout 2009 year
- Improved credit quality with lower B&DD charge

Wholesale Banking: Global Markets

Trading income



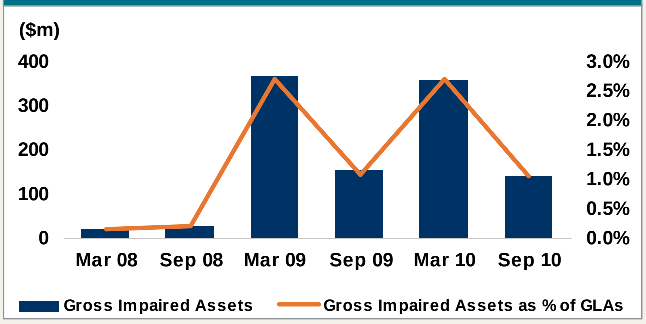
Sales income



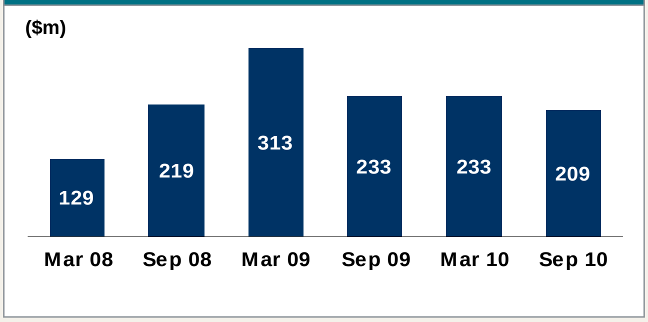
- Global Markets result was against the backdrop of a more challenging market environment
- Revenue was lower in 2010 following the stand out 2009 year
- The markets were characterised by reduced volatility, narrowing margins, increased competition and steeper yield curves
- Some locations encountered subdued demand for interest rate risk management products
- The result includes growth and favourable outcomes for the Credit Trading and Debt Markets businesses following a rebound in demand for debt products

Wholesale Banking: Asset quality

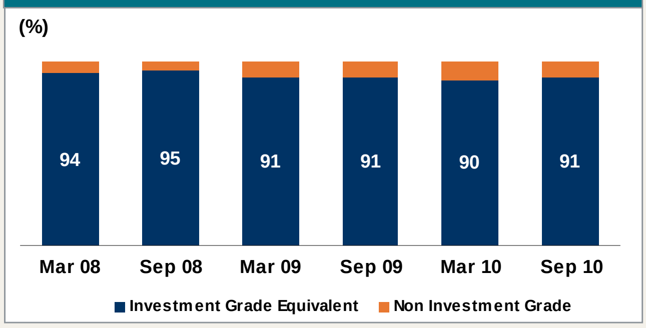
Impaired assets ratio impacted by one large default at March 2010 – two at March 2009



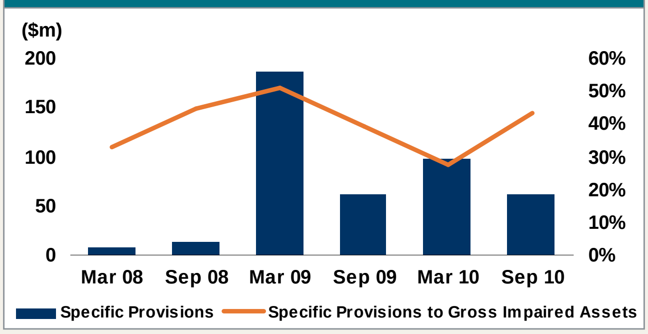
Collective provisions



Portfolio asset quality



Specific provisions to gross impaired assets



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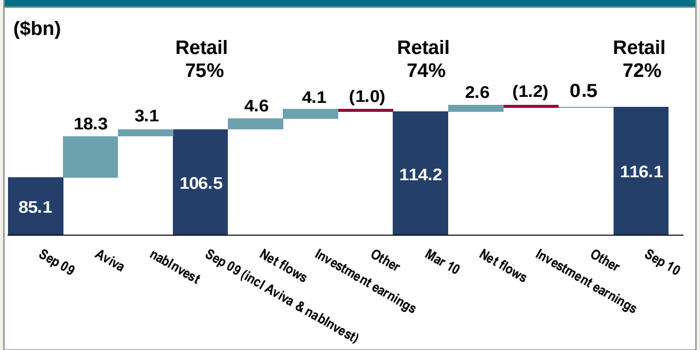
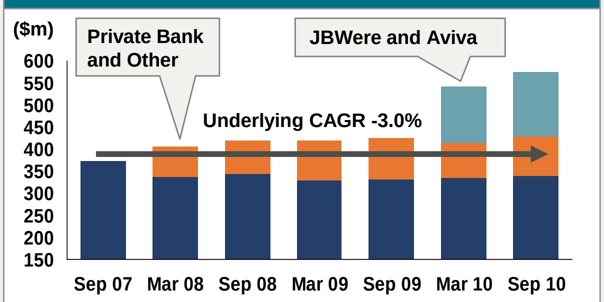
nab | MLC | Clydesdale Bank | Yorkshire Bank | Bank of New Zealand | Great Western Bank

MLC & NAB Wealth

Movement in FUM

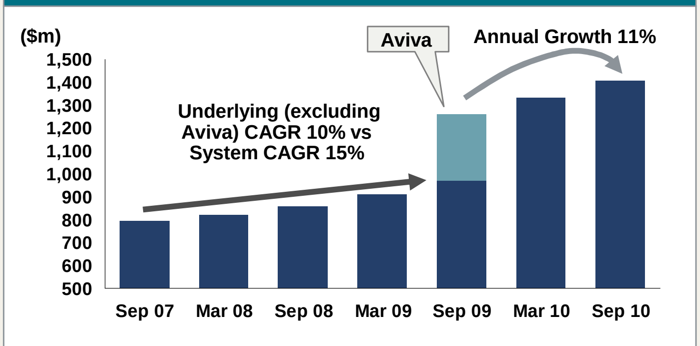


Expenses

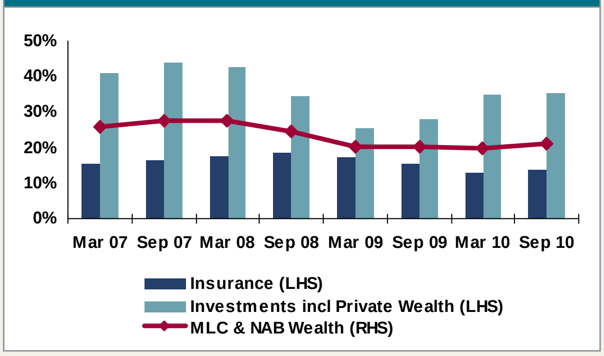


- Declining trend in underlying expenses the result of strong cost control and synergies derived from the integration of Aviva

Premiums in force



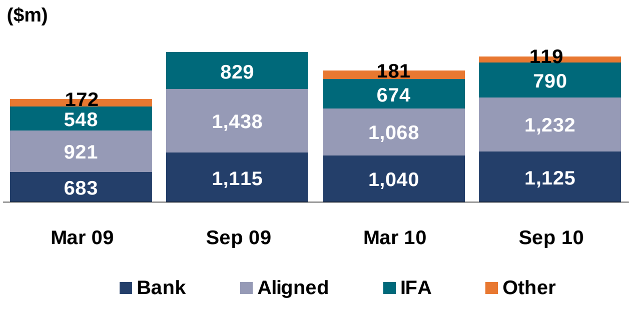
Return on Regulatory Capital* (RORC)



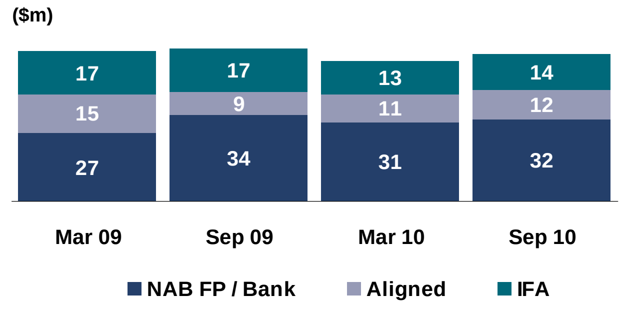
* Including IoRE

Channel and adviser growth

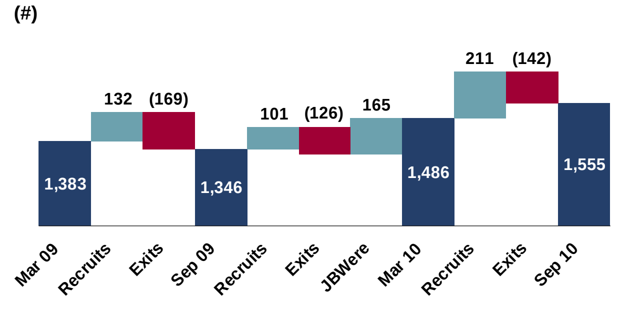
Investment sales by channel



Insurance sales by channel



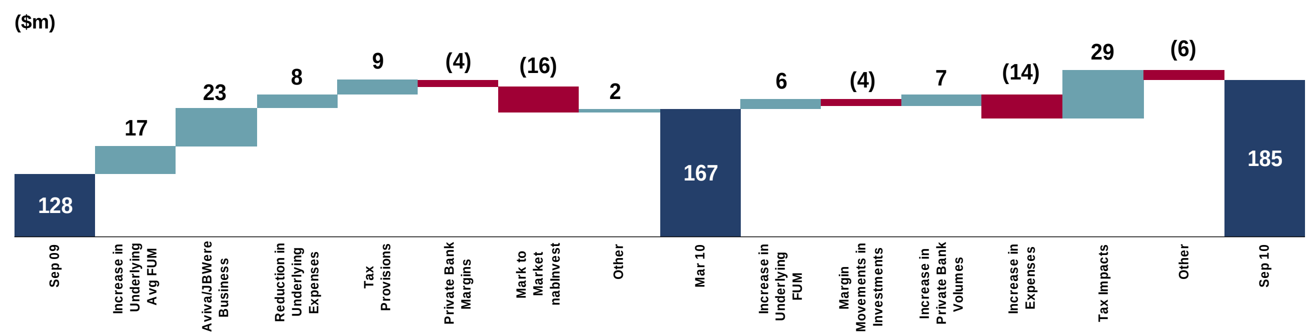
Wealth adviser movement analysis



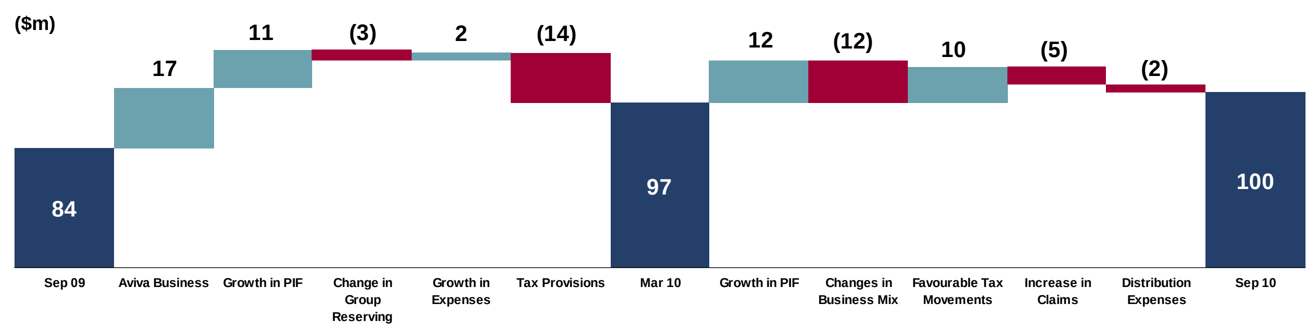
- Proportion of sales from the bank channel is growing year on year
- Significant interest from advisers in joining MLC
- Adviser numbers up 69 in the half

MLC & NAB Wealth

Investments cash earnings



Insurance cash earnings



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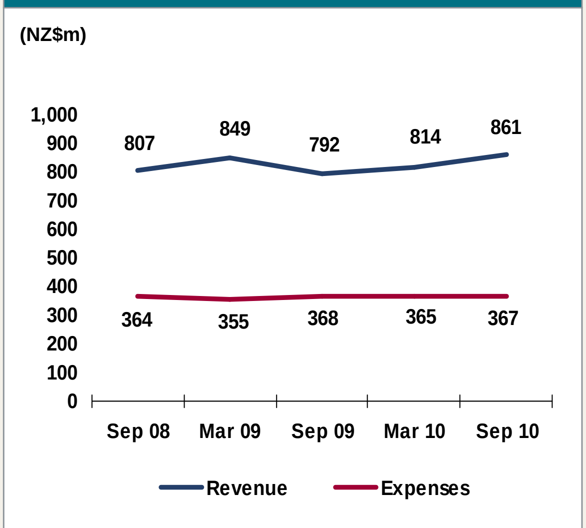
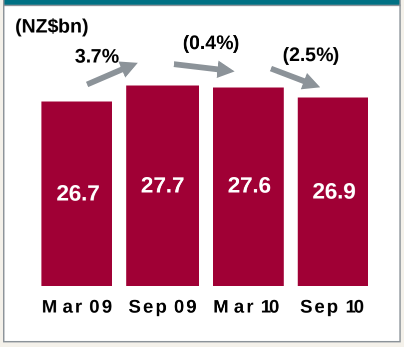
NZ Banking: Revenue v Expense growth



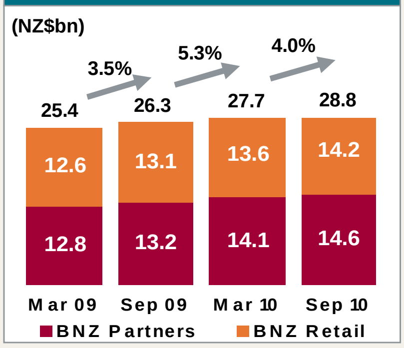
- Cash earnings up 5.5% v Mar 10 result
- Cash earnings up 1.4% over prior year driven by growth in variable rate mortgage products and repricing, offset by the impact of a weak business credit environment, pressure on deposit margins and removal of fees as part of the Fair Value initiative
- Adapting to a continued slow NZ economic recovery and an evolving regulatory environment
  - Focus on diversifying funding and lengthening of the funding profile
  - Successful portfolio approach to margin management as asset repricing initiatives are helping to offset pressure from higher funding/deposit costs
  - Successfully growing retail deposits to improve customer funding ratios
  - Flat costs maintained while reinvesting in the business
  - B&DDs in line with prior year
- Strategic agenda
  - Long term strategic agenda focused on maintaining a strong balance sheet, driving cost efficiencies, leveraging investment in our Partners and Retail stores and enhancing the customer experience
  - Further enhancement of the BNZ Partners business model with the integration of Corporate Banking and the opening of new Partners centres across the country
  - The transformation of the Retail store network continues, offering customers an experience more akin to retail shopping, with the store network upgrade progressing well
  - Continued focus on building people capability, the culture of continuous improvement and further enhancing the customer experience

New Zealand Banking

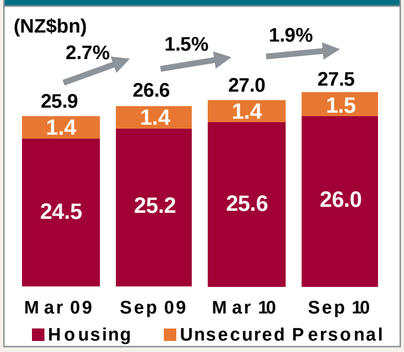
Business lending



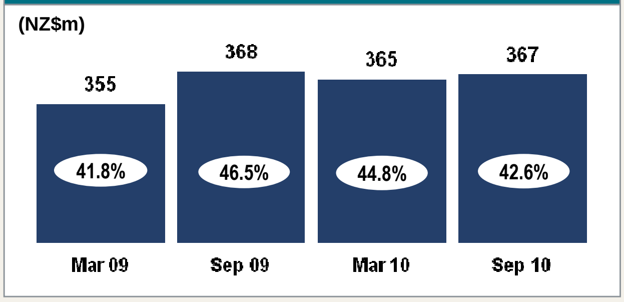
Retail deposits



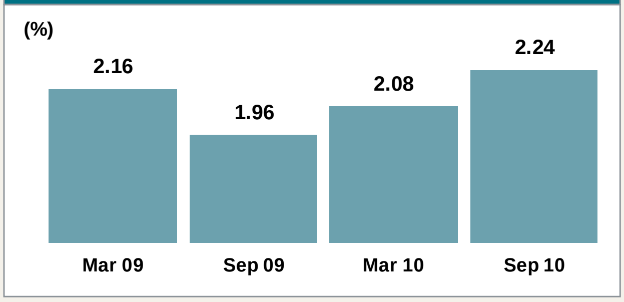
Retail lending



Costs



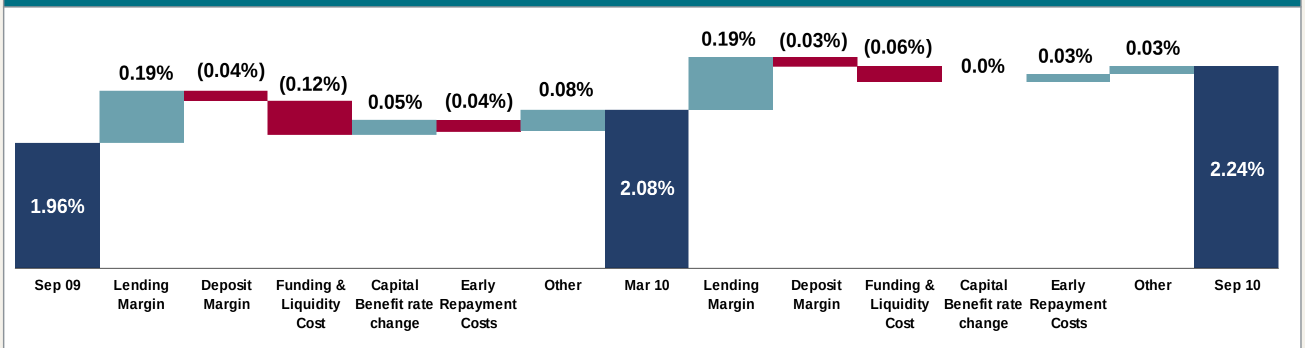
Net interest margin



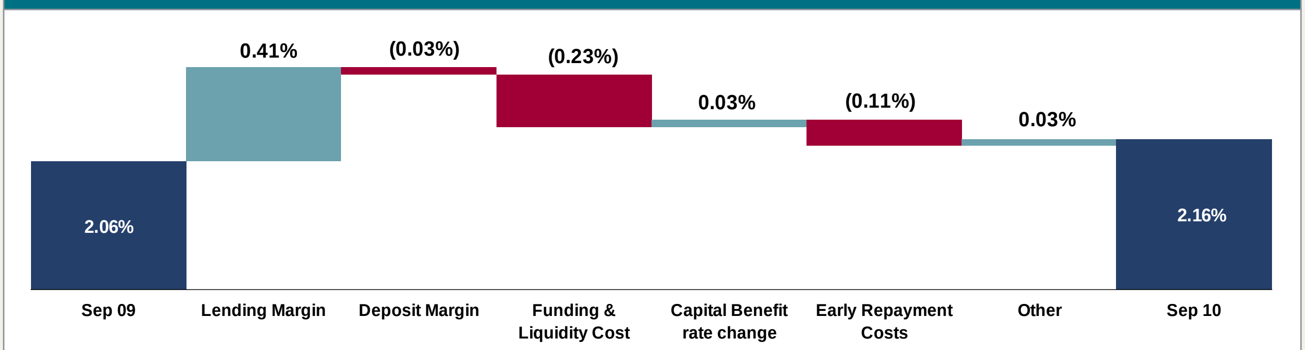
X% Cost to Income Ratio

New Zealand Banking: Net interest margin

September 10 v March 10

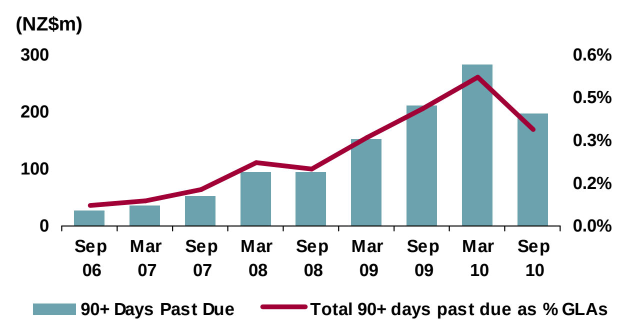


September 10 v September 09



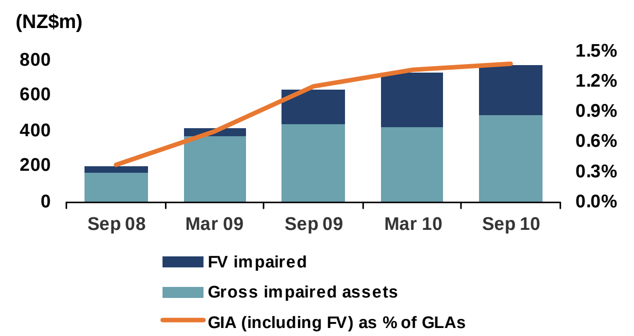
New Zealand Banking: Asset quality

Total 90+ days past due as % GLAs

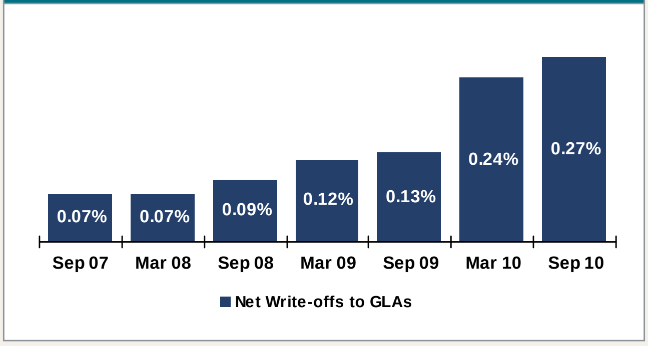


- 90+ DPD have reduced in line with the credit cycle
- The rate of growth in impaired assets levels, while still increasing, has tapered further from the two prior halves
- Exposures in the commercial property, business lending and agriculture sectors are the main industry hotspots
- Net write-offs remain similar to prior half but still remain relatively low due to the strength of the Bank's frontline business credit analysis and credit risk management function
- BNZ's strong risk management framework and responsible approach to lending has ensured that it has remained well placed in the fragile economic environment

Gross impaired assets as % GLAs



Net write-offs



Bank of New Zealand

National Australia Bank

National Australia Bank

Additional Information

Business Banking

Personal Banking

Wholesale Banking

MLC & NAB Wealth

NZ Banking

UK Banking

Specialised Group Assets

Asset Quality

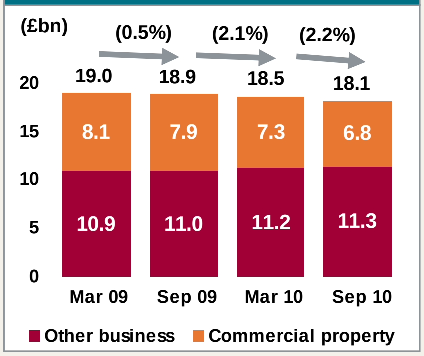
Capital and Funding

Economic Outlook

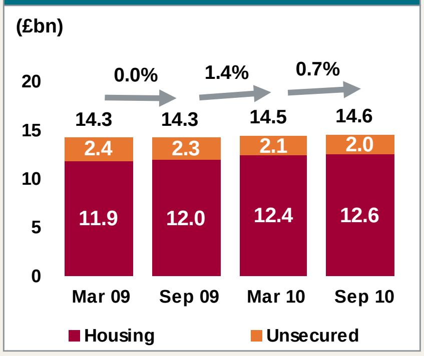
nab MLC Clydesdale Bank Yorkshire Bank Bank of New Zealand Great Western Bank

UK Banking

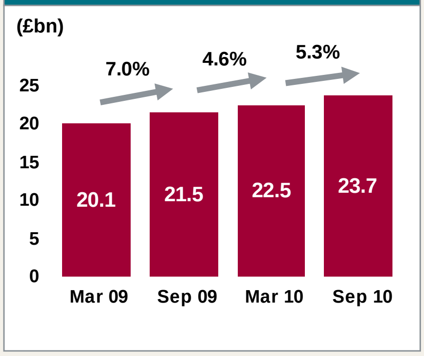
Business lending



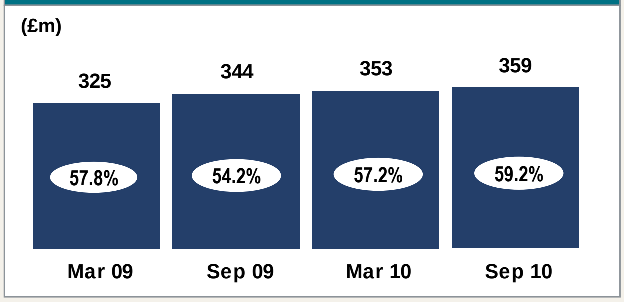
Personal lending



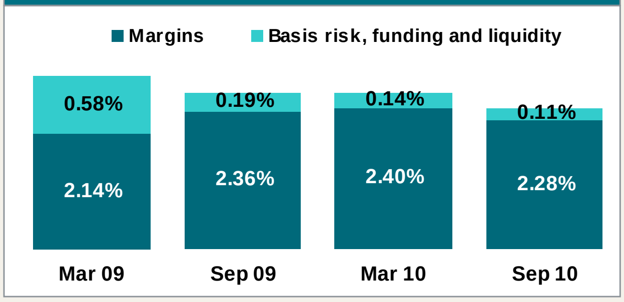
Retail deposits



Costs



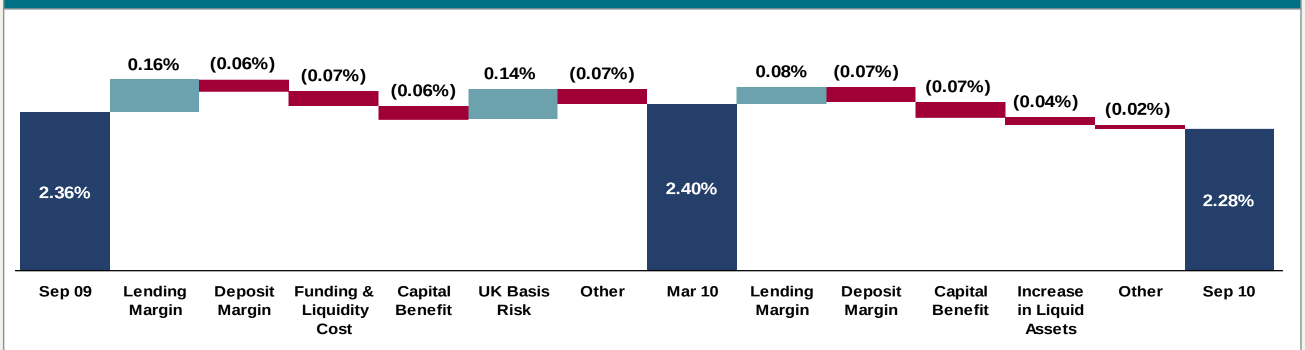
Net interest margin



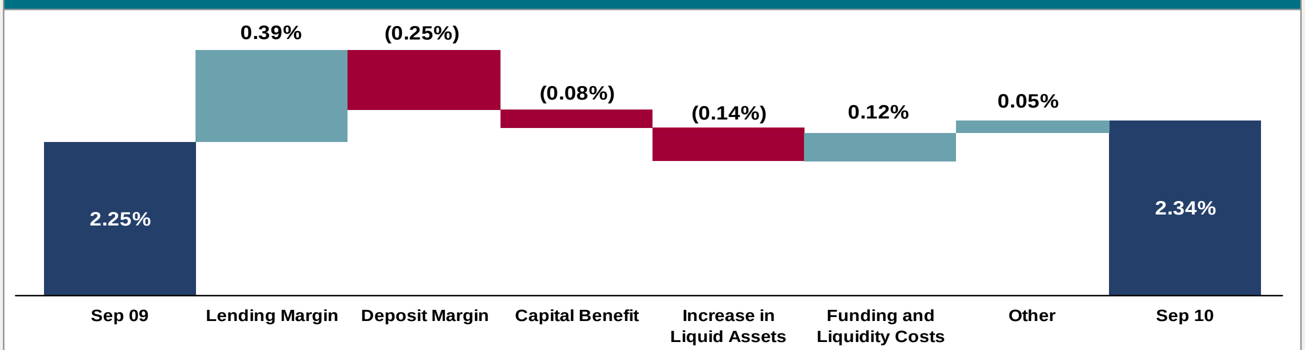
X% Cost to Income Ratio

UK Banking: Net interest margin

September 10 v March 10

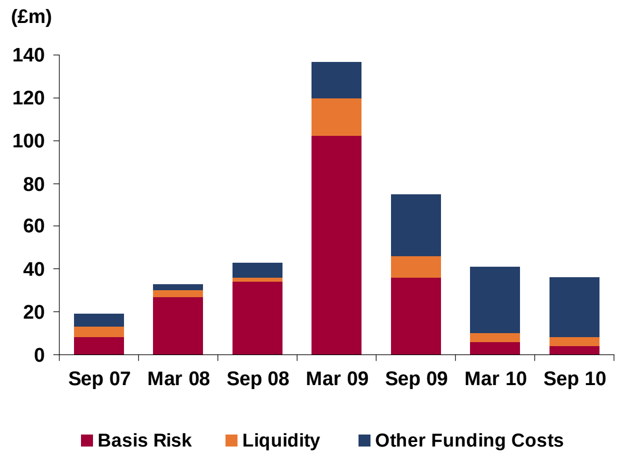


September 10 v September 09

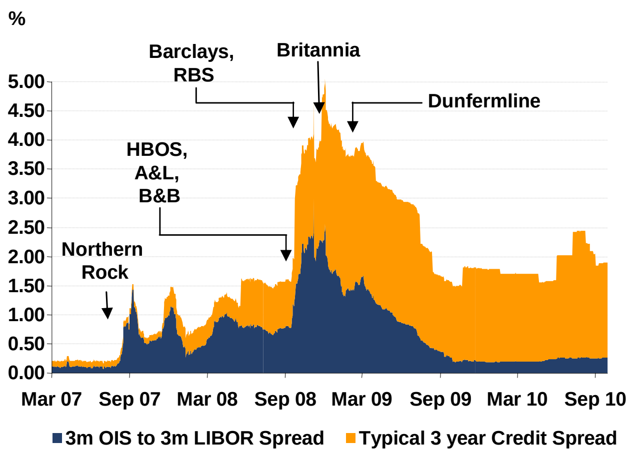


Basis risk, liquidity and funding costs impacts

Funding and liquidity cost trend



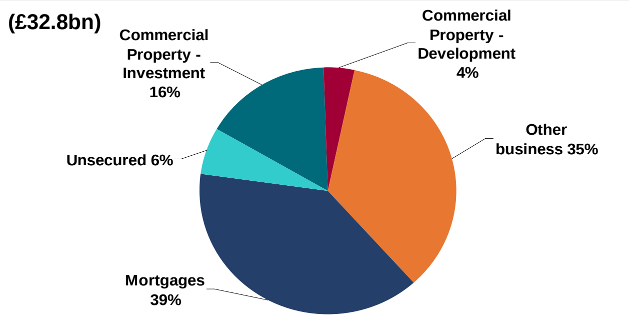
Spreads



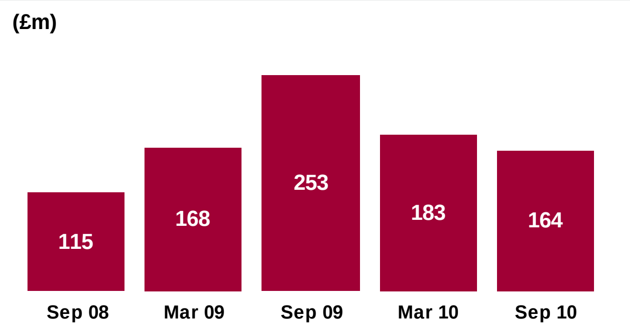
- The cost of Basis Risk has reduced to pre-crisis levels
- The crisis period has resulted in credit spreads being significantly higher which is driving increased funding costs. These costs now form the highest proportion of the Funding and Liquidity cost

UK Banking: Asset quality

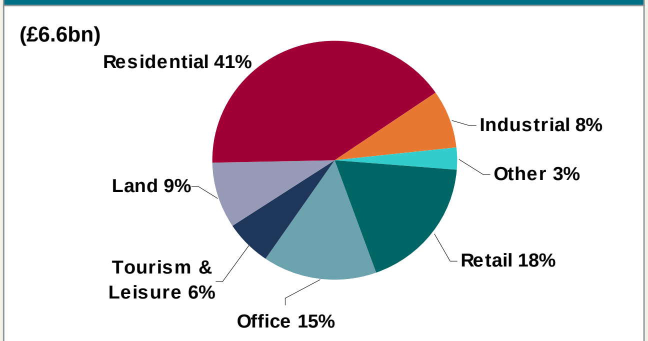
GLAs by product



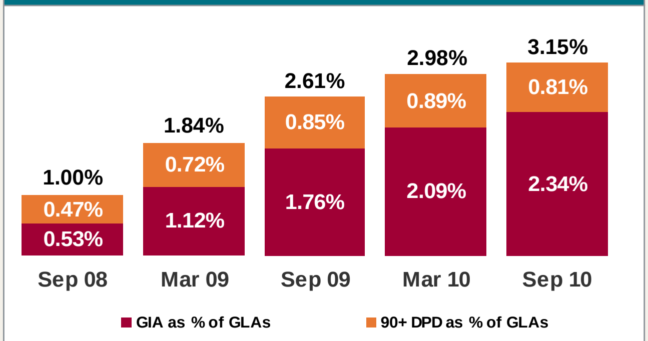
B&DD charge



Commercial property

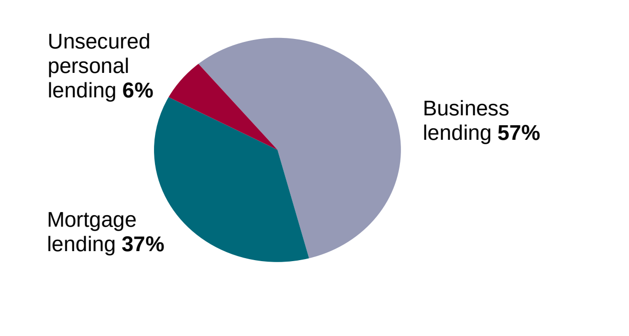


Gross impaired assets and 90+ DPD to GLAs

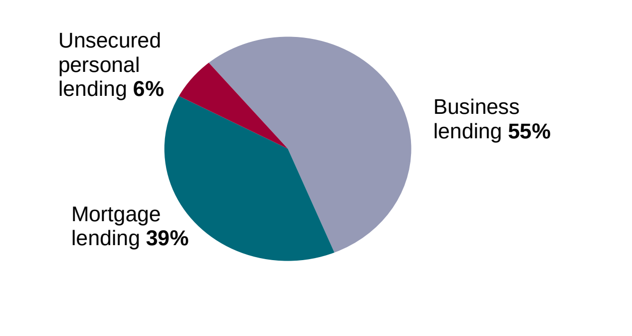


Gross loans and acceptances

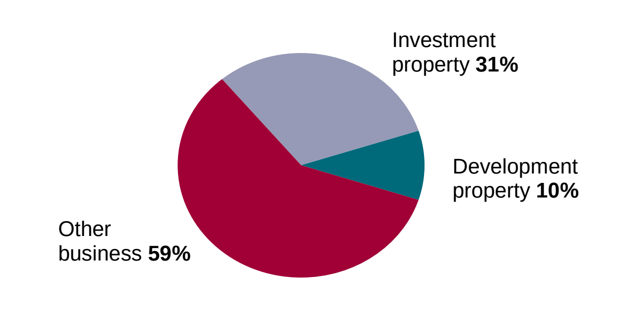
GLAs as at September 09



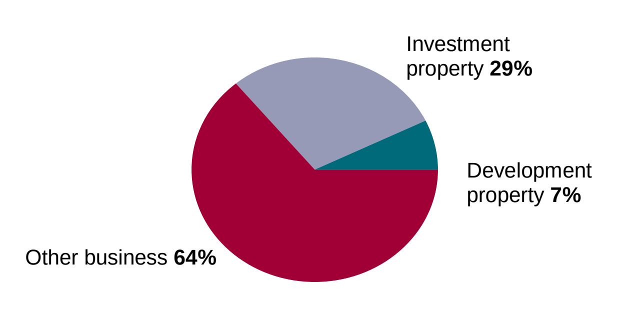
GLAs as at September 10



Business lending as at September 09

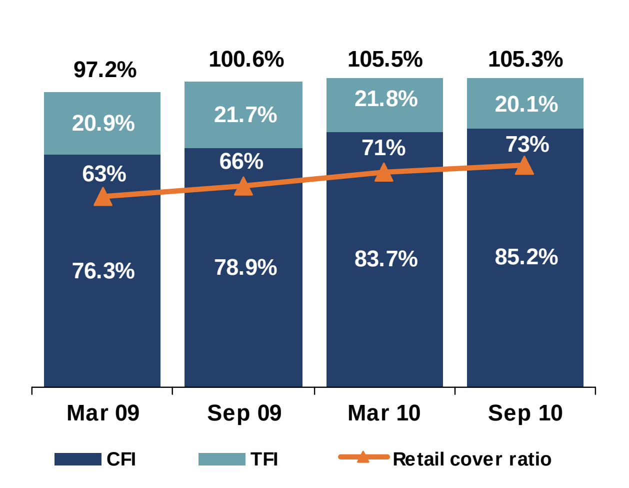


Business lending as at September 10

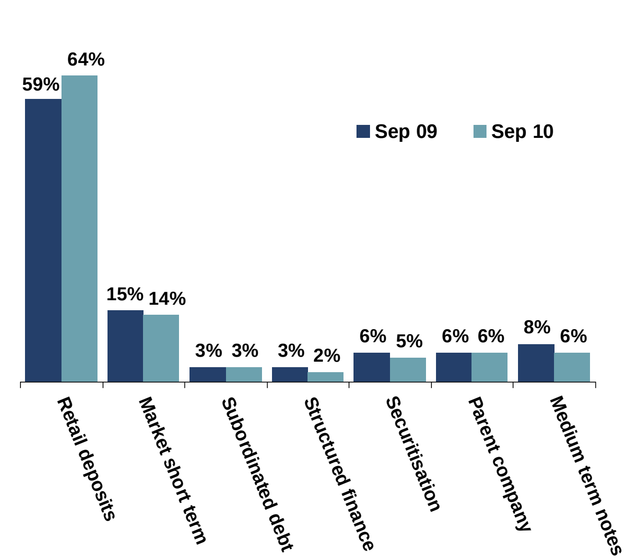


Funding mix

Stable funding index



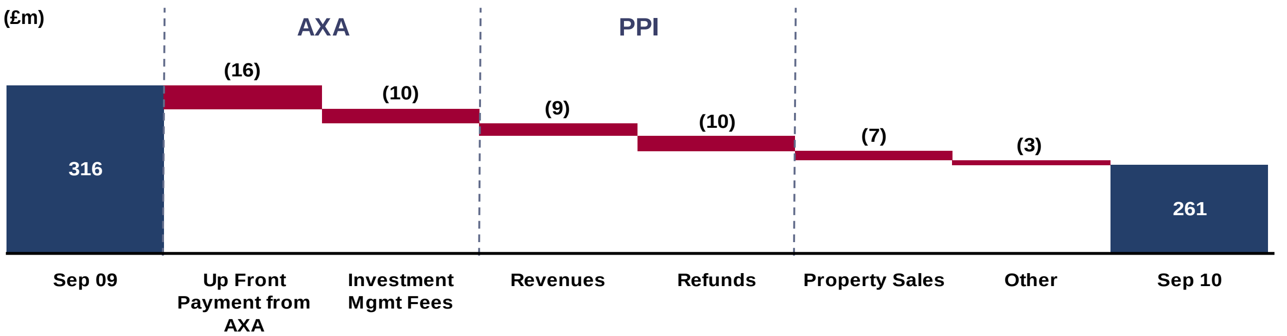
Funding mix



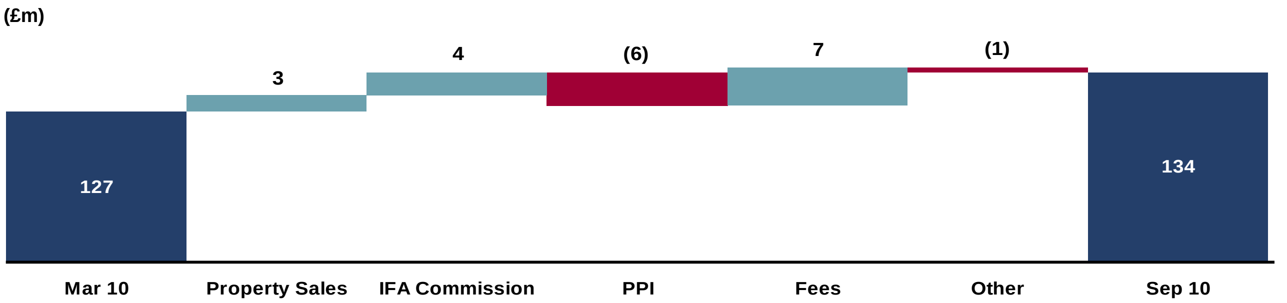
Note: Stable funding index and funding mix charts based on spot balances

UK Banking: Other operating income

September 10 v September 09

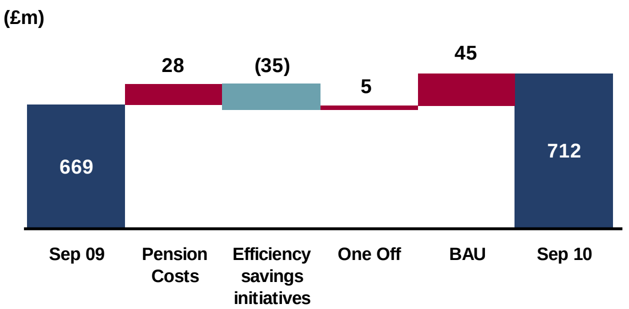


September 10 v March 10

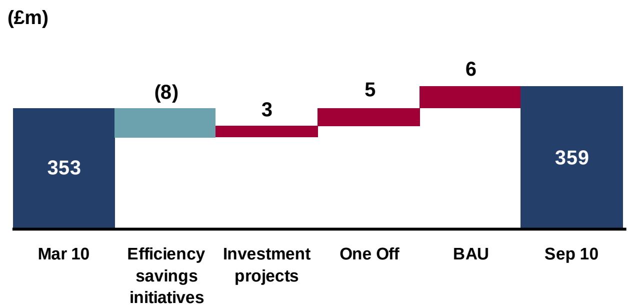


UK Banking: Operating expenses

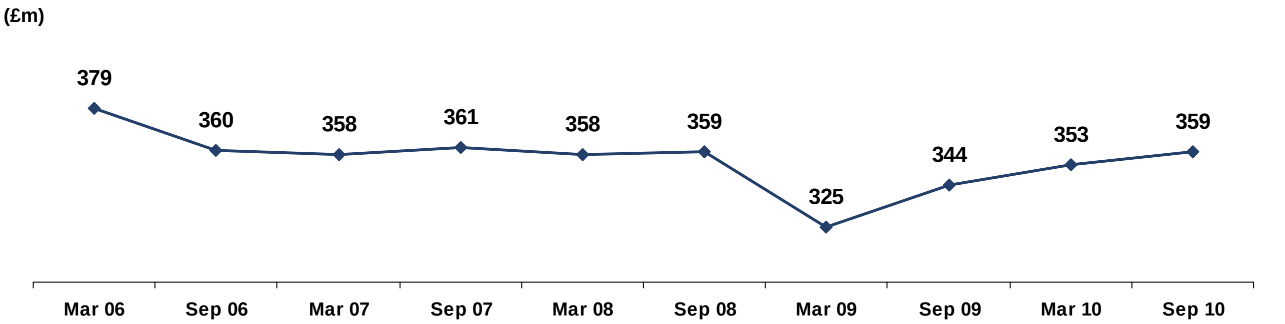
September 10 v September 09



September 10 v March 10

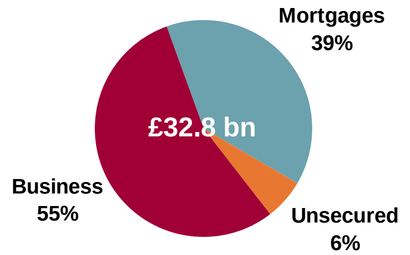


Operating expenses

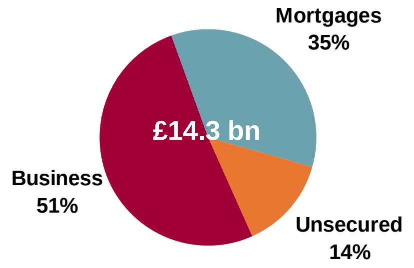


UK portfolio composition

2010 Total portfolio composition



2004 Total portfolio composition

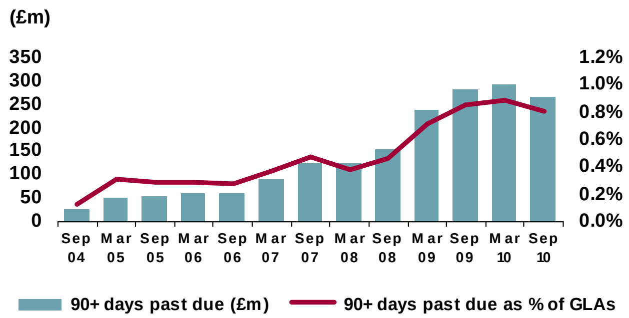


Gross Loans & Acceptances
£32.8bn
100%

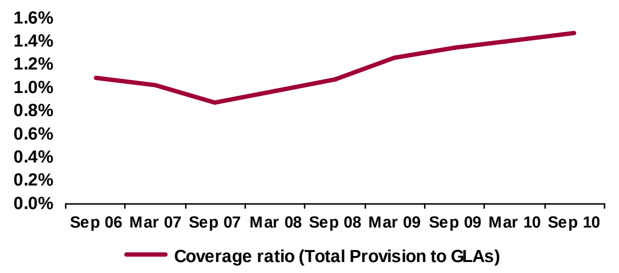
- **Business Lending** £18.0bn 55%
  - Commercial Prop £6.6bn 36%
    - Investment £5.3bn 80%
    - Development £1.3bn 20%
  - Non Property £11.4bn 64%
- **Mortgages** £12.8bn 39%
  - Residential £10.1bn 79%
  - IHL £2.7bn 21%
- **Unsecured** £2.0bn 6%
  - PL £0.9bn 46%
  - Cards £0.5bn 27%
  - Other (mainly Overdrafts) £0.6bn 27%

UK Banking: Asset quality

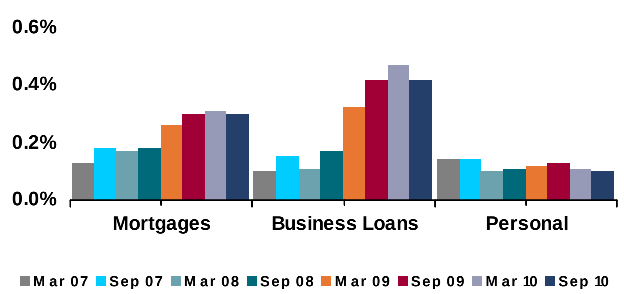
Total 90+ days past due as % GLAs



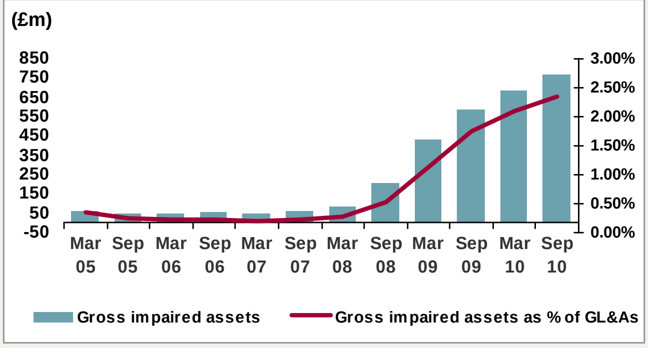
Coverage ratio



90+ days past due as a % of GLAs by product



Gross impaired assets



Additional Information

Business Banking

Personal Banking

Wholesale Banking

MLC & NAB Wealth

NZ Banking

UK Banking

Specialised Group Assets

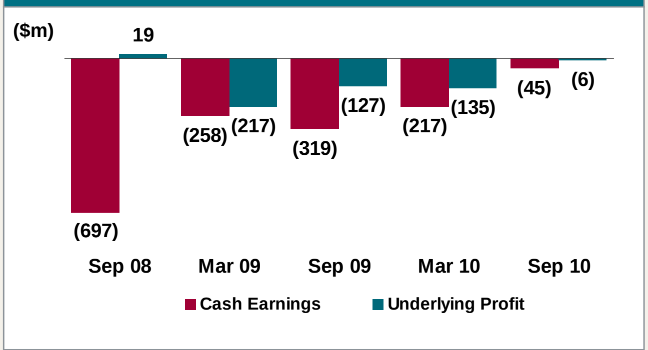
Asset Quality

Capital and Funding

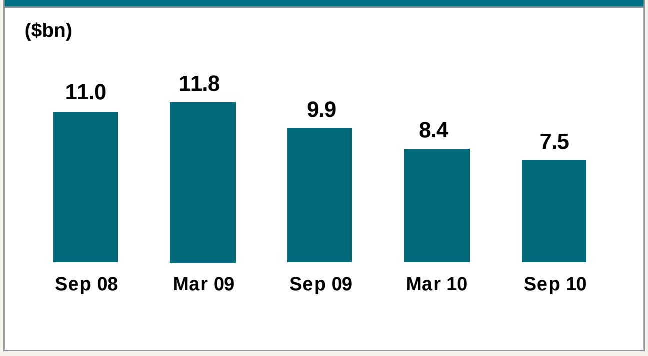
Economic Outlook

Specialised Group Assets

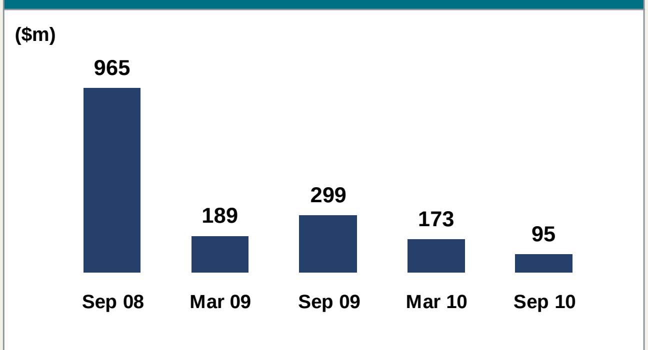
Cash earnings and underlying profit



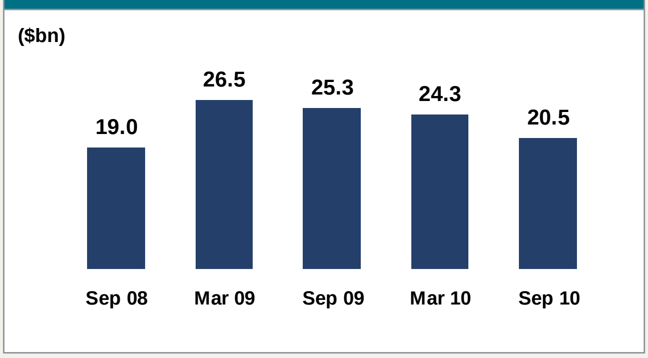
Gross loans & acceptances



B&DD charge

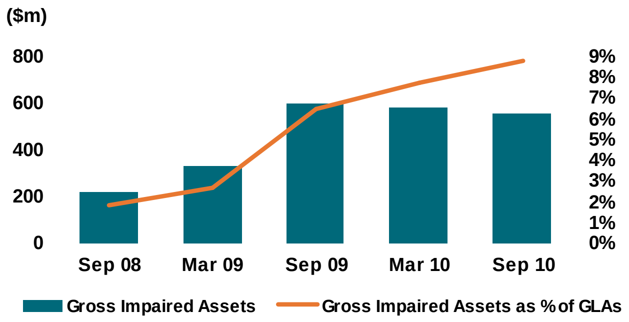


RWAs



Specialised Group Assets: Rate of portfolio degradation stabilising

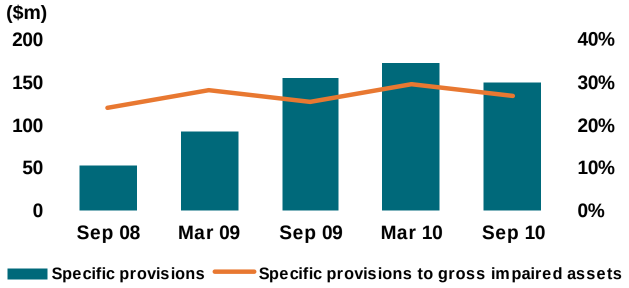
Gross impaired assets as % of GLAs



Internal and external rating trends of SCDOs

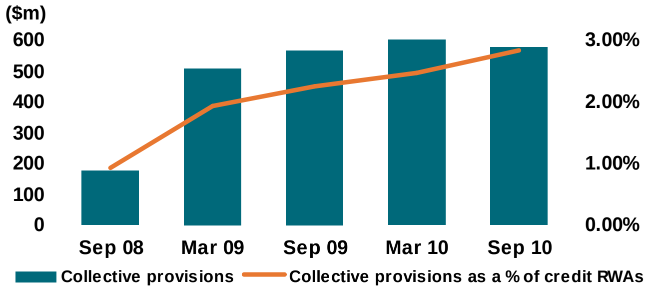
- NAB internal ratings have been relatively stable and have begun to improve in recent months
- External ratings dropped sharply during the GFC and due to methodology changes, but have subsequently stabilised and slowly started to improve
- Credit Events have not been the primary driver of ratings changes since 2008, as low rated SCDO portfolio credits are assumed highly likely to default in both internal and external ratings models

Specific provisions to gross impaired assets*



* Net amount written off during FY10 is $193m, not included in the above

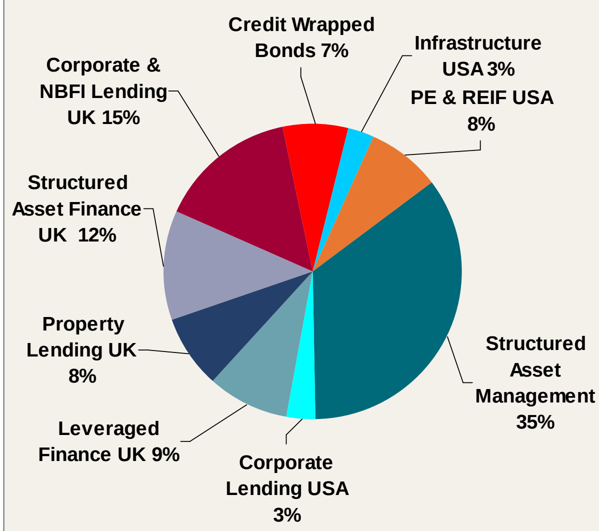
Collective provisions^ as a % of credit RWAs*



^ Includes HTM Collective Provisions and $160m overlay
* Net amount written off during FY10 is $193m, not included in the above

Portfolio Composition as at 30 September 2010

	Total Commitments (A$bn)	Total Provisions (specific & collective)* (A$m)	Average Contractual Tenor (years)
Leveraged Finance UK	1.3	108	4.3
Property Lending UK	1.1	148	1.8
Structured Asset Finance UK	1.8	28	14.6
Corporate & NBFI Lending UK	2.2	92	2.1
Infrastructure USA	0.5	6	8.0
PE & REIF USA	1.2	3	1.0
Corporate Lending USA	0.5	1	1.7
Total Loans & Advances	**8.6**	**386**	**n/a**
Structured Asset Management	5.2	192	13.5
Credit Wrapped Bonds	1.0	1	5.8
Total Hold to Maturity assets	**6.2**	**193**	**n/a**
Total Commitments	**14.8**	**n/a**	**n/a**
Total Provisions	**n/a**	**579**	**n/a**



* Provisions for Structured Asset Management include specific and collective provisions booked against Hold to Maturity assets. Not included in the above is a A$160m reserve held against conduits and MTM derivative exposures

Portfolio Composition - Credit profile

- 64% of commitments relate to Investment Grade equivalent clients or transactions

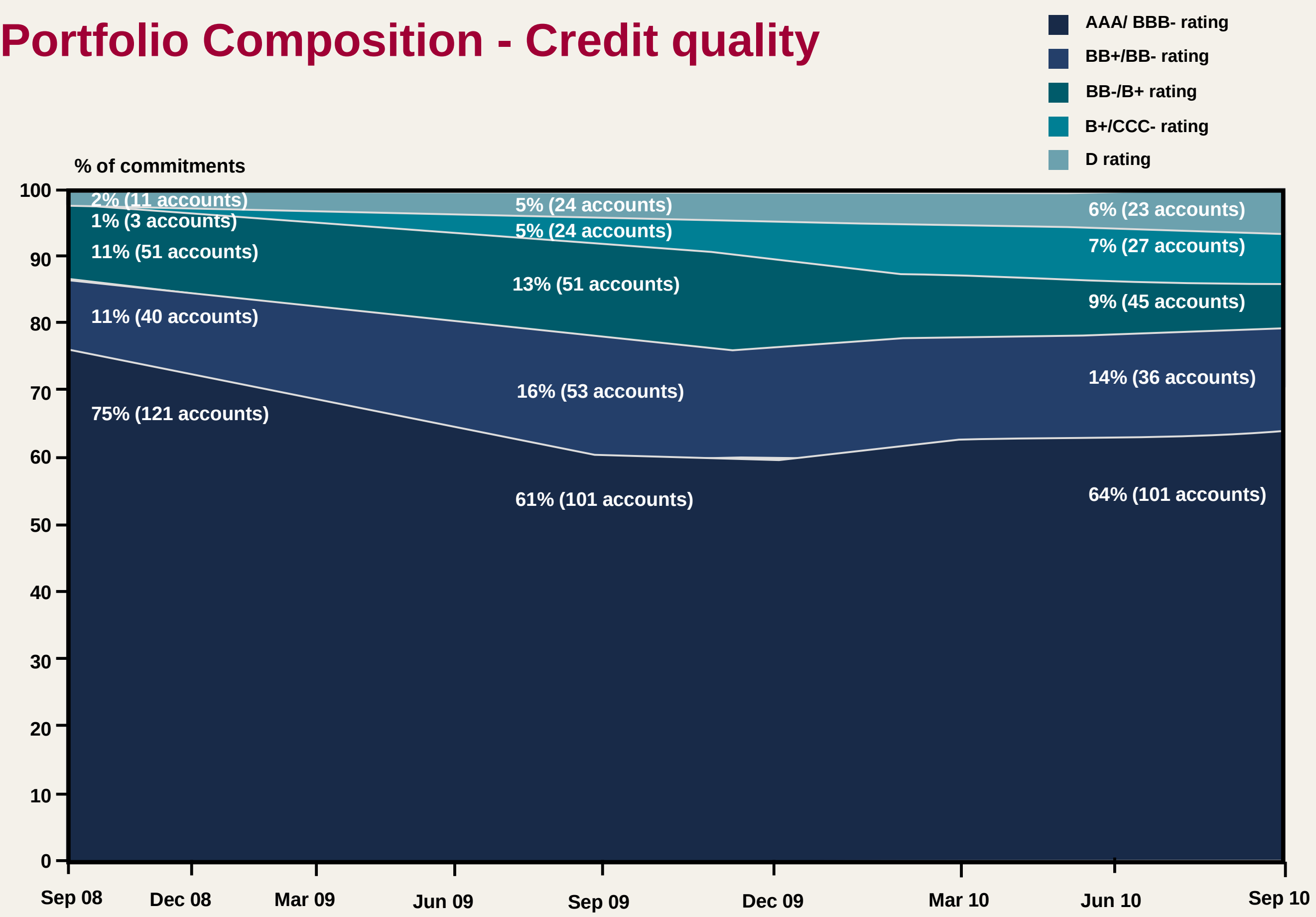
(A$bn)	Investment Grade AAA/BBB-	Non-Investment Grade BB+/BB	Non-Investment Grade BB-/B+	Non-Investment Grade B+/CCC-	Default or restructure D
Leveraged Finance UK	0.0	0.3	0.6	0.3	0.1
Property Lending UK	0.3	0.1	0.2	0.3	0.2
Structured Asset Finance UK	1.3	0.2	0.2	0.0	0.1
Corporate & NBFI Lending UK	0.9	0.8	0.1	0.2	0.2
Infrastructure USA	0.3	0.1	0.1	0.0	0.0
PE & REIF USA	1.0	0.1	0.0	0.0	0.1
Corporate Lending USA	0.4	0.0	0.1	0.0	0.0
Total Loans & Advances	**4.2**	**1.6**	**1.3**	**0.8**	**0.7**
Structured Asset Management	4.3	0.4	0.0	0.3	0.2
Credit Wrapped Bonds	1.0	0.0	0.0	0.0	0.0
Total Hold to Maturity assets	**5.3**	**0.4**	**0.0**	**0.3**	**0.2**
Total Commitments	**9.5**	**2.0**	**1.3**	**1.1**	**0.9**
Total RWAs	**9.1**	**2.9**	**2.7**	**4.3**	**1.5**
Total Provisions*	**0.005**	**0.021**	**0.034**	**0.195**	**0.325**
Number of Accounts	**101**	**36**	**45**	**27**	**23**
Number of Close Review Accounts	**0**	**1**	**7**	**20**	**23**

All data as at 30 September 2010

Investment grades equivalent of external ratings

* Provisions for Structured Asset Management include specific and collective provisions booked against Hold to Maturity assets. Not included in the above is a A$160m reserve held against conduits and MTM derivative exposures

Portfolio Composition - Credit quality

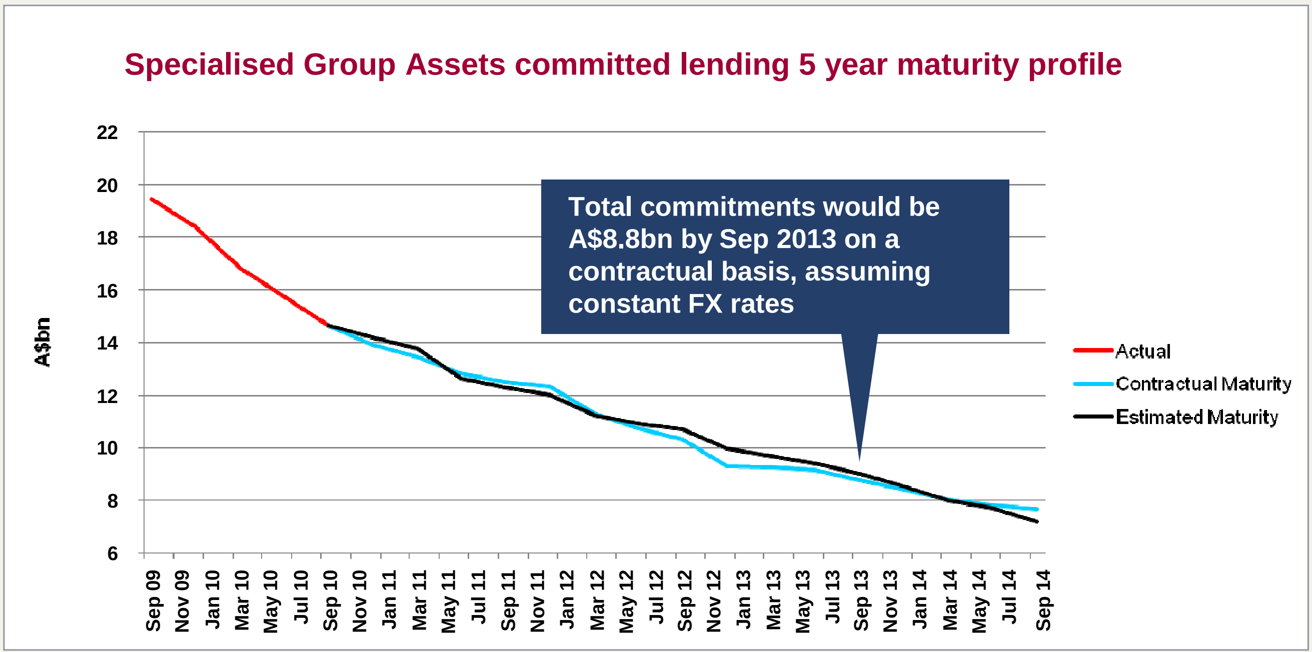


Investment grades equivalent of external ratings

Portfolio Composition

Contractual Maturity Profile - Commitments

- Actual commitments have decreased from September 2009 largely due to the weakening of both USD and GBP against the AUD as well as through repayments and decreased commitments
- The contractual maturity profile differs to the estimated maturity profile due to potential refinancing risks for a number of clients. The weighted average contracted maturity of portfolio is 8.1 years



SGA Structured Asset Management Portfolio

Overall performance – FY10

- Portfolio A$5.2bn at 30 September 10 (A$6.1bn September 09)
- Portfolio performance in FY10 as expected
- Ongoing close management attention

SCDOs - A$1.5bn

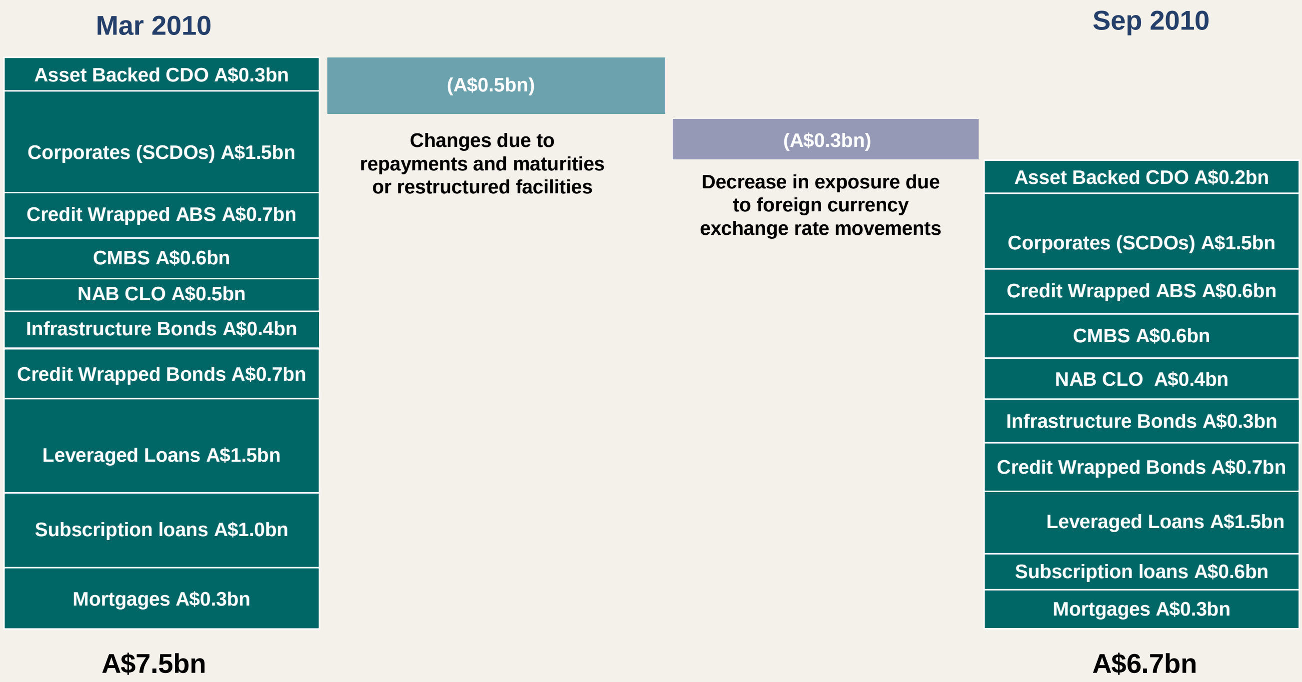
- During the financial year there were five credit events, with just one of these occurring during the 2010 calendar year
- As expected, one of the original CLNs was completely exhausted by losses upon settlement of the Ambac Assurance Credit Event; two other notes are now partially written down. Related hedges paid as expected
- Internal and external SCDO ratings and the credit quality of underlying portfolios have stabilised (internal and external ratings are now in the A to BB range) and have continued to show modest improvement in recent months
- The sovereign debt crisis in late April 10 caused a period of significant widening in corporate credit spreads that persisted through the end of June. The market value of NAB's Leg 2 SCDO positions decreased in a corresponding manner. By the end of September, credit markets and SCDO tranche valuations had recovered substantially relative to June month end lows

Credit Wrapped ABS - A$0.6bn

- One portfolio policy provider (AMBAC) defaulted in March 2010. The other (MBIA) is still performing
- Reserves remain adequate and assume insurer defaults with limited recovery

SGA Conduit Portfolio Summary

Movements between March 2010 and September 2010



* Includes Group's exposures (drawn and available to be drawn) initially funded by NAB sponsored and third party sponsored asset backed commercial paper conduits and SPE purchased assets

Structured Asset Management Portfolio Summary

Corporates (SCDOs) – A$1.5bn (as at 30 September 2010)

	Deal 1	Deal 2	Deal 3	Deal 4	Deal 5	Deal 6
Tranche size	A$258.8m (US$250m)	A$207.0m (US$200m)	A$207.0m (US$200m)	A$300m	A$228.3m (NZ$300m)	A$300m
Portfolio notional amount (A$bn)	$46	$19	$16	$29	$21	$27
Attachment point	3.84%	4.63%	5.96%	8.67%	5.82%	8.58%
Detachment point	4.40%	5.73%	7.22%	9.71%	6.89%	9.71%
Tranche thickness	0.56%	1.10%	1.26%	1.04%	1.07%	1.13%
Recovery rate	70%	50%	40%	Floating	Floating	Floating
Maturity (years)	3.47	2.98	3.22	6.77	6.52	6.79
Remaining pre-risk mitigation (i.e. "Leg 1") number of Credit Events to loss at average concentration/in descending order of concentration (@ 20% recovery for deals 4/5/6)	4/3	-	2/1	5/3	-	-
Number of Reference Entities	115	125	135	108	117	101
Individual Exposure Weighting	Max: 1.39% Avg: 0.87% Min: 0.22%	Max: 1.37% Avg: 0.80% Min: 0.27%	Max: 1.37% Avg: 0.74% Min: 0.17%	Max: 1.56% Avg: 0.93% Min: 0.26%	Max: 1.39% Avg: 0.85% Min: 0.16%	Max: 1.41% Avg: 0.99% Min: 0.28%
Portfolio weighted average rating (30 September 09/30 September 10)	BB/BB+	BB+/BBB-	BBB-/BBB-	BBB-/BBB-	BBB-/BBB	BB+/BBB-
Number of Credit Events to loss at average concentration (@ 20% recovery for deals 4/5/6)	15	12	14	12	9	11
Number of Credit Events to loss in descending order of concentration (@ 20% recovery for deals 4/5/6)	13	7	9	7	6	10
Rating 30 September 09 (external/internal)	BBB-*-/BBB-	A*-/BBB-	AA+*-/BBB	AA-*-/BBB-	A*-/BBB-	BBB*-/BBB-
Rating 31 March 10 (external/internal)	BBB-/BB	BBB+/BBB-	A-/BBB	BB+/A	BB/BBB-	BB/BBB-
Rating 30 September 10 (external/internal)	BBB-/BBB-	BBB+/BBB-	A-/BBB	BBB-/A	BB/BBB-	BB+/BBB-

- Internal and external ratings have held steady or improved since the external rating agency downgraded most transactions under its new rating methodology in December 2009
- Fundamental performance in the second half was generally positive
- Calculation of "Number of Credit Events to loss" shown above has been modified from prior periods to more accurately reflect risk of loss on the SCDOs

Structured Asset Management Portfolio Summary

Credit Wrapped ABS – A$0.6bn

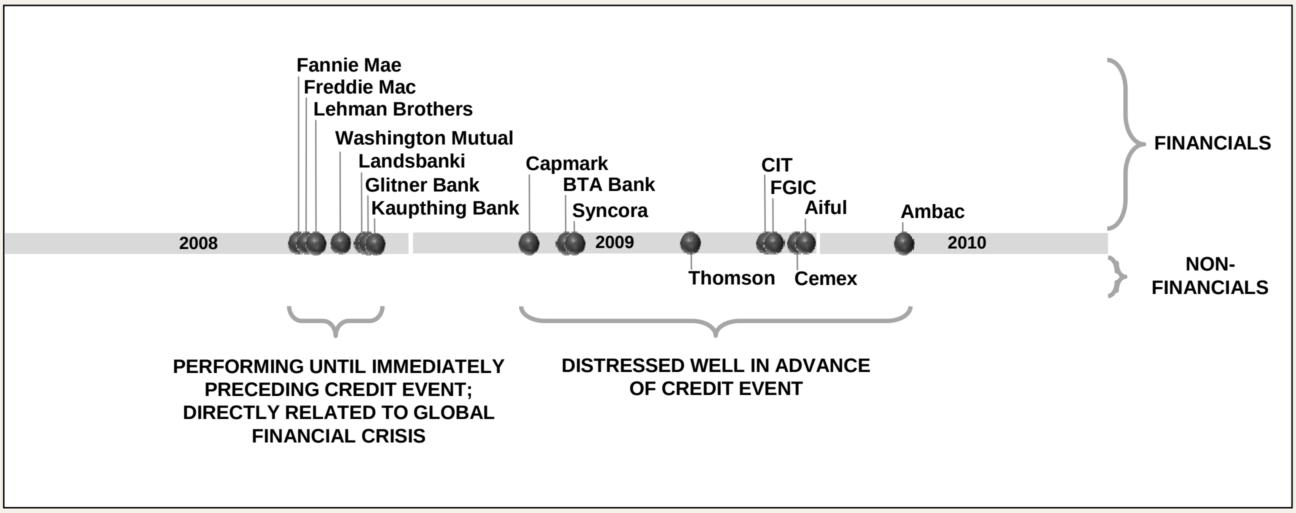
	Portfolio 1	Portfolio 2
Current NAB Exposure	A$372m (US$359m)	A$267m (US$258m)
Average Portfolio Rating (excludes Portfolio Policy, includes Bond Level Policies)	B2 / BB-	B3 /B-
Portfolio Guarantor	MBIA (B3/BB+)	AMBAC (Caa2/D)
% of Underlying Asset with Wrap	49.7%	31.7%
Asset Breakdown		
Residential Mortgage Backed Security*	35.3%	49.5%
Commercial Mortgage Backed Security	0.0%	5.4%
Insurance	13.9%	3.0%
Student Loan	6.3%	28.8%
Collateralized Debt Obligation	25.0%	0.0%
Transportation & Other ABS	19.5%	13.3%

- NAB owns a pro-rata share of two RMBS/ABS portfolios with concentrations to US residential mortgage-backed securities
- At issue, all bonds in the portfolios were rated AAA/Aaa by S&P and Moody's either directly or as the result of an insurance policy
- In addition to the bond-level policies covering a portion of each portfolio, there are portfolio-wide policies from AMBAC and MBIA that serve as insurance against loss
- In March 2010, AMBAC defaulted on certain policies in Portfolio 2 that had been making payments to NAB:
  - > No material change in existing provisioning, as default was expected
  - > RWA increased by A$1bn
- The A$83m provision relating to expected monoline defaults remains adequate

* Note that this includes Subprime, Prime, Alternative A, 2nd Lien and HELOC RMBS

SCDO Credit Events: 2008-Present

- The below timeline plots portfolio Credit Events from the beginning of 2008 to date
- SCDO portfolio Credit Events to date fall into one of two general categories: financial and non-financial
- 14 of the 16 portfolio Credit Events that have occurred in SCDO positions to date involved financial companies. 13 of the 14 Credit Events involving financial companies took place in 2008 or 2009
- Only one portfolio Credit Event has occurred in calendar year 2010 to date



SGA Portfolio Composition

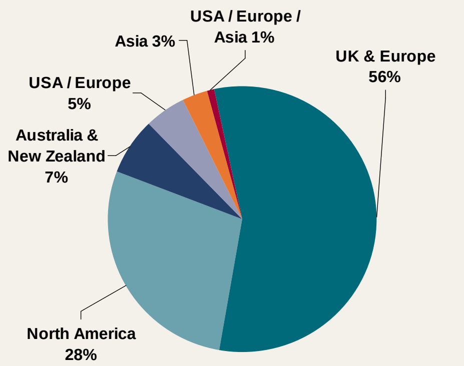
Commitments by Geography of Risk

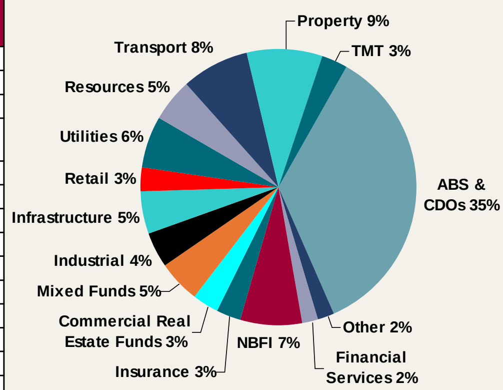
	Commitments (A$bn)	RWAs (A$bn)
UK & Europe	8.5	10.8
North America	4.1	6.9
Australia & New Zealand	1.0	1.0
US/ Europe	0.7	0.8
Asia	0.4	0.5
US/ Europe/ Asia	0.1	0.5
Total	**14.8**	**20.5**

Commitments by Sector of Risk

	Commitments (A$bn)	RWAs (A$bn)	Collective Provisions (A$m)	Specific Provisions* (A$m)
Financial Services	0.3	0.1	1.3	0.0
NBFI	1.0	0.8	3.0	54.1
Insurance	0.4	0.8	13.6	0.0
Commercial Real Estate Funds	0.4	0.7	0.1	0.0
Mixed Funds	0.8	0.9	0.5	0.0
Industrial	0.6	0.9	25.2	0.0
Infrastructure	0.7	0.4	2.6	1.2
Retail	0.4	0.8	22.8	2.2
Utilities	0.9	0.8	1.4	0.0
Resources	0.8	0.7	8.9	0.0
Transport	1.2	2.0	53.6	4.9
Property	1.3	1.9	83.0	82.1
TMT	0.5	0.9	9.0	5.5
ABS & CDOs	5.2	8.2	83.0	109.0
Other	0.3	0.6	12.0	0.0
Total	**14.8**	**20.5**	**320**	**259**

Commitments





* Provisions for ABS & CDOs is on Hold to Maturity assets. All other specific provisions are on loans and advances

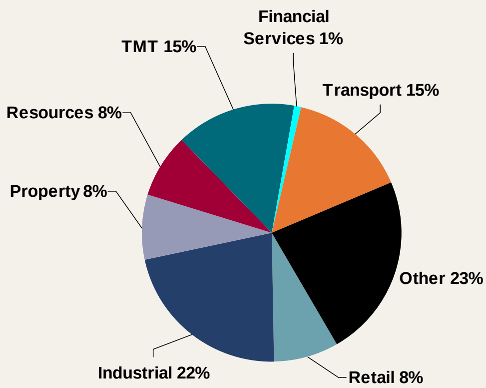
Leveraged Finance UK Portfolio

Description: the UK leveraged finance book was mostly originated between 2005-7 to finance syndicated Leveraged Buy-Outs (LBOs)

No. of Clients	39	Commitments Drawn Balance	A$1.3bn A$1.2bn	Credit RWA	A$2.9bn
No. of Close Review Clients	14	Close Review Commitments	A$377m	Avg* contractual maturity *weighted average by commitment	4.3 yrs

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Retail	0.1	10.0	2.2
Industrial	0.3	17.5	-
Property	0.1	17.1	-
Resources	0.1	8.0	-
TMT	0.2	6.3	5.2
Financial Services	0.02	1.2	-
Transport	0.2	23.7	4.9
Other	0.3	12.1	0.2
Total	**1.3**	**95.9**	**12.5**



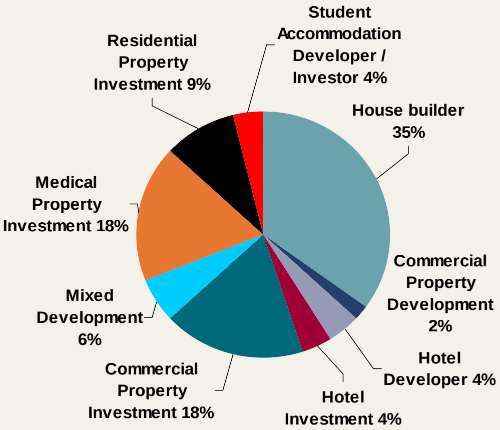
Property UK Portfolio

Description: syndicate and bilateral loans made to national and regional house builders, institutional clients and developers on a secured or unsecured basis. All assets are located within the UK

No. of Clients	21	Commitments Drawn Balance	A$1.1bn A$1.0bn	Credit RWA	A$1.6bn
No. of Close Review Clients	14	Close Review Commitments	A$743m	Avg* contractual maturity *weighted average by commitment	1.8yrs

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
House builder	0.4	42.1	32.2
Hotel Investment	0.05	7.7	-
Commercial Property Investment	0.2	1.2	10.4
Mixed Development	0.07	14.1	4.9
Medical Property Investment	0.2	0.1	-
Residential Property Investment	0.1	0.2	-
Student Accommodation Developer/Investor	0.05	0.4	-
Commercial Property Development	0.02	0.0	12.0
Hotel Developer	0.05	0.0	22.6
Total	**1.1**	**65.8**	**82.1**



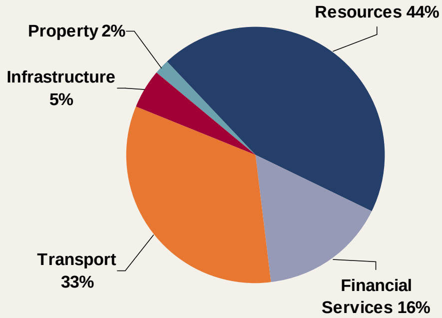
Structured Asset Finance Portfolio

Description: Structured finance and operating leases involving mobile infrastructure assets (i.e. ships, trains, helicopters, etc.) or loans to such structures

No. of Clients	21	Commitments Drawn Balance	A$1.8bn A$1.8bn	Credit RWA	A$1.8bn
No. of Close Review Clients	1	Close Review Commitments	A$54m	Avg* contractual maturity *weighted average by commitment	14.6 yrs

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Property	0.03	0.0	-
Resources	0.8	0.9	-
Financial Services	0.3	0.1	-
Transport	0.6	27.1	-
Infrastructure	0.1	0.2	-
Total	**1.8**	**28.3**	**-**



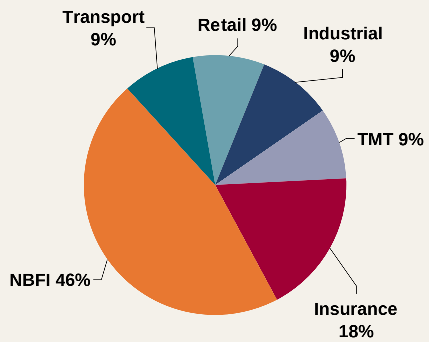
UK Corporate and NBFI Lending Portfolio

Description: Corporate loans and funding facilities for non-bank financial institutions. Largely based in the UK, across a broad mix of industries

No. of Clients	**39**	**Commitments** **Drawn Balance**	**A$2.2bn** **A$1.7bn**	**Credit RWA**	**A$2.8bn**
No. of Close Review Clients	**11**	**Close Review Commitments**	**A$728m**	**Avg* contractual maturity** ***weighted average by commitment**	**2.1 yrs**

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Retail	0.2	11.6	-
Industrial	0.2	7.6	-
TMT	0.2	2.7	-
Insurance	0.4	13.6	-
NBFI	1.0	0.6	54.1
Transport	0.2	1.5	-
Total	**2.2**	**37.6**	**54.1**



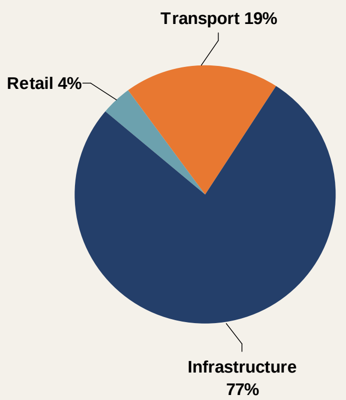
Infrastructure USA Portfolio

Description: portfolio consists of essential infrastructure assets across both the USA and Canada, in both operating and construction phases

No. of Clients:	**12**	**Commitments** **Drawn Balance**	**A$0.5bn** **A$0.4bn**	**Credit RWA**	**A$0.5bn**
No. of Close Review Clients:	**2**	**Close Review Commitments**	**A$18.7m**	**Avg* contractual maturity** ***weighted average by commitment**	**8.0 yrs**

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Retail	0.02	0.7	-
Infrastructure	0.4	2.4	1.2
Transport	0.1	1.2	-
Total	**0.5**	**4.3**	**1.2**



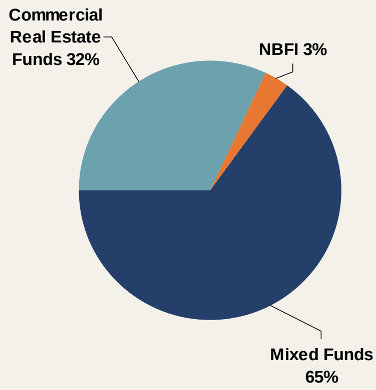
Private Equity and Real Estate Investment Funds Portfolio

Description: Bridging loans and markets facilities to pooled investment funds used for making debt and equity investments primarily in global real estate assets

No. of Clients	**30**	**Commitments** **Drawn Balance**	**A$1.2bn** **A$0.9bn**	**Credit RWA**	**A$1.6bn**
No. of Close Review Clients	**1**	**Close Review Commitments**	**A$54.8m**	**Avg* contractual maturity** *weighted average by commitment	**1.0 yrs**

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Commercial Real Estate Funds	0.4	0.1	-
Mixed Funds	0.8	0.5	-
NBFI	0.04	2.4	-
Total	**1.2**	**3.0**	**-**



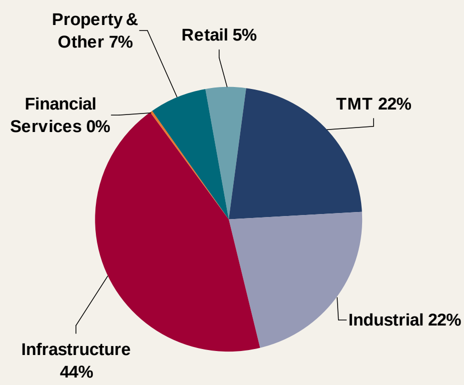
Corporate Lending USA Portfolio

Description: Senior secured and unsecured credit facilities across various sectors within the US including Retail, Industrial, Infrastructure and Property

No. of Clients	**15**	**Commitments** **Drawn Balance**	**A$0.5bn** **A$0.03bn**	**Credit RWA**	**A$0.2bn**
No. of Close Review Clients	**-**	**Close Review Commitments**	**-**	**Avg* contractual maturity** *weighted average by commitment	**1.7 yrs**

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Retail	0.02	0.4	-
TMT	0.1	0.0	-
Industrial	0.1	0.2	-
Infrastructure	0.2	0.0	-
Financial Services	0.001	0.0	-
Property & Other	0.03	0.3	-
Total	**0.5**	**0.9**	**-**



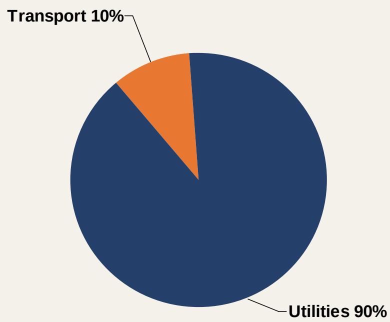
Credit Wrapped Bonds Portfolio

Description: transactions where corporate bond issuers add a monoline insurance company guarantee in order to credit enhance bonds to achieve a higher external rating and better market pricing. The monoline insurance is not factored into the credit rating

No. of Clients	4	Commitments Drawn Balance	A$1.0bn A$1.0bn	Credit RWA	A$0.9bn
No. of Close Review Clients	-	Close Review Commitments	-	Avg* contractual maturity *weighted average by commitment	5.8 yrs

Sector Analysis

	Commitments (A$bn)	Collective Provisioning (A$m)	Specific Provisioning (A$m)
Transport	0.1	0.2	-
Utilities	0.9	1.2	-
Total	**1.0**	**1.4**	**-**



National Australia Bank

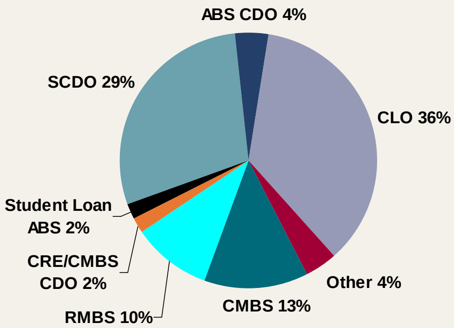
Structured Asset Management Portfolio

Description: CDOs, residential mortgage backed securities ("RMBS"), commercial mortgage backed securities ("CMBS") and other asset backed securities. ABS CDOs were mostly written off in 2008

No. of Transactions	31	Commitments Drawn Balance	A$5.2bn A$5.2bn	Credit RWA	A$8.2bn
No. of Close Review Clients	3	Close Review Commitments	A$502m	Avg* contractual maturity *weighted average by commitment	13.5 yrs

Sector Analysis

	Commitments (A$bn)	Collective Provisioning* (A$m)	Specific Provisioning # (A$m)
SCDO	1.5	-	-
ABS CDO	0.2	-	109.0
CLO	1.9	-	-
Other	0.2	-	-
CMBS	0.7	-	-
RMBS	0.5	-	-
CRE/CMBS CDO	0.1	-	-
Student Loan ABS	0.1	-	-
Total	**5.2**	**83.0***	**109.0 #**



* Collective provision is applied to the entire portfolio and is not assigned to individual sectors
In addition to the provision is a further $160m management overlay for conduits and MTM derivative exposures

Provisions on this portfolio are booked against hold to maturity assets

National Australia Bank

Additional Information

Business Banking
Personal Banking
Wholesale Banking
MLC & NAB Wealth
NZ Banking
UK Banking
Specialised Group Assets

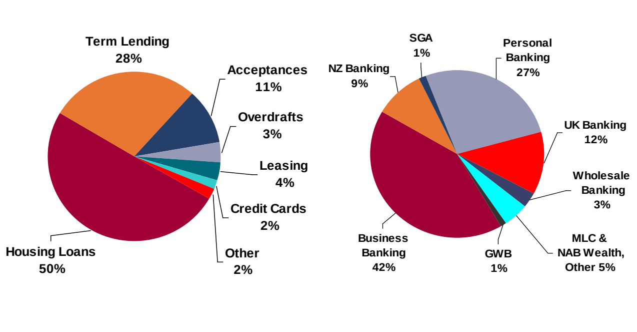
Asset Quality

Capital and Funding
Economic Outlook

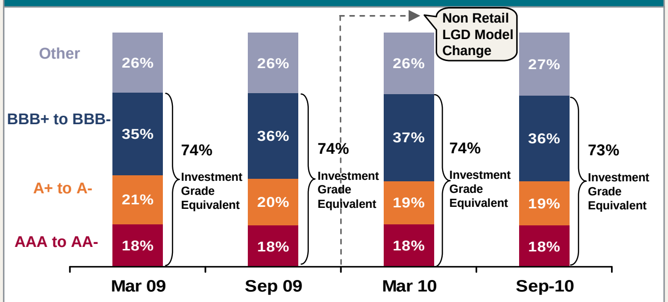
nab MLC Clydesdale Bank Yorkshire Bank Bank of New Zealand Great Western Bank

Group portfolio

Gross loans and acceptances by product and by business unit as at September 2010

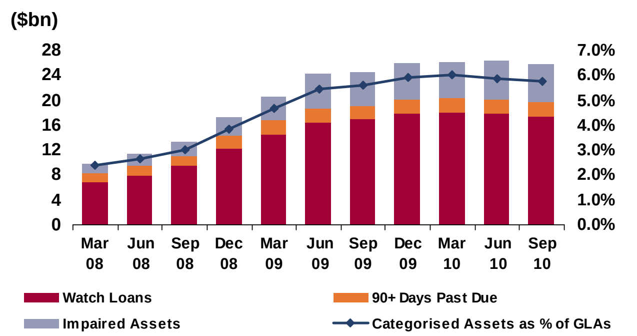


Risk rated non-retail exposures*



* Expected loss is the product of Probability of Default x Exposure at Default x Loss Given Default. The calculation excludes defaulted assets.

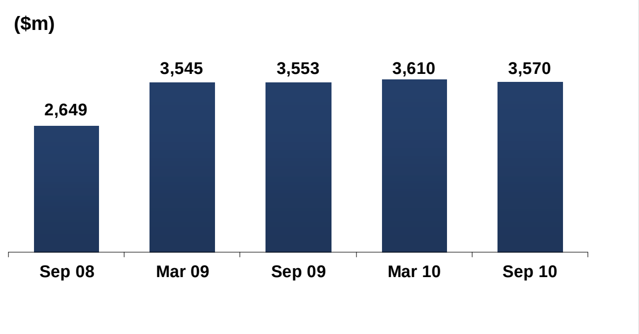
Group categorised assets by balance



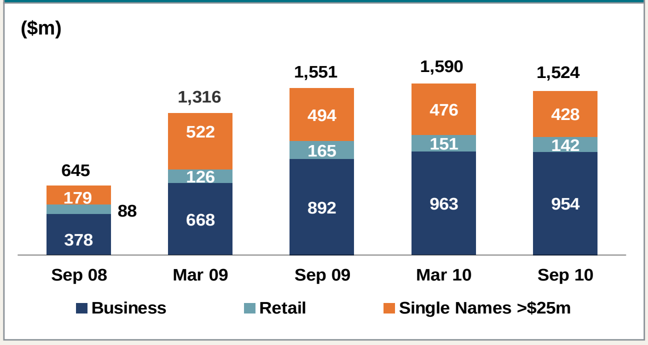
Note: Categorised Assets includes Watch, 90+ DPD & Impaired Assets but excludes default no loss < 90DPD loans.

B&DD charge and provision coverage

Collective provision balances

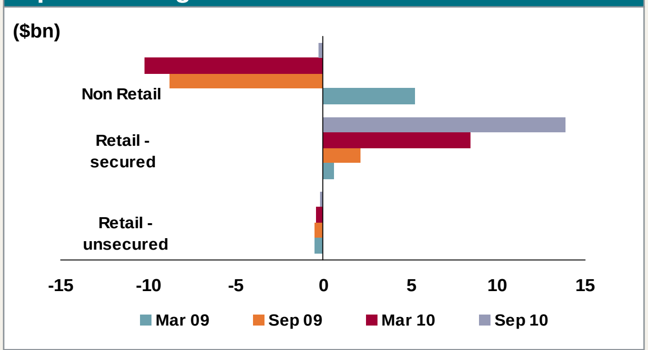


Specific provision balances

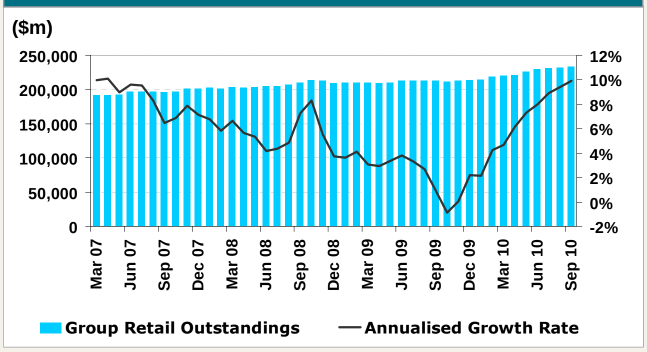


Group gross loans and acceptances

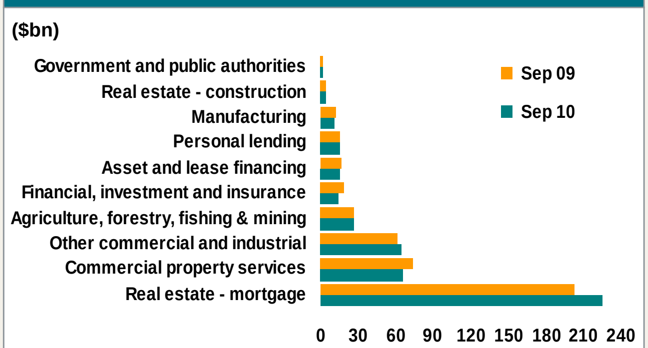
Group asset composition – growth by product segment



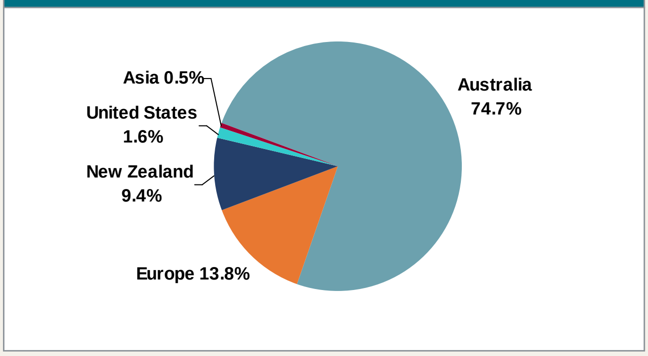
Retail Portfolio – outstandings volume



Industry balances*



Gross loans and acceptances – geography



* Defined by ANZSIC codes

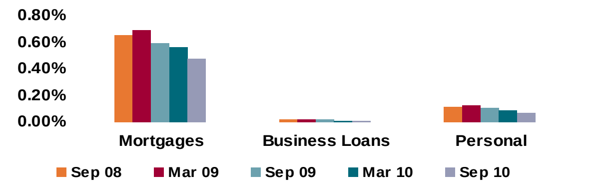
Note: These charts use spot exchange rates. Weakening of the Pound Sterling relative to the Australian dollar since Sep 2008 has partly affected growth rates

90+ days past due as a % of GLAs

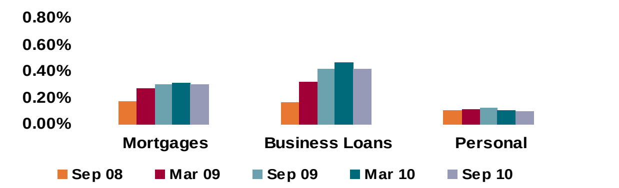
Group*

Business Banking*

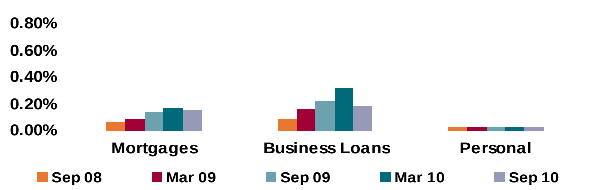
Personal Banking



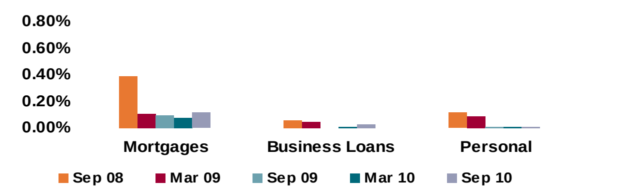
UK Banking



NZ Banking



MLC & NAB Wealth



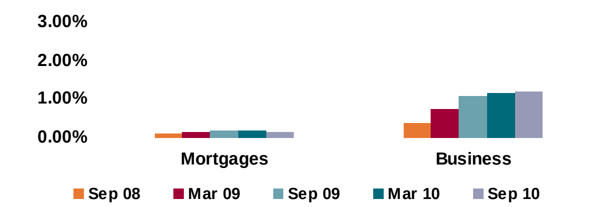
Note 1: GWB acquired US$228m of 90+ DPD loans from TierOne in June 2010. Consequently, the GWB 90+ DPD to gross loans and acceptances was 4.07% at September 2010. There is an agreement with the Federal Deposit Insurance Corporation (FDIC) where the FDIC absorbs 80% of credit losses arising on the loan portfolio and related assets acquired from TierOne Bank, excluding approximately US$127 million in agricultural loans and US$44 million in consumer loans.

Note 2: Wholesale Banking and SGA have no 90+ DPD loans

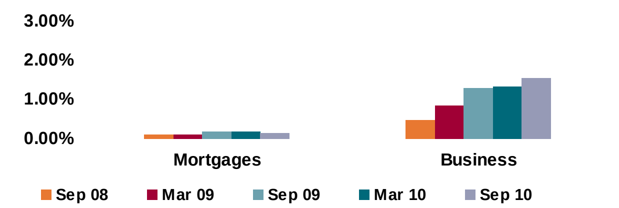
* September 2009 Business Banking mortgages adjusted to include National Portfolio product. No change to overall 90+ DPD

Impaired assets as a % of GLAs

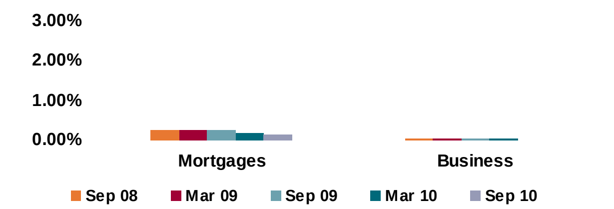
Group*



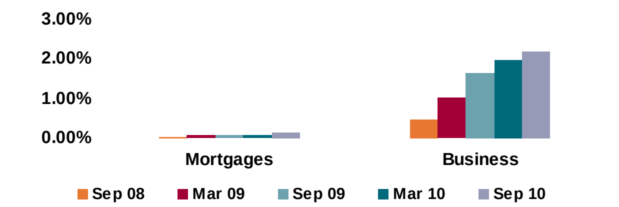
Business Banking*



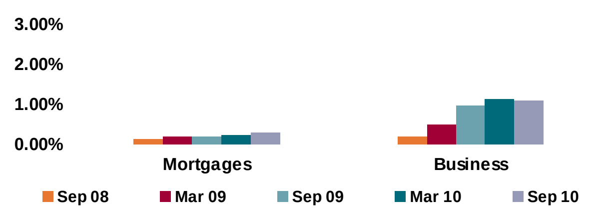
Personal Banking



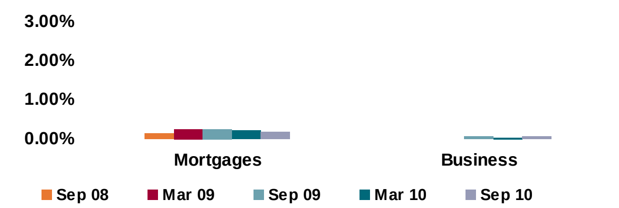
UK Banking



NZ Banking



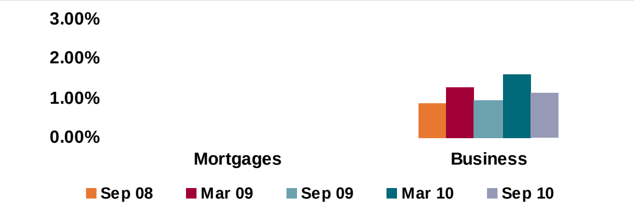
MLC & NAB Wealth



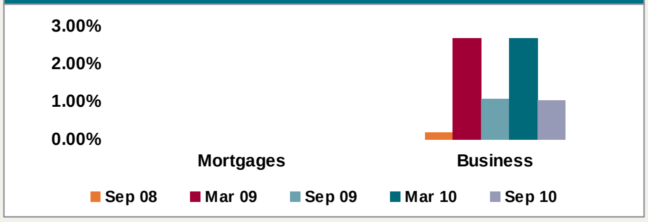
* September 2009 Business Banking mortgages adjusted to include National Portfolio product. No change to overall impaired assets.

Impaired assets as a % of GLAs

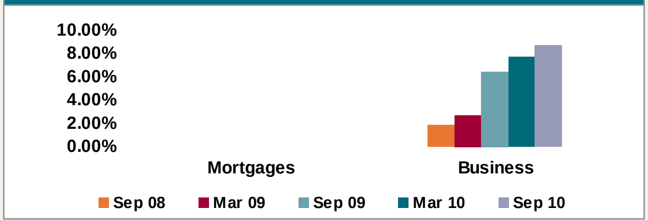
GWB



Wholesale Banking



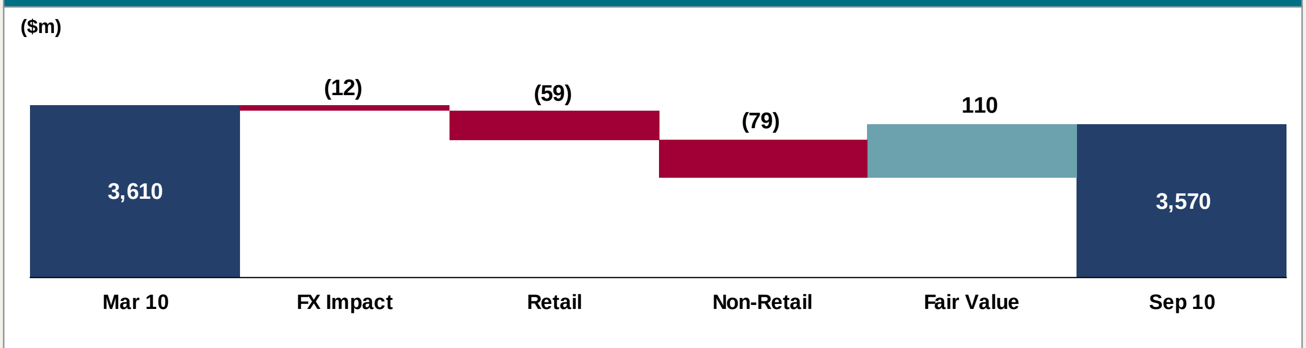
SGA



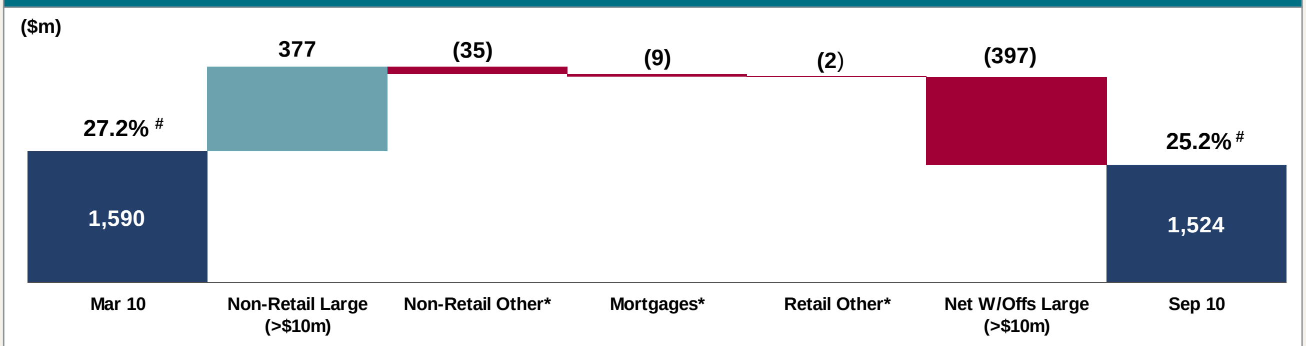
National Australia Bank

Attribution analysis

Collective Provision attribution – Group



Specific Provision attribution – Group

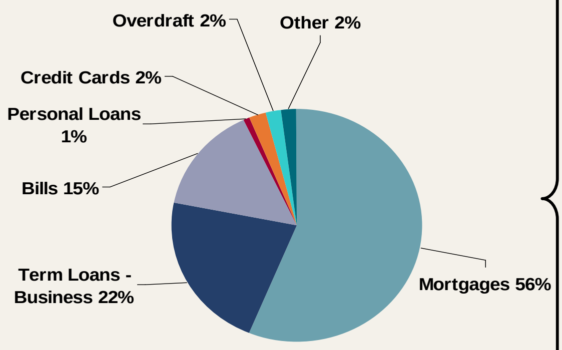


Specific provision as % to impaired assets
* Net of write-offs

National Australia Bank

Business Banking, Personal Banking and NAB Wealth

Australian Portfolio break up – total $325bn

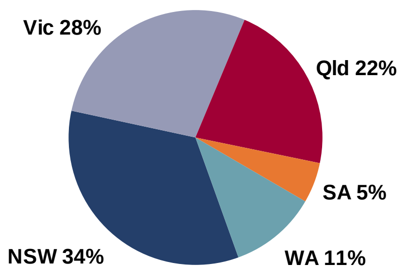


Australian Mortgages	Sep 10	Mar 10	Sep 09
Owner Occupied	67.4%	66.9%	66.3%
Investment	32.6%	33.1%	33.7%
Low Document	2.3%	2.5%	2.0%
Proprietary	72.8%	74.8%	77.2%
Third Party Introducer	27.2%	25.2%	22.8%
LMI Insured % of Total HL Portfolio	15.1%	15.7%	13.8%
Loan to Value (at origination)*	68.7%	67.7%	69.3%
Dynamic LVR (Balance to Valuation) % *	54.6%	54.3%	53.9%
Customers ahead 3 repayments or more % *	46.6%	46.7%	46.4%
Average loan size $ ('000)	$238.9	$222.0	$223.5
90 + days past due	0.53%	0.56%	0.57%
Impaired loans	0.27%	0.36%	0.43%
Specific provision coverage	18.6%	18.0%	14.9%
Loss rate	0.06%	0.08%	0.09%

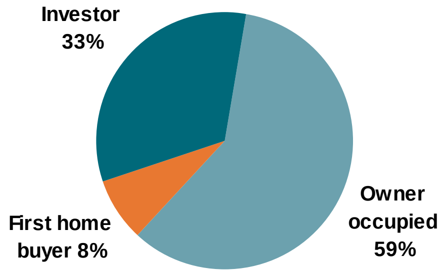
* Ratio exclude Advantedge mortgages portfolio

Australia* Mortgages – $181bn

Geography



Customer segment



Low doc loans

- $4.1bn outstanding (2.3% of housing book)
- LVR capped at 60% (without LMI)

Inner-city apartments#

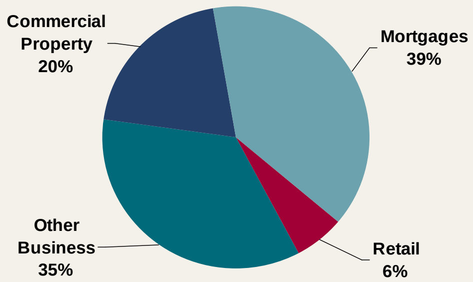
- $5.8bn outstanding
- Approx 3.2% of housing book

Origination source – flows (Australia)	Mar 09	Sep 09	Mar 10	Sep 10
Proprietary	81%	81%	75%	61%
Broker	12%	11%	17%	31%
Introducer	7%	8%	8%	8%

* Excludes Wholesale Banking
# Excludes Advantedge mortgage portfolio

UK Banking

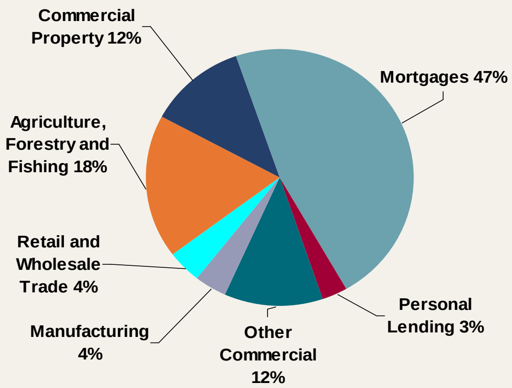
Portfolio breakdown – total £32.8bn



UK Mortgages	Sep 10	Mar 10	Sep 09
Owner Occupied	78.7%	77.9%	76.8%
Investment	21.3%	22.1%	23.2%
Low Document	0.0%	0.0%	0.0%
Proprietary	78.4%	77.1%	76.9%
Third Party Introducer	21.6%	22.9%	23.1%
LMI Insured % of Total HL Portfolio	1.6%	1.5%	1.4%
Loan to Value (at Origination)	62.2%	64.0%	64.0%
Loan to Value Indexed	51.9%	52.2%	53.7%
Average loan size £ ('000)	88	86	86
90 + days past due	0.76%	0.81%	0.80%
Impaired loans	0.35%	0.24%	0.22%
Specific provision coverage	17.1%	20.0%	30.0%
Loss rate	0.05%	0.06%	0.02%

NZ Banking Mortgages

Total NZ$26.3bn
47.4% of Gross Loans & Acceptances



New Zealand Mortgages	Sep 10	Mar 10	Sep 09
Low Document Loans	0.19%	0.18%	0.14%
Proprietary (Distributed by Bank)	100%	100%	100%
Third Party Introducer	Nil	Nil	Nil
LMI Insured % of Total HL Portfolio	3.2%	3.6%	4.0%
Loan to Value (at origination)	59.5%	58.8%	60.7%
Average loan size NZ$ ('000)	240	236	233
90 + days past due	0.30%	0.38%	0.30%
Impaired loans	0.62%	0.46%	0.43%
Specific provision coverage	32.6%	35.4%	36.4%
Loss rate	0.08%	0.07%	0.04%

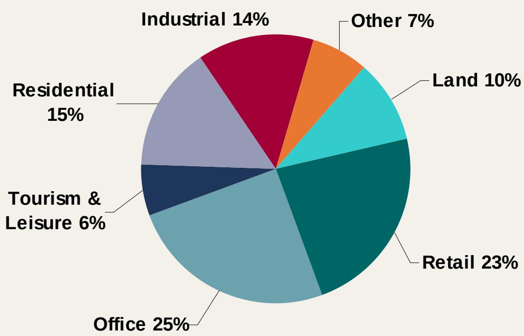
Commercial Real Estate – Group Summary[1]

Total $62.2bn

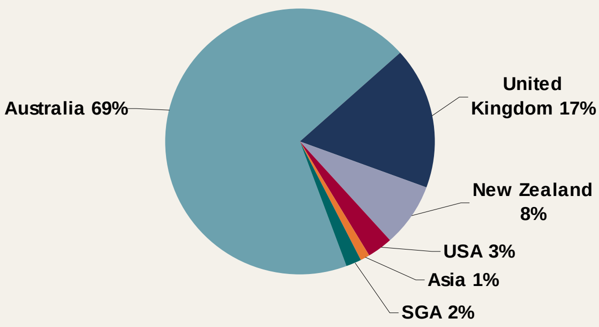
13.9% of Gross Loans & Acceptances

	Aus	UK	NZ	USA	Asia	SGA	Total
TOTAL CRE (A$bn)	42.8	10.8	5.3	1.8	0.4	1.1	62.2
% of GLAs	12.8%	20.1%	12.5%	25.9%	17.8%	17.3%	13.9%

Group Commercial Property by type



Group Commercial Property by geography

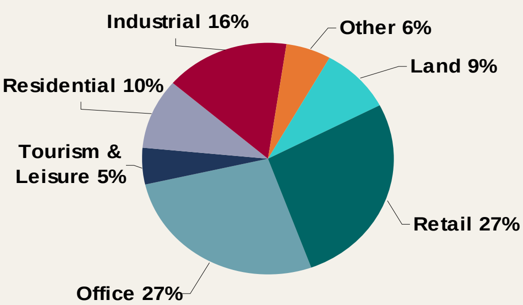


(1) Measured as balance outstanding at September 2010 per APRA Commercial Property ARF definitions

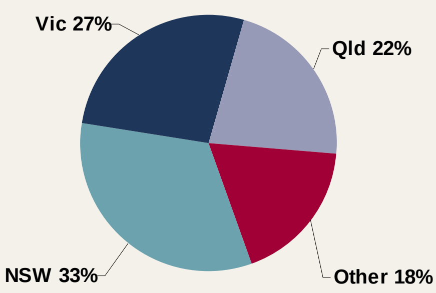
Commercial Real Estate – Business Banking

Total $42.8bn

12.8% of Australian geography Gross Loans & Acceptances



State	NSW	VIC	QLD	Other	Total
Location %	33%	27%	22%	18%	100%
Loan Balance < $5m	10%	10%	8%	5%	33%
Loan Balance > $5m < $10m	4%	3%	3%	2%	12%
Loan Balance > $10m	19%	14%	11%	11%	55%
Loan tenor < 3 yrs	29%	23%	19%	15%	86%
Loan tenor > 3 < 5 yrs	2%	3%	2%	2%	9%
Loan tenor > 5 yrs	2%	1%	1%	1%	5%
Average loan size ($m)	3.0	2.5	2.5	2.9	2.7
Security Level[1] – Fully Secured	25%	22%	17%	14%	78%
Partially Secured	7%	5%	4%	3%	19%
Unsecured	1%	0%	1%	1%	3%
90+ days past due	0.14%	0.01%	0.17%	0.12%	0.44%
Impaired loans[2]	0.85%	0.95%	0.57%	0.16%	2.53%
Specific provision coverage[2]	16.5%	19.7%	20.6%	34.0%	23.5%

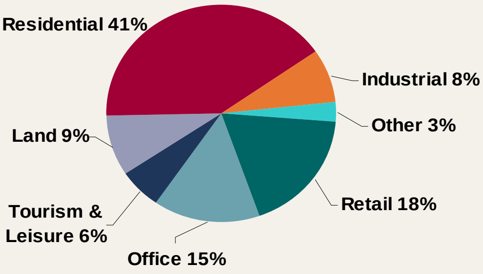


Trend	Sep 10	Mar 10	Sep 09	Mar 09
90+ days past due	0.44%	0.32%	0.21%	0.29%
Impaired Loans[2]	2.53%	1.79%	1.40%	0.41%
Specific Provision Coverage[2]	23.5%	15.6%	10.9%	33.5%

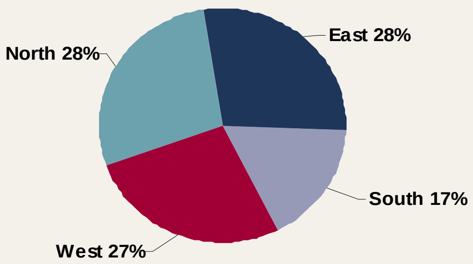
(1) Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending.
(2) Includes a large Victorian restructured loan in September 2009 and March 2010

Commercial Real Estate - UK Banking

Total £6.6bn
20.1% of Gross Loans & Acceptances



Region		North	East	South	West	Total
Location %		28%	28%	17%	27%	100%
Loan Balance < £2m		20%	19%	12%	19%	70%
Loan Balance > £2m < £5m		3%	4%	2%	4%	13%
Loan Balance > £5m		5%	5%	3%	4%	17%
Average loan tenor < 3 yrs		19%	16%	12%	17%	64%
Average loan tenor > 3 < 5 yrs		3%	3%	2%	3%	11%
Average loan tenor > 5 yrs		6%	9%	3%	7%	25%
Average loan size (£m)		0.74	0.82	0.86	0.75	0.78
Security Level[1]	Fully Secured	13%	16%	10%	15%	54%
	Partially Secured	13%	12%	6%	12%	43%
	Unsecured	2%	0%	1%	0%	3%



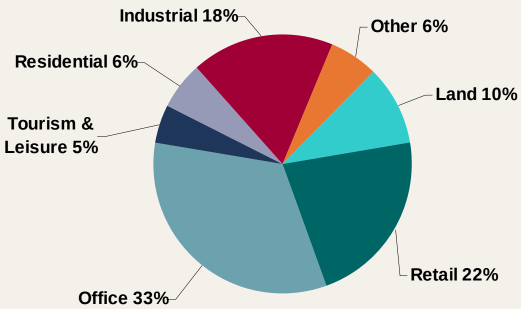
Trend	Sep 10	Mar 10	Sep 09	Mar 09
90+ days past due	1.47%	1.52%	1.35%	0.68%
Impaired Loans	7.69%	7.15%	5.60%	3.08%
Specific Provision Coverage	4.8%	8.2%	11.8%	12.9%

(1) Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending

National Australia Bank

Commercial Real Estate – NZ Banking

Total NZ$6.9bn
12.5% of Gross Loans & Acceptances



Region		Auckland	Other Regions	Total
Location %		42%	58%	100%
Loan Balance < NZ$5m		11%	26%	37%
Loan Balance > NZ$5m < NZ$10m		4%	9%	13%
Loan Balance > NZ$10m		27%	23%	50%
Average loan tenor < 3 yrs		38%	48%	86%
Average loan tenor > 3 < 5 yrs		2%	5%	7%
Average loan tenor > 5 yrs		2%	5%	7%
Average loan size (NZ$m)		4.9	2.9	3.2
Security Level[1]	Fully Secured	23%	39%	62%
	Partially Secured	13%	16%	29%
	Unsecured	6%	3%	9%
90+ days past due		0.24%	0.19%	0.43%
Impaired loans		0.30%	1.38%	1.68%
Specific Provision coverage		30.4%	10.7%	14.1%

Trend	Sep 10	Mar 10	Sep 09	Mar 09
90+ days past due	0.43%	1.28%	1.11%	0.88%
Impaired Loans	1.68%	1.77%	2.35%	1.20%
Specific Provision Coverage	14.1%	22.6%	28.4%	24.9%

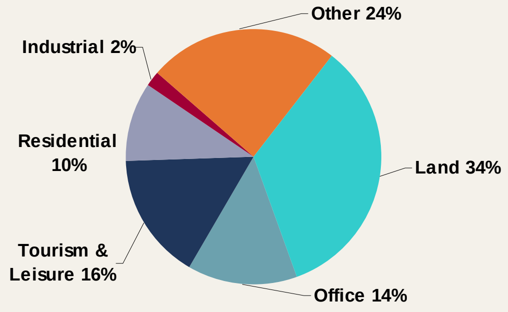
(1) Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending

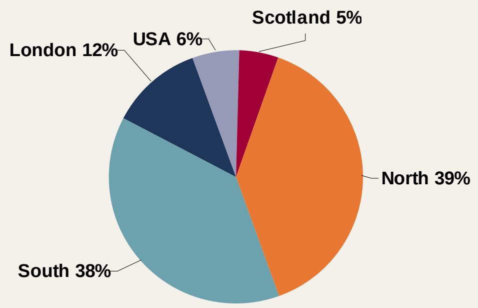
National Australia Bank

Commercial Real Estate – SGA

Total £0.7bn

17.3% of Gross Loans & Acceptances





Region		Scotland	North	South	London	USA	Total
Location %		5%	39%	38%	12%	6%	100%
Loan Balance < £2m		1%	0%	0%	0%	0%	1%
Loan Balance > £2m < £5m		0%	1%	1%	1%	0%	3%
Loan Balance > £5m		4%	38%	37%	11%	6%	96%
Average loan tenor < 3 yrs		2%	35%	26%	8%	6%	77%
Average loan tenor > 3 < 5 yrs		3%	4%	12%	4%	0%	23%
Average loan tenor > 5 yrs		0%	0%	0%	0%	0%	0%
Average customer loan size (£m)		6.9	24.2	29.2	26.7	21.6	23.7
Security Level[1]	Fully Secured	0%	0%	0%	0%	0%	0%
	Partially Secured	5%	38%	31%	12%	1%	87%
	Unsecured	0%	1%	7%	0%	5%	13%
Specific Provision Coverage		100.6%	38.0%	26.0%	0.0%	0.0%	30.0%

Trend	Sep 10	Mar 10	Sep 09
Impaired Loans	24.3%	23.4%	13.1%
Specific Provision Coverage	30.0%	38.4%	24.9%

(1) Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending

National Australia Bank

National Australia Bank

Additional Information

Business Banking

Personal Banking

Wholesale Banking

MLC & NAB Wealth

NZ Banking

UK Banking

Specialised Group Assets

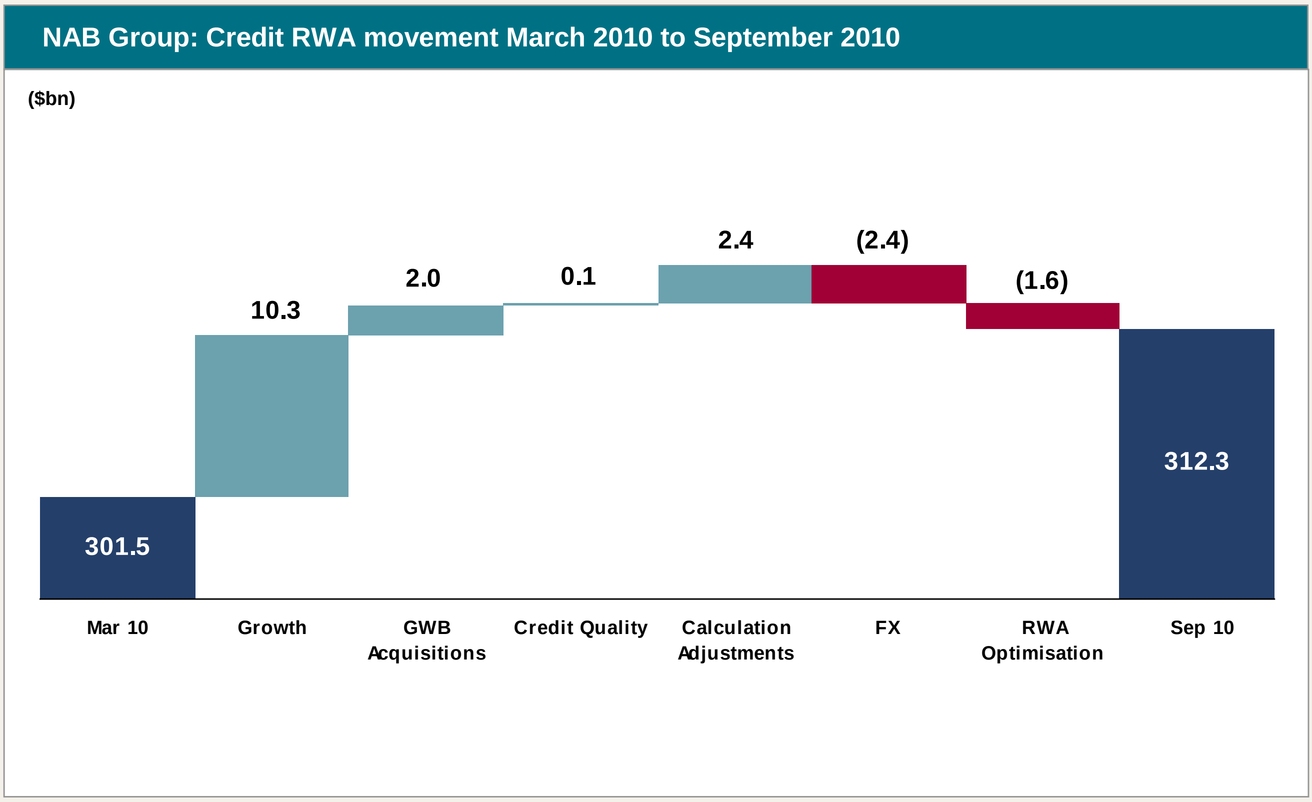
Asset Quality

Capital and Funding

Economic Outlook

nab MLC Clydesdale Bank Yorkshire Bank Bank of New Zealand Great Western Bank

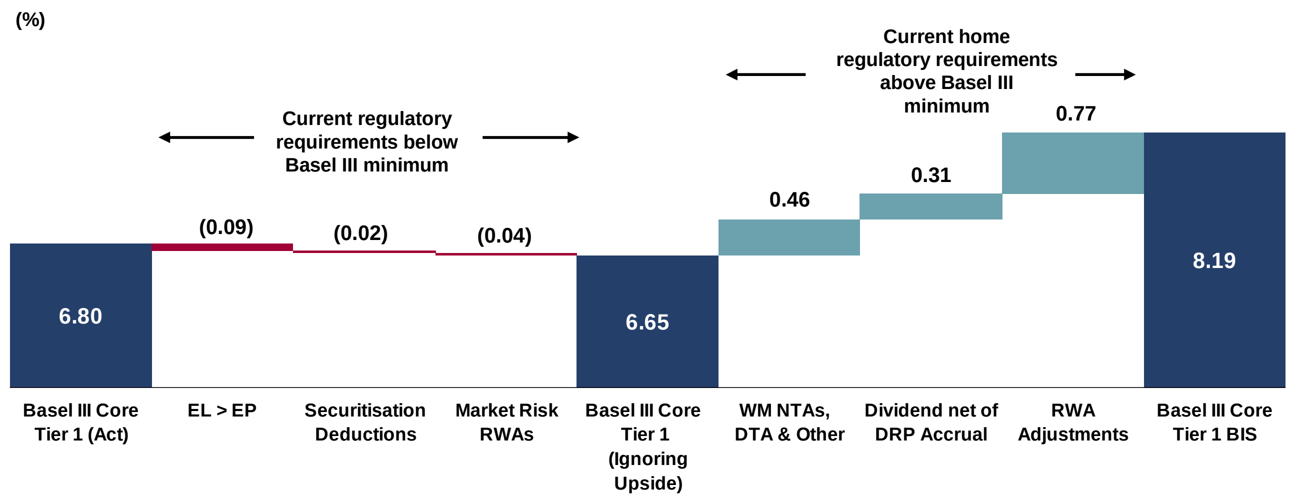
Credit RWA movement



Regulatory reform

- Basel Committee on track to deliver fully calibrated reforms by Dec 2010
- Expected APRA timeline as follows:
  - Draft prudential standards by 2H 2011 followed by broad industry consultation
  - Potential for APRA to implement capital components of Basel III from 1 Jan 2013
  - Transition period may differ from announced Basel timeline
- APRA may continue to be more conservative than Basel on capital
- Expected capital impact of transition to Basel III is modest
- NAB Basel II Core Tier 1 ratio of 6.80% relative to Basel III 7% minimum
- A number of material items remain outstanding:
  - APRA's approach to calculating Tier 1
  - Structure of Basel III hybrid capital / subordinated debt and approach to transition
  - Implementation and operation of capital buffers
  - Framework for systemically important institutions
- Other APRA reforms (Conglomerate Supervision, Reform Proposals for General and Life Insurance) progressing with 2012 implementation expected

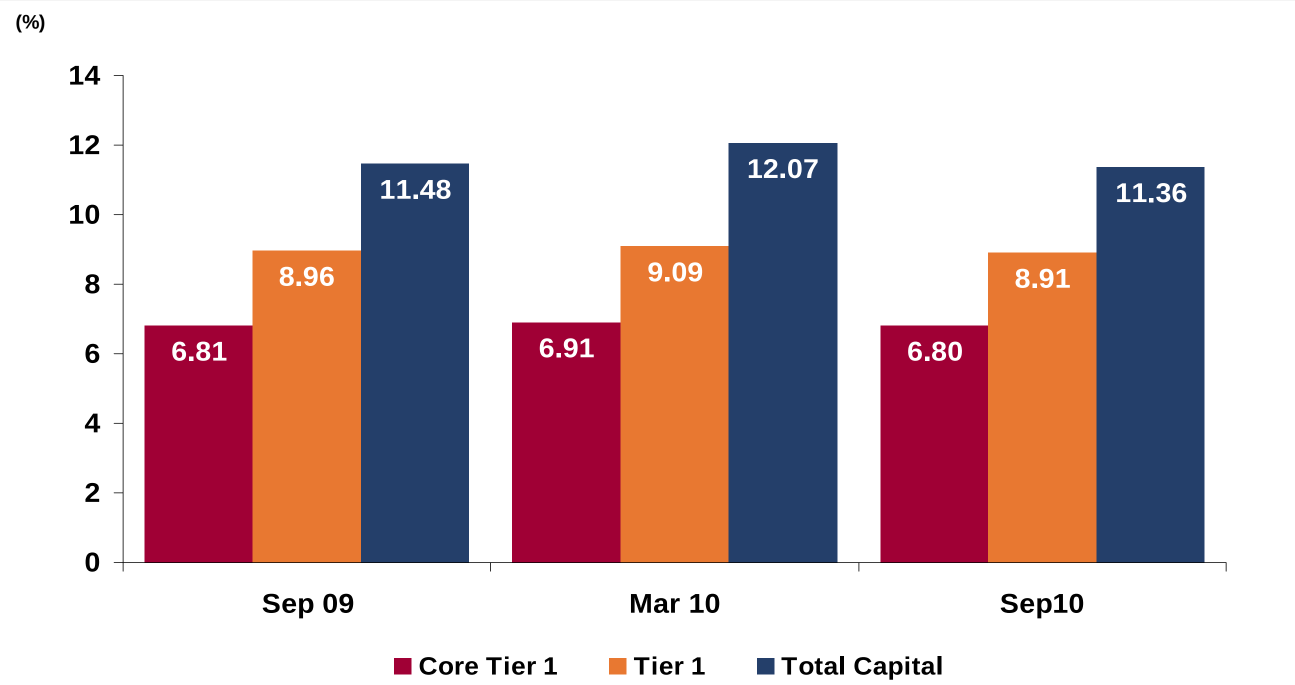
Estimated impacts of Basel III: Sep 10



- Estimated deductions relate to change in treatment for EL>EP and lower rated tranches of securitisation plus expected RWA increase from changes to market risk
- Deduction of declared vs anticipated dividend
- RWA upside adjustments, relate to IRRBB, higher LGD floor on mortgages and other minor overlays
- Numbers do not include impacts of changes to counterparty credit risk and definition of re-securitisation. Impact expected to be negative

 Note: Supervisory confirmation required

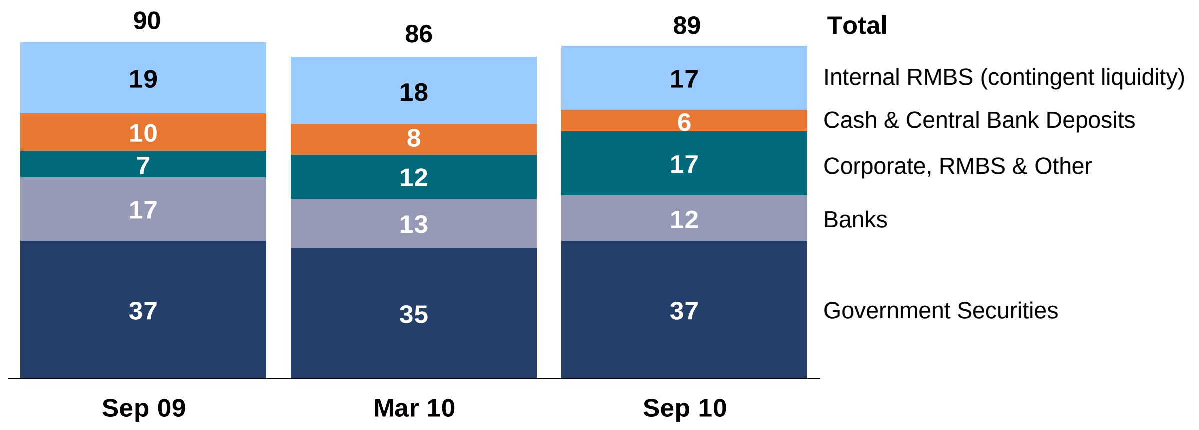
Group capital ratios



Liquidity portfolio

Liquid asset breakdown

($bn)

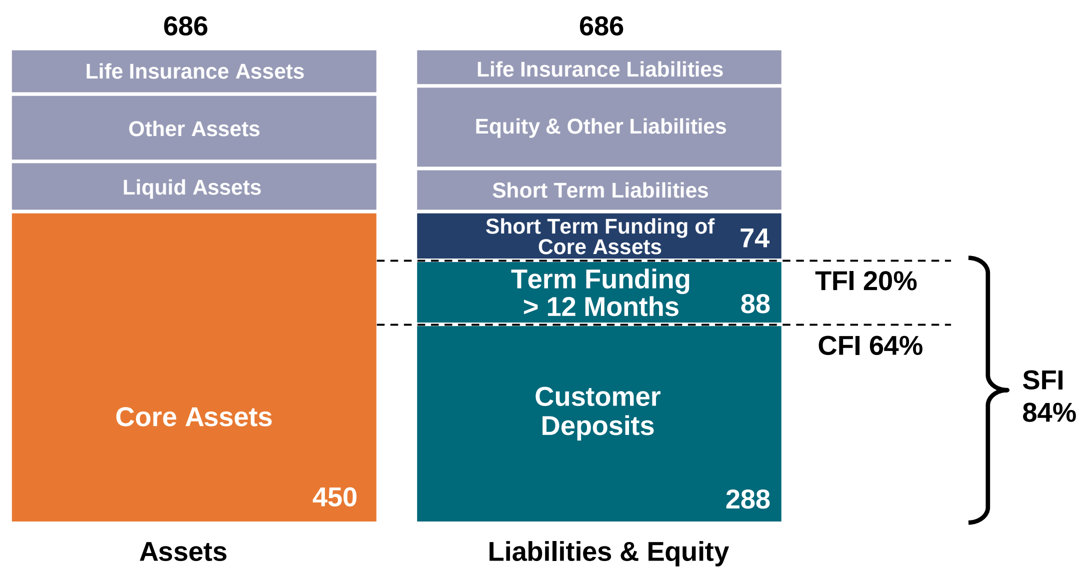


Based on management reporting

National Australia Bank

Asset funding

Balance sheet (A$bn)

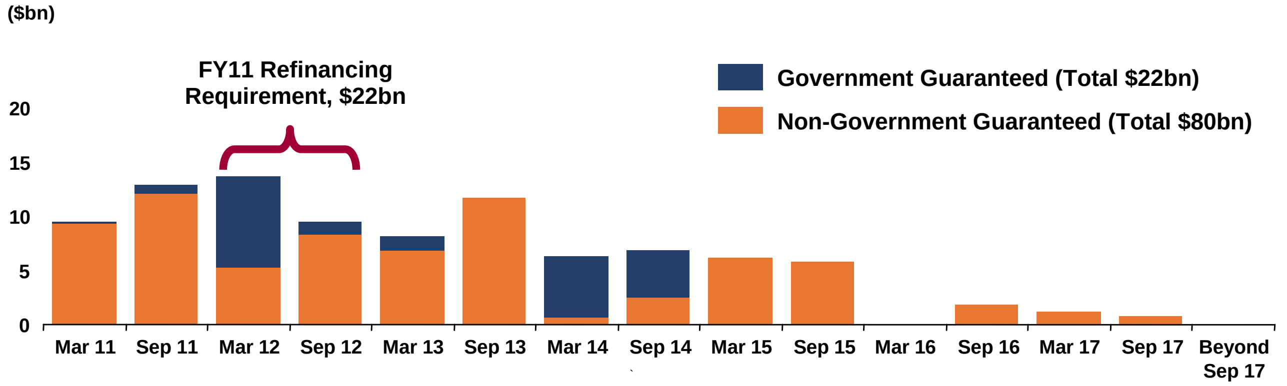


Based on management reporting

National Australia Bank

Funding profile remains robust

Term funding maturity profile*

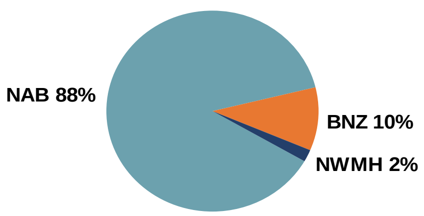


- The weighted average remaining maturity of the Group's term funding index qualifying (includes > 12 months remaining maturity, excludes <12 months) senior and subordinated debt is 3.6 years (Sep 09 3.2 years)
- The weighted average remaining maturity of the Group's senior and subordinated debt is 2.9 years (Sep 09 2.7 years)
- FY11 term refinancing requirement is partly driven by term debt that will roll into the < 12 month remaining to maturity category during FY11

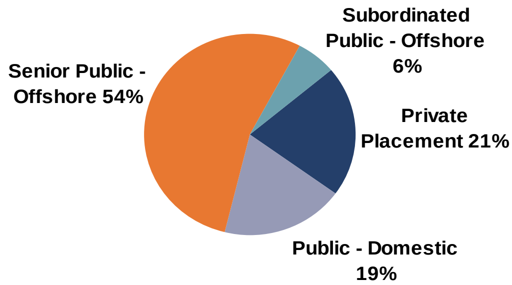
* Based on 30 Sep 10 exchange rates. Senior and subordinated term debt (to call date)

Diversified funding issuance – FY10

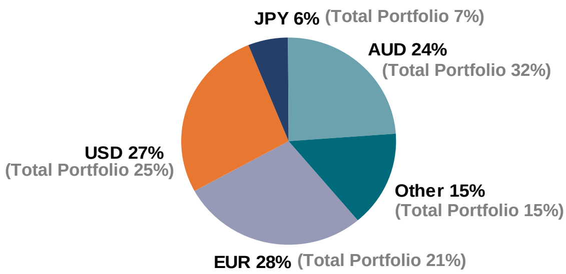
Issuer ($28.3bn)



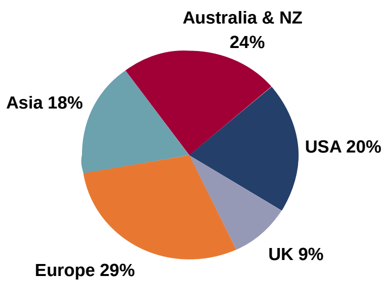
Type ($28.3bn)



Currency ($28.3bn)



Investor Location ($28.3bn)



UK FSA Capital Comparison – Basel II

- Summarised below are details of current key differences as pertinent to the Group and identified by the ongoing Australian Bankers' Association (ABA) study "Comparison of Regulatory Capital Frameworks – APRA and FSA".[1]

Item	Details of differences	Impact on Bank's Tier 1 capital ratio if FSA rules applied
RWA Treatment – Mortgages	APRA requires Loss Given Default estimate for loans secured by mortgages to be a minimum of 20% compared to a 10% minimum under FSA rules. This results in lower RWA under FSA rules.	Increase
Interest Rate Risk in the Banking Book (IRRBB)	APRA rules require the inclusion of IRRBB within Pillar 1 calculations. This is not required by the FSA and results in lower RWA under FSA rules.	Increase
Wealth Value of Business in Force at acquisition	This amount represents the value of business in force (VBIF) at acquisition of MLC, which is an intangible asset. VBIF is deducted from Tier 1 capital under APRA guidelines, whereas under FSA rules, it is deducted from Total capital.	Increase
Estimated Final Dividend	The FSA requires dividends to be deducted from regulatory capital when declared and/or approved. APRA requires dividends to be deducted on an anticipated basis, which is partially offset by APRA making allowance for expected shares to be issued under a dividend re-investment plan. This difference results in higher capital under FSA rules.	Increase
DTA (excluding DTA on the collective provision for doubtful debts)	APRA requires Deferred Tax Assets (DTA) to be deducted from Tier 1 capital, except for any DTA associated with collective provisions which are eligible to be included in the General Reserve for Credit Losses. Under FSA rules, DTA are risk weighted at 100%.	Increase
Eligible Deferred Fee Income	APRA requires certain deferred fee income to be included in Tier 1 capital. The FSA does not allow this deferred fee income to be included in Tier 1 capital, which results in lower capital under FSA rules.	Decrease
Capitalised Expenses	APRA requires a deduction from Tier 1 capital for up-front costs associated with a debt issuance. The FSA requires costs associated with debt issuance not used in the capital calculations to follow the accounting treatment.	Increase
Investments in Non-Consolidated Controlled Entities	APRA requires Wealth Net Tangible Assets (NTA) to be deducted 50/50 from Tier 1 and Tier 2 capital. The FSA allows embedded value (including NTA) to be included in Tier 1 capital and deducted from Total capital under transitional rules to 31 December 2012 (when it will revert to a 50/50 deduction from Tier 1 and Tier 2).	Increase
UK Defined Benefit Pension Scheme	The scheme continues to be in deficit as at 30 September 2010. Under FSA rules, the bank's deficit reduction amount may be substituted for a defined benefit liability. No deficit reduction amounts are presently being paid, therefore the liability can be reversed from reserves (net of tax) and no liability is required to be substituted at this time.	Increase

(1) The above comparison is based on public information on the FSA approach to calculating Tier 1. Some items cannot be quantified where the FSA may have entered into bi-lateral agreements on specific items, which are not generally in the public domain

UK FSA Capital Comparison – Basel II

Estimated Impact on NAB's capital position

- The following table illustrates the impact on the Group's capital position considering these key differences between APRA and UK FSA Basel II guidelines
- This reflects only a partial list of the factors requiring adjustment

	Tier 1 Capital %	Total Capital %
30 September 2010 – APRA basis	8.91	11.36
RWA treatment – Mortgages[1]	0.83	1.04
IRRBB (RWA)	0.24	0.29
Wealth Value of Business in Force (VBIF) at acquisition[2]	0.46	0.00
Estimated final dividend (net of estimated reinvestment under DRP / BSP)	0.31	0.31
DTA (excluding DTA on the collective provision for doubtful debts)	0.23	0.22
Eligible deferred fee income	(0.07)	(0.07)
Capitalised expenses[3]	0.03	0.03
Investments in non-consolidated controlled entities (net of intangible component)	0.25	0.00
UK Defined Benefit Pension	0.11	0.11
Total Adjustments	**2.39**	**1.93**
30 September 2010 – Normalised for UK FSA differences	**11.30**	**13.29**

(1) RWA treatment for mortgages is based on APRA 20% loss given default (LGD) floor compared to FSA LGD floor of 10% aligned to the Basel II Framework
(2) This ignores any potential accounting differences between IFRS and UK GAAP
(3) Capitalised expenses associated with debt raisings only

Basel II Risk Weighted Assets

Asset Class ($m)	30 September 2010		31 March 2010	
	RWAs	RWA/EAD %	RWAs	RWA/EAD %
Corporate & Business	174,723	54%	172,917	54%
Mortgages	48,909	22%	45,932	22%
Retail	16,914	48%	15,962	50%
Standardised*	63,624	68%	59,680	66%
Other Assets	8,175	79%	6,982	76%
Total Credit RWAs	**312,345**	**45%**	**301,473**	**45%**
Market RWAs	3,079		3,305	
Operational RWAs	22,234		22,402	
IRRBB RWAs	7,000		5,653	
Total RWAs	**344,658**		**332,833**	

* The majority of the Group's standardised portfolio is the UK Clydesdale PLC banking operations

IRB Eligible Provisions vs Expected Losses

- Expected losses (EL): a regulatory measure under Basel II on a gross-of-tax basis, representing losses based on long-term estimates and through-the-cycle considerations
- Eligible provisions (EP): based on the AIFRS definition of incurred losses for IRB assets. Collective provisions are net of tax while specific provisions and partial write-offs are pre-tax
- The capital deduction is impacted by the different tax treatment in calculating EL and EP

$m	Sep 10	Mar 10
IRB Collective Provision	2,306	2,271
IRB Portion of Collective Provision top-up	551	586
Regulatory specific provision	412	534
IFRS specific provision	1,332	1,398
Partial write-offs	1,566	1,150
Total IRB Eligible Provisions, pre tax on IRB Collective Provision	**6,167**	**5,939**
Tax on IRB collective provision	(630)	(608)
Total IRB Eligible Provisions (EP)	**5,537**	**5,331**
Regulatory Expected Loss (EL)	6,161	5,523
Tier 1 deductions (50%)	312	96
Tier 2 deductions (50%)	312	96
Total deductions	**624**	**192**

Additional Information

Business Banking

Personal Banking

Wholesale Banking

MLC & NAB Wealth

NZ Banking

UK Banking

Specialised Group Assets

Asset Quality

Capital and Funding

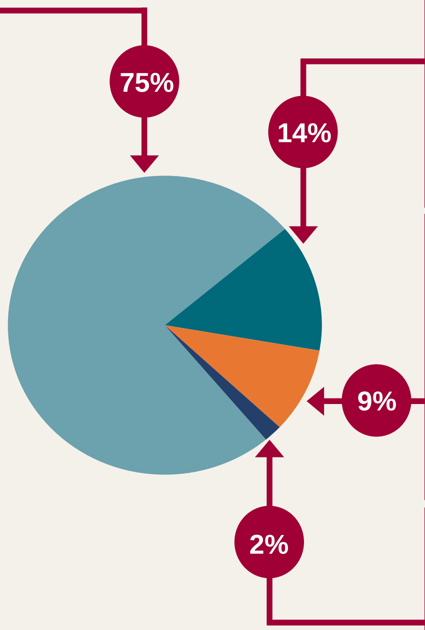
Economic Outlook

nab | MLC | Clydesdale Bank | Yorkshire Bank | Bank of New Zealand | Great Western Bank

Economic outlook

Australia

- Business confidence & conditions remain in positive territory
- Multi-speed economy: retail soft but mining strong as government stimulus passes
- Expect GDP growth of approx 3¼% for calendar 2010, 3¾% in 2011
- Global recovery on track & East Asian growth continuing to support demand for Australian bulk commodity exports
- RBA expected to raise rates by 100 basis points by late 2011 & A$ likely to remain strong relative to US$



United Kingdom

- Moderate upturn in economic activity started in late 2009 and growth should continue at 1½ to 2%
- Weak housing market, household sector de-leveraging and fiscal tightening hold back pace of recovery
- Economy needs to shift toward exports and business investment (Sterling depreciation will help)
- Credit growth stopped and only a modest recovery expected

New Zealand

- Moderate patchy recovery under way. 2011 growth influenced by holding of Rugby World Cup in NZ
- Mixed picture across sectors – housing and retail weak, high commodity prices help exporters
- Interest rates expected to rise slowly

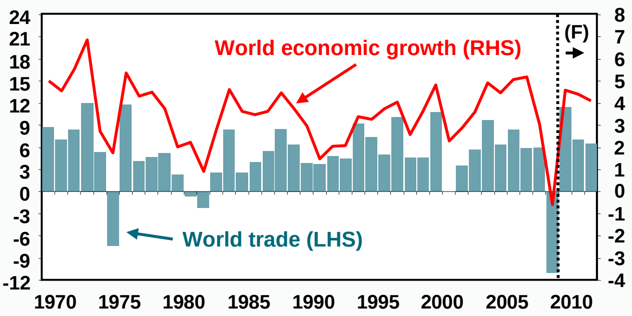
United States

- Growth has resumed but jobless rate has stayed very high
- US$ weakness should help exports – needed as consumer spending still weak and government will have to eventually address its big deficit

% represent share of 30 September 2010 GLAs
Australia includes Asia

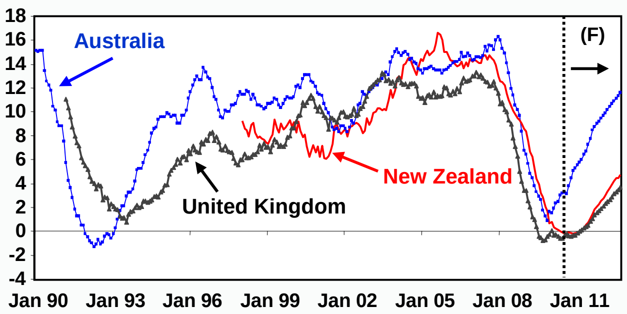
Economic conditions

Annual % growth in global trade and GDP - 1970 - 2012



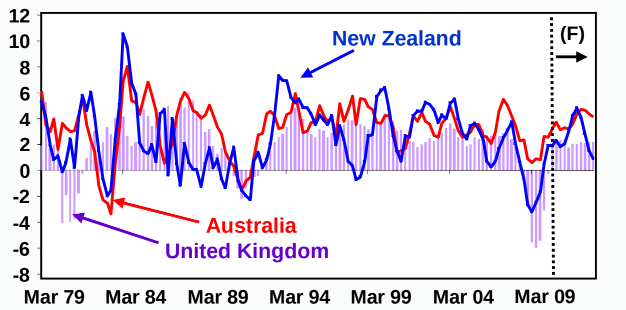
IMF, OECD, Datastream, NAB Forecasts

System credit growth % change year on year



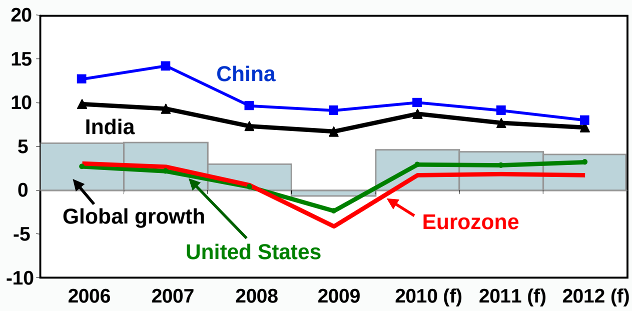
RBA, RBNZ, Bank of England, NAB Forecasts

Real GDP % change year on year



ONS, ABS, SNZ, Datastream, NAB Forecasts

Annual % growth in major economies



Datastream

(F) - Forecast

Australia regional outlook

Economic Indicators (%) (a)	CY08	CY09	CY10 (f)	CY11 (f)	CY12 (f)
GDP growth	2.2	1.2	3.3	3.8	4.5
Unemployment rate	4.6	5.5	5.0	4.8	4.5
Core Inflation	4.3	3.3	2.8	2.8	3.0
Cash rate	4.25	3.75	4.75	5.5	5.5
System Growth (%)	**FY08**	**FY09**	**FY10(f)**	**FY11(f)**	**FY12(f)**
Housing	9.2	7.4	8.1	10.0	13.0
Other personal (incl cards)	2.2	-5.8	2.9	6.0	6.5
Business	14.8	-2.6	-3.5	6.5	10.0
Total system credit	10.7	2.5	3.4	8.4	11.0
Total A$ ADI deposits (b)	14.3	8.1	5.0	9.5	9.5

(a) Percentage change in year ended December, except for cash and unemployment rates, which are as at end December

(b) Total ADI deposits also includes wholesale deposits (such as CDs), community & non-profit deposits but excludes deposits by government & ADI's

CY = calendar year (ending December); FY = bank fiscal year (ending September)

- The Australian economy avoided the worst of the global recession in 2009 because of a large and timely fiscal and monetary stimulus, resilient banking sector, flexible labour market response, an under-built housing sector and significant export exposure to Chinese growth
- The Australian economy rebounded strongly from the GFC in late 2009 before growth moderated in 2010 in response to financial market turbulence in Europe and concerns about the sustainability of the recovery in the US and China. The withdrawal of the fiscal stimulus has meant that the economy is becoming increasingly reliant on growth in private sector activity
- Despite these concerns, growth is likely to be driven by the mining sector and the overall strength of our international trading environment. Increases in the contract prices of metal ores and mineral fuels have driven up the terms of trade by almost 20% in the first half of 2010, adding more than $50 billion to annual export income. Official survey data indicate that capital spending in the mining sector may rise by as much as 74%
- The wealth and income effects of the renewed minerals boom are expected to contribute to an acceleration in Australian growth from 3.3% in 2010 to 3.7% in 2011
- The RBA is likely to begin raising cash rates before the end of 2010, or early next year, in anticipation of the potentially inflationary consequences of stronger growth. We expect cash rates to rise to 5½% by the second half of 2011. The A$ is likely to be supported by the strength of the Australian economy and a vulnerable US$
- Business credit has continued to decline, albeit at a diminishing rate. Growth is expected to resume in 2011 on the back of rising business investment, reflecting strengthening investment intentions. Modest growth in personal credit is continuing. Housing credit is expected to grow at solid rates in the face of continuing dwelling under-supply and falling unemployment

UK regional outlook

Economic Indicators (%)	CY08	CY09	CY10(f)	CY11(f)	CY12(f)
GDP growth	0.9	-5.0	1.5	2.1	2.2
Unemployment	5.8	7.7	7.8	7.5	7.3
Inflation	2.4	3.0	3.3	3.0	1.9
Cash rate	5.0	0.5	0.5	1.5	2.5
System Growth (%)	**FY08**	**FY09**	**FY10(f)**	**FY11(f)**	**FY12(f)**
Housing	8.5	2.2	0.9	1.4	3.0
Consumer	6.6	3.0	0	1.6	2.5
Business	12.7	0.7	-2.9	-1.7	2
Total lending	9.8	1.7	-0.5	0.3	2.6
Household deposits	8.6	3.2	2.9	3.2	4.3

- The UK started recovering in the latter half of 2009 – after experiencing a fall of 6½% in GDP through the recession, one of the worst downturns of the postwar period. Thus far the recovery has not been particularly strong – and GDP in mid-2010 was still around 2½% below its pre-recession level
- There is a good chance that this moderately paced economic upturn will continue – although the serious fiscal position requires deep cuts in spending and/or tax rises to maintain the sovereign credit rating. This fiscal retrenchment should slow economic growth
- The UK economy requires a structural re-balancing in its growth through the next few years – with more reliance on exports and private investment spending and less on consumption, government spending and housing prices. The approx 25% drop in Sterling should contribute significantly toward that rebalancing in activity toward traded goods output and investment
- System credit growth has stopped with a declining stock of business credit and minimal growth in lending to households. The weakness of the housing market is likely to hold back the recovery in lending growth
- Although system asset quality has worsened with recession and rising unemployment, it has not fared as badly as might have been expected

NZ regional outlook

Economic Indicators (%)	CY08	CY09	CY10(f)	CY11(f)	CY12(f)
GDP growth	-0.2	-1.7	2.0	3.6	2.3
Unemployment	4.6	7.1	6.5	5.4	5.4
Inflation	3.4	2.0	4.6	2.7	2.6
Cash rate (end period)	5.0	2.5	3.0	4.75	5.0
System Growth (%)	**FY08**	**FY09**	**FY10(f)**	**FY11(f)**	**FY12(f)**
Housing	10.6	3.6	3.0	2.1	4.0
Personal	6.1	-0.9	-4.1	-0.2	3.6
Business	14.1	10.9	-2.5	-1.9	2.6
Total lending	11.8	6.3	0.5	0.4	3.5
Household retail deposits	13.2	12.5	2.9	2.8	4.9

- New Zealand has experienced a moderate and patchy economic upturn which, after 5 successive quarters of recovery from recession, has still left the level of real GDP in mid-2010 some 1½% below its end 2007 level
- The sluggish nature of the upturn is largely the consequence of a necessary and protracted phase of structural change in the economy – involving de-leveraging, higher saving, and a shift in the model of growth toward exports with less reliance on consumer spending and asset inflation as growth drivers
- The upturn is expected to continue with 2011 growth boosted by the holding of the Rugby World Cup in New Zealand. Slower economic expansion than in Australia means that the RBNZ is under less pressure than is the RBA to get its target interest rate back toward neutral
- Business conditions are mixed across the economy – with comparatively weak outcomes for consumer spending and the housing market whereas very high global commodity prices for key New Zealand export products are boosting farm incomes
- System credit growth has stopped and the outlook is for a milder upturn than in Australia (where the mining boom stimulates business credit). The continued weakness of the New Zealand housing market and still high household debt/income ratios keep household credit growth subdued and the dairy industry is already quite heavily geared as a result of previous strong borrowing

Disclaimer: *This document is a presentation of general background information about the Group's activities current at the date of the presentation, 27 October 2010. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the National Australia Bank Limited Full Year Results filed with the Australian Securities Exchange on 27 October 2010. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.*

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Note: *Information in this document is presented on a cash earnings basis.*

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