

*Thursday, 29 November 2007***National Australia Bank purchases Great Western Bank for US\$798 million**

National Australia Bank (NAB) today announced it had agreed to acquire Great Western Bancorporation, the holding company of Great Western Bank, a regional bank based in Sioux Falls, South Dakota, for US\$798 million.

Great Western Bank has assets of more than US\$3.4 billion, around 800 employees and a network of more than 100 branches across six states, predominantly in the mid-west agricultural region of the United States of America (USA).

Great Western Bancorporation has been owned by the Hamann family for more than 35 years.

National Australia Bank Group Chief Executive Officer, John Stewart, said the opportunity to acquire Great Western Bank was the result of detailed work conducted over many months researching organic growth opportunities for National Australia Bank's agribusiness relationship banking model in selected agricultural areas of the USA.

"Great Western Bank offers an ideal springboard to accelerate the organic growth strategy for our agribusiness relationship banking model into the USA," he said.

"It is a strong, well run bank with a robust history of expansion, a strong deposit base and sound financial performance.

"Great Western Bank is also active in the commercial lending, wealth management distribution and insurance agency sectors. These are all areas where National Australia Bank has a strong track record and we will look to continue to develop Great Western Bank's operations in these areas as well."

Great Western Bank President and Chief Executive Officer, Jeff Erickson, said, "Combining with National Australia Bank will enable Great Western Bank to significantly enhance our range of products and services, provide new employment opportunities for our staff and further support the communities in which we operate."

Great Western Bank will form part of NAB's Development and New Business division under the leadership of George Frazis. In the US, Jeff Erickson will continue as Great Western Bank CEO, reporting to Ciaran McMullan, a member of Mr Frazis' leadership team and CEO Americas Commercial.

The acquisition is to be effected by a National Australia Bank subsidiary merging with Great Western Bancorporation, and is subject to conditions including US and Australian regulatory approvals and no material adverse change. An amount of US\$75 million is to be held back from the purchase proceeds for a two to three year period to provide cover for indemnity and related claims. If NAB terminates the agreement in certain circumstances, it is required to pay a break fee of US\$25 million.

The Group's capital position remains strong post acquisition. The capital impacts of the transaction will be managed through capital initiatives which may include changes to the dividend reinvestment plan, such as removing the cap or introducing a slight discount on the price, and utilisation of hybrid capacity. In addition, we have previously disclosed capital impacts taking effect from 1 January 2008. Based on draft capital standards, APRA is now expected to align Basel II 50/50 deductions (mainly Wealth NTA at acquisition) to timing of Basel II advanced accreditation. This timing benefit amounts to \$0.7bn of Tier 1 capital.

Our positive Group outlook, as outlined in the recent full year results announcement, is unchanged. This acquisition has a minimal impact on National Australia Bank's group financials. It is expected to be earnings per share neutral by year three, approximately 0.5% dilutive in year one and have no impact on dividend per share.

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