2003 Full Year Roadshow Pack

November 2003

nabgroup.com

National

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Full year results overview

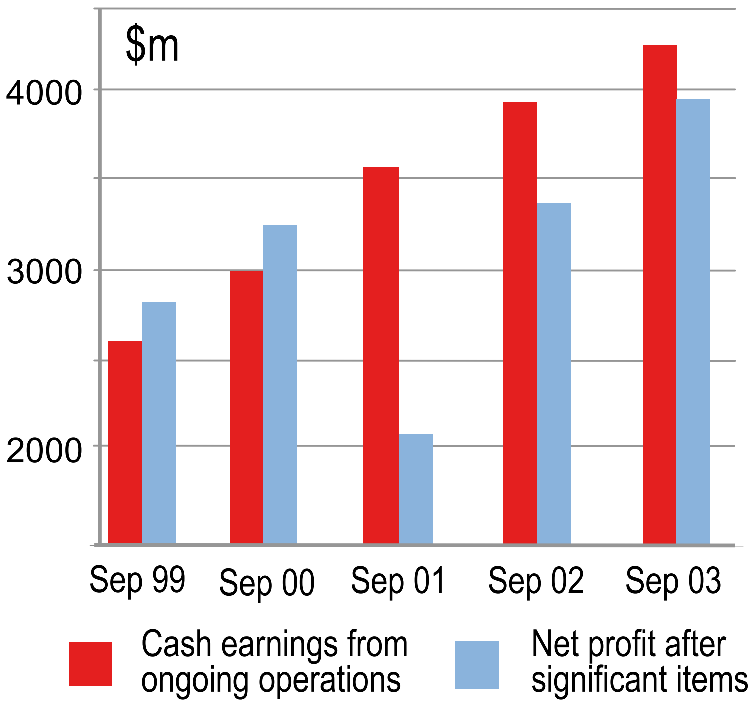
Targets achieved

- 8.2 % EPS growth after currency and pensions impact
- Strong results across most divisions
- Asset quality improves

Strong shareholder returns

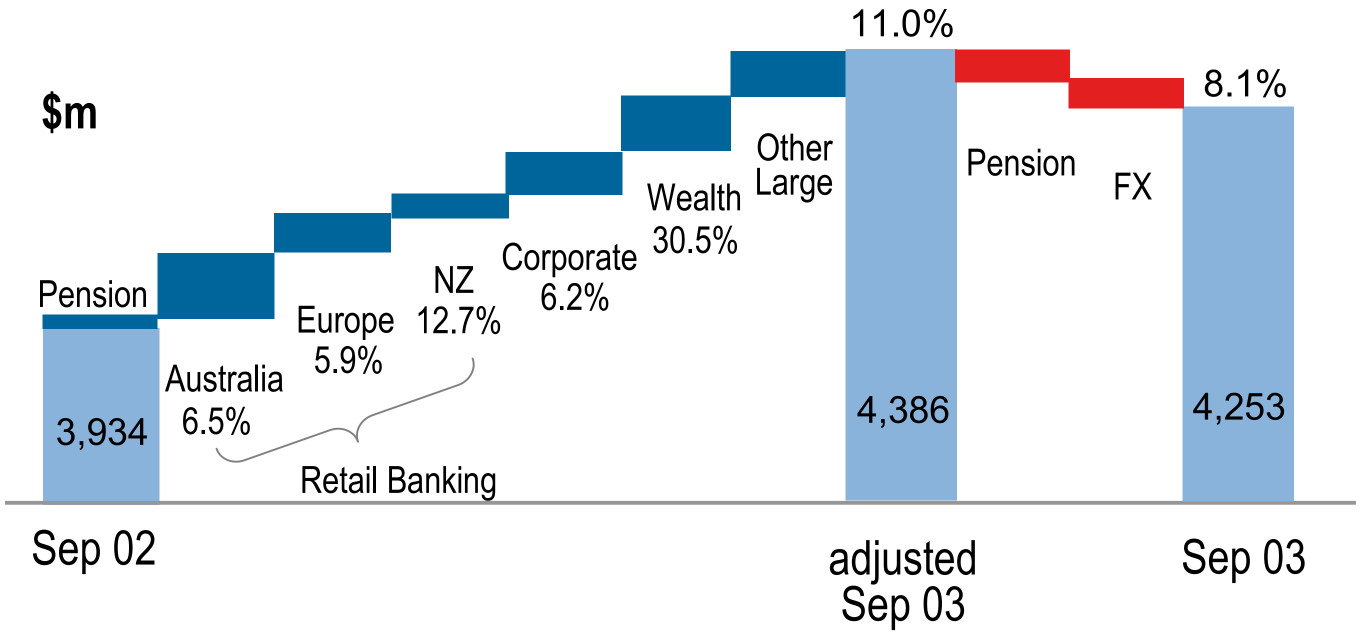
- 10.9% increase in final dividend to 83c
- ROE increases from 17% to 18.3%
- Strong EVA growth 30%
- Active capital management

10.2% CAGR from Ongoing Operations



Solid result - 11% cash earnings growth from ongoing operations

- Cash earnings growth from ongoing operations up 11.0% before pensions and currency impact
- Pensions and foreign exchange movements reduce cash earnings by 2.9%

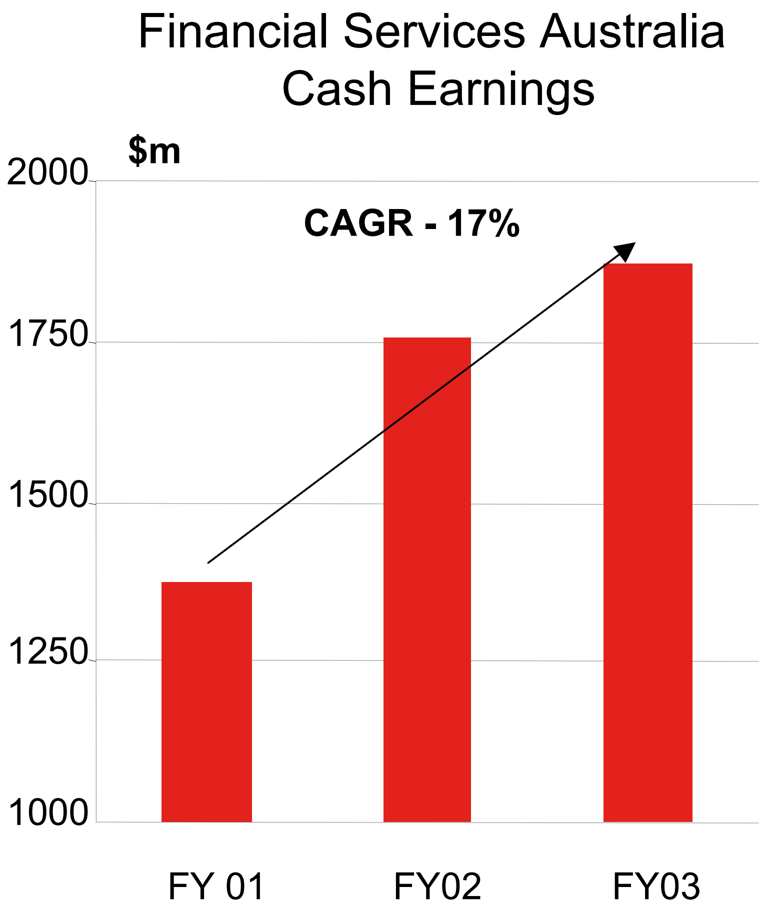


Note: % change refers to movement on Divisional result
Pension refers to FSE Pension Costs

Result built on traditional strengths of the National

	Sep 03 v Sep 02	Sep 03 v Sep 02 (ex FX)
Average Interest Earning Assets	8.4% ↑	10.5% ↑
Total income - Banking	5.5% ↑	7.1% ↑
Cost income ratio - Banking (ex pensions) 47.6%	30 bp ↓	
Underlying Profit - Banking	4.9% ↑	6.4% ↑
Asset quality sound - NAL's/ Total Loans to 0.51%	11 bp ↓	
Cash earnings growth from Banking	6.5% ↑	8.2% ↑
Operating profit - Wealth Management	28.1% ↑	30.5% ↑

Australia - strong competitive position and earnings momentum



- Compound cash earnings growth of 17% since 2001
- Cost to income ratio down 400 bp to 45.7% since 2001
- NAL's to gross loans down 17 bp to 0.35% in last year

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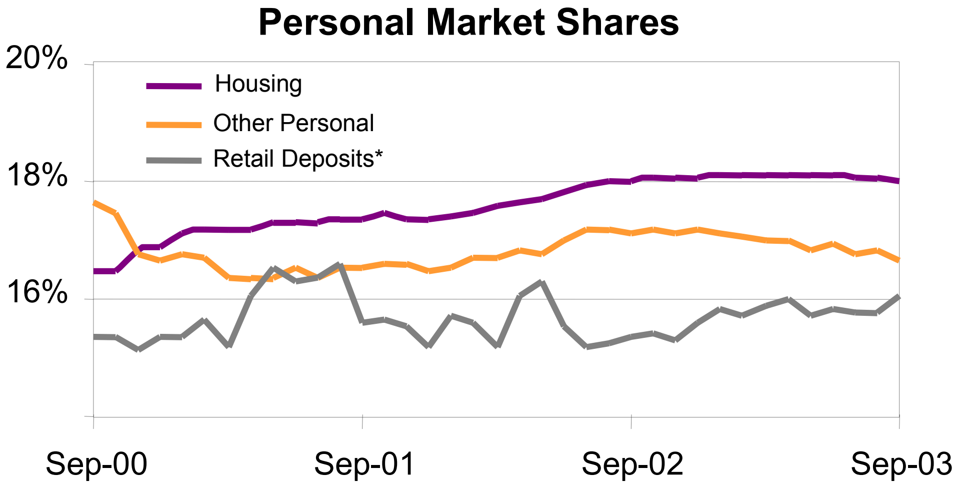
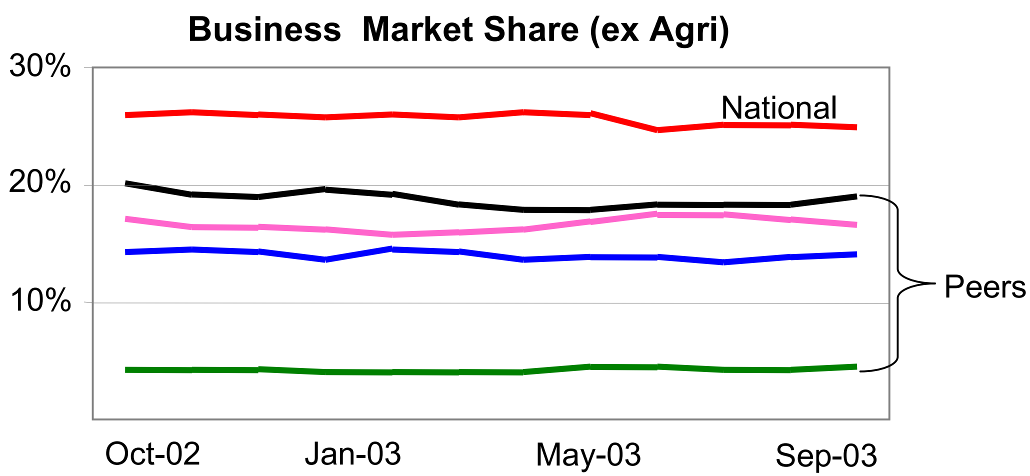
Financial Services Australia – Strong market shares and leading share of wallet



Source: RBA/FSA

- Housing market share has grown from 16.5% to 18% since 2000
- 47% share of wallet in consumer - nearest competitor 44%

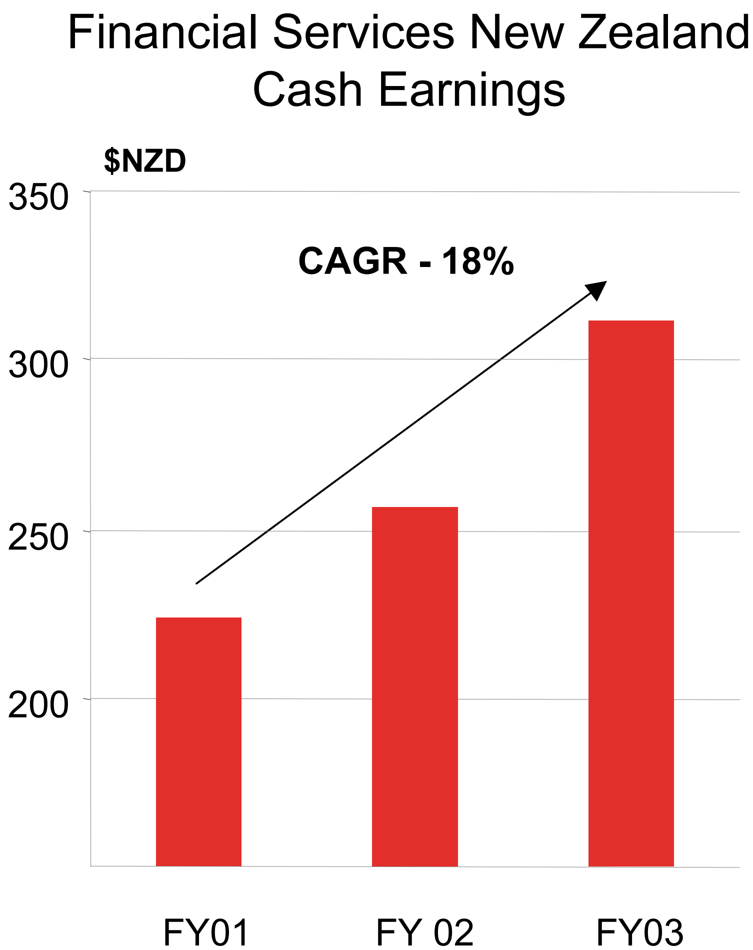


Source: TNS, Monthly. 12 month rolling average

- Maintaining leading position in business - 25% share of lending
- 63% share of wallet in business - nearest competitor 56%

*Retail Deposits = Personal and business Retail Deposits
RBA/FSA data includes CIB

New Zealand - strong competitive position and earnings momentum



- Compound cash earnings growth 18% since 2001
- Cost to income ratio down 590 bp to 50.3% since 2001
- NAL's to gross loans of 0.12%

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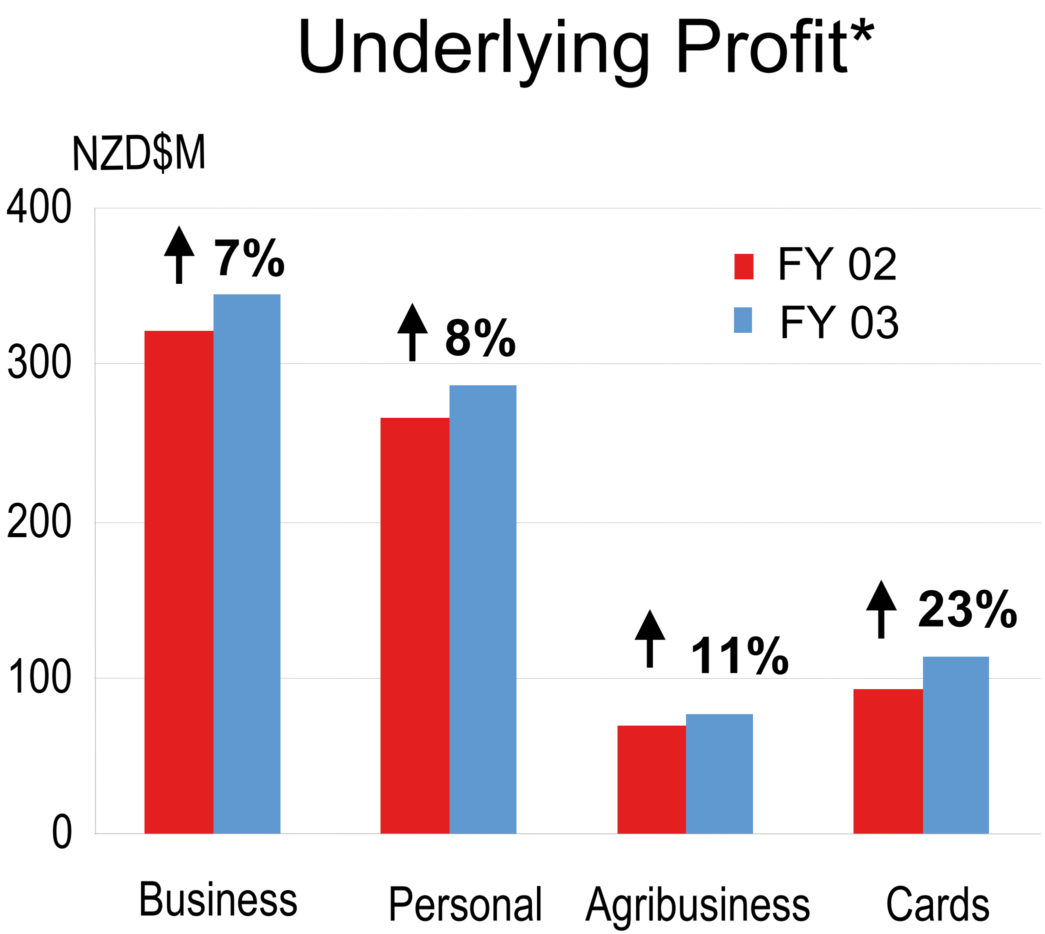
Strength and diversity of New Zealand



Segment	Lending Share
Business	24 %
Agribusiness	19 %
Housing	16 %
Personal	16 %
Cards	31 %

* Excludes internal recharges & provisions

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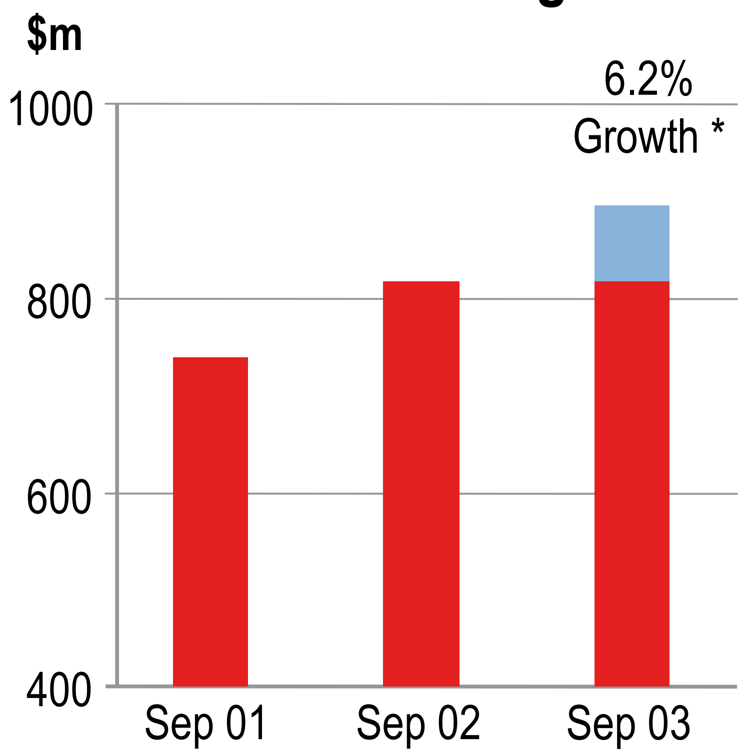
Corporate & Institutional Banking strong growth in customer related banking

Cash Earnings



Refocussed on client based business

Asset quality improving

Strong capability

- Leader in A$ debt markets
- Derivatives and commodities
- Structured finance and securitisation

* excluding currency impacts

Comparatives are before significant items

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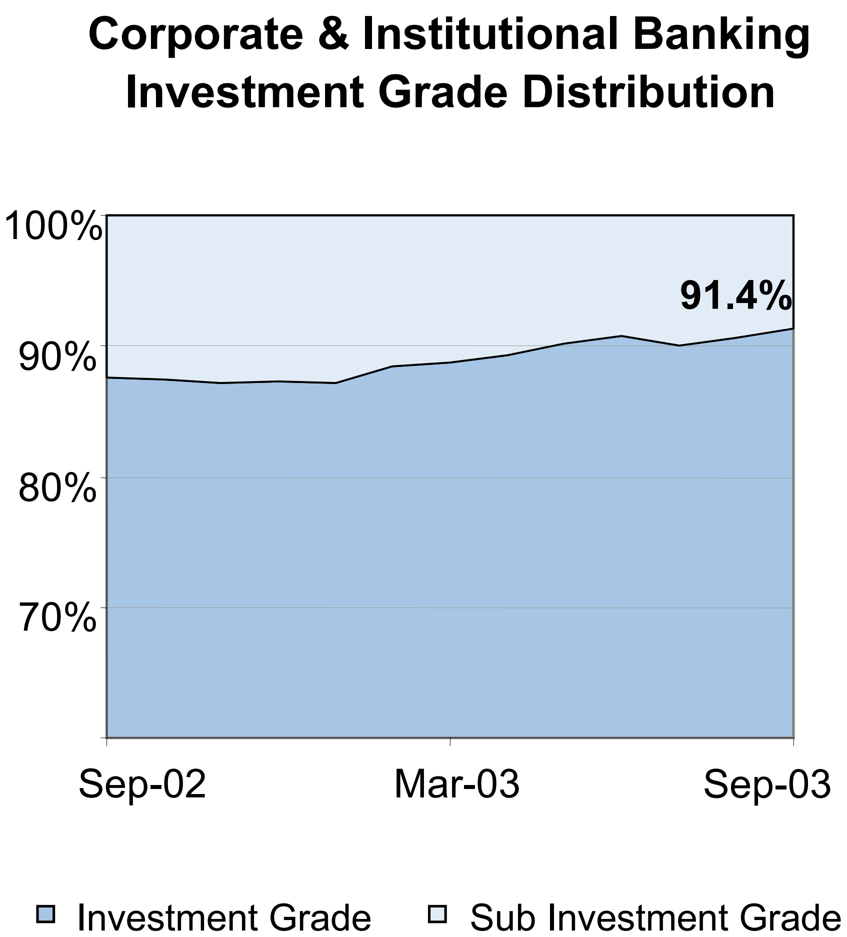
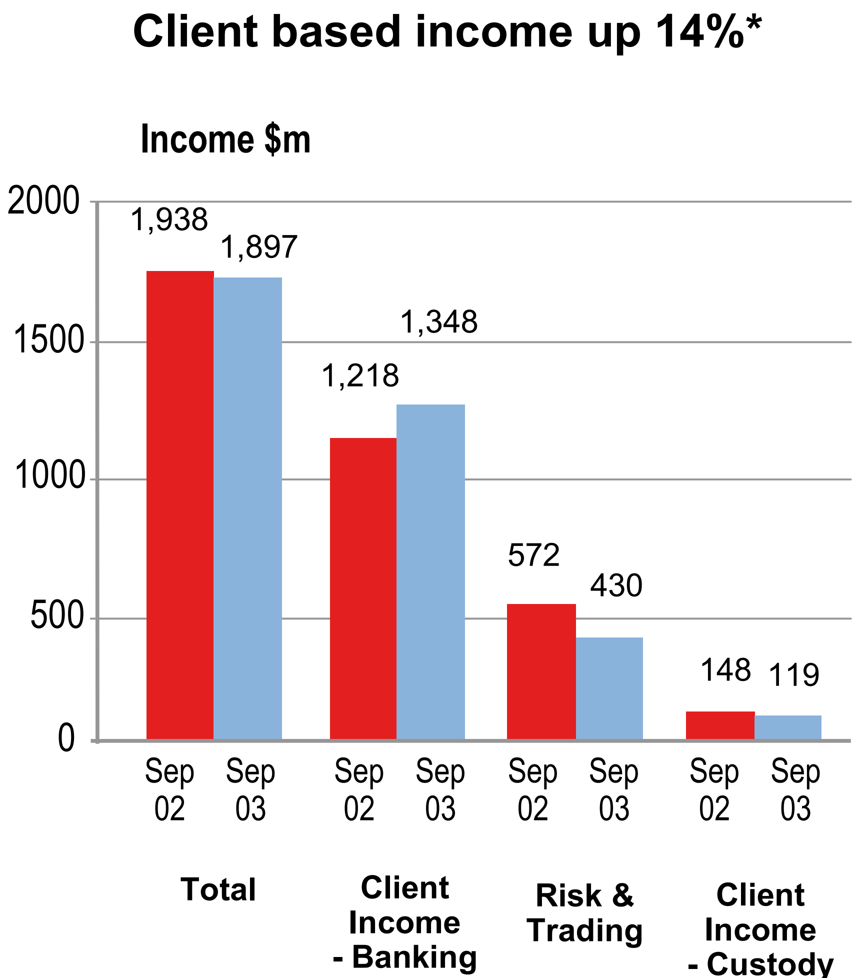
Improving quality of Corporate business



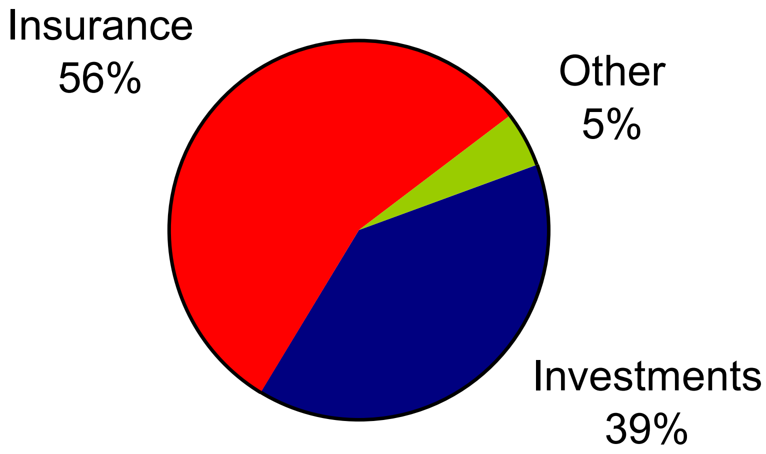


* excluding currency impacts

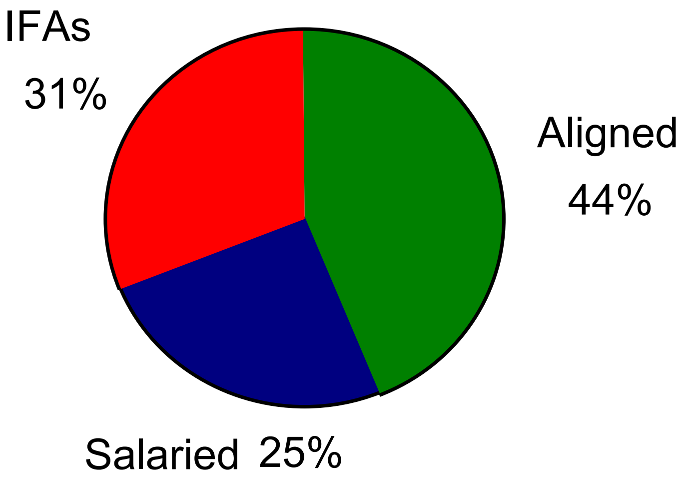
National

Wealth Management - distinctive capability focused on distribution not manufacturing

Diversified Business(1)



Multi Channel Distribution(2)



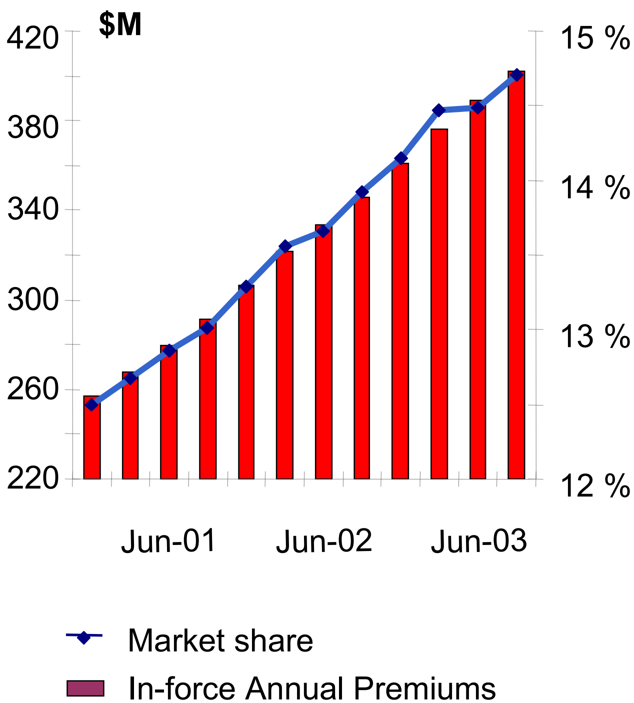
Key Differentiation

- 4th largest Manager of Managers globally
- Integrated model
- Identifying and executing strategies that lead the industry

(1) Excludes IORE, strategic investment spend and NAFiM investor compensation and associated costs
(2) Relates to the domestic business only

Wealth Management - strong position in key segments

Australian Retail Risk Business*



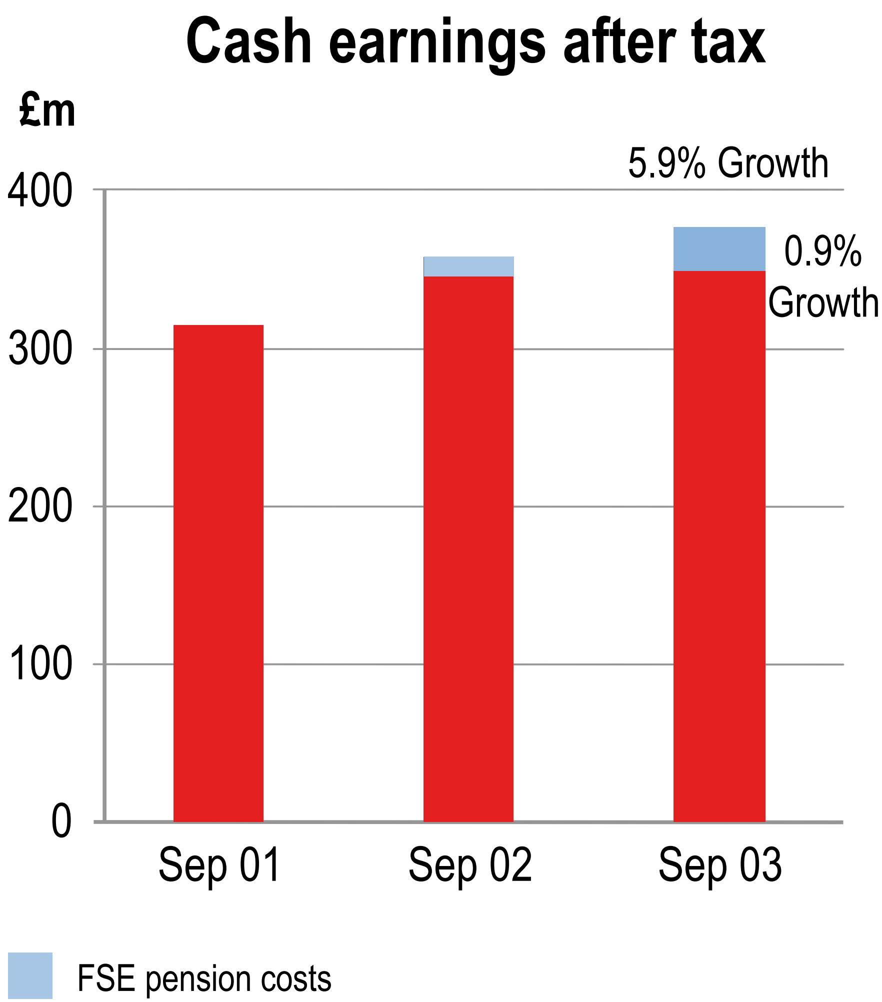
*Source: DEXX&R Research Reports.
Relates to Retail Risk only and includes term, trauma and disability

Australian Investments Business

	Share of FUM	Rank
Platforms - master funds / wraps (1)	19%	1
Retail funds management (1)	14%	2
SME(3)	15%	2
Implemented. Consulting(2)	23%	2
Wholesale(4)	7%	4

(1) Source - ASSIRT Market Share reports as at June '03
(2) Source - RainMaker Implemented Consulting Survey June 2003
(3) Source - Plan for Life Corporate Super Master Trust Market - June 2003
(4) Source- ASSIRT June 2003. excludes PLUM

Financial Services Europe results in line with expectations



Comparatives are before significant items

- Cash earnings up 5.9% on Sep 02 excluding pension fund expense
- Deposits up 6.9%
- Cost to income ratio 49.1%, (excluding pension fund expense)
- Asset quality improved - NALs/ Loans to 0.59%

National

UK provides good growth opportunities but we have work to do

Platform for growth

- Solid starting base
- Transfer of capability - Yorkshire experience
- Take advantage of international scale

The right people

- John Stewart
- Some of the group's best talent including local customer facing executives

Priorities for organic strategy

- Efficiency - Integration and standardising processes
- Growth - SME, South of England, refresh product offerings
- Differentiation - Light infrastructure, not a me too strategy

Progress on efficiency and growth initiatives

Merging Clydesdale and Yorkshire legal entities

- Important step in creating one integrated bank in UK and Ireland - completion 04
- Retaining brands

Converging Clydesdale and Yorkshire technology platforms

- New front end platform for Yorkshire Bank in pilot

Expanding into the south of England

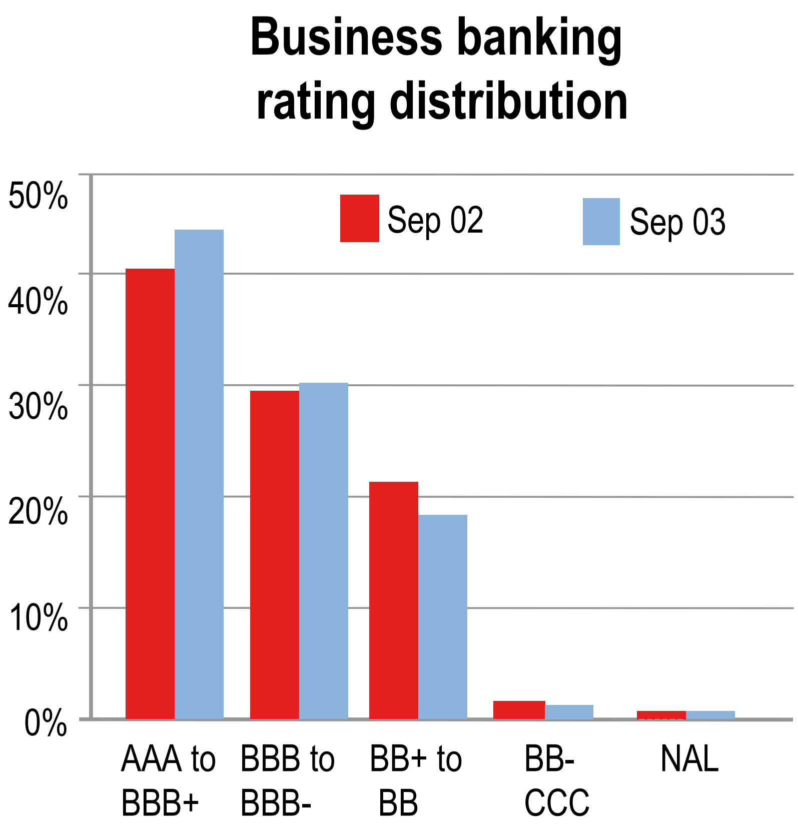
- Established four new Financial Services Centres in second half
- Opening another eight Financial Services Centres next year

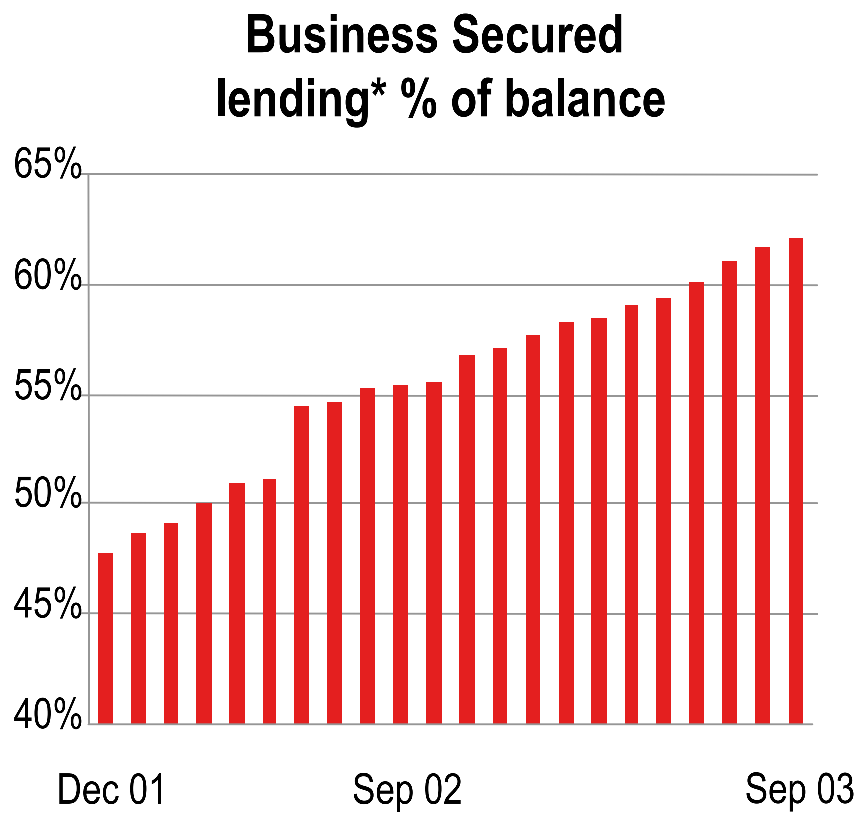
Building third party distribution business

- Brokers account for over 50% of mortgage origination in the UK
- Third party distribution will play an important part in expansion into the South

National

Asset quality – improved ratings and security position

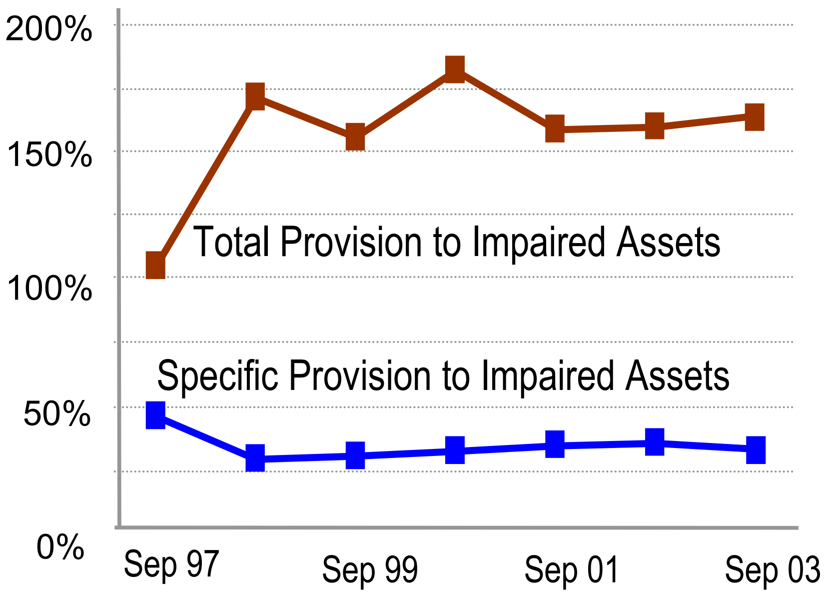




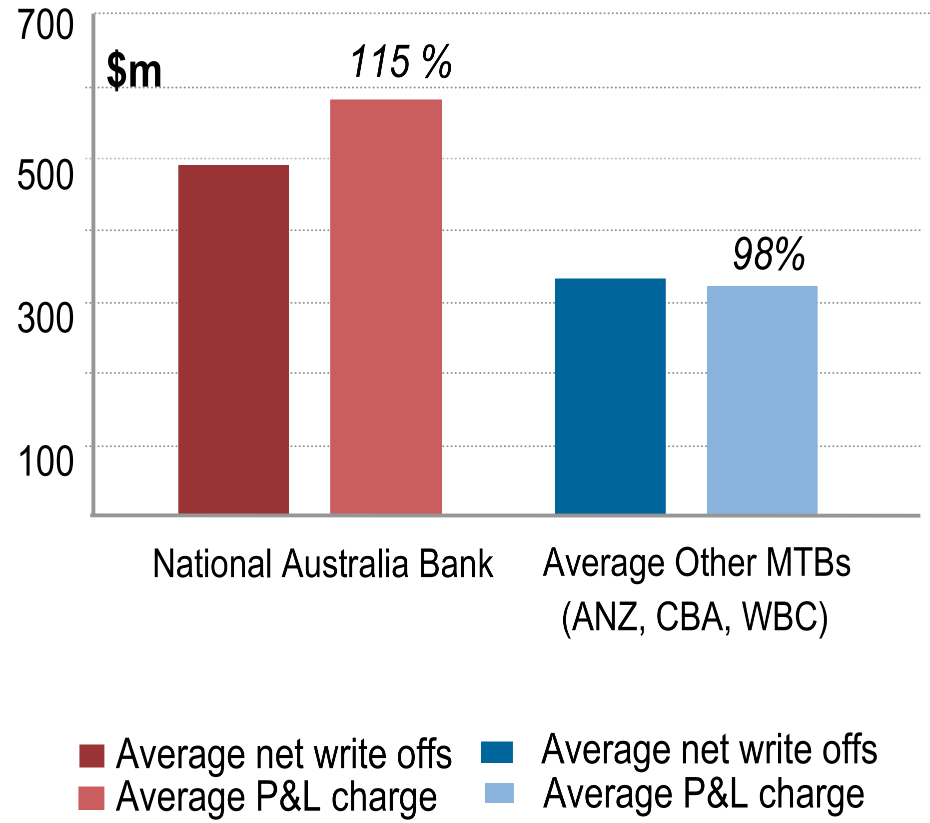
* Category A & B lending where security is ⩾ 100% of the facility

Coverage ratios and through the cycle provisioning remains sound

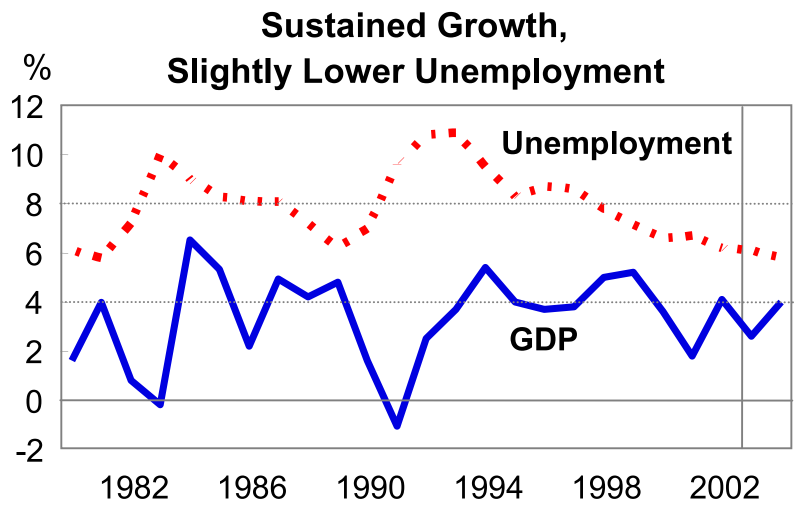
Provisioning coverage

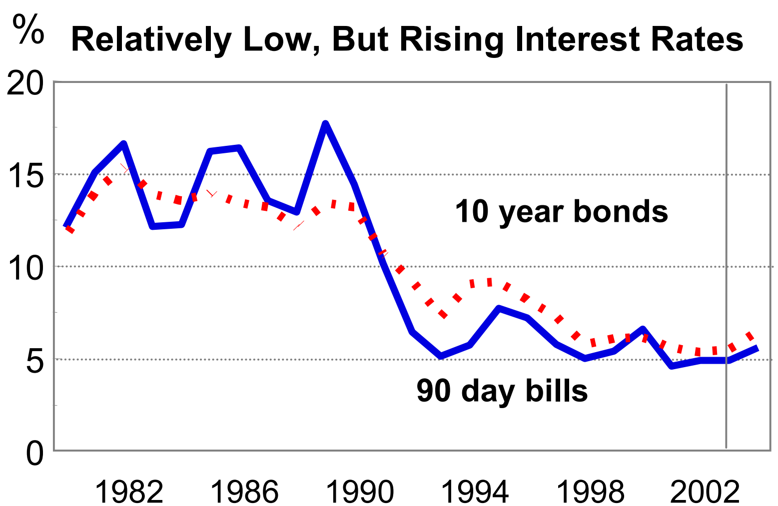


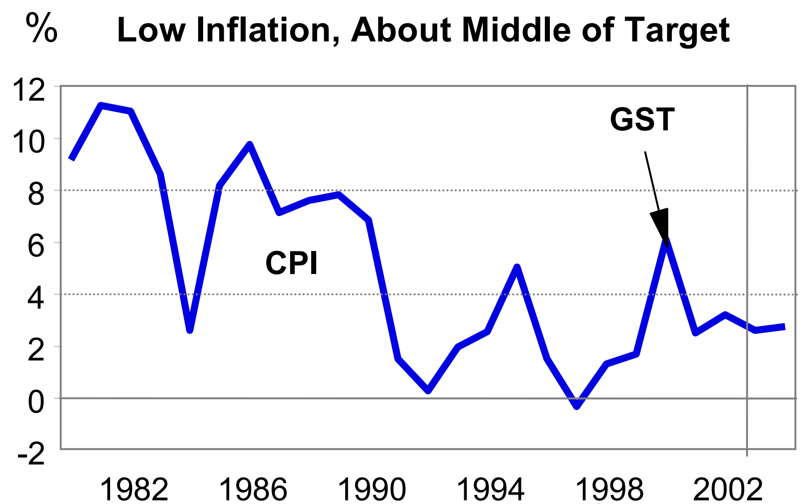
Average write offs to B&DD charge over past 8 years



Australian Economic and Financial Outlook

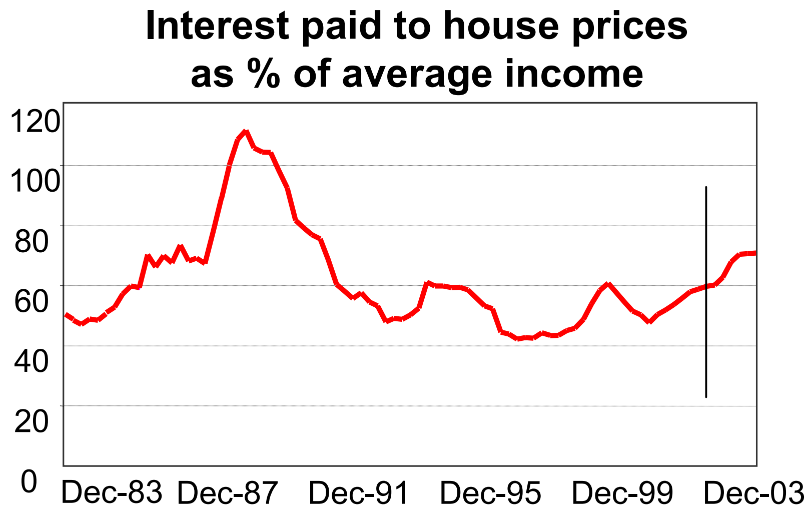


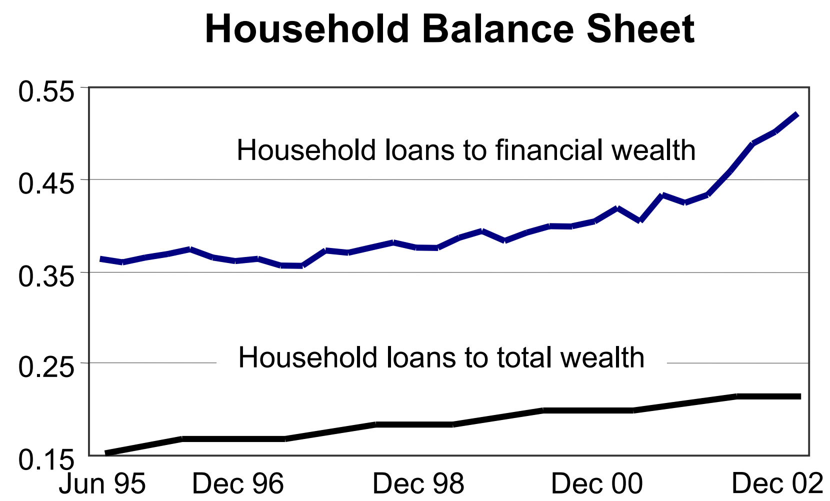


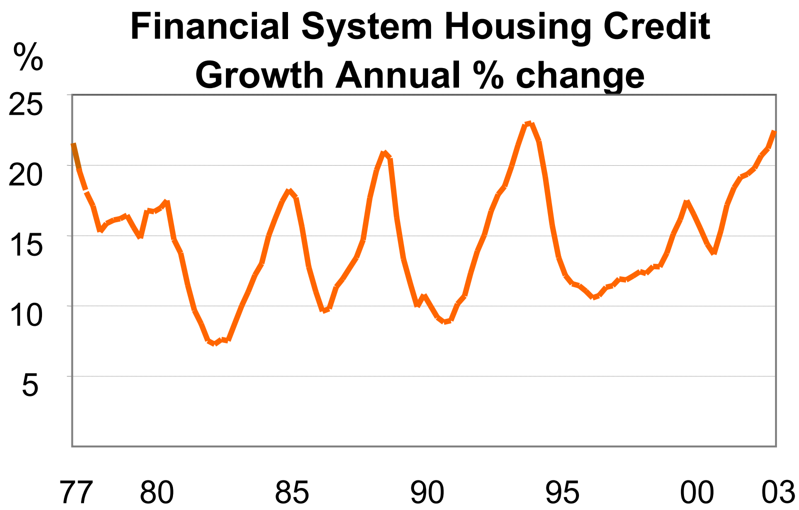


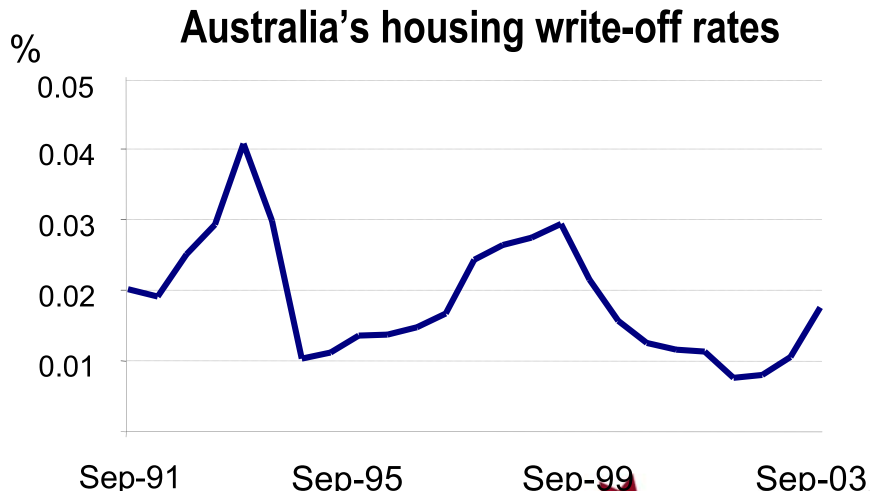
National

Consumer and housing dynamics

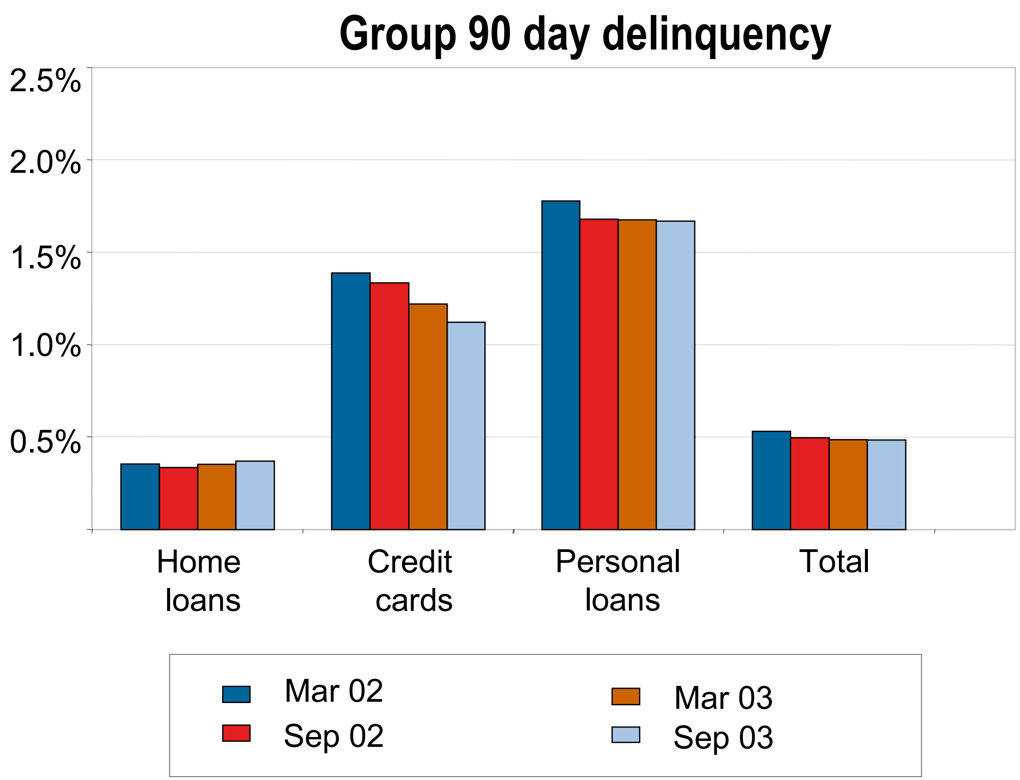






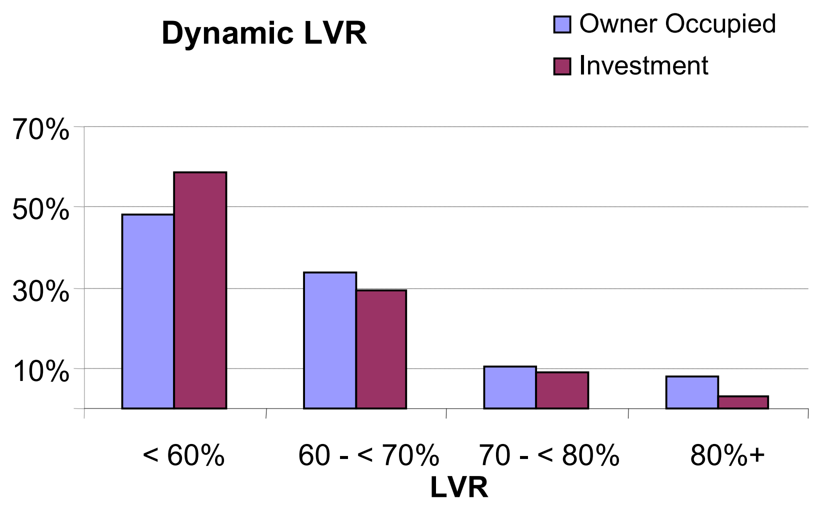


Delinquency rates remain stable

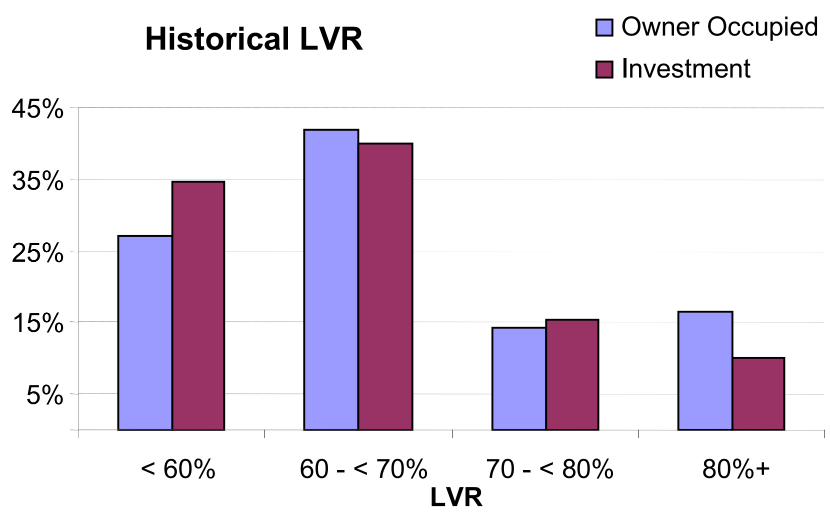


- Home Loan delinquencies low and stable
- Write off rates stable at below 2bp
- Same credit standards are applied to all home loans irrespective of origination channel

Loan to value ratios are consistent across investment and owner occupied housing



- LVR's for investment housing is lower than owner occupier
- Performed detailed audit our LMI arrangements and comfortable with ability to claim
- Average dynamic LVR for Investment property is 40% and owner occupied is 42%

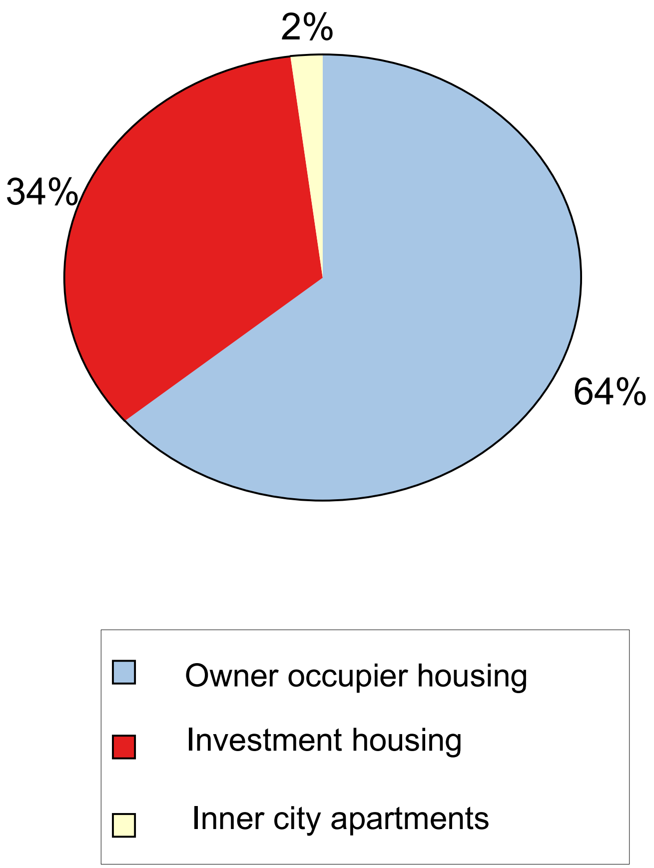


Stress test scenario: 5-fold increase in default rates and 30% decline in property prices

	Estimated Loss $M	Percentage of Portfolio
Australia	77	0.0847%
Global	104	0.0878%

Risk profile for inner city apartments acceptable

Housing portfolio segmentation for Australia

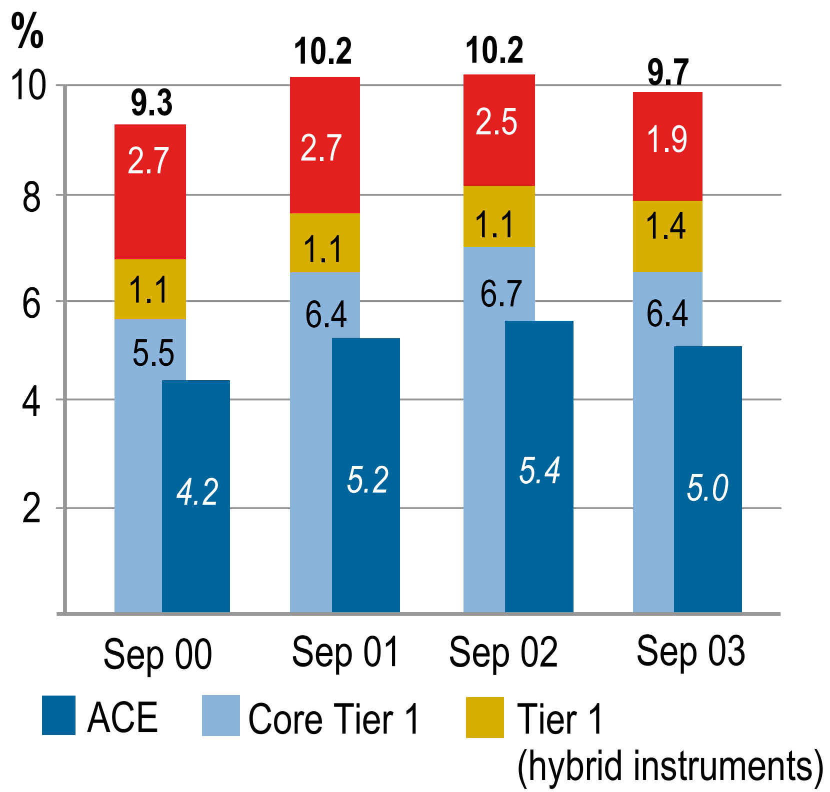


- Recently completed a comprehensive review of this segment of the portfolio
- This includes the CBD and surrounding postcodes
- Tighter credit criteria for this lending
- Average LVR for inner city is 66%

National

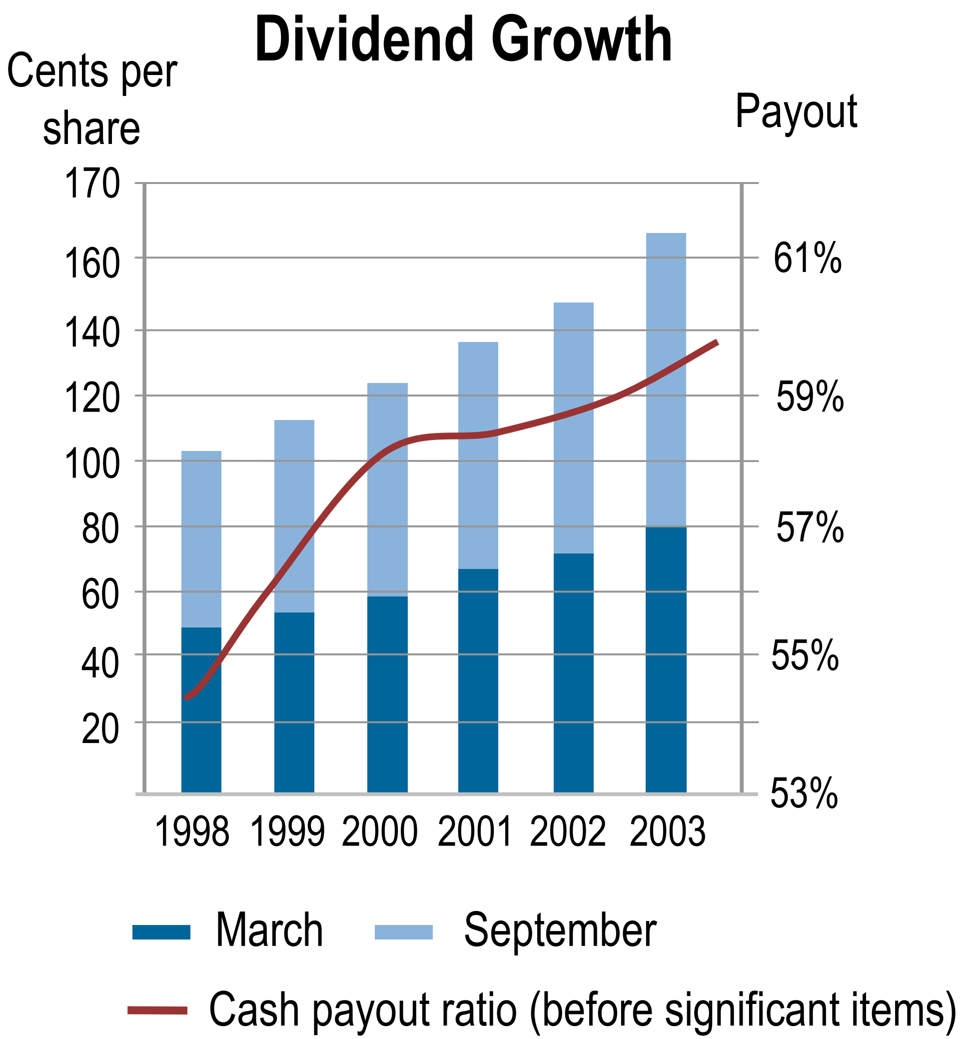
Committed to ongoing active capital management

- Comfortable managing capital levels to lower end of ACE target range
- Change to ACE has no impact on ongoing capital generation
- Regulatory ratios have been aligned to ACE target



Targets	Target Ranges (%)	Sep 03 Actual
ACE/RWA	4.75 – 5.25	4.95
Core Tier 1	6.00 – 6.50	6.38
Tier 1	7.00 – 7.50	7.82
Total Regulatory	9.00 – 9.50	9.70

Dividend increases 10.9%



- Final dividend of 83 cents per share, franked to 100%
- Total dividend of 163 cents per share, franked to 100%
  - Consistent dividend growth
  - 9.8% CAGR over last 5 years

Outlook

- Economic outlook is positive
- Financial Services Europe earnings will be impacted by reinvestment, higher pensions costs
- Expect the remainder of our businesses to continue producing solid results in the next 12 months
- Remain confident in strength of our businesses
- Will continue to provide strong and sustainable dividend growth

National

Our strategy plays to our strengths

Our Purpose: "Growth through excellent relationships"

Our Vision: We will be a leading international financial services company which is trusted by you and renowned for getting it right

Strategic Pillars:

Deliver solutions that help meet customer's complete financial needs

Build and sustain a high performance culture

Build trusted relationships with all stakeholders

Build and manage our portfolio of businesses for strong and sustainable TSR

Create and leverage strategic assets and capabilities for competitive advantage

National

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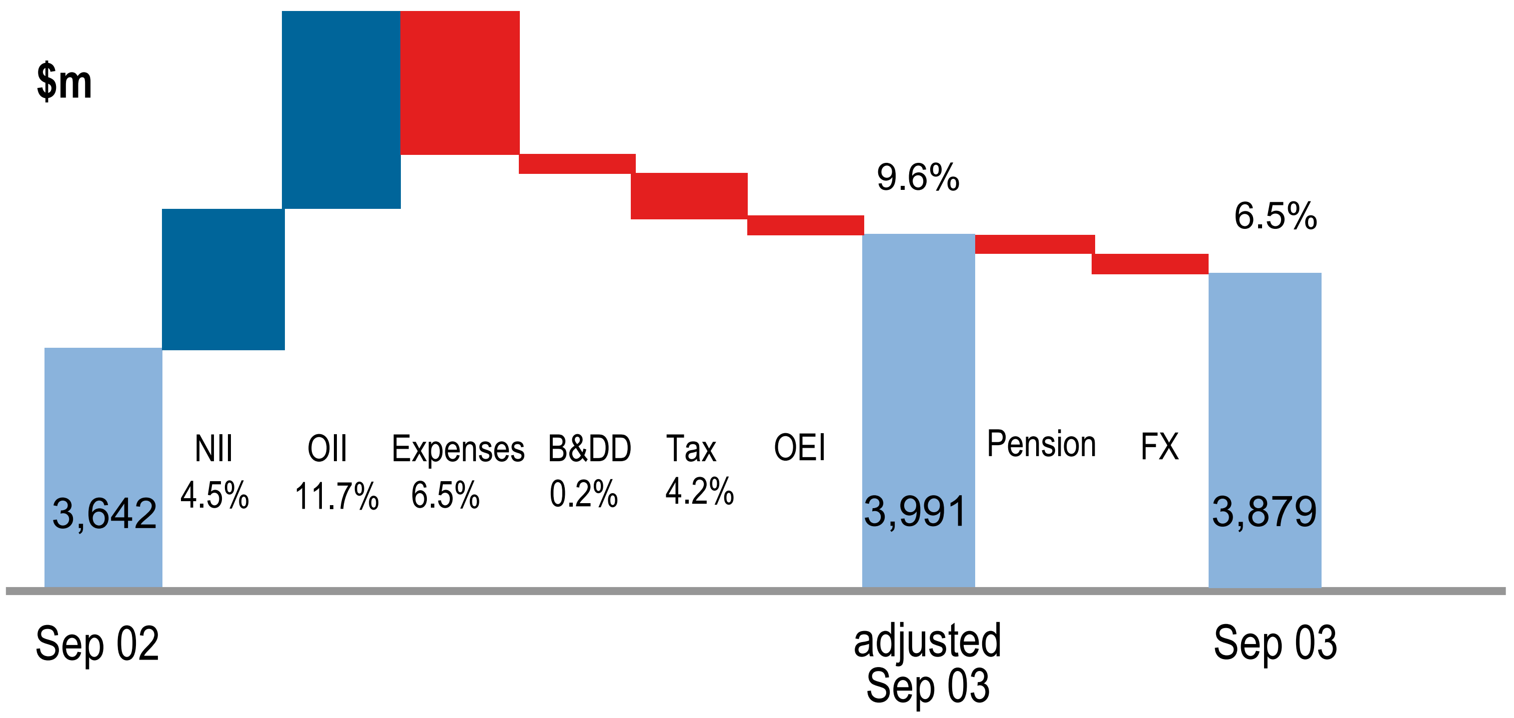
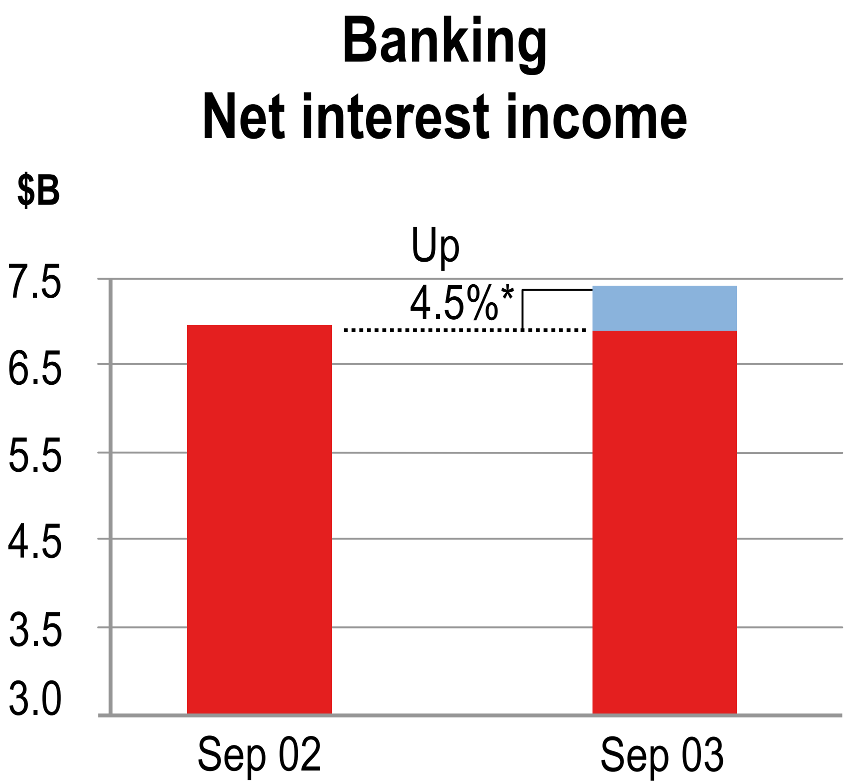
National

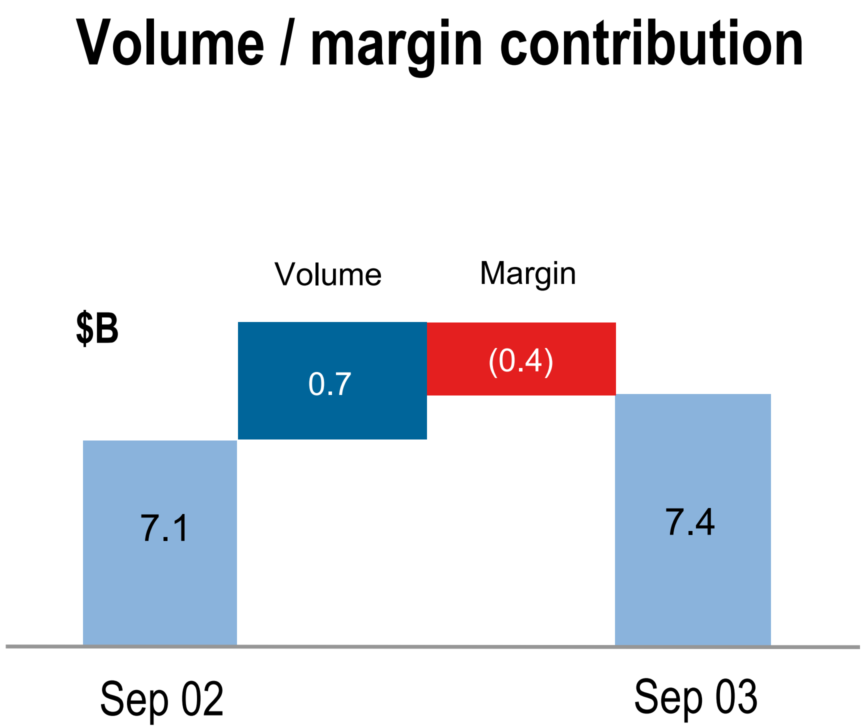
Banking cash earnings drives the result

- Cash earnings up 6.5%
- Cash earnings up 9.6% before pensions and currency impact



Strong volumes drive net interest income

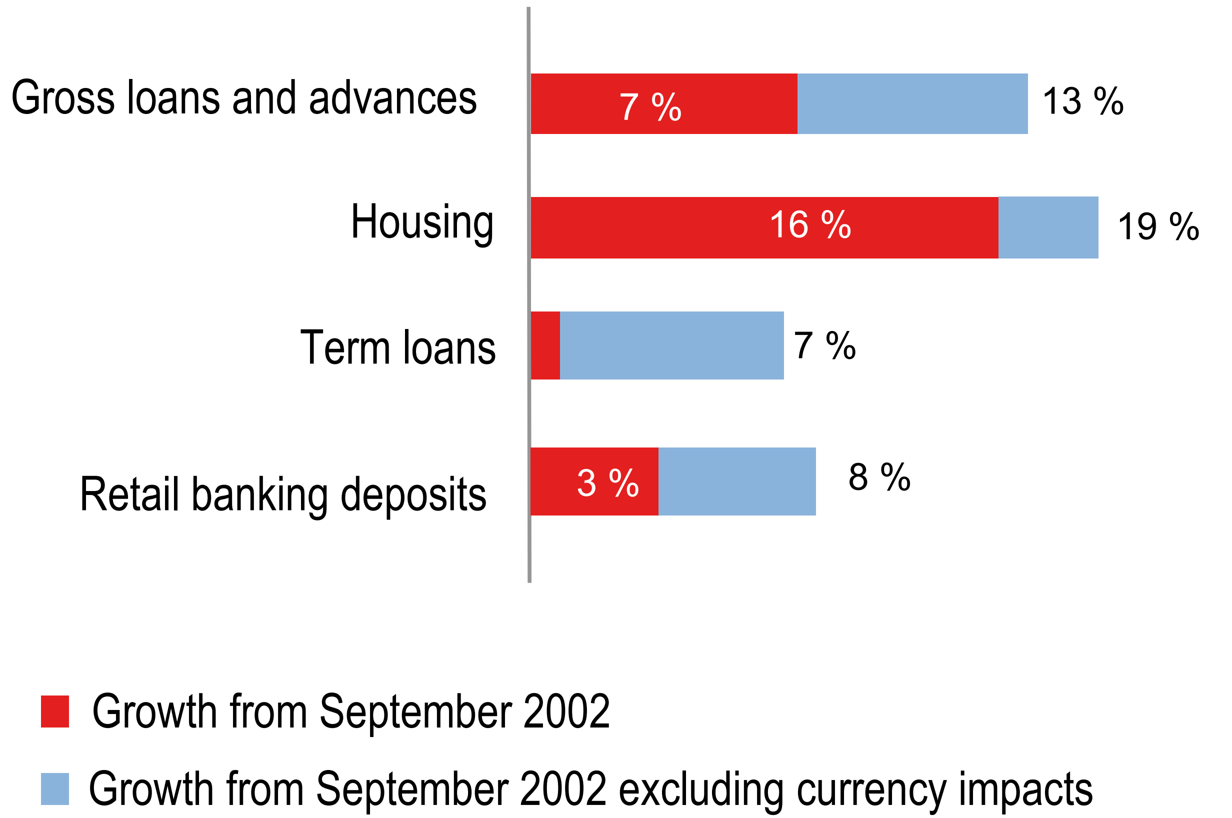




* excluding currency impacts

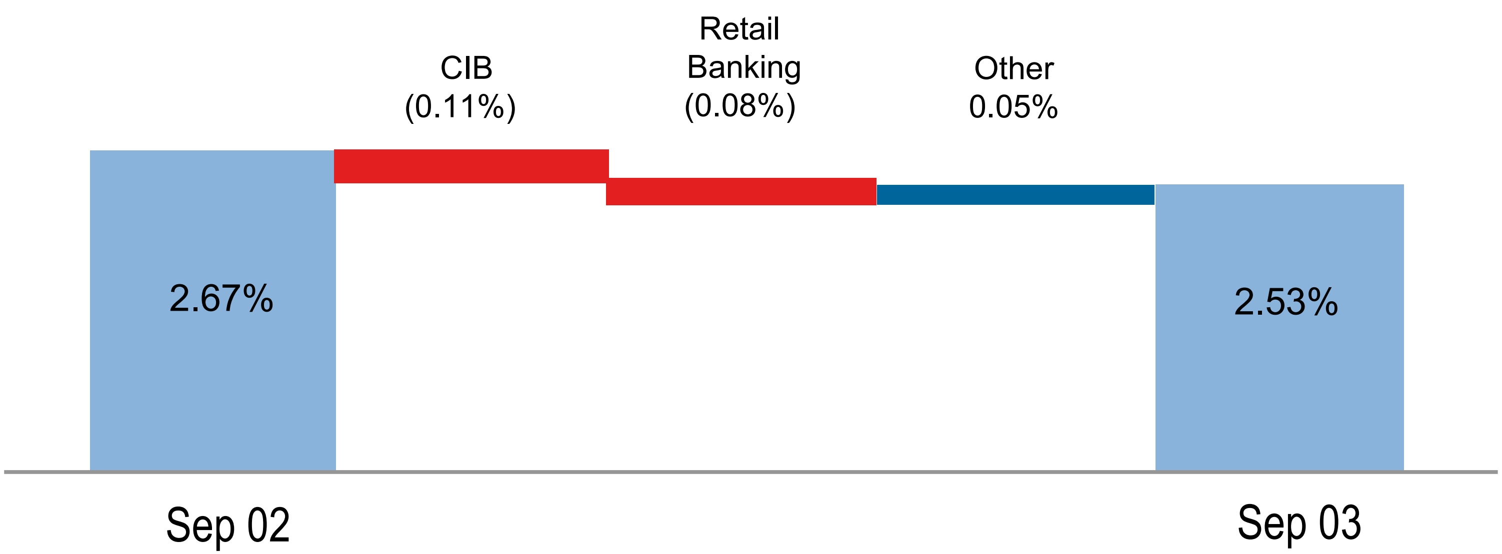
Strong volumes drive net interest income

Growth September 2002 to September 2003

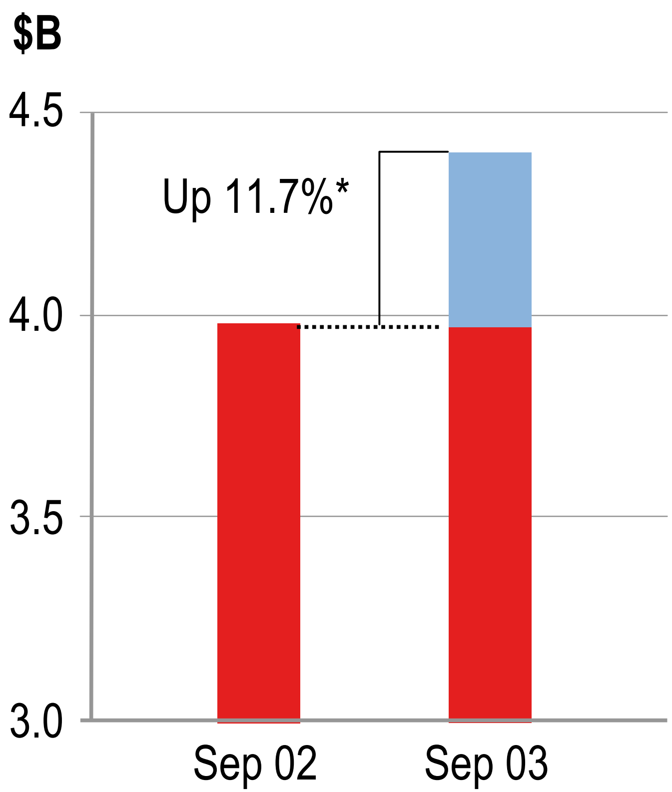


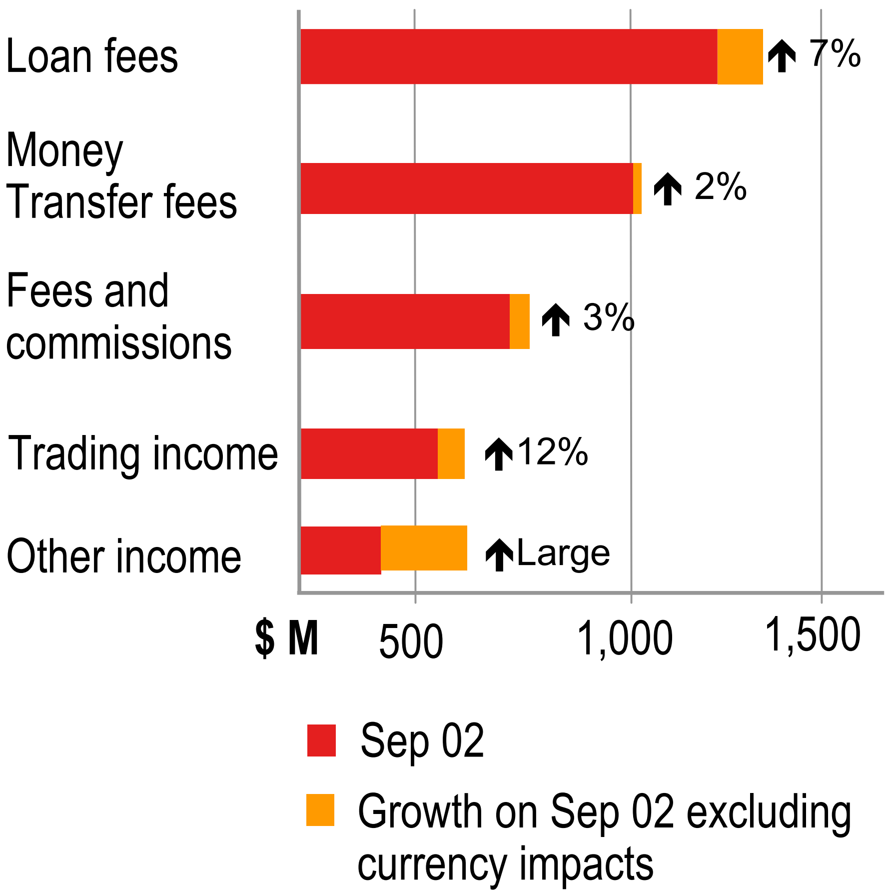
Strong volumes drive net interest income

Group margin analysis



Strong Banking other operating income growth

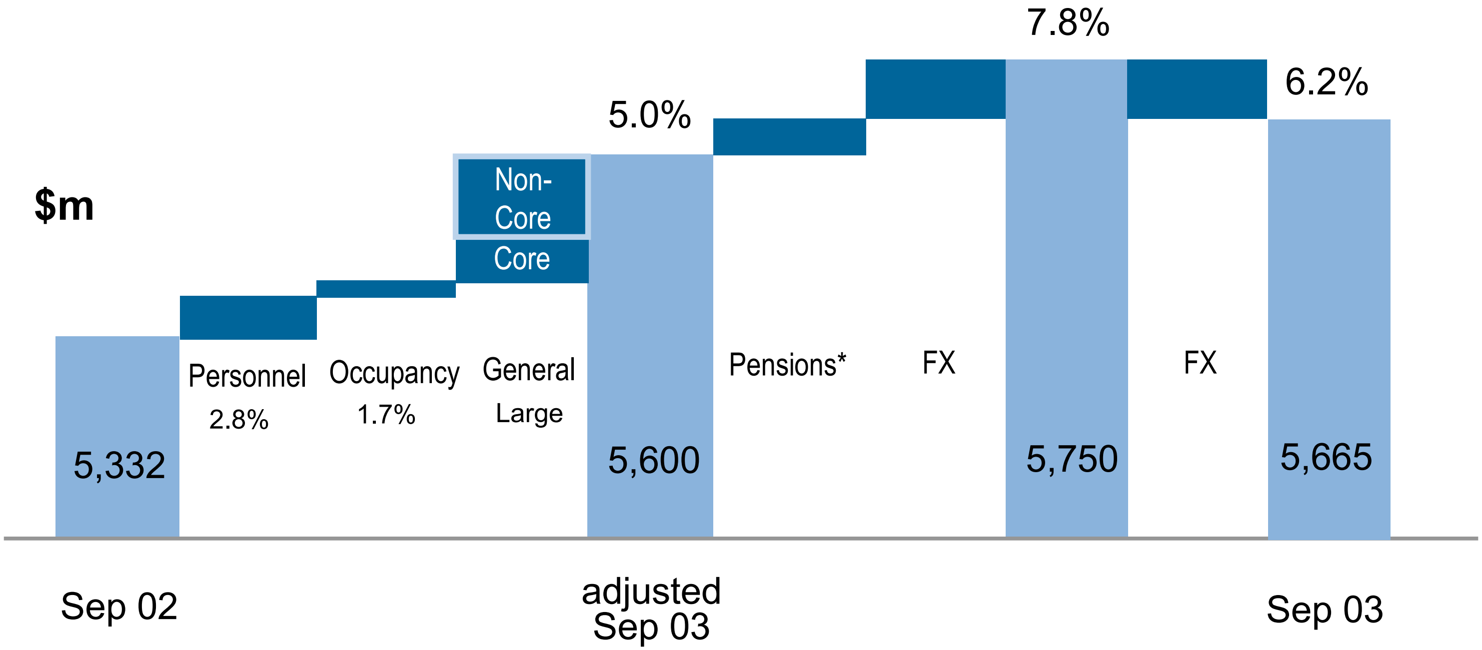




* excludes currency impacts

Banking expenses up 5%

- Modest growth in personnel and occupancy costs
- Large increase in FSE pension expenses contributes 1.2% to growth
- Increasing compliance expense
- Non-core adds 2.0%



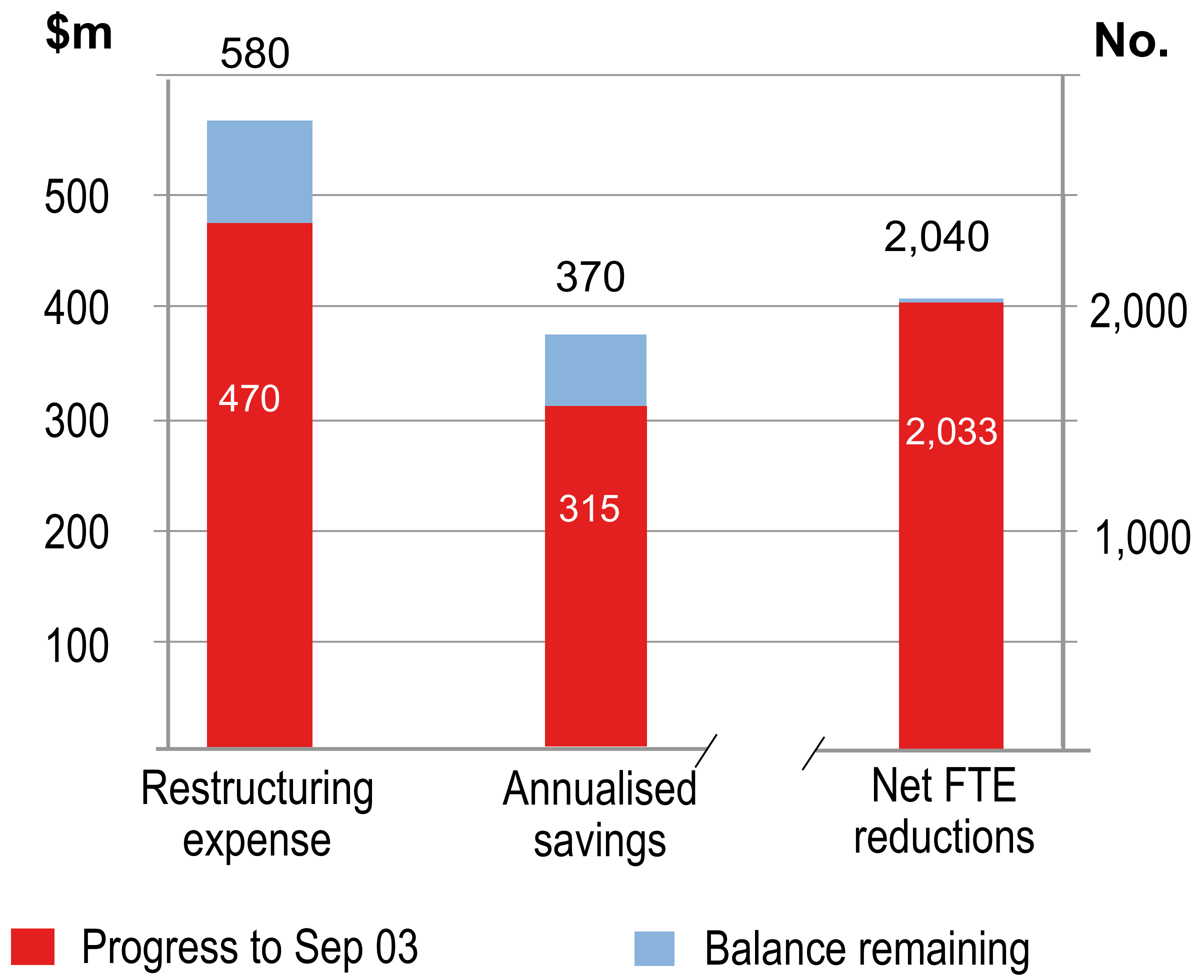
* FSE pension costs

Non-core expenses

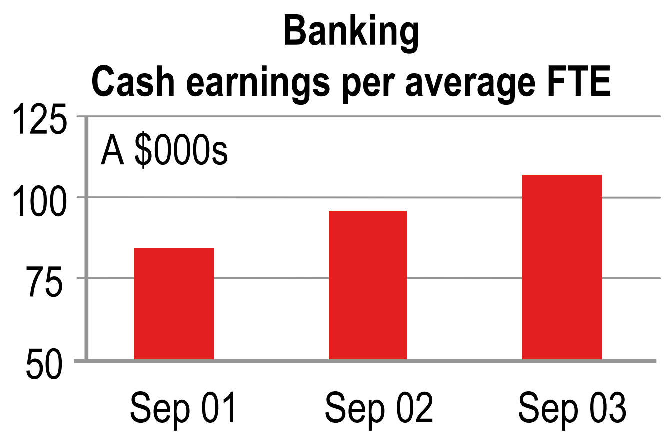
- Impact of IFRS and Basel II on ISI Program
  - Bank Analyser to replace SEM Banking
  - Write down $ 40 million
- UK related $41 million
  - EMU write off expense
  - Acquisition due diligence
  - DLC development
  - Funding structures
- Other - $26 million
  - reclassification - $19 million
  - other - minor

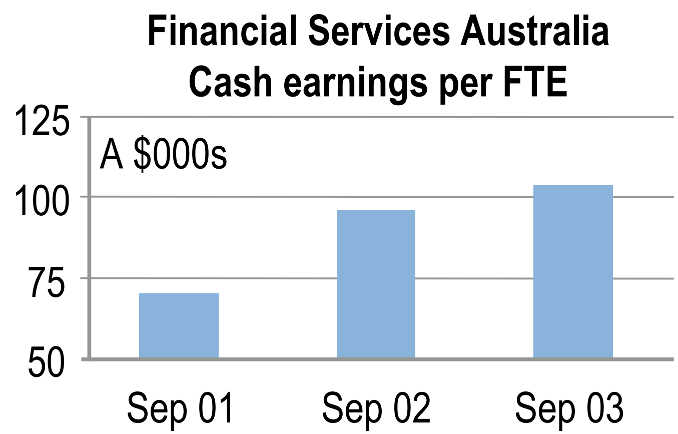
National

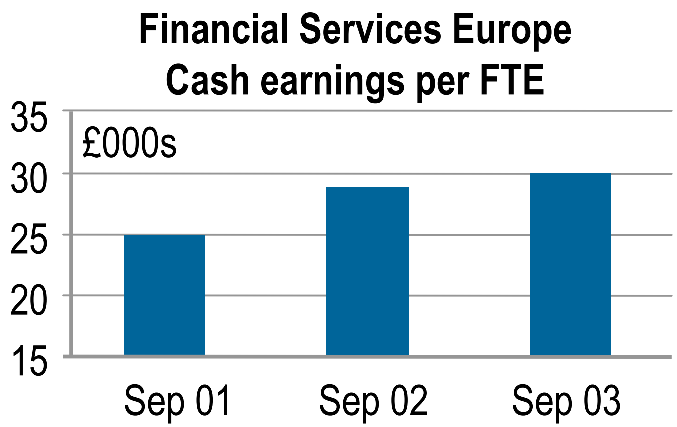
Positioning for Growth FTE targets achieved

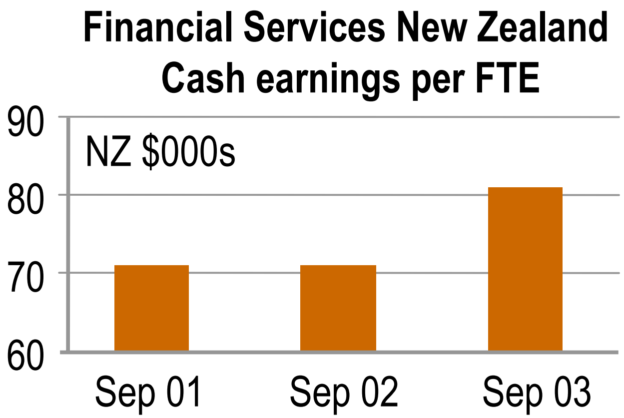


Ongoing productivity improvement

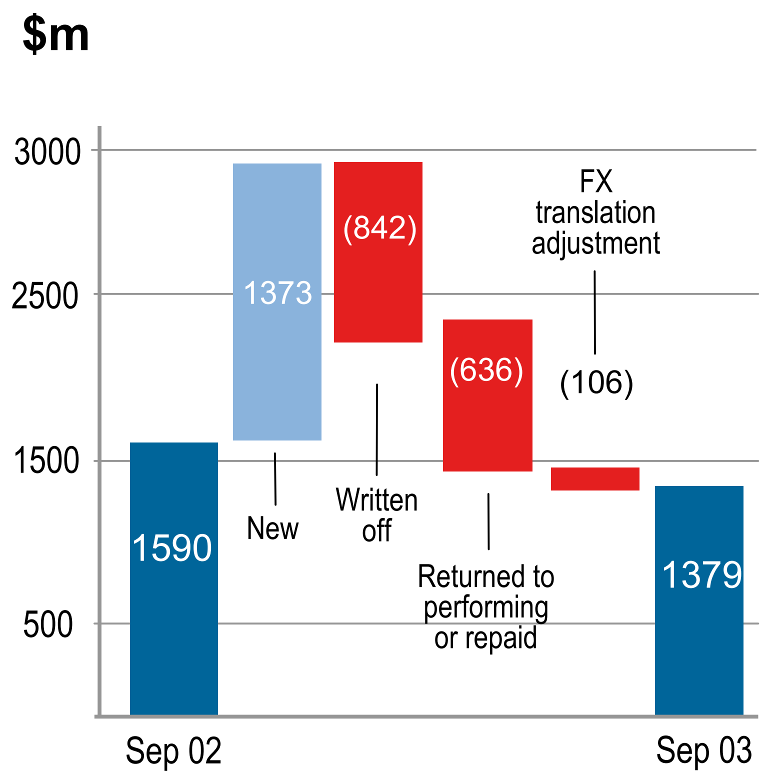


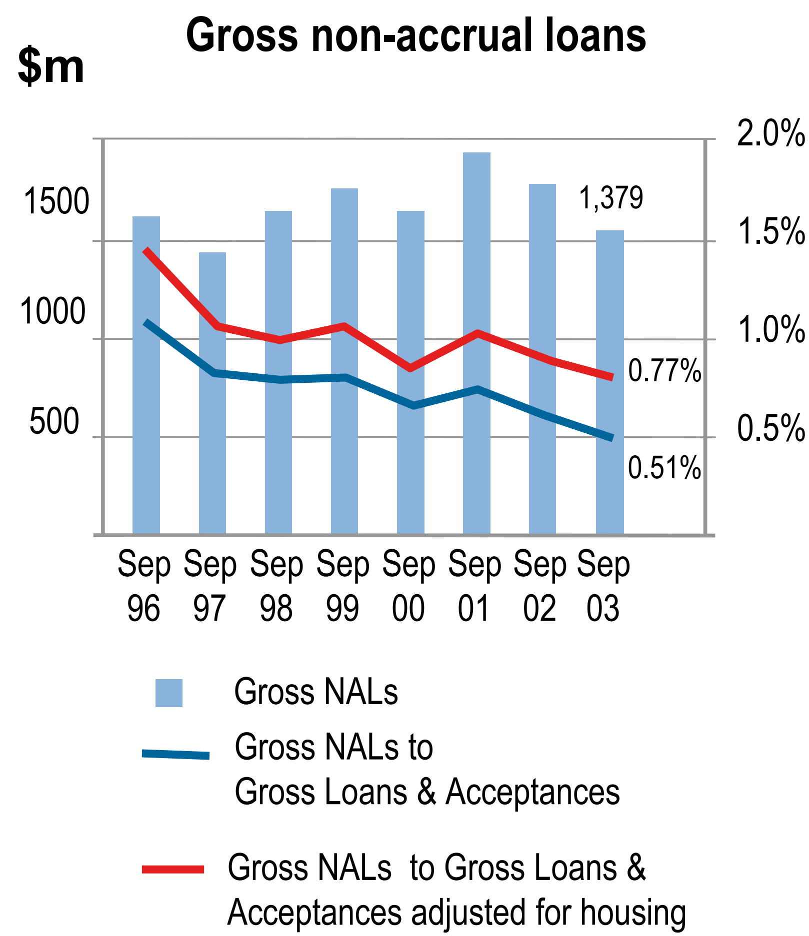




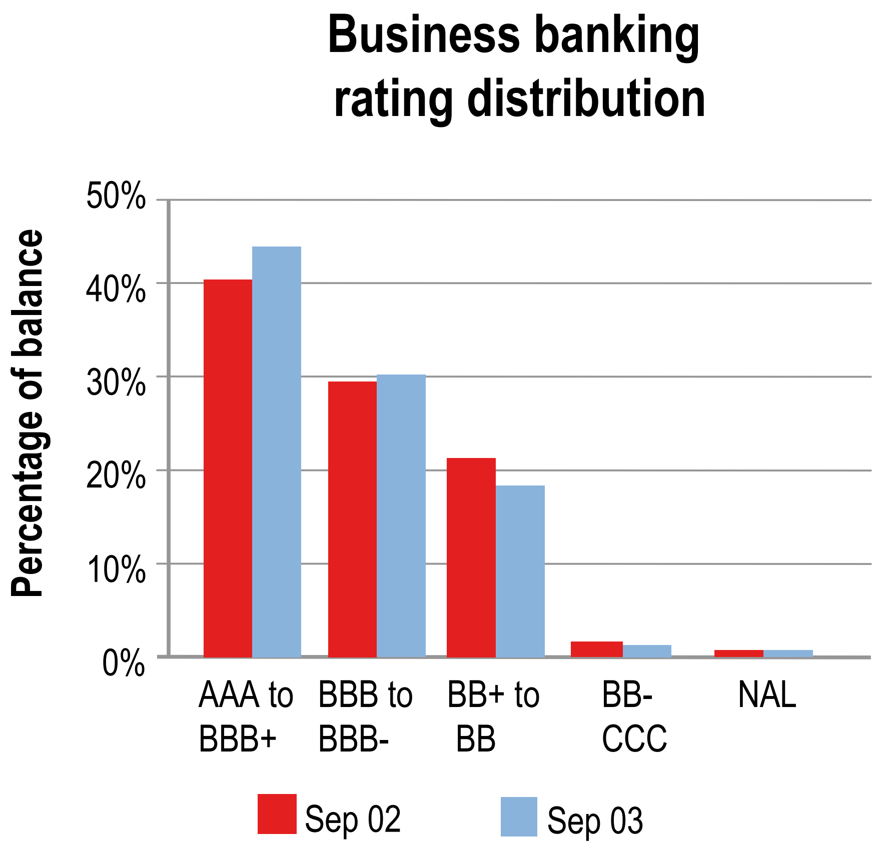


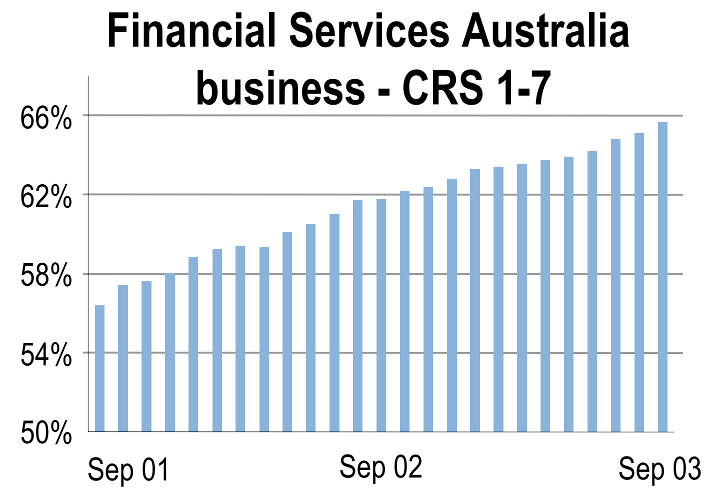
Active management of non-accrual loans

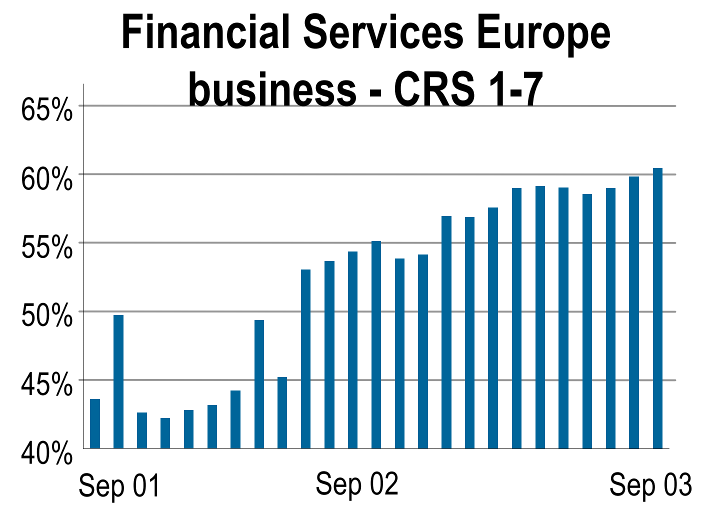




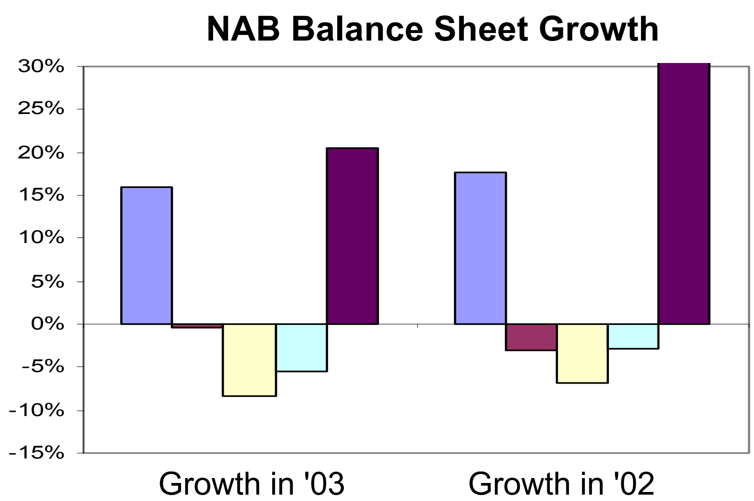
Asset quality – ratings improved

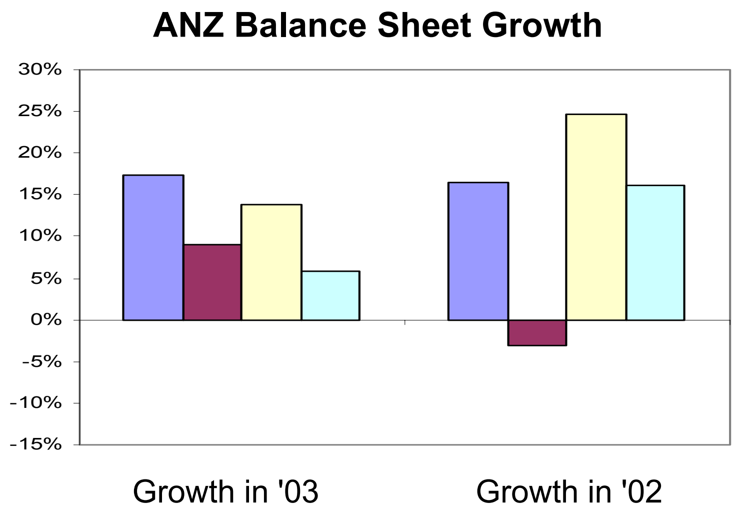


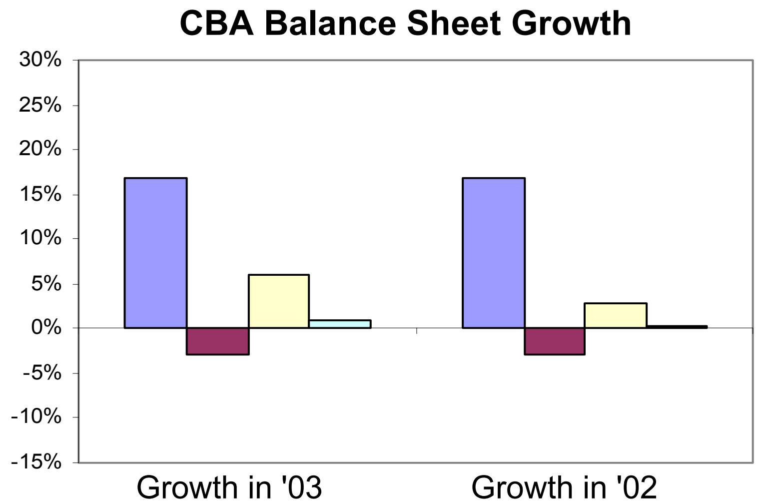


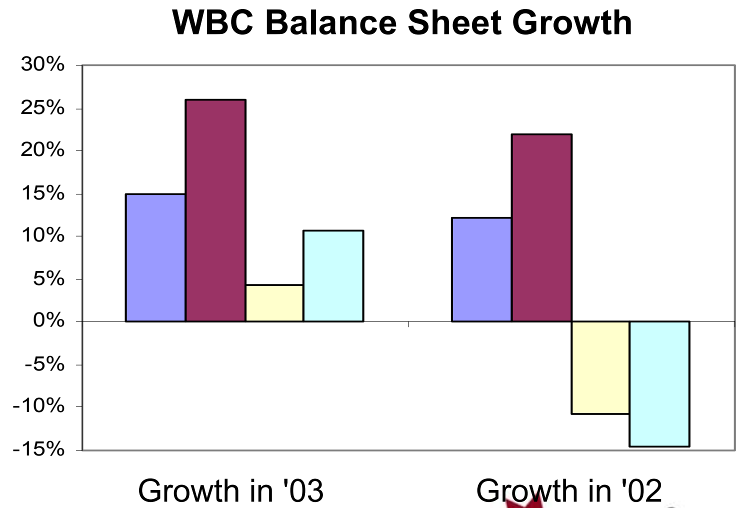


A higher proportion of growth has occurred in lower risk products



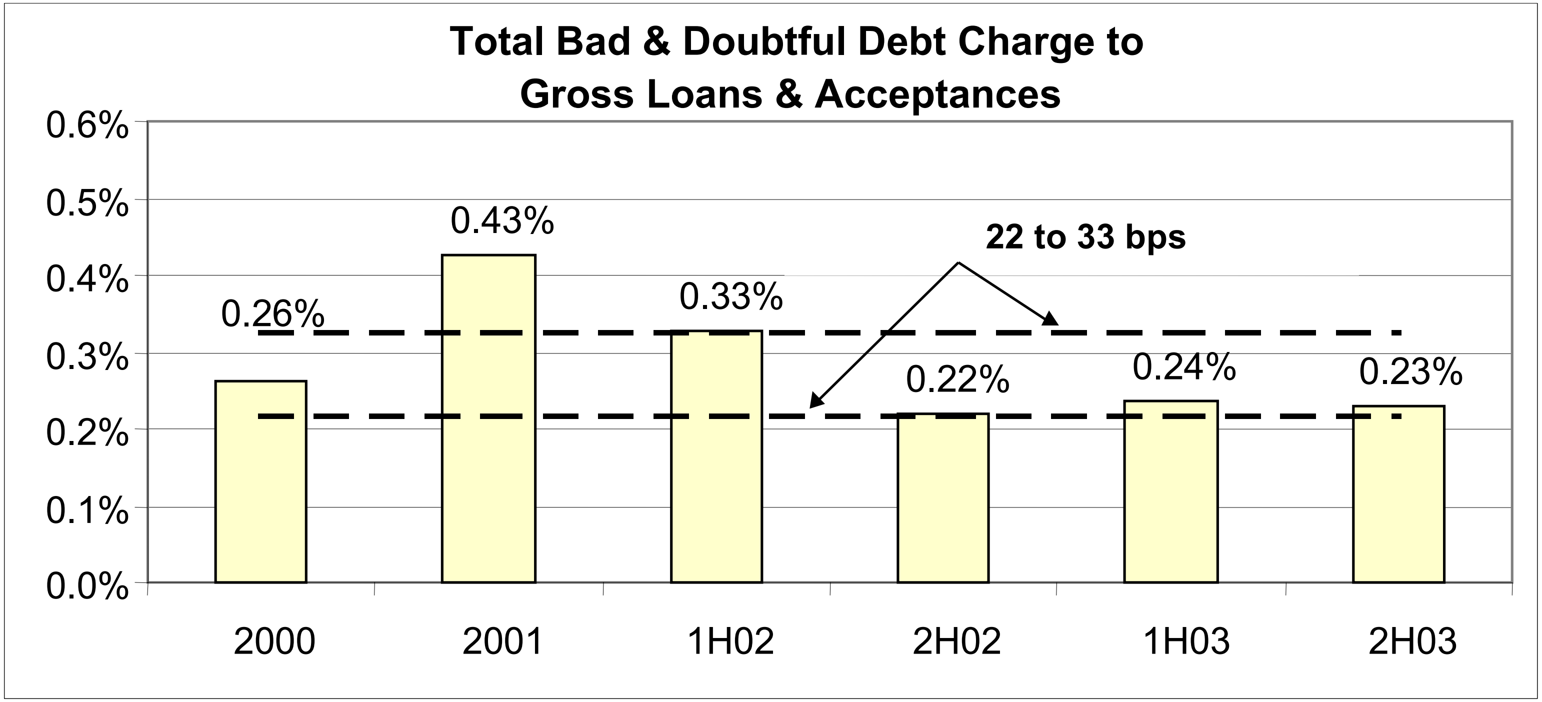






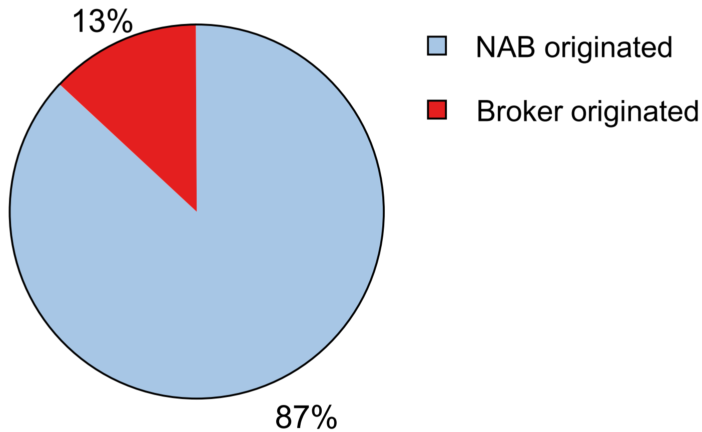
Housing   Term Lending / Leasing / Bills   Overdrafts   Unsecured personal / Other   Reverse Repos

B&DD Charge to Gross Loans & Acceptances

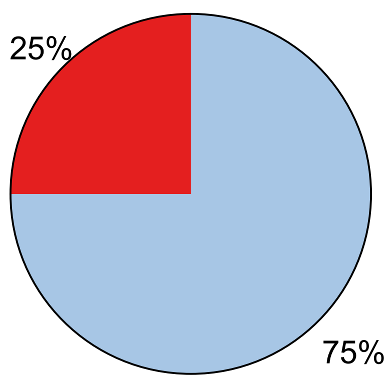


Quality of broker originated loans is sound

Housing portfolio composition



Housing - new business flows for last 6 months



- Volume growth is strong in both channels
  - Retail channel has grown at 17% vs system growth of 20% in last year
  - Broker channel is growing above system
- No difference in credit quality between channels
  - Underwriting standards and validation processes are same for broker and NAB originated
  - Credit quality of broker loans is similar to remainder of portfolio

Key Economic issues for Australia

• Very strong domestic demand and now improving globally exposed sectors plus rural (up 30% in 03/04 and will add 0.75% to GDP)

• NAB survey shows further acceleration of growth into the December quarter. Capacity utilisation, forward orders and confidence at 9 year highs.

• GDP 2.5% in 2003 and 4% in 2004.

• RBA expected to raise rates to 5.5% quickly. Expect 25bps in December and February. RBA should wait but could go higher late 2004 but not much.

• Housing prices to moderate but not crash. The key will be unemployment which is at 20 year lows (5.6%)

• Credit to slow marginally but still have a strong pipeline. (See previous graph)

• Currency expectations (See table below)

	Forecast	Upper Range
$USA / $A	72	75
GBP / $A	42	45
$NZ / $A	1.15	-

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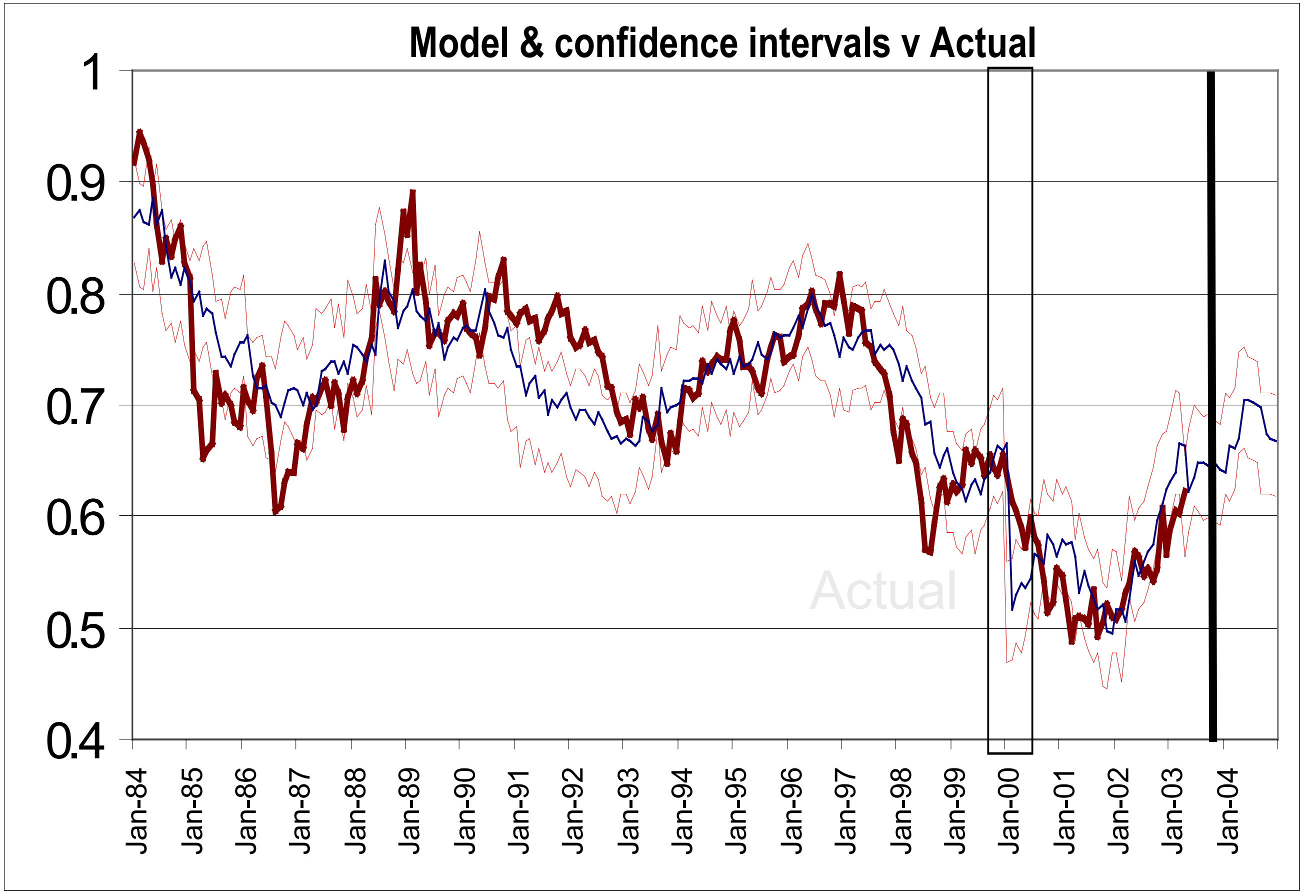
… and the currency expected to stabilise around low US$0.70



- Currency appreciation partly due to strong economic performance
- More upside likely in 03/04

….GDP picks up

….World picks up

….Higher int. rates

….Com. Prices

- Expect A$ in low 70c US + / - 4c

Impact of Hybrid funding on financial results

	TrUEPrS	TPS
Issued	Sep 98	Sep 03
Amount	USD450m	GBP400m
Cost of distributions	8% fixed	5.62% fixed

P&L Impact	TrUEPrS	TPS
NII – swap and funding required / replaced	Fixed USD swapped to floating AUD, NZD	Fixed rate GBP swapped to floating rate GBP
	Debt funding required in AUD & NZD to redeem	Debt funding replaced in GBP
Tax	Tax deduction on distributions and swaps	
EPS	8% USD fixed distributions	5.62% GBP distributions
Net Cost	AUD & NZDfloating rate plus margin	GBP floating rate plus margin

- Full year impact of redeeming TrUEPrS and issuing TPS is approximately $14 million [1] favourable
- This is made up of around 3% differential between TrUEPrS and TPS on $750m and 0.75% differential between TPS and senior debt funding on $225m, tax effected
- However, the 2003/04 year will be impacted by having both the TrUEPrS and TPS
- The net impact is a combination of above-the-line and below-the-line items

1. Depending on exchange rate and interest rates

Illustrative impact of Hybrid transactions

	2003/04 Impact	2004/05 Impact	Full year Impact
NII – swap	18	0	18
NII – replacement / retirement funding	15	(16)	(1)
Total NII impact	33	(16)	17
Tax effect	(5)	(2)	(7)
NPAT impact	28	(18)	10
Distributions	(17)	21	4
"EPS impact"	11	3	14

Note: Subject to timing of TrUEPrS redemption, interest rates, and exchange rates

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Disclaimer

The preceding material is a presentation of general background information about the National's activities current at the date of the presentation, November, 2003. It is information given in a summary form and does not purport to be complete. 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.

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