



Yorkshire Bank

nabCapital™



Bank of New Zealand

Clydesdale Bank

National Australia Bank

Company Update September 2007

Michael Ullmer
Finance Director and Group CFO

Key areas of focus

Group Overview

Financial Performance

Capital & Funding

Snapshot of the Group



FY Sep 2006	Australia	UK	New Zealand	nabCapital
Cash Earnings	\$2,404m	\$553m	\$350m	\$618m
Avg Int Earning Assets	\$201.7bn	\$52.4bn	\$31.0bn	\$101.8bn
Employees (FTE)	22,238	8,822	4,505	2,075

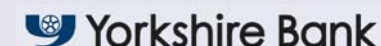
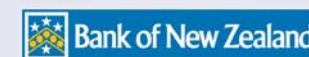
Our operating model supports our objectives

Corporate Centre focuses on:

- Value creation and Target setting
- Performance monitoring & Capital Management
- Human Capital
- Mergers and Acquisitions

Business Units focus on:

- Local strategies and initiatives
- Delivering robust financial outcomes based on cash earnings growth and ROE improvement
- Customer satisfaction
- Employee engagement
- Community perceptions



These combine to deliver satisfactory, sustainable returns to our shareholders

Key areas of focus

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Capital & Funding

Quality result demonstrates strength of franchises and consistent execution of strategy

Key take-outs from Half Year:

- All businesses delivered good results

Good revenue growth

- Strong volume growth
- Disciplined margin management
- Flat Other Operating Income

Ongoing expense containment – growth held below inflation

Asset quality sound

Active / disciplined capital management

- Strong capital position
- Consistent focus on delivering shareholder value

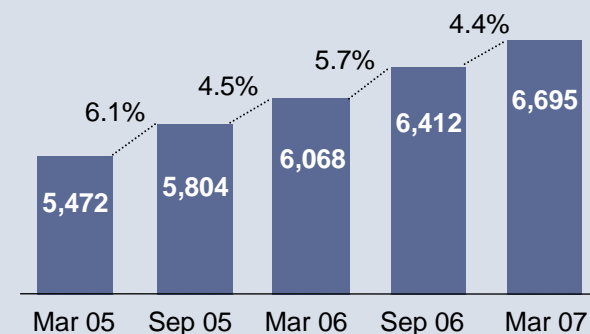
Human Capital

- Building the right culture
- Disproportionate share of top talent

Quality and momentum continue across the group

	Mar 07 HY \$m	Sep 06 HY \$m	Mar 06 HY \$m	Sep 06 HY %	Mar 06 HY %
Group* - ongoing					
Net Interest Income	4,789	4,513	4,247	6.1	12.8
Other Operating Income	1,906	1,899	1,821	0.4	4.7
Net Operating Income	6,695	6,412	6,068	4.4	10.3
Operating Expenses	(3,346)	(3,351)	(3,338)	0.1	(0.2)
Underlying Profit	3,349	3,061	2,730	9.4	22.7
Charge to provide for Doubtful Debts	(390)	(335)	(270)	(16.4)	(44.4)
Wealth Management Australia Cash Earnings from Operations	183	163	145	12.3	26.2
Group Cash Earnings	2,196	2,010	1,788	9.3	22.8
Key ratios^					
Cash ROE	17.5%	17.5%	16.3%		
Cash ROA	0.88%	0.89%	0.82%		

Net Operating Income (\$m)*



Operating Expenses (\$m)*



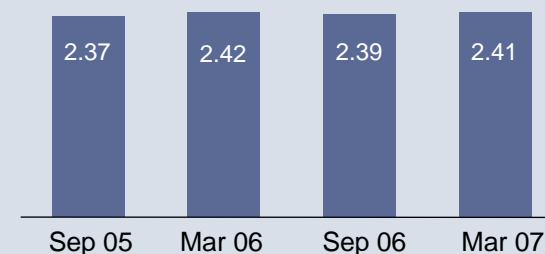
*excludes Wealth Management Australia

^includes disposed operations

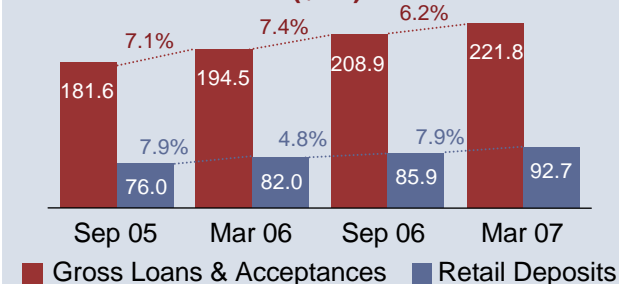
Australian region growth driven by consistent revenue growth and good expense management

	Mar 07 HY \$m	Sep 06 HY \$m	Mar 06 HY \$m	Sep 06 HY %	Mar 06 HY %
Australian region - ongoing					
Net Interest Income	2,681	2,509	2,344	6.9	14.4
Other Operating Income	853	864	867	(1.3)	(1.6)
Wealth Net Income	609	580	543	5.0	12.2
Total Income	4,143	3,953	3,754	4.8	10.4
Operating Expenses	(2,016)	(2,057)	(2,057)	2.0	2.0
Underlying Profit	2,127	1,896	1,697	12.2	25.3
Charge to provide for Doubtful Debts	(181)	(164)	(115)	(10.4)	(57.4)
Asia (before IoRE)	-	(6)	1	large	large
Cash Earnings before IoRE	1,377	1,228	1,120	12.1	22.9
IoRE	21	27	29	(22.2)	(27.6)
Cash Earnings	1,398	1,255	1,149	11.4	21.7

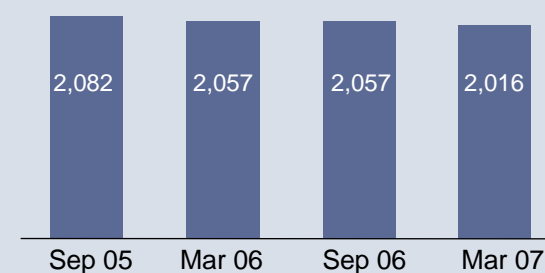
Australian Banking Net Interest Margin*
(%)



Australian Banking Average Balance Sheet*
(\$bn)



Operating Expenses^ (\$m)



*Ongoing basis

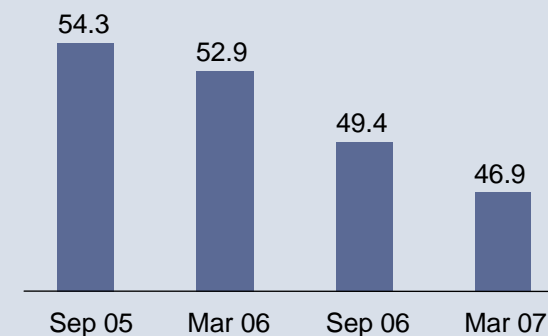
^ Australian region ongoing basis (excluding Asia)

Australian Banking – strong revenue growth and expense containment

Company Update September 2007

	Mar 07 HY \$m	Sep 06 HY \$m	Mar 06 HY \$m	Sep 06 HY %	Mar 06 HY %
Australia Banking - ongoing					
Net Interest Income	2,681	2,509	2,344	6.9	14.4
Other Operating Income	853	864	867	(1.3)	(1.6)
Total Income	3,534	3,373	3,211	4.8	10.1
Operating Expenses	(1,659)	(1,682)	(1,712)	1.4	3.1
Underlying Profit	1,875	1,691	1,499	10.9	25.1
Charge to provide for Doubtful Debts	(181)	(164)	(115)	(10.4)	(57.4)
Cash Earnings before tax	1,694	1,527	1,384	10.9	22.4
Cash Earnings	1,194	1,071	974	11.5	22.6

Banking Cost to Income Ratio* (%)



Half on Half Scorecard (vs Sep 06)

Number of customers	▲
Revenue per customer	▲
ROA	▲
Cash Earnings/FTE	▲
Cost/Income Ratio	▼
Number of FTEs	▲
Margins	▲
Customer Satisfaction	▲

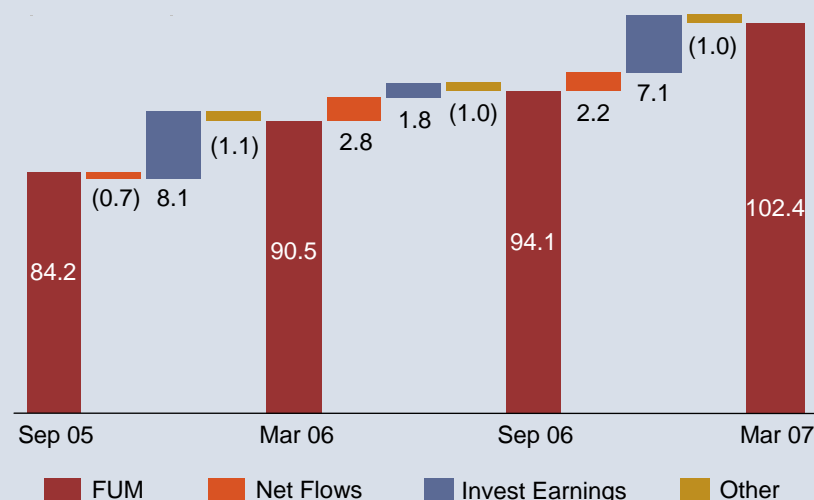
*Ongoing basis

Wealth Management Australia – performing strongly in a favourable environment

Company Update September 2007

	Mar 07 HY \$m	Sep 06 HY \$m	Mar 06 HY \$m	Sep 06 HY %	Mar 06 HY %
Wealth Management Australia					
Investments Income	621	574	547	8.2	13.5
Insurance Income	419	412	378	1.7	10.8
Gross Income	1,040	986	925	5.5	12.4
Volume Related Expenses	(431)	(406)	(382)	(6.2)	(12.8)
Net Income	609	580	543	5.0	12.2
Operating Expenses	(357)	(375)	(345)	4.8	(3.5)
Operating Profit before tax	252	205	198	22.9	27.3
Tax	(69)	(42)	(53)	(64.3)	(30.2)
Cash Earnings before IoRE	183	163	145	12.3	26.2
IoRE after tax	21	27	29	(22.2)	(27.6)
Cash Earnings	204	190	174	7.4	17.2

FUM Growth Sep 05 to Mar 07 (\$bn)



	Mar 07 HY	Sep 06 HY	Mar 06 HY
Average FUM (\$bn)	98.2	92.3	87.3
Cost to average FUM (bps)	54	60	56
Average annual inforce premiums (\$m)	725.1	685.4	648.3
Cost to avg annual inforce premiums (%)	25	29	31

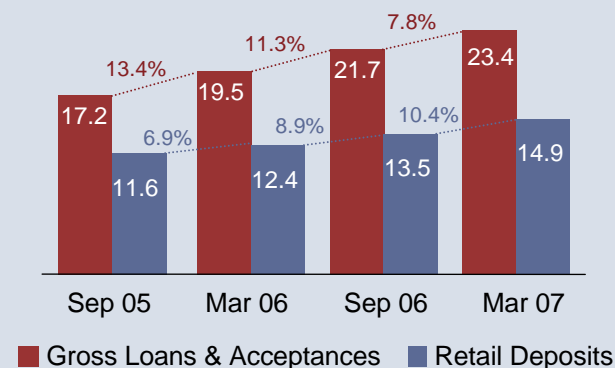
Cross sell¹

	Mar 07 HY	Sep 06 HY	Mar 06 HY
Insurance through bank channels (\$m)	23.9	25.0	21.8
Investment through bank channels (\$bn)	1.7	1.7	1.3
Debt sales through financial planners (\$bn)	1.2	1.3	0.8

UK - result demonstrates real progress

	Mar 07 HY £m	Sep 06 HY £m	Mar 06 HY £m	Sep 06 HY %	Mar 06 HY %
UK - ongoing					
Net Interest Income	400	392	377	2.0	6.1
Other Operating Income	203	191	197	6.3	3.0
- Danske*	-	14	22	(large)	(large)
Total Income	603	597	596	1.0	1.2
Operating Expenses	(358)	(346)	(357)	(3.5)	(0.3)
- Danske*	-	(14)	(22)	large	large
Underlying Profit	245	237	217	3.4	12.9
Charge to provide for Doubtful Debts	(62)	(63)	(65)	1.6	4.6
Cash Earnings before Tax	183	174	152	5.2	20.4
Cash Earnings	130	123	106	5.7	22.6
Normalised Cash Earnings	125	114	101	9.6	23.8

Average Balance Sheet (£bn)



Half on Half Scorecard (vs Sep 06)

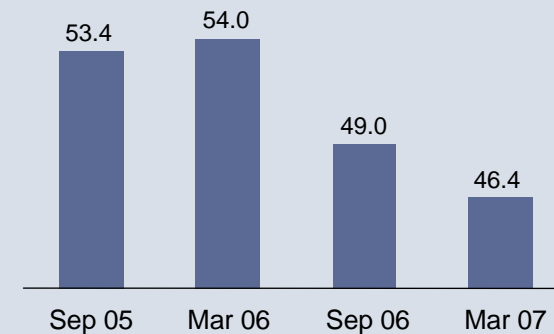
Number of customers	↕
Revenue per customer	▲
ROA	↕
Cash Earnings/FTE	▲
Cost/Income Ratio	▼
Number of FTEs	▲
Margins	▼
Customer Satisfaction	↕

New Zealand – good result in a competitive market

Company Update September 2007

	Mar 07 HY NZ\$m	Sep 06 HY NZ\$m	Mar 06 HY NZ\$m	Sep 06 HY %	Mar 06 HY %
New Zealand - ongoing					
Net Interest Income	483	458	453	5.5	6.6
Other Operating Income	263	252	178	4.4	47.8
Total Income	746	710	631	5.1	18.2
Operating Expenses	(346)	(348)	(341)	0.6	(1.5)
Underlying Profit	400	362	290	10.5	37.9
Charge to provide for Doubtful Debts	(27)	(28)	(25)	3.6	(8.0)
Cash Earnings before Tax	373	334	265	11.7	40.8
Cash Earnings	250	221	179	13.1	39.7
Adj for Fair Value and Hedge ineffectiveness	208	177	187	17.5	11.2

Cost to Income Ratio (%)*



Half on Half Scorecard (vs Sep 06)

Number of customers	◆
Revenue per customer	▲
ROA	▲
Cash Earnings/FTE	▲
Cost/Income Ratio	▼
Number of FTEs	▼
Margins	◆
Customer Satisfaction	▲

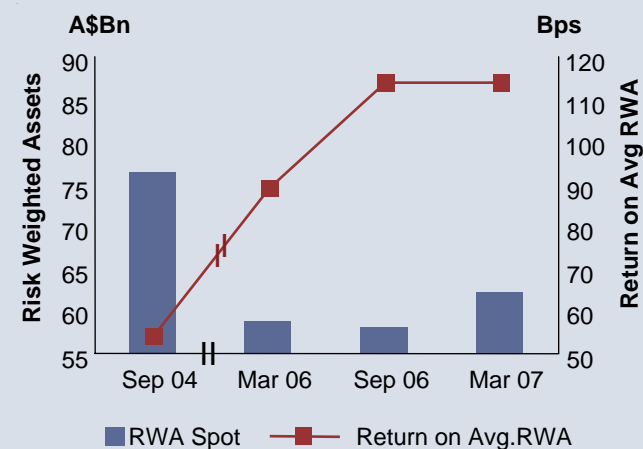
*Ongoing operations

nabCapital – strong underlying performance

Company Update September 2007

nabCapital - ongoing

	Mar 07 HY \$m	Sep 06 HY \$m	Mar 06 HY \$m	Sep 06 HY %	Mar 06 HY %
Total Income	854	788	728	8.4	17.3
Operating Expenses	(390)	(399)	(366)	2.3	(6.6)
Underlying Profit	464	389	362	19.3	28.2
(Charge)/Writeback to Provide for Doubtful Debts	(33)	7	17	large	large
Cash Earnings before Tax	431	396	379	8.8	13.7
Cash Earnings	343	332	286	3.3	19.9



Total Income up 8.4%



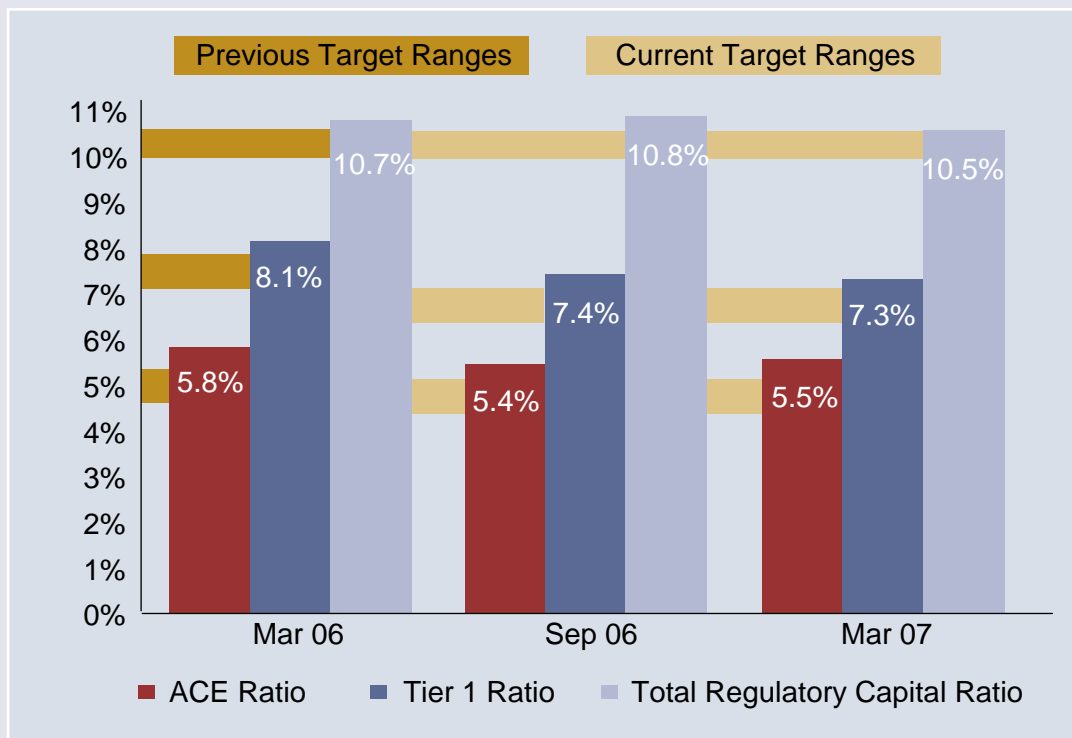
Key areas of focus

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Capital & Funding

Group remains well capitalised



Capital position since March 2007 reflects:

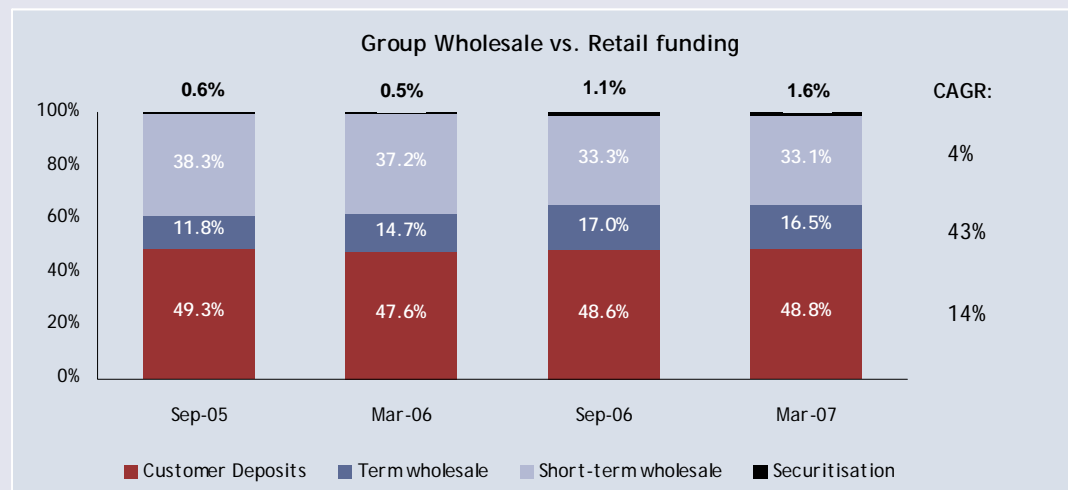
- Completion of remaining on-market buyback – \$546 million.
- On market share purchases to neutralise impact of DRP and employee share schemes \$106 million.
- Continuing strong asset growth in our core businesses.
- A\$2.1 billion (equivalent) of Lower Tier 2 raised in June quarter, including NZ\$350 million by BNZ
- Inaugural £3.0 billion RMBS securitisation completed by Clydesdale in July.

Capital Measure	Current Target Ranges (%)	31 Mar 07 (%)
ACE	4.25 - 5.00	5.46
Tier 1	6.25 - 7.00	7.33
Total Regulatory	10.00 - 10.50	10.51

Strong funding position

Overview

- Strengthened funding and liquidity position over last 2 years.
- Enhanced funding platform – new markets / programmes, subsidiary issuance, focus on debt investor relations.
- Raised A\$21bn in term funding to August 2007 (H1 2007 \$11bn), and \$10bn of assets securitised (H1 2007 \$3bn).
- Current year progress follows \$35bn of term funding and securitisation executed in FY 2006.
- Ratings upgrade in H1 2007 from Moodys and S&P, and the outlook is stable.



Impact of recent market events on our business

- Strength of our balance sheet facilitates a business as usual approach.
- Opportunities are being created as customers turn to strongly capitalised banks to source their funding.
- Conduit assets are moving on balance sheet (via draw down of liquidity facilities) but we have the balance sheet strength to accommodate this impact.
- All conduit assets are subject to NAB's normal credit processes in terms of origination and on-going assessment.
- At Sep-07, the impact of conduit assets is forecast to reduce core capital by approximately 15 bps.

Quality result demonstrates strength of franchises and consistent execution of strategy

Key take-outs:

- All businesses delivered good results

Good revenue growth

- Strong volume growth
- Disciplined margin management
- Flat Other Operating Income

Ongoing expense containment – growth held below inflation

Asset quality sound

Active / disciplined capital management

- Strong capital position
- Consistent focus on delivering shareholder value

Human Capital

- Building the right culture
- Disproportionate share of top talent

Questions & Answers



Disclaimer

This document is a presentation of general background information about the Group's activities current at the date of the presentation, 5 September 2007. 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 Half Year results filed with the Australian Securities Exchange on 10 May 2007. 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" within the meaning of Section 21E of the US Securities Exchange Act of 1934 and the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "believe", "expect", "project", "estimate", "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. For further information relating to the identification of forward-looking statements and important factors that could cause actual results to differ materially from those projected in such statements, see "Presentation of Information - Forward-Looking Statements" and "Risk Factors" in the Group's Annual Report on Form 20-F filed with the US Securities & Exchange Commission.