

full year results

Investor Presentation for the year ended
30 September 2007

9 November 2007

2007

full year results

Introduction

John Stewart

Financial review

Michael Ullmer


Group overview

John Stewart


Additional information

2007


Strong financial performance for the year

Cash earnings  17.7% to \$4,386m

Cash ROE  120 bps to 17.1%

Total Income  8.3% to \$14,570m

Expenses  0.9% to \$7,428m

Cash EPS*  16.4% to 268.5 cps

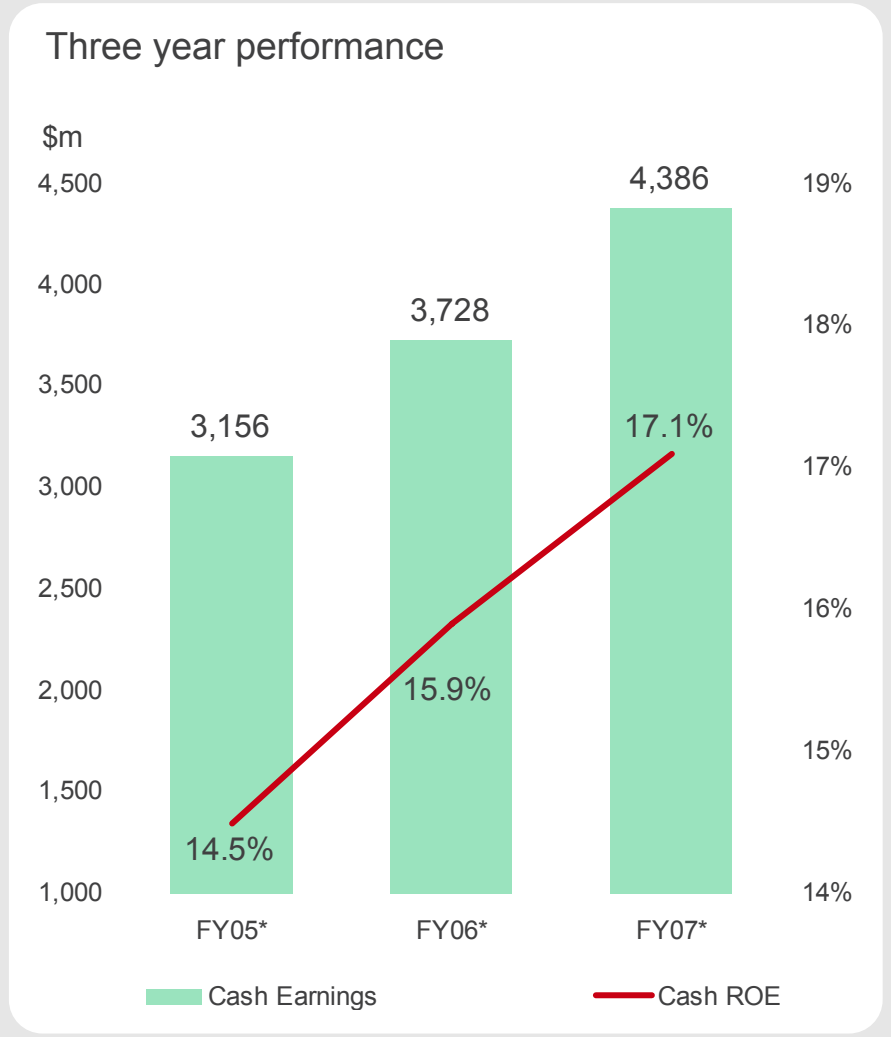
Full year dividend  15 cps to 182 cps

Note: Earnings data presented on an ongoing operations basis

* Diluted - ongoing operations basis

Delivering on our promises

- ▶ Revenue momentum rebuilt
- ▶ Cost growth within inflation
- ▶ Stable risk profile
- ▶ Improved customer and employee satisfaction
- ▶ Regulatory relationships restored
- ▶ Management benchstrength deepened
- ▶ Restoring ROE



* Presented on an ongoing operations basis

Five drivers of value creation

Strong revenue growth in chosen segments

Sustainable expense base with further operational efficiencies to be realised

Capability and value-driven based investment

Group-wide focus on ROE and disciplined capital management

Management bench strength

Value creation

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Cash earnings momentum

Strong revenue growth

Sustainable expense management

Asset quality

Strong funding and well capitalised

Positive outlook

2007

Cash earnings momentum reflects good revenue growth and sustainable expense management

| \$m | Half year to | | | Year to | | |
|-------------------------------------------|--------------|--------------------|--------------------|---------------|---------|--------------------|
| | Sep 07 | Sep 07 vs Sep 06 % | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Net interest income | 4,966 | 9.8 | 3.5 | 9,765 | 8,777 | 11.3 |
| Other operating income (including MLC) | 2,473 | 6.1 | 6.0 | 4,805 | 4,677 | 2.7 |
| Net operating income | 7,439 | 8.6 | 4.3 | 14,570 | 13,454 | 8.3 |
| Operating expenses | (3,719) | (0.5) | (0.3) | (7,428) | (7,360) | (0.9) |
| Underlying profit | 3,720 | 18.0 | 8.7 | 7,142 | 6,094 | 17.2 |
| Charge to provide for doubtful debts | (400) | (19.4) | (2.6) | (790) | (605) | (30.6) |
| Cash earnings before tax* | 3,320 | 17.9 | 9.5 | 6,352 | 5,489 | 15.7 |
| Cash earnings – ongoing operations | 2,315 | 19.9 | 11.8 | 4,386 | 3,728 | 17.7 |

Strong contribution by all businesses, each delivering double digit cash earnings growth for the year

| Regional results \$m | Half year to | | | Year to | | |
|------------------------------------------|--------------|----------------------|-----------------------|--------------|--------|-----------------------|
| | Sep 07 | Sep 07 vs Sep 06% | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Australia Region | 1,521 | 24.4 | 12.4 | 2,874 | 2,341 | 22.8 |
| UK Region | 298 | 5.3 | 1.4 | 592 | 518 | 14.3 |
| NZ Region | 196 | 32.4 | 7.1 | 379 | 321 | 18.1 |
| nabCapital | 377 | 14.2 | 11.5 | 715 | 613 | 16.6 |
| Central Functions (incl. IORE) | (77) | (42.6) | 20.6 | (174) | (65) | large |
| Cash earnings— ongoing operations | 2,315 | 19.9 | 11.8 | 4,386 | 3,728 | 17.7 |
| Australia - Banking | 1,301 | 22.0 | 11.2 | 2,471 | 2,038 | 21.2 |
| Australia - WMA (Ex IoRE) | 219 | 34.4 | 19.7 | 402 | 308 | 30.5 |
| <i>UK Region Cash earnings (£m)</i> | 125 | 8.7 | 5.9 | 243 | 214 | 13.6 |
| <i>NZ Region Cash earnings (NZDm)</i> | 222 | 25.4 | 6.7 | 430 | 364 | 18.1 |

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Financial review

Cash earnings momentum

Strong revenue growth

Sustainable expense management

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Strong funding and well capitalised

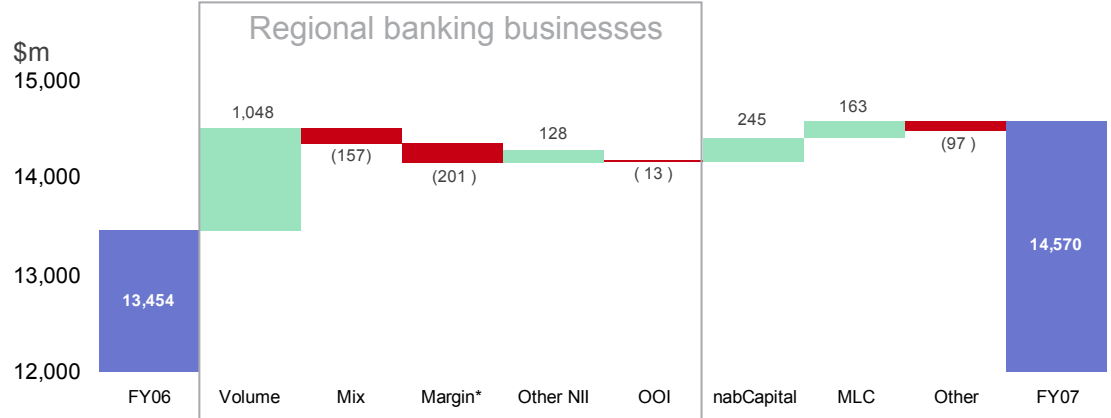
Positive outlook

2007

Quality revenue performance

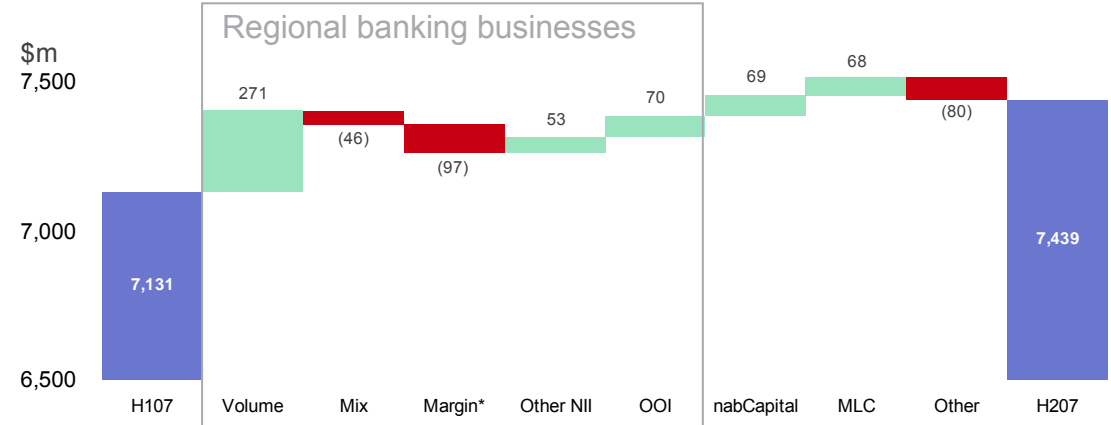


Full year comparison~ – 8% growth



| Revenue growth [^] | FY07 |
|-----------------------------|------|
| Australia | 11% |
| UK | 4%+ |
| NZ | 7% |
| nabCapital | 16% |

Half year comparison~ – 4% growth (9% annualised)



| Revenue growth [^] | H207 v H206 | H207 v H107 |
|-----------------------------|-------------|-------------|
| Australia | 12% | 7% |
| UK | 4%+ | 2% |
| NZ | 7% | 1% |
| nabCapital | 15% | 6% |

~ Revenue drivers shown on a constant currency basis. FX impact included in 'Other'
 * Margin includes basis risk
 ^ Revenue growth shown is based on local currency results
 + Ex Danske transitional income in 2006



Strong revenue growth in relationship managed segments

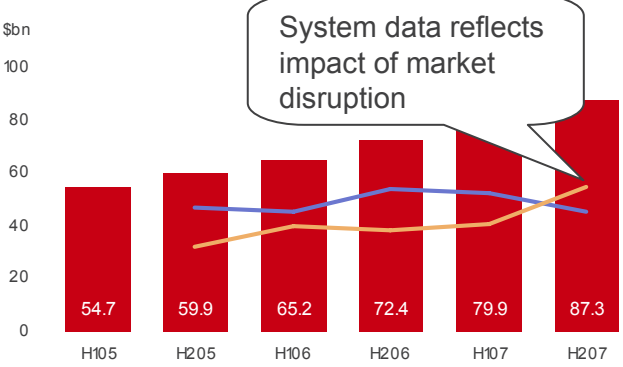


Australia

Business & Private Banking operating revenue up 13% year on year

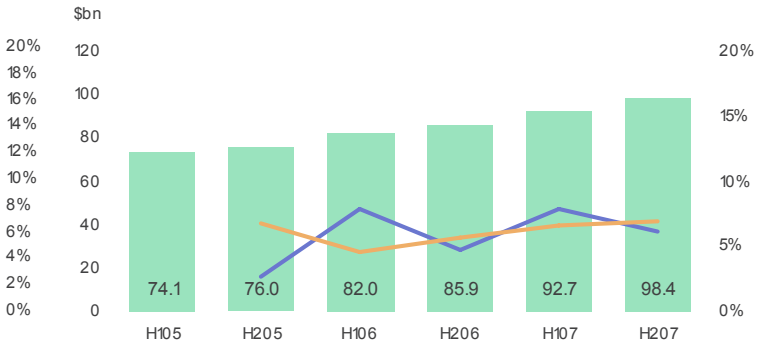
Australia Bank business lending excludes nabCapital Institutional Banking

Business lending



Source: RBA Financial Aggregates (includes Institutional business lending), 6 mth averages – Sep 2007

Customer deposits

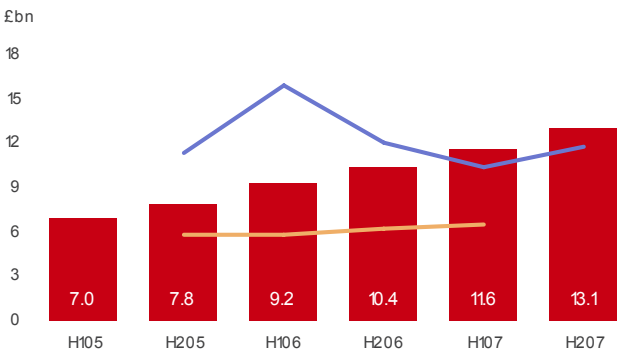


Source: RBA Financial Aggregates, 6 mth averages – Sep 2007

UK

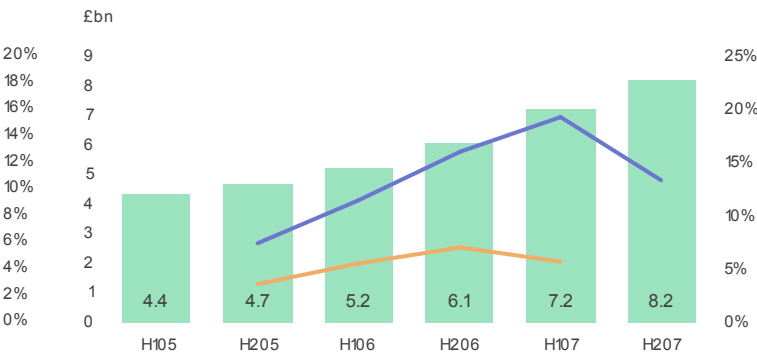
iFS revenue up 23% year on year

Business lending



Source: Bank of England (UK system data for H207 not available at the time of this report)

Business deposits



Source: Bank of England (UK system data for H207 not available at the time of this report)

- NAB Lending (avg volume)
- NAB Growth % 6 month averages
- NAB Deposits (avg volume)
- System % 6 month averages



Retail franchises stabilised, good deposit growth

– further potential to be realised

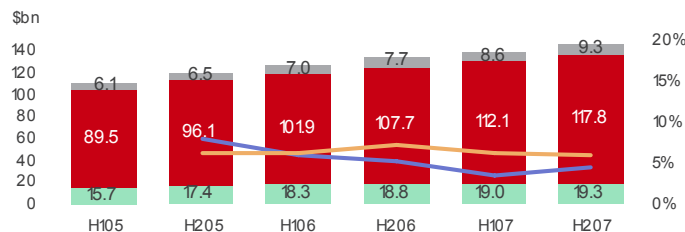


Australia

Mortgage sales capability now in 80% of stores, small business lending in 36%, and wealth in 15%

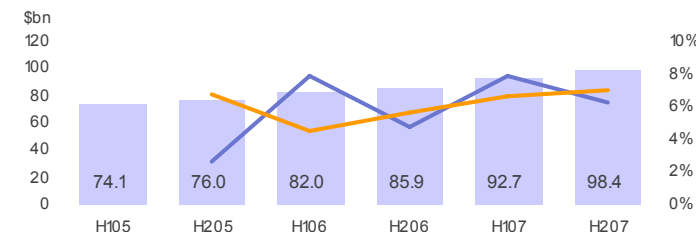
ATM network extended by 25%

Retail lending



Source: RBA Financial Aggregates, 6 mth averages – Sep 2007

Customer deposits



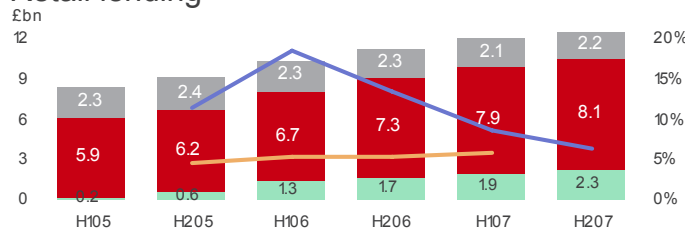
Source: RBA Financial Aggregates, 6 mth averages – Sep 2007

UK

Roll-out of new teller system and simplified product suites

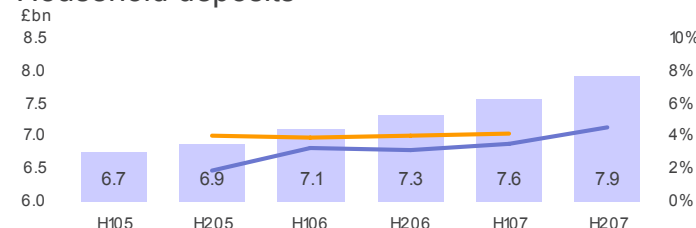
Improving sales effectiveness

Retail lending



Source: Bank of England – 6 month averages (UK system data for H207 not available at the time of this report)

Household deposits

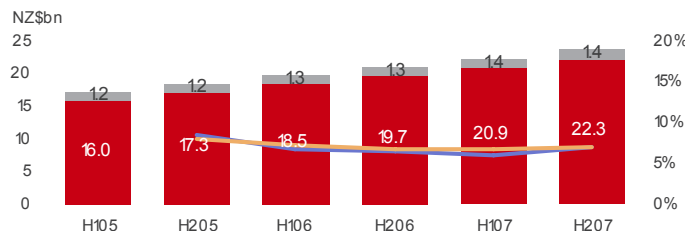


Source: UK Office of National Statistics – 6 month averages (UK system data for H207 not available at the time of this report)

NZ

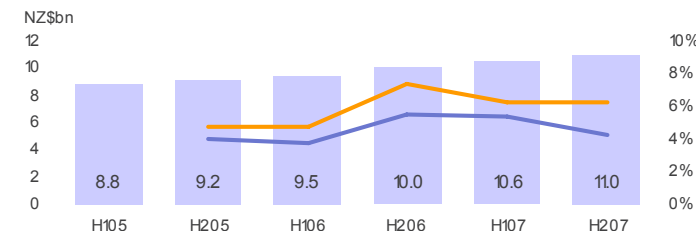
Innovative products launched - Total Money
Simplified fee structures

Retail lending



Source: Reserve Bank of NZ – 6 month averages

Household deposits (ex Agri)



Source: Reserve Bank of NZ – 6 month averages

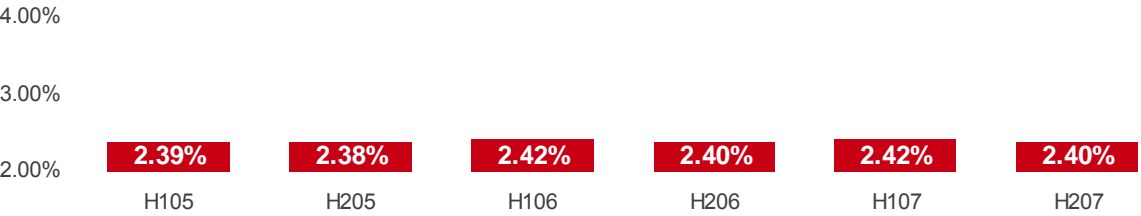
- NAB Housing – proprietary channel (avg volume)
- NAB Housing – third party channel (avg volume)
- NAB Other personal lending (avg volume)
- NAB Household deposits (avg volume)
- NAB Housing / deposits growth %
- Housing / deposits system %



Strong margin performance in Australia and NZ; UK rebasing with portfolio mix

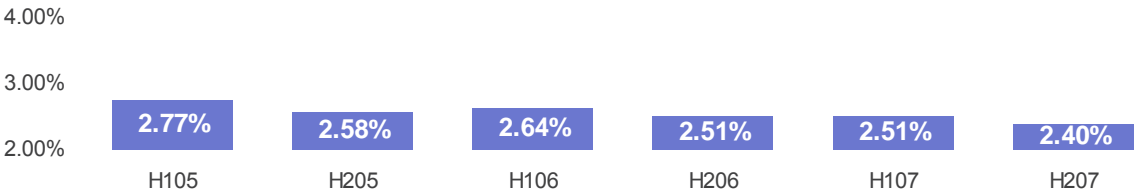


Australia



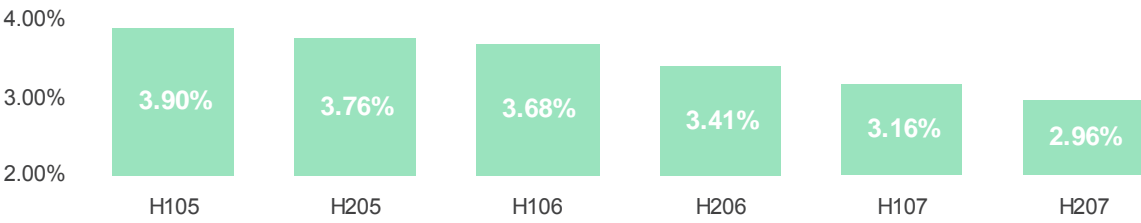
- ▶ Competitive pressure on lending margins
- ▶ Effective deposit margin management
- ▶ Deposit mix remains under pressure due to customer migration to lower margin products

NZ



- ▶ Competitive pressure on lending margins
- ▶ Product mix changes
- ▶ Increased proportion of wholesale funding
- ▶ Effective deposit margin management

UK

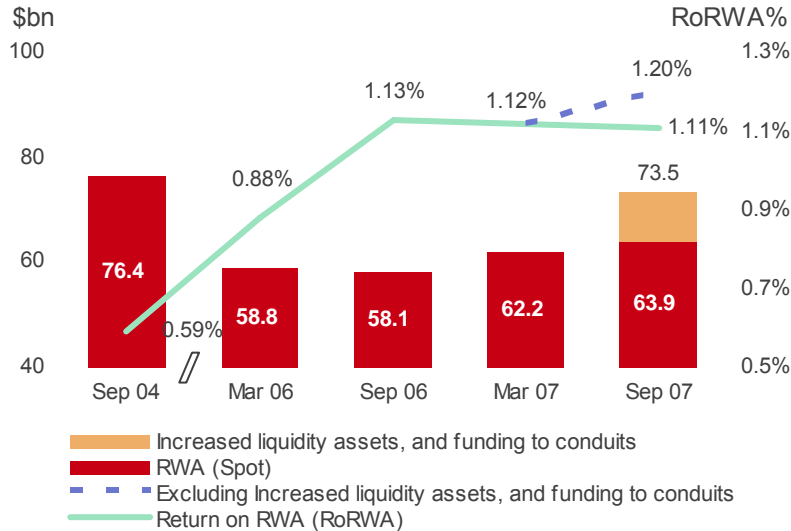


- ▶ Rebasing portfolio mix to reduce risk profile
- ▶ Decline slowing in H2 as margin approaches peers
- ▶ Basis risk impact of 4 bps in H2 largely driven by market disruption

Revenue momentum across nabCapital's key product lines

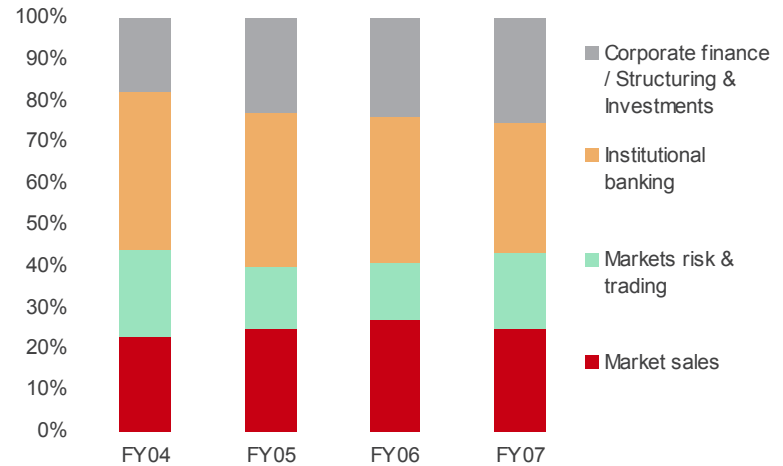


Return on risk weighted assets

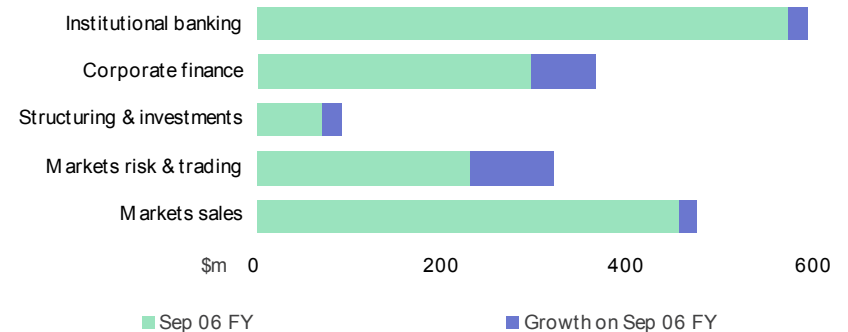


- ▶ Continued improvement in underlying RoRWA
- ▶ Strong deal flow in higher yielding businesses
- ▶ Markets benefited from H2 volatility
- ▶ Portfolio of businesses provides diversity of revenue streams

Relative revenue contributions



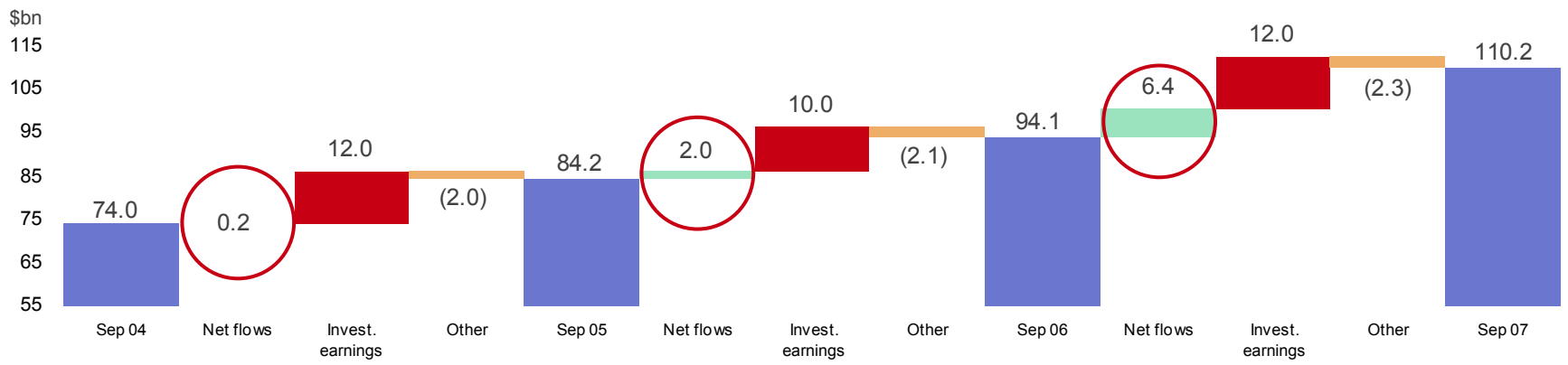
nabCapital FY07 grossed up revenues



MLC inflows continue to grow – good cross sales performance

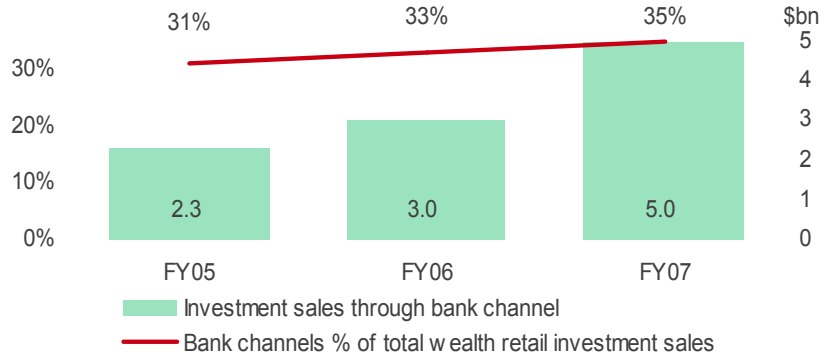


Funds under Management – improved sales productivity delivering strong net flows

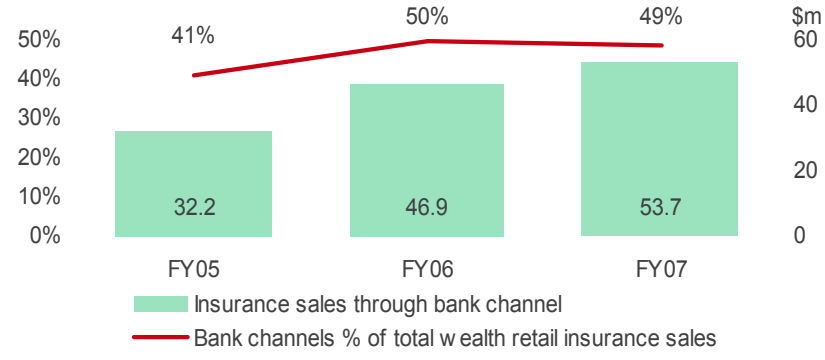


Cross sales performance – delivering increased value

Investments



Insurance



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Financial review

Cash earnings momentum

Strong revenue growth

Sustainable expense management

Asset quality

Strong funding and well capitalised

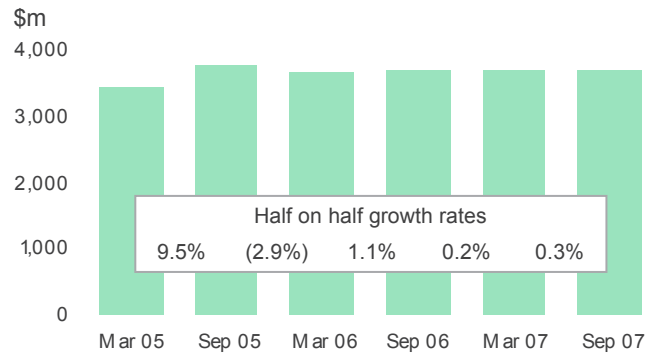
Positive outlook

2007

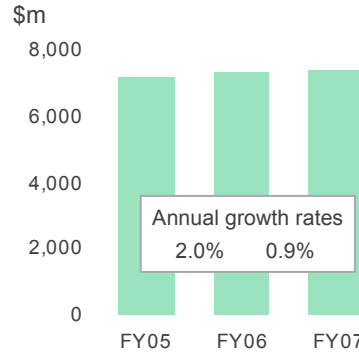
Strong and sustainable expense management – further opportunities to be realised

Group Expenses - ongoing operations

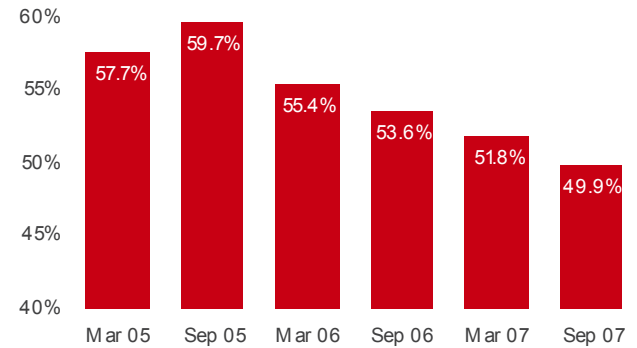
Half yearly comparison



Yearly comparison



Banking cost to income – ongoing operations



- ▶ Within-inflation expense guidance delivered in FY06 and FY07
- ▶ Significant investment in the business continues
- ▶ Costs actively managed – contributing to improved Cost to Income ratio
- ▶ Opportunities remain – productivity and efficiency focus embedded in the businesses

Broad-based, ongoing cost program



Restructuring program

Delivered benefits of \$654m in FY07, which exceeds plan of \$420m

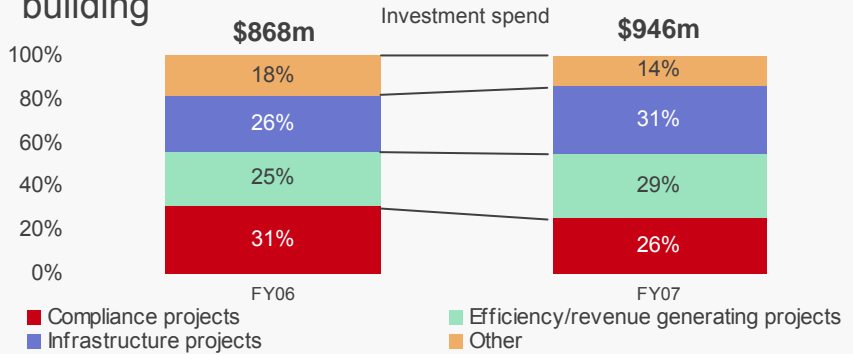
| Gross benefits | FY05 | FY06 | FY07 |
|-------------------|------------|------------|------------|
| Australia | 38 | 140 | 237 |
| UK | 51 | 176 | 318 |
| nabCapital | 11 | 51 | 65 |
| NZ & Corp. Centre | 2 | 22 | 34 |
| Group | 102 | 389 | 654 |

Productivity and efficiency capabilities

- ▶ Focus on sustainable continuous improvement. Benefits include reduced waste and improved throughput and processing time
- ▶ Improving customer experience by simplifying processes and integrating new technologies such as document imaging
- ▶ Savings enable:
 - ▶ increase in front line staff to drive growth
 - ▶ reinvestment in sustainable future business growth

Investment spend

Focus shifting from compliance to business building



Off-shoring / outsourcing

- ▶ Strong service and cost benefits coming through from a series of successful pilots, including:
 - ▶ Accounts Payable, Trade Finance, Credit card application processing, routine finance and accounting processes
 - ▶ Building momentum for increase in breadth of offshore processing
 - ▶ Continuous improvement will deliver year-on-year productivity and quality benefits, beyond cost arbitrage

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Financial review

Cash earnings momentum

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Asset quality

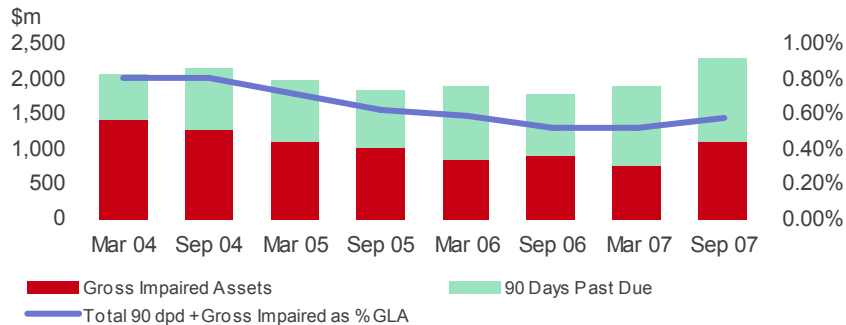
Strong funding and well capitalised

Positive outlook

2007

Asset quality moving in line with expectations

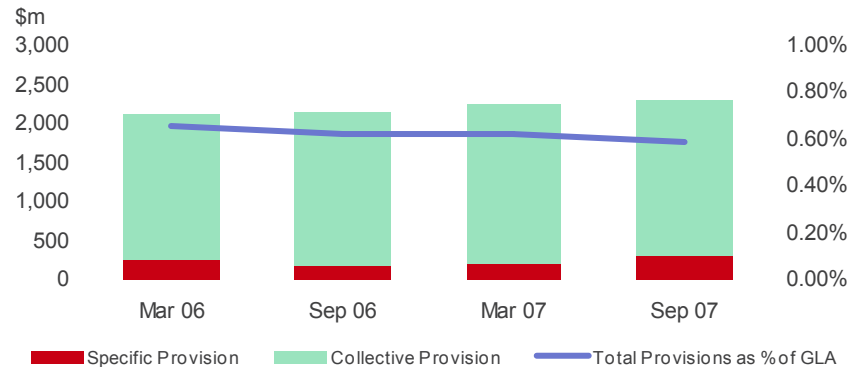
Total 90 days past due and gross impaired assets as % gross loans and acceptances



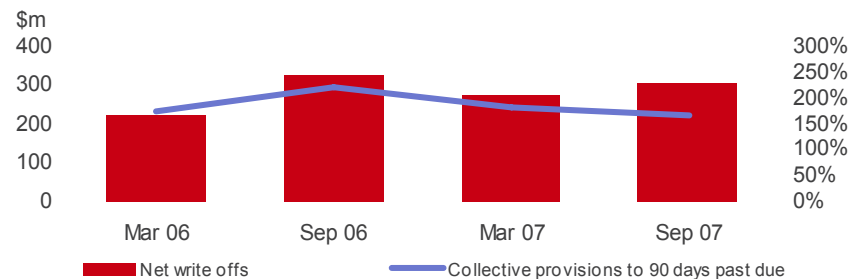
| | Mar 04 | Sep 04 | Mar 05 | Sep 05 | Mar 06 | Sep 06 | Mar 07 | Sep 07 |
|---------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Specific Provisions as % of Impaired Assets | 33.5% | 32.3% | 34.9% | 34.9% | 29.9% | 20.4% | 25.4% | 28.1% |

- ▶ Leading indicators softening but mix has shifted to secured.
- ▶ Two thirds of 90 DPD are secured by residential mortgages
- ▶ Impaired assets redefined – level and coverage in line with peers
- ▶ Total provision coverage of GLA in middle of peer group
- ▶ Collective provision coverage reflects new models and regradings
- ▶ Provision coverage of net write offs remains high

Provisions and Net write offs



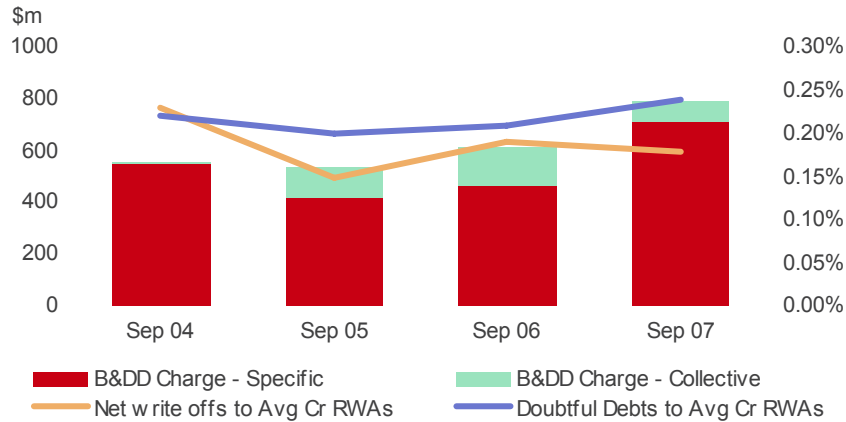
| | Mar 06 | Sep 06 | Mar 07 | Sep 07 |
|--------------------------------|--------|--------|--------|--------|
| Collectives as % of Credit RWA | 0.65% | 0.65% | 0.63% | 0.56% |



| | Mar 06 | Sep 06 | Mar 07 | Sep 07 |
|------------------------------|--------|--------|--------|--------|
| Net write offs to GLA | 0.07% | 0.09% | 0.08% | 0.08% |
| Provisions to Net write offs | 470% | 391% | 408% | 396% |

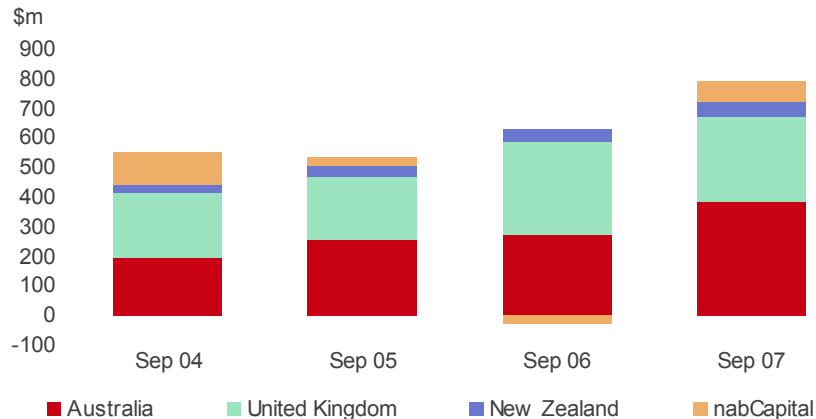
Bad and doubtful debts charge increasing off a low point in the cycle

Specific and Collective Bad and Doubtful Debt Charge



- ▶ Net write-off rate down for the year
 - ▶ Group level consistent with peers
 - ▶ Ex UK, write-off rate lowest of peer group
- ▶ Bad and doubtful debt charge up 2bp for the year – at 22bp is in the middle of the peer group
- ▶ Specific charge reflects reduced level of write-backs in nabCapital

Total Bad and Doubtful Debt Charge by Business



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Financial review

Cash earnings momentum

Strong revenue growth

Sustainable expense management

Asset quality

Strong funding and well capitalised

Positive outlook

2007

Strong funding position as a result of strategic repositioning of our balance sheet



Strategic repositioning of balance sheet over past two years based on:

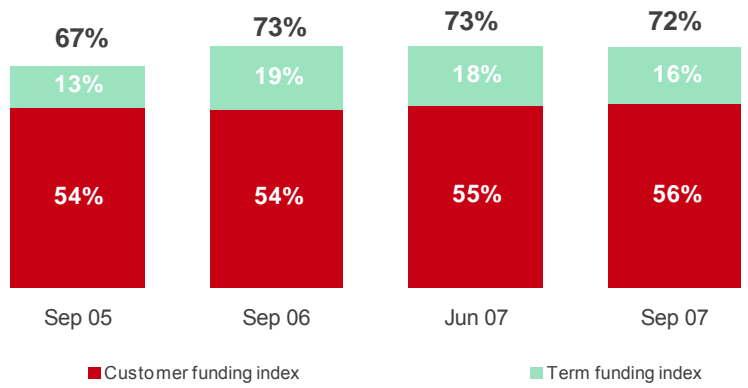
| | |
|-------------------------------------------------|----------------------------------------------|
| Strengthening customer deposit base | Strategic approach to term wholesale funding |
| Disciplined use of short term wholesale funding | Enhanced securitisation capability |

Impact of recent market events

- ▶ Strength of our balance sheet has facilitated a business as usual approach during recent market disruption
- ▶ Opportunities created as customers turn from wholesale markets to strongly capitalised banks to source their funding
- ▶ Maintained access to wholesale markets through disruption
- ▶ Holdings of liquid assets increased
- ▶ Cost of wholesale funding has increased

Balance sheet strength

Group stable funding index (SFI)



Stable funding index (SFI) – Term Funding Index (TFI) plus Customer Funding Index (CFI)
 TFI – Term Wholesale Funding (with a remaining maturity greater than 12 months) divided by Core Assets
 CFI – Customer deposits divided by Core Assets

Well capitalised, with a favourable outlook



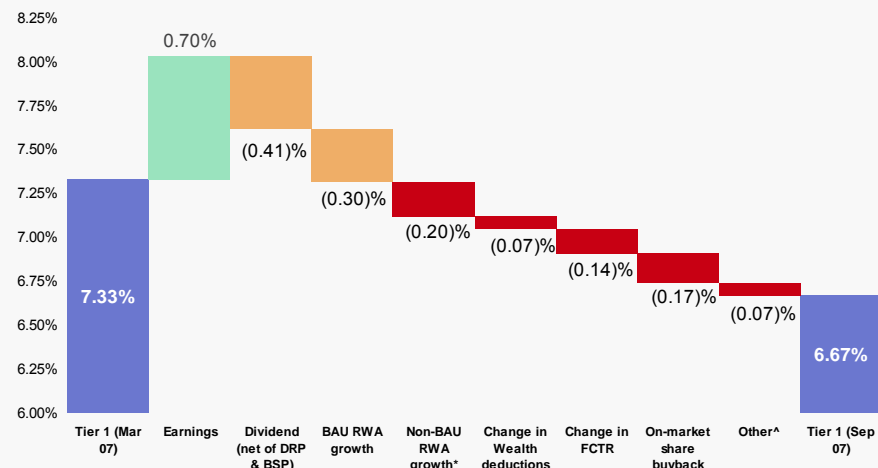
September 07 capital position reflects both efficiency initiatives and asset growth

- ▶ Strong asset growth in the core businesses
- ▶ Market disruption:
 - ▶ increased holdings of liquid assets
 - ▶ increased drawings on standby lines
 - ▶ new opportunities
- ▶ \$1.5bn capital management in FY07

Capital Outlook

- ▶ Tier 1 target range revised to 6.00% - 6.75%
- ▶ Additional nabCapital RWAs at Sep 07 being actively managed
- ▶ Basel II changes:
 - ▶ Additional Tier 1 deductions on 1 Jan 08 primarily relating to Wealth Management
 - ▶ Will agree with APRA extent of capital relief on advanced accreditation
 - ▶ NAB not reliant on AIFRS transitional relief

Movement in Tier 1 ratio



| Capital measure | Target range (%) | Sep 07 (%) |
|-----------------|------------------|------------|
| ACE | 4.25 – 5.00 | 4.90 |
| Tier 1 | 6.00 – 6.75 | 6.67 |

| | | | | |
|--------------|---------------------|--------------|------------------|-------------|
| Final | 95 cents per share | 100% franked | 67% payout ratio | 9.2% growth |
| Total | 182 cents per share | 95% franked | 67% payout ratio | 9.0% growth |

* Defined as the draw downs of liquidity facilities, increased holdings of liquid assets as part of the Group's balance sheet management and increased drawings by clients due to the disruption in credit markets.

^ Primarily changes in deductions including the general reserve for credit losses (-4 basis points), capitalised software (-3 basis points).

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Strong revenue growth

Sustainable expense management

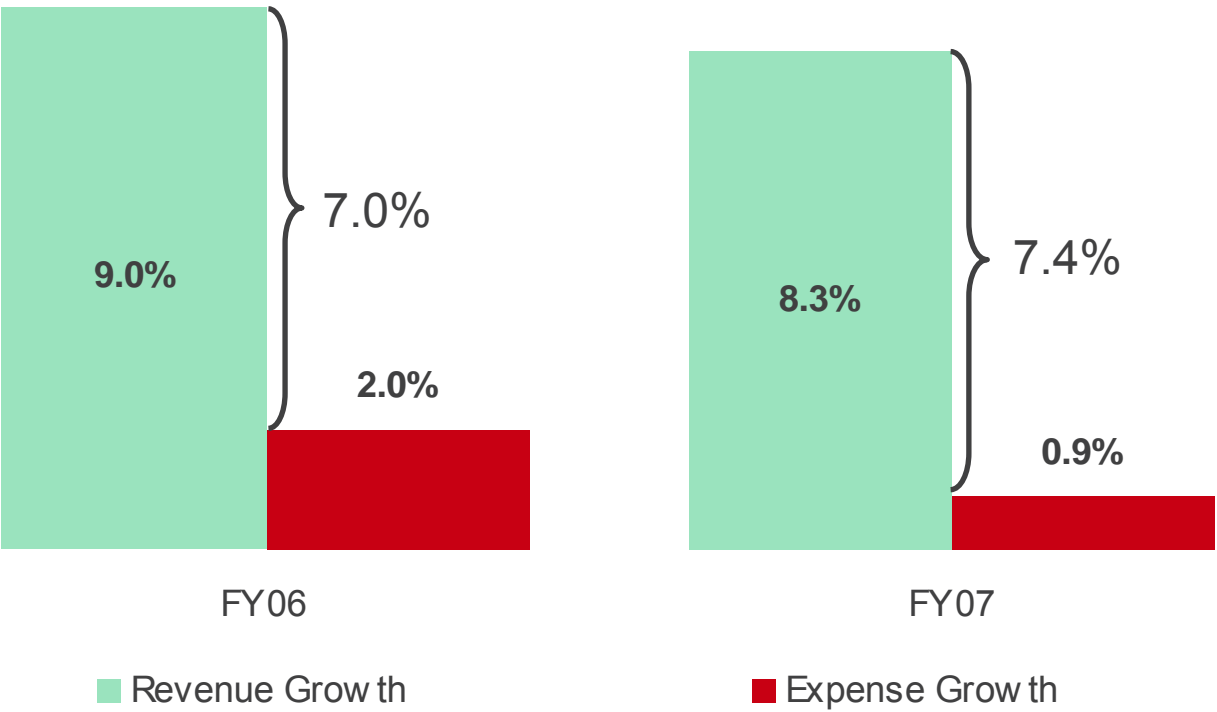
Asset quality

Strong funding and well capitalised

Positive outlook

2007

Strong performance



Positive outlook



Strong revenue growth in chosen segments

Sustainable expense base with further operational efficiencies to be realised

Capability and value-driven based investment

Group-wide focus on ROE and disciplined capital management

Management bench strength

Value creation

- ▶ Targeting an ROE over the medium term for our current operations in the range of our peer group
- ▶ Targeting above system revenue growth in chosen customer segments
- ▶ Maintaining current operating expense guidance of 'within inflation' for FY08 and extending this to FY10
- ▶ Medium term target dividend payout ratio of 65%, and given the business portfolio, expect franking in the range of 80% to 100%

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Five drivers of value creation

Strong revenue growth in chosen segments

- ▶ Differentiated relationship banking capabilities
- ▶ Significant position in wealth management
- ▶ Further potential in retail franchises
- ▶ Increasing quality and diversity of revenue streams

Sustainable expense base with further operational efficiencies to be realised

- ▶ Restructuring program delivered sustainable benefits
- ▶ Efficiency capability embedded into businesses
- ▶ Ongoing investment for the future
- ▶ “within inflation” expense growth through to FY10

Capability and value-driven based investment

Group-wide focus on ROE and disciplined capital management

- ▶ Consistent alignment of management compensation
- ▶ Managing ROE at a business portfolio level
- ▶ Group does not require transitional relief
- ▶ ROE within peer group range in the medium term

Management bench strength

Value creation

- ▶ Most shareholder value driven through organic activities
- ▶ In-market opportunities
- ▶ Leveraging our competitive advantage:
 - ▶ iFS
 - ▶ Agri banking
 - ▶ Wealth Management
- ▶ These will drive value creation in the medium term

- ▶ Clear strength in relationship banking within SME and high net worth across the Group
- ▶ iFS exploiting attractive niche segments of the market:
 - ▶ Empowered employees with aligned interests
 - ▶ Strong growth with favourable economics
- ▶ Next generation of relationship banking to be implemented in Australia and New Zealand
- ▶ Looking at other markets

Value driven capability growth platform #2 – Agribanking



- ▶ Agri banking a core capability
 - ▶ NAB's agribanking model differentiated in respect of product provision and relationship management
- ▶ Population growth, wealth effects and desire for cleaner fuels will see increased demand.
 - ▶ Asian economies to fuel agri growth over the medium to long term
- ▶ Assessing opportunities in North America over last 18 months
 - ▶ 70% dominated by a large government co-op, the remainder is highly fragmented
 - ▶ Dedicated team assessing opportunities
 - ▶ Many opportunities identified, pursuing several alliances

Value driven capability growth platform #3

– Wealth Management



- ▶ Wealth Management's core capability in platforms, manager of manager and advice in an attractive segment:
- ▶ Capture opportunity through nabInvest
 - ▶ Direct investment in boutique fund managers
 - ▶ Will manufacture, distribute and invest in a range of asset classes
 - ▶ nabInvest benefits from business autonomy and strength and franchise of the Group
 - ▶ Strong focus on customer needs
 - ▶ Stake taken in Northward Capital

Competitive advantage through our management bench strength



- ▶ Now seeing the benefits of a clear focus on talent:
 - ▶ Attracting
 - ▶ Retaining
 - ▶ Developing
 - ▶ Rotating

- ▶ We have the capabilities to deliver on our promises

Conclusion and next steps

- ▶ Purpose to create sustainable shareholder value
- ▶ Clear understanding of drivers of value
- ▶ Significant organic opportunities remain
- ▶ Disciplined approach to new opportunities
- ▶ Strong focus on talent
- ▶ Confident of continuing to deliver satisfactory sustainable shareholder returns

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Questions and Answers

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Australia Region

UK Region

NZ Region

nabCapital

Asset quality

Capital and funding

Economic outlook

2007

Australia Region strategy

Business & Private Banking

- ▶ Continue to extend leadership position in business lending
- ▶ Strategy driven by maintaining and deepening customer relationships and extending advice capability
- ▶ Strategy delivery includes focus on:
 - ▶ industry specialisation and deepening customer knowledge
 - ▶ decentralised decision making and banker authority
 - ▶ process efficiency enabling maximum banker time being spent with customers

Retail Banking

- ▶ Successful rebuilding with focus on the customer experience
- ▶ Investment in
 - ▶ new branches and ATM's
 - ▶ direct capability
 - ▶ **nab**broker
- ▶ Clear focus on people
 - ▶ innovative sales & incentive programs
 - ▶ talent and leadership
- ▶ Implemented business model where local leaders run their own business
- ▶ Improving efficiency and quality

MLC

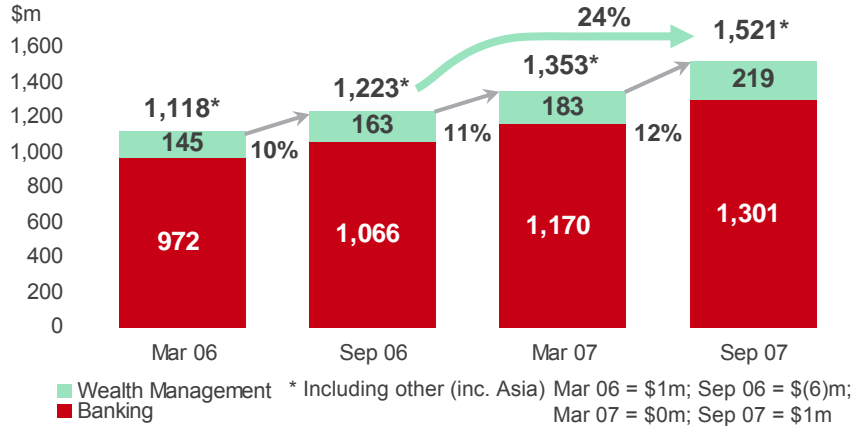
- ▶ Diversified, quality advice based distribution model
- ▶ Leading position in
 - ▶ all sectors of superannuation system
 - ▶ conflicts of interest
 - ▶ personal insurance market
- ▶ Leveraging nab's Australian business
- ▶ Improving efficiencies
- ▶ Strong focus on reducing shareholder capital

Australia Region: Again delivers double digit cash earnings growth

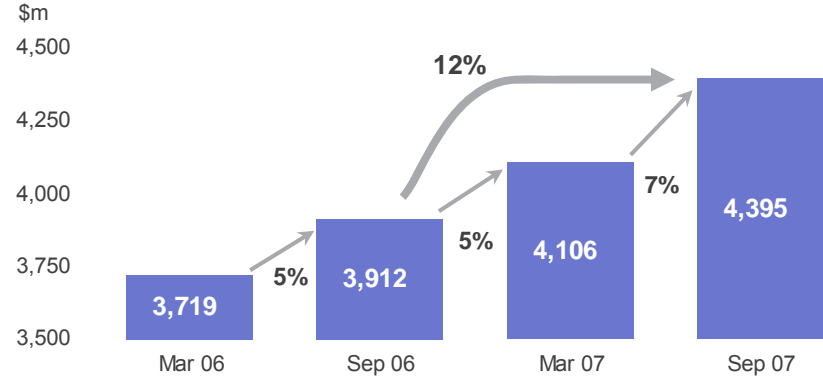
| Australia region results \$m | Half year to | | | Year to | | |
|----------------------------------------------|--------------|---------|-----------------------|--------------|---------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Banking revenue | 3,718 | 3,497 | 6.3 | 7,215 | 6,508 | 10.9 |
| Wealth Management net operating income | 677 | 609 | 11.2 | 1,286 | 1,123 | 14.5 |
| Net operating revenue | 4,395 | 4,106 | 7.0 | 8,501 | 7,631 | 11.4 |
| Operating expenses | (2,036) | (2,014) | (1.1) | (4,050) | (4,048) | - |
| Underlying profit | 2,359 | 2,092 | 12.8 | 4,451 | 3,583 | 24.2 |
| Charge to provide for bad and doubtful debts | (208) | (181) | (14.9) | (389) | (279) | (39.4) |
| Other (incl. Asia) | 1 | - | - | 1 | (5) | large |
| Cash earnings before tax and IoRE | 2,152 | 1,911 | 12.6 | 4,063 | 3,299 | 23.2 |
| Income tax expense | (631) | (558) | (13.1) | (1,189) | (958) | (24.1) |
| Cash earnings before IoRE | 1,521 | 1,353 | 12.4 | 2,874 | 2,341 | 22.8 |
| IoRE | 18 | 21 | (14.3) | 39 | 56 | (30.4) |
| Cash earnings | 1,539 | 1,374 | 12.0 | 2,913 | 2,397 | 21.5 |

Australia Region: Earnings growth delivered by revenue momentum and sustained cost management

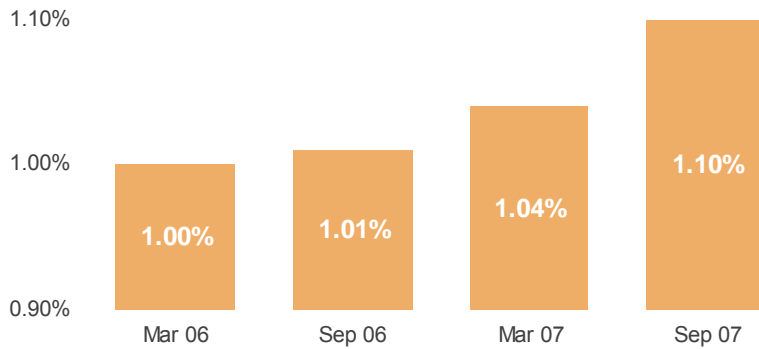
Strong cash earnings growth (pre IoRE)



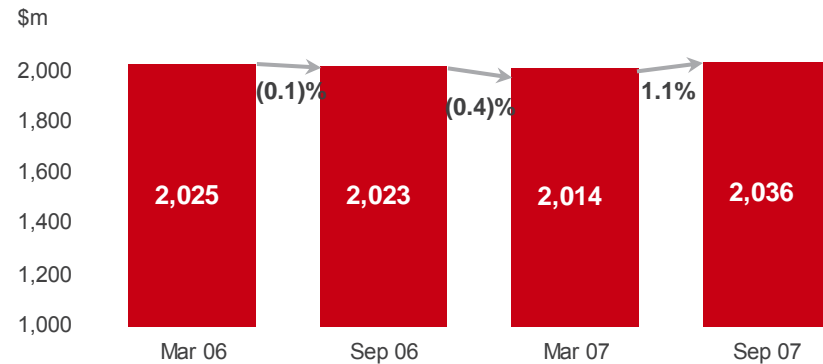
Revenue



Banking Return on average Assets

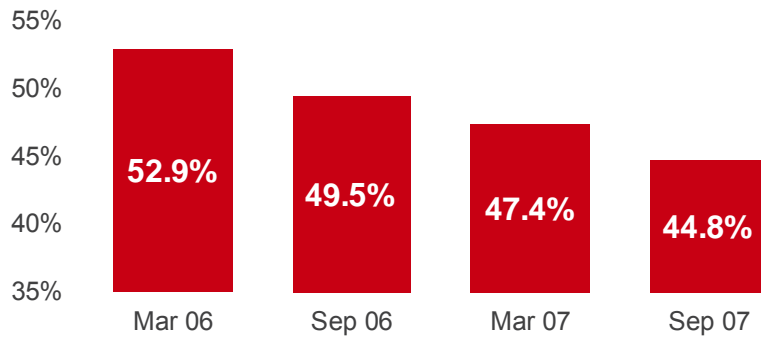


Expenses

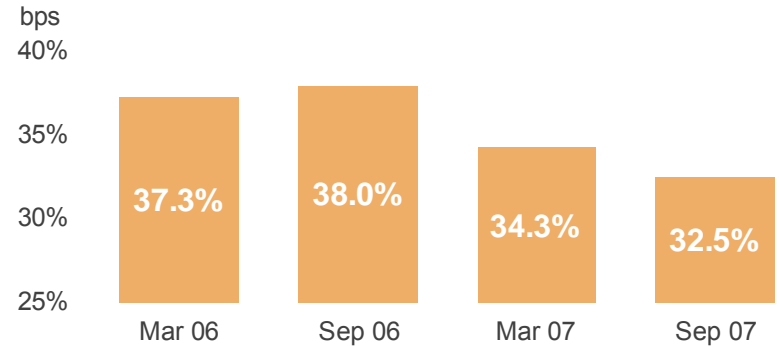


Australia Region: Continued focus on productivity

Australian Banking cost to income ratio well managed



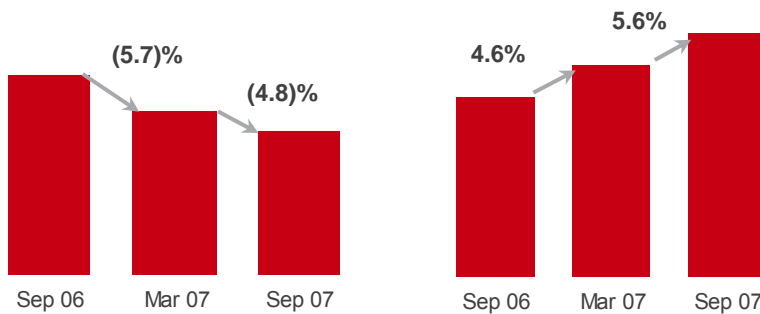
MLC Operating Expenses to Gross Income improving



Improved Banking productivity

Cost efficiency
Cost / avg. IEA

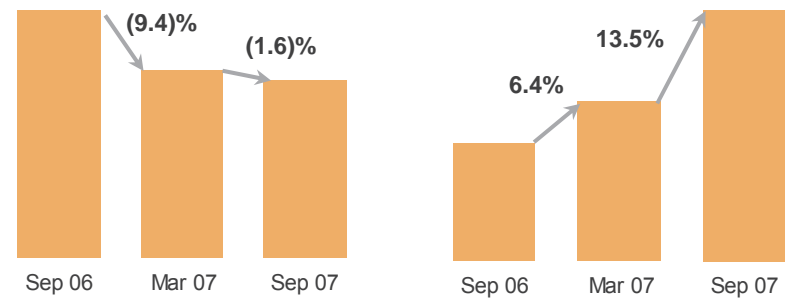
Labour productivity
Avg IEA/FTE



Improved MLC productivity

Cost efficiency
Investment cost / avg FUM

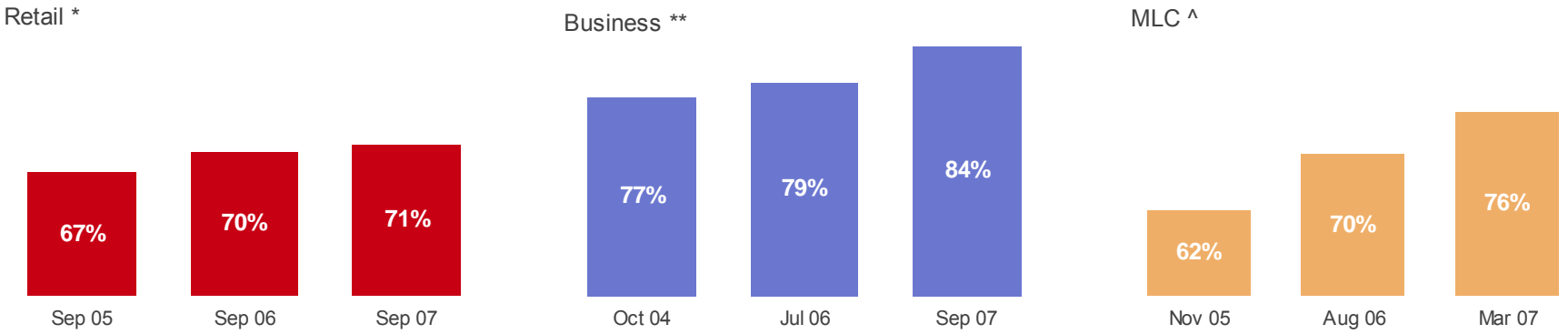
Labour productivity
Revenue/FTE



Australia Region: Customer service and employee engagement success

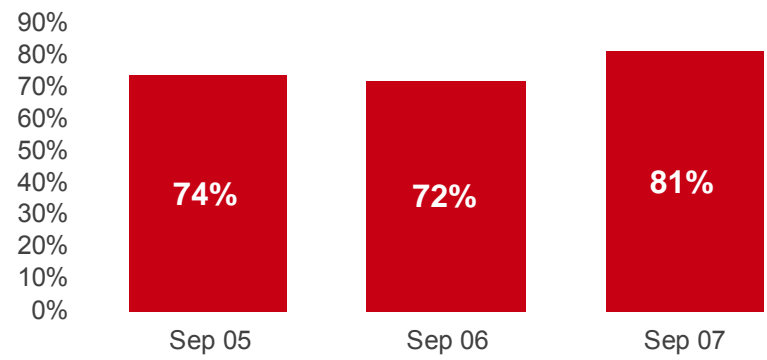
full year
2007

Customer satisfaction

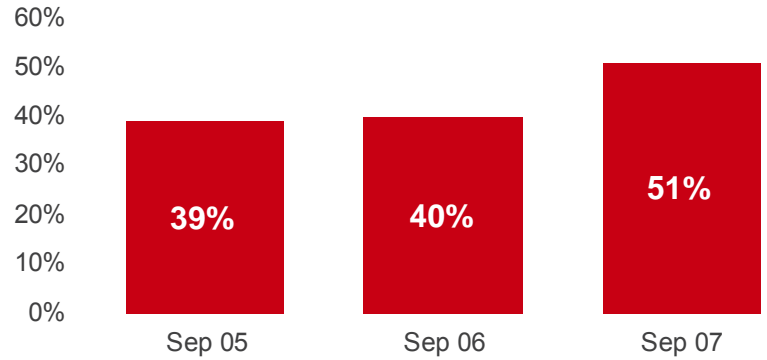


Source: * Roy Morgan Research, Base: 14 years +, 6 month moving average. Satisfaction is based on customers who answered very or fairly satisfied.
Internal - ** BPA Service Experience Research Program. ^ Wealth Advisor satisfaction survey.

Employee satisfaction



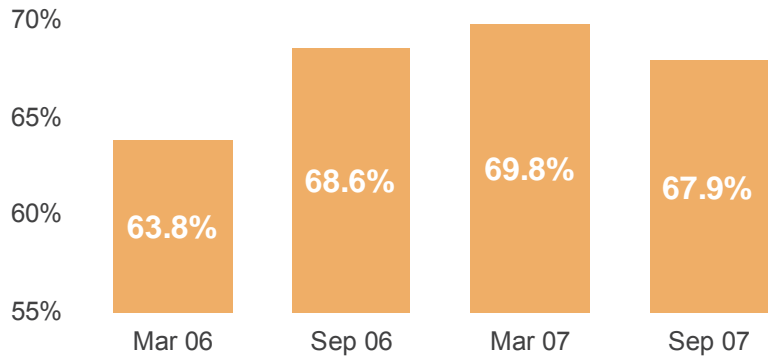
Employee engagement



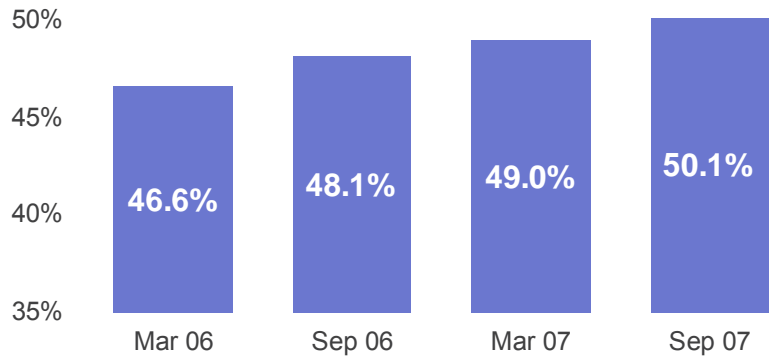
Australia Region: Well diversified funding portfolio

full year
2007

% core assets funded by customer and wholesale term deposits (SFI)



% core assets funded by customer deposits (CFI)



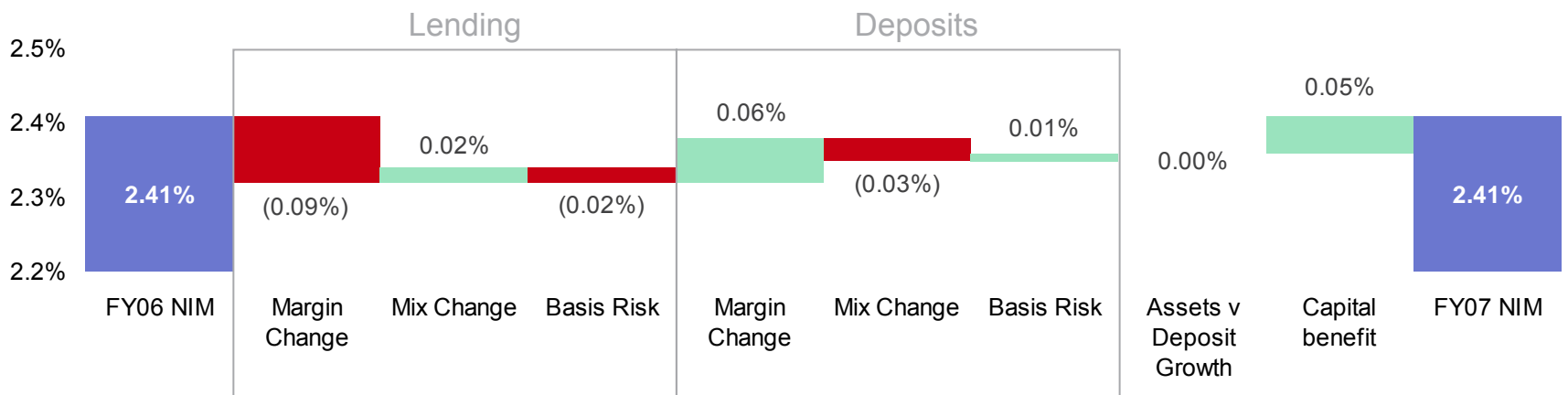
Australian Banking: Strong revenue growth and cost management driven double digit earnings growth

| Australia banking results \$m | Half year to | | | Year to | | |
|------------------------------------------|----------------|---------|-----------------------|----------------|---------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Net interest income | 2,829 | 2,691 | 5.1 | 5,520 | 4,870 | 13.3 |
| Other operating income | 889 | 806 | 10.3 | 1,695 | 1,638 | 3.5 |
| Net operating income | 3,718 | 3,497 | 6.3 | 7,215 | 6,508 | 10.9 |
| Operating expenses | (1,664) | (1,657) | (0.4) | (3,321) | (3,328) | 0.2 |
| Underlying profit | 2,054 | 1,840 | 11.6 | 3,894 | 3,180 | 22.5 |
| Charge to provide bad and doubtful debts | (208) | (181) | (14.9) | (389) | (279) | (39.4) |
| Cash earnings before tax | 1,846 | 1,659 | 11.3 | 3,505 | 2,901 | 20.8 |
| Income tax expense | (545) | (489) | (11.5) | (1,034) | (863) | (19.8) |
| Cash earnings | 1,301 | 1,170 | 11.2 | 2,471 | 2,038 | 21.2 |

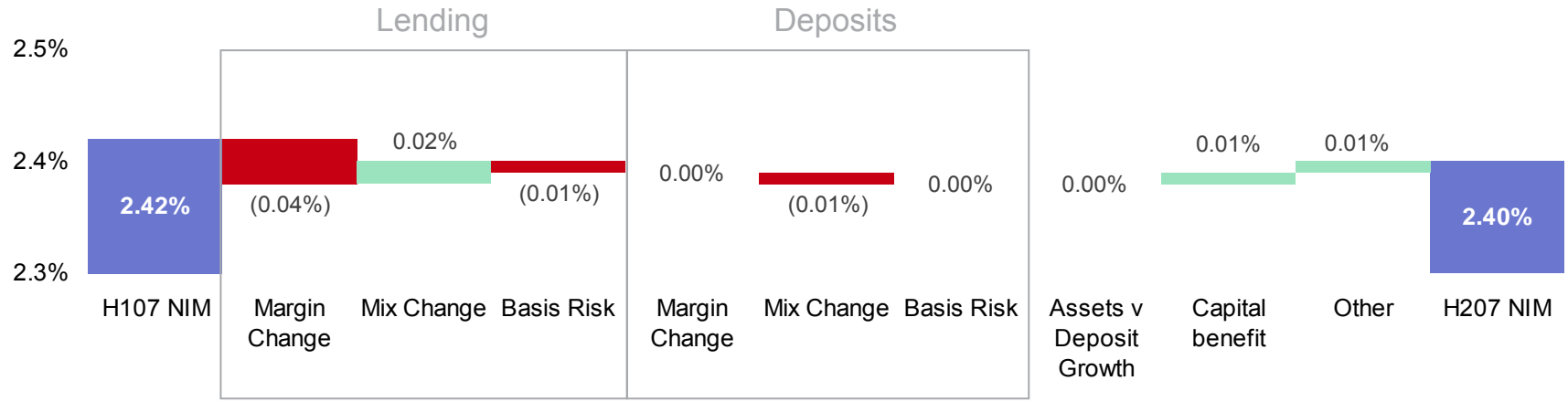
Australian Banking: Ongoing net interest margin

full year
2007

Full year comparison – flat on September 2006



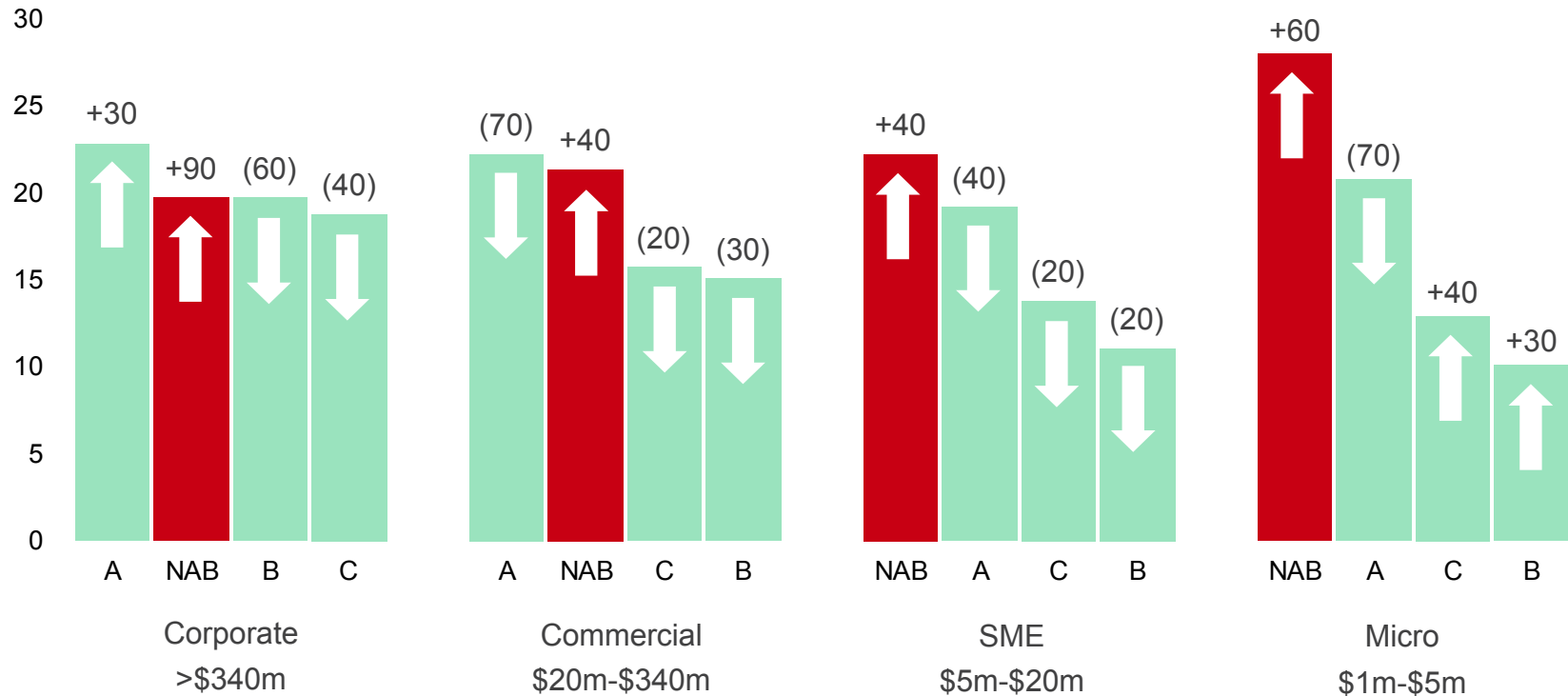
Half year comparison – down 2bp on March 2007 half



Australia Banking - Focus on business transaction banking has increased market share in all segments

Transaction banking market share and trend

Percentage share and basis point change of primary relationships, by customer segment*



Note: * Arrows relate to the trend from prior survey, basis point change above the bar

Source: East & Partners; Australian Corporate Transaction Banking Markets May 07; Australian Commercial Transaction Banking Markets Aug 07; Australian SME Banking Markets Apr 07; Australian Micro Business Banking Markets Jul 07

Australian Banking: Australian housing metrics

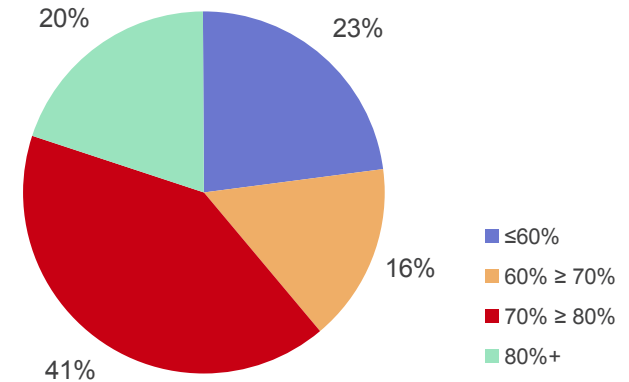
Low doc loans

- ▶ \$2.4bn outstanding
- ▶ LVR capped at 60% (without LMI)

Inner city apartments

- ▶ \$3.2bn outstanding
- ▶ 2.3% of housing book

LVR at origination (% portfolio)



Origination source – flows (Australia)

| | Mar 06 | Sep 06 | Mar 07 | Sep 07 |
|--------------------|--------|--------|--------|--------|
| Proprietary | 72% | 77% | 77% | 78% |
| Broker | 16% | 14% | 14% | 14% |
| Introducer | 12% | 9% | 9% | 8% |

MLC: Outstanding results in a favourable environment

| Wealth Management results \$m | Half year to | | | Year to | | |
|----------------------------------|--------------|--------|-----------------------|--------------|--------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Gross Income | 1,145 | 1,040 | 10.1 | 2,185 | 1,911 | 14.3 |
| Volume related expenses | (468) | (431) | (8.6) | (899) | (788) | (14.1) |
| Net income | 677 | 609 | 11.2 | 1,286 | 1,123 | 14.5 |
| Operating expenses | (372) | (357) | (4.2) | (729) | (720) | (1.3) |
| Profit before tax | 305 | 252 | 21.0 | 557 | 403 | 38.2 |
| Income tax expense | (86) | (69) | (24.6) | (155) | (95) | (63.2) |
| Cash earnings before IoRE | 219 | 183 | 19.7 | 402 | 308 | 30.5 |
| IoRE | 18 | 21 | (14.3) | 39 | 56 | (30.4) |
| Cash earnings | 237 | 204 | 16.2 | 441 | 364 | 21.2 |

MLC: Outstanding result - a platform for continued strong growth from successful strategies



No. 2 in Australia for Super *
No. 1 for Retail life insurance **

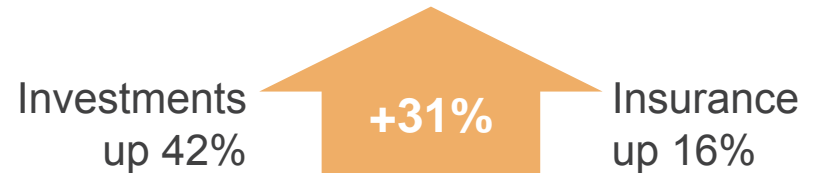
2007 FY growth in cash earnings before loRE driven by:

- ▶ 213% increase in Net Funds Flow
- ▶ Investments net income growth (19%) higher than average FUM growth (15%) due to focus on high margin segments
- ▶ Efficiency program enabled
 - ▶ flat YoY expense growth
 - ▶ absorption of significant volume growth
 - ▶ reinvestment in the business
- ▶ Above system growth in Retail insurance sales

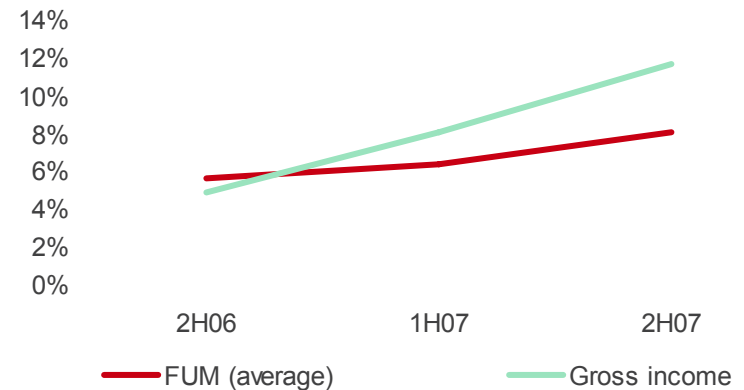
Capital efficiency

- ▶ Surplus capital repatriated to Group
- ▶ Return on shareholder capital up

Cash earnings before loRE



Revenue & FUM growth on prior half



* - Plan for Life Market Share & Dynamics report – June 2007
** - DEXX&R Life Analysis - June 2007

full year results

Additional information

Australia Region

UK Region

NZ Region

nabCapital

Asset quality

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Economic outlook

2007

UK Region: Strategy execution ongoing

“Do what we do but do it better”

- ▶ Investing in the core franchise and efficient back office to support sustainable growth
- ▶ Rebalancing to a sustainable balance sheet while converging towards market margins
- ▶ Raising productivity

“Playing a different game”

- ▶ Building a business which grows faster than the market and overcomes market limitations
- ▶ Exploiting our position as a small bank in a large market with an outstanding and differentiated proposition
- ▶ Delivering the banking service that key customers want and growing outside traditional areas

UK Region: Outperforms peers in turbulent markets

| UK region results £m | Half year to | | | Year to | | |
|---------------------------------------------------------------------|--------------|--------|-----------------------|--------------|--------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Net interest income | 413 | 400 | 3.3 | 813 | 769 | 5.7 |
| Other operating income | 183 | 186 | (1.6) | 369 | 403 | (8.4) |
| Net operating income | 596 | 586 | 1.7 | 1,182 | 1,172 | 0.9 |
| Operating expenses | (361) | (358) | (0.8) | (719) | (739) | 2.7 |
| Underlying profit | 235 | 228 | 3.1 | 463 | 433 | 6.9 |
| Charge to provide for bad and doubtful debts | (57) | (62) | 8.1 | (119) | (128) | 7.0 |
| Cash earnings before tax | 178 | 166 | 7.2 | 344 | 305 | 12.8 |
| Income tax expense | (53) | (48) | (10.4) | (101) | (91) | (11.0) |
| Cash earnings | 125 | 118 | 5.9 | 243 | 214 | 13.6 |
| Cash earnings inc fair value & hedge ineffectiveness | 136 | 130 | 4.6 | 266 | 229 | 16.2 |

UK Region: Outperforms peers – half on half results

full year
2007

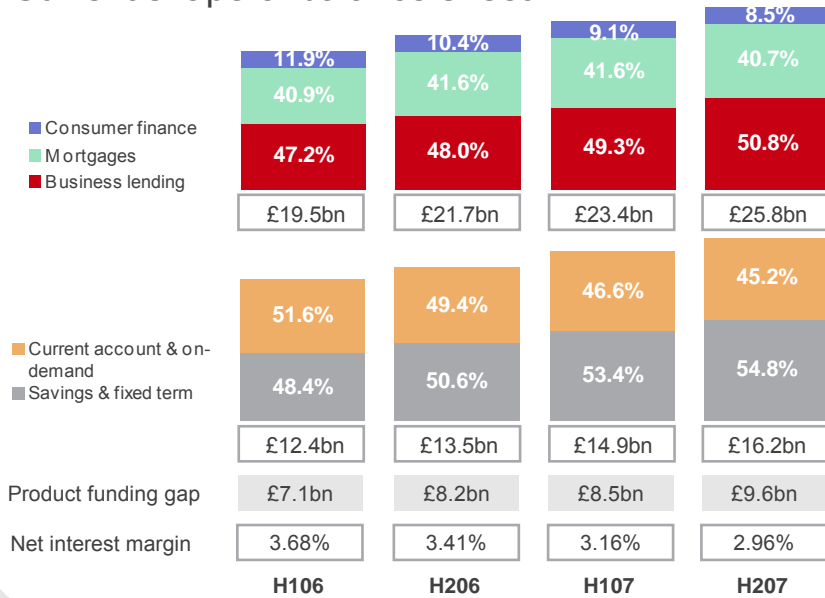
| | NAG – UK Region* | | Bank 1^ | Bank 2^ | Bank 3^ | Bank 4^ |
|---------------------------------|------------------|-------------|---------------|---------------|---------------|----------------|
| | £m | % | % | % | % | % |
| Net interest income | 13 | 3.3% | (0.7%) | (1.1%) | (0.2%) | (2.5%) |
| Other operating income | (3) | (1.6%) | (13.2%) | (1.5%) | 5.4% | (6.0%) |
| Net operating income | 10 | 1.7% | (5.2%) | (1.3%) | 1.5% | (3.3%) |
| Operating expenses | (3) | (0.8%) | 9.8% | 1.9% | (4.3%) | 2.0% |
| Underlying profit | 7 | 3.1% | (0.6%) | 0.6% | (0.8%) | (4.1%) |
| B&DD charge | 5 | 8.1% | 16.8% | 6.1% | (3.5%) | (34.3%) |
| Cash earnings before tax | 12 | 7.2% | 5.4% | 2.2% | (3.9%) | (19.9%) |

* Represents movement between H207 and H107

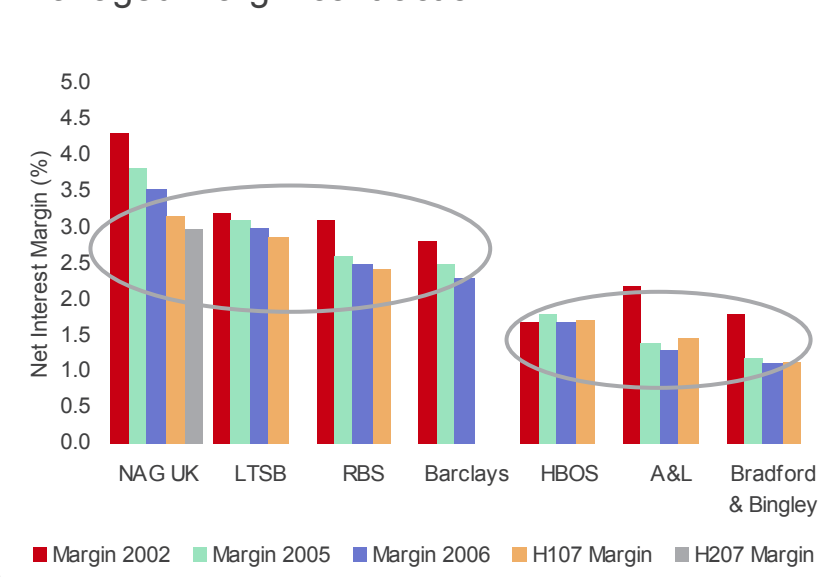
^ Represents movement between H107 and H206. Each bank referred to is our estimate of the nearest equivalent segment of the competitor bank.

UK Region: Balance sheet reshaping and managed margin contraction

Current shape of balance sheet



Managed margin contraction



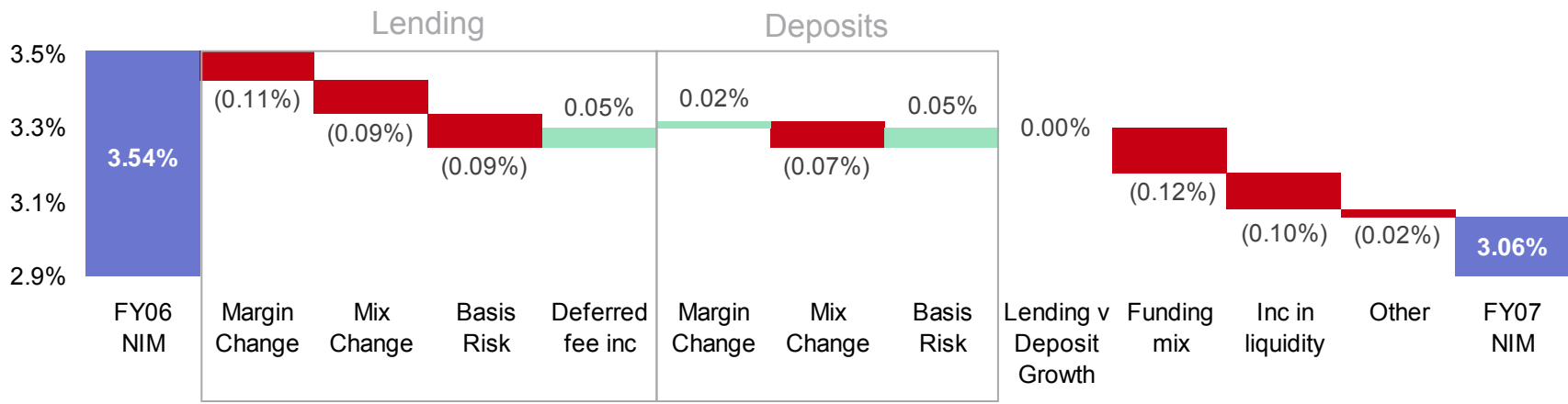
- ▶ Growth strategy reshaping balance sheet
- ▶ Robust lending growth with reducing unsecured proportion
- ▶ Excellent deposit growth supporting lending

- ▶ Margin reduction continuing, driven largely by mix and basis risk
- ▶ NIM moving towards comparator banks
- ▶ Recent market turbulence not yet reflected in competitor margins

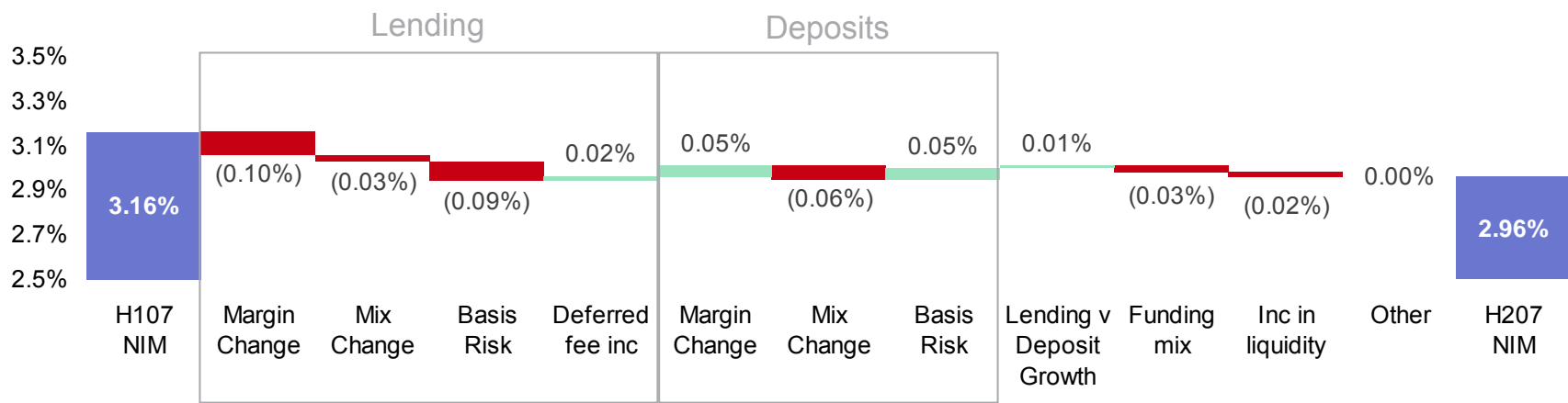
UK Region: Ongoing net interest margin

full year
2007

Full year comparison – down 48bps on September 2006



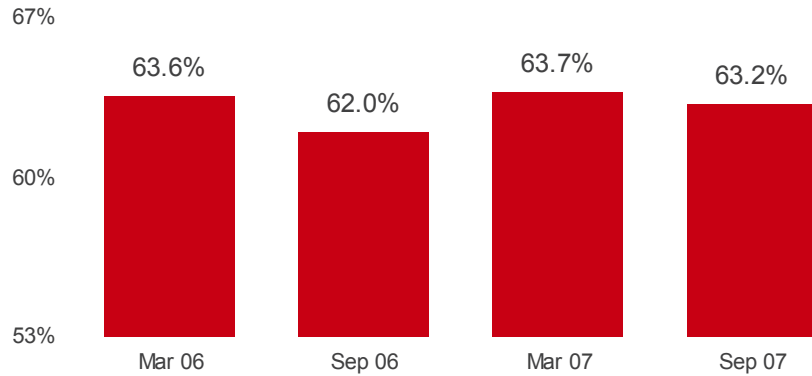
Half year comparison – down 20bps on March 2007 half



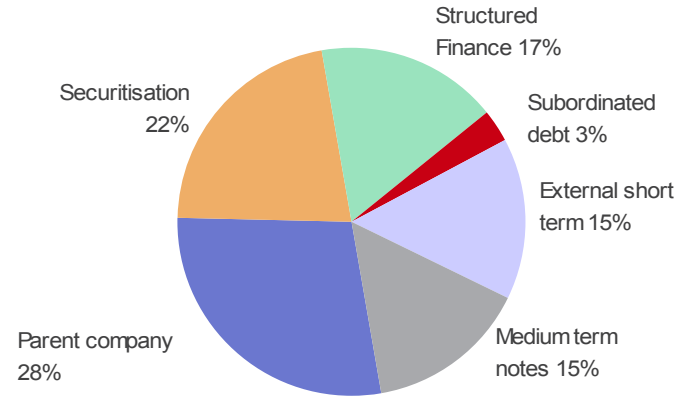
UK Region: Sound capital structure and stable funding mix

full year
2007

Retail cover (UK region)



Diverse wholesale funding mix

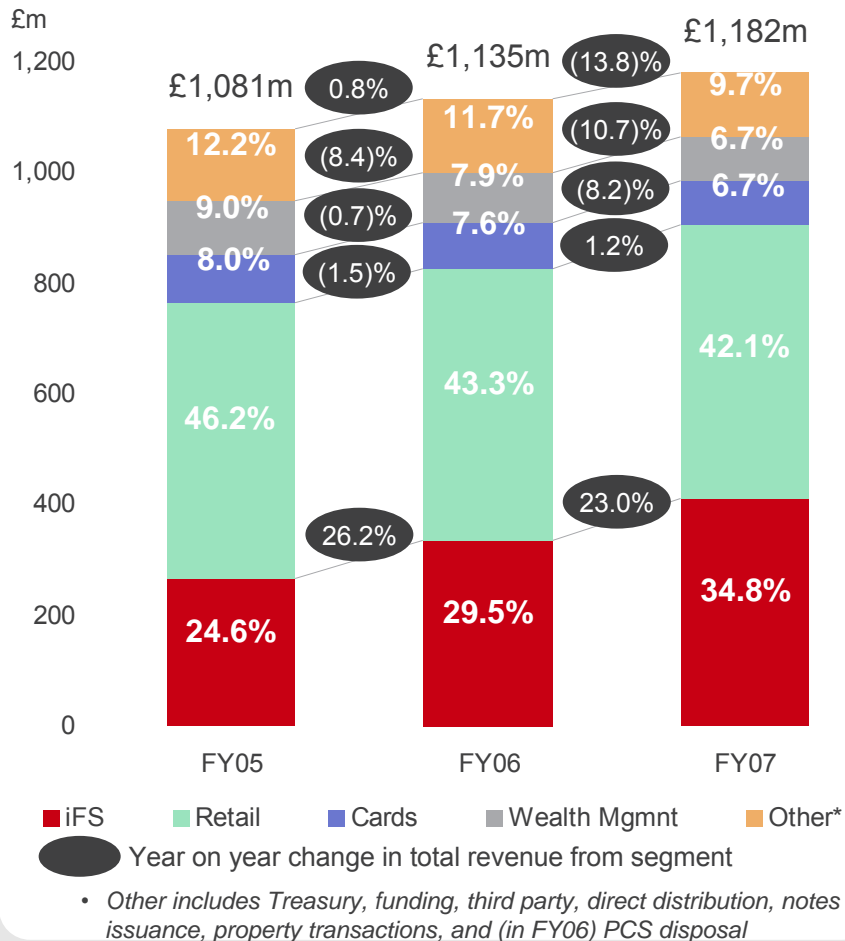


- ▶ Retail cover remains strong
- ▶ Diverse wholesale funding mix of both source and duration
- ▶ Short-term funding down to 15% of wholesale total
- ▶ Clydesdale Bank long-term credit rating upgraded during the year

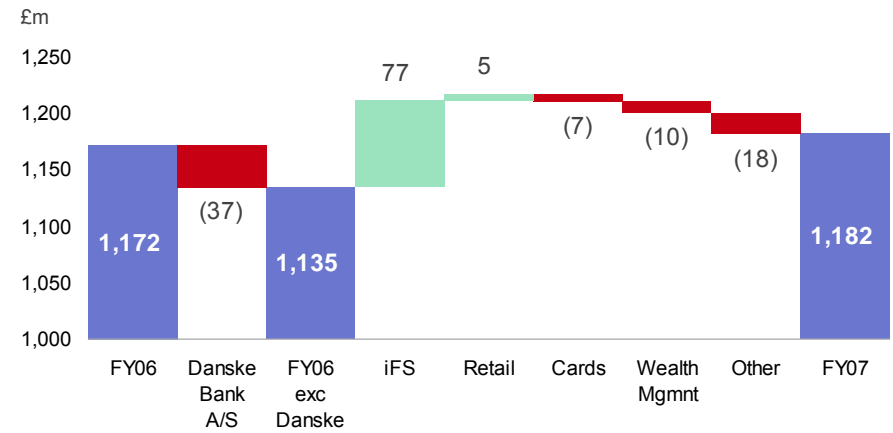
Note: Retail cover graph based on half-year averages
Funding mix graph based on Clydesdale Bank PLC as at 30 September 2007

UK Region: iFS - revenue growth engine

Segmental revenue growth (ex Danske)



UK region revenue growth: FY06 - FY07

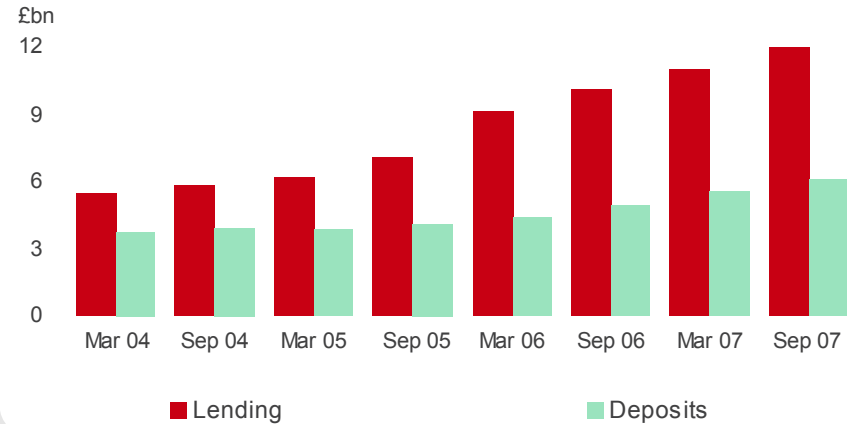


- ▶ Excellent growth from iFS
- ▶ Retail performing well in difficult markets
- ▶ Unsecured lending remains subdued
- ▶ Wealth impacted by industry-wide decline in PPI sales

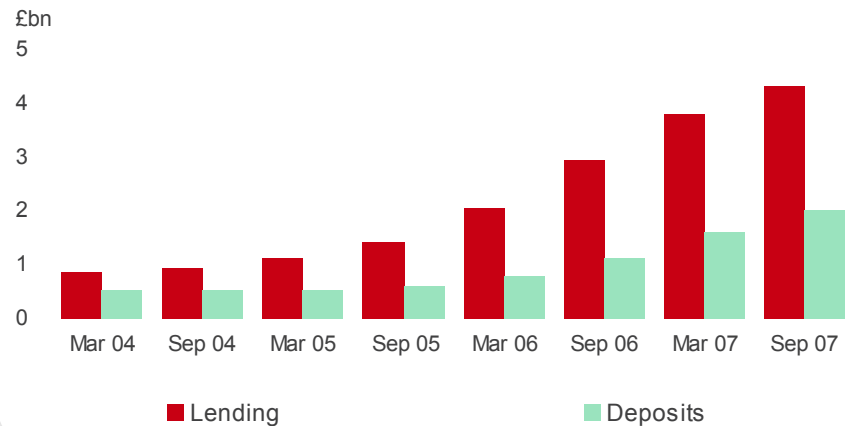
UK Region: Strong and sustainable iFS revenue growth

- ▶ iFS strategy delivering with excellent income growth
- ▶ Above-system growth in both lending and deposits
- ▶ New centres gaining real traction supporting excellent momentum in traditional geographical areas
- ▶ nabCapital has generated income of £29m during the year, up 35% on prior year, from increased introductions from iFS

iFS North volumes HY Averages



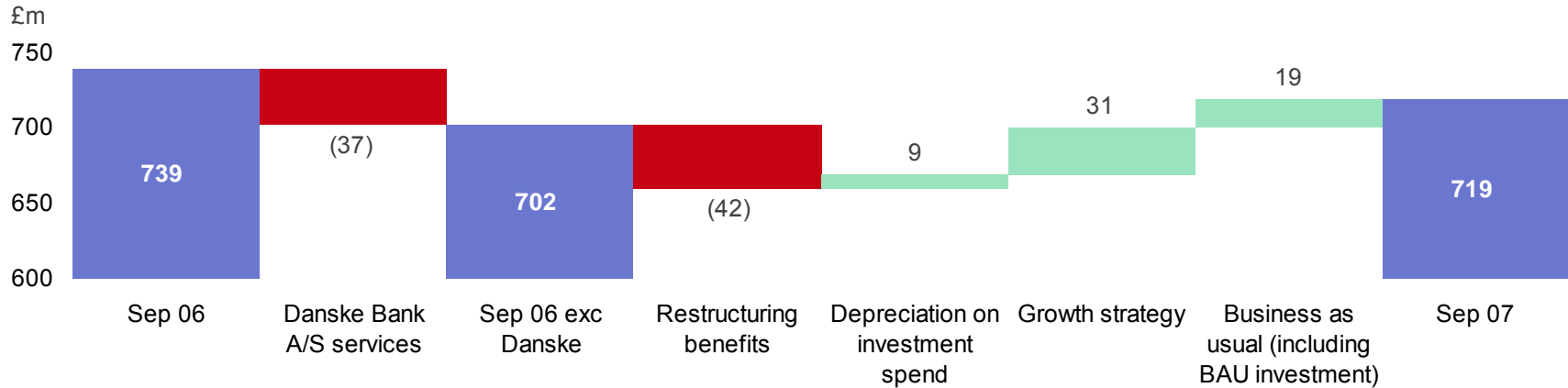
iFS South volumes HY Averages



Total iFS includes some leasing, factoring, and deposit volumes not represented in North or South above

UK Region: Other operating expenses

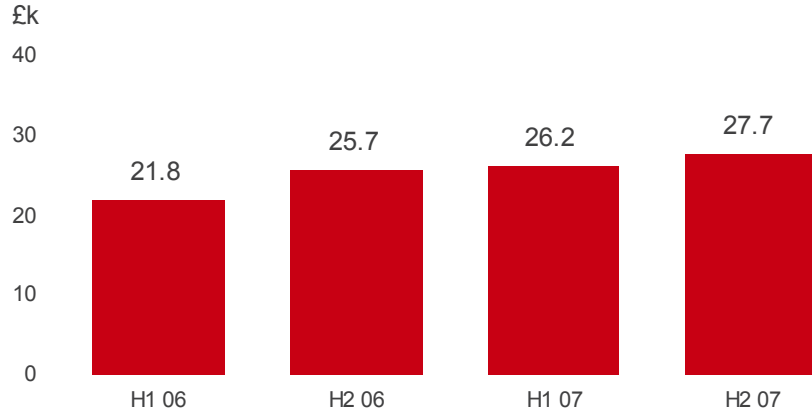
Other operating expenses: FY06 to FY07



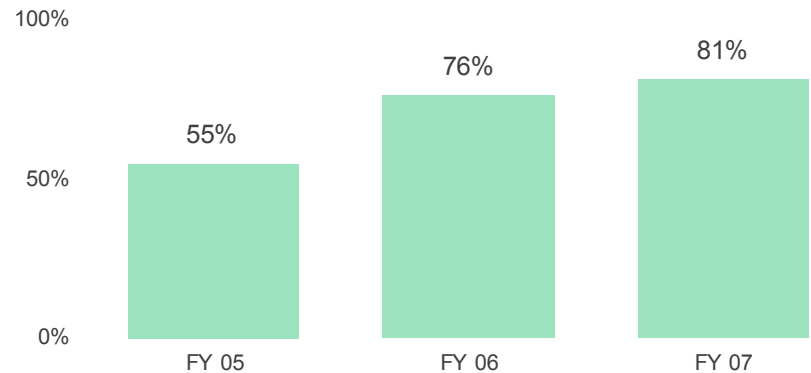
- ▶ Investment continues with £103m cash spend in FY 07
- ▶ Increased depreciation charges from prior year investment
- ▶ Restructuring benefits continuing to be delivered
- ▶ Continued investment in growth strategy

UK Region: FTEs and employee engagement

Cash earnings per average FTE



UK employee overall staff satisfaction



- ▶ Cash earnings per FTE increasing
- ▶ Significant improvements in employee satisfaction
- ▶ FTEs rebalancing towards customer-facing
- ▶ Reduction in total number of FTEs

full year results

Additional information

Australia Region

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nabCapital

Asset quality

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New Zealand: Drivers of performance

Clear strategic focus of simplification, culture and new revenue streams

- ▶ Strong sustainable financial performance
- ▶ Cultural change 3-year programme targets met in 1st year (strong staff engagement on objectives)
- ▶ Strong increase in customer satisfaction levels / customer profitability
- ▶ Development of innovative new product releases including Total Money and BNZ Agri Capital
- ▶ Focus on revenue growth and sustainable long term cost management through disciplined continuous improvement program across Bank
- ▶ Strong and focussed margin management across Assets and Liabilities in a challenging market environment
- ▶ Sound Asset Quality enabled through Risk Management discipline embedded across business

Enabled

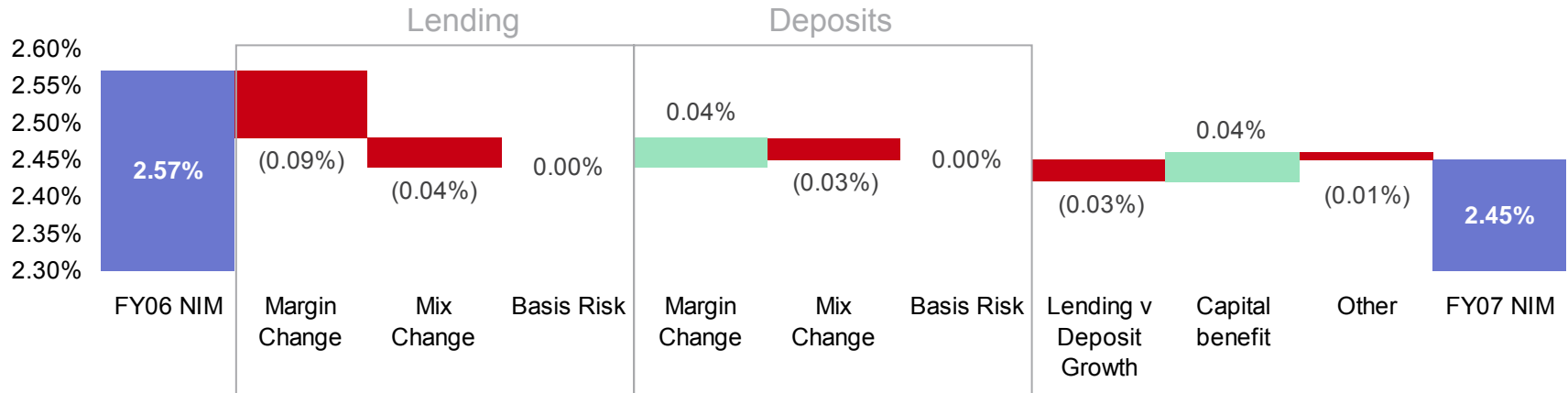
18% year-on-year growth in cash earnings

New Zealand: Strong result in a competitive market

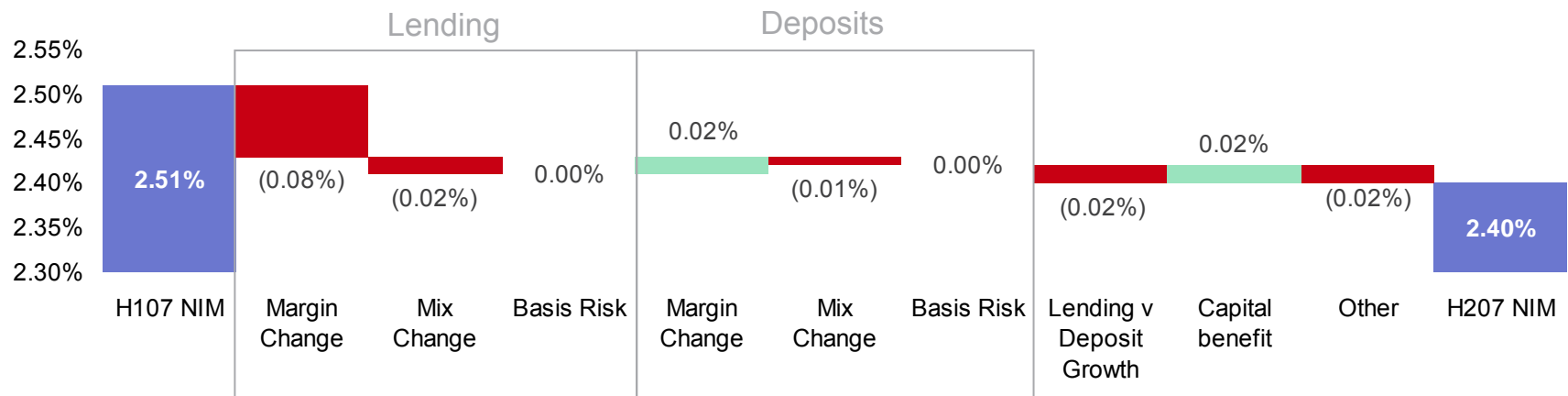
| New Zealand region results NZ\$m | Half year to | | | Year to | | |
|----------------------------------------------|--------------|--------|-----------------------|--------------|--------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Net interest income | 497 | 483 | 2.9 | 980 | 911 | 7.6 |
| Other operating income* | 194 | 200 | (3.0) | 394 | 377 | 4.5 |
| Net operating income | 691 | 683 | 1.2 | 1,374 | 1,288 | 6.7 |
| Operating expenses | (343) | (346) | 0.9 | (689) | (689) | - |
| Underlying profit | 348 | 337 | 3.3 | 685 | 599 | 14.4 |
| Charge to provide for bad and doubtful debts | (25) | (27) | 7.4 | (52) | (53) | 1.9 |
| Cash earnings before tax | 323 | 310 | 4.2 | 633 | 546 | 15.9 |
| Income tax expense | (101) | (102) | 1.0 | (203) | (182) | (11.5) |
| Cash earnings | 222 | 208 | 6.7 | 430 | 364 | 18.1 |

New Zealand: Ongoing net interest margin

Full year comparison – down 12bps on September 2006

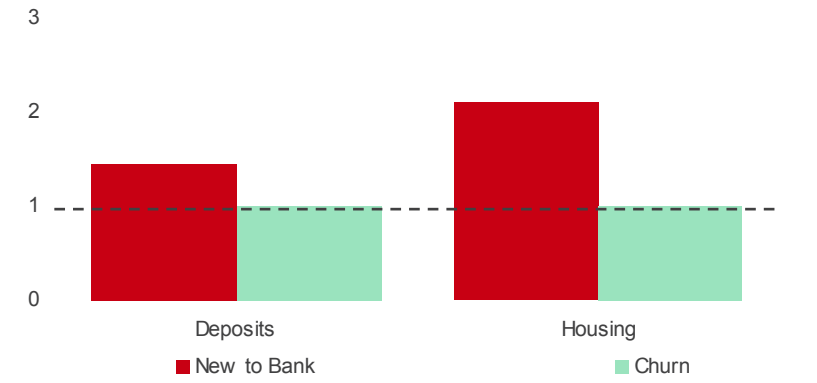


Half year comparison – down 11bps on March 2007 half



New Zealand: Improved customer satisfaction and product innovation has contributed to revenue growth

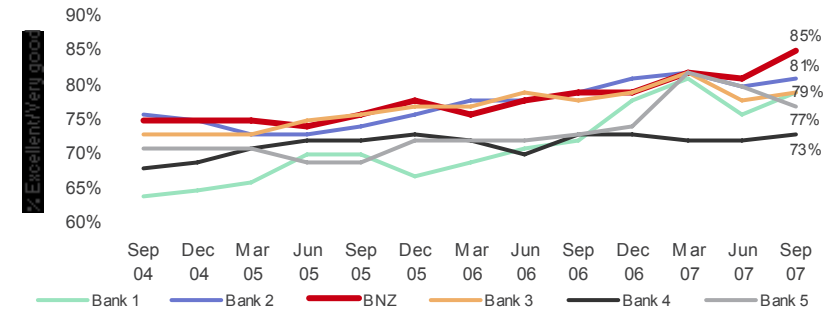
Product Innovation - 'TotalMoney' driving 'new to bank' customers (multiplier to churn)



- ▶ “TotalMoney” is an innovative product in New Zealand market place that has not been replicated
- ▶ BNZ Agri Capital jointly created with nabCapital, provides spectrum of capital requirements to clients from equity to debt
- ▶ Involvement in Fundit, reverse mortgage provider. First major bank to be associated with product

Customer satisfaction with branch service at all time high

Based on main bank customers who have visited a branch
(Margin of error for BNZ = +/- 3%)



- ▶ Customer satisfaction with branch service all time high of 85%
- ▶ World class Call Centre wins “Top Call Centre” in New Zealand for 4th consecutive year
- ▶ Best branch customer satisfaction result in New Zealand
- ▶ Has provided sustainable differentiator in market place linked with our innovative new product releases

New Zealand: Profitable growth with sustained expense management has contributed to a strong result

NZ Region – Revenue v Expense growth



- ▶ Proven sustainable long term cost management program over past 3 years through disciplined continuous improvement programme and Kaizen
- ▶ All business units have Kaizen partner on leadership team
- ▶ Simplification of processes deeply embedded within business

full year results

Additional information

Australia Region

UK Region

NZ Region

nabCapital

Asset quality

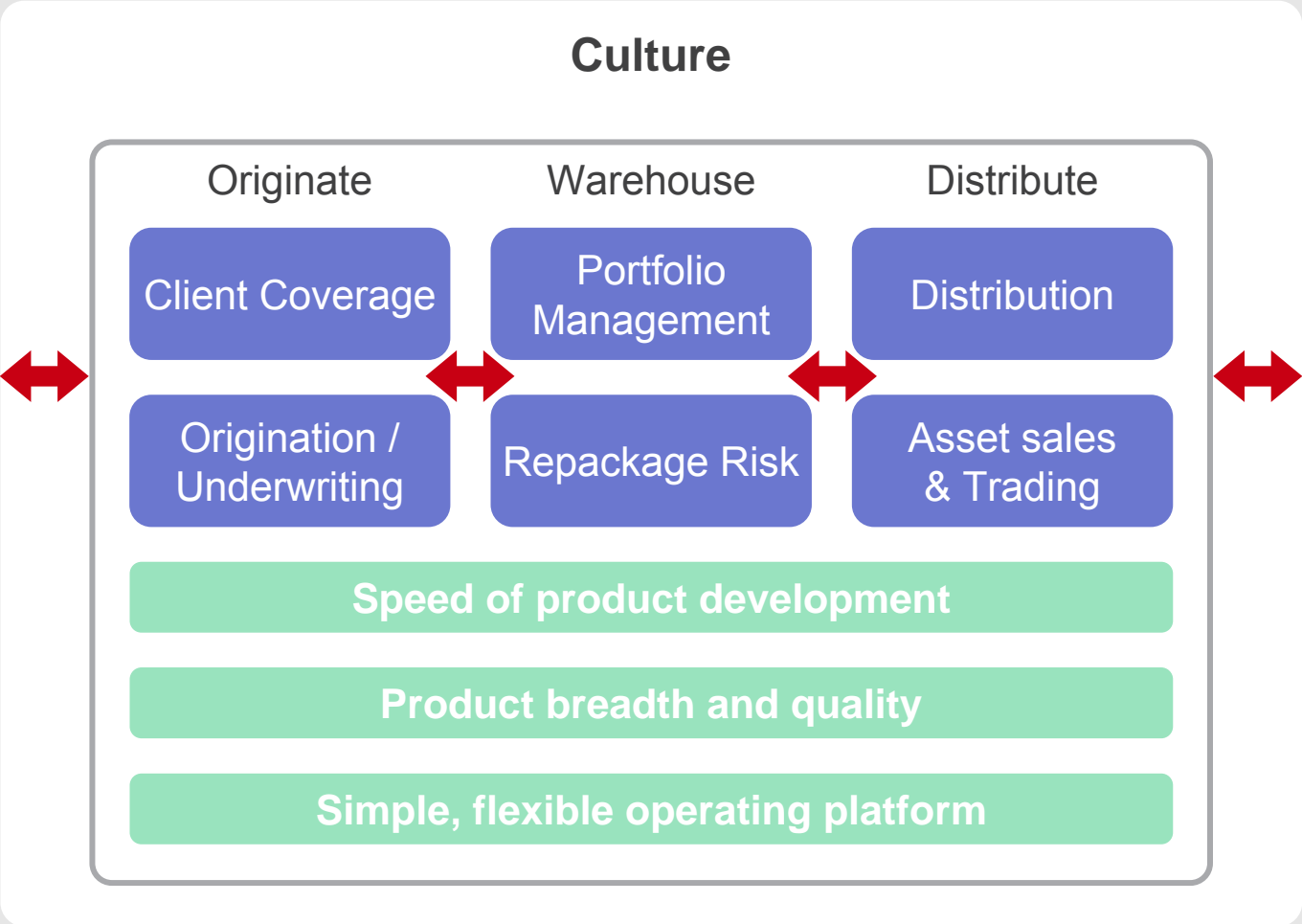
Capital and funding

Economic outlook

2007

Originate-Warehouse-Distribute – connecting our clients

full year
2007



nabCapital: Delivering sustainable cash earnings growth

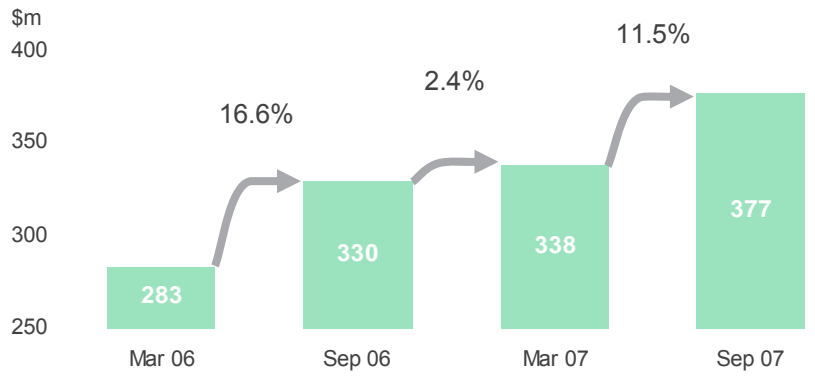
full year
2007

| nabCapital results A\$m | Half year to | | | Year to | | |
|----------------------------------------------|--------------|------------|-----------------------|------------|------------|-----------------------|
| | Sep 07 | Mar 07 | Sep 07 vs Mar 07 % | Sep 07 | Sep 06 | Sep 07 vs Sep 06 % |
| Net operating income | 902 | 848 | 6.4 | 1,750 | 1,509 | 16.0 |
| Operating expenses | (400) | (390) | (2.6) | (790) | (765) | (3.3) |
| Underlying profit | 502 | 458 | 9.6 | 960 | 744 | 29.0 |
| Charge to provide for bad and doubtful debts | (36) | (33) | (9.1) | (69) | 24 | Large |
| Cash earnings before tax | 466 | 425 | 9.6 | 891 | 768 | 16.0 |
| Income tax expense | (89) | (87) | (2.3) | (176) | (155) | (13.5) |
| Cash earnings | 377 | 338 | 11.5 | 715 | 613 | 16.6 |

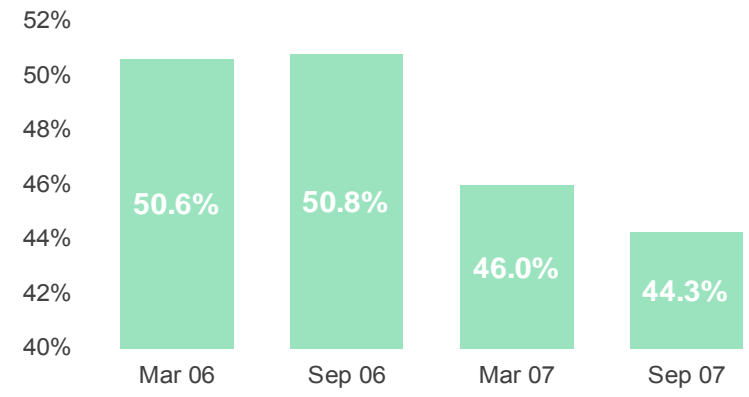
nabCapital: Good momentum

full year
2007

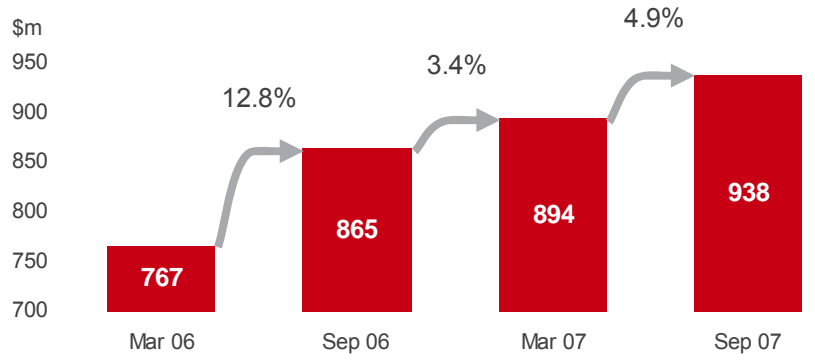
Cash earnings growth



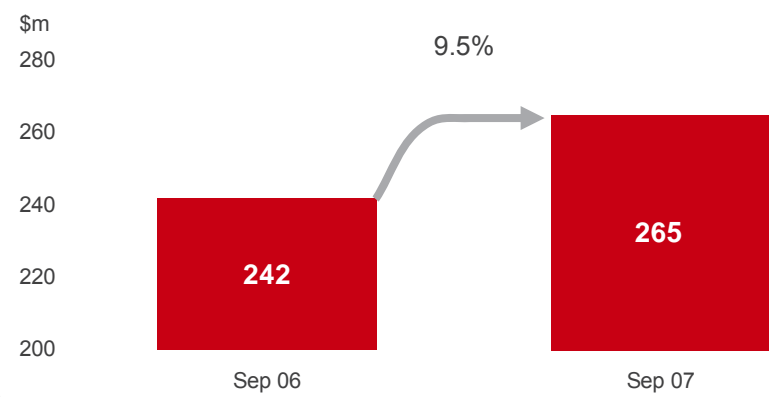
Active expense management – cost to income ratio



Robust revenue growth Grossed up revenue⁽¹⁾



Improving Markets cross sell into regional banks



1. Grossed up revenue includes the equivalent of transactions whose benefit is obtained through a lower tax expense (rather than revenue)

full year results

Additional information

Australia Region

UK Region

NZ Region

nabCapital

Asset quality

Capital and funding

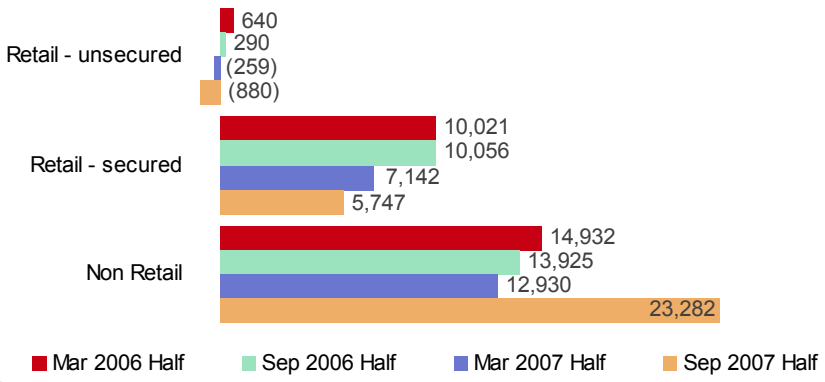
Economic outlook

2007

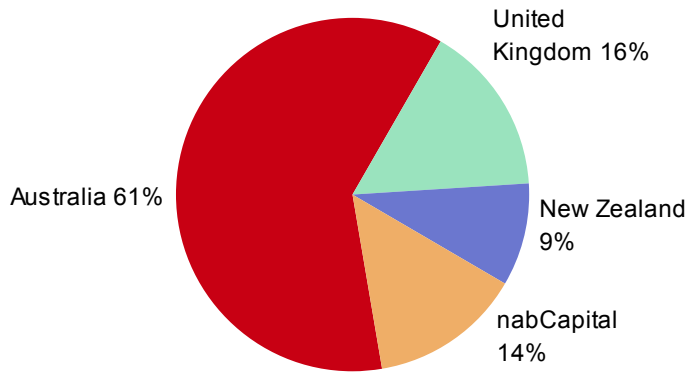
Asset composition

full year
2007

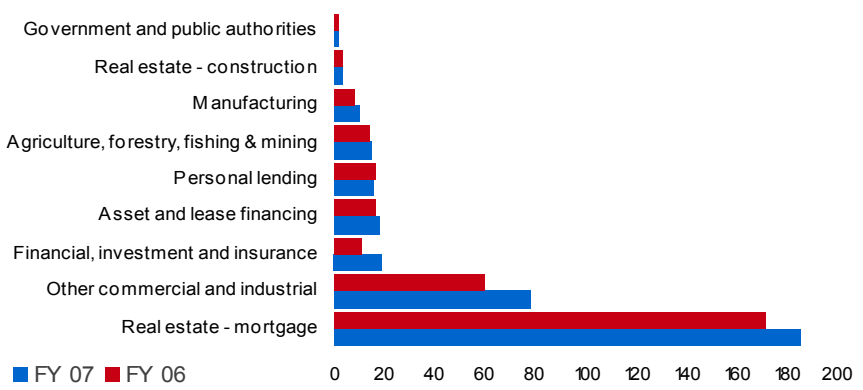
Group asset composition – growth by product segment (\$m)



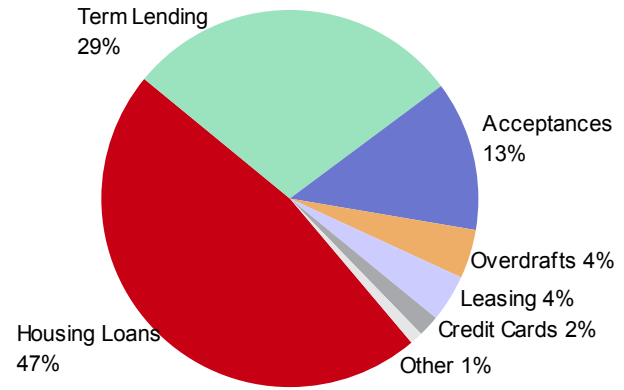
Gross loans and acceptances by region %



Industry balances* (\$bn)



Gross loans and acceptances by product %

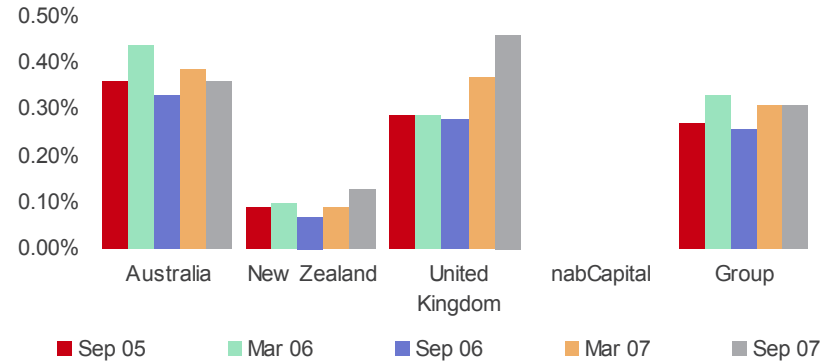


* Includes loans accounted for at fair value

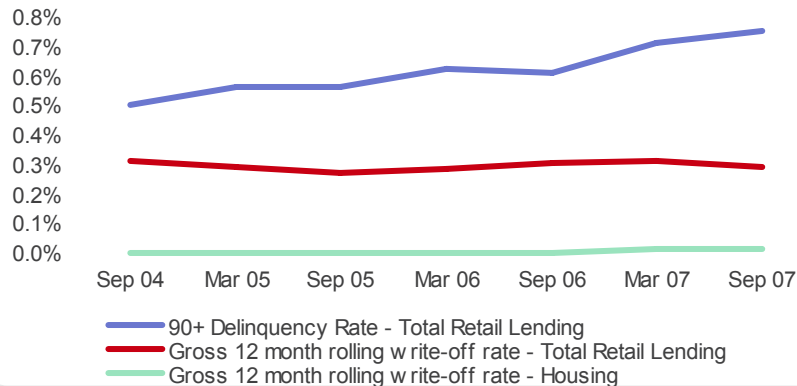
Asset quality remains sound

- ▶ Group ratio of 90+DPD to gross loans and acceptances has remained steady during the half year
- ▶ Net write offs continue to be sustained at low levels
- ▶ Specific provision to gross impaired assets coverage has continued to improve throughout the year.

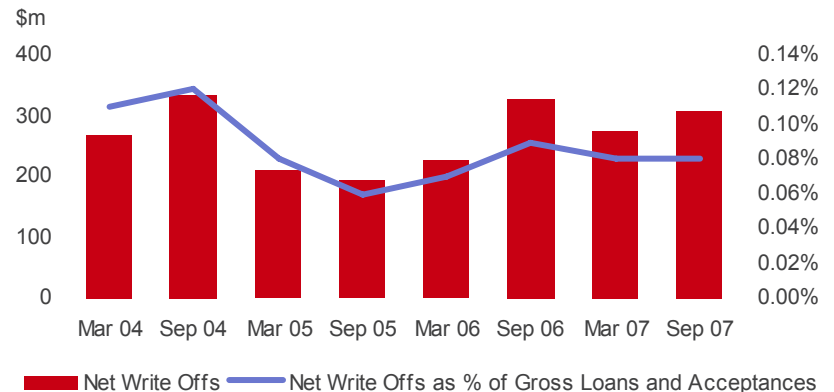
90 days past due as a % of gross loans and acceptances by region



90+ Delinquency and Gross 12 Month Rolling Write Off Rates for Total Retail Lending

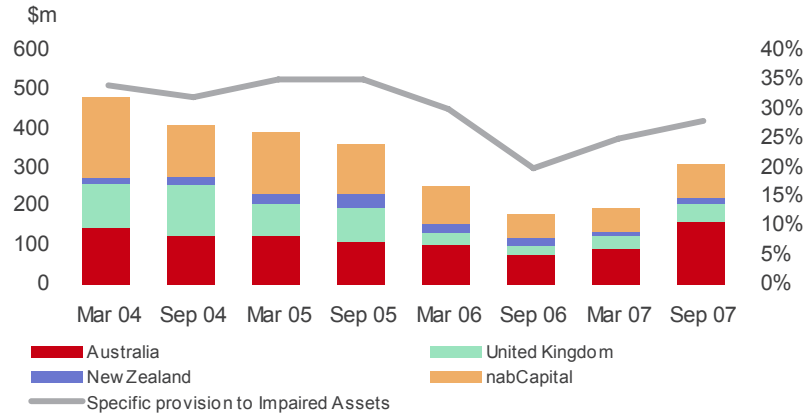


Group half yearly net write offs

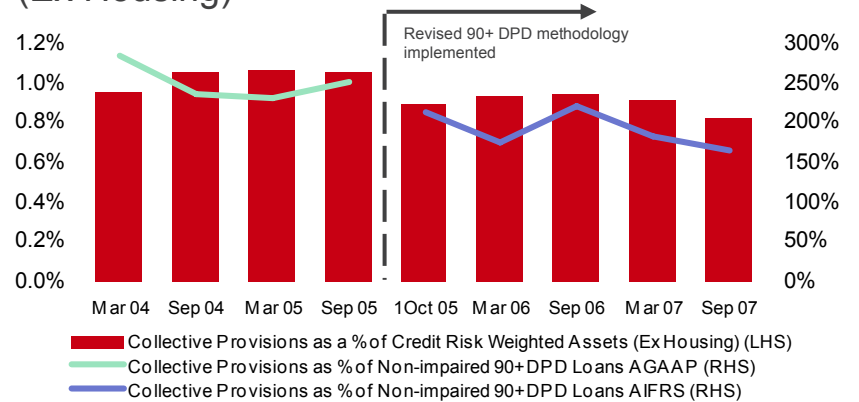


Provisions

Specific provisions by region



Collective provisions to credit risk weighted assets (Ex Housing)



full year results

Additional information

Australia Region

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nabCapital

Asset quality

Capital and funding

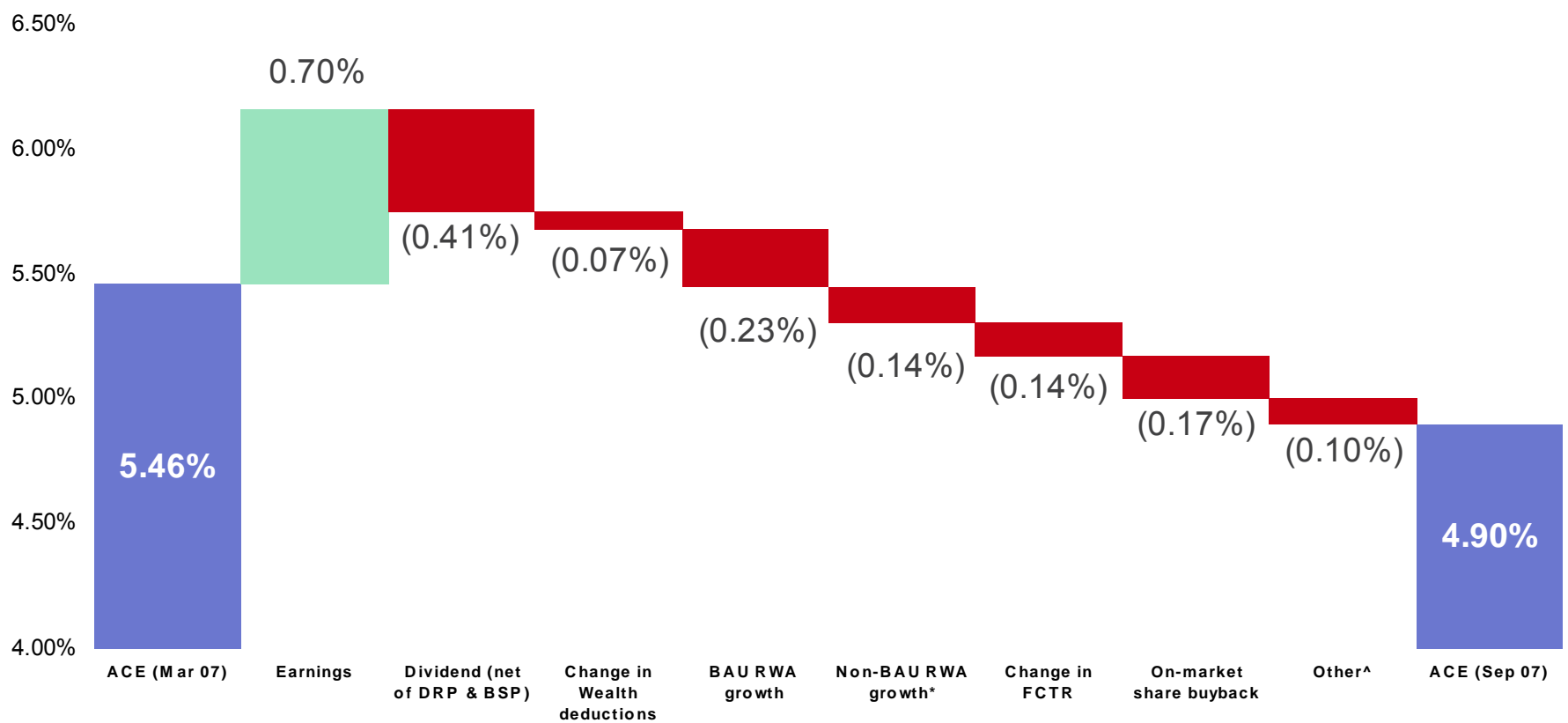
Economic outlook

2007

ACE ratio is now approaching an efficient level

full year
2007

Movement in ACE ratio: Mar 07 to Sep 07



* Defined as the draw downs of liquidity facilities, increased holdings of liquid assets as part of the Group's balance sheet management and increased drawings by clients due to the disruption in credit markets.

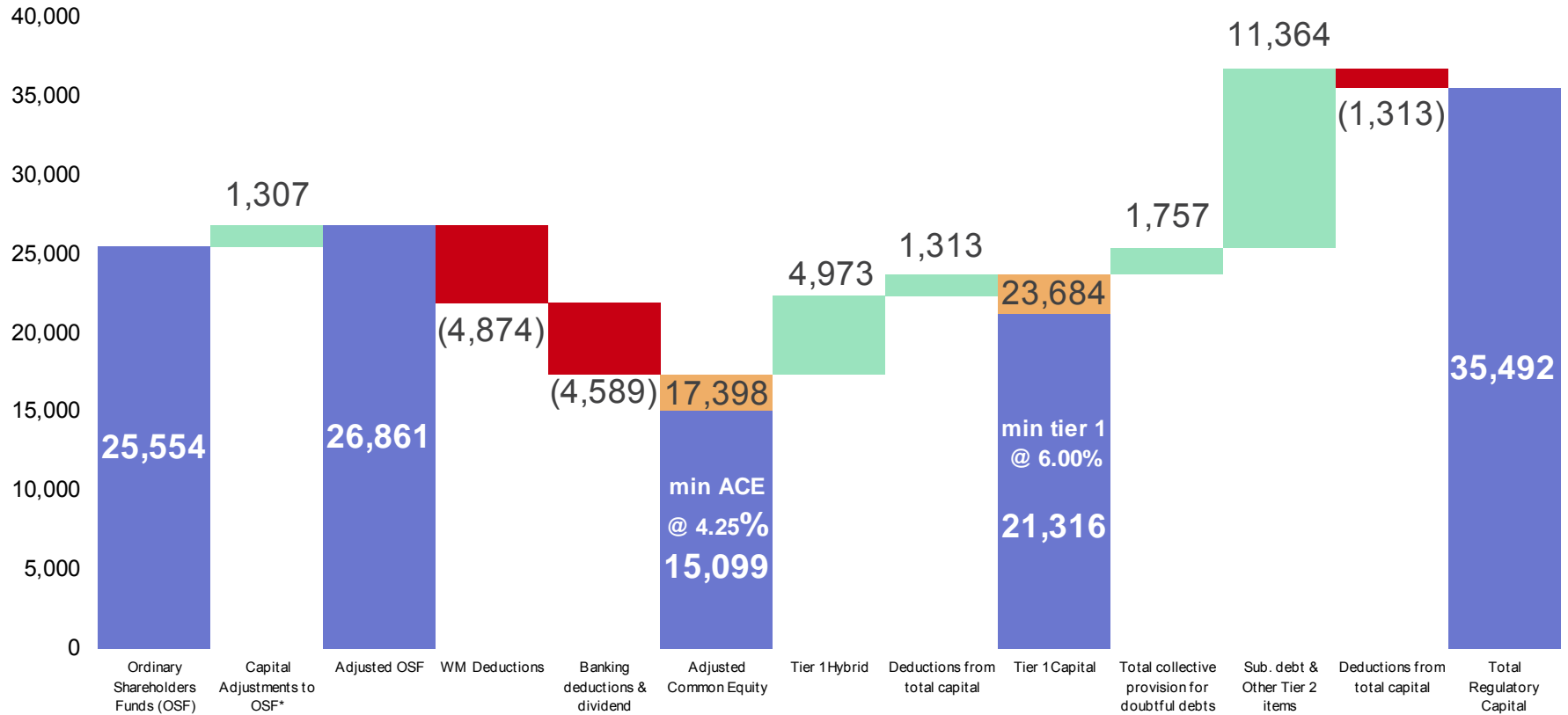
^ Primarily changes in deductions including the general reserve for credit losses (-4 basis points), capitalised software (-3 basis points) and other deductions (-3 basis points).



Capital reconciliation

full year
2007

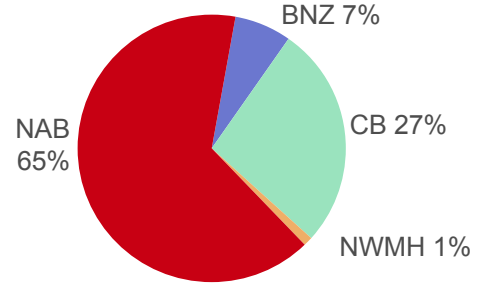
Reconciliation of ordinary shareholders funds to ACE & regulatory capital at Sep 07



Well diversified term funding portfolio

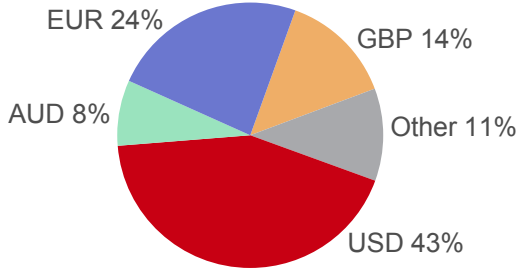
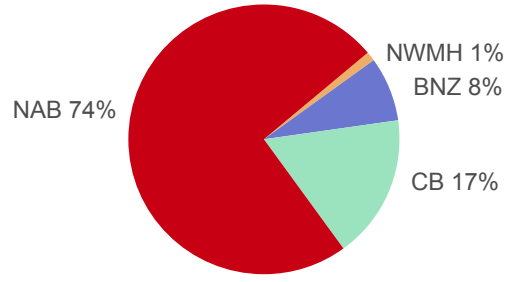
full year
2007

Raised in FY07 – \$32.7bn

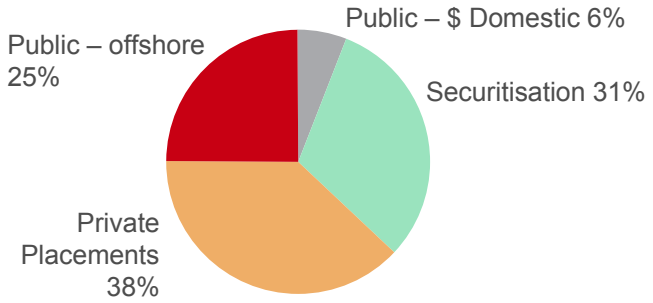
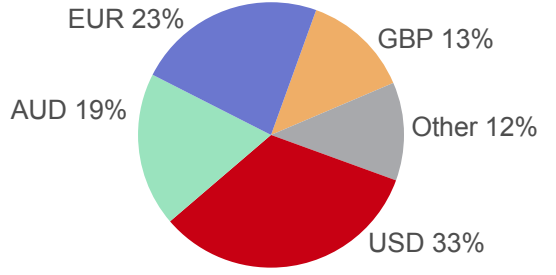


Issuer

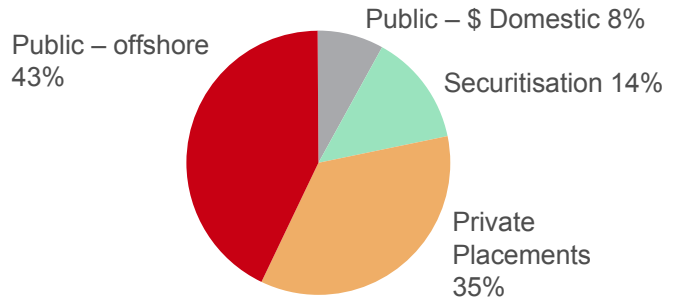
Total portfolio at 30 Sep 07



Currency



Type



Total portfolio as at 30 September 2007.
Weighted average maturity of funds raised in 2006/07 is 3.5 yrs (call date).

full year results

Additional information

Australia Region

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nabCapital

Asset quality

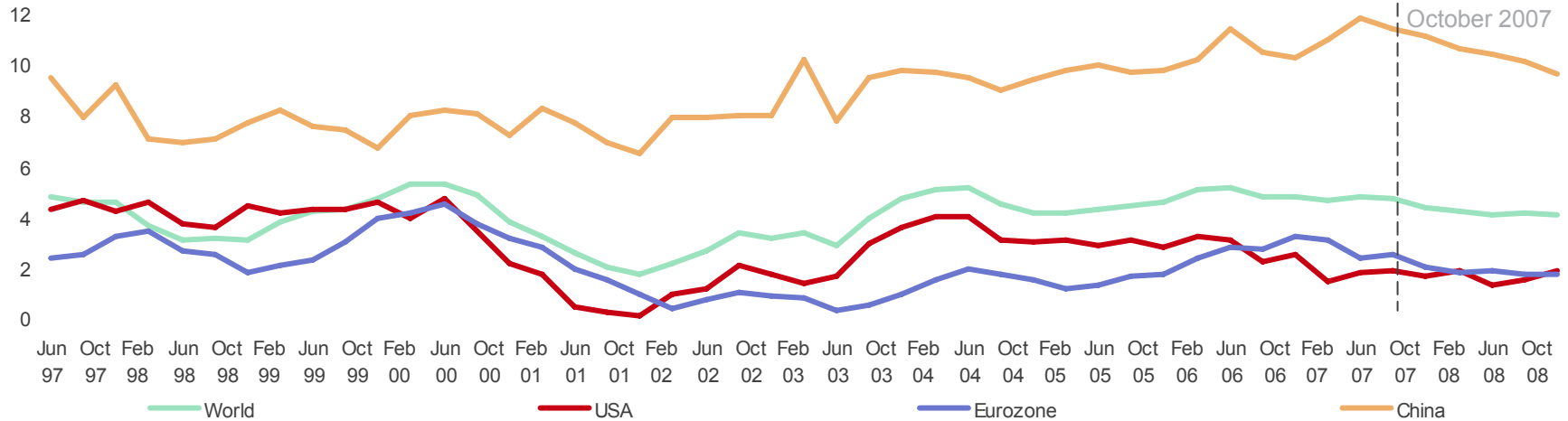
Capital and funding

Economic outlook

2007

Global growth slows but still running around trend

Global GDP growth – 12 months to quarter shown



- ▶ Global growth moderates
- ▶ Lagged effects of tighter monetary policy and higher oil prices
- ▶ China remains robust
- ▶ US has slowed significantly, interest rates being cut
- ▶ Europe and Japan slowing

Group markets - growth slows

Group markets GDP growth – 12 months to quarter shown



- ▶ Growth trending down across major markets as higher interest rates dampen demand.
- ▶ Still high commodity prices support activity in Australia and New Zealand
- ▶ Persistence of low jobless rates by historical standards along with pay growth support consumer spending

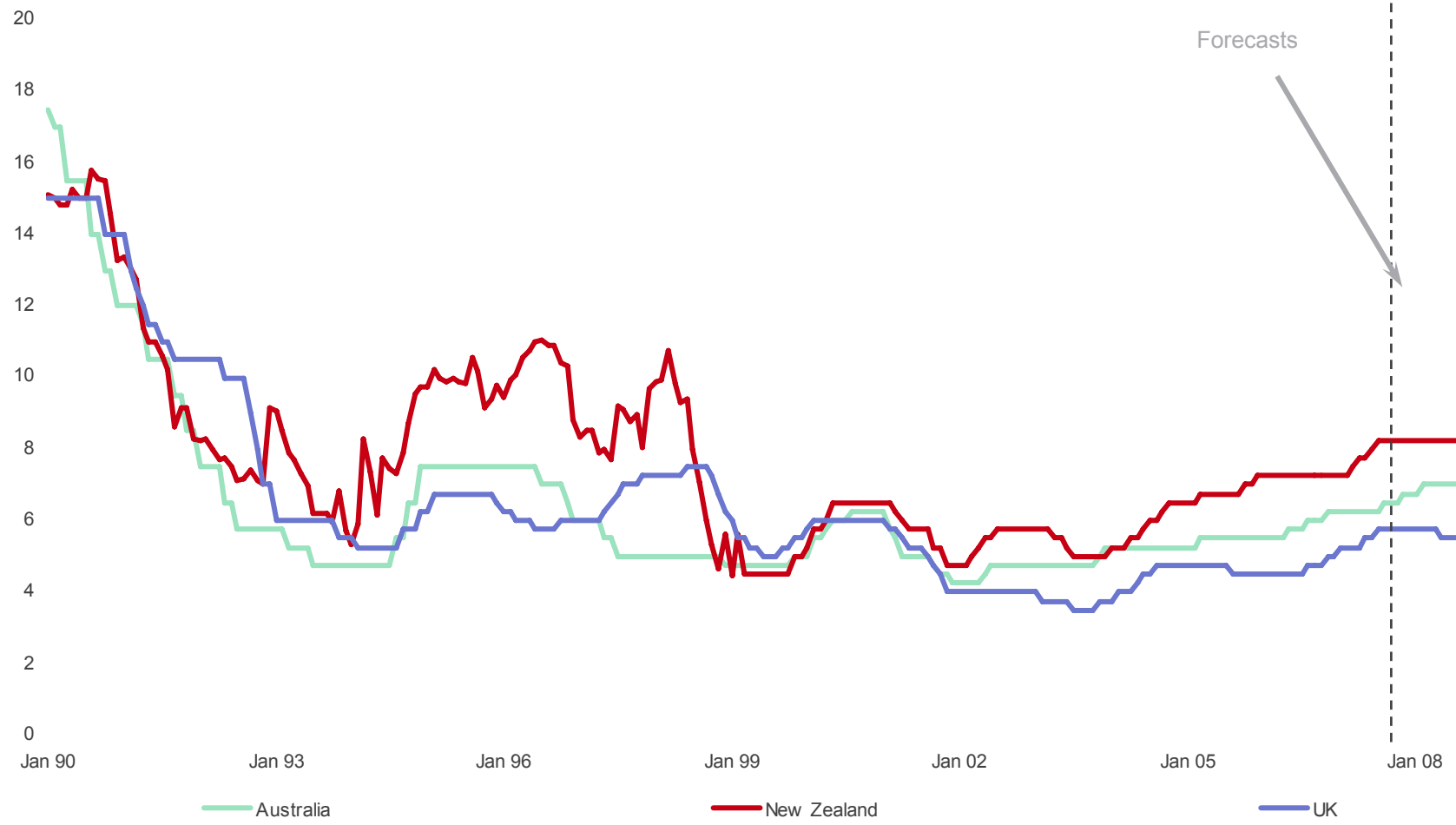
System credit growth in key markets % change on year earlier

full year
2007



Official interest rates in key markets

full year
2007



Disclaimer: This document is a presentation of general background information about the Group's activities current at the date of the presentation, 9 November 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 Full Year results filed with the Australian Securities Exchange on 9 November 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.

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