

UBS FINANCIAL SERVICES CONFERENCE

19 June 2013

Joseph Healy
Group Executive, Business Banking

National Australia Bank Limited ABN 12 004 044 937



Important note on these presentation slides, including the use of non-IFRS financial information

This document is a visual aid accompanying a presentation to analysts by Joseph Healy, Group Executive business Banking, on June 19 2013. It is not intended to be read as a stand-alone document. It contains select information, in abbreviated or summary form, and does not purport to be complete. It is intended to be read by a sophisticated investor audience familiar with National Australia Bank Limited and its March 2013 Half Year Results, and to be accompanied by the verbal presentation. This document should not be read without first reading the National Australia Bank Limited March 2013 Half Year Results, which has been lodged with the Australian Securities Exchange and is available at www.nab.com.au.

The verbal presentation places emphasis on cash earnings measures of the Business Banking Division's performance. NAB uses cash earnings for its internal management reporting purposes and considers it a better reflection of the Group's underlying performance. Accordingly, information in this document is presented on a cash earnings basis unless otherwise stated.

Cash earnings is calculated by excluding some items which are included within the statutory net profit attributable to owners of the Company. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. **The definition of cash earnings, a discussion of non-cash earnings items and a full reconciliation of the cash earnings to statutory net profit attributable to owners of the company is set out on pages 2-8 of the National Australia Bank Limited March 2013 Half Year Results.**

The Group's financial statements, prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, and reviewed by the auditors in accordance with Australian Auditing Standards, are included in Section 5 of the 2013 Half Year Results Announcement.

Note:

- The inclusion of percentage changes in brackets in this document indicates an unfavourable movement on a prior comparative period.
- This document 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 document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "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, which 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.

Experienced and Diverse Team



Joseph Healy, Group Executive Business Banking

- 6 years with NAB
- 30 years domestic and international banking experience
- Univ. of London & London Business School, MSc & MBA and member of Chartered Institute of Bankers (Scotland)
- Previously: Lloyds Bank, Citibank, CIBC World Markets, ANZ



Daryl Johnson, Executive General Manager, nabbusiness

- 4 years with NAB
- 33 years domestic and international banking experience
- MBA Murdoch University Perth, B.Bus (Financial Management and Economics) Curtin University Perth, WA
- Previously: ANZ for 29 years in Senior Executive roles within Business, Corporate and Retail Banking



David Hornery, Executive General Manager Corporate, Institutional & Specialised Banking

- 4 years with NAB
- 27 years domestic and international banking experience
- Bachelor of Economics, Sydney University
- Previously: ANZ as Global Head of Capital Markets then Head of ANZ Asia, Australian Capital Equity as Investment Director and Director Financial Markets at Macquarie Bank



Christine Yates, Executive General Manager, FIG & International

- 3 years with NAB
- 20+ years experience in debt markets for institutional and Wholesale banking, including project & acquisition finance, debt advisory, syndicated loans, corporate bond origination and relationship management
- Bachelor of Economics, Sydney University; professional member of FINSIA and AICD
- Previously: Citigroup and ANZ



Joanna White, General Manager, Business Management

- 6 years at NAB
- B.Comm University of Alberta, MBA Harvard Business School, GAICD
- Previously: NAB: State GM nabbusiness SA/NT and Chair of State Council; Founded The Australian Charities Fund, Consultant at Bain & Co
- Director Opportunity International, Member Review Panel and Policy Council for Business and Finance Oath



Spiro Pappas, Executive General Manager, Asia

- 4 years with NAB
- 23 years of international and domestic banking experience
- Bachelor of Commerce (Finance Merit), University of New South Wales
- Previously: 13 years working in London and New York at ABN AMRO and Deutsche Bank



Angela Mentis, Executive General Manager, Private Wealth

- 7 years with NAB
- 26 years experience in Banking, Investment Banking and Wealth Management.
- Bachelor of Business (Finance/Economics), Advanced Standing with the Financial Planning Association of Australia, AFMA Accredited Dealer, Graduate Diploma in Applied Finance and Investment, FINSIA, Graduate of AICD, Fellow of FINSIA
- Previously: Macquarie, Citibank and Westpac.



Mark Adams, Executive General Manager, Sales Specialists

- 12 years with NAB
- 20+ years experience in Banking and Finance
- Honours degree in Chemical Engineering and speaks fluent French
- Previously: 10 years working in the United Kingdom at Natwest Markets in the Hedge Fund Sales team and on the European Corporate desk specialising in French Corporates



Christine Stasi, General Manager, People Business Banking

- Joined NAB in August 2012
- 20 years experience within human resources across telecommunications, legal and accounting, both domestic and international
- Harvard Business School Strategic HR Management, Master of Industrial Relations University of Sydney
- Previously: PriceWaterhouseCoopers, Law Society of Upper Canada, Optus Communications



Vimpi Juneja, General Manager, Business Banking Strategy

- 4 years with NAB
- 16 years domestic and international experience in strategy and corporate development
- MBA (Harvard Business School, USA), Master of Arts in Asian Studies, BComm Hons.
- Previously: AMP Capital Investors, Insurance Australia Group, Lion Nathan, Virgin Group (Asia), Archer Private Equity and LEK Consulting



Caroline Ralphsmith, General Manager, Business Marketing

- 3 years with NAB
- 20+ years experience in Financial Services strategy, operations and marketing in Australia and US
- Bachelor Economics and Commerce Melbourne University; MBA University of Bath
- Previously: Head of Marketing, IAG; Founder & CEO Bizmarket; Associate Principal at McKinsey & Co (Australia and New York); Senior roles at Mitchell Madison group (New York) and J. Walter Thompson



Sally Bruce, Chief Financial Officer, Personal & Business Banking

- 3 years with NAB
- 25 years experience in Banking and Finance
- Degree in Commerce, Masters of Applied Finance
- Previously: Macquarie Group (Wealth and Corporate & Personal Banking). NAB: Acting EGM for Consumer Product Solutions and GM Mortgages



Peter Coad, Chief Risk Officer, Business Banking

- 8 years with NAB
- 25+ years experience in international capital and finance markets across a broad range of markets and products
- Previously: Regional and Global management roles with CBA, the former Chase Manhattan Bank in New York and Hong Kong, the former Chemical Bank in Hong Kong and Tokyo and Manufacturers Hanover and NM Rothschild in Australia. NAB: CRO Wholesale Banking, Deputy Group Executive Wholesale Banking, EGM Global Capital Markets

Our core beliefs

- ▶ Continued importance of 'AND' – Growth + Economics + Risk
- ▶ Relationship banking is source of sustainable competitive advantage
- ▶ Leadership, talent & diversity are future differentiators
- ▶ Operational transformation is a key enabler for future success
- ▶ Customer-led Innovation Strategy is the principal driver of growth

Sustained, strong financial performance underpinned by 'AND'

	Business Banking	FY09 ¹	FY12	1H13 ²	△FY09-FY12	CAGR % FY09-FY12	
Grow Revenue	Revenue (\$bn)	5.22	6.06	3.05	0.84	5.1	
	Underlying Profit (\$bn)	3.58	4.32	2.16	0.74	6.5	
	Cash Earnings (\$bn)	1.60	2.41	1.24	0.82	14.6	
	Total Customer Return (TCR) (%) ³	3.15	3.28	3.24	13 bps		
'AND'	Grow Margin	Net Interest Margin (%)	2.35	2.53	2.53	18 bps	
'AND'	Improve Returns	Return on RWA (%)	1.18	1.69	1.75	51 bps	
		ROA (%)	0.88	1.22	1.25	34 bps	
'AND'	Manage Risk	B&DD charge/CRWA (%)	0.98	0.65	0.59	33 bps	
'AND'	Grow Market Share	Total Lending (\$bn) (spot)	184.8	199.9	200.0	15.1	2.7
		Total Customer Deposits (\$bn) (spot) ⁴	79.8	105.5	106.9	25.7	9.8
		Lending Market Share (%) ⁵	21.6	24.6	24.4	300	
		Deposit Market Share (%) ⁵	23.5	23.9	24.2	40	
'AND'	Enhance productivity	FTEs (spot)	5,055	5,076	4,715	21	
		Cash earnings per average FTE (\$'000)	317	466	516	149	
		Cost to income ratio (%)	31.5	28.7	29.2	280 bps	

(1) FY09 cannot be restated for Asia and cost centre movements. In 1H13 Asia added \$4m to cash earnings and \$30m to revenue

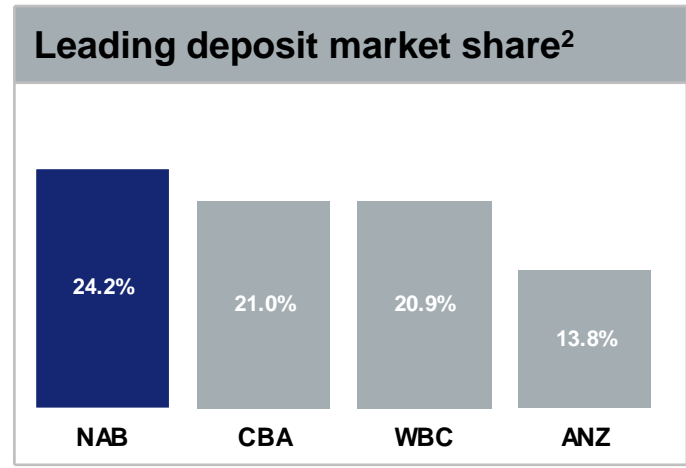
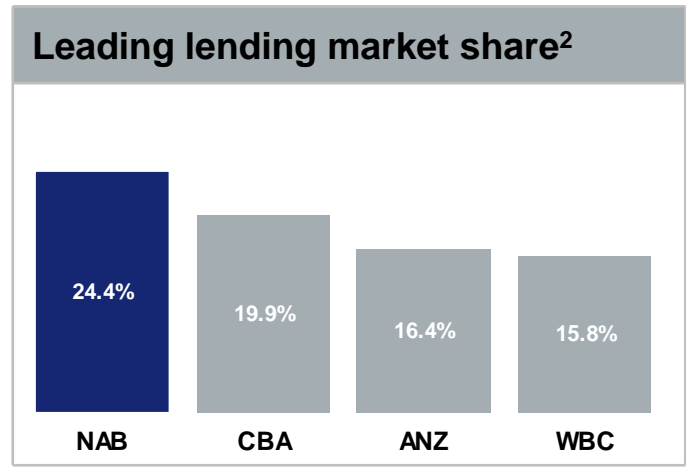
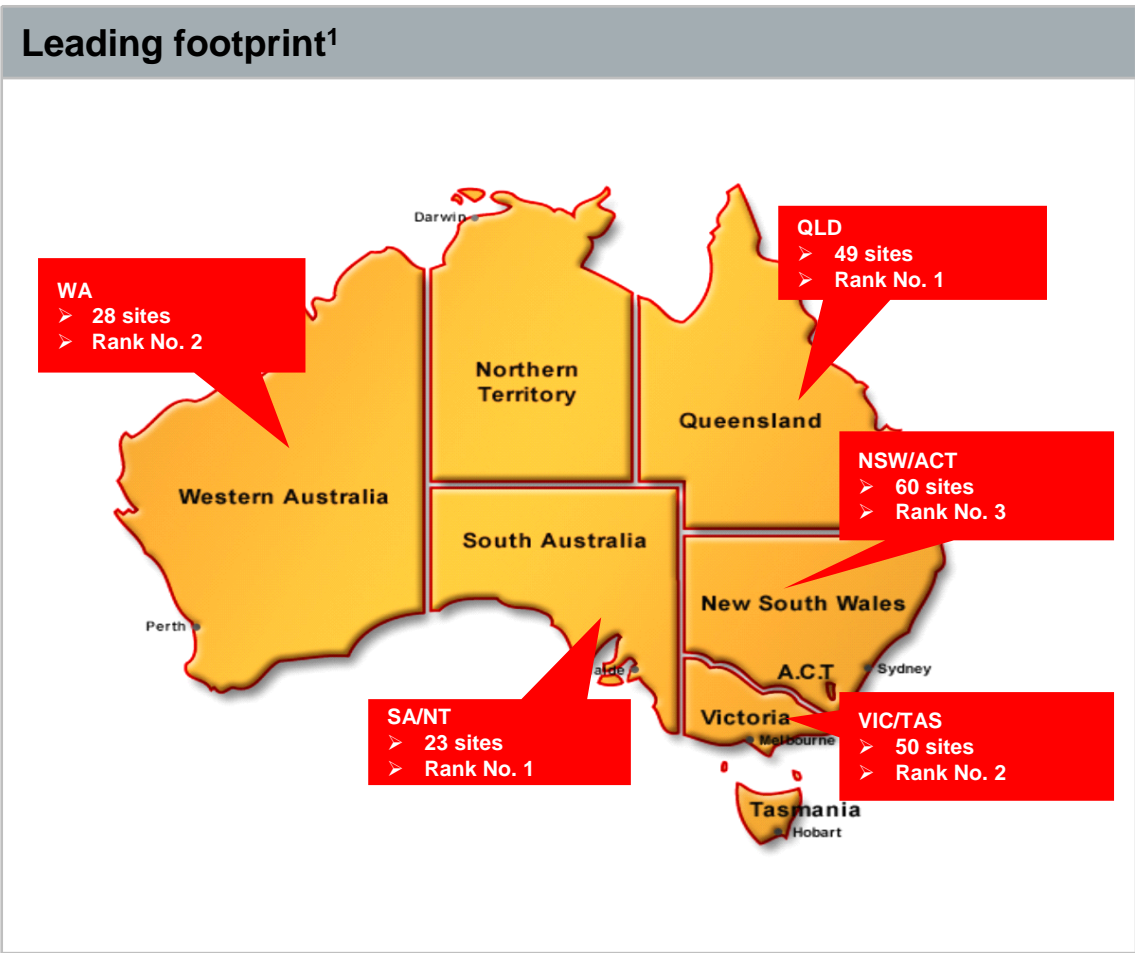
(2) 1H13 includes Asia and transfer of support unit FTE into Corporate Functions

(3) TCR is an internal management tool used to measure banker cross sell effectiveness. From March 2013 the calculation of TCR has been changed to reflect refinements to funding costs (improving comparability across periods), and the inclusion of Asia. TCR for FY09 based on 1H10 data

(4) FY09 deposits were disclosed as "Retail Deposits" which for FY12 were disclosed as "Customer Deposits" and include retail and corporate deposits

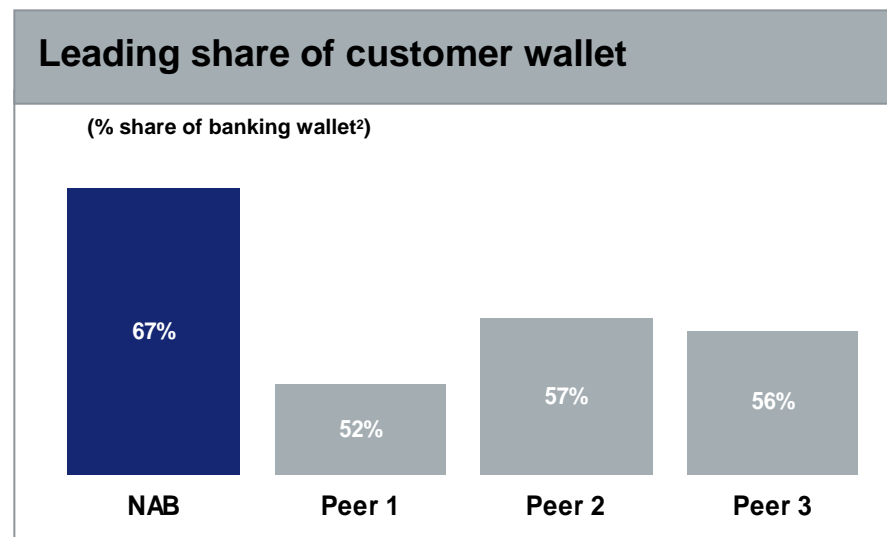
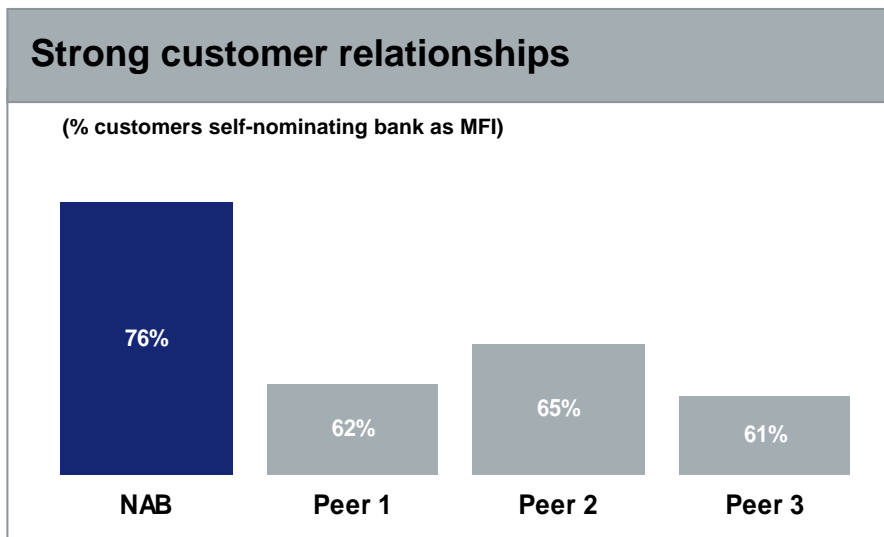
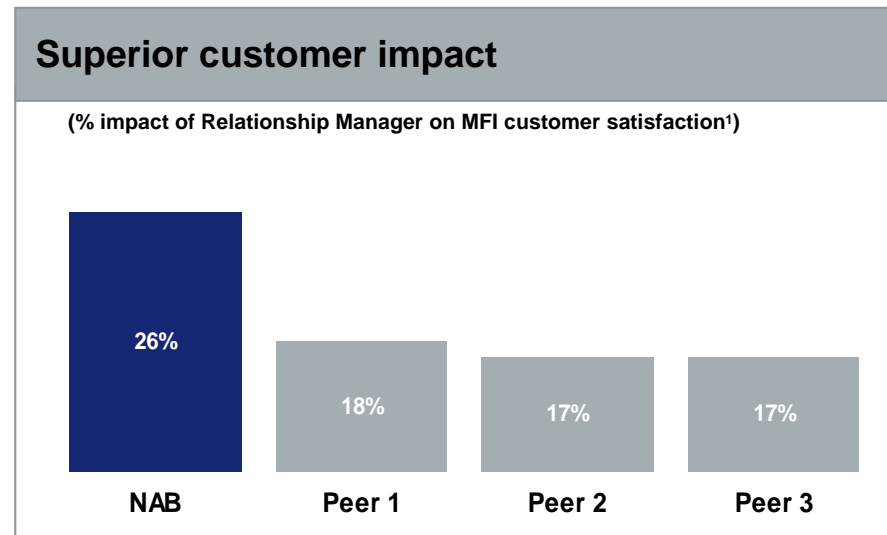
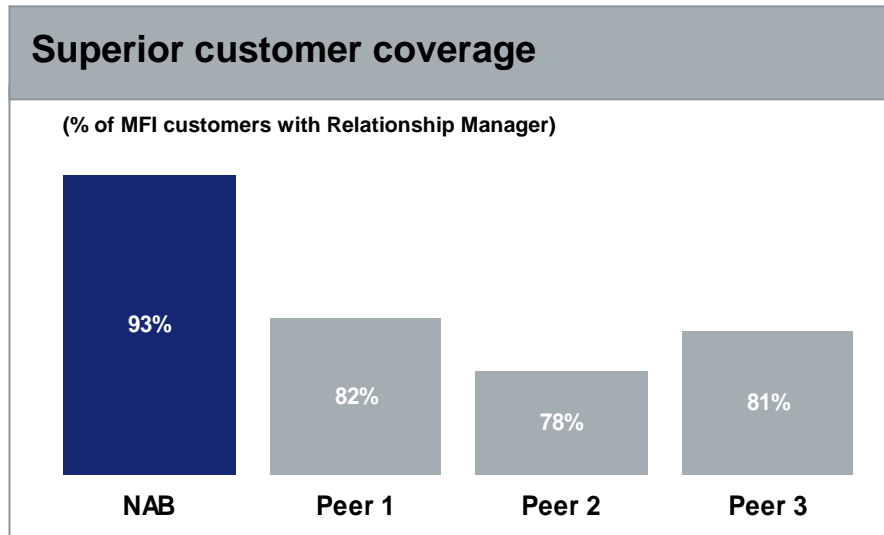
(5) Lending market share is based on APRA Banking System data, Deposits market share is based on APRA Non-Financial Corporations data. FY09 and FY12 data is as of September, 1H13 data is as of April. Data includes restatements as at April 2013

Market-leading footprint and market share



(1) State rank based on market share ABA Cannex Data March 2013 (includes all business banking segments from small business to institutional)
 (2) APRA Monthly Banking Statistics April 2013

Leading Relationship Bank to Australian business



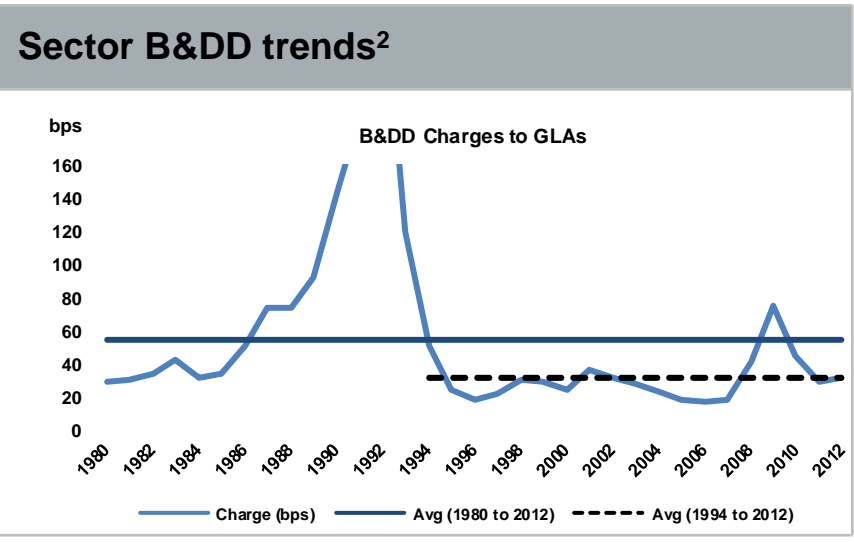
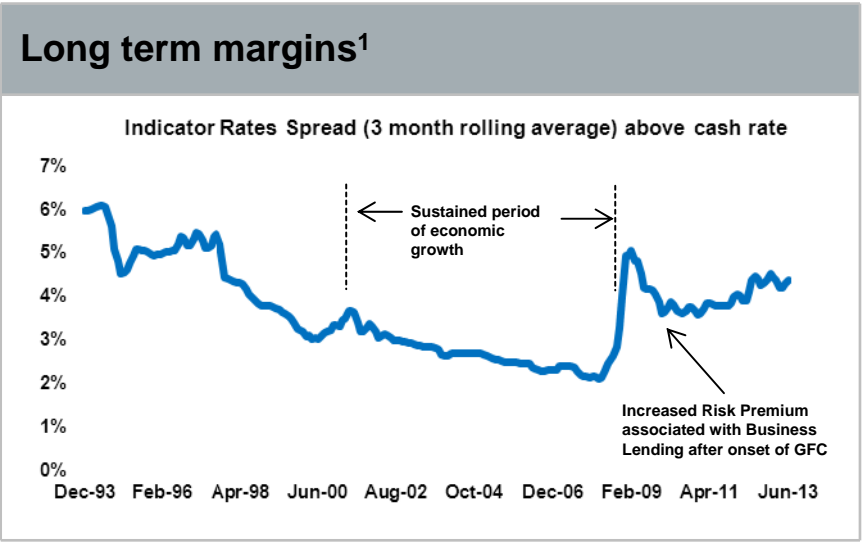
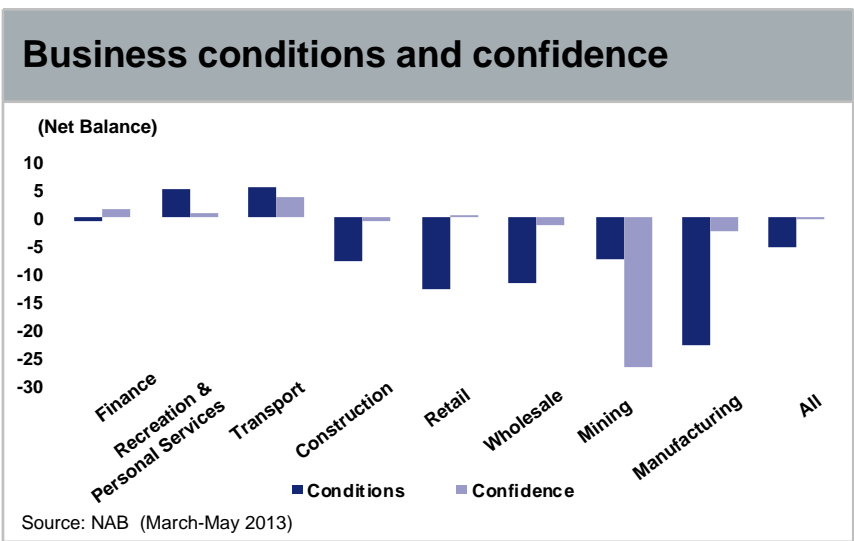
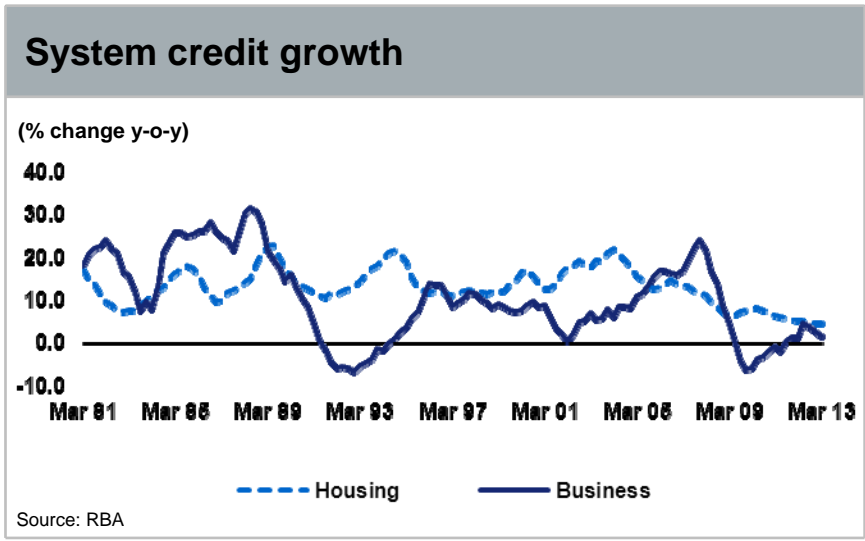
Source: DBM Business Financial Services Monitor – Small and Medium Business (Turnover \$1-<\$40m). April 2013 12-month rolling data

(1) Uplift to customer satisfaction for MFI customers with relationship manager /business banker

(2) Share of Wallet=Footings held by customer at bank/Total footings held by customer at any financial institution



Challenges but well positioned



(1) Source: RBA Statistics F1 Interest Rate and Yields – Money Market – Daily; F5 Indicator Lending Rates; NAB historical rates. SME market indicator rate is derived from the RBA's listed historical small business weighted average rates on credit outstanding

(2) Source: Data to 2007 from UBS Research "Australian Banking" (2008); Data from 2008 based on NAB internal analysis of the published results of the major 4 banks; based on total lending (GLA)



Actively managing returns

Show Filters Pane

Document View 100% 1 / 1

CRS Filter (All values) Revenue Filter (All values) PACC Filter (All values)

gROE - Portfolio Report

Navigation: Segment> State> Region> Centre

Relationships: 894

Filters: CRS: All Revenue: All PACC: All

Business Unit	Metrics							
	ROE	Exposure	Income on Assets	Credit Risk Weighting	Income on RWA	Limit Utilisation	Customer Funding Index	Profit after Cost of Capital
Partnership1 BBM1 A	30%	90,000,000	4.3%	52%	6.1%	75%	45%	803,706
Partnership1 BBM1 B	15%	85,000,000	3.8%	70%	3.7%	70%	50%	233,168
Partnership1 BBM1 C	26%	80,000,000	3.9%	57%	5.6%	85%	60%	645,617
Partnership1 BBM2 A	31%	95,000,000	4.2%	47%	6.6%	75%	40%	830,768
Partnership1 BBM2 B	19%	100,000,000	3.8%	57%	4.4%	67%	53%	443,539
Partnership1 BBM2 C	37%	110,000,000	4.5%	47%	7.7%	81%	57%	1,238,125
Partnership1 SBBM A	33%	75,000,000	3.8%	42%	6.7%	77%	32%	630,525
Partnership1 SBBM B	16%	77,000,000	4.2%	62%	4.0%	60%	68%	235,541
Partnership1 SBBM C	40%	89,000,000	3.8%	42%	8.0%	90%	55%	992,030
Partnership1 SBBM D	12%	101,000,000	3.6%	68%	3.4%	65%	48%	60,704
Total	24%	902,000,000	4.0%	54%	5.4%	75%	51%	6,113,723

Metrics Profit and Loss Risk and Balance Sheet Chart

Identify which portfolios are performing well and those which need attention

illustrative data only

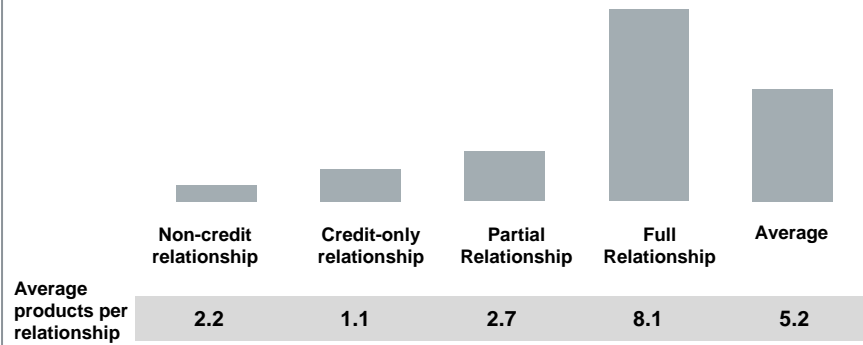
Note: all names are for illustrative purposes only



Capitalising on opportunities in a changing landscape

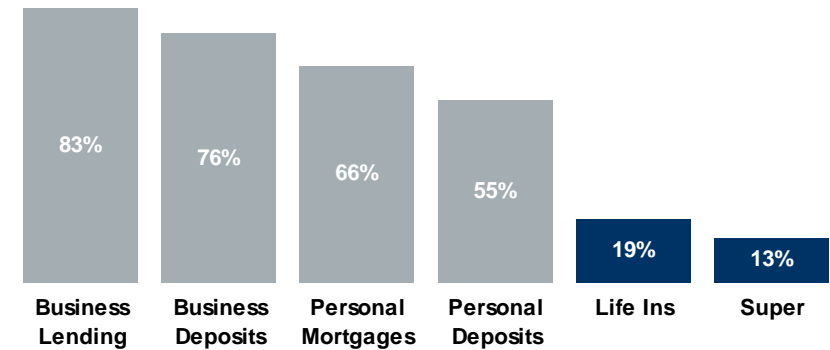
Customer management¹

(Revenue per relationship (\$000s), SME)



Superannuation and ageing opportunity²

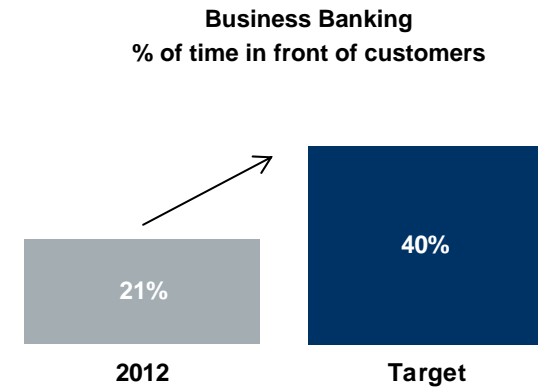
(NAB share of wallet by product (%), SME)



Australia in Asia³

	SME	Corporate	Institutional
% customers Asia Active	23%	44%	47%
% customers rating NAB as MFI for Asia	80%	65%	38%

Digitisation and simplification



(1) 12 months to March 2013. Non credit relationship uses one or more transactional banking, wealth, cards or payments products. Credit relationship uses lending only. Partial relationship uses up to 4 products including one lending product. Full relationship uses 5 or more products including lending

(2) Source: NAB Customer Research (2010). Businesses with turnover between \$1m - \$50m

(3) Source: NAB Customer Research (2011)

Key Messages

Pre-eminent Business Banking franchise in Australia

- ▶ Experienced and diverse leadership team
- ▶ Sustained, strong financial performance
- ▶ Leading market share and footprint

Sustainable competitive advantages

- ▶ Strong relationship management focus
- ▶ Substantial customer base
- ▶ Leading share of customer wallet
- ▶ Capability to actively manage returns

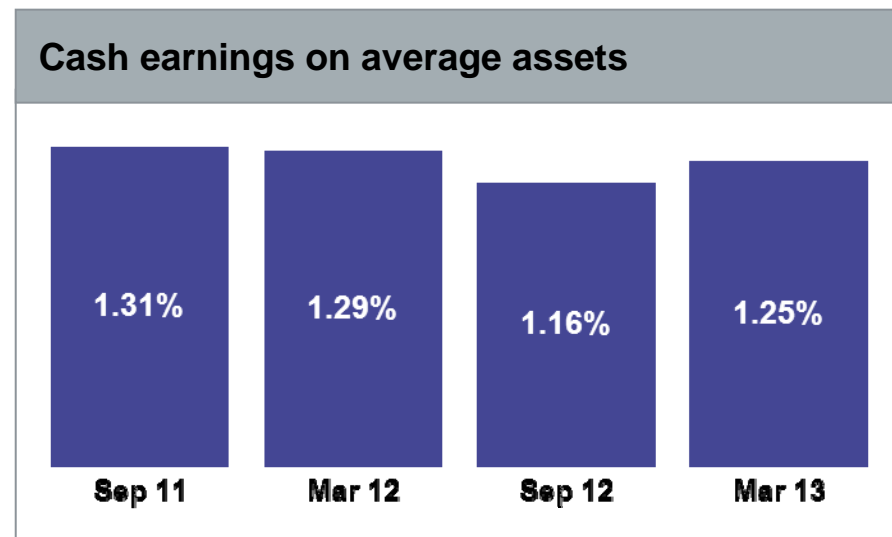
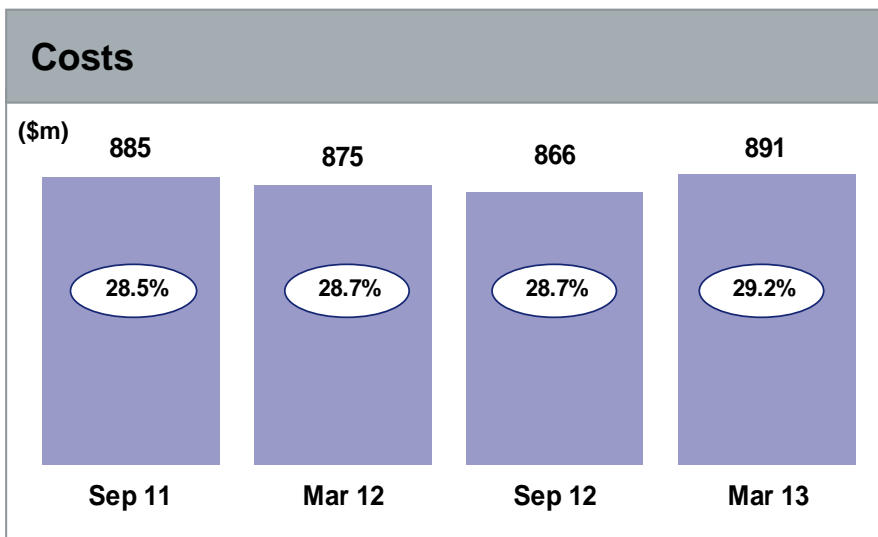
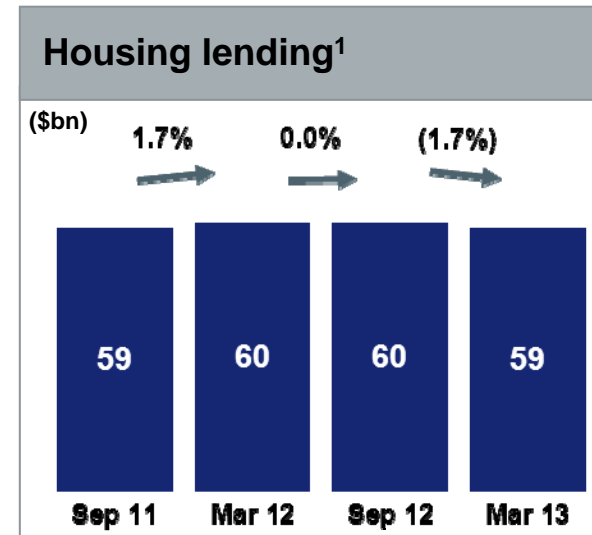
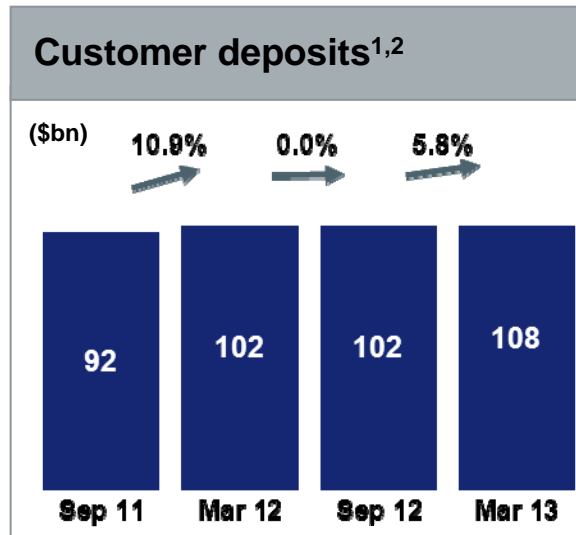
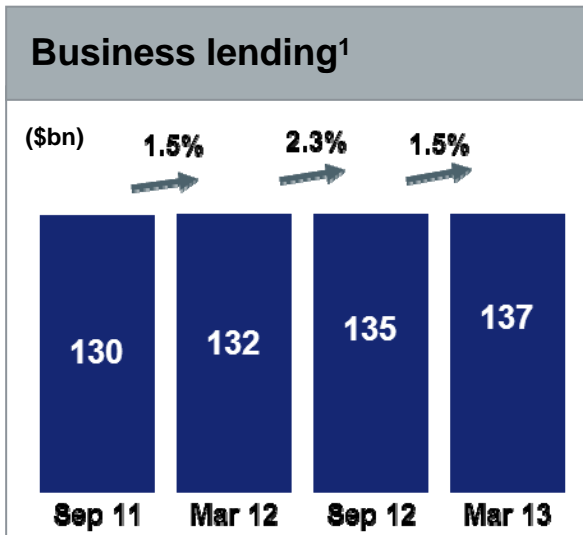
Capitalising on opportunities in changing landscape

- ▶ Customer management
- ▶ Superannuation and ageing
- ▶ Australia in Asia
- ▶ Digitisation and simplification

Appendix



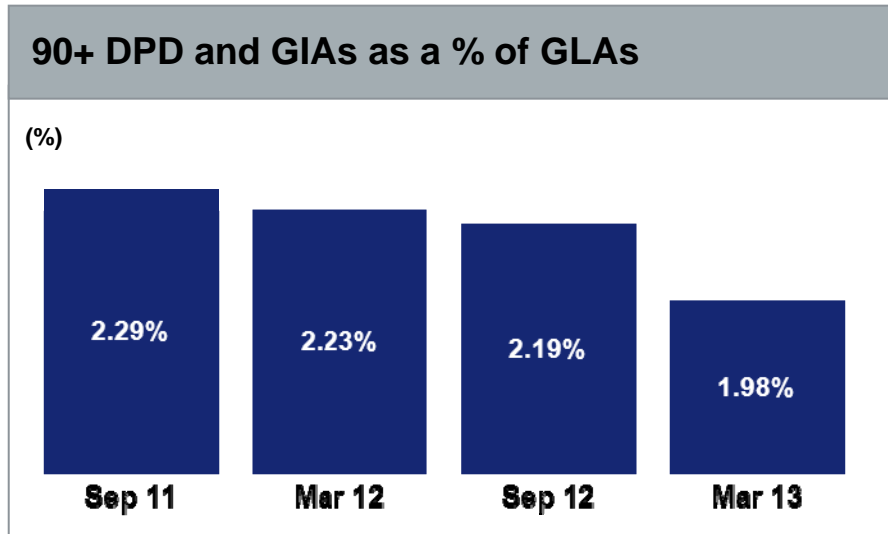
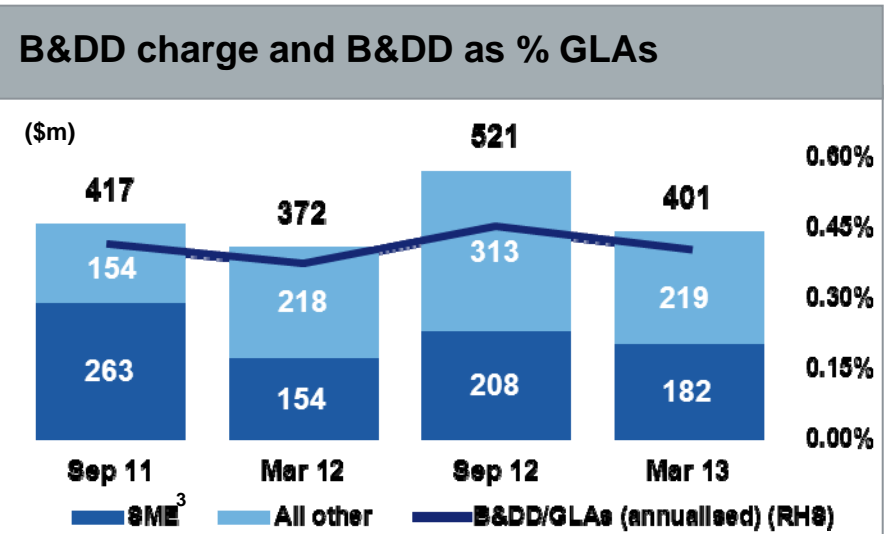
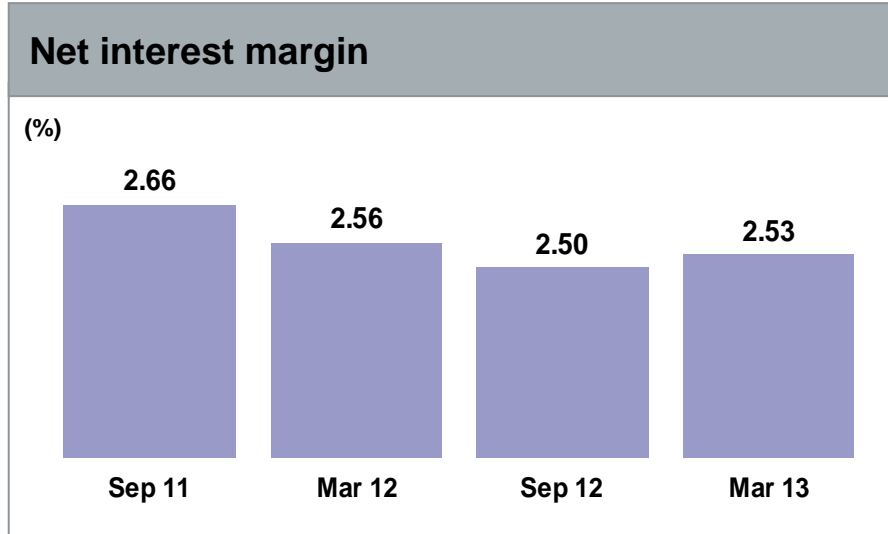
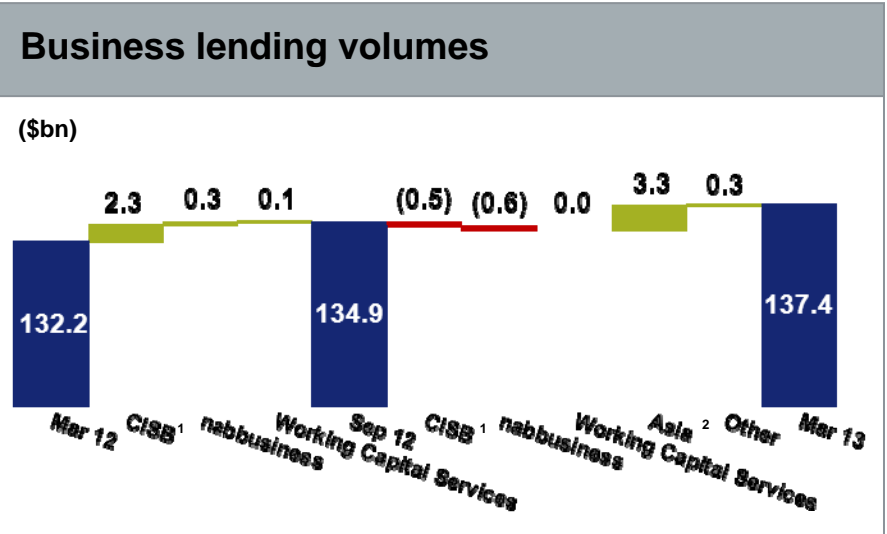
Business Banking



% Cost to income ratio

- (1) Average volumes
- (2) Includes retail and institutional deposits

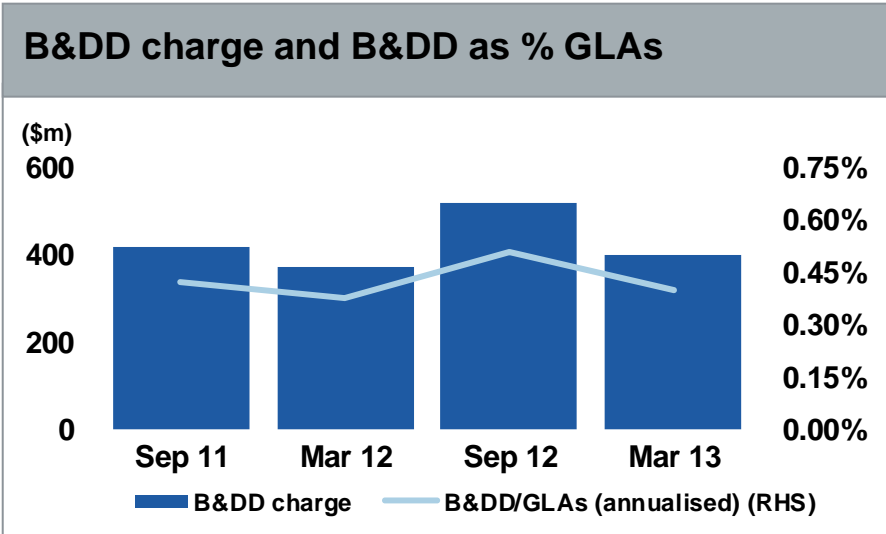
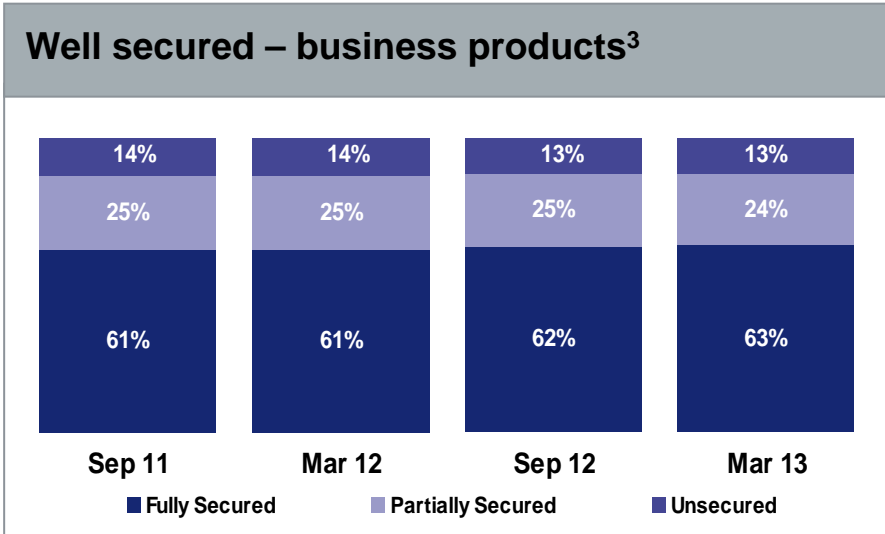
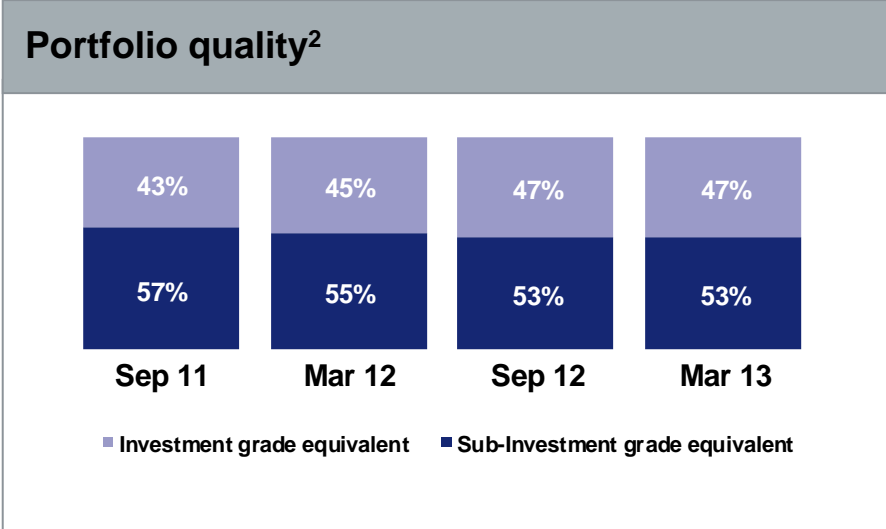
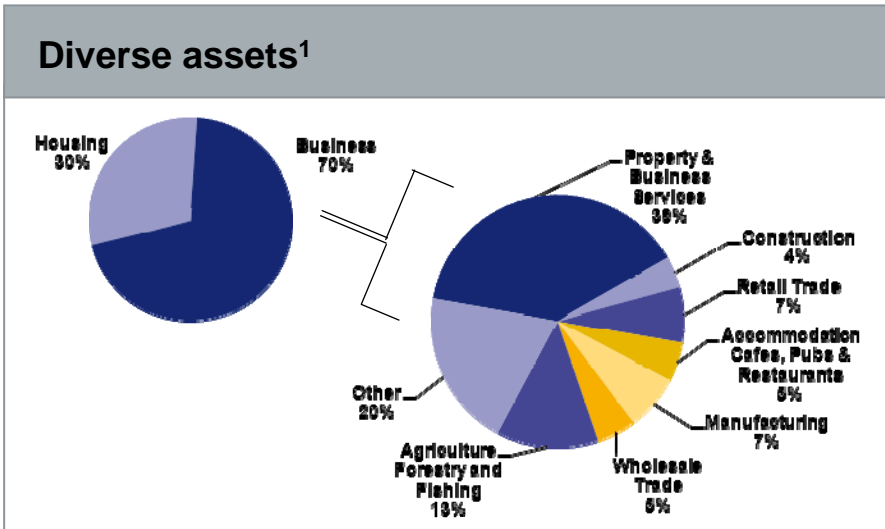
Business Banking



(1) Corporate, Institutional and Specialised Banking
 (2) Asia transferred from Corporate Functions
 (3) SME business data reflects the nabbusiness segment of Business Banking which supports business customers with lending typically up to \$25m, excluding the Specialised Businesses

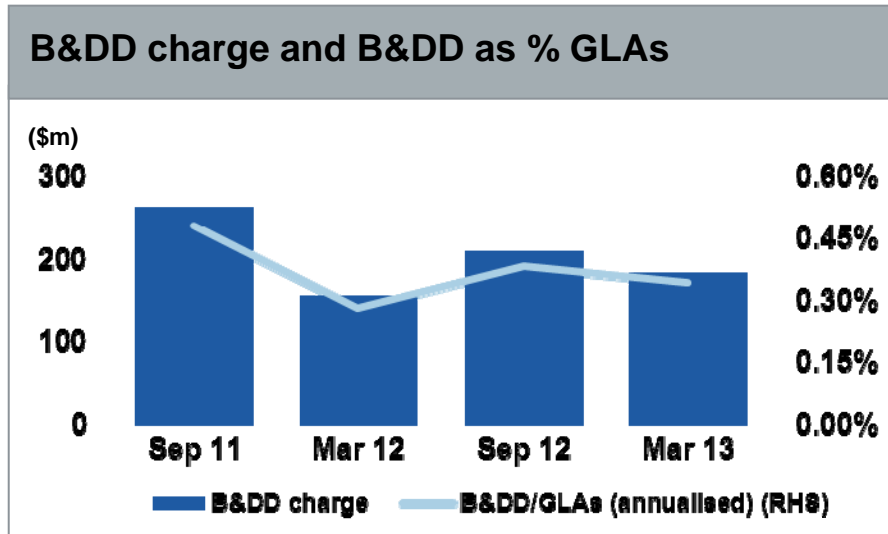
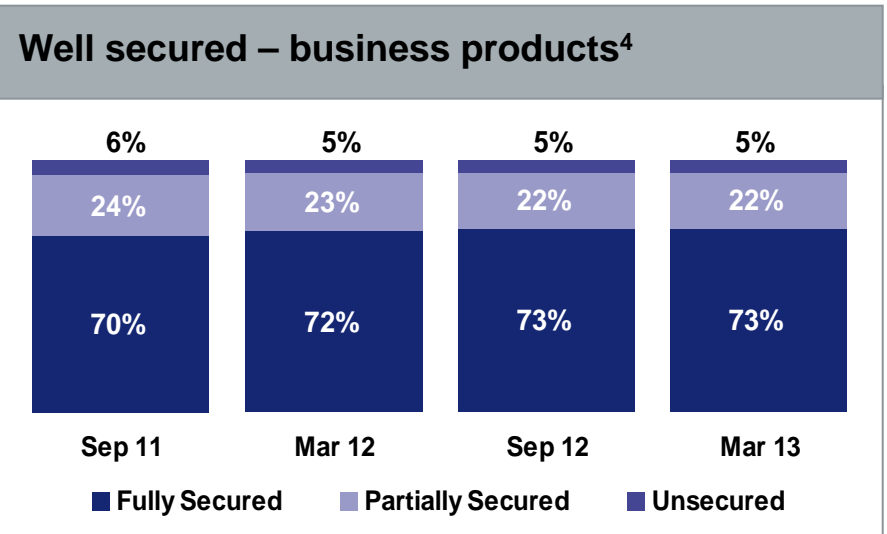
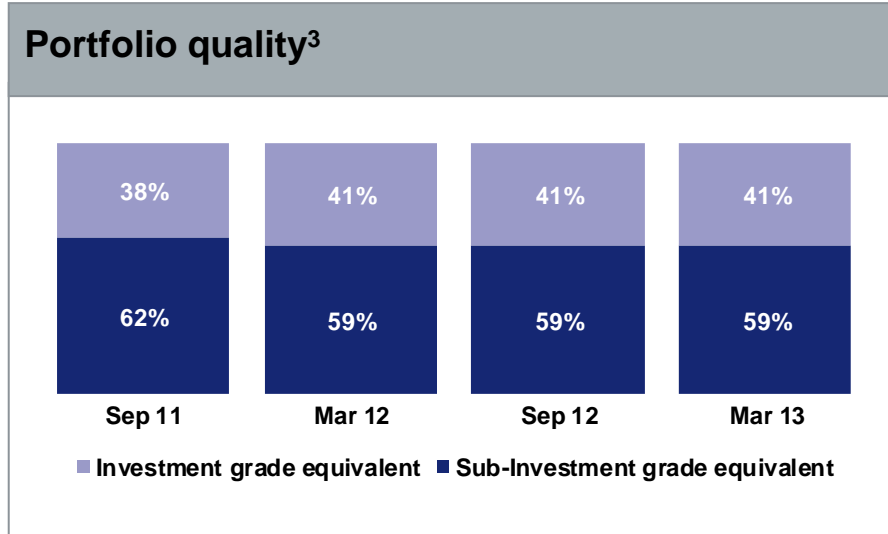
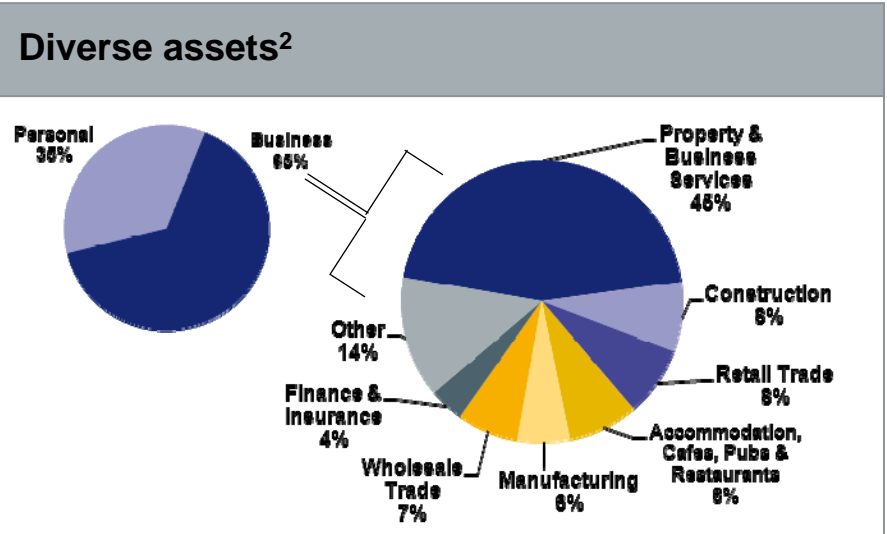


Business Banking Asset Quality



(1) Based on product split
 (2) Portfolio quality on a probability of default basis
 (3) Based upon security categories in internal ratings systems

SME Business¹ Asset Quality

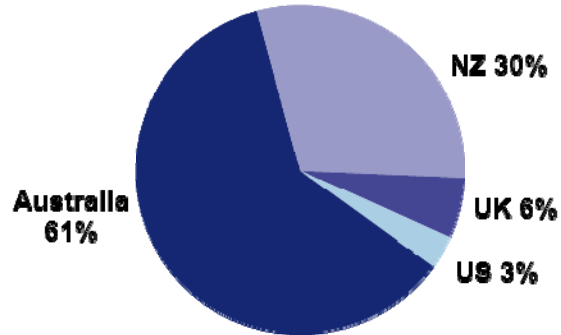


(1) SME business data reflects the nabusiness segment of Business Banking which supports business customers with lending typically up to \$25m, excluding the Specialised Businesses
 (2) Based on customer split
 (3) Portfolio quality on a probability of default basis
 (4) Based upon security categories in internal ratings systems

Agricultural and Mining exposures

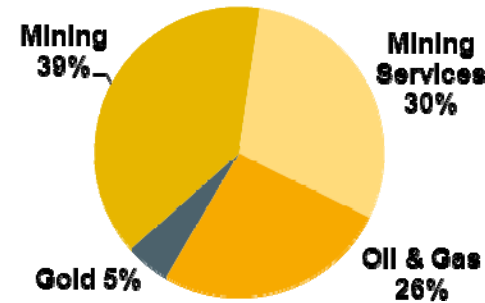
Agriculture, Forestry and Fishing exposures

Agriculture, Forestry and Fishing EAD \$35.1bn March 2013



Mining exposure

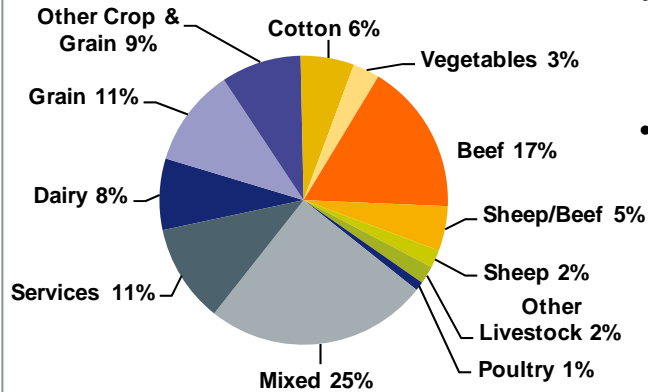
EAD \$9.2bn March 2013



- Impaired assets and 90+DPD <1% of GLAs
- Portfolio concentrated in better rated risk grades

Australian Agricultural exposures

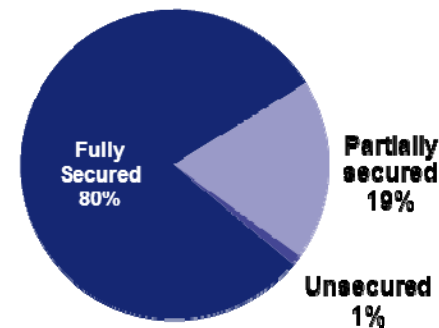
EAD \$20.3bn March 2013



- Highly diversified portfolio by geography and type
- Strong Agri banking network with over 600 specialist bankers provides underwriting advantage

Agriculture portfolio asset quality¹

Australian Agriculture portfolio - March 2013



- Well secured portfolio
- Some signs of stress (especially NT cattle, VIC dairy) but in line with expectations and historical experience

(1) Fully secured is where the loan amount is less than 100% of the bank extended value of security; partially secured is where the loan amount is greater than 100% of the bank extended value of security; unsecured is where no security is held and negative pledge arrangements are normally in place. Bank extended value is calculated as a discount to market value based on the nature of the underlying security

NAB's operational focus in Asia



Geographic Focus

- Trading partners of Japan, China, India and Indonesia
- Liquidity hubs of Singapore and Hong Kong
- Linking the flows of these markets with Australia and New Zealand

Customer Focus

- Corporates and Institutions in key industries
- Australian Corporates linked to Asia, and Asian Corporates with interests in Australia
- Wealthy individuals and families with links between NAB's home markets and Asia
- Local cash rich deposit customers
- Personal Banking is in the process of being rebranded NAB Private Wealth

Product Focus

- Corporate Finance and Trade Finance
- FX products, Interest rate and Commodity Risk Management
- Multi-currency mortgages
- Institutional and Retail deposits



For further information visit www.nabgroup.com or contact:

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