National Australia Bank

2009 FULL YEAR RESULTS

Investor presentation

28 October 2009

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National Australia Bank Limited ABN 12 004 044 937

nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

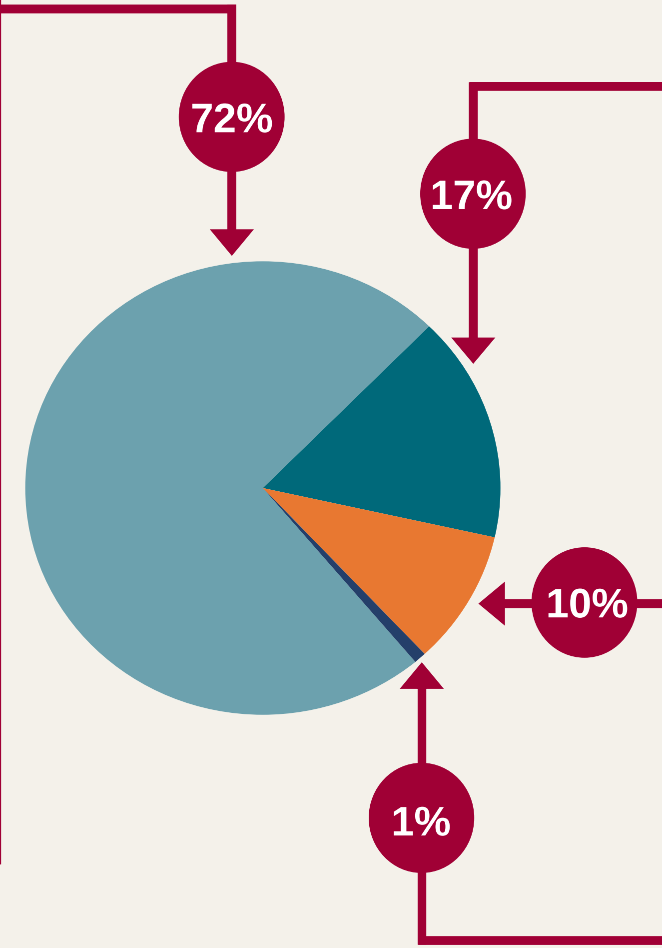
Solid performance in challenging environment

	Sep 09 Full year	Change on Sep 08	Sep 09 Half year	Change on Mar 09
Revenue ($m)	16,906	9.7%	8,392	(1.4%)
Costs ($m)	(7,580)	(4.2%)	(3,810)	(1.1%)
Underlying Profit ($m)	9,326	14.6%	4,582	(3.4%)
B&DDs ($m)	(3,815)	(53.3%)	(2,004)	(10.7%)
Cash Earnings ($m)	3,841	(1.9%)	1,814	(10.5%)
Cash ROE (%)	11.8	(250bps)	10.9	(180bps)
Dividend (100% franked) (cps)	146	(48)	73	-
Tier 1 ratio	8.96%	161bps	8.96%	65bps

Outlook – cautious optimism

Australia

- Business confidence has improved sharply
- Growth brought forward by stimulus
- Below productive capacity
- Expect GDP growth approx 2% for 2010 but 3% by Q4
- Benefits from growth by non-Japan Asia and China
- RBA has started raising rates
- Expect unemployment peak of 6.7% in 2010



United Kingdom

- Expect GDP growth to re-commence but slowly <1% in 2010
- Indicators suggest past worst:
  - Housing markets have modestly strengthened
  - Commercial property prices stabilising
- Large government deficit will need to be corrected
- Sterling depreciation to support exports

New Zealand

- Emerged from long recession
- Housing market stabilising
- Consumer spending starting to increase
- GDP forecast 2.3% in 2010

United States

- Responding to government stimulus
- Modest increase in house prices
- Higher confidence levels
- Unemployment continues to increase
- Mid-West region faring better. GWB above our expectations

% represent share of 30 September 2009 GLAs.
Australia includes Asia

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2010 Priorities

- Leadership, culture and talent
- Balance sheet strength
- Efficiency and cost management
- Supporting customers and improving reputation
- Continuing to address portfolio priorities

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FY09 Financials

nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

Group financial result

	Full year to			Half year to		
($m)	Sep 09	Sep 08	Change (%)	Sep 09	Mar 09	Change (%)
Net interest income	12,072	11,142	8.3%	6,188	5,884	5.2%
Other operating income (incl MLC)	4,834	4,272	13.2%	2,204	2,630	(16.2%)
Net operating income	16,906	15,414	9.7%	8,392	8,514	(1.4%)
Operating expenses	(7,580)	(7,276)	(4.2%)	(3,810)	(3,770)	(1.1%)
Underlying profit	9,326	8,138	14.6%	4,582	4,744	(3.4%)
B&DDs	(3,815)	(2,489)	(53.3%)	(2,004)	(1,811)	(10.7%)
Cash earnings	3,841	3,916	(1.9%)	1,814	2,027	(10.5%)
ROE	11.8%	14.3%	(250bps)	10.9%	12.7%	(180bps)
Tier 1 ratio	8.96%	7.35%	161bps	8.96%	8.31%	65bps
RWA ($bn)	342.5	343.5	(0.3%)	342.5	352.4	(2.8%)
Diluted Cash EPS (cents)	197.5	237.3	(16.7%)	90.1	107.4	(16.1%)
Dividend payout ratio	73.6%	81.4%	(9.6%)	80.6%	67.4%	(19.6%)

Underlying business performance

Home currency (m)	Full year to Sep 09	Full year to Sep 08	Change (%)	Half year to Sep 09	Half year to Mar 09	Change (%)
Underlying profit						
Business and Private Banking	3,664	3,205	14.3	1,856	1,808	2.7
Retail Banking	1,831	1,529	19.8	935	896	4.4
MLC	407	576	(29.3)	198	209	(5.3)
UK Region	£529	£518	2.1	£291	£238	22.3
NZ Region	NZ$776	NZ$763	1.7	NZ$359	NZ$417	(13.9)
nabCapital	1,883	1,309	43.9	848	1,035	(18.1)
Other*	(212)	(247)	14.2	(129)	(83)	(55.4)
Group underlying profit	**9,326**	**8,138**	**14.6**	**4,582**	**4,744**	**(3.4)**

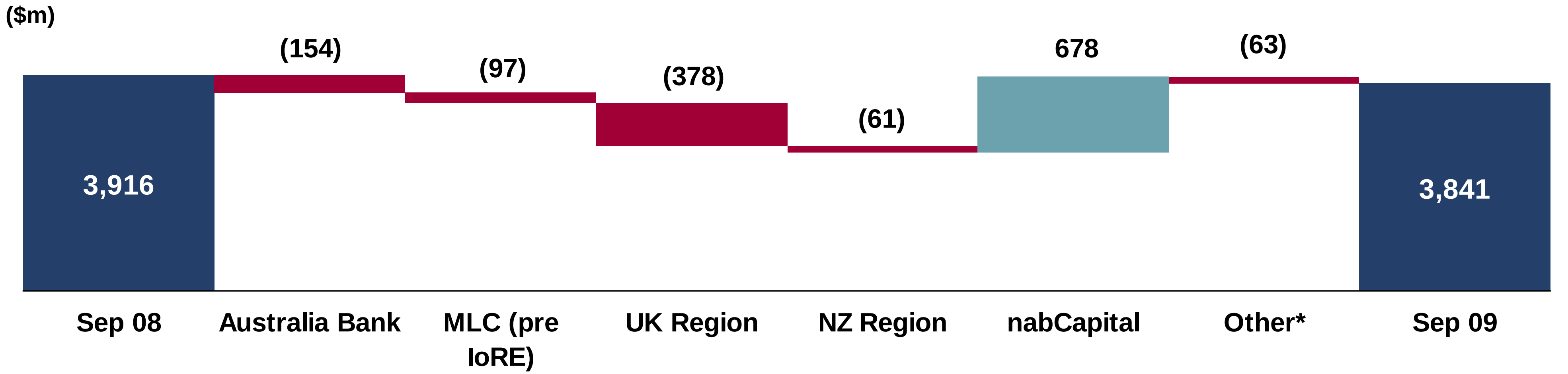
Underlying Profit – Ongoing Operations

* Central Functions, GWB and Asia.

Contribution to cash earnings

Home currency (m)	Full year to Sep 09	Sep 08	Change (%)	Half year to Sep 09	Mar 09	Change (%)
Cash Earnings						
Business and Private Banking	1,811	2,028	(10.7)	796	1,015	(21.6)
Retail Banking	963	900	7.0	508	455	11.6
MLC (pre IoRE)	311	408	(23.8)	153	158	(3.2)
UK Region	£78	£249	(68.7)	£28	£50	(44.0)
NZ Region	NZ$420	NZ$482	(12.9)	NZ$192	NZ$228	(15.8)
nabCapital	634	(44)	Large	289	345	(16.2)
Other*	(385)	(322)	(19.6)	(138)	(247)	44.1
Group cash earnings	3,841	3,916	(1.9)	1,814	2,027	(10.5)

Cash Earnings – Ongoing Operations



* Other represents Central Functions, GWB, Asia, IoRE and distributions.

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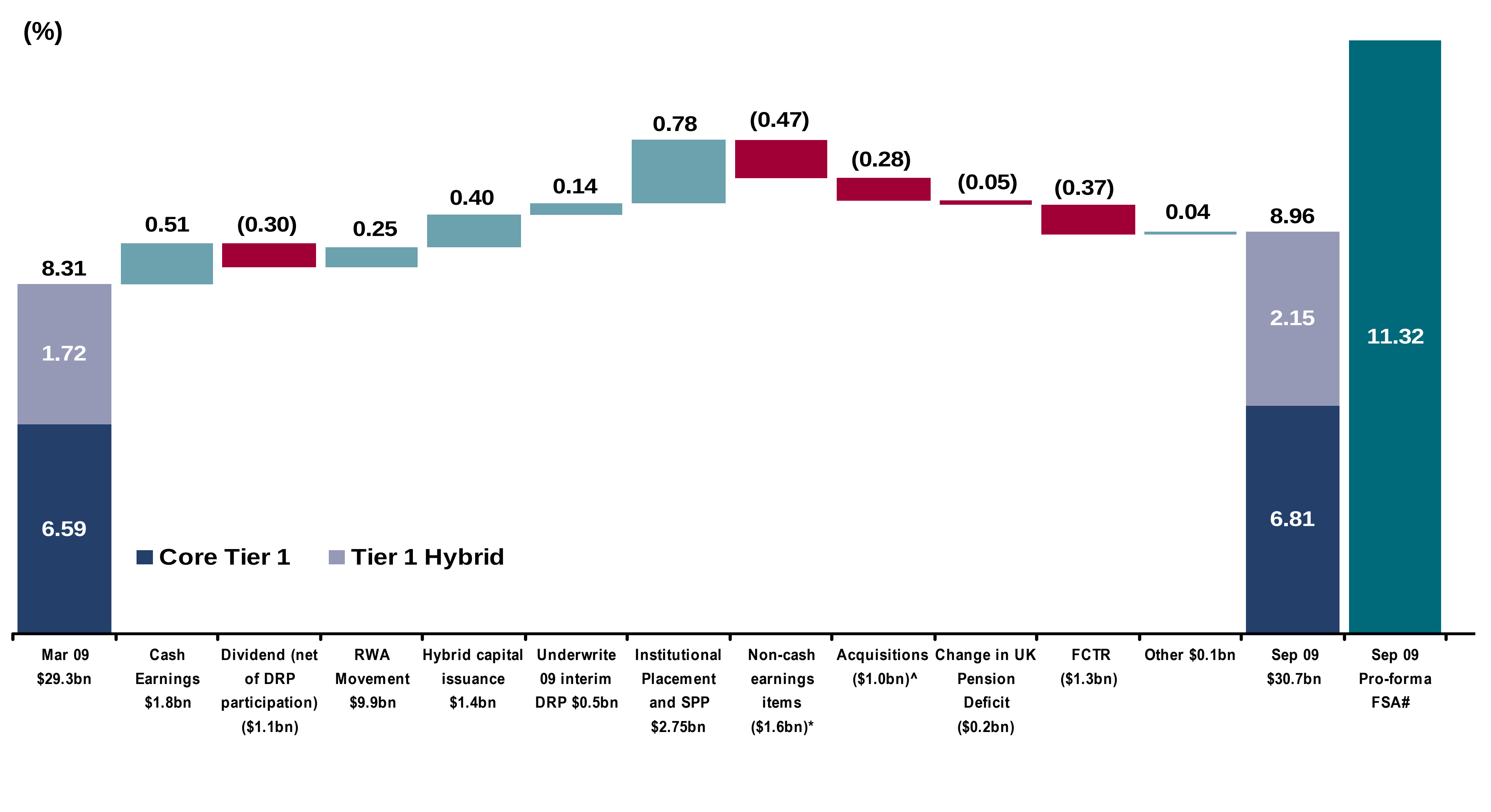
Tier 1 capital position



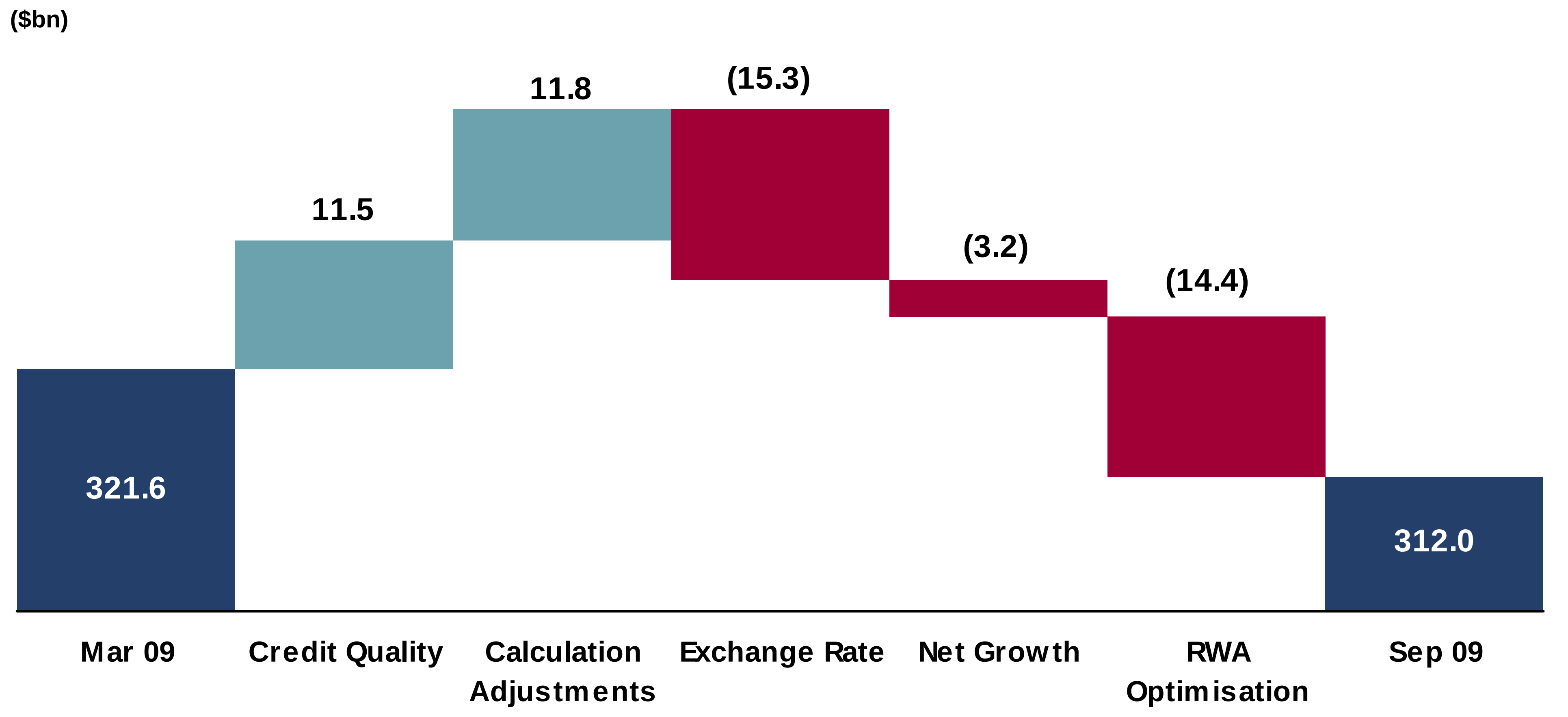
* Non-cash earnings items affecting Tier 1 after adjusting for Distributions and Treasury Shares.

^ Acquisitions of Aviva $525m (-15bps), JBWere $99m (-3bps), Challenger $312m (-9bps) and TierOne branches $35m (-1bp). RWAs from acquisitions (-8bps) will not affect the Capital ratio until completion (all expected Q1 FY10).

\# FSA calculation is approximate

Credit RWA movement

NAB Group: Credit RWA movement March 2009 to September 2009



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Non-cash earnings items (after tax)

	Full year to			Half year to		
($m)	Sep 09	Sep 08	Change (%)	Sep 09	Mar 09	Change (%)
Cash earnings (incl IoRE)	3,841	3,916	(1.9%)	1,814	2,027	(10.5%)
Distributions	245	312	(21.5%)	101	144	(29.9%)
Treasury shares	(256)	375	Large	(344)	88	Large
FV & HI	(79)	(89)	11.2%	(555)	476	Large
EQS initiatives	(179)	-	Large	(137)	(42)	Large
Tax litigation	(851)	-	Large	(851)	-	Large
Other litigation	(110)	-	Large	(64)	(46)	(39.1%)
Other	(22)	22	Large	(39)	17	Large
Net profit after tax	2,589	4,536	(42.9%)	(75)	2,664	Large

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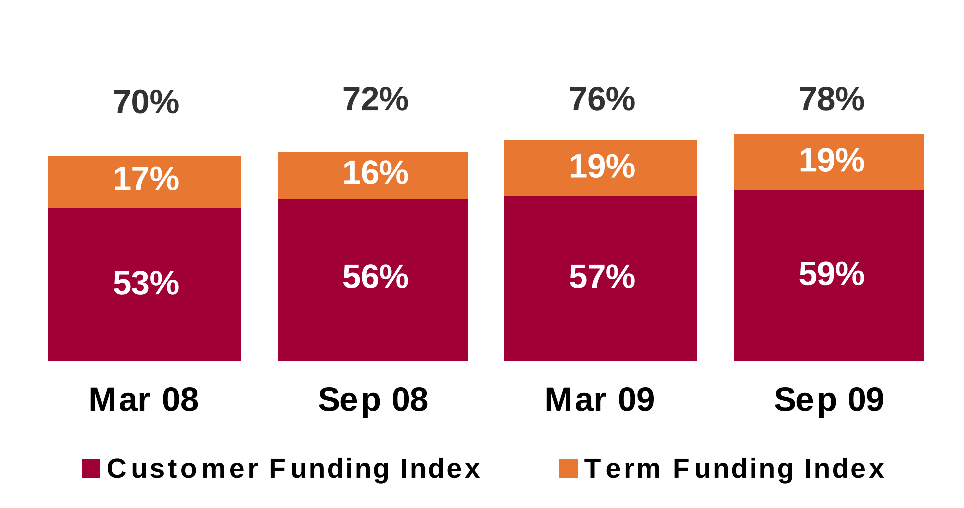
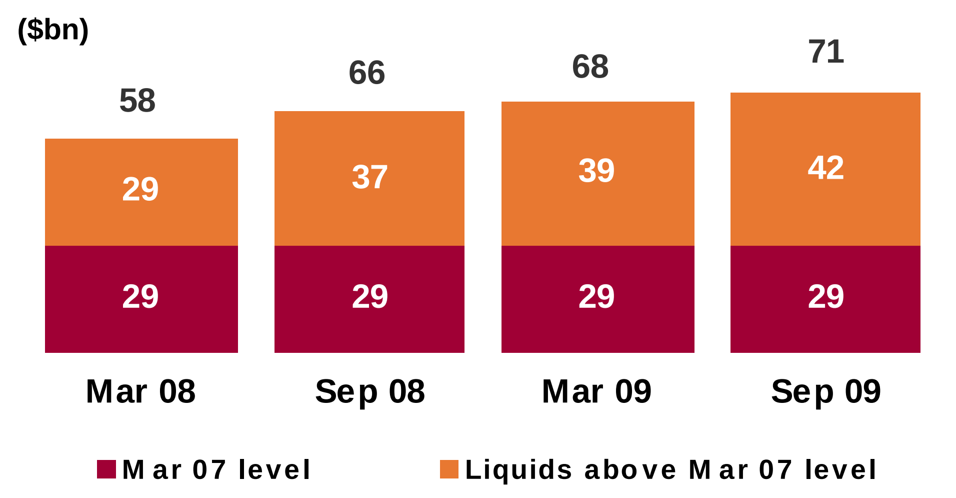
Funding and liquidity

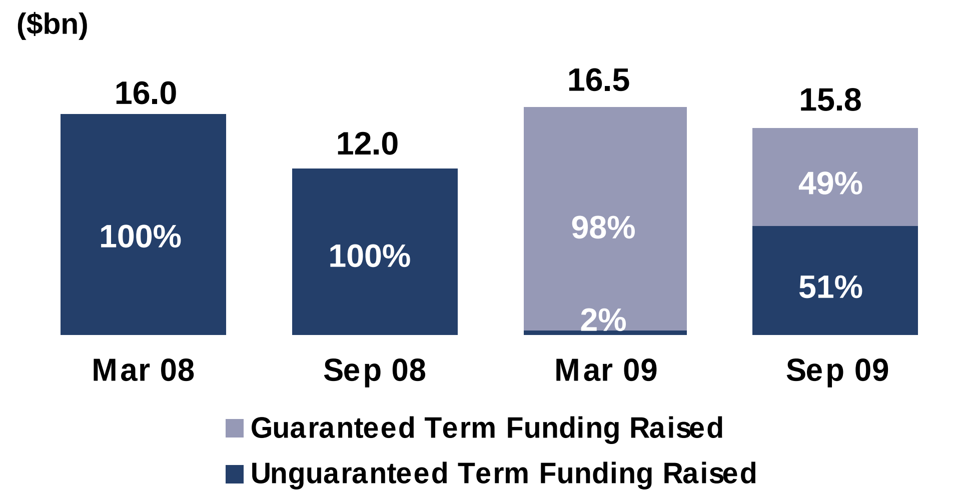
Group Stable Funding Index (SFI)



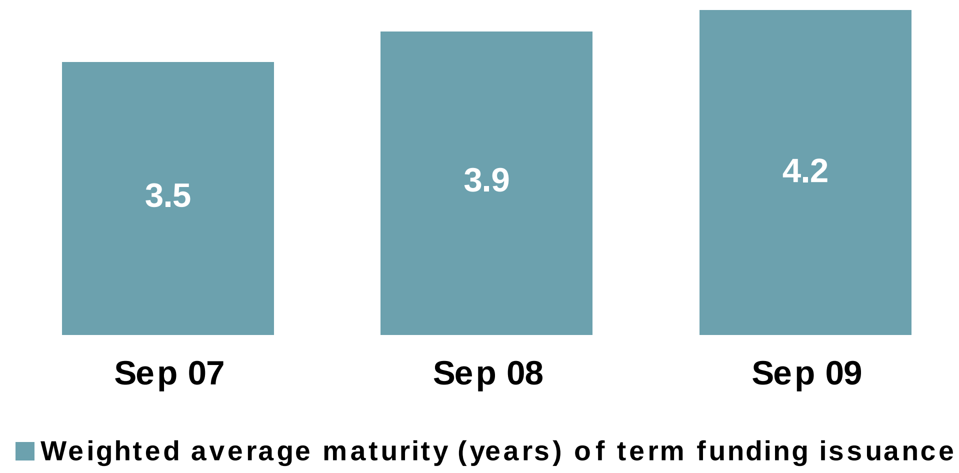
Liquid asset holdings



Term funding

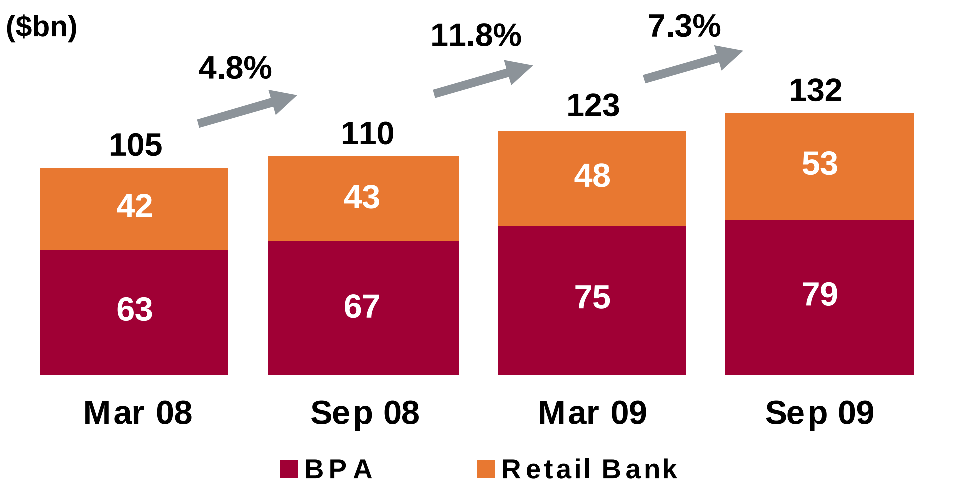


Term funding tenor



Retail Deposit Volumes

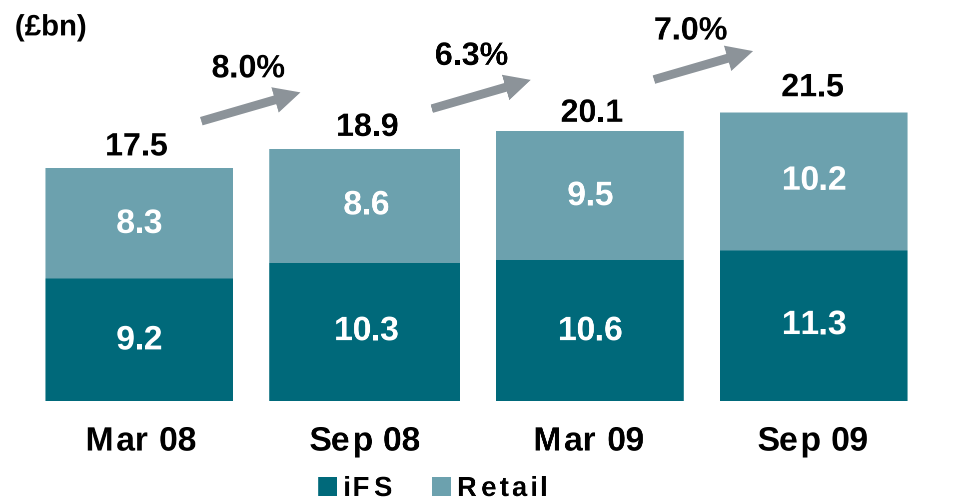
Australia Banking



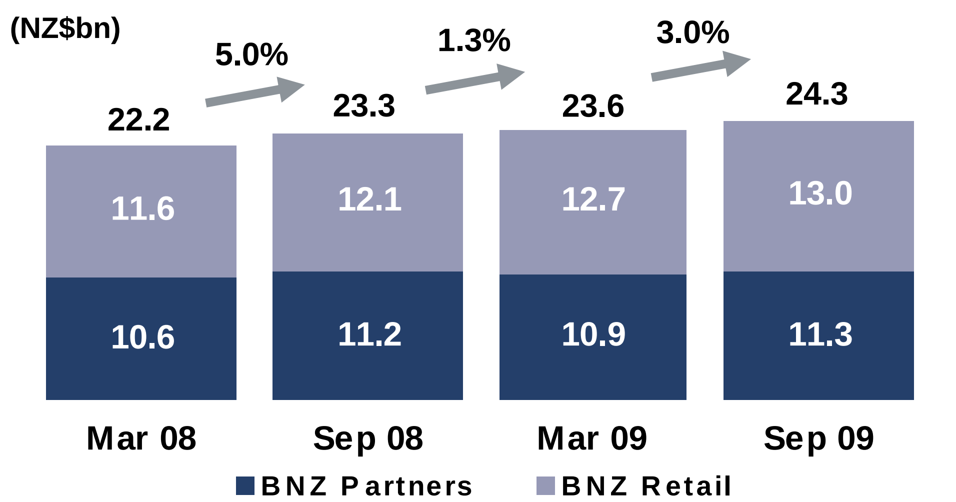
Market Share (Spot)*

- Australia Banking grew at 1.5x system (excluding transfers)
- UK deposits annual growth 14%, nearly 4x system
- NZ market share steady, 1H decline regained in 2H

UK



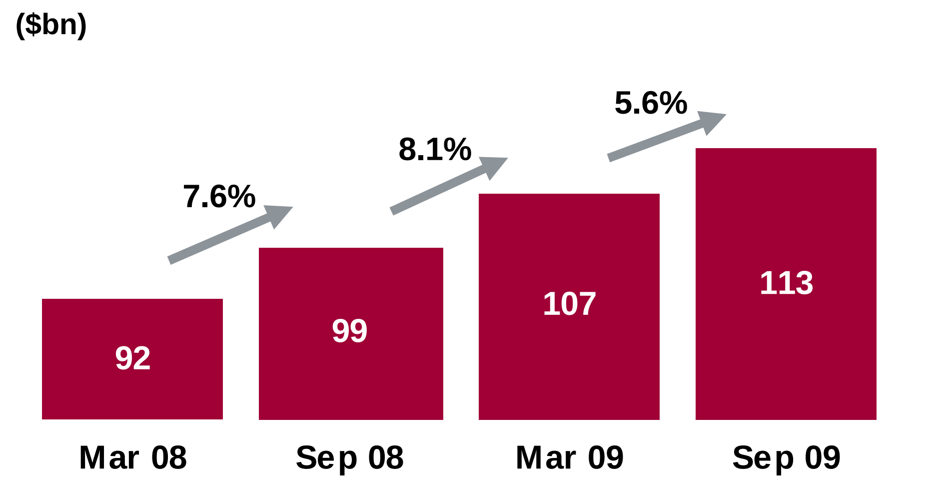
New Zealand



* Based on latest available system data

Business Lending Volumes

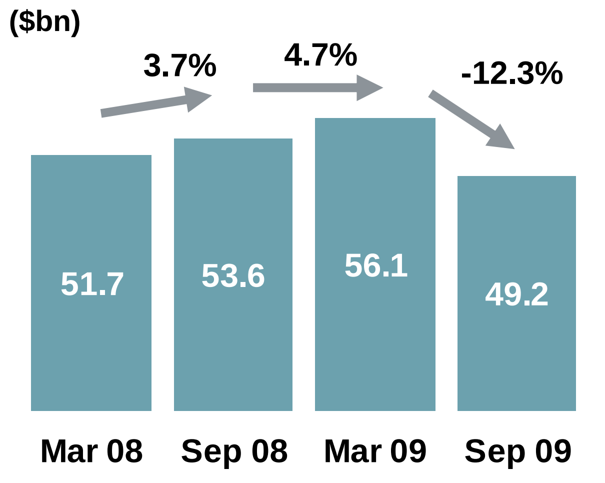
Australia Banking



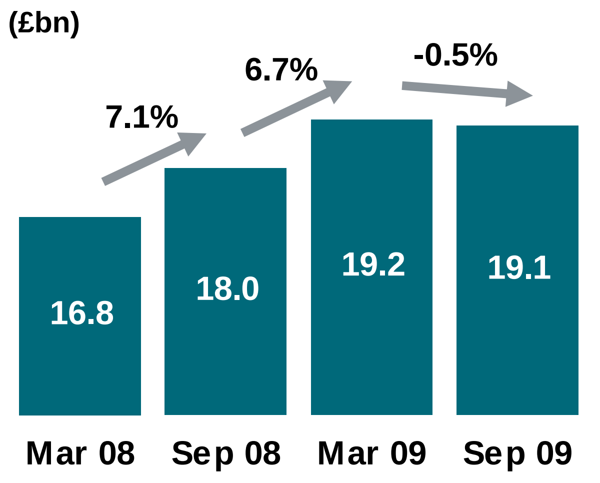
Market Share (Spot)*

- All Australia + 3.7% vs system - 3.5%. Australia Banking SME up + 7.7%
- UK region – average volumes - 0.5% vs system - 2.2%
- NZ Region – increase in market share in key business segments

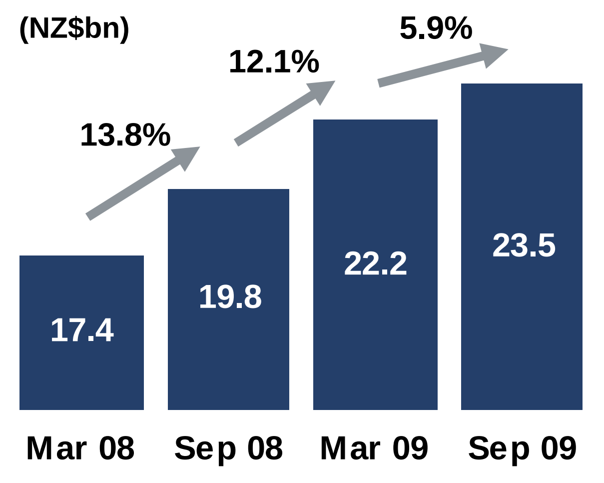
nabCapital



UK Region



NZ Region



* Based on latest available system data

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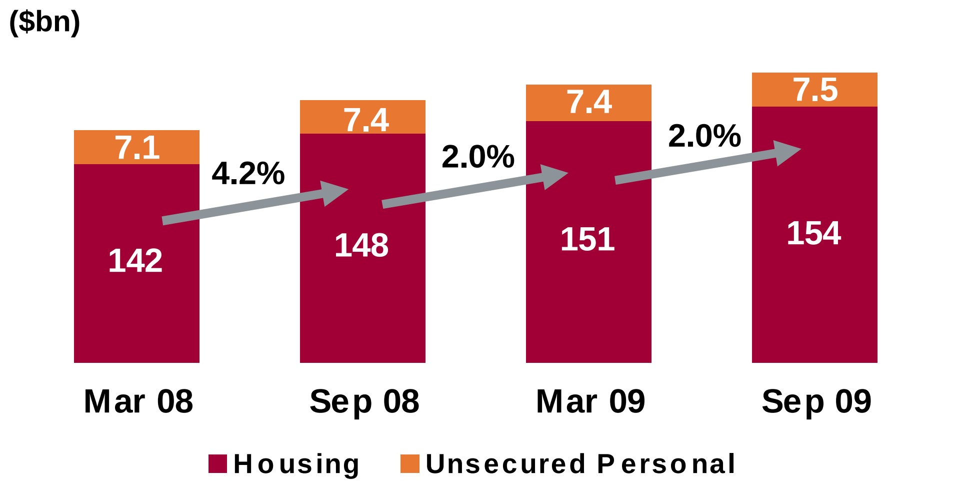
Retail Lending Volumes

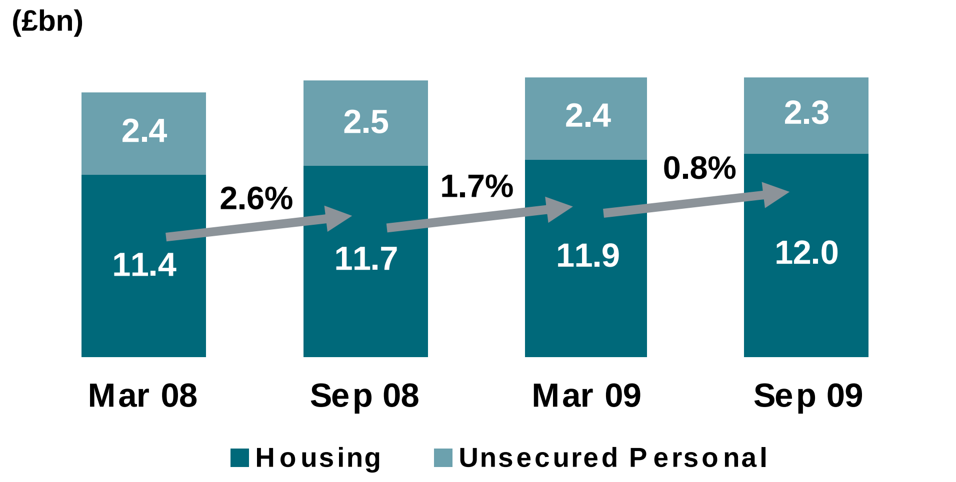
Australia Banking



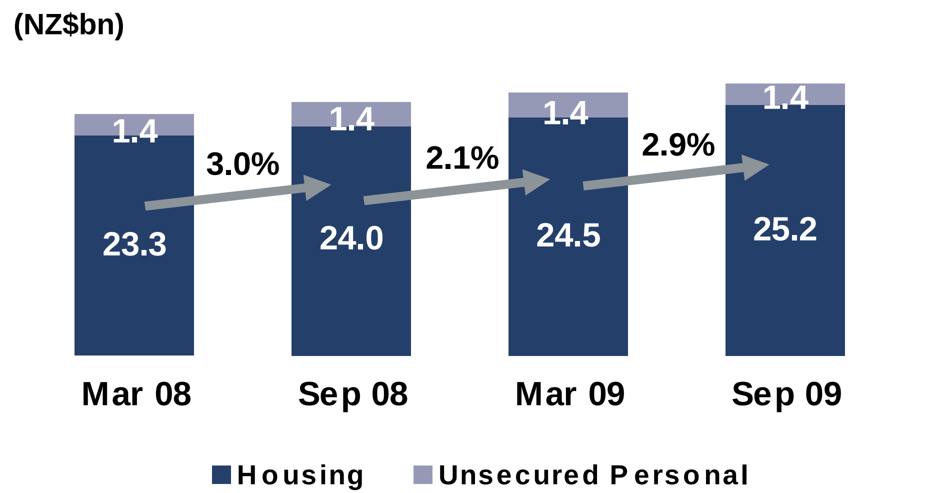
Market Share (Spot)*

- Mortgages
  - > Australia Banking grew below system
  - > UK and NZ – in line with system
- Unsecured personal lending
  - > Flat for all businesses

UK



New Zealand



* Based on latest available system data

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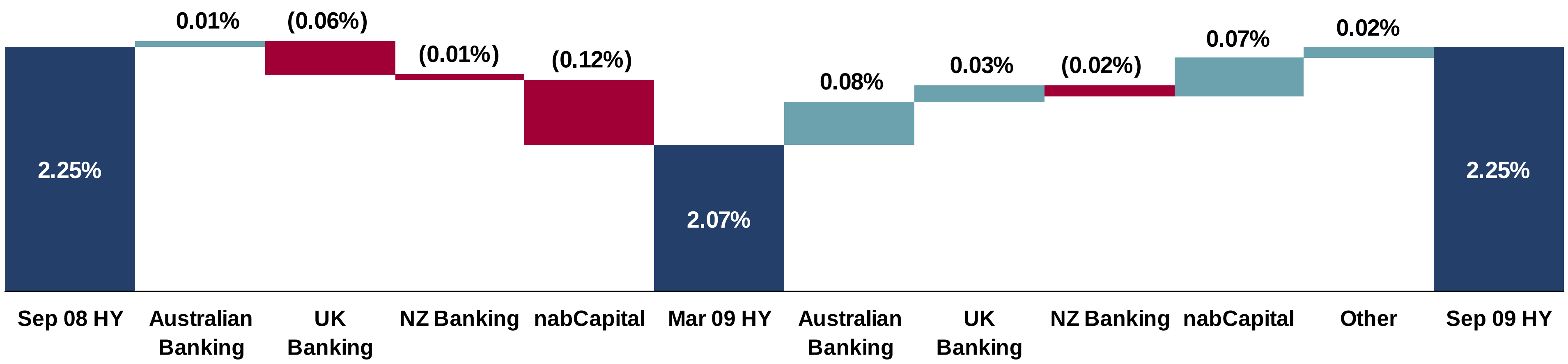
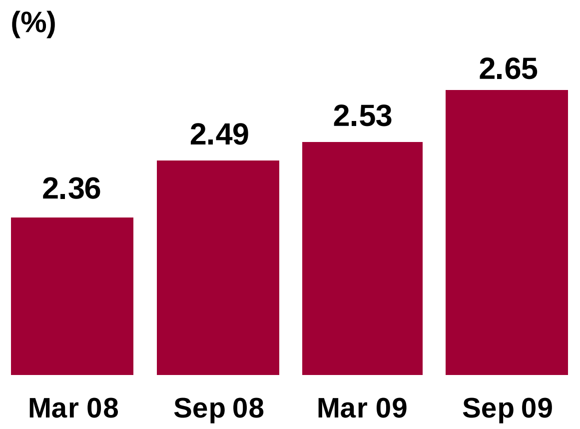
Net interest margin

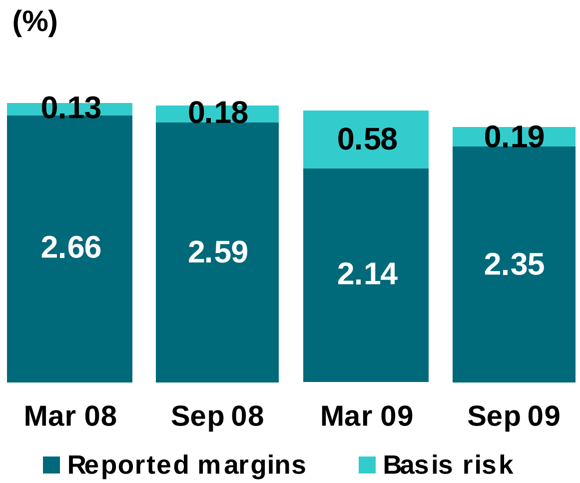
Group NIM – Attribution Analysis



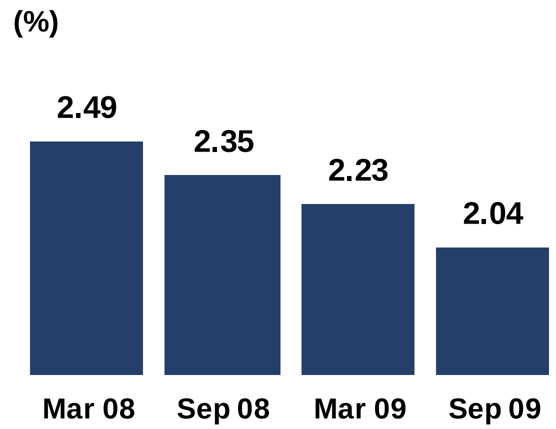
Australia Banking



UK Region



NZ Region



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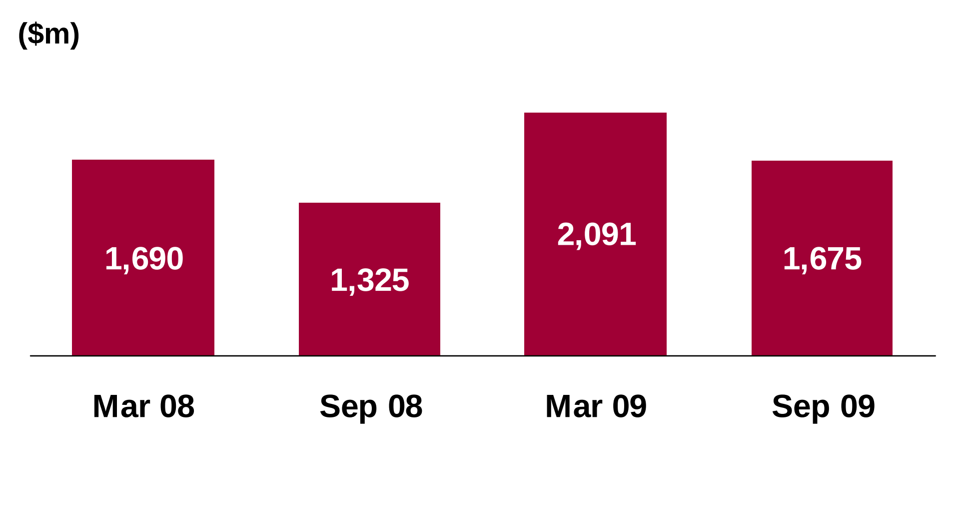
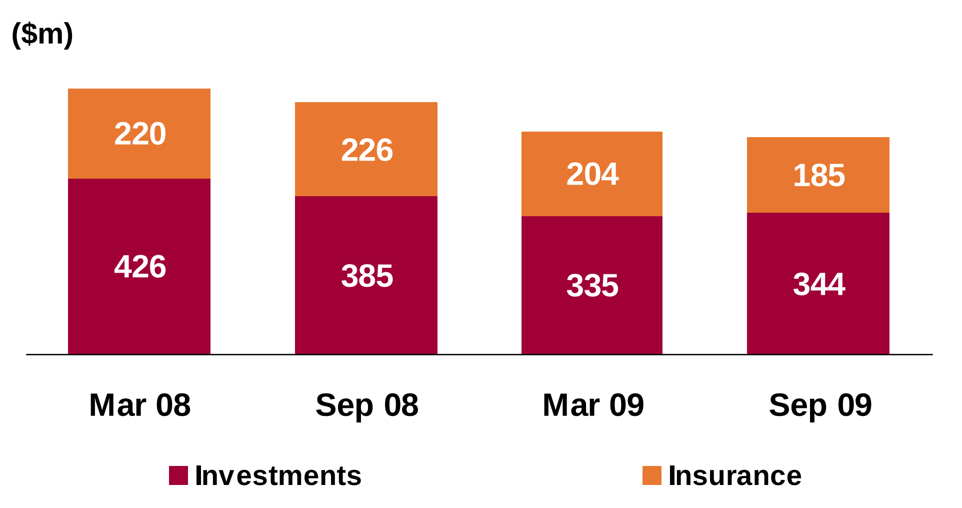
Other operating income

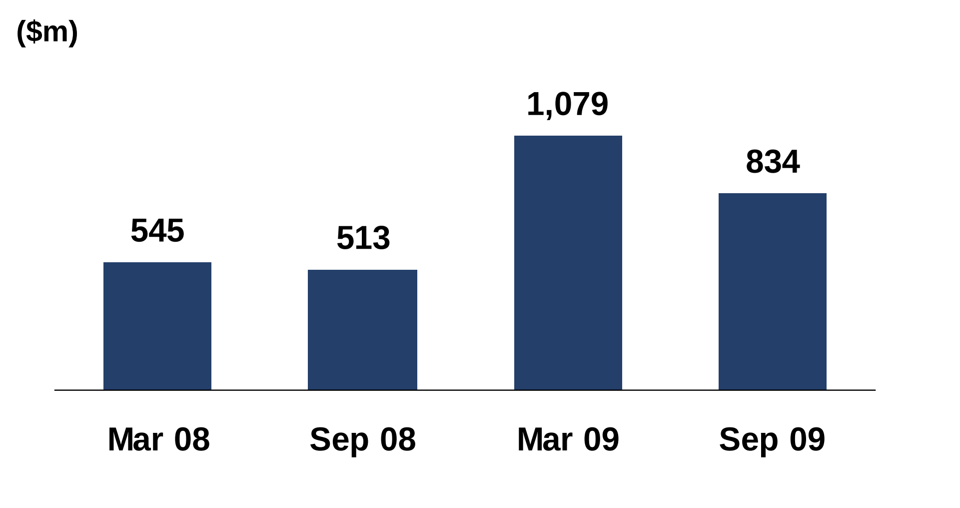
Other Operating Income (excl MLC)



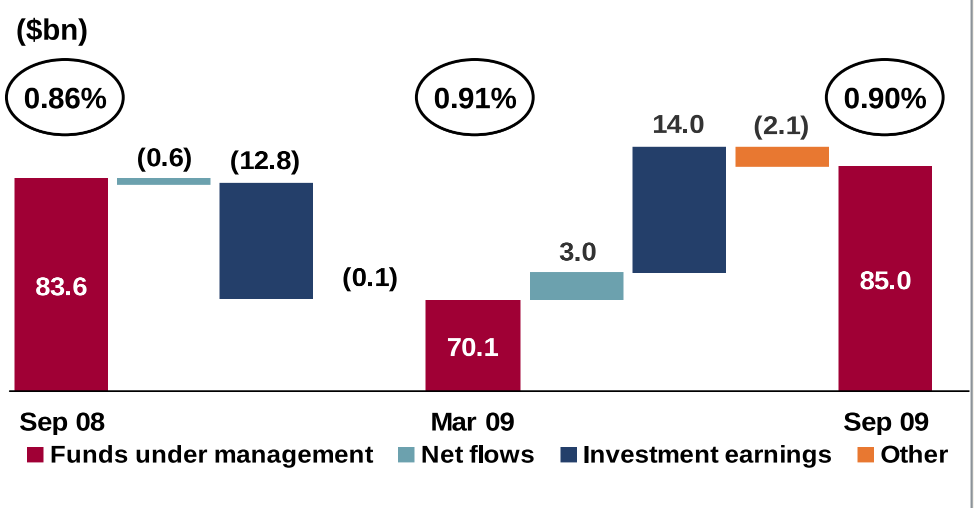
MLC Net Income



Global Markets (inc nabCapital Treasury) Income



FUM



x% Investment margins

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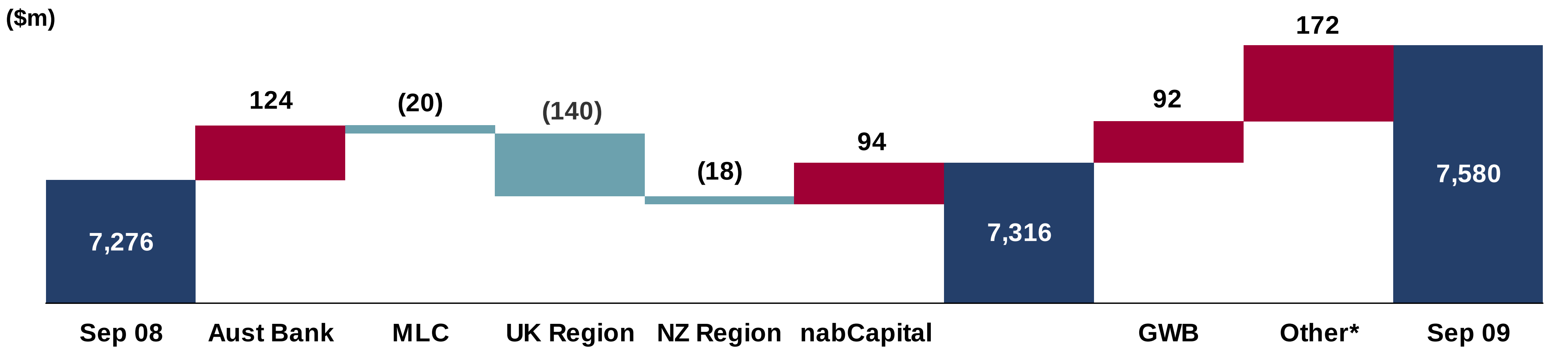
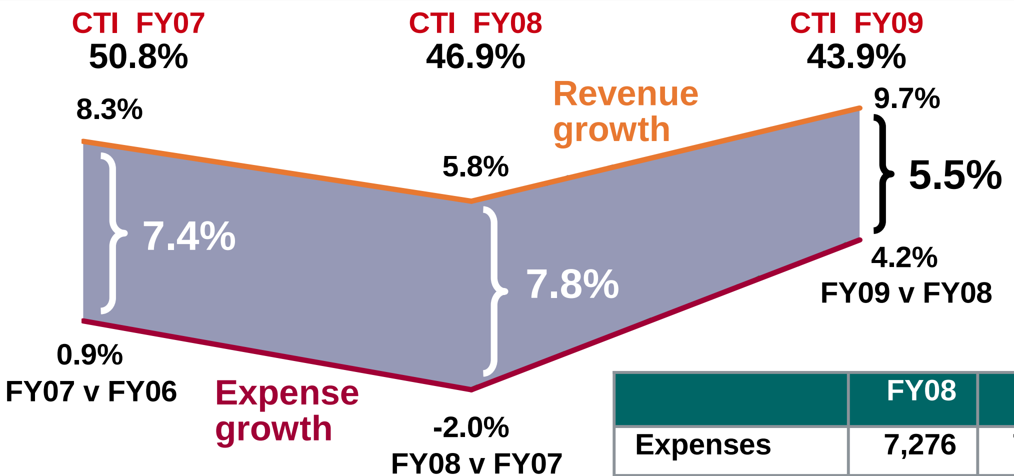
Costs (including MLC)

Operating expenses: Contribution to Net Increase



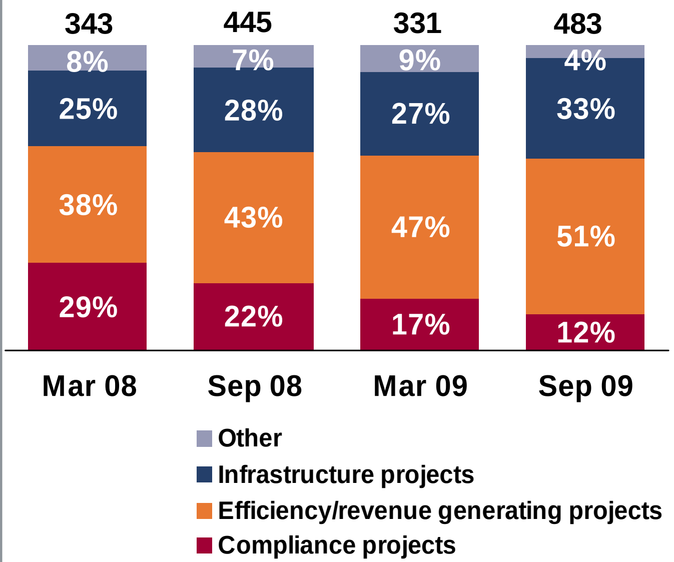
Jaws and CTI momentum



	FY08	FY09	Growth
Expenses	7,276	7,580	4.2%
GWB	(30)	(122)	
Net expenses	7,246	7,458	2.9%

CTI – Banking Cost to Income Ratio

Investment spend ($m)



* Other represents Central Functions and Asia.

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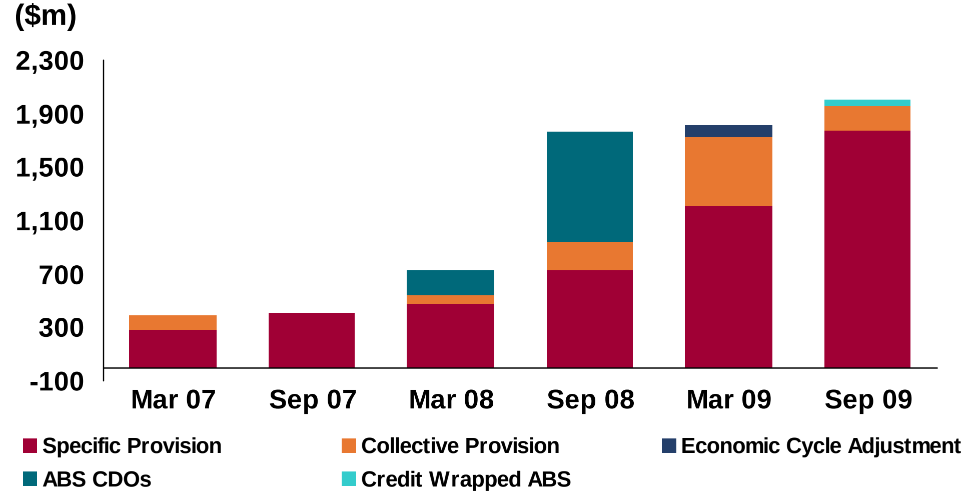
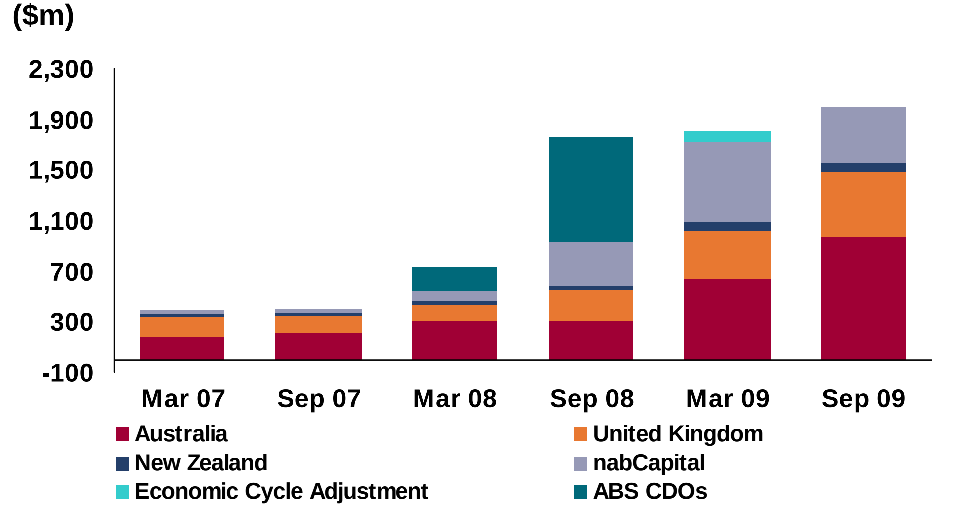
B&DD charge and provision coverage

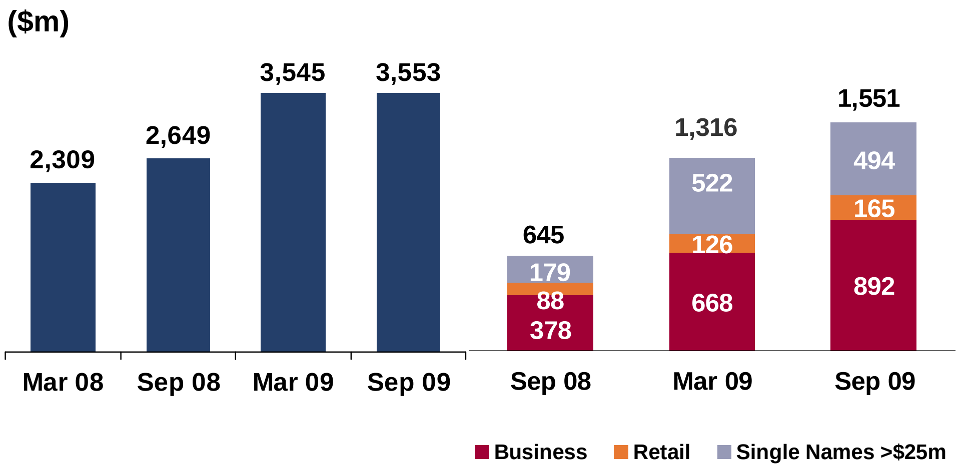
B&DD charge



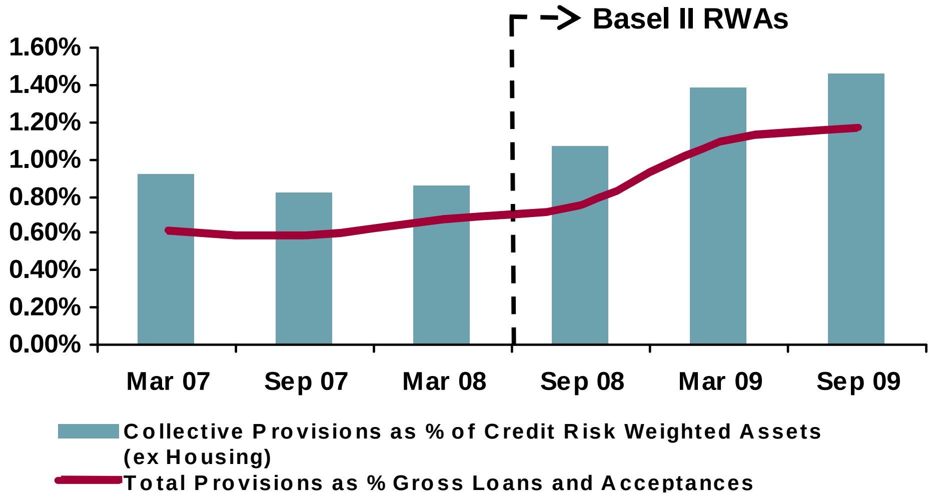
B&DD charge



Collective Provision balances / Specific Provision balances



Coverage ratios



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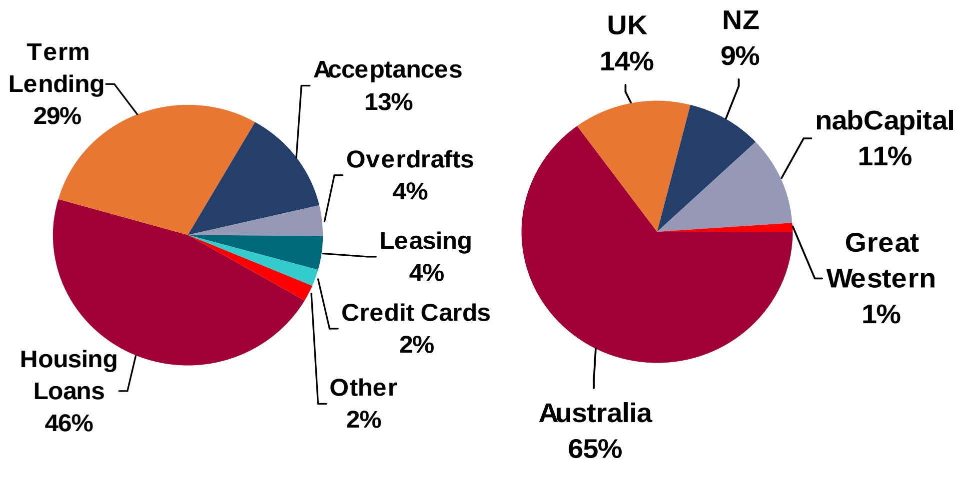
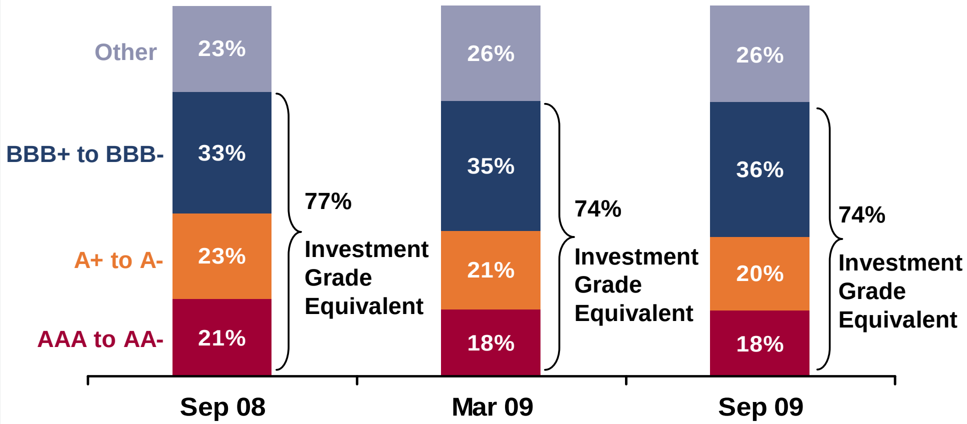
Group portfolio

Gross loans and acceptances by product and by region as at September 2009

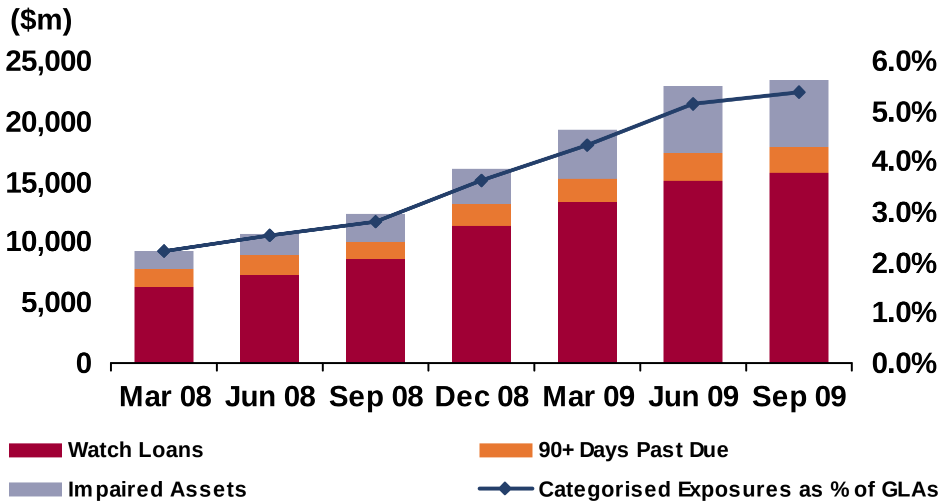


Risk rated non-retail exposures*

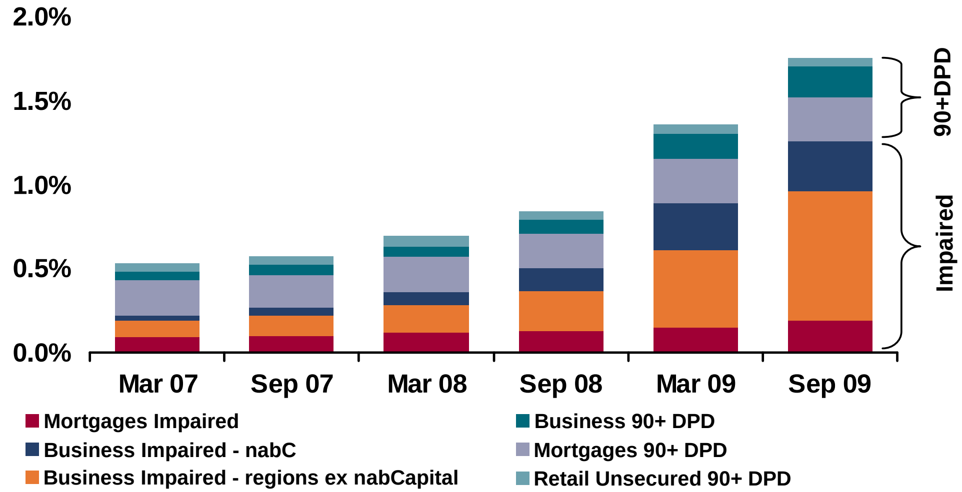


* Based on expected loss (probability of default x exposure at default x loss given default)

Group Categorised Assets by Balance



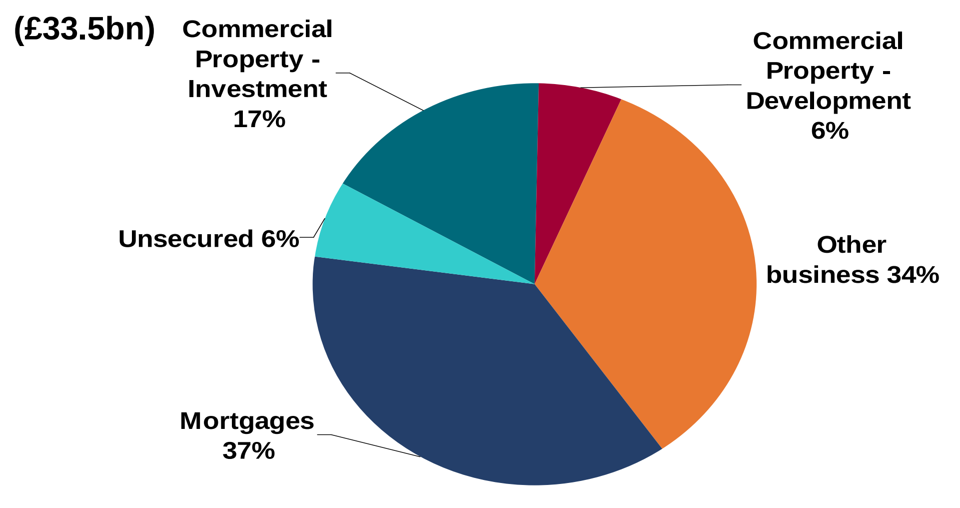
90+DPD & Impaired Assets as a % of gross loans and acceptances by product



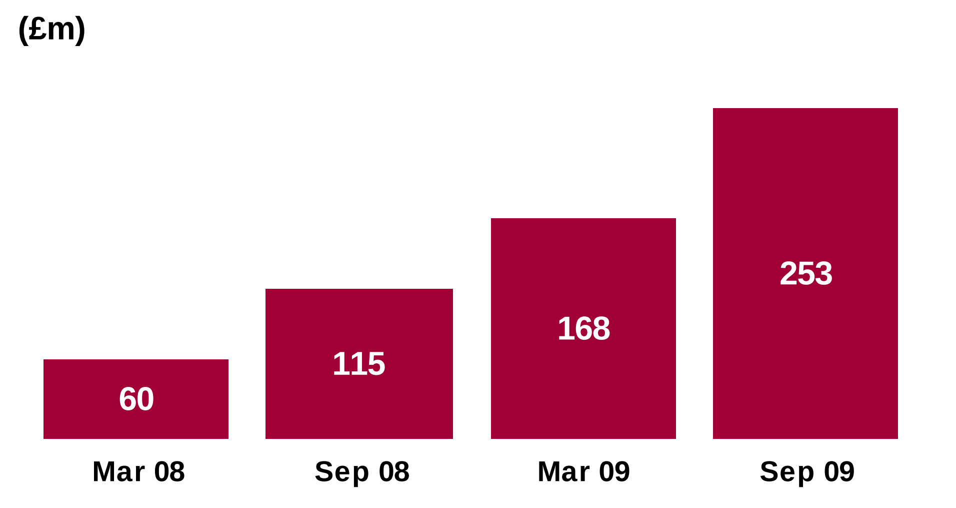
Note: Categorised Assets includes Watch, 90+ DPD & Impaired Assets but excludes default no loss < 90DPD loans.

UK Region Asset Quality

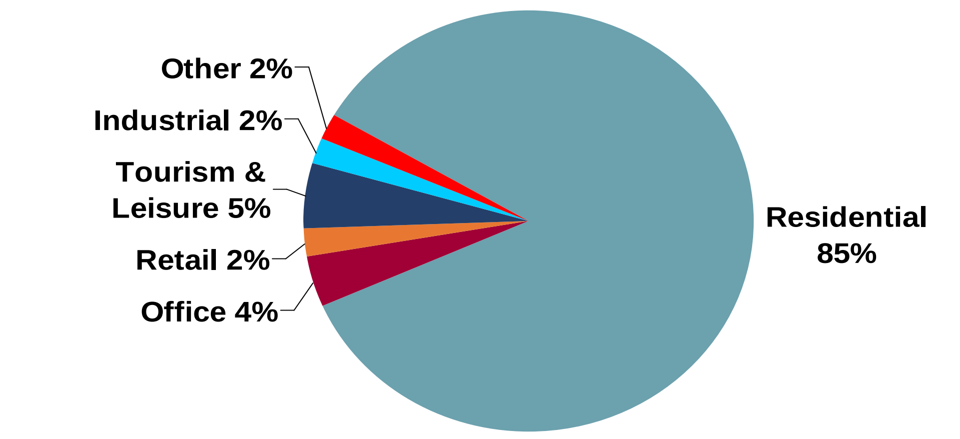
Gross loans and acceptances by product as at September 2009



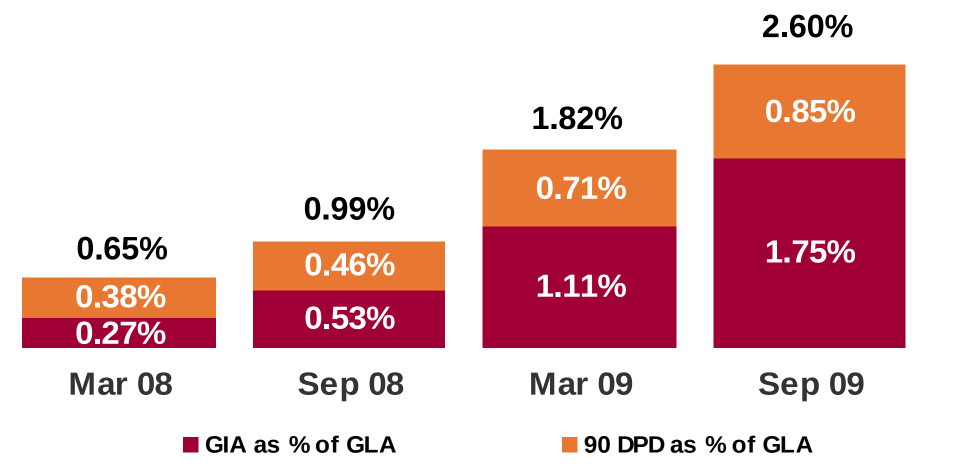
UK B&DD Charge



Development lending



Gross impaired assets + 90 days past due to GLAs



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Specialised Group Assets – Pro Forma Portfolio

- "Non-franchise" activity
- Approx A$24bn credit risk weighted assets (CRWAs) representing approx A$20bn of commitments, A$17bn drawn
- Indicative CRWA split:
  - Conduit transactions A$9bn
  - Vanilla corporate loans A$8bn
  - Leveraged loans A$3bn
  - Project finance/structured asset finance A$2bn
  - Credit wrapped bonds A$1bn
  - Market derivatives exposures A$1bn
- Prior to transfer to SGA approx A$13bn of the RWAs were managed by nabCapital from the UK, $7bn from the US and the remainder from Australia
- Set for orderly run-off (weighted average contractual term approx 8 years)

nabCapital Securitisation Portfolio

Overall performance – FY09

- Portfolio $13.1bn Sep 09 ($17.0bn Mar 09). Exits of $1.9bn in 2H09
- Portfolio performance in FY09 as expected: downgrades and credit events as anticipated
- Ongoing ratings methodology reviews and close management attention

SCDOs - $1.6bn

- Broad signs of stabilisation in underlying portfolios with deterioration in reference entities slowing
- Exposures managed for ultimate risk of loss:
  - Active management strategy
  - Further downward ratings migration, with two SCDOs expected to move below investment grade (internal ratings)
  - May consider further small hedges, in due course

Credit Wrapped ABS - $0.8bn

- $50m provision charge in 2H09 related to monoline ratings downgrades

2010 Priorities

- Leadership, culture and talent
- Balance sheet strength
- Efficiency and cost management
- Supporting customers and improving reputation
- Continuing to address portfolio priorities

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Questions

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Additional Information

Australia Banking and MLC

nabCapital

UK Region

New Zealand and GWB

Asset quality

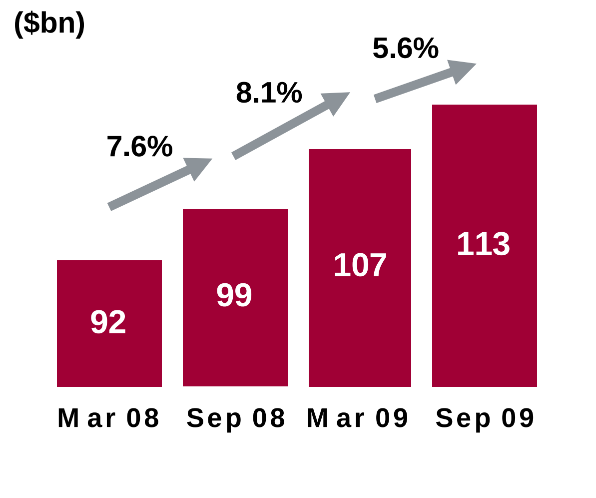
Capital and Funding

Economic outlook

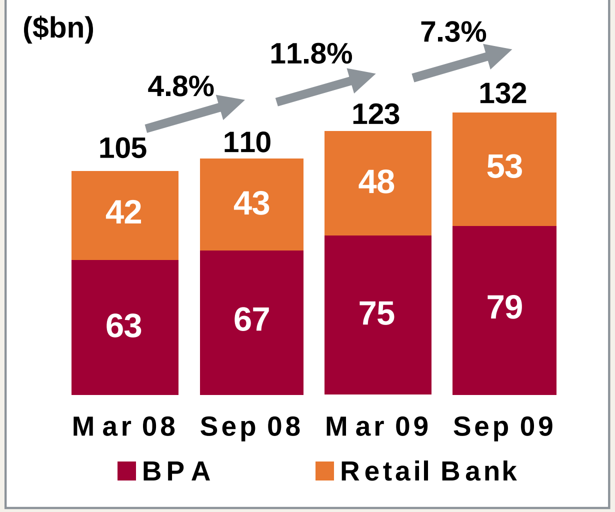
nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

Australia Banking

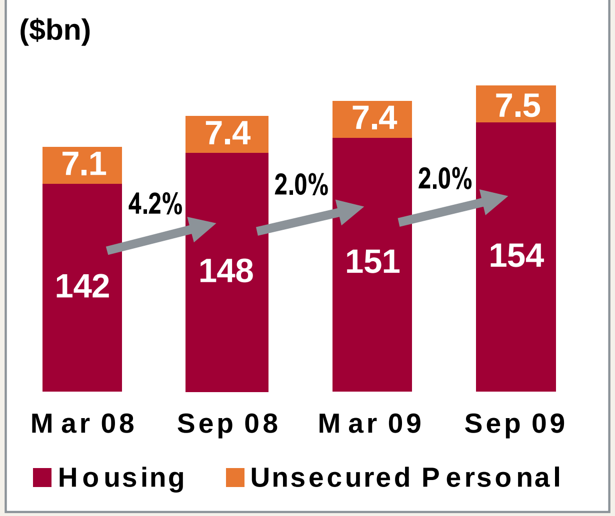
Business lending



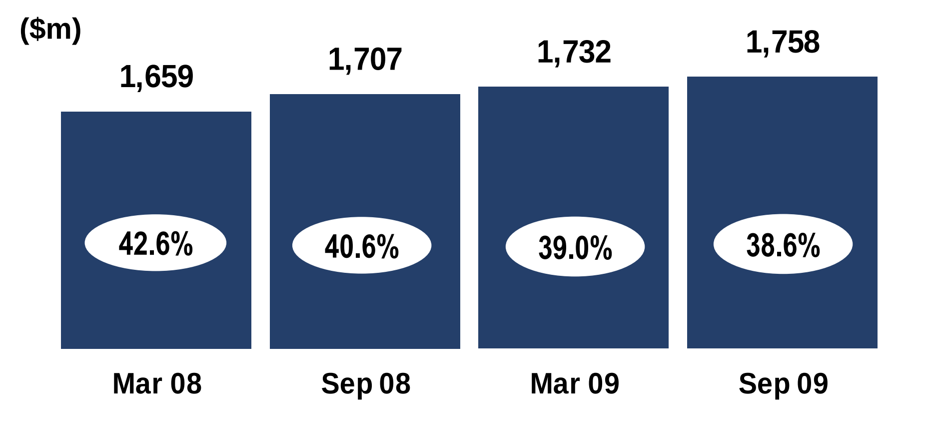
Retail deposits



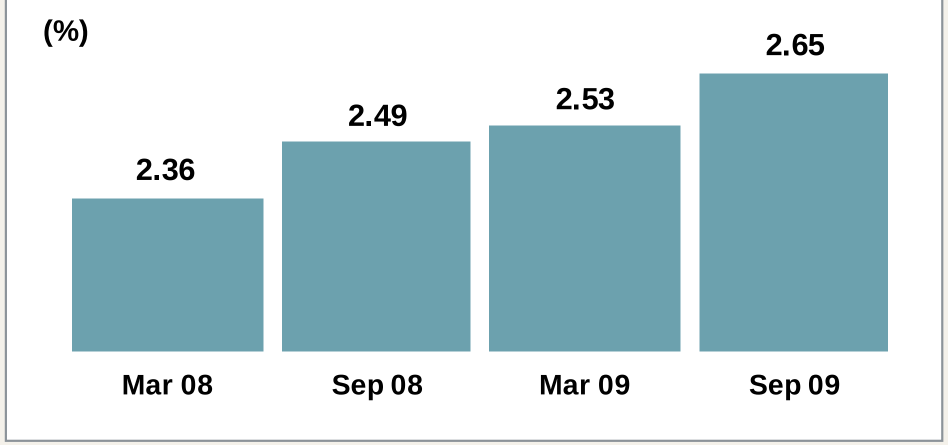
Retail lending



Costs



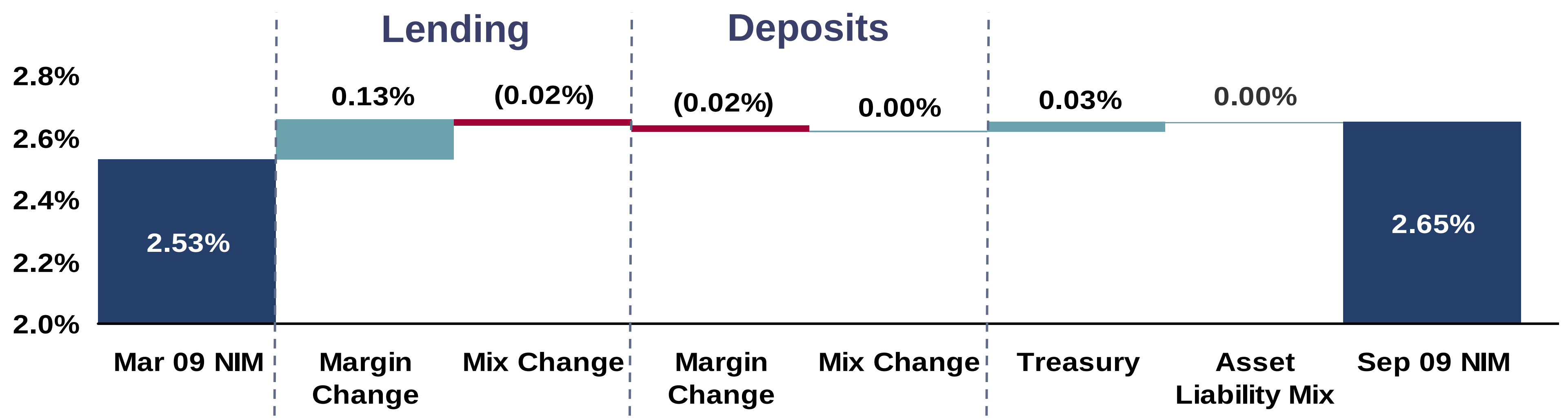
Net Interest Margin



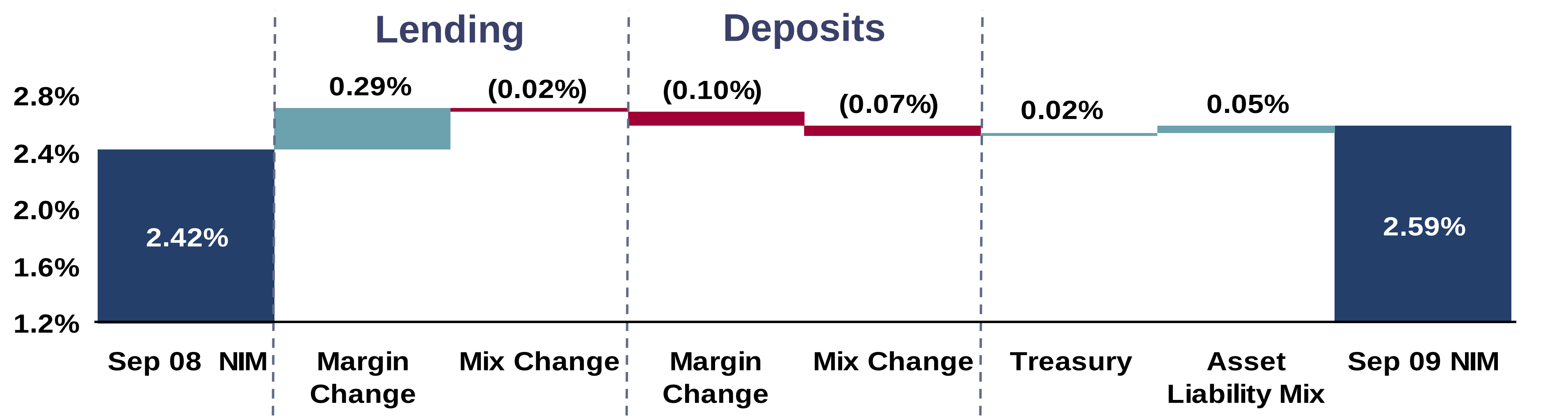
X% Cost to Income Ratio

Australia Banking: Net interest margin

September 2009 up 12bps on March 2009

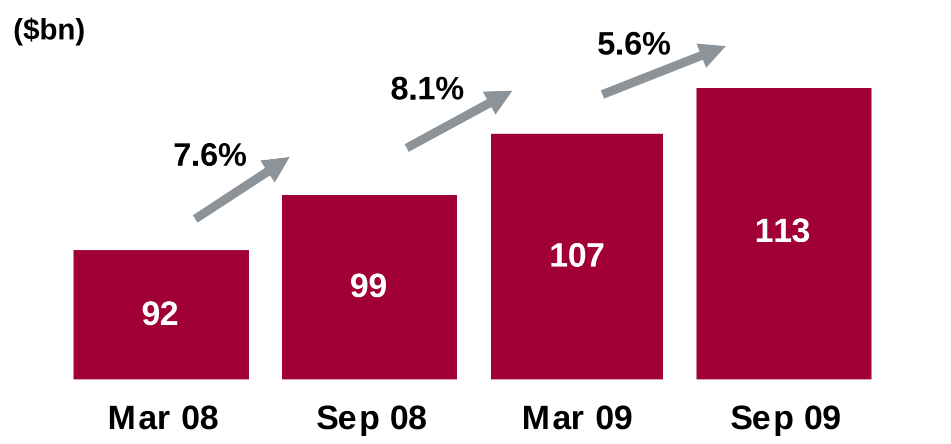


September 2009 up 17bps on September 2008

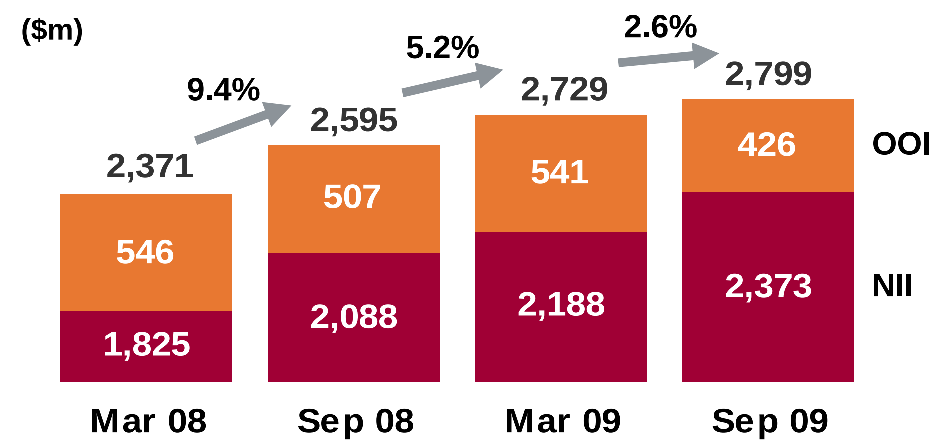


Business and Private Banking - Australia

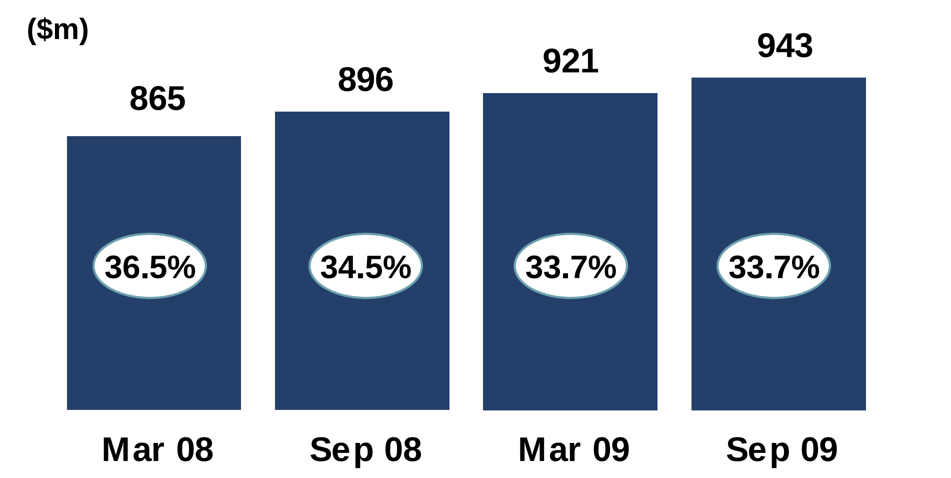
Business lending[1]



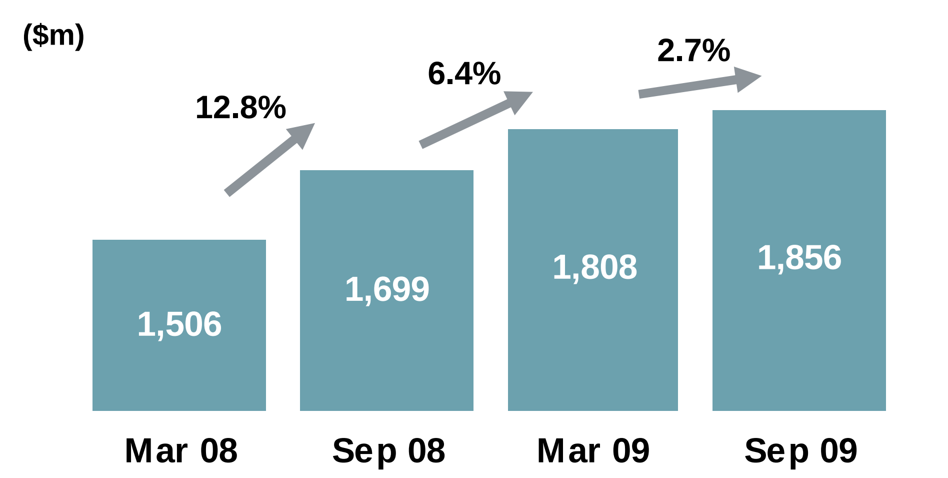
Revenue



Costs



Underlying profit

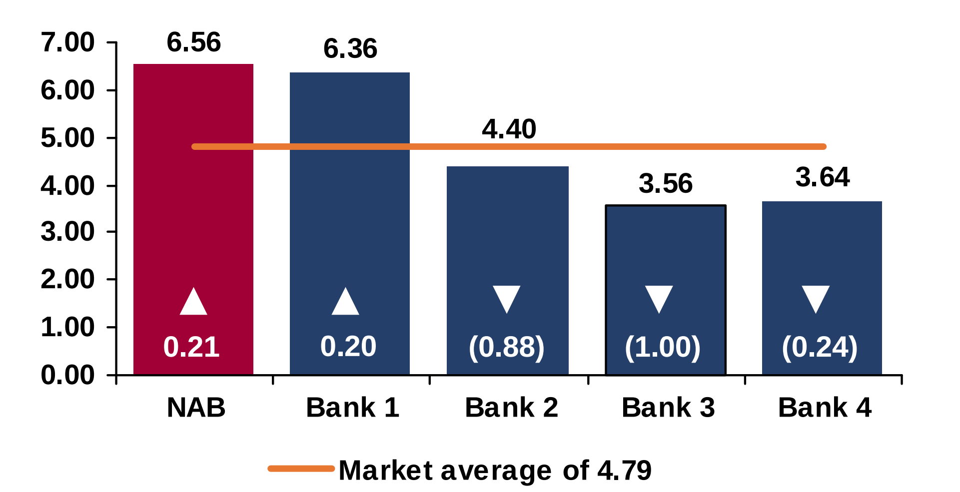


X% Cost to Income Ratio

[1] Total Australia Banking business lending including $1bn Micro Business in Retail Banking

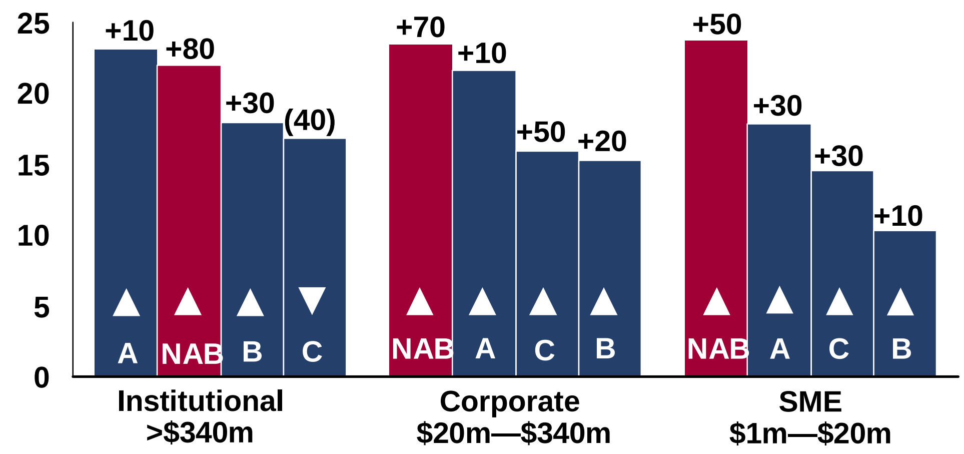
Business and Private Banking - Australia

Business customer satisfaction[1]



Transaction banking market share and trend

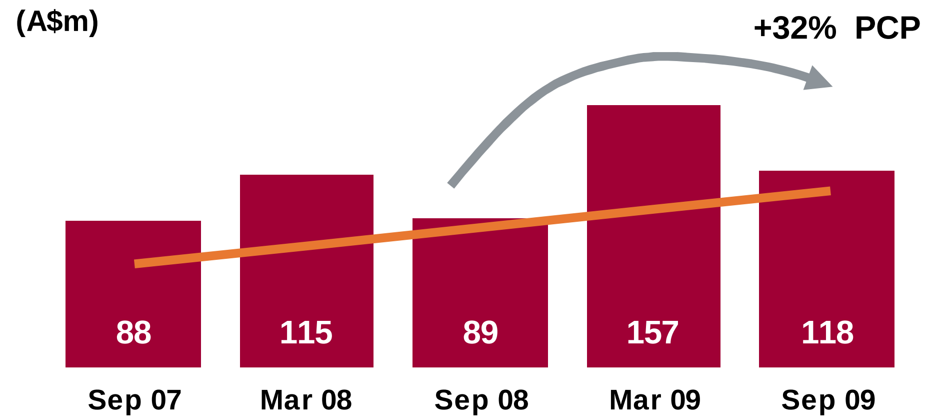
Percentage share and basis point change of primary relationships, by customer segment [2]



nabSpecialised banking (% growth Sep 09 v Sep 08)

	Year Established	Revenue	Lending	Deposits
Agribusiness	2000	11%	11%	9%
Health	2007	26%	16%	30%
Education	2007	27%	18%	38%
Government	2007	92%	51%	64%

Cross-sell nabCapital



Total NAB Group revenue from the sale of Markets products to BPA customers.

nab

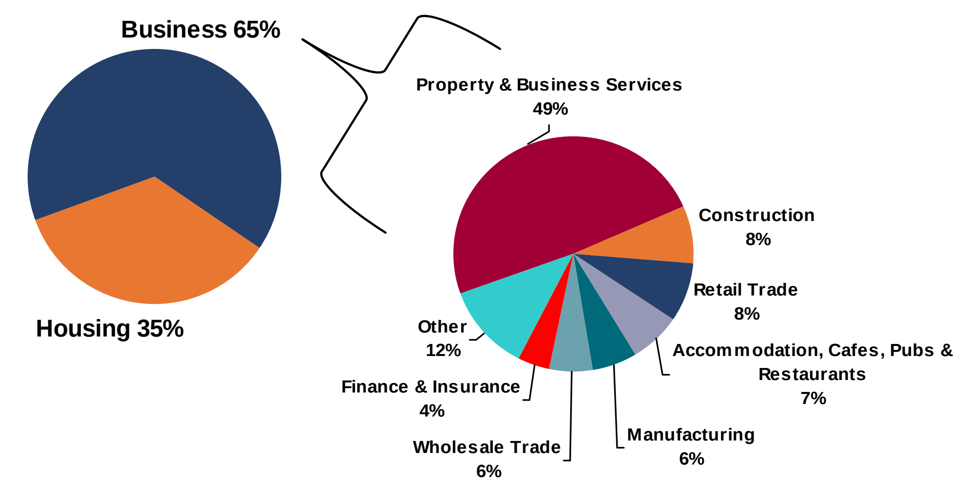
1 East & Partners: Business Banking Customer Satisfaction Monitor – September 2009 results and full year change

2 East & Partners - Arrows relate to the trend from prior survey, basis point change above the bar. Australian Institutional Transaction Banking Markets May 09, Australian Corporate Transaction Banking Markets Aug 09; Australian SME Banking Markets Apr 09

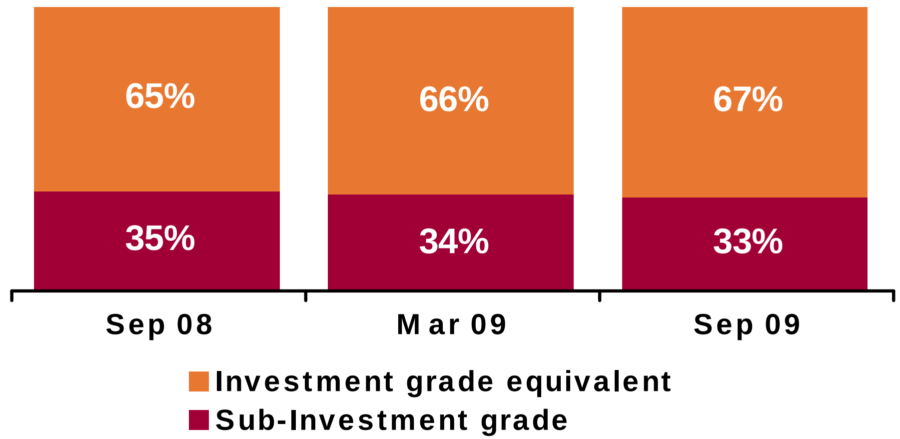
National Australia Bank

Business and Private Banking: SME Business*

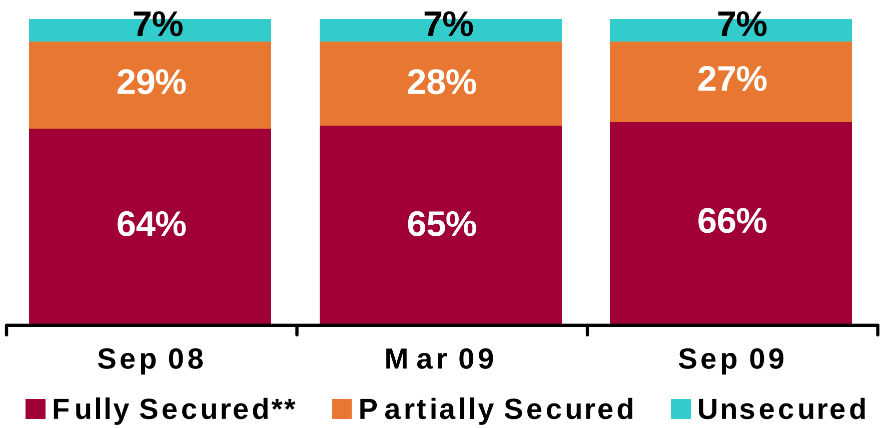
Diverse assets



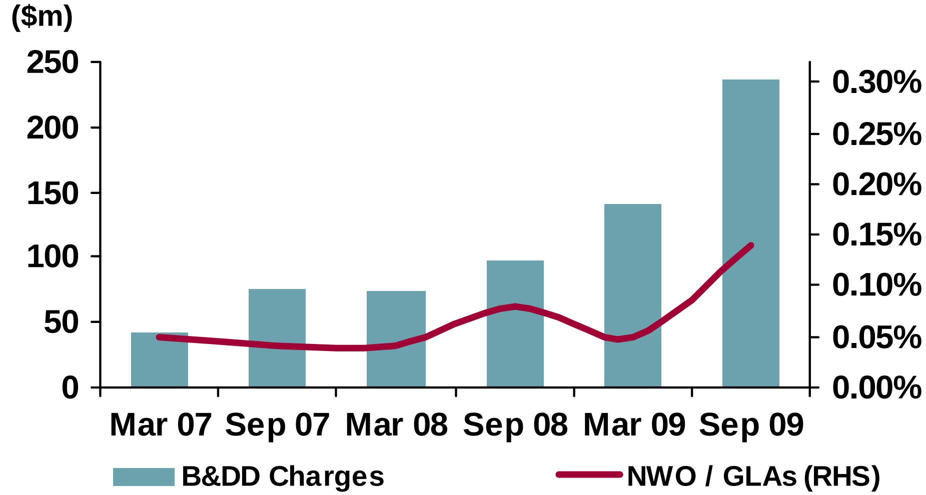
Portfolio quality***



Well secured – business products



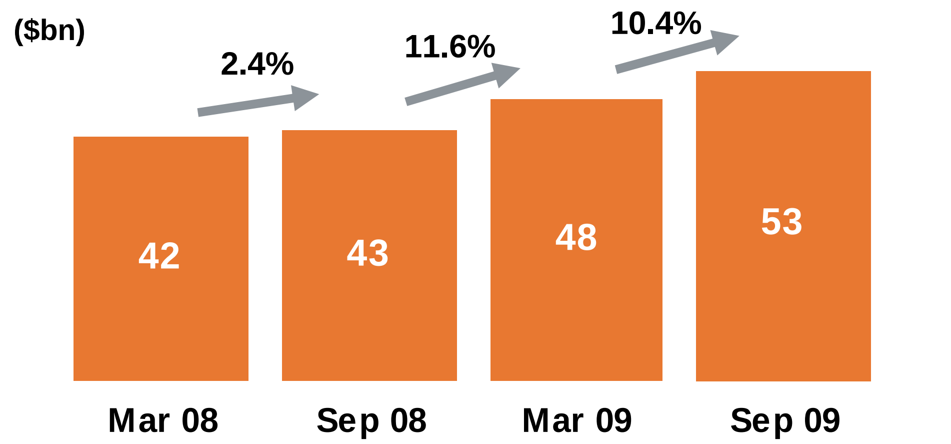
B&DD Charges have increased but Net Write Off rates remain low



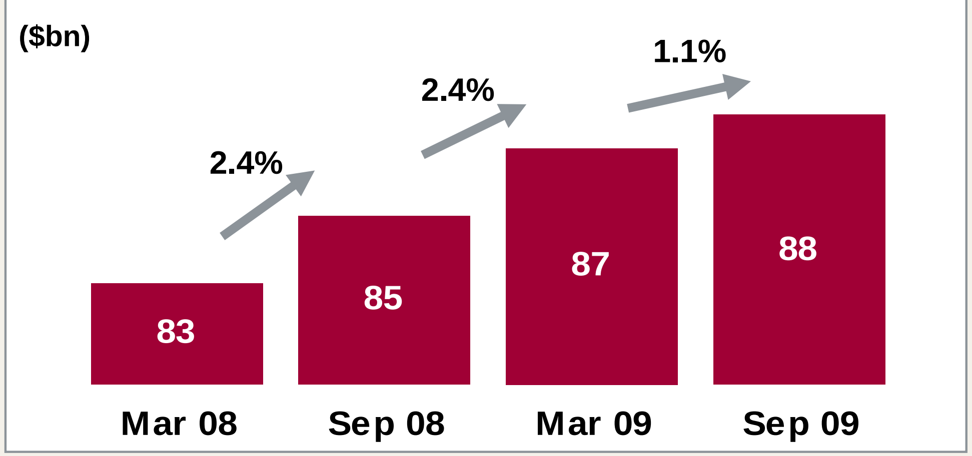
* SME business data reflects the nabBusiness segment of Business & Private Banking which supports business customers with lending typically up to $25m, excluding the Specialised Businesses.
** Based upon security categories in internal ratings systems.
***Based upon expected loss which is the product of probability of default x exposure at default x loss given default

Retail Banking - Australia

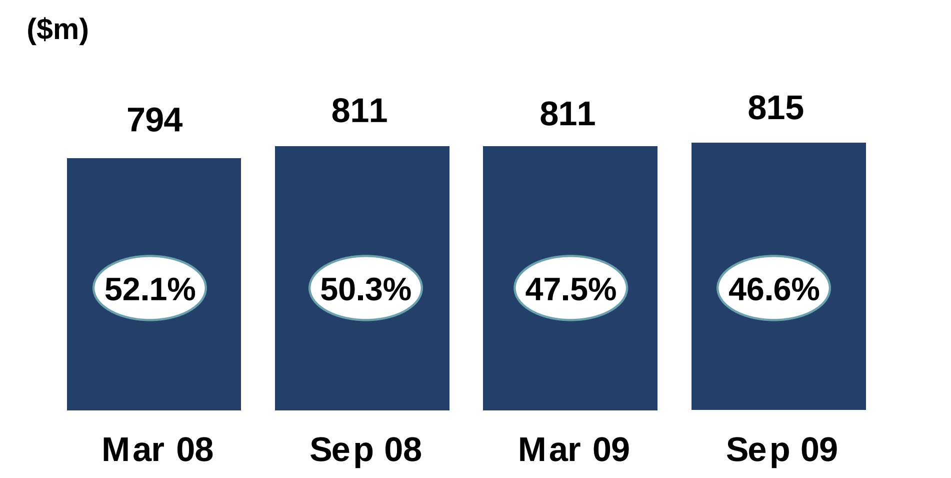
Retail deposits



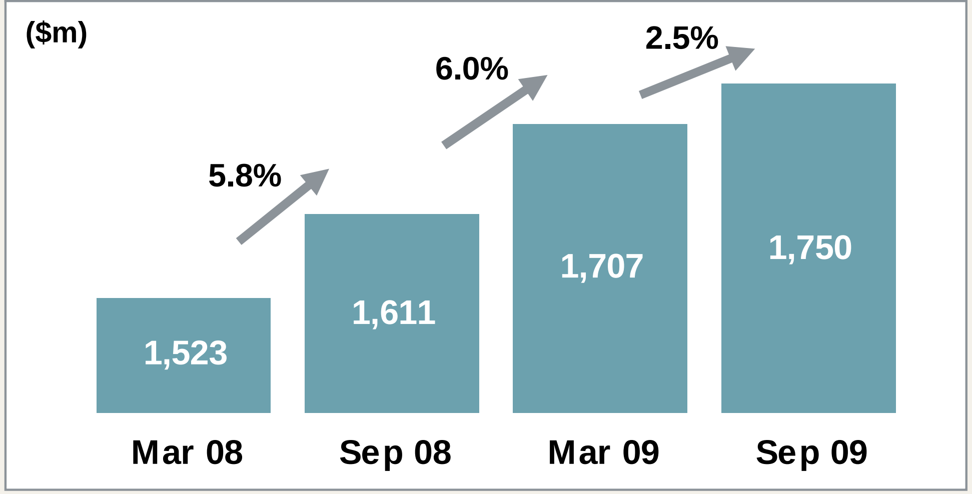
Housing loans



Costs



Revenue

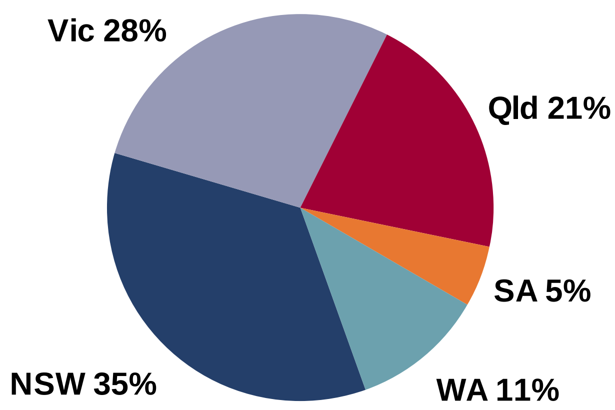


X% Cost to Income Ratio

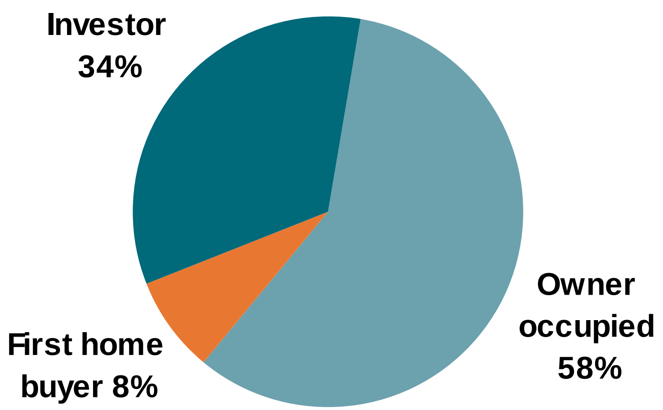
nab National Australia Bank

Australia Banking Mortgages Portfolio – $157bn

Geography



Customer segment



Low doc loans

- $3.1bn outstanding (2.0% of housing book)
- LVR capped at 60% (without LMI)

Inner-city apartments

- $5.1bn outstanding
- Approx 3.3% of housing book

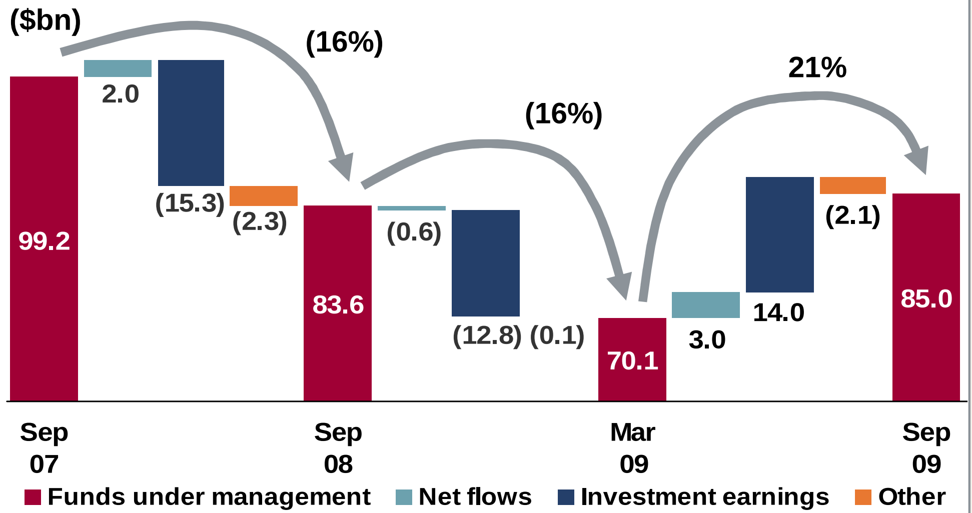
Other

- LVR on the portfolio remains stable

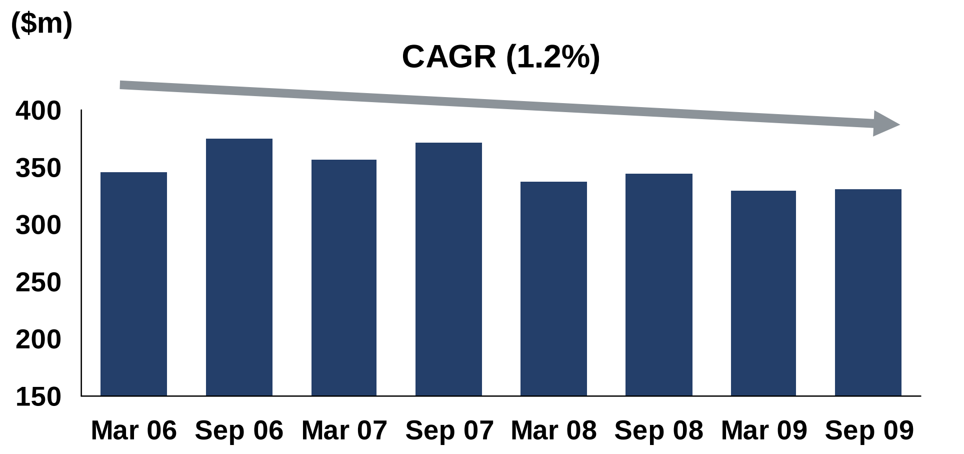
Origination source – flows (Australia)	Mar 08	Sep 08	Mar 09	Sep 09
Proprietary	78%	77%	81%	81%
Broker	16%	16%	12%	11%
Introducer	6%	7%	7%	8%

MLC

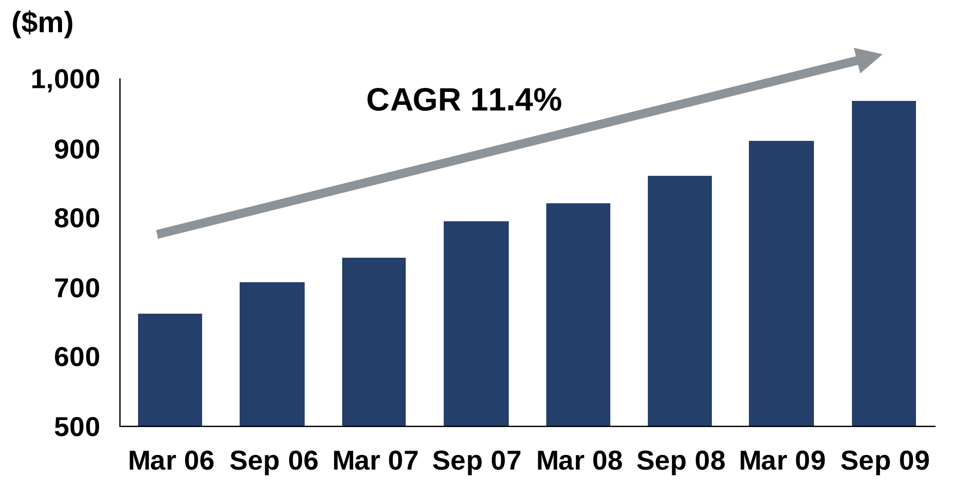
FUM



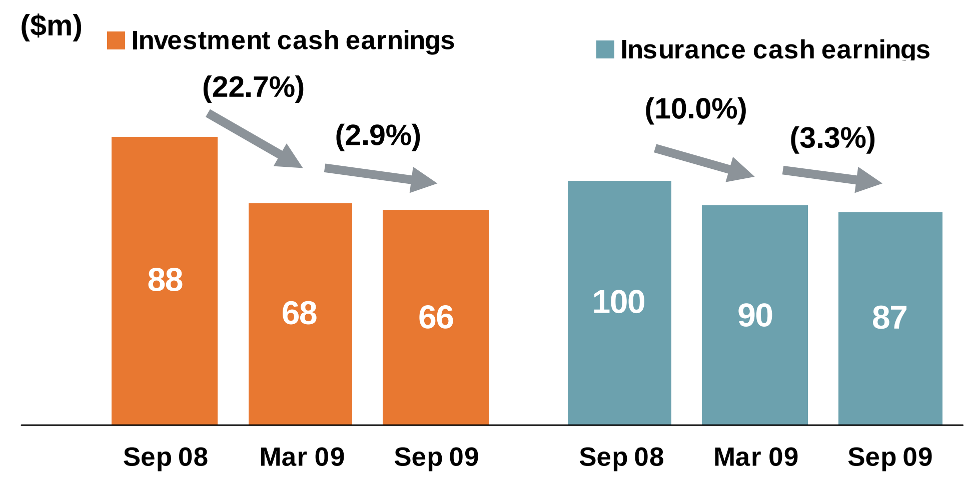
Expenses



Premiums in force

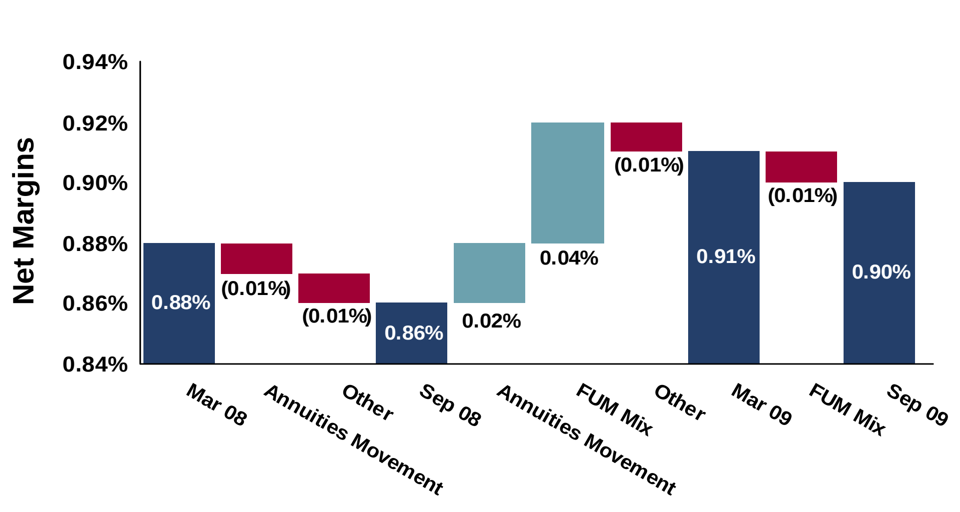


Cash earnings (before IoRE)

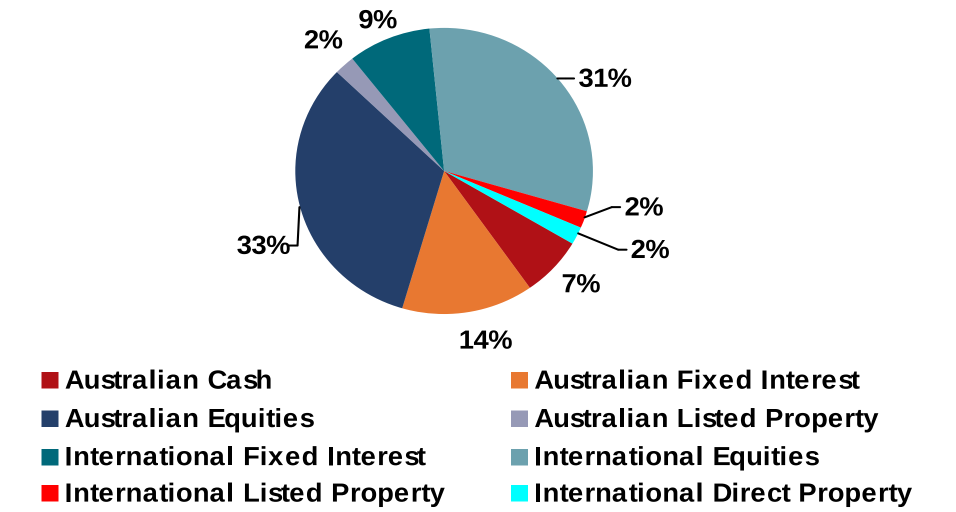


MLC

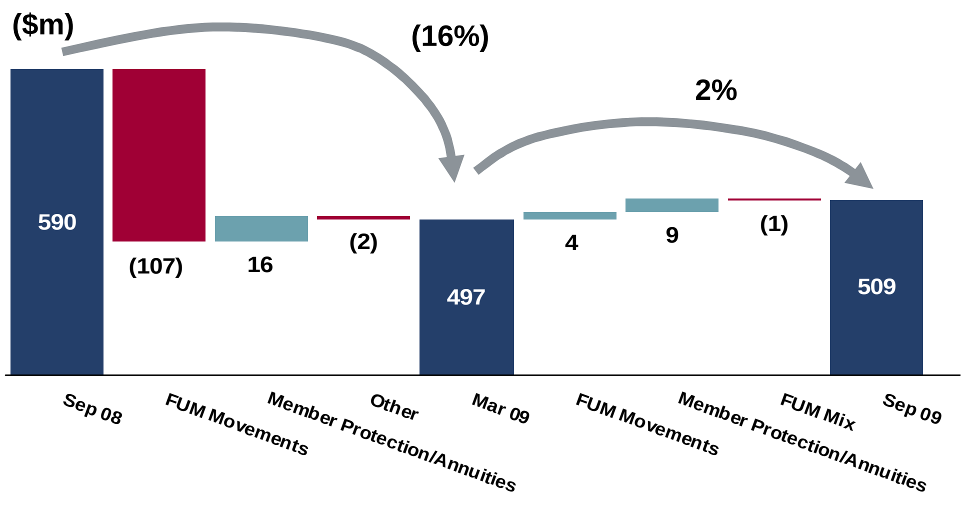
Investments Margins



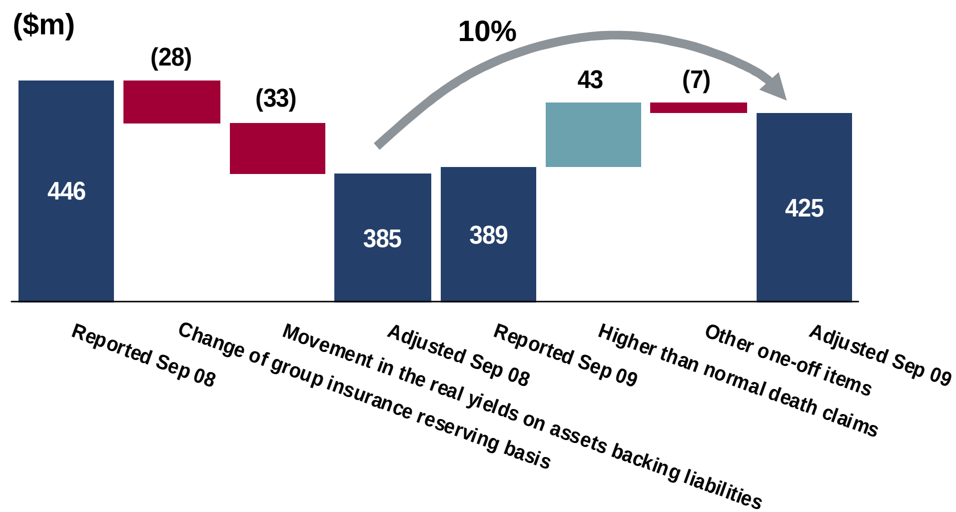
FUM by Asset Class



Investments Gross Income



Insurance Net Income



National Australia Bank

Additional Information

Australia Banking and MLC

nabCapital

UK Region

New Zealand and GWB

Asset quality

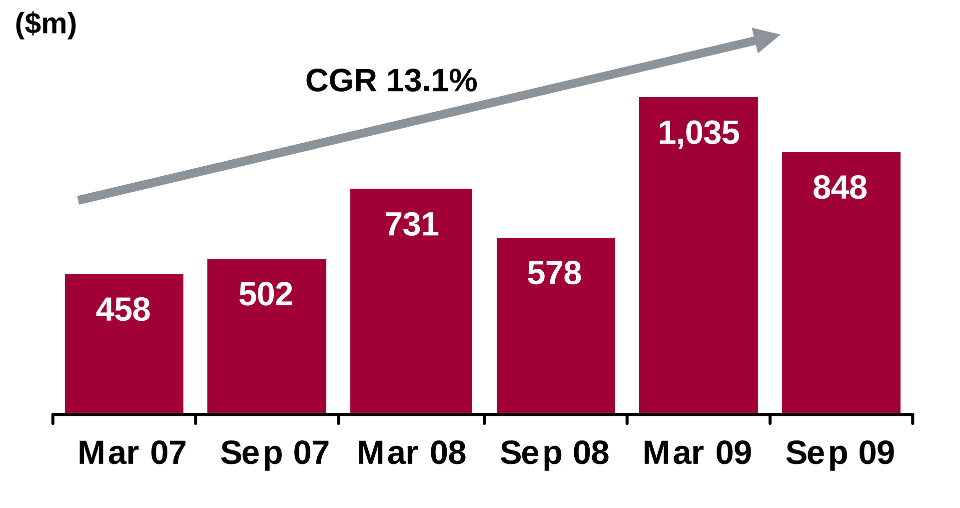
Capital and Funding

Economic outlook

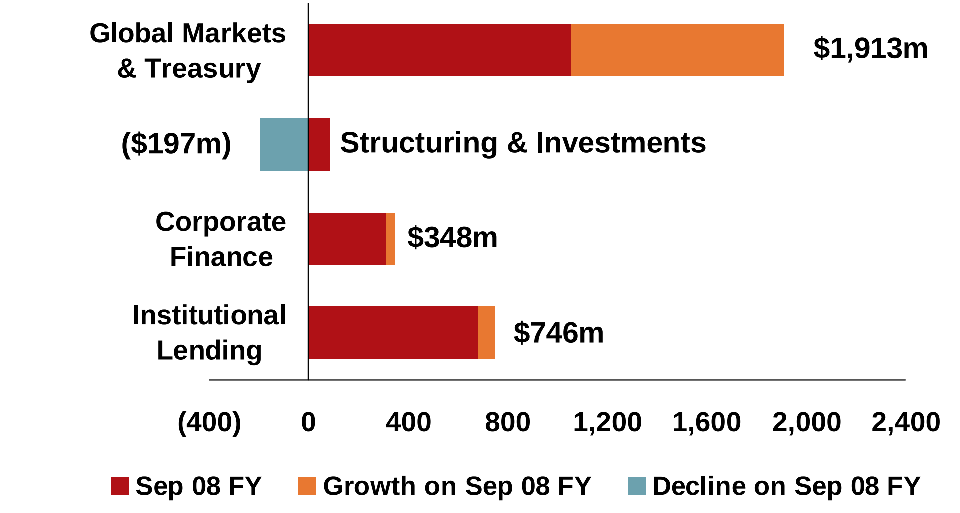
nab | Clydesdale Bank | Yorkshire Bank | bnz | Great Western Bank | MLC

nabCapital

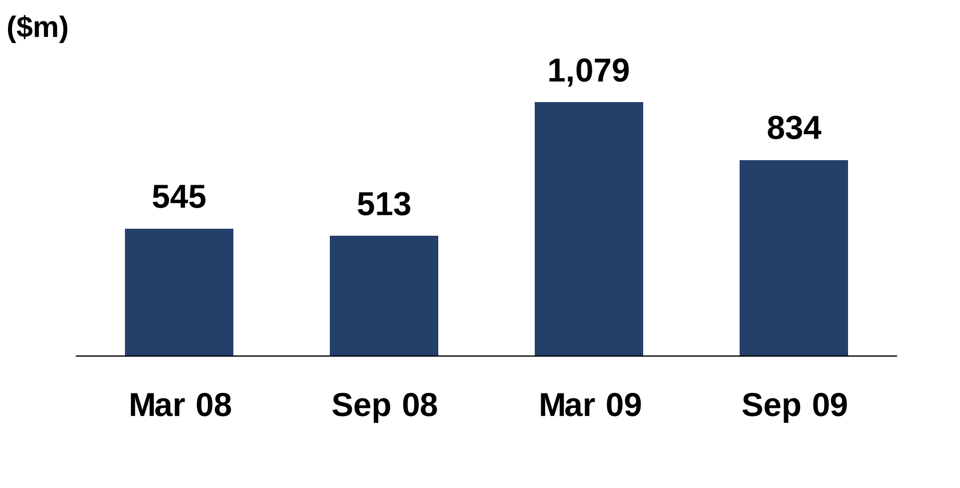
Underlying profit



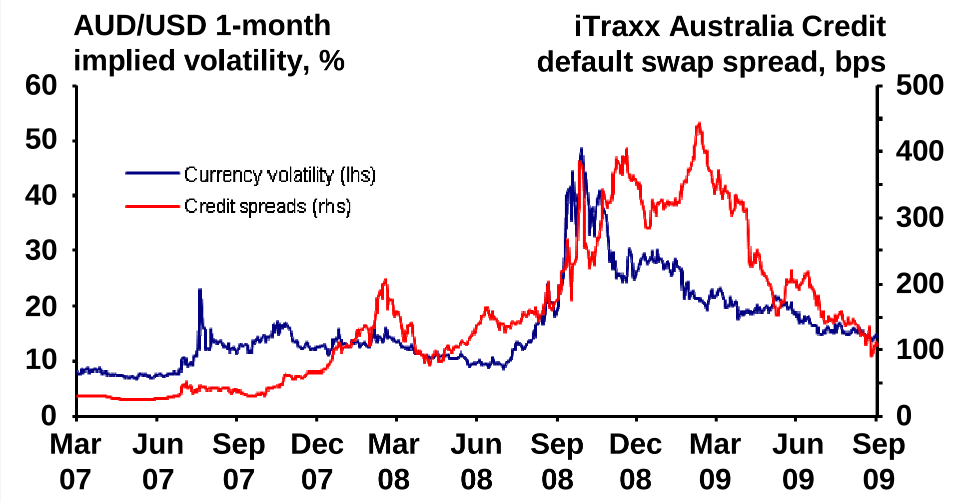
Revenue by line of business



Global Markets (including Treasury) Income

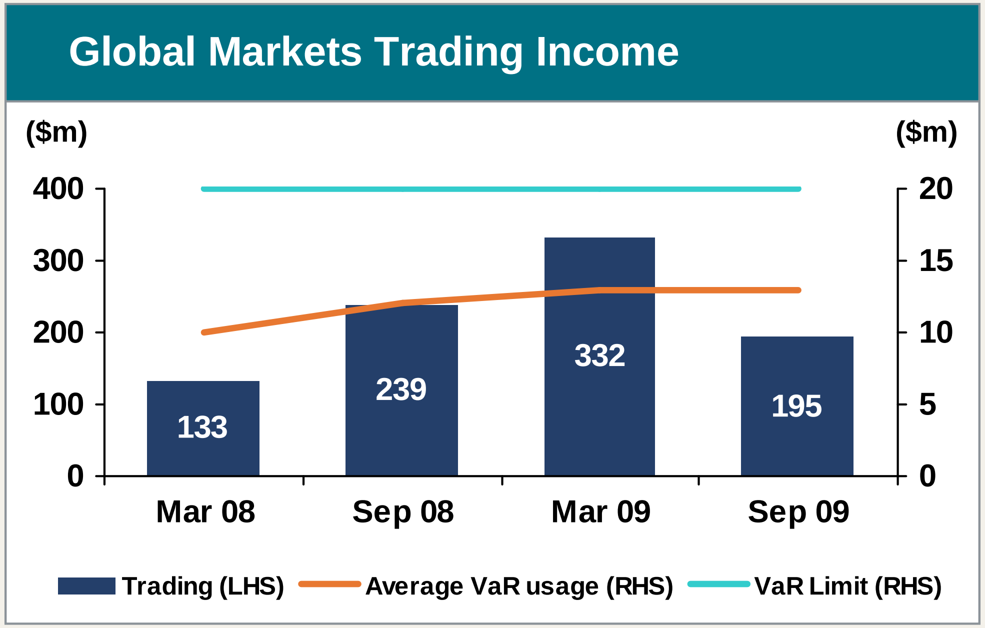


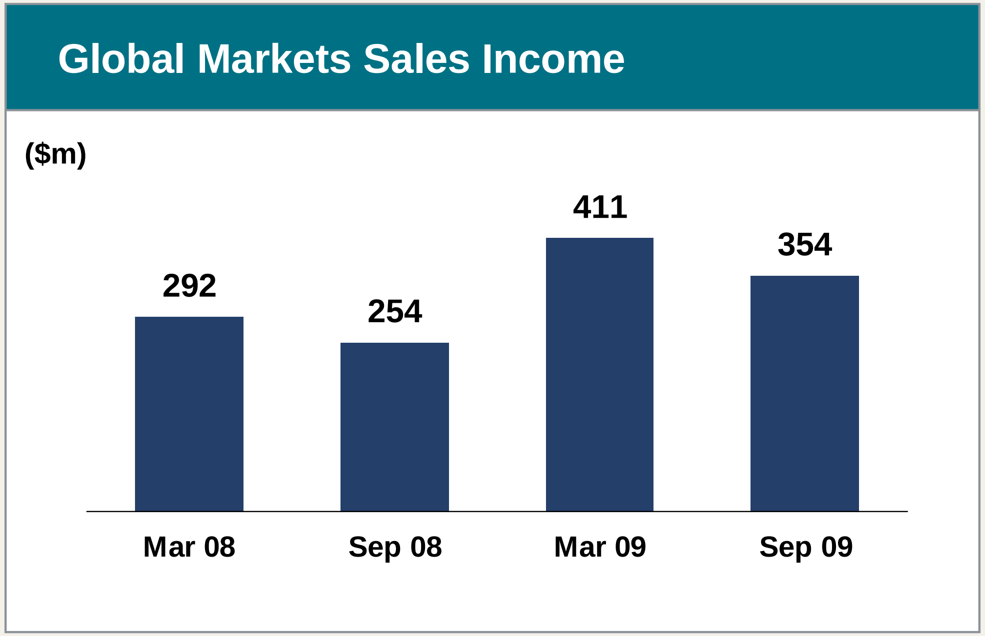
Currency volatility and credit spreads



Source: Bloomberg,
iTraxx, National Australia Bank

nabCapital - strong Global Markets Sales & Trading income in the September 2009 half albeit below the March 2009 half run rate

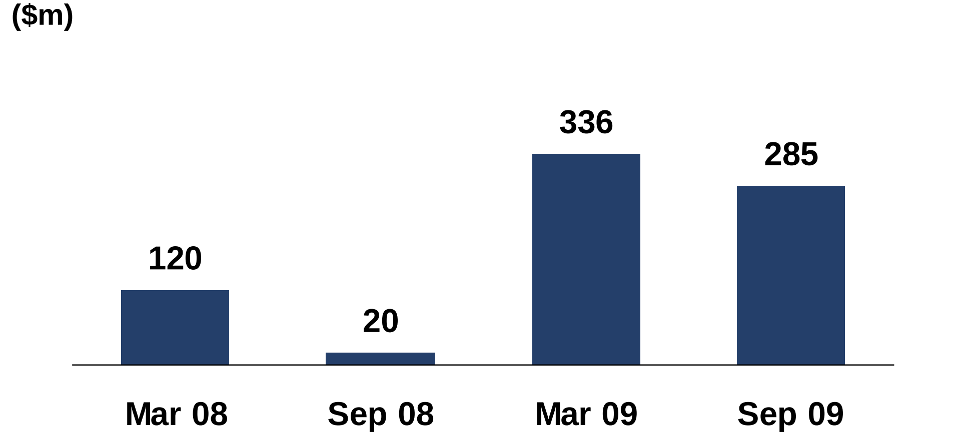




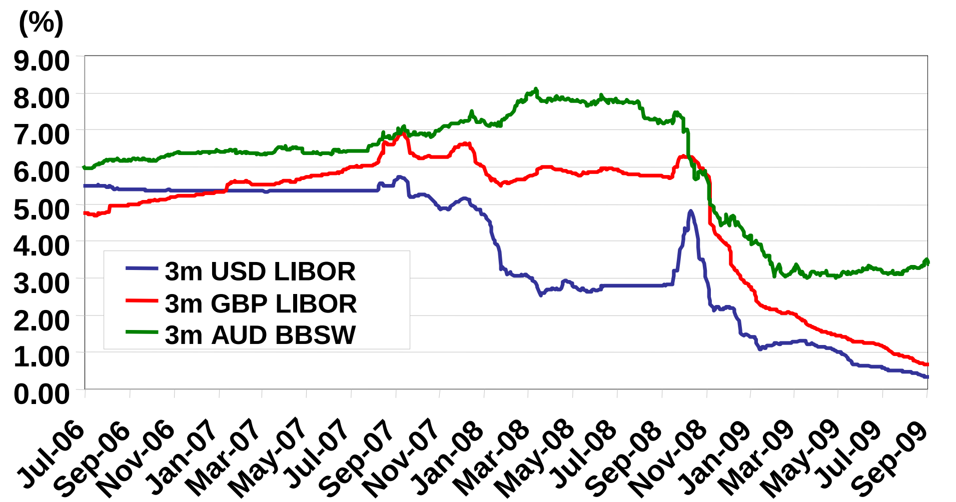
- External conditions have enabled Global Markets to perform strongly through:
  - > Increased customer flows
  - > Wider product margins
  - > Excellent positioning off the back of customer flows, against substantial market volatility and directional trends
- VaR usage has increased with market volatility, but remains well within VaR limits

nabCapital - Treasury benefiting from large movements in interest rates

Markets Treasury Income



Interest Rate Movements

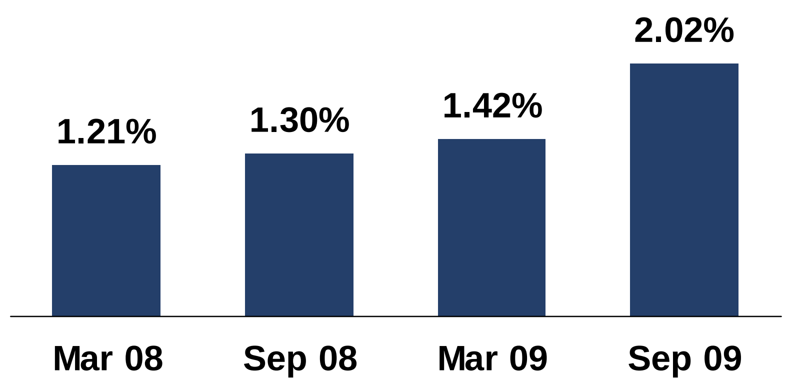


- Consistent with the Group's objective of keeping the balance sheet strong, nabCapital Treasury successfully:
  - > Managed short term wholesale funding (less than 12 months)
  - > Managed the Group's liquidity requirements (approximately $71bn in Assets)
- The Treasury P&L contribution in 2009 was strong, based on:
  - > Good positioning with respect to quantitative easing by central banks
  - > Narrowing of credit spreads in the second half

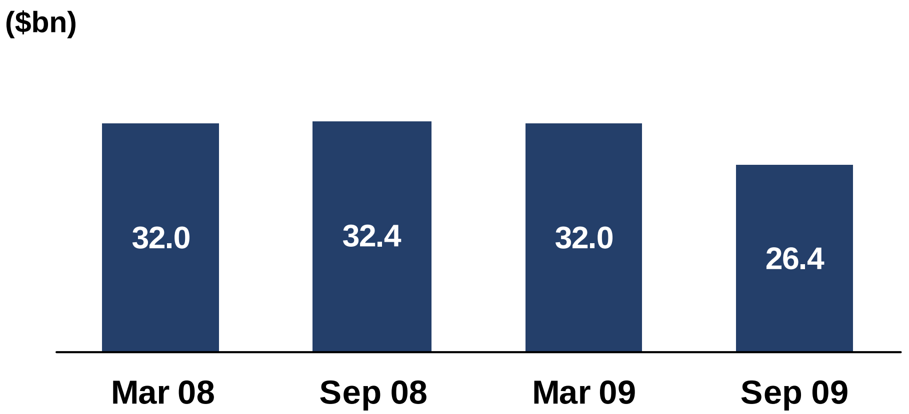
National Australia Bank

nabCapital – ~ 70% of the Corporate Lending back book repriced

Corporate Lending Net Interest Margin



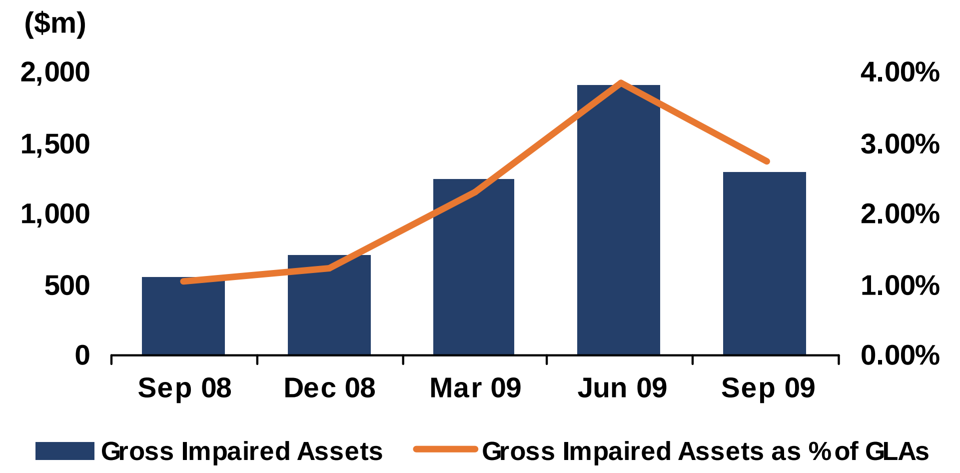
Corporate Lending Gross Loans and Acceptances



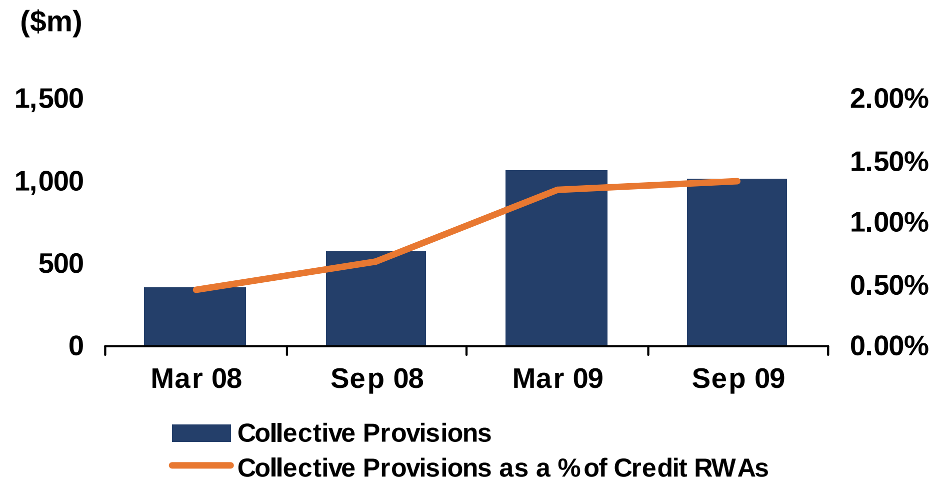
- Focus on total customer return and managing risk in the current environment
- Margins improving as the business reprices to reflect current market conditions and higher funding costs
- Average lending balances September 2009 half down 18% pcp as clients reduce expenditure and recapitalise to improve balance sheet ratios

nabCapital: Rate of portfolio degradation slowing

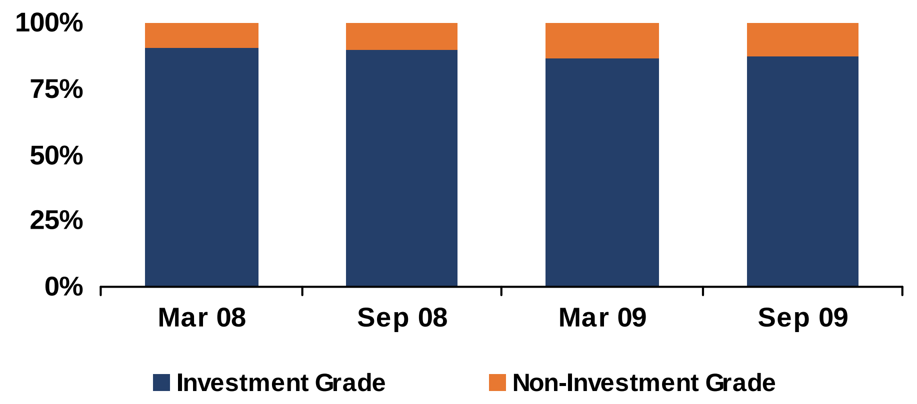
Gross impaired assets as % gross loans and acceptances decreased from June highs



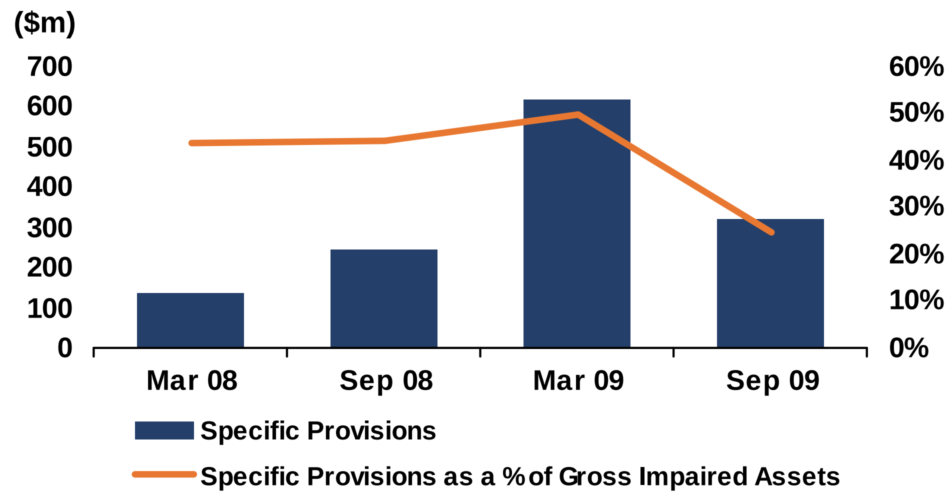
Stabilised Collective Provisions as a % of Credit RWAs



Portfolio asset quality



Specific Provisions to Gross Impaired Assets reduced due to write-offs



Based on Expected Loss methodology

Securitisation Portfolio Summary

Corporates (SCDOs) – A$1.6bn

	Deal 1	Deal 2	Deal 3	Deal 4	Deal 5	Deal 6
Tranche size	A$284 (US$250m)	A$227 (US$200m)	A$227 (US$200m)	A$300m	A$246 (NZ$300m)	A$300m
Portfolio Notional Amount (A$b)	$53	$21	$18	$29	$23	$28
Attachment Point – 30 Sept 2009	4.23%	5.63%	6.23%	8.49%	6.14%	9.89%
Detachment Point – 30 Sept 2009	4.77%	6.70%	7.48%	9.52%	7.20%	10.98%
Tranche Thickness	0.54%	1.07%	1.25%	1.03%	1.06%	1.09%
Recovery Rate	70%	50%	40%	Floating	Floating	Floating
Maturity (years)	4.47	3.98	4.22	7.77	7.52	7.79
Number of Reference Entities	116	137	133	107	117	103
Individual Exposure Weighting	Max: 1.73% Avg: 0.86% Min: 0.43%	Max: 1.34% Avg: 0.73% Min: 0.27%	Max: 1.77% Avg: 0.75% Min: 0.34%	Max: 1.55% Avg: 0.93% Min: 0.26%	Max: 1.38% Avg: 0.85% Min: 0.32%	Max: 1.63% Avg: 0.97% Min: 0.54%
Portfolio Weighted Average Rating (30 Sep 08 / 30 Sep 09)	BBB-/BB	BBB+/BB+	BBB+/BBB-	BBB+/BBB-	A-/BBB-	BBB+/BB+
Pre risk mitigation activity - Number of credit events to incur loss at average/maximum concentration (assuming 20% recovery for deals 4, 5 and 6)	7.3/3.8[1]	1.6/0.9	4.0/1.7	4.7/3.1	1.2/0.8	0.8/0.5
Number of credit events to incur loss at average/maximum concentration (assuming 20% recovery for deals 4, 5 and 6)[2]	16.4/8.2[1]	15.4/8.4	13.8/5.9	11.4/6.9	9.0/5.6	12.7/7.6
Rating 30 Sept 08 (external/internal)	AAA/BBB+	AAA/A-	AAA/A-	AAA/A	AAA/BBB	AAA/BBB
Rating 30 Sept 09 (external/internal)	BBB-*-/BBB-	A*-/BBB-	AA+*-/BBB	AA-*-/BBB-	A*-/BBB-	BBB*-/BBB-

1 The significant decrease in the number of credit events to loss at the maximum concentration results from completion of a merger between two highly rated, non-credit concern portfolio companies

2 Credit events life to Sep 09: 8 (2H09 credit events: 3) (excludes 3 credit events which occurred prior to the risk mitigation trades in September 2008).

- What to expect in the future
  - Defaults of names under pressure with concurrent reduction in credit enhancement expected and modeled in NAB's ongoing assessment of the transactions
  - Potential future modest risk mitigation from time-to-time
  - Active management of portfolio (using internal and external resources) to increase enhancement and reduce exposure to riskiest names

Securitisation Portfolio Summary

Credit Wrapped ABS – A$0.8bn

	Portfolio 1	Portfolio 2
Current NAB Exposure	A$443m (US$390m)	A$343m (US$302m)
Average Portfolio Rating (includes Bond Level Policies)	Ba2/BB+	B3/B
Portfolio Guarantor	MBIA (B3/BB+)	AMBAC (Caa2/CC)
% of Underlying Asset with Wrap	48.7%	36.2%
Asset Breakdown		
Residential Mortgage Backed Security*	34.5%	50.2%
Commercial Mortgage Backed Security	0.0%	4.7%
Insurance	12.7%	2.5%
Student Loans	5.8%	24.7%
Collateralized Debt Obligations	24.8%	0.0%
Transportation & Other ABS	22.2%	17.9%

* Note that this includes Subprime, Prime, AltA, 2nd Lien, Heloc and other RMBS

- NAB owns a pro-rata share of two RMBS/ABS portfolios
- At issue, all bonds in the portfolios were rated AAA/Aaa by S&P and Moody's either directly or as the result of an insurance policy. Today, average rating is B/BB due to collateral deterioration and policy provider downgrades
- In addition to the bond-level policies covering a portion of each portfolio, there are also portfolio-wide policies from AMBAC and MBIA
- Much of the collateral in each portfolio is backed by residential mortgage backed securities and has experienced some credit deterioration due to the distressed housing market
- To date, A$22m of losses have been covered under the bond-level insurance policies. Provided the insurers continue to perform under these policies, NAB will not incur a loss. However, NAB has estimated a maximum loss of 20-30% of principal assuming immediate default of both insurers and no recovery in respect of the policies
- $50m provision charge in 2H09 relating to monoline ratings downgrades

National Australia Bank

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nabCapital

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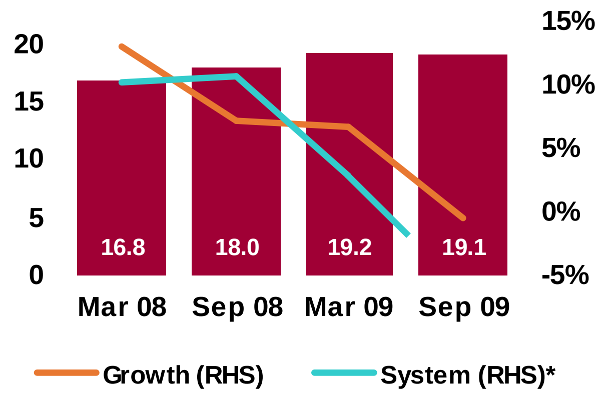
nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

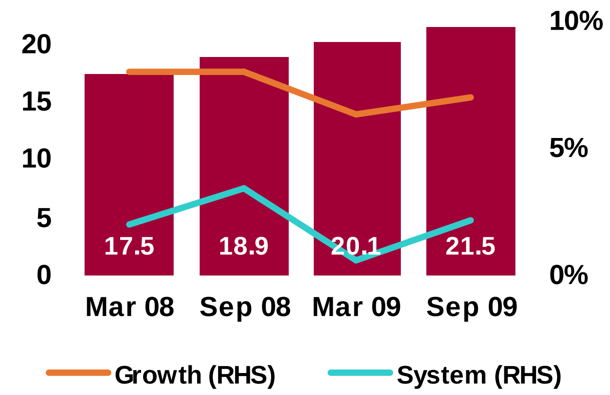
UK Region: Drivers

Business lending



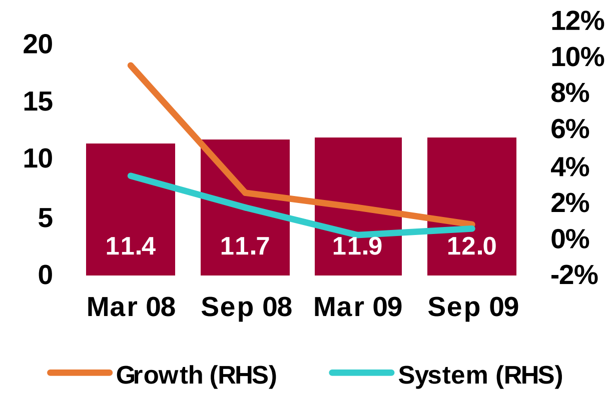
Source: Bank of England

Retail deposits



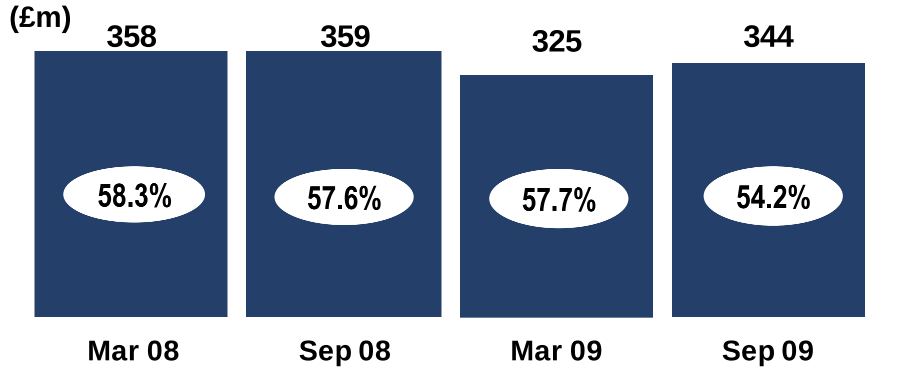
Source: BBA – 6 month averages

Housing

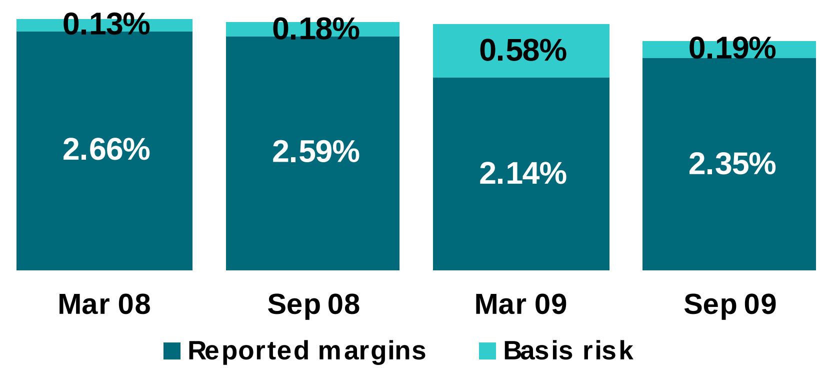


Source: Bank of England

Costs



Net Interest Margin

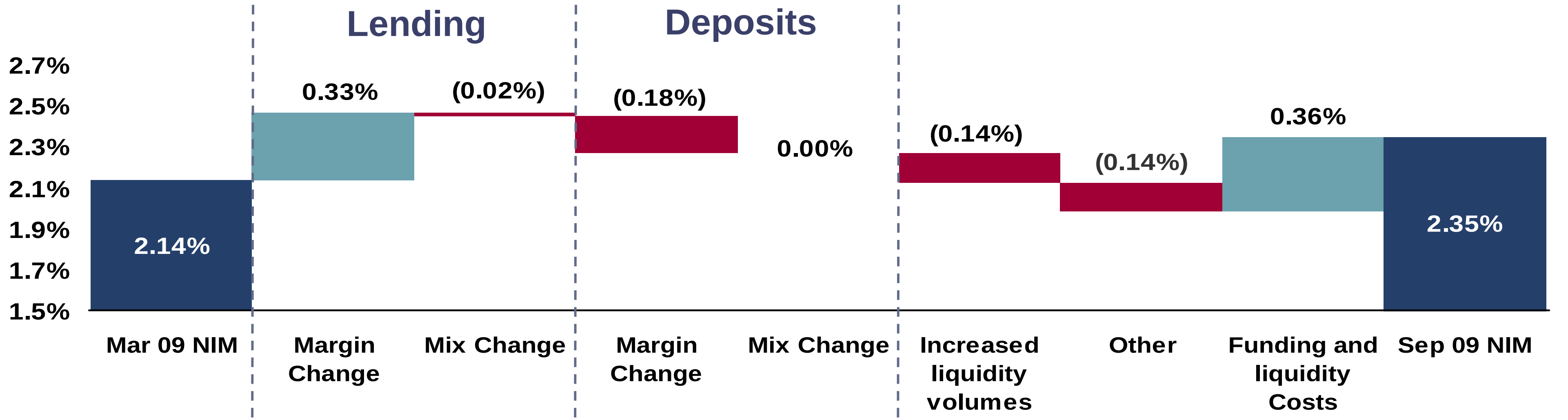


X% Cost to Income Ratio

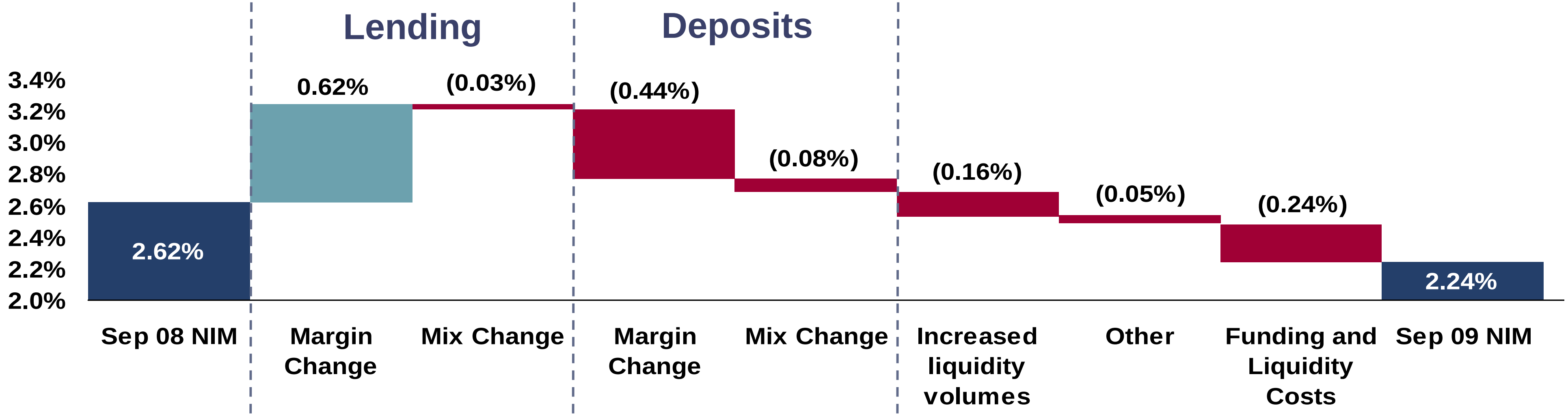
* System June09

UK Region: Net interest margin

September 2009 up 21bps on March 2009

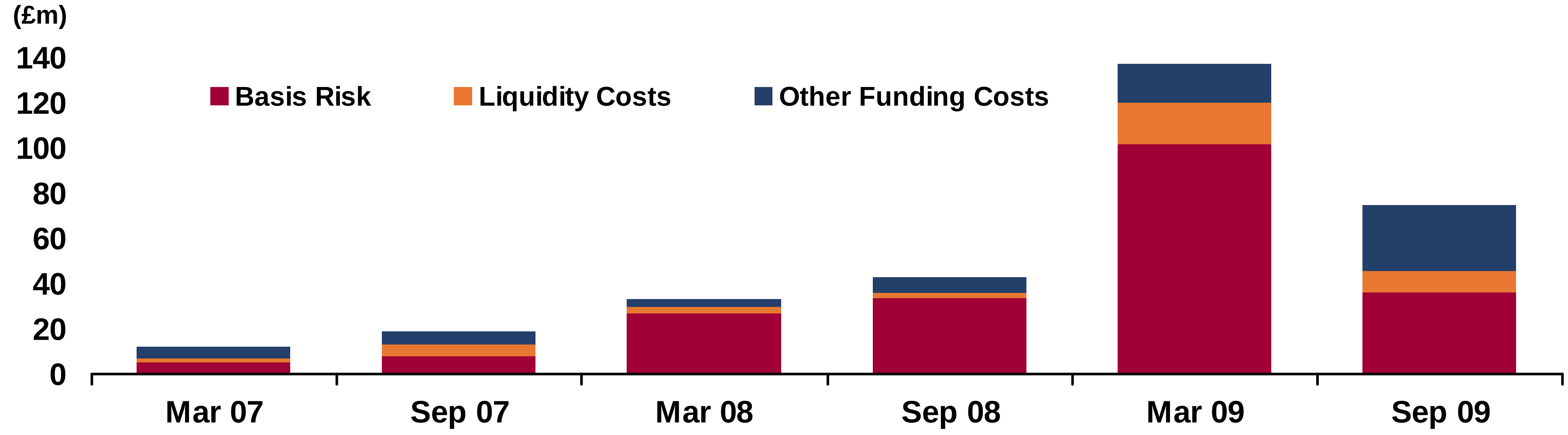


September 09 down 38 bps on September 2008

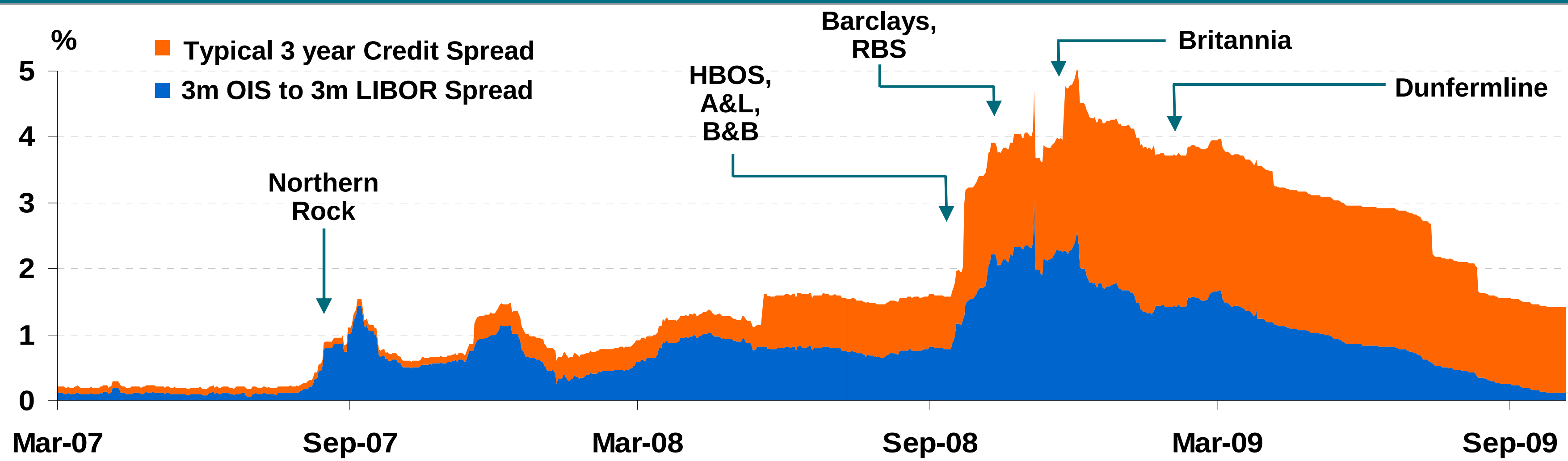


Basis risk, liquidity and funding costs impacts - UK

Market dislocation costs



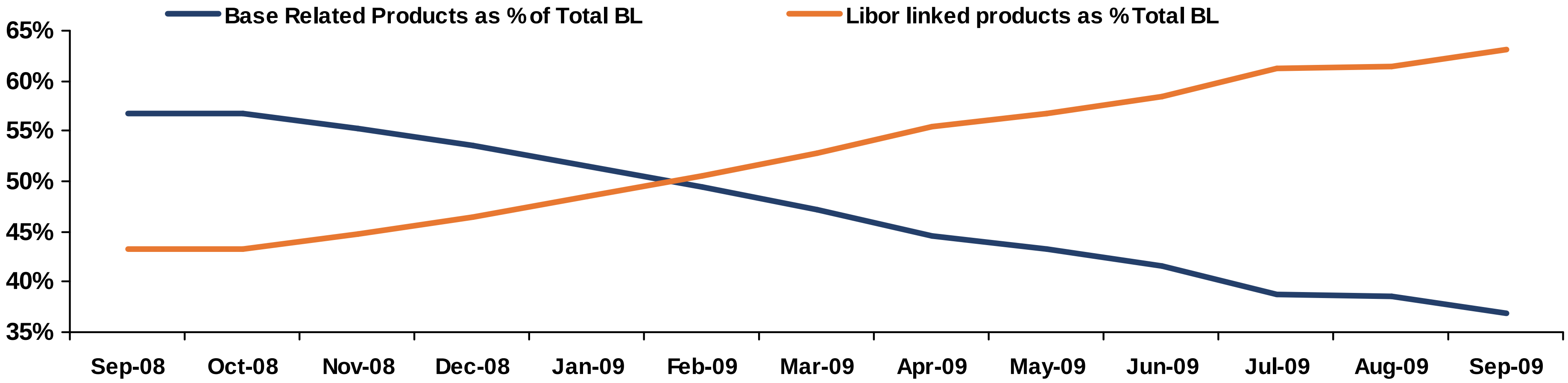
Spreads



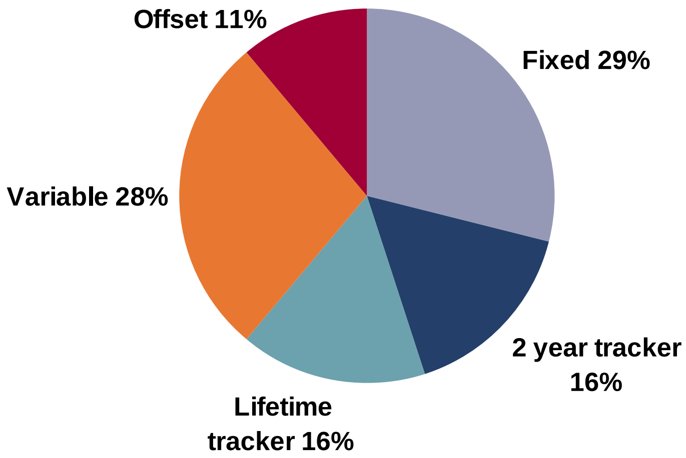
Clydesdale Bank Yorkshire Bank National Australia Bank

Basis risk mitigation - UK

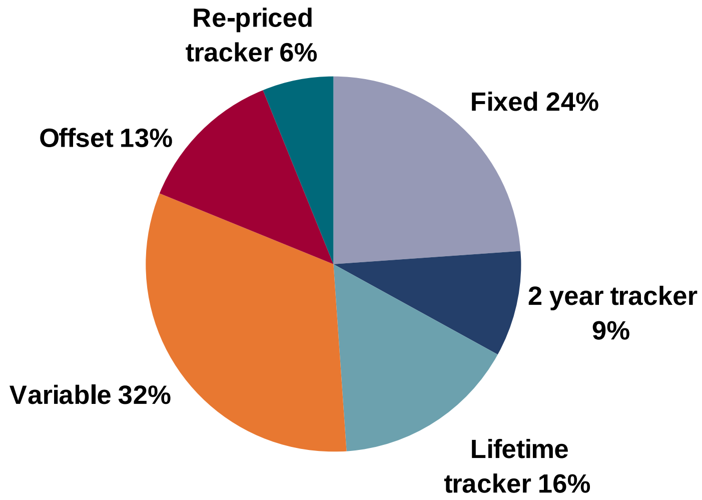
Business Lending Balances



Mortgage book at Sep 08



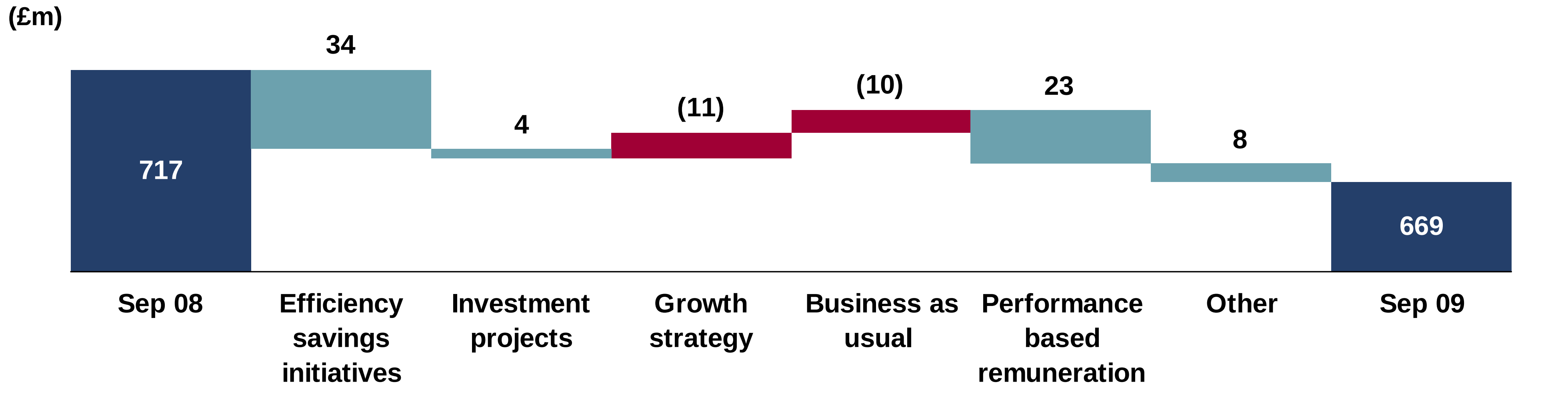
Mortgage book at Sep 09



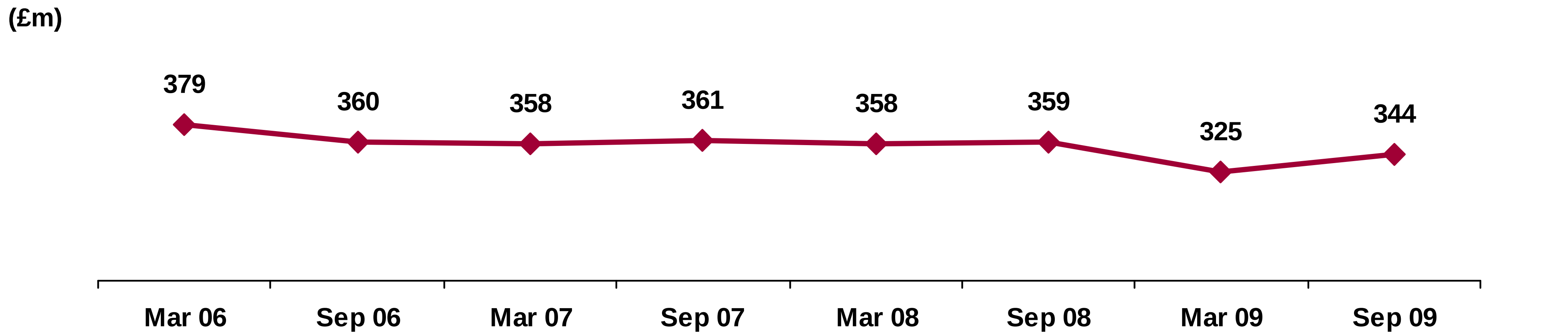
Clydesdale Bank Yorkshire Bank National Australia Bank

UK Region: Operating expenses

Operating expenses: Full year comparison

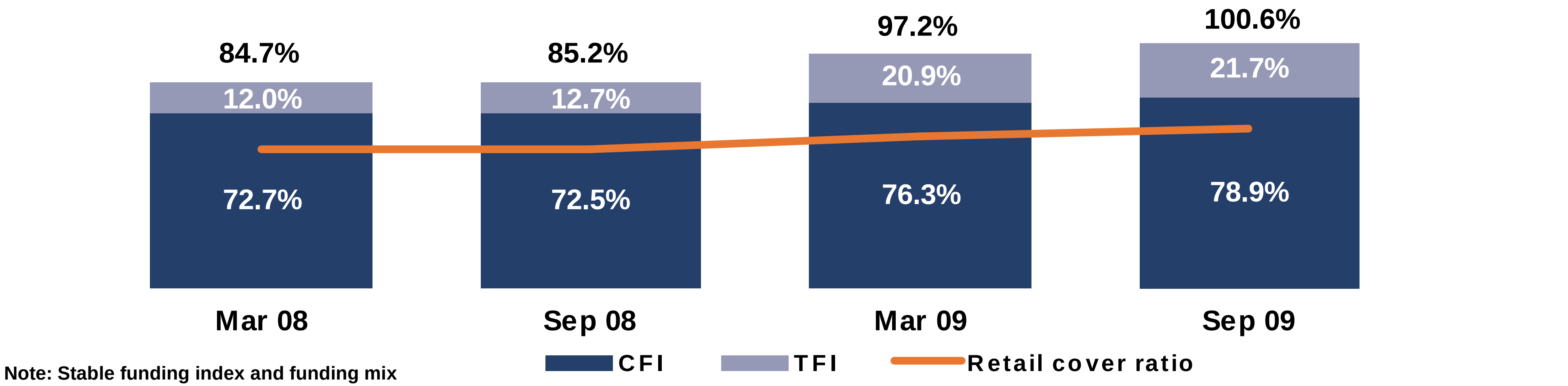


Operating expenses: Trend



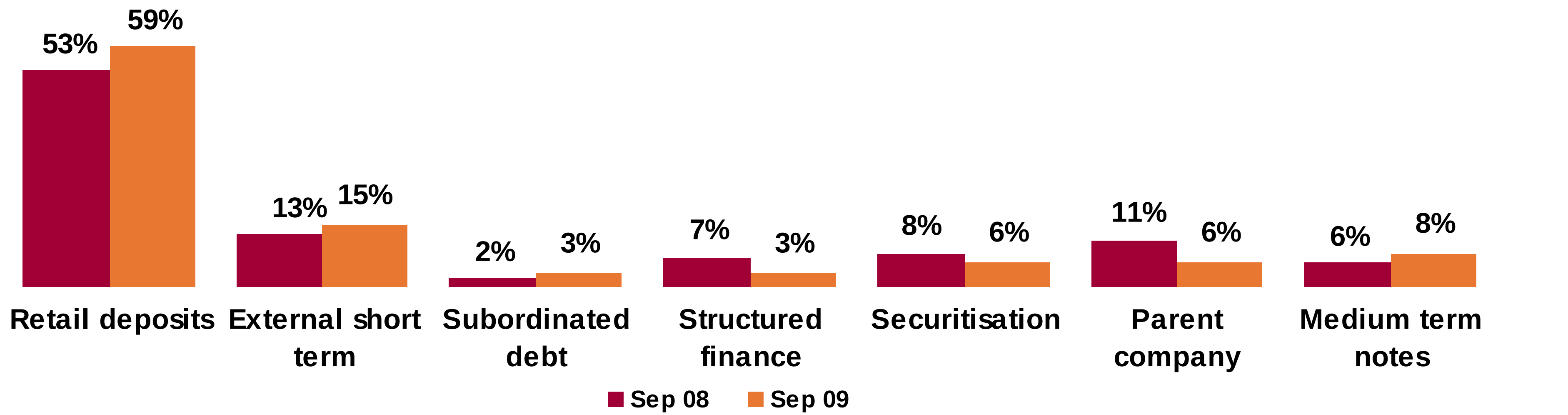
Funding mix - UK

Stable funding index



Note: Stable funding index and funding mix charts based on spot balances.

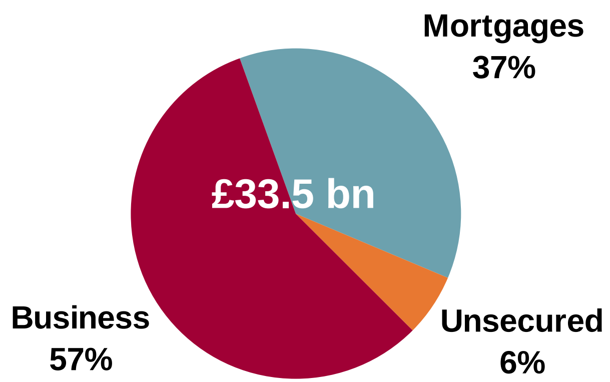
Funding mix



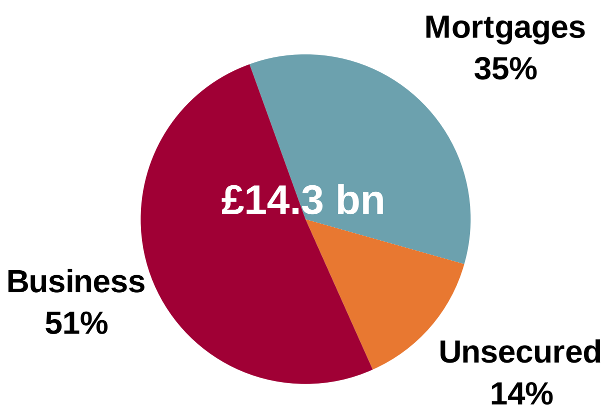
Clydesdale Bank Yorkshire Bank National Australia Bank

UK portfolio composition

2009 Total portfolio composition



2004 Total portfolio composition

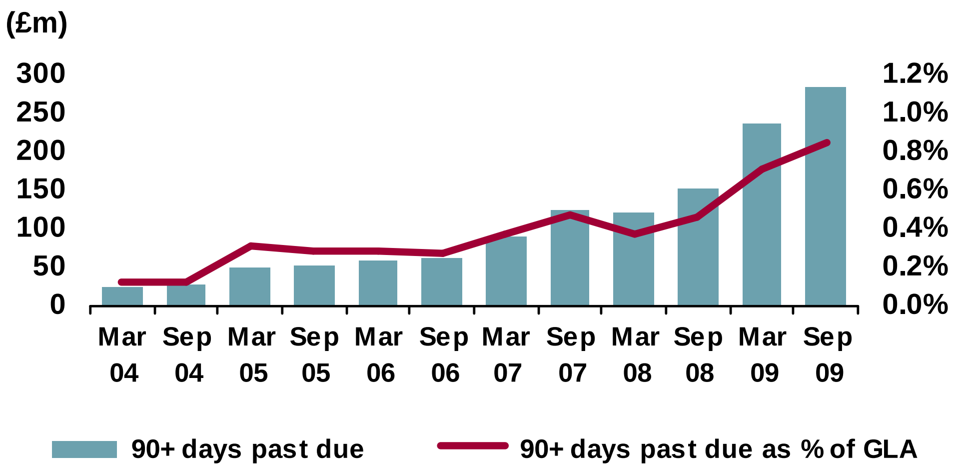


Gross Loans & Acceptances
£33.5bn
100%

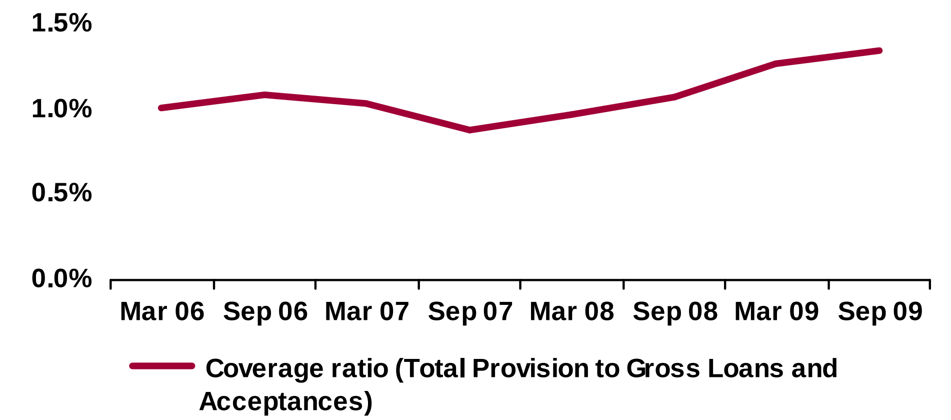
- **Business Lending** £19.0bn 57%
  - Commercial Prop £7.7bn 41%
    - Investment £5.7bn 75%
    - Development £2.0bn 25%
  - Non Property £11.3bn 59%
- **Mortgages** £12.3bn 37%
  - Residential £9.5bn 77%
  - IHL £2.8bn 23%
- **Unsecured** £2.2bn 6%
  - PL £1.0bn 49%
  - Cards £0.5bn 24%
  - Other (mainly Overdrafts) £0.7bn 27%

UK Region: Asset quality

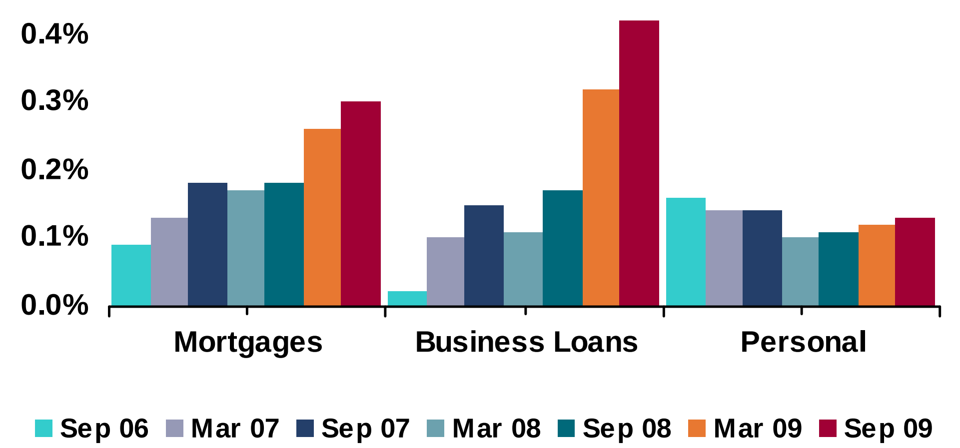
Total 90+ days past due as % gross loans & acceptances



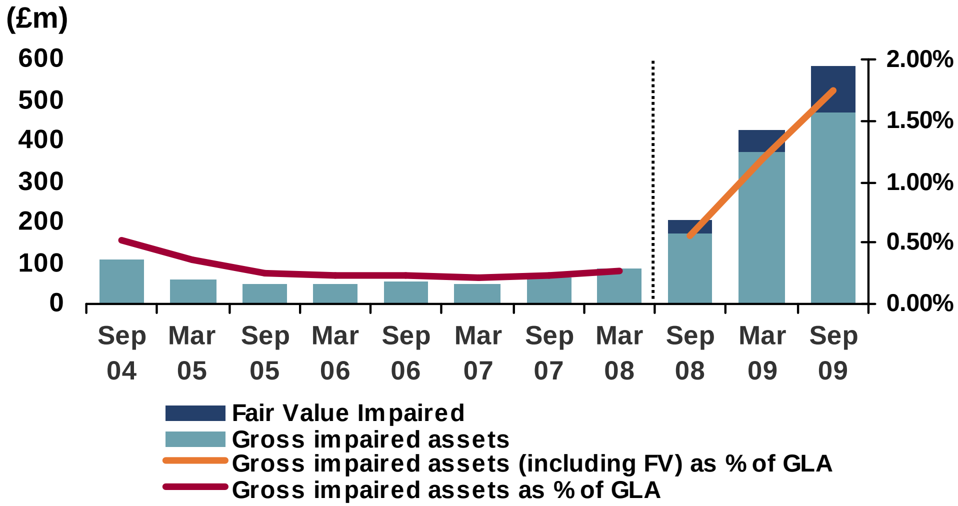
Coverage ratio



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



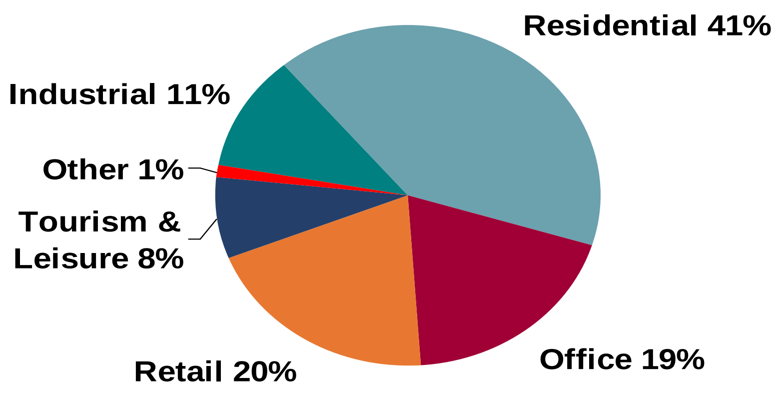
Gross impaired assets



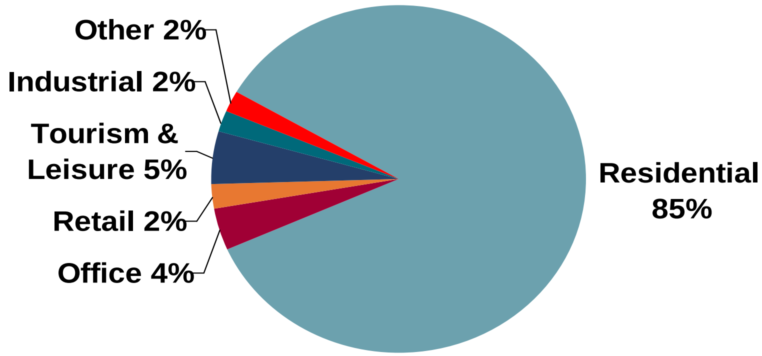
Clydesdale Bank Yorkshire Bank National Australia Bank

UK Commercial property investment & development lending*

Investment lending



Development lending



Investment lending by balance

Customer Loan Balance £	Size £	% of Commercial Property Portfolio
< 1m	2.2bn	30%
1m > 2m	1.0bn	14%
2m > 5m	1.1bn	15%
5m > 10m	0.6bn	8%
10m > 15m	0.1bn	1%
15m+	0.4bn	5%
Total	5.4bn	73%

Development lending by balance

Customer Loan Balance £	Size £	% of Commercial Property Portfolio
< 1m	0.5bn	7%
1m > 2m	0.5bn	7%
2m > 5m	0.5bn	7%
5m > 10m	0.3bn	4%
10m > 15m	0.1bn	1%
15m+	0.1bn	1%
Total	2.0bn	27%

* Analysis excludes transfer of assets from nabCapital in 2008

National Australia Bank

Additional Information

Australia Banking and MLC

nabCapital

UK Region

New Zealand and GWB

Asset quality

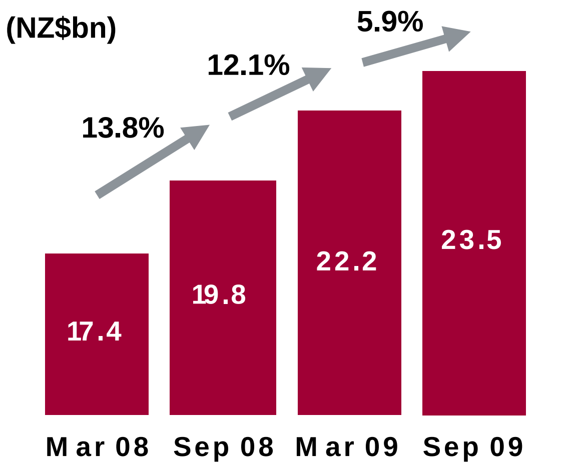
Capital and Funding

Economic outlook

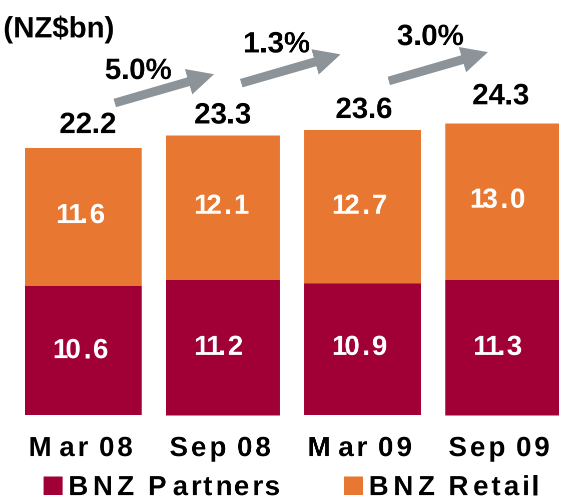
nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

New Zealand Region

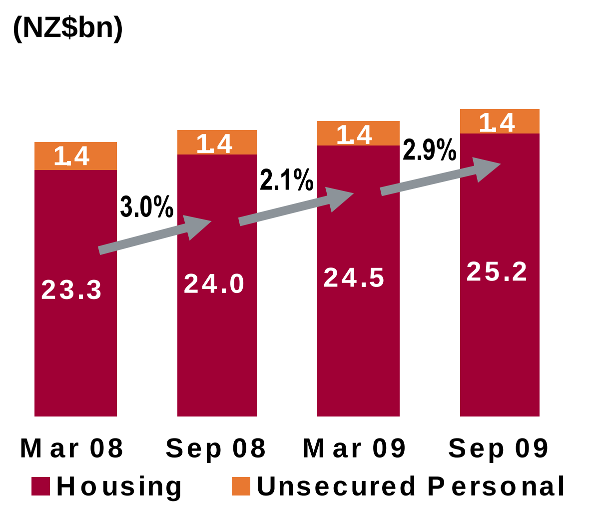
Business lending



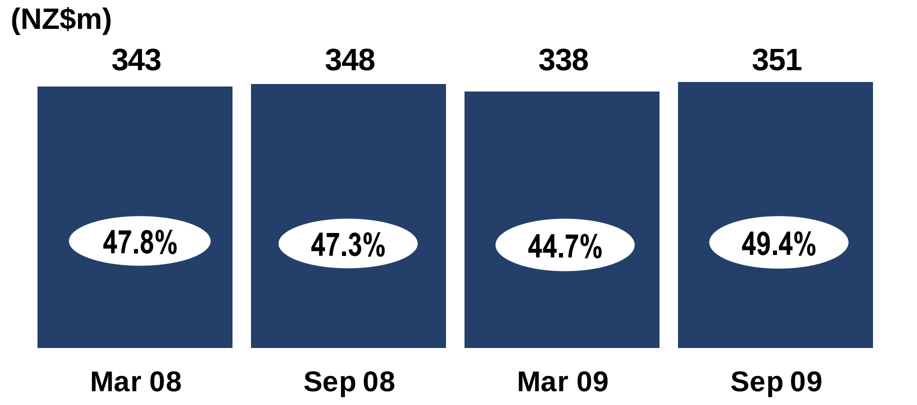
Retail deposits



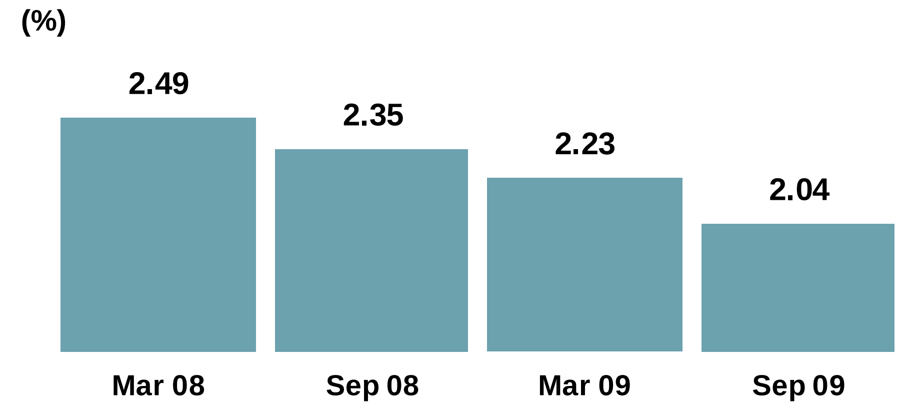
Retail lending



Costs



Net Interest Margin

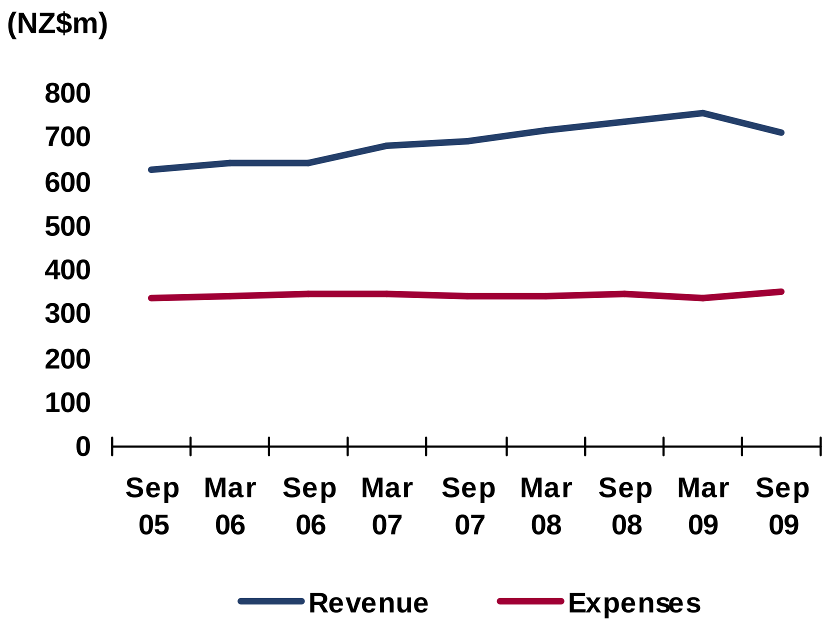


X% Cost to Income Ratio

bnz National Australia Bank

New Zealand: Consistent focus in a challenging environment

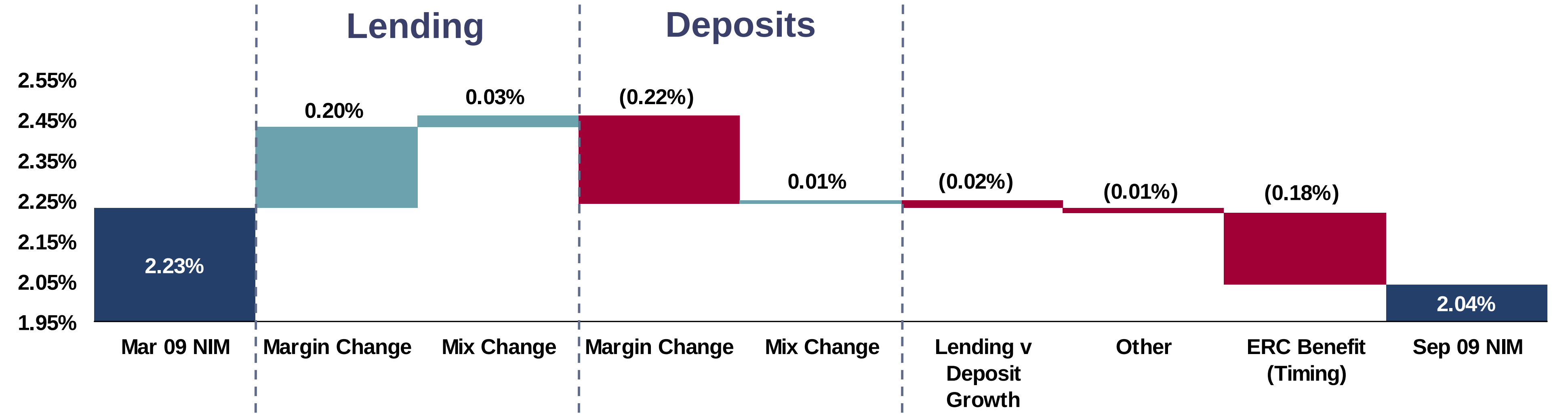
NZ Region – Revenue v Expense growth



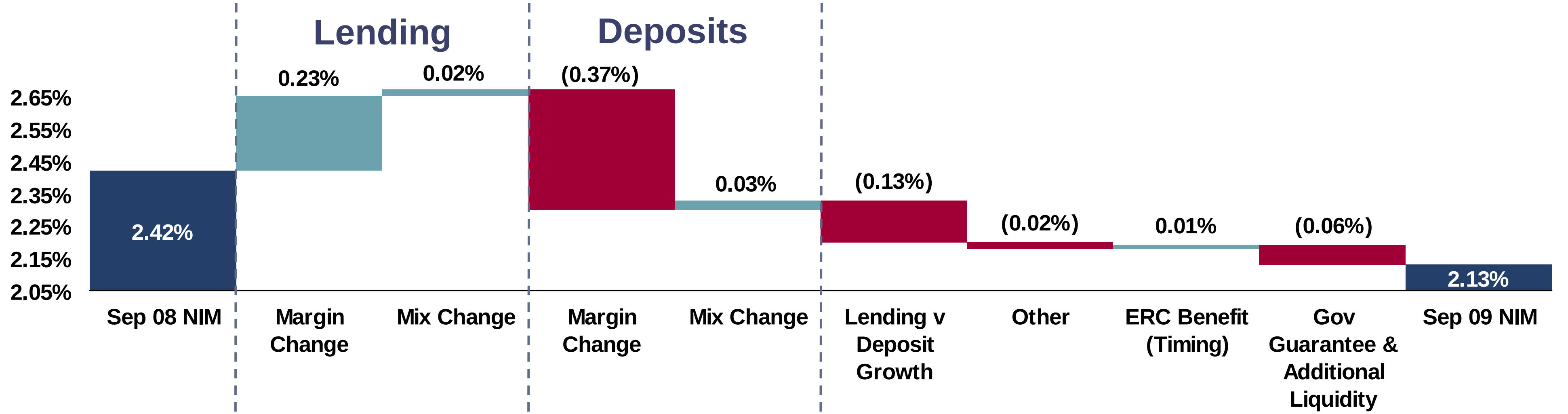
- Cash Earnings down 12.9% year-on-year driven by bad debts charges in line with credit cycle
- Adapting to the crisis – strengthening the Balance Sheet
  - Liquidity levels increased, funding diversified and lengthened, and strong capital position maintained
  - Higher funding costs, partially offset by asset re-pricing initiatives
  - Strong focus on customer funding, especially in September 2009 half
- Strategic agenda remains unchanged
  - Launch of Group best practice ‘iFS’ model (as “BNZ Partners”) with market share gains in key segments
  - Further retail progress through innovative product and service offers and an in store focus on retail shopping experience
  - Continued focus on building people capability
  - Consistent strategic themes of culture, simplification and new revenue

New Zealand: Net interest margin

September 2009 down 19 bps on March 2009

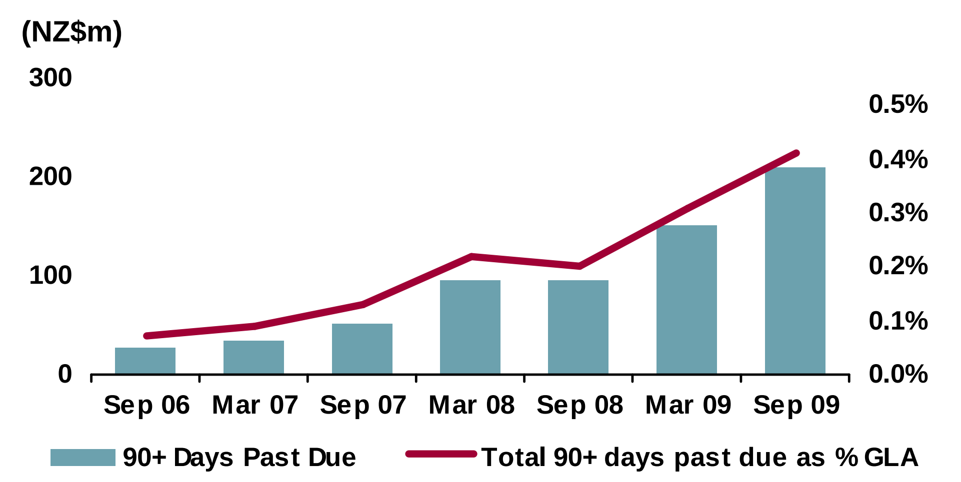


September 2009 down 29 bps on September 2008



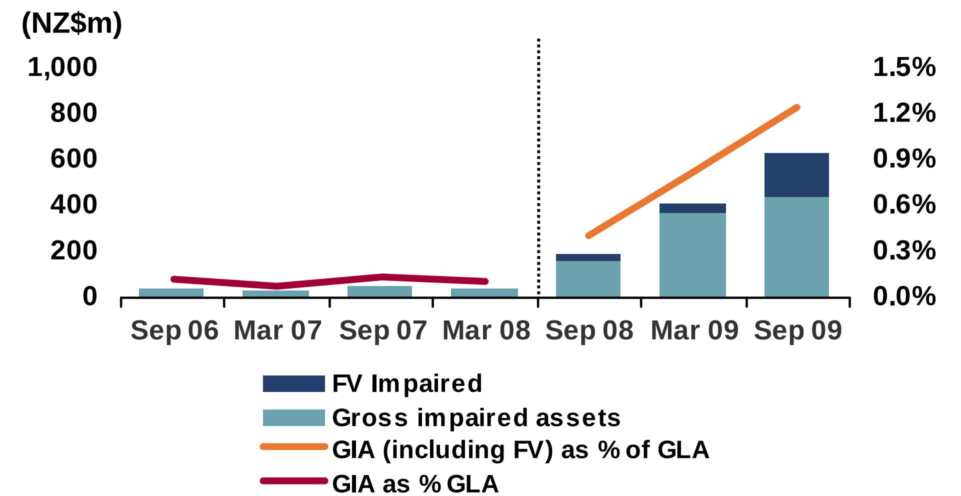
New Zealand: Asset Quality increase in lead indicators in line with credit cycle but net write-offs remain low

Total 90+ days past due as % GLAs

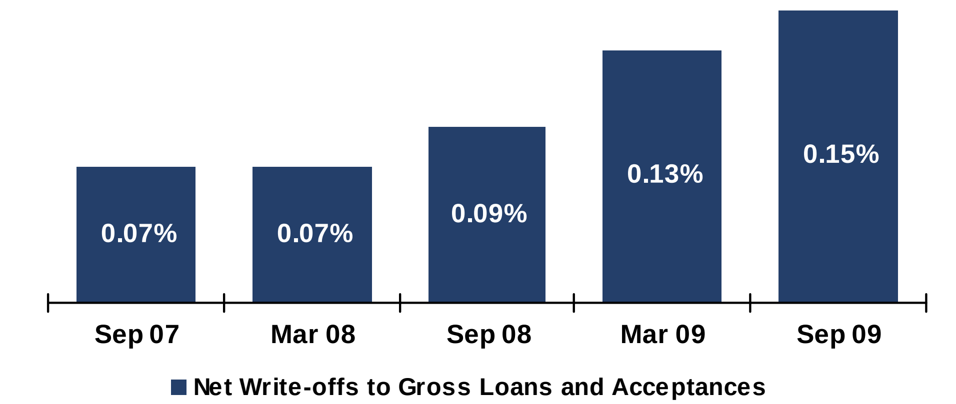


- The increase in 90+ Days Past Due and Impaired Assets is in line with the credit cycle and has moved off the low base from prior years
- The increase in lead indicators is primarily in commercial property, business lending and more recently agriculture
- The NZ Region continues to have low levels of net write-offs due to the strength of the Bank's front line business credit analysis and credit risk management function
- The NZ Region's historically conservative approach to lending has positioned it well in the current market environment

Gross impaired assets as % GLAs



Net write-offs



GWB: Maintaining focus in a challenging environment

- Strong relative financial performance
  - Cash earnings of US$53m (A$73m), net interest margin of 3.76% and cost-to-income ratio 48.9%
- Continued strong customer funding performance with deposit / loan ratio at 118%
- Maintaining strong asset quality
  - Lead indicators (90+ DPD plus gross impaired assets / gross loans & acceptances) remain relatively low at 0.96%
- Targeted acquisitions within defined rural Mid-West footprint
  - Completed the acquisition of 21 branches in Colorado (12,000 customers, US$600m in deposits)
  - Agreed the purchase of 32 branches in Nebraska and Iowa (US$1,100m in deposits) with anticipated finalisation early December 2009, following regulatory approval
  - Representation now across seven states in US Mid-West agricultural belt
- Growth of specialised business capability and portfolio diversification
  - Agri related lending represents 19% of the overall portfolio
  - Diversification away from the construction and land development sector (11% of portfolio)

National Australia Bank

Additional Information

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Asset quality

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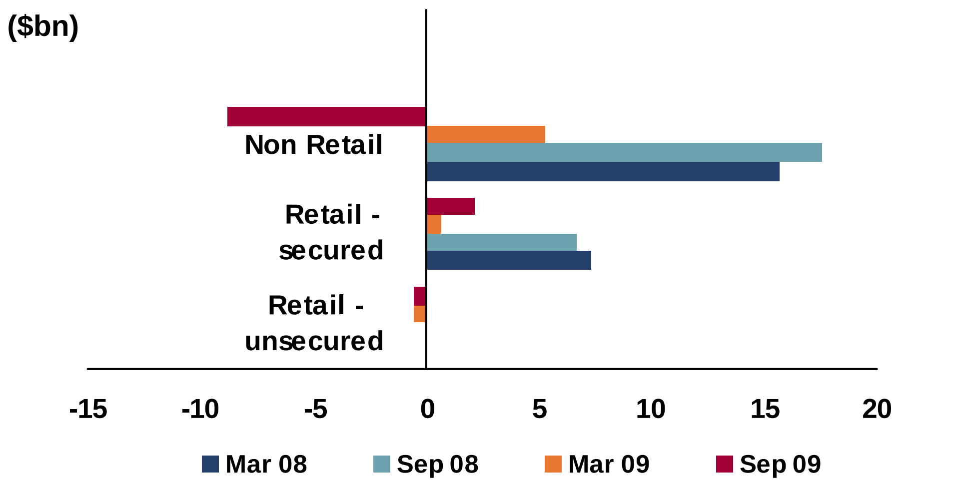
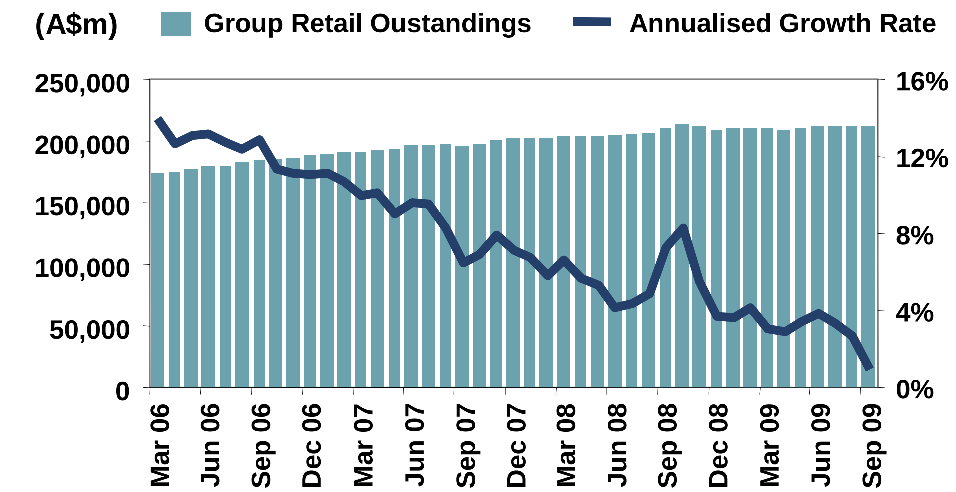
Economic outlook

Group gross loans & acceptances

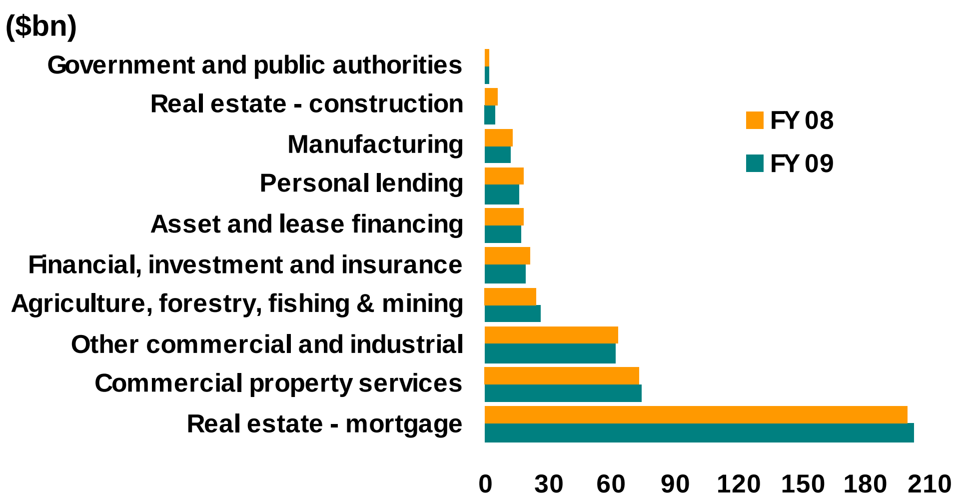
Group asset composition – growth by product segment



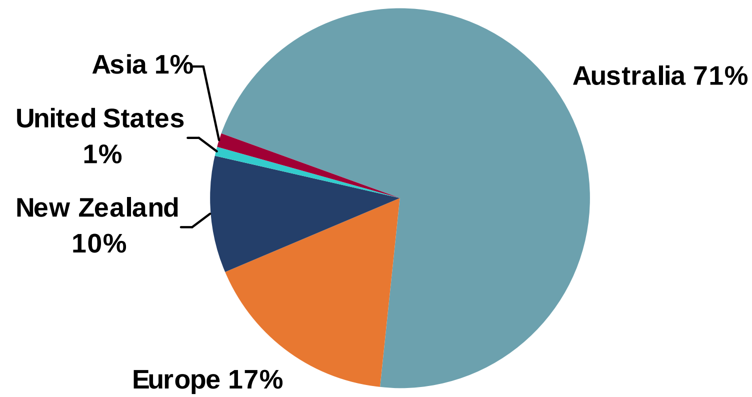
Retail Portfolio – Outstandings Volume



Industry balances*



Gross loans and acceptances - Geography



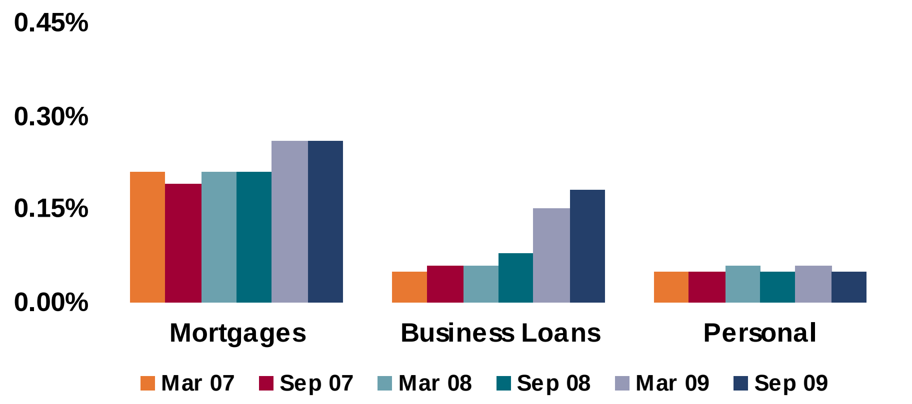
*Defined by ANZSIC codes

Note: These charts use spot exchange rates. Weakening of the Pound Sterling relative to the Australian dollar since September 2008 has partly affected growth rates.

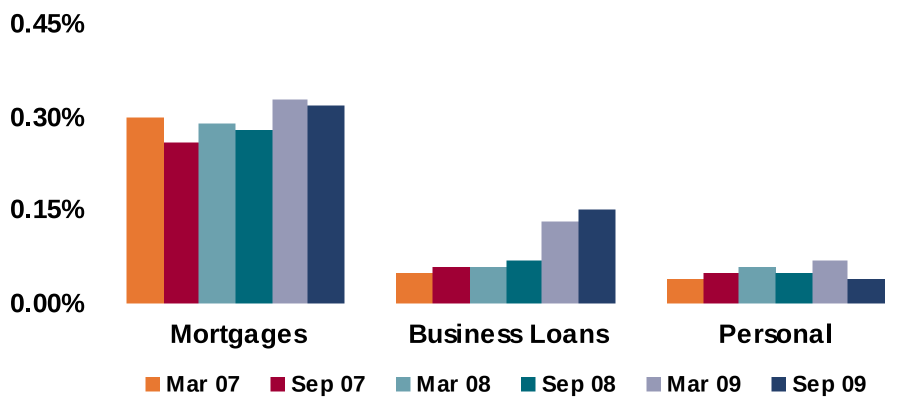
National Australia Bank

90+ days past due as a % of GLA

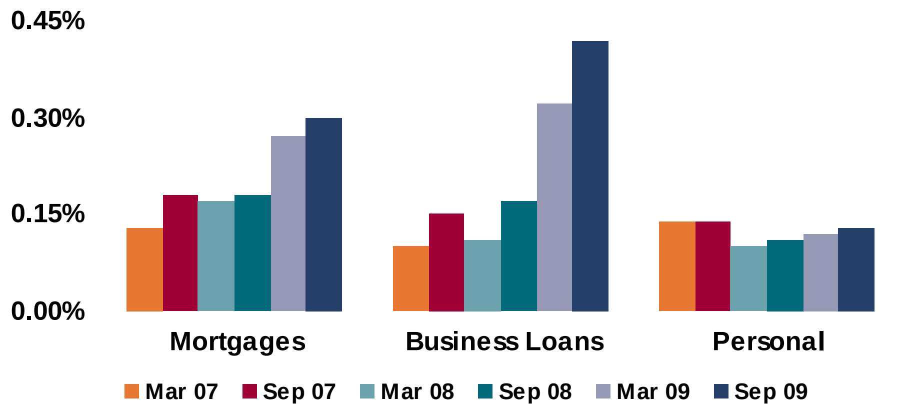
Group[1]



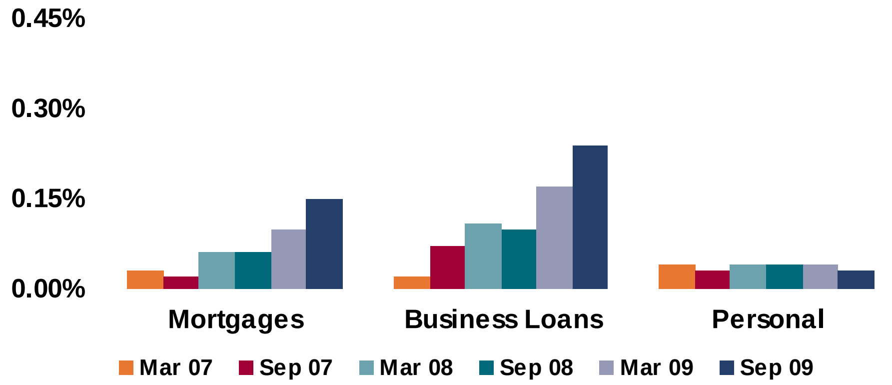
Australia Banking[1]



UK Region



NZ Region

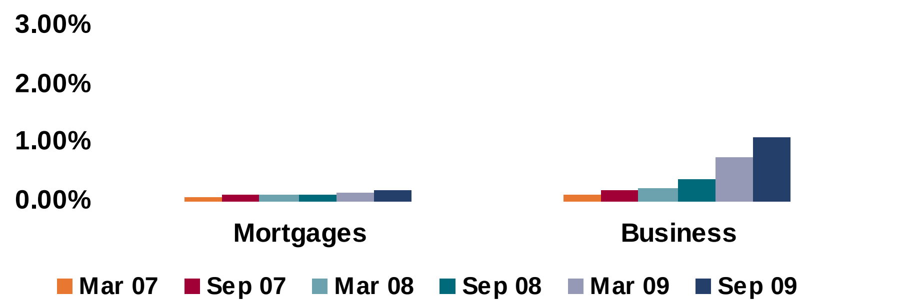


[1] September 2009 Australia Banking mortgages adjusted to include National Portfolio product. No change to overall 90+ days past due.

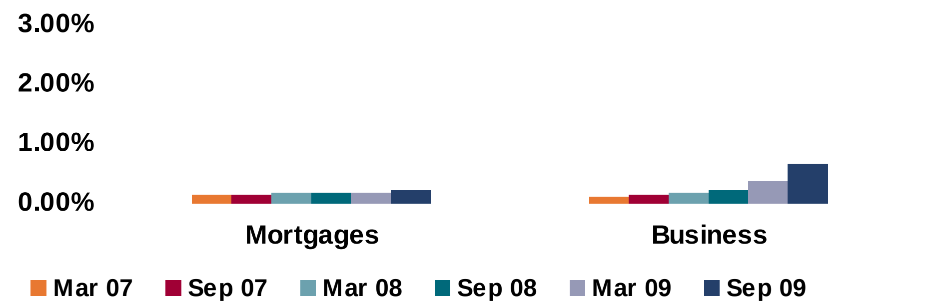
Note: nabCapital continues to have no 90+ DPD loans

Impaired assets as a % of GLA

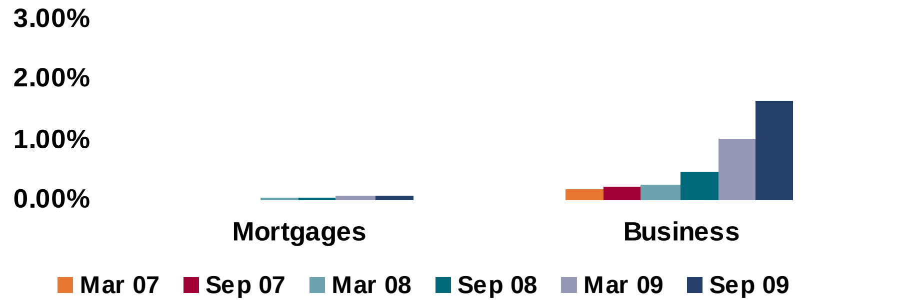
Group[1]



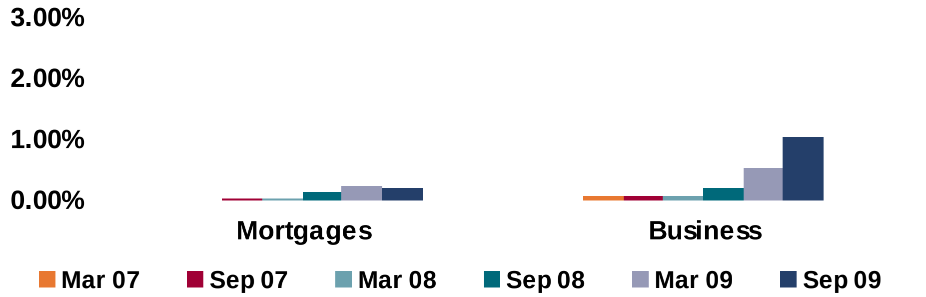
Australia Banking[1]



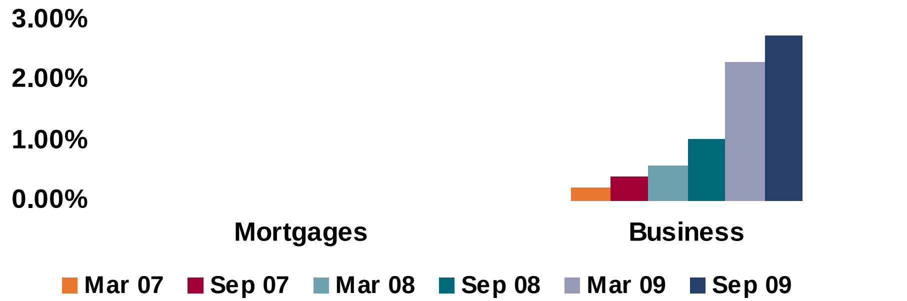
UK Region



NZ Region



nabCapital

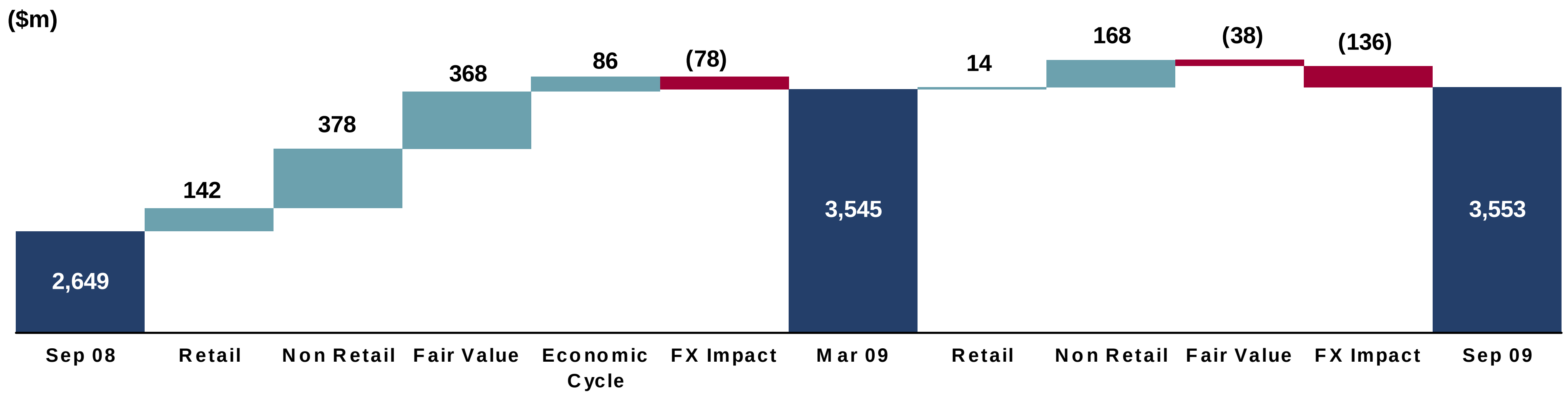


[1] September 2009 Australia Banking mortgages adjusted to include National Portfolio product. No change to overall impaired assets.

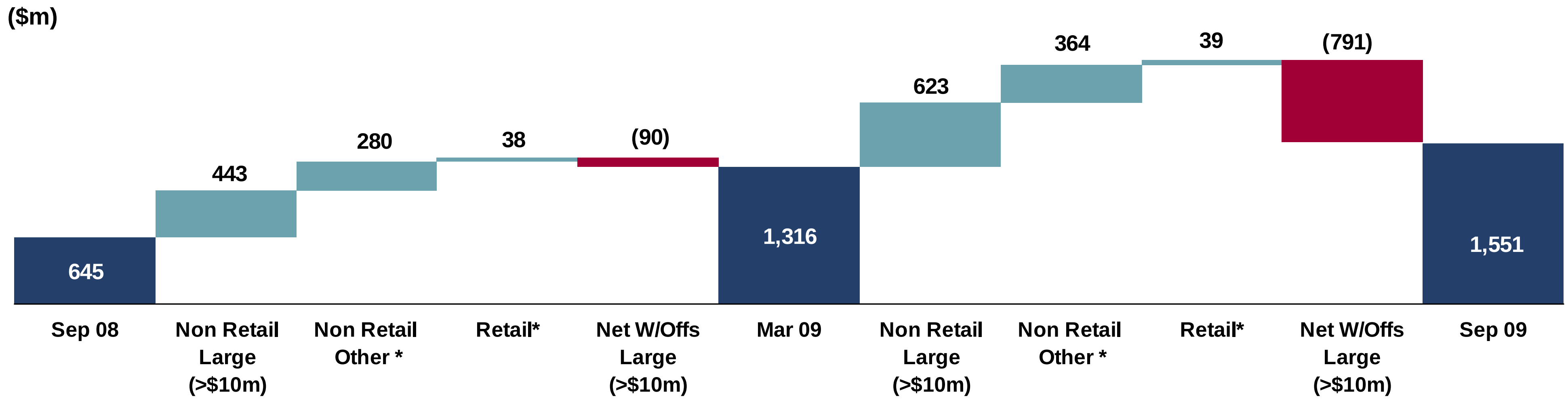
National Australia Bank

Attribution analysis

Collective Provision attribution – Group



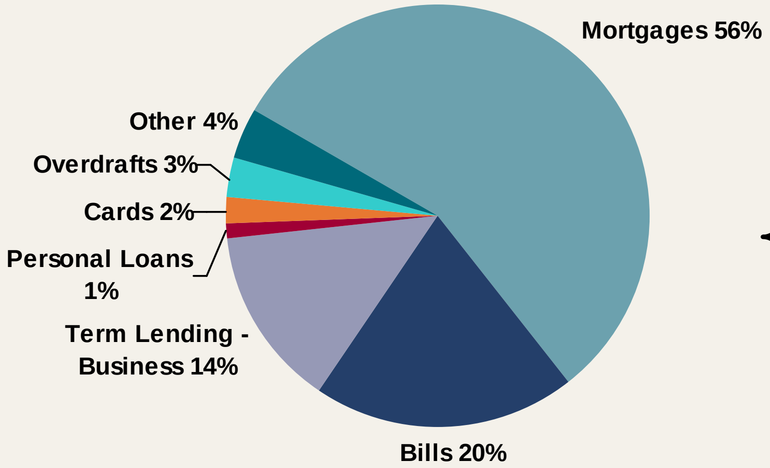
Specific Provision attribution – Group



*Net of write-offs

Australia Banking

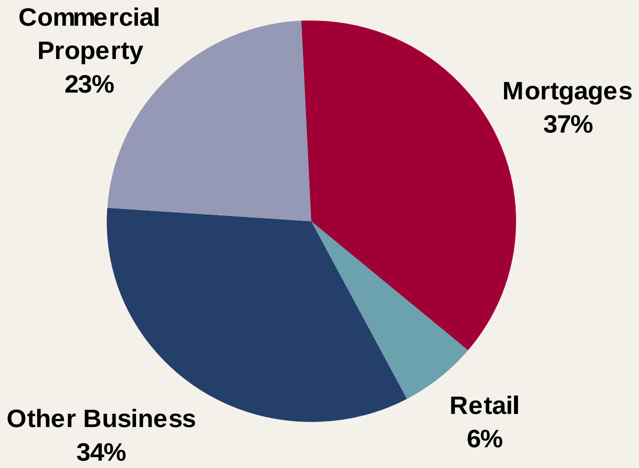
Portfolio break up – total $283bn



Australian Mortgages	Sep 09	Mar 09	Sep 08
Owner Occupied	66.3%	65.4%	64.7%
Investment	33.7%	34.6%	35.3%
Low Document	2.0%	2.2%	2.1%
Proprietary	77.2%	76.7%	76.3%
Third Party Introducer	22.8%	23.3%	23.7%
LMI Insured % of Total HL Portfolio	13.8%	13.4%	12.9%
Loan to Value (at origination)	69.3%	68.3%	67.7%
Dynamic LVR (Balance to Valuation) %	53.9%	53.5%	53.6%
Customers ahead 3 repayments or more %	46.4%	45.2%	42.1%
Average loan size $ ('000)	223.5	218.2	213.3
90 + days past due	0.57%	0.67%	0.54%
Impaired loans	0.43%	0.37%	0.32%
Specific provision coverage	14.9%	14.5%	14.9%
Loss rate	0.09%	0.04%	0.03%

UK Region

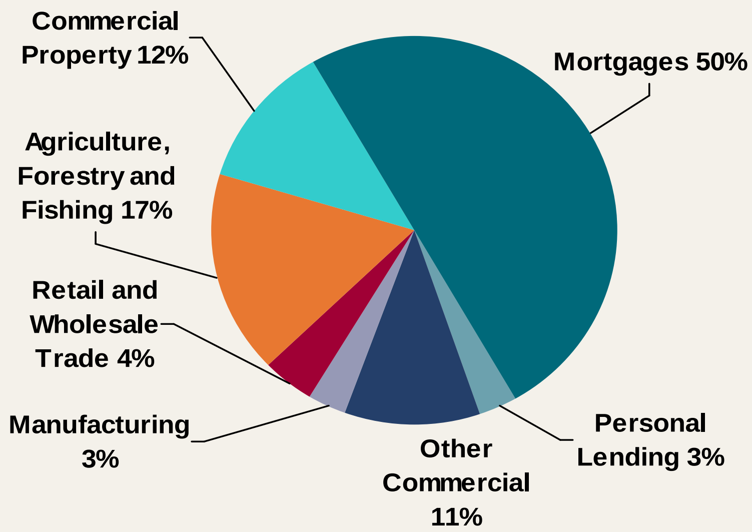
Portfolio break up – total £33.5bn



UK Mortgages	Sep 09	Mar 09	Sep 08
Owner Occupied	77%	75%	74%
Investment	23%	25%	26%
Low Document	0%	0%	0%
Proprietary	77%	77%	75%
Third Party Introducer	23%	23%	25%
LMI Insured % of Total HL Portfolio	1%	1%	1%
Loan to Value (at origination)	64%	63%	63%
Average loan size £ ('000)	86	87	87
90 + days past due	0.80%	0.75%	0.51%
Impaired loans	0.22%	0.19%	0.12%
Specific provision coverage	30.0%	23.2%	21.4%
Loss rate	0.02%	0.02%	0.01%

New Zealand Region

Portfolio break up – total NZ$50.7bn

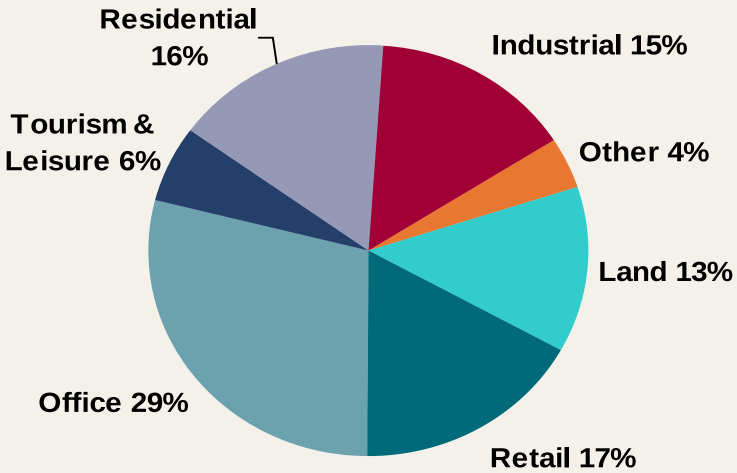


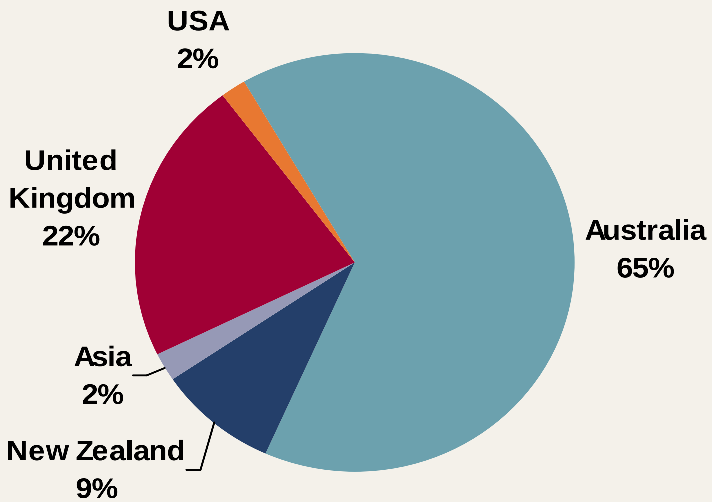
New Zealand Mortgages NZD$m	Sep09	Mar 09	Sep08
Low Document	0.14%	0.09%	0.02%
Proprietary	100%	100%	100%
Third Party Introducer	Nil	Nil	Nil
LMI Insured % of Total HL Portfolio	4.0%	4.7%	5.4%
Loan to Value (at origination)	60.7%	61.9%	62.0%
Average loan size $ ('000)	233	222	219
90 + days past due	0.30%	0.20%	0.13%
Impaired loans	0.43%	0.43%	0.25%
Specific provision coverage	36.4%	29.2%	23.3%
Loss rate	0.040%	0.017%	0.014%

Commercial Real Estate – Group Summary[1]

Total $74.5bn

17% of Gross Loans & Acceptances





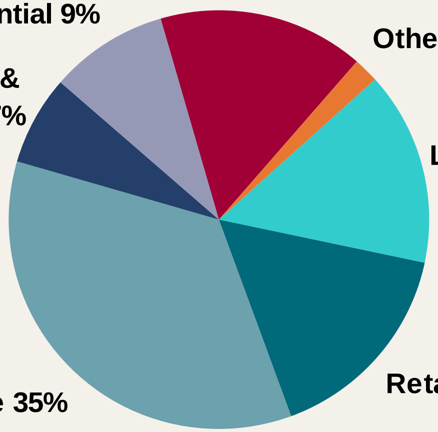
A$bn	Aus	UK	NZ	Asia	US	Total
nabCapital	7.4	1.3	1.7	1.2		11.6
Regional Banks	41.4	15.0	5.1	0.1	1.3	62.9
Total	48.8	16.3	6.8	1.3	1.3	74.5
% of GLA	15.8%	22.2%	14.9%	49.0%	20.5%	17.1%

[1] APRA Commercial Property Return values and classifications used.

Commercial Real Estate – Australia Banking

Total $41.4bn

15% of Gross Loans & Acceptances (excludes nabCapital – Australia)



State	NSW	VIC	QLD	Other	Total
Location %	33%	26%	23%	18%	100%
Loan Balance < $5m	15%	13%	10%	7%	45%
Loan Balance > $5m < $10m	6%	4%	3%	3%	16%
Loan Balance > $10m	12%	9%	10%	8%	39%
Loan tenor < 3 yrs	28%	21%	17%	13%	79%
Loan tenor > 3 < 5 yrs	3%	3%	4%	3%	13%
Loan tenor > 5 yrs	2%	2%	2%	2%	8%
Average loan size $m	2.0	1.6	1.9	2.3	1.9
Loan to Valuation Ratio[1]	58%	59%	65%	58%	60%
Security Level[2] – Fully Secured	26%	20%	17%	13%	76%
Partially Secured	6%	6%	6%	4%	22%
Unsecured	1%	0%	0%	1%	2%
90+ days past due	0.13%	0.05%	0.05%	0.02%	0.25%
Impaired loans	0.28%	0.13%	0.30%	0.07%	0.78%
Specific provision coverage	13.1%	26.4%	25.9%	18.6%	20.8%

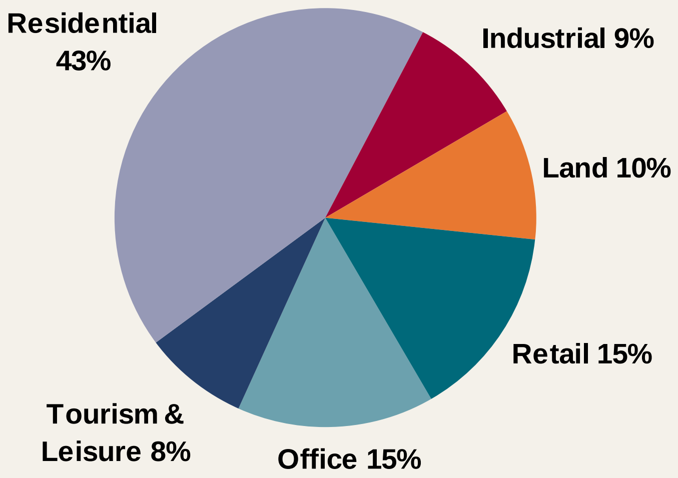
Trend	Sep-09	Mar-09	Sep-08	Mar-08
90+ days past due	0.25%	0.34%	0.12%	0.12%
Impaired Loans	0.78%	0.38%	0.07%	0.07%
Specific Provision Coverage	20.8%	15.1%	34.0%	17.4%

[1] Excludes other collateral
[2] Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending.

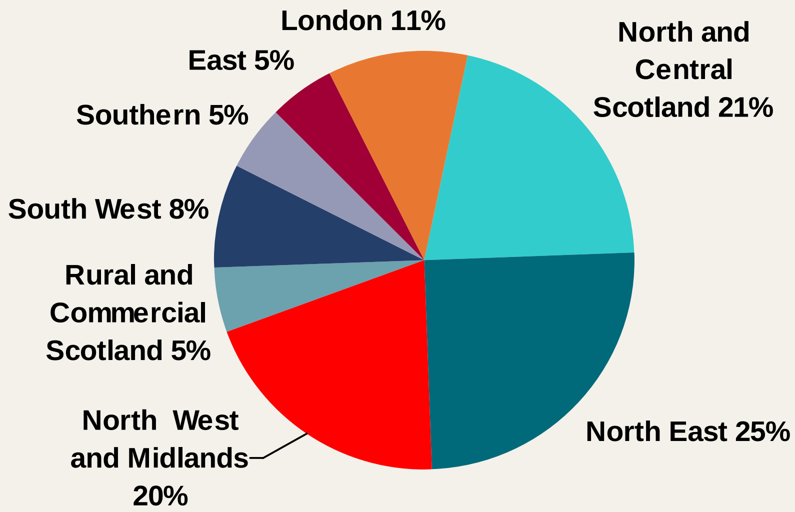
Commercial Real Estate - UK Region

Total £7.7bn

23% of Gross Loans & Acceptances



Region	Scotland	North	South	London	Total
Location %	26%	45%	18%	11%	100%
Loan Balance < £2m	13%	26%	12%	4%	55%
Loan Balance > £2m < £5m	6%	10%	4%	3%	23%
Loan Balance > £5m	7%	9%	2%	4%	22%
Average loan tenor < 3 yrs	9%	16%	10%	5%	40%
Average loan tenor > 3 < 5 yrs	7%	11%	3%	3%	24%
Average loan tenor > 5 yrs	10%	18%	5%	3%	36%
Average customer loan size £m	0.70	0.73	0.73	1.24	0.78
Security Level[1] – Fully Secured	13%	25%	10%	4%	52%
Partially Secured	12%	19%	8%	6%	45%
Unsecured	1%	1%	0%	1%	3%



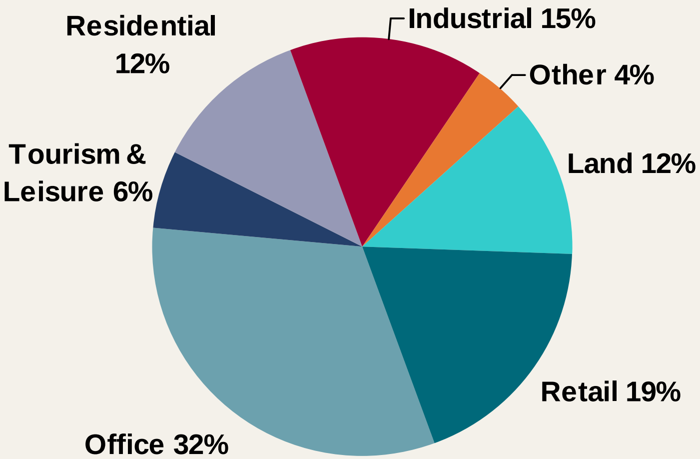
Trend	Sep-09	Mar-09	Sep-08	Mar-08
90+ days past due	1.35%	0.68%	0.55%	0.20%
Impaired Loans	5.60%	3.08%	1.28%	0.55%
Specific Provision Coverage	11.8%	12.9%	22.6%	16.3%

[1] Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending.

Commercial Real Estate - New Zealand Region

Total NZ$6.3bn

12% of Gross Loans & Acceptances (excludes nabCapital - NZ)



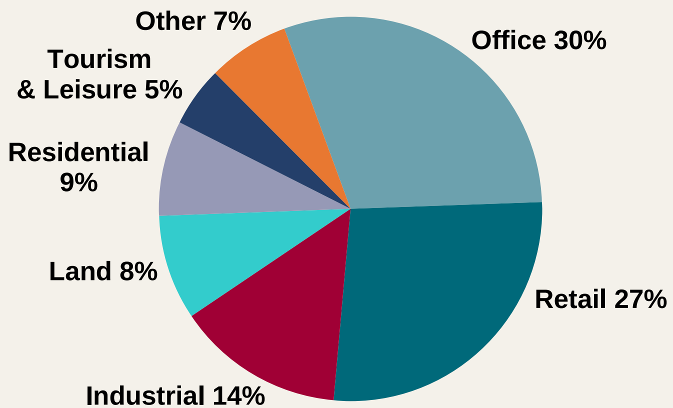
Region	Auckland	Other Regions	Total
Location %	39%	61%	100%
Loan Balance < NZ$5m	15%	33%	48%
Loan Balance > NZ$5m < NZ$10m	5%	9%	14%
Loan Balance > NZ$10m	19%	19%	38%
Loan to Value (current)	54.8%	49.2%	51.3%
Loan tenor < 3 yrs	31%	48%	79%
Loan tenor > 3 < 5 yrs	4%	7%	11%
Loan tenor > 5 yrs	4%	6%	10%
Average loan size NZ$m	NZ$3.0m	NZ$2.0m	NZ$2.4m
Security Level[1] – Fully Secured	24%	40%	64%
Partially Secured	14%	20%	34%
Unsecured	1%	1%	2%
90+ days past due	0.92%	0.56%	1.48%
Impaired loans	1.43%	1.58%	3.01%
Specific Provision coverage	40.48%	14.61%	26.90%

Trend	Sep-09	Mar-09	Sep-08	Mar-08
90+ days past due	1.48%	1.20%	0.30%	0.16%
Impaired Loans	3.01%	1.52%	0.39%	0.07%
Specific Provision Coverage	26.90%	22.51%	9.52%	52.01%

[1] Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending.

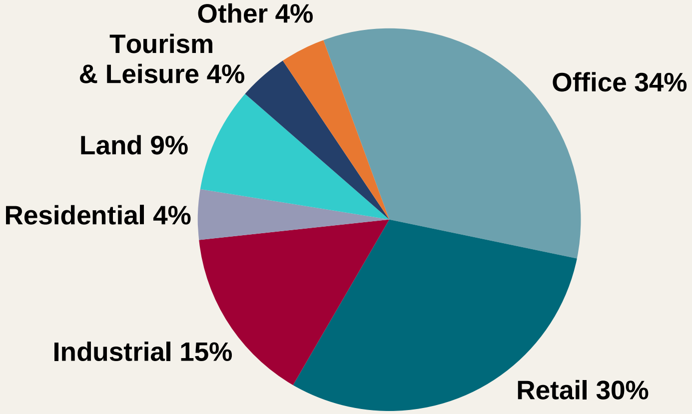
Commercial Real Estate - nabCapital

Total $11.6bn
25% of Gross Loans & Acceptances



nabCapital - Location	AUS	NZ	UK	Asia	Total
Balance A$bn	$7.4bn	$1.7bn	$1.3bn	$1.2bn	$11.6bn
Location %	64%	15%	11%	10%	100%
Loan Balance < $5m	9%	1%	0%	0%	10%
Loan Balance > $5m < $10m	8%	1%	0%	0%	9%
Loan Balance > $10m	47%	13%	11%	10%	81%
Loan tenor < 3 yrs	56%	15%	7%	8%	86%
Loan tenor > 3 < 5 yrs	6%	0%	4%	0%	10%
Loan tenor > 5 yrs	2%	0%	0%	2%	4%
Average loan size $m	51.4	18.4	47.1	120.1	39.3
Security Level[1] – Fully Secured	33%	4%	2%	9%	48%
Partially Secured	15%	7%	4%	1%	27%
Unsecured	16%	4%	5%	0%	25%
Impaired Loans	3.0%	0.1%	1.3%	0.3%	4.7%

nabCapital - Australia $7.4bn



nabCapital - Australia	NSW	VIC	QLD	Other	Total
Location %	32%	28%	11%	29%	100%
Loan Balance < $5m	5%	3%	2%	5%	15%
Loan Balance > $5m < $10m	5%	3%	1%	4%	13%
Loan Balance > $10m	22%	22%	8%	20%	72%
Loan tenor < 3 yrs	29%	24%	10%	25%	88%
Loan tenor > 3 < 5 yrs	3%	2%	1%	4%	10%
Loan tenor > 5 yrs	0%	2%	0%	0%	2%
Impaired Loans[2]	0.1%	4.5%	0.0%	0.0%	4.6%

2 Impaired Loans for VIC represent one large restructured loan, the assets for which are located across multiple states. Excluding this restructured loan, the Total Impaired Loan percentage for nabCapital Australia would reduce from 4.6% to 1.8%.

1 Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70%, but not Unsecured. Unsecured is primarily Negative Pledge lending.

National Australia Bank

Additional Information

Australia Banking and MLC

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Asset quality

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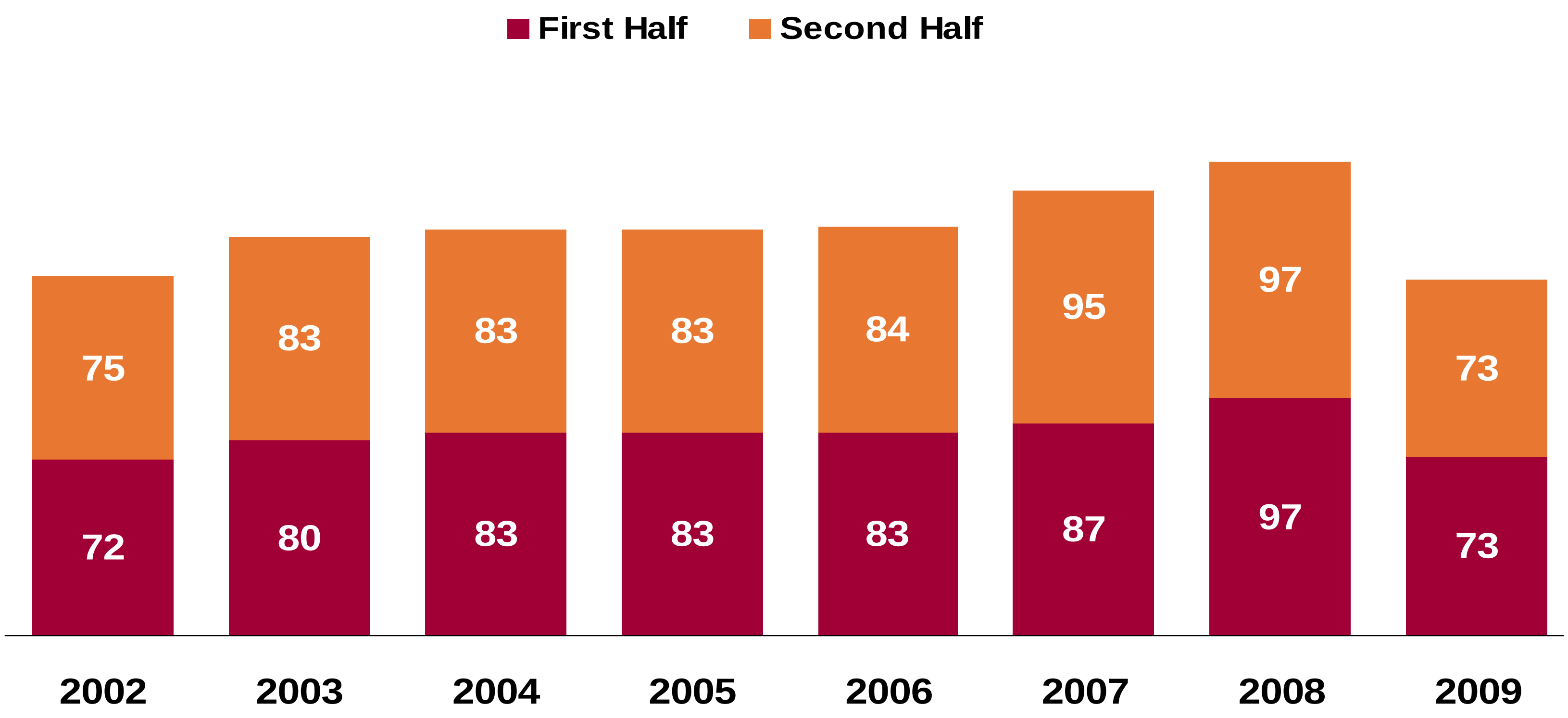
Economic outlook

nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank MLC

Dividend

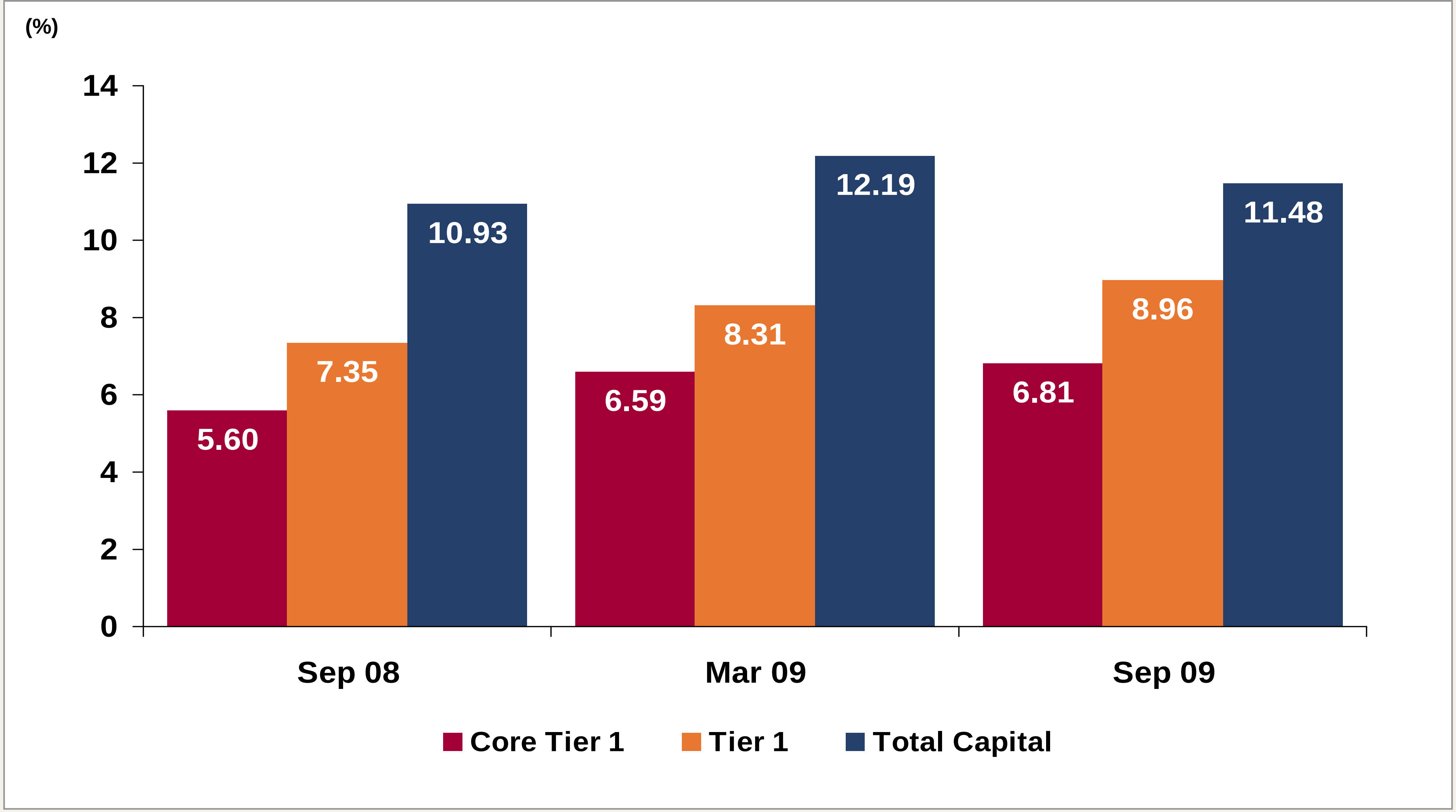
Dividends (cents per share)



Payout ratio	59.2%	60.7%	72.6%	78.2%	67.3%	67.4%	81.4%	73.6%

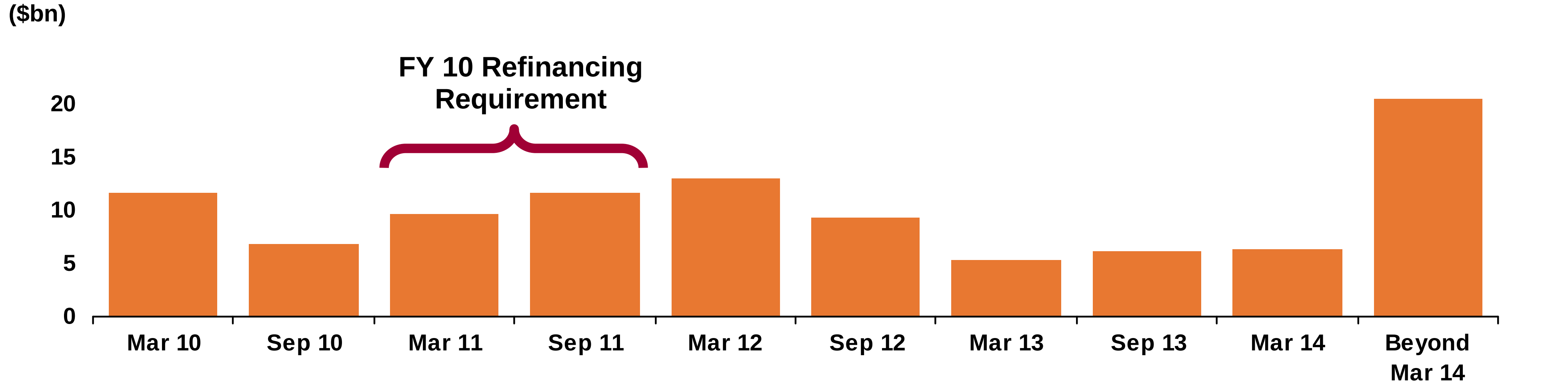
National Australia Bank

Group Capital ratios

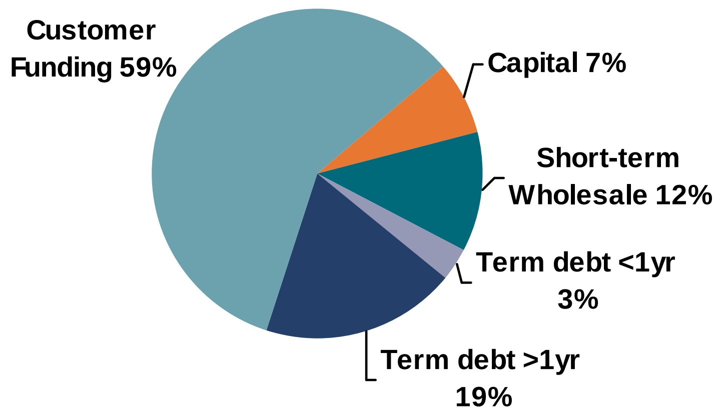


Funding profile remains robust

Term funding maturity profile*



Funding of core assets**



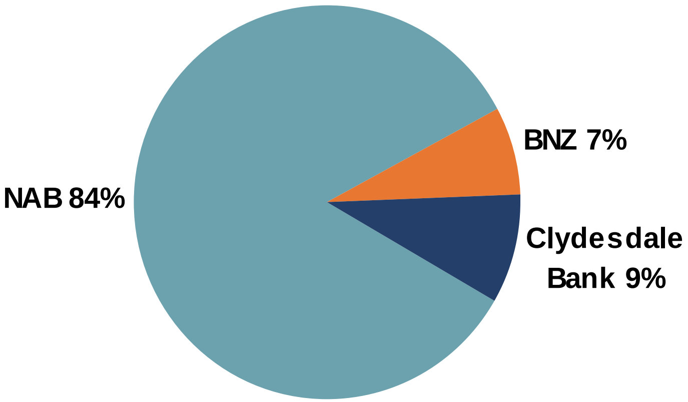
- The Group's focus is on maintaining a strong SFI
- Debt that has a remaining term to maturity < 12 months is considered short-term funding under Group metrics
- FY10 term re-financing requirement is driven by term debt that will roll into the < 12 month maturity category during FY10 and therefore is excluded from the FY10 SFI calculation

* Based on 30-Sep-09 exchange rates. Term debt (to call date).
** Based on 30-Sep-09 exchange rates. Term debt (to call date). Term debt includes Hybrids.

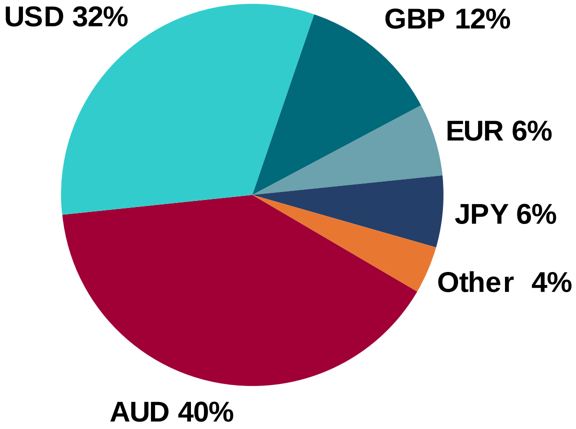
National Australia Bank

Diversified funding portfolio

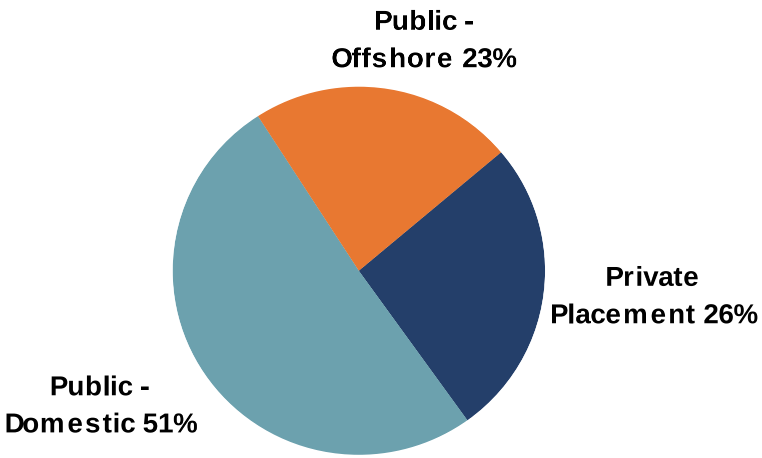
Issuer



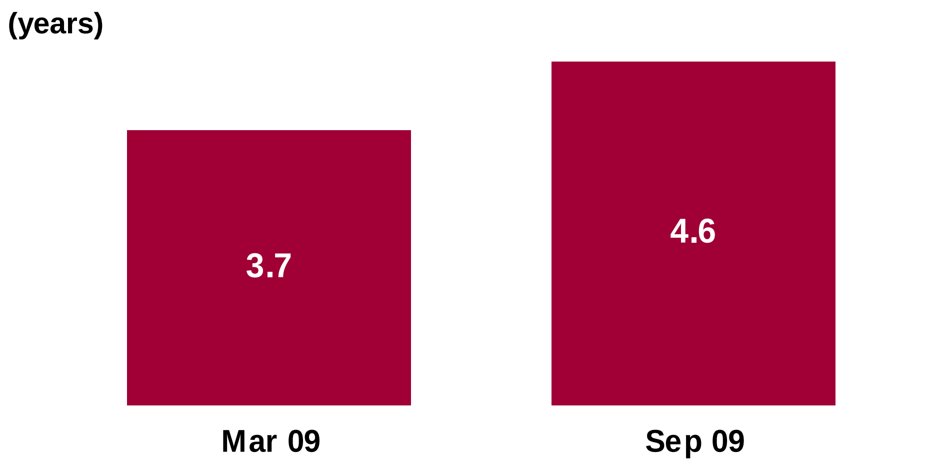
Currency



Type



Weighted average maturity of term funding issuance



National Australia Bank

UK FSA Capital Comparison – Basel II

- Summarised below are details of current key differences as pertinent to the Group and identified by the ongoing Australian Bankers' Association (ABA) study "Comparison of Regulatory Capital Frameworks – APRA and FSA".[1]

Item	Details of differences	Impact on Bank's Tier 1 capital ratio if FSA rules applied
RWA Treatment – Mortgages	APRA requires Loss Given Default estimate for loans secured by mortgages to be a minimum of 20% compared to a 10% minimum under FSA rules. This results in lower RWA under FSA rules.	Increase
Interest Rate Risk in the Banking Book (IRRBB)	APRA rules require the inclusion of IRRBB within Pillar 1 calculations. This is not required by the FSA and results in lower RWA under FSA rules.	Increase
Wealth Value of Business in Force at acquisition	This amount represents the value of business in force (VBIF) at acquisition of MLC, which is an intangible asset. VBIF is deducted from Tier 1 capital under APRA guidelines, whereas under FSA rules, it is deducted from Total Capital.	Increase
Estimated Final Dividend	The FSA requires dividends to be deducted from regulatory capital when declared and/or approved. APRA requires dividends to be deducted on an anticipated basis, which is partially offset by APRA making allowance for expected shares to be issued under a dividend re-investment plan. This difference results in higher capital under FSA rules.	Increase
DTA (excluding DTA on the collective provision for doubtful debts)	APRA requires Deferred Tax Assets (DTAs) to be deducted from Tier 1 capital, except for any Deferred Tax Assets associated with collective provisions which are eligible to be included in the General Reserve for Credit Losses. Under FSA rules, DTAs are risk weighted at 100%.	Increase
Eligible Deferred Fee Income	APRA requires certain deferred fee income to be included in Tier 1 capital. The FSA does not allow this deferred fee income to be included in Tier 1 capital, which results in lower capital under FSA rules.	Decrease
Capitalised Expenses	APRA requires a deduction from Tier 1 capital for up-front costs associated with a debt issuance. The FSA requires costs associated with debt issuance not used in the capital calculations to follow the accounting treatment.	Increase
Investments in Non-Consolidated Controlled Entities	APRA requires Wealth Net Tangible Assets (NTA) to be deducted 50/50 from Tier 1 and Tier 2 capital. The FSA allows embedded value (including NTA) to be included in Tier 1 capital and deducted from Total Capital under transitional rules to 31 December 2012 (when it will revert to a 50/50 deduction from Tier 1 and Tier 2).	Increase
UK Defined Benefit Pension Scheme	The scheme continues to be in deficit as at 30 September 2009. Under FSA rules, the bank's deficit reduction amount may be substituted for a defined benefit liability. No deficit reduction amounts are presently being paid, therefore the liability can be reversed from reserves (net of tax) and no liability is required to be substituted at this time.	Increase

[1] The above comparison is based on public information on the FSA approach to calculating Tier 1. Some items cannot be quantified where the FSA may have entered into bi-lateral agreements on specific items, which are not generally in the public domain.

UK FSA Capital Comparison – Basel II

Estimated Impact on NAB's capital position

- The following table illustrates the impact on the Group's capital position considering these key differences between APRA and UK FSA Basel II guidelines.
- This reflects only a partial list of the factors requiring adjustment

	Tier 1 Capital	Total Capital
30 September 2009 – APRA basis	**8.96%**	**11.48%**
RWA treatment – Mortgages[1]	0.86%	1.07%
IRRBB (RWA)	0.14%	0.17%
Wealth Value of Business in Force (VBIF) at acquisition[2]	0.43%	0.00%
Estimated final dividend (net of estimated reinvestment under DRP / BSP)	0.31%	0.31%
DTA (excluding DTA on the collective provision for doubtful debts)	0.27%	0.26%
Eligible deferred fee income	(0.09)%	(0.09)%
Capitalised expenses[3]	0.04%	0.04%
Investments in non-consolidated controlled entities (net of intangible component)	0.28%	0.00%
UK Defined Benefit Pension	0.12%	0.12%
Total Adjustments	**2.36%**	**1.88%**
30 September 2009 – Normalised for UK FSA differences	**11.32%**	**13.36%**

[1] RWA treatment for mortgages is based on APRA 20% loss given default (LGD) floor compared to FSA LGD floor of 10% aligned to the Basel II Framework.
[2] This ignores any potential accounting differences between IFRS and UK GAAP.
[3] Capitalised expenses associated with debt raisings only.

Basel II Risk Weighted Assets

Asset Class ($m)	Sep 09		Mar 09	
	RWAs	RWA/EAD %	RWAs	RWA/EAD %
Corporate & Business	179,601	57%	192,112	56%
Mortgages	47,924	23%	44,449	22%
Retail	14,941	50%	7,601	52%
Standardised*	62,468	66%	70,038	58%
Other Assets	7,041	92%	7,416	82%
Total Credit RWAs	**311,975**	**48%**	**321,616**	**47%**
Market RWAs	3,415		5,121	
Operational RWAs	22,972		24,336	
IRRBB RWAs	4,160		1,300	
Total RWAs	**342,522**		**352,373**	

* The majority of the Group's standardised portfolio is the UK Clydesdale PLC banking operations

IRB Eligible Provisions vs Expected Losses

- Expected losses (EL): a regulatory measure under Basel II on a gross-of-tax basis, representing losses based on long-term estimates and through-the-cycle considerations
- Eligible provisions (EP): based on the AIFRS definition of incurred losses. Collective provisions are net of tax while specific provisions and partial write-offs are pre-tax[1]
- The capital deduction is also impacted by the different tax treatment in calculating EL and EP

($m)	Sep 09	Mar 09
Collective Provision	2,249	2,412
Regulatory specific provision	467	360
IFRS specific provision	1,351	1,125
Partial write-offs	891	597
Total IRB Eligible Provisions (EP) before tax	**4,958**	**4,494**
Tax on collective provision	(578)	(716)
Total IRB Eligible Provisions (EP) after tax	**4,380**	**3,778**
Regulatory Expected Loss (EL) before tax	5,090	4,582
Tier 1 deductions (50%)	355	402
Tier 2 deductions (50%)	355	402
Total deductions	**710**	**804**

[1] At 30 September the approach to determine Eligible Provisions has changed. Regulatory provisions on defaulted or otherwise non-performing assets, where there is no expected loss, are now required to be included in Regulatory Specific Provision rather than included in Collective Provision. Also, provisions attributable to securitisation exposures and associated hedges, including the conduit portfolio, have been excluded from Eligible Provisions (EP) for capital purposes.

National Australia Bank

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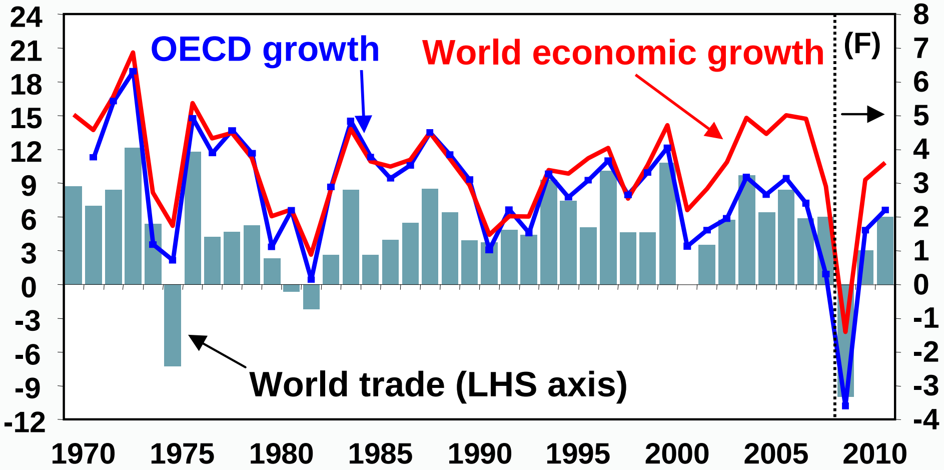
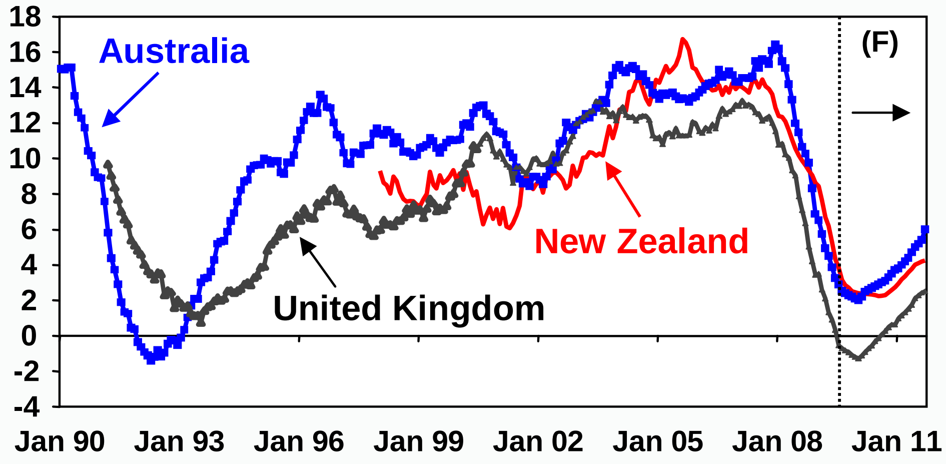
Annual % growth in global trade, global GDP and OECD economies - 1970 - 2010



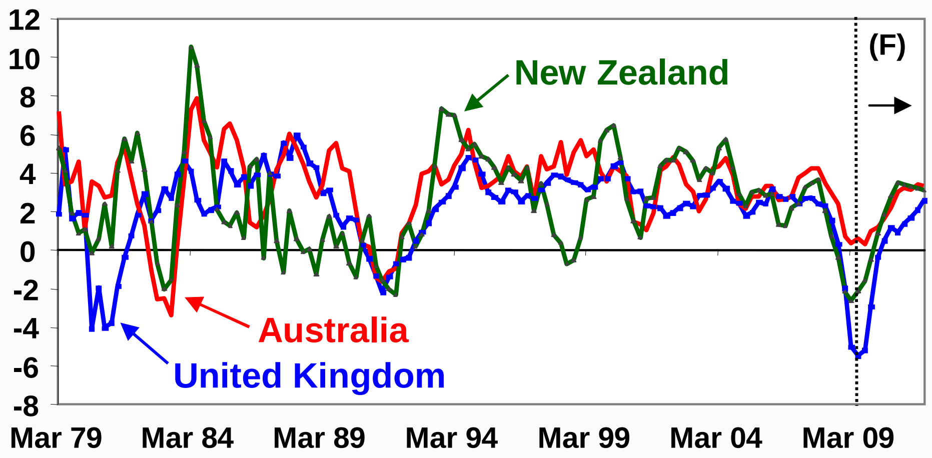
IMF, OECD, Datastream, NAB Forecasts

System credit growth % change year on year



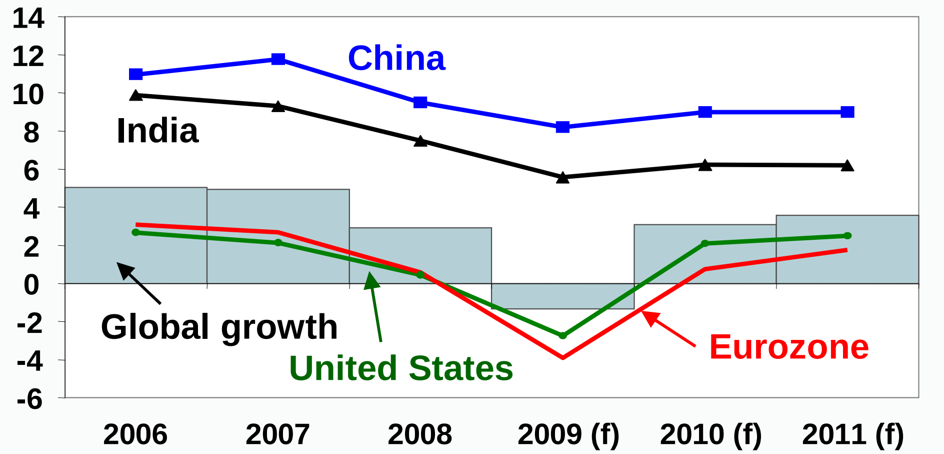
RBA, RBNZ, Bank of England, NAB Forecasts

Real GDP % change year on year



ONS, ABS, SNZ, Datastream, NAB Forecasts

Annual % growth in major economies



Datastream

(F) - Forecast

National Australia Bank

Australia Regional Outlook

Economic Indicators (%) (a)	CY07A	CY08A	CY09 (f)	CY10 (f)	CY11 (f)
GDP growth	3.9	2.4	0.5	2.0	3.5
Unemployment rate	4.5	4.5	6.1	6.5	6.0
Core Inflation	3.6	4.4	3	1.8	2.4
Cash rate	6.75	4.25	3.75	4.75	5.5
System Growth (%)	**FY07A**	**FY08A**	**FY09(f)**	**FY10(f)**	**FY11(f)**
Housing	12.1	9.5	7	8	10
Other personal (incl cards)	13.7	6.0	-7	6	6
Business	20.4	13.4	-2	-5	0
Total system credit	15.2	10.6	2.4	3.1	6
Total $A ADI deposits (b)	15.7	15.0	9.5	8.5	10

(a) Percentage change in year ended December, except for cash and unemployment rates, which are as at end December.

(b) Total ADI deposits also includes wholesale deposits (such as CDs), community & non-profit deposits but excludes deposits by government & ADI's.

- Australia is one of the best performing economies in the OECD – its economy stagnated in 2009 whereas output has fallen heavily in most others.
- Economy has been supported by significant easing in economic policy (lower interest rates, fiscal stimulus) and continued strength in China which has helped commodity exports.
- Business surveys show optimism about future trading conditions but the economy may still face a flattish period after the impact of one-off cash transfers and tax incentives and first time buyer scheme winds back. Interest rates are rising back toward neutral levels and there is debate over the size of ongoing fiscal stimulus.
- Unemployment rate has already risen almost 2 percentage points (to 5.7%) but the labor market has fared much better than elsewhere. Business has hoarded labor through the downturn and cut average hours instead. The outcome has been to support demand and produce a lower expected peak in jobless rate.
- Credit growth has been modest with falls in business credit and other personal lending. Owner occupier housing is the only solid credit performer. A gradual pick-up in credit is expected as pace of growth in economic activity accelerates.
- RBA has signalled it intends to gradually move official cash rates back to more neutral levels (around 5-5 ½ %) through the next 18 months as it sees growth going back toward trend through 2010 and inflation is close to target.

UK Regional Outlook

Economic Indicators (%)	CY07A	CY08A	CY09(f)	CY10(f)	CY11(f)
GDP growth	2.7	0.7	-4.7	0.5	1.9
Unemployment	5.3	5.8	8.4	9.5	8.5
Inflation	2.4	3.6	1.5	1.7	1.8
Cash rate	5.5	5.0	0.5	1	2.5
System Growth (%)	**FY07A**	**FY08A**	**FY09(f)**	**FY10(f)**	**FY11(f)**
Housing	11.3	8.5	2.1	1	3.5
Consumer	6	6.6	3	1	3
Business	17.5	12.7	1	-3	-2
Total lending	13.0	9.8	1.7	-1	1.5
Household deposits	7.6	8.6	3.1	3.7	5

- Deep recession under way – the worst of the postwar period with an expected cumulative drop in output of 6% - but economy now positioned to start growing again.
- Very big public sector stimulus and very low interest rates helped put a floor under the economy. Housing market finally improving and commercial property prices recently stabilised after big falls.
- We expect only a moderate slow recovery. Private sector credit demand still very weak and there is more room for household de-leveraging. Also the UK faces sizeable fiscal adjustment as taxes rise and public spending is cut for years ahead to lower the large government deficit.
- Unemployment is rising fast and expected to peak at around 10% - currently around 8%.
- Weaker Sterling, a long period of low interest rates and a turn in the stock cycle should help the economy return to growth but a sustained upturn needs stronger private sector demand. Large amounts of idle capacity is expected to hold investment back and high unemployment is expected to curb household incomes – hence the forecast moderate recovery in demand and GDP.

NZ Regional Outlook

Economic Indicators (%)	CY07A	CY08A	CY09(f)	CY10(f)	CY11(f)
GDP growth	3.2	0	-1.6	2.3	3.3
Unemployment	3.5	4.7	7.0	7.4	6.3
Inflation	2.4	4.0	2.3	2.2	1.4
Cash rate (end period)	8.3	5	2.5	3.75	5.75
System Growth (%)	**FY07A**	**FY08A**	**FY09(f)**	**FY10(f)**	**FY11(f)**
Housing	14	10.6	3.6	2.7	4.1
Personal	5.9	6.1	-0.8	-4	-1
Business	15.9	14.2	10.9	2.7	3
Total lending	14.4	11.8	6.3	2.4	3.4
Household retail deposits	15.5	13.2	12.4	7.4	6

- The recession which began in Q1 2008 ended in Q2 2009. Leading indicators of activity, including business and consumer confidence surveys, point to accelerating growth over the next 12 months.
- The strength of the NZD against the GBP and the USD is causing significant concern for exporters in those currencies. However the rate against the AUD is helping some manufacturers and the tourism sector.
- Ideally, the current recovery should be dominated by exports and accompanied by relatively soft domestic demand to address economic imbalances, including high foreign debt and low household savings.
- Unfortunately, the desired rebalance is still not being achieved.
- Continued weak credit growth can be expected as the already highly indebted household sector proves reluctant to borrow further and businesses face either poor balance sheets or substantial spare capacity.
- House prices are again edging higher and there are pockets of excess demand but it appears unlikely that there will be a return to the speculative boom of earlier years.

Disclaimer: *This document is a presentation of general background information about the Group's activities current at the date of the presentation, 28 October 2009. 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 28 October 2009. 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". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "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.

Note: *Information in this document is presented on an ongoing operations basis.*

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