

2007 shareholder review



 **National Australia Bank**



*Your company
is in great shape
and all our
key businesses have
made excellent
progress this year
on executing their
strategies*



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our brands



Retail, business and corporate banking in Australia



Retail, business and corporate banking in the UK



Retail, business and corporate banking in the UK



Retail banking, wealth management and institutional financial services in New Zealand



Global institutional financial services



Wealth management services in Australia and the UK

www.nabgroup.com

This shareholder review includes financial summaries and information derived from the Company's 2007 annual financial report and full-year profit announcement.

This document is not a concise report prepared under section 314(2) of the Corporations Act. The Company has not prepared a concise report for the 2007 financial year. The Company's annual financial report is available to all shareholders upon request and can be viewed at www.nabgroup.com. All figures quoted are in Australian dollars unless otherwise stated. A reference to "\$" is to an amount in Australian dollars and a reference to "£" is to an amount in British pounds sterling. References to, "nab", "NAB", the "National", "National Australia Bank" or the "Company" are to National Australia Bank Limited ABN 12 004 044 937. The "Group" refers to the National Australia Bank Limited and its controlled entities. All references are as at 30 September 2007 except where stated otherwise.

performance overview

The 2007 results demonstrate the National Australia Bank Group is in great shape.

Our regional businesses and nabCapital all recorded double digit growth in cash earnings and have strong momentum.

Total lending increased 13.8% to \$394.7 billion and was achieved with careful management of costs.

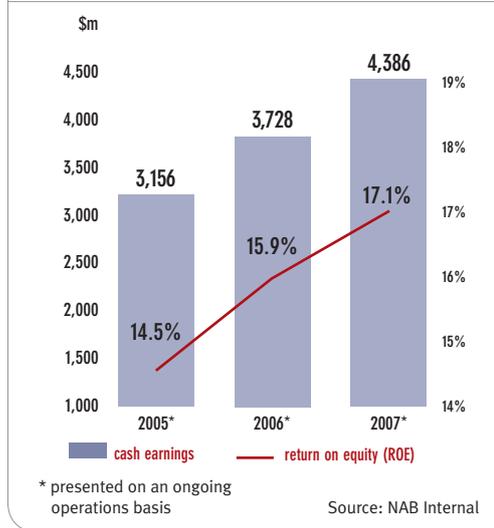
Operating expenses grew less than 1% with revenue up by more than 8%, demonstrating the underlying business is going from strength to strength.

All our banking operations reduced their cost-to-income ratios with the total banking cost-to-income ratio down from 54.5% to 50.8%.

Asset quality measures show early signs of moving up from historically low levels but are within our expectations for this stage of the credit cycle.

Our overall performance this year is built on the sound foundations of improved customer satisfaction and employee and community engagement.

our three-year performance



17.7%

increase in ongoing cash earnings

17.1%

cash return on equity (ROE), up 120bps

37.9 cps

increase in diluted cash earnings per share to 268.5cps

\$1.5 billion

capital management program completed

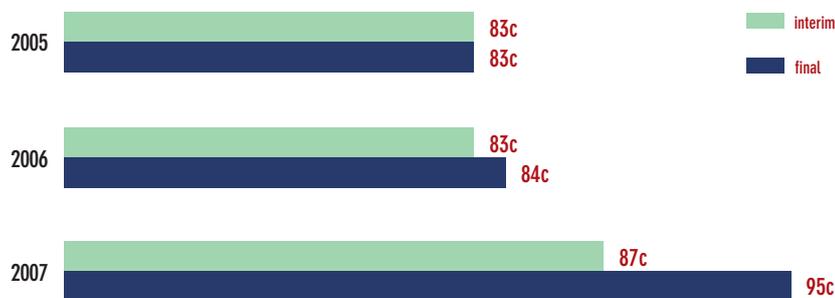
10.5 million

total customers across the Group

38,822

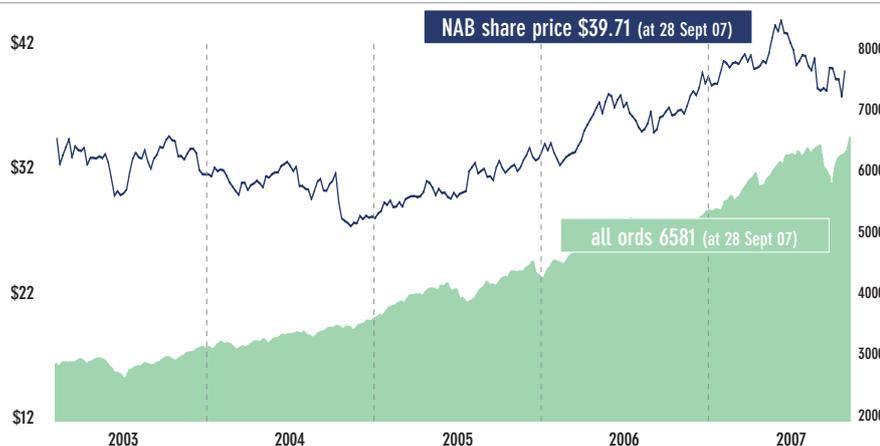
full-time employees

our dividend history



Source: NAB Internal

our share price over five years



Since we commenced the turnaround in 2004, our share price has increased by 47% over three years.

Source: IRESS – Market prices from 4 October 2002 to 28 September 2007

from the Chairman



As NAB enters its 150th year, I am pleased to report your company has shown improving momentum during 2007

As National Australia Bank enters its 150th year, I am pleased to report that your Company has shown improving momentum during 2007 and is well positioned to deliver continuing growth in shareholder value.

Net profit attributable to members of the Company increased 4.2% to \$4,578 million and cash earnings rose 17.7% to \$4,386 million. The final dividend was 95 cents, taking the dividend for the year to \$1.82, an increase of 9% on 2006.

These are pleasing results as they were delivered in a second-half environment that has been a challenging time for the banking and financial services industry. The emergence of sub-prime lending issues and losses in the United States sparked global concerns.

As a result, there were significant changes to the credit markets and funding environment for financial institutions. While Australia has not been immune to the crisis occurring widely overseas, we are certainly better sheltered from the greatest impact of concerns affecting the United States and the United Kingdom.

I am pleased to report that your Board is confident the Group is well funded. We remain soundly capitalised and our balance sheet is actively managed, with a range of diversified funding sources available to support our activities.

The businesses both here and overseas have continued their excellent performance in the changing environment, compounded by a rise in the wholesale cost of funding and several official interest rate rises in our Australian home market.

In these conditions, it is comforting that your Company is managed by a stable, secure and experienced senior executive team led by John Stewart, who was recently appointed as Chairman of the Australian Bankers' Association.

Moving forward, we continue to assess a range of alternatives for optimising the company structure, and were pleased to see that legislation enabling the creation of a Non-Operating Holding Company (NOHC)

was passed by Parliament in June 2007. A decision to adopt a NOHC structure will depend on a number of outstanding factors, including the interpretation of certain International Accounting Standards issues affecting the Group.

On 4 October 2008, NAB will commemorate 150 years since the establishment of The National Bank of Australasia – a milestone in the history of NAB and our nation. The Company has a solid foundation, good momentum and is well positioned to take advantage of opportunities throughout the coming year, in which NAB's remarkable heritage will be commemorated.

Our commitment to the communities in which we operate is considerable. We have continued our focus on contributing to the development of strong communities through Group-wide employee volunteering policies, diversity initiatives and sponsorships, including \$25.9 million in community activities.

Significant progress has also been made in tailoring banking services to make them available to all people and, where possible, removing fees and charges for those who are financially disadvantaged.

In recognition of growing concern over climate change, all businesses within the Group pledged to become carbon neutral by 2010. We also committed to adopting the Equator Principles, which are a set of voluntary guidelines to help banks manage the environmental and social aspects of project financing.

I would like to thank and congratulate all employees on the year in review, which has been a credit to their efforts to serve our customers and achieve superior outcomes for all stakeholders.

Michael A Chaney AO
Chairman

HIGHLIGHTS

Cash earnings increased by 17.7% to \$4,386 million

Total cost-to-income ratio reduced from 54.5% to 50.8%

Overall lending increased 13.8% to \$394.7 billion

Customer and employee satisfaction improving

Total dividend \$1.82 per share

Pledge to become carbon neutral by 2010

our board of directors

Our Board of Directors comprises talented and deeply committed individuals with diverse industry and international expertise. The Board's formal charter can be found on www.nabgroup.com



Michael Chaney
Chairman



John Stewart
Group Chief Executive Officer



Michael Ullmer
Finance Director & Group Chief Financial Officer



Ahmed Fahour
Executive Director and CEO Australia



John Thorn

from the Group CEO

The National Australia Bank Group's performance has been terrific this year. Cash earnings for the year were \$4,386 million, an increase of 17.7%, while margins were carefully managed and asset quality remains stable.

Importantly, this robust performance has been delivered on the back of much hard work and three years of planning and implementation. We've consistently executed our strategy, with each region delivering an excellent contribution. All of our businesses, in Australia, the United Kingdom, New Zealand and nabCapital have delivered strong and sustainable earnings with disciplined cost management.

Our strategy is to drive shareholder value through a strong focus on growth based on our core skills together with financial and capital discipline.

The cost-to-income ratio fell at both the Group and the regional banking level. The Group cost-to-income ratio fell from 54.5% to 50.8%.

We have the balance sheet strength and a diversified funding program in place to continue to deliver our business growth and strategic objectives despite the increase in funding costs experienced in global financial markets.

Australia, the largest business in the Group portfolio, reported excellent cash earnings growth while continuing to contain costs. The Australian business benefited from strong banking and wealth management contributions with ongoing cash earnings from the Australian region increasing from \$2,341 million to \$2,874 million, a gain of 22.8%.

The business maintained the industry-leading share of strong lending volumes and continued driving its retail deposit growth. There was a continued focus on improving productivity with a strong push to reduce fixed costs while improving products and services.

In our retail business, we added over 300 small business and 100 wealth management planning specialists to our branches. Today, 80% of our branches have home loan professionals, up from 13% two years ago.

Our wealth business showed strong growth assisted by changes to superannuation legislation during the year. Cross sell of wealth and banking products continued to improve with NAB/MLC's cross sell performance one of the best in the Australian financial services market.

The United Kingdom region is in good shape, well

funded and delivering strong, sustainable growth in cash earnings underpinned by the successful integrated Financial Solutions (IFS) model. Costs were well managed and asset quality strong.

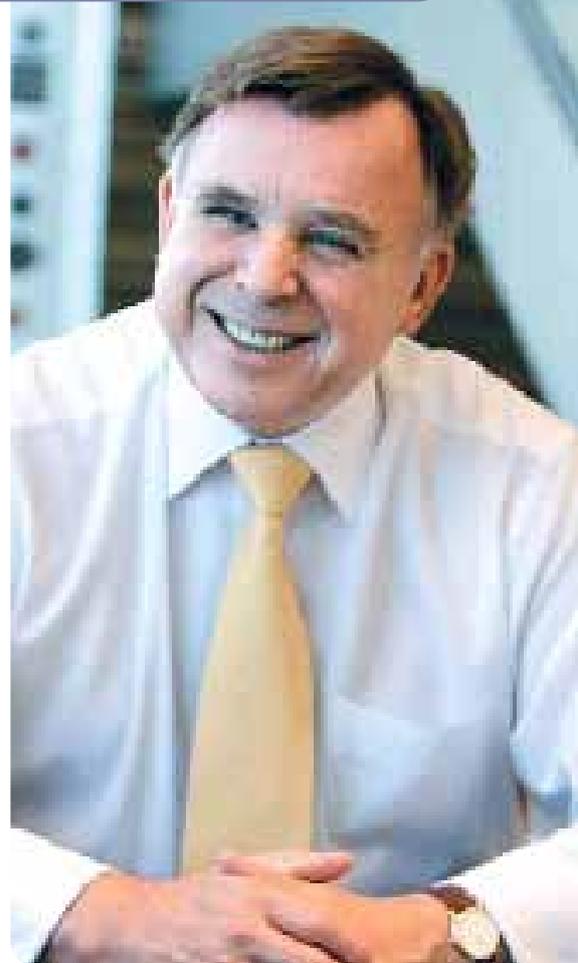
Cash earnings in local currency were 13.6% higher to £243 million, while operating expenses decreased by 2.7% to £719 million.

Operating in a highly competitive market of five major banks and four million people, New Zealand maintained strong year-on-year income growth, disciplined cost management and sound asset quality. On the back of new revenue streams from retail, agri and business banking, cash earnings increased 18.1% to NZ\$430 million.

The sustained improvement in nabCapital's performance continued this year, delivering another strong result on the back of its originate-warehouse-distribute model. The business responded well to volatile credit markets in the second half of the year, demonstrating increased strength and resilience. Cash earnings increased 16.6% to \$715 million.

The performance across our businesses shows National Australia Bank has returned to a position of strength and stability. To prepare for the next phase of growth we have further enhanced our management team with recent senior executive changes. Attracting, retaining and developing our people throughout the organisation is crucial to continuing the business performance we have achieved in the 2007 financial year. I am confident National Australia Bank has a strong team with the right mix of experience to ensure our success and the continuity of our strategic agenda going forward.

Importantly, I would like to thank all our people who have delivered the strong growth that made 2007 such a notable year for the Group.



John Stewart
Group Chief Executive Officer

Our robust performance has been delivered on the back of much hard work over three years

For detailed information on our directors, please see pages 3 to 6 of the 2007 annual financial report.



Jillian Segal



Paul Rizzo



Kerry McDonald



Daniel Gilbert



Peter Duncan



Patricia Cross



Geoffrey Tomlinson



Sir G Malcolm Williamson

from the Group CFO



Each of our businesses performed strongly in 2007

Each of our businesses performed strongly throughout 2007. Through continued focus on revenue growth in our chosen segments and improved operational efficiency, underpinned by our robust balance sheet, we remain in a sound position despite recent market disruptions.

Our corporate purpose is to generate sustainable satisfactory returns to shareholders, and we are doing just that. We have a clearly defined strategic agenda, outlined on the adjacent page, to continue to drive value creation.

We are squarely focused on areas in which we have real strengths - business banking, which is best represented by integrated Financial Solutions (IFS), agribusiness and wealth management, and we are making progress in the execution of this program.

Our overall performance this year reinforces the success of our regional accountability model. The Corporate Centre sets high-level targets for the regional CEOs, giving them the accountability and authority to run their businesses.

The restructuring activity announced in 2005 is essentially complete and has delivered cost savings ahead of our target. These cost savings were achieved at the same time as substantial investment continued in all of our businesses, positioning them to generate sustainable future growth.

During 2007, we delivered diluted cash earnings per share of 268.5 cents, an increase of 37.9 cents from 2006, and cash return on equity (ROE) of 17.1%, which is an increase of 120 basis points from 2006.

strong lending, deposits drive income

Net interest income increased by \$988 million or 11.3%, driven by strong growth in both lending and customer deposits. In Australia, our net interest margin remained steady, whilst in the UK it decreased as we shifted our portfolio to lower risk, hence lower margin products. There was also a decrease in New Zealand from ongoing competitor pressure.

Other operating income decreased \$35 million or 1%. Increases from lending and account fees driven by volume growth across all regions, higher card revenue and a strong contribution from nabCapital have been offset by a shift to lower fee products and the impact of one-off items in 2006.

Wealth management net operating income increased \$163 million or 14.5%, driven by strong sales momentum

with improved advisor productivity, particularly through the bank, along with strong funds flow.

expenses contained

The total banking cost-to-income ratio is down from 54.5% to 50.8%. Operating expenses increased \$68 million or 0.9%. Higher costs associated with increased business volumes have been offset by the success of the Group's transformation and efficiency initiatives.

balance sheet and capital

Over the past two years, we have worked to expand and diversify our funding and to target growth in customer deposits. Our balance sheet is in a strong position and we have increased our focus on initiatives that demonstrate efficient use of capital.

In 2007, we completed a \$1.5 billion capital management program – the largest for the Group in several years.

asset quality sound

Asset quality remains generally sound across the Group with softening of some indicators, albeit off historically low levels. This is within our expectations for this stage of the credit cycle, and we are confident that we are well positioned for the year ahead. Our risk settings have remained consistent with prior years.

regulatory update

Our work to apply for advanced accreditation under Basel II is in its final stages. We expect to receive accreditation in 2008 for all our businesses, with the exception of the UK, which is guided by timeframes set by their local regulatory authority. At the heart of Basel II is a series of best practice risk management methods that are integral to how we run our business. This work has led to an upgrade of credit, market and operational risk capabilities which will allow more targeted management of our risk and return profile in future years and should also lead to further capital efficiencies.

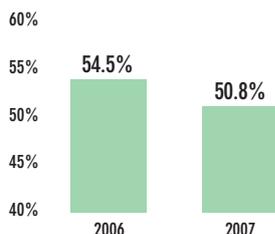
positive outlook

Moving forward, we are targeting a cash ROE for our current operations in the range of our peer group, and are striving for above financial system revenue growth in our chosen relationship managed customer segments.

We will continue to maintain similar discipline to contain operating expenses within inflation until 2010. Our medium-term dividend payout ratio target is 65% and, given the nature of our business portfolio, we expect franking in the range of 80% to 100%.

Michael Ullmer
Finance Director and Group Chief Financial Officer

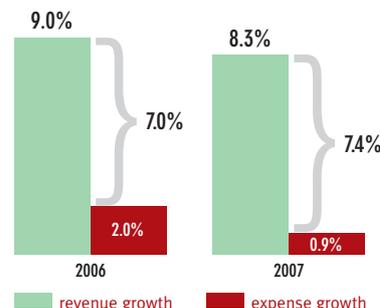
banking cost-to-income



We have achieved significant improvement in operating efficiency with a 370 basis point decrease in our banking cost-to-income ratio.

Source: NAB Internal

strong performance



Our revenue to expense growth differential was over 7% for the second year in a row.

Source: NAB Internal

Subsequent to the end of the 2007 financial year, Michael Ullmer was appointed Deputy Group CEO. Michael remains a member of the Boards of National Australia Bank and the Bank of New Zealand and he will join the Boards of some of our other major subsidiaries.

strategic agenda

our purpose is to generate sustainable satisfactory returns to shareholders

drivers of value creation	2007 initiatives and accomplishments
<p>strong revenue growth potential in our chosen segments</p>	<ul style="list-style-type: none"> • Net operating income increased 8.3% for the full year. • Significant drivers of revenue growth have underpinned the success of our relationship businesses, particularly within business banking in the Australia region and the UK through iFS centres, and in wealth management. • Growth of 16% for the full year has been achieved within nabCapital as a result of strong markets income in the September half and growth across all businesses for the full year.
<p>sustainable expense base with further operational efficiencies to be realised</p>	<ul style="list-style-type: none"> • Disciplined sustainable cost management throughout the Group restricted expense growth to 0.9% for the full year. This is in line with the Group's expectation of maintaining expense growth for the year within inflation. • Continued successful application of Lean Six Sigma, Kaizen and other productivity techniques to improve business processes, reduce costs and increase productivity and efficiency.
<p>capability and value-driven investment</p>	<ul style="list-style-type: none"> • Commenced the transfer of the UK region iFS model to leverage upon capability across the Group. • Agreement to purchase 20% of Union Trust & Investment Limited (UTI). • Strengthened our Group Business Development team.
<p>Group-wide focus on ROE and disciplined capital management</p>	<ul style="list-style-type: none"> • On-market share buy back successfully completed. • Implemented a balance sheet management framework to drive an appropriate mix of retail, short-term and term wholesale funding sources across a diverse range of debt markets. As a result, there has been a continued shift in funding toward retail and term wholesale. This positioned the Group well for the recent market disruption. • Tier 1 capital position of 6.67%, which is within the revised target range of 6–6.75%. Appropriate capability now being deployed to focus on capital management at a regional business portfolio level. • Dividend of 95 cents per share for the half, up 8 cents, reflecting the underlying strength of the Group's capital framework.
<p>management bench strength</p>	<ul style="list-style-type: none"> • Significant investment in developing and growing senior executive pipeline. • Group's growth agenda will create opportunities for career development. • Empowerment model with remuneration focused on reward for performance. • Recent executive appointments demonstrate the development of future leadership.

VALUE CREATION

AUSTRALIA achieving aspirations



We're backing
customers, not just
banking them

The Australian business is evolving into a truly competitive operation, with helping customers achieve their aspirations underpinning everything we do. Strong income trends, the continued execution of our efficiency initiatives and favourable economic conditions all contributed to strong performance for the year.

becoming truly competitive

Performance highlights include continued strong growth in business banking and wealth management, with steady improvement in retail. The focus on productivity resulted in the banking cost-to-income ratio reducing to 46%.

Winner of the Business Bank of the Year for the second year in a row by *CFO Magazine*, business and private banking is a truly competitive enterprise with an experienced sales force that continues to grow its leadership position in business lending through maintaining deep customer relationships. In May, we launched nabHealth to service the financial needs of medical practitioners, healthcare, aged care facilities and investors in this \$90 billion sector. nabHealth is part of our new, specialised business unit which contains divisions for agribusiness, government, education and the food, fibre and beverage industries.

The retail branch refurbishment programme has now largely been completed and, in 2007, we announced a programme to extend nab's ATM network by around 25% through our alliance with Coles, with 40% of new machines to be located in suburbs where there is currently no nab presence.

Our wealth management business, MLC, delivered a strong result, reflecting the successful execution of its strategy pursued over the past three

years. This includes developing a diverse quality advice-based distribution model, maintaining a market-leading position in all sectors of the rapidly growing superannuation system and taking a leading position on the critical issue of conflicts of interest. Leveraging the Australian retail presence, investment sales through nab increased 67% and insurance sales increased by 15% for the year.

listening to our customers

We understand banks need to offer greater choice, better value and that exception fees are a major issue in the community. In August, we announced a range of new accounts that cut fees and make banking easier for millions of customers. 'Smart everyday banking' builds on our concession card account, flat fee transaction accounts and the high interest iSaver account with no monthly account or transaction fees. We also removed the monthly account service fees on our retirement and student accounts.

Our visual identity was reignited with a new theme for retail customers – nab: a little word for a big life. Changes we made in retail are reinforced by improved customer satisfaction levels, in particular personal satisfaction increased by 0.9% over the year (source: Roy Morgan Research – MFI, six-months moving average).

Our efforts were recognised with the *Australian Banking and Finance* magazine naming nab 'Best National Financial Institution'; *Smart Investor* magazine's 'Blue Ribbon Bank of the Year' award, as well as 'Best Banking Website of the Year'. Our direct sales and service team won its category in the Asia Pacific region contact centre awards and MLC won several awards at the 2007 *Asset Magazine* Innovation Awards.



Kevin Potter and **Dorothy Hisgrove** were among 50 people targeted to join NAB's Accelerate talent program in 2007. They represent our future leaders, demonstrating a significant contribution to the business, strong leadership behaviours and the potential to progress further and succeed. Kevin – General Manager Credit Business Banking, has been actively involved in leading and shaping risk projects, while Dorothy – Head of Customer Value Propositions, develops and implements segment marketing solutions and specialist services to help retail customers fulfil their dreams.



Vanessa Little, Victorian State Step UP Coordinator, Good Shepherd Youth and Family Service in Melbourne, is dedicated to helping people on low incomes develop financial independence. NAB has allocated \$30 million in loan capital over three years to develop microfinance initiatives, such as Step UP loan program throughout Australia. Vanessa has helped more than 80 individuals purchase essential household goods last year. She also helps co-ordinate the Step UP program nationally which has delivered more than 450 loans in 16 locations.

▶ AT A GLANCE

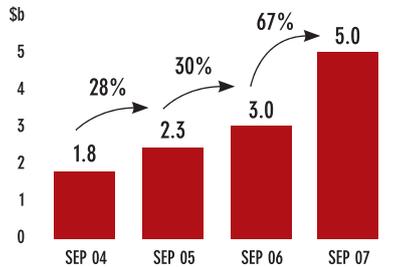
Performance excellence overall

Productivity focus keeps costs flat

Introduced 'smart everyday banking'

Microfinance initiatives expanded

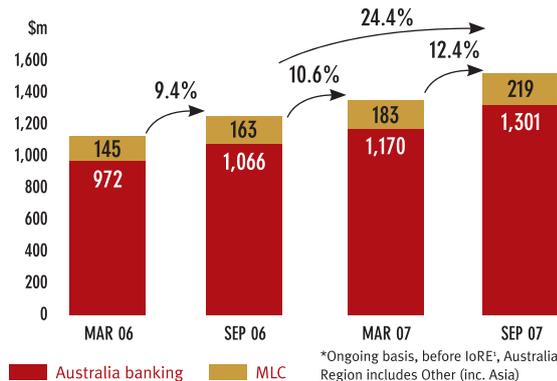
investment sales through bank channels



Cross sell through bank channels continues to provide a strong source of revenue growth for the region.

Source: NAB Internal

Australia region cash earnings*



*Ongoing basis, before IoRE¹, Australia Region includes Other (inc. Asia)

Our results includes strong contributions from both banking and MLC businesses and reflects continued execution of our efficiency initiatives and favourable economic conditions.

Source: NAB Internal

*nab:
a little word
for a big life*

making a difference

Building on initiatives to help people who have the desire to get ahead but are financially marginalised, we introduced a range of low-cost general insurance products to help protect people on low incomes.

Step UP Insurance, which includes home and motor vehicle cover, is another component of NAB's \$30 million commitment to supporting disadvantaged Australians. Step UP Loans is a not-for-profit nab loan developed with Good Shepherd Youth and Family Service.

We contributed to a range of community issues throughout the year, including assistance to businesses impacted by equine influenza and bushfire relief packages, as well as fundraising for people affected by flooding and severe storms.

In March, we announced our pledge to becoming carbon neutral by 2010. In line with our commitment to the environment, we plan to purchase Green Power electricity with Origin to reduce our greenhouse gas emission by about 5,500 tonnes – the same as taking 1,375 cars off the road.

We continue to sponsor a number of charity and community initiatives, including the Alannah and Madeline Foundation, the Australian Ballet, West Australian Opera, the Australian Football League (AFL), Sydney Royal Easter Show, Art Gallery of NSW and National Gallery of Australia. NAB employees last year provided over 5,100 days through volunteering and charity schemes.

Our community trust index rating, as measured by Edelman, is up 5.5% on 2006, reinforcing our active commitment to the community.

developing talented people

We continue to invest in our people with initiatives aimed at better identifying and retaining talent. We have customised rigorous talent programs for each of our businesses, from graduate recruitment through to supporting and developing our leaders. This will enable us to manage succession and ensure we have sufficient strong leaders rising through the organisation able to deliver on our growth strategy.

Our employee share scheme is designed to facilitate NAB share ownership by our people, allowing them to share in the success they help to create. As a result of these and other initiatives, employee engagement scores have increased from 40% to 51%, while employee satisfaction increased from 72% to 81% in 2007.

► Brisbane customer **Tanya Laird** was one of the first people to clock up

savings

via nab's new smart everyday banking. By switching to a new eBanking account and also opening a

high-interest

iSaver account Tanya can expect to save at least \$130 a year in fees while at the same time increasing interest earnings by more than \$1,200.

► Business bank customer **Gillian Franklin**, Managing Director of the Heat Group, is recognised as one of Australia's most innovative marketers. NAB has backed Heat during its five years of operation where Gillian has

grown

the business from five employees working out of a Melbourne coffee shop to a robust,

well-resourced

company of 85 employees, complete with its own warehouse facility and currently distributing two of the world's biggest cosmetic brands – Max Factor and Covergirl.

¹IoRE represents investment earnings on shareholders' retained profits and capital from life business net capital funding costs.

UNITED KINGDOM

strong, sustainable growth

 Yorkshire Bank

 Clydesdale Bank

Our UK business is robustly funded, balanced and diversified. Its traditional prudent approach to risk continues to reap rewards

Our UK operation has yet again delivered a year of strong, sustainable growth.

Countering turbulent trading conditions, it has outperformed the market in key business areas and improved its mix of quality assets on the balance sheet.

Business banking through our maturing integrated Financial Solutions (iFS) Centres continues to power ahead with revenues growing strongly at 23% year-on-year. Retail banking performed well in difficult market conditions with income up 1.2%.

Firm cost control meant expenses increased by less than inflation in the UK. This was achieved while continuing to make significant investment in our business.

Global market conditions arising from the effects of the US sub-prime mortgage crisis impacted in the last quarter however, with strong liquidity and diversity of wholesale funding further improving in the year, Clydesdale Bank's long-term credit rating was upgraded to AA- by Standard & Poor's and to Aa3 by Moody's in 2007.

lending growth

Market share growth in key segments was above the industry average with lending volumes up 19% year-on-year. Business lending volumes grew by 26% (£2.5bn) with our maturing iFS centres generating strong growth. Mortgage lending experienced volume growth of 19%.

Average UK Region deposit volumes grew 21% year-on-year, primarily driven by the continued momentum in iFS and good retail performance.

As a result of Clydesdale Bank's presence in the UK, £64 million of income was generated by nabCapital UK during the year, up 33%. This includes £29 million of income generated from iFS operations.

increased efficiency

Higher income, expense control and lower doubtful debts charges resulted in a 13.6% increase in cash earnings. A growing business portfolio has seen net interest income increase by 5.7% and hard work done around expense control and revenue growth has been rewarded with an improved cost to income ratio of 210 basis points in the year.

Efficiency improvements are reflected in the average cash earnings each full-time equivalent employee generates over the year. In 2007, we increased this figure by £3,000 for every full-time equivalent employee over the year, up 12.5%, to deliver £27,000 per employee.

Other key milestones during the year included the convergence of the Yorkshire and Clydesdale back-office systems, the roll out of a new branch teller system and our inaugural mortgage securitisation of £3 billion.

Further simplification and streamlining of back-office functions and processes have greatly improved business efficiency. Having converged our back-office processing systems, we have also

reconfigured our products to be simpler to use and offer more benefits to customers.

customer benefits

Our new teller system, which operates across the Yorkshire Bank branch network, commenced roll-out to all Clydesdale Bank branches during the year. It is on schedule for completion by the end of 2007.

Customer acquisition rates increased 7.4% in the year and, in addition, the success of our investment and service commitment has been recognised in numerous prestigious awards. Yorkshire Bank was named 'Best Business Bank



Former local magistrate, **Ruth Dass**, turned to Yorkshire Bank with the seed of an idea to help make a difference in the community. With European funding and Yorkshire Bank sponsorship, that idea became InterCulture – an agency creating and supporting innovative, enterprising solutions designed to break down cultural barriers and help all organisations address issues of diversity.



Every Thursday, Yorkshire Bank Business Risk specialist **Simon Pell** gives up his lunch hour to volunteer his time helping primary school children develop numeracy skills. Financial literacy initiatives are evolving as a key Corporate Responsibility characteristic of the UK business. Last year employees contributed more than 3,500 hours to volunteering programmes.

▶ AT A GLANCE

Strong income growth and expense control

Improved cost-to-income ratio

Customer acquisition rates increase

Clydesdale's call centre judged world's best

in the UK' by the Forum of Private Business, while Clydesdale Bank was awarded 'Best Business Bank in Scotland'. Our contact centre in Clydebank was named 'World Contact Centre of the Year' in the prestigious Contact Centre World Awards, beating more than 1,000 entrants.

a top place to work

Our commitment to being an employer of choice continues and we have introduced new, flatter structures, flexible working arrangements and remuneration based on role and performance rather than employee grades.

During the year, we introduced new leadership programs, expanded talent initiatives and a mentoring program for emerging female leaders. In addition, 436 employees completed Lean Six Sigma awareness training helping them to identify efficiency improvements.

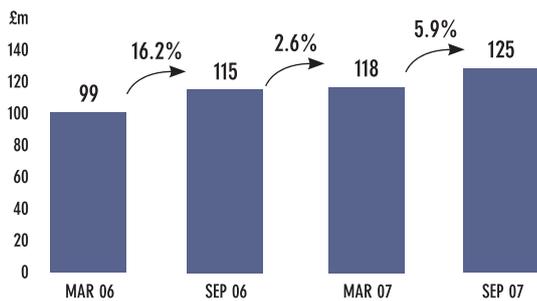
Recognising this success, our people and culture team was awarded the 'ASA Human Resources Excellence Award 2007' by the Chartered Institute of Personnel and Development. *The Times* newspaper also recognised National Australia Group Europe as one of the 'top 50 places women want to work'.

community investment

We continue to invest in the communities in which we operate. Through our two high-profile sponsorships – Scottish Premier League football and the National Trust – we continue to help promote the brands while engaging employees and customers. Our charity partnership with the British Heart Foundation has raised over £450,000 and our payroll giving program established last year now has 11% of staff participating.

In support of the Group's carbon neutral commitment, all energy is now purchased from Climate Levy Exempt sources. Smart Boxes are also being installed across the property network to identify opportunities to reduce energy consumption.

UK region cash earnings



Higher income, expense control and lower doubtful debts resulted in a 13.6% increase in cash earnings

Source: NAB Internal



► With a strong focus on fantastic ideas,

innovation

and customer service, Managing Director of Savvy Marketing, **Catherine Shuttleworth**, has found Yorkshire Bank's integrated Financial Solutions approach a

good fit

for her business.



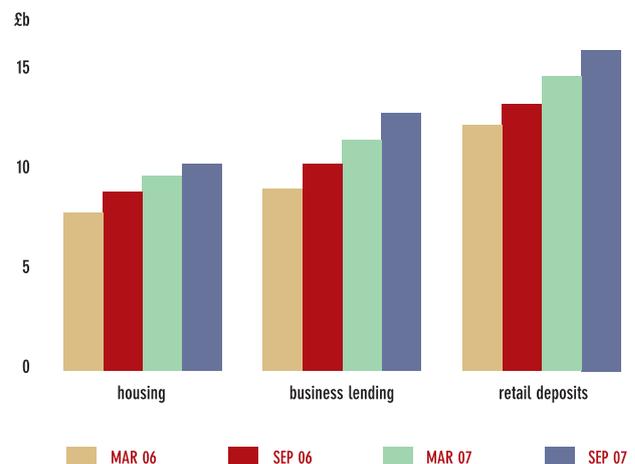
Architect of the innovative integrated

Financial Solutions model, General Manager of iFS, **Mike Williams**, has seen the increasing maturity of the 74 UK Centres gain traction in both organic growth and financial returns. The

service-led

approach to business banking has delivered business lending volume growth of almost 26% in the year.

average lending volumes



Average UK region lending volumes increased 19% this year

Source: NAB Internal

NEW ZEALAND business reinvigorated



BNZ continues its solid performance in a competitive market

The Bank of New Zealand's (BNZ) focus on customers, employees and community, combined with strong income growth, disciplined cost management and sound asset base continues to position the New Zealand region for long-term, sustainable earnings. We delivered very strong underlying cash earnings of 18.1% over the previous year.

In March 2007, we said goodbye to long-term Managing Director, Peter Thodey, and appointed Executive General Manager Group Development, National Australia Bank Group, and Bank of New Zealand director Cameron Clyne as Chief Executive Officer. Under Cameron's leadership, the business is focused on simplifying operations, enhancing our culture and seeking out new revenue streams.

The New Zealand market is intensely competitive with a relatively small population of four million serviced by as many as five major banks and various niche players. Despite the inherent pressures this level of competition places on the business, BNZ continues its prudent focus on profitable long-term business, not unsustainable, short-term opportunities. Meanwhile, BNZ's significant market share in agribusiness, business banking and credit cards continues to grow, thanks to our diversified customer base.

putting customers first

Customer service continues to be a competitive strength with our customer contact centre being recognised for the fifth year in a row as New Zealand's best call centre in the 'greater than 50 seats' category. This success has also been recognised on the world stage with a second place in the service category at the Contact Center World Awards in Las Vegas, in November 2006.

According to research by AC Nielsen, our customer satisfaction levels improved steadily during 2007, up from 65% to 69%, with branch customer satisfaction levels leading the market at 85% – a 6% increase for the year.

innovative new products

We introduced a range of innovative products throughout the year. 'Total Money' is a New Zealand first that allows customers to manage their own interest costs, save money on a variable rate home loan or earn more interest on deposits. So far, Total Money has proven a success, having won additional business from existing customers as well as attracting many new ones.

Another great new product is 'out of the box banking', which we created to make banking easier for our customers to understand. This new, simplified approach uses retail techniques to market everyday banking services. From just \$5 a month, customers can choose between a low interest credit card, transaction account or life insurance. Piloted in July, customer response has so far been very positive, particularly from the under 35 age group, a sector we are keen to encourage.

With the internet increasingly the preferred tool for researching and buying a new home, BNZ home loans are now available through www.fundit.co.nz. Although branch-based lenders and mobile managers continue to be the main way we sell home loans, this move will assist us capturing the rapidly expanding customer base using the web to find a home loan.

building a collaborative culture

We continue to build a culture where employees work collaboratively and are empowered to think like business owners. Around 100 trained culture coaches are working with our people to create a more constructive working environment and sustainable behaviour change. During 2007, this approach has empowered employee decisions, such as varying branch opening hours to local requirements. Meanwhile, we continue to develop the leadership potential of all managers, with more than 450 completing customised leadership training this year, up from 274 last year. Finally, MyWellbeing,



Mobile manager **Tony Mounce** knows a thing or two about customer satisfaction. Over the past 12 years, Tony has written more than NZ\$1 billion worth of home loans, helping more than 5,000 New Zealanders get into a home.



With a BNZ 'Total Money' account and the help of his father, Leo, **Steven Lim** is saving thousands of dollars in interest and paying his home loan off years early. This account's offsetting feature means family members with funds can help their relatives with home loans, without losing control of their funds.

▶ AT A GLANCE

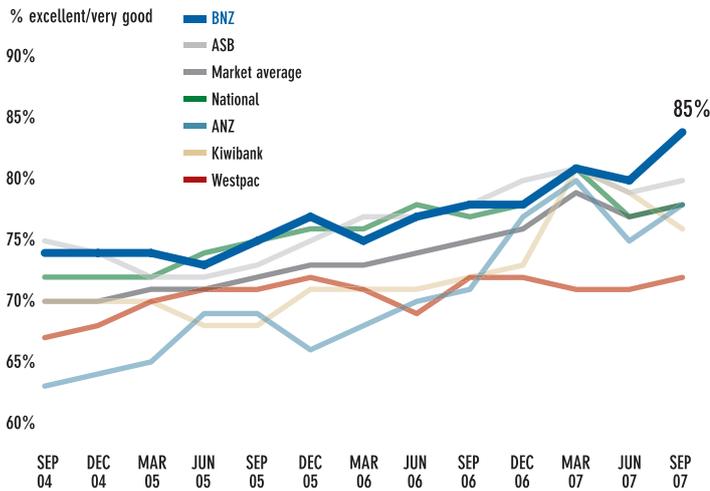
New leadership team

Strong income growth

Award-winning customer service

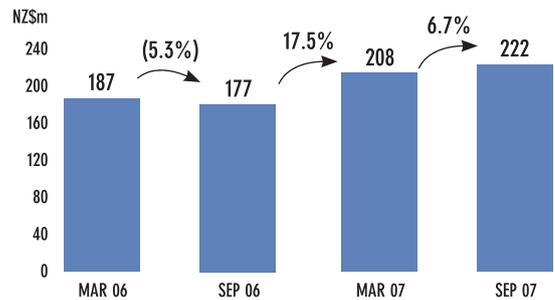
'Total Money' leads product innovation

satisfaction with branch service – based on customers who have visited a branch



Source: AC Nielsen Consumer Finance Monitor, six month rolling average – September 2007

NZ region cash earnings



Cash earnings have increased 18.1% over the previous year.

Source: NAB Internal

an interactive wellness program for staff launched in August, is helping our people make informed choices about lifestyle, health and work/life balance.

This continued focus on leadership and culture is paying off with this year's employee engagement levels rising from 49% to 57%.

we care about our community

In line with the broader Group concern for the environment, BNZ is also striving to be carbon neutral by 2010. To help us reach this target, we're rolling out a number of initiatives, including an energy efficiency program, encouraging staff to reduce energy use, using energy efficient vehicles and carbon offsetting and accreditation opportunities.

In November 2006, 20,000 people attended BNZ's 'Get Organised Auckland', New Zealand's biggest garage sale, and raised \$400,000 for 'Preventing Violence in the Home'. Many staff volunteered to support the event and continued to assist the charity throughout the year.

Moving forward, from July 2007 our employees have even more opportunity to give back since we approved volunteer leave, giving full-time and permanent part-time staff two days paid leave a year to support community initiatives.

We are focused on simplifying operations, enhancing our culture and seeking new revenue streams

► **Jane Drumm**, Executive Director of Preventing Violence in the Home (PVH) is devoted to her cause. BNZ's partnership with PVH raised

\$400,000

to extend the reach of PVH's 24-hour call centre and was recognised with a

Social Hero Award

for family safety by the Robin Hood Foundation.

► Auckland Personal Contact Centre Manager **Henry Tohu's** leadership

inspires

his team to keep improving its already outstanding performance. Having lively and engaging conversations with customers are key to BNZ's

leadership

position as New Zealand's best contact centre for service.

NABCAPITAL solid growth



Our originate-warehouse-distribute model continues to drive performance improvement

nabCapital continued the positive momentum of recent years with a strong result in 2007. Revenue rose 16% on the previous year, contributing to two consecutive years of solid earnings growth.

client-driven approach

During the year, our originate-warehouse-distribute operating model continued to provide the platform for sustained performance improvement. This model involves offering a diverse mix of funding and risk management capabilities to our customers, repackaging the risk from those products, and offering investor clients access to a range of investment opportunities.

This approach led to improved activity across all key business lines including increased origination activity in Corporate Finance, and strong deal flow in Syndications and Leveraged Finance. We arranged and underwrote significant, large structured property finance transactions and retail property listings.

We maintained our focus on building our global distribution capability and developing a more diverse, sophisticated suite of products. During 2007, we established an alternative investments business and accelerated new initiatives, including securitisation and US private placement capabilities in New York, Project Finance in Asia, and Acquisition Leveraged Finance in the UK.

Throughout the year, we managed a number of notable deals for key clients. These included acting as sole lead arranger and underwriter to a bond issue for Origin Energy in Australia and managing Sumitomo Mitsui Banking Corporation's three-year floating rate issue.

We were sole agent for a traditional US private placement for the Australian Education Trust, and were lead equity arranger, joint lead manager and underwriter of the Multiplex European Property Fund.

Our relationship with the Wachovia Corporation resulted in nabCapital jointly lead managing its Five-year Senior Fixed Floating Bond deal and a 10-year Subordinated Fixed and Floating Bond for the Wachovia Bank N.A.

Our commitment to delivering innovative and effective financing solutions for our clients led to a range of awards, including 'Best Domestic Debt House' – *Asiamoney*, June 2007 (2nd consecutive year) and 'Best Bond House' – *Insto*, January 2007 (4th consecutive year).

leveraging capabilities in key markets

As the Group's global division, nabCapital operates in three core regions – Australia (including the Americas and Asia), New Zealand and the United Kingdom.

In September 2007, we announced an agreement to take a 20% stake in China-based Union Trust & Investment (UTI) – a company that primarily operates and manages property trusts.

This is an active investment aimed at taking our demonstrated strength in structured property financing into China's burgeoning trust company sector.

capitalising on volatile markets

The financial environment became volatile in the second half of 2007 as the uncertainty associated with the US sub-prime market and flow on impacts took hold in the global economy.

We were well positioned to exploit the opportunities arising from fluctuating market conditions, with our Global Markets business showing an improved trading performance in the second half of the year. However, following the recent market disruption, the level of capital required to support our activities increased, reflecting funding requirements from our securitisation business, additional client demand and a higher level of liquid assets to support the bank.



Raymond Wang, nabCapital's Structured Property Finance Director's proven skills were relocated to Shanghai as part of our 20% stake in Union Trust & Investment (UTI). NAB took its first step into China with this active investment aimed at utilising our strength in structured property financing in China's burgeoning trust company sector.



Rachel O'Neill, nabCapital's head of the Carbon Solutions Group, is demonstrating that business can be done with a social conscience. This year Rachel's team has been involved in advising our organisation, and raising awareness with clients and the public about carbon emissions trading. She was instrumental in nabCapital signing the Equator Principles.

▶ AT A GLANCE

Two years of solid growth

Continued momentum across key products

Volatile market conditions provide opportunities

Carbon Solutions Group established

Asset quality is strong as shown in our overall results, while the bad and doubtful debts charges have stabilised at more typical levels.

people and culture driving success

We made strong progress in our cultural transformation program with initiatives aimed at developing our people and instilling the right behavioural attributes to support our strategic priorities.

To this end, we launched the Blueprint leadership behaviours model, a program designed to reinforce behaviours, including collaboration, innovation and accountability, that will drive our continued growth. In line with this, we established the CEO Award for Innovation to recognise, reward and encourage a spirit of entrepreneurship among our people.

In 2007, we polled all employees across our global business to measure satisfaction levels. The survey averaged a strong score of 82%, reflecting our people's commitment to the activities and direction of the business.

rising to green challenges

Increasing awareness of climate change has presented us with challenges as well as opportunities. During the year, nabCapital's Carbon Solutions Group was established to work on identifying and addressing issues relating to carbon emissions trading and pricing frameworks.

Through nabCapital, the National Australia Bank put in place plans to adopt the Equator Principles, which set out environmental standards for project financing around the world.

commitment to the community

Our commitment to the community continued to increase, with the implementation of a dedicated community investment program built on a number of global strategic partnerships.

This included establishing a relationship with the Earthwatch Institute to provide 10 employees annually the opportunity to work with scientists in the field on important environmental issues.

We have also seen an increase in the number of employees involved in team-based and individual volunteering activities across the business in 2007.

► Wachovia Bank N.A.'s Australasia Country Manager, **Judy Margala**, and nabCapital's Global Head of Capital Markets Origination, **Mark Garrick**, had

plenty

to smile about after we raised five and 10-year bonds together in one of the year's

notable deals.

The deal involved collaboration between teams in Sydney, New York, London and Hong Kong.



► CEO of Austock Property Funds Management, **Vin Harink**, is meeting the

expansion needs

of his business internationally through long-term US private placement funding. This year, nabCapital acted as sole agent on this

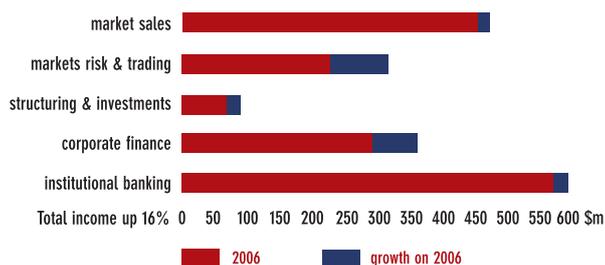
innovative

transaction which matched property assets against long-term loans for the Australian Education Trust.



Our Global Markets business showed improved trading performance in the second half, capitalising on market volatility

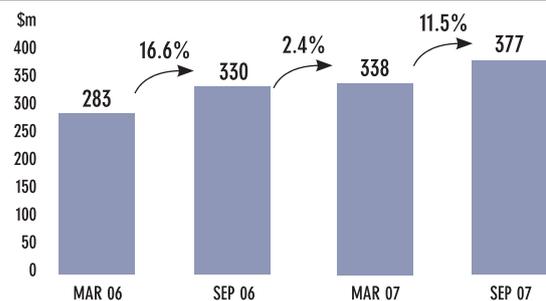
total income growth by product



Income grew 16% year-on-year driven by strong deal flow across the business.

Source: NAB Internal

nabCapital cash earnings



Two straight years of cash earnings growth since our business turnaround commenced in 2005.

Source: NAB Internal

selected financial data

group results for the year ended 30 September	2007 \$m	2006 \$m
Net interest income	9,765	8,777
Other operating income	3,519	3,554
Wealth management net operating income	1,286	1,123
Net operating income	14,570	13,454
Operating expenses	(7,428)	(7,360)
Underlying profit	7,142	6,094
Charge to provide for doubtful debts	(790)	(605)
Cash earnings before tax, loRE and distributions	6,352	5,489
Income tax expenses	(1,722)	(1,563)
Cash earnings before loRE and distributions	4,630	3,926
loRE	39	56
Distributions	(283)	(254)
Cash earnings – ongoing operations	4,386	3,728
Disposed operations	8	175
Cash earnings	4,394	3,903
Non cash earnings items	184	489
Net profit attributable to members of the Company	4,578	4,392

selected performance indicators for the year ended 30 September	2007 \$	2006 \$
Key indicators		
Cash earnings per share (cents) – basic	270.1	233.0
Cash earnings per share (cents) – diluted	268.5	230.6
Cash earnings on equity (ROE)	17.1%	15.9%
Profitability, performance and efficiency measures		
Dividends per share (cents)	182	167
Dividend payout ratio	67.4%	71.7%
Cash earnings on average assets	0.84%	0.81%
Banking cost-to-income ratio	50.8%	54.5%
Capital		
Tier 1 ratio	6.67%	7.35%
Total capital ratio	9.99%	10.81%
Adjusted common equity (ACE) ratio	4.90%	5.35%
Volumes (\$bn)		
Average interest earning assets	426.6	375.7
Risk weighted assets	355.3	318.3
Asset quality		
Gross impaired assets to gross loans and acceptances	0.28%	0.26%
Total provision to gross impaired assets	211%	238%
Specific provision to gross impaired assets	28.1%	20.4%
Other		
Full-time equivalent employees	38,822	38,419

balance sheet summary as at 30 September	2007 \$m	2006 \$m
Assets		
Cash and liquid assets	12,796	12,768
Due from other banks	25,144	24,372
Marketable debt securities	27,633	16,621
Loans and advances at fair value	19,564	16,774
Other assets at fair value	5,625	5,349
Other financial assets at fair value	25,189	22,123
Loans and advances including acceptances	370,192	325,503
Investments relating to life insurance business	62,630	54,784
Other assets	41,050	28,614
Total assets	564,634	484,785
Liabilities		
Due to other banks	42,566	37,489
Deposits at fair value	14,133	10,622
Other liabilities at fair value	7,717	7,058
Other financial liabilities at fair value	21,850	17,680
Deposits and other borrowings	254,225	222,277
Liability on acceptances	30,443	32,114
Bonds, notes and subordinated debt	80,983	65,006
Other liabilities	104,682	82,247
Total liabilities	534,749	456,813
Net assets	29,885	27,972
Equity		
Equity (parent entity interest)	29,571	27,804
Minority interest in controlled entities	314	168
Total equity	29,885	27,972

The financial data presented in our shareholder review is aligned to our management view, rather than the statutory annual financial report. As such, the review focuses on ongoing cash earnings.

Cash earnings is one of the main financial targets we use to manage the Group and is a key performance measure used by the investment community. By presenting financial information on an ongoing basis, the results of operations that will not form part of the continuing Group (for example, entities that have been sold) are excluded for the current year and all prior periods shown.

Cash earnings does not refer to or in any way purport to represent the cash flows, funding or liquidity position of the Group. A full definition of cash earnings and selected performance indicators along with a reconciliation to our statutory net profit after tax can be found in our 2007 full year financial results announcement, available at www.nabgroup.com

about us

National Australia Bank Limited is an international financial services institution that operates under a regional accountability model to maximise local decision making.

The regional businesses are responsible for creating value within a framework established by the Corporate Centre. This comprises return on equity and cash earnings, customer satisfaction and employee engagement scores to ensure value is created in a sustainable way.

The Corporate Centre sets high-level targets for the regional CEOs, giving them the accountability and authority to run their businesses, as they are close to their markets, understand customer needs and the competitive landscape.

Along with human capital and responsibility for mergers and acquisitions, the Corporate Centre manages the allocation of capital and takes a portfolio perspective to optimising shareholder returns.

The Corporate Centre undertakes rigorous value-based analysis of the Group's existing business portfolio in the same way as it assesses new opportunities.

NAB's Corporate Principles underpin everything we do and say. In line with leveraging our core capabilities internationally, many of our Corporate Responsibility and employee philosophies, including diversity, our 2010 carbon neutral pledge and volunteering, have been adopted by all our businesses.

our group executive team

CORPORATE CENTRE



John Stewart
Group Chief
Executive Officer



Michael Ullmer
Finance Director
Group Chief Financial Officer



Peter Thodey
Group Executive
General Manager



Mark Joiner
Group Executive General Manager
Development and New Business



Michael Hamar
Group Chief Risk Officer

REGIONAL BUSINESSES

AUSTRALIA



Ahmed Fahour
Executive Director
and CEO

Business & private
Business banking
Private banking
Corporate banking
Specialised businesses
Working capital services
Asset finance
Custodian services
Retail banking
Retail financial services
Direct sales and services
Mortgages
Consumer banking solutions
NAB broker
Wealth management
Financial planning
Investments
Superannuation
Insurance

UNITED KINGDOM



Lynne Peacock
CEO

iFS (Business & private)
Business banking
Private banking
Corporate banking
Asset finance
Agribanking
Retail banking
Retail financial services
Direct sales and services
Mortgages
Consumer banking solutions
Wealth management
Financial planning
Investments
Insurance

NEW ZEALAND



Cameron Clyne
CEO

Business & private
Business banking
Private banking
Specialised finance
Asset/debtor finance
Agribusiness (agribanking
and specialised finance)
Retail banking
Credit cards
Consumer banking
Deposits and transactions
Mortgages
Wealth management

NABCAPITAL



John Hooper
CEO

Global markets
Institutional banking
Corporate finance
Structuring and investments

our corporate principles

- We will be open and honest.
- We take ownership and hold ourselves accountable (for all our actions).
- We expect teamwork and collaboration across our organisation for the benefit of all stakeholders.
- We treat everyone with fairness and respect.
- We value speed, simplicity and efficient execution of our promises.

Subsequent to the end of the 2007 financial year, the following changes to the Group Executive were announced: Michael Ullmer was appointed Deputy Group CEO and remains a member of the Boards of National Australia Bank and the Bank of New Zealand. He will in addition join the Boards of some of our other major subsidiaries. Mark Joiner was appointed Group Chief Financial Officer. George Frazis, who was previously Executive General Manager Business and Private Banking in Australia, will join the Group Executive Committee as the Group Executive General Manager Development and New Business.

remuneration summary

NAB aims to attract and retain talented executives and directors. Remuneration strategies are targeted to motivate NAB's people to pursue long-term business growth and success and demonstrate a clear relationship between executive performance and remuneration.

Rewards for non-executive directors are consistent with market rates and comprise cash fees, superannuation and equity.

NAB's executive remuneration approach ensures remuneration properly reflects the duties and responsibilities of these individuals. Executive packages are structured to ensure that a significant part of their rewards depends on achieving business objectives and generating returns for shareholders.

A detailed remuneration report is contained in the Report of the Directors from pages 15 to 30 in the 2007 annual financial report available online at www.nabgroup.com

non-executive directors	Short-terms benefits	Post-employment benefits	Equity-based benefits	Total \$
	Cash salary and fees fixed \$	Superannuation fixed \$	Shares fixed \$	
MA Chaney	493,387	105,113	66,500	665,000
PA Cross	86,615	42,385	86,000	215,000
PJB Duncan	89,167	92,708	43,125	225,000
DT Gilbert	37,804	105,113	66,458	209,375
TK McDonald	336,096	12,797	-	348,893
PJ Rizzo	188,497	50,003	26,500	265,000
JS Segal	69,109	82,016	81,375	232,500
JG Thorn	110,887	105,113	24,000	240,000
GA Tomlinson	266,700	105,113	41,312	413,125
GM Williamson	584,653	-	-	584,653
Total	2,262,915	700,361	435,270	3,398,546

executives	Short-term benefits			Post-employment benefits	Equity-based benefits		Total \$
	Cash salary fixed \$	Cash STI at risk \$	Non-monetary fixed \$	Other benefits including superannuation fixed \$	Shares at risk \$	Options and rights at risk \$	
executive directors							
JM Stewart	2,710,013	1,631,500	155,744	-	1,607,155	2,714,491	8,818,903
A Fahour	1,597,701	1,847,500	4,389	38,473	1,982,740	1,360,222	6,831,025
MJ Ullmer	981,500	729,500	7,474	105,191	919,519	779,355	3,522,539
other senior executives							
LM Peacock	1,066,168	1,629,111	417,670	250,929	521,691	1,269,592	5,155,161
JE Hooper	836,746	1,300,000	-	60,288	425,391	570,271	3,192,696
PL Thodey	729,700	937,500	19,958	116,213	164,012	765,899	2,733,282
CA Clyne	762,646	881,250	70,110	42,941	287,915	536,124	2,580,986
MA Joiner	404,337	446,918	-	25,352	1,022,521	272,963	2,172,091
MJ Hamar	613,134	725,661	46,566	106,348	135,624	259,856	1,887,189
Total	9,701,945	10,128,940	721,911	745,735	7,066,568	8,528,773	36,893,872

shareholder information

annual financial report 2007

A copy of our annual financial report is available to all shareholders upon request. You can view our report online at www.nabgroup.com or request your copy from Shareholder Services either by email at web.queries@computershare.com.au or by telephone on 1300 367 647 (within Australia) or +61 3 9415 4299 (international).

annual general meeting 2007

When: 7 February 2008

Where: Perth Convention and Exhibition Centre

Address: 21 Mounts Bay Road
Perth Western Australia 6000

Time: 9.30am

National Australia Bank Limited

Chairman

Mr Michael A Chaney

AO, BSc, MBA, Hon. LLD W. Aust,
FAIM, FAICD

Group Chief Executive

Mr John M Stewart

BA, ACII, FCIB

Company Secretary

Ms Michaela J Healey

LLB, FCIS

Registered office

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Tel: 1300 367 647

Auditor

Ernst & Young
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Melbourne Victoria 3000
Australia
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777

contact details

Principal Share Register

Computershare Investor Services Pty Limited
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452 Johnston Street
Abbotsford Victoria 3067

Postal address
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Melbourne Victoria 3001
Australia

In Australia
Tel: 1300 367 647
Fax: +61 3 9473 2500
Outside Australia
Tel: +61 3 9415 4299
Fax: +61 3 9473 2500

UK Share Register

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
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Bristol BS99 7NH
United Kingdom

Tel: +44 (870) 703 0197
Fax: +44 (870) 703 6101
Email: web.queries@computershare.com.au
Website: www.nabgroup.com

United States ADR depository, transfer agent and registrar

The Bank of New York Mellon
Investor Services
PO Box 11258
New York NY 10286 - 1258
United States of America

US Toll Free
Tel: 1-888-269-2377
Tel: +1 212 815 3700 (outside US)
Email: shareowners@bankofny.com
Website: www.adrbny.com

2008 FINANCIAL CALENDAR*

8 MAY 2008

Half-yearly results announcement

5 JUNE 2008

Ex-dividend date for interim dividend

12 JUNE 2008

Record date for interim dividend

10 JULY 2008

Payment date for interim dividend

31 OCTOBER 2008

Full-year results announcement

7 NOVEMBER 2008

Ex-dividend date for final dividend

13 NOVEMBER 2008

Record date for final dividend

10 DECEMBER 2008

Payment date for final dividend

18 DECEMBER 2008

2008 Annual General Meeting

* Dates are subject to change



ShareGift Australia your shares can help people in need

NAB is the first Australian public company to support ShareGift Australia, giving shareholders an opportunity to donate shares to charities without the need to appoint a stockbroker or pay brokerage fees.

In July 2007, we wrote to around 20,000 shareholders who hold small parcels of shares, explaining how their shares could help people in need. Many shareholders responded and, within a few months, more than \$15,000 was donated to around 20 charities nominated by the individuals.

Over 200,000 Australians own small parcels of ASX-listed shares with an estimated worth of around \$80 million. Imagine the difference it could make if a fraction of these shares was donated to charities.

ShareGift Australia is endorsed by the Australian Securities Exchange and the Australian Shareholders' Association.

You can obtain further information about ShareGift Australia at www.sharegiftaustralia.org.au or by calling 1300 731 632.



trade online with nab

NAB Online Trading can help you buy or sell ASX-listed shares, warrants and options. We can also help you invest in managed funds and IPOs.

As a NAB OnLine Trading client, you can access:

- Competitive brokerage rates starting from \$29.95
- Extensive research and analysis, including Aegis company research and recommendations
- Company ratios, news and announcements
- Charting
- Conditional ordering
- Security price alerts via email and SMS

How to apply

Simply visit nab.com.au/trading and complete the online application form or call our team on 13 13 80 for assistance.

National OnLine Trading Limited (ABN 83 089 718 249, AFSL No. 230704) is a related body corporate of NAB. NAB does not guarantee the obligations or performance of this related body corporate or the products or services this related body corporate offers.



corporate responsibility highlights

stakeholder engagement

- Continued to improve stakeholder trust as measured by the Relationship Index licenced by Edelman
- Principles developed to guide community investment in Australia
- BNZ held community consultation workshop on accessibility of banking products and services

community

- Invested \$25.9 million in local communities across the Group
- Established a paid volunteer leave policy within all of our businesses
- Enhanced our banking offering to provide access to people who are financially disadvantaged

people and culture

- New career development frameworks in Australia and the United Kingdom
- Improved ratio of women in senior management
- Diversity initiatives expanded across the Group

helping our customers

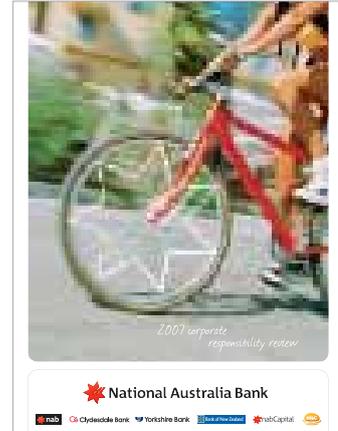
- Implemented 'Customer First' to make retail banking easier in Australia
- Tailored services to make them accessible for all customers
- Expanded our microfinance initiatives
- Listened and responded on fees
- Took proactive action to help customers avoid financial hardship

environment

- Pledged to become carbon neutral by September 2010
- Adopted Equator Principles
- Three new sustainable buildings in New Zealand

benchmarking

- Improved our Dow Jones Sustainability Index result
- RepuTex rating increased from AA to AA+ in Australia
- Included in Business in the Community's 'Top 100 companies that count' listing in the United Kingdom
- 2006 CSR Report wins sustainability reporting award
- Support for 'Preventing Violence in the Home' in New Zealand wins award



new-look corporate responsibility review

Our goal to deliver sustainable shareholder returns can only be achieved through an unwavering focus on our customers' needs, ethical behaviour at all levels and recognition in the community that we are behaving as responsible corporate citizens. In a move to further improve communications, this year we have streamlined our reporting into a review summarising major corporate responsibility (CR) issues for 2007. Full coverage of our CR performance to ensure we continue to meet the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines will also be available online at www.nabgroup.com

Disclaimer

The shareholder review cannot be expected to provide as full an understanding of the financial performance, financial position, operating, financing and investment activities of the Group as the 2007 annual financial report and the full-year profit announcement. This publication contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of National Australia Bank 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. National Australia Bank does not undertake any obligation to publicly release the results of any revisions to these forward-looking statements to reflect circumstances or events subsequent to the date of this Review.

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