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Asian Investment Conference

27 March 2009



FY08 – franchises performed well in tough environment

Home currency \$m	Full year to		
	Sep 08	Sep 07	Change%

Underlying Profit

Australia Banking	4,734	3,894	21.6
MLC	576	557	3.4
UK Region	£518	£463	11.9
NZ Region	NZ\$763	NZ\$685	11.4
nabCapital	1,309	960	36.4
Other ¹	(247)	(2)	large
Group underlying profit	8,138	7,142	13.9

Cash Earnings

Australia Banking	2,928	2,471	18.5
MLC (pre IoRE)	408	402	1.5
UK Region	£249	£243	2.5
NZ Region	NZ\$482	NZ\$430	12.1
nabCapital	(44)	715	large
Other ²	(322)	(173)	(86.1)
Group cash earnings	3,916	4,386	(10.7)

¹ Other represents Central Functions and Asia

² Other represents Central Functions, Asia, IoRE and distributions

Solid 1Q09 performance in challenging environment

▶ December quarter trading update:

- Australia Banking and nabMarkets revenue strong
- Revenue softness in UK and MLC
- Cost growth at around inflation for the full year
- Asset quality position deteriorating in line with economic conditions
- Funding, liquidity and capital position remain strong
- No material change to conduit position

▶ Continuing deterioration in economic conditions

- Forecast GDP decline of -1% in Australia in 2009

▶ Dividend

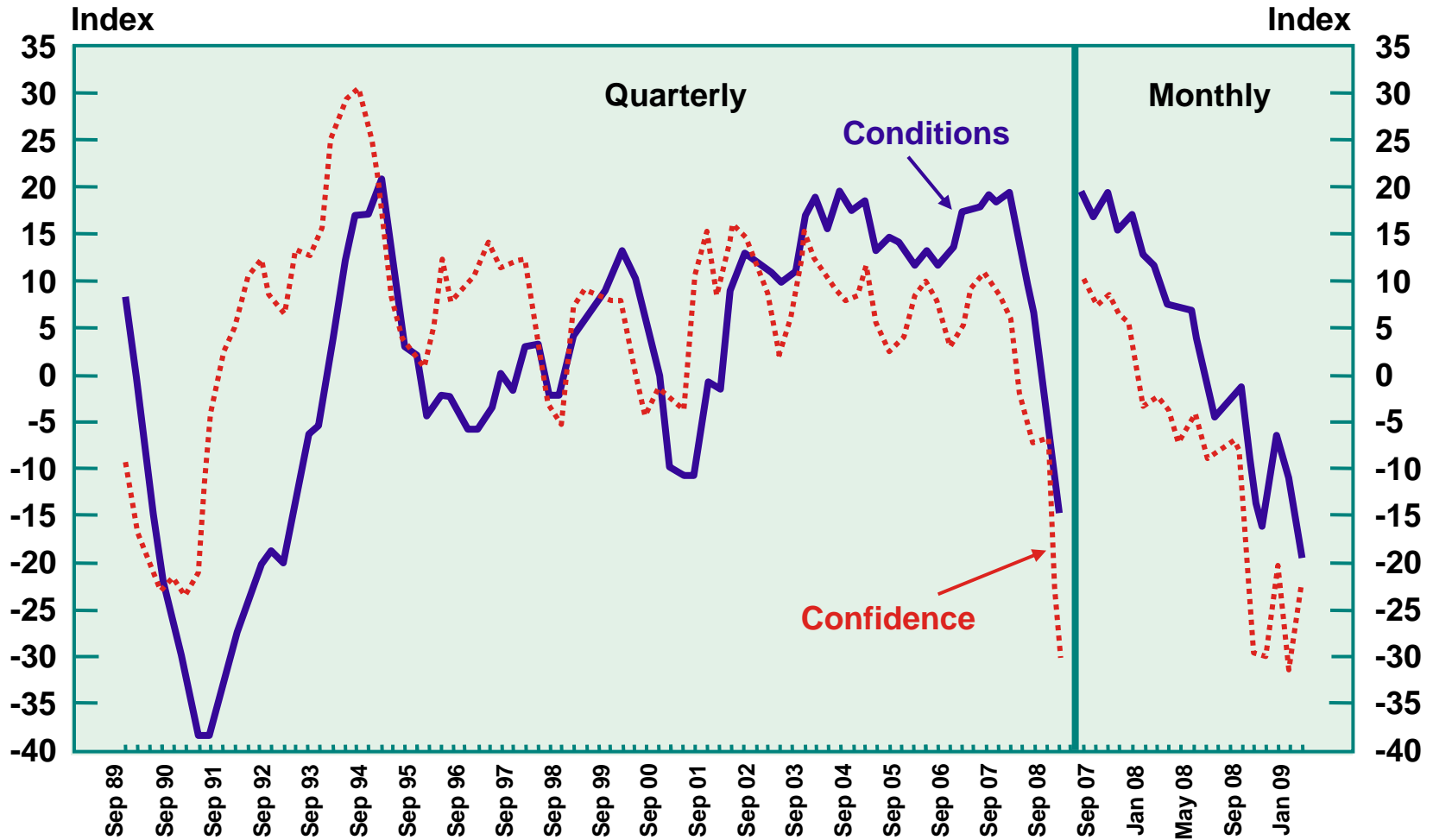
- External environment increasingly challenging
- Important to maintain conservative settings
- Reducing dividend by approximately 25% at 1H09

▶ Costs

- Continue to have strong momentum in cost management, within guidance
- We are accelerating some initiatives given market conditions
- Will report specific one-off costs and benefits as they arise

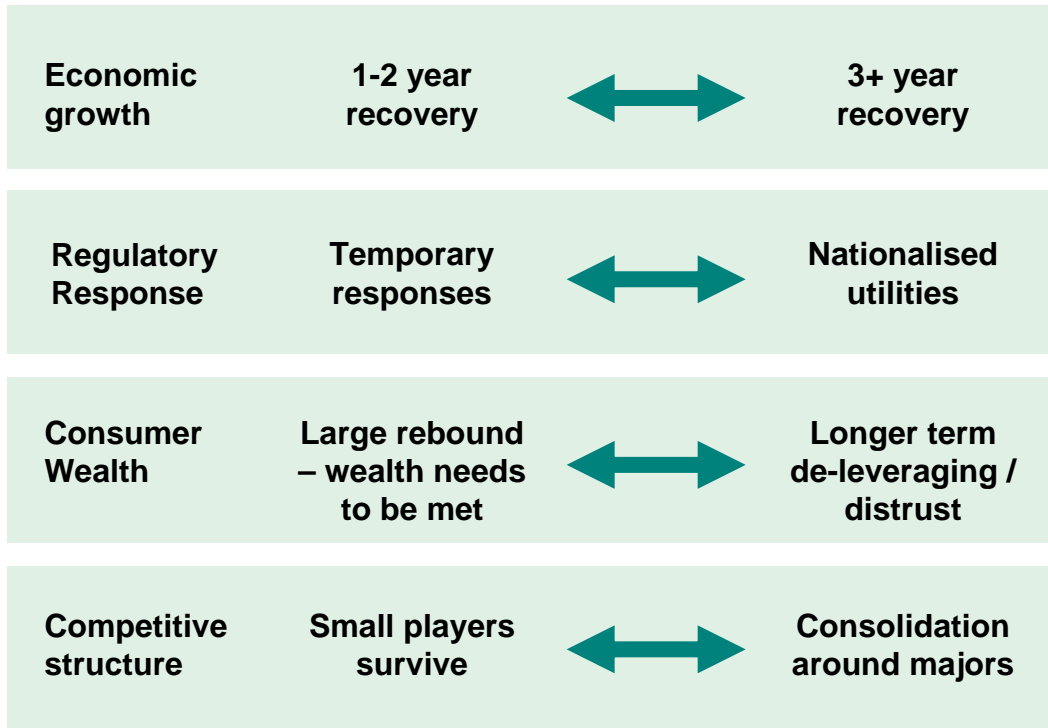
Environment is deteriorating

Business Confidence & Conditions



* Seasonally adjusted by National

Future scenarios



No Regret Imperatives:

- ▶ Balance sheet strength
- ▶ Efficiency, quality & service
- ▶ People, culture & reputation

Observations on recent history

Turnaround successful on a number of fronts

- ▶ Cash earnings
- ▶ Costs
- ▶ Culture
- ▶ Some peer-leading businesses: business banking, insurance, markets

Disappointing TSR

- ▶ Lower ROE versus peers: UK, nabCapital and underweight retail banking (Aust)
- ▶ Sentiment re: transparency/surprises

Future focus – shareholder performance

- ▶ Lifting ROE
- ▶ Improving transparency

Balance sheet strength

Credit rating strength

- ▶ Access to funding
- ▶ Resilience in current environment

Operate under conservative capital ratios

- ▶ Target Tier 1 ratio above 7%
- ▶ Reducing dividend by approximately 25%

Continue to enhance funding & liquidity

- ▶ Strong growth in customer deposits
- ▶ 2009 term funding requirement over 70% complete
- ▶ Strong liquidity buffer

Continue tight controls and risk settings

- ▶ Pricing for risk
- ▶ Continue active B&DD management, early intervention

Portfolio

	Strong position, with growth opportunity	Significant upside from continuing reinvention	Smaller businesses, resilient in tough conditions	Unsatisfactory returns today in tough conditions
Group Contribution (FY08):				
▶ RWA	48%	12%	8%	32%
▶ Cash Earnings¹	55%	24%	8%	13%
Key Businesses	<ul style="list-style-type: none"> ▶ Business/ Corporate (Aust) ▶ Institutional Wealth (Aust) ▶ Insurance (Aust) ▶ Markets 	<ul style="list-style-type: none"> ▶ Retail (Aust) ▶ Investments/ superannuation ▶ Asset Management ▶ Private Wealth (Aust) 	<ul style="list-style-type: none"> ▶ BNZ (NZ) ▶ GWB (US) ▶ Asia 	<ul style="list-style-type: none"> ▶ CYB (UK) ▶ nabCapital – (non franchise activity²)
	<i>Focus in Australia</i>		<i>Maintain value, innovation & options internationally Restructure nabCapital</i>	

Note: (1) Cash earnings excludes conduit write-offs and Group Funding distributions on hybrids

(2) includes CDOs and other non-franchise activity

Business Banking – future opportunities

Strong focus on iFS model, Agri, Health, Govt/Education, SME Market

- ▶ Underweight in NSW and SA (Good position today, not over time)
- ▶ Health, Agri, Education (Seeing strong growth)
- ▶ Big focus on transaction banking ~30 new specialists added
- ▶ Small business sector <\$3M turnover – underperforming, but a big opportunity

Grow presence in NSW, WA and QLD to seize opportunity presented by market dislocation

- ▶ Hiring 150-200 bankers, Open 12 new BBCs

Focus on building banker capability

- ▶ “AND” discipline on execution (Grow Revenue AND Manage Margin AND Manage Risk)
- ▶ Cross-sell could drive ~\$1bn in incremental revenues, if we get average of best practice banks

Protect our core franchise

- ▶ Relationship Management, iFS and footprint
- ▶ NAB brand in Business Banking
- ▶ Our investment in People and Culture

Continue strong focus on asset quality/B&DDs

We are growing share AND margin AND risk quality AND growing customer satisfaction

Personal Banking - future opportunities

High value segment focus – our strength

- ▶ Mass affluent, micro business and DIY
- ▶ Brand, scale and capability advantage
- ▶ Specialised advice and service proposition

Capture new customers from merger dislocation

Expand distribution reach to broader segments

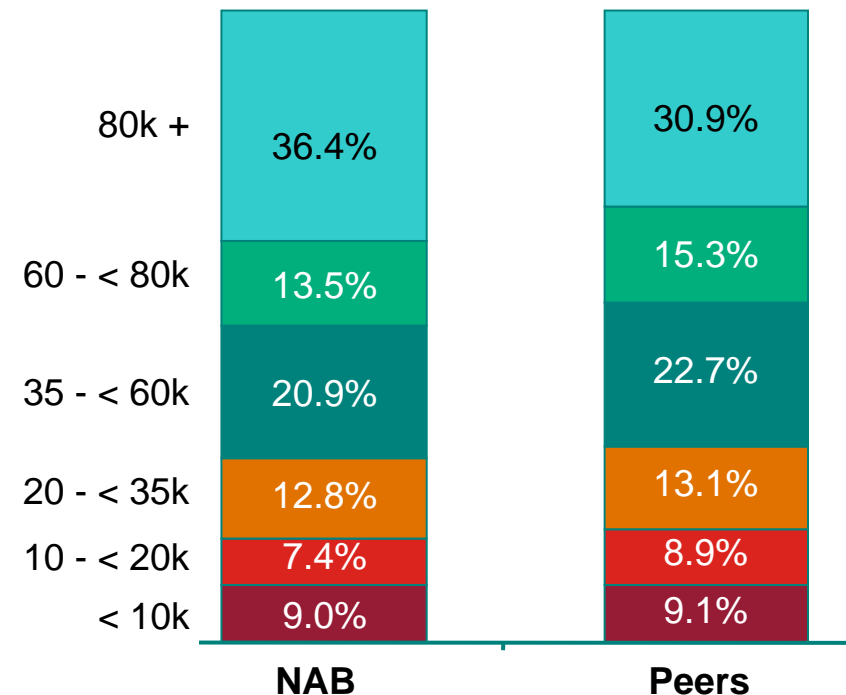
- ▶ Quality broker approach
- ▶ Potential for additional brands and distribution

Continue to optimise the network, simplify processes

- ▶ Network development
- ▶ Further rationalisation of products
- ▶ Leverage Next Generation platform

Customer Base Composition By Income: Sep 08¹

(% of household footings)



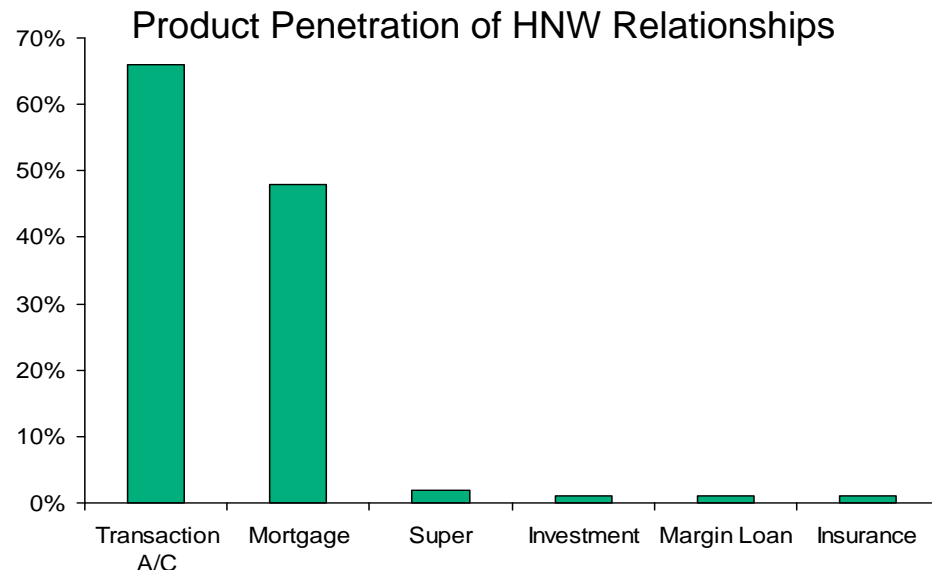
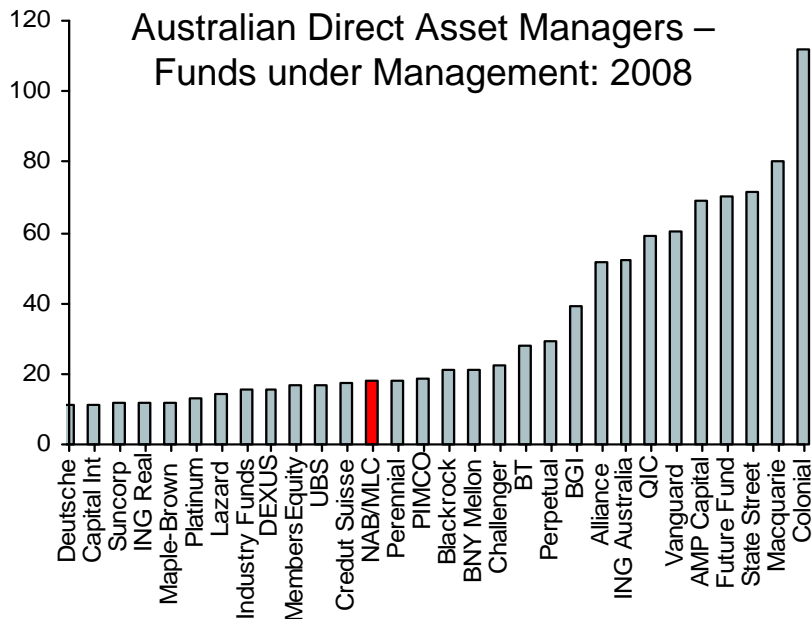
Creating a broader, stronger wealth business

Combining MLC, nab private wealth and nabInvest creates a wealth division with substantial growth opportunities by;

- ▶ targeting all customer segments including opportunity in HNW
- ▶ participating across entire wealth value chain addressing revenue weakness in direct asset management

Segment	Advice	Product	MoM	Asset Mgmt
Retail	Strong	Strong	Strong	Weak
HNW	Moderate	Moderate	Weak	Weak
Institutional	Strong	Moderate	Strong	Weak

Relative Position: ■ Weak ■ Moderate ■ Strong



Restructure nabCapital

Corporate Lending

- ▶ Providing finance to large corporate clients
- ▶ Primarily in Australia, but also UK and NZ
- ▶ Relationship business – with significant cross-sell opportunity
- ▶ Strong front book returns

To be integrated with our regional business banking operations

Markets, Distribution, Specialised Finance & Custody

Includes:

- ▶ Markets
- ▶ NAB Ltd Treasury
- ▶ Bank relationships
- ▶ Specialised finance (eg project finance, structured transactions)
- ▶ Global custody
- ▶ NAB Offshore branches

Strong market position built on relationship franchise

- ▶ #1 in AUD IR Swaps¹
- ▶ #1 in USD IR Options¹
- ▶ Recognised markets research capability²
- ▶ #1 Custody business³

Client focused

Commercial bank culture & risk appetite

To be managed as a separate business unit (Wholesale Banking)

Non-Franchise Activity

Closed to new business

Non-relationship exposures (e.g.)

- ▶ CDOs
- ▶ other non-franchise lending

Wholesale Banking to manage exit/run-off as market conditions allow

Source:

(1) Asia Risk Australasian Derivatives Survey - Full year 2008

(2) FX week - 2 Feb 2009

(3) The Australian Custodial Services Association Limited (ACSA). Market share data, Dec 2008

Wholesale Banking - future opportunities

Focused on supporting our relationship franchise with value-added products and services

- ▶ Markets – access and risk clearance of FX, IRR, derivative and other risk management products
- ▶ Specialised finance (eg project finance, structured transactions)
- ▶ Debt capital markets distribution
- ▶ Global custody

Key role in deposit gathering via Banks, wholesale investors globally and clients of our Custodian business

Managing for acceptable performance through the cycle and within a risk profile consistent with our rating and expectations of an Australian Bank

Over time, will look to evaluate new client offerings that match client needs

- ▶ Credit structuring & advice
- ▶ Global distribution (debt and equity)
- ▶ Equity advisory
- ▶ Public sector infrastructure investment
- ▶ Sustainability related products

Managing an orderly run down of non-franchise activity

UK business resilient in tough conditions

Changing Market Conditions

- ▶ Major competitors with capital/funding issues
- ▶ Consolidation / public ownership
- ▶ Re-aligning risks and returns
- ▶ Difficult funding markets & higher costs
- ▶ Difficult economic conditions



The UK Business is well placed

- ▶ UK business remains fundamentally sound
 - Business model and strategy have proved resilient
 - Strong capital, funding and liquidity positions
 - Proven platform for profitable growth
- ▶ Credibility has been enhanced through recent market difficulties
- ▶ Open for business to right customers at the right price
- ▶ Capable of taking advantage of market opportunities
- ▶ Scarce and valuable mid-sized player

UK - future opportunities

Continue to manage business well in current environment

- ▶ Accelerate cost and quality efforts
- ▶ Take advantage of new customer opportunities
- ▶ Maintain focus on deposits and funding

Examine small acquisition opportunities that add value and de-risk our position

- ▶ Deposit franchises
- ▶ Branches

Preserve future options

- ▶ Scarcity value

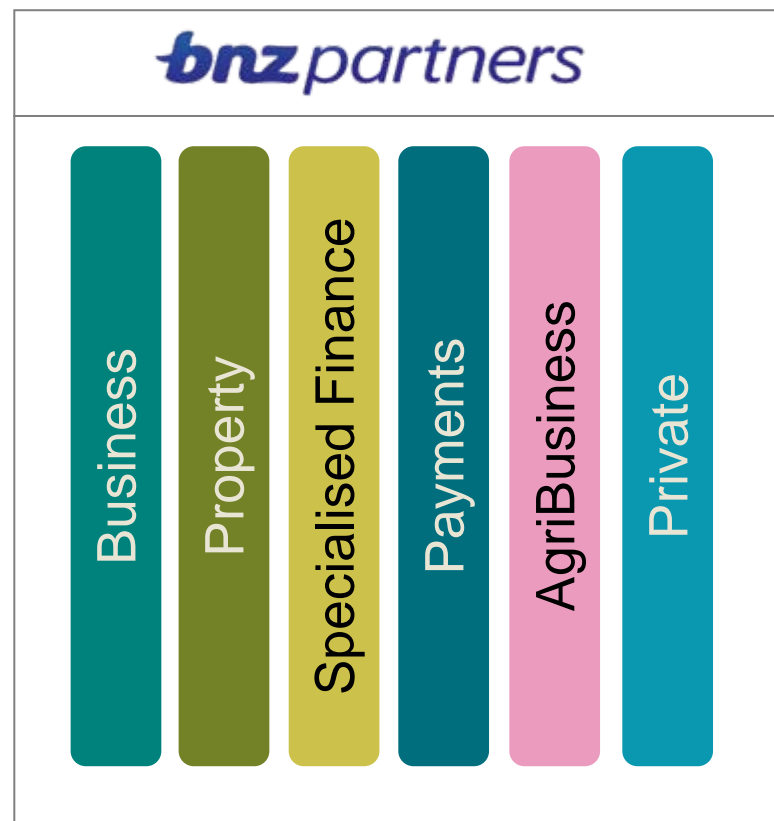
New Zealand - future opportunities

- ▶ Leverage bnz partners model and capabilities
- ▶ Sales and service innovation
- ▶ Continuing focus on efficiency and quality, particularly via Kaizen
- ▶ Building even stronger culture, with focus on capability and leadership

2009



2008



Next phase of our efficiency agenda

Manage for a lower-growth world

- ▶ Continued focus on productivity and quality
- ▶ Opportunity to accelerate programs to reduce cost, add flexibility

Service company established to facilitate

- ▶ Sharing of practices, processes & standards
- ▶ Alignment of investment pipeline across businesses
- ▶ Economies of scale and skill
- ▶ Sharing innovation, knowledge and capabilities throughout the group (eg Agri strategy)

Set up NextGen investment for success

- ▶ Understanding of prior lessons
- ▶ Just completing detailed planning phase
 - Banking
 - Enterprise services
 - People collaboration
- ▶ First test delivery with uBank later this year

Asia & USA

Asia

Current position

Small footprint –

- ▶ Branches in Hong Kong, Singapore & Japan
- ▶ Representative offices in Beijing & Mumbai

20% shareholding in UTI Trust Company

Strategic focus

Primarily organic investment to -

- ▶ Support our clients' Asia trade flows
- ▶ Tap the growing private wealth and business segments in the region
- ▶ Grow deposit base
- ▶ Participate in the development of markets where we have capability (eg agri, health property)

USA

Current position

- ▶ 104 branches and assets of US\$4.3bn in mid-west USA
- ▶ Strong management team
- ▶ Business performing well, credit quality sound, stable deposit base
- ▶ GW Agribusiness brand launched, 20 agri specialists now hired

Strategic focus

- ▶ Roll-out of 7 agri banking centres by end 2009
- ▶ Leveraging iFS model into business bank
- ▶ Opportunities to acquire branch networks, deposits in target regions
- ▶ Added 20 branches in highly attractive SME/Agri markets Denver, Colorado
 - Net premium of US\$20m for US\$477m in deposits and clean book of US\$444m in loans

Inorganic investment

Unprecedented conditions - providing potentially unique opportunities

In Australia

- ▶ Open to acquisitions that enhance our organic strategy
 - eg: distribution, brands

Internationally

- ▶ Open to small acquisitions that de-risk / create greater value in our existing positions
 - eg: deposits, branches
 - funded from our existing capital resources

Our principles that every investment must satisfy are

- ▶ Safety – must preserve (or enhance) our funding and balance sheet strength
- ▶ Value compelling
- ▶ Strategically aligned

Our priorities

Continued momentum

▶ Keep the bank safe



▶ Tight management of costs



▶ Invest in leadership & culture



Additional emphasis

▶ Deposit funding

▶ Capital allocation

▶ Accelerate efficiency, quality & service agenda

▶ Accommodate slower recovery scenario

▶ Lead platform replacement & convergence

▶ Ignite common purpose for people

▶ Develop enterprise leaders

▶ Step out from industry in reputation

Questions

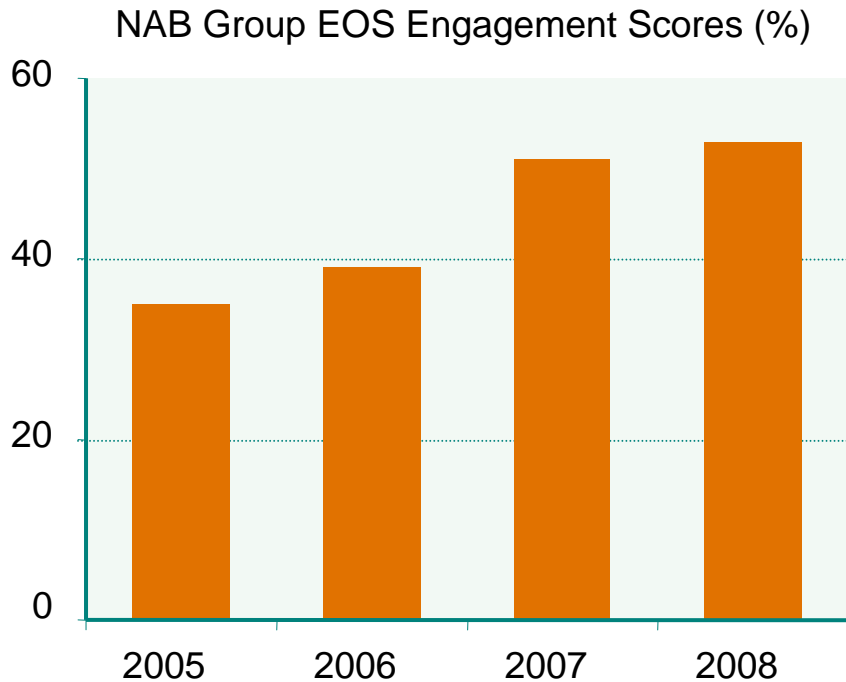


Additional information



People, culture and reputation

Significant cultural progress



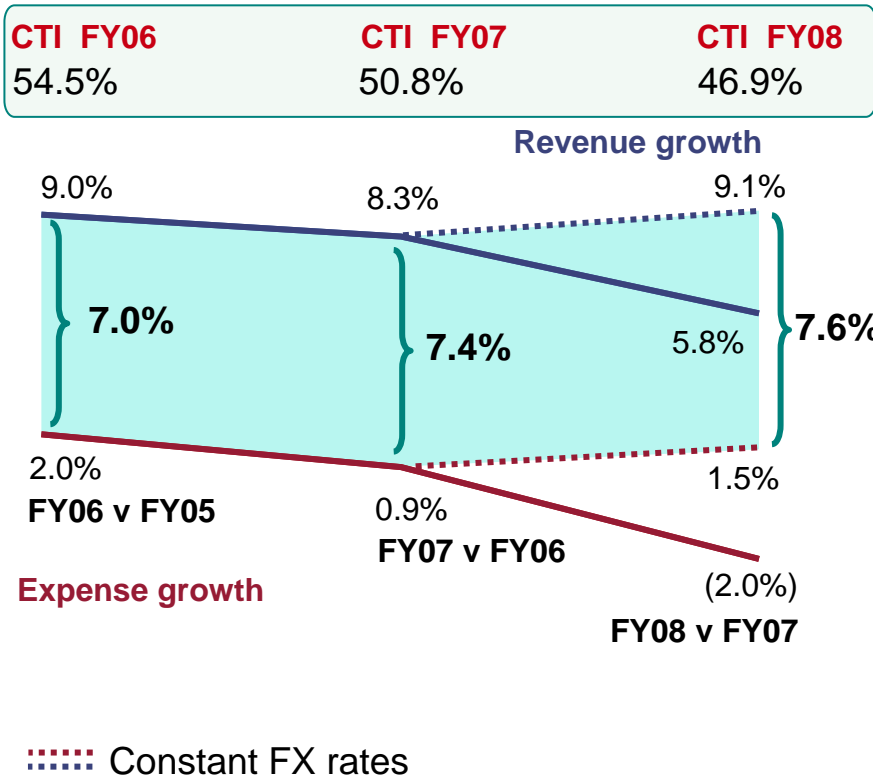
Next steps in our journey

- ▶ Invest in enterprise leadership and capabilities
 - Senior Leaders Program
 - nab Academy
- ▶ Build on our investment in industry/ community issues
 - advice / fees
 - Micro finance, indigenous, education
- ▶ Focus on a common purpose – promoting stronger motivation and alignment

Differentiate for our people, customers & communities
Shape our future environment

Efficiency, quality & service

Strong efficiency and quality momentum



Cost management is an area of strength

- ▶ Proven track record

Critical areas of focus

- ▶ Acceleration on costs given lower growth environment
- ▶ Capture synergies across businesses
- ▶ NextGen investment

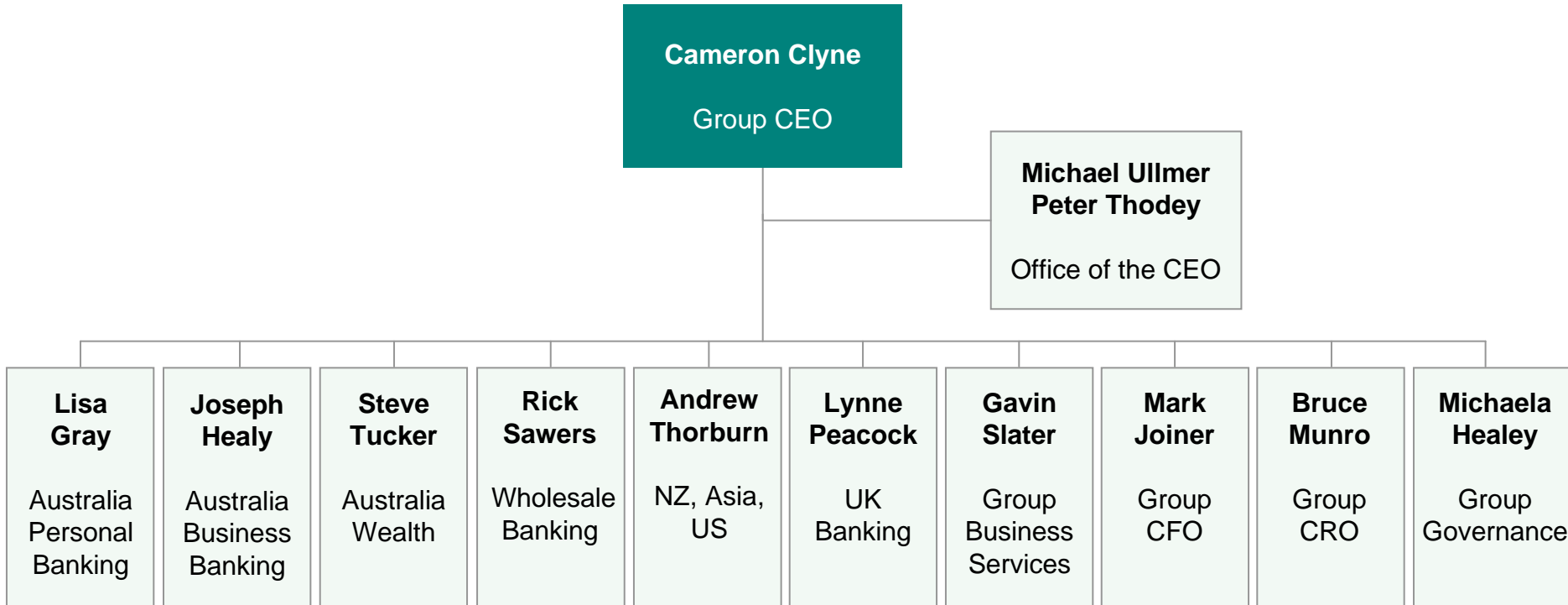
Acceleration of cost agenda

- ▶ Underlying cost momentum to continue within guidance

BUT

- ▶ Specific initiatives will be brought forward
- ▶ Requires one-off costs, incremental to guidance
- ▶ Report one-off costs and benefits as they arise

Experienced leadership team focused on our priorities



- ▶ **Flatter structure** – enabling greater transparency of our key businesses & priorities
- ▶ **Diverse, experienced team** – internal appointments, testament to our bench strength
- ▶ **We will run like this from 12 March 2009, report like this from 1H10**

Responding to current environment

Business confidence weak but lower balance sheet leverage than last downturn

Sector consolidation and retreat of NBFIs, Regional Banks, Foreign Banks

- ▶ ~30% of market open for growth
- ▶ Whilst system is ~7% we are growing lending at 1.3x system
- ▶ Holding share on deposits, given challenging marginal economics

Asset quality a big priority: Risk setting reflects market (cautious on CRE, discretionary income sectors)

- ▶ 70% of book investment grade; 63% of book well secured; 30% of book partly secured
- ▶ B&DDs rising but within expectations
- ▶ Significant strength in risk management personnel in the front line
- ▶ Extensive portfolio reviews, established a portfolio review team and strengthening of risk resources
- ▶ Close relationship with our workout team – early referral culture

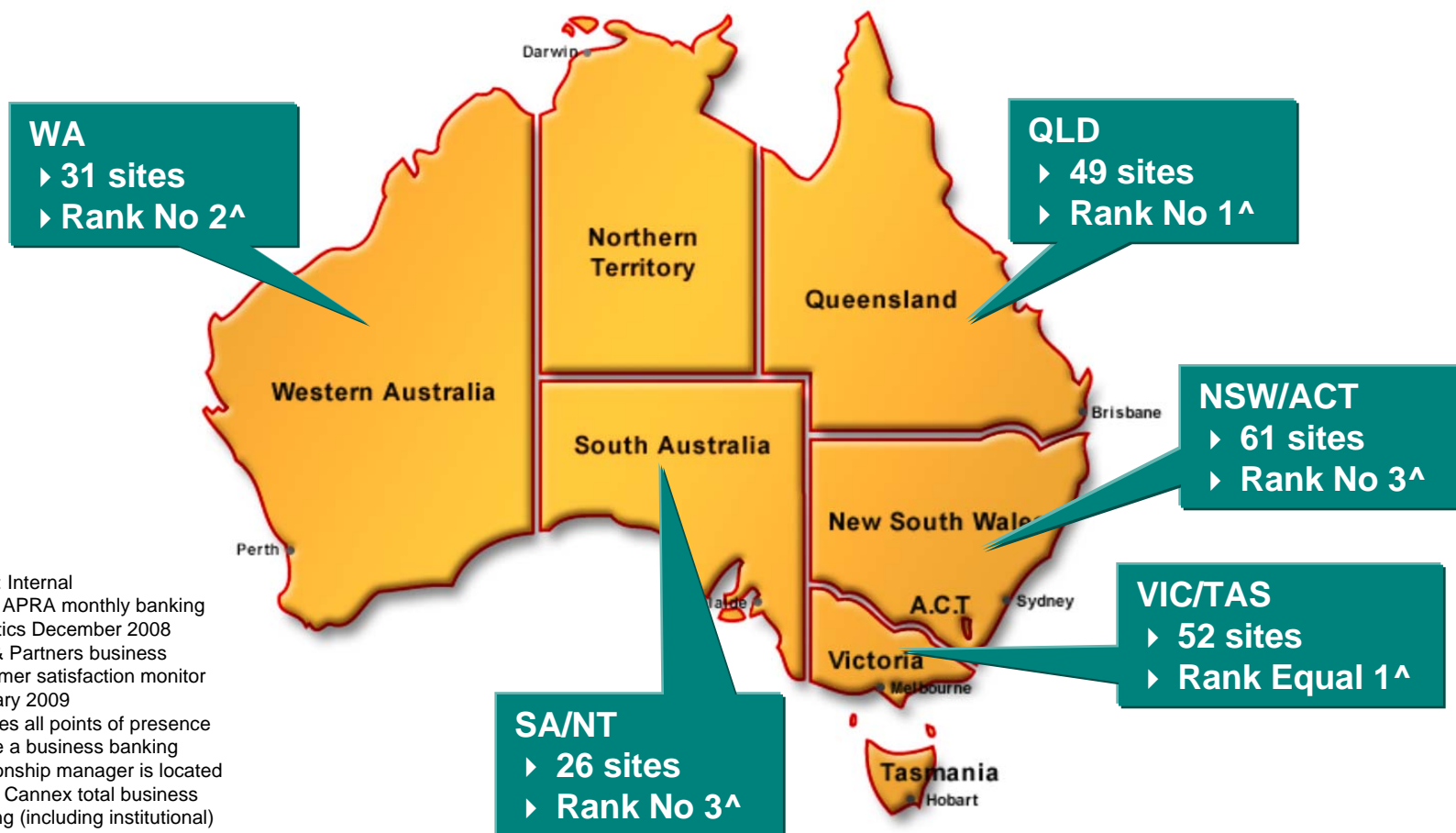
Pricing for risk and ability to adjust to new realities, reflects the strength of our relationship model

- ▶ Have repriced ~25% of book (approximately 85% of funding costs)
- ▶ Will continue repricing efforts in 2009/10
- ▶ Pricing on new flows driving higher ROA and ROE

Strong leadership team, eight each having over 20 years commercial banking experience in different banks and markets and significant bench-strength at next level

Leading business banking position

- ▶ Number 1 business lending market share¹ 19.4% (~25% SME)
- ▶ Number 1 business deposits market share¹ ~22.5%
- ▶ Highest business customer satisfaction of the major banks² (\$5M - \$100M segment)



Source: Internal

¹ RBA / APRA monthly banking statistics December 2008

² East & Partners business customer satisfaction monitor January 2009

³ Includes all points of presence where a business banking relationship manager is located

[^] ABA / Cannex total business lending (including institutional) market share rank by state December 2008

Largest Business Banking presence across Australia³

Rebuilt retail platform

Invested \$150M over 3 years to rebuild a competitive platform

- ▶ Sales capability in network – new tools, processes, rewards
- ▶ New, sales-enabled ATM fleet
- ▶ Self service/direct capabilities
- ▶ Rationalising product range – reduced transaction products from 26 to 6
- ▶ Strong deposits volume growth – 17% CAGR last 3 years

Delivered strong profitability and productivity

- ▶ Cash earnings of \$900M in FY08, 18% growth from FY07
- ▶ Revenue/expenses “jaws” of 7% in FY08
- ▶ CI ratio has been reduced by 6.6 percentage pts over 2 years

However challenges remain to be addressed

- ▶ Improving performance
 - Sub-system mortgage growth
 - Disappointing customer satisfaction relative to peers
 - Sales productivity per sales FTE has doubled – but more upside remains
- ▶ Overall underweight position versus peers

Challenging wealth environment

- ▶ **Investors** – disenchanted and distrustful; flight to safety then to quality and trust
- ▶ **Advisers** – stressed, questioning flawed business models, moving to fees
- ▶ **Government** – focus on adequacy, fees and quality advice
- ▶ **Competition** – business models failing, increased consolidation; majors losing share to aggregators
- ▶ **Investments** – back to fundamentals, away from toxic products and use of excessive leverage
- ▶ **Insurance** – entering the competitive phase as competition shifts focus from investments
- ▶ **Economics** – investment revenues rebased
- ▶ **System growth** – insurance & super most critical drivers

MLC taking a leading position on transparency, trust and quality advice



MLC looks out for you and puts your money to work, growing and protecting it, with your best interests at heart

Future opportunities

Leverage position on trust and transparency

- ▶ Attracting quality advisers in good numbers
- ▶ Acquiring and broadening customer relationships

Continue to develop MLC & nab wealth proposition

- ▶ Growing nabFP and direct insurance sales
- ▶ Delivering a HNW quality wealth proposition to nab's large share of HNW relationships
- ▶ Further develop corporate offer targeting nab business relationships

Grow revenue by rapidly broadening our asset management capability

Achieve best practice CTI within 3 years through EQS focus

Attain top quartile culture and engagement measures

Strong position in tough market

Environment

- ▶ Declining economy (-1% GDP in 2009)
- ▶ Structural savings challenges
- ▶ Wholesale funding costs
- ▶ Intense competition: Government-owned Kiwi Bank and larger competitors

Current Position

- ▶ Business is positioned well
- ▶ Market leading cash earnings growth (FY05-08) and ROE
- ▶ Strong staff engagement & customer satisfaction
- ▶ Significant improvement in retail capability
- ▶ Strong cost discipline

Disclaimer

This document is a presentation of general background information about the Group's activities current at the date of the presentation, 27 March 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 2008 Full Year Results and 2008 Annual Financial Report and other documents filed with the Australian Securities Exchange. 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.

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