



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

This document is a visual aid accompanying a presentation to analysts by the Group Chief Executive Officer and the Group Executive Finance and Strategy on 28 October 2015. It is not intended to be read as a stand-alone document. It contains select information, in abbreviated or summary form, and does not purport to be complete. Except as noted below, it is intended to be read by an analyst audience familiar with National Australia Bank Limited and its 2015 Full Year Results Announcement, and to be accompanied by the verbal presentation. This document should not be read without first reading the National Australia Bank Limited September 2015 Full Year Results Announcement, which has been lodged with the Australian Securities Exchange at the same time as this document and is available at www.nab.com.au

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

Cash earnings is calculated by excluding some items which are included within the statutory net profit attributable to owners of the Company. It is not a statutory financial measure and is not presented in accordance with Australian Accounting Standards nor audited or reviewed in accordance with Australian Auditing Standards. **The definition of cash earnings, a discussion of non-cash earnings items and a full reconciliation of the cash earnings to statutory net profit attributable to owners of the company is set out on pages 2 – 7 of the National Australia Bank Limited 2015 Full Year Results Announcement.**

Section 5 of the 2015 Full Year Results Announcement sets out the Consolidated Income Statement of the Group, including statutory net profit. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards and audited in accordance with Australian Auditing Standards, will be released on 13 November 2015 in NAB's 2015 Annual Financial Report.

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Any future offer would only be addressed to and directed at the limited number of invitees who: (A) if in member states of the European Economic Area, are persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (which means EU Directive 2003/71/EC and any amendments thereto, including the amending directive, Directive 2010/73/EU to the extent implemented in the relevant member state and any relevant implementing measure in each relevant member state) ("Qualified Investors"); and (B) if in the United Kingdom are investment professionals (i) having professional experience in matters relating to investments falling under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); and (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (c) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (B) and (C) together being "Relevant Persons"). The Information must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any member state of the European Economic Area, other than the United Kingdom, by persons who are not Qualified Investors. Any investment activity in the United Kingdom to which the Information relates is available only to Relevant Persons and may be engaged in only with Relevant Persons. Nothing in the Information constitutes investment advice and any recommendations that may be contained therein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. If you have received this document and you are not a Relevant Person you must return it immediately to the Company and not copy, reproduce or otherwise disclose it (in whole or in part).



Andrew Thorburn
Group Chief Executive Officer

Overview



Agenda

- Overview – Andrew Thorburn, Group Chief Executive Officer
- Legacy and Low Returning Assets – Craig Drummond, Group Executive Finance & Strategy
- FY15 Financials – Craig Drummond
- Strategic Priorities – Andrew Thorburn
- Q&A

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FY15 financial result summary for continuing operations

	Sep 15 Full year	Sep 15 Full year ex specified items ¹	Sep 15 vs Sep 14 (%)	Sep 15 vs Sep 14 (%) ex specified items ¹
Cash earnings (\$m)	5,839	6,718	15.5%	2.4%
Cash EPS (diluted cps)	227.6	260.9	9.4%	(2.8%)
Dividend (100% franked cps)	198.0	198.0	-	-
Cash ROE	12.0%	13.8%	40bps	(120bps)
Statutory net profit attributable to owners (\$m) ²	6,338	7,217	19.7%	6.1%

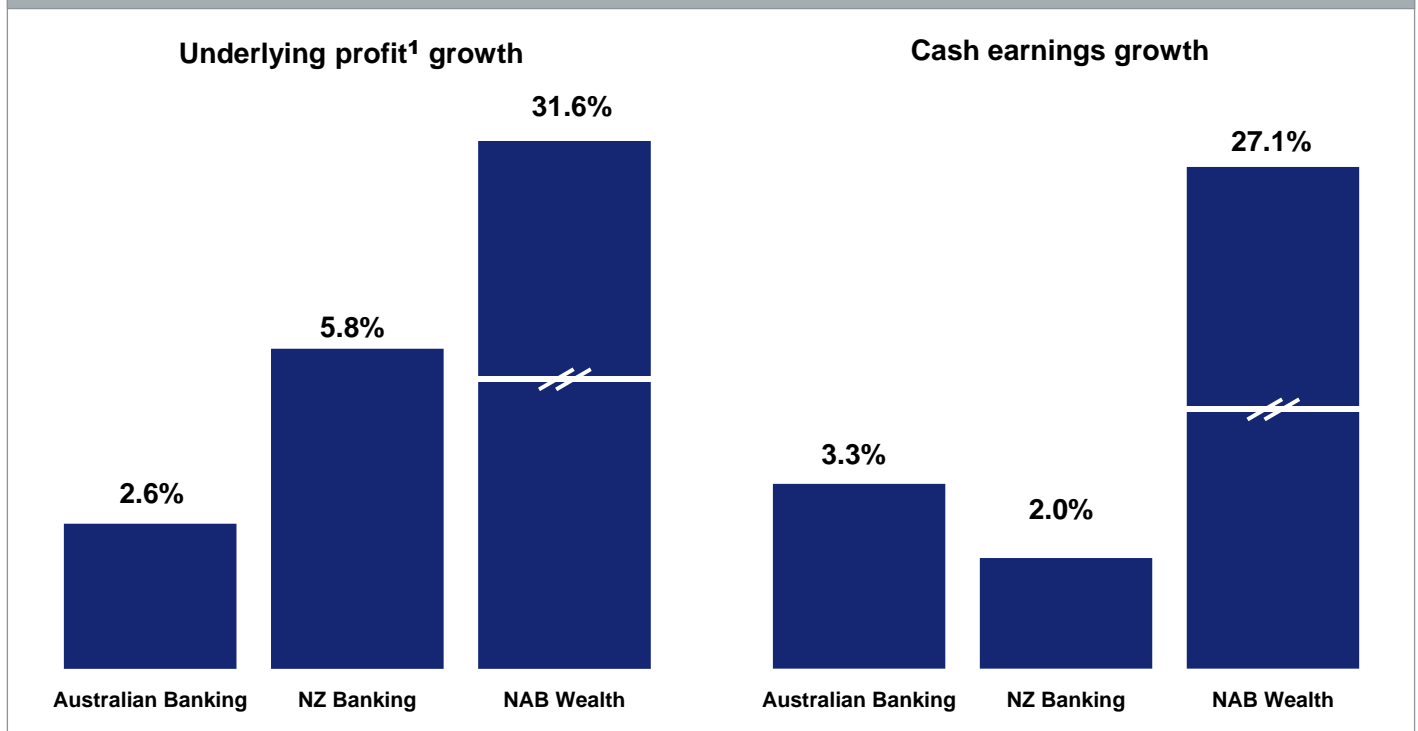
(1) Specified items are detailed on page 20 of the 2015 Full Year Results Profit Announcement
(2) Statutory net profit attributable to owners including discontinued operations

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Our core Australia and NZ businesses are in better shape

Underlying profit¹ and cash earnings growth by business unit (local currency) FY15 vs FY14



(1) Underlying profit equals net operating income less operating expenses



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Our focus in FY15 has been clear

Strong Australia & NZ franchise

- Customer experience
 - Consistent measurement
 - Fix pain points
 - Digital enablement
- Clear segment focus
 - Micro, SME, Debt free
 - Mortgage customers
- Culture
 - Accountability, Performance, Delivery
 - Passion for customers

Banking essentials: Balance sheet, Risk, Technology

Run off low returning assets

Improving shareholders' returns by closing ROE gap to peers



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Good progress against our focus areas

- Embedded Net Promoter Score (NPS¹) as the single measure of customer experience across NAB
- Invested in our priority segments >330 additional frontline bankers leading to increased market share
- Clear growth path for future Wealth business following Life Insurance sale & partnership
- Established innovation agenda through NAB Labs and NAB Ventures
- Employee engagement up 10 percentage points and above financial services average
- Balance sheet strong – capital enhanced with \$5.5bn rights issue and further asset quality improvements
- Significant technology milestones – Personal Banking Origination Platform (PBOP) in pilot and data centre migration complete
- Exit of legacy assets progressing well – Clydesdale Bank, Great Western Bank, UK CRE and SGA portfolios

(1) Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld



Craig Drummond
Group Executive Finance & Strategy

Legacy and low returning assets



Significant progress on exiting low returning assets

- Life Insurance business partnership and sale of 80% for \$2.4bn releases ~50bps of CET1 capital
- Clydesdale IPO/demerger well progressed – expected completion in early February 2016
- Final Great Western Bank stake sold in August releasing 36bps of CET1 capital
- Life reinsurance deal finalised in July releasing \$0.5bn or 13bps of CET1 capital
- UK CRE loans now ~£0.5bn (93% performing) following £1.2bn of portfolio sales and further run-off in FY15
- SGA closed following liquidations in 1H15. Remaining portfolio absorbed into Australian Banking wholesale operations
- Performance Unit framework embedded and driving better capital allocation decisions

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Life Insurance sale and long term partnership

- Agreed to sell 80% of NAB's Life Insurance business to Nippon Life for a price of \$2.4bn¹
 - Sale is separate and in addition to life reinsurance transaction² which released \$0.5bn of capital in 2H15
 - NAB's remaining 20% stake valued at \$0.6bn
 - Including life reinsurance transaction, effectively values Life Insurance business at \$3.5bn
- Purchase price represents implied FY15 PE multiple of 19x for 80% stake based on FY15 proforma earnings of approximately \$160m
- Indicative loss on sale of ~\$1.1bn³ based on expected completion NAV of \$3.6bn (goodwill of \$1.6bn⁴) on deconsolidation for the sale of Life Insurance business and after allowing for estimated transactions costs
- CET1 pro forma FY15 benefit of ~50 basis points (after allowing for transaction and separation costs)
- An attractive long-term partnership with a high quality partner:
 - One of the world's leading life insurers, with 126 years of history and a strong focus on the customer
 - Operations across Europe, North America and Asia
 - NAB will enter a 20 year distribution agreement to provide life insurance products through its owned and aligned networks
 - NAB will retain the MLC brand, although it will be licensed for use by the Life Insurance business for 10 years

(1) Sale price is as at expected completion date in the second half of calendar 2016 and is post capital release from the reinsurance transaction announced May 2015. This amount will be adjusted for certain capital inflows and outflows, including any dividends paid to NAB by the life insurance business, between 28 October 2015 and completion

(2) Life reinsurance arrangement with a major global reinsurer covering ~21% of retail advised insurance book

(3) Actual loss will vary depending on level of earnings between signing and completion, the final allocation of goodwill at the time of deconsolidation, final transaction costs and a number of other items. The loss is expected to be reported in non cash earnings

(4) The final allocation of goodwill is subject to change and will be determined at the time of deconsolidation

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Life Insurance sale and long term partnership

- Transaction will occur through the sale of MLC Limited after the extraction of NAB's superannuation and investments business
 - As part of the extraction, the superannuation fund business (which consists of 8 existing super funds and 3 administrators) will be simplified and rationalised
 - Expected to deliver ongoing operational efficiency gains and reduced operating and project costs
- Life Insurance business consists of NAB's life insurance activities managed through MLC Limited and includes \$1.8bn of premiums in force (PIF) and approximately 1,000 employees
- Completion expected in the second half of calendar year 2016 subject to certain conditions including:
 - Regulatory approvals
 - Establishment of the Life Insurance business as a stand alone entity
 - Extraction of the superannuation business from MLC Limited
- The economic risks and benefits of 80% ownership will pass to Nippon Life from 28 October 2015, subject to completion. NAB will retain responsibility for managing the Life Insurance business until completion
- NAB will incur \$440m in post tax one-off separation costs:
 - Separation and creation of standalone life insurance business including new technology platform
 - Extraction and simplification of the superannuation fund business
 - Other transaction costs.



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Impact of the transaction on NAB Group and Wealth business

Group financial impacts	NAB Wealth financial impacts
<ul style="list-style-type: none"> • Capital generated from sale (\$2.0bn) is expected to be retained, giving rise to <ul style="list-style-type: none"> • Group ROE increases by around 10bps • EPS reduces by <2% • Assuming CET1 ratio was maintained <ul style="list-style-type: none"> • Group ROE would increase by around 50bps • EPS broadly neutral 	<ul style="list-style-type: none"> • Life Insurance FY15 proforma earnings are approximately \$160m after adjusting for: <ul style="list-style-type: none"> • General insurance earnings • Full year impact of reinsurance transaction • Interest on debt • Other minor adjustments • NAB Wealth FY15 pro forma ROE is expected to increase from 6.9% to 9.4%¹ following completion • Goodwill for retained Wealth business expected to reduce from \$4.1bn to approximately \$2.5bn

(1) Includes both the sale of 80% of the Life Insurance business and the full impact of the Life Reinsurance transaction completed in July 2015



Intend to demerge and IPO CYBG¹ in early February 2016

- Proposed demerger of 75% of CYBG shares to existing NAB shareholders and sale of up to 25% by IPO to institutional investors in early February 2016
- Advanced engagement with key regulators and listing authorities in both jurisdictions, with required approvals obtained or on-track
- Primary listing on London Stock Exchange (LSE) with ASX listing of fully fungible CHESS Depositary Interests (CDIs)
 - CDIs expected to qualify for ASX100 inclusion at time of demerger
 - Both CYBG shares and CDIs expected to qualify for FTSE 250 inclusion in due course
- CYBG CET1 ratio at 30 Sept 2015 13.2%² in line with separation target of ~13%², following £670m capital injections over 2H15 (£465m for additional conduct provisions)
- Transaction impacts on NAB expected to be broadly consistent with 7 May announcement, including ROE accretive. Conduct indemnity, demerger and IPO expected to decrease NAB CET1 ratio by 40 - 50 bps
- Detailed financial information, including impact on NAB and CYBG, expected to be released with Scheme Booklet in week commencing 7 December 2015



(1) Newly created holding company for Clydesdale Bank PLC and equivalent to entity previously referred to as 'ListCo'
 (2) On a UK Prudential Regulation Authority (PRA) basis

Proposed timetable for demerger and IPO

Event	Proposed Date ¹
Final board approval and first court hearing	Early December 2015
Scheme Booklet released to ASX	Week of 7 December 2015
Investor briefings on demerger and CYBG business	Week of 7 December 2015
Scheme Booklet dispatched	From mid December 2015
Shareholder vote	Late January 2016
IPO pricing	Early February 2016
Shares and CDIs commence conditional/deferred trading	Early February 2016
Commencement of normal trading	February 2016

(1) Dates are indicative only and may change



UK conduct update

Conduct provisions¹

- Additional £465m conduct provisions recognised in 2H15 and form part of the original £1.7bn capital support package
 - £390m for payment protection insurance (PPI) reflecting the impact of the past business review² and any consequent need to undertake further proactive customer contact, as well as costs to run the remediation program
 - £75m for interest rate hedging products (IRHP) / fixed rate tailored business loans (FRTBLs) based on additional expected claims
- FCA consulting on:
 - a PPI complaints deadline, potentially in 2018
 - industry-wide approach to Plevin – too early to assess impacts

Conduct expenses

	Sep 14	Mar 15	Sep 15	Remaining Provision ¹
Payment Protection Insurance (£m)	420	21	390	774
Interest Rate Hedging Products ³ (£m)	250	-	75	192
Other Matters (£m) ⁴	-	(1)		20
Total Remaining Provision (£m)				986
Group cash expense impact (£m)	670	20	465	
Group cash expense impact (A\$m)	1,205	40	1,012	

(1) The total costs associated with conduct related matters remain subject to a wide range of uncertain factors

(2) The past business review considers all sales since 2005 (the date at which the FSA became the relevant regulator) to identify whether the sales practices at that time did or could have caused customer detriment. In the event that they did suffer detriment, redress is paid. In the event of a determination that they could have caused detriment, CYBG will proactively write to the affected customer asking if they wish to have their case reviewed

(3) Includes FRTBLs

(4) Other matters refers to a range of smaller conduct issues including industry wide schemes

(5) Assumes no further provisions are taken and funded by NAB before the demerger

Conduct indemnity

- Legal documentation related to conduct indemnity agreed
- Capped indemnity of £1.115bn⁵ from NAB, reflecting £1.7bn total support adjusted for £465m provisions recognised in 2H15 and £120m for CYBG's share of conduct liabilities
- Future losses under the indemnity to be shared 90.3% / 9.7% between NAB and CYBG respectively, assuming no further pre-demerger provisions raised
- Indemnity coverage centred on PPI, IRHP and FRTBLs, with other conduct matters subject to minimum thresholds
- Conduct claims to be managed by CYBG. Joint NAB and CYBG Conduct Review Committee has been established – an indemnity governance and oversight committee that meets on quarterly basis
- Annual review by PRA of the conduct indemnity package cap at NAB's request
- Capped indemnity of £1.115bn⁵ expected to result in NAB CET1 deduction on separation. If NAB's share of future losses <£1.115bn, would result in capital release for NAB over time
- Conduct indemnity accounted for as contingent liability for NAB, any future losses incurred under the indemnity expensed within discontinued operations

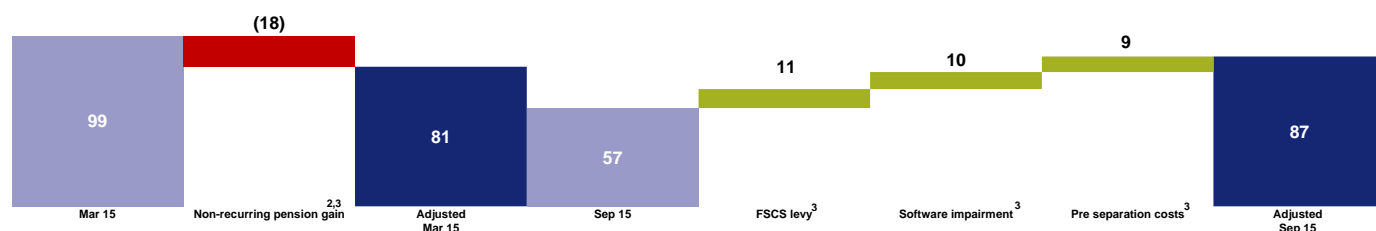


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UK Banking¹ earnings

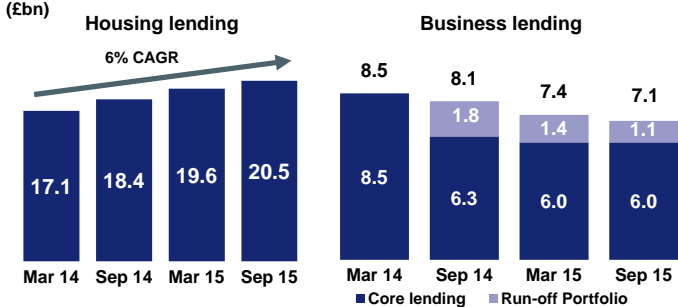
Cash earnings

(£m)

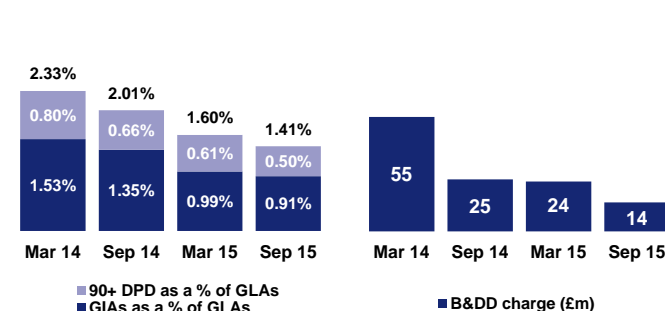


Lending growth

(£bn)



Asset quality



(1) UK Banking segment as reported in the NAB Group's results. For reconciliation to CYBG see slide 102

(2) Pension gain reflects the accounting impact of scheme members now being able to elect (after receiving independent advice) to take a higher day one pension in exchange for waiving future index related rises

(3) Post tax



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Craig Drummond

Group Executive Finance & Strategy

FY15 Financials



Group financial result for continuing operations

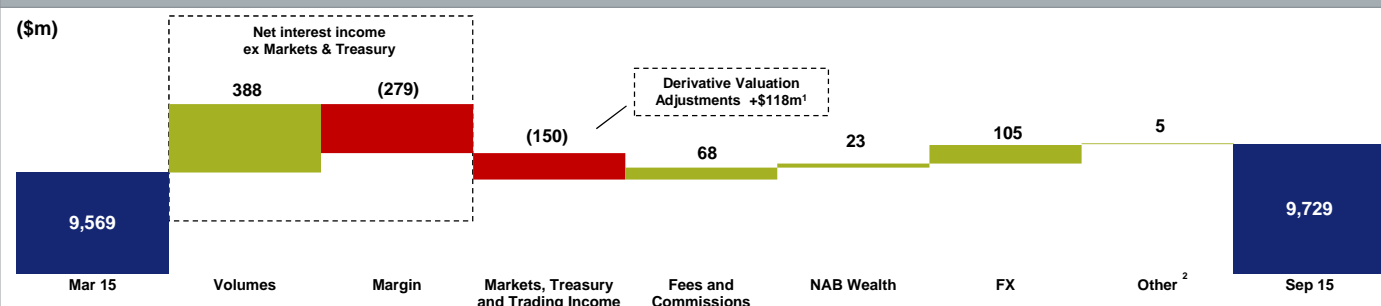
	Sep 15 Full year (\$m)	Change on Sep 14 (%)	Sep 15 Half year (\$m)	Change on Mar 15 (%)
Net operating income	19,298	4.2%	9,729	1.7%
Operating expenses (ex specified items) ¹	(8,847)	(6.3%)	(4,536)	(5.2%)
Underlying profit (ex specified items) ¹	10,451	2.5%	5,193	(1.2%)
B&DDs	(823)	5.3%	(380)	14.2%
Tax (ex specified items) ¹	(2,735)	(5.5%)	(1,341)	3.8%
Cash earnings (ex specified items) ¹	6,718	2.4%	3,406	2.8%
Cash ROE (ex specified items) ¹	13.8%	(120bps)	13.3%	(130bps)
Specified items (post tax)	(879)	41.5%	(839)	(large)
Cash earnings (Reported)	5,839	15.5%	2,567	(21.5%)
Cash ROE (Reported)	12.0%	40bps	10.0%	(450bps)

(1) Specified items are detailed on page 20 of the 2015 Full Year Results Profit Announcement

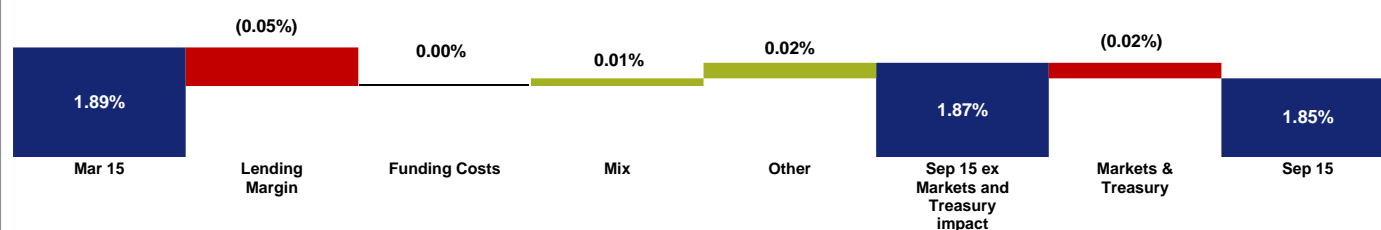


Group revenue and net interest margin

Net operating income



Group net interest margin



(1) Derivative Valuation Adjustments consists of CVA, FVA and OIS

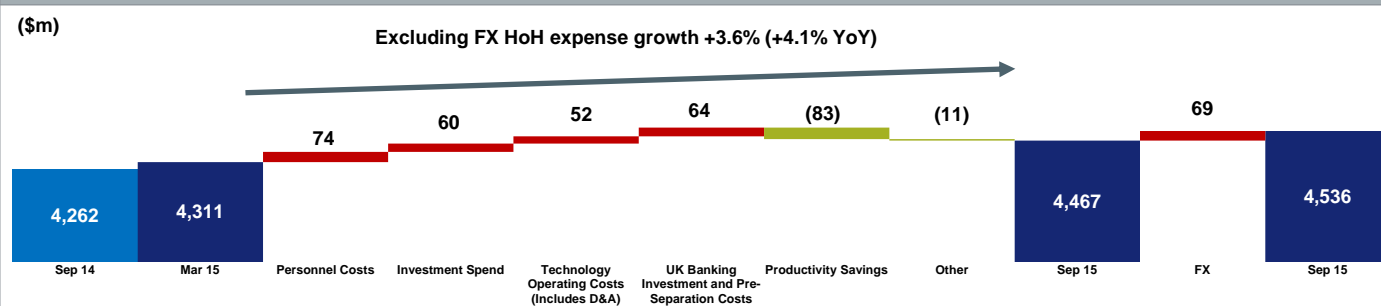
(2) Includes gains on sale of loans in NAB UK CRE and SGA in the prior half and settlement of a long standing legal dispute in the Sep 15 half



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Group operating expenses

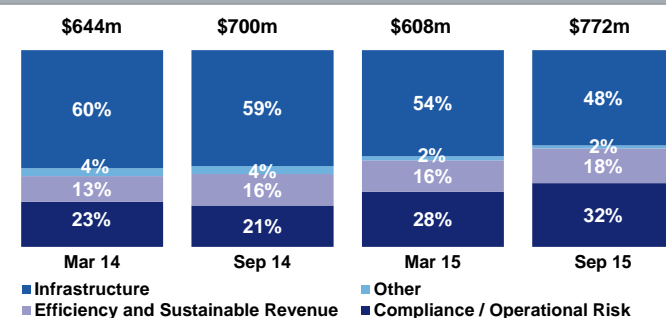
Operating expenses ex-specified items



Further detail on operating expenses

- Incremental productivity savings in 2H15 of \$83m (\$173m over FY15). Expect on-going annual savings of \$100m - \$150m with some re-invested
- Front-line banker investment in Australia \$27m and total priority segment FTE investment of \$87m in FY15
- Capitalised software balance increased in the half by \$287m to \$2,605m (\$2,032m ex-UK capitalised software balance)
- Depreciation and amortisation expense up \$37m in 2H15 and expected to increase by ~\$130m in FY16 (excludes UK)
- Investment spend in FY16 likely to reduce as major projects are completed

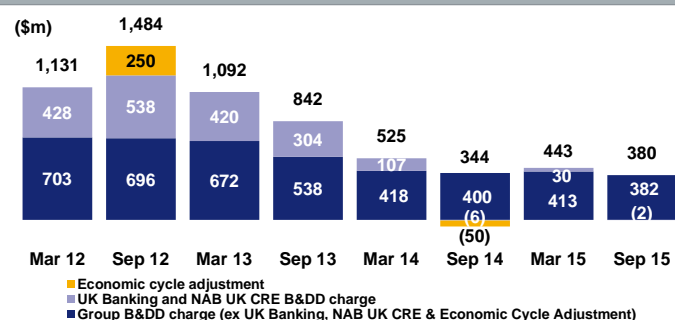
Project investment spend (opex and capex)



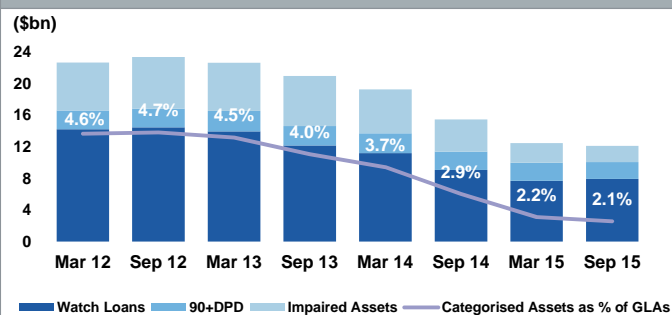
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Group asset quality continues to improve

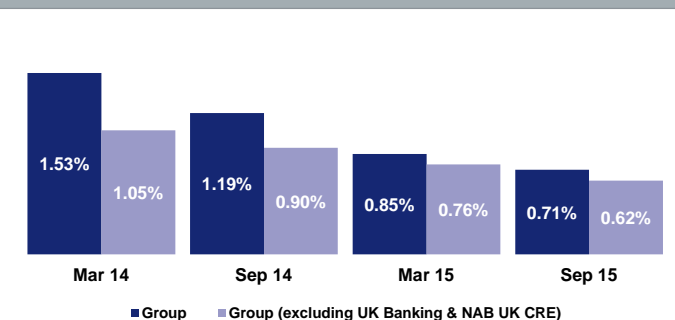
B&DD charge



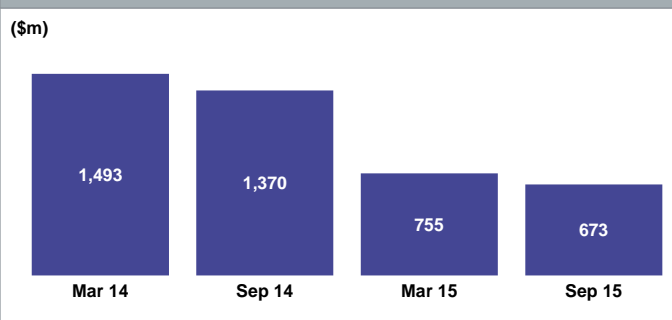
Categorised assets by class



90+ DPD & impaired assets as a % of GLAs



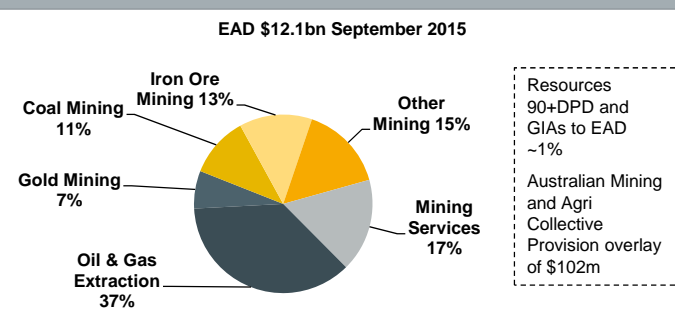
New impaired assets



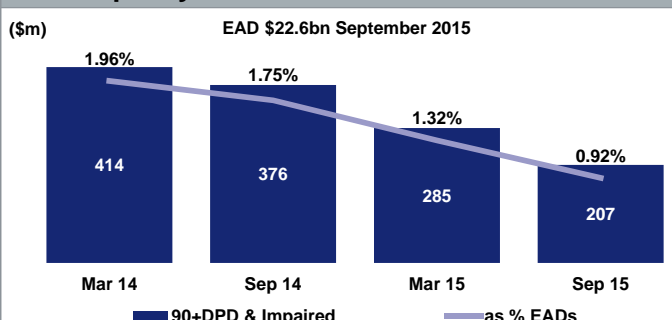
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Asset quality areas of interest

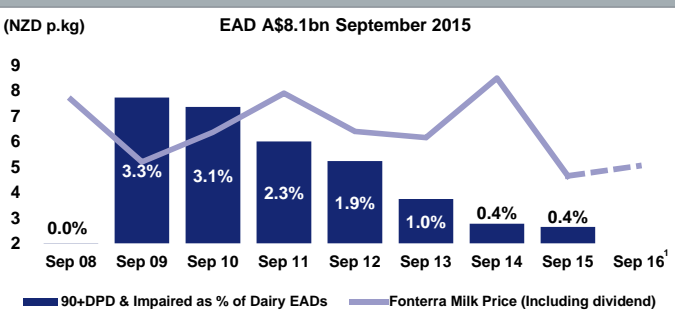
Resources exposure ~1% of total Group EAD



Australian Agriculture, Forestry & Fishing – Asset quality

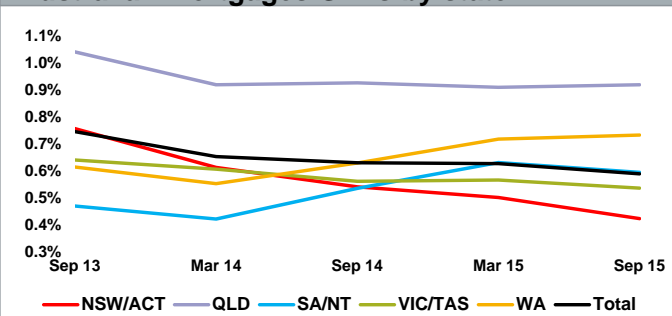


NZ Dairy well placed despite challenges



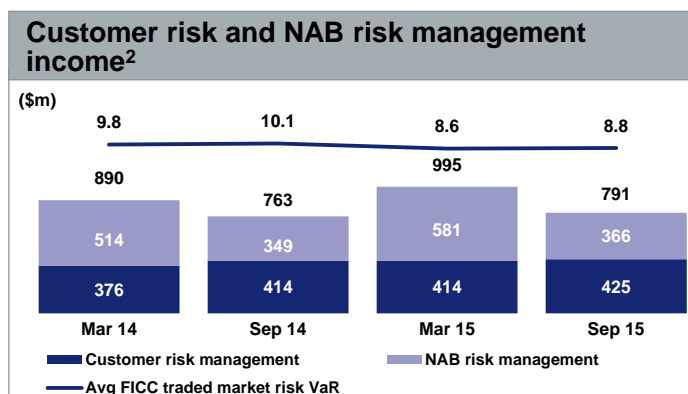
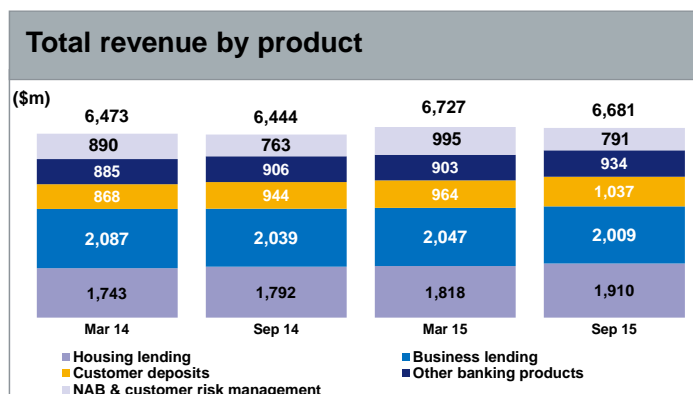
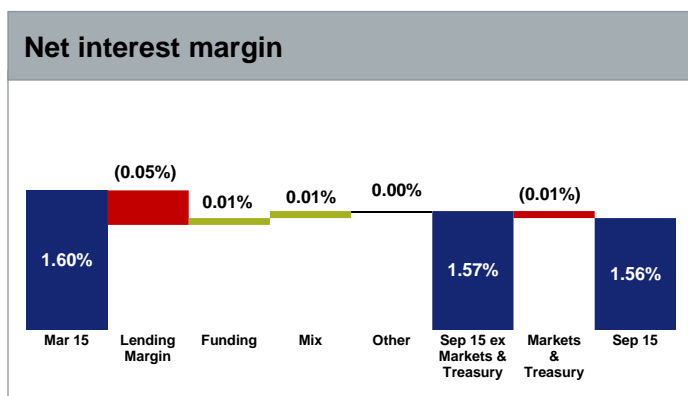
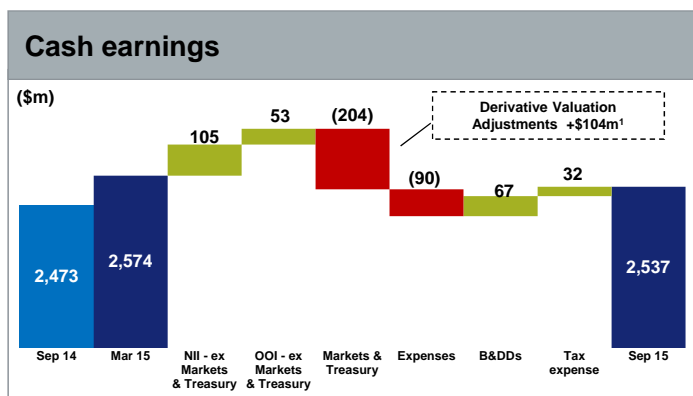
(1) Fonterra FY16 forecast Milk Price (including dividend)

Australian Mortgages 90+ DPD & GIAs to Australian Mortgages GLAs by state



24

Australian Banking revenue impacted by lower Markets & Treasury

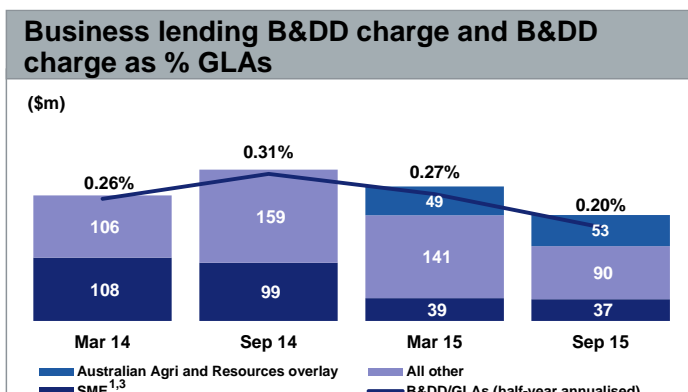
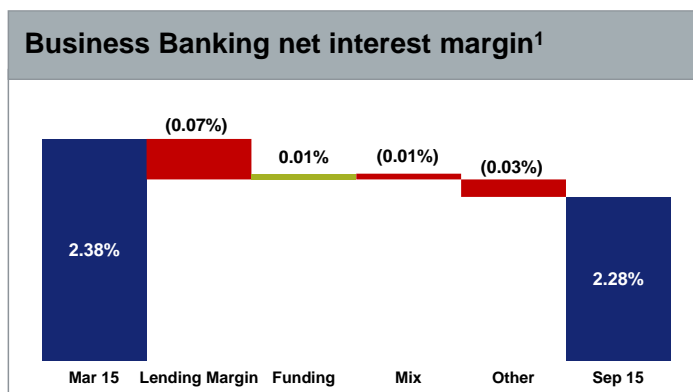
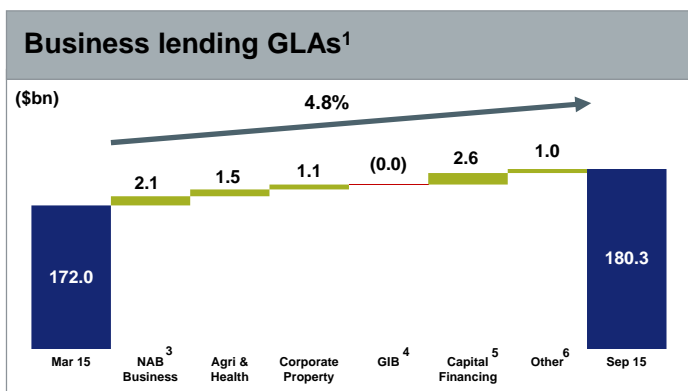
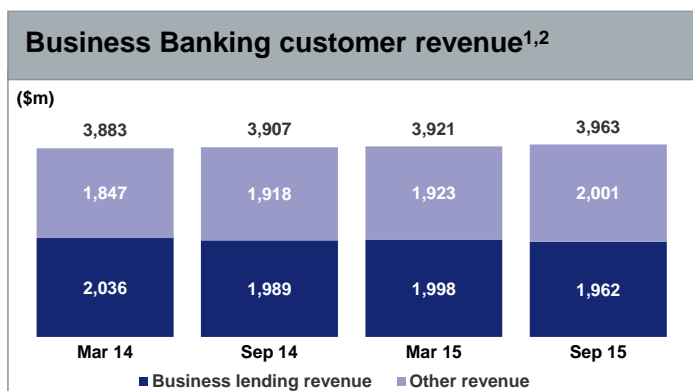


- (1) Derivative Valuation Adjustments consist of CVA, FVA and OIS
 (2) NAB risk management comprises NII and OOI and is defined as management of interest rate risk in the banking book, wholesale funding and liquidity requirements and trading market risk to support the Group's franchises. Customer risk comprises OOI



25

Business Banking revenue stable, asset quality improved



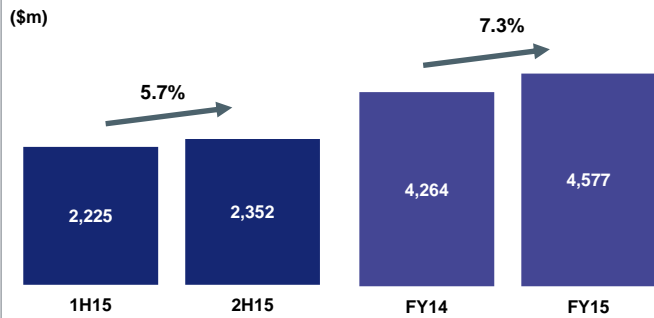
- (1) Based on unaudited management information data (except for period end Business Lending GLAs)
 (2) Customer revenue numbers for Sep 14 & Mar 14 have been restated to reflect the transfer of customers between Business Banking and Personal Banking, consistent with where customers are domiciled in 2015
 (3) NAB Business/SME is the segment of Business Banking which supports business customers with lending typically up to \$25m, excluding the Specialised Businesses
 (4) Global Institutional Banking. Core business lending only (includes FIG)
 (5) Capital Financing includes \$1bn of loans which formed part of Group Corporate Functions in 1H15
 (6) Other includes Private Wealth and Corporate



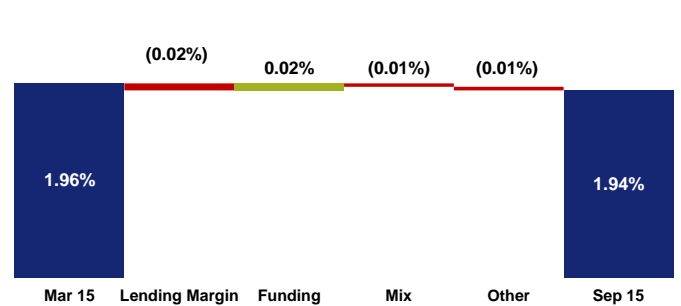
26

Personal Banking momentum remains strong

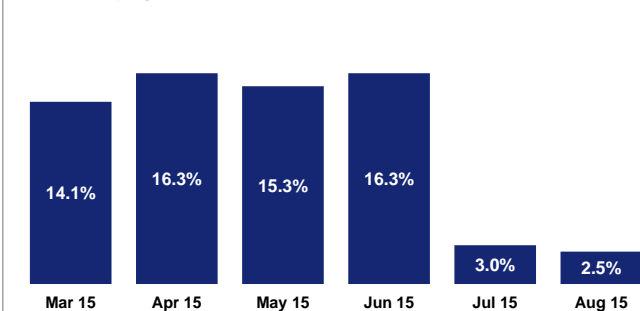
Personal Banking customer revenue^{1,2}



Personal Banking net interest margin¹



APRA investor housing growth (annualised monthly growth)



Housing lending considerations

- On track to comply with 10% pa investor growth cap
- Housing lending growth recently impacted by:
 - credit policy tightening;
 - investor lending initiatives; and
 - recent interest only and line of credit repricing
- Owner occupier volumes impacted, but applications showing recent improvement

(1) Based on unaudited management information data

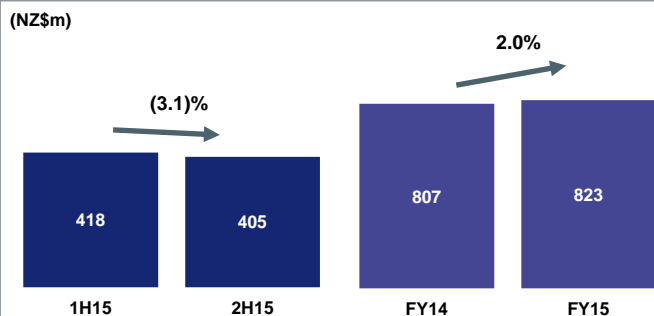
(2) Customer revenue numbers for FY14 have been restated to reflect the transfer of customers between Business Banking and Personal Banking, consistent with where customers are domiciled in 2015



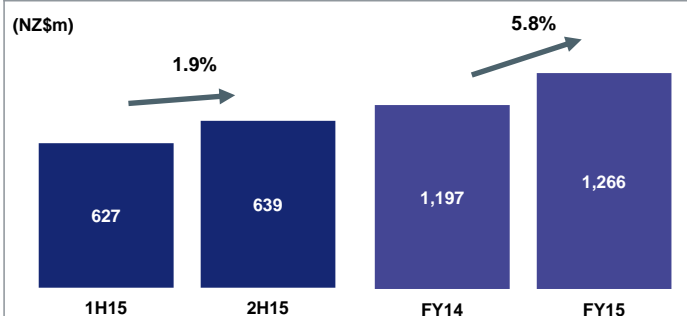
27

Sound NZ Banking performance

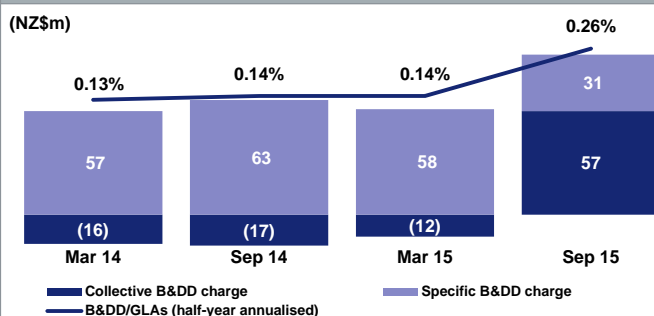
Cash earnings



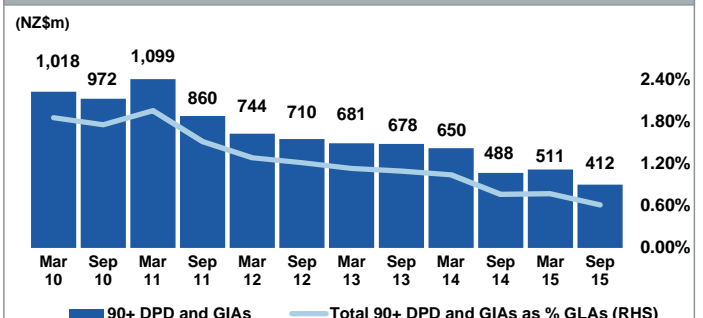
Underlying profit¹



B&DD charge and B&DD as a % of GLAs²



Total 90+ DPD and GIAs as % GLAs



(1) Underlying profit equals net operating income less operating expenses

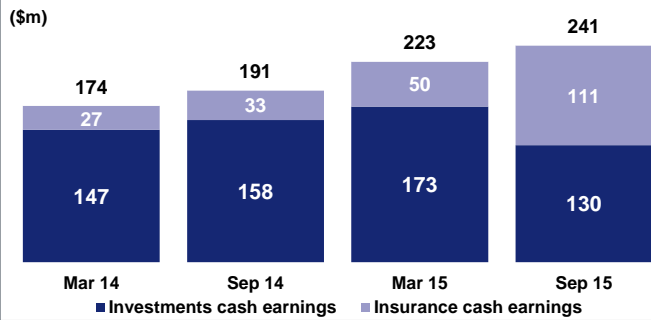
(2) Spot volumes



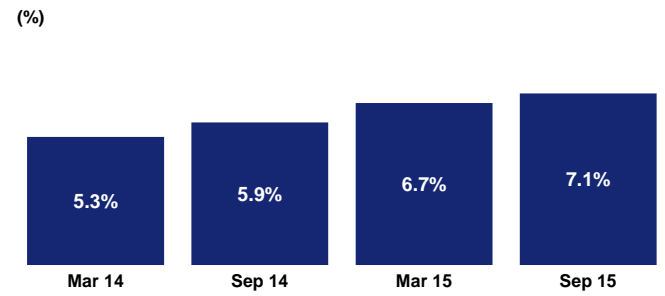
28

NAB Wealth earnings and ROE continue to improve

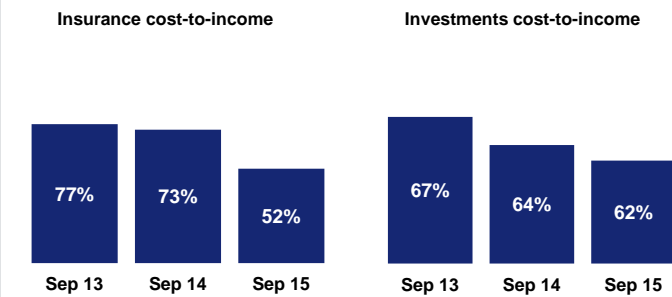
NAB Wealth cash earnings



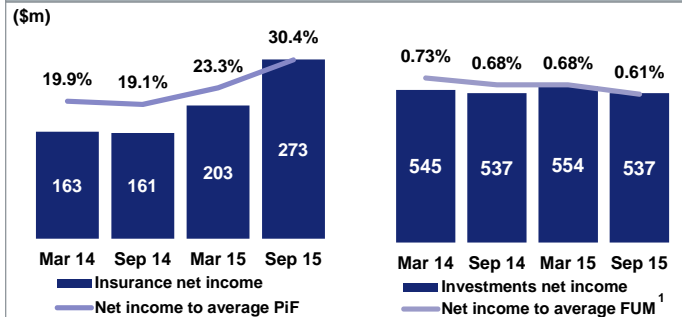
ROE improvement



Expenses well controlled



Investments and Insurance Margins



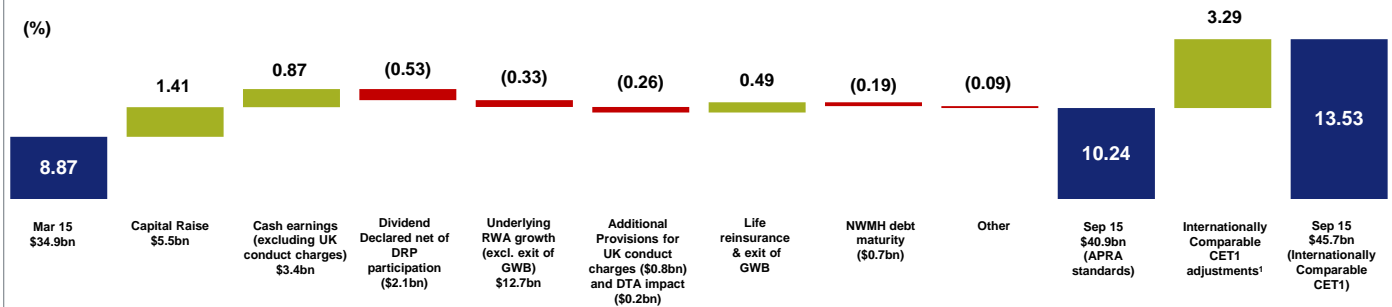
(1) FUM on a proportional ownership basis



29

Strong capital, liquidity and funding position

Group Basel III Common Equity Tier 1 Capital Position



Capital considerations

- CET1 operating target range of 8.75% – 9.25%
- Pro forma Sept 15 CET1 ratio of approximately 9.4% after adjusting for estimated FY16 impacts:
 - 1 July 2016 mortgage risk weight increase (-80bps)
 - Wealth debt maturity (-8bps)
 - Life insurance sale (+50bps)²
 - CYBG demerger/IPO including conduct indemnity (-40 to -50bps)³
- Leverage ratio is 5.5% on an APRA basis and 6.0% on an Internationally Comparable basis^{1,4}
- Target dividend payout ratio range of 70%-75%

Funding and liquidity

- NAB Group Liquidity Coverage Ratio (LCR) September quarterly average was 115%
- The Group Stable Funding Index (SFI) increased from 90.4% to 92.3% since Sept 2014
- Net Stable Funding Ratio (NSFR) rules are expected to be released by APRA during 2015 with implementation of NSFR expected to be 2018
- NAB offshore short term wholesale funding percentage of total funding and equity reduced from 16% in 2011 to 9% in 2015⁵

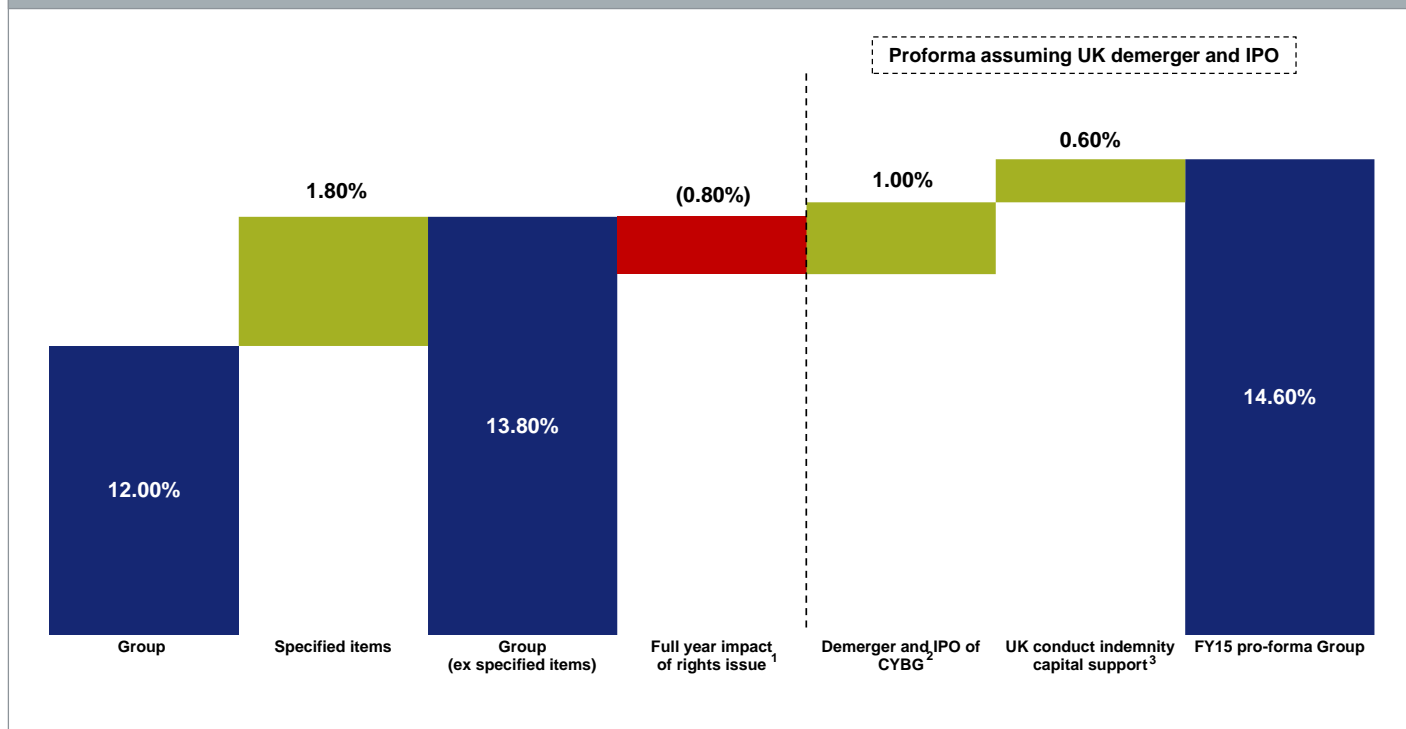
(1) Internationally Comparable CET1 and Tier 1 ratios at 30 September 2015 align with the APRA study entitled "International capital comparison study" released on 13 July 2015. Refer to appendix page 119 for more detail
 (2) After allowing for transaction and separation costs
 (3) Subject to market conditions, FX rates and IPO price. Assumptions include IPO size of 25%, FX rate of 0.462 GBP/AUD and CYBG book value of £3,413m, which includes £450m of preference shares and the effects of AASB9. Conduct indemnity capped at £1.115bn and is expected to be deducted from NAB's CET1 ratio upon completion of the demerger
 (4) Leverage ratio calculated using an Internationally Comparable Tier 1 capital measure includes transitional relief for non-Basel 3 compliant instruments
 (5) Offshore short-term wholesale funding defined as Group short term funding (excluding repo liabilities) less domestic certificates of deposit and domestic bank bills on issue. Total funding and equity defined as total funding liabilities plus total equity excluding preference shares and other contributed equity



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ROE in core Australian and NZ franchise remains favourable

FY15 cash return on equity (continuing operations)



(1) Rights issue was completed in June 2015 and reported ROE includes 4 months of the impact of the rights issue

(2) Assumptions include: UK IPO size of 25% and CYBG book value of £3,413m (which includes £450m of preference shares and the effect of AASB9)

(3) UK Conduct Indemnity Capital support (£1.115bn) will be reported in discontinued operations post completion of the CYBG demerger and IPO. Assumes FX rate of 0.462 GBP/AUD



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Summary

- Solid Australian Banking performance impacted in 2H by lower markets and treasury income after a very strong first half
- Announced CYBG IPO/demerger and life insurance sale will complete major divestments, though execution remains
- Divestment of legacy and low returning assets will deliver significant shareholder value
 - ~200bps¹ ROE benefit helping to close gap to peers
 - >120bps¹ CET1 increase (ex conduct indemnity)
- Balance sheet foundations strong – capital, funding, liquidity and asset quality
- 2016 focus is on driving better returns from the core Australia and NZ businesses

(1) Includes UK demerger and IPO, sale of 80% of life insurance, Great Western Bank divestment, life reinsurance transaction, UK CRE and SGA portfolio reductions



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Andrew Thorburn

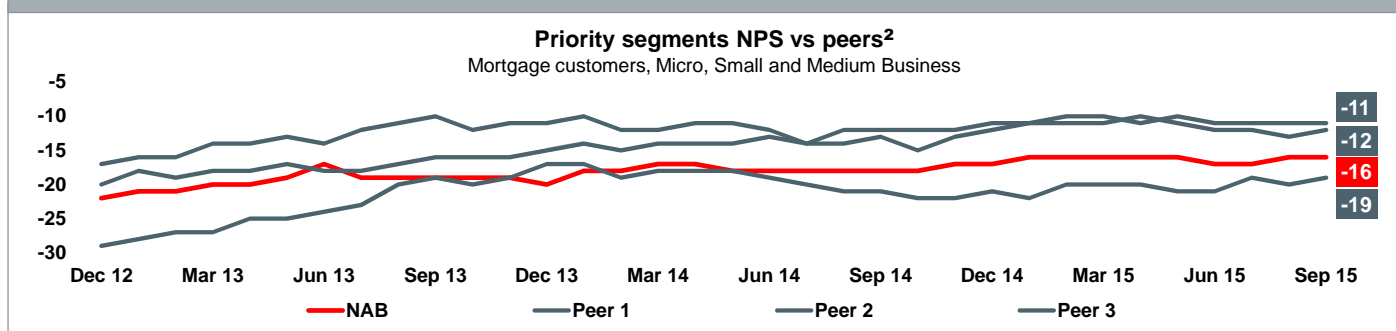
Group Chief Executive Officer

Strategic Priorities



Focus on improving customer advocacy

Net Promoter Score (NPS)^{1,2} gap to number one in priority segments



Benefits of customer advocates

- Customer advocates ~1.5x – 2.5x³ more valuable than detractors over time because they:
 - Are 30% more likely to purchase a product at their bank
 - Hold 1.2x more products
 - Are 6x more likely to recommend their bank to others

Embedding customer advocacy in the bank

- Consistent bank wide measure of customer advocacy – NPS
- NPS represents ~30% of Executive Leadership Team short-term incentive
- NPS embedded in all 160 Performance Unit leader scorecards
- Priority segment leaders have clear plans to improve NPS

(1) Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld
(2) Priority segments Net Promoter Score (NPS) is a simple average of the NPS scores of four priority segments: Mortgage Customers, Micro Business (<\$1m), Small Business (\$1m-<\$5m) and Medium Business (\$5m-<\$50m). The Priority Segments NPS data is based on six month moving averages from Roy Morgan Research and DBM BFSM Research
(3) Bain & Company, Customer Loyalty in Retail Banking, 2014



Digital and process improvements key to better customer experience

Addressing customer 'pain points'

- Formalised approach to capturing customer 'pain points' using eight data sources – includes customer complaints, social media, banker feedback
- Fixed 11 'pain points' in FY15, positively impacting around 500,000 customers
- Will target 20 new customer 'pain points' in FY16



New digital initiatives

- NAB Prosper – first major bank to provide tailored online financial advice via internet banking
- NAB StarXchange – automated, institutional global FX platform in customer pilot
- NAB and Xero collaboration – direct access to online accounting software via internet banking for small business customers

NAB Labs

- Developed an innovation system that is being embedded across the organisation – NAB Labs
 - Scanning market for emerging trends
 - Building a culture of customer-centred design and experimentation
 - Driving rapid commercialisation
 - Leveraging partnerships to access best-practice
- Five commercialised experiments delivered to date including new approach to NAB Connect on boarding



Customer value proposition

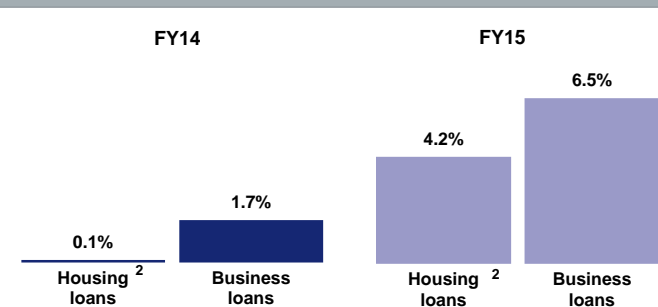
- Make it easy
 - Get the basics right with simplified products and processes
- Be personal
 - Bring a human approach to our customer interactions – including via digital
- Support our customers
 - Use our expertise and information to help our customers, empowering them with insight, advice and tools



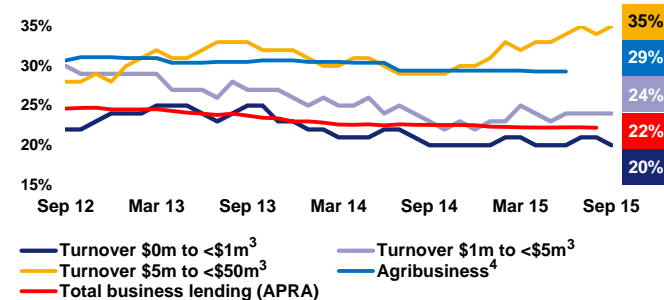
35

Business Banking: Trends in priority segments promising

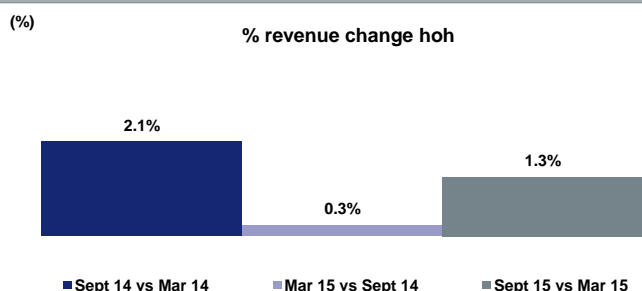
SME¹ customer loan growth picking up



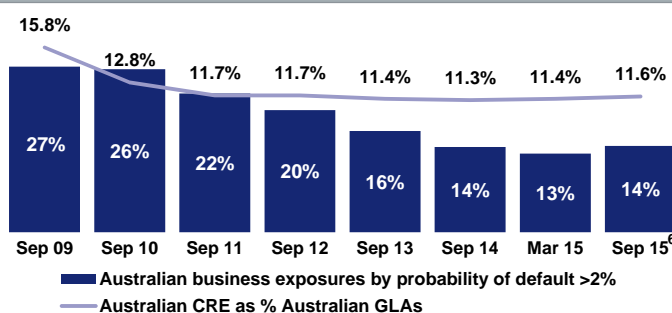
NAB's lending market share trends in priority segments encouraging



Continued revenue growth in priority segments⁵



Australian business lending risk profile steady



(1) Based on unaudited management information. SME represents NAB Business which is the segment of Business Banking which supports business customers with lending typically up to \$25m, excluding the Specialised Businesses (2) Housing lending to NAB Business customers (3) September 2015. DBM Business Financial Services Monitor, APRA aligned lending dollars, NAB Lending Market Share. All respondents. 12 month rolling average. Segment is defined by annual turnover. Lending market share is based on the total lending footings held at the bank, divided by the total lending footings held at banks reporting to APRA

(4) June 2015. NAB APRA submission / RBA System (5) Based on unaudited management information for NAB Business, Specialised Businesses and Private Wealth. Specialised Banking includes Agri, Health, Government, Education and Community (6) Increase due to model changes implemented in September 2015 half year



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Business Banking: Clear competitive advantage

Strong platform for growth



226 Business Banking Centres – well ahead of competitors



>4,200 Business Bankers, >200 added

Staff engagement up 18 percentage points in FY15



#1 market share positions in Micro¹, SME¹ & Agri²

Leverage specialisation capability

Agribusiness	\$25bn ³	Industry specific banker education and backgrounds
NAB Health	\$12bn ³	
Government, Education, Community & Franchising	\$11bn ⁴	
		Deep industry knowledge generating customer insights and tailored solutions
		Leading market shares and stronger returns profile than for non-specialist banking

(1) September 2015. DBM Business Financial Services Monitor, APRA aligned lending dollars, NAB Lending Market Share. All respondents. 12 month rolling average. Segment is defined by annual turnover. Lending market share is based on the total lending footings held at the bank, divided by the total lending footings held at banks reporting to APRA.

(2) June 2015. NAB APRA submission / RBA System

(3) September 2015 spot lending volumes

(4) September 2015 spot lending volumes and deposits

Best relationship bankers

- Clear and standardised relationship banking disciplines
- On-boarding time to competency for new frontline bankers halved
- Better fee collection discipline and enhanced pricing tools provide greater portfolio insights
- NAB View – now fully deployed to business and private wealth bankers providing single customer view of all accounts

Process improvement

- NAB Connect (internet banking for business) enhancements
 - Customer on-boarding time reduced from ~2 weeks to as little as 30 minutes
 - Improved self service FX online transactions increased from 54% in FY14 to 70% FY15
- Fulfilment centre lending volumes doubled over FY15 and 'time-to-decision' reduced by 40%
- Implemented more than 50 process and policy changes to credit approvals to improve the customer experience



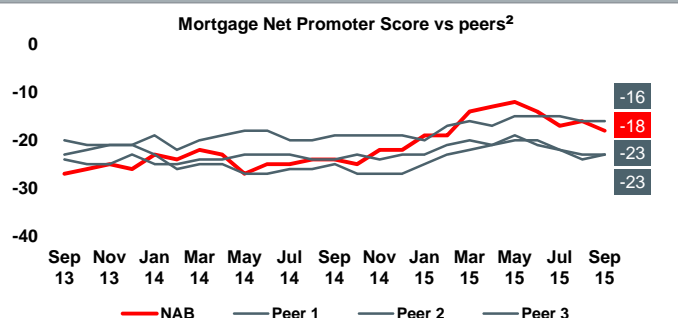
37

Personal Banking momentum strong

Growth initiatives and investment

- Added ~130 front line bankers in FY15. Focused on sales, retention and customer experience
- Continued growth in broker distribution – five white label partnerships agreed in FY15 providing access to ~6,000 brokers Australia wide
- Personal Banking Origination Platform pilot in SA and NT branches and in contact centres. Full roll-out in 2016
- Ongoing focus on deepening customer relationships and cross-sell – 18% increase in general insurance sales in FY15

Continued focus on mortgage NPS¹ improvement



Solid year-to-date growth across key products

YTD multiple of system growth (total NAB)³



Exclusive partnership with Visa

- Entered into exclusive 10-year scheme partnership with Visa
- Enables significant medium-term investment in the unsecured portfolio:
 - Improved digital capability
 - New product development
 - Simplification
 - Marketing investment
- An innovation agenda

(1) Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld
 (2) Roy Morgan Research, NAB defined Mortgage Customers, Australian population aged 14+, six month rolling average
 (3) August 2015, RBA Financial system



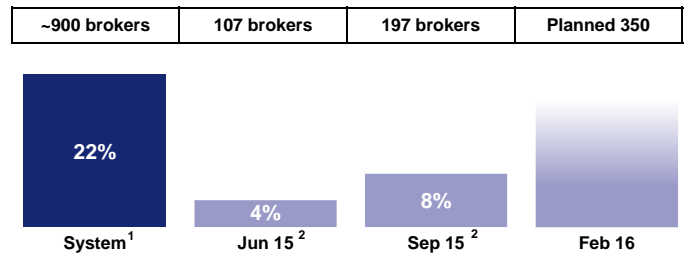
38

NZ well positioned

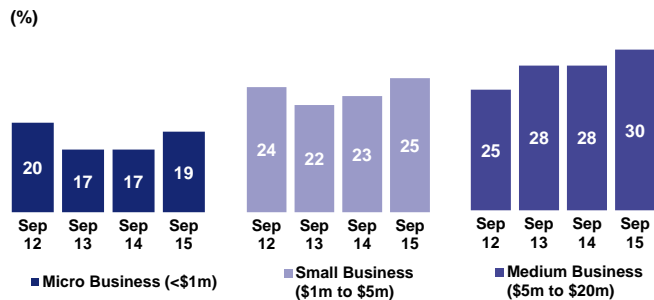
Strong focus on Auckland market to grow housing and SME

- Increased investment to support focus on priority segments
- Underweight Small Business, Housing and Auckland – provides opportunity for above system growth
 - Re-entered broker market in May 2015, added 197 brokers (80 active) by Sep 15, planned 350 by Feb 16
 - Additional ~35 mobile bankers over CY15
 - Further ~50 FTE to be deployed in Small Business

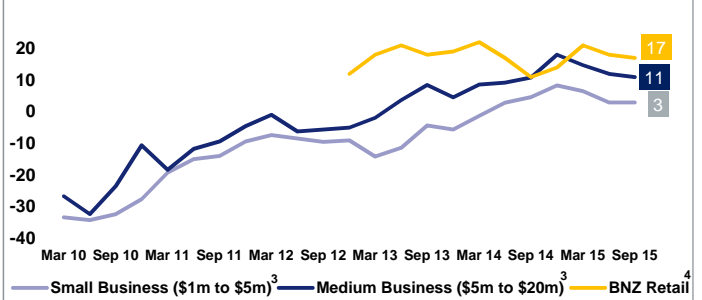
Mortgage broker flows (System and BNZ)



Market share strength in key business segments³



Good long term momentum in NPS



- Source: Deloitte FY13 system percentage mortgage broker flows
- June 2015 and September 2015 month annualised
- Source: TNS Business Finance Monitor, 12 month roll
- Source: Camorra Research - Retail Market Monitor, 6 month roll

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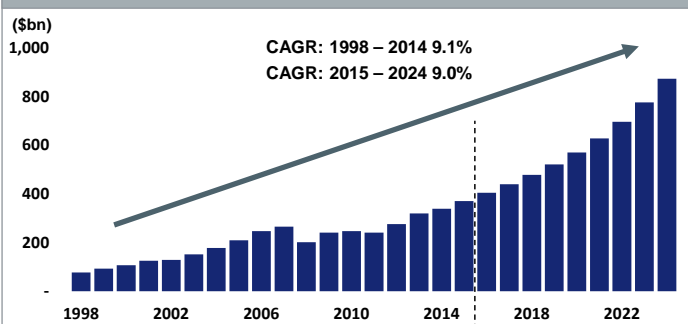


NAB Wealth: Good positions in attractive markets

Good momentum

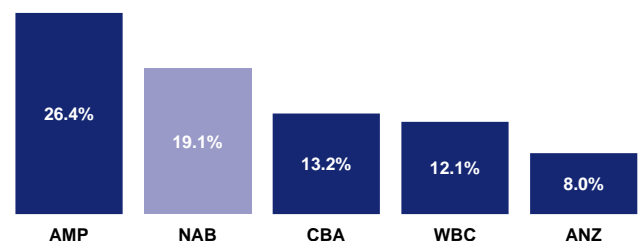
FY13 - FY15	
Cash earnings	Up 44%
ROE	Up 170 bps
Cost to income ratio	Improved from 69.3% to 59.3%
5 year investment performance ¹	% of funds exceeding benchmark improved from 66% to 74%
Employee engagement	Up 14 percentage points
Life reinsurance transaction	\$0.5 billion capital release

Superannuation a growth industry²

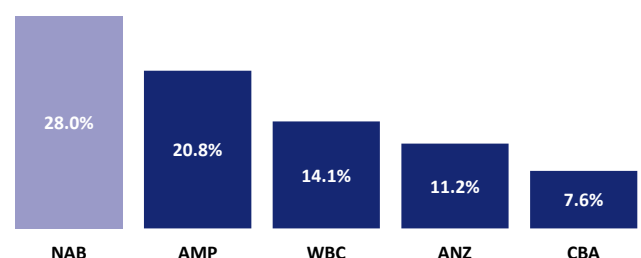


NAB has strong positions in superannuation

FUM Retail Superannuation market share³



FUM Corporate Superannuation market share⁴



- Based on sample of funds representing over 90% of FUM managed by Asset Management
- Data for 1998-2014 sourced from Plan for Life Retail Superannuation (personal, corporate and rollovers). Projections from 2015 reflect NAB internal analysis based on external industry inputs
- Source: Plan for Life June 2015 Retail Superannuation
- Source: Plan for Life June 2015 Corporate Superannuation

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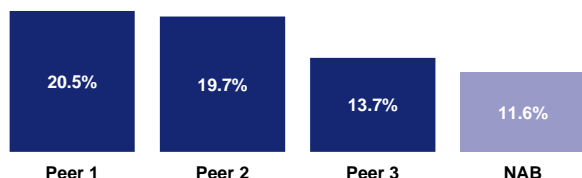
NAB Wealth: Growth opportunities with NAB customers

Upside from closer alignment with the Bank

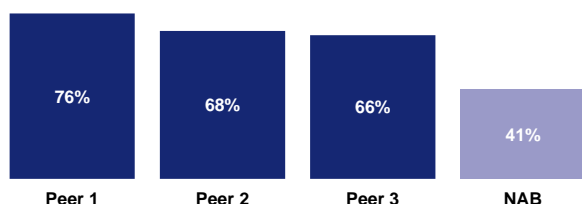
Australian retail banking
only customers >4 million

NAB Wealth only
customers >1 million

Wealth products to bank customers ¹



Bank products to Wealth customers ²



(1) Source: Roy Morgan Research. Proportion of banking customers (Aged 14+) that have a wealth relationship with the institution's wealth arm; 12 months to September 2015

(2) Source: Roy Morgan Research. Proportion of wealth customers (Aged 14+) that have a banking relationship with the parent banking brand; 12 months to September 2015

Recent progress

- NAB mortgages sold through NAB Wealth channels up 20% in FY15
- Business Super sales through Bank channels CAGR 57% FY10-FY15
- General insurance sales via Bank channels up 18% in FY15
- NAB Prosper customer pilot launched – digital advice for NAB internet banking customers

Strong economic imperative for closer alignment

- Margin pressure from regulatory change
- Customer expectations constantly increasing
- Digital disruption
- Increasingly complex regulatory environment
- Government response to FSI report potentially expands market for corporate super
- Banking/Wealth customers FUM ~50% greater than Wealth only customers



NAB Wealth: Delivering a great customer experience is key

Mortgage

Debt free

SME

Deliver a great customer experience

Multi channel – Digital 24/7, Phone, Branch, Advisor

Making it easy

Personalised solutions

Support through expertise
and insights

Insurance

- Partner to manufacture capital intensive product
 - Nippon Life (life)
 - Allianz (general)
- Leverage partners' global scale, expertise and strength to deliver innovative offers via NAB and MLC distribution strength
- Long term distribution agreement with Nippon Life, aligned objectives via 20% retained ownership

Investments and Superannuation

- Grow scalable, capital-lite businesses
- Improve net funds flow via:
 - Enhanced customer and advisor experience (incl digital)
 - Direct Wealth offer via bank channels
- Improve cost to income ratio via platform simplification, legacy product rationalisation
- Maintain strong investment performance and asset management expertise



NAB Wealth: Investing for better growth and returns

Transformational investment program in Superannuation and Investments businesses

- Investing at least \$300m¹ pre tax over 4 years in:
 - Productivity and digital initiatives
 - Closer Bank/Wealth alignment
- Targeting peak annualised benefits of approximately \$160m² pre tax across both Bank and Wealth

Digital innovation	Customer offers & experience	Simplification
<ul style="list-style-type: none"> Wealth integrated with internet banking NAB Prosper enhancements Automated customer on-boarding 	<ul style="list-style-type: none"> Direct super offer via bank channels Addressing 'pain points' Better data analytics Consistent customer experience across channels Enhanced retirement products and tools Improved adviser tools to enhance productivity 	<ul style="list-style-type: none"> Significantly reduce IT systems Straight-through processing of key employer, member and ATO interactions Super and Investment platform consolidation

- (1) Investment spend includes opex and capex
 (2) Benefits include both revenue and efficiency savings



NAB Wealth: Transformational change

	Our past	Our recent history	Our future
Returns and capital	<ul style="list-style-type: none"> Low returns from manufacturing capital intensive products 	<ul style="list-style-type: none"> Improving ROE and earnings growth Reducing capital intensity via life reinsurance transaction 	<ul style="list-style-type: none"> Manufacture high returning capital-lite investments and super products Partner with world class insurance product manufacturers
Bank distribution and organisational alignment	<ul style="list-style-type: none"> Discrete organisational structure not aligned behind customer Bank distributed product gaps 	<ul style="list-style-type: none"> Culturally embracing closer wealth/bank alignment 	<ul style="list-style-type: none"> Organisational alignment (wealth and bank) around customer, not product
Customer experience, products and systems	<ul style="list-style-type: none"> Complex systems and processes leading to poor customer and advisor experience, and operational risk 	<ul style="list-style-type: none"> Focus on lifting financial planning standards Emerging digital capability Addressing legacy customer remediation 	<ul style="list-style-type: none"> Simplify structures and systems to leverage scale and lower cost to serve Digital innovation and enhanced customer and advisor experience
Growth	<ul style="list-style-type: none"> Falling market share in some key growth segments 	<ul style="list-style-type: none"> Improved product penetration (bank to wealth and vice versa) Improved investment performance 	<ul style="list-style-type: none"> Growth in key channels and improving net flows



Technology and infrastructure foundations in place

Personal Banking Origination Platform (PBOP)



Platform to originate and fulfil all personal products across all proprietary channels



Currently piloting in contact centres, fulfilment centres and select branches



2016 roll-out by State to over 14,000 staff

Key benefits



Online customer functionality – upload verification documents, accept loan documents and track application



Low touch processing – near straight through processing and minimal need to handle physical documents



Faster turnaround times – pre-population of customer data fields and integrated credit decisioning

Pilot case studies¹



7 minutes – credit card application through to conditional approval



<2 minutes – deposit account opening for an existing customer

Data centre upgrade complete

- Migration of ~1,000 business applications and ~3,500 virtual and physical servers to our new world class data centre facility
- Delivers improved cost efficiency, significantly increased capacity, lower environmental impact and improved resilience
- Modern virtualised infrastructure enables agility and flexibility

Customer Hub live

- Oracle Customer Hub live and centralises ~135 million customer records
- Enables NAB View – single customer view of all customer accounts, deployed to ~4,500 business and private wealth bankers

Technology priorities

- Ongoing focus on reliability and stability – 24x7
- Tilt towards customer-facing, digital and innovation
- Flexibility and choice when leveraging the new platforms
- Investment based on benefits, doability, affordability and external environment

(1) Achieved under pilot conditions and indicative only



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Our strategic focus

Australia and NZ's most respected bank

Deliver a great customer experience

- Easy, Personal and Supportive
- Deep customer relationships in our 5 priority segments
- Integrated bank wealth experience
- Innovation system

Reshape our operating model for the future environment

- Technology simplification
- Process excellence
- Footprint for a digital world

Keep focused on the basics of banking

- Manage risk / return trade-offs
- Risk settings and capabilities
- Balance sheet (Capital, Funding and Liquidity)

Great people

- Leading capabilities (Operations, Digital, Change, People leadership)
- Performance through accountability, clarity and transparency
- Live our Values (Passion for Customers, Will to Win, Be Bold, Respect for People, Do the Right Thing)

Customer advocacy
Employee engagement
ROE relative to peers

Top quartile TSR¹

(1) TSR = Total Shareholder Return as measured against Australian Financial Services firms as listed in our 2014 Annual Report



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Questions & Answers



Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

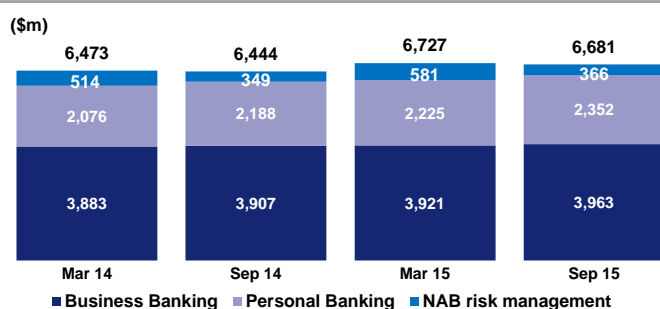
Group Asset Quality

Capital and Funding

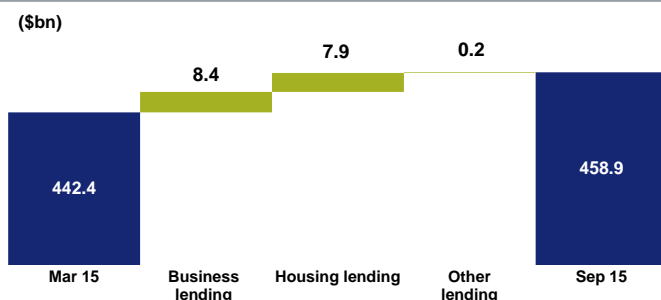
Economic Outlook

Australian Banking

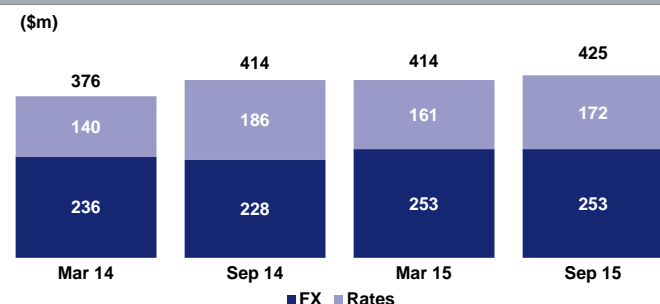
Total revenue by key customer segments^{1,2}



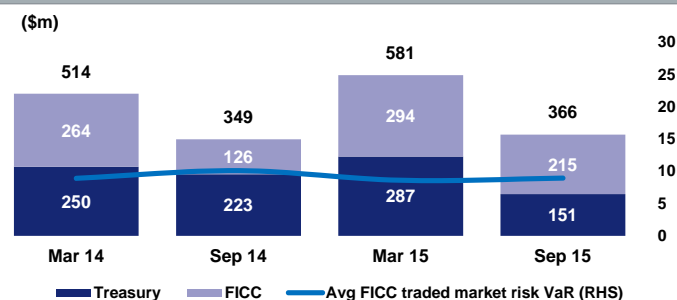
Lending GLAs



Customer risk management revenue



NAB risk management revenue³



(1) Based on unaudited, management information data

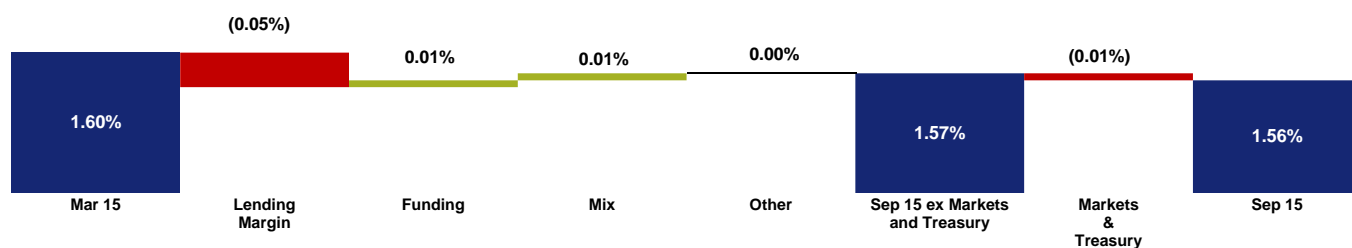
(2) Customer revenue numbers for FY14 have been restated to reflect the transfer of customers between Business Banking and Personal Banking, consistent with where customers are domiciled in 2015

(3) Includes NII and OOI

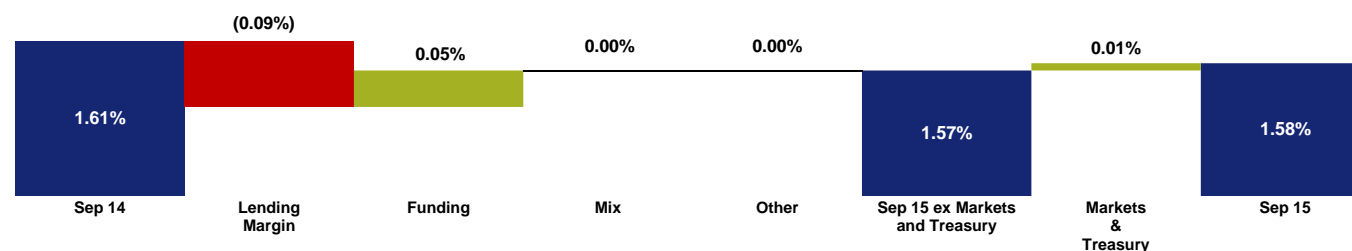


Australian Banking net interest margin

September 2015 v March 2015

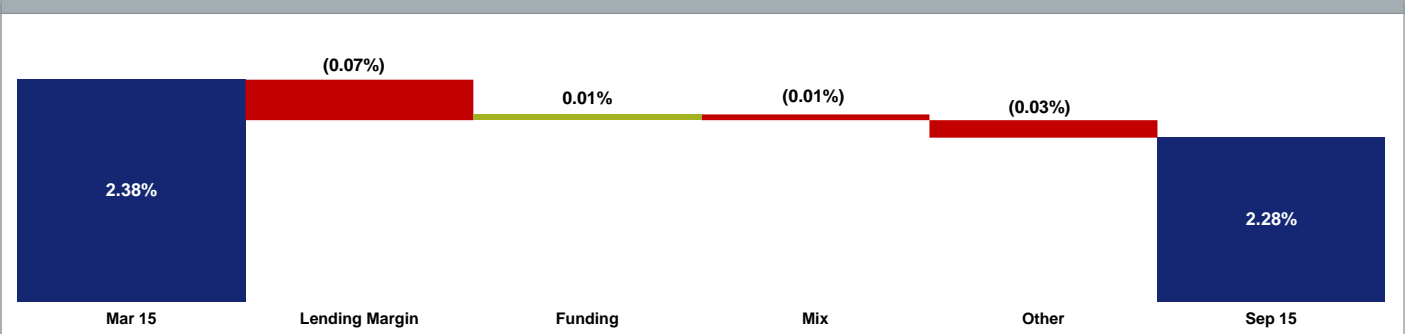


September 2015 v September 2014

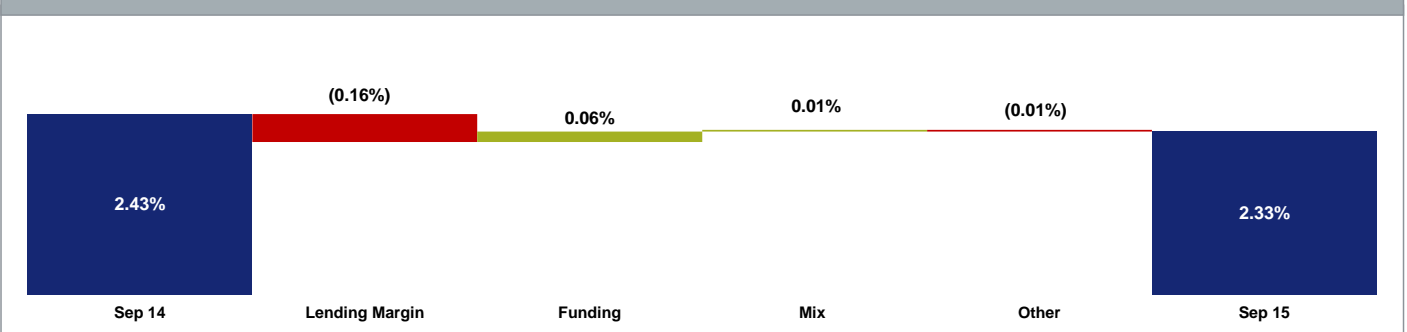


Business Banking net interest margin

September 2015 v March 2015

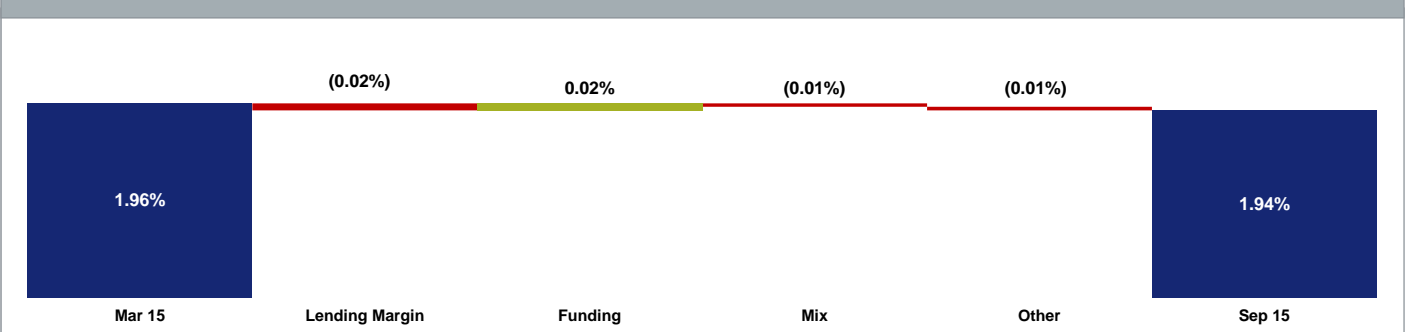


September 2015 v September 2014

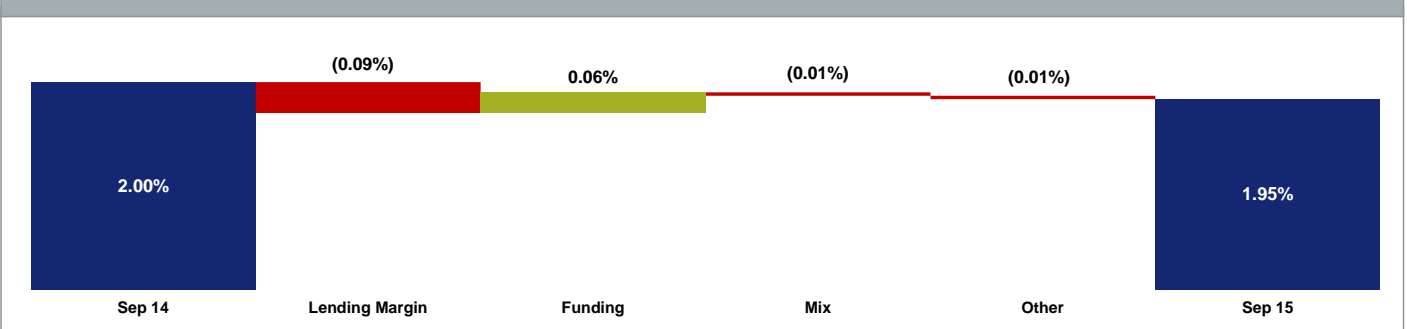


Personal Banking net interest margin

September 2015 v March 2015

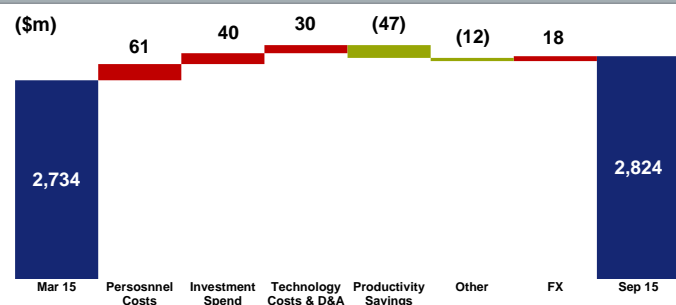


September 2015 v September 2014

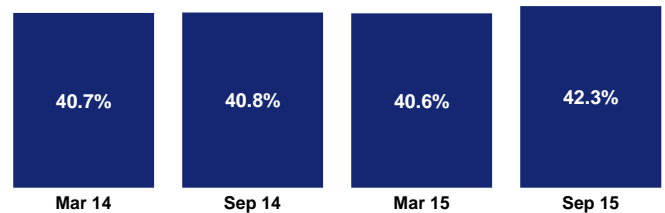


Australian Banking

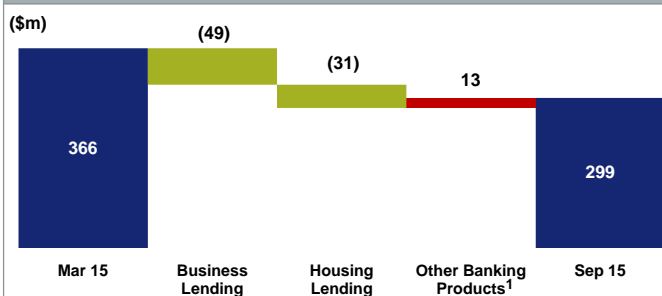
Operating expenses



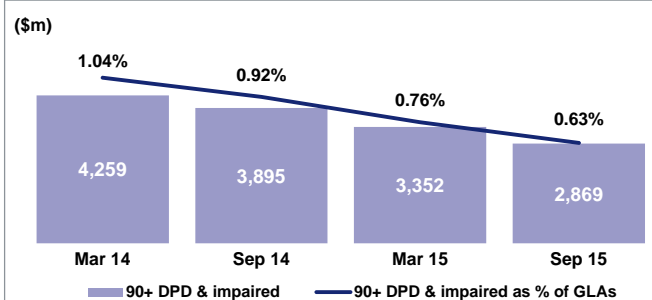
Cost to income ratio



B&DD charge



90+ DPD & impaired and as % to total GLAs

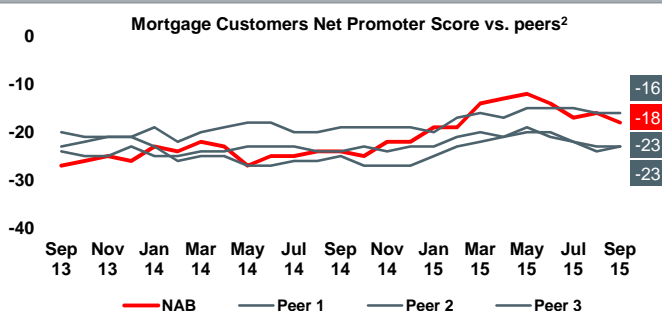


(1) Other Banking Products includes personal lending, credit cards, investment securities and margin lending

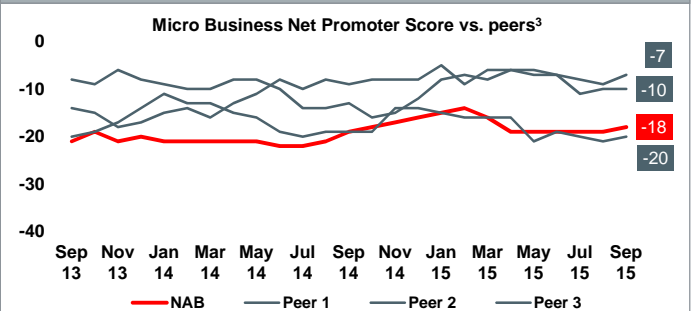


Australian Banking: Customer Engagement – Net Promoter Score¹

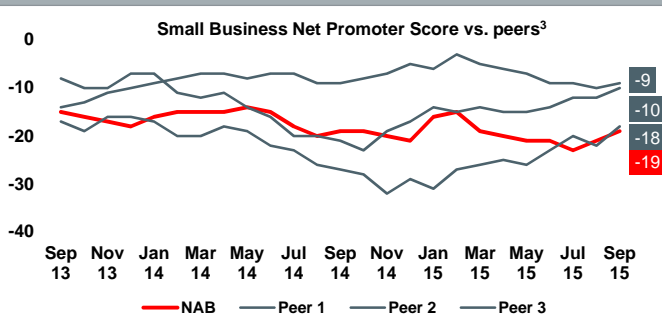
Mortgage Customers



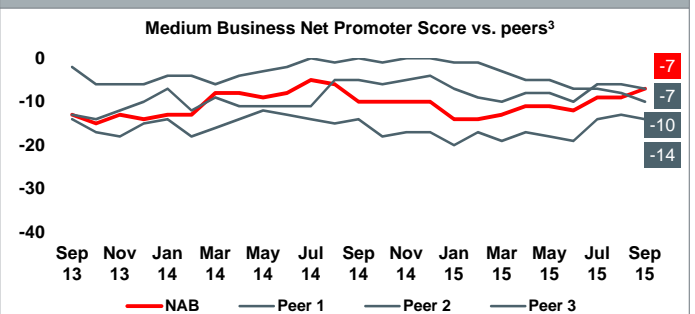
Micro Business



Small Business



Medium Business

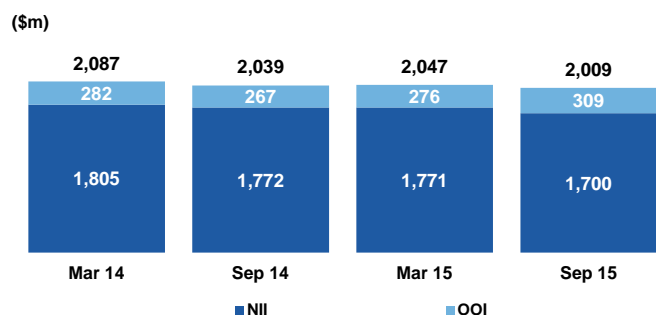


(1) Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld
 (2) Roy Morgan Research, NAB defined Mortgage Customers, Australian population aged 14+, six month rolling average
 (3) DBM Business Financial Services Monitor; all customers' six month rolling averages for Micro Business (<\$1m), Small Business (\$1m-<\$5m) and Medium Business (\$5m-<\$50m)

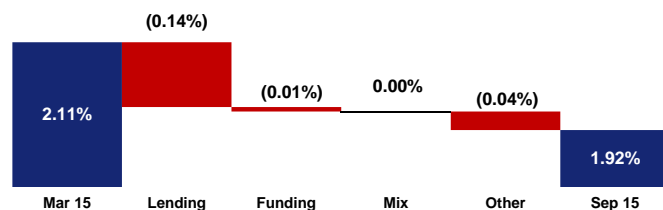


Australian Banking: Business lending

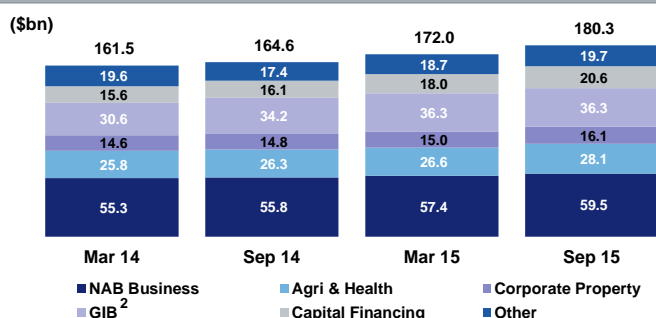
Business lending revenue



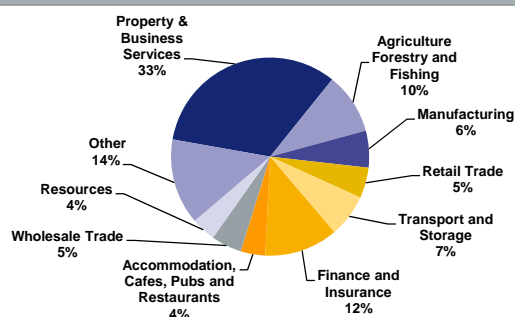
Business lending net interest margin



Business lending GLAs¹



Diverse business loans³



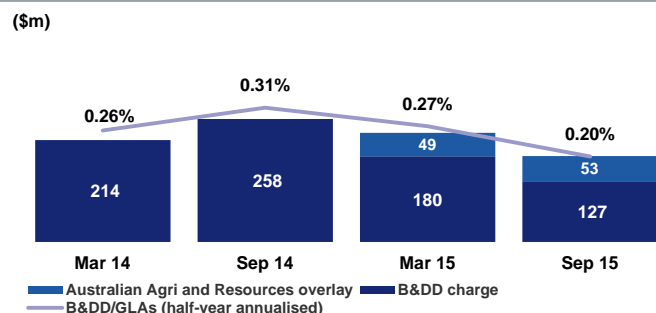
- (1) Spot GLA volumes. Segment lending volumes are based on unaudited, management information data, and FY14 has been restated to reflect the transfer of customers, consistent with where customers are domiciled in 2015
- (2) Global Institutional Banking. Core business lending only (includes FIG)
- (3) Represents assets within the Australian geography and offshore branches



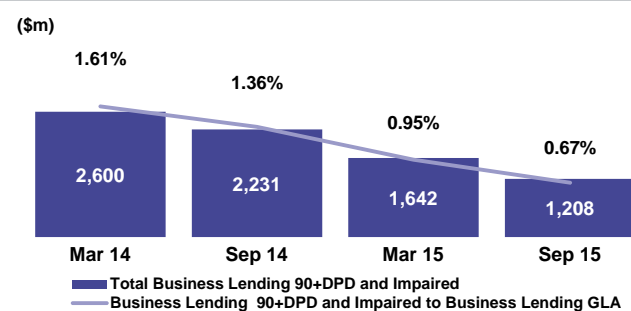
55

Australian Banking: Business lending – Asset Quality

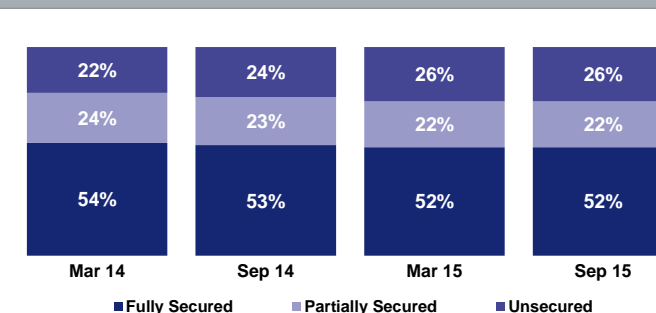
B&DD charge and B&DD as % GLAs



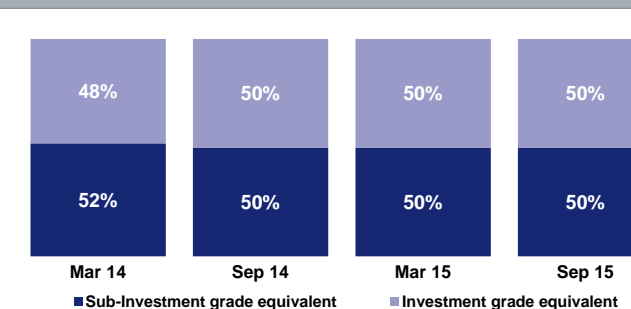
90+ DPD and impaired and % total business GLAs



Well secured – business products¹



Portfolio quality^{2,3}

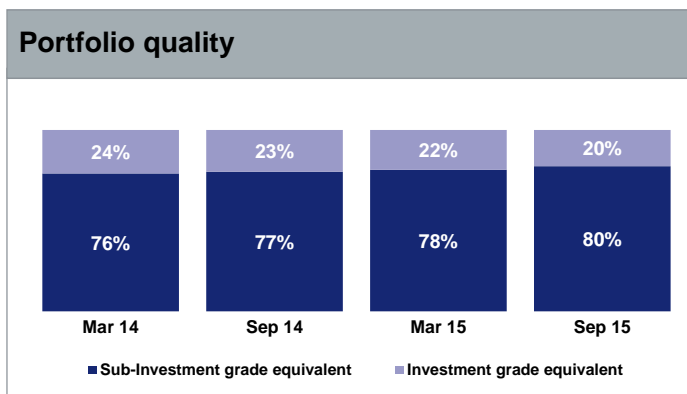
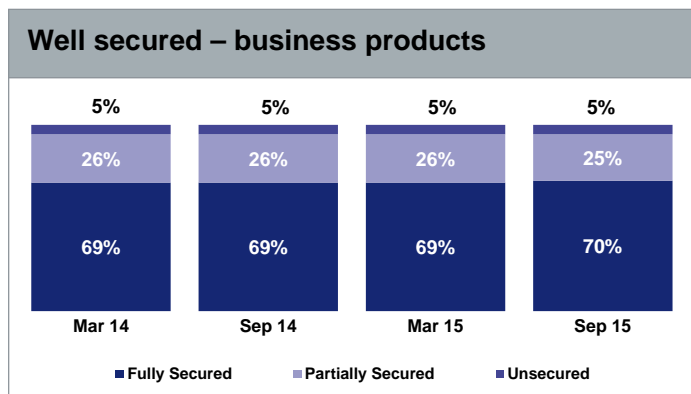
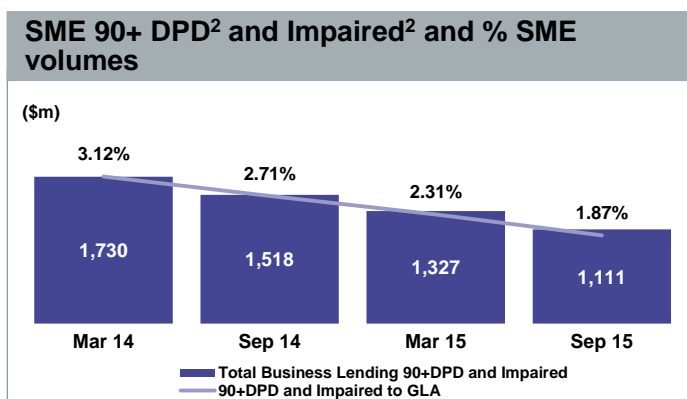
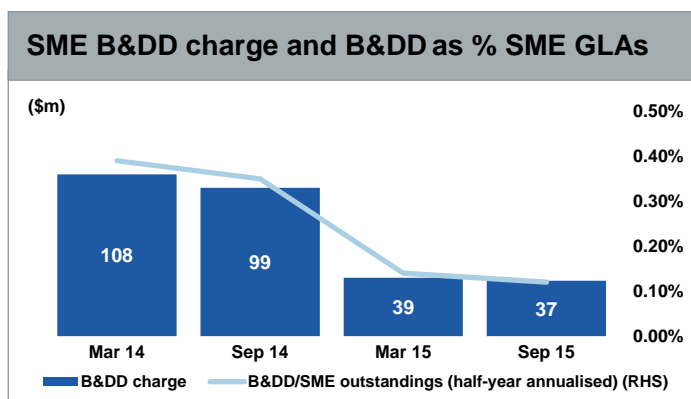


- (1) Represents assets within the Australian geography and offshore branches
- (2) Portfolio quality on a probability of default basis
- (3) Includes Asia



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Australian Banking: Business lending – SME¹ Asset Quality



- (1) SME business data reflects the NAB Business segment of Business Lending which supports business customers with lending typically up to \$25m, excluding the Specialised Businesses. Based on unaudited, management information data. Represents assets within the Australian geography
- (2) Includes NAB Business mortgages

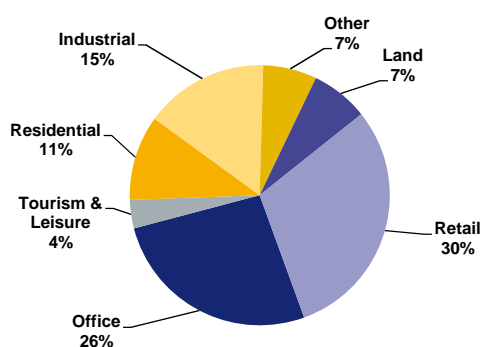
57



Australian Banking: Business lending – Commercial Real Estate

Total \$51.1bn¹

11.6% of Gross Loans & Acceptances²



State	NSW	VIC	QLD	WA	Other	Total
Location %	36%	29%	18%	8%	9%	100%
Loan Balance ³ < \$5m	29%	37%	36%	33%	37%	34%
> \$5m < \$10m	11%	12%	12%	13%	15%	12%
> \$10m	60%	51%	52%	54%	48%	54%
Loan tenor < 3 yrs	75%	77%	79%	77%	75%	77%
Loan tenor > 3 < 5 yrs	20%	18%	17%	16%	20%	18%
Loan tenor > 5 yrs	5%	5%	4%	7%	5%	5%
Average loan size \$m	3.3	2.6	2.6	3.0	2.6	2.9
Security Level ⁴ – Fully Secured	73%	79%	84%	88%	91%	80%
Partially Secured	14%	11%	14%	8%	9%	12%
Unsecured	13%	10%	2%	4%	0%	8%
90+ days past due ratio	0.05%	0.19%	0.13%	0.02%	0.33%	0.13%
Impaired loans ratio	0.17%	0.20%	1.23%	0.08%	0.07%	0.35%
Specific provision coverage ratio	5.0%	11.0%	21.1%	2.1%	11.9%	16.1%

Trend	Mar 14	Sep 14	Mar 15	Sep 15
90+ days past due ratio	0.14%	0.18%	0.12%	0.13%
Impaired loans ratio	1.43%	1.02%	0.47%	0.35%
Specific provision coverage ratio	15.1%	19.2%	19.7%	16.1%

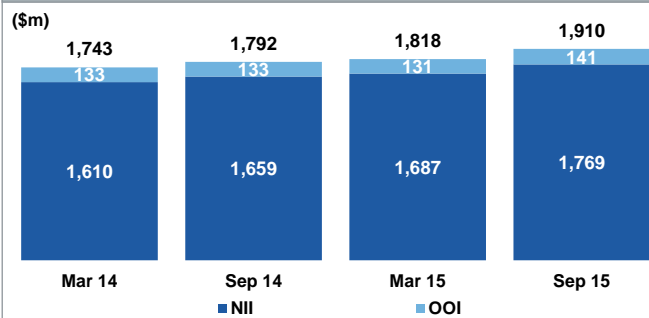
- (1) Data has been prepared in accordance with APRA ARF230 guidelines
- (2) Represents assets within the Australian geography
- (3) Distribution based on loan balance
- (4) Fully Secured represents loans of up to 70% of the Market Value of Security. Partially Secured are over 70% but not Unsecured. Unsecured is primarily Negative Pledge lending

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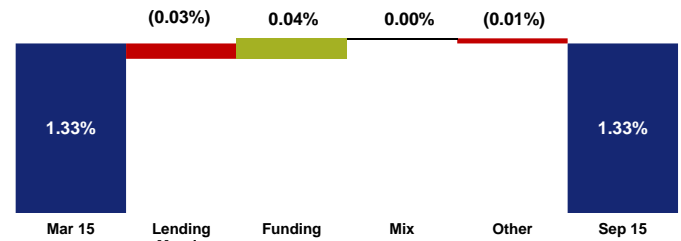


Australian Banking: Housing lending

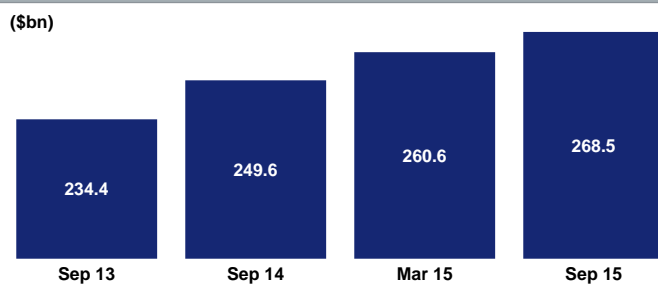
Housing lending revenue



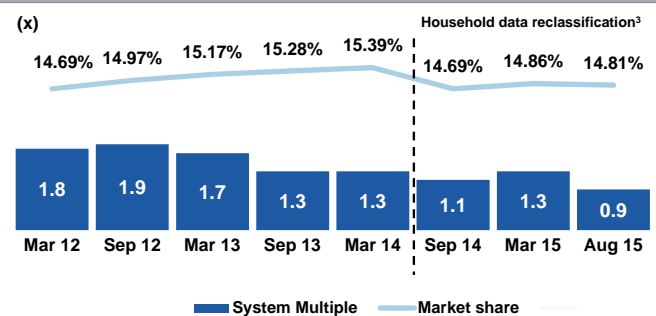
Housing lending net interest margin



Housing lending GLAs¹



Housing lending multiple of system growth² and market share²



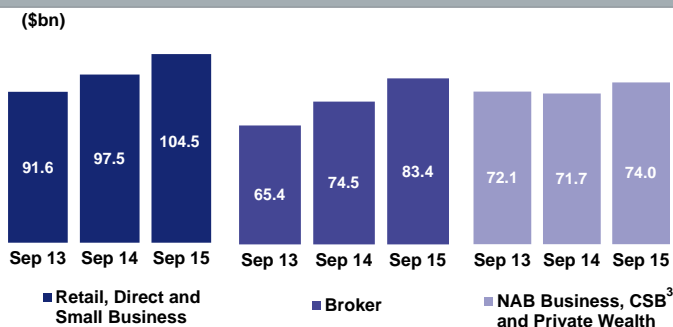
- (1) Spot GLAs
 (2) RBA Financial System
 (3) August 2015 reclassification of household data, including from housing to non-housing

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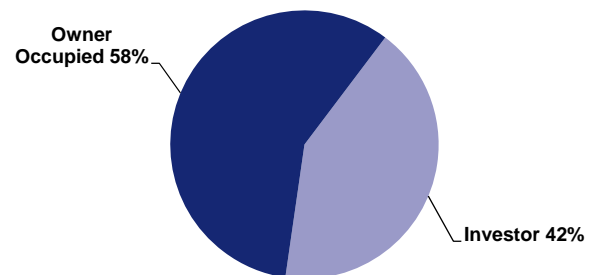


Australian Banking: Housing lending

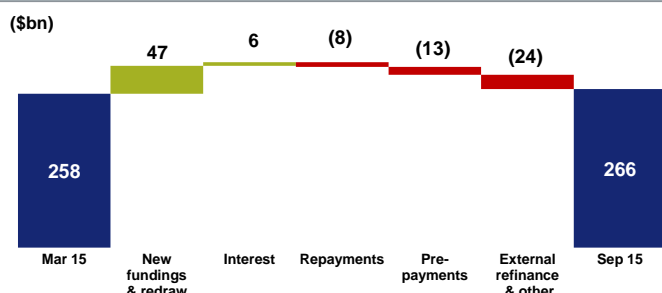
Housing lending spot volumes by channel¹



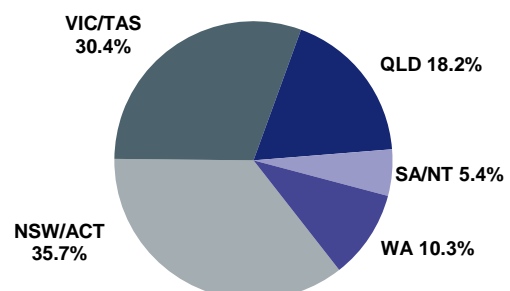
Housing lending spot volumes by borrower type²



Housing lending flow movements⁴



Australian mortgages by geography



- (1) Excludes UBank, Asia and Non Performing Loans. Prior periods have been restated to reflect customer transfers
 (2) APRA monthly banking statistics, August 2015
 (3) Corporate and Specialised Banking
 (4) Excludes Asia

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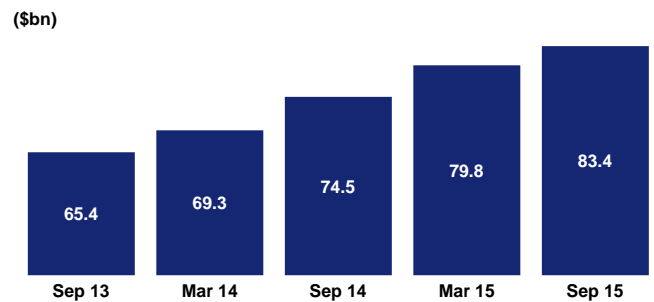


Australian Banking: Housing lending – Broker

FY15 achievements

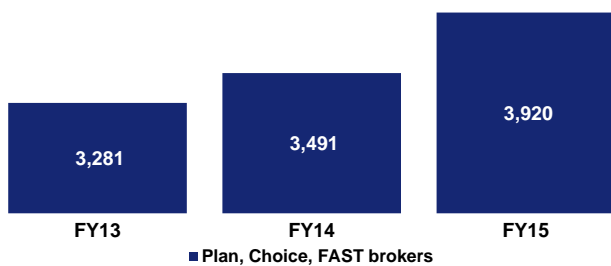
- Strong lending volumes driven by growth in white label settlements, ongoing broker recruitment under owned aggregators and increasing broker productivity
- Five white label partnerships agreed in FY15 providing access to ~6,000 brokers Australia wide
- Recruitment of >400 brokers across our aggregators PLAN, Choice and FAST
- Improved broker productivity – 11% uplift in average sales per active broker in FY15

Continued growth in mortgages¹ via Broker



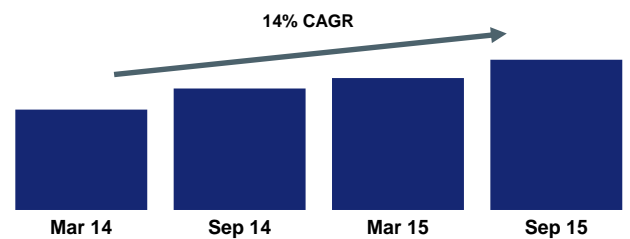
Ongoing recruitment across our aggregators

Number of brokers under owned aggregators



(1) Spot volumes

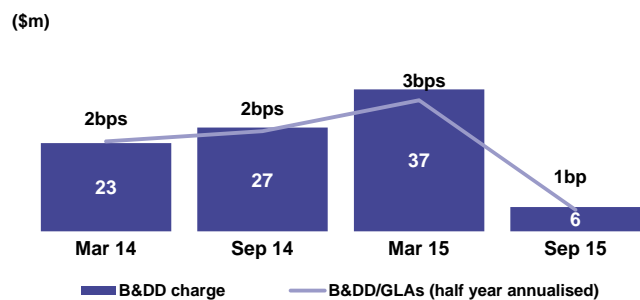
Increasing white label settlements



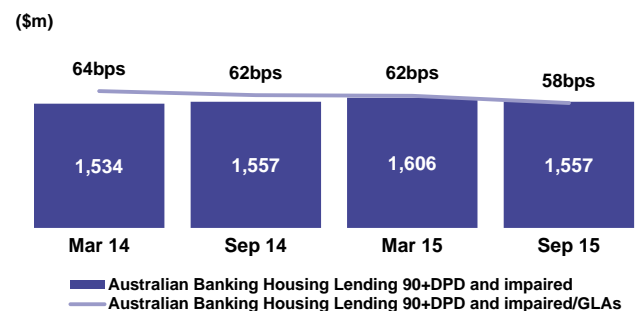
61

Australian Banking: Housing lending – Asset Quality

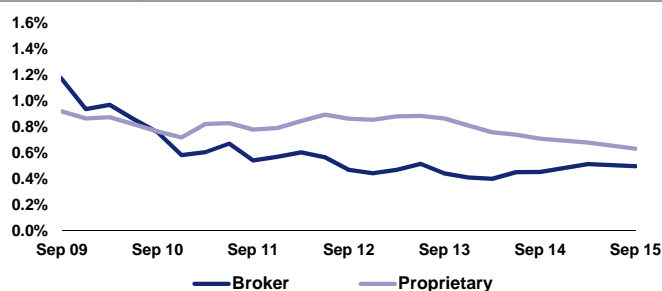
B&DD charge and B&DD as % GLAs



90+ DPD and impaired as % total housing lending GLAs

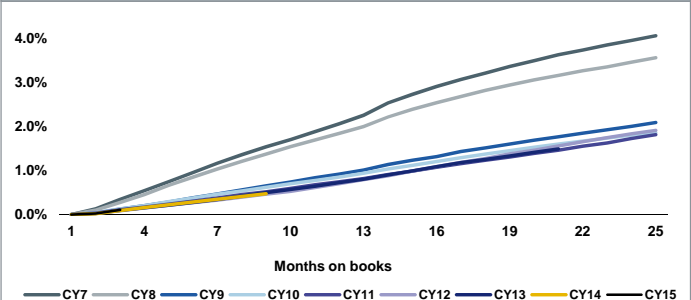


90+ DPD and impaired as % total housing lending GLAs – by channel¹



(1) Excludes Asia

Australian housing lending – cumulative 30+ DPD¹



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Australian Banking: Housing lending - Stress testing

Housing lending stress testing at NAB

- The Group regularly undertakes stress testing on a Group-wide basis and on specific risk types
- Stress testing and scenario analysis aims to take a forward view of potential risk events. Outcomes from stress testing and scenario analysis inform decision making, particularly in regards to defining risk appetite, strategy, or prioritising mitigating actions that ensure the Group's stability under severe macro-economic, market liquidity and operational events

Scenario

- The stress scenario presented represents a severe recession. In a historical context, this recession is worse than in the early 1980s or 1990s, only exceeded by the 1930s recession. Unemployment rises to almost 11% at its peak, back to the worst post-war level reached in the early 1990s
- The downturn is sufficiently severe that it significantly impacts the property markets, with residential property prices declining by 31% in the shock scenario. Falls of this magnitude have not been seen in the housing market in the past one hundred years

Results

- Estimated Australian housing lending net bad and doubtful debt (B&DD) charge under these stressed conditions are \$1.8bn cumulatively during the four years of the scenario of which \$315m are losses on the lenders mortgage insurance (LMI) portfolio
- All LMI coverage is with external insurers

Stressed scenario - Main economic parameters

	Sep 16	Sep 17	Sep 18	Sep 19
Annual GDP growth (%)	(1.4)	(1.8)	0.5	3.8
Unemployment rate (%)	7.9	9.9	10.9	10.5
House prices (% p.a. change)	(13.6)	(13.0)	(3.9)	(0.1)
Cash rate (%)	2.3	1.0	0.6	0.3

Stressed loss outcomes^{1,2}

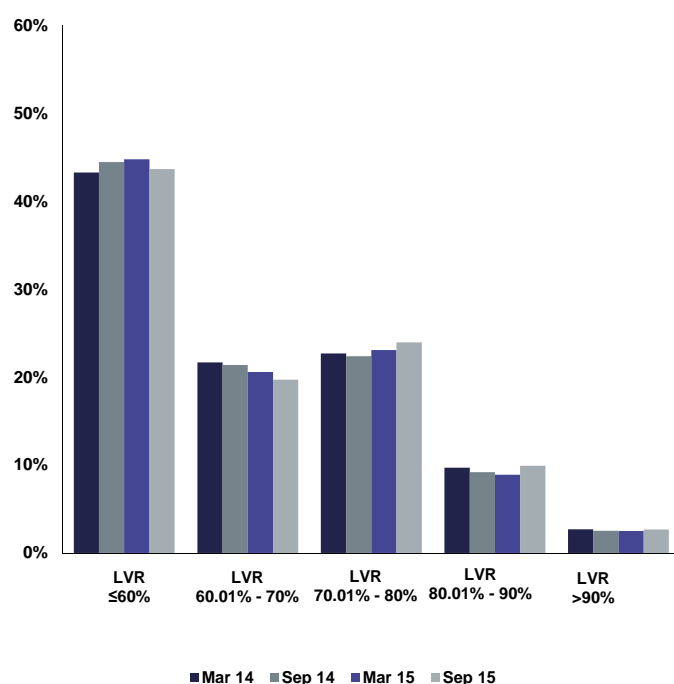
	Sep 16	Sep 17	Sep 18	Sep 19
Portfolio size (exposure at default, \$bn)	327	325	324	327
Net B&DD (\$m) ³	108	665	559	462
Gross B&DD (\$m)	136	763	678	563
Net B&DD rate (%) ⁴	0.03	0.20	0.17	0.14

- (1) Australian IRB Residential Mortgages asset class. Includes Advantaged. Excludes offshore branches
 (2) Based on portfolio as at 31 March 2015
 (3) Net of LMI recoveries (as opposed to Gross B&DD which includes LMI recoveries). Assumes that in a stressed scenario 48% of LMI claims will be rejected
 (4) Stressed B&DD rate is net of LMI recoveries and presented as a percentage of mortgage exposure at default

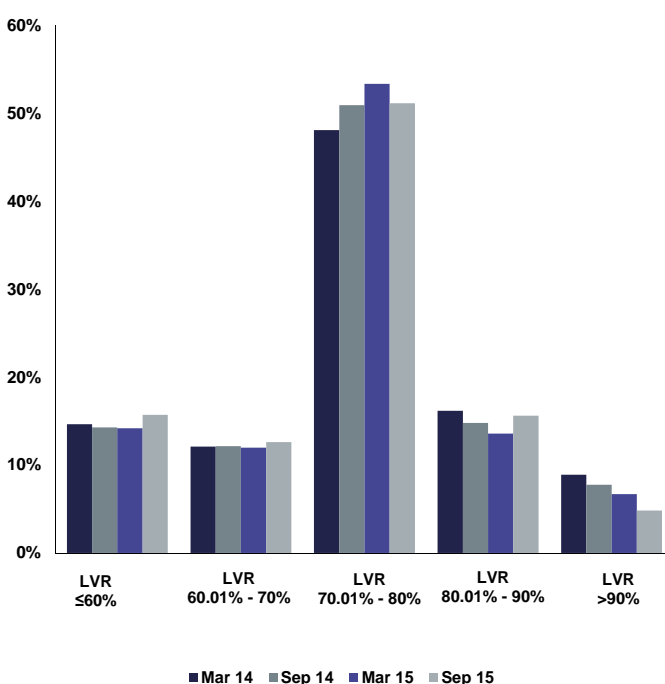


Australian Banking: Housing lending – LVR profile

Australian Housing lending dynamic LVR breakdown of drawn balance¹



Australian Housing lending LVR breakdown at origination¹



(1) Excludes Asia



Australian Banking: Housing lending – Key metrics¹

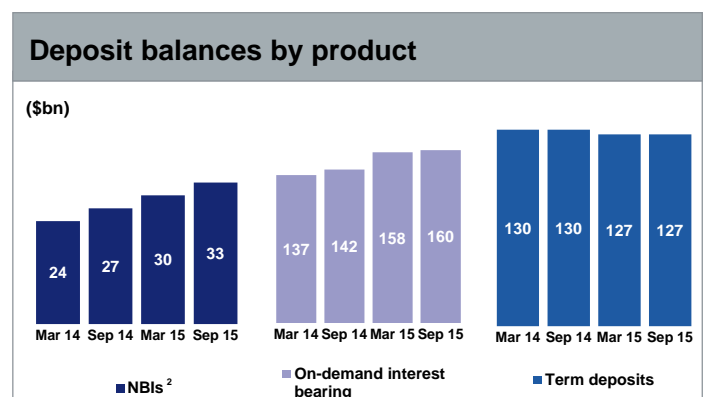
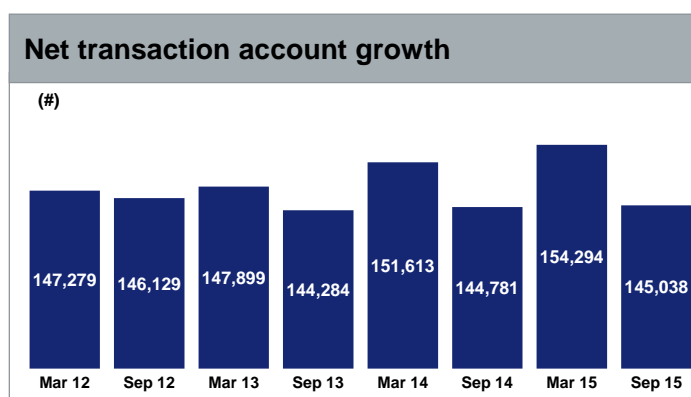
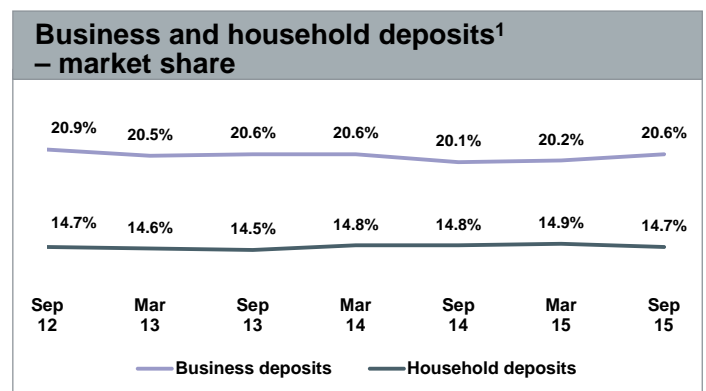
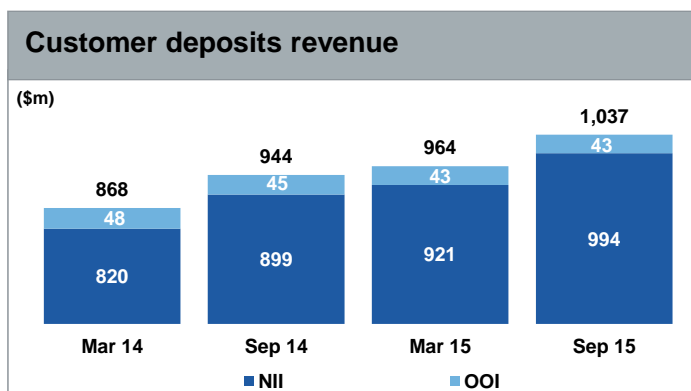
Australian Housing lending	Mar 14	Sep 14	Mar 15	Sep 15
Balances attributed to:				
- Variable rate	72.3%	72.2%	73.4%	75.7%
- Fixed rate	13.8%	14.9%	14.8%	13.3%
- Line of credit	13.9%	12.9%	11.8%	11.0%
Drawdowns attributed to:				
- Variable rate	76.2%	76.1%	81.0%	84.9%
- Fixed rate	20.7%	20.9%	16.7%	12.5%
- Line of credit	3.1%	3.0%	2.3%	2.6%
Interest only drawn balance	32.3%	33.6%	35.3%	34.5%
Offset account balance (\$bn)	15.6	17.4	20.1	22.4
Balances attributed to:				
- Proprietary	71.0%	69.8%	69.1%	68.6%
- Broker	29.0%	30.2%	30.9%	31.4%
Drawdowns attributed to:				
- Proprietary	67.7%	66.3%	66.3%	67.4%
- Broker	32.3%	33.7%	33.7%	32.6%
Dynamic LVR on a drawn balance calculated basis	45.9%	45.4%	45.2%	45.8%
Customers in advance ≥1 month ²	63.0%	63.8%	63.1%	62.9%
Avg # of payments in advance	13.3	13.6	13.9	14.3
Average drawn balance (\$'000)	267	271	276	284
Low Documentation	1.7%	1.5%	1.4%	1.2%
Low Documentation LVR cap (without LMI)	60%	60%	60%	60%
90+ days past due ³	0.46%	0.47%	0.48%	0.45%
Impaired loans ³	0.18%	0.15%	0.14%	0.13%
Specific provision coverage ratio	23.0%	23.5%	26.3%	25.0%
Loss rate ⁴	0.05%	0.04%	0.03%	0.02%

- (1) Excludes Asia
(2) Not reported for Advantedge. Excludes line of credit, interest only loans and the impact of offset accounts
(3) Includes Asia
(4) Loss Rate = 12 month rolling Net Write-offs / Spot Drawn Balances



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Australian Banking: Deposits and transaction accounts



- (1) APRA Banking System
(2) Includes offset accounts



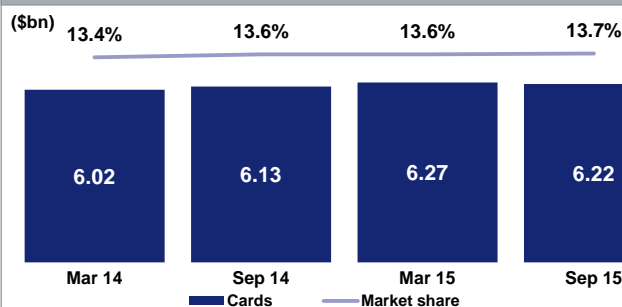
66

Australian Banking: Other banking products

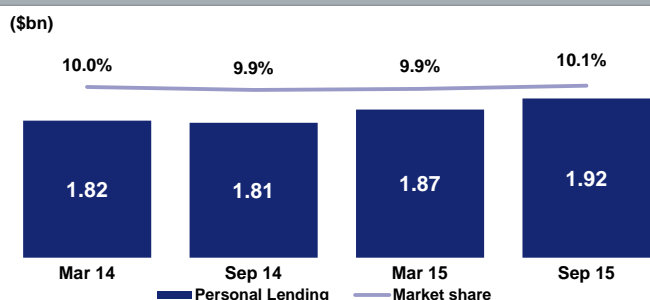
Exclusive partnership with Visa

- Entered into exclusive 10-year scheme partnership with Visa
- Enables significant medium-term investment in the unsecured portfolio:
 - Improved digital capability
 - New product development
 - Simplification
 - Marketing investment
- An innovation agenda

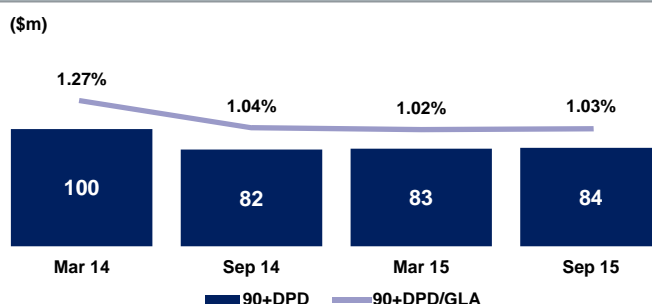
Cards balance¹ and market share²



Personal lending balance¹ and market share³



Cards and personal lending 90+ DPD and as % total cards and personal lending balance⁴



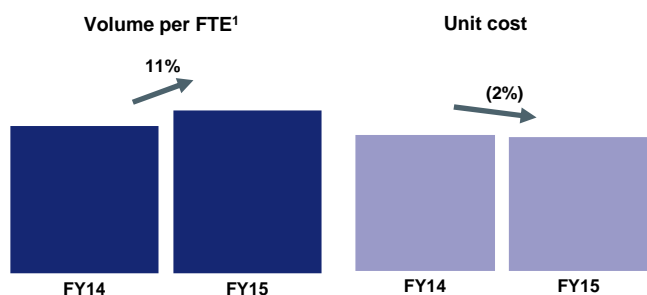
- (1) Spot volumes
- (2) APRA Banking System
- (3) Personal loans business tracker reports provided by RFI (market share was restated recently dating back to Jan 14). Graph has been updated to reflect the change
- (4) Reporting methodology change. Historical data has been restated



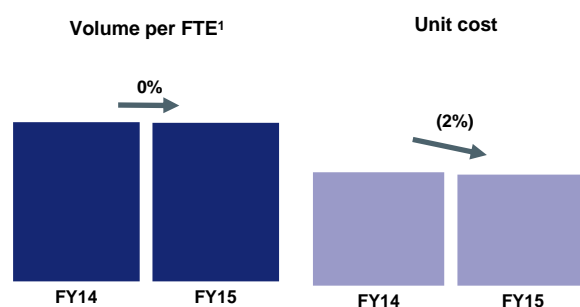
67

Australian Banking: Operations productivity

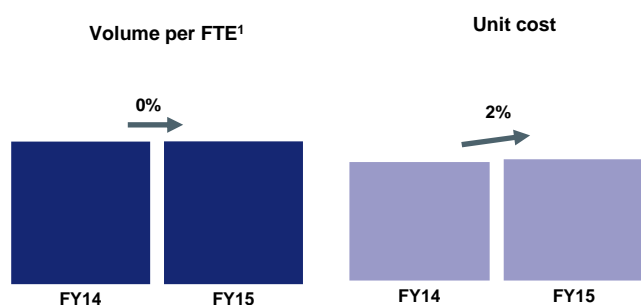
Proprietary housing lending



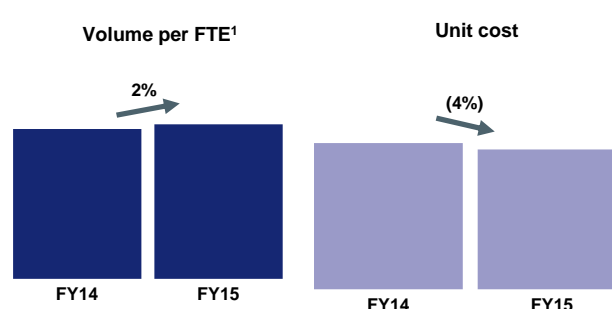
Broker housing lending



Small business lending²



Unsecured lending



- (1) Operations FTE
- (2) Business lending less than \$1 million



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Australian Banking: Digital and innovation

NAB Labs

- Developed an innovation system that is being embedded across the organisation – NAB Labs
 - Scanning market for emerging trends
 - Building a culture of customer-centred design and experimentation
 - Driving rapid commercialisation
 - Leveraging partnerships to access best-practice
- Five commercialised experiments delivered to date including new approach to NAB Connect onboarding

NAB Prosper

- First major bank to provide tailored online financial advice via internet banking platform
- Rolling-out to ~40,000 customers
- General advice generated using customers' responses to a range of questions
- Offers superannuation and insurance information, with the intention to expand into a range of wealth products

NAB and Xero collaboration

- Only major bank to offer small businesses direct access to online accounting software via internet banking
- Ability for customers to connect banking information to Xero instantly, previously taking up to 10 days
- Offers real time cash flow visibility and simplifies banking and accounting activities
- NAB/Xero platform currently used by >35,000 customers

NAB StarXchange

- Fully automated, institutional global FX platform
- Single customer login provides centralised pre trade, execution and post trade functionality, plus access to historic trade data
- Scalable platform which removes manual processing, saving FX sales 16,000 data input hours per year
- Currently in customer pilot phase, broad market release expected by late CY16

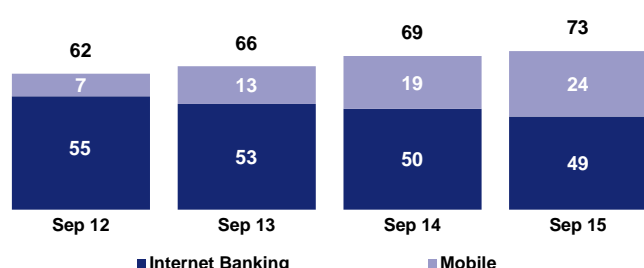


69

Australian Banking: Digital and direct

Continued migration to digital and mobile

% of value transactions via digital channels

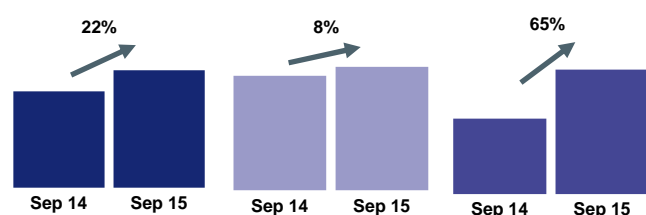


New mobile and online capabilities

- New mobile internet banking launched in response to accelerating mobile usage
 - 52 pts increase in mobile customer satisfaction¹
- Online forms expanded and improved contributing to increased online sales
- Leveraging investment in digital analytics to increase customer personalisation

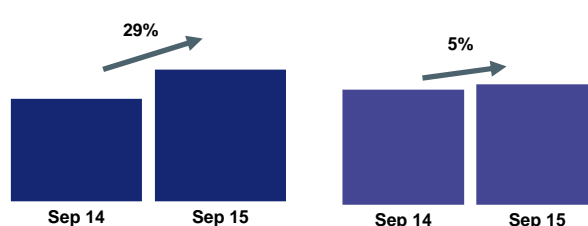
Uplift in online sales

Mortgage redraw Credit card opens Personal loan opens



Direct (Contact Centres)

Credit card opens Personal loan opens



(1) mobile.nab.com.au, onsite survey

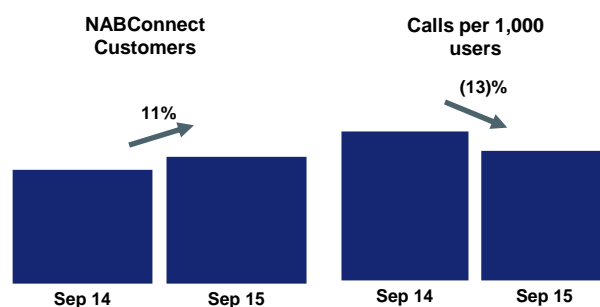


70

Australian Banking: Digital for business customers

NABConnect – internet banking for business customers

- Rapid on-boarding process has reduced time for new customers to access NAB Connect to as little as 30 minutes
- BPAY Batch – efficient way to pay multiple suppliers and service providers
- Delivery of tailored FX deals for customers via NAB Connect



Ongoing digital innovation for small and micro

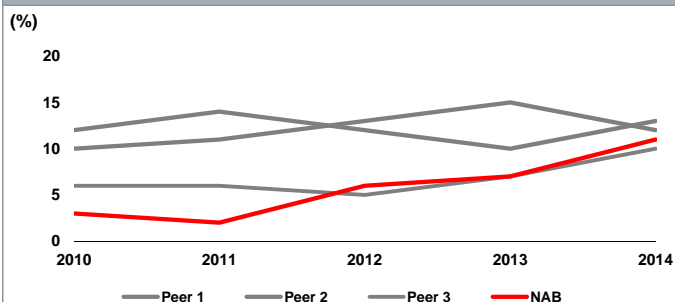
- Electronic know-your-client (KYC) available for new sole trader customers, reducing on boarding time
- Mobile point-of-sale (MPOS) solutions for small and SME customers allowing real time payments and improving cash-flow management
- Enhanced forms capability for asset finance, business accounts and commercial cards, simplifying application process



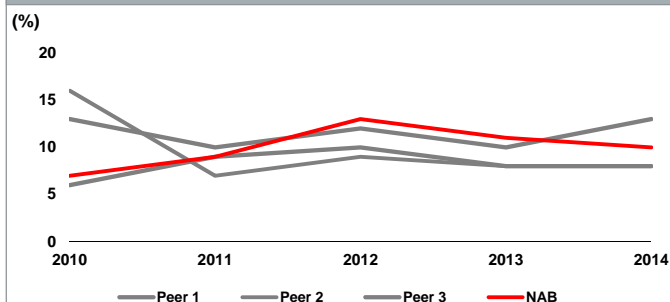
71

Australian Banking: Markets – Market share trends¹

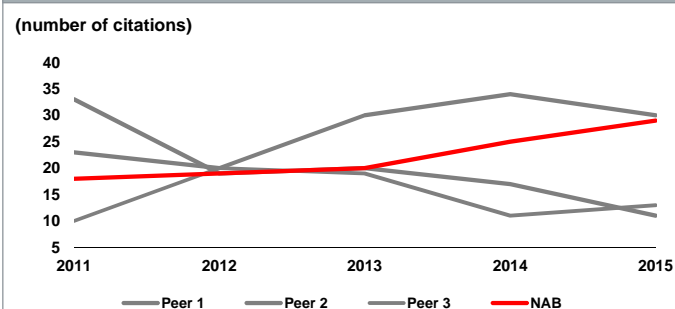
Govt and Semi-Govt Bonds²



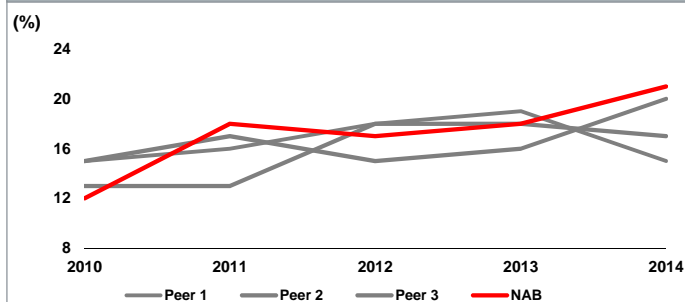
Foreign Exchange – Corporates and Financial Institutions³



Debt Markets Origination⁴ – Lead dealer relationships



Interest Rate Hedging – Corporates⁵

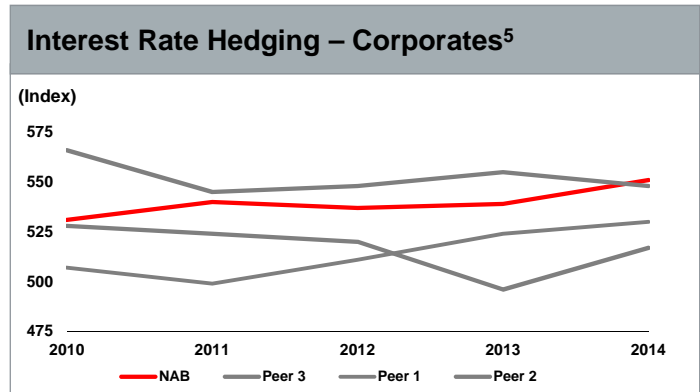
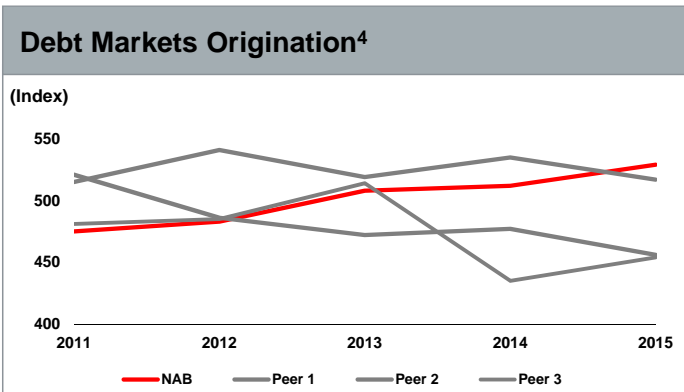
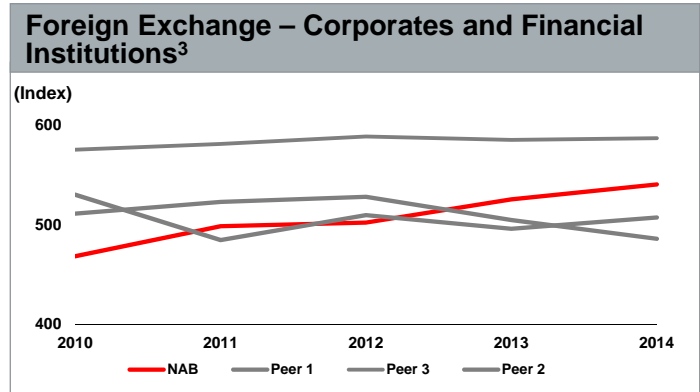
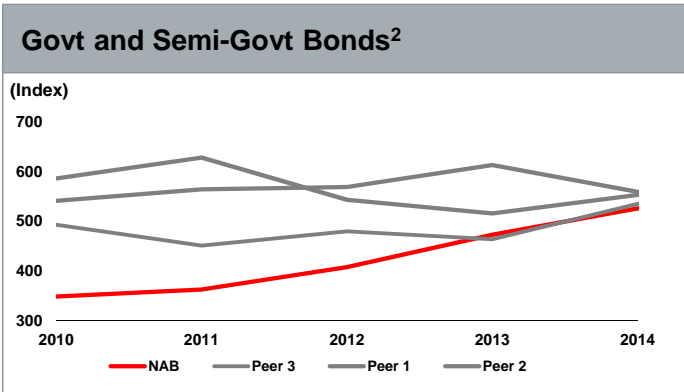


(1) All data is taken from the most recently published Peter Lee Associates surveys available
 (2) Peter Lee Associates Debt Securities Investors Survey 2014 ('Most Active' Investors). Based on the four major domestic banks
 (3) Peter Lee Associates Foreign Exchange Survey 2014. Based on top four banks by penetration
 (4) Peter Lee Associates Debt Securities Origination Survey 2015. Based on top four banks by penetration
 (5) Peter Lee Associates Interest Rate Derivatives Survey 2014. Based on top four banks by penetration



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Australian Banking: Markets – Relationship Strength Index¹

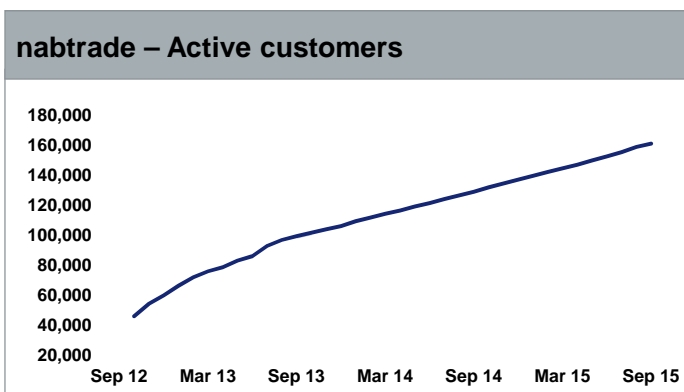
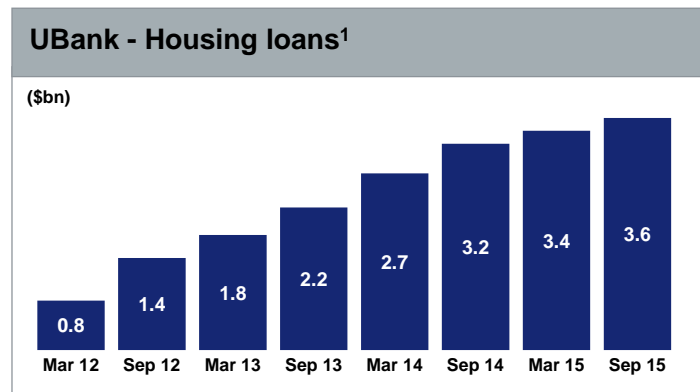
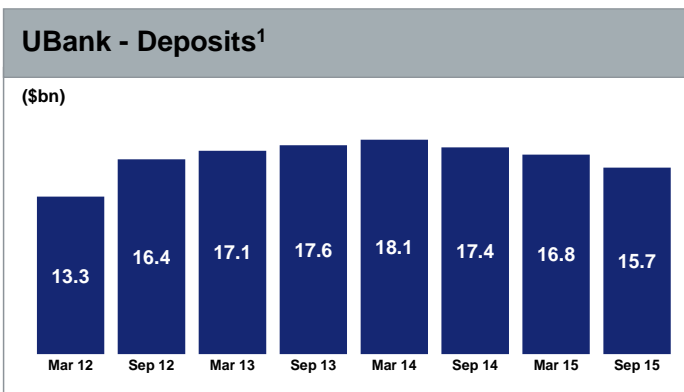


- (1) All data is taken from the most recently published Peter Lee Associates surveys available
- (2) Peter Lee Associates Debt Securities Investors Survey 2014 ('Most Active' Investors). Based on the four major domestic banks
- (3) Peter Lee Associates Foreign Exchange Survey 2014. Based on top four banks by penetration
- (4) Peter Lee Associates Debt Securities Origination Survey 2015. Based on top four banks by penetration
- (5) Peter Lee Associates Interest Rate Derivatives Survey 2014. Based on top four banks by penetration



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Australian Banking: UBank and nabtrade



- ### nabtrade – Highlights
- Launched international share trading capability – 20,000 new accounts in first 4 months
 - Awarded 5-stars for outstanding value from CANSTAR²
 - Total market share³ up 2% to 10% among all on-line investors
 - Strong customer acquisition: doubled primary market share to 15% among new on-line traders³
 - Strong proposition: #1 on value; #1 on insights; #1 on service (versus major bank peers)³

- (1) Spot volumes
- (2) CANSTAR Online Share Trading Star Rating Report April 2015
- (3) Investment Trends Report Feb – Nov 2014



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NAB's operational focus in Asia

Strategic Focus & Capability

NAB in Asia is aligned to the NAB Group priorities and focused on:

- supporting connectivity in trade and investment flows between Australia / New Zealand and Asia
- leveraging our deep Australian network of experienced specialist SME bankers supported by customer coverage on the ground in Asia
- servicing the needs of customers in food & agriculture, healthcare & education, energy, resources & infrastructure sectors, and major financial institutions and corporates
- providing onshore and offshore capability in trade financing, FX and interest rate products, bonds, commodity risk management, multi-currency lending & deposits

Progress Update

Providing capability uplift for our franchise customers:

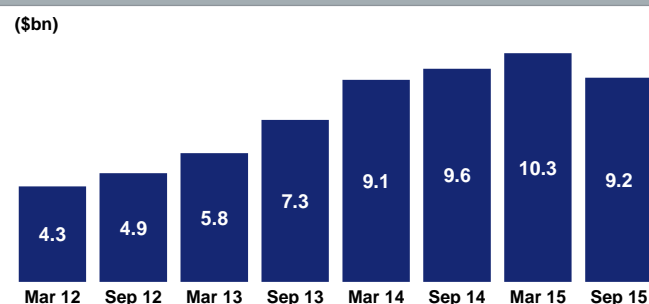
- Beijing Branch opened in August 2015
- RMB License received in Shanghai in August 2015
- China Derivatives License preparations underway in FY16
- Increased product offering following MOU with Export-Import Bank of China
- Established International Branches structure formally connecting Asian operations with London and New York branches

Geographic Presence



1. Tokyo Branch and Osaka Sub Branch
2. Shanghai Branch
3. Beijing Branch
4. Hong Kong Branch
5. Hanoi Representative Office
6. Jakarta Representative Office
7. Singapore Branch
8. Mumbai Branch

Loan balances in Asia



Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

Group Asset Quality

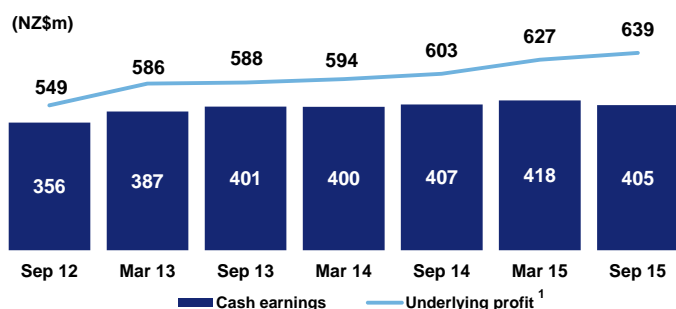
Capital and Funding

Economic Outlook

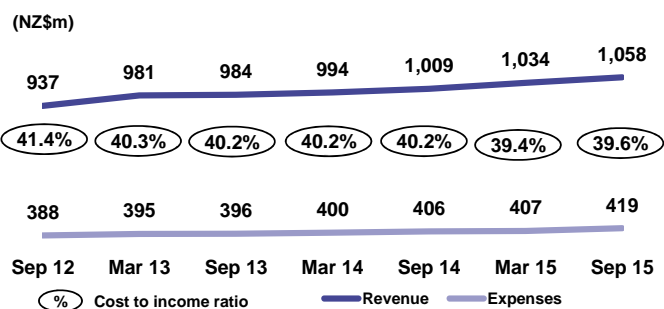


New Zealand Banking

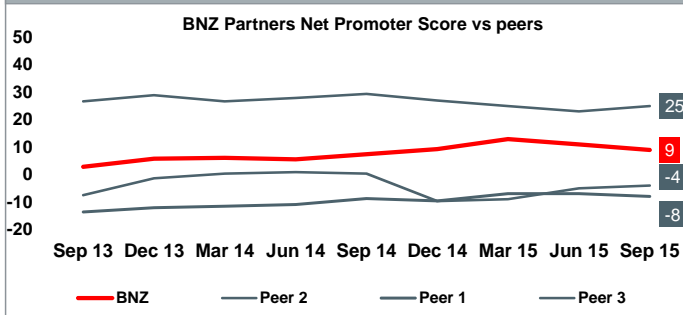
Cash earnings and underlying profit¹



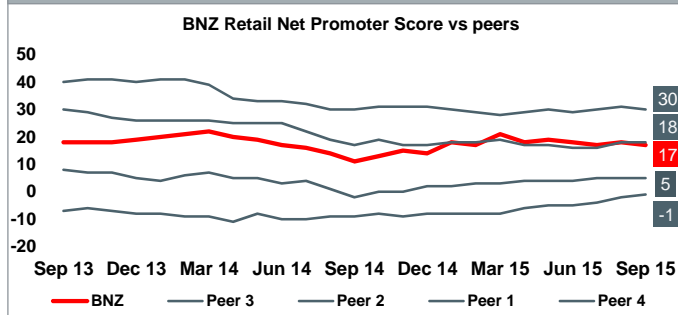
Revenue v expense growth



Net Promoter Score – BNZ Partners²



Net Promoter Score – BNZ Retail²



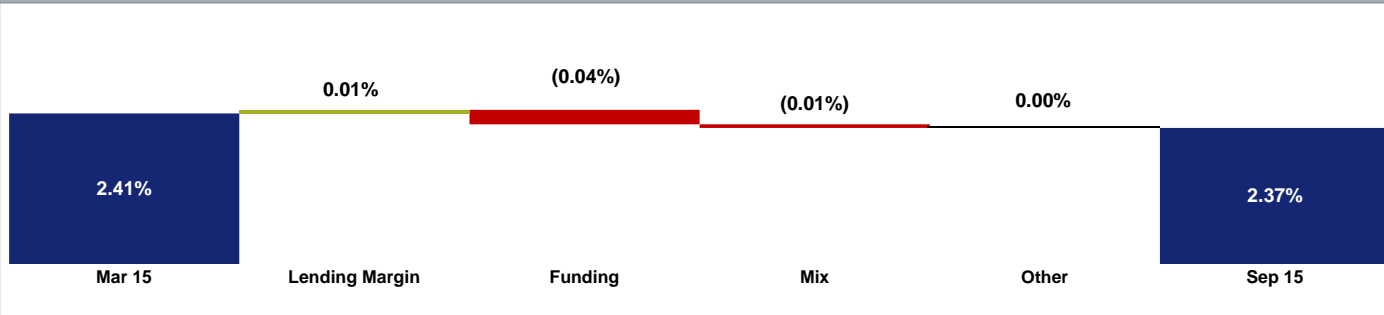
(1) Underlying profit equals net operating income less operating expenses

(2) Source: Retail Market Monitor data on six monthly roll; Partner – Business Finance Monitor data on a 12 month roll

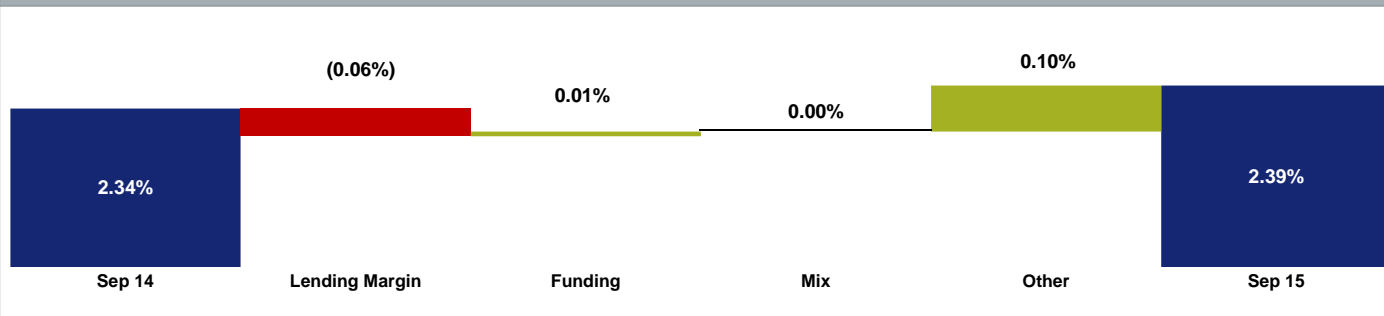


New Zealand Banking: Net interest margin

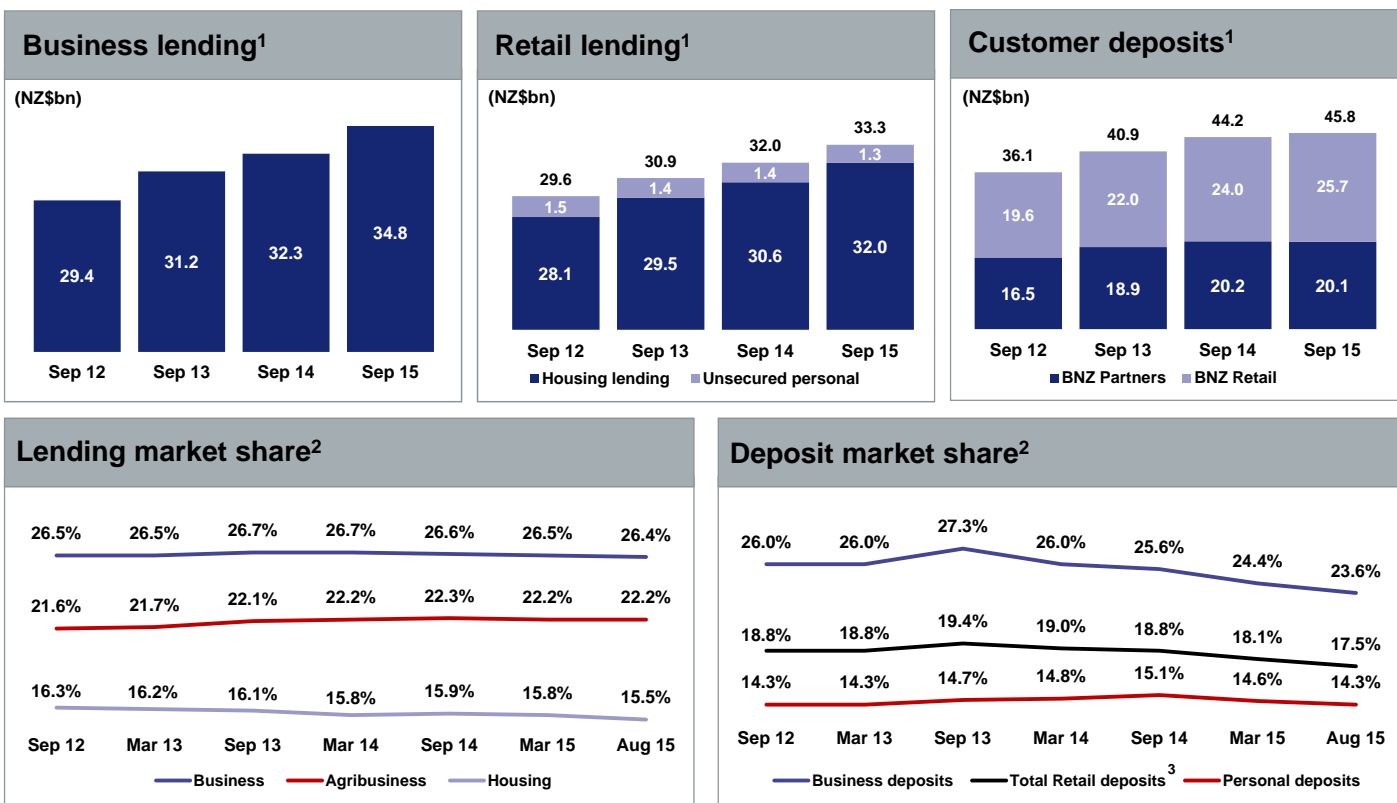
March 15 v September 15 HTD



September 14 v September 15 YTD



New Zealand Banking: Volumes and market share

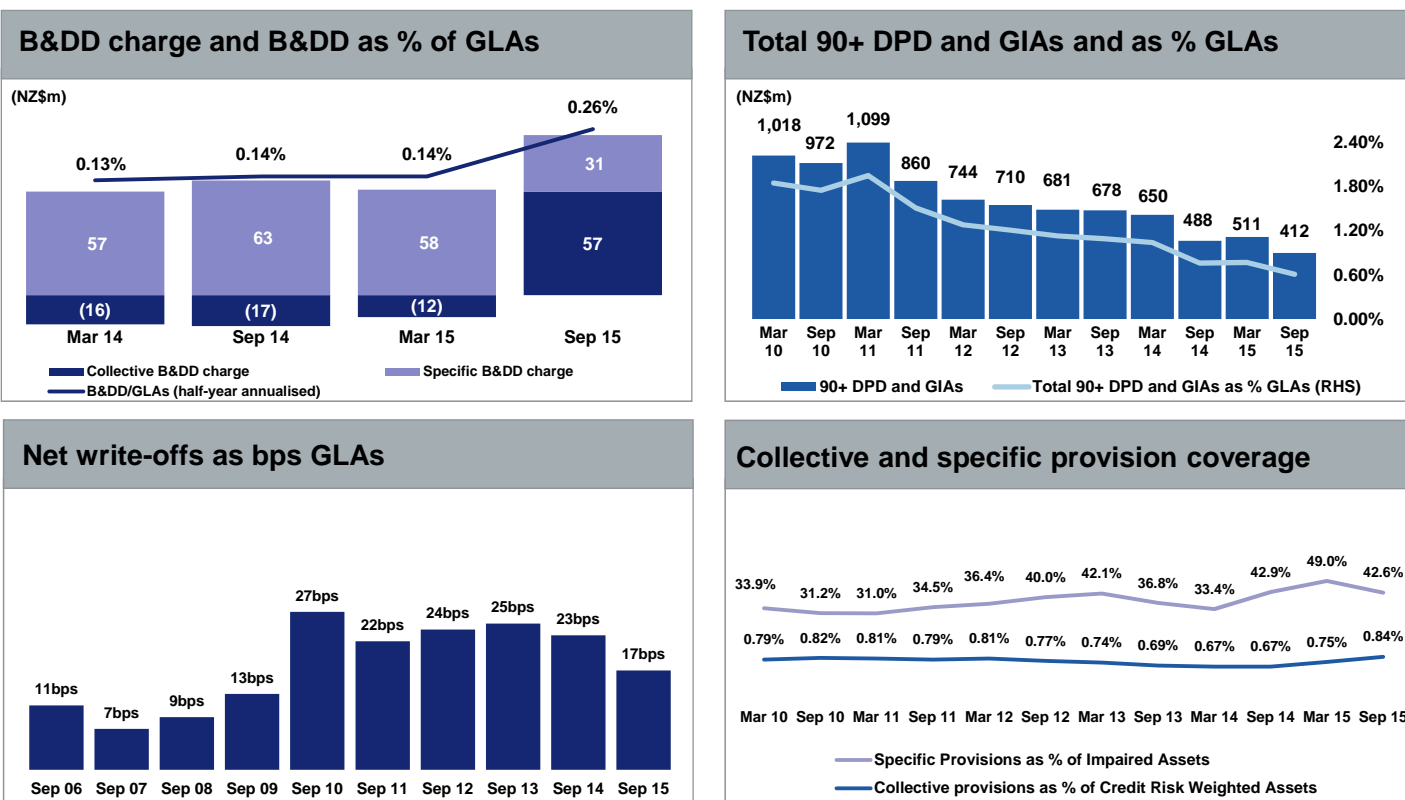


- (1) Spot volumes
 (2) Source RBNZ: Historical market share rebased with latest revised RBNZ published data
 (3) Source RBNZ: Retail deposits include both Personal and Business deposits



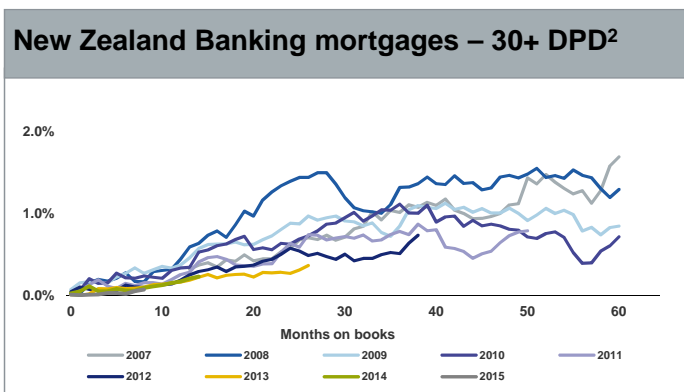
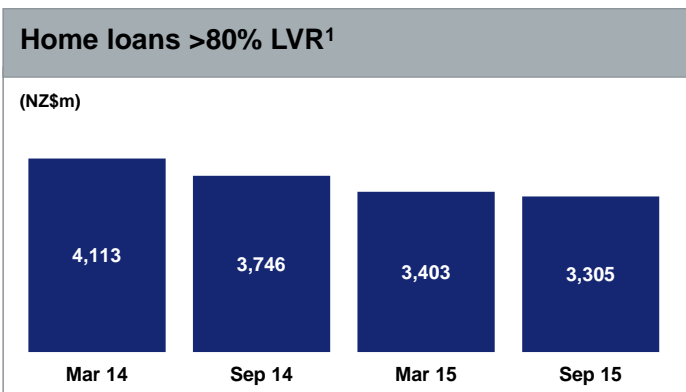
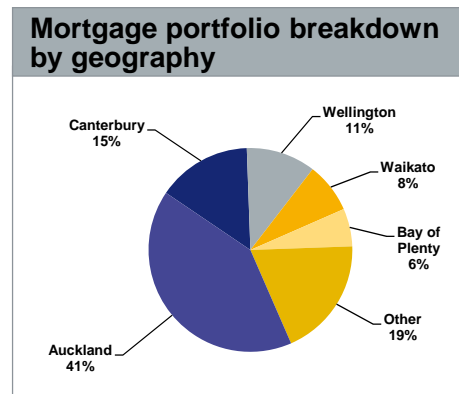
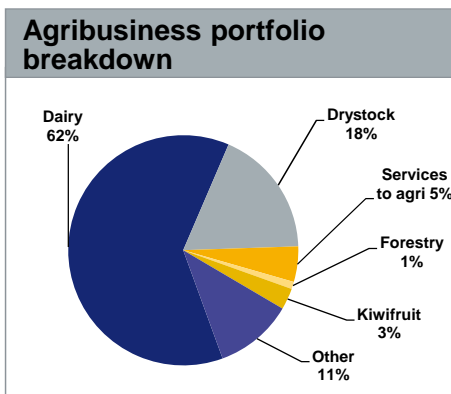
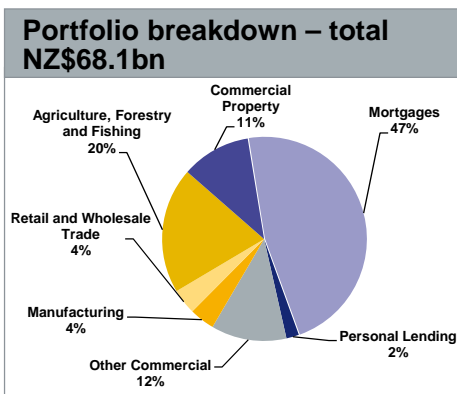
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New Zealand Banking: Asset quality



80

New Zealand Banking: Lending mix and LVR



- (1) >80% LVR volumes are on an exposure at default (EAD) basis, and include commitments
 (2) The New Zealand vintage methodology differs from Australia Banking which is calculated on a cumulative basis



New Zealand Banking: Housing lending – Key metrics

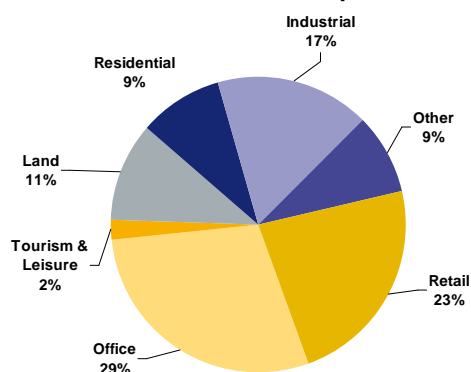
New Zealand Housing lending	Mar 14	Sep 14	Mar 15	Sep 15
Low Documentation	0.21%	0.18%	0.15%	0.13%
Proprietary	100%	100%	100%	99.6%
Third Party Introducer	0.0%	0.0%	0.0%	0.4%
Variable rate lending drawn balance	38.3%	28.2%	25.5%	23.1%
Fixed rate lending drawn balance	57.9%	68.1%	70.8%	73.5%
Line of credit drawn balance	3.8%	3.7%	3.7%	3.4%
Interest only drawn balance ¹	23.0%	23.5%	23.2%	23.8%
Insured % of Total Portfolio ²	11.4%	9.9%	8.5%	7.3%
Current LVR on a drawn balance calculated basis	64.0%	63.8%	63.5%	63.1%
LVR at origination	69.3%	69.1%	68.9%	68.4%
Average loan size NZ\$ ('000)	281	289	296	304
90+ days past due ratio	0.18%	0.11%	0.17%	0.14%
Impaired loans ratio	0.24%	0.21%	0.16%	0.13%
Specific provision coverage ratio	32.7%	33.1%	36.9%	35.5%
Loss rate ³	0.04%	0.03%	0.04%	0.03%

- (1) Excludes Line of credit
 (2) Insured includes both LMI and Low Equity Premium
 (3) Loss Rate = 12 month rolling Net Write-offs / Spot Drawn Balances



New Zealand Banking: Commercial Real Estate

Total NZ\$7.4bn
10.8% of Gross Loans & Acceptances



Region		Auckland		Other Regions		Total			
Location %		44%		56%		100%			
Loan Balance < NZ\$5m		25%		41%		34%			
Loan Balance > NZ\$5m<NZ\$10m		16%		15%		15%			
Loan Balance > NZ\$10m		59%		44%		51%			
Loan tenor < 3 yrs		93%		88%		91%			
Loan tenor > 3 < 5 yrs		3%		4%		3%			
Loan tenor > 5 yrs		4%		8%		6%			
Average loan size NZ\$m		4.9		2.8		3.5			
Security Level ¹		Fully Secured		61%		69%		65%	
		Partially Secured		34%		27%		30%	
		Unsecured		5%		4%		5%	
90+ days past due		0.51%		0.96%		0.76%			
Impaired Loans		0.36%		0.20%		0.27%			
Specific Provision Coverage		11.8%		46.8%		26.4%			

Trend		Mar 14		Sep 14		Mar 15		Sep 15	
90+ days past due		0.64%		1.21%		0.80%		0.76%	
Impaired Loans		0.99%		0.58%		0.57%		0.27%	
Specific Provision Coverage		47.9%		22.5%		21.5%		26.4%	

(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



Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

Group Asset Quality

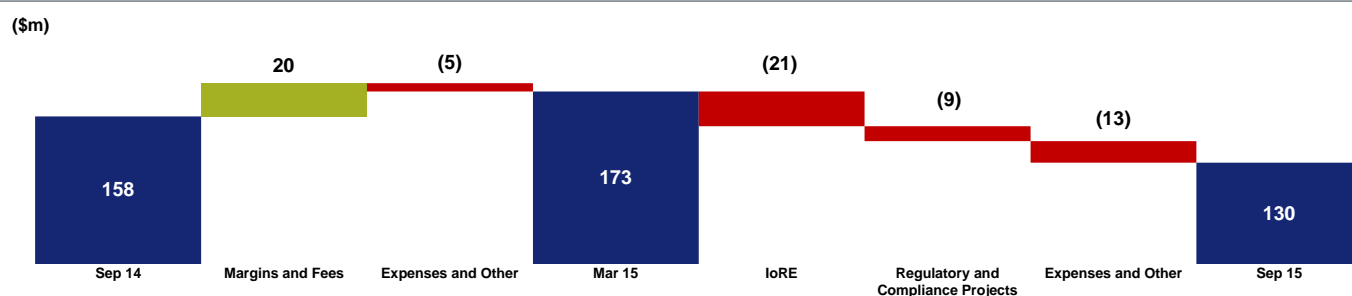
Capital and Funding

Economic Outlook

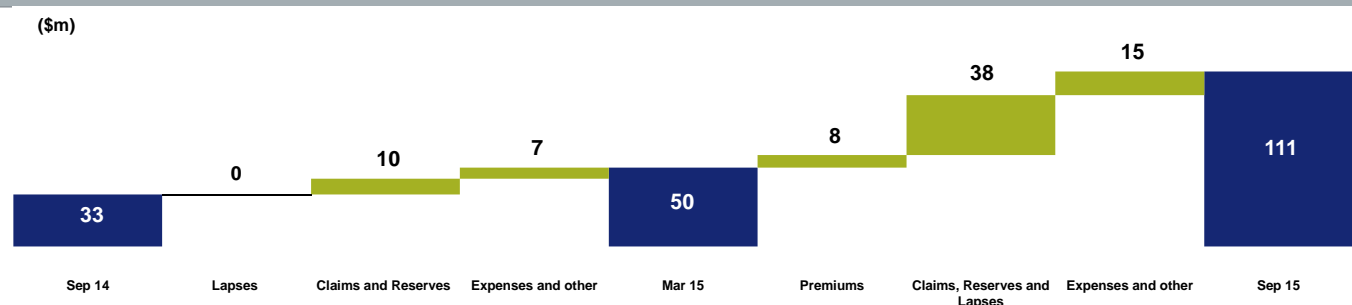


NAB Wealth: Cash earnings

Investments cash earnings



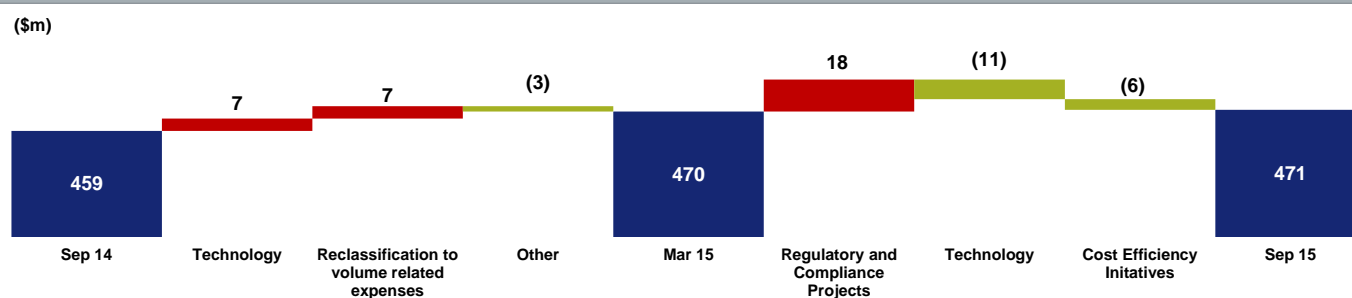
Insurance cash earnings



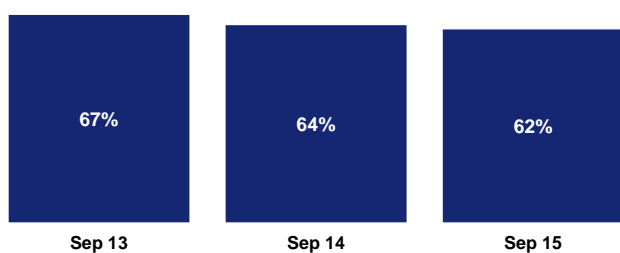
85

NAB Wealth: Operating Expenses

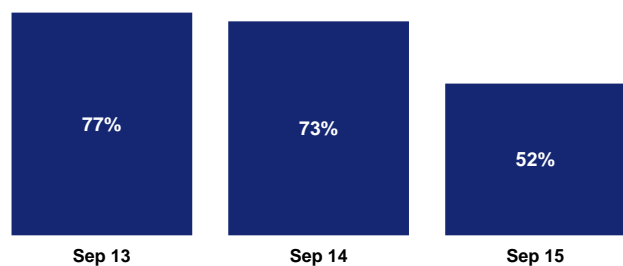
Movements in operating expenses



Investments Cost to Income



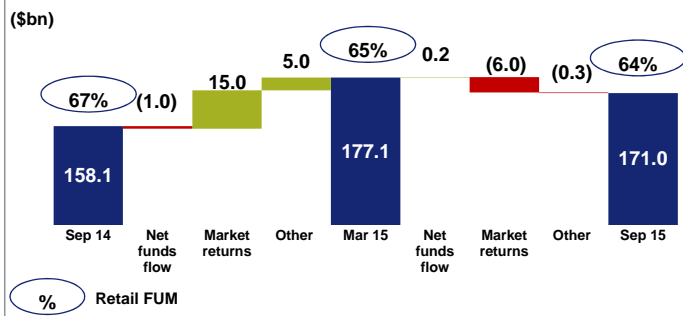
Insurance Cost to Income



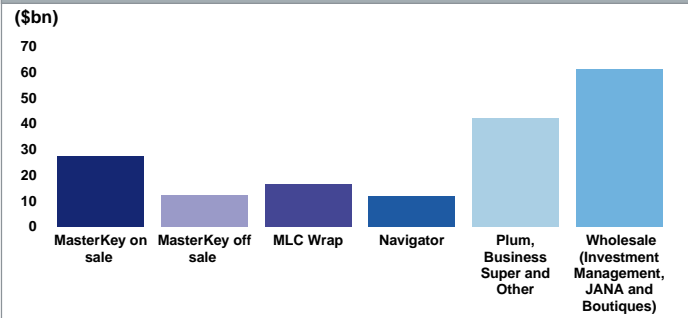
86

NAB Wealth: Investments

Movement in FUM¹



Spot FUM by product group

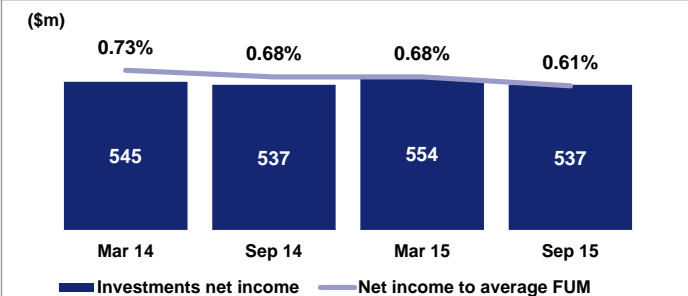


Net Funds Flow¹ by product group

Product group	2H14 Net Funds Flow (\$m)	1H15 Net Funds Flow (\$m)	2H15 Net Funds Flow (\$m)
MasterKey on sale	712	583	568
MasterKey off sale	(1,068)	(963)	(644)
MLC Wrap	607	452	416
Navigator	(657)	(455)	(372)
Plum, Business Super and Other	148	(19)	175
Wholesale (Investment Management, JANA and Boutiques)	(181)	(640)	39
Total Net Funds Flow	(439)	(1,042)	182

(1) FUM on a proportional ownership basis

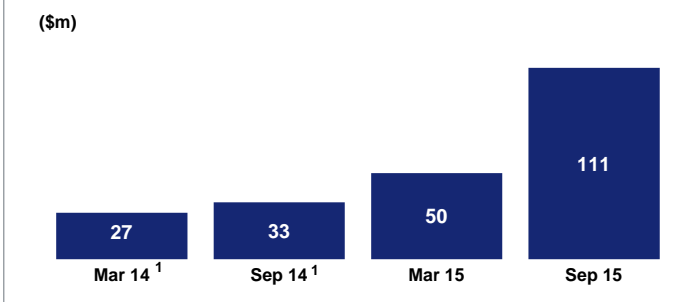
Net income to average FUM¹



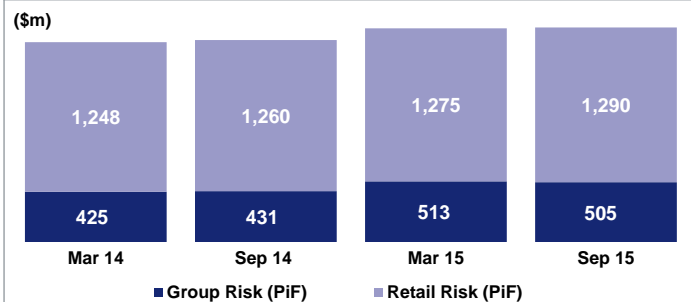
87

NAB Wealth: Insurance

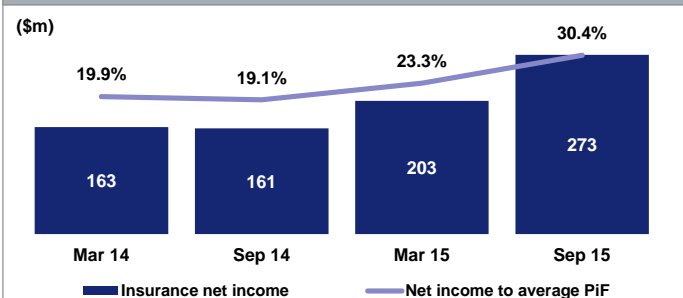
Insurance cash earnings



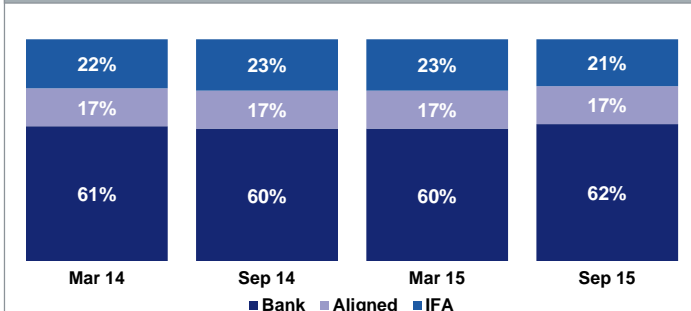
Premiums inforce (PiF)



Net income to average PiF



Retail insurance sales by channel²



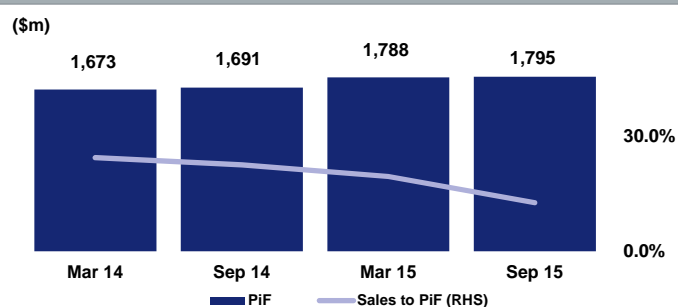
(1) Mar 14 and Sep 14 half years include insurance reserve changes of \$14m and \$11m (post tax) respectively
 (2) Retail insurance sales now includes general insurance sales



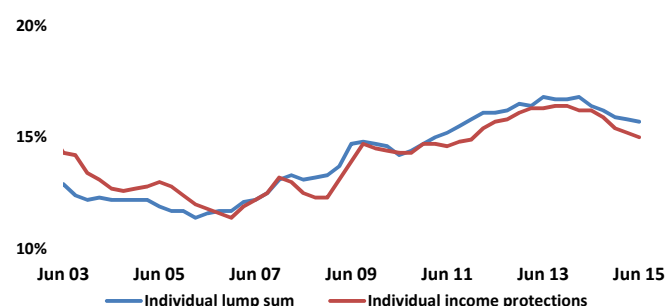
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NAB Wealth: Insurance

Insurance sales as % of PiF



Industry risk discontinuance rates¹



(1) Source: Plan for Life, Life Insurance Statistics Jun 2015, AP Discontinuance Rates. Discontinuance rates calculated by total discontinuances in latest year divided by corresponding mean in-force annual premiums

Performance of key insurance metrics

- | | |
|--|---|
| • Group and Retail Premiums | ↑ |
| • Improved Retail and Group Claims year on year performance driven by strong claims management | ↑ |
| • Lapses improved year on year through focus on retention initiatives | ↑ |



Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

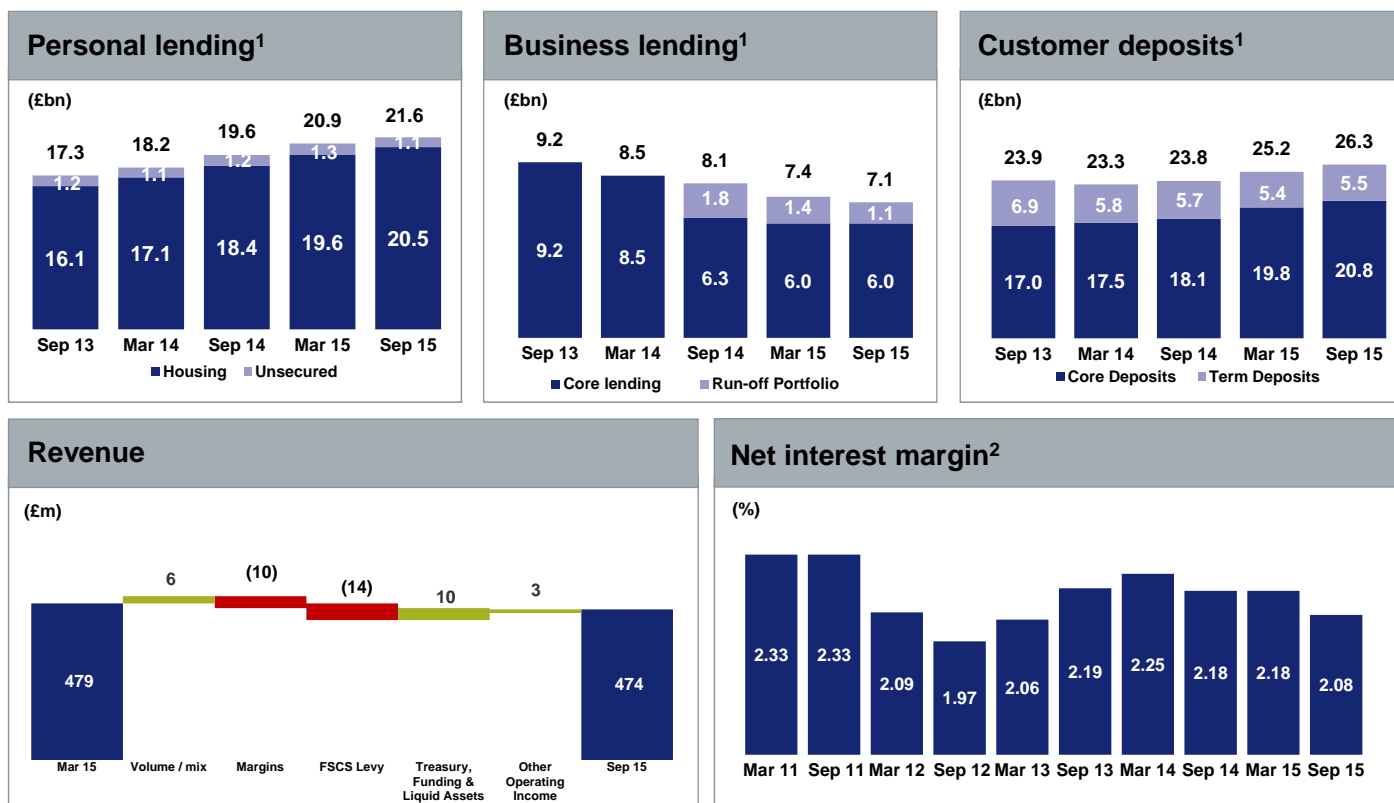
Group Asset Quality

Capital and Funding

Economic Outlook



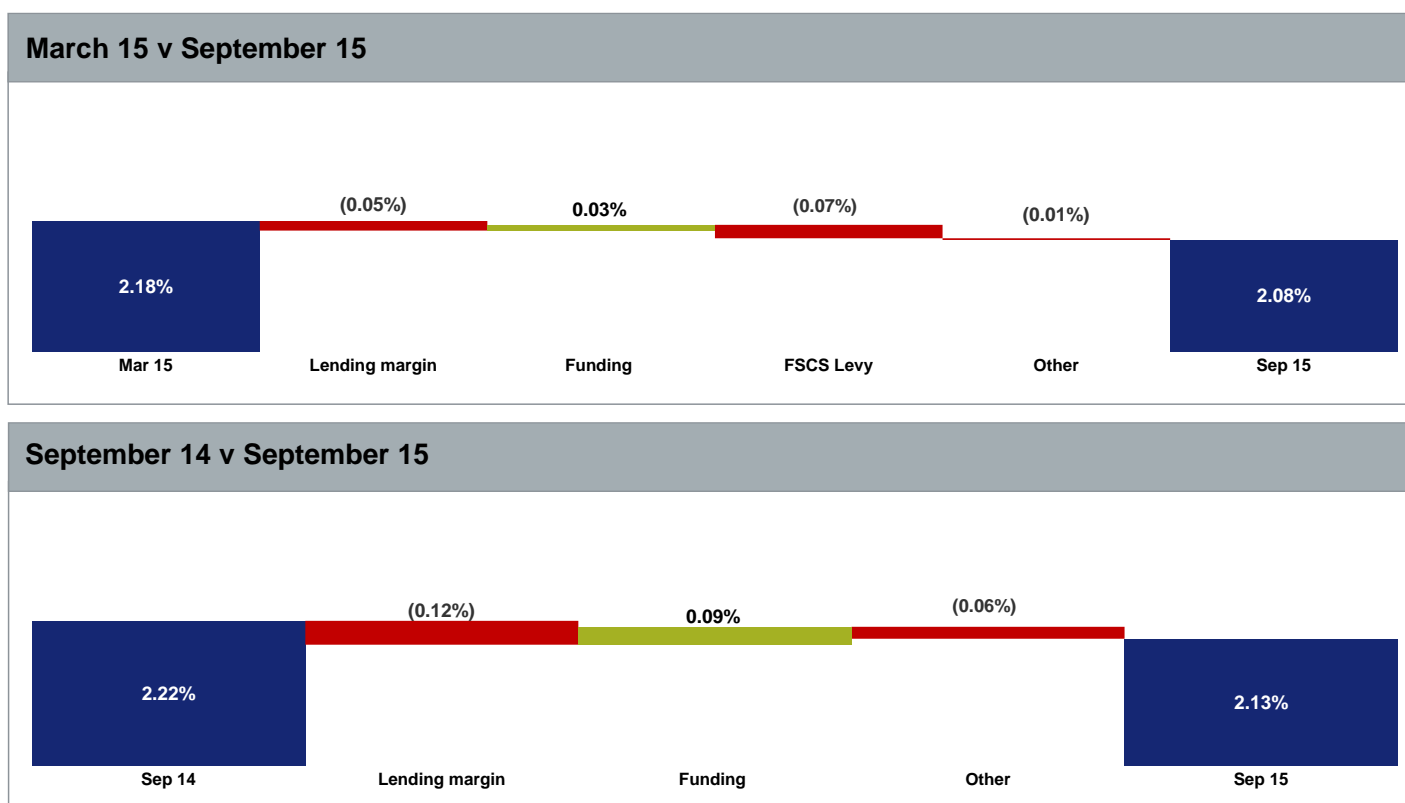
UK Banking



- (1) Spot volumes
 (2) Financial Services Compensation Scheme (FSCS) levy was recorded in 2H14 and 2H15 as a result of applying IFRIC 21

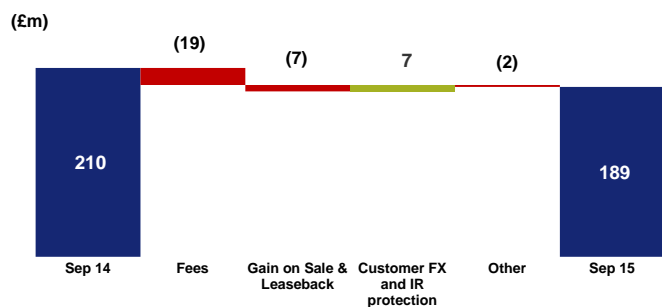


UK Banking: Net interest margin

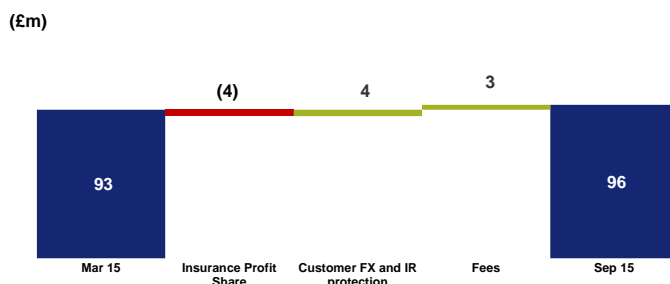


UK Banking: Other operating income and expenses

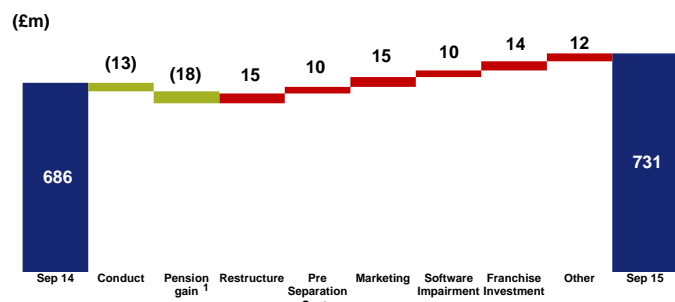
Other operating income – September 15 v September 14



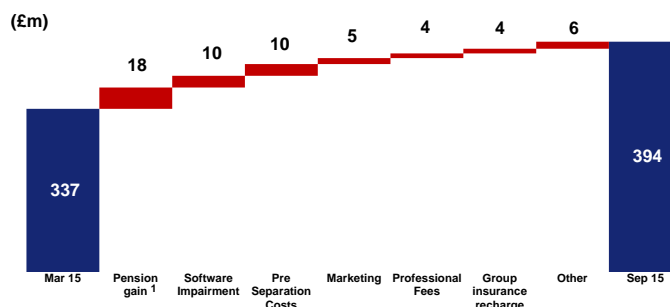
Other operating income – September 15 v March 15



Operating expenses – September 15 v September 14



Operating expenses – September 15 v March 15

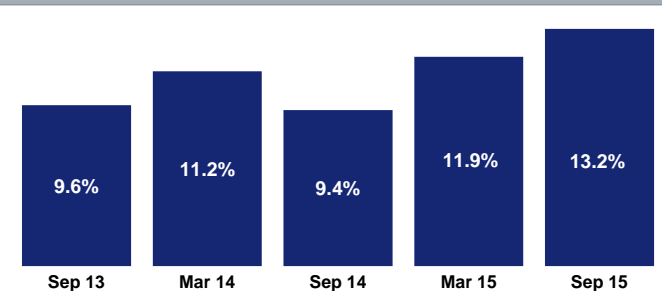


(1) Pension gain reflects the accounting impact of scheme members now being able to elect (after receiving independent advice) to take a higher day one pension in exchange for waiving future index related rises

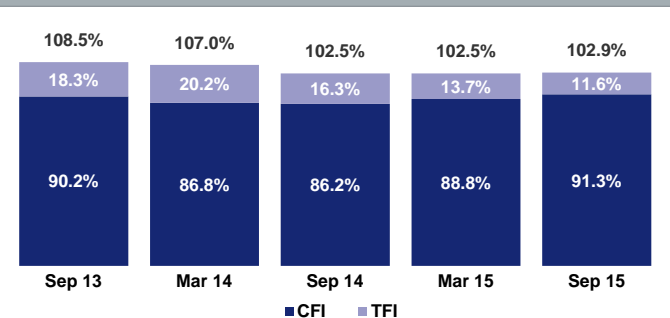


UK Banking: Funding and Capital Ratios

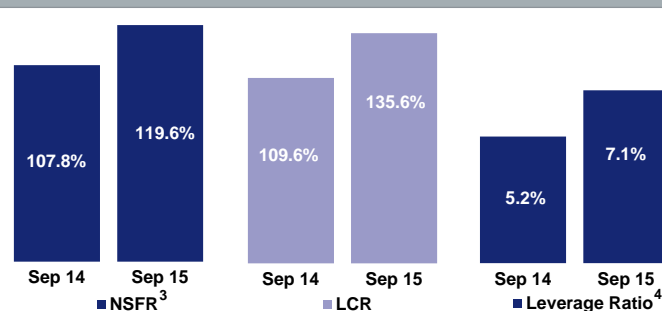
NAGE Common Equity Tier 1 Ratio¹



NAGE Stable Funding Index²



NAGE Funding, Liquidity and Leverage ratios



Capital and Funding

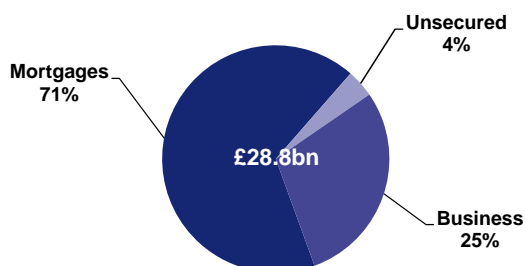
- NAGE CET1 ratio has increased from 9.4% at September 2014 to 13.2% at September 2015 driven by an Ordinary Share Issuance of ~£1billion, reflecting the Group's response to changes in the Prudential Regulatory Authority's prudential capital requirements and ordinary share issuance for conduct provisions and to increase Core Equity Tier 1 capital to the target range as identified as part of the demerger and IPO
- CB's Customer Funding Index (CFI) has increased from 86.2% at September 2014 to 91.3% at September 2015, driven by significant growth in customer deposits which have risen faster than net lending
- The Stable Funding Index (SFI) has marginally increased between September 2014 and September 2015 to 102.9%, as the increase in CFI has been offset by maturing term funding

(1) On a UK Prudential Regulation Authority basis
 (2) Stable funding index (SFI) based on spot balances
 (3) Net Stable Funding Ratio
 (4) This is a new regulatory standard ratio proposed by the Basel III reforms and is the Tier 1 capital divided by the total on and off balance sheet exposures expressed as a percentage

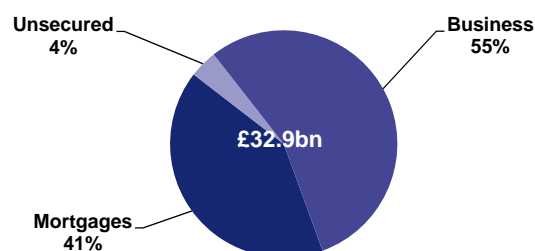


UK Banking: Portfolio composition

September 2015 Total portfolio composition¹



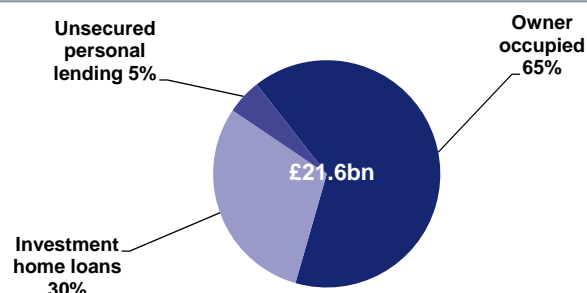
September 2011 Total portfolio composition²



September 2015 Business portfolio composition

Industry	% Business Portfolio	% Total Portfolio
Agribusiness	24%	6%
Retail and Wholesale Trade	11%	3%
Business Services	11%	3%
Government, Health and Education	11%	3%
Manufacturing	10%	2%
Hospitality	9%	2%
Other	24%	6%
Total	100%	25%

September 2015 Retail portfolio composition



(1) Spot Balances

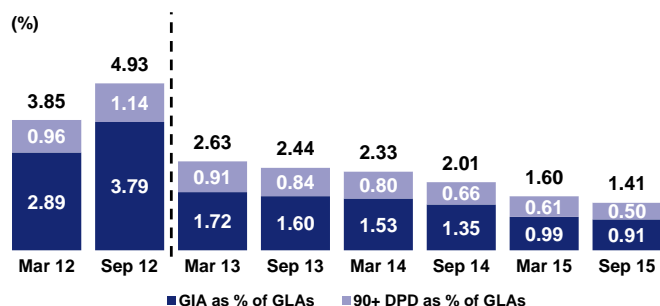
(2) September 2011 portfolio composition includes NAB UK CRE portfolio which was separated from UK Banking on 5 October 2012



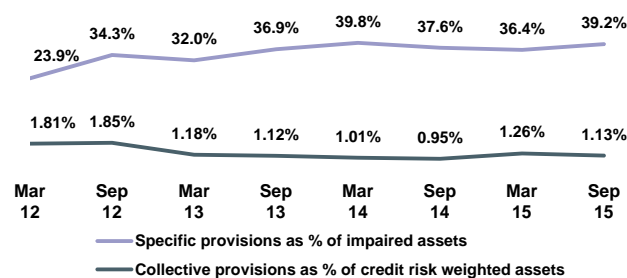
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UK Banking: Asset quality

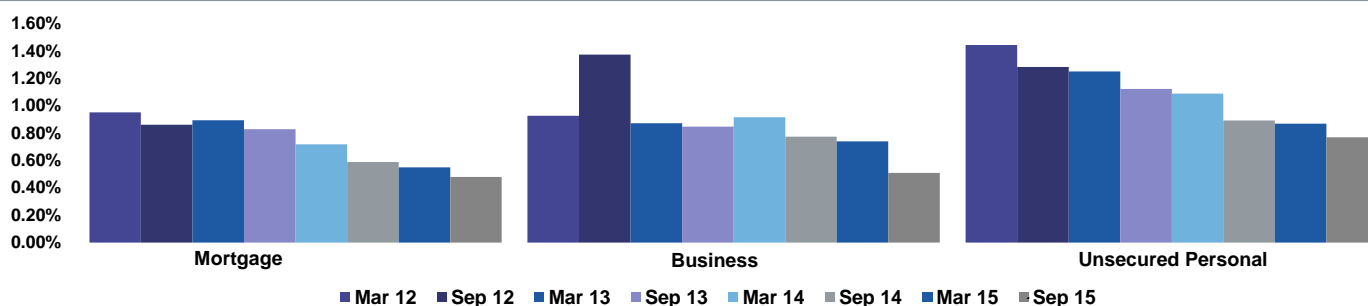
90+ DPD and GIAs as a % of GLAs^{1,2}



Collective and specific provision coverage



90+ DPD as a % of GLAs by product^{1,2}



(1) On 5 October 2012 NAB UK CRE Portfolio was separated from UK Banking

(2) From Mar 14 balance includes UK mortgage defaulted customers not previously disclosed as past due, where the contractual maturity has passed but customers continue to pay interest due, or where an agreed arrangement is in place, or where the customer is deceased. Prior period comparatives have been restated



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UK Banking: Housing lending – Key metrics

UK Banking Housing lending	Mar 14	Sep 14	Mar 15	Sep 15
Owner Occupied	75.7%	73.4%	70.6%	68.7%
Investment	24.3%	26.6%	29.4%	31.3%
Proprietary	56.4%	52.4%	49.4%	46.8%
Third Party Introducer	43.6%	47.6%	50.6%	53.2%
Variable rate lending drawn balance	49.2%	42.6%	37.0%	33.2%
Fixed rate lending drawn balance	43.5%	51.2%	57.5%	62.0%
Line of credit drawn balance	7.3%	6.2%	5.5%	4.8%
Interest only drawn balance ¹	41.2%	41.5%	43.1%	44.6%
LMI Insured % of Total HL Portfolio	0.9%	0.9%	0.8%	0.8%
Loan to Value (at Origination) ²	63.6%	64.3%	64.8%	65.3%
Average loan size £ ('000)	107	113	118	122
90+ days past due ratio	0.72%	0.59%	0.55%	0.48%
Impaired loans ratio	0.42%	0.35%	0.28%	0.32%
Specific provision coverage ratio	24.3%	25.6%	27.4%	33.8%
Loss rate ³	0.06%	0.05%	0.04%	0.03%

- (1) Excludes Line of credit
(2) Based on last month of applicable period
(3) Loss Rate = 12 month rolling Net Write-offs / Spot Drawn Balances



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CYBG PLC summary income statement¹

£m	Year ended			
	Sep 12	Sep 13	Sep 14	Sep 15
Income statement				
Net interest income	806	768	785	787
Other operating income	120	190	197	177
Net operating income	926	958	982	964
Operating expenses	(715)	(683)	(686)	(727)
Underlying profit	211	275	296	237
B&DD charges	(173)	(144)	(74)	(78)
Underlying profit before tax	38	131	222	159
Conduct charges ²	(143)	(180)	(433)	(486)
Other one off items ³	(698)	-	(23)	42
Income tax credit	156	5	44	60
Loss after tax	(647)	(44)	(190)	(225)

- (1) Presented on a management basis which represents the historical results of CYBG PLC which excludes the impact of the proposed inclusion of the "Insurance Intermediary Business" (the non trading holding company National Wealth Management Holdings Europe Ltd, and its trading subsidiary National Australia Insurance Services Ltd (NAIS)), the operations of which were acquired by CB PLC on 30 September 2015. Total income and net profit after tax for the year ended 30 September 2015 for the Insurance Intermediary Business was £22m (FY14: £23m, FY13: £31m, FY12: £41m) and £13m (FY14: £12m, FY13: £17m, FY12: £22m) respectively
(2) Conduct charges for 2012, 2013 and 2014 exclude charges relating to Interest Rate Hedging Products (IRHP). IRHP conduct charges are included in the Sep 15 results. In addition to provisions, this also includes the £21m FCA enforcement fine
(3) Other includes restructuring costs, impact of the disposed UK CRE portfolio, impairment losses on goodwill and other one-off items



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CYBG PLC key financial metrics

Key Metrics ^{1,2,3}	Year ended			
	Sep 12	Sep 13	Sep 14	Sep 15
NIM	2.20	2.18	2.30	2.20
ROTE	0.5	4.4	7.7	5.1
ROE	0.5	4.0	7.0	4.7
90+ DPD & GIA to GLAs ⁴	2.48	2.45	2.01	1.41
Collective provision to cRWA	1.22	1.16	1.06	1.00
Specific provision to GIA	30.3	36.9	37.3	39.2
CTI	77	71	70	75
Loan to deposit ratio	104	109	115	109
CET1	7.7	9.6	9.4	13.2
Leverage ratio	4.6	5.1	5.2	7.1
FTE ⁵	7,897	7,013	7,278	7,244

(1) All ratios, except FTE, are shown as % and presented on a management basis and therefore exclude conduct charges and other one-off items

(2) Excludes the "Insurance Intermediary Business" (the holding company National Australia Wealth Management Holdings Ltd and its trading subsidiary National Australia Insurance Services Ltd (NAIS)), the operations of which were acquired by CB PLC on 30 September 2015

(3) All key metrics are presented on a spot basis, except for ROTE, ROE and NIM. ROTE, ROE and NIM are calculated using full year averages for the year ended 30 September 2015 and excludes minority interests

(4) GLAs defined as gross loans and advances to customers, other financial assets at fair value (excluding accrued interest receivable) and due from customers on acceptances

(5) Spot FTE at 30 September



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CYBG PLC summary income statement¹ – Statutory basis

£m	Year ended			
	Sep 12	Sep 13	Sep 14	Sep 15
Income statement				
Net interest income	877	768	785	787
Non-interest income	255	190	197	240
Total operating income	1,132	958	982	1,027
Personnel expenses	(329)	(302)	(287)	(266)
Depreciation expense	(75)	(76)	(78)	(83)
Other expenses	(645)	(485)	(777)	(868)
Restructuring	(149)	-	-	(17)
Total operating expenses	(1,198)	(863)	(1,142)	(1,234)
Impairment losses on credit exposures	(737)	(144)	(74)	(78)
Loss on ordinary activities before tax	(803)	(49)	(234)	(285)
Income tax credit	156	5	44	60
Loss for the year	(647)	(44)	(190)	(225)

(1) Represents the historical results of CYBG PLC which excludes the impact of the proposed inclusion of the "Insurance Intermediary Business" (the non trading holding company National Wealth Management Holdings Europe Ltd, and its trading subsidiary National Australia Insurance Services Ltd (NAIS)) the operations of which were acquired by CB PLC on 30 September 2015. Total income and net profit after tax for the year ended 30 September 2015 for the Insurance Intermediary Business was £22m (FY14: £23m, FY13: £31m, FY12: £41m) and £13m (FY14: £12m, FY13: £17m, FY12: £22m) respectively



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CYBG PLC summary balance sheet

£m	Year ended			
	Sep 12	Sep 13	Sep 14	Sep 15
Balance sheet				
Cash and liquid assets	8,968	7,695	7,154	7,893
Loans and advances	27,575	26,424	27,696	28,783
Derivative assets	637	244	220	285
Assets held for sale	5,225	-	-	-
Due from related entities	1,256	1,390	1,487	820
Other assets ¹	721	995	835	958
Total Assets	44,382	36,748	37,392	38,739
Customer deposits	26,528	24,266	23,989	26,383
Bonds and notes	3,187	3,085	3,453	3,766
Derivative liabilities	953	651	548	534
Due to related entities	7,716	3,036	2,677	998
Other liabilities	3,379	3,261	4,187	3,615
Total liabilities	41,763	34,299	34,854	35,296
Shareholders' equity²	2,619	2,449	2,538	3,443

(1) Other assets include capitalised software costs of £265m at 30 September 2015 (FY14: £213m; FY13: £215m; FY12: £198m)

(2) Shareholders' equity at 30 September 2015 includes £450m of Additional Tier 1 instruments that comply with CRDIV requirements



Reconciliation of UK Banking segment to CYBG PLC results

Year ended Sep 15 £m	UK Banking ¹	Non UK Banking ²	Statutory Reclass	CYBG PLC
Net interest income	764	9	14	787
Other operating income	189	31	20	240
Net operating income	953	40	34	1,027
Operating expenses	(731)	(487)	(16)	(1,234)
Impairment losses on credit exposures	(38)	(22)	(18)	(78)
Cash earnings (pre-tax)³	184	(469)	-	(285)
Tax expense	(28)	88	-	60
Cash earnings (post-tax)³	156	(381)	-	(225)

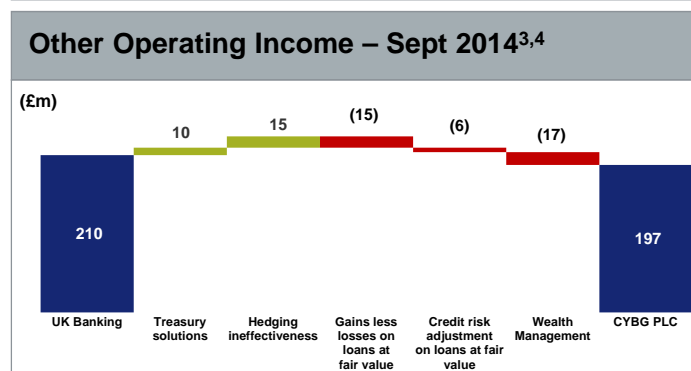
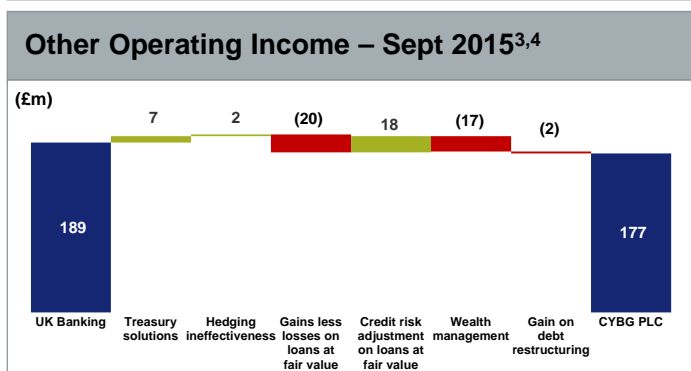
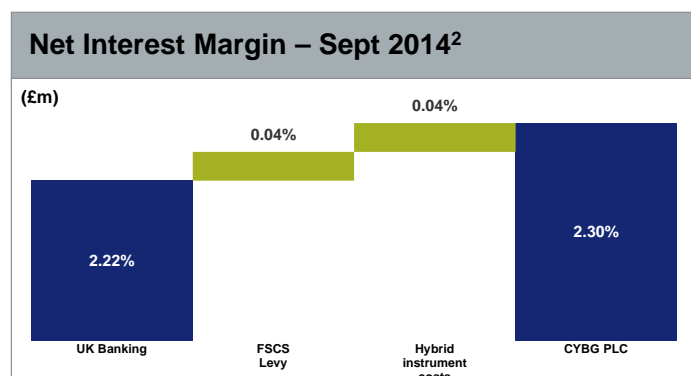
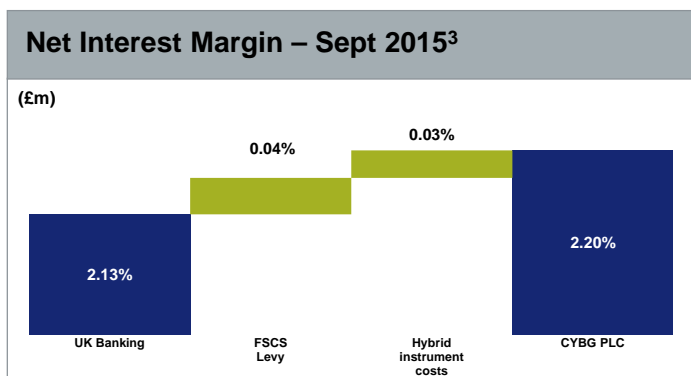
(1) Represents the UK Banking segment as reported in the NAB Group's results

(2) Represents certain CYBG PLC items recognised outside of the UK Banking segment including the gains on capital restructure and conduct charges

(3) Represents statutory profit before tax and statutory profit after tax for CYBG PLC



UK Banking versus CYBG PLC¹ – explaining the key differences

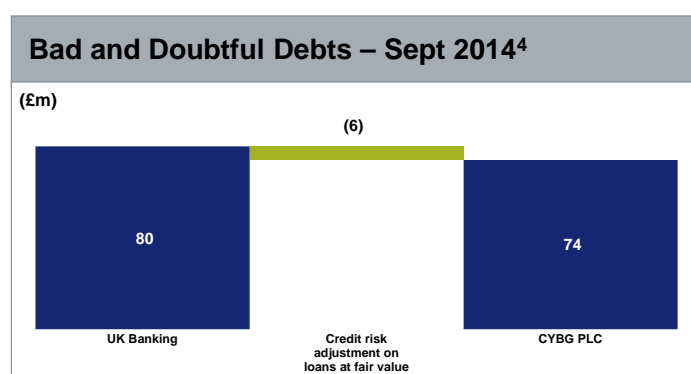
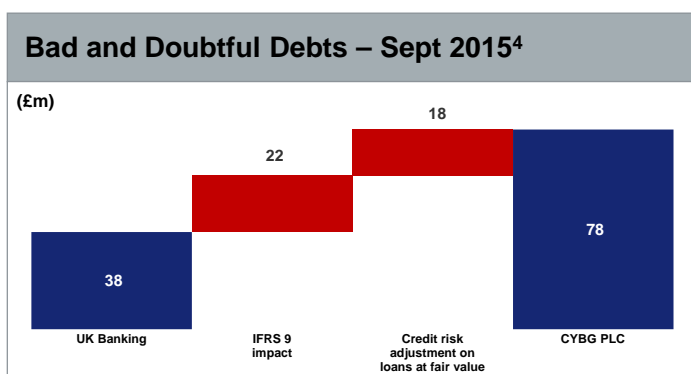
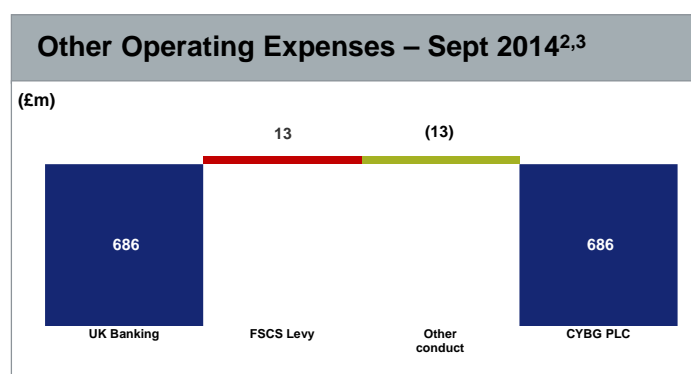
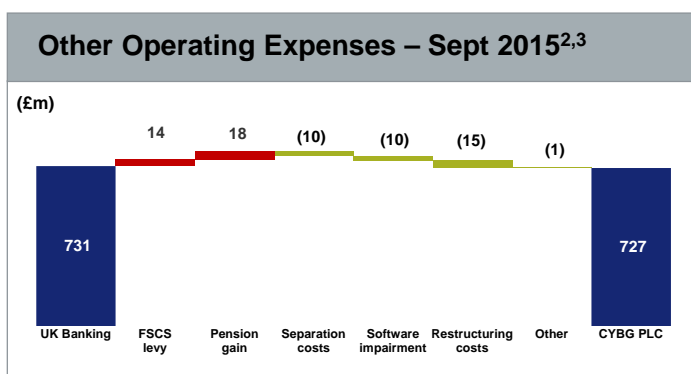


- (1) CYBG PLC results presented on a management basis.
 (2) The costs associated with the Financial Services Compensation Scheme (FSCS) levy are reported as an operating expense in the results of CYBG PLC. The costs recharged to the UK Banking segment in respect of hybrid instruments used to fund the NAB Group balance sheet are not included as part of CYBG PLC results.
 (3) The income earned from the Treasury Solutions business was reported outside of UK Banking results until the business was transferred to Clydesdale Bank in March 2015. Hedging ineffectiveness represents the P&L impact of interest rate risk and FX management activities. Gains less losses at fair value relates to the net gains and losses on historic loans which were set up with individual hedging instruments (excluding credit risk adjustments). All of these items are reported outside of UK Banking cash earnings but included as part of CYBG PLC results. The credit risk adjustment on loans at fair value is included as part of bad and doubtful debts in the results of UK Banking but as part of other operating income in the results of CYBG PLC. The fair value gain on repayment of subordinated debt was included as part of UK Banking cash earnings but excluded from the management basis results of CYBG PLC.
 (4) The income deduction for wealth management reflects the income generated from the "Insurance Intermediary Business" (the non-trading holding company National Wealth Management Europe Holdings Ltd, and its trading subsidiary National Australia Insurance Services Ltd (NAIS)). This was not reported as part of CYBG Ltd results in FY15. This business was purchased by Clydesdale Bank PLC on 30 September 2015.

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UK Banking versus CYBG PLC¹ – explaining the key differences



- (1) CYBG PLC results presented on management basis.
 (2) FSCS levy reflects treatment in CYBG PLC results (interest expense for UK Banking).
 (3) Pension gain reflects changes to plan arrangements for the defined benefit pension scheme which resulted in a credit within personnel expenses. Separation and enablement costs reflect costs incurred for pre day 1 activities. Software impairment charges reflect a review of the recoverable amount of capitalised software assets. Restructuring costs comprise provisions for redundancies, lease break and property vacancy and other costs. Other conduct charges relate to a number of industry and Clydesdale specific issues. All of these costs are reported as part of UK Banking results but outside of the management basis results of CYBG Ltd.
 (4) The UK Banking B&DD charge reflects the adoption of IFRS9 whereas the CYBG PLC results are on an IAS39 basis. The credit risk adjustment on loans at fair value is reported as part of other operating income in the CYBG PLC results.

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Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

Group Asset Quality

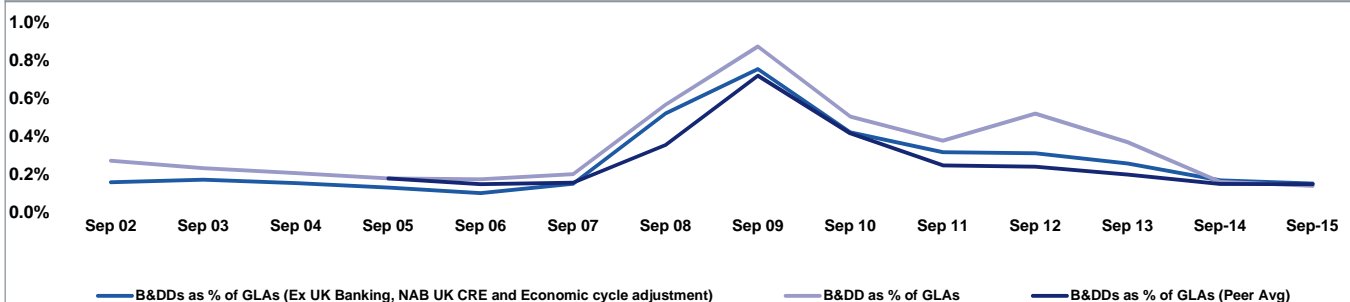
Capital and Funding

Economic Outlook

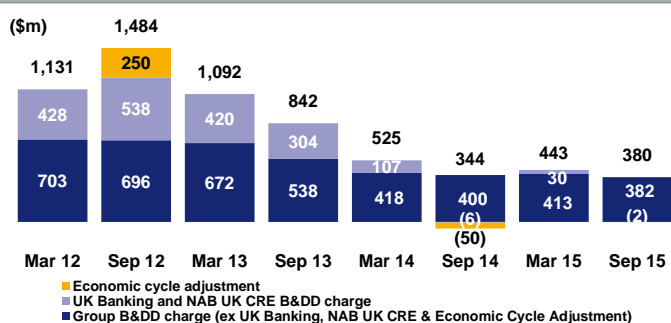


Group B&DD charge

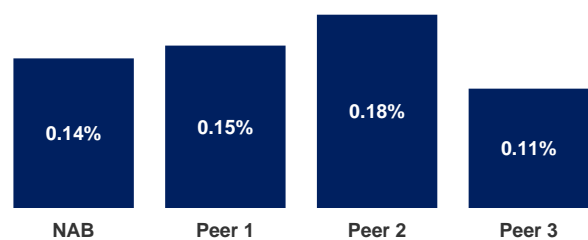
B&DD charge to GLAs – compared to peers¹



B&DD charge



B&DD charge to GLAs – compared to peers¹

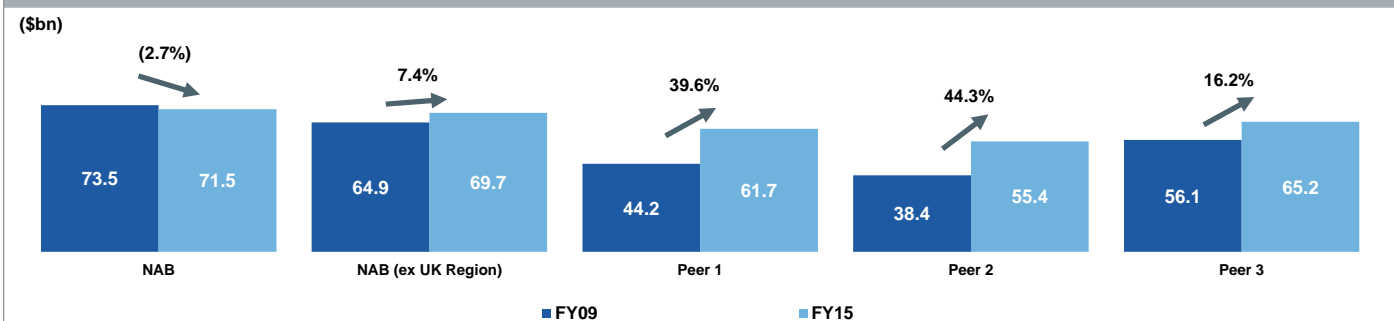


(1) NAB FY15. Peer ratios based on most recent results announcement

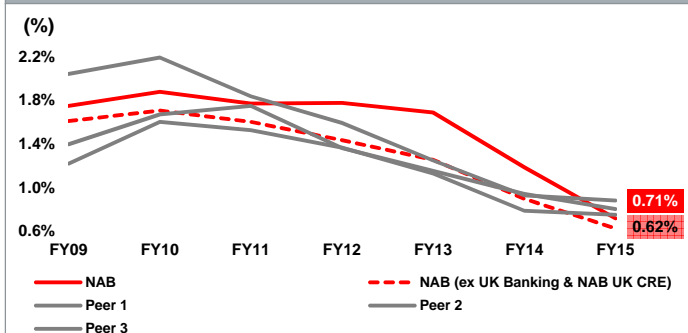


Asset quality peer differentials have closed

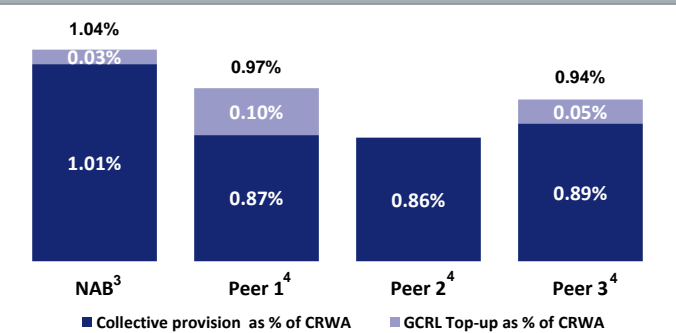
Commercial Property Exposures^{1,2}



90+ DPD & gross impaired assets to GLAs²



Collective Provision Coverage

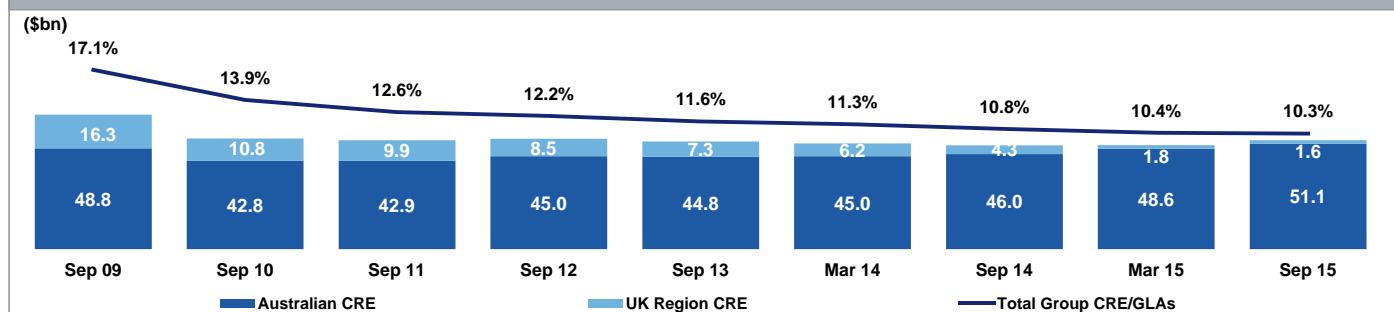


- (1) Based on EAD data from Pillar 3 Industry disclosures, EAD and Industry definitions may vary between banks
- (2) FY15 based on latest peer results announcements
- (3) Includes 9bps of collective provisions on derivatives at fair value as % of cRWA
- (4) Latest Pillar 3 disclosures

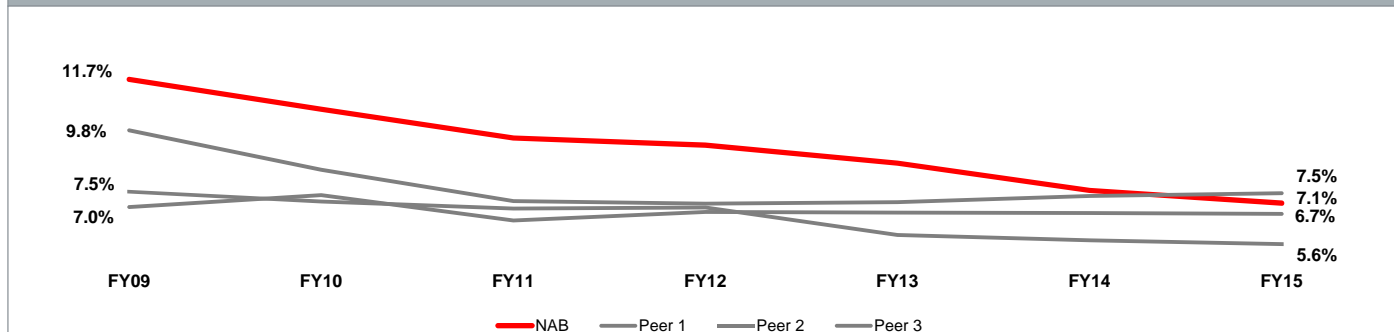


Commercial Real Estate exposure

Commercial Real Estate exposure¹



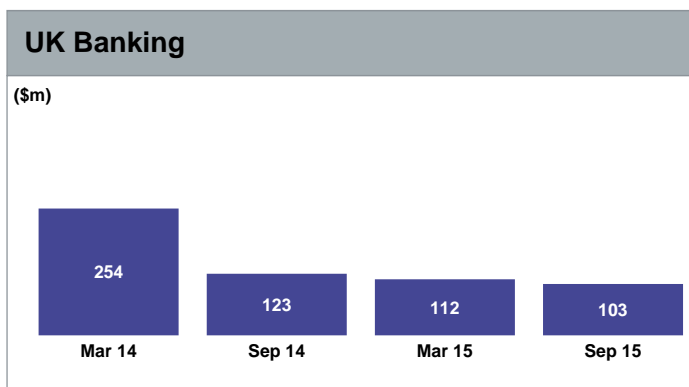
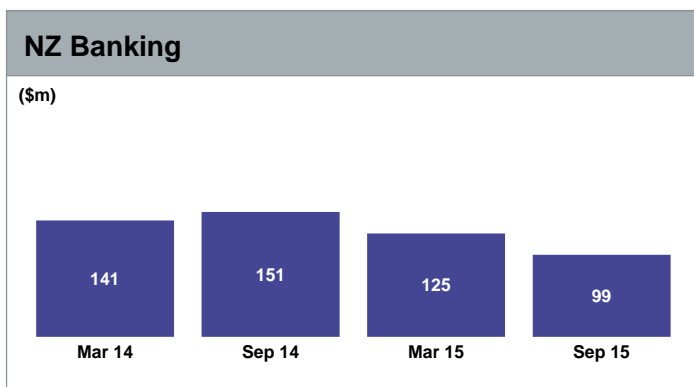
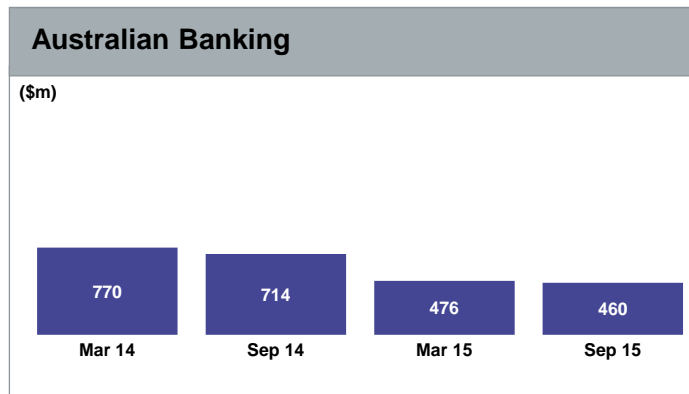
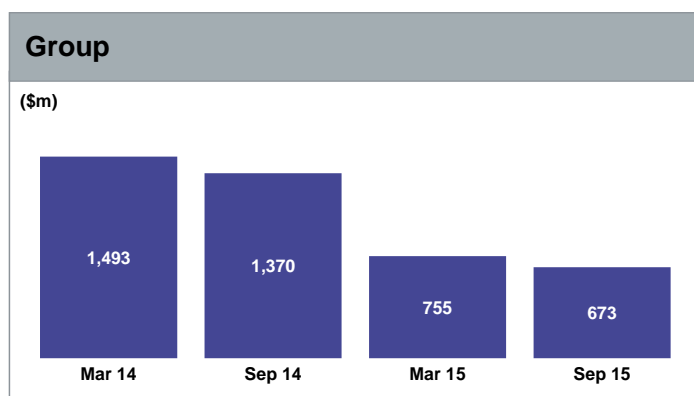
Commercial Property Exposures as % of Exposures at Default^{2,3,4}



- (1) Measured as balance outstanding per APRA Commercial Property ARF 230 definitions
- (2) EAD data from Pillar 3 Industry disclosures, EAD and Industry definitions may vary between banks
- (3) FY15 based on latest peer Pillar 3 disclosures
- (4) EAD excludes Securitisation & Non lending assets

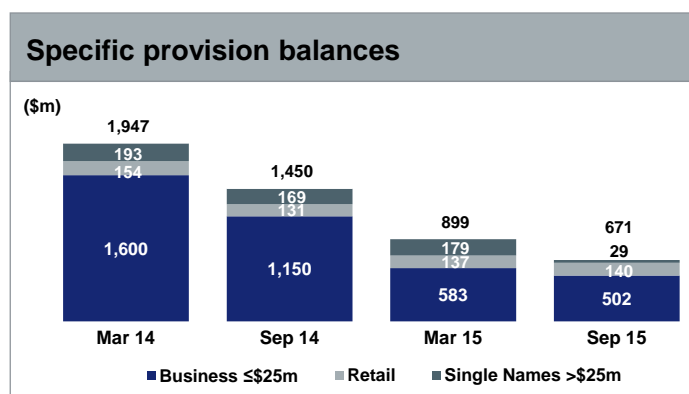
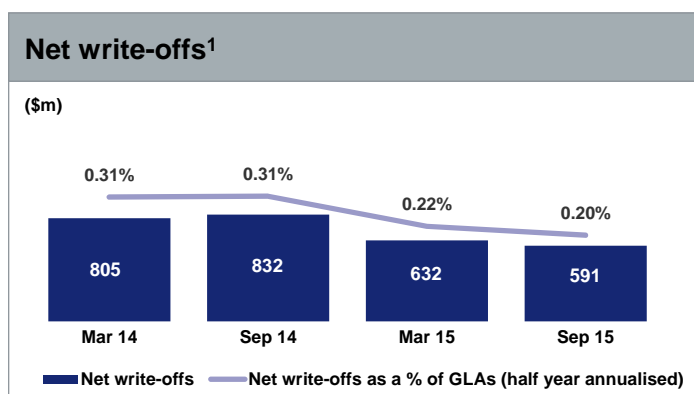
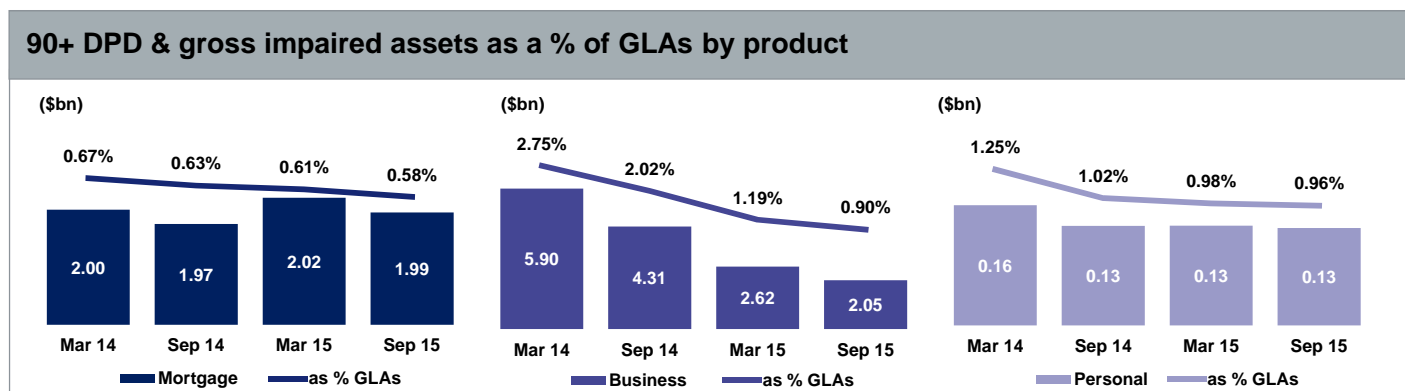


Group asset quality – new impaired assets



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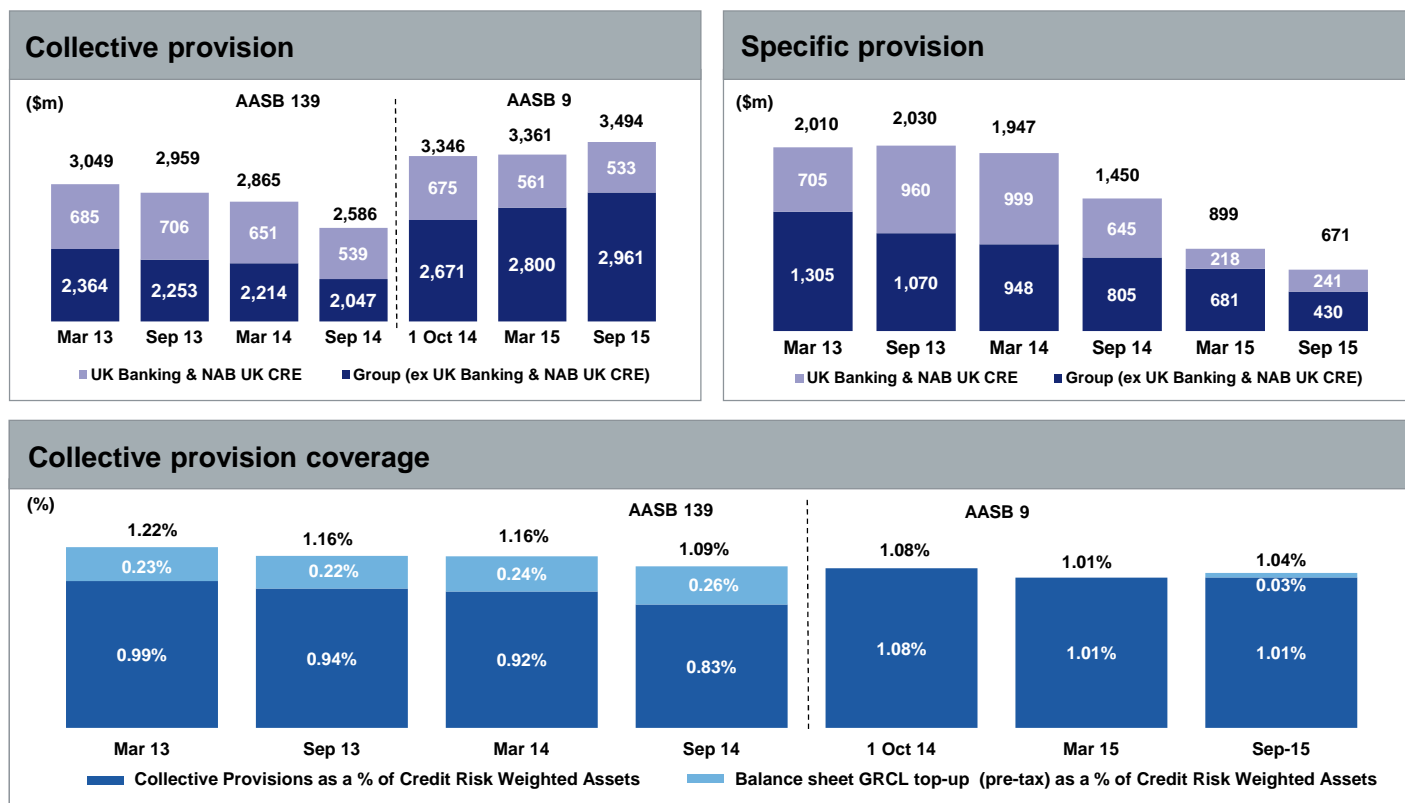
Group asset quality



(1) Includes write-offs of fair value loans

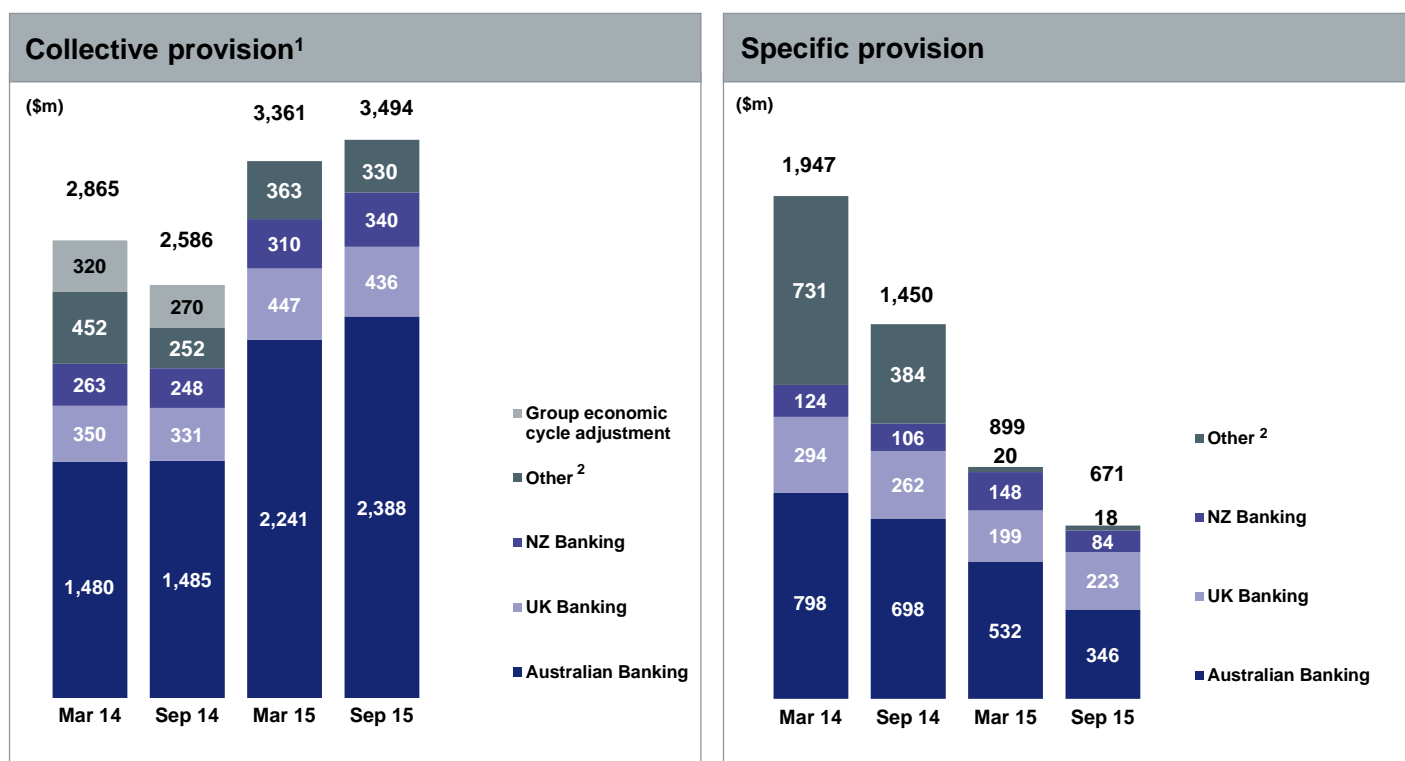
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Group provisions



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Group provision movements



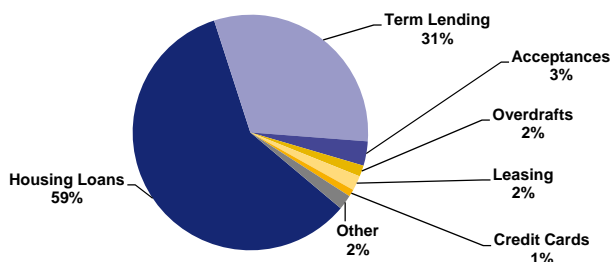
(1) Collective provision on AASB 9 basis for Sep 15 and Mar 15 and AASB 139 basis for prior periods
 (2) Other includes NAB UK CRE and Corporate Functions



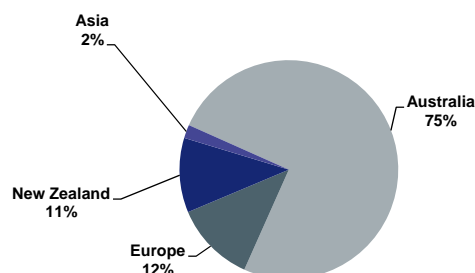
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Group portfolio – \$584bn

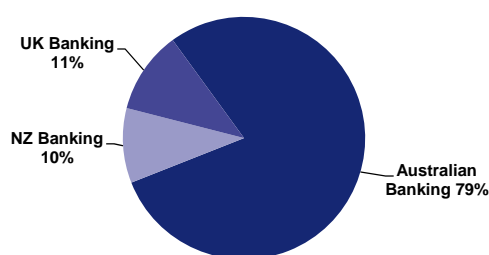
Gross loans and acceptances by product – September 2015



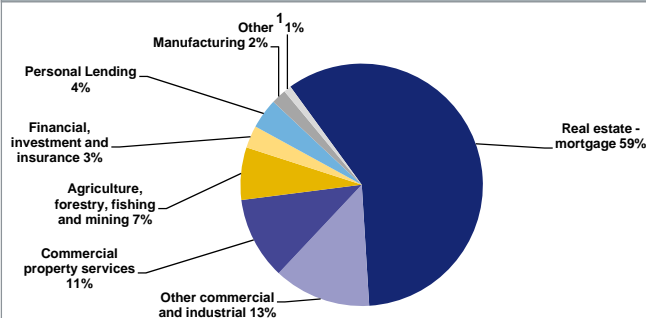
Gross loans and acceptances by geography – September 2015



Gross loans and acceptances by business unit – September 2015



Gross loans and acceptances by industry – September 2015



(1) Other includes: Real estate - construction, Government and public authorities and Asset and lease financing

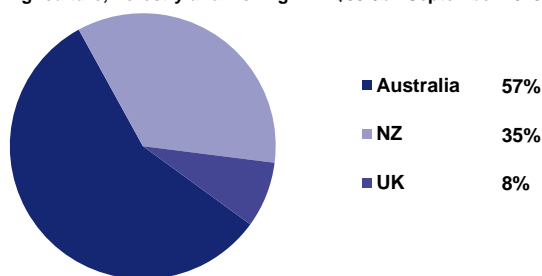


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Agricultural exposures

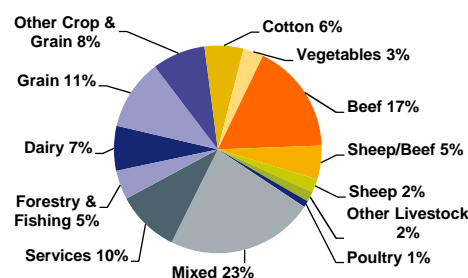
Agriculture, Forestry & Fishing exposures

Agriculture, Forestry and Fishing EAD \$39.6bn September 2015



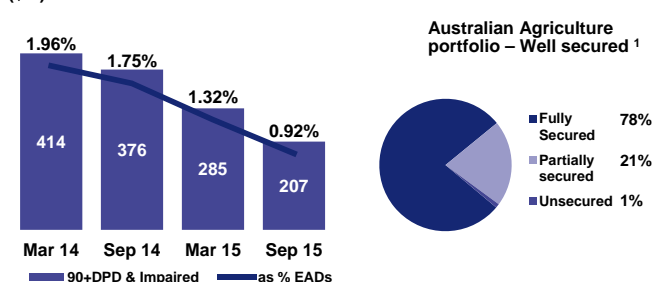
Australian Agriculture, Forestry & Fishing – exposures

EAD \$22.6bn September 2015



Australian Agriculture, Forestry & Fishing – Asset quality

(\$m)



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

(2) NAB 2015 Service Experience Research Program (SERP) survey of >5,000 agri business customers

(3) For further information on the Natural Capital Declaration refer to: <http://www.naturalcapitaldeclaration.org/>

Supporting resilient and profitable agribusiness

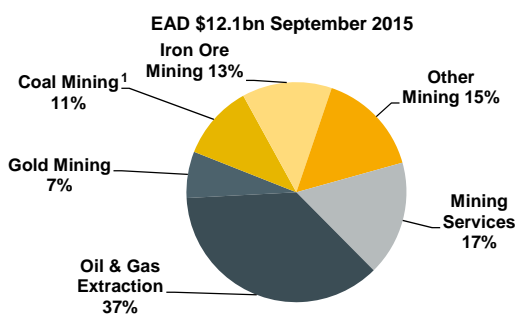
- Agribusiness customers rate soil health (85%), water scarcity (83%) and energy costs (81%) as key business sustainability concerns²
- As the only Australian bank to have signed the Natural Capital Declaration³, NAB is leveraging its market leadership position and world class customer relationships in agribusiness to address sustainability issues
 - In June 2015, NAB, with the support of the Clean Energy Finance Corporation, launched a \$120 million funding program to reduce financing costs for assets that cut energy use or generate renewable energy – as at 30 September 2015, of the \$57.4m loaned, at least 88% had been lent to regional business and agribusiness customers
- NAB is partnering with CSIRO, Australian National University, University of Tasmania and Dairy Australia to investigate the links between investments in natural capital and improved profitability and business resilience
- Natural capital is considered in NAB's credit assessments and we are working towards including this in our credit models



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Resources exposures

Resources exposure ~1% of total Group EAD



Asset quality considerations

- Exploration & Production exposures mainly to stronger rated investment grade customers (62%)
- Oil and Gas extraction exposures increased to 37% of resources EAD in Sep 15 (from 32% in Mar 15) relating to a few large individual highly rated exposures. Exposures are mainly to LNG projects and largely to stronger rated investment grade customers (94%)
- Mining Services exposures decreased to 17% of resources EAD in Sep 15 vs 21% in Mar 15. The portfolio is 14% investment grade, 90% partially or well secured
- Resources 90+ DPD & gross impaired to EAD has been relatively stable since September 2013 at ~1%

(1) Coal mining is composed of black coal mining (99.6%) and brown coal mining (0.4%)

(2) Our Environmental, Social and Governance Risk Principles are available at nab.com.au

(3) In June 2015, NAB, with the support of the Clean Energy Finance Corporation, launched a \$120 million funding program to reduce financing costs for assets aimed at improving energy efficiency. NAB offers Equipment Finance customers a 0.7% p.a. discount on the funding of qualifying energy efficient assets

(4) Project Finance International 2006-20145 APAC Mandated Lead Arranger League Tables US\$ Project Allocation, NAB analysis ranking against four major Australian banks – cumulative volume as at 30 June 2015

(5) ESAA (Energy Supply Association of Australia) Electricity Gas Australia 2015, Appendix 1 Power Stations in Australia 2013–14 and represents NAB % (by deal)

(6) Prepared in accordance with NAB's methodology (based upon 1993 ANZSIC standard). Excludes exposures to counter parties predominantly involved in transmission and distribution. Vertically integrated retailers have been included and categorised as renewable where a large majority of their generation activities are sourced from renewable energy. More detail at <https://www.nab.com.au/about-us/corporate-responsibility>

ESG Considerations

Managing ESG risk in lending

- NAB has a set of ESG Risk Principles which assist in the integration of ESG risk considerations within our Risk Management Framework² at both an individual customer and at a portfolio level
- Considerations include: industry sector, location/geography, customer's environmental and social practices, risk of liability transfer, community concerns

Investing in clean and renewable energy

- NAB offers customers low-carbon and environmental finance including Environmental Upgrade Agreements (EUA) for commercial office buildings, solar finance for agribusiness and schools, and with the support of the Clean Energy Finance Corporation (CEFC)³, discounted equipment finance for lower carbon assets that reduce energy use or generate renewable energy
- NAB is the leading arranger⁴ (by market share) of project finance to the Australian renewable energy sector with over A\$2.04bn worth of loans since 2006. NAB has provided project finance to approximately 62% of Australian utility-scale renewable energy projects⁵ commissioned since 2000.
- The power generation sector represents less than 1% of our total Group EAD. Of this, 43.4% is from renewable energy⁶
- In December 2014, NAB launched the first Climate Bond by an Australian issuer, and the first bank-issued Climate Bond Standards certified bond globally, to finance \$300m of renewable energy assets, expected to deliver approx.3.9m tonnes of avoided greenhouse gas emissions



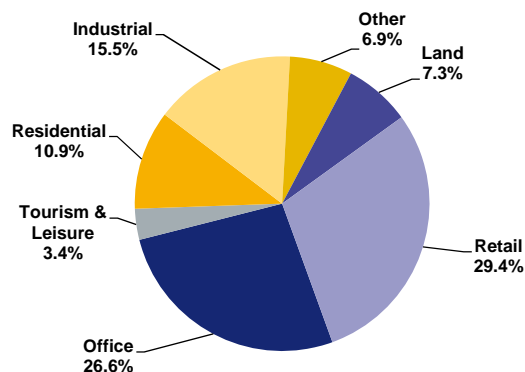
Commercial Real Estate – Group Summary¹

Total \$59.9bn

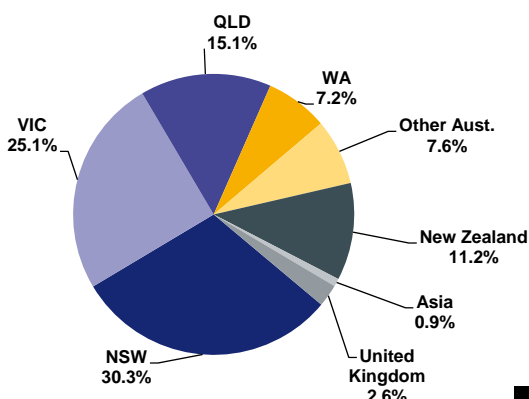
10.3% of Gross Loans & Acceptances

	Aust	UK Region	NZ	USA	Other	Total	Trend	Mar 14	Sep 14	Mar 15	Sep 15
TOTAL CRE (A\$bn)	51.1	1.6	6.7	0.0	0.5	59.9					
Increase/(decrease) on Sep 14 (A\$bn) ²	5.1	(2.7)	0.3	(1.5)	(0.4)	0.8	Impaired loans ratio	4.05%	2.25%	0.58%	0.42%
% of GLAs	11.6%	2.3%	10.8%	0.0%	5.5%	10.3%	Specific Provision Coverage	31.2%	35.2%	22.7%	23.4%
Change in % on September 2014	0.3%	(4.8%)	(0.4%)	(16.3%)	(3.5%)	(0.5%)					

Group Commercial Property by type



Group Commercial Property by geography



(1) Measured as balance outstanding at September 2015 per APRA Commercial Property ARF 230 definitions
(2) Change in \$ and % on September 2014 restated based on updated presentation



Eligible Provisions and Regulatory Expected Loss

(\$m)	Mar 15		Sep 15		Movement	
	Defaulted	Non-Defaulted	Defaulted	Non-Defaulted	Defaulted	Non-Defaulted
General Reserve for Credit Losses	413	2,829	364	3,183	(49)	354
Specific Provisions	907		671		(236)	
less: Provisions on standardised portfolio	(281)	(551)	(279)	(566)	2	(15)
plus: Partial write-offs on IRB portfolio	853		718		(135)	
Total Eligible Provisions	1,892	2,278	1,474	2,617	(418)	339
Regulatory Expected Loss	1,840	2,368	1,467	2,532	(373)	164
Shortfall in EP over EL (100% CET1 Deduction)		90				(90)
Surplus in EP over EL (Tier 2 capital for non-defaulted)	52		7	85	(45)	85

Additional Information

Australian Banking

NZ Banking

NAB Wealth

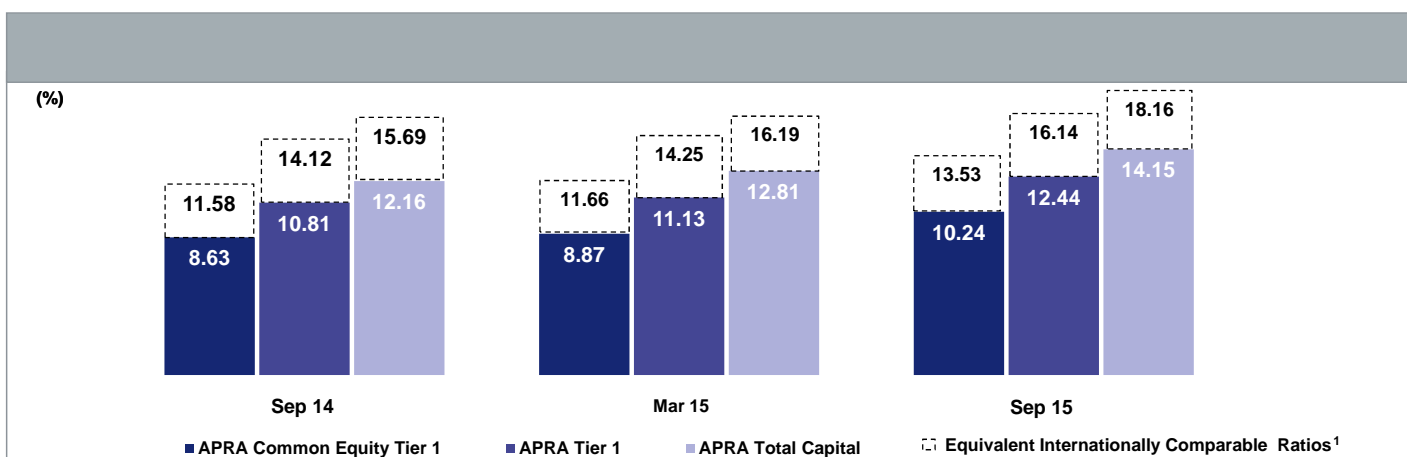
UK Banking

Group Asset Quality

Capital and Funding

Economic Outlook

Group Basel III Capital Ratios



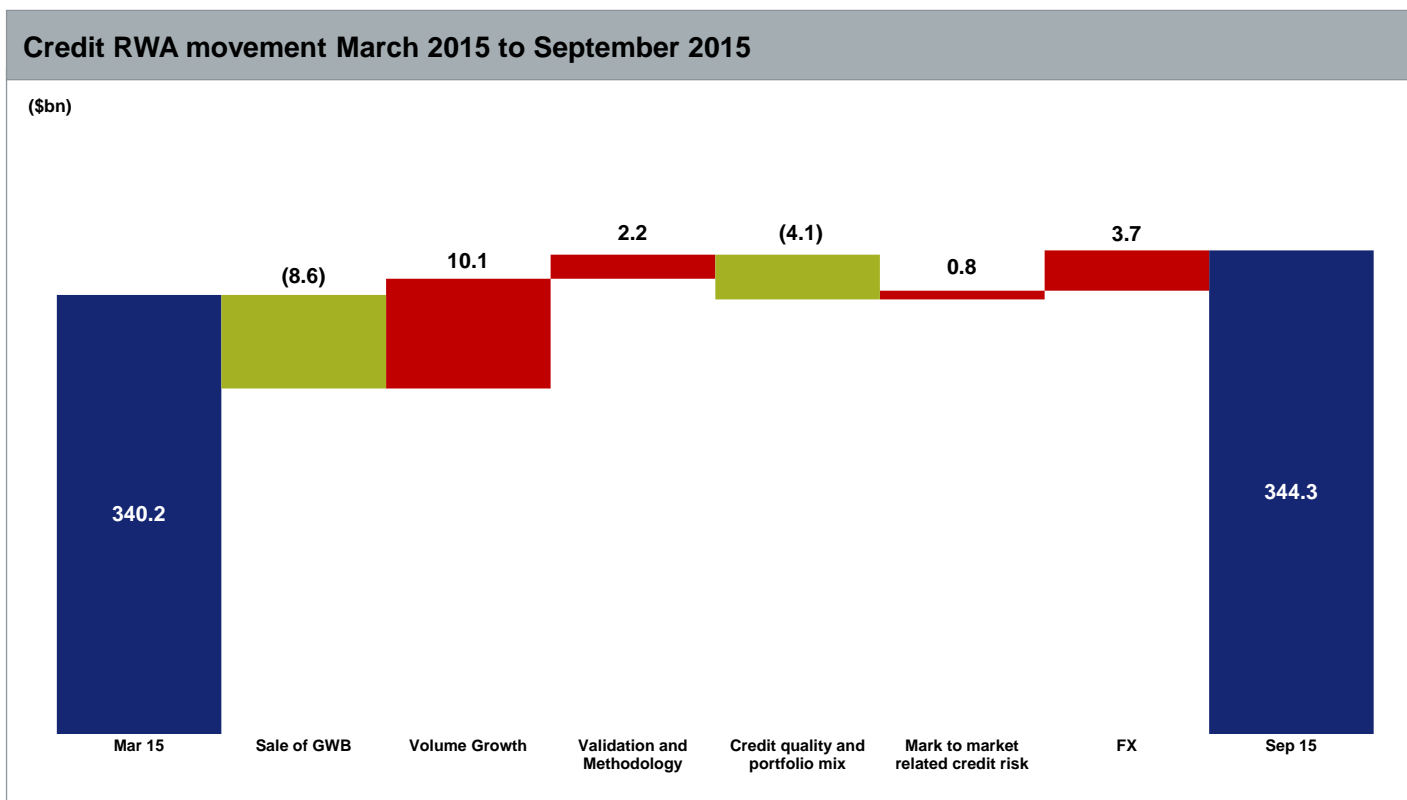
APRA to Internationally Comparable CET1 Ratio Reconciliation	CET1
NAB CET1 ratio under APRA	10.24%
APRA Basel capital adequacy standards require a 100% deduction from common equity for deferred tax assets, investments in non consolidated subsidiaries and equity investments. Under Basel Committee on Banking Supervision (BCBS) such items are concessionally risk weighted if they fall below prescribed thresholds	+87bps
Mortgage loss given default (LGD) – reduction in LGD floor from 20% to 15%	+45bps
Interest rate risk in the banking book (IRRBB) – removal of IRRBB risk weighted assets from Pillar 1 capital requirements	+29bps
Other adjustments including corporate lending adjustments and treatment of specialised lending	+167bps
NAB Internationally Comparable CET1	13.53%

(1) Internationally Comparable ratios at 30 September 2015 aligns with the APRA study entitled "International capital comparison study" released on 13 July 2015



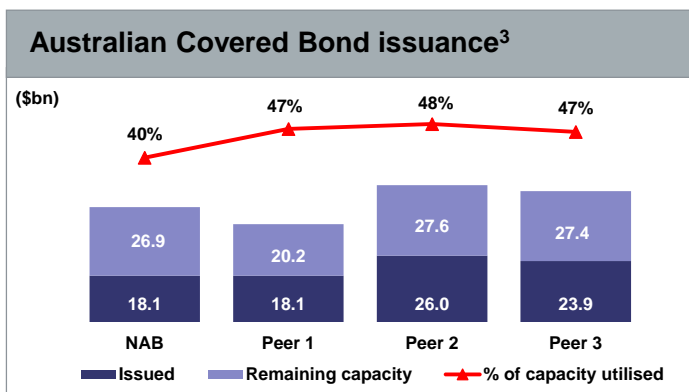
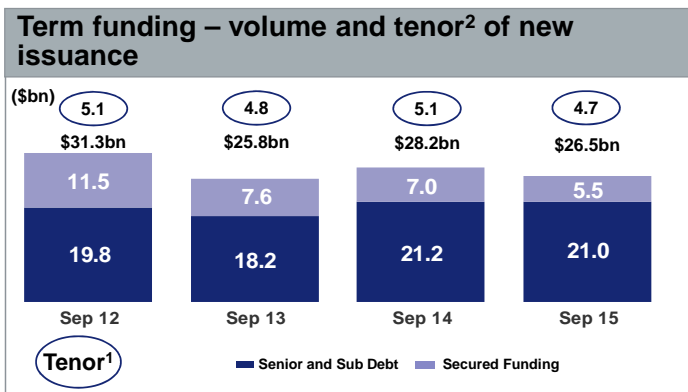
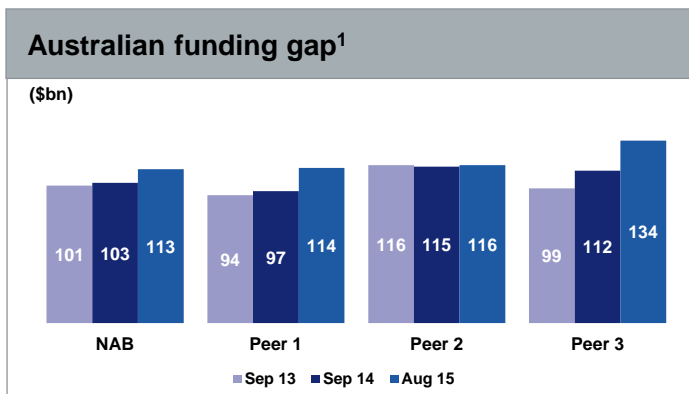
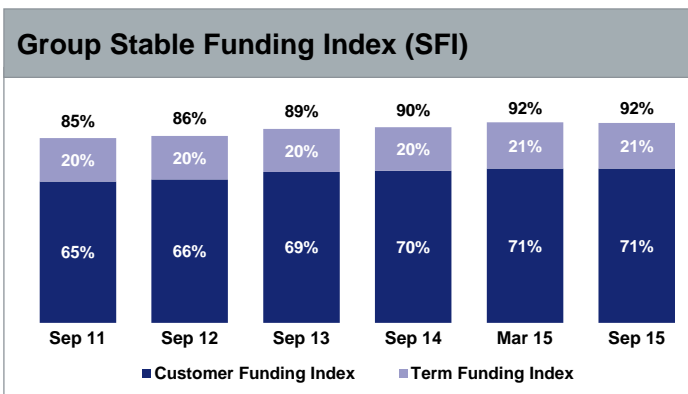
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Credit RWA movement



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Funding profile is robust

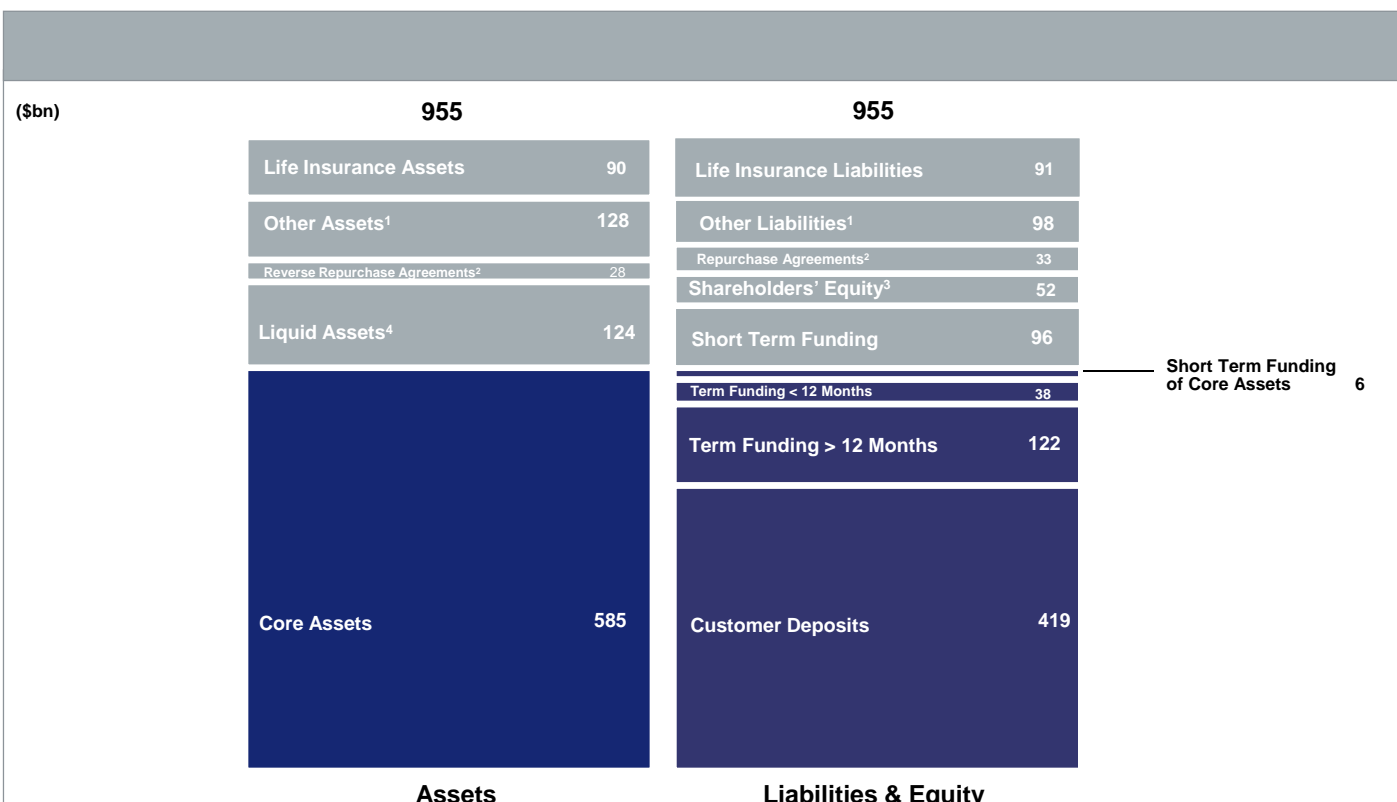


- (1) Australian funding gap = Gross loans and advances + Acceptances less Total deposits (excluding certificates of deposits) Source: APRA Monthly Banking Statistics
 (2) Weighted average maturity (years) of term funding issuance (> 12 months)
 (3) Latest Bank covered bond investor reports as at mid September & APRA Monthly Banking Statistics as at 31 August 2015. Remaining capacity based on current rating agency over collateralisation (OC) and legislative limit



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Asset funding – September 2015



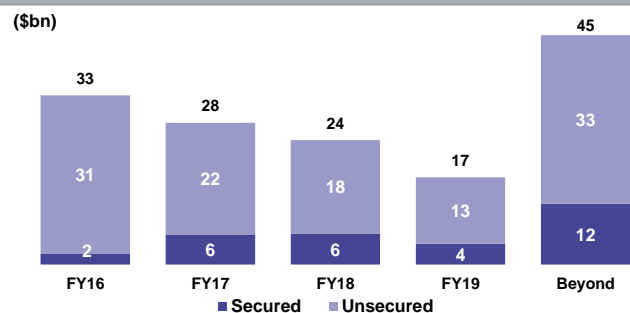
- (1) Other assets and liabilities include trading derivatives
 (2) Repurchase agreements entered into are materially offset by reverse repurchase agreements with similar maturity profiles as part of normal trading activities, noting the cash holdings in our Exchange Settlement Account with the RBA contribute to the difference between balances
 (3) Shareholders' equity excludes preference shares and other contributed equity
 (4) Liquid assets are at funded value and include non-regulatory qualifying securities



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Funding profile maturity and short term funding

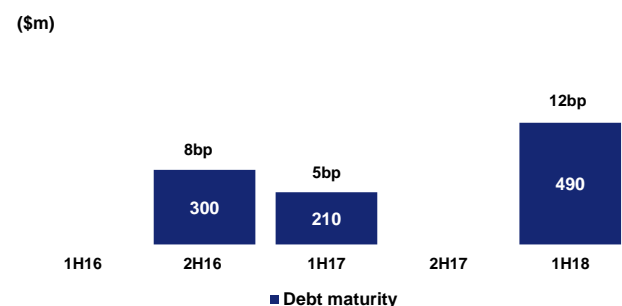
Term Wholesale Maturity Profile



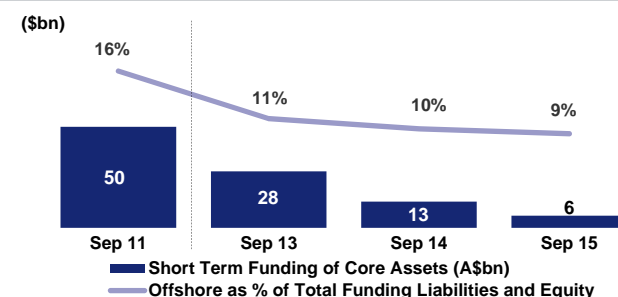
Robust Funding Profile

- The weighted average remaining maturity of the Group's TFI qualifying term funding is 4.0 years¹ (4.1 years as at March 2015)
- The weighted average remaining maturity of the Group's total term funding portfolio (including <12 months) is 3.3 years (3.4 years as at March 2015)
- Over the full year, the Group raised \$1.5bn in covered bonds with a weighted average maturity of approximately 12 years

Debt maturity profile of NWMH and associated CET1 impact²



Reliance on Short Term Wholesale Funding³ reducing



(1) This includes senior, secured and subordinated debt and debt with > 12 months remaining term to maturity

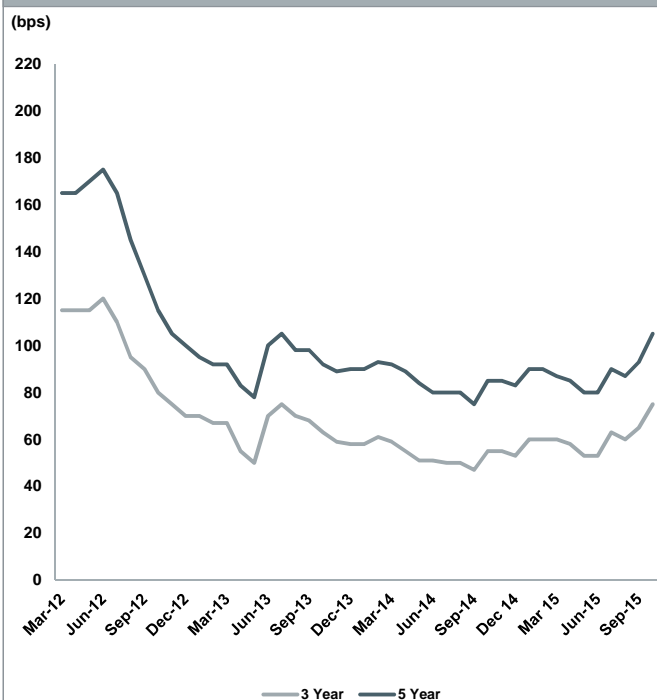
(2) Estimated Level 2 CET1 impact, based on forecast 30 September 2015 RWA

(3) September 2015 figures presented on a continuing operations basis, prepared in accordance with AASB 9. Prior periods have not been restated per accounting methodology

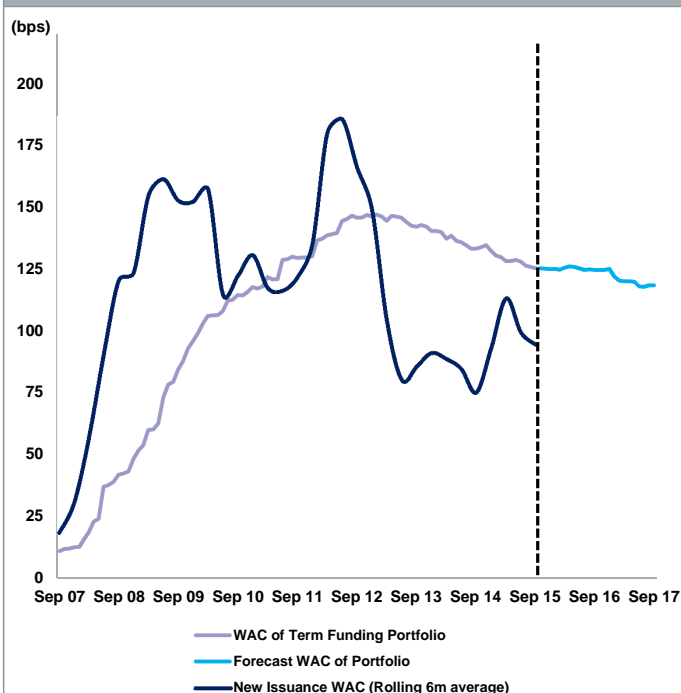


Wholesale funding costs

Wholesale Term Issuance Curves¹



Average Long Term Wholesale Funding Costs²

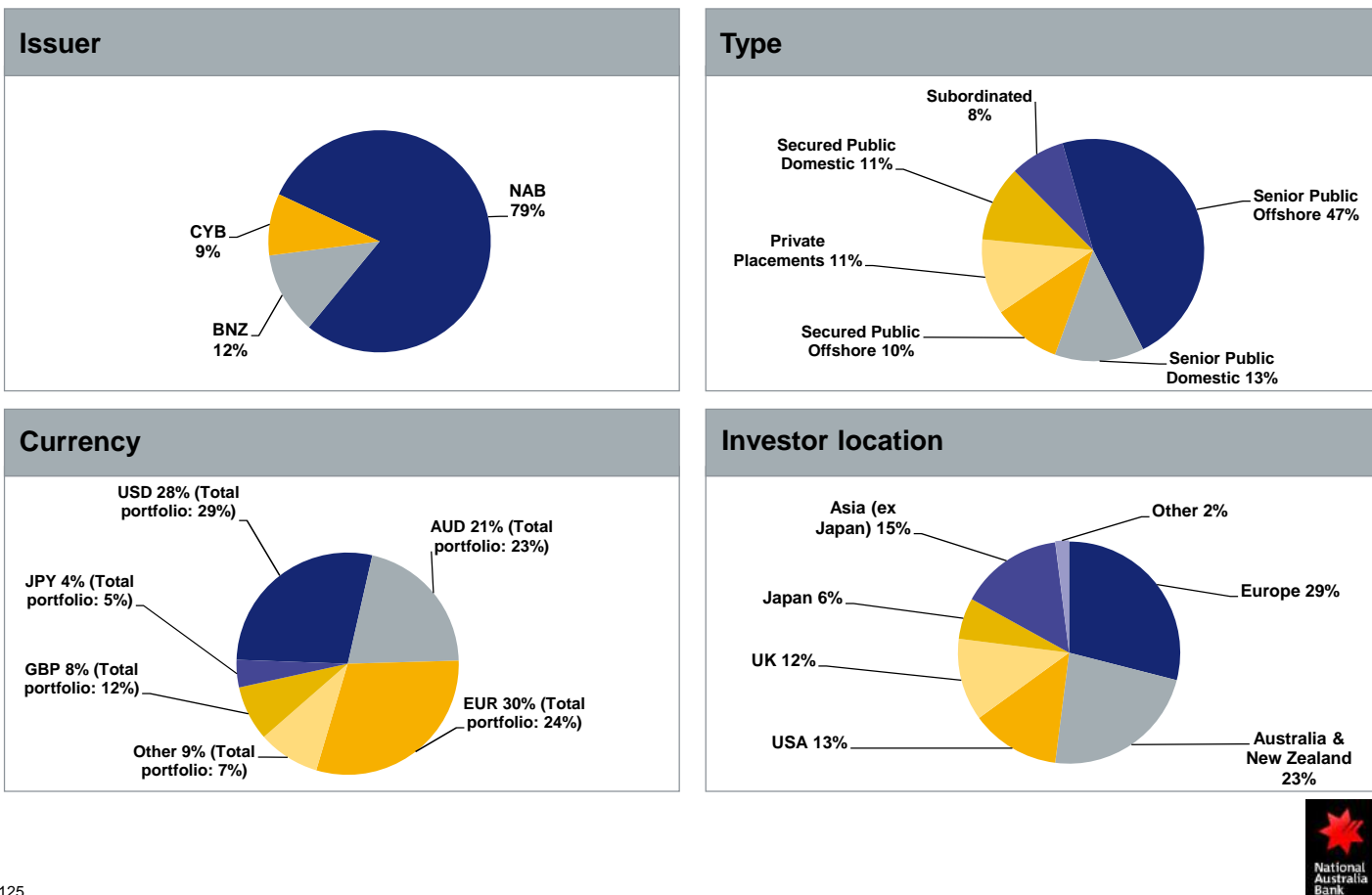


(1) Source: NAB Capital Financing (Products and Markets). Curves based on AUD Major Bank Wholesale Unsecured Funding rates over BBSW (3 years and 5 years)

(2) NAB Ltd Term Wholesale Funding Costs >12 Months at issuance (spread to 3 month BBSW). Average cost of new issuance is on a 6 month rolling basis. Forecast assumption based on current issuance cost

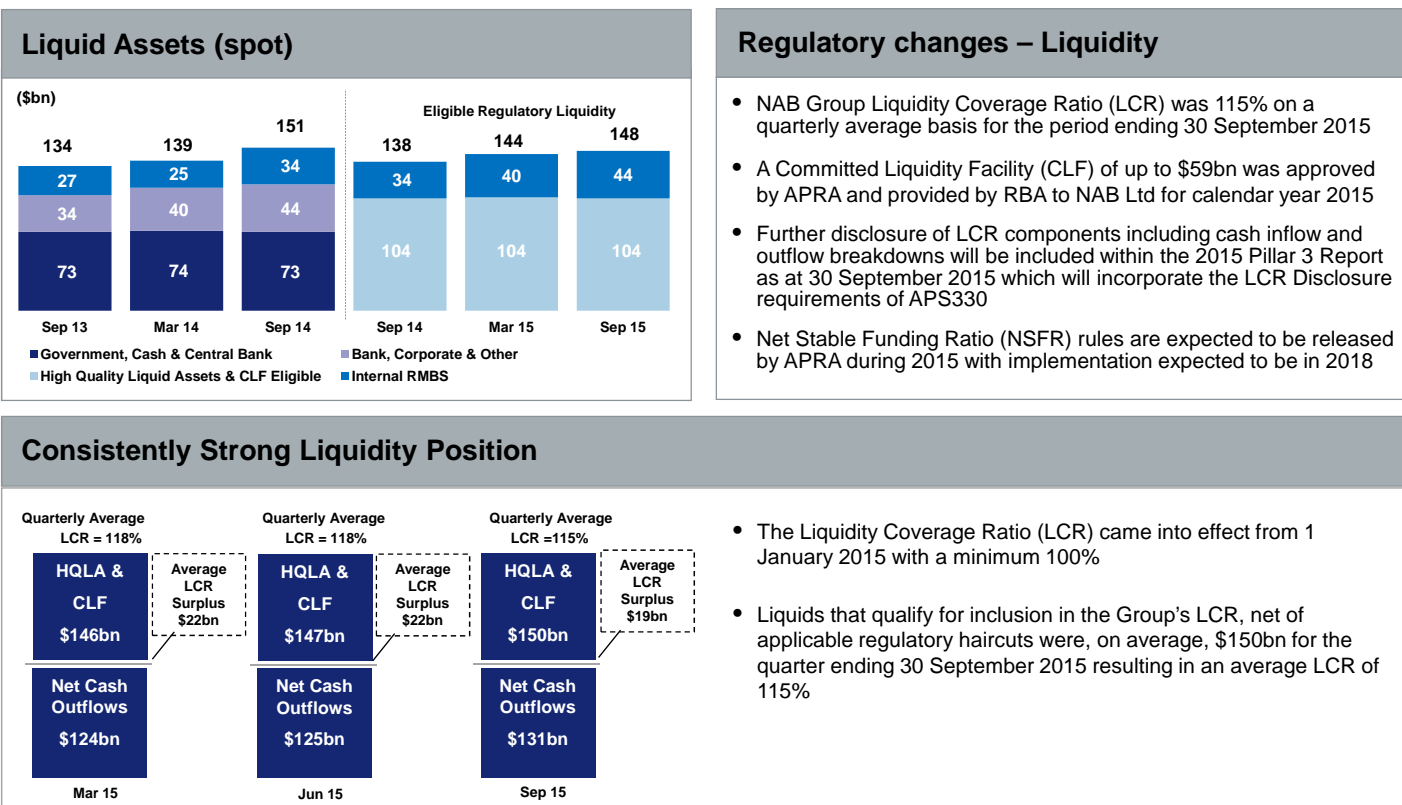


Diversified and flexible funding issuance (\$26.5bn since 1 Oct 2014)



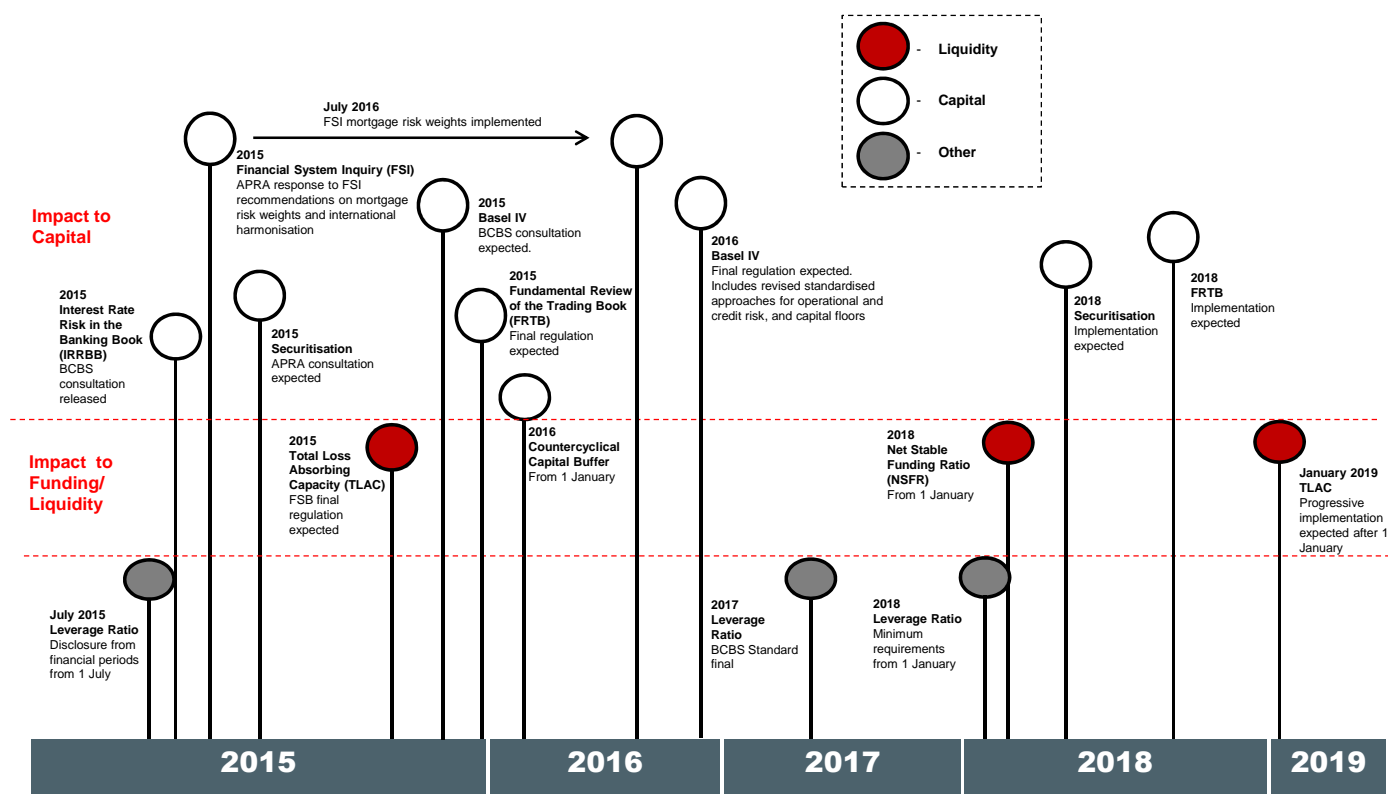
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Group liquidity position



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Regulatory changes and updates



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Regulatory change impacting capital and funding

Legacy Basel III: FRTB & CVA Leverage Ratio NSFR	The Fundamental Review of the Banking Book (FRTB) and Credit Valuation Adjustment (CVA) relates to capital requirements for trading book exposures. This is in Basel Committee of Banking Supervision (BCBS) consultative phase. The Leverage Ratio and Net Stable Funding Ratio (NSFR) are finalised BCBS standards, as part of the BIII suite.
Revised standardised approach to credit risk	An extensive refresh of standardised credit risk regulatory capital standards: Reduced reliance on external credit ratings; enhanced granularity and risk sensitivity; updated risk calibrations; more comparability with IRB categorisation. In Basel BCBS consultative phase.
Capital Floors	A capital floor based on standardised approaches for credit, market and operational risk. This may limit the influence of internal ratings-based models. In BCBS consultative phase.
TLAC & Resolution	Enhanced loss-absorbing and recapitalisation capacity of banks in resolution. Initially intended for G-SIBs, but is expected to apply to Australian D-SIBs. In Financial Stability Board (FSB) consultative phase.
Operational Risk	Proposed revisions to standardised approach for operational risk. This may impact advanced banks through the proposed capital floor. BCBS is also expected to propose the removal of the Advanced Measurement Approach for Operational Risk from the regulatory framework. In BCBS consultative phase.
IRRBB	BCBS proposed regulatory treatment change of Interest Rate Risk in the Banking Book (IRRBB): through the adoption of Pillar 1 requirements; or via Pillar 2 requirements, which includes quantitative IRRBB disclosure based upon Pillar 1 approach.
Capital Buffers	Additional capital buffers will apply from 1 January 2016 including, Countercyclical Capital Buffer (CCyB), Capital Conservation Buffer (CCB) and the Domestic Systemically Important Bank (D-SIB) loss absorbency requirement.
Stress Testing, Recovery and Resolution Planning, enhanced Risk Governance	

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Additional Information

Australian Banking

NZ Banking

NAB Wealth

UK Banking

Group Asset Quality

Capital and Funding

Economic Outlook



National
Australia
Bank

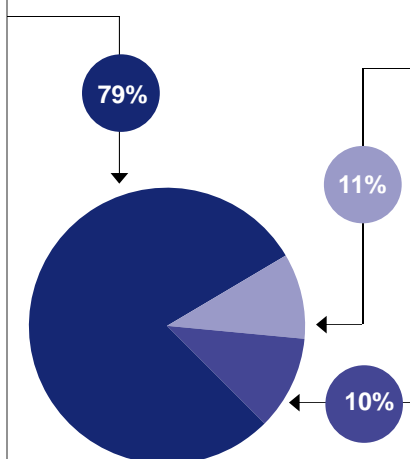
Economic outlook

Australia

- Australia's economic performance is mixed across industries and states, as the economy transitions away from mining-investment led growth
- Growth is struggling to regain momentum amidst a large fall in the terms of trade and weak income growth, but recent trends in business conditions are encouraging
- However, residential property is a bright spot, and the non-mining recovery appears to be becoming more broad based – assisted by lower interest rates and AUD depreciation. Mining exports volumes should also add significantly to GDP growth
- Expect sub-trend GDP growth of around 2.3% in 2015, improving to around 2.7% in 2016. Unemployment rate has likely peaked, but will improve only gradually
- RBA has cut the cash rate twice this year to a record low of 2%. A stabilising domestic economy should keep them on hold, but global uncertainties present downside risks

China

- China's growth was marginally softer at 6.9% YoY in September 2015 Q3 – in line with the broader trend for a continuing slowdown as it transitions away from investment driven growth
- Monetary policy has been loosened and the currency devalued to provide greater support for the economy, following the equity market correction. Residential property markets have stabilised



United Kingdom

- Recovery continues, but has lost some momentum. Indicators suggest Scotland and Yorkshire & Humberside are more mixed but generally also show growth
- Property prices rising but house price growth has slowed and commercial property prices still well below pre-crisis levels
- Employment growth has slowed but is still solid. Jobless rate of 5.4% is below year ago level, but has been broadly flat through 2015
- Lending growth is continuing its slow recovery
- System asset quality measures on an improving trend

New Zealand

- Growth moderating due to dairy price fall and as Christchurch rebuild peaks
- Inflation running well below target
- Asset quality good, credit has picked up

United States

- Moderate growth with jobless rate trending down but inflation still soft
- Federal Reserve policy rates expected to rise gradually, possible starting in late 2015



Australia regional outlook

Economic Indicators (%)	CY12	CY13	CY14	CY15(f)	CY16(f)
GDP growth ¹	3.6	2.1	2.7	2.3	2.7
Unemployment rate ²	5.4	5.9	6.1	6.1	5.8
Core inflation ³	2.3	2.7	2.2	2.5	2.6
System Growth (%) ⁴	FY12	FY13	FY14	FY15(f)	FY16(f)
Housing	4.7	4.9	6.8	7.4	6.9
Other personal (incl cards)	(0.7)	0.7	0.9	0.8	3.7
Business	4.1	0.8	3.8	5.2	6.2
Total system credit	4.1	3.2	5.4	6.3	6.5
Total A\$ ADI deposits ⁵	7.5	5.6	7.8	7.2	7.4

(1) Per cent change, average for year ended December quarter on average of previous year

(2) Per cent, as at December

(3) Per cent change, December quarter on December quarter of previous year

(4) Per cent change September quarter (bank fiscal year end) on September quarter of previous year

(5) Total ADI deposits also include wholesale deposits (such as CDs), community and non-profit deposits but exclude deposits by government & ADIs

- The Australian economy grew by just 0.2% in Q2 or by 2.0% compared with a year earlier. The impact of falling commodity prices is most evident on living standards, with real gross national income down 0.5% in the quarter. Final domestic demand (excludes net exports) has been weak, contributing to an elevated unemployment rate, but gained some momentum in the June quarter
- There continues to be a high degree of variation across industry and sectors. The NAB Business Survey shows that business conditions have improved considerably since mid-2013, pointing to improving momentum in non-mining industries – the service sectors are a stand out
- Household consumption growth has been soft, consistent with subdued wages growth and high consumer caution. However, September quarter NAB Consumer Anxiety Survey showed that households were a little less anxious, and more willing to spend on discretionary items. Consumer spending growth is expected to lift, although this requires a fall in household savings rates given weak wages growth
- Despite growing momentum in non-mining sectors, there is still no sign that non-mining investment has picked-up – certainly not enough to compensate for the anticipated decline in mining investment. However, with capacity utilisation rates on the rise, attitudes towards investment may soon improve
- Real GDP is forecast to remain well below trend in 2015, and is expected to improve only modestly in 2016 with mining exports contributing considerably. While domestic demand is expected to be much softer, this masks diverging trends between mining and non-mining segments of the economy. Consequently, unemployment has likely peaked at a little over 6% and should gradually improve over 2016
- Signs of improvement in non-mining and ongoing concerns over the strength of property price growth are likely to keep the RBA on hold for some time. The AUD has also depreciated to levels the RBA is more comfortable with. However, global uncertainties (particularly relating to emerging markets) continue to have financial markets pricing in the possibility of further cuts
- Credit growth is modest, but historically low borrowing rates are gaining traction, particularly in housing. Changes to CAR's will likely slow mortgage growth, but business and personal credit are expected to improve



NZ regional outlook

Economic Indicators (%)	CY12	CY13	CY14	CY15(f)	CY16(f)
GDP growth ¹	2.4	2.3	3.3	2.2	1.8
Unemployment ²	6.8	6.1	5.7	6.2	6.6
Inflation ³	0.9	1.6	0.8	0.7	2.4
Cash rate ²	2.5	2.50	3.50	2.50	2.50
System Growth (%) ⁴	FY12	FY13	FY14	FY15(f)	FY16(f)
Housing	1.6	4.6	5.4	5.2	5.4
Personal	0.2	1.9	4.9	6.3	5.2
Business	2.7	3.3	3.4	5.9	6.4
Total lending	1.9	4.0	4.6	5.6	5.8
Household retail deposits	9.0	9.8	9.4	10.8	10.7

(1) Per cent change, average for year ended December quarter on average of previous year

(2) Per cent, as at December

(3) Per cent change, December quarter on December quarter of previous year

(4) Per cent change, average for year-ended September (bank fiscal year end) on average of previous year

- After several years of solid growth, which peaked in the December quarter 2014 at 3.5% year-on-year, the rate of expansion has slowed
- Some of the factors that were supporting New Zealand growth have, or are starting to, go into reverse, affecting business and consumer confidence. Dairy prices have fallen significantly and the boost to construction from the post-earthquake re-building of Canterbury may have peaked
- NZ commodity prices have recorded large falls, falling 29% between their peak in February 2014 and September 2015 in world price terms. This is mainly due to prices for dairy products falling by 53%. However, auction prices have recovered considerable lost ground since their early August low
- The growth rate in residential investment has been slowing, although new residential building consents have moved up recently even as Canterbury region building consents have fallen as the reconstruction impulse peaks
- GDP growth of 2.2% this year and 1.8% next year is expected due to support from still strong net immigration, the depreciation of the New Zealand dollar, which has fallen by over 15% since April 2014, and low interest rates. A strong El Nino weather pattern heightens drought risk in the first half of 2016
- House prices are growing, with annual growth above 10% (QV measure), with listings rising, as are sales, leaving the inventory of homes for sale low.
- Employment growth in New Zealand has remained strong, although the annual growth rate has slowed. The unemployment rate has risen over the last three quarters due to strong labour force growth
- The RBNZ has lowered the official cash rate by 0.75 percentage points over its last three policy meetings citing a softening economy and low inflation. It is projecting that some further easing is likely
- Credit growth continues to trend up and at 6.7% on a year earlier in August, it is at its highest rate since early 2009. Business investment – both agricultural and other business – and housing credit have all strengthened over 2015 to-date



UK regional outlook

Economic Indicators (%)	CY12	CY13	CY14	CY15(f)	CY16(f)
GDP growth ¹	1.2	2.2	2.9	2.4	2.3
Unemployment ²	7.8	7.2	5.7	5.3	5.0
Inflation ³	2.7	2.1	0.9	0.5	1.8
Cash rate ²	0.5	0.5	0.5	0.5	0.8
System Growth (%) ⁴	FY12	FY13	FY14	FY15(f)	FY16(f)
Housing	0.9	0.8	1.5	1.9	2.5
Consumer	(0.5)	2.5	5.5	7.0	6.5
Business	(2.1)	(3.5)	(2.0)	(1.2)	0.4
Total lending	(0.3)	(0.6)	0.6	1.3	2.2
Retail deposits	3.7	5.7	5.2	4.8	4.9

- (1) Per cent change, average for year ended December quarter on average of previous year
 (2) Per cent, as at December
 (3) Per cent change, December quarter on December quarter of previous year
 (4) Per cent change, average for year-ended September (bank fiscal year end) on average of previous year

- UK economic growth has slowed modestly, but remains at solid levels, and is principally being driven by the services sector. Growth over the year to the June quarter slowed to 2.4%, its lowest level since mid 2013, but is still above its average over the last 30 years
- Property market conditions are generally improving: House prices are continuing to grow although at a more moderate pace than in 2014 (based on average of Halifax and Nationwide surveys). The number of property transactions have started to rise again
- Survey data suggests commercial property sales and rental demand are picking up, and rents are rising as available space declines. Commercial property prices grew by more than 9% over the year to September 2015, but prices remain well below their pre-financial crisis peaks
- The labour market has improved rapidly in recent years, although the pace of improvement has slowed. The unemployment rate is currently at 5.4%
- Scottish GDP growth over the year to the June quarter 2015 was 1.9%, below the national rate and employment is flat. However, retail sales growth is solid and house prices are rising. In Yorkshire and Humberside, house price growth is matching the national trend but employment fell over the past year
- Lending growth continues to recover slowly but is still below pre-financial crisis levels. This reflects weak housing credit growth, stronger consumer credit and continuing (but gradually smaller) falls in business credit
- The Bank of England expects that GDP growth will settle at a little above 2.5% per year. With the Bank also considering that slack in the economy has diminished substantially and that demand growth will be sufficient to return inflation to its target, there is debate about when it will start raising rates. The consensus is for this to start in 2016
- Banking system asset quality has been improving with the ratio of doubtful loans to total loans and advances trending down through the last six years. Bad debt ratios in the UK have been much higher than impaired loan ratios in Australia and New Zealand, with particular problems in commercial property lending



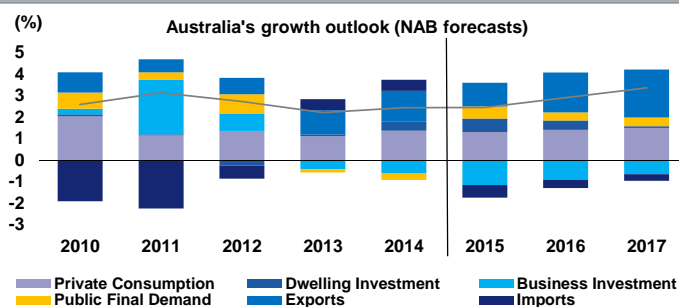
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Australian economic growth sub-trend

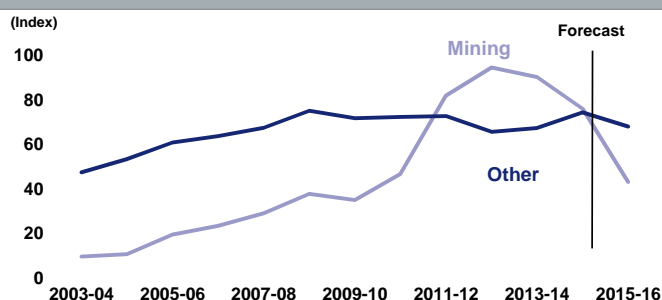
Mining exports the primary growth driver

- Australia is facing a tough transition as the mining investment boom winds-down and falling commodity prices weigh on national incomes (which have been falling)
- Export volumes are primarily driving growth as new mines become operational, while domestic demand is sub-trend
- Dwelling construction to make a small positive contribution to growth, spurred by low interest rates, higher prices and prior undersupply in certain markets
- Significant falls in mining investment are masking improvements elsewhere in the economy. Non-mining business still reluctant to invest, but other green shoots emerging for the non-mining sector

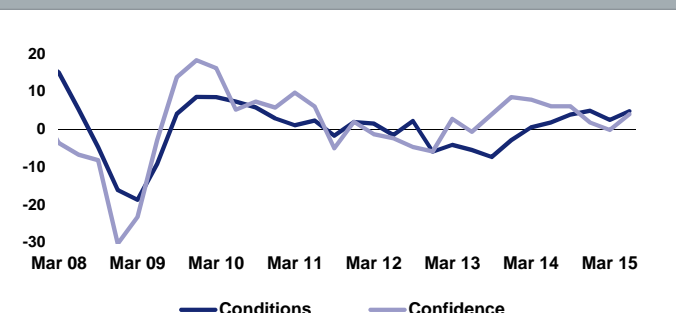
GDP by expenditure components¹



Australian business capital expenditure²



Business confidence and conditions in Australia³



- (1) Source: ABS, NAB Economics
 (2) Source: ABS, NAB Economics
 (3) Source: NAB



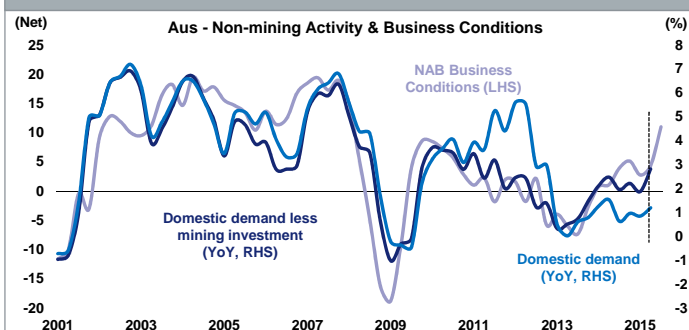
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Mining weakness is masking non-mining growth

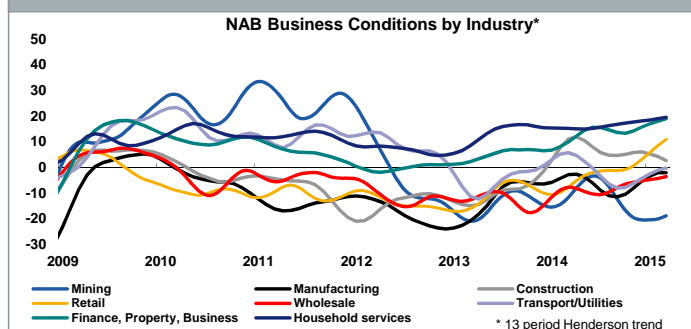
Divergent trends across industries and states

- Confidence remains shaky given a number of uncertainties, yet business conditions have improved notably on the back of a lower AUD and interest rates. Business conditions are a good indicator of non-mining domestic demand and suggest further improvement into Q3 2015.
- While business conditions in most non-mining industries have improved in the past year, service sectors have clearly outperformed. Construction has also been positive given activity in residential markets, while retail has strengthened post-budget.
- Consequently, employment growth has been relatively strong. Job creation has been particularly high in areas such as health, construction and hospitality, more than offsetting lost mining jobs.

Business conditions and non-mining economy¹

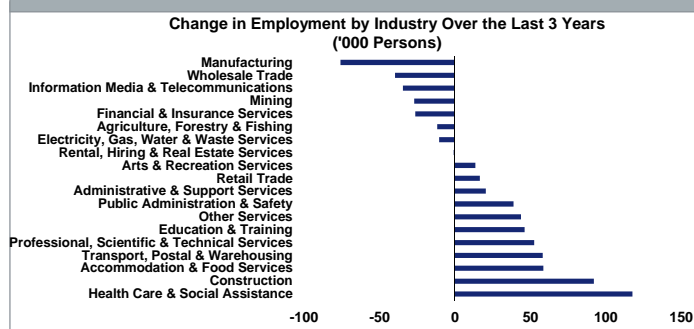


Business conditions by industry²



- Source: ABS, NAB Economics
- Source: NAB Economics
- Source: ABS, NAB Economics

Employment by industry³



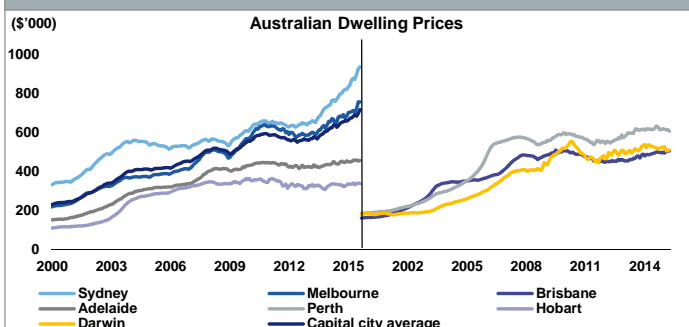
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Australian housing market reflecting diverging trends

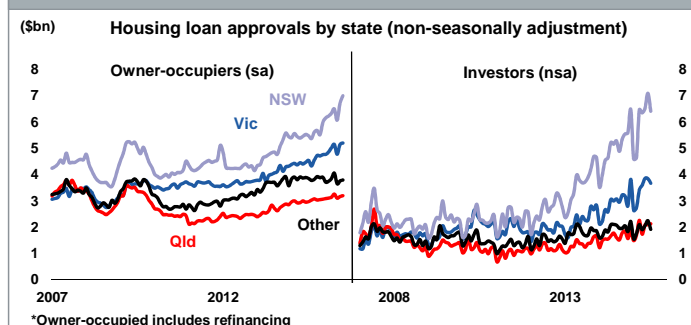
Residential property markets vary by region

- Diverging trends between mining and non-mining are also apparent across states, and respective residential property markets.
- Property prices growth remains particularly strong in Sydney, and to a lesser extent Melbourne. Elsewhere home price growth has been modest and is falling in the mining affected cities of Perth and Darwin. Mining regions such as the Pilbara and around Mackay have seen large declines.
- Mortgage demand is strong in NSW and Victoria, although changes to CAR's and APRA guidelines may have slowed investor growth.
- Residential supply is oversupplying and should help alleviate price pressures. Risk of oversupply is low for most markets, although activity in Melbourne's apartment market is extremely strong.

House prices by capital city¹

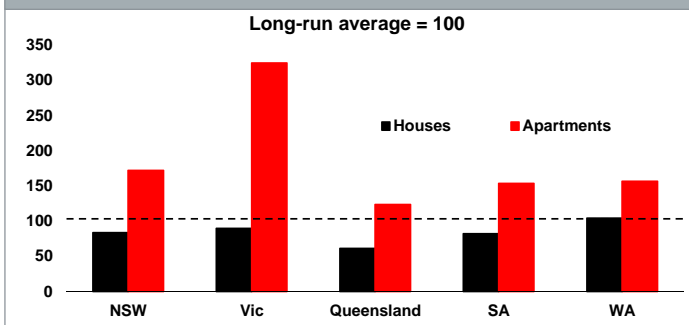


Mortgage approvals by state and type²



- Source: CoreLogic
- Source: ABS, NAB Economics
- Source: ABS, NAB Economics

Building approvals to population³



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For further information visit www.nab.com.au or contact:

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