

NATIONAL AUSTRALIA BANK LTD  
Form 6-K  
May 24, 2006

FILE NO 1-9945

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

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## FORM 6-K

### REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of May 2006

## National Australia Bank Limited

ACN 004 044 937

(Registrant's Name)

Level 24

500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

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**SIGNATURE PAGE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

**NATIONAL AUSTRALIA BANK LIMITED**

Signature: */s/ Michaela J Healey*  
Name: Michaela J Healey  
Title: *Company Secretary*

Date: 11 May 2006

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**HALF YEAR RESULTS 06**

[LOGO]

**John Stewart**  
Group Chief Executive Officer

**Michael Ullmer**  
Director, Finance & Risk & Group CFO

11 May, 2006

[LOGO]

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**Agenda**

**Introduction**

**John Stewart**

Group Results & Outlook

Michael Ullmer

Company Update

John Stewart

Questions and Answers



**Group highlights**

Good Progress in fixing the businesses

Good Momentum in Businesses

Costs contained

Good asset quality

Effective Portfolio Management

Cash earnings up 11.4% on March 2005 half

Cash earnings on average equity\* 17.4%

**Doing what we said we would do**

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\*before significant items

**Focus on the fundamentals is delivering**

**Culture and People**

**Simplicity**

**Regulatory & Compliance**

**Revenue Growth**

**All APRA culture requirements closed**

Culture driven from the top	review cultural norms and clearly articulate the expected standard of behaviour	b
These standards be built into the organisational and HR systems		b
Codes of conduct and disciplinary procedures be vigorously enforced		b
Reinforce policies to support	whistle-blowing	b
Review incentive arrangements to remove potential conflicts of interest on Risk Management staff		b

**Momentum back in all businesses**

**Cash earnings before significant items**

[CHART]

Cash earnings up 11.4% to \$1,840m (on an AIFRS basis from the March 2005 half)

Cash earnings up 14.9% to \$1,840m (on an AIFRS basis from the September 2005 half)

Dividend maintained at 83 cents per share (80% franked)

**Agenda**

Introduction

John Stewart

**Group Results & Outlook**

**Michael Ullmer**

Company Update

John Stewart

Questions and Answers

## Group Scorecard

Complex agenda progressing on a number of fronts

Core underlying profit up 14.9% over prior period up 15.1% over prior corresponding period

Improved financial disciplines reshaping business portfolio

Successful implementation of strategic change

Financial highlights strong volume growth, good margin control, costs maintained within guidance

Restructuring on track but more to be done

Asset quality sound

Adequate capital to absorb AIFRS impacts

**Group Performance**

	Mar 06 HY \$m	Sep 05 HY \$m	Mar 05 HY \$m	Core+ Change Sep 05 HY %	Mar 05 HY %
Net Interest Income	4,198	3,472	3,270	5.4	11.9
Other Operating Income	2,233	2,673	2,527	3.4	9.3
<b>Net Operating Income</b>	<b>6,431</b>	<b>6,145</b>	<b>5,797</b>	<b>4.5</b>	<b>10.8</b>
Operating Expenses	(3,637)	(3,739)	(3,396)	2.2	(7.7)
<b>Core Underlying Profit<sup>^</sup></b>	<b>2,794</b>	<b>2,406</b>	<b>2,401</b>	<b>14.9</b>	<b>15.1</b>
<b>Wealth Management Australia as reported*</b>	<b>174</b>	<b>202</b>	<b>201</b>	<b>23.9</b>	<b>16.9</b>
<b>Cash earnings as reported*</b>	<b>1,840</b>	<b>1,601</b>	<b>1,652</b>	<b>14.9</b>	<b>11.4</b>
Diluted cash earnings per share (cents)*	114.5	101.4	105.0		
Cash earnings on average equity*	17.4%	14.9%	16.0%		
Return on average assets	0.73%	0.70%	0.74%		
Net interest margin	2.31%	2.14%	2.12%		

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<sup>^</sup> Excludes Wealth Management Australia and Irish Banks (in Mar 05 half)

\* Cash earnings before significant items

+ Excludes impact of AASB 139/132/4 and for Wealth Management Australia removes impact of IORE, transitional tax relief and AIFRS

**Restructuring activities and cost saves**

A further 670 redundancies in the half  
program 50% complete Group wide

Occupancy rationalisation accelerating with good progress in the UK  
program 40% complete Group wide

Other restructuring, including asset write downs, well advanced  
program 80% complete Group wide

On target for cumulative annualised restructuring benefits in 2006 of \$290 million  
70% of estimated total



**March 2006 half cash earnings by division**

	<b>Mar 06 HY \$m</b>	<b>Sep 05 HY \$m</b>	<b>Mar 05 HY \$m</b>	<b>% Change on Sep 05 HY</b>	<b>Mar 05 HY Ongoing^</b>
Total Australia*	1,192	1,099	1,180	8.5	1.0
Total UK	257	229	307	12.2	(4.8)
Total New Zealand	167	164	153	1.8	9.2
Institutional Markets & Services	286	279	298	2.5	(2.4)
Other (incl Group Funding & Corporate Centre)	65	(61)	(191)	large	large
Distributions	(127)	(109)	(95)	(16.5)	(33.7)
<b>Cash earnings before significant items</b>	<b>1,840</b>	<b>1,601</b>	<b>1,652</b>	<b>14.9</b>	<b>14.7</b>

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\* Includes Asia

^ Excludes Irish Banks

**Australian Region core\* growth up 14.1% on Sep 2005 half**

	Mar 06 \$m	Reported Half year to Sep 05 \$m	Sep 05 HY %	Core* Change	Mar 05 HY %
<b>Australian Banking</b>					
Net interest income	2,299	1,958	2.3		8.1
Other operating income	1,083	1,351	1.9		8.3
<b>Total income</b>	<b>3,382</b>	<b>3,309</b>	<b>2.1</b>		<b>8.2</b>
Operating expenses	(1,861)	(1,875)	0.4		(13.8)
<b>Underlying banking profit</b>	<b>1,521</b>	<b>1,434</b>	<b>5.4</b>		<b>2.0</b>
Charge to provide for doubtful debts	(115)	(127)			
Wealth Management cash earnings	174	202	23.9		16.9
<b>Reported Australian region cash earnings</b>	<b>1,192</b>	<b>1,099</b>	<b>8.5</b>		<b>1.0</b>
<b>- core growth</b>			<b>14.1</b>		<b>4.7</b>

**Franchise scorecard\***

Number of customers

Revenue per customer

ROA

Profit/FTE

Cost/Income Ratio

Number of FTEs

Avg CRS quality

Margins (incl. acceptances)

Customer Satisfaction

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\* Excludes impact of AASB 139/132/4 and for Wealth Management Australia removes impact of IORE, transitional tax relief and AIFRS



**Wealth Management core\* underlying performance**

	March 2006 \$m	Sept 2005 \$m	March 2005 \$m	Sept 2005	% Growth	Mar 2005
Gross Revenue	977	951	902	2.7		8.3
Volume Expenses	(442)	(417)	(396)	(5.9)		(11.6)
Operating Costs	(335)	(348)	(311)	3.7		(7.7)
<b>WM Australia core underlying performance</b>	<b>145</b>	<b>117</b>	<b>124</b>	<b>23.9</b>		<b>16.9</b>
IORE AIFRS Basis	29					
IORE AGAAP Basis		60	41			
Other AIFRS Adjustments		10	12			
Impact of transitional tax		15	24			
<b>Reported WM Cash Earnings</b>	<b>174</b>	<b>202</b>	<b>201</b>	<b>(13.9)</b>		<b>(13.4)</b>

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\* Excludes impact of IORE, transitional tax relief and AIFRS

**Core\* change in UK underlying profit up 4.0% on the September 2005 half**

	Mar 06 £m	Reported Half year to Sep 05 £m	Sep 05 HY %	Core* Change	Mar 05 HY %
Net interest income	374	341	1.8		6.8
Other operating income	250	264	2.7		22.1
<b>Total income</b>	<b>624</b>	<b>605</b>	<b>2.1</b>		<b>13.0</b>
Operating expenses	(405)	(406)	(1.2)		(16.4)
<b>Underlying profit</b>	<b>219</b>	<b>199</b>	<b>4.0</b>		<b>6.7</b>
Charge to provide for doubtful debts	(65)	(53)			
<b>Reported UK cash earnings</b>	<b>108</b>	<b>95</b>	<b>13.7</b>		<b>(1.8)</b>

**Franchise scorecard\***

Number of customers

Revenue per customer

ROA

Profit/FTE

Cost/Income Ratio

Number of FTEs

Avg CRS quality

Margins

Customer Satisfaction

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\* Excludes impact of AASB 139/132/4 and Irish Banks (in March 2005 half)

**Core\* change in New Zealand underlying profit up 7.2% on the September 2005 half**

	Mar 06 NZ\$m	Reported Half year to Sep 05 NZ\$m	Sep 05 HY %	Core* Change	Mar 05 HY %
Net interest income	438	405	5.4		7.6
Other operating income	273	299	0.7		0.7
<b>Total income</b>	<b>711</b>	<b>704</b>	<b>3.4</b>		<b>4.6</b>
Total expenses	(415)	(412)	(0.7)		5.5
<b>Underlying profit</b>	<b>296</b>	<b>292</b>	<b>7.2</b>		<b>21.8</b>
Charge to provide for doubtful debts	(25)	(28)			
<b>Reported NZ Cash earnings</b>	<b>183</b>	<b>180</b>	<b>1.7</b>		<b>11.6</b>

**Franchise scorecard\***

Number of customers

Revenue per customer

ROA

Profit/FTE

Cost/Income Ratio

Number of FTEs

Avg CRS quality

Margins

Customer Satisfaction

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\* Excludes impact of AASB 139/132/4

**Institutional Markets & Services cash earnings up 2.5% on the September 2005 half**

	Mar 06 \$m	Reported Half year to Sep 05 \$m	Sep 05 HY %	Core* Change	Mar 05 HY %
Net interest income	434	244	20.9		14.3
Other operating income	294	423	3.5		(13.1)
<b>Total income</b>	<b>728</b>	<b>667</b>	<b>9.9</b>		<b>(3.8)</b>
Operating expenses	(366)	(372)	1.6		1.1
<b>Underlying profit</b>	<b>362</b>	<b>295</b>	<b>24.4</b>		<b>(6.4)</b>
B&DD write back	17	24			
Income tax expense	(93)	(40)			
<b>Reported cash earnings</b>	<b>286</b>	<b>279</b>	<b>2.5</b>		<b>(4.0)</b>

\* Excludes impact of AASB 139/132/4

+ Annualised return based on cash earnings for the half and calculated using the Internal Model and excluding Irish Banks

^ On a product basis

**Reported Total Income up 9.1%<sup>^</sup>**

[CHART]

[CHART]

**HALF YEAR RESULTS 06**

[LOGO]

## **Asset Quality**

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**Portfolio remains sound with write-off levels and key quality indicators stable**

**Total Net Write-offs to Risk-Weighted Assets**

[CHART]

**Half Yearly Net Write-Offs by Geography**

[CHART]

**Institutional/Corporate and Business Customer Rating Distribution\***

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\* External Ratings Equivalent

[CHART]

**Institutional/Corporate and Business % of well secured lending**

[CHART]

**Non-accrual volumes fall   slight increase in 90+ delinquency rate**

Gross Non-Accrual Loans

[CHART]

**90+ Delinquency and Gross 12 Month  
Rolling Write Off Rates for Total Personal Lending**

[CHART]

**Proportion of 90 day past due loans to  
gross loans and acceptances by Geography**

[CHART]

**Provision ratio remains sound**

**Coverage Ratio\***

[CHART]

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\* Impaired Assets identified per APRA definition.

Coverage ratio includes Irish Banks up to 30 September 2004

**Asset quality transition to AIFRS**

Drivers of provision charge under AGAAP

Expected loss over term to maturity

Loss applied to committed facility

Drivers of provision charge under AIFRS

Observable evidence of impairment

Loss applied against drawn amount

\$91 million impact on capital adequacy as AGAAP applies until 1 July 2006

## **Regulatory environment**

### **Basel II**

Parallel run on track; showing a decline in RWAs

On track for submissions to RBNZ in July 2006 and FSA in September 2006

### **Report Into Irregular Currency Options Trading**

11 requirements open, of which 5 have been submitted to APRA for review

All culture requirements now closed by APRA

Aiming to lodge our application for a return to the internal model by the end of the year

### **SOX**

SOX operating model successfully embedded in the business

Targeting SOX 404 compliance at September 2006

**Disciplined Approach to Funding**

[CHART]

Improving retail deposit growth

[CHART]

Diversity of wholesale funding

[CHART]

Reduced reliance upon short-term wholesale funding

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**Capital summary**

Gaining more clarity on AIFRS impacts

Some significant issues outstanding

Capital base adequate to absorb AIFRS changes

**Capital position remains strong**

[CHART]

Surplus provides flexibility to cater for capital impact of AIFRS, 1 July 2006

Continued focus on improving ROE and internal capital allocation

Targets	Current Target Ranges (%)		31 Mar 06 Actual
ACE/RWA	4.75	5.25	<b>5.77</b>
Tier 1	7.00	7.50	<b>8.05</b>
Total Regulatory	10.00	10.50	<b>10.73</b>



**AIFRS impact on regulatory capital is significant**

<b>Estimated Tier 1 Impacts (\$ bn)</b>	<b>Mar 06</b>	<b>30 September 2005 Previously reported</b>	<b>Comments</b>
UK defined benefit schemes	(0.6)	(1.0)	Pension reforms
Prepaid pension asset	(0.6)	(0.6)	
WM value-in force, at acquisition	(1.5)	(1.5)	
WM historical adjustment re NAFiM	(0.2)	(0.2)	
Revenue recognition -effective yield		(0.3)	APRA change
Credit provisioning	0.2	0.2	
Hedging		0.1	
Capitalised Software	(0.6)		APRA change
Other	(0.3)	(0.3)	
<b>Total</b>	<b>(3.6)</b>	<b>(3.6)</b>	

Awaiting final APRA AIFRS standards position above is therefore not final

AIFRS effective for capital 1 July 2006 - transitional relief is available until 1 January 2008

**Interim dividend of 83 cents, franked to 80%**

[CHART]

**Disposals announced during first half**

<b>Business</b>	<b>Announced</b>	<b>Price</b>
MLC Life Hong Kong / Indonesia	21 Feb 06	A\$575m
BNZ Investment Management	30 Nov 05	Not disclosed
UK Discretionary Investment Management*	16 Jan 06	A\$13m
Custom Fleet^	5 May 06	A\$550m

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\* Price quoted is based on estimate of PCS clients agreeing to transfer to Tilney Investment Management

^ Subject to regulatory approval

Mar 2006 HY profit stream \$56m

ACE Capital released \$950m

Tier 1 Capital released \$780m

**Key Takeouts**

Revenue momentum maintained

Cost contained within guidance on track

Asset quality maintained

Implemented a comprehensive term funding program

Reshaping business portfolio, and redeployment of capital

Issues to contend with:

earnings impact of businesses sold

some slowing of credit growth

impact of Basel II roll out

reduced earnings from IMS balance sheet

cost of funding initiative

Systems and infrastructure development



**Agenda**

Introduction

John Stewart

Group Results & Outlook

Michael Ullmer

**Company Update**

**John Stewart**

Questions and Answers

**Low underlying Australian region cost growth creating room for investments**

**Region 1H06 operating costs**

[CHART]

Source: Internal

**Revenue drivers moving in right direction**

Excellent growth in business

**NAB volume growth**

YoY percentage change

[CHART]

Note: Source and Time periods

~ NAB(RBA Financial System Aggregates definitions) 2006 data based on 30/9/05-31/3/06 annualised

^ NAB(APRA Monthly Banking Statistics definitions) 31/3/04-30/9/04 annualised; 30/9/05-31/3/06 annualised

\* DEXX&R: 2006 data based on 30/9/05 31/12/05 annualised

\*\* Plan for Life: 2006 data based on 30/9/05 31/12/05 annualised

Market share gains

**Change in market share, Mar 05 Mar 06**

Basis points

		<b>Market rank*</b>	<b>NAB volume (\$ b)</b>
Business lending (inc bills)^	150	1	86.3#
Total lending	51	2	213.1
Retail/household deposits	19	3	37.4
Business deposits	14	1	51.5
Individual risk	11	1	0.5
Housing lending (inc securitisation)	2	2	104.6
Retail funds (exc cash mgt)	1	2	52.3
Credit cards	-120	4	4.2

\* NAB/APRA Monthly Banking Statistics (Mar 06 data). Ranking among the authorised banks



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NAB/APRA Monthly Banking Statistics (Mar 06 data). Plan for Life Retail Funds exc Cash Mgt data and DEXX&R data as at Dec 2005, market share movement from Mar 2005 to Dec 2005. Note that Plan For Life and DEXX&R data is available on a quarterly basis only

^ APRA definition of Bills excludes Bank Held Bills

# Includes Institutional Markets and Services

Limited margin impact

[CHART]

### Australian bank net interest margin

Net Interest Margin (incl. acceptances)

Source: Internal

Non-retail asset quality remaining high

	Sep 04	Sep 05	Mar 06
Customer rating system*	6.0	5.9	5.8
Proportion of loans secured	76.5%	76.2%	74.1%

\* CRS: 1=lowest risk; 16=highest risk

Source: Internal excludes housing and personal loans

**Significant improvement in customer satisfaction****MFI customer satisfaction, March 2006**

Percentage

	% of each institutions MFI Customers who are satisfied*	Monthly change		Quarter change		Half year change		Annual change	
		(Feb 06	Mar 06)	(Dec 05	Mar 06)	(Sep 05	Mar 06)	(Mar 05	Mar 06)
<b>Major bank 1</b>	<b>78</b>		<b>-0.5</b>		<b>0.4</b>		<b>1.1</b>		<b>1.7</b>
<b>NAB</b>	<b>72</b>		<b>1.5</b>		<b>2.5</b>		<b>4.5</b>		<b>3.6</b>
<b>Major bank 2</b>	<b>72</b>		<b>-0.5</b>		<b>-2.0</b>		<b>0.2</b>		<b>-0.3</b>
<b>Major bank 4</b>	<b>65</b>		<b>-0.4</b>		<b>0.2</b>		<b>0.4</b>		<b>-0.9</b>
<b>Average of 4 major banks</b>	<b>70</b>		<b>-0.2</b>		<b>0.1</b>		<b>1.1</b>		<b>0.4</b>
<b>Total market<sup>^</sup></b>	<b>75</b>		<b>-0.1</b>		<b>0.1</b>		<b>0.5</b>		<b>0.2</b>

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\* Satisfaction is based on customers who answered very or fairly satisfied, for customers aged 14+(rounded figures).

<sup>^</sup> Total Market includes Banks, Building Societies and Credit Unions

All time periods relate to a 6 month average.

Source: Customer Satisfaction Roy Morgan Research

**Australian Region**

**NAB Wins Australian Bank of the Year**

**Bank of the Year**

[GRAPHIC]

**Wealth Management - strongly positioned**

Product	Current Australian Market Share		Current Share of New Business	
	Market Share (%)	Rank	Market Share (%)	Rank
<b>Retail (exCMT)</b>	<b>12.9</b>	<b>2</b>	<b>9.3</b>	<b>3</b>
<b>MasterFunds</b>	<b>16</b>	<b>1</b>	<b>11</b>	<b>2</b>
<b>Corporate Super</b>	<b>20</b>	<b>1</b>	<b>15</b>	<b>2</b>
<b>Total Individual</b>	<b>15</b>	<b>1</b>	<b>12</b>	<b>2</b>

Source:

Retail (ex CMT)Plan for Life QDF Report Dec 2005

Masterfunds (Marketer View): Plan for Life Market Share & Dynamics Dec 2005

Corporate Super: Plan for Life Market & Dynamics Dec 2005

Total Individual Insurance: DEXX&R Life Analysis Dec 2005

**New Zealand**

**Consistent strategy in a highly competitive market**

[GRAPHIC]

Consistent execution of strategy

Profitable market share focus

Delivery of quality result

**Better  
Value**

**Better  
Service**

**Better  
Innovation**

**Better  
Attitude**

## **Institutional Markets & Services**

**Strong demand and speedy execution is delivering results**

[GRAPHIC]

Stabilised and building the business

Increased earnings on lower capital base

Strong sales performance and favourable trading conditions

Accelerated execution of new business initiatives

Broader product range for new capital pools

Driving efficiency

**United Kingdom**  
**2002 Strategy Themes**

**2004**

**CB      YB**  
**NB      NIB**

**One efficient business**

Integration of systems

Convergence of processes

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**United Kingdom  
Strategy for Differentiation**

**2004**

**CB      YB**

**NB      NIB**

Do what we do, but do it better

**One efficient GB business**

Do what we do, but do it better

**Differentiated GB business**

Playing a different game



**Over the last six months**

Completed branch rationalisation

Roll out of IFS

Expanded third party

Migrated to Danske platform

**Corporate Centre**

Emphasis on clear accountability for decisions and outcomes

**Corporate Centre to focus on:**

Value creation

Target/ expectation setting and sign off of proposed strategies

Performance monitoring

Validation and oversight required to provide assurance required for financial and risk governance

Capital and balance sheet management

Merger and acquisitions

**Economic environment**

**Gathering momentum in our key markets**

Global economy continues to expand despite higher oil prices

Economic activity strengthening both domestically and globally, New Zealand to remain subdued

Credit growth to moderate in Australia and New Zealand. UK to stabilise at current levels

**NAB Group Planning & Development Approach  
Strategic & Operational Planning**

	<b>Group Strategies</b>	<b>Objectives</b>	<b>Focus of Group Planning &amp; Development</b>
<b>STRATEGIC &amp; OPERATIONAL PLANNING</b>	1 Increasing performance of current businesses	Ensure current businesses are positioned to deliver against realistic performance targets	Develop a common and robust approach to strategic & operational planning across all operations
<b>PORTFOLIO MANAGEMENT</b>	2 Effectively managing the portfolio	Set the strategic direction by agreeing the connected logic across the portfolio moving forward Make portfolio moves to: Address known concerns with the portfolio; Create sustainable competitive advantage by proactively targeting opportunities; or Block key strategic threats	Agree portfolio priorities for the Group
<b>GROUP DEVELOPMENT</b>	3 Fostering Innovation	Identifying and effectively delivering new growth opportunities	Create an environment for innovation

**Businesses stabilised**  
**Good momentum in all businesses**

[CHART]

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## NAB Group Planning & Development Approach

### Portfolio Management

	Group Strategies	Objectives	Focus of Group Planning & Development
<b>STRATEGIC &amp; OPERATIONAL PLANNING</b>	1 Increasing performance of current businesses	Ensure current businesses are positioned to deliver against realistic performance targets	Develop a common and robust approach to strategic & operational planning across all operations
<b>PORTFOLIO MANAGEMENT</b>	2 Effectively managing the portfolio	<p>Set the strategic direction by agreeing the connected logic across the portfolio moving forward</p> <p>Make portfolio moves to:                      Address known concerns with the portfolio;                      Create sustainable competitive advantage by proactively targeting opportunities; or                      Block key strategic threats</p>	Agree portfolio priorities for the Group
<b>GROUP DEVELOPMENT</b>	3 Fostering Innovation	Identifying and effectively delivering new growth opportunities	Create an environment for innovation

## NAB Group Planning & Development Approach

### Group Development

	Group Strategies	Objectives	Focus of Group Planning & Development
<b>STRATEGIC &amp; OPERATIONAL PLANNING</b>	1 Increasing performance of current businesses	Ensure current businesses are positioned to deliver against realistic performance targets	Develop a common and robust approach to strategic & operational planning across all operations
<b>PORTFOLIO MANAGEMENT</b>	2 Effectively managing the portfolio	Set the strategic direction by agreeing the connected logic across the portfolio moving forward Make portfolio moves to: Address known concerns with the portfolio; Create sustainable competitive advantage by proactively targeting opportunities; or Block key strategic threats	Agree portfolio priorities for the Group
<b>GROUP DEVELOPMENT</b>	3 Fostering Innovation	Identifying and effectively delivering new growth opportunities	Create an environment for innovation

**NAB Group Planning & Development Approach**  
**Change in focus**

	<b>Group Strategies</b>	<b>Objectives</b>	<b>Focus of Group Planning &amp; Development</b>
<b>STRATEGIC &amp; OPERATIONAL PLANNING</b>	1 Increasing performance of current businesses	Ensure current businesses are positioned to deliver against realistic performance targets	Develop a common and robust approach to strategic & operational planning across all operations
<b>PORTFOLIO MANAGEMENT</b>	2 Effectively managing the portfolio	Set the strategic direction by agreeing the connected logic across the portfolio moving forward Make portfolio moves to: Address known concerns with the portfolio; Create sustainable competitive advantage by proactively targeting opportunities; or Block key strategic threats	Agree portfolio priorities for the Group
<b>GROUP DEVELOPMENT</b>	3 Fostering Innovation	Identifying and effectively delivering new growth opportunities	Create an environment for innovation

**Top 100 senior executives focus shifting from fixing to performance to development**



**Summary**

Good progress in rebuilding the businesses;

Considerable value creation potential;

But further work still to do;

Importantly, we have done what we said we would do, and

Will continue to do

**Agenda**

Introduction	John Stewart
Group Results & Outlook	Michael Ullmer
Company Update	John Stewart

**Questions and Answers**

**Appendix**

Group Performance

Divisional Performance

Capital

Other Matters

Economic Outlook

**HALF YEAR  
RESULTS**

06

[LOGO]

## **Group Performance**

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**Core\* income growth**

**Net Interest Income - \$m**

[CHART]

**Other Operating Income^ - \$m**

[CHART]

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\* Excluding AIFRS

^ Excluding net life Insurance income, revaluation losses on Excaps and significant items

**Net interest margin up 17 bps on the September 2005 half**

	Sep 05	NIM		Mar 06	AIEA	% of Group		Impact on
	HY	AIFRS	Change	HY	Mar 06 HY	Sep 05 HY	Mar 06 HY	
	NIM		Other	NIM	\$Bn			
Australian Banking	2.46%	(11bps)	2bps	2.37%	194.5	49%	54%	6bps
UK Banking	3.73%	27bps	(36bps)	3.64%	48.3	13%	13%	(2bps)
New Zealand Banking	2.48%	5bps	1bps	2.54%	31.5	9%	9%	(1bp)
Institutional Markets & Services	0.37%	19bps	8bps	0.64%	135.6	41%	37%	9bps
Other	(0.46)%	(14bps)	(20bps)	(0.80)%	(45.8)	(12)%	(13)%	5bps
<b>Group Impact</b>	<b>2.14%</b>			<b>2.31%</b>	<b>364.1</b>	<b>100%</b>	<b>100%</b>	<b>17bps</b>

Australian banking movement has been calculated based on adjusting for bills in the current period

**Volume growth across the Group**

**Australian Banking**  
(quarterly average)

[CHART]

**UK Banking\***  
(quarterly average)

[CHART]

**NZ Banking**  
(quarterly average)

[CHART]

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\* Excludes Irish Banks

**Expenses\* across the group declined 3.9% during the half**

[CHART]

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\* Expenses are on cash earnings basis and include \$54 million ongoing costs of the UK defined benefit plans and exclude \$5 million impairment of goodwill

+ Includes productivity as well as restructuring benefits



**HALF YEAR  
RESULTS**

06

[LOGO]

## **Divisional Performance AIFRS Impacts**

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**Impact of AIFRS\* on Australian Banking Result**

**Net Interest Income**

[CHART]

**Other Operating Income**

[CHART]

**Other Operating Expenses**

[CHART]

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\* AASB 139 and 132 impacts only

**Impact of AIFRS\* on Total UK^ Result**

**Net Interest Income**

[CHART]

**Other Operating Income**

[CHART]

**Other Operating Expenses**

[CHART]

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\* AASB 139 and 132 impacts only

^ Ongoing operations

**Impact of AIFRS\* on Total NZ Result**

**Net Interest Income**

[CHART]

**Other Operating Income**

[CHART]

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\* AASB 139 and 132 impacts only

**Impact of AIFRS\* on Institutional Markets & Services Result**

**Net Interest Income**

[CHART]

**Other Operating Income**

[CHART]

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\* AASB 139 and 132 impacts only

**HALF YEAR RESULTS 06**

[LOGO]

## **Divisional Performance Margins**

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**Australian banking net interest margin down 9bps on the September 2005 half**

[CHART]

**Acceptances reclassification impact calculated by restating prior period**

62

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**Australian banking net interest margin down 13bps on the March 2005 half**

[CHART]

63

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**UK banking net interest margin down 9bps on the September 2005 half**

[CHART]

64

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**UK banking\* net interest margin down 21bps on the March 2005 half**

[CHART]

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\* Ongoing operations, excludes Irish Banks.

**New Zealand banking net interest margin up 6bps on the September 2005 half**

[CHART]

66

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**New Zealand banking net interest margin down 13bps on the March 2005 half**

[CHART]

67

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**HALF YEAR RESULTS 06**

[LOGO]

## **Divisional Performance Other Information**

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**Australian Banking: market share**

<b>Market share</b>	<b>Mar 06</b>	<b>Sep 05</b>	<b>Mar 05</b>	<b>Sep 04</b>	<b>Mar 04</b>	<b>Rank at Mar 06*</b>
Business Lending (incl Bills <sup>^</sup> ) <sup>+</sup>	24.4%	24.3%	22.9%	21.6%	22.0%	<b>#1</b>
Housing (incl Securitisation)	16.6%	16.7%	16.6%	16.5%	17.0%	<b>#2</b>
Credit Cards	15.1%	15.4%	16.3%	16.7%	17.8%	<b>#4</b>
Other Personal Lending	24.7%	25.7%	25.9%	25.8%	26.2%	<b>#1</b>
Business Deposits	26.8%	26.5%	26.6%	27.7%	27.7%	<b>#1</b>
Household Deposits	13.5%	13.3%	13.3%	13.4%	13.6%	<b>#3</b>

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+ Includes Institutional Markets & Services

<sup>^</sup> Excludes Bank Held Bills

\* Ranking among authorised banks

Source: APRA Monthly Banking Statistics / National (March 2006)

**Wealth Management Australia market share**

**Masterfund market share plus flows**

[CHART]

**Insurance - Retail Risk Market Share**

[CHART]

Source: Plan for Life Australian Retail & Wholesale Investments Market Share & Dynamics Report as at 31 December 2005 DEXX&R Life Analysis Reports as at 31 December 2005

**Wealth Management Australia inflows and attrition**

**Share of annual inflows**

[CHART]

**Attrition rate**

[CHART]

Source: Plan for Life Australian Retail & Wholesale Investments Market Share & Dynamics Report as at 31 December 2005



**Australian Housing metrics**

**Low Doc Loans**

\$1.7bn outstanding

LVR capped at 60% (without LMI)

**Inner City Apartments**

\$2.4bn outstanding

90 days past due improving

**Origination source - Flows**

	Mar 05	Sep 05	Mar 06
Proprietary	72%	70%	72%
Introducer	10%	12%	12%
Broker	18%	18%	16%

## Housing Segmentation - Australia

Majority of growth attributable to owner occupied housing.

### Housing portfolio segmentation for Australia September 2005

[CHART]

### Housing portfolio segmentation for Australia March 2006

[CHART]

Note: Introduction of new datamart enables split between owner and investor inner city to be more accurately identified

**HALF YEAR RESULTS 06**

[LOGO]

**Capital**

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**Core capital movement**

**Movement in ACE ratio**

[CHART]

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**HALF YEAR RESULTS 06**

[LOGO]

**Other Matters**

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**Taxation**

	Potential Amount in Dispute	Status	Amount Provided	
ExCaps capital raising	A\$552 million(1)	In dispute	\$	Nil
NZ structured finance transactions	NZ\$548 million(2)	In dispute	\$	Nil
MLC reinsurance transaction	A\$54 million(3)	Under review	\$	Nil

ExCaps remains in dispute \$12 million tax effect on interest not claimed in half year results.

NZ structured finance transactions remain in dispute underlying transactions all terminated in 2005.

MLC reinsurance transaction - Group currently preparing response to ATO position paper. Group believes that based on work to date the position adopted is correct under tax law. Amended assessments have not been issued.

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(1) Includes primary tax, penalties and interest (net of tax)

(2) Includes primary tax and interest (net of tax); any penalties have not been determined at this time

(3) Includes primary tax only; any interest and penalties have not been determined at this time.

**HALF YEAR RESULTS 06**

[LOGO]

## **Economic Outlook**

The following slides contain forward looking statements. Refer to disclaimer on page 82

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**Global economy strong and only marginally weaker in 2006**

**Global Forecasts - Annual Growth %**

[CHART]

Global growth strong

Growth underpinned by US, China and India

Inflationary concerns remain

Upward bias on rate rises

European growth to remain sluggish



## **Economic outlook**

### **Economic outlook differs across key markets: But overall reasonable**

GDP picking up in Australia and the UK in 2006, but slower in New Zealand,

In 2006 we expect GDP growth of 3 ¼ % in Australia, 2 ¼ % in UK, but only 1 ¼ % in New Zealand. In 2007 GDP, in both Australia and the UK, is expected to marginally strengthen but little improvement is expected in New Zealand.

Overall credit growth in 2006 across our key markets much the same as in 2005 (around 13 %) but the mix somewhat changed with business credit stronger than personal and household credit. Moderately slower credit growth in 2007 (to around 10 ½ %) - mainly due to moderately weaker demand in Australia (and especially business).

Underlying inflation expected to move higher in Australia and to remain high in New Zealand for some time. UK outlook little changed. Rates expected to begin to fall in late 2006 in New Zealand (given weak economic outlook) but to remain unchanged in the UK.

In Australia, rates likely to be on hold following RBA's recent moves - but risks clearly still up. Outcomes very data dependent and will need to reflect no acceleration in wages and the eventuation of an expected slowing in domestic demand over 2006/07 (following the re-acceleration in early 2006).

## Macro risks to outlook estimates

**Geo politics** - Both political, oil & trade tensions overhang the outlook.

**New Zealand** s Economic Outlook is hard to read with significant volatility in the currency and rate expectations. That could well continue.

**In Australia, New Zealand and UK household leverage** high household gearing, leaves some consumers vulnerable to higher interest rates and or an unexpected loss of jobs. For Australia (and to a lesser extent the UK) the risks probably relate more to higher than expected interest rates. For New Zealand the risks revolve more about delays to rate cuts in an environment of still overvalued house prices and below trend growth.

**Commodity prices** are very high and providing a significant boost to Australian incomes and equity markets. Our forecasts involve only moderate further upside in 2006 followed by a moderate correction in 2007. Extreme movements in either direction could considerably complicate policy responses and economic outcomes in Australia.

**Oil prices** have remained stubbornly high. Those effects have to some extent been masked by wealth effects: including equity markets (Australia) and house prices (NZ and the USA). Further hikes in oil could bring about powerful global headwinds to growth especially if wealth effects wain faster than expected

**Bird flu** Likely to be contained, albeit watch for human pandemic.

## Disclaimer

This document is a presentation of general background information about the Group's activities current at the date of the presentation, 11 May, 2006. It is information in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

This announcement contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and the US Private Securities Litigation Reform Act of 1995. The words anticipate, believe, expect, project, estimate, likely, intend, should, could, may, target, plan and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. For further information relating to the identification of forward-looking statements and important factors that could cause actual results to differ materially from those projected in such statements, see Presentation of Information - Forward-Looking Statements and Risk Factors in the Group's Annual Report on Form 20-F filed with the US Securities & Exchange Commission.