HALF YEAR INVESTOR PACK 2004

John Stewart, Managing Director and CEO
Richard McKinnon, Chief Financial Officer

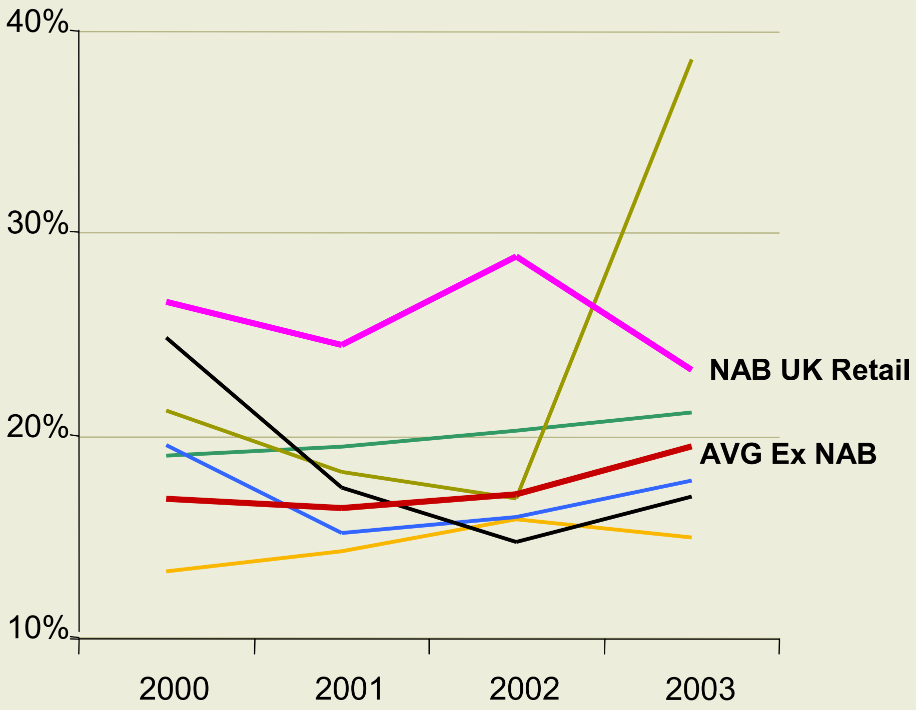
www.nabgroup.com

March 2004 key result summary

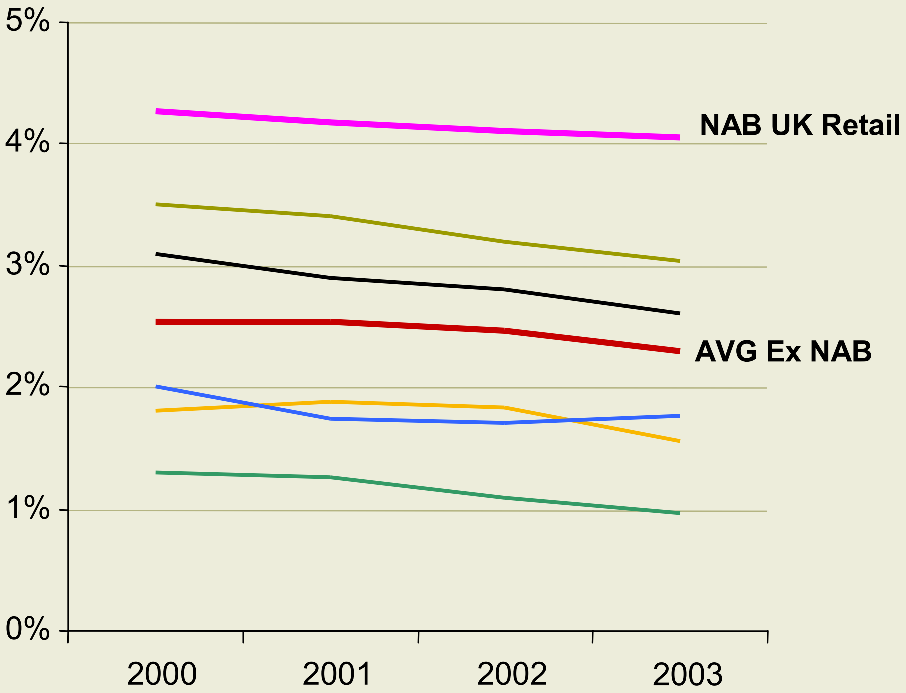
	Mar 04 v Mar 03	Mar 04 v Sep 03
Basic cash earnings per share (before significant items)	7.6% ↓	9.3% ↓
Diluted cash earnings per share (before significant items)	7.8%↓	9.3%↓
Cash earnings (before significant items)	8.7% ↓	9.4% ↓
Dividend of 83 cents	3 cents ↑	-
Return on equity (before significant items) at 18.8%	200 bps ↑	100bps ↓
ACE at 5.36%	27 bps ↑	41 bps ↑
Total regulatory capital at 9.35%	19 bps ↑	35 bps ↓
Gross NALs/ Total Loans to 0.46%	19 bps ↓	9 bps ↓

Europe high returns but not sustainable

Return on Equity – UK Banks (2000-2003)



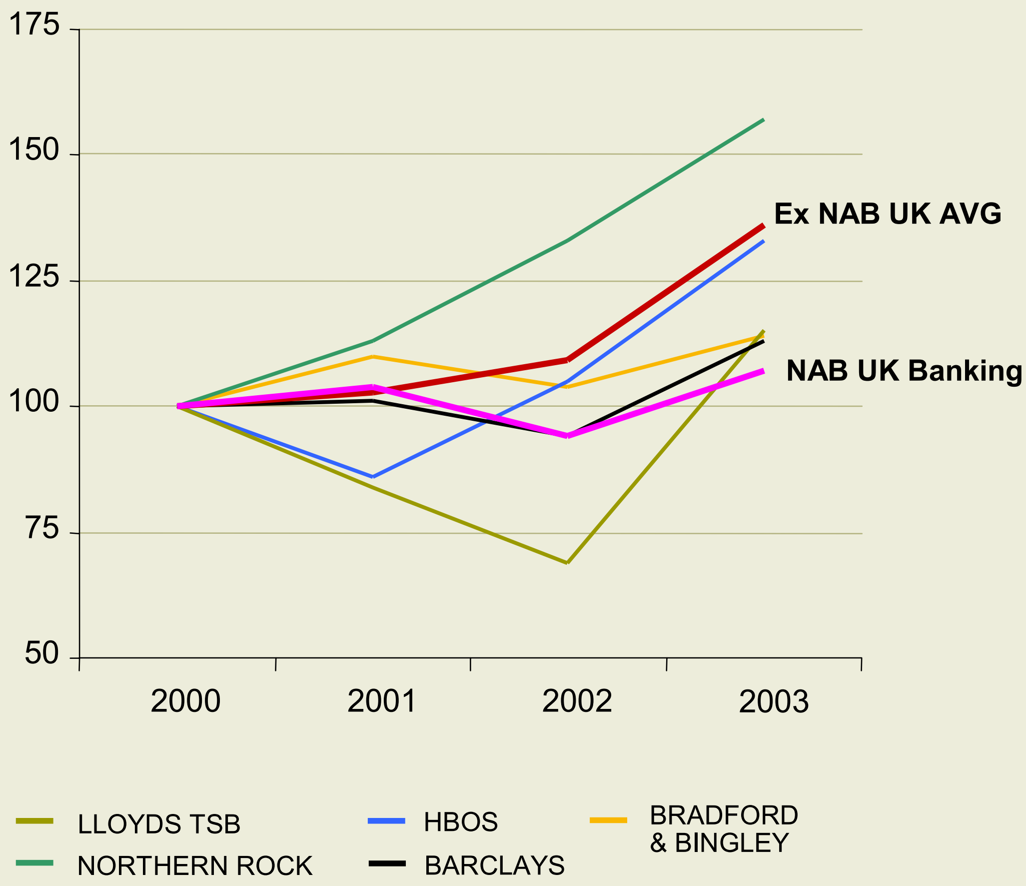
Net Interest Margin – UK Banks (2000-2003)



LLOYDS TSB
HBOS
BRADFORD & BINGLEY
NORTHERN ROCK
BARCLAYS

Short term focus means turnaround will take time

Cumulative Growth in Profit before Tax
UK Banks (2000-2003) (Normalised to 100 in 2000)



- Customer attrition erodes income growth
- Limited investment in growth
- Expense growth driven by regulatory and compliance issues

Early signs that turnaround is underway

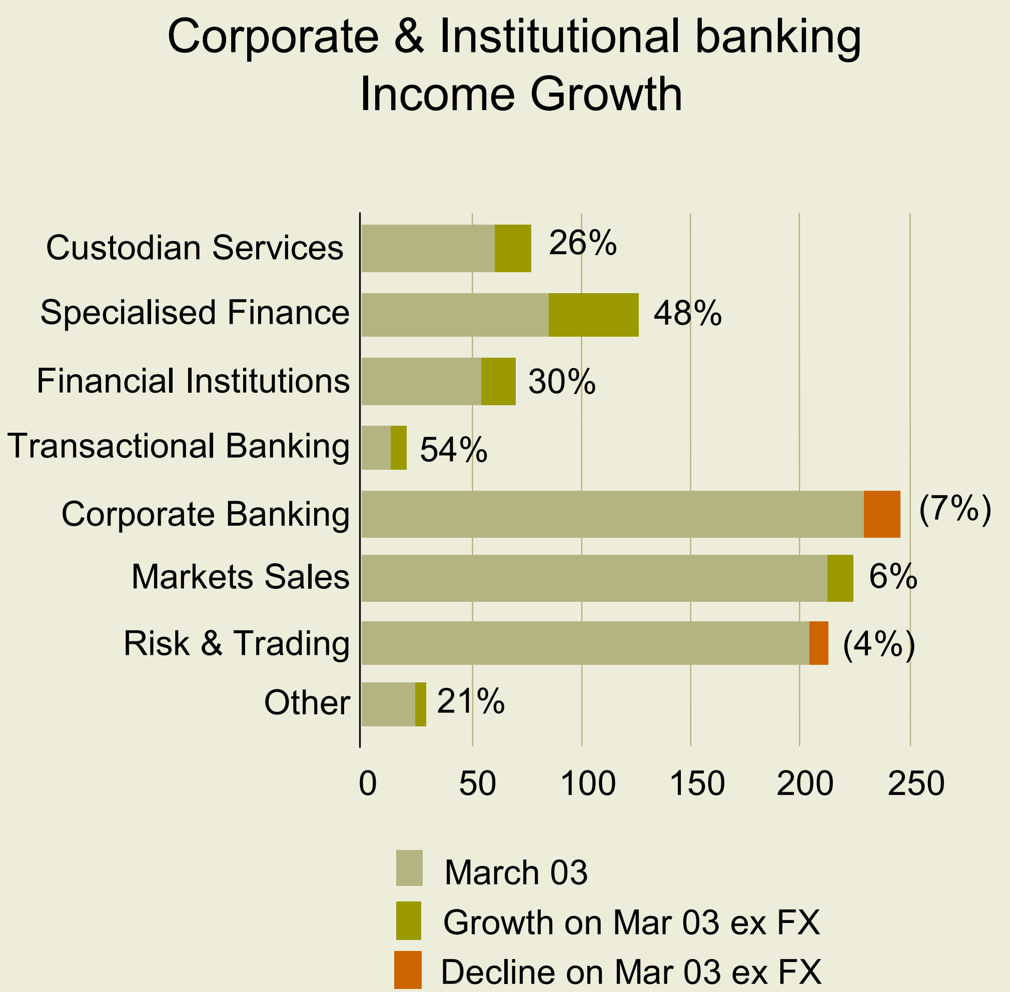
Recent Actions

- Recruiting new talent
  - Third party
  - IFS expansion
- New competitive products launched
  - Current account
  - Offset mortgage
- Expanding IFS centres in the South of England

Green Shoots

- Customer attrition slowing
- Now growing customers in premium segment
- Mortgage lending growth 12% vs 8% for prior 12 months
- Revenue growth in new IFS centres is ahead of plan

Corporate & Institutional Banking - focus on maintaining the franchise



- Focus continues on growing client based income
- No knee jerk reactions
- Retaining customers and staff is a priority in near term
- No wholesale reduction in risk limits

Financial Services Australia strong franchise refocusing on growth

Strong Franchise

Overall Business*
- Maintaining market share 26%
- Leading share of wallet 64%
- Some loss in sole proprietor segment

Agribusiness*
- Growing market share 29%
- Leading share of wallet 70%

CRM capability

Credit quality

* Source TNS Feb 04

Refocusing on growth

Getting the risk balance right

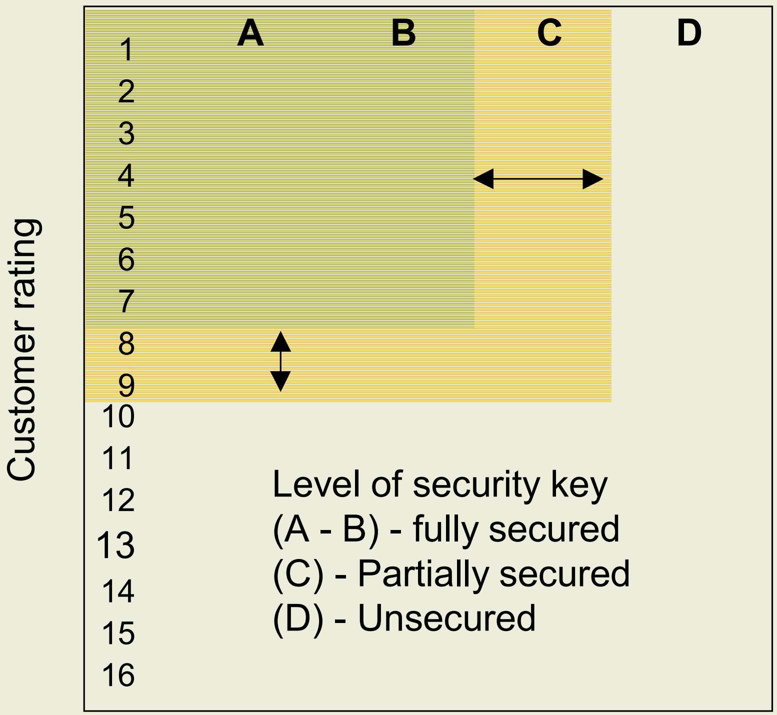
Addressing the soft spots
- Personal loans and cards
- Sole proprietor business

New product development and investing in customer facing people

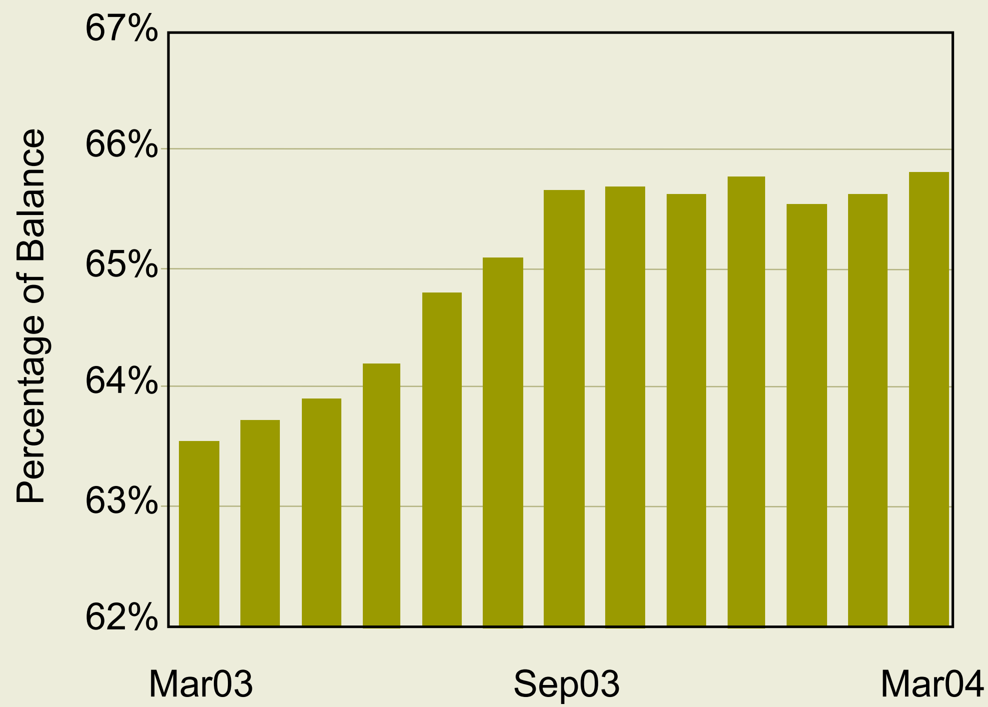
Initiating strategies to overcome impact of near term brand damage

Financial Services Australia de-risking outcomes

Level of security



Financial Services Australia CRS 1 – 6
(investment grade equivalent)



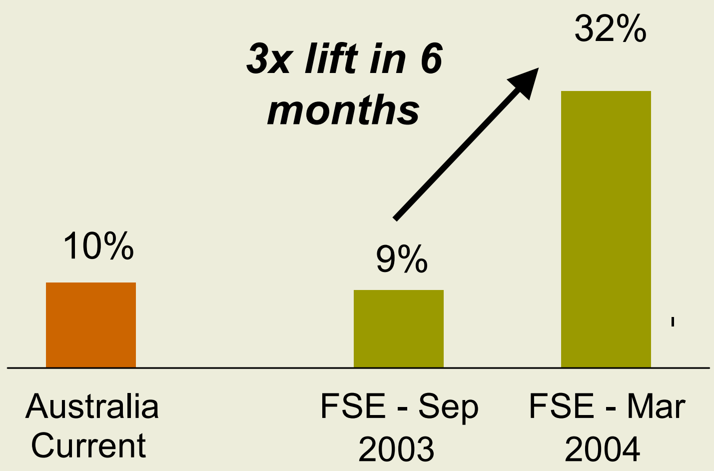
Australia wealth management

No 1 retail risk insurance products in Australia

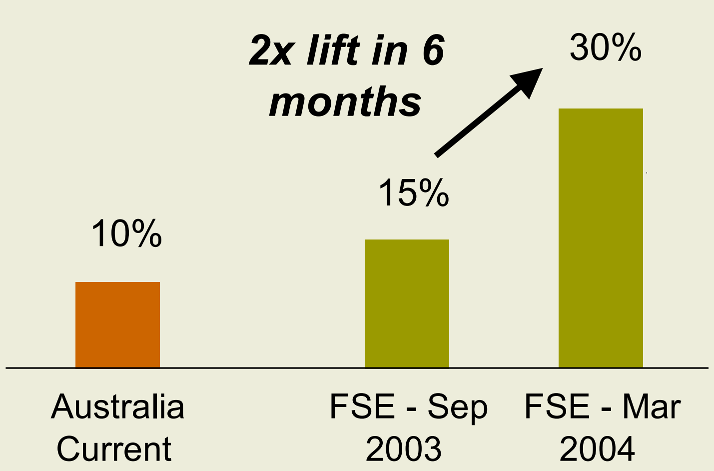
No 1 retail platform brand in Australia

Significant potential for wealth sale through banking channel

General Insurance (Home & Contents) Cross Sales (% of new mortgages)

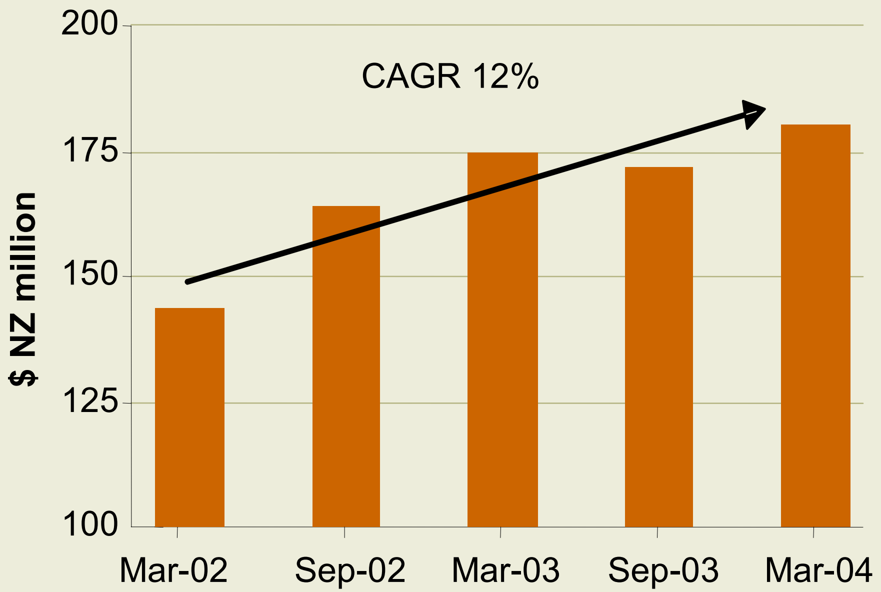


LoanCover (Life) Cross Sales (% of new mortgages)

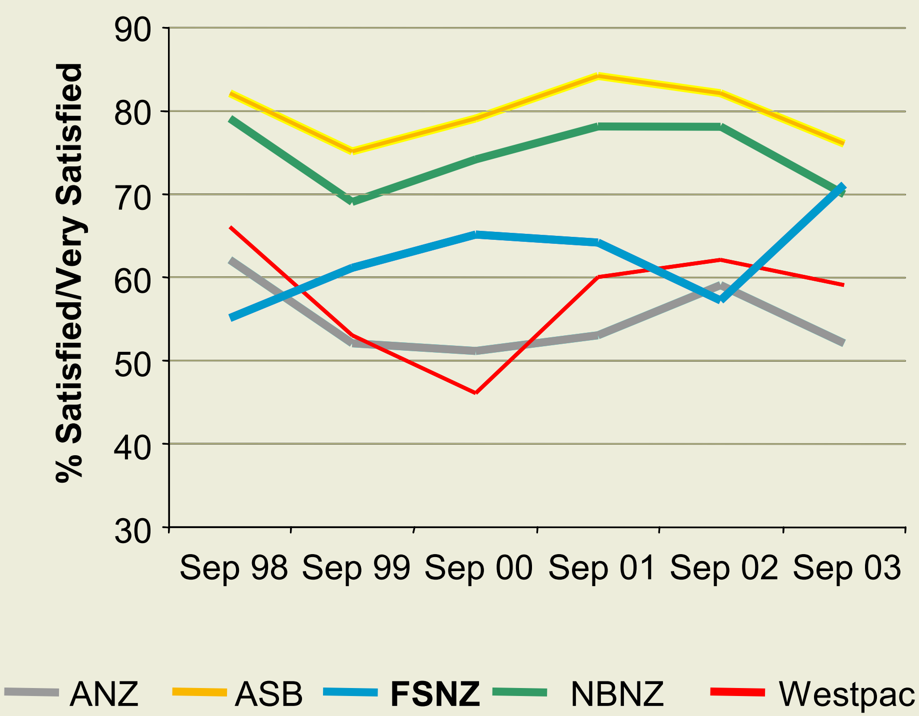


New Zealand strong franchise

Financial Services New Zealand
Cash Earnings

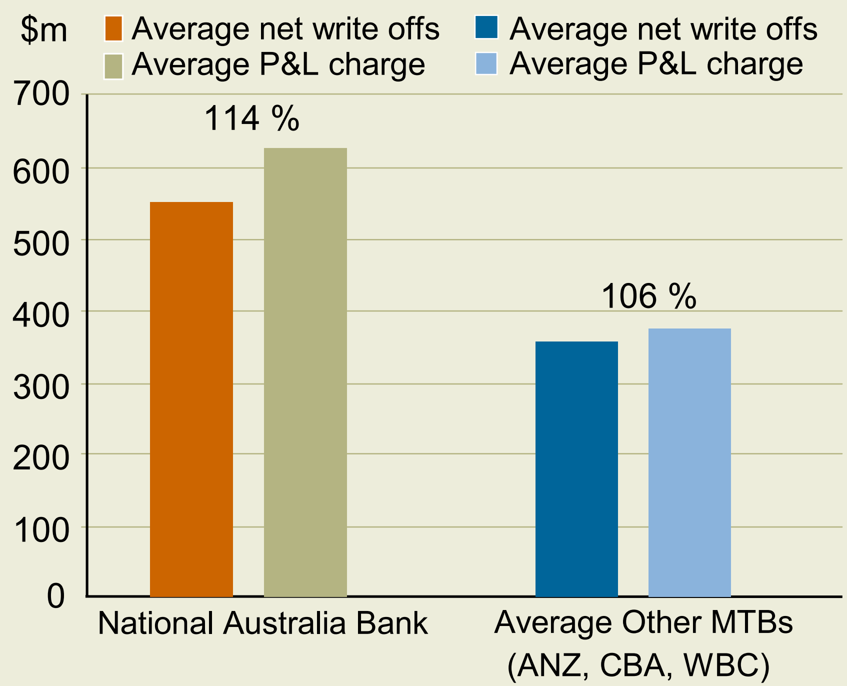


Auckland University
Customer Satisfaction



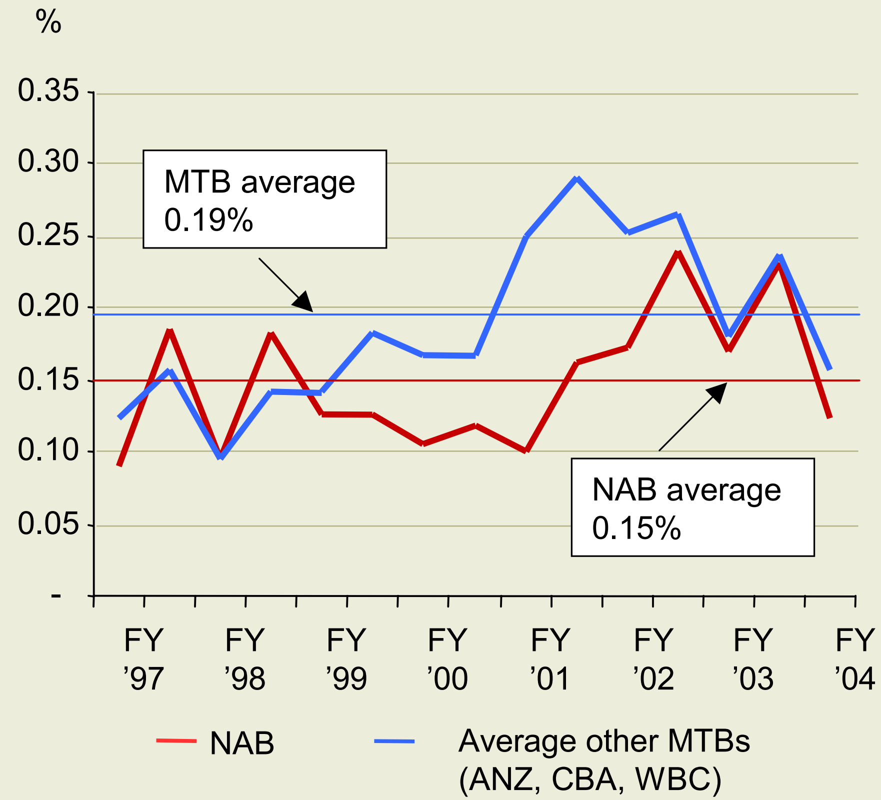
Strong provisioning adequacy through the cycle 1997 - 2004

Provisioning adequacy through the cycle 1997 - 2004



% = Average charge / average net write offs

Net write-offs to Risk-weighted assets (excluding housing)



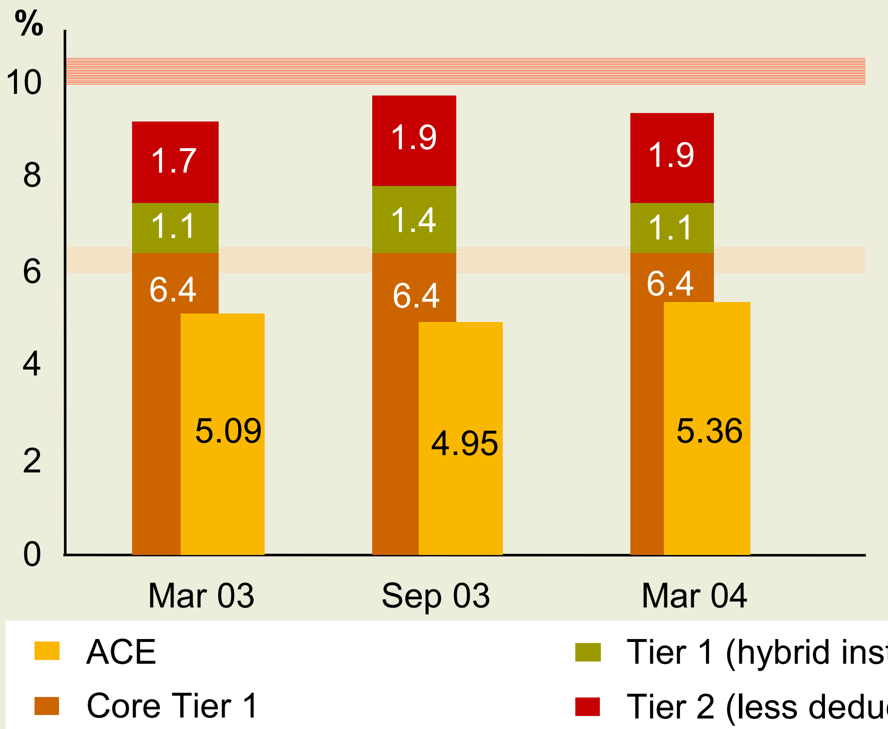
Risk management

- APRA undertakings
  - Good progress on planning with 12 work streams
  - Initial deadlines met;
    - Confirmed trading limits
    - New market risk management and policy
    - Application of standard method
  - Markets activity now well within approved limits
    - Average VAR for last 2 months $15 million vs markets limit of $40 million
  - Additional capital required in near term
- Fundamental change in way we deal with regulators

Capital management

Major drivers of ratio movements ACE and Tier 1

- Sale of strategic stakes 12 basis points,
- Change to standard model for market risk (-44) basis points and
- Underwritten DRP 45 basis points



Targets	Target Ranges (%)	Mar 04 Actual
ACE/RWA	4.75 – 5.25	5.36
Core Tier 1	6.00 – 6.50	6.41
Tier 1	7.00 – 7.50	7.47
Total Regulatory*	10.00 – 10.50	9.35

* APRA requirement is 10%

Summary

Europe turnaround will take 2 to 3 years

Corporate & Institutional Banking faces near term challenge

Financial Services Australia is jewel in crown but needs some work

Wealth and New Zealand are in good shape

Addressing APRA issues / Sound capital position

Culture will be transformed over next 2 years

Confirmed next steps

Next Steps

APRA remedial work

Cultural change

European strategy

Strategy for Australian businesses

Appendix

Divisional Results / Market Share	16 - 29
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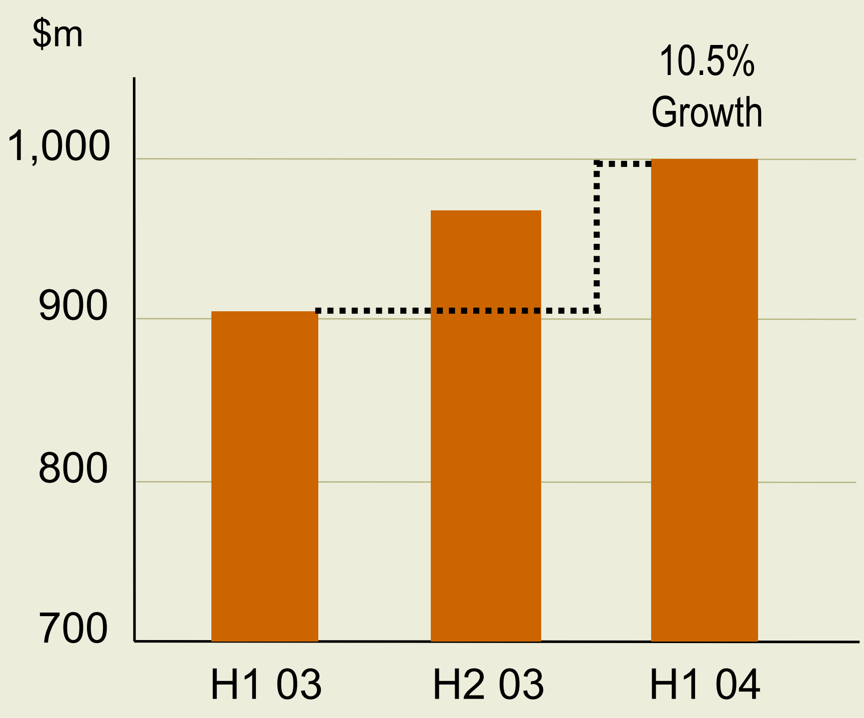
Capital / Dividend	48 - 49
Capitalised Software	50

March 2004 cash earnings

Cash earnings ($m)	Mar 04	Mar 03	Var %	Excl. FX %
Financial Services Australia	999	904	10.5	10.5
Financial Services Europe	308	490	(37.1)	(27.5)
Financial Services New Zealand	158	159	(0.6)	2.9
Corporate & Institutional Banking	375	430	(12.8)	(6.5)
Wealth Management operating profit	221	161	37.3	37.3
Other (incl. Excess Capital, Group Funding & Corp. Centre)	(117)	(23)	large	large
Distributions	(94)	(94)	-	-
Cash earnings before significant items	1,850	2,027	(8.7)	(3.7)

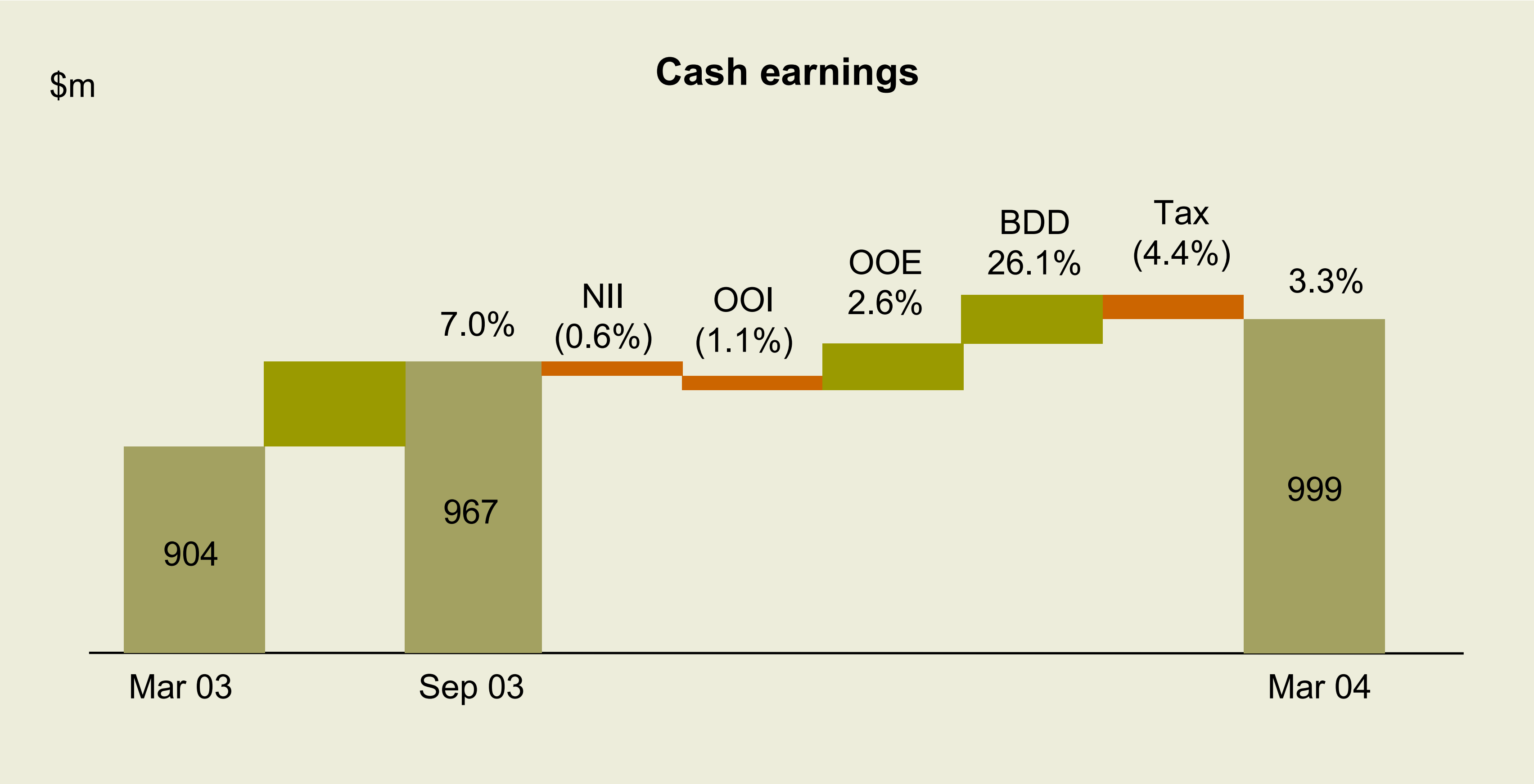
Financial Services Australia -
Solid underlying performance

Cash earnings

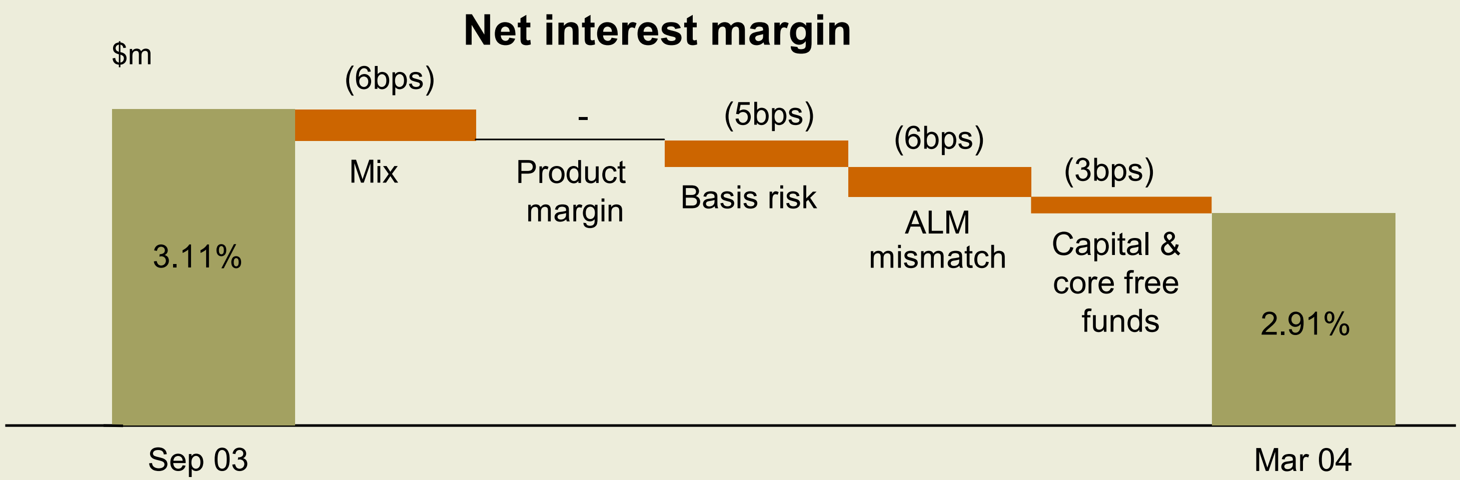


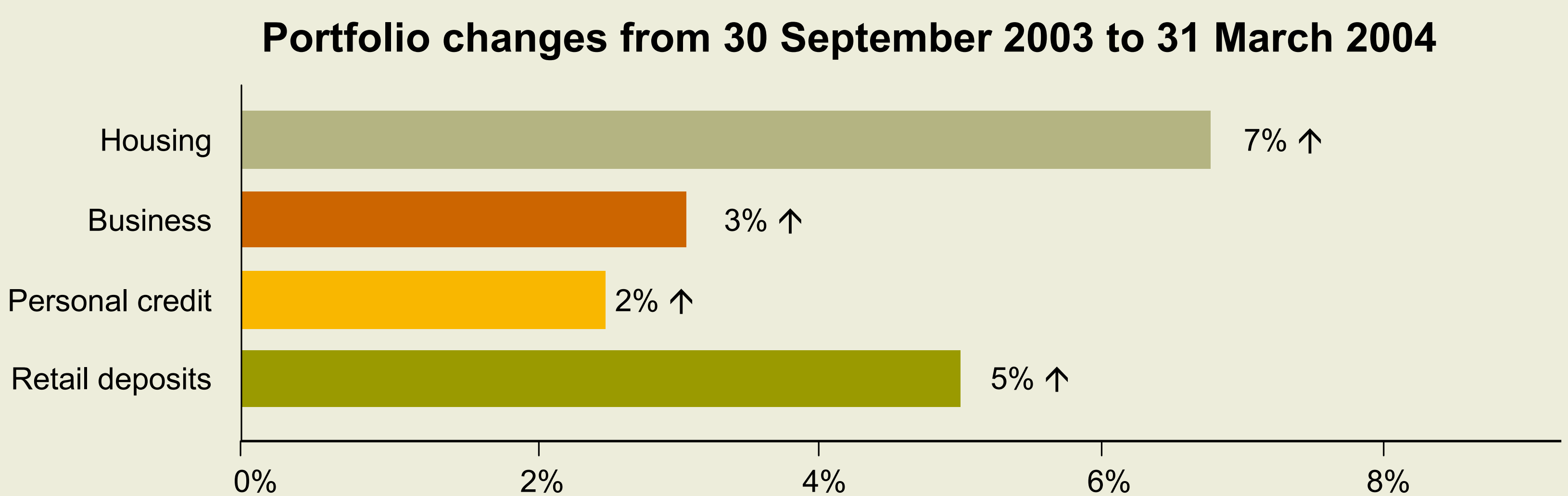
- Total income up 4.8%
- Housing lending (including investment housing) up 18.0%
- Retail deposit (average) volumes up 9.5%
- Cost to income ratio improved from 45.6% to 45.0%
- Improved asset quality - NAL/ Loans down to 0.29%

Financial Services Australia -
Cash earnings component movement



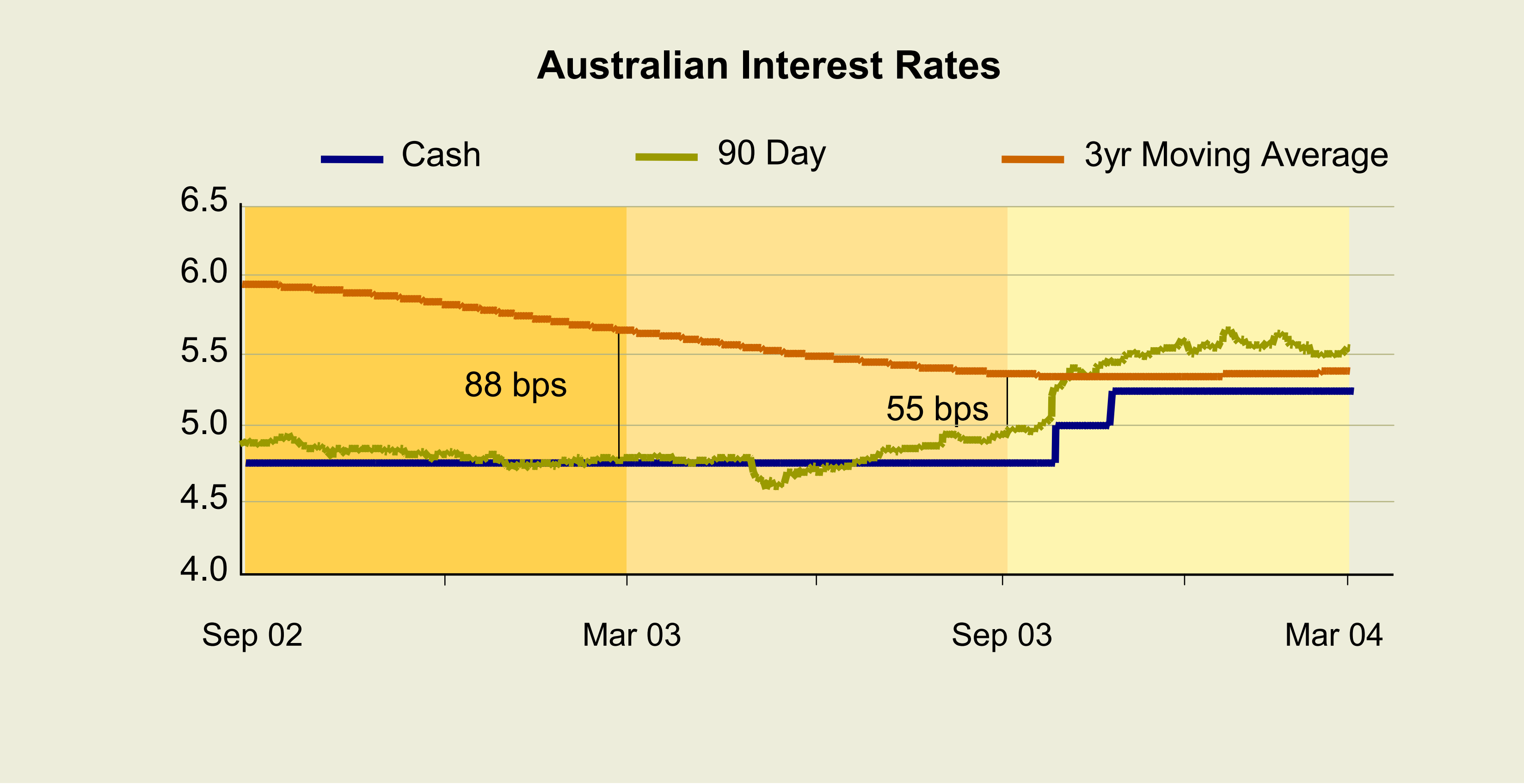
Financial Services Australia - Continued strong volume growth



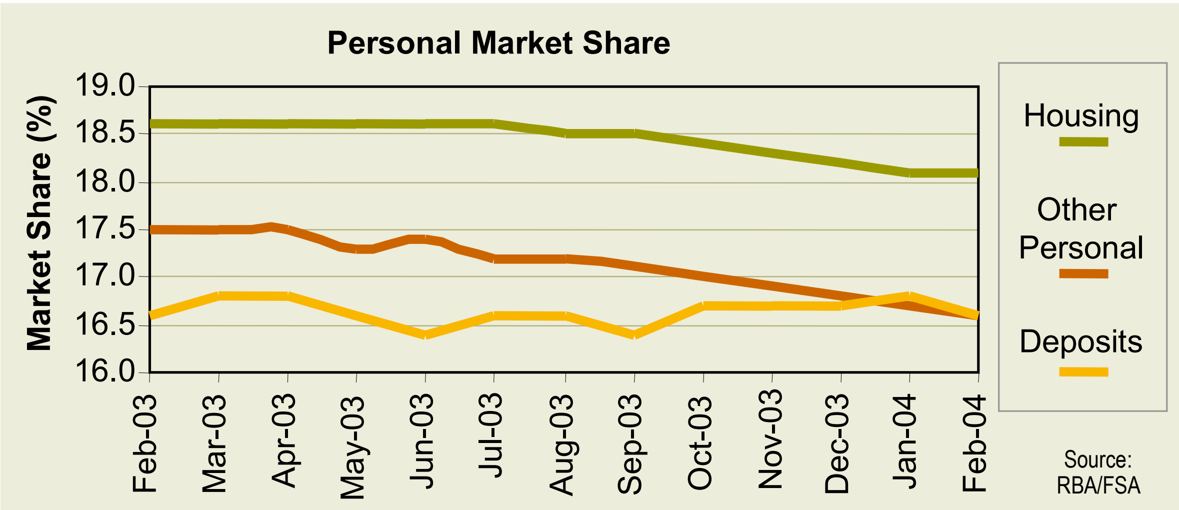


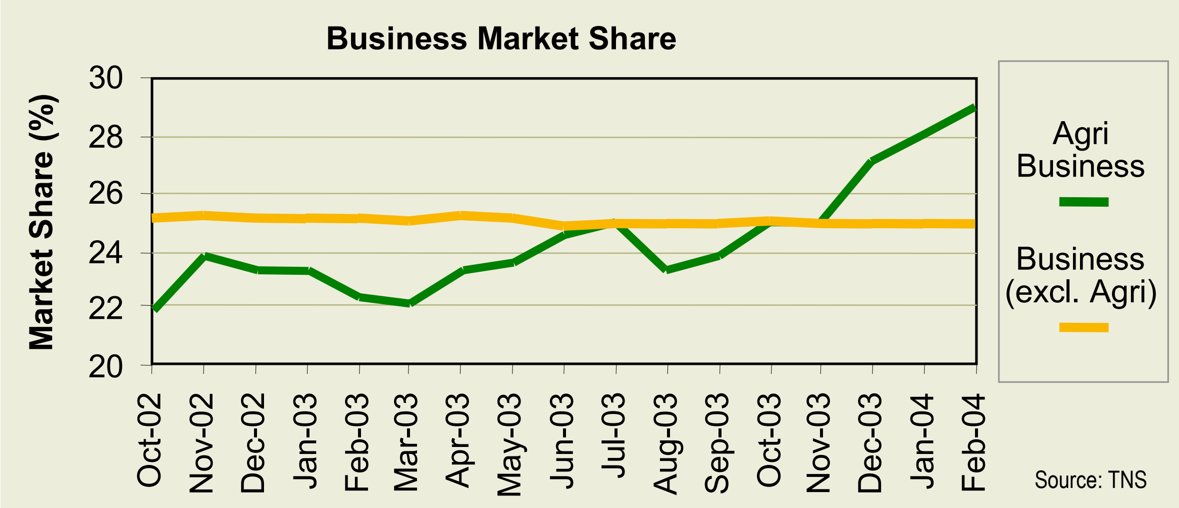
Interest rate environment - Australia

- Interest rate environment impacted FSA's margin.
- 90 day rate (used for funding) and 3 year rate (used to invest core free funds) converged dramatically over the period



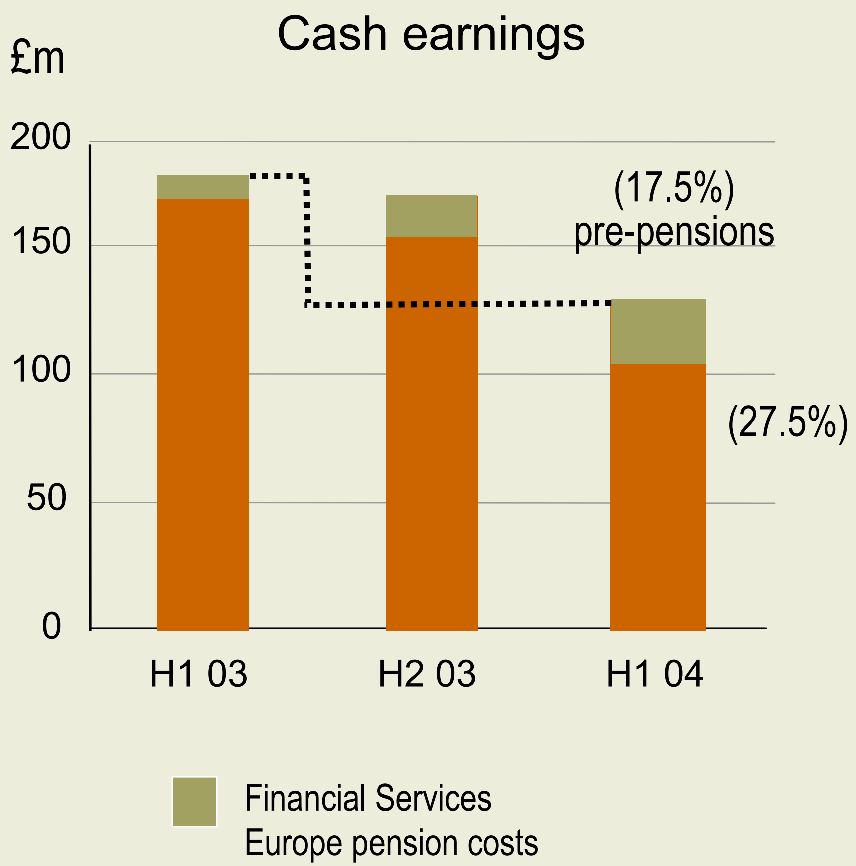
Financial Services Australia - Market share





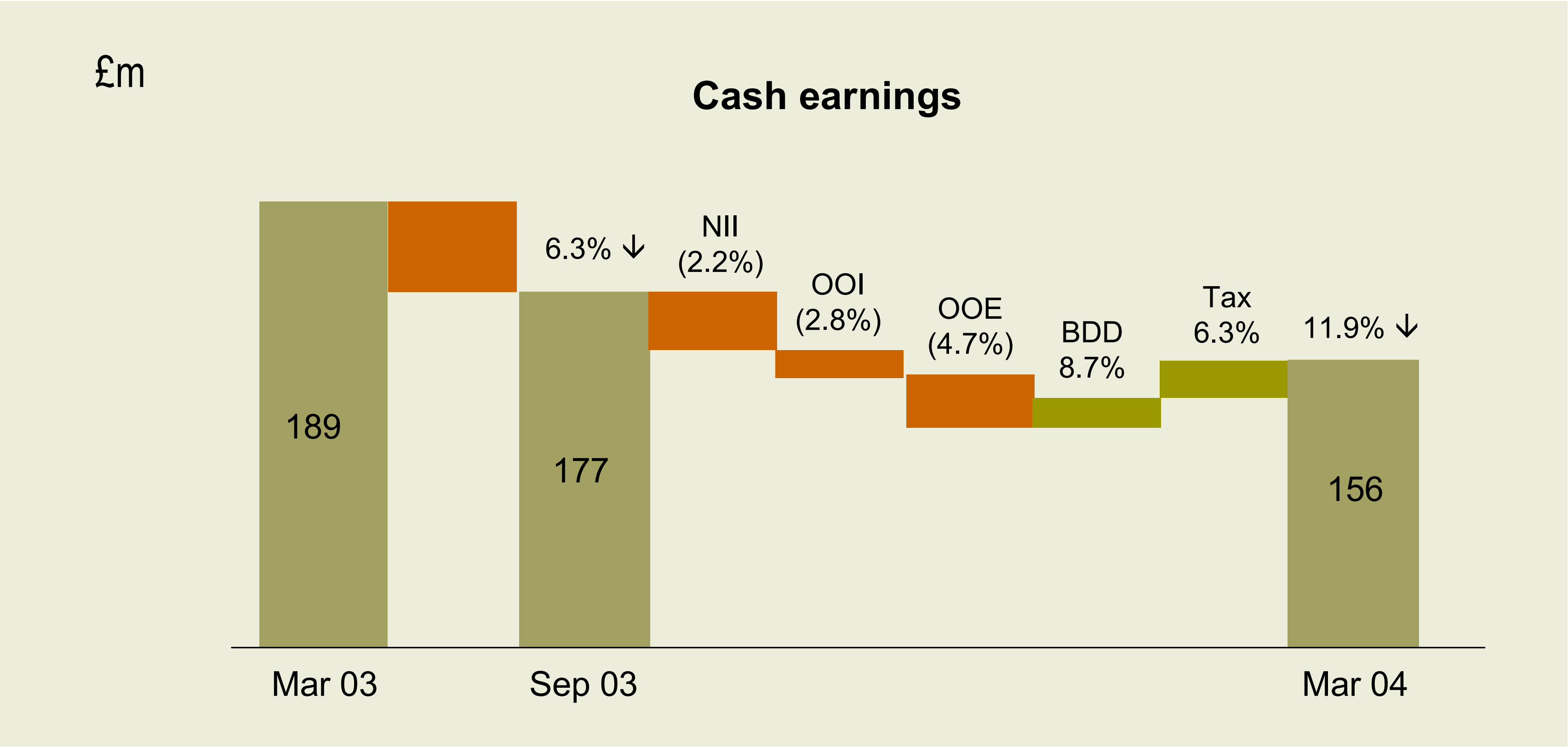
- Housing market share has grown from 16.5% to 18.1% since 2000, however has declined since June 2003 from 18.6%
- Ranks No. 2 in the Premium and Retail segments as at Jan 04
- Maintaining leading position in business
  - 26% share in Business lending
  - 28.9% share in Agri-business lending
- 64% share of wallet in business
  - nearest competitor 57%

Financial Services Europe down 27.5%



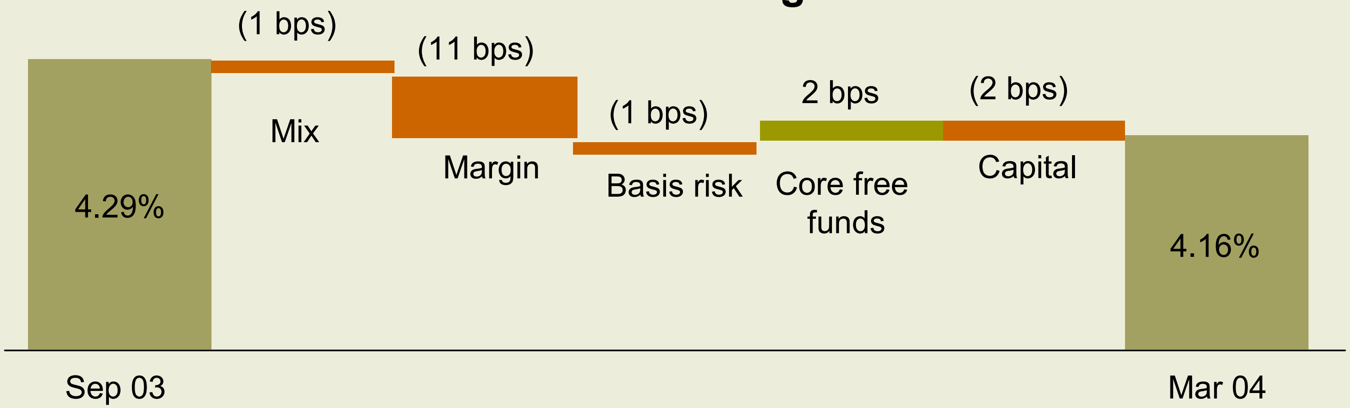
- Net interest margin contraction
- Mortgages up 11.9%
- Other operating income down 4.4%
- Other operating expense (excluding pensions) up 11.3%
- Asset quality improved - NALs/ Loans down to 0.53%

Financial Services Europe -
Cash earnings component movement (pre-pensions)

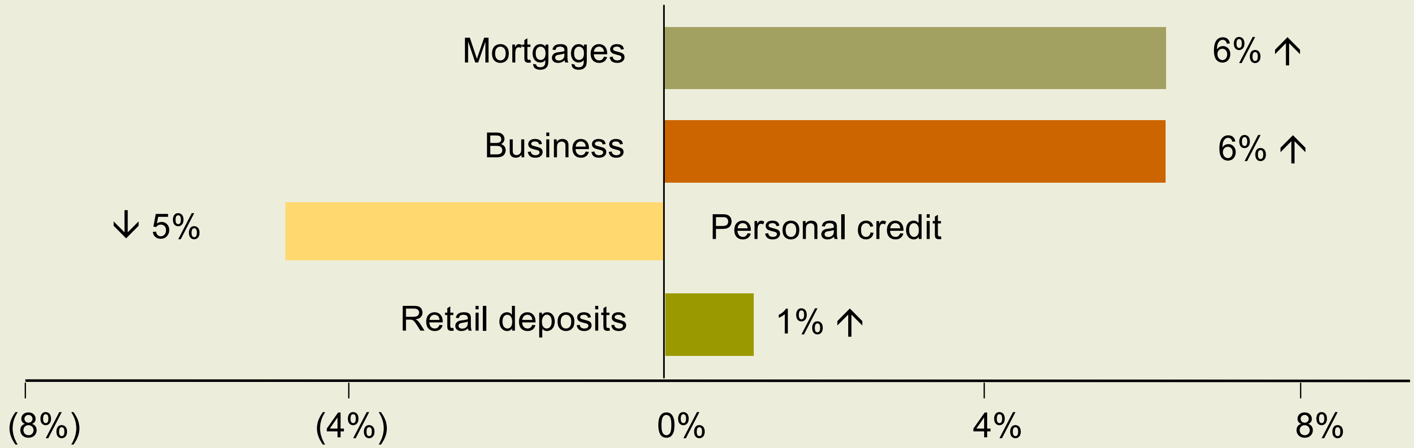


Financial Services Europe - Margin contraction

Net interest margin



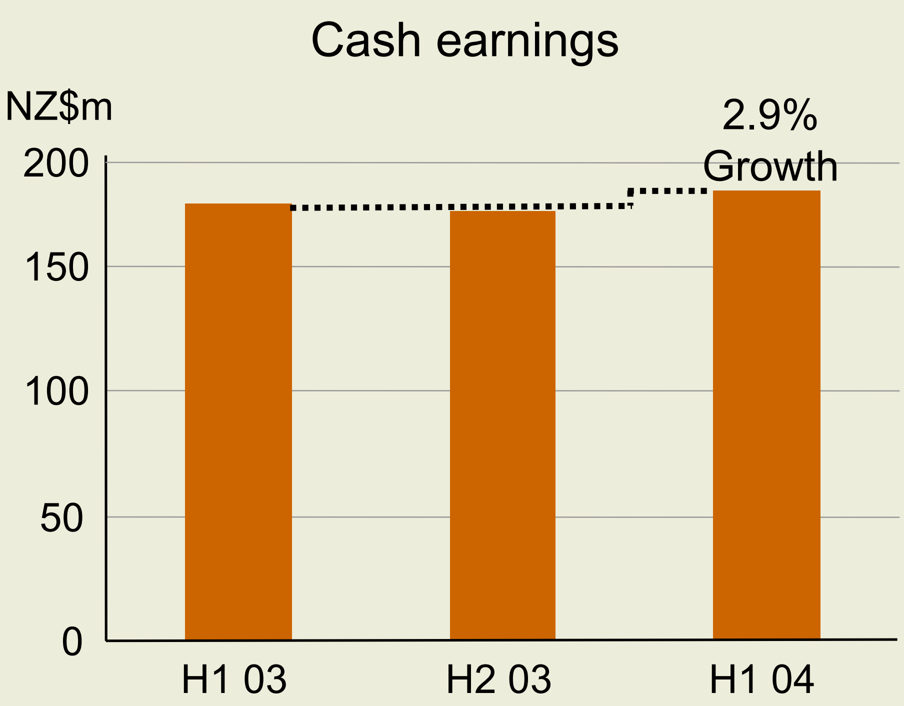
Volume growth in local currency - 30 September 2003 to 31 March 2004



Financial Services Europe - Underlying core expenses

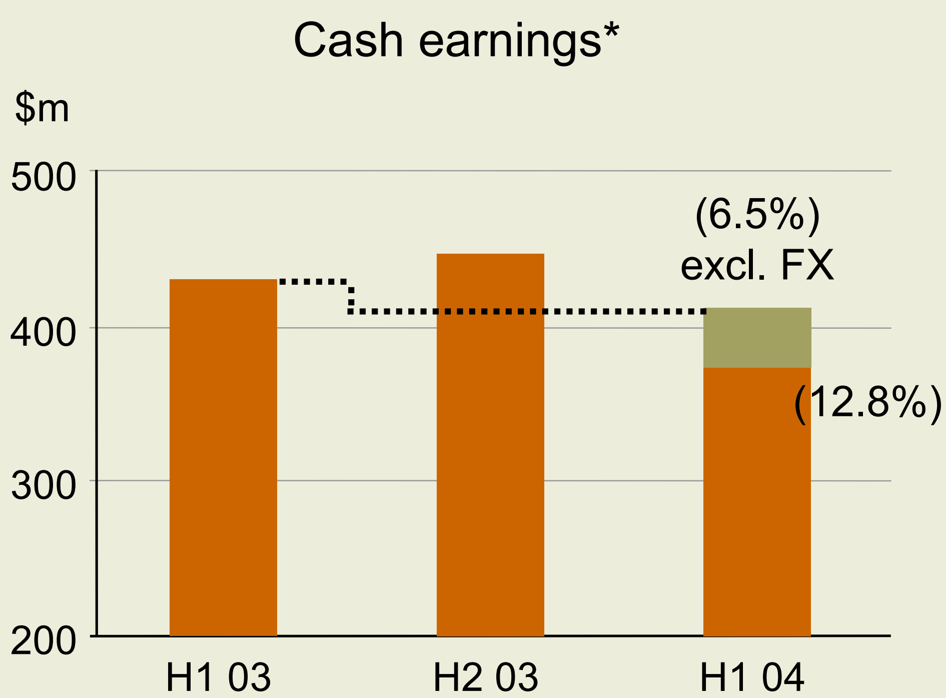
£m	Mar 04	Sep 03	Mar 03	Mar 04 v. Mar 03 %
Core expenses	305	311	292	(4.5)
Growth	13	3	5	large
Provisions	17	2	2	large
Write-offs	-	4	2	large
Expenses (excluding pensions)	335	320	301	(11.3)
Pensions	39	21	15	large
Total expenses	374	341	316	(18.4)

Financial Services New Zealand -
Stable cash earnings growth with strong housing growth



- Net interest income up 5.8%
- Growth in housing 18.7% against market 16.0%
- Retail Deposit growth 6.4% against market 5.8%
- Cost to income ratio 49.6%, improved from 50.8%
- Asset quality stable

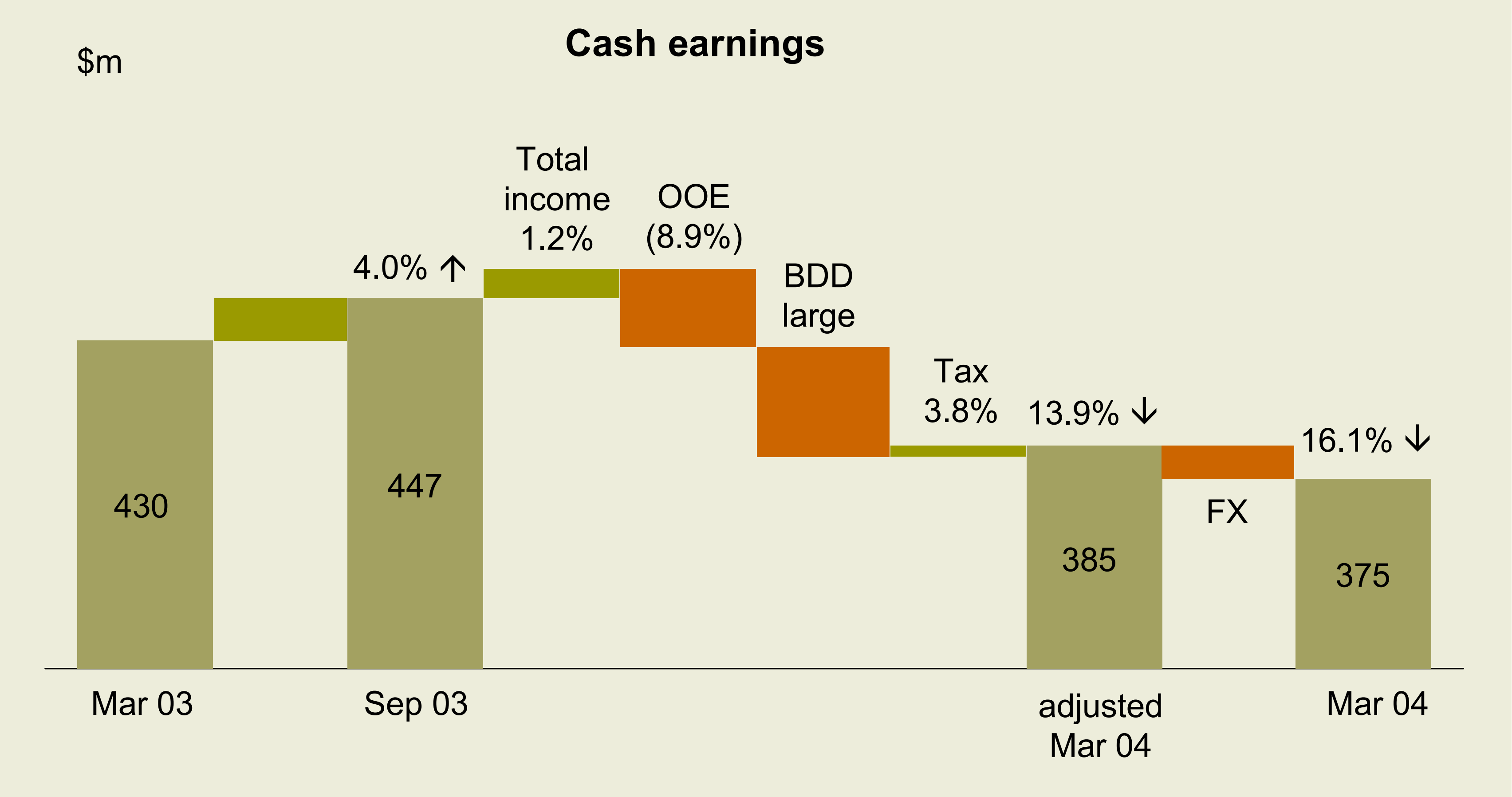
Corporate & Institutional Banking -
Lower result impacted by a difficult operating environment



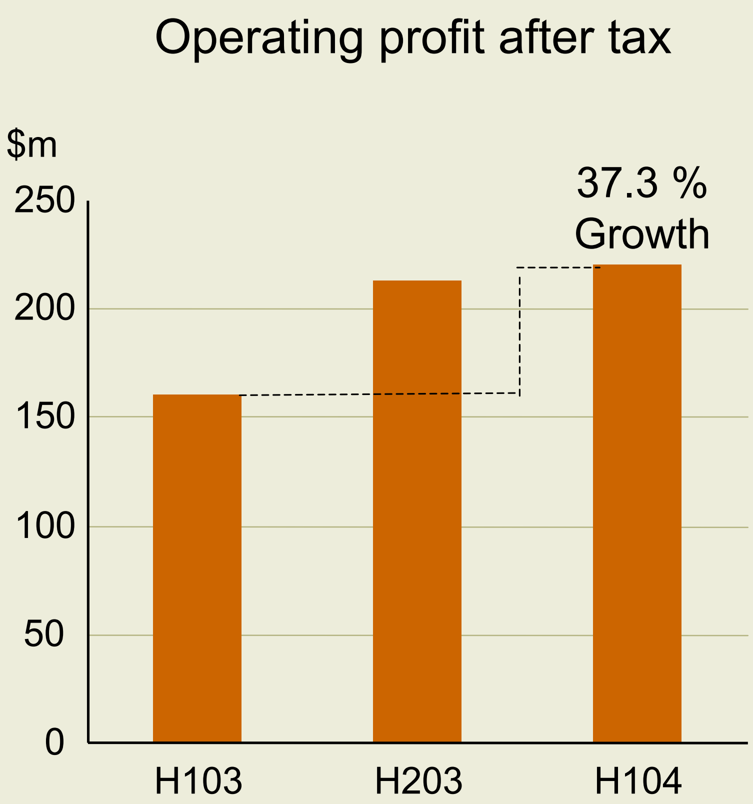
*Before significant items

- Impact of FX Options issue
- Debt Markets down
- Increased charge for doubtful debts
- Reduced VaR levels

Corporate & Institutional Banking - Cash earnings component movement

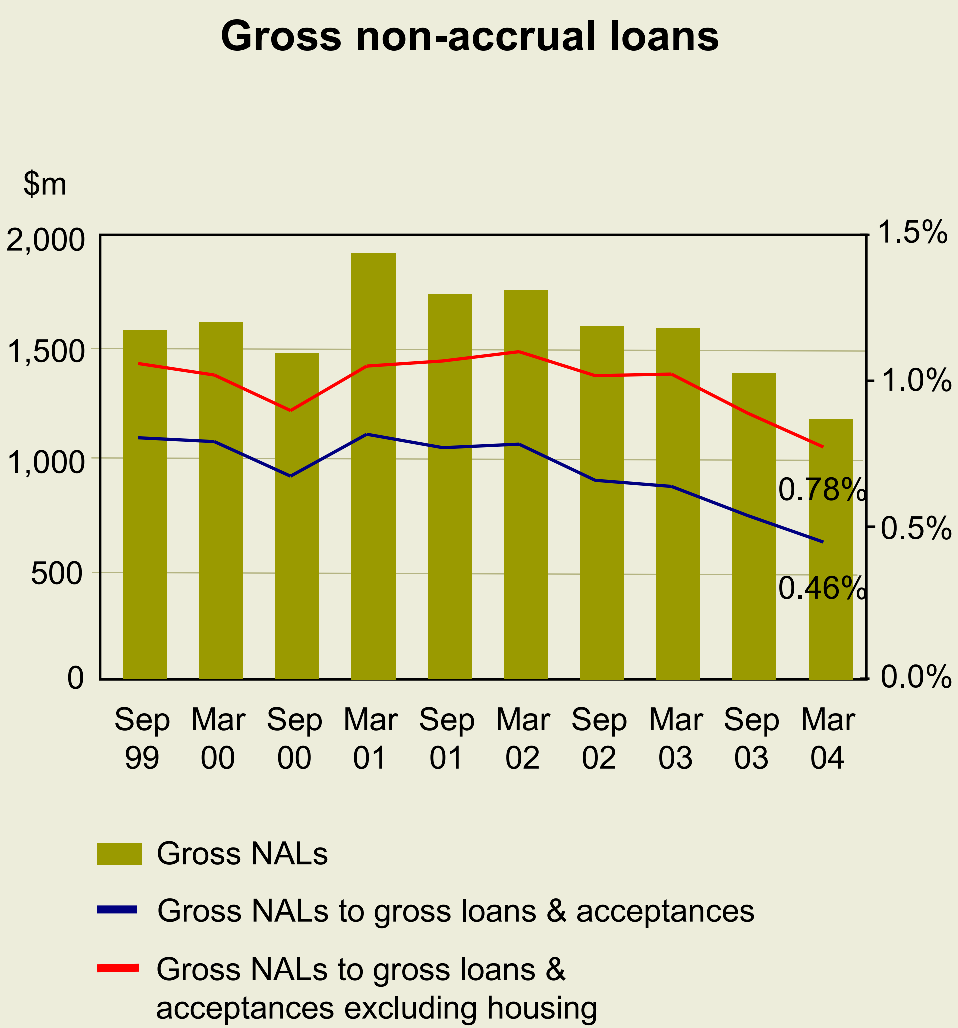


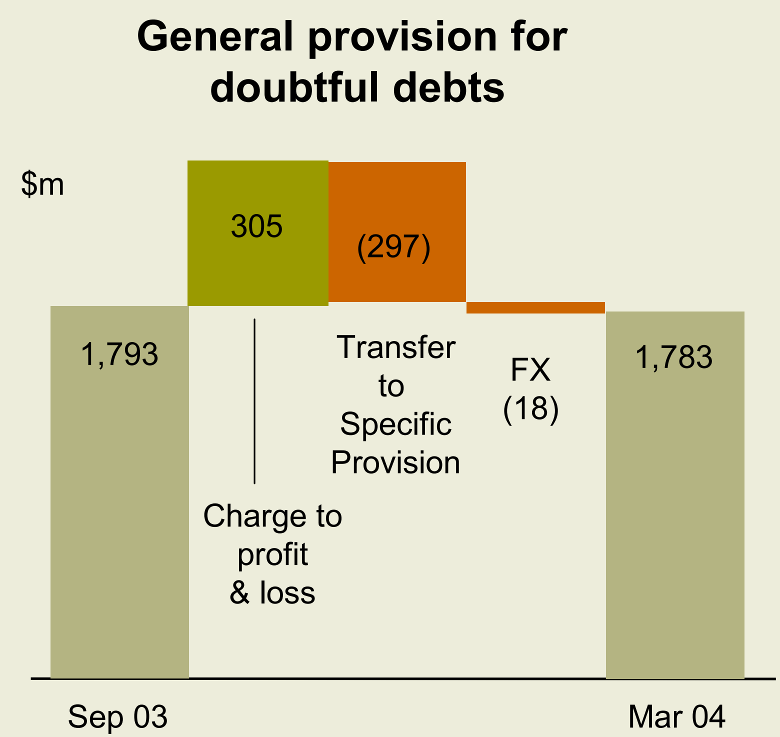
Wealth Management -
Solid operating profit



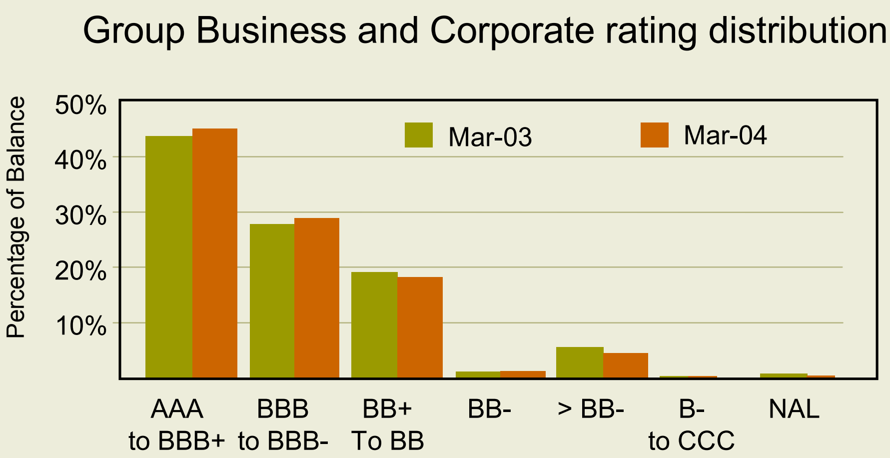
- Continued solid performance in the Insurance business up 22%
- Investments up 33%
- Private bank up 28%
- Business valuation growth to $6,662m delivering revaluation profit of $148m after tax
- Focus on core business

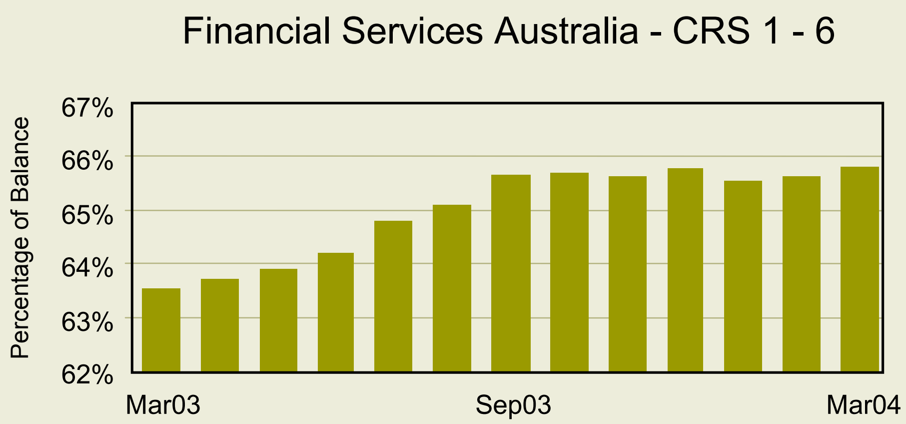
Active management of non-accrual loans

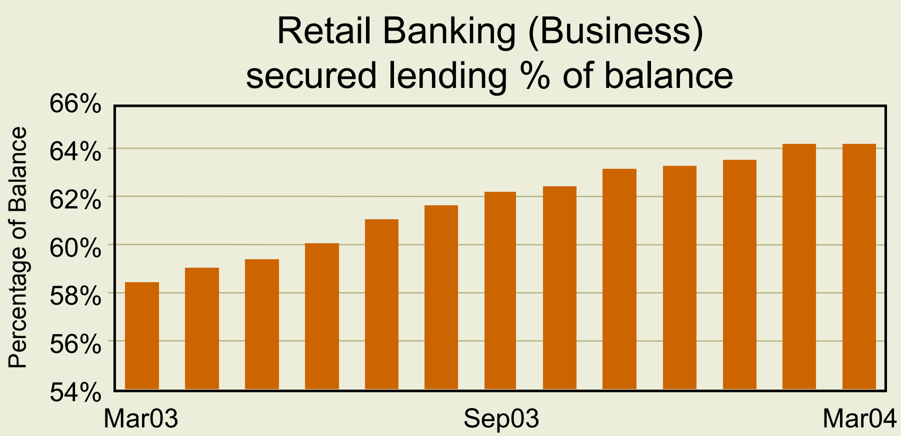


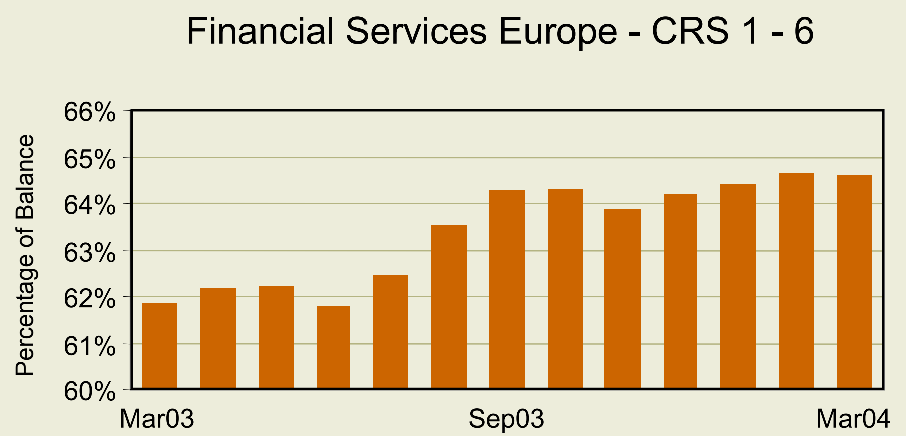


Maintained sound asset quality

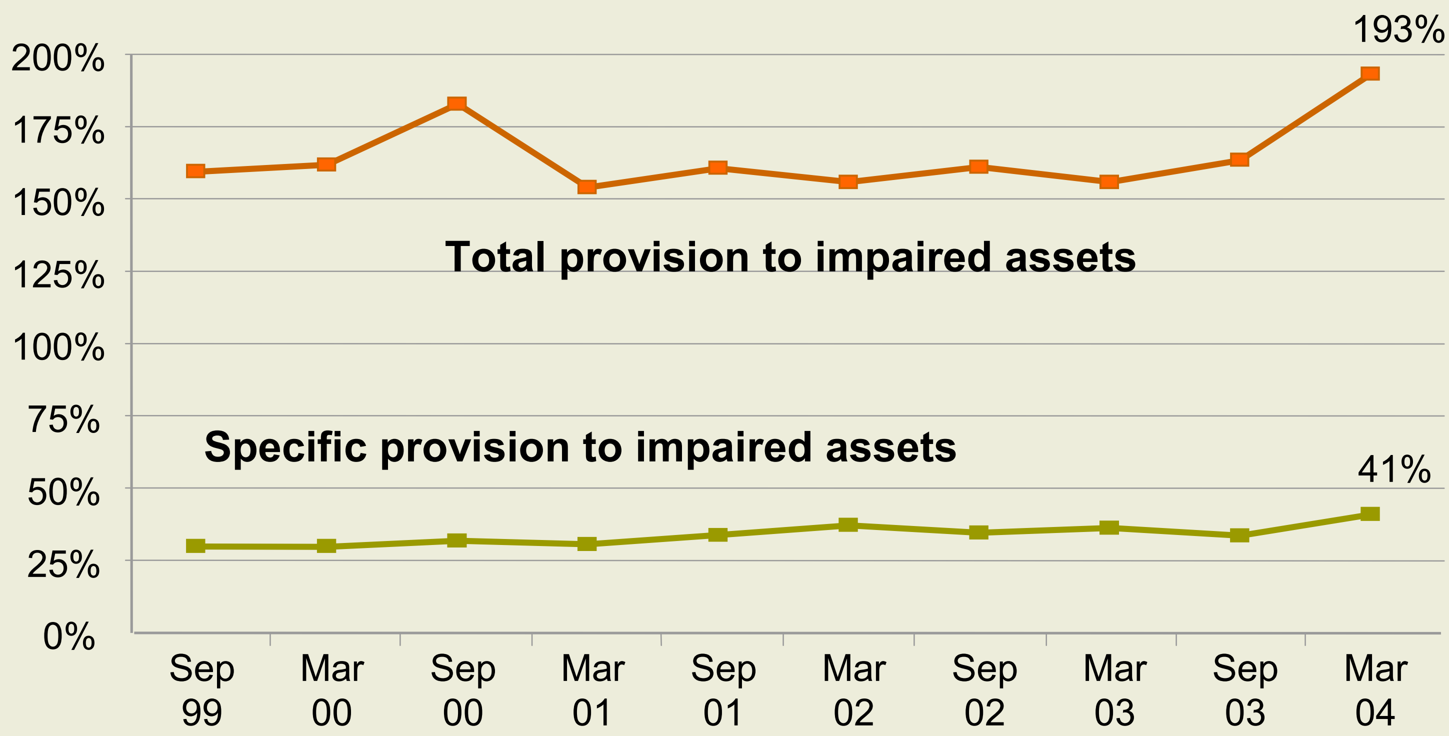








Coverage ratios remains sound



Group Economic Environment

In the markets where the Group operates, GDP growth is forecast to pick up to about 4%in 2003/04, before easing to around 3¼% in the 2004/05 bank year.

Unemployment rates should remain at relatively low levels in our main regions.

- Magnitude & timing of economic activity to vary somewhat across regions and sectors.

- Growth to pick up slightly in Australia, the RoI and, to a lesser extent, in the UK. On the other hand, NZ activity is expected to ease, due to tighter financial conditions and lower immigration.

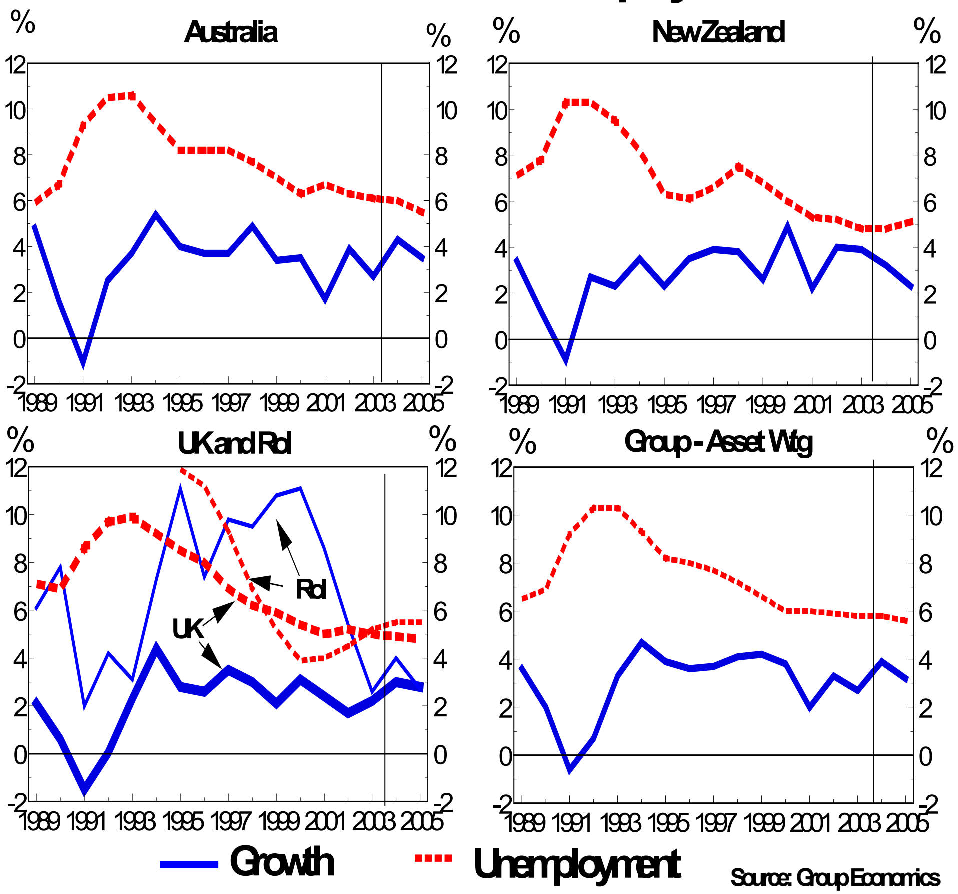
Group Economic Environment

Business conditions will remain somewhat mixed across the Group.

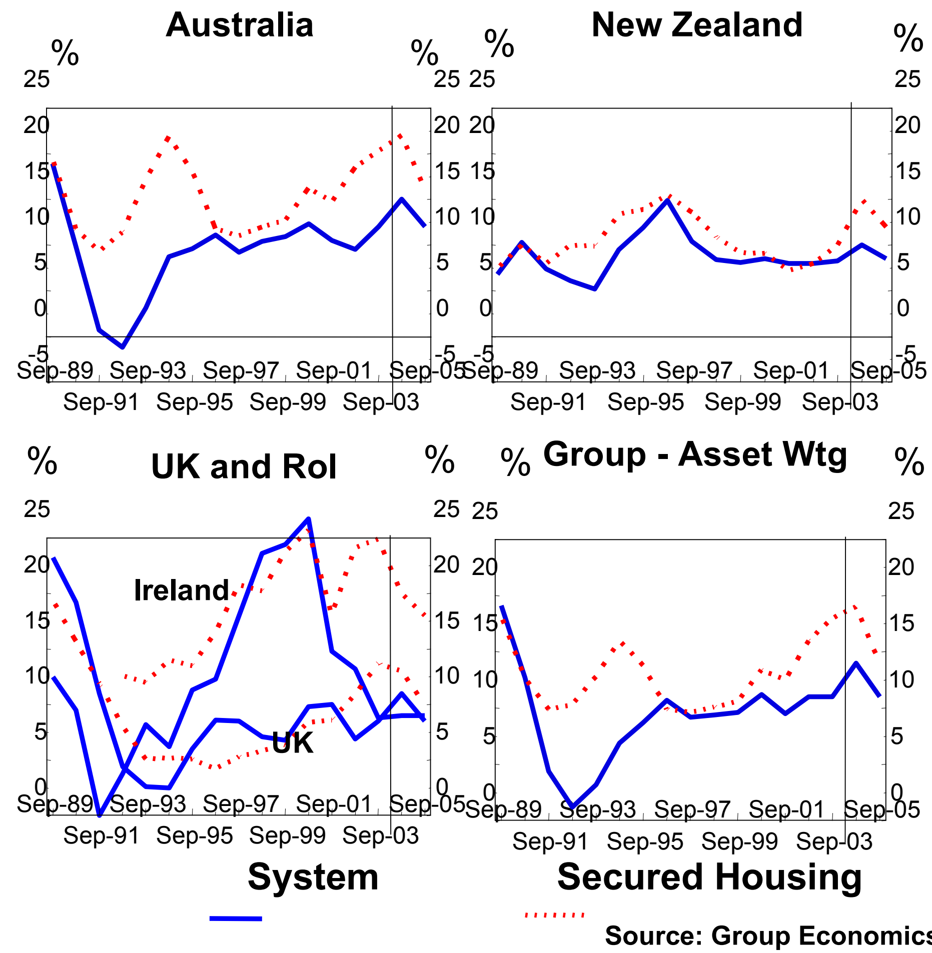
- In Australia, some moderation in domestic activity (largely household spending) partly offset by a pick up in the tradeables sector.
- In NZ, domestic conditions will moderate during the next year, while lower agricultural exports are also weighing on the tradeables sector.
- In the UK, business conditions in both manufacturing and services sectors are expected to remain relatively favourable.
- RoI to accelerate with an increasing contribution from hi-tech manufacturing and, more generally, tradeables into the Euro Area.

Economic Environment…
Sustained growth & low unemployment

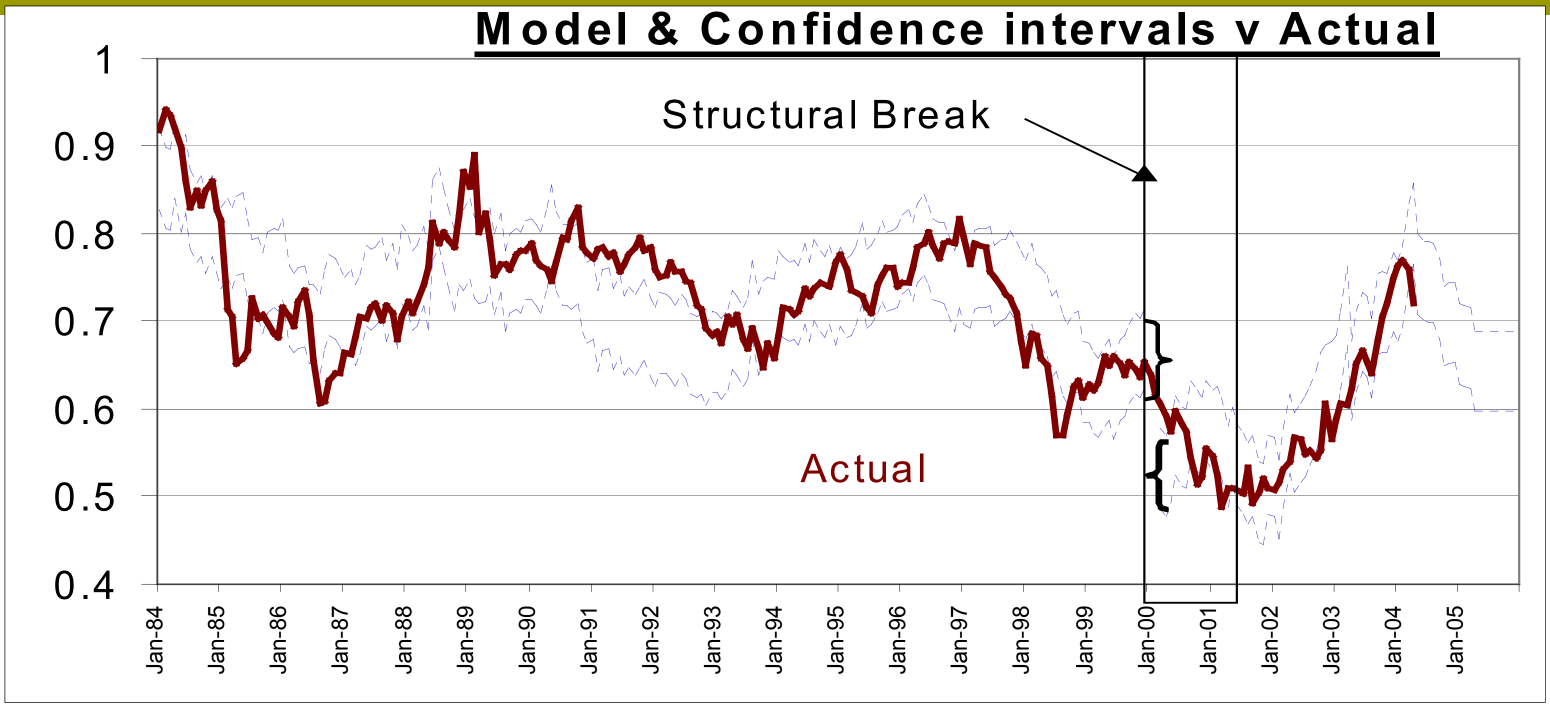
Economic Growth & Unemployment



Credit Growth

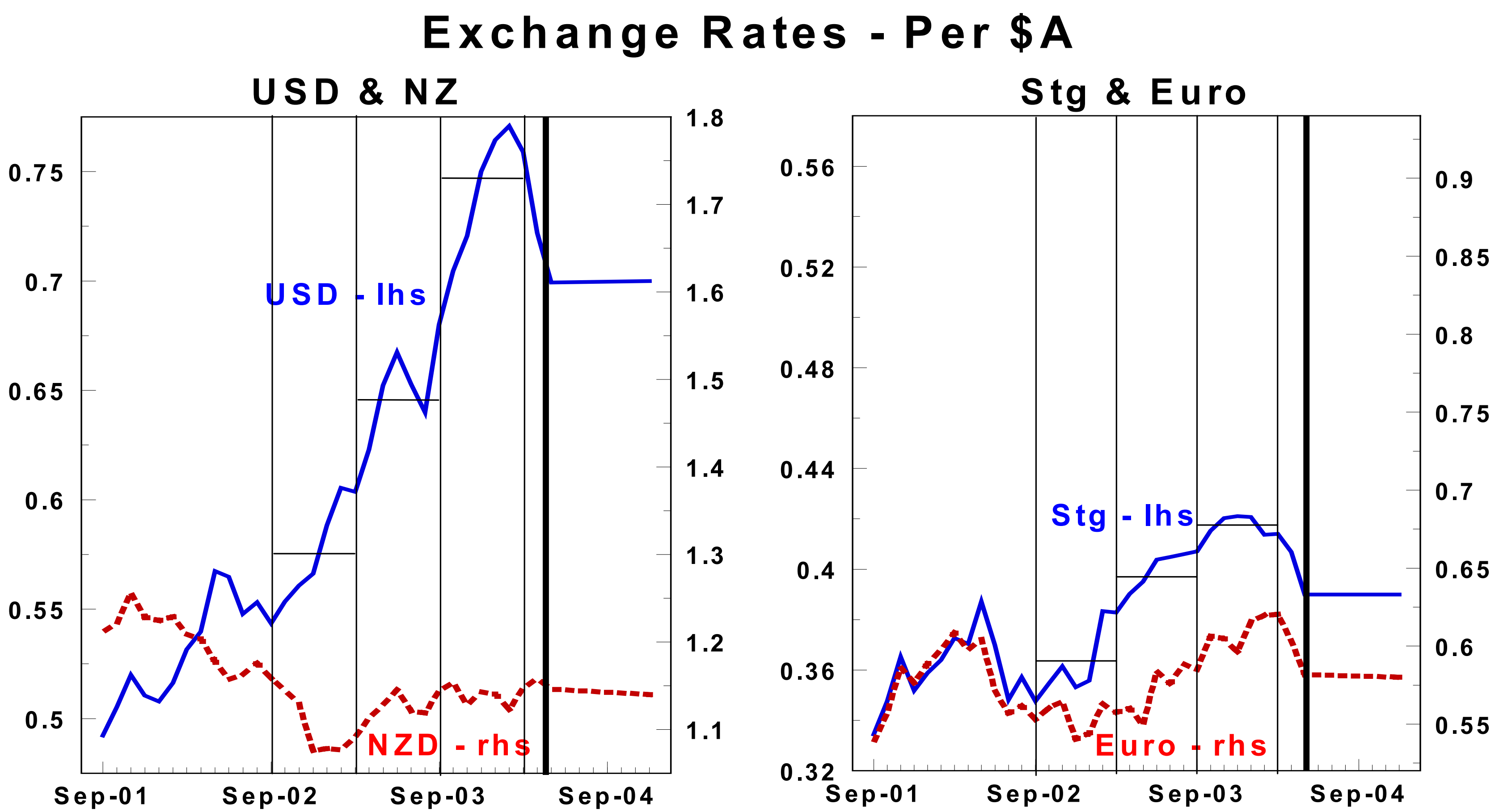


$A very much a $US story… albeit some local dynamics as well.



- Our "fundamental" economic models, based on our global forecasts suggest "fair"value in the low US70s cents currently. So $A may have overshot somewhat recently - notwithstanding, confidence intervals are wide +/- 4 US ¢.
- We expect to see the $A remain in the low US70s in second half of 2004, as commodity prices peak and interest differentials narrow.

$A to remain broadly unchanged against Pound,Euro & NZD



In second half of 2004, $A expected to stabilise at about US70, UK Stg 0.4, NZD 1.15 & Euro 0.58

Macro Risks

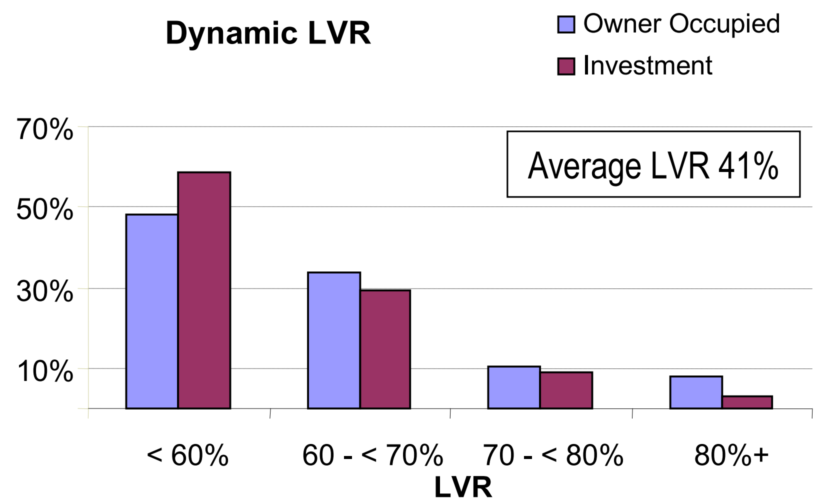
- Geopoltics - Both political & trade tensions overhang the outlook.
- Unbalanced global growth – Much still depends on the US & Asia. Continental Europe continues to lag.
- Anglo-Saxon household leverage – Increased household gearing, low savings and "expensive" housing leaves some consumers vulnerable to higher interest rates & sustained loss of jobs.
- Financial instability – As interest rates rise to more "normal" levels, some asset valuations may become volatile & lead to instability amongst investors and institutions.
- Oil prices - Sustained high prices would prove a headwind to the global recovery under way.

Housing in Australia continues to remain sound

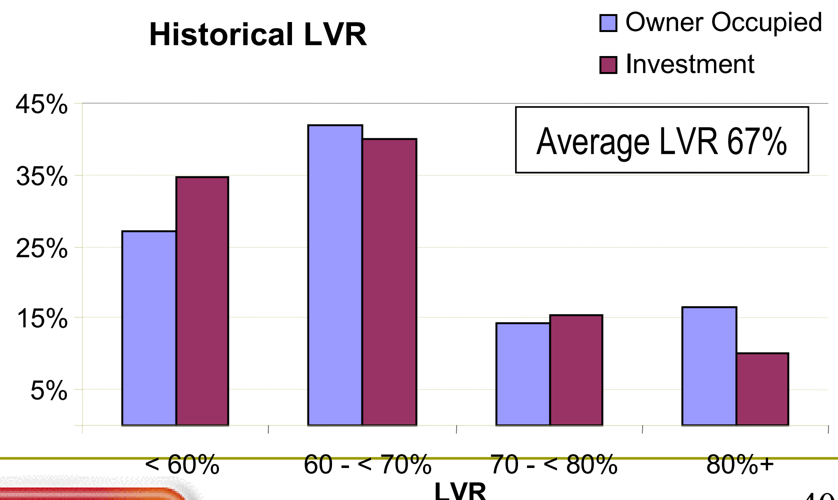
We remain comfortable with our exposure to housing in Australia.

- Owner occupied housing is 2/3rds of the portfolio
- Our exposure to inner city remains constant at 2%
- LVR's remain lower for investment compared to owner occupier (Average dynamic LVR for Investment property is 40% and owner occupied is 42%).
- In the last 6 months we have moved to further tighten credit around particular parts of the market including
  - Decreasing LVR for inner city apartments from 75% to 70%
  - Decreasing LVR for investment housing from 80% to 75%
  - Withdrawal of Low Doc housing loan products
- Risk to housing is unemployment rather than rate rises - this does not appear to be a significant issue
- Expect a soft landing in housing

Loan to value ratios are consistent across investment and owner occupied housing



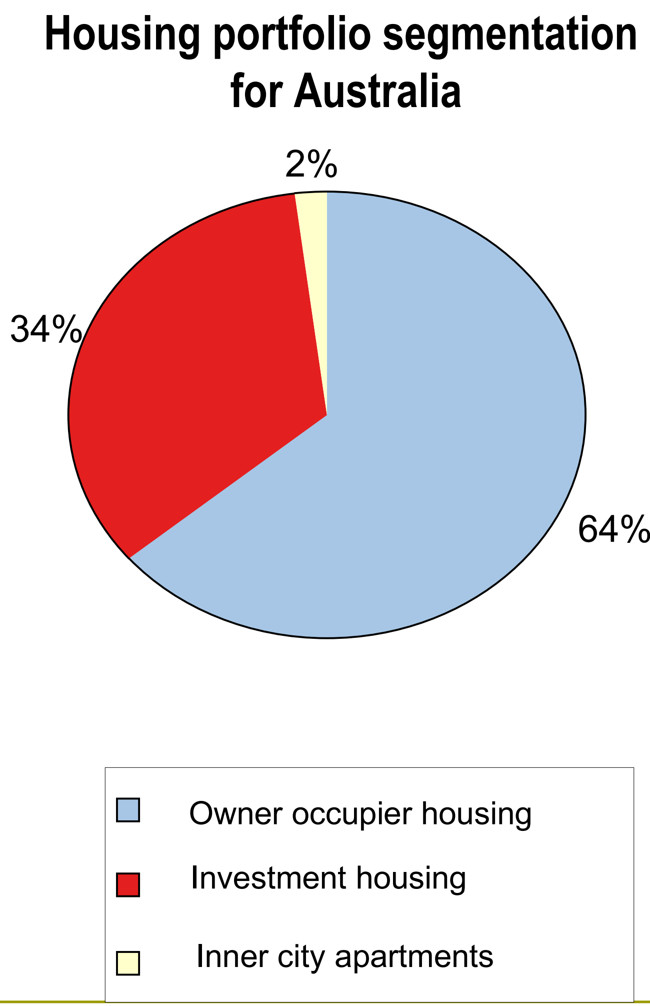
- LVR's for investment housing is lower than owner occupier
- Average dynamic LVR for Investment property is 40% and owner occupied is 42%



Stress test scenario: 5-fold increase in default rates and 30% decline in property prices

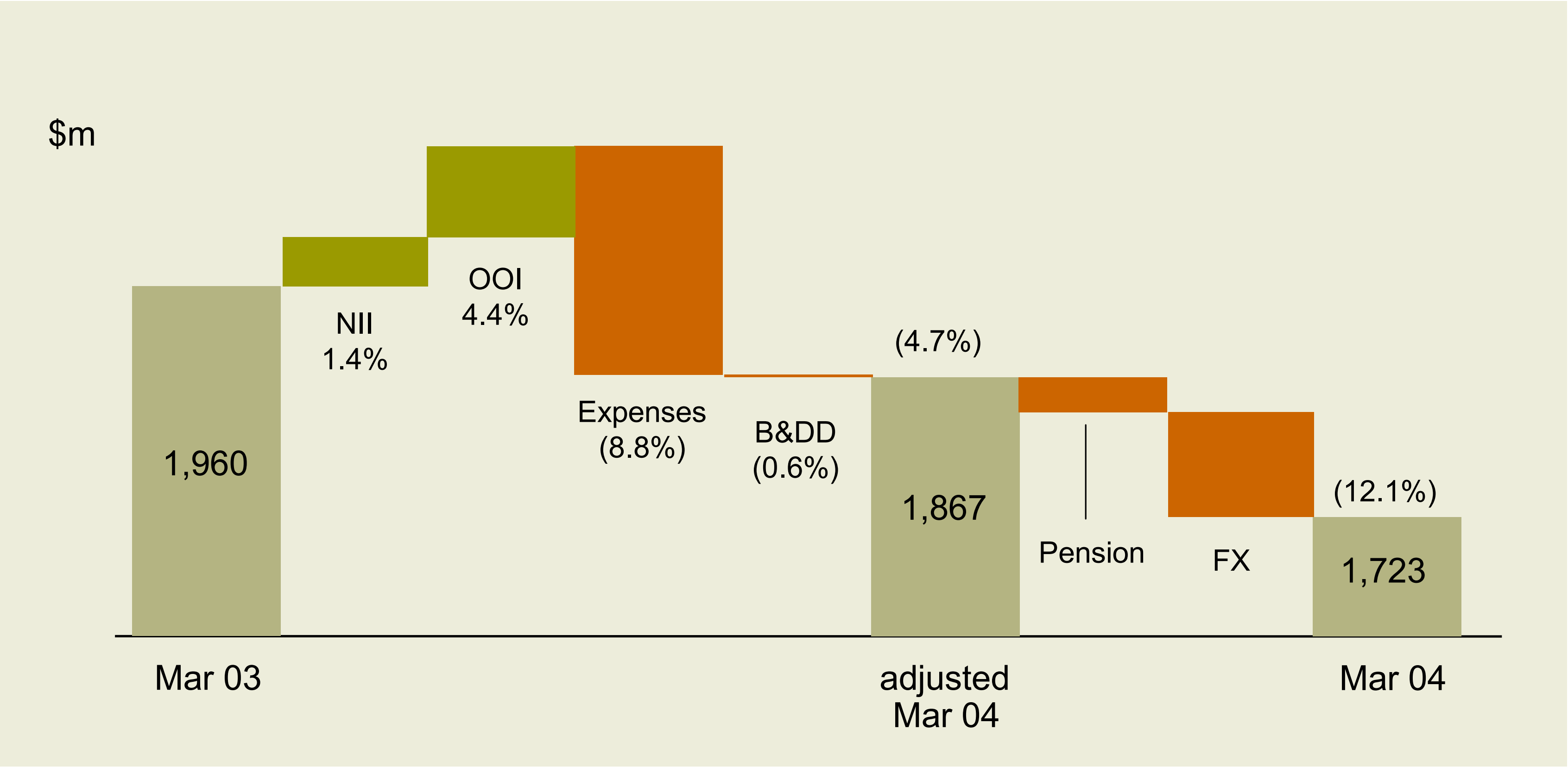
	Estimated Loss $M	Percentage of Portfolio
Australia	77	0.0847%
Global	104	0.0878%

Risk profile for inner city apartments acceptable



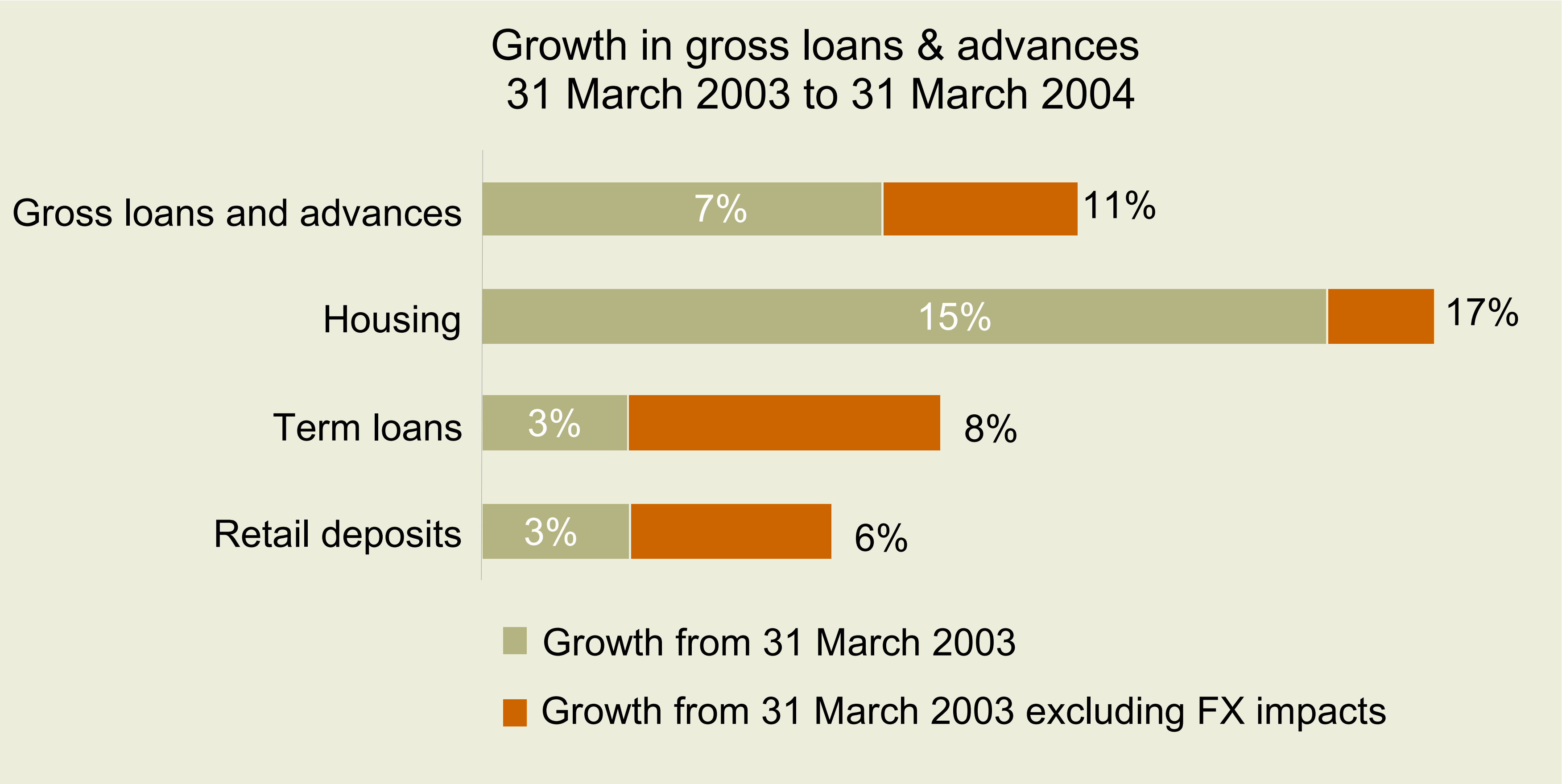
- Recently completed a comprehensive review of this segment of the portfolio
- This includes the CBD and surrounding postcodes
- Tighter credit criteria for this lending
- Average LVR for inner city is 66%

Banking cash earnings (before pensions and currency impact)* down 4.7%



Note: * Before significant items
Pension refers to Banking pension costs (after tax)

Reasonable volume growth



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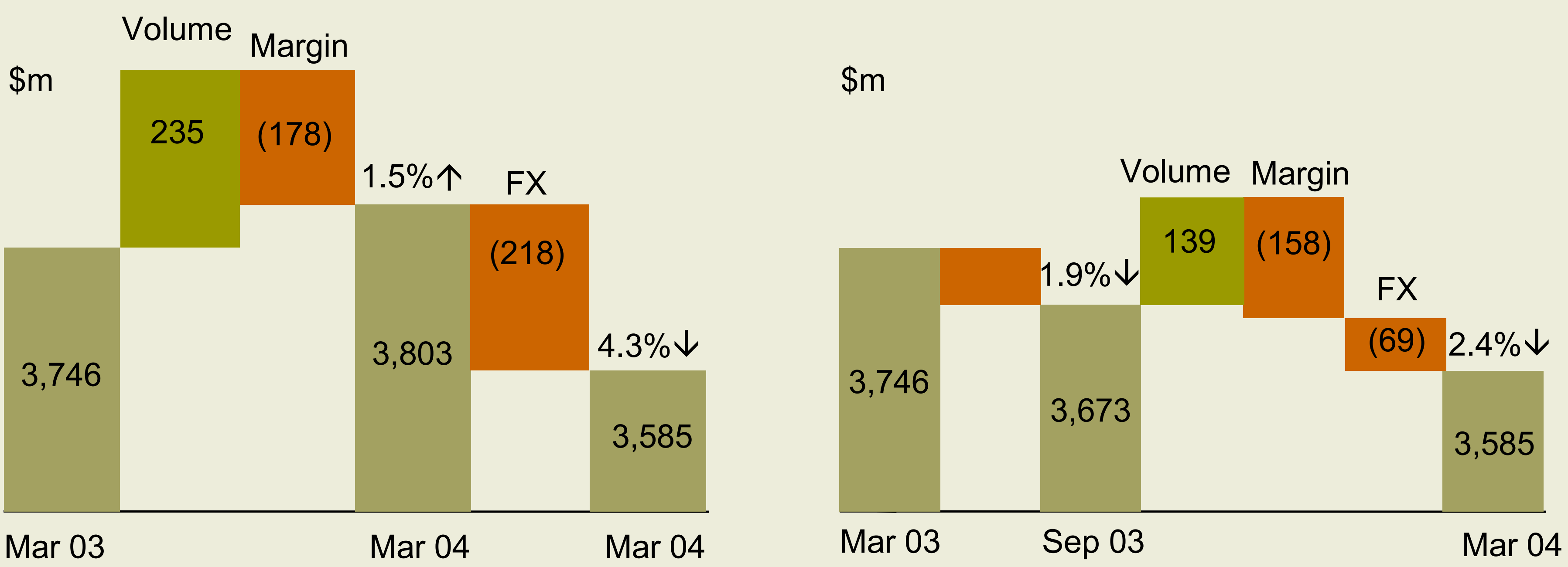
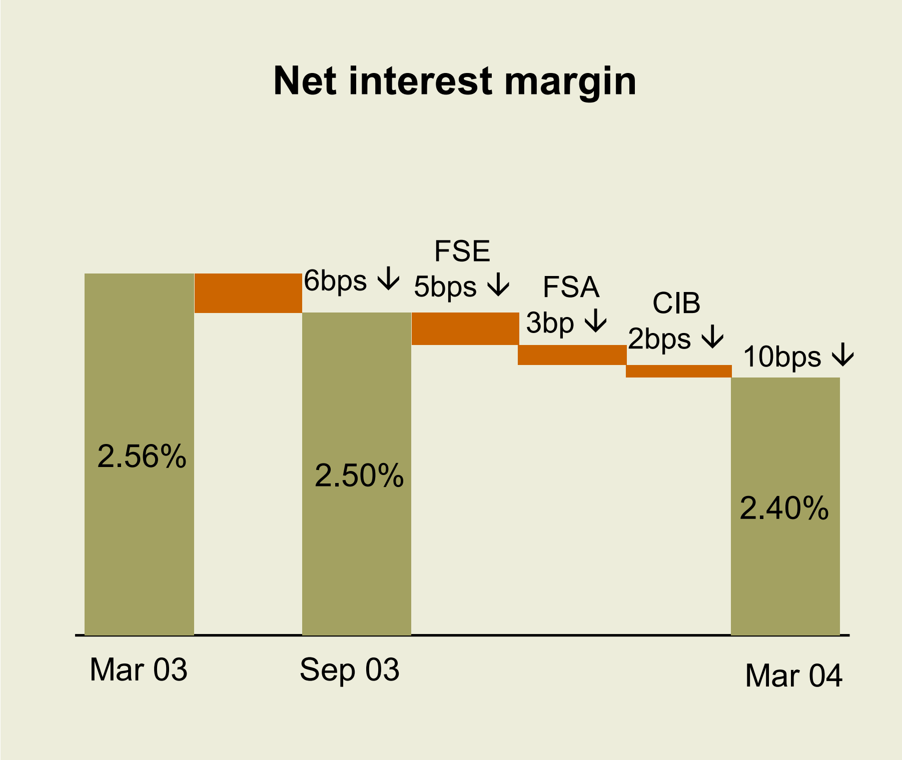
National

Subdued growth in net interest income

Net interest income

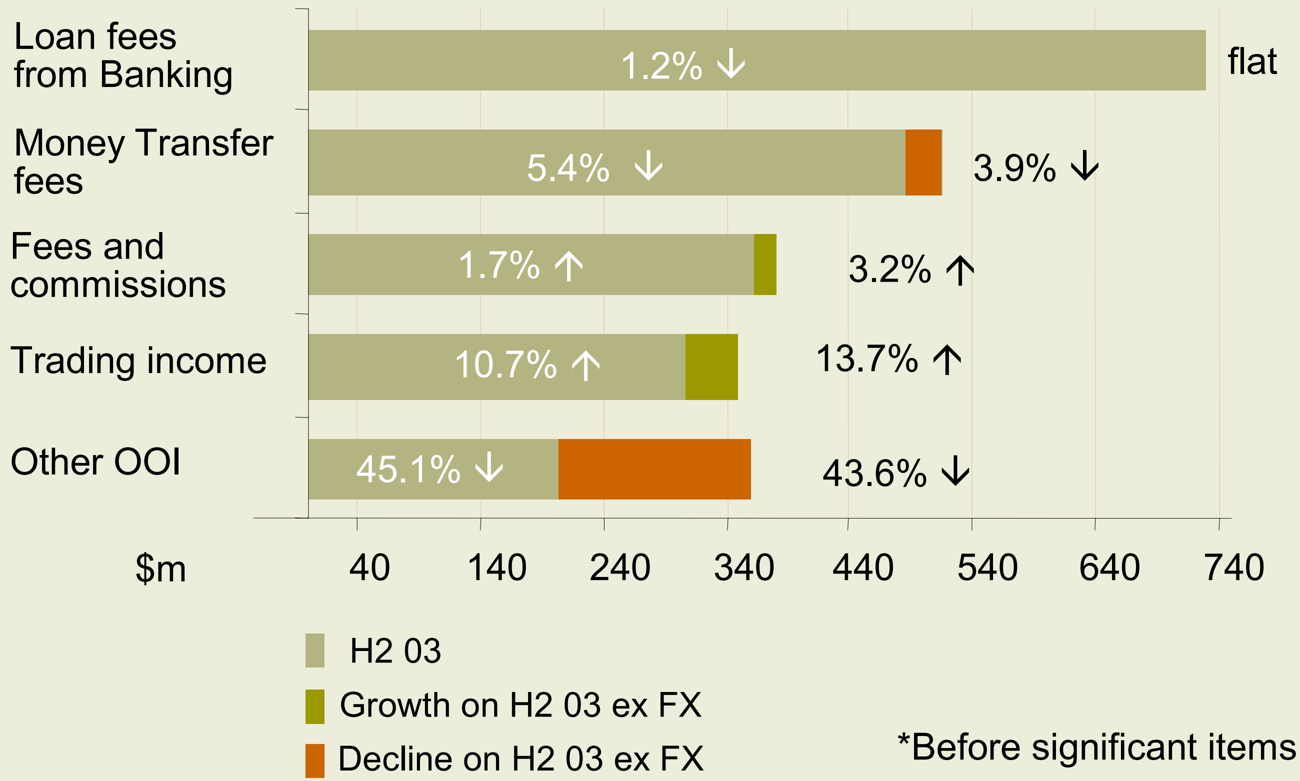


Group drivers on margin compression



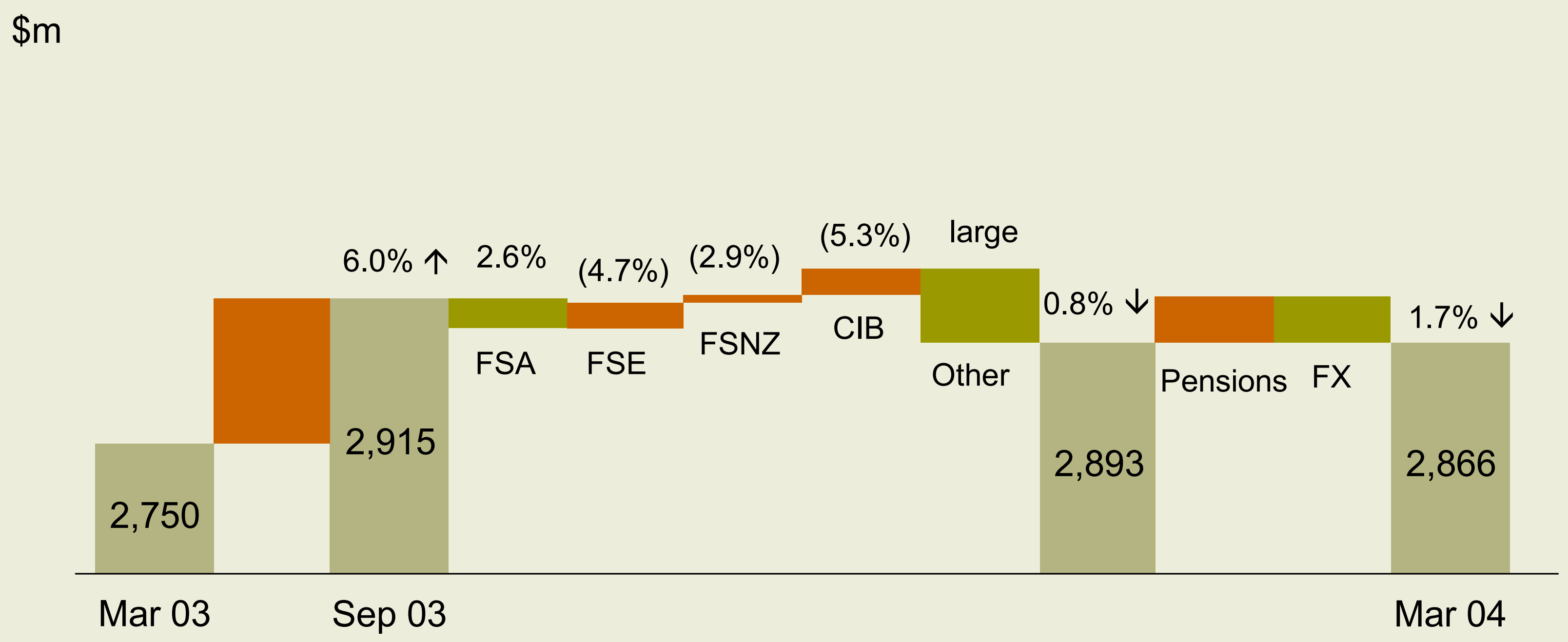
- Product mix
- Yield curve
  - basis risk
  - Asset & Liability Management (ALM)
- Capital & core free funds
- Product margin
- Retail & wholesale funding mix

Banking other operating income down 7.0%*



*Before significant items

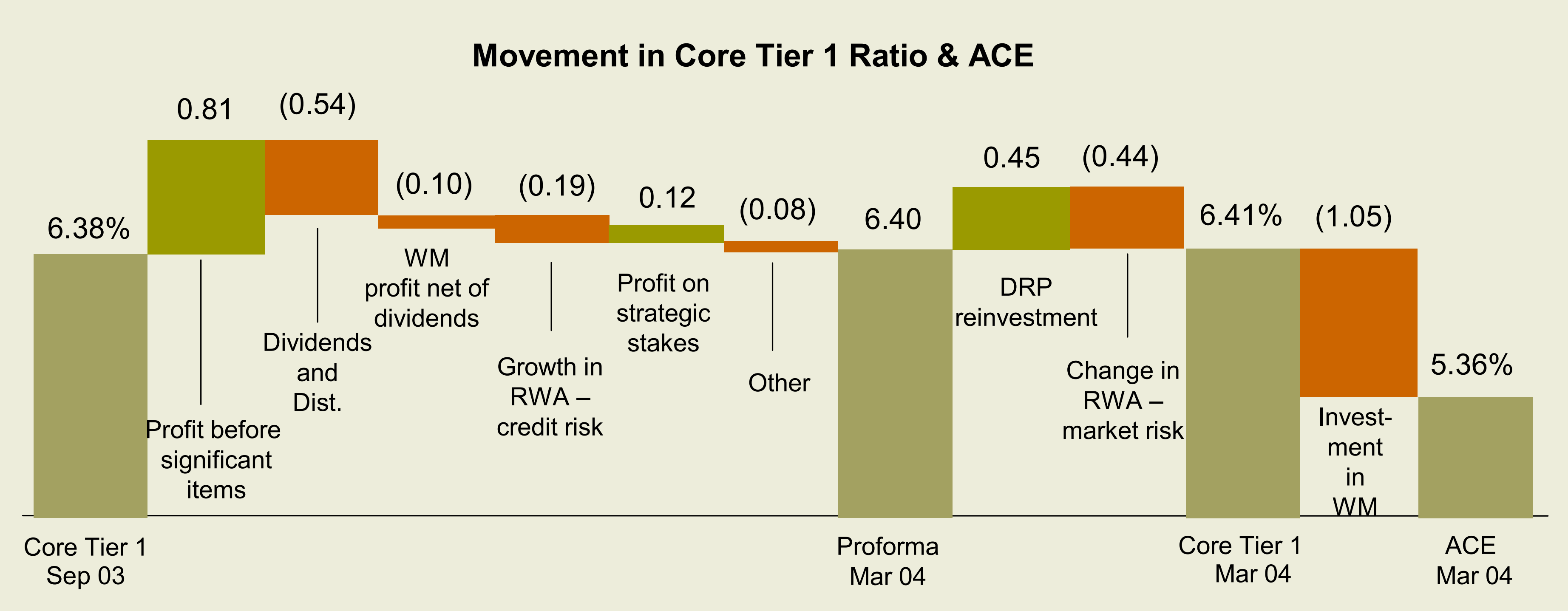
Banking expenses (excluding pensions)* down 2%



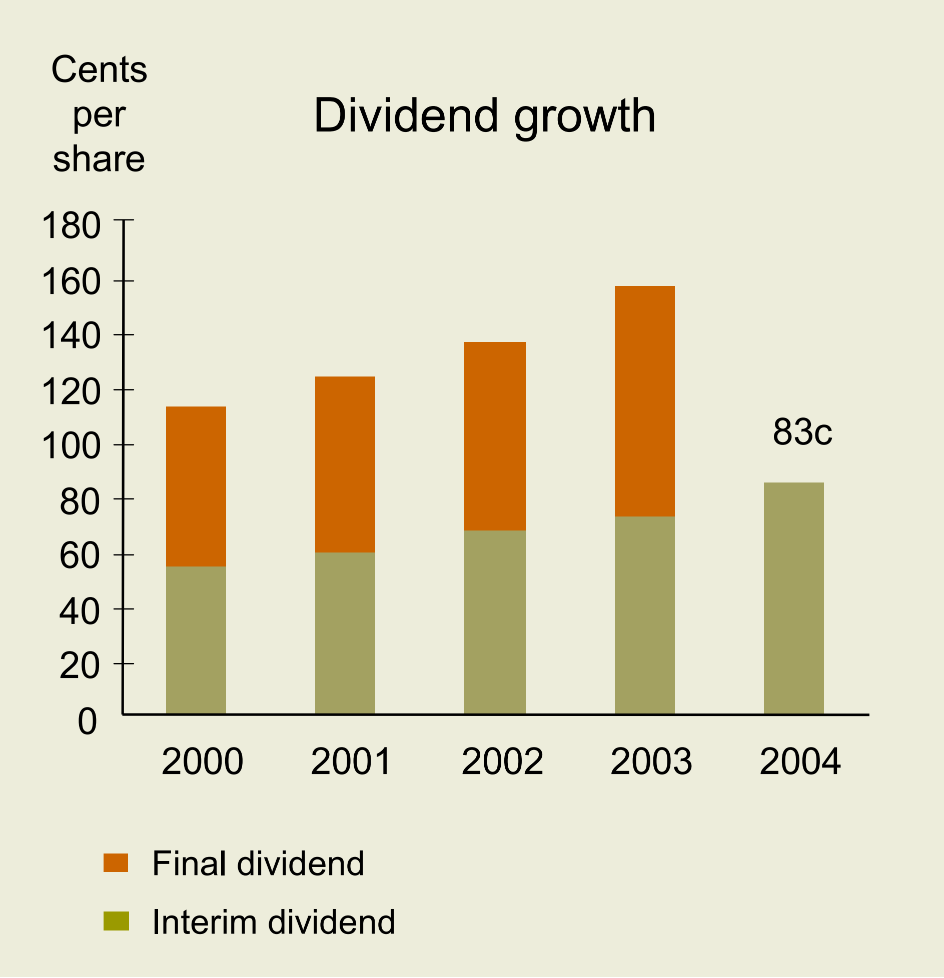
*Before significant items

Movement in ACE & regulatory capital

- Net increase in ACE ratio of 41 basis points
- Net increase in Core Tier 1 of 3 basis points
- Difference reflects regulatory versus ACE treatment of sale of strategic stakes

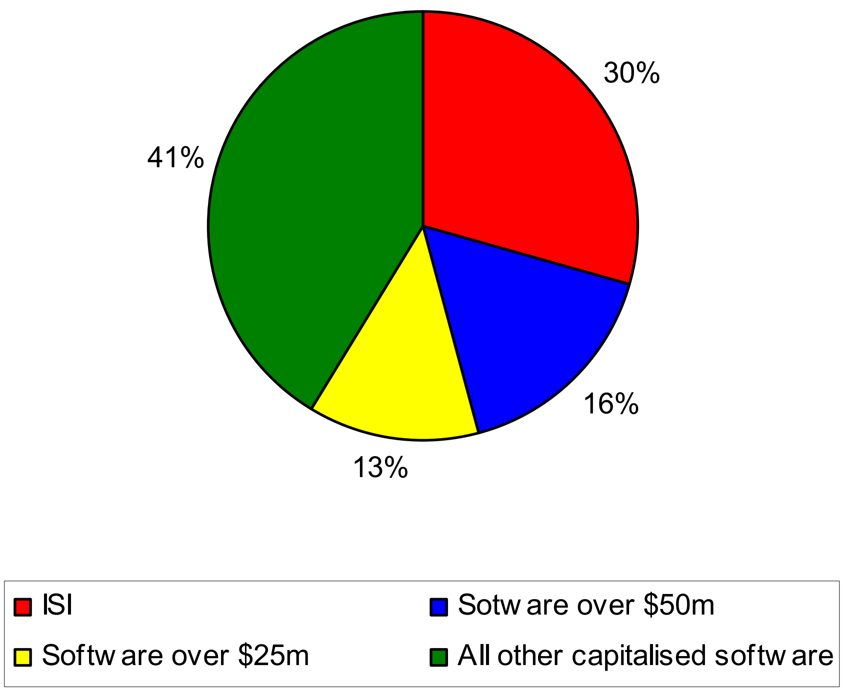


Dividend maintained



- Interim dividend of 83 cents per share, franked to 100%
  - Consistent dividend growth
  - 3.8% increase from March 2003
  - Payout ratio on diluted cash earnings (before significant items) of 69%
  - Dividend expected to be maintained in the second half

Capitalised software were $981m



- Software over $50m includes
  - Front end teller system
  - CRM
- Software over $25m includes
  - Internet banking
  - eBL / eCL
  - Endeavour
  - Amazon

National Australia Bank

www.nabgroup.com

Disclaimer

The preceding material is a presentation of general background information about the National's activities current at the date of the presentation, May, 2004. It is information given 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.