

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

FILE NO 1-9945

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

---

## 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.

Edgar Filing: NATIONAL AUSTRALIA BANK LTD - Form 6-K

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

---

**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

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---



[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

[Link to searchable text of slide shown above](#)

---

**Searchable text section of graphics shown above**

---

**HALF YEAR RESULTS 06**

[LOGO]

**John Stewart**  
Group Chief Executive Officer

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

11 May, 2006

[LOGO]

---

**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**

---

\*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	Sep 05 HY %	Core+ Change 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%		

---

<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>

---

\* 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

---

\* 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>

---

\* 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

---

\* 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

---

\* 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**

---



**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\***

---

\* 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]

---

\* 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

---

**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

<b>Targets</b>	<b>Current Target Ranges (%)</b>		<b>31 Mar 06 Actual</b>
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

---

\* 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
<b>Company Update</b>	<b>John Stewart</b>
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