

Q3 TRADING UPDATE

Clydesdale and Yorkshire Banks

London, 9 August 2011: National Australia Bank Group, owner of the Clydesdale and Yorkshire Banks, today released a trading update for its UK Banking* operations in the quarter to 30 June 2011.

Customer Support

- The business has delivered its two-year pledge to advance £10bn of gross new lending to businesses and mortgage customers, ahead of its October 2011 target date.

Business Performance

- In a period of ongoing economic uncertainty UK Banking maintained its strong reputation and continues to be well positioned.
- The business continued its gradual improvement in performance in the 30 June 2011 quarter
- Despite subdued demand for credit, above system growth has been achieved in both business lending and mortgages
- The charge for bad and doubtful debts was lower although this continues to be a key focus given the recent deterioration in economic conditions
- There has been an improvement in the asset quality ratio of 90+ days past due and gross impaired assets to gross loans and acceptances, which decreased to 3.27% from 3.44% at 31 March 2011. Asset quality remains dependant on a sustained improvement in economic conditions.

Economic Environment

Economic conditions in the UK and Europe remain very challenging and demand for credit continues to be subdued.

David Thorburn, Chief Executive, said:

"I am pleased to announce that we have delivered our two-year pledge to advance £10 billion of gross new lending to businesses and mortgage customers. Despite the challenging economic conditions and subdued market demand for credit, we have achieved this target three months ahead of schedule as we continue to support our customers by offering a distinctive choice for personal, business and private banking in the UK.

The current uncertain economic environment underscores the need for us to continue to pursue our strategy of conservative and prudent banking."

About the National Australia Bank Group

An international financial services organisation providing a comprehensive and integrated range of financial products and services, NAB is one of the world's top financial services companies and serves almost 11 million banking customers. National Australia Bank's full trading update is available at www.nabgroup.com

*UK Banking consists of banking and wealth management activities in the UK operating under the Clydesdale Bank and Yorkshire Bank brands. It does not include NAB's Wholesale Banking operations in the UK.

For more information:

NAGE	Guy Williamson/Carol Young	0845 603 5447
The Cardew Group	Rob Ballantyne	02079300777 07899878 210