

NATIONAL AUSTRALIA BANK LTD  
Form 6-K  
August 31, 2005

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 August 2005

## 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**

*Brendan Case*

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Date: 29 August 2005

Title: *Associate Company Secretary*

**Institutional Markets & Services**

National Australia Bank Limited

ABN 12004044937

**ASX Announcement**

500 Bourke Street

Melbourne

Victoria 3000 Australia

*Melbourne, 29 August 2005*



*Institutional Markets & Services Briefing*





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*National Australia Bank's Executive General Manager, Institutional Markets & Services (IMS), Mr John Hooper, will this week update the investment community and media on the strategic focus and key initiatives for the IMS division.*



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Attached is a copy of the presentation that will be the basis for discussions with the investment community. A copy is also available at [www.nabgroup.com](http://www.nabgroup.com).

We are making good progress but we are in year one of a two to three year turnaround, he said.

Mr Hooper said the key issues for IMS are to:

*simplify the business;*

*deliver sustainable revenue growth;*

*create the right environment for our people to excel; and*

*embed ownership of effective risk practices within Institutional Markets & Services*

Mr Hooper reiterated the guidance provided at the half year results announcement that IMS is expecting flat half on half earnings for the year to 30 September 2005, and potentially lower earnings in 2006 as capital is released from the business.

### **For further information contact:**

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**Or visit [www.nabgroup.com](http://www.nabgroup.com)**

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August 2005

**Institutional Markets & Services**

Overview and Update

John Hooper

Executive General Manager

[LOGO]

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**Overview of the IMS Business**

**Clients**    **Financial Institutions: Banks, Insurance, Fund Managers, Governments, and Corporates and Business Clients managed by other parts of the Group**

| <b>Products</b>          | <b>Debt Financing</b>  | <b>Risk Management</b>   | <b>Investment</b>   |
|--------------------------|--|--|---|
|                          | Syndications<br>Debt Capital Markets<br>Securitisation<br>Project Finance<br>Structured Finance<br>Asset Finance<br>Leveraged Finance<br>Mezzanine Finance<br>Corporate Lending* | Interest Rate<br>Currency<br>Commodity<br>Equity Derivatives<br>Credit Derivatives | Deposits/CDs/CP/Bills<br>Bonds & ABS<br>Mezzanine<br>Structured Property<br>Private Equity<br>Capital Protection<br>Structured Credit<br>Alternative Investment |
| <b>Services</b>          | Portfolio Management<br><br>Marketing & Communications<br><br>Technology   | People & Culture<br><br>Operations<br><br>Program Office                           | Finance and Risk Management<br><br>Quantitative Services<br><br>Client Business Services  |
| <b>What's out of IMS</b> | Trade Finance  | Transactional Banking  | Custodian Services  |

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Note: \*In Australia, Corporate Lending is to the Top 500 Corporates with an annual turnover greater than \$350M



**The issues IMS faced can be grouped into four core themes**

Business  
Inefficiency

People

Unsustainable  
revenue growth

Ineffective risk  
Practices

**IMS focus was on risk capital at the expense of actual capital**

|   | <b>FY 2001<sup>^</sup></b> | <b>FY 2002<sup>^</sup></b> | <b>FY 2003</b> | <b>FY 2004</b> |
|---|----------------------------|----------------------------|----------------|----------------|
| <b>Net Operating Income</b>                       | ~A\$1,820m                 | ~A\$1,810m                 | A\$1,782m      | A\$1,484m      |
| <b>Operating Expenses</b>                         | ~A\$650m                   | ~A\$660m                   | A\$643m        | A\$705m        |
| <b>Net Profit after Tax</b>                       | ~A\$700m                   | ~A\$790m                   | A\$840m        | A\$558m        |
| <b>Average Interest Earning Assets - External</b> | ~A\$92b                    | ~A\$101b                   | A\$104.5b      | A\$96.8b       |
| <b>Staff Numbers (Spot)*</b>                      | ~1,950                     | ~1,900                     | 1,904          | 2,073          |

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<sup>^</sup>2001 and 2002 not comparable to 2003 and 2004. These are indicative numbers adjusted to reflect current operating model

Note: Operating Expenses exclude B&DD; Net Profit After Tax is before significant items and after Outside Equity Interests; \*Full Time Equivalent Employees

**c.70% of IMS contribution is from Australia and NZ with less than 50% of the capital deployed**

**Regional profit contribution and capital usage  
as at 30 Sep 2004**

[CHART]

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**c.60% of IMS revenue comes from Australia and NZ**

**Revenue by Product**  
(September 2004)

[CHART]

**Revenue by Region**  
(September 2004)

[CHART]

**FI = Financial Institutions**

**CL = Corporate Lending**

Note: Corporate Lending income, expenses and NPAT are booked in IMS as the product provider of the Corporate Lending product; Corporate Lending relationship management in Australia resides within the Australian region

**The issues IMS faced can be grouped into four core themes**

**Business inefficiency**

Risk capital focus (EVA / RAROC) at expense of actual capital

**Unsustainable revenue growth**

Declining margins in volume products  
High reliance on one-off fees and peaks in non-sustainable income streams

**People**

Key senior management changes  
Lack of clear accountability

**Ineffective risk practices**

Ineffective engagement between the business and Risk

**IMS is creating a competitive growth platform**

Focus on key segments across core markets    Australia, New Zealand and UK

Consolidation of Asian footprint    hub in Hong Kong, exiting IMS activity in Singapore, Seoul, Tokyo and Malaysia

Exit non-core businesses in the US    Energy and Utilities and Real Estate

Reduction of low yielding risk weighted assets    majority from UK, Asia and US

[GRAPHIC]

*Flat half on half earnings with potentially lower earnings in  
2006 as the business is rebased*

**IMS is also addressing the challenging external environment**

| <u>External Environment</u>  | <u>Implication</u>  |
|--|---|
| Strong market liquidity continues to put pressure on corporate lending yield | Reduce reliance on low ROE* lending<br>Focus on cross-sell of high value add products   |
| Increasing sophistication of retail and sub-institutional client segments    | Increase breadth and sophistication of core product offerings   |
| Changing legislative environment impacting Structured Finance business       | Shift focus from asset side to both asset and liability sides of balance sheet<br>Focus on establishment and growth of new businesses |
| Impact of low and stable interest rates on the trading environment           | Build lower volatility income streams   |

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Note: \*ROE is Return on Equity

**IMS ongoing focus is to address key issues**

Simplify the operations of the business

Deliver sustainable revenue growth

Create the right environment for people to excel

Embed ownership of effective risk practices



## **IMS - Simplify Operations**

### **Priorities**

Rationalise geographic footprint

Review competitive position of all products and market segments

### **Progress to Date**

Released \$250M ACE\* capital as at 31 March 2005 but still work in progress

Consolidation of Asian footprint on track    centralisation of IMS business into Hong Kong

Repositioned corporate banking in the UK to focus on core large client relationships and Middle Market

Reorganised Markets Division realigning global product lines into more effective business groupings

Consolidated regional technology centres    transition from a dual-hub infrastructure model into a global support hub

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Note: \*ACE is Adjusted Common Equity

**IMS - Revenue**

**Priorities**

Focus on key segments across core markets

Improve returns from client relationships

New product introduction

Focus on originate warehouse distribute operating model

**Progress to Date**

Re-opened FX desk

Expanded product range including Leveraged Finance, Mezzanine Debt and Asset Finance

Ongoing development of investor product for distribution channels

**IMS has experienced some early successes**

**No. 1 in Project Finance**

Mandated Arranger of Australasian  
Project Finance Loans  
First Half 2005

| <b>Rank</b> | <b>Mandated<br/>Arranger</b> | <b>Value (A\$m)</b> |
|-------------|------------------------------|---------------------|
| <b>1</b>    | <b>NAB</b>                   | <b>1,131</b>        |
| 2           | CBA                          | 873                 |
| 3           | JP Morgan                    | 621                 |
| 4           | ANZ IB                       | 582                 |
| 5           | ABN Amro                     | 320                 |

**Only Australian Bank in Global Top 10;  
Mandated Arranger of Global Project  
Finance Loans**

**No. 1 in Loan Syndications**

Australia Loans

1 Jan 2005 30 June 2005

| <b>Rank</b> | <b>Bookrunner</b> | <b>Proceeds<br/>(US\$m)</b> |
|-------------|-------------------|-----------------------------|
| <b>1</b>    | <b>NAB</b>        | <b>3,913</b>                |
| 2           | ANZ               | 3,400                       |
| 3           | CBA               | 2,426                       |
| 4           | Westpac           | 2,408                       |
| 5           | CSFB              | 1,046                       |

Source: Project Finance results from Dealogic Project Finance Review, July 2005; Loan Syndications results from Thomson Financial, Second Quarter 2005



**IMS - People**

**Priorities**

Stabilise management

Drive cultural change and awareness

Clear role definition and accountability

Linking of performance and reward

**Progress to Date**

New IMS Management team in place

Compliance and behavioural gateways embedded into people assessments

Organisational Culture Inventory for IMS Group Critical Roles positive shifts

Established new incentive compensation scheme and performance measures

**IMS - Risk**

**Priorities**

Focus on APRA/ASIC and undertakings given to global regulators

Shift from reactive to proactive risk management

Integration of all aspects of Risk Management into the business

**Progress to Date**

Completed all IMS specific ASIC Enforceable Undertaking work, closer focus and effort on support of regulatory needs of business

Team focused on proactive management of Regulatory Compliance issues, including APRA remediation

Risk function embedded within the IMS business

Transformation of compliance behaviour evident, e.g. reduction in limit breaches

**IMS - Summary**

Rebasing our business

Addressing fundamentals - simplification, revenue, people and risk

Expecting flat half on half earnings in line with half year announcement

Potentially lower earnings in 2006 as the business is rebased c. \$50M reduction

## Disclaimer

This document is a presentation of general background information about the Group's activities current at the date of the presentation, 29 August 2005. 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 document 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, intend, should, could, 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.