

Q1 TRADING UPDATE

Clydesdale and Yorkshire Banks

London, 8 February 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 31 December 2010.

Customer Support

- The business is on track to deliver its two-year pledge to advance £10bn of gross new lending to businesses and mortgage customers by October 2011.

Business Performance

- UK Banking remained sound and resilient, operating within a difficult economic environment.
- The business continues to be well positioned although subdued demand for credit and low interest rates continue to restrict balance sheet and income growth.
- There has been no significant change in credit quality.
- Delayed economic recovery has led to some deterioration in the asset quality ratio of 90+ days past due and gross impaired assets to gross loans and acceptances, which increased to 3.34% from 3.15% at 30 September 2010.

Outlook

- The UK economic outlook remains weak with slow recovery expected due in part to the economic impact of the spending cuts announced in October and ongoing financial uncertainty in the Euro-zone.

Lynne Peacock, Chief Executive, said:

“Against a background of continued economic uncertainty, our UK business continues to demonstrate its resilience and our prudent strategic direction is unchanged.

“Clydesdale and Yorkshire Banks remain fully committed to supporting new and existing business and personal customers. We are firmly on course to deliver our two-year pledge to advance £10 billion of gross new lending to businesses and mortgage customers by October this year.”

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.

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