



National Australia Bank Ltd. (“NAB Ltd.”)

Public Section of 2013 §165(d) Resolution Plan

Public Section

I.A. Introduction

To promote financial stability, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the related rule (the “Rule”) ¹ require each nonbank financial company supervised by the Board of Governors of the Federal Reserve System (the “FRB”) and each bank holding company with total consolidated assets of \$50 billion or more (each a “Covered Company”) to periodically submit to the FRB a plan for such company’s rapid and orderly resolution in the event of material financial distress or failure. Included in Covered Companies are foreign-based covered companies, which are defined in the Rule as “any covered company that is not incorporated or organized under the laws of the United States. National Australia Bank Ltd (“NAB Ltd”) is considered “Covered Company” under the Rule and must file this Resolution Plan with the FRB.

Under the requirements of the Rule, Covered Companies are required to assess their U.S. banking operations for the presence of Material Entities, Critical Operations, and Core Business Lines. NAB Ltd. assessed its U.S. operations and determined there are no Material Entities, Critical Operations, or Core Business Lines as defined in the Rule. Therefore, the focus of this Resolution Plan is the orderly resolution of NAB Ltd’s New York Branch, which conducts the vast majority of the Covered Company’s U.S. operations.

I.B. Background

NAB Ltd is an international financial services organization with over 12,000,000 customers, 43,000 employees, and more than 1,800 stores and business banking centers. NAB’s business lines are as follows:

- *Business Banking* provides a diverse range of commercial banking services to business customers. Business Banking also provides specialist industry expertise in the Agribusiness, Property, Healthcare, Natural Resources, Education and Government sectors.
- *Personal Banking* provides products and services to individual and small business customers. These products and services are delivered through a range of distribution channels and brands including NAB, Homeside, UBank and a variety of broker and ‘mortgage manager’ brands.
- *Wholesale Banking* provides funding, investment and risk solutions to financial institutions and global banks, as well as business, personal and wealth customers of NAB. Wholesale banking also provides custody support through Asset Servicing.
- *NAB Wealth* provides superannuation, investments, insurance and private wealth solutions to retail, corporate and institutional clients. NAB Wealth operates one of the largest networks of retail financial advisers in Australia.
- *NZ Banking* comprises the Retail, Business, Agribusiness, Corporate, Private Banking, Wealth and Insurance franchises in New Zealand, operating under the Bank of New Zealand (BNZ) brand.
- *UK Banking* operates under the Clydesdale Bank and Yorkshire Bank brands. It offers a range of banking services for personal and business customers through retail branches, Business and Private Banking Centres, direct banking and brokers.
- *Great Western Bank* provides a range of traditional and banking wealth management products delivered through a community banking model with more than 180 locations across the Midwestern United States.

In the United States, NAB Ltd operates primarily through its federally licensed New York Branch and Great Western Bank. The New York Branch’s activities are primarily within the *Wholesale Banking* division of NAB Ltd. Great Western Bank is an insured depository headquartered in Sioux Falls, SD, has approximately 1,500 employees, and has a rich history serving customers throughout Arizona, Colorado,

¹ 12 C.F.R. Part 243



Iowa, Kansas, Missouri, Nebraska, and South Dakota since its founding in 1907.

NAB Ltd, an Australian company that is incorporated under the Corporations Act (Australia), is a global financial services organization with approximately U.S. \$792 billion in assets as of December 31, 2012. While the vast majority of its operations are in Australia, NAB Ltd and its subsidiaries (collectively, "NAB Group") also operate in New Zealand, Asia, the United Kingdom and the United States. NAB Ltd is a foreign-based Covered Company under the Rule, and is required to submit a resolution plan under the Dodd-Frank Act and the Rule. NAB has developed a Resolution Plan ("Plan") that sets forth a detailed analysis of how NAB's U.S. operations could be resolved in a rapid and orderly manner without creating adverse effects on the financial stability of the United States

I.C. Material Entities

As it was determined that NAB Ltd. does not have any Core Business Lines or Critical Operations as defined by the Rule, there are no Material Entities. NAB Ltd. has however, as an extension of the Covered Company and the entity through which the majorities of U.S. operations are carried out, analyzed the NY Branch and provided a strategy for winding down its affairs in an orderly fashion

I.D. Core Business Lines

All of NAB Ltd's U.S. business lines are viewed by management as providing going concern strategic value to the bank. Management performed qualitative and quantitative assessments and determined that the cessation of any one of its U.S. business lines would not result in a material loss of revenue, profit, or franchise value relative to NAB Ltd's global operations. Thus, as defined by the Rule, NAB Ltd. does not have any Core Business Lines.

I.E. Consolidated Financial Information

The following is NAB Ltd's global balance sheet² as of the end of its 2012 fiscal year.

² All figures are in Australian dollars unless otherwise noted.

	Note	30 Sep 12 \$m
Assets		
Cash and liquid assets		19,464
Due from other banks		47,410
Trading derivatives		40,899
Trading securities		28,614
Investments - available for sale		28,985
Investments - held to maturity		9,762
Investments relating to life insurance business		68,414
Other financial assets at fair value		64,027
Hedging derivatives		3,615
Loans and advances		394,735
Due from customers on acceptances		36,957
Current tax assets		92
Property, plant and equipment		1,901
Goodwill and other intangible assets		7,088
Deferred tax assets		2,150
Other assets		8,977
Total assets		763,090
Liabilities		
Due to other banks		28,691
Trading derivatives		45,127
Other financial liabilities at fair value		21,732
Hedging derivatives		6,348
Deposits and other borrowings	10	419,921
Liability on acceptances		7,801
Life policy liabilities		56,584
Current tax liabilities		713
Provisions		1,820
Bonds, notes and subordinated debt		103,372
Other debt issues		1,783
Defined benefit superannuation plan liabilities		482
External unitholders' liability		12,546
Deferred tax liabilities		-
Other liabilities		12,367
Total liabilities		719,287
Net assets		43,803
Equity		
Contributed equity	11	27,373
Reserves	11	(2,319)
Retained profits	11	18,702
Total equity (parent entity interest)		43,756
Non-controlling interest in controlled entities		47
Total equity		43,803

I.F. Derivative and Hedging Activities

Derivative financial instruments held or issued for trading purposes

The Group maintains trading positions in a variety of derivative financial instruments and acts primarily in the market by satisfying the needs of its customers through foreign exchange, interest rate-related and credit-related contracts. In addition, the Group takes positions on its own account, and carries an inventory of capital market instruments. Derivatives, except for those that are specifically designated as effective hedging instruments, are classified as held for trading. The held for trading classification therefore includes those derivatives used for risk management purposes which for various reasons do not meet the qualifying criteria for hedge accounting.

Derivative financial instruments held for hedging purposes

The operations of the Group are subject to risk of interest rate fluctuations to the extent of the repricing profile of the Group's balance sheet. Derivative financial instruments are held or issued for the purpose of managing existing or anticipated interest rate risk from this source which is primarily in the Group's banking operations. The Group monitors this non-trading interest rate risk by simulating future net interest income requirements, through the application of a range of possible future interest rate scenarios to its projected balance sheet. The Group also holds or issues derivative financial instruments for the purpose of hedging foreign exchange risk. Foreign exchange derivatives are used predominantly to hedge borrowings and anticipated cash flows in currencies other than the Australian dollar.

(a) Fair value hedges

The Group applies fair value hedge accounting to hedge movements in the value of fixed interest rate assets and liabilities subject to interest rate risk, as well as assets and liabilities subject to foreign exchange risk.

(b) Cash flow hedges

The Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to interest rate risk on variable rate assets and liabilities, and assets and liabilities subject to foreign exchange risk.

The tables below set out the fair value of both trading and hedging derivatives including notional principal values:

Trading derivative financial instruments

	Notional principal 2012 \$m	Fair value assets 2012 \$m	Fair value liabilities 2012 \$m	Company		
				Notional principal 2011 \$m	Fair value assets 2011 \$m	Fair value liabilities 2011 \$m
Foreign exchange rate-related contracts						
Spot and forward contracts	402,639	3,182	4,296	432,139	9,250	8,187
Cross currency swaps	409,626	6,633	8,623	382,265	14,066	14,698
Options/swaptions purchased	15,174	163	104	18,388	345	114
Options/swaptions written	13,347	83	129	14,086	67	243
Total foreign exchange rate-related contracts	840,786	10,061	13,152	846,878	23,728	23,242
Interest rate-related contracts						
Forward rate agreements	515,317	73	72	557,729	101	93
Swaps	1,636,116	30,317	29,362	1,308,059	21,791	21,222
Futures	787,655	86	287	899,075	94	123
Options/swaptions purchased	27,378	527	75	38,292	380	138
Options/swaptions written	25,106	25	303	33,695	125	232
Total interest rate-related contracts	2,991,572	31,028	30,099	2,836,850	22,491	21,808
Credit derivatives	35,007	217	278	42,842	731	593
Commodity derivatives	1,751	69	70	2,176	140	144
Other derivatives	2,128	305	348	1,567	263	261
Total trading derivative financial instruments	3,871,244	41,680	43,947	3,730,313	47,353	46,048

Hedging derivative financial instruments

	Notional principal 2012 \$m	Fair value assets 2012 \$m	Fair value liabilities 2012 \$m	Company		
				Notional principal 2011 \$m	Fair value assets 2011 \$m	Fair value liabilities 2011 \$m
Derivatives held for hedging - fair value hedges						
Foreign exchange rate-related contracts						
Cross currency swaps	42,047	881	3,723	39,145	1,135	3,301
Total foreign exchange rate-related contracts	42,047	881	3,723	39,145	1,135	3,301
Interest rate-related contracts						
Swaps	40,315	1,223	1,354	29,258	1,014	238
Total interest rate-related contracts	40,315	1,223	1,354	29,258	1,014	238
Total derivatives held for hedging - fair value hedges	82,362	2,104	5,077	68,403	2,149	3,539
Derivatives held for hedging - cash flow hedges						
Interest rate-related contracts						
Swaps	76,769	1,073	844	103,961	902	778
Total interest rate-related contracts	76,769	1,073	844	103,961	902	778
Total derivatives held for hedging - cash flow hedges	76,769	1,073	844	103,961	902	778
Total hedging derivative financial instruments	159,131	3,177	5,921	172,364	3,051	4,317

I.G. Payment, Clearing, and Settlement Systems

The following is a table outlining the payment, clearing, and settlement systems used in conjunction with NAB Ltd's U.S. operations.

System Name	System Type
Bank of NY	Settlement
DTC	Settlement
Citibank	Payment
FICC/GSD	Settlement
Fedwire Securities Service	Payment
Fedwire Funds Service	Payment
GMM	Payment
SWIFT	Payment

I.H. Description of Foreign Operations

NAB Ltd has operations in Australia (the Company's country of domicile), Europe, New Zealand, the United States and Asia. The allocation of income and non-current assets is based on the geographical location in which transactions are booked.

	Group			
	Income		Non-current assets ⁽¹⁾	
	2012 \$m	2011 \$m	2012 \$m	2011 \$m
Australia	13,944	12,679	7,729	6,807
Europe	2,024	2,148	759	1,165
New Zealand	1,259	1,425	561	538
United States	420	515	828	893
Asia	189	188	18	13
Total before inter-geographic eliminations	17,836	16,955	9,895	9,416
Elimination of inter-geographic items	(121)	(112)	-	-
Total	17,715	16,843	9,895	9,416

⁽¹⁾ Non-current assets refer to assets that include amounts expected to be recovered more than 12 months after the balance sheet date. They do not include financial instruments, deferred tax assets, post-employment benefits assets or rights under insurance contracts.

I.I. Material Supervisory Authorities

In Australia, the lead authority responsible for safety and soundness of authorized deposit-taking institutions like NAB Ltd is the Australian Prudential Regulatory Authority. In the United States, the New York Branch is primarily regulated by its licensing authority, the Office of the Comptroller of the Currency (“OCC”), and the Federal Reserve Bank of New York. Great Western Bank is primarily regulated by the South Dakota Banking Department as well as the Federal Deposit Insurance Corporation.

I.J. Identities of Principal Officers

The following people are the members of National Australia Bank’s Executive Committee

Name	Role/Title
Cameron Clyne	Group Chief Executive Officer
Lisa Gray	Group Executive, Enterprise Services and Transformation
Andrew Hagger	Group Executive, NAB Wealth
Michaela Healey	Group Executive, People, Communications & Governance
Joseph Healy	Group Executive, Business Banking
Mark Joiner	Executive Director, Finance
Bruce Munro	Group Chief Risk Officer
Rick Sawers	Group Executive, Product & Markets
Gavin Slater	Group Executive, Personal Banking
Andrew Thorburn	Managing Director & CEO Bank of New Zealand
Craig Drummond	Group Executive, Finance & Strategy

I.K. Corporate Governance Structure and Processes Related to Resolution Planning

NAB Ltd has developed and implemented comprehensive processes, including robust internal controls, and incorporated Resolution Planning into its Global Risk Management Framework. Efforts included the formation of a U.S. Resolution Planning project team, which reports to the U.S. Resolution Planning Steering Committee for a first-level review. The plan was in turn reviewed by the Group Enterprise Risk Function, and approved by the Group Chief Risk Officer through a formal delegation from the principal Board.

I.L. Description of Material Management Information Systems



NAB Ltd's management information systems ("MIS") are applications that aggregate, analyze, and report financial data necessary for prudent decision making and risk management. The applications consist of third-party and in-house platform technologies and user interfaces that staff use to generate reports on both a periodic and ad-hoc basis. The key MIS at NAB Ltd generate numerous reports used in the normal course of business to monitor the financial health, risks, and operations of NAB Ltd.

The ability of NAB Ltd's MIS to aggregate and analyze data locally and globally is robust. Additionally, NAB Ltd maintains detailed business continuity plans with respect to all technology platforms, including its MIS.

I.M. High level Description of the Resolution Strategy for the Covered Company

The New York Branch will be resolved by the OCC through a receivership pursuant to the governing provisions of the International Banking Act of 1978 and the National Banking Act. The receivership will include liquidation of NAB Ltd's U.S. assets to satisfy the claims of New York Branch creditors to the fullest extent possible. Pursuant to this strategy, the plan outlines the asset sales that could occur during the resolution process. These plans include assessments as to the marketability and liquidity of the various classes of New York Branch assets.