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Comptroller of the Currency  
Administrator of National Banks

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Northeastern District Office  
340 Madison Avenue, 5<sup>th</sup> Floor  
New York, New York 10173

Licensing Division  
Telephone No.: 212.790.4055  
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**Conditional Approval #870**  
**August 2008**

July 23, 2008

Bruce T. Richards  
Managing Director &  
Head of nabCapital - Americas  
National Australia Bank Limited  
245 Park Avenue, 28<sup>th</sup> Floor  
New York, New York 10167

Re: Application by National Australia Bank Limited to establish a limited federal branch  
Control No.: 2008 IB 10 0002

Dear Mr. Richards:

I hereby grant preliminary conditional approval to establish a limited federal branch, with the title of National Australia Bank Limited, Chicago Branch, to be located at 311 South Wacker Drive, Chicago, Illinois (hereinafter "Federal branch").

My decision is based on a thorough evaluation of all information available to the Office of the Comptroller of the Currency (hereinafter "OCC"), including the representations and commitments made in the application and by the Bank's representatives and a determination that the proposal met certain regulatory and policy requirements.

This preliminary conditional approval is subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States ("U.S.") law, National Australia Bank Limited and its Federal branch will make available to the OCC such information on the operations and activities of National Australia Bank Limited, its Federal branch, and any of its affiliates that the OCC deems necessary to determine and enforce compliance by the Federal branch with applicable Federal laws, including 12 C.F.R. § 21.21, irrespective of whether activities are performed by the Federal branch in the U.S. or on behalf of the Federal branch in Australia or elsewhere. If the disclosure of any required information is prohibited by law or otherwise, National Australia Bank Limited and its Federal branch will cooperate with the OCC including seeking timely waivers of or exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable National Australia Bank Limited, its Federal branch, and its affiliates to make such information available to the OCC.

2. National Australia Bank Limited and its Federal branch consent to the jurisdiction of the Federal courts of the U.S. and of all U.S. government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the U.S., the OCC and any other U.S. government agency, department or division, in any matter arising under the National Bank Act, the International Banking Act, and other applicable Federal banking laws.
3. National Australia Bank Limited's Federal Branch: (i) shall give the OCC's New York Metro-South Field Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations submitted to the OCC in connection with the application and (ii) shall obtain the OCC's written determination of no objection before the Federal branch either engages in any significant deviation or change from such business plan or operations.<sup>1</sup> The OCC may impose additional conditions as it deems appropriate in a written determination of no objection to the Federal branch's notice. This condition shall remain in effect during the Federal branch's first three years of operation.
4. National Australia Bank Limited and its Federal branch must comply with all understandings, commitments, and conditions contained in any approval order issued by the Board of Governors of the Federal Reserve System ("Board") in connection with the proposed Federal branch and, in accordance with 12 USC § 3102 (a)(2), any condition imposed by the Board is incorporated as a condition for the approval of National Australia Bank Limited's application by the OCC, including this preliminary conditional approval.
5. The Federal branch shall operate in a net due-to position during the first two years after opening.

The conditions of this approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818. As such, the conditions are enforceable under 12 U.S.C. §1818.

The Federal branch's capital equivalency deposit shall be maintained in a U.S. member bank located in New York, consistent with 12 U.S.C. § 3102 (g) and 12 C.F.R. § 28.15, and pursuant to an agreement in such form and containing such limitations and conditions as prescribed by 12 C.F.R. § 28.15.

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<sup>1</sup> If such deviation is the subject of an application filed with the OCC, the OCC does not require any further notice to the supervisory office. The implementation of products and services beyond those outlined in the Federal branch's application submitted to the OCC on May 20, 2008 shall be considered a significant change for purposes of this application.

In connection with preliminary conditional approval to establish the Federal branch, final approval will not be granted until the applicant has also met the following procedural requirements and the OCC determines that the Federal branch is ready to commence operations.

- The Federal branch must have adequate fidelity insurance coverage.
- The Federal branch must open within eighteen (18) months of the date of this preliminary approval; otherwise, the approval is withdrawn.
- The Federal branch will maintain its accounts, books, and records as prescribed by 12 C.F.R. Part 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.
- Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the Federal branch commences business.

Please notify us at least 45 days prior to the date the Federal branch will open for business so that we may schedule a pre-opening examination and issue the license granting final approval to its establishment and operation.

The OCC poses no objection to the following persons serving as executive officers as proposed in the application.

<u>Name</u>	<u>Proposed Position</u>
Ciaran McMullan	Chief Executive Officer
Rodd Ludeman	Chief Risk Officer
Jason Clayton	Head of Decision Support (Finance)

Appointment of all other executive officers is subject to the OCC's *prior* review and clearance. You are also reminded that for a period of two years after the Federal branch is opened for business, the OCC must review and have no objection to any new executive officer or director *prior* to that person assuming such position including the position of Compliance Officer.

This preliminary conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S, any agency or entity of the U.S. or any officer

Bruce T. Richards, Managing Director  
National Australia Bank Limited  
Page 4

or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have questions, please contact Licensing Analyst Gabriel Butler at or me (212) 790-4055.

Sincerely,

*signed*

J. Greg Parvin  
Director for District Licensing