

NATIONAL AUSTRALIA BANK LTD
Form 6-K
November 26, 2004

FILE NO 1-9945

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

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 November 2004

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 is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

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FULL YEAR RESULTS 04

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John Stewart,

Managing Director and CEO

Michael Ullmer,

Group Chief Financial Officer

November 10, 2004

Agenda

Introduction	John Stewart
Financial Overview	Michael Ullmer
Issues and Actions	John Stewart
Questions and Answers	

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Overview of Performance for the September 2004 half

	v Mar 04 HY		Sep 04 HY	Bank Peer Average**
Cash earnings* growth	12.9%	\$	1,611M	9.3%
Return on assets*	26 bps		0.70%	0.99%
Return on equity*	5.7% points		13.1%	18.2%
Total shareholder return				
1 year			(7)%	13%
3 year			4%	14%
5 year			8%	17%

* Before significant items

** Simple average calculated on half year including results for CBA (June 04), ANZ, SGB, WBC (Mar 04)

Rebuilding the National

Progress so far:

Board and executive teams renewed

Underlying problems identified

Transitioning to a new operating model

Embedding cultural change

FX remedial actions

Implementing Europe plans

Agenda

Introduction	John Stewart
Financial Overview	Michael Ullmer
Issues and Actions	John Stewart
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Key areas impacting the Group during the second half

Net interest income

Other operating income

Expenses

Corporate & Institutional Banking

Financial Services Australia

Financial Services Europe

Capital

Significant items and balance sheet adjustments

Business response to regulatory issues

FULL YEAR RESULTS 04

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Group Results

Group profit and loss for September 2004 half

	Sep 04	Half year to Mar 04	Change on Mar 04 HY %	Change on Sep 03 FY %
Banking net interest income	3,540	3,519	0.6	(3.3)
Banking other operating income	1,952	2,044	(4.5)	(6.6)
Wealth Management income**	1,046	933	12.1	52.9
Net operating income	6,538	6,496	0.6	1.3
Banking operating expenses	(3,115)	(2,800)	(11.3)	(6.6)
Wealth Management operating expenses	(461)	(436)	(5.7)	(11.3)
Charge to provide for doubtful debts	(254)	(305)	16.7	11.7
Cash earnings before tax and OEI*	2,708	2,955	(8.4)	(3.8)
Cash earnings before significant items	1,611	1,850	(12.9)	(15.0)

* Before significant items and net of eliminations

** Includes net interest, net life insurance and other operating income

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Drivers of the Group result

Margin compression

FSE

FSA

CIB

Other income

Retail banking stalled across the Group

CIB down dramatically

Excessive cost growth across Group

Poor culture of cost containment

Regulatory & compliance

Protecting the Australian franchise

Amortisation of deferred expenditure

Specific provision down

September 2004 half cash earnings+

	Sep 04 HY	Mar 04 HY	Change on Mar 04 HY %	Change on Sep 03 FY %
Old Divisions				
Financial Services Australia	877	999	(12.2)	flat
Financial Services Europe	290	308	(5.8)	(33.3)
Financial Services New Zealand	171	158	8.2	5.8
Corporate & Institutional Banking	243	375	(35.2)	(29.5)
Wealth Management	188	221	(14.9)	9.4
New Regional Structure*				
Australia	1,151	1,250	(7.9)	
Europe	324	294	10.2	
New Zealand	191	188	1.6	
Institutional Markets & Services	103	329	(68.7)	
Group Funding & Corporate Centre	(65)	(117)	44.4	

+ Cash earnings before significant items

* Regions include the Financial Services business, Wealth Management and former Corporate and Institutional Banking (CIB) Businesses of Transaction Banking, Custodian Services and Corporate Banking. The remainder of the CIB business is within Institutional Markets & Services

Net interest margin September 2004 down 18bps on the year

	Sep 03 Yr NIM	NIM Contraction	Sep 04 Yr NIM	AIEA Sep 04 Yr \$Bn	% of Group AIEA		Group NIM Contraction
					Sep 03 Yr	Sep 04 Yr	
Financial Services Australia	3.14%	(33)bps	2.81%	126	38.2%	41.2%	(13)bps
Financial Services Europe	4.30%	(27)bps	4.03%	53	18.5%	17.2%	(4)bps
Financial Services New Zealand	2.71%	(13)bps	2.58%	27	8.2%	8.8%	(1)bp
Corporate & Institutional Banking	0.62%	(12)bps	0.50%	134	46.5%	43.9%	(5)bps
Other (inc WM & Elims)	(0.22)%	(16)bps	(0.38)%	(34)	(11.4)%	(11.1)%	
Sub Total	2.53%		2.35%	306	100.0%	100.0%	(23)bps
Change in Divisional Mix*							5bps
Group Impact							(18)bps

* In the Results Announcement this is allocated across the Divisional contributions to Group NIM contraction

Net interest margin September half down 11bps on the March half

	Mar 04 HY NIM	NIM Contraction	Sep 04 HY NIM	AIEA Sep 04 HY \$Bn	% of Group AIEA		Group NIM Contraction
					Mar 04 HY	Sep 04 HY	
Financial Services Australia	2.91%	(20)bps	2.71%	129	41.2%	41.2%	(8)bps
Financial Services Europe	4.16%	(24)bps	3.92%	56	16.7%	17.7%	(4)bps
Financial Services New Zealand	2.56%	4bps	2.60%	28	8.7%	8.9%	0bp
Corporate & Institutional Banking	0.56%	(11)bps	0.45%	137	43.9%	43.8%	(5)bps
Other (inc WM & Elims)	(0.12)%	(13)bps	(0.25)%	(36)	(10.5)%	(11.6)%	3bps
Sub Total	2.40%		2.29%	314)	100.0%	100.0%	(14)bps
Change in Divisional Mix *							3bps
Group Impact							(11)bps

* In the Results Announcement this is allocated across the Divisional contributions to Group NIM contraction

Volume growth in the September half

Group Lending Growth*
(average)

[CHART]

Retail Deposit Growth*
(average)

[CHART]

* At constant exchange rates

Banking other operating income* down \$83M in the September 2004 half

[CHART]

* Before significant items

Banking expenses* increased \$324M in the September 2004 half.

[CHART]

* Before significant items

+ Excludes performance-based remuneration

Significant drivers of banking expense growth

	Increase over Mar 04 HY	
1. Regulatory spend		
Basel II and IFRS	\$	23m
Sarbanes Oxley	\$	4m
2. Regulatory spend - NAB specific		
APRA	\$	9m
SEC auditor independence	\$	4m
Management changes and business reviews	\$	32m
3. Australian franchise re-investment		
Branding and advertising	\$	33m
Reversing previous front line staff cuts	\$	13m
Docklands	\$	8m
4. UK Investment		
Strategic review and integration	\$	14m
Growth related initiatives	\$	4m
Regulatory and compliance	\$	5m
5. Corporate & Institutional Banking		