

NATIONAL AUSTRALIA BANK LTD
Form 6-K
May 12, 2005

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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 May 2005

National Australia Bank Limited

ACN 004 044 937

(Registrant's Name)

Level 24

500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

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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

National Australia

Bank Limited

ABN 12004044937

500 Bourke Street

Melbourne

Victoria 3000

Australia

ASX Announcement

Melbourne, Wednesday 11 May 2005

National Australia Bank announces strategic initiatives for long-term growth

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National Australia Bank Chief Executive, John Stewart, announced today key elements of the Group strategy to rebuild and transform the company and provide long term sustainable growth.

We have completed the first year of a two to three year turnaround, and over the next six months we will continue the work of stabilising the business, Mr Stewart said.

Transforming the National will be a challenge, but we are pursuing a balanced strategy that addresses the priority areas we identified last year of achieving better business efficiencies, restoring revenue growth, cultural change, and improving compliance and risk management.

Mr Stewart said good progress had been made across each of the four areas.

Business efficiency

Over the past 12 months, Mr Stewart said the National had been tackling inefficiency through a number of programs.

We are simplifying our business, reducing duplication through better integration across the Group, he said. In Australia, we are integrating wealth management and retail and corporate banking, and their associated systems and processes to make it easier to do business with us and allow us to be more nimble.

This integration gave us an opportunity to remove subsequent duplication in back office functions and reduce the size of the Corporate Centre in Australia as we devolve relevant functions to the Australian region. This will result in a more efficient regional business and leaner Corporate Centre, he said. (The impact of this is outlined in the Outcomes section at the end of this announcement.)

Institutional Markets & Services (IMS) has also reviewed its operating model and is now transitioning to a more efficient, higher equity return business model. As a result it will rationalise its activities in Asia and release capital currently invested in assets generating low returns. Its focus will be on markets where the Group can build long-term sustainable growth.

The IMS changes reflect the need for us to be more competitive while reducing inefficiencies. As a result, we have readjusted our IMS Asia network, focusing on retaining a regional hub in Hong Kong to support the wider Group activities and initiatives in Asia and to serve global clients.

Subject to the relevant approvals, IMS offices in Singapore, Korea and Malaysia will be closed and our Tokyo-based securities company will also be closed. In addition, we will be re-focusing our corporate lending activities in Asia on those clients who have, or potentially have, activities or investments in our core banking markets, he said.

Mr Stewart said the National remains committed to the Asia region.

These changes represent a realignment of our business strategy and re-basing of the business from which we can build a greater presence and one which represents a total Group perspective. We remain committed to the Asia region, he said.

The retail businesses in Singapore, Hong Kong and Tokyo will remain, and the National will continue to deliver a high level of service to customers in these locations.

Restoring revenue

Mr Stewart said the National had introduced several new products and processes across each of the regions to make it easier and more rewarding for customers to do business with us.

In Australia, we have listened to our customers and launched a range of new products in response to their needs, including new low-fee deposit accounts, business and housing low documentation loans and new credit card products, including the Visa mini card, he said. We have launched on the spot decisions for business loans, restoring credit settings and extending greater credit authority to our bankers.

In the UK, our growth program has included the opening of 15 financial solutions centres in the South East of England in the first half and three new centres since then, with a total of 30 to open by the end of the year. In the North of England and Scotland markets there are plans for approximately 40 more financial solutions centres and investment in 50 flagship branches.

The UK growth program has included a review of its distribution network, which will result in significant investment in customer facing areas.

This will include the continued expansion into the mortgage intermediary market, revitalisation of call centres, telephone banking and internet banking platforms, an expansion and technology upgrade of its ATM network, and a re-alignment of the branch network to reflect changing customer usage which will include the establishment of 50 flagship branches in key centres. Clydesdale Bank customers are also able to access their accounts at any of the UK's 16,000 Post Offices.

It has also resulted in decisions to close approximately 60 Clydesdale and 40 Yorkshire Bank branches during the next 18 months. This is in response to the changing needs of our customers, which has meant some branches are no longer viable.

Our research has shown that in any one month 75% of our customers do not use a branch at all, and 11% use a branch only once. This is about providing our customers with the appropriate network for their needs, Mr Stewart said.

In New Zealand, a range of customer service initiatives led to the Bank of New Zealand being rated number one of all major banks for branch service in 2004.

Mr Stewart said detailed business briefings on Australia and IMS strategies would be held later in the year (including updates on restructuring activity and investment spend).

Cultural change

Mr Stewart said the National's cultural change program was well underway.

The top levels of the leadership at the National have been refreshed and the new team is committed to rebuilding the National and creating sustainable growth in shareholder value with a balanced approach to all our stakeholders.

As we have restructured we have recruited from a variety of sources and moved talent internally to increase diversity of thinking and bring in new capability in areas such as risk, distribution, treasury and audit, he said.

We have held leadership working sessions with our key leaders across the regions to engage and involve them in their role in leading the Corporate Principles and driving the strategic agenda.

The Principles have been included within our performance management system to ensure our people are rewarded on both performance and behaviours.

A range of proof points are also being developed by the businesses to quantitatively measure our progress against these Principles and ensure they are aligned to the activities, responsibilities and operations of each area.

Compliance and risk management

Mr Stewart said the National's compliance and risk program has been a priority across the whole Group, with significant progress made.

Our compliance program is also progressing, he said. We have tightened our risk management and compliance framework, and are continuing to work closely with our regulators to ensure we have sustainable compliance and risk improvements.

Our foreign currency options trading desk reopened two days ago and we are well advanced on both the APRA remedial actions program and ASIC enforceable undertakings.

Thirty-one of the 81 actions in the APRA remedial actions program were completed to APRA's satisfaction by March 31 2005, with a further 40 submitted to APRA for closure.

Significant improvements in the risk management and compliance framework have been implemented across all the regions although there are still areas needing work. A new Chief Risk Officer in the Group, and Chief Risk Officers for each of the regions and IMS have been appointed, reflecting a greater focus on risk management.

Formal risk and compliance reporting and escalation processes have also been established to improve monitoring and control across the Group.

Outcomes

To support these initiatives, a provision of \$403 million before tax (\$282 million after tax) was booked in the National's first half results for 2005 (see separate release today).

The March half provision covers approximately 2,700 redundancies, including 1,000 in Australia and 1,700 that were previously announced in the United Kingdom.

The first half provision is expected to result in annualised savings of \$375 million when completed.

In the second half, a further provision of up to \$400 million will be booked. This relates to a further 1,500 redundancies, property rationalisation and other restructuring costs.

This will include 1,000 redundancies in the Australian business, 400 redundancies in the Institutional Markets and Services business and 100 redundancies in other areas including the corporate centre which is being progressively down-sized through the wind-down of group-wide projects, devolution of functions to the region and other efficiencies.

As a result of these changes, there will be approximately 2,000 redundancies in Australia over the next two years, the majority of which will be in back office, non-customer-facing roles.

When the redundancies in the United Kingdom and Institutional Markets & Services are included, a total of approximately 4,200 roles are expected to become redundant over the next 24 months globally across the National.

However, we expect to at least maintain our current level of investment of about \$800 million a year to build the business over the next 2 to 3 years. Over time, an increasing proportion of this investment will be focused on customer and revenue generating initiatives.

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Disclaimer

This announcement 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, may, 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.

Group Corporate Affairs

National Australia

Bank Limited

ABN 12004044937

500 Bourke Street

Melbourne

Victoria 3000

Australia

ASX Announcement

Melbourne, Wednesday 11 May 2005

Template for Key Performance Measures

To assist investors in understanding the National's results we have attached a spreadsheet which sets out the calculations and inputs for a number of key performance measures including earnings per share, return on equity and return on assets.

The spreadsheet contains profit and loss, balance sheet and other inputs, such as share counts which are used in calculating key performance measures and provides a reference to where these inputs are located in the National's Half Year Results Pack.

If you have any questions regarding the spreadsheet please contact Investor Relations.

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Input Schedule	Mar 05 \$m	Half year to Sep 04 \$m	Mar 04 \$m	March 2005 Results Announcement
Performance Summary				
Banking				
Net interest income	3,549	3,603	3,581	Page 66
Other operating income	2,110	2,042	2,123	Page 80
Eliminations (between Banking & WM)	(81)	(75)	(66)	Page 80
Banking net operating income	5,578	5,570	5,638	Page 5
Wealth Management (WM)				
Net interest income	4	3	4	Page 66
Net life insurance income ex IORE	495	523	396	Page 79
Investment earnings on shareholders retained profits & capital from life businesses (IORE)	63	34	59	Page 79
Other operating income	461	408	399	Page 80
Net operating income	6,601	6,538	6,496	Page 5
Banking operating expenses	(3,246)	(3,222)	(2,897)	Page 82
Eliminations (between Banking & WM)	81	75	66	Page 82
Wealth Management operating expenses	(411)	(429)	(405)	Page 82
Charge to provide for doubtful debts	(281)	(254)	(305)	Page 85
Cash earnings before tax	2,744	2,708	2,955	Page 5
Banking income tax expense	(648)	(619)	(743)	Page 89
Wealth Management income tax benefit/ (expense)	(229)	(74)	(205)	Page 89
Cash earnings before significant items, distributions and outside equity interest	1,867	2,015	2,007	Page 5
Wealth Management revaluation profit/(loss) after tax	51	(132)	148	Page 42
Goodwill amortisation	(50)	(50)	(53)	Page 83
Net profit before significant items	1,868	1,833	2,102	Page 5
Significant items after tax	821	(511)	127	Page 90
Net profit	2,689	1,322	2,229	Page 5
Net (profit)/loss attributable to outside equity interest				
Wealth Management	(154)	(307)	(58)	Page 5
Institutional Markets & Services		(4)	(5)	Page 5
Net profit attributable to members of the Company	2,535	1,011	2,166	Page 5
Distributions	(95)	(93)	(94)	Page 4
Earnings attributable to ordinary shareholders	2,440	918	2,072	Page 5
Less: Wealth Management revaluation (profit)/loss after tax	(51)	132	(148)	Page 42
Add: Goodwill amortisation	50	50	53	Page 83
Cash earnings after significant items	2,439	1,100	1,977	Page 4
Add: Significant items after tax	(821)	511	(127)	Page 90
Cash earnings before significant items	1,618	1,611	1,850	Page 4
Other Data				
Average interest-earnings assets	324,886	313,845	299,155	Page 70
Average equity	30,130	28,549	27,055	Page 73
Average outside equity interest in controlled entities	3,945	3,580	3,047	Page 73
Average preference share capital			455	
Average Trust Preferred Securities	975	975	975	Page 73
Average Trust Preferred Securities II	44			Page 73
Average National Income Securities	1,945	1,945	1,945	Page 73

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Weighted average ordinary shares (no. 000)	1,555,388	1,525,397	1,504,975	Page 97
Diluted weighted average ordinary shares (no. 000)	1,622,134	1,592,124	1,574,789	Page 97
Ordinary shares - Fully paid (no. 000)	1,558,324	1,550,784	1,506,493	Page 96
Tier 1 capital	23,156	21,048	20,671	Page 93
Total equity / net assets	32,001	29,766	27,910	Page 6
Outside equity interest in controlled entities	4,107	3,866	3,558	Page 6
Trust Preferred Securities	975	975	975	Page 6
Trust Preferred Securities II	1,014			Page 6
National Income Securities	1,945	1,945	1,945	Page 6
Distributions	(95)	(93)	(94)	Page 4
Goodwill	571	632	682	Page 93
Excess of net market value over net assets of life insurance controlled entities	4,878	4,904	5,031	Page 42

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Output summary - ratios	Mar 05 \$m	Half year to Sep 04 \$m	Mar 04 \$m
Earnings per share (EPS)			
Cash earnings per share (before significant items) - cents	104.0	105.6	122.9
Cash earnings before significant items	1,618	1,611	1,850
Add: Interest expense on ExCaps	53	57	55
Adjusted cash earnings for EPS calculation	1,671	1,668	1,905
Weighted average ordinary shares (no.)	1,555,388	1,525,397	1,504,975
Diluted weighted average ordinary shares (no.)	1,622,134	1,592,124	1,574,789
Diluted cash earnings per share (before significant items) - cents	103.0	104.8	121.0
Earnings per share (after significant items) - cents	156.9	60.2	137.7
Earnings attributable to ordinary shareholders	2,440	918	2,072
Add: Interest expense on ExCaps	53	57	55
Adjusted cash earnings for EPS calculation	2,493	975	2,127
Weighted average ordinary shares (no.)	1,555,388	1,525,397	1,504,975
Diluted weighted average ordinary shares (no.)	1,622,134	1,592,124	1,574,789
Diluted earnings per share (after significant items) - cents	153.7	61.2	135.1
Return on equity (ROE)			
Return on equity before significant items	14.0%	12.9%	18.8%
Earnings attributable to ordinary shareholders	2,440	918	2,072
Add: Significant items	(821)	511	(127)
Adjusted earnings for ROE calculation	1,619	1,429	1,945
Average equity	30,130	28,549	27,055
Less: Average outside equity interest in controlled entities	(3,945)	(3,580)	(3,047)
Less: Average preference share capital			(455)
Less: Average Trust Preferred Securities	(975)	(975)	(975)
Less: Average Trust Preferred Securities II	(44)		
Less: Average National Income Securities	(1,945)	(1,945)	(1,945)
Adjusted average equity for ROE calculation	23,221	22,049	20,633
Return on equity after significant items	21.1%	8.3%	20.0%
Earnings attributable to ordinary shareholders	2,440	918	2,072
Average equity	30,130	28,549	27,055
Less: Average outside equity interest in controlled entities	(3,945)	(3,580)	(3,047)
Less: Average preference share capital			(455)
Less: Average Trust Preferred Securities	(975)	(975)	(975)
Less: Average Trust Preferred Securities II	(44)		
Less: Average National Income Securities	(1,945)	(1,945)	(1,945)
Adjusted average equity for ROE calculation	23,221	22,049	20,633
Net interest margin (NIM)	2.19%	2.29%	2.40%
Net interest income	3,553	3,606	3,585
Average interest earning assets	324,886	313,845	299,155
Banking cost to income ratio	57.4%	57.1%	50.8%
Banking expenses	3,246	3,222	2,897
Banking net interest income	3,549	3,603	3,581
Banking other operating income	2,110	2,042	2,123
Net tangible assets (NTA) per share (\$)	11.82	11.13	10.37
Total equity / net assets	32,001	29,766	27,910
Less: Outside equity interest in controlled entities	(4,107)	(3,866)	(3,558)
Less: Trust Preferred Securities	(975)	(975)	(975)

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Less: Trust Preferred Securities II	(1,014)		
Less: National Income Securities	(1,945)	(1,945)	(1,945)
Less: Distributions	(95)	(187)	(94)
Less: Goodwill	(571)	(632)	(682)
Less: Excess of net market value over net assets of life insurance controlled entities	(4,878)	(4,904)	(5,031)
	18,416	17,257	15,625
Ordinary shares - Fully paid (no.)	1,558,324	1,550,784	1,506,493

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**HALF YEAR
RESULTS**

05

[LOGO]

John Stewart,

Managing Director
and CEO

Michael Ullmer,

Director, Finance and
Risk

May 11, 2005

Agenda

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

[LOGO]

Cash earnings \$1,618m

Cash earnings before significant items

[CHART]

Earnings have bottomed

Dividend maintained at 83cps (80% franked)

Group overview

Key actions during the half:

Stabilising the business and protecting the franchise

Addressing expense growth

Progress on risk and regulatory agenda

Work in progress:

Business efficiency

Reshaping the business

Shedding low-yielding assets and funding mix

Capital management and improving ROE

but only one year into a two to three year turnaround

Agenda

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

Drivers of the Group result

Stronger volumes largely offset by margin decline

Markets and Structured products income restored

Wealth Management steady

Expense growth arrested

Loan loss provision maintained

**HALF YEAR
RESULTS 05**

[LOGO]

Group results

7

Group performance

	Mar 05 HY \$m	Sep 04 HY \$m	Change on Sep 04 HY	
			% Group	% Ongoing [^]
Banking				
Net interest income	3,549	3,603	(1.5)	0.5
Other operating income*	2,110	2,042	3.3	5.5
Banking Net Income	5,659	5,645	0.2	2.3
Banking operating expenses*	(3,246)	(3,222)	(0.7)	(4.0)
Underlying profit	2,413	2,423	(0.4)	0.3
Charge to provide for doubtful debts	(281)	(254)	(10.6)	(12.2)
Banking income tax expense	(648)	(619)	(4.7)	(5.6)
Banking cash earnings	1,484	1,550	(4.3)	(3.8)
Wealth Management cash earnings	229	158	44.9	44.7
Cash earnings **	1,618	1,611	0.4	1.0

* Before inter-divisional eliminations

** Before significant items and after outside equity interest

[^] Excludes Irish Banks, UK National Custodian Services and National Australia Life Company

March 2005 cash earnings by division

	Mar 05 HY \$m	Sep 04 HY \$m	Sep 04 HY Adj \$m	Change on Sep 04 HY %	Change on Sep 04 HY Adj %
Australian Banking	951	940	940	1.2	1.2
Wealth Management Australia**	194	149	189	30.2	2.6
Total Australia	1,145	1,089	1,129	5.1	1.4
Total UK	297	287	287	3.5	3.5
Total New Zealand	163	143	143	14.0	14.0
Institutional Markets & Services ⁺	308	217	244	41.9	26.2
Other (incl Group Funding & Corporate Centre)	(200)	(32)	(32)	large	large
Distributions	(95)	(93)	(93)	(2.2)	(2.2)
Cash earnings before significant items	1,618	1,611	1,678	0.4	(3.6)
Significant items after tax	821	(511)	(511)		

* Includes Asian operations

+ Cash earnings after outside equity interest

Banking net interest income reflects strong volume growth partly offset by margin decline

[CHART]

^ Includes Irish Banks and UK National Custodian Services

Quarterly volume growth for the last 2 halves

Group Lending Growth*[^]
(quarterly average)

[CHART]

Retail Deposit Growth*
(quarterly average)

[CHART]

* At constant exchange rates

[^] Excludes Irish Banks and UK National Custodian Services

+ Excludes securitisation

Net interest margin[^] March 2005 down 7bps on the September 2004 half

	Sep 04 HY NIM	NIM Contraction	Mar 05 HY+ NIM	AIEA Mar 05 HY \$Bn	% of Group		Group NIM Contraction
					Sep 04 HY	Mar 05 HY	
Australian Banking	2.56%	(9bps)	2.47%	150	48%	48%	(4bps)
UK Banking ⁺	4.10%	(20bps)	3.90%	41	14%	13%	(2bps)
New Zealand Banking	2.62%	(5bps)	2.57%	31	10%	10%	
Institutional Markets & Services	0.41%	(2bps)	0.39%	140	44%	45%	(1bp)
Other	(0.11)%	(10bps)	(0.21)%	(50)	(16)%	(16)%	1bp
Sub Total	2.23%		2.16%	312	100%	100%	(6bps)
Change in Divisional Mix*							(1bp)
Group Impact							(7bps)

[^] Excludes Irish Banks and UK National Custodian Services

⁺ Excludes changes to internal capital allocations

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

Banking other operating income* up \$121m in the March 2005 half

[CHART]

* Before significant items, disposed operations and exchange rate effects

+ Normalised for impact of sale of Irish Banks and UK National Custodian Services

Banking expenses* increased \$113m in the March 2005 half

[CHART]

* Before significant items, disposed operations and exchange rate effects

+ Normalised for impact of sale of Irish Banks and UK National Custodian Services

**HALF YEAR
RESULTS 05**

[LOGO]

Divisional contributions

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Australia cash earnings* up 1.4%[^] on the September 2004 half

	Mar 05 HY \$m	Sep 04 HY Adj \$m	Change on Sep 04 HY Adj %	Change on Mar 04 HY %
Australian Banking				
Net interest income	1,888	1,834	2.9	1.1
Other operating income	1,081	1,073	0.7	3.1
Total income	2,969	2,907	2.1	1.8
Other operating expenses	(1,479)	(1,465)	(1.0)	(13.2)
Underlying profit	1,490	1,442	3.3	(7.5)
Charge to provide for doubtful debts	(130)	(97)	(34.0)	(25.0)
Australian Banking cash earnings	951	940	1.2	(9.7)
Wealth Management Australia cash earnings ^{+^}	194	189	2.6	13.5
Total Australia cash earnings⁺	1,145	1,129	1.4	(6.5)

* Before significant items

[^] Adjusted for \$40M prior year adjustment in Wealth Management Australia

⁺ Includes Asian operations

Australian Banking net interest income up 2.9% during the half

Volume Growth

(quarterly average)

[CHART]

Net Interest Margin

[CHART]

Australian Banking: state of the franchise

Market share	Mar 05	Dec 04	Sep 04	Jun 04	Mar 04	Rank at March 05*
Business Lending (incl Bills [^]) ⁺	22.9%	22.1%	21.6%	22.0%	22.0%	#1
Housing (incl Securitisation)	16.8%	16.7%	16.7%	17.0%	17.2%	#2
Credit Cards	16.3%	16.6%	16.7%	17.0%	17.8%	#4
Business Deposits	26.7%	26.7%	27.8%	27.4%	27.7%	#1
Household Deposits	13.3%	13.3%	13.4%	13.4%	13.6%	#3

Initiatives undertaken

New products launched

Restoring credit risk settings

Freeing up processes

Service

+ Includes Institutional Markets & Services

[^] Excludes Bank Held Bills

* Ranking among authorised banks

Source: APRA Monthly Banking Statistics / National (March 2005)

Wealth Management Australia+ underlying cash earnings* up 2.6% in the March 2005 half

	Mar 05 HY \$m	Sep 04 HY \$m	Sep 04 HY %	Change on Mar 04 HY %
Investments	115	106	8.5	23.7
Insurance	74	82	(9.8)	(10.8)
Other (incl. regulatory programs)	(42)	(26)	(61.5)	(13.5)
Profit from operations (after tax)	147	162	(9.3)	5.8
Investment earnings shareholders retained profits & capital from life business (IORE)	47	27	74.1	11.9
Underlying operating profit after tax & OEI	194	189	2.6	7.2
Prior year adjustments		(40)	large	large
Cash earnings*	194	149	30.2	13.5
Revaluation profit/ (loss) after tax	51	(132)	large	(65.5)

+ Includes Asian operations

* Before significant items

UK ongoing operations^ cash earnings* up 12.8% on the September 2004 half

	Half year to		Change on	
	Mar 05 £m	Sep 04 £m	Sep 04 HY %	Mar 04 HY %
Net interest income	334	333	0.3	(3.2)
Other operating income	183	166	10.2	4.0
Total income	517	499	3.6	(0.8)
Total expenses	(330)	(325)	(1.5)	(4.4)
Underlying profit	187	174	7.5	(8.8)
Charge to provide for doubtful debts	(35)	(45)	22.2	
UK ongoing operations^	106	94	12.8	(10.2)
Ireland	15	22	(31.8)	(28.6)
Custody		(3)	large	large
Total UK cash earnings*	121	113	7.1	(10.4)

Volume Growth

(quarterly average)

[CHART]

^ Excludes Irish Banks, UK National Custodian Services and National Australia Life Company

* Before significant items

UK ongoing operations[^] underlying net interest margin down 20bps in the March 2005 half

Net Personal Customer Number Movement in UK

[CHART]

[^] Excludes Irish Banks, UK National Custodian Services and National Australia Life Company

Irish assets sold and operations simplified

Sale of Irish banks announced December 2004

Completed 28 February 2005

Sold for \$2.5bn

Profit on sale of \$1.1bn

UK Custody business and Life business sold

Legal entity merger of Clydesdale and Yorkshire completed December 2004

Progress on UK strategy

Efficiency programme commenced

New distribution channels developing

Customer attrition slowing

[CHART]

New Zealand cash earnings* up 9.3% on the September 2004 half

	Mar 05 HY NZ\$m	Sep 04 HY NZ\$m	Sep 04 HY %	Change on	Mar 04 HY %
Net interest income	420	415	1.2		6.3
Other operating income	219	226	(3.1)		(3.5)
Total income	639	641	(0.3)		2.7
Total expenses	(366)	(380)	3.7		(10.9)
Underlying profit	273	261	4.6		(6.5)