RESULTS FOR THE YEAR ENDED SEPTEMBER 2000

National reports record $3.377 billion profit – up 19.8 per cent

National Australia Bank announced today a record Group operating profit of $3,377 million (after tax and goodwill, before abnormal items) for the year to September 30, 2000. This is an increase of 19.8 per cent on the previous year. Of this profit $1,598 million, or 47.3%, was generated outside Australia.

The latest result was the eighth successive year of record earnings for the Group and includes a $107 million contribution for one quarter of MLC, acquired on June 30, 2000, for $4.6 billion. This contribution comprises $54 million of margin on services profit and $53 million of revaluation gains.

During the past 10 years, net profit has increased by a compound average of 16 per cent a year.

Directors declared a fully franked final dividend of 64 cents a share, payable on December 13, 2000.

Total dividend for the year has increased from 112 cents to 123 cents a share fully franked.

The latest result was before an abnormal provision of $204 million ($136 million after tax). This reflects integration and other expenses associated with the acquisition of MLC Limited, restructuring of the Australian distribution network and restructuring in the Wholesale Financial Services division. These initiatives have been announced previously.

Operating profit after tax, goodwill and abnormal items was $3,241 million.

Earnings attributable to ordinary shareholders (operating profit after tax, abnormals and distributions to other equity holders) was $3,041 million for the year to September 2000.

Earnings per share attributable to ordinary shareholders rose 13.2 per cent from 186.6 cents to 211.3 cents for the year.

Underlying profit (before tax, charge for doubtful debts and abnormals) was up 18.9 per cent from $4,928 million in 1999 to $5,862 million for the current year.

In commenting on the latest results, Managing Director Frank Cicutto said the Group had performed well as evidenced by strong growth in lending and fee-based activities, margin management, containment of expenses and maintenance of asset quality.

Movements in exchange rates had a small positive impact of $17 million on the year's results.

"It was pleasing that the gains the Group had made were achieved during a period of major change", he said.

"To achieve both a record profit and maintain the pace of our transformation reflects the great commitment and capability of people throughout the Group.

"We have successfully completed a major acquisition, continued to streamline our global operating model and increased the value we are deriving from our core businesses.

"We have also maintained our traditional focus on cost and risk management.

"Given the pace of our transformation and growth it is particularly pleasing to see continued improvement in our efficiency ratios.

"This result continues the strong growth in returns for shareholders, which have increased by a compound average of 23 per cent a year since 1990," Mr Cicutto said.

The highlights of the latest result include:

- Non interest income from funds management, wholesale financial services, mortgage activities and other fee generating businesses rose 43 per cent from $4,563 million in 1999 to $6,523 million in the latest year. This includes the gross up of life insurance income and the revaluation gains on National Australia Financial Management's investment in controlled entities.

- This growth in fee-based activities reflected in part the smooth integration of MLC Limited into the Group and the establishment of a Global Wealth Management Division to bring together funds management, insurance and related businesses.

- Australia produced a very strong result with operating profit up 27 per cent. This was driven by strong growth in lending, maintenance of underlying margins, cost control and asset quality. Clydesdale and Yorkshire Banks, Michigan and Bank of New Zealand all performed creditably.

- HomeSide continued to expand its operations in the United States and announced a strategic alliance with Fannie Mae for the on-line origination of mortgages throughout the United States. In Australia, 370,000 loans were converted to the HomeSide servicing platform.

- The National makes a major contribution to the economic and social progress of Australia and the other regions around the world in which it operates. The operations of the National are currently putting over $4,000 million a year back into the Australian economy. During the past year the company purchased an estimated $1.4 billion in supplies and services in Australia; paid or collected around $1.5 billion in Federal and State taxes; and paid over $1.2 billion in dividends (around 70 per cent of which goes to Australian shareholders).

- The National is one of Australia's major services exporters accounting for around $1.5 billion a year in banking and financial services exports.

- The National employs over 47,000 people worldwide, 23,000 of them in Australia.

- The National currently has in excess of 12 million customers worldwide. It is the largest provider of financial services to the key employment generating segments of Australia – the small business sector; the medium sized businesses; and the rural sector – in each of which its market share continues to grow.

Commenting on the outlook for 2000/2001, Mr Cicutto said the Group expected to maintain its current momentum.

" The creation of the Global Wealth Management Division enhances the growth profile of the Group which will benefit increasingly from this initiative.

"We will also ensure we maximise the value we obtain from our existing core businesses.

"A priority during the year ahead will be to fully leverage the strengths and potential of our Northern Hemisphere assets.

"Another priority in Australia will be to consult with community groups and others on matters relating to service access and cost. We intend to increase our efforts in this regard.

"The inherent strength of the current Group franchises and the opportunities to leverage off these, gives us continued confidence about our Group's prospects," Mr Cicutto said.

Melbourne, 2 November 2000

For further information contact: Ron Burke (03) 8641 3876
Brandon Phillips (03) 8641 3857
Julie McBeth (03) 8641 3270
David Mooney (03) 8641 3060

Table of Contents

RESULTS FOR THE YEAR ENDED SEPTEMBER 2000

Management Discussion and Analysis

The introduction of the new Australian accounting standard AASB 1038 "Life Insurance Business" from October 1, 1999, has impacted life insurance revenue, expense and tax disclosure in the 2000 year. The standard requires revenues, expenses and tax to be separately disclosed; these amounts were reported on a net basis in other operating income in previous years. Page 10 of this Management Discussion and Analysis shows the impact of this change together with the impact on the Group result of MLC, acquired on June 30, 2000.

HIGHLIGHTS

- Operating profit after tax, before abnormals, up 19.8% to $3,377 million
- Final dividend 64 cents per share, fully franked
- Return on shareholders' funds of 18.1%
- Earnings per ordinary share growth 13.2%
- Total shareholder return of 19.1%
- Total income growth of 7.5% excluding MLC and AASB 1038
- Loans and advances up 18%
- Australian margin up 1 basis point to 3.03% excluding impact of MLC funding
- Non interest income from banking up 11%
- Non interest income comprises 50.6% of total income for the year and 63.3% for the quarter
- Cost growth contained to 2.6% with cost/ income ratio (excluding MLC) falling to 51.2%
- Impaired assets down 6% and total bad debt provisioning coverage increased to 183%
- Maiden quarter’s contribution from MLC of $107 million ($54 million Margin on Services profit and $53 million revaluation gains)

PROFIT AND LOSS STATEMENT

	Quarter to		Year to		
	September 2000 $M	**September 1999 $M**	**September 2000 $M**	**September 1999 $M**	**September 2000/ September 1999 %**
Net interest income	1,584	1,538	6,371	6,066	5.0
Non interest income	2,729	1,153	6,523	4,563	43.0
Total operating income	4,313	2,691	12,894	10,629	21.3
Non interest expenses	2,679	1,533	7,032	5,701	(23.4)
Underlying profit	1,634	1,158	5,862	4,928	18.9
Doubtful debts charge	173	116	588	581	(1.2)
Operating profit before goodwill and abnormal items	1,461	1,042	5,274	4,347	21.3
Income tax expense attributable to operating profit	439	253	1,700	1,321	(28.7)
Operating profit after tax before goodwill and abnormal items	1,022	789	3,574	3,026	18.1
Goodwill	49	55	197	206	4.4
Operating profit after tax and goodwill before abnormal items	**973**	**734**	**3,377**	**2,820**	**19.8**
Abnormal items	(204)		(204)		
Tax benefit attributable to abnormal items	68		68		
Abnormal items after tax	**(136)**		**(136)**		
Operating profit after tax, goodwill and abnormal items	**837**	**734**	**3,241**	**2,820**	**14.9**
Outside equity interests	2	-	2	(1)	large
Operating profit after tax, goodwill and abnormal items	**835**	**734**	**3,239**	**2,821**	**14.8**
Distributions to holders of National Income Securities and Trust Units	54	30	198	74	large
Operating profit after tax, goodwill and abnormal items attributable to ordinary shareholders	**781**	**704**	**3,041**	**2,747**	**10.7**

KEY PERFORMANCE MEASURES

	Quarter to		Year to	
All figures are in A$ millions unless otherwise stated.	September	September	September	September
All ratios are pre abnormal items unless otherwise stated.	2000	1999	2000	1999
Shareholder Measures				
EVA [1]	299	294	1,477	1,390
Total Shareholders' return[2]			19.1%	14.9%
Earnings per ordinary share [3]	60.6c	47.5c	211.3c	186.6c
Dividend per share	64 c	58 c	123 c	112 c
Return on shareholders' funds	19.9%	17.8%	18.1%	17.3%
Return on assets	1.24%	1.14%	1.11%	1.08%
Earnings per ordinary share, (pre goodwill)	63.9c	51.2c	224.4c	200.6c
Tangible return on tangible shareholders' funds	24.4%	23.6%	22.8%	22.8%
Return on tangible assets	1.32%	1.25%	1.19%	1.18%
Productivity Measures				
Profit per FTE ($'000)	83	69	72	66
Underlying profit per FTE ($'000)	139	98	125	108
Net Interest Income				
Net interest spread	2.36%	2.45%	2.40%	2.47%
Net interest margin	2.72%	3.00%	2.88%	3.00%
Net interest margin adjusted [5]	2.84%	3.00%	2.92%	3.00%
Non Interest Income				
Non interest income to total income	63.3%	42.8%	50.6%	42.9%
Non Interest Expenses (excluding goodwill)				
Cost/income ratio [4]	62.1%	57.0%	54.5%	53.6%
Cost/income ratio adjusted [5]	53.3%	57.0%	51.2%	53.6%
Costs to assets [4]	3.62%	2.49%	2.46%	2.25%
Costs to assets adjusted [5]	2.13%	2.49%	2.10%	2.25%
Asset Quality				
Bad and doubtful debt charge to profit [4]	17.8%	15.8%	17.4%	20.6%
Total Provision Coverage	182.5%	158.4%	182.5%	158.4%
Capital				
Tier 1 ratio			6.64%	7.78%
Tier 2 ratio			4.00%	2.85%
Deductions			(1.36%)	(0.29%)
Total capital ratio			9.28%	10.34%
Wealth Creation Businesses				
Funds Under Management and Administration ($ billion)			61	21
Assets Under Custody and Administration ($ billion)			285	180
HomeSide Mortgage Servicing Portfolio (US$ billion)			173	146

[1] Economic value added or EVA measures profitability in excess of the Group's cost of capital. EVA is a registered trademark of Stern Stewart and Co.
[2] Total shareholder return measures total accumulated value being share price appreciation and dividends.
[3] Based on earnings attributable to ordinary shareholders.
[4] Credit expenses associated with HomeSide's loans sold to third parties are now classified as a charge for doubtful debts. Comparatives have been restated to classify credit expenses, previously reported in General Expenses - Other, on a consistent basis with the current classification.
[5] These calculations exclude the impact of MLC (including funding costs) and AASB 1038. Refer to page 10.

National Australia Bank Limited
Consolidated Group Results

SUPPLEMENTARY PROFIT AND LOSS STATEMENT

This supplementary profit and loss statement presents the Group result adjusted for the acquisition of MLC on June 30, 2000 and the adoption of AASB 1038 from October 1, 1999. This statement is therefore prepared on the same basis as the results for the year to September 1999. These figures are referred to throughout this report as "adjusted figures".

The introduction of AASB1038 impacted revenue, expense and tax disclosure in the 2000 year. The standard requires revenues, expenses and tax to be separately disclosed; these amounts were reported on a net basis in other operating income in previous periods.

For the year ended September 30, 2000	**Group $M**	**Impact of the acquisition of MLC and AASB 1038 $M**	**Group pre MLC and AASB 1038 $M**	**Year to September 1999 Group $M**	**Year to September 2000/ September 1999 %**
Net interest income [1]	6,371	(90)	6,461	6,066	6.5
Non interest income	5,672	707	4,965	4,563	8.8
	12,043	617	11,426	10,629	7.5
Revaluations of life insurance subsidiaries [2]	202	202	-	-	-
Impact of AASB 1038	649	649	-	-	-
Total Income	**12,894**	**1,468**	**11,426**	**10,629**	7.5
Personnel	3,401	62	3,339	3,267	(2.2)
Occupancy	512	6	506	498	(1.6)
Information technology costs	216	19	197	186	(5.7)
Other	2,330	520	1,810	1,750	(3.5)
	6,459	607	5,852	5,701	(2.6)
Impact of AASB 1038	573	573	-	-	-
Non interest expenses	**7,032**	**1,180**	**5,852**	**5,701**	**(2.6)**
Underlying Profit	**5,862**	**288**	**5,574**	**4,928**	**13.1**
Doubtful debts charge	588	-	588	581	(1.2)
Operating profit before goodwill and abnormal items	**5,274**	**288**	**4,986**	**4,347**	**14.7**
Income tax attributable to operating profit [3]	1,568	8	1,560	1,321	(18.1)
Income tax attributable to revaluations	56	56	-		-
Income tax attributable to AASB 1038	76	76	-	-	-
Total income tax expense	1,700	140	1,560	1,321	(18.1)
Operating profit after tax before goodwill and abnormal items	**3,574**	**148**	**3,426**	**3,026**	**13.2**
Goodwill	197		197	206	4.4
Operating profit after tax and goodwill before abnormal items	**3,377**	**148**	**3,229**	**2,820**	**14.5**
Abnormal items	(204)	(108)	(96)		
Income tax benefit attributable to Abnormal items	68	37	31		
Abnormal items after tax	**(136)**	**(71)**	**(65)**		
Operating profit after income tax, goodwill and abnormals	**3,241**	**77**	**3,164**	**2,820**	**12.2**
Outside equity interests	2	2	-	(1)	large
Operating profit after tax, goodwill and abnormal items	**3,239**	**75**	**3,164**	**2,821**	**12.2**
Distributions					
Preference shares	61	-	61	58	(5.2)
National income securities	137	-	137	16	-
Operating profit after tax, goodwill and abnormal items attributable to ordinary shareholders	**3,041**	**75**	**2,966**	**2,747**	**8.0**

[1] Includes the additional costs of subordinated debt funding ($57 million) and the opportunity cost of earnings on surplus capital ($25 million)

[2] Mark to market profit related to revaluation of subsidiaries of National Australia Financial Management as follows MLC and its subsidiaries $123 million, other $79 million.

[3] Includes $47 million charge for revaluation of future income tax benefits (FITB) in Australia

Management Discussion and Analysis

Performance for the Year

Group operating profit for the year increased 19.8% to a record $3,377 million. This result was influenced by the acquisition of the MLC Group on June 30, 2000, and the adoption of Australian Accounting Standard AASB 1038 as from July 1, 2000.

MLC, for the three months to September 30, 2000, contributed $140 million before funding costs, abnormal items and outside equity interests in profit, including $54 million from margin on services and $86 million after tax from the revaluation of MLC and its subsidiaries. Eliminating the impact of MLC and AASB 1038, total income increased 7.5%. Net interest income grew by 6.5% on the back of a 17.8% (14.2% in local currency) increase in lending assets. Excluding the impact of HomeSide and MLC funding, net interest margin was maintained. Other operating income grew by 8.8% driven by an 11% increase in total banking non-interest income. Expenses growth was contained to 2.6%, which, in real terms, represents a reduction from the previous year. Underlying profit grew 13.1% to $5,574 million. Bad and doubtful debt provisioning was flat largely due to continued tight credit control in all regions and adjustments to provisioning levels in Michigan National following its adoption of the Group’s statistical provisioning methodology.

Group EVA, which is a measure of profitability in excess of the Group's cost of capital, increased by 6.3% to $1,477 million using a cost of capital of 11.4%. The Group uses a three year rolling average cost of capital and for the financial year 2001 this has been set at 11.5%. Total shareholder return (TSR) for the year to September 30, 2000 was 19.1%, which was above the 14.9% achieved in the year to 30 September 1999.

Capital Position

The acquisition of MLC for $4.6 billion on June 30, impacted the capital position of the Group but all key ratios remain sound.

Tier 1 Capital represents 6.6% of Risk Weighted Assets (5.5% excluding Hybrid Equity) and Total Capital represents 9.3% of risk weighted assets. Our tangible common ratio was 4.08%.

Operating Environment

The Group encountered strong economic growth in all major operating regions except New Zealand where GDP grew only 2 ¾% for the year. Credit conditions remained sound and the interest rate environment was favourable to all operations except HomeSide. Increases in US interest rates saw mortgage production volumes drop dramatically, which caused irrational pricing in an industry characterised by over capacity. Mortgage pricing in the UK and Ireland also encountered heavy discounting.

Abnormal Items

The Group has created provisions for abnormal expenses totalling $204 million before tax ($136 million after tax) relating to three major initiatives:

1) A provision for integration costs related to the merging of MLC and NAFM to create a Wealth Management Division ($108 million). The integration charge covers the estimated total costs for the integration of asset management and administration systems; establishment of common information technology infrastructure and distribution systems; separation of services provided to MLC by its former owner; the write off of capitalised software and systems which will not form part of the integrated Wealth Management business going forward; and other integration costs.

2) Costs of the recently announced metropolitan network transformation ($84 million). This provision relates to a significant transformation of the Australian retail distribution network to meet the rapidly changing customer preferences for accessing financial services and includes the costs associated with closures, relocation, and reconfiguration and enhancement of the metropolitan branch network.

3) A consolidation of the wholesale network to deliver globally consistent customer offerings and the centralisation of processes where scale efficiencies can be realised for Global Wholesale Financial Services. This will be achieved through streamlining the Group’s technology and processing capabilities for foreign exchange, money market and derivatives activities across Australia and Europe using a common technology platform. A provision of $12 million has been taken in respect of this restructure.

Progress on Key Strategies

1) Driving performance and growth in businesses that rely on relationship management

- Over the past 12 months we have continued to strengthen our position in the customer segments that underpin our first core strategy. In Australia, we are the leading small and medium business bank with market shares of 32% and 35% respectively. Our superior relationship banking model, underpinned by our world class customer relationship management (CRM) and National Leads system, has enabled us to continue growing the share of financial services that we supply to our customers. We have over 75% of our small business customers' share of services and nearly 55% of our medium business customers. In the Premium or high net worth segment, we have a 48% share of services. We lead our competitors in each of these critical measures and will continue to do so with new e-commerce, enterprise support and superannuation offerings.

- In the United Kingdom, we opened new banking centres for our business and premium customers as well as launching a range of new products targeted at these segments. In June, we launched the Rapid Repay product in Yorkshire Bank which received widespread publicity as an innovative product. To date the product, which was originally developed in New Zealand, has achieved sales of GBP 40m. The product is also being launched in Clydesdale Bank making it the first line of credit mortgage in Scotland.

- We have continued to develop and enhance our customer relationship management capabilities that will lead to improved “organisation memory”, customer insight and contact management which are expected to generate benefits through increased customer retention and sales. During the last 12 months, our “National Leads” system generated almost $7 billion of new lending and deposits which resulted in over $135m in additional income to the Group.

2) Accelerating the growth of selected global businesses

- We established a new global business during the year with the acquisition of MLC in June. This acquisition transforms our capability in the wealth management area and forms the basis for our Global Wealth Management division. The combined National/MLC group has achieved strong growth in Retail Funds Under Management with an average annual compound growth rate of 28% compared to an industry rate of 19%. Retail Funds Under Management are now $28 billion. We have achieved a top tier position in the areas of Total Funds Under Management and Protection In Force and, based on the latest ASSIRT industry figures, the National has the No 1 position in Retail Funds Inflows. A provision of $108 million has been taken for the costs of integrating the MLC business into the National Group.

- The announcement by our HomeSide business in June that they had entered a partnership with the world’s largest mortgage lender - Fannie Mae - to deliver a new on-line mortgage channel in the US called HomeSide Solutions, was a major initiative. The new process is truly revolutionary against existing offerings and is a clear demonstration of the National’s ability to be an innovator in the world’s most competitive market. In addition to the Fannie Mae joint venture, HomeSide also completed the conversion of almost 370,000 Australian mortgages onto the HomeSide platform during the year.

- Our Wholesale Financial Services division improved its structured finance capabilities in the UK and US. As a result, our reputation as an innovative and capable provider of structured finance services continued to grow. Wholesale Financial Services took key roles in some of the world’s largest financing deals including the Euro 30 billion financing of Vodafone Airtouch's acquisition of Mannesmann. Our improved capability and positioning will produce increased, low risk, revenues for the Group in the future. The Group will be restructured along product lines this year and this major transformation should see greater cross border leverage of our significant relationships. A provision of $12 million has been taken in respect of this restructure.

- Our Global Securities Services business experienced further rapid growth in Assets Under Custody over the past 12 months. In Australia we have a 38% share of the Master Custody market which is growing at approximately 30% per annum. In the UK, we have a 15% market share which has increased from just 10.5% 3 years ago. Recently we announced the winning of 2 major mandates in the UK which will double our business in the UK to over $200 billion and our total Assets Under Custody to $380 billion in the next 12 months.

3) Staking out positions in areas key to the evolution of financial services

- The establishment of our new subsidiary O2-e Ltd was another major milestone in the year. O2-e is largely responsible for achieving the Group's third core strategy and has a charter to build new and separate businesses as well as playing a key role in the implementation of the National's existing business strategies. One of the first moves of O2-e was an investment in, and strategic distribution affiliation with, Peakhour. Peakhour will provide the platform for the National to deliver a comprehensive range of offerings to our business customers including on-line business banking, accounting systems, customer relationship management, internet access, web site hosting, and e-procurement. The National is the first Australian bank, and one of the first in the world, to develop a complete suite of digital services under the one business banking relationship.

- Our foundation membership of the Concert alliance late last year is providing the infrastructure that will support the Group's e-business activities in the future. We have now linked our operations on a digital "backbone" which is allowing us to share masses of data around the world and begin realising the vision of global systems and processing.

4) Managing our businesses to create maximum value

- A major milestone in this area was the implementation of Stern Stewart's EVA model and principles throughout the Group as the basis for decision making, reporting and rewarding performance. Our objective is to get every one of our people thinking and acting like owners. We will use the EVA methodology in all parts of our business to ensure that resources are efficiently allocated and paid for. Our initial focus has been on using EVA to determine the compensation and incentives of our senior management group and their direct reports. EVA for the year ending September 2000 was $1,477 million, up 6.3% on the previous year.

- We have refined our operating model during the year to ensure we gain maximum advantage from our international operations. We also took this opportunity to bring a new, younger group of managers into the National's leadership ranks. The average age of the direct reports to the top team is now 40 years, which is well down from the previous structure. Nearly 35% of the top two levels have been with the Group for 5 years or less. This is a significant change aimed at bringing new energy and vision into the Group's leadership and building a solid succession plan for the Group.

- The new operating model has made it easier to extract the benefits of having major businesses around the world. We are leveraging the enormous scale advantage that our HomeSide business has in the US to service the mortgages of our Australian customers. These mortgages are serviced directly from HomeSide's San Antonio Texas computer centre. In addition we recently announced the outsourcing of the entire back office processing for our credit card businesses across the globe to the Equifax organisation in the US. Our global scale enabled us to negotiate a global contract that will provide real benefits to our customers and shareholders.

- We have also begun to leverage our products globally. The Rapid Repay Mortgage, which is an enhanced revolving mortgage, was recently launched in the UK with only 90 days development time as all the documentation and processes had already been developed in New Zealand. It is now our fastest growing product in the United Kingdom.

5) Diversifying income streams

- Our 5th core strategy ensures we continue striving to diversify our income streams. As interest margins continue to contract, it is imperative that we develop sustainable, reliable revenues.

- The acquisition of MLC has significantly improved our non interest income streams with over half the Group's income now coming from non-interest sources. In addition to MLC, increasing contributions from retail banking operations as well as Global Wholesale Financial Services and Global Securities Services were particularly pleasing.

(1) EVA® is a registered trademark of Stern Stewart & Co.

Regional Performance

The Group's result was driven by strong results in the Australian operations, (up 26.8%, or 17.5% excluding the impact of MLC and revaluations), Clydesdale Bank (up 27.1%), Yorkshire Bank (up 9.3%) and Michigan National (up 14.6%). Bank of New Zealand also performed well against a weakening economy. In local currency terms BNZ produced an 8.1% growth in profit.

Detailed results for each of the regional Banks is contained in Section 3.

	Year to			
Contribution by region and major entities	**September 2000 $M**	**September 1999 $M**	**September 2000/ September 1999 %**	
Australia [1]	**1,780**	**1,404**	26.8	[2]
Great Britain [3]	**693**	**621**	11.6	
Clydesdale Bank	333	262	27.1	
Yorkshire Bank	375	343	9.3	
Ireland	**174**	**202**	(13.9)	
Northern Bank	163	171	(4.7)	
National Irish Bank	11	31	(64.5)	
New Zealand	**281**	**271**	3.7	
Bank of New Zealand	311	298	4.4	
United States	**593**	**485**	22.3	
Michigan National Corporation	291	254	14.6	
HomeSide	141	153	(7.8)	
Asia [4]	**53**	**43**	23.3	
Operating profit after tax before abnormals and goodwill	**3,574**	**3,026**	**18.1**	[2]

(1) The Australian Group includes Personal Banking, Business Banking, Wholesale Banking, MLC Limited, National Australia Financial Management Limited (NAFM), National Australia Asset Management Limited, the Australian Property Companies, Custom Service Leasing Limited, National Australia Trustees Limited, Global Securities Services, County Investment Management and National Australia Investment Capital Limited, corporate centre costs and National Equities Limited.

(2) Excluding the impact of AASB 1038 and the purchase of MLC, Australian profit increased 17.5% and Group profit 14.7%.

(3) Great Britain includes Clydesdale and Yorkshire Banks, National Australia Life, NAG Europe and NAB London.

(4) Asia includes operating profit after tax for Nautilis Insurance Pte Limited of $10m.

Australian Group

Australia produced a strong result with operating profit after tax increasing by $376 million or 26.8%. Adjusted operating profit before goodwill and abnormal items grew by 17.5% to $1,650 million. Adjusted net interest income increased by $332 million or 11.6% in 2000 due to strong lending growth and effective margin management. Excluding the impact of MLC funding costs, margin for the Australian operations increased 1 basis point to 3.03% for the year. The adjusted cost to income ratio declined from 53.5% to 49.7%.

The inclusion of MLC's results for the three months to 30 September 2000 contributed $140 million before funding costs, abnormal items and outside equity interests in profit, including $54 million from margin on services profits and $86 million after tax from the revaluation of MLC and its subsidiaries.

Adjusted other operating income showed strong growth increasing by 7.6% due to volume related growth in credit card fee income and higher fee income from strong growth in lending.

Adjusted other operating expenses grew 2.1% during 2000. Contributing to the increase were market related increases in personnel costs, higher communication costs reflecting customer transition to non branch channels and fees and commissions which reflected higher card and electronic transaction volumes. Information technology costs increased 5.7% for the year, including higher depreciation and software amortisation.

The charge for doubtful debts increased 15% from $180 million to $207 million due to volume related growth and a change in asset mix, partly offset by lower specific provisioning. Strong credit quality was maintained with gross non accrual loans as a percentage of total loans and advances reducing from 0.75% to 0.61%.

Tax expense for the September 2000 year was impacted by $47 million due to the revaluation of future income tax benefits to reflect the lower Australian tax rates that will apply for future years and $76 million due to the gross up from the adoption of AASB1038.

European Group

The European banks are now being managed as two regions. The Great Britain region includes Clydesdale and Yorkshire Banks and the Irish region comprises Northern and National Irish Banks.

Common management and processes are being progressively adopted in each region and the individual regional results need to be viewed in total to understand underlying regional performance. A process has been commenced to consolidate the legal entity structures of the two Great Britain banks and the two Irish banks to reflect the new management structure.

Great Britain

Great Britain's profit grew 11.6% in the year to $693 million. The result was due to strong lending growth and volume related growth in other operating income.

Clydesdale Bank's profit before abnormals increased by 27.1% to $333 million in 2000. The improvement in the Clydesdale result was attributable to higher net interest income, reflecting increased lending volumes and a small improvement in margin, volume related increases in lending fees and brokerage/commissions, and a lower doubtful debts charge. Expenses increased 6.9% (6.0% in local currency) due to sale and leaseback activities and from a change in the methodology used for the recognition of credit card non lending losses.

Yorkshire Bank's profit was $375 million, an increase of 9.3% (12.3% in local currency terms) compared with 1999 of $343 million. Underlying profit of $676 million grew by 12.5% (13.9% in local currency terms). Contributing to Yorkshire's result were higher net interest income due to lending volume increases partly offset by the impact of competitive pressures and product mix on customer lending margins. Volume related increases in lending fees and brokerage/commissions, drove a 4.2% increase in non interest income while lower operating expenses were due to a write down in the residual value of leased vehicles in the prior year.

Ireland

The combined result for the two banks in Ireland represented a reduction in profit of 13.9% mainly impacted by a reduction in net interest margin and higher expenses, including the investigation costs in National Irish Bank and provision for the Deposit Interest Retention Tax settlement of 5.3 million Irish Pounds.

Northern Bank's profit decreased by $8 million or 4.7% (4.5% in local currency terms) to $163 million. This outcome was principally due to a 9.1% (8.3% in local currency) increase in operating expenses. This was driven by an increase in charges for support activities from the NAG Europe operation with a greater proportion of the European Group's costs now being consolidated directly into the results of Northern Bank. Occupancy costs also showed an increase reflecting the impact of the prior year's sale and leaseback of properties, with the sale proceeds being recorded in the previous year's results.

Bad and doubtful debts charge increased by $3 million due to one large provision in the September quarter. Net interest income was in line with the previous year. While in local currency terms gross loans and advances increased by 21.4%, this was offset by a contraction in net interest margin by 12 basis points to 3.94%. Other operating income grew by 7.2% (6.2% in local currency) resulting from improved life insurance commission income, an increase in treasury income driven by new products and increases in application and service fees.

National Irish Bank's profit reduced from $31 million in 1999 to $11 million for the current year. Net interest income declined by 8.5% (no change in local currency terms) reflecting the entry of new competitors in the Irish market place which has had a significant impact on mortgage margins, offset by growth in fixed rate and term lending.

Expenses increased by 7.1% mainly reflecting on-going investigation costs, while other operating income was lower by 9.6% (4.2% in local currency) principally due to profits on disposal of properties in the prior year.

New Zealand Group

The New Zealand Group contributed a profit after tax of $281 million compared to $271 million in 1999, an increase of 3.7%.

Bank of New Zealand (BNZ), including its offshore operations, contributed a profit of $319 million in 2000, an increase of 5.6%, (8.1% in local currency).

Net interest income increased by 2.0% (7.7% in local currency terms) during the 2000 year to $509 million due to an improved net interest margin and growth in lending.

Other operating income rose by $57 million or 16.9% to $395 million, due to growth in treasury related trading income, origination fees from project and structured finance transactions, and higher insurance and credit card fee income. Higher credit card fee income reflects the introduction of new products and loyalty programs.

Other operating expenses increased 3.6% from $476 million in 1999 to $493 million in 2000 reflecting higher volume related operating expenses and a non lending loss recovery recorded in the previous year.

United States Group

The United States Group contributed a profit after tax of $593 million compared to $485 million in 1999, an increase of 22.3%. Excluding the impact of exchange rate movements, profit for the United States Group increased by 17.1%.

MNC contributed a profit of $291 million in 2000, an increase of 14.6% (9.2% in local currency). Contributing to the increase in profit was an increase in other operating income of 10.9% (5.1% in local currency terms). In local currency terms, net interest income decreased by 1.3% due to tightening lending margins, which were partly offset by higher volumes. Other operating expenses have decreased 2.6% in local currency terms due to lower contractor costs and lower bureau charges. MNC's cost to income ratio improved from 53.2% in 1999 to 51.5% in 2000 due to income growth and cost containment.

HomeSide US, contributed a profit of $141 million compared to $153 million in 1999. Excluding the impact of exchange rate movements, HomeSide's profit decreased by 12.2%. Net servicing revenue was significantly higher than the prior year (63.0% in local currency terms) due to an 18% increase in the average servicing portfolio, lower average servicing costs and a lower amortisation rate, reflecting the impact of higher mortgage interest rates on prepayment activity. Mortgage origination revenue decreased by 55.6% in local currency terms, as a result of diminished refinance activity. In addition, pricing competition and extreme rate volatility in the market caused a decrease in margins.

HomeSide also experienced a significant decrease in net interest income largely due to lower mortgage production volumes, resulting from rising interest rates in the US, which impacted the level of mortgage loans held for resale. Excluding exchange rate effects, operating expenses decreased by 12.2% as a result of cost containment initiatives in respect to lower production volumes and a decrease in the servicing cost per loan.

NAB New York also contributed to the United States profit with an increase in profit after tax before abnormals of 113.6% from $66 million to $141 million. The increase in profit was due to a large increase in net interest income of 156.7% attributable to National Income Securities Funding which was raised in August 1999.

Asian Group

The contribution from Asian operations increased from $43 million for 1999 to $53 million in 2000. The Asian region continues to experience improvement in the quality of the business written, which led to a lower provision for doubtful debts, contributing to the profit growth.

Business Unit Performance

The National runs its operations by line of business. On 4 May 2000 the National announced changes to its corporate structure. The Products and Services division was restructured. "Global Wealth Management" includes the Global Investments & Insurance unit from Products & Services together with MLC. The product specialist units from the Products & Services division form the "Specialist and Emerging Businesses" division. In addition, the operational functions formerly in Products & Services have been combined with Finance Shared Service Centres, HR Shared Services and Information Technology (NSITE) to form "National Shared Services". Due to the complexity of the changes it has been impracticable to restate prior year numbers to reflect the new structure.

The contribution to operating profit after tax from each of the major lines of business for the year to September 2000 are detailed below. All operating divisions performed well during the year except for Homeside which encountered difficult operating conditions.

Profit Analysis for the year to 30 September 2000

	B&PFS	Wealth Management	Wholesale Financial Services	Specialist and Emerging Businesses	HomeSide	National Shared Services	Other	Eliminations	Year to September 2000 Total	Year to September 1999 Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Profit & Loss										
Net interest income	5,253	(8)	506	554	(42)	(104)	212	-	6,371	6,066
Non interest income	2,383	1,866	787	772	657	37	21	-	6,523	4,563
Inter segment revenue	175	-	8	205	-	1,539	161	(2,088)	-	-
Total operating income	**7,811**	**1,858**	**1,301**	**1,531**	**615**	**1,472**	**394**	**(2,088)**	**12,894**	**10,629**
Operating expenses	2,365	1,359	390	549	361	1,623	385	-	7,032	5,701
Inter segment expenses	1,471	23	107	412	7	81	(13)	(2,088)	-	-
Total non interest expenses	**3,836**	**1,382**	**497**	**961**	**368**	**1,704**	**372**	**(2,088)**	**7,032**	**5,701**
Underlying profit	**3,975**	**476**	**804**	**570**	**247**	**(232)**	**22**	**-**	**5,862**	**4,928**
Charge to provide for doubtful debts	458	-	17	99	58	(21)	(23)	-	588	581
Income tax expense	1,200	181	192	161	57	(69)	(22)	-	1,700	1,321
Operating profit after income tax before goodwill and abnormal items	**2,317**	**295**	**595**	**310**	**132**	**(142)**	**67**	**-**	**3,574**	**3,026**

Business and Personal Financial Services

Global Business and Personal Financial Services (B&PFS) is the retailing arm of the Group. B&PFS provides financial products and services to business and personal customers across five regions; Australia, New Zealand, Great Britain, Ireland, and Michigan in the United States.

	Year to	Half -Year to		
	September 2000 $M	September 2000 $M	March 2000 $M	September 2000/ March 2000 %
Profit & Loss				
Net interest income	5,253	2,735	2,518	8.6
Non interest income	2,383	1,224	1,159	5.6
Inter segment revenue	175	93	82	13.4
Total operating income	**7,811**	**4,052**	**3,759**	**7.8**
Non interest expense	2,365	1,233	1,132	(8.9)
Inter segment expenses	1,471	755	716	(5.4)
Total non interest expenses	**3,836**	**1,988**	**1,848**	**(7.6)**
Underlying Profit	**3,975**	**2,064**	**1,911**	**8.0**
Charge to provide for doubtful debts	458	239	219	(9.1)
Profit before income tax	**3,517**	**1,825**	**1,692**	**7.9**
Income tax expense	1,200	621	579	(7.3)
Operating profit after income tax	**2,317**	**1,204**	**1,113**	**8.2**

Key performance measures

Net interest margin	3.87%	3.91%	3.84%
Non interest income/ Total income	32.7%	32.5%	33.0%
Cost income ratio	49.1%	49.1%	49.2%
Gross non-accrual loans to gross loans and acceptances	0.62%	0.59%	0.66%
Profit/FTE ($'000)	86	89	82

B&PFS profit after tax (before abnormals) for the year was $2,317 million. Profit for the second half of the year was 8.2% ahead of the first half driven by strong growth in net interest income.

Net interest income grew 8.6% in the second half of the year driven by growth in volumes, particularly in lending. Interest margins remained under tight management during the year.

Lending volumes grew 6.8% in the second half of the year and this was most significant in our home mortgage products, reflecting the continued importance of the housing loan as our key introducer product across our personal relationship management platforms.

While growth in account maintenance and transaction fees continued, this source of income is increasingly being impacted by our success in migrating customers to electronic channels where access is more convenient and the fee structures are cheaper to the customer and where the cost to serve is significantly lower than the traditional physical channels.

The expansion in our Financial Planner force over the past year has been a key driver of the growth in commission-based income generated by our sales of wealth management products on our Premium/Private platforms. Sales during the September quarter by Financial Planners were up 30% on the equivalent period in 1999.

Non interest expenses were higher in the second half of the year, principally:
- higher personnel expenses due to enterprise Bargaining and other market related salary increases;
- contractor payments in Australia, associated with building the alternative channel capabilities;
- teleprocessing expenses in United Kingdom, as a result of telephony initiatives associated with the channel management strategy;
- increased advertising/marketing expenses for customer communication programs;
- escalation of business development initiatives in the newly established O2-e division.

Bad & Doubtful Debts Charge was higher in the second half of the year, with higher levels of specific provisioning in Australia and Ireland being partly offset by a lower statistical provisioning expense.

Global Wealth Management

The Global Wealth Management ('GWM') division was created with the merger of the National's financial services business (National Australia Asset Management, National Australia Trustees, National Australia Life and National Australia Financial Management) with MLC and its subsidiaries, which were acquired on June 30, 2000. GWM is a diverse financial services business with more than $60 billion in funds under management and more than two million customers. GWM services both the retail and corporate markets, providing integrated insurance, superannuation and investment solutions to build and protect customers' wealth throughout their lives.

Global Wealth Management's operations include:

- funds management, covering superannuation and investment services for both retail and corporate clients, management of unit trusts, investment management and portfolio management services for corporate and institutional clients;

- funds administration, providing customers with the ability to direct their investments to fund managers and investment products of their choice, through one point of service;

- investment management, providing strategic advice, asset management and investment portfolio management services;

- insurance, covering traditional life insurance, income and general insurance; and

- services to financial advisers, offering total business solutions that enhance their efficiency and provides flexibility and choice in investment and planning.

At September 30, 2000, Global Wealth Management had approximately 4,000 employees.

Acquisition of the MLC Group

On June 30, 2000, the National's life insurance subsidiary, National Australia Financial Management Limited (NAFM) acquired the financial services businesses of Lend Lease Corporation, known as the MLC Group. The impact of the acquisition on the Group's Profit & Loss Statement is set out in the Adjusted Profit & Loss Statement on page 10. The impact of the acquisition of MLC on the Group's Balance Sheet is set out on page 33.

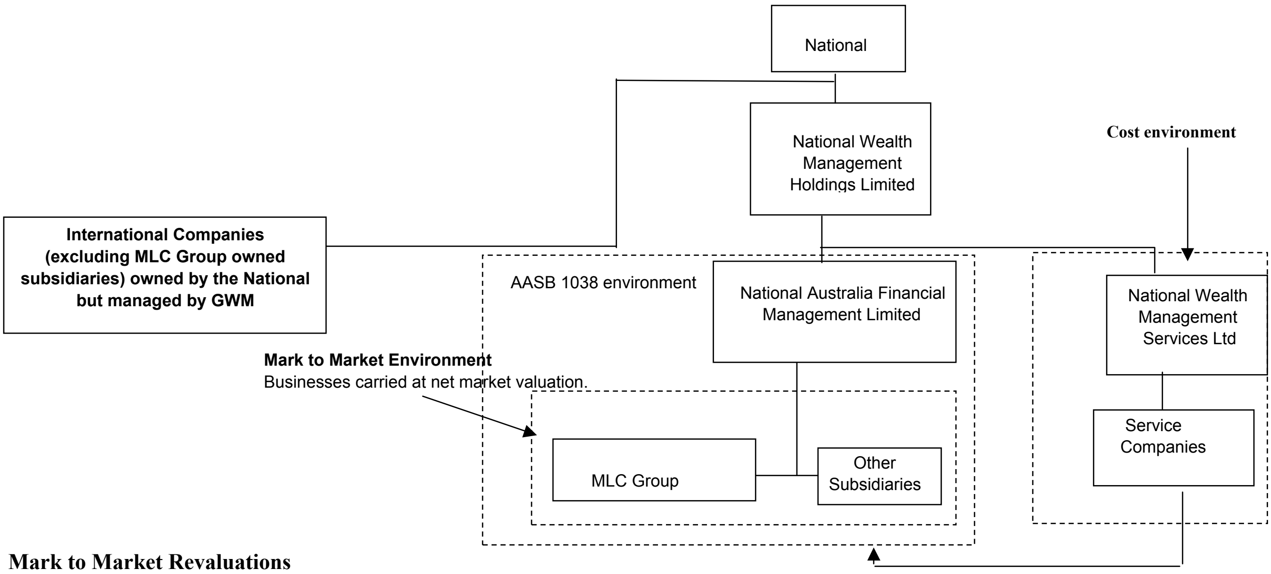
Restructuring

As NAFM is a life company, it accounts for its subsidiaries on a mark to market basis in accordance with Australian Accounting Standard AASB1038 - Life Insurance Business, and will do so in relation to the majority of the MLC Group entities. On acquisition of the MLC Group, there is no goodwill, instead excess of market value over the net assets of the MLC subsidiaries will be reported in the consolidated balance sheet. The same treatment applies to the other non-MLC subsidiaries of NAFM. Full independent valuations will be obtained as at December and June each year for all NAFM subsidiaries and will be rolled forward for the purpose of half year and full year reporting. Any revaluation increments above the company's net assets will be reflected in both the profit and loss statement and the balance sheet as an increase in the excess of market value.

The National has also established a service infrastructure group, National Wealth Management Services, comprising service entities previously owned by NAFM and MLC. These entities are owned outside of the mark to market environment. The service infrastructure group provides employees, information technology and related services to the global wealth management operations. The benefit of the structure is the grouping of the National's major insurance and investment operations separately from its other financial services businesses, as required by the Australian Prudential Regulatory Authority.

Simplified Structure

The new structure for both the life and service companies is illustrated in the following diagram;



Mark to Market Revaluations

Annual profit derived in the life companies has been calculated using Margin on Services (MoS). The annual results also include excess of market value over the net assets of subsidiaries owned by NAFM included in the annual results based on independent valuations. The table below sets out changes in the net market value of the subsidiaries of NAFM including MLC.

Entity	Net Market Value at 30 June 2000 $M	Additional Capital $M	Operating Profit (1) $M	Mark to Market Gain $M	Net Market Value at 30 September 2000 $M
MLC Group (2)	4,634	232	41	123	5,030
Other	234	12	8	79	333
	4,868	**244**	**49**	**202**	**5,363**

(1) Operating profit after abnormals.

(2) Excluding business transferred from MLC to NAFM.

Sales for the quarter were strong. In particular MLC Masterkey shows 30% growth in sales. Net funds flow was also strong across the Group.

GWM was ranked number 1 in retail assets under management in the latest Assirt Survey, with retail funds under management of $28.1 billion and a 14.6% market share. GWM was ranked number 1 for both annual and quarterly inflows.

GWM ranked number 5 in assets under management in the corporate segment and number 2 and 3 respectively in the traditional insurance and risk segments.

Working from a base of greater than $60 billion, GWM expects to grow retail funds under management and administration strongly over the next 12 months. This will be driven by growth in net funds flow of Masterkey, Flexiplan and All in One product.

Revenue and expense synergies arising from integration of MLC and NAFM operations, are expected to increase annual profits before tax by $140 million. These synergies are expected to be achieved 40% by September 2001, 80% by September 2002 and 100% by September 2003. Costs associated with integration of $108 million have been provided for in the September 2000 result.

Financial Performance

As GWM is a new business there are no meaningful comparative figures. Set out below is the profit for GWM for the year to September 30, 2000 showing the relative contributions of the MLC group of companies and the NAB group wealth management operations.

Profit & Loss	Year to September 2000 $M	MLC September 2000 $M	Other [1] September 2000 $M
Operating Revenue			
Net premium and product fee income	457	139	318
Investment revenue	1,070	473	597
Other revenue	213	87	126
Total operating revenue	1,740	699	1,041
			-
Claims expense	262	125	137
Administration and other expense	517	236	281
Net increase in net policy liabilities	664	223	441
Increase in policy owner retained profits	23	23	-
Operating profit before abnormals and revaluations	274	92	182
Income tax attributable to operating profit	125	38	87
Margin on Service	149	54	95
Change in excess of net market values over net assets of life insurance subsidiaries	202	76	126
Income tax attributable to revaluation of life insurance subsidiaries	56	23	33
Operating profit after tax before abnormals	295	107	188
			-
Abnormal items (expense)	(108)	(17)	(91)
Income tax benefit attributable to abnormals profit	37	6	31
Abnormal items after tax	**(71)**	**(11)**	**(60)**
Operating profit after tax and abnormals	224	96	128
Outside equity interests in operating profit after tax	2	2	-
Operating profit after income tax attributable to ordinary shareholders	**222**	**94**	**128**

(1) Global Wealth Management excluding MLC

Wholesale Financial Services

Wholesale Financial Services (WFS) is Australia's leading wholesale bank and is responsible for the Group's 1,500 major corporate and institutional relationships worldwide. WFS operates across four continents and 21 financial centres with a presence in each of the principa markets outside Australia.

	Year to September 2000 $M	Half -Year to September 2000 $M	March 2000 $M	September 2000/ March 2000 %
Profit & Loss				
Net interest income	506	273	233	17.2
Non interest income	787	445	342	30.1
Inter segment revenue	8	5	3	66.7
Total operating income	**1,301**	**723**	**578**	**25.1**
Operating expenses	390	214	176	(21.6)
Inter segment expenses	107	54	53	(1.9)
Total non interest expenses	**497**	**268**	**229**	**(17.0)**
Underlying profit	**804**	**455**	**349**	**30.4**
Charge to provide for doubtful debts	17	15	2	large
Profit before income tax	**787**	**440**	**347**	**26.8**
Income tax expense	192	114	78	(46.2)
Profit after income tax	**595**	**326**	**269**	**21.2**

Key performance measures

Profit per FTE ($'000s)	378	410	356
Income per FTE ($'000s)	839	932	762
Cost per FTE ($'000s)	321	345	303
Cost / Income Ratio	38.2%	37.1%	39.6%

Wholesale Financial Services (WFS) recorded a record $595 million profit for the year (before abnormals). Profit for the second half of the year increased by 21.2% to $326 million.

Net interest income increased strongly during the year primarily as a result of increasing structured finance activity with the continuing growth of the Project & Structured Finance unit. Strong business flows from the corporate sector globally have seen good opportunities for quality lending. Core lending assets have grown over the year and net interest margins have remained stable. During the year the diversity of funding increased with the continued expansion of the client base.

Non interest income grew strongly during the year with higher origination fee income from structured finance transactions in Europe and New Zealand. The expansion into structured products continued, with further development of the Group's fully integrated currency options system. Following the regulatory approval in March for National Australia Capital Markets LLC, the global markets division commenced distribution of capital markets products in the United States. In Project & Strucured Finance, the securitisation team was successful in several transactions including various dealer panel appointments, completion of asset warehousing facilities and an increase in the securities issued through the Titan securitisation program. In addition it was the co-manager for a dealer panel, and warehouse facility provider and arranger/funder for a NZ-based mortgage origination program. The business also expanded its service capabilities, establishing a Project Advisory Group and a Project and Structured Property Group. National is also ranked the #1 Arranger for Project Finance facilities in Asia-Pacific.

Total expenses were higher in the second half of the year. This is mainly due to higher personnel expenses reflecting the continued growth in the business. Other expense increases include legal and professional fees associated with the origination of income generating transactions and costs associated with the development of the Continuous Linked Settlement system for certain foreign exchange transactions. Overall the cost income ratio declined to be 38% for the year, while profit per FTE grew through the year.

The bad and doubtful debt provision increased by $13 million in the second half, primarily driven by an increase in statistical provisioning reflecting increased volumes of new loans written.

The credit quality of WFS' portfolio continues to be strong, with 95% of credit exposures equivalent to investment grade or above, of which 40% have the equivalent of a 'AA' rating or above.

Specialist and Emerging Businesses

Specialist and Emerging Businesses operate along global lines of business and comprise five product specialist units (Global Security Services, Global Cards, Global Payments, Global Asset Finance and Fleet Managment, and International Trade and Business) together with National Online Trading and National Australia Investment Capital Limited (NAICL).

	Year to	Half -Year to		
	September 2000 $M	**September 2000 $M**	**March 2000 $M**	**September 2000/ March 2000 %**
Profit & Loss				
Net interest income	554	282	272	3.7
Other non interest income	772	398	374	6.4
Inter segment revenue	205	99	106	(6.6)
Total operating income	**1,531**	**779**	**752**	**3.6**
Other operating expenses	549	292	257	(13.6)
Inter segment expenses	412	213	199	(7.0)
Total non interest expenses	**961**	**505**	**456**	**(10.7)**
Underlying Profit	**570**	**274**	**296**	**(7.4)**
Charge to provide for doubtful debts	99	52	47	(10.6)
Profit before income tax	**471**	**222**	**249**	**(10.8)**
Income tax expense	161	77	84	8.3
Profit after income tax	**310**	**145**	**165**	**(12.1)**

Key performance measures

Global Securities Services			
Average assets under custody ($bn)	248	262	219
Global Cards			
Average outstandings (credit card lending)	4,638	4,859	4,416
% annual spend growth	25%	24%	27%
Global Asset Finance & Fleet Management			
Asset Finance			
Market Share growth (%)			
Australia	19.8%	8.2%	11.0%
Europe	13.0%	13.0%	0.0%

- *Global Securities Services* holds and safeguards the assets of large companies as well as government institutions, superannuation funds and asset managers. Securities Services also provides settlement functions, back office processing and performance monitoring of investments. The unit has more than $285 billion of assets under custody and administration.

- *Global Cards* manages the National’s credit card business (predominantly Visa and MasterCard) in Australia, New Zealand, United Kingdom & Ireland, with 4 million credit cards on issue.

- *Global Payments* are responsible for the processing and completion of payment transactions, development of payment processes and systems, particularly in the emerging areas of smartcards and e-commerce.

- *Global Asset Finance & Fleet Management* is the National's product specialist in plant, equipment and motor vehicle leasing and includes the broader area of fleet management. The unit has over $10 billion in leasing receivables

Profit performance in the first half of the year included a credit of $20 million ($13 million after tax) due to a change in accounting of vehicle maintenance costs in Global Assets & Fleet Management. The second half of the year included the adoption of a globally consistent non lending loss policy in the credit card operation. These impacts mask strong underlying performance in existing businesses when comparing the first and second halves.

Credit card outstandings grew by 20% from the previous year, while assets under custody and administration increased to $285 million as at September 30, 2000. Leasing receivables at September 30, 2000 were $10.3 billion, an increase of 14% on the prior year.

Net Interest Income showed slight improvement during the year with growth in Cards outstandings increasing by 20%, which more thai offset the margin squeeze caused by movements in interest rates. Securities Services experienced significant growth in deposit volumes following the take on of new business during the second half of the year.

Non interest income for the September 2000 half was robust, with a 6.4% increase from the first half of the year. High volumes of pre-GS1 purchases caused a significant increase in Payments business during the June quarter however a substantial downturn in retail spending across Australia during July adversely impacted the September quarter result. Securities Services experienced strong growth in Master Custody transactions and custody fees with a significant increase in new business during the March and June quarters.

Other operating expenses grew during the year which was due to the impact of the Fleet Systems acquisition and the introduction of National OnLine Trading as well as a considerable increase in volumes and the impact of enterprise bargaining increases in Australia from July onwards.

HomeSide

HomeSide has an exclusive focus on mortgage processing, from originating loans and collecting repayments through to the creation of mortgage backed securities, which are sold in the secondary market with operations in the US and Australia.

The table below includes both HomeSide operations in the United States and the recently commissioned Australian HomeSide operations.

	Year to	Half -Year to		
	September 2000 $M	September 2000 $M	March 2000 $M	September 2000/ March 2000 %
Profit & Loss				
Mortgage Servicing Fees	1,200	641	559	14.7
Amortisation of mortgage servicing rights	665	351	314	(11.8)
Net servicing revenue	**535**	**290**	**245**	**18.4**
Net interest income	(42)	(39)	(3)	large
Net mortgage origination revenue	105	48	57	(15.8)
Other income	17	8	9	(11.1)
Total Income	**615**	**307**	**308**	**(0.3)**
Other operating expenses	368	202	166	(21.7)
Underlying Profit	**247**	**105**	**142**	**(26.1)**
Charge for doubtful debts	58	32	26	(23.1)
Income tax expense	57	25	32	21.9
Profit after income tax	**132**	**48**	**84**	**(42.9)**

Key performance measures

Servicing portfolio - US (US$bn)	173.3	165.1	152.5
Servicing portfolio - Aus (Aus$bn)	36	36	n/a
Production volume - US (US$bn)	20.3	10.8	9.4
Broker originated loan growth - Aus (AUS$bn)	135%	31%	40%
Market ranking - US	6	6	7
Cost to income ratio - US	55.2%	59.8%	50.7%

HomeSide's profit after tax was adversely affected by the impact of lower mortgage production volumes, higher interest rates and pricing competition. The underlying profit from the Servicing business was up 42% compared with the prior year. The US mortgage servicing portfolio increased US$16.5 billion to US$173.3 billion as at 30 September 2000. HomeSide now services the loans of over 2.3 million home owners. This growth was fuelled by production from wholesale channels, flow from preferred partners and by "bulk" acquisitions of mortgage servicing rights.

HomeSide continued to invest in its US e-commerce and direct origination capabilities to include additional Business to Business and Business to Consumer functionality, and additional value-added services and products. In July 2000, HomeSide launched its online mortgage solution that dramatically streamlines loan application and online mortgage approval. This solution reduces the time and cost to originate, process and close mortgage loans. HomeSide will leverage this e-commerce capability across products, channels and Preferred Partner relationships.

During the year ended September 30, 2000, approximately 370,000 Bank of New Zealand (Australia) and National Australia Bank loans were converted to the HomeSide servicing platform, and HomeSide implemented processes and technology to provide securitisation capability in Australia. Also, wholesale origination volumes increased by a record 135% in Australia during the year ended September 30, 2000.

The increase in expenses during the September 2000 half reflects the inclusion of the HomeSide Australia operation in the overall result. Expenses in the US operation actually declined by 8.1 per cent over the year, or 12.2 per cent in local currency terms.

National Shared Services

National Shared Services combines operational services (such as transaction and loan application processing), Financial Shared Services, Human Resources Shared Services and Information Technology (NSITE), forming a 'true' shared services organisation, which intend to improve productivity and drive costs out of the business.

	Year to September 2000 $M	Half-Year to September 2000 $M	Half-Year to March 2000 $M	September 2000/ March 2000 %
Profit & Loss				
Total other income	(67)	(33)	(34)	2.9
Inter segment revenue	1,539	792	747	6.0
Total operating income	**1,472**	**759**	**713**	**6.4**
Personnel expenses	585	285	300	5.1
Occupancy expenses	452	228	224	(1.8)
Other	586	303	283	(7.1)
Inter segment expenses	81	59	22	large
Total operating expenses	**1,704**	**875**	**829**	**(5.5)**
Underlying profit	(232)	(116)	(116)	-
Doubtful debts recoveries [1]	(21)	(20)	(1)	large
Operating profit before income tax	**(211)**	**(96)**	**(115)**	**16.7**
Income tax expense	(69)	(32)	(37)	14.3
Profit after income tax	**(142)**	**(64)**	**(78)**	**17.9**

[1] Relates to recovery of a prior year property investment write off.

National Shared Services is not a generator of external revenue and therefore it has a major focus on cost as a driver of its contribution to Group performance.

Two of the largest contributors to the expense line of National Shared Services are personnel expenses and occupancy expenses. The results for this year reflect the focus and control of these costs within the Division.

Personnel expenses show a reducing trend over the year, and this is forecast to reduce slightly over the coming year due to the impact of process efficiencies either already in place or under development, and will be achieved despite being in a global environment with increasing wage costs.

Total occupancy expense has increased by $4 million over the year. The cost for the Group was $452 million. Total space reduced by 54,000 square metres, with vacant space reducing by 25.4% over the year. Occupancy expense per square metre has increased through the impact of exiting from lower quality space, and amongst other things, the impact of increasing energy costs and rates and taxes.

Our Corporate real estate business has completed a major sale and leaseback program that will increase rental expense in coming years, however the release of capital will have a positive impact on depreciation expense and funding costs.

The increase in other expenses in the second half of the year was driven by higher depreciation charges on data processing equipment, software amortisation and increased communication costs as customers migrate to electronic channels.

Over the past year, Australian lending services, which produces lending documentation in support of sales staff, handled increased volumes of approximately 20%, improved turnaround from 6 days to less than 2 days, and greatly improved the cost per application. Volumes in the coming year are also forecast to increase, with these increases to be handled within a flat cost line.

The Financial Shared Services Centres achieved the transition of the accounting function of the Irish Banks into the European Centre, and the transfer of the New Zealand management information capability into a new data warehouse completing the centralisation of this function.

Section 3

RESULTS FOR THE YEAR ENDED SEPTEMBER 2000

Detailed Financial Statements

Consolidated Profit and Loss Statement

	Quarter to		Year to		
	September 2000 $M	**September 1999 $M**	**September 2000 $M**	**September 1999 $M**	**September 2000/ September 1999 %**
Net interest income	1,584	1,538	6,371	6,066	5.0
Non interest income	2,729	1,153	6,523	4,563	43.0
Total Income	**4,313**	**2,691**	**12,894**	**10,629**	**21.3**
Personnel	897	840	3,401	3,267	(4.1)
Occupancy	136	127	512	498	(2.8)
Information technology costs	85	49	216	186	(16.1)
Other	1,561	517	2,903	1,750	(65.9)
Total Expenses	**2,679**	**1,533**	**7,032**	**5,701**	**(23.4)**
Underlying Profit	1,634	1,158	5,862	4,928	19.0
Doubtful debts charge	173	116	588	581	(1.2)
Operating profit before goodwill and abnormal items	**1,461**	**1,042**	**5,274**	**4,347**	**21.3**
Income tax expense attributable to operating profit	439	253	1,700	1,321	(28.7)
Operating profit after income tax before goodwill and abnormals	**1,022**	**789**	**3,574**	**3,026**	**18.1**
Goodwill	49	55	197	206	4.4
Operating profit after tax and goodwill before abnormal items	973	734	3,377	2,820	19.8
Abnormal items	(204)	-	(204)	-	
Tax benefit attributable to abnormal items	68	-	68	-	
Abnormal items after tax	**(136)**	**-**	**(136)**	**-**	
Operating profit after tax, goodwill and abnormals	837	734	3,241	2,820	14.9
Outside equity interests in operating profit after income tax	2	-	2	(1)	large
Operating profit after tax, goodwill and abnormals	**835**	**734**	**3,239**	**2,821**	**14.8**
Distributions					
Preference shares	16	14	61	58	5.2
National income securities	38	16	137	16	large
Operating profit after tax, goodwill and abnormals attributable to ordinary shareholders	**781**	**704**	**3,041**	**2,747**	**10.7**
Add back goodwill and abnormals	185	55	333	206	61.7
Earnings pre goodwill and abnormals attributable to ordinary shareholders	**966**	**759**	**3,374**	**2,953**	**14.3**

Consolidated Balance Sheet

	As at		YTD
	September 2000 $M	**September 1999 $M**	**September 2000/ September 1999 %**
Assets			
Cash and short-term liquid assets	6,868	3,649	88.2
Due from other financial institutions	12,780	11,120	14.9
Due from customers on acceptances	22,945	22,851	0.4
Trading securities	15,112	12,853	17.6
Available for sale securities	3,047	1,399	large
Investment securities	7,452	8,951	(16.7)
Investments relating to life insurance business	31,103	-	large
Loans and advances	195,492	165,620	18.0
Mortgage loans held for sale	2,656	1,980	34.1
Mortgage servicing rights	8,226	5,345	53.9
Shares in entities and other securities	1,376	1,068	28.8
Regulatory deposits	135	153	(11.8)
Fixed assets	2,437	2,032	19.9
Goodwill	2,617	2,905	(9.9)
Other assets	31,431	14,155	large
Total Assets	343,677	254,081	35.3
Liabilities			
Due to other financial institutions	29,685	16,203	(83.2)
Liability on acceptances	22,945	22,851	(0.4)
Deposits and other borrowings	185,097	162,468	(13.9)
Life insurance policy liabilities	29,879	-	large
Income tax liability	2,920	1,979	(47.5)
Provisions	2,154	1,743	(23.6)
Bonds, notes and subordinated debt	21,051	13,437	(56.7)
Other debt issues	1,907	1,645	(15.9)
Other liabilities	26,632	15,235	(74.8)
Total Liabilities	322,270	235,561	(36.8)
Net Assets	21,407	18,520	15.6
Shareholders' Equity			
Issued and paid-up capital	9,855	9,286	6.1
Reserves	2,006	802	large
Retained profits	9,500	8,432	12.7
Shareholders' equity attributable to members	21,361	18,520	15.3
Outside equity interests in controlled entities	46	-	large
Total Shareholders' Equity	21,407	18,520	15.6

Impact of the MLC acquisition on the Group Balance Sheet

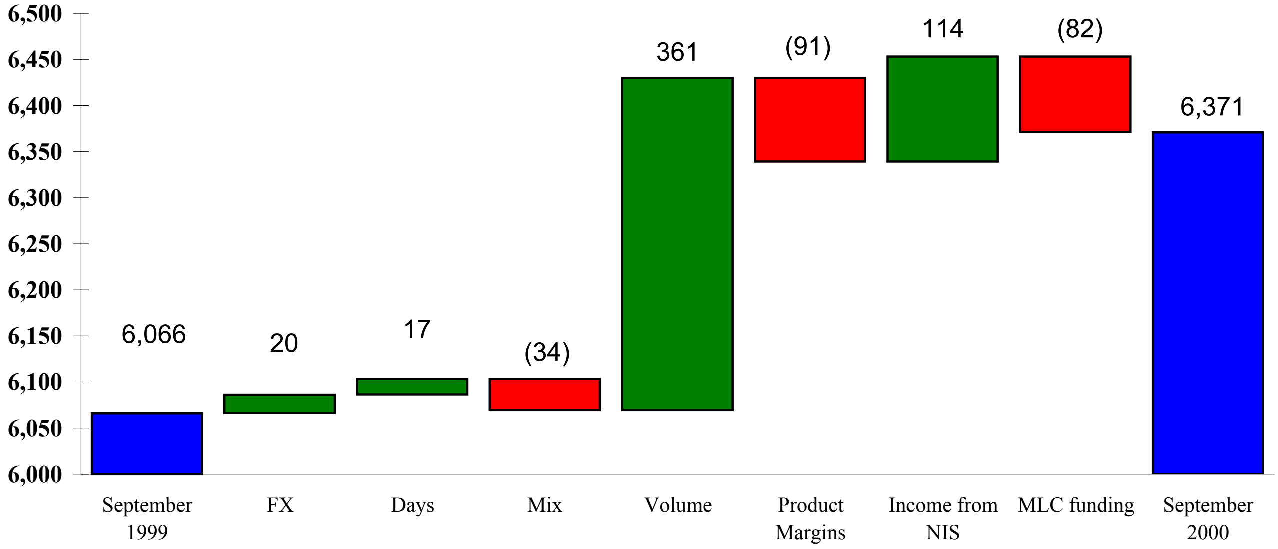
To ensure that the assets and liabilities of the MLC businesses acquired are readily identifiable, a supplementary Balance Sheet has been included as follows:

	National Balance Sheet $M	MLC Businesses $M	Group $M
Assets			
Cash and short-term liquid assets	6,026	842	6,868
Due from other financial institutions	12,780	-	12,780
Due from customers on acceptances	22,945	-	22,945
Trading securities	15,112	-	15,112
Available for sale securities	3,047	-	3,047
Investment securities	7,452	-	7,452
Investments relating to life insurance business	6,106	24,997	31,103
Loans and advances	195,492	-	195,492
Mortgage loans held for sale	2,656	-	2,656
Mortgage servicing rights	8,226	-	8,226
Shares in entities and other securities	1,376	-	1,376
Regulatory deposits	135	-	135
Fixed assets	2,389	48	2,437
Goodwill	2,617	-	2,617
Other assets	30,283	1,148	31,431
Total Assets	316,642	27,035	343,677
Liabilities			
Due to other financial institutions	29,685	-	29,685
Liability on acceptances	22,945	-	22,945
Deposits and other borrowings	185,097	-	185,097
Life insurance policy liabilities	6,043	23,836	29,879
Income tax liability	2,324	596	2,920
Provisions	1,938	216	2,154
Bonds, notes and subordinated debt	21,051	-	21,051
Other debt issues	1,723	184	1,907
Other liabilities	25,733	899	26,632
Total Liabilities	296,539	25,731	322,270
Net Assets	20,103	1,304	21,407
Shareholders' Equity			
Issued and paid-up capital	9,855	-	9,855
Reserves	2,006	-	2,006
Retained profits	9,373	127	9,500
Shareholders' equity attributable to members	21,234	127	21,361
Outside equity interests in controlled entities	-	46	46
Total Shareholders' Equity	21,234	173	21,407

Net Interest Income

	Quarter to September 2000 $M	Quarter to September 1999 $M	Year to September 2000 $M	Year to September 1999 $M	September 2000/ September 1999 %
Interest income					
Loans to customers	3,801	3,001	13,854	12,198	13.6
Other interest	1,003	766	3,663	2,868	27.7
Total Interest Income	4,804	3,767	17,517	15,066	16.3
Interest expense					
Deposits and other borrowings	2,273	1,731	8,225	6,893	(19.3)
Other	947	498	2,921	2,107	(38.6)
Total Interest Expense	3,220	2,229	11,146	9,000	(23.8)
Net Interest Income	**1,584**	**1,538**	**6,371**	**6,066**	**5.0**

September 2000 vs. September 1999 (12 months)
Net interest income ($M)



Year to September 2000 v Year to September 1999

Net interest income for the year increased by 5% from $6,066 million in 1999 to $6,371 million for the year to September 30, 2000. Increased interest earning asset volumes, favourable exchange rate movements, one additional day in the September 2000 year (due to the leap year) and income from the proceeds of the National Income Securities funds contributed to the increased net interest income. This was partly offset by the impact of lower lending margins, the funding of the MLC acquisition and a change in product mix. Higher average interest earning assets were primarily driven by increased business instalment loans, mortgage lending and overdrafts. Lower margins reflected reduced customer lending margins driven by competitive pressures, particularly in business instalment loans and mortgage based fixed rate loans mainly due to the higher interest rate environment, and an increased proportion of higher cost wholesale funding.

The Group's net interest margin for the year to September 2000 showed a small reduction of 8 basis points from 3.00% in 1999 to 2.92% (excluding the funding of the MLC acquisition) in the current year. This represents a significant slowing of the margin erosion experienced, especially in Australia, in recent years. This is largely a result of the strong focus on margin management. The reduction during the year was driven by reduced customer lending margins across Europe and New Zealand, and a reduced margin in HomeSide resulting from a lower level of mortgage originations and rising funding costs in the United States. These were partly offset by an improved margin position in Australia.

September 2000 Quarter v September 1999 Quarter

Net interest income for the September 2000 quarter increased by 3.0% from $1,538 million for the September 1999 quarter to $1,584 million. Favourable exchange rate movements, higher product margins and higher interest earning asset volumes, were partly offset by a change in product mix and the funding of the MLC acquisition. Higher product margins reflected improved margin management and a narrowing of the differential between "official" cash rates (the basis for pricing most variable rate retail loan products) and short term market interest rates (from which these products are largely funded). This was partly offset by lower customer lending margins driven by the competitive lending environment, reduced net interest income in HomeSide and higher levels of wholesale funding.

Average interest earning asset volumes have increased by 13.8%, with growth achieved across all regions. The unfavourable product mix was due to a decreased proportion of lending in higher margin business overdraft and variable rate instalment products, in favour of mortgage loans, commercial bill finance and specialist loan products.

The Group's net interest margin (excluding the impact of funding the MLC acquisition) for the September 2000 quarter was 2.84%, which was 16 basis points lower than the 3.00% in the September 1999 quarter. This reflects a tightening in customer lending margins across Australia, Europe and the US, a higher level of wholesale funding and a reduction in the HomeSide margin resulting from a lower level of mortgage originations and rising funding costs in the United States.

Volumes

Gross Loans and Advances (spot balances)

By Region	September 2000 $M	September 1999 $M	September 2000/ September 1999 %	September 2000/ September 1999 Change excl. FX %
Australia	97,267	86,210	12.8	
Europe	58,984	45,655	29.2	21.4
New Zealand	20,617	20,251	1.8	8.0
United States	19,776	14,507	36.3	13.3
Asia	3,352	3,097	8.2	(11.9)
Total	**199,996**	**169,720**	**17.8**	**14.2**

By Product	September 2000 $M	September 1999 $M	September 2000/ September 1999 %	September 2000/ September 1999 Change excl. FX %
Housing	71,330	61,946	15.1	14.0
Term Lending	70,381	60,040	17.2	11.9
Overdrafts	19,084	15,749	21.2	17.4
Leasing	14,377	12,000	19.8	15.7
Credit cards	5,281	4,385	20.4	18.7
Other	19,543	15,600	25.3	15.8
Total	**199,996**	**169,720**	**17.8**	**14.2**

Interest Margins and Spreads

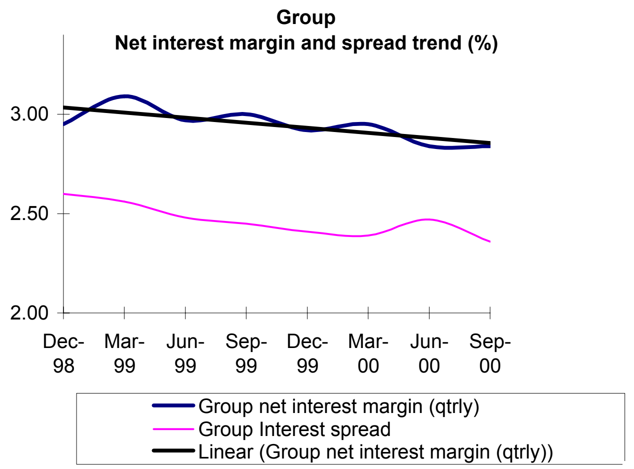
	Quarter to September 2000 %	Quarter to September 1999 %	Year to September 2000 %	Year to September 1999 %
Australia (1) (2)				
Australian Interest Spread (2)	2.30	2.37	2.34	2.27
Australian Interest Margin (3)	2.99	3.05	3.03	3.02
Overseas (1)				
Overseas Interest Spread (2)	2.25	2.57	2.32	2.60
Overseas Interest Margin (3)	2.57	2.92	2.71	2.94
Group (2)				
Group Interest Spread (2)	2.36	2.45	2.40	2.47
Group Interest Margin (3)	**2.84**	**3.00**	**2.92**	**3.00**

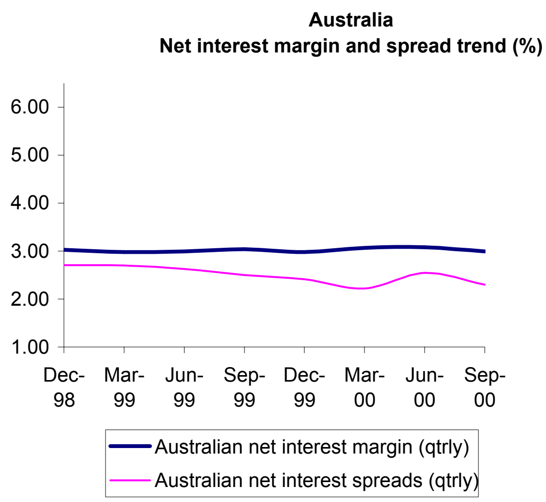
(1) Australia and Overseas include intragroup cross border loans/borrowings and associated interest.

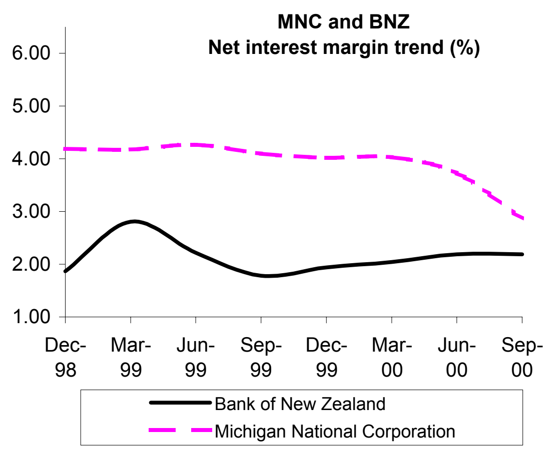
(2) Pre MLC funding costs.

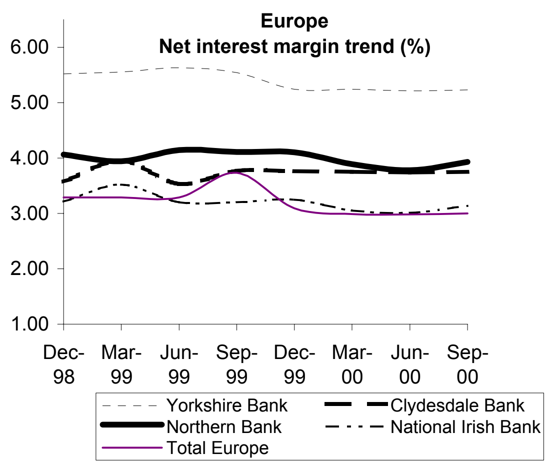
(3) Interest margin is net interest income as a percentage of average interest earning assets.

Margins







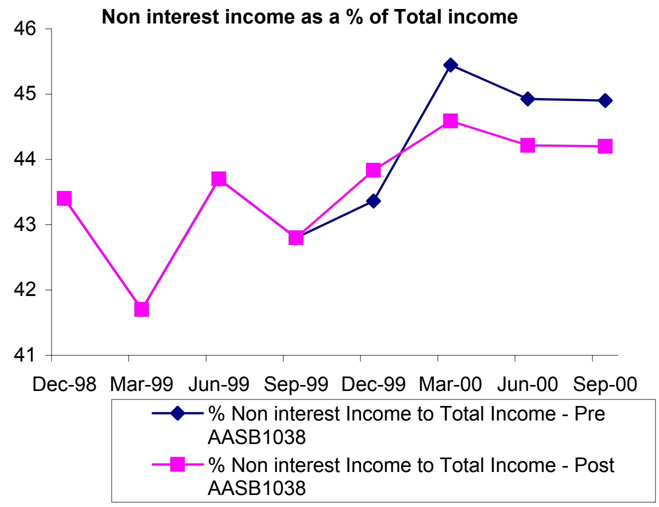


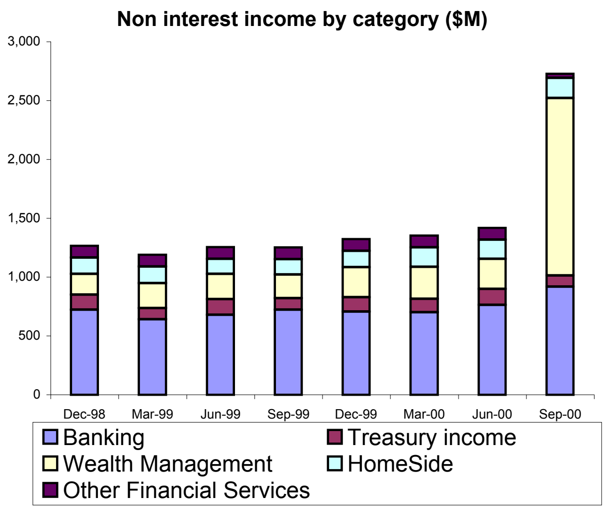
Non interest income

	Quarter to		Year to		
	September 2000 $M	September 1999 $M	September 2000 $M	September 1999 $M	Sept 2000/ Sept 1999 %
Loan fees from banking	331	281	1,246	1,077	15.7
Net mortgage origination revenue	26	42	105	224	(53.1)
Net mortgage servicing fees	146	88	535	312	71.5
Money transfer fees	275	261	1,048	1,030	1.7
Fees and comissions - banking	312	263	1,098	955	15.0
Treasury related income	96	97	468	457	2.4
Total non interest income - banking	1,186	1,032	4,500	4,055	11.0
Revenue from life insurance operations (1)	1,306	-	1,557	-	large
Revaluation of life insurance entities interest in their controlled entities (2)	185	-	202	-	large
Other wealth management income (1)	16	73	186	240	(22.5)
Total non interest income - Wealth Management	1,507	73	1,945	240	large
Other income (1)	36	48	78	268	(70.9)
Total other operating income	**2,729**	**1,153**	**6,523**	**4,563**	**43.0**

(1) *Comparatives are distorted by the adoption of AASB 1038. In 1999 NAFM Margin on Services was shown on a net basis.*

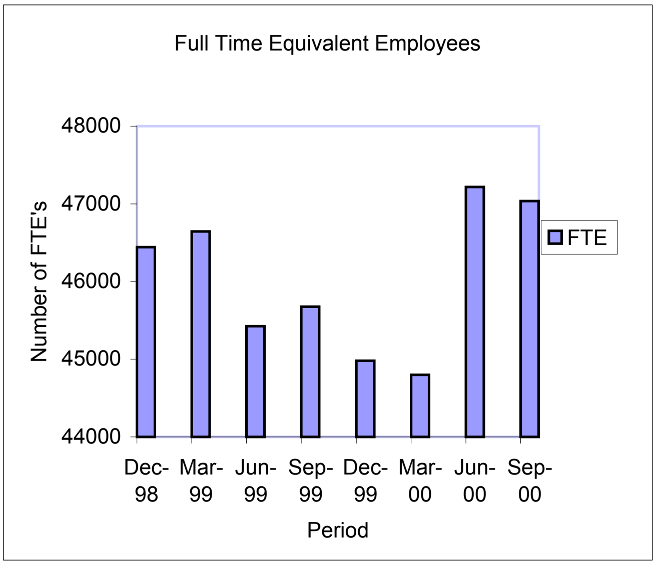
(2) *Effective from 1 October 1999, Australian accounting standard AASB 1038 "Life Insurance Business" was adopted.*

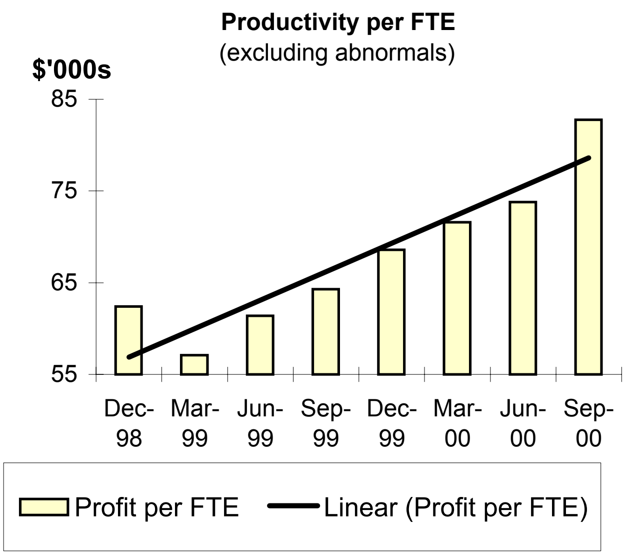




Operating Expenses

	Quarter to September 2000 $M	Quarter to September 1999 $M	Year to September 2000 $M	Year to September 1999 $M	Sept 2000/ Sept 1999 %
Personnel Expenses					
Salaries and related on costs	649	659	2,667	2,610	(2.2)
Other	186	181	672	657	(2.3)
Total Personnel Expenses	**835**	**840**	**3,339**	**3,267**	**(2.2)**
Occupancy Costs					
Rental on operating leases	59	53	230	219	(5.0)
Depreciation and amortisation	19	19	76	73	(4.1)
Other	52	55	200	206	2.9
Total Occupancy Costs	**130**	**127**	**506**	**498**	**(1.6)**
Computer Equipment and Software	66	49	197	186	(5.9)
General Expenses					
Advertising and marketing	51	49	178	155	(14.8)
Charge to provide for non lending losses	3	14	35	69	49.3
Communications, postage and stationery	123	108	452	427	(5.9)
Depreciation and amortisation	71	56	254	206	(23.3)
Fees and commissions	1	19	66	76	13.2
Other expenses	246	271	825	817	(1.0)
Total General Expenses	**495**	**517**	**1,810**	**1,750**	**(3.4)**
Operating expenses attributable to MLC	607	-	607	-	large
Impact of AASB1038	546	-	573	-	large
Total Expenses Excluding Goodwill	**2,679**	**1,533**	**7,032**	**5,701**	**(23.4)**





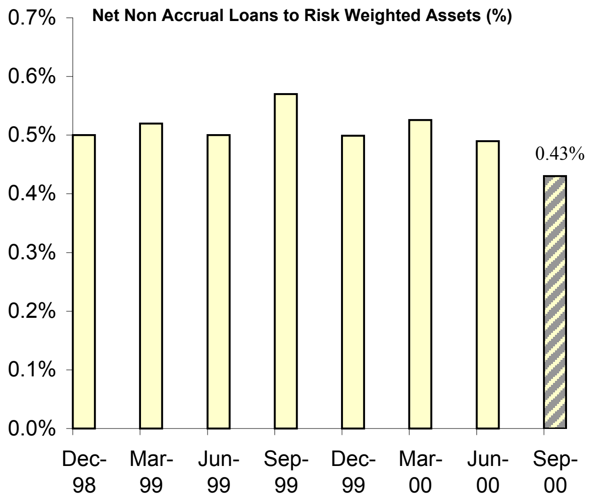
Asset Quality

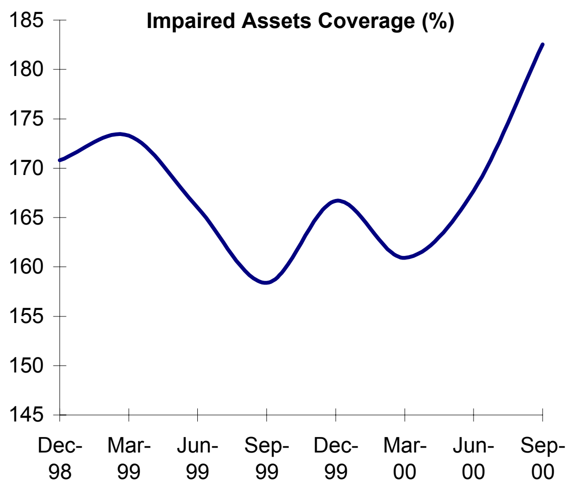
Total Charge for Doubtful Debts by Region

	Quarter to		Year to		
	September 2000 $M	September 1999 $M	September 2000 $M	September 1999 $M	September 2000/ September 1999 %
Australian Group	67	35	207	180	(15.0)
European Group	92	79	291	264	(10.2)
New Zealand Group	(4)	-	11	19	42.1
United States Group	21	9	70	90	22.2
Asian Group	(3)	(7)	9	28	67.9
Total	**173**	**116**	**588**	**581**	(1.2)

	September 2000		September 1999	
	Gross $M	Net $M	Gross $M	Net $M
Total Impaired Assets				
Australian Group	573	377	644	418
European Group	646	476	589	427
New Zealand Group	66	54	89	69
United States Group	194	133	173	149
Asian Group	5	2	91	66
	1,484	**1,042**	**1,586**	**1,129**

Provisioning Coverage Ratios	September 2000 %	September 1999 %
Total Provision Coverage	182.5%	159.5%
	$M	$M
Provision for doubtful debts - Specific	471	474
Provision for doubtful debts - Statistical	2,238	2,055
Total	2,709	2,529





Exchange Rates

	Profit and Loss Average year to date		Balance Sheet Spot as at	
	September 2000	September 1999	September 2000	September 1999
British Pounds	0.3902	0.3934	0.3710	0.3967
Irish Pounds	0.4970	0.4592	0.4856	0.4840
United States Dollars	0.6102	0.6404	0.5427	0.6528
New Zealand Dollars	1.2648	1.2012	1.3351	1.2589

Favourable/(Unfavourable) effect on:	Europe Group $M	New Zealand Group $M	United States Group $M	Asia Group $M	Total $M
Impact on Profit and Loss of Exchange Rate Movements since September 1999 on September 2000 Result					
Net interest income	7	(25)	33	5	20
Non interest income	6	(21)	46	1	32
Non interest expenses	(2)	27	(41)	(4)	(20)
Doubtful debts charge	(1)	-	(3)	(2)	(6)
Income tax expense	(4)	4	(9)	-	(9)
Operating profit after tax	6	(15)	26	-	17
Impact on Balance Sheet of Exchange Rate Movements since September 1999 on September 2000 Result					
Total Assets	4,071	(1,438)	6,869	2,397	11,899
Gross Loans and Advances	3,130	(1,261)	2,943	709	5,521
Including:					
Housing	734	(399)	149	127	611
Term Lending	1,015	(471)	1,892	427	2,863
Overdrafts	736	(158)	192	-	770
Leasing	371	-	11	7	389
Credit cards	94	(31)	-	-	63
Deposits and other borrowings	(2,805)	928	(4,374)	(1,457)	(7,708)

Individual Bank Results

Australian Group

The Australian Group includes Personal Banking, Business Banking, Wholesale Banking, MLC Limited, National Australia Financial Management Limited (NAFM), National Australia Asset Management Limited, the Australian Property Companies, Custom Service Leasing Limited, National Australia Trustees Limited, Global Securities Services, County Investment Management and National Australia Investment Capital Limited, corporate centre costs and National Equities Limited.

	Year to September 2000 $M	Year to September 1999 $M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	3,106	2,863	8.5
Other operating income	3,751	2,114	77.4
Less: Other operating expenses	3,837	2,664	(44.0)
Underlying Profit	**3,020**	**2,313**	**30.6**
Less: Charge for doubtful debts	207	180	(15.0)
Profit before income tax	**2,813**	**2,133**	**31.9**
Less: Income tax expense	1,033	729	(41.7)
Profit after income tax before goodwill and abnormals	**1,780**	**1,404**	**26.8**

National Australia Bank Limited
Consolidated Group Results

Clydesdale Bank

Australian Dollars

	Year to September 2000 $M	Year to September 1999 $M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	736	707	4.1
Other operating income	458	441	3.9
Less: Other operating expenses	589	551	(6.9)
Underlying Profit	**605**	**597**	**1.3**
Less: Charge for doubtful debts	131	216	39.4
Profit before income tax	**474**	**381**	**24.4**
Less: Income tax expense	141	119	(18.5)
Profit after income tax before goodwill and abnormals	**333**	**262**	**27.1**

Local Currency

	Year to September 2000 £ M	Year to September 1999 £ M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	287	278	3.2
Other operating income	179	173	3.5
Less: Other operating expenses	229	216	(6.0)
Underlying Profit	**237**	**235**	**0.9**
Less: Charge for doubtful debts	51	85	40.0
Profit before income tax	**186**	**150**	**24.0**
Less: Income tax expense	55	47	(17.0)
Profit after income tax before goodwill and abnormals	**131**	**103**	**27.2**

National Australia Bank Limited

Consolidated Group Results

Yorkshire Bank

Australian Dollars

	Year to September 2000 $M	Year to September 1999 $M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	820	765	7.2
Other operating income	423	406	4.2
Less: Other operating expenses	567	570	0.5
Underlying Profit	**676**	**601**	**12.5**
Less: Charge for doubtful debts	129	104	(24.0)
Profit before income tax	**547**	**497**	**10.1**
Less: Income tax expense	172	154	(11.7)
Profit after income tax before goodwill and abnormals	**375**	**343**	**9.3**

Local Currency

	Year to September 2000 £ M	Year to September 1999 £ M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	320	301	6.3
Other operating income	165	160	3.1
Less: Other operating expenses	223	231	3.5
Underlying Profit	**262**	**230**	**13.9**
Less: Charge for doubtful debts	50	41	(22.0)
Profit before income tax	**212**	**189**	**12.2**
Less: Income tax expense	66	59	(11.9)
Profit after income tax before goodwill and abnormals	**146**	**130**	**12.3**

Northern Bank

Australian Dollars

	Year to		YTD
	September 2000	September 1999	September 2000/ September 1999
	$M	$M	%
Profit & Loss			
Net interest income	340	340	0.0
Other operating income	178	166	7.2
Less: Other operating expenses	265	243	(9.1)
Underlying Profit	**253**	**263**	**(3.8)**
Less: Charge for doubtful debts	17	14	(21.4)
Profit before income tax	**236**	**249**	**(5.2)**
Less: Income tax expense	73	78	6.4
Profit after income tax before goodwill and abnormals	**163**	**171**	**(4.7)**

Local Currency

	Year to		YTD
	September 2000	September 1999	September 2000/ September 1999
	£ M	£ M	%
Profit & Loss			
Net interest income	133	133	0.0
Other operating income	69	65	6.2
Less: Other operating expenses	104	96	(8.3)
Underlying Profit	**98**	**102**	**(3.9)**
Less: Charge for doubtful debts	7	6	(12.7)
Profit before income tax	**91**	**96**	**(5.0)**
Less: Income tax expense	28	30	7.6
Profit after income tax before goodwill and abnormals	**63**	**66**	**(4.5)**

National Irish Bank

Australian Dollars

	Year to		YTD
	September 2000 $M	September 1999 $M	September 2000/ September 1999 %
Profit & Loss			
Net interest income	118	129	(8.5)
Other operating income	47	52	(9.6)
Less: Other operating expenses	136	127	(7.1)
Underlying Profit	**29**	**54**	**(46.3)**
Less: Charge for doubtful debts	10	7	(42.9)
Profit before income tax	**19**	**47**	**(59.6)**
Less: Income tax expense	8	16	50.0
Profit after income tax before goodwill and abnormals	**11**	**31**	**(64.5)**

Local Currency

	Year to		YTD
	September 2000 IEP$M	September 1999 IEP$M	September 2000/ September 1999 %
Profit & Loss			
Net interest income	59	59	0.0
Other operating income	23	24	(4.2)
Less: Other operating expenses	68	59	(15.3)
Underlying Profit	**14**	**24**	**(41.7)**
Less: Charge for doubtful debts	5	2	large
Profit before income tax	**9**	**22**	**(58.3)**
Less: Income tax expense	4	6	36.8
Profit after income tax before goodwill and abnormals	**5**	**16**	**(68.8)**

Bank of New Zealand

Australian Dollars

	Year to		YTD
	September 2000 $M	**September 1999 $M**	**September 2000/ September 1999 %**
Profit & Loss			
Net interest income	509	499	2.0
Other operating income	395	338	16.9
Less: Other operating expenses	493	476	(3.6)
Underlying Profit	**411**	**361**	**13.9**
Less: Charge for doubtful debts	11	19	42.1
Profit before income tax	**400**	**342**	**17.0**
Less: Income tax expense	81	40	large
Profit after income tax before goodwill and abnormals	**319**	**302**	**5.6**

The above table reflects the legal entity result of Bank of New Zealand. Detailed below is the after tax contributions of the major geographic units:

New Zealand operations	311	298	4.4
Asian operations	8	4	large
	319	302	5.6

Local Currency

	Year to		YTD
	September 2000 NZ$M	**September 1999 NZ$M**	**September 2000/ September 1999 %**
Profit & Loss			
Net interest income	644	598	7.7
Other operating income	499	406	22.9
Less: Other operating expenses	637	569	(12.0)
Underlying Profit	**506**	**435**	**16.3**
Less: Charge for doubtful debts	14	22	36.4
Profit before income tax	**492**	**413**	**19.1**
Less: Income tax expense	103	53	(94.3)
Profit after income tax before goodwill and abnormals	**389**	**360**	**8.1**

Michigan National Corporation

Australian Dollars

	Year to September 2000 $M	Year to September 1999 $M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	636	615	3.4
Other operating income	306	276	10.9
Less: Other operating expenses	485	474	(2.3)
Underlying Profit	**457**	**417**	**9.6**
Less: Charge for doubtful debts	15	31	51.6
Profit before income tax	**442**	**386**	**14.5**
Less: Income tax expense	151	132	(14.4)
Profit after income tax before goodwill and abnormals	**291**	**254**	**14.6**

Local Currency

	Year to September 2000 US$M	Year to September 1999 US$M	YTD September 2000/ September 1999 %
Profit & Loss			
Net interest income	389	394	(1.3)
Other operating income	186	177	5.1
Less: Other operating expenses	296	304	2.6
Underlying Profit	**279**	**267**	**4.5**
Less: Charge for doubtful debts	9	20	55.0
Profit before income tax	**270**	**247**	**9.3**
Less: Income tax expense	92	84	(9.5)
Profit after income tax before goodwill and abnormals	**178**	**163**	**9.2**

HomeSide International, Inc.

Australian Dollars

	Year to September 2000 $M	Year to September 1999 $M	YTD September 2000/ September 1999 %
Profit & Loss			
Mortgage Servicing Fees	1,200	952	26.1
Amortisation of mortgage servicing rights	665	640	(3.9)
Net servicing revenue	535	312	71.5
Net interest income	(77)	77	large
Net mortgage origination revenue	105	224	(53.1)
Other income	13	28	(53.6)
Total Income	576	641	(10.1)
Less: Other operating expenses	318	346	8.1
Underlying Profit	**258**	**295**	(12.5)
Less: Charge for doubtful debts	55	50	(10.0)
Profit before income tax	203	245	(17.1)
Less: Income tax expense	62	92	32.6
Profit after income tax before goodwill and abnormals	141	153	(7.8)

Local Currency

	Year to September 2000 US$M	Year to September 1999 US$M	YTD September 2000/ September 1999 %
Profit & Loss			
Mortgage Servicing Fees	732	610	20.0
Amortisation of mortgage servicing rights	406	410	1.0
Net servicing revenue	326	200	63.0
Net interest income	(47)	49	large
Net mortgage origination revenue	64	144	(55.6)
Other income	8	17	(52.9)
Total Income	351	410	(14.4)
Less: Other operating expenses	194	221	12.2
Underlying Profit	**157**	**189**	(16.9)
Less: Charge for doubtful debts	33	32	(3.1)
Profit before income tax	124	157	(21.0)
Less: Income tax expense	38	59	35.6
Profit after income tax before goodwill and abnormals	86	98	(12.2)

Capital Adequacy

Regulatory capital position

Under Australian Prudential Regulation Authority (APRA) guidelines, the calculation of regulatory capital is based on cost accounting methods. The introduction of AASB1038 which requires the adoption of mark to market principles results in a divergence between capital for regulatory purposes and that evident from the National's balance sheet as disclosed under Australian Accounting requirements. A reconciliation of capital under the different bases is included below.

Under the regulations adopted by APRA life insurance and funds management businesses are de-consolidated for the purposes of calculating capital adequacy. The portion of the investment relating to intangible assets (the difference between purchase price and the amortised embedded value at the date of acquistion) is deducted from Tier 1, and the balance from total capital. The component of embedded value at the date of acquisition represented by in-force business, will be amortised over the life of the policies. The deduction from Tier 1 capital related to intangibles will increase over time.

Tier 1 Capital - Reconciliation to Shareholders Funds

		September 2000 $M
Shareholders Funds per Balance Sheet (including Minority Interests)		21,407
Goodwill - per Balance Sheet	2,617	
Intangible assets - MLC	2,290	4,907
		16,500
Fair value adjustment on mortgage servicing rights (10% MSR)		(804)
		15,696
Sundry small adjustments		135
Tier 1 Capital		**15,831**

Regulatory Capital Ratios

	September 2000 $M	September 1999 $M
Tier 1 Capital	15,831	15,337
Tier 2 Capital	9,548	5,616
Deductions	(3,234)	(573)
Total Regulatory Capital	**22,145**	**20,380**
Risk Weighted Assets - Credit Risk [1]	236,820	194,269
Risk Weighted Assets - Market Risk [2]	1,769	2,827
Total Risk Weighted Assets	**238,589**	**197,096**

Risk Adjusted Capital Ratios

Tier 1	6.64%	7.78%
Tier 2	4.00%	2.85%
Deductions	(1.36%)	(0.29%)
Total	**9.28%**	**10.34%**

(1) Risk Weighted Assets compiled for credit risk purposes as outlined in the APRA Prudential Statement C1 (PS C1).

(2) Risk Weighted Assets compiled for market risk purposes as outlined in the APRA Prudential Statement C3 (PS C3). PS C3 requires the measure of market risk to be multiplied by 12.5 (ie the reciprocal of the minimum capital ratio of 8%) to determine a notional Risk Weighted Asset figure.

Discussion of Capital Ratios (Target Tier 1 6.5% -7.0%: Total Capital 9.0% - 9.5%)

The Tier 1 capital ratio was 6.64% compared to 6.72% at June 2000 and 7.78% at September 1999. Core Tier 1 (excluding the impact of preference shares and National Income Securities), and the Total capital ratio experienced similar decreases to 5.51% and 9.28% respectively.

The decrease in capital ratios in the year is attributable to the acquisition of MLC in June 2000.

Both the current Tier 1 capital ratio and the total capital ratio are within the target ranges that the National expects to maintain over the next year.

Average Balance Sheets and Related Interest

The following tables set forth the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or paid by the Consolidated Entity. Averages are predominately daily averages. Interest income figures include interest income on non-accruing loans to the extent cash payments have been received. Amounts classified as "overseas" represent interest earning assets or interest bearing liabilities of the controlled entities and overseas branches.

Non-accrual loans are included with Interest Earning Assets under 'Loans and Advances'.

Average Assets and Interest Income

Years ended September 30	2000			1999		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Interest earning assets						
Due from other financial institutions						
Australia	1,490	79	5.30	1,063	42	3.95
Overseas	10,482	612	5.84	8,612	439	5.10
Regulatory deposits						
Australia	-	-	-	733	-	-
Overseas	109	2	1.83	114	2	1.75
Marketable debt securities						
Australia	12,182	638	5.24	9,848	456	4.63
Overseas	14,104	827	5.86	13,580	730	5.38
Investments relating to life insurance business (1)						
Australia	-	-	-	-	-	-
Overseas	-	-	-	-	-	-
Loans and advances						
Australia	91,120	6,797	7.46	83,253	5,813	6.98
Overseas	88,043	7,057	8.02	79,563	6,385	8.03
Other interest earning assets(2)	3,457	1,505	N/A	5,286	1,199	N/A
Intragroup loans (3)						
Overseas	4,399	273	6.21	1,539	96	6.24
Interest earning assets including intragroup loans	225,386	17,790	7.89	203,591	15,162	7.45
Intragroup loans eliminations	(4,399)	(273)	6.21	(1,539)	(96)	6.24
Total interest earning assets	220,987	17,517	7.93	202,052	15,066	7.46

Average Assets and Interest Income

Years ended September 30	2000			1999		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Non-interest earning assets						
Investments relating to life insurance business [1]						
Australia	7,329			-		
Overseas	609			-		
Acceptances						
Australia	22,349			21,959		
Overseas	1,165			1,309		
Fixed assets						
Australia	845			756		
Overseas	1,211			1,310		
Other assets						
Australia	15,811			10,214		
Overseas	17,551			19,655		
Total non-interest earning assets	66,870			55,203		
Provision for doubtful debts						
Australia	(1,246)			(1,228)		
Overseas	(1,304)			(1,109)		
Total assets	285,307			254,918		
Percentage of total average assets applicable to overseas operations	47.0%			50.0%		

Average Liabilities and Interest Expenditure

Years ended September 30	2000			1999		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Interest bearing liabilities and loan capital						
Time deposits						
Australia	33,321	1,761	5.28	34,119	1,713	5.02
Overseas	45,956	2,554	5.56	47,805	2,416	5.05
Savings deposits						
Australia	5,919	190	3.21	4,470	184	4.12
Overseas	17,886	695	3.89	17,386	614	3.53
Other demand deposits						
Australia	27,703	949	3.43	27,784	812	2.92
Overseas	13,095	401	3.06	10,676	282	2.64
Government and Official Institutions						
Australia	788	37	4.70	-	-	-
Overseas	1,546	90	5.82	744	38	5.11
Due to other financial institutions						
Australia	3,350	170	5.07	3,070	113	3.68
Overseas	22,031	1,252	5.68	14,913	976	6.54

Average Liabilities and Interest Expenditure

Years ended September 30	**2000**			**1999**		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Short-term borrowings						
Australia	-	-	-	-	-	-
Overseas	7,154	500	6.99	5,140	349	6.79
Long-term borrowings						
Australia	13,404	844	6.30	10,013	567	5.66
Overseas	2,655	209	7.87	2,386	141	5.91
Other interest bearing liabilities(1)	4,611	1,328	N/A	191	647	N/A
Other debt issues						
Australia	456	36	7.89	385	25	6.49
Overseas	1,283	130	10.13	1,565	123	7.86
Intragroup loans						
Australia	4,399	273	6.21	1,539	96	6.24
Interest bearing liabilities & loan capital including intragroup loans	205,557	11,419	5.56	182,186	9,096	4.99
Intragroup loans eliminations	(4,399)	(273)	6.21	(1,539)	(96)	6.24
Total interest bearing liabilities & loan capital	201,158	11,146	5.54	180,647	9,000	4.98
Non-interest bearing liabilities						
Deposits not bearing interest						
Australia	4,264			4,061		
Overseas	8,157			7,701		
Liability on acceptances						
Australia	22,349			21,959		
Overseas	1,165			1,309		
Life insurance policy liabilities (1)						
Australia	11,413			-		
Overseas	544			-		
Other liabilities						
Australia	8,267			10,532		
Overseas	7,729			11,562		
Total non-interest bearing liabilities	63,888			57,124		
Shareholders' equity	20,261			17,147		
Total liabilities & shareholders' equity	285,307			254,918		
Percentage of total average liabilities applicable to overseas operations	49.0%			51.0%		

(1) The assets and liabilities held in the statutory funds are subject to restrictions of the Life Insurance Act 1995.
The assets and liabilities of MLC have been included since the date of acquisition on June 30, 2000.
(2) Includes interest on derivatives and escrow deposits.
(3) The calculations for Australia and Overseas include intragroup cross border loans/borrowings and associated interest.