Profit Announcement
for the half-year ended 31 March 2000

National's first half profit up 13.2 per cent

National Australia Bank today reported a record half yearly result. The Group's operating profit after tax of $1,573 million for the six months to 31 March 2000 was 13.2 per cent higher than the $1,390 million earned in the March 1999 first half and 9.9 per cent higher than the $1,431 million for the September 1999 half.

Operating profit after tax for the March 2000 quarter was also a record at $802 million. This represents a 20.4 per cent increase on the March 1999 quarter result of $666 million and is 4 per cent higher than the December 1999 quarter of $771 million.

Profit attributable to ordinary shareholders for the six months to March 2000 was $1,480 million, 8.7 per cent higher than the 1999 first half.

Underlying profit (before tax and doubtful debts) rose 10.2 per cent from $2,412 million in the March 1999 first half to $2,658 million in the latest period.

Total income for the six months to 31 March 2000 increased by 5.8 per cent from $5,293 million for the March 1999 half to $5,598 million.

Net interest income was up $85 million or 2.8 per cent over the previous corresponding period.

Other operating income for the latest half increased 9.8 per cent to $2,475 million compared with $2,255 million in the six months to 31 March 1999 and represents 44.2 per cent of the Group's total income compared with 42.6 per cent for the 1999 first half.

The Group's cost to income ratio continued to improve and was 50.8 per cent for the latest period compared with 52.5 per cent for the 1999 first half. Operating costs to total assets decreased to 1.99 per cent for the six months to 31 March 2000 from 2.18 per cent for the March 1999 half.

Return on average ordinary shareholders' funds was steady at 17.41 per cent. There was a 9 per cent increase in average shareholders' funds over the period.

Directors have declared a higher interim dividend of 59 cents a share. This compares with 54 cents a share in the previous corresponding period and 58 cents a share for the final dividend for the 1999 year. The interim dividend for 2000 is fully franked.

Profit for the Australian operations was up 16.4 per cent to $788 million in the current half compared with $677 million for the September 1999 half and is 9.9 per cent higher than the March 1999 half of $717 million. The March 2000 half was unfavourably impacted by a higher tax charge resulting from the restatement of net future income tax benefits totalling $41 million. Excluding the impact of the restatement, the Australian result increased 22.5 per cent over the September 1999 half and was 15.6 per cent higher than the March 1999 half. The increase over both periods reflects strong growth in income, a lower charge for doubtful debts and improved productivity.

Earnings from the Group's international operations increased 16.6 per cent from the March 1999 half to $785 million for the six months to March 2000 and were 4.2 per cent higher than the September 1999 half of $753 million. Earnings from overseas operations now represent 49.9 per cent of the Group's profit after tax.

Profit in Europe was $402 million compared with $407 million in the March 1999 half. In local currency terms, profit in Europe increased by 2.5 per cent. However, the current half's profit was 13.6 per cent higher than the September 1999 half of $354 million.

Yorkshire Banks' profit increased by 8.9 per cent from $180 million for the March 1999 half to $196 million for the current half. In local currency terms, profit increased by 13.2 per cent. The current half's result is 20.2 per cent higher than the September 1999 half of $163 million and 20.3 per cent higher in local currency terms.

Northern Bank's contribution increased 5.1 per cent from $79 million for the March 1999 half to $83 million for the March 2000 half. In local currency terms, profit increased by 10 per cent. The contribution for the September 1999 half was $92 million and was favourably impacted by gains on sale of properties. Excluding the impact of these sales, the result in the current half was steady compared with the September half.

At Clydesdale Bank, profit decreased 4.3 per cent from $162 million for the March 1999 half to $155 million for the current half. However the result is only down 1 per cent in local currency terms. Excluding the gain on sale of equity investments recorded in the March 1999 half, but not repeated in the current half, Clydesdale's profit increased 10.9 per cent in local currency terms.

Clydesdale Bank's result for the September 1999 half was $100 million. Excluding the impact of a realignment of statistical provisioning charges across the European banks, the September half result for Clydesdale was $155 million, comparable with the current half.

Profit at National Irish Bank showed a reduction from $22 million for the six months to March 1999 to $12 million in the current half. This compares with $9 million for the September 1999 half. The current period reflects the impact of increased competition on net interest margins and a higher charge for doubtful debts partly offset by cost efficiencies resulting from a number of process improvement initiatives.

In the United States profit was up from $158 million in the 1999 first half to $265 million in the latest period and compares with $225 million in the September 1999 half. The current result includes a solid contribution from Michigan National Corporation, higher profits from HomeSide and interest income attributable to the issue of National Income Securities in June 1999.

New Zealand's profit in the latest half was $102 million, down slightly on the $108 million recorded in the corresponding period of 1999. The March 2000 half year was unfavourably impacted by exchange rate movements. In local currency terms, New Zealand's profit improved by 2.8 per cent. The current result was down on the September 1999 half of $131 million. The September result reflected a weaker New Zealand dollar and lower charge for doubtful debts.

Profit in Asia improved to $16 million compared with a breakeven result for the first half of 1999 and $42 million for the September 1999 half. The March 1999 half was impacted by a higher charge for doubtful debts. The result for the September 1999 half benefited from high levels of trading income and a lower charge for doubtful debts compared with the current half.

On 10 April 2000, the National announced it had agreed to acquire MLC Limited and other funds management businesses from Lend Lease Corporation Limited for $4.56 billion. The acquisition, which is subject to receipt of necessary approvals, is expected to be completed by the end of June 2000.

The combined funds under management of the National and MLC in Australia will exceed $52 billion, making the Group one of the largest participants in the financial services arena, with a particularly strong presence in retail markets.

The acquisition will leave the Group well placed to take advantage of the growth in Australian financial services and to utilise its wealth management expertise to expand the range of financial services provided to its large international customer base.

The Group's Managing Director, Mr. Frank Cicutto, commented that the current result confirms the depth and diversity of the Group's earnings streams and its ability to adapt to sustained competition and varying economic conditions.

"During the latest six months we have seen continued strong growth in lending activity, fee based services and tight containment of costs.

"The latest performance is satisfying, considering the broad range of strategic activities the Group has undertaken during the past six months.

"The National has completed a major review of its corporate strategy, restructured its operations and is close to finalising the major acquisition of MLC Limited.

"The ability to both manage this necessary transformation and continue to achieve record profits is a testimony to the overall quality of the Group.

"Looking ahead, we are confident of our prospects," Mr. Cicutto said.

Melbourne, 4 May 2000

For further information contact:

Brandon Phillips	Julie McBeth	Ron Burke
Group Manager	Group Manager	General Manager
Corporate Media Relations	Business Media Relations	Global Corporate Relations
Tel: (03) 8641 3857		Tel: (03) 8641 3876
Mobile: 0419 369 058	Mobile: 0418 992 485	Mobile: 0419 334 452

Section 2

Profit Announcement
for the half-year ended 31 March 2000

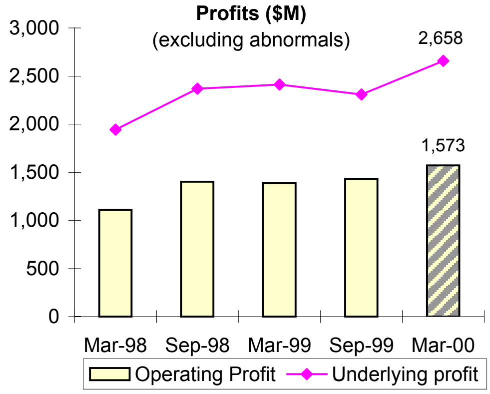
Summary of Financial Performance,
Strategy and Prospects

Half Year at a Glance

Operating Performance

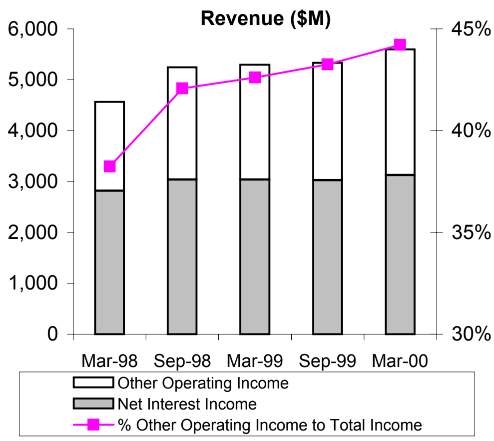
Profits

- Operating profit after tax for the March 2000 half of $1,573 million was 13.2% higher than the March 1999 half of $1,390 million, and 9.9% higher than the September 1999 half of $1,431 million.
- Operating profit attributable to ordinary shareholders of $1,480 million was 8.7% higher than the March 1999 half of $1,361 million, and was 6.8% higher than the September 1999 half of $1,386 million.
- International franchises contributed 49.9% of the Group's March 2000 half earnings.
- Underlying profit for the March 2000 half of $2,658 million was 15.1% up on the September 1999 half year of $2,309 million and 10.2% higher than the March 1999 half of $2,412 million.



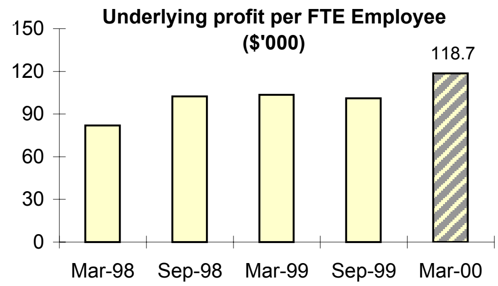
Revenue

- Total revenue for the March 2000 half was $5,598 million, an increase of 5.8% over the March 1999 half and 4.9% higher than the previous half.
- Net interest income rose to $3,123 million, 3.1% higher than the September 1999 half and 2.8% higher than the March 1999 half reflecting strong growth in loans and advances.
- Net interest margin for the March 2000 half was 2.93% compared with 2.99% for the September 1999 half and 3.01% for the March 1999 half.
- Other operating income for the current half of $2,475 million was 7.2% higher than the previous half and 9.8% higher than the March 1999 half.
- Other operating income represents 44.2% of total income compared with 43.2% for the previous half and 42.6% for the March 1999 half.



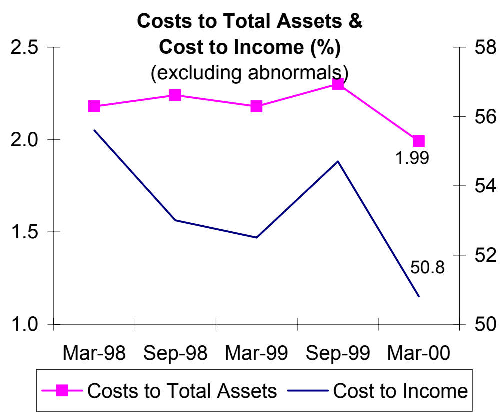
Productivity

- Return on Assets was 1.07% compared with 1.09% for the previous half and steady on the March 1999 half.
- Employee numbers, measured on a full time equivalent (FTE) basis, decreased 1.9% during the March 2000 half and were 4% lower than a year earlier.
- Underlying profit per FTE employee for the March 2000 half was 17.4% higher than the September 1999 half and 14.7% higher than the March 1999 half.



Costs

- Costs to total assets fell to 1.99% during the March 2000 half. This compares with 2.18% for the March 1999 half and 2.3% for the September 1999 half.
- Cost to income ratio for the March 2000 half was 50.8%, a significant improvement on the September 1999 half of 54.7% and down from 52.5% for the March 1999 half. Excluding the impact of the new life insurance accounting standard, and interest income attributable to the issue of National Income Securities and Preference Shares from all periods, the cost to income ratio for the March 2000 half was 52% compared with the previous half of 55.2% and the March 1999 half of 52.8%.



Half Year at a Glance

Shareholder Value

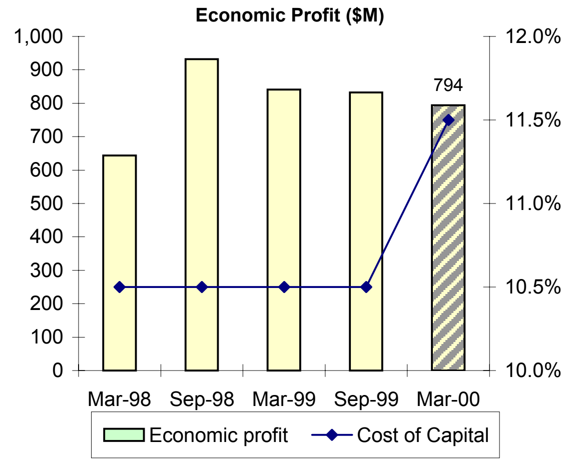
Economic Profit

Economic profit for the March 2000 half was $794 million, based on a cost of capital of 11.5% (previously 10.5%) and franking credit imputation based on a tax rate of 34% (previously 36%).

The strong growth in cash earnings during the March 2000 half was offset by a higher cost of capital, an increase in capital employed, and lower imputed franking credits due to the change in the Australian tax rate.

On a comparable cost of capital basis, economic profit for the March 1999 half would have been $759 million and $748 million for the September 1999 half .

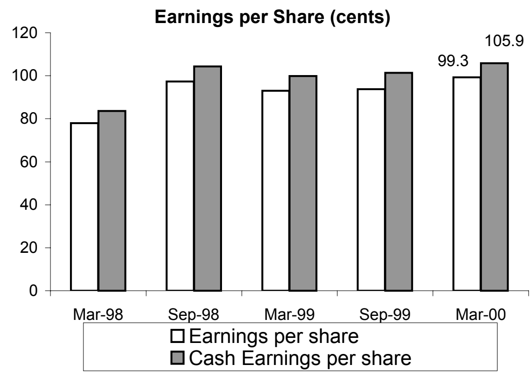
Economic profit represents the excess of cash earnings over the cost of capital employed in the business plus the value to shareholders of franking credits generated.



Earnings per Share

Basic earnings per share (attributable to ordinary shareholders) were 99.3 cents, 5.9% higher than the September 1999 half of 93.8 cents and 6.8% higher than the March 1999 half of 93 cents.

Cash earnings per share (earnings attributable to ordinary shareholders before goodwill amortisation) rose by 5% from 100.9 cents in the September 1999 half to 105.9 cents and are 6% higher than the March 1999 half of 99.9 cents.

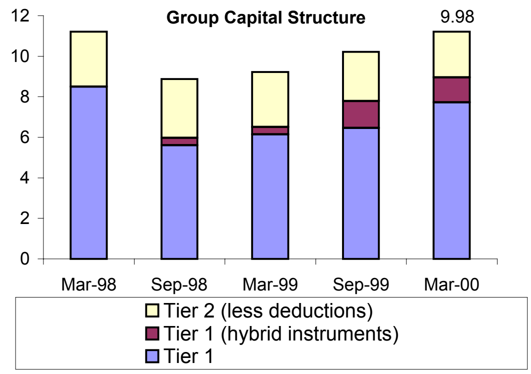


Capital Structure

Tier 1 ratio of 7.72% was marginally lower than September 1999 of 7.78% and has increased from 6.51% a year earlier. The increase was due to the issue of National Income Securities in June 1999, retained earnings and dividend reinvestment.

Core Tier 1 (excluding the impact of preference shares and National Income Securities) was 6.49% compared with September 1999 of 6.42% and 6.14% for March 1999.

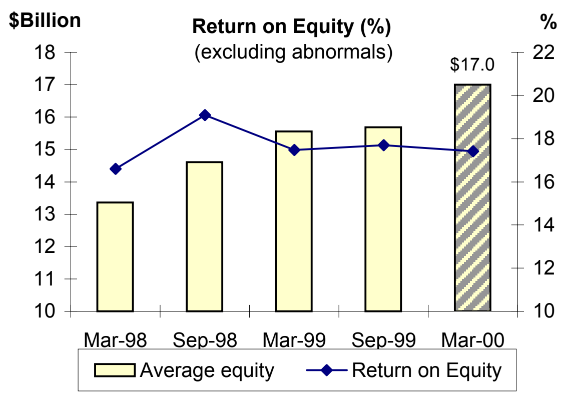
The total capital ratio at March 2000 was 9.98% compared with 10.34% at September 1999 and 9.23% at March 1999. The reduction in the March 2000 half is largely attributable to higher risk weighted assets.



Return on Equity

The Group's return on average ordinary shareholders' funds for the March 2000 half was 17.41% compared with 17.48% for the March 1999 half and 17.7% for the September 1999 half.

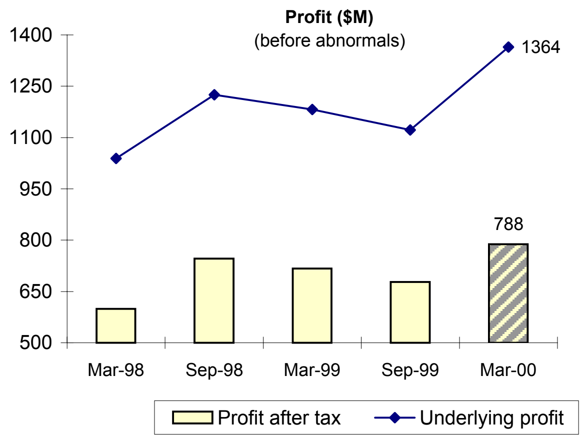
The current return was achieved on an increase in average ordinary shareholders' funds of 9% from $15.6 billion at March 1999 to $17 billion.



Half Year Regional Performance

Australia

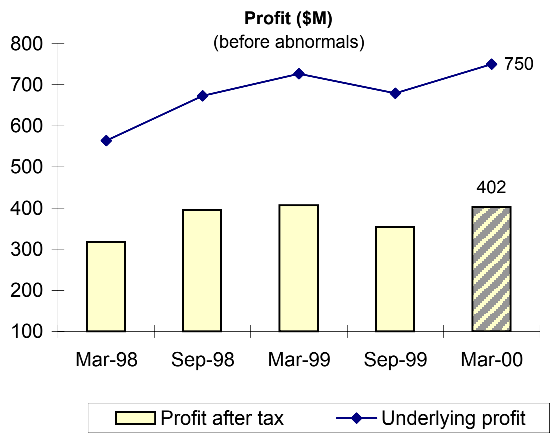
• Operating profit after tax for the March 2000 half of $788 million was 16.4% higher than the September 1999 half of $677 million and 9.9% higher than the March 1999 half of $717 million.
• Excluding the impact of the $41 million restatement of net future income tax benefits, the current half's result represents an increase of 22.5% over the September 1999 half and 15.6% over the March 1999 half.
• Underlying profit for the March 2000 half of $1,364 million was 21.6% higher than the September 1999 half of $1,122 million and 15.4% higher than the March 1999 half of $1,182 million.
• Net interest income increased 8.7% from the March 1999 half and was 6% higher than the September half. Gross loans and advances grew by 6.9% during the March 2000 half and the net interest margin was slightly higher at 3.02%.



• Other operating income increased 18.4% from March 1999 half and was 7.9% higher than the September 1999 half. Excluding the impact of the new insurance standard, other operating income was 10.7% above the March 1999 half and was flat against September 1999. The increase over the March 1999 half reflects volume related growth in credit card and loan fees, higher treasury trading revenue and a higher contribution from the wealth management businesses.
• Operating costs decreased by 4.8% from the September 1999 half to the March 2000 half but showed an increase on the March 1999 half reflecting market related increases in personnel costs and higher contractor, legal, consulting and advertising expenditure.
• The charge for doubtful debts for the March 2000 half was $79 million, 17.7% lower than the September 1999 half and 8.2% lower than the March 1999 half.

Europe

• Operating profit after tax for the March 2000 half of $402 million was 13.6% higher than the September 1999 half of $354 million and 1.2% lower than the March 1999 half of $407 million. In local currency terms the March 2000 half was 2.5% higher than the March 1999 half.
• Net interest income increased 2.7% from the September 1999 half to the March 2000 half and was flat compared with the March 1999 half. The increase for the March 2000 half was due to an increase in loans and advances partly offset by a reduction in net interest margin in each of the European banks except Clydesdale Bank.
• Other operating income increased 7.4% from the September 1999 half to the March 2000 half and was unchanged from the March 1999 half. The increase for the March 2000 half is a result of higher loan commitment and facility fees and increases in brokerage and commissions in Yorkshire Bank..

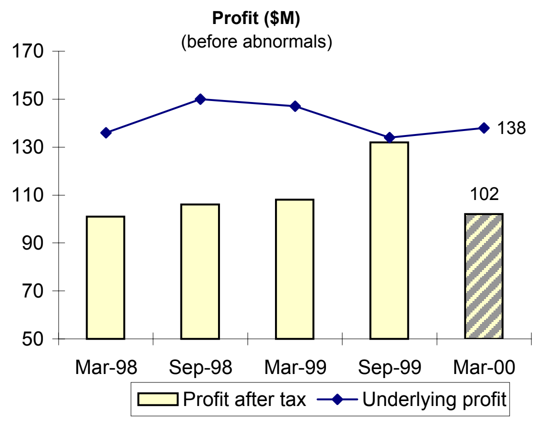


• Operating costs decreased by 1.9% from the March 1999 half and were unchanged from the September 1999 half.
• The charge for doubtful debts for the March 2000 half was comparable with the September 1999 half but was 21.8% higher than the March 1999 half. The increase compared with the March 1999 half was due to volume related increases in Yorkshire and Clydesdale Banks and high recoveries in National Irish Bank in the March 1999 half.

Half Year Regional Performance
(continued)

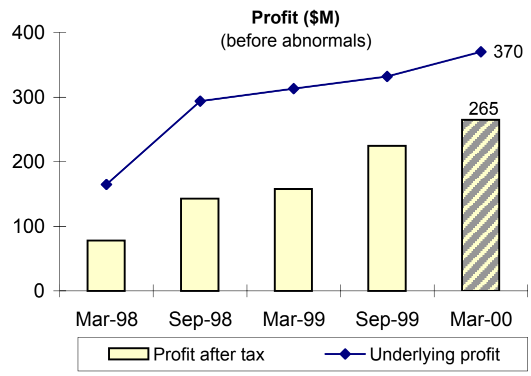
New Zealand

- Operating profit after tax for the March 2000 half of $102 million was 5.6% lower than the March 1999 half of $108 million and 22.7% lower than the September 1999 half result of $131 million. In local currency terms, the current half result was 13.1% lower than the September 1999 half.
- The reduction in profit from the September 1999 half largely reflects a 'one-off' structured finance transaction and higher bad debt recoveries in the September 1999 half which were not repeated in the current half.
- In local currency terms, New Zealand's profit has improved by 2.8% over the March 1999 half driven by growth in other operating income, partly offset by higher expenses and flat net interest income.



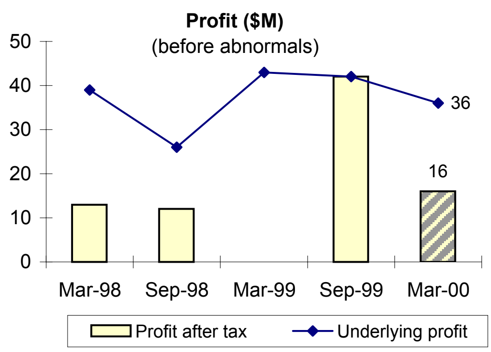
United States

- Operating profit after tax of $265 million for the March 2000 half compared with $225 million for the September 1999 half and $158 million for the March 1999 half.
- Net interest income decreased by 2.7% from the March 1999 half and 3.8% from the September 1999 half. These decreases were caused by large reductions in HomeSide net interest income, due to lower mortgage production volumes, partially offset by income attributable to the issue of National Income Securities.
- Other operating income rose by 8.3% from the September 1999 half, and was 6.3% higher than the March 1999 half. The growth in other operating income reflects higher net servicing revenue at HomeSide and a gain on the sale of an investment by Michigan National partly offset by a decrease in HomeSide's net mortgage origination revenue.
- Operating expenses were 9% lower than the March 1999 half and 4% lower than the September 1999 half, mainly due to lower production volumes and servicing activity in HomeSide and decreased personnel expenses and contractor costs in Michigan National.
- The March 2000 half benefited from a reduction in the charge for doubtful debts at Michigan National, reflecting the adoption of the Group's statistical provisioning methodology.



Asia

- Profit in Asia improved to $16 million compared with a breakeven result for the March 1999 half and compares with $42 million for the September 1999 half.
- The March 1999 half was impacted by a higher charge for doubtful debts resulting from a number of specific provisions recognised during that period.
- The result for the September 1999 half benefited from higher levels of trading income and a lower charge for doubtful debts compared with the current half.

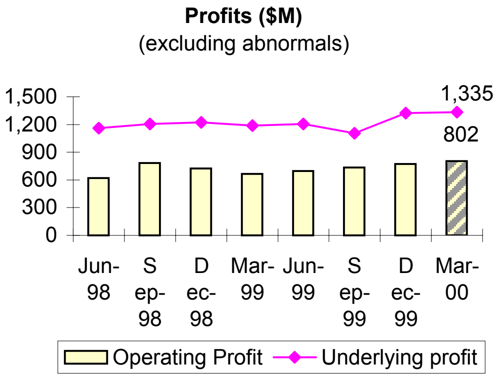


Quarter at a Glance

Operating Performance

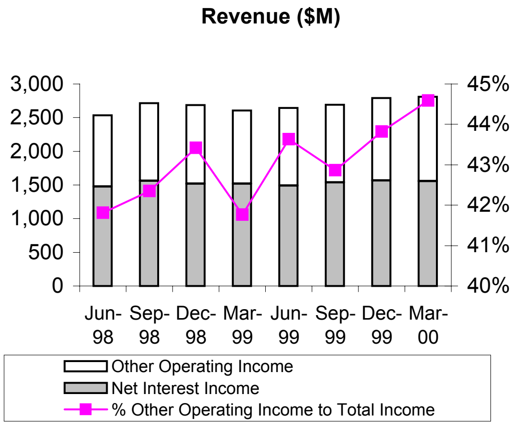
Profits

- Operating profit after tax increased 4% from the December quarter of $771 million to $802 million and is 20.4% higher than the March 1999 quarter of $666 million.
- Operating profit attributable to ordinary shareholders was up 3.9% from the December 1999 quarter to $754 million and 15.6% higher than the March 1999 quarter.
- International franchises contributed 49.3% of the Group's March 2000 quarter earnings.
- Underlying profit increased 1% to $1,335 million and was 12.3% higher than the March 1999 quarter.



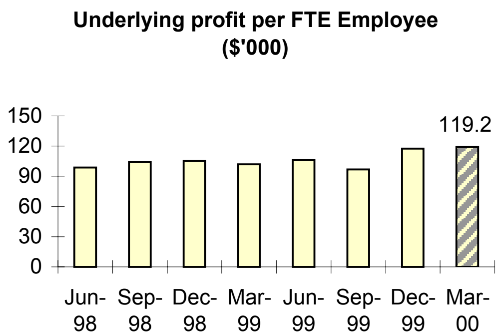
Revenue

- Total revenue increased 0.6% to $2,808 million.
- Net interest income decreased 0.7% to $1,556 million. Favourable exchange rate movements and product mix were partly offset by one day's less interest in the March quarter compared with the December 1999 quarter.
- Loans and advances grew 6.2% (3.1% in local currency terms) during the March 2000 quarter.
- Overall, margins improved from 2.92% to 2.95%.
- Other operating income grew by 2.4% to $1,252 million.
- Other operating income represents 44.6% of total income compared with 43.8% for the previous quarter and 41.7% for the March 1999 quarter.



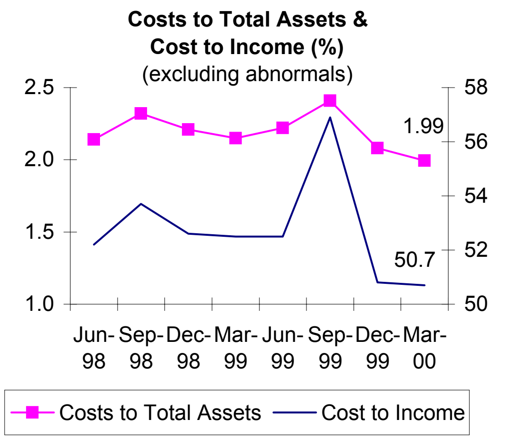
Productivity

- Return on Assets was 1.09% compared with 1.06% fo the previous quarter and 1.04% for the March 1999 quarter.
- Employee numbers, measured on a full time equivalent (FTE) basis, decreased 0.4% during the March 2000 quarter and were 4% lower than a year earlier.
- Underlying profit per FTE employee for the March 2000 quarter is 1.3% higher than the December 1999 quarter and 16.9% higher than the March 1999 quarter.



Costs

- Cost to income ratio for the March 2000 quarter reduced to 50.7%. Excluding the impact of the new life insurance accounting standard, and interest income attributable to the issue of National Income Securities and Preference Shares from all periods, the cost to income ratio for the March 2000 quarter was 52% compared with the December 1999 quarter of 52.3% and the March 1999 quarter of 52.7%.
- Costs to total assets reduced from 2.08% for the December 1999 quarter to 1.99%.
- Personnel costs increased by 1.2% and occupancy costs and general expenses were steady compared with the December 1999 quarter.



Quarter at a Glance

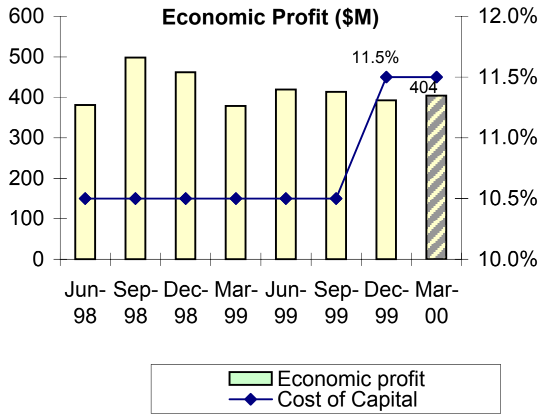
Shareholder Value

Economic Profit

Economic profit for the March 2000 quarter was $404 million, based on a cost of capital of 11.5% (previously 10.5%) and franking credit imputation based on a tax rate of 34% (previously 36%).

The March 2000 quarter is 3.1% higher than the December 1999 quarter of $392 million, based on the current cost of capital and franking imputation.

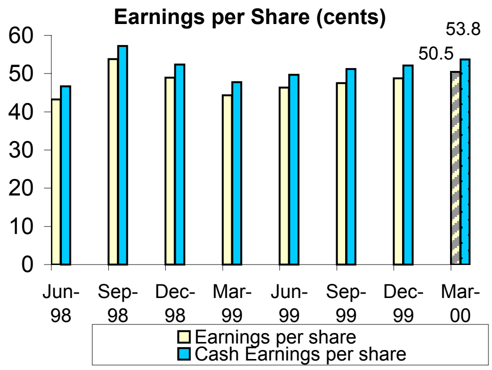
Economic profit represents the excess of cash earnings over the cost of capital employed in the business plus the value to shareholders of franking credits generated.



Earnings per Share

Basic earnings per share (attributable to ordinary shareholders) were 50.5 cents, 3.5% higher than the previous quarter of 48.8 cents and 14% higher than the March 1999 quarter of 44.3 cents.

Cash earnings per share (earnings attributable to ordinary shareholders before goodwill amortisation) rose by 3.3% from 52.1 cents in the December 1999 quarter to 53.8 cents and are 12.6% higher than the March 1999 quarter of 47.8 cents.

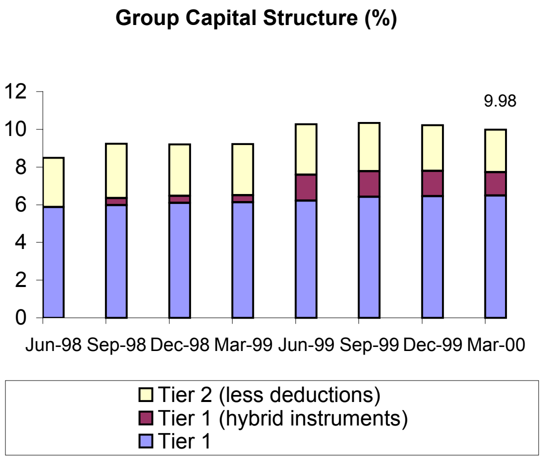


Capital Structure

Tier 1 ratio of 7.72% was marginally lower than December 1999 of 7.79% and has increased from 6.51% a year earlier. The increase was due to the issue of National Income Securities in June 1999, retained earnings and dividend reinvestment.

Core Tier 1 (excluding the impact of preference shares and National Income Securities) was 6.49% compared with 6.46% for the previous quarter and 6.14% for March 1999.

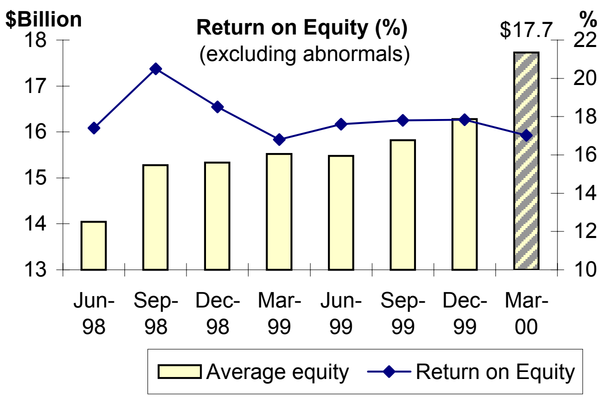
The total capital ratio at March 2000 was 9.98% compared with 10.24% at December 1999 and 9.23% at March 1999. The reduction in the March 2000 quarter is largely attributable to higher risk weighted assets.



Return on Equity

The Group's return on average ordinary shareholders' funds for the March 2000 quarter was 17.03% compared with 17.84% in the December 1999 quarter and 16.78% a year earlier.

The current return was achieved on an increase in average ordinary shareholders' funds of 8.5% from $16.3 billion at December 1999 to $17.7 billion.



FINANCIAL HIGHLIGHTS

Profit & Loss	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Net interest income	1,556	1,567	1,518	3,123	3,038	2.8
Other operating income	1,252	1,223	1,088	2,475	2,255	9.8
Total operating income	2,808	2,790	2,606	5,598	5,293	5.8
Other operating expenses	1,473	1,467	1,417	2,940	2,881	2.0
Underlying profit	1,335	1,323	1,189	2,658	2,412	10.2
Charge to provide for doubtful debts	142	118	171	260	309	(15.9)
Operating profit before tax	1,193	1,205	1,018	2,398	2,103	14.0
Income tax expense	391	434	353	825	714	15.5
Operating profit after income tax	802	771	665	1,573	1,389	13.2
Outside equity interests	-	-	(1)	-	(1)	large
Operating profit after tax attributable to members	802	771	666	1,573	1,390	13.2
Distributions to holders of National Income Securities and Trust Units [1]	48	45	14	93	29	large
Operating profit after tax attributable to ordinary shareholders	754	726	652	1,480	1,361	8.7

Dividends	March 2000	March 1999
Interim dividend declared:	59c	54c
Interim dividend payout ratio [2]	59.6%	58.3%
Dividend coverage ratio number of times[2]	1.68	1.71

Balance Sheet	As at					
	March 2000 $M	December 1999 $M	September 1999 $M	March 1999 $M	% Change Sep 99 to Mar 00	% Change Dec 99 to Mar 00
Assets						
Due from other financial institutions	13,097	9,333	11,120	11,764	17.8	40.3
Due from customers on acceptances	22,926	23,921	22,851	24,723	0.3	(4.2)
Trading securities	13,998	16,491	12,853	12,466	8.9	(15.1)
Investment securities	9,724	11,100	8,951	9,985	8.6	(12.4)
Loans and advances (net)	180,646	170,056	165,620	162,436	9.1	6.2
Mortgage servicing rights	6,670	5,975	5,345	4,487	24.8	11.6
Other	38,932	36,034	27,341	29,114	42.4	8.0
Total assets	285,993	272,910	254,081	254,975	12.6	4.8
Liabilities						
Due to other financial institutions	23,560	19,057	16,203	16,669	45.4	23.6
Liability on acceptances	22,926	23,921	22,851	24,723	0.3	(4.2)
Deposits and other borrowings	175,688	170,516	162,468	164,702	8.1	3.0
Bonds, notes and subordinated debt	14,747	13,575	13,437	12,637	9.7	8.6
Other	29,153	26,469	20,602	20,191	41.5	10.1
Total Liabilities	266,074	253,538	235,561	238,922	13.0	4.9
Total Shareholders' Equity	19,919	19,372	18,520	16,053	7.6	2.8

(1) For further details in respect of the distributions to holders of National Income Securities and Trust Units refer page 42.

(2) Based on earnings attributable to ordinary shareholders.

Results and Dividend Announcement for the half-year ended 31 March 2000 are available on the Internet at: www.national.com.au

KEY PERFORMANCE MEASURES

	Quarter to			Half-Year to	
	March 2000	December 1999	March 1999	March 2000	March 1999
All figures are in A$ millions unless otherwise stated.					
Earnings (1)					
Earnings attributable to ordinary shareholders	754	726	652	1,480	1,361
Basic earnings per ordinary share	50.5c	48.8c	44.3c	99.3c	93.0c
Diluted earnings per ordinary share	49.0c	47.5c	43.2c	95.8c	90.5c
Return on average assets	1.09%	1.06%	1.04%	1.07%	1.07%
Return on average shareholders' funds	17.03%	17.84%	16.78%	17.41%	17.48%
Cash Earnings (2)					
Cash earnings	802	776	701	1,578	1,461
Basic earnings per share	53.8c	52.1c	47.8c	105.9c	99.9c
Return on average tangible assets	1.17%	1.15%	1.14%	1.16%	1.20%
Return on average tangible shareholders' funds	21.53%	23.09%	22.39%	22.25%	23.34%
Productivity Measures					
Underlying profit per full time equivalent employee (to nearest A$)(3)	$119,199	$117,655	$101,966	$118,663	$103,424
Operating profit per full time equivalent employee (to nearest A$)(3)	$71,609	$68,565	$57,108	$70,225	$59,598
Non interest income per full time equivalent employee (to nearest A$)	$111,788	$108,762	$93,304	$110,494	$96,692
Operating costs per full time equivalent employee (to nearest A$)(3)	$127,235	$126,014	$117,317	$126,878	$119,246
Net Interest Income					
Group net interest spread	2.39%	2.41%	2.56%	2.40%	2.48%
Group net interest margin	2.95%	2.92%	3.09%	2.93%	3.01%
Non Interest Income					
Non interest income to total net income	44.6%	43.8%	41.7%	44.2%	42.6%
Non interest income to total net income (excluding impact of life insurance standard)	44.0%	42.7%	41.7%	43.4%	42.6%
Non Interest Expenses (excluding goodwill)					
Cost/income ratio (3)	50.7%	50.8%	52.5%	50.8%	52.5%
Cost/income ratio (excluding impact of life insurance standard)	51.0%	51.4%	52.5%	51.2%	52.5%
Operating costs to total assets	1.99%	2.08%	2.15%	1.99%	2.18%
Operating costs to total assets (excluding life insurance business)	2.03%	2.12%	2.15%	2.08%	2.18%
Bad and Doubtful Debts					
Total provision charge to operating profit (3)	17.7%	15.3%	25.7%	16.5%	22.2%
Specific provision balance to total assets	0.2%	0.2%	0.2%	0.2%	0.2%
Specific provision balance to risk weighted assets	0.2%	0.3%	0.2%	0.2%	0.2%
Capital					
Tier 1 ratio	7.72%	7.79%	6.51%	7.72%	6.51%
Tier 2 ratio	2.71%	2.80%	2.99%	2.71%	2.99%
Deductions	(0.45%)	(0.35%)	(0.27%)	(0.45%)	(0.27%)
Total capital ratio	9.98%	10.24%	9.23%	9.98%	9.23%
Risk weighted assets	$216,681	$201,412	$197,333	$216,681	$197,333
Asset Quality					
Gross non-accrual loans to gross loans and acceptances	0.77%	0.76%	0.75%	0.77%	0.75%
Net non-accrual loans to risk weighted assets	0.53%	0.49%	0.52%	0.53%	0.52%
Shares					
Net tangible asset backing per ordinary share	$9.52	$9.18	$8.36	$9.52	$8.36
Weighted average shares on issue ('000)	1,494,189	1,486,199	1,468,693	1,490,359	1,462,945

(1) Based on earnings attributable to ordinary shareholders.

(2) Cash basis calculations are based on earnings attributable to ordinary shareholders and exclude goodwill and related amortisation expense.

(3) 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.

The March 2000 and December 1999 quarters have been impacted by the adoption of the new Australian life insurance accounting standard, details of which are set out on page 42.

STRATEGY and PROSPECTS

Strategy

The National Australia Bank Group is a shareholder focused organisation committed to continually increasing shareholder value by growing its current profitable lines of business in selected markets and focussing on areas that will be key to the future growth and the evolution of financial services.

The Group has five core strategies to achieve this:

- drive performance and growth in core businesses that rely on relationship management and the tailoring of financial services to meet customer expectations at every point of contact.
- accelerate the growth of selected global businesses where our capability, efficiency and service give us competitive advantage.
- stake out positions in areas key to the evolution of financial services.
- manage our other businesses for value.
- build diversified income streams.

These strategies capitalise on the unique strengths of the National and are designed to deliver long term sustainable growth.

To ensure we remain focused and effective in executing these strategies, a set of management approaches has been adopted to drive 'the way things are done' at the National. These are:

- actively manage the portfolio of businesses to maximise shareholder value.
- seek to expand in the 'early adopter' markets of Australia, New Zealand, United Kingdom and North America.
- actively embrace emerging technologies to reshape the business.
- sharpen the focus on performance management and talent development.
- ensure the National Business Model supports our strategies and maximises value from our global organisation.
- build improved relationships with stakeholders.

Prospects

During the first half of the year, a major review of the Group's corporate strategies was completed with a view to confirming long term growth opportunities. This has provided the framework for a significant restructure of individual businesses with the objective of ensuring that each business is managed according to its unique long term prospects and that growth opportunities are optimised.

The Group recently announced it had reached agreement to acquire MLC Limited and other fund management businesses from Lend Lease for $4.56 billion. The acquisition will provide scale in the rapidly growing wealth management industry in Australia and will also bring to the Group significant capability in wealth management. The acquisition will continue to reduce our reliance on increasingly competitive net interest income.

It is expected, subject to gaining all the necessary approvals, that the transaction will be completed by the end of June. The focus will then shift to integrating the MLC business into the Group whilst accelerating a number of growth opportunities.

STRATEGY and PROSPECTS (continued)

Prospects (continued)

Over the coming months, our focus will increasingly encompass consideration of a range of options we have to enhance our strategic positioning in the northern hemisphere. There are a number of strategic options available in these markets, including the possibility of a dual listed company structure in the United Kingdom.

As the developments in e-Commerce begin to permeate the economies in which we operate, opportunities are emerging to both broaden and deepen our customer relationships and to re-engineer our systems and processes to improve productivity. The National is well placed, through its operating presence in the major financial services markets, to properly assess the impacts of, and appropriate responses to, developments in e-Commerce.

We have committed resources to ensure that the National maximises the opportunities available to profitably enhance customer relationships and to cost effectively re-engineer the business through e-Commerce. Our relationship with Concert is a fundamental plank in this component of the Group's strategy. We anticipate we will be in a position to announce further initiatives during this financial year.

The environment in each of the markets in which the Group operates remains satisfactory, although growth is predicted to ease slightly as interest rates rise modestly. Given this outlook, we expect continued income growth in each of our core businesses with minimal deterioration in asset quality.

Costs will continue to be tightly controlled. We believe our stated goals of a cost to income ratio below 52% for the year and earnings per share growth above 8%, excluding the impact of the proposed MLC acquisition, are achievable.

The National is on track to deliver another record profit.

Section 3

Profit Announcement
for the half-year ended 31 March 2000

Analysis of Financial Performance

Overview of Group Result

March 2000 half year performance

A record result for the March 2000 quarter of $802 million lifted the Group's half year profit to $1,573 million, 13.2% higher than the March 1999 half of $1,390 million. Operating profit attributable to ordinary shareholders rose by 8.7% from $1,361 million for the March 1999 half to $1,480 million (10.9% excluding the impact of exchange rate movements).

The current half year was impacted by:
- a tax charge of $28 million to reflect the effect of the new Australian corporate tax rate regime on the opening balance of net future income tax benefits (FITB) at 1 October 1999 and a further $13 million being the impact of a lower effective tax rate on net FITB movements during the March 2000 half;
- a tax credit of $11 million from a reduction in the carrying value of HomeSide's deferred tax liabilities due to a lower effective tax rate applying for HomeSide's US operations; and
- an $11 million gain on revaluation of National Australia Financial Management Limited's investment in controlled entities, in accordance with the new life insurance accounting standard.

Basic earnings per share for the March 2000 half year increased by 6.8% from 93 cents for the March 1999 half to 99.3 cents. Cash earnings per share (attributable to ordinary shareholders) for the March 2000 half were 105.9 cents, an increase of 6% on the March 1999 half of 99.9 cents.

Return on average ordinary shareholders' funds for the March 2000 half year was 17.41% compared with the March 1999 half of 17.48%. The return for the current half was achieved on an increase in average ordinary shareholders' funds of 9% from $15.6 billion for March 1999 to $17 billion.

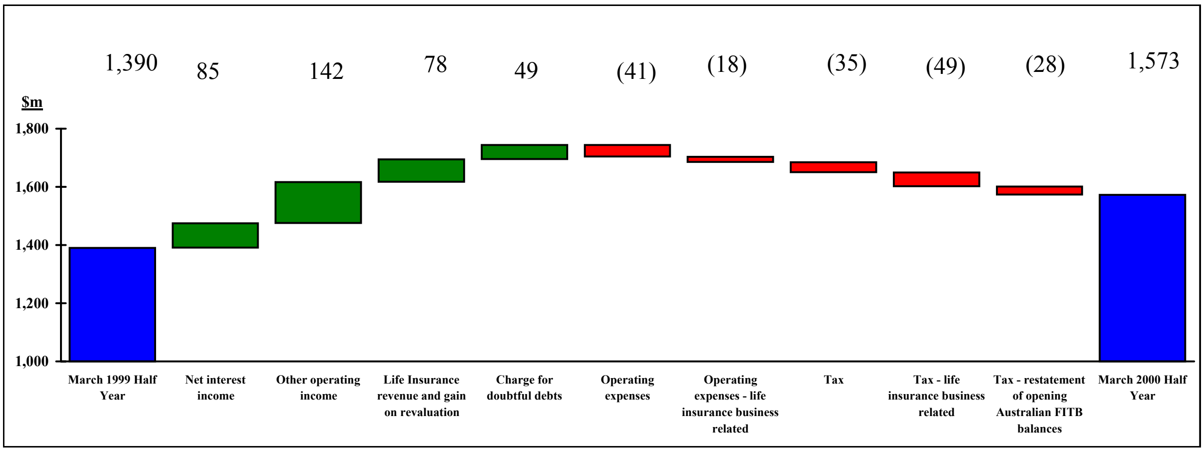
Underlying profit (before tax and charge for doubtful debts) for the March 2000 half was 10.2% higher than the March 1999 half. The adoption of the new life insurance accounting standard (which requires revenues, expenses and income tax to be disclosed separately, compared with the previous practice of reporting the net of these items as revenue) favourably impacted underlying profit by $49 million. Excluding the impact of the new disclosure requirements and the $11 million gain on revaluation, underlying profit increased by 7.7%, reflecting higher total operating income (up 4.3%) partially offset by higher operating expenses (up 1.4%).

Net interest income increased by 2.8% from $3,038 million for the March 1999 half to $3,123 million, reflecting strong volume growth partially offset by slightly lower margins and the impact of exchange rate movements. Other operating income rose by 9.8% (6.3% excluding the impact of life insurance accounting changes) reflecting volume related growth in fee, brokerage and commission income and mortgage servicing fees, partly offset by lower mortgage origination income.

Operating expenses for the March 2000 half rose by $59 million ($41 million excluding gross-up for life insurance expenses) or 2% (1.4% excluding gross-up) compared with the March 1999 half. The increase is largely due to higher marketing, consulting and legal expenditure. The cost to income ratio improved from 52.5% for the March 1999 half year to 50.8%.

The charge for doubtful debts for the March 2000 half year was $260 million, $49 million lower than the March 1999 half of $309 million, reflecting a lower provisioning charge in the United States and the impact of lower provisions in Asia, partly offset by volume related increases across the European banks.

The movement in operating profit for the March 2000 half year of $1,573 million compared with the March 1999 half year of $1,390 million is reconciled below.



Overview of Group Result

March 2000 quarterly performance

Operating profit after tax for the March 2000 quarter increased by 4% from $771 million for the December 1999 quarter to $802 million. The latest quarter result is 20.4% higher than the March 1999 quarter of $666 million.

The December 1999 quarter result was unfavourably impacted by a restatement of the opening balance of net future income tax benefits ($28 million) due to the change in the Australian corporate tax rate, partly offset by a tax credit in respect of a change in the effective tax rate at HomeSide's US operations ($11 million) and the uplift in valuation of life insurance businesses ($11 million). Excluding these amounts, operating profit after tax for the March 2000 quarter was 3.2% higher than the December 1999 quarter.

Return on average ordinary shareholders' funds for the March 2000 quarter was 17.03% compared with the December 1999 quarter of 17.84% but higher than the March 1999 quarter of 16.78%. Growth in earnings attributable to ordinary shareholders for the current quarter of 3.9% was more than offset by an 8.5% increase in average shareholders' funds.

Underlying profit for the March 2000 quarter was 0.9% higher than the December 1999 quarter and 12.3% higher than the March 1999 quarter.

Net interest income declined during the quarter by 0.7%, primarily due to one day's less interest in the March quarter compared with the December 1999 quarter, partly offset by favourable exchange rate movements and product mix.

The Group's net interest margin improved during the March 2000 quarter from 2.92% for December 1999 to 2.95%. The improvement reflects margin management in Australia and the run-off of volumes of low margin liquidity assets held for Year 2000, partly offset by a lower margin in HomeSide.

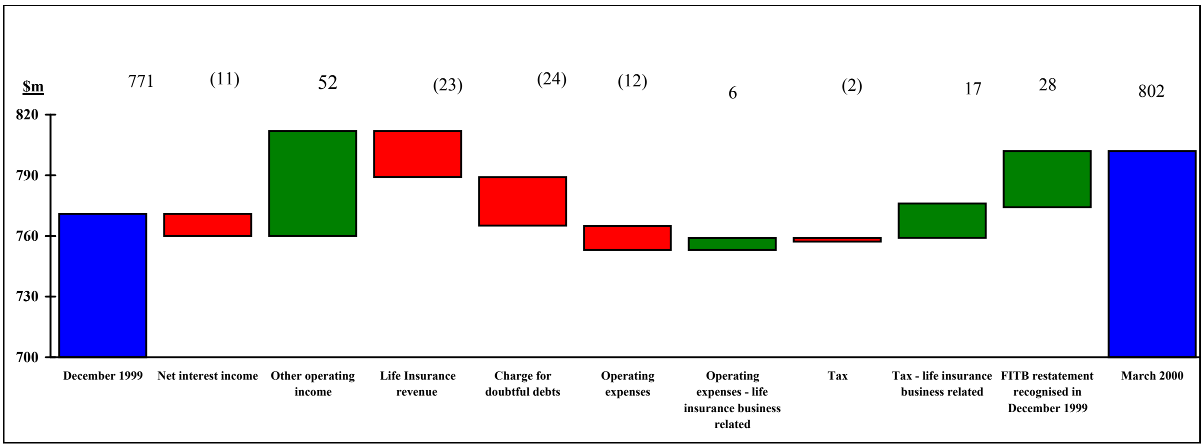
Other operating income rose by $29 million or 2.4% from $1,223 million for the December 1999 quarter to $1,252 million. Volume related growth in mortgage servicing fees, higher origination income and higher brokerage and insurance income in Europe was partly offset by lower treasury trading income. The December 1999 quarter benefited from an uplift in the valuation of life insurance business of $11 million.

Operating expenses were relatively steady during the quarter compared with December 1999. Higher income and steady costs contributed to an improvement in the cost to income ratio from 50.8% for the December 1999 quarter to 50.7%.

For the March 2000 quarter, the charge for doubtful debts increased by $24 million from $118 million for the December 1999 quarter to $142 million. The December 1999 quarter benefited from a lower statistical provisioning charge in the United States whilst the March 2000 quarter has been impacted by higher volume related charges in Europe.

Tax expense decreased during the March 2000 quarter reflecting the absence of one-off adjustments recorded in the December 1999 quarter, in respect of the restatement of future income tax benefits in Australia ($28 million) and restatement of the carrying value of HomeSide's deferred tax liabilities ($11 million). The balance of the reduction in tax expense is largely due to a lower tax charge on National Australia Financial Management Limited's life insurance activities compared with the December 1999 quarter.

The movement in operating profit for the March 2000 quarter of $802 million compared to the December 1999 quarter of $771 million is reconciled as follows:



Profitability by Line of Business

The National's business model was introduced in April 1998 to sharpen customer focus and enhance leverage from the Group's global operations. The business model has facilitated a higher level of standardisation, enhanced efficiency and focus across the Group and will continue to evolve to provide the benefits of both a global approach and local execution.

The contribution to operating profit after tax (before internal recharges) from each of the major lines of business for the March 2000 and December 1999 quarters was:

	Quarter to			
	March 2000		December 1999	
	$M		$M	
Business and Personal Financial Services		787		766
HomeSide [(1)]		44		43
Products and Services:				
- other product specialists[(2)]	147		153	
- shared services	(166)		(163)	
Total Products and Services		(19)		(10)
Global Wholesale Financial Services		166		152
Information Technology (NSITE)		(105)		(107)
All Other [(3)]		(71)		(73)
Total		802		771

(1) *Includes the results from the US operations of HomeSide International and Asia Pacific activities.*

(2) *Includes Global cards, payments, international, asset finance, security services, investment and insurance and product management businesses.*

(3) *Includes corporate centre and goodwill amortisation.*

BUSINESS & PERSONAL FINANCIAL SERVICES

Business and Personal Financial Services (B&PFS) comprises the Group's integrated retailers. B&PFS has three key customer segments: Business Financial Services, Premium & Private Financial Services, and Retail Financial Services which includes channel management.

B&PFS profit after tax (before internal income and charges) increased by $21 million, or 2.7%, from $766 million for the December 1999 quarter to $787 million.

Total income grew by 2.8% during the March 2000 quarter due to higher insurance commission income in Europe and growth in net interest income, largely through improved retail deposit margins.

Expenses increased marginally on the December quarter. However, personnel related expenses, which comprise 64% of the B&PFS expense base, were held flat over the two quarters. The charge for doubtful debts for the March 2000 quarter was $17 million higher than the December 1999 quarter reflecting volume related increases across the European banks.

Business Financial Services

The focus for the quarter was on servicing the National's customers by driving further enhancements to the sales management system and the business financial services operating model. In both Australia and Europe, successful pilots were launched aimed at aligning the Group's service and relationship management proposition with the customer value proposition. For example, Yorkshire Bank benefited from improved customer segmentation and reorganisation of customer portfolios resulting in strong lending volume growth. Tailored business packages were also introduced to enable linkages with interest risk management in Europe and Michigan National (MNC) and to expand loan syndication activities in MNC.

Sales processes in New Zealand and Europe were automated to provide improved customer response. This improved focus on customer needs and relationships is proving to be very successful, as evidenced by New Zealand's increased share of business lending.

Premium & Private Financial Services

Premium & Private Financial Services has built on the success of the previous quarters by continuing to develop relationships with high net worth customers. This was achieved through the expansion of the number of financial planners in Australia during the March quarter from 250 to 300 (including specialist planners for Private Bank clients) and the opening of a further two Private Banking suites in Australia. This focus has resulted in a 30% increase in financial planning inflows, compared with the prior year, and continued strong sales of banking products.

In New Zealand, enhanced access to financial solutions through the Internet was provided and new products were launched including a Global Plus Mortgage which features loyalty points for lending customers. In the United States, the first group of Premium bankers is now fully trained and actively servicing customers. Further preparatory work was undertaken in Europe in readiness for pilot launches of new Premium and Private platforms.

Retail Financial Services & Channel Management

Growth in the Retail business continued, assisted by the extension of product offerings and an improved sales platform. Sales platform initiatives include the enhanced investment program in the US market promoting mutual fund and annuity products.

There was strong growth in Australian call centre and Internet sales during the quarter. Home loans arranged via these direct distribution channels increased 176% and represented 5% of home loans sold during the quarter. Similarly, personal loan sales rose by 162% and represented 35% of total personal loan sales and credit card sales were up 144% which represented 19% of total credit cards.

Globally, direct retail consumer lending in the UK under the 'Vivid' brand continued to grow and a number of new retail concepts are being developed and deployed throughout each region. These concepts include development and implementation of supermarket outlets and investment and retirement financial service centres.

The roll-out of the customer migration program continued across all regions, the objective of which is to transfer customers to more convenient transaction and distribution channels. These initiatives are focused on improving customer service and increased usage of lower cost technology-based alternatives.

Channel management initiatives during the quarter included the continued expansion of Internet banking, with development of online sales capability, the introduction of third party payment ability, and the provision of free customer access to the Internet through National.FreeOnline. In Australia, online customer registrations increased 70% during the quarter to more than 186,000 with continued strong growth in other regions. An agreement with Caltex was signed to provide ATMs in their retail outlets throughout Australia.

HOMESIDE

HomeSide, the Group's residential mortgage origination and servicing business, continued to be impacted by rising US interest rates and pricing competition which subdued origination volumes during the March 2000 quarter resulting in lower mortgage origination revenue and net interest revenue.

Despite the unfavourable market conditions, HomeSide maintained its contribution at $44 million, largely as a result of its variable cost structure, which minimises overcapacity. Operating expenses decreased 17% compared with the December 1999 quarter. Negative trends in the mortgage origination business were offset by higher mortgage servicing revenue.

Servicing cost per loan was consistent with the previous quarter as loan pay-offs remained at low levels. Lower loan pay-offs typically reduce the amortisation rate of the servicing asset, which enhances profitability for the servicing business.

Preferred partner relationships contributed 30% of HomeSide's production volume for the current quarter. These strategic alliances include a bulk servicing acquisition and an ongoing mortgage origination flow. Significant expansion continued in business-to-business and business-to-consumer e-commerce initiatives. Internet volume now contributes approximately 18% of HomeSide's wholesale loan rate-lock activity.

The implementation of HomeSide's proprietary mortgage servicing system in Australia is progressing successfully and the conversion of approximately 390,000 Australian loans is on target for completion by June 2000.

PRODUCTS & SERVICES

Products & Services (P&S) combines product specialists, product management and shared services to drive an end to end performance utilising a value chain approach.

P&S product specialist's profit after tax (before internal income and charges) decreased from $153 million to $147 million during the quarter. Total income decreased $10 million, or 2.3%, primarily due to an uplift in the market valuation of the Group's life insurance businesses recorded in the December quarter, not repeated in the March quarter.

P&S shared services loss after tax (before internal income and charges) increased by $3 million, or 1.8%, due to slightly higher expenses in the March quarter.

Global Asset Finance and Fleet Management
The Asset Finance and Fleet Management business performed well over the quarter and Australian Asset Finance increased its market share. The acquisition of Fleet Systems (Fleet Card) broadened the market coverage of Global Fleet Management. Further benefits were gained from the $100 million of new business secured in the UK from local council asset finance.

Global Payments
Global Payments launched National Secure Internet Payments System (NSIPS) which is available for all Australian business customers and allows for secure online payments to be made using credit cards over the Internet.

Health Insurance Claims Payments Service (HICAPS), the leading processor of electronic claims in the ancillary private health sector, has achieved 33% market share. Global Payments signed a collaborative agreement with Austar United Communications to progress home banking and home shopping services.

Global Cards
In Australia, Mastercard Gold upgrade initiatives have generated significant growth in card numbers and spending increasing 117% and 105% respectively for the twelve months to December 1999.

Global Collections
During the quarter, an external debt collection service was launched in the UK called 'Fairhalsen Collections'. As the business develops, the service will be extended to other regions.

Global International Trade and Business Finance
National Business Finance sales in Australia grew by 39% during the March 2000 quarter compared with the March 1999 quarter and were 89% higher than the December 1999 quarter.

Global Lending Services
The Lending Services Centres in Australia have improved productivity by 20% reflecting a 17% increase in applications processed and a 3% reduction in staff. Turnaround times are improving with 93% of housing loans and 94% of personal loans processed within one day.

Global Product Management
Global Product Management launched two key products in Australia during the March 2000 quarter, being National OnLine Trading (www.national.com.au/trading) and a margin lending product.

In the US, a new proprietary fixed annuity product was launched, with sales for the first two months of US$16.6 million.

In New Zealand, the Air-points home loan product was launched. Sales for the period to March 2000 were NZ$301 million, of which an estimated 46% is new business.

Wealth Creation entities
The National’s wealth creation entities in Australia, comprising National Australia Financial Management, National Australia Asset Management and County Investment Management, continue to perform successfully.

At National Australia Asset Management (NAAM), funds under management grew from $9.4 billion in December 1999 to $10 billion. During the March quarter, NAAM was awarded a four star rating, out of a possible five stars, by the Chicago based Morningstar, the world’s leading provider of mutual fund investment information.

National Australian Financial Management’s (NFM) retail funds under management grew by 4.2% over the quarter to $7.5 billion. Insurance sales for the March 2000 quarter were $18 million, 11.8% higher than the previous quarter. NFM remains the highest seller of life insurance among the Australian bancassurers.

County Investment Management funds under management for the March quarter were steady at $12 billion compared with the December quarter, but 13.7% higher than March 1999. County continued its excellent investment performance in the superannuation growth fund.

With over $148 billion of assets under custody, National Securities Services has been rated number one custodian in Australia and New Zealand and number five custodian in the world according to the 1999 Major Market Agent Bank Review.

GLOBAL WHOLESALE FINANCIAL SERVICES
Global Wholesale Financial Services (GWFS) is Australia’s leading wholesale bank and is responsible for the Group’s 1,500 major corporate and institutional relationships worldwide. GWFS operates across four continents and 21 financial centres with a presence in each of the principal markets outside Australia. GWFS specialises in foreign exchange, money markets, debt markets, corporate and institutional financial services and project and structured finance. Following the review of its strategies and operations in Asia, the Group increased its activities in its core areas and closed its Taipei operation on 31 March 2000.

The credit quality of GWFS assets continues to be strong, with 95% of credit exposures equivalent to investment grade or above, of which 60% have the equivalent of a single ‘A’ rating or above.

Operating profit after tax increased 9.2% during the March 2000 quarter from $152 million for the December 1999 quarter to $166 million, reflecting a continued focus on the risk adjusted return on capital.

Global Markets
During the March 2000 half year, GWFS expanded its capability to design and deliver structured solutions to clients, assisting them to manage a diverse array of financial risks. The National now has a world class structured product range, demonstrated by the rapid growth of this revenue stream. The National has created a dedicated research group to considerably enhance the Group's reputation for high quality focused research, particularly in the areas of credit research, quantitative analysis and market strategy.

Foreign Exchange
During the March quarter, the rollout of the FX Dealing software continued. The software allows clients to electronically execute foreign exchange transactions and has been installed with clients in Australia, New Zealand and the United Kingdom. The National has also signed as the preferred provider of AUD and NZD pricing to Cognotec's Autodealing Lite FX Dealing system in the United States.

Supporting the expansion into structured products, the development of the Group's new fully integrated currency options system is proceeding ahead of schedule and option pricemaking has been centralised in Melbourne. Offsetting this, the foreign exchange division experienced slower sales in the quarter as many customers had hedged their foreign exchange exposures before the New Year with maturity dates well into 2000.

Money Market
The Money Market division benefited from market volatility during the quarter with interest rate changes in all of GWFS’s major markets. The client base has expanded, particularly offshore, providing a much more diverse funding base. Offsetting this, the division experienced some contraction in credit spreads following increases in spreads associated with Year 2000 in the previous quarter.

Debt Markets
The Debt Markets division experienced increased sales to the National’s business customers and continued growth from structured products. In the United States, the National received regulatory approval to establish National Australia Capital Markets LLC which will contribute to future growth as it provides a dedicated distribution capability for fixed income securities in the United States. This latest addition enables the National to provide clients with capital markets distribution in United States, United Kingdom, Asia, Australia and New Zealand.

Corporate and Institutional Financial Services
Corporate and Institutional Financial Services (C&IFS) experienced another strong quarter with continued growth in both net interest income and fee income. C&IFS continue to actively manage strong lending demands on its balance sheet with a focus on risk adjusted return on capital.

Project & Structured Finance
The Project and Structured Finance business performed strongly, with growth of over 40% compared to the March 1999 quarter. The National was awarded Project Finance House of the Year. The recently established structured finance business in the United States builds on the strong and growing global business and expands the National's ability to service the needs of the Group's global client base.

During the quarter, the National undertook a number of major transactions including joint lead arranger and underwriter for the Millmerran Power Project, which was awarded Australian Project Finance Deal of 1999; joint arranger and underwriter for Vodafone UK AirTouch's Euro30 billion acquisition of Mannesman; and joint lead arranger for the rationalisation of BHP's US$1.2 billion debt facilities.

NATIONAL SERVICES INFORMATION TECHNOLOGY ENTERPRISES (NSITE)
National Services Information Enterprises (NSITE) manages the National's technology operations as a single global unit. NSITE continues to be the core service provider of technology solutions to the National's mainstream businesses.

During the March 2000 quarter, the National's Year 2000 program concluded with the incident-free passing of the 29 February 2000 date and having successfully achieved and met all program objectives. In Australia, the Goods and Services Tax (GST) project is progressing to plan and is well positioned to deliver the required system changes by the 1 July 2000 implementation date.

NSITE continues to drive the information technology component of a number of major e-business transformation programs focused around significant upgrades to ATM channel services, internet banking, customer relationship management and customer response centre activities. In accordance with NSITE's strategy of attracting top quality information technology skills to work in the National's technology programs, NSITE undertook an extensive campus recruitment program during the March quarter and successfully recruited 60 top quality graduates from Melbourne's leading universities.

Profitability by Region

The National achieved broadly based growth in operating profit after tax during the quarter.

Contribution by region and major entities	Quarter to March 2000 $M	Quarter to December 1999 $M	Quarter to March 1999 $M	Half-Year to March 2000 $M	Half-Year to March 1999 $M	Half-Year Change %
Australia	**407**	**381**	**333**	**788**	**717**	**9.9**
Europe	**205**	**197**	**204**	**402**	**407**	**(1.2)**
Clydesdale Bank [(1)]	*72*	*83*	*67*	*155*	*162*	*(4.3)*
Northern Bank [(1)]	*42*	*41*	*44*	*83*	*79*	*5.1*
Yorkshire Bank [(1)]	*107*	*89*	*102*	*196*	*180*	*8.9*
National Irish Bank [(1)]	*6*	*6*	*13*	*12*	*22*	*(45.5)*
Other Europe (including NAL) [(1)]	*(7)*	*(6)*	*(7)*	*(13)*	*(5)*	*large*
New Zealand	**49**	**53**	**55**	**102**	**108**	**(5.6)**
Bank of New Zealand [(1)]	*64*	*67*	*69*	*131*	*139*	*(5.8)*
United States	**125**	**140**	**80**	**265**	**158**	**67.7**
Michigan National Corporation [(1)]	*66*	*83*	*13*	*149*	*125*	*19.2*
HomeSide [(1)]	*43*	*43*	*39*	*86*	*75*	*14.7*
Asia [(2)]	**16**	**-**	**(6)**	**16**	**-**	*large*
Total Operating Profit after Tax	**802**	**771**	**666**	**1,573**	**1,390**	**13.2**

(1) *Earnings excluding goodwill amortisation.*

(2) *Asia's profit contribution reflects the results of operations excluding the impact of accounting translation gains or losses into Australian dollars for the purpose of consolidation. The accounting translation impact has been reflected against Australia where hedging instruments are in place to offset the impact of the accounting translation. Comparative results have also been amended to reflect this treatment.*

Australia

Operating profit after tax in Australia for the March 2000 half year increased 9.9% from $717 million for the March 1999 half to $788 million. Australia's contribution represents 50.1% of the Group’s after tax profit for the period.

The March 2000 half includes a tax charge of $28 million from the restatement of the net opening balance of future income tax benefits (FITB) and was impacted by a further $13 million due to a lower effective tax rate on net FITB movements during the March 2000 half. The current half benefited from a movement in the excess of market value over the net assets of NAFM’s investment in subsidiaries of $11 million in accordance with the new life insurance accounting standard.

The latest half result reflects an 8.7% increase in net interest income from strong growth in loans and advances (up 10%) and steady margins, higher treasury trading income, volume related increases in credit card and money transfer fees and a higher contribution from the wealth management and custodian services businesses.

The National’s investment and funds management companies, such as National Australia Financial Management, National Australia Asset Management and County Investment Management, contributed $53 million during the March 2000 half compared with $32 million for the March 1999 half.

For the March 2000 half year, income grew 12.7% while costs rose by 10.2% which led to an improvement in the cost to income ratio from 51.1% in the March 1999 half to 50%.

Operating profit for the March 2000 quarter was $407 million, 6.8% higher than the December 1999 quarter. The December 1999 quarter included a one-off tax charge of $28 million from the restatement of opening FITB balances, due to the change in Australian corporate tax rates, partly offset by the uplift in market value of the Group's life businesses. Excluding the impact of these items, the increase in the March 2000 quarter is 2.3% reflecting higher net interest income from growth in loans and advances and improved margins.

The result for the March 2000 quarter is 22.2% higher than the March 1999 quarter due to higher net interest income which reflects increased volumes of loans and advances of 10% and an improvement in interest margin from 2.98% to 3.07%. Other operating income increased 21.3% due to higher loan fees from banking, volume related increases in credit card fees and higher contributions from the wealth creation entities. Underlying profit was 17.5% higher than March 1999.

The activities outside of Australia contributed $785 million during the March 2000 half year, representing around 50% of the Group's after tax profit.

Europe

The European Group's operating profit after tax for the March 2000 half year was $402 million, marginally lower than the March 1999 half of $407 million. Excluding the impact of exchange rate movements the result was 2.5% higher than 1999. The increase in profit reflects higher net interest income from strong growth in loans and advances (up 13%) and lower operating expenses partially offset by a volume related increase in the charge for doubtful debts.

Clydesdale Bank's profit decreased by 4.3% during the current half from $162 million for the March 1999 half to $155 million, however in local currency terms, the result was 1% lower. Excluding the gain on sale of equity investments recorded in the March 1999 half, but not repeated in the current half, Clydesdale's profit increased 10.9% in local currency terms.

Northern Bank's contribution increased 5.1% from $79 million for the March 1999 half to $83 million and in local currency terms profit increased by 10%.

Yorkshire Banks' profit increased by 8.9% from $180 million for the March 1999 half to $196 million for the current half. In local currency terms, profit increased by 13.2%.

At **National Irish Bank**, the reduction in earnings from $22 million, for the March 1999 half, to $12 million for the current period reflects the impact of increased competition on net interest margins and a higher charge for doubtful debts, partly offset by cost efficiencies resulting from a number of process improvement initiatives.

For the March 2000 quarter, the **European Group's** operating profit after tax increased by 4.1% from $197 million for the December 1999 quarter to $205 million. Higher operating income was largely offset by lower margins, a higher volume related charge for doubtful debts and increased operating expenses.

The March 2000 quarter earnings were steady compared with the March 1999 quarter of $204 million. Excluding exchange rate movements, March 2000 quarter earnings increased by 4.9%. Growth in net interest income, higher other operating income and lower operating costs were offset by a higher doubtful debts charge.

United States

In the United States, profit after tax for the March 2000 half year increased from $158 million for the March 1999 half year to $265 million. The March 2000 half year includes interest income attributable to the National Income Securities issued in June 1999, a solid contribution from Michigan National Corporation, higher profits from HomeSide and a tax credit on Group hedging activities.

Michigan National Corporation contributed $149 million for the March 2000 half year, an increase of 19.2% on a year earlier. The current half benefited from a lower provisioning charge and higher operating income. The March 2000 quarter result, of $66 million, was $17 million lower than the December 1999 quarter and is comparable with the March 1999 quarter of $61 million. The December 1999 quarter benefited from a lower charge for doubtful debts of $25 million due to a reduction in statistical provisioning and higher other operating income of $9 million.

HomeSide's operating profit after tax for the March 2000 half year was $86 million, 14.7% higher than the March 1999 half of $75 million. Strong growth in mortgage servicing fees, a lower charge for doubtful debts and a favourable tax rate change was offset by lower origination income.

Operating profit for the March 2000 quarter of $43 million was steady compared with the December 1999 and March 1999 quarters. The December 1999 quarter was favourably impacted by a lower tax charge due to the restatement of deferred tax liabilities because of a lower effective tax rate. In the March 2000 quarter, volume related growth in servicing fees and mortgage origination income was partially offset by lower net interest income and a higher tax charge.

Earnings from the **New York operations** (including Group funding activities) for the March 2000 half year were $81 million compared with $9 million for the March 1999 half. The significant increase reflects the income attributable to the National Income Securities, issued in June 1999, and a tax credit in respect of Group hedging activities.

New Zealand

The New Zealand Group's profit after tax for the March 2000 half year was $102 million, 5.6% lower than the March 1999 half of $108 million. Excluding the impact of exchange rate movements, the current half year result is 2.8% higher than the March 1999 half year.

Bank of New Zealand's profit after tax for the March 2000 half was $131 million compared with $139 million for the March 1999 half, however in local currency terms, profit increased 2.8%. Higher earnings, in local currency terms, during the current half year reflect higher other operating income, up 13%, due to improved fee collection, higher commission income, volume related growth in credit card fees and increased revenue from insurance commissions, partly offset by a reduction in net interest income (down 5%) and higher operating expenses.

For the March 2000 quarter, Bank of New Zealand's result was slightly down, but in local currency terms was consistent with the December quarter.

Asia

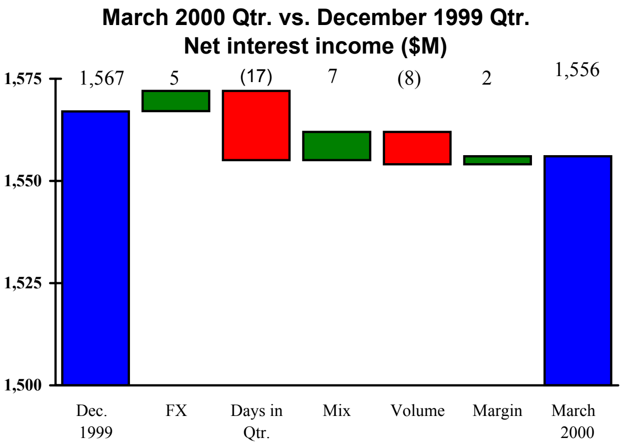
The Asian region continues to experience a turnaround in confidence reflecting an improved economic outlook. Operating profit after tax for the March 2000 half year was $16 million compared with a breakeven result for the March 1999 half. The March 2000 half reflects a lower charge for doubtful debts due to an improvement in the asset quality, partly offset by lower trading income. The March 1999 half benefited from several large derivative transactions.

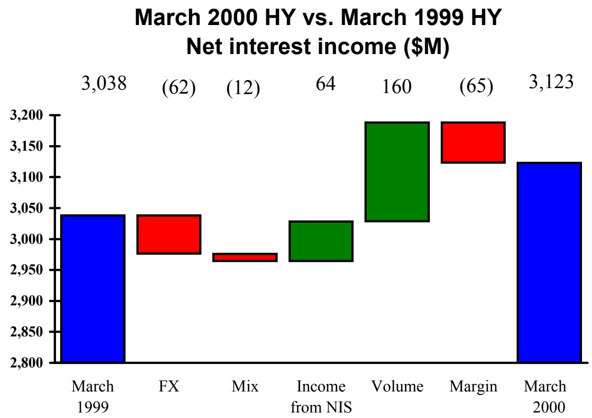
Analysis of major components of profitability

Net Interest Income

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Interest income						
Other financial institutions	152	147	110	299	238	25.6
Marketable debt securities	338	362	287	700	611	14.6
Loans to customers (1)	3,292	3,134	3,005	6,426	6,277	2.4
Other interest (includes regulatory deposits)	344	314	267	658	587	12.1
Total Interest Income	4,126	3,957	3,669	8,083	7,713	4.8
Interest expense						
Other financial institutions	302	269	251	571	580	(1.6)
Deposits and other borrowings	1,958	1,833	1,645	3,791	3,542	7.0
Bonds, notes and subordinated debt	273	249	216	522	476	9.7
Other debt issues	37	39	39	76	77	(1.3)
Total Interest Expense	2,570	2,390	2,151	4,960	4,675	6.1
Net Interest Income	**1,556**	**1,567**	**1,518**	**3,123**	**3,038**	**2.8**

(1) *Interest income for the six months to 31 March 2000 includes accrued interest receivable amounting to $1,758 million (1999: $1,625 million). It also includes rental income of $126 million (1999: $183 million) and depreciation of $90 million (1999: $117 million) in relation to operating leases where the Group is the lessor.*





Net interest income for the **March 2000 quarter** decreased by 0.7% from $1,567 million for the December quarter to $1,556 million. Favourable exchange rate movements, product mix and deposit margins were offset by one day less in the March quarter and lower average interest earning asset volumes.

The favourable product mix was due to increased lending in higher margin business overdrafts, and fixed and variable rate instalment loans and a higher proportion of retail deposits. Lower average interest earning asset volumes were primarily driven by the run off of Year 2000 liquidity assets largely offset by steady growth in loans and advances. Improved margins due to higher retail deposit margins, resulting from increases in official cash rates, were partly offset by lower customer lending margins.

The Group’s net interest margin for the March 2000 quarter was 2.95%, up from 2.92% for the December 1999 quarter. The increase was primarily driven by margin management, mainly in Australia, and the run off of low margin year 2000 liquidity assets, partly offset by a reduced margin in HomeSide resulting from a lower level of mortgage originations and rising interest rates in the United States.

Net interest income for the **March 2000 half year** increased 2.8% from $3,038 million for the March 1999 half to $3,123 million. The income from the National Income Securities, issued in June 1999, contributed $64 million to the current half, together with strong volume growth in mortgage lending and overdrafts. The Group's net interest margin for the March 2000 half year was 2.93%, down from 3.01% for the March 1999 half. The decrease was primarily driven by reduced lending margins across all regions due to competitive pressures and a reduced margin in HomeSide resulting from a lower level of mortgage origination and rising funding costs in the United States. These factors were partly offset by margin management, mainly in Australia.

Analysis of major components of profitability

Volumes

Gross Loans and Advances by Region

	At					
	March 2000 $M	December 1999 $M	September 1999 $M	March 1999 $M	March/Dec Change %	March/Sept Change %
Australia	92,136	87,043	86,210	83,766	5.9	6.9
Europe	51,468	47,763	45,655	44,155	7.8	12.7
New Zealand	21,842	21,534	20,251	20,224	1.4	7.9
United States	16,361	14,902	14,507	15,032	9.8	12.8
Asia	3,085	2,861	3,097	3,187	7.8	(0.4)
Total	**184,892**	**174,103**	**169,720**	**166,364**	**6.2**	**8.9**

Loans and advances increased by 8.9% (6.4% in local currency terms) since September 1999 and increased 11.1% (10% in local currency terms) compared with March 1999.

During the March 2000 quarter loans and advances grew 6.2 % (3.1% excluding exchange rate movements), compared with December 1999. In Australia, housing loans grew 3.4%, overdrafts increased 6.8% and credit card outstandings rose 1.2%. In Europe, growth in housing (up 2.5%), overdrafts (up 11.6%) and term lending (up 5.9%) was offset by a reduction in credit card outstandings (down 8.7%). In New Zealand, growth in overdrafts (up 6.1%) was more than offset by a 34% reduction in securities purchased for resale. In the United States, loans and advances rose 1.5%, primarily in housing loans.

Gross Loans and Advances by Product

	At					
	March 2000 $M	December 1999 $M	September 1999 $M	March 1999 $M	March/Dec Change %	March/Sept Change %
Housing	66,738	63,634	61,946	58,896	4.9	7.7
Term Lending	65,419	60,484	60,040	62,623	8.2	9.0
Overdrafts	17,226	15,205	15,749	14,225	13.3	9.4
Leasing	13,698	12,875	12,000	11,154	6.4	14.2
Credit cards	4,762	4,749	4,385	3,938	0.3	8.6
Other	17,049	17,156	15,600	15,528	(0.6)	9.3
Total	**184,892**	**174,103**	**169,720**	**166,364**	**6.2**	**8.9**

Housing loans grew in all regions during the March 2000 half year increasing 7.7% since September 1999, or 6.4% in local currency terms. In Australia, housing grew by 6.9% since September 1999 and is up 3.4% on December 1999. In Europe, housing loans rose 6.9% in local currency terms since September 1999 and are up 2.5% on December 1999. Housing loans in New Zealand rose 2.5% on September 1999 and 1.4% on December 1999.

Term lending increased 9% since September 1999 (5.8% in local currency terms). Australia rose $1.7 billion, up 6.9% since September 1999. Europe rose 4.8% and the United States was up 6.9%.

Overdrafts grew by 9.4% since September 1999, particularly in Europe where overdrafts increased 10.2%. In Australia, overdrafts were marginally down on September 1999.

Leasing increased 14.2% on September 1999, 12.7% in local currency terms. In Australia and Europe, lease finance balances rose 6.5% and 19.6% respectively.

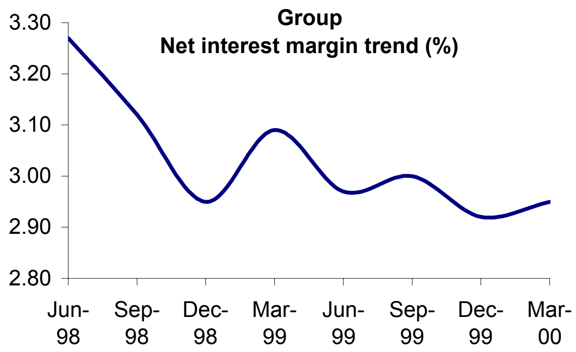
Credit card outstandings grew 8.6% on September 1999, 6.7% in local currency terms. Strong growth was experienced in Australia (up 9.8%) and New Zealand (up 12%). Credit card outstandings grew strongly in the December 1999 quarter and the balances have been maintained throughout the March 2000 quarter.

Analysis of major components of profitability

Margins

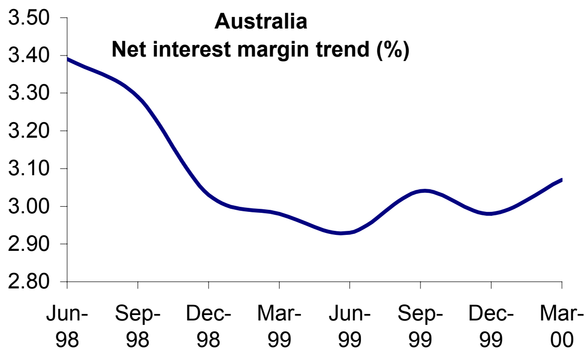
The **Group** net interest margin was 2.95% for the March 2000 quarter compared to 2.92% for the December quarter and 3.09% for the same period last year.

The quarterly increase is driven by margin management and lower volumes of low margin liquidity assets, partly offset by lower margins in HomeSide due to reduced levels of mortgage originations and higher funding costs in the United States.



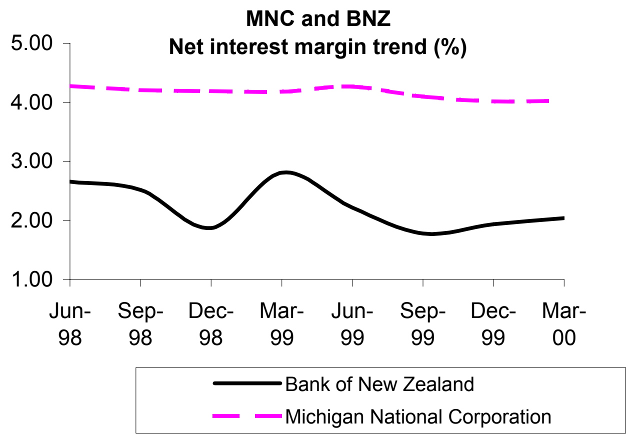
The net interest margin for **Australia** increased from 2.98% for the December 1999 quarter to 3.07% for the March 2000 quarter.

Australian margins were favourably impacted by better margin management and the run off of low margin assets, which had previously been held for Year 2000 purposes.



Michigan National's margin was steady at 4.03% compared with 4.04% for the December 1999 quarter and 4.18% for the same period last year.

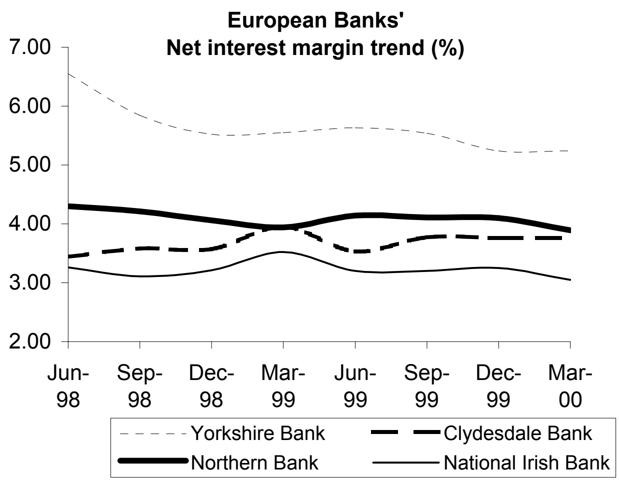
Bank of New Zealand margin increased from 1.94% to 2.04% driven mainly by an increased interest rate spread due to recent official cash rate increases, and favourable impact from higher retail deposit volume mix which is at a lower cost than wholesale funding.



Margins for **Yorkshire Bank** and **Clydesdale Bank** were steady during the March 2000 quarter in comparison with the December 1999 quarter.

Northern Bank's interest margin reduced from 4.10% in the December 1999 quarter to 3.89% for March reflecting competitive pressure on personal and business customer lending margins partly offset by increased retail deposit margins.

National Irish Bank's margin for the March 2000 quarter was 3.05% compared with 3.25% for the December quarter. Despite recent strong volume growth, increased competition has resulted in reductions in mortgage lending margins.



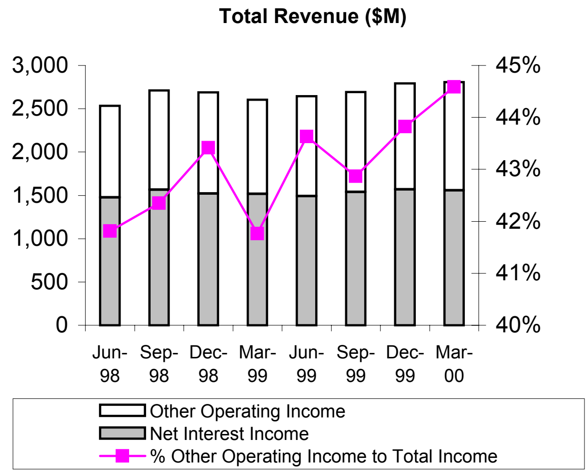
Analysis of major components of profitability

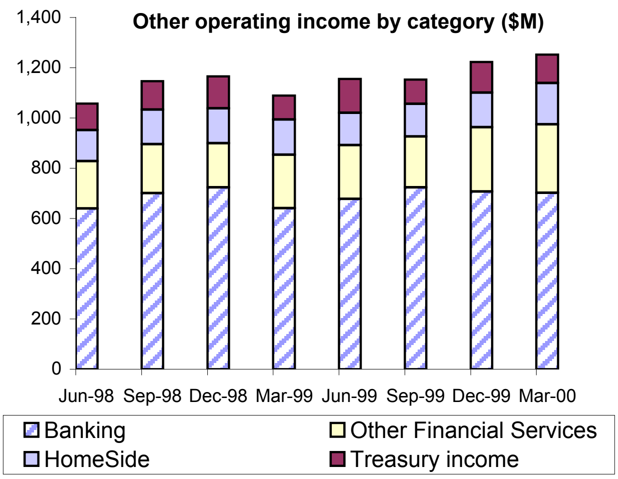
Other Operating Income

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Loan fees from banking	302	289	250	591	515	14.8
Money transfer fees	254	255	251	509	519	(1.9)
Net mortgage servicing fees	132	114	75	246	156	57.7
Net mortgage origination revenue	33	24	65	57	122	(53.3)
Treasury trading income [1]						
Foreign exchange	63	103	61	166	133	24.8
Trading securities	37	(12)	13	25	(60)	large
Interest rate derivatives	13	31	22	44	152	(71.1)
Fees and commissions	273	242	246	515	471	9.3
Revenue from life insurance operations [2]	74	95	-	169	-	large
Revaluation of life insurance entities interest in their controlled entities [2]	-	11	-	11	-	large
Other income	71	71	105	142	247	(42.5)
Total other operating income	**1,252**	**1,223**	**1,088**	**2,475**	**2,255**	**9.8**

[1] *Under Australian Accounting Standard AASB1032, "Specific Disclosures by Financial Institutions", separate disclosure of trading income arising from foreign exchange trading, securities trading and interest rate derivatives trading is required. As the Group manages its trading positions utilising a variety of instruments, fluctuations between the disclosed components may occur.*

[2] *Effective from 1 October 1999, AASB 1038 "Life Insurance Business" was adopted. No comparatives are provided as it is impracticable.*





Other operating income for the **March 2000 half year** rose $220 million or 9.8% from $2,255 million to $2,475 million.

Of the increase, $67 million was attributable to the change in disclosure of income from life insurance business, which from 1 October 1999 is reported on a before expenses and tax basis.

In addition, a gain of $11 million was recognised in the March 2000 half year in respect of the revaluation of National Australia Financial Management Limited's investment in its controlled entities. Excluding these amounts, other operating income rose by $142 million or 6.3%.

For the March 2000 half year, other operating income represents 44.2% of total income compared with 42.6% for the March 1999 half year.

Analysis of major components of profitability

Other Operating Income (continued)

The major movements in other operating income during the **March 2000 half** compared with the March 1999 half year include:

- loan fees from banking rose $76 million representing volume growth in commitment fees in Australia and Europe and higher bill fees in Australia;
- money transfer fees declined by $10 million. Higher fees in New Zealand were offset by a reduction of $25 million in Europe, reflecting lower account fees, netting of interchange fees and the impact of exchange rate movements;
- volume related growth in mortgage servicing portfolio fees of $90 million;
- a reduction in mortgage origination income of $65 million, reflecting the impact of lower production volumes driven by higher US interest rates;
- fees and commissions rose by $44 million comprising volume related growth in Australian and New Zealand, credit card fees and funds under management and higher brokerage fees in Europe; and
- the reduction in 'other' reflects the separate disclosure of income from life insurance operations previously disclosed, net of expenses and tax, on this line in prior periods.

During the **March 2000 quarter**, other operating income rose $29 million or 2.4% from $1,223 million to $1,252 million which represents 44.6% of total income, up from 43.8% in the December 1999 quarter and 41.7% a year earlier.

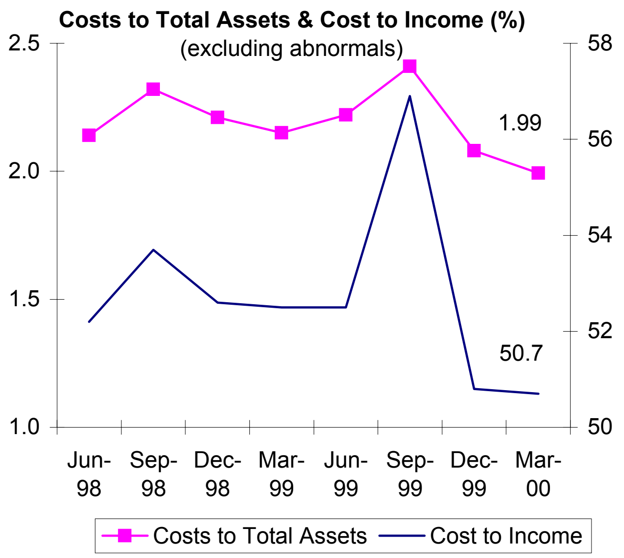
The major movements in other operating income compared with the December 1999 quarter include:

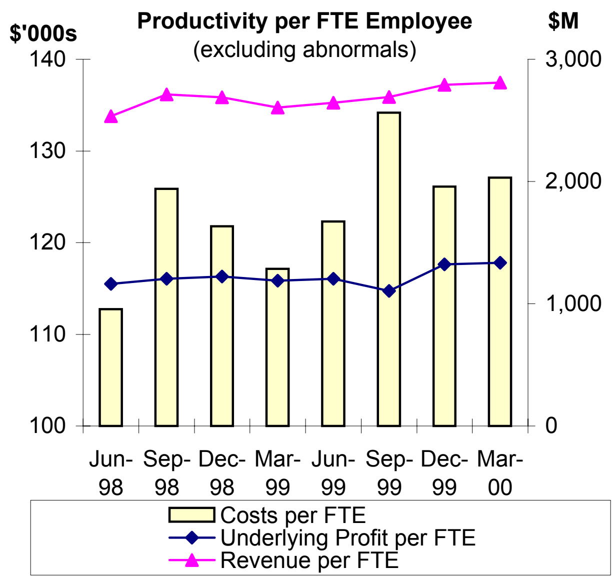
- loan fees from banking grew $13 million primarily from increased lending activity in Europe resulting in higher application and commitment fees;
- volume related growth in mortgage servicing portfolio fees of $18 million;
- an increase in mortgage origination income of $9 million - the impact of lower production volumes, due to higher interest rates, was more than offset by higher margins earned as a result of repricing;
- fees and commissions rose $31 million reflecting higher brokerage fees and insurance income in Europe;
- a reduction in treasury related income of $9 million. The December 1999 quarter benefited from higher activity associated with the Year 2000; and
- the reduction in income from life insurance businesses was driven by lower financial market performance during the March 2000 quarter.

Analysis of major components of profitability

Operating Expenses

	Quarter to March 2000 $M	Quarter to December 1999 $M	Quarter to March 1999 $M	Half-Year to March 2000 $M	Half-Year to March 1999 $M	Half-Year Change %
Personnel costs	826	816	791	1,642	1,619	1.4
Occupancy costs	127	125	125	252	254	(0.8)
General expenses	472	476	452	948	908	4.4
Total operating expenses	**1,425**	**1,417**	**1,368**	**2,842**	**2,781**	**2.2**
Employees (full time equivalents)		**44,979**		**44,799**	**46,643**	**(4.0)**





Total operating expenses (excluding amortisation of goodwill) for the **March 2000 half year** are 2.2% higher than the March 1999 half. The increase is largely due to market related increases in personnel costs and higher marketing, consulting and legal expenditure.

The cost to income ratio improved from 52.5% for the March 1999 half year to 50.8%. Costs to total assets decreased from 2.18% for the March 1999 half to 1.99% for the current half.

For the **March 2000 quarter**, the National's cost to income ratio was 50.7% down from 50.8% for the December 1999 quarter and 52.5% a year earlier.

Excluding the impact from the adoption of the new life insurance accounting standard and interest income from National Income Securities and Preference Shares from all periods, the cost to income ratio for March 2000 quarter was 52% compared with December 1999 quarter of 52.3% and March 1999 quarter of 52.7%.

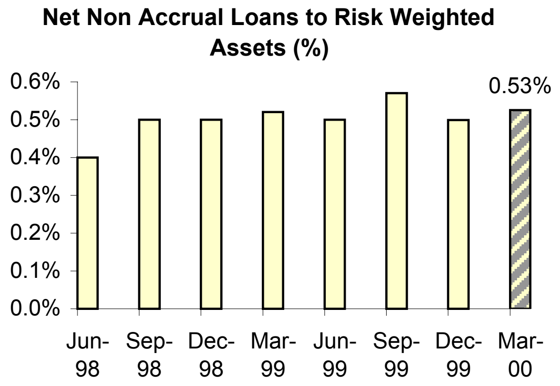
Costs to total assets ratio for the March 2000 quarter was 1.99%, down from 2.08% for the December 1999 quarter and 2.15% for the March 1999 quarter. The reduction in the ratio reflects steady operating costs and growth in total assets by 4.8% during the March 2000 quarter.

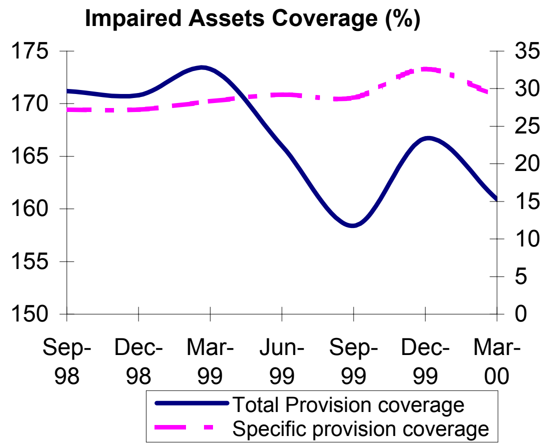
Total operating expenses (excluding amortisation of goodwill) for the March 2000 quarter of $1,425 million are marginally higher than the December 1999 quarter. The increase in personnel costs during the current quarter is due to higher performance based remuneration payments. Costs per FTE for the March 2000 quarter were steady at $127,200 compared with the December 1999 quarter.

Total operating costs grew by 4.2% compared with the March 1999 quarter, however, during the same period total income rose 7.8%.

Asset Quality

	March 2000 Gross $M	March 2000 Net $M	September 1999 Gross $M	September 1999 Net $M
Non-Accrual Loans				
Australian Group	669	467	644	418
European Group	646	471	586	424
New Zealand Group	87	67	89	69
United States Group	144	99	160	136
Asian Group	60	35	91	66
	1,606	**1,139**	**1,570**	**1,113**
Restructured Loans	**4**	**4**	**3**	**3**
Assets Acquired Through Security Enforcement	**12**	**12**	**13**	**13**
	1,622	**1,155**	**1,586**	**1,129**
Total Impaired Assets				
Australian Group	673	471	644	418
European Group	648	473	589	427
New Zealand Group	87	67	89	69
United States Group	154	109	173	149
Asian Group	60	35	91	66
	1,622	**1,155**	**1,586**	**1,129**
Memorandum disclosures:				
Accruing loans past due 90 days or more with adequate security	120	120	96	96
Accruing portfolio facilities past due 90 to 180 days	55	42	56	39





The Group's total provisioning coverage of impaired assets at March 2000 was 160.9% compared with 173.3% at March 1999 and 166.7% at December 1999.

The specific provision coverage ratio decreased during the quarter from 32.6% at December 1999 to 28.9%.

At 31 March 2000, the Group's net non-accrual loans represented 0.53% of risk weighted assets compared with 0.49% in December 1999 and 0.52% in March 1999.

Gross non-accrual loans increased by 2.3% from September 1999 of $1,570 million to $1,606 million. The increase in Europe is largely attributable to exchange rate movements ($26 million) with the balance spread over a number of new non-accrual loans. The reduction in non accrual loans for the United States and Asia reflects improved loan quality.

The charge for doubtful debts in the **March 2000 half** was $260 million, $49 million lower than the March 1999 half year of $309 million. The reduction reflects lower statistical provision charges in the United States and lower specific provisions in Asia which were partially offset by a volume related increase in Europe.

For the **March 2000 quarter**, the charge for doubtful debts increased by $24 million from $118 million for the December 1999 quarter to $142 million and is $29 million lower than the March 1999 quarter. The December 1999 quarter benefited from a lower statistical provisioning charge in the United States whilst the March 2000 quarter has been impacted by higher volume related charges in Europe.

Section 4

Profit Announcement
for the half-year ended 31 March 2000

Detailed Financial Statements

National Australia Bank Limited

(ACN 004 044 937)

Financial results for the six months ended 31 March 2000

(Australian currency millions unless otherwise specified)

For announcement to the market

				A$M
Operating Revenue	Up	5.9%	to	10,558
Operating Profit after Tax (before Amortisation of Goodwill) Attributable to Members	Up	12.1%	to	1,671
Operating Profit after Tax Attributable to Members	Up	13.2%	to	1,573

Interim Dividend per Share

Current period	59 cents, fully franked at 34%
Previous corresponding period	54 cents, fully franked at 36%

Record date to determine entitlements to the dividend: 16 June 2000.

Consolidated Profit and Loss Statement

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Operating revenue	5,378	5,180	4,757	10,558	9,968	5.9
Interest income [1]	4,126	3,957	3,669	8,083	7,713	4.8
Interest expense	2,570	2,390	2,151	4,960	4,675	6.1
Net interest income	**1,556**	**1,567**	**1,518**	**3,123**	**3,038**	**2.8**
Charge to provide for doubtful debts	142	118	171	260	309	(15.9)
Net interest income after provision for doubtful debts	**1,414**	**1,449**	**1,347**	**2,863**	**2,729**	**4.9**
Other operating income	1,252	1,223	1,088	2,475	2,255	9.8
Total operating income	**2,666**	**2,672**	**2,435**	**5,338**	**4,984**	**7.1**
Other operating expenses	1,473	1,467	1,417	2,940	2,881	2.0
Operating profit before tax	**1,193**	**1,205**	**1,018**	**2,398**	**2,103**	**14.0**
Income tax expense attributable to Operating profit	391	434	353	825	714	15.5
Operating profit after income tax	**802**	**771**	**665**	**1,573**	**1,389**	**13.2**
Outside equity interests in operating profit after income tax	-	-	(1)	-	(1)	-
Operating profit after income tax attributable to members	**802**	**771**	**666**	**1,573**	**1,390**	**13.2**
Retained profits at the beginning of financial period	9,119	8,432	8,033	8,432	7,304	
Adjustment resulting from adoption of accounting standard AASB 1038: Life Insurance Business	-	89	-	89	-	
Dividend provisions not required	-	38	-	38	35	
Aggregate amounts transferred from reserves	-	-	30	-	33	
Total available for appropriation	**9,921**	**9,330**	**8,729**	**10,132**	**8,762**	
Dividends provided for or paid	882	-	794	882	794	
Distributions [2]	48	45	14	93	29	
Aggregate of amounts transferred to reserves	5	166	11	171	29	
Retained profits at the end of the financial period	**8,986**	**9,119**	**7,910**	**8,986**	**7,910**	

Profit Restated to Exclude Amortisation of Goodwill [3]

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Operating profit after tax, before outside equity interests and amortisation of goodwill	850	821	714	1,671	1,489	12.2
Outside equity interests	-	-	(1)	-	(1)	large
Operating profit after tax and outside equity interests before amortisation of goodwill attributable to members	850	821	715	1,671	1,490	12.1

(1) Interest income for the six months to 31 March 2000 includes accrued interest receivable amounting to $1,758 million (1999: $1,625 million). It also includes rental income of $126 million (1999: $183 million) and depreciation of $90 million (1999: $117 million) in relation to operating leases where the Group is the lessor.

(2) Refer to "Equity Instruments as at 31 March 2000" on page 42.

(3) Refer to page 38 for details of goodwill amortisation.

Consolidated Balance Sheet

	As at				
	March 2000 $M	December 1999 $M	September 1999 $M	March 1999 $M	March/Sept Change %
Assets					
Cash and short-term liquid assets	5,102	5,410	3,649	3,593	39.8
Due from other financial institutions	13,097	9,333	11,120	11,764	17.8
Due from customers on acceptances	22,926	23,921	22,851	24,723	0.3
Trading securities	13,998	16,491	12,853	12,466	8.9
Available for sale securities	2,491	3,530	1,399	1,588	78.1
Investment securities	9,724	11,100	8,951	9,985	8.6
Investments relating to life insurance business	5,804	5,443	-	-	-
Loans and advances	180,646	170,056	165,620	162,436	9.1
Mortgage loans held for sale	1,270	1,804	1,980	2,964	(35.9)
Mortgage servicing rights	6,670	5,975	5,345	4,487	24.8
Shares in entities and other securities	1,288	1,031	1,068	1,015	20.6
Regulatory deposits	192	139	153	1,139	25.5
Fixed assets	2,161	2,053	2,032	2,053	6.3
Goodwill	2,741	2,771	2,905	3,003	(5.6)
Other assets	17,883	13,853	14,155	13,759	26.3
Total Assets	285,993	272,910	254,081	254,975	12.6
Liabilities					
Due to other financial institutions	23,560	19,057	16,203	16,669	45.4
Liability on acceptances	22,926	23,921	22,851	24,723	0.3
Deposits and other borrowings	175,688	170,516	162,468	164,702	8.1
Life insurance policy liabilities	5,470	5,178	-	-	-
Income tax liability	2,292	2,094	1,979	2,117	15.8
Provisions	1,684	826	1,743	1,644	(3.4)
Bonds, notes and subordinated debt	14,747	13,575	13,437	12,637	9.7
Other debt issues	1,675	1,644	1,645	1,659	1.8
Other liabilities	18,032	16,727	15,235	14,771	18.4
Total Liabilities	266,074	253,538	235,561	238,922	13.0
Net Assets	19,919	19,372	18,520	16,053	7.6
Shareholders' Equity					
Issued and paid-up capital	9,476	9,443	9,286	7,085	2.1
Reserves	1,457	810	802	1,058	81.7
Retained profits	8,986	9,119	8,432	7,910	6.6
Total Shareholders' Equity	19,919	19,372	18,520	16,053	7.6

Consolidated Statement of Cash Flows

	Half-Year to March 2000 $M	Half-Year to March 1999 $M
Cash inflows (outflows) from operating activities:		
Interest received	7,905	8,820
Dividends received	15	14
Fees and other income received	1,996	2,231
Premiums received	80	-
Interest paid	(5,126)	(6,433)
Personnel costs paid	(1,616)	(1,572)
Occupancy costs paid	(213)	(218)
General expenses paid	(802)	(723)
Income taxes paid	(579)	(464)
Policy payments paid	(61)	-
Net movement in trading instruments	(1,079)	(1,059)
Net movement in mortgage loans held for sale	866	509
Net cash provided by operating activities	1,386	1,105
Cash inflows (outflows) from investing activities:		
Payment for entities	(12)	(8)
Investment securities - purchases	(111,671)	(4,915)
Investment securities - proceeds on maturity	111,285	2,669
Available for sale securities - purchases	(6,402)	(804)
Available for sale securities - proceeds from sale	3	3
Available for sale securities - proceeds on maturity	5,033	100
Investments relating to life insurance business		
Purchases	(2,351)	-
Proceeds on sale	349	-
Investment revenues relating to life insurance business	427	-
Net movement in policy liabilities	1,575	-
Net movement in shares in entities and other securities	(220)	(2)
Net movement in loans and advances represented by:		
Banking activities	(10,668)	(10,757)
Non-banking activities - new loans and advances	(1,394)	(757)
Non-banking activities - repayments	464	2,149
Acquisition of mortgage servicing rights	(592)	(1,489)
Lodgement of regulatory deposits	(29)	(3)
Expenditure on fixed assets	(262)	(173)
Net proceeds from sale of fixed assets	42	72
Net movement in other assets	(1,270)	2,915
Net cash used in investing activities	(15,693)	(11,000)
Cash inflows (outflows) from financing activities:		
Net movement in bank deposits	8,758	12,135
Net movement in deposits and other borrowings represented by non-banking activities:		
New deposits and borrowings	39,833	13,349
Repayments	(39,314)	(12,883)
New share issues:		
Ordinary share capital	35	214
Net movement in bonds, notes and subordinated debt represented by		
New long term debt issues	1,534	3,298
Repayments	(782)	(5,309)
Net movement in other liabilities	1,209	1,347
Payments from provisions	(134)	(153)
Dividends paid	(761)	(539)
Net cash provided by financing activities	10,378	11,459
Net inflow (outflow) in cash and cash equivalents	(3,929)	1,564
Cash and cash equivalents at beginning of period	(1,434)	(3,086)
Exchange rate movement on opening cash balance	2	210
Cash and cash equivalents acquired	-	-
Cash and cash equivalents at end of period	(5,361)	(1,312)

Reconciliation of Cash

Cash and cash equivalents as at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	As at	
	March 2000 $M	**March 1999 $M**
Cash	2,506	1,099
Short-term liquid assets	2,596	2,494
Due from other financial institutions	13,097	11,764
Due to other financial institutions	(23,560)	(16,669)
Cash and cash equivalents at end of period	(5,361)	(1,312)

For the purposes of reporting cash flows, cash and cash equivalents include cash and short-term liquid assets and amounts due to and due from other financial institutions. Negative cash and cash equivalents reflects the net interbank funding position at balance date. These balances fluctuate widely in the normal course of business. The Group holds a significant store of liquidity in the form of trading securities. Trading securities are not classified as cash and cash equivalents for statement of cash flow purposes; cash flows arising from the acquisitions and sale of trading securities are reflected as cash flows arising from operating activities.

Non-Cash Financing and Investing Activities

New Share Issues:		
Dividend reinvestment plan	151	194
Bonus share plan	42	37
Movement in assets under finance lease	1	-

These amounts are not reflected in the Consolidated Statement of Cash Flows.

Ratios

	Quarter to			Half-Year to	
	March 2000	**December 1999**	**March 1999**	**March 2000**	**March 1999**
Profit before tax/operating revenue	22.18%	23.26%	21.40%	22.71%	21.10%
Profit after tax/Ordinary shareholders' funds (period end)(1)	17.49%	17.39%	17.02%	17.16%	17.76%
Basic earnings per share	50.5c	48.8c	44.3c	99.3c	93.0c
Diluted earnings per share (2)	49.0c	47.5c	43.2c	95.8c	90.5c
Weighted average number of shares ('000) - basic				1,490,359	1,462,945
Weighted average number of shares ('000) - diluted				1,605,214	1,559,205
Net tangible asset backing per ordinary share				$9.52	$8.36

(1) Based on earnings attributable to ordinary shareholders.

(2) Diluted earnings per share includes the impact of options, partly paid shares and the potential conversion of exchangeable capital units.

Details of Specific Expenses

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Personnel Expenses						
Salaries	574	576	552	1,150	1,129	1.9
Related on-costs	90	86	80	176	179	(1.7)
Restructuring costs	5	7	6	12	7	large
Other	157	147	153	304	304	-
Total Personnel Expenses	**826**	**816**	**791**	**1,642**	**1,619**	**1.4**
Occupancy Costs						
Depreciation and amortisation	19	19	17	38	36	5.6
Rental on operating leases	56	58	56	114	112	1.8
Other	52	48	52	100	106	(5.7)
Total Occupancy Costs	**127**	**125**	**125**	**252**	**254**	**(0.8)**
General Expenses						
Charge to provide for non-lending losses/ contingencies	8	6	8	14	34	(58.8)
Communications, postage and stationery	109	110	107	219	209	4.8
Computer equipment and software	40	46	46	86	98	(12.2)
Depreciation and amortisation	61	58	50	119	100	19.0
Fees and commissions	15	26	16	41	38	7.9
Other expenses	239	230	225	469	429	9.3
Total General Expenses	**472**	**476**	**452**	**948**	**908**	**4.4**
Amortisation of Goodwill [(1)]						
Australia	-	-	1	-	3	large
European Banks	15	16	15	31	31	-
Bank of New Zealand	8	8	7	16	15	6.7
Michigan National Corporation	12	12	13	24	25	(4.0)
HomeSide International, Inc	13	14	13	27	26	3.8
Total Amortisation of Goodwill	**48**	**50**	**49**	**98**	**100**	**(2.0)**

(1) There is no income tax or related outside equity interests applicable to goodwill amortisation.

Income Tax Expense Reconciliation

	Half-Year to	
	March 2000 $M	March 1999 $M
Operating profit before income tax		
Australia	1,285	1,094
Overseas	1,113	1,009
	2,398	2,103
Prima facie income tax at 36%	863	757
Add/(deduct) tax effect of permanent differences:		
Non allowable depreciation on buildings	5	5
Rebate of tax on dividends, interest etc.	(36)	(45)
Foreign tax rate differences	(48)	(35)
Amortisation of goodwill	35	36
Future income tax benefits no longer recognised	3	-
Impact of change in Australian Corporate Tax rate on Future Income Tax Benefits	41	-
Under/(over) provision in prior years	(7)	-
Non assessable income - gain on Group hedging activities	(14)	-
Impact of lower effective tax rate on HomeSide's deferred tax liabilities - US operations	(11)	-
Other	(6)	(4)
Income tax expense shown in the Consolidated Profit and Loss Statement	825	714
Effective tax rate	34.4%	34.0%

Control Gained Over Entities Having a Material Effect

The National Australia Bank Limited did not gain control over any entities which had a material effect on the Group during the current half-year.

Loss of Control of Entities Having a Material Effect

The National Australia Bank Limited did not lose control over any entities which had a material effect on the Group during the current half-year.

Financial Reporting by Geographic Segments

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Total Operating Revenue						
Australia	2,604	2,556	2,178	5,160	4,541	13.6
Europe	1,407	1,299	1,317	2,706	2,801	(3.4)
New Zealand	500	473	434	973	923	5.4
United States	732	714	689	1,446	1,402	3.1
Asia	135	138	139	273	301	(9.3)
Total	**5,378**	**5,180**	**4,757**	**10,558**	**9,968**	**5.9**
Operating Profit Before Tax						
Australia	628	657	514	1,285	1,094	17.5
Europe	303	302	303	605	609	(0.7)
New Zealand	60	64	68	124	132	(6.1)
United States	175	185	131	360	259	39.0
Asia	27	(3)	2	24	9	large
Total	**1,193**	**1,205**	**1,018**	**2,398**	**2,103**	**14.0**
Operating Profit After Tax						
Australia	407	381	333	788	717	9.9
Europe	205	197	204	402	407	(1.2)
New Zealand	49	53	55	102	108	(5.6)
United States	125	140	80	265	158	67.7
Asia	16	-	(6)	16	-	-
Total	**802**	**771**	**666**	**1,573**	**1,390**	**13.2**

	As at				
	March 2000 $M	December 1999 $M	September 1999 $M	March 1999 $M	March/Sept Change %
Total Assets					
Australia	142,864	137,048	126,296	125,850	13.1
Europe	70,472	67,546	58,738	62,093	20.0
New Zealand	25,780	24,924	24,195	24,661	6.6
United States	36,449	34,040	32,768	32,218	11.2
Asia	10,428	9,352	12,084	10,153	(13.7)
Total	**285,993**	**272,910**	**254,081**	**254,975**	**12.6**

Dividends

The interim dividend is payable on 5 July 2000.
Record date to determine entitlements to the dividend: 5.00pm Friday, 16 June 2000.

An Interim Ordinary Dividend has been Declared

Current period	59 cents, fully franked at 34%
Previous corresponding period	54 cents, fully franked at 36%

Total Interim Dividend Paid/Payable

	$M
Current period	882
Previous corresponding period	794

Dividend and Bonus Share Plans

The last date for receipt of election notices for the shareholder dividend plans in operation as detailed below is 16 June 2000.

The Dividend Reinvestment Plan enables shareholders to use their cash dividends to buy additional fully paid ordinary shares in National Australia Bank Limited.

The United Kingdom Dividend Plan (UKDP) enables shareholders to receive dividends from a United Kingdom subsidiary of the National Australia Bank Limited as an alternative to Australian-sourced cash dividends. Under the UKDP, dividends may be received in cash or reinvested through the Dividend Reinvestment Plan. Participation in the UKDP may entitle certain shareholders resident in the United Kingdom to a tax credit of 10% under UK tax law.

The Bonus Share Plan enables shareholders to receive bonus shares in lieu of cash dividends.

Equity Accounted Associated Entities and Other Material Interests

Associates are accounted for utilising the cost method with only dividends received or receivable recognised in profit and loss. The financial impact of this method does not differ significantly from accounting for Associates under the equity method for the Group.

Material Interests in Entities Which are not Controlled Entities

The National Australia Bank Limited does not have any material interests in entities which are not controlled entities.

Issued and Quoted Securities at 31 March 2000

	Number Issued	Number Quoted	Issue price	Paid-up Value
Preference Shares [1]	36,008,000			
National Income Securities [1]	20,000,000	20,000,000	$100.00	
Preference shares issued during the current period				
Allotments pursuant to:				
New Issue	nil			
Convertible Notes	nil	nil		
Ordinary Shares				
Fully paid	1,494,465,197	1,494,465,197		
Partly paid	2,068,457	nil	$1.00	25 cents
Exchangeable Capital Units [1]	39,999,801			
Ordinary shares issued during the current period				
Allotments pursuant to:				
Executive Staff Option Plan	299,000		$10.55	
	360,900		$12.16	
	15,000		$11.52	
Dividend Reinvestment Plan	6,459,854		$23.35	
Bonus Share Plan	1,819,308		$23.35	
Share Purchase Plan	1,214,580		$23.35	
Staff Share Scheme Allocation Plan	1,550		$24.01	
Staff Share Scheme Ownership Plan	68,270		$24.01	
	10,238,462			

	Number	Exercise Price	Expiry Date
Options			
Unexercised options at the beginning of the period			
	299,000	$10.55	13-Feb-2000
	4,133,200 [2]	$12.16	2-Jan-2001
	60,000	$11.52	27-Jun-2001
	9,580,000 [3]	$16.62	27-Feb-2002
	10,926,000 [4]	$19.90	26-Feb-2003
	120,000	$23.34	6-Aug-2004
	12,355,000 [5]	$28.23	19-Mar-2004
Issued during the current period	10,558,000	$21.29	23-Mar-2008
Exercised during the current period			
	299,000	$10.55	
	360,900	$12.16	
	15,000	$11.52	
Unexercised options at the end of the period	47,356,300		

(1) Further details of the Equity and Debt Instruments are disclosed in the notes to the Financial Statements in the Full Annual Report.
(2) 30,000 options were cancelled during the year
(3) 75,000 options were cancelled during the year
(4) 50,000 options were cancelled during the year
(5) 60,000 options were cancelled during the year

Equity Instruments at 31 March 2000

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Distributions						
Preference Shares	15	14	14	29	29	-
National Income Securities	33	31	-	64	-	large
Total Distributions	**48**	**45**	**14**	**93**	**29**	large

Further details of the Preference Shares and National Income Securities are disclosed in note 30 to the Financial Statements in the Full Annual Report.

Basis of Presentation

This statement has been prepared under accounting policies which comply with the recognition and measurement requirements of Australian Accounting Standards and Urgent Issues Group Consensus Views.

Dividends

The National has revised its projected franking of dividends for the financial year ending 30 September 2000. Based on revised franking forecasts, the National will be able to restore full franking of its dividends for the 2000 financial year. Accordingly, the interim dividend is fully franked and, based on current estimates, the National expects the final dividend to be also fully franked. These dividends will carry imputation credits based on the new company tax rate of 34%.

The revised projection of the franking position is mainly due to the Federal Government's tax reform measures in relation to the new company tax collection system and the reduction in the company tax rate.

The extent to which future dividends will be franked will depend on a number of factors including the proportion of the Group's profits that will be subject to Australian income tax and the impact of any further business tax reforms initiatives of the Australian Government.

Change in Accounting Policy

New Life Insurance Standard

Effective 1 October 1999, the Group adopted AASB 1038 "Life Insurance Business". The standard requires all life insurance assets and liabilities to be carried at market value, and the first time consolidation of policyholder assets, liabilities, revenues and expenses into the Group's result. In addition, the excess of the interest of life insurance entities in their controlled entities over their recognised net assets is required to be recognised as an asset with any subsequent movements reflected in the profit and loss.

On initial adoption of the standard at 1 October 1999, the Group's assets increased by $4,896 million and liabilities increased by $4,807 million with a corresponding increase of $89 million in retained earnings. The impact of applying the standard for the half year ended 31 March 2000 was an increase of $11 million to operating profit after tax. Comparatives have not been disclosed as it is impracticable to do so.

Change in Company Tax Rate

The Group's Australian future income tax benefit and provision for deferred income tax accounts have been restated to reflect the change in Australian company income tax rates to 34% effective from 1 October 2000, and 30% effective from 1 October 2001 and beyond. The impact of the restatement on opening deferred tax balances increased the tax expense for the six months to 31 March 2000 by $28 million. Tax expense has also been impacted by a further $13 million due to the lower effective tax rate on timing differences recognised in the current half year.

Comparatives

Certain comparative amounts for 31 March 1999, 30 September 1999 and 31 December 1999 have been reclassified in accordance with changes to classifications made for 31 March 2000.

Comments by Directors

This report is prepared in accordance with the listing rules of the Australian Stock Exchange Limited. It should be read in conjunction with the last annual report and any announcements made to the market by the Group during the period.

There have been no material factors affecting the revenues and expenses of the Group for the current period.

Legal Proceedings

There are contingent liabilities in respect of claims, potential claims and court proceedings against entities in the National Group. The aggregate of potential liability, in respect thereof, cannot be accurately assessed.

Entities within the National Group are defendants from time to time in legal proceedings arising from the conduct of their businesses. One such case that has attracted some publicity recently is referred to below.

In September 1998, a Summons was filed in the Supreme Court of New South Wales by Idoport Pty Limited (Idoport) and Market Holdings Pty Limited (Market Holdings) against National Australia Bank Limited (the Company) and others.

Idoport and Market Holdings are seeking damages calculated in the range of US$271 million to more than US$21 billion.

The dispute centres around what rights Idoport and Market Holdings have arising out of the entry into a consulting agreement by the Company, Idoport and others, and involves the development of a subsidiary, Australian Market Automated Quotation (AUSMAQ) Systems Limited (AUSMAQ).

The damages claim is primarily based upon an allegation that the AUSMAQ business has not been operated as Idoport and Market Holdings claim it should have been. It is also based on an allegation that Idoport is entitled to a share of the profits of some projects run by entities in the National Group separately from AUSMAQ.

The Company is strongly disputing the claim and has prepared an extensive response to the claim.

A Cross Claim has been filed by the National Australia Bank Limited (and another) against a number of parties, including Idoport, Market Holdings and Mr Maconochie. A defence to that Cross Claim has been filed.

The final actions will be heard in June 2000. The hearing is expected to last in excess of twelve months.

The Company does not consider that the outcome of any proceedings, either individually or in aggregate, are likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Events Subsequent to Balance Date

On 10 April 2000, the Company announced it had agreed to acquire MLC Limited and other funds management businesses from Lend Lease Corporation Limited for $4.56 billion. Lend Lease Corporation will receive a fully franked dividend of $50 million from MLC prior to completion.

The acquisition, which is subject to receipt of necessay approvals, is expected to be completed by the end of June 2000.

The combined funds under management of the National and MLC in Australia will exceed $52 billion making the Group one of the largest participants in the financial services arena, with a particularly strong presence in retail markets.

Compliance Statement

The financial data prepared by National Australia Bank Limited, upon which this statement has been based, complies with the Corporations Law, and applicable Accounting Standards in Australia. This statement, and the financial statements under the Corporations Law use the same accounting policies. This statement gives a true and fair view of the matters disclosed and is based on financial statements which have been subject to an independent review by the Group's auditors, KPMG. The entity has a formally constituted Audit Committee.

G.F. Nolan
Company Secretary

4 May 2000

Results and Dividend Announcement for the half-year ended 31 March 2000 are available on the Internet at: www.national.com.au

Contributions to Consolidated Operating Profit

	Quarter to			Half-Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Half-Year Change %
Australian Group:						
Australian Group (a)	407	381	334	788	720	9.4
Less: Goodwill amortisation	-	-	(1)	-	(3)	-
Total Australian Group	**407**	**381**	**333**	**788**	**717**	**9.9**
European Group:						
Clydesdale Bank	72	83	67	155	162	(4.3)
Northern Bank	42	41	44	83	79	5.1
Yorkshire Bank	107	89	102	196	180	8.9
National Irish Bank	6	6	13	12	22	(45.5)
National Australia Life	1	5	3	6	8	(25.0)
Other (b)	(8)	(11)	(10)	(19)	(13)	(46.2)
Less: Goodwill amortisation	(15)	(16)	(15)	(31)	(31)	-
Total European Group	**205**	**197**	**204**	**402**	**407**	**(1.2)**
New Zealand Group:						
Bank of New Zealand	64	67	69	131	139	(5.8)
NAG(NZ)	(7)	(6)	(7)	(13)	(16)	18.8
Less: Goodwill amortisation	(8)	(8)	(7)	(16)	(15)	(6.7)
Total New Zealand Group	**49**	**53**	**55**	**102**	**108**	**(5.6)**
United States Group:						
Michigan National Corporation	66	83	61	149	125	19.2
HomeSide	43	43	39	86	75	14.7
Other (c)	41	40	6	81	9	large
Less: Goodwill amortisation	(25)	(26)	(26)	(51)	(51)	-
Total United States Group	**125**	**140**	**80**	**265**	**158**	**67.7**
Asian Group:						
Asian Branches	14	(3)	(9)	11	(5)	large
Other (d)	2	3	3	5	5	-
Total Asian Group	**16**	**-**	**(6)**	**16**	**-**	large
Operating Profit after Income Tax Attributable to Members	**802**	**771**	**666**	**1,573**	**1,390**	**13.2**

(a) Australian Group includes Personal Banking, Business Banking, Wholesale Banking, the Australian Property Companies, Custom Service Leasing Limited, National Australia Trustees Limited, National Australia Financial Management Limited, Australia Asset Management Limited, County Investment Management, ARDB Limited, National Australia Investment Capital Limited, Australian Market Automated Quotation (Ausmaq) System Limited, Alice Corporation Pty Limited, National Equities Limited and Corporate Centre.
(b) European Other includes National Australia Group (Europe) Limited, London Branch, NAB Investments Limited and NAB Finance (Ireland) Limited.
(c) US Other includes New York Branch, National Australia Funding (Delaware) Inc, National Americas Investment Inc and HomeSide Investment Inc.
(d) Asian Other includes Nautilus Insurance Pte Limited.

Review of Major Business Units

Australian Group

The Australian Group results include Personal Banking, Business Banking, Wholesale Banking, 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 Limited, ARDB Limited, National Australia Investment Capital Limited, Australian Market Automated Quotation (Ausmaq) System Limited and Alice Corporation Pty Limited. These were previously reported as Australian Financial Services. Corporate centre costs and National Equities Limited, previously reported separately, are included in the Australian Group result shown below.

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	1,531	1,409	8.7
Other operating income	1,196	1,010	18.4
Less: Other operating expenses	1,363	1,237	10.2
Underlying Profit	**1,364**	**1,182**	**15.4**
Less: Charge for doubtful debts	78	85	(8.2)
Profit before income tax	**1,286**	**1,097**	**17.2**
Less: Income tax expense	498	377	32.1
Profit after income tax (before goodwill amortisation)	788	720	9.4
Selected Balance Sheet Items			
Bank deposits	74,585	72,545	2.8
Net loans & acceptances	111,957	104,840	6.8
Housing loans (included in net loans and acceptances)	44,884	39,355	14.0
Total assets	147,550	130,268	13.3
Key Ratios			
Cost/Income ratio	50.0%	51.1%	
Impaired assets/Total loans	0.7%	0.7%	
Return on assets	1.1%	1.1%	
Net interest margin	3.02%	3.01%	

Operating profit after tax grew 9.4% from $720 million for the March 1999 half year to $788m for the March 2000 half. Adjusted for the impact of the prospective change in Australian tax rates on net future income tax benefits (FITB), totalling $41 million, the increase in operating profit after tax is 15.1%.

The March 2000 half includes a tax charge of $28 million from the restatement of the net opening balance of FITB and was impacted by a further $13 million due to a lower effective tax rate on the March 2000 half net FITB movements. The current half benefited from a movement in the excess of market value over the net assets of NAFM's investment in subsidiaries of $11 million in accordance with the new life insurance accounting standard.

Net interest income rose 8.7% driven by increased volumes of loans and acceptances and stable margins for the March 2000 half year compared to the prior corresponding period. Net loans and acceptances increased 6.8% in this period reflecting a 23.5% increase in credit card outstandings, 14% increase in housing loans, 12% increase in lease finance and 4.4% increase in other term lending.

The introduction of the new Australian life insurance standard impacted revenue, expense and tax disclosure in the current half. The standard requires revenue, expenses and tax to be separately disclosed; these amounts were reported on a net basis in other operating income in prior periods. As a result of this new accounting standard, revenue, expense and tax increased by $67 million, $18 million and $49 million respectively for the March 2000 half year. The net adjustment had no impact on operating profit.

Other operating income increased due to growth in treasury trading income, volume related increases in credit card fees and money transfer fees and higher fee income from wealth management and custodian services.

For the March 2000 half year, income growth of 12.7% exceeded the increase in costs of 10.2% resulting in the cost to income ratio decreasing to 50.0% from 51.1% in the previous corresponding period.

Overall, other operating expenses increased primarily due to the gross up expenses of $18 million in the current half required as a result of the change in accounting for life insurance as well as market related increases in personnel costs, higher contractor and depreciation of data processing equipment charges. In addition, higher communication costs and fees and commissions reflected higher transaction volumes.

Higher income tax expense in the March 2000 half reflects the one off adjustment resulting from the reduction in the carrying value of FITBs.

The National's investment and funds management companies, National Australia Financial Management (NAFM), National Asset Management and County Investment Management, contributed $53 million during the March 2000 half compared with $32 million for the March 1999 half.

The March 2000 half benefited from a movement in the excess of market value over the net assets of NAFM's investment in subsidiaries of $11 million in accordance with the new life insurance accounting standard.

Excluding this amount, operating profit after tax grew by 31.3% reflecting strong growth in sales. NAFM's sales rose by 29% to $1.1 billion for the March 2000 half year compared with the March 1999 half.

Investment and trust sales increased by 36.2% to $416 million, superannuation products grew 13.2% to $346 million, retirement income products rose 35.7% to $263 million; and insurance sales were up 75.9% to $36 million.

NAFM's retail funds under management grew by 17% to $7.5 billion for the March 2000 half year compared to the March 1999 half year.

Total funds under management for the National's Australian fund management companies increased 24% from $17.7 billion at 31 March 1999 to $22 billion at 31 March 2000.

Review of Major Business Units (continued)

Clydesdale Bank

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	361	359	0.6
Other operating income	220	222	(0.9)
Less: Other operating expenses	286	282	1.4
Underlying Profit	295	299	(1.3)
Less: Charge for doubtful debts	69	61	13.1
Profit before income tax	**226**	**238**	**(5.0)**
Less: Income tax expense	71	76	(6.6)
Profit after income tax	**155**	**162**	**(4.3)**
Selected Balance Sheet Items			
Bank deposits	14,244	14,761	(3.5)
Net loans & acceptances	18,328	17,647	3.9
Housing loans (included in net loans and acceptances)	5,800	5,119	13.3
Total assets	20,805	19,302	7.8
Key Ratios			
Cost/Income ratio	49.2%	48.5%	
Impaired assets/Total loans	2.4%	1.8%	
Return on assets	1.5%	1.7%	
Net interest margin	3.75%	3.60%	

Clydesdale Bank’s operating profit after tax decreased by 4.3% from $162 million to $155 million. In local currency terms this equates to a decrease of 1%. The key components are as follows:

- The impact of a significant profit on sale in the prior half year. Taking this into account profit after tax would have increased by 10.9% in local currency terms.
- An increase in underlying profit of 1.8% in local currency terms reflecting an increase in total income partly offset by an increase in other operating expenses.
- A doubtful debts charge increase of 17.4% in local currency terms mainly due to volume growth.
- A slight deterioration in the cost to income ratio from 48.5% to 49.2%

Net interest income increased by 4.4% in local currency terms, reflecting increased volumes and improving margins. Gross loans and advances volumes grew strongly, boosted by solid increases in housing loans and personal loans, up by 9.7% and 37.5% respectively in local currency terms. The growth in personal loan volumes reflects lower pricing and the success of promotional campaigns. Despite the increasingly competitive market, Clydesdale’s margins have increased from 3.60% to 3.75%.

Other operating income increased in local currency terms by 2.3%. Excluding the profit on sale of equity investments of $11 million in the half-year to March 1999, the increase in local currency terms would have been 7.5%. This increase reflects higher product sales volumes, leading to increased application and service fees, credit card fees, brokerage and insurance commissions.

The 1.4% increase in other operating expenses, or 5.6% in local currency terms, is mainly due to higher occupancy expenses. A rise in the pension contribution rate to meet scheme funding requirements has also impacted this year’s expense base. Sound cost management in all other areas of the business has ensured other cost areas are in line, or below, the previous corresponding period.

The growth in doubtful debts expense of 13.1% compared with the March 1999 half-year, is mainly due to the strong volume growth.

Review of Major Business Units (continued)

Northern Bank

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	169	175	(3.4)
Other operating income	83	79	5.1
Less: Other operating expenses	126	125	0.8
Underlying Profit	**126**	**129**	**(2.3)**
Less: Charge for doubtful debts	6	13	(53.8)
Profit before income tax	**120**	**116**	**3.4**
Less: Income tax expense	37	37	-
Profit after income tax	**83**	**79**	**5.1**
Selected Balance Sheet Items			
Bank deposits	7,648	7,675	(0.4)
Net loans & acceptances	7,097	6,683	6.2
Total assets	10,186	9,914	2.7
Key Ratios			
Cost/Income ratio	50.0%	49.2%	
Impaired assets/Total loans	0.9%	1.0%	
Return on assets	1.6%	1.6%	
Net interest margin	3.99%	4.00%	

Northern Bank's operating profit after tax increased by 5.1% from $79 million to $83 million. In local currency terms this equates to an increase of 10.0%. The key components are as follows:

- An increase in underlying profit of 2% in local currency terms reflecting higher other operating income, partly offset by higher other operating expenses.
- A doubtful debts charge reduction of 60% in local currency terms.
- A slight deterioration in the cost to income ratio from 49.2% to 50.0%.

In local currency terms, net interest income remained in line with the previous year reflecting modest growth with a slight deterioration in margins.

Other operating income increased by 10% in local currency terms as a result of volume related increases in application and service fees, and brokerage and commissions. Application and service fees increased in all areas including mortgage arrangement, referral, renewal and commitment fees.

Operating expenses increased by 4.2% in local currency terms. Higher external consultancy, telecommunications and occupancy expenses were the key drivers. All other cost areas remain in line with, or below, the previous corresponding period.

The charge for doubtful debts decreased from $13 million to $6 million, with lower specific provisions compared with the prior corresponding period.

Review of Major Business Units (continued)

Yorkshire Bank

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	401	381	5.2
Other operating income	214	219	(2.3)
Less: Other operating expenses	270	282	(4.3)
Underlying Profit	**345**	**318**	**8.5**
Less: Charge for doubtful debts	60	51	17.6
Profit before income tax	**285**	**267**	**6.7**
Less: Income tax expense	89	87	2.3
Profit after income tax	**196**	**180**	**8.9**
Selected Balance Sheet Items			
Bank deposits	11,408	10,297	10.8
Net loans & acceptances	14,489	11,974	21.0
Housing loans (included in net loans and acceptances)	3,873	2,882	34.4
Total assets	16,217	13,679	18.6
Key Ratios			
Cost/Income ratio	43.9%	47.0%	
Impaired assets/Total loans	0.8%	1.0%	
Return on assets	2.4%	2.6%	
Net interest margin	5.24%	5.54%	

Yorkshire Bank's operating profit after tax increased by 8.9% from $180 million to $196 million. In local currency terms this equates to an increase of 13.2 %. The key components are as follows;

- An increase in underlying profit of 12.4% in local currency terms reflecting higher net interest income and lower other operating expenses.
- A doubtful debts charge increase of 26.3% in local currency terms was mainly due to the increase in lending volumes.
- An improved cost income ratio moving from 47% to 43.9%.

Net interest income increased by 9.0% in local currency terms. The increase is largely asset volume driven, with strong growth in both personal and business lending. This strong growth was partly offset by a fall in interest margins for both assets and liabilities. The shift in the mix of the portfolio is the principal driver behind the overall reduction in asset margin. Liability margins have also reduced slightly, reflecting the fall in average base rates on interest free deposits and a change in mix to lower margin products.

Other operating income has shown a 1.2% increase in local currency terms. This underlying increase reflects strong volume related growth in brokerage/commissions, application/service fees and commitment and facility fees. The current half year also includes a $3.3 million gain on property sales. These increases were partially offset by a decrease in private current account commissions and a change in disclosure of money transfer fees (card interchange fees are now reported net with interchange expenses offset against interchange income).

Sound cost management, together with the change in treatment of card interchange expenses (now being classed as negative income as detailed above), resulted in a decrease of 1% in other operating expenses in local currency terms.

The growth in doubtful debts expense is largely driven by the 8.4% growth in the personal loan book.

Review of Major Business Units (continued)

National Irish Bank

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	56	70	(20.0)
Other operating income	23	28	(17.9)
Less: Other operating expenses	57	68	(16.2)
Underlying Profit	**22**	**30**	**(26.7)**
Less: Charge for doubtful debts	5	(2)	large
Profit before income tax	**17**	**32**	**(46.9)**
Less: Income tax expense	5	10	(50.0)
Profit after income tax	**12**	**22**	**(45.5)**
Selected Balance Sheet Items			
Bank deposits	2,523	2,558	(1.4)
Net loans & acceptances	2,820	2,769	1.8
Housing loans (included in net loans and acceptances)	1,000	1,007	(0.7)
Total assets	4,092	3,952	3.5
Key Ratios			
Cost/Income ratio	72.2%	69.4%	
Impaired assets/Total loans	0.8%	1.1%	
Return on assets	0.6%	1.1%	
Net interest margin	3.15%	3.35%	

National Irish Bank's operating profit after tax decreased by 45.5% from $22 million to $12 million. In local currency terms this equates to a decrease of 37.8%. The key components are as follows;
- A decrease in underlying profit of 13.6 % in local currency terms mainly reflecting a decline in total income.
- A higher charge for doubtful debts.

Net interest income decreased by 4.2% in local currency terms. Lending volumes were up 9% in local currency terms, however net interest margin declined from 3.35% to 3.15%. The decrease in net interest margin reflects increased competition, particularly in mortgage lending.

Other operating income reduced by 17.9%, or 5.8% in local currency terms. This decrease mainly results from a change in disclosure of credit card and interchange income (card income fees are now reported net with interchange expenses offset against interchange income). In addition, the March 1999 half year benefited from higher profits from the sale of fixed assets. Adjusting for these factors, other operating income in local currency terms increased by 4% reflecting higher trading income from foreign exchange transactions and growth in insurance commissions from increased sales of personal loans and mortgages.

Other operating expenses decreased by 16.2%, or 1% in local currency terms. The deterioration in the Euro/Stg exchange rate accounted for a 3% local currency cost increase which has been offset by savings in a number of areas.

The large increase in doubtful debts expense was a result of a $1 million specific charge for the current half year whilst the comparative period benefited from a $6 million recovery.

Review of Major Business Units (continued)

Bank of New Zealand Group

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	231	261	(11.5)
Other operating income	179	170	5.3
Less: Other operating expenses	233	241	(3.3)
Underlying Profit	**177**	**190**	**(6.8)**
Less: Charge for doubtful debts	14	16	(12.5)
Profit before income tax	**163**	**174**	**(6.3)**
Less: Income tax expense	28	33	(15.2)
Profit after income tax	**135**	**141**	**(4.3)**
Selected Balance Sheet Items			
Bank deposits	15,609	15,776	(1.1)
Net loans & acceptances	21,674	20,055	8.1
Housing loans (included in net loans and acceptances)	7,403	7,156	3.5
Total assets	26,176	25,038	4.5
Key Ratios			
Cost/Income ratio	56.8%	55.9%	
Impaired assets/Total loans	0.4%	0.5%	
Return on assets	1.0%	1.1%	
Net interest margin	1.99%	2.26%	

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	131	139	(5.8)
Asian operations	4	2	large
	135	141	(4.3)

Bank of New Zealand recorded a decrease of 4.3% in net operating profit after tax compared with the March 1999 half year, in local currency terms operating profit increased 2.8%.

The decline in net interest income in the March 2000 half compared with the March 1999 half was due to a reduction in net interest margin from 2.26% to 1.99% for the March 2000 half year. The reduction in margins reflects the highly competitive nature of the financial services industry in New Zealand and the changing mix of the loan portfolio with a greater proportion of wholesale business being undertaken. The introduction of the Official Cash Rate in March 1999 has resulted in reduced interest rate volatility. The result for the current half reflects the continuation of a competitive environment where increases in interest rates over the past few months have continued to place considerable pressure on interest margins.

In local currency terms, net loans and acceptances increased 11.7% during the March 2000 half compared with the March 1999 half, with other term lending increasing 11.9% and housing loans increasing 6.9% over the same period.

In local currency terms, other operating income increased by 13% reflecting the continued focus of the Bank of New Zealand on being a total financial services provider. The Bank launched several new product initiatives, reflecting progressive technology and customer focus that Bank of New Zealand is undertaking in the current year.

Other operating expenses increased due to additional investment spending. These increases were partly offset by lower costs reflecting benefits received from more efficient processes.

Review of Major Business Units (continued)

Michigan National Corporation

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Net interest income	306	308	(0.6)
Other operating income	145	139	4.3
Less: Other operating expenses	233	242	(3.7)
Underlying Profit	**218**	**205**	**6.3**
Less: Charge for doubtful debts	(10)	14	large
Profit before income tax	**228**	**191**	**19.4**
Less: Income tax expense	79	66	19.7
Profit after income tax	**149**	**125**	**19.2**
Selected Balance Sheet Items			
Bank deposits	13,699	12,664	8.2
Net loans & acceptances	13,531	12,469	8.5
Housing loans (included in net loans and acceptances)	853	642	32.9
Total assets (excluding goodwill)	17,636	15,896	10.9
Key Ratios			
Cost/Income ratio	51.7%	54.1%	
Impaired assets/Total loans	0.8%	0.8%	
Return on assets (excluding goodwill)	1.7%	1.6%	
Net interest margin	4.02%	4.18%	

Michigan National's operating profit after tax increased by 19.2% from $125 million to $149 million.

Despite growth in loan volumes, net interest income has remained steady due to a reduction in net interest margins. Margins declined from 4.18% for the March 1999 half year to 4.02% for the March 2000 half year.

The 3.7% decrease in other operating expenses was driven by the following factors:
- Decrease in superannuation and pensions expense.
- Decreased contractor costs – the March 1999 half year included higher project expenditure in respect of Year 2000 activities.

Michigan National's cost to income ratio has fallen from 54.1% to 51.7% mainly driven by lower operating expenses.

The lower doubtful debts charge reflects the adoption of the Group methodology for calculating statistical provisions by Michigan National.

Review of Major Business Units (continued)

HomeSide International, Inc.

	March 2000 $M	March 1999 $M	Change %
Profit & Loss			
Mortgage Servicing Fees	559	443	26.2
Amortisation of mortgage servicing rights	314	287	9.4
Net servicing revenue	245	156	57.1
Net interest income	(19)	47	large
Net mortgage origination revenue	57	122	(53.3)
Other income	7	9	(22.2)
Total Income	290	334	(13.2)
Less: Other operating expenses	147	181	(18.8)
Underlying Profit	**143**	**153**	(6.5)
Less: Charge for doubtful debts	25	30	(16.7)
Profit before income tax	**118**	123	(4.1)
Less: Income tax expense	32	48	(33.3)
Profit after income tax	**86**	75	14.7
Selected Balance Sheet Items			
Mortgage loans held for sale, net	1,271	2,939	(56.8)
Mortgage servicing rights, net	6,671	4,487	48.7
Total assets (excluding goodwill)	9,471	8,762	8.1
Shareholders' funds	2,020	1,937	4.3
Key Ratios			
Growth in size of servicing portfolio	9.2%	39.8%	
Loan production growth	(38.9%)	N/A	
Return on assets (excluding goodwill)	1.82%	1.70%	

HomeSide's operating profit after tax increased by 14.7% from $75 million to $86 million.

Mortgage servicing fees increased by 26.2% primarily due to an increase in the servicing portfolio from $221.9 billion to $252.1 billion. Amortisation of mortgage servicing rights grew by 9.4% as a result of a higher servicing portfolio and hedge volumes. This increase in amortisation has been partially offset by a decrease in the amortisation rate, reflecting the impact of higher mortgage interest rates on prepayment activity.

The turnaround in net interest income is largely due to lower mortgage production volumes, as a result of rising interest rates in the US, which impacted the level of mortgage loans held for resale.

The reduction in net mortgage origination revenue of 53.3% reflects a 38.9% decrease in production volume and a decrease in production pricing margins. The increasing interest rate environment has adversely impacted the mortgage origination market and sparked fierce pricing competition.

HomeSide's variable cost origination structure is designed to minimise overcapacity as production falls. Other operating expenses fell by 18.8% compared to the March 1999 half-year, primarily due to lower production volumes, servicing activity and loan repayments.

Income tax expense for the March 2000 half-year benefited from a change in tax rate mix that lowered HomeSide's effective tax rate from 38% in the March 1999 half year to 36.5% in the current half year and reduced the carrying value of deferred tax liabilities.

Review of Major Business Units (continued)

National Australia Life

National Australia Life's operating profit after tax decreased by 25% from $8.4 million for the half year to March 1999 to $6.3 million for the current half year. The current half year result was impacted by lower growth in the stockmarket indices between the two periods.

Other operating income fell as a result of commission payable to member Banks increasing significantly due to growing business volumes. This was partially offset by an increase in management fees. Management fees have increased due to a 48% increase in Funds under Management in local currency terms, benefiting from increased sales and stockmarket performance.

Asia

The Asian region continues to experience a turnaround in confidence reflecting an improved economic outlook. The contribution from the Asian region increased from a breakeven position for the March 1999 half year to a profit of $16 million for the March 2000 half year.

The March 2000 half benefited from lower doubtful debts expense reflecting improvement in the asset quality. This was partly offset by lower treasury trading income due to the timing of several large derivative transactions completed in the March 1999 half.

Economic Outlook

Australia

After a strong end of 1999, the economy appears to have moderated. Overall activity levels remain strong and the National expects growth of 3¼ percent in 2000 compared with 4¼ percent in 1999. Part of the slowing reflects the timing of GST effects on housing and consumption as well as weaker growth in public demand. Wages and price increases have reached the expected low point of the economic cycle. With the Reserve Bank increasingly looking to external factors and the currency remaining weak, the National expects further moderate increases in short term rates over the coming months.

United Kingdom and Ireland

The UK continues to experience strong growth, although the strength of sterling appears to be slowing manufacturing activity. Labour markets remain tight and wage pressures are emerging. Activity is expected to accelerate to around 3¾ percent in 2000. Interest rates are expected to increase by around 75 basis points by year-end.

The Irish economy continues to grow at very rapid rates with growth of 6½ per cent expected in 2000. This growth is placing a strain on labour markets and physical infrastructure. Only moderate increases in interest rates are expected given Ireland's membership of the European Currency Board. A clear risk of overheating is present.

New Zealand

The New Zealand economy remains strong, although there are signs that activity has eased back from the very rapid rates recorded in late 1999. Overall GDP growth of 4 per cent is expected in 2000. With inflation increasing, the National expects to see further significant increases in interest rates.

United States

The US economy has to date shown little evidence of slowing. While volatility in equity markets may help moderate activity somewhat, with inflation picking up, the National expects to see further increases in official short term rates, of around 50 basis points, in coming months. These factors together with higher oil prices should see the US economy slowing to around 3½ percent in 2000.

Asia

The Asian region, excluding Japan, has rebounded strongly in 1999 and further growth of around 6 per cent is expected in 2000. Japan is still struggling with poor levels of consumer confidence and little growth is expected in 2000.

Average Balance Sheets and Related Interest

The following tables show the major categories of interest earning assets and interest bearing liabilities, together with their respective interest rates earned or paid by the Group. Averages are predominantly daily averages. Interest income figures include interest income on non-accrual loans to the extent cash payments have been received. Amounts classified as overseas represent offshore interest earning assets or interest bearing liabilities of the Group's controlled entities and overseas branches.

Non-accrual loans are included within Interest Earnings Assets under 'Loans and Advances'.

Average assets and interest income

	Half-Year to March 2000			Half-Year to September 1999		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Interest earning assets						
Due from other financial institutions						
Australia	1,353	35	5.2	1,081	20	3.6
Overseas	10,603	264	5.0	9,001	323	7.2
Regulatory deposits						
Australia	-	-	-	491	-	-
Overseas	111	1	1.6	102	1	1.4
Investment/available for sale/trading and other securities						
Australia	12,096	302	5.0	9,916	231	4.7
Overseas	13,215	398	6.0	13,193	290	4.4
Loans and advances						
Australia	87,761	3,146	7.2	84,718	2,934	6.9
Overseas	84,099	3,280	7.8	78,288	2,942	7.5
Other interest earning assets [(1)]						
Australia	14	481	n/a	16	393	n/a
Overseas	3,640	176	n/a	5,540	210	n/a
Intragroup loans						
Overseas	3,443	100	5.8	556	19	7.0
Interest earning assets including intragroup loans	**216,335**	**8,183**	**7.6**	**202,902**	**7,363**	**7.2**
Intragroup loans eliminations	(3,443)	(100)	5.8	(556)	(19)	7.0
Total interest earning assets	**212,892**	**8,083**	**7.6**	**202,346**	**7,344**	**7.2**
Non-interest earning assets						
Acceptances						
Australia	22,713			20,317		
Overseas	1,083			1,284		
Fixed assets						
Australia	803			779		
Overseas	1,208			1,294		
Other assets						
Australia	17,430			8,311		
Overseas	21,936			23,208		
Total non-interest earning assets	65,173			55,193		
Provision for doubtful debts						
Australia	(1,242)			(1,235)		
Overseas	(1,261)			(1,146)		
Total assets	**275,562**			**255,158**		
Percentage of total average assets applicable to overseas operations	48.9%			51.2%		

(1) Includes interest on derivatives.

Average Balance Sheets and Related Interest (continued)

Average liabilities and interest expenditure

	Half-Year to March 2000			Half-Year to September 1999		
	Average Balance $M	Interest $M	Average Rate %	Average Balance $M	Interest $M	Average Rate %
Interest bearing liabilities and other debt issues						
Time deposits						
Australia	32,312	800	5.0	35,293	886	5.0
Overseas	44,529	1,216	5.5	49,276	1,061	4.3
Savings deposits						
Australia	5,953	88	3.0	4,400	89	4.1
Overseas	17,447	320	3.7	17,070	264	3.1
Other demand deposits						
Australia	26,041	437	3.4	28,027	402	2.9
Overseas	11,989	163	2.7	10,456	119	2.3
Government & official institutions						
Australia	838	-	-	-	-	-
Overseas	1,684	47	5.6	774	19	5.0
Due to other financial institutions						
Australia	3,095	71	4.6	2,948	51	3.5
Overseas	20,559	500	4.9	13,018	432	6.6
Short-term borrowings						
Australia	-	-	-	-	-	-
Overseas	6,130	203	6.6	4,523	153	6.8
Long-term borrowings						
Australia	11,467	329	5.7	10,169	276	5.4
Overseas	2,369	83	7.0	2,265	60	5.3
Other interest bearing liabilities (1)						
Australia	4,133	595	n/a	61	385	n/a
Overseas	126	32	n/a	113	46	n/a
Other debt issues						
Australia	388	15	7.7	377	11	5.8
Overseas	1,570	61	7.7	1,508	61	8.1
Intragroup loans						
Australia	3,443	100	5.8	556	19	7.0
Interest bearing liabilities & loan capital including intragroup loans	**194,073**	**5,060**	**5.2**	**180,834**	**4,334**	**4.8**
Intragroup loans eliminations	(3,443)	(100)	5.8	(556)	(19)	7.0
Total interest bearing liabilities & loan capital	**190,630**	**4,960**	**5.2**	**180,278**	**4,315**	**4.8**
Non-interest bearing liabilities						
Deposits not bearing interest						
Australia	4,267			4,102		
Overseas	7,820			7,632		
Liability on acceptances						
Australia	22,713			20,317		
Overseas	1,083			1,284		
Other liabilities						
Australia	16,066			9,646		
Overseas	13,309			13,905		
Total non-interest bearing liabilities	65,258			56,886		
Shareholders' equity	19,674			17,994		
Total liabilities & shareholders equity	**275,562**			**255,158**		
Percentage of total average liabilities applicable to overseas operations	50.3%			51.4%		

(1) Includes interest on derivatives.

Interest Margins and Spreads

	March 2000 %	Half Year to September 1999 %	March 1999 %
Australia [1]			
Interest spread adjusted for interest foregone on non-accrual and restructured loans	2.32	2.29	2.32
Interest foregone on non-accrual and restructured loans	(0.03)	(0.03)	(0.01)
Australian Interest Spread [2]	2.29	2.26	2.31
Benefit of net free liabilities, provisions and equity	0.73	0.75	0.70
Australian Interest Margin [3]	3.02	3.01	3.01
Overseas [1]			
Interest spread adjusted for interest foregone on non-accrual and restructured loans	2.46	2.67	2.68
Interest foregone on non-accrual and restructured loans	(0.02)	(0.05)	(0.04)
Overseas Interest Spread [2]	2.44	2.62	2.64
Benefit of net free liabilities, provisions and equity	0.33	0.32	0.33
Overseas Interest Margin [3]	2.77	2.94	2.97
Group			
Interest spread adjusted for interest foregone on non-accrual and restructured loans	2.45	2.51	2.52
Interest foregone on non-accrual and restructured loans	(0.05)	(0.05)	(0.04)
Group Interest Spread [2]	2.40	2.46	2.48
Benefit of net free liabilities, provisions and equity	0.53	0.53	0.53
Group Interest Margin [3]	**2.93**	**2.99**	**3.01**

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

(2) Interest spread represents the difference between the average interest rate earned and the average interest rate incurred on funds.

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

Derivative Financial Instruments

Notional Principal, Credit Equivalent, Fair Value and Average Fair Value of all Derivative Financial Instruments

	Notional Principal		Credit Equivalent		Fair Value		Average Fair Value[1]	
	March 2000 $M	September 1999 $M	March 2000 $M	September 1999 $M	March 2000 $M	September 1999 $M	March 2000 $M	September 1999 $M
Foreign exchange rate related contracts								
Spot and forward contracts to purchase foreign exchange								
Trading	238,795	203,764	6,174	4,659	220	226	394	166
Other than trading	24,234	17,807	704	191	617	29		
Total foreign exchange	263,029	221,571	6,878	4,850	837	255	394	166
Cross currency swaps								
Trading	34,725	33,256	2,332	2,277	(735)	(373)	208	250
Other than trading	5,012	4,982	-	-	(101)	(35)		
Total currency swaps	39,737	38,238	2,332	2,277	(836)	(408)	208	250
Total futures trading	-	11	-	-	-	-	-	-
Options								
Trading	46,186	36,250	562	387	119	86	111	85
Other than trading	-	-	-	-	-	-		
Total options	46,186	36,250	562	387	119	86	111	85
Total foreign exchange rate related contracts	348,952	296,070	9,772	7,514	120	(67)	713	501
Interest rate related contracts								
Forward rate agreements								
Trading	41,753	39,175	41	18	(2)	(1)	(1)	(3)
Other than trading	310	880	-	-	-	-		
Total forward rate agreements	42,063	40,055	41	18	(2)	(1)	(1)	(3)
Swaps								
Trading	227,147	198,477	3,446	2,813	(130)	(397)	(261)	(382)
Other than trading	48,402	38,467	537	316	(771)	(764)		
Total swaps	275,549	236,944	3,983	3,129	(901)	(1,161)	(261)	(382)
Futures								
Trading	97,165	122,955	-	-	(16)	4	(9)	4
Other than trading	24,811	14,357	-	-	-	3		
Total futures	121,976	137,312	-	-	(16)	7	(9)	4
Options								
Trading	52,840	63,433	265	405	93	39	98	39
Other than trading	44,453	23,394	427	143	347	145		
Total options	97,293	86,827	692	548	440	184	98	39
Total interest rate related contracts	536,881	501,138	4,716	3,695	(479)	(971)	(173)	(342)
Total	**885,833**	**797,208**	**14,488**	**11,209**	**(359)**	**(1,038)**	**540**	**159**

(1) Average Fair Values of other than trading contracts are not available.

For a full description of the Group's derivative financial instrument activities, exposure management techniques and accounting methodologies, reference should be made to the 1999 National Australia Bank Limited Annual Report.

Derivative Financial Instruments (continued)

Credit Equivalent by Maturity

The following table provides a maturity profile of the credit equivalent of derivative financial instruments by contract type.

	Exchange Rate Related Contracts		Interest Rate Related Contracts		Total	
	March 2000 $M	September 1999 $M	March 2000 $M	September 1999 $M	March 2000 $M	September 1999 $M
Within 6 Months	3,656	4,111	226	883	3,882	4,994
6 Months - 1 Year	3,568	1,120	113	228	3,681	1,348
1 - 2 Years	1,170	1,224	1,473	442	2,643	1,666
2 - 5 Years	799	527	1,235	971	2,034	1,498
After 5 Years	579	532	1,669	1,171	2,248	1,703
Total	**9,772**	**7,514**	**4,716**	**3,695**	**14,488**	**11,209**

Credit Equivalent by Concentration

The following table allocates the credit equivalent of derivative financial instruments to the sectors and geographic locations of the ultimate obligors.

	Governments $M	Banks $M	Non Bank Financial Institutions $M	Corporate and All Other Sectors $M	Total $M
Australia	380	3,647	945	1,789	6,761
Europe	-	425	3,058	52	3,535
New Zealand	7	179	3	229	418
United States of America	-	859	61	39	959
Asia	2	1,454	1,274	85	2,815
Total	**389**	**6,564**	**5,341**	**2,194**	**14,488**

In excess of 93% of the Group's derivative financial instrument outstandings are to customers with a credit rating of investment grade or above under the Group's loan grading system.

Values at Risk for Physical and Derivative Positions

	Average value during reporting period		Minimum value during reporting period		Maximum value during reporting period	
	March 2000 $M	December 1999 $M	March 2000 $M	December 1999 $M	March 2000 $M	December 1999 $M
Values at risk at 95% confidence level						
Foreign exchange risk	8	9	3	5	17	17
Interest rate risk	9	9	6	6	17	14
Volatility risk	1	1	-	-	3	3
Total	13	14	8	8	22	22

Since 1 October, 1999 the Value at Risk (VaR) numbers have been sourced from the regulator approved internal model. This internal model adopts the same broad theoretical basis as the model used up to 30 September 1999, but incorporates a significant amount of refinements. One major benefit of adopting the new model is to allow the Group to report options based volatility risk separately from interest rate and foreign exchange risks. This model is also used to meet regulatory capital reporting requirements as outlined in Prudential Statement C3.

VaR is measured individually according to interest rate risk, foreign exchange risk and volatility risk. The individual risk categories do not sum to the total risk number due to portfolio effect. Risk limits are applied in these categories separately, and against the total risk position.

Total Charge for Doubtful Debts by Group Entities

	Quarter to			Half Year to		
	March 2000 $M	December 1999 $M	March 1999 $M	March 2000 $M	March 1999 $M	Change %
Australian Group	35	43	54	78	85	(8.2)
European Group						
Clydesdale Bank	46	23	45	69	61	13.1
Northern Bank	4	2	(3)	6	13	(53.8)
Yorkshire Bank	33	27	25	60	51	17.6
National Irish Bank	2	3	-	5	(2)	large
Other	1	4	(1)	5	(4)	large
Total European Group	86	59	66	145	119	21.8
New Zealand Group	9	5	9	14	16	(12.5)
United States Group	17	(6)	23	11	55	(80.0)
Asian Group	(5)	17	19	12	34	(64.7)
Total	**142**	**118**	**171**	**260**	**309**	**(15.9)**

Provision for Doubtful Debts

	Half-year March 2000			Half-year March 1999		
	Specific $M	General $M	Total $M	Specific $M	General $M	Total $M
Opening balance	474	2,055	2,529	420	2,143	2,563
Transfer to/from specific/general provision	208	(208)	-	241	(241)	-
Bad debts recovered	91	-	91	106	-	106
Bad debts written off	(285)	-	(285)	(319)	-	(319)
Charge to profit and loss	-	260	260	-	309	309
Transfer to/from specific/general provision off balance sheet credit exposures	2	29	31	-	-	-
Foreign currency translation and consolidation adjustments	(6)	4	(2)	(26)	(101)	(127)
Closing balance	**484**	**2,140**	**2,624**	**422**	**2,110**	**2,532**

Total doubtful debts charge as a percentage of :

	March 2000	March 1999
Risk Weighted Assets	0.1%	0.2%
Total Income	4.6%	5.8%

The specific provision for off balance sheet credit related commitments of $15 million (1999:$15 million) is included in the above table. For financial statements presentation, the specific provision for off balance sheet credit related commitments is classified and reported as a liability.

Provisioning Coverage Ratios

	March 2000 %	December 1999 %	September 1999 %	March 1999 %
Total Provision Coverage	160.9%	166.7%	158.4%	173.3%
Specific Provision Coverage	28.9%	32.6%	28.8%	28.3%

Asian Exposure

The National's Asian exposure includes all lending, foreign exchange and derivative transactions with companies residing in Asia. The exposures include facilities originated in the Group's eleven Asian branches and offices in addition to lending into Asia from the Group's other subsidiaries.

	Trade Finance $M	Retail Loans $M	Bankers Acceptances $M	Marketable Securities $M	Local Lending (1) $M	Unfunded Treasury Exposure (2) $M	Funded Treasury Exposure (3) $M	Total $M
Taiwan	5	2	-	17	34	3	94	155
South Korea	312	1	444	-	1,433	40	65	2,295
Japan	9	-	-	517	1,615	648	2,907	5,696
Indonesia	6	25	-	-	137	-	-	168
Thailand	9	3	-	17	36	11	-	76
Malaysia	1	17	-	-	118	5	16	157
Philippines	1	-	-	-	13	1	-	15
Hong Kong	2	539	-	447	818	155	23	1,984
China	42	-	-	-	6	20	18	86
Singapore	-	185	-	6	435	52	229	907
Sri Lanka	1	-	-	-	-	-	-	1
India	72	-	-	-	1	4	-	77
Total at 31/03/2000	**460**	**772**	**444**	**1,004**	**4,646**	**939**	**3,352**	**11,617**
Total at 31/12/1999	**480**	**842**	**186**	**1,082**	**4,078**	**984**	**2,010**	**9,662**
Total at 31/03/1999	**703**	**837**	**362**	**1,077**	**4,122**	**961**	**2,365**	**10,427**

(1) Term, general, revolving, leasing and project loans.

(2) Forward foreign exchange contracts are shown as net exposure expressed as 10% of gross outstandings. Interest rate swaps are shown as gross outstandings.

(3) Primarily money market lines to banks.

Capital Adequacy

	As At March 2000 $M	September 1999 $M	March 1999 $M
Tier 1 Capital	16,729	15,337	12,840
Tier 2 Capital	5,863	5,616	5,895
Deductions	(978)	(573)	(533)
Total Regulatory Capital	**21,614**	**20,380**	**18,202**
Risk Weighted Assets - Credit Risk (1)	215,049	194,269	194,564
Risk Weighted Assets - Market Risk (2)	1,632	2,827	2,769
Total Risk Weighted Assets	**216,681**	**197,096**	**197,333**

Risk Adjusted Capital Ratios

Tier 1	7.72%	7.78%	6.51%
Tier 2	2.71%	2.85%	2.99%
Deductions	(0.45%)	(0.28%)	(0.27%)
Total	**9.98%**	**10.35%**	**9.23%**

(1) Risk Weighted Assets compiled for credit risk purposes as outlined in the Australian Prudential Regulation Authority (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.

Exchange Rates

	Profit and Loss Average year to date			Balance Sheet Spot as at		
	March 2000	December 1999	March 1999	March 2000	September 1999	March 1999
British Pounds	0.3938	0.3946	0.3802	0.3795	0.3967	0.3916
Irish Pounds	0.4957	0.4880	0.4306	0.4981	0.4840	0.4624
United States Dollars	0.6380	0.6439	0.6288	0.6050	0.6528	0.6295
New Zealand Dollars	1.2625	1.2577	1.1813	1.2205	1.2589	1.1811

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 March 1999 on March 2000 Result					
Net Interest Income	(42)	(15)	(5)	-	(62)
Charge for Doubtful Debts	6	1	-	-	7
Other Operating Income	(24)	(12)	(7)	-	(43)
Other Operating Expenses	37	15	6	-	58
Income Tax Expense	8	2	1	-	11
Operating Profit After Tax	(15)	(9)	(5)	-	(29)
Impact on Balance Sheet of Exchange Rate Movements since September 1999 on March 2000 Balances					
Total Assets	2,554	793	2,675	1,012	7,034
Gross Non-Accrual Loans	24	3	13	14	54
Provisions for Doubtful Debts	(28)	(5)	(31)	(5)	(69)

Staffing Levels

	March 2000 No.	As at September 1999 No.	March 1999 No.	Change March/ September %	Change March/ March %
Full Time Equivalents:					
Australian Group	20,938	21,210	21,349	(1.3)	(1.9)
European Group	13,255	13,621	13,803	(2.7)	(4.0)
New Zealand Group	4,449	4,433	4,436	0.4	0.3
United States Group	5,890	6,120	6,753	(3.8)	(12.8)
Asian Group	267	292	302	(8.6)	(11.6)
Total Full Time Equivalents	**44,799**	**45,676**	**46,643**	**(1.9)**	**(4.0)**

Group Financial Information for U.S. Investors

Generally accepted accounting principles applicable in the United States (US GAAP) differ in some respects from those applying in Australia (Australian GAAP). Figures adjusted to a US GAAP basis are set out below.

	Half Year to			
	March 2000		March 1999	
	A$M	US$M [1]	A$M	US$M [1]
Consolidated Statements of Profit and Loss				
Net profit reported using Australian GAAP	1,573	954	1,390	881
Amortisation of goodwill not required under AASB 1038	(2)	(1)	-	-
Depreciation charged on the difference between revaluation amount and historical cost of buildings	1	1	1	1
Difference in profit and loss on disposal of land and buildings revalued from historical cost	-	-	2	1
Amortisation of goodwill - difference resulting from treatment of loan losses as a purchase adjustment	2	1	2	1
Amortisation of goodwill	2	1	3	2
Amortisation of core deposit intangible	(13)	(8)	(13)	(8)
Amortisation of deferred tax associated with core deposit intangible	3	2	3	2
Pension expense	15	9	15	9
Recognition/amortisation of tax losses resulting from IRS ruling	2	1	1	1
Amortisation of profit on sale-leaseback over lease term	8	5	7	4
Unrealised loss on available for sale debt securities	-	-	1	1
Elimination of excess of interest of life insurance entities over their controlled entities over their recognised net assets	(11)	(7)	-	-
Net income according to US GAAP	**1,580**	**958**	**1,412**	**895**
Earnings per share according to US GAAP (cents)				
Basic	99.7	60.4	94.5	59.9
Diluted	96.2	58.3	91.5	58.0

Comprehensive Income Under US GAAP [2]

	A$M March 2000	US$M March 2000	A$M March 1999	US$M March 1999
Net income according to US GAAP	**1,580**	**958**	**1,412**	**895**
Other comprehensive income				
Foreign currency translation reserve	484	293	(720)	(456)
Available for sale debt securities	2	1	-	-
Total other comprehensive income	486	294	(720)	(456)
Total comprehensive income according to US GAAP	**2,066**	**1,252**	**692**	**439**

(1) Translated from Australian dollars at the rate of US$0.6062 equals A$1.00 (Sept 1999: US$0.6528 equals A$1.00, March 1999: US$0.6340 equals A$1.00), the "Noon Buying Rate" per the Federal Reserve Bank of New York on 31 March 2000.

(2) SFAS 130 "Reporting Comprehensive Income", which became effective for financial years commencing after 15 December 1997, requires the disclosure of the components of comprehensive income. As there is no similar accounting standard in Australia that requires reporting of comprehensive income, set out above is the disclosure of the components of comprehensive income under US GAAP. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. It includes net income plus all other changes in equity during a period except those resulting from investments by owners and distributions to owners.

Group Financial Information for U.S. Investors (continued)

	As at			
	March 2000		September 1999	
	A$M	US$M [1]	A$M	US$M [1]
Shareholders' Equity				
Shareholders' equity reported using Australian GAAP	19,919	12,075	18,520	12,090
Amortisation of goodwill not required under AASB 1038	(2)	(1)	-	-
Elimination of revaluation surplus of land and buildings	(93)	(56)	(93)	(61)
Adjustment of provision for depreciation on buildings revalued	84	51	83	54
Additional provisions relating to purchase adjustments, less amortisation	(29)	(18)	(31)	(20)
Pension fund adjustment	11	7	(4)	(3)
Provision for cash dividend	882	535	861	562
Unrealised profit on shares in entities and other securities	64	39	67	44
Unrealised profit on available for sale debt securities	2	1	1	1
Amortisation of goodwill, core deposits intangible and associated deferred tax liability	(60)	(36)	(52)	(34)
Recognition of tax losses resulting from IRS ruling	(41)	(25)	(43)	(28)
Unamortised profit on sale-leaseback transactions	(75)	(45)	(83)	(54)
Elimination of excess of interest of life insurance entities over their controlled entities over their recognised net assets	(100)	(61)	-	-
Shareholders' equity according to US GAAP	**20,562**	**12,466**	**19,226**	**12,551**

	As at			
	March 2000		September 1999	
	A$M	US$M [1]	A$M	US$M [1]
Consolidated Balance Sheets				
Total assets reported using Australian GAAP	285,993	173,369	254,081	165,864
Amortisation of goodwill not required under AASB 1038	(2)	(1)	-	-
Revaluation surplus of land and buildings	(93)	(56)	(93)	(61)
Adjustment of provision for depreciation on buildings revalued	84	51	83	54
Additional provisions relating to purchase adjustments less amortisation	(29)	(18)	(31)	(20)
Pension fund adjustment	11	7	(4)	(3)
Unrealised profit on shares in entities and other securities	64	39	67	44
Unrealised profit on available for sale debt securities	2	1	1	1
Amortisation of goodwill, core deposit intangible and associated deferred tax liability	(60)	(36)	(52)	(34)
Recognition of tax losses resulting from IRS ruling	(41)	(25)	(43)	(28)
Assets relating to life insurance statutory funds [2]	-	-	4,807	3,138
Deferred acquisition costs relating to life insurance business	69	42	-	-
Elimination of excess of interest of life insurance entities over their controlled entities over their recognised net assets	(100)	(61)	-	-
Total assets according to US GAAP	**285,898**	**173,312**	**258,816**	**168,955**

(1) Translated from Australian dollars at the rate of US$0.6062 equals A$1.00 (Sept 1999: US$0.6528 equals A$1.00, March 1999: US$0.6340 equals A$1.00), the "Noon Buying Rate" per the Federal Reserve Bank of New York on 31 March 2000.

(2) Following the adoption of AASB 1038 "Life Insurance Business" on 1 October 1999 an adjustment is no longer required under Australian GAAP.

ALPHABETICAL INDEX

ALPHABETICAL INDEX (continued)