NATIONAL AUSTRALIA BANK LTD
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of May 2004

National Australia Bank Limited

ACN 004 044 937

(Registrant s Name)

Level 24

500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ý Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

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

6 Months Ended 31 March 2004

National Australia Bank Limited

Half Year Results 2004

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Media Release
12 May 2004

NATIONAL S CASH EARNINGS DOWN 8.7%

NET PROFIT UP 19%

INTERIM DIVIDEND STEADY AT 83 CENTS

FINANCIAL HIGHLIGHTS (March 04/March 03 Comparison)

Cash earnings before significant items of $1.85 billion, down 8.7%

Net profit after significant items up 19% to $2.23 billion

Interim dividend of 83 cents (fully franked).

Retail banking cash earnings:

Australia - up 10.5%

New Zealand steady (up 2.9% in local currency)

Europe - down 37.1% (down 27.5% in local currency)

Corporate & Institutional Banking cash earnings before significant items down 12.8% (down 6.5% excluding currency movements)

Wealth Management operating profit after tax up 37.3%

Asset quality sound: gross non-accrual loans to total loans improved from 0.65% to 0.46%

Return on equity before significant items of 18.8% up from 16.8%.

Economic Value Added (EVA®) down 11.5% to $978 million*.

Total capital at 9.35%, Tier 1 at 7.47% and Adjusted Common Equity ratio of 5.36% after the buy back of 5.5 million ordinary shares.

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*EVA® is a registered trademark of Stern Stewart & Co. It measures the economic profit earned in excess of the Group s cost of capital.

CHIEF EXECUTIVE S REVIEW

This is a disappointing result but our New Zealand and Wealth Management businesses have made solid contributions.

Financial Services Australia increased cash earnings although the quality of the result was not ideal with total income up by only 4.8%. Both Financial Services Australia and Corporate and Institutional Banking have not surprisingly been adversely affected by the currency options trading issue.

We have started to work on and invest in our European businesses to address some of the major issues we have in those markets. Increased competition, compliance costs and adverse currency movements further affected the Financial Services Europe result.

Under these circumstances we have maintained our dividend payment.

DIVISIONAL PERFORMANCE

Financial Services Australia increased cash earnings by 10.5%. Strong growth in housing lending was partly offset by a fall in the overall net interest margin. Retail deposits increased by 9.7% since March 2003.

Agribusiness market share by lending volumes for the year to February increased from 21.7% to 28.9%. Business market share by lending volumes at 26.0% is down from 26.5% for the same period. (Source: Taylor Nelson Sofrais)

Financial Services Australia has opened 11 integrated financial services centres this half year and is on target to achieve the planned roll out of 42 centres by the end of the financial year. These centres are designed to meet customers complete financial advice needs.

Financial Services Europe was adversely affected by a combination of higher pension fund expenses and currency movements. The large fall in cash earnings is disappointing but there are several developments underway to address this situation.

An extensive product renewal program has been completed, including the introduction of a new current account, savings accounts, mortgages, loans and insurance.

The first four Financial Services Centres have been opened in Liverpool, Bristol, Reading and Southampton and generated £1.2 million in revenue in the half year. A further four centres are planned to open in Oxford, Milton Keynes, Maidstone and Guildford this year.

Financial Services New Zealand increased net interest income by 5.8% in local currency terms based on strong growth in business and personal lending as well as retail deposits.

Cash earnings were steady reflecting a fall in the net interest margin and a higher charge to provide for doubtful debts.

Highlights of the half year include the launch of the Campus Pack in conjunction with Student Card (a New Zealand student discount scheme) which increased the number of tertiary students banking with Bank of New Zealand by 60%.

Bank of New Zealand increased home lending since March 2003 by 19% compared to market growth of 16%. Bank of New Zealand was the only bank to increase customer satisfaction according to Auckland University s customer survey for 2003.

Corporate & Institutional Banking has obviously faced a difficult half due to the impact of the foreign currency options trading situation and subsequent events. A higher charge for doubtful debts, adverse currency movements and reduced demand for debt market products, due to a low US interest rate environment, affected cash earnings.

Despite these challenging circumstances the focus on growing core relationships has continued and this has resulted in the maintenance of a solid base of underlying client income.

Corporate & Institutional Banking is actively contributing to the program to address the remedial actions required by APRA.

Wealth Management increased operating profit after tax by 37.3% reflecting strong growth in insurance business and the improvement in equity markets which led to growth in earnings from the investments business and investment earnings on capital.

The strong performance of equity markets from the March 2003 half has resulted in an 11.9% increase in average funds under management with fee revenue higher in all regions.

Wealth Management continues to be the number one provider of retail investment platforms in Australia with a market share of 18.8% and number two in retail funds under management as at December 2003. (Source: Assirt Market Share Report, December 2003)

Insurance earnings grew by 22.2% and Wealth Management retained the largest share of the total Australian retail life insurance market for both annual in-force premiums and new retail risk annual premiums. (Source: DEXX&R Research Reports, December 2003)

OUTLOOK

The National is focused on creating strong, sustainable growth in shareholder value.

As part of our response to the foreign currency options trading losses we are addressing the changes required by APRA as quickly as possible.

My future priorities are to lead the required cultural change, review our business strategies and our approach to risk management to make sure we have a sustainable platform for future growth. These are the first important steps in a recovery program that will take some time.

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RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2004

FINANCIAL SUMMARY

REPORTING FORMAT

Reporting Structure

To assist with the interpretation of the Group s results, earnings have been reported under the following structure:

Retail Banking, which comprises:

Financial Services Australia (FSA)

Financial Services Europe (FSE)

Financial Services New Zealand (FSNZ);

Corporate & Institutional Banking (CIB);

Other (including Excess Capital, Group Funding & Corporate Centre); and

Wealth Management (WM).

Prior Period Comparatives

From 1 October 2003, there have been transfers of business units from Financial Services Europe to Corporate & Institutional Banking.

Reverse repurchase agreements and repurchase agreements have been reclassified from gross loans and advances and deposits and other borrowings to cash and other liquid assets and due from/to financial institutions respectively, depending on counterparty.

Transferable certificates of deposit have been reclassified from deposits and other borrowings to bonds, notes and subordinated debt .

For comparability, the prior period balances have been reclassified from those included in the Profit Announcement released on 11 November 2003.

The nature of the restatements have been fully disclosed in the release to ASX dated 30 April 2004.

Please refer to the National s website at www.nabgroup.com for a copy of this announcement.

Cash Earnings

Cash earnings is a key performance measure and financial target used by the Group. Dividends paid by the Group are based on after-tax cash earnings (excluding significant items). Cash earnings is a key performance measure used by the investment community, as well as by those Australian peers of the Group with a similar business portfolio.

A reconciliation of cash earnings to net profit appears on page 7. Cash earnings is also explained in detail in the Non-GAAP financial measures section. Refer page 78 for further details.

Diluted Cash Earnings per Share

Management use growth in diluted cash EPS as a key indicator of performance as this takes full account of the impact of the exchangeable capital units (ExCaps) and provides a consistent basis for year on year comparison moving forward. The potential conversion of ExCaps has a dilutive impact on earnings per share (EPS), which varies from year to year depending on conversion.

Under the terms of the ExCaps the National has the option to require the exchange of all, but not part, of the ExCaps at any time for 7 7/8% convertible non-cumulative preference shares of the National. Holders of the ExCaps or the convertible non-cumulative preference shares have the option to exchange their holding for ordinary shares of the National (or at the National s option, cash) and the National also has the right to redeem, in part or full, under a special offer at any time after 19 March, 2007, with the prior consent of APRA.

A complete reconciliation of the calculation of diluted cash earnings per share appears in note 16. Refer page 75 for further details.

DIVISIONAL PERFORMANCE SUMMARY

	Note	Half Year to			Fav / (Unfav) Change on	
		Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
		$m	$m	$m	%	%
Cash earnings (1)						
Retail Banking						
Financial Services Australia	1	**999**	967	904	3.3	10.5
Financial Services Europe	1	**308**	407	490	(24.3)	(37.1)
Financial Services New Zealand	1	**158**	152	159	3.9	(0.6)
Retail Banking		**1,465**	1,526	1,553	(4.0)	(5.7)
Corporate & Institutional Banking (2)	1	**375**	447	430	(16.1)	(12.8)
Other (incl. Excess Capital, Group Funding and Corporate Centre) (2)	1	**(117)**	(54)	(23)	large	large
Total Banking		**1,723**	1,919	1,960	(10.2)	(12.1)
Wealth Management operating profit (2) (3)	1	**221**	213	161	3.8	37.3
Cash earnings before significant items and distributions		**1,944**	2,132	2,121	(8.8)	(8.3)
Distributions		**(94)**	(89)	(94)	(5.6)	
Cash earnings before significant items		**1,850**	2,043	2,027	(9.4)	(8.7)
Weighted av no. of ordinary shares (million)	16	**1,505**	1,508	1,524	0.2	1.2
Cash earnings per share before significant items (cents)	16	**122.9**	135.5	133.0	(9.3)	(7.6)
Diluted cash earnings per share before significant items (cents)	16	**119.9**	132.2	130.1	(9.3)	(7.8)
Reconciliation to net profit						
Cash earnings before significant items		**1,850**	2,043	2,027	(9.4)	(8.7)
Adjusted for:						
Significant items after tax	13	**127**			large	large
Cash earnings after significant items		**1,977**	2,043	2,027	(3.2)	(2.5)
Adjusted for:						
Net profit/(loss) attributable to outside equity interest		**63**	(18)	10	large	large
Distributions		**94**	89	94	(5.6)	
Wealth Management revaluation profit/(loss)		**148**	5	(205)	large	large
Goodwill amortisation		**(53)**	(49)	(49)	(8.2)	(8.2)
Net profit		**2,229**	2,070	1,877	7.7	18.8

Net (profit)/loss attributable to outside equity interest	**(63)**	18	(10)	large	large
Net profit attributable to members of the Company	**2,166**	2,088	1,867	3.7	16.0
Distributions	**(94)**	(89)	(94)	(5.6)	
Earnings attributable to ordinary shareholders	**2,072**	1,999	1,773	3.7	16.9

(1) Cash earnings is a performance measure used by the management of the Group. Refer to Non-GAAP financial measures on page 78 for a complete discussion of cash earnings.

(2) Cash earnings after outside equity interest.

(3) Refers to net profit generated through the Wealth Management operations. It excludes revaluation profit/(loss) after tax.

GROUP PERFORMANCE SUMMARY

	Note	Mar 04	Half Year to Sep 03	Mar 03	Fav / (Unfav) Change on Sep 03	Mar 03
		$m	$m	$m	%	%
Banking (1)						
Net interest income	2	**3,519**	3,610	3,692	(2.5)	(4.7)
Other operating income (1) (2)	7	**2,044**	2,211	2,066	(7.6)	(1.1)
Banking net operating income (1)		**5,563**	5,821	5,758	(4.4)	(3.4)
Wealth Management						
Net interest income	2	**66**	63	54	4.8	22.2
Net life insurance income (3)	6	**455**	363	81	25.3	large
Other operating income (2)	7	**412**	367	366	12.3	12.6
Net operating income		**6,496**	6,614	6,259	(1.8)	3.8
Banking operating expenses (1)	8	**(2,800)**	(2,856)	(2,692)	2.0	(4.0)
Wealth Management operating expenses (4)	8	**(436)**	(412)	(394)	(5.8)	(10.7)
Charge to provide for doubtful debts	10	**(305)**	(311)	(322)	1.9	5.3
Cash earnings before tax		**2,955**	3,035	2,851	(2.6)	3.6
Banking income tax expense (1)	12	**(730)**	(731)	(781)	0.1	6.5
Wealth Management income tax benefit/(expense)	12	**(218)**	(190)	61	(14.7)	large
Cash earnings before significant items, distributions and outside equity interest		**2,007**	2,114	2,131	(5.1)	(5.8)
Wealth Management revaluation profit/(loss) after tax	1	**148**	5	(205)	large	large
Goodwill amortisation		**(53)**	(49)	(49)	(8.2)	(8.2)
Net profit before significant items		**2,102**	2,070	1,877	1.5	12.0
Significant items after tax	13	**127**			large	large
Net profit		**2,229**	2,070	1,877	7.7	18.8
Net (profit)/loss attributable to outside equity interest						
Wealth Management		**(58)**	22	(6)	large	large
Corporate & Institutional Banking		**(5)**	(5)	(4)		(25.0)
Other			1		large	large
Net profit attributable to members of the Company		**2,166**	2,088	1,867	3.7	16.0
Distributions		**(94)**	(89)	(94)	(5.6)	
Earnings attributable to ordinary shareholders		**2,072**	1,999	1,773	3.7	16.9

(1) *Banking refers to Total Banking adjusted for eliminations. Refer to note 1 for further details.*

(2) Other operating income excludes net interest income, net life insurance income and revaluation profit/(loss).

(3) Net life insurance income is the profit before tax excluding net interest income of the statutory funds of the life insurance companies of the Group.

(4) Operating expenses excludes life insurance expenses incorporated within net life insurance income.

REGIONAL PERFORMANCE SUMMARY

		Half Year to		Fav / (Unfav) Change on	
	Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
	$m	$m	$m	%	%
Cash earnings					
Australia					
Retail Banking (1)	**991**	959	895	3.3	10.7
Corporate & Institutional Banking	**199**	188	202	5.9	(1.5)
Wealth Management	**190**	190	137		38.7
Other (incl. Excess Capital, Group Funding & Corporate Centre) (2)	**(181)**	(82)	(64)	large	large
Total Australia	**1,199**	1,255	1,170	(4.5)	2.5
Europe					
Retail Banking (1)	**309**	408	491	(24.3)	(37.1)
Corporate & Institutional Banking	**82**	149	104	(45.0)	(21.2)
Wealth Management	**14**	14	12		16.7
Other (incl. Group Funding & Corporate Centre)	**(11)**	(58)	(46)	81.0	76.1
Total Europe	**394**	513	561	(23.2)	(29.8)
New Zealand					
Retail Banking (1)	**165**	159	167	3.8	(1.2)
Corporate & Institutional Banking	**59**	68	74	(13.2)	(20.3)
Wealth Management	**5**	(4)	6	large	(16.7)
Other (incl. Group Funding & Corporate Centre)	**(11)**	(3)	(8)	large	(37.5)
Total New Zealand	**218**	220	239	(0.9)	(8.8)
United States					
Corporate & Institutional Banking	**17**	22	26	(22.7)	(34.6)
Other (incl. Group Funding & Corporate Centre)	**77**	76	89	1.3	(13.5)
Total United States	**94**	98	115	(4.1)	(18.3)
Asia					
Corporate & Institutional Banking	**18**	20	24	(10.0)	(25.0)
Wealth Management	**12**	13	6	(7.7)	large
Other (incl. Group Funding & Corporate Centre)	**9**	13	6	(30.8)	50.0
Total Asia	**39**	46	36	(15.2)	8.3
Cash earnings before significant items and distributions	**1,944**	2,132	2,121	(8.8)	(8.3)

(1) Regional Retail Banking results differ from Financial Services Australia, Europe and New Zealand primarily due to the inclusion of the global fleet management business units within Financial Services Australia.

(2) Earnings on excess capital is wholly attributed to Australia.

Refer to the Division Performance Summary on page 7 for a reconciliation of cash earnings before significant items and distributions to net profit.

SUMMARY OF FINANCIAL POSITION

	Note	As at			Change on	
		Mar 04	Sep 03	Mar 03	Sep 03	Mar 03
		$m	$m	$m	%	%
Assets						
Cash and other liquid assets (1)		**11,641**	8,405	9,999	38.5	16.4
Due from other financial institutions (1)		**20,200**	29,234	34,233	(30.9)	(41.0)
Due from customers on acceptances		**14,988**	19,562	20,677	(23.4)	(27.5)
Trading securities		**25,691**	23,724	21,414	8.3	20.0
Trading derivatives		**24,352**	23,644	25,228	3.0	(3.5)
Available for sale securities		**2,794**	6,513	5,005	(57.1)	(44.2)
Investment securities		**7,099**	8,647	10,925	(17.9)	(35.0)
Investments relating to life ins. business		**37,982**	35,846	30,278	6.0	25.4
Loans and advances (1)		**233,987**	225,735	218,200	3.7	7.2
Shares in entities and other securities		**867**	1,445	1,186	(40.0)	(26.9)
Regulatory deposits		**436**	225	180	93.8	large
Property, plant and equipment		**2,483**	2,498	2,493	(0.6)	(0.4)
Income tax assets		**1,248**	1,203	1,213	3.7	2.9
Goodwill		**682**	740	787	(7.8)	(13.3)
Other assets		**11,130**	10,050	12,378	10.7	(10.1)
Total assets		**395,580**	397,471	394,196	(0.5)	0.4
Liabilities						
Due to other financial institutions (2)		**43,968**	52,530	58,125	(16.3)	(24.4)
Liability on acceptances		**14,988**	19,562	20,677	(23.4)	(27.5)
Life insurance policy liabilities		**34,059**	32,457	30,206	4.9	12.8
Trading derivatives		**21,046**	21,479	24,821	(2.0)	(15.2)
Deposits and other borrowings (2) (3)		**210,624**	201,194	196,260	4.7	7.3
Income tax liabilities		**1,238**	1,537	1,255	(19.5)	(1.4)
Provisions		**1,143**	1,262	1,251	(9.4)	(8.6)
Bonds, notes and subordinated debt (3)		**25,204**	24,257	21,310	3.9	18.3
Other debt issues		**1,693**	1,743	1,808	(2.9)	(6.4)
Other liabilities		**13,707**	14,239	14,668	(3.7)	(6.6)
Net assets		**27,910**	27,211	23,815	2.6	17.2
Equity						
Ordinary shares		**6,029**	6,078	6,377	(0.8)	(5.5)
Preference shares (4)			730	730	large	large
National Income Securities		**1,945**	1,945	1,945		
Trust Preferred Securities		**975**	975			large
Contributed equity	**15**	**8,949**	9,728	9,052	(8.0)	(1.1)
Reserves	**15**	**784**	893	1,254	(12.2)	(37.5)
Retained profits	**15**	**14,619**	13,786	13,224	6.0	10.5
Total equity parent entity interest		**24,352**	24,407	23,530	(0.2)	3.5

Outside equity interest in controlled entities	**15**				
Wealth Management (5)	**3,385**	2,614	70	29.5	large
Corporate & Institutional Banking	**173**	190	215	(8.9)	(19.5)
Total equity	**27,910**	27,211	23,815	2.6	17.2

(1) Comparatives have been restated to reflect the reclassification of reverse repurchase agreements. Refer page 6 for further details.

(2) Comparatives have been restated to reflect the reclassification of repurchase agreements. Refer page 6 for further details.

(3) Comparatives have been restated to reflect the reclassification of transferrable certificates of deposits. Refer page 6 for further details.

(4) On 22 January 2004, the National bought back the preference shares issued in connection with the issue of TrUEPrS^{SM}.

(5) Increase primarily relates to consolidation of certain Wealth Management registered schemes.

GROUP KEY PERFORMANCE MEASURES

	Note	Mar 04	Half Year to Sep 03	Mar 03
Shareholder measures				
EVA® ($ million) (1)		**978**	1,154	1,105
Earnings per share (cents)				
Cash earnings per ordinary share before significant items (2)	**16**	**122.9**	135.5	133.0
Diluted cash earnings per share before significant items (2)	**16**	**119.9**	132.2	130.1
Cash earnings per ordinary share after significant items (2)		**131.4**	135.5	133.0
Earnings per ordinary share before significant items		**129.2**	132.6	116.3
Earnings per ordinary share after significant items		**137.7**	132.6	116.3
Weighted average ordinary shares (no. million)	**16**	**1,505**	1,508	1,524
Weighted average diluted shares (no. million)	**16**	**1,574**	1,577	1,595
Dividends per share (cents)		**83**	83	80
Performance (after non-cash items) (3)				
Return on average equity before significant items		**18.8%**	19.8%	16.8%
Return on average equity after significant items		**20.0%**	19.8%	16.8%
Return on average assets before significant items		**0.96%**	1.03%	0.94%
Net interest income				
Net interest spread	**3**	**1.95%**	2.16%	2.22%
Net interest margin	**3**	**2.40%**	2.50%	2.56%
Profitability (before significant items)				
Cash earnings per average FTE ($ 000)		**86**	95	95
Banking cost to income ratio (4)		**50.9%**	49.6%	47.3%

		Mar 04	As at Sep 03	Mar 03
Capital				
Tier 1 ratio	**15**	**7.47%**	7.82%	7.47%
Tier 2 ratio	**15**	**2.94%**	3.30%	3.02%
Deductions	**15**	**(1.06%)**	(1.42%)	(1.33%)
Total capital ratio	**15**	**9.35%**	9.70%	9.16%
Adjusted common equity ratio	**15**	**5.36%**	4.95%	5.09%
Assets ($ bn)				
Gross loans and acceptances		**253**	249	243
Risk-weighted assets	**15**	**277**	252	254
Off-balance sheet assets ($ bn)				
Funds under management and administration		**77**	73	65
Assets under custody and administration		**397**	311	343
Asset quality				
Gross non-accrual loans to gross loans and acceptances	**11**	**0.46%**	0.55%	0.65%
Net impaired assets to total equity (parent entity interest)	**11**	**3.0%**	3.9%	4.5%
General provision to risk-weighted assets	**11**	**0.64%**	0.71%	0.75%
Specific provision to gross impaired assets	**11**	**41.0%**	33.5%	36.1%

General and specific provisions to gross impaired assets	**11**	**193.3%**	163.4%	155.7%
Other information				
Full-time equivalent employees (no.)	**9**	**43,282**	42,540	43,002

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(1) Economic Value Added (EVA®) is a registered trademark of Stern Stewart & Co. Refer pages 23 and 79 for further details.

(2) Cash earnings attributable to ordinary shareholders excludes revaluation profits/(losses) after tax and goodwill amortisation.

(3) Includes non-cash items, ie. revaluation profits/(losses) after tax and goodwill amortisation.

(4) Total Banking cost to income ratio is before eliminations (refer note 1). Costs include total expenses excluding significant items, goodwill amortisation, the charge to provide for doubtful debts and interest expense. Income includes total revenue excluding significant items and net of interest expense. Refer to Non-GAAP financial measures for a complete discussion of the cost to income ratio on page 79.

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2004

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis Overview

OVERVIEW (1)

Economic conditions

The recovery in the global economy gathered pace during the half year to March 2004, and appears set to continue during the balance of 2004. Driven by stimulatory policy, the United States grew strongly. There was a pick-up in demand and strong investment in emerging economies (notably China). Japan began to recover and European activity stabilised. Against this backdrop, business conditions in the economies that contain the bulk of the Group s assets namely Australia, the UK and New Zealand have been relatively favourable.

Australia

Reflecting a recovery from possibly Australia s worst drought in 100 years and an improvement in the global economy, Australian activity has picked up significantly since mid 2003. Looking ahead, Australian growth is expected to be quite strong at around 4% in 2004. Exports are expected to continue a gradual recovery, while domestic demand is forecast to moderate significantly. Higher interest rates and reduced wealth gains are expected to see dwelling investment contract moderately and consumption growth soften during 2004. Also underpinning economic forecasts are an easing in business investment growth and ongoing strength in public spending. After reaching a 15 year high in late 2003, we expect credit expansion to moderate to a still solid pace in 2004, reflecting largely an easing in household demand. Subsequent to increasing the cash rate by 50 bps, the Reserve Bank of Australia has kept the cash rate unchanged at 5.25% in early 2004, due to tentative signs of cooling in property markets and the marked strengthening of the $A to a 7 year high in early 2004. The Group expects the Reserve Bank of Australia to increase the cash rate moderately further during 2004, as the global recovery continues, housing activity cools and the $A eases.

United Kingdom

Economic conditions in the UK economy remain quite favourable. Activity recorded above average growth in the second half of 2003 and most indicators suggest that the economy remained robust in the first three months of 2004, particularly on the domestic side. Manufacturing has emerged from its long, deep recession, supported by the domestic recovery and brighter export prospects. Services remains the main engine of growth for the economy, underpinned by strong consumer spending. Regional growth has converged, with high house price inflation and spending in the north contributing to the reduction in the north-south disparities. The buoyant public sector and booming construction has also helped to smooth the performance of the UK regions. Despite rising interest rates, personal debt continues to expand rapidly and the housing market is robust. Household income growth has also picked up, wealth has risen and unemployment has fallen. Though still strong, the rate of growth in lending to the non-financial corporate sector has eased from its recent highs. Sterling has been rising since the second half of 2003, threatening the emerging recovery in manufacturing. Activity looks set to be sustained during 2004.

New Zealand

New Zealand also recorded quite strong activity in the six months to March 2004. The high NZ$ eroded farm incomes and caused falling prices for traded goods. At the same time, strong consumer spending fuelled by high domestic credit growth, a buoyant construction sector and robust net immigration boosted growth. A boom in house prices, and very low unemployment coupled with solid wage claims, led to strong inflationary pressures in the services industries. While the Reserve Bank of New Zealand raised the cash rate in January to curb these pressures, it subsequently left rates unchanged as signs of a slowing economy and a cooling housing market reduced overall price pressures. Looking ahead, activity is expected to ease during 2004 due to tighter financial conditions and lower immigration.

Group performance

Whilst economic conditions were reasonable in each of the National s markets, the Group result is disappointing.

The result has been impacted by a number of adverse factors:

The strength of the Australian dollar has reduced the contribution from offshore operations. This has particularly affected earnings in Australian dollar terms from Financial Services Europe and Corporate & Institutional Banking.

The loss of $360 million relating to unauthorised foreign currency options trading. This has had a significant impact on Corporate & Institutional Banking earnings.

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(1) The discussion on the following two pages relates to results before significant items. For a reconciliation to net profit refer page 7.

Offsetting those factors was a significant net gain on the sale of the National s shareholdings in St George Bank Limited, and a net loss on the sale of shareholdings in AMP Limited and HHG PLC, and the writeback of provisions relating to SR Investments, Inc. (HomeSide).

Cash earnings after significant items of $1,977 million for the half year were 2.5% lower than the March 2003 half.

Cash earnings per share decreased 1.6 cents (1.2%) to 131.4 cents. This result included significant items of $127 million relating to foreign currency options losses, sale of shareholdings and the writeback of provisions relating to HomeSide (refer to page 22 for further details).

Cash earnings before significant items of $1,850 million decreased 8.7% on the March 2003 half and 9.4% on the September 2003 half. At constant foreign exchange rates cash earnings before significant items decreased 3.7% and 7.6% respectively.

The key features of the result are the continued improvement in the credit quality of the banking book, growth in underlying earnings in both the Australian retail banking and the Wealth Management operations, and a slowdown in growth in New Zealand retail banking. European retail banking results declined significantly. This reflected lower income levels, increased pension fund charges and higher expenses due to the reinvestment program and compliance costs. Corporate & Institutional Banking results were depressed by increased expenses and higher specific provision charges, coupled with flat income levels. Cash earnings per share before significant items decreased 10.1 cents (7.6%) to 122.9 cents.

Diluted cash earnings per share before significant items also decreased 10.2 cents (7.8%) to 119.9 cents, after taking account of the impact of dilutive adjustments, primarily the exchangeable capital units.

Diluted cash earnings per share before significant items growth (cents)

The interim dividend has increased by 3 cents to 83 cents per share compared with the prior corresponding period and will be 100% franked.

Banking

Total Banking includes Retail Banking, Corporate & Institutional Banking and Other (including Excess Capital, Group Funding & Corporate Centre). It excludes Wealth Management.

Banking operations generated $1,723 million of total Group cash earnings, a decrease of 12.1% on the prior corresponding period, or 6.6% at constant foreign exchange rates. Income has been flat, while expenses have continued to grow in part reflecting continued investment in the business, compliance-related costs and growth in pension costs. The result includes flat provisioning charges reflecting the continued sound asset quality profile across all regions.

The 2004 efficiency targets established under Positioning for Growth (PfG) are set out below. Financial Services Australia has exceeded its target for the last three halves, but targets for Financial Services Europe and Corporate & Institutional Banking were not achieved.

Cost to income ratio by banking division	2004 Target	Mar 04 %	Half Year to Sep 03 %	Mar 03 %
Financial Services Australia	46.0	**45.0**	45.8	45.6
Financial Services Europe (excluding pension costs)	48.0	**55.1**	51.4	48.5
Financial Services Europe (including pension costs)		**61.5**	54.7	50.9
Financial Services New Zealand	48.0	**49.6**	49.7	50.8
Corporate & Institutional Banking	36.0	**41.4**	38.7	38.7
Total Banking (including pension fund expense)		**50.9**	49.6	47.3

As reported in September 2003, the Group achieved its PfG target of a net reduction in full time equivalent employees of 2,040. In addition, 85% of the original PfG targeted annual cost savings of $370 million had been delivered. Since that time, there has been expense growth related to new initiatives and an increase in staffing levels to build the business. The National is currently undertaking a strategic review. This review will be completed during the second half and the outcomes advised to the market at that time.

Wealth Management

Wealth Management reported a solid result, with operating profit of $221 million growing 37% from the March 2003 half and 4% from the September 2003 half. This result was underpinned by the strong performance of both the Insurance business up 22% and the Investments business up 33% (although the Investments business is down 8% on the September 2003 half). Average funds under management and administration (FUMA) grew $3.6 billion, or 5% over the half year reflecting improved investment returns. In addition, the improved equity market performance contributed to higher earnings on shareholders retained profits and capital.

The Group continues to invest for future growth, with $16 million after tax of strategic investment expenditure included within the Wealth Management result.

Wealth Management efficiency targets	2004 Target	Mar 04	Half Year to Sep 03	Mar 03
Cost to premium income ratio (%)(1)	21.0	**19.0**	20.0	21.0
Cost to funds under management (basis points) (2)	65	**58**	60	67

(1) Excludes volume-related expenses

(2) Excludes the NAFIM investor compensation and enforceable undertakings and volume-related expenses.

Asset Quality

The National s asset quality has remained sound, reflecting the Group s focus on acquiring and retaining quality business.

Gross non-accrual loans for the Group decreased from $1,379 million at 30 September 2003 to $1,171 million at 31 March 2004. This is an outcome of the current credit environment and the ongoing strategy to exit or return impaired assets to performing loans. The proportion of non-accrual loans to gross loans & acceptances has also reduced as a result of the active management of impaired assets.

Major indicators that demonstrate the strengthening credit quality of the Group s Balance sheet include:

Improvement in the security/collateral coverage across the business;

Favourable movement in the credit ratings across the portfolio; and

Changes in the Group s asset composition with an increasing proportion of housing lending and a lower proportion of business lending.

The general provision for doubtful debts represents 0.64% of risk-weighted assets. This is based on the calculation of market risk in line with the Standard model, as required by APRA. If the impact of moving to the Standard Method is excluded, the ratio would have been 0.69%. The general provision is calculated via statistical based methodology, which takes account of risk through consideration of the credit rating of the borrower, term of the facility and level of security held against the facility.

The Group operates a strategic credit framework that is focused on asset quality with the objective to protect, manage and enhance the credit risk profile of the National. This approach involves implementing effective credit risk policies that seek to:

Promote independent credit reviews at the industry and account level to assess credit quality and determine retention/exit lending strategies;

Identify problem loans and exposures exhibiting signs of weakening credit quality via early warning indicators and the use of behavioural scoring tools;

Manage a limit violation framework covering industry, single large exposure and counterparty limits;

Diversify the portfolio by geography and sector using portfolio monitoring tools; and

Align business strategy with capital management by achieving appropriate pricing for risk, facility structures aligned to customers needs and ensuring customers are appropriately rated.

Business Portfolio

The global Business Portfolio consists of customers serviced by Retail Banking (Business) and Corporate & Institutional Banking.

The current state of the global economy has created a more favourable credit environment. The Group has actively sought to attract new business and retain existing business that is of investment grade quality.

The changes in the distribution of the business customer ratings, over the 12 months to March 2004, support the trend that the credit quality of the portfolio has improved. The proportion that is equivalent to investment grade AAA to BBB- has increased by 2.3% whereas speculative (BB+ to CCC) and impaired grade both fell.

Retail Banking (Business)

The focus on credit quality includes growing the percentage of the lending book that is fully-secured by assets. Over the past twelve months, Retail Banking (Business) has increased its proportion of fully-secured lending from 58% to 64% of the portfolio. The partially secured and unsecured sectors both decreased.

Business lending categories:

Category A - Bank security > 142% of the facility

Category B - Bank security between 100% to 142% of the facility

Category C - Bank security between 50% to 100% of the facility

Category D - Bank security of < 50% of the facility

Corporate & Institutional Banking

The majority of the portfolio for Corporate & Institutional Banking is partially secured or unsecured, however 92% of the portfolio is investment grade, up from 91% at September 2003 and 88% in September 2002.

Business Industry Exposures

The Group conducts industry reviews on a regular basis to manage its exposure to sectors and to implement strategies to manage designated higher risk industries by way of assessing viability and collateral involved. Industry reviews are also used to identify growth opportunities.

Select Industry Exposures

	As at March 04			
	Exposures	% of total Group Exposures	Investment Grade	Non-accrual
	$bn		$bn	$bn
Airlines	1.79	0.40	0.93	0.03
Construction Residential	3.26	0.74	2.28	0.01
Construction Non Residential	2.28	0.52	1.78	
Energy & Utilities	6.88	1.56	5.55	0.27
Telecommunications	2.17	0.49	1.70	0.06

Consumer Portfolio

The consumer portfolio consists of home loans, credit cards, personal loans and other products marketed to retail customers. The asset quality of the consumer portfolio remains sound, as illustrated by the improving trend in the following two charts below.

The rolling write off rate is a measure of consumer loans written off, whereas the 90+ delinquency is a measure of consumer loans whose payments are in arrears by more than 90 days.

Provisioning Coverage all sectors

The specific provision to gross impaired assets ratio has improved from 33.5% at 30 September 2003 to 41% at 31 March 2004. Similarly total provision to gross impaired assets has improved from 163% to 193% over the same period.

Management Discussion & Analysis Profitability

PROFITABILITY

Net Operating Income

Group net operating income increased 3.8% from the March 2003 half. Banking other operating income decreased by 0.7%, but increased at constant foreign exchange rates by 4.4% benefiting primarily from continued housing lending growth.

Banking net interest income fell 4.7%, but increased 1.4% at constant foreign exchange rates from the March 2003 half reflecting solid loan growth, partly offset by continued pressure on margins and a fall in Corporate & Institutional Banking s Markets division net interest income.

Net interest income grew solidly within the Australian and New Zealand retail banking operations, with net interest income growth of 5.2% in Australia and 5.8% in New Zealand at constant foreign exchange rates.

Net Interest Income

Volumes by Division

		Half Year to		Fav/ (unfav) Change on Sep 03	
Average interest-earning assets (1)	**Mar 04 $bn**	**Sep 03 $bn**	**Mar 03 $bn**	**%**	**Ex FX %(2)**
Financial Services Australia	**122.1**	115.0	106.8	6.2	6.2
Financial Services Europe	**46.2**	46.9	50.3	(1.5)	2.4
Financial Services New Zealand	**22.2**	21.1	20.2	5.2	6.5
Retail Banking	**190.5**	183.0	177.3	4.1	5.3
Corporate & Institutional Banking	**102.3**	104.4	110.4	(2.0)	1.5
Other	**6.4**	5.4	6.2	18.5	18.9
Group average interest-earning assets	**299.2**	292.8	293.9	2.2	4.1

(1) Interest-earning assets exclude intercompany balances.

(2) Change expressed at constant foreign exchange rates.

Net interest margin

Group net interest margin declined 10 basis points from the September 2003 half of 2.50% to 2.40%.

Margin decline occurred in:

- Retail Banking, primarily due to the mix effect of the strong growth in mortgages and in lower margin fixed rate lending; and
- Corporate & Institutional Banking, primarily due to a reduction in contribution from Money Markets.

Within Retail Banking the 8 basis point decline in contribution to the Group margin is due to a decline in margin across all regions - Australia, Europe and New Zealand.

The decline in Financial Services Australia s margin of 20 basis points is due to the:

continued growth in home loans and an increase in lower margin fixed rate lending;

unfavourable deposit mix due to growth in lower margin products, primarily non-carded time deposits, business investment accounts and cash management accelerator accounts;

reduced contribution from free funds, due to fall in the 3 year moving average of swap rate from 5.63% during September 2003 half to 5.30% in March 2004 half; and

the prevailing interest rate environment of anticipated cash rate rises resulting in an unfavourable basis risk position.

The decline in Financial Services Europe s margin of 13 basis points is due to the impact of growth in lower margin fixed rate mortgage lending and a reduction in personal loan volumes.

The decline in Financial Services New Zealand s margin of 9 basis points also reflects growth in lower margin fixed rate mortgage lending, as well as a reduction in retail deposit margins following a decline in cash rates during the second half of 2003.

Net Life Insurance Income

The Group reports its results in accordance with Australian Accounting Standard AASB 1038 Life Insurance Business (AASB 1038). AASB 1038 requires that the interests of policyholders in the statutory funds of the life insurance business be reported in the consolidated results.

Net life insurance income is the profit before tax excluding net interest income of the life insurance statutory funds of the life insurance companies of the Group. As the tax expense/benefit is attributable primarily to the policyholders, the movement in net life insurance income should be viewed on an after tax basis. The life insurance funds of the life insurance companies conduct superannuation, investment and insurance-related businesses (ie. Protection business including Term & Accident, Critical Illness and Disability insurance and Traditional Whole of Life and Endowment).

	Half Year to			Fav/ (unfav) change on	
	Mar 04	**Sep 03**	**Mar 03**	**Sep 03**	**Mar 03**

	$m	$m	$m	%	%
Net life insurance income	**455**	363	81	25.3	large
Income tax (expense)/benefit	**(213)**	(196)	70	(8.7)	large
Net life insurance income after tax	**242**	167	151	44.9	60.3

Net life insurance income after tax has improved 60% on the March 2003 half. This is primarily due to increased investment revenue reflecting the performance of global equity markets as compared to the March 2003 half, partially offset by an increase in policy liabilities.

For detailed discussion on the results of Wealth Management, including the results of the life businesses (above), as well as the results from non-life businesses, refer pages 38 42.

Other Operating Income

Movement on March 2003 half

Total Banking other operating income decreased by 0.7% from the prior comparative period to $2,110 million. At constant foreign exchange rates, other operating income increased 4.4%, reflecting:

- growth in loan fees from banking on the back of continued strong growth in mortgages and higher transaction volumes in Australia, offsetting pressures in Europe and New Zealand;

- growth in loan fees relating to new Specialised Finance deals;

- higher trading income relating to Money Markets and Debt Markets due to a switch from low-yielding physical assets to derivative-type instruments and the close-out of hedge swaps in the UK;

- growth in the Fleet Management and custody businesses following recent acquisitions;

- flat money transfer fees; and

- a fall in fees and commissions income primarily due to the impact of the RBA interchange reform in Australia and lower levels of activity in Europe.

Movement on September 2003 half

Total Banking other operating income decreased by 7.0% from the September 2003 half. At constant foreign exchange rates, other operating income decreased 5.5%, due to:

a reduction in money transfer fees;

the inclusion in the September 2003 half of a one off benefit on the restructure of the hedging swaps on the TrUEPrS[SM] preference shares and profit on sale of property;

flat loan fees from banking, with growth in Australia being offset by pressures in Europe and New Zealand; and

offset by an increase in trading income.

Wealth Management other operating income increased by 12.6% from the prior comparative period, and 12.3% from the September 2003 half, resulting from improved investor sentiment, with stronger equity markets increasing fee income in the investments business.

Operating Expenses

Total Banking expenses increased 4.2%, or 10.5% at constant foreign exchange rates, from the prior comparative period to $2,866 million.

The result has been impacted by:

increased costs associated with the European defined benefit pension funds - pension charges of £44 million were incurred in March 2004 half (September 2003 half: £24 million, March 2003 half: £18 million), of which £39 million (September 2003 half: £21 million, March 2003 half: £15 million) relates to Financial Services Europe and the balance to other businesses; and a superannuation contribution holiday in Australia reduced pension fund expenses by $14 million in the March 2004 half (primarily in Financial Services Australia).

Movement on March 2003 half

Total Banking expenses (excluding pension fund expenses) increased 2.8%, or 8.8% at constant foreign exchange rates, from the March 2003 half, reflecting:

higher occupancy costs as a result of annual rent increases and relocation costs;

growth in costs associated with major Group-wide projects - Basel II, IFRS and ISI;

higher software amortisation across the business reflecting prior period investment in infrastructure;

$22 million (after tax) write off of development work associated with the Integrated Systems Implementation (ISI) program;

higher compliance-related and regulatory costs in Europe; and

a small increase in personnel costs (excluding pensions) as salary increases offset productivity improvements.

Movement on September 2003 half

Total Banking expenses (excluding pension fund expenses) decreased 2.6%, or 0.8% at constant foreign exchange rates, from the September 2003 half, primarily resulting from:

the September 2003 half included expenses associated with corporate structure, funding and acquisition-related initiatives;

the impact of the EMU write-off in the September 2003 half; and lower expenses associated with regulatory compliance.

Wealth Management operating expenses increased 10.7% from the prior comparative period and 5.8% from the September 2003 half to $436 million.

Income Tax Expense

Total Banking s effective tax rate on cash earnings before significant items has increased from 28.5% in the prior comparative period to 29.7%. This is impacted by structured finance transactions, to which a wide range of tax rates are applied. Further, the March 2004 half has been impacted by the decision not to book the tax benefit on the interest expense relating to Excaps following the receipt of an ATO tax assessment.

A reconciliation of the total Group income tax expense is incorporated in note 12.

Significant Items

Foreign currency options losses

In January 2004, the National announced that it had identified losses relating to unauthorised trading in foreign currency options of $360 million before tax, or $252 million after tax. This total loss consists of losses arising from the removal of fictitious trades from the foreign currency options portfolio of $185 million and a further loss of $175 million arising from a risk evaluation and complete mark-to-market revaluation of the foreign currency options portfolio in January 2004.

Further details of this matter may be obtained from the Company s ASX Announcement on 12 March 2004, which is available on the Group s website at www.nabgroup.com The complete PricewaterhouseCoopers and APRA reports relating to the trading losses are also available on the Group s website.

Sale of strategic shareholdings

On 28 January 2004, the National sold its strategic shareholdings in St George Bank Limited, AMP Limited and HHG Plc. This resulted in a net profit on sale of $315 million after tax, which has been recognised in the March 2004 half.

Writeback of HomeSide provision

During the half year to March 2004 the Group wrote back to profit a provision $64 million. This provision was raised at the date of sale of SR Investments, Inc (the parent entity of HomeSide), in relation to estimated probable costs arising from the sale. At this time the expense was treated as a significant item.

Details of significant items are set out at note 13 on page 70.

Management Discussion & Analysis Capital & Performance Measures

CAPITAL & PERFORMANCE MEASURES

Performance Measures

***Economic Value Added* (EVA®)**

		Half Year to		Fav/(Unfav) change on	
	Mar 04	Sep 03 (3)	Mar 03 (3)	Sep 03	Mar 03
	$m	$m	$m	%	%
Cash earnings before significant items	**1,850**	2,043	2,027	(9.4)	(8.7)
Tax rate variance (1)	**41**	(7)		large	large
Imputation credits	**360**	376	351	(4.3)	2.6
EVA® net operating profit after tax	**2,251**	2,412	2,378	(6.7)	(5.3)
Average shareholders equity	**27,055**	24,546	23,676	10.2	14.3
Add average cumulative goodwill amortisation	**1,724**	1,674	1,622	3.0	6.3
Deduct average significant items	**(64)**			large	
Deduct average other equity instruments (2)	**(6,422)**	(4,216)	(2,848)	(52.3)	large
Deduct average cumulative WM revaluation	**(152)**	(131)	(308)	16.0	50.6
Average economic capital	**22,141**	21,873	22,142	1.2	
Capital charge @ 11.5%	**(1,273)**	(1,258)	(1,273)	(1.2)	
EVA®	**978**	1,154	1,105	(15.2)	(11.5)

(1) Difference between the EVA tax rate of 30% and the effective tax rate.

(2) Other equity instruments are National Income Securities, Trust Preferred Securities, preference share capital and outside equity interest.

(3) These comparatives have changed from those reported in the Full Year Results Announcement September 2003, due to revisions to the calculation methodology.

EVA® is a measure designed to recognise the shareholder requirement to generate a satisfactory return on the economic capital invested in the business. If the business produces profit in excess of its cost of capital then value is being created for shareholders.

EVA® is used to measure and evaluate the performance of the National s different operating divisions and is an integral component in product pricing, assessing investment opportunities and the allocation of resources. Equity is allocated to each business using a risk-adjusted methodology for each division s credit, market and operational risk.

In conjunction with Stern Stewart, the Group has simplified the EVA® calculation methodology to align it more closely to cash earnings and ordinary shareholders funds.

EVA® s net operating profit after tax (NOPAT) is based on cash earnings before significant items (using 30% projected tax rate) plus the calculated benefit of imputation credits earned by paying Australian tax. Capital charge is based on the Group s cost of capital (11.5% per annum) and is applied to a calculated economic capital that is based on average shareholders equity.

The EVA® result for the March 2004 half year has declined by 11.5% and 15.2% on the March 2003 and September 2003 half years, respectively. This reflects the impact of the fall in cash earnings, with the capital charge remaining flat compared to the previous periods.

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

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Capital Position

Regulatory capital ratios are set out below.

	Target ratio		As at	
		Mar 04	Sep 03	Mar 03
	%	%	%	%
Core Tier 1 (excluding hybrid equity)	6.0 - 6.5	6.41	6.38	6.42
Tier 1	7.0 - 7.5	7.47	7.82	7.47
Total Capital	**10.0 - 10.5**	**9.35**	**9.70**	**9.16**

The APRA report into irregular currency options trading at the National (dated 24 March 2004) requires the National s internal target for total capital to rise to 10.00% of risk-weighted assets. Previously the Group s target total capital ratio was 9.00% to 9.50%. The increased target ratio for total capital is expected to be achieved through a combination of underwriting of the Group s dividend reinvestment plan and Tier 2 subordinated debt issuance.

The calculation to determine the market risk capital component of risk-weighted assets at 31 March 2004 was carried out on a best estimate basis under the Standard Method as directed by APRA. The difference of $17,875 million in risk-weighted assets between the Standard Method calculation ($21,750 million) and the Internal Model Method ($3,875 million) that was used for prior period calculations, reflects the following:

The Standard Method, as prescribed by the APRA Prudential Standard (APS 113), limits recognition of portfolio effects on outstanding positions and is substantially more restrictive on the rules regarding the matching of positions; and

The limited time frame to implement the Standard Method impacting the ability to explore all position offsetting opportunities permitted by APS 113.

In addition to regulatory capital ratios, the National uses the ratio of adjusted common equity to risk-weighted assets (the ACE ratio) as a key capital target. It measures the capital available to support the banking operations, after deducting the Group s investment in wealth management operations. The Group s target range for the ACE ratio is 4.75% to 5.25%. As at 31 March 2004, the ACE ratio was 5.36%, an increase from 4.95% at 30 September 2003. Refer to note 15 regarding the components of the ACE ratio.

Redemption of Tier 1 preference shares

On January 22, 2004 the National bought back 36,008,000 fully paid non-converting non-cumulative preference shares of the Company that were issued in connection with the issue of 18,004,000 Trust Units Exchangeable for Preference Shares™ (TrUEPrS℠) in 1998. TrUEPrS were redeemed on the same day. The financial effects of the buy-back, redemption and dissolution of the capital raising structure recognised in the March 2004 half include a reduction in contributed equity of $730 million, a reduction in cash of $582 million and a net increase in retained profits and reserves of $148 million.

Share Buy-back Program

In October 2003 the Group announced its intention to repurchase approximately 25.5 million shares over the year to 30 September 2004. However, in March 2004 the National announced that it was terminating the share buy-back program. During the half year, the National bought back 5.5 million shares at an average price of $29.58, thereby reducing ordinary equity by $162 million. The highest price paid was $30.22 and the lowest price paid was $28.70.

Management Discussion & Analysis - Total Banking

TOTAL BANKING

Total Banking includes Retail Banking, Corporate & Institutional Banking and Other (including Excess Capital, Group Funding and Corporate Centre). It excludes Wealth Management.

Performance Summary

Comparison to March 2003 half	Half Year to Mar 04 $m	Half Year to Mar 03 $m	Fav/(unfav) change on Mar 03 %	Fav/(unfav) change on Mar 03 Ex FX (1) %
Net interest income	**3,519**	3,692	(4.7)	1.4
Other operating income (2)	**2,110**	2,124	(0.7)	4.4
Total income	**5,629**	5,816	(3.2)	2.5
Pension fund expense	**(136)**	(95)	(43.2)	(58.9)
Other operating expenses (2)	**(2,730)**	(2,655)	(2.8)	(8.8)
Underlying profit	**2,763**	3,066	(9.9)	(4.7)
Charge to provide for doubtful debts	**(305)**	(321)	5.0	(0.6)
Cash earnings before tax	**2,458**	2,745	(10.5)	(5.4)
Income tax expense	**(730)**	(781)	6.5	2.4
Cash earnings before significant items and outside equity interest	**1,728**	1,964	(12.0)	(6.5)
Net profit attributable to outside equity interest	**(5)**	(4)	(25.0)	(50.0)
Cash earnings before significant items	**1,723**	1,960	(12.1)	(6.6)

Comparison to September 2003 half	Half Year to Mar 04 $m	Half Year to Sep 03 $m	Fav/(unfav) change on Sep 03 %	Fav/(unfav) change on Sep 03 Ex FX (1) %
Net interest income	**3,519**	3,610	(2.5)	(0.7)
Other operating income (2)	**2,110**	2,270	(7.0)	(5.5)
Total income	**5,629**	5,880	(4.3)	(2.5)
Pension fund expense	**(136)**	(112)	(21.4)	(26.1)
Other operating expenses (2)	**(2,730)**	(2,803)	2.6	0.8
Underlying profit	**2,763**	2,965	(6.8)	(5.2)
Charge to provide for doubtful debts	**(305)**	(311)	1.9	1.0
Cash earnings before tax	**2,458**	2,654	(7.4)	(5.7)

Income tax expense	**(730)**	(731)	0.1	(1.0)
Cash earnings before significant items and outside equity interest	**1,728**	1,923	(10.1)	(8.3)
Net profit attributable to outside equity interest	**(5)**	(4)	(25.0)	(25.0)
Cash earnings before significant items	**1,723**	1,919	(10.2)	(8.3)

Key Performance Measures

		Half Year to	
	Mar 04	**Sep 03**	**Mar 03**
Performance & profitability			
Cost to income ratio	50.9%	49.6%	47.3%

(1) *Change expressed at constant foreign exchange rates.*

(2) *Total Banking is before inter-divisional eliminations.*

Management Discussion & Analysis Retail Banking

RETAIL BANKING

The regional Retail Banking Divisions include the business, agribusiness and consumer financial services retailers, as well as cards, payments and leasing units together with supporting Customer Service and Operations. These operate in Australia, Europe and New Zealand. They exclude Wealth Management, Corporate & Institutional Banking and Other (including Excess Capital, Group Funding & Corporate Centre). The regional Retail Banking businesses aim to develop long-term relationships with their customers by providing products and services that consistently meet the full financial needs of customers.

	Half Year to		Fav / (Unfav) Change on Mar 03	
Comparison to March 2003 half	**Mar 04**	**Mar 03**		**Ex FX (1)**
	$m	**$m**	**%**	**%**
Net interest income	**3,177**	3,255	(2.4)	2.8
Other operating income (2)	**1,559**	1,613	(3.3)	1.1
Total income	**4,736**	4,868	(2.7)	2.2
Pension fund expense	**(119)**	(80)	(48.8)	(66.3)
Other operating expenses (2)	**(2,276)**	(2,258)	(0.8)	(5.7)
Underlying profit	**2,341**	2,530	(7.5)	(3.6)
Charge to provide for doubtful debts	**(217)**	(295)	26.4	21.4
Cash earnings before tax	**2,124**	2,235	(5.0)	(1.2)
Income tax expense	**(659)**	(682)	3.4	(0.6)
Cash earnings before significant items	**1,465**	1,553	(5.7)	(2.0)

	Half Year to		Fav / (Unfav) Change on Sep 03	
Comparison to September 2003 half	**Mar 04**	**Sep 03**		**Ex FX (1)**
	$m	**$m**	**%**	**%**
Net interest income	**3,177**	3,242	(2.0)	(0.5)
Other operating income (2)	**1,559**	1,604	(2.8)	(1.5)
Total income	**4,736**	4,846	(2.3)	(0.8)
Pension fund expense	**(119)**	(96)	(24.0)	(29.2)
Other operating expenses (2)	**(2,276)**	(2,280)	0.2	(0.7)
Underlying profit	**2,341**	2,470	(5.2)	(4.0)
Charge to provide for doubtful debts	**(217)**	(271)	19.9	18.5
Cash earnings before tax	**2,124**	2,199	(3.4)	(2.2)
Income tax expense	**(659)**	(673)	2.1	0.9
Cash earnings before significant items	**1,465**	1,526	(4.0)	(2.8)

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(1) Change expressed at constant exchange rates.

(2) Retail Banking is the sum total of Financial Services Australia, Financial Services New Zealand and Financial Services Europe, before inter-divisional eliminations.

Management Discussion & Analysis Financial Services Australia

FINANCIAL SERVICES AUSTRALIA

Performance Summary

	Half Year to			Fav/(Unfav) change on	
	Mar 04	**Sep 03**	**Mar 03**	**Sep 03**	**Mar 03**
	$m	**$m**	**$m**	**%**	**%**
Net interest income	**1,799**	1,809	1,710	(0.6)	5.2
Other operating income	**989**	1,000	950	(1.1)	4.1
Total income	**2,788**	2,809	2,660	(0.7)	4.8
Pension fund expense	**(29)**	(42)	(40)	31.0	27.5
Other operating expenses	**(1,225)**	(1,246)	(1,174)	1.7	(4.3)
Underlying profit	**1,534**	1,521	1,446	0.9	6.1
Charge to provide for doubtful debts	**(105)**	(142)	(156)	26.1	32.7
Cash earnings before tax	**1,429**	1,379	1,290	3.6	10.8
Income tax expense	**(430)**	(412)	(386)	(4.4)	(11.4)
Cash earnings before significant items (1)	**999**	967	904	3.3	10.5

(4) Refer to Note 1 for a reconciliation of Financial Services Australia s result to Group net profit.

Key Performance Measures

Performance & profitability					
Return on average assets (annualised)	**1.33%**	1.39%	1.39%		
Cost to income ratio	**45.0%**	45.8%	45.6%		
Cash earnings per average FTE (annualised) ($ 000)	**115**	108	100		
Net interest income					
Net interest margin	**2.91%**	3.11%	3.18%		
Net interest spread	**2.39%**	2.64%	2.73%		
Average balance sheet ($bn)					
Gross loans and acceptances	**145.0**	137.1	127.7	5.8%	13.5%
Interest-earning assets	**122.5**	115.3	107.1	6.2%	14.4%
Retail deposits	**65.4**	61.5	59.7	6.3%	9.5%

	As at		
	Mar 04	**Sep 03**	**Mar 03**
Asset quality			
Gross non-accrual loans ($m)	**429**	494	685
Gross loans and acceptances ($bn)	**148.8**	140.5	131.3
Gross non-accrual loans to gross loans and acceptances	**0.29%**	0.35%	0.52%
Specific provision to gross impaired assets	**34.0%**	27.6%	31.3%
Full-time equivalent employees (FTE)	**17,663**	17,233	18,149

Financial performance

Cash earnings increased 10.5% over the prior corresponding period and 3.3% on the September 2003 half, reflecting a lower charge to provide for doubtful debts (primarily due to a single large exposure in the prior periods) and strong growth in housing lending.

Underlying profit increased 6.1% compared with the March 2003 half and is in line with the September 2003 half. The cost to income ratio improved on the two previous half years and for the March 2004 half year was 45.0%.

Net interest income grew 5.2%, reflecting strong growth in housing lending and deposit volumes, as well as the impact of a reduction in the net interest margin. Housing lending grew 17.1% from March 2003, (18.0% including investment housing). The net interest margin has reduced 27 bps, largely due to continued stronger growth in housing lending, coupled with a higher proportion of growth in fixed rate lending.

Net interest income fell 0.6% when compared to the September 2003 half, largely due to a less favourable interest rate environment arising from market anticipation of a cash rate rise.

Retail deposits grew 9.7% from March 2003, reflecting a strong sales and pricing focus. A large proportion of the growth was in term deposit and demand deposit accounts, which attract lower margins.

Other operating income increased 4.1% as a result of business transaction and fee repricing in May 2003, growth in bill acceptances (up 9.4% since March 2003), and recovery of occupancy costs through internal income from Wealth Management of $17 million. The implementation of RBA designated credit card interchange margins from 31 October 2003 unfavourably impacted income by $20 million.

The flat result compared to September 2003, is primarily due to the impact of profit on sale of property recorded in the prior half year and the RBA interchange impact.

Total operating expenses have grown by 3.3% over the prior corresponding period.

Personnel expenses were 3.1% lower including the impact of a superannuation contribution holiday of $14 million and an FBT overprovision writeback of $7 million. Implementation of productivity initiatives during 2003 has enabled salary increases from the Enterprise Bargaining Agreement of 4.5% from 1 January 2004 to be absorbed.

Occupancy expenses have increased 18%. This increase includes the consolidation of all Australian-based property costs to Financial Services Australia (offset in internal income) and the impact of annual rent reviews.

Technology costs have increased 12%, including higher software amortisation on the completion of projects and the sale and leaseback of voice and data equipment (moving from a 10 year depreciation cycle to a 3 year lease).

Fleet maintenance costs increased $7 million, reflecting growth in the business.

Total expenses reduced 2.6% compared with the September 2003 half mostly due to lower personnel costs. Staff numbers have increased by 430 since 30 September 2003 including a graduate intake, temporary staff to support the transition to automated business lending processes and additional frontline and support staff in Business Financial Services.

Asset quality has further improved this half. The result for the prior two halves was impacted by one large account with a provision of $46 million in March 2003 and $58 million in September 2003. The continued program to improve credit quality and capital efficiency has resulted in a 23 basis point reduction in gross non-accrual loans as a percentage of gross loans and acceptances to 0.29%.

Key developments

Market share in Agribusiness lending increased strongly in the 12 months to February 2004, up from 21.7% to 28.9%. Business lending leading market share has reduced from 26.5% to 26.0% for the same period (source: Taylor Nelson Sofrais).

Deployment of new integrated financial services centres (IFSC s) continues, with 11 launched this half year and on target to achieve the planned rollout of 42 IFSCs by the end of the financial year. At IFSCs customers have access to a broad range of National financial services specialists, enabling the National to provide a one-stop-shop for customers financial advice needs.

In December 2003 the National was announced as the gold winner of the National Centre for Database Marketing (NCDM) Database Excellence Awards. Winning this award demonstrates the commitment to developing processes that support the customer relationship management strategy for the organisation. In the last financial year over 1 million targeted customer contacts were generated through National Leads.

Roll-out of National Leads to all Agribusiness and National Financial Planners is complete. National Leads is an automated program that facilitates identification and fulfilment of customer sales opportunities within the existing customer base. All Relationship Managers and National Financial Planners are provided with a small number of highly targeted leads each week enabling them to make proactive contact with customers, thereby increasing share of wallet and customer loyalty.

Rollout of eBL (electronic Business Lending) within Business and Agribusiness segment is underway and will be complete by September 2004. This automated lending process reduces turnaround times for Business and Agribusiness customer lending and delivers processing efficiencies.

Management Discussion & Analysis Financial Services Europe

FINANCIAL SERVICES EUROPE

Performance Summary

Australian dollars	Mar 04	Half Year to Sep 03	Mar 03	Fav/(Unfav) change on Sep 03	Mar 03
	$m	$m	$m	%	%
Net interest income	**1,043**	1,110	1,217	(6.0)	(14.3)
Other operating income	**410**	442	496	(7.2)	(17.3)
Total income	**1,453**	1,552	1,713	(6.4)	(15.2)
Pension fund expense	**(92)**	(53)	(40)	(73.6)	large
Other operating expenses	**(803)**	(794)	(832)	(1.1)	3.5
Underlying profit	**558**	705	841	(20.9)	(33.7)
Charge to provide for doubtful debts	**(100)**	(115)	(132)	13.0	24.2
Cash earnings before tax	**458**	590	709	(22.4)	(35.4)
Income tax expense	**(150)**	(183)	(219)	18.0	31.5
Cash earnings before significant items (1)	**308**	407	490	(24.3)	(37.1)
Add: Pension fund expense (after tax)	**64**	37	28	73.6	large
Cash earnings before pension fund expense & significant items	**372**	444	518	(16.2)	(28.2)

(1) Refer to Note 1 for a reconciliation of Financial Services Europe s result to Group net profit.

Pounds sterling	£m	£m	£m	%	%
Net interest income	**436**	446	441	(2.2)	(1.1)
Other operating income	**172**	177	180	(2.8)	(4.4)
Total income	**608**	623	621	(2.4)	(2.1)
Pension fund expense	**(39)**	(21)	(15)	(85.7)	large
Other operating expenses	**(335)**	(320)	(301)	(4.7)	(11.3)
Underlying profit	**234**	282	305	(17.0)	(23.3)
Charge to provide for doubtful debts	**(42)**	(46)	(48)	8.7	12.5
Cash earnings before tax	**192**	236	257	(18.6)	(25.3)
Income tax expense	**(63)**	(74)	(79)	14.9	20.3
Cash earnings before significant items	**129**	162	178	(20.4)	(27.5)
Add: Pension fund expense (after tax)	**27**	15	11	85.7	large

Cash earnings before pension fund expense & significant items	**156**	177	189	(11.9)	(17.5)

Key Performance Measures

	Half year to			Fav/(unfav) change on	
	Mar 04	**Sep 03**	**Mar 03**	**Sep 03**	**Mar 03**
	$m	**$m**	**$m**	**%**	**%**
Performance & profitability					
Return on average assets (annualised)	**0.97%**	1.28%	1.43%		
Cost to income ratio	**61.5%**	54.7%	50.9%		
Cost to income ratio (excl. pension fund expense)	**55.1%**	51.4%	48.5%		
Cash earnings per average FTE (annualised) (£ 000)	**22**	28	31		
Net interest income					
Net interest margin	**4.16%**	4.29%	4.31%		
Net interest spread	**3.69%**	3.83%	3.82%		
Average balance sheet (£bn)					
Gross loans and acceptances	**19.1**	18.6	18.1	2.7%	5.5%
Interest-earning assets	**20.6**	20.5	20.2	0.5%	2.0%
Retail deposits	**14.9**	14.8	14.4	0.7%	3.5%

	As at		
	Mar 04	**Sep 03**	**Mar 03**
Asset quality			
Gross non-accrual loans (£m)	**101**	122	162
Gross loans and acceptances (£bn)	**19.2**	18.7	18.3
Gross non-accrual loans to gross loans and acceptances	**0.53%**	0.65%	0.89%
Specific provision to gross impaired assets	**43.7%**	39.9%	35.7%
Full-time equivalent employees (FTE)	**11,661**	11,411	11,551

Financial performance (in local currency)

Cash earnings decreased 27.5% on the prior corresponding period and 20.4% on the September 2003 half. Higher pension fund expenses have negatively impacted this result. If this impact is excluded, cash earnings decreased 17.5% on the March 2003 half and 11.9% on September 2003 half.

Including pension fund expenses, underlying profit is down 23.3% on the March 2003 half.

FSE lending has increased 4.9% over the last 12 months and 2.7% on September 2003:

An increased focus on mortgage lending has resulted in growth of mortgage volumes of 11.9% over the last 12 months;

Business lending has increased by 7.1% over the last 12 months.

Retail deposits have grown 1.8%, with non-interest bearing deposits growing by 7.9%.

Net interest margin has decreased from 4.31% in the March 2003 half to 4.16%. This contraction has offset volume growth, reflecting the shift in product mix towards lower margin lending products.

Other operating income has decreased 4.4% compared to the prior corresponding period, resulting from reduced transaction fees with lower levels of activity, and lower lending fee income from lower volumes of business commitment fees.

Operating expenses, excluding pension expenses, increased 11.3% driven by:

additional provisions for retiree medical expenses, endowment mis-selling and regulatory costs of £14 million;

£4 million of spend in relation to Integrated Financial Solutions centres, including personnel costs from the uplift in the number of customer-facing staff to support the growth strategy in the South of England;

£4.5 million of increased investment expenditure including investments in the Customer Connect System, involving replacement of the front-end systems and expenditure on integration;

on-going expenditure on regulatory projects, such as compliance costs for Chip & Pin technology (mandatory European project to reduce card fraud), Basel II, IFRS and the Financial Services Authority mortgage regulation program;

growth in advertising costs in relation to branding and communication-related expenses; and

growth in insurance costs.

The charge to provide for doubtful debts decreased 12.5% on the prior corresponding period and 8.7% on the September 2003 half. During the year, asset quality within the lending book has continued to improve with higher recovery rates and lower gross write-offs. The changing portfolio mix towards lower risk products has contributed towards this favourable outcome.

Key developments

The launch of a brand awareness program highlighting the Group s growing investment in its UK and Irish franchises. Early indicators of success include an improvement in Clydesdale Bank Business segment market share indicating that improvements in customer loyalty and satisfaction scores have begun to feed through to sales.

A major program aimed at delivering improved financial products and services to all customers. Program deliverables to date include:

The launch of Integrated Financial Solutions centres. This commenced with the first four centres opening in Liverpool, Bristol, Reading & Southampton generating £1.2 million in revenue. The next phase will see four further centres in Oxford, Milton Keynes (opening May), Maidstone and Guildford (opening June/July) with further centres planned by September;

The first phase of Customer Connect System was successfully implemented to more than 30 Yorkshire Bank outlets. System enhancements that enable improved customer service and sales opportunities will be introduced in the last quarter of 2004; and

The launch of new product packages which offer offset mortgages, the current account plus and new Business and Farm investment loans. These packages are more competitive and provide customers with more features. The initial response to these new offers has been positive.

Management Discussion & Analysis Financial Services New Zealand

FINANCIAL SERVICES NEW ZEALAND

Performance Summary

Australian dollars	Mar 04	Half year to Sep 03	Mar 03	Fav/(unfav) change on Sep 03	Fav/(unfav) change on Mar 03
	$m	$m	$m	%	%
Net interest income	**335**	323	328	3.7	2.1
Other operating income	**160**	162	167	(1.2)	(4.2)
Total income	**495**	485	495	2.1	
Other operating expenses	**(246)**	(241)	(252)	(2.1)	2.4
Underlying profit	**249**	244	243	2.0	2.5
Charge to provide for doubtful debts	**(12)**	(14)	(7)	14.3	(71.4)
Cash earnings before tax	**237**	230	236	3.0	0.4
Income tax expense	**(79)**	(78)	(77)	(1.3)	(2.6)
Cash earnings before significant items (1)	**158**	152	159	3.9	(0.6)

(1) Refer to Note 1 for a reconciliation of Financial Services New Zealand s result to Group net profit.

New Zealand dollars	NZ$m	NZ$m	NZ$m	%	%
Net interest income	**382**	364	361	4.9	5.8
Other operating income	**182**	183	184	(0.5)	(1.1)
Total income	**564**	547	545	3.1	3.5
Other operating expenses	**(280)**	(272)	(277)	(2.9)	(1.1)
Underlying profit	**284**	275	268	3.3	6.0
Charge to provide for doubtful debts	**(14)**	(15)	(8)	6.7	(75.0)
Cash earnings before tax	**270**	260	260	3.8	3.8
Income tax expense	**(90)**	(88)	(85)	(2.3)	(5.9)
Cash earnings before significant items	**180**	172	175	4.7	2.9

Key Performance Measures

Performance & profitability			
Return on average assets (annualised)	**1.17%**	1.21%	1.29%

Cost to income ratio	**49.6%**	49.7%	50.8%		
Cash earnings per average FTE (annualised) (NZ$ 000)	**85**	80	83		
Net interest income					
Net interest margin	**2.56%**	2.65%	2.78%		
Net interest spread	**2.78%**	2.89%	3.09%		
Average balance sheet (NZ$bn)					
Gross loans and acceptances	**25.6**	24.5	22.5	4.5%	13.8%
Interest-earning assets	**29.6**	27.3	25.9	8.4%	14.3%
Retail deposits	**16.6**	16.1	15.6	3.1%	6.4%

	As at		
	Mar 04	**Sep 03**	**Mar 03**
Asset quality			
Gross non-accrual loans (NZ$m)	**39**	30	38
Gross loans and acceptances (NZ$bn)	**26.2**	24.6	22.9
Gross non-accrual loans to gross loans and acceptances	**0.15%**	0.12%	0.17%
Specific provision to gross impaired assets	**59.5%**	34.5%	28.8%
Full-time equivalent employees (FTE)	**4,238**	4,257	4,221

Financial performance (in local currency)

Cash earnings increased 2.9% over the prior corresponding period (4.7% over the September half). Strong growth in lending and retail deposits, productivity improvements and sound asset quality were features of the result.

Underlying profit grew 6.0% on the March 2003 half.

Net interest income grew by 5.8% over the March 2003 half (4.9% over the September half) reflecting strong volume growth in business and personal lending and retail deposits.

In 2003, BNZ ceased selling mortgages via the mortgage broker channel in New Zealand and over that period it has increased market share in that segment (*source: RBNZ).* Also BNZ was the only bank to increase customer satisfaction from 57% to 71% according to Auckland University s customer survey (2003) which underlines the success of the strategy.

Housing volumes grew 18.7% (compared to systems growth of 16.0%), reflecting the continued popularity of BNZ products. BNZ has a number of unique products in the market which are proving to be very popular such as FlyBuys which offer loyalty points on home loans.

Cash rates in New Zealand fell 50bps from the corresponding March half and with interest rates at historical lows, product mix has changed as customers move to fixed rate products in order to lock-in lower rates. This has put further pressure on the net interest margin. The decline in cash rates has also put downward pressure on retail deposits margins.

Other operating income is flat on the prior periods. Growth as a result of higher volumes and transaction levels has been offset by a trend for customers to modify their activity to minimise fees.

Other operating expenses have increased by 1.1% over the prior corresponding period. Continued efficiency gains have however resulted in the cost to income ratio improving from 50.8% to 49.6%.

Underlying increase in personnel expenses has been due to renegotiated standard terms of employment. Non-personnel expenses growth has remained relatively flat. Increases in occupancy costs have been offset by productivity improvements.

The increase in expenses from the September half is due to timing of advertising initiatives and personnel costs.

Gross non-accrual loans to gross loans and acceptances remains low at 0.15% which reflects the continued focus on maintaining credit quality. Total specific provisions to gross impaired assets have increased to 59.5% in the March 2004 half reflecting a higher level of specific provisioning coverage in Business. Gross impaired assets have increased slightly to $39 million.

Key developments

Customer registrations for Internet Banking are at 175,000 at the end of February 2004, which represents an increase of 51,000 (41%) over the same time last year.

Work is continuing on initiatives to improve customer service with a pilot underway for a new tellers customer service platform, which will allow faster and more extensive service for customers in branches. BNZ are also making branch manager appointments to our network, reintroducing a role that has not existed for several years. Under the appointments, branch managers will be responsible for all aspects of service and sales delivery in branches. The public response to this initiative has been overwhelmingly positive.

Tertiary students have been targeted with a new package called Campus pack . Historically BNZ has been underweight in its natural share in the youth market. Response from students has been strong with the number of tertiary students banking increasing by 60%.

Management Discussion & Analysis   Corporate & Institutional Banking

CORPORATE & INSTITUTIONAL BANKING

Corporate & Institutional Banking (CIB) is responsible for managing the Group s relationships with large corporate clients and financial institutions worldwide. CIB operates through an international network of offices in Australia, Europe, New Zealand, North America and Asia.

CIB comprises Corporate Banking, Markets, Specialised Finance, Financial Institutions Group, Transactional Solutions and a Support Services unit. The business also incorporates Custodian Services, which provides custody and related services to institutions within the Australian, NZ and UK markets.

Performance Summary

	Half year to			Fav/(unfav) change on		
	Mar 04	**Sep 03**	**Mar 03**	**Sep 03**	**Mar 03**	**Mar 03 Ex FX(1)**
	$m	**$m**	**$m**	**%**	**%**	**%**
Net interest income	**371**	392	456	(5.4)	(18.6)	(11.4)
Other operating income	**596**	590	512	1.0	16.4	24.4
Total income	**967**	982	968	(1.5)	(0.1)	7.5
Other operating expenses	**(400)**	(380)	(375)	(5.3)	(6.7)	(16.3)
Underlying profit	**567**	602	593	(5.8)	(4.4)	2.0
Charge to provide for doubtful debts	**(88)**	(44)	(26)	large	large	large
Cash earnings before tax	**479**	558	567	(14.2)	(15.5)	(9.5)
Income tax expense	**(99)**	(106)	(133)	6.6	25.6	21.1
Cash earnings before significant items (2)	**380**	452	434	(15.9)	(12.4)	(6.0)
Net profit attributable to outside equity Interest	**(5)**	(5)	(4)		(25.0)	50.0
Cash earnings before significant items and after outside equity interest	**375**	447	430	(16.1)	(12.8)	(6.5)

(1) Change expressed at constant foreign exchange rates.

(2) Refer to note 1 for a reconciliation of Corporate & Institutional Banking s result to Group net profit.

Key Performance Measures

Performance & profitability			
Cost to income ratio	**41.4%**	38.7%	38.7%