

RESULTS FOR THE QUARTER ENDED JUNE 2000

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National profit up 18.9 per cent

The National Australia Bank today reported a June 2000 quarter profit after tax of \$829 million, an increase of 18.9 per cent on the \$697 million earned in the June 1999 quarter and a record quarterly result.

Group operating profit after tax for the nine months to 30 June 2000 was \$2,402 million. This was 15.1 per cent higher than the \$2,086 million earned in the nine months to June 1999.

For the latest quarter, underlying profit (before tax, and charge for doubtful debts) was \$1,422 million – 17.8 per cent higher than the \$1,207 million earned in the June 1999 quarter, and a 6.5 per cent increase on the \$1,335 million earned in the March quarter. Underlying profit for the nine months to 30 June 2000 was up 12.7 per cent to \$4,080 million compared with \$3,619 million in 1999.

The return on average ordinary shareholders' funds increased from 17.03 per cent for the March 2000 quarter to 17.45 per cent for the June 2000 quarter. On a cash earnings basis (earnings before goodwill) the return on average tangible ordinary shareholders' funds increased from 21.53 per cent for the March 2000 quarter to 21.90 per cent for the June 2000 quarter.

The National's Managing Director, Frank Cicutto said that the result was a solid performance particularly given it was achieved against a backdrop of difficult trading conditions for HomeSide in the United States.

“The Group has once again demonstrated its fundamental strength and its capacity to generate sound performance, whilst moving forward on several strategic fronts.

“Our purchase of MLC was completed as expected on 30 June and HomeSide has announced a strategic alliance with Fannie Mae that will reshape the market for on-line mortgage origination in the United States. We have also launched O2-e, a wholly owned subsidiary, established to participate in the Internet driven revolution, and to develop a core portfolio of rapid growth businesses capable of delivering core earnings growth in the future.

“We continued to gain benefits from our geographic diversity and our growing involvement in wealth management businesses,” he said.

Both net interest income and other operating income grew during the latest quarter. This produced total operating income 12.8 per cent higher than the quarter to June 1999, and 8.1 per cent higher on a year to date basis.

The Group margin for the nine months to June 2000 was 2.94 per cent compared with 3.02 per cent for the previous corresponding period. Importantly, the recovery in margin evident in the March quarter (2.95 per cent) from the December low of 2.92 per cent has been maintained in the current quarter.

Other operating income for the nine months to June 2000 of \$1,319 million was 14.2 per cent higher than in June 1999. The growth mostly came from wealth management, credit card and wholesale activities. Year to date other operating income was up 11.3 per cent.

The share of other operating income to total income increased from 43.7 per cent in the June 1999 quarter to 44.2 per cent in the latest period. With the acquisition of MLC, this share will increase as the National continues to diversify its income streams.

The Group's commitment to maintaining tight control over costs was demonstrated with a cost to income ratio of 50.7 per cent for the latest quarter. This compares with 52.4 per cent in June 1999.

AUSTRALIA

Australia continued its recent strong performance with an 18.2 per cent increase in profit for the June 2000 quarter to \$409 million, compared with \$346 million for June 1999. Profit for the quarter was only slightly up on the previous quarter due largely to abnormally low provisioning in the March 2000 quarter. The year to date profit for the Australian Group rose 12.6 per cent from \$1,064 million to \$1,198 million.

Underlying profit for the nine months to June 2000 was \$2,085 million – up 17.0 per cent on the previous corresponding period.

Net interest income for the June 2000 quarter was up 6.9 per cent and reflected a 6.3 per cent increase in interest earning assets on a slightly improved interest margin, which increased from 3.07 per cent to 3.08 per cent. Other operating income was up 8.7 per cent due to a number of factors including higher loan fees and increased contributions from wholesale operations.

INTERNATIONAL

In the June 2000 quarter, the Group earned \$420 million – or 50.7 per cent of its after tax operating profit from its international operations.

Profit for Europe for the latest quarter was \$225 million compared with \$174 million in June 1999.

European profit for the nine months to June 2000 was up 7.7 per cent to \$627 million. Excluding the impact of exchange rate movements profit was 8.4 per cent higher than in 1999.

The increase in profit reflects higher net interest income from significant growth in volumes and an increase in other operating income primarily from loan fees and commissions.

Clydesdale, Northern and Yorkshire all had solid rises in profit in the nine months. National Irish Bank profitability was down due to reductions in both net interest and other operating income, as well as an increase in the charge for doubtful debts.

In the United States, Michigan National's performance was flat for the quarter, but was up 11.4% for the nine months to 30 June 2000. HomeSide continues to encounter difficult trading conditions in the United States and has recently announced a number of major initiatives, which are expected to result in a return to growth.

The New Zealand Group's profit for the nine months to June 2000 was \$176 million – 4.8 per cent higher than the previous corresponding period. Excluding the impact of exchange rate movements, the latest nine months result was 10.8 per cent higher.

Bank of New Zealand's profit for the nine months was up 4.7 per cent to \$225 million. In local currency terms, the profit was up 10.5 per cent. For the June 2000 quarter profit was up 32.4 per cent to \$90 million compared with \$68 million in March 2000. Both net interest and other operating income rose, while the doubtful debts charge fell due to improved asset quality.

Asia continued to improve with an operating profit for the nine months to June 2000 of \$36 million compared with \$27 million in the previous corresponding period. This improvement continued into the latest quarter with profit of \$20 million compared with \$16 million in the March quarter.

GENERAL

The charge for doubtful debts for the nine months to June 2000 was \$415 million. This was \$50 million lower than the previous corresponding period, reflecting lower provisioning charges in the United States and Asia, partly offset by volume related increases in Europe.

Gross non-accrual loans to gross loans and acceptances fell from 0.78 per cent in June 1999 to 0.73 per cent in the latest quarter.

Looking ahead, Mr Cicutto said:

“The economic environment in our key market areas is favourable with moderate to high GDP growth expected.

“Credit growth is also expected to be strong in Australia, New Zealand and in Europe. In the United States growth is moderating, although it will still remain at a healthy level.

“We will gain the benefits of the integration of MLC, as well as the general improvements we have made to our operations across the Group.

“In summary, we are confident about our ability to meet performance targets for the full year, whilst continuing to lay the foundation for further growth in the coming years,” Mr Cicutto said.

Melbourne 27 July 2000

For further information contact: Brandon Phillips
Group Manager Media Relations
Tel: (03) 8641 3857
Mobile: 0419 369 058

RESULTS FOR THE QUARTER ENDED JUNE 2000

Summary of Financial Performance

FINANCIAL HIGHLIGHTS

Profit & Loss	Quarter to			Nine months to		YTD
	June	March	June	June	June	June 2000/ June 1999
	2000	2000	1999	2000	1999	June 1999 %
	\$M	\$M	\$M	\$M	\$M	
Net interest income	1,664	1,556	1,490	4,787	4,528	5.7
Other operating income	1,319	1,252	1,155	3,794	3,410	11.3
Total operating income	2,983	2,808	2,645	8,581	7,938	8.1
Other operating expenses	1,561	1,473	1,438	4,501	4,319	4.2
Underlying profit	1,422	1,335	1,207	4,080	3,619	12.7
Charge to provide for doubtful debts	155	142	156	415	465	(10.8)
Operating profit before tax	1,267	1,193	1,051	3,665	3,154	16.2
Income tax expense	438	391	354	1,263	1,068	18.3
Operating profit after income tax	829	802	697	2,402	2,086	15.1
Outside equity interests	-	-	-	-	(1)	large
Operating profit after tax attributable to members	829	802	697	2,402	2,087	15.1
Distributions to holders of National Income Securities and Trust Units ⁽¹⁾	51	48	15	144	44	large
Operating profit after tax attributable to ordinary shareholders	778	754	682	2,258	2,043	10.5
Balance Sheet	As at					
	June	March	September	June	% Change	% Change
	2000	2000	1999	1999	Sep 99	March 00
	\$M ⁽²⁾	\$M	\$M	\$M	to June 00	to June 00
Assets						
Due from other financial institutions	13,682	13,097	11,120	10,613	23.0	4.5
Due from customers on acceptances	23,947	22,926	22,851	22,670	4.8	4.5
Trading securities	16,723	13,998	12,853	12,433	30.1	19.5
Investment securities	8,779	9,724	8,951	10,212	(1.9)	(9.7)
Loans and advances (net)	183,713	180,646	165,620	162,242	10.9	1.7
Mortgage servicing rights	6,941	6,670	5,345	4,959	29.9	4.1
Other	68,696	38,932	27,341	27,501	large	76.5
Total assets	322,481	285,993	254,081	250,630	26.9	12.8
Liabilities						
Due to other financial institutions	28,873	23,560	16,203	17,844	78.2	22.6
Liability on acceptances	23,947	22,926	22,851	22,670	4.8	4.5
Deposits and other borrowings	175,993	175,688	162,468	157,938	8.3	0.2
Bonds, notes and subordinated debt	18,500	14,747	13,437	12,278	37.7	25.4
Other	54,569	29,153	20,602	21,717	large	87.2
Total Liabilities	301,882	266,074	235,561	232,447	28.2	13.5
Total Shareholders' Equity	20,599	19,919	18,520	18,183	11.2	3.4

⁽¹⁾ For further details in respect of the distributions to holders of National Income Securities and Trust Units refer page 39.

⁽²⁾ The June 2000 Balance Sheet includes the impact of MLC which was acquired on 30 June 2000. A reconciliation between this Balance Sheet and the Balance Sheet excluding MLC related balances is included under the heading "Impact of the MLC acquisition on the Group Balance Sheet" in Section 3 "Detailed Financial Statements" of this results announcement.

Results for the nine months ended 30 June 2000 are available on the Internet at: www.national.com.au

KEY PERFORMANCE MEASURES

All figures are in A\$ millions unless otherwise stated.	Quarter to			Nine Months to	
	June 2000	March 2000	June 1999	June 2000	June 1999
Earnings ⁽¹⁾					
Earnings attributable to ordinary shareholders	778	754	682	2,258	2,043
Basic earnings per ordinary share	51.8c	50.5c	46.3c	150.7c	139.2c
Diluted earnings per ordinary share	50.3c	49.0c	45.5c	145.6c	136.7c
Return on average assets ⁽²⁾	1.07%	1.09%	1.08%	1.07%	1.07%
Return on average shareholders' funds ⁽²⁾	17.45%	17.03%	17.60%	17.42%	17.30%
Cash Earnings ⁽³⁾					
Cash earnings	879	802	733	2,550	2,193
Basic cash earnings per ordinary share	55.2c	53.8c	49.7c	160.5c	149.5c
Return on average tangible assets ⁽²⁾	1.15%	1.17%	1.15%	1.16%	1.20%
Return on average tangible shareholders' funds ⁽²⁾	21.90%	21.53%	23.60%	22.16%	22.50%
Productivity Measures					
Underlying profit per full time equivalent employee (to nearest A\$) ^{(2),(4)}	\$126,597	\$119,199	\$106,283	\$121,077	\$106,224
Operating profit per full time equivalent employee (to nearest A\$) ^{(2),(4)}	\$73,804	\$71,609	\$61,375	\$71,281	\$61,257
Non interest income per full time equivalent employee (to nearest A\$) ⁽²⁾	\$117,427	\$111,788	\$101,704	\$112,590	\$100,090
Operating costs per full time equivalent employee (to nearest A\$) ^{(2),(4)}	\$134,520	\$127,235	\$122,133	\$129,179	\$122,338
Net Interest Income					
Group net interest spread	2.47%	2.39%	2.48%	2.43%	2.47%
Group net interest margin	2.95%	2.95%	2.97%	2.94%	3.02%
Non Interest Income					
Non interest income to total net income	44.2%	44.6%	43.7%	44.2%	43.0%
Non interest income to total net income (excluding impact of life insurance standard)	43.6%	44.0%	43.7%	43.5%	43.0%
Non Interest Expenses (excluding goodwill)					
Cost/income ratio ⁽⁴⁾	50.7%	50.7%	52.4%	50.7%	52.5%
Cost/income ratio (excluding impact of life insurance standard)	51.0%	51.0%	52.4%	51.1%	52.5%
Operating costs to total assets ⁽²⁾	2.03%	1.99%	2.21%	1.95%	2.22%
Operating costs to total assets (excluding life insurance business) ⁽²⁾	2.08%	2.03%	2.21%	1.99%	2.22%
Capital					
Tier 1 ratio	6.72%	7.72%	7.59%	6.72%	7.59%
Tier 2 ratio	4.03%	2.71%	2.95%	4.03%	2.95%
Deductions	(1.48%)	(0.45%)	(0.28%)	(1.48%)	(0.28%)
Total capital ratio	9.27%	9.98%	10.26%	9.27%	10.26%
Risk weighted assets	220,395	216,681	193,689	220,395	193,689
Asset Quality					
Total bad and doubtful debt provision charge to operating profit ⁽⁴⁾	18.7%	17.7%	22.4%	17.3%	22.3%
Specific bad and doubtful debt provision balance to risk weighted assets	0.2%	0.2%	0.2%	0.2%	0.2%
Total bad and doubtful debt provision to risk weighted assets	1.2%	1.2%	1.3%	1.2%	1.3%
Gross non-accrual loans to gross loans and acceptances	0.73%	0.77%	0.78%	0.73%	0.78%
Net non-accrual loans to risk weighted assets	0.49%	0.53%	0.54%	0.49%	0.54%
Shares					
Net tangible asset backing per ordinary share ⁽²⁾	\$9.92	\$9.52	\$8.49	\$9.92	\$8.49
Weighted average shares on issue ('000) - basic	1,502,019	1,494,189	1,473,095	1,499,112	1,467,881
Weighted average shares on issue ('000) - diluted	1,601,358	1,599,394	1,566,875	1,606,437	1,541,015

⁽¹⁾ Based on earnings attributable to ordinary shareholders

⁽²⁾ June 2000 key performance measures are based on data excluding MLC net assets, which were acquired on 30 June 2000 and therefore were not relevant to these performance measures in the current period. The balance sheet excluding MLC related balances is included under the heading "Impact of the MLC acquisition on the Group Balance Sheet" in Section 3 "Detailed Financial Statements" of this results announcement.

⁽³⁾ Cash basis calculations are based on earnings attributable to ordinary shareholders and exclude goodwill and related amortisation expense.

⁽⁴⁾ Credit expenses associated with HomeSide's loans sold to third parties are now classified as a charge for doubtful debts. Comparatives have been restated to classify credit expenses, previously reported in General Expenses - Other, on a consistent basis with the current classification.

Overview of Group Result

June 2000 quarter compared with March 2000 quarter

Operating profit after tax of \$829 million for the June 2000 quarter represents an increase of 3.4% on the March 2000 quarter (\$802 million). The latest quarter result is 18.9% higher than the June 1999 quarter of \$697 million.

Return on average ordinary shareholders' funds for the June 2000 quarter was 17.5% compared with the March 2000 quarter of 17.0%.

Underlying profit for the June 2000 quarter was 6.5% higher than the March 2000 quarter and 17.8% higher than the June 1999 quarter.

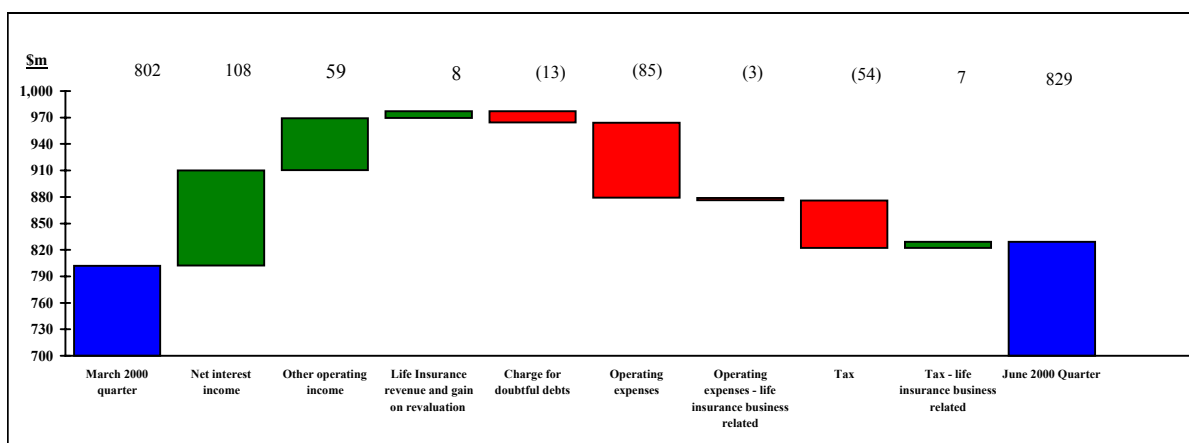
Net interest income increased during the quarter by 6.9%, primarily due to higher volumes and the impact of favourable exchange rate movements, partly offset by a change in product mix. Notwithstanding the negative impact of HomeSide, the Group's net interest margin was held steady for the quarter at 2.95%.

Other operating income rose by \$67 million to \$1,319 million, a 5.4% increase on the March 2000 quarter. Volume related growth in mortgage servicing fees and credit card fees, and increases in treasury related income and money transfer fees was partly offset by a volume related fall in mortgage origination income.

Operating expenses (excluding goodwill amortisation) increased by 6.0% compared with the March 2000 quarter. Excluding the impact of foreign exchange movements expenses rose by 4.4%, reflecting higher volume related expenses and higher personnel costs, following recent award related salary increases. Income increased by 6.2%, resulting in a steady cost to income ratio of 50.7%.

Tax expense for the June 2000 quarter was impacted by the revaluation of new future income tax benefits to reflect the lower Australian tax rates that will apply for future years.

The following chart shows the movement in the components of operating profit for the June 2000 quarter compared to the March 2000 quarter.



Overview of Group Result

June 2000 year to date compared with June 1999 year to date performance

A second consecutive record quarterly result of \$829 million lifted the Group's profit to \$2,402 million for the nine months to June 2000, 15.1% higher than the profit for the nine months to June 1999 (\$2,086 million). Operating profit attributable to ordinary shareholders rose by 10.5% to \$2,258 million from \$2,043 million for the nine months to June 1999.

The current nine months was impacted by:

- increased tax charges of \$54 million, including \$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 \$26 million charge being the impact of a lower effective tax rate on FITB movements during the nine months to June 2000;
- 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; and
- a \$17 million gain on revaluation of National Australia Financial Management Limited's investment in controlled entities, in accordance with the new Australian life insurance accounting standard.

Basic earnings per share of 150.7 cents for the nine months to June 2000 was 8.3% higher than for the nine months to June 1999 (139.2 cents). Cash earnings per share (attributable to ordinary shareholders) for the nine months to June 2000 were 160.5 cents, an increase of 7.4% on the nine months to June 1999 of 149.5 cents.

Return on average ordinary shareholders' funds for the nine months to June 2000 was 17.4% compared with the nine months to June 1999 of 17.3%. The return for the current nine months was achieved on an increase in average ordinary shareholders' funds of 10.2% from \$15.7 billion for June 1999 to \$17.3 billion.

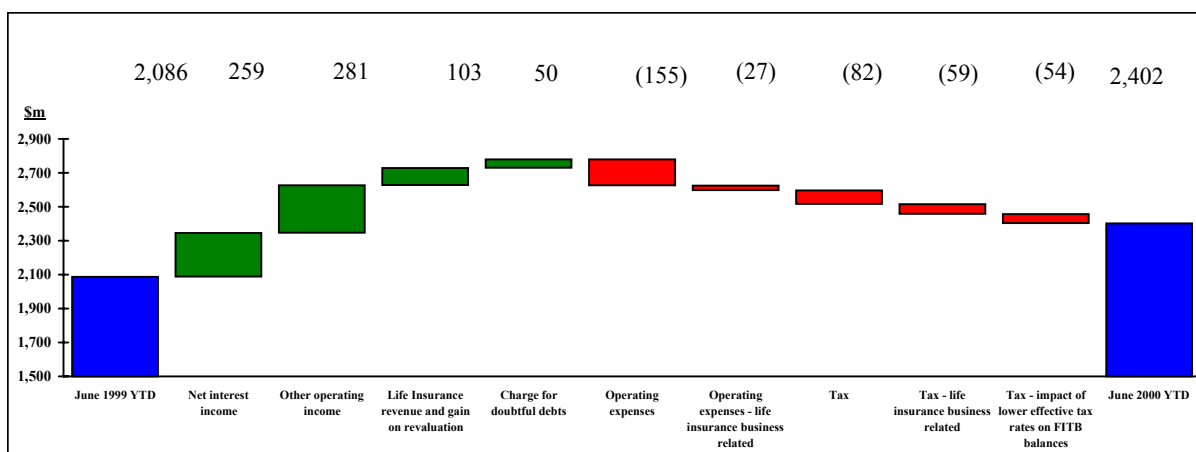
Underlying profit (before tax and charge for doubtful debts) for the nine months to June 2000 of \$4,080 million was 12.7% higher than the nine months to June 1999. Excluding the impact of the new life insurance disclosure requirements and the \$17 million gain on revaluation, underlying profit increased by 10.6%, reflecting higher other operating income partially offset by higher operating expenses.

Net interest income increased by 5.7% from \$4,528 million for the nine months to June 1999 to \$4,787 million, reflecting strong volume growth partially offset by slightly lower margins and the impact of exchange rate movements. Other operating income rose by 11.3% reflecting volume related growth in banking fees, increased fees and commissions from credit cards and funds under management, and higher mortgage servicing fees, partly offset by lower mortgage origination income.

Operating expenses for the nine months to June 2000 rose by \$182 million (\$155 million excluding gross-up for life insurance expenses) or 4.2% (3.6% excluding life insurance gross-up) compared with the nine months to June 1999. The increase is largely due to higher personnel, e-commerce and marketing expenses. The cost to income ratio improved from 52.5% for the nine months to June 1999 to 50.7%.

The charge for doubtful debts for the nine months to June 2000 was \$415 million, \$50 million lower than the nine months to June 1999 of \$465 million, reflecting a lower provisioning charge in the United States and the impact of lower provisions in Asia, partly offset by volume related increases in Europe.

The movement in the components of operating profit for the nine months to June 2000 of \$2,402 million compared with the nine months to June 1999 of \$2,086 million is as shown in the following chart.

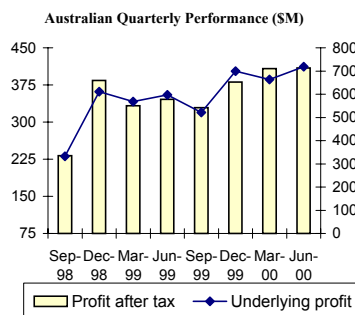


Regional Performance Summary

Australia

Underlying profit rose by 8.4% during the **June 2000 quarter**, however due to abnormally low provisioning in the March quarter, after tax profit was steady, rising \$1 million to \$409 million.

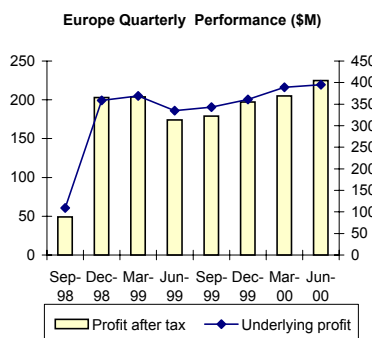
Operating profit after tax for the **nine months to June 2000** of \$1,198 million was 12.6% higher than the June 1999 year to date of \$1,064 million. Australia's contribution represents 49.9% of the Group's after tax profit for the period compared to 51.0% at June 1999.



Europe

For the **June 2000 quarter** the European Group's operating profit after tax of \$225 million was 9.8% higher than the March quarter profit of \$205 million. Growth in net interest income, and a lower doubtful debts charge, were offset by a decrease in other operating income and an increase in operating expenses. Lower specific provisioning was the main factor driving the decrease in doubtful debts.

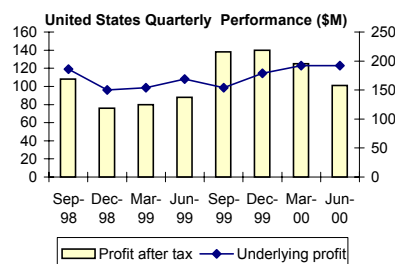
For the **nine months to June 2000**, underlying profit for the European Group increased by 7.7%. Operating profit after tax also increased by 7.7% to \$627 million during the current nine month period. Excluding the impact of exchange rate movements, the result was 8.6% higher than 1999. The increase in profit reflects higher net interest income from significant growth in volumes and an increase in other operating income, primarily attributable to increases in loan fees from banking, and brokerage and commissions.



United States

Underlying profit in the United States remained steady for the June and March quarters, however profit after tax decreased by 18.5% from \$124 million for the **March 2000 quarter** to \$101 million, mainly caused by a 34.9% decrease in the HomeSide contribution.

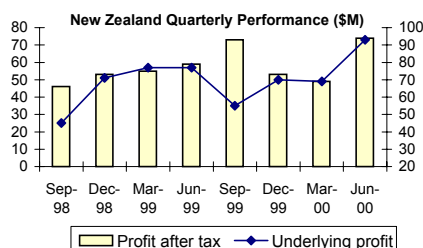
Profit after tax for the **nine months to June 2000** increased from \$245 million for the nine months to June 1999 to \$365 million. The nine months to June 2000 includes interest income attributable to the National Income Securities issued in June 1999, improved performance from Michigan National Corporation and steady profits in HomeSide.



New Zealand

Underlying profit for the New Zealand Group rose by 34.8% for the **June 2000 quarter** compared to the March quarter. Profit after tax for the three months to June 2000 was \$74 million, 51.0% higher than the prior comparable period.

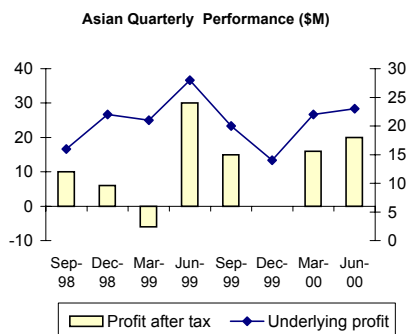
The New Zealand Group's profit after tax for the **nine months to June 2000** was \$176 million, 4.8% higher than the prior comparable period. Excluding the impact of exchange rate movements, the current nine months result is 10.8% higher than the result to June 1999.



Asia

The Asian region's underlying profit rose by 4.5% for the **June 2000 quarter** compared to the March quarter. Net profit after tax for the quarter was up from \$16 million in March to \$20 million.

The Asian region continues to experience a turnaround in confidence reflecting an improved economic outlook. Operating profit after tax for the **nine months to June 2000** was \$36 million compared with \$27 million for the prior comparable period. The June 2000 period reflects a lower charge for doubtful debts due to an improvement in asset quality.

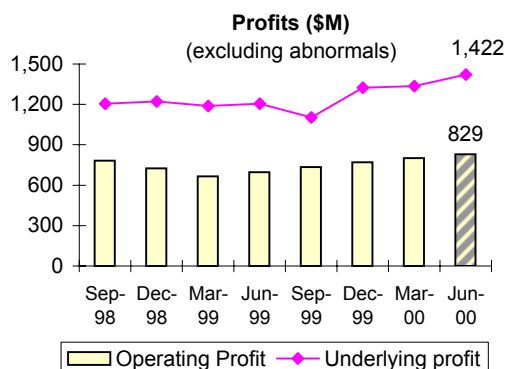


Trends in Key Performance Indicators

Operating Performance

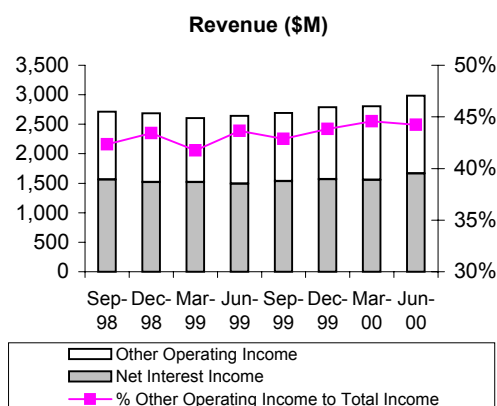
Profits

- Underlying profit increased 6.5% from the March 2000 quarter to \$1,422 million and was 17.8% higher than the June 1999 quarter.
- Operating profit after tax increased 3.4% from the March quarter of \$802 million to \$829 million and is 18.9% higher than the June 1999 quarter of \$697 million.
- Operating profit attributable to ordinary shareholders was up 3.2% from the March 2000 quarter to \$778 million and was 14.1% higher than the June 1999 quarter.
- International franchises contributed 50.7% of the Group's June 2000 quarter operating profit after tax.



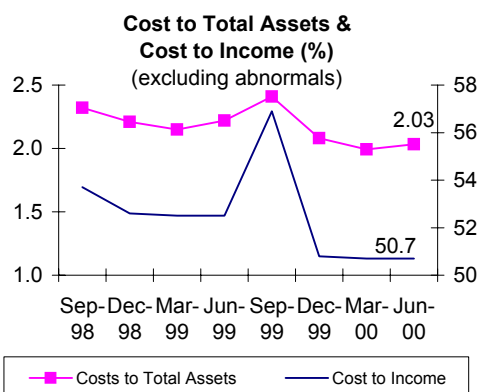
Revenue

- Total revenue increased 6.2% from the March 2000 quarter to \$2,983 million.
- Net interest income increased 6.9% to \$1,664 million. Higher interest earning asset volumes, up 4.6% in local currency terms, and the impact of exchange rate movements were partly offset by a change in product mix.
- Overall, margins were held steady for the quarter at 2.95% notwithstanding the impact of HomeSide. The group interest spread rose from 2.39% in the March 2000 quarter to 2.47% in the June 2000 quarter.
- Other operating income grew by 5.4% to \$1,319 million.
 - Other operating income represents 44.2% of total income slightly down from 44.6% for the previous quarter, due to the relatively strong net interest income growth.



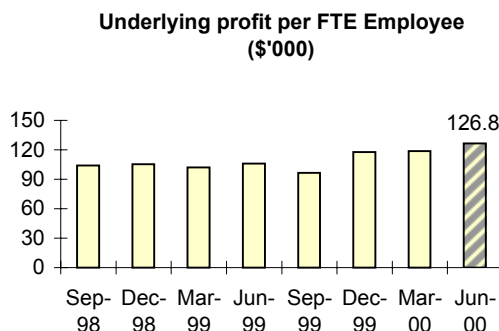
Costs

- Cost to income ratio for the June 2000 quarter was steady at 50.7%, and compares with 52.4% for the June 1999 quarter.
- Cost to total assets ratio increased from 1.99% for the March 2000 quarter to 2.03%, but is down from 2.21% in June 1999. The increase reflects the combined impact of a slowing in the rate of asset growth, award based salary increases, and higher general expenses.



Productivity

- Underlying profit per FTE employee for the June 2000 quarter was 6.2% higher than the March 2000 quarter and 19.1% higher than the June 1999 quarter.



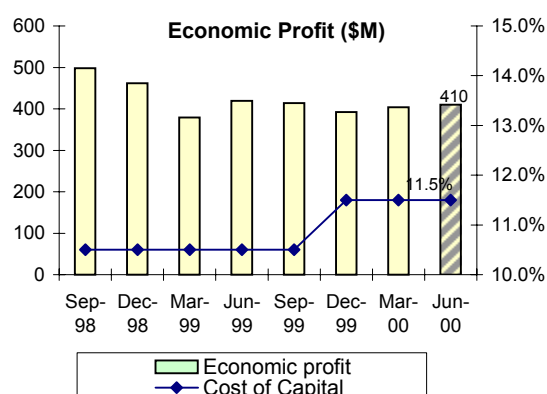
Trends in Key Performance Indicators

Shareholder Value

Economic Profit

Economic profit for the June 2000 quarter was \$410 million, 1.5% higher than the March 2000 quarter of \$404 million, based on the current cost of capital and franking imputation.

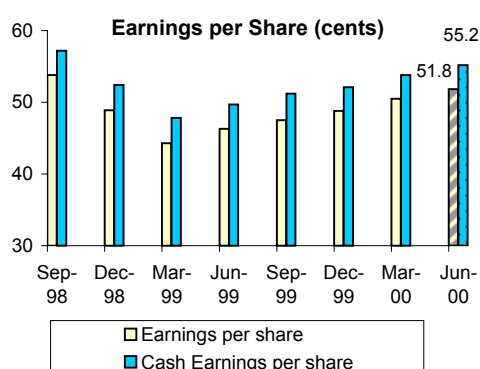
Economic profit represents the excess of cash earnings over the cost of capital employed in the business (11.5% for the current quarter) plus the value to shareholders of franking credits generated in the Australian operations (based on a tax rate of 34% in the current quarter).



Earnings per Share

Basic earnings per share (attributable to ordinary shareholders) were 51.8 cents, an increase of 11.9% on the June 1999 quarter and 2.6% on the March 2000 quarter. In the year to date, basic earnings per share have increased by 8.3% from 139.2 cents to 150.7 cents.

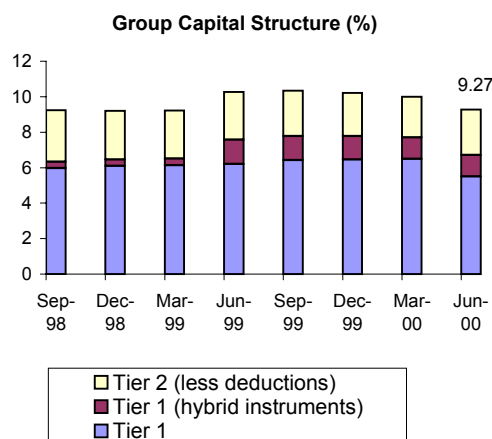
Cash earnings per share (earnings attributable to ordinary shareholders before goodwill amortisation) were 55.2 cents, an increase of 11.1% on the June 1999 quarter and 2.6% on the March 2000 quarter.



Capital Structure

The Tier 1 capital ratio was 6.72% compared to 7.72% at March 2000 and 7.59% at June 1999. Core Tier 1 (excluding the impact of preference shares and National Income Securities), and the total capital ratio experienced similar decreases to 5.50% and 9.27% respectively.

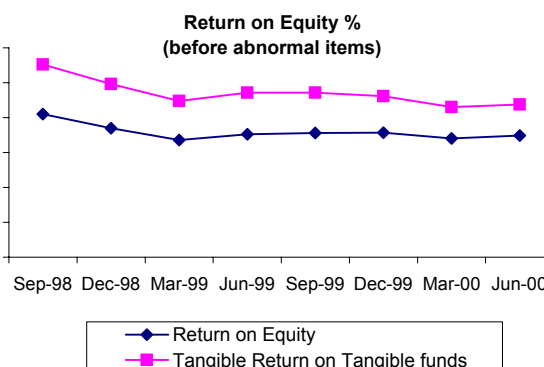
The decrease in capital ratios is attributable to the acquisition of MLC in June 2000. Under the regulations adopted by the Australian Prudential Regulation Authority, life insurance and funds management businesses are de-consolidated for the purposes of calculating capital adequacy. The portion of the investment relating to intangible assets (the difference between purchase price and the embedded value) is deducted from Tier 1, and the balance from total capital.



Return on Equity

The Group's return on average ordinary shareholders' funds for the June 2000 quarter was 17.45% compared with 17.03% in the March 2000 quarter.

The Group's tangible return on tangible funds for the June 2000 quarter was 21.90% compared with 21.53% in the March 2000 quarter.



RESULTS FOR THE QUARTER ENDED JUNE 2000

Detailed Financial Statements

National Australia Bank Limited
Unaudited Consolidated Group Results

Consolidated Profit and Loss Statement

	June 2000 \$M	Quarter to March 2000 \$M	June 1999 \$M	Nine Months to June 2000 \$M	June 1999 \$M	YTD June 2000/ June 1999 %
Operating revenue	5,949	5,378	4,741	16,507	14,709	12.2
Interest income ⁽¹⁾	4,630	4,126	3,586	12,713	11,299	12.5
Interest expense	2,966	2,570	2,096	7,926	6,771	17.1
Net interest income	1,664	1,556	1,490	4,787	4,528	5.7
Charge to provide for doubtful debts	155	142	156	415	465	(10.8)
Net interest income after provision for doubtful debts	1,509	1,414	1,334	4,372	4,063	7.6
Other operating income	1,319	1,252	1,155	3,794	3,410	11.3
Total operating income	2,828	2,666	2,489	8,166	7,473	9.3
Other operating expenses	1,561	1,473	1,438	4,501	4,319	4.2
Operating profit before tax	1,267	1,193	1,051	3,665	3,154	16.2
Income tax expense attributable to operating profit	438	391	354	1,263	1,068	18.3
Operating profit after income tax	829	802	697	2,402	2,086	15.1
Outside equity interests in operating profit after income tax	-	-	-	-	(1)	-
Operating profit after income tax attributable to members	829	802	697	2,402	2,087	15.1
Retained profits at the beginning of financial period	8,986	9,119	7,910	8,432	7,304	
Adjustment resulting from adoption of accounting standard AASB 1038: Life Insurance Business	-	-	-	89	-	
Dividend provisions not required	-	-	-	38	35	
Aggregate amounts transferred from reserves	-	-	3	-	36	
Total available for appropriation	9,815	9,921	8,610	10,961	9,462	
Dividends provided for or paid	-	882	-	882	794	
Distributions ⁽²⁾	51	48	15	144	44	
Aggregate of amounts transferred to reserves	-	5	34	171	63	
Retained profits at the end of the financial period	9,764	8,986	8,561	9,764	8,561	

Profit Restated to Exclude Amortisation of Goodwill⁽³⁾

	June 2000 \$M	Quarter to March 2000 \$M	June 1999 \$M	Nine Months to June 2000 \$M	June 1999 \$M	YTD June 2000/ June 1999 %
Operating profit after tax, before outside equity interests and amortisation of goodwill	879	850	748	2,550	2,237	14.0
Outside equity interests	-	-	-	-	(1)	large
Operating profit after tax and outside equity interests before amortisation of goodwill attributable to members	879	850	748	2,550	2,238	13.9

⁽¹⁾ Interest income for the nine months to 30 June 2000 includes accrued interest receivable amounting to \$1,510 million (1999: \$1,942 million). It also includes rental income of \$201 million (1999: \$269 million) and depreciation of \$142 million (1999: \$176 million) in relation to operating leases where the Group is the lessor.

⁽²⁾ Refer to "Equity Instruments at 30 June 2000" on page 39.

⁽³⁾ Refer to page 24 for details of goodwill amortisation.

National Australia Bank Limited
Unaudited Consolidated Group Results

Consolidated Balance Sheet

	As at				
	June 2000	March 2000	September 1999	June 1999	June 2000/ Sept. 1999 %
	\$M	\$M	\$M	\$M	
Assets					
Cash and short-term liquid assets	5,262	5,102	3,649	2,959	44.2
Due from other financial institutions	13,682	13,097	11,120	10,613	23.0
Due from customers on acceptances	23,947	22,926	22,851	22,670	4.8
Trading securities	16,723	13,998	12,853	12,433	30.1
Available for sale securities	2,523	2,491	1,399	1,043	80.3
Investment securities	8,779	9,724	8,951	10,212	(1.9)
Investments relating to life insurance business	31,395	5,804	-	-	-
Loans and advances	183,713	180,646	165,620	162,242	10.9
Mortgage loans held for sale	2,120	1,270	1,980	2,431	7.1
Mortgage servicing rights	6,941	6,670	5,345	4,959	29.9
Shares in entities and other securities	1,302	1,288	1,068	1,004	21.9
Regulatory deposits	117	192	153	1,254	(23.5)
Fixed assets	2,226	2,161	2,032	1,983	9.5
Goodwill	2,692	2,741	2,905	2,960	(7.3)
Other assets	21,059	17,883	14,155	13,867	48.8
Total Assets	322,481	285,993	254,081	250,630	26.9
Liabilities					
Due to other financial institutions	28,873	23,560	16,203	17,844	78.2
Liability on acceptances	23,947	22,926	22,851	22,670	4.8
Deposits and other borrowings	175,993	175,688	162,468	157,938	8.3
Life insurance policy liabilities	29,021	5,470	-	-	-
Unvested policy holder benefits	175	-	-	-	-
Income tax liability	2,370	2,292	1,979	2,146	19.8
Provisions	1,759	1,684	1,743	1,650	0.9
Bonds, notes and subordinated debt	18,500	14,747	13,437	12,278	37.7
Other debt issues	1,679	1,675	1,645	1,641	2.1
Other liabilities	19,565	18,032	15,235	16,280	28.4
Total Liabilities	301,882	266,074	235,561	232,447	28.2
Net Assets	20,599	19,919	18,520	18,183	11.2
Shareholders' Equity					
Issued and paid-up capital	9,585	9,476	9,286	9,059	3.2
Reserves	1,250	1,457	802	563	55.9
Retained profits	9,764	8,986	8,432	8,561	15.8
Total Shareholders' Equity	20,599	19,919	18,520	18,183	11.2

The Balance Sheets include the assets and liabilities of the Statutory Funds of the life insurance entities of the Group which are subject to restrictions under various local legislative requirements and restrictions under the Life Insurance Act 1995.

National Australia Bank Limited
Unaudited Consolidated Group Results

Consolidated Statement of Cash Flows

	Nine Months to	
	June 2000 \$M	June 1999 \$M
Cash inflows (outflows) from operating activities:		
Interest received	12,885	12,125
Dividends received	22	17
Fees and other income received	3,191	3,379
Interest paid	(8,181)	(8,091)
Investment revenues relating to life insurance business		
Interest	530	-
Other	2	-
Premiums received	1,516	-
Personnel costs paid	(2,459)	(2,362)
Occupancy costs paid	(319)	(336)
General expenses paid	(1,196)	(1,211)
Income taxes paid	(1,042)	(767)
Policy payments paid	(841)	-
Net movement in trading instruments	(3,877)	(1,159)
Net movement in mortgage loans held for sale	38	1,042
Net cash provided by operating activities	269	2,637
Cash inflows (outflows) from investing activities:		
Payment for entities	(4,609)	(8)
Investment securities - purchases	(169,683)	(4,518)
Investment securities - proceeds on maturity	170,070	1,754
Available for sale securities - purchases	(8,131)	(1,491)
Available for sale securities - proceeds from sale	5	4
Available for sale securities - proceeds on maturity	7,116	1,293
Investments relating to life insurance business		
Proceeds on sale	1,668	-
Purchases	(2,614)	-
Net movement in shares in entities and other securities	(219)	9
Net movement in loans and advances represented by:		
Banking activities	(16,266)	(14,579)
Non-banking activities - new loans and advances	(1,620)	(1,347)
Non-banking activities - repayments	434	2,086
Acquisition of mortgage servicing rights	(981)	(1,961)
Lodgement of regulatory deposits	41	(128)
Expenditure on fixed assets	(409)	(202)
Net proceeds from sale of fixed assets	41	90
Net movement in other assets	(50)	3,143
Net cash used in investing activities	(25,207)	(15,855)
Cash inflows (outflows) from financing activities:		
Net movement in bank deposits	11,309	9,725
Net movement in deposits and other borrowings represented by non-banking activities:		
New deposits and borrowings	67,368	18,614
Repayments	(66,837)	(18,306)
New share issues:		
Ordinary share capital	145	241
Proceeds from National Income Securities	-	2,000
Buyback of shares:		
Ordinary share capital	-	-
Premium on shares purchased	-	-
Net movement in bonds, notes and subordinated debt represented by:		
New long term debt issues	5,607	3,670
Repayments	(1,265)	(5,625)
Net movement in other liabilities	1,072	2,045
Payments from provisions	(142)	(172)
Dividends paid	(809)	(539)
Net cash provided by financing activities	16,448	11,653
Net inflow (outflow) in cash and cash equivalents	(8,490)	(1,565)
Cash and cash equivalents at beginning of period - attributable to Operating Business	(1,434)	(3,086)
Exchange rate movement on opening cash balance	(5)	379
Cash and cash equivalents at end of period - attributable to Operating Business	(9,929)	(4,272)

National Australia Bank Limited
Unaudited Consolidated Group Results

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	
	June 2000	June 1999
	\$M	\$M
Cash	2,465	940
Short-term liquid assets	2,797	2,019
Due from other financial institutions	13,682	10,613
Due to other financial institutions	(28,873)	(17,844)
Cash and cash equivalents at end of period	(9,929)	(4,272)

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 reflect 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 cashflow purposes. Cash flows arising from the acquisition and sale of trading securities are reflected as cashflows arising from operating activities.

Cash held by the Statutory Funds of the life insurance entities of the Group are subject to restrictions imposed under various local legislative requirements and other restriction which include solvency and capital adequacy requirements

Non-Cash Financing and Investing Activities

New Share Issues:		
Dividend reinvestment plan	151	194
Bonus share plan	42	37
Movement in assets under finance leases	2	(1)

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

Acquisition of MLC

On 30 June 2000, the National's life insurance subsidiary, National Australia Financial Management Limited (NAFM) acquired the financial services businesses of Lend Lease Corporation, known as the MLC group. ("MLC")

As NAFM is a life company, it accounts for its subsidiaries on a mark to market basis in accordance with Australian Accounting Standard AASB1038 - Life Insurance Business, and will do so in relation to the MLC entities. Movements in the market value of subsidiaries owned by NAFM (including MLC) will be reported in the consolidated profit and loss statement. Full independent appraisal valuations will be obtained each six months for the purpose of half year and full year accounts. Estimated revaluation movements will be reported in the other quarters.

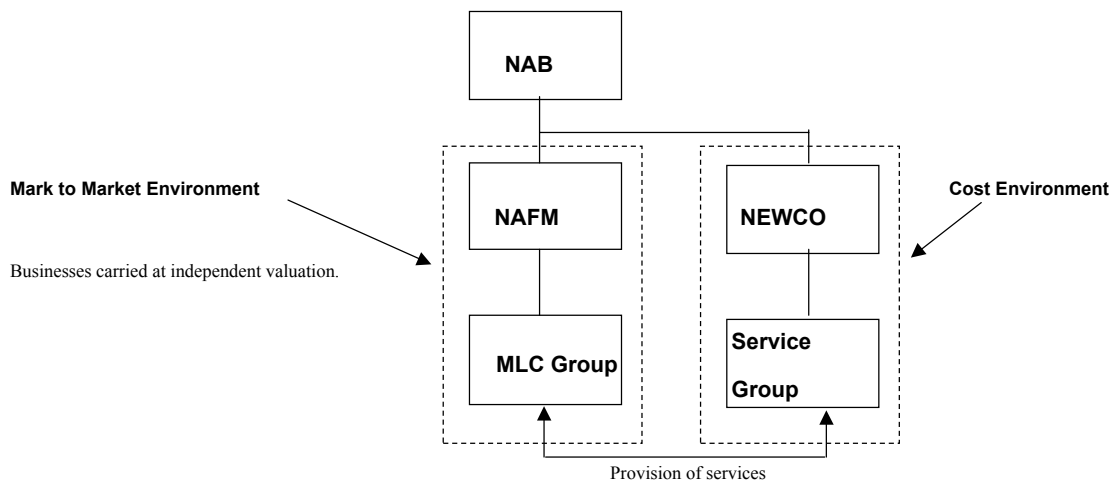
As the acquisition of MLC occurred on 30 June 2000, there is no net impact on the June 2000 quarter's profit and loss statement. Full actuarial valuations, as at 30 June 2000, are not yet available. Such valuations which will be required to finalise the acquisition balance sheets of MLC's businesses, under Australian Accounting Standards and US GAAP. These actuarial valuations will be completed in the September 2000 quarter and the full financial details of the acquisition will be set out in the year end financial report.

Reinsurance Transaction

After completion of the purchase, amendments were made to existing reinsurance agreements between two of MLC's wholly owned companies. These amendments had no net impact on the June quarter's profit and loss statement or balance sheet.

Further Restructuring

It is proposed that the National will establish a service infrastructure group, comprising entities currently owned by NAFM and MLC to be transferred under direct ownership by the bank. The service infrastructure group will provide employees, information technology and related services to the global wealth management operations. The benefit of the structure is the grouping of the National's major insurance and investment operations separately from its other financial services businesses. Goodwill will arise when these entities are transferred out of the mark to market environment. This goodwill will be amortised over an appropriate period not exceeding twenty years.

Simplified Proposed Structure

The value of the Companies under a mark to market environment plus those in the cost environment is expected to equal the purchase price.

Performance Issues

The acquisition of MLC will have the following impact on the Group's profit reporting:

- acquisition costs have been capitalised into the purchase price, but will be offset against the first year value increment;
- Margin on Services (MoS) profit will be included in annual profit;
- revaluation gain / loss will be included in annual profit;
- integration costs have been partially included in total acquisition value. The remainder will reduce annual pre tax profit over the next two years;
- synergy benefits will increase annual profit; and
- goodwill amortisation on the service companies will reduce annual profit.

Regulatory capital

The impact on the regulatory capital position at June 2000 is disclosed on page 41 under the capital adequacy note.

National Australia Bank Limited

Impact of the MLC acquisition on the Group Balance Sheet

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

As at June 30, 2000	National Balance Sheet ⁽¹⁾ \$M	MLC Businesses \$M	Group \$M
Assets			
Cash and short-term liquid assets	5,262	-	5,262
Due from other financial institutions	13,682	-	13,682
Due from customers on acceptances	23,947	-	23,947
Trading securities	16,723	-	16,723
Available for sale securities	2,523	-	2,523
Investment securities	8,779	-	8,779
Investments relating to life insurance business	6,010	25,385	31,395
Loans and advances	183,713	-	183,713
Mortgage loans held for sale	2,120	-	2,120
Mortgage servicing rights	6,941	-	6,941
Shares in entities and other securities	5,929	(4,627)	1,302
Regulatory deposits	117	-	117
Fixed assets	2,190	36	2,226
Goodwill	2,692	-	2,692
Other assets	16,545	4,514	21,059
Total Assets	297,173	25,308	322,481
Liabilities			
Due to other financial institutions	28,873	-	28,873
Liability on acceptances	23,947	-	23,947
Deposits and other borrowings	175,993	-	175,993
Life insurance policy liabilities	5,704	23,317	29,021
Unvested policy holder benefits	-	175	175
Income tax liability	2,274	96	2,370
Provisions	1,759	-	1,759
Bonds, notes and subordinated debt	18,336	164	18,500
Other debt issues	1,679	-	1,679
Other liabilities	18,009	1,556	19,565
Total Liabilities	276,574	25,308	301,882
Net Assets	20,599	-	20,599
Shareholders' Equity			
Issued and paid-up capital	9,585	-	9,585
Reserves	1,250	-	1,250
Retained profits	9,764	-	9,764
Total Shareholders' Equity	20,599	-	20,599

⁽¹⁾ The "Key Performance Measures" noted in this document on page 7 have been calculated based on the National Balance Sheet.

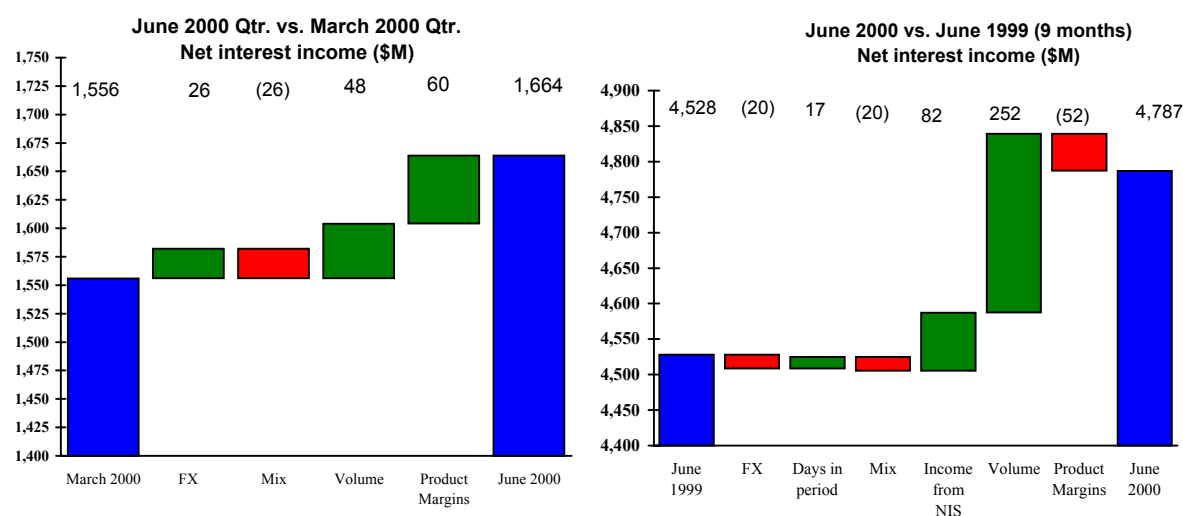
RESULTS FOR THE QUARTER ENDED JUNE 2000

Analysis of Financial Performance

National Australia Bank Limited
Unaudited Consolidated Group Results

Net Interest Income

	Quarter to			Nine Months to		YTD
	June	March	June	June	June	June 2000/ June 1999
	2000	2000	1999	2000	1999	%
	\$M	\$M	\$M	\$M	\$M	
Interest income						
Other financial institutions	197	152	115	496	353	40.5
Marketable debt securities	380	338	279	1,080	890	21.3
Loans to customers	3,627	3,292	2,920	10,053	9,197	9.3
Other interest (includes regulatory deposits)	426	344	272	1,084	859	26.2
Total Interest Income	4,630	4,126	3,586	12,713	11,299	12.5
Interest expense						
Other financial institutions	422	302	259	993	839	18.4
Deposits and other borrowings	2,161	1,958	1,620	5,952	5,162	15.3
Bonds, notes and subordinated debt	339	273	181	861	657	31.1
Other debt issues	44	37	36	120	113	6.2
Total Interest Expense	2,966	2,570	2,096	7,926	6,771	17.1
Net Interest Income	1,664	1,556	1,490	4,787	4,528	5.7



Volumes

Gross Loans and Advances by Region

	At					
	June	March	September	June	June/March	June/June
	2000	2000	1999	1999	Change	Change
	\$M	\$M	\$M	\$M	%	%
Australia	95,627	92,136	86,210	85,940	3.8	11.3
Europe	51,405	51,468	45,655	42,691	(0.1)	20.4
New Zealand	20,572	21,842	20,251	20,093	(5.8)	2.4
United States	17,725	16,361	14,507	14,405	8.3	23.0
Asia	2,826	3,085	3,097	3,127	(8.4)	(9.6)
Total	188,155	184,892	169,720	166,256	1.8	13.2

Gross Loans and Advances by Product

	At					
	June	March	September	June	June/March	June/June
	2000	2000	1999	1999	Change	Change
	\$M	\$M	\$M	\$M	%	%
Housing	69,057	66,738	61,946	59,803	3.5	15.5
Term Lending	65,828	65,419	60,040	60,801	0.6	8.3
Overdrafts	17,421	17,226	15,749	13,966	1.1	24.7
Leasing	13,941	13,698	12,000	11,446	1.8	21.8
Credit cards	5,033	4,762	4,385	4,106	5.7	22.6
Other	16,875	17,049	15,600	16,134	(1.0)	4.6
Total	188,155	184,892	169,720	166,256	1.8	13.2

Interest Margins and Spreads

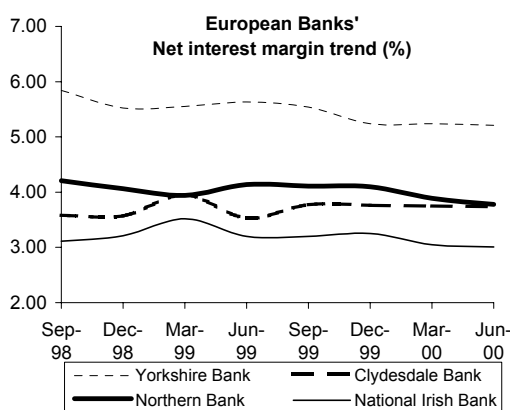
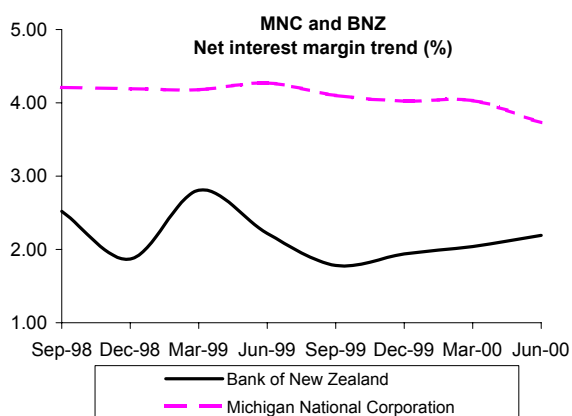
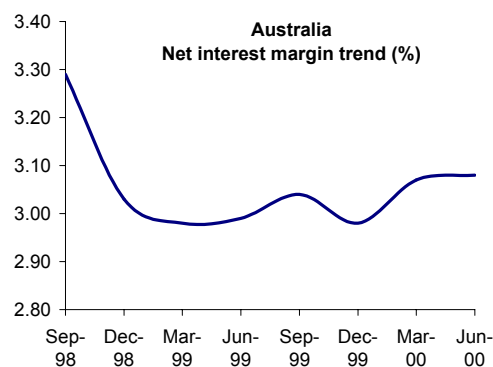
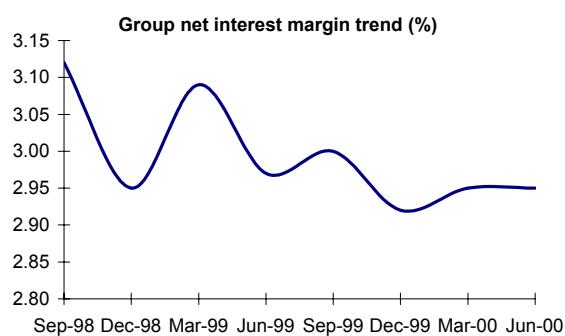
	June 2000 %	Quarter to March 2000 %	June 1999 %	Nine months to June 2000 %	June 1999 %
Australia⁽¹⁾					
Australian Interest Spread ⁽²⁾	2.55	2.22	2.63	2.36	2.41
Australian Interest Margin ⁽³⁾	3.08	3.07	2.99	3.04	3.01
Overseas⁽¹⁾					
Overseas Interest Spread ⁽²⁾	2.28	2.41	2.35	2.36	2.52
Overseas Interest Margin ⁽³⁾	2.75	2.76	2.96	2.76	2.97
Group					
Group Interest Spread ⁽²⁾	2.47	2.39	2.48	2.43	2.47
Group Interest Margin ⁽³⁾	2.95	2.95	2.97	2.94	3.02

(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.

Margins



National Australia Bank Limited
Unaudited Consolidated Group Results

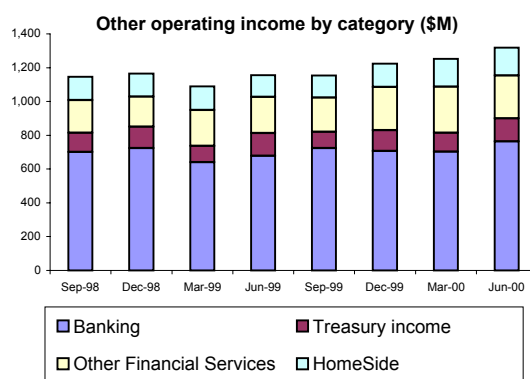
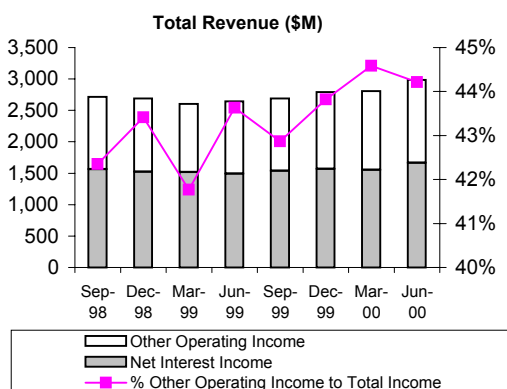
Other Operating Income

	Quarter to			Nine Months to		YTD
	June 2000	March 2000	June 1999	June 2000	June 1999	June 2000/ June 1999 %
	\$M	\$M	\$M	\$M	\$M	
Loan fees from banking	324	302	281	915	796	14.9
Money transfer fees	264	254	250	773	769	0.5
Net mortgage servicing fees	143	132	68	389	224	73.7
Net mortgage origination revenue	22	33	60	79	182	(56.6)
Treasury related income ⁽¹⁾						
Foreign exchange	62	63	56	228	189	20.6
Trading securities	56	37	28	81	(32)	large
Interest rate derivatives	19	13	51	63	203	(69.0)
Fees and commissions	271	273	240	786	711	10.5
Revenue from life insurance operations ⁽²⁾	82	74	-	251	-	-
Revaluation of life insurance entities interest in their controlled entities ⁽²⁾	6	-	-	17	-	-
Other income	70	71	121	212	368	(42.4)
Total other operating income	1,319	1,252	1,155	3,794	3,410	11.3

⁽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, Australian accounting standard AASB 1038 "Life Insurance Business" was adopted.

No comparatives are provided as it is impracticable.



National Australia Bank Limited
Unaudited Consolidated Group Results

Operating Expenses

(excluding goodwill)

	Quarter to			Nine months to		YTD
	June	March	June	June	June	June 2000/ June 1999
	2000	2000	1999	2000	1999	%
	\$M	\$M	\$M	\$M	\$M	
Personnel Expenses						
Salaries	596	574	557	1,746	1,686	3.6
Related on-costs	96	90	86	272	265	2.6
Restructuring costs	3	5	4	15	11	36.4
Other	167	157	161	471	465	1.3
Total Personnel Expenses	862	826	808	2,504	2,427	3.2
Occupancy Costs						
Depreciation and amortisation	19	19	18	57	54	5.6
Rental on operating leases	57	56	54	171	166	3.0
Other	48	52	46	148	151	(2.0)
Total Occupancy Costs	124	127	118	376	371	1.3
General Expenses						
Charge to provide for non-lending losses/ contingencies	18	8	21	32	55	(41.8)
Communications, postage and stationery	110	109	110	329	319	3.1
Computer equipment and software	34	40	39	120	137	(12.4)
Depreciation and amortisation	64	61	50	183	150	22.0
Fees and commissions	24	15	19	65	57	14.0
Other expenses	275	239	222	744	652	14.1
Total General Expenses	525	472	461	1,473	1,370	7.5
Total Operating Expenses	1,511	1,425	1,387	4,353	4,168	4.4

Amortisation of Goodwill ⁽¹⁾

Australia	-	-	1	-	4	large
European Banks	16	15	16	47	47	-
Bank of New Zealand	8	8	8	24	23	4.3
Michigan National Corporation	13	12	12	37	37	-
HomeSide International, Inc	13	13	14	40	40	-
Total Amortisation of Goodwill	50	48	51	148	151	(2.0)

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

	June 2000 ⁽¹⁾	As at March 2000	June 1999	Change	
				March/ June %	June/ June %
Staffing Levels					
Australian Group	22,880	20,938	20,832	9.3	9.8
European Group	13,287	13,255	13,680	0.2	(2.9)
New Zealand Group	4,508	4,449	4,352	1.3	3.6
United States Group	5,891	5,890	6,264	0.0	(6.0)
Asian Group	653	267	298	large	large
Total Full Time Equivalents	47,219	44,799	45,426	5.4	3.9

⁽¹⁾ Includes MLC entities acquired June 2000.

National Australia Bank Limited
Unaudited Consolidated Group Results

Asset Quality

	June 2000		March 2000	
	Gross \$M	Net \$M	Gross \$M	Net \$M
Non-Accrual Loans				
Australian Group	646	436	669	467
European Group	585	428	646	471
New Zealand Group	79	61	87	67
United States Group	181	115	144	99
Asian Group	60	31	60	35
	1,551	1,071	1,606	1,139
Restructured Loans	3	3	4	4
Assets Acquired Through Security Enforcement	16	16	12	12
	1,570	1,090	1,622	1,155
Total Impaired Assets				
Australian Group	649	439	673	471
European Group	588	431	648	473
New Zealand Group	79	61	87	67
United States Group	194	128	154	109
Asian Group	60	31	60	35
	1,570	1,090	1,622	1,155
Memorandum disclosures:				
Accruing loans past due 90 days or more with adequate security	108	108	120	120
Accruing portfolio facilities past due 90 to 180 days	72	53	55	42

Total Charge for Doubtful Debts by Group Entities

	Quarter to		Nine Months to			Change %
	June	March	June	June	June	
	2000	2000	1999	2000	1999	
	\$M	\$M	\$M	\$M	\$M	
Australian Group	62	35	60	140	145	(3.4)
European Group						
Clydesdale Bank	30	46	55	99	116	(14.7)
Northern Bank	(2)	4	4	4	17	(76.5)
Yorkshire Bank	32	33	20	92	71	29.6
National Irish Bank	1	2	1	6	(2)	large
Other	(7)	1	(14)	(2)	(17)	(88.2)
Total European Group	54	86	66	199	185	7.6
New Zealand Group	1	9	3	15	19	(21.1)
United States Group	38	17	26	49	81	(39.5)
Asian Group	-	(5)	1	12	35	(65.7)
Total	155	142	156	415	465	(10.8)

National Australia Bank Limited
Unaudited Consolidated Group Results

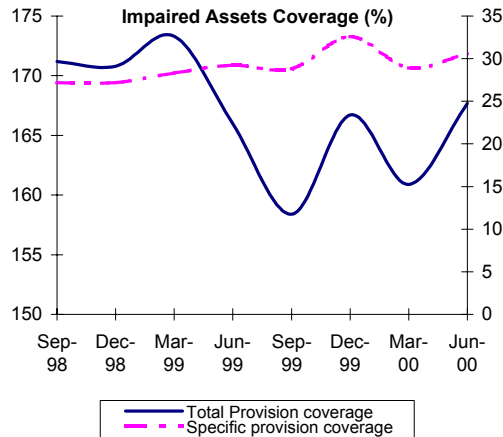
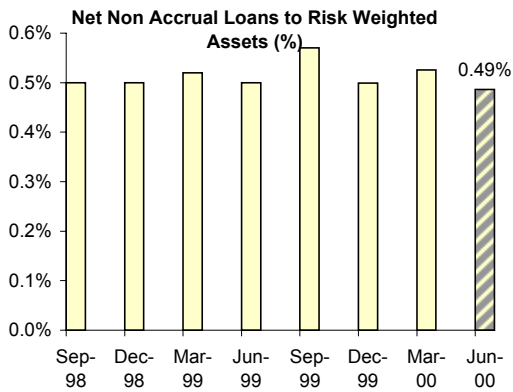
Provision for Doubtful Debts

	Nine Months to			Nine Months to		
	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	353	(353)	-	424	(424)	-
Bad debts recovered	157	-	157	153	-	153
Bad debts written off	(472)	-	(472)	(505)	-	(505)
Charge to profit and loss	-	415	415	-	465	465
Foreign currency translation and consolidation adjustments	(12)	36	24	(42)	(149)	(191)
Closing balance	500	2,153	2,653	450	2,035	2,485

Provisioning Coverage Ratios

	June 2000 %	March 2000 %	September 1999 %	June 1999 %
Total Provision Coverage	167.7%	160.9%	158.4%	165.9%
Specific Provision Coverage	30.6%	28.9%	28.8%	29.2%

The specific provision for off balance sheet credit related commitments of \$17 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.



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.

On 4 May 2000 the National announced changes to its corporate structure. The National will report its results both internally and externally, by the new lines of business from 1 October 2000. Broadly, the new structure brings together the existing growth businesses, high potential global businesses, and the various services required to support them.

The current Products and Services division has been restructured. "Global Wealth Management" will include the existing Global Investments & Insurance unit from Products & Services together with MLC. The product specialist units from the current Products & Services division will form the "Specialist and Emerging Businesses" division. In addition, the operational functions formerly in Products & Services will be combined with Finance Shared Service Centres, HR Shared Services and Information Technology (NSITE) to form "Global Shared Services". A new division, O2-e, has been created and will bring together a number of business development activities, with a particular focus on e-commerce and digital services. The financial results of O2-e are currently not disclosed separately, but are included within the results below.

The contribution to operating profit after tax (before internal recharges) from each of the major lines of business for each of the three quarters to June 2000 and the nine months to June 2000 was:

	June 2000	Quarter to March 2000	December 1999	Year to Date June 2000
	\$M	\$M	\$M	\$M
Business and Personal Financial Services	864	788	766	2,418
HomeSide ⁽¹⁾	26	44	44	114
Products and Services:				
- other product specialists ⁽²⁾	147	146	154	
- shared services	(156)	(166)	(163)	
Total Products and Services	(9)	(20)	(9)	(38)
Global Wholesale Financial Services	185	167	152	504
Information Technology (NSITE)	(105)	(105)	(107)	(317)
Other ⁽³⁾	(132)	(72)	(75)	(279)
Total	829	802	771	2,402

⁽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 product management and subsidiary businesses.

⁽³⁾ Includes corporate centre, asset and liability management, and goodwill amortisation.

BUSINESS & PERSONAL FINANCIAL SERVICES

Global Business and Personal Financial Services (B&PFS) is a retailing arm of the National Group. B&PFS has three key customer segments; Business Financial Services, Premium & Private Financial Services and Retail Financial Services. These business are supported in each region by specialist channel management, marketing services, product and process management units.

B&PFS profit after tax (before internal income and charges) for the quarter was \$864 million, an increase of \$76 million, or 9.6% on the March 2000 quarter result. This result reflected strong sales growth and better margin management resulting in a 5.9% increase in total income during the June 2000 quarter. The result was also assisted by lower bad and doubtful debt provisions.

HOMESIDE

HomeSide, the Group's residential mortgage origination and servicing business recorded net earnings, excluding goodwill amortisation, of \$26 million for the June 2000 quarter. Earnings declined approximately 41% from March 2000, primarily attributable to lower mortgage origination revenue, resulting from aggressive pricing competition, and higher expenses due to higher production levels in the June quarter.

HomeSide has invested in a variety of new products and initiatives, including a new Preferred Partnership, to support growth in origination and servicing while reducing earnings sensitivity to interest rates. On July 11 2000, HomeSide announced its Preferred Partnership agreement with Colonial Bank (in the US) which included a bulk acquisition of approximately \$5.1 billion with the right to service or sub-service and a long-term production flow arrangement to service new mortgage loans originated by Colonial Bank.

HomeSide has also unveiled its online mortgage solution that allows businesses to provide consumers with a dramatically streamlined loan application and online mortgage approval. This new online solution, featuring HomeSide's proprietary mortgage platform and powered by Fannie Mae's technology, reduces the time and cost to originate, process and close mortgage loans. This technology allows HomeSide to leverage e-commerce capability across products, channels and Preferred Partner relationships.

PRODUCTS & SERVICES (P&S)

Products & Services 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) of \$147 million was in line with the March quarter. Total income increased \$10 million, or 2%.

Operating efficiencies for Global Shared Services continued during the June 2000 quarter with a \$10 million improvement in performance.

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.

Revenue increased 22% during the June quarter with growth in all divisions. Operating profit after tax increased 10.8% during the quarter from \$167 million for the March 2000 quarter to \$185 million. 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.

NATIONAL SERVICES INFORMATION TECHNOLOGY ENTERPRISES (NSITE)

National Services Information Technology Enterprises (NSITE) continued to be the core service provider of technology solutions to the National's mainstream businesses.

The costs for the third quarter were at the same level as the second quarter. Project activity remained at a constant level with some projects ending (eg. Year 2000) and being replaced by increasing activity on other projects (eg. Australia GST).

O2-e

O2-e Limited, a wholly owned subsidiary of the National, has been established to build new and separate businesses, and business-building capabilities, within the National group that create shareholder value and enhance the Group's strategic position. O2-e Limited will facilitate the National's participation in the Internet driven revolution, and develop a core portfolio of rapid growth businesses capable of delivering core earnings growth in the future.

National Australia Bank Limited
Unaudited Consolidated Group Results

Contributions to Consolidated Operating Profit

	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	\$M	\$M	\$M	\$M	\$M	%
Australian Group:						
Australian Group ^(a)	657	628	538	1,945	1,637	18.8
Less: Goodwill amortisation	-	-	(1)	-	(4)	(100.0)
Less: Tax	(248)	(220)	(191)	(747)	(569)	31.3
Total Australian Group	409	408	346	1,198	1,064	12.6
reported in the other quarters.						
Clydesdale Bank	139	105	90	365	328	11.3
Northern Bank	68	61	61	188	177	6.2
Yorkshire Bank	142	154	119	427	387	10.3
National Irish Bank	9	9	12	26	44	(40.9)
National Australia Life	4	2	2	11	11	-
Other ^(b)	(5)	(13)	1	(24)	(21)	(14.3)
Less: Goodwill amortisation	(16)	(15)	(16)	(47)	(47)	-
Less: Tax	(116)	(98)	(95)	(319)	(297)	7.4
Total European Group	225	205	174	627	582	7.7
New Zealand Group:						
Bank of New Zealand	109	80	91	269	262	2.7
NAG (NZ)	(9)	(12)	(9)	(30)	(32)	6.3
Less: Goodwill amortisation	(8)	(8)	(8)	(24)	(23)	(4.3)
Less: Tax	(18)	(11)	(15)	(39)	(39)	-
Total New Zealand Group	74	49	59	176	168	4.8
United States Group:						
Michigan National Corporation	100	100	103	328	294	11.6
HomeSide	43	68	59	161	181	(11.0)
Other ^(c)	37	32	7	100	3	large
Less: Goodwill amortisation	(26)	(25)	(26)	(77)	(77)	-
Less: Tax	(53)	(51)	(55)	(147)	(156)	5.8
Total United States Group	101	124	88	365	245	49.0
Asian Group:						
Asian Branches	19	23	23	36	23	56.5
Other ^(d)	4	4	4	11	10	10.0
Less: Tax	(3)	(11)	3	(11)	(6)	(83.3)
Total Asian Group	20	16	30	36	27	33.3
Operating Profit after Income Tax	829	802	697	2,402	2,086	15.1

^(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, 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) Asia Other includes Nautilus Insurance Pte Limited.

Contribution by region	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	\$M	\$M	\$M	\$M	\$M	%
Total Operating Revenue						
Australia	2,924	2,604	2,290	8,084	6,829	18.4
Europe	1,491	1,407	1,157	4,197	3,959	6.0
New Zealand	558	500	431	1,531	1,354	13.1
United States	830	732	693	2,276	2,096	8.6
Asia	146	135	170	419	471	(11.0)
Total	5,949	5,378	4,741	16,507	14,709	12.2
	June 2000	March 2000	June 1999	YTD June 2000/ June 1999		
	\$M	\$M	\$M	%		
Total Assets						
Australia	178,142	142,864	126,950	40.3		
Europe	69,091	70,472	59,692	15.7		
New Zealand	25,836	25,780	23,616	9.4		
United States	39,523	36,449	30,358	30.2		
Asia	9,889	10,428	10,014	(1.2)		
Total	322,481	285,993	250,630	28.7		

National Australia Bank Limited
Unaudited Consolidated Group Results

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.

	Quarter to			Nine Months to		YTD
	June	March	June	June	June	June 2000/ June 1999
	2000	2000	1999	2000	1999	%
	\$M	\$M	\$M	\$M	\$M	
Profit & Loss						
Net interest income	823	770	699	2,354	2,109	11.6
Other operating income	624	574	557	1,821	1,566	16.3
Less: Other operating expenses	728	681	658	2,090	1,893	10.4
Underlying Profit	719	663	598	2,085	1,782	17.0
Less: Charge for doubtful debts	62	35	60	140	145	(3.4)
Profit before income tax	657	628	538	1,945	1,637	18.8
Less: Income tax expense	248	220	191	747	569	31.3
Profit after income tax (before goodwill amortisation)	409	408	347	1,198	1,068	12.2
Selected Balance Sheet Items						
Bank deposits				77,997	72,732	7.2
Net loans & acceptances				115,949	105,204	10.2
Housing loans (included in net loans and acceptances)				47,505	40,944	16.0
Total assets				153,112	126,851	20.7
Key Ratios						
Cost/Income ratio	50.3%	50.7%	52.4%	50.1%	51.5%	
Impaired assets/Total loans	0.7%	0.7%	0.7%	0.7%	1%	
Return on assets	1.1%	1.1%	1.1%	1.0%	1.1%	
Net interest margin	3.08%	3.07%	2.99%	3.04%	3.01%	

National Australia Bank Limited
Unaudited Consolidated Group Results

Review of Major Business Units (continued)

Clydesdale Bank

Australian Dollars

	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	\$M	\$M	\$M	\$M	\$M	%
Profit & Loss						
Net interest income	190	180	169	551	528	4.4
Other operating income	121	118	106	341	328	4.0
Less: Other operating expenses	142	147	130	428	412	3.9
Underlying Profit	169	151	145	464	444	4.5
Less: Charge for doubtful debts	30	46	55	99	116	(14.7)
Profit before income tax	139	105	90	365	328	11.3
Less: Income tax expense	44	33	29	115	105	9.5
Profit after income tax	95	72	61	250	223	12.1

Selected Balance Sheet Items

Bank deposits				14,208	14,301	(0.7)
Net loans & acceptances				17,984	16,540	8.7
Housing loans (included in net loans and acceptances)				5,639	4,860	16.0
Total assets				20,267	18,057	12.2

Local Currency

	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	£ M	£ M	£ M	£ M	£ M	%
Profit & Loss						
Net interest income	73	71	68	215	205	4.9
Other operating income	47	46	43	133	128	3.9
Less: Other operating expenses	55	58	53	167	160	4.4
Underlying Profit	65	59	58	181	173	4.6
Less: Charge for doubtful debts	11	18	22	39	45	(13.3)
Profit before income tax	54	41	36	142	128	10.9
Less: Income tax expense	17	13	12	45	41	9.8
Profit after income tax	37	28	24	97	87	11.5

Selected Balance Sheet Items

Bank deposits				5,602	5,994	(6.5)
Net loans & acceptances				7,091	6,932	2.3
Housing loans (included in net loans and acceptances)				2,223	2,037	9.1
Total assets				7,991	7,568	5.6

Key Ratios (Local currency)

Cost/Income ratio	45.8%	49.6%	47.7%	48.0%	48.0%
Impaired assets/Total loans	2.2%	2.4%	2.3%	2.2%	2.3%
Return on assets	1.9%	1.4%	1.3%	1.6%	1.5%
Net interest margin	3.74%	3.75%	3.53%	3.75%	3.58%

National Australia Bank Limited
Unaudited Consolidated Group Results

Review of Major Business Units (continued)

Northern Bank

Australian Dollars

	June 2000	Quarter to March 2000	June 1999	June 2000	June 1999	YTD June 2000/ June 1999
	\$M	\$M	\$M	\$M	\$M	%
Profit & Loss						
Net interest income	85	83	82	254	257	(1.2)
Other operating income	45	44	41	128	118	8.5
Less: Other operating expenses	64	62	58	190	181	5.0
Underlying Profit	66	65	65	192	194	(1.0)
Less: Charge for doubtful debts	(2)	4	4	4	17	(76.5)
Profit before income tax	68	61	61	188	177	6.2
Less: Income tax expense	21	19	18	58	56	3.6
Profit after income tax	47	42	43	130	121	7.4

Selected Balance Sheet Items

Bank deposits				7,401	6,744	9.7
Net loans & acceptances				7,021	6,097	15.2
Total assets				9,660	9,039	6.9

Local Currency

	June 2000	Quarter to March 2000	June 1999	June 2000	June 1999	YTD June 2000/ June 1999
	£ M	£ M	£ M	£ M	£ M	%
Profit & Loss						
Net interest income	33	32	34	99	100	(1.0)
Other operating income	18	17	16	50	46	8.7
Less: Other operating expenses	25	24	24	74	71	4.2
Underlying Profit	26	25	26	75	75	-
Less: Charge for doubtful debts	(1)	2	1	2	7	(71.4)
Profit before income tax	27	23	25	73	68	7.3
Less: Income tax expense	8	7	8	23	21	9.5
Profit after income tax	19	16	17	50	47	6.4

Selected Balance Sheet Items

Bank deposits				2,918	2,826	3.3
Net loans & acceptances				2,768	2,556	8.3
Total assets				3,809	3,788	0.6

Key Ratios (Local currency)

Cost/Income ratio	49.0%	49.0%	48.0%	49.7%	48.6%
Impaired assets/Total loans	0.9%	0.9%	1.0%	0.9%	1.0%
Return on assets	2.0%	1.9%	1.8%	1.8%	1.6%
Net interest margin	3.78%	3.89%	4.14%	3.92%	4.05%

National Australia Bank Limited

Unaudited Consolidated Group Results

Review of Major Business Units (continued)

Yorkshire Bank

Australian Dollars

	June 2000 \$M	Quarter to March 2000 \$M	June 1999 \$M	June 2000 \$M	June 1999 \$M	YTD June 2000/ June 1999 %
Profit & Loss						
Net interest income	213	200	189	614	570	7.7
Other operating income	100	120	88	314	308	1.9
Less: Other operating expenses	139	133	138	409	420	(2.6)
Underlying Profit	174	187	139	519	458	13.3
Less: Charge for doubtful debts	32	33	20	92	71	29.6
Profit before income tax	142	154	119	427	387	10.3
Less: Income tax expense	45	47	37	134	124	8.1
Profit after income tax	97	107	82	293	263	11.4

Selected Balance Sheet Items

Bank deposits				11,245	9,835	14.3
Net loans & acceptances				14,316	11,507	24.4
Housing loans (included in net loans and acceptances)				3,927	2,823	39.1
Total assets				15,890	12,985	22.4

Local Currency

	June 2000 £ M	Quarter to March 2000 £ M	June 1999 £ M	June 2000 £ M	June 1999 £ M	YTD June 2000/ June 1999 %
Profit & Loss						
Net interest income	82	79	77	240	222	8.1
Other operating income	39	47	36	123	120	2.5
Less: Other operating expenses	54	53	57	162	166	(2.4)
Underlying Profit	67	73	56	201	176	14.2
Less: Charge for doubtful debts	12	13	8	36	28	28.6
Profit before income tax	55	60	48	165	148	11.5
Less: Income tax expense	17	18	15	52	47	10.6
Profit after income tax	38	42	33	113	101	11.9

Selected Balance Sheet Items

Bank deposits				4,434	4,122	7.6
Net loans & acceptances				5,637	4,823	16.9
Housing loans (included in net loans and acceptances)				1,548	1,183	30.9
Total assets				6,114	5,296	15.4

Consolidation adjustments at the Group level are not passed back to individual entities. This can result in differences between Australian dollar results and local currency results (converted at the disclosed exchange rates).

Key Ratios (Local currency)

Cost/Income ratio	44.6%	42.1%	50.4%	44.6%	48.5%
Impaired assets/Total loans	0.7%	0.8%	0.9%	0.7%	0.9%
Return on assets	2.5%	2.7%	2.5%	2.5%	2.5%
Net interest margin	5.21%	5.24%	5.63%	5.23%	5.57%

National Australia Bank Limited
Unaudited Consolidated Group Results

Review of Major Business Units (continued)

National Irish Bank

Australian Dollars

	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	SM	SM	SM	SM	SM	%
Profit & Loss						
Net interest income	31	28	30	87	98	(11.2)
Other operating income	12	11	13	35	39	(10.3)
Less: Other operating expenses	33	28	30	90	95	(5.3)
Underlying Profit	10	11	13	32	42	(23.8)
Less: Charge for doubtful debts	1	2	1	6	(2)	large
Profit before income tax	9	9	12	26	44	(40.9)
Less: Income tax expense	3	3	4	8	13	(38.5)
Profit after income tax	6	6	8	18	31	(41.9)

Selected Balance Sheet Items

Bank deposits				2,618	2,442	7.2
Net loans & acceptances				2,943	2,539	15.9
Housing loans (included in net loans and acceptances)				1,045	929	12.5
Total assets				4,219	3,493	20.8

Local Currency

	Quarter to		June 1999	Nine Months to		YTD
	June 2000	March 2000		June 2000	June 1999	June 2000/ June 1999
	IE £ M	IE £ M	IE £ M	IE £ M	IE £ M	%
Profit & Loss						
Net interest income	15	14	14	43	44	(2.3)
Other operating income	6	5	6	17	18	(5.6)
Less: Other operating expenses	16	14	14	44	43	2.3
Underlying Profit	5	5	6	16	19	(15.8)
Less: Charge for doubtful debts	1	1	-	3	(1)	large
Profit before income tax	4	4	6	13	20	(35.0)
Less: Income tax expense	1	1	2	4	5	(20.0)
Profit after income tax	3	3	4	9	15	(40.0)

Selected Balance Sheet Items

Bank deposits				1,294	1,228	5.4
Net loans & acceptances				1,454	1,277	13.9
Housing loans (included in net loans and acceptances)				517	467	10.7
Total assets				2,085	1,757	18.7

Key Ratios (Local currency)

Cost/Income ratio	76.2%	73.7%	70.0%	73.3%	69.4%
Impaired assets/Total loans	0.6%	0.8%	1.1%	0.6%	1.0%
Return on assets	0.6%	0.6%	0.9%	0.6%	1.1%
Net interest margin	3.01%	3.05%	3.20%	3.10%	3.31%

National Australia Bank Limited
Unaudited Consolidated Group Results

Review of Major Business Units (continued)

Bank of New Zealand

Australian Dollars	June 2000 \$M	Quarter to March 2000 \$M	June 1999 \$M	Nine Months to June 2000 \$M	June 1999 \$M	YTD June 2000/ June 1999 %
Profit & Loss						
Net interest income	142	115	127	373	388	(3.9)
Other operating income	100	90	81	279	250	11.6
Less: Other operating expenses	129	115	114	362	354	2.3
Underlying Profit	113	90	94	290	284	2.1
Less: Charge for doubtful debts	1	9	3	15	19	(21.1)
Profit before income tax	112	81	91	275	265	3.8
Less: Income tax expense	22	13	18	50	50	0.0
Profit after income tax	90	68	73	225	215	4.7

Selected Balance Sheet Items

Bank deposits				14,760	15,661	(5.8)
Net loans & acceptances				20,412	19,934	2.4
Housing loans (included in net loans and acceptances)				7,226	6,972	3.6
Total assets				26,287	23,874	10.1

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

New Zealand operations	109	80	91	269	262	2.7
Asian operations	3	1	-	6	3	large
	112	81	91	275	265	3.8

Local Currency

	June 2000 NZD M	Quarter to March 2000 NZD M	June 1999 NZD M	Nine Months to June 2000 NZD M	June 1999 NZD M	YTD June 2000/ June 1999 %
Profit & Loss						
Net interest income	174	146	153	467	461	1.3
Other operating income	122	114	97	349	298	17.1
Less: Other operating expenses	155	144	134	443	412	7.5
Underlying Profit	141	116	116	373	347	7.5
Less: Charge for doubtful debts	1	11	3	18	23	(21.7)
Profit before income tax	140	105	113	355	324	9.6
Less: Income tax expense	28	18	22	66	63	4.8
Profit after income tax	112	87	91	289	261	10.7

Selected Balance Sheet Items

Bank deposits				18,854	19,504	(3.3)
Net loans & acceptances				26,075	24,826	5.0
Housing loans (included in net loans and acceptances)				9,230	8,683	6.3
Total assets				33,355	29,494	13.1

Consolidation adjustments at the Group level are not passed back to individual entities. This can result in differences between Australian dollar results and local currency results (converted at the disclosed exchange rates).

Key Ratios (Local currency)

Cost/Income ratio	52.4%	55.4%	53.6%	54.3%	54.3%	
Impaired assets/Total loans	0.4%	0.4%	0.4%	0.4%	0.4%	
Return on assets	1.3%	1.1%	1.2%	1.2%	1.2%	
Net interest margin	2.19%	2.04%	2.22%	2.06%	2.24%	

National Australia Bank Limited

Unaudited Consolidated Group Results

Review of Major Business Units (continued)

Michigan National Corporation

Australian Dollars

	June 2000	Quarter to March 2000	June 1999	June 2000	June 1999	YTD June 2000/ June 1999
	\$M	\$M	\$M	\$M	\$M	%
Profit & Loss						
Net interest income	163	154	155	469	463	1.3
Other operating income	76	70	71	221	210	5.2
Less: Other operating expenses	120	118	116	353	357	(1.1)
Underlying Profit	119	106	110	337	316	6.6
Less: Charge for doubtful debts	19	6	7	9	22	(59.1)
Profit before income tax	100	100	103	328	294	11.6
Less: Income tax expense	34	34	35	113	101	11.9
Profit after income tax	66	66	68	215	193	11.4

Selected Balance Sheet Items

Bank deposits				14,276	12,454	14.6
Net loans & acceptances				13,842	12,219	13.3
Housing loans (included in net loans and acceptances)				828	719	15.2
Total assets (excluding goodwill)				18,319	15,530	18.0

Local Currency

	June 2000	Quarter to March 2000	June 1999	June 2000	June 1999	YTD June 2000/ June 1999
	USD M	USD M	USD M	USD M	USD M	%
Profit & Loss						
Net interest income	96	98	101	292	295	(1.0)
Other operating income	45	44	47	138	134	3.0
Less: Other operating expenses	71	75	76	220	228	(3.5)
Underlying Profit	70	67	72	210	201	4.5
Less: Charge for doubtful debts	11	4	5	5	14	(64.3)
Profit before income tax	59	63	67	205	187	9.6
Less: Income tax expense	20	22	23	70	64	9.4
Profit after income tax	39	41	44	135	123	9.8

Selected Balance Sheet Items

Bank deposits				8,550	8,220	4.0
Net loans & acceptances				8,290	8,065	2.8
Housing loans (included in net loans and acceptances)				496	475	4.4
Total assets (excluding goodwill)				10,971	10,250	7.0

Key Ratios (Local currency)

Cost/Income ratio	50.4%	52.8%	51.4%	51.2%	53.1%
Impaired assets/Total loans	1.0%	0.8%	0.8%	1.0%	0.8%
Return on assets (excluding goodwill)	1.4%	1.7%	1.7%	1.6%	1.6%
Net interest margin	3.73%	4.03%	4.27%	3.92%	4.21%

National Australia Bank Limited
Unaudited Consolidated Group Results

Review of Major Business Units (continued)

HomeSide International, Inc.

Australian Dollars	Quarter to			Nine Months to		YTD
	June 2000 \$M	March 2000 \$M	June 1999 \$M	June 2000 \$M	June 1999 \$M	June 2000/ June 1999 %
Profit & Loss						
Mortgage Servicing Fees	308	293	251	867	694	24.9
Amortisation of mortgage servicing rights	164	162	183	478	470	1.7
Net servicing revenue	144	131	68	389	224	73.7
Net interest income	(30)	(20)	17	(49)	64	large
Net mortgage origination revenue	22	33	60	79	182	(56.6)
Other income	2	3	14	9	22	(59.1)
Total Income	138	147	159	428	492	(13.0)
Less: Other operating expenses	80	67	83	227	265	(14.3)
Underlying Profit	58	80	76	201	227	(11.5)
Less: Charge for doubtful debts	15	12	17	40	46	(13.0)
Profit before income tax	43	68	59	161	181	(11.0)
Less: Income tax expense	15	25	22	47	70	(32.9)
Profit after income tax	28	43	37	114	111	2.7

Selected Balance Sheet Items

Mortgage loans held for sale, net				2,121	2,430	(12.7)
Mortgage servicing rights, net				6,941	4,959	40.0
Total assets (excluding goodwill)				10,492	8,730	20.2
Shareholders' funds				2,003	1,879	6.6

Local Currency

	Quarter to			Nine Months to		YTD
	June 2000 USD M	March 2000 USD M	June 1999 USD M	June 2000 USD M	June 1999 USD M	June 2000/ June 1999 %
Profit & Loss						
Mortgage Servicing Fees	183	186	163	539	442	21.9
Amortisation of mortgage servicing rights	97	103	119	297	299	(0.7)
Net servicing revenue	86	83	44	242	143	69.2
Net interest income	(18)	(13)	11	(31)	40	large
Net mortgage origination revenue	13	21	39	49	116	(57.8)
Other income	1	2	9	6	14	(57.1)
Total Income	82	93	103	266	313	(15.0)
Less: Other operating expenses	48	43	55	141	169	(16.6)
Underlying Profit	34	50	48	125	144	(13.2)
Less: Charge for doubtful debts	9	7	11	25	29	(13.8)
Profit before income tax	25	43	37	100	115	(13.0)
Less: Income tax expense	9	16	14	29	44	(34.1)
Profit after income tax	16	27	23	71	71	-

Selected Balance Sheet Items

Mortgage loans held for sale, net				1,270	1,604	(20.8)
Mortgage servicing rights, net				4,156	3,273	27.0
Total assets (excluding goodwill)				6,284	5,762	9.1
Shareholders' funds				1,283	1,268	1.2

Key Ratios (Local currency)

Growth in size of servicing portfolio ⁽¹⁾	2.8%	1.2%	2.1%	10.0%	23.1%
Loan production growth	25.8%	(31.7%)	(3.9%)	(38.0%)	7.9% ⁽²⁾
Return on assets (excluding goodwill)	1.12%	1.88%	1.60%	1.51%	1.08%

(1) Quarters compared to previous quarters.

(2) Nine months to June 1998 data has been normalised.

RESULTS FOR THE QUARTER ENDED JUNE 2000

Other information

Control Gained Over Entities Having a Material Effect

On 30 June 2000 National's life insurance subsidiary, National Australia Financial Management Limited (NAFM) acquired the financial services businesses of Lend Lease Corporation, known as MLC as fully described on page 18.

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 nine months.

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.

Equity Instruments at 30 June 2000

	June 2000 \$M	Quarter to March 2000 \$M	June 1999 \$M	Nine months to June 2000 \$M	June 1999 \$M
Distributions					
Preference Shares	16	15	15	45	44
National Income Securities	35	33	-	99	-
Total Distributions	51	48	15	144	44

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 continue to fully frank its dividends for the 2000 financial year. Accordingly, the interim dividend was 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 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 reform initiatives by the Australian Government.

Change in Accounting Policy

New Australian Life Insurance Standard

Effective 1 October 1999, the Group adopted the Australian accounting standard AASB1038 "Life Insurance Business". The standard requires all life insurance assets and liabilities to be carried at market value, and the first time consolidation of policyholders 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 nine months to 30 June 2000 was an increase of \$17 million to operating profit after tax. Comparatives have not been disclosed as it is impracticable to do so.

Income Recognition on Non-Accrual Loans

Effective from 1 April 2000, the Group changed its accounting policy in relation to income recognition on non-accrual loans which are contractually past due. The previous policy applied cash receipts on non-accrual loans against the carrying value of the loans and did not recognise those receipts in the profit and loss account as interest income until the principal had been fully repaid. The revised accounting policy recognises cash receipts on non-accrual loans as income in the profit and loss account in priority over principal except where the cash receipt relates to the proceeds from the sale of security or is a scheduled principal repayment.

The change in accounting policy achieves conformity with APRA guidelines (Prudential Statement L1: Asset Quality).

The change has no net impact on operating profit after tax for the period ended 30 June 2000, nor is there any cumulative financial effect requiring disclosure of restated prior reporting period comparative information.

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 nine months to 30 June 2000 by \$28 million. Tax expense has also been impacted by a further \$26 million due to the lower effective tax rate on timing differences recognised in the current nine months period.

Comparatives

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

Events Subsequent to Balance Date

No matter, item, transaction or event of a material and unusual nature has arisen in the interval between the period ended 30 June 2000 and the date of this Report that, in the opinion of the Directors of the Company, has or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Legal Proceedings

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.

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 recent publicity 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 have recently increased their damages claim. It is now calculated to be in the range of US\$8.3 billion to US\$29.3 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 others) against a number of parties, including Idoport, Market Holdings and Mr Maconochie. A defence to that cross claim has been filed. A second cross claim has been filed against the National Australia Bank (and another). A defence to the second cross claim has also been filed.

The final actions commenced on 24 July 2000. The hearing is expected to last in excess of twelve months.

External Auditors Review

The information included in this announcement is unaudited but has been subject to a limited scope review by the Group's external auditors, KPMG.

G.F. Nolan
Company Secretary

27 July 2000

Results for the nine months ended 30 June 2000 are available on the Internet at: www.national.com.au

National Australia Bank Limited
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Capital Adequacy

Regulatory capital position

Under revised Australian Prudential Regulation Authority (APRA) guidelines, the calculation of regulatory capital will be based on cost accounting methods. This results in a divergence between capital for regulatory purposes and that evident from the National's balance sheet as disclosed under Australian Accounting requirements. The calculation of the investment in MLC at 30 June 2000 is the same under both methods. A reconciliation of capital under the different bases will be included in future results announcements.

	June 2000 \$M	As At March 2000 \$M	June 1999 \$M
Tier 1 Capital	14,804	16,729	14,696
Tier 2 Capital	8,893	5,863	5,724
Deductions	(3,263)	(978)	(541)
Total Regulatory Capital	20,434	21,614	19,879
Risk Weighted Assets - Credit Risk ⁽¹⁾	218,723	215,049	191,303
Risk Weighted Assets - Market Risk ⁽²⁾	1,672	1,632	2,386
Total Risk Weighted Assets	220,395	216,681	193,689

Risk Adjusted Capital Ratios

	June 2000	March 2000	June 1999
Tier 1	6.72%	7.72%	7.59%
Tier 2	4.03%	2.71%	2.95%
Deductions	(1.48%)	(0.45%)	(0.28%)
Total	9.27%	9.98%	10.26%

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

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

Exchange Rates

	Profit and Loss			Balance Sheet		
	Average year to date			Spot as at		
	June 2000	March 2000	June 1999	June 2000	September 1999	June 1999
British Pounds	0.3907	0.3938	0.3890	0.3943	0.3967	0.4191
Irish Pounds	0.4961	0.4957	0.4493	0.4943	0.4840	0.5030
United States Dollars	0.6220	0.6380	0.6370	0.5989	0.6528	0.6600
New Zealand Dollars	1.2524	1.2625	1.1888	1.2774	1.2589	1.2454
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 for the nine months to June 1999 on the the nine months to June 2000 Result

Net Interest Income	(14)	(18)	12	2	(18)
Charge for Doubtful Debts	1	1	(1)	(2)	(1)
Other Operating Income	(8)	(15)	17	1	(5)
Other Operating Expenses	15	19	(15)	(2)	17
Income Tax Expense	2	2	(3)	-	1
Operating Profit After Tax	(4)	(11)	10	(1)	(6)

Impact on Balance Sheet of Exchange Rate Movements since June 1999 on June 2000 Balances

Total Assets	3,834	(613)	3,201	1,006	7,428
Gross Non-Accrual Loans	36	(2)	18	6	58
Provisions for Doubtful Debts	(34)	4	(39)	(6)	(75)

National Australia Bank Limited
Unaudited Consolidated Group Results

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).

Full actuarial valuations are not yet available. Such valuations will be required to finalise the acquisition balance sheet of MLC's businesses, under Australian GAAP and US GAAP, and therefore the National has not quantified the life insurance US GAAP reconciling adjustment to assets and the Profit and Loss Statement. The US GAAP reconciling adjustment will be quantified in the September 2000 year end financial report together with other appropriate disclosures.

Figures adjusted to a US GAAP basis are set out below.

	Nine months to			
	June 2000			June 1999
	A\$M	US\$M ⁽¹⁾	A\$M	US\$M ⁽¹⁾
Consolidated Statements of Profit and Loss				
Net profit reported using Australian GAAP	2,402	1,434	2,087	1,379
Amortisation of goodwill not required under AASB 1038	(3)	(2)	-	-
Depreciation charged on the difference between revaluation amount and historical cost of buildings	2	1	2	1
Difference in profit and loss on disposal of land and buildings revalued from historical cost	-	-	3	2
Amortisation of goodwill - difference resulting from treatment of loan losses as a purchase adjustment	3	2	3	2
Amortisation of goodwill	5	3	4	3
Amortisation of core deposit intangible	(20)	(12)	(20)	(13)
Amortisation of deferred tax associated with core deposit intangible	5	3	5	3
Pension expense	22	13	22	15
Recognition/amortisation of tax losses resulting from IRS ruling	2	1	2	1
Amortisation of profit on sale-leaseback over lease term	12	7	11	7
Adjustment of profit on sale-leaseback transactions	(2)	(1)	-	-
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	(17)	(10)	-	-
Net income according to US GAAP	2,411	1,439	2,120	1,401
Earnings per share according to US GAAP (cents)				
Basic	151.2	90.3	141.4	93.5
Diluted	146.2	87.3	137.6	91.0

Comprehensive Income Under US GAAP⁽²⁾

Net income according to US GAAP	2,411	1,439	2,120	1,401
Other comprehensive income				
Foreign currency translation reserve	277	165	(1,223)	(809)
Available for sale debt securities	1	1	-	-
Total other comprehensive income	278	166	(1,223)	(809)
Total comprehensive income according to US GAAP	2,689	1,605	897	592

⁽¹⁾ Translated from Australian dollars at the rate of US\$0.5971 equals A\$1.00 (Sept 1999: US\$0.6528 equals A\$1.00, June 1999: US\$0.6611 equals A\$1.00), the "Noon Buying Rate" per the Federal Reserve Bank of New York on 30 June 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.

National Australia Bank Limited
Unaudited Consolidated Group Results

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

	As at			
	June 2000	US\$M ⁽¹⁾	September 1999	US\$M ⁽¹⁾
	AS\$M		AS\$M	
Shareholders' Equity				
Shareholders' equity reported using Australian GAAP	20,599	12,300	18,520	12,090
Amortisation of goodwill not required under AASB 1038	80	48	-	-
Elimination of revaluation surplus of land and buildings	(93)	(56)	(93)	(61)
Adjustment of provision for depreciation on buildings revalued	85	51	83	54
Additional provisions relating to purchase adjustments, less amortisation	(28)	(17)	(31)	(20)
Pension fund adjustment	18	11	(4)	(3)
Provision for cash dividend	882	527	861	562
Unrealised profit on shares in entities and other securities	55	33	67	44
Unrealised profit on available for sale debt securities	1	1	1	1
Amortisation of goodwill, core deposits intangible and associated deferred tax liability	(62)	(37)	(52)	(34)
Recognition of tax losses resulting from IRS ruling	(41)	(24)	(43)	(28)
Unamortised profit on sale-leaseback transactions	(74)	(44)	(83)	(54)
Elimination of excess of interest of life insurance entities over their controlled entities over their recognised net assets	(190)	(113)	-	-
Shareholders' equity according to US GAAP	21,232	12,680	19,226	12,551

	As at			
	June 2000	US\$M ⁽¹⁾	September 1999	US\$M ⁽¹⁾
	AS\$M		AS\$M	
Consolidated Balance Sheets				
Total assets reported using Australian GAAP	322,481	192,553	254,081	165,864
Amortisation of goodwill not required under AASB 1038	80	48	-	-
Revaluation surplus of land and buildings	(93)	(56)	(93)	(61)
Adjustment of provision for depreciation on buildings revalued	85	51	83	54
Additional provisions relating to purchase adjustments less amortisation	(28)	(17)	(31)	(20)
Pension fund adjustment	18	11	(4)	(3)
Unrealised profit on shares in entities and other securities	55	33	67	44
Unrealised profit on available for sale debt securities	1	1	1	1
Amortisation of goodwill, core deposit intangible and associated deferred tax liability	(62)	(37)	(52)	(34)
Recognition of tax losses resulting from IRS ruling	(41)	(24)	(43)	(28)
Assets relating to life insurance statutory funds ⁽²⁾	-	-	4,807	3,138
Deferred acquisition costs relating to life insurance business	73	44	-	-
Elimination of excess of interest of life insurance entities over their controlled entities over their recognised net assets	(190)	(113)	-	-
Total assets according to US GAAP	322,379	192,494	258,816	168,955

⁽¹⁾ Translated from Australian dollars at the rate of US\$0.5971 equals AS\$1.00 (Sept 1999: US\$0.6528 equals AS\$1.00, June 1999: US\$0.6611 equals AS\$1.00), the "Noon Buying Rate" per the Federal Reserve Bank of New York on 30 June 2000.

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

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