NATIONAL AUSTRALIA BANK LTD
Form 6-K
May 14, 2003

FILE NO 1-9945

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

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

For the month of May 2003

National Australia Bank Limited

ACN 004 044 937

(Registrant s Name)

Level 24

500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

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

Form 20-Fý Form 40-Fo

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

Yeso Noý

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

This Report on Form 6-K shall be deemed to be incorporated by reference in the prospectus included in the Registration Statement on Form F-3 (No. 333-6632) of National Australia Bank Limited and to be part thereof from the date on which this Report, is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

National Australia Bank Limited

Half Year

Results 2003

6 Months Ended 31 March 2003

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Media Release

NATIONAL LIFTS HALF YEAR DIVIDEND FOLLOWING STRONG BANKING RESULT

FINANCIAL HIGHLIGHTS

Group cash earnings from ongoing operations of $2,131 million

up 7.4% on March 2002

up 8.9% on September 2002

Group cash earnings per share

up 4.0% on March 2002

up 10.6% on September 2002

Banking

cash earnings up 11.4%

8.0% growth in underlying profit

cost to income ratio improved to 47.3% from 48.0%

Australian and New Zealand retail businesses performed strongly:

Financial Services Australia

underlying profit up 13.7% on March 2002; up 5.9% on September 2002;

cost to income ratio improved to 45.6% from 48.9%

Financial Services New Zealand

underlying profit up 32.1% on March 2002; up 19.1% on September 2002

cost to income ratio improved to 50.8% from 53.2%

Group net profit of $1,877 million after a $205 million non-cash reduction in the valuation of our Wealth Management business.

Interim dividend of 80 cents up 11%, fully franked

Return on equity of 17.1%

EVA up 30% to $836 million

Asset quality continues to be sound with gross non-accrual loans to total loans lower at 0.59%

* All comparisons relate to the half year ended 31 March 2002 unless otherwise stated

MANAGING DIRECTOR S REVIEW

National Australia Bank Managing Director and Chief Executive Officer, Frank Cicutto, said today that Group cash earnings from ongoing operations (before significant items and revaluations) for the six months ended 31 March 2003 was $2,131 million, up 7.4% on March 2002 and 8.9% higher than September 2002.

Mr Cicutto said: This is a satisfactory result. The National continues to improve returns for shareholders. The interim dividend for 2003 is 80 cents (100% franked), which is 11% higher than March 2002 and 7% higher than the September 2002 dividend. We also expect the full year dividend to be fully franked.

Initiatives undertaken last year to strengthen and focus our businesses have benefited our first half result.

We have seen solid growth in our core operations in the first half and remain well positioned for future challenges.

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The Group s banking operations generated $1,964 million in cash earnings, which was 11.4% higher than the six months ended March 2002.

The underlying profitability of our banking business was demonstrated again in the March half, with an 8.0% increase on the previous corresponding period. In particular, our retail businesses in Australia and New Zealand saw strong underlying profitability and significantly improved their cost to income ratios.

The Group achieved a half year net profit of $1,877 million after a $205 million non-cash reduction in the valuation of our Wealth Management business.

Uncertain market conditions have affected our business mix with increased flows into mortgages and retail deposits, slower than expected growth in business lending and lower equity market returns. This has affected business performance and Group margins.

Divisional performance

Financial Services Australia, which contributed 44.6% of the Group s cash earnings during the March half, achieved $904 million in cash earnings: 3.9% higher on the same period last year. The strength of our Australian operation is demonstrated by the 13.7% increase in underlying profitability and 330 basis point improvement in the cost to income ratio to 45.6%. Home lending grew by 21.9% compared with March 2002. As at March 2003, the National has a market share of 17.8% compared with 17.5% as at 30 September 2002. (Source RBA/National)

Financial Services New Zealand posted another record result with a 35.9% increase in cash earnings at $159 million. Income was up 25.6% compared with the previous corresponding half due to strong lending activity, deposit growth and the strong NZ dollar.

Financial Services Europe achieved $508 million cash earnings, which was up 1.4% on the March 2002 half and 9.2% higher than the September 2002 half. Continued progress was made in building the European operations and we are pleased that credit quality remains sound in a difficult operating environment.

Cash earnings for Corporate & Institutional Banking was $416 million, 10.3% higher than for the same period last year despite weaker money market conditions. The improved performance was due to a lower charge for doubtful debts, attention to cost control and lending growth as a result of an emphasis on enhancing relationships with core clients.

Operating conditions for our Wealth Management business proved challenging as equity markets weakened further. Operating profit was more than double the September half but significantly down on the March 2002 half. Our Wealth Management business was impacted by a revaluation of $205 million, which is a non-cash item.

The value of Australian total funds under management has declined from $65.6 billion as at September 2002 to $65.1 billion as at March 2003 due to weak market sentiment. This impacted retail funds under management market share, however, Wealth Management has maintained its second place ranking (ASSIRT Market Share Report, March 2003). Wealth Management currently has the leading market share in platforms ie. Master Funds and Wraps (ASSIRT Market Share Report, December 2002).

The Australian retail risk insurance business continues to maintain its market leading position, increasing to a 16.8% market share for the 12 months ended 30 September 2002. (Source: DEXX&R as at September 2002 Research Reports.)

In the United Kingdom, despite lower than anticipated sales in difficult market conditions, investment funds under management grew by 2% to $1.5 billion at a time when the market fell by 23%.

We have continued to invest in wealth management in all regions, because of our confidence in our differentiated position and the long-term strategic opportunities in this industry.

Asset quality

In light of the uncertain global environment, a strong focus on asset quality and credit risk management has been maintained. The Group s asset quality remains sound. The ratio of gross non-accrual loans to total loans improved to 0.59% compared with 0.62% as at 30 September 2002.

Deliquency levels across our consumer lending portfolios are below long-term trends and housing loss rates and delinquency rates remain at historical lows. Housing prices and the consumer economic environment are presently stable, and we are closely monitoring these areas.

In relation to our business lending portfolio, fully secured business lending has increased to 56.3% as at 31 March 2003 compared with 51.7% as at 31 March 2002.

In relation to Corporate & Institutional Banking, 86% of the portfolio is investment grade lending.

Our Agribusiness portfolio continues to be in a satisfactory position with non-accrual loans relating to agriculture, forestry and fishing unchanged on 30 September 2002.

Productivity initiatives

We have continued to restructure the business and drive productivity improvements in line with our Positioning for Growth program. Cost savings associated with the program are on track with $195 million of annual cost savings achieved. This is 52.7% of the $370 million target to be achieved by the end of the 2004 financial year. We are also making progress with the cost to income targets set under the program. The banking cost to income ratio improved to 47.3% from 48.0% as at 31 March 2002.

Investments for future growth

We have invested to improve productivity and customer service across the Group. Progress has been made in relation to the introduction of a number of new technology platforms.

Financial Services Australia has made a substantial investment in technology, including Siebel-based sales and service desktop solutions for consumer lending (eConsumer Lending) and business lending (eBusiness Lending) applications. Our eConsumer Lending project is complete with this application now operating on 8,100 desktops around Australia. The deployment of the eBusiness Lending application is also underway and is currently available on more than 700 desktops.

The ISI program (Integrated Systems Implementation) continues to be on track. To date it has successfully delivered: the first tranche of modules, covering human resources, payroll and core finance (general ledger and procurement) functionality in New Zealand; and, additional human resource functionality in Europe. Planning for the rollout of this technology in Australia is now well underway.

The ISI program (Integrated Systems Implementation) continues to be on track. To date it has successfully delive

In other areas, our investment in Wealth Management ($200 million over 3 - 4 years) is progressing well and will allow us to provide enhanced services and business support to financial advisers.

Investments in compliance and quality

During the last half, the Group moved to review compliance standards and make associated quality improvements.

In Australia, there has been a significant program to deal with regulatory issues. These include the new licensing requirements under the Financial Services Reform Act (FRSA), Privacy and the verification of identification for cash management accounts.

In relation to the FSRA, the National intends to apply for and obtain relevant Australian financial services licences by 1 October 2003, which will be approximately six months ahead of the compliance deadline.

The process to compensate investors for unit price adjustments in some National Australia Financial Management superannuation, pension and investment bond products is progressing. We expect to begin processing compensation for the bulk of the affected investors by June.

A non material increase in costs associated with compensation and administration of $8 million after tax has been provided for in the March half. (A $45 million after tax compensation plan was expensed in the year ended 30 September 2002.)

Along with investing to develop our Wealth Management business in the United Kingdom, we have improved compliance procedures in our existing business as part of our ongoing commitment to providing quality advice and customer service.

Balanced stakeholder approach

I am pleased to report a number of initiatives being undertaken by the National which are in line with a more balanced approach to stakeholders.

The National has made a significant investment in its Australian rural network, opening 15 new Integrated Financial Service Centres in regional towns at a cost of approximately $10 million. In metropolitan areas, more than 180 branches were fully or partially upgraded.

Our banking arrangement with Australia Post, which is available at more than 2,900 locations, was extended to offer business transaction services at a further 140 locations, 76 in rural areas.

In February, more than 1,000 Australian farmers participated in our Drought Forum. Agribusiness experts were brought together to provide farmers with an insight into the current climate cycle, including when the drought might break in their region, to assist farmers with their decisions concerning cropping and stock programs for 2003.

In the same month, the National presented to the Joint Parliamentary Committee on Corporations and Financial Services and outlined our strategy for rural and regional bank services over the next three years.

In March this year in Scotland, Clydesdale Bank launched Art for All in association with The Glasgow School of Art. The program exposes students to a range of workshops run by different artists. Its aim is to promote social inclusion and give students an insight into the wide variety of creative skills that can lead to career opportunities.

Northern Bank won the Young Enterprise Special Award in the Northern Ireland Business Education Awards for its pioneering work promoting entrepreneurial skills in school children.

Strong active capital management

The National continues to be the only AA rated bank in the Asia pacific region. We have a strong capital position with a 7.47% risk adjusted Tier 1 capital ratio and a total capital ratio of 9.16%.

EVA (which measures the economic value added to the business) grew strongly, increasing by 30% to $836 million.

As part of maintaining our commitment to capital management, 32.4 million shares were purchased during the March half at an average price of $31.59.

Outlook

Our half year result reflects strong attention to continued growth in core markets with a heightened focus on earnings quality. This is reflected in the underlying profit result by our banking operations and the solid return to shareholders this half year.

We continue to expect cash earnings per share at the lower end of the 8%-11% target range subject to interest rate, currency and market performance.

We are confident that our ongoing investments and other business initiatives will continue to allow the National to manage future challenges.

14 May 2003

For media enquiries, please contact

Majella Allen	**Brandon Phillips**

Group Corporate Affairs **Group Corporate Affairs**

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SECTION 2

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2003

FINANCIAL SUMMARY

REPORTING FORMAT

Reporting Structure

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

Ongoing operations

Retail Banking, which comprises:

Financial Services Australia (FSA)

Financial Services Europe (FSE)

Financial Services New Zealand (FSNZ);

Corporate & Institutional Banking (CIB) (formerly Wholesale Financial Services);

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

Wealth Management (WM).

Cash earnings by region from ongoing operations (Refer page 9 for further details)

Disposed operations

HomeSide - reflecting the Board s decision to sell SR Investment, Inc., the parent company of HomeSide Lending, Inc. effective 1 October 2002 and the sale of HomeSide US s operating platform and operating assets as at 1 March 2002; and

Other non-core operations - the closure of the Vivid business in Great Britain in April 2001.

Prior Period Comparatives

From 1 October 2002, there have been transfers of business units across all Divisions. For comparability, the Divisions prior period results have been restated from the Profit Announcement released on 7 November 2002. The nature of the restatements have been fully disclosed in the 2003 half year results template released on 28 March 2003.

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

Cash Earnings

Cash earnings is a key performance measure and financial target used by the Group. It is also a key performance measure used by the broking community, as well as by those Australian peers of the Group with a similar business portfolio.

A reconciliation of cash earnings to net profit appears on page 7. Cash earnings is also explained in detail in the Glossary of Terms.

DIVISIONAL PERFORMANCE SUMMARY

	Note	Half year to Mar 03 $m	Sep 02 $m	Mar 02 $m	Fav/(unfav) change on Sep 02 %	Mar 02 %
Cash earnings						
Retail Banking						
Financial Services Australia	**1**	**904**	887	870	1.9	3.9
Financial Services Europe	**1**	**508**	465	501	9.2	1.4
Financial Services New Zealand	**1**	**159**	140	117	13.6	35.9
Retail Banking		**1,571**	1,492	1,488	5.3	5.6
Corporate & Institutional Banking	**1**	**416**	441	377	(5.7)	10.3
Other (incl. Excess Capital, Group Funding and Corporate Centre)	**1**	**(23)**	(54)	(102)	57.4	77.5
Total Banking		**1,964**	1,879	1,763	4.5	11.4
Wealth Management operating profit after tax (1)	**1**	**167**	77	221	large	(24.4)
Cash earnings from ongoing operations before significant items		**2,131**	1,956	1,984	8.9	7.4
Cash earnings from disposed operations (2)	**1**		(9)	107	large	large
Net profit attributable to outside equity interest		**10**	(1)	7	large	(42.9)
Distributions		**94**	92	95	(2.2)	1.1
Cash earnings before significant items (3)		**2,027**	1,856	1,989	9.2	1.9
Weighted av no. of ordinary shares (million)	**16**	**1,524**	1,544	1,555	1.3	2.0
Cash earnings per share before significant items (cents) (4)		**133.0**	120.3	127.9	10.6	4.0
Reconciliation to net profit						

Cash earnings before significant items		**2,027**	1,856	1,989	9.2	1.9
Adjusted for:						
Net profit attributable to outside equity interest		**10**	(1)	7	large	(42.9)
Distributions		**94**	92	95	(2.2)	1.1
Wealth Management revaluation profit/(loss) after tax	**1**	**(205)**	(389)	237	47.3	large
Goodwill amortisation		**(49)**	(53)	(48)	7.5	(2.1)
Net profit before significant items		**1,877**	1,505	2,280	24.7	(17.7)
Significant items after tax	**13**		(389)	(17)	large	large
Net profit		**1,877**	1,116	2,263	68.2	(17.1)
Net profit attributable to outside equity interest		**10**	(1)	7	large	(42.9)
Net profit attributable to members of the Company		**1,867**	1,117	2,256	67.1	(17.2)
Distributions		**94**	92	95	(2.2)	1.1
Earnings attributable to ordinary shareholders		**1,773**	1,025	2,161	73.0	(18.0)

(1) Wealth Management operating profit after tax refers to net profit generated through the Wealth Management operations. It excludes revaluation profit/(loss) after tax.

(2) Includes an $89 million once-off taxation benefit from HomeSide in the March 2002 half year.

(3) Cash earnings is a performance measure used by the management of the Group. Refer to the Glossary of Terms for a complete discussion of cash earnings.

(4) This calculation is prepared on a cash earnings per ordinary share basis. Refer to note 16 for information on cash earnings per diluted share.

GROUP PERFORMANCE SUMMARY

			Half year to		Fav/(unfav) change on	
	Note	Mar 03	Sep 02	Mar 02	Sep 02	Mar 02
		$m	$m	$m	%	%
Banking (1)						
Net interest income	**2**	**3,692**	3,584	3,517	3.0	5.0
Other operating income (2)	**7**	**2,066**	1,972	1,877	4.8	10.1
Banking net operating income (1)		**5,758**	5,556	5,394	3.6	6.7
Wealth Management						
Net interest income	**2**	**54**	45	56	20.0	(3.6)
Net life insurance income (3)	**6**	**81**	(250)	240	large	(66.3)
Other operating income (2)	**7**	**366**	411	388	(10.9)	(5.7)
Net operating income		**6,259**	5,762	6,078	8.6	3.0
Banking operating expenses (1)	**8**	**2,692**	2,645	2,555	(1.8)	(5.4)
Wealth Management operating expenses (4)	**8**	**394**	482	331	18.3	(19.0)
Charge to provide for doubtful debts	**10**	**322**	260	387	(23.8)	16.8
Cash earnings before tax		**2,851**	2,375	2,805	20.0	1.6
Banking income tax expense (1)	**12**	**781**	771	689	(1.3)	(13.4)
Wealth Management income tax (benefit)/expense	**12**	**(61)**	(352)	132	(82.7)	large
Cash earnings from ongoing operations before significant items		**2,131**	1,956	1,984	8.9	7.4
Wealth Management revaluation profit/(loss) after tax	**1**	**(205)**	(389)	237	47.3	large
Goodwill amortisation		**49**	53	48	7.5	(2.1)
Net profit from ongoing operations		**1,877**	1,514	2,173	24.0	(13.6)
Net profit from disposed operations (HomeSide)			(9)	107	large	large
Net profit before significant items		**1,877**	1,505	2,280	24.7	(17.7)
Significant items after tax	**13**		(389)	(17)	large	large
Net profit		**1,877**	1,116	2,263	68.2	(17.1)

Net profit attributable to outside equity interest	**10**	(1)	7	large	(42.9)
Net profit attributable to members of the Company	**1,867**	1,117	2,256	67.1	(17.2)
Distributions	**94**	92	95	(2.2)	1.1
Earnings attributable to ordinary shareholders	**1,773**	1,025	2,161	73.0	(18.0)

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

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

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

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

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CASH EARNINGS BY REGION FROM ONGOING OPERATIONS

		Half year to		Fav/(unfav) change on	
	Mar 03	**Sep 02**	**Mar 02**	**Sep 02**	**Mar 02**
	$m	**$m**	**$m**	**%**	**%**
Australia					
Retail Banking (1)	**895**	894	866	0.1	3.3
Corporate & Institutional Banking	**202**	250	164	(19.2)	23.2
Wealth Management	**137**	52	184	large	(25.5)
Other (incl. Excess Capital, Group Funding & Corporate Centre) (2)	**(64)**	(66)	(74)	3.0	13.5
Total Australia	**1,170**	1,130	1,140	3.5	2.6
Europe					
Retail Banking (1)	**509**	456	504	11.6	1.0
Corporate & Institutional Banking	**90**	82	107	9.8	(15.9)
Wealth Management	**12**	26	18	(53.8)	(33.3)
Other (incl. Group Funding & Corporate Centre)	**(46)**	(19)	(27)	large	(70.4)
Total Europe	**565**	545	602	3.7	(6.1)
New Zealand					
Retail Banking (1)	**167**	142	118	17.6	41.5
Corporate & Institutional Banking	**74**	80	79	(7.5)	(6.3)
Wealth Management	**6**	3	4	large	50.0
Other (incl. Group Funding & Corporate Centre)	**(8)**	(4)	(4)	large	large
Total New Zealand	**239**	221	197	8.1	21.3
United States					
Corporate & Institutional Banking	**26**	20	(19)	30.0	large
Other (incl. Group Funding & Corporate Centre) (3)	**89**	34	(1)	large	large
Total United States	**115**	54	(20)	large	large
Asia					
Corporate & Institutional Banking	**24**	9	46	large	(47.8)
Wealth Management	**12**	(4)	15	large	(20.0)
Other (incl. Group Funding & Corporate Centre)	**6**	1	4	large	50.0
Total Asia	**42**	6	65	large	(35.4)
Cash earnings from ongoing operations before significant items	**2,131**	1,956	1,984	8.9	7.4

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

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

(2) Earnings on excess capital is wholly attributed to Australia. The earnings rate on excess capital for the half years ended March 2003, September 2002 and March 2002 were 4.99%, 5.72% and 5.26% respectively

(3) The increased contribution is due to the cessation of redeemable preference share dividend payments with the sale of SR Investment, Inc. (HomeSide).

Refer to the Group Performance Summary on page 8 for a reconciliation of cash earnings from

ongoing operations before significant items to net profit.

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

SUMMARY OF FINANCIAL POSITION

	Note	Mar 03	--As at Sep 02	Mar 02	Change on Sep 02	Mar 02
		$m	$m	$m	%	%
Assets						
Cash assets		**6,060**	6,294	8,423	(3.7)	(28.1)
Due from other financial institutions		**13,760**	15,876	18,816	(13.3)	(26.9)
Due from customers on acceptances		**20,677**	19,474	20,317	6.2	1.8
Trading securities		**21,414**	19,590	17,131	9.3	25.0
Trading derivatives (1)		**25,228**	12,128	12,838	large	96.5
Available for sale securities		**5,005**	6,192	6,213	(19.2)	(19.4)
Investment securities		**10,925**	13,541	10,556	(19.3)	3.5
Investments relating to life ins. business		**30,278**	31,012	32,865	(2.4)	(7.9)
Loans and advances		**242,612**	231,300	207,636	4.9	16.8
Mortgage loans held for sale		**12**	85	101	(85.9)	(88.1)
Mortgage servicing rights			1,794	6,044	large	large
Shares in entities and other securities		**1,186**	1,199	1,114	(1.1)	6.5
Regulatory deposits		**180**	129	334	39.5	(46.1)
Property, plant and equipment		**2,493**	2,640	2,558	(5.6)	(2.5)
Income tax assets		**1,213**	1,292	1,194	(6.1)	1.6
Goodwill		**787**	775	828	1.5	(5.0)
Other assets		**12,366**	14,066	14,669	(12.1)	(15.7)
Total assets		**394,196**	377,387	361,637	4.5	9.0
Liabilities						
Due to other financial institutions		**49,722**	43,279	41,194	14.9	20.7
Liability on acceptances		**20,677**	19,474	20,317	6.2	1.8
Life insurance policy liabilities		**30,206**	30,425	32,056	(0.7)	(5.8)
Trading derivatives (1)		**24,821**	12,000	12,384	large	large
Deposits and other borrowings		**207,040**	206,864	190,627	0.1	8.6
Income tax liabilities		**1,255**	1,609	2,045	(22.0)	(38.6)
Provisions		**1,251**	2,809	2,202	(55.5)	(43.2)
Bonds, notes and subordinated debt		**18,933**	22,192	22,499	(14.7)	(15.8)
Other debt issues		**1,808**	1,866	1,926	(3.1)	(6.1)
Other liabilities		**14,668**	13,618	12,936	7.7	13.4
Net assets		**23,815**	23,251	23,451	2.4	1.6
Equity						
Contributed equity	**15**	**9,052**	9,931	10,486	(8.9)	(13.7)
Reserves	**15**	**1,254**	2,105	1,480	(40.4)	(15.3)
Retained profits	**15**	**13,224**	11,148	11,416	18.6	15.8

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

Total parent entity interest		**23,530**	23,184	23,382	1.5	0.6
Outside equity interests in controlled entities	**15**	**285**	67	69	large	large
Total equity		**23,815**	23,251	23,451	2.4	1.6

(1) The change in the fair value of trading derivatives asset and liability balances from March 2002 to March 2003 primarily reflects the revaluation impacts of movements in interest rates. The change in fair value from September 2002 to March 2003 primarily results from a reclassification not previously included, which equally impacts both trading derivative asset and liability balances and is not material in the context of the Group s balance sheet. The net trading derivative position at September 2002 is unchanged.

GROUP KEY PERFORMANCE MEASURES

	Note	Half year to Mar 03	Sep 02	Mar 02
Shareholder measures				
EVA ($million) (1)		**836**	643	641
Per ordinary share (cents)				
Cash earnings before significant items (2)	**16**	**133.0c**	120.3c	127.9c
Cash earnings after significant items (2)		**133.0c**	95.1c	126.8c
Earnings before significant items		**116.3c**	91.6c	140.1c
Earnings after significant items		**116.3c**	66.4c	139.0c
Per diluted share (cents) (3)				
Cash earnings before significant items	**16**	**130.1c**	117.5c	125.4c
Earnings after significant items		**114.2c**	66.2c	135.9c
Weighted average ordinary shares (no. million)		**1,524**	1,544	1,555
Weighted average diluted shares (no. million) (3)		**1,595**	1,620	1,629
Dividends per share (cents)		**80c**	75c	72c
Performance (after non-cash items) (4)				
Return on average equity before significant items		**17.1%**	14.5%	20.3%
Return on average equity after significant items		**17.1%**	10.5%	20.1%
Return on average assets before significant items		**0.94%**	0.77%	1.24%
Net interest income				
Net interest spread	**3**	**2.22%**	2.36%	2.41%
Net interest margin	**3**	**2.56%**	2.63%	2.71%
Profitability				
Total Banking cost to income ratio before significant items (5)		**47.3%**	48.2%	48.0%
Cash earnings per average FTE (before significant items) ($ 000)		**95**	85	85

		As at Mar 03	Sep 02	Mar 02
Capital				
Tier 1 ratio	**15**	**7.47%**	7.76%	7.91%
Tier 2 ratio	**15**	**3.02%**	3.76%	4.03%
Deductions	**15**	**(1.33)%**	(1.31)%	(1.34)%
Total capital ratio	**15**	**9.16%**	10.21%	10.60%
Adjusted common equity ratio (6)	**15**	**5.09%**	5.37%	5.44%
Common equity to tangible assets (7)		**4.59%**	5.02%	5.38%
Balance sheet assets ($bn)				
Gross loans and acceptances		**267**	255	232
Risk-weighted assets	**15**	**254**	248	237
Off-balance sheet assets ($bn)				
Funds under management and administration		**65**	66	71
Assets under custody and administration		**343**	365	359
Asset quality				

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

Gross non-accrual loans to gross loans and acceptances	**11**	**0.59%**	0.62%	0.75%
Net impaired assets to total equity	**11**	**4.5%**	4.7%	4.9%
General provision to risk-weighted assets	**11**	**0.75%**	0.82%	0.88%
Specific provision to gross impaired assets	**11**	**36.1%**	34.6%	37.0%
General and specific provisions to gross impaired assets	**11**	**155.7%**	161.0%	155.7%
Other information				
Full-time equivalent employees (no.)	**9**	**43,002**	43,202	43,658

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(1) Economic Value Added (EVA) is a registered trademark of Stern Stewart & Co. Refer pages 26 and 83 for further details.

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

(3) Refer to note 16 for the components.

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

(5) Total Banking cost to income ratio is gross of eliminations, refer to note 1. Costs include total expenses adjusted for significant items,goodwill amortisation, the charge to provide for doubtful debts and interest expense. Income includes total revenue adjusted forsignificant items and net of interest expense. Refer to the Glossary of Terms for a complete discussion of the cost to income ratio.

(6) Calculated as adjusted common equity to the risk-weighted assets.

(7) Calculated as adjusted shareholders funds to the adjusted tangible assets.

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2003

MANAGEMENT DISCUSSION & ANALYSIS

(4) Other operating expenses excludes life insurance expenses incorporated within net life insura

Management Discussion & Analysis - Overview

OVERVIEW (1)

Cash earnings of $2,027 million were a record half year result and were 1.9% higher than the March 2002 half year. Cash earnings per share (EPS) increased 5.1 cents (4.0%) to 133.0 cents, reflecting both growth in the earnings of the underlying core business and active capital management initiatives.

Cash earnings from ongoing operations have grown 7.4% on the March 2002 half year and 8.9% on the September 2002 half year. Total Banking has maintained earnings momentum with good volume growth and the benefit from restructuring activities. This has resulted in underlying profit growth of 8.0% from the March 2002 half.

A key feature of the result has been strong underlying growth in both the Australian and New Zealand retail banking operations. Strong housing growth and sound asset quality were evident across the Group. Difficult trading conditions in Europe and pressure on Wealth Management income due to weak investor sentiment resulted in slower growth in these business divisions.

Cash earnings per share growth (in cents)

The March 2002 half included a $107 million contribution (including an $89 million once-off taxation benefit) from HomeSide. This impact has been partly mitigated by the reduction in the Group s funding cost as a result of the sale.

The impact of the ongoing share buy back (net of funding costs) has added 1.6 cents or 1.3% to cash EPS growth compared to the March 2002 half.

The interim dividend has been increased 8 cents to 80 cents per share compared with the prior corresponding period. The Group anticipates a 100% franking level for the 2003 financial year.

Banking

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

		Half year to		Fav/(unfav) change on	
	Mar 03	**Sep 02**	**Mar 02**	**Sep 02**	**Mar 02**
	$m	**$m**	**$m**	**%**	**%**
Net interest income	**3,692**	3,584	3,517	3.0	5.0
Other operating income	**2,124**	2,041	1,940	4.1	9.5
Total income	**5,816**	5,625	5,457	3.4	6.6
Other operating expenses	**2,750**	2,714	2,618	(1.3)	(5.0)
Underlying profit	**3,066**	2,911	2,839	5.3	8.0
Charge to provide for doubtful debts	**321**	261	387	(23.0)	17.1
Cash earnings before tax	**2,745**	2,650	2,452	3.6	11.9
Income tax expense	**781**	771	689	(1.3)	(13.4)
Cash earnings before significant items	**1,964**	1,879	1,763	4.5	11.4

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

Banking operations generated $1,964 million of total Group cash earnings, an increase of 11.4% on prior corresponding period. The retail banking operations produced $1,571 million, a growth rate of 5.6%, with the results underpinned by strong volume growth, cost containment and an improved asset quality profile across regions. Corporate & Institutional Banking had a 10.3% increase in cash earnings in tough market conditions.

At an underlying profit level, Total Banking increased 8.0% from the March 2002 half year (5.3% from the September 2002 half). Retail Banking growth was 7.8% and 5.0% respectively.

		Half year to		Fav/ (unfav) change on	
Underlying profit	**Mar 03**	**Sep 02**	**Mar 02**	**Sep 02**	**Mar 02**
	$m	**$m**	**$m**	**%**	**%**
Financial Services Australia	**1,446**	1,365	1,272	5.9	13.7
Financial Services Europe	**869**	867	917	0.2	(5.2)
Financial Services New Zealand	**243**	204	184	19.1	32.1
Retail Banking	**2,558**	2,436	2,373	5.0	7.8
Corporate & Institutional Banking	**565**	573	606	(1.4)	(6.8)
Other	**(57)**	(98)	(140)	41.8	59.3
Total Banking	**3,066**	2,911	2,839	5.3	8.0

Sound progress was made towards 2004 efficiency targets established under Positioning for Growth.

			Half year to	
Cost to income ratio by banking division	**2004 Target**	**Mar 03**	**Sep 02**	**Mar 02**
		%	**%**	**%**
Financial Services Australia	46.0	**45.6**	47.4	48.9
Financial Services Europe	48.0	**50.1**	49.2	47.7
Financial Services New Zealand	48.0	**50.8**	53.4	53.2
Corporate & Institutional Banking	36.0	**39.8**	40.6	37.8
Total Banking		**47.3**	48.2	48.0

Wealth Management

Operating profit from Wealth Management more than doubled from the September 2002 half year but fell by 24.4% from the March 2002 half year. Market share remained steady. The value of funds under management decreased 0.8% from 30 September 2002 as a result of weaker global equity markets, which have impacted investor confidence. This has had a significant impact on the level of fees earned, and has continued to unfavourably impact the investment earnings on capital. Investors have generally lowered their risk profile during the half year and this has been reflected in slower growth in investment products within Wealth Management, but strong growth in deposit volumes within the Group s banking businesses.

The share of net retail funds management inflows captured for the year to December 2002 was 16.7%, which compares to a market share of funds under management of 14.1%. The continuation of a substantial investment program in both Australia and the United Kingdom will ensure the future growth in this business.

	2004		Half year to	
Wealth Management efficiency targets	**Target**	**Mar 03**	**Sep 02**	**Mar 02**
Cost to premium income ratio (%)	21.0	**21.0**	22.0	22.0
Cost to funds under management (basis points) (1)	65	**67**	67	66

(1) March 2003 and September 2002 half years exclude the NAFiM investor compensation

Diversification of income streams

The Group has continued to deliver on its strategy of diversifying sources of income, as well as the geographic mix of income. The Group has remained focused on the development of sustainable relationship based sources of income and reduced historical reliance on net interest income. In addition to the ongoing growth in the Group s Wealth Management business, there has been an increase in the share of Total Banking income derived from non-interest income from 35.6% in the March 2002 half to 36.5% in the March 2003 half.

Restructuring Progress

During 2002 the Group recognised restructuring costs of $580 million ($412 million after tax) resulting from its Positioning for Growth program and related restructuring activities. The initiative comprised a fundamental reorganisation of the structure of the Group as well as a series of revenue and cost enhancement initiatives. Restructuring expenses primarily related to redundancies of $327 million, surplus leased space of $68 million and other restructuring costs of $185 million including technology write-downs of $132 million.

The restructuring expenses were incurred to deliver a significant portion of the announced cost reduction target of $370 million per annum by September 2004. Of these savings, 80% relate to personnel costs. Redundancy payments will have a payback period of approximately one year.

Based primarily on redundancies made to date, annual cost savings of $195 million have been achieved against targeted annualised savings of $370 million per annum by September 2004. The Group is on track to achieve the target.

Restructuring expenses

	Redundancies $m	Occupancy $m	Other $m	Total $m
Total 2002 expenditure/provision	327	68	185	580
Expenditure in 2002 year	(101)	(20)	(177)	(298)
Provision balance as at 30 September 2002	226	48	8	282
Foreign exchange impact	(10)	(2)		(12)
Expenditure in March 2003 half year	(64)	(2)		(66)
Provision balance as at 31 March 2003	**152**	**44**	**8**	**204**
Balance remaining of total restructuring	**46%**	**65%**	**4%**	**35%**

In the half year to March 2003 $66 million of the provision for restructuring costs was utilised primarily in relation to 468 redundancies. Staff reductions have resulted from changes to head office, back office, IT, operations and front office areas and the re-engineering of the lending, distribution and transaction processing functions.

Staffing levels ongoing operations

Increase/(Decrease)	Half year to Mar 03 FTEs	Year to Sep 02 FTEs
Opening balance	**43,162**	44,231
Acquisition Hertz Fleetlease L		