NATIONAL AUSTRALIA BANK LTD
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of May 2007

National Australia Bank Limited

ACN 004 044 937

(Registrant s Name)

Level 35

500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

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

Form 20-F x Form 40-F o

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

Yes o No x

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

Appendix 4D

National Australia Bank Limited

Half year consolidated report

For the six months ended 31 March 2007

National Australia Bank Limited ABN 12 004 044 937 (the Company)

A reference in this Appendix 4D to the Group is a reference to the Company and its controlled entities.

This half year consolidated report is given to Australian Stock Exchange Limited (ASX) under Listing Rule 4.2A.

This half year consolidated report is to be read in conjuction with the annual financial report 2006.

All currency amounts are expressed in Australian dollars unless otherwise stated.

References in this document to the March 2007 half year are references to the six months ended 31 March 2007.

Other six month periods are referred to in a corresponding manner.

Results for announcement to the market

Reporting period	**Previous corresponding period**
6 months ended 31 March 2007	6 months ended 31 March 2006

				31 March 2007 $m
Revenue from ordinary activities	up	8.5	% to	22,038
Profit after tax from ordinary activities attributable to members of the Company	up	7.1	% to	2,136
Net profit attributable to members of the Company	up	7.1	% to	2,136

Dividends

	Amount per share	**Franked amount per share**
Interim dividend	87 cents	90 %
Record date for determining entitlements to the interim dividend		7 June 2007

Net profit attributable to members of the Company has increased 7.1% to $2,136 million for the six months ended 31 March 2007.

Performance reflects a range of factors including good revenue growth and cost control in the current period, with the comparison to the previous corresponding period being impacted by one off income as a result of reforms made to the UK defined benefit funds.

The increase in revenue is primarily due to growth in interest income.

National Australia Bank Limited

ABN 12 004 044 937

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REPORT OF THE DIRECTORS

The directors of National Australia Bank Limited (hereinafter referred to as the Company) present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the half year ended 31 March 2007.

In this report, the period commencing 1 October 2006 and ending 31 March 2007 is referred to as the March 2007 half and other half year periods are referred to in a corresponding manner.

The directors of the Company have a significant responsibility with respect to the integrity of external reporting. This involves reviewing and monitoring, with the assistance of the Audit Committee and management, the processes, controls and procedures which are in place to maintain the integrity of the Group s financial statements. Further details of the role of the Board of Directors and its Committees can be found in the Corporate Governance section of the Group s 2006 Annual Financial Report or on the Group s website www.nabgroup.com

Directors

Directors in office at the date of this report are:

Michael A Chaney
Chairman since September 2005 and Director since December 2004

Patricia A Cross
Director since December 2005

Peter JB Duncan
Director since November 2001

Ahmed Fahour
Director since October 2004

Daniel T Gilbert
Director since September 2004

Thomas (Kerry) McDonald
Director since December 2005

Paul J Rizzo
Director since September 2004

Jillian S Segal
Director since September 2004

John M Stewart
Director since August 2003. Managing Director and Group Chief Executive Officer since February 2004

John G Thorn
Director since October 2003

Geoffrey A Tomlinson
Director since March 2000

Michael J Ullmer
Director since October 2004

G Malcolm Williamson
Director since May 2004

Rounding of Amounts

Pursuant to Class Order 98/100 made by the Australian Securities and Investments Commission on 10 July 1998, the Company has rounded off amounts in this report and the accompanying financial statements to the nearest million dollars, except where indicated.

Review of Operations and Group Results

Profit before Income Tax Expense

Group profit before income tax expense increased 9.5% to $4,032 million from the September 2006 half, and increased 12.2% from the March 2006 half.

Net Profit attributable to members of the Company

Financial performance movement on September 2006 half

Net profit attributable to members of the Company of $2,136 million for the half year ended 31 March 2007, decreased $262 million or 10.9% compared with the half year ended 30 September 2006. This result was largely impacted by the one-off items set out below. Taking these items into account, net profit improved during the March 2007 half.

The September 2006 half year result included the impacts of the accounting profit after tax of $171 million on the sale of the Group s Custom Fleet business, accounting loss after tax of $63 million on the sale of the

Group s MLC Asia businesses and $117 million earnings up to their dates of sale of 31 July 2006 and 8 May 2006 respectively.

The above performance included:

- ***Net interest income*** increased by $289 million or 6.4%. This reflects lending and deposit growth and the maintenance of the overall Group net interest margin, which increased 2 basis points to 2.33%.

- ***Net life insurance income*** increased by $557 million reflecting strong equity market conditions globally, particularly Australian equity markets.

- ***Gains less losses on financial instruments at fair value*** decreased by $11 million or 4.1% mainly due to reduced trading income from securities and derivatives of $44 million, offset by a $35 million increase in net fair value movements of assets and liabilities at fair value and the derivatives matched against them, plus the impact of hedge ineffectiveness.

- ***Other operating income*** decreased by $348 million or 15.3% to $1,925 million. Excluding the impact of the disposed entities from the September 2006 half, other operating income decreased by $102 million or 5.0% primarily reflecting:

- decreases in: *Profit on sale of property, plant and equipment and other assets* of $26 million and *Investment management fees* of $25 million and increased losses on *Revaluation of exchangeable capital units* of $107 million; offset by

- an increase in *Fees and commissions* of $88 million.

- ***Operating expenses*** decreased by $52 million or 1.4% to $3,643 million. Including the ongoing costs of the Group s defined benefit pension plans in the September 2006 half (refer to note 3) operating expenses decreased by $66 million or 1.8%. Excluding the impact of disposed operations from the September 2006 half, operating expenses were held broadly flat, decreasing by $18 million or 0.5%. This is driven by:

- decreases in: *Other general expenses* of $58 million, *Professional fees* of $44 million, and *Fees and commissions expense* of $10 million due to cost control and efficiency initiatives;

- decreased *Depreciation on leased vehicle assets* of $33 million due to cessation of depreciation on assets classified as held for sale; offset by

- an increase in *Personnel expenses* of $165 million (8.5% growth), driven by EBA increases, an increase in the number of staff and higher performance based remuneration.

- ***Charge to provide for doubtful debts*** increased by $54 million or 16.1% to $390 million. The increase was primarily due to deterioration identified in specific consumer segments in Australia, volume growth and a reduction in the level of write backs.

Financial performance movement on March 2006 half

Net profit attributable to members of the Company of $2,136 million for the half year ended 31 March 2007, increased by $142 million or 7.1% compared with the half year ended 31 March 2006.

The March 2006 half year result included one off income of $270 million after tax in respect of past service revenue arising out of reform made to the UK defined benefit pension fund, offset by an on-going expense of the Group s UK defined benefit plans of $38 million after tax.

Excluding these items net profit for the half year ended 31 March 2007 increased $374 million or 21.2% compared with the half year ended 31 March 2006.

The above performance included:

- ***Net interest income*** increased by $591 million or 14.1%. This reflects lending and deposit growth and the maintenance of the overall Group net interest margin, which increased by 2 basis points to 2.33%.

- ***Net life insurance income*** increased by $226 million or 25.9% reflecting strong equity market conditions globally, particularly Australian equity markets.

- ***Gains less losses on financial instruments at fair value*** increased by $54 million or 26.6% mainly due to higher net fair value movements of assets and liabilities at fair value and the derivatives matched against them, plus the increased hedge ineffectiveness of $161 million, offset by reduced trading income from securities and derivatives of $114 million.

- ***Other operating income*** decreased by $221 million or 10.3% to $1,925 million. Excluding the impact of the disposed entities from the March 2006 half, other operating income increased by $158 million or 8.9% primarily reflecting:

- increases in: *Investment management fees* of $55 million from wealth management activities and *Loan fees from banking* of $41 million, and reduced losses on *Revaluation of exchangeable capital units* of $77 million; offset by

- a decrease in and *Fees and commissions* of $10 million.

- ***Operating expenses*** decreased by $241 million or 6.2% to $3,643 million. Including the ongoing costs of the Group s defined benefit plans of $54 million (refer to note 3), operating expenses fell $295 million or 7.5%. Excluding the impact of disposed operations, operating expenses increased $4 million or 0.1% reflecting:

- increased *Personnel expenses* of $157 million (8.0% growth) as a result of increases in performance based remuneration and EBA related increases; offset by

- decreases in: *Charge to provide for operational risk event losses* of $71 million, *Other general expenses* of $34 million and *Depreciation on leased vehicle assets* of $34 million.

- ***Charge to provide for doubtful debts*** increased by $120 million or 44.4% to $390 million. The increase was primarily due to the deterioration identified in specific consumer segments in Australia and the United Kingdom from the March 2006 half, and a return to normal provisioning levels.

Average Interest Earning Assets

Volumes by Division

Average interest-earning assets including disposed operations	**Half year to Mar 07 $m**	**Sep 06 $m**	**Mar 06 $m**	**Fav/ (Unfav) Change on Sep 06 %**	**Ex FX %(1)**
Australian Banking	**222,826**	209,078	194,533	6.6	6.6
UK Region	**63,283**	55,260	48,312	14.5	10.9
New Zealand Region	**34,032**	31,893	31,525	6.7	6.1
nabCapital	**145,348**	140,707	135,613	3.3	2.5
Other (2)	**(53,268)**	(49,676)	(45,863)	(7.2)	(3.5)
Group average interest-earning assets	**412,221**	387,262	364,120	6.4	6.1

(1) Change expressed at constant foreign exchange rates.

(2) Other includes the Wealth Management and Asia regional operations, Group Funding, Corporate Centre and Inter-divisional eliminations.

Average interest-earning assets increased $24,959 million, or 6.4% on the September 2006 half year. This was driven primarily by a $22,741 million increase in loans and advances and $4,480 million in bill acceptances.

Adjusting for disposed operations, average interest-earning assets increased $25,141 million, or 6.5% on the September 2006 half year. Key factors contributing to this outcome were:

- Australian Banking average business lending increased 10.7% on the September 2006 half year, whilst growth in mortgage volumes slowed to 3.1%, particularly in the broker channel;

- Average housing loans in UK Region increased 9.3% at constant exchange rates on the September 2006 half year, largely driven by the growing momentum of the Financial Solutions Centres and the continued growth of the Third Party Distribution channel. Average business lending volumes grew 12.6% at constant exchange rates, whilst credit cards and personal loans declined 1.3% over the half;

- In New Zealand s intensely competitive market, average mortgage and business lending increased by 6.0% and 6.2% respectively, at constant exchange rates on the September 2006 half year; and

- nabCapital s average core lending (which includes loans at amortised cost and fair value) increased 4.2% on the September 2006 half year due to the growth in origination activity in higher yielding businesses.

Bill acceptances increased $4,480 million, or 11.2% as business customers continued to favour this product due to favourable pricing and flexibility.

Net Interest Margin

Group net interest margin increased 2 basis points to 2.33% on both the September 2006 and March 2006 half years.

Excluding disposed operations in previous periods, Group net interest margin remains flat on the both the September 2006 and March 2006 half years.

Segment net interest margin movements on the September 2006 half year, on an ongoing basis are summarised as follows:

- Australian Banking margin increased by 2 basis points, with higher deposit margins due to pricing, offset by lending margin contraction and portfolio mix impacts (mainly deposits);

- UK Region margin declined by 25 basis points and reflects the planned shift from higher margin credit card and personal lending to lower margin products;

- NZ Region margin remained steady over the half. The benefit of the recent 25 basis points rise in the Official Cash Rate on deposit margins has been offset by lower lending product margins and an increased reliance on wholesale funding;

- nabCapital s margin increased by 3 basis points due to increased lending to higher yielding businesses and was partly offset by lower income in Markets as a result of the Group s reduced level of short term funding requirements; and

- Group Funding s net interest income has remained flat compared to the September 2006 half, with increased capital returns offset by increased capital benefit distributed to regions.

As a result, on a weighted basis, the key contributors to the Group s 2 basis point net interest margin increase were Australian and New Zealand Regions due to strong volume growth at steady margins in the March 2007 half year and the sale of Custom Fleet in the September 2006 half year, offsetting the managed reduction of UK Region margins.

Asset Quality

Summary

- Sound lending growth continues, broadly in line with system growth over the period.

- Underwriting standards have been maintained with themed credit portfolio reviews & portfolio stress testing being undertaken in each region on an ongoing basis.

- Globally, softer economic conditions that emerged in the September 2006 half are continuing.

- Increased delinquencies in the Australian region in home loans and personal credit continue to be actively managed. UK region personal credit delinquencies have stabilised in the face of industry wide bankruptcies during the period.

- The level of business lending specific provision charge, while increasing continues to remain at cyclically low levels with no new nabCapital specific provisions charges in the March 2007 half.

- Bad and Doubtful Debt charge has increased by 16.1% on the September 2006 half. This is the result of softening economic conditions and a reduction in the level of write backs in the current half. The total charge is within expectations for this point in the credit cycle.

- The Australian agribusiness portfolio remains robust despite the continuing drought. The sector represents a small proportion (3.3%) of gross loans & acceptances and is generally well secured.

Growth and Asset composition

The volume of gross loans and acceptances for the Group grew by 5.7% in the March 2007 half to $366,502 million (13.7% year on year). Sound growth was recorded in all regions.

Growth in the Australian region is reflective of initiatives undertaken during the financial year ended 30 September 2006 in Business & Private banking. Market share leadership in the business segment is being maintained (Source: RBA Financial Aggregates/NAB data as at March 2007). Growth in Australian region housing loans has lagged system, the result of a slowing broker channel and subdued growth in NSW.

Growth in UK region business lending, in local currency terms, was 1.3 times business credit system growth over the past 12 months. The integrated Financial Services distribution strategy continues to produce strong volume growth, particularly in the business credit segments.

Growth in the New Zealand region was predominantly in housing and agribusiness sectors, with business growth showing signs of a recovery late in 2006.

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Against the background of this growth, softening economic conditions have seen an increase in counterparties requiring specialised review. A comprehensive portfolio review undertaken during the March 2007 half confirmed that acceptable file management and early detection of troubled loans continues to occur, with no systemic issues evident at this time.

The Group lending portfolio composition for the March 2007 half remained in line with the September 2006 financial year end position.

Trends in the ratings of non-retail exposures and security

As foreshadowed in the September 2006 profit announcement released to the Australian Securities Exchange on 3 November 2006, the Bank has commenced measuring its loan portfolio based upon Expected Loss methodology, as part of enhancements relating to the implementation of the Basel II Capital Accord. This methodology takes into account not only the probability of default, but also exposure at default and loss given default. To support this approach, new models for customer risk score (probability of default) and security (loss given default) were launched in the Australian region during the 3 months to 31 December 2006. Each model provides increased granularity with the customer risk score moving from 16 to 25 grades and security from 4 to 10 grades. The models will be progressively implemented in the other business segments during 2007.

Based upon Expected Loss methodology, the volume of non-retail investment grade equivalent (AAA to BBB-) exposures in the Australian region is 66.6%. This is in line with pre-release model testing and analysis and management expectations.

The volume of non-retail investment grade equivalent (AAA to BBB-) exposures in the UK, New Zealand and nabCapital regions collectively declined by 2.2% to 78.8%, largely within nabCapital. This reduction is in line with nabCapital s business strategy of targeting higher yielding assets.

The Group makes accounting adjustments to equate to the expected loss methodology in order to comply with accounting standards.

The Group considers a loan to be well secured where bank security is greater than 100% of the exposure.

The proportion of non-retail portfolio well-secured facilities during the March 2007 half decreased by 1.2% to 49.0%. The majority of this reduction occurred in the Australian region business lending portfolio and is in accordance with the Australian region s credit setting strategy. The portfolio structure continues to be closely monitored with some increases in facilities warranting specific review.

Non Impaired Assets 90 days past due

Non impaired 90 days past due facilities consist of well-secured assets that are more than 90 days past due and portfolio-managed facilities that are not well secured and between 90 and 180 days past due.

The proportion of 90 days past due loans to gross loans and acceptances in the March 2007 half deteriorated by 2 basis points to 0.24% when compared to the September 2006 half, in part driven by seasonal factors and softening economic conditions in NSW. The result is a 6 basis point improvement to the March 2006 half. The volume of 90 days past due loans rose by $101 million to $865 million in the March 2007 half ($963 million in the March 2006 half).

Impaired Assets

Impaired assets consist of retail loans (excluding credit card loans and portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and arrears of interest revenue; non retail loans which are contractually past due and there is sufficient doubt about the ultimate collectability of principal and interest; and impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities when they become 180 days past due, and loans where some concerns exist as to the ongoing ability of the borrowers to comply with the present loan repayment terms, are classified as impaired assets.

The ratio of gross impaired assets to gross loans and acceptances remained relatively stable, at 0.29% compared to 0.30% in the September 2006 half (0.31% in the March 2006 half).

Gross impaired assets increased $14 million in the March 2007 half to $1,071 million ($984 million in the March 2006 half). Excluding the impact of the exit of one large nabCapital exposure, gross impaired assets increased by $202 million during the March 2007 half year. The increases were in the Australian region ($141 million, predominantly well secured), attributable to economic conditions being experienced in NSW; the UK region ($42 million), the movement being in line with longer run average impaired asset ratios; and New Zealand region ($24 million), with a single well secured exposure contributing to the majority of the increase. There were no new impaired assets added in nabCapital during the current half year.

The combined level of 90 days past due and impaired assets to gross loans and acceptances has remained stable over the March 2007 half at 0.53% (0.60% in the March 2006 half).

The ratio of 90+ day delinquencies (i.e. 90 days past due and impaired retail assets) to total retail lending increased to 0.72% in the March 2007 half from 0.62% in the September 2006 half (0.63% in the March 2006 half).

Home loan delinquencies together with unsecured personal credit delinquencies in the Australian region reflect continued softening economic conditions (particularly NSW), contributing to higher 90+ day delinquencies. This position is being actively managed through improved collections processes and comprehensive portfolio reviews that commenced in the latter half of the year to 30 September 2006.

Unsecured personal credit delinquencies in the UK region have stabilised in the face of high industry wide bankruptcies. This reflects enhancements to arrears management and changes to customer scorecards (scorecards are a decision model incorporating algorithms that calculates a customer risk score, the outcome of which is used in the credit assessment process).

The gross 12-month rolling write off rate for the Group s retail portfolio increased slightly (one basis point) to 0.32% compared to the year ended 30 September 2006. The write off rate for housing remains negligible.

Bad & Doubtful Debt Charge

The total charge for bad and doubtful debts grew by $54 million (16.1%) to $390m when compared to the September 2006 half.

The majority of the total charge for the March 2007 half relates to the retail credit portfolios, which is consistent with the experience in the September 2006 half.

Growth in the charge is the result of softening economic conditions and a reduction in the level of write backs in the March 2007 half. The total charge is within expectations for this point in the credit cycle.

Consistent with the year to 30 September 2006, the charge for the Group remains at historically low levels.

The increase in the specific provision charge reflects lower write backs in the business portfolio and none in nabCapital.

The increase in the collective provision charge over the March 2007 half reflects strong business credit growth across the Group, together with deteriorating trends within the Australian retail banking segment. New Zealand region charge levels are relatively flat on the September 2006 half.

UK region charge levels have improved with lower collective provisions in the personal loan and cards portfolios offsetting growth in the collective provision charge relating to the increase in business lending volumes.

nabCapital collective provision charge growth of $23 million mainly relates to increased exposures primarily in UK and Australia.

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Net Write Offs

The proportion of net write offs to gross loans and acceptances decreased by 1 basis point ($51 million) over the March 2007 half to 0.08%. The levels of net write offs continue to be at acceptable levels for this point in the economic cycle.

The majority of the net write offs during the March 2007 half occurred in the Australian and the UK regions unsecured personal credit segment. Enhanced arrears management activities that commenced in the second half of the financial year ended 30 September 2006 continue to be reviewed and refined.

Provisioning coverage

The Group s specific provision to gross impaired asset coverage for the March 2007 half improved 80 basis points to 18.2%. Total provision coverage of impaired assets also improved from 204.0% to 210.7%.

The movement of both ratios was influenced by the exit of a large exposure without specific provision in the March 2007 half, partly offset by the growth in impaired assets.

The majority of growth in impaired assets in the Australian region has been confined to NSW. Typically these assets have been well secured housing and business loans, with only small specific provisions recorded against them.

The UK region experienced small increases in impaired assets across a broad range of customers, similarly these assets typically are well secured and require only small specific provisions.

The Group s ratio of collective provisions to credit risk weighted assets is 0.63% and has remained stable in the March 2007 half (0.65% in the September 2006 half).

Taxation

Total income tax expense for the March 2007 half of $1,231 million, was $438 million or 55.2% higher than the September 2006 half, however was $110 million or 8.2% lower than the March 2006 half. This reflects movements in the taxation expense attributable to the statutory funds of the life insurance business.

The effective income tax rate excluding statutory funds attributable to the life insurance business for the March 2007 half of 29.9% compares to 28.7% for the September 2006 half and 31.2% for the March 2006 half.

There were no significant tax items during the 2006 year or during the current half that has affected the Group s effective income tax rate excluding statutory funds attributable to the life insurance business.

The higher income tax expense for the March 2007 half compared to the September 2006 half reflects higher operating profits before tax in all of the Group s business segments and increased tax expense attributable to the statutory funds of the life insurance business.The income tax expense arising in the statutory funds of the life insurance business for the current half amounted to $387 million compared to an income tax benefit of $102 million during the September 2006 half. This is mainly due to increased policyholder tax expense reflecting growth in policyholder investment earnings in the March 2007 half compared to the September 2006 half. The quantum of income tax expense attributable to the statutory funds of the life insurance business is also impacted by Wealth Management products and activities, to which a wide range of tax rates are applied.

The lower income tax expense for the March 2007 half compared to the March 2006 half was also as a result of the significant variability that occurs in the policyholder tax expense that is included in the Group s total tax expense.

For details of the Group s contingent tax liabilities refer to note 14 of the Financial Report.

Balance Sheet

Total assets at 31 March 2007 increased to $508,835 million from $484,785 million at 30 September 2006 and $459,213 million at 31 March 2006. Excluding the impact of exchange rate movements, total assets grew $27,861 million or 5.8% during the March 2007 half.

The increase in total assets during the half was mainly driven by the growth in loans and advances (including loans accounted for at fair value), customer acceptances and life insurance business investments.

Total liabilities at 31 March 2007 increased to $479,268 million from $456,813 million at 30 September 2006 and $433,151 million at 31 March 2006. Excluding the impact of exchange rate movements, total liabilities grew $25,228 million or 5.6% during the March 2007 half.

The increase in total liabilities during the March 2007 half was mainly driven by the growth in deposits and other borrowings (including deposits accounted for at fair value), liability on acceptances, life policy liabilities and bonds, notes and subordinated debt.

Total equity at 31 March 2007 increased to $29,567 million from $27,972 million at 30 September 2006 and $26,062 million at 31 March 2006. The increase in total equity during the March 2007 half was primarily driven by the conversion of exchangeable capital units to ordinary shares amounting to $1,331 million, partly offset by the share buy back of $654 million, as well as an increase in retained profits amounting to $798 million, reflecting the net profit for the period less dividends and distributions paid during the half.

Further discussion on the significant movements in categories of the balance sheet follows:

Lending

	As at 31 Mar 07 $m	30 Sep 06 $m	31 Mar 06 $m	Fav/(Unfav) Change on Sep 06 Ex FX %	Mar 06 Ex FX %
Housing					
Australia	134,237	129,423	123,860	3.7	8.4
UK	24,785	23,976	20,891	6.5	19.0
New Zealand	19,273	17,818	16,431	6.9	13.3
Asia	665	545	502	31.7	49.4
Total housing	178,960	171,762	161,684	4.5	10.4
Term lending (1)	95,077	88,477	80,663	8.4	17.6
Other lending (1)	46,513	44,724	42,805	5.7	9.3
Bill acceptances	45,952	41,726	37,266	10.1	23.3
Total lending (gross loans & acceptances)	366,502	346,689	322,418	6.3	13.5

(1) Includes loans accounted for at fair value of $17,832 million as at 31 March 2007, $16,774 million as at 30 September 2006 and $14,396 million as at 31 March 2006. On the balance sheet, these amounts are included within other financial assets at fair value.

Housing lending has increased by $7,198 million or 4.5% (excluding foreign exchange movements) from the September 2006 half and by $17,276 million or 10.4% (excluding foreign exchange movements) from the March 2006 half. This increase primarily reflects continued growth in residential mortgage lending across all business segments.

In Australia, housing lending increased by 3.7% from the September 2006 half and by 8.4% from the March 2006 half, reflecting the relative weakness of the New South Wales economy and a reduction in the amount of business through third party channels. The housing lending growth reflects both variable rate products (including 100% offset accounts) as well as fixed rate-lending products as borrowers lock in interest rates during a rising interest rate environment.

In the UK, housing lending increased by 6.5% (excluding foreign exchange movements) from the September 2006 half and by 19.0% (excluding foreign exchange movements) from the March 2006 half, reflecting continued growth and maturity across the Financial Solution Centres (with the opening, upgrading and relocation of more centres over the past 12 months), strong growth in the third party distribution channel and the branch network. The UK is continuing to successfully implement its strategy of increasing housing lending and other targeted volume growth expansion strategies, with significant growth in variable rate lending, particularly the highly promoted offset mortgages product offerings.

In New Zealand, housing lending increased by 6.9% (excluding foreign exchange movements) from the September 2006 half and by 13.3% (excluding foreign exchange movements) from the March 2006 half. Although operating in an intensively competitive New Zealand banking environment, lending volumes grew during the March 2007 half. This was driven by sound systems growth in fixed rate housing loans as borrowers lock in interest rates during a rising interest rate environment, and the continued success of Bank of New Zealand s targeted home loan strategy, and other pricing initiatives and promotional campaigns.

Term lending has increased by $6,600 million or 8.4% (excluding foreign exchange movements) from the September 2006 half and by $14,414 million or 17.6% (excluding foreign exchange movements) from the March 2006 half. Term lending volumes have grown in the Group s business segments during the year, reflecting a combination of continued strong economic conditions in all business segments, good lending growth in Australia, continued growth and maturity in the UK across the Financial Solution Centres and New Zealand s core strength in business banking.

Bill acceptances increased by $4,226 million or 10.1% from the September 2006 half and by $8,686 million or 23.3% from the March 2006 half year. Excluding acceptances repurchased by the Company, volumes have grown 11.1% over the half as bill acceptances continue to be a product favoured by business customers due to favourable pricing and flexibility.

Marketable Debt Securities

Marketable debt securities (trading, available for sale and held to maturity investments) amounted to $16,870 million at 31 March 2007 and have remained relatively consistent with the balances at 30 September 2006 and 31 March 2006, of $16,621 million and $16,225 million respectively.

Life insurance business investments and life policy liabilities

Life insurance business investments increased by $4,272 million or 7.8% during the March 2007 half to $59,056 million from $54,784 million at 30 September 2006 and by $4,983 million or 9.2% from $54,073 million at 31 March 2006. The continued increase during the March 2007 half in life insurance business investments primarily reflects continued strong equity market conditions in relevant markets, particularly Australian equity markets, as well as growth in funds under management.

The increase in life insurance business investments was largely offset by an increase in life policy liabilities as the movement in investment assets primarily reflects returns made on policyholder contributions to the investment linked businesses. As a result, life policy liabilities have increased by $3,905 million or 8.4% to $50,380 million from $46,475 million at 30 September 2006 and by $4,034 million or 8.7% from $46,346 million at 31 March 2006.

Deposits and other borrowings

Total deposits and other borrowings (including deposits and other borrowings at fair value) increased by $2,544 million or 2.1% (excluding foreign exchange movements) during the March 2007 half to $235,443 million from $232,899 million at 30 September 2006 and by $19,137 million or 9.4% (excluding foreign exchange movements) from $216,306 million at 31 March 2006.

Total deposits (including deposits at fair value) increased by $5,998 million or 3.9% (excluding foreign exchange movements) during the March 2007 half to $213,743 million from $207,745 million at 30 September 2006 and by $23,438 million or 12.6% (excluding foreign exchange movements) from $190,305 million at 31 March 2006.

This continued increase reflects sound growth in retail deposit volumes (i.e. on-demand and short-term deposits) in all business segments, as well as term deposit growth in Australia, UK and New Zealand. In Australia, growth has resulted from the continued success of the Business Cash Maximiser and iSaver products that were introduced in late 2005. Growth in the UK region was primarily in retail and term deposits; this resulted from the continued expansion and maturity of the Financial Solutions Centres across South East England, and improved sales focus and pricing initiatives. The increase in on-demand and short-term deposits and term deposits has been partly offset by a decrease in certificates of deposits and borrowings (mainly in Australia), primarily reflecting the Group s strategy of reducing its reliance on wholesale borrowings and lengthening its debt maturity profile.

Bonds, notes and subordinated debt

Bonds, notes and subordinated debt increased by $5,732 million or 8.8% during the March 2007 half to $70,738 million from $65,006 million at 30 September 2006 and by $15,016 or 26.9% from $55,722 million at 31 March 2006. The continued increase during the year substantially reflects the issuance undertaken to fund asset growth and strengthen the balance sheet structure. This is achieved through utilising various debt issuance programs available to the Group.

Clydesdale Bank PLC and Bank of New Zealand have continued to issue debt under the Group s US$75 billion global medium term program. Issuing by these entities in their own name, unguaranteed by National Australia Bank Limited, has continued to increase the Group s access to a diverse and liquid investor base within the global capital markets.

Capital Position

Capital ratios and risk-weighted assets are set out below:

	Target Ratio (1) %	**As at 31 Mar 07 %**	**30 Sep 06 %**	**31 Mar 06 %**
ACE ratio	4.25 - 5.0	5.46	5.35	5.77
Tier 1 ratio	6.25 - 7.0	7.33	7.35	8.05
Total capital ratio	**10.0 -10.5**	**10.51**	**10.81**	**10.73**

	As at 31 Mar 07 $m	**30 Sep 06 $m**	**31 Mar 06 $m**
Risk-weighted assets credit risk	327,027	304,771	288,350
Risk-weighted assets market risk(2)	3,430	13,552	13,474
Total risk-weighted assets	**330,457**	**318,323**	**301,824**

(1) The target ACE and Tier 1 capital ratios were revised during the second half of 2006. The previous targets were ACE of 4.75% to 5.25% and Tier 1 of 7.0% to 7.5%.

(2) APRA re-accredited the Group s internal method to calculate the market risk component of risk-weighted assets during the March 2007 half.

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Capital movements during the period

The Group s ACE and Tier 1 ratios remain above the top end of the target ranges. The marginal decrease in the Tier 1 ratio reflected the growth in credit risk weighted assets and the impact of the on-market share buyback, offset by exchangeable capital unit (EXCAP) conversions and the return to the internal method to calculate the market risk component of risk-weighted assets. The increase in the ACE ratio reflects lower total capital deductions which do not impact Tier 1 capital. The total capital ratio was supported by subordinated debt issuance of approximately $0.5 billion by Clydesdale Bank PLC during the March 2007 half.

During the March 2007 half year the Group purchased $164 million shares on-market to neutralise the capital impact of shares issued under the dividend reinvestment plan and various employee share plans. It is intended to repeat this capital neutralisation strategy in the September 2007 half.

In addition, the Group successfully completed a $500 million on-market share buy-back during the March 2007 half and extended the buy-back by $700 million. Overall, 16.3 million shares were bought back by 31 March 2007 at an average price of $40.18, resulting in a reduction in ordinary equity of $654 million. The remaining $546 million is expected to be bought back in the September 2007 half.

During the March 2007 half, APRA closed the remaining remedial actions associated with the foreign exchange options trading issue. Therefore, APRA approved the return to the use of the internal method to calculate the market risk component of risk-weighted assets from 1 January 2007.

The conversion of ExCaps into ordinary shares during the March 2007 half, increased the ACE and Tier 1 ratios by $658 million. This brought the total ExCaps conversions at 31 March 2007 to $1,255 million.

Other Matters

Change to credit rating

During the March 2007 half the Group s long term credit rating was raised by Standard & Poor s to AA from AA- with short-term ratings affirmed at A-1+ .

Statement of position regarding Office of Fair Trading (OFT) investigation

In the United Kingdom the OFT intends to conduct an enquiry into the pricing of current accounts. The timescales for this investigation are currently uncertain and there is a possibility that it may result in wider consumer claims being received by the United Kingdom banking industry as a whole.

New York Stock Exchange delisting and US Securities and Exchange Commission deregistration

On 10 May 2007, the Group notified the New York Stock Exchange (NYSE) of its intention to withdraw the listing of its American Depositary Shares, evidenced by American Depositary Receipts, and the underlying ordinary shares from the NYSE.

This is another step in the Group s simplification programme and continues the Group s review of foreign listings and follows the delisting from the London Stock Exchange and Tokyo Stock Exchange during the 2006 calendar year, as well as reducing administrative burdens and costs.

On 5 April 2007, the US Securities and Exchange Commission (SEC) published final rules that will make it easier for foreign companies, such as the National, to terminate their SEC registration. These rules will become effective on 4 June 2007. The Group proposes to deregister from the SEC once those rules become effective.

Conversion of Exchangeable Capital Units

Following the 10-year anniversary of the issue of the ExCaps, the Group announced a final redemption date of 26 March 2007. ExCaps converted by unitholders have been or will be redeemed through the issue of ordinary shares throughout the 10-year period. Any unconverted units were redeemed with cash by the Group at a rate of US$25.4648, being capital of US$25 plus interest.

Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations

Consistent with recommendations 4.1 and 7.2 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations, the Group Chief Executive Officer and the Group Chief Financial Officer, have provided the Board with a written statement that the accompanying Financial Report for the period ended 31 March 2007 represents a true and fair view, in all material respects, of the Company s financial condition and operational results as at 31 March 2007 and its financial performance for the half year ended 31 March 2007. The statement also confirms that the Financial Report has been prepared in accordance with relevant accounting standards and the Corporations Act 2001 (Cth), and is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Company s risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Auditor s independence declaration

A copy of the auditor s independence declaration as required by section 307C of the *Corporations Act 2001 (Cth)* is set out on the following page and forms part of this report.

Directors signatures

Signed in accordance with a resolution of the directors:

Michael A Chaney	**John M Stewart**
Chairman	Group Chief Executive Officer
10 May 2007	

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• Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

• Tel 61 3 9288 8000
Fax 61 3 8650 7777

Auditor s Independence Declaration to the Directors of National Australia Bank Limited

In relation to our review of the half year financial report of National Australia Bank Limited for the half year ended 31 March 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

SJ Aldersley

Partner

Melbourne

10 May 2007

Liability limited by a scheme approved under
Professional Standards Legislation.

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CONSOLIDATED INCOME STATEMENT

	Note	Half Year to Mar 07 $m	Sep 06 $m	Mar 06 $m
Interest income		**14,590**	13,362	12,191
Interest expense		**(9,807)**	(8,868)	(7,999)
Net interest income		**4,783**	4,494	4,192
Premium and related revenue		**383**	427	460
Investment revenue		**4,883**	1,399	4,976
Claims expense		**(234)**	(303)	(262)
Change in policy liabilities		**(3,530)**	(565)	(3,891)
Policy acquisition and maintenance expense		**(392)**	(401)	(390)
Investment management expense		**(10)**	(14)	(19)
Net life insurance income		**1,100**	543	874
Gains less losses on financial instruments at fair value	**3**	**257**	268	203
Other operating income	**3**	**1,925**	2,273	2,146
Net profit from the sale of controlled entities			196	
Significant revenue				
Pensions revenue/(expenses)	**3**		(14)	333
Net profit from the sale of National Europe Holdings (Ireland) Limited			15	
Total other income		**2,182**	2,738	2,682
Personnel expenses	**4**	**(2,115)**	(1,949)	(1,920)
Occupancy-related expenses	**4**	**(253)**	(261)	(262)
General expenses	**4**	**(1,275)**	(1,485)	(1,702)
Charge to provide for doubtful debts	**9**	**(390)**	(336)	(270)
Net loss from the sale of controlled entities			(63)	
Total operating expenses		**(4,033)**	(4,094)	(4,154)
Profit before income tax expense		**4,032**	3,681	3,594
Income tax expense	**5**	**(1,231)**	(793)	(1,341)
Net profit		**2,801**	2,888	2,253
Net profit attributable to minority interest		**(665)**	(490)	(259)
Net profit attributable to members of the Company		**2,136**	2,398	1,994

	cents	cents	cents
Basic earnings per share (cents)	**125.2**	143.5	118.8
Diluted earnings per share (cents)	**124.6**	140.4	118.4

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CONSOLIDATED BALANCE SHEET

	Note	As at 31 Mar 07 $m	30 Sep 06 $m	31 Mar 06 $m
Assets				
Cash and liquid assets		**13,761**	12,768	10,903
Due from other banks		**20,608**	24,372	21,880
Trading derivatives		**15,615**	13,384	16,188
Trading securities		**12,826**	13,740	11,440
Investments - available for sale		**2,134**	1,493	3,080
Investments - held to maturity		**1,910**	1,388	1,705
Investments relating to life insurance business		**59,056**	54,784	54,073
Other financial assets at fair value		**23,103**	22,123	19,387
Hedging derivatives		**728**	480	166
Loans and advances	**8**	**298,226**	283,777	266,442
Due from customers on acceptances				