ASX Announcement - Changes and revisions to National's results format - 3 November 2004

The National wishes to advise changes to its Full Year Results announcement pack format and revisions to prior period numbers. Previously reported Group profit numbers have not changed.

A summary of revisions to prior period numbers are:

1) September 2003 and March 2004 non-accrual loan balances will be revised upward by $254 million and $263 million respectively. This amount relates to a single exposure within Corporate & Institutional Banking, which is adequately provided for. Previously accrued interest of $38 million will be written-back during the September 2004 half year. The exposure had previously been classified as 90 days past due at 30 September 2003 and 31 March 2004.

2) The balance of loans reported as 90 days past due at 30 September 2003 and 31 March 2004 has been revised following the implementation of new processes. The revised balances are $492 million at 30 September 2003 (previously $360 million) and $563 million at 31 March 2004 (previously $434 million), after adjusting for the non-accrual exposure referred to above.

3) Risk-weighted assets at 30 September 2003 and 31 March 2004 have been revised upward by $1,901 million to $254,266 million and $1,438 million to $278,239 million respectively. The revision primarily relates to New Zealand and the reporting of unutilised limits in Corporate & Institutional Banking and to capture additional retail lending products. Certain categories of residential mortgages across risk-weightings were also reclassified.

4) Changes have been made to the classification of average interest-bearing liabilities between categories on the average balance sheet.

5) A change has been made to the classification of interest income/expense in relation to certificates of deposit, such that these amounts are now recorded on a net basis rather than gross.

6) The calculation of diluted earnings per share for the half year to March 2004 took account of the interest expense on the ExCaps after booking the tax benefit. Removing the tax benefit from the calculation increases the diluted cash earnings per share from 119.9 cents to 121.1 cents.

Further details on these revisions and additional disclosures are provided below in the attached explanation and pro forma results template.

Changes from National Australia Bank's Half Year Results Announcement on 12 May 2004 to the Full Year Results Announcement on 10 November 2004

Page references refer to the Full Year Results Announcement Template (attached)

Additional Wealth Management-related disclosures

Management Discussion & Analysis - Wealth Management (page 20)

Additional disclosures relating to the Wealth Management business will be provided as follows:

" Reconciliation of movement in funds under management and administration
" Reconciliation of movement in annual inforce premiums

" Shareholders retained profits and capital from life business asset mix

Consolidation of Excess Capital and Group Funding results

Management Discussion & Analysis - Other (incl. Group Funding & Corp. Centre) (page 29)

Previously within the Group's segment reporting the 'Other' segment was broken out between Excess Capital, Group Funding and Corporate Centre within the Divisional Performance Analysis - Management Discussion & Analysis section. Excess Capital has now been consolidated into Group Funding.

Additional net interest margin reconciliation

Note 2. Net Interest Margins & Spreads (page 37)

A reconciliation has been provided between the net interest margin for each of the operating divisions and the net interest margin for the Group has been included.

Reclassification of interest in relation to certificates of deposit

Note 2. Net Interest Income (page 35) and Note 4. Average Balance Sheet (page 39)

A change has been made to the classification of interest income/expense in relation to certificates of deposit, such that these amounts are now recorded on a net basis rather than gross. The amount of the misclassification in relation to the half year to March 2004 was $109 million and the year to September 2003 was $78 million.

There is no impact on / change to net profit, net interest income, net interest spread, net interest margin or average asset or average liability balances.

Reclassification of average balance sheet categories

Note 4. Average Balance Sheet (page 39)

A change has been made to the classification of average interest-bearing liabilities between categories on the average balance sheet. This has been undertaken to improve the consistency between the classification of categories between the Summary of Financial Position (spot) and the Average Balance Sheet.

The gross up of trading derivatives (non-Australian) in the average balance sheet has been revised, resulting in a change in total average assets, but no change in interest-earning assets.

Restatement of non-accrual loans

Note 11. Asset Quality (page 54)

At 30 September 2001 through to 31 March 2004, a certain Australian exposure was classified as performing, (although from 30 September 2003 to 31 March 2004 this exposure was classified as past due 90 days). However, the classification of this exposure as non-accrual during this period is now considered more appropriate, and comparative information for these years has been restated to include the balance of this exposure (including accrued interest) of $263 million at 31 March 2004 and $254 million at 30 September 2003.

Restatement of past due 90 day loans

Note 11. Asset Quality (page 55)

90 day past due loans are well-secured loans that accrue interest, but are in arrears 90 days or more. These loans are not classified as impaired assets.

In addition to the above restatement of one large Australian exposure as non-accrual, the Group has revised its data collection procedures used to establish its 90 day past due exposures. This process now includes loans that are identified by the internal categories, 'watch' or 'substandard', and are in arrears 90 days or more.

In summary, comparative information has been restated as follows:

90 days past due	**31 Mar 2004 $m**	**30 Sep 2003 $m**
Previously reported	434	360
Loan reclassified as non-accrual	(263)	(254)
Revised data	392	386
Restated comparative	**563**	**492**

Revision to risk-weighted assets

Note 15. Capital Adequacy (page 61)

The revision primarily relates to New Zealand and the reporting of unutilised limits in Corporate & Institutional Banking and to capture additional retail lending products. Certain categories of residential mortgages across risk-weightings were also reclassified.

As a result risk-weighted assets as at 30 September 2003 and 31 March 2004 have been restated/increased by $1,901 million and $1,438 million respectively.

Additional disclosures re: the treatment of the Wealth Management business for capital adequacy purposes

Note 15. Capital Adequacy (page 63)

Under guidelines issued by APRA, life insurance and funds management activities are excluded from the calculation of risk-weighted assets, and the controlled entities are deconsolidated for the purposes of calculating capital adequacy. Profits from Wealth Management only benefit the Group's regulatory capital position to the extent they are remitted to the Group by way of dividend. The total deduction from the Group's capital position in respect of Wealth Management entities at 31 March 2004 of $5,905 million, 30 September 2003 of $5,697 million.

A reconciliation between the market value of NAFiM subsidiaries and Wealth Management capital deduction has been provided in the Results Announcement.

Treatment of interest expense relating to the exchangeable capital units (ExCaps)

Note 16. Cash earnings per share (page 64)

From 1 October 2003 the Group elected not to book the tax benefit on the interest expense relating to ExCaps following the receipt of an ATO assessment.

The calculation of diluted earnings per share for the half year to March 2004 took account of the interest expense on the ExCaps after booking the tax benefit. Removing the tax benefit from the calculation increases the diluted cash earnings per share from 119.9 cents to 121.1 cents.

For further information:

Brandon Phillips
Group Manager, Group Corporate Relations
03 8641 3857 work
0419 369 058 mobile

Samantha Evans
Group Communications Adviser
03 8641 4982 work
0404 883 509 mobile

Callum Davidson
Head of Group Investor Relations
03 8641 4964 work
0411 117 984 mobile

Hany Messieh
Manager, Investor Relations
03 8641 2312 work
0414 446 876 mobile