1-9945

COPY 1
FILE NO 1-9945

02011679

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

RE, 1-1-02

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 January 2002

National Australia Bank Limited
ACN 004 044 937
(Registrant's Name)

Level 24
500 Bourke Street
MELBOURNE VICTORIA 3000
AUSTRALIA

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

Form 20-F [X] Form 40-F [ ]

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 [ ] No [X]

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National Australia Bank Limited and to be part thereof from the date on which this Report, is filed, to the extent not superseded by documents or reports subsequently filed or furnished.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

Media Release

Group Corporate Affairs

National Australia
Bank Limited
ABN 12004044937

500 Bourke Street
Melbourne
Victoria 3000
Australia

Telephone: (03) 8641 3580
Facsimile: (03) 8641 4925

National Board releases HomeSide Review outcomes

National Australia Group Chairman Charles Allen today released the conclusions of the independent review into the events surrounding last year's writedowns of HomeSide Lending Inc.

Mr Allen outlined the actions to be taken by the National Group in response to the report of the review conducted by New York law firm Wachtell, Lipton, Rosen & Katz, in conjunction with US regulatory consultants Promontory Financial Group LLC.

Mr Allen said that although the report itself remained confidential, the Board was releasing the report's conclusions (attached) in the interests of keeping shareholders and the public informed.

"Our priorities since the September writedown have been to stabilise the HomeSide business, to keep the market informed and to initiate a review process that would enable us to understand what went wrong and what we can do to ensure that similar events cannot happen again."

Mr Allen said the review had been extensive and wide-ranging. More than 50 people had been interviewed and some half a million pages of documents reviewed.

"The outcomes of the review have provided us with a detailed explanation of the factors which contributed to the writedowns and the basis on which to consider and take further remedial actions," he said.

"Although the review notes the prompt actions taken by the Board and Group executive in addressing the problems at HomeSide, it has highlighted some areas in which improvements can be made, in addition to the changes already implemented immediately after the writedowns.

Mr Allen said the review found no evidence that National Australia Group directors or executives were derelict in their duties.

"Accordingly, the Board has reaffirmed that Frank Cicutto has its confidence as Managing Director and Chief Executive Officer, as do other Group executives involved in the management of HomeSide."

On 12 December, the Group announced the sale of HomeSide's operating platform and all its operating assets to Washington Mutual Inc.

Mr Allen said the review was now complete, bringing to an end an unfortunate chapter in the history of the National.

"The Board and management are committed to moving forward with confidence to pursue strategies to grow shareholder wealth," Mr Allen said.

The Board has determined to take the following actions in response to the conclusions of the Review:

Executive accountabilities:

HomeSide – three senior executives of HomeSide were relieved of their duties in September and their employment has since been formally terminated. The executives have initiated an arbitration claim against HomeSide for recovery of contractual entitlements. HomeSide has counter-claimed for substantial damages as a consequence of the writedowns.

Group – senior executives' performance-related payments have been reduced significantly to reflect the impact of the HomeSide writedowns on the Group's financial results for 2001.

Risk Management

Senior bank executives skilled in finance and risk management will be appointed to and remain members of the executive teams of all major subsidiaries, regardless of the type of business.

Internal audit

Internal audit processes will be revised to enhance the level of oversight by the Principal Board Audit Committee of subsidiary company audit issues.

Due diligence

Current policies and processes will be reviewed to ensure implementation of all issues identified during due diligence.

Melbourne, 21 January, 2002

For further information contact:

Brandon Phillips
Group Manager, Media
03 8641 3857
0419 369 058

WACHTELL, LIPTON, ROSEN & KATZ

51 WEST 52ND STREET
NEW YORK, N.Y. 10019-6150
TELEPHONE: (212) 403 - 1000
FACSIMILE: (212) 403 - 2000

January 18, 2002

Mr. D. Charles K. Allen
Chairman of the Board
National Australia Bank Limited
500 Bourke Street
Melbourne, Victoria 3000
Australia

Dear Mr. Allen:

We are pleased to present to the Committee our report on the events surrounding last year's writedowns at HomeSide Lending. In light of ongoing legal proceedings with former HomeSide executives in the United States, the report is privileged and confidential.

As you know, this report was an extensive undertaking. Since October, we interviewed more than fifty people in the United States and Australia. These people include both former and current employees of HomeSide and the National Australia Bank Group, as well as outside and internal auditors and experts. We collected and reviewed roughly half a million pages of printed documents, as well as a very large volume of electronic records. In conducting our review and writing our report, we were fortunate to have had the help of Promontory Financial Group LLC, a Washington, D.C.-based financial and regulatory consulting firm we retained, whose prior experiences as financial institution safety and soundness supervisors, advisors and bankers were of invaluable assistance to us.

As our report makes clear, the events leading to the HomeSide writedown were complex and multifaceted. Nevertheless, you will see that the more important conclusions may be simply stated. In particular:

➢ Last September's writedown of HomeSide's mortgage servicing rights (MSR) asset had three main causes. The ultimate underlying cause was an unprecedented US interest rate environment and a corresponding collapse in the market for bulk sales of mortgage servicing rights (MSRs). This environment probably made a substantial writedown inevitable, and, in fact, a number of prominent US companies, including Washington Mutual, took substantial MSR writedowns last year.

➢ Another cause was the Group's strategic decision to adopt a near-term sale valuation instead of a going-concern valuation of HomeSide's mortgage servicing rights (MSR) asset. This part of the writedown could only have been avoided had the Group not made the strategic decision last September to exit the MSR business.

➢ Nevertheless, a third cause of the September writedown was the fact that, even apart from the negative economic environment, HomeSide's MSR valuation was simply too high. This overvaluation of the MSR asset led HomeSide to hedge the interest rate risk of its MSR portfolio incorrectly, which in the end increased the size of the MSR writedown it had to take. (Other mistakes in hedging strategy led to the loss recognized in July 2001.)

➢ The overvaluation had two principal elements. First, HomeSide personnel made a mistake in their use of software used in the MSR valuation process. Having looked into the origin of this mistake, we are convinced it was just that—a mistake, and not an intentional attempt to inflate the value of the MSR asset. Once made, the error was not an easy one to detect. The error's impact on MSR valuation was in fact relatively small until the end of 2000, and only began to grow significantly when US interest rates dropped precipitously thereafter.

➢ The second element of the overvaluation stemmed from use of discretionary aspects of MSR valuation software by HomeSide personnel. Despite the use of sophisticated computer models in MSR valuation, there is inherent uncertainty in MSR valuation because the valuations produced by the models depend heavily upon the assumptions put into the models. Reasonable people can disagree on these assumptions, and, as a result, they can disagree on MSR valuations by as much as 20 to 25 percent. This uncertainty of value was exacerbated by the absence in 2001 of bulk MSR sales—large, open-market transactions that could have provided useful valuation guideposts. HomeSide's valuation assumptions contributed to overvaluation of its MSR asset in the extremely difficult market environment that existed last year.

➢ Both elements of the overvaluation resulted from deficiencies in the staffing and structure of the risk management area within HomeSide. As we explain at length in our report, HomeSide's senior management failed to ensure that sufficient expertise and resources were devoted to risk management at HomeSide—and in particular to the MSR valuation process. Among other failings, HomeSide lacked an adequate "middle office"—an additional, supervisory level of management that could have served to review the implementation of valuation software as well as discretionary valuation assumptions.

➢ The Group performed extensive and thorough due diligence before its acquisition of HomeSide. It appears, however, that no one was specifically tasked with following up on some recommendations made by the Group's due diligence team.

➢ Group management had effective internal audit and reporting mechanisms, but was not in the executive suite at HomeSide. As a result, the Group did not have day-to-day involvement in the management of HomeSide, and areas of risk-management weakness that the Group identified both during due diligence and during subsequent periodic visits were not corrected as immediately or rigorously as the Group directed. For example, certain recommendations of the Group's internal auditors in late 2000 were not implemented by HomeSide's management as they should have been, and it took several months for the Group to realize this fact from overseas. Nevertheless, we were greatly impressed with the promptness and vigor with which the Group took corrective action when it learned in May 2001 that HomeSide had suffered hedging losses. The increased Group oversight and on-site Group executive presence at HomeSide that followed ultimately led in early September 2001 to detection of the input error and a significantly improved MSR valuation process—which spared the Group from what would have been further, greater losses in September and October 2001, when US interest rates declined even further.

- In hindsight, it would have been preferable for the Group to have had an on-site senior executive in the management suite at HomeSide from the outset. The culture at HomeSide could have benefited from the type of controls and practices that on-site Group executives would have brought to a business like HomeSide's. Although the Group, when it acquired HomeSide, justifiably believed that HomeSide's management team had a strong, proven track record in the mortgage servicing industry, that team was not focused upon risk management to the extent that Group executives, coming from a traditional commercial banking culture, would have been.

* * *

In short, our review uncovered no evidence of unlawful or improper conduct by Group personnel. Nor, given the high-level attention and prompt corrective action taken by the Group, can a case be made that Group executives or directors were negligent in their oversight of HomeSide. Accordingly, there is no basis, in our judgment, for any disciplinary action against any of the Group's executives, directors, or auditors.

On behalf of ourselves and Promontory, we wish to thank the Committee, the Board, and Group personnel for their cooperation with our review. We were very much impressed with the Group's willingness to engage in the searching self-examination that this review necessarily entailed, and we hope that our report will help the Board in carrying out its responsibilities.

Sincerely,

WACHTELL, LIPTON, ROSEN & KATZ

Biographical Information

Eugene A. Ludwig,Managing Partner,Promontory Financial Group, LLC

Eugene A. Ludwig is the Managing Partner of Promontory Financial Group, LLC, a newly formed merchant bank specializing in the financial services and technology sectors. Promontory Financial consults for, invests in, and provides investment-banking advice to these sectors.

Mr. Ludwig was previously a Vice Chairman and Senior Control Officer of Bankers Trust Corporation with responsibility for a range of senior administrative and control issues central to implementing the firm's global strategy in securities underwriting, lending and related businesses. Prior to assuming his position at Bankers Trust, Mr. Ludwig served as the Comptroller of the Currency of the United States, leaving office on April 4, 1998, at the end of his five-year term.

Mr. Ludwig joined Bankers Trust on May 11, 1998, and was a member of the firm's Management Committee, chairman of the Control Committee and co-chairman of the Capital Commitment Committee, (which approve all significant transactions and sets risk and credit limits). His overall responsibilities included legal, credit, risk management, and compliance activities, as well as regulatory and legislative affairs. He also had administrative responsibility for the audit group.

As Comptroller of the Currency, Mr. Ludwig headed the Office of the Comptroller of the Currency (OCC); the federal agency responsible for supervising 2,700 federally chartered commercial banks and 50 federal branches and agencies of foreign banks. These banks and branches account for the preponderance of bank assets in the United States. Mr. Ludwig also was chairman of the Federal Financial Institutions Examination Council, chairman of the Neighborhood Housing Services, chairman of the interagency Federal Consumer Electronic Payments Task Force, a director of the Federal Deposit Insurance Corporation, a member of the President's Working Group on Financial Markets and a member of the Basle Committee on Banking Supervision.

Mr. Ludwig led the OCC during a period of substantial change – both within the financial marketplace as well as in the supervisory and examination practices of the agency. He dramatically improved safety and soundness supervision of the banking industry, having developed a "supervision by risk" approach to bank supervision that has been adopted domestically by all other federal safety and soundness supervisors and abroad by the Bank of England and subsequently by the British Financial Services Authority (FSA). (In the year prior to Mr. Ludwig's assuming the responsibilities of Comptroller over 100 national banks failed; yet, in the last two years of Mr. Ludwig's term as Comptroller not a single national bank failed in the United States.)

SIGNATURE PAGE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

NATIONAL AUSTRALIA BANK LIMITED

Date:	22 January 2002	By	*GF NOLAN*
		Title:	*COMPANY SECRETARY*