

National Australia Group

A Transforming Multi-National Financial Services Business

Bob Prowse

Executive General Manager

Office of the CEO

National Australia Bank Ltd

11th October, 2000

Disclaimer

The material that follows are presentations of general background information about the Bank's activities current at the date of the presentation, 11th October 2000. It is information given in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Agenda

- Who we are
- Our Transformation Agenda

Background on the National

Who are we?

- US\$21.7b Market Capitalisation
- Largest bank & 3rd largest company in Australia
- 22nd largest financial services company in the world by profitability and 54th by revenues*
- 50% assets / revenues / profits outside Australia
- 44,800 employees globally
- Headquartered in Melbourne, Australia

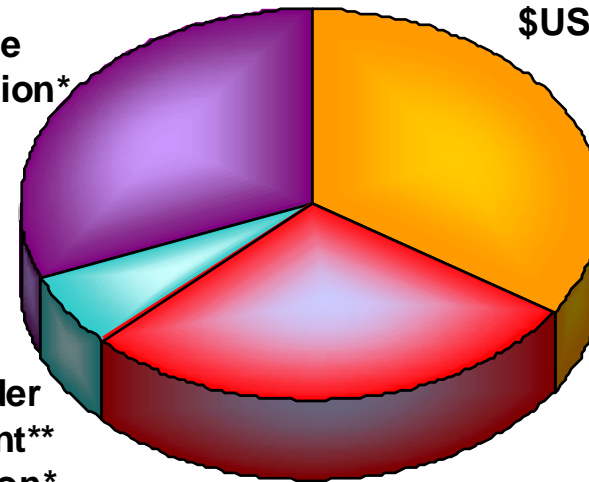
As at June 2000
US\$

Assets Serviced
by
HomeSide
\$US 157 billion*

Balance Sheet Assets
\$US 174 billion*

Funds Under
Management**
\$US 28 billion*

Funds Under
Administration
\$US 146 billion*



* Fortune 500, July 2000

** Includes MLC

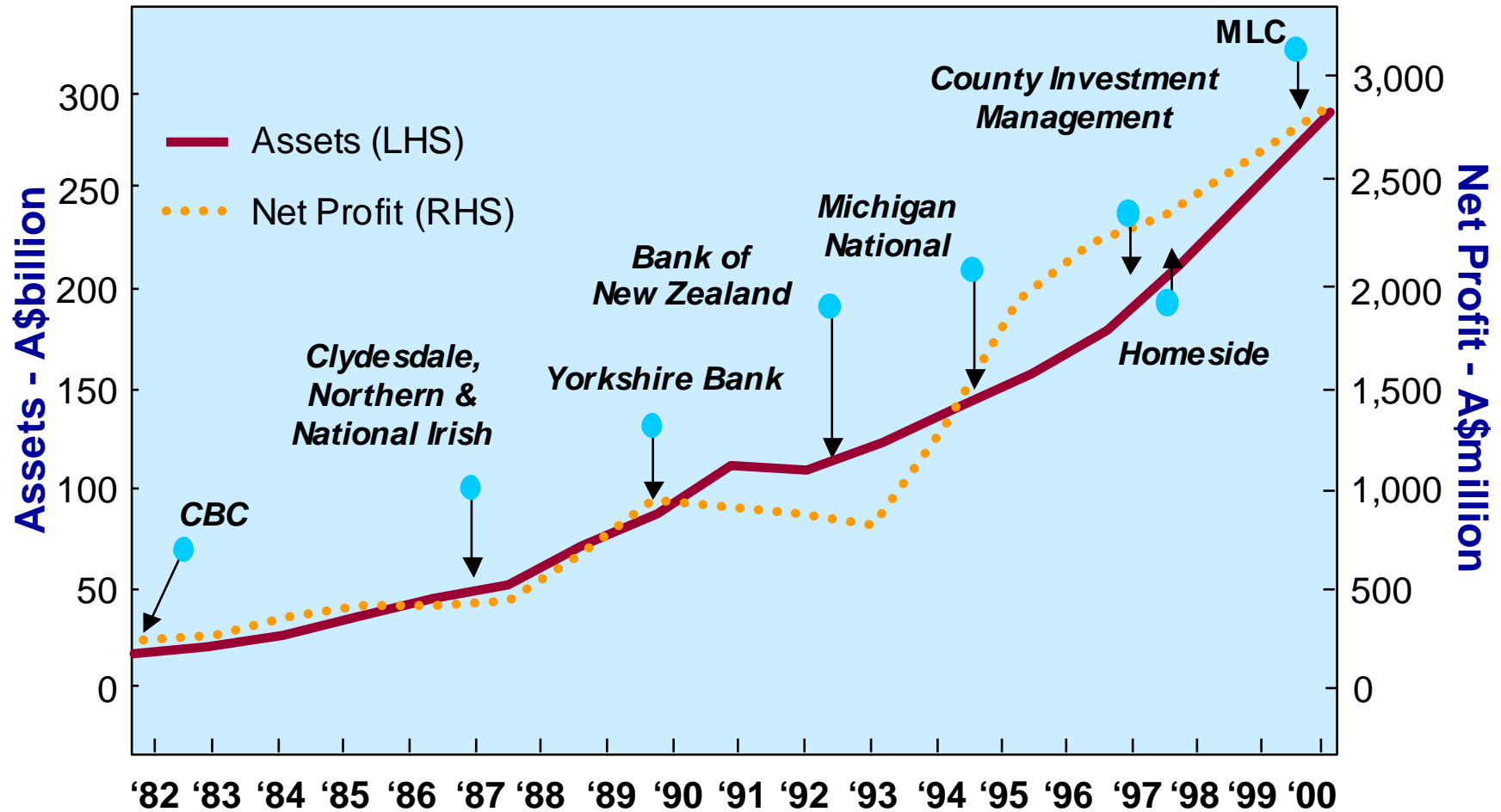
Currency conversion of 1 AUD = .54 USD

Recent Performance

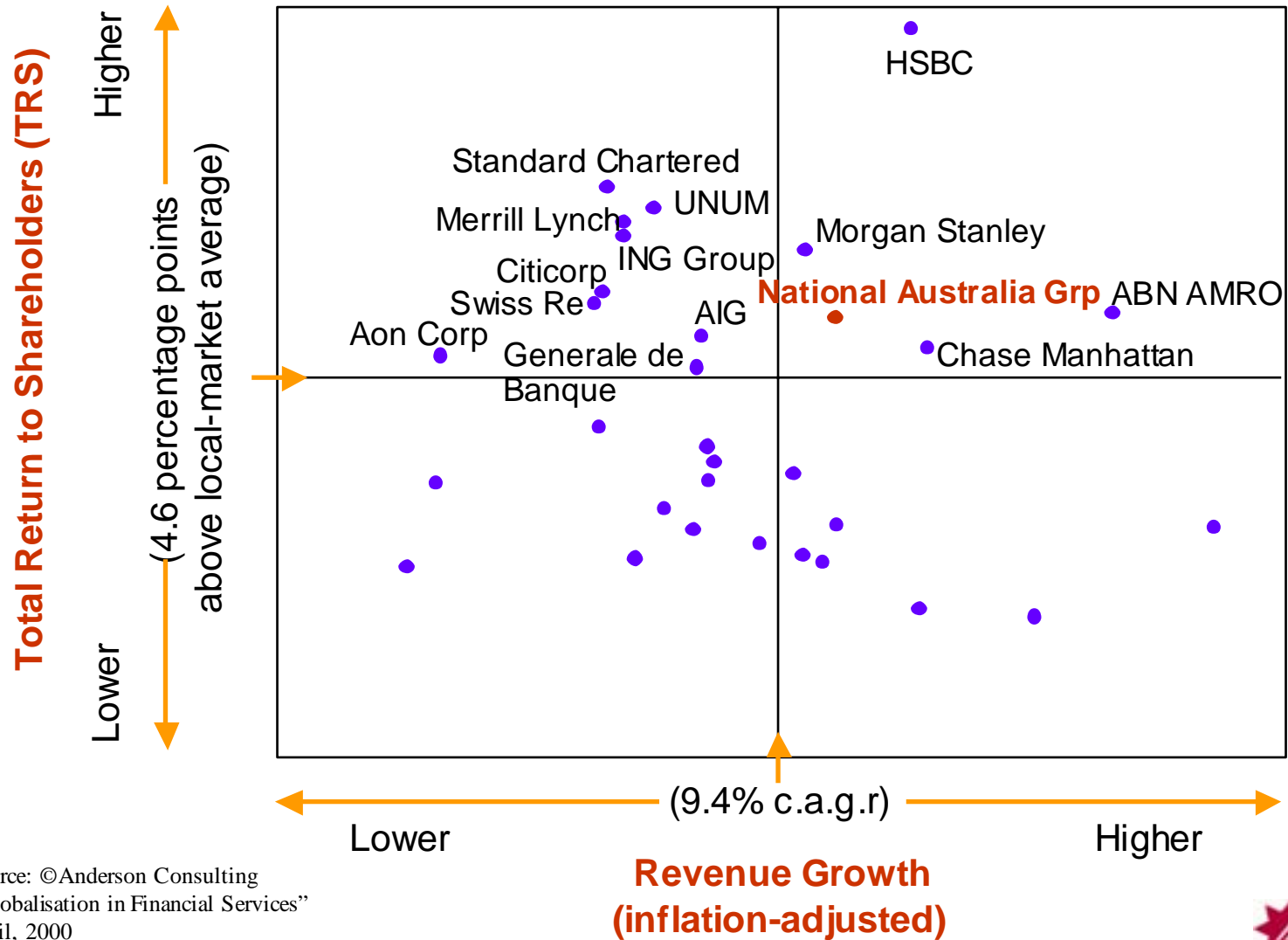
	1998	1999	9 Months June 2000*
Net Operating Profit After Tax	A\$2,511m	A\$2,821m	A\$2,402m
Return on Equity	17.8%	17.3%	17.4%
Earnings per Share	174.6c	186.6c	150.7c
Non Interest Income / Total Income	40.3%	42.9%	44.2%
Cost / Income	54.4%	54.0%	50.7%
Tier 1 Capital	6.4%	7.8%	6.7%

* 9 months to June, 2000
All figures in Australian Dollars

A History of Growth



The Best "Globalizers"



Source: ©Anderson Consulting
 "Globalisation in Financial Services"
 April, 2000



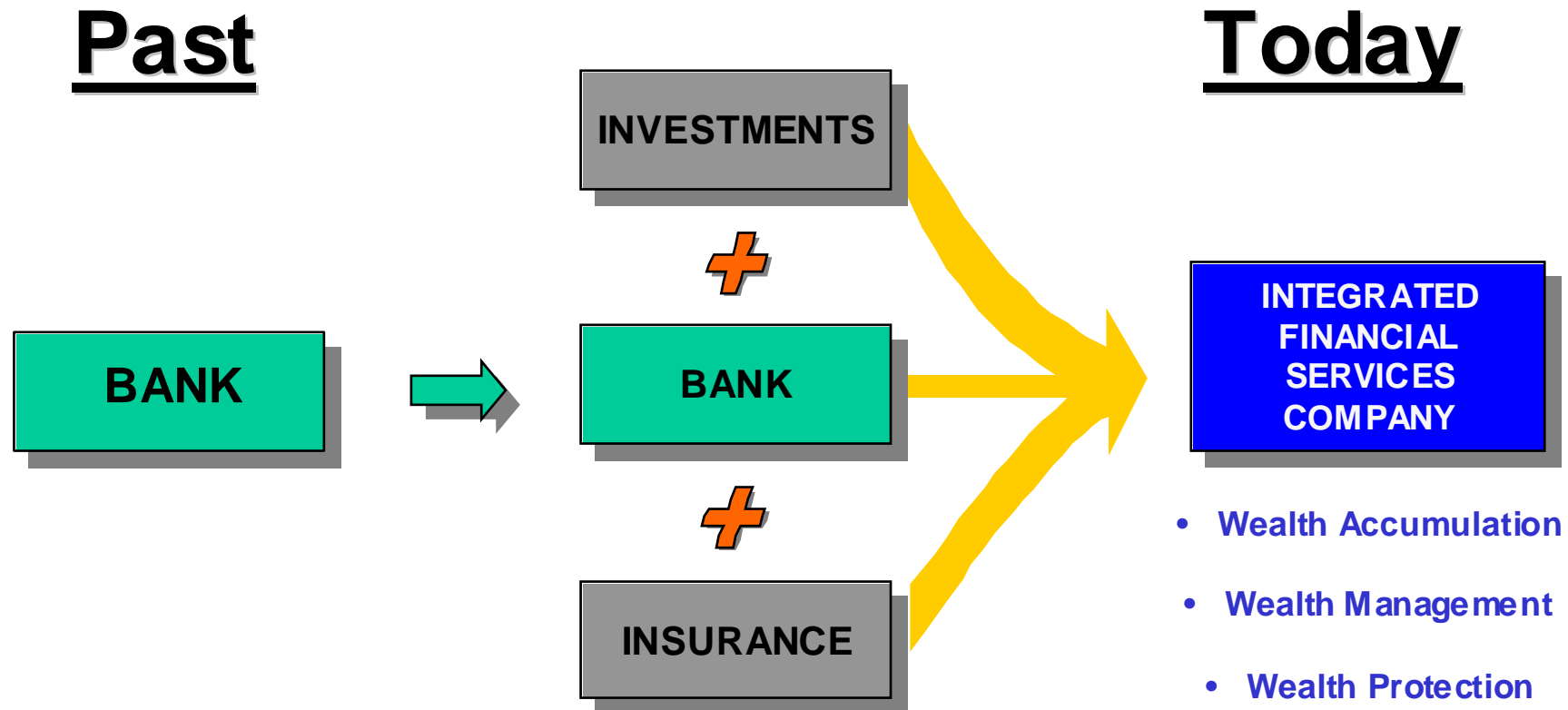
Agenda

- Who we are
- Our Transformation Agenda
 - Aggressively grow selected businesses
 - Leverage global footprint
 - Capitalise of technology
 - Implement EVA

Aggressively Grow Selected Businesses

- 1 Drive performance and growth in businesses that rely on relationship management
- 2 Accelerate the growth of selected global businesses
- 3 Stake out positions in areas key to the evolution of financial services

Delivering Integrated Financial Services



Integrated Financial Services is about understanding and providing for the full financial services needs of the customer throughout their lifecycle

Aggressively Grow Selected Businesses

- 1 Drive performance and growth in businesses that rely on relationship management
- 2 Accelerate the growth of selected global businesses
- 3 Stake out positions in areas key to the evolution of financial services

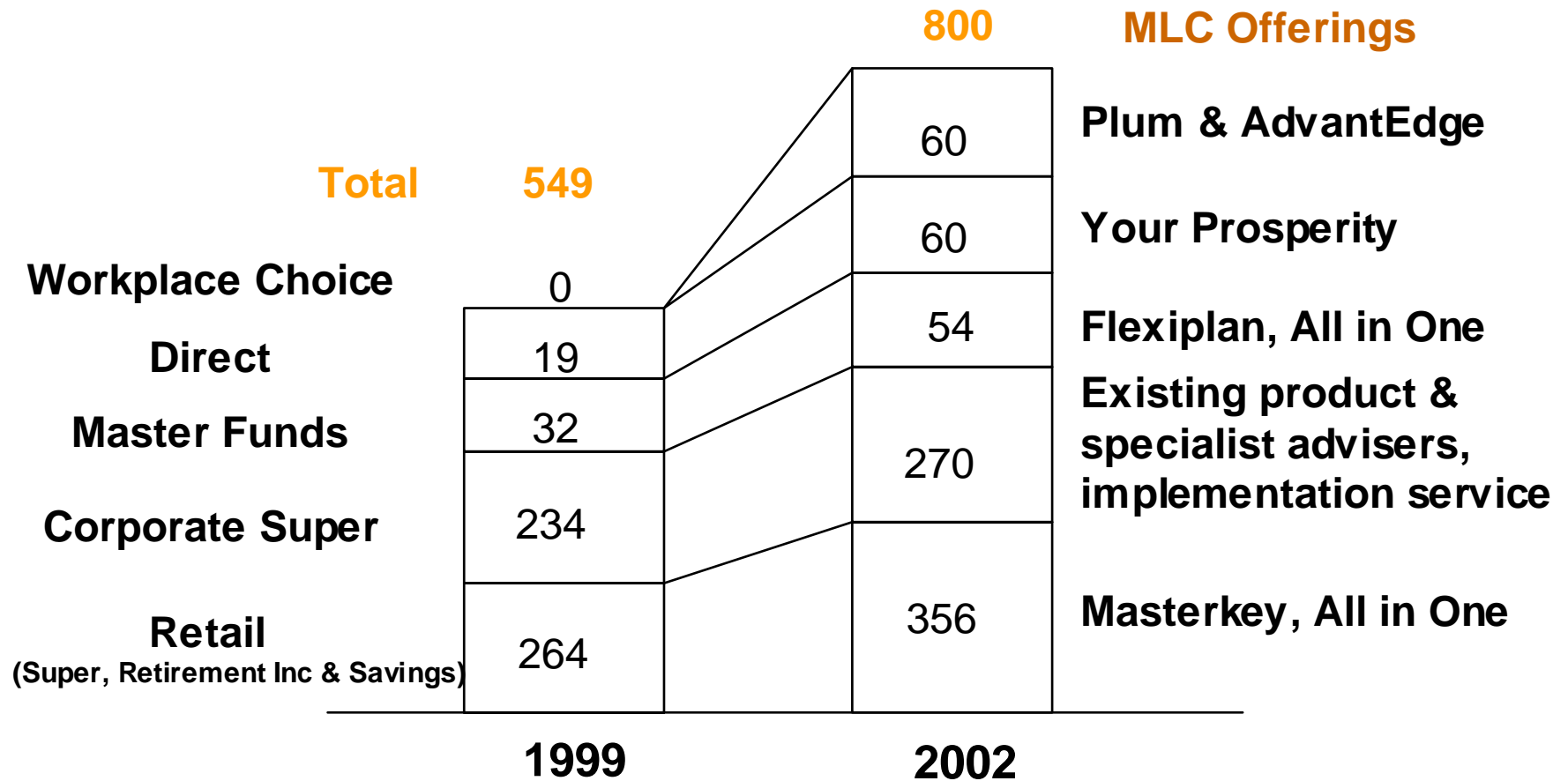
Building Wealth Management Capability

- Locations - Australia, New Zealand, Hong Kong, United Kingdom, United States, Thailand and Indonesia
- Advisers - 1,600+
- Existing Customers - 2.4m
- Employees - 3,000+
- Australian Market Ranking:
 - No. 2 in Retail Funds Inflows*
 - No. 2 in Retail Assets Under Management*
 - No. 3 in Total Assets Under Management*
 - No. 2 in Protection inforce premiums*



Strategy for Wealth Management Growth

Australian Financial Services Market Funds under Management \$bn



The US Online Mortgage Potential

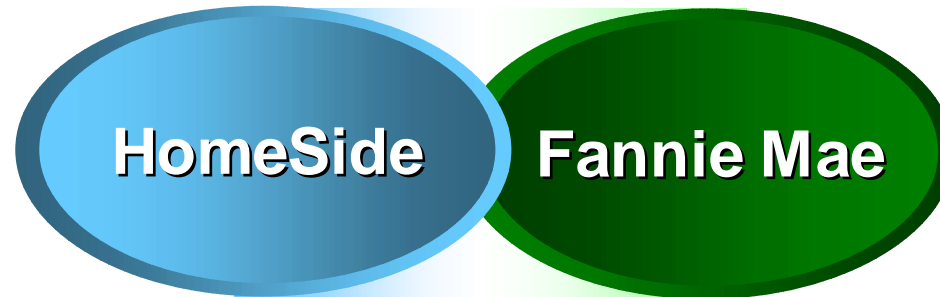


- Over 50% of Internet population use the Web for financial research or transactions
- By 2003, over 16% (\$160B) of mortgages will originate over the Internet
- Conservative annual online loan origination growth rate is 55%
- Early adopters of online mortgages will represent desirable demographic/ psychographic segments

HomeSide & Fannie Mae Partnership



The HomeSide and Fannie Mae partnership is unprecedented and will revolutionize the online mortgage business from both lender and consumer points-of-view.



- Lending strength
- E-Commerce leadership
- Telemarketing/Internet selling experience
- Preferred customer expertise
- Proprietary technology
- Sales/fulfillment delivery
- Secondary marketing expertise
- No retail branches

- Central player in the mortgage finance industry
- Largest investor in mortgage assets
- Premier technology provider
- Automated underwriting leader
- Recognized expertise in mortgage finance

Online Mortgage Origination Revolutionised



Data entry points reduced by 50%

Application completion time reduced from 45 to 10 minutes

Completion process reduced from 45 to 5 days

Instantaneous online approval



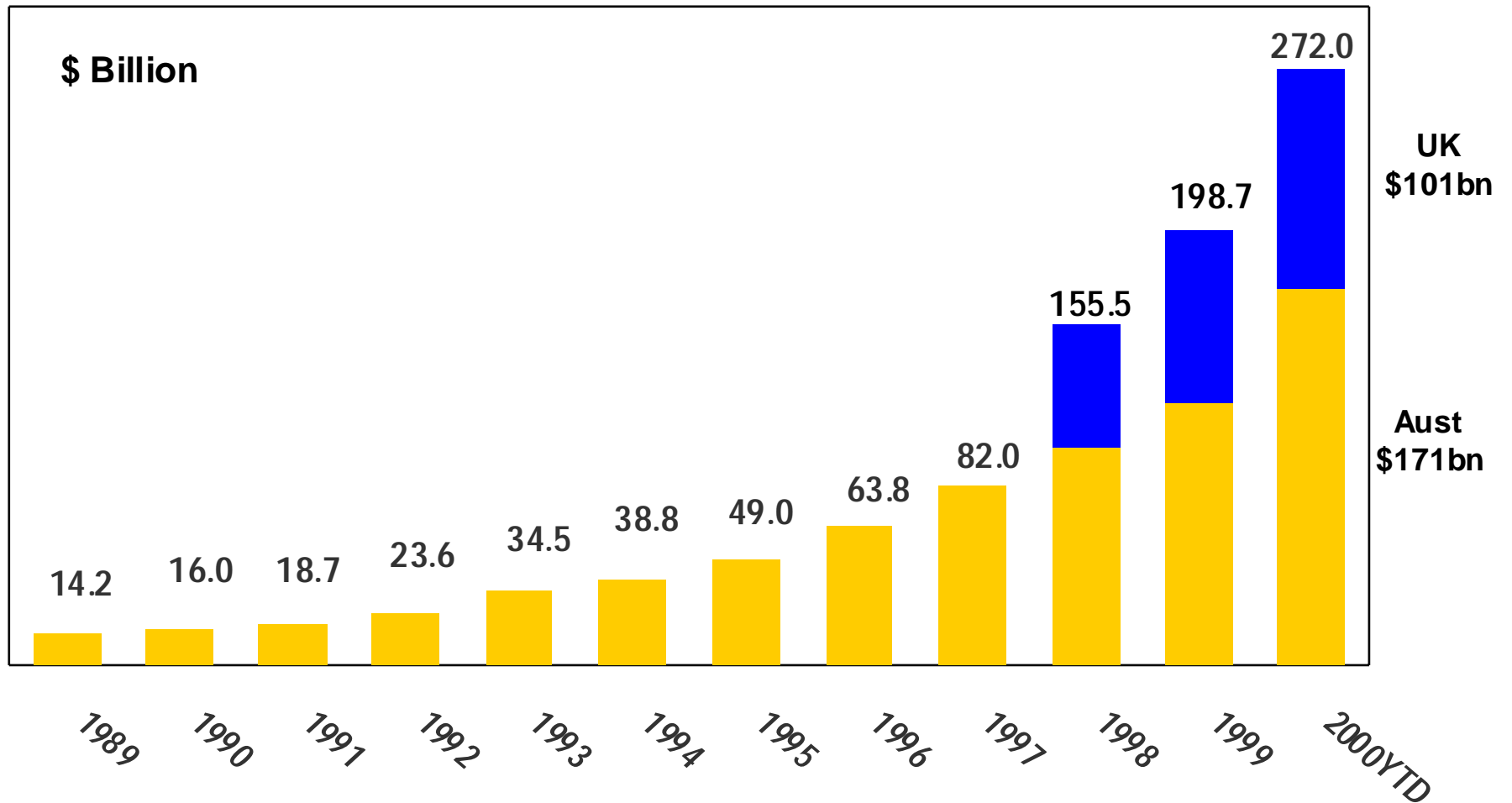
Reduced documentation

Maximum convenience



Growth in Assets Under Custody

Assets Under Custody



* UK included when Global structure created

Aggressively Grow Selected Businesses

- 1 Drive performance and growth in businesses that rely on relationship management
- 2 Accelerate the growth of selected global businesses
- 3 Stake out positions in areas key to the evolution of financial services



energising the new economy

O2-e has developed its strategy and the initial arenas of focus

The initial focus is to pre-empt the disintermediation of critical relationships in the premium/private and business segments, and to defend the role in payments

- ❖ deepen existing relationships
- ❖ create new revenue streams
- ❖ acquire new customers

We have defined three important arenas to focus the early effort

- ❖ e-Business Services for SMEs
- ❖ Personal Information Trustee
- ❖ Digital payments & key infrastructure

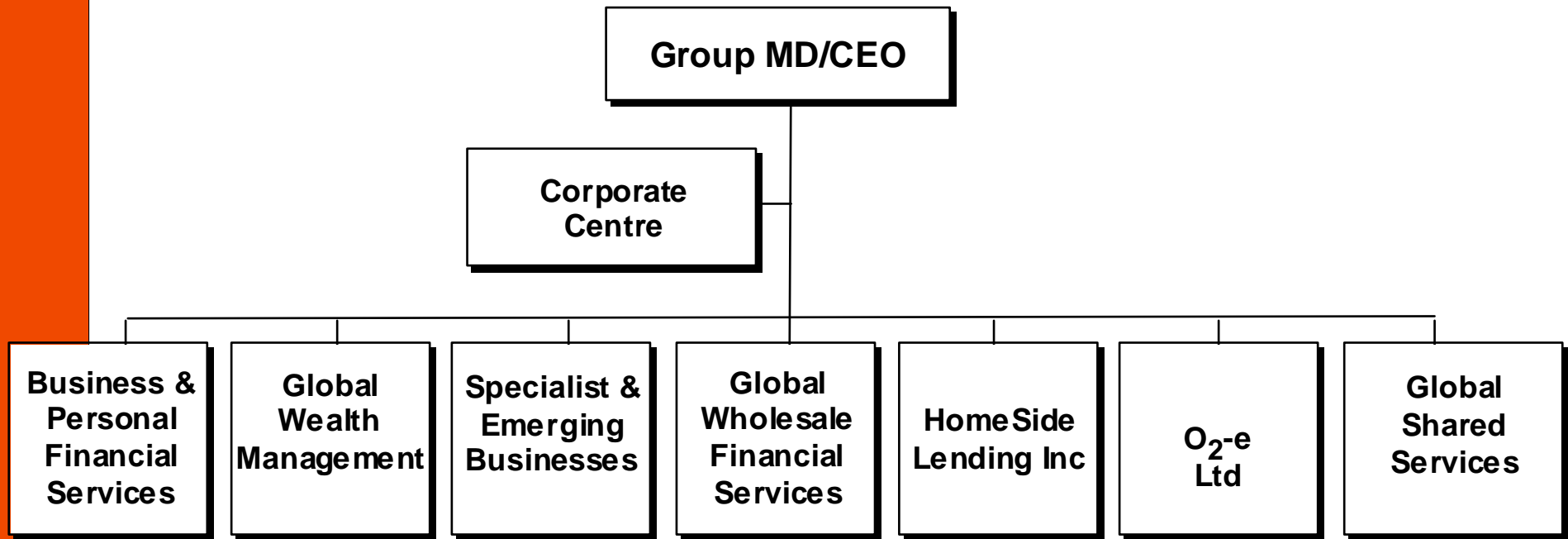


- On-line Business Banking
- Accounting systems
- Cash flow analysis tools
- CRM
- Billing & Fulfilment
- eProcurement
- Automated Workflow processes
- HR Systems
- Chat
- Free Email
- Remote office
- Hosted diary
- Hosted call centre

Agenda

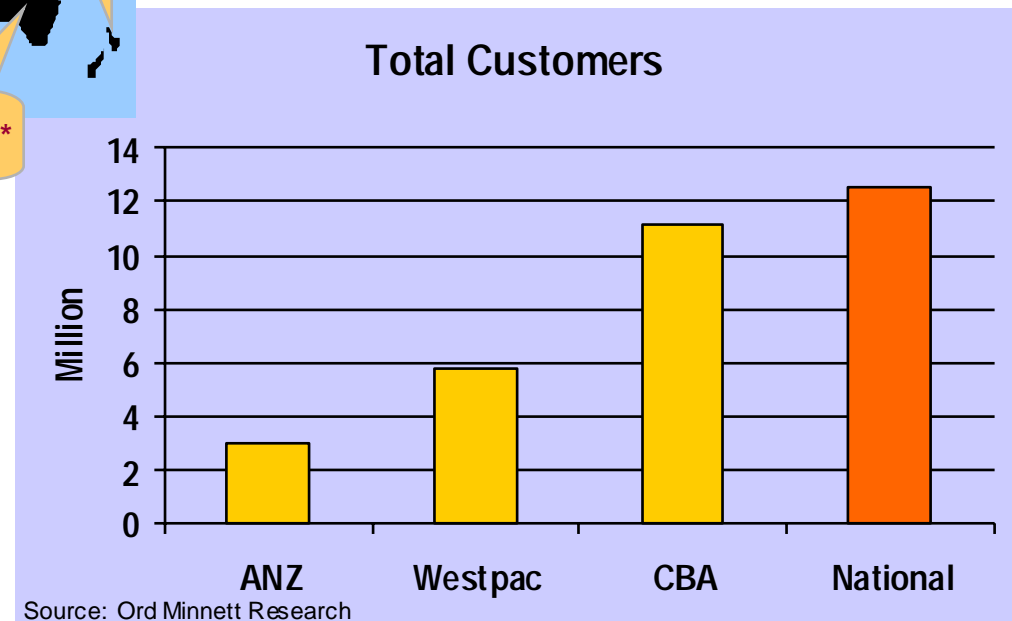
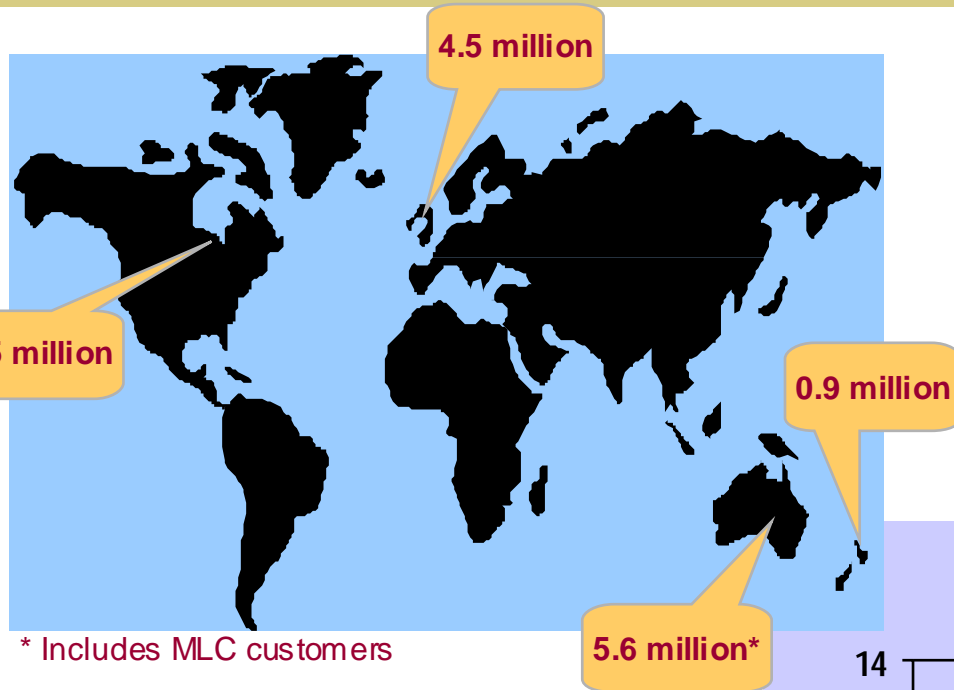
- Who we are
- Our Transformation Agenda
 - Aggressively grow selected businesses
 - Leverage global footprint
 - Capitalise of technology
 - Implement EVA

Group structure aligned to global growth opportunities



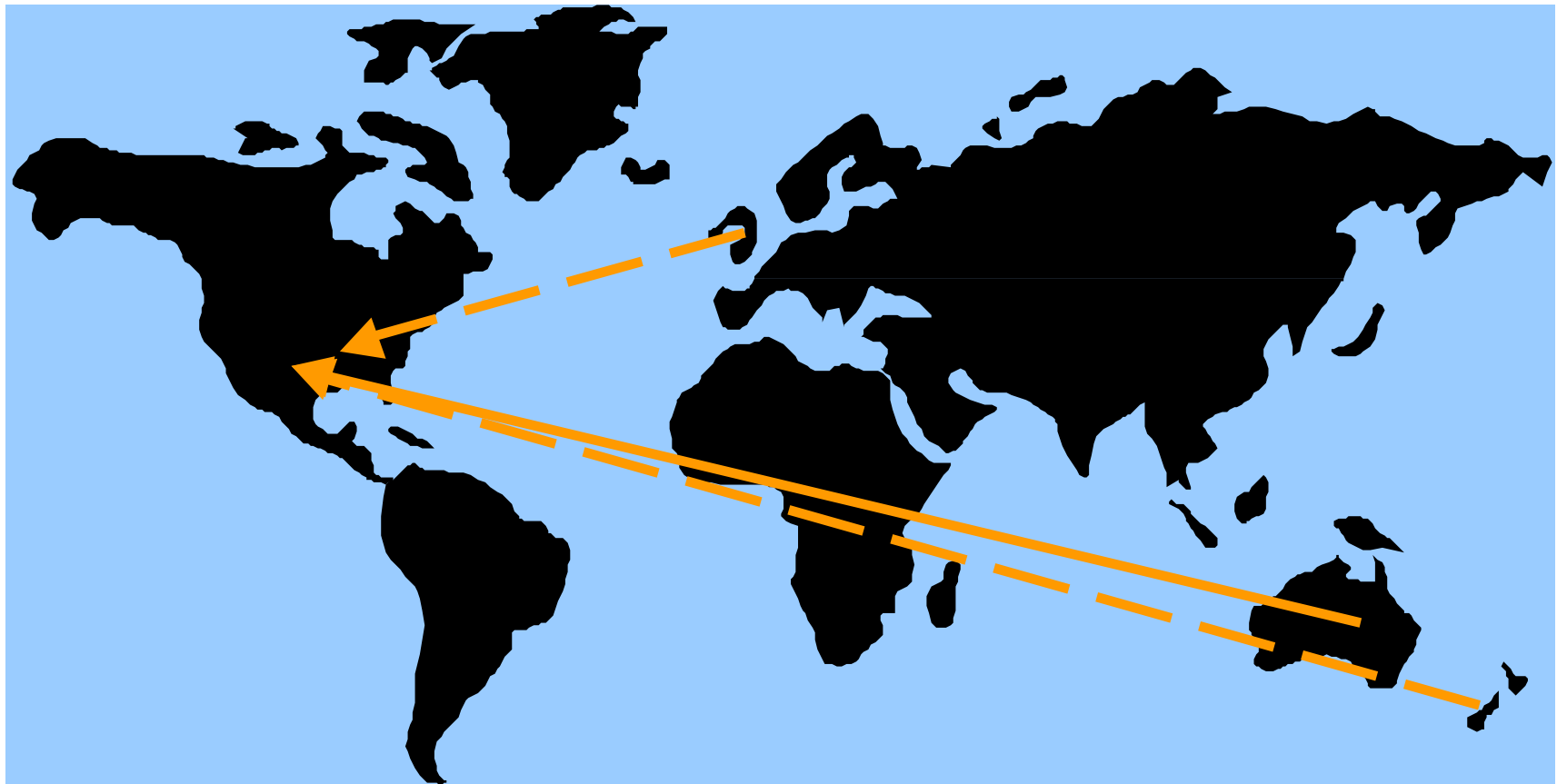
- Australia
- New Zealand
- Great Britain
- Ireland
- USA

The National is using global scale to build competitive advantage



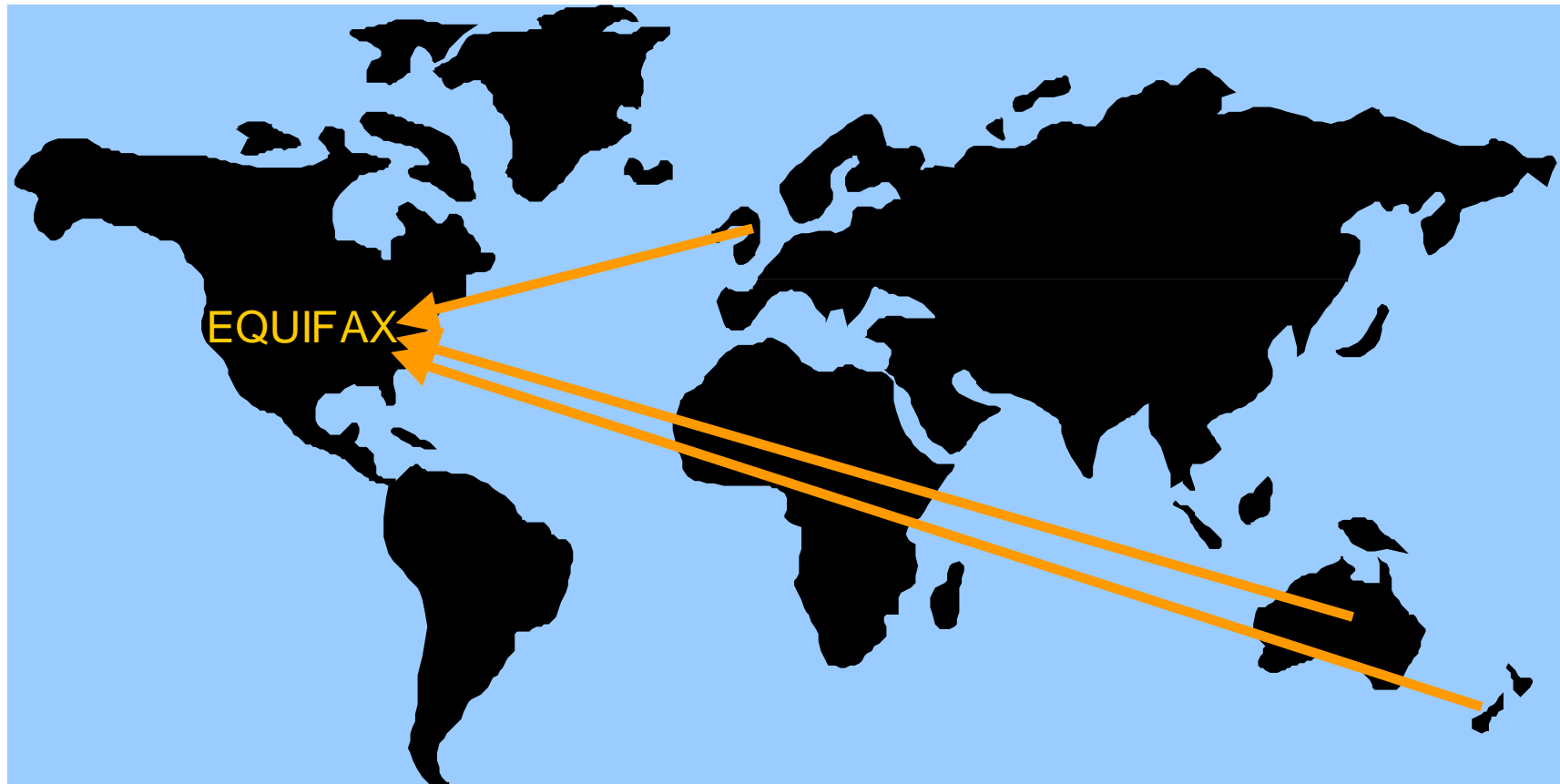
Leveraging global scale economies

Mortgage Servicing



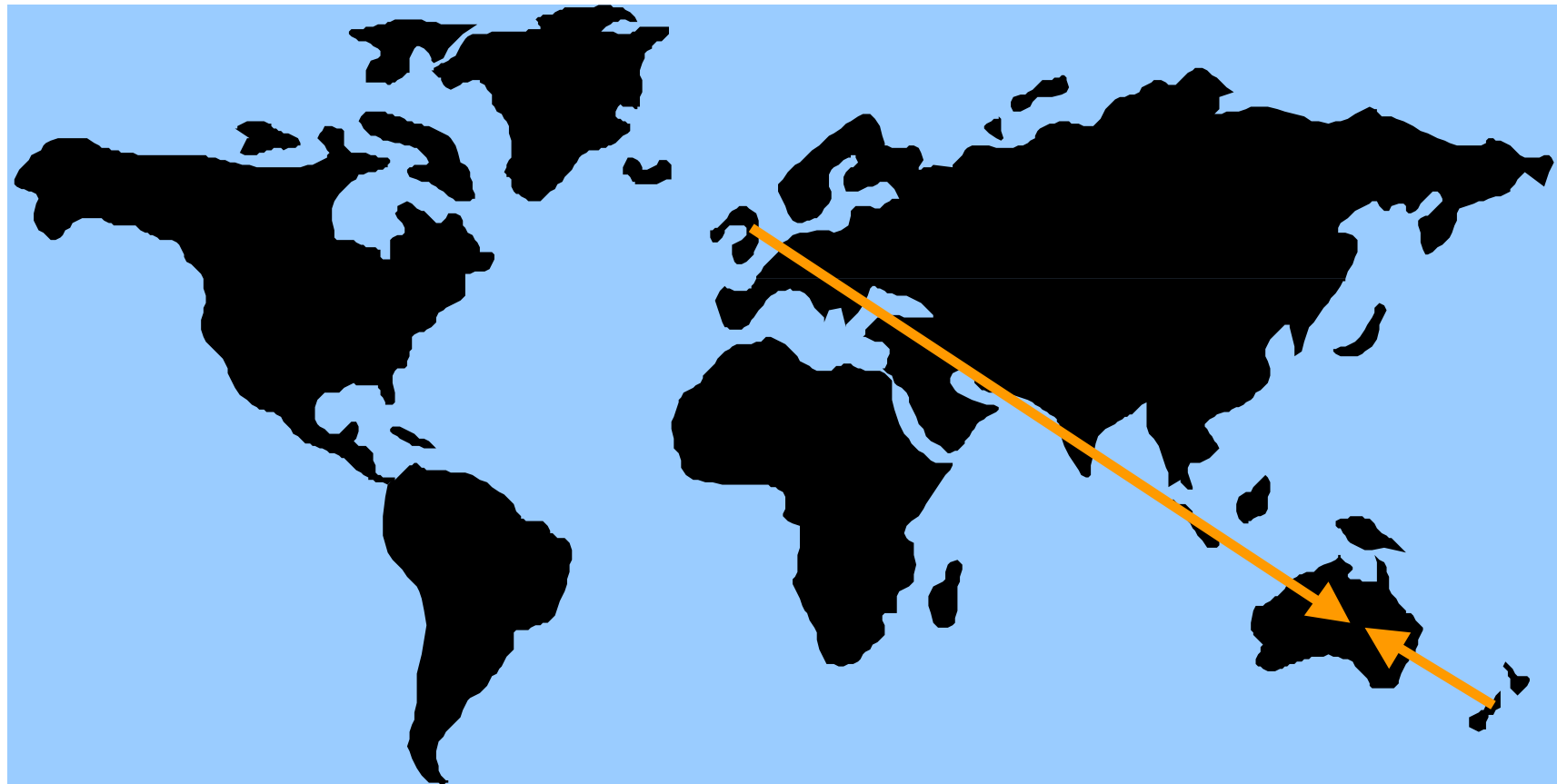
Leveraging global scale economies

Credit Card Processing



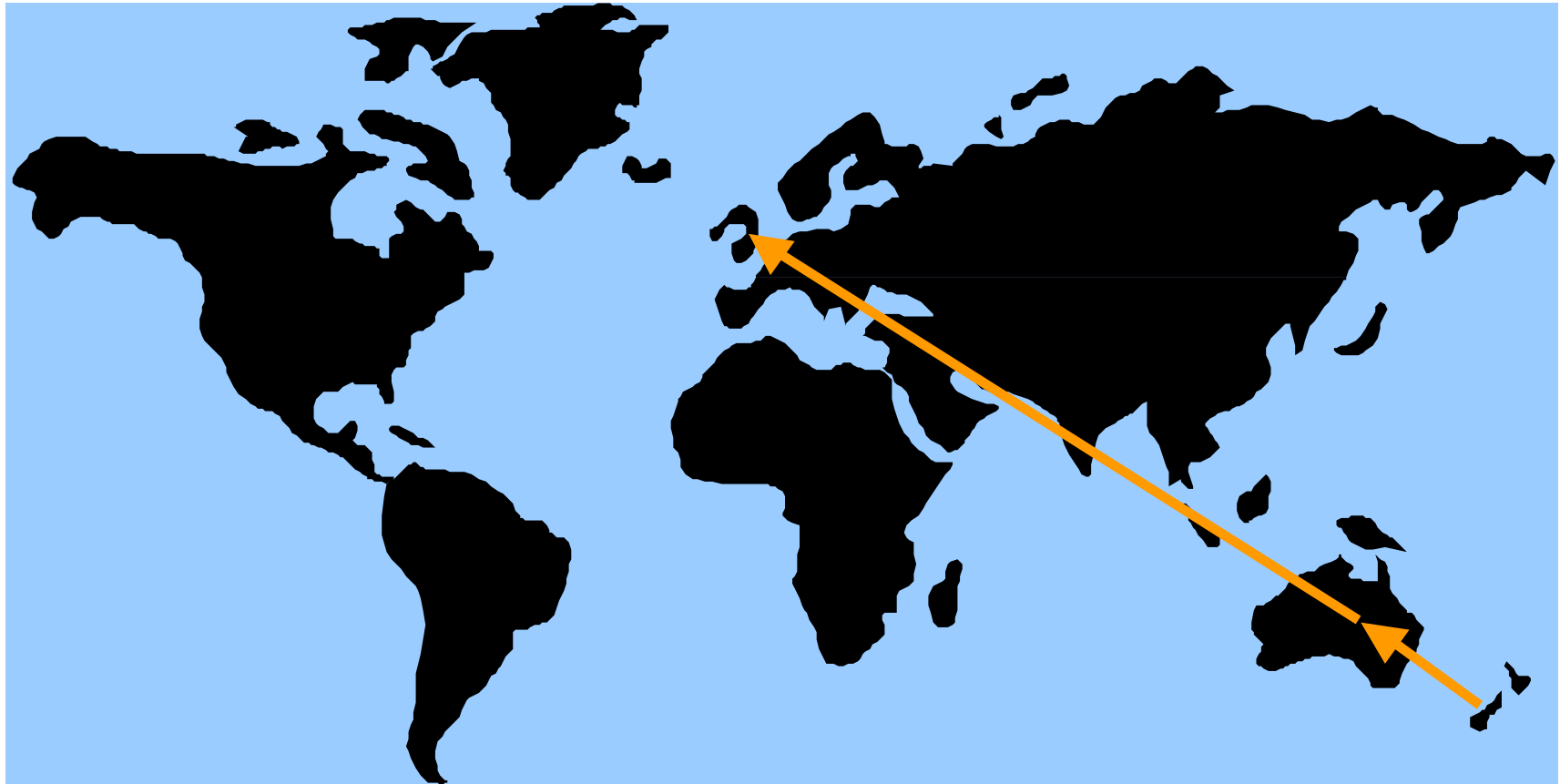
Leveraging global scale economies

Debt Collection & Recoveries



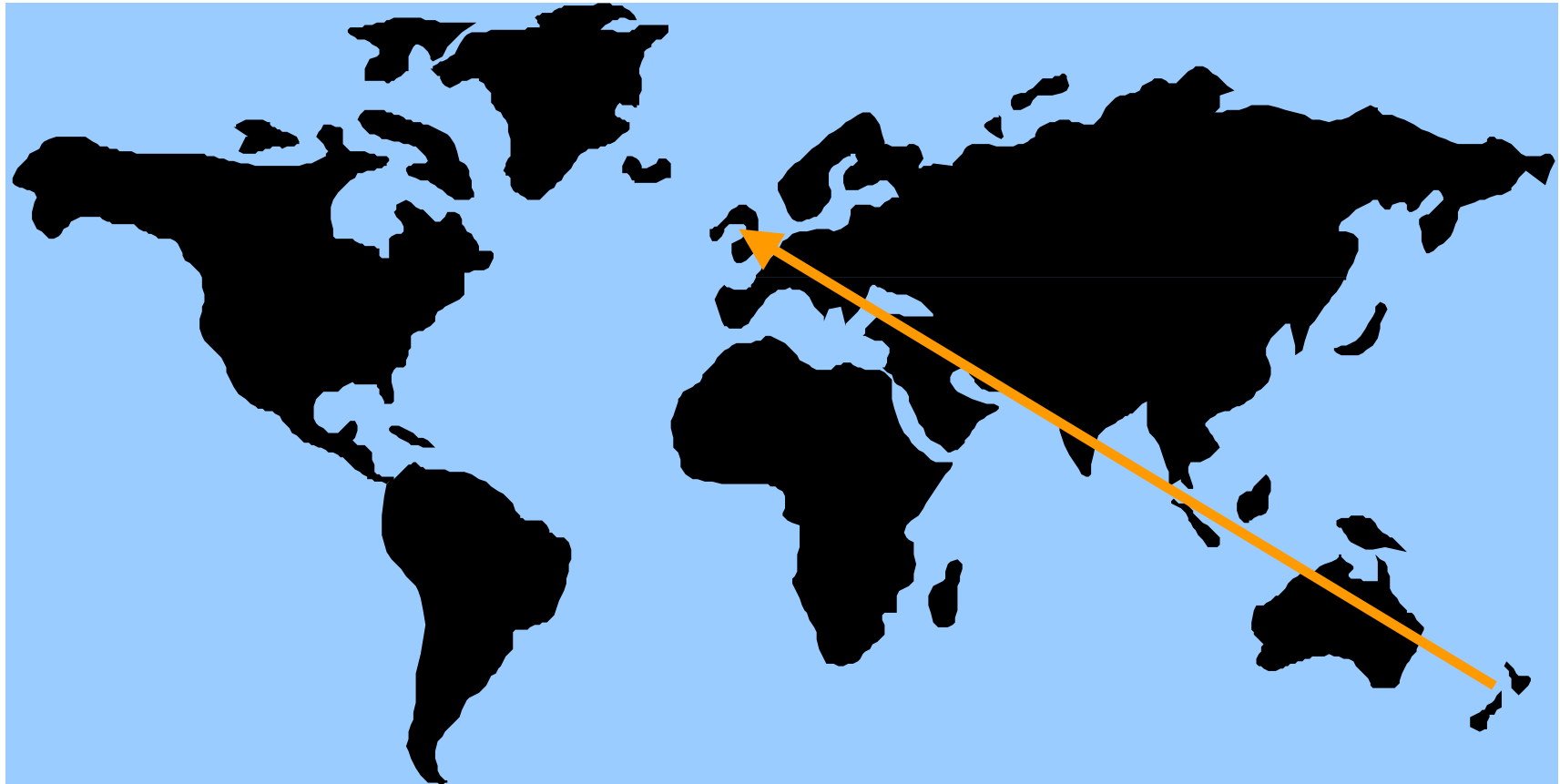
Leveraging global scale economies

Gold Card & Gold Rewards Programs



Leveraging global scale economies

Rapid Repay Mortgage



Agenda

- Who we are
- Our Transformation Agenda
 - Aggressively grow selected businesses
 - Leverage global footprint
 - Capitalise of technology
 - Implement EVA

The eNational program is transforming the National into an eEnterprise

Digitising the National

- Making the web central to the way we do business
- Infrastructure development
- Straight through processing & servicing
- Changing our mindset

eMarket Offerings

- online financial services distribution
- online information, advisory & education services
- eCommerce offerings incl. B2B, B2C, ASP services
- Non-financial e-Business

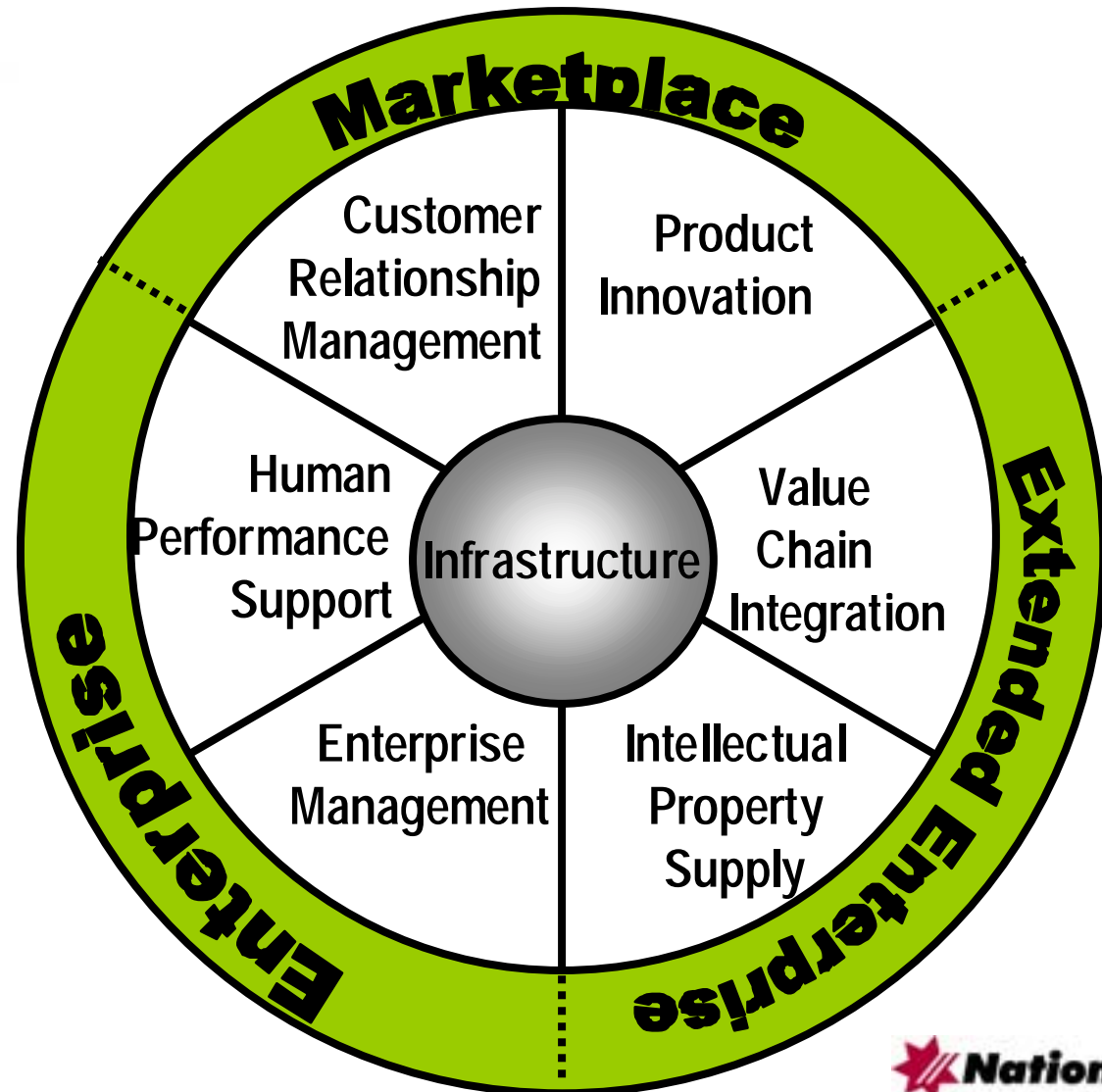
Launching New Businesses

- Develop “new economy” business models



The Concert alliance.... a key infrastructure enabler

concert



Agenda

- Who we are
- Our Transformation Agenda
 - Aggressively grow selected businesses
 - Leverage global footprint
 - Capitalise of technology
 - Implement EVA

We are bringing EVA to the centre of all our decision making

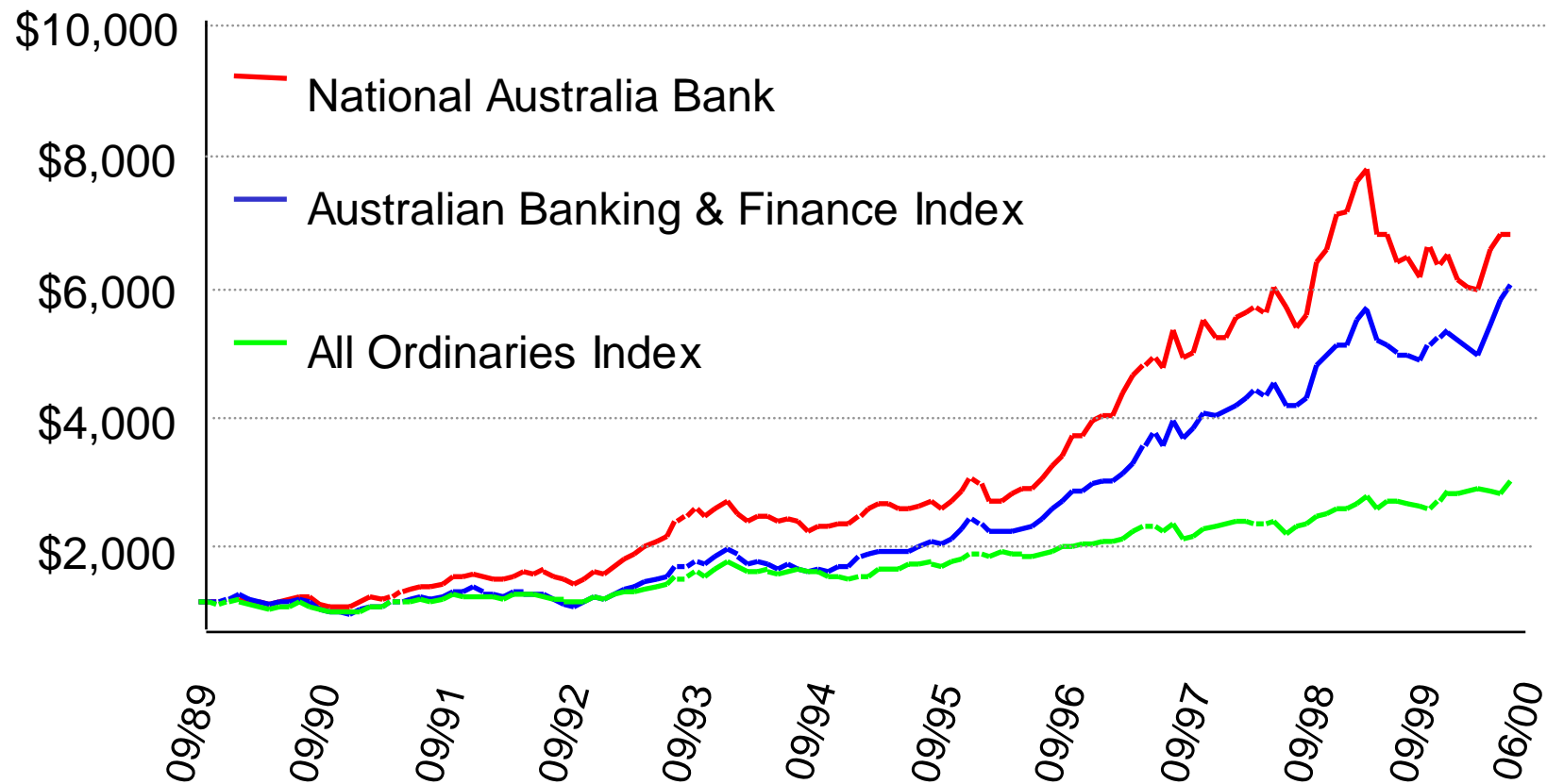


EVA will bring significant benefits to the National

- Longer term decision horizon encouraged
- Increased focus on the capital management
- Pro-active risk management encouraged
- Strengthen performance incentive via direct linkage to remuneration

The National's Solid Track Record Of Growing Value For Shareholders

WEALTH INDEX



We are committed to delivering superior returns to shareholders



TAILORED FINANCIAL SOLUTIONS