

Positioning for Growth

# Financial Services Europe

Steve Targett

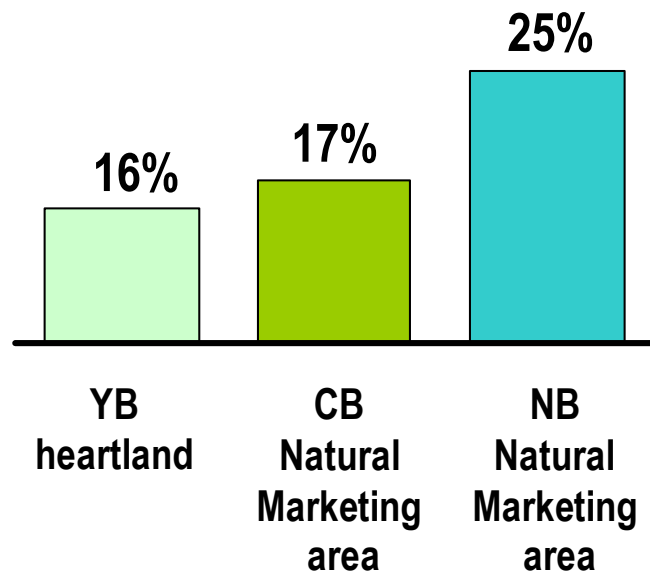


# Strong regional player

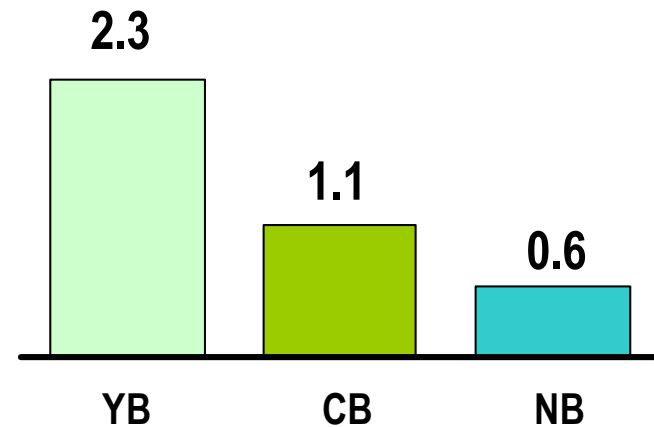
- Regional player in 3 regions with significant growth upside in Yorkshire
- Attractive organic growth prospects
- Broad product spectrum, now integrating banking, wealth management and wholesale
- Pivotal contributor to Group business portfolio leveraging global product and process capabilities

# Established regional market shares

Regional market share, % of personal current accounts

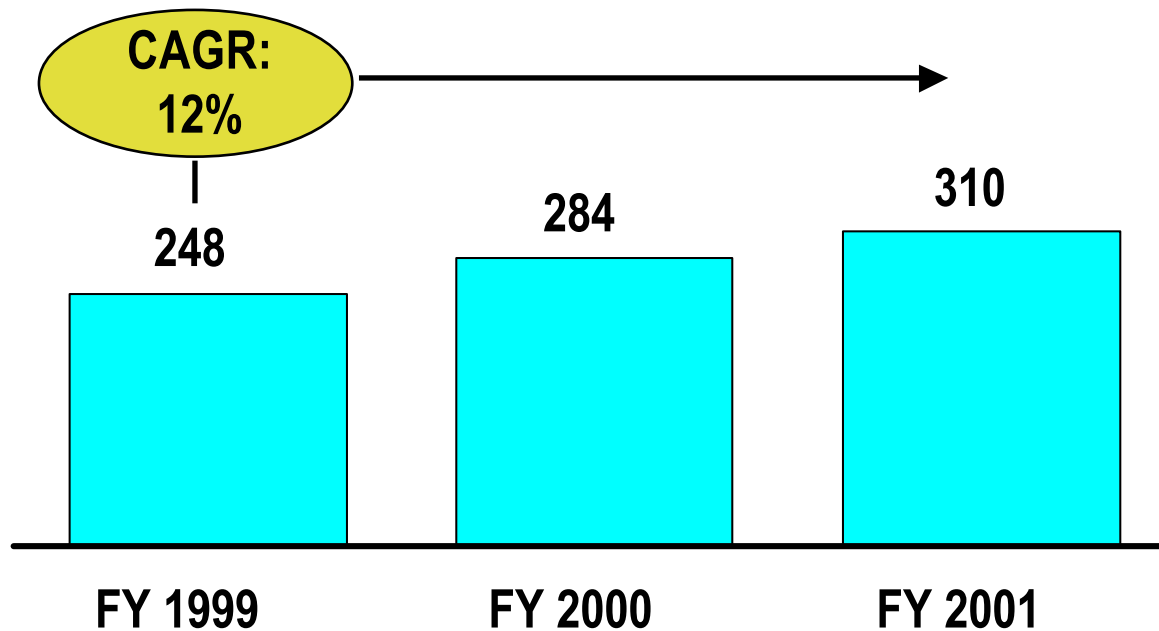


Regional customers, million



# Solid European profit growth

Profit after tax (before significant items) FSE, £m



# Focused strategic and operating agenda following the Positioning for Growth review

- Targeted strategy
- Revitalisation
- Selective investment
- Improved performance

# Clear strategic priorities

## Strategic posture

Yorkshire Bank

- **Value growth by improving sales and servicing**

Clydesdale Bank

- **Efficiency focus and franchise protection**

Northern Bank/ NIB

- **Leverage of strong customer franchise and sustaining of leadership position**

**Wealth management and wholesale banking**

- Roll out strong wealth management platform and innovative wholesale products

Shared Services

- **Driving of operating efficiency gains and streamlining processing activities**

## Opportunity

- **Increasing mortgage penetration and wallet share in savings**
- **Leveraging customer loyalty and affinity into market share growth**
- **Protection and extension of strong business banking franchise**
- **Opportunity to streamline distribution and drive out efficiency**
- **Increased customer wallet share and customer profitability**
- **Tight cost control**

# Revitalised business

- Increased focus on regional accountability through new structure with dedicated European EGM based in London
- More integrated approach leveraging strength in core branch based banking, wealth management and wholesale banking
- Dedicated brand and customer management for the 3 main franchises focusing on front line sales & servicing through introduction of dedicated franchise COOs and tailored marketing strategies

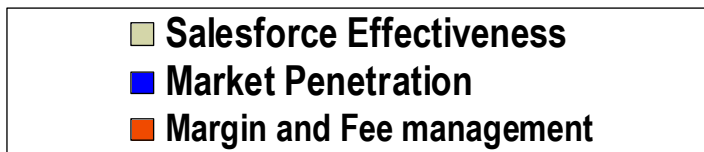
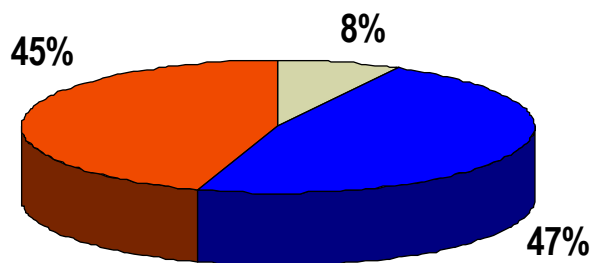
# Selective investment

- **Overhaul of front end system for sales and servicing**
  - Substantial increase in customer satisfaction, and frontline lead generation through better analytical marketing capabilities
- **Upgrade of call centre capabilities and capacity**
  - Opening and expansion of second call centre
- **Roll out of market leading wealth management proposition**
  - Successful launch of bank distribution in 2001 meeting business case projections
  - Roll out of broader 3<sup>rd</sup> party distribution
- **Roll out of structured solutions manufactured by Wholesale**

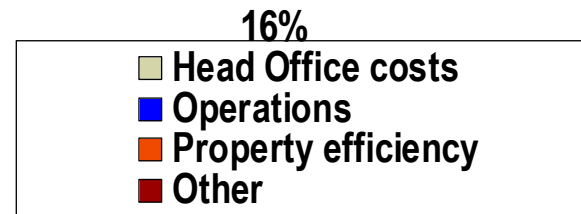
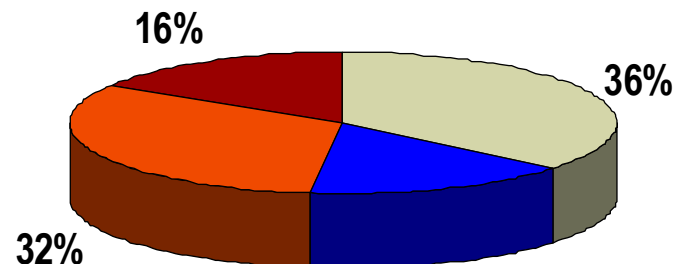
# Summary - Performance Outcomes

- More than 30 major initiatives agreed to date to drive 2002 – 2004 revenues and cost reduction

### Revenue



### Cost



**FSE Cost/Income will be reduced to 48% by Sept 2004**

# Robust revenue initiatives ...

- **Increased customer wallet share through**
  - Targeting of underexploited product opportunities (e.g. mortgages in Yorkshire Bank)
  - New analytical marketing techniques to enable micromarket targeting and tactical CRM for increased product case sizes (e.g. savings deposits in Yorkshire Bank)
- **Focused revenue management through**
  - More regionally tailored pricing strategies
  - Active margin management
  - Improved approach to collection of fees and charges
- **Increased salesforce capacity and effectiveness through**
  - Freeing up salesforces from administrative activities through streamlined processes
  - Stepped up in branch lead generation through improved customer profiling and targeting
  - Enhanced training

## ... and cost initiatives

- **Improved operational efficiency (e.g. achieving 48% cost income ratio by 2004) - through**
  - Further cost reduction in support functions and headoffice
  - Stepped up centralisation of processing activities
  - Further network reconfiguration
- **Headcount reduction of around net 200 by Sep 2003 in total Europe with likely further reductions to be identified**

# Summary

- **Solid growth based on**
  - Targeted regional operating strategies
  - Leverage product including wealth management and wholesale
  - Selective investment
  - Improved efficiency and revenue performance



*[national.com.au](http://national.com.au)*