

Investor Lunch - Credit Suisse First Boston

Sydney - Tuesday 21 August 2001

Mike Pratt, CEO, Australian Financial Services - National Australia Bank



Outline

- Environment & Asset Quality
- Service Profit Chain - Strategic Focus
- Performance
 - Home Lending
 - Investments - Retail Inflows
 - Planner Performance
- Wrap Up & Q&A



Competitive Environment - Australia Outlook

- Continuing subdued economy in first half on 2001/02 with subsequent improvement in business conditions anticipated
- Domestic demand likely to be strong during 2001/02.
- Key risk remains deteriorating global economy
- Official Interest rates remain on hold for some time although rising interest rate environment possible in 2nd half of 2001/02
- Margins Holding
- Threat of re-regulation of aspects of financial services industry



Competitive Environment

Asset Quality Management

- Observations
 - Some general deterioration in asset quality
 - Expect increased pressure on watch and sub-standard loans
- However nothing we didn't expect and plan for
- National continues to proactively manage its credit risk
 - With heightened vigilance at this stage of the business cycle

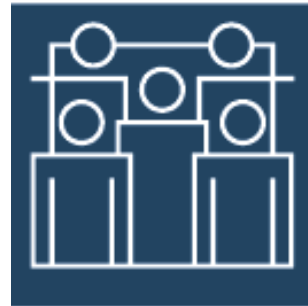


The Power of the Service Profit Chain

Staff satisfaction



Community Satisfaction



Customer Satisfaction



Shareholder Satisfaction

Strategic Focus

- Staff Satisfaction
 - Our staff
 - eTransformation
- Customer Satisfaction
 - Distribution (including Product Innovation)
 - Customer Advantage Program (Privacy)
 - Customer Relationship Management
- Community Satisfaction
 - Partnering with our Community



Staff Satisfaction - Our staff

- 2.7% general staff pay increase
- 97.8% middle management signed individual contracts
- Strong acceptance of staff offer
 - "Employee Solutions Package"



Staff Satisfaction - eTransformation

- The Foundations are being put in place
 - IP installed to ~780 sites; >2,000 new desk-tops deployed.
 - Deploying in excess of 500 machines per week
 - Over 8,000 desk-tops by end November
- eConsumer Lending
 - ACAPS in operation
 - Multi-channel consumer loan origination on target for Nov. release



Customer Satisfaction

Enhancing Distribution Options

- Transforming the Network
- Australia Post Alliance
- Broader ATM Network
- Strong Online Banking Adoption
- Enhanced Website





Welcome to the National

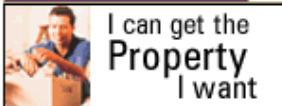
Online Services

- Internet Banking →
- Online Share Trading →
- Apply Online →



New Online Features

- Search for a property →




Personal Customers of the National

Did you **hear the latest** from the National? Your email address **could win you a \$10,000 holiday**. Terms & conditions apply.

[Click here →](#)

Become an Investor

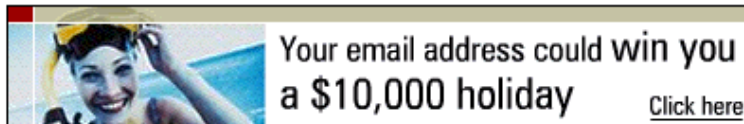
With \$5,000 and **a tailored solution**, you can become an **investor** today.

[Click here →](#)

\$80,000 and 8 Years

Tailoring could save you up to **\$80,000** and **8 years** on your home loan. Got a spare moment to find out how?

[Click here →](#)



NAB share price

Share price as at 4.00 PM on 15/08/2001.

open	high	low	last
34.23	34.54	34.16	33.33

[Trade Now](#) [Click here →](#)

Quick Find

----- Click & Go -----

Areas of interest

- [Get an insurance quote](#)
- [Calculators](#)
- [Shareholders Centre](#)
- [nabmarkets.com.au](#)

News

- [National Concession Card Account](#)
- [Sponsorship to help boost blood donors and save lives](#)

Customer Satisfaction

Packaging Solutions for Customers

- Choice Package - expanded to include wealth management
 - Online/phone share trading and funds management
 - Preferential rates for National Margin Lending

Benefits to customers

- Dedicated relationship manager – ie. consistent point of contact
- Consolidation and simplicity - deal with one provider
- Products and services services at preferred pricing

Benefits to the National

- Customer satisfaction: meet more of the customer's financial needs
- Grow presence in high value premium market across range of products and services
- Realise National's wealth management strategy



Customer Advantage Program - Privacy

- Commitment to being a trustworthy custodian of customer information
- National acknowledged as a leader in privacy strategy
- We will fully comply with legislative changes
- Integrated Customer Satisfaction Unit



Customer Satisfaction Measurement Process

- Measure all customer touch points
- Increased frequency of measurement
- Significant improvement in customer satisfaction ratings
- Customer satisfaction linked to CRM capability



Customer Satisfaction

Pre-eminent Customer Management

"There are only two banks in the world who are truly pushing the frontiers of customer understanding - one is ..Lloyds TSB and the other is National Australia Group."

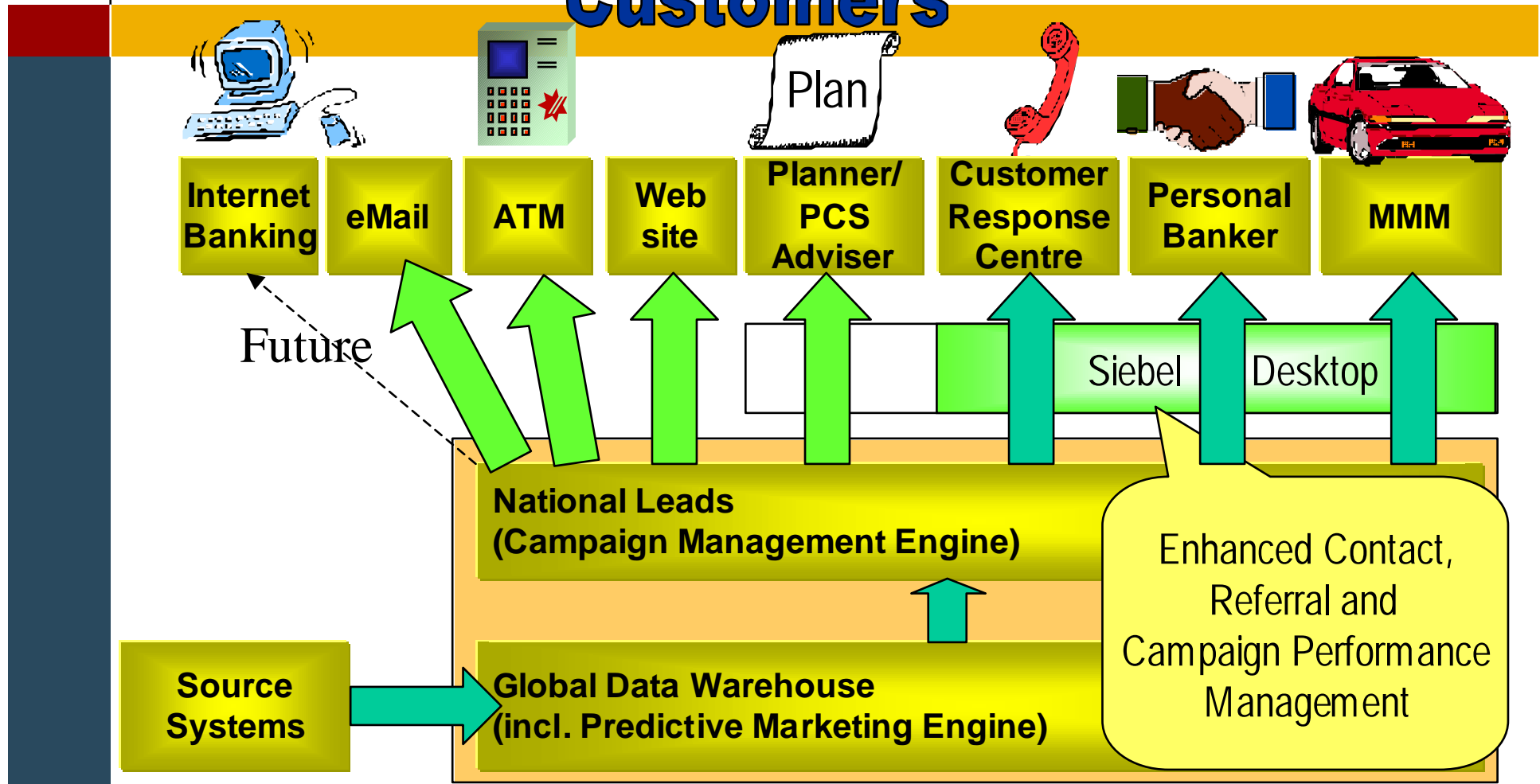
Source: The Business Banking Board Washington DC - September 1999.

"NAB is the clear CRM leader among the Big Five Financials with particular strength in customer segmentation, behavioural modelling and lead generation."

Source: Goldman Sachs May 2001



Building on our Existing World Class Leads Distribution Capability **Customers**



Your Financial Journey Web Page

The screenshot displays a web browser window with the National Financial Solutions logo and the title "Your Financial Journey". The main content area features a navigation menu on the left and a central interactive graphic titled "What is your current location?".

Navigation Menu:

- ✓ Welcome
- ✓ How can we help you
- ✓ Let's get started
- ✓ Your current situation
- ✓ Your current location
- ✓ Your next destination
- ✓ A little about yourself
- ✓ Your financial position
- ✓ Two important things
- ✓ Confirmation
- ✓ Our Solution
- ✓ Help us help you
- ✓ Finish
- [Disclaimer Statement](#)

Interactive Graphic: "What is your current location?"

The graphic shows a winding road with various signposts representing life events. A blue car is positioned on the road, and a house is visible in the background. The signposts include:

- RAISING CHILDREN
- CHANGE JOB OR GET PROMOTION
- BECOME DEBT FREE
- WINDFALL GAIN OR LUMP SUM
- DIVORCE
- RUNNING A SMALL BUSINESS
- RETIREMENT PLANNING
- RETIRE
- CHILDREN FINISH SCHOOL
- RETIREMENT HOLIDAY
- RETIREMENT PROPERTY
- NONE OF THESE EVENTS MATCH MY CIRCUMSTANCES

Please click on the signpost that best describes where you are currently positioned. If none of the signposts accurately reflect your position, click on the last signpost and enter your personal details.

Footer: Home, Back, Close



Customer Relationship Management Leads to Wealth Management - PCS Advisers

- Campaign targeted at attractive retail customers with low existing product penetration
- Aims to increase profitability by deepening relationship
- Lead referred to Wealth Management Call Centre for appointment
- Appointments actioned by mobile Personal Client Service (PCS) Adviser or Mobile Mortgage Manager (MMM) as appropriate
- 25 times improvement in appointment and conversion rate



Community Satisfaction - Partnering with our Community

- Developed strong links with Community Groups
 - Community Consultation Forum
 - National Concession Card Account
 - National CommunityLink linked to Volunteerism

- Initiated two focused sponsorships this year



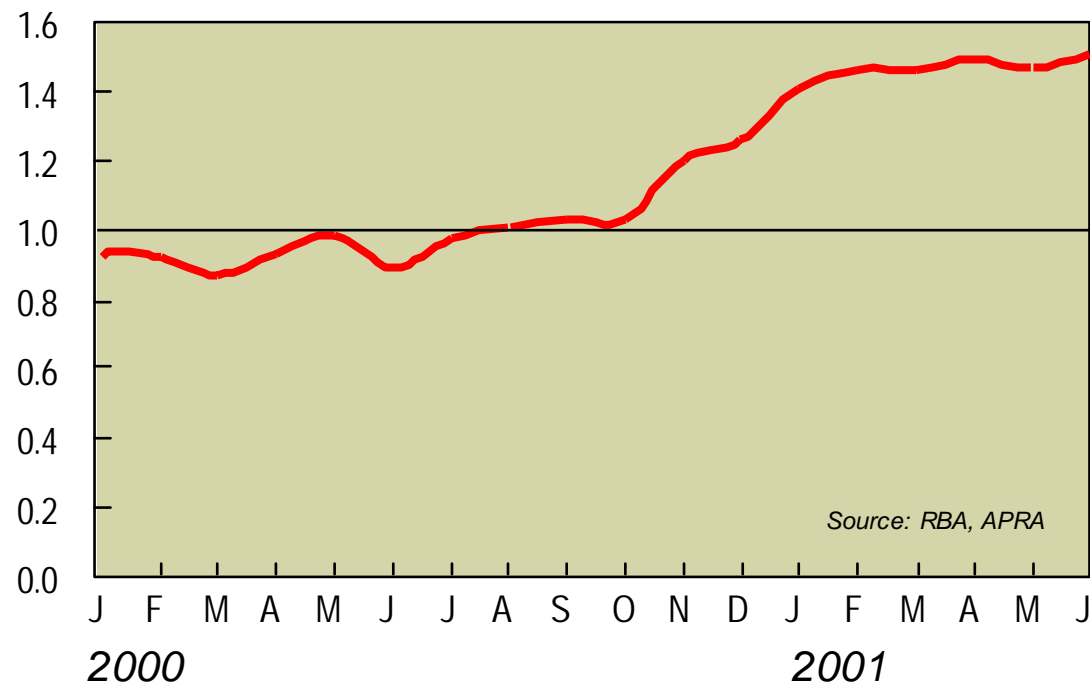
- Community Ambassadors
 - Andrew Gaze and Raelene Boyle



Housing Credit - Market Share

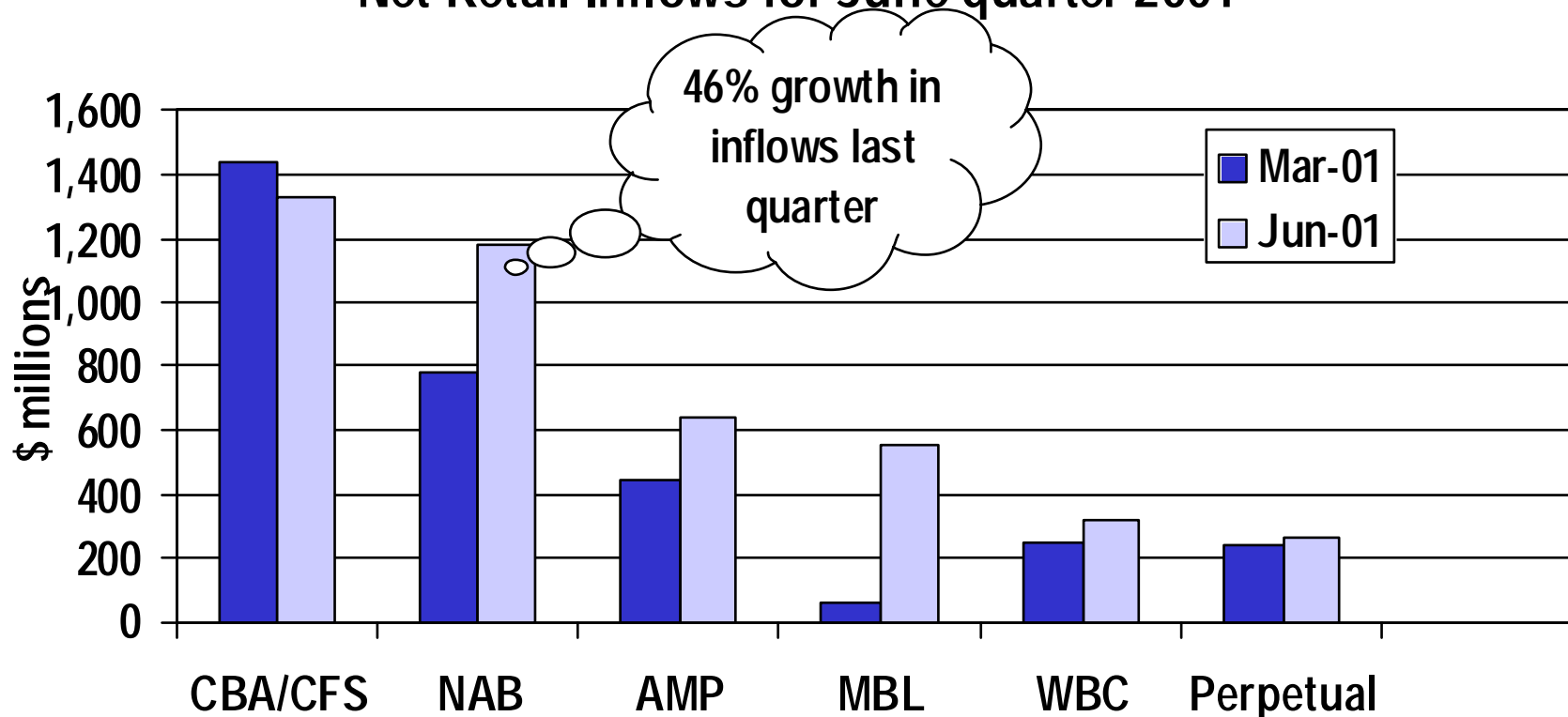
Owner Occupied Housing + Investment Housing

- National's home lending growing annually at 1.5 times system (as at June 2001) National 20% versus system 13.3%



Performance Investments - Retail Inflows

Net Retail Inflows for June quarter 2001



Source: Assirt



Sustainable Growth by combined capabilities - AFS & Wealth Management

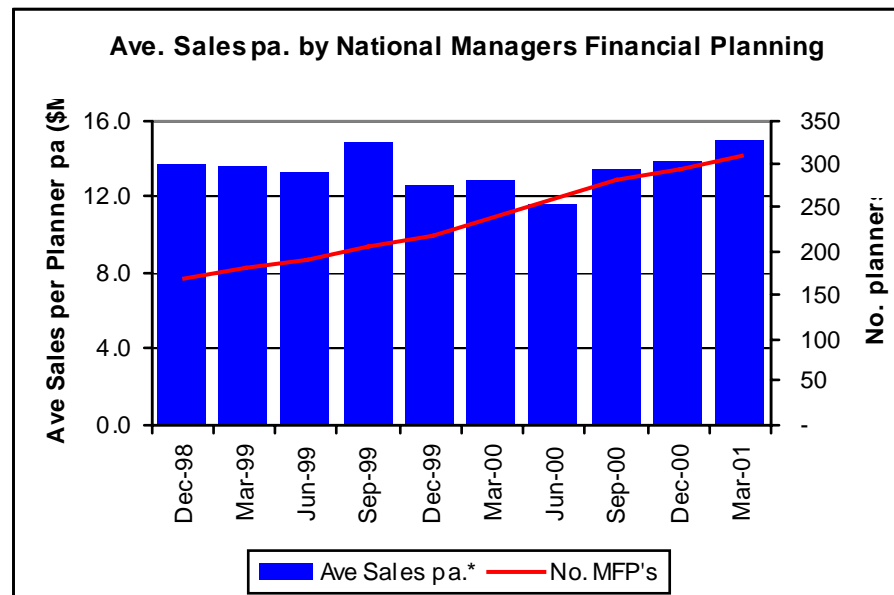
- World class multi-channel CRM capability
- Large planner force
- Combined product range between National & MLC
- Manage the manager strategy
- Customer base with low wealth management penetration
- Introduction of PCS Advisers

Unparalleled growth opportunity



Performance Financial Planners

- National MFP's are highly productive by industry standards
- Productivity has exceeded expectations during a strong recruitment period
- Future growth to leverage our internal "Adviser University"
- MFP's contribute only 1/3 sales in National's multi pronged distribution strategy



* includes internal and external retail funds and bank products



Brand Performance

- CRM capability allows low advertising spend
- Implementation of National brand palette
- High consumer & business recognition of Tailored Financial Solutions positioning
- National recognised by consumers & businesses as a full financial services provider



Summary

- Challenging environment
- Asset quality vigilance
- Superior home lending and investment performance
- eTransformation well progressed
- Strong focus on employee & community relations
- Continuing to broaden the income base
- Continued CRM superiority to leverage Wealth Management growth

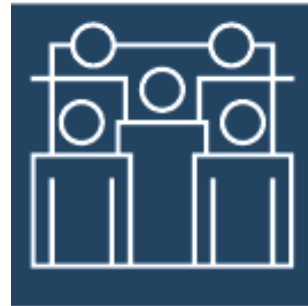


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