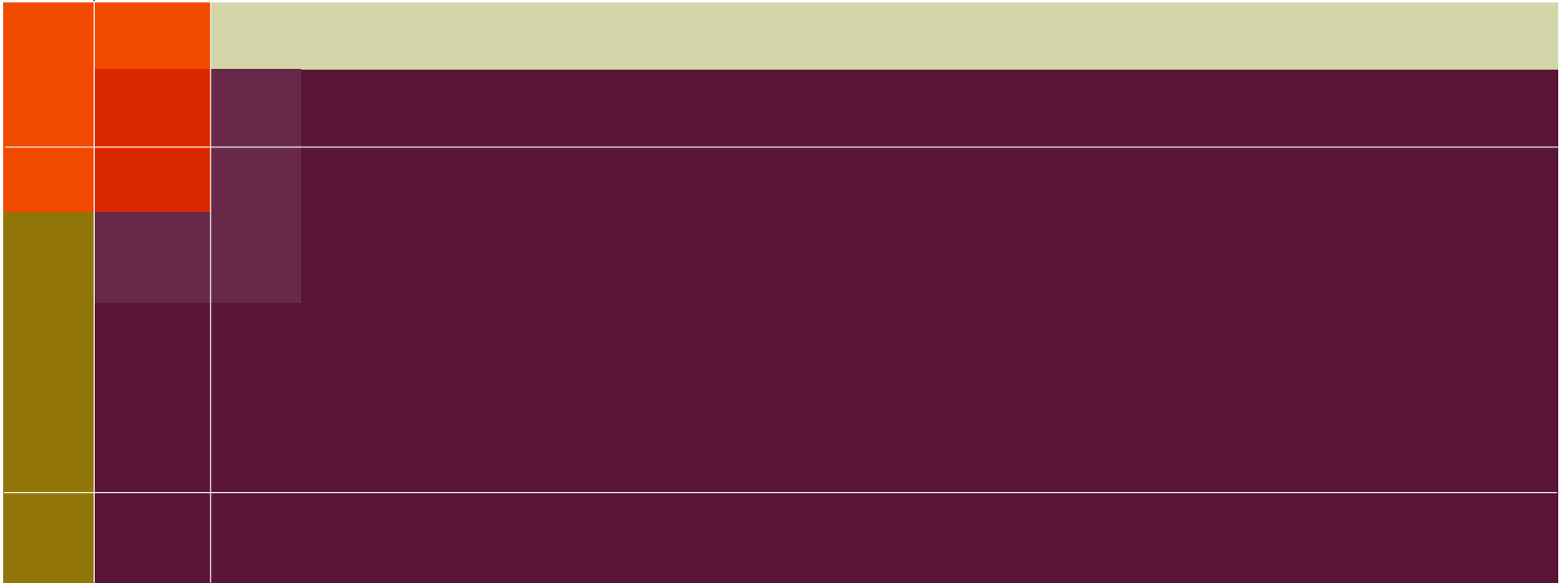


Positioning for Growth

Wealth Management

Peter Scott

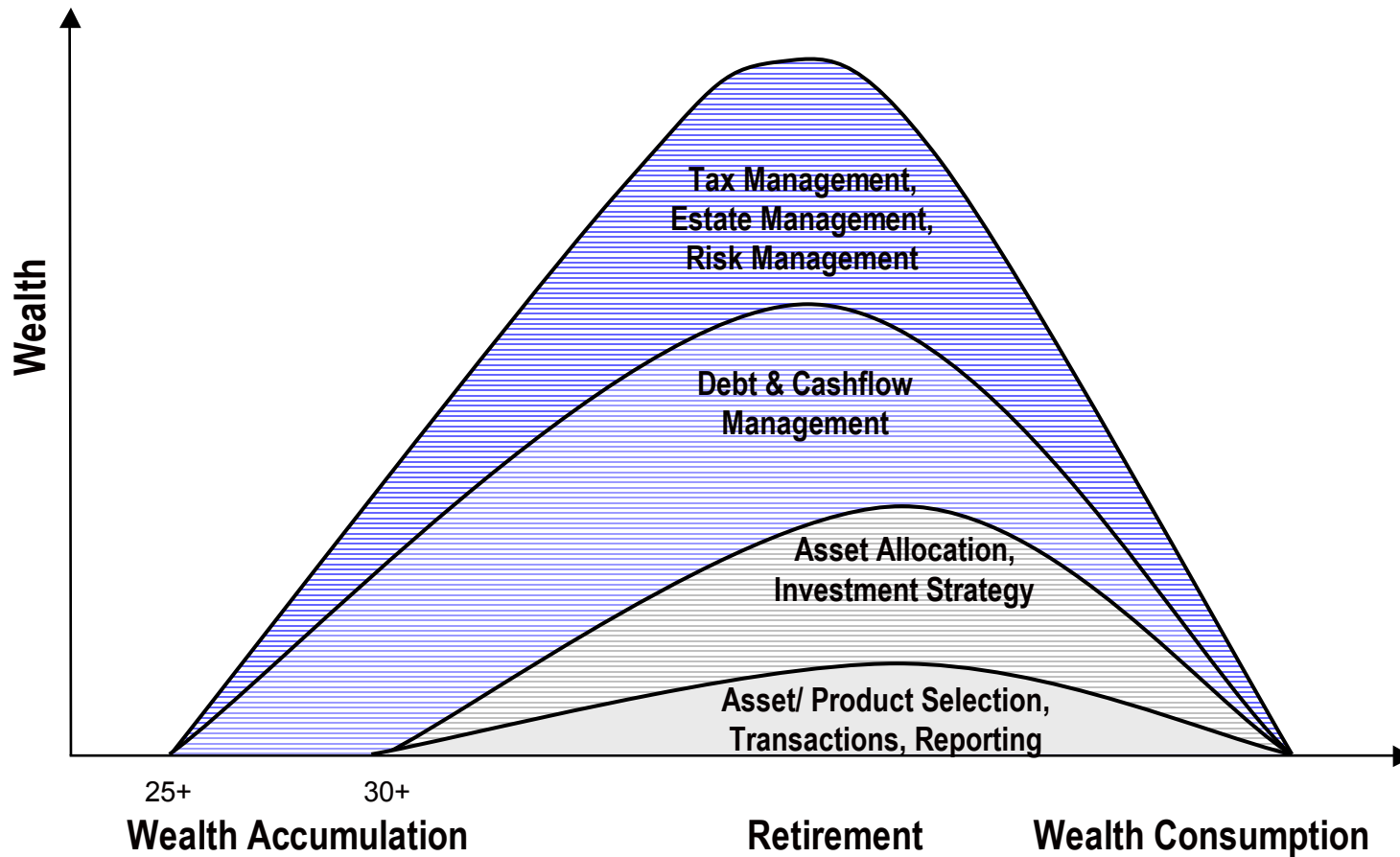


Strategic Agenda

■ Positioning for Growth

- Enabled further **fine tuning** post integration
- Focus is on **revenue growth** and operational **efficiency**
- Freeing up capacity to enable **strategic reinvestment**
- Reinvestment program focussed on enhancing our capabilities to remain the preferred **outsourcing partner and business coach** for Financial Advisers and lead the market evolution towards **holistic advice**
- Integration of Private Bank and Wealth Management

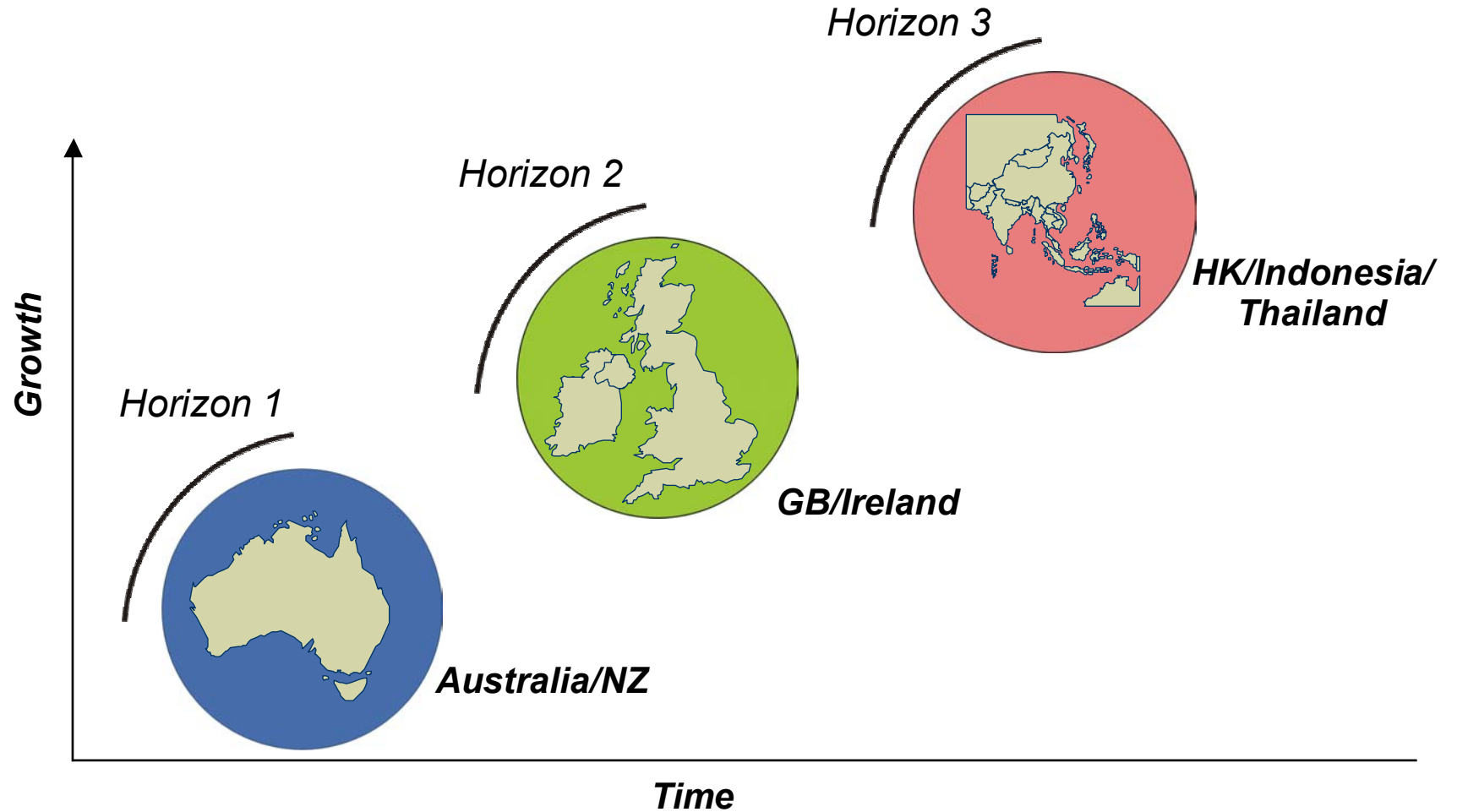
Our strategic intent is to lead the evolution of the model to holistic financial planning...



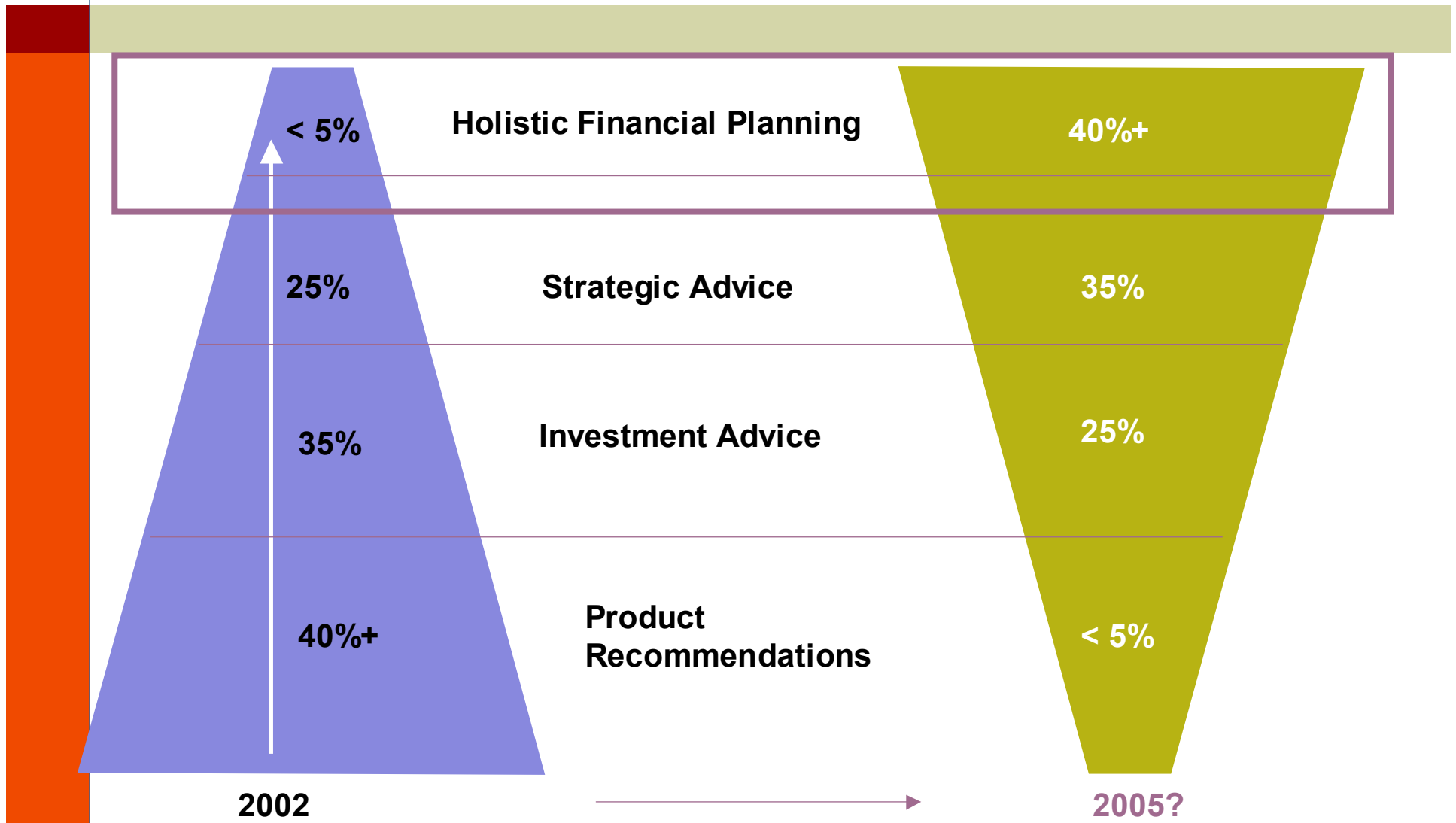
* Source: Hypercompetition, Credit Suisse, November 2001



...across the markets in which we operate



Where's the advice market **moving?**

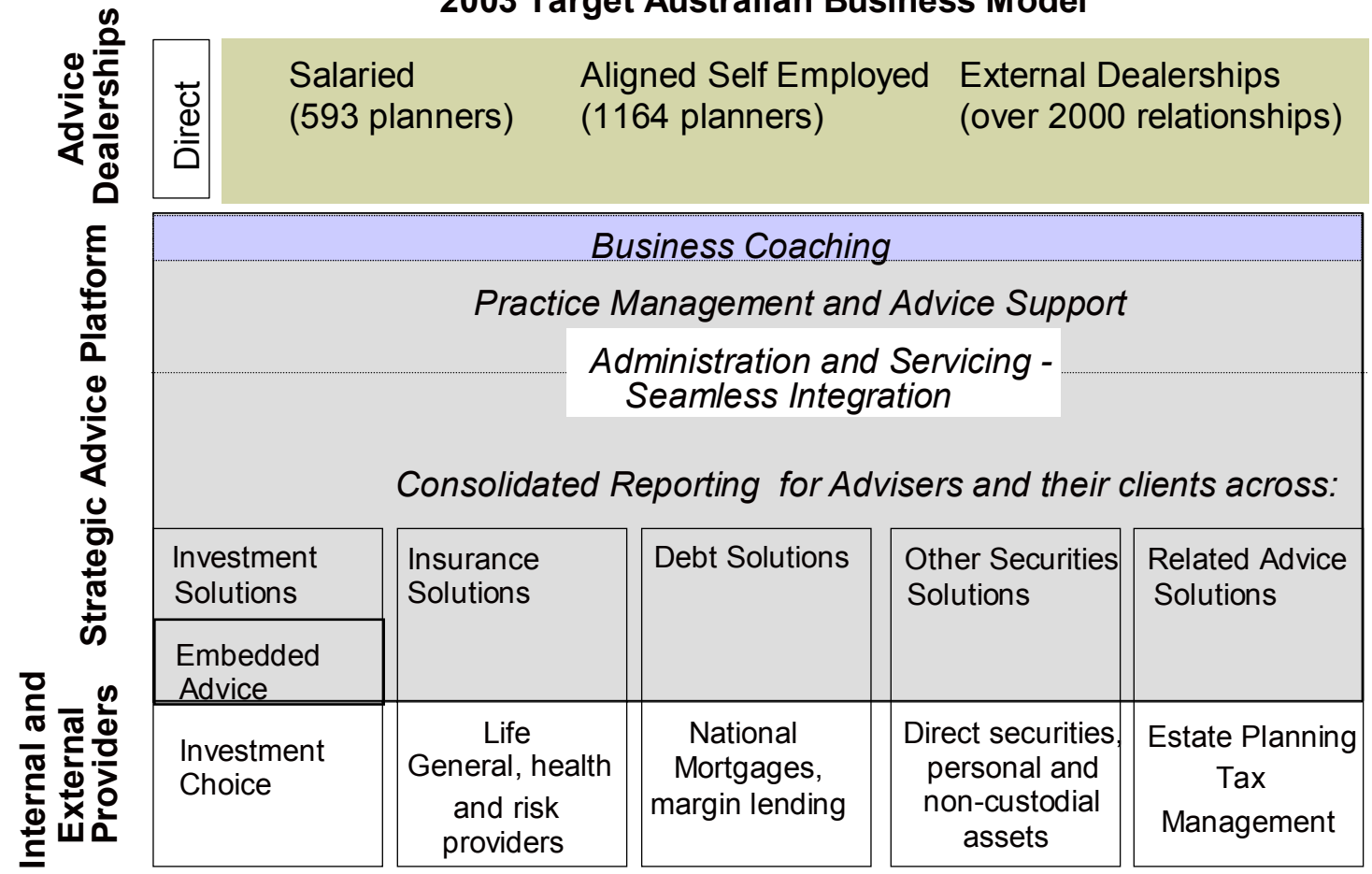


Source: Accenture



Target Business Model

2003 Target Australian Business Model



Value Drivers for our Business Model

Business Value Drivers

- Diversity of distribution
- Productivity of Advisers
- Usage of Group Platforms
- Scalable Service Platforms
- Client Retention/Persistency
- Pricing
- Funds Under Management
- Premiums In Force
- Expenses

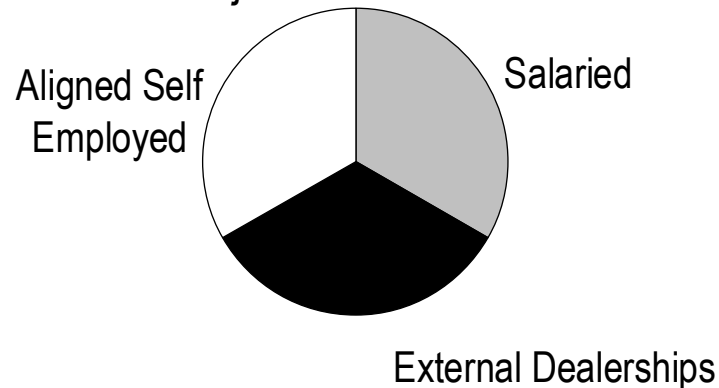
Impact

- Share of New Business and Funds Flow
- Increase in account size
- Increased Funds Under Management, Administration and Trustee
- Increased Premiums In Force
- Improved business efficiency
- Sustained Profit Growth

Australian Performance

Business Value Drivers

- Strong diversity of distribution - sales split across major channels



- Strong growth of our salaried/ self employed - 17%*
- Increasing Productivity of Advisers using platforms
- Over 70% usage of Group platforms by salaried/ self employed advisers

Impact

- 14% share of Retail FUM with 21% share of annual net flows
- 13% share of risk insurance premiums with 14% share of annual new business
- 6% share of Corporate FUM with 33% share of quarterly net flows
- Average MasterKey account size grown by 37% since launch
- \$58bn FUM/A/T grown by 58% since 1998 (16% CAGR)
- 20% growth in Premiums in Force**
- Consistent profit growth

* As at February 2002

Source: Assirt Market Share Report - Dec 2001 and **Rice Kachor September 2001

The experience of our top ten MasterKey writers demonstrates the impact of our “business partnering” approach which enables 100% of a client’s portfolio to be implemented through MasterKey

MasterKey New Business Written

Dealership	2000/2001	1998/1999
1 IFA	\$48m	\$13m
2 GPL	\$38m	*
3 IFA	\$33m	*
4 IFA	\$29m	*
5 MLCFP	\$26m	*
6 IFA	\$25m	*
7 IFA	\$25m	\$2m
8 IFA	\$24m	\$8m
9 GPL	\$22m	*
10 IFA	\$22m	*

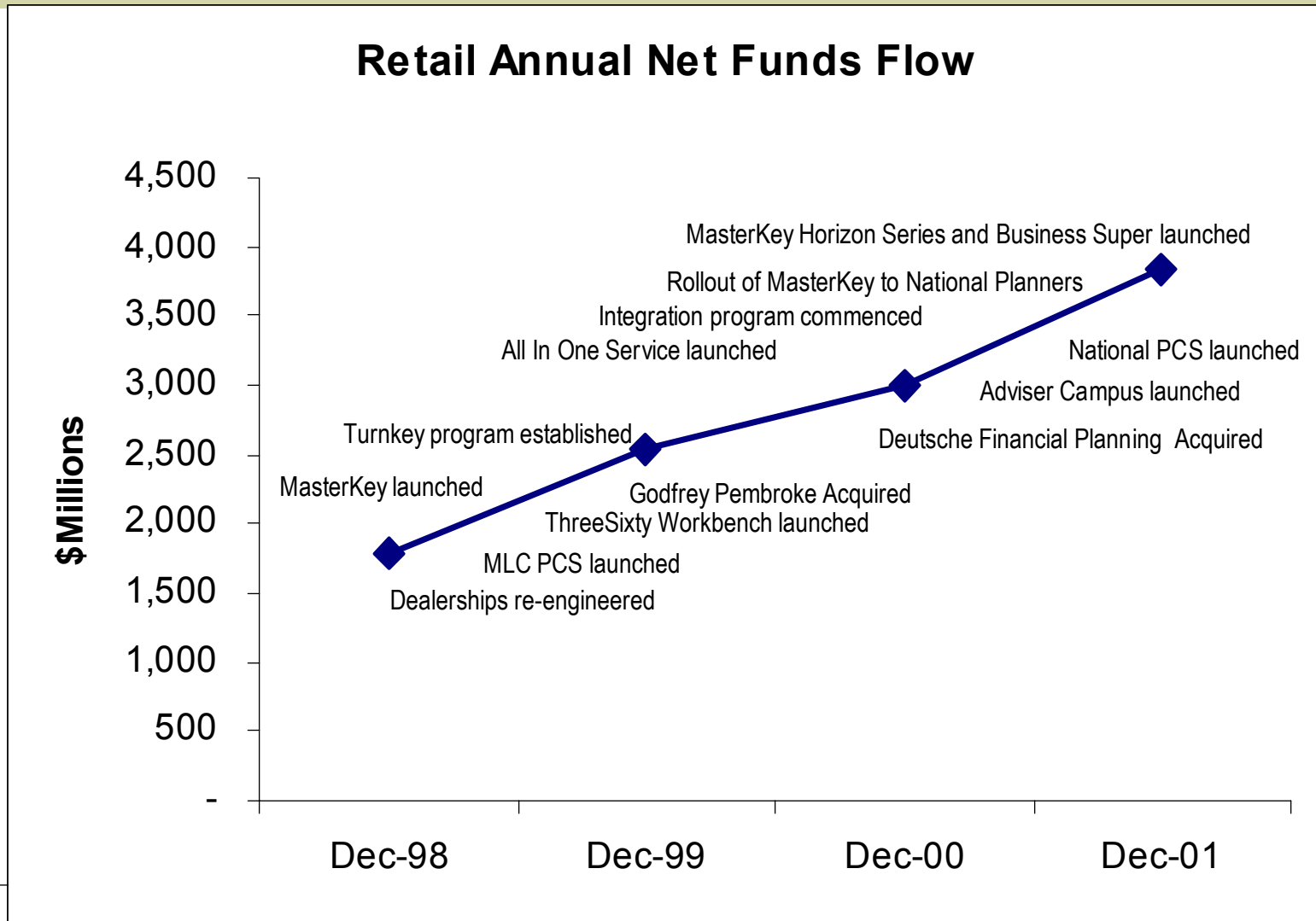
Significant **growth in productivity and size of the portfolio** implemented through the MasterKey platform

Strong support from IFA’s seeking business systems which support their businesses - only 1 IFA was in the top 10 writers in 1999

In 1999, the top 10 wrote **\$133m** of MasterKey business
In 2001, the top 10 wrote over **\$290m** of Masterkey business



Achieved 29% average annual growth in retail net funds flow since 1998 driven by growth in distribution capability and strategic reinvestment



Reinvestment Programme



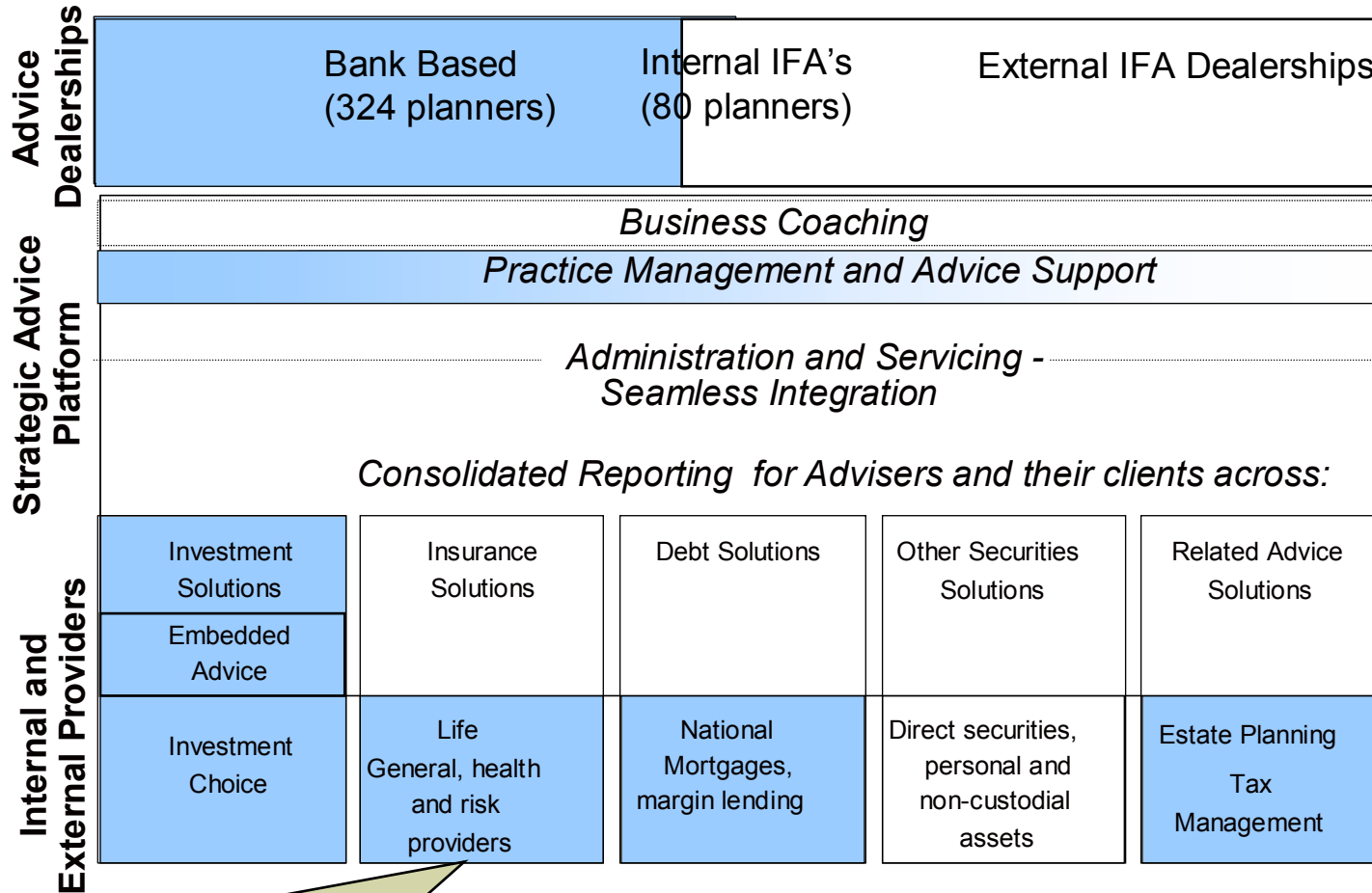
- 80 initiatives
 - Revenue/Cost
 - Created capacity of \$23m NPAT in 2002
 - Australian Insurance Expenses :income target from 23% to 21% by 2004
 - Australian Investments target Expenses :FUM from 70bps to 65 bps by 2004
- One Source
 - UK
 - Docklands
 - Bank Channels
- Continue to recruit and retain advisers
 - Improve adviser productivity
 - Improve customer service
 - Improve unit cost of service delivery
 - Increase FUM/A/T
 - Increase premiums in inforce

Australian Reinvestment-One Source

- Ongoing reinvestment in the business - \$200M over 3 years
- Stream 1- Enhance Adviser Experience 25%
- Stream 2- Improve Customer Service 15%
- Stream 3- Increase Back Office Efficiency 60%

In the UK we have commenced building our offer and advice capability

Target Business Model in the UK



Launched Financial Planning and Investment Service in November 2001

Capability exists

Undertaken a significant re-engineering program of Insurance business



In UK \$100m has been invested developing the Investment and Financial Planning Service

MLC Investment and Financial Planning Service

Services are differentiated through:

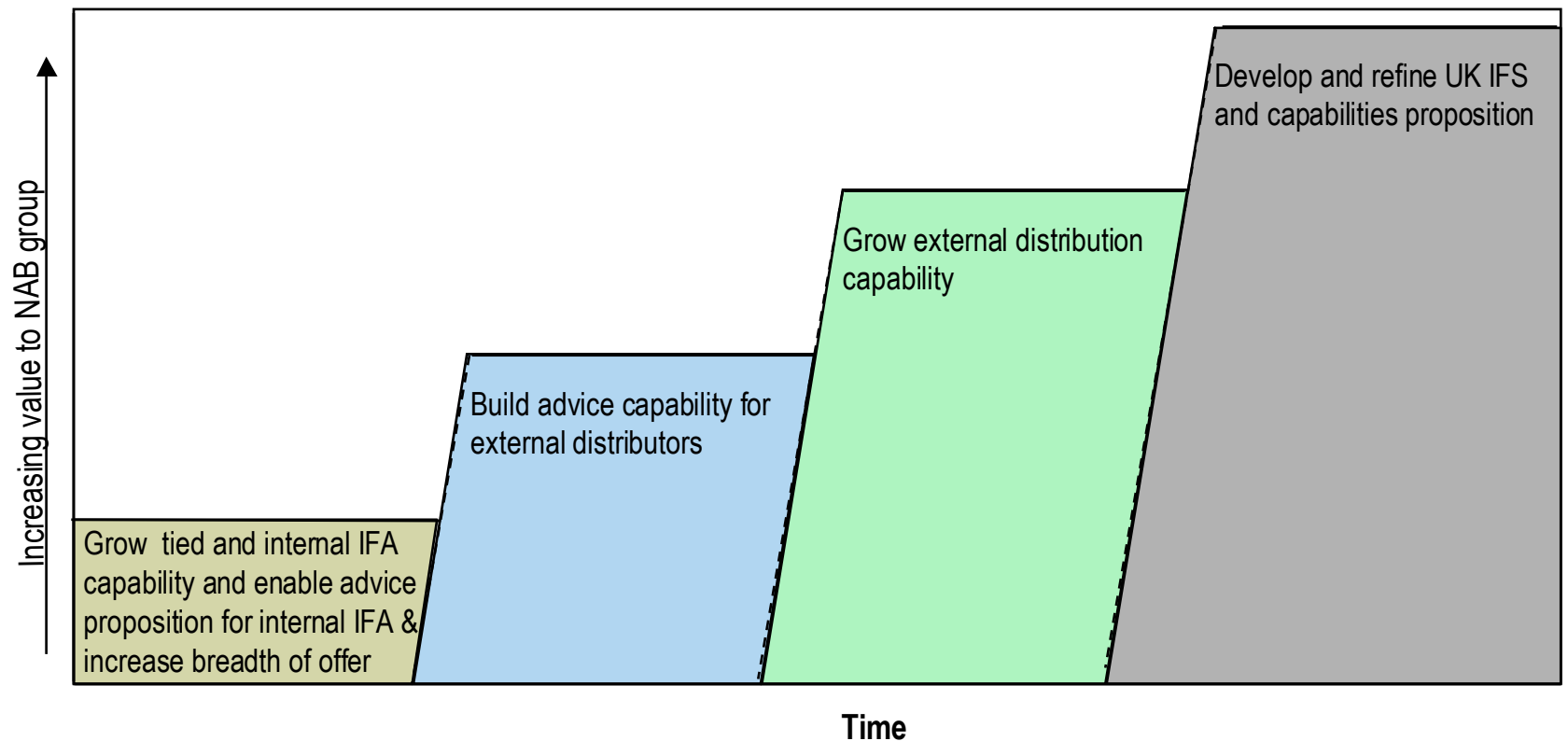
- Advice based Financial Planning
- Financial Planning service supported through financial planning workbench
- Investment Service is underpinned by Manager of Manager (Embedded Advice) Investment approach
- Access to existing 4 million Group customer base
- The re-engineering of an established financial planner/banker force to deliver the advice proposition

Benefits to date:

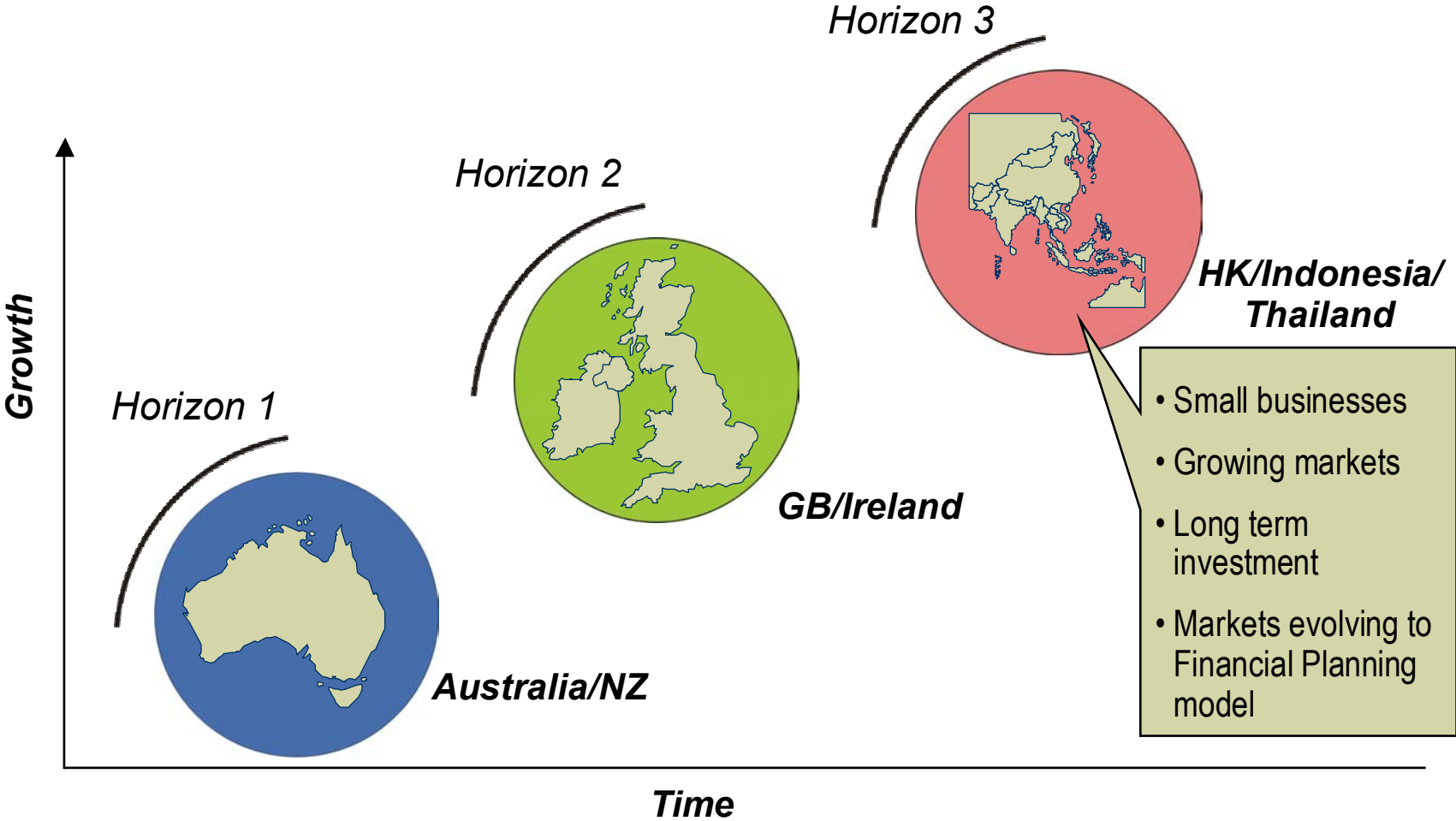
- Services launched in November 2001
- 324 tied planners now providing service to YB/CB/NB Group customers
- 17% increase in planner numbers over the last 12 months
- Average account size has doubled
- Over 4,000 new customers since November 2001
- 50% conversion rate of customers using investment service

UK Strategic Development Program

The UK strategic development program focuses on developing our holistic financial advice through building aligned and external distribution relationships



In Asia, we are building our business by leveraging capabilities and through a differentiated distribution capability



Summary

Australia

- Integration enabled the rollout of core infrastructure and enablers
- Australian business model is well developed
- Our strategic reinvestment program is focussed on enhancing our capabilities to:
 - remain the preferred **outsourcing partner and business coach** to advisers and lead the market evolution towards holistic advice
 - be the preferred **advice and implementation provider** to Business and Corporate clients and their employees
- Pilots underway to explore opportunities to extend group's development of an Integrated Financial Services model

Summary

UK

- Launched UK Investment and Advice Service
- Re-engineered the insurance businesses
- Market evolution similar to Australia
- Strategic development focussed on extending distribution and advice capability
- Depolarisation is an opportunity

Asia

- Small insurance businesses
- Growth markets
- Market evolution expected to be similar to Australia

Summary

- Clear and focussed strategy
- Diversified businesses and markets
- Distinctive capabilities
- Proven capacity to deliver
- Committed team

Disclaimer

The preceding material is a presentation of general background information about the National's activities current at the date of the presentation, April 8, 2002. 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.



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