



THE MARKET

The Australian banking market is highly competitive. In 2006, the Australian regional business of National Australia Bank Limited reigned its brand and recommitted to helping customers fulfil their aspirations.

National Australia Bank Limited is an international financial services organisation that is building a portfolio of brands and businesses positioned for success. These include NAB with MLC in Australia; Bank of New Zealand; Clydesdale and Yorkshire banks in the UK; and nabCapital, its global institutional markets and services business.



ACHIEVEMENTS

In 2006, National Australia Bank Limited had a record year, not only in returns but also with great service, great products and great advice.

Full year results for 2006 were a standout. Net profit increased by 10% to \$4.39 billion and cash earnings across the Group (before significant items) were \$3.97 billion, an increase of 21.9%. Every part of the business contributed to this growth.

NAB's purpose is to deliver satisfactory returns to shareholders, and it is delivering on that purpose.

NAB's success is due to two key elements: the continuing efforts and customer focus of the bank's people right around the Group, and the two and a half years of detailed planning, hard work and careful implementation of the regional model.

NAB reigned the brand and recommitted to helping customers fulfil their aspirations. Backing its people and customers is the hallmark of the NAB brand and since staff united around this belief, performance has lifted in many ways. NAB enjoyed the largest percentage improvement among the

major banks for customer satisfaction in the year to September 2006.

NAB also received many prestigious industry awards. These included Bank of the Year by Money Magazine/Cannex in the 2006 Consumer Finance Awards; Business Bank of the Year in CFO Magazine's 2006 Awards; Best Life Insurance Company 2006 by Australian Banking and Finance magazine; Best Life Insurance Company of the Year 2006 in the Australia and New Zealand Insurance Industry Awards; and Best New Product of the Year 2006 in Rainmaker Marketing Symposium (MLC Longer Term Absolute Return Portfolio). NAB also received Asian Banker Magazine's Retail Risk Management Award; Company of the Year for National Leads CRM tool in the International Direct Marketing Awards; and very importantly the award for 'Brand Revitalisation 2006' by the Australian Marketing Institute.

HISTORY

National Australia Bank today is the product of the 1981 merger of two of Australia's oldest banks, the National Bank of Australasia (established in 1858) and the Commercial Banking Company of Sydney (established in 1834).

The original National Bank of Australasia was

born during the great Victorian gold rushes of the 1850s while the CBC of Sydney grew to service the expanding pastoral and farming industries of the then Colony of New South Wales. Helped by a series of acquisitions, the operations of both banks eventually spanned the continent. Well into the 20th century the growth of the two banks paralleled and contributed to the development of a young nation. The 1981 merger brought these two great organisations together and combined the heritage of the two brands to form National Australia Bank Limited. This proud heritage is clearly evident in a network of numerous historic branch buildings, many of which date back to the 19th century and are classified by the National Trust. Such heritage is a cornerstone of the National Australia Bank brand.

With the emergence of deregulation and increased competition in the 1980s the newly-formed National Australia Bank was well placed to succeed in the domestic marketplace as well as expand operations offshore. In 1987 the National acquired Clydesdale Bank followed by Yorkshire Bank in 1990, Bank of New Zealand in 1992 and Michigan National Bank in 1995.

THE PRODUCT

NAB is an international financial services organisation which provides a comprehensive and integrated range of financial products and services.

National Australia Bank Limited is organised around three regional businesses: Australia, UK/Europe and New Zealand. These regions include the retail bank brands, wealth management services and the transactional and custodial operations of the former Institutional Markets & Services division. In addition there is global business nabCapital, which focuses on debt, risk management and investment products for corporate and institutional customers.

Retail bank brands are the National Australia Bank (Australia), Bank of New Zealand (New Zealand), and Yorkshire Bank and Clydesdale Bank (United Kingdom).

Business and Private Banking is performing



very well with increased market share in business lending. The focus on transaction banking delivered strong results, with market share gains in all segments. A number of new and innovative products have been launched including Business Cash Maximiser, Business Plus and the award winning National Portfolio Facility and Business Options.

The Retail business is steadily rebuilding and has made significant progress with 68 Regional Executives running their local markets like their own business. The Retail product range has been reinvigorated with the launch of five major new products including iSaver and Velocity.

Total funds under management increased by 11.8%. The Wealth team also achieved great success with the launch of its award winning product, 'Easy Cover', taking out 'Best Life Insurance Product' in the Australian Banking & Finance awards.

RECENT DEVELOPMENTS

NAB has changed the way the business is run, becoming more nimble and customer focused.

Revenue momentum is good, costs have been controlled, profits have recovered, and market share and customer satisfaction are on the way up.

NAB is committed to making a positive and meaningful contribution to Australian communities. The core of NAB's investment in the community is the support it provides through donations, partnerships, volunteering and sponsorships.

Sponsorship provides a great opportunity for NAB staff to participate in activities that are important to them and to their communities. NAB's sponsorship focus is to build genuine connections with communities at a grassroots level. This focus is an evolution of NAB's sponsorship program. Many of NAB's key sponsorships actively engage with communities at both a national and local level.

NAB has a number of sponsorship partnerships, many of which are strong national brands. These partnerships include Australia's biggest junior sports program, NAB AFL Auskick; the Alannah and Madeline Foundation (an anti-bullying school program); and an Australian Ballet initiative in which principal dancers run community workshops. Across the country there's also a national campaign conducted at branch level to raise funds for the Ovarian Cancer Research Foundation, a cause that NAB has supported since 2000, raising almost \$2 million.



recent NAB Volunteer Awards. Nominations continue to show an impressively high level of best practice and an understanding of the needs of volunteers and the important role that they play in the community.

According to NAB's Awards partner Volunteering Australia, over a third of Australians do some form of voluntary work, on average dedicating over 50 hours per year each, and make a significant



Over the past 12 months NAB, in conjunction with its sponsorship partners has increased its presence at a local level. NABAFLAuskick operates in 2,500 centres nationally and boasts over 150,000 participants. NAB has assisted in supplying equipment for these centres and participants, volunteering at local events and generating exposure for the program with a range of marketing initiatives throughout 2007. NAB's sponsorships are firmly focused on reinforcing an organisational commitment to helping people fulfil their aspirations by backing people, 'not just banking them'.

In September 2007, it was announced that 24 community groups across Australia who exemplify first class volunteering practices will share a \$200,000 windfall after being honoured in the most



contribution to their communities. Recognition of best practice in volunteer management is a great reward for the community groups, and a useful recruitment tool. NAB's support of voluntary organisations spans a 10 year period with over 500 groups sharing \$2.6 million to date.

PROMOTION

Building on 150 years of history, National Australia Bank embarked on a comprehensive and integrated brand reignition program in 2006 through a new, clearly defined purpose: 'to help customers fulfil their aspirations'.

NAB leveraged its sponsorship of the Melbourne 2006 Commonwealth Games to showcase the company's spirit of endeavour and commitment to backing people with aspirations. Aligning its journey with those of athletes in training, the brand reignition reached a crescendo with the reveal of a new visual identity during the Games.

Since the brand reignition, NAB has continued to bring the brand beliefs to life through integrated sponsorship and communications initiatives that support individuals and organisations striving to achieve their goals. Some recent well-known integrated campaigns include the principal sponsorship of Jamie Oliver's Fifteen Foundation and the Jamie's Kitchen television program; the partnership with the Socceroos throughout the World Cup and Asian Cup campaigns; and communicating the integral role that NAB plays in the lives of its communities by using NAB's association with AFL Auskick in the popular 'Gimme Dat' TV commercial.

BRAND VALUES

NAB believes in people with ideas and dreams. NAB sees its role as helping people to go after their dreams, giving them the support, advice and confidence to lead bigger, richer and more satisfying lives. To make this happen, NAB connects with its customers and communities in real and grounded ways, listening to their dreams and goals and providing expert and genuine advice to allow people to move forward confidently.

NAB's brand belief is communicated through the new tagline 'nab. a little word for a big life'. The 'little word' could be a gesture, an idea or even a conversation that ultimately makes a big difference to how customers navigate through their own 'big life' full of challenges and opportunities.

THINGS YOU DIDN'T KNOW ABOUT NAB

- The National Bank of Australasia opened for business on 4 October 1858.
- In 1878, the Kelly Gang held up the Euroa Branch.
- NAB was the first bank to develop a travel service, in 1928.
- Computerised data processing was introduced into NAB in 1969.
- NABtv is the bank's own direct satellite television service broadcasting to all staff nationally.