



## Media Update

Thursday 21 August 2008

**Ahmed Fahour**

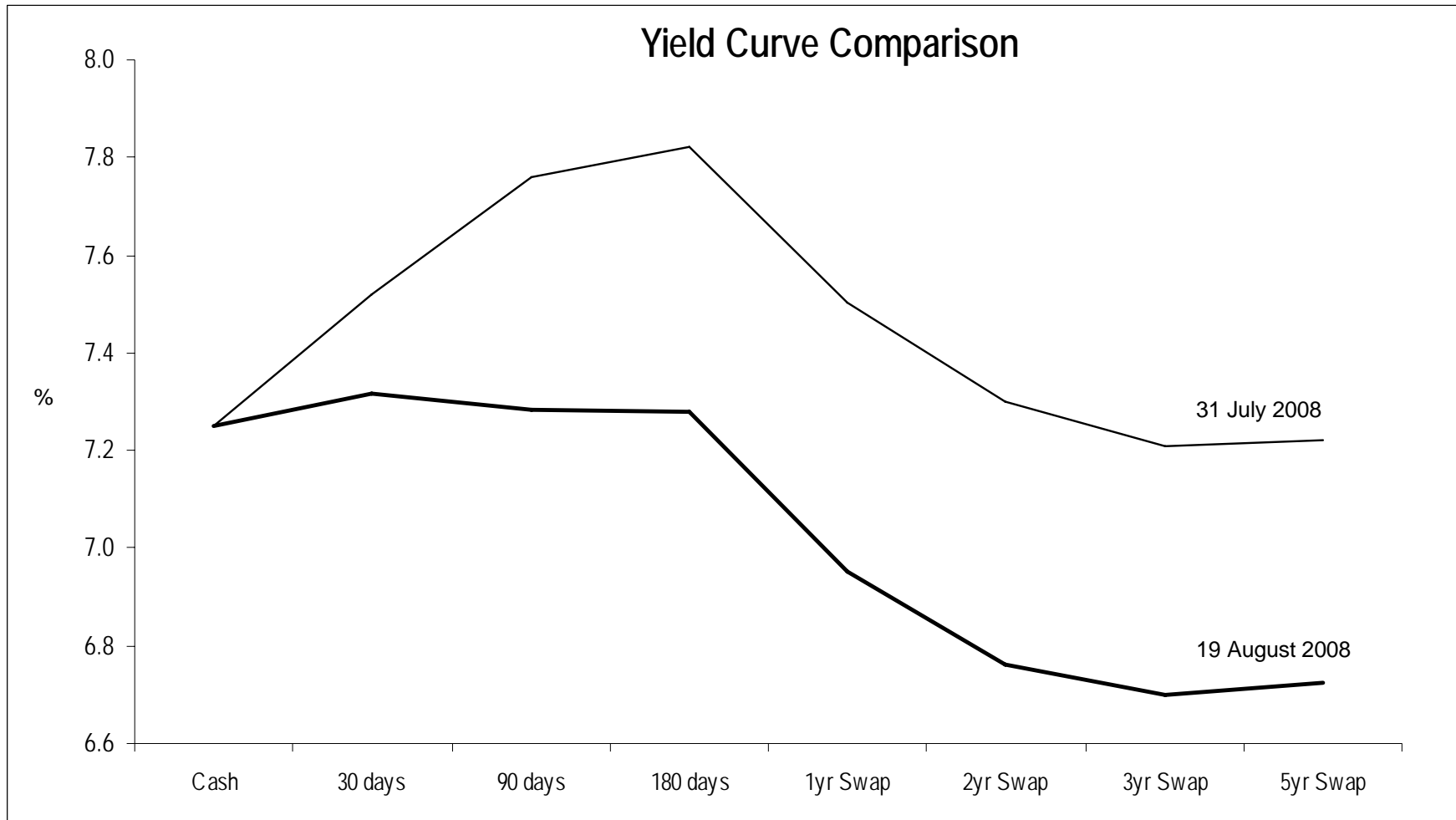
Executive Director & Chief Executive Officer Australia  
National Australia Bank



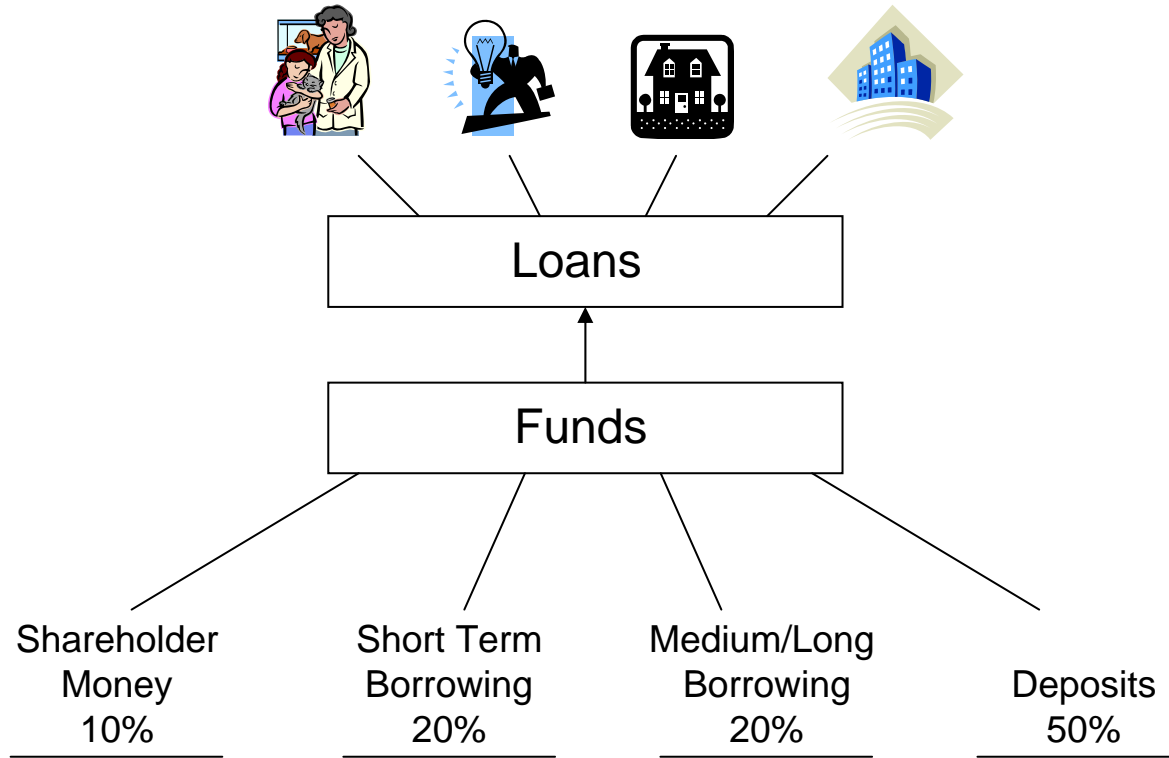
## Bottom Line Today

“If the Reserve Bank of Australia (RBA) reduces the official cash rate by 0.25% at its September Board Meeting, NAB will reduce its standard variable interest rate by 0.25% pa to 9.36% pa.”

## Over the last 2-3 weeks the Price of Wholesale Money has Fallen



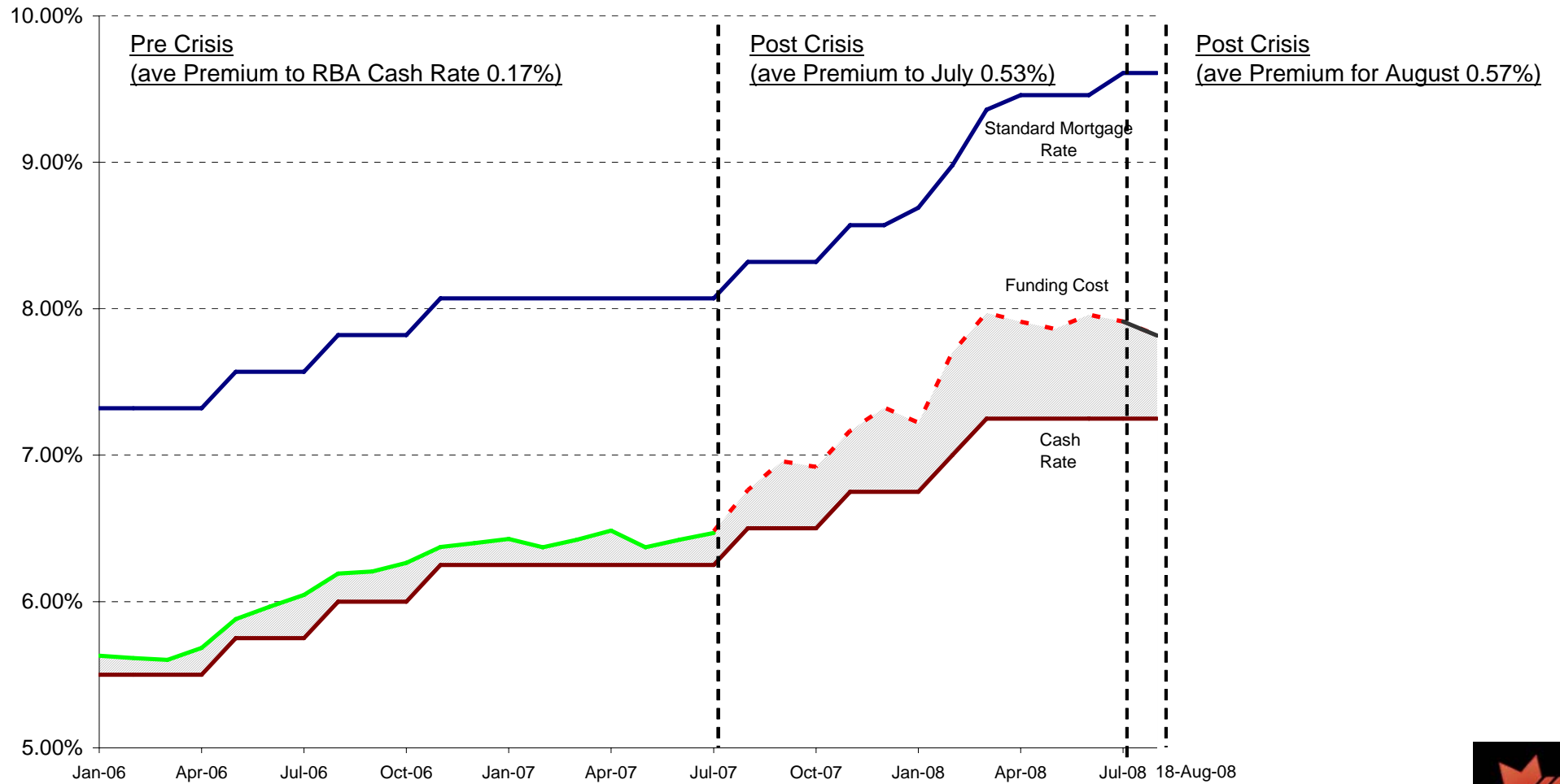
# Typical Bank Funding Composition



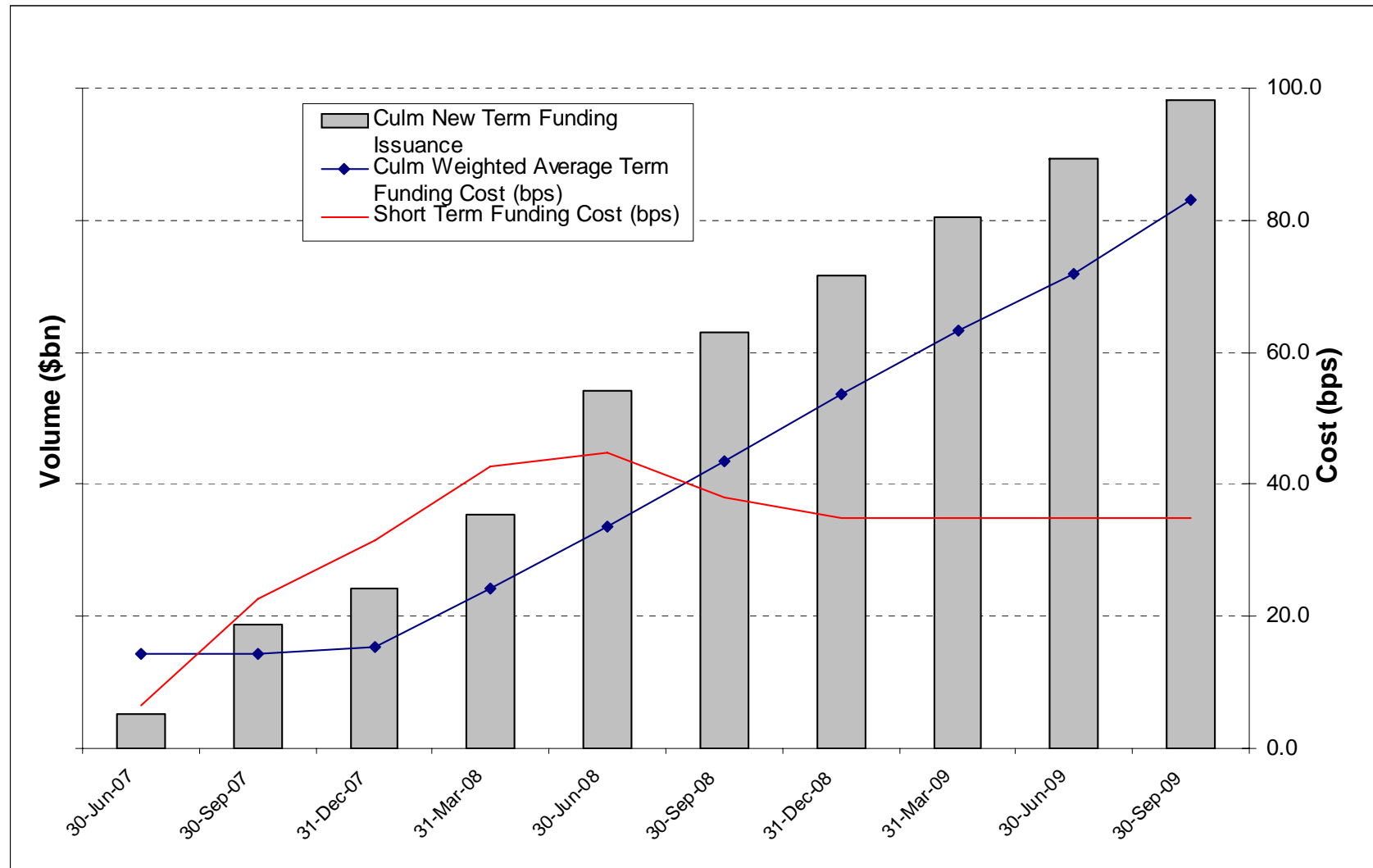
	Shareholder Money 10%	Short Term Borrowing 20%	Medium/Long Borrowing 20%	Deposits 50%
To July 08	↑	↑ ↑ ↑	↑	↑
August 08	↑ ↑ ↑	↓ ↓ ↓	↑ ↑	↑ ↑
Sept 08 – Sept 09	↑ ↑ ↑	—	↑ ↑ ↑	↑ ↑ ↑



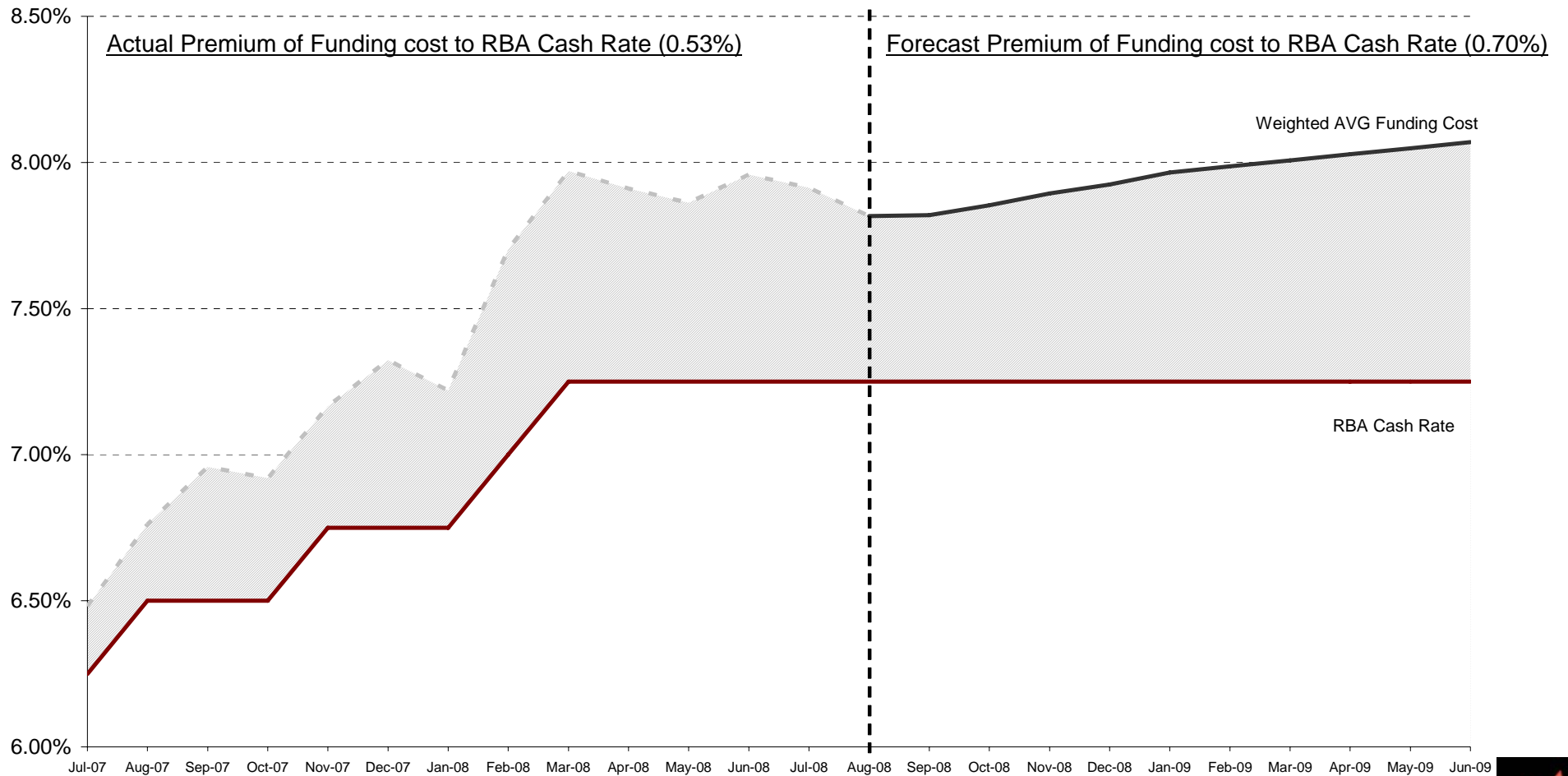
# Standard Variable Mortgage Rate vs Funding Costs vs Cash Rate



# Term Wholesale Funding Costs & Volume



# Banking Funding Costs vs Cash Rate is forecast\* to rise from 0.53% to 0.70% in 2009



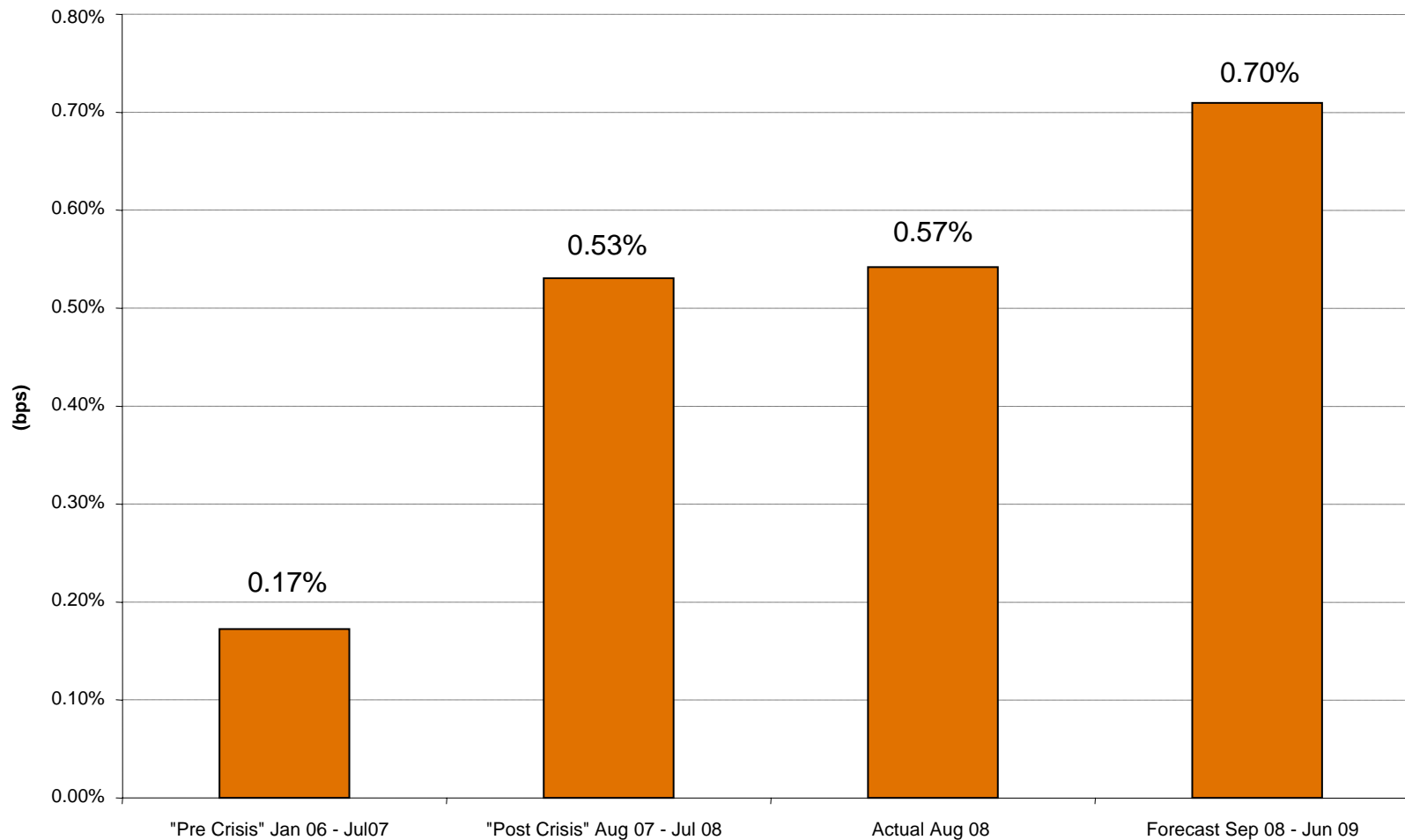
\* Based on assumption all other costs are held constant except for term wholesale funding costs

Source: NAB & RBA



# Despite August short term relief due to short term rates, long term rates are averaging up

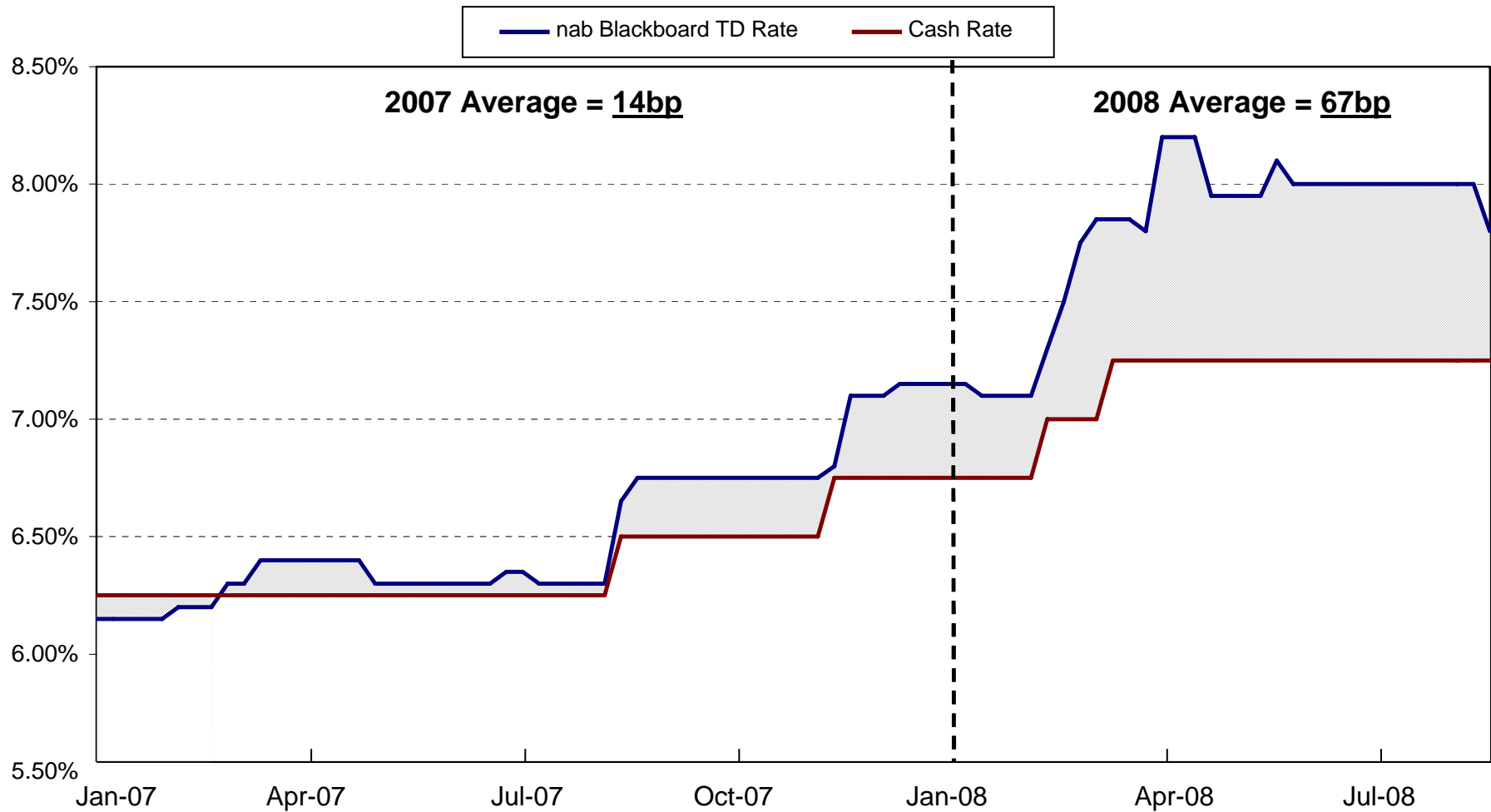
Bank Total Funding Costs Premium to RBA Cash Rate





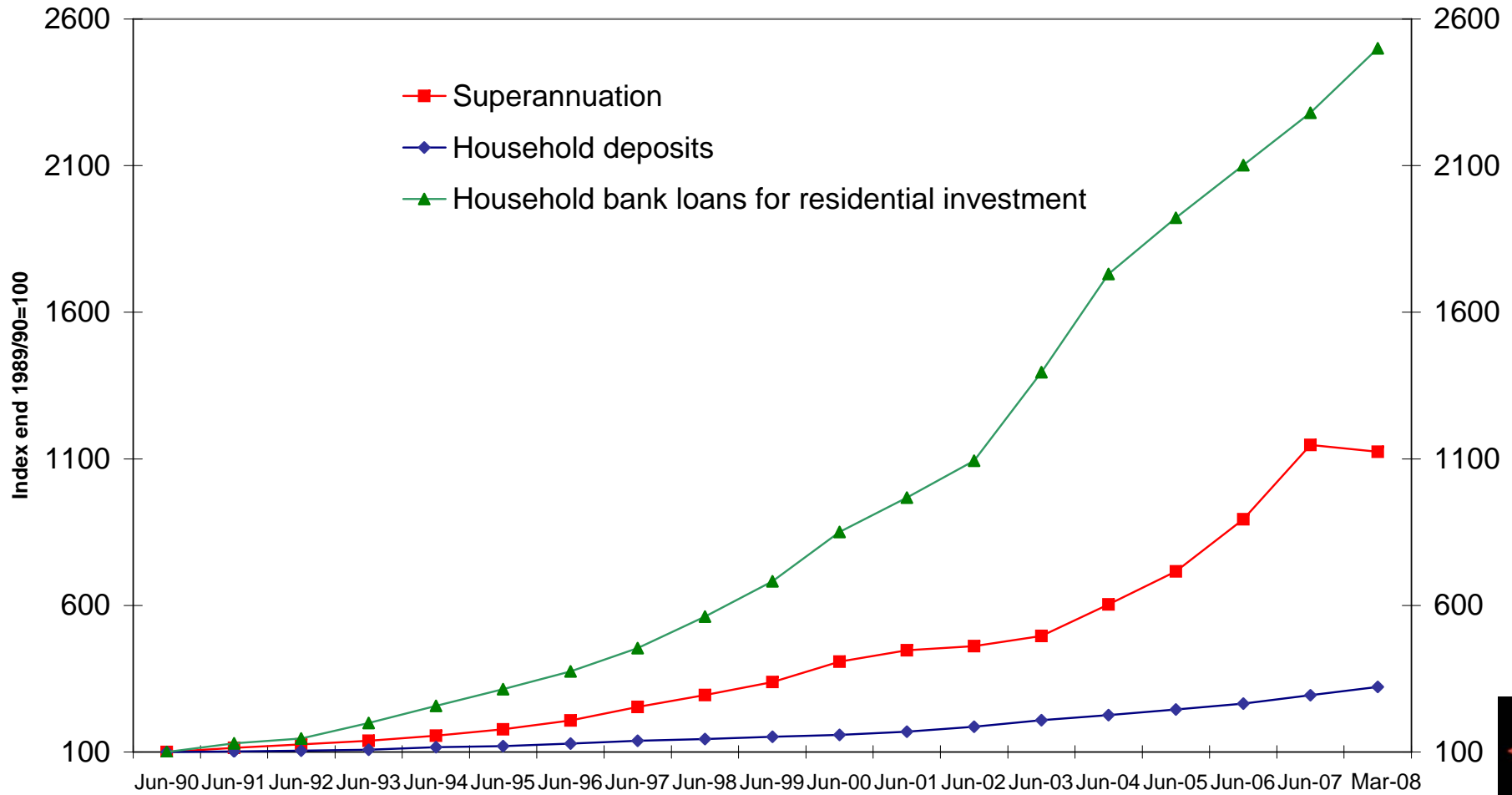
# The increases in wholesale costs are made worse with increased cost of deposits

Cash Rate and nab "Blackboard" TD Rates Paid

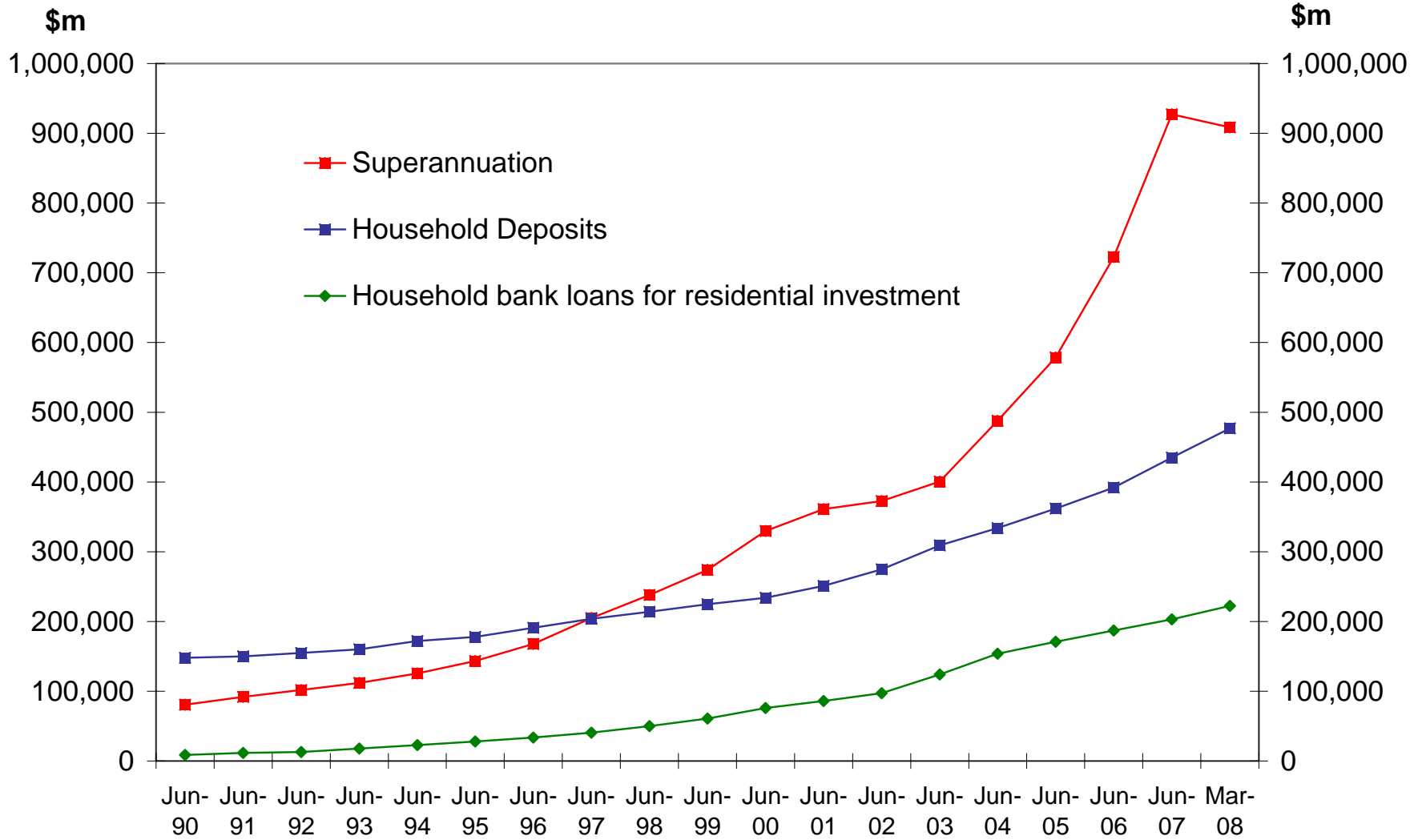


# Real Estate Investments and Superannuation Tax Advantaged versus Deposits

Selected Household Financial Assets & Liabilities Australia



# Standard Financial Assets of Households



Source: NAB & RBA





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