

New Zealand Banking

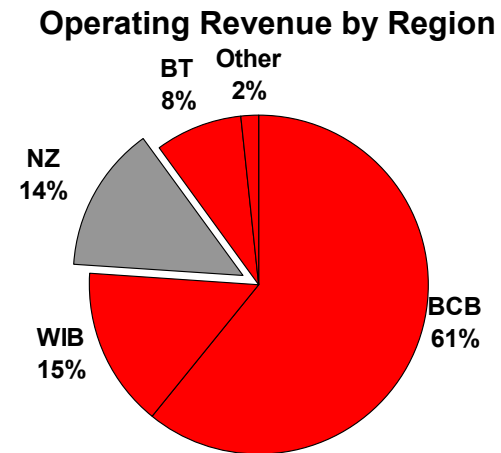
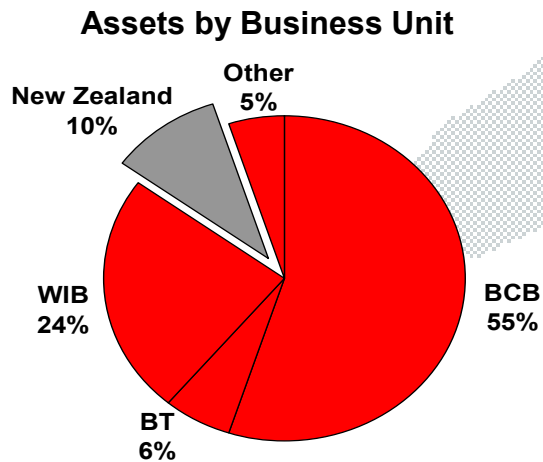
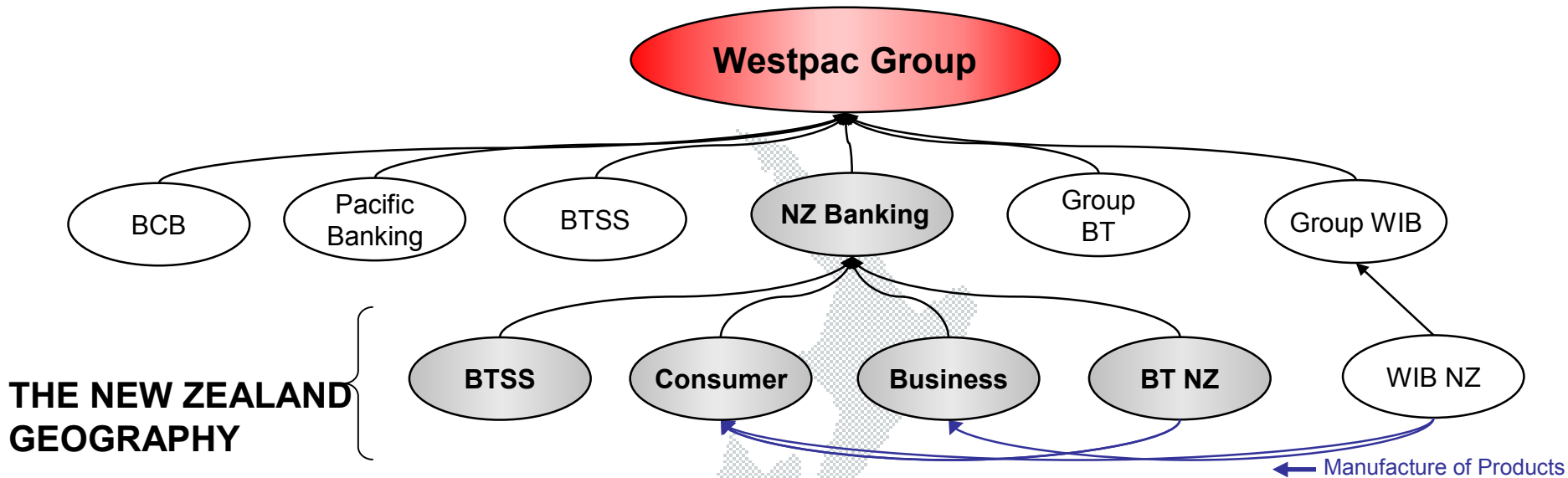
Ann Sherry

Group Executive,

Westpac NZ, Pacific Banking

29 July 2004

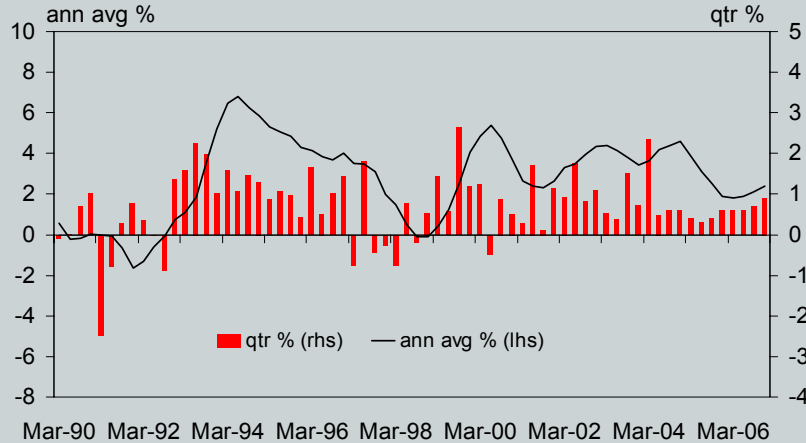
New Zealand business is a material part of the Group



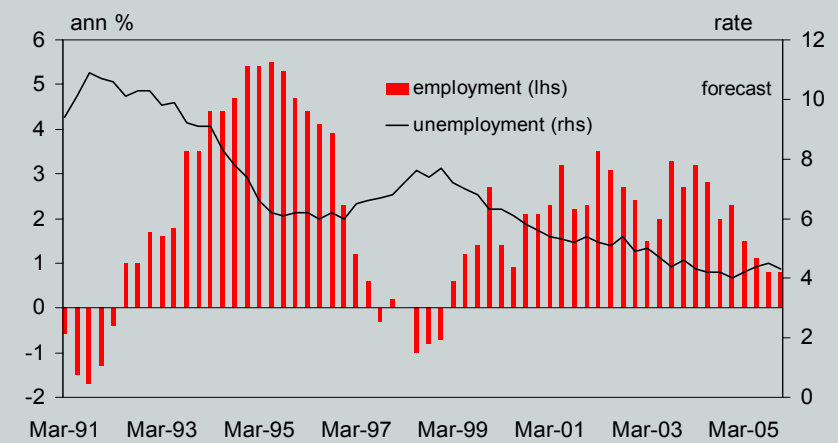
* Financial year end 30 September 2003

After a period of strong growth we face a softening economy

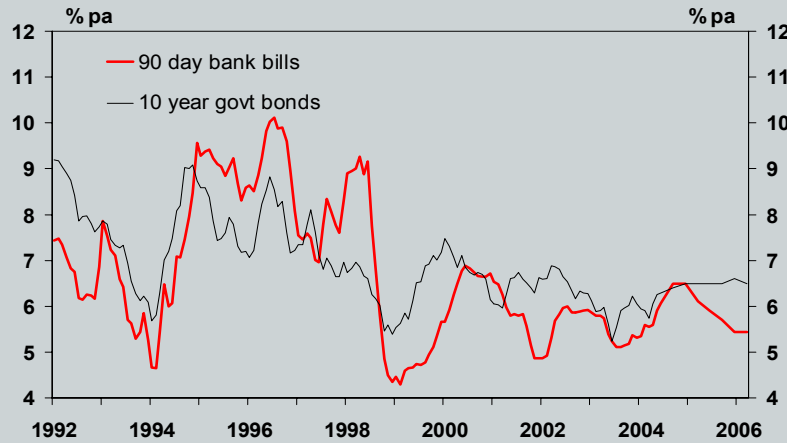
GDP Growth started 2004 strongly



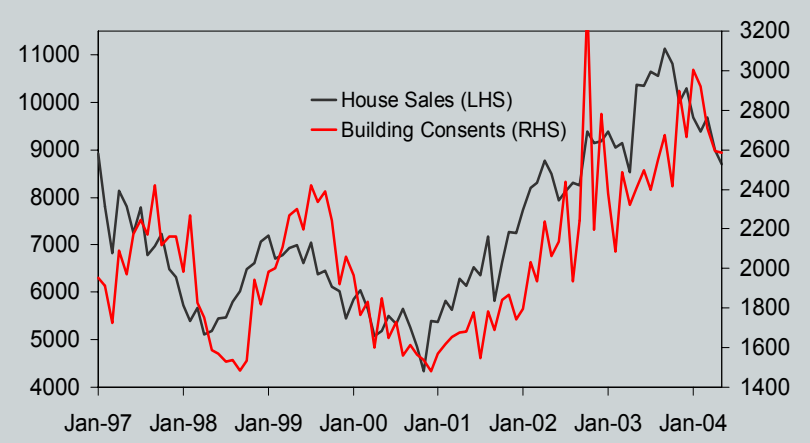
Labour market still resilient



New Zealand interest rates are trending down



House sales past their peak



Source: WBC Economics

There has also been significant industry change

- Regulatory Environment
 - Gradual trend toward aligning standards with Australia
 - Local Incorporation
 - Tax reform
 - Focus on corporate governance (Securities Commission nine principles)
- Competitive Landscape
 - ANZ takeover of NBNZ underpins strategic landscape
 - ASB pushing to expand into corporate and agri-business

We have delivered on the 2003 key areas of focus

- Distribution Effectiveness
 - SME
 - Franchising
 - Private and priority, migrant and Auckland
 - Broker and mobile
- Customer Experience
 - External recognition of focus on customer satisfaction
 - Complaints
- Profit Pool Focus
 - Compete selectively
- People

NZ Banking is performing strongly

Strong growth

- 1H04 cash earnings of A\$192m

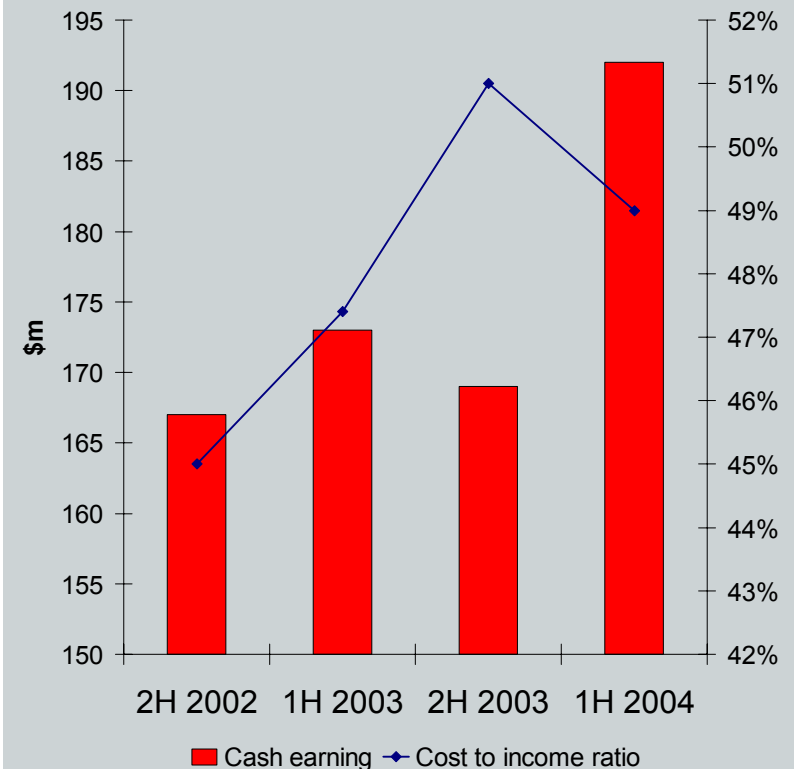
Revenue momentum

- 1H04 Net interest income A\$391 million compared to A\$353 million half-on-half due to higher loan volumes (despite margin pressure)
- Non interest income A\$200 million compared to A\$178 million half-on-half due to more transaction volumes and wealth management income

Investing in growth

- Significant investment through to 2H 2003 in specialist staff and developing capabilities in Auckland, Migrant, Wealth and Business Banking

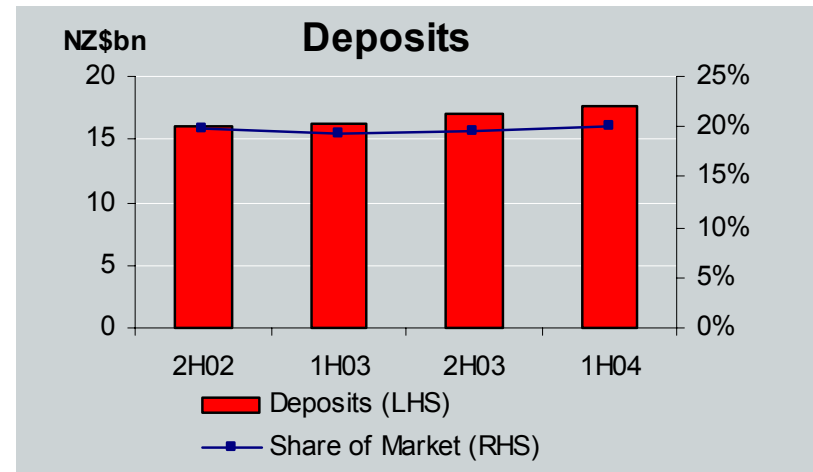
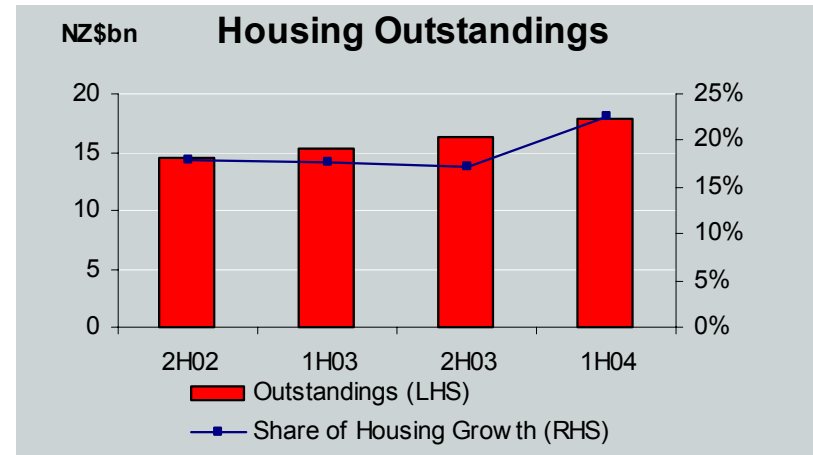
Cash earnings and cost to income ratio



We have focused on strengthening our customer franchise and delivering product excellence

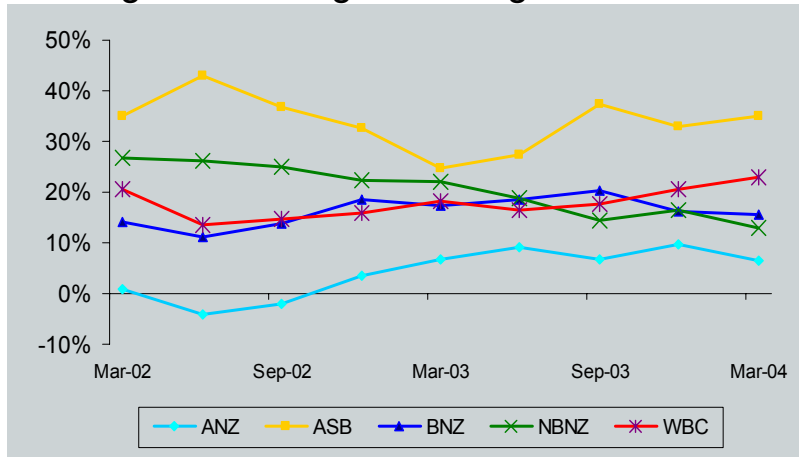
Retail

- Significant housing lending growth, averaging 24.4% share in three months to 30 March (best performance since merger in 1996)
- A 20% share of total housing loans
- Positioned to build on growth for rest of 2004 despite weakening economy and softening housing market
- Only bank in New Zealand to score five stars across the board in 2004 Cannex survey of home loan products
- Two new products in youth market
- Migrant bankers increased customer base 32% by 30 March 2004 from 30 September 2003

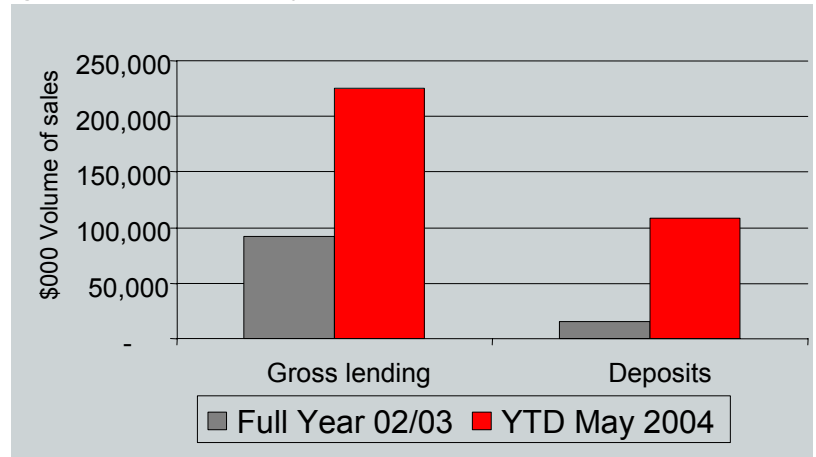


These areas of focus are now delivering returns in our consumer market

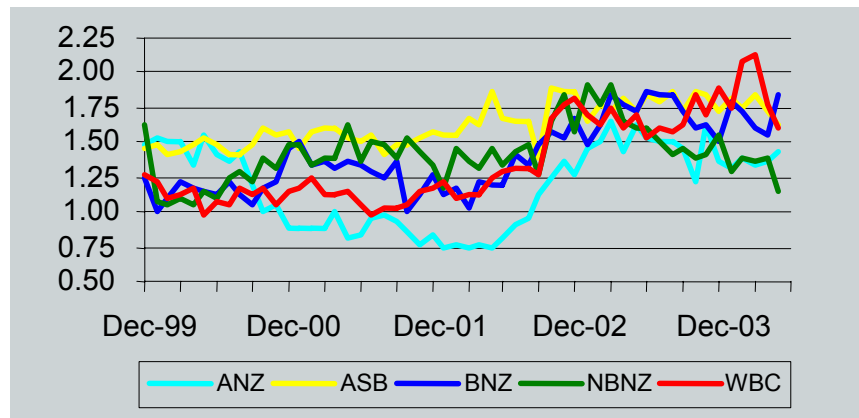
Competitive success in the key market of housing – increasing share of growth



Migrant banking has experienced significant growth – sales by dollar volume



Competitive success in the Auckland housing market – significant improvement in Auckland mortgage registration/discharge ratio



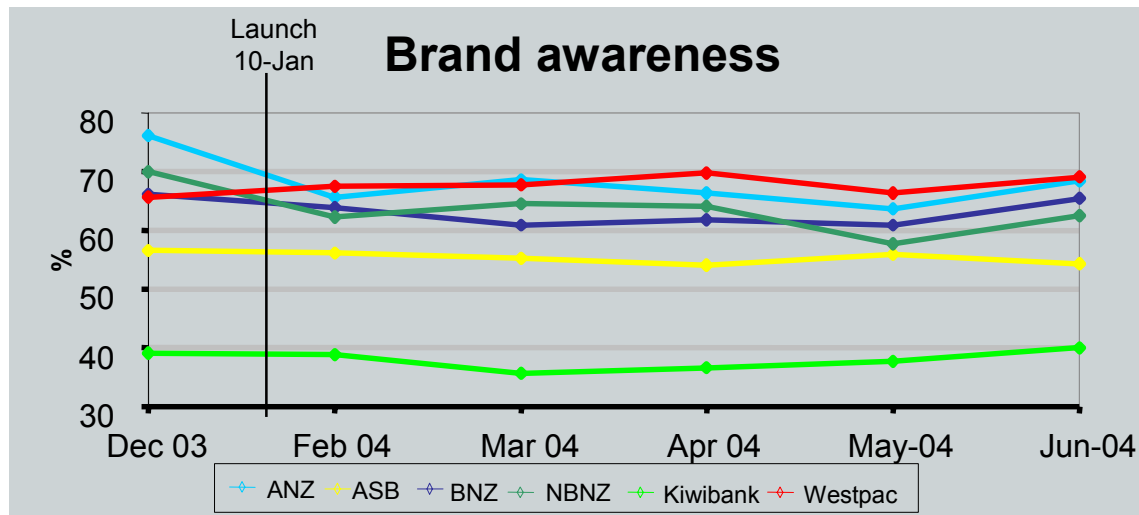
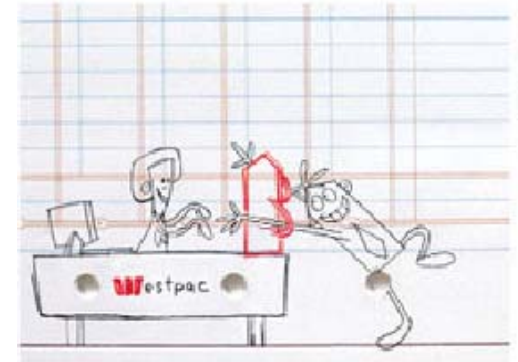
Source: Terralink, RBNZ, WBC

At the same time we continue to build on our strength in business banking

- **Middle market** - Best in market with excellent deal flow. High quality team, leveraging WIB and BT
- **Property** – 60% revenue growth in 2 years with flat FTE. Major downturn in new development projects already started. Best in market position to be leveraged
- **Agri** –Performance below expectations however quality of earnings improved. Industry outlook positive and many opportunities to leverage Corporate expertise
- **Regional** – Very strong growth from SME relationship management model. Major success from franchising

A critical success factor to securing this growth has been the repositioning of the Westpac brand

- Trans-Tasman branding
- Re-branding complete and successful
 - New brand campaign top 10% for recognition
 - Market leading brand recognition
 - 45% increase in advertising awareness since launch
 - Despite being 4th among banks for media spend

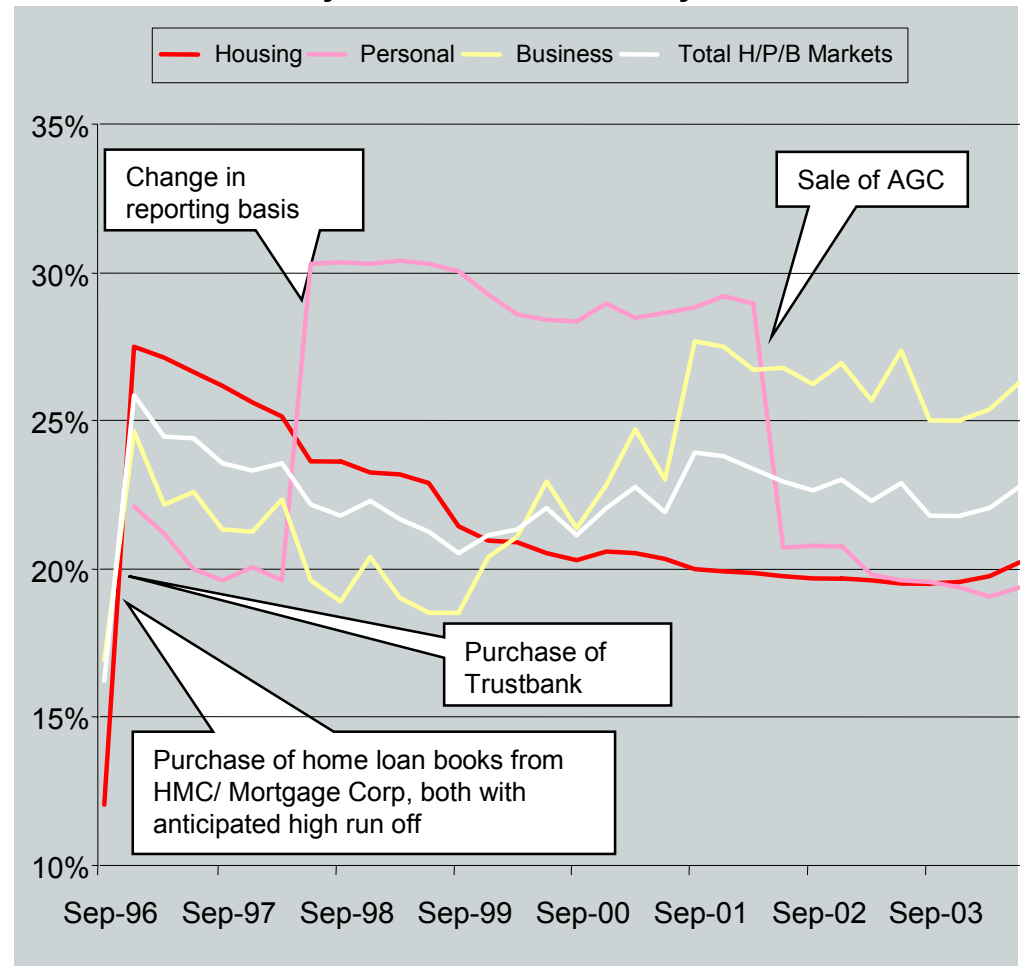


Source: AC Nielsen

We now have momentum across the business and are well positioned for sustainable growth

- Growth in lending market share parallel across all sectors
- Reversal of long term decline in consumer markets – housing and personal lending
- We can sustain our momentum

NZ Banking (ex WIB) Credit Market Share
Quarterly December 1993 to May 2004



Source: RBNZ

We will continue to grow through our existing consumer base

Penetration

- Continue to enhance our segmentation and decisioning tools
- Target customers with the most profit potential who are not currently main bank customers
- Proactively relationship manage customers and progressively migrate to Westpac main bank status. Earn the right to win the business
- Leverage our leadership in wealth capabilities (WIB/BT)

Retention

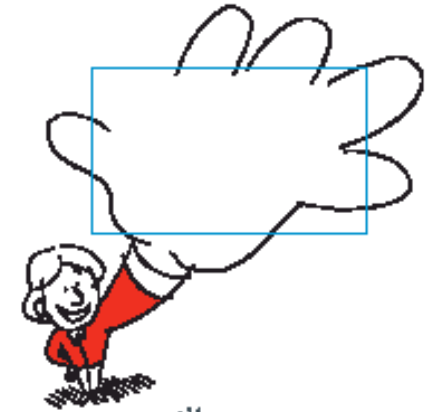
- Protect and retain mass market share reducing cost to serve by driving complexity out of our business
- Prioritise “at risk customers” with retention/loyalty scoring
- Continued primary focus on improving customer experience
- Retain high value customers
- Refine existing relationship management model and customer contact program

There are opportunities across business banking

Focus on:

- Building increased capacity and capability
- Being where our customers want us to be
- Expertise to meet their needs
- **SME**
 - Branch-manager relationship model
 - Grow market share and migrate existing high-potential customers to main-bank relationship
 - Segmenting tools allow linkage to high-value consumer customers
- **Business and Agri-business**
 - More 'feet on the street'
 - Making relationship management common hallmark of service
 - Utilisation of WIB expertise
 - Segmenting tools allow linkage to high-value consumer customers

Westpac



 I'm your local Branch Manager. For help with your business, give me a call.

Westpac

Enabled by continued development of our people and systems

- Ensuring Westpac a great place to work
 - Key advantage in current labour market
 - Diversity/Workforce mix
 - Leadership capability
- Strength from linking our systems across the Tasman
 - Main-frame move
 - Common cards system
 - Corporate online

We are leveraging our Australian experience to make us a market leader in corporate responsibility

- August/September 2004, publishing first Social Impact Report for New Zealand (includes Pacific Banking content)
- Market-leading in New Zealand financial services industry, builds further Westpac's global leadership position
- Supplements core Westpac Banking Corporation document with New Zealand - specific indicators sourced from New Zealand staff and external stakeholders
- Frank self-assessment, independently audited, shareholder value focussed

There is momentum across the business

Our Customers

Satisfaction and complaints:

- Satisfaction ↑ 7.8% (55%)
- Complaints ↓ 18.0% (15)

Our People

- NZ Employee Commitment* ↑ 5% (68)
- NZ Leadership index* ↑ 4% (73)
- NZ Staff Turnover ↓ 3%

* Staff Perspectives Survey

Our Shareholders

NZ 1H04 Results:

- Cash Earnings ↑ 14%
- Economic Profit ↑ 8%
- Cost/Income ratio ↓ 150bp

*Change since 1H03

Our Corporate Responsibility

First Social Impact Report for NZ published August/September 2004

- Market leading in New Zealand
- Further builds global leadership position

New Zealand-specific performance indicators
Market differentiator