

BT Financial Group

David Clarke
CEO BT Financial Group
29 July 2004

BTFG – significant progress over the year

- A single, modern, wealth management company
- Well balanced, diversified business mix
- Performing in line with expectations
- Clear strategic direction
- Significant opportunities remain
- Commitment from our people

	March 31 2004
Cash earnings	\$96m
Funds under mgt	\$42.4bn
Assets under admin	\$15.5bn
In force premiums	\$227m

Single company – balanced business mix

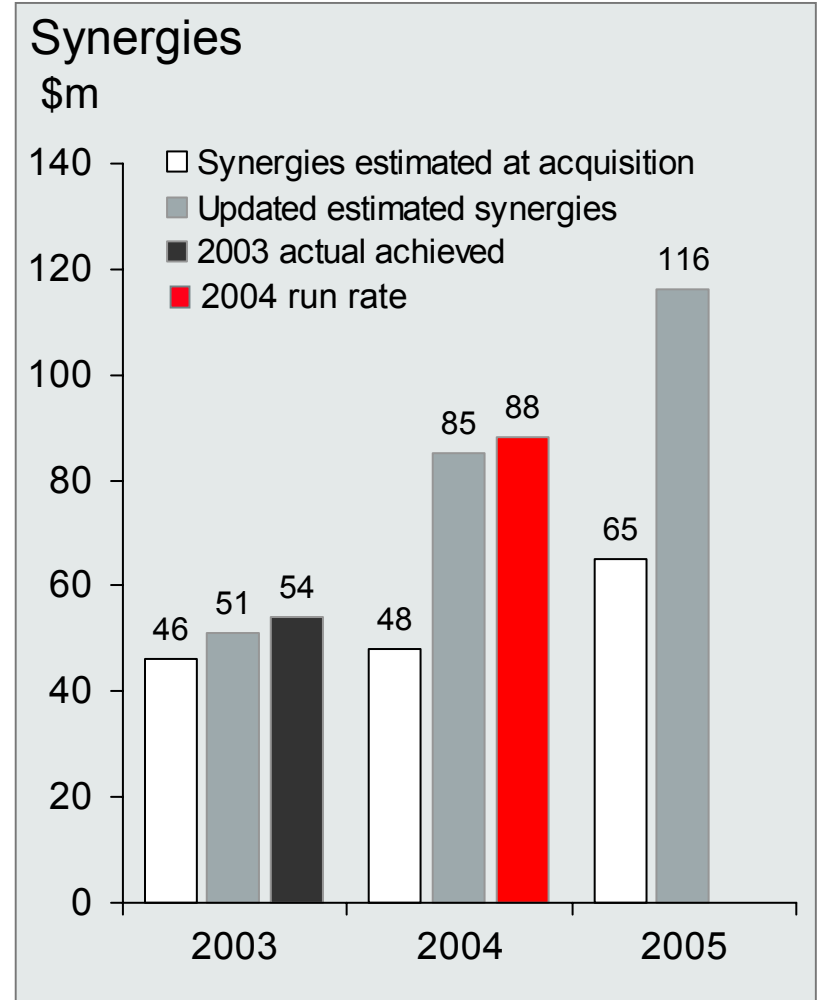
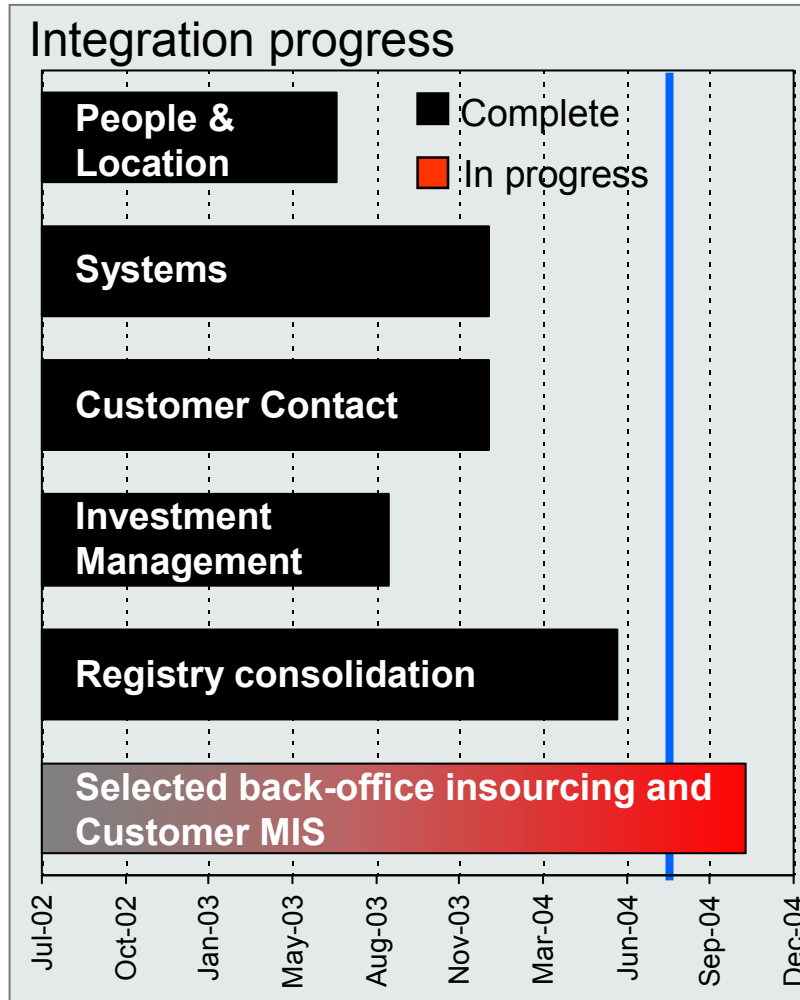
Current Australian market share			Share of new business	
Product	Market share (%)	Rank	Market share (%)	Rank
Wrap	10.7	3	19.7	1
Corporate super	6.2	5	15.7	1
Retail	9.0	5	N/a	>10
Life Insurance	6.7	7	10.6	3
Margin lending	14.2	-	12.7	-
Broking	10.7	3	10.9	3
Institutional	2.6	-	7.2	-

Sources:

*Retail & Wrap & M'trust
Corporate super
Life Insurance
Margin lending
Broking
Institutional*

*- ASSIRT April 2004
- Dexx & Employer Super League Table Mar 2004
- Dexx & Life analysis, Quarterly Statistics ending 30 September 2003
- BT loan book verses RBA industry to March 2004
- ASX market analysis March 2004
- Institutional Rainmaker Mandate Analysis 2003 –04 (does not include externally managed FUM)*

BT integration – nearing completion



Integration – providing a template for future direction

Successes

- Delivered while maintaining core business momentum:
 - Enhanced fund performance
 - Maintained wrap flows
 - Strong life and risk growth
- Financial over-delivery
- Creation of a single robust platform for the division
- Completing the program on time and budget

Lessons

- Focus of effort and resources
- Explicitly address cultural issues and spend a lot of time on staff concerns
- Speed and momentum are important
- Customer quality is the major focus once you have a single organisation in place

The wealth management environment



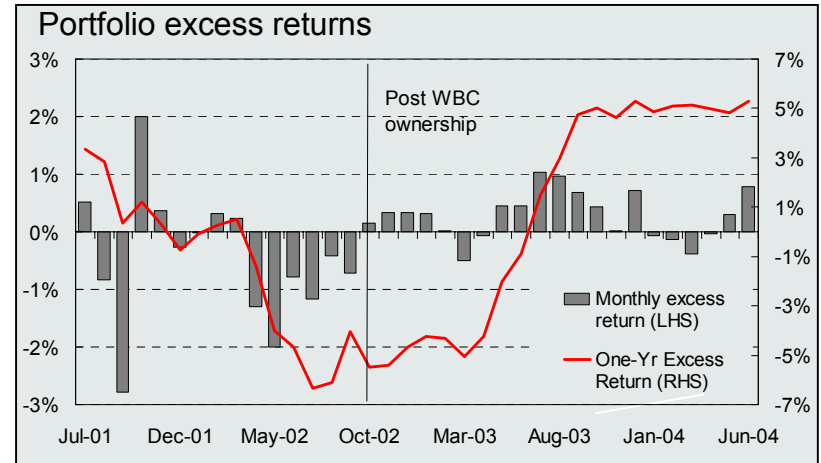
<ul style="list-style-type: none">• Value for money in a lower return environment• Regulatory focus, increasing disclosure• Service quality as key differentiator	<ul style="list-style-type: none">• Advisers increasingly driving customer choice	<ul style="list-style-type: none">• Profitable platform growth• Commoditisation, margin pressure	<ul style="list-style-type: none">• Polarisation (commoditising index-style low cost, e.g., industry funds, vs. highly active, often employee-owned boutiques)• Absolute return focus	<ul style="list-style-type: none">• Large players continue to dominate
---	---	---	--	--

The BT response to challenges

Sales & Service	<ul style="list-style-type: none">• Significant retail distribution reach with inhouse advisers as well as EFAs; Quality advice; Focused institutional sales force; Differentiated dealership services
Product & Offer Management	<ul style="list-style-type: none">• Expanded wrap services; consistent IM performance; Efficient management of product lifecycle; Compliance embedded; Product innovation; Partner selection and management
Operations	<ul style="list-style-type: none">• Understanding of which measures matter to advisers and customers; tight operational management around these metrics; Automation and straight-through-processing; low error rates
IT	<ul style="list-style-type: none">• Accurate and timely information at product, customer and adviser level• Scalable and reliable infrastructure; e.g scalability of wrap platform
People & Culture	<ul style="list-style-type: none">• Cross-functional team capabilities• Leadership development and talent tracking/retention• Customer-base metrics embedded
Corporate Core	<ul style="list-style-type: none">• Control of 'discretionary' spend across the business; Compliance and transparency embedded into all BTFG processes

Key milestones in improving performance achieved

- Focused on improving fund performance
 - High quality and stable team
 - Stricter investment disciplines
- Transparency in performance and process has led to improved ratings



Researcher	Rating	
	Last year	This year
Van Eyk	B	A
ASSIRT	1 star	3 star
Lonsec	Sell and then Hold	Investment Grade
Morningstar	1 Star	2 Star
Investorweb	Sell	Buy

*Retail flagship fund is the BT Australian Share fund

BT Australian Share Sector Trust

Performance to June 2004

(%)	All Cap	ASX 300	Relative
6 Months	9.57	9.08	0.49
1 Year	27.03	21.73	5.30
2 Years	11.29	9.44	1.85
3 Years	3.98	4.57	-0.58

Source: Pre-fee, BT Financial Group: **BT Institutional Core Australian Equity Sector Trust**

BT Performance versus peers

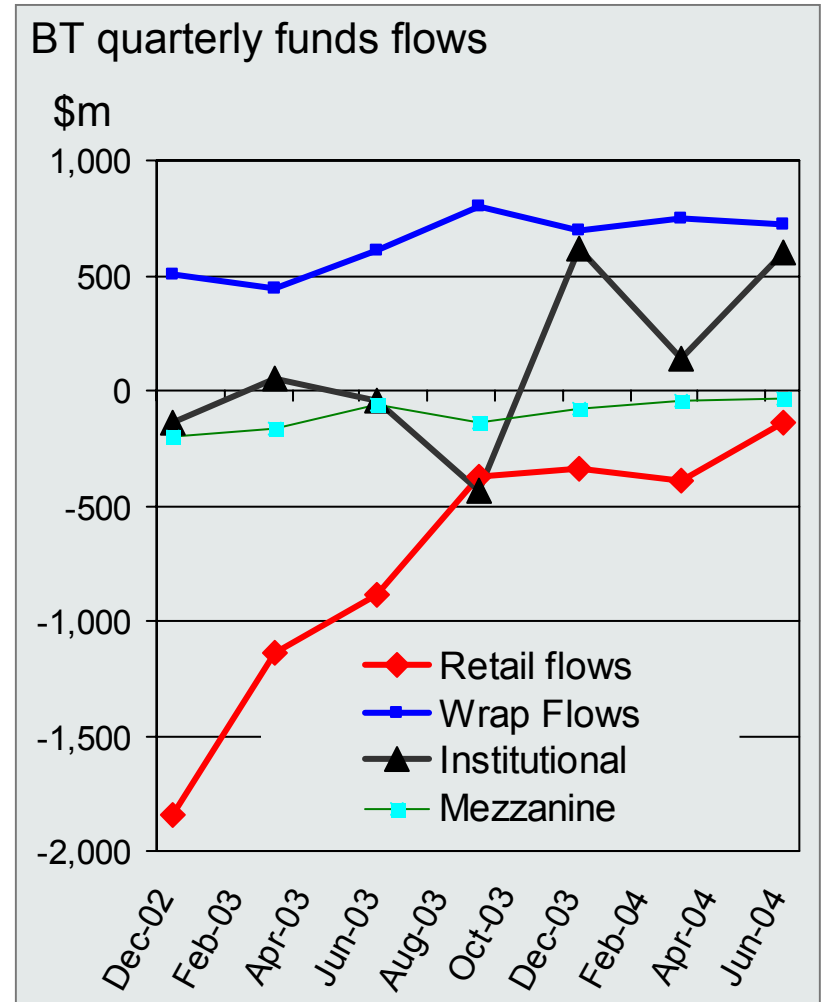
Performance to June 2004

%	1 Year	Rank	2 Years	Rank
BT	27.0	7	11.3	14
Perpetual	25.3	13	14.4	4
Schroders	25.3	12	8.3	45
UBS	21.6	33	9.3	33
Colonial	17.7	53	8.5	42

Source: BT Financial Group, Intech Interim Survey June 2004 **BT Institutional Core Australian Equity Sector Trust**

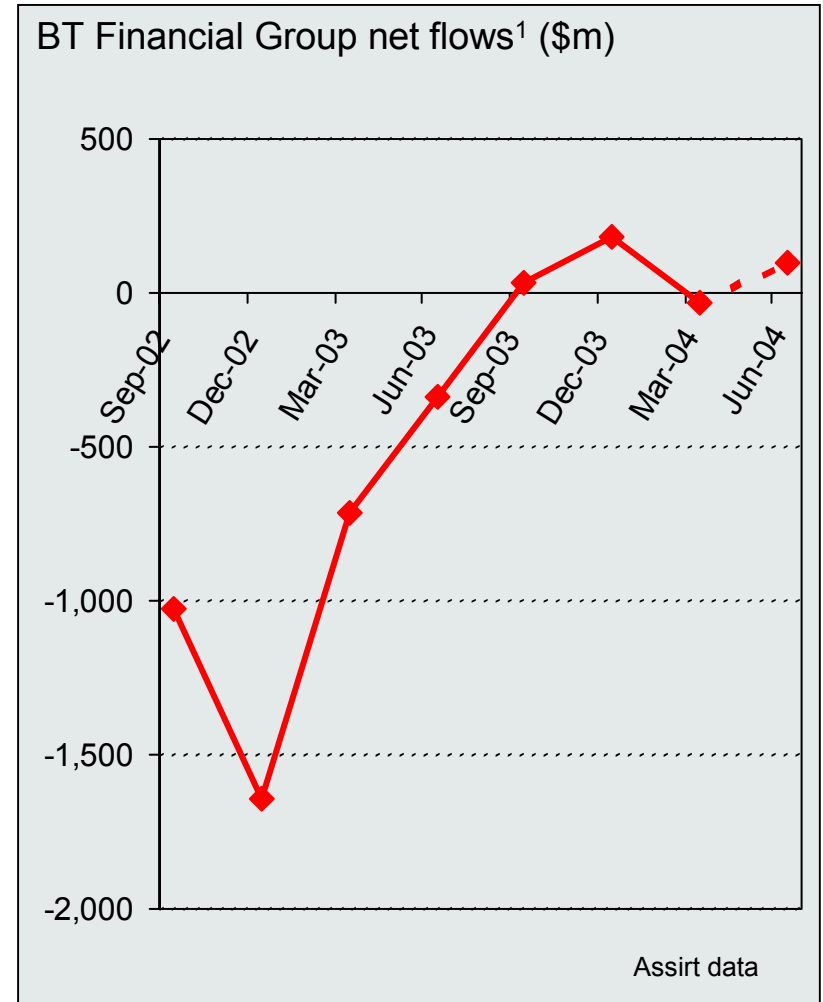
Retail funds flows improving

- Incremental improvement
- Outflows abating
- Focus to improve
- Activities going forward to support flows



Performance turnaround: outflows abating

- Key industry indicators show an improvement in flows



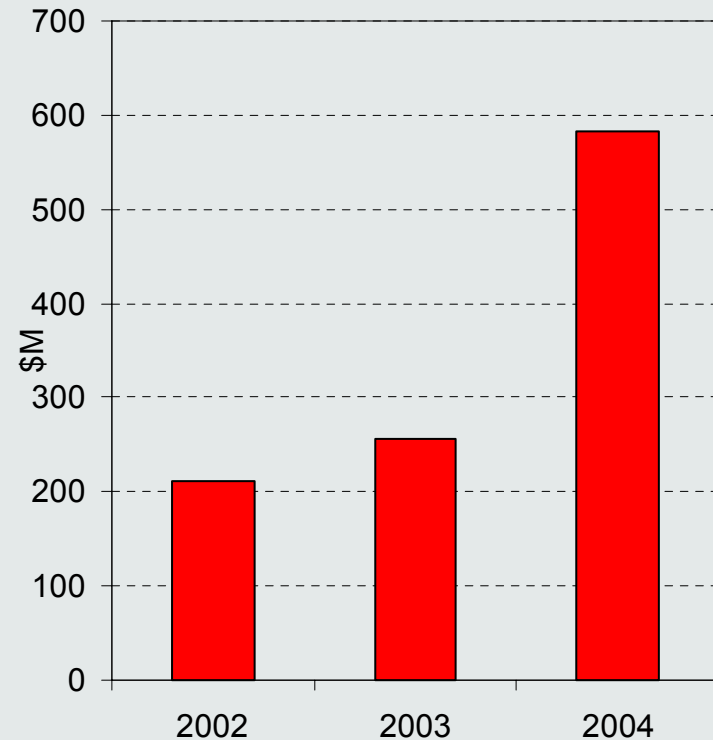
The conditions for improved retail flows in place

- Actively engaging planner forces to communicate BT's performance and ratings
- Better leveraging off the strengths of the broader group
- Sunrise initiatives – best quality advice
 - Structure
 - Talent recruitment program
 - Remuneration re-structure

Corporate super – a key success story

- Number 1 in inflows over 12 months to March 2004
- Significant sales contribution from Westpac channel
- Top 14 competitors - the 5 increases in market share from the previous year have been the top 5 banks
- New Ratings have us...5/5

BT Corporate Super - Net Cash Flows Past 3 Years



source: DEXX&R Market Share Report Mar 2004

Deliver on your promises

- Investment performance and ratings
- Growing market share
- Retail flows on target
- Employees – world class commitment
- Customers - quality and service
- Brand – second chance