

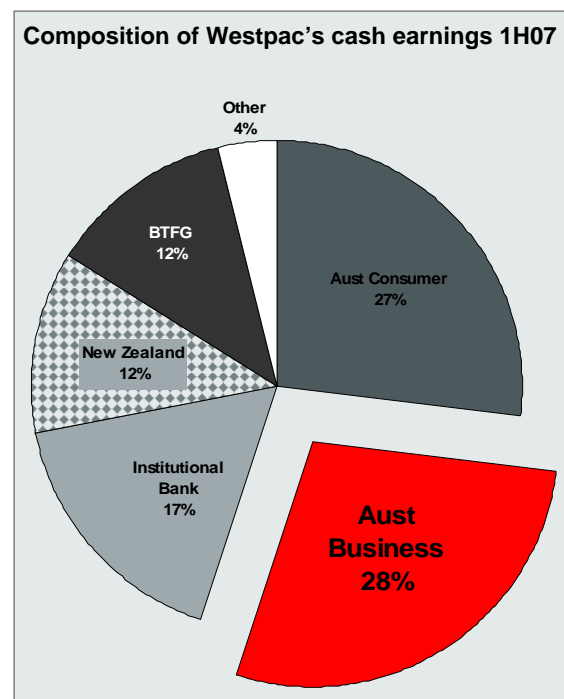
# UBS Financial Services Conference

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## Business financial services – a strong contributor

- 3 year operating income CAGR<sup>1</sup> - 7.5%
- Sustainable performance
- Sector leading platforms
- Significant investment in people
- Established sources of growth

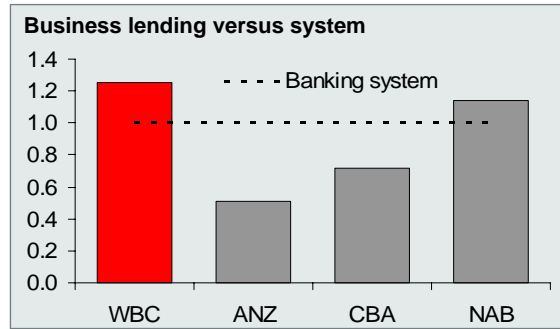


<sup>1</sup> 3 years to 31 March 2007

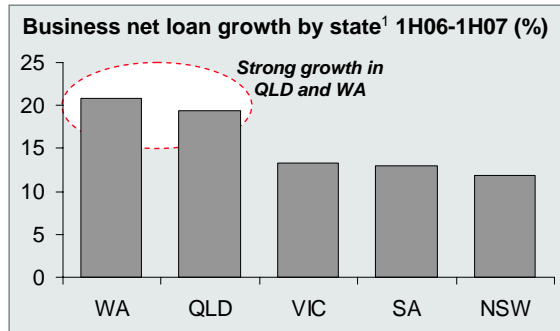
Source: Westpac

# Growth benefiting from prior investments

- Business lending up 14%
- Deposit growth up 17%
- More people
  - Front line personnel, up 475 in last 18 months
  - More than half employed in QLD and WA
- Better training
- Systems that support our people



Source: Westpac. 12 months to March 2007



Source: Westpac

1. Business lending product including equipment finance and excluding working capital



# Business banking is a high growth opportunity

Business Units	Approx. Revenue Contribution by Portfolio
BT Financial Group	13%
<b>Business Financial Services</b>	<b>17%</b>
	5%
Consumer Financial Services	35%
Institutional Banking	16%
NZ & Pacific Banking	14%

Indicative Medium Term Revenue Growth Potential

Business Banking 9% – 11%  
Payments 8% – 10%

Areas of Opportunity

## Business Banking

- Focus growth on WA & Qld
- Increasing footprint
- Pinnacle (loan origination system) a comparative advantage

## Payments

- Leverage leading capability



## Our strategic direction

- Our Vision is to be Australia's business bank of choice – helping businesses achieve their financial aspirations
- Strategies to achieve this Vision are through superior
  - Focus on core markets
  - Distribution
  - Customer experience/simplification
  - People
  - Risk management

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## Delivering on our strategy

<b>Focused on core markets</b>	Better leveraging Australian growth opportunities	➔	High growth in Qld and WA
<b>Oriented to growth DISTRIBUTION</b>	Greater investment in high-growth opportunities Expanding franchise footprint and front-line employees		
<b>Sector leading platforms TECHNOLOGY</b>	Driving value from existing markets with Pinnacle, Reach and Corporate Online		
<b>Disciplined and controlled risk</b>	Growing revenues above expense growth 90+ days delinquencies steady at 61 bps and below historical average of 92 bps		
<b>Sustainably led PEOPLE</b>	Employer of choice	➔	People development for the long term

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## Distribution – overview of the model

MIDDLE MARKET			
Business Banking Centres	Branches	Internet	Business Direct Centres
<ul style="list-style-type: none"> <li>• Relationship managers</li> <li>• Lending/credit</li> <li>• Cash flow solutions</li> <li>• BT Business Advice</li> <li>• International and Trade</li> <li>• Consumer (home finance)</li> </ul>	<ul style="list-style-type: none"> <li>• Business Finance Managers</li> <li>• Business Service Reps</li> <li>• Transaction facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction facilities</li> <li>• Information source</li> </ul>	<ul style="list-style-type: none"> <li>• Phone based business bankers</li> <li>• Phone based business finance</li> </ul>
SMALL BUSINESS			

## Distribution – localisation enhancing growth

- Investing in new Business Banking Centres focusing on
  - High growth geographic areas
  - Commitment to regional and rural growth areas
- At end of May 2007
  - 5 new sites opened
  - 2 centres refurbished/extended
  - 8 new sites in planning/development

## Distribution – localisation benefits

<p><b>Customer</b></p> <ul style="list-style-type: none"> <li>• Bankers and specialists all in one place</li> <li>• More decisions made locally – faster turnaround</li> </ul>	<p><b>Shareholder</b></p> <ul style="list-style-type: none"> <li>• More efficient structure             <ul style="list-style-type: none"> <li>- More time with customers</li> <li>- Better customer service</li> </ul> </li> <li>• Enhancing growth – new locations aligned to growth regions</li> </ul>
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Improved support and career development</li> <li>• Quality working environments</li> <li>• Greater sense of ownership</li> </ul>	<p><b>Community</b></p> <ul style="list-style-type: none"> <li>• Westpac and our people become more integrated with the local community and drive local business success</li> </ul>

## Technology: sector leading platforms – a strength

Platforms that deliver, for bankers and customers

<b>Pinnacle</b>	Re-engineering of Westpac's end-to-end credit and lending processes
<b>Reach</b>	One integrated technology platform to support sales and service
<b>Corporate Online</b>	Web-based platform delivering a wide range of complex transaction requirements, account handling and payment mechanisms
<b>Invoice Finance</b>	Market-leading web-based invoice finance product gives customers simplicity, efficiency and visibility - with funds usually available in under 24 hours

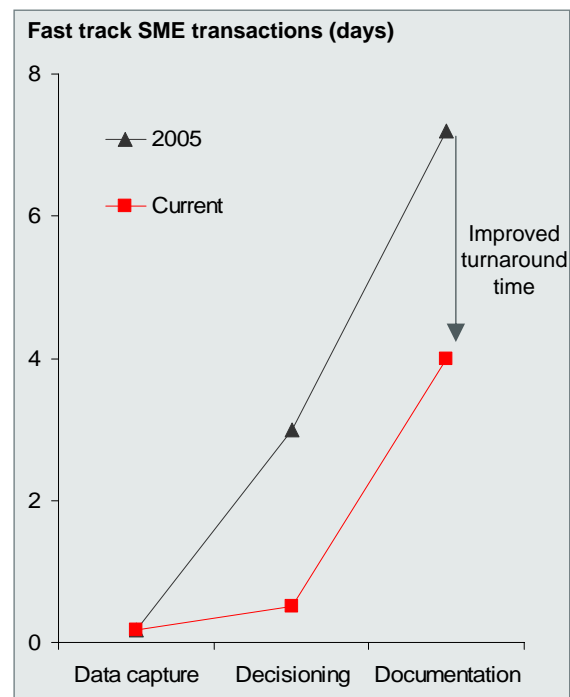
# Pinnacle fully operational

Deployment	2005	May 2007
<b>Sales</b>	1,000	1,555
<b>Credit</b>	120	284
<b>Operations</b>	500	888
<b>TOTAL</b>	<b>1,620</b>	<b>2,727</b>

- By December 2007, over 3,000 users will have access to Pinnacle
- Over 40,000 deals processed YTD in 2007

# Pinnacle – delivering more effectively for customers

- Auto-decisioning
  - 46% of 'fast track' deals, from 21% in 2005
  - 65 deals per day
- Improved turnaround, less re-work
  - Documentation turnaround, 7 days to 4 days, for 60% of fast track deals
  - Reduced re-work through improved data capture
- Customer experience
  - Better customer experience provides opportunity for improved revenue



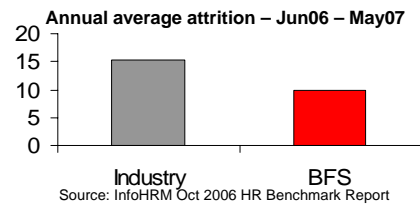
## Significant people investment

- Effectively leveraging relatively small sales force
- Increased our total workforce by over 500, up 33%, over last 2 years
- Enhanced sales and capability training – 1,300 Bankers and 150 Sales Leaders through Capability Programs
- Improved relationship focus – leveraging Reach
- Employer of choice – graduate recruitment growing significantly over time



- More people, more highly skilled

- Better retention



## Sources of comparative advantage

Building on our investment	
<b>Distribution</b>	Localisation enhancing growth – meeting our customers' needs, where and how they want
<b>Technology</b>	Sector leading platforms – delivering to bankers and customers
<b>People</b>	Right people in the right places, with people development for the long term

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