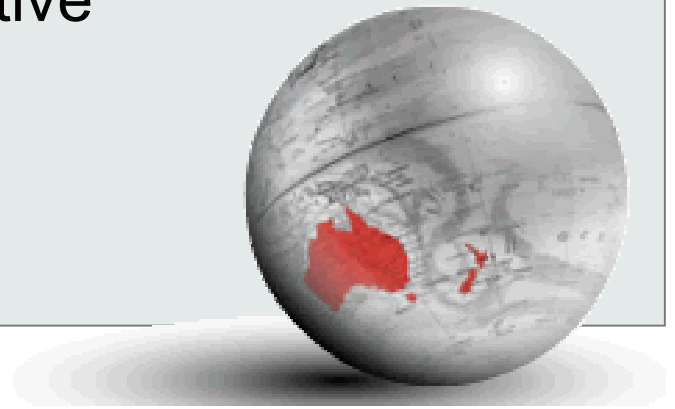


# Westpac Institutional Bank

Philip Coffey - Group Executive

31 July 2003

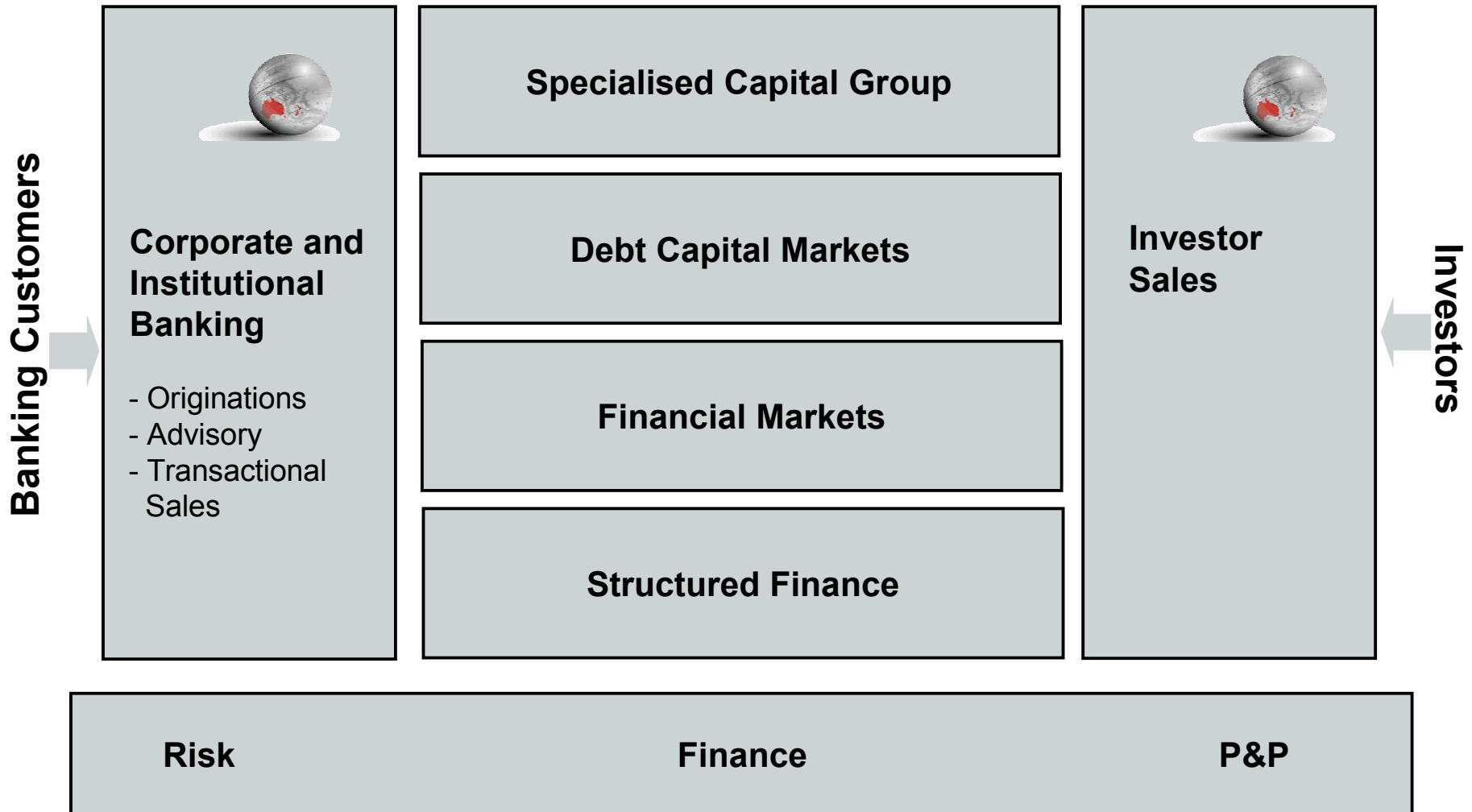


# Agenda

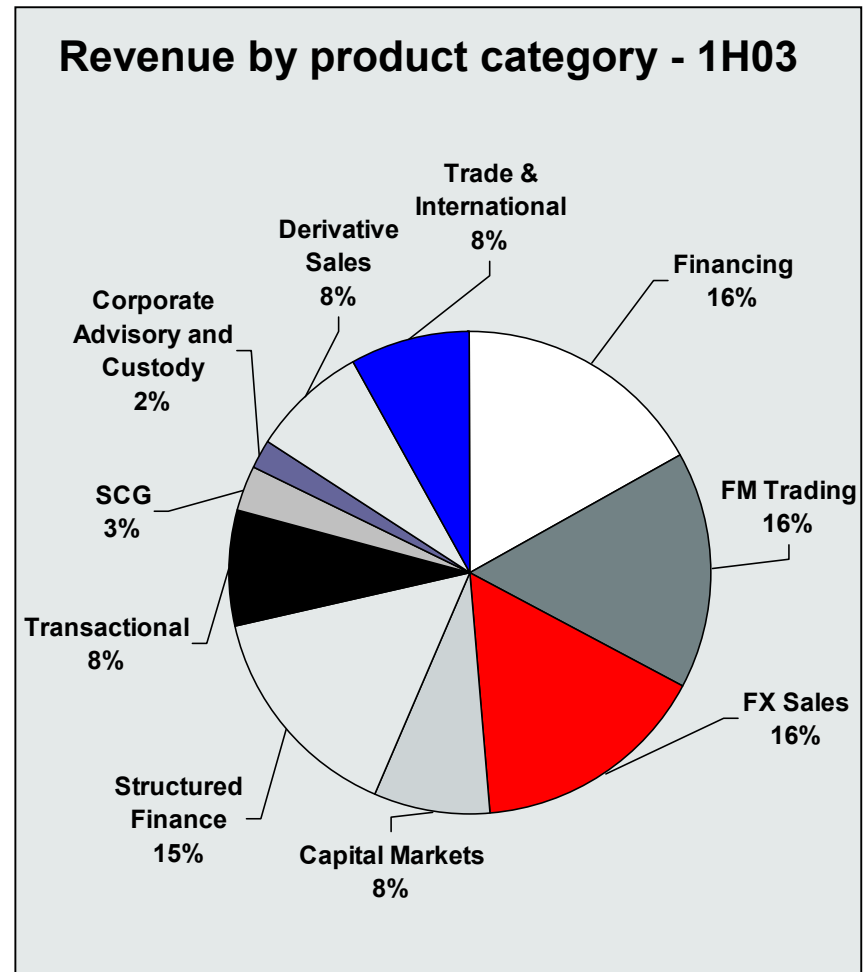
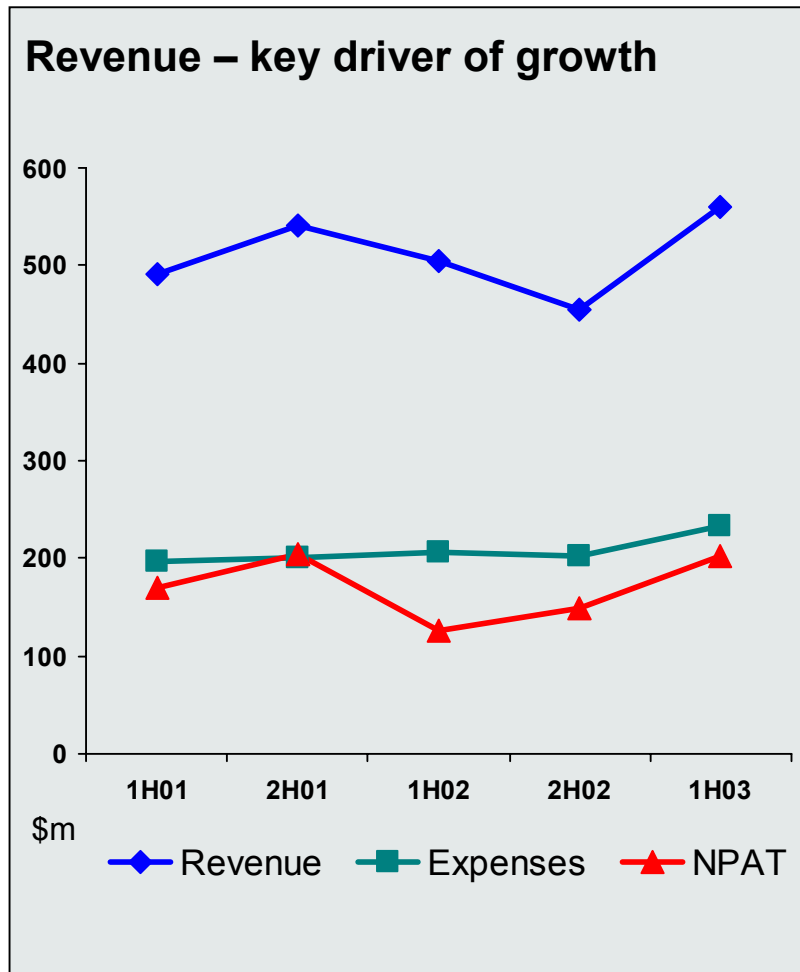
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- Business overview
- Transformation
- Expanded capabilities and growth path

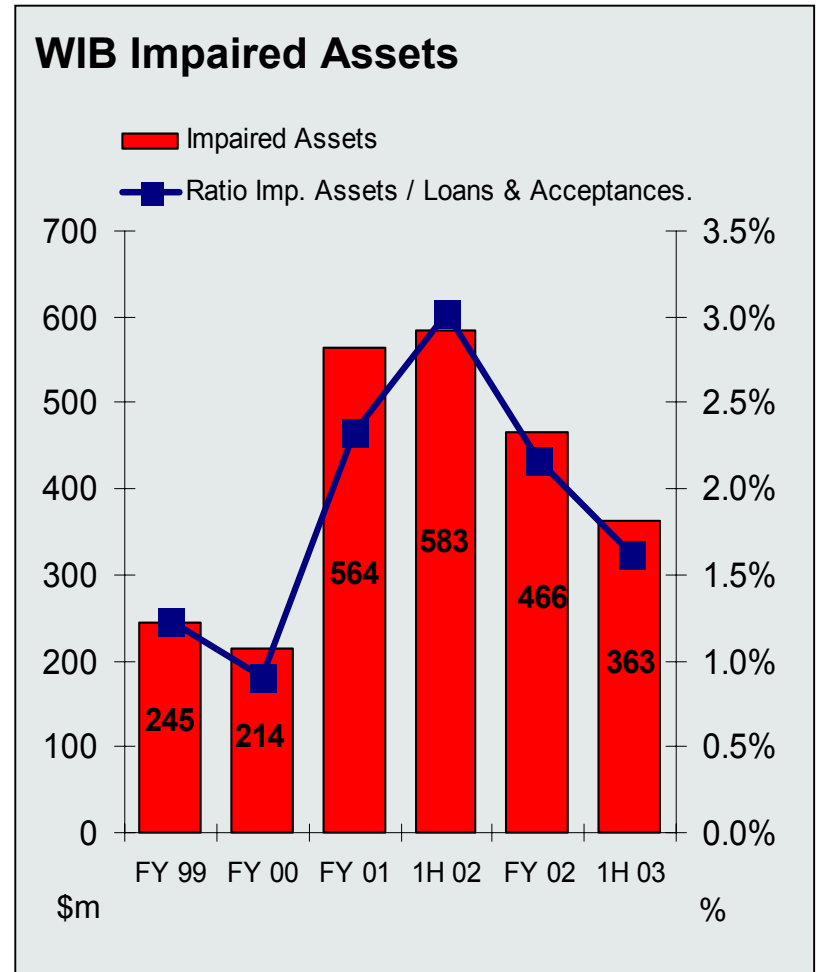
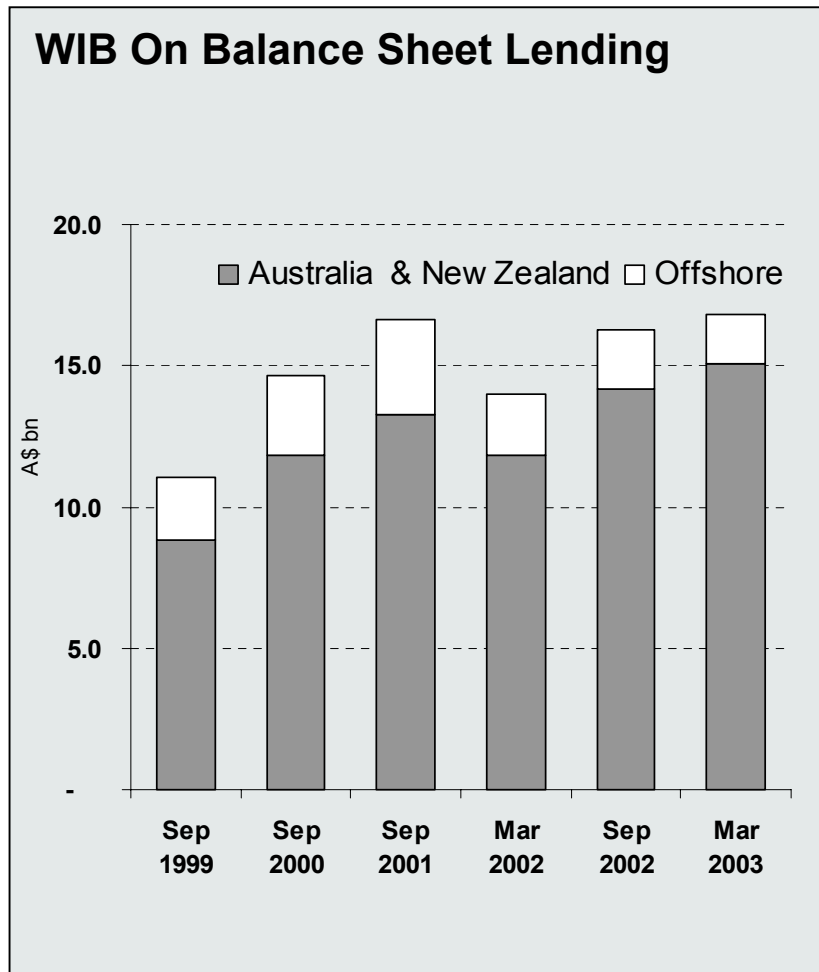
# Business overview: why WIB is different



# Business overview: solid platform



# Business overview: a question of balance



# Business overview: good, but not good enough

<u>Australian Lead Bank</u>		<u>Bonds/Semi's/Credit Securities*</u>		<u>FX*</u>	
1	ANZ	1	WBC	1	CBA
2	WBC	=1	UBS	2	WBC
<u>New Zealand Lead Bank</u>		<u>Syndicated Loans</u>		<u>Trade and International</u>	
1	BNZ	1	ANZ	1	ANZ
2	WBC	2	WBC	2	WBC
<u>Debt Capital Markets</u>		<u>Transactional</u>		<u>Interest Rate Derivatives *</u>	
1	WBC	1	ANZ	1	Deutsche
2	NAB	2	WBC	2	WBC

**Note**  
\* Volume based share

Source: Greenwich Surveys, Australia/New Zealand

# Does being number 1 matter?

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- Lead Bank status critical to maximise value
- Corporate & Institutional clients nominate the 1-2 banks they consider their lead bank

## Why is it important?

- Accounts for over 55% (and up to 70%) of market share across core product offerings
- Access to high value transaction deals
- Cross sell opportunities (average product cross sell is 4.5 for Lead Bank versus 2.9 for Non Lead Bank)

## What drives Lead Bank status?

- Relationships
- Broad range of quality products
- Customer knowledge
- Solutions and service

# Transformation: we have thoroughly reviewed our business

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- Review undertaken to help us achieve our vision of being the No.1 wholesale bank in Australasia
- Looked at how we operate, our processes, and how we can drive profitability through enhanced customer satisfaction and product excellence
- Utilised own high potential team, supported by global consultants
- Found we have the critical capabilities required to deliver but there is opportunity to tighten execution in several areas and identified some key growth opportunities



# Transformation: our way forward

## Completed

Organisational alignment

Risk optimisation

Expense efficiencies

## Initiatives underway

Customer segmentation

Core product development

Credit Portfolio Management

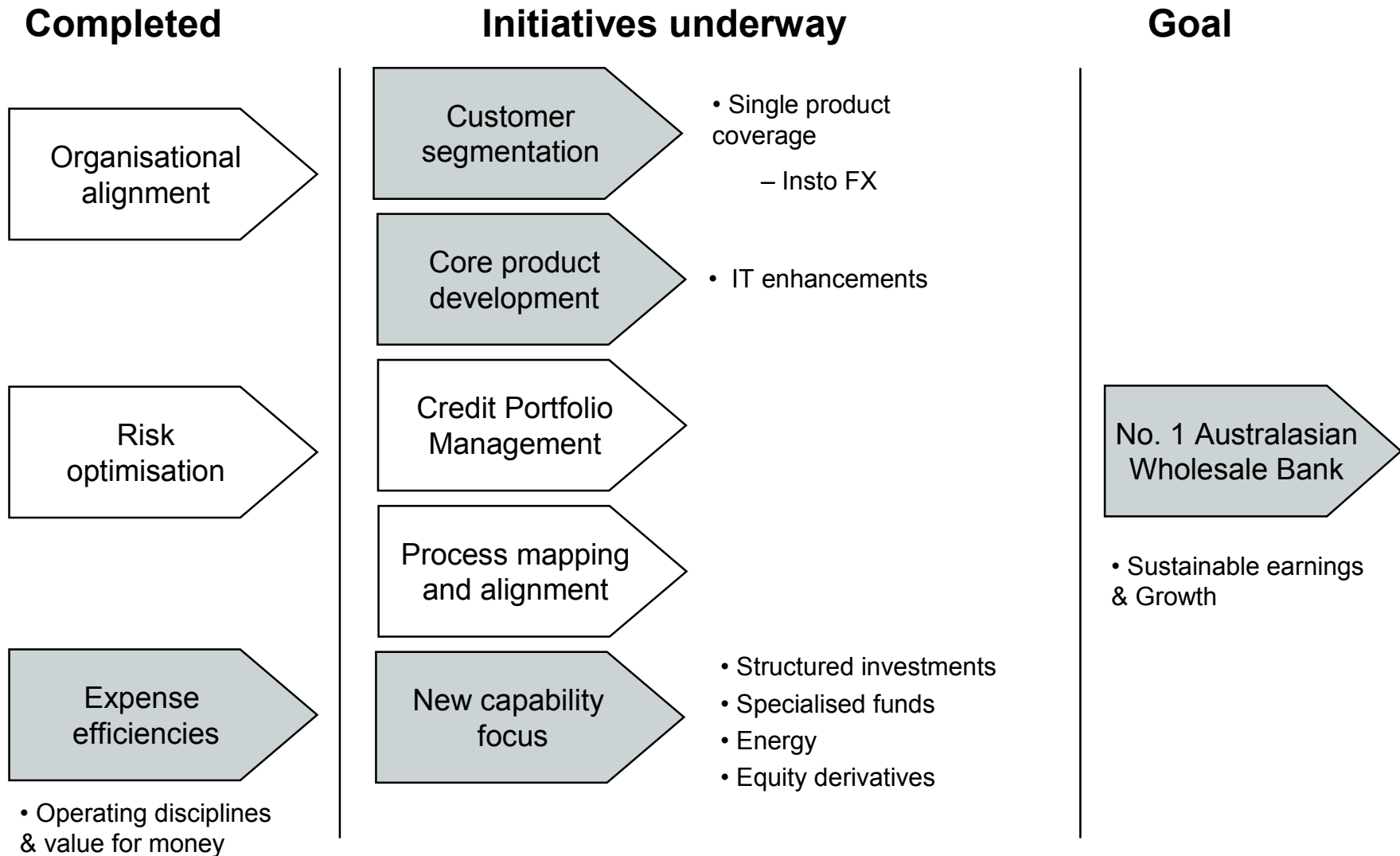
Process mapping and alignment

New capability focus

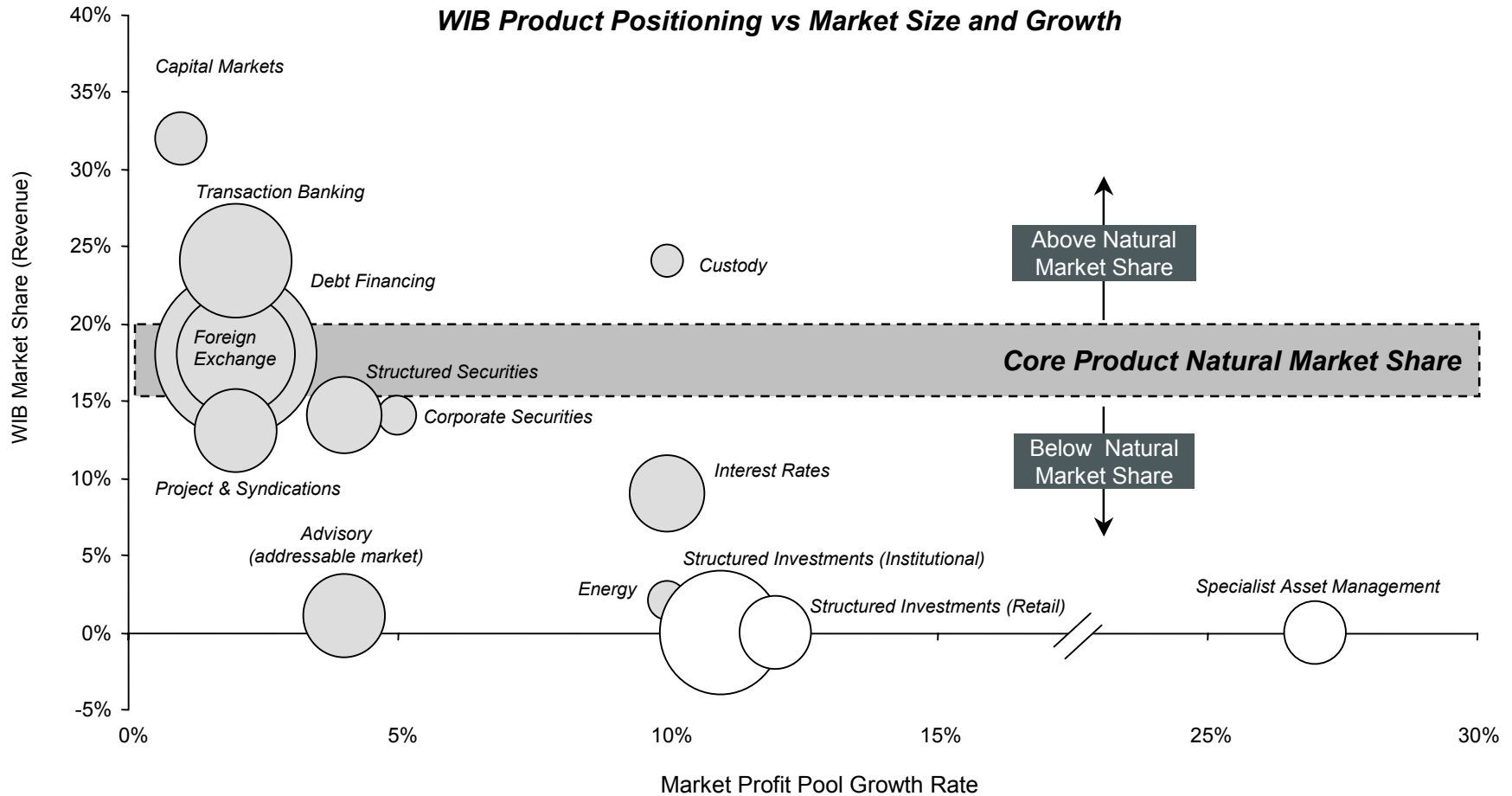
## Goal

No. 1 Australasian Wholesale Bank

# Transformation: our way forward



# Pinpointing growth opportunities

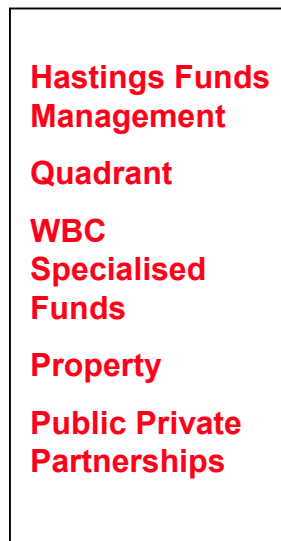


Notes: Size of bubble represent market profit pool size  
 Source: WIB analysis

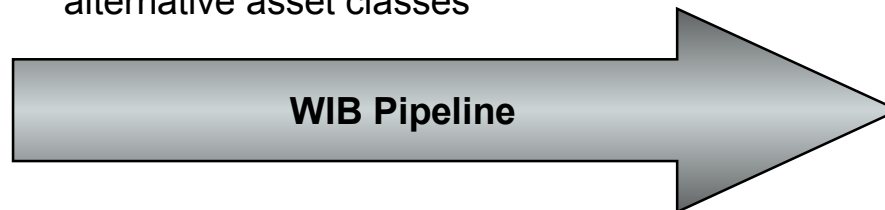
# Building new capabilities

- Building structure and capabilities in alternative assets
- Acquired specialist asset management capability through Hastings Funds Management
- Organised to facilitate acquisition, structuring and distribution whilst:
- Separation of responsibility to achieve corporate governance

## Product Manufacturing Capability

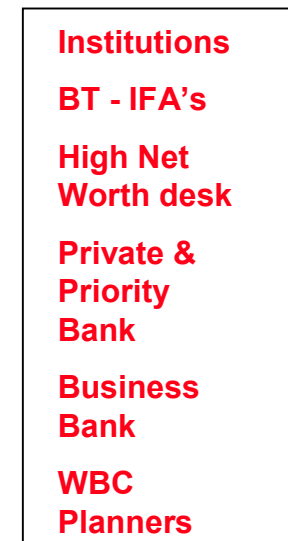


Retail and Institutional investors looking for wealth creation opportunities in alternative asset classes



Coordinated deal team across WIB, creating innovative product

## Distribution Capability



# Getting results: Moorebank Property Trust

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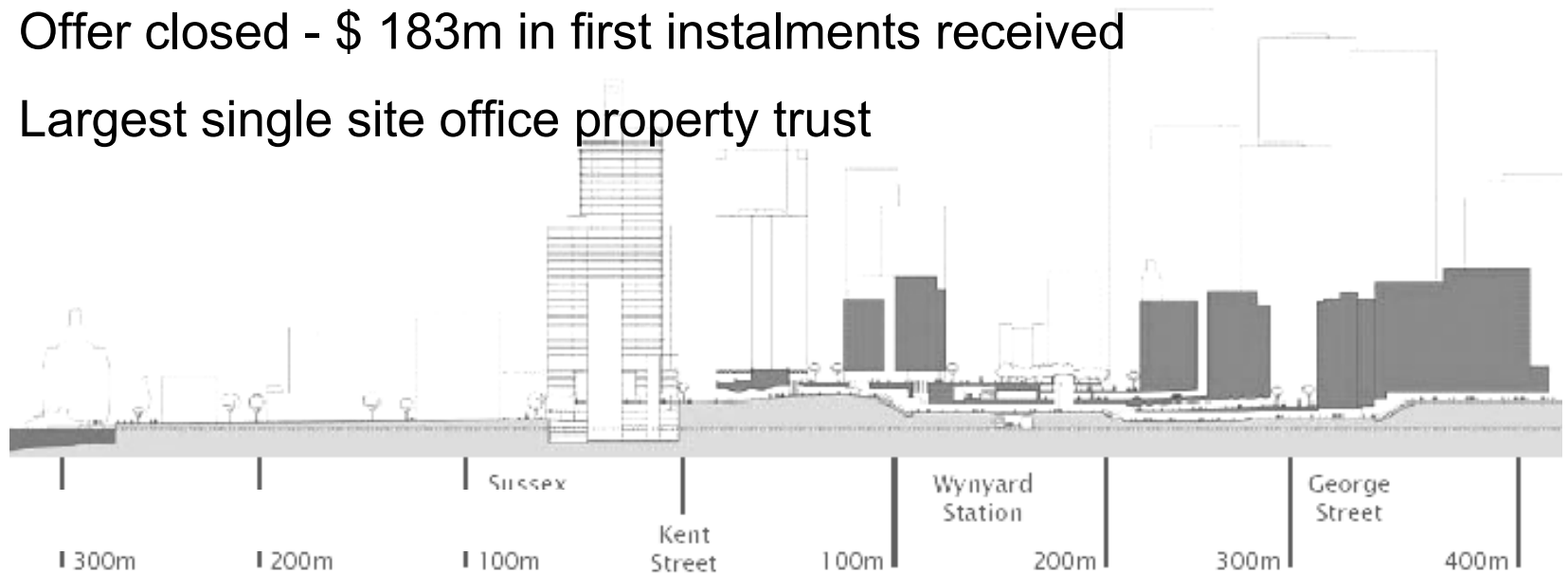
- Department of Defence site at Moorebank, valued at around \$200m
- Sale and leaseback transaction with over 40 bidders
- WIB arranged debt and equity, Stockland Property Group was cornerstone investor
- \$70m of securities distributed to retail investors
- Largest single site industrial property trust



# Getting results: Westpac Office Trust

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- New Westpac headquarters
- WIB structured investment including
  - Initial capital guarantee
  - Instalment, leveraged investments
  - Yield based on WBC rental stream
- Offer closed - \$ 183m in first instalments received
- Largest single site office property trust



# Getting results: specialised funds

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- Hastings connection and processes agreed
- First asset acquired - Electranet at circa \$120 million
- Leveraged:
  - WIB balance sheet and customer knowledge and
  - Hastings asset management and investor base
- Attracting institutional and retail investors

# Getting results: specialised funds pipeline

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- Global Renewables Limited
- Hastings Retail Infrastructure Trust
- Short listed for the Lane Cove Tunnel
- Consortium member Mitcham - Frankston Freeway
- Various others



# Distribution: what did we say last year?

**Tapping our large retail customer base**

- **Leverage:**
  - wholesale product expertise;
  - retail investor relationships; and
  - external planners
- **Expanding range of investments:**
  - capital guaranteed offerings
  - warrants
  - property trusts
  - hybrid equity / mezzanine debt

Westpac Investor Upd

Australia's First Bank

8

**Leverage our wholesale product expertise**

**Distributing to retail investors – growth opportunity**

*Retail distribution – volume of products sold*

Year	Volume (A\$m)
1999	~200
2000	~800
2001	~1,200
2002 FY Forecast	~1,300

*Products across a variety of asset classes – 2002 FY Forecast*

Asset Class	Percentage
Fixed interest	66%
Cash	19%
Equity	11%
Property	4%

Westpac Investor Update 2002 – Phil Coffey

Australia's First Bank

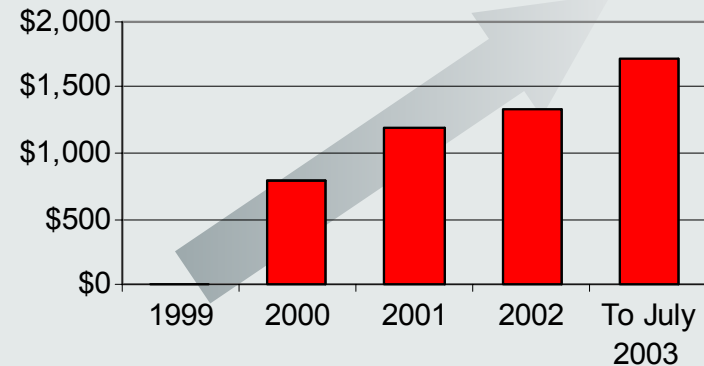
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**Expand investment range for retail investors**

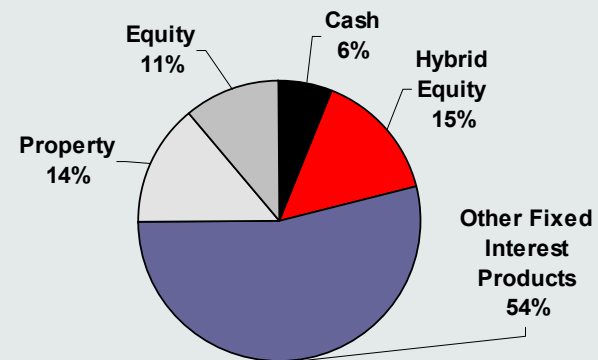
# Distribution: how did we go ?

- \$1.7bn products sold over the last ten months
- The number of structured products offered to retail customers increased from 14 in 2001 to 24 in 2003
- \$500m worth of cross sell into other Westpac retail products

Retail distribution – volume of products sold



Products across a variety of asset classes – From 1999 to June 2003



## In summary

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- Solid platform and a diverse portfolio of businesses
- Critical capabilities and initiatives to achieve lead bank status
- Pinpointed opportunities for growth and delivering with new capabilities

# Disclaimer

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The material contained in this presentation is intended to be general background information on Westpac Banking Corporation and its activities as at 31 July 2003.

The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.