
new Which / Bank

Progress update
22 November 2004



Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 22 November 2004. It is information given in summary form and does not purport to be complete. It is not financial product advice and is not intended to be relied upon as advice to investors or potential investors. It does not take into account the investment objectives, financial situation or needs of any particular investor.

Speaker's notes for this presentation are attached below each slide.

To access them, you may need to save the slides in PowerPoint and view/print in "notes view."



Agenda

David Murray

Which new Bank

Grahame Petersen

Group Strategic Development

CommSee
WnB in PBS

Michael Katz

Premium Business Services

Service & Sales
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Stuart Grimshaw

Investment and Insurance Services

CommWay
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Retail Banking Services

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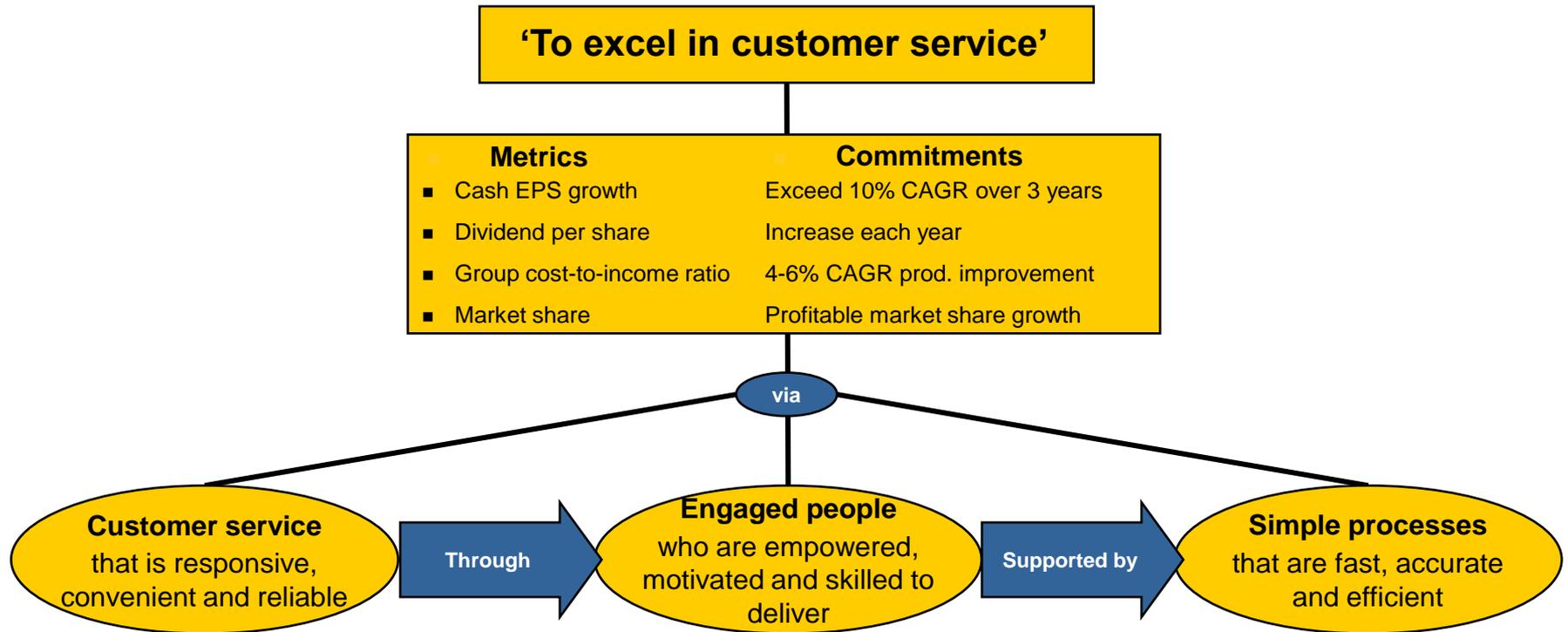
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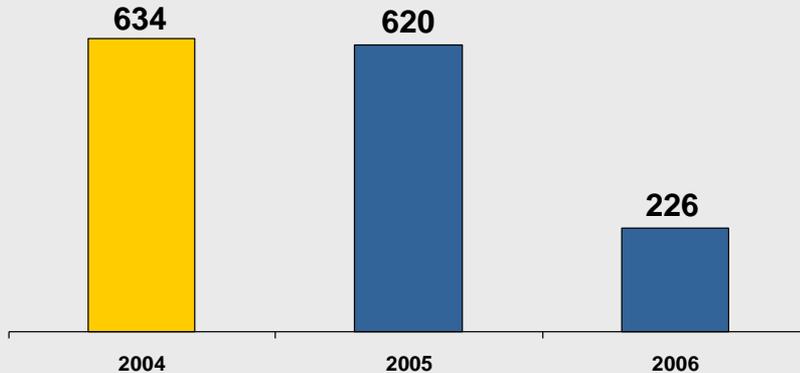
There are three themes to our service transformation



Which new Bank financials are on track

\$ Millions

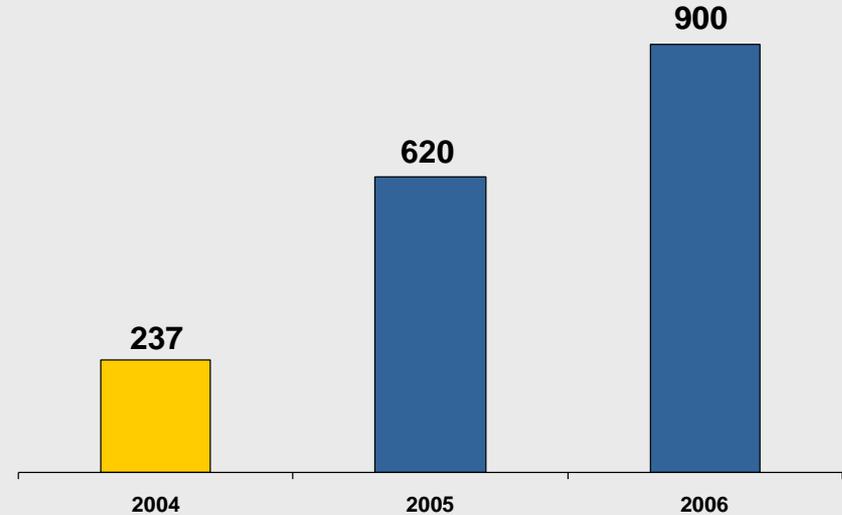
Investment Spend



Key 2005 investment drivers

- Branch Redesign
- CommSee
- Desktop Infrastructure
- Home Loan End to End
- IIS Product Migration
- NetBank Replacement
- PBS Asset Finance
- PBS Integration
- RBS Straight Through Processing
- Support Function Redesign

Benefits



Key 2005 benefit outcomes

- Home Loan End to End
- IBS Redesign
- IBS Service and Sales
- IT Efficiency
- PBS Integration
- PBS Service Initiatives
- Procurement
- RBS Branch Sales Effectiveness
- RBS Network Efficiency
- Support Function Redesign



Executing June 05 milestones as planned

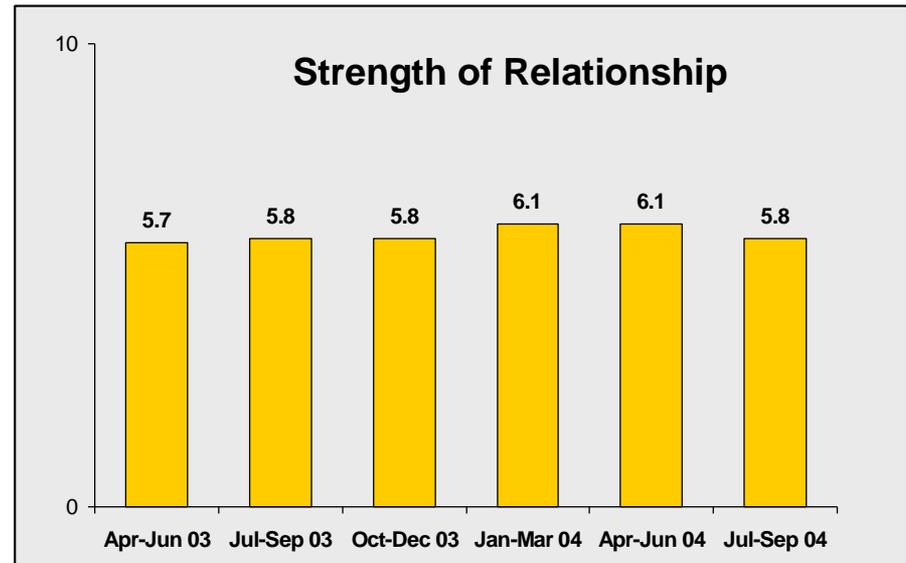
| | | Percentage complete* | Target date |
|----------|--|----------------------|-------------|
| Customer | 1. Service & Sales Management - remaining staff trained | 30% | Jun 05 |
| | 2. Branch Refurbishment - refurbish 125 | 15% | Jun 05 |
| | 3. NetBank - new service implemented | 80% | Mar 05 |
| | 4. CommSee - platform built and deployment commenced | 60% | Apr 05 |
| | 5. CommSee - 40% customer-facing staff trained | 10% | Jun 05 |
| | 6. Segment Model - pilot completed | 25% | Jun 05 |
| People | 7. Performance Culture - performance management system implemented | 90% | Dec 04 |
| | 8. Performance Culture - new learning curriculum available | 30% | Jun 05 |
| Process | 9. CommWay - 40 process simplification initiatives completed | 40% | Jun 05 |
| | 10. Support Function Redesign - implementation of 14 functions completed | 45% | Jun 05 |
| | 11. Wealth management systems - reduced from 11 to 7 | 20% | Jun 05 |
| | 12. Procurement - 10 key categories renegotiated | 45% | Jun 05 |
| | 13. IT Efficiency - run-rate savings of \$80m realised | 30% | Jun 05 |

* As at October 2004



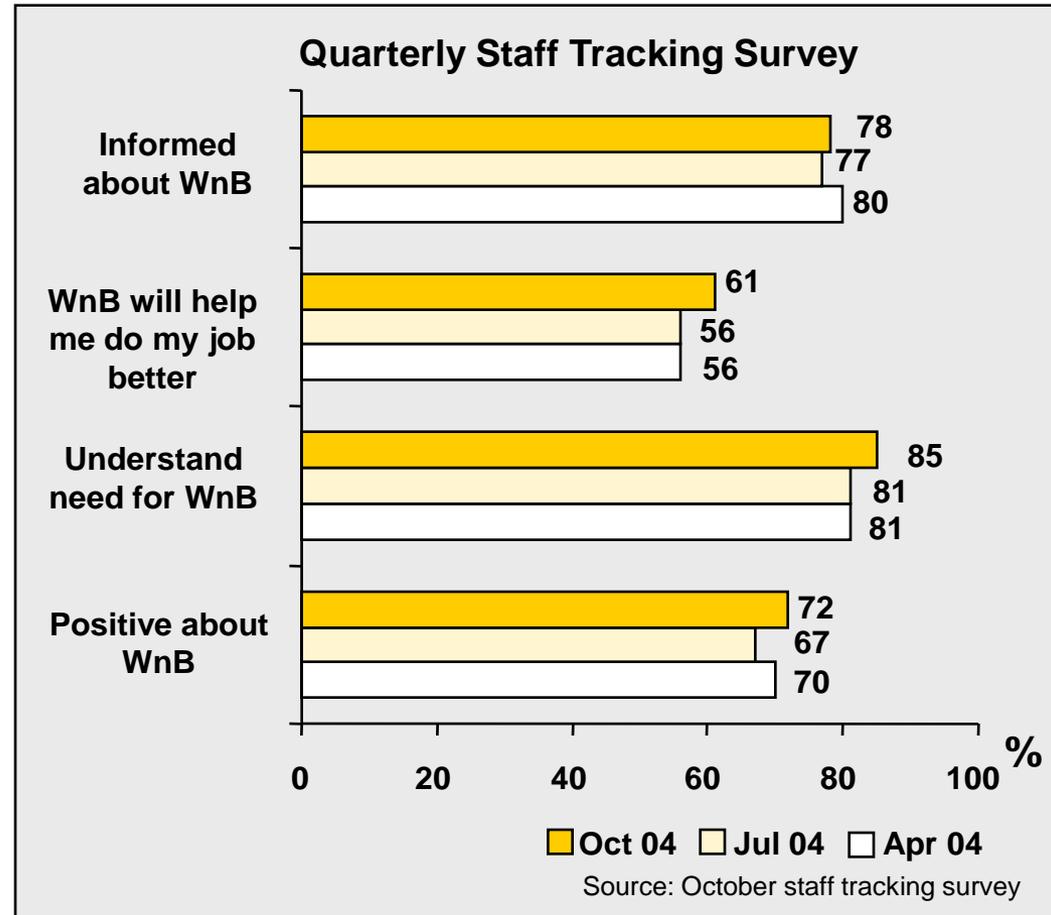
Strengthening our relationship with customers is a priority

- Strength of relationship broadly maintained during a period of significant change
- Internal measures demonstrate improved service
- Continued focus on improving service quality



Staff remain positive about Which new Bank

- Key performance culture initiatives being implemented
- Staff showing strong support for Which new Bank
- Increasingly, more staff will be directly impacted by Which new Bank



Developing common systems and processes

Bank-wide initiatives

- **CommSee**
- **Service & Sales**
- **CommWay**
- **Group-wide Advice**
- Performance Culture
- Support Function Redesign
- Procurement
- IT Efficiency

- Building integrated systems across interconnected businesses
- Balancing common elements with customisation
- Implementing in parallel with business unit initiatives



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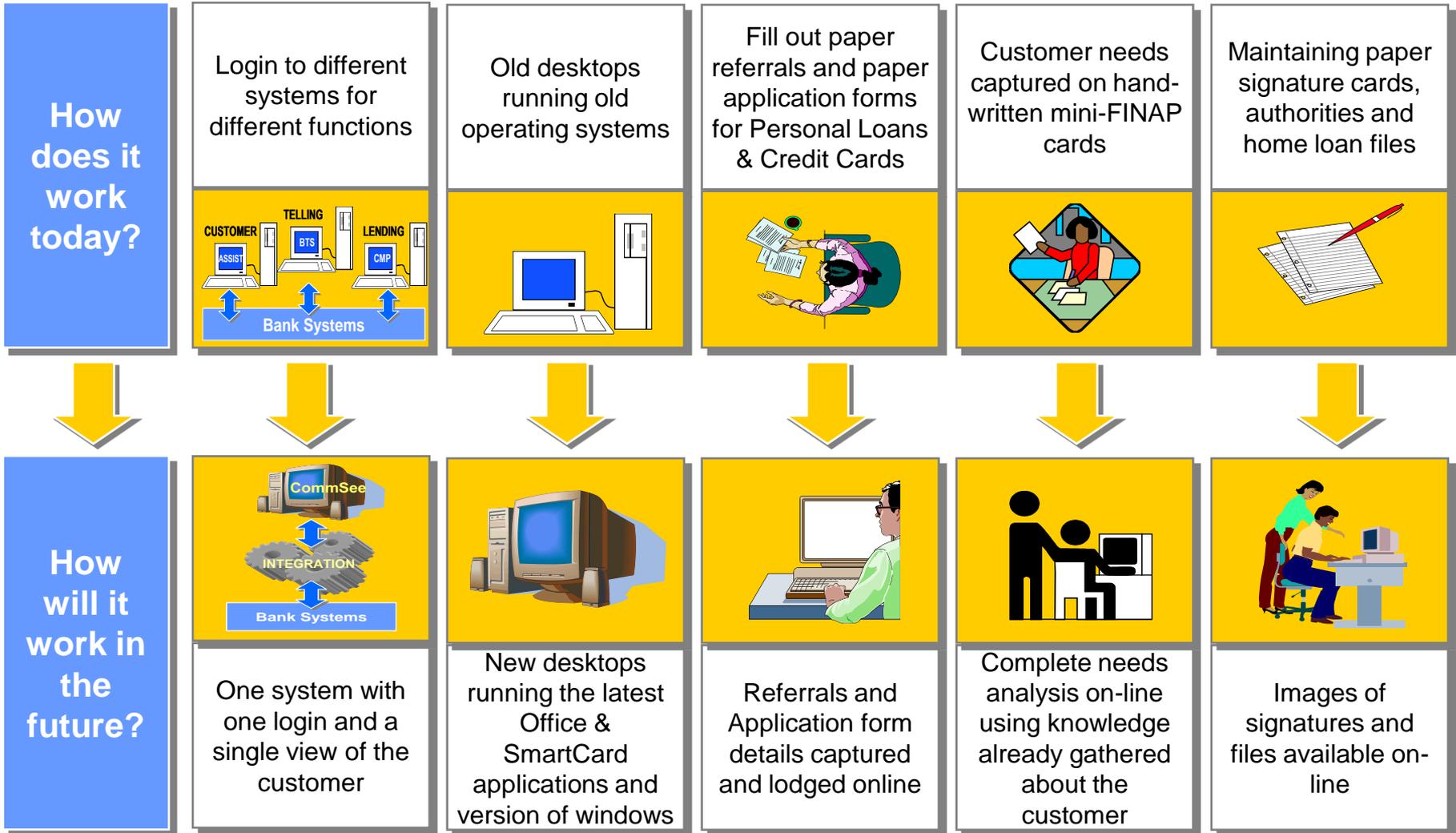
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CommSee will deliver significant benefits to our customers

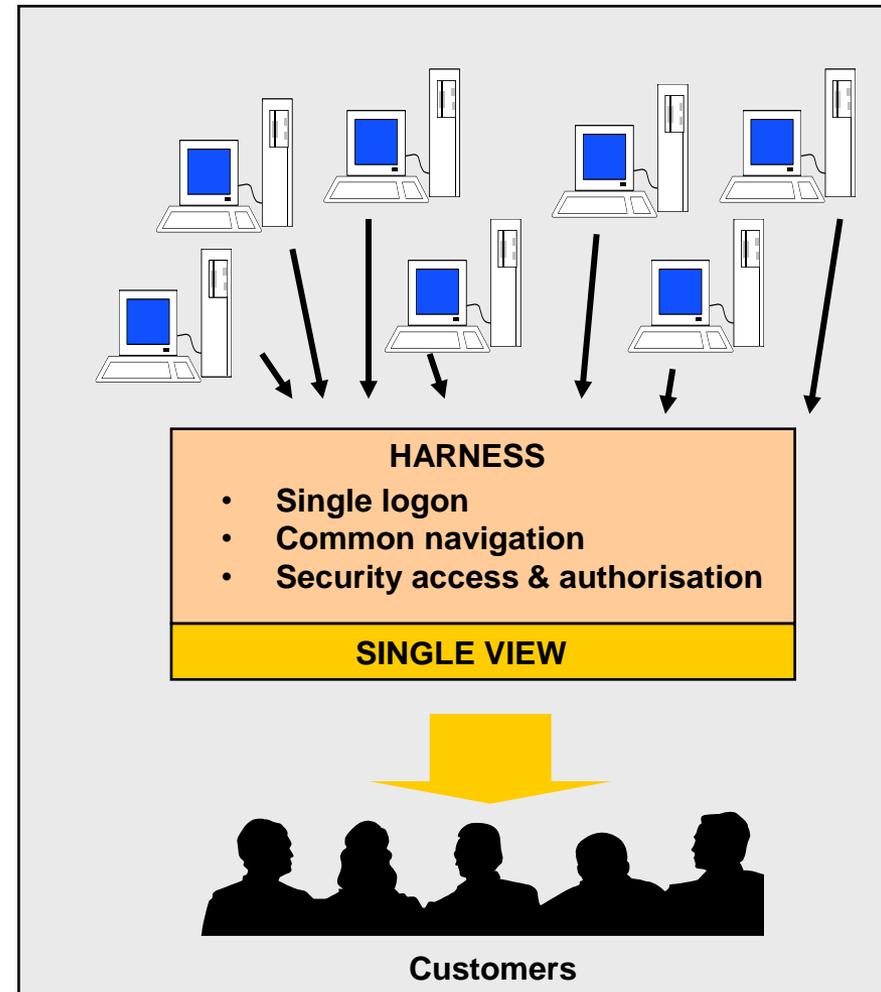
| Customer feedback | Improved experience... |
|-----------------------|---|
| 'Know me' | <ul style="list-style-type: none">■ Customers receive a more consistent experience as the Bank has a comprehensive, single view of their holdings, accounts and relationships.■ Customers don't have to repeat themselves as staff record each interaction. This means a new staff member can pick up where the last contact left off. |
| 'Give me what I want' | <ul style="list-style-type: none">■ Customers can contact the Bank in the most convenient way for them as information is shared across locations and channels. |
| 'Do it reliably' | <ul style="list-style-type: none">■ Customers receive consistent, accurate information across locations and channels. Staff can provide accurate status updates of work items and follow up activities. |

CommSee is simplifying processes and enabling service improvements

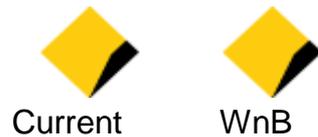


CommSee Release 6 goes live

- Release 6 involved the implementation of the 'harness'; integrating all the Bank's computer systems and providing a single view of the customer
- Also included improvements in security access and authorisation
- CommSee rollout is on track to be fully completed by June 2006



CommSee provides an integrated CMS and image repository



Our major competitors

| | | | | | | |
|---|-------------|-------------------------------|---|---|---|---|
| Documents | Signatures | X ¹ | ✓ | X | ✓ | ✓ |
| | Authorities | X ¹ | ✓ | X | ✓ | ✓ |
| | Home Loans | X ¹ ✓ ² | ✓ | ✓ | ✓ | ✓ |
| Integration of CMS ³ and Imaging for Single View of Client | | X | ✓ | X | X | X |

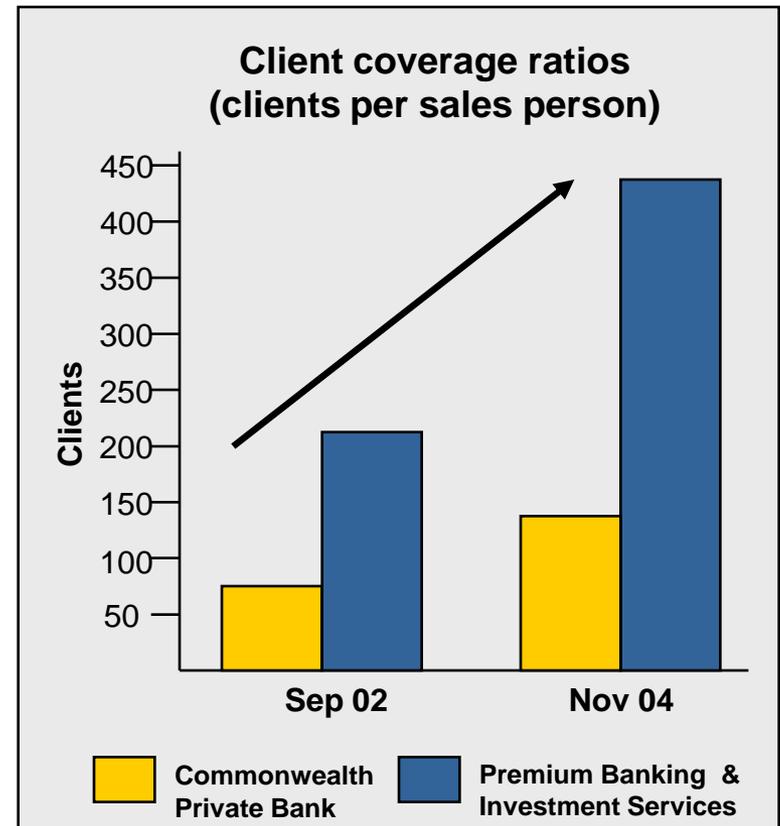
1. Tasmania and Southern Metro Sydney in progress
2. Home loan file imaging has occurred in Tasmania and in part of PFS
3. Customer Management System

IBS Redesign resulted in a more skilled and empowered workforce

- Client service centralised
 - 21 Business Banking Centres refurbished
 - 10 new premises
 - 40 sites closed
- Streamlined credit approval processes
- Sales skills training delivered to 1,260 staff
- Reduced staff numbers by 920
- Cost savings achieved, while revenue impact delayed

Premium service initiatives freeing up relationship managers to serve more customers

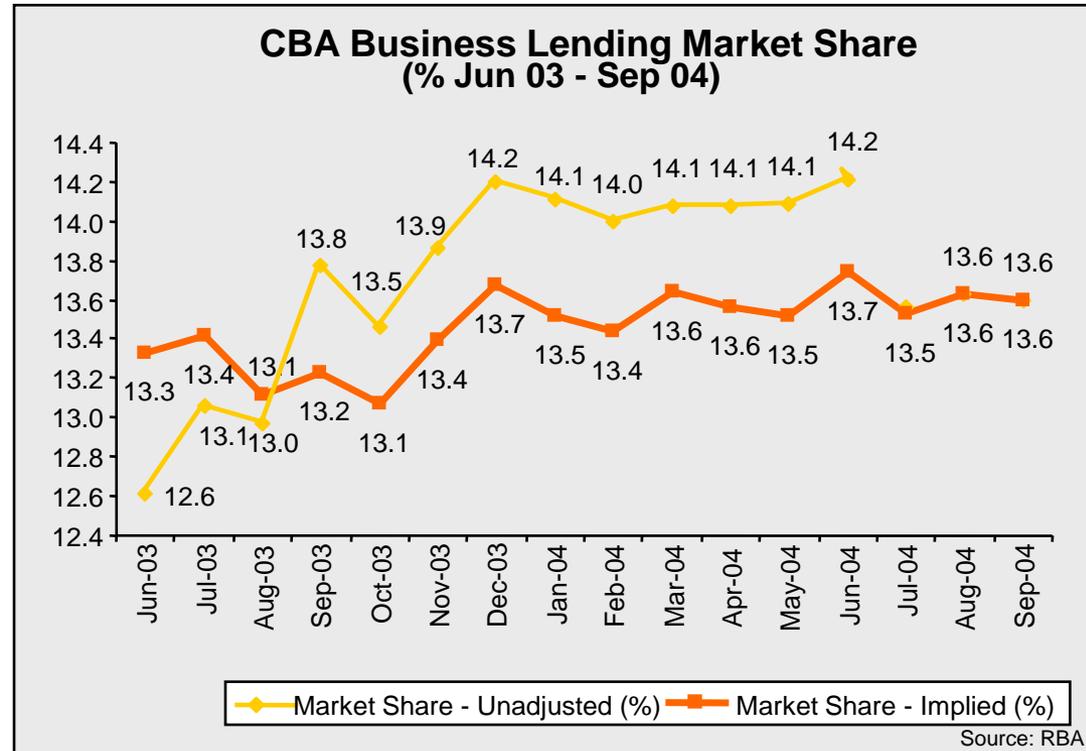
- Which new Bank projects focus on cycle times and processes
- Projects deliver simultaneous client service and efficiency improvements
- Expansion of advisory activities
- Emphasis on training and continuous improvement



Business lending market share maintained in a competitive environment

Service & Sales

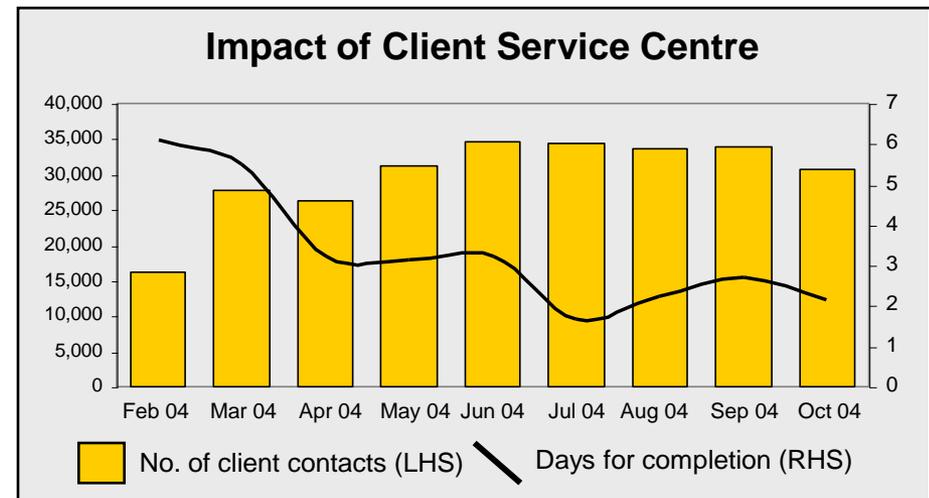
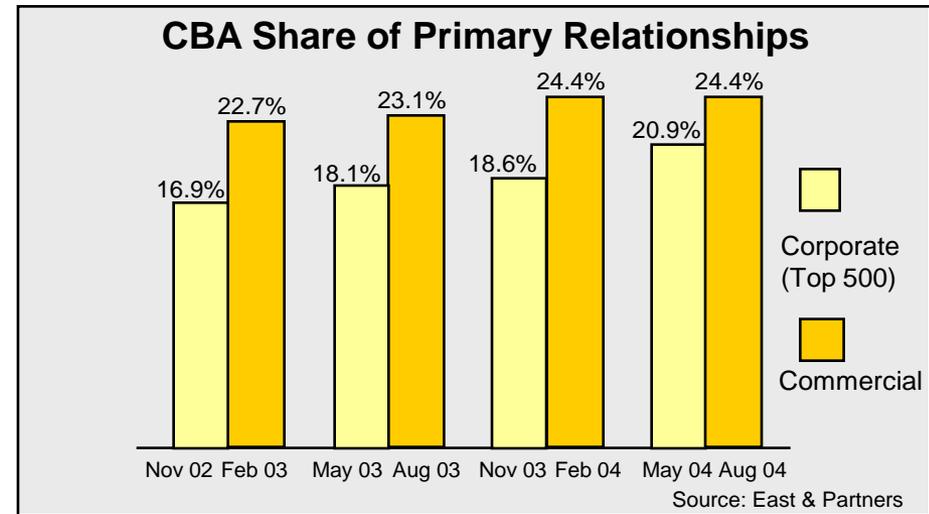
- Strategic client planning is identifying sales opportunities & helping clients grow their business
- Clients benefiting from increased frequency and quality of calls
- Client service teams now include sales, product and risk specialists



Note: Implied market share reflects the RBA's decision in July 04 to include securitised balances from discrete independent entities.

Accelerating transaction banking market share growth

- Improved client service has led to increase in market share
- Maintenance enquiries now handled by Client Service Centre
- Increased time available for Relationship Executives to pursue sales opportunities and engage clients



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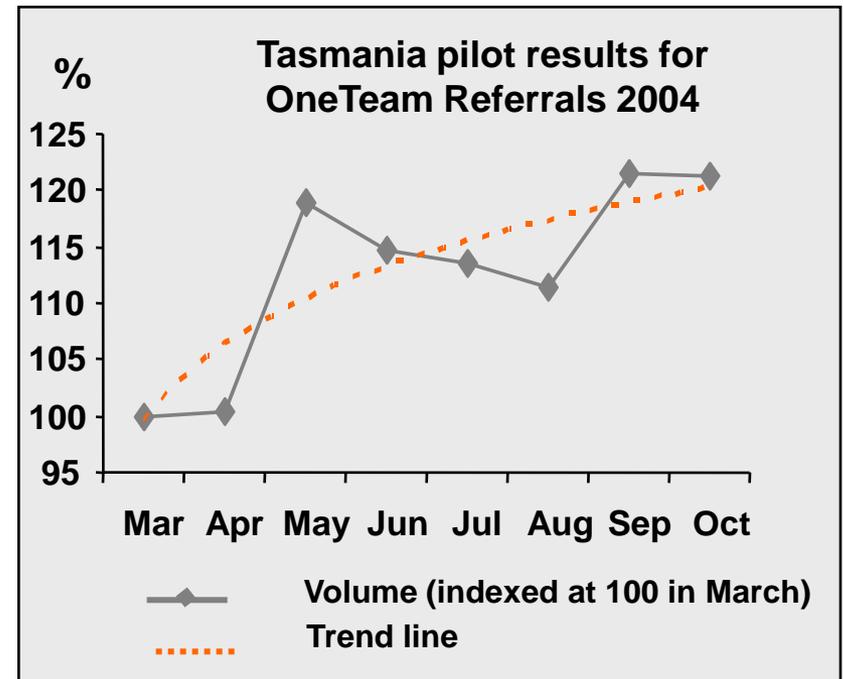
Retail Banking Services

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Service & Sales is about providing the framework to excel in customer service

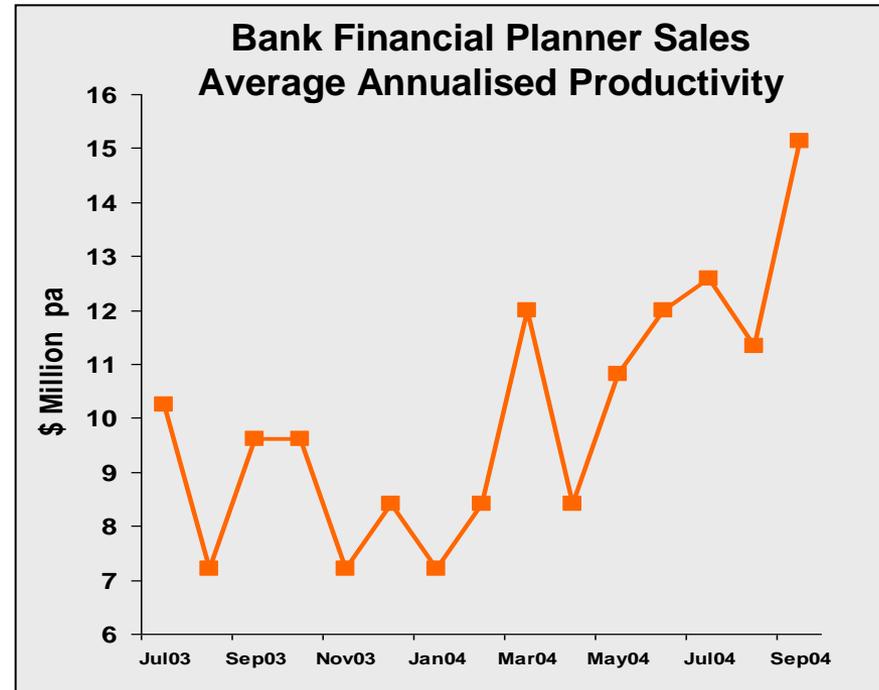
- Bank-wide referrals technology implemented for customer facing staff
- Service & Sales behaviours built into Performance Management System
- 20,000 participants completed Service & Sales training
- CEO Service excellence awards program introduced Bank-wide
- Internal customer survey implemented



Improvement in quality of advice and productivity

Group Wide Advice Model

- Implementing new technology early 2005
- New standard advice sales process being implemented
- Ongoing service proposition introduced
- Quality of advice improving through training
- Nearly 300 advisers trained

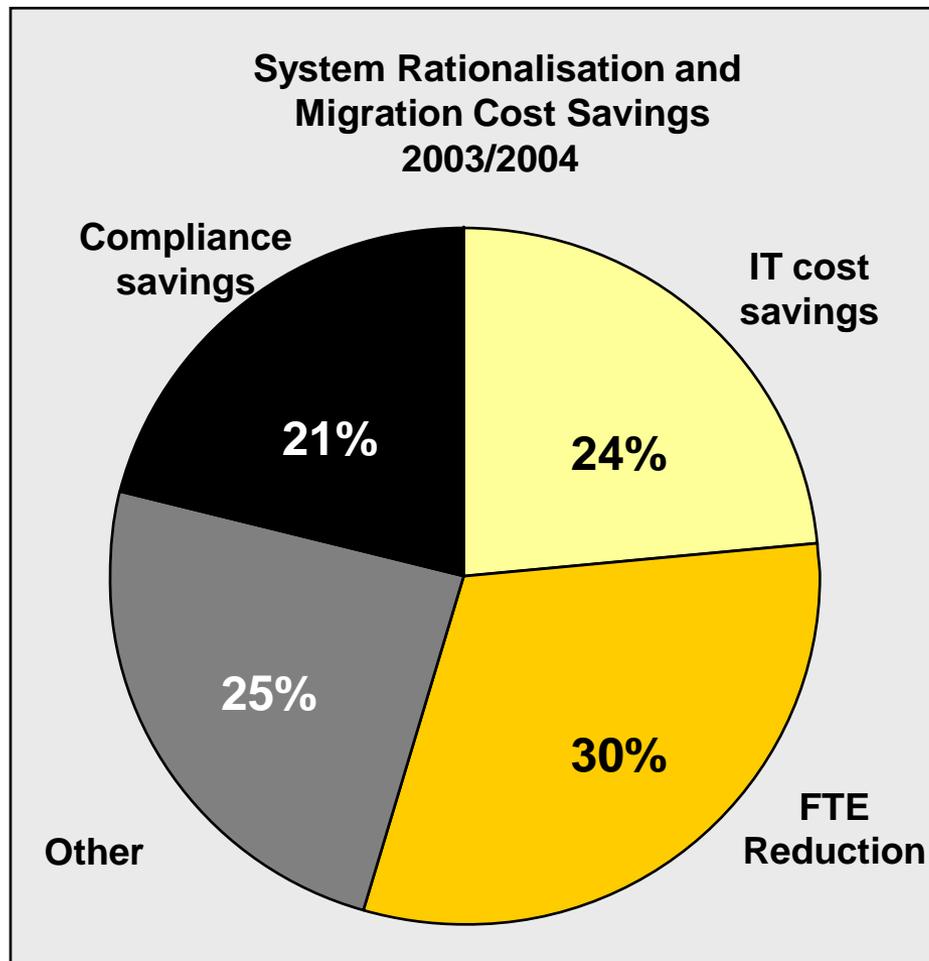


Legacy systems reducing from 17 to 5 by the end of 2005

- Reduced 17 systems to 9 as at Nov 2004 and on target for 5 (Dec 2005)
- Expect overall cost savings of \$10 million per annum from 2005/2006

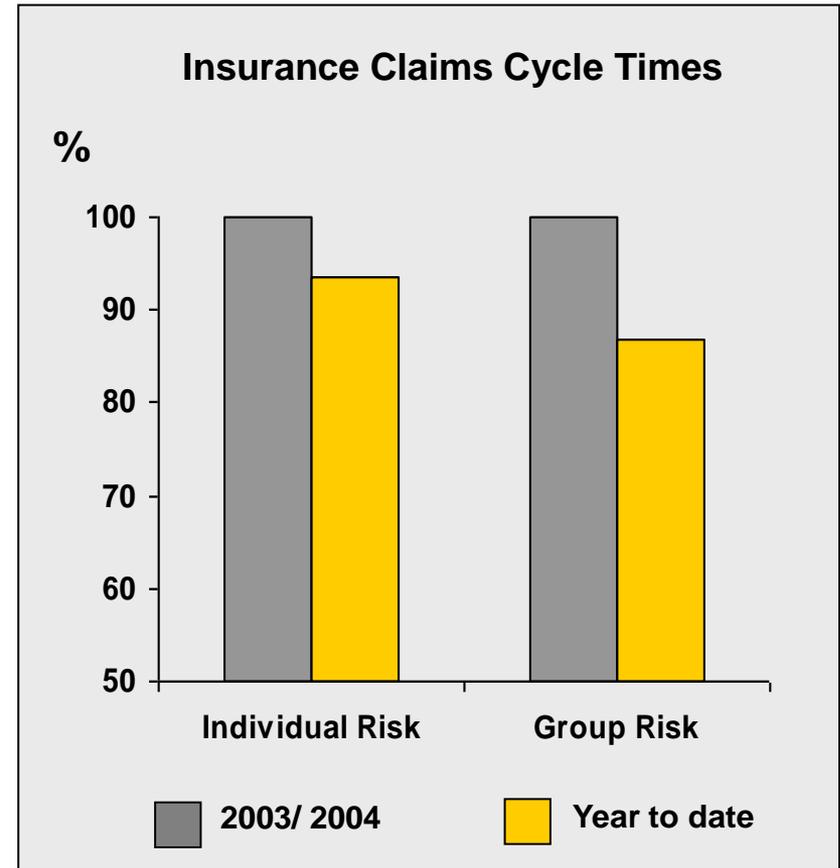
Service & Sales

- Introduced client retention program - retained \$50 million of \$80 million at risk



Improved customer service from faster processing and a more focused response

- Process simplification
- Recognising individuals & teams for outstanding performance
- Introducing First Point Resolution
- Introduced Management Tool Kits
- Restructure to provide end to end service
- New workflow system to facilitate straight through processing (November 2004)



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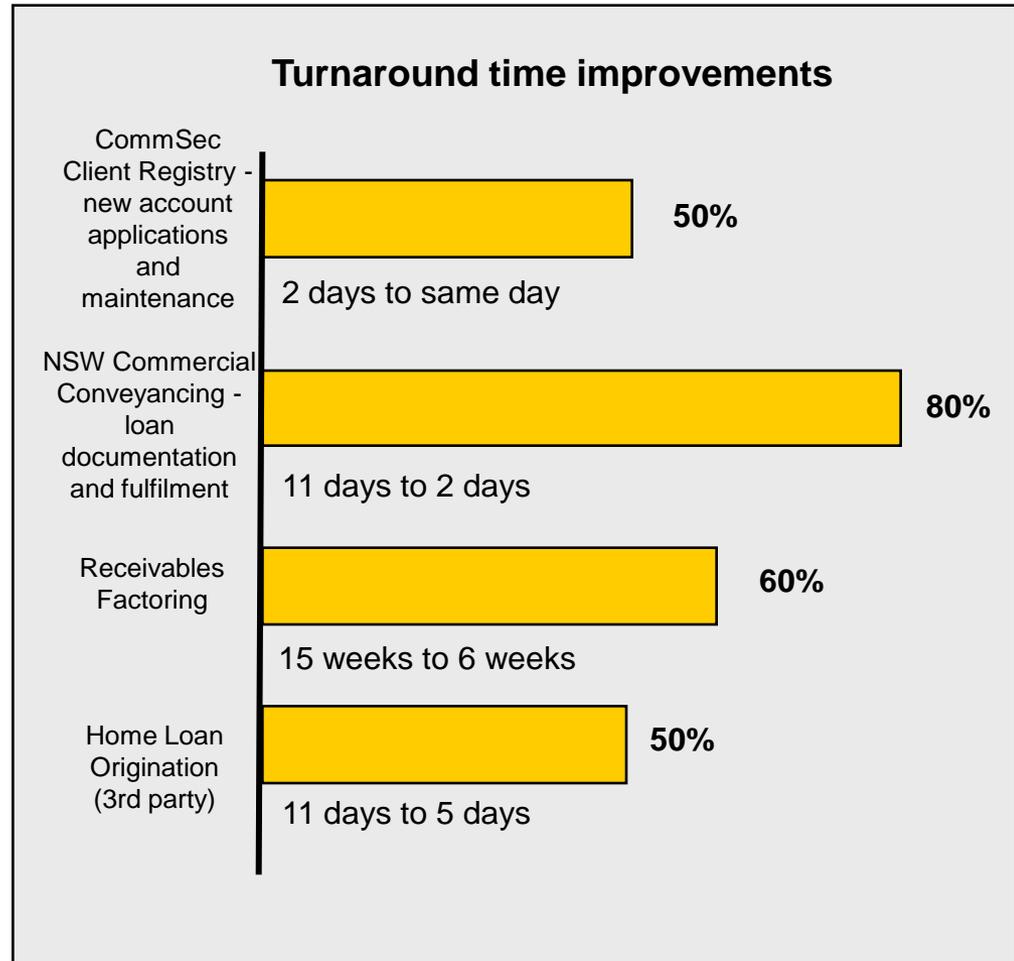
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CommWay is a common way to simplify processes across the Bank

- Targeting a **50% improvement** in turnaround times and 15% improvement in efficiency, without investment in IT
- Each part of a process viewed from the **customer's perspective** and through the prism of **time**
- **Bank-wide** undertaking across all operations, processing & service centre areas within 2 years
- **24 projects complete** with over 30 in the pipeline
- **Early successes** in RBS providing key learnings for Bank-wide rollout
- Sustainable capability - up to **10,000 people** involved across the Bank

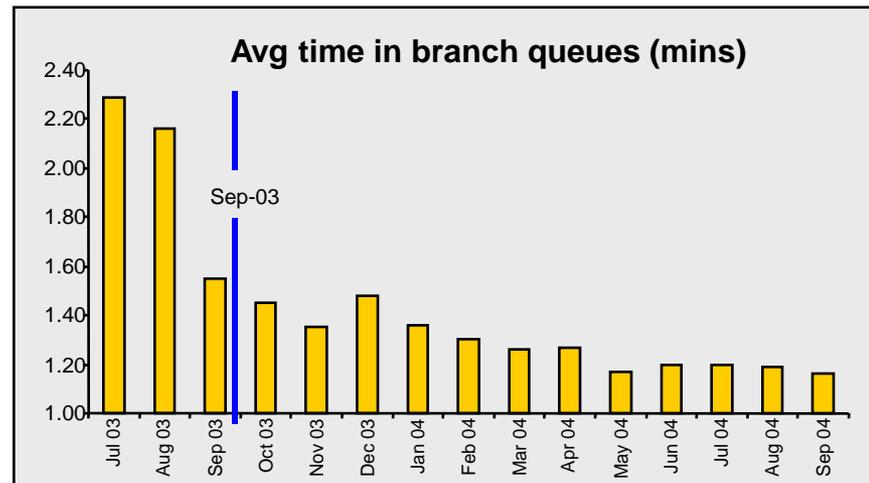
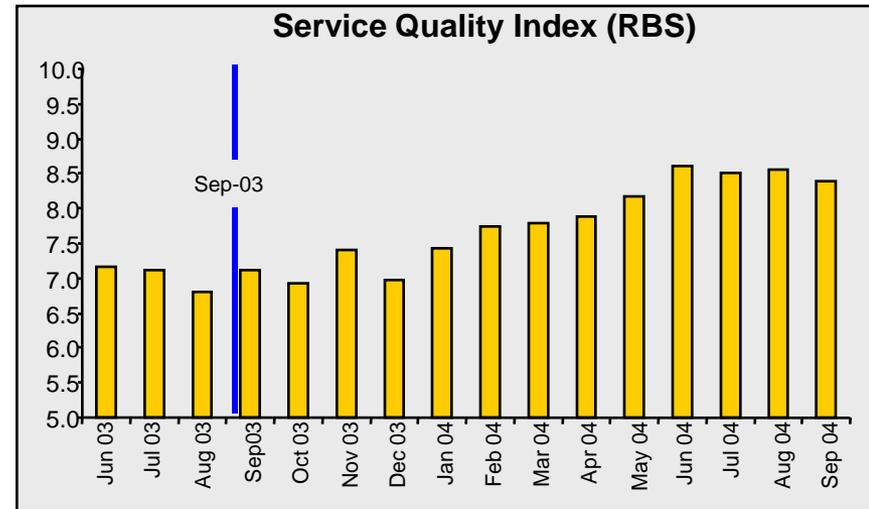
CommWay initiatives are continuing to show results

- A common tool-kit for process improvement
- Processes viewed from the customer's perspective
- Delivering dramatic improvements in efficiency and turnaround times



WnB in RBS - improvements in frontline customer service levels

- Branch Manager spending 80% of time in customer service area
- Frontline Customer Service Specialists
- Service & Sales training (+13,000 staff)
- Explicit service targets & better measurement
- Faster Customer Service program - driving a 50% reduction in branch queue times

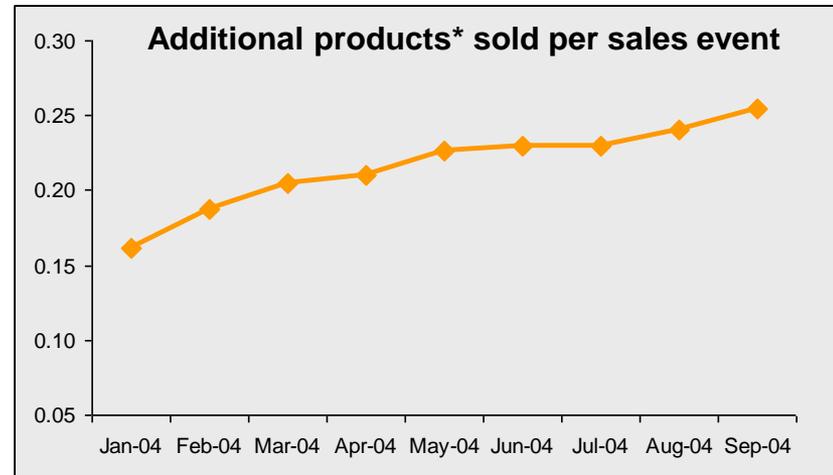
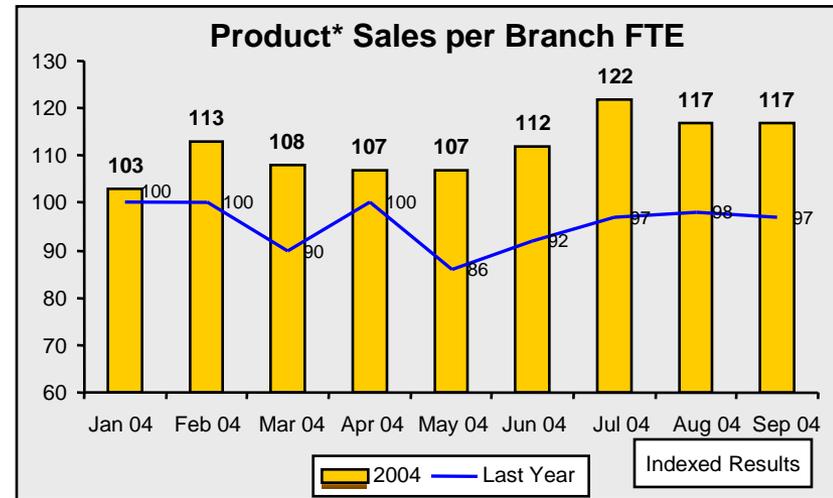


WnB Commenced Sep 03



Service & Sales is generating some promising improvement

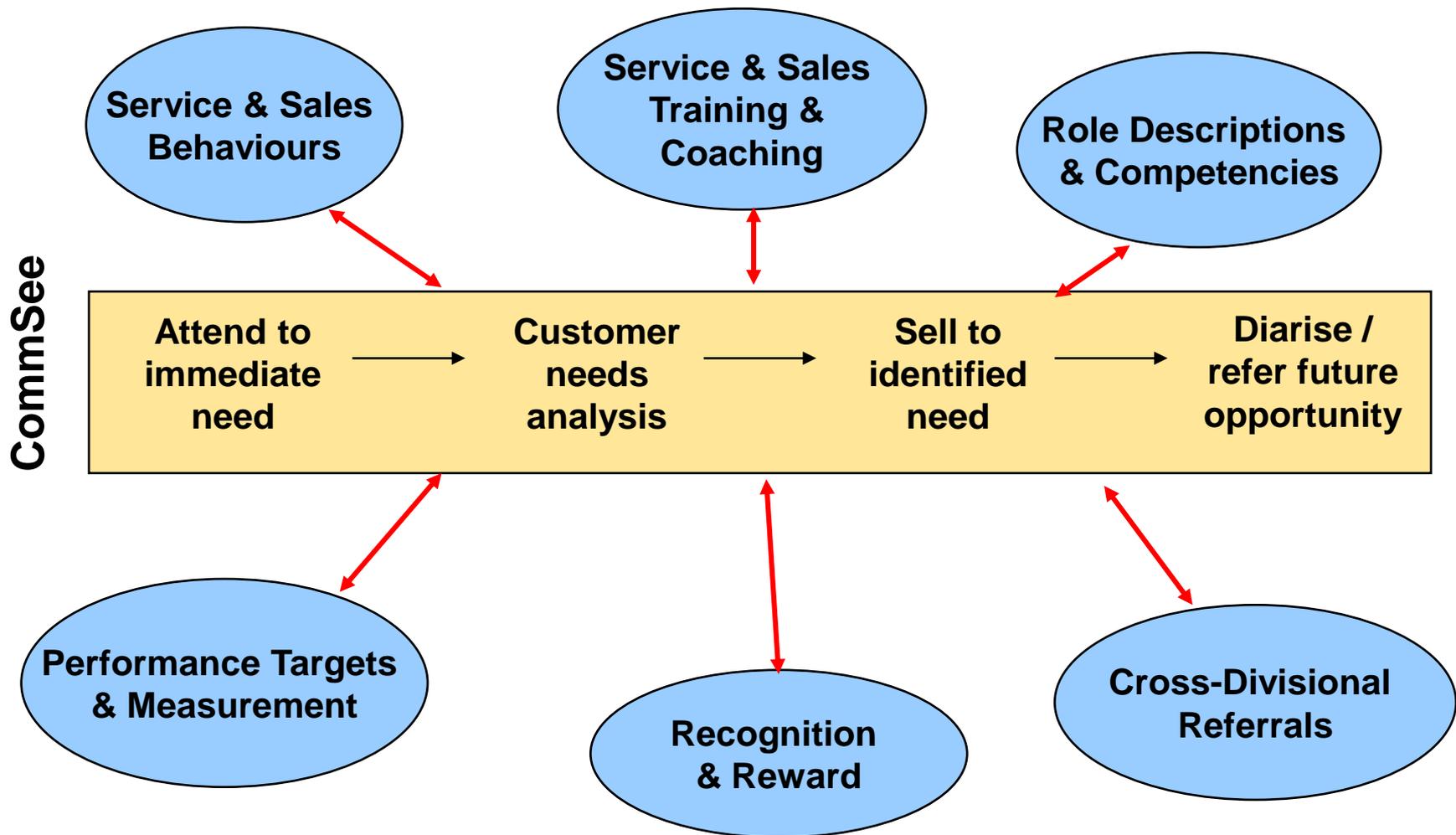
- Sales Coaches introduced across the network
- Needs based consultative sales approach
- Explicit cross-sell targets for all frontline staff + tracking down to individual
- Strengthened referral processes (One Bank - OneTeam)
- Early signs of improvement in sales/cross-sale measures, off a low base



* "Product" refers to deposit, credit card and personal loan accounts sold through the branch network. Sales event

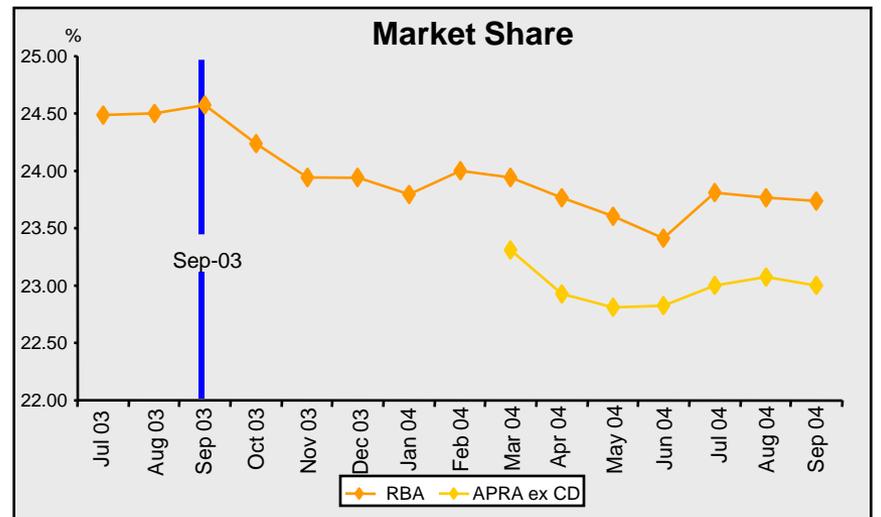
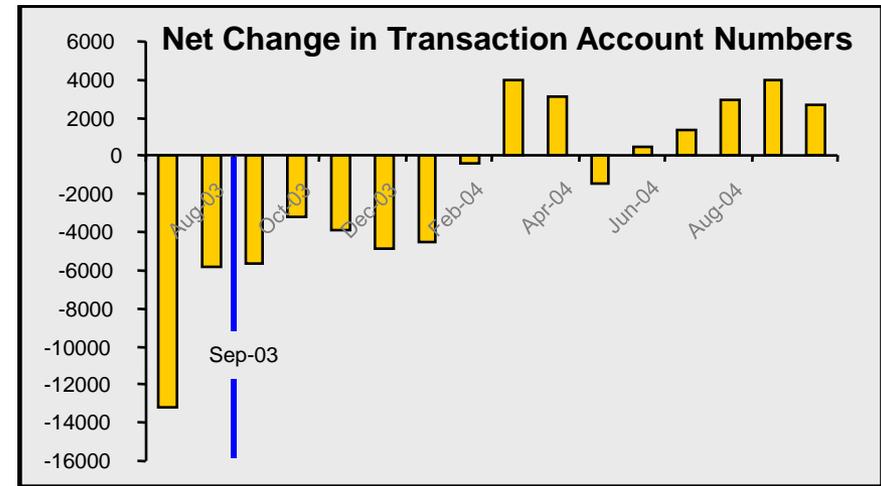


CommSee is being integrated into Service & Sales



Retail Deposits – increasingly competitive

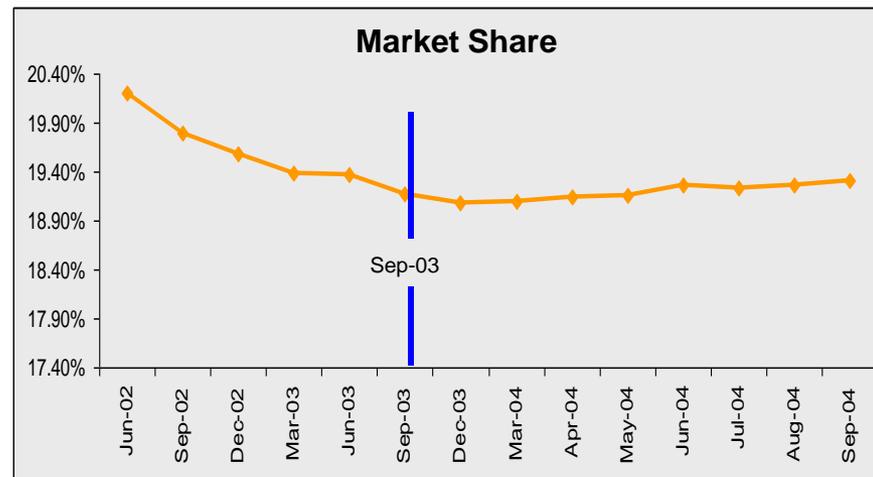
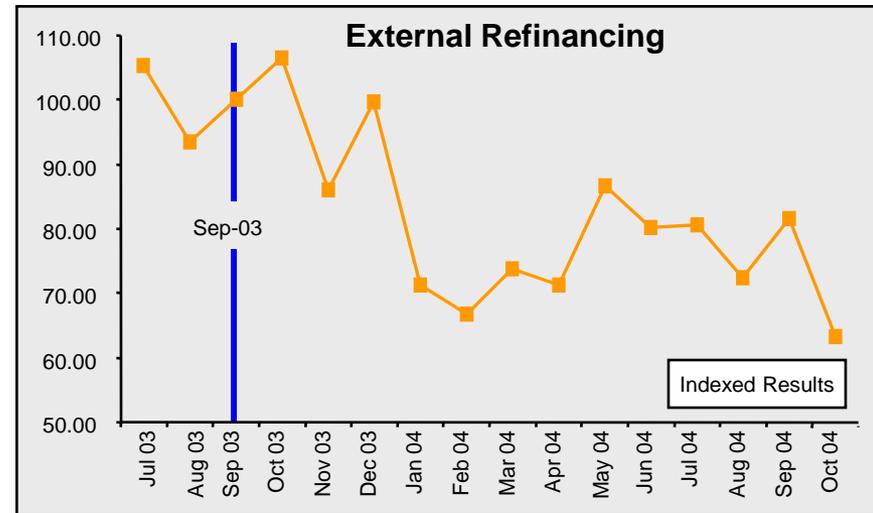
- Competitors pricing for market share growth
- Growing threat from on-line players
- Our response includes:
 - Dealing with service breaks in key branch channel
 - Improved customer segmentation in pricing
 - Ongoing productivity improvement



WnB Commenced Sep-03

Home Lending - recent market share gains underpinned by service improvements

- Home Loan End-to-End delivering significant processing, turnaround & service improvements
- Targeted acquisition & retention strategies + rational pricing
- Focus on profitable growth in all channels
- Measured growth in 3rd party
- Market share improving
- New fully commissioned proprietary channel established (“Mortgage Innovators”)



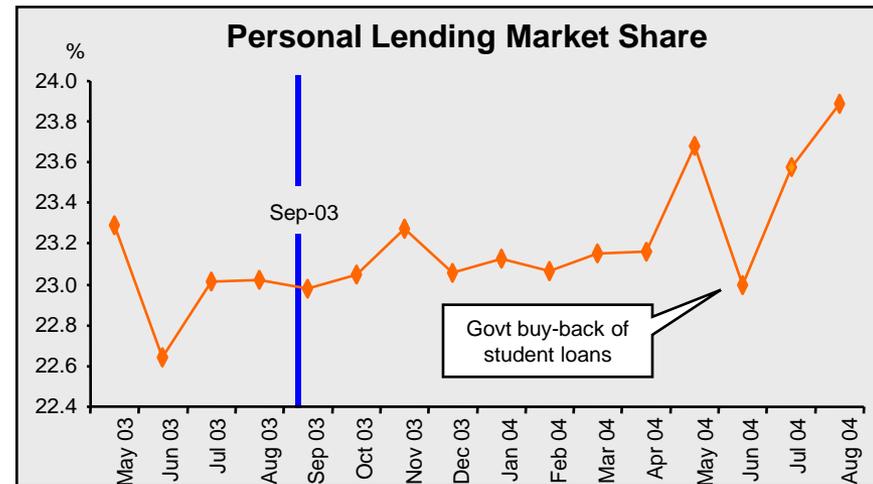
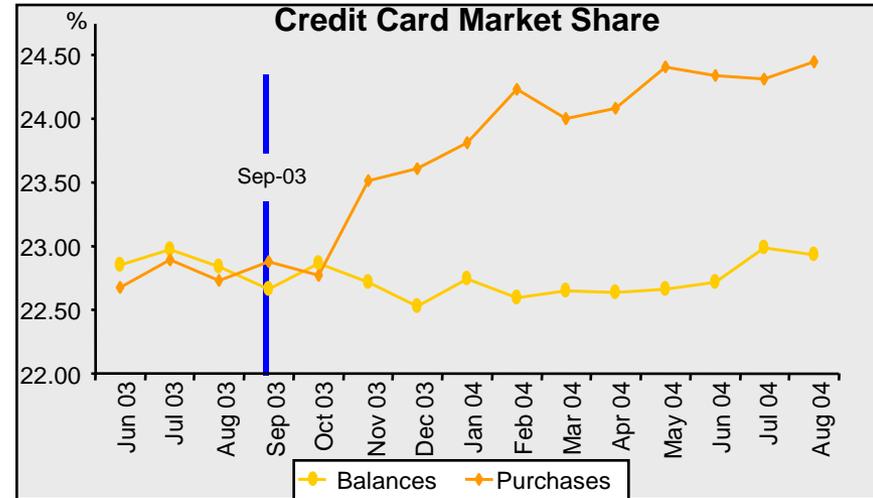
WnB Commenced Sep-03

Source: APRA/RBA. Includes Homepath



Unsecured Lending - a revitalised product set driving strong market share gains

- Personal loan product re-launched late 2003 – product changes + greater marketing support
- New Platinum Card launched March 2004
- Strong market share gains in a competitive market
- End-to-End re-engineering in 2005 - process simplification & system enhancements

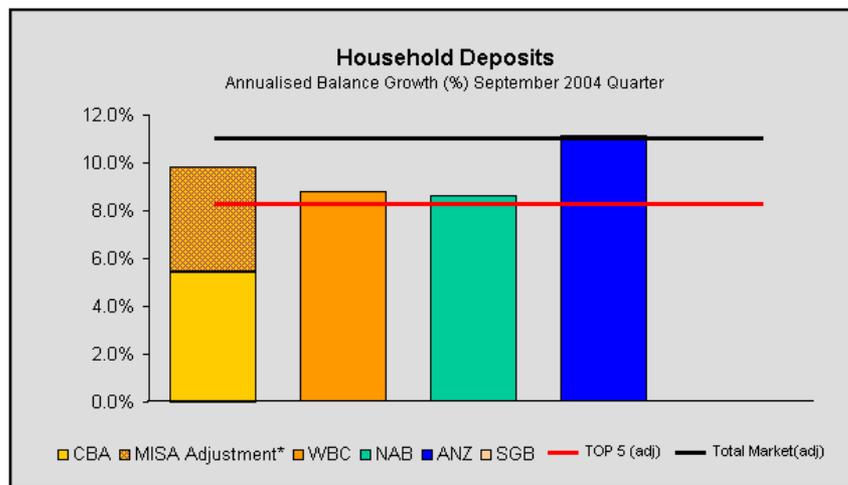
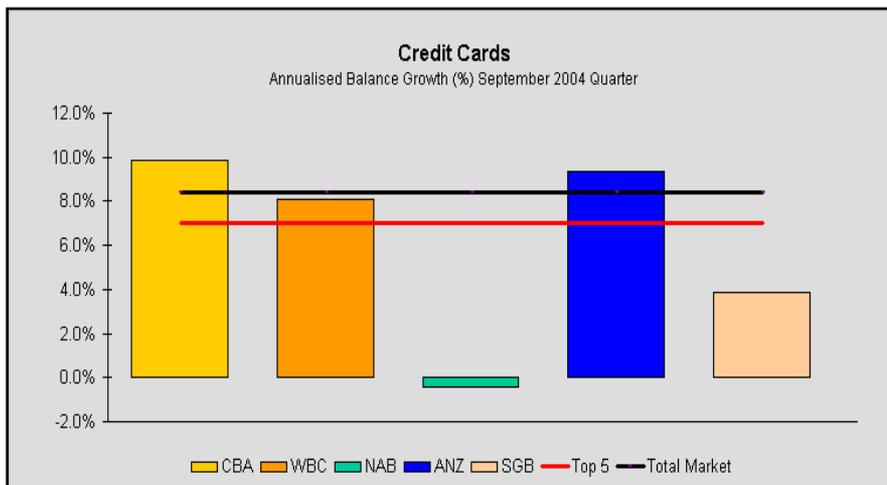
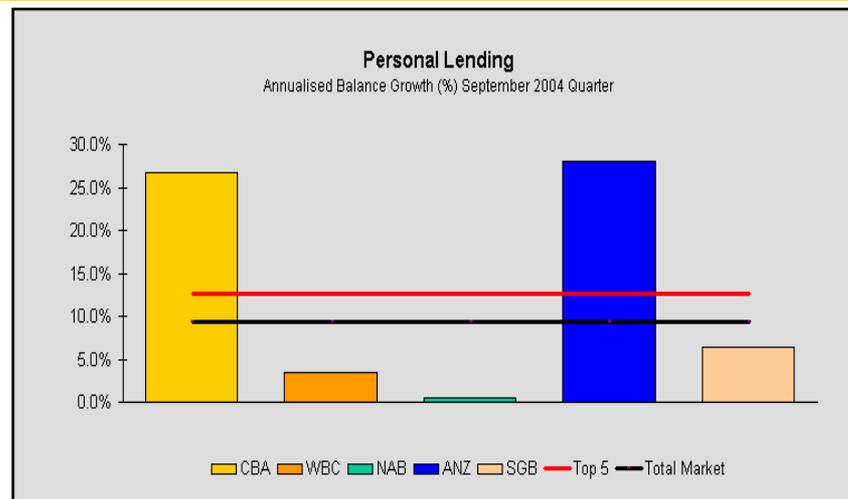
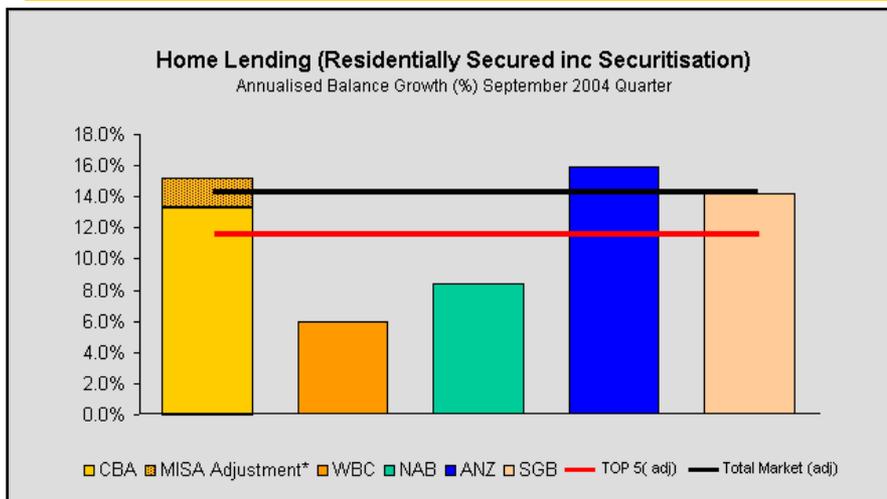


WnB Commenced Sep-03

Source: APRA



CBA vs Market - comparative growth rates Sept quarter (core businesses)



* Note historical APRA data adjusted for change in classification of CBA mortgage offset product balances (MISA) from September 2004.

Source: APRA.

Cultural change fundamental to the Bank's success

- Ambassadors - input from all levels
- Evolve - managing performance on outcomes & behaviours
- Finding the Fun
- People engagement

Barrett Survey 2004 vs 2003



- Customer Satisfaction
- Service to Customers
- Profit
- Productivity



- Costs
- Bureaucracy
- Hierarchical
- Silos



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Focused on executing 04/05 priorities

- **Financials** - on track
- **June 05 milestones** - executing as planned
- **Market shares** - remain broadly stable
- **Our customers** - our priority
- **Our people** - increasingly engaged
- **Common systems** - good progress

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